

1 BEFORE THE NEW YORK STATE SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
2016-2017 EXECUTIVE BUDGET ON
5 WORKFORCE DEVELOPMENT

6 -----

7
8 Hearing Room B
Legislative Office Building
Albany, New York

9
10 February 3, 2016
4:55 p.m.

11

12 PRESIDING:

13 Senator Catharine M. Young
Chair, Senate Finance Committee

14
15 Assemblyman Herman D. Farrell, Jr.
Chair, Assembly Ways & Means Committee

16
17 PRESENT:

18 Senator Liz Krueger
Senate Finance Committee (RM)

19 Assemblyman Robert Oaks
Assembly Ways & Means Committee (RM)

20
21 Senator Jack M. Martins
Chair, Senate Labor Committee

22 Assemblywoman Michele Titus
Chair, Assembly Labor Committee

23
24 Senator Diane Savino

1 2016-2017 Executive Budget
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4 Assemblyman Harry B. Bronson

5 Senator Rich Funke

6 Assemblywoman Vivian E. Cook

7 Senator Kathleen A. Marchione

8 Assemblyman Joseph S. Saladino

9 Senator Phil M. Boyle

10 Assemblywoman Patricia Fahy

11 Assemblywoman Crystal D. Peoples-Stokes

12 Senator Leroy Comrie

13 Assemblyman Thomas J. Abinanti

14

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 Executive Deputy Commissioner
 18 NYS Department of
 Civil Service

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 20 Interim Director
 NYS Governor's Office of
 21 Employee Relations (GOER)

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1 CHAIRWOMAN YOUNG: Welcome to the
2 joint budget hearing on workforce
3 development. Pursuant to the State
4 Constitution and Legislative Law, the fiscal
5 committees of the State Legislature are
6 authorized to hold hearings on the Executive
7 Budget proposal. Tonight's hearing will be
8 limited to a discussion of the Governor's
9 proposed budget as it pertains to workforce
10 development.

11 Following each presentation there will
12 be some time allowed for questions from the
13 chairs of the fiscal committees and other
14 legislators.

15 I'd like to welcome Lola Brabham,
16 executive deputy commissioner from the
17 New York State Department of Civil Service.

18 And following her, the other state
19 agencies will be the New York State
20 Governor's Office of Employee Relations and
21 the New York State Department of Labor.

22 So Executive Deputy Commissioner
23 Brabham.

24 EX. DEP. COMMISSIONER BRABHAM: Thank

1 you. And good afternoon, Chairwoman Young.

2 CHAIRWOMAN YOUNG: Good afternoon.

3 CHAIRMAN FARRELL: Good afternoon.

4 EX. DEP. COMMISSIONER BRABHAM: --

5 Chairman Farrell and distinguished members of
6 the Senate Finance and Assembly Ways and
7 Means Committees.

8 CHAIRMAN FARRELL: Pull the microphone
9 a little nearer.

10 EX. DEP. COMMISSIONER BRABHAM: I'm
11 Lola Brabham, executive deputy commissioner
12 of the Department of Civil Service. I
13 appreciate the opportunity to appear before
14 you to comment on the Governor's 2016-2017
15 budget.

16 The department continues to explore
17 innovative ways to help agencies meet their
18 workforce needs. Last year's enacted budget
19 authorized the department to work with pilot
20 agencies to launch a Civil Service Reform
21 Initiative designed to streamline processes
22 and identify efficiencies related to
23 workforce mobility, recruitment, and testing.
24 The initiative has already yielded a number

1 of valuable resources. For example, a
2 web-based Workforce Succession Planning and
3 Knowledge Transfer Guide is currently being
4 tested by the pilot agencies, and we
5 anticipate it will be available to all
6 agencies by the end of March.

7 In the area of workforce mobility, the
8 department has been successful in
9 consolidating job titles. While not
10 impacting salary or compensation, title
11 consolidation simplifies recruitment and
12 increases opportunities for current employee
13 mobility throughout the state workforce. It
14 makes the examination process more efficient,
15 and expedites the establishment of eligible
16 lists. I'm pleased to report that these
17 efforts, which focus on the most populous
18 titles common across state agencies, have
19 already resulted in the consolidation of 20
20 clerical job titles into four, and 40 human
21 resources job titles into 20, that better
22 reflect the more complex and modern role of
23 the HR professional.

24 The next phase of the title

1 consolidation initiative will focus on
2 investigator titles, and is expected to
3 consolidate the current 88 agency-specific
4 titles into 34 titles.

5 In addition, the department recently
6 provided a new HR analytics tool, Workforce
7 Analytics, to state agencies. The new system
8 is a business intelligence tool that provides
9 critical data for strategic HR management.
10 The department collaborated with the Division
11 of Budget, the Governor's Office of Employee
12 Relations, and the Office of Information
13 Technology Services to develop this tool. It
14 provides HR professionals with access to
15 reliable and consistent data such as employee
16 counts by title, years in title, service
17 credits, and retirement tier information.

18 State agencies and local governments
19 rely on the department for consistent and
20 timely civil service examinations to meet
21 their staffing needs for competitive
22 positions. Over the past year, the
23 department administered nearly 5,000
24 examinations, testing over 140,000 candidates

1 for state and local government titles.

2 The department continuously explores
3 how to efficiently and effectively deliver
4 examination services. To this end, the
5 Department is working to streamline our
6 examination programs, and make better use of
7 technology, including computer-based testing,
8 in the delivery of our tests.

9 The department also released a request
10 for information, or RFI, focused on expanding
11 computer-based testing. Results from the RFI
12 are being used to develop business
13 requirements for the issuance of a request
14 for proposals, RFP, in 2016 designed to
15 enhance our computer-based testing program.

16 To expedite appointments to
17 high-priority titles that require
18 pre-employment examinations, we are
19 implementing operational enhancements to our
20 Employee Health Services Division. We plan
21 to partner with agencies to strategically
22 locate medical sites throughout the state to
23 expedite examinations. Further, we will
24 improve service to Western New York and

1 New York City by hiring additional medical
2 personnel. We will also enhance our network
3 to provide psychological assessment services
4 throughout the state to maximize the
5 available number of locations, so candidates
6 can more quickly meet pre-employment medical
7 examination requirements.

8 Increasing diversity in the state
9 workforce is of critical importance, and the
10 department shares this responsibility with
11 its client agencies. Our outreach efforts
12 complement the targeted recruitment of state
13 agencies seeking skill sets tailored to their
14 operational needs. Over the past year, the
15 department participated in over 130 outreach
16 efforts, connecting with 8,500 participants.
17 Working with the state's chief diversity
18 officer, we are exploring ways of expanding
19 our outreach to diverse communities. The
20 department will continue to actively
21 participate in recruitment events that serve
22 minority populations, including conferences
23 of the New York State Black, Puerto Rican,
24 Hispanic and Asian Legislative Caucus, Somos

1 el Futuro, and the Legislative Conference of
2 the Puerto Rican/Hispanic Task Force.

3 The department also continues to
4 provide vital advice, assistance and training
5 to local governments across the state. We
6 provide ongoing refresher training for
7 experienced HR professionals and a
8 comprehensive three-week course, annually,
9 for newly appointed administrators. In 2015,
10 the department provided training to over 260
11 local government representatives.

12 Regarding the Department's role in
13 administering the New York State Health
14 Insurance Program, or NYSHIP, we continue to
15 efficiently manage one of the largest public
16 employer health insurance programs in the
17 nation. NYSHIP covers over 1.2 million state
18 and local government employees, retirees and
19 their families.

20 Consistent with the Governor's focus
21 on fiscal discipline, the department has
22 undertaken a number of initiatives to ensure
23 the integrity of the benefits program, and
24 the fundamental equity of the benefits

1 enrollees receive. In line with this, the
2 Executive Budget includes proposals to better
3 structure and align health insurance premium
4 contributions to restrain the growth of
5 spending by the state.

6 Last year, the Department outlined a
7 plan to audit NYSHIP enrollment to ensure
8 that ineligible dependents do not claim or
9 receive benefits. As part of the audit, a
10 one-time amnesty period is authorized for
11 members that self-identify any ineligible
12 dependents. Once the period closes and the
13 audit begins, enrollees will be required to
14 provide proof of eligibility for their
15 dependents.

16 The department also continues to
17 implement requirements of the Affordable Care
18 Act, or ACA. The department has been working
19 with its partner agencies, including the
20 Office of the State Comptroller and the
21 Office of Information Technology Services, to
22 fulfill new ACA compliance reporting
23 responsibilities, including new annual
24 reports and filings -- that must be provided

1 to both employees and the Internal Revenue
2 Service -- that the state is providing
3 affordable health coverage to its employees.

4 Thank you for the opportunity to
5 appear before you today, and I am happy to
6 answer any questions you may have.

7 CHAIRMAN FARRELL: Thank you.

8 CHAIRWOMAN YOUNG: Thank you.

9 I'd like to announce that we are
10 joined from the Senate by Senator Jack
11 Martins, Senator Rich Funke, Senator Diane
12 Savino, and Senator Kathy Marchione.

13 Senator Savino, do you have a
14 question?

15 SENATOR SAVINO: Yes.

16 CHAIRMAN FARRELL: Before that, we've
17 been joined by Assemblyman Bronson,
18 Assemblyman Saladino, and Assemblywoman Cook.

19 SENATOR SAVINO: Thank you, Deputy
20 Commissioner.

21 I want to turn to the portion of your
22 testimony with respect to the administration
23 of exams for covered titles. In your
24 testimony you said over the past year the

1 department has administered nearly 5,000
2 examinations and tested over 140,000
3 candidates for state and local government
4 titles. Do you have any idea how many of
5 those people were offered a probable
6 permanent position or a temporary -- or any
7 positions at all?

8 EX. DEP. COMMISSIONER BRABHAM: Well,
9 in 2015 there were approximately 11,000 new
10 hires.

11 SENATOR SAVINO: Out of the 140,000
12 applicants, 11,000. Do you have an idea --

13 EX. DEP. COMMISSIONER BRABHAM: Now,
14 the 140 also includes local governments too,
15 and so I don't have information on how many
16 of those individuals were hired.

17 SENATOR SAVINO: And the reason I
18 bring that up is because I've had, you know,
19 over the past few years I've had extensive
20 discussions with your department, with your
21 predecessor, Commissioner Boone, who's now at
22 Tax and Finance, about the concerns that we
23 have about the size of the state workforce,
24 the amount of responsibilities the workforce

1 is taking on, the amount of overtime that
2 they're being forced to work because of the
3 shortage of staff, and the fact that we are
4 rapidly approaching a point where in any
5 given year we're losing thousands of
6 employees to retirement.

7 So I've been concerned about the issue
8 of succession planning in all of these
9 agencies. We have an aging workforce where
10 the average age is 48, average age at
11 retirement is 59. During this year, 6
12 percent of the workforce is eligible to
13 retire. And what we don't see is backfill in
14 these agencies.

15 It's a major concern, and I have yet
16 to hear a response from anybody in Civil
17 Service or in any of the agencies as to how
18 they're going to manage the requirements and
19 the mandates that are placed upon the
20 agencies without sufficient staff.

21 EX. DEP. COMMISSIONER BRABHAM: Okay,
22 Senator, yes. And I'm glad that you asked
23 about succession planning, and I know that
24 that's something that you're concerned about.

1 And I'm happy to report that we are
2 doing a lot of work around that area. And
3 specifically one of the focuses of civil
4 service reform is succession planning. And
5 over the past year, workgroups have been
6 meeting and staff have been meeting. And one
7 of the things that we've done is develop a
8 succession planning and knowledge transfer
9 guide that we're going to be shortly making
10 available to all state agencies.

11 And what the guide does is really
12 provides a step-by-step roadmap for what are
13 the things that you should be thinking about
14 in terms -- you know, when you're doing your
15 long-range planning for succession planning.
16 Not only issues about the state workforce,
17 but also environmental factors that may
18 impact the, you know, number of retirees or
19 the number of people that you're able to
20 hire, depending upon skill sets and emerging
21 technologies and lots of things that impact
22 succession planning.

23 So we anticipate that the guide is
24 going to be available by the end of March.

1 And kind of the next steps include thinking
2 through what kind of reporting capability we
3 can build into that. So we're working with
4 ITS on that. Because of course we want the
5 agencies to be doing succession planning, but
6 we also want to have an understanding of what
7 they're doing and get some feedback so that
8 we can kind of provide that -- get that
9 information in the aggregate and be able to
10 come here and provide feedback to you and
11 others on kind of the shape we're in with
12 regard to succession planning.

13 Another thing that I touched on in my
14 testimony was workforce analytics, which is a
15 new tool that we made available last fall.
16 And that is on the desktop of every HR
17 professional, HR directors at every state
18 agency. And what that is going to allow them
19 to do is have information at their fingertips
20 about the workforce in terms of how many
21 people are in which titles, the age of the
22 workforce, where those people are, number of
23 years to retirement, and other things that
24 impact workforce.

1 So we're very excited about it. We
2 think that it's a very strong tool. And
3 we've gotten a lot of good feedback from
4 agencies so far in terms of the ease of using
5 it and how they're using it. It's only been,
6 you know, a few months now, as I mentioned,
7 but we're encouraged by what we're hearing so
8 far.

9 SENATOR SAVINO: In any of these
10 discussions does the issue of hiring ever
11 come up in any of these agencies?

12 Now, I understand they're under a
13 zero-based budget and they're told that, you
14 know, they're not going to get an increase in
15 their budget. But at some point there has to
16 be some acknowledgment that you cannot do the
17 work without the workforce, you know. And as
18 the workforce goes away, it doesn't mean the
19 work does. Which is why we're seeing every
20 year, I guarantee you, sometime in the next
21 two months, we will see a front-page story
22 about the level of overtime in the agencies
23 and they'll pick some poor employee who was
24 forced to work, you know, 60 hours a week --

1 not because they want to, because they don't
2 have a choice. And their face will be on the
3 front page of the paper, and their salary,
4 and everyone will point at them and say, look
5 at you, you're taking advantage of the
6 system. When in fact they're not.

7 So I know you think you guys have a
8 good tool in place and hopefully it works. I
9 don't have a problem with consolidating old
10 titles that don't make sense anymore or
11 making the agencies more streamlined. But
12 you need to hire again. It's critically
13 important that we hire and we begin the next
14 generation of state workers who are going to
15 implement the many policies that we here in
16 the Legislature adopt and require that these
17 agencies, you know, actually live up to.

18 So I've used up all of my time, but I
19 certainly look forward to having this
20 conversation again. And hopefully, you know,
21 we'll start to see some hiring in these state
22 agencies. Thank you.

23 EX. DEP. COMMISSIONER BRABHAM: Thank
24 you, Senator.

1 CHAIRWOMAN YOUNG: Thank you.

2 Assembly?

3 CHAIRMAN FARRELL: We've been joined
4 by Assemblywoman Titus, chair of the Labor
5 Committee. She will be first to question.

6 ASSEMBLYWOMAN TITUS: Thank you.

7 Hello, Deputy Commissioner.

8 EX. DEP. COMMISSIONER BRABHAM: Hello.

9 ASSEMBLYWOMAN TITUS: I just have a
10 brief question. In last year's budget there
11 was \$500,000 that was implemented -- was put
12 in the budget to establish a pilot program
13 for efficiencies in the recruitment, testing
14 and employee retention. I just want to know
15 if you can give us the status of that pilot
16 program.

17 EX. DEP. COMMISSIONER BRABHAM: Yes.
18 And I spoke a little bit about it before you
19 came in. But yes, the Civil Service Reform
20 Project is underway. The workgroups have
21 been meeting, and we think that we're moving
22 along pretty well.

23 Some of the recommendations that came
24 out of the workgroup have already been

1 implemented, and I touched on a few of those
2 in my testimony, such as the title
3 consolidation, what we're doing with
4 succession planning, also what we're doing
5 with exam system modernization or what is
6 called, you know, computer-based testing.

7 Just this past year, on the last issue
8 of computer-based testing, just this past
9 year we released an RFI so that we could have
10 vendors come in and kind of give us a preview
11 of the technology that is available out there
12 with regard to computer-based testing. And
13 that information is being used to kind of
14 build a business base for an RFP which we
15 expect will be on the street in 2016. So we
16 are moving ahead with that as well.

17 ASSEMBLYWOMAN TITUS: All right, thank
18 you.

19 CHAIRMAN FARRELL: Thank you.

20 CHAIRWOMAN YOUNG: Thank you. Our
21 next speaker will be Senator Liz Krueger.

22 SENATOR KRUEGER: Hi. Good evening.
23 I had to run out for a few minutes, but I've
24 caught up with the testimony.

1 know, that will certainly be a topic of
2 collective bargaining. I don't want to
3 comment on that. I will have to defer to
4 Mike Volforte, who will be testifying after
5 me.

6 SENATOR KRUEGER: Okay, I can follow
7 up with him.

8 EX. DEP. COMMISSIONER BRABHAM: Okay.

9 SENATOR KRUEGER: And does your
10 department have any concerns that if we do
11 change the formula for retiree benefits
12 effective X date, that we'll see a large
13 number of individuals decide to retire right
14 before that date in order to be grandfathered
15 into the current law?

16 EX. DEP. COMMISSIONER BRABHAM: No, we
17 don't have concerns about that. In fact, you
18 know, from our perspective we believe that in
19 the long run it will encourage employees to
20 work longer to attain the highest benefit
21 possible.

22 SENATOR KRUEGER: So when we moved to
23 the recent implementation of Tier 6 and
24 higher healthcare costs in 2011, was there

1 any changes in the retirement patterns of
2 state workers right before the
3 implementation?

4 EX. DEP. COMMISSIONER BRABHAM: I
5 don't have that information. But I'd be
6 happy to look into it and get back to you.

7 SENATOR KRUEGER: Okay. And I think
8 my other related questions are really more
9 appropriate for your next testifier.

10 Thank you very much.

11 EX. DEP. COMMISSIONER BRABHAM: Thank
12 you, Senator.

13 CHAIRWOMAN YOUNG: Thank you.

14 CHAIRMAN FARRELL: Thank you.

15 Assemblyman Bronson.

16 ASSEMBLYMAN BRONSON: Pass.

17 CHAIRMAN FARRELL: Assemblyman
18 Saladino.

19 CHAIRWOMAN YOUNG: No question.

20 So I believe you're done. So thank
21 you so much for testifying today. We truly
22 appreciate it.

23 EX. DEP. COMMISSIONER BRABHAM: Thank
24 you. It's been my pleasure.

1 CHAIRWOMAN YOUNG: Our next speaker is
2 Michael N. Volforte, interim director of the
3 New York State Governor's Office of Employee
4 Relations. Welcome.

5 INTERIM DIRECTOR VOLFORTE: Thank you.

6 Chairwoman Young, Chairman Farrell,
7 and honorable members of the Assembly and
8 Senate, I'm Michael Volforte, and I serve as
9 the interim director of the Governor's Office
10 of Employee Relations, also known as GOER.

11 Thank you for the opportunity to
12 appear before you to address Governor Cuomo's
13 Executive Budget proposal for fiscal year
14 2016-2017 as it relates to my office and the
15 workforce.

16 Before looking ahead, let me recap
17 where we've been. During the past year, GOER
18 reached a collective bargaining agreement
19 that covers the bargaining unit consisting of
20 troopers in the Division of State Police.
21 That agreement continued to maintain the
22 fiscal discipline established by the
23 contracts we began negotiating in 2011, fair
24 and measured wage growth, rebalanced health

1 insurance premium contributions, and modest
2 practical changes in the design of our health
3 plan.

4 That settlement with the troopers
5 brought us to a total of 13 out of 14
6 negotiating units being covered by agreements
7 through April of either 2015 or 2016. We are
8 currently in negotiations with the one unit
9 of employees without a contract from that
10 period, but both sides are actively engaged
11 in negotiations and hope to resolve the
12 issues that remain shortly. Additionally,
13 two collective bargaining agreements expired
14 in April 2015, and negotiations are underway
15 with both of those unions -- the Public
16 Employees Federation and the Police
17 Benevolent Association of New York State,
18 Inc.

19 We also continued our long-standing
20 commitment to the education and professional
21 development of the state workforce. Governor
22 Cuomo is committed to protecting and
23 educating the workforce to ensure that our
24 employees know their rights, enjoy the most

1 inclusive work environment, and deliver
2 superior service to the taxpayers of our
3 great state.

4 We recently completed our second year
5 of enterprise-wide training programs for
6 employees, supervisors and managers, with a
7 total of nine training programs. These
8 programs educated the workforce about the
9 need to protect information, technology, and
10 other assets; provided information to
11 employees about workplace safety; and
12 established a baseline for respectful and
13 discrimination-free employment and access to
14 government services by the public.

15 We also launched a supervisory skills
16 training to better equip front-line
17 supervisors with the skills and tools that
18 they need to manage the workforce.

19 We continued partnering with the
20 Department of Civil Service to provide both
21 continued professional development training
22 for agency human resource managers and tools
23 that they can use to help their respective
24 agencies to meet their missions and plan for

1 tomorrow.

2 Over the past year, we also continued
3 our commitment to the benefit programs that
4 our employees have come to know and rely
5 upon. We provided pre-tax benefit programs
6 for health care, dependent care and
7 transportation expenses that save both the
8 employee and the employer money. Support
9 services also continued to be available for
10 the workforce. Information and events
11 designed to improve quality of life, employee
12 health and wellness, and guidance for those
13 who experienced personal issues were provided
14 through the Employee Assistance Program.

15 Looking ahead to fiscal year
16 2016-2017, our activities will focus heavily
17 on collective bargaining. In addition to the
18 negotiations already underway, by this summer
19 a total of nine collective bargaining
20 agreements will have expired. We will be
21 actively engaged with each and every union in
22 order to achieve fair and fiscally
23 responsible agreements as quickly as
24 possible.

1 Under Governor Cuomo's 2016-2017
2 proposed budget, the workforce will remain
3 stable -- as it has for the past couple of
4 years -- and is actually projected to grow by
5 approximately 250 employees. Further
6 contributing to workforce stability, there
7 are no layoffs in the Governor's proposed
8 budget.

9 Moreover, in the coming year, my
10 office will continue to deliver employee
11 benefit programs and provide training and
12 development opportunities for the workforce
13 to enhance job skills.

14 In conclusion, we are confident that
15 in the coming year, while engaging in a frank
16 and constructive dialogue with the unions, we
17 will emerge with agreements that meet the
18 needs of both the public we all serve and the
19 employees who work hard to serve that public.

20 Thank you again for the opportunity to
21 speak with you, and any questions you have,
22 I'll be happy to answer.

23 CHAIRWOMAN YOUNG: Thank you very
24 much.

1 Senator Liz Krueger, please.

2 SENATOR KRUEGER: Hi. I'm still
3 trying to get my arms around the Governor's
4 proposal to change the premium coverage for
5 retired state employees. And from your
6 perspective, is there any concern that if we
7 were to implement the Governor's proposals,
8 we would see people actually dropping out of
9 NYSHIP coverage and then ending up
10 potentially on Medicaid, costing us more
11 money in the long term?

12 INTERIM DIRECTOR VOLFORTE: No.

13 SENATOR KRUEGER: Why is that?

14 INTERIM DIRECTOR VOLFORTE: The
15 proposals are to limit reimbursement, they're
16 not to -- they won't drive people to Medicare
17 because that's where they already are at that
18 age and time.

19 So it's not -- we're not expanding the
20 universe of people who are going to go into
21 that system, we are simply limiting the
22 amount that the state will reimburse those
23 individuals.

24 SENATOR KRUEGER: And so you don't

1 think the math is such that we will see a
2 change in the pattern of retirees, as they're
3 moving forward, choosing different options?

4 INTERIM DIRECTOR VOLFORTE: No.

5 SENATOR KRUEGER: Thank you.

6 CHAIRWOMAN YOUNG: Thank you.

7 CHAIRMAN FARRELL: Assemblyman

8 Saladino.

9 ASSEMBLYMAN SALADINO: Hi. Thanks for
10 being us with us today.

11 You know, as we progress on minimum
12 wage issues and we institute more and more
13 mandates, has there been thought given or
14 will we be providing more municipal aid, as
15 our local communities will have to catch up
16 with the minimum wage, whether it's mandated
17 or it's an effort to hang on to those good
18 employees who might go to fast food and so
19 forth. Will we be providing -- assisting in
20 doing our part, our ethical part, to make our
21 counties, towns, villages, partners in this?

22 INTERIM DIRECTOR VOLFORTE: My area
23 focuses on the state workforce so I don't
24 have any information on the funding of the

1 local workforces.

2 But as you all know, we've rolled out
3 and -- have begun the rollout of the
4 increased preliminary wage to the state
5 workforce, and I think it's rolled out over a
6 period of time to allow us and other entities
7 to plan. So that's exactly what we as the
8 state are doing, is planning within how we're
9 currently living within our budgets in order
10 to fully implement that increase.

11 ASSEMBLYMAN SALADINO: Will you bring
12 this information back in those planning
13 sessions when we know the Governor and the
14 vast majority of us want to be able to keep
15 local municipalities within the tax cap, that
16 it's only right to include additional funding
17 to local municipalities so they too can keep
18 up with this extra cost?

19 INTERIM DIRECTOR VOLFORTE: I can
20 certainly bring the issue back, absolutely.

21 ASSEMBLYMAN SALADINO: Thank you.

22 By the way, that also applies to
23 providing -- to stay within the cap, to
24 providing these local municipalities the

1 extra funding they need to keep up with
2 overtime that's generated from storms, the
3 MTA payroll tax increases and the other
4 payroll tax increases that go up when we
5 generate more -- when we need to generate
6 more revenue for our workforce. Last year we
7 had something like 13 natural events that
8 required lots of overtime and then increases
9 in the payroll taxes that go along with that
10 overtime, to serve the public, provide for
11 the roadways and safety on our roadways. So
12 our local municipalities really need those
13 additional funds to keep up with the items
14 that we mandate here in Albany. It's only
15 fair and ethical.

16 INTERIM DIRECTOR VOLFORTE: I
17 understand.

18 ASSEMBLYMAN SALADINO: Thank you.

19 INTERIM DIRECTOR VOLFORTE: Thank you.

20 CHAIRWOMAN YOUNG: Thank you.

21 Senator Funke.

22 SENATOR FUNKE: Director, thank you.

23 Just -- you'd think I'd know more about a
24 microphone.

1 (Laughter.)

2 SENATOR FUNKE: Director, thanks very
3 much. Just a quick question for you, just
4 because I don't know.

5 What are the length of the contracts
6 that are being negotiated -- say the last
7 contract that was negotiated?

8 INTERIM DIRECTOR VOLFORTE: We
9 negotiated three lengths of contracts
10 starting in April of 2011. We negotiated two
11 agreements that were four years, we
12 negotiated two agreements that were seven
13 years, and we negotiated the rest at five
14 years.

15 SENATOR FUNKE: And what were the
16 raises associated with those, or were they
17 all different as well? What would they
18 range?

19 INTERIM DIRECTOR VOLFORTE: They all
20 followed the same basic pattern. There were
21 three zeroes and two 2 percent raises. That
22 was the five-year pattern. The seven-year
23 pattern have a 1.5 percent and a 1.5 percent
24 raise on the end. The four-year patterns

1 were three zeroes and a 2 percent.

2 SENATOR FUNKE: Okay. Thank you.

3 CHAIRWOMAN YOUNG: Thank you, Senator.

4 CHAIRMAN FARRELL: Assemblyman Bronson.

5 ASSEMBLYMAN BRONSON: Thank you,

6 Mr. Chair.

7 Director, you in your narrative
8 testimony indicated that there was roughly
9 180,000 to 200,000 current employees and that
10 you're anticipating an increase of roughly
11 250, slightly more than that. Could you tell
12 me, how does that compare with the trend over
13 the last five years? Have we stayed stable,
14 have we increased? Or where have we been
15 over the last five years as a trend?

16 INTERIM DIRECTOR VOLFORTE: I'm most
17 familiar with the trend for the last three
18 years, and we've basically been flat to a
19 slight increase over the last three years.
20 Where that trend goes back before that, I'd
21 have to get that information to you.

22 ASSEMBLYMAN BRONSON: And are you
23 involved at all in the use of contract --
24 where you submit a bid for contracts and they

1 do the work that could be done with state
2 employees?

3 INTERIM DIRECTOR VOLFORTE: To the
4 extent that it applies to my agency, yeah,
5 absolutely. As the agency head I would
6 approve those contracts or consider those
7 contracts. And I know of the issue in other
8 agencies.

9 ASSEMBLYMAN BRONSON: Okay. So have
10 we been using more contract employees to do
11 the work that had been done in the state, or
12 has that also been stabilized?

13 INTERIM DIRECTOR VOLFORTE: My
14 understanding is that that number either has
15 dipped or is anticipated to dip slightly in
16 the next fiscal year.

17 ASSEMBLYMAN BRONSON: Can you quantify
18 the dip for us -- percentage-wise, raw
19 numbers?

20 INTERIM DIRECTOR VOLFORTE:
21 Percentage-wise, no, I can't. It's -- it
22 is -- I'd have to get the exact information.
23 But I believe that there is a contractor
24 chart that the Division of Budget put forward

1 with their original proposal which contains
2 all that information.

3 But I can certainly send your office
4 that information.

5 ASSEMBLYMAN BRONSON: That would be
6 helpful.

7 And if you know, let me know now or
8 you can get me the information later, but are
9 there particular areas of work or professions
10 where that dip has occurred? Is it a net
11 dip? Have there been increases in some --
12 for instance, engineering, has there been an
13 increase in engineering but a slowdown in
14 other contractor workers for other areas, or
15 don't you know?

16 INTERIM DIRECTOR VOLFORTE: I'm not
17 sure if there's specific sectors that have
18 gone up and down. But I believe that -- what
19 I was speaking of was the net dip.

20 ASSEMBLYMAN BRONSON: The report that
21 you indicated was given to the Division of
22 Budget, would that have particular sectors
23 broken down?

24 INTERIM DIRECTOR VOLFORTE: I believe

1 it has all the agencies in it.

2 ASSEMBLYMAN BRONSON: Okay. Thank
3 you.

4 CHAIRWOMAN YOUNG: Thank you.

5 I'd like to announce that we've been
6 joined by Senator Phil Boyle.

7 And I don't believe there are any
8 other questions on the Senate side. Any on
9 the Assembly?

10 CHAIRMAN FARRELL: Nope.

11 CHAIRWOMAN YOUNG: Well, thank you,
12 Mr. Volforte. We appreciate having you here
13 today.

14 INTERIM DIRECTOR VOLFORTE: Thank you
15 all.

16 CHAIRWOMAN YOUNG: Our next speaker is
17 Mario Musolino, executive deputy commissioner
18 of the New York State Department of Labor.

19 Ready whenever you are.

20 EX. DEP. COMMISSIONER MUSOLINO: Thank
21 you.

22 Good evening, Senator Young,
23 Assemblyman Farrell, and distinguished
24 members of the committees. My name is Mario

1 Musolino. I'm the executive deputy
2 commissioner of the New York State Department
3 of Labor. Thank you for this opportunity to
4 briefly highlight some of the areas and
5 programs that the department is involved in,
6 starting with minimum wage.

7 Governor Cuomo continues to improve
8 the business climate and ensure New York's
9 workers share in the benefits of our growing
10 economy, including paid family leave and a
11 livable minimum wage.

12 In 2013, Governor Cuomo successfully
13 fought to raise the minimum wage from \$7.25
14 an hour to \$9.00 per hour over three years.
15 Since that increase didn't apply to tipped
16 workers, in 2014 the Governor directed the
17 labor commissioner to empanel a wage board
18 that resulted in an increase to the minimum
19 hourly wage to \$7.50 an hour for tipped
20 workers.

21 In 2015, the Governor took up the
22 fight for fast food workers, directing the
23 creation of a new wage board that recommended
24 fast food workers be paid a \$15 minimum wage.

1 Now the Governor wants to enact a \$15
2 minimum wage for all New Yorkers, a proposal
3 that's based on what it costs to live in
4 New York State, and one that will keep
5 New Yorkers and their families out of poverty
6 while increasing their spending power.

7 The benefits to the economy are clear.
8 Our projections indicate that the proposed
9 increase in the minimum wage outside New York
10 City will generate \$9.2 billion annually in
11 increased wages. In New York City, it will
12 create \$6.5 billion annually in increased
13 wages -- for a total of \$15.7 billion in fuel
14 for the state economy.

15 History shows that increasing the
16 minimum wage has not caused job loss; on the
17 contrary, in six of the last seven wage
18 increases, it resulted in more jobs. Raising
19 the minimum wage leads to lower worker
20 turnover rates, higher productivity, and
21 higher consumer spending, which makes up more
22 than 70 percent of the economy. The end
23 result is economic growth.

24 The Governor is proposing a phased-in

1 schedule that will see the minimum wage reach
2 \$15 on December 31, 2018, in New York City,
3 and on July 1, 2021, in the rest of the
4 state. That will give businesses a full
5 three to five years to prepare.

6 With respect to our enforcement
7 actions, the Governor's Exploited Worker Task
8 Force is a multi-agency effort focused on
9 uncovering mistreatment of workers in
10 industries known to be prone to abuse. As
11 part of Governor Cuomo's Exploited Workers
12 Task Force, the Department of Labor, which
13 has the second-largest investigations team in
14 the country, helped launch more than 450
15 statewide investigations into multiple
16 industries, including nail salons, farming,
17 childcare, and home healthcare.

18 We've identified more than 2,700
19 violations, including theft of wages, failure
20 to protect workers with workers' compensation
21 coverage, and retaliation against workers who
22 complain about violations of the law. The
23 cases affect more than 2,000 workers in
24 New York State.

1 The department works to ensure workers
2 in all industries are fairly paid,
3 appropriately and on time, and we continue to
4 be a national leader in returning money to
5 workers who were not paid proper wages. In
6 2015, we distributed a record \$31.5 million
7 to workers who were the victims of wage
8 theft, an increase of 4.3 percent over the
9 previous record of \$30.2 million disbursed in
10 the prior year, 2014.

11 The Department of Labor understands
12 that evenhanded enforcement of the labor laws
13 rewards compliant employers, assists mistaken
14 employers, and punishes bad actors. Our
15 business owner trainings, outreach
16 presentations, mediation programs, and
17 self-audit programs are all part of our
18 efforts to give businesses the information
19 they need to understand and comply with labor
20 laws.

21 With respect to unemployment
22 insurance, the state's unemployment rate is
23 currently 4.8 percent -- its lowest level
24 since November of 2007 -- and the

1 unemployment rate is down by more than 3
2 percentage points in each of the 10 regions
3 of the state since November 2010.

4 Two years ago, the state's employers
5 owed the Federal Unemployment Insurance Trust
6 Fund \$3.5 billion. Because you acted on the
7 Governor's reform proposals, we were able to
8 eliminate that debt, saving employers an
9 estimated \$200 million in interest costs --
10 similar to paying off a car loan early -- and
11 the trust fund ended 2015 more than
12 \$280 million in the black.

13 With respect to workforce development,
14 The Department of Labor plays a major role in
15 strengthening the economy by connecting job
16 seekers to jobs and supporting businesses in
17 hiring. We accomplish this through
18 innovative programs, and by working with
19 Empire State Development and the Regional
20 Economic Development Councils to
21 strategically focus on individual industries
22 and provide assistance where and when it is
23 needed.

24 We see business as a customer, and we

1 want to keep our customers happy by providing
2 the services they need to ensure New York's
3 workforce is well-trained and accessible. In
4 2015, we held more than 110 career fairs and
5 more than 1,600 customized recruitment events
6 for individual companies, connecting
7 employers with job-ready workers. These
8 hiring events helped connect 5,900 businesses
9 to 58,000 job seekers.

10 We also offer new technological
11 solutions like virtual career fairs, Jobs
12 Express, Career Zone, and the employability
13 score, which allow job seekers to explore
14 career openings, assess their employability,
15 and connect with employers online without
16 leaving their home or office. In July, we
17 announced partnerships with 100 chambers of
18 commerce across the state -- reaching 50,000
19 businesses -- to promote our no-cost business
20 support services. And during the last
21 program year, our 96 Career Centers helped
22 more than 260,000 people find a job.

23 Apprenticeship has long been known as
24 a pathway to the middle class. Now the

1 Governor wants to make sure that pathway is
2 open and accessible to everyone. That's why
3 he is proposing a first-in-the-nation State
4 Pre-Apprenticeship Program that will leverage
5 state contracts to ensure that youth in need
6 get the skills they need, are exposed to a
7 variety of trades, and can be connected with
8 registered apprenticeship programs.

9 The Department of Labor also assists
10 people who are facing barriers to employment,
11 including individuals with disabilities,
12 ex-offenders, and the long-term unemployed,
13 ensuring they have all of the supports and
14 services they need to prepare for employment.

15 The Governor's Unemployment
16 Strikeforce, launched in 2014 to impact high
17 unemployment in the Bronx, has so far engaged
18 more than 10,000 Bronx residents and secured
19 more than 7,300 job placements. A subsequent
20 expansion to the 10 areas in the state with
21 the highest unemployment rates resulted in
22 more than 38,000 new job placements.

23 The lessons learned will be used as we
24 expand the Unemployment Strikeforce to

1 Western New York, to focus on the cities of
2 Buffalo, Lackawanna, and Niagara Falls.

3 The Urban Youth Jobs Program provides
4 tax incentives to businesses that hire
5 unemployed disadvantaged youth in 13 target
6 areas around the state. This successful
7 program has placed at-risk youth in more than
8 31,000 jobs with more than 1,500 businesses
9 since 2012. Governor Cuomo is proposing to
10 increase funding to \$50 million annually
11 through 2017, including \$10 million to help
12 eligible youth anywhere in the state.

13 The Governor's Work for Success
14 initiative connects inmates and parolees with
15 our Career Centers. From the program's
16 inception in March 2013 through December
17 2015, services have been provided to more
18 than 18,000 job seekers, with more than
19 10,000 hires by businesses.

20 These are just some of the highlights
21 of the work done by our staff at the
22 Department of Labor. All told, since the
23 beginning of this administration, New York's
24 economy has added nearly 770,000 private-

1 sector jobs and experienced employment growth
2 in 52 of the past 60 months. In December
3 2015, New York State's private-sector job
4 count stood at more than 7.8 million, an
5 all-time high.

6 As you can see, we're building on the
7 success of the past five years. The economy
8 is growing, and under the Governor's
9 leadership, we continue to add thousands of
10 jobs. The Department of Labor is supporting
11 the Governor's initiatives by connecting job
12 seekers to jobs, partnering with businesses
13 to ensure a ready workforce and boost hiring,
14 and protecting workers and the public across
15 our great state.

16 Thank you, and I welcome any
17 questions.

18 CHAIRWOMAN YOUNG: Thank you,
19 Executive Deputy Commissioner.

20 Our first speaker is Senator Jack
21 Martins, who is chair of the Senate Labor
22 Committee.

23 EX. DEP. COMMISSIONER MUSOLINO: Good
24 evening, Senator.

1 SENATOR MARTINS: Good evening, Deputy
2 Commissioner. It's good to see you again.

3 One of the questions I often get from
4 our building trades is the enforcement on
5 prevailing wage. And they're concerned that
6 although we have prevailing wage
7 requirements, that the Department of Labor is
8 not doing enough at a local level to address
9 such a critical need. And I'd like you to
10 talk to me about the staffing that you have
11 in place for this enforcement as well as how
12 you plan to address some of their concerns.

13 EX. DEP. COMMISSIONER MUSOLINO: Sure.
14 And we get those questions all the time as
15 well. Enforcement of prevailing wage is a
16 big issue with the building trades, as you
17 are well aware.

18 The staff that we have in our public
19 work enforcement has been stable over the
20 past couple of years. I'd have to go back
21 and get an exact number for you. But we have
22 them spread all around the state. And
23 they've been pretty consistent in their
24 ability to be able to go out and investigate

1 work sites to determine whether the proper
2 prevailing wages are being paid. And over
3 the last couple of years we've been averaging
4 in the \$6 million to \$8 million range in
5 dollars that are returned to workers who
6 didn't receive the prevailing wages.

7 Last year -- I'm saying this off the
8 top of my head but I think this number is
9 right -- we were able to provide about
10 13,000, a little over 13,000 wage schedules
11 for projects out there. That's a record.
12 That's a really high number out there. So
13 we're seeing I think actually pretty decent
14 compliance. It's certainly not a hundred
15 percent compliance at all, but I think we're
16 seeing strengthened compliance.

17 One of the -- this is not a formal
18 measure, this is a very informal measure.
19 It's almost anecdotal. Primarily our staff
20 responds to complaints, and they're pretty
21 good at responding to complaints and doing
22 those in a timely fashion. But we also do
23 have staff members who don't just respond to
24 complaints, they go out and do proactive

1 enforcement. They quite literally drive
2 around to job sites and check and see if the
3 wage schedules are appropriate, et cetera.
4 And this was again an anecdotal conversation
5 I had just very recently.

6 In the past, their average violation
7 rate in these kind of random checks ran in
8 the one-third to 40 percent range. And over
9 the past year, as they've been doing those,
10 we've seen it much lower; it's more in the 10
11 to 20 percent range. So it's actually kind
12 of a good news story with that.

13 SENATOR MARTINS: I appreciate that.
14 I'll be happy to share that with the building
15 trades; they'll be happy to hear that as
16 well. Thank you very much.

17 EX. DEP. COMMISSIONER MUSOLINO: And
18 of course any cases they have, we will take a
19 look at.

20 SENATOR MARTINS: Well, you know what,
21 that's also reassuring. Because that,
22 frankly, has been exactly the complaint.

23 But, you know, let me ask you this.
24 We have -- I know that the Governor is

1 proposing a \$15 minimum wage statewide. And,
2 you know, I've heard many explanations from
3 many people over the last few months since
4 the Governor announced the initiative back in
5 September as to why \$15. And some have
6 actually said that that is a proper indexing
7 for inflation if we went back and looked at
8 minimum wage.

9 But I think you and I both know that
10 that's not true. If we went back and looked
11 at minimum wage going back to 1962 or picked
12 dates in 1968 or 1970, which is traditionally
13 looked at as the highest point for value as
14 far as wage, we would see that the values are
15 actually \$9.03, \$10.90, and \$11.30
16 respectively. And you know that, because
17 we've had these discussions in the past.

18 Can you give me, from your
19 perspective, where the \$15 value came from?

20 EX. DEP. COMMISSIONER MUSOLINO: Sure.
21 It's a couple of places. And I want to start
22 first -- well, actually I'll come back to the
23 issue of the inflation-adjusted.

24 The reason for \$15 really came from

1 the analysis that was done by the Fast Food
2 Wage Board last year, which looked at the
3 cost of living: What does it cost to live in
4 New York State? They examined a number of
5 different studies that were out there, got a
6 lot of input from a number of different
7 organizations and economists, and they came
8 up with a wage in 2015 of \$15.91 an hour, a
9 statewide wage of \$15.91 an hour for 2015.

10 I want to highlight the point -- and I
11 know that you know this -- but I remind folks
12 that the proposal that the Governor has put
13 forward isn't about a \$15 minimum wage in
14 2015 or in 2016 now, it's a long-tail ramp
15 up. We don't see the full number of \$15 an
16 hour until 2021, six years out.

17 So the number that was developed by
18 the Fast Food Wage Board applied to today,
19 the actual experience that businesses will
20 have stretches that out over a much longer
21 period of time. So that's the first point.

22 And the second point I want to make --
23 and the Governor has noted this, and I think
24 it was in his State of the State book -- that

1 taking the minimum wage from 1970, the
2 Division of the Budget did an analysis
3 stretching it out through 2021, taking the
4 Consumer Price Index and adjusting it for
5 New York State factors. And they also came
6 up with this wage that put it in the \$15
7 range. So that analysis done by the Division
8 of the Budget -- it's footnoted in the
9 book -- gets you to that number as well.

10 But the basis was -- to get back to my
11 original statement, the basis was what it
12 costs a family to live in New York State. I
13 don't think there was any intention to say
14 that 1970 was, you know, the best year for
15 income equality in the state or anything like
16 that. The point was only to say that it's
17 relatively equal to what it was in those
18 times.

19 SENATOR MARTINS: I see that I'm out
20 of time, but --

21 CHAIRWOMAN YOUNG: Did he get
22 10 minutes? He is chair, so he should get 10
23 minutes. Thank you.

24 SENATOR KRUEGER: Keep going, Jack.

1 SENATOR MARTINS: Thank you. I found
2 five minutes.

3 So let's talk about the tail. You
4 mentioned a tail, a \$6 an hour increase. The
5 last time we did a million wage increase was
6 \$9 an hour, from \$7.25. It was phased in
7 over four years. And, you know, frankly I
8 see that you said that the Governor fought
9 for it. There were members of this panel and
10 this Legislature that fought just as hard as
11 the Governor did for a \$9 minimum wage. And
12 even for those of us who may be open to a
13 minimum wage increase at this point, we're
14 still left waiting for an explanation from
15 the department as to how you arrived at those
16 \$15.

17 And if the Division of Budget did come
18 up with a \$15 figure -- and Deputy
19 Commissioner, you know as well as I, you've
20 been invited and the department's been
21 invited a number of times to Senate hearings
22 to discuss a \$15 wage, not only for the wage
23 board to explain, but also to a committee
24 hearing. I would love to see that analysis,

1 and to this day I have yet to receive it.

2 So I will formally again request a
3 breakdown of the analysis so that we can
4 properly review it.

5 EX. DEP. COMMISSIONER MUSOLINO: Sure.

6 SENATOR MARTINS: Now, when we arrive
7 at a minimum wage increase -- and we looked
8 at various factors -- did the department also
9 consider the impact to jobs in New York
10 State?

11 EX. DEP. COMMISSIONER MUSOLINO: Yes.
12 All of the information, all of the data, the
13 wealth of studies that have been out there
14 that address the issue of minimum wage show
15 that increases in the minimum wage do not
16 have a negative impact on job growth. There
17 are 70-plus studies that have been reviewed.
18 The U.S. Department of Labor did what's known
19 as a metastudy, looking at various studies
20 that have been conducted over the decades
21 looking at the impact of increases in minimum
22 wage. Their conclusion was that increases in
23 the minimum wage do not have negative impact
24 on job growth at all.

1 We have looked at studies that
2 compared cross-border. There was a study
3 that I think is fairly well known between
4 New Jersey and Pennsylvania when New Jersey
5 had increased its minimum wage, Pennsylvania
6 had not. It showed no difference in growth
7 in the restaurant industry between those two
8 border states.

9 A bigger study that looked at 500
10 pairs of adjoining counties, one with a
11 higher minimum wage than the other, across
12 the country over a decade and a half also
13 came to the same conclusion.

14 So there's an awful lot of research
15 that says that increases don't negatively
16 impact minimum wage. And beyond that, just
17 one quick point, just beyond that, our
18 experience in New York State is the opposite.
19 Every minimum wage increase we've had over
20 the years has not resulted in job loss; in
21 fact --

22 SENATOR MARTINS: And, Deputy
23 Commissioner, I would --

24 EX. DEP. COMMISSIONER MUSOLINO: --

1 there's been job growth.

2 SENATOR MARTINS: -- agree with you
3 historically. And I would agree with you
4 historically. And frankly I've read those
5 studies as well.

6 But you are certainly familiar, as am
7 I, with all of the studies that exist, most
8 recently discussing specifically a \$15
9 minimum wage, that raise specific concerns.
10 Even economists, Nobel Prize winners, members
11 of the president's own Economic Council, have
12 raised significant issues on the level of job
13 impact of going to a \$15 minimum wage.

14 We're not talking about an incremental
15 increase in the minimum wage, as this is
16 being described, as has historically been the
17 case. This is a significant increase in the
18 minimum wage. And there are all types of
19 warnings, frankly, from people who have
20 historically supported a minimum wage
21 increase that simply can't be ignored.

22 And so I will ask you -- and since I
23 know you're familiar with them -- to address
24 those concerns by reputable world- and

1 nationally renowned economists who have
2 warned against a \$15 minimum wage,
3 specifically concerned about the impacts on
4 the economy and on jobs.

5 EX. DEP. COMMISSIONER MUSOLINO: Well,
6 again, Senator, I would have to revert back
7 to the fact that the studies that have been
8 out there that show the actual practical
9 experience show that there are increases in
10 jobs with respect to minimum wage.

11 And I don't think it's always helpful
12 to use anecdote, but I'm going to give one
13 anecdote because it's very recent and it is
14 relevant. There was an article that appeared
15 in the Puget Sound Business Review -- and the
16 reason I mention that is because the title of
17 the article was "Apocalypse Not: The Losses
18 That Didn't Occur." And it talked about the
19 increase in the minimum wage to \$15 an hour
20 in Seattle. And the -- and this is very
21 recent.

22 And the interesting part of that
23 article was that it talked to one of the
24 restaurant owners who was leading the charge

1 against the minimum wage increase in
2 Seattle -- he owns a couple of restaurants
3 there. And the tenor of the article is him
4 saying "I was wrong." And it showed the
5 statistics that the growth in the restaurant
6 industry in Seattle has been as robust since
7 the increase as before it. And he called
8 himself naive for the position that he had
9 held before and the belief that people would
10 raise minimum wage on their own.

11 So that's an anecdotal experience
12 where that's occurring already. Again, I
13 realize it's an anecdote, but I think there's
14 an awful lot of evidence that because minimum
15 wage increases generate more income amongst
16 low-income people who spend it in the
17 economy -- high velocity dollars, as
18 economists refer to it -- that there is a
19 beneficial effect that comes along very much.
20 Low-income people get money, they are going
21 to spend it locally. That's what occurs.

22 So there are two sides to that sort of
23 equation when we're implementing a minimum
24 wage increase.

1 SENATOR MARTINS: I appreciate it,
2 Deputy Commissioner.

3 I do have other questions. I see that
4 I'm out of time, but we will continue our
5 conversation. Thank you.

6 CHAIRWOMAN YOUNG: Mr. Chair, we will
7 be able to come back to you. Okay, thank
8 you.

9 Assembly?

10 CHAIRMAN FARRELL: Yes, we do. We
11 have with us -- we've been joined by Ms. Fahy
12 and Crystal Peoples-Stokes.

13 Also we have, available to speak now,
14 Assemblyman Bronson.

15 CHAIRWOMAN YOUNG: And with your
16 indulgence, Mr. Chair, I'd like to announce
17 that Senator Leroy Comrie also has joined us
18 tonight. Thank you.

19 ASSEMBLYMAN BRONSON: Thank you,
20 Deputy Commissioner. I want to turn our
21 discussion to the Workforce Investment and
22 Opportunity Act and how the state is
23 interplaying with that federal requirement.

24 In the Governor's budget there's a net

1 decrease, a net decrease, of \$1.9 million for
2 our WIOA programs. First of all, let's look
3 at where we're at today. How many folks do
4 you -- if you know, are participating in
5 those WIOA training programs?

6 EX. DEP. COMMISSIONER MUSOLINO: Sure.
7 There are -- well, a couple of things. Let
8 me talk about the -- I'll give you the budget
9 number first and then I'll give you the
10 answer to that.

11 What used to be known as the Workforce
12 Investment Act and now is WIOA, the Workforce
13 Innovation and Opportunity Act, has been
14 reduced nationally. That's the major federal
15 funding source. It used to be, in New York
16 State, about \$300 million a year. In actual
17 dollars that are going to come into the state
18 this year, it's about \$171 million,
19 \$172 million, give or take. So over time
20 there's been a real erosion in that federal
21 funding source.

22 Last year we had I believe 420,000
23 people who participated in our One-Stop
24 Career Centers around the state. Of that

1 amount, about 250,000 of those folks obtained
2 jobs during the year, during the program
3 year.

4 ASSEMBLYMAN BRONSON: And what do you
5 anticipate, with the decrease in funding,
6 where we're going to be next year?

7 EX. DEP. COMMISSIONER MUSOLINO:
8 That's not much. That's pretty minimal in
9 the grand scheme of things. And, you know,
10 there's always carryover dollars and whatnot.
11 So the 1.9 million is not something that we
12 see -- in fact, the federal allocation for us
13 came up a little this year. So this may be
14 just Division of Budget tweaking what they
15 had estimated last year.

16 ASSEMBLYMAN BRONSON: You and I have
17 had a lot of conversation about this. You
18 came up to a roundtable up in Rochester,
19 which I appreciate. The reality is this
20 state is spending hundreds and hundreds of
21 millions, into the billions of dollars in
22 economic development investment -- which is a
23 good thing for us to be doing to turn our
24 economy around, but we're not spending a

1 corresponding amount in workforce
2 development.

3 And the reality is, as we have a
4 skills gap, we have folks that we want to
5 have work out of poverty, from cradle to
6 career, to get good-paying jobs with
7 benefits -- we have, in the Rochester area,
8 amazing emerging workforces.

9 Can you explain to me how the
10 Governor's proposal of -- I think it's
11 \$2 million and \$3 million in the SUNY and the
12 CUNY, how is that going to impact the
13 workforce development to get folks to a place
14 where they can seize upon the opportunities
15 that we're creating in the economic
16 development investments?

17 EX. DEP. COMMISSIONER MUSOLINO: Sure.
18 And we have discussed that; I appreciate
19 being able to come out and participate in the
20 roundtable that you sponsored a couple of
21 months back.

22 You know, I think we've really got
23 to -- when we when looking at workforce
24 development programs in the state, I really

1 do think you've got to look at the whole
2 array of programs that are out there. What
3 we have really started to see in our
4 operations of the Career Centers around the
5 state is that more and more they're acting as
6 brokers, so bringing in people, assessing
7 their skills, and then trying to figure
8 out -- many folks are job-ready, many folks
9 are pretty close to job-ready and need fairly
10 light-touch training, many folks need a lot
11 more than that.

12 We've tried to put into place a whole
13 array of different programs that are dealing
14 with different populations. For example, I'm
15 sure we'll talk about it at some point, the
16 Urban Youth Jobs Program has been
17 terrifically successful. I think we've
18 placed something like 28,000 youth in jobs
19 over the last couple of years through that
20 tax credit program. Not a lot of training
21 with that; that's really incentivizing
22 employers to hire -- take a chance, as it
23 were, on a young person 16 to 24 years old.

24 We've also begun to focus very much on

1 the -- through the Unemployment Strikeforce
2 that we've talked about, making much more
3 direct communication with individual
4 businesses out there. So when I talked in my
5 testimony about the fact that we had about
6 160 career fairs but 1600 customized
7 recruitments, that's us one-on-one with a
8 business saying: Let's not talk in general
9 terms about workforce, tell me what you need
10 to help your business grow.

11 And so we've attached programs like an
12 on-the-job training program that a business
13 can apply for. We do that through the
14 consolidated funding application. Every year
15 a business can apply to bring someone on and
16 do on-the-job training for them while they
17 have them for the first few months on the
18 job. So we've looked at that as one of the
19 strategies.

20 And then the Governor this year is
21 talking about using the public colleges to
22 think about apprenticeship programs. And
23 you've talked about apprenticeship programs
24 many times yourself, how to expand those.

1 One of the key elements in apprenticeship
2 programs is the component of related
3 instruction. So it's -- apprenticeships are
4 a job, we always remind people it's a real
5 job, people are out on the work site, they're
6 getting paid. But part of what they do is
7 also this related instruction.

8 And bringing CUNY, SUNY into the mix
9 more to deal with this issue of related
10 instruction, as we start thinking about
11 apprenticeships beyond just the traditional
12 construction trades and moving into advanced
13 manufacturing and other areas like that, this
14 will be another sort of piece in the puzzle
15 to try to put together a broader
16 comprehensive workforce development strategy.

17 ASSEMBLYMAN BRONSON: My time is up,
18 but I do want to have conversations with you
19 regarding the preapprenticeship program and
20 how that's going to work, who's going to
21 determine what the middle-skills workers are,
22 and also the Unemployment Insurance
23 Strikeforce. I'm a little concerned that
24 Rochester isn't included in that pilot.

1 So we'll have further conversations.

2 Thank you.

3 EX. DEP. COMMISSIONER MUSOLINO: Thank
4 you.

5 SENATOR KRUEGER: Senator Rich Funke.

6 SENATOR FUNKE: I share Assemblyman
7 Bronson's concern as well, because we
8 represent similar areas. We could talk about
9 BOCES training too. There are a lot of jobs
10 in the Rochester area, and what can we do to
11 strengthen BOCES programs and get young
12 people focused in that direction for these
13 particular jobs? And those are things that
14 we can talk about as well.

15 But my specific question today, Deputy
16 Commissioner, has to do with how do we define
17 a contract employee and a regular employee.
18 In the Rochester area we have an
19 organization, a band, Nick and the Nice Guys,
20 which has a hundred musicians or more, I'm
21 not quite sure, in their database. They have
22 a series of bands that go out -- sometimes
23 they have a guitar player and a drummer and a
24 trumpet player, sometimes they have a full

1 orchestra and so on.

2 They're being treated by the
3 Department of Labor now as employees, not
4 contract employees. Which is, I think, kind
5 of a difficult thing certainly for them and
6 where they want to be and what they have to
7 pay. Claiming them as employees is
8 burdensome for them and costly for them. And
9 they're not a typical band.

10 So I guess the question is, why are
11 these not contract employees, why are they
12 employees?

13 EX. DEP. COMMISSIONER MUSOLINO: Thank
14 you, Senator. And with that specific
15 organization, I would have to look at the
16 details of that specific organization. But
17 let me talk a little bit about this issue of
18 independent contractor versus employee and
19 tell you, in general, what the tests are that
20 are applied to make a determination.

21 This is really one of the more vexing
22 and complicated areas, as the economy is
23 changing over the last couple of years, the
24 whole idea of the employer/employee

1 relationship is a little bit different, I
2 think, and has been evolving over the years.

3 And the Department of Labor, through
4 its Unemployment Insurance Division, tries to
5 keep up with whatever the latest court
6 determinations are. So I always want to
7 remind people that determinations about
8 independent contractor versus employee start
9 very simply: Somebody comes to us and files
10 for unemployment insurance, and we have to
11 make a determination were they an employee,
12 who was the employer, et cetera. If they
13 disagree with that determination, it gets
14 appealed to the Unemployment Insurance Appeal
15 Board. And if they disagree with that, it
16 gets appealed to the court. So we try to
17 keep in touch with what the court
18 determinations are. That's a long
19 introduction to that.

20 The key elements that go into making
21 that determination are the degree of
22 supervision, direction and control. Those
23 are the key elements that the courts have
24 always focused on, that the people who are

1 engaged in this activity, this relationship,
2 where do they get their supervision,
3 direction and control. There are lots of
4 sort of proxies that are out there; do they
5 have their own businesses, do they have
6 multiple clients, things like that. But at
7 the end of the day, it's always an analysis
8 that comes down to those elements.

9 And in this case I just don't know the
10 specifics of how that's set up. But that
11 would be the -- those would be the factors
12 that our staff would make those
13 determinations based upon. And there's a
14 whole appeal process for them to undertake.
15 The system obviously is there to protect
16 employees so that they can have income
17 support when they lose a job.

18 SENATOR FUNKE: I'd encourage you to
19 look at this particular case. It seems
20 highly unfair. We want to keep people
21 working in this state and not put added
22 burdens on employers in the process.

23 EX. DEP. COMMISSIONER MUSOLINO: We'll
24 reach out to your staff and get the details.

1 SENATOR FUNKE: Thank you very much.

2 CHAIRWOMAN YOUNG: Thank you, Senator.

3 CHAIRMAN FARRELL: Assemblyman

4 Saladino.

5 ASSEMBLYMAN SALADINO: Thank you.

6 Deputy Commissioner, I'd like to speak
7 to you about the issue of minimum wage and
8 how it relates to our municipalities. I'm
9 sure we're 100 percent in agreement in the
10 fact that we have many hardworking employees,
11 union employees and appointees in our local
12 municipalities.

13 If someone is making \$15 an hour and
14 an employee comes in at that same amount,
15 they're obviously going to want \$20 or more.
16 So it's going push up those municipal costs.
17 If someone is making less than \$15 an hour
18 and they have skills and they've been there
19 for quite some time and they can leave to go
20 into fast food and these other sectors to
21 make that money, well, then we're going to
22 lose that essential workforce -- or the
23 municipalities will have to be spending quite
24 a bit more, and that obviously affects, as we

1 discussed earlier with the previous speaker,
2 it affects their payroll taxes and the other
3 benefits.

4 So I'm hoping that we're in agreement
5 on this issue and that we'll be providing
6 considerably more money in our budgets, now
7 and going forward, to our local
8 municipalities. I'm advocating for that
9 workforce in Nassau and Suffolk County and
10 our very skilled workforces in the Town of
11 Hempstead and the Town of Oyster Bay and the
12 Town of Babylon and the Town of Islip, the
13 villages in Babylon and Massapequa Park.
14 They're going to need considerably more money
15 to keep up.

16 We all want to keep within the tax cap
17 and continue working with the Governor, and
18 it was pointed out how successful that tax
19 cap has been.

20 So are you speaking to those in the
21 Budget Office to ensure that those
22 municipalities will be getting considerably
23 more in aid to keep up with the rising costs
24 that we're mandating through a policy of this

1 nature?

2 EX. DEP. COMMISSIONER MUSOLINO: Well,
3 Assemblyman, I think the folks in the
4 Division of the Budget hear your message very
5 clearly.

6 I do want to point out something that
7 I had said to Senator Martins earlier that
8 also I think is important because it will
9 apply to local governments as well. When
10 people have been sort of talking about the
11 increases in the minimum wage, they think of
12 it in the cost column and they don't think of
13 it on the other side of the ledger.

14 So for municipalities, for counties,
15 as we increase the minimum wage, there's
16 going to be a couple of positive benefits
17 that occur in their local budgets as well.

18 For example, as we move people out of
19 poverty -- and the estimates are that
20 somewhere on the order of 200,000 people,
21 110,000 families are going to be moved out of
22 poverty by this increase in the minimum
23 wage -- we'll see downward pressure on the
24 public assistance payments that are covered

1 by local governments. As we put another
2 \$15 billion or \$16 billion into the economy
3 in the hands of low-wage workers, they'll be
4 spending it in their local counties, they'll
5 be spending it in their local towns,
6 generating additional sales tax revenue, for
7 example.

8 So there will be offsets. There will
9 be costs, there will be benefits, there will
10 be increases in the number of jobs, there
11 will be more people buying homes and mortgage
12 recording taxes. And so there are multiple
13 pieces of this. So I always caution that
14 folks have to look at the full picture and
15 the positive economic benefit that's going to
16 come from that.

17 ASSEMBLYMAN SALADINO: I'm certainly
18 advocating for our workforces. But don't we
19 also greatly force an increase in inflation,
20 and that \$15 will only be worth \$10 as we
21 force up the costs that have to be incurred
22 to absorb this across the board?

23 EX. DEP. COMMISSIONER MUSOLINO: Well,
24 we're in an unusually low inflation

1 environment over the last couple of years. I
2 know that there have been concerns about, you
3 know, just how low that inflationary rate is.
4 I have to tell you that I'm not an economist,
5 so I don't feel real qualified to talk about
6 inflationary pressures at this point.

7 ASSEMBLYMAN SALADINO: Well, if you
8 could deliver that message in all those
9 meetings so that we're fair to our school
10 districts and our local municipalities who
11 will have to bear these costs, it would make
12 for a much more successful outcome.

13 EX. DEP. COMMISSIONER MUSOLINO: I
14 would be happy to do that, Assemblyman.

15 ASSEMBLYMAN SALADINO: Thank you.

16 CHAIRWOMAN YOUNG: Thank you very
17 much.

18 Our next speaker is Senator Savino.

19 SENATOR SAVINO: Thank you, Senator
20 Young.

21 Good afternoon, Deputy Commissioner.

22 Since this is a hearing about
23 workforce, I would be remiss if I didn't ask
24 about the size of the workforce. Because I

1 always feel somewhat guilty when I see you,
2 because I realize I've saddled your agency
3 with more work than most, between domestic
4 workers, wage theft, misclass in the
5 construction industry, misclass in the
6 trucking industry, what we call the New York
7 Commercial Goods Transportation Industry Fair
8 Play Act.

9 So I'm glad to see that the number of
10 investigations are up, and I'm also glad to
11 see that the amount of reclaimed wages is
12 rising -- that's great -- that workers are
13 getting. That means your agency is working.
14 But I'm curious as to how you're doing it
15 with, you know, less staff. And is there a
16 plan to backfill some of the staff.

17 EX. DEP. COMMISSIONER MUSOLINO: We
18 actually aren't doing it with less staff.
19 This year we're up at about 168 staff people
20 total in the Labor Standards Division --
21 which is up a little bit from the prior year.
22 I think we're up by about seven or eight --
23 six or seven staff people, I think, over the
24 past year.

1 You know, it sounds a little trite to
2 say it, we're doing it a little bit smarter.
3 And I think that's being helpful. We have --
4 and you and I have talked about this. We had
5 set a goal some time ago to try to complete
6 at least 80 percent of our investigations
7 within a six-month period of time. And last
8 year, calendar year 2015, we made that goal,
9 we went a little beyond it. I think we're a
10 little bit closer to 85 percent.

11 So I always say it, our staff is
12 terrific. They work hard, they care about
13 what they do, they're really good at what
14 they do.

15 One of the things that we've done over
16 the last year particularly that we've seen as
17 a big help to us, in the last two years,
18 we've dramatically increased our use of
19 compliance conferences as a way of resolving
20 cases earlier and getting money into the
21 hands of workers earlier.

22 A couple of years ago we probably did,
23 I don't know, 250 a year. I think last year
24 we did something on the order of 1600

1 compliance conferences. And half of them
2 settle on the spot. And when we settle, it
3 means you pay the workers everything they are
4 owed. That's our -- we will deal with
5 issues. If the employer has some evidence
6 that we were wrong in our calculations, we
7 might adjust penalties or something like
8 that. But workers get made whole out of
9 this.

10 And we've moved from, as I say, about
11 250 to 1600. That's cut down the workload a
12 lot for us, and that's given us some room to
13 pick up the slack.

14 SENATOR SAVINO: I'm glad to hear
15 that.

16 Finally, there's a piece of
17 legislation that we considered in the Labor
18 Committee the other day. It was passed last
19 year, it was vetoed by the Governor. It's in
20 reference to the newspaper industry and
21 delivery people. The way the bill was
22 drafted, there was a concern that it was a
23 violation of the Transportation Fair Play
24 Act. And we had some discussion about it

1 again yesterday.

2 The question I have is wouldn't it be
3 simpler for your department just to deal with
4 this through the regulatory process? I mean,
5 we know who's driving a truck and delivering
6 for a newspaper, and we know who's riding a
7 bicycle and delivering it. They're not an
8 employee. You know, the young people who are
9 on a paper route are not employees in the
10 same way as someone who is, you know, driving
11 and delivering newspapers around the City of
12 New York.

13 Wouldn't it be much simpler for you
14 just to solve this that way?

15 EX. DEP. COMMISSIONER MUSOLINO: Well,
16 that's a good question. That's an
17 interesting question. I would say that, as I
18 had said about the earlier question with
19 respect to the band, we make determinations,
20 but we don't make final decisions. And the
21 issue with newspaper carriers has, I
22 believe -- and I'd have to check with
23 counsel, but I'm pretty sure this is right --
24 has been litigated. This has gone up through

1 not just the appeal board, but actually into
2 the courts. And the courts have consistently
3 ruled that these folks are employees.

4 So I do think that in order to address
5 the issue that the associations have raised,
6 I believe that it does require legislation.
7 I don't think we can do it regulatorily. We
8 could make different determinations, but the
9 courts have already come to a different
10 decision.

11 SENATOR SAVINO: It would make it so
12 much easier if you could.

13 Thank you.

14 CHAIRWOMAN YOUNG: Thank you, Senator.

15 CHAIRMAN FARRELL: Assemblyman Oaks.

16 ASSEMBLYMAN OAKS: Thank you,
17 Chairman.

18 I have some questions related -- in
19 follow-up to Senator Martins and Assemblyman
20 Saladino on minimum wage.

21 You referenced numerous studies that
22 say raising the minimum wage doesn't impact.
23 Have -- do any of those take into account the
24 size of the -- you know, match the size of

1 the increase that we have here, or are those
2 more related to incremental ones, smaller
3 incremental ones?

4 EX. DEP. COMMISSIONER MUSOLINO: I
5 couldn't cite for you an individual study
6 that talked about size of the increase. I
7 know that the studies have addressed the
8 increases that have gone in place all over
9 the nation over the decades. So it would, of
10 course, be dealing with increases of
11 different size over different times.

12 ASSEMBLYMAN OAKS: My Economics 101
13 class would suggest -- or I can understand
14 when you talk about you increase the minimum
15 wage, put more money in people's pockets, the
16 high velocity, as you said. But most of
17 that, as I would see it, would be the type of
18 economy -- retail, you mentioned the
19 restaurant -- and both of your examples were
20 in the restaurant area.

21 Have any of these studies looked at
22 sectors that are -- you know, looked at
23 different sectors of the economy to say does
24 it affect retail, yes, it might increase

1 that, but are there other areas of the
2 economy that it might hurt.

3 EX. DEP. COMMISSIONER MUSOLINO: I
4 know that some have looked at -- and I just
5 remember this from when the wage boards were
6 meeting. I know that some were very specific
7 to the restaurant and hospitality industry.
8 I don't know which ones would have addressed
9 the segmentation of various industries. We
10 could take a look at that. Off the top of my
11 head, I don't know how they've addressed
12 that.

13 ASSEMBLYMAN OAKS: I represent an
14 upstate district, rural. We have a lot of
15 small manufacturers. They're competing on a
16 day-to-day basis with companies, certainly
17 within the state but certainly out of the
18 state as well. If we end up with a minimum
19 wage dramatically different, their cost
20 structures, it would seem to me, are going to
21 be extremely challenged to compete, to be
22 able to sell their product competitively, as
23 they might. And also I represent a lot of
24 farms, big apple industry, heavily

1 labor-intensive. Michigan also has a lot of
2 apples, as do some of the other states. When
3 we're trying to sell those products
4 competitively, do you think there's no effect
5 in those industries?

6 EX. DEP. COMMISSIONER MUSOLINO: Well,
7 it's an interesting discussion that's been, I
8 think, ongoing for years and years and years.
9 Right? Every industry says how do we compete
10 with China when they pay \$2 an hour. Right?
11 That's sort of the flip comment that people
12 make. Or how can we put a call center here,
13 you know, when you can have a call center in
14 India at \$5 a day or \$10 a day or whatever.

15 As I said, the studies have shown that
16 there aren't negative impacts. When you talk
17 about industries -- for example, farming is a
18 very good example of that. And I know the
19 agricultural community has raised concerns.
20 I know the Farm Bureau has raised concerns
21 and actually said -- I won't go too far in
22 this; we work very well with Dean Norton, we
23 work very well with the Farm Bureau. But
24 they talked about the federal minimum wage of

1 \$7.50 an hour, \$7.25 an hour, and that would
2 be the right comparative wage.

3 But in New York State today, that's
4 not what the agricultural wage really is.
5 Dean Norton in his own statement said that
6 the average wage is around \$12.40, I think,
7 \$12.50 an hour. USDOL actually pegs it a
8 little higher in New York State, they peg it
9 at about \$13 an hour, a little over \$13 an
10 hour. Compared to Pennsylvania -- well, look
11 at our adverse impact wage. The wage that
12 we're required to pay H2A workers is \$11.50
13 an hour. In Pennsylvania, it's a couple of
14 cents less than that.

15 So the point I guess I'm trying to
16 make is this proposal that the Governor put
17 forward is about a gradual increase to give
18 the business community time to adjust as
19 these new wages come online. With respect to
20 the farm industry, we don't even get to what
21 the average wage is in the farm industry for
22 I think three or four jumps, three or four
23 steps in the minimum wage now.

24 So there's no doubt that there are

1 lots of competitive pressures.

2 ASSEMBLYMAN OAKS: The thing is,
3 though, if an individual is out on the farm
4 the first day picking apples, they aren't
5 going to be Mr. -- you know, be valued at
6 that level. And so when you say -- it's not
7 like \$12.50 is a minimum wage in the
8 agriculture area, is going to all of a sudden
9 bring us up to where we are. We have a lot
10 of people making more.

11 You know, and I know we're losing
12 time. I just think that we need to seriously
13 look -- I don't -- I understand that studies
14 could have shown where the impact is not that
15 great, or maybe neutral. But I know there's
16 a lot of people talking about now a couple
17 hundred thousand, maybe even more jobs. I
18 fear that in the district I represent, where
19 we're already seeing decline of population,
20 or challenged, at least, or stagnant
21 population, businesses struggling, that this
22 type of impact could have detrimental effects
23 even though maybe statewide we may not see
24 those numbers the same.

1 CHAIRWOMAN YOUNG: Thank you.

2 Senator Comrie.

3 SENATOR COMRIE: Thank you, Madam
4 Chair.

5 You said earlier today, earlier this
6 evening, Commissioner, that the commission
7 recommended that the cost of living at the
8 wages would be \$15.19 per hour or --

9 EX. DEP. COMMISSIONER MUSOLINO: I
10 think it was 15.91.

11 SENATOR COMRIE: 15.91. And how -- is
12 that -- and that was based on this year or
13 last year when they came up with the
14 decision.

15 EX. DEP. COMMISSIONER MUSOLINO:
16 That's correct.

17 SENATOR COMRIE: Did they come up with
18 a formula of -- that would speak to what that
19 would be over the next five years?

20 EX. DEP. COMMISSIONER MUSOLINO: They
21 did not, Senator. That was the work of the
22 Fast Food Wage Board, and they were tasked,
23 at that point, with that point in time. So
24 they just looked at the data that was

1 available to them for 2015.

2 SENATOR COMRIE: And you said they
3 calculated that from where?

4 EX. DEP. COMMISSIONER MUSOLINO: I
5 would have to go back and look at the
6 specific sources that they used. It was an
7 analysis of what amounts to the cost of
8 living in New York State. They took a look
9 at New York City and upstate New York and
10 came up with that blended rate. We could get
11 you that more detailed information.

12 SENATOR COMRIE: I'd appreciate that.

13 And then just on another question, the
14 Urban Youth Jobs Tax Credit, do you have a
15 breakdown on where that was most effective
16 throughout the state, what regions of the
17 state you had the most effectiveness from?
18 And what are you doing to promote that to the
19 businesses, and who are you using to make
20 that happen?

21 EX. DEP. COMMISSIONER MUSOLINO: We
22 could provide you a specific breakdown of
23 what -- as you know, the Urban Youth Tax
24 Credit has been for very targeted geographic

1 areas. So it's the 11 largest cities and the
2 two largest towns in the state. The young
3 people have to live in those areas. And we
4 can give you the specific details city by
5 city.

6 New York City by far I think is the
7 largest user of the tax credits, as you would
8 expect, because they have the largest youth
9 population there.

10 What we've done with respect to
11 outreach to businesses on this is a very
12 extensive outreach campaign. When we first
13 started this in 2012, we actually put on a
14 small call center in our agency. We hired
15 some temporary staff, I want to say it was
16 half a dozen or so people, maybe a little bit
17 more than that, just to call businesses and
18 say: There's this tax credit out there, and
19 you might be interested in trying to avail
20 yourself of that.

21 We also have trained all of our
22 staff out in our Career Centers to be aware
23 of it. You know, we had buttons, "Ask me
24 about the tax credits," those kinds of

1 things. We've done hundreds of meetings with
2 chambers of commerce and business groups,
3 et cetera. We've done mailings. We've done
4 as extensive an outreach as we can because,
5 you know, it's a terrific program. The
6 Legislature saw fit, you saw fit to double
7 the program. We've used up all of those tax
8 credits as well and continue to expand it.
9 Which is why the Governor is proposing a
10 doubling again.

11 SENATOR COMRIE: Okay. I would be
12 curious to know -- I wanted to know also if
13 you're working with the various bids within
14 New York City -- I represent Queens, southern
15 Queens. And also the -- not just bids, but
16 the -- well, you said you're using the
17 chambers of commerce. But I really hadn't
18 had any experience with any businesses that
19 have been using it. I'm glad to see that
20 it's being expanded, and I hope that we have
21 an opportunity to expand it even further.

22 I think it's a great opportunity for
23 local businesses to hire people also. Does
24 the business have to have a minimum amount of

1 employees --

2 EX. DEP. COMMISSIONER MUSOLINO: No.

3 SENATOR COMRIE: -- or can it be
4 anything from a bodega on up?

5 EX. DEP. COMMISSIONER MUSOLINO:
6 That's correct.

7 SENATOR COMRIE: All right. Well, I
8 just got -- this is my first term in the
9 State Senate, and I hope to be able to
10 utilize this as well in an extensive way.
11 You know, the Greater Jamaica Development
12 Corporation is a business that has a regional
13 bid as well, and I would hope that they're
14 using it. And so I would like to see the
15 statistics if you could send it to my office.

16 EX. DEP. COMMISSIONER MUSOLINO: We
17 can absolutely do that.

18 SENATOR COMRIE: And as we're moving
19 into -- the Summer Youth Employment Program,
20 which is severely underfunded, I think this
21 would be a great supplement to that as well.
22 I would hope that we could fund another
23 \$10 million in the Summer Youth Employment
24 Program and not just use a tax increase for

1 Senator Marchione.

2 SENATOR MARCHIONE: Thank you.

3 I want to go back to minimum wage as
4 well, stating that, you know, it results in
5 more jobs, not less jobs. I'd like to talk
6 about the compression of those jobs that are
7 not minimum wage right now, those people who
8 may have been there for a while and are
9 making the \$15 or \$16 an hour already.

10 I viewed a study that said those
11 particular jobs are ones in the private
12 sector, when this occurs, are lost. Have you
13 done any studies relative to those positions
14 and what happens when minimum wage goes up
15 67 percent, what happens to those jobs that
16 are already there?

17 EX. DEP. COMMISSIONER MUSOLINO: We
18 have not -- the Department of Labor hasn't
19 undertaken any study with respect to that.
20 We've looked at the overall economic impact
21 of the \$16 billion increase in wages that are
22 spread across the economy.

23 I'd be interested to take a look at
24 that.

1 SENATOR MARCHIONE: Okay. Yeah,
2 because that gave me a lot of concern. And I
3 guess in private business, if you need to
4 save some money, the pie is only so big. And
5 when you're having to increase wages to that
6 degree, either you have to raise your prices
7 to your customers or raise the price for what
8 you're making, or you have to economize
9 somehow.

10 And that was the -- it was only one
11 study, but that was a study that I had seen
12 that I would, you know, like you to take a
13 look at.

14 EX. DEP. COMMISSIONER MUSOLINO: And
15 just one quick -- just one comment. I know I
16 talk too long; I'll be very brief. I guess
17 we would say we would always encourage
18 people, more skills is always better. It's
19 always more valuable in the workplace. So
20 folks who have skills I think are going to
21 find their way in the workplace. And I don't
22 mean to minimize, you know, other looks
23 there. But we support very much the notion
24 that people should continually be upgrading

1 their skills for the economy.

2 SENATOR MARCHIONE: Well, that's what
3 bothered me when I saw that, that those
4 people have been working hard and yet those
5 may be the people who lose in this scenario.

6 You talked about restaurants a couple
7 of times. I've heard of a situation where a
8 business is no longer allowing the servers to
9 charge an 18 percent or 20 -- whatever the
10 customer gives in a tip, but they're charging
11 a surcharge of 18 percent that they're
12 keeping themselves to try to offset some of
13 these costs. Is that something that's
14 permissible to do in New York State?

15 EX. DEP. COMMISSIONER MUSOLINO: Well,
16 if they were to do that, if they were to
17 eliminate tips, then they would have to pay
18 the servers the full minimum wage. They
19 wouldn't be able to pay them the lower tipped
20 wage, which is now \$7.50 an hour.

21 And we have started to see a couple of
22 restaurants -- and I want to emphasize a
23 couple. You see the articles in the papers,
24 Davidson Brewery, up in Glens Falls, that I

1 think you're probably familiar with, that
2 area. I saw an article the other day that
3 that restaurateur is thinking about going to
4 or maybe has already gone to this notion of a
5 service charge, and said that he was able to
6 do it in a way that maintained the wage
7 levels for all of the employees he'd had
8 before, the servers continued to be paid well
9 by the standards in the Glens Falls economy,
10 and he was able to share some of that with
11 what's known as the back of the house, so the
12 cooks and the dishwashers and the other folks
13 back there, as a way of sort of leveling
14 that.

15 And there are a couple of high-end
16 restaurants in New York City that are
17 actually starting to experiment with the same
18 idea.

19 SENATOR MARCHIONE: There's also some
20 concerns that I have because now there's so
21 much technology. And have you taken the
22 technology factor into account when you say
23 there's going to be more jobs? Because I've
24 been at two restaurants already, one of them

1 that I pay on a device that's on the table,
2 and another that now when I go in, I order
3 myself, and I just use the machine.

4 I really think that business is, you
5 know, creative. They need to save money.
6 I'm very concerned about your thoughts that,
7 you know, we're going to have more jobs. And
8 that's just -- you know, I don't need a
9 comment.

10 The other thing that I'm concerned
11 about, and perhaps the labor board hasn't
12 looked at it, but I'm very concerned about
13 our senior citizens who are not in the labor
14 market, that others are going to see a
15 67 percent increase in minimum wage when our
16 seniors haven't seen an increase in Social
17 Security in a number of years, yet they're
18 going to see the increases -- there's got to
19 be increases in prices and increases in
20 property taxes and increases in everything
21 that you're going to see, on them. Have any
22 thoughts been given to our seniors, who are
23 not part of our workforce any longer, about a
24 livable amount of money for them. They're

1 already having a concern whether they're
2 going to eat or they're going to buy their
3 medicine.

4 So if that hasn't been considered --
5 and I know that your job is looking at the
6 wages of those working. But I really do
7 think that we need to also consider what
8 we're doing in inflation to our seniors.

9 EX. DEP. COMMISSIONER MUSOLINO:

10 That's a point well-taken, Senator. And, you
11 know, for what it's worth, I think we would
12 all support increases in Social Security
13 levels and payments to seniors around the
14 state and around the nation.

15 I do think that, as I've said a couple
16 of times, that folks have to look at sort of
17 the full picture of what happens when we
18 implement wage increases. It does generate
19 additional economic activity. It will in
20 fact assist localities, municipalities, in
21 having higher tax revenue, for example. And
22 in some ways that may hold down the cost of
23 property taxes over time.

24 SENATOR MARCHIONE: I have grave

1 concerns. But I respect your opinion.

2 Thank you.

3 CHAIRWOMAN YOUNG: Thank you, Senator.

4 CHAIRMAN FARRELL: Assemblywoman
5 Crystal Peoples.

6 (Discussion off the record.)

7 ASSEMBLYWOMAN PEOPLES-STOKES: I
8 wanted to know, since 2012, when the Youth
9 Tax Credit initiative was instituted -- I
10 think it was a win/win for businesses that
11 are always interested in tax credits and
12 certainly a win/win for youth, particularly
13 those minority youth who generally don't get
14 access to employment.

15 Have you collected any data about
16 retention rates and how well these young
17 people have fared since 2012?

18 EX. DEP. COMMISSIONER MUSOLINO: We
19 have some pretty good results from the
20 initial stages of the program. And as I
21 think I'd mentioned earlier -- and I'm not
22 sure if you were in the room -- we have about
23 28,000 youth who have gone through the
24 program who have been placed in jobs with

1 certified businesses. All together, about
2 31,000 placements. So that means some youth
3 got placed more than once, they went on to
4 another job someplace, hopefully a
5 higher-level job.

6 We haven't been able to do any
7 longitudinal study yet, any long-range study
8 yet. One of the reasons is that the tax
9 credits haven't all been completely claimed
10 yet. And sometimes businesses don't always
11 claim them in the first year; they might wait
12 a couple of years. They have some time
13 before they can claim them.

14 So we haven't undertaken that, but we
15 intend to try to figure out a way to get at
16 exactly that issue, because as you say, the
17 point isn't just to get them a job but to
18 keep them in a job. When we see the actual
19 tax payouts, we'll get a better sense of
20 retention, because as you know, the program
21 was \$500 a month for the first six months; if
22 the young person kept the job, then a \$1,000
23 bonus after that year. So we'll see the
24 retention rates.

1 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.
2 Well, I'll be very, very interested in that
3 data. I think, you know, there are a number
4 of -- and so I notice in your comments that
5 the unemployment rate in New York is the
6 lowest it has been since 2007. So what's the
7 unemployment rate amongst African-Americans
8 and Latinos?

9 EX. DEP. COMMISSIONER MUSOLINO: We
10 could get you that data. I know the
11 unemployment rate among youth, among
12 16-to-24-year-old youth, minority youth,
13 which is defined in the U.S. Department of
14 Labor as nonwhite, so it's not a great
15 definition. I know that that unemployment
16 rate -- I'm going to say it off the top of my
17 head, but I'm also going to thumb through my
18 sheet here to make sure I get it right -- is
19 running in the neighborhood of a little bit
20 over 20 percent. Twenty-one, 22 percent, for
21 all 16-to-24-year-old people.

22 ASSEMBLYWOMAN PEOPLES-STOKES: I hope
23 that's not the right number, because that's
24 way too high. But I'm going to assume that

1 you are correct and that's right. That's way
2 too high.

3 The last question that I have for you,
4 sir -- and thank you for the opportunity,
5 Mr. Chairman -- is what percentage of the
6 workforce dollars in this 2016 budget can be
7 used for workers who are underemployed but
8 need a new skill set in order to get a better
9 job?

10 EX. DEP. COMMISSIONER MUSOLINO:

11 That's a difficult area to deal with within
12 the workforce development system.

13 And just to answer your quick
14 question, the unemployment rate among
15 16-to-24-year-old minority youth in New York
16 State is 20.1 percent. So I was close.

17 The issue of folks who are looking for
18 upgrades of their skills, I will be honest,
19 that's an area that I don't think the
20 workforce development system and federal
21 funding has really supported very well over
22 the years. We tend to be focused more on
23 folks who aren't in the workforce already,
24 folks who are looking to enter jobs.

1 We have used some small amounts of
2 funding over the last couple of years that we
3 had available at the Department of Labor, a
4 couple of million dollars, \$6 million in the
5 consolidated funding application that allowed
6 businesses to apply for skills upgrading. So
7 for folks who are in the workforce. They had
8 to demonstrate that without the skills
9 upgrading, the folks were in danger of layoff
10 or the business was in danger of closing.

11 So it wasn't a generic opening to
12 anybody who just wanted to have their skills
13 raised, but rather it was a business that
14 would come forward and say I need to train my
15 workers on a new tool or technique in order
16 to keep the business going.

17 ASSEMBLYWOMAN PEOPLES-STOKES: And,
18 you know, I raise this issue because as you
19 know, a lot of the new jobs that are being
20 created in our new economy are based on
21 knowledge. And you mentioned earlier
22 community colleges, SUNY and even CUNY are
23 coming up with CT coursework that will allow
24 people to get access to -- oftentimes those

1 are free opportunities, but you have to be
2 unemployed for a significant period of time.

3 Well, if you've been working, you
4 know, at McDonald's for the last two years,
5 and maybe even as a CNA the rest of the time,
6 you really need access to that new job but
7 you can't get it because you are employed.
8 But I would say underemployed.

9 So I really think that there needs to
10 be some real strategic think around how do we
11 fix that for people. Because otherwise,
12 what's the good, the real reality in creating
13 a knowledge-based economy and leaving so many
14 of your constituents out? Because they
15 cannot quit a job in order to become
16 unemployed in order to be eligible for the
17 training that gets them into the
18 knowledge-based economy.

19 I'd appreciate you looking at that
20 one.

21 EX. DEP. COMMISSIONER MUSOLINO: We'd
22 love to talk to you about that,
23 Assemblywoman.

24 CHAIRWOMAN YOUNG: Thank you.

1 Senator Krueger.

2 SENATOR KRUEGER: Hi. Thank you.

3 Just jumping back into the minimum
4 wage controversy. And you've answered quite
5 a number of questions already. So -- and in
6 answering the questions you've actually
7 raised more questions about -- I think that
8 specifically your department -- and not
9 tonight, necessarily; in your notes -- but
10 can help us all better understand the pros,
11 the potential negatives, and the realities of
12 choosing to increase the minimum wage.

13 So you spoke about the fact that when
14 we raise the minimum wage, it will actually
15 increase the buying power of workers who then
16 go and spend more money in their local
17 economy, increasing sales tax revenue,
18 increasing other income revenue streams for
19 local governments. I think you also
20 referenced that when we raise the minimum
21 wage we actually move people out of poverty,
22 and that has all kinds of economic wins for
23 the state as well, including lower use of
24 Medicaid and other public benefits, certainly

1 lower use of emergency service benefits, that
2 also need to be factored into sort of the
3 pros and cons charts.

4 We all -- well, I don't know about all
5 of us, but some of us sat through an earlier
6 hearing today where we heard an immense
7 amount of testimony from health and mental
8 health and human service contractors saying
9 they support the increased minimum wage but
10 the reality is their budgets are
11 disproportionately -- even in some cases
12 almost a hundred percent state contracts,
13 almost all for workers, and if we raise their
14 mandatory salaries, we need to come up with
15 the money.

16 So there was at least one commissioner
17 who said there are people in the state
18 working on evaluating what those numbers mean
19 and would cost. So I'm hoping that you might
20 be able to bring back to all of us or ask
21 whomever is the better person the kind of
22 documentation to justify this. Because I
23 actually think when we have the facts from
24 the research and the numbers for the state,

1 sure, we'll see some here's not so great, but
2 we'll see that the pros do outnumber the
3 negatives.

4 But I can guarantee that we, just even
5 the few of us here on this panel tonight,
6 clearly are in significant disagreement about
7 our position on it. And I do think that more
8 data would be helpful. So I'm hoping that
9 sometime soon, you and the administration can
10 provide some of that information -- including
11 who are the winners or the most significantly
12 impacted. Because I suspect what we'll see,
13 because it's been found in other states, it's
14 single mothers who have the win and other
15 exceptionally low-income people who are
16 disproportionately users of government
17 services. It's certain sectors of the
18 economy. Which raises the question about
19 contractors for health and human services --
20 childcare, et cetera -- being
21 disproportionately impacted, but with a
22 disproportionately possible win for
23 communities if they're seeing the increase.

24 I guess one more question. We are

1 constantly told this could have a very
2 negative impact on businesses and their
3 economic streams. But I believe I read
4 somewhere recently that the growth rate of
5 profits for New York State businesses had way
6 outpaced any increase in wages being paid,
7 and that there was data over the last five to
8 10 years in New York State confirming that
9 when you look at profits of businesses and
10 how that money is being spent, what we're
11 seeing is wage rates becoming a lower and
12 lower percentage -- or total wage costs,
13 excuse me, becoming a lower and lower
14 percentage of the business's bottom line
15 costs.

16 So I also think that is relevant for
17 the kind of analysis we as legislators are
18 being asked to do, and that kind of
19 information would be helpful.

20 Can I ask you to follow up on those
21 kinds of questions?

22 EX. DEP. COMMISSIONER MUSOLINO: Yes,
23 we will certainly do our best.

24 SENATOR KRUEGER: Great. I appreciate

1 that.

2 CHAIRWOMAN YOUNG: Thank you.

3 SENATOR KRUEGER: I have one more
4 question.

5 CHAIRWOMAN YOUNG: Oh, I'm sorry.

6 SENATOR KRUEGER: That's okay.

7 In your testimony you talked about the
8 96 Career Centers helping more than 260,000
9 people find a job in the last year. That's
10 great.

11 Yesterday I had a bit of a
12 question-answer or push-and-pull discussion
13 with the economic development commissioner,
14 because he was talking about having created
15 or retained 200,000 jobs. Except the numbers
16 from audits showed more like 15,000 jobs.

17 So I'm just curious, how does every
18 state agency actually add this all up? How
19 do you confirm that what you were doing with
20 your Career Centers created 260,000 jobs?
21 Because for the record, if you're doing that
22 on whatever amount of money you have, I would
23 like to cut a bunch of other things and give
24 you more money because you're having a better

1 success rate.

2 EX. DEP. COMMISSIONER MUSOLINO: Our
3 staff is terrific, as I've said many times.

4 SENATOR KRUEGER: Clearly.

5 EX. DEP. COMMISSIONER MUSOLINO: Our
6 staff is really terrific.

7 And I -- I want to be careful in how I
8 say this. At the Department of Labor, we
9 don't create jobs. What we are reporting is
10 that folks who come into our Career Centers
11 for help we are able to place into jobs that
12 are available out there in the State of
13 New York. So we take advantage of the great
14 projects that are underway around the state,
15 the expansion of business that we see
16 underway around the state. We have
17 tremendous relationships with ESD, with our
18 friends in economic development, Commissioner
19 Zemsky and his staff, to know where the
20 businesses are that are growing. And we get
21 job orders from them and we talk to those
22 businesses and say, We can get you the people
23 who are qualified for those jobs.

24 As I said in my testimony, we've got

1 770,000-plus new jobs in the state over the
2 last couple of years. So that's the pool
3 that we're using. Right? That's where we're
4 playing. That's the field we're playing in.
5 We know these exist because we review wage
6 records. So we know somebody got a job
7 because we see them showing up in a wage
8 record later on, that they're employed and
9 getting a paycheck.

10 SENATOR KRUEGER: So in continuing my
11 devil's-in-the-detail questions -- because
12 you're right, you never said you created
13 jobs, you help people find the jobs, the
14 match-make. If the State of New York didn't
15 have a Department of Labor with Career
16 Centers, would those 260,000 jobs have
17 remained unfilled in this last year?

18 EX. DEP. COMMISSIONER MUSOLINO: I
19 think a number of them would remain unfilled.
20 I think businesses would have a hard time
21 finding them. I'm sure you've all heard from
22 the businesses in your community one of the
23 difficult times that businesses are having
24 now is finding the right people to fit the

1 jobs that they have.

2 Our folks are really expert at doing
3 the analysis of people's skill sets,
4 determining what their strengths are,
5 determining areas that we need to work on a
6 little bit with them. We're able to do that,
7 get them into the sort of light-touch
8 training necessary to get them ready. And
9 we're able to provide some incentives to
10 business like the Urban Youth Tax Credit, as
11 an example, on-the-job training.

12 So yes, I do think a lot of those jobs
13 would go unfilled but for the work of our
14 staff out there.

15 SENATOR KRUEGER: And just finally, of
16 your budget, what amount goes to having the
17 96 Career Centers, operating them? Do you
18 know?

19 EX. DEP. COMMISSIONER MUSOLINO: What
20 amount goes to the 96. That is a -- it's a
21 real mix of different funding sources. So we
22 get in about \$170 million, as I said, in
23 Workforce Innovation and Opportunities Act
24 funding. Eighty-five percent of that goes

1 out to the local areas. All of the 96 career
2 centers that we have around the state are
3 partnerships between us and the local areas.
4 So a large proportion of that 85 percent of
5 170 million -- \$135 million or so -- is going
6 support the operations of those Career
7 Centers. Probably virtually all of it.
8 Right? Maybe a hundred million dollars of it
9 goes to support that.

10 In addition, we use funding that we
11 get for staffing through Wagner-Peyser, for
12 example, which is another \$40 million a year,
13 that is staff that is out there in the Career
14 Centers, so that goes as well.

15 So it's really -- the bulk of what we
16 do is going to support the operations of the
17 Career Centers and then the on-the-job
18 training programs and things of that nature.

19 SENATOR KRUEGER: Thank you. Thank
20 you.

21 CHAIRMAN FARRELL: Thank you.

22 CHAIRWOMAN YOUNG: Thank you. Anyone
23 else?

24 CHAIRMAN FARRELL: No.

1 CHAIRWOMAN YOUNG: Thank you for being
2 here. And I know -- Senator Martins, I
3 think, has some follow-up questions; is that
4 right?

5 SENATOR MARTINS: Right.

6 CHAIRWOMAN YOUNG: Okay. Well, I'll
7 let you go and then I'll finish up, I guess.

8 SENATOR MARTINS: Thank you.

9 A comment and then a question. The
10 comment is that -- to clarify your point made
11 about the Puget Sound article, I think you
12 and I would both agree, and everyone here
13 would agree as well, that the minimum wage in
14 Seattle right now is not \$15; right?

15 EX. DEP. COMMISSIONER MUSOLINO:
16 Correct.

17 SENATOR MARTINS: And so we're not
18 necessarily discussing the same issue. And
19 so the point that was made isn't really on
20 point, since they're still at \$10.50 an hour.

21 But I will ask one question. As I've
22 often been reminded, that the true minimum
23 wage is zero when someone loses a job. And
24 we've talked about both sides of the

1 equation, how we have to look at this issue
2 from both sides of the equation. And that
3 truly, you know, as policymakers, that's our
4 task. We have to look at the benefit to a
5 worker and our commitment to dealing with
6 income inequality and to dealing with the
7 realities of low-wage workers, while at the
8 same time balancing it again the very real
9 concerns that we hear in our districts, in
10 our downtowns, from small businesses, that
11 this is going to be an existential threat to
12 them. Not an inconvenience, but an
13 existential threat.

14 And the reminder that that
15 \$15.7 billion that we keep talking about as
16 being an infusion in the economy is already
17 in the economy; all we're deciding is who
18 gets it. Because what we're doing is taking
19 it away from that small business owner that
20 employs a couple of employees and giving it
21 to somebody else. That 15.7 billion did not
22 come out of nowhere. It wasn't created. It
23 isn't economic advancement or new monies that
24 were created, but actually a taking from one

1 group and giving to another. And both are
2 capable of spending it in the economy.

3 So I would just ask, to reiterate the
4 point that was made by Senator Krueger, that
5 you give us the materials that we need to
6 take a look at in order to substantiate those
7 numbers. And I would ask that when you do
8 that, that you do it in a way that doesn't
9 just give us information that was prepared by
10 the administration, by the Division of
11 Budget, by the Department of Labor, or by the
12 Executive, but find us credible information
13 that we can actually follow. Because what
14 we're hearing in our communities is
15 significantly different than what we're
16 hearing in this proposal. And those facts
17 matter.

18 And I would just remind you that
19 there's no one in the Executive branch that
20 cares as much or more than the people in the
21 Legislature, than the people here on this
22 dais, about the working poor in New York
23 State, that are committed to the working poor
24 and to increasing -- and helping the working

1 poor in New York State.

2 So give us that information. Allow us
3 the opportunity to work with you in terms of
4 crafting a proper minimum wage and one that
5 isn't predicated simply on statements from a
6 pulpit or statements from a podium.

7 And I'll just end with this. When we
8 talk about winners and losers when it comes
9 to minimum wage and an increase to \$15 an
10 hour, I would add as winners the federal
11 government that will receive the tax from
12 workers in New York State that currently
13 wouldn't have to pay that tax. But a full
14 third of that increase is going to go to the
15 federal government in terms of tax and not
16 going to remain in the hands of those people
17 who we're trying to help.

18 So let's work together on seeing how
19 we solve this issue. Thank you.

20 Thank you very much for the
21 indulgence.

22 CHAIRWOMAN YOUNG: Thank you, Senator.
23 Senator Funke.

24 SENATOR FUNKE: Just a quick

1 follow-up. It seems to me that there's a
2 distinct difference between somebody who is
3 getting his or her first job and learning how
4 to show up on time and be a committed
5 employee, and somebody who's 21 years of age,
6 who has graduated from college and may not
7 find a job and has student loans to pay back,
8 or somebody who is over the age of 21 and has
9 a family and so on and so forth. There's a
10 distinct difference to me between what he or
11 she or that age category may be entitled to
12 be paid.

13 Has the Department of Labor, has the
14 Executive, has anybody ever considered the
15 differences in age with regard to minimum
16 wage and what the impact may or may not be?

17 EX. DEP. COMMISSIONER MUSOLINO: Yes.
18 In fact, we have some data -- and I'm going
19 to see if I can find it here. So if we look
20 in New York City at the people who currently
21 make less than \$15 an hour, 80 percent are
22 25 years or older. Outside of New York City,
23 it's 70 percent who are 25 or older.

24 So it -- there is this view that

1 low-wage workers are always very young
2 people, and it's not. It's working
3 mothers -- 55 percent outside of New York
4 City are female, 54 percent in New York City
5 are female.

6 So we have -- there are age quartiles
7 that are out there, and we can provide that
8 detailed information as well. But it isn't
9 the picture that folks always have. I think
10 colloquially a lot of folks think that people
11 at the low end of the wage scale are kids.
12 They're not. They're often older, starting
13 their families or have established families
14 and are trying to sustain the families.

15 SENATOR FUNKE: Are you including
16 tipped workers in those stats?

17 EX. DEP. COMMISSIONER MUSOLINO: I'd
18 have to go back and look at the data source.
19 I don't know the answer to that. I believe
20 we would be, because this is from the U.S.
21 Department of Labor, I think, and the
22 American Community Survey. But I'd have to
23 go back and look at the data source.

24 SENATOR FUNKE: Thank you.

1 CHAIRWOMAN YOUNG: Thank you.

2 I do have a couple of questions. And
3 I've been listening very carefully. You have
4 said that -- you were a bit dismissive, I
5 thought, of the Farm Bureau's concerns about
6 farming and agriculture. And I don't believe
7 there has been any kind of study of what the
8 impact actually would be on agriculture in
9 New York State, is there? Is there any data?

10 Because as you know, in your role,
11 farmers are paid for a commodity, which means
12 that they produce a product and they are told
13 what they get in payment for that product.
14 And they can't control -- it's not like a
15 pizzeria or a sub shop or, you know, a retail
16 store where they can just increase cost to
17 the consumers and have this inflationary
18 effect to pay for their employees' wages.

19 And so as a result of that, there are
20 real concerns. Because, you know --
21 Assemblyman Oaks talked about the apple
22 industry, for example. We compete with many
23 other states -- Washington State is a huge
24 one -- as far as our apple products. And I

1 know how proud the Governor has been of the
2 growth in the agricultural industry over the
3 last several years. So, you know, I would
4 think that that would be something taken into
5 consideration.

6 But what you're telling me is that
7 there has been no study or real information
8 out there about what the actual impact would
9 be on agriculture.

10 EX. DEP. COMMISSIONER MUSOLINO: And
11 if I appeared dismissive about the
12 agricultural industry, I certainly did not
13 mean to give that impression at all. I think
14 what I was trying to say was I didn't want to
15 put words in the mouth of Dean Norton, who
16 had talked about the federal minimum wage.
17 And so I was kind of dismissive of that. He
18 had used some words, but I didn't want to say
19 that is what he was proposing. So that's
20 what I was trying to get at there.

21 And absolutely, as you said, the
22 Governor has focused like a laser on growth
23 in the agricultural industry in this state,
24 from things like Taste NY, all of the

1 marketing programs that are out there, the
2 Beer and Wine Summits, the Yogurt Summits,
3 all of that sort of stuff. And we've seen
4 terrific growth in the agricultural industry.

5 I think Commissioner Ball was asked
6 this same question at his testimony last
7 week, and he talked about both sides of the
8 ledger, what are we doing to try to help
9 assist in the growth of the agriculture
10 industry. And we talked about some of the
11 other proposals that he is much more expert
12 than I am in things that are intended to
13 assist the agricultural industry, through
14 lower property taxes and changes in Thruway
15 tolls and things of that nature.

16 The one sort of area that I would add
17 when you think about both sides of the
18 ledger, because of the terrific marketing
19 efforts that are underway, as we put more
20 money into local economies, I really do
21 believe -- and I don't think it's Pollyannish
22 to say it, I really do believe that you will
23 see farmers, growers be able to sell more of
24 their products in the local economy.

1 Low-wage workers, low-wage families
2 aren't often the folks who are buying fresh
3 fruits and vegetables. Now, I'm not saying
4 that's a miracle or a panacea, but I think
5 we'll help expand markets because of that
6 additional income in those communities as
7 well as we do better marketing of those.

8 CHAIRWOMAN YOUNG: And I understand
9 that. And, you know, I would point out to
10 you that -- and that's great, and that's what
11 we want. And people want fresh, safe and
12 local as far as their foods supply goes.

13 But I would point out to you, you
14 know, there's a commerce clause in the
15 Constitution, and so we are competing. You
16 could go to Price Chopper down the street
17 right now, and you will find produce from
18 countries all over the world, other states.
19 And so I just want to draw that to your
20 attention.

21 And John F. Kennedy said -- and this
22 is one of my favorite quotes, because I grew
23 up on a farm, so I can understand this --
24 "The American farmer is the only man in our

1 economy who buys everything he buys at
2 retail, sells everything he sells at
3 wholesale, and he pays the freight both
4 ways."

5 So, you know, we want to keep that in
6 mind as we work to grow the agricultural
7 industry in New York State.

8 And I did want to ask, though --
9 because, you know, we heard from OPWDD
10 earlier today, and there really wasn't any
11 answer on how much an increase in the minimum
12 wage would impact, for example, nonprofit
13 agencies that take care of people with
14 disabilities and how are they going to pay
15 for those increased costs. Because there's a
16 finite amount of money, and a lot of the
17 service providers that we have -- and some of
18 those -- you know, it's in healthcare, it's
19 in human services, direct care workers and so
20 on.

21 So there's an impact in the private
22 sector, there's an impact on nonprofit
23 providers, and also there's an impact on
24 public-sector employees. And I'll use just

1 one example. I've talked to many nursing
2 homes, and they already are struggling in so
3 many ways in order to take care of our most
4 frail elderly in the state. And again,
5 finite amount of money, and provided as
6 reimbursement for those services.

7 We have nursing homes around the state
8 that are operated by county governments. And
9 already county governments are saying we're
10 having a difficult time keeping these nursing
11 homes operating, and frankly some are
12 considering getting out of the nursing home
13 business altogether. And I've had private
14 operators tell me that "I will have to close
15 if this goes through."

16 So I guess the answer is if the
17 minimum wage goes up, somehow the payment to
18 those providers has to go up. And I was
19 wondering if there's been any kind of
20 studies -- and I don't think there has been,
21 but maybe you could answer that for us -- if
22 there's any kind of studies that show how
23 much it will cost to be able to keep these
24 facilities operating. Because they provide

1 essential, critical, necessary services to
2 the people of New York State.

3 EX. DEP. COMMISSIONER MUSOLINO:

4 Mm-hmm. That is not something that we've
5 done at the Department of Labor. I know that
6 the Division of Budget has been asked this
7 question -- or I know it's come up in
8 numerous budget hearings, I should say. And
9 my understanding is there have been specific
10 requests now to the Division of Budget to
11 take a look at this in more detail and how
12 that ramp-up will impact over the next couple
13 of years.

14 There are some intangibles --
15 intangibles may not be the best way to put
16 it. But there are some positive impacts that
17 always come along with increases in wages,
18 whether it's in the non-for-profit sector or
19 in the private sector as well. And I know
20 you would know this from your visits to
21 nursing homes and things like that. My
22 mother spent the last seven years of her life
23 in a nursing home where I -- local, and I
24 lived locally, so I was able to visit a lot.

1 And you learn a couple of things. A, I think
2 we all know the folks who are therapy aides
3 in nursing homes deserve to get paid more
4 just because of the hard work and the
5 important work that they do. And I think
6 that's worth keeping in mind.

7 But one thing I noticed, and I know
8 there are statistics out there, but I
9 experienced it myself over the six or seven
10 years that I was visiting, was the different
11 faces all the time. They didn't keep staff.
12 Lower-paid staff don't stay. And we know
13 nursing homes and lots of not-for-profit
14 organizations have very high turnover rates.
15 I saw a reference in an article once, and so
16 I don't want to cite it, but it was
17 50 percent or something in nursing homes, the
18 turnover rate at the aide level.

19 So that's one issue that nursing homes
20 will find a little bit of relief from. As
21 wages go up, I think you won't have quite the
22 same level of turnover. We know turnover
23 costs a lot. Every time you replace an
24 employee, \$4,000, \$5,000, \$6,000 in training,

1 in lost productivity and all that.

2 So I guess -- this is my long way
3 around, Senator -- any analysis also has to
4 think about some of those issues as well.
5 And we would be happy to try to take a look
6 at that.

7 CHAIRWOMAN YOUNG: I agree with that.
8 And I think direct care workers more than
9 deserve to have higher wages.

10 And I don't know if across the board
11 raising the minimum wage addresses the issue
12 that you're referencing, however, because
13 oftentimes people, if they have a choice
14 between standing at a cash register or
15 changing dirty diapers on an adult who is
16 very ill for the same amount of money,
17 they'll probably choose, you know, the less
18 difficult job. So I'm concerned about that.

19 But, you know, I believe very strongly
20 that our workers in facilities deserve to
21 have higher wages, there's no doubt about it.
22 The question is how do you pay for it. And
23 we don't want people to lose jobs. And we
24 want to keep our facilities open, whether

1 you.

2 CHAIRMAN FARRELL: Thank you.

3 DIRECTOR TURNER: The good news is the
4 later the day, the shorter the testimony. So
5 congratulations.

6 CHAIRWOMAN YOUNG: Thank you. And I
7 want to say this, and Assemblyman Farrell and
8 I have talked about this. And I think we
9 need to change the structure of the hearings
10 next year. My grandfather would say you're
11 trying to pack 10 pounds of grain in a
12 5-pound bag when you have two hearings on the
13 same day. And I'd like to take a look at
14 changing it.

15 So for you who have sat here all day
16 and been patient, we are so grateful that
17 you're still here. And we apologize that
18 it's taken this long.

19 I'd like to introduce, from the Civil
20 Service Employees Association, Local 1000,
21 Fran Turner, director, legislative and
22 political action. I wanted to make sure I
23 got your title correct.

24 So welcome, Fran.

1 DIRECTOR TURNER: Thank you, Senator.

2 I want to start -- I am going to be
3 very short because I did listen to the
4 testimony all day. We have a great interest
5 in the human service delivery agencies. But
6 I do want to address a few things that came
7 up under this hearing.

8 And, Senator Krueger, you mentioned
9 the health insurance for retirees and the
10 Governor's proposal that retirees would pay
11 more depending on their years of service and
12 their grade. And we contend that that is a
13 mandatory subject of collective bargaining,
14 it should be on the table. It involves
15 active employees right now, because it
16 doesn't go into effect until October 2016.
17 And there is no question, based on the number
18 of phones calls that we have fielded in the
19 past week and a half, that there will be a
20 mass exodus of employees who are eligible to
21 retire and who will retire before their
22 health insurance goes up.

23 Senator Funke, you asked about our
24 last contract, which was a five-year contract

1 with three zeroes and two 2s. There was also
2 an increase in health insurance for all of
3 our employees.

4 All of our state workers are paying
5 more for their health insurance under this
6 past contract than they did previously.
7 Which means all of those employees, when they
8 go to retire, will pay more for their health
9 insurance in retirement as well. Because
10 right now you pay, in retirement, what you
11 pay as an active employee. So that did get
12 raised.

13 And one thing -- not that I want to
14 belabor this discussion -- minimum wage,
15 Assemblyman Saladino, the Governor's proposal
16 excludes one group of public-sector workers
17 from his minimum wage proposal. That is
18 public-sector employees who work in counties,
19 towns, cities and villages are excluded from
20 an increase in the minimum wage under the
21 Governor's proposal. I'm not sure that that
22 wasn't an oversight. But it's just something
23 to keep in mind.

24 School district employees, by law, are

1 included. Other local government public
2 employees are not included in the Governor's
3 proposal.

4 So I want to move on to OPWDD and OMH,
5 because CSEA still represents around 33,000
6 employees in these two human service
7 agencies. And these employees are having a
8 hard time.

9 We included in the back of your
10 testimony the overtime that is being
11 performed by the employees in OPWDD. And in
12 that you'll see that we included a chart that
13 shows pay periods, from Pay Period 9 through
14 14. The chart includes how many consecutive
15 days they're working in a row, how much is
16 mandatory overtime, where the overtime is, in
17 what facilities. And I have to tell you, our
18 members need some relief.

19 I will say that I did listen to the
20 commissioner, the acting commissioner, Kerry
21 Delaney, who we have had a very good working
22 relationship with. She has tried so hard
23 through these boot camps to recruit new
24 employees. Because for five years we've been

1 underfunded, right? For five years these
2 agencies have gotten nothing. So it has been
3 a continuous thing for five years.

4 So she has tried hard, she's done the
5 boot camps. But if you look at the other
6 attachments to the testimony, you will see
7 that there are 3,100-something-odd employees
8 tied up in Civil Service because they can't
9 get through employee health services because
10 there are not enough resources in
11 Civil Service to get them through the
12 process.

13 So there's a chart there on the back
14 showing all the people that were recruited
15 throughout this boot camp process who have
16 not been able to get hired. It's taking them
17 69 days to reach these people -- and what
18 happens? After 69 days, many of these people
19 are not available anymore for these jobs.

20 So we keep rolling these boot camps
21 out, we keep getting these people onto a
22 list, but we can't get them through the
23 medical exams and the psychological testing
24 under Civil Service because the agency has

1 been decimated. As has the rest of the state
2 agencies.

3 You know, we're living underneath this
4 2 percent spending cap that I'm not sure
5 where it came from except that somebody
6 decided it sounded good. And it has hurt the
7 delivery of services all over the state in
8 all of the state agencies.

9 Also I have to remark on the
10 transformation and the need for housing and
11 community residences in OPWDD. At the same
12 time that we heard parents say "We need
13 placements, we need placements," they're
14 bringing down 16 IRAs, which are smaller
15 community homes, some of them. They can
16 serve anywhere from one to 14 clients. Some
17 of them are 24/7 supports, because that's
18 what the clients in that particular home
19 need. Some of them are three clients that
20 don't need a lot of supports because they're
21 a little more self-sufficient.

22 So while we have this great need,
23 while we have a waiting list of 11,000, the
24 state is bringing down these beds. And they

1 will say we don't need them, they will say
2 they're transitioning to the not-for-profits.
3 Well, we have this dual system of state
4 workers and not-for-profits, and we can't
5 treat the developmentally disabled without
6 both sectors. There's no question we can't
7 do it without both.

8 So I don't understand, and perhaps we
9 can go back at them, why we're closing
10 residential housing when we know we need it,
11 when we know there's going to be a greater
12 need in the future.

13 As we go through this transformation
14 project in OPW, the state workforce is also
15 transforming and doing different jobs. What
16 we're trying to do is these care pilots that
17 will help those coming out of the
18 developmental centers become more
19 self-sufficient. We will give them
20 prevocational training so that we can better
21 prepare them for a real job. We try to find
22 them -- we do this one pilot called Pathways
23 to Employment, trying to find them real jobs
24 in the community, trying to get them to

1 integrate them.

2 We believe in the transformation
3 process and that the developmentally disabled
4 can live more full lives and get a good wage,
5 a minimum wage. However, now we are seeing
6 that we have a waiting list in these care
7 pilots for people coming out of the
8 developmental centers, because there's not
9 enough care pilots, there's not enough
10 respite. And we want to see an expansion of
11 this, because we don't want to start another
12 waiting list, because we have more facilities
13 that are scheduled to close. Right? So we
14 don't need to start another waiting list. We
15 already have enough clients to serve.

16 And it's certainly apparent that
17 government is not providing its moral
18 obligation or its responsibility to the
19 people in our state that need it the most.
20 And I listened to the commissioner of OMH
21 talk about this new paradigm where we're
22 treating those with mental illness in our
23 county jails and prisons. And more and more
24 of it, you hear the county sheriffs going to

1 their county legislative bodies asking for
2 more money for mental health services.

3 And in fact, if they're in a county
4 facility, it's usually a misdemeanor charge.
5 If it's a nonviolent misdemeanor charge, why
6 are they there in the first place? Why
7 aren't we doing intervention before that?
8 And why are we bringing down 400 beds when we
9 could be using them to treat this population
10 in a therapeutic atmosphere instead of in a
11 prison.

12 So I question bringing down these 400
13 beds. I question the fact that they're
14 empty. If they're empty, it's because we're
15 not letting anybody in to get treatment.
16 Some places we know there's empty beds
17 because there's not enough staff to staff the
18 bed if we put a client in the bed.

19 So there's no question that in the
20 human services -- and I listened to the
21 not-for-profits, and they are so right. We
22 can't serve all these clients -- so we're
23 going to bring down more services? And it
24 just makes no sense.

1 One of the other things that I do want
2 to talk about, and that's economic
3 development. I believe Assemblyman Bronson
4 brought it up.

5 I believe in economic development. I
6 think it's good to try to bring businesses
7 and to try to repair our infrastructure and
8 our roads and our bridges. But at what
9 expense are we going to leave these
10 vulnerable people who need our help the most,
11 at what expense are we not going to provide
12 for them?

13 And while Commissioner Delaney did say
14 that there was \$175 million in new money, I
15 look at the budget and I see \$66 million for
16 advertising for START-UP NY. And I shake my
17 head and think, what's more important --
18 advertising for a program that if it was so
19 good, why aren't people rushing to it, or
20 taking care of the people that need our help?

21 Some of these other regional economic
22 development grants, if you look more closely
23 at some of the proposals, private businesses
24 are getting money to add spas to their hotels

1 or their inns. I mean, they're getting
2 private money to build residential housing
3 and apartments in very wealthy areas of the
4 State of New York. So I think there could be
5 so much more that we could serve those that
6 need help if we took a look at and did
7 economic development that made sense instead
8 of giving our hard-earned taxpayer dollars
9 away to businesses that don't need it.

10 So I would just say that, you know,
11 we're going to be judged on how we take care
12 of the people that help us the most. And
13 this budget really fails to take care of the
14 most vulnerable. So we hope that you will
15 work with us to try to change a lot of this,
16 to try to get resources directed to where
17 they can do a lot of good for our communities
18 and for the people that need the help the
19 most.

20 CHAIRWOMAN YOUNG: Thank you very
21 much. And I have to apologize, I think I
22 said Local 100, and I meant Local 1000.

23 DIRECTOR TURNER: That's quite all
24 right.

1 CHAIRWOMAN YOUNG: So I want to
2 correct the record, to make sure that I did
3 that.

4 DIRECTOR TURNER: That's fine.

5 CHAIRWOMAN YOUNG: Thank you. And
6 thank you so much for being here.

7 Senator Martins.

8 SENATOR MARTINS: Thank you.

9 Thank you for your testimony. It is
10 always a pleasure to see you, and I
11 appreciated your comments.

12 One of the themes that comes up from
13 time to time, and it's come up a couple of
14 times today, is our preparedness as a state
15 to address the issues before us. And the
16 fact that the trend over the last few years
17 has been to contract out so much of the work
18 that had traditionally been done by our own
19 state workforce.

20 I was wondering if you could give us
21 your thoughts on that. Because as we address
22 issues and concerns going forward, as we deal
23 with traditional issues that had been handled
24 by the workforce in this state and have now

1 been contracted out, I have concerns that
2 that institutional knowledge that has existed
3 in this state and that has been such a
4 critical part of providing services to
5 specifically those who are most at risk, is
6 being jeopardized for the bottom line, and
7 that we then don't have the benefit of those
8 resources and that institutional knowledge as
9 we go forward because our workforce in
10 New York State, as has already been mentioned
11 a number of times, is aging.

12 And so we have a responsibility to
13 evaluate that, evaluate the workforce,
14 evaluate the portions of the workforce that
15 are being contracted out, and to the extent
16 that there are issues out there, correct them
17 so that we can set this ship on its proper
18 course.

19 DIRECTOR TURNER: Well, I appreciate
20 you bringing that up, Senator. And I think,
21 while it hasn't been specifically stated this
22 way, I think you will see that in our human
23 service agencies, where you have a very
24 dedicated, educated, trained workforce, that

1 more and more of our work with the
2 developmentally disabled and the mentally
3 ill, is going to the not-for-profits.

4 And I think it is the intent of those
5 agencies to become strictly regulatory
6 agencies, versus agencies that actually have
7 their own workers. And it is a problem, as
8 we heard today, about retention, it is a
9 problem as far as training. We're going to
10 lose all this educated state workforce. So I
11 think as they attrit the system -- I mean,
12 even now, if I look at the numbers of the
13 agencies, we're going to go down in OPWDD by
14 255 positions, even though that overtime is
15 ridiculous. Right? And even though with the
16 closures that we've been going through, we're
17 not losing staff -- because the overtime is
18 so high, they're just reassigning them.

19 But sooner or later, I believe that
20 they want to become a regulatory agency, they
21 won't have state workers doing this, it will
22 all be not-for-profit providers. I think you
23 lose a lot of -- we do a lot more education
24 because we can, I guess. There's a lot

1 longer training period before people move to
2 that first step. And I think you're going to
3 lose all that. And I think you're going to
4 lose some accountability and you're going to
5 lose some control.

6 And, you know, it's always been --
7 previous, it's always been that the state
8 workforce would take the harder-to-serve
9 clients, the ones that needed more direct,
10 24/7 care. Now that client's being moved out
11 to the not-for-profit sector, and I think you
12 heard some of them say today that it's not
13 appropriate placements for all of them. They
14 can't afford to take the clients that need
15 that intensive care.

16 So I think they're going to be forced
17 to take them because I do believe that
18 outsourcing is the way these agencies are
19 going. And it's not just OPW, and it's not
20 just MH. I mean, it's a lot of the other
21 agencies as well.

22 You know, we've seen a ton of temp
23 workers in all of our state agencies. And
24 they're not temp workers that come through

1 the Kelly Services, like the issue we had
2 three years ago; they are temporary workers
3 working in our state agencies. A lot of them
4 are in OPWDD, and here's what happens. If
5 I'm a temp worker -- we've had temp workers
6 for five years, the same temp workers in
7 OPWDD homes for years. But they don't want
8 to become a full-time worker because they
9 don't want scheduled work. They want to be
10 able to determine, I don't want to work on a
11 weekend. Right? I don't want to work on a
12 Friday.

13 So subsequently, our members will get
14 mandated because they can't fill those gaps.
15 We have temp workers in I bet you every
16 single state agency in the state.

17 SENATOR MARTINS: Thank you.

18 DIRECTOR TURNER: You're welcome.

19 CHAIRWOMAN YOUNG: Thank you.

20 Assembly?

21 CHAIRMAN FARRELL: Assemblyman

22 Bronson.

23 ASSEMBLYMAN BRONSON: Thank you,

24 Mr. Chair.

1 Did I hear you say in your testimony
2 that in OPWDD there's been a reduction in the
3 workforce of 200 or 250?

4 DIRECTOR TURNER: That's what they're
5 expecting this year. They're expecting a
6 reduction in the state workforce of 255
7 positions.

8 ASSEMBLYMAN BRONSON: So looking at
9 your statement regarding a moral obligation
10 to take care of the least among us -- and
11 certainly individuals with developmental
12 disabilities, they need our help. They need
13 our support. And, you know, it would be
14 interesting to me to see if there has been an
15 increase in the economic development areas of
16 workers and an increase in that area where
17 we're trying to assist the private sector,
18 compared to what we've done not only in OPW
19 but in other agencies where the state has an
20 obligation to take care of folks in great
21 need.

22 Turning a little bit to what you were
23 saying about a paradigm shift of instead of
24 taking care of folks through the Office of

1 Mental Health and the various facilities we
2 have in that area, and folks actually
3 getting -- I'm not going to say the care,
4 because they're not getting the care. But
5 they're getting services, if you will,
6 through county jails, in the county court
7 systems, at the same time we're reducing
8 beds.

9 Do you have a dollar amount or has
10 anybody generated a dollar amount of the
11 increase that it's costing our localities to
12 run the justice system? Because now they're
13 having an influx of folks who really should
14 be receiving treatment instead of being
15 penalized for their illnesses.

16 DIRECTOR TURNER: I don't have that.
17 I know what we do have; we did collect data a
18 couple of years ago from a lot of county
19 sheriffs as to how much it was costing them
20 to provide the mental health treatment in the
21 county jails. And I'll see if I can look
22 that up and find it for you.

23 I don't have any other information to
24 see how much it's costing the courts to go

1 through process. But, you know, there are
2 some mental health courts, I believe, in some
3 concentrated areas of the state -- obviously
4 not enough. And I don't think we're using
5 them correctly because we need to divert the
6 clients away from the county jails and into
7 some crisis centers.

8 And, you know, if they're not going to
9 the county jails, a lot of the mentally ill,
10 when they have a crisis, they're going to our
11 ERs, they're going to the emergency rooms.
12 Which we all know are so expensive, right?
13 And they're staying there for a few days, or
14 they're staying in the hospital for a few
15 days, and then they're getting released and
16 they're not getting services. So it's a
17 cycle that keeps happening, because they keep
18 going into crisis because if you don't have
19 somebody following you, helping you access
20 other services -- whether they're available
21 is another story -- you're going to end up
22 back there again.

23 ASSEMBLYMAN BRONSON: And the reality
24 is there's cost drivers there. I mean,

1 there's a lot of argument that, you know, we
2 don't want to be spending taxpayer dollars on
3 some of the public facilities. But we're
4 forcing localities and others to pay
5 additional cost dollars in connection with
6 those services. We're forcing hospitals to
7 pay additional money. There's Medicaid
8 dollars that get involved. I mean, we're
9 trying to save -- the state is trying to save
10 some money on one end, and it's increasing
11 costs on the other. And I think probably to
12 a higher cost level.

13 Could you speak a little bit more --
14 and I was intrigued by your comment that
15 neither the public sector nor the private
16 sector can provide all of the needs that we
17 have for the folks that you serve. And that
18 you're interested in working in partnership
19 with the private sector.

20 During the transformation, both in the
21 mental health and the developmental
22 disability arenas, how has that partnership
23 changed? And are there areas where we can
24 improve that partnership and maybe delineate

1 what the public sector can do and what the
2 private sector can do?

3 DIRECTOR TURNER: So you're talking
4 about the relationship with the
5 not-for-profits and the state workforce?

6 ASSEMBLYMAN BRONSON: Yes.

7 DIRECTOR TURNER: Actually, we have a
8 good relationship, because we always had this
9 dual system. Right?

10 I think it's getting harder for the
11 not-for-profits because I think they're
12 taking clients that are much more involved,
13 that the state workforce always took care of,
14 and it's costing them a lot more for these
15 individual clients and they're not getting
16 the reimbursement for it.

17 We've always had a good dual system.
18 It's being dismantled, is basically the
19 bottom line, because the state doesn't want
20 to put the resources in. And no question
21 that they don't pay the not-for-profits as
22 much -- the workers don't get paid as much as
23 the state workers. I should tell you that
24 our starting salary in OPWDD is just about

1 \$15.50. Okay? So it's cheaper, okay. The
2 state is looking at it from a purely
3 financial point of view. It's cheaper to
4 give these clients to the not-for-profits
5 than it is to keep the state workforce
6 working. Right? It may not be the best for
7 the client, they may not get the intensive
8 services because there's just not
9 enough workers in the not-for-profit sector
10 and the turnover is very, very big.

11 You know, we went around the state and
12 we listened to the transformation hearings
13 and the parents. One parent talked about his
14 son being in a not-for-profit residential
15 facility. They were very happy with the
16 facility, but in five years he had 100
17 different staff. And that's not good for the
18 developmentally disabled. Okay? They need
19 consistency.

20 And I think the not-for-profits can't
21 provide that consistency at this point in
22 time, right, because they can't pay the wages
23 of the state workforce. And I do believe
24 that there are some clients that are so

1 difficult to serve that they will have to
2 stay in a more secure environment and an
3 environment with more intensive help.

4 But I wouldn't say, Assemblyman, that
5 our relationship with the not-for-profits is
6 not good, because we worked side by side in
7 this for years. We always have.

8 ASSEMBLYMAN BRONSON: Well, I think
9 that's a very good point, that the
10 relationship is good and that both sectors
11 are trying to provide the best service they
12 can for the folks that they serve.

13 And this push for privatization
14 doesn't have that objective in mind, it has a
15 financial, a fiscal objective. And what we
16 need is an objective -- and as you said, our
17 moral obligation, our moral obligation to
18 take care of the folks who are in need of
19 those services. So we need to focus on that
20 more than the fiscal piece of it.

21 DIRECTOR TURNER: Well, it was quite
22 telling in the Governor's presentation, we're
23 going to spend \$100 billion, I guess --
24 billion -- over five years for

1 infrastructure. And I would say that this is
2 part of our infrastructure, the State of
3 New York, isn't it? Taking care of these
4 people should be part of the infrastructure.

5 ASSEMBLYMAN BRONSON: Thank you.

6 Thank you, Mr. Chairman.

7 CHAIRWOMAN YOUNG: Thank you,
8 Assemblyman.

9 Senator Funke.

10 SENATOR FUNKE: It does seem like
11 we're backwards sometimes in the State of
12 New York.

13 And it also seems like, you know, in
14 terms of getting money out the door to those
15 who need it, getting projects completed, it
16 seems like we run in sand in this state a lot
17 of the time.

18 So my question to you is, on your
19 chart in the back here, 68 days in Western
20 New York, average days for clearance, when
21 you ask the question why, what's the answer
22 that you get?

23 DIRECTOR TURNER: We don't have the
24 staff to get them through employee health

1 services. We don't have the resources to get
2 them through employee health services.

3 Many of the state workers have to be
4 psychologically tested for OPWDD and MH.
5 That's not the case with the not-for-profit
6 workers. And we've been arguing with the
7 commissioner and others that why don't we --
8 if you're taking the client -- it was years
9 ago that we because of the clients that we
10 served, right, it was more involved, they
11 needed more care, so they decided we needed
12 psychological testing.

13 They are now giving these clients to
14 the not-for-profits, but they're not
15 requiring psychological testing. But we
16 still have to get through it. We can't get
17 through it. There aren't enough resources
18 for us to get through this testing, and
19 that's why it's taking so long to hire.

20 SENATOR FUNKE: Thanks.

21 CHAIRWOMAN YOUNG: Thank you.

22 Assembly?

23 ASSEMBLYMAN OAKS: Yes. Assemblyman
24 Saladino.

1 ASSEMBLYMAN SALADINO: Thank you.

2 Fran, we really appreciate you being
3 here, your testimony and your tireless
4 advocacy for our government employees. It's
5 such an important aspect of bringing out
6 these issues.

7 So I just want to get on the record
8 with two very brief issues. One underscores
9 exactly what you've been talking about. Just
10 this week here in Albany, I had a meeting
11 with the Suffolk County Police
12 representatives, and they made the point that
13 they have seen spikes in problems, in calls,
14 in issues since the closing or the scaling
15 back of facilities that provide assistance to
16 those with behavioral health issues and
17 substance abuse issues.

18 So that's where the rubber meets the
19 road. And it really proves your point.
20 Because if there wasn't additional problems,
21 they wouldn't get those calls.

22 Also I wanted to point out issues
23 of -- that we were speaking about earlier,
24 including issues with minimum wage and how we

1 want to retain our workforce. As entities in
2 the private sector are paid more, we're going
3 to lose more of our workforce to those jobs,
4 which certainly concerns me. We're starting
5 to see issues in our communities -- we just
6 had a big snowstorm down south on Long
7 Island. Our town and county employees did a
8 wonderful job, an amazing job cleaning up
9 that storm. But the costs of overtime and
10 the fees and payroll taxes that go along with
11 that just drive costs up.

12 And I believe that as we provide more
13 municipal aid, we are doing what is fair and
14 doing what is right to solve some of these
15 problems, especially when we speak to -- and
16 I'll quote right from Deputy Commissioner
17 Musolino's testimony -- right on page 1, in
18 paragraph 3 -- now the Governor wants to
19 enact a \$15 minimum wage for all New Yorkers.
20 So we sense that will include municipal
21 employees.

22 And I just -- I appreciate getting
23 that on the record so we are properly
24 planning, not only in this budget but in

1 future budgets.

2 And I believe most of us are in
3 agreement that the storm and storm-related
4 work is increasing, and we're seeing -- as
5 someone who is a victim of the hurricane, I
6 certainly am a believer -- that we'll need
7 those municipal employees and we'll need to
8 retain that skilled workforce for the most
9 needy and for those whose needs grow as these
10 weather incidents become greater and more
11 frequent.

12 I appreciate you bringing this to our
13 attention.

14 CHAIRWOMAN YOUNG: Thank you.

15 Senator Marchione.

16 SENATOR MARCHIONE: Thank you.

17 I just really have a comment. And I
18 want to thank you for your testimony. As you
19 sat here -- and you didn't read your
20 testimony, you told us what you thought. You
21 have the knowledge, you have the passion, and
22 you really represent your union extremely
23 well.

24 Sitting here, on and off, for the day,

1 I had some very serious issues with what I
2 heard earlier today. And believing that we
3 should have the information as people come
4 forward to tell us information that we don't
5 have. And I think that's what your testimony
6 does for us today.

7 I will tell you that I concur about
8 the additional charges being passed on to our
9 retirees. As you heard me earlier, I have a
10 concern, even with an increase -- not so much
11 that I have a concern; I believe everyone
12 should be paid the best that they can be to
13 be the best and have the best family life
14 that they can have. We used to have a
15 holistic view of where's it going to come
16 from and where jobs are -- you know, I don't
17 want people to lose jobs either. And that's
18 a real serious concern that I have.

19 But I also have a concern for our
20 retirees. I believe they worked here under
21 certain guidelines and I believe that when
22 they retired, they put that into their
23 equation and they planned. And I think it's
24 wrong when we start taking from them, and I

1 wanted you to know I agree with you on this.

2 DIRECTOR TURNER: Thank you.

3 SENATOR MARCHIONE: Thank you.

4 CHAIRWOMAN YOUNG: Thank you very
5 much.

6 Assembly?

7 ASSEMBLYMAN OAKS: That's it.

8 CHAIRWOMAN YOUNG: Director Turner, I
9 just wanted to ask a couple of things. And I
10 want to thank you for the information that
11 you provided today. I think it's right on
12 target. And we're very grateful for the
13 workforce and your workers that provide such
14 vital services to New York State.

15 And I was looking at the charts in the
16 back about the DDSOs. And it is not only
17 eye-opening, but it is alarming. You know,
18 the number of employees who work seven or
19 more consecutive days at any time, numbers of
20 employees working three or more double shifts
21 in any pay period, number of staff working 16
22 or more hours at any time during the pay
23 period.

24 And these are workers who are taking

1 care of very vulnerable populations. And,
2 you know, I think about the work that they
3 do -- for example, medication administration,
4 you can't make a mistake because you're
5 tired. Right?

6 DIRECTOR TURNER: Right.

7 CHAIRWOMAN YOUNG: And many people
8 with developmental disabilities may have
9 seizure disorders, they may be on some
10 heavy-duty medication for a variety of
11 reasons. Could you talk about that a little
12 bit?

13 DIRECTOR TURNER: Well, there's no
14 question that these are getting up to
15 dangerous levels. Right? Because people are
16 tired and they are going to make mistakes.
17 And that's a mistake you don't want to make.
18 Right?

19 And you know what, when mistakes are
20 made, that initiates a complaint to the
21 Justice Center. Right? And I heard some of
22 the discussion about the Justice Center. And
23 while I don't want to get into it because it
24 is involved, that's what happens. And

1 there's this roll-ball effect. Because if
2 you turn around and you're tired and you've
3 been working 17 hours in a row because you're
4 mandated because there's nobody to relieve
5 you, and you should lose your cool with a
6 client -- and even if it's just verbal, that
7 precipitates a complaint to the Justice
8 Center. And then what happens is you may be
9 put out on administrative leave, so then
10 somebody else has to cover for you once
11 again, and that increases the overtime for
12 those left.

13 It's very scary. It's not good
14 quality of care for the clients. It's not
15 good for our members to have to work these
16 many consecutive days in a row. But they
17 have no choice. They're not going to leave
18 the client, right? If they're in a home and
19 their replacement doesn't show up to relieve
20 them, they stay. They cannot leave the
21 clients. They wouldn't leave the clients.
22 So it's dangerous.

23 CHAIRWOMAN YOUNG: Right.

24 DIRECTOR TURNER: You know, we always

1 wait for the bad to happen before we correct
2 it. Right? And it's getting very
3 nerve-racking. The members can't do it
4 anymore without some additional help.

5 CHAIRWOMAN YOUNG: So thank you.

6 Have you done a financial analysis,
7 with all that overtime and so on, what that
8 actually translates into?

9 DIRECTOR TURNER: No. You know,
10 that's hard to tell because it depends on the
11 worker giving -- you know, the wages are
12 different, right, depending on how many years
13 of service you have.

14 But I do think that the Office of the
15 State Comptroller has some numbers that we
16 might be able to get. We can get the broad
17 number for OPWDD, and that is released every
18 year through the Office of the State
19 Comptroller. So we can get you that, if it's
20 not in here. But I can't -- to each
21 individual employee, I couldn't tell you.

22 CHAIRWOMAN YOUNG: Right, okay. It
23 would be interesting to get that information
24 from the Comptroller. And we could try to

1 get it too, just because it may be more
2 efficient if we hire more workers rather than
3 just continue to pay these overtime costs.

4 DIRECTOR TURNER: Well, I think
5 they're trying to. But if you look at the
6 other sheet, these are the people that they
7 recruited through the boot camps, the 3,273,
8 that we can't get through the system of Civil
9 Service because there's not enough resources
10 in employee health services.

11 So I do think that that's the idea. I
12 also think that the commissioner, Acting
13 Commissioner Delaney, is concerned about
14 attrition and is concerned with retirement
15 and wants to be able to have a pool of
16 workers to pull from when they need it. But
17 people are no going to wait 70 days after
18 they take the civil service test, qualify --
19 pre-qualify for everything except for the
20 medicals -- they're not going to wait 70 days
21 to be hired.

22 So there's a little additional problem
23 there in Civil Service.

24 CHAIRWOMAN YOUNG: Thank you for that.

1 Senator Comrie.

2 SENATOR COMRIE: I just wanted to
3 thank you for your testimony.

4 I represent South Queens, including
5 Bernard Fineson, and I was questioning
6 earlier today the commissioner for mental
7 health, who was unaware of the problems at
8 Fineson with the issues of opiate-addicted
9 people that are violently harassing the staff
10 and creating an unsafe work environment. She
11 claimed not to know of it. But clearly,
12 looking at your overtime, I always hear that
13 reflected in it there's a real problem there.

14 I asked her to send me the information
15 if she could collect it. But I would hope to
16 be able to sit with you also.

17 DIRECTOR TURNER: Absolutely.

18 SENATOR COMRIE: I did talk to -- many
19 of those members actually live in the
20 district also, so I'm hearing from them
21 consistently, when I attend public events,
22 that they're really under siege there. And,
23 you know, we do need to offer some
24 alternative. And also in the other end, you

1 know, these group homes are being opened in
2 our community too, and we're losing qualified
3 staff, as you said earlier, that truly care
4 about this population.

5 So it's a real problem that I think we
6 need to work even harder to highlight the
7 disparities and the problems dealing with
8 such a special population, with groups that
9 are really not equipped to handle long-term
10 care.

11 So I want to thank you for your
12 testimony.

13 DIRECTOR TURNER: That's a very good
14 comment, Senator. And you know that Bernard
15 Fineson is scheduled to close --

16 SENATOR COMRIE: It's scheduled to
17 close --

18 DIRECTOR TURNER: -- so those clients
19 will go --

20 SENATOR COMRIE: -- which I think is a
21 major mistake. And I think your testimony
22 today only leads to the need to improve
23 Fineson and keep it in a facility -- or keep
24 that type of facility going. And I think

1 it's a major error on behalf of this
2 administration. Unfortunately, it happened
3 before. You know, a few years ago they made
4 that decision. But your testimony today only
5 further illustrates that the continuum of
6 care and quality of care is a major issue.

7 And that closing Fineson and -- and
8 keeping Fineson the way it is is a problem,
9 because it's really not -- the conditions
10 there are not adequate. They are -- I think
11 one of the reasons why you have such a lag in
12 the 70 days or -- is that they're trying to
13 close the center, as opposed to improve it.
14 And I think that's something that needs to be
15 highlighted as well.

16 So thank you.

17 DIRECTOR TURNER: Thank you.

18 CHAIRWOMAN YOUNG: Thank you very
19 much.

20 DIRECTOR TURNER: Thank you.

21 SENATOR KRUEGER: Thank you, Fran.

22 CHAIRWOMAN YOUNG: Our next speaker,
23 New York State Public Employees Federation,
24 Wayne Spence, president. And others.

1 Good evening. Welcome. Very glad to
2 have you here.

3 PRESIDENT SPENCE: Good evening,
4 Senator, Chairwoman.

5 So it's been a long day for you guys,
6 I know. You've got my testimony. It's
7 lengthy, but I don't think I have to go
8 through it. I believe the previous speaker,
9 Fran, from CSEA, actually highlighted a lot
10 of the same things I was going to say. So
11 I'm going to try and see if I can give you
12 the abridged version and actually get to some
13 questions which I'm likely to shed some light
14 on.

15 I represent 54,000 members --
16 professional, scientific, and technical
17 titles -- within state government who provide
18 critical services to New York State
19 residents. And I want to say something that
20 I actually learned about a year and a half
21 ago from a Senator who's sitting here,
22 Senator Savino, that the workforce currently
23 is the lowest its been in over 40 years.
24 Interesting.

1 The good news in this year's budget is
2 that there's no layoffs. So I guess I should
3 say "Yay." The bad news is that the budget
4 will implement a differential healthcare
5 premium for retirees. And I can tell you
6 that I've heard from my members that they
7 intend to leave state government by I believe
8 October if they have to pay anywhere from
9 50 percent or more in healthcare premiums.
10 And that is exactly what this budget proposal
11 that talks about implementing a differential
12 healthcare premium will be doing.

13 So you heard the acting commissioner
14 on Civil Service say there's an issue with
15 succession planning, there's an issue with
16 retention. What do you think is going to
17 happen when there's an exodus in the next
18 couple of months? It's just going to
19 exacerbate a problem.

20 You have nurses with less than five
21 years of service trying to train nurses
22 that's coming in. You have nurses who are
23 making Grade 16 salary who should be
24 Grade 18. And with Tier 6, those nurses

1 don't even want to come into state
2 government, much less stay. So those nurses
3 depend on other nurses training them and
4 teaching them and getting them through the
5 system. And you're going to be seeing more
6 professional people who have been around for
7 years leave in droves when this proposal
8 becomes a reality. And I would hope that you
9 guys not implement this to become a reality
10 come October 2016.

11 I want to take you to a little bit
12 about the issue of consultants. OITS, the
13 Office of Information Technology.
14 Interestingly, two years ago a consultant
15 that the state spent millions of dollars on
16 came up with this brilliant idea of
17 consolidating ITS services from various
18 agencies into one. And the idea was that it
19 would save money and be less reliant on
20 consultants.

21 Well, back two years ago there was 164
22 consultants that was at ITS. Today, 849
23 consultants. And they've just implemented an
24 RFP to do what we call help desk services

1 that's going to be put out. Now, what's
2 interesting about that is that you have
3 START-UP NY, which is a way of creating jobs
4 throughout New York State. Does it make
5 sense that ITS would now spend millions of
6 dollars to possibly send middle-class jobs to
7 another state? And that was a rhetorical
8 question.

9 And one of the things is that we rely
10 on consultants so much so that we don't know
11 exactly what we're doing. We need to start
12 looking comprehensively at what is in the
13 best interest of taxpayers and the state
14 workforce. And for that reason, myself as
15 the president, of course I'm going to try and
16 tell you do not let my members' jobs go. But
17 there's a way that we can really know if it's
18 truly in the best interests of taxpayers and
19 citizens: A cost/benefit analysis law.
20 Massachusetts has that law; Connecticut has
21 that law. Why are we not putting something
22 in place that deals with that?

23 ITS is going to be doing away with
24 what we call help desk, a job that used to

1 take 15 minutes. Imagine if you called two
2 years ago, your agency, and you had a problem
3 with getting onto your computer or your
4 printer wouldn't work. You called, somebody
5 answered the phone, and in 15 minutes you
6 could get a result, a resolution.

7 Well, now it takes 10 days. I'm not
8 kidding you, 10 days. As a parole officer, I
9 heard from a manager -- I'm not going to say
10 the name, because I don't want that person to
11 get in trouble -- that they couldn't get
12 assistance on relying on getting
13 something cleared up that had a direct impact
14 on public safety. Because I represent ITS
15 workers, I contacted the local president,
16 who's a PEF member, of ITS and said, "Can you
17 look into this? Here's the ticket number."
18 She pulled it and made the issue go away.

19 I resolved it internally. Had I not
20 done that, this issue, that could have
21 impacted public safety, would have been there
22 for another 10 days.

23 I am asking you that -- and I'm
24 telling you, this makes no sense. You have a

1 workforce that's been asked to create
2 miracles. I'm telling you, if you have a
3 party, bring a state worker. Because you
4 know why? They can turn water into wine.

5 (Laughter.)

6 PRESIDENT SPENCE: Seriously. Because
7 that is what they've been asked to do.

8 How do we know that? Let's take a
9 look at DOT. DOT engineers are the lowest
10 it's been historically. DOT's at the point
11 where if they contract out something and that
12 engineering company comes back with a design,
13 with a project, they don't even have the
14 internal capacity to make a decision if this
15 is actually the best thing to do. Because
16 their knowledge is no longer there any more.

17 So with this budget proposal, DOT is
18 looking at a thing called design/build in
19 that Design and Construction Corporation Act.
20 It is just design/build repackaged again.

21 And I'm going to say this. I don't
22 have a problem with design/build. I have a
23 degree in engineering. I marvel as I travel
24 from Long Island, where I live, over the

1 Tappan Zee Bridge and watching the
2 progression of it.

3 But I'm going to ask you something.
4 Right now that's a design/build project.
5 When that concrete was poured a couple of
6 months ago, when those pieces of metal and
7 material was sourced, does anybody know if
8 those metals are really going to stand up
9 for -- if the project is to last a hundred
10 years? We don't know.

11 Here's what I'm telling you folks.
12 The concrete that's poured for your sidewalk
13 is not the concrete you'd use to pour for the
14 foundation of your house. Because if you do
15 that, your house will crumble in about three
16 years. The concrete that's used for a
17 sidewalk or even for the foundation for your
18 house is not the concrete that we use in a
19 marine environment like the Tappan Zee
20 Bridge.

21 Here's what the state workforce does,
22 state engineers, PEF members. They show up
23 at times when the concrete is going to be
24 poured, and they pull a sample of that

1 concrete. They test the metal and they see,
2 does that concrete meet the tensile strength?
3 Is it designed for that environment? Because
4 if it's not, they tell them to pull the pour,
5 take it out and do it right.

6 And sometimes that person, that
7 company, that pour could have been almost
8 half a million dollars. But guess what? Is
9 half a million dollars worth risking
10 somebody's life or worth risking state
11 expenses years later? Because here's what's
12 going to happen. That Tappan Zee Bridge, God
13 forbid, five years from now we could be
14 spending money maintaining that bridge where
15 no maintenance should have been done for the
16 next 10 to 20 years.

17 That is what the state workforce does.
18 That is what design/build takes away. It
19 takes away state workers who do not have an
20 economic incentive in the finishing of a
21 project, who make sure that project is done
22 right and make sure that the state gets the
23 bang for its buck. Design/build takes that
24 away.

1 So I'm telling you again, the Design
2 and Construction Corporation Act, please look
3 at it with a critical eye. I'm asking you
4 again, would you have the person who wired
5 your house self-inspect that and hope that if
6 your house caught on fire that the insurance
7 company will cover it? No. You get somebody
8 other than the plumber who did the plumbing
9 in your house, or the light fixture, or the
10 wiring, to do an independent inspection.

11 Well, design/build, the company who's
12 building it is doing self-inspection. It's a
13 recipe for disaster.

14 I want to talk about SUNY hospitals.
15 Thank you as a group on SUNY. SUNY Downstate
16 Medical Center is still there, a Center of
17 Excellence. SUNY Downstate, by the way,
18 represented almost half a billion dollars in
19 terms of its economic footprint to Brooklyn,
20 which is the fourth-largest city in New York
21 State.

22 No offense to anybody, whoever was on
23 the other side, but LICH was in the red when
24 it was acquired by the state. SUNY Downstate

1 was in the black. Then LICH brought SUNY
2 into the red. But yet it made it look as if
3 PEF members, the state workforce, was not
4 doing their job and, as a result of the state
5 workforce not doing their job, now the state
6 was in the red where it was hemorrhaging
7 millions of dollars per month. But that was
8 never the case.

9 We also know that the state brought in
10 a consulting company to do management of SUNY
11 Downstate. Folks, are we getting the thread
12 here? You bring in people to set up the
13 state workforce for failure, and then you
14 blame the state workforce because most
15 citizens' comparison to the state workforce
16 is waiting in a long line at DMV. So then if
17 the long line at DMV is wrong, and they hate
18 the state worker at DMV, then every state
19 worker is marginalized and is a pariah.

20 That's what they do. They set us up
21 for failure constantly. And it's about time,
22 I'm asking this, for you to take a critical
23 eye at what the Governor and what the state
24 is doing. Because it is not right.

1 And we know, five years from now when
2 the Comptroller comes back and takes a look
3 at some procurements, a contract, a lot of
4 times they say, You know what, it seems like
5 there was no cost savings to these contracts.
6 It seemed like the state workforce could have
7 done it. What good does it do five years
8 later when my members are out the door and
9 it's hard to come back to where we were five
10 years before.

11 So let's talk about the Office of
12 Mental Health and OPWDD. Here's statistics
13 that came out -- and you'll be surprised
14 where this came from: The New York Post.
15 The New York Post says that the average time
16 for somebody on Rikers Island who's not
17 mentally ill is 42 days. The average time
18 for somebody who's mentally ill at Rikers
19 Island, 420 days.

20 We know, if anybody lives in New York
21 City or reads the paper, that there's an
22 issue with Rikers Island and its corrections
23 department. But let me ask you a question:
24 Is a corrections officer equipped to deal

1 with somebody who's mentally ill? No,
2 they're not. But yet Rikers Island is the
3 second-largest holding facility in the United
4 States of the mentally ill.

5 Is there any surprise? You close
6 these things down, under the guise of the
7 Olmstead Act, you put them in the street,
8 they push or slash somebody in the subway.
9 Or you say that you're going to put them in a
10 mentally ill place because -- if some of them
11 are homeless or other people are homeless
12 when it goes below 32 degrees. Really? Is
13 that what we're really about?

14 Again, we set up people for failure.
15 We set up the workforce for failure. And we
16 really need to take a critical eye at this.
17 Because I am sick and tired of myself, as a
18 state employee, as a parole officer, being
19 marginalized because I've been asked to make
20 miracles. I am sick and tired of my
21 workforce being marginalized because four or
22 five of their coworkers retire and no one
23 came behind them, and then they're expected
24 to do the job and when the job is done, then

1 they say you did not get the job done, let's
2 privatize it because the private sector can
3 do it better. It is wrong, it is despicable,
4 it needs to stop.

5 The Justice Center -- or I'm going to
6 say the Injustice Center. And the reason I
7 can say that is because -- I'm going to tell
8 you a story real fast.

9 Oh, actually, my time is up. So I'll
10 stop here with one last thing. I want to
11 talk about one last thing. It's DOCCS, the
12 parole system. DOCCS has problems with
13 nurses. The largest overtime for any state
14 employee was a DOCCS nurse -- a Grade 16
15 nurse who should be at a Grade 18.

16 Nurses at DOCCS are not staying. The
17 issue with DOCCS is going to be worse and
18 worse and worse. So are we going to wait
19 until we get sued by inmates who die? Or are
20 we going to wait till nurses leave because
21 they're afraid to risk their license because
22 they're understaffed?

23 Parole officers. I'm a parole
24 officer. Parole officers are going to be

1 here tomorrow to testify. We need more
2 parole officers on the street. We need to be
3 proactive. Parole is getting killed and
4 marginalized again in the newspaper because
5 we are understaffed and it looks like the
6 parole officer is not doing their job. No.

7 Again, I appreciate the Governor --
8 this Governor actually hired four classes.
9 But before that, we went three years without
10 any parole officers at all. Four classes of
11 30 each is not enough to bring it back to
12 where it is where we can be proactive instead
13 of being reactive to parole issues and to law
14 enforcement.

15 Thank you very much.

16 CHAIRWOMAN YOUNG: Thank you very
17 much, President Spence.

18 CHAIRMAN FARRELL: Thank you.

19 CHAIRWOMAN YOUNG: Senator Krueger.

20 SENATOR KRUEGER: So the hour is late.
21 I'm not going to ask questions, but I want to
22 highlight one of the last things you just
23 said. And many hours ago, maybe it was
24 today, I asked the Mental Health commissioner

1 position to your messaging to us tonight.

2 PRESIDENT SPENCE: Senator Krueger, I
3 can go beyond that. When I came in, about
4 two and a half, three years ago, I actually
5 had the opportunity to go to Brian Fischer,
6 the previous commissioner of Corrections, to
7 his retirement. And what he said at that
8 retirement party was that the New York State
9 correctional system was probably the
10 fourth-largest holder of the mentally ill in
11 the United States. So he acknowledged that.

12 Again, I don't know if the sitting
13 commissioner is going to acknowledge that as
14 they sit. But I know he was on the way out,
15 and he was very blunt about what was going on
16 in terms of mentally ill inside the jails.

17 Again, I think we have a problem
18 because we keep doing the same thing over and
19 over again and expect a different outcome.
20 And we know what that says.

21 SENATOR KRUEGER: Thank you. Thank
22 you for your testimony.

23 CHAIRMAN FARRELL: Mr. Bronson.

24 ASSEMBLYMAN BRONSON: Hello, President

1 Spence. Thank you for being here today.

2 And thank you for highlighting some of
3 the things that we've been working on for
4 quite a long time, and that is the private
5 consultants bill. And as you know, I carry
6 that in the Assembly.

7 And, you know, so much in state
8 government is driven by taxpayer dollars.
9 And the analysis is there, that we are
10 spending millions of dollars to hire private
11 consultants when our own workforce --
12 qualified, skilled, knowledgeable
13 workforce -- can do that work.

14 But I was intrigued, you highlighted
15 something -- and I want you to talk about it
16 just a little bit more -- and that is the
17 reality that our state workers, when they're
18 on job sites -- and you did this in the
19 context of design/build -- they're there as a
20 check and balance, a check and balance on
21 folks who are there who are driven by
22 financial incentives and financial
23 motivation. And here in the state government
24 we are hearing a lot about making sure we

1 have a check on folks who are driven by
2 financial incentives or financial objectives.

3 Explain again how it is that a state
4 engineer who is there to inspect the work
5 going on -- Tappan Zee Bridge or wherever it
6 might be -- how does that help the safety of
7 our citizens throughout New York State and
8 make sure that we're not going to spending
9 more money at the end of the day?

10 PRESIDENT SPENCE: So, Assemblyman
11 Bronson, I came back as a vice president in
12 2012, so -- I live on Long Island. I
13 actually spoke to DOT engineers on Long
14 Island whose jobs were to actually go in the
15 truck and have the chemicals there to test,
16 in this case, concrete pours. And they've
17 told me, they went to places where the
18 concrete is being poured, say -- I forgot --
19 by the William Floyd Expressway, I think, at
20 some point in time, on the south shore of
21 Long Island, it does go into a marine
22 environment. And they told me when the pour
23 was being done -- and by the time they got
24 there, half the pour from the truck, the

1 cement truck was there, and they pulled a
2 sample. And the sample, when they tested it,
3 said that it would not hold up -- it's called
4 tensile strength. It would not do the job.
5 It would not -- it was designed for, I think,
6 a 50-year life, or to that point. But it was
7 not going to last that long. It would have
8 crumbled and cracked.

9 And they told him to stop the pour and
10 pull it. They had to start sucking it out.
11 They said that the vendor, the contractor,
12 went nuts, because that cost was almost a
13 quarter of a million dollars for that truck
14 and the pours -- and all the subsequent pours
15 that day. They didn't have a choice, because
16 the test was done, it did not meet the
17 requirement, and they had to pull it.

18 Also, sourcing materials, certain
19 types of metals and the bonding of those
20 metals. When they smelt the metal, it has to
21 be a certain way. We do sample testing by
22 scraping off to see, from those metal chars,
23 does it have the certain type of carbon to
24 whatever ratio, and is it going to work or is

1 it going to rust very fast.

2 Well, we both know that a cheap
3 concrete, you pay less. We know what the bid
4 was for the state contract, and these -- some
5 of these people are cutting corners. I'm not
6 saying they all are, but they do. They also
7 cut with materials.

8 And that is how a state worker, who
9 has no financial incentive, in that sense,
10 but safety and making sure the procurement is
11 done as the bid was, follows through on that.

12 So if those things did not happen,
13 then you have that thing that could crumble,
14 you have metal that can degrade, and
15 probably, if it's the state workforce that's
16 inspecting that bridge, we'll catch it. So
17 we will probably catch when that thing is
18 starting to crumble. But then guess what?
19 Who will settle with that bill now where
20 something that did not have to be fixed for
21 the next 20 years now has to be fixed in five
22 years? But if we don't catch it and there's
23 a catastrophic failure, the bridge falls.

24 So this is how that workforce, state

1 engineers, saves money and potentially saves
2 lives. But we're losing that, because we
3 have less and less engineers. As they
4 retire, they're not being backfilled and
5 we're relying more and more on consultants.

6 ASSEMBLYMAN BRONSON: And each time we
7 rely on those consultants, those private
8 consulting contracts, then we're paying --
9 up-front we're paying more money because --
10 you know, what we're paying them. And that's
11 costing us dollars because there's skilled
12 workforce that can do that work. And they're
13 still getting paid, yet we're paying a
14 private consultant to do the work that we
15 could have skilled workers doing from the
16 state workforce.

17 PRESIDENT SPENCE: Absolutely. And a
18 report that came out back I believe in 2013
19 by the Comptroller's Office is that a DOT
20 engineer consultant costs 80 percent more
21 than a resident state engineer. With ITS, 60
22 percent more for a consultant than an ITS
23 worker. And that 60 percent more is actually
24 if you factor in benefits of the state

1 worker. So this is where DOT consultants,
2 80 percent more; ITS, 60 percent more.

3 ASSEMBLYMAN BRONSON: And last
4 question. And so all you're asking for is to
5 save taxpayer dollars, let's do an analysis
6 of the cost/benefits to see if we can do it
7 less expensively using state workers versus
8 using private consultants.

9 PRESIDENT SPENCE: Absolutely,
10 Senator -- Assemblyman, Mr. Bronson. That is
11 what I'm saying. I'm saying at the end of
12 the day, if the cost/benefit analysis says
13 that it is in the best interests in terms of
14 safety, in terms of dollars, in terms of
15 long-term savings that we go outside of the
16 state workforce, then by all means do it.
17 But if the cost/benefit analysis says no, it
18 won't, then why do we do it? If we have that
19 check and balance in place, that law in
20 place, then everybody will know what the
21 cards are on the table. We have a level
22 playing field. Instead of always hearing, 10
23 years later, five years later that we made a
24 boo-boo, oops, we got it wrong.

1 ASSEMBLYMAN BRONSON: Thank you very
2 much.

3 Thank you, Mr. Chair.

4 CHAIRMAN FARRELL: Thank you.

5 CHAIRWOMAN YOUNG: Thank you.

6 Senator Savino.

7 SENATOR SAVINO: Thank you, Senator
8 Young.

9 President Spence, I want to follow up
10 on that theme. You know, in 2010 I, working
11 with PEF at the time, passed the IT
12 insourcing bill for the express purpose of
13 insourcing information technologists. At the
14 time, the state was spending hundreds of
15 millions of dollars on internet technology
16 consultants. Ironically, the agency that had
17 the highest number of consultants was the
18 Department of Information Technology.

19 But we did establish this IT
20 insourcing for the express purpose of
21 eliminating consultants and bringing people
22 in and creating a career path in the state
23 workforce.

24 So I'm just wondering, what has

1 happened since then? Because I know we
2 capped it at 500 employees. And then it did
3 expire last year, but I'm wondering what
4 happened since then.

5 PRESIDENT SPENCE: I'm going to make
6 one of my vice presidents, who is an ITS
7 expert from the Department of Financial
8 Services, answer the question.

9 VICE PRESIDENT BRATE: So yes, so that
10 pilot was implemented and it didn't exactly
11 work out the way it was supposed to. Right?
12 They wanted to take IT -- what happened is
13 the group, they come in, they got tested,
14 they were supposed to augment the work, there
15 was specific special expertise that they were
16 required to have, but that's not exactly the
17 way that management used them. So I'm going
18 to say it was mismanagement of the way that
19 the -- that brought in.

20 And there was no absolutely no
21 consultation with the union. There was never
22 a plan. There was never any strategic plan,
23 no process or anything to how that they were
24 going to work within the existing workforce.

1 You know, I sat here today and I was
2 listening to a lot of the stuff about a
3 sustainable workforce and the workforce
4 issues. And, you know, I said to myself,
5 Self, you know, what looking glass are they
6 looking for? Because all's I heard today --
7 and, you know, I'm not going to be
8 politically correct, was a lot of smoke and
9 mirrors.

10 We do do quality work. What's
11 happening is there's a lot of mismanagement
12 going on. As President Spence explained
13 earlier, the process of creating OITS as an
14 entity was to insource, in-house a lot of the
15 work. And what happens is our members are
16 really being disrespected, they're being
17 villainized, and they're not allowed to do
18 what they need to do because of the
19 management.

20 Look, how many commissioners or chief
21 information officers, as they call them that,
22 OITS has had since the inception. So it's a
23 lot of that. When the top is kind of weak,
24 you know, the cards down. And so there's no

1 stability.

2 So what this budget, in increasing
3 with bringing in the consultants that's
4 coming in, what they're really doing is they
5 are creating an instable workforce. And add
6 into the health insurance, where my existing
7 members think that they need to leave by
8 October or they're going to lose some of the
9 benefits that they -- one of the reasons that
10 they came for.

11 So you have such a -- and when you're
12 looking at the Level 1 and Level 2 -- and I
13 won't even go in -- they'll go into it
14 tomorrow about the security risks of taking
15 that outside of the agency purview. They're
16 worried about their jobs. You know, it's a
17 long thing. People come in, they look for
18 some career mobility -- and I have to, you
19 know, agree with Director Turner. A huge
20 issue is the lack of staff at Civil Service.
21 They can't do the testing, we have lists that
22 have thousands of people on them.

23 So tell me -- and then you add in the
24 skill survey that they did, the skills

1 assessment, and all the tools that they claim
2 they have. But she's working on succession
3 with ITS, and the succession plan result is
4 really to privatize. So what is the
5 succession plan?

6 SENATOR SAVINO: Right.

7 VICE PRESIDENT BRATE: Succession is
8 to privatize. They haven't looked at having
9 a stable workforce.

10 Someone here earlier talked about
11 Jonas. Who was the first person to hit that
12 street? It was a government worker. We were
13 always out there. And no matter what
14 disaster, natural or manmade, we're out
15 there, we're doing the work day by day. And
16 it just doesn't go with -- with that. On the
17 back end. You know, the technology is being
18 provided. Those services, if you work
19 outside of the scope of what they're coming
20 in as consultants, look at the exaggerated
21 cost. Because now you're paying emergency
22 costs.

23 So, you know, it all snowballs to the
24 effect that really, because it's spread

1 across multiple agencies and multiple
2 jurisdictions, you really never get the true
3 cost. And that's kind of something that we
4 have to.

5 So the insourcing at that time was
6 good, but -- it did stimulate a lot of our
7 existing employees from some career mobility,
8 but it also wasn't implemented because PEF
9 had no input in that, and that is why we had
10 a prediscussion this year, you know, where we
11 were looking at it, but then again, PEF was
12 written, so there was no collaboration or
13 cooperation or communication between the
14 sets, and it wasn't used the way it was
15 intended.

16 SENATOR SAVINO: Well, perhaps we'll
17 take another look at it. Thank you.

18 CHAIRWOMAN YOUNG: Assembly?

19 CHAIRMAN FARRELL: Mr. Abinanti.

20 ASSEMBLYMAN ABINANTI: One question.
21 Tell us about the Justice Center.

22 PRESIDENT SPENCE: So the story,
23 sir -- I want to give you this story real
24 fast, anecdotal. I have a member who works

1 for an agency that is not related to the
2 Justice Center but she's on the executive
3 board of my union, so she hears all the
4 horror stories of executive board members who
5 talk about the injustice of the Justice
6 Center as a state employee.

7 She has a child who's in a special
8 OPWDD setting. Her child was raped there.
9 Her child cannot speak. She said that the
10 Justice Center did nothing for her child.
11 Because her child could not speak, could not
12 communicate, the person who was obviously the
13 perpetrator did not get punished.

14 So I want to tell you, here is a
15 employee, a PEF member, who hears all the
16 time of nurses being led out in handcuffs by
17 the Justice Center, who later is found not
18 guilty but then is told by the office of the
19 OMIG, Office of Medicaid Inspector General,
20 that they're going to take her license away
21 and put her on the Medicaid exclusion list,
22 she could never work as a nurse again in the
23 United States of America.

24 And this person hears that story and

1 then relates the other story of her daughter
2 being raped in a home that's overseen by the
3 Justice Center, and the perpetrator goes
4 free.

5 So then where's the justice? There's
6 no justice for the people, the staff, and
7 there's no justice for the clients or the
8 consumer. So that's why I've coined it the
9 Injustice Center. This is wrong.

10 CHAIRWOMAN YOUNG: Thank you.

11 CHAIRMAN FARRELL: Thank you.

12 CHAIRWOMAN YOUNG: Senator Martins.

13 SENATOR MARTINS: Thank you for your
14 testimony here today and -- tonight. And
15 thank you for your patience.

16 You know, I'm struck by a common theme
17 that we keep coming back to tonight. You
18 know, when I reach out to my local DOT
19 office, regional office, and we talk about
20 the need to come out and look at a roadway
21 that needs to be redesigned, or consider the
22 possibility of redesigning a road, and I'm
23 told that we don't have the skills to be able
24 to do that in-house because people retired

1 and they weren't replaced, I'm concerned.

2 You know, as a former mayor, back when
3 we took care of issues in our village, we
4 made sure that we had people on staff who
5 could do things so that in the event of an
6 emergency, we didn't have to rely on outside
7 vendors to come in and do those things.

8 And, you know, I think there's a clear
9 call today, not only in your testimony but
10 obviously in the testimony of others today as
11 well, that we have to recalibrate a baseline
12 for our workforce where we become
13 self-reliant as a state. Because if there's
14 a theme that I am hearing, and I'm sure we're
15 all hearing, it's that there are
16 vulnerabilities now that the state faces that
17 perhaps it didn't have years ago, and it's
18 because we have a retiring workforce and it's
19 not being properly replaced and we're
20 outsourcing that.

21 And yes, we're doing that for the sake
22 of saving dollars, perhaps. Perhaps. Not
23 always. But that knowledge is being lost as
24 well.

1 And when we do need to rely on our
2 workforce to get the job done, to make sure
3 that the road is properly designed, to make
4 sure that the construction goes properly --
5 or to make sure that those people in care
6 that are most vulnerable are actually
7 properly being cared for -- and we pick up
8 the phone and we make the call to the
9 consultant, they won't be there. But that
10 public employee will.

11 And so I thank you for your testimony.

12 PRESIDENT SPENCE: Thank you, Senator
13 Martins.

14 Again, it's the old adage -- what do
15 we say, a penny wise but a pound foolish?
16 Because what's going to happen is that on a
17 lot of these things, my kids, your kids, our
18 grandkids are going to end up paying for this
19 in the long run.

20 Again, we rely on consultants to the
21 point where -- if you look at the ITS
22 example, it was a consultant two years ago
23 who, where the state spent millions of
24 dollars, saying combine this, take it away

1 from each individual agency, combine it and
2 you will save money and you won't have to
3 rely on consultants anymore. But yet, two
4 years later, we went from 164 to over 800.

5 So we are now relying on outsiders, or
6 consultants, who are basically telling us
7 that: Help me help you, so you don't have to
8 rely on us. But it's almost like a Ponzi
9 scheme. They do it in such a way where then
10 they bring their friends in after they
11 recognize, oops, we got it wrong, guess what,
12 it didn't go the way we actually thought it
13 would. But guess what the fix is -- more
14 consultants.

15 SENATOR MARTINS: I appreciate it.
16 Thank you very much. And I hope you don't --
17 and none of us have to wait 10 days for a
18 call back to deal with an IT issue.

19 PRESIDENT SPENCE: Thank you.

20 CHAIRWOMAN YOUNG: Thank you very much
21 for your testimony today. We appreciate what
22 all of your members do on behalf of the
23 people of New York State.

24 I also want to personally thank you

1 for your comments about treating the mentally
2 ill. It's a very important issue. But all
3 of your comments were very well put and very
4 valuable as we go through this process. So
5 thank you so much for being here, President
6 Spence, and to everyone who joined us today.
7 So thank you.

8 PRESIDENT SPENCE: Thank you.

9 CHAIRWOMAN YOUNG: Our next speaker is
10 the Organization of New York State
11 Management/Confidential Employees, Barbara
12 Zaron, president.

13 PRESIDENT ZARON: Good evening.

14 CHAIRWOMAN YOUNG: Good evening.

15 PRESIDENT ZARON: Chairpersons Farrell
16 and Young and members of the committee, we
17 thank you for the opportunity to speak. You
18 have our written testimony, which addresses
19 some of the issues that you've already heard
20 about. I'm going to confine my remarks to
21 what is, for M/Cs, the most important
22 priority.

23 To give you just a bit of history,
24 M/Cs in 2009 had their statutorily approved

1 salary increases withheld. The same thing
2 happened in 2010. They certainly were aware
3 of the 2008 fiscal crisis. M/Cs are one of
4 the bargaining units that constitute 6
5 percent of the workforce. They did then,
6 they do now. This has been true for about
7 40 years. They were the only unit that had
8 their previously authorized salary increases
9 withheld, and they still have not been paid
10 those increases.

11 In 1973, M/Cs lost the ability to do
12 collective bargaining, and so here we are
13 before the Legislature for your help once
14 again. We've had very good support from
15 members of this committee -- from Chairman
16 Farrell, former Finance Chair Senator
17 DeFrancisco -- in helping us to pass
18 legislation that would address this issue.
19 But here we are once again. M/Cs went
20 without any salary increases for five years.
21 The salary disparity between the M/C
22 supervisors and the people that they
23 supervise continues, and many M/Cs are
24 earning as much as \$10,000 or more less than

1 the people that they supervise.

2 So our advocacy today is not about new
3 money, it's not about raises, it is simply
4 that we believe this debt, which is still
5 outstanding, needs to be paid. And that the
6 M/Cs should not have to wait until March 31st
7 of 2019 -- which is the schedule implemented
8 in last year's budget for payments of these
9 monies -- should not have to wait 10 full
10 years from the time the money was taken away
11 until they get the money paid back.

12 So there's a lot of buzz that we hear
13 about parity, equity, workplace fairness.
14 That all rings hollow with the M/Cs, because
15 they still have not gotten paid that
16 7 percent that they were supposed to.

17 So the 2015-2016 budget adopted a
18 four-year schedule. They did get 2 percent
19 last year, they're scheduled to get 2 percent
20 this April, but that still leaves an
21 additional 3 percent to be paid next year and
22 the year after. That just is too long. The
23 M/Cs are angry, they're frustrated, they're
24 scared. They feel they've been abandoned by

1 their employer and that they're going
2 backwards instead of forwards. Everybody
3 else has gotten this money, and they haven't.

4 So what we're asking for is full
5 restoration of what is 5 percent -- 2 percent
6 built into the budget for April 1, and an
7 additional 3 percent which would mean
8 \$33 million to be added to the budget to pay
9 the full 5 percent outstanding.

10 You heard earlier that the state has
11 started negotiation with some of the unions,
12 and any salary increases that are negotiated
13 would further exacerbate the salary disparity
14 caused by the M/C withholding unless such
15 increases are also applied to the M/C
16 employees. They usually are, but who knows.

17 Then we have a number of retirees,
18 over 3,000, who retired between 2009 and
19 2014. They are not eligible to get any of
20 this 7 percent. So they have suffered and
21 will continue to suffer permanent pension
22 reductions due to the withheld salaries.
23 Their pension benefits and Social Security
24 benefits and the value of their sick leave,

1 which is used to pay for retiree health
2 insurance, have been permanently diminished.

3 We have legislation that we're
4 proposing, we're calling it the Withheld Pay
5 Pension Adjustment Act, to remediate a part
6 of the loss suffered by the M/C retirees.
7 Further details are in the written testimony.

8 We should also note that almost 80
9 percent of state and local retirement system
10 retirees remain residents of the state, so
11 that any additional amended pension benefit
12 would come back to the state. And the
13 retirees obviously are an integral part of
14 our state's economy and really deserve better
15 than they're getting.

16 To add insult to injury, the rehash of
17 old attacks -- which you've already heard
18 about -- on the civilian retiree health
19 insurance and Medicare reimbursement has been
20 rejected by the Legislature in the past. We
21 urge you to reject these proposals again this
22 year.

23 During his recent State of the State
24 message, Governor Cuomo quoted former U.S.

1 Vice President Hubert Humphrey, who said "The
2 moral test of government is how that
3 government treats those who are in the
4 twilight of life, the elderly." Senator
5 Marchione has talked about senior citizens.
6 Here we are.

7 So we need your help, we need the
8 additional 3 percent added to the budget this
9 year to pay off this 5 percent debt that's
10 still outstanding. Probably after the
11 budget, we will be coming to you with pension
12 amendment legislation for those who had the
13 salary increases withheld. And we urge you
14 to reject the continuing attacks on health
15 insurance and Medicare reimbursement.

16 And we will be happy to answer
17 questions or make appointments to see you at
18 a future date so we don't stay here through
19 the night.

20 CHAIRWOMAN YOUNG: Thank you.

21 Any questions?

22 CHAIRMAN FARRELL: Thank you.

23 CHAIRWOMAN YOUNG: I don't think we
24 have any questions on our side. But your

1 testimony is very comprehensive, we truly
2 appreciate it, and we really appreciate you
3 hanging in there for so long. So thank you
4 so much.

5 PRESIDENT ZARON: Well, it's
6 important. It's important to us. This is an
7 issue that's an absolute top priority for our
8 members, so we felt we really needed to tell
9 you once again -- this is the seventh time
10 we've had to come before you and say this is
11 a problem, it still hasn't been fixed.

12 And I know I would like to be talking
13 about other things. I'm sure you would also
14 like to hear about other things from us. But
15 we're going to be here until it gets taken
16 care of.

17 CHAIRWOMAN YOUNG: Thank you.

18 PRESIDENT ZARON: And we appreciate
19 your time and your patience.

20 CHAIRWOMAN YOUNG: Thank you very
21 much. Good night.

22 Next, Retired Public Employees
23 Association, Jack McPadden, board president.
24 And company. Oh, I'm sorry. And Edward

1 Farrell, executive director. As you get
2 closer, I see who it is. Thank you.

3 So welcome. We're looking forward to
4 hearing what you have to say.

5 MR. MCPADDEN: Chairwoman Young,
6 Chairman Farrell, members of the joint fiscal
7 committees, thank you for the opportunity to
8 speak to you this evening.

9 You have a copy of our testimony, so
10 in recognition of the length of the day, let
11 me summarize.

12 The Governor's Executive Budget
13 proposes language that, if adopted, would
14 result in significant premium increases in
15 healthcare benefits for Medicare-eligible
16 retirees enrolled in the New York State
17 Health Insurance Program. Medicare-eligible
18 NYSHIP retirees pay the exact same premium
19 contribution as their counterpart active
20 state employees. However, they also pay a
21 Medicare Part B standard premium and, for
22 some higher-income retirees, a Medicare Part
23 B and Part D income-related monthly
24 adjustment amount surcharge.

1 Recognizing the unfairness of this
2 additional payment, the Legislature provided
3 for full reimbursement of all Medicare
4 premiums. Chapter 602 of the Laws of 1966
5 created Section 167a of the Civil Service Law
6 to offset these additional costs to the
7 enrollee so that the enrollee's total cost
8 for their health insurance would remain
9 unchanged.

10 The Governor proposes capping the
11 reimbursement of the Medicare Part B premiums
12 to \$104.90 per month starting on October 1 of
13 this year, despite the fact that
14 Social Security has raised the standard
15 Part B premium to \$121.80 per month for
16 certain Medicare recipients.

17 If there is a Social Security cost of
18 living adjustment next year or in future
19 years, the Medicare Part B standard premium
20 of \$121.80 per month would apply to all
21 145,000 Medicare-eligible retirees enrolled
22 in NYSHIP.

23 This would mean \$16.90 per month of
24 the Medicare Part B standard premium would be

1 borne by all Medicare-eligible NYSHIP
2 enrollees as an additional out-of-pocket
3 cost, totaling almost \$30 million annually.
4 The Executive Budget is blatantly misleading
5 regarding this most likely reality.

6 Now, as he proposed in two of the last
7 three state budgets -- both times, thankfully
8 rejected by the Legislature -- the Governor's
9 plan would also eliminate the Part B IRMAA
10 surcharge reimbursement. This surcharge
11 ranges from \$42 to \$398.80 per month
12 out-of-pocket cost for each retiree. The
13 Governor continues to deny reimbursement of
14 the Medicare Part D IRMAA surcharge for
15 presentation drug coverage, claiming that the
16 Civil Service Law does not apply to
17 prescription drug coverage. This surcharge
18 ranges from \$12.70 to \$72.90 per month
19 out-of-pocket cost for each retiree.

20 There is legislation sponsored by
21 Senator Golden and Assemblyman Abbate, which
22 had passed the Senate last year and was
23 reported to the Senate Finance Committee last
24 week, that would correct this inequity. We

1 also urge you, as we did in last year's
2 testimony, to pass a measure affirming that
3 it was not the Legislature's intent in 2011
4 to allow a union-negotiated increase to the
5 premium contribution percentage paid by
6 active NYSHIP members to be passed on
7 administratively to existing retirees.

8 In the last round of contract
9 negotiations, administrative authority was
10 given to the director of Budget and the
11 president of the Civil Service Commission to
12 modify NYSHIP's statutory contribution
13 percentage rates. This is an equity issue.

14 How can union negotiations affect
15 those of us who have already retired, when we
16 are not a party to the negotiation nor are
17 public employee unions allowed to bargain on
18 our behalf, by law? This bill was also
19 referred to the Finance Committee last week,
20 and we urge its favorable consideration.

21 Thank you for allowing us to testify
22 this evening on behalf of all public employee
23 retirees. And we'd be more than happy to
24 answer any questions.

1 CHAIRWOMAN YOUNG: Thank you very
2 much.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR KRUEGER: Thank you.

5 CHAIRWOMAN YOUNG: I think we're all
6 set, so thank you so much for being here
7 tonight. And again, thank you so much for
8 your patience.

9 MR. MCPADDEN: Thank you, Senator.

10 CHAIRWOMAN YOUNG: Next -- right on
11 the five minutes, too. Kudos from
12 Assemblyman Oaks.

13 Our next speaker is Randy Wolken,
14 president and CEO of Manufacturers
15 Association of Central New York.

16 Welcome.

17 MR. WOLKEN: Thank you for the
18 opportunity to speak this evening. My name
19 is Randy Wolken. I'm the president and CEO
20 of the Manufacturers Association of Central
21 New York, MACNY, as well as the president and
22 CEO of the Manufacturers Alliance of New York
23 State.

24 MACNY represents over 300 companies

1 in 26 counties throughout central upstate
2 New York, and the alliance represents over
3 2000 industrial companies and businesses all
4 over New York State.

5 You have a copy of my written
6 testimony. I'm going to actually offer some
7 brief comments, specifically on the
8 Governor's proposal for a manufacturing-
9 focused apprenticeship program which is
10 termed Apprentice SUNY. And we are pleased
11 that it's included in the Governor's
12 proposal, but we have some following
13 recommendations so that the program is a
14 success.

15 MACNY recommends the creation of a
16 manufacturing intermediary apprenticeship
17 program for New York State. You know,
18 New York State manufacturers, especially the
19 advanced manufacturing industry, faces a
20 growing increase in the demand for skilled
21 workers. In 2013, approximately 115,000
22 people were employed in the advanced
23 manufacturing industries -- which is really
24 one out of four of total manufacturing jobs

1 in New York State.

2 Just three industries account for
3 50 percent of those jobs: Electronic
4 instruments, semiconductor and electronic
5 components, and pharmaceutical medicines --
6 together, we got that 50 percent.

7 You know, the average age of these
8 high-skilled workers is now 56, and replacing
9 them before they retire is critical for
10 retaining these jobs and the skills necessary
11 in our workforce.

12 You know, the majority of New York
13 State manufacturing, even in those sectors,
14 is small to medium. And they don't have the
15 personnel or the resources to adequately
16 train the new and, specifically, their
17 incumbent workers, especially in the skilled
18 positions. This proposal actually targets
19 the ability to use entry-level workers and
20 advance them into more skilled positions
21 within the company.

22 You know, this effort would be an
23 employer-led public/private pilot program for
24 registered apprenticeships in manufacturing

1 occupations. It would be a unique
2 business-led approach targeted at raising the
3 skill levels of our incumbent manufacturing
4 workers, which would create pathways to fill
5 those critical needs.

6 You know, modern apprenticeships today
7 really, as we know, have two components. The
8 first is on-the-job training, which usually
9 is about 2,000 hours a year, consisting of
10 the master journey-level craftspersons, which
11 are currently in our manufacturers, and their
12 willingness to share their experience with a
13 novice or apprentice in a hands-on manner.

14 There's a second related learning,
15 which is the related instruction, which is --
16 at a minimum -- about 144 hours a year. And
17 that learning is more theoretical and
18 knowledge-based, as we know, and usually it's
19 done in a classroom or another testing site
20 removed from the actual workplace.

21 This program would rely on the SUNY
22 curriculum, developed with the most recently
23 completed Trade Adjustment Assistance
24 Community College and Career Training

1 grant -- which is a mouthful; we'll call it
2 TAACCCT from now on -- to construct an
3 apprenticeship in a series of related
4 competencies. This proposal would create the
5 Employer Educator Council to do that work, to
6 make sure the curricula align with --
7 especially for that related instruction.
8 Registered apprenticeship programs are
9 typically three to four years, to remind you,
10 and duration would be composed in the program
11 that we're talking about.

12 You know, we've been working with the
13 New York State Department of Labor to obtain
14 conceptual approval to be the single program
15 sponsor and act on behalf of small and
16 medium-sized manufacturers. You know, it's
17 never been done in New York State -- it's
18 being done in other states, by the way -- and
19 would reduce dramatically the administrative
20 burden on manufacturers, specifically small
21 to medium-sized manufacturers, and would
22 greatly streamline the apprenticeship program
23 registration.

24 This design would allow New York State

1 and the Department of Labor to have a single
2 point of contact for multiple employers, thus
3 reducing the administrative burden. The
4 design would allow small and medium-sized
5 manufacturers to offer registered
6 apprenticeship programs through an
7 organization like MACNY as the business
8 intermediary and obviate their need for each
9 manufacturer to go through a lengthy and
10 complicated registration process on their
11 own. This innovative approach provides for
12 hundreds of employers the flexibility to
13 hire, in small numbers, apprentices.

14 This proposal leverages the
15 relationships that already existed and were
16 created through the SUNY TAACCCT grant in
17 advanced manufacturing. And it really would
18 leverage that already important spending.

19 You know, through the TAACCCT grant
20 already we've created new certifications and
21 degrees to include certifications in advanced
22 manufacturing, plastics, CNC precision
23 machining, optics fabrication, semiconductor
24 technology. We'd use all of that in this

1 current approach, so very little curricula
2 has to be redeveloped.

3 You know, this particular approach
4 would be a multiyear effort over five years
5 and cost about \$6.8 million over the total
6 five years. We'd like to start it with a
7 one-year funding of \$500,000. New York State
8 Department of Labor has been supportive of
9 our approach, and we have been working with
10 them to address the implementation.
11 Manufacturers trust us, as has been
12 demonstrated over our 102-year history, and
13 we could bring additional small and
14 medium-sized manufacturers to the table to
15 make sure that this happens.

16 You know, we believe that
17 apprenticeship programs, if they're going to
18 work, are going to require a group like ours,
19 a business intermediary, to make sure that we
20 can take advantage of this. We'll work with,
21 obviously, the Department of Labor and SUNY,
22 but they wouldn't have the same connections
23 that organizations like ours have throughout
24 the state.

1 Amedore and I have cochaired a Senate Task
2 Force on Workforce Development. And if
3 there's one theme that we've heard in every
4 corner of this state where we've held
5 hearings, it's precisely the need for an
6 initiative like this.

7 The opportunity to connect people who
8 are looking for work with those jobs that are
9 available and are going unfilled -- I think
10 it would be a surprise to many people to
11 learn that there are over 120,000 jobs, from
12 mid-skill-level jobs, available in New York
13 State right now. Yet they go unfilled simply
14 because people lack the skills to do them.

15 And so if we have the opportunity to
16 use our SUNY and community college programs
17 or our high school programs and BOCES
18 programs and work collaboratively with our
19 business and manufacturing community to
20 develop these pre-apprenticeship programs,
21 that's precisely what we need.

22 And so I want to thank you for your
23 testimony today. It's a step in the right
24 direction, and hopefully we'll catch up and

1 be able to take advantage of your program and
2 others similarly situated around the state
3 and connect people to jobs. Thank you.

4 MR. WOLKEN: Thank you, Senator.

5 CHAIRWOMAN YOUNG: Thank you.

6 Assembly?

7 CHAIRMAN FARRELL: Assemblyman Oaks.

8 ASSEMBLYMAN OAKS: Yes, thank you.

9 Actually, Assemblyman Bronson and I
10 were at a forum recently talking about the
11 minimum wage, and one of the businesses there
12 was an inner-city business in Rochester doing
13 a lot of contract work hiring -- trying to
14 hire inner city people. And he ended up
15 saying that, for him, the answer to solving a
16 lot of our poverty issues and economic
17 problems was not necessarily focusing it on
18 increasing the minimum wage, but was rather
19 to -- he goes, "My problem is I have all
20 these jobs up here that I can't fill, and so
21 giving me nonskilled people doesn't help me
22 at all. I need some people skilled."

23 And so your focus on the
24 apprenticeship programs, it's a confirmation

1 of kind of what he was pushing. And so I
2 appreciate the description tonight, the
3 proposal for it, and hopefully that's
4 something we can make more progress on, to
5 make a real dent in both our challenges for
6 filling those jobs.

7 MR. WOLKEN: You're right. There's a
8 significant opportunity for middle skills,
9 and we need to be able to take people who are
10 in those entry-level jobs and move them into
11 middle skills. We need to do it now before
12 the experienced workforce retires, and that's
13 going to happen over the next five to
14 10 years.

15 We were in a conversation today with a
16 manufacturer; 30 percent of their workforce
17 will retire in the next five to seven years.
18 And they are in advanced manufacturing. If
19 we don't get the skills, middle skills
20 necessary, they won't be able to stay in
21 New York State.

22 CHAIRMAN FARRELL: Thank you.

23 SENATOR KRUEGER: Thank you. Thank
24 you very much, gentlemen.

1 exists. And I'm sure you're aware in
2 Rochester we also have emerging workforces
3 that are starting with, you know, technology
4 and making sure that people can operate
5 machinery and advanced manufacturing in the
6 area.

7 I liked your ideas here. I liked the
8 proposals. The pre-apprenticeship is key in
9 meeting those objectives. I'm going to add
10 to the list the replacement of older workers
11 as they retire, this being part of that.

12 But in those discussions across the
13 state, we also spoke and had conversations
14 about not only providing the skills training
15 and then the curriculum that is more
16 theoretical, as you outlined, but also
17 mentoring as part of the program. And that's
18 really to help folks in the workforce then
19 overcome some barriers that they may have had
20 previously and then may rear their ugly head.

21 Has your association had any
22 discussion about offering that third element,
23 mentoring, that's associated with having
24 people keep the job once they get it?

1 MR. WOLKEN: Yes. So built into the
2 apprenticeship approach is, you know,
3 obviously a craftsman or master who is the
4 mentor that helps that specific -- or a group
5 of specific apprentices succeed, not just at
6 the workplace, but making sure they're
7 addressing all the issues.

8 We're also working on what we would
9 call the pipeline. So having mentors be
10 parts of the P-TECH programs -- which we
11 would encourage continued investment in --
12 because that's a pathway that starts in high
13 school that then gets young people in to
14 approach this.

15 So I think the pre-apprenticeships
16 programs need mentoring, it's a part of that
17 approach. And in the apprenticeship program,
18 it's already built in. So I would concur
19 with you, we need to, as we look at the
20 pipeline, have mentors, have guides, have
21 people that will help individuals stay in
22 those jobs and be successful. So we believe
23 strongly in the mentorship and the master
24 approach throughout the entire cycle, to

1 include pre-apprenticeship as well as
2 apprenticeship.

3 So that's right on target, I think, in
4 terms of -- we've got to make sure you have
5 mentors, guides, really role models in order
6 to keep people employed.

7 ASSEMBLYMAN BRONSON: Two other areas
8 that I'm intrigued by your testimony and how
9 it's really matching discussions we're
10 having, certainly on the Assembly side. The
11 first is in the construction trade.

12 You have an employer association of
13 contractors and then you have the union, so
14 that match has always worked very nicely
15 because the employers could get together and
16 help pay for this and the union also paid for
17 it. So we're having some discussions on how
18 we can duplicate that approach, and you
19 talked about it. When various manufacturers
20 get together and they can put together a
21 joint program, they don't have to apply for
22 it individually, it can be at your
23 association or some other mechanism.

24 And then the second which we're having

1 some conversations about -- we use tax
2 credits to incentivize businesses, to have
3 certain behaviors. Certainly in the
4 apprenticeship program, with the youth
5 program, we are doing that. But looking at
6 possibly the smaller employers, maybe by the
7 number of employees or something of that
8 nature, but actually have a grant program, so
9 if they participate in the apprenticeship
10 program, they can reap the financial
11 incentives that they wouldn't otherwise be
12 able to have.

13 So we're having a lot of discussions
14 with this. I look forward to talking to you
15 more about this. But thank you for your
16 testimony.

17 MR. WOLKEN: We'd love to do that,
18 because we think those are right kinds of
19 approaches for small and medium-sized
20 companies. We know the job growth is and can
21 be for the future.

22 ASSEMBLYMAN BRONSON: Thank you.

23 MR. WOLKEN: Thank you.

24 CHAIRWOMAN YOUNG: Thank you. We

1 appreciate your focus on workforce training
2 and development skills and appreciate
3 everything that you had to say today. So
4 thank you for being here.

5 MR. WOLKEN: Thank you very much.

6 CHAIRMAN FARRELL: Thank you.

7 CHAIRWOMAN YOUNG: Our next speaker is
8 Rowie Taylor, CEO, Schenectady YWCA, from the
9 Coalition of YWCAs of New York State.

10 The next speakers, if you want to come
11 a little closer, following CEO Taylor we have
12 the Fiscal Policy Institute, James Parrott.
13 So you'd be ready to go.

14 Welcome.

15 MS. TAYLOR: Wow, that's a lot of
16 steps.

17 CHAIRWOMAN YOUNG: It is a lot of
18 steps. That's why we want people to get
19 closer.

20 MS. TAYLOR: Sorry, I was all the way
21 in the back.

22 CHAIRWOMAN YOUNG: That's okay.

23 MS. TAYLOR: Good evening, Chairwoman
24 Young, Chairman Farrell, and distinguished

1 members of the New York State Senate and the
2 New York State Assembly.

3 I thank you for the opportunity to
4 testify tonight in support of a strong paid
5 family leave program in New York State. My
6 name is Rowie Taylor, and I am testifying on
7 behalf of the Coalition of the 20 YWCAs of
8 New York State.

9 The YW has a long history of
10 supporting women and girls in their support
11 to live healthy and productive lives. The
12 mission of our organization is to eliminate
13 racism, empower women and promote peace,
14 justice, freedom and dignity for all. The
15 YWCA serves a unique population that, in
16 addition to facing barriers directly related
17 to employment and self-sufficiency, may also
18 be dealing with other immediate and
19 significant challenges. Many of the women
20 who utilize the services of YWCAs have
21 struggled with homelessness, incarceration,
22 chronic mental illness, substance abuse,
23 domestic violence, sexual assault, and
24 significant health and/or developmental

1 disabilities.

2 Each year, the 20 YWCAs located
3 throughout New York State serve tens of
4 thousands of women who are at or below the
5 poverty line. In New York State,
6 38.7 percent of families with female heads of
7 households and children present live in
8 poverty. To directly help these women, there
9 are 15 YWCAs across the state that offer
10 child care/early learning programs and we
11 serve nearly 5,000 children each day. There
12 are nine YWCAs that offer employment
13 preparation and financial literacy programs.
14 The work that the YWCA does is vital to
15 women's lives.

16 YWCAs across New York have daily
17 experience with women who are struggling to
18 gain a toehold in the American economy.
19 These women are often employed in
20 minimum-wage jobs, earning only slightly
21 above the federal poverty level, with little
22 or no job security.

23 I want to speak about the Paid Family
24 Leave Act. Without the Paid Family Leave

1 Act, taking the time to care for a sick child
2 or deal with a family emergency could mean
3 losing the job that pays the rent and puts
4 food on the table. Passing the Paid Family
5 Leave Act will give those women peace of mind
6 that their job will still be there when they
7 are ready to return to work.

8 The New York State Temporary
9 Disability Insurance program, TDI, has not
10 been updated for 30 years, and currently the
11 maximum benefit anyone can get is \$170 a
12 week. This falls far short of the \$3,400 a
13 month that was recommended by the New York
14 State Self-Sufficiency Steering Committee way
15 back in 2010. The women who are struggling
16 for self-sufficiency are not able to keep
17 themselves and their children out of poverty
18 while trying to live on the amount that TDI
19 provides. They'll be forced to turn to the
20 state's patchwork of social services, further
21 adding to the taxpayer burden.

22 With the Nolan-Addabbo bill that's
23 currently being considered, women will have
24 the benefit of receiving two-thirds of their

1 weekly wages while away from their job. That
2 means they'll still be able to pay bills, buy
3 food and medicine, and not lose the toehold
4 they have worked so hard to gain. It's still
5 only two-thirds of their salary, so they're
6 not going to get rich on it, but it's better
7 than \$170 a week.

8 The Coalition of YWCAs in New York
9 State absolutely support the Nolan-Addabbo
10 version of the Paid Family Leave Act, and we
11 believe it's going to make a positive
12 difference in the lives of women across
13 New York State. We urge you to please pass
14 this bill and help better the lives of all
15 New Yorkers.

16 And I really appreciate the
17 opportunity to be here and that you're still
18 here and listening. I know it's been a long
19 day. And if anybody has any questions, I
20 will gladly answer them.

21 CHAIRWOMAN YOUNG: Senator Krueger.

22 CHAIRMAN FARRELL: Thank you.

23 SENATOR KRUEGER: I want to thank you
24 for staying all day. I want to thank you for

1 actually raising the Paid Family Leave issue,
2 because I think you might be the first one
3 today who did, and it's a critical issue for
4 the state.

5 And I -- speaking for myself and the
6 Senate Democrats -- we totally support
7 Addabbo-Nolan version. A good Paid Family
8 Leave Act in language, as the Governor
9 proposed, without adequate benefit level
10 means that nobody will use it. So not only
11 is it a fair and equitable thing to do, but
12 it also -- without the correct benefit
13 levels, it's just a fake benefit, not a real
14 one that anyone can use.

15 So thank you and the YWCAs for
16 bringing this to our attention.

17 MS. TAYLOR: Thank you very much.
18 It's been a long day, but it's very
19 heartening listening to everybody here talk
20 about the issues that are facing New York's
21 poorest of the poor and the working poor and
22 vulnerable populations, and I really
23 appreciate all of your work in those efforts.

24 CHAIRWOMAN YOUNG: Senator Martins.

1 SENATOR MARTINS: Thank you.

2 And I want to thank you as well. You
3 know, obviously it is an important issue.
4 It's an issue that I'm grateful to the
5 Governor that he has finally placed on the
6 table squarely and given us the opportunity
7 to address it. And I'm hopeful that we will
8 be able to address it comprehensively this
9 year.

10 And we can disagree on many of the
11 mechanisms out there on how to pay for it,
12 the extent of the benefit, but I agree, I
13 think with the comments that were just made,
14 we have to be consistent in what we do. And
15 at the same time that we are discussing the
16 possibility of a minimum wage increase, it
17 just seems odd that we would still be talking
18 about a disability benefit of \$170 a week,
19 and a disability benefit that has not changed
20 in 30-plus years. And a disability benefit
21 that, although it applies to so many -- you
22 know, when we really think about it, it
23 applies most directly to women and to those
24 women who have been impacted over the years.

1 I still find it odd that we consider
2 maternity to be a disability. But if we can
3 get beyond that for a second, I think we can
4 all agree that as a bottom line, we must do a
5 lot better in terms of taking care of those
6 who are disabled and making sure that they
7 have a proper wage through their disability
8 and, if they're called upon to care for a
9 loved one, that they do have the resources
10 necessary to do it.

11 I'll just throw out there that we have
12 models out there -- whether it's California,
13 whether it's New Jersey, whether it's
14 Rhode Island -- and so we have the ability to
15 look at what has worked in those areas and
16 take the best of what's worked in those areas
17 and maybe come to a consensus.

18 So I'm not here to endorse Addabbo or
19 Nolan's bill. But I am here to talk about
20 the concept of a paid family leave package
21 that can work, and I'm looking forward to
22 working with my colleagues in that respect.

23 So thank you.

24 MS. TAYLOR: Thank you.

1 CHAIRWOMAN YOUNG: Thank you, CEO
2 Taylor. Thank you very much.

3 MS. TAYLOR: Thank you.

4 CHAIRWOMAN YOUNG: Our next speaker is
5 Fiscal Policy Institute, James Parrott,
6 deputy director and chief economist.

7 And following him will be Mallory
8 Nugent, senior policy analyst from the
9 Federation of Protestant Welfare Agencies.

10 Actually, you can come together if
11 you'd like.

12 MR. PARROTT: Hello. Good evening.

13 CHAIRWOMAN YOUNG: Hello. Welcome.

14 MR. PARROTT: Thank you for sticking
15 it out.

16 Chairperson Young, Chairperson
17 Farrell, members of the committee, thank you
18 for the opportunity to testify.

19 Chairperson Young, I first need to
20 apologize for misstating your name in the
21 testimony. It's just an oversight, an error
22 on our part, it will not happen again.

23 CHAIRWOMAN YOUNG: What did you call
24 me?

1 MR. PARROTT: I deeply apologize for
2 that.

3 CHAIRWOMAN YOUNG: What did you call
4 me?

5 MR. PARROTT: Young. Chairman Young.

6 CHAIRWOMAN YOUNG: Okay.

7 SENATOR KRUEGER: You said Chairman
8 Johnson.

9 MR. PARROTT: Johnson. Chairman
10 Johnson. I don't know where that came from.

11 CHAIRWOMAN YOUNG: That's okay. I've
12 been called worse.

13 MR. PARROTT: I'd like to speak to
14 minimum wage issues today. I think the
15 minimum wage issue involves three sets of
16 issues. There's the worker side and the fact
17 that wages and incomes have not kept pace in
18 recent years despite growth and productivity,
19 profitability of the state's economy and what
20 it costs to live in this state. There's the
21 very important aspect of the impact on
22 business -- and that's the part that I'd like
23 to focus more on this evening. There's also
24 the very important part that has received

1 some attention -- you'll hear about that from
2 Mallory, who will speak more to the issue of
3 the fact that the minimum wage needs to cover
4 all workers in the state, including workers
5 who provide government services in nonprofits
6 under government funding contracts or who are
7 reimbursed by Medicaid reimbursement rates.
8 They need to be covered, and that needs to be
9 funded as well.

10 Just let me touch upon the workers'
11 side for a minute. Obviously wages and
12 incomes have not kept pace in New York.
13 Wages for the median worker or for a low-wage
14 worker have declined by 6 to 10 percent in
15 real terms over the past decade. Median
16 family incomes have declined by about
17 6 percent. This is an economy where there
18 has been profit growth since the early 2000s,
19 but profits have grown much faster than labor
20 compensation.

21 In terms of the characteristics of the
22 workers affected, we asked the Economic
23 Policy Institute in Washington to prepare a
24 very careful analysis of that. We have

1 copies of this, we're having copies made for
2 every member of the Legislature, and we're
3 going to get that to you early next week
4 along with an updated report that looks at
5 the public cost of low-wage work in New York.

6 So on the characteristic side, so we
7 asked the economists at EPI to model how this
8 would work over the next six years as it's
9 phased in. Three-point-two million
10 New Yorkers would benefit from this wage.
11 They would receive an average wage increase
12 of \$4,800. That's an aggregate of
13 \$15 billion in the economy. I want to talk
14 more about where that figure comes from.

15 The 3.2 million workers is about
16 37 percent of the workforce. More than
17 75 percent of the affected workers are a
18 parent. Forty-five percent of female single
19 parents would benefit from the minimum wage
20 increase. Over three-fourths of all workers
21 who are in or near poverty would get a raise
22 as a result of this.

23 The EPI analysis also looked at the
24 sectors in the economy that would be affected

1 by this, and we have some pretty reasonable
2 estimates for what those are, you know,
3 throughout the economy. This analysis
4 concludes there are three sectors that would
5 each have more than 400,000 affected workers:
6 Retail trade, restaurants, and this broad
7 group of human service workers funded by the
8 government.

9 In thinking about how this would
10 affect businesses, granted, there -- you
11 know, we haven't seen an increase like this
12 before, so we don't have a lot of actual
13 empirical results to look at. But we can
14 model, sort of using what economists know
15 about how wage increases are -- sort of work
16 themselves through the economy. And we look
17 to a very interesting study that was done by
18 the University of California Berkeley
19 economist that was commissioned by the
20 Los Angeles City Council that looked at this.

21 And so they look at the business side,
22 and they look at the worker side. On the
23 business side they see that businesses --
24 turnover goes down and there are significant

1 cost savings related to that. There are
2 productivity gains that also provide a
3 benefit to employers that help them finance
4 the higher wage. They look at it in relation
5 to its effect on operating costs and do
6 determine that at some point that some very
7 slight price increases might be needed, and
8 that will be one of the ways that businesses
9 can accommodate the higher wage. They assume
10 that businesses won't respond by reducing
11 profitability.

12 On the worker side, of course, if you
13 raise wages for a significant number of
14 workers, that's going to create added demand
15 in the economy. That in itself is going
16 create some jobs on the other side of the
17 ledger.

18 So they look at both sides of this,
19 the business side and the worker side, and
20 what they conclude is that, you know, it's
21 basically a wash at the end of the day. You
22 know, depending on the precise assumptions
23 behind the model, it may be a little bit up,
24 a little bit down, but it's basically within

1 sort of the forecasting error for that.

2 But what you get as a result of this,
3 which is clearly a very net positive, is that
4 a third of the workforce -- in New York's
5 case, 37 percent -- would have much improved
6 living standards and life chances for their
7 families. So a -- very plus on the positive
8 side.

9 I have to draw your attention to a
10 recent article in The Economist magazine
11 about Walmart, because Walmart is widely seen
12 as an employer that's relied heavily on low
13 wages. Walmart decided over the past year to
14 raise wages. Starting last April, they
15 raised wages for all their workers to \$9 an
16 hour. Just earlier this week, February 1st,
17 all workers were bumped up to \$10.

18 This is what The Economist magazine
19 says about Walmart: "The pay rise is also a
20 strategic investment. Walmart wants to boost
21 its productivity and give its workers more
22 freedom to innovate, as it seeks to make its
23 stores more pleasant and, perhaps, appealing
24 to more affluent customers. That requires

1 motivated staff." The Economist goes on to
2 cite Walmart's CEO to the effect that "the
3 firm now says that higher wages come before
4 price cuts."

5 CHAIRWOMAN YOUNG: Could I ask you to
6 summarize? Because you are over the time
7 period.

8 MR. PARROTT: Yes, I was going to stop
9 at that point.

10 CHAIRWOMAN YOUNG: And I'm going to
11 ask all of the speakers to try to stay within
12 the five-minute framework, because I don't
13 want to be here until five o'clock this
14 morning.

15 MR. PARROTT: I appreciate that.
16 Right.

17 CHAIRWOMAN YOUNG: Just for the sake
18 of time.

19 And future speakers, if you could just
20 try to summarize, not read your testimony,
21 because it has been such a long day -- but
22 hit the high points.

23 MR. PARROTT: Yeah. No problem.

24 CHAIRWOMAN YOUNG: So thank you.

1 MR. PARROTT: So I'm done.

2 CHAIRWOMAN YOUNG: He's done.

3 Well, this is very good. So thank you
4 very much.

5 Any questions?

6 SENATOR KRUEGER: I think --

7 ASSEMBLYMAN MARTINS: I certainly -- I
8 think we had two witnesses, right?

9 CHAIRWOMAN YOUNG: Well, no, we're
10 going to get to the next witness.

11 ASSEMBLYMAN MARTINS: You sure?

12 CHAIRWOMAN YOUNG: But if you want to
13 hear from the other witness first?

14 ASSEMBLYMAN MARTINS: No, no, no, it's
15 quite all right.

16 Thank you for your testimony.

17 MR. PARROTT: Thank you.

18 ASSEMBLYMAN MARTINS: Is there a
19 significance to the \$15 wage? As opposed to
20 some other fact -- and I understand how we
21 want to motivate workers and there's going to
22 be a more energized workforce, and that's
23 part of the benefit to the businesses and
24 that's been your testimony. But is there an

1 analysis as to whether we get that same
2 benefit at \$15 or whether we get a greater
3 benefit at \$20 or whether we get a greater
4 benefit at \$30 or whether -- you know,
5 there's a range. Why 15?

6 MR. PARROTT: Well, because I think
7 it's an analysis that looks at what's been
8 happening in terms of the recent proposals
9 around the country. The Berkeley study was
10 responding to a request by the Los Angeles
11 City Council which had a \$15 proposal, so
12 they looked at it -- you know, a phased-in
13 \$15 proposal which gives employers time to
14 adjust.

15 In New York, a \$15 proposal phased in
16 over six years, you know, amounts to about a
17 dollar a year. Once you get beyond \$10 an
18 hour as a starting point, that gets to be
19 less than 10 percent a year. Ten percent a
20 year is not out of line with past increases
21 in the minimum wage. The difference, of
22 course, is that it's sustained year over year
23 for a longer period of time. So that's
24 what's different about this. So it's

1 considering a real-world proposal, not a
2 hypothetical.

3 ASSEMBLYMAN MARTINS: No, I appreciate
4 that. You know, I have had -- we've had a
5 number of discussions on this issue over the
6 past year. And, you know, I've heard often
7 the comment about increased profits out there
8 and the increased profit statistic being used
9 as part of the predicate.

10 And, you know, although intuitively we
11 can all look at the large multinationals or
12 national corporations out there and the
13 profits that we see potentially from them,
14 I'm looking at the 90 percent of the
15 businesses and employers in New York State
16 who are small businesses. And they are not
17 the Walmarts or the Home Depots or the
18 multinational or national chains that are the
19 multi-billion-dollar conglomerates that we
20 keep talking about.

21 So there's a real concern I have when
22 I speak to this issue that we're not
23 necessarily just speaking to them, to those
24 large corporations, but also talking to those

1 small corporations and businesses that are
2 owned by individuals in our communities that
3 are trying to make ends meet.

4 And so to that point, you know, if we
5 can talk about that in that perspective and
6 we can talk about the very real perception
7 that eventually, with these policies, that if
8 we have a local hardware store and we have,
9 for example, a Lowe's, that a few years from
10 now the Lowe's will still be there, because
11 they can absorb these costs and pass them on,
12 being a large corporation -- but that local
13 hardware store is going to be out of
14 business.

15 MR. PARROTT: Yeah.

16 ASSEMBLYMAN MARTINS: Talk to me about
17 that.

18 MR. PARROTT: So in this modeling that
19 the University of California economists did,
20 they assumed that businesses wouldn't respond
21 by reducing profits. So they modeled, then,
22 the savings from reduced turnover, the
23 savings on recruitment costs, the added
24 productivity.

1 Companies will respond in an
2 environment where the cost of an input goes
3 up by seeking to be more efficient in the use
4 of that -- that, you know, we've seen --
5 there's just lots of examples across the
6 economy in terms of lots of different changes
7 that have occurred over time: Energy prices,
8 inflation, wage increases, and so on. So
9 businesses will respond that way.

10 And, you know, it has the advantage
11 that all businesses are affected by the same
12 wage standard, so no individual business is
13 put at a disadvantage.

14 There is an assumption that part of
15 the response will take the form of slightly
16 higher prices. Again, as has been pointed
17 out earlier, we're not talking about a huge
18 price increase. And we're in a very low
19 inflation environment where, you know, the
20 Federal Reserve Board will actually say a
21 little faster inflation would actually be
22 good for the economy.

23 And there was also, you know -- in
24 looking at the retail sector in particular,

1 which is the single largest sector affected
2 by the proposed minimum wage increase -- you
3 know, I just looked at the data, the latest
4 data from 2012 yesterday on this, and it is
5 very interesting that the lowest wage -- it
6 was data by employment size. So you could
7 look at firms less than a hundred, between a
8 hundred and 500, and over 500.

9 The over 500 had the lowest average
10 wage. The large retailers pay the lowest
11 wage; the medium-size and smaller-size
12 retailers had higher average wages than the
13 big employers.

14 ASSEMBLYMAN MARTINS: That's not true.

15 MR. PARROTT: That was the data.
16 That's the data from the U.S. Commerce
17 Department. I'd be happy to share that with
18 you.

19 ASSEMBLYMAN MARTINS: And I will wrap
20 up, I know that I'm out of time. But if you
21 go back and look at the wage board and the
22 calculation that they have there, it is
23 exactly the opposite of what you just
24 testified about.

1 Tonight we will follow up, you and I.

2 Thank you.

3 MR. PARROTT: I think the difference
4 is it's a different sector.

5 CHAIRWOMAN YOUNG: Thank you.

6 Assembly?

7 CHAIRMAN FARRELL: Mr. Bronson.

8 ASSEMBLYMAN BRONSON: Thank you.

9 This is actually a follow-up question
10 to Senator Martins' question, and I think
11 maybe this -- it's actually the same
12 question, but I -- a lot of business --
13 first, let me back up.

14 I support the increase in the minimum
15 wage. I'm a small business owner. I still
16 support it. I think the reasons some small
17 business owners actually pay more to their
18 employees than the larger employers is
19 because we're closer to our employees. We're
20 more like a family. And that makes a
21 difference, because we care about the people
22 who work for us.

23 That being said, I am sensitive to the
24 comments that have been brought to me from

1 the for-profit community, business community,
2 where they're saying this is a little bit
3 different. It's a 67 percent increase, when
4 you look at the change from \$9 to \$15 an
5 hour.

6 I think I heard you say that the
7 annual increase is about the same as what
8 we've experienced in the past. I mean, I
9 remember annual increases of being 25 cents,
10 75 cents -- I don't know, have we had \$1
11 increases in the past?

12 MR. PARROTT: Well, right. So my
13 minimum wage advocacy work goes back to 2004,
14 when it was \$5.15, and the slogan was \$5.15
15 is not enough. So then it was an 85-cent
16 increase, so 85 cents over \$5.15 is, you
17 know, over 15 percent. Then it went to 6.75,
18 and then it went to 7.15. So even 6.75 over
19 6 is about 12 percent.

20 ASSEMBLYMAN BRONSON: Interestingly
21 enough, my minimum wage work goes back to
22 2004 too. That was when both houses vetoed
23 Governor Pataki's -- his veto -- or we
24 overrode --

1 MR. PARROTT: Overrode, overrode,
2 right.

3 ASSEMBLYMAN BRONSON: -- overrode
4 Governor Pataki's veto. And you're right, we
5 had the exact same arguments back then. So
6 thank you for clarifying that.

7 MR. PARROTT: Thank you.

8 CHAIRWOMAN YOUNG: Thank you.

9 Next we have Mallory Nugent, senior
10 policy analyst from the Federation of
11 Protestant Welfare Agencies.

12 And again, could you please summarize
13 your testimony? That would be very helpful.

14 MS. NUGENT: I promise to keep it
15 under five minutes.

16 CHAIRWOMAN YOUNG: Thank you.

17 MS. NUGENT: As you said, my name is
18 Mallory Nugent. I'm a senior policy analyst
19 at the Federation of Protestant Welfare
20 Agencies, which is a New York City-based
21 anti-poverty policy and advocacy nonprofit.

22 As James laid out, we very much
23 support raising the minimum wage. We feel
24 that it will have a profound impact on

1 reducing poverty for thousands of low-wage
2 workers across the state. However, we must
3 ensure that essential workers in the human
4 services and Medicaid-funded direct care
5 fields are included in the funded increase.

6 Currently, over half of this workforce
7 is paid under \$15 an hour. More than 500,000
8 human services and Medicaid-funded workers
9 are the driving force behind services like
10 child welfare, early childhood education,
11 services for older adults and people with
12 disabilities, home healthcare, and many other
13 vital programs.

14 Even with full-time hours, these wages
15 do not meet the basic needs of these
16 individuals and their families in most areas
17 of the state. Many of these workers are
18 often eligible for the same benefits as the
19 clients they serve.

20 Two-thirds of this workforce has some
21 level of college education, and close to half
22 hold a bachelor's degree or higher. So this
23 is a very educated workforce. About
24 82 percent of the statewide workforce are

1 women, and about half are people of color.

2 Many human services organizations
3 contract with the state and local governments
4 or receive Medicaid reimbursements to provide
5 these essential services to communities all
6 across the state. They're essentially an
7 extension of the state workforce and should
8 therefore be compensated as such. Unlike
9 private-sector workplaces, nonprofits can't
10 raise the price of their services to
11 compensate for a wage increase. An unfunded
12 mandate to increase wages would curtail
13 services, increase caseloads, and possibly
14 force some nonprofits to close their doors.

15 Exemptions or delayed implementations
16 for nonprofits are also not the answer.
17 Across the state, nonprofits are struggling
18 to maintain highly skilled and dedicated
19 workforces. Low wages and increasingly
20 demanding jobs create difficulty in
21 recruitment and retention across the state.

22 FPWA encourages New York State to
23 follow New York City's lead and implement a
24 state-funded wage floor for all contracted

1 human services and Medicaid-funded care
2 employees. To advocate for these resources,
3 FPWA, the Human Services Council, and the
4 Fiscal Policy Institute are co-leading the
5 "15 and Funding" campaign. The campaign is
6 supported by a growing coalition of
7 nonprofits across the state, with over
8 50 organizations currently signed on.

9 In working with our coalition
10 partners, FPWA has had the opportunity to
11 hear directly from workers and nonprofit
12 leaders doing essential human services work
13 about what a funded increase would mean for
14 them.

15 This is a highly skilled, highly
16 committed workforce. Hundreds of thousands
17 of vital workers in New York shouldn't have
18 to make difficult choices every day about
19 caring about the well-being of their families
20 or the jobs that they're passionate about.

21 Nonprofit leaders also strongly
22 support a wage increase and the impacts that
23 the increase would have on their workers,
24 clients, and organizations. They understand

1 that an increased wage would mean a more
2 productive workforce and less turnover, which
3 in turn impacts the clients that the
4 organizations serve. It's critical that the
5 state invest the needed resources into this
6 sector.

7 Thank you.

8 CHAIRWOMAN YOUNG: Thank you. Any
9 questions?

10 CHAIRMAN FARRELL: Thank you.

11 CHAIRWOMAN YOUNG: Thank you very
12 much.

13 SENATOR KRUEGER: Thank you both.

14 CHAIRWOMAN YOUNG: The next speaker is
15 David Cohen, political coordinator for SEIU
16 32BJ. Is David here?

17 And following David would be AARP,
18 David McNally, director of government
19 relations. So -- be in the queue. And
20 following AARP is Citizen Action of New York,
21 Blue Carreker, upstate organizer, paid family
22 leave. So if we could be ready to go.

23 Not here? Is David Cohen here?

24 MR. McNALLY: I'm David McNally. You

1 can take me.

2 CHAIRWOMAN YOUNG: So no one from SEIU
3 32BJ? Okay, we'll take him off the list.

4 So AARP, David McNally. Welcome.

5 MR. McNALLY: Oh, thank you.

6 CHAIRWOMAN YOUNG: Okay, again, let's
7 try to keep it under five.

8 MR. McNALLY: Good evening, Senator
9 Young, Assemblyman Farrell, members of the
10 committee. My name is David McNally. I'm
11 the manager of government affairs for AARP
12 New York. We have 2.6 million members here
13 in New York.

14 I would like to submit the following
15 testimony about AARP's views on the need to
16 pass paid family leave and also establish a
17 state-facilitated retirement savings program.

18 First off, the paid family leave. I'd
19 like to thank the Assembly for passing the
20 paid family leave bill sponsored by
21 Assemblywoman Nolan today. AARP believes
22 this bill is the roadmap to a final paid
23 family leave policy in New York State. As
24 you know, the Governor has proposed to pay

1 the Family Leave Insurance program in his
2 Executive Budget, and we believe that's an
3 excellent start to discussions on the need to
4 pass this program in a final state budget.

5 AARP supports the Governor's call for
6 12 weeks of leave to care for a new child or
7 a seriously ill family member, providing job
8 protection for the person's leave and for the
9 insurance to cover private-sector workers no
10 matter the size of the business. However,
11 AARP believes the wage replacement for the
12 low-income workers needs to be more
13 substantial than what is proposed in the
14 Executive Budget. AARP believes that too low
15 of a wage benefit would not assist the
16 millions of low-income workers who are living
17 from paycheck to paycheck. The bill put
18 forward by Assemblywoman Nolan offering a
19 wage replacement of two-thirds for low-income
20 workers should be seriously looked at during
21 negotiations, and we support it.

22 With that said, there have been recent
23 reports that the Governor will change his
24 wage replacement language to mirror

1 Assemblywoman Nolan and Senator Addabbo's
2 bill and include a two-thirds wage
3 replacement.

4 The issue of family caregiving is both
5 timeless and nonpartisan. Most of us have
6 been or will be a family caregiver or will
7 need the help of a loved one to live
8 independently. Family caregivers are the
9 backbone of New York's long-term-care system.
10 They are the first line of assistance for
11 most people, helping to make it possible for
12 older adults and people with disabilities to
13 remain at home and out of costly
14 taxpayer-funded institutions like nursing
15 homes.

16 Family care is extremely beneficial
17 for the person in need, but when a family
18 caregiver has a paid job, his or her
19 caregiving responsibilities inevitably
20 require short periods of time off from work.
21 Often, employees must make work-related
22 adjustments to accommodate the needs of the
23 person who is ill and needs care.

24 Working caregivers often must divert

1 attention away from their jobs to tend to
2 caregiving responsibilities. Furthermore,
3 working caregivers have varying leave needs,
4 with some caregivers supported by a block of
5 time off to care for a terminally ill family
6 member, while others may only need sporadic
7 time off to tend to day-to-day caregiving
8 responsibilities.

9 According to an AARP report, in 2013
10 New York family caregivers provided
11 2.4 billion hours of unpaid care to their
12 parents, spouses, and loved ones valued at
13 \$31.3 billion annually. They help with
14 bathing, dressing, transportation, shopping,
15 meals, complex medical tasks, financial
16 assistance, and much more. In addition,
17 another AARP report says that the typical
18 U.S. caregiver is a 49-year-old woman who
19 works outside the home and spends nearly
20 20 hours per week -- the equivalent of
21 another part-time job -- providing unpaid
22 care to her mother for about five years.

23 Also from this report, we know the
24 need to balance work and family across the

1 generations is growing for families and for
2 employers in the modern workplace. In many
3 cases, these family members don't even
4 identify themselves formally as caregivers.
5 They are sons, daughters, husbands, wives,
6 and grandchildren. Most undertake caregiving
7 willingly, and many find it a source of deep
8 satisfaction.

9 However, family caregivers face huge
10 responsibilities in caregiving in today's
11 economic climate. We know that a vast
12 majority of family caregivers work at a
13 paying job at some point during their
14 caregiving experience and most are currently
15 employed, either full-time or part-time,
16 setting up a stressful juggling act between
17 work, their caregiving role, and other family
18 responsibilities. And when work requirements
19 conflict with family obligations, some
20 employed caregivers have to make difficult
21 decisions that can lead to lost wages and
22 missed opportunities.

23 I have provided you my full testimony,
24 but I'd feel inadequate if I didn't close by

1 mentioning our extremely important proposal
2 that has been adopted in the Assembly and the
3 Senate -- excuse me, I'm sorry -- they've
4 introduced legislation, both Senator Savino
5 and Assemblyman Rodriguez, to create
6 workplace savings plans. Over half the
7 people in the private sector in New York
8 State have no way to save in their workplace,
9 and this would create a program to do that.

10 CHAIRWOMAN YOUNG: Thank you.

11 Any questions? Okay, Senator Martins.

12 SENATOR MARTINS: Thank you.

13 I appreciate your testimony, thank you
14 very much. On the paid family leave issue,
15 are you familiar with the various iterations
16 of family leave around the United States --
17 California, New Jersey, Rhode Island? And
18 are there any elements of those programs as
19 they have been implemented in those states
20 that AARP finds to be helpful or guides to
21 perhaps models that we can use here in
22 New York State?

23 MR. McNALLY: Well, the California
24 proposal I know -- some research has shown

1 that its -- the benefit is low, and therefore
2 a lot of people don't take advantage of it.
3 So that kind of reinforces for us the need to
4 make sure the benefit is something that will
5 actually help people.

6 SENATOR MARTINS: The California
7 benefit actually gives up to about a \$1,000 a
8 week, and it's significantly -- it gives up
9 to \$1,000 a week, the California benefit, so
10 what I would think that -- if anything, it's
11 a much more generous model than that which
12 I've seen from other places.

13 But we'll follow up as well.

14 MR. McNALLY: Yeah, that's not my
15 understanding of the California bill.
16 Luckily, I'm here for New York and not
17 California. But I will follow up.

18 SENATOR MARTINS: No, but I'm just
19 looking -- we are looking at different
20 models --

21 MR. McNALLY: Of course, Senator.

22 SENATOR MARTINS: -- and certainly
23 we're advocating for different programs.
24 Paid family leave is a broad discussion --

1 MR. McNALLY: Of course.

2 SENATOR MARTIN: -- so I was hoping to
3 get your perspective. Thank you.

4 CHAIRWOMAN YOUNG: Thank you.

5 MR. McNALLY: Thank you.

6 CHAIRWOMAN YOUNG: Our next speaker,
7 from Citizens Action of New York, Blue
8 Carreker, upstate organizer of paid family
9 leave.

10 Following that individual, we have the
11 New York Paid Leave Campaign, Nancy Rankin,
12 vice president, and Sherry Leiwant. She'll
13 be right --

14 MS. CARREKER: Sherry will come down
15 with me. Nancy's gone.

16 CHAIRWOMAN YOUNG: Okay, very good.
17 Sherry is co-president of A Better Balance.

18 So Citizen Action -- who are you with?
19 I'm sorry.

20 MS. CARREKER: I'm with Citizen
21 Action. I'm Blue Carreker with Citizen
22 Action of New York.

23 CHAIRWOMAN YOUNG: Very good. And
24 then no one from the Paid -- oh, Sherry's

1 from the Paid Family --

2 MS. LEIWANT: Yeah. I'm here, yes.

3 CHAIRWOMAN YOUNG: Got it. All right.

4 Here we go.

5 (Cross-talk.)

6 MS. CARREKER: Can we let Sherry

7 start?

8 CHAIRWOMAN YOUNG: Sure.

9 MS. CARREKER: And I'll follow up.

10 MS. LEIWANT: Yeah, we're a team.

11 It's fine.

12 My name is Sherry Leiwant. I am
13 copresident and cofounder of A Better
14 Balance, which is a legal advocacy
15 organization, and our mission is to fight for
16 policies that protect American workers from
17 having to choose between caring for their
18 families and maintaining their economic
19 security.

20 To that end, we have been working to
21 enact paid family leave in states around the
22 country. We've been drafting those laws, and
23 here in New York we have been working with a
24 large coalition made up of labor allies,

1 women's groups, Citizen Action, social
2 service agencies, and organizations like AARP
3 and the YWCA -- and I'm really delighted they
4 were here today.

5 We also run a legal clinic, and every
6 day we hear heartbreaking stories of
7 financial hardship as workers struggle to
8 fill the gap in their income when they have
9 to take care of a new baby or care for a
10 dying parent.

11 I want to thank the committee for the
12 opportunity to testify, and I also want to
13 thank our sponsors in the Assembly and in the
14 Senate and all of the Senators and
15 Assemblymembers who have really taken on this
16 issue and really cared about it. So thank
17 you, thank you so very much.

18 We also especially want to thank the
19 Governor for making paid family leave a part
20 of his budget proposal. And we're here to
21 testify in support of a strong paid family
22 leave bill as part of this year's budget.

23 First, I just want to emphasize the
24 desperate need for families in this state for

1 paid family leave. You've heard from some
2 people just before, AARP and the YW, on this.
3 But the demographics of the workforce have
4 changed over the last two decades, and women
5 are now half the workers in this state and in
6 this country, and yet workplace protections
7 have not changed. And most importantly, we
8 need to allow workers to take paid leave to
9 care for a new child or a seriously ill
10 family member.

11 The U.S. is only one of two nations --
12 I'm sure you've heard this -- in the entire
13 world that doesn't provide any paid maternity
14 leave for new mothers, and it's one of the
15 only developed countries that doesn't have
16 any kind of paid family leave. This is now
17 changing all over the country as new paid
18 family leave laws are being introduced, and
19 we've been helping to write them. It's
20 already changed in California, New Jersey,
21 and Rhode Island, where paid family leave
22 laws are already in effect and have been
23 successful. And it's time for that change to
24 happen in New York.

1 The Governor's proposal in this budget
2 is a win/win for everyone -- for workers, for
3 businesses, children, elders, and the
4 economy. It provides a simple add-on to our
5 already-existing TDI program to cover
6 12 weeks of leave when there's a new child in
7 the family or a need to care for a seriously
8 ill family member.

9 I just want to talk for a minute about
10 how it's really a win for business, because
11 it really is. And there's a lot of
12 misinformation out there about the effect on
13 business, especially small business.

14 First, the paid family leave part of
15 this bill, which is the only thing that
16 really is in the budget right now, does not
17 cost business anything. It's an insurance
18 program, and the premiums are paid entirely
19 by workers. So nothing comes out of the
20 pockets of business to pay for this program,
21 in either the Assembly bill or the Governor's
22 proposal in terms of paid family leave. And
23 our estimate of the cost to workers is very
24 small -- about a dollar a week, which workers

1 are willing to pay, according to the surveys
2 that we've done, and Blue will mention that
3 later.

4 Second, as I think was mentioned,
5 small businesses are among the most important
6 beneficiaries of an employee-funded state
7 paid family leave program, because small
8 businesses are often like families -- and
9 we've spoken to numerous small employers over
10 the years who wish they could provide pay for
11 their workers when they need time off to care
12 for a new child or seriously ill parent.
13 They are happy to give them the time, but
14 they can't afford to pay them. Unlike many
15 larger businesses that can afford to provide
16 paid family leave out of their pockets, many
17 small businesses simply can't do it.

18 And therefore, paid family leave will
19 allow small business owners to offer their
20 workers this benefit in the same way that
21 larger businesses do, and it will truly level
22 the playing field, as we see with this
23 generation of workers. Paid family leave and
24 the ability to take leave for their families

1 is very important to them, and it is a real
2 consideration in taking a job.

3 I also want to speak just quickly in
4 support of some the key features of the
5 Governor's proposals that are essential in
6 any paid family leave program, just to
7 bolster all of you in not compromising on any
8 of them. The Governor's proposal as well as
9 the Assembly bill provide up to 12 weeks of
10 leave, contingent on the need for it. I
11 think people have mentioned before, most
12 leaves are not taken in the full amount. The
13 people who take them in the full amount are
14 new mothers, most usually. And most
15 countries in the world provide six months or
16 more of paid family leave.

17 So 12 weeks is really a minimal amount
18 that is needed. And it makes sense because
19 of the constant care that an infant needs,
20 the lack of childcare facilities for very
21 small children, and the expense of childcare
22 for very, very small infants and the
23 importance of breastfeeding.

24 And we'd also like to just very much

1 emphasize that job protection is a factor
2 that really needs to be in this bill as well.
3 Without job protection, even if workers have
4 access to wages, they're not going to risk
5 their job to take it. They're not going to
6 risk their job to take the benefit that they
7 paid for. And we really need to make sure
8 that people can take this benefit, especially
9 since they are paying for it.

10 CHAIRWOMAN YOUNG: Okay. We're over
11 the five minutes --

12 MS. LEIWANT: And just -- yeah, I'll
13 let Blue come on. But again, thank you for
14 the opportunity to testify on behalf of this
15 very diverse coalition supporting this
16 proposal. We really hope to see this in the
17 budget in 2016.

18 CHAIRWOMAN YOUNG: Thank you very
19 much. Blue?

20 MS. CARREKER: Yes. Okay, I'm the
21 upstate organizer for the Paid Family Leave
22 Campaign. That means since 2014 I have
23 traveled across the state -- from the Hudson
24 Valley through the Capital Region, up to the

1 North Country, to Rochester and Buffalo --
2 talking to families, talking to
3 organizations, talking to small businesses
4 and finding out how they feel about that.

5 Since I started, more than 80
6 organizations have signed on from around the
7 state. I have logged time with 150 small
8 business owners, and I know how many people
9 want this.

10 I also am a mother who, when my first
11 child was born too many years ago, had to
12 give my child up to a stranger at eight
13 weeks. And 16 years later, when he was a
14 high school student and had cancer, I had to
15 run, literally run, back and forth from Lark
16 Street to Albany Medical Center during lunch
17 and immediately after work to be with him.
18 And in between, he was there by himself,
19 which never should have happened. But that
20 happens when you don't have enough money and
21 you have to work to pay the bills.

22 I'm here particularly today to
23 represent a woman named Sally Heron, who
24 drove here today from Buffalo with her

1 six-month-old baby, who could not stay to
2 speak because she had to drive back home and
3 be at work tomorrow. And she represents many
4 of the families that I talked to.

5 So let me just read her testimony.
6 Her daughter is named Adira. "I loved being
7 pregnant with Adira. I prepared myself well
8 for a normal pregnancy and a peaceful birth.
9 I ate healthy, exercised, and anticipated
10 becoming a mother with excitement and joy.
11 My small workplace offered no paid maternity
12 leave and, as a single, working mom, I
13 planned and saved carefully for a six-week
14 maternity leave.

15 "All of that preparation and planning
16 went flying out the window when I went into
17 pre term labor in July. After nine days of
18 bed rest, Adira was born by Cesarean birth,
19 one day shy of 29 weeks. She weighed two
20 pounds and two ounces.

21 "For a mom recovering from a Cesarean,
22 New York State Disability currently provides
23 eight weeks of leave at a meager rate. I
24 returned to work after only five weeks, with

1 Adira still in the NICU. I ran between home,
2 work, and hospital each day, still recovering
3 physically and emotionally. No one would
4 argue that this was a good option, but I knew
5 she would need me more after she came home,
6 and that during that time I would be bringing
7 in no income at all. So I had to work then.
8 Working with her in the hospital seemed like
9 the least bad of my limited options.

10 "Although this experience was
11 difficult, I recognize how lucky we were.
12 Aside from a few minor, routine premie
13 issues, Adira was and is a mighty little
14 person."

15 And she is. I'm sorry you didn't get
16 to meet her.

17 "I also healed well. I lived very
18 close to the hospital. I had overwhelming
19 support from friends and family. Although my
20 savings were meager, I was not living exactly
21 paycheck-to-paycheck.

22 "We desperately need Paid Family Leave
23 now. Working with new families, I see how
24 this system is inadequate in the best of

1 circumstances. But for NICU families, we're
2 forced into making unbearable choices. The
3 consequences for us are devastating. Parents
4 need to be able to focus on advocating for
5 their children, on establishing a
6 breastfeeding relationship if they are
7 willing and able, and, when baby comes home,
8 they need a significant amount of time for
9 establishing a strong, loving bond. For so
10 many, for the families most at risk of a NICU
11 stay, this is unattainable without paid leave
12 at a level on which they can actually
13 survive. Caring for your baby should not be
14 a privilege: it should be a right."

15 CHAIRWOMAN YOUNG: Thank you.

16 MS. CARREKER: Thank you.

17 CHAIRWOMAN YOUNG: Thank you very
18 much.

19 Next, from the Retail, Wholesale, and
20 Department Store Union, I believe we have
21 Peter Cook, Dan Morrisey, and Luis Cortes.

22 Did I get your names right?

23 MR. COOK: Yes. Pretty much.

24 MR. CORTEZ: Yes.

1 MR. COOK: I can clarify a couple of
2 things.

3 CHAIRWOMAN YOUNG: Sure.

4 MR. COOK: So my name is Peter Cook,
5 and I'm executive director of the New York
6 State Council of Churches, and we partner
7 with Make the Road New York, New York
8 Communities of Change, Citizen Action and
9 others to do many things, but of course to
10 advocate for a living wage.

11 CHAIRWOMAN YOUNG: So you're
12 presenting on behalf of all of those groups
13 tonight?

14 MR. COOK: Yes.

15 CHAIRWOMAN YOUNG: Thank you.

16 MR. COOK: For the New York State
17 Council of Churches, we represent 7,000
18 Protestant churches across New York. Maybe
19 another way to put it is that we represent
20 the religious equivalent of about 7,000 small
21 businesses and every town in the state --
22 urban, rural, suburban, upstate and
23 downstate. And as local churches, we have
24 budgets to balance, heat bills to pay,

1 billings to take care of, and of course
2 workers to pay. And like businesses, we are
3 not immune from the financial pressures which
4 go with meeting payrolls.

5 And so we know that our strength and
6 vitality, however, is rooted deeply in doing
7 justice and paying employees a fair wage.
8 And so we really feel that trying to address
9 the question of poverty through a structural
10 approach, not just through charity, is what
11 really makes sense in terms of offering hope
12 to workers and our parishoners across the
13 state.

14 And so it's in that spirit that I'd
15 like to read the words of a couple of workers
16 who had really wanted to be here today to
17 speak but could not, and I want to read their
18 testimony.

19 The first comes to us from Lenox
20 James, who is a part-time UPS worker,
21 Teamster Local 804. He would say: "Good
22 afternoon, my name is Lenox James. I'm a
23 father of four and a very hard worker. I've
24 been working as a part timer for UPS for the

1 past seven years.

2 "A lot of people hear UPS and think he
3 must be all right, but the reality couldn't
4 be farther from that. Although UPS made
5 \$4 billion in profits last year alone, I
6 spent my first seven years with UPS making
7 less than \$15, which means I was making a
8 poverty wage.

9 "I've always struggled to make ends
10 meet as a UPS worker, but the most difficult
11 moment came when I separated from my wife.
12 Trying to support four kids on my own on
13 anything less than \$15 forced me to have to
14 live in a homeless shelter for six months and
15 depend on food pantries to sustain myself.

16 "I urge you to do the right thing
17 here. All workers in New York State need a
18 \$15 minimum wage now and not later. Thank
19 you."

20 Another letter comes to us from Berta
21 Chacon, who is a member of the New York
22 Communities for Change. She said: "I
23 emigrated from El Salvador about eight years
24 ago. I came to this country full of dreams,

1 seeking a better life for my family.

2 "I thought that by working hard I
3 could get ahead, but this isn't the case.
4 Since I arrived to Brooklyn, I've always
5 worked at a beauty salon. I work 11 to 13
6 hours a day and make \$50 a day working six
7 days a week. When it's a good week, I make
8 \$300 with this salary, and I have to make
9 miracles to pay \$1,000 in rent,
10 transportation, bills, and food every month.
11 I also send \$200 to my family in El Salvador.

12 "Every month, if I don't have any
13 extra expenses and I have work, I'm left with
14 \$150 a month to cover any other personal
15 costs.

16 "What would I do with \$150 in case of
17 an emergency?" she asks. "Workers like me do
18 not have the luxury of getting sick, or even
19 to satisfy our hunger. Such low wages I have
20 to face difficult decisions every day, things
21 that you all probably don't even have to
22 think about."

23 So she calls for a \$15 an hour wage.
24 And there's more testimony here, but I know

1 we're out of time.

2 CHAIRWOMAN YOUNG: Thank you.

3 MR. MORRISSEY: And these have all
4 been submitted for you all.

5 Good evening, chairpeople and members.
6 I want to thank you for all staying here
7 through the day with us. My name is Daniel
8 Morrissey, and I work as a community organizer
9 with Citizen Action of New York. I'm here to
10 represent a campaign of more than 100
11 organizations who fully support Governor
12 Cuomo's proposal to increase the minimum wage
13 gradually over the coming years.

14 Personally, I'd prefer if the proposal
15 included funding for NGOs and a procurement
16 plan for public institutions to purchase
17 New York agricultural products and
18 value-added goods.

19 I'm also a member of the board of
20 directors of Honest Weight Food Coop here in
21 Albany, where we support hundreds of local
22 producers and makers. As the personnel
23 committee chairperson in this 12,000-member
24 organization, I've committed to propose an

1 two years. I have to work two jobs to
2 support my family and pay the bills.
3 Currently, I am working a part-time job at
4 SLS Car Wash and a full-time job in
5 construction. After working a 10-hour shift
6 in construction, I only have about an hour to
7 eat, and then off to my graveyard shift at
8 the car wash.

9 "My wife was recently laid off from
10 her job as laundry attendant. My wife and I
11 have four children back in Honduras. They
12 depend on me to pay for school, food, rent
13 and all other basic expenses. Two of my
14 daughters are enrolled in college and rely on
15 my financial support to afford the tuition.
16 My two younger sons, who are still too young
17 to work, are completely dependent on me to
18 provide for them. I send back home \$400
19 monthly to cover my family expenses.

20 "At this point, I cannot pay my rent
21 or utilities on time. Sometimes I have to
22 make the difficult choice of putting food on
23 the table or paying my gas bill. My current
24 income is not enough for me to provide the

1 basic necessities for my family. I have to
2 support two households, and with the wages I
3 make, working two jobs is just not enough.
4 Right now I am making \$80 per day working in
5 construction, which is very laborious work.
6 Due to the lack of work and weather
7 conditions, I sometimes work only three to
8 four days. Additionally, due to the distance
9 between my home and jobs, I spend
10 approximately \$165 commuting back and forth.

11 "Having the availability to make \$15
12 an hour" -- I believe that would have been
13 "having the ability to make \$15 an hour" --
14 "will completely change the life of my
15 family. This will mean that I don't have to
16 choose between paying my bills or buying food
17 for them. Also, this will allow me to send
18 my children back in Honduras a little extra
19 cash for them to afford healthcare. I will
20 be able to move to an apartment where my son
21 will have his own room, and my dream one day
22 is to work a single job where I can make
23 enough money to provide for my family, but
24 most importantly spend time with them. This

1 is why making \$15 an hour is so important for
2 me."

3 With a minute and a half left, I'm
4 going to try to get through this one. This
5 is from the Long Island Progressive
6 Coalition, from Ethel Roller. "I have worked
7 at a locally owned hardware store on Long
8 Island for the past 18 years. When I was
9 first hired at the hardware store, I worked
10 as a cashier and quickly worked my way up to
11 front end manager.

12 "I love working with the public. I
13 know all of our customers. I have a
14 wonderful rapport with them. I'm like the
15 mayor of the hardware store. My manager will
16 come to me and say, 'Ethel, what is the name
17 of that customer that came in?' When you
18 work somewhere for 18 years, you develop
19 relationships with the people who come into
20 the store. I know whose wife is sick, I know
21 who their kids are. They joke with me that
22 if I were ever to leave, to let them know,
23 because they would follow to wherever I ended
24 up next.

1 "In 2013, when I turned 65, my manager
2 called me into his office. At the time I was
3 working 50 hours per week, which is what is
4 considered full-time at \$15 per hour. He
5 told me he was cutting my pay to \$13 and
6 cutting my hours back. Now I can only work
7 33 hours per week. He told me that the
8 reason was that the business had to make
9 cuts, but at the same time he cut my pay he
10 increased the pay and increased the hours of
11 younger workers in the store.

12 "You have to work 50 hours per week at
13 the store in order to get medical coverage.
14 When my hours and my pay got cut, I lost my
15 medical, vacation, and sick time.

16 "I was doing okay on \$15 per hour at
17 50 hours each week. I could make it to work,
18 but \$13 at 33 hours is not enough. The
19 mortgage on my house is \$1,000 per month.
20 Because my pay and hours were cut, I almost
21 lost my home."

22 I'll leave out the last paragraph, but
23 I'm sure you can understand where that's
24 going.

1 CHAIRWOMAN YOUNG: Thank you.

2 MR. CORTES: My name is Luis Cortes. I
3 am an organizer in Citizen Action, and I'm
4 reading -- I'm going to read two testimonies
5 for two hard workers from New York City.

6 The first testimony is Ivasia Sanford,
7 who is a member of the Retail Action Project.
8 "Hello, my name is Ivasia Sanford, and I am
9 22 years old. I have worked at Old Navy in
10 Gateway, Brooklyn for 4 months. I am here to
11 testify in support of raising the minimum
12 wage to \$15 per hour.

13 "I was first hired as a seasonal
14 employee in the fall, earning \$9.50, but was
15 kept on after the holidays at the same rate
16 of pay. I was forced to work on
17 Thanksgiving, Black Friday and the Saturday
18 following, for 10 hours each day and with no
19 additional incentives to leave my family and
20 work those days. I was scheduled for
21 back-to-back shifts, something we call
22 'Clopenings', which mean leaving the store
23 after 11 p.m to run and catch the last bus
24 home and then waking up early the next

1 morning to open the store.

2 "When I was first hired, I was working
3 25 to 30 hours a week, but shortly after the
4 holidays my hours dropped down to 10 hours a
5 week, and I would only receive my schedule
6 two days in advance.

7 "It's a frustrating, complicated, and
8 never-ending battle as a single mother
9 working in the retail industry. In addition
10 to the issues I mentioned, the pay is nowhere
11 near enough to cover everything my son needs,
12 so I have had to depend on government
13 assistance for basic needs like food and
14 diapers.

15 "Before considering retail, I worked
16 in food service, and really, it's all the
17 same: Low pay, no hours, overworked and
18 understaffed. I thought that if I worked in
19 retail it would be different and that I'd
20 have a greater chance of growing with the
21 company, but my experience has been that
22 managers have favorites who they consider
23 before other hardworking employees such as
24 myself, which can be very discouraging. The

1 struggling working parents in the retail
2 sector who need a \$15 minimum wage to survive
3 and make ends meet. We are counting on you
4 to make it a reality this year.

5 "Thank you for your time."

6 And the next worker, she is Christina
7 Molina.

8 "Good afternoon and thank you for the
9 opportunity to speak today. My name is
10 Christina Molina and I'm a member of Make the
11 Road New York. I've lived in this country
12 for more than 23 years. Like many
13 immigrants, I arrived here with many dreams.
14 My first dream was to improve the lives of my
15 four children and my family in Mexico, but I
16 found that the wages we earn here are too
17 low.

18 "I work sewing clothing and earn the
19 minimum wage. My rent alone living in
20 Woodside, Queens is \$1,800 a month. This is
21 in addition to all the other bills and
22 expenses I have to pay. Therefore I have to
23 work two jobs just to try to cover basic
24 expenses. I also work cleaning houses,

1 back-breaking work where I spend most of the
2 day on my knees. Still I find myself coming
3 up short. I am not able to buy all the
4 things my children need, and this is very
5 difficult as a mother.

6 "The truth is it is impossible to get
7 ahead in such an expensive city on my wages.
8 Raising the minimum wage to \$15 an hour for
9 me is an issue of survival. A \$15 an hour
10 would mean there might be enough food in my
11 house at night.

12 "As working people, we deserve a
13 dignified and fair wage. We need \$15 an hour
14 in order to live and in order to create a
15 better life for our children. That is why
16 I'm asking our state representatives to pass
17 a \$15 an hour minimum wage this year. It's
18 the right thing to do for working people, for
19 families, and for our state.

20 "Thank you."

21 CHAIRWOMAN YOUNG: Thank you for
22 sharing.

23 CHAIRMAN FARRELL: Thank you.

24 CHAIRWOMAN YOUNG: So I understand

1 you're also representing the Long Island
2 Progressive Coalition with this group? You
3 read a letter from them?

4 So we'll take that as a yes. So thank
5 you so much for being here, thank you for
6 your patience.

7 MR. CORTES: Thank you.

8 MR. MORRISEY: Thank you.

9 CHAIRWOMAN YOUNG: Is anyone here from
10 United Neighborhood Houses?

11 (No response.)

12 CHAIRWOMAN YOUNG: Okay, so then that
13 concludes the joint budget hearing regarding
14 workforce development.

15 We'd like to thank everyone for
16 staying so long tonight and for
17 participating. And thank you, and have a
18 good night.

19 SENATOR KRUEGER: Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 (Whereupon, the budget hearing concluded
22 at 9:42 p.m.)

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