



# A DOZEN WAYS TO MAKE NEW YORK MORE AFFORDABLE



3	1.5	4			0.5	11
0	0.5	0	0.37	0	0	0
2.7	53.32	2.36	0.3	1.21		22.06
9964.9	9964.76	1106	13945.79	14851.18	17625	19138.99
149.99	211.18	54.91	453.65	229.93	59.97	139.96
Apr	May	Jun	Jul	Aug	Sep	Oct
359.77	14016.76	1794.8	172.1	172.1	68.8	213.05
925.61	1232.46	1046.6	52.5	0.1	18.6	2100
990.29	3408.59	445.2	0	0	77.9	325.32
340.83	445.02	491.75	442.9	443.92	603	774.39
953.85	8323.28	328.76	5744.81	4654.11	6468.39	6983.6
375.65	1859.25	78.12	83.6	83.69	165.45	165.45
911.7	860.27	3.35	3.35	3.35	1163.01	1163.01
482.46	561	5.83	5.83	5.83	549	549
419.47	390.96	39.72	39.72	39.72	367.56	367.56
57.72	80.6	4	87.88	35.36	74	85.28
1.24	0.99	1.78	17.86	1.88	37	1.3
1	0.75	0.25	0.25	3.70	2.5	0
196.66	313.82	14	191.87	172.88	710.8	794.06
173.81	308	22.03	191.87	172.88	153.71	119.41
0.2		14.44	0	20.7	0.19	

**BENEFIT  
 FRAUD**

# Summer 2026

TABLE OF CONTENTS

1. THE PENSION TIME BOMB.....2

2. THE WICKS LAW.....8

3. THE SCAFFOLD LAW.....11

4. SCHOOL REFORM.....15

5. MEDICAID’S UNSUSTAINABLE EXPLOSIVE GROWTH.....22

6. THE TRIBOROUGH AMENDMENT.....30

7. DISABILITY ABUSE.....32

8. SICK LEAVE ABUSE.....34

9. MANDATORY ARBITRATION.....36

10. 20 YEAR RETIREMENT.....38

11. HEALTHCARE BENEFITS.....39

12. CONTROL COSTS TO ILLEGAL ALIENS.....40

13. CONCLUSION.....41

**THE DIRTY DOZEN :**  
**THE TWELVE WORST LAWS THAT MAKE NEW YORK UNAFFORDABLE**

New York State is recognized as being amongst the most highly taxed and overregulated states in the union. Lack of affordability continues to resonate as one the most pressing issues among the state's population of approximately 20 million. The financial stress borne by residents of the Empire State has led to an exodus of over [400,000](#) people in 2024 alone.

The only way to reverse the trend of higher taxes is to first identify the primary causes of the exponential rise in spending over the past several decades. This white paper is dedicated to focusing the spotlight on these root causes and what must be done to reverse them to save the state from fiscal collapse.

In no particular order, here are a dozen policy areas that drive New York's affordability crisis.

### **1. THE PENSION TIME BOMB**

Pension costs in New York, as with many other states throughout the nation, are a driving force leading to state deficits and higher taxes.

In the private sector, if an employee is fortunate enough to have some type of pension, it is likely a defined contribution pension. In such a program, the employer puts a certain amount of money into the employee's account, which is matched by the employee and it grows with the stock market. A typical 401(k) program would be considered a defined contribution system.

On the other hand, in the public sector, most employees fall under a defined benefit system. This is a guaranteed amount that will be distributed to the employee on a monthly basis upon retirement. Thus, regardless of whether the stock market is fluctuating, the employee will receive

that locked in benefit. Where the market has dipped, the taxpayer is on the hook to make up the difference.

It has long been advocated by reformers that the public sector should transition from a defined benefit system to the more flexible defined contribution system, as is prevalent in the private sector and in a limited number of public sector unions, including professors in the State University of New York system. <https://www.canton.edu/hr/orp.html>

This would give the employee an advantage in that the defined contribution system is portable, meaning that if they moved to another job, the pension would follow with them, unlike the defined benefit system that would cease growing at that point.

The cost of these defined contribution pensions have been growing exponentially in large part because state law allows overtime that is earned to be factored into the calculations that determine how much an individual is paid in retirement. This is why it is common to see public sector workers load up on overtime in the last years before they retire.

Many contracts allow for the pension to be calculated based on the highest three annual salaries earned by the employee. Usually, they're the last three. For some, it was the last five years. Governor Hochul and the state legislature just recently allowed for teachers to now calculate their pensions based on the best three consecutive years, which will have a higher average than it would have if spread out over five years. This will only further exacerbate the pension time bomb. [https://www.nystrs.org/legislation/](https://www.nystrs.org/legislation/2024-legislation/)

Additionally, many contracts are structured in a way where senior employees get priority for overtime. It is not uncommon for some workers, especially in law enforcement, to earn six figures in overtime in each of the last few years of service. This has the effect of artificially enhancing a \$150,000 annual salary to perhaps \$250,000 or \$300,000.

Given that a pension may be granted to the tune of 50 to 60% of the highest consecutive three year average salaries, this leads to many public employees retiring with pensions that are in the six figures, with some having the pensions themselves exceeding \$150,000 a year. It is even possible, due to the vast amount of overtime allowed into the calculations, for a retiree to earn more in retirement per year than he or she was earning while working.

All this has led to extraordinarily high property taxes in the New York metropolitan area. New York's Westchester County has traditionally held the dubious distinction of being at the top of the list of the most expensive property taxes in America. A property tax bill in this suburban county just north of New York City can easily exceed \$17,000. Nassau and Suffolk Counties on Long Island are also often cited on these lists.

In most New York schools and governments, personnel costs constitute 60 to 70% of the entire budget. These costs are not only the result of generous annual percentage increases obtained at the bargaining table, but also are attributable to state imposed regulations and directives, more commonly known as mandates.

In a previous white paper issued by this center, it was our conclusion that the factoring of overtime into the final pension figure inflates taxpayer obligations to the tune of tens of billions of dollars over the next two decades.

There are few, if any, spending reforms that can have a greater impact on state and local budgets than passing legislation that would eliminate overtime from pension calculations. Below is a summary of our findings:

1. Base salaries in the public sector now exceed salaries in the private sector for comparable jobs.
2. Pensions are typically based on the average of the highest three years of earnings (usually the last three years of service).
3. Pensions are not limited to just base pay. Overtime (OT) earnings are included as well.
4. Traditionally, senior employees who have announced their intention to retire, load up on overtime to inflate their pensions. Many contracts actually require that senior members get first shot at the overtime.
5. The final pension received by an employee ranges from 50% to over 60% of the total earnings, which include base pay and overtime. This creates an incentive for employees to maximize overtime in their final years.
6. Many fire and police employees retire on a disability pension, which provides for a pension that is 75% of the final earnings.
7. In 2010, in the midst of the Great Recession, state legislators acknowledged the deleterious impact overtime being factored into pensions was having on taxpayers

and government budgets. Consequently, the state passed legislation creating a new Tier 6 in the retirement system, which limits the amount of overtime that can be factored into the pension to approximately 15% of the base salary.

8. While this sounded like a major reform, it does little, to nothing, to stop the hemorrhaging we are presently experiencing, because the limits only apply to employees hired after April, 2012.
9. There are hundreds of thousands of active employees in the New York State and New York City Retirement Systems who are yet to retire. The vast majority were hired prior to the Tier 6 reforms.
10. While the method of determining the number of retirements, and the amounts the retirees will earn in overtime in their highest three years, is not an exact science, we can attain a ballpark figure as to what these figures will be, based upon past performance.
11. If typical retirements and overtime earnings materialize, we can project that the cost to taxpayers associated with overtime being calculated into the pensions of the still active public sector employees over the next 20 to 25 years will be as follows:
12. For the employees in the New York State Employee Retirement System (NYSERS), excluding Police and Fire, the cost will be **\$14.12 billion** over 20 years and **\$21.86 billion** over 25 years (if utilize average overtime for all employees). But, if we use the average overtime of workers who are nearing retirement, those numbers will be even more mind boggling: **\$24.84 billion and \$38.45 billion**, respectively.
13. For the 35,000 Police Officers and Fire Fighters outside New York City, the cost will be **\$5.14 billion** over 20 years and **\$7.95 billion** over 25 years.
14. For 34,000 New York City Police Officers, the cost will be **\$2.65 billion** over the next 20 years, and **\$4.11 billion** over 25 years, if we incorporate the average overtime amount of \$14,000. If we factor in the same overtime of \$37,000 for senior officers nearing retirement, as seen in other law enforcement departments, the numbers increase to **\$6.74 billion** and **\$10.43 billion** respectively.
15. For 11,000 New York City Fire Fighters, the cost will be **\$796 million** over 20 years, and **\$1.23 billion** over 25 years, when factoring in the average overtime of \$20,000 for all employees. If we factor in the estimated amount for senior employees near retirement, the numbers increase to **\$1.05 billion** and **\$1.6 billion**, respectively.

16. For New York City Corrections Officers, the cost will be **\$3.15 billion** over 20 years and **\$4.87 billion** over 25 years.
17. For MTA employees, the taxpayer burden will exceed **\$5.69 billion** over 20 years and **\$8.816 billion** over 25 years.
18. For New York City Sanitation employees, the cost will be **\$567.12 million** over 20 years and **\$877.69 million** over 25 years.
19. For Port Authority workers, the cost over 20 years will be **\$851.2 million**, while over 25 years it will cost **\$1.317 billion**. (Split between New York and New Jersey.)
20. For New York City employees, excluding Transit workers (who are incorporated into the MTA numbers herein) and other city departments cited above, it will cost **\$5.78 billion** over 20 years and **\$8.95 billion** over 25 years.
21. It is important to note that these figures are not adjusted to account for wage inflation. Thus, the astounding numbers cited herein are much lower than they will actually be once the cost of living is taken into consideration.
22. The Consumer Price index increased by 73% over the past 25 years and by 54% over the past 20. Assuming the years to come follow a similar pattern, the actual burden to taxpayers would increase significantly.
23. Adjusted to inflation, the amount taxpayers will be obligated to cover is as follows:
- 24.
25. NYSERS: **\$21.74 billion** over 20 years and **\$37.8 billion** over 25 years if use average of all employees. If use average for those retiring, it equals **\$38.25 billion** over 20 years and **\$66.52 billion** over 25 years.
24. Police and Fire (outside New York City): **\$7.92 billion** over 20 years and **\$13.75 billion**.
25. New York City Police: if using average overtime for all employees, it would be **\$4.08** over 20 years and **\$7.11 billion** over 25 years. If use amount for employees closer to retirement, it would be **\$10.38 billion** over 20 years and **\$18.04 billion** over 25 years.
26. New York City Fire Department: **\$1.62 billion** over 20 years and **\$2.77 billion** over 25 years.
27. New York City Correction Officers: **\$4.85 billion** over 20 years and **\$8.43 billion** over 25 years.
28. MTA Workers: **\$8.76 billion** over 20 years and **\$15.25 billion** over 25 years.

29. New York City Sanitation: **\$873 million** over 20 years and **\$1.52 billion** over 25 years.
30. Port Authority: **\$1.31 billion** over 20 years and **\$2.28 billion** over 25 years.
31. New York City Employee Retirement System, excluding Transit and departments cited above: **\$8.9 billion** over 20 years, and **\$15.48 billion** over 25 years.
32. THE TOTAL AMOUNT THAT TAXPAYERS WILL PAY OVER THE NEXT 20 YEARS FOR OVERTIME FACTORED INTO PENSIONS IS ESTIMATED TO RANGE FROM A LOW OF **\$32.91 BILLION** (when using primarily average salaries from all employees) TO **\$54.48 BILLION** (when using the average overtime for those senior employees actually retiring).
33. Upon factoring in an inflation rate of 54% over the next 20 years, those numbers jump to **\$50.68 billion** and **\$83.9 billion** respectively.
34. To reverse the unsustainable burden being placed on taxpayers, the Center recommends passing legislation or a constitutional amendment that would bar overtime from being factored into the future pensions for all public sector employees, including those hired prior to the implementation of Tier 6.
35. The Center also recommends considering the establishment of more financial control boards, that can restructure outlandish contractual provisions, and the expanded use of Chapter 9 bankruptcy filings for overburdened government entities. Ironically, rather than the state taking measures to further protect taxpayers from this money grab, New York's leaders are actually heading in the opposite direction. The tier 6 reforms that had limited the amount of overtime that can be factored into the pension calculations are actually being reversed by the state legislature after intense lobbying by the state's municipal unions.

There was little the State could do legally to reverse the factoring of overtime into pensions for those tier 4 and below, but there was the ability to create some light at the end of the tunnel by impacting those employees who have been hired after 2012. Unfortunately, now even those reforms are being eviscerated.

The Tier 6 reforms didn't save the state from a pending fiscal Armageddon, but it at least slowed the train down from going off the cliff. Then Mayor Michael Bloomberg in 2012 estimated that the city alone would save \$21 billion over 30 years due to these reforms. <https://thebiggerapple.manhattan.institute/p/nyc-unions-tier6-pensions-budget>

EJ McMahon, of the Empire Center also wrote that the state's pension costs would have been at least [\\$755 million](#) higher per year without reforms to Tier 5 and Tier 6 that occurred more than a decade ago.

It looks now that even those brakes are being removed.

## 2. THE WICKS LAW

The Wicks Law, otherwise known as New York General Municipal Law § 101, requires that multiple contractors be used for plumbing and gas, ventilation, and electrical work for public buildings with costs of building, reconstructing, or altering exceeding \$500,000.

<https://www.city-journal.org/article/politics-and-the-wicks-law>.

A study conducted in the 1990s concluded that Wicks costs New York taxpayers approximately \$300 million annually. (<https://www.city-journal.org/article/politics-and-the-wicks-law>).

Adjusted for inflation in 2026, this number is approximately \$858 million. ([Inflation Calculator](#))

According to other studies, the Wicks Law has significantly reduced the ability of schools to operate efficiently. According to a release detailing a push to repeal the Wicks Law headed by Assemblywoman Amy Paulin, Assemblywoman Sandy Galef and Senator Suzi Oppenheimer, the Wicks Law had been found to add \$1 billion in costs to school construction projects in New York. ([https://assembly.state.ny.us/member\\_files/095/20100312/](https://assembly.state.ny.us/member_files/095/20100312/))

Ironically, the Wicks Law, passed in 1921, was intended to generate more competition and, thus, lower costs for the construction of municipal buildings. In fact, the opposite has been proven to be true. (<https://www.city-journal.org/article/politics-and-the-wicks-law>)

The report noted:

No contractor has authority over the others, so government officials must then try to coordinate the various contractors. The result is usually chaos. In one notorious incident,

an entire public housing project was delayed while two contractors argued about whose job it was to sweep the floor.

Under the single-contract method, this sort of problem is avoided by vesting authority in the general contractor, who in his own financial interest, carefully selects subcontractors and replaces those that prove troublesome. Wicks, on the other hand, mandates that every contract be awarded to the lowest “responsible” bidder. The requirement that bidders be responsible lacks teeth, for companies can be declared irresponsible only after a contract is bid—and when they are, they often sue. Constrained by the threat of costly, disruptive litigation, public agencies are unable to screen out contractors with a history of conflicts and delays.

Wicks has faced much criticism from across various sectors of the government. Former Mayor Ed Koch spoke out against the Wicks Law, referencing a report that estimated the law cost the city over \$100 million back in late eighties.

In 1987, the Division of the Budget released an analysis which highlighted that at least 20% of the total bill was added to a project's costs due to the Wicks.

<https://www.city-journal.org/article/politics-and-the-wicks-law>

When construction-related work exceeding \$500,000 is performed, individual contractors for plumbing, heating, and electrical must be used. This would require separate bids for each type of work. This law also prohibits general contractors from coordinating all work on a project. This places the burden of construction management on those who are hiring the separate contractors. It may also make the building or renovation process more difficult in that it requires close coordination between various teams.

The unions supporting these different trades have lobbied intensely to keep the Wicks Law intact. (<https://www.nyconstructionlaw.com/wicks-law/>) Unionized electrical and plumbing workers, for instance, stand to earn much more with Wicks than if they were directly hired by the general contractor. The GC would want to hire those at lower wages to bring the project's total cost under budget and on time. When the electrician or plumbing outfits do not have to answer to the general contractor, there's less downward pressure on the salaries and less control that the GC has over work rules and general worksite operations.

The New York State Department of Labor has determined that “process piping” should be included in plumbing contracts. This has significantly raised costs for contractors.

(<https://acecny.org/page/wickslaw>)

(<https://nypost.com/2026/03/23/us-news/doe-chancellor-admits-class-size-mandate-will-be-very-difficult-for-nyc-to-meet/>)

As far back as 1992, to comply with the Wicks Law, it cost the New York City Department of General Services approximately \$9 million (approximately 30%) of their \$29.7 million budget.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

For a project overseen by the State University Construction Fund, multiple-contract bids were 8.7% higher than single-contract ones. This spread between multiple and single-contract bids would have led to a difference of \$2 million in costs on a \$25 million project back in 1964.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>) Update to inflation.

In 1971, a single job under Wicks took 134 days to complete as opposed to 103 days that it would take under single-contract bidding.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

A study in 1986 found that typical multiple-contract projects cost 5.8% more than the original bid. On the other hand, single-contract projects cost 3.4% more than the original bid.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

In 1981, former New York City Council President Carol Bellamy and Comptroller Harrison Goldin discovered that cost overruns on large city projects amounted to approximately 11.9%.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

Bellamy and Goldin also noticed over 750 change orders from contractors, which increased project costs by \$2.3 million, which stacked upon the \$14 million worth of additional damage claims to build the Fashion Institute of Technology.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

A former employee at the U.S. Department of Housing and Urban Development often added 10% to cost estimates for city projects to allocate enough money towards ensuring Wicks Law compliance. (<https://www.city-journal.org/article/politics-and-the-wicks-law>)

Back in 1979, New York City was sued for a total of \$42 million in damages in relation to the poor management of contractors.

(<https://www.city-journal.org/article/politics-and-the-wicks-law>)

Despite even a relatively loose estimate utilizing a 10% cost savings over a few years, this \$1 billion estimate, which is likely on the lower end of the spectrum, is extremely concerning.

In one New York school district, the Wicks Law resulted in 10-15% of their construction bond, translating to about \$3.6 million to \$5.4 million.

([https://assembly.state.ny.us/member\\_files/095/20100312/](https://assembly.state.ny.us/member_files/095/20100312/))

### **3. THE SCAFFOLD LAW**

The Scaffold Law, which is unique to New York State, is one of the most arcane pieces of legislation in the nation. The law requires building owners to be held 100% liable should any workplace injury occur to an employee or contractor working on the building. The building owner is absolutely liable, regardless as to whether the employee was fully or partially negligent. For example, if the employee went out to lunch, drank a six-pack of beer, and fell off his scaffold, the building owner would still be 100% liable. Analysts, such as Scaffold Law Reform, have estimated that the ancillary consequences of imposing this mandate adds \$785 million spent unnecessarily on the construction of buildings in the state. They note further that the law winds up adding 8 to 10% additional costs over and above what would be the case without a Scaffold Law. <https://www.scaffoldlaw.org/>

The Building and Trade Employers Association has estimated that this law has increased insurance rates in New York State to a level up to 500% above that in other states.-

<https://www.bteany.com/scaffoldlaw/learn-more/> --

<https://www.scaffoldlaw.org/news/newsday-scaffold-law-report-insurance-costs-skyrocket-up-to-500-in-nys-because-of-controversial-law>

A memo drafted for then-New York Governor Andrew Cuomo expressed the following concerns about the Scaffold Law:

### **Abstract**

A myriad of factors support the argument that New York State Labor Law § 240, also known as the “Scaffold Law,” should be reformed. In short, Section 240 imposes an incredibly broad absolute liability standard (also known as “liability without fault”) on property owners and contractors for workplace accidents involving gravity. Proponents of the statute claim it is necessary for workplace safety, and opponents charge that what began generations ago as a legislative attempt to protect workers from negligent contractors has morphed into a counterproductive and undue cost burden on contractors, businesses, governments alike. **The Scaffold Law should be reformed to reflect its original intent, which was to be a requirement for contractors to provide adequate safety equipment for height-related projects, and to replace the absolute liability standard with the contributory negligence standard used in forty-nine other states.**<sup>1</sup> An absolute liability standard restricts due process for defendants, because even with no culpability they (and their insurance company) bear the full cost of any legal settlement. A contributory negligence standard would restore due process, and provide an opportunity for both sides to present their case to the court. In addition to the legal ramifications of the Scaffold Law, it also sets up a perverse incentive structure for both contractors and their employees: there is little incentive for contractors to improve workplace safety if they will be held entirely responsible for any accident regardless of their actual culpability, and for employees there is little incentive to take extra precautions, because they will be held harmless regardless of personal fault. **The Scaffold Law is incredibly costly, manifestly unfair, and a recent study conducted jointly by Cornell University and the University at Albany finds it may actually hurt the very people it was created to protect.**

[\(Memo on Scaffold Law Reform to then Gov. Cuomo\)](#)

Scaffold Law Reform has been lobbying for years to revoke this archaic legislation. Among its findings are as follows:

The number of Scaffold Law cases has increased 500% since 1990, even though the rate of injury has decreased.

The Hudson Gateway project will incur an estimated \$180 to \$300 million in additional costs due to the Scaffold Law.

The Scaffold Law costs \$785m in public dollars every year.

New York has the highest per capita lawsuit costs in the nation, and in a given year more than half of the highest lawsuit payouts were due to the Scaffold Law.

The Scaffold Law is estimated to have added \$200 - \$400 million in costs to the Tappan Zee (now Mario Cuomo) bridge reconstruction.

The Scaffold Law is associated with an estimated 670 additional construction injuries each year.”

Fixing the Scaffold Law would create over 27,000 new jobs.

Illinois repealed their Scaffold Law in 1995 and construction-related fatalities decreased by 28% over the next six years.”

<https://www.scaffoldlaw.org/>

New York runs about 40 percent above the national average for general liability insurance costs.  
<https://generalliabilityinsurancecost.com/by-state>

The national monthly average rate is \$54 per month, but in New York state, the average is much higher, at \$80-104 per month. <https://generalliabilityinsurancecost.com/by-state>  
California is the only state with a higher general liability rate, at \$84-112 per month.

The irrational nature of the law’s scope is evidenced in numerous legal decisions over the years, Here are just a few examples:

The court in *Tate v Clancy-Cullen Storage Co, Inc.*, 171 A.D.2D 292 asked: “Could plaintiff Harold Tate’s alleged intoxication as a contributing cause of the accident be a defense to the cause of action? The short answer is no.”

None of the defendants' assertions concerning the plaintiff's contributory negligence, including his use of marihuana on the afternoon in question, can be interposed as a defense to a claim under Labor Law § 204 (1)" Keane v Sin Hang Lee, 188 A.D.2D 636

None of the defendants' assertions concerning the plaintiff's contributory negligence, including the plaintiff's ingestion of prescription drugs on the afternoon of the accident, constitutes a defense to a Labor Law § 204 (1) cause of action" Hodge v Crouse Hinds Div. of Cooper Indus., 207 A.D.2D 1007

Plaintiff's alleged drug use amounts, at most, to comparative negligence, which is not a defense to a Labor Law § 204 (1) claim." Samuel v Simone Development Co, 13 A.D.3D 112

[Court Citations - Absolute Liability](#)

### **What are the broader impacts of the law on New York's economy and workforce?**

New York's construction employment remains down 6% from pre-pandemic levels, and the cost of building continues to rise. The Scaffold Law increases the cost of doing business, slows down critical infrastructure development, and reduces job creation. Reforming the law would remove a key barrier to economic growth and allow more efficient use of taxpayer funds.

[\(https://www.empirecenter.org/publications/taylor-made-the-cost-and-consequences-of-new-york-s-public-sector-labor-laws/\)](https://www.empirecenter.org/publications/taylor-made-the-cost-and-consequences-of-new-york-s-public-sector-labor-laws/)

This New York State mandate is so burdensome that it has even caught the attention of federal legislators. Upstate congressman Nick Langworthy has put forth legislation in Congress that would preempt the state law with federal legislation that would pertain to federal projects.

<https://www.rebny.com/press-release/building-more-coalition-press-release-9-4/>

Efforts to reform the law on a state level have languished in committee for years.

## 4. SCHOOL REFORM

### a. NEW YORK CITY MANDATE REDUCING CLASS SIZE

Another burdensome mandate, which many critics believe was unnecessary, was the law passed by the New York City Council requiring a cap on the number of students in each class.

From kindergarten to third grade, the limit is 20 students; for those in fourth through eighth grade, it is 23 students; and from ninth grade and above, it is 25.

As per Politico, an increase of \$1.7 billion dollars would be needed in order to cover the cost of teachers' salaries to meet this mandate. Beyond the operational costs, an additional \$18 billion in funding would be needed to build more classrooms in order to accommodate the new lower class sizes.

Mayor Zohran Mamdani, who voted for the bill when he was a state assemblyman, campaigned on a \$12 million-a-year plan to hire an additional 1,000 teachers. That proposed plan falls far short from meeting the necessary financing needed to complete the subsequent cap requirements.

By law, the city must hit 100% compliance with the law by the 2027-28 school year. The city's compliance rate with the 2022 law requiring New York City classrooms to have no more than 20 to 25 students is currently at 64%.

“I think it’s going to be very difficult to get to 80% by September,” Schools Chancellor Kamar Samuels warned the New York City Council during a meeting.

<https://nypost.com/2026/03/23/us-news/doe-chancellor-admits-class-size-mandate-will-be-very-difficult-for-nyc-to-meet/>

The goals have been so unrealistic that [New York State Sen. John Liu of Queens](#), along with other supporters of the classroom cap, have pushed for the implementation of the policy to be delayed for at least two years, and as part of the plan to stave off fiscal insolvency for the 2026-27 fiscal year. In the 2026 budget session, the legislature indeed postponed the law’s starting date until 2029. Ultimately, the law should be permanently eliminated.

## **b. THE EXCELSIOR PROGRAM...**

According to the [Empire Center for Public Policy](#), the Excelsior Scholarships Program, while well intentioned, is deserving of much needed scrutiny. The center cites its regressive nature in that many students receiving the scholarship could actually afford the low tuition offered at state universities, without the taxpayer grant.

“Scholarship increases with the gross income of the recipient’s tax-filing household—regardless of family size, living expenses, or marital status—before abruptly dropping to zero once income tops \$125,000. Many students qualifying for the maximum Excelsior award of \$6,470 could afford to pay New York’s relatively low public college tuition rates without any added subsidy.”

Ultimately, a single individual earning \$110,000 a year could qualify for the scholarship. The center argues that this money can be used to expand the tuition assistance program, TAP. It also notes that the requirement that recipients stay in New York for a period of several years is marginally enforced.

## **c. SCHOOL LUNCH**

It’s been said there’s no such thing as a free lunch. However, this is New York. A press release issued by the governor boasted of offering free breakfast and lunch for ALL students throughout the state

“In a landmark move, Governor Kathy Hochul announced that New York’s 2025 state budget will include funding to provide free breakfast and lunch for all public school students, making New York one of the nation’s leaders in ensuring that no student goes hungry at school. This initiative marks a major step toward combating childhood food insecurity, supporting student achievement, and promoting long-term public health and equity.

The 2025 budget includes a historic \$340 million allocation for school meals, representing an 89 percent increase, or an additional \$160 million, over last year’s funding. This investment requires all school districts, charter schools, and nonpublic schools that participate in the National School Lunch and Breakfast Programs to provide free meals to all students, regardless of family income. By removing eligibility barriers, the state is reducing financial pressure on families, ensuring equitable access to nutrition for every child, and removing the stigma often attached to free and

reduced meals.”

<https://www.nycfoodpolicy.org/new-york-commits-to-universal-school-meals-in-2025-budget-a-transformative-step-for-educational-and-health-equity/>

Many folks will applaud efforts to ensure lower income students receive these free meals, but is it really necessary for middle and lower income folks to subsidize meals for the children of millionaires?

#### **d. SCHOOL CHOICE AND CHARTER SCHOOLS**

If history teaches us anything, it is that just throwing more money at the educational system does not necessarily lead to higher quality education. There is no correlation between increased spending and enhanced student test scores. To the contrary, state aid to education has tripled over the last two decades and yet test scores remain steady or have declined. The ever increasing spending strains state and local budgets and leads to tax increases.

As our center has detailed in our white paper entitled, “Trapping Students in Failing Schools Violates Their Equal Protection Rights”,

School choice facilitated via the advent of tax deductible scholarships and charter schools has been proven to raise test scores while lowering costs of the taxpayers.

Measures costing no money at all, such as reinstating past proven practices, including the use of phonics, or by instilling discipline and higher standards, as was the case in Mississippi, can improve the quality of education while lowering cost.

<https://fordhaminstitute.org/national/commentary/math-and-mississippi-miracle>

In what is now known as the “Mississippi Miracle”, student performance in the southern state rose dramatically after state leaders implemented a new system that required third graders to pass proficiency tests or face getting left back. Mississippi leapt from the bottom of the pack to near the top in National trade score rankings.

The New York state legislature just added billions more in spending for its aid package to local schools, even though the empire state spends the most per pupil than any other state in the country. ([New York City's](#) per pupil spending soared to a breathtaking \$38,000 in 2023, and now exceeds \$40,000.)

This is hardly an anomaly, as more clearly expressed in a recent [NY Post op-ed](#), which noted:

“Between 2002 and 2020, before the massive infusion of federal COVID-19 aid for schools, New York led the nation in inflation-adjusted public-school spending, going from \$18,054 to \$30,723 per student.”

Despite this spending, “National Assessment of Educational Progress test scores barely budged from 2003 to 2019, ranking in the bottom half of states in the four reading and math assessments Reason Foundation examined.”

The lack of progress is especially alarming for low-income students, whose scores stagnated.

“New York’s low-income fourth graders ranked 41st in the country in math, behind students in states such as Arkansas, Mississippi and Georgia, where far less money is spent on public schools.”

Studies confirm that in many instances charter schools are outperforming traditional public schools. This past summer, a [nationwide study](#) conducted by Stanford University’s Center for Research on Educational Outcomes (CREDO) found that “public charter schools outperform traditional public schools across a variety of educational metrics.”

For example, “research found that, over the course of a school year, charter students advanced learning in math by an additional 6 days. In reading, charter students advanced an additional 16 days.”

Another major takeaway from the CREDO study is that significant progress was shown among disadvantaged students who attended charter schools, compared to those who attended public schools. Black and Hispanic students showed improvements in math and reading by large margins compared to their public school peers, the study showed.

The study noted that Black and Hispanic students benefited most from charters, “with those at charters scoring leaps beyond their counterparts in public schools.”

Black charter school students outperformed their public school counterparts by 19 percentage points (59% vs. 40%) on the ELA, and by 27 percentage points on the math exam (61% vs. 34%).

Hispanic charter school students outperformed their public school peers by 16 percentage points (55% vs. 39%) in English and by 25 percentage points (61% vs. 36%) in math.

Overall, charter school students scored 7 percentage points higher on the English Language Arts (ELA) exam, with 59% passing versus 52% at schools run by the city's Department of Education. On the Math exam, a similar trend emerged, as charter students scored 13% higher at a 63% pass rate compared to the public school pass rate of 50%.

We can look at a separate study to see the same positive outcomes happening in New York City. The [non-profit New York City Charter School Center](#) found that:

“New York City charter school students outscored their public school peers on the state's standardized reading and math exams for grades 3-8 last academic year.”

Currently 10 states have universal, or near universal, school choice: Arkansas, Iowa, Oklahoma, Utah, Florida, Indiana, Ohio, North Carolina, Arizona and West Virginia.

Six of these states [rank in the top half of the country in Pre-K-12 education](#) (Indiana at 7th, Utah at 9th, Florida at 14th, Iowa at 16th, North Carolina at 18th, and Ohio at 21st).

Last year alone, 17 states enacted legislation that would either establish new choice programs or expand current ones. Currently in Pennsylvania, a bill that has been introduced by a Democrat and co-sponsored by a Republican, would create the Educational Freedom Act Program to offer scholarships to low-income students zoned to low-performing public schools.”

In the 2026 budget session, Governor Kathy Hochul surprised many observers by authorizing tax deductions for donations to private scholarship funds. However, the positive elements of this move can only come to fruition if the state loosens the cap it placed on establishing new charters. Getting any type of authority for charter schools in New York has been quite a battle. It was only [in 1998](#) that then governor, George Pataki, was able to leverage a requested pay raise by the legislature to a linkage with their approval for a small number of charter schools. It was a major breakthrough, but nevertheless was saddled with a cap on the number of charters that would be authorized.

State leaders saw that as soon as new charters were created, the slots would be gobbled up in a matter of nanoseconds. So why would there be so much resistance by the legislature?

The answer is simple and obvious: the power of the teachers unions.

The unions have claimed that the charters pose a threat to the public school system. The theory is that if money flows to the charters, it will strangle needed aid to the public schools. As noted above, the evidence shows that this is simply not true. In fact, the competition created by the charters wound up actually improving the public schools in various jurisdictions. It is clear that the main reason for the unions' opposition is a potential decrease in their membership, and consequently dues paying members.

Schools already facing competition from vouchers showed the greatest improvements of all five categories of low-performing schools, improving by 9.3 scale score points on the FCAT math test, 10.1 points on the FCAT reading test, and 5.1 percentile points on the Stanford-9 math test relative to Florida public schools that were not in any low-performing category.

School choice also provides various economic benefits. For example, in a [2023 article](#) from The Daily Signal, Bartley Danielsen, an Associate Professor of Finance and Real Estate at North Carolina State, is quoted as saying that school choice benefits the economy because it “allows families to remain in their dwellings, rather than feeling led to switch neighborhoods based on school districts.”

Professor Danielsen added: “Out of 52 analyses on the fiscal impact of private school choice programs, 47 were found to generate overall [savings for taxpayers](#).”

Another [study](#) from 2018 stated that school choice programs led to anywhere from \$12.4 to \$28.3 billion in tax savings.

Other tangential cost benefits, especially for people of color, flow from the enhanced property value that flows with better schools.

[Twin Cities Habitat for Humanity](#) issued a publication stressing that:

Homes in historically Black neighborhoods are consistently valued at lower rates than those in White neighborhoods. [A study](#) by the Brookings Institution estimates that devaluing has caused \$156 billion in cumulative losses for Black families as of 2018, exacerbating the wealth gap between White and Black homeowners.

The [Michigan Journal of Economics](#) concluded: “Those who live close to highly regarded private schools, can typically command higher income values due to their proximity to the private school.”

Opening up more options to these poor children has benefits for the surrounding community as well. The Michigan study goes on to note: “Not only do good schools add tremendous value to the surrounding housing, but higher home prices feed back into schools.”

[A New York Times expose](#) stated: “Economists have estimated that a 5% improvement in test scores in suburban schools can raise home prices by 2.5%.”

Ultimately, were the state to expand school choice, spending would be curbed while scholastic outcomes would improve. Public schools would become more efficient and effective due to the competition, and parents living in previously failing and violent districts would see their wealth rise along with their property values.

## 5. MEDICAID'S UNSUSTAINABLE EXPLOSIVE GROWTH

### MEDICAID GROWTH TIMELINE

- 1960s: Enacted in 1965, around 4 million enrolled, under a billion in costs by 1966
- 1970s: Tied to welfare, women & children on welfare covered, \$13.1 Billion in costs
- 1980s: States cover more people regardless of welfare status, \$23B in 1980, \$52.5B by 1989
- 1990s: Coverage expanded through CHIP, \$73B cost in 1990 grows to \$190B in 1999
- 2000s: Some states cover childless adults, \$206.2B in 2000 grows to \$373.9B in 2009. 33 million people enrolled
- 2010s: ACA signed, eligibility skyrockets with costs, \$400.6B in 2010 to \$613.5B in 2019
- 2020s: COVID measures increase enrollment, \$672.4B in 2020 to approximately \$900B in 2024. 72 million enrolled. Source: CMS.gov

It's universally agreed-upon by economic analysts that exponential growth of entitlement expenditures are raising the national debt and contributing to deficits that may be unsustainable. The DOGE committee worked to eliminate what it calls “wasteful spending” in the federal budget. It identified up to \$200 billion in such spending. However, this is a drop in the bucket compared to the continued growth of the budget. If you want to make a dent in the debt and deficits, the real money lies within entitlements.

The three largest entitlements are Social Security at 21%, Medicare at 14%, and Medicaid at 8% of the federal budget. Entitlement programs are increasingly consuming a larger share of the budget, crowding out funding for discretionary spending. Considering that interest on the national debt accounts for 13% of the federal budget and defense spending typically hovers around 15%, only a small portion of the remaining budget remains available for non-mandatory expenditures.

The core concepts of Social Security (not including Social Security Disability) and Medicare have remained relatively consistent since their inception. However, Medicaid has grown substantially, both in size and scope, as the criteria for eligibility have expanded over time.

### THE ORIGINS OF MEDICAID

Medicare, established in 1965 during the Johnson administration as part of the Great Society programs, was designed primarily to provide healthcare coverage for the elderly population.

Medicaid, also created in 1965 was intended to offer basic healthcare services to low-income individuals and families, particularly those who were destitute or receiving welfare assistance.

Originally, Medicaid eligibility was quite limited, primarily tied to recipients of cash assistance programs such as Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI). The program was available for those at or below the poverty line. Medicaid cost a little less than \$1 billion in 1966 for four million people, but by fiscal year 2000, it had grown to cover 33 million people, costing \$200 billion. Today, in 2025, there are now approximately 72 million Americans covered by the program.

Medicaid cost the nation around \$890 billion in the federal fiscal year 2023. That is an astonishing 87,000 percent increase, compared to a rise in inflation of 892 percent during that same time period.

The expansion of medical benefit programs and the pool of those eligible to benefit from them continue to grow apace from the 70s onward. In 1972, the SSI program replaced old federal-state disability assistance, and Medicaid eligibility was automatically tied to SSI in most states (namely for the aged, blind, and disabled). States were also given more flexibility to cover medically needy individuals (people with high medical costs that reduced their income below thresholds). From the mid-1980s through the 1990s, expansions continued, especially in regard to children and pregnant women. A flurry of acts were soon to follow in 1984, 1986, 1987, 1988, and 1989, which required states to cover pregnant women and infants under 100% of the Federal Poverty Level (FPL), gradually rising to 133% of FPL. By the 1990s, mandatory coverage was expanded to older children (ages 6–18) up to 100% of the FPL.

As of January 2024, the Medicaid income eligibility thresholds for adults in a family of three varies widely, ranging from as low as 15% of the FPL in Texas to as high as 221% of the FPL in Washington D.C.

For a while, Medicaid spending generally kept pace with inflation and program growth. Back in the 1990s, under President Bill Clinton, Congress sought to rein in entitlement spending by tying certain benefits to work requirements through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This ushered in “workfare” programs and contributed to a leveling off in enrollment growth tied to cash welfare.

However, this period of slower growth was relatively short-lived. Medicaid's reach expanded again with the creation of the Children's Health Insurance Program (CHIP) in 1997, which provided coverage to millions of children in families whose incomes were too high to qualify for traditional Medicaid, but too low to afford private insurance. This growth in the CHIP program was quite notable, with an enrollment of approximately 1 million in 1998 expanding to approximately 6 million by 2010—this represents a 500% increase. <sup>3</sup> Source: <https://www.kff.org/health-policy/101-medicaid/?entry=table-of-contents-how-has-medicaid-evolved-over-time>

## NEW YORK'S POLICIES

It is estimated that up to thirty-six percent of New Yorkers are now on [Medicaid](#). [Medicaid Fraud in New York | Cato at Liberty Blog](#). Over 44 percent of New York State's population receives Medicaid or Medicaid-like health coverage, which is an astonishing 15 points higher than a decade ago and seven points higher than other states. In New York City alone, 60 percent of residents receive some type of state-sponsored health insurance.

Many have taken advantage of states failing to enforce asset test rules to determine eligibility for long-term care. In New York State, Medicaid funds have been paid out to residents simply staying at home with their elderly relatives. While it cost New York State \$300 million in 2016, it rose to \$9.1 billion in 2023. New York has historically spent excessively on state-sponsored health care, and well above that of other states.

In 1960, the Kerr-Mills Act created another avenue for the federal government to assist states in providing healthcare to the elderly poor. However, within the first two years of this program's establishment, New York State had expanded eligibility for Medicaid to so many people that it exceeded the amount of spending expected for the entire nation.

In federal fiscal year 2023, New York spent \$94.6 billion on Medicaid coverage, resulting in spending of \$4,834 per capita, the most of any other state. For context, the national average sat at \$2,657 according to the Empire Center.

When looking at the federal and state share of Medicaid spending according to the Kaiser Family Foundation, New York State spent approximately \$97.8 billion in Federal Fiscal Year 2023, with

Texas and Florida spending approximately \$57.2 billion and \$34.6 billion respectively. New York spends far more on Medicaid - a full 21% above any other state. It spends 82% above the national average on the program. To show just how out of control New York spending has gotten, even after these federal cuts in the Reconciliation Bill went into effect and hundreds of thousands of immigrants in New York are no longer subsidized, New York still had the largest spending on Medicaid per capita in the US.

<https://www.empirecenter.org/publications/how-soaring-enrollment-big-spending-waste-fraud-are-boosting-ny-medicaid-costs/>

From [2019](#) to [2024](#), the state's Medicaid cost per enrollee soared 37 percent, going from \$9,487 to \$13,001 per-enrollee.

New Mexico is the only state with a higher percentage – 35 percent — of residents enrolled in Medicaid. Medicaid enrollment in New York rose from 4.7 million to 7.23 [million](#) people after the state expanded eligibility under the federal Affordable Care Act.

## HIRING ONE RELATIVE TO CARE FOR ANOTHER

Medicaid spending in New York on care for the elderly and disabled has soared [between 2016 and 2020](#).

Spending on an increasingly popular New York Medicaid program that lets the elderly and disabled hire people, including their own relatives, to care for them at home, soared 85 percent between 2017 and [2018](#). ([https://health.ny.gov/health\\_care/medicaid/program/longterm/cdpap/](https://health.ny.gov/health_care/medicaid/program/longterm/cdpap/))

This program, the Consumer Directed Personal Assistance Program (CDPAP), saw its spending rise from \$1.3 billion in 2017 to \$2.4 billion in 2018. [By 2021, it soared to \\$12 billion](#). State officials vouched to rein in the program, yet only reduced its funding to just under \$11 billion - still billions above what the program was expanding just a few years ago.

That's just one reason New York's \$115 billion Medicaid program is one of the costliest in the nation, second only to [California](#).

An article published by the CATO Institute noted: “Governor Hochul has called CDPAP a racket ... citing TikTok ads which reportedly attempt to recruit individuals at \$37 an hour to care for their own relatives who may not actually need [care](#).”

The number of SADC centers has jumped from 40 in 2013 to almost 400 today, popping up in storefronts, apartments, and basements across the five boroughs. With federal taxpayers currently picking up 60 percent of the [costs](#).

The program has grown exponentially because of its rather lax requirements. To be eligible for CDPAP services, an individual [participant](#) must:

- be eligible for NYS Medicaid;
- have a stable medical condition;
- have a determined need for home-care services using a state-approved assessment tool;
- meet the Minimum Needs Requirements if age 21 or over;
- be capable of self-directing or having a designated representative who can make decisions on the individual's behalf.

To meet the Minimum Needs Requirements, individuals must be assessed as needing at least limited assistance with physical maneuvering with more than two Activities of Daily Living; or for individuals with a Dementia or Alzheimer's diagnosis, assessed as needing at least supervision with more than one Activity of Daily Living. ([Consumer Directed Personal Assistance Program \(CDPAP\)](#))

These relatively lax requirements have led to a good deal of fraud. A Justice Department complaint earlier this year alleged program director Inwoo Kim, 42, and Lee, 56 — who also ran Happy Life Adult Day Care — conspired to defraud federal healthcare programs of \$120 million by bribing patients to enroll in their social adult day cares.

Local seniors in Flushing were given a kickback of \$500 a month for joining one of the day care centers, but their cut went down to \$300 if they actually showed up to use the facility, the complaint alleges.

[Queens adult day care scammers 'threatened' seniors over \\$120M kickback scheme: feds](#)

The state is incentivized to place more people into the program, since additional federal monies accompany the state spending.

The state claimed federal Medicaid reimbursement totaling more than \$579 million for CDPAP services provided from January 2012 through June 2016 ([audit period](#)).

[A New York Comptroller audit](#) exposed \$14.5 billion in unverified Medicaid home care payments. It noted that between 2021 and 2023, the program paid over \$14.5 billion for home care services without sufficient electronic visit verification (EVV) documentation. However, the audit found compliance rates of just 56% for Personal Care and an abysmal 11% for Home Health Care services.

Another example of adult care fraud was evidenced in an audit by the [Office of Public Affairs | Eight Charged in \\$68M Social Adult Day Care and Home Health Care Scheme](#). The indictment charged eight defendants for their alleged roles in a scheme to defraud Medicaid of approximately \$68 million through the operation of two social adult day cares and a home health care financial intermediary that were paying kickbacks and bribes for services that were not provided.

Yet another example of fraudulent activity under this program was announced earlier this year. The investigation found that [NY's fraudulent CDPAP program lost \\$1.2 billion to scammers and mismanagement](#). Over six years in one particular case, the fraudsters were paid \$348,000 to look after the elderly woman at a Manhattan apartment, but the mom was in Bangladesh the entire time.

Additional theft was evidenced by Department of Health investigations which identified [fraud in previous home care programs](#). It further tagged more than 30 instances where personal assistants billed patients who were dead or hospitalized and five where assistants logged time worked even though they were out of the country. They also discovered one case where a personal assistant logged time showing the individual in two places at once and another case where a personal assistant logged time for two consumers on different health insurance plans at once.

State lawmakers are starting to delve into this fraud by launching public hearings to probe New York's controversial multi-billion-dollar taxpayer-funded program that connects residents with home-health-care aides.

[NY pols probe troubled taxpayer-funded program for health aides: ‘Significant concerns’ | NYSenate.gov](#)

\*\*\*\*\*

### [Ideas for Cleaning Up New York Medicaid - Empire Center for Public Policy](#)

In 2024, the Medicaid program spent \$4,492 per state resident, which was 77 percent above the national average and 24 percent higher than the runner-up. New York could have shed \$18 billion from its program and still ranked No. 1.

In early 2026, Dr. Mehmet Oz, the Administrator of the U.S. Centers for Medicare and Medicaid Services, launched an investigation into New York State’s [\\$124 billion Medicaid program](#). New York State spent an average of \$12,528 per Medicaid beneficiary, which is [36% higher](#) than the national average. Additionally, more than [6.8 million](#) New Yorkers, which is about 34% of the state’s population, currently receive Medicaid. Furthermore, the U.S. Centers for Medicare and Medicaid Services noticed an [increase of 121%](#) in spending on non-medical transportation services within a 3-month period, from which drivers defrauded up to [\\$196 million](#) from the state’s Medicaid transportation program.

Another questionable use of distressed-provider funding is the case of [Somos Community Care](#) (<https://www.empirecenter.org/publications/a-politically-active-medical-group-gets-29-million/>). They have been direct beneficiaries of VAPAP funding, which originally was only intended for “financially distressed” hospitals, retirement homes, and rehab centers. Governor Hochul, however, opened up this funding to vaguely-defined “Independent Practice Associations” and “Accountable Care Organizations. As such, Somos, which formed to fit these definitions, enjoyed a \$29 million grant in 2022. Somo's leadership and affiliated doctors would go on to send millions of dollars to various political causes linked to the governor.

Given the scale of New York’s Medicaid program – which is projected to spend \$111 billion this fiscal year – the number of investigations conducted by the unit is proportionally low.

### [New Federal Medicaid Policies Compound State Budget Pressures | The Pew Charitable Trusts](#)

Medicaid, a joint federal-state program, provides comprehensive coverage for health and long-term care to about [70 million low-income people](#) as of September 2025.

Medicaid has pushed the state budget to such an extent that the Medicaid director for the New York State Department of Health Amir Bassiri, called it “[precarious and unsustainable](#).”

[New York's \\$1.2 Billion Medicaid Mess: What the CDPAP Scandal Really Shows – New York Bay News](#)

This is not just a blue-state embarrassment or a cable-news talking point. It is a warning about what happens when **massive government programs expand faster than accountability mechanisms**.

The lesson from CDPAP is clear: protecting vulnerable populations does not require tolerating fraud—or ignoring basic fiscal discipline.

[A Medicaid Swindle: New York's Taxpayer Rip-Off Exposed | Newsmax.com](#)

If the program increased solely via inflation, it would reduce program expenditures by 10 percent each year.

New York is not the only state facing fraud and runaway costs tied to this kind of home care program. California has also become a major example, with critics calling it a “[\\$30 billion fraud magnet](#)” and pointing to the state as a leader in wasteful home care spending. The program has continued to expand dramatically. As one account put it, “IHSS provider” is now the largest low-wage occupation in California, with more than 800,000 taxpayer-funded caregivers providing services ranging from grocery shopping to personal care. This growth suggests that, much like New York’s program, California’s system has become increasingly difficult to control.

## 6. THE TRIBOROUGH AMENDMENT

During the 1960s, local and state government employees in New York began advocating for the same collective bargaining rights already afforded to private-sector workers. In response, the Taylor Law, enacted in 1967, established a formal framework for resolving labor disputes in the state's public sector.

[New York State Public Employees' Fair Employment Act — The Taylor Law](#)

Adopted in 1982, the Triborough Amendment requires public employers to fulfill all terms of an expired contract, such as salary step increases, until a new agreement is negotiated, as long as employee organizations do not strike.

<https://manhattan.institute/article/taylor-made-the-cost-and-consequences-of-new-yorks-public-sector-labor-laws>

<https://perb.ny.gov/timeline-notable-events>

A step is an automatic salary increase afforded a public employee for simply logging in another year of service. The raise could be in the range of 2-4%. This goes to all employees, regardless of the union contract, as a reward for simply completing another year of service. This increase is in addition to the increases granted under the collective bargaining agreement. Thus, public employees receive not only the bump in salary for the additional step for moving up the ladder, but then, in time, will receive the additional percentages negotiated through their union contracts. In essence, many have called the step system a double raise.

The automatic step increase that inures to the benefit of the employee has major significance, especially when a contract expires. In a normal contract negotiation, pressure would mount upon the union to provide give backs and to settle a reasonable contract due to the fact that no further increases are going to the employees during negotiations. However, because New York has this unique provision that permits the step increases to take effect and pay the employee the increase even after the expiration of the contract, there is far less pressure on the union to negotiate as aggressively.

<https://manhattan.institute/article/opportunities-in-new-york-city-fy-2024-budget#notes>

Management officials, especially superintendents of schools, have lamented that the Triborough Amendment and the continuing step increases lessen their negotiation leverage in the process, thereby costing the taxpayers dearly.

As far back as the 2010-11 fiscal year, the Empire Center estimated that the amendment would up costing taxpayers \$140 million annually for the State government and another 300 million a year for school budgets.

<https://www.empirecenter.org/wp-content/uploads/2013/09/Triborough-Final2.pdf>

The impact of the Triborough on the bargaining process was crystallized in a 2018 article by Terri O’Neill and E.J. McMahon of the Empire Center, wherein they concluded: “As a result of the Triborough Amendment, a union that has a favorable contract—especially one protecting a costly non-salary item, such as a ‘no-layoff’ guarantee—may simply stop the bargaining process at mediation and refuse to go any further. Interpreted strictly, the law would allow a union to block arbitration indefinitely if the impasse involves a provision the union does not want to change”

[https://www.empirecenter.org/wp-content/uploads/2018/05/Taylor-Made\\_2018-Edition\\_Final-1.pdf](https://www.empirecenter.org/wp-content/uploads/2018/05/Taylor-Made_2018-Edition_Final-1.pdf)

School board administrators are adamant that a reform of Triborough would significantly help taxpayers. Lawrence M. Cummings, Executive Director of the Central New York School Boards Association noted that “Triborough makes it impossible” to manage costs, and leaves management with “little or no bargaining power”. He also states that “little or nothing is gained” through buybacks, and, as such, “shifting the ever rising cost” of education to local taxpayers is “not a practical option”. <https://www.empirecenter.org/publications/triborough-trouble/>

Timothy G. Kremer, Executive Director of the NY State School Boards Association, added that “Taxes are too high because spending is too high” and reform is needed to stem “ever rising costs” in order to help “our schools and our communities.”

<https://rbj.net/2010/04/23/governor-lawmakers-reform-triborough/>

The New York State Conference of Mayors (NYCOM) stated that Triborough “undermines the collective bargaining process” by discouraging unions from offering concessions.

<https://www.empirecenter.org/publications/triborough-trouble/>

This is an instance where a New York law, just as in the case with the Scaffold and Wicks laws, is unique amongst the 50 states.

## 7. DISABILITY ABUSE

In New York State, individuals may be eligible for the accidental disability benefit if they have become incapacitated due to an on-the-job accident.

(<https://www.osc.ny.gov/retirement/publications/1512/accidental-disability>).

Disability levels in New York, however, are exceedingly high, in part, because of specific [legislation that has codified presumptions of eligible injury coverage](#) for police officers and firefighters. More specifically, section 207-k of General Municipal Law, notes that any heart impairments evident in a police officer or firefighter will be presumed to have been job-related. This presumption makes it infinitely easier for claimants to become eligible for a disability payment.

Disability coverage is often sought by many employees who aren't actually impaired due to the fact that the employee can sit at home and collect 100% of his or her regular salary exempt from state and federal taxes. In essence, for many of these individuals, they wound up making [more money](#) staying home than going back to work.

Moreover, if the employee retires due to accidental disability, he, or she will still be eligible to receive [75% of the income](#) calculated at retirement, also tax free.

To put this into perspective, a worker who retires under normal circumstances would receive 50 to 60% of his highest income as the base for his pension. However, if the individual goes out on retirement due to a disability that can jump dramatically to up to 75%. And on top of that, it is often tax-free.

(<https://nypost.com/2022/08/26/over-half-of-fdny-pensioners-retiring-on-disability-report/>)

These incentives have opened the door to fraud, as several police officers, firefighters, and prison guards were charged with faking disabilities to get federal disability benefits.

(<https://www.cbsnews.com/news/100-nyc-workers-charged-in-disability-scam/>).

In 2018, the U.S. Attorney's Office for the Southern District of New York announced the arrests of former NYPD officers and FDNY firefighters for gathering over \$1 million in disability benefits.

<https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-arrests-former-nypd-officers-and-fdny-firefighter>).

The problem is so pervasive that it is estimated that anywhere between 1/3 to 1/2 of all New York City Police Department officers are retired on a disability pension.

<https://www.disabled-world.com/editorials/political/nypd-pensions.php>

The Empire Center has noted that in 2022 approximately 60% of all firefighters had retired with a disability pension.

<https://nypost.com/2022/08/26/over-half-of-fdny-pensioners-retiring-on-disability-report/>

And perhaps, what is the most notorious of all disability scams was that exposed at the Long Island railroad. Remarkably, the onerous contracts and the lack of management oversight allowed for an eye popping 98% plus of all Long Island railroad employees retiring with some type of disability pension.

<https://www.newsday.com/long-island/accounting-of-lirr-disability-fraud-sought-s27586>

Disability in the public sector often became a cottage industry. In the case of the Long Island railroad a mere three well connected doctors processed nearly 80% of all the disability claims filed between 2004 and 2008.

<https://www.justice.gov/archive/usao/nys/pressreleases/August13/LesniewskiVerdict.php>

Removing the provision that provides for a presumption of many of these disabilities to be job related would help eliminate much of the incentive that presently exists for fraudulent claims.

It is also time to consider the laws that allow for these payments to be collected tax-free. It is illogical that an individual who is not at work would be making more money than if they did show up to work.

Additionally, disability claims would drop dramatically if the state mandated that recipients of Disability payments are required to report to a centralized location every day for several hours, with exceptions given only to those who are truly immobile.

## 8. SICK LEAVE ABUSE

The idea of receiving a payout upon retirement for most private sector employees is unheard of. They carry out their years of employment with the understanding that, as to sick days, you use them or lose them.

Currently, some public employees such as correction officers, have the ability to utilize unlimited sick leave benefits within New York City.

<https://www.nyc.gov/site/doc/media/staffing-efforts.page>.

Because they have unlimited sick days available, the correction officers are unable to bank their sick days for payment upon retirement. This has major financial implications since Section 341(j) of New York State's Retirement and Social Security Law (RSSL), permits public employees to [receive credit for their unused sick days at retirement](#), effectively allowing them to walk out the door with payments that sometimes amount to hundreds of thousands of dollars in compensation for these unused sick and vacation days. What's more critical from a taxpayers perspective is that the payment for the sick days that might've been accumulated 25 years prior are calculated based on the employee's salary at the time he or she retires.

Instead of the current system that allows for sick days to be banked while a public employee is actively employed, the system used with corrections officers, with [unlimited sick leave](#), can be applied to other public employees to avoid unnecessarily large payouts upon retirement.

Such a reform could have significant fiscal implications, given how expensive these payouts can be. Take for instance the enormous benefits offered to Nassau County police.

A newspaper ad for the Nassau County police exam boasts "unbelievable benefits." A case in point is the former Nassau County police commissioner, Thomas Krumpeter, age 51, who retired with a \$138,000 annual pension for life.

<https://www.cbsnews.com/newyork/news/nassau-police-termination-pay/>

He was also earning another government check heading up the police department in Lloyd Harbor for \$183,000, and banked more than \$550,800 for unused sick and vacation time. -

<https://www.cbsnews.com/newyork/news/nassau-police-termination-pay/>

Nassau officers can bank as many as 275 unused sick and 90 unused vacation days for payout at retirement. <https://www.cbsnews.com/newyork/news/nassau-police-termination-pay/>

In nearby Suffolk, the retiring Suffolk police chief received a check of \$434,370 for unused sick and vacation time.

<https://www.newsday.com/long-island/suffolk/james-burke-due-434-000-for-unused-sick-and-vacation-time-n03998>

Meanwhile, the City of New York paid \$21 million in 2021 to high-ranking city officials who stockpiled sick, vacation, and comp days over decades of service before retirement, data obtained by THE CITY reveals.

<https://www.thecity.nyc/2022/10/05/city-brass-net-21-million-retirement-payouts-workaholic-tendencies/>

Veteran heads at some of the city's uniformed agencies — including police, fire and correction departments — nabbed the top 10 so-called lump-sum payments, records obtained via a Freedom of Information Law request show.

<https://www.thecity.nyc/2022/10/05/city-brass-net-21-million-retirement-payouts-workaholic-tendencies/>

They each cashed out more than 100 days of unused vacation, comp and sick time combined, the data shows.

<https://www.thecity.nyc/2022/10/05/city-brass-net-21-million-retirement-payouts-workaholic-tendencies/>

## 9. MANDATORY ARBITRATION

So now that we have seen how much money taxpayers must come up with due to the archaic disability and sick day abuses, as well as burdens of the Triborough Amendment, one may ask, why aren't these regressive policies changed?

One of the reasons is that elected officials on both sides of the aisle have taken huge political contributions from the very unions that they are overseeing. Seeking to diminish, or even control, the growth of these perks will earn the wrath of the municipal unions, which are an incredibly potent political force.

Yet another problem is that once these perks are embedded into a contract, it often requires further give-and-take in a negotiation process with the unions to eliminate the perks.

The unions are not going to give up these perks without getting something in return. If management seeks to limit the number of sick days that can be banked, the union will agree only if they receive some other benefit in return. This, perhaps, may be a larger than expected salary increase, a drop in their pension or healthcare contributions or the attaining of additional longevity payments for their members.

Even when management digs in its heels in an attempt to eliminate some of these perks, they are hampered in doing so in the law enforcement sector because the unions know they can always trigger binding arbitration.

The state's Taylor Law created a system that prevented law enforcement from going on strike, but coupled it with the ability for the union to go to mandatory arbitration when an impasse in negotiations developed. This has worked wonders for the union and their membership. Once a contract goes to an independent mandatory arbitrator, control is now out of the hands of management.

Theoretically, the arbitrator would provide a fair and rational final decision, but more often than not, the arbitrators gave away the store to the unions. This is the case in part because the arbitrator is selected with the agreement of both management and the unions. The unions are not going to agree to a conservative, fiscally tight arbitrator. On the other hand, elected officials in management, who continue to collect donations from the unions, may be more willing to sign off

on an easy-going, more liberal oriented arbitrator, who will make the unions happy. After an award is granted, the elected official can simply say it was out of his hands. The huge contract was delivered by the independent arbitrator..

Many county executives have complained that the prospect of mandatory arbitration provides the union with enormous leverage. They have absolutely no incentive to provide give-backs through normal negotiation and will instead welcome an impasse so that they can go to the arbitrators - who will, more often than not, provide lavish salaries and perks to the unions.

Moreover, in some counties, such as Nassau and Suffolk on Long Island, a concept of “leapfrogging” developed, whereby the mandatory arbitrator in one county would look to the larger award given in the neighboring county and use that as a benchmark. Once that new level is established, the arbitrator in the other county will use that higher benchmark as the new standard, thereby having a continuous escalation of costs.

Mandatory arbitration has provided Long Island police officers with among the most envious contracts in the entire public sector throughout the nation. Base salary for some detectives in Suffolk County is now over \$227,000. Officers receive 26 sick days a year and 25 X days, which are additional days off after shifts. That is in addition to 13 paid holidays.

Mandatory arbitration had for decades been available only to Nassau and Suffolk police officers and not to New York City’s finest. This led to a situation where at one point the starting salaries for Long Island police officers were higher than the top salaries for their brethren officers in New York City. That disparity has started to change in large part because New York City police officers recently were also granted arbitration. Instead of the lofty Long Island salaries coming back down to a more reasonable figure, the city salaries have risen significantly.

## **10. 20 YEAR RETIREMENT**

One of the most coveted perks in some parts of the public sector is the ability to secure retirement after just 20 years of service. As noted above, fewer and fewer individuals in the private sector have any type of pension at all. It was always an attraction for job searchers that pensions were a given in the government sector. But there are different levels of retirement perks, depending on the contract in that particular line of work.

While most public employees would have to wait until at least 55 years of age and 30 years of service to collect the pension, many law enforcement employees have traditionally been able to retire after a mere 20 years of service.

This has a huge impact on budgets. While many advocates promoting early retirement will claim that money is saved by having the higher paid employee retire, thereby being replaced by a rookie at a much lower cost, these so-called savings are illusory.

What cannot be forgotten is that the salary to the newcomer will be paid on top of the pension allocated to the retiree. Thus, that single position will require healthcare benefits for the incoming employee, as well as lifetime healthcare benefits for the individual who just retired. When the retirement age is as low as 20 years, it is conceivable that there can be four individuals being paid for that single position within the department at any one time. A 23-year-old entering the police force who retires at 43 could see three other incoming employees in that same position by the time he turns 83.

This may have been more justified in an era where lifespans were shorter and where there was difficulty attracting people to the public sector positions. Neither is the case any longer.

It is estimated that a bill granting 20 year retirements to the New York State Environmental Park police would result in \$55 million in past costs, as well as 14.5 million additional dollars every year into the future. <https://cbcny.org/advocacy/cbc-urges-governor-veto-20-benefit-sweeteners>  
<https://www.nysenate.gov/legislation/bills/2021/S4523>

An analysis of a potential 20 year retirement for New York State correction officers indicated that there would be an additional annual cost of roughly \$60 million, with an additional \$18

million required for specific retirement credit calculations.

<https://legislation.nysenate.gov/pdf/bills/2025/S7004>

The earlier the retirement, the longer state and local taxpayers must foot the bill for the health benefits for that retiree. The state would be on the hook for only three years for a typical worker retiring at 62 years of age. On the other hand, the State and local taxpayers would be responsible for the full amount of healthcare costs for police officers retiring at 45 for a period of two decades.

<https://nypost.com/2020/07/04/we-need-to-cut-police-pensions-and-benefits-not-officers/>

## **11. HEALTHCARE BENEFITS**

The cost of supplying public employees with healthcare benefits is enormous for taxpayers. Of course, these benefits are essential to attract and retain qualified people to work in the public sector. The question remains, however, as to what should be a reasonable amount of contribution by the employee to his or her own health plan.

The amount of contribution depends on which tier the employee falls into. It also depends on the strength of their collective bargaining unit. For instance, retired Suffolk County workers in lower tiers contribute zero to their healthcare in retirement.

Unlike pension benefits, which are protected from being diminished by the New York State constitution, healthcare benefits retain no such protection. Consequently, lawmakers do have the ability to require future, and even present employees and retirees, to contribute more to their healthcare. This is significant since these benefits can exceed over \$23,000 annually per employee.

## 12. CONTROL COSTS TO ILLEGAL ALIENS

The big spending talking point about allocating tax dollars for illegal aliens is that benefits for the undocumented are not legally permissible under federal law. We've now learned that there are big enough loopholes in these laws that trucks can drive through.

The first is that there are no such restrictions on state legislatures raising taxes on its population to fund housing, food and healthcare for those here illegally. New York State has been in the forefront of those states that eagerly funnel money to those who come into their state without a proper basis and remain here illegally. Some justify these expenditures by citing provisions within the state Constitution and subsequent legal decisions that reportedly claim to require the state to care for any resident regardless of their immigration status. Even if this is true to some degree, New York has gone over and above the minimum required.

A perfect example was how Mayor Eric Adams at first stood outside buses that were bringing illegal aliens into the city and welcoming them with open arms. But soon the mayor realized the enormous economic stress that this open-door policy was having on the city budget. He quickly reversed himself and sounded the alarm that the city was going to be on the hook for billions of dollars over the following three years to care for the waves of illegal aliens entering into the city. Of course, the declaration of the city and state as sanctuary jurisdictions and the huge benefits showered upon the illegal population, created an incentive for more to come.

The state comptroller reports that the state government spent over \$4 billion on caring for asylum seekers, while the city budgeted approximately \$10 from 2022 to 2026.

<https://www.osc.ny.gov/reports/asylum-seeker-spending-report>

Illegal immigrants obtain state health care benefits through various sources. Those 65 years of age or older are entitled to state Medicaid coverage. Children of illegal aliens are eligible for the Child Health Plus program. And pregnant undocumented women are eligible for prenatal care. Most costly is the care delivered to the undocumented at hospital emergency rooms.

It is essential that state leaders commence action to amend the state's constitution to clarify that taxpayers will not be responsible for housing and feeding illegal aliens. In the meantime, state and local leaders should end sanctuary designations and provide the bare minimum to satisfy any existing constitutional requirements.

## CONCLUSION

New York State's designation as one of the least affordable, highest taxed states in the nation is well earned. It became a reality in large part because governance in New York State is so intertwined with the disproportional power of the state's municipal unions. The keen desire of elected officials to gin up their reelection chances by pandering to the unions has led them to impose crushing mandates on taxpayers to support policies rewarding their allies in the public work force.

There is a path to greater fiscal stability, but it would require great bravery on the part of those elected in office to buck the powerful special interests who help them gain and maintain power.

The solutions are clear enough. Here is the roadmap to control spending and taxes and to finally reverse the exodus of taxpayers to cheaper pastures in other states.

\*End Mandatory Arbitration

\*Eliminate the Scaffold Law

\*End the Wicks Law

\*End the program paying individuals to care for family members

\*Raise the cap on class size in New York City schools

\*Reimpose tier 6 reforms that required more pension contributions from public employees while ending overtime from being calculated in setting pensions

\*Require all retirees to contribute to their health care costs

\*Mitigate disability abuse by eliminating presumptions that heart ailments are job related and eliminating the waiver of tax payments on disability awards. Require all disability recipients to appear for a certain amount of time, five days a week, at a designated location to counter the incentive to stay home if one is not truly disabled.

\*End the banking of sick days by providing unlimited time for illnesses

\*Change the defined benefit pension system to a defined contribution system for public employees

\*Restrict the free SUNY tuition program to just those in need

\*Lift the cap on charter schools, which provide higher performance at lower costs

\*End the possibility of retirement after just twenty years of service

Finally, our center proposes other important measures, not reflected in the pages above.

The state legislature should act forthwith in promoting three other major policy goals -

\*Impose a cap on state spending

\*Utilize the opportunity to impose financial control boards to a greater degree. Such boards, as the one that helped rescue New York City from fiscal collapse in the 1970s, provide authorization for independent trustees to limit borrowing, control spending and undo burdensome contracts, thereby allowing these municipalities to start anew.

\*Amend the state's campaign finance law to require that any candidate who participates in the public financing system would have to first agree to not accept any donations from municipal unions or vendors that do business with the state government.