

ENTER FOR
Cost Effective
GOVERNMENT



A YEAR IN REVIEW (2024-25)

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The Year in Review

The last two years were some of the most active since the inception of our Center for Cost Effective Government.

Our commentary and white papers have been quite influential in moving the dial toward a more efficient government.

The detailed studies that we publish are a result of a great deal of intensive research. It is our hope to place into the public forum the perspective of scholars and pundits seeking to weed out government inefficiency and to keep taxes, spending and regulation under control so that our economy may flourish.

Our political system is one where those seeking more things from the government tend to get more government attention, and often more media attention. If one were to attend a public forum at a school, town board, a county legislature or a state assembly, one will find the overwhelming number of individuals speaking or seeking some type of grant or action from the government that requires an expenditure of taxpayer funds. Often they are not for profit groups seeking additional money.

We think it's essential that there be a Center for Cost Effective Government to help provide the perspective of the taxpayer. We believe that just about everyone in the public arena wants a stronger and more prosperous union for all. We want the hungry to be fed, the homeless to be housed, the young to have opportunity and the old to have care and comfort in their golden years.

What differs is the plans for how we achieve these goals.

We at the Center believe the government plays a key role in achieving these goals, but that too much government is actually counterproductive.

Those who thought they could solve the country's ills by increasing federal spending by 75% over a four year period, or state government by over 100%

during that time, quickly learned that more government spending does not necessarily solve the problems at hand

Oftentimes, excessive government spending is the problem. We saw how the massive spending since 2020 led to a huge spike in interest rates which stomped out the hopes of millions of Americans of achieving the American dream of buying a new home.

We saw how a mass influx of illegal aliens placed pressure on an already tight rental market, forcing rents to soar.

We also saw how millions of undocumented individuals flowing all over the border were taxing our healthcare system, leading to longer lines and more expensive pre-premiums for American citizens.

And we saw how extreme climate change policies were a proximate cause of huge spikes in energy cost for the business community and working and middle class people of this country. These were the consequences of bad policy decisions.

We are hopeful that our public officials will take note of our many White Papers which seek to identify the problems along with a readily available solutions.

Take, for instance, our White Paper on Medicaid's explosive growth.

We noted how it was never intended back in 1965 when Medicaid was enacted for \$1 billion to serve 4 million people that it would eventually turn into a behemoth costing almost \$1 trillion serving almost eighty million Americans.

In 1965, it was never intended that those who were here illegally would be eligible for Medicaid. In many cases, they are today.

It was never intended that those who didn't work for the benefit would be able to do so. But they could die to changes implemented in the Obama and Biden administrations.

It was never intended for those above the poverty line, but it is now available for those well over 200% of the poverty line in some jurisdictions.

If people don't understand these details, they are prone to buy the line of the big spenders that any cut in the program is going to lead to the death of thousands of Americans. It's simply not true.

Another mandate that we tackled was the potential collapse of the Social Security system, which by 2033 will have its trust fund reserve wiped out.

Our analysis notes that had we simply adopted proposals back in 1996, and again in 2005, to allow for at least part of the Social Security Trust Fund to be placed in a Standard and Poor index, we would have received an average rate of return of 9.8%, instead of the two paltry 2.2% that we have been getting from our risk averse policy of investing only in low yield treasury bonds. That mistake has led to a trust fund that is \$6 trillion poorer than it would have been.

We note that it's not too late to change course and encourage our lawmakers to do so.

More locally, our Center called for officials in New York to finally put a stake in the heart of the Metropolitan Transit Authority, which has become the quintessential example of government inefficiency.

We cite statistics of employees making hundreds of thousands of dollars in overtime that is factored into pensions that wound up giving retirees well over six figure pension payouts.

We note how the work rules are so archaic that it winds up costing New York City seven times the price paid by other cities throughout the nation and the world to build just a mile of subway track.

Our solution is for the MTA to be placed under a financial control board, which would allow management to void many of these archaic and nonsensical contractual provisions, and place the authority on solid financial footing, just as the

cities of Detroit, San Bernardino and New York were brought back to life with the help of control boards.

Closer to home, we published a white paper showing how Long Island, with its population of almost three million people, is being dramatically short changed vis-à-vis cities and regions of similar size when it comes to transit and road assistance.

We know that it's primarily because Long Island comes under the shadow of New York City within the New York Metropolitan Transit Council (NYMTC). There might have been \$30 billion for projects over a certain period of time, but the overwhelming majority of them were New York City oriented. Consequently, when federal eyeballs look at the distribution of funds from Washington, they count that financial assistance as going to the Long Island area.

We recommended that Long Island have the opportunity to break off and create its own Metropolitan Planning Organization.

These are just a few of the many papers we've issued over the years.

We've also continued our vocal commentary against the abuse of industrial development agencies that give tax breaks to specific companies where there is not a public benefit. We've commented on the need to obtain a budget amendment to finally get control of deficits that are now hovering at near \$2 trillion as the new normal.

Many of our articles have been published in major newspapers from Newsday to the Washington Examiner, the Washington Times, the Boston Herald, and the New York Post.

We will continue to be a beacon of light for taxpayers throughout Long Island, New York State, and the entire country.



A Successful Year for the Center for Cost Effective Government

As we close the chapter on 2024, we can look back with pride as to the progress we have made and the influence we've had through our Center for Cost Effective Government.

Legislation is now moving forward on the state level in a number of areas due to the white papers published by our Center.

1.) A Control Board for the MTA

Our Center was the first to propose placing the Metropolitan Transit Authority under a fiscal control board, and now we see that legislation has been introduced by Senator Dean Murray at our urging to do just that.

We have long believed that the MTA doesn't have a revenue problem, it has a spending problem. Our white paper identified the many areas of inefficiency and waste within this behemoth. Control boards helped straighten out the finances of Detroit, San Bernardino, and many other public entities throughout the nation. It's time for the MTA to get control of its own spending even if they are required to do so through a state oversight board. That's a far better option than congestion pricing, higher tolls, and increased rates to ride the railroad and subways.

2) A Spending Cap for New York State

Our Center called out the hypocrisy of the state in mandating that counties, towns, and schools cap their taxes and spending, yet exempted themselves. Our white paper disclosed that had the state put in place a cap on its own spending at the same time it mandated it for other levels of government, the state budget would be a whopping \$80 billion lower than it is today. Fortunately, a number of state senators have put forth a bill to have the state adhere to a spending cap. Our study shows that those areas that have caps prosper far more than those states that do not.

3) A Separate Transportation Entity for Long Island

The Center for Cost Effective Government was the first entity to call upon the state and federal governments to provide Long Island with its own Metropolitan Planning Organization rather than having it continue to fall under the umbrella of New York City's.

In our white paper, we pointed out that with a population of three million, Long Island would be the nation's third-largest city. However, the amount of aid that we get pales in comparison to cities such as Los Angeles or Chicago. Even worse, we don't even get the same amount of money as the smaller cities such as Atlanta or San Francisco. That's because when the feds give money to the metropolitan area, the overwhelming majority of it goes to the New York City transit system. They then look upon that money as being funding directed toward Long Island. It's not. Were we in our own MPO, the feds would see our tremendous needs and fund us accordingly without being under the shadow of New York City.

Our report led to a partnership with the Long Island Contractors Association. That ultimately led to a major press conference with the county executive, members of Congress, and the state legislature, who called for the creation of an MPO for Long Island, just as our center urged. State Assemblyman Steve Stern has joined with Senator Monica Martinez to put forth the legislation. Let's hope this is the year it passes.

Proposed Solutions That are Actually Happening

Back in 2020, I wrote the book *Solutions to America's Problems*. There were over 15 chapters on pertinent issues ranging from climate change, the healthcare crisis, the high cost of college, the Supreme Court, and illegal immigration to name a few.

Several of those suggestions, which were flying under the radar at that time, are finally getting the attention they deserve from policymakers. There are three items in particular that are now at the forefront of political debate. They are:
the coupling from China, ending lone judges from issuing nationwide injunctions, and calling out why American consumers pay three times as much as Europeans for the same drugs.

PAYING MORE FOR PRESCRIPTIONS

In the healthcare chapter, I dissected why the American healthcare system is so expensive. There are numerous reasons, including the high cost of care in the last six months of life, and the low doctor to patient ratio. But, another major component is the unreasonably high cost for prescriptions.

Back in 2020, we highlighted this problem by suggesting we should:

Prevent pharmaceutical companies from overcharging American consumers vis-a-vis European and other consumers around the world. Impose taxes on any firm that exhibits price discrimination or tariffs on their imports (pg. 175.)

It took a while, but now President Trump is issuing an Executive Order to freeze our prices at the European level. Big Pharma has been abiding by European caps and charging us way more to make up the difference, simply because they never got any pushback from congress or previous administrations. We are glad someone is finally listening.

DECOUPLE FROM CHINA

Regarding China, my book incorporated a 2019 article I had published on **Fox.com** calling for a lessening of our dependence on the Chinese Communist Party. We are at a great risk depending on China for spare parts and, most importantly, pharmaceuticals. If we had a conflict with China, they could kill more Americans by cutting off our cholesterol and blood pressure medicine than with armaments. It is good to see that our nation is now seriously talking about measures to decouple us from China. Here is what we said back then:

- Give existing companies, within which China holds part ownership, a ten-year phase out to reduce its holdings in China by 50%.
- Appoint an East-Asian economic Czar to begin cultivating relationships with competing nations such as Vietnam, India and Thailand, to accommodate American business growth and investment.
- Remove China from the G20.

STOP LONE JUDGES FROM ISSUING NATIONWIDE INJUNCTIONS.

As to our courts, I noticed back in 2020 how judicial forum shopping was becoming more common and how lone judges were issuing opinions that imposed nation-wide injunctions on executive policy. This was a problem whether the President was from the Democrat or Republican side of the aisle. Back then, we had suggested Congress:

Eliminate the ability of a single lower court judge to impose an injunction against a presidential executive order (pg. 292.)

A number of bills have recently been introduced to end these nationwide injunctions. Looks like we were ahead of our time.

Past Events:

**CENTER FOR
Cost Effective
GOVERNMENT**

**Free networking
& policy event**

**Date: Monday, October 20th,
2025**

Time: 6:00pm to 8:00pm

**Location: Butera's on Main St.
in Sayville.**

**Join us for networking and a
presentation by Mike Florio,
Pres. Long Island Builders
Institute and appearance by
Assemblyman Jarett Gandolfo**

**Topic: Why New York's
insurance rates are the highest**

Free admission, (Suggested donation \$10)

RSVP to:
costeffectivegov@gmail.com

By October 10th

CENTER FOR
Cost Effective
GOVERNMENT

LONG ISLAND
LIFE & POLITICS

Pizza and Politics

Topics include:

Which bills passed in the state legislative session?

Should the nickel deposits on bottles and cans be increased to \$.10?

\$10 suggested donation

Monday, June 24th 6-8PM

**Mario's Restaurant
17 Vanderbilt Motor Pkwy
Commack, NY 11725**

**RSVP by June 20th
costeffectivegov@gmail.com**

CENTER FOR
Cost Effective
GOVERNMENT

Pizza and Politics

IS THERE FRAUD IN OUR ELECTION SYSTEM?

GUEST SPEAKER: BARBARA CATALETTO FROM
NY CITIZEN'S AUDIT

\$10 SUGGESTED DONATION

Monday, February 28th 6PM-8PM

Michelle Rothman
17 Vanderbilt Motor Parkway
Carmel, NY 11725

RSVP by February 22nd
ccosteffectivegov@gmail.com

I. Curbing Excessive Taxes and Spending

The cornerstone of the Center for Cost Effective Government is its efforts to keep government spending and taxes under control. Where there is an attempt to foolishly increase the size of government with little return for the American public, we will speak out against it. Examples abound.

It could be something as simple as New York State environmentalists trying to increase the deposit on bottles to from \$.05 to \$.10. It might seem harmless, but taken over the course of a year this could mean hundreds of dollars to people in all economic strata. It's a regressive tax that hits the poor and working class harder than the upper wage earners. We were successful this year in holding it back.

We also fought against Suffolk County government seeking to increase its sales tax to almost 9%. The purported purpose of the increase was to help fund replacement of aging cesspools and to install new sewers, supposedly to improve drinking water quality.

We opposed the proposition for two reasons. First, the referendum was based on the false premise that building more sewers will cleanse the water supply. Our research indicates that sewers require tremendous amounts of water to be drained from the aquifer to treat the raw sewage. When these gaps in the aquifer occur as a result of the treatment process, the pollutants at the surface level are more readily sucked into the aquifer due to the lack of density. This winds up with the water supply containing more, not less, pollutants..

Secondly, even if it was determined that sewerage the county was a positive idea, there was no reason to raise the sales tax for decades to come since the county was flush with \$700 million in grants from the federal government during the Covid era. They had legal authority to use some or all of this money for the sewer construction and sewer upgrades. They chose to use that money for other purposes.

On the state level, we presented both the good and bad of New York's proposed budget. We sounded the alarm about attempts by the state legislature to undo fiscal reforms enacted in 2012 that sought to curb excessive pensions for public employees. Those reforms, known as Tier 6 reforms, required employees hired after 2012 to contribute more to the pension system and limited the amount of overtime that can be factored into the pension.

We highlighted the fact that too many Americans are becoming dependent on their government. It is a trend that has increased our national debt while limiting economic growth. It is simply unsustainable

We continued our push to implement caps on state spending. In prior reports we noted how states and municipalities that enacted caps tend to have lower taxes. We highlighted how the tax cap on Long Island reduced average school increases from 6% a year before the cap to about 2% thereafter.

And we pushed for caps on the federal level by promoting a balance budget amendment and doing away with the annual circus revolving around the debt ceiling.

We also called for the \$500,000 capital gains tax exemption on the sale of one's home be expanded to reflect inflationary pressure since the inception of this program back in the late 1990s.

We emphasized that higher taxes push higher earners away from the state, thereby placing a bigger burden on the remaining middle class to make up the lost revenue.

And we weighed in on various archaic laws such as the Scaffold Law that places 100% liability on building owners for accidents on the premises, even if they were not at fault. This causes insurance rates in the state to skyrocket.

There are measures that can be taken to make life more affordable in the state and the nation, but it starts with understanding the root causes of big spending and high taxes. That's what our Center has sought to do.

I'm happy to report that a bill has been submitted in Albany that follows through on the Center for Cost Effective Government's suggestion that a spending cap be imposed on the New York State budget. <https://www.centerforcosteffectivegovernment.org/spending-cap-white-paper/>

In 2021, our Center published a white paper on how spending caps have been successful in limiting spending and taxes in various states, counties and schools. We exposed as well that the state legislature was being quite hypocritical by imposing tax and spending caps on schools and local governments, while exempting themselves from these controls.

We noted that had the state been forced to comply with the same spending cap placed on other jurisdictions, the state budget would be \$80 billion less than the one proposed by Governor Hochul this year.

Our white paper prompted Long Island Senator Mario Mattera to cosponsor a bill to cap spending and to write an oped that was published in Newsday last week. <https://www.newsday.com/opinion/commentary/guest-essays/state-spending-cap-2-tax-cap-hochul-affordability-yte5q4zn>

Our analysis stressed that prior to the spending cap, school district taxes were increasing at a clip of 6% a year, while after the 2012 cap was implemented, that figure dropped precipitously to approximately 2%.

Had a cap been in place during the COVID years, state spending would not have increased by an astonishing 30% from 2020 to 2024. The one shot grants that came flowing in from the federal government was spent eagerly by the state legislature, which they thereupon incorporated into the base. That higher spending became the new normal.

However, even before COVID, spending by the legislature was out of control. While inflation rose 5.4% from 2014 to 2018, state spending surged by 19.1%. We noted as well that Florida, which has 4 million more people than New York and no state income tax, is able to deliver better services and higher test scores than New York with a budget that is half of that of the Empire State.

If that's not reason enough for a spending cap, we don't know what is.

When we first saw the headline from the liberal *New York Daily News*, "Vote on scaffolding bills," we were jumping for joy.

<https://www.nydailynews.com/2025/02/08/vote-on-the-scaffolding-bills-speaker-adams-must-let-the-city-council-act/?share=feiltnliditdheswlthe>

Finally, we had a liberal outlet supporting the long-introduced legislation that would reform the horrific scaffolding laws in New York State that have driven our insurance rates to the highest in the nation. But alas, that was too good to be true.

A further reading of the article indicated that it was an entirely different scaffolding issue the liberal *Daily News* was referring to. This article centered on the complaint that many have about buildings putting in place scaffolding covering the sidewalks of many of Manhattan's walkways.

They have a legitimate point. A scaffold put in place for a short period of time to ensure safety is certainly warranted, but many of the scaffolds remain in place for what seems to be indefinitely. They're ugly and cause many logistical problems.

So we're on board with the *Daily News* and its quest to get control over these numerous scaffolds that seem to exist in perpetuity. But why would the *News* ignore the much more important scaffolding issue—and the crazy law that's been on the books for decades in New York that makes a general contractor and a building owner 100% liable for accidents on a scaffold, even if the accident is incurred by the negligence of the employee?

In other words, an employee can go out for lunch, have four beers, come back drunk, and get involved in an accident. Notwithstanding the employee's contributory negligence, the homeowner and the general contractor would be 100% liable. This means the insurance that they must procure becomes astronomical. It's been known to increase costs dramatically on these projects.

Government reformers have been crying out for change for years, but the special interests have blocked it in the legislature. And just when we thought a liberal

outlet such as the *Daily News* was coming on board, the wind was taken out of our sails once again.

Oh well, maybe their article will at least shift emphasis back on the more important scaffolding bill and prompt some action from the legislature on that important matter.



Huge public pensions again in the limelight

Newsday ran a story on the high pensions that many personnel through the Nassau University Medical Center are collecting. There were ten retired doctors earning annual pensions of over \$200,000.

What's most interesting about it is they cite a report from the Empire Center which notes how in other cases overtime has been such a huge factor in hiking pensions to new heights.

That is exactly why our center issued a report in December, 2019 entitled: **“The impact of overtime on the pension time bomb.”**

We noted how overtime accounts for a huge artificial spike in public pension. We recommended immediately eliminating overtime from being incorporated into the pension total. If we did so immediately, we would save \$50-\$80 billion over the next two decades.

It was noted in the article that a new tier system passed about a decade ago will cap the amount of overtime that can be included into the pension.

Unfortunately, the people this applies to will not be retiring for decades down the road. In the meantime, it will continue to bleed out taxpayer dollars.

The most recent budget extension drama played out on Capitol Hill highlighted the continued controversy revolving around the debt ceiling.

If we as a nation are to solve our enormous debt and spending dilemma, we must first understand what the debt ceiling is – and is not.

The mainstream media and elected officials on both sides of the political aisle have often given the public a false impression of what the debt ceiling votes actually do.

The common misconception is that a vote to increase the debt ceiling is a vote to spend more tax dollars. It is not.

The Department of Treasury **website** confirms this quite clearly:

The debt limit does not authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congresses and presidents of both parties have made in the past. Failing to increase the debt limit would have catastrophic economic consequences. It would cause the government to default on its legal obligations – an unprecedented event in American history. That would precipitate another financial crisis and threaten jobs and savings of everyday Americans..

In other words, voting to raise the debt ceiling does NOT increase spending, and voting against it does NOT rescind any spending.
The spending was already authorized by previous votes of Congress.

A default on paying our debt would obliterate our standing as the safest currency in the world. That would have global investors running for the exits and taking their money out of American markets and institutions.

So why has there been so much controversy about the debt ceiling in the past? It's because many members of Congress fear that a vote to raise the debt limit would be interpreted by the folks back home as voting for more reckless spending.

And there are others, less concerned about the fiscal imagery, who wanted to hold their vote out as leverage to modify the budget to their liking.

President Trump preferred the debt ceiling matter be pushed out several years for two reasons. First, he knew that, come March, the issue would be in his lap, and he is reticent to give the appearance that he would be spending recklessly by supporting the raising of the debt limit (something he understands has to be done for the government to continue to function and to prevent America's default).

But he was also leery of giving Democrats leverage to hold out on extending the debt ceiling next year unless they get their goodies included within the budget.

If the debt ceiling is handled through the reconciliation process, **which is doable**, that would only require 50 votes in the Senate, rather than the **traditional 60** that relates to non-fiscal matters. Doing the math, the Republicans would not need Democratic votes, but that's assuming the Republicans can hold together. No guarantee there.

Trump loathes the optics of having the GOP extend the ceiling while the loyal opposition votes a resounding no, all the while seeking to label their conservative counterparts - who railed against raising the ceiling in the past - as hypocrites.

Democrats are split on the issue. Some of the biggest spenders, such as **Elizabeth Warren**, want to do away with the ceiling altogether so that they can continue to spend like drunken sailors without giving the other side leverage to force cuts when the GOP is in the minority.

Yet, other Democrats want to maintain the debt ceiling vote so that they themselves can hold out in order to get more spending into the budget when the Republicans take control of both houses and the presidency.

Debt ceilings have been meaningless since Congress pays no heed to them when they're preparing their spending plans. They would spend whatever they wanted, knowing that down the line they would be forced to expand the debt ceiling to whatever level was needed to accommodate the increased spending they authorized months earlier.

So why continue to go through the charade every year? Both Trump and Warren are correct in wishing to push out these debt ceiling votes far out into the future, though for different reasons.

Ultimately, it's the votes that are cast in developing the annual budget that count. Thus, If conservatives want spending to be controlled, the answer lies in enacting a balanced budget amendment.

Almost every state and local government around the country by law **must balance** their budgets. The federal government is a rare public entity that does not. That should end immediately.

As noted in our Center for Cost Effective Government's **white paper** on spending caps, these spending limitations work. They force prioritization.

The fiscal hawks within the Republican caucus should seek the ultimate deal of getting rid of the debt limit charade by linking it to a requirement that a balanced budget amendment be enacted.

Elon Musk and Vivek Ramaswamy may come up with buckets full of logical spending cuts, but they don't have the authority to implement them. A balanced budget requirement would force many of those cuts to be implemented by a recalcitrant big spending Congress.



Rescind New York's onerous scaffold law

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NEWSMAX

Too many Americans becoming dependent on the Government **by Steve Levy**

October 31, 2024

Every once in a while, you come across a statistic that encapsulates everything you have to know as to how dramatically America is changing.

One such stat from a **report** issued by the Economic Innovation Group illustrates how dependent Americans are becoming on government.

In 1970, only 1% of all the counties in Americans received a significant portion of income (25% or more) in the county from some type of transfer funding from the government.

By 2012, that figure had jumped enormously to 20%. That number skyrocketed even further after COVID to a remarkable 53%. COVID has been behind us now for quite a while, but the dependency has become the new normal in our country.

Transfers from government accounted for 8% of an individual's income in 1970. That figure is up to 18% today.

This is frightening because it means a diminishing pool of workers are now working and paying more taxes to help subsidize those who are relying on government assistance.

According to a 2018 analysis by the Joint Economic Committee, 64% of nonworking prime-age men received some form of government assistance, while 4 in 10 received disability assistance and 38% received food stamps. ...Fourteen percent of prime-age men did not work in 2019.

A remarkable seven million men of working age are no longer looking for work and have just accepted that they will remain terminally unemployed.

When the government hands out to some people benefits that give them more than they get to work, is it any wonder why this number would continue to increase?

And don't be fooled by the government numbers on unemployment. We see that each month after the pandemic ended, new jobs have been created. But amazingly, three-fourths of those jobs have been given to individuals who are not American citizens.

A huge chunk of the total new jobs - up to 25% - is for positions in the public sector, which are an additional drain to the taxpayer.

America became the most vibrant and upwardly mobile nation the world ever knew. That was in large part because we were so industrious. A vibrant private sector with competition primed the pump. If our market economy is allowed to flourish, the economic pie will continue to get bigger collectively, while we each over time get a slightly bigger slice.

But it appears that we are starting to mirror the socialist welfare states of Europe. That might feel like a good thing short term for those who are coasting on the government benefits, but over time, it is suffocating for a nation that wants to grow and enhance its quality of life.

There are a lot of stats that can give you a flavor of the direction America is heading, but these damning numbers regarding government dependency should be a wake-up call for us all.

We are slowly drifting towards socialism. There's time to reverse the trend, but once you go too far, it becomes almost impossible to turn the train around. Too many people will be dependent on the government and never want their goodies taken away. Then we will indeed be Greece.



State legislators about to reverse important fiscal reforms

Check out this very important article from the New York Post which warns taxpayers that New York's liberal state legislature is at it again in pandering to municipal unions.

<https://nypost.com/2024/03/27/opinion/albany-dems-latest-suck-up-to-labor-another-pricey-pension-perk/>

Our center has warned in the past that extravagant public pensions threaten to bankrupt the state. In fact, our report stressed that the inclusion of overtime as a factor in calculating pensions will cost taxpayers an astounding \$50-\$80 billion over the next two decades if corrective action is not taken.

In 2012, the legislature actually did a good thing in creating a new tier 6 that would change the system, at least for newly hired workers. There would be greater contributions by the employee into the retirement system and the amount of overtime factored into pensions would be limited.

Of course the latter would not create any benefit to taxpayers for decades down the road, but at least it was a start. However, now we have the unions pressuring our elected class to reverse these reforms and give those employees hired after 2012 the type of lucrative benefits that those hired before that date have received.

It's simply unsustainable.

The legislators in both parties simply hope that the public will not be watching. Let's hope that they will do the right thing and prevent this fiscal armageddon from coming to fruition.

The Center for Cost Effective Government is a think tank dedicated to exposing wasteful government spending and educating the public on various measures that can control taxing and spending for the purpose of creating more hospitable conditions for taxpayers and the business community.

LI HERALD **GLEN COVE**.COM

Fiscal hawks should push balanced-budget amendment

By Steve Levy | 1/31/25

The most recent budget-extension debate on Capitol Hill underscored the ongoing controversy surrounding the debt ceiling.

To address the nation's growing debt and spending issues, it is crucial to understand what the debt ceiling is — and what it isn't.

The mainstream media and lawmakers from both parties have often misled the public about what debt-ceiling votes actually do. A common misconception is that raising the debt ceiling amounts to approving new spending. It does not.

The U.S. Treasury Department clarifies this point: The debt ceiling does not authorize new spending commitments. It merely allows the government to finance existing legal obligations made by previous Congresses and administrations. Failing to raise the debt ceiling could trigger catastrophic economic consequences, including a default on the nation's legal obligations. That would create a financial crisis and jeopardize Americans' jobs and savings.

In short, raising the debt ceiling doesn't increase government spending, and voting against it doesn't reverse any spending already authorized by Congress.

A default would severely damage the dollar's status as the world's safest currency, leading global investors to pull their funds from U.S. markets.

So why has the debt ceiling issue been so controversial? Many lawmakers fear that voting to raise it could be seen by constituents as endorsing more reckless spending. Others, less concerned with optics, use the vote as leverage to secure changes to the budget.

President Trump preferred extending the debt ceiling for several years. He understood the political risks of having to vote on it again in March, and didn't want to appear to be recklessly increasing government spending. Additionally, he was wary of giving Democrats leverage in future negotiations, fearing they would hold the debt ceiling hostage to secure spending concessions.

If the debt ceiling issue were handled through the reconciliation process, it would require only 50 votes in the Senate, rather than the typical 60 needed for non-budget matters. Republicans could theoretically pass the measure without Democratic support, though that would require unity in the party, which isn't guaranteed. Trump was also concerned about the optics of the GOP raising the ceiling while Democrats opposed it, accusing Republicans of hypocrisy.

Democrats are divided on the issue. Some, like Sen. Elizabeth Warren, want to abolish the debt ceiling altogether, arguing that it gives fiscal conservatives too much leverage. Others want to keep it in place as a bargaining chip to increase spending when Republicans hold power.

The debt ceiling has become largely meaningless, as Congress continues to increase spending, knowing it can later raise the ceiling to accommodate the expanded budget.

So why continue the annual charade? Both Trump and Warren are right in wanting to push the debt-ceiling vote further into the future, though for different reasons.

Ultimately, the real impact comes from the annual budget votes. If conservatives want to control spending, the solution is to push for a balanced-budget amendment.

Every state and local government is required by law to balance its budget — yet the federal government is the only public entity that is not. That needs to change. As outlined in our Center for Cost-Effective Government white paper on spending caps, these measures work by forcing lawmakers to prioritize spending.

Fiscal conservatives should seize the opportunity to eliminate the debt-ceiling vote altogether by tying it to the enactment of a balanced-budget amendment.

While people like Elon Musk and Vivek Ramaswamy can propose spending cuts, they lack the authority to implement them. A balanced-budget amendment would compel Congress to implement those cuts and rein in spending.



The \$500k Tax Exemption on Homes is Outdated

It has become clear that our old capital gains exclusion for the sale of people's primary homes is badly outdated. With the inflation experienced over the last three decades, housing prices have skyrocketed to a level well above the \$500,000 threshold. Thankfully, there is a bill supported by both sides of the political aisle in the House called the **More Homes on the Market Act (H.R. 1321)**.

When the current capital gains exclusion for primary residences was introduced in 1998, property values were obviously far lower. Nearly thirty years later, homes have greatly appreciated with a significant spike coming in the post Covid era.

So what's the current policy? Under 26 U.S.C § 121, single homeowners are able to have no more than \$250,000 of tax-free gains from selling their primary residence. For married couples, that number increases to \$500,000.

Fast track to 2024, where the value of homes has crossed the half a million mark statewide. Here on the Island, the median house price in Nassau is \$752,000 and over \$600,000 for Suffolk!

To catch up with the times, it appears an update to the original threshold will have to be implemented. The bill is in its introduction phase in the Ways and Means Committee and is currently being supported by approximately three dozen congressional members.



April 18th, 2024

The Good and Bad of the State Budget

Well, we waited two weeks for the New York State budget agreement. What did we get for it? Let's see.

SPENDING WAY UP

No surprise to anyone who paid attention over the last few decades, spending is up. The legislature lopped on an additional \$2 billion in spending from the governor's proposed budget. That means that New York State will have a budget of \$235 billion. This is an astonishing \$60 billion more than what was in place in 2019.

We warned that if the legislature spent wildly after receiving unconditional COVID aid from the federal government, they would simply incorporate that extra money into the base, thereby making these remarkably high budgets the new normal. That's exactly what happened. New York's budget is now about twice that of the state of Florida.

The Sunshine State has 3 million more people than New York and no state income tax, yet has a budget significantly less. And guess what! Their roads are better than ours and their school test scores are among the tops in the nation. New York, on the other hand, continues to spend more per pupil than any other state in the nation, yet our student test scores are hovering in the bottom half of the national rankings.

HOLD HARMLESS PROVISION PRESERVED

The legislature pushed back on the governor's attempt to end the hold harmless provision in state aid. That was an understanding amongst the legislature and the governor that each district would get at least as much money in state aid as they did the prior year.

The good part about the hold harmless provision is that it protected most of the districts cut by the governor, which were those on Long Island perceived to be wealthier districts. But this is somewhat misleading, since the lower wealth districts are already receiving far more money than the wealthy districts. For instance, a low wealth Hempstead receives a whopping hundred million dollars annually. As compared to the wealthier Garden City, which receives a mere \$5 million. Once all the state aid is factored in, Hempstead actually has a spending level that is higher per pupil than the wealthier neighbors in Garden City.

Nevertheless, the governor has a sensible argument that we shouldn't necessarily be giving more money to districts as enrollment is dropping.

To get the budget passed, the legislature agreed to a study to be conducted by the liberal Rockefeller Institute to determine how state aid could be dispersed more fairly in the future.

We must recall that this same issue came up at the turn of this century where the advocacy groups sued the state, claiming that the state aid distribution was unconstitutional and unfair to the poor districts. It led to a revising of the formula and a massive infusion of additional dollars to the poor districts. Alas, all that extra money did little to nothing in improving test scores.

So we now know there is little to no correlation between more money being spent in these districts and better performance. The better option would have been for the governor and the state legislature to lift the cap on charter schools. The governor claims she was a supporter of charters, but has not really used her enormous powers and leverage to eliminate this cap.

HOUSING

On housing, progress was made in resurrecting the tax incentives for developers constructing affordable housing. This provision had been in limbo for the last several years. As a trade-off, the legislature claims to have received further tenant protections, the details of which are still being ferreted out.

One very important provision that was not approved was the odious good faith eviction bill, which would've made it extraordinarily difficult for a landlord in New York to get rid of a trouble tenant. Passage of this bill would have been a nightmare for small landlords and led to a further crunch in needed housing.

ILLEGAL CANNABIS SHOPS

Hooray for state leaders who finally got off their duffs and dealt with the lunacy of allowing illegal marijuana shops to sprout up everywhere, while simultaneously trying to promote their legal pot outlets. These scofflaws were operating illegally in front of our faces, yet state leaders did nothing. The new state laws will enable local governments to crack down where the state has failed to do so.



May 29, 2025

Focus on these bills in the state legislature
by Steve Levy

Don't Double the Bottle Deposit

The legislature is serious about doubling the five cent deposit on bottles and cans to ten cents. That might sound like a drop in the bucket when looking at a can or two, but over the course of a year, this could be a significant burden on a family.

If a family goes through two twelve packs of seltzer, soda or juice per week, it could lead to a sizable 430 extra dollars a year that family will have to expend.

And to what aim? We don't see many cans lying around the road anymore because there's already an incentive to redeem the deposit. This is a feel good measure that's not worth the pain.

Kill the Heat Bill

This is another favorite of the environmental zealots. They want to shut down natural gas in favor of more expensive and unreliable wind and solar that just can't presently meet our needs. The bill would put the burden on homeowners to pay for hookups to natural gas lines within 100 feet of the home. This has traditionally been paid for by the utility. It also seeks to heap upon the utility nebulous costs regarding fossil fuels that the bill's sponsors manufacture out of thin air. Those costs, of course, will be passed along to the consumer one way or the other.

Pass the Leaf Blower Law

Gas fired leaf blowers are not only pollution machines, but they're unreasonably loud. The electric versions are cleaner and softer on the ear. The latest version of this bill is not an outright ban, but creates incentive for landscapers to make the switch. It's the right way to go.

Packaging Reduction Bill.

Over regulation is unnecessary and costly. But we've all seen small items delivered to us in huge boxes with unnecessary amounts of packaging. While we're not fans of mandates, there is a need to spark companies to tone down the unnecessary packaging that they're including in these boxes.

Impose a Spending Cap

When State Legislators imposed a spending and tax cap on schools and local governments over a decade ago, they conveniently exempted themselves. Too bad. Had the state been placed under a cap, the budget today would be tens of billions of dollars less than its present level of \$254 billion. This year's budget alone jumped \$17/ billion from \$237 billion. There's a constant debate that goes on about requiring a balanced budget amendment on the federal level to get spending under control in Washington. Why isn't there a similar call for a spending limitation in Albany?

A Control Board for the MTA

The congestion pricing scheme was the latest attack on taxpayers, ratepayers, and motorists to feed the insatiable appetite of the MTA. But the problem with the MTA has never been a revenue problem; it's always been a spending problem. Our suggested bill is now on the table in Albany to place the MTA under a financial control board, which would have the power to undo contracts, monitor its spending, and cap its borrowing. It's long overdue to get this passed.

Bail Reform and Raise the Age

A great deal of fanfare surrounded April's budget process which brought with it a tinkering of the regulations imposed upon district attorneys to hand over evidence in their file to defense attorneys. The change in 2019 was criticized by district attorneys as putting unreasonable burdens on prosecutors thereby leading to an enormous increase in the number of cases against violent defendants dismissed for technical reasons.

The law was tweaked to still require materials to be handed over within a short period, but it also gives judges some leeway in requiring only "relevant" information to be handed over. But that change is a drop in the bucket compared to what's really needed. First and foremost, the bail reform laws of 2019 took away a judge's discretion to hold a defendant whom the judge determines is a danger to society. We are now the only state in the union that eliminates that discretion for the judge. It's led to a 1/3 increase in violent crime since the passage of this law.

Another horrible change was raising the age from 16 to 18 for the prosecution of a minor for violent offenses. Those under 18 no longer have the fear of facing major consequences in the Criminal Court. Instead, they go to the softer Family Court. Consequently, gang leaders have now resorted to using 16-year-olds to do that dirty work, knowing that they'll only get a slap on the wrist for the most violent crimes. It's not only led to overall increase in crime, but a dramatic increase in the number of deaths within this age group. Change this law now.

Steve Levy is President of Common Sense Strategies, a political consulting firm. He served as Suffolk County Executive, as a NYS Assemblyman, and host of "The Steve Levy Radio Show." He is the author of "Solutions to America's Problems" and "Bias in the Media." www.SteveLevy.info, Twitter @SteveLevyNY, steve@commonsensestrategies.com



Stop the nickel increase on bottle deposits

While few people are paying attention, the state legislature is seriously considering imposing an increase on deposits on bottles and plastic containers. If passed, we will have to pay ten cents per bottle from the present five.

Very few people ever redeem those bottles. They usually place them in the recycling bin.

Think about how many water bottles you buy over the course of a year. It's hard to understand why this would be promoted other than it being a money grab. It's not as though we don't have recycling programs that allow for people to take their used bottles in containers and place them at the curbside.

It's not like the old days where unused Coke cans and water bottles were strewn all over the street. There are plenty of scavenger hunters out there who are already incentivized to pick up these loose bottles.

Inflation has been running rampant over the last four years with overall inflation pushing 20% and some groceries hitting 30%. Do we really need to rub salt in the wound for no good reason? When is enough enough? Our Legislators should say no to this bad idea.

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Our push for a state spending cap gets Albany sponsors

by Steve Levy

February 28, 2025

I'm happy to report that a bill has been submitted in Albany that follows through on the suggestion of Long Island Life and Politics and the Center for Cost Effective Government that a spending cap be imposed on the New York State budget. <https://www.centerforcosteffectivegovernment.org/spending-cap-white-paper/>

In 2021, the Center published a white paper on how spending caps have been successful in limiting spending and taxes in various states, counties and schools.

We exposed as well that the state legislature was being quite hypocritical by imposing tax and spending caps on schools and local governments, while exempting themselves from these controls.

We noted that had the state been forced to comply with the same spending cap placed on other jurisdictions, the state budget would be \$80 billion less than the one proposed by Governor Hochul this year.

Our white paper prompted Long Island Senator Mario Mattera to cosponsor a bill to cap spending and to write an oped that was published in Newsday last week. <https://www.newsday.com/opinion/commentary/guest-essays/state-spending-cap-2-tax-cap-hochul-affordability-yte5q4zn>

Our analysis stressed that prior to the spending cap, school district taxes were increasing at a clip of 6% a year, while after the 2012 cap was implemented, that figure dropped precipitously to approximately 2%.

Had a cap been in place during the COVID years, state spending would not have increased by an astonishing 30% from 2020 to 2024. The one shot grants that came flowing in from the federal government was spent eagerly by the state legislature, which they thereupon incorporated into the base. That higher spending became the new normal.

However, even before COVID, spending by the legislature was out of control. While inflation was rising well under 2% a year from 2014 to 2018, state spending surged by 19.1% during that period.

We noted as well that Florida, which has 4 million more people than New York and no state income tax, is able to deliver better services and higher test scores than New York with a budget that is half of that of the Empire State.

If that's not reason enough for a spending cap, we don't know what is.

Steve Levy is Executive Director of the Center for Cost Effective Government, a fiscally conservative think tank. He served as Suffolk County Executive, as a NYS Assemblyman, and host of "The Steve Levy Radio Show."

CENTER FOR
Cost Effective
GOVERNMENT

July 14, 2025

Follow these steps to cut the federal budget
by Steve Levy

An interesting article was submitted to the New York Post last week advising Republicans on how to successfully cut the budget. The proposal mirrors the same advice I've been given for quite some time.

The author, former White House Counsel Daniel Huff, lauded the valiant efforts of Elon Musk and DOGE, but concluded it was bound for failure because it acted as an outside agency seeking to impose its will on various departments.

Huff is exactly right that these department heads get their dander up and don't like outsiders telling them what to do. I experienced that when I was a county executive in Suffolk County, New York facing a severe recession after the real estate collapse in 2007.

We needed to trim the budget and trim it fast. In prior years, we would experience increases in sales tax revenues exceeding 9%. In these particular rough years, we were *losing* 9% a year. That's a delta of 18% in lost revenues.

So the first thing I did was put the order out to every department head to trim 10% of its budget. We left it to them to trim the fat, or at least to keep the most efficient items while ditching the least.

Many of them moaned, but ultimately they acceded to the orders of their superiors. They did so knowing that the order came from the duly elected county executive who appointed them rather than a third-party bureaucrat like themselves.

The bottom line is they complied. And where they did not, I stepped in and made the cut myself. At that point they had no moral high ground on which to complain.

In Washington, we saw some department heads such as Department of Environment Secretary Lee Zelden take the initiative on his own. Unlike many department heads who seek to grow their fiefdoms and protect every last dollar, Zelden came with the mission of streamlining the agency to make it as efficient as possible. Secretary of State Marco Rubio did the same. That's the way it should work.

My cost cutting order was not limited to one year. We did the same 10% cut over the next two years, resulting in a 30% cut to these agencies. Much of it was simply weeding down excessive staff through attrition, thereafter shifting people around to get the same work done with fewer people.

Of course, these types of cuts cannot go on forever. Ultimately on the federal level, what's needed is structural change. That includes a balanced budget amendment that forces prioritization amongst our lawmakers.

It's amazing how much easier it is to say no to a special interest group wanting additional money when the lawmaker can say he's restrained from adding it because of caps imposed on his spending capabilities.

On Long Island, we were experiencing annual school tax increases averaging 6% in the years leading up to our property tax cap. In the decade that followed that 6% dropped to 2% a year.

DOGE made a valiant effort, but most came to realize that if we really want to curb the humongous spending appetite of the federal government, we must deal with entitlements and mandated spending.

One mandated category is interest on the debt. It has grown exponentially and is now at 14% of the budget, a figure larger than defense. That beast can be tamed with a better economy, spending controls and lower interest rates that will come

about when spending is actually controlled. For every one percent drop in the interest rate blank hundred billion is saved paying for this debt.

Medicaid has grown well beyond it's original plan back in 1965 to deal with those under the poverty line. It now encompasses those well above the poverty level and it's also including illegal immigrants and those who refuse to work.

The Republicans' efforts to reform this program to save it are laudable.. Regarding Social Security, there's a rather easy fix. As our Center for Cost Effective Government paper noted this spring, investing a portion of the trust fund in a conservative Standard and Poor index fund can quadruple the rate of return within the fund, thereby saving it from collapse.

As to all other mandates, elected officials on both sides are uneasy about putting their toe in the water. That's because the slightest talk of cut or reform will be met with the opposition and the media claiming they're trying to kill grandma. The solution is to create a bipartisan panel of six individuals - three Democrats, three Republicans - who will issue a solution to save these programs.

But no white paper will be issued unless there is aa affirmative vote of four members, two of whom hail from each of the two parties on the panel. This gives cover to both sides moving forward.

And if they're still scared to take affirmative steps, they can mirror what was done with closing military bases after the collapse of the Iron Curtain. Create another BRAC commission, where Congress authorizes the independent commission to make the cuts Congress won't, with the proviso that Congress will have the ability to undo the cuts through an affirmative vote in congress.

DOGE put us on the right track, but we need to take more practical steps to actually effectuate significant cuts by the departments themselves.

Steve Levy is Executive Director of the Center for Cost Effective Government, a fiscally conservative think tank. He served as Suffolk County Executive, as a NYS Assemblyman, and host of "The Steve Levy Radio Show."

LONG ISLAND LIFE & POLITICS

Why are local governments in Suffolk raising taxes by 6 to 11%

We remember a day where if elected officials pierced the property tax cap and enacted a tax increase that was thrice the rate of inflation, there would be hell to pay. But there's been very little pushback from the media about these exceptionally large tax increases in many towns throughout Suffolk County. Riverhead just slipped in a near 7% tax hike. Islip is increasing taxes by 8%. Southampton Town is boosting taxes just shy of double digits. And Smithtown's levy is soaring by 11%.

On the other hand, all three towns in Nassau County have frozen or even lowered taxes. And the Nassau County budget froze taxes for the fourth consecutive year.

Meanwhile, the Suffolk County government pushed for a near 7% tax increase for those in the police district.

The county is claiming it is within the cap, but that is only because the county for the first time ceased counting sewer taxes on the county ledger and is now labeling it a "fee" rather than a tax.

This was due to the fact that the previous administration placed sewer management under a separate independent sewer district. (The taxes still must be paid, but by designating it a fee and having it billed from the new sewer district instead of the county, it is no longer considered part of the county budget.)

Still, page one of the legislature's independent Budget Review Office states that "average county taxpayers" will be impacted by a budget "yielding an estimated average County homeowner tax bill of \$1351, a 6.85% increase."

Why is that Nassau County and its towns had low increases or none at all, yet Suffolk residents will be paying much more?

With the average property tax now ranging from \$10-\$20,000 a year for our residents, every thousand dollar increase is devastating.

It's true that the county and town taxes are just a small portion of the overall bill (schools are 60-70% of the total), but they add up and they do set an example. Many schools have been increasing their taxes far above the rate of inflation as well.

New York has proportionately lost more people to cheaper states than any other state in the nation over the last several years. Without a doubt, a big part of it is because of ever increasing taxes. Regardless of how much you do to keep young people with "fun" downtowns, high taxes, high housing costs and overall high cost of living are driving residents out of Long Island

II. School Spending

The verdict is in: There's no correlation between more spending on schools and better performance.

Our Center placed focus on the fact that school spending in New York State is twice the national average, and the highest in the country, yet students within the state performed in the middle of a pack amongst the 50 states.

The idea that throwing more money at the problem of low student performance will somehow raise scores is a fallacy long ago discredited. We believe that stricter discipline, higher standards, and school choice are far more productive ways to raise student performance and create better schools than throwing more good money after bad.

The Push for Charter Schools

The Center for Cost Effective Government issued a white paper calling for the initiation of a lawsuit that could seek to invalidate the concept of forcing a student to attend a failing, violent local school.

We understand that there needs to be district lines drawn based on community boundaries, and that it would be very difficult to choose to go from one public school to the next, however, with the advent of charter schools, parents should have the ability to choose whether to send their child to the traditional public school within that district or to instead send them to a charter school.

Charters have been proven to be far more effective in raising student performance than traditional district schools. While it is certainly true that charters have the ability to cherry pick to a greater degree, most of these charter schools are filled with students based upon a lottery. Consequently, it's not as though only the best students are going to the charters and the failing children are relegated to the local school.

While it certainly is true that charter students might have parents who are more engaged in their children's education, those students should at least have an opportunity to get out of a failing school.

Charters graduate students at a higher clip, score better on math and reading tests, and do it all at a much cheaper cost than do average public schools. Part of it is that charters are able to break the iron grip of the teachers unions that perpetuate inefficiency within our schools.

Charters provide more discipline, structure, and higher standards, and the students seem to be up to the challenge.

We've wondered why it hasn't yet been declared unconstitutional to tell parents that they must relate their child to a dead end education in violent failing schools when alternatives exist that produce far better results.

The argument could be made that since many minorities tend to be segregated in certain communities, their parents are often forced to send their kids to schools that are lower performing. If members of congress can have school choice for their children, given their financial well-being, why shouldn't poor parents have that same choice?

School choice and charter schools may be the quickest way to end poverty in America. And the best part is that studies have shown that where charter schools are established in certain districts, the existing public schools actually perform better after the charters come into being.

The obvious reason is that the charter has now injected competition into the system, which forces the traditionally monopolistic schools to shape up. Charter schools are a win-win for all involved. If Legislators are not going to provide these choices for students and parents, perhaps our courts will.

Trapping Students in Failing Schools Violates Their Equal Protection Rights

QUESTION:

Should poor students be required to attend a particular failing public school simply because of the randomness of their parents living within the geographic confines of that failing district, or is the students' inability to attend a different school a violation of their equal protection rights under the U.S. Constitution?

ANSWER:

Courts have held that the Constitution prohibits the denial of a basic education based on racial factors. Courts have also held that inadequate funding for poorer students may violate their constitutional rights. One New Jersey court held that it may not be unconstitutional to require a student to attend his local public school as opposed to being able to attend a different public school. But when the matter was brought up again in 2009, a New Jersey court withheld judgment on the constitutional claim, given that inadequate time had transpired to first determine if the reform measures promoted under the federal Common Core program and various reforms proposed by the state, would improve academic conditions at these poorer schools.

THE NEXT STEP:

Since that case, ample evidence has surfaced that neither enhanced funding to these failing districts nor academic reforms such as those embodied in Common Core or statewide proposals have had any positive effects on improving these failing schools. In the interim, many states have been promoting new systems whereby tax dollars for education can flow with the parent and student so that they may attend the school of their choice. Other states have shut poorer students out from this option.

The time is ripe for yet another challenge to the obsolete laws of the past that confine a student to a failing school district based simply on the randomness of where they live. The data is overwhelming that more funding doesn't work, but competition does.

For more information on this topic, see our white paper on education and school choice on our website



We Need A Lawsuit To Give Kids School Choice

Do poor children have a constitutional right to have the freedom to choose a school that will maximize their ability to learn and escape poverty?

It's a huge question that could have a profound impact on the future of this country.

There's no question that many of our schools are failing. It's in large part due to a lack of competition, a diminution of standards and the disproportionate power of teacher unions who often advocate more for their own power than the welfare of these children.

In 1954, the Supreme Court changed the course of America in *Brown v Board of Education* in ruling that separate but equal accommodations for black-and-white students is unconstitutional.

It's time for the high-court to hear another landmark case that would hold that a child must not be trapped going to a bad school, simply because of the randomness of where they live.

Is there not an equal protection argument that says it's blatantly unfair for a rich person to be able to send their child to a better school yet a poor parent cannot?

Charter schools are out performing public schools in spades. The line to get into these charter schools is beyond comprehension.

The only thing blocking them are the powerful public unions, and the elected officials in state capitals beholden to them by voting against the creation of more charters. Even some Republican officials are swayed by union power, as witnessed in Texas last year **when a proposal for school choice was stymied by GOP state House Representatives.**

A number of states are now moving toward a system that allows a parent to have state education money to follow their choices. This is an earth shattering concept that will dramatically improve our educational system. **Florida's freedoms have allowed it to move from amongst the worst performing schools to among the best.**

Many states, including New York, either ban or limit the number of charter schools within their jurisdiction.

A major lawsuit in New York upheld constitutional protections against unequal assistance for the poor districts. The Court of Appeals, indeed ruled for the plaintiffs, but made a fatal flaw in simply requiring more money to go to the same failing schools.

As we can see from the statistics, the state doubled aid to education since that time and scores have stayed flat, or actually declined. There is simply no correlation between increasing funding for schools and better outcomes.

We don't need another lawsuit seeking more money to go to schools. We need a lawsuit that will allow parents the freedom to change schools if their present public school is failing.

Is there a class action lawyer out there who will take up this cause? He or she may be the next Thurgood Marshall.



Think tank study: Trapping kids in bad schools should be unconstitutional
Calls for a lawsuit to protect equal protection rights of poor students

It is time for the Supreme Court to hold that the system relegating poor, often minority, students to failing schools is a violation of the students' equal protection rights under the Constitution. So concludes the Center for Cost Effective Government, a fiscally conservative New York-based think tank.

This month the Center issued a new white paper entitled: "Trapping kids in bad schools should be unconstitutional."

<https://www.centerforcosteffectivegovernment.org/wp-content/uploads/School-Choice-White-Paper.pdf>

According to Steve Levy, the Center's Executive Director, past lawsuits in various states, including New York and New Jersey, have led to judicial holdings that state legislatures' then-existing educational funding systems promulgated were unconstitutional and needed adjustment.

https://www.aqeny.org/cms_files/File/pdf/A%20Brief%20History%20of%20CFE%20v%20NYS.pdf

Levy cautioned, however, that the remedy imposed by the courts was to simply funnel more money into the already failing districts which had no effect in eliminating, or even mitigating, the discrepancies in student performance in good versus bad schools.

The think tank suggests that the door would be swung open to allow parents to use taxpayer dollars to select a school of their choice were the courts to declare the present system that forces children to go to the school based on the randomness of where they live as being a violation of the equal protection rights of those students trapped in violent and failing schools,

The study cites various public school districts that are failing their students, including Baltimore's public schools, where not a single student passed the math proficiency exam in 40% of the city's high schools.

Throwing more money into the public school systems has had little to no effect in raising student achievement, says the study.

In New York, the state legislature nearly tripled education aid since the state's highest court in 2003 ruled the funding formula as being violative of the state's constitution. <https://www.empirecenter.org/publications/ny-school-spending-again-l-ed-us-hitting-all-time-in-2020-21/>

Yet, despite spending a nation's highest \$35,000 per child, student performance in New York ranks in the middle of the pack amongst the 50 states.

On the other hand, a Stanford study shows that charter school students scored seven percentage points higher on the English exam than city schools and 13 points higher on the Math exam. Equally significant is that Black charter students outperform their public school counterparts, 59% of 40% in English and 61% of 34% in Math.

<https://ncss3.stanford.edu/wp-content/uploads/2023/06/Credo-NCSS3-Report.pdf>
Meanwhile, Hispanic charter students outperform their public school peers by 16 percentage points in English and 25 percentage points in Math.

The Center references these statistics to explain why there is such a huge demand for more charter schools. Only 36% of parents polled wish to remain in the present public school district, yet the actual number of students confined to the public schools is 86%. <https://www.edchoice.org/>

Levy posed the question: "Why should wealthy students be able to go to better schools while poor students are trapped in failing schools?"

The Center notes that there are thirty-three states now utilizing some form of charter school or private school taxpayer credits.

Claims that funding charter schools would hurt public schools have proven unfounded, said Center board member Ed Kelly. "Many studies show that the performance in public schools actually improved after charter schools were

established in those areas, undoubtedly due to the impact competition had on the failing schools to improve conditions,” said

Kelly. https://www.hoover.org/sites/default/files/research/docs/wolf_webreadypdf.pdf

The study concludes that it is unfair for students in red states to be able to access private and charter schools, while those in blue states often cannot. It is unrealistic to expect that state legislatures in these bluer states, where powerful teachers' unions dominate, will pass legislation providing freedom of choice for parents. The only realistic remedy is for the courts to intercede and hold that a state's prohibition against parents being able to transfer their proportional tax dollars to a school of their choice is an unconstitutional violation of their children's equal protection rights.

The Supreme Court as recently as 2020 held that where a state allows for charter or private school vouchers, it cannot prohibit access to private religious schools. (See *Espinoza v Montana*.) However, the Court has yet to rule that there is absolute right to an education outside the trappings of the local district setting.

In the *Crawford v Davy* case (2009), a New Jersey appellate court demurred on deciding whether the disparities in academic performance between wealthy and poorer school districts had violated the equal protection standards since not enough time had transpired to evaluate whether earlier state and federal education reforms such as Common Core had adequate time to remedy the discrepancies. The Center contends that after fifteen years we can now conclusively say that these reforms have not worked.

The study notes how minority children in segregated communities are afforded unequal opportunity vis-a-vis their wealthier counterparts because of the lower-quality schools they are forced to attend. It further expands upon how this diminished education leads to lower earning potential and lower property values for those residing in these districts.

Levy concluded, “When courts were evaluating the stark differences in opportunity available for students from different demographic categories in the past, the focus always centered on funding available to the schools, but now that we know changing the funding formula doesn't work, courts need to focus on how minority children are denied equal opportunity because racial housing segregation has forced these students into failing schools with no way out. In 1954 the Supreme

Court held that minority children cannot be excluded from their local public school. Seventy years later, they must hold that minority children should not be forced to attend their failing local school.”



Opting out of student testing hurts our kids and our nation

Long Island tops the list of regions in New York with parents allowing their children to skip needed performance evaluation exams.

It's a big mistake. As Newsday wisely notes in its January editorial, there is a need to establish benchmarks to determine how our children are doing in the educational process.

<https://www.newsday.com/opinion/editorials/school-testing-opt-outs-ijy7ye2r#>

Taxpayers, above all, should be concerned about the lack of testing. We have seen for decades how the education establishment has pressured lawmakers to raise our taxes higher and higher to throw good money after bad in various parts of the school systems. Much of this money has been wasted, as evidenced by the fact that scores are not increasing. In many cases they're declining, despite this massive increase in more funding and higher taxes.

This is one of the reasons teachers' unions led the fight to push parents toward keeping the kids away from testing. It started with the Common Core system that was injected into the educational process over a decade ago. It continued through Covid, and now it's becoming the new normal.

Look, it's a very competitive out world out there and the Chinese Communists and our other global enemies are laughing their butts off, watching us self-destruct, as we spend billions on educational systems that are failing.

Meanwhile, they are graduating students steeped in math, science and technology. These are the future innovators of the world. And we're being left behind.

Yes, student testing is stressful. But it's necessary.

Stop the coddling.

Stop the attempts by the teachers unions to prevent us from measuring student performance.

There's a big push nationwide to allow parents to get taxpayer-funded money so they can place their kids where they wish to. Why should a kid in an underperforming school be forced to go there simply because they live in that area.

It would seem that it's a civil right for a poor kid to have school choice, just as it is for a rich person who can afford to send their kid to a better private school.

The Center for Cost Effective Government is looking into teaming up with other good government groups to initiate a lawsuit that would strike down the present system that forces poor children to go to bad schools as being an unconstitutional violation of their equal protection and due process rights

We need better performance out of our schools. That starts with being able to properly measure success or failure. We need student testing.



December 17, 2024

Return illegally held excess school reserves to the taxpayers

by Steve Levy

When I first read the Newsday headline “Long Island school districts flagged for too much money in reserves. Think Tank has proposed solutions”, I thought for sure the article was referencing the proposal presented by our Center for Cost Effective Government in a letter to the editor and Newsday last year which called for state legislation empowering the New York State Comptroller to claw back illegally excessive reserves held by school districts and have the surpluses returned to the taxpayers.

We even referenced the point that Assemblyman Michael Fitzpatrick had picked up on our suggestion and incorporated it in a bill pending in Albany.

But alas, the article was instead citing a proposal from the liberal Rockefeller Institute that amazingly suggested that the state actually should allow for a huge 10% surplus to be held by our schools.

All this will do is allow schools to hold onto even more our hard earned tax dollars.

So Long Island, would you rather have the liberal Think Tank suggestion of allowing even more of your money tax dollars to be held by the schools or the fiscally conservative think tank’s approach to return that excess money back into your wallet?

Steve Levy is Executive Director of the Center for Cost Effective Government, a fiscally

conservative think tank. He served as Suffolk County Executive, as a NYS Assemblyman,

and host of “The Steve Levy Radio Show.”



How Can Schools Justify a 10% Tax Increase

School districts throughout New York State, including those on Long Island, received massive infusions of state and federal aid over the last four years. That's why it's absolutely astonishing that the West Babylon district is seeking to pierce the property tax cap and impose a tax increase of nearly 10%. What has this district been doing with all the money that's been funneling in over these last several years? The district received a whopping 25% increase in state aid from 2018-19 through 2023-24.

Countless businesses and families have had to cut back as inflation skyrocketed and the economy stalled during the Pandemic. Adjustments had to be made. What was West Babylon doing over this time? Did they think the gravy train of federal and state aid would continue indefinitely? What about contingency plans or tightening up?

The fact that they would go back to the public and ask for a nearly 10% tax increase, while families are suffering due to a 20% inflation rate over the last three years is incomprehensible.

School boards must do more to be more fiscally responsible.

This free spending proclivity for West Babylon should be contrasted to the William Floyd district that just two years ago returned \$1000 per household because they were sitting on a surplus. If only other districts could do the same.



School Districts Cry Poverty When Sitting On Record Reserves

Why are our school districts crying poverty when they have been inundated with records amounts of cash from the state and federal government over the last several years?

We disagree with Governor Hochul's plan to consider cutting aid to some Long Island schools. We don't want to see school aid cut. We just want to put the brakes on continuing to tax us by throwing more and more money into school districts, as though that is going to be the answer for better student performance.

Progressives in Albany are trying to recalculate the education aid formula, so that those districts considered wealthier such as many Long Island districts, start getting cut, and more money transferred into the underperforming schools.

We have been down this road before. In fact, in the early part of the 21st-century, The New York State Court of Appeals ruled that the funding system was inequitable and demanded that billions more be given to the lower wealth districts. It is a fallacy to suggest that the spending per pupil in these lower districts is significantly less than the other districts. In fact, they are already getting far more money in state aid than the wealthier districts. For instance, Hempstead BC receives \$166 million while Garden City receives \$7 million. Overall, Hempstead spends \$34,000 per student, compared to Garden City's \$29,000.

We once again direct you to a **chart** developed by our center, which illustrates that there is no correlation between increased school spending and better academic performance from our students.

Check out this **article** written by Kyle Strober, the Executive Director of The Association For a Better Long Island. The article highlights how much money these schools have in reserves and the fact that they have hoarded far more money above that places a 4% cap on escrows. Our center has been pushing for the comptroller to claw back the money held in escrow that exceeds the legal cap and return it as a direct rebate to taxpayers.

We agree with Strober that these districts have to stop crying poverty and increasing our taxes while they're sitting on so much money.

Check out this letter from our center board member, Ed Kelly, that was published in Newsday this month. Our letter followed an exposé from Newsday noting that 19 Long Island school districts continue to violate state law by hoarding surpluses above the legal limit rather than returning the money to the taxpayers.

While the law prohibits schools from holding onto this money, there is no enforcement mechanism to force a return of the money to homeowners. Years ago, our center persuaded Assemblyman Michael Fitzpatrick to introduce a bill to make this happen. Ed's letter calls on other state leaders to sign onto the bill authorizing the state comptroller to return these surpluses to our taxpayers. We hope you agree.

Give school reserves back to taxpayers

Newsday's exposé on school districts hoarding reserves far above the cap allowed by state law was excellent ["NYS: 19 LI districts beyond legal limits on reserves," News, July 9]. Our center has long prescribed an obvious

remedy. The state must pass legislation simply enabling the state comptroller to claw back any reserves exceeding the cap and return that directly to the taxpayers.

Assemb. Michael Fitzpatrick introduced this bill in the past. Will any majority members in the State Senate and Assembly follow his lead?

— Edward J. Kelly Jr., East Islip

The writer is a board member of the Center for Cost Effective Government.

III. SAVING SOCIAL SECURITY THROUGH MARKET INVESTMENTS

For decades, pundits have been warning that the current trajectory of the Social Security system is unsustainable. When the system was first established in 1935 there were 40 workers for every retiree. By 2025, the number of workers was a mere 2-3 for every retiree. At the present rate, it is estimated that the Social Security system will have to reduce benefits to every retiree by 21% in 2033 if nothing is done to make the system more viable.

Proposals have been suggested that would impose significant tax increases on all taxpayers to close the delta, or to raise the retirement age, or to further tax the Social Security recipients themselves. Each of these suggestions can be very painful.

However, there is a better way.

For decades, some analysts have recommended that the system be modified to allow for investment of at least some Social Security funds in the stock market, as opposed to very conservative treasury notes. But this suggestion has been a dead end primarily because of pushback by many who claim that the placement of any funds in the stock market would inject too much risk into the stability of the Social Security Trust Fund. Even those elected officials who vehemently disagree with this notion nevertheless hold back on embracing full or partial stock investments for fear of the political blowback that would come from the opposition party or the media making claims that the pro-investment officials were seeking to risk or cut the Social Security payments for millions of Americans.

A quick analysis of the numbers clearly proves that these concerns about potential losses to the Social Security system as a result of stock investments are totally unfounded. In fact, it is shocking as to how much money has been lost to the system over the last 20

years because of the overly cautious investment schemes propagated by those managing the Social Security Trust Fund.

Despite all the ups and downs of the market, including the most volatile times such as the aftermath of 9/11, the pandemic, or the real estate crash of 2007, had the Trust Fund been invested in a Standard & Poor's index fund in 2005, it would be flush with an additional \$8.8 trillion than is presently the case².

Privatizing just 25% of the Trust Fund would have resulted in an additional \$13,775 more per person³. In 2005, the Social Security Trust Fund held \$1.81 trillion in its accounts. In 2025, the fund was at \$2.8 trillion. This is an increase of 55.6%, which equates to a paltry 2.2% annual increase.

This estimate was calculated using the compound growth of the S&P 500 total return index (which includes reinvested dividends) from 2005 to 2025. Meanwhile, the Standard & Poor's Index rose an average of 9.82% over that same period. The index in January of 2005 was at 1,181. By January of this year, that number was 5,979, an astonishing 406% increase. This means that a \$100 investment in the S&P 500 at the start of 2005 would have grown to around \$745.98 by the end of 2025, assuming all dividends were reinvested. The 406% increase cited for January 2025 would have increased to 420% at the peak of the S&P market in February of 2025.

However, it is essential to note that even with the sharp decline in the market since President Trump's tariff discussions began, there would still, as of April 18th, 2025, have been a remarkable 373.5% increase in the Trust Fund since 2005.

More on this topic can be seen in the Social Security white paper posted on our website

The Washington Times

May 23, 2025

This is the way to save Social Security
by Steve Levy

When the Social Security system was first established in 1935 there were 42 workers for every retiree. Today, it's a mere 2-3. At this rate, it is estimated the system will have to reduce benefits to every retiree by 21% in 2033 if nothing is done to shore it up.

Proposed fixes include significant tax increases on all taxpayers, raising the retirement age, or further taxing Social Security recipients themselves. Each would be very painful.

However, there is a better way.

For decades, some analysts have recommended allowing for investment of at least some Social Security funds in the stock market, as opposed to very conservative treasury notes. Unfortunately, this suggestion has dead ended, primarily because of the irrational fear that any investment in equities would inject too much risk into the stability of the Social Security Trust Fund.

Even officials supporting investment diversity hold back, fearing blowback from the opposition party or the media making claims that the pro-investment officials are seeking to risk or cut the Social Security payments for millions of Americans.

A quick analysis clearly proves that these concerns about system losses as a result of stock investments are totally unfounded. In fact, it is shocking how much money has been lost to the system over the last 20 years because of the overly cautious investment schemes propagated by those managing the Social Security Trust Fund.

Despite the most volatile times of the market, such as the aftermath of 9/11, the pandemic, or the real estate crash of 2007, had the Trust Fund been invested in a Standard & Poor's index fund in 2005, it would be flush with an additional \$6.4 trillion than is presently the case. Privatizing just 25% of the fund would have resulted in an additional \$13,775 more per person.

In 2005, the Social Security Trust Fund held \$1.81 trillion. In 2025, the fund was at \$2.8 trillion. This is an increase of 55.6%, a paltry 2.2% per annum.

Meanwhile, the Standard and Poor's Index rose an average of 9.82 % over that same period. The index in January of 2005 was at 1,181. By January of this year, that number was 5,979, an astonishing 406% increase.

There are two ways to seek greater returns through the market to strengthen the Social Security system. One mirrors that prescribed by former presidential candidate Steve Forbes, whereby younger Americans would be empowered to have greater control over the taxes they lay out for the Social Security system. Instead of all their FICA taxes going to the government, a portion can remain under the control of individuals, who can open their own 401K type account that will grow over the years.

Concerns regarding a potential wipeout of the pension funds are unfounded since the money isn't all invested or withdrawn at the same time, and the performance in a single year is not make or break.

Versions of this program have been successfully implemented in other nations, including Sweden and Australia. If a person began contributing to Sweden's Premium Pension system in 2005 and invested in the default government-managed fund, they would have seen strong growth over the past 20 years, averaging about

14% annual returns. In some standout years, such as 2021, 2023, and 2024, the fund returned 31.5%, 18.4%, and 27.3%, respectively.

The other option - taking a portion of the trust fund reserves and placing it in a stock market index fund - is not a new one. It was one of the several recommendations proposed in a federal panel, circa 1996, entitled the Social Security Advisory Council.

Had we adopted those proposals in the nineties, or even in 2005 as suggested, the trust fund would have been far richer today, alleviating the need for panic.

Since then, the reserves have slowly been depleting. They peaked at approximately \$2.908 trillion in 2020, lessening to approximately \$2.721 trillion in 2024—a depletion of approximately \$187 billion in just 4 years. Consequently, immediate action is required.

New York State's flush pension fund has grown exponentially as compared to the Social Security fund. That's because its sole fiduciary, the state comptroller, diversifies the funds investments. Bonds constitute a mere 22.07% of the overall investments, and real estate investments diversify the portfolio to an even greater extent. Despite investing 57% of the fund in equities, there has never been a point where the fund was in jeopardy. The rates of return for the New York Pension System from 2005 to 2025 was a relatively healthy 4.2% as opposed to 2.2% from Social Security. In 2023-24, the fund brought in a return of over 11%.

A typical portfolio advisor will recommend seniors place the majority of their money in safe bonds, but have at least some funds in higher growth options to expand the aggregate while hedging against downturns. That's the route that our government should take. Even if we started with just 25% of the Trust Fund invested in an Standard and Poor's index, it would solve a good deal of the problems that are presently plaguing the system.

Steve Levy is Executive Director of the Center for Cost Effective Government, a fiscally conservative think tank. He served as Suffolk County Executive, as a NYS Assemblyman, and host of "The Steve Levy Radio Show.

IV. MEDICAID'S UNSUSTAINABLE, EXPLOSIVE GROWTH

Since the passage of the 2025 Reconciliation Bill, much debate has ensued as to whether the provisions of the act will result in significant damage to the Medicaid system. In fact, the case could be made that these reforms are a necessary component of actually saving the Medicaid system.

The trajectory of Medicaid growth is simply unsustainable. What started in 1965 as a safety net for those living in poverty has since expanded dramatically to the point where in some cities, such as New York, over half of all residents are on the Medicaid rolls.

Eligibility for Medicaid increased over the years. While one had to have an income at or under the poverty line in the early years, some cities now allow eligibility for those making 200% above the poverty limit. Medicaid was turned into something it was never intended for in the Obama administration when eligibility was significantly increased in order to drive down the uninsured throughout the nation. The effort proved successful in meeting that goal, but at a tremendous cost. It was not so much that the ACA (which one would think would be a self-sustaining program) led to more Americans being insured, but rather, more were insured in large part due to a shift in allowing for more people on Medicaid that had previously been the case. Private insurance was now on the decline, while government sponsored or subsidized insurance was rising exponentially.

Further easing of eligibility transpired during the pandemic of 2020 and the political shift that allowed undocumented individuals to join the Medicaid rolls through state funds, even where federal law prohibited federal monies going toward this coverage.

The reclassification of “illegal aliens” to “legal” as a result of asylum claims and parole, as well as covering illegal aliens for “Medicaid emergency” led to even more individuals stressing the system.

Moreover, the work requirements for Welfare and Medicaid that came into being with the Clinton administration were dramatically relaxed in the Obama and Biden administrations, especially after Covid. 11 Many Americans were finding it easier to just stay home and stop looking for work since they were being given free medical care anyway. This has aided in the unfortunate statistic of there being 7 million able-bodied men no longer looking for work.

One can try to place a spin on the recent Medicaid reforms as being an attack on the unprivileged, but it is clear from the statistics above that Medicaid is an ever-growing behemoth that must be reformed if we are to save it for those for whom it was originally intended.

For more information on this topic, see the white paper on our website.

Boston Herald

Levy: Unsustainable growth will collapse Medicaid

Since the passage of the 2025 Reconciliation Bill, much debate has ensued as to whether the provisions of the act will result in significant damage to the Medicaid system. However, as our Center for Cost Effective Government study concludes, the case could be made that these reforms are a necessary component of actually saving the Medicaid system.

The trajectory of Medicaid growth is simply unsustainable. What started in 1965 as a safety net for those living in poverty has since expanded dramatically to the point where in some cities, such as New York, over half of all residents are on the Medicaid rolls.

Eligibility for Medicaid increased exponentially over the years. While one had to have an income at or under the poverty line in the early years, some states now allow eligibility for those making 200% above the poverty limit.

Medicaid was turned into something for which it was never intended when in the Obama administration, eligibility was significantly increased in order to drive down the uninsured throughout the nation. The effort proved successful in meeting that goal, but at a tremendous cost.

It was not so much the Affordable Care Act itself that led to more Americans being insured as it was the fact that more were being covered by allowing them on Medicaid via relaxed eligibility standards. The ACA even opened eligibility to single adults.

Private, employer-based insurance was still available, but government sponsored or subsidized insurance was rising significantly. Further easing of eligibility transpired during the pandemic of 2020 and the political shift that allowed undocumented individuals to join the Medicaid rolls through state funds, even where federal law prohibited federal monies going toward this coverage.

The reclassification of “illegal” immigrants” to “legal” as a result of asylum claims and parole under the Biden administration, as well as covering illegal immigrants for “Medicaid emergency” led to even more individuals stressing the system. Spending on emergency Medicaid has roughly tripled, from \$207 million in fiscal 2013-14 to \$639 million in fiscal 2023-24.

Coinciding with the influx of 5.8 million asylum seekers and immigration parolees, was the huge expansion of the Bad Debt and Charity pool that covers hospitals for the cost of no-pays. These costs, in large part covering illegal immigrants, have soared by 32% since 2022.

Moreover, the work requirements for Welfare that came into being with the Clinton administration were dramatically relaxed in the Obama and Biden administrations, especially after COVID.

Many Americans were finding it easier to just stay home and stop looking for work since they were being given free medical care anyway. This has aided in the unfortunate statistic of there being 7 million able-bodied men with no dependents no longer looking for work. In December of 2022, 56% of able-bodied, working-age Medicaid beneficiaries without dependents worked less than 80 hours in that month.

Transfers from the government accounted for 8% of an individual's income in 1970. It is 18% today.

Meanwhile, Medicaid funds have been paid out to residents simply staying at home with their elderly relatives. While this program cost New York State \$300 million in 2016, it rose to \$9.1 billion in 2023.

All of these changes dramatically increased the eligibility and cost related to Medicaid. The program expanded as follows:

1960s: Medicaid was enacted in 1965, with approximately 4 million enrolled, and costing under \$1 billion by 1966.

1970s: It was then expanded to cover women and children on welfare, raising the cost to \$13.1 billion.

1980s: States covered more people regardless of welfare status, \$23 billion spent in 1980 rises to \$52.5 billion by 1989.

1990s: Coverage is expanded through the CHIPs program, raising costs from \$73 billion in 1990 to \$190 billion by 1999.

2000s: Some states begin covering childless adults, \$206.2 billion in 2000 grows to \$373.9 billion in 2009, with 33 million people enrolled.

2010s: ACA dramatically increases eligibility, skyrocketing costs from \$400.6 billion in 2010 to \$613.5 billion in 2019.

2020s: COVID measures increase enrollment to 72 million people, increasing costs from \$672.4 billion in 2020 to approximately \$900 billion in 2024. Today's figure represents an 87,000% increase, compared to a rise in inflation of 892% during that same time period.

A flurry of acts in the 1980s increased eligibility from 100% of the Federal Poverty Level (FPL) to 133%. The level rose further through the ACA and COVID, where now some states cover individuals earning over 200% of the FPL.

Under the ACA, the federal government incentivized states to grow their Medicaid rolls by promising to pick up 100% of the healthcare costs associated with the new enrollees in the first few years of the program.

The federal share dipped gradually to 90% by 2020 but has remained constant since. But with no skin in the game, states welcomed the burgeoning rolls with little incentive to eliminate fraud and inefficiencies.

One can try to place a spin on the recent Medicaid reforms as being an attack on the underprivileged, but it is clear from the statistics above that Medicaid is an ever-growing behemoth that must be reformed if we are to save it for those for whom it was originally intended.

Steve Levy is Executive Director of the Center for Cost Effective Government, a fiscally conservative think tank. He served as Suffolk County (New York) Executive, as a New York State Assemblyman, and host of "The Steve Levy Radio Show."

V. Long Island Would Benefit by Having a Metropolitan Planning Organization of Its Own

- A region's transportation needs are in large part addressed through Metropolitan Planning Organizations
- Long Island is part of the New York Metropolitan Transit Council, which is composed of leaders from New York City and several surrounding suburban counties.
- These leaders meet periodically to incorporate various long-term projects into a transportation plan for the region.
- Projects in New York City monopolize the long-term planning, goals, and funds allocated.
- While Long Island receives significant funding for the Long Island Rail Road, only 7% of its population utilizes the railroad or city transit on a regular basis. The vast majority of Long Islanders rely on an antiquated road system that was constructed in an era before the huge population boom.
- Long Island has a population of approximately 3 million people, which would make it the third largest city in America.
- Yet projects targeted to this region, as well as funds allocated, pale in comparison to regions of similar size, and even to those that are far smaller.
- NYTMC long term allocation funds for NYC are \$1.7T.
- NYTMC long term allocation funds for Long Island are \$12B.

- Los Angeles long term allocation funds are \$400B, and Chicago's funds are \$517B.
- NYMTC 2050 plan created in 2021 shows \$49.6B allocated for 17 Major System Enhancement Projects and Programs. Only two projects totaling \$979M slated for Long Island.
- The 2022-2023 highway and transit budgets for Nassau and Suffolk Counties total approximately \$450 million, while Philadelphia 2022-2023 is \$1.52 billion and Houston 2022-2023 budget is \$1.8 billion.
- Long Island can benefit significantly if it were permitted to create its own metropolitan planning organization so that funding for New York City is not misinterpreted by federal officials as being funding for Long Island.
- Creating a separate MPO would require local officials to band together to convince the governor to authorize it.
- For further information, see the white paper on our website



It's a glorious feeling when you see that an idea that you proposed over 15 years ago may finally be coming to fruition.

I'm referring to the quest to have Long Island drop out of the New York Metropolitan Transit Council and have its own Metropolitan Planning Organization so it may be eligible for billions of additional dollars from the federal government for our transportation needs.

When I was county executive over 15 years ago, I noticed that the monies that were flowing from the federal government into our metropolitan area for our transportation aid was overwhelmingly directed to New York City-based projects. Long Island was an afterthought, even though we have a population of three million people, which would make us the third-largest city in America. However,

we don't get anywhere near the type of aid that goes to areas of our size such as Los Angeles or Chicago. We don't even get as much money as much smaller regions such as Atlanta, Boston, or San Francisco.

NYMTC is composed of the mayor of New York and the county executive of the surrounding counties.

The plans are put together by bureaucrats with a bias toward New York City projects. In fact, during my tenure, there were four major New York City projects that were allocated over \$30 billion in federal money. They included the Second Avenue subway and the Seventh Avenue subway. Eastside access of the railroad to Grand Central was included as well, but that only impacted the 7% of all Long Islanders who commute to the city.

So, since a unanimous vote was needed by the mayor and the county executives from the metropolitan area to allow the overall MPO plan to move forward, I threatened to withhold my approval and to issue a veto unless our projects were included. Lo and behold, some of them were put into the planning process. However, after I left county government, I found that the feds never followed through.

It's promising that the current county executive is now looking to employ this threat as well. And equally significant is that Newsday is now behind the effort that I first proposed a decade and a half ago to have our own Metropolitan Planning Organization for Long Island.

The Center for Cost Effective Government, a think tank for which I serve as executive director, issued an elaborate white paper concluding that an MPO for Long Island would bring in billions of more dollars to the area.

A separate MPO for Long Island would mean the feds would no longer be able to hide behind the billions they give to New York City and say that we were taken care of through those funds. Why shouldn't we have the money necessary to deal with the traffic on Nesconset Highway, the Oakdale merge, the Sagtikos, the Nassau Hub, and so many other areas of gridlock?

Kudos to New York State Assemblyman Steve Stern who introduced the bill to create our own MPO. And thank you to Mark Herbst, a former New York State assemblyman and now the president of the Long Island Contractors Association who has been a major force behind our effort for Long Island transportation needs and the MPO effort.

Now that we have Newsday listening, perhaps our state legislature will as well. It's long overdue for Long Island to get out from beneath the shadow of New York City when it comes to transportation aid.

VI. How a Financial Control Board Can Save the MTA and New York Taxpayers

The MTA faces a budget gap of \$2.5 billion in 2025 and 2026.

Subway service delays tripled between 2012 and 2017.

The MTA has a lower percentage of trains that arrive on time compared to other major subway systems.

New York State law prevents the MTA from filing bankruptcy, but the state can impose a financial control board.

Control boards have been implemented in cities and municipalities including New York City, Nassau and Erie Counties in New York; Detroit, Michigan; San Bernardino, California; Vallejo, California and Stockton, California.

Detroit shed \$7 billion in debt and restructured an additional \$3 billion while eliminating \$7.8 billion in payments to retired workers and \$4.3 billion in unfunded healthcare obligations. Police and Fire retirees had a cost-of-living adjustment reduced from 2.5 percent to 1 percent.

Unfortunately, state and agency leaders continue to claim that the MTA has a revenue problem, when the reality is the agency has a spending problem.

It is the recommendation of this white paper that in lieu of state leaders and the MTA seeking more borrowing, higher taxes, and fare hikes, an effort be initiated by the state legislature and the Governor to impose a financial control board upon the MTA.

Such a control board would authorize a restructuring of onerous work rules, overtime policies, and other wasteful components of the MTA that have been the driving force behind its near insolvency.



Only a financial control board can save the MTA and New York Taxpayers

Governor Kathy Hochul of New York recently announced that she was shelving the long-awaited tolling plan known as congestion pricing, just weeks before it was to go into effect. With this last-minute decision, the MTA must now contend with a \$15 billion gap in its capital plans, underscoring the severe financial mismanagement plaguing the organization. Forecasts indicate budget gaps of \$2.5 billion in 2025 and 2026, potentially soaring to \$4.6 billion if the MTA's unspecified gap-closing measures fail and economic conditions worsen.

A 2019 audit by the New York State Comptroller's Office revealed that MTA transit capital projects are rife with cost overruns and delays. Even with these bloated budgets, the MTA's service quality has not increased. The New York City subway service has steadily declined, with delays tripling between 2012 and 2017 and average train speeds falling to 1950s levels. Furthermore, a lower percentage of trains arrive on time compared to other major subway systems.

An investigation by the New York City Comptroller found that the MTA knowingly misled the public by reporting inaccurate information, masking the subways' deterioration and misrepresenting the causes of delays. Despite internal warnings about data deficiencies, MTA officials continued to disseminate misleading information. Meanwhile, the MTA is pushing the financial burden onto consumers. In August 2023, fare hikes raised the base fare for a subway or bus ride from \$2.75 to \$2.90, the first increase in eight years, and hiked Long Island Railroad and Metro-North tickets by up to 4.5%.

Given the MTA's dire financial situation and its impact on service quality, New York State must act. *Although state law prevents the MTA from filing a bankruptcy petition under Chapter 9 of the U.S. Federal Bankruptcy Code, New York State can declare the MTA insolvent and impose a state control board to address these pervasive issues effectively.*

For more information about an MTA control board, please refer to the white paper on our website.

“Outrageous!” was Transportation Secretary Sean Duffy’s response Tuesday to Gov. Hochul’s plea for a dramatic hike in federal subsidies for the ailing MTA. “The MTA is running a deficit thanks to NY’s financial mismanagement, and they already receive billions in federal funding,” he scolded the governor on X. “The federal government is not a blank check.”

The spending showdown presents a golden opportunity to finally rein in the MTA’s insatiable appetite for uncontrolled spending — if Trump takes up a plan already proposed in Albany.

Trump has made it his goal to vanquish the congestion-pricing program that is punishing commuters with \$9 daily fees to drive into Manhattan.

Hochul claims that congestion pricing will fund \$15 billion in MTA projects over the next several years, including phase 2 of the Second Avenue subway, subway-station accessibility improvements, electrification of the North Hudson line, and purchase of new LIRR train cars and locomotives.

But that’s just a slice of the record-breaking \$64.8 billion five-year capital plan she and the MTA are pursuing, some of which, they hope, will come from Washington.

Trump won’t hand over even a fraction of such largess without something in return — and dropping congestion pricing, already a political anchor for Hochul, should only be part of the deal.

Before any outlay of federal aid, he should get Hochul to place the MTA under a financial control board — like the one that helped save New York City from bankruptcy in the 1970s.

State Sen. Dean Murray (R-Suffolk) has already introduced a bill to impose such a board on the MTA, in response to a proposal from our Center for Cost Effective Government.

What good is a one-shot infusion of aid, however generous, if out-of-control spending makes it obsolete after the first year?

Control boards come with the authority to rescind onerous contract provisions and inefficient rules and regulations that otherwise could only come about through collective bargaining.

They can put the brakes on excessive borrowing, review and approve all expenditures, and take part in labor negotiations.

Control boards have been used to revive ailing cities from Stockton, Calif. to Detroit, Mich. In New York state, Erie and Nassau counties turned to control boards when they were on the precipice of financial collapse.

The MTA is crying out for such oversight.

This is an agency that lost an estimated \$690 million in unpaid bus and subway fares alone in 2022 alone, while compensating engineers and conductors \$283,000 annually and awarding \$10,000-per-month pensions.

More than 1,100 employees doubled their salaries that year as the agency's overtime bill skyrocketed to nearly \$1.3 billion. One MTA employee once racked up \$344,000 in annual overtime.

All this inefficiency has led to a budget gap of \$2.5 billion — and no end of rider complaints and service delays.

The MTA has proved that it has a spending problem, not a revenue problem.

But without an independent control board to keep a tight leash on its accounts, it won't be long until state leaders come back to taxpayers, riders and motorists to seek yet more fees and taxes to keep the agency afloat.

However logical, it's unlikely that the state will establish a control board without substantial federal prodding.

Likewise, the Trump administration will be rightly hesitant to provide more cash without a long-term plan to get a handle on the agency's spending.

Trump's opposition to the congestion pricing plan may not survive ongoing court challenges.

But he may be willing to provide a one-shot funding infusion to the struggling MTA in exchange for a long-term plan to streamline the agency and its finances, along with an end to the hated midtown toll.

If so, Duffy can realize his goal of controlling MTA costs, Hochul can receive a revenue lifeline — and beleaguered taxpayers and motorists may finally see some light at the end of the tunnel.

There's A Better Way Than Pushing Congestion Pricing: Make the MTA Declare Insolvency

Over the past few decades, New York State leaders have imposed numerous gimmicks to keep the Metropolitan Transit Authority (MTA) afloat: unprecedented borrowings, huge fare increases, and tax hikes. The latest money grab is the congestion pricing proposal which is widely believed will be reintroduced after this November's election.

These measures will further burden New York's taxpayers and commuters but will do nothing to solve the structural imbalance in the MTA's operations.

The point is that state leaders have it wrong. **The MTA doesn't have a revenue problem. It has a SPENDING problem.**

A recent report issued by our Center for Cost Effective Government suggests that the only way to prevent the ultimate collapse of MTA finances is to impose a state authorized financial control board with authority to restructure contracts, onerous work rules, and wasteful overtime policies that led to the following inefficiencies:

- A budget gap of \$2.5 billion in 2025 and 2026.
- A tripling of Subway service delays between 2012 and 2017
- \$20M Employee Lounge at Grand Central Station in 2009
- \$7M Doghouse in Dutchess County in 2009
- \$2.5 billion per mile to instruct the Second Avenue Subway, 8 to 12 times more expensive than similar subway projects in Italy, Sweden, Paris, and Spain.
- Engineers and Conductors Earning \$283K Plus \$10K/Month Pension (Source: NYS Senate)
- \$10,000 for shoes for Desk Workers.
- More than 1,100 employees doubled their salaries in 2023 as the agency's overtime bill skyrocketed to nearly \$1.3 billion.
- Excessive Staff Levels and Outsourcing:
 - 698 in Human Resources,
 - 443 in Legal,
 - 359 in Accounting,

Additional abuses include:

- Overtime Abuse: An employee earned \$344,000 in overtime alone. Subway workers including administrators average \$155,000 annually,
- Disability Abuse at LIRR: Nearly 97% of Long Island Railroad retirees took advantage of the disability system.
- Exorbitant Construction Costs: Reached an astronomical \$2.6 billion per mile, compared to \$170 million per mile in Atlanta.
- Mismanagement and Inefficiency: Tunnel-boring in New York employs 25 people, whereas Spain performs the same work with just nine.
- Misuse of Funds for Employee Salaries: In 2015, the MTA spending on employee salaries, retirement, and post-employment benefits, exceeded revenue collections by \$1 billion.

- Job Duty Restrictions: Subway cleaning workers were not even permitted to replace light bulbs in 2012.
- Inefficient fare collection: The MTA lost an estimated \$690 million in unpaid fares and tolls in 2022.

Our analysis highlights the numerous times control boards have been implemented throughout the nation to stabilize governments on the verge of fiscal collapse. While New York State law prevents the MTA from filing bankruptcy, the state can impose a financial control board.

In the 1970s, both the state and the federal government imposed on New York City a **Financial Control Board (FCB)** granting **the authority to approve or reject the city's budget** and borrowing plans, ultimately restoring fiscal discipline and rebuilding investor confidence.

In 2003, Buffalo, NY faced a severe fiscal crisis compounded by an expensive new labor contract. The state **created a control board** with **authority** to approve or disapprove budget proposals, borrowing plans, and labor contracts, and reviewed every expense over \$50,000.

In 2011, Jefferson County, Alabama, **filed for the largest municipal bankruptcy** in U.S. history, driven by a **disastrous sewer project** that pushed its debt to over \$4 billion.. It restructured its debt by issuing **\$1.8 billion in new debt** to refinance the existing \$3.2 billion sewer debt, with creditors conceding significant reductions.

When San Bernardino, CA entered bankruptcy in 2012, it had a **cash deficit of \$18.2 million and a projected \$45.8 million budget deficit**.

Exiting bankruptcy in 2017, the city now boasts over **\$40 million in cash reserves**—25% of its general fund budget—and projects a \$2.5 million budget surplus for the current fiscal year.

Detroit's bankruptcy in 2013 ultimately **shed \$7 billion in debt and restructured an additional \$3 billion**, allocating about \$1.7 billion toward city improvements. The restructuring eliminated \$7.8 billion in payments to retired workers and relieved the city of \$4.3 billion in unfunded healthcare obligations and future costs.

The gap in the city's pension funds, **amounted to \$3.5 billion**. GRS benefits were cut by 4.5 percent, and 2.25 percent cost-of-living adjustments (COLAs) were eliminated. PFRS beneficiaries had their COLAs reduced from 2.25 percent to 1 percent.

CONCLUSION

Although the MTA cannot declare bankruptcy under current law, state leaders have another option: placing the MTA under the oversight of a financial control board that would allow for the restructuring of the MTA's contracts and costly spending practices. The structural imbalance within the MTA is so far gone that promoting congestion pricing is like placing a band-aid on a cancer sore. Restructuring through a financial control board is the only logical solution.



By Steve Levy

How Trump can tame the insatiable MTA money monster

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Former Suffolk County Executive Steve Levy is executive director of the Center for Cost Effective Government.



April 5, 2024

The MTA Is at It Again on Overtime Abuses

The MTA once again broke the record for outrageous amounts of overtime being issued out to their employees.

It shouldn't be a surprise. Remember, this is the entity under which the Long Island Rail Road sits. It's the same railroad that got exposed for fraudulent overtime schemes where some employees were raking in \$300,000 in overtime onto the salaries.

These abuses will continue so long as overtime is allowed by the state legislature to be factored into an individual's pension calculations. The state enacted a new tier 6 for employees hired after 2012. However, our feckless legislators are already working on eroding those taxpayer reforms.

Moreover, the changes made back then did not apply to any employee hired prior to 2012. The state has thousands of employees who are continuing to rack up huge amounts of overtime that will be calculated into their pensions. It's why it's no longer unusual to have six-figure pensions for public employees in New York State. Many law-enforcement personnel are retiring with pensions over \$150,000 a year.

Our Center for Cost Effective Government **exposed the fact** that factoring overtime into pensions will cost taxpayers between \$50-\$80 billion over the next two decades.

If the public wants to see a diminution of these overtime abuses, it will have to demand the state legislature remove overtime from pension calculations, even for existing employees.

VII. Stopping the Sales Tax Increase

Our center exposed that there was no need for Suffolk County to increase its sales tax to one of the highest rates in the nation in order to fund more sewers. Our analysis showed that the county was sitting on \$700 million in Federal aid left over from COVID, which could be used to clean the environment and to expand and improve sewer and cesspools. There was no need for yet another tax increase. For more information about the issue, see our white paper on sewers on our website.



As Suffolk considers sewer sales tax increase, Think Tank shatters myth that sewers provide cleaner drinking water

A Long Island think tank has issued a report providing information it claims every resident should be aware of before considering an increase in the sales tax in Suffolk County to construct sewers in the county.

The measure proposes to increase the Suffolk County sales tax to fund sewers on the theory that sewer construction will provide cleaner drinking water.

The think tank, however, concludes that over-sewering can do more harm than good and that, in any event, the county is flush with cash left over from federal COVID aid, thereby obviating the need for a sales tax increase.p.

The Center for Cost Effective Government, headed by executive director, Steve Levy, the former Suffolk County executive and state assemblyman, issued a detailed report (**attached herewith**) noting that while sewers may be needed in some areas with high water tables or where higher density is needed for workforce housing and industrial development, extensive sewer development to mirror that in Nassau County may be wasteful and counterproductive.

Levy stated: “If building sewers led to cleaner drinking water as some proponents claim, Nassau County, which is 90% sewerred, would have cleaner water than Suffolk, but that is not the case. In fact, Nassau just completed a study in 2022 looking for ways to tap into New York City’s reservoir for a cleaner, more plentiful water supply.

“Moreover, sewers did not improve our shellfishing harvest or prevent algae blooms. If they did, shellfish harvesting would be robust in Nassau County and absent in Suffolk. However, there is little shellfishing going on in Nassau, with the exception of the Oyster Bay area, which, ironically, is the one area of Nassau not sewerred.”

The analysis states that too much sewerred leads to a depletion of the water table since sewers require a tremendous amount of ground water to clean waste. That water is flushed out into the ocean and not replenished into our groundwater system, as is the case with septic systems. That, in turn, leaves a gap in our subsurface water which can result in saltwater intrusion, as well as nitrate contaminants on the surface being quickly drawn down into our aquifer.

The think tank also urged that the county should not be raising the sales tax any further for these purposes when hundreds of millions of dollars are available in county reserves due to massive amounts of COVID aid that came from the federal government.

The center also called for a reconfiguration of the present county sales tax program, rather than raising the sales tax once again.

The think tank also warned residents that the sales tax increase is tied to a provision that will also further extend the present quarter penny sales tax for another 30 years - despite the fact that this program does not expire for six more years.

The current quarter penny sales tax is divided into three sections - property tax relief, stabilizing sewer rates, and preserving open space and other environmental purposes.

Since very little open space remains to be purchased, the center has called for the formula to be changed so that some of those tens of millions of dollars can go towards sewer construction instead of raising the sales tax even further.

Levy added: “This proposal sounds like mom and apple pie, but its premise is based on a falsehood that more sewers means cleaner drinking water, and it’s just not backed up by the evidence,

Sewers are needed in areas with exceptionally high-water tables or where more density is needed for more workforce housing or for our downtowns or industrial corridors, but the idea of oversewing elsewhere will be far more expensive and less protective than other options available.”

The equilibrium of the water flow is disturbed by sewer construction, said the report.

The center calls upon officials to weigh out the cost-benefit analysis of having to pay \$20-30,000 for an upgraded cesspool compared to bringing current systems up to code and to determine the actual impact it will have on our environment.

Planners should lay out the cost of the construction of tertiary treatment plants and determine if they are better than expanding hook ups to present sewer systems or constructing new sewers that don’t resplendent water into the aquifer.

“Let’s get all those numbers together, do a comparison and then decide how much sewerage we want, how many new tertiary plants we prefer and how many super-size cesspools we think are worth it,” said Levy.

“Get that info in hand before we ask for billions of dollars in more revenue from our residents. Remember, in 1986, it was touted that by increasing the sales tax by a quarter of a penny, we would preserve our groundwater forever. Well, \$3 billion has been spent on that venture and now we’re being told, Oops, we have to do it all over again.”

VIII. Industrial Development Agencies

Industrial development agencies (IDAs) have been scrutinized by our Center to ensure that taxpayer dollars are not being squandered on wasteful projects.

The idea behind an IDA is to provide a tax incentive for the creation of jobs within a particular locality. Rather than an across-the-board tax cut for all, the reduction on sales and property taxes for a particular project can incentivize the locating of a large business with high paying jobs into an area, or to facilitate the expansion of an existing workplace.

The IDA, however, must be scrutinized because oftentimes very large tax cuts are put in place with very little return for the public in the form of high paying jobs. Our Center has been especially critical when IDA's have provided breaks for companies already on Long Island that simply threatened to leave the area if they do not get the tax break. If this was allowed in one case, it would have to be done in all others.

We've also been very critical of IDA breaks for facilities such as car washes, parking lots, or storage facilities that do not provide long-term high paying jobs.

We will continue to play a watchdog roll as to how these agencies dole out these taxes breaks.



Industrial Development Agencies (IDA) were never intended to give tax breaks to companies threatening to leave.

A company based in Suffolk County threatened to downsize and move to another state unless the IDA agreed to give them \$17 million in tax breaks. The IDA caved and granted the tax reduction.

The IDA should have denied this request. IDAs are very controversial in that they provide tax breaks to some companies and not to others. When one company gets a break it means other companies and residents must make up for that revenue that does not come into the government coffers. We make exceptions, and justifiably so, in certain limited circumstances where we're looking to incentivize a big company that will provide a large number of good paying jobs that are sustainable. It's how we successfully utilized the IDA to bring in Computer Associates and its 2000 jobs in the 1980s. It's the way I was able to lure Canon to establish its Northern Hemisphere headquarters in Melville, bringing thousands of jobs and spurring the local economy.

And just this past month, Suffolk's IDA justifiably granted tax breaks for two existing pharmaceutical companies in Hauppauge that have planned to expand their operations and the number of jobs in their companies. The two companies, Gemini Pharmaceutical and Commerce Drive, LLC, will add another 75 jobs to their operations.

But we must be very careful that we don't fall into the trap of giving tax breaks to companies that threaten to leave to cheaper pastures. Every company out there is

feeling financial strain in competitive markets. Of course they're over-taxed and over-regulated and the answer is to lower taxes for everyone and every business.

If one business is allowed to get tax breaks by simply threatening to leave, what would stop every other business from doing the same and thereby destroying our tax base.

Maybe they will eventually leave. Sometimes that's what happens in the market, especially in our overtaxed area such as Long Island. But we can't be granting these special privileges to a handful of companies at the expense of others where no new jobs are being created.



Nassau IDA Should Reject This Tax Abatement

The Nassau IDA is being asked by a commercial building owner to provide it with millions of dollars of tax breaks after its existing tax abatement project expires in 2029. Unless this company can show that these abatements would provide a multitude of high paying jobs, the IDA should reject it.

The company has already saved over \$19 million from the existing tax breaks it has received. The company argues that it must make \$100 million of improvements. So who doesn't have to constantly make upgrades?

The purpose of IDA tax grants was to incentivize job creation; it was not to give random tax breaks to any company that is seeking subsidies. We cannot forget that for every dollar a company is shielded from paying, other taxpayers make up the difference.

IX. Election Integrity

Our Center believes that a functioning democracy, and the maintenance of a strong economy, cannot exist if the American public questions the integrity of our electoral process.

We've been greatly critical of the dilution of electoral safeguards that were implemented, starting with the pandemic in 2020.

Signature requirements were weakened as state governments began to mail out absentee ballots whether or not requested. This was coupled with the validation in many states of ballot harvesting, which is the invidious process of allowing third parties to collect the ballots from others. Request for photo ID were rejected in many jurisdiction.

As we not in our white paper, it was former President Jimmy Carter's commission that determined that mass mail in balloting creates the greatest threat to election integrity.

If mail in voting is going to become the norm, we must insist that proper safeguards are put in place. The white paper issued by our Center provides a roadmap for these protections.



Proof that electronic machines can be hacked

Our center has for years concentrated deeply on protecting the integrity of the electoral process. We've been raising concerns about the use of electronic voting machines. And now, a new report issued by highly regarded Michigan University professor Alex Halderman suggests these machines are more vulnerable than many pundits have

thought. https://www.newsmax.com/newsfront/dominion-voting-systems-expert-hack/2024/01/23/id/1150621/?ns_mail_uid=6077c7b2-d74c-4965-8b2a-29a14d391d9f&ns_mail_job=DM573413_01232024&s=acs&dkt_nbr=010102vh2r1f

Our concerns have had nothing to do with the 2020 election, or who won or felt cheated. We've been sounding the alarm well before that and will continue to raise the issue until proper safeguards are put in place.

As far back as 2006, Suffolk County government brought a lawsuit seeking to prevent the federal government from mandating the use of electronic machines.

<http://www.wheresthepaper.org/Northender061005SuffolkSuesState.htm>

While the lawsuit was unsuccessful, it did raise questions regarding these new machines.

There was nothing wrong with the old level machines which were inexpensive, easy to use, and were unhackable.

The so-called experts will consistently claim there is nothing to worry about, and that hacking is nearly impossible. But these are the same experts from huge companies such as Yahoo, JP Morgan Chase and Microsoft, all of whom claimed

they could never be hacked, but eventually were. And of course, the Suffolk County Government was hacked in the last two years.

Even the US military got hacked by China.

<https://wpde.com/news/nation-world/chinese-hackers-infiltrate-critical-us-infrastructure-systems-report-says-peoples-liberation-army-pla-hawaii-port-oil-gas-taiwan-invasion-national-security-intelligence-washington-post-beijing-ccp-communist-party>

Some will say that the concerns about hacking electronic machines are overstated because the machines are not interconnected. You would have to hack each precinct one by one. However, that does not dismiss our concerns.

Elections are often won by a small number of votes. There doesn't have to be widespread fraud. Tampering with just one election district can change the outcome of a campaign. It's quite common for congressional candidates to win by under 100 votes. Former Minnesota senator, Al Franken, won his statewide race by about 350 votes, which was less than the number of votes contested.

And let's not forget that President George Bush won his election by a mere 500 votes in Florida. That's right, if just 500 votes flipped in that state, the electoral college vote would have changed and placed Al Gore into the presidency.

That's why it's disturbing to see a new study by Professor Haldeman, who showed a judge in Georgia, in real time, how he was able to hack the voting machine that was used in Georgia and flip the vote to a different candidate. All he needed was a Bic pen and a smart card. Now we're not saying it's easy to do this, or that it has been done to any extent in the past. But there *is* the potential for tampering in the future.

We think the old fashioned lever machines were their surest way to get a quick election day result with little controversy.

Our center has also been concerned about the dramatic increase in the use of mail in ballots. A 2005 bipartisan commission headed by former President Jimmy Carter

warned that the greatest potential for fraud is through mail in votes. That is why almost every Western democracy in Europe has banned the use of mail in voting.

We have to make sure that these ballots are not sent out to people who don't ask for them, and we should at least require that the signatures on these ballots match the signatures that are on file with the boards of election. We should also require some type of ID as Florida just mandated. Many of those safeguards were removed in 2020 due to the Covid pandemic and have not been reversed back to their former safer condition. And anyone questioning the safety of the electronic machines continues to get falsely accused of being a conspiracy nut wearing a tin hat.

You can bet that the Chinese, the Russians, and the Iranians at some point will be able to bribe an election official, or hack their way in and make changes to these electronic systems.

The algorithms used in these machines are only as good or honest as the individuals programming them. Remember, it doesn't take a great deal of tampering to shift an American election and history itself.



Center unveils report on voter irregularities.

The Center for Cost Effective Government, a New York-based **think tank**, has published a White Paper analyzing what it describes as a serious diminishing of voting integrity safeguards.

The report emphasizes that numerous actions taken in several states after the advent of the COVID-19 pandemic resulted in a loosening of election rules which could lead to voter fraud and a **sharp dilution** of confidence the American public has in the electoral system.

The Center notes that since COVID, the United States **has become an outlier** among Western democracies by incorporating massive mail-in voting, expanded ballot harvesting, and an increased reliance on electronic voting machines.

Moreover, the paper cites **multiple instances** where states modified their election rules in an improper, and often illegal, fashion. Many of these irregularities were cited in a brief issued by Texas Attorney General Ken Paxton, but unfortunately were not considered on the merits when the court dismissed the challenge on the technical grounds of inadequate standing.

The Center's Executive Director, Steve Levy, former New York State Assemblyman and Suffolk County Executive, raised concern that ballots are now being mailed out to Americans even if not requested, while the use of mail-in voting has increased exponentially and rules governing the verification of absentee ballots have been considerably weakened. All this was coupled with an explosion of the use of ballot harvesting and the placement of drop boxes, each diluting the chain of custody between the voter and election boards.

Examples of these **lower standards** include:

- Some states now simply require only one election official to verify the validity of the signature, as opposed to the two that were previously needed.
- No longer requiring the signatures on absentee ballots to match the one on file with the board of elections.
- Automatically registering residents to vote upon their applying for driver's licenses, often with no proof of citizenship.
- States refusing to purge the voter rolls of those registered who have died or moved from registered residence.
- Some voters were allowed to correct their mail-in ballots, contrary to existing statutes, while others were not.
- Undated ballots were counted.
- There was sworn testimony of ballots being improperly backdated and counted.
- Drop boxes were allowed without proper chain of custody and without legal authority.

- The need to list an address and have a witness was eliminated in numerous jurisdictions.
- Mail-in ballots were illegally sent out to millions of voters who never requested them, in violation of state law.

In discussing the dangers of diminished signature verification, the report cited an **experiment conducted** by a reporter for the *Las Vegas Review-Journal*. The reporter was in contact with nine individuals who had received absentee ballots, some in the name of previous registrants who had died or moved away. The reporter thereupon signed the names of each voter in his own penmanship and had the voters trace over the reported signature as they were signing their ballot. Thus, it was the reporter's signature for each of their names that was sent to the board of elections. An alarming eight of the nine bogus signatures were accepted by the board.

How many other such bogus signatures were accepted throughout the nation? "The answer is, we just don't know and that is the problem," the report concludes.

"Election irregularities are demonstrably real, and are a concern regardless of their impact on election outcomes. Any amount of election irregularity should be prevented if we wish to maintain the American public's confidence in our electoral system," the report states.

While the mainstream media maintains that claims of voter irregularities since the 2020 election have been "debunked", the Center's white paper provides specific examples that prove irregularities were indeed real and, at times, quite significant.

"Moreover, talking points that the courts have rejected all the challenges to the election irregularities are inaccurate," said Levy, "given that the overwhelming majority of the challengers were dismissed, not on the merits, but rather due to claims of being moot after the election or for a lack of standing."

Some examples of these irregularities are listed below.

- Secretaries of State usurped the exclusive jurisdiction of state legislators in enacting election reforms that diluted election safeguards.

- Secretaries unilaterally and improperly changed the rules to prevent disqualification of a signature unless done so unanimously by a three member panel.
- Secretaries improperly gave orders claiming all signatures are presumed verified.
- Secretaries unilaterally and Improperly changed the rules as to when an absentee ballot is permitted, and up to what date it can be accepted.
- Settlements of lawsuits by the Secretaries on election rule changes without obtaining legislative approval.
- Many of these examples resulted in court decisions finding that the actions of rogue secretaries of state actually did violate the law, yet elections were not overturned.

The report goes on to ask: “Can it still be said that there was no proof of voter irregularities in 2020? The bigger question is whether we will do anything to eliminate the potential for such irregularities for future elections. Our faith in our precious electoral system is at stake, especially given the fact that a 2023 **survey** found that 75% of likely voters had concerns about the security of our elections.

“The problem related to fraud is that we don’t know what we don’t know. Thus, we must endeavor to ensure that every logical measure is employed to at least reduce, to the greatest extent feasible, the possibility that fraud will occur,” said Levy.

The white paper states that fraud and/or irregularities of the past were remarkably exacerbated in 2020, as the use of mail-in voting skyrocketed at the very same time that safeguards to protect the veracity of the mailed ballots were significantly eroded.

The Center cites the **2005 commission** headed by former President Jimmy Carter which stated that absentee ballots are “the largest source of potential voter fraud.” Yet, the use of these absentee ballots exploded since 2020. In the 2020 general election, approximately **66 million** votes were cast by mail compared to 33.5 million in the 2016 general election, a 94% increase.

Georgia had 1,305,659 absentee mail-in ballots in 2020 with a rejection rate of .37%. 2016 had a **rejection rate** of 6.42%, which was 17 times greater. If the

rejection rate was the same for the two elections there would have been 83,517 fewer ballots tabulated in 2020, which was more than the 12,670 vote differential between the candidates.

Mail-in votes, which were vigorously supervised prior to the 2020 general election, were allowed to pass muster with remarkably light oversight. About **two percent** of absentee ballots were rejected during the primaries prior to COVID, based on data from 25 states, according to Michael McDonald, a professor of political science at the University of Florida. In 2020 that rejection rate plummeted to a mere .2% (point two percent) in the general election.

Similar trends have been observed in Pennsylvania, whose rate was 0.03% in 2020 compared to around 1% in 2016.

In Nevada, the rejection rate more than halved from 1.60% in 2016 to around 0.75% in the 2020 general election.

North Carolina's rate fell from about 2.7% in 2016 to 0.8% in 2020.

The Center warned about **proposed legislation** to even further dilute election safeguards. Some members of Congress sought to use a massive COVID relief bill as an umbrella under which major changes to the voting process could be nationalized.

The bill would:

- 1)... Bar states require notarization or witness signatures on absentee ballots.
- 2)... Ban any type of ID requirement.
- 3)... Would bar states from preventing completed absentee ballots to be picked up by candidates, political consultants, and party activists (ballot harvesting), thereby eviscerating the ballot chain of custody.
- 4)... Would bar states from preventing the use of drop boxes that allow political operatives to dump hundreds of ballots into a box on a street corner instead of delivering them to an election board. This bill sought just that.
- 5)... Force states to allow **same-day** registration – the ability to register and vote at the same time on Election Day—providing no time for election officials to verify the accuracy and validity.

The use of mail in voting is especially concerning because many states have refused to purge their rolls of deceased voters or those who have moved. The **Pew Research Center** reported that, in 2012, 1 of every 8 voter registrations, about 24 million in the United States, “are no longer valid or are significantly inaccurate,” that “more than 1.8 million deceased individuals are listed as voters,” and that “approximately 2.75 million people have registrations in more than one state.”

Levy asked: “Why is it that in Europe there is no concern by the public as to whether their elections are being rigged.” He added, “These countries have rejected electronic voting, and still use the old-fashioned paper ballots. just like we used to do a decade ago and everyone accepts the results. They also have rejected widespread mail-in balloting after experiencing excessive mail-in fraud.”

The report concludes by submitting a number of suggestions to enhance public confidence in the system.

The proposals include:

- 1).. Videotape ballot counting.
- 2)... Match ballot signatures to signature on file
- 3)... Ban ballot drop off boxes
- 4)... End ballot harvesting
- 5)... Require id when seeking a mail-in ballot
- 6)... Require, and enforce, two party oversight
- 7)... Ballots must be requested, not mailed out indiscriminately
- 8)... Purge the rolls of voters who died or moved
- 9)... Limit the use of electronic voting.

““There have been numerous concerns raised in the last few years about threats to democracy,”” said Levy, “but perhaps none are as real as the continued dilution of election safeguards to the point where Americans of all political stripes start doubting election veracity.”



Why must Suffolk taxpayers pay tens of millions for new electronic machines?

So we see once again that Suffolk County is buying more electronic voting machines, at a cost of \$31 million, and is now telling fire departments, schools, and villages that they are on their own in having to purchase these machines for the upcoming elections. <https://paper.newsday.com/html5/reader/production/default.aspx?edid=6c378428-729d-4d30-a40c-d27d98275872&pnum=2>

If the county is going to stop supplying these machines for these other levels of government, they should at least give more notice so that these entities can react in their future budgets.

But the other question is whether we should rethink the whole concept of electronic machines in the first place. When I was county executive, I brought a lawsuit seeking to prevent the county from being forced to buy these electronic machines. Unfortunately, was not successful. There was nothing wrong with the old level machines or the paper system. They were inexpensive and hack proof. We had no complaints about their integrity.

It was only after the 2000 presidential election and the problems created with the moronic butterfly ballot in Florida that the issue became more prominent. But rather than just fixing that poor system, the feds went crazy and passed the Help America Vote Act which mandated changes in all 50 states. It led to New York expending hundreds of millions of dollars for these new machines that weren't necessary.

While there hasn't been an evidence-based huge hacking scandal yet, a university professor showed a judge in real time how he could change votes on

an electronic machine with a credit card and a Bic pen. Why flirt with this?

Sometimes new isn't better.

Why Spend on Early Voting When We Have Mail-in Voting

With mail-in voting now being a valid method to cast a ballot in New York, why does Long Island continue to expend over \$400,000 on multiple in person voting days.

Nassau and Suffolk County alone have almost fifty locations that will be open and staffed for eight days so people can come to vote early. Now bear in mind that this is all for the basically uncontested presidential primaries that will have a very low turnout.

If there is now the option to just mail in your vote without having to be at a specific location at an inopportune time (the main reason early voting was allowed) then surely there is not the same need as in the past for early voting procedures. Once mail-in voting was approved in September last year, the need to fund this costly process has been mitigated. Let's hope the government puts this money to better use. We endorse the continued use of some early voting days, but not the eight that now seems so superfluous.

X. Killing the Gig Economy

Our Center also spoke out against the efforts that would kill the gig economy that provides flexible employment to millions of Americans. The actions taken by a blue state and unions to demand that gig workers be classified as employees rather than independent contractors would make their hiring so expensive that it would limit the employability of these individuals.

Millions of Americans often look forward to the job in a gig economy to provide them a second source of income that flexibly fits into their schedule. The mandate proposed would make them unemployable. Heightened costs to the employer to meet these mandates would be passed on to consumers making their Uber rides and food deliveries far more expensive and possibly cost prohibitive.



Don't Abolish the Gig Economy

Check out this intriguing article from John Stossel, which warns us that there is a push to nationalise the foolish **California ban on freelancing**. Leftist leaders and pundits claim they are trying to protect workers by forcing employers to declare gig workers as “employees” rather than independent contractors. That would mean that Uber drivers, freelance writers and others who just want the freedom to pick up a side gig here and there will be finding it harder to get any work at all. Exceptions were made in the California bill for riders and some other categories, but only after the public experienced the delirious impact of the change in status. We must be on guard that any future bills do not include all of these job descriptions. The system works well for both the employers and the employees when maximum flexibility is available. As soon as you tell the employers that these gig workers have to be defined as traditional employees with workers compensation and healthcare benefits, the incentive to hire them will be eliminated.

The gig economy also helps consumers by keeping the service very affordable.

The present system that is exemplified by innovations such as Uber, has worked well for the company, the drivers and the passengers. The more government gets involved, the more costly it will be for consumers and fewer jobs will be available for those who simply want a side gig.

XI. Ending Gerrymandering and Nationwide Injunctions

The Center was very vocal in speaking out against judicial forum shopping and the ability of a single district court judge to be able to impose a nationwide injunction based upon a local lawsuit.

We have long recommended that no national injunction be authorized unless imposed by a three member judicial panel, the decision of which could be immediately appealed on an expedited basis to the Supreme Court. This past year, the Supreme Court held that a single district court judge could only impact the plaintiff in the case in the district in which the case is filed.

Our Center also wrote up a proposal to deal with politically partisan Gerrymandering that would take the process out of the hands of self interested politicians and leave the redrawing of lines to Artificial Intelligence. Our proposal was published in the Washington Times.

Steve Levy: Let AI draw district lines

By Steve Levy

In Texas, we've seen Democratic state legislators flying the "coup" as Republicans try to manipulate the redistricting process to maximize Republican strength. Meanwhile, in New York, Republicans are complaining that the Democratic-controlled Legislature is trying to maximize redistricting to its advantage.

It's the same old story, in which those on both sides of the aisle play games on redistricting to benefit themselves. It's why reformers have been pushing for decades to take the process out of the hands of self-interested elected officials whose only goal is to protect their incumbency.

When I was county executive, I passed a landmark bill to take the role of redrawing district lines away from elected officials and give it instead to an independent panel. It was passed with great fanfare, with the governor coming to Suffolk County to lend support as I signed the legislation.

But, lo and behold, several years later, when it was about to kick in, the Democratic-controlled Legislature abolished the reform and went back to the old system of having the Legislature control the process. This was done, of course, because at the time the Democrats were in control.

It's wrong for either party to manipulate this process.

It's true that the Republicans in Texas are throwing a new fly into the ointment by opting to implement the 10-year redistricting process, which usually coincides with the disclosure of the new census, five years earlier than normal. They're doing this to try to get as many as five new seats for the GOP before the 2026 midterms.

Now governors from New York to California and elsewhere are warning that they will do the same to maximize seats for Democrats prior to the next census. But the Democrats don't have clean hands here, either.

We need independence. But some complain that even when you appoint good-government groups and retired judges to draw district lines, politics will still come into play.

Ironically, it was in New York where Democrats sought to circumvent a voter-approved 2014 referendum to establish such independence. When the independent panel did indeed more equitably draw the lines, the Democrats immediately sought to ignore them and drew their own partisan lines. The GOP brought suit to uphold the independent lines, which led to Republicans picking up four crucial seats in New York in 2022, handing the House of Representatives back to the GOP.

The Democratic majority even had the audacity to revamp the state's highest court, the Court of Appeals, by forcing out a moderate Democratic chief justice and putting in place a far-left jurist who supported their gerrymandering.

Unfortunately, even well-intentioned attempts at reform can often fail to produce the desired results. Take California, which in 2008 passed a referendum supported by then Gov. Arnold Schwarzenegger to create an independent commission to draw district lines. If its goal was to create fair districts and a better bipartisan balance, it was a failure. At the time of the referendum's passage, there were 34 Democrats and 19 Republicans in the state's congressional caucus. By 2012 there were 38 Democrats and 15 Republicans — and this year there are 43 Democrats and just nine Republicans.

While much of this can be attributed to changing demographics and political issues of the day, some of it might be attributable to the biases of even those appointees who claim to be nonpartisan.

So here's a potential solution. Why not have the lines redrawn using artificial intelligence? Just log in that we want the fairest redistricting possible to create the most balanced districts from the perspective of demographics and political party registration. That would take the politics out of the system, and make our races more competitive. And best of all, it would ultimately make our elected officials more reactive to the center rather than the extremes on both ends of the political spectrum.

Of course, the outcome of AI is only as good as the input. Care must be taken to ensure that a balanced group of nonpartisan technocrats prepare the algorithms, as opposed to party hacks. There's no foolproof solution, but AI may present the best of all the options available.

Steve Levy is president of Common Sense Strategies, a political consulting firm. He served as Suffolk County executive and as a state assemblyman. He can be reached at steve@commonsensestrategies.com.



Congress Takes up My Proposal on Judges Blocking Executive Orders

By Steve Levy

In 2020, I published my book, *Solutions to America's Problems*, a section of which was devoted to the need for a bill to be passed by Congress that would prohibit activists from forum shopping a sympathetic judge who would have the authority to unilaterally issue an injunction against a Presidential order.

This month, a federal district judge single-handedly prevented the President of the United States from cutting the government's workforce to save tax dollars.

The U.S. Supreme Court refused to intercede and prevent this abuse of discretion. Justice Samuel Alito issued a blistering dissent:

Does a single district-court judge who likely lacks jurisdiction have the unchecked power to compel the Government of the United States to pay out (and probably lose forever) two billion taxpayer dollars?

It seems absurd that a single judge would be able to defy the will of the duly elected president of the United States with a decision that could have an enormous impact on the nation.

It should not matter whether the president is a Democrat or Republican.

I'm happy to report that legislation has been introduced that would codify the proposal that I spelled out several years ago to prevent these abuses from reoccurring in the future.

Here's the relevant passage from my book:

...a new system should be developed whereby a lone judge is no longer able to enjoin a president's action. Such an injunction should only be permissible via a three member appellate court. And thereafter, that decision should be subject to an expedited review by the Supreme Court within 30 days.

The proposal provides for greater oversight and checks and balances to prevent a single ideological activist from imposing his or her will on the nation.

The bill also would have the secondary benefit of bringing the matter that much closer to the Supreme Court, thereby erasing potentially several years of the delay as the matter winds its way through the court system.

Congressman Darryl Issa of California has introduced one such bill.

The bill states:

No court of the United States ...shall issue an order that purports to restrain the enforcement against a non-party of any statute, regulation, order, or similar authority, unless the non-party is represented by a party acting in a representative capacity pursuant to the Federal Rules of Civil Procedure."

The bill would protect both Democratic and Republican presidents from overreach by any one judge. Presidential policy should not be blocked lightly. Requiring such deliberation within the Appellate Division would provide a bulwark against unelected activists wishing to thwart the will of the people who elected a President to promote a specific platform.

Steve Levy is President of Common Sense Strategies, a political consulting firm. He served as Suffolk County Executive, as a NYS Assemblyman, and host of "The Steve Levy Radio Show." He is the author of "Solutions to America's Problems" and "Bias in the Media." www.SteveLevy.info, Twitter @SteveLevyNY, steve@commonsensestrategies.com

XII. Credit Card Surcharge Abuse

Despite laws on the books in New York State to protect consumers from being charged a surcharge when using a credit card, many retailers - especially in the restaurant industry - continue to violate the law. Our center has been at the forefront of alerting the public at large about the issue to encourage them to demand that the state consumer protection agencies take action to enforce the law.



Crackdown begins on stores imposing credit card surcharge

We at the Center for Cost Effective Government were one of the first entities to alert consumers to the fact that many businesses were illegally sticking consumers with surcharges for the use of their credit cards on a purchase.

This was being done despite the fact that it was against New York State law. We raised the alarm and now we see the authorities cracking down. There was always the ability for state consumer affairs to fine businesses in violation of the law. However new provisions kicked in earlier this year that allow county consumer affairs departments to also enforce the law.

What's most important is that our exposure of the ignoring of this law has focused the spotlight on the issue, and now more consumers are aware of the situation. Equally important is the fact that many store owners previously unaware of the law are now getting a clearer picture of what the law actually is.

Now there can no longer be any excuses. Check out this [Newsday article](#) which shows that the word is starting to spread.



NYS to Crackdown on Illegal Credit Card Surcharges

Well, we did it! **New York State announced this week** that they will begin cracking down on businesses that are illegally adding surcharges on consumers' bills if they use a credit card. It was our center that last month published articles calling out for the state and county consumer affairs units to crack down on businesses that are knowingly or unwittingly adding these surcharges to their bills.

As we noted in **our articles**, state law allows a business to provide consumers with a cash discount but cannot add to the bill if one uses a credit card. The only exception is where the business in advance lays out the difference in cost if one pays in cash or credit. This is what we often see at a gas station, where there is often a credit or cash price listed.

We commend the state for this crackdown to protect consumers. The fact is many businesses don't even know that the surcharge is illegal. The crackdown can give them warnings, but ultimately, it puts them on notice that this consumer rip-off must come to an end.