

CENTER FOR  
**Cost Effective**  
**GOVERNMENT**

A YEAR IN REVIEW (2014)

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## A YEAR IN REVIEW

The Center for Cost Effective Government is a not-for-profit corporation formed in 2012 with the goal of promoting more efficient government in the state and region. The Center is a cadre of some of the most significant business and community leaders throughout Long Island dedicated to the concept of reversing the extraordinarily high cost of living in New York State, and Long Island in particular.

This End of Year Review chronicles the activities of our Center since its inception.

While we have seen many think tanks re-state the problem of inefficiency in government, there is little follow through to ensure that these ideas get implemented. Ours is more of a "do tank" that takes an idea, such as the consolidation of school districts or local government, and provides the legal research, the community rallying, and the procuring of petitions to place the issue on the ballot to actually effectuate change. We are of the belief that before you can fix a problem you must first identify the cause of the problem. We analyze what the actual drivers of costs are in our state that push our property taxes to confiscatory levels, and then fashion the legislative remedies to this problem.

There are numerous underlying reasons for our extraordinarily high cost of living. The two most prominent factors pushing up costs in our region are the high public sector employee costs, resulting mainly from restrictive policies mandated upon local governments by the state, and the costs associated with the myriad of overlapping taxing districts that proliferate throughout Long Island.

Our Center has addressed these items, as well as numerous others including:

- The unfair and burdensome tax on local business imposed by the Metropolitan Transit Authority
- The need to promote efficiency through joint purchasing programs
- The need to reform inefficiencies in the BOCES purchasing process
- The push for a same day vote for special districts
- The need for the independent redrawing of legislative districts

## FIGHTING STATE MANDATES

Mandates are policies that are required to be carried out by local governments at great expense and at the direction of the state or federal governments.

Over the years there has been a great deal of talk about the idea of providing mandate relief, with little subsequent action. Upon passage of the tax cap, we were led to believe that mandate relief would follow. Thus far, it has not to any significant degree. Local governments and schools must cut their budgets to conform to the tax cap, yet they are still required to raise their spending to meet burdensome state mandates related to the Triborough Amendment, binding arbitration, and escalating pension costs.

We, at the Center for Cost Effective Government, worked to enlist the support of statewide taxpayer organizations to have Governor Cuomo and the State Legislature refocus their legislative agenda on one of the most important issues facing New Yorkers today - the crushing state mandates and regulations which are bringing school and local budgets to the brink of disaster.

We criticized the fact that former State of the State addresses contained very little mention of the fact that local budgets, which are now for the most part depleted of their reserves, are on life support. We believed that it was no time for the state government to simply pretend that this crisis that localities are facing is simply going to go away by not focusing on it. This is why the Center for Cost Effective Government began promoting an agenda of reforms that we believe are essential for the State Legislature to pass.

We noted that the governor's panel on mandate relief in 2011 published a white paper that did not recommend many specific overhauls that would have much of an immediate impact on our local governments and local taxpayers.

We knew that were our legislators to put together a specific plan for real mandate relief, taxpayer organizations around the state could place pressure on our representatives in the Senate and

Our executive director also met with the Suffolk County Village Officials Association to encourage their support of the mandate relief bill.

In the fall of 2014 members of the Center met with representatives of the We the People organization, based Upstate. The leader of the not-for-profit organization, Bob Schulz, is a well proven advocate for taxpayers. Mr. Schulz' organization initiated the lawsuit to end the practice of having unlimited votes on school budgets that had been defeated. Because of their work, a school district will only be allowed one re-vote after a budget has been rejected by the voters.

We discussed with Mr. Schultz and his associates various strategies that we could employ to help pass our Mandate Relief package. One suggestion that we thought promising was the idea of beginning a large-scale state wide electronic petition process.

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### **Check out our Video and Petition**

We thereafter initiated a petition process seeking to garner support from taxpayer groups throughout the state. We followed that up with an in-depth video we produced through the help of Causality Productions. The video was blasted out to all of our statewide contacts asking them to share it with all of their members. It is also attached to the website of our electronic petition.

Our website can be found at <http://www.centerforcosteffectivegovernment.org/>

To further the garnering of support for our mandate relief proposal, several members of our Long Island coalition scheduled a meeting with statewide advocates through the office of Assemblyman Fitzpatrick. On October 2, 2014 we met with a number of statewide representatives of these organizations at the Senate Minority Leader's office. We agreed to fashion a letter to be sent to the governor that would be signed by participating members seeking a meeting to ask the governor to incorporate our positions within his upcoming budget. We also decided to meet with approximately five members of the legislature's majority in the early portion of the upcoming session to seek a majority sponsor for the legislation.

Unfortunately, a backpedalling was foreshadowed by the Governor's announcement that he was creating a study panel, with word leaking out that no reform would advance without union support. This doomed any true reform. The creation of the property tax cap would have been dead on arrival had the Governor employed the same cautionary strategy requiring union approval as a prerequisite. He didn't do so with the tax cap, yet, oddly, he did so in the case of mandatory arbitration.

3) **The Triborough Amendment:** New York is the exception rather than the rule in having a concept such as the Triborough Amendment, which allows for public sector employees to receive automatic pay increases even after a contract has expired. Schools and local governments have long complained that Triborough removes incentive and pressure on the unions to negotiate concessions. A8603A would allow for salary and benefits to continue after the contract's termination, but eliminate the step salary increases during this period.

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### **The Steps We've Taken**

In September of 2013, the Center held its first gala dinner at Lombardi's on the Bay in Patchogue. Approximately 200 people attended the dinner that paid homage to state senators who had expressed a willingness to support the mandate relief cause. The dinner was successful in enhancing the clout of our organization and recruiting many new important members.

In January 2014 a bus load of Center advocates joined forces at a press conference in the well of the state legislature office building to announce the introduction of the Fitzpatrick bill. A half dozen assembly members attended the press conference to announce that they would be joining on as sponsors.

Assemblyman Fitzpatrick and executive director Steve Levy met with several editorial boards including the **New York Post** and the **Times Beacon Record** to garner support for these reforms. Both the Post and the Record gave glowing editorials for the reform agenda, as did the Smithtown News and various publications in other parts of the state.

COLUMN

## Phony answers on property taxes

By Steve Levy

January 7, 2015 | 7:50pm



Photo: Shutterstock

As executive director of the not-for-profit Center for Cost Effective Government, I was at first excited to hear that an outfit called EffectiveNY will host a Jan. 20 forum in New York City about the exorbitant property-tax levels in New York state.

I was quickly disappointed, however, to discover that the organization promoting this forum is actually an umbrella group for some of the biggest spending interest groups in the state.

Their solutions to our high property taxes are twofold: 1) raise income taxes; 2) have state government pick up the full share of Medicaid costs.

While these issues can become part of an overall debate, they can't be highlighted to the exclusion of the true roots of what is pushing costs so high: state unfunded mandates foisted upon localities.

We don't oppose having the state pick up the full share of Medicaid costs; however, all that does is shift costs from one taxing entity to another.

It does nothing to control the forces behind driving costs up in the first place. New York pays more for Medicaid than Florida and Texas combined.

This is an illusory saving that these groups are clearly proposing so they can stop dead in its tracks any effort by reformers that would impact the unions and other big-spending interests.

EffectiveNY makes no mention of the need to reform the unsustainable pension system, let alone provisions like mandatory

arbitration and the Triborough Amendment, which both strengthen public-sector unions in contract negotiations.

All across the nation, overgenerous pension awards made years ago are now coming home to roost; they're one prime culprit in bringing many localities to the brink of bankruptcy.

While New York has made window-dressing attempts at pension reform, such as the new Tier 6 (which simply pushes out a retirement date from 62 to 63 years of age for new employees), state leaders made no effort to, for example, stop allowing overtime for current employees to be incorporated into a final pension benchmark.

This practice has left some Long Island law-enforcement employees retiring with pensions of up to \$184,000 a year.

Meanwhile, the defined-benefit public pensions typical in New York provide for a taxpayer-guaranteed 7.5 percent return on the pension system.

This means, for example, that if the market is only going up by 2 percent a year, taxpayers make up the other 5.5 percent.

Long-term sustainability will only be ensured when, at least for new employees, we transform to a defined-contribution system, similar to the 401(k) programs now dominant in the private sector.

Mandatory arbitration has led to an escalation of salaries in public-sector law enforcement that will soon give some Suffolk County detectives an annual salary of \$227,000.

Under this process, which came into effect through the Taylor Law in the 1960s, union leaders have very little incentive to negotiate anything but large salary and benefit increases — since they know they're likely to get sizable awards from the arbitrator anyway.

In 2010, New Jersey placed a 2 percent cap on awards. It's time for New York to follow suit.

Other municipal unions also lack incentive to negotiate due to Triborough, a doctrine unique to New York.

This rule dictates that, even after a contract has expired, employees still get salary hikes in the form of steps, 2 percent to 4 percent increases for simply living another year. The step is above and beyond the negotiated salary increase in the contract.

Triborough lets the union wait it out until management caves. Ask any school superintendent, ending Triborough would relieve tremendous pressure on property taxes.

All three mandates — pensions, arbitration and Triborough — can be cured with the passage of bill No. A8603, now before our state legislators.

So let's be thankful for this forum to discuss property taxes in New York, but let's be clear: We already know what's pushing up already-high property taxes, and also know what the solutions are. What's been missing is the will to implement them.

Hopefully, the interest groups behind this forum won't impede our efforts to make these reforms a reality.

*Steve Levy served as Suffolk County executive 2004-2011.*

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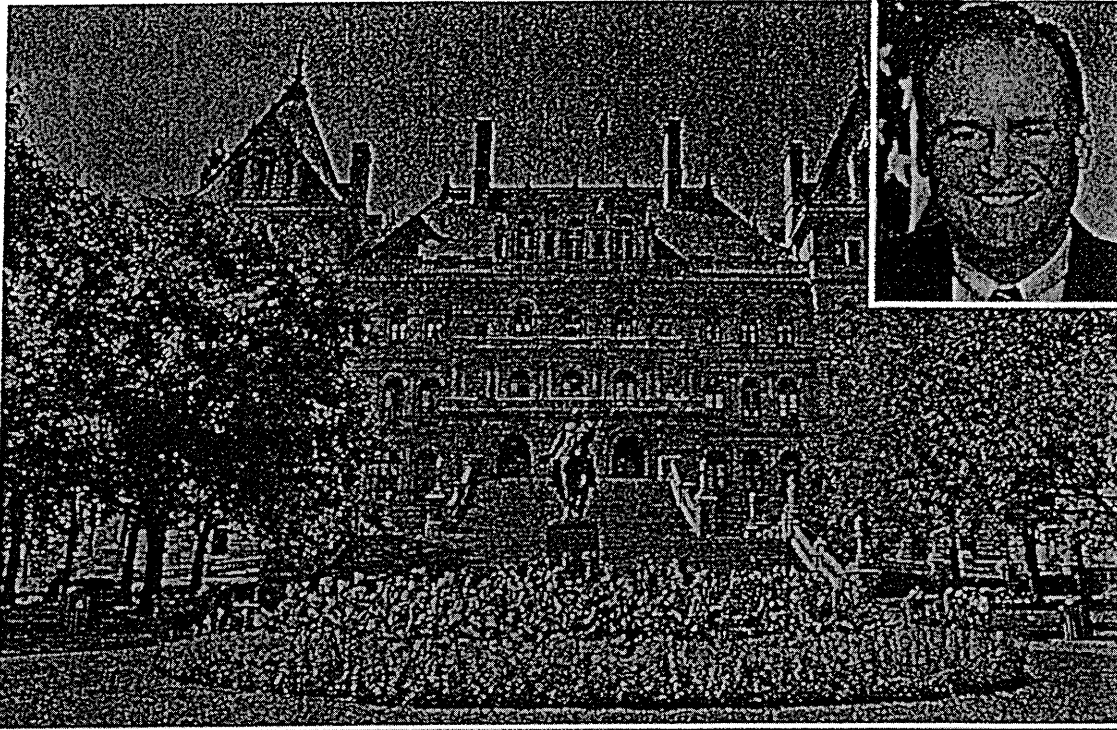


OPINION EDITORIAL

## New year a fiscal test for NY's GOP

By Post Editorial Board

December 29, 2013 | 4:56pm



Republican assemblyman Mike Fitzpatrick's bill would change business-as-usual politics in Albany.

Photo: Shannon DeCelle

For those who wonder if New York will ever get a viable Republican Party, the answer is: not until Republicans start pushing an agenda that directly challenges business-as-usual in Albany.

They'll have their chance in the first days of the coming year.

That's when Mike Fitzpatrick, a Republican assemblyman from Suffolk County, says he'll introduce a bill with four reforms that overnight would help ensure that the government works for the people instead of the other way around.

First, it would remove the automatic increases in pay that government workers now get even when their contracts run out. Because these raises are automatic under the Triborough Amendment to the state Taylor Law, unions have zero incentive to negotiate, while those representing taxpayers have zero leverage.

Second, for police and firefighters, it would require 25 years of service for retirement. In addition, no one could retire before age 50.

Third, it would mandate defined-contribution retirement plans for all new state workers. That's the same kind of retirement plans that taxpayers in the private sector, who pay their salaries, have.

Finally, it would limit pay raises from binding arbitration to 2 percent, ending the practice of arbitrators awarding fat raises even when cities can't afford it.

These are all major reforms that address the issue no one in Albany really wants to talk about: out-of-control spending. For that

same reason, its chances of even being voted on, much less passed, are almost nil.

That doesn't mean the GOP can't push it. The main reason Republicans do so badly in this state is that few people could tell you what they stand for, except maybe the same as Democrats, but less.

The Fitzgerald bill offers an opportunity for Republicans to take a stand taxpayers can appreciate, to force a real debate -- and maybe to establish something New Yorkers haven't seen for years: a genuine Republican agenda.

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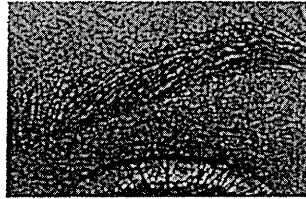
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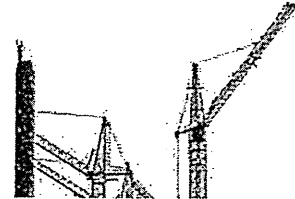
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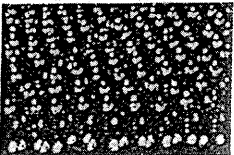
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Date: April 17, 2014 at 11:49 AM  
To: Steve Levy caval50@aol.com

gave nice support ...

## Editorial: Give mandates the heave-ho

April 16, 2014 | 01:42 PM

While our police officers and teachers may deserve high salaries and pensions, taxpayers simply can't afford endless increases.

That's the message Assemblyman Mike Fitzpatrick wants to get across during his tour of sorts with former Suffolk County Executive Steve Levy to get support for a three-tiered bill he has sponsored.

The bill, A8603, would:

- Change the Triborough Amendment of the Taylor Law, which guarantees that after a contract with public employees expires, the components of that agreement remain in effect until a new contract has been ratified. The change would eliminate automatic step-salary increases and would specifically affect teachers unions.
- Cap at 2 percent public servants' pay awards won in arbitration.
- Require new public employees to contribute to a 401k-style pension plan, a defined contribution program, as opposed to the current defined benefit program in which taxpayers are on the hook for pension spending.

Fitzpatrick (R-St. James) has long pushed for pension reform and recently partnered with Levy, now executive director of the Center for Cost Effective Government, a group that pushes for lower taxes and government reform.

While any elected leader will say he or she supports mandate reform as a way to stop tax bills from skyrocketing, that official needs to put his vote where his mouth is.

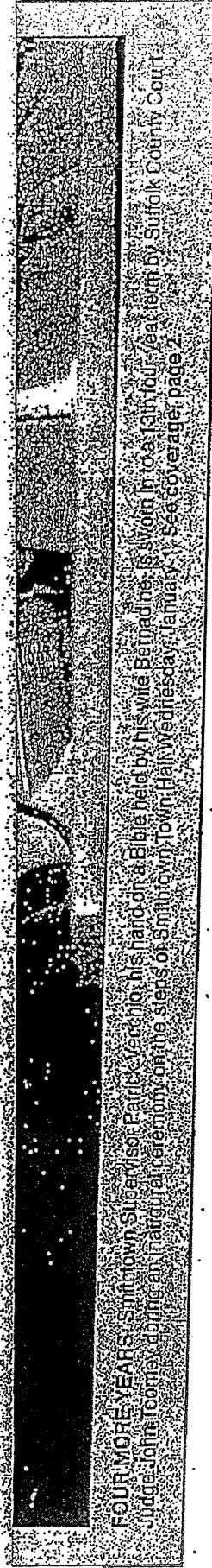
Elected officials — and police and teachers — enjoy a defined benefit pension: When they retire their pension will be a guaranteed, set amount. But who pays for that? Taxpayers.

Levy pointed out that when he was county executive, shortly after the 2009 economic downturn, not only did the county see less sales tax revenue but also pension payouts increased by \$45 million in one year.

"There's no more elasticity in the taxpayer," Fitzpatrick said, and that's why these expensive payouts must cease. "We have to deal with this sooner or later."

Fitzpatrick, an ardent fiscal conservative, has no interest in "finding new sources of revenue" — code, he says, for raising taxes or charging fees. Rather, the state and its counties, towns and school districts could see a bright financial future if the defined benefit pension system is dismantled and replaced with a 401k-style system where the employee and employer contribute along the way instead of leaving taxpayers to foot the bill — which is often larger than expected — at retirement.

"It's unsustainable," Levy said.



**FOUR MORE YEARS** Smithtown Supervisor Patrick Varchio, his wife Bernadine, is sworn in at a Bible reading ceremony on the steps of Smithtown Town Hall Wednesday, January 8. See coverage, page 2.

# Fitzpatrick bill seeks labor reform

## Assemblyman seeks mandate relief related to municipal union contracts

By DAVID AMERO

New York State Assemblyman Michael Fitzpatrick (R-Smithtown) intends to introduce labor reform legislation next week which will significantly impact public employees and their unions in terms of their benefits and collective bargaining.

The Fitzpatrick legislation was unofficially rolled out with an editorial of support December 30 in The New York Post. During an interview Monday, January 6, Mr. Fitzpatrick touted his legislation as substantive mandate relief that municipal officials have been demanding from the state.

Mr. Fitzpatrick said his legislation will do three things:

- Impose a 2% "hard" cap on mandatory arbitration awards for municipal employee contracts, the same legislation enacted in New Jersey by the administration of Governor Christie.
- Amend the landmark Triborough Amendment to the state Taylor Law to limit contract terms that continue after expiration of a contract to salary, vacation and health care coverage.
- Establish a defined contribution retirement plan where employees fund the pension as an alternative to the mandatory defined benefit plan in which government finances the cost of the pension program.

Mr. Fitzpatrick said public school teachers will be offered an option to join the volunteer defined contribution plan that is presently being offered to faculty of the State University of New York (SUNY) system.

Mr. Fitzpatrick also proposed the defined contribution plan apply to elected officials.

"There is a tremendous amount of frustration out there by local municipalities that there is no real mandate relief. This is real mandate relief," Mr. Fitzpatrick said. "I wanted to keep it straightforward and simple and this deals with the three major problems municipalities are facing right now."

According to Mr. Fitzpatrick, the legislation is being drafted and should be ready within a week. He will then draft a memorandum to his colleagues in the legislature seeking support for the bill. Mr. Fitzpatrick was uncertain this week what committee the legislation would be assigned to, and he declined to speculate who might sign on in support, or if there would be bipartisan backing.

"Our goal is to create some public pressure on members of the legislature that it is time to get serious about these mandates. If I have to travel around the state seeking support for this legislation, I'll do that," Mr. Fitzpatrick said. "I think it is a reasonable approach and that any municipal official would be happy to have this bill approved."

# Biggio falls short of Hall by 0.2%

## Cooperstown on hold for KP star

Craig Biggio, a Kings Park native and 1984 Kings Park High School graduate, fell just 0.2 percentage points short of election to the National Baseball Hall of Fame. Biggio received 74.8 percent of the vote, but was two votes shy of the required 75 percent announced on Wednesday, January 8.

Mr. Biggio, who was in his second year of eligibility for the Hall, was a lifelong member of the Houston Astros, spending time as catcher, outfield and second base during his 20 seasons. He had a career average of .281 and compiled 3,090 hits, 291 home runs, 414 stolen bases, 1,175 RBIs and scored 1,844 runs.

CR 107 03/124 2013  
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# Measure meaningful mandate relief bill

When New York State Senator John Flanagan (R-East Northport) sponsored his 2% property tax levy cap three years ago, he promised it would only be passed at the same time as substantive state mandate relief for school districts and municipalities. The tax cap was enacted, but not mandate relief.

Now, New York State Assemblyman Michael Fitzpatrick (R-St. James) is drafting legislation that will offer mandate relief in the form of significant changes in the state's labor laws. He proposes to: impose a 2% "hard" cap on mandatory arbitration awards for municipal employee contracts; legislation copied from a New Jersey law; amend the controversial Triborough Amendment to the state Taylor Law to limit hold-over contracts to salary, vacation and health care coverage; and establish a defined contribution retirement plan as an alternative to the mandatory defined benefit plan, which are choking local governments.

Although it is likely to make him a target of organized labor, what Mr. Fitzpatrick is proposing certainly is significant mandate relief. These are things that municipal officials, and the political right wing which Mr. Fitzpatrick represents, have been crying out for.

Now comes the test. What are Mr. Fitzpatrick's colleagues in the New York State Legislature going to do? Mr. Fitzpatrick said this week that he intends to have the legislation drafted and on the table by next week. Then, he intends to send a memorandum

to legislators in the Assembly and Senate soliciting their support.

The big question now is what Mr. Flanagan intends to do. Three years ago he promised a push for mandate relief but never delivered—never even tried. Now, one of his Republican colleagues has made a courageous move to deliver and he will need help if his legislation is going anywhere.

Mr. Fitzpatrick is a Republican member in the Assembly minority with very little voice. For the most part, the proposed legislation of an Assembly Republican never finds its way out of committee.

Mr. Flanagan is a Republican in the Senate, which controls the majority in a power-sharing agreement with a handful of rogue Democrats. Mr. Flanagan has the clout to substantiate the Fitzpatrick legislation, and get it moving. But, will he?

Mr. Flanagan talks a good game about mandate relief but in his decades in the legislature he has never really tried. Now the opportunity is here and he will have to show his true colors. Are all those things he says about mandate relief just lip service? Or is he going to join in sponsoring the Fitzpatrick legislation?



## The Smithtown News

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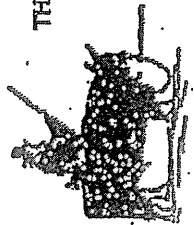
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clearly didn't want to be there — in less than two years, he bailed to rejoin the private sector.

Next up was Stricoff. Bellone's boyhood buddy. He did well leading the Babylon IDA but Spota's investigation — following allegations that Stricoff collected \$125,000 in unauthorized salary increases and benefits as Babylon Town Democratic chairman — shows the executive's vetting process was not exactly watertight, or that Bellone was more interested in promoting his pal than any thing else.

Stricoff might have been a great get for the Suffolk IDA. Certainly, he's one of Long Island's bigger brains. And he's innocent until proven guilty. But the allegations smelled bad enough to short-circuit his nomination, and if something that stinky lurks in someone's closet, you'd think the county's most powerful person would know it.

Bellone should let the Suffolk IDA pick its own people based on knowledge and experience — anything but politics. Officially, the county executive isn't even supposed to be part of the IDA nomination process.

If that lesson is truly learned, than this embarrassing episode was worth it.

■ GREGORYZELLER@LBN.COM

# Fitzpatrick, Walker victories a warning to weak leaders



Steve Levy

Of all the Long Island races this year, the one that may mean the most to residents is the little-heralded victory of Smithtown Assemblyman Michael Fitzpatrick, who withstood an onslaught of nasty, unconscionable attacks from the police unions.

The Republican earned such wrath for having the audacity to introduce a taxpayer relief package that would cap mandatory arbitration police salaries, and taxpayer guaranteed 7.5-percent returns for public pensions and modify the Triborough Amendment, which gives automatic salary increases to public employees, even after a contract has expired.

The most recent police contract negotiated by the Suffolk County executive will have some law enforcement personnel making \$227,000 after just a few years on the job. Fitzpatrick was one of the few officials on the local or state level with the bravery to say "enough is enough!"

His victory is important because it shows elected officials with less backbone that they can do the right thing for taxpayers and still win.

stand the inevitable municipal union barrage. Last year, a number of state senators held forums seeking public input on ways to prevent New York from going bankrupt, like Detroit did. Various taxpayer advocates, including yours truly, offered specific mandates that should be eliminated or modified.

After giving the impression they were ready to take action, not one of the senators came up with a significant proposal addressing the crushing, tax-driving mandates foisted upon local governments.

Fitzpatrick did the work for them, though, drafting bill A8608, incorporating the three reforms mentioned above. He hasn't found much support in Albany, however, where most representatives aren't willing to rock the boat.

A recent poll indicated that nearly half of Long Islanders are considering leaving Long Island within five years. This is clear evidence of an affordability crisis. When Wisconsin faced a similar crisis years ago, Gov. Scott Walker implemented a number of tough reforms. Now Wisconsin is on its way back and Walker has survived vicious opposition attacks.

We need more leaders willing to step up like Walker and Fitzpatrick have. Our leaders need to grow a spine.

Levy is president of Common Sense Strategies, a political and business consulting firm. He served as Suffolk County executive from 2004 to 2011 and as a NY State assemblyman.

of eminent domain.

Often, owners of properties needed for developments play hardball, seeking much more than prices may be worth. There's no question that they should negotiate and get a fair price. It must be noted that even if eminent domain is utilized, owners receive a fair price, which is arrived at by conducting appraisals and through negotiation. Not following this process will lead to undesirable legal action.

Bob Coughlan and Trivic take a thoughtful approach when developing projects. Their vision is what we need more of on Long Island: they build goodwill in communities and are visionaries who are helping to rebuild. They want sustainable development, which will benefit our economy and help young people.

The Ronkonkoma Hub project is important for Long Island. It demonstrates that we're in the midst of major change in the region, for the better. People are waking up and recognizing that in order to sustain our economy, keep our tax base growing, retain and attract young people and reduce the "brain drain," we must build differently. We must create environments that harmoniously interweave residential, entertainment, business and transportation. Most Long Islanders agree — and we can figure it out on our own without outside intervention.

Schacker is president of the Commercial Industrial Brokers Society of Long Island.



Steve Levy

**By Steve Levy**

The governor's proposed election-year tax break for businesses and property owners is welcome news. But the only way to get sustainable tax relief is to tackle the root problem: overspending prompted by irrational mandates.

There have been press releases from numerous officials over the past few years claiming that mandate relief was coming, but ultimately it was just window dressing. True mandate relief with significant impact on tax bills must incorporate the types of reforms advocates have been pushing for years, but have been stymied by special interests.

Instead of pushing a concept, this year the [Center for Cost Effective Government](#) has joined forces with Assemblyman Michael Fitzpatrick, R-Smithtown, to draft a specific comprehensive bill to rally taxpayers. It includes:

- Elimination of the [Troopage Agreement](#), which provides automatic salary increases even after a contract expires
- A 2-percent cap on arbitration awards, just like New Jersey did in 2010
- A provision requiring all incoming employees to have a defined contribution pension – the norm in the private sector – rather than a defined benefit with a guaranteed 7½ percent return that keeps taxpayers on the hook
- Another provision allows all present teachers to opt into a defined-benefit pension plan, just as the [SUNY](#) system does
- Additionally, the proposed package includes a number of side bills that will:
- Require all employees to have reached at least 25 years and age 50 before being eligible for retirement (some can retire after 20 years presently, regardless of age)
- Eliminate the presumption that certain heart and lung ailments for police and fire employees are job-related (this presumption has dramatically increased disability roles)
- Require that all local employees be required to pay at least a minimum contribution toward their health benefits
- Seek legislation – a constitutional amendment, if necessary – to eliminate overtime hours from being factored into the pension base of incoming or present employees

A newly created taxpayer coalition has scheduled a Jan. 28 meeting at the legislative office building in Albany, with a press conference to follow.

Persuade your state representatives to get behind Fitzpatrick's bill, which required real courage on the

assemblyman's part. They said we couldn't get a tax cap and they said we couldn't get a Medicaid cap – help make this the year true mandate relief becomes a reality.

*Levy is president of Common Sense Strategies, a political, government and consulting firm. He served as Suffolk County executive from 2004-2011.*

### More breaking news

- [Levy's plan to keep the state budget on track](#)
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# Letter: Cuomo's pension deal's too costly

Published: February 25, 2013 6:38 PM

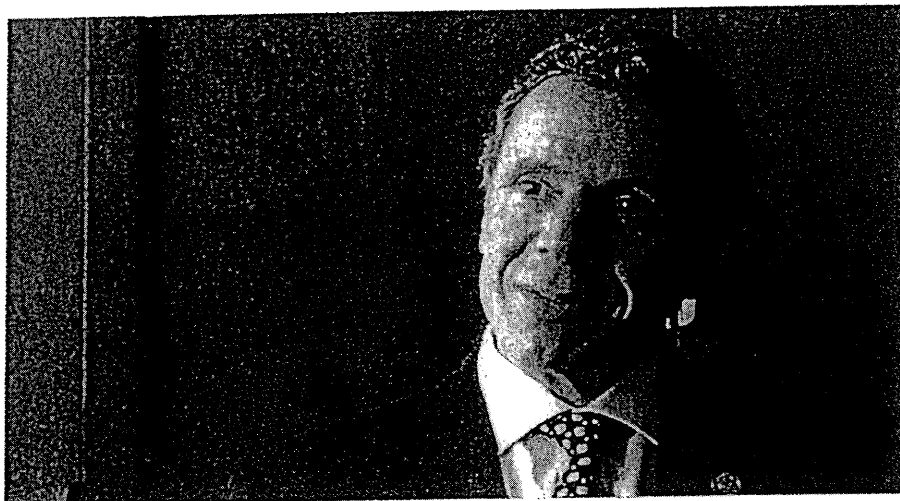


Photo credit: Sam Guzik | Gov. Andrew Cuomo speaks to Newsday's editorial board. (Feb. 14, 2013)

The Center for Cost Effective Government, a group of prominent business and community leaders dedicated to mandate reform, believes the State Legislature must do more to control crippling mandates such as pension obligations and outlandish arbitration awards, as outlined in Newsday's Feb. 6 editorial, "A way to ease pension crunch."

A mere spreading out of pension cost, as Gov. Andrew M. Cuomo has proposed, is not the answer. While helpful short term, it would actually cost more down the road. It would be better to require defined benefit programs for prospective employees so that taxpayers are no longer on the hook when market downturns create delinquencies. Second, we should eliminate factoring overtime into the base for formulating an employee's pension.

Salary padding via overtime is why some employees obtain annual pensions of over \$180,000. This reform should be passed this term and applied to present employees, thereby providing immediate taxpayer relief.

We also advocated arbitration caps, but the cap as proposed will have no bearing on Nassau County,

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which is mysteriously exempted from its reach, or Suffolk, which foolishly locked itself in to an 8-year contract. Apply the cap to every county.

The state is taking baby steps. We must stop tinkering and pass these suggested reforms if we want to see real relief for taxpayers.

Steve Levy, Bayport

**Editor's note:** The writer is the executive director of the Center For Cost Effective Government, a think tank, and the former Suffolk County executive.


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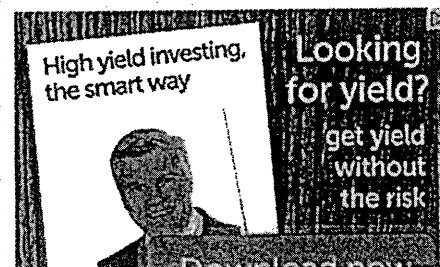
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# Levy: Mixed bag for mandate relief

by [Commentary](#)

Published: February 5, 2013

Tags: [arbitration](#), [mandate reform](#), [mandate relief](#), [tax cap](#), [Triborough Amendment](#), [worker disability](#)

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By Steve Levy

Over this past month, the [Center for Cost Effective Government](#) issued op-eds strongly encouraging the governor to make mandate relief one of his top priorities. We called for limits on mandatory arbitration and elimination of the [Triborough Amendment](#), immediate relief from the pension time bomb, curbs on workers' comp abuse, and the establishment of mini control boards to give localities power to freeze wages and steps.

We were disappointed by the governor's State of the State, which overlooked mandates and crumbling local budgets. It was as though our fiscal difficulties disappeared because they simply refused to talk about it. Subsequent to the speech, we pushed for the governor to deal with mandates in his budget announcement.

Some initial reports suggested that the governor had come through on providing some major mandate reform, while others categorized it mostly as fluff. It seems in the final analysis, it was somewhat of a mixed bag.

### **1. Mandatory Arbitration:**

We were at first elated to see that our call to adopt New Jersey's 2 percent cap on mandatory arbitration awards was included in the governor's budget. But we were dejected to find that there were enough holes in this proposal to drive a truck through. One was the exemption making the cap inapplicable to numerous counties including Nassau and all of New York City (obviously to placate their strong unions). Secondly, Suffolk can't benefit because the county already locked itself into an unprecedented huge eight-year contract. This lost opportunity is the very reason why managers shouldn't agree to such long contracts.

### **2. Pension Reform:**

We were aghast at how little true pension reform came about despite all the fanfare about last year's new Tier 6. There were no savings for the next 20 years, since it only applied to incoming employees. Now the governor has proposed that these down-the-road savings can be advanced by local governments to keep their heads above water in the present crisis. The downside is that more will have to be paid back in the outer years than would otherwise be the case. The far better proposal would have been a call for an immediate elimination of the use of overtime in calculating one's pension. That can be implemented immediately and save municipalities right now.

### **3. The revocation of the Triborough Amendment:**

Local governments and schools have been advocating getting rid of this – which allows step increases even after a contract's expiration – for decades. It was totally ignored by the governor.

### **4. Local Government Assistance Panels:**

The governor called for panels to assist local governments, but with little detail as to what kind of assistance would be offered. Merely telling governments what they already know – that their budgets are in disarray – is of no value. Creating control boards, on the other hand, as they did in Nassau, would give powers to the localities to freeze salaries where needed and have an enormous positive impact for taxpayers.

### **5. Worker Disability:**

There is some talk about the exploding cost of worker disability, but we'll have to await further details to see what kind of meat is on those bones.

### **6. Sales Tax Extension:**

A positive initiative ends the need for localities to seek state permission every two years to extend their sales tax. This has become a gross bargaining ploy for state leaders to blackmail localities into doing things against their will. Another positive proposal allows localities to keep 75 percent of savings that come about from fraud detection, thereby giving them more incentive to do extensive investigations.



So, there you have it, a mixed bag.

Now it's time for the Legislature to step up: apply the 2 percent arbitration cap to all counties; prohibit overtime in pension calculation; repeal the Triborough Amendment; give counties control board type powers to freeze wages and steps; toughen disability fraud laws; and support the governor's proposals to give counties more money for fraud detection and to eliminates the two year sales tax cycle. This would be real mandate reform.

*Steve Levy is Executive Director of the Center For Cost Effective Government. He served as Suffolk County Executive from 2004-2011.*

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E. [info@CenterforCostEffectiveGovernment.org](mailto:info@CenterforCostEffectiveGovernment.org)

New NY Education Reform Commission  
Richard Parsons, Chair  
c/o Governor Andrew Cuomo  
Albany, New York 12224

August 12, 2012

Dear Mr. Parsons:

The Center for Cost Effective Government would like to go on record to strongly recommend that this panel support mandate relief for our local governments, starting with the elimination of the Triborough Doctrine here in New York State.

The Center for Cost Effective Government was founded this year as a not-for-profit entity by dozens of the most prominent business and community leaders throughout Long Island. The Center was established primarily to promote greater efficiency within government so that the extraordinarily high cost of living within this region can be mitigated for our residents and businesses. It is no secret that Long Islanders pay amongst the highest property taxes in the United States of America. In fact, a recent analysis by independent forums listed Nassau County as the second highest taxed region, with Suffolk listed as number 11.

A large factor in raising costs for our schools and local governments is the imposition of the Triborough Doctrine, which requires that government continue to pay all of the salaries, benefits and increments owed to union employees under the expiring contract. It is certainly understandable why the legislature would want to ensure that employees continue to receive a salary even after the contract has expired. It is a whole different thing to say that step increases should continue to be handed out even after the contract has expired.

This Doctrine has allowed for employees to continue to realize salary increases in the form of steps even though no new contract has been finalized. This, of course, significantly diminishes the incentive for the union to provide a rational concession to management, which ultimately is the taxpayer, or even to settle for a lower percentage on

the wage scale than would otherwise be the case. As a result, many of these wage and benefit packages have increased to such an extent that they are now simply unsustainable.

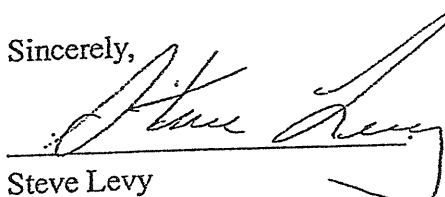
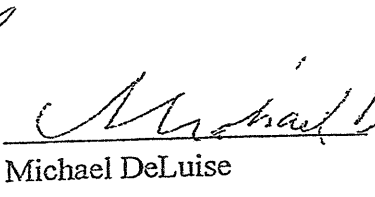
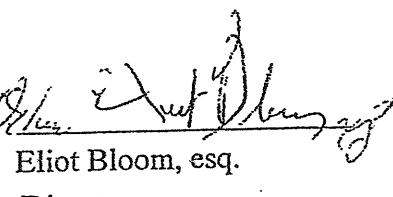
A larger question is why there are step increases to begin with. This concept is not relatable to the average private sector employee. Mention the term "step increase" to a typical resident and he or she will probably not know what you're talking about. When folks read a newspaper that a contract has been settled with a municipal union at 15% over five years, it is assumed that this averages to a simple 3% increase a year. Such an assumption would be incorrect. The actual increases could be double that since most employees are receiving annual step increases - anywhere from 2% to 4% simply for existing within the system for an additional year. That is in addition to the 3% salary increase that was negotiated. So, in essence, while the newspapers might have reported a 15% increase, it may indeed be a 30% cumulative increase over that same time period.

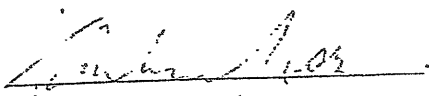
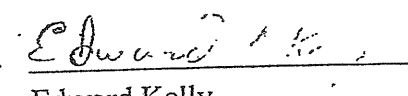
It is time for this archaic system to be eliminated. While we are not being so unrealistic to suppose that steps would be eliminated, we do however believe that the Triborough Doctrine should be overturned so that steps are no longer continued after the contract has expired. If they are to continue, it would be only after such a privilege was negotiated by the parties in the future contract.

There are many more mandates that must be tackled by the state legislature, but this is a good place to start since it affects practically every local municipality and school throughout the state.

Thank you for considering these thoughts.

Sincerely,

		
Steve Levy Executive Director	Michael DeLuise Vice President	Eliot Bloom, esq. Director

	
Kenneth Auerbach, esq. Director	Edward Kelly Director

CENTER FOR  
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**STATEMENT FROM THE CENTER FOR COST EFFECTIVE GOVERNMENT  
ON THE NEED FOR MANDATE RELIEF, BEFORE THE NEW NY EDUCATION  
REFORM COMMISSION**

OCTOBER 11, 2012  
Old Westbury, NY

The Center for Cost Effective Government is a not-for-profit corporation formed earlier this year with a goal of promoting more efficient government in the state and region. The Center is a cadre of some of the most significant business and community leaders throughout Long Island. At the core...

Our organization is concerned about the extraordinarily high cost of living in New York State, and Long Island in particular. One of the main reasons for this is the high cost of educating our students in this region.

We believe that the quality of education on Long Island is generally very good. We also understand that this commission is tasked primarily with looking into educational methods, performance and funding. Nevertheless, the leaders of the Center for Cost Effective Government believe that better academic results for our children can result from unchaining our schools from the enormous burdens imposed by the huge number of mandates promulgated by the State and federal governments. Better efficiency equates to a better quality of education - and a greater flexibility for our local school officials regarding these mandates will indeed lead to greater efficiency within our schools.



The statistics prove that just because more money is spent on a particular program, it does not mean that better results come about. The spending on various educational programs over the last decade and a half has risen dramatically. There has not been a commensurate rise in student performance. As a result, we believe that there is a way to both enhance student performance and save money simultaneously. It starts with providing schools and localities more flexibility from the burdensome mandates which have brought many of these taxing jurisdictions to the brink of bankruptcy.

The 2% property cap is something that the majority of residents on Long Island and throughout the state believe was necessary to get costs under control. But it was always envisioned that the cap on taxes would be coupled with mandate relief for our schools and our localities. Well, starting last year, school boards got the restrictions inherent in the cap, but got none of the promised mandate relief. That is why it is so essential that this be the year that we finally see some true mandate relief.

The time for lip service is over. Now that schools and localities are forced to deal with the 2% cap, the State of New York has an obligation to help schools and localities by implementing these changes by eliminating the burdensome Triborough Amendment and by bringing about true reforms in the field of preschool handicapped education. At the core of the center's mandate relief agenda is the elimination of the Triborough doctrine in New York State. This doctrine is one of the most complained of mandates imposed upon schools and local governments throughout New York. The doctrine dates back to a court decision in the 1980's, which requires local government to provide salary step increases for school and municipal employees even after a contract has expired. Step increases are automatic wage increases usually in the 2 to 4% a year range that are given to employees simply for existing yet another year within the system. These increases are over and above the negotiated percentage increases for the employee's salary. Consequently, while a newspaper may report that a contract has been settled between a government and its employees for a five-year 15% salary increase, one would assume the employees are receiving an average of 3% increase a year. Such an assumption would be inaccurate. The 15% is actually doubled when one considers that employees are probably receiving an additional 2 to 4% step increase on top of the negotiated salary increase. Thus the five year 15% increase is actually a 30% increase to the taxpayer.

The problem with the Triborough Amendment is that it severely mitigates the incentive for the union to provide concessions in the negotiation process. As long as their employees continue to receive step increases, even though the contract has expired, there

is very little incentive to get a new deal done if it includes any type of giveback. The Triborough Amendment is one of the most complained of mandates forced upon localities in the State of New York. It is an anomaly relative to other state throughout the nation, and is one of the reasons property taxes are so high in New York. If this state panel is looking for reforms to the system, it can start with this issue. This is very important for schools, which comprise two-thirds of an average property taxpayers bill on Long Island.

We also join the New York State Association of Counties in seeking certain reforms to preschool education program. While Pennsylvania spends about \$5,000 a child and New Jersey spends approximately \$9,700, New York spends approximately \$17,000 per child with some receiving nearly \$200,000 in services annually. While in 1995, New York served 55,730 children at a cost of \$597 million. By 2012, those figures are expected to grow to 66,000 children at a cost of nearly \$1.6 billion. Yet the educational outcomes are not commensurate with this outlandish spending. New York still ranks only in the middle of the pack nationally despite spending far greater than most other states.

We want better quality education for children with special needs, but that does not necessarily require higher costs. Numerous audits of the program have revealed millions of dollars in fraud and waste including:

1. Absentee Executive Directors;
2. Unsupported vehicle related costs;
3. Excess payments to independent contractors;
4. Improper employment of family members and friends;
5. Billing for non-reimbursable personal costs;
6. Unsupported depreciation expenses.

Some reforms to be considered include:

1. Provide counties more authority over transportation services;
2. Encourage parents to transport their children with appropriate reimbursement;
3. Establish a regional transportation research grant program to encourage shared services across county lines.
4. Allow for schools and counties to share in savings as an incentive to provide further local audits of the program.

We thank you for considering these thoughts and ask that this panel make cost containment a cornerstone of its deliberations and its ultimate report. The quality of education on Long Island is very good. We want to enhance it further, but we do not

believe higher taxes are always the answer. All the programs in the world are irrelevant to a family that cannot afford to live in this state any longer.

CENTER FOR  
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The Center For Cost Effective Government is pleased to announce that E.J. McMahon, Newsday contributor and Manhattan Institute scholar, has accepted an invitation to be the Center's great speaker at its February 27th meeting at 1:00 pm in the Conservatory at Dowling College's Oakdale campus. The meeting is the Center's first open to the press and the public. Center Advisory Board members are welcome to come to our pre-meeting lunch at 12:30 in the adjacent conference room.

The Center is a cadre of 100 of Long Island's leading business and community leaders dedicated to curtailing government waste and maximizing government efficiency. Last year the Center concentrated on eliminating the MTA tax and encouraging consolidation, successfully assisting in the Gordon Heights Fire District consolidation efforts.

This year, relief from the burdensome impact of state mandates will take precedence, and Mr. McMahon is one of the state's foremost advocates on the subject.

Members of the public wishing to attend should register by contacting the Center at [info@centerforcosteffectivegovernment.org](mailto:info@centerforcosteffectivegovernment.org) or 631-877-0940.

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April. 24, 2013

Gerry Geist  
New York State Association of Towns  
150 State Street  
Albany, New York 12207

Re: Meeting with State Leaders on Mandate Relief

Dear Gerry Geist,

The Center for Cost Effective Government is seeking the participation of your Association to join in a coalition we are putting together with the associations of school superintendents, cities, counties, towns and villages for the purpose of arranging a meeting with the Senate Majority Leader and Speaker of the Assembly to obtain commitments for real mandate reform.

This is no time for the state government to simply pretend that the crisis localities our local jurisdictions are facing is simply going to go away by choosing to ignore it. This is why the Center for Cost Effective Government is promoting an agenda of four reforms that we believe are essential for the State Legislature to pass this session.

The Medicaid time bomb was defused years ago, but only after advocates brought the Speaker and the Majority Leader together in one room to receive their joint commitment to push very specific legislation. It is now time for us to do the same with the crippling mandates we face.

The governor's panel on mandate relief in 2011 put together a white paper that did not recommend many specific overhauls that would have much of an immediate effect on our local governments and local taxpayers. That is why it is imperative that the state act this term to enact the following:

1. **Real pension reform:** This includes changing over to a defined contribution system, as opposed to a defined benefit program presently in effect. Next, the legislature must disallow the use of overtime in determining one's base pension pay. This can be implemented immediately to provide us with huge savings in the near term. Finally, the state should adopt the provision in place in many other states that requires only an 80% reserve for our long-term obligations, rather than the present 100% reserve.

2. **End mandatory arbitration:** Mandatory arbitration has resulted in some of the highest public safety costs in the nation for many of our counties. Some police officers are now earning \$200,000 a year, while receiving cash-outs of half a million dollars per year for unused sick and vacation time. This does not even address the fact that many are retiring on pensions of \$100,000 to \$150,000 per year. Mandatory arbitration removes accountability from the decision makers who are in turn ultimately responsible to the taxpayers. It is time for mandatory arbitration to be revoked. The 2% cap on awards should be applicable to every county, and these gaping loopholes (such as "longevity" pay exemptions) should be removed.

3) **The Triborough Amendment.** New York is the exception rather than the rule when it comes to a concept like the Triborough Amendment; which allows for public sector employees to receive automatic pay increases even after a contract has expired. This concept removes the pressure and incentive for unions to negotiate concessions.

4) **Change Workers' Disability Rules.** From a taxpayers perspective it is no longer feasible to allow for a system that pays some disabled workers more for staying home rather than working. Such is the case due to the many workers on disability that receive over three-quarters of their salary tax free. Therefore, state laws that create a "presumption" of duty related heart and lung injury should be revoked or modified.

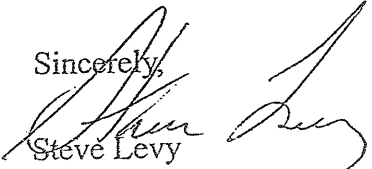
We hold the belief that these issues have been swept under the rug for too long. We are also hopeful that we finally have the sense of urgency necessary to support bringing these issues to a vote in order for us to provide the real mandate reforms that will make a difference for our taxpayers. Enough talk, it's time for action!

We are seeking a meeting between the Presidents, Speakers and Majority leaders of each of the aforementioned Associations, together in one room. We can not be successful without you. Therefore, we would greatly appreciate hearing from you in regards to your willingness to join us on these issues. Upon hearing back from our Association leaders, we will attempt to set up a meeting that comports with your schedule.

Since the session will be closing out soon, we ask that your kindly respond within the next week.

Thank you for your attention to this important matter.

Sincerely,

  
Steve Levy

Executive Director

May 10, 2013

CENTER FOR  
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**STATE AND LOCAL WATCH**

by Steve Levy

**True reform needed on Mandatory Arbitration**

In 2001, a vote took place in the State Legislature to extend mandatory arbitration. It should not have been newsworthy. The arbitration bill had been extended every two years for decades without fanfare. This year was different. As a freshman assemblyman, I did something unheard of -- I voted no (the only member to do so).

For the first time since my vote in 2001, news is being made on this issue. Governor Cuomo says he will use his leverage to hold up this usually pro-forma extension unless the arbitration process is reformed. Kudos to the governor for at least addressing the problem. The question is whether he will take it to the mat and deliver real reform or just create a window dressing press release.

Years ago, New Jersey imposed a 2% cap on arbitration awards in conjunction with the 2% property tax cap it enacted. After all, if you are going to force localities to control its taxes, you should also put a clamp on the outrageous mandates that were crippling municipalities.

This year, Governor Cuomo placed a 2% cap on arbitrations in his budget. The legislature removed it, but now the governor has said he will do all within his power to kill the extension unless the system is reformed. But this bold move will be for naught if the governor does not go all out while the iron is hot.

Remember, the state earlier promised substantial pension change, but after succumbing to various special interests, real reform such as replacing the defined benefit programs with a defined contribution was cast aside in favor of merely pushing out by one year the date new employees could retire. It made for grandiose press releases, but true pundits knew that meant little for our beleaguered taxpayers in the near term.

The governor has said that he is establishing a panel to come up with an agenda. Word is out, however, that he will not pursue such an agenda unless both the unions and the reformers come to a consensus. This would be a huge mistake. The property tax cap would never had happened if we waited for the school unions to sign off. This may be a strategy to just get something passed without alienating any constituencies, but ultimately it would just be another example of window dressing.

Even the cap that the governor proposed, while better than anything we saw in the past, was still diluted tremendously when he exempted New York City and put in place a convoluted formula that applied the cap only to counties with an arbitrary shortfall. And as the Empire Center's E.J McMahon has noted, there were also loopholes. While the base salary could not exceed 2%, other salary, including longevity pay and steps, would be exempt. Consequently, clever negotiators could make it appear to the public that there is only a 2% raise while they bury millions in the exemptions.

Mandatory arbitration has led to some officers earning \$200,000 a year, with six weeks vacation, 26 sick days (over 100 paid days off per year), \$300,000 cash outs upon retirement for unused sick and vacation, and some pensions that are as high as \$180,000 per year

So we say to the governor, congratulations on taking the bull by the horns and addressing this important problem, but please do not drop the ball on us. You have a chance to score a touchdown for taxpayers around the state. Unless we are willing to go to the mat and take on the special interest, we will just end up once more with window dressing and a press release rather than the real reform that our taxpayers need. With municipalities on the brink of fiscal disaster, only real, deep mandate reform will do.

**Steve Levy is Executive Director of Center for Cost Effective Government**



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June 10, 2013

Contact: 631-877-0940

### Levy Meets With Mayors

The Suffolk County Association of Villages welcomed Steve Levy, the Executive Director of the Center for Cost Effective Government, to its June meeting to discuss working together to bring about a relaxing of the state's rigid mandatory arbitration laws.

Mr. Levy, the former Suffolk County Executive, was a co-founder of the Center - a cadre of over 100 prominent business and community leaders throughout Long Island who have been pressing for a more efficient government through the consolidation of services and the elimination of burdensome mandates issued by the state and federal governments.

The Center has been working with agencies which have common interests in mitigating the impact of several mandates, including pensions, the Triborough Amendment, disability abuse, and mandatory arbitration. As the State Legislative session comes to a conclusion, the issue of mandatory arbitration is highest on the radar screen.

In his State of the State Address, Governor Cuomo indicated that he would be willing to fight for changes in this law that have led to public safety salaries on Long Island exceeding \$200,000 a year. Many villages, especially those with their own police departments, have been very concerned that mandatory arbitration takes the ability to negotiate out of their hands and give it to unelected, unaccountable arbitrators, who

traditionally have given very healthy awards to the unions. The village mayors have been seeking modification to this law for quite some time.

Mr. Levy informed the mayors that there is talk of modifying the arbitration award that dates back to 1967. Other law enforcement agencies in the federal level do not have mandatory arbitration and their salaries are not as high. The governor has stated that he would seek to impose a 2% cap on awards, as New Jersey did in 2010. Levy informed the village mayors; however, that there are many loopholes in the proposal, including the fact that not all counties would qualify for the cap (only those meeting a rather arbitrary formula for a current deficit will come under the law).

Levy also mentioned that there are exceptions to the cap for steps and longevity pay. Levy urged the village mayors to ask State Legislators to push for a hard cap that will apply to all counties and will not carve out major exemptions that would delude the entire impact of the cap.



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August 27, 2013

**STATEMENT TO THE NYS SENATE COMMITTEE ON LOCAL GOVERNMENT BY  
STEVE LEVY, EXECUTIVE DIRECTOR OF THE CENTER FOR COST EFFECTIVE  
GOVERNMENT**

RE: REAL MANDATE RELIEF

Dear Chairman Martins and members of the committee:

My name is Steve Levy, former Suffolk County Executive and member of the New York State Assembly. I presently serve as Executive Director of the Center for Cost Effective Government. The Center is a cadre over 100 of the most prominent business and community leaders on Long Island and is committed toward the goal of weeding out inefficiency in state and local government.

I applaud Chairman Martins and this committee for your leadership in focusing the spotlight on the fiscal crisis local governments are facing throughout the state.

This is no time for us to pretend that the crisis will simply go away by choosing to ignore it. This is why the Center for Cost Effective Government is promoting an agenda of four reforms that we believe are essential for the State Legislature to pass next session.

The Medicaid time bomb was defused years ago, but only after advocates brought the Speaker and the Majority Leader together in one room to receive their joint commitment to push very specific legislation. It is now time for us to do the same with the crippling mandates we face.

As a former president of the New York State Association of County Executives, I am very much aware that many members of the Senate have been strong advocates for relieving the pressure of mandates from localities. Were our senators to put together a specific plan for real mandate relief, taxpayer organizations around the state can place pressure on our representatives in the Assembly to join on a series of two house bills.

The governor's panel on mandate relief in 2011 put together a white paper that did not recommend many specific overhauls that would have much of an immediate effect on our local governments and local taxpayers. That is why it is imperative that the state act this term to enact real, meaningful reform as embodied in the following:

**1) Real Pension Reform:** Escalating pension costs are destroying local governments. In Suffolk County alone, pensions have been increasing approximately \$45 million annually. But, how could this be? Hadn't pension abuses been eradicated?

Unfortunately, so-called pension reforms were tepid at best. The higher contributions and later retirement date (pushing out the retirement date by one year) were only for *incoming* employees. Present employees can still accumulate massive salaries in their last years to artificially inflate their pensions dramatically.

If the State was serious about enacting true pension reform it would eliminate factoring overtime into pensions for *existing* employees. This was never incorporated into what was touted as pension reform, and therefore it will be decades before we see significant savings to the pension system.

Another significant reform would be to change the present defined benefit program into a defined contribution system. Under defined contribution, the employee pays a certain fixed amount into his pension account and the employer matches it. The size of the fund grows, or falls, as does the market. Our present system plugs in a guaranteed return of 7 to 8% to the public pension system. This guarantee requires the taxpayer to make up the difference when the actual growth comes in at a lower rate. This is especially devastating when recessions lead to negative growth. Unlike the overtime changes, this reform could only be applied constitutionally to incoming employees, but its long term impact would be significant.

These changes are structural in nature, and should not be confused with last year's program introduced by the Governor that mitigates pension increases today by paying more down the

road. Yes, it gives short term relief, but it doesn't address the underlying unsustainability of the program's present course.

**2. End mandatory arbitration:** Mandatory arbitration has resulted in some of the highest public safety costs in the nation for many of our counties. Some police officers are now earning \$200,000 a year while receiving cash-outs of half a million dollars a year for unused sick and vacation time. This does not even address the fact that many are retiring on pensions of over \$150,000 a year. This is on top of up to six weeks vacation, 26 sick days, over 25 X-days (days off in between shifts) and 13 holidays. In all, a veteran officer can receive over 100 paid days off per year due to outrageous provisions embedded into contracts due to care-free arbitrators.

Mandatory arbitration removes accountability from the decision makers who are ultimately responsible to the taxpayers. It is time for mandatory arbitration to be revoked..

The Governor began the year in aggressive fashion, proposing a 2% cap on awards given for police salaries through arbitration, as New Jersey's Chris Christie had accomplished. The 2% cap on awards should be applicable to every county and huge loopholes (such as "longevity" pay exemptions) should be removed from any final bill.

A hard 2% cap would help taxpayers significantly to control these ever-spiraling costs. Unfortunately, a backpedalling was foreshadowed by the Governor's announcement that he was creating a study panel, with word leaking out that no reform would advance without union support. This doomed any *true* reform. The creation of the property tax cap would have been dead on arrival had the Governor employed the same cautionary strategy requiring union approval as a prerequisite. He didn't do so with the tax cap, yet, oddly, he did so in the case of mandatory arbitration.

Unfortunately, the final bill passed merely enhances an arbitrator's ability to weigh the public's "ability to pay" as a factor in the ultimate award. This is purposefully vague to allow for continued outlandish awards while giving the perception that meaningful change occurred. If an arbitrator wants to get to a high number, he can back his way in very easily. That would not have been the case with a hard 2% cap.

**3) The Triborough Amendment.** New York is the exception rather than the rule in having a concept such as the Triborough Amendment, which allows for public sector employees to receive

automatic step pay increases even after a contract has expired. This concept removes incentive and pressure on the unions to negotiate concessions.

The Triborough Doctrine is one of the most complained of mandates imposed upon schools and local governments throughout New York. The doctrine dates back to a court decision and legislation in the seventies and eighties which requires local government to not only keep existing salaries in place, but also requires that the additional salary increases from steps continue after the termination date of a public sector contract has passed.

Step increases are automatic wage increases usually in the 2% to 4% a year range that are given to employees simply for existing yet another year within the system. These increases are over and above the negotiated percentage increases for the employee's salary. For instance, while a newspaper may report that a contract has been settled between a government and its employee for a five year, 15% salary increase, one would assume that employees are receiving an average of 3% increases per year. Such an assumption would be inaccurate. The 15% is actually doubled when one considers that employees are probably receiving an additional two to four percent step increase on top of the negotiated salary increase. Thus, the five year 15% increase is actually a 30% increase to the taxpayer.

As long as the union's employees continue to receive step increases, even though the contract has expired, there is very little incentive to get a new deal done if it includes any type of giveback.

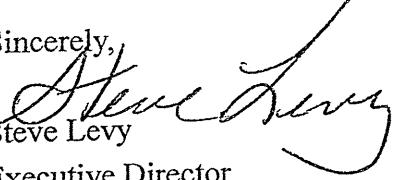
The Triborough Amendment is one of the most complained of mandates foisted upon localities throughout New York State and is often cited as one of the reasons why property taxes are so high in New York. If this state panel is looking for reforms to the system, it can start with this issue.

**4) Change Workers' Disability Rules.** It is no longer acceptable from a taxpayer's perspective to allow for a system that pays some disabled workers more for staying home than if they were to go to work. This is the case because many on disability receive over three-quarters of their salary tax free. State laws that create a "presumption" of duty related heart and lung injury should be revoked or modified.

We believe that these issues have been swept under the rug for too long. We are hopeful that we finally have a sense of urgency to support bringing these issues to a vote to provide us with the

real mandate reforms that will make a difference for our taxpayers. The Senate has been a loyal ally to localities over the years, and we earnestly ask for your leadership in making 2014 the year these needed reforms come to fruition. It is time for action!

Sincerely,

  
Steve Levy

Executive Director

631-877-0940

CENTER FOR  
**Cost Effective**  
**GOVERNMENT**

700 Veterans Hwy., Suite 202  
Hauppauge, NY 11788

P. 631-877-0940  
E. [info@centerforcosteffectivegovernment.org](mailto:info@centerforcosteffectivegovernment.org)

Dear Center for Cost Effective Government advisory board member:

The executive board of The Center for Cost Effective Government is respectfully requesting that you consider drafting a letter and making a phone call to the Governor and Comptroller, Thomas Dinapoli, to show support for a proposal they are considering to create statewide financial control boards to help local governments that are facing unprecedented fiscal challenges.

On August 13, Newsday editorialized in favor of this concept. The proposal was first recommended by the Manhattan Institute, which is a fiscal watchdog of the state. Comptroller Dinapoli suggested that it may be necessary for these types of control boards that could give local government powers to get control over spiraling costs and entitlements. The Comptroller and the Governor are seriously considering implementing such boards throughout the state to help ensure that we do not go the way of many other counties throughout the nation that are declaring bankruptcy.

I am attaching a sample letter that you can replicate and sign or that can serve as a template for you to modify so that pressure can come to bear on state officials to move forward with this wise suggestion. Please feel free to call me directly if you'd like to discuss the details of this proposal further.

Thanks again for your anticipated cooperation.  
Steve Levy

**Here is a sample letter**

Dear Governor Cuomo:

I am writing in support of a proposal that you are considering to establish state control boards to monitor the fiscal problems faced by localities throughout the state. The sharp reduction in sales tax and mortgage revenues coupled with rising entitlement obligations and significant cuts from higher levels of government have led to structural imbalances in an alarming number of municipalities.

New York State former Lieutenant Governor, Richard Ravitch, recently issued a report illustrating the high number of localities on the brink of bankruptcy. We credit Comptroller Tom



Dinapoli for echoing these concerns and suggesting that state monitored control boards could assist municipalities to avoid fiscal calamity. We have already seen cities such as Stockton and San Bernardino in California going bankrupt. Cities such as Harrisburg, Pennsylvania are considering the same. Other cities such as San Diego and San Jose voted through referendum to implement comprehensive pension reform for its public employees.

Implementing this concept of financial control boards can be as significant to local governments as was the landmark property tax cap passed a couple of years ago. The boards would provide the state's constitutional authority to change the terms of contracts that have become so onerous that they are pushing local governments over a cliff. New York City, the City of Yonkers and Erie County were all saved from fiscal ruin thanks to state intervention which provided authority to freeze wages and revamp benefit packages and work rules within these local governments. Nassau County has been assisted by the financial control board in freezing salaries and steps in an effort to keep its head above water.

It will take great courage for our local governments to survive these very difficult times. It will take an equal amount of courage for someone in your position to allow for these control boards to give localities the tools they need to survive the biggest economic downturn since the great depression. It will also take courage for local executives to take advantage of the assistance that you may provide. It is the best thing that we can do for tax payers who are on the brink.

Thank you for considering these thoughts.

CENTER FOR  
**Cost Effective**  
GOVERNMENT

228 Barrett Avenue  
Bayport, NY 11705

P. 631-877-0940  
E. [info@centerforcosteffectivegovernment.org](mailto:info@centerforcosteffectivegovernment.org)

December 4<sup>th</sup>, 2014

Governor Andrew Cuomo  
State Capital  
Albany, NY, 12224

Dear Governor Cuomo:

We the undersigned, representing local governments and taxpayers alike, request that you include in your upcoming Executive Budget the mandate relief reforms incorporated in bill A. 8603-A sponsored by Assemblyman Fitzpatrick.

Over the years there has been a great deal of talk about the idea of providing mandate relief, with little subsequent action. Upon passage of the tax cap, we were led to believe that mandate relief would follow. Thus far, it has not to any significant degree. Local governments and schools must cut their budgets to conform to the tax cap, yet they are still required to raise their spending to meet burdensome state mandates related to the Triborough Amendment, binding arbitration, and escalating pension costs.

We commend you for trying to address binding arbitration in a prior budget, only to see the Legislature remove the provision. We urge you once again to pursue binding arbitration reform that applies to every entity that is subject to it and to reintroduce the 2% cap on arbitration awards without any loopholes.

We appreciate that the new Tier 6 has begun to produce some savings. However, any significant reductions in pension costs will not be realized for some time. Taxpayers under the defined-benefit system continue to get a 7.5% return on public pension investments. A. 8603-A would ensure that all incoming employees be allowed entry only into a defined contribution system, taking the taxpayers off the hook. Additionally, existing employees should be given the ability to opt into a defined contribution system presently available only to SUNY employees and a limited number of other non-unionized positions.

Finally the automatic step salary increases provided by the Triborough Amendment (even after the contract has expired) must be modified. This provision hampers school boards' and local governments' ability to obtain meaningful givebacks from unions, since the unions know they will get their steps anyway. Stated another way, Triborough allows them to "wait it out" and provides little incentive for them to come to the bargaining table.

Our chances of actually seeing these reforms come to fruition are magnified exponentially once they are included in your budget. We once again implore you to follow through on previous pledges made to finally provide the mandate relief that our local governments and schools desperately need.

We would appreciate a meeting to discuss these ideas in greater detail prior to the submission of your budget.

Thank you for your attention to this matter. We look forward to hearing from you.

Sincerely,

New York Conference of Mayors  
Peter Baynes  
[peter@nycom.org](mailto:peter@nycom.org)

TAX PAC  
Andrea Vecchio  
[andreavecchio@optonline.net](mailto:andreavecchio@optonline.net)

Center for Cost Effective Government  
Ed Kelly  
[ekelly6706@aol.com](mailto:ekelly6706@aol.com)

We the People  
Bob Schulz  
[bob@givemeliberty.org](mailto:bob@givemeliberty.org)

Long Islanders for Tax Reform  
Anita MacDoughal  
[AHMAC@aol.com](mailto:AHMAC@aol.com)

Long Islanders for Education Reform  
Fred Gorman  
[fred@gormanpersonnel.com](mailto:fred@gormanpersonnel.com)

National Federation of Independent Businesses  
Michael Durant  
[Mike.Durant@nfib.org](mailto:Mike.Durant@nfib.org)

Port Jefferson Chamber

Smithtown Chamber

Westhampton Beach Chamber

Long Island Metro Business Alliance

Islip Rotary

Village Improvement Society

Suffolk County Village Officials

### **Getting Towns Involved**

At one point Executive Director Levy met with Islip Town Councilman Steve Flotteran to suggest that the town take the lead in a joint purchasing trial run. The town would invite other entities to purchase items such as cars along with the town to get a discounted rate. The town attorney maintained that while the town was able to let other entities buy items at the same price the town paid, they would be prohibited from creating a pool upfront in order to get a lower original price from the vendor, given that a larger volume would be guaranteed. Given this new information, the Center met with Senator Phil Boyle, who agreed to seek legislation to amend State law to permit towns to include other jurisdictions in their original bids.

### **Getting Villages Involved**

In December, 2014 Newsday reported that numerous villages in Nassau County are contemplating joint purchase of goods and sharing of services. See attached. Our Center has reached out to the Nassau County Village Officials Association to offer assistance with implementing the concept. The Center has also offered the village officials in Suffolk to do the same.

The Center can play a crucial role in the upcoming year to assist various jurisdictions to meet the governor's criteria of consolidation in order to become eligible for tax rebates. The 2014 state budget promised a freezing of local tax rates for various jurisdictions if they were to show that they were engaged in efforts that would procure savings due to consolidation efforts.

Many of these local entities may be willing to participate, but don't know where to start. That is where our Center comes in.

Consequently, the end result of the Center's efforts is to promote consolidation.

staff with much less area at the cover. Consequently, a movement was initiated to consolidate the two. Activist Laura Mallay began a crusade for a referendum to authorize the merger.

The Center entered into these two consolidation efforts in order to help educate the public as to how mergers could create efficiencies that could lower taxes. The Center assisted in the petition gathering process, producing press releases and mass contact of residents by phone. The Center dedicated a number of its meetings to seeking volunteers for these consolidation efforts.

The Center also held meetings to bring together other community organizations to seek assistance in the consolidation effort.

Ultimately the Center's efforts were successful in getting a pro-consolidation board in Gordon Heights.

The odds against consolidation in Hempstead was much tougher. The incumbents of the board enlisted the support of municipal unions throughout the county to get out the vote in these traditionally low turnout elections. The Center can provide information as to how public money can be saved but ultimately it is the people's choice to determine their form of government.

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The Center will continue to provide information to the public to let them know the extent to which these balkanized districts are costing them.

### **Center Becomes Conduit for Purchasing Consortiums**

While the actual consolidation of districts remains a heavy political lift, the idea of consolidating the purchasing power of these various taxing entities is something that is much more palatable.

Purchasing consortiums give participants the advantage of economies of scale by purchasing within a larger pool, which garners smaller prices per unit. Equally important is the fact that there is no need to surrender any local control by participating in these purchasing consortiums.

Suffolk County created the Long Island Purchasing Council in 2010. Its initial forays into the market illustrated that savings could materialize. Those participating in the pool purchasing paper, chemicals and natural gas did experience savings.

Unfortunately, upon a change in administration within the county, the Purchasing Council ceased active engagement. The Center noted how these efforts could prove fruitful and it has since then set forth to be a conduit through which other entities could participate in a newly created Purchasing Consortium.

In this case, the Center would not actually be doing the purchasing for these entities, but rather would be the conduit through which different taxing jurisdictions could communicate with each other so that they could buy items collectively.

The Executive Director attended both the Suffolk County fire district managers meeting and the Association of Chiefs in Suffolk County.

The Director also attended a number of other civic meetings and Chamber of Commerce events to educate the public on the need for consolidation because it will not only save money via economies of scale, but will also bring forth additional state moneys if their local government initiates consolidation efforts under the governor's plan.

The Center wrote numerous articles published in local media to keep the public informed about the benefits of joint purchasing. Some of those articles are attached herewith.

The Center For Cost Effective Government  
700 Veterans Hwy, Hauppauge, NY 11788 Suite 202  
(631) 877-0949  
cfceg@aol.com

May 22, 2012

Mark Lesko, Supervisor  
Town of Brookhaven  
One Independence Hill  
Farmingville, NY 11738

VIA: mail and fax

RE: SUPPORT FOR CONSOLIDATING GORDON HEIGHTS FIRE DISTRICT

Dear Mr. Lesko:

We are writing on behalf of the Center for Cost Effective Government, a not for profit entity which advocates for the consolidation of superfluous taxing districts.

The undersigned board members write today to urge you to support the merging of the Gordon Heights Fire District with the neighboring Yaphank Fire and Ambulance District. The residents of Gordon Heights are burdened with extraordinarily high taxes for their fire and ambulance services. In some cases, residents pay three to four times the Suffolk County average. Gordon Heights is a textbook example of the need for consolidation. It is an area with lower than average income and a small industrial/commercial tax base.

Taxpayers in the district have been working tirelessly for years to give residents hundreds of dollars a year savings on their tax bills by consolidating with the neighboring district. The taxpayer advocates collected petitions and presented them to the town board pursuant to the state law prior to its amendment in 2009.

Unfortunately, the residents cannot proceed with meaningful consolidation unless and until the Brookhaven town board adopts a plan for consolidation. While the town funded a consultant study to provide alternatives, no action on these alternatives has been taken. It is our understanding that a follow-up meeting to discuss these options is imminent.

We strongly support the position of the taxpayer advocates who believe that consolidation with the nearby Yaphank district is the most logical, cost-effective option available. Merely splitting the existing Gordon Heights district into two districts, a fire and an ambulance district, will accomplish little. If the goal is to seek third party insurance reimbursement, that can be done through the Yaphank consolidation as well. Only the Yaphank consolidation, however, will save the type of money that can make a true difference to these homeowners.

We at the Center For Cost Effective Government believe the actions taken on this consolidation

effort will have major ramifications on the hopes of other residents throughout Long Island who are reaching out to their elected leaders to help make the elimination or consolidations of our region's superfluous taxing districts a realistic option.

We appreciate the time you and the board have given to this matter and thank you for your consideration. We look forward to hearing from you soon.

Sincerely,  
Eliot Bloom  
Michael DeLuise  
Ed Kelly  
Steve Levy

CC: Steve Fiore-Rosenfeld, Jane Bonner, Kathleen Walsh, Constance Kepert, Timothy Mazzei,  
Daniel Panico



## Center for Cost Effective Government

700 Veterans Hwy, Hauppauge, NY 11788 Suite 202

(631) 877-0949

cfceg@aol.com

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Dear Community Leader:

June 2012

### **Do you want to consolidate your districts?**

We all love Long Island and want to remain here in the future, but will we be able to do so given the extremely burdensome taxes that we must endure? We are at a crossroads and something must be done to get control over a cost of living that is chasing families and businesses out of our region. We at the Center for Cost Effective Government believe there is an answer.

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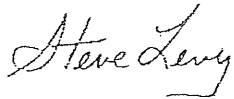
We are a not-for-profit "do tank" that looks to implement the many solutions to high taxation that have been talked about in theory by the many think tanks that have surfaced throughout Long Island over the many years.

We are taking up the issue of consolidation of districts as our first task. We are asking if your community is in need of assistance in helping to spearhead an effort to consolidate what you believe is a superfluous district within your locale. Civic associations, chambers of commerce, and other reform-minded residents have found that the system to bring about change is rigged toward the status quo. It is very expensive, time consuming, and bureaucratic to bring any type of consolidation to reality.

Back in 2009, the New York State Legislature enacted legislation that provides the pathway for consolidation if a community group seeks to gather petitions and place a referendum on the ballot. Even though many residents and community organizations feel that there is a desperate need for such consolidation, they give up before they even start because of the legal research involved and the logistics of getting the troops summoned to hit the streets and get the necessary number of petitions signed to qualify for the referendum.

This is where the Center for Cost Effective Government can help. We can provide help with legal research and hooking your organization up with extra boots on the ground to get these petitions signed. We are here as the ultimate support service that can finally bring the theory of consolidating our water, sewer, garbage, and, eventually, school districts into reality. (The law does not yet permit a petition process for school consolidation.)

Call us at (631) 877-0949 to set up a convenient time for us to visit with you to explore how we can help you make Long Island the ideal community we all know it can be.



Steve Levy, Executive Director



Michael DeLuise, Treasurer



Eliot Bloom, Board Member



Edward Kelly, Board Member

### Advisory Board Members:

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**James Aspromonti:** Certified Public Accountant with Marcum Advisors.  
**Ken Auerbach:** Patchogue Attorney.  
**Elliot Bloom:** Attorney in Mineola, NY.  
**Wilbur Breslin:** President of Breslin Realty  
**Lee Browning:** Founder and Principal of Browning Hotel Properties LLC.  
**Joe Campolo:** Managing Partner at Campolo, Middleton & McCormick law firm.  
**John Caracciolo:** President and CEO of JVC Broadcasting.  
**Mike DeLuise:** Former VP External Affairs at Dowling College  
**Mike Dwidziak:** President, Strategic Planning.  
**Ernie Fazio:** Chairman and President at Long Island Metro Business Action (LIMBA)  
**Frank Filippo:** Executive Vice President at Suffolk County National Bank.  
**Stephen Flanagan:** President, Napkin Pitch Media Company  
**Kevin Gersh:** Owner, West Hills Day Camp  
**Gloria Glowacki:** Director of Operations, Small Business Development Center at Stony Brook University.  
**Peter Goldsmith:** Chairman of Long Island Software & Technology Network.  
**Fred Johs:** Founding partner of Lewis Johs Avallone Aviles LLP law Firm.  
**Michael Keane:** Attorney, Garfunkel Wild, P.C.  
**Ed Kelly:** President, Strategic Marketing Plus.  
**John King:** Founder of J. Kings Food Service Professionals Inc.  
**Miriam Kulka:** Former Assistant Dean of New York Tech  
**Jack Kulka:** President, Kulka Construction.  
**David Manning:** Senior Vice President, VHB Engineering.  
**Scott Middleton:** Partner at Campolo, Middleton & McCormick law firm.  
**Mitchel Pally:** Executive Director of The Long Island Builders' Institute.  
**Arthur Perri Jr.:** Director of Grants and Research Funding at Dowling College.  
**Vincent Polemeni:** President of Polemeni Builders.  
**Mario Posillico:** Chairman, Posillico Construction  
**Mitchell Rechler:** Co-owner of Rechler Equities.  
**Desmond Ryan:** Executive Director of The Association For a Better Long Island.  
**Sheldon Sackstein:** Chairman of Action Long Island.  
**Bill Schoolman:** Owner of Classic Coach and Hampton Luxury Coach Bus Services.  
**Bob Venero:** President and CEO of Future Tech.  
**Marie Zere:** President and CEO of Zere Real Estate Services.

## GOVERNMENT

[letters@Newsday.com](mailto:letters@Newsday.com)

September 17, 2012

Contact: 631-877-0940. [Info@Centerforcosteffectivegovernment.org](mailto:Info@Centerforcosteffectivegovernment.org)

Dear Editor:

Voters in Sanitary District 2 in Hempstead should not be deterred by a letter from district worker Chris Seaman from voting in favor of consolidating this district (September 16, "Dissolving district may not lower taxes"). Mr. Seaman incorrectly claimed that such a consolidation would lead to less service, without a reduction in fees. It is understandable as to why Mr. Seaman would want to maintain the status quo, but such a decision should not hinge on whether this individual stays employed with the present district, gets absorbed by a succeeding one, or seeks employment elsewhere. The bottom line is that residents in this district pay twice as much as the folks across the street who are in the Hempstead Town Sanitation District without receiving any measurable difference in garbage pickup.

A change in New York State Law in 2009 was designed to give residents more control over their governance and cost of living. If the consolidation of a district such as this could be blocked by status quo interests, what hope would there be that we can consolidate any of our superfluous water, fire or school districts in the future.

It is very important that this test case be successful and that residents rally around this citizen-based effort to eliminate redundancy and waste in government services.

Sincerely,

Mike DeLuise and Steve Levy

Center For Cost Effective Government

700 Veterans Highway, Hauppauge, NY 11788

CENTER FOR  
**Cost Effective**  
GOVERNMENT

700 Veterans Hwy., Suite 202  
Hauppauge, NY 11788

P. 631-877-0940  
E. [info@centerforcosteffectivegovernment.org](mailto:info@centerforcosteffectivegovernment.org)

October, 2012

Dear Chamber of Commerce and Civic Association Leader,

We from the Center for Cost Effective Government are writing to enlist your support in helping citizen activists in sewer district #2 in Hempstead successfully complete their efforts to consolidate their very expensive sewer district with the neighboring municipal district in order to save their taxpayers 50% on their garbage bills. A referendum has been set for December 12. This effort by these citizens will have impact far beyond their small localities and could potentially impact every resident on Long Island in the years to come. This is the first test of any citizen based movement to consolidate major districts on Long Island.

As you know, we are so balkanized here that we have hundreds of separate taxing jurisdictions which is one of the reasons Long Island is such an expensive place in which to live and do business. There is near universal agreement that the time has come to make these numerous districts more efficient. A 2009 change in state law provides the mechanism for citizens to gather petitions to place a consolidation measure on the ballot for the people of that community to determine for themselves how they would like to be governed. There, of course, are special interests tied to the status quo that want to kill this consolidation effort and force these homeowners to continue to pay twice what the average cost is for sewer service in other communities. Were the status quo special interest forces to succeed in stopping this consolidation effort, it will place a damper on any future efforts to consolidate sewer, water, fire or even school districts. Those of us who believe in more efficient government feel that it is essential that the residents promoting this proposal are successful. They need our help with money and or bodies on the ground.

You can assist by writing letters and volunteering your time or that of your membership to help these residents in Hempstead win the vote on referendum day in December. It won't take a lot of work – just making some phone calls, stuffing some envelopes, being a poll watcher on Election Day or pulling out the vote to ensure that the forces of change outnumber the special interest status quo.

As you may know, the Center for Cost Effective Government was founded earlier this year for the purpose of helping to make Long Island more affordable. One of our major goals is to foster the consolidation of these many superfluous districts. We are a cadre of some of Long Island's leading business and community leaders. If you are willing to help in this endeavor, please call us at 631-877-0940. The future of Long Island depends on it.

Thank you for considering this request.

Sincerely,

A handwritten signature in black ink that reads "Steve Levy". The signature is written in a cursive, flowing style with a long, sweeping underline.

Steve Levy

Executive Director

CENTER FOR  
**Cost Effective**  
**GOVERNMENT**

Dear advisory board member:

The next full meeting of the Center for Cost Effective Government advisory board will be on October 1st at the Marriott Courtyard Hotel in Ronkonkoma (Expressway Dr. South) at 6:00 p.m. (dinner will be served).

There are two major issues to be discussed:

- 1) Laura Mallay, the driving force to consolidate the Hempstead sewer district, will be our guest speaker. The public will vote on this consolidation in November. It is essential that the referendum pass so that we can build momentum for similar consolidations throughout the island. We are going to want to marshal all of our forces to help in any way possible.
- 2) We are making a major push to work with taxpayer organizations throughout the state to make this the year true mandate relief occurs. We will discuss repealing the Triborough Amendment, which provides automatic step salary increases in the public sector, and the dreaded mandatory arbitration that has given us public safety salaries that are in the stratosphere. We also will be discussing the proposal from Comptroller Tom Dinapoli to create control boards throughout the state to assist local governments on the brink of fiscal collapse. All of these things could have impact on our cost of living similar to what the tax cap provided. We will need your input as to the best way to proceed on these important issues.

We are making tremendous progress and are headed in the right direction. They said we could never win that lawsuit on the MTA tax. We proved them wrong. There is so much more we can do now that we have this organization behind us. Please let me know if you can attend on October 1st, and remember, a great dinner is served.

Steve



700 Veterans Hwy., Suite 202  
Hauppauge, NY 11788

P. 631-877-0940  
E. [info@centerforcosteffectivegovernment.org](mailto:info@centerforcosteffectivegovernment.org)

August 13, 2012

John Cools, Chairman  
Sanitation District 2  
Board of Commissioners

RE: DISSOLUTION OF SANITATION DISTRICT 2

Dear Mr. Cools:

I am writing on behalf of the Center for Cost Effective Government which strongly supports the referendum whereby the people of Sanitation District 2 in Hempstead will have the opportunity to decide through referendum whether they wish to consolidate their existing garbage district.

Our center is a not-for-profit organization comprised of 60 of the most prominent business and civic leaders throughout Long Island. Our goal is to make Long Island a more affordable place in which to live and do business. While we love living in this beautiful area with its proximity to New York City, its world class beaches and its diverse populations, it has become harder and harder for our residents and businesses to survive the high cost of living.

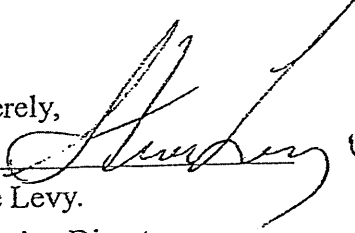
One of the reasons taxes have grown so out of control is the over proliferation of taxing jurisdictions. The Sanitation District #2 in Hempstead is one such example where residents pay far more than their neighbors for no logical reason. The residents in District 2 pay twice as much as those in the Hempstead Town district for the same service. These types of arbitrary taxes on our residents must become a thing of the past. At the very least, the residents of this community should have the opportunity within our democracy to control their own fate. Let the people decide.

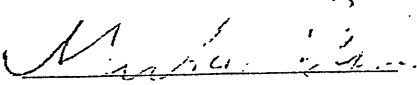
We hope that the August 3rd Newsday article suggesting that the District may move to oppose or delay the referendum through legal channels does not come to pass. We strongly urge that your

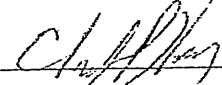


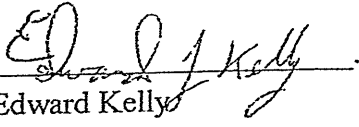
office do everything it can to help facilitate this referendum coming to fruition. The people of this district deserve no less. Thank you for considering our thoughts.

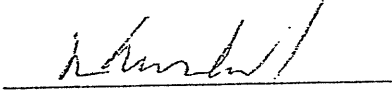
Sincerely,

  
Steve Levy.  
Executive Director.

  
Michael DeLuise.  
Vice President.

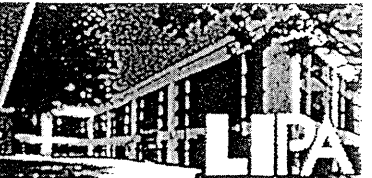
  
Eliot Bloom, Esq.  
Director

  
Edward Kelly  
Director

  
Kenneth Auerbach, Esq.  
Director


cc: Laura Mallay, Residents for Efficient Special Districts  
Lisa Tyson, Long Island Progressive Coalition  
Rosalie Hanson, Gordon Heights Fire District Consolidation

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# Levy: Don't transfer Suffolk sewer district

by Commentary

Published: October 12, 2012

Tags: [budget](#), [debt](#), [Economy](#), [Gordon Heights](#), [ratepayers](#), [sewer](#), [sewer district](#), [Suffolk Water Authority](#), [taxes](#), [taxpayers](#), [water](#), [Water Authority](#)

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By Steve Levy

There's been much buzz recently about consolidating sewer and water functions throughout Long Island, but the public must carefully define what's meant by "consolidation."

Consolidating Gordon Heights' Fire District with neighboring Yaphank is a great idea, as is the merger of Sewer District 2 in Hempstead with the more efficient town district.

This is entirely different from the concept floated by Suffolk officials to have the Suffolk Water Authority absorb Suffolk's sewer district, or combining water authorities in Nassau and Suffolk.

Regarding the latter, remember that Suffolk invested over a billion taxpayer dollars in preserving open space so that it would have a clean water supply in the future. Will this proposed bi-county consolidation mean that Suffolk residents will now just give it away?

And if Suffolk's transfer of the sewer system to the water authority becomes a reality, get ready for a whopping increase in your water bill. This gimmick would shift the millions of sewer debt off the county's books and onto the water authority, and provide the new administration with a major infusion of cash paid by water authority ratepayers.

Unfortunately, this proposal would force all Suffolk residents to absorb the debt currently shouldered by the 27 percent who receive the sewer district's services. It would also dramatically increase water rates for expansion elsewhere, which is why it was shot down in the past.

This proposal has two false premises. The first says that the program would consolidate sewer functions and create economies of scale. But, Suffolk's sewer system is already consolidated and already enjoys economies of scale. Workers are assigned to any plant where a need arises, there is just one consolidated management team and purchasing is done in bulk.

The other false premise is that this is the only way to get more money to expand sewer systems. This ignores the fact that in 2011, my administration set aside reserves to stabilize sewer district rates for the next 20 years and freed up \$300 million for new sewer construction.

It is simply unrealistic to have sewers everywhere in Suffolk. Much of Suffolk is dedicated open space to protect our groundwater, and it's unrealistic to think we will sewer existing residential communities handled by cesspools.

Water expert Tom Shanahan and former County Executive and Water Authority Chairman Michael LoGrande have labeled the water authority takeover a scheme to give the county a quick budget fix while yanking up everyone else's water bill.

Legislators must be aware of what is fact and what is fiction in this trial balloon.

# Newsday

*"Where there is no vision, the people perish."*

NEWS  
DEBBY  
DEBOR  
RICHAR

OPINION

## EDITORIAL

# Villages heed the rebate nudge

Mayors from six villages in the Town of North Hempstead have begun discussions on how they can save money — together. The leaders of East Hills, Flower Hill, Old Westbury, Roslyn, Roslyn Estates and Roslyn Harbor met Thursday night with town and state officials to talk about sharing such expenses as paving roads and buying salt, fuel and computers. They agreed to meet again in January to start crafting a master plan with details and specifics.

We hope they're successful, and that their actions become contagious.

The initiative is a result of Gov. Andrew M. Cuomo's property tax reform plan. It offers homeowners rebate checks this fall on tax increases if the taxing jurisdiction stays within the tax cap. The rebates will continue if jurisdictions remain in cap compliance and come up with a plan in 2015 to reduce their tax levies by 1 percent a year for three years, beginning in 2016, by sharing services or consolidating. East Hills Mayor Michael Koblenz, the architect of the mayoral alliance, says his village's average taxpayer would see an rebate of about \$30 in the first year.

The relatively small amount is a reminder of the potency of Cuomo's plan — dangle a tax rebate, any rebate, and the public will want it. The rebate will grow if other levels of government, including school districts, adopt their own plans. Many already engage in some sort of joint operations. And Cuomo's plan is limited in that it does nothing to address such major cost drivers as pensions and health care.

But life here is expensive and Long Island is rapidly graying. Any bending of the spending curve, especially one that involves a return of cash, is welcome. Surviving on fixed incomes is going to become more of a problem, not less. **N**

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## Making Government More Transparent

The Center is now a major player in the effort to make Suffolk County government more transparent. Good government reformers have focused attention on a broken budget process that is laden with behind-the-scenes mechanics that are contrary to the interests of the taxpayers.

The Center identified four primary problems that require the most attention:

- 1) Inadequate time for the public, and legislators themselves, to review and comment on amendments to the executive's annual operating budget
- 2) The inability of the public to determine which legislators added spending items into the budget
- 3) The inability for legislators to demand a line item vote on individual spending amendments
- 4) The fact that the vote on the budget and potential tax increases are taking place the day *after* election.

These flaws in the Suffolk County Charter have created an atmosphere that is conducive to irresponsible spending by the legislature. It has become common practice for a group of legislators to congregate in the basement of the legislature, outside of public view, to craft what is called the "Omnibus Budget" for the upcoming year.

In September of a fiscal year the County Executive proposes his budget. The public and the legislature have many weeks to go through the executive's budget in great detail. In fact, the Suffolk Legislature's Budget Review Office prepares an in-depth report on the spending plan. Legislators then come up with spending amendments to the plan and incorporate them in one large omnibus bill that fails to delineate who proposed the additional spending. The end result is that instead of each legislator having to pitch his or her additional spending proposal on an individual basis before the whole legislature, he or she simply puts in the extra funding for the program in the one big package. Many of the other legislators do the same with a wink and a nod agreement that all will vote for the one bill when the time comes. This assures that each individual legislator will get his or her program added to the budget. Unfortunately, this process takes away the scrutiny that would otherwise be necessary to weed out the more wasteful programs. Ultimately, all of the proposals are approved in a single vote. This had the effect of significantly increasing spending in the budget and property taxes as a result.

Not only is there no public scrutiny of this process, but the legislators not on the Omnibus Budget committee are also prevented from any real review of the final package.

Years ago, the rules were changed to require that any amendments to the budget be made public at least 48 hours prior to the vote. In this case the public and all the legislators could get at least a cursory review of the proposals that will come before them for the final budget vote.

But, a loophole in the law exists whereby the presiding officer has the ability to waive this review period.

**RESOLUTION NO. -2013, ADOPTING LOCAL LAW  
NO. -2013, A CHARTER LAW TO ADOPT TAX POLICY  
PRIOR TO ELECTION DAY ("TAXPAYER AWARENESS ACT  
PART 1")**

**WHEREAS**, there was duly presented and introduced to this County Legislature at a meeting held on \_\_\_\_\_, 2013 a proposed local law entitled, " **A CHARTER LAW TO ADOPT TAX POLICY PRIOR TO ELECTION DAY ("TAXPAYER AWARENESS ACT PART 1")**"; now, therefore be it

**RESOLVED**, that said local law be enacted in form as follows:

**LOCAL LAW NO. -2013, SUFFOLK COUNTY, NEW YORK**

**A CHARTER LAW TO ADOPT TAX POLICY PRIOR TO ELECTION  
DAY ("TAXPAYER AWARENESS ACT PART 1")**

**BE IT ENACTED BY THE COUNTY LEGISLATURE OF THE COUNTY OF  
SUFFOLK**, as follows:

**Section 1. Legislative Intent.**

This Legislature hereby finds and determines that pursuant to the SUFFOLK COUNTY CHARTER, the County Legislature is required to adopt an operating budget by November 10th each year.

This Legislature further finds that the County Legislature traditionally votes on Budget Amending Resolutions the day after Election Day.

This Legislature determines that the County Legislature should adopt an operating budget prior to Election Day so that Suffolk residents know where their legislators stand on critical spending and taxing issues before they cast their votes.

Therefore, the purpose of this law is to change the County's budget timeline to ensure that the County Legislature adopts an operating budget prior to Election Day each year.

**Section 2. Amendment.**

Article IV of the SUFFOLK COUNTY CHARTER is hereby amended to read as follows:

**Article IV, County Budget and Capital Program**

\* \* \* \*

**C4-10. Action by the County Legislature on proposed budget.**

- A. No later than the day before Election Day of each year, [Not less than 10 days after public hearings required by § C4-9 and not later than the 10th day of November or the

52nd day after the County Executive has actually submitted the proposed budget required by § 4-6 to the County Legislature, whichever is later,] the County Legislature shall adopt the proposed county budget consisting of an expense budget by voting to approve a separate mandated portion and a separate nonmandated portion, with or without amendment. If the County Legislature does not adopt a county budget on or before the day before Election Day of each year [the 10<sup>th</sup> day of November or the 52nd day after the County Executive has actually submitted the proposed budget required by § C4-6 to the County Legislature, whichever is later,] the proposed County budget shall be deemed adopted as submitted. The Suffolk County Legislature's Budget Review Office shall prepare budgetary and financial forecasts of cost to continue expenditures and revenues for major omnibus-type budget amending resolutions for the following year.

\* \* \* \*

**Section 3. Applicability.**

This law shall apply to all operating budgets adopted on or after the effective date of this law.

**Section 4. Severability.**

If any clause, sentence, paragraph, subdivision, section, or part of this law or the application thereof to any person, individual, corporation, firm, partnership, entity, or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section, or part of this law, or in its application to the person, individual, corporation, firm, partnership, entity, or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

**Section 5. SEQRA Determination.**

This Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this law constitutes a Type II action pursuant to Section 617.5(c)(20), (21), and/or (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection. The Suffolk County Council on Environmental Quality (CEQ) is hereby directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this law.

**Section 6. Effective Date.**

This law shall take effect immediately upon filing in the Office of the Secretary of State.

[ ] Brackets denote deletion of existing language.

\_\_\_ Underlining denotes addition of new language.

Intro. Res. No. 1033-2013  
Introduced by Legislators Cilmi

Laid on Table 2/5/2012

**RESOLUTION NO. -2013, ADOPTING LOCAL LAW  
NO. -2013, A CHARTER LAW TO REQUIRE OPEN  
DELIBERATIONS IN BUDGET AMENDMENT PROCESS  
("TAXPAYER AWARENESS ACT PART 2")**

**WHEREAS**, there was duly presented and introduced to this County Legislature at a meeting held on , 2013 a proposed local law entitled, "A CHARTER LAW TO REQUIRE OPEN DELIBERATIONS IN BUDGET AMENDMENT PROCESS ("TAXPAYER AWARENESS ACT PART 2")"; now, therefore be it

**RESOLVED**, that said local law be enacted in form as follows:

**LOCAL LAW NO. -2013, SUFFOLK COUNTY, NEW YORK**

**A CHARTER LAW TO REQUIRE OPEN DELIBERATIONS IN  
BUDGET AMENDMENT PROCESS ("TAXPAYER AWARENESS  
ACT PART 2")**

**BE IT ENACTED BY THE COUNTY LEGISLATURE OF THE COUNTY OF  
SUFFOLK**, as follows:

**Section 1. Legislative Intent.**

This Legislature hereby finds and determines that the County Legislature amends the County Executive's recommended operating budget each year by adopting budget amendment resolutions.

This Legislature also finds and determines that a practice has evolved whereby the County Legislature amends the operating budget through the use of an omnibus budget resolution, which bundles hundreds of line item changes in one resolution.

This Legislature finds that omnibus budget amendment resolutions are generally prepared by a group of legislators who meet in private sessions that are closed to the public.

This Legislature also determines that the debate and discussions that shape the preparation of the County operating budget should be open to the full legislature and the public at large.

Therefore, the purpose of this law is to require that all meetings of special committees or working groups established to create an omnibus budget amendment be open and accessible to the public.

**Section 2. Amendment.**

Section C4-10 of the SUFFOLK COUNTY CHARTER is hereby amended to read as follows:

**§ C4-10. Action by County Legislature on proposed budget.**



\*\*\*\*

B. The County Legislature may amend the proposed county budget by submitting a budget amendment resolution which will add or increase an item of appropriation or strike or reduce an item of appropriation except for appropriations for debt service and any other appropriations required by law.

\*\*\*\*

(4) Meetings of any committee or working group charged with the responsibility of preparing an omnibus budget amending resolution shall be held during regular business hours and be open to the public. Each meeting of such a committee or group shall begin with a one hour public portion.

\*\*\*\*

### **Section 3. Applicability.**

This law shall apply to all actions occurring on or after the effective date of this law.

### **Section 4. Severability.**

If any clause, sentence, paragraph, subdivision, section, or part of this law or the application thereof to any person, individual, corporation, firm, partnership, entity, or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section, or part of this law, or in its application to the person, individual, corporation, firm, partnership, entity, or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

### **Section 5. SEQRA Determination.**

This Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this law constitutes a Type II action pursuant to Section 617.5(c)(20), (21), and/or (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection. The Suffolk County Council on Environmental Quality (CEQ) is hereby directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this law.

### **Section 6. Effective Date.**

This law shall take effect immediately upon its filing in the Office of the Secretary of State.

\_\_\_ Underlining denotes addition of new language.

**RESOLUTION NO. -2013, ADOPTING LOCAL LAW  
NO. -2013, A CHARTER LAW TO IMPROVE  
TRANSPARENCY AND PARTICIPATION IN SETTING  
SPENDING PRIORITIES ("TAXPAYER AWARENESS ACT  
PART 3")**

**WHEREAS**, there was duly presented and introduced to this County Legislature at a meeting held on , 2013, a proposed local law entitled, "A CHARTER LAW TO IMPROVE TRANSPARENCY AND PARTICIPATION IN SETTING SPENDING PRIORITIES ("TAXPAYER AWARENESS ACT PART 3")"; now, therefore be it

**RESOLVED**, that said local law be enacted in form as follows:

**LOCAL LAW NO. -2013, SUFFOLK COUNTY, NEW YORK**

**A CHARTER LAW TO IMPROVE TRANSPARENCY AND  
PARTICIPATION IN SETTING SPENDING PRIORITIES  
("TAXPAYER AWARENESS ACT PART 3")**

**BE IT ENACTED BY THE COUNTY LEGISLATURE OF THE COUNTY OF  
SUFFOLK**, as follows:

**Section 1. Legislative Intent.**

This Legislature hereby finds and determines that the County Legislature amends the County Executive's recommended operating budget each year by adopting a series of budget amendment resolutions.

This Legislature further finds that under existing law, budget amendment resolutions are supposed to be "laid on the table" and distributed to legislators at least two days prior to the scheduled vote on said amendments. However, the Presiding Officer may waive the two-day notice requirement at the request of the Director of the Budget Review Office.

This Legislature further finds and determines that a budget amending resolution may also be amended by the Legislature at any time prior to a final vote on the resolutions.

This Legislature determines that while it is desirable for the County Legislature to maintain flexibility in the budget-making process, the absence of any real deadline for filing budget amendment resolutions and the Legislature's unlimited authority to amend such resolutions "on the floor" can lead to unnecessary confusion, controversy and simple human errors.

This Legislature also finds that the current budget process deprives Legislators and the citizens of Suffolk County the opportunity to fully review and debate proposed changes to the County's operating budget.

This Legislature further finds that the County's budget process would benefit from stronger deadlines and greater transparency.

Therefore, the purpose of this law is to require that budget amendment resolutions be filed and distributed at least five days prior to any vote on said resolutions unless said deadline is waived by a majority of the Legislature's membership.

**Section 2. Amendment.**

Article IV of the SUFFOLK COUNTY CHARTER is hereby amended as follows:

**ARTICLE IV, County Budget and Capital Program**

\* \* \* \*

**§ C4-10. Action by County Legislature on proposed budget.**

\* \* \* \*

- B. The County Legislature may amend the proposed county budget by submitting a budget amendment resolution which will add or increase an item of appropriation or strike or reduce an item of appropriation except for appropriations for debt service and any other appropriations required by law.

\* \* \* \*

- (2) The Presiding Officer of the County Legislature shall establish a cutoff date each year for the filing of budget amendment resolutions by members of the County Legislature which date shall be a reasonable number of days immediately preceding the date scheduled for the actual vote on such budget amendment resolutions, provisions of § C2-12A of the Suffolk County Charter to the contrary notwithstanding. The Presiding Officer of the County Legislature shall also establish a cutoff date for the distribution of budget amendment resolutions [by] to members of the County Legislature which date shall be at least [two] five days immediately preceding the date scheduled for the actual vote on such budget amendment resolutions, provisions of § C2-12A of the Suffolk County Charter to the contrary notwithstanding, unless such deadline is waived by the Presiding Officer at the request of the Director of the Legislative Office of Budget Review pursuant to a written determination by the Director of the Legislative Office of Budget Review that such deadline cannot be met by his or her office.] This five-day notice requirement may be waived on the written request of the Director of the Legislative Office of Budget Review by a written petition signed by at least a majority of the entire membership of the County Legislature, which shall be filed with the Clerk of the County Legislature.
- (3) [In no event shall the County Legislature act upon such budget amendment resolutions unless and until such resolutions shall have been placed upon the desks or tables of the members of the County Legislature at least five days prior to such legislative action, provisions of § C2-12A of the Suffolk County Charter to the contrary notwithstanding.] Any [such] budget amendment resolution may be amended, prior to initial legislative action on the entire such budget amendment resolution, by a procedural vote to so amend approved by at least a majority of the entire membership of the County Legislature. [This five-day notice requirement may

be waived by the Presiding Officer at the request of the Director of the Legislative Office of Budget Review pursuant to a written determination by the Director of the Legislative Office of Budget Review that such deadline cannot be met by his or her office.]

The County Legislature shall list in one document all of the amendments it has made in the proposed county budget and shall include such provisions in such budget amendment resolutions as shall be necessary to implement the objectives contained therein.

\* \* \* \*

**Section 3. Applicability.**

This law shall apply to actions occurring on or after the effective date of this law.

**Section 4. Severability.**

If any clause, sentence, paragraph, subdivision, section, or part of this law or the application thereof to any person, individual, corporation, firm, partnership, entity, or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section, or part of this law, or in its application to the person, individual, corporation, firm, partnership, entity, or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

**Section 5. SEQRA Determination.**

This Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this law constitutes a Type II action pursuant to Section 617.5(c)(20), (21), and/or (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection. The Suffolk County Council on Environmental Quality (CEQ) is hereby directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this law.

**Section 6. Effective Date.**

This law shall not take effect until at least sixty (60) days after its adoption, nor until approved by the affirmative vote of a majority of the qualified electors of the County of Suffolk voting on a proposition for its approval if within sixty (60) days after its adoption there is filed with the Clerk of the County Legislature a petition protesting against this law in conformity with the provisions of Section 34(4) of the NEW YORK MUNICIPAL HOME RULE LAW and upon filing in the Office of the Secretary of State.

[ ] Brackets denote deletion of existing language.  
\_\_\_\_ Underlining denotes addition of new language.

## **Center Proposes BOCES Purchasing Reform**

The Center for Cost Effective Government is playing a crucial role in seeking to change state law so that taxpayer dollars are no longer wasted when school districts purchase some materials through the Boards of Cooperative Exchange Services (BOCES) system.

The 2014 expose' by the Long Island Business News brought forth the fact that school districts were overpaying for various items including desks, tables and other school furniture if they were purchased through BOCES.

This comes to numerous residents as being quite ironic since BOCES was established in large part to help facilitate large volume purchases by school districts in order to save taxpayer dollars.

However, a quirk in state law provides for state aid reimbursement for the purchases to school districts only if purchases are made through BOCES and not if the purchases are made through a non-related private vendor. Consequently, where the district would otherwise purchase a desk for \$700, they would instead pay \$1000 for the same desk through BOCES because they would become eligible for a reimbursement of \$500 from the state. This archaic system allows for the school district to have that lower payment if they go through BOCES, yet the state taxpayers are spending \$300 more than they would have had the school selected the lowest bid.

The Center thereafter conferred with New York State Senator Phil Boyle and helped draft legislation presently before the state legislature which would change the system to allow for reimbursement to be available for the low bidders rather than just through the BOCES process. This will eliminate the incentive for schools to pursue the higher priced BOCES purchase even though it is more costly for state taxpayers.

Executive Director Levy's letter and the accompanying bill are attached.

# BOCES Reform Long Overdue

Steve Levy

David Winzelberg of this paper wrote a revealing expose' on how taxpayer dollars are being wasted through an archaic state reimbursement system utilized for school district purchases through the BOCES purchasing consortium. He cited numerous examples where taxpayers wound up paying several hundred dollars more for a desk simply because it was purchased through BOCES, thereby making districts eligible for state reimbursement. A district that would otherwise purchase a desk for \$700 through a competitive bid would instead pay \$1000 through BOCES, knowing that \$400 would come back in the form of reimbursement. The net amount expended by the district is less going through BOCES than had they bought the cheaper desk directly. Nevertheless, our state tax dollars are veered toward reimbursement for a more expensive product.

We can do better. The Center for Cost Effective Government, for which I serve as Executive Director, is teaming up with State Senator Phil Boyle to draft legislation that would provide state reimbursement to the lower bid, regardless of whether it went through BOCES. This would continue to give the district a reimbursement it presently enjoys, while sparing the state taxpayers from having to subsidize a more expensive product. Meanwhile those more competitive vendors will prosper.

It is incredible that statewide inertia has allowed this ridiculous concept to continue. Kudos to the Business News for making Long Islanders aware of the problem and to Senator Boyle for seeking to reform the reimbursement process.

The Center is also working with Senator Lee Zeldin to deal with outrageous superintendent pensions — some reaching \$27,000 MONTHLY! We also need legislation to ensure neither sick or vacation pay, nor overtime incurred by those eligible, should be factored into one's pension calculations. And an end must come to cases such as an east end village police official getting a \$400,000 severance check for unused sick and vacation time. Changes should also require a contribution from those receiving health benefits.

Some will say the state Constitution prevents changes to these terms except for those hired prospectively, meaning we'll continue to pay \$100-\$200,000 annual pensions, and nearly half a million dollar severance payouts, to management and civil servants for decades to come. Others disagree, claiming these are not basic terms of a pension and can be

LAW & GOVERNMENT

# Proposed state law targets BOCES purchasing system

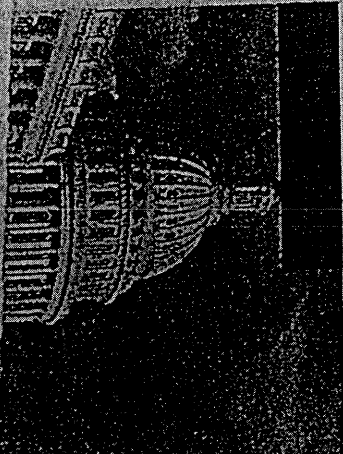
## Senator would extend state refunds to other 'cost-effective' purchases

By JACQUELINE BIRZON

A state lawmaker is spearheading a reform movement targeting what some are calling an archaic, inefficient school-purchasing policy.

State Sen. Phil Boyle (R-Bay Shore), has proposed legislation that would eliminate expensive, uneven tax burdens created by the BOCES cooperative purchasing system, which extends reimbursements to participating school districts. Boyle's plan allows all schools to apply for state reimbursements, regardless of whether they make purchases through the BOCES system.

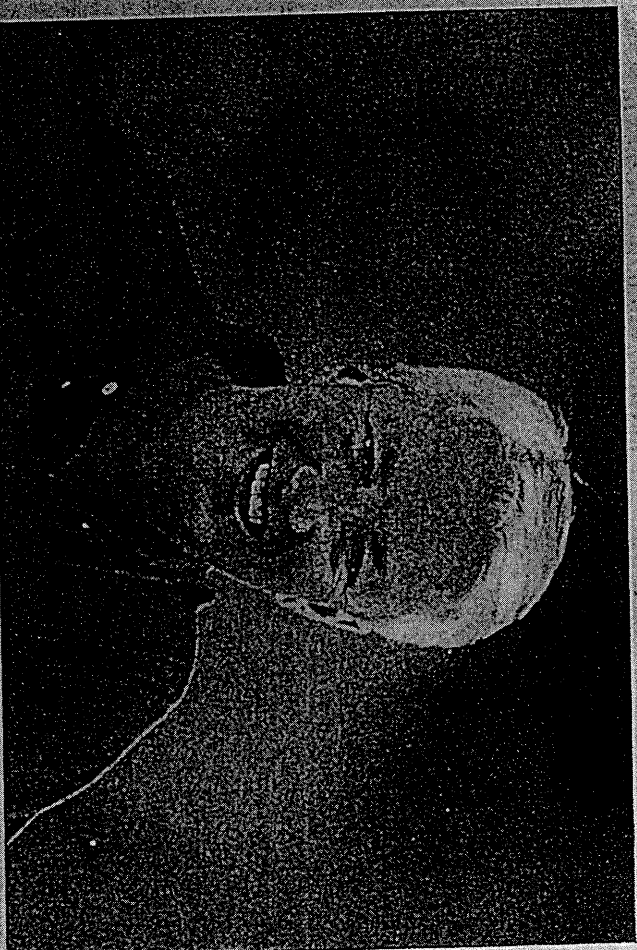
In June, an LBN special report showed that school districts participating in the



BOCES cooperative purchasing system spend millions of dollars more on equipment and supplies than they would if they purchased the same items independently from non-BOCES-approved vendors. In one example, the report detailed a price quote on tables given by a BOCES-designated vendor to a Nassau County school district through the BOCES agreement. Though the tables' Minneapolis vendor actually sold the tables for \$421 a piece, the BOCES-approved vendor offered them for \$1,146 each; the price dropped to \$740 per table after discounts, but even at that discounted price, for 50 tables, the school district would have paid more than \$15,000 more than the cost of purchasing directly from the vendor.

Critics of the BOCES system note that school districts have little reason not to purchase through BOCES, since the cooperative system generally reimburses 40 to 50 percent of purchase costs and sometimes as much as 90 percent — a great deal for the districts, but not for taxpayers.

A 2012 state comptroller's report on the cost-effectiveness of the BOCES non-structural services program audited four central New York BOCES and found their costs for those services averaged 56 percent higher than independent districts' costs for the same services. The report concluded that the availability of BOCES aid does not incentivize BOCES to minimize



**PHIL BOYLE: BOCES flawed.**

service costs or encourage schools to do mand less-expensive choices.

Instead, BOCES aid merely shifts the burden of these extra costs from local taxpayers to state taxpayers, the report stated.

Boyle's BOCES reform bill would remove the BOCES advantage by offering state reimbursements for school district purchases of equipment or supplies, "made outside of the BOCES purchasing system, if the price of those products is more cost-effective," according to the senator.

The proposed law, introduced Sept. 12, stipulates that expenses incurred by component school districts for equipment — including but not limited to furniture, bulletin boards, tangible instructional materials and classroom aids — shall be an "acceptable expense for BOCES aid" if the district shows the purchase is more cost-effective than otherwise possible "without the consideration of BOCES aid."

David Bernardo, superintendent of the South Huntington Union Free School District,

Legislative Bill Drafting Commission  
15763-01-4

S. -----  
Senate  
-----

IN SENATE--Introduced by Sen

--read twice and ordered printed,  
and when printed to be committed  
to the Committee on

----- A.  
Assembly  
-----

IN ASSEMBLY--Introduced by M. of A.

with M. of A. as co-sponsors

--read once and referred to the  
Committee on

\*EDUCLA\*  
(Relates to the utilization of a New  
York state centralized contract for  
tangible equipment purchases)

-----  
Ed L. pur. tang. equip. boces

AN ACT

to amend the education law, in  
relation to the utilization of the  
New York state procurement list for  
tangible equipment

The People of the State of New  
York, represented in Senate and  
Assembly, do enact as follows:

IN SENATE

Senate introducer's signature

The senators whose names are circled below wish to join me in the sponsorship  
of this proposal:

s15 Addabbo	s02 Flanagan	s28 Krucger	s55 O'Brien	s51 Seward
s11 Avella	s59 Gallivan	s24 Lanza	s58 O'Mara	s09 Skelos
s40 Ball	s12 Gianaris	s39 Larkin	s21 Parker	s14 Smith
s42 Bonacic	s41 Gipson	s37 Latimer	s13 Peralta	s26 Squadron
s04 Boyle	s22 Golden	s01 LaValle	s30 Perkins	s16 Stavisky
s44 Breslin	s47 Griffo	s52 Libous	s61 Ranzenhofer	s35 Stewart-
s38 Carlucci	s60 Grisanti	s45 Little	s48 Ritchie	Cousins
s50 DeFrancisco	s06 Hannon	s05 Marcellino	s33 Rivera	s46 Tkaczyk
s32 Diaz	s36 Hassell-	s43 Marchione	s56 Robach	s53 Valesky
s18 Dilan	Thompson	s07 Martins	s19 Sampson	s57 Young
s31 Espaillet	s27 Hoylman	s62 Maziarz	s10 Sanders	s03 Zeldin
s49 Farley	s63 Kennedy	s25 Montgomery	s23 Savino	s08
s17 Felder	s34 Klein	s54 Nozzolio	s29 Serrano	s20

IN ASSEMBLY

Assembly introducer's signature

The Members of the Assembly whose names are circled below wish to join me in the  
multi-sponsorship of this proposal:

a049 Abbate	a147 DiPietro	a076 Kellner	a132 Palmesano	a022 Solages
a092 Abinanti	a115 Duprey	a040 Kim	a002 Palumbo	a114 Stec
a084 Arroyo	a004 Englebright	a131 Kolb	a088 Paulin	a110 Steck
a035 Aubry	a109 Fahy	a105 Lalor	a141 Peoples-	a127 Stirpe
a120 Barclay	a071 Farrell	a013 Lavine	Stokes	a011 Sweeney
a106 Barrett	a126 Finch	a050 Lentol	a058 Perry	a112 Tedisco
a082 Benedetto	a008 Fitzpatrick	a125 Lifton	a086 Pichardo	a101 Tenney
a117 Blankenbush	a124 Friend	a102 Lopez, P.	a089 Pretlow	a001 Thiele
a062 Borelli	a095 Galef	a123 Lupardo	a073 Quart	a061 Titone
a026 Braunstein	a137 Gantt	a010 Lupinacci	a019 Ra	a031 Titus
a044 Brennan	a007 Garbarino	a121 Magee	a012 Raia	a146 Walter
a119 Brindisi	a148 Giglio	a129 Magnarelli	a006 Ramos	a041 Weinstein
a138 Bronson	a080 Gjonaj	a064 Malliotakis	a078 Rivera	a020 Weisenberg
a046 Brook-Krasny	a066 Glick	a030 Markey	a128 Roberts	a024 Weprin
a093 Buchwald	a023 Goldfeder	a090 Mayer	a056 Robinson	a070 Wright
a118 Butler	a150 Goodell	a108 McDonald	a068 Rodriguez	a096 Zebrowski
a103 Cahill	a075 Gottfried	a014 McDonough	a067 Rosenthal	a054
a043 Camara	a005 Graf	a017 McKeivitt	a025 Rozic	a055
a145 Ceretto	a100 Gunther	a107 McLaughlin	a116 Russell	a059
a033 Clark	a139 Hawley	a038 Miller	a149 Ryan	a060
a047 Colton	a083 Heastic	a052 Millman	a009 Saladino	a072
a032 Cook	a003 Hennessey	a015 Montesano	a111 Santabarbara	a077
a144 Corwin	a028 Hevesi	a136 Morelle	a029 Scarborough	a079
a085 Crespo	a048 Hikind	a057 Mosley	a016 Schimel	a098
a122 Crouch	a018 Hooper	a039 Moya	a140 Schimminger	a113
a021 Curran	a042 Jacobs	a133 Nojay	a087 Sepulveda	a134
a063 Cusick	a097 Jaffec	a037 Nolan	a065 Silver	a143
a045 Cymbrowitz	a135 Johns	a130 Oaks	a027 Simanowitz	
a053 Davila	a094 Katz	a069 O'Donnell	a036 Simotas	
a034 DenDekker	a074 Kavanagh	a051 Ortiz	a104 Skartados	
a081 Dinowitz	a142 Kearns	a091 Otis	a099 Skoufis	

1) Single House Bill (introduced and printed separately in either or  
both houses). Uni-Bill (introduced simultaneously in both houses and printed  
as one bill. Senate and Assembly introducer sign the same copy of the bill).

2) Circle names of co-sponsors and return to introduction clerk with 2  
signed copies of bill and 4 copies of memorandum in support (single house);  
or 4 signed copies of bill and 8 copies of memorandum  
in support (uni-bill).



## Center Calls for Control Boards With Teeth

After the severe recession of 2008, local governments throughout New York State have been experiencing tremendous fiscal stress. State and federal mandates continue to be borne by lower governments while their revenues dry up substantially. Many such governments teetered on the verge of collapse, as was seen in various jurisdictions throughout the nation including: Detroit, Michigan; San Bernardino, California; and Scranton, Pennsylvania.

These fiscal problems led to New York State Comptroller Thomas DiNapoli issuing a warning that many of New York's localities could face the same fate. He noted that it was important that the state provide oversight for these counties. This was a concept at first blush highly supported by our Center. However, we were soon disappointed to find out that the comptroller was not calling for the establishment of more control boards, but was simply noting that his office would be made available to assist localities in identifying their fiscal problems

It was our view that these localities did not need a state entity to tell them what they already knew - that they were experiencing tremendous losses in revenues while dealing with increased costs. We had hoped that the comptroller would be setting up a scenario where the state would make control boards more available at the request of the local jurisdiction.

The Center wrote an oped distributed to the various media outlets calling for the comptroller's office to be more aggressive in pushing for the implementation of control boards for some of these jurisdictions. Control boards are a very effective tools that can save local governments. A control board is an extreme measure, but is often necessary as a last resort to prevent the type of bankruptcy scenario experienced by many of these other cities throughout the nation.

A control board provides authority to local officials that they otherwise would not have to deal with the most significant items pushing costs higher in these governments. Above all, they allow local officials to undo many of the burdensome contractual provisions that have brought these jurisdictions to the point of collapse. Control boards were responsible for saving the city of New York in the 1970s, and more recently, Erie County and the City of Yonkers. A control board was also responsible for saving hundreds of millions of dollars in Nassau County over the past decade.

The Center has encouraged localities to seriously consider seeking authorization from the state to obtain some of the extraordinary powers available to a control board. We hope to convince the comptroller to be more aggressive in persuading local governments to take advantage of this concept that can avoid the ultimate disaster - bankruptcy.

# Let's Get A Real New York State Oversight Panel

Let's Get A Real New York State Oversight Panel

by Steve Levy

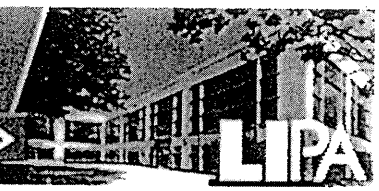
Several months ago, I was elated to hear that New York State Comptroller's office might be calling for a statewide control board to provide tools for local government to deal with the unprecedented fiscal stress that our towns and counties have been facing since the financial collapse several years ago. More recently, however, the wind came out of my sails when it was announced that this so-called monitoring panel will be nothing more than a committee that will let local governments know that which they already know – that their budgets are facing enormous challenges.

In the past, localities on the brink of collapse were able to survive because New York State intervened to give local legislatures power that they otherwise would not have. For instance, the Nassau Interim Finance Authority (NIFA) instituted by New York State to help monitor Nassau's fiscal stress, granted the County Executive the legal authority to implement a wage freeze over the last two years for all of its employees. This single policy initiative allowed the county to save tens of millions of dollars and keep itself afloat. Such a wage freeze would not have been possible without that special authority granted by the state-sponsored control board.

These same type of powers are what saved New York City in the 1970s, as well as Erie County and the City of Yonkers years later from imploding due to fiscal structural imbalances that they were facing. Back then, those localities were the anomaly, but since the real estate collapse in the fall of 2008, the fiscal cliff is now being faced by dozens of localities around the state. While sales taxes are starting to slowly rebound, they languished for years. Meanwhile, state mandates, especially pension costs, continue to go through the roof, while the state has been cutting aid to localities.


The economy was so bad throughout the nation that we saw numerous cities declaring bankruptcy. They do so because going into receivership allows a judge to impose the salary freezes and other givebacks that mirror what can come about through a control board. Is it really going to be the case in New York that localities will have to go bankrupt? Why would we want to get to that point? A control board impanelled in New York State that can on a

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# NY mayors leery of statewide control board

by The Associated Press  
Published: August 7, 2012

Tags: [Comptroller Tom DiNapoli](#), [fiscal control board](#), [Gov. Andrew Cuomo](#), [Long Island](#), [Mayors](#), [Nassau County](#), [New York](#), [NIFA](#)

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Last week, DiNapoli reported nearly 300 local governments had deficits in 2010 or 2011 and more than 100 didn't have enough cash to pay their current bills. His analysis of 4,000 local governments and school districts found many school districts also are on the brink.

A \$400 million decline in local government and school revenues during the recession includes a nearly 6 percent drop in sales tax collections, a decline in property values in Dutchess, Nassau, Orange, Putnam, Rockland, Sullivan, Suffolk, Ulster and Westchester counties and a \$50 million loss of state aid to municipalities.

DiNapoli also found Cortland County, Binghamton, Gloversville, Jamestown, Lackawanna, New York City, the Village of Herkimer and the Village of Lyons are "dangerously close" to their constitutional tax limit. He said more governments may soon approach their taxing limit.

DiNapoli also cited poor budgeting and record-keeping at more than a dozen local governments and urged multi-year planning.

But planning alone might not be enough, said Richard Brodsky, a former assemblyman from Westchester and now a senior fellow at the Wagner School at New York University.

"In cities like Yonkers, Syracuse or Rochester, which have done those plans, the choice is bankruptcy, bailout or control board," Brodsky said. "They simply cannot meet their community service obligations — police, fire, education, sanitation, parks — with the resources they have within the city. That's the conversation New York needs to have, now."

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## Center Calls for Fair Distribution of Transportation Monies

The Center is taking the lead in seeking to educate New Yorkers about the inequitable manner in which transportation aid is distributed in the New York metropolitan area. Few people realize that federal aid is distributed through the states to localities, with much of the decision-making made by entities called Metropolitan Planning Organizations (MPO). In the New York City area the MPO is called the New York Metropolitan Transit Council (NYMTC) and is comprised of the Mayor's office and the county executives of seven surrounding suburban counties.

The MPO has great influence as to how the billions of dollars flowing from the federal government to the states make it to local jurisdictions. Our Center contends that the NYMTC has been skewered heavily toward favoring New York City projects at the expense of the surrounding suburbs. For instance, the overwhelming majority of the \$30 million slated for projects within the NYMTC area has been designated primarily to four major projects in New York City. They are the 2nd Avenue Subway, the 7th Avenue Subway, the Eastside Access project for the Long Island Railroad, and a proposed tunnel from New Jersey to New York City, which was placed on hold.

Each of these projects was projected to cost in the seven to eight billion dollar range. There were basically just crumbs left over for all of the major projects required in the other seven surrounding counties.

The Center has called for the creation of a separate MPO for the Long Island area. Long Island's population of three million would make it bigger than 20 other states across the nation. The Center maintains that the paltry amount of transportation aid Long Island garners is woefully below what a region of this size should be receiving.

The Center believes that the federal government has the mistaken belief that these outlying counties are getting their fair share because money flowing to New York City projects either directly or indirectly inure to the benefit of the neighboring counties. But a region of three million should not have to settle for the crumbs that fall off of New York City's table. The Center is not seeking to lessen amounts flowing to New York City. Rather, we seek to ensure that a separate MPO be established so that region as large as Long Island is able to obtain the level of assistance that a city of comparable size would receive.

Nassau has long courted significant funding for enhancements to the Nassau Hub. Suffolk has sought funding for numerous road expansions including the Sagtikos Parkway and other north-south corridors. A separate MPO for Long Island is long overdue and could help make these projects more likely to become a reality.

Ultimately, this change will only come about when the region's congressional and state delegations band together to promote this needed change.

## Center Fights MTA Tax Imposed on Businesses

The Center for Cost Effective Government is an organization comprised primarily of businesses and community organizations within Long Island. Our members were among the first to understand the debilitating impact that a tax imposed by the Metropolitan Transit Authority (MTA) would have on the local economy.

The MTA is charged with managing and implementing a transit program that moves millions of people on a daily basis in and out of the New York City economic hub. The MTA had come under criticism for its wasteful spending habits. The Authority seemed to always be in search of more revenues, yet was seemingly rarely seeking any type of cuts in its bloated budgets. Consequently, the MTA was consistently running very large structural deficits.

The ability of the Authority to maintain even the most basic of services was called into question after the recession of 2008. Fares were already raised to extraordinarily high levels. It now costs approximately \$300 for a monthly ticket to get from Ronkonkoma to Penn Station in New York City. Bridge and tunnel tolls are now at the exorbitant level of \$7.50 for a one way trip.

Desperate to find additional revenues to keep the Authority afloat, then Gov. David Paterson proposed an onerous payroll tax to be paid by businesses, governments and not-for-profits in New York City and numerous surrounding counties. The proposal engendered a vicious debate whereby New York City legislators dug in their heels and refused to allow tolls at the Brooklyn or Manhattan bridges. Instead, great pressure was placed on Long Island state senators to vote with the governor's majority to impose a payroll tax.

Ultimately, the tax was imposed with the assistance of Long Island senators. The tax created such an outcry that the senators from Long Island who had cast the deciding votes were defeated in the next elections.

The tax was substantial. The Suffolk County government alone had to come up with \$3 million out of the blue to pay the MTA. Not-for-profits, whose very existence was to assist the poor,

- MTA management spent \$7 million on a house to shelter their dogs and \$30 million on an employee lounge.
- A quarter of the MTA workforce earns over \$100,000 per year.

The Center, the CMM lawyers, and above all, Mr. Schoolman took the lead in sounding the alarm to the state that the problem with the MTA was not a lack of revenue, but rather, extravagant spending that had to be controlled.

The lawsuit had a major impact. In fact, CMM lawyers were successful in the lower court in invalidating the MTA tax on the grounds that it was implemented improperly in the state legislature. This decision shook the foundation of the state leadership. Now they were scrambling to find how they would deal with the structural imbalance that was brought on by years of irresponsible spending.

The MTA's first course of action was to appeal the decision to the Appellate Division. To the chagrin of thousands of businesses in the metropolitan area, the Appellate Division reversed the lower court decision and reinstated the MTA tax.

The Center found this decision to be flawed in many ways, believing it to be a decision based more on the concern of where the state would get the money to make up for the lost revenue. The Center made a very vocal pitch to have the Court of Appeals reverse the Appellate Division decision and reinstate the earlier decision from the Supreme Court.

Even though the Court of Appeals upheld the Appellate Division's decision, an atmosphere was created by the opponents of the tax that led to legislative changes that protected thousands of small businesses and hundreds of school districts throughout the area. Responding to the waves of objection from the public, the state legislature enacted various laws that eliminated the tax for school districts and the vast majority of businesses.

## The Center for Cost Effective Government

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cfceg@aol.com

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June 21, 2012

Joseph Lhota, Chairman, Metropolitan Transportation Authority  
347 Madison Ave.  
New York, New York 10017

Dear Mr. Joseph Lhota

We the undersigned, are members of the board of directors for the Center for Cost Effective Government, a not-for-profit corporation based in New York, which champions the rights of taxpayers and the need to make our state more affordable. We write in reaction to newspaper accounts which suggest the Authority is reluctant to do away with the remaining parts of the MTA payroll tax that are still in effect.

As you know, this tax has had an extremely burdensome impact on businesses, not-for-profits and governments throughout the metropolitan area. It is especially galling to those businesses in the outer counties, which do not benefit in a direct way from the imposition of this tax.

We appreciate the steps that the state legislature and the governor took in diminishing part of the tax on some of our smaller businesses. However, some of the tax still remains on many of these businesses, while large businesses and local governments continue to absorb a deleterious burden on their budgets. We were disappointed to see that the MTA Board was not going to be considering complete elimination of this tax.

We earnestly request that you reconsider this position. This tax has been crippling to many of our business that have been struggling to survive in this weak economy. It is far more equitable to have this revenue made up by either promoting further efficiencies within the Authority or having a more generalized revenue via the state budget.



PRESS RELEASE    PRESS RELEASE    PRESS RELEASE    PRESS RELEASE  
July 22, 2012

CONTACT: 631-877-0940

### **The Center for Cost Effective Government Urges Brookhaven to Pass Redistricting Reform**

The Center for Cost Effective Government, a not-for-profit entity founded to promote enhanced government efficiency, today issued a statement in strong support of a proposal in Brookhaven Town which would have council district lines redrawn by an independent panel rather than the incumbent elected officials.

Brookhaven would become the first town on Long Island, and one of the first in the state of New York, to implement such a reform. In 2007, Suffolk County government became one of the first counties in the nation to pass legislation that removed the redrawing of district lines from the elected officials and gave the task instead to a group of independent individuals, among them retired judges and representatives from good government organizations. The measure was repealed by the legislature's majority shortly after it was re-elected into power after the 2011 elections.

District lines for various levels of government must be redrawn every 10 years in coordination with the updated United States census that shows how population clusters are shifting over time. The lines must be redrawn to help assure that each district contains approximately the same number of voters, thereby adhering to the one man, one vote concept.

According to one of the Center's co-founders, former Suffolk County Executive Steve Levy, "Traditionally, these lines have been redrawn by the respective legislatures, with the party in power exercising control over the process. Consequently, we have seen many districts contorted into remarkably odd shapes purely for political advantage.

Potential strong challengers are drawn out of districts while incumbents gobble up as many favorable communities as they see fit."

Center Vice President Michael DeLuise added, "If Democrats are in power, they will add as many Democratically leaning districts into the districts of their Democratic incumbents, while removing as many Republican districts as possible. Where the Republicans are in power, the Republican official will seek to get rid of as many Democratic clusters as possible and gobble up Republican communities in the neighbor's district."

According to attorney Eliot Bloom, a member of the Center's board of directors, this is a recipe for hardened partisanship. "As we see incumbents shed as much opposition as they can through the redrawing of the districts, we now have many districts where it is almost impossible to knock off a sitting incumbent in a general election. Interestingly, many of these elected officials now face stiffer challenges from the extremist within their own party in a potential primary than they would in the general election. This only leaves Democrats to tilt further to the left and Republicans to tilt further to the right, further alienating the independents in the center," said Bloom.

The Center stresses that the Suffolk County law could have been a model for others to follow. The revoking of the law, however, was deemed by the Center as a "steep setback for this reform movement." They added however that the proposal from the Brookhaven supervisor to bring this reform to a Long Island town may help spark other counties and municipalities to follow suit.

Mr. DeLuise, who is also president of the Melville Chamber of Commerce, stated, "We urge residents of Brookhaven Town to speak out at upcoming public forums to express support for this important reform. We also strongly urge members of the town board to pass this resolution so that the voters can choose their elected representatives rather than the other way around."