Testimony of
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The New York State Public Employees Federation

To The
Assembly Ways and Means and Senate Finance Committees

Workforce Hearing
February 27, 2013

Mr. Chairman, committee members, distinguished guests: I want to thank you for allowing me the time to speak to you on behalf of the people who provide critical services to the residents of New York.

I am Susan Kent, President of the New York State Public Employees Federation. Our 54,000-member strong union is made up of the professional, scientific and technical experts who serve the residents of this State.

We have a lot of pride in the work that our members do, because we know they are the best qualified for their jobs. Our members' work isn't the same as that of expensive private contractors, who too often turn the real job of providing services over to the inexperienced under qualified and underpaid.

That is our primary concern with this budget. It is a budget that sells out services for our residents in exchange for profits.

The Executive calls this budget an effort to "Re-imagine Government."

As a unionist, and dedicated state worker for thirty-four years, this budget requires a look back at our history. A different spin on history which 20 years ago was called "Reinventing Government," which essentially amounted to shifting the payroll from public workers to private consultants. This budget is about starving State government of the resources needed to maintain public services and infrastructure.

Let me highlight several points that stand out in this budget that diminish public services to your constituents and harm our members.

KEEP SUNY DOWNSTATE ALIVE

First, we ask that you stop the privatization of SUNY Downstate and stand against the Executive's plans to cut $28 million from SUNY hospitals that provide vital services to our communities.

The proposed Budget would open the door to a for-profit hospital in Kings County and one elsewhere in the State, both run by private corporations. It would also allow the State to invest in these corporations, giving them access to Dormitory Authority debt financing.

We clearly understand there are financial problems, but moving money from SUNY to for-profit hospitals is not the answer.

SUNY hospitals are hallmarks of excellence and provide vital medical education, research and essential health care services to their communities. For example, the SUNY hospitals provide a wide variety of services including a number of specialty care services such as burn units, trauma care units, and stroke centers.

This is despite the fact that our public hospitals have been losing State support since at least FY 2007-08. They can't continue to take cuts without bleeding to death.

According to the State Comptroller, between 2010 and 2011, direct State tax support from SUNY to the Downstate Hospital alone decreased by $9 million and between FY 2007-08 and 2011-12, annual state support to Downstate decreased by $23.5 million.

In addition, SUNY support for Downstate's indirect costs and debt service fell from $7.7 million in 2010 to about $1.8 million in 2011. That's a decrease of $5.9 million.

SUNY Upstate and SUNY Stony Brook have experienced similar losses of state and SUNY support. Overall since 2008 State support for SUNY hospitals has decreased by almost 50%.

State university hospitals and the important health care services they provide will no longer exist without state support close to the levels of 2007-08.

A new private hospital is not the solution as such an institution needs to focus on making a profit, rather than providing important health care services. For example, services such as burn units and public health clinics are not profit makers, but they are necessary services.

SUNY Downstate serves more than a quarter million patients a year and has 75 community outreach programs. Additionally, more New York City physicians have trained at Downstate than at any other medical school.

We can't allow this treasure and the other SUNY hospitals to be put at risk. For example Downstate serves a patient mix that is heavily dependent on Medicaid and Medicare reimbursement. The current methods of distributing state aid to hospitals that serves a disproportionate amount of such patients needs to be re-examined so that hospitals that serve the largest number of such patients get adequate funding to serve this population.

DON'T ABANDON OUR JUVENILE OFFENDERS

Second, we ask that you prevent juvenile offenders from being turned out of State Office of Children and Family Services (OCFS) facilities, abandoning those youth most in need of rehabilitation and putting our communities at risk.

Under the label of juvenile justice reform, the "Close to Home" initiative would turn over the responsibility for the care of juvenile offenders placed by the courts in non-secure OCFS facilities to local government.

Most counties do not have the resources to provide residential services to these juvenile offenders and they will likely have to contract out this responsibility to private providers. It is also important to know that most juvenile offenders in OCFS non-secure facilities are there because they have not been successfully treated in community-based facilities.

The Executive proposal goes even further and interferes with judicial discretion by prohibiting Family Court Judges from placing young offenders in non-secure OCFS facilities after May 1, 2013.

As a result, all OCFS non-secure youth facilities will be closed, including Red Hook in Duchess County, Lansing in Tompkins County, Middletown in Orange County, and Brentwood in Suffolk County.

The current proposal would permit the OCFS Commissioner to provide only 60 days notice of a closure. Before 2012, a one-year notice was required to close an OCFS facility. The notice is needed to provide stakeholders with sufficient time for input. It also gives counties time to develop the services necessary, and to allow the State time to place OCFS employees in comparable jobs.

These proposals amount to the state relinquishing its responsibility for the custody and rehabilitation of young offenders. Families and public safety are at risk if this plan is adopted.

Close to Home should NOT be expanded before we know that it works as advertised. No study has been done to determine if the Close to Home initiative implemented in New York City last year has been effective, or on its impact on community safety. We do know that the AWOL rate is far higher in private facilities than it is in State operated facilities, which can put our communities in danger. Since April 1, 2011 there have been 18 AWOLs from state operated facilities compared to 756 AWOLs from privately operated facilities.

There are many other problems in privately operated programs. Last year OCFS cancelled admissions to a major downstate program due to high levels of violence in that program. Among the AWOL, from a private program was a youth on suicide watch. Non-secure OCFS facilities are still needed to protect communities and provide proven rehabilitation services to help these juvenile offenders rejoin families and neighborhoods and begin to lead productive lives.

DON'T FURTHER DIMINISH MENTAL HEALTH SERVICES

Third, please prevent the Executive from taking away the voice of our communities and their elected leaders in proposed closures and downsizing of Office of Mental Health (OMH) facilities by establishing so called "regional centers of excellence".

As of this moment, such decisions would be made by an acting commissioner. These services are far too important to New York's citizens to allow them to be implemented by a wait and see attitude about success, or even worse, an attitude that the negative impact on these individuals can be a learning lesson for the future.

Recently the Director of the Rochester Psychiatric Center wrote her employees that she was sure that the Rochester facility would be the *Regional Center for Excellence* which started an avalanche of concerns at other psychiatric hospitals It is no secret that the Lieutenant Governor is from Rochester and that director was intimating that the Executive will play politics with public services.

We need more in-patient psychiatric center beds, not less. The loss of psychiatric hospital beds has been shown to result in the use of local hospitals and emergency rooms for mental health care–taking up valuable emergency room beds and causing lengthy waiting time for medical emergency cases.

Further closures will only increase the number of mentally ill in our prisons and jails. New federal statistics reveal that the number of mentally ill inmates in US jails and prisons has skyrocketed since 2000. More Americans receive mental health treatment in prisons and jails than in hospitals or treatment centers. In fact, Rikers Island Jail in New York City is one of the largest inpatient psychiatric facilities in the country.

The Budget would also repeal the 12-month notice law for OMH facility closures or ward closures and reductions. The 12-month notice law would be replaced with a 75-day notice for facility closures and, a 45-day notice for ward reductions. As with the OCFS proposal, this reduction in the notice required undermines a thoughtful review of how changes can be made that wouldn't negatively impact the community that depend upon these vital public services.

We are not sure why the Executive is proposing to eliminate the one year notice. One year is needed to ensure legislators have the opportunity to be advocates for their communities.

Please stop the drive-by closures on psychiatric centers and ensure that there are more in-patient and out-patient services for the mentally ill, not less.

DON'T SPEED UP THE REVOLVING DOOR

Fourth, don't let the Executive open the door to further privatization of services provided by the Office of People with Developmental Disabilities (OPWDD). That is what would happen if current ethics rules were relaxed as proposed by the Executive, allowing the revolving door between the state and the private sector to spin even faster.

The Office for People with Developmental Disabilities (OPWDD) is moving ahead with a plan to privatize most of the direct services. However, OPWDD is currently removing qualified professional state employees from direct work with consumers who have the most challenging behaviors needs, including those with forensic classification. These clients are being moved to private contractors, often over the objections of consumers and their families. It has been reported to me by my members that no one is overseeing what is happening and no one is listening to the professionals that we represent.

The strategy to privatize these services could lead to less oversight and overbilling abuse because of the lack of fiscal controls that go along with privatization. The Center for Medicare and Medicaid Services is concerned about overbilling issues. Just look at the imbalance of highly paid executives and the workers who administer care to these vulnerable NY State citizens. The Executive knows this and has attempted to address this by recommending a token salary cap of $199,000 for these supposedly non-for-profit providers. Many use staff who lack the education and experience of OPWDD employees and we all know what they pay their employees – minimum wage.

Plus, private providers often have high employee turnover, disrupting the ability to achieve positive results for clients, and compromising the quality of care to people who need intensive medical and behavioral services.

Although OPWDD management claims this way would provide more community-based service, our position is that it will allow the State to step away from its responsibility to provide the best care for those with the greatest need.

Once duties are outsourced, the State can more easily evade accountability and reduce resources. This is a real disservice to consumers with developmental disabilities and their families.

NO PROFITS FOR DISASTERS

Fifth, please don't let the Executive allow Wall Street and private engineering conglomerates to profit from the disasters that devastated our communities by expanding the use of costly design-build projects.

The Executive Budget authorizes all state agencies, authorities, and entities except SUNY and CUNY to use design-build contracts and design-build finance contracts for their capital projects.

This is an unwarranted and significant expansion of the limited design-build authority the Legislature gave the Executive to deal with the damage of Hurricane Irene.

Authorizing private entities to finance the design and building of public infrastructure opens the door for investment banks and financial institutions to reap profit from the devastation caused by Hurricane Sandy.

The only reason the private sector would be involved in building or repairing the public infrastructure is to receive a steady rate of return on their investment. It is well settled that public sector financing is less costly than the private sector, as there is no expectation of profit.

Allowing private sector financing of the rebuilding and repair of public infrastructure will reduce the amount of federal and state funds available for repair, as these funds will be siphoned off for private profit.

The Federal Highway Administration did a comprehensive study of design-build projects, and it found that they cost more.

In addition, design-build and design-build-finance contracts create a greater reliance on private engineering consultants.

Several audits by the NYS Comptroller and all independent studies, including one sponsored by DOT, have found that private engineering consultants cost between 50% and 75% more than New York State employees in engineering, design, architectural, and construction inspection titles.

Finally, design-build firms have conflicts of interest as the construction inspectors are usually employed by the same group that designed and built the project being inspected. At the very minimum, private contractors should not be the same people inspecting these projects. This work rightfully belongs in the public sector performed by DOT engineers or staff of other relevant State agencies.

This is a recipe for disaster. Instead of expanding the Executive's design-build authority the legislature should curtail it and make it subject to a transparent cost benefit analysis.

DON'T COMPROMISE OUR CIVIL SERVICE SYSTEM

Finally, another important point I want to address is the need to maintain the integrity and independence of New York State's Civil Service System.

As you all know, the civil service system in New York was a pioneer in drastically reducing cronyism and patronage, which was rampant in the 18th and 19th centuries. Let us not forget the lessons that we have learned from our own history.

The Executive's proposal to merge his Governor's Office of Employee Relations (GOER) with the Department of Civil Service is a clear conflict between the mission of GOER and that of the Department of Civil Service.

GOER is the labor relations and negotiating arm for the Executive, and advocates the Governor's agenda.

In contrast, Article 5, Section 6, of the State Constitution created the civil service system specifically to prevent politically appointed officials from being hired based on patronage or cronyism.

PEF is opposed to the merger.

SIX ISSUES

Those are just six of the issues that we have with this budget. There are more, but too numerous to discuss in the time we have now. We have attached a list of our concerns to this testimony and will be visiting many of you in your Albany and district offices to discuss in more detail.

Shifting the cost of government from public workers to private contractors doesn't save money. Study after study has shown just the opposite – it costs MORE money.

SUPPORT MORE REVENUE THROUGH THE DECREASED USE OF CONSULTANTS & PUBLIC AUTHORITIES & CLOSURE OF CORPORATE TAX LOOPHOLES

PEF knows that there are costs to implementing our positions on the Executive Budget. We have repeatedly advocated three general strategies the state could implement to raise the revenue necessary to adequately fund state services.

For many years PEF has made the case that reducing the amount of state work given to consultants and instead using dedicated public workers to perform this work would achieve significant savings. Our most recent analysis conservatively concludes more than $250 million dollars could be saved.

NYS Can Save Over $250 Million Annually By Replacing Some Of Its Consultants with State Workers

Description	Savings
Engineering Services	$112,972,063
Information Technology Services	$99,433,024
Health Care Services	$23,016,097
Other Professional Services	$15,575,677
Savings:	$250,996,861

Since 1988 the overall staffing at State agencies, excluding SUNY and CUNY, has been cut by 30 percent, from 215,000 employees to about 150,000 employees. Since 1990, New York State's expenditures for State agency employee wages and salaries have declined in real terms by $999 million. By 2016-2017, inflation-adjusted expenditures are projected to decrease by another $438 million. Clearly state spending on state employees is not the cause of our budget problems. In fact the loss of state and local government jobs has hindered the State's ability to recover from the 2008 recession.

Many corporations headquartered in New York pay an effective state income tax rate of 4% or less; lower than what the average family of four pays. In fact, State corporate tax revenues have declined from 16 percent of all State tax revenues in 1980 to less than 10 percent of all State tax revenues in 2012.

The Legislature should close corporate loopholes so that corporations pay their fair share of taxes by:

- Reforming NY's Corporate Alternate Minimum Tax by eliminating loopholes and restoring the rate to 3.5%;

- Maintaining the $2 million cap on economic development tax credits that can be claimed by any taxpayer. The Executive Budget would allow this cap to expire and allow taxpayers to recapture previous years' credits, which will cost the State at least $1 billion in SFY 2014-15;

Just these two actions will raise about $600 million in this fiscal year and $1.6 billion in SFY 2014-15.

In conclusion:

We ask that the PUBLIC INTEREST be served by public workers… not those committed solely to private profit.

We ask that fairness be put in this budget with the implementation of consultant, public authority and tax reform.

Finally, we ask that the State stop asking the poorest and sickest and most vulnerable to pay the highest price for Executive's efforts to "re-imagine" government.

I appreciate your time and the opportunity to address you today.

Thank you.

memo:

TO: State Senators and Assembly members

DATE: Feb. 8, 2013

RE: ***SFY 2013-14 Budget Priorities of the Public Employees Federation***

PEF ASKS THE LEGISLATURE TO MODIFY THE GOVERNOR'S BUDGET IN THESE AREAS:

STOP THE PRIVATIZATION OF SUNY DOWNSTATE AND INCREASE THE STATE SUBSIDY TO SUNY HOSPITALS

The Executive Budget authorizes actions that are likely to lead to the privatization of SUNY Downstate and SUNY Upstate hospitals and will threaten the viability of the SUNY Stonybrook Health Science Center. Article VII language (S2606/A3006 Part E section 104) authorizes the Commissioner of Health to establish a pilot program under which the Public Health and Health Planning Council would approve one business corporation in Kings County and another elsewhere in the state, allowing increased capital investment in healthcare facilities. These business corporations would have access to Dormitory Authority debt financing.

In addition, the budget reduces the state subsidy to the State University Hospitals Income Reimbursable account by $28 million for the ongoing subsidy of SUNY hospitals and to pay costs attributable to the SUNY hospitals' State agency status. According to a recent audit by the Office of the State Comptroller, between 2010 and 2011, direct state tax support from SUNY to the Downstate Hospital alone decreased by $9 million and between FY 2007-08 and 2011-12, annual state support to Downstate decreased by $23.5 million. In addition, SUNY support for SUNY Downstate's indirect costs and debt service fell from $7.7 million in 2010 to about $1.8 million in 2011; a decrease of $5.9 million. SUNY Upstate and SUNY Stonybrook HSC have experienced similar losses of state and SUNY support. SUNY hospitals and the important health care services they provide will no longer exist without state support close to the levels in SFY 2007-08. A new private hospital will not provide important health care services that lose money, but are important to the community; such services include burn units and public health clinics.

Amend S2606/A3006 by deleting Part E section 104 and restore at least $28 million in state aid to the SUNY hospitals. Cost: At least $28 million and probably more; there is no cost to delete the private hospital proposal.

STOP THE EXPANSION OF THE PRIVATIZATION OF JUVENILE JUSTICE

The Executive Budget (S2607/A3007 part H) proposes a major withdrawal by the state from its responsibilities for the custody and rehabilitation of juvenile offenders by expanding the "Close To Home" initiative. Under the label of juvenile justice reform, this bill enacts a plan for the state to turn over to local social services districts the responsibility for the care of young offenders who were placed by the courts in non-secure OCFS facilities. It is likely that many counties will contract this responsibility out to private providers. It is important to note that most youth in OCFS non-secure facilities are placed there because they have not been able to be successfully treated in community-based facilities.

The bill goes even further and interferes with judicial discretion by prohibiting Family Court Judges from placing young offenders in non-secure OCFS facilities after May 1, 2013. As a result of these changes, all OCFS non-secure youth facilities will be closed, including Red Hook in Dutchess County (25 PEF positions, we estimate 10 to 15 are currently filled), Lansing in Tompkins County (25 PEF positions), Middletown in Orange County (14 PEF positions), and Brentwood in Suffolk County (13 PEF positions). At least 60 days before any closures, the Commissioner of OCFS would provide notice of such closures to the Legislature and post notices of closures on the agency's website. Effective March 31, 2014, OCFS would no longer be authorized to operate non-secure facilities. Prior to 2012, one-year notice was required for the closure of OCFS facilities. One-year notice is important to preserve in order to allow counties the time to develop the services necessary to serve these youth, and in order for the State to have adequate time to place OCFS employees in comparable jobs.

These actions amount to the state abandoning its responsibility for the custody and rehabilitation of young offenders. Families and public safety are at risk if this plan is adopted. No study has been done of whether or not the Close to Home initiative that was implemented in New York City last year has been effective in treating the youth sent to those programs, or its impact on community safety. It should not be expanded until such a study has been completed.

We urge the Legislature to amend S2607/A3007 by deleting Part H. Cost: None, as the proposal actually costs the State $2 million in this fiscal year. However, there is a $4.2 million cost next year ($1.4 million in state savings and $2.8 million local government savings).

STOP THE DOWNSIZING OF STATE MENTAL HEALTH SERVICES; KEEP THE 12-MONTH NOTICE LAW, AND REJECT A SINGLE OMH APPOINTING AUTHORITY

The Executive Budget proposes to repeal the current 12-month notice law for OMH facility closures or ward closures/reductions, and replace it with a 75-day notice for facility closures and 45-day notice for ward reductions, and makes that notice standard permanent. The proposed legislation would also give the authority to the Commissioner of OMH to close or reduce services at unspecified OMH Psychiatric Centers; including the closure of wards or the conversion of beds to transitional placement programs. This will allow OMH to establish "Regional Centers of Excellence" saving $25 million in this fiscal year and resulting in the loss of 384 employees. Only $5 million of this savings will be re-invested in community services to replace the lost state mental health services. The Legislature should reject OMH's plan to abandon the state's responsibilities to provide mental health services.

The Executive Budget also proposes to create a single appointing authority in OMH. OMH has had multiple appointing authorities since its inception to ensure that patients and their caregivers can maintain the therapeutic relationship necessary for successful treatment. There is no reason to disrupt such therapeutic relationships.

We urge the Legislature to amend S2606/A3006, by deleting Parts J and H. Cost: the Executive Budget does not specify savings associated with these proposals, but the Assembly budget analysis cites a $25 million savings due to administrative efficiencies which include the savings associated with the undisclosed OMH psychiatric center closures and other downsizing activities.

STOP THE PRIVATIZATION AND DIMUNITION OF SERVICES FOR PEOPLE WITH DISABILITIES

The Executive Budget (S2606/A3006 Part R) proposes language to exempt NY State employees serving in direct care, clinical care, case management, and service coordination to individuals in State operated programs from both the two-year and lifetime bar, when such employees transition to a job outside of NY State service and serve the same individual. Our concern is that the legislation appears to be the initial covert stage for privatization. The Office for People with Developmental Disabilities (OPWDD) is moving ahead with a plan to privatize most of the direct services historically provided by the State to people with disabilities through a Medicaid waiver that OPWDD has submitted to the federal government. While waiting for the approval of this waiver, OPWDD is currently removing qualified professional state employees from direct work with consumers with the most challenging behaviors and clinical needs. The work is being assigned to private contractors, often over the objections of consumers and their families.

The private providers are headed by highly paid executives with salaries that often exceed $250,000 a year, and many of them have staff that lack the level of education and experience that OPWDD state employees bring to the job. The private providers often have a problem with high employee turnover, which can be disruptive to their ability to achieve positive results for their clients, and compromises the quality of care to higher-need individuals who require intensive medical and behavioral services. Although OPWDD management presents this change as a more community based service, it is actually an attempt by the State to step away from its responsibility to provide high quality care to those with the greatest needs. Once these duties are outsourced, the State can more easily evade accountability and reduce resources. This is a real disservice to consumers with developmental disabilities and their families; particularly, since OPWDD admits that over 28,000 OPWDD consumers have unmet needs, including out of home residential and in-home support needs. This situation will most immediately affect the 615 FTE positions impacted by the closure of the OPWDD Monroe and Taconic DDSO, which serves individuals with significant psychiatric and criminal histories.

Send a message that privatization is not the right approach by **amending S2606/A3006 to delete Part R,** and instead make permanent the current law that exempts any State employees who are laid off from the two-year ban in the ethics law relating to outside employment and perhaps extending it to include an exemption from the lifetime ban. In addition, add language that would prohibit OPWDD from diminishing any State services to OPWDD consumers without the approval of those consumers and without the support of clinical professionals. There is no cost to rejecting or amending the ethics law proposal; there is an unknown cost to prohibit the diminishment of services without approval of consumers and their families.

STOP THE EXPANSION OF MORE COSTLY DESIGN-BUILD and DESIGN-BUILD FINANCE PROJECTS

The Executive Budget authorizes all state agencies, authorities, and entities except SUNY and CUNY to use design-build contracts and design-build finance contracts for their capital projects. (S2605/A3005 Part S). This is an unwarranted, significant expansion of the limited design-build authority the Legislature gave the Executive to deal with the aftermath of Hurricane Irene.

The most serious expansion of the design-build law allows for the use of "design-build-finance" methods to be used by state agencies. Authorizing private entities to finance the design and building of public assets is tantamount to privatizing public assets, and opens the door for investment banks and financial institutions to reap profit from the devastation wrought by Hurricane Sandy. The only reason the private sector would be involved in building or repairing the public infrastructure is to receive a steady rate of return on their investment. It is well settled that public sector financing is less costly than the private sector, as there is no expectation of profit. Allowing private sector financing of the rebuilding and repair of public assets will reduce the amount of federal and state funds available for repair, as these funds are siphoned off for private profit.

The second expansion of the legislation permits *all state agencies and authorities* to engage in either the design-build method or the new design-build-finance method, and expands the definition of eligible projects to include buildings. It maintains the current inadequate cost restriction on DOT, OPRHP, and DEC design-build projects, limiting them to projects costing more than $1.2 million. However, the new language has no design-build cost restrictions for the remaining state agencies.

There has been no study and no evidence that any of the projects that were let under the design-build law of 2011 were better, or less expensive, to taxpayers than projects completed under the traditional design-bid-build process. ***The Federal Highway Administration conducted the most comprehensive study on design-build projects, and it found that design-build projects are more costly and are significantly more sensitive to change orders resulting from delays, additions, or subtractions caused by third parties - when compared to design-bid-build projects.*** In addition, design-build and design-build-finance contracts will create a greater reliance on private engineering consultants. Several audits by the NYS Comptroller and all independent studies, including one sponsored by DOT, have found that private engineering consultants cost between 50% and 75% more than New York State employees in engineering, design, architectural, and construction inspection titles. Moreover, design-build firms suffer from conflicts of interest as the construction inspectors are usually employed by the same consortium that designed and built the project being inspected. This proposal will only increase the loss of qualified state employee engineers, particularly at DOT, which has lost over 850 engineering positions since 2000, over 330 of which have been lost since 2008.

We urge the Legislature to amend S2605/A3005 by deleting Part S; there is no cost to delete this proposal.

MAINTAIN THE 12-MONTH NOTICE REQUIREMENT FOR CLOSURE OF DOCCS FACILITIES

The Executive Budget proposes to close the Bayview and Beacon minimum security facilities for women, and would allow the closures to take place with 60 days' notice, rather than with a one-year notice and a community planning process now required before closing a DOCCS facility.

The closures of Beacon and Bayview mean female prisoners from New York City couldn't serve time in a minimum-security setting or take part in work release programs near their homes. Beacon is the State's only minimum-security prison for women and, according to the Correctional Association of New York, is the "only women's facility with a community work crew, which is one of the four ways an incarcerated person can earn merit time and early release from prison." Work release programs like those at Bayview save the taxpayers millions by reducing recidivism while allowing prisoners to play a role in the economy and pay taxes. DOCCS has no plan to run a women's work release program out of NYC, but instead, will run it out of the Taconic prison, far away from most female inmates' homes and jobs. It is ironic that the Executive proposes a wide range of new laws to expand gender equality in New York while reducing female inmates' opportunities for equal re-integration opportunities.

PEF opposes modifying the 12-month notice law. The closures would have a serious negative impact on workers, their families, and their communities. The State needs time for communities to plan alternate uses for these facilities, for the State to design and implement an adequate work-release program for women, and for the State's re-employment process to work to ensure that impacted DOCCS employees can be placed in comparable jobs close to where they work.

We urge the Legislature to amend S2605/A3005 by deleting part A, cost of restoration: $18.7 million in 2013-14.

OPPOSE THE SHIFT OF OGS DESIGN AND CONSTRUCTION WORK TO A PUBLIC AUTHORITY

The Executive Budget (S2608/A3008 Part I) extends for two-years last year's authorization of the Dormitory Authority of the State of New York (DASNY) to enter into a design and construction management agreement with the Office of General Services (OGS), Department of Environmental Conservation (DEC), and the Office of Parks, Recreation and Historic Preservation (OPRHP). This is a massive duplication of resources as it relates to the design and construction of facilities for state agencies. OGS, DEC, and OPRHP handle this type of work efficiently, but have been hampered by a lack of resources. Since 2000, these three agencies have lost 181 engineering positions, 138 since 2008. Shifting that work to a public authority is wasteful and against the public interest. No study has been done to compare the cost of the Dormitory Authority doing this work as compared to the cost of State agencies doing this work. Public funds should be spent in the open, with full disclosure and public accountability. This bill does the opposite. **We urge the Legislature to amend S2608/A3008 by deleting Part I. There is no cost to delete this proposal.**

OPPOSE THE DEPARTMENT OF CIVIL SERVICE/GOER MERGER

The Executive Budget once again proposes to merge the Department of Civil Service (DCS) and the Governor's Office of Employee Relations (GOER) into a new combined agency. The Legislature rejected this proposal last year, and apparently, the Executive intends to implement this merger through Executive powers without legislative authority. This legislation is an attempt to diminish the

Legislature's oversight powers over Executive agencies and is contrary to law. While both agencies deal with employee issues, they have very different roles. GOER is the labor relations and negotiating arm of the Governor's administration, and as such, they are advocates for the Governor's agenda. Civil Service is responsible for ensuring the integrity and fairness of the merit based civil service system. It is supposed to exercise independent oversight to make sure that all agencies play by the rules. One of the main reasons we have a civil service system is to curb the tendency of politically appointed officials to fill jobs based on patronage or cronyism. Merging these two agencies may tend to undermine that vital role. **We urge the Legislature to insert language into the statutory authorizations for GOER and DCS that prohibits their merger without legislative authority.**

STOP THE PENSION PROPOSAL TO STABILIZE LOCALITIES' CONTRIBUTION RATES UNTIL THE COMPTROLLER DETERMINES ITS IMPACT ON RETIREMENT FUNDS

The Executive Budget (S2605/A3005 Part G) provides the New York State Comptroller and the New York State Teachers' Retirement System Board statutory authority to make a long-term stable pension contribution option available to local governments and school districts participating in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Teachers' Retirements' System (ERS). We are concerned that this proposal could weaken the viability of the State's pension funds. The Comptroller was not consulted in the development of this proposal and has not finalized his position. **We urge the Legislature to not adopt this proposal until its impact on the health of the State retirement system funds is known.** If the Comptroller determines it will have a negative impact on the health of the retirement system, it cannot be adopted.

AMEND THE PROPOSAL TO CUT "WEALTHY" RETIREES MEDICARE PART B PREMIUM REIMBURSEMENTS SO IT APPLYS TO THE TRULY WEALTHY

The Executive Budget proposes (S2605/A3005 Part H) to eliminate the reimbursement of the Income Related Medicare Adjustment Amount for retirees with incomes of over $85,000, if single, and $170,000, if married. According to DOB, this would impact approximately 5,340 retirees and that the lost monthly reimbursement would range from $42 for single retirees with incomes of between $85,000 and $107,000 to $231 for retirees with incomes greater than $428,000.

A retiree with income of $85,000 is not wealthy by any standard, particularly, if they live in the New York City metropolitan area. The law enacted last year as relates to NY State income taxes defined wealthy as households with income of over $2 million, and the recently enacted federal tax law changes defined it as households with income of over $400,000. This proposal should apply to similar income groups. **We urge the Legislature to amend S2605/A3005 Part H to apply to the truly wealthy, and at the very least, only apply it to single taxpayers with incomes over $107,000 and joint taxpayers with incomes over $214,000.**

MAKE SURE THE EXECUTIVE COMPLIES WITH REQUIRED NEGOTIATIONS ON THE PROPOSAL TO KEEP DMV OFFICES OPEN ON SATURDAY

The Executive Budget proposes to allow the Department of Motor Vehicles to designate certain branch offices to be open to serve the public and transact business on Saturday. (S2608/A3008 Part D). According to the Executive Budget, this proposal would have "a neutral budget impact by offering employees the opportunity to work the same number of hours each week, with a portion of them on

Saturday". We have no objection to the proposal, but such a change in the work week is subject to collective bargaining between the State and the affected unions, and such language should be included in this proposal. **We urge the Legislature to amend S2608/A3008 Part D to ensure the proposed language does not waive or impair any rights or benefits provided by existing collective bargaining agreements or to limit any obligation to bargain over the issue with appropriate collective bargaining representatives.**

OPPOSE THE EXPANSION OF APPROPRIATIONS TRANSFER AND INTERCHANGE LANGUAGE TO CONSOLIDATE STATE LABORATORIES

The Executive Budget proposes a coordination and consolidation of laboratory functions under an undisclosed four-year master plan. In order to accomplish this consolidation, broad new interchange language is contained in the State Operations appropriations for the Department of Health (DOH), the Department of Agriculture and Markets (A&M), and the Department of Environmental Conservation (DEC) to allow for such laboratory consolidation and co-location.

No details of the four-year master plan have been made available to the state's public employee unions, and we cannot assess the impact of the proposed consolidation on public health and the state employees who work at those laboratories. Many state laboratories are not suitable for consolidation with other labs because of cross contamination concerns and uniqueness of work. This would include DEC's vehicle emissions lab in the Port of Albany and their coastal lab on Long Island involved in the harvesting and testing of shellfish.

The Governor's consolidation plan should be included in Article VII legislation so it can be evaluated. Appropriation language should not be used to evade public scrutiny of public health proposals or to usurp the Legislature's oversight of the Executive branch

SUPPORT CLOSURE OF CORPORATE TAX LOOPHOLES

Many corporations headquartered in New York including Travelers Insurance, Verizon, Goldman Sachs, American Express, and News Corporation pay an effective state income tax rate of 4% or less; lower than what the average family of four's state income tax rate. The Legislature should close corporate loopholes so that corporations pay their fair share of taxes by:

- reforming NY's Corporate Alternate Minimum Tax by eliminating loopholes and restoring the rate to 3.5%;
- maintaining the $2 million cap on economic development tax credits that can be claimed by any taxpayer. The Executive Budget would allow this cap to expire and allow taxpayers to recapture previous years' credits, which will cost the State at least $1 billion in SFY 2014-15;
- eliminating the $1 million cap on the capital base tax for the corporate franchise tax that makes small businesses pay a much higher effective tax rate than large corporations.

These proposals could raise over $1.3 billion annually.

For more information, contact the PEF Legislative Department • 800-724-4997 • Fax 518-432-7739