



New York's **BIG** Problem... Albany's **WRONG** Solutions

**Some information from
New York's Leading Union
about New York's fiscal crisis...**

Is this problem REAL?

➤ **This is the largest budget deficit in history of NY State**

- There is a \$1.5 billion shortfall expected in the current budget year.
- There is a \$12.5 billion projected deficit in the next budget year beginning April, 2009.

➤ **Spending in the General Fund increases by 11.9% (\$6.7 billion)**

➤ **Revenues decrease in the same time period by 5.8%**

- Wall Street accounts for 20% of New York State's revenues. New York has been hit harder by economic downturn than other states.
- Layoffs in the financial services sector are expected to number over 45,000 during downturn.
- 15 banks have already failed during 2008.
- Over 160,000 New Yorkers are expected to lose their jobs during this crisis.
- Upstate New York is shrinking in population. Over 3.4 million New Yorkers have left the state. Upstate population of 25-34 year-olds declined by 25% between 1990-2007.

See the back for some REAL solutions.

Q: Why isn't CSEA agreeing to the Governor's solutions?

A: Because they're the wrong solutions to get New York out of this crisis. CSEA will NOT entertain discussions of illegal lag pay schemes or re-opening contracts, period. **Especially when we've offered better and real cost savings to the Governor, which have gone ignored.**

Our New York State contracts are legally binding agreements, made in good faith between both parties and negotiated **when the state knew there were deficits ahead.**

CSEA members and working families did not cause this fiscal crisis, and should not be called upon to fix it. When the state has good fiscal times, they don't offer to re-open contracts to give us more money, so why should it work only the other way? Besides, if the union re-opens even one contract, it makes all the hundreds of other contracts we negotiate throughout the state practically worthless, and undermines our credibility to negotiate fair and lasting agreements.

Fact: We've offered the Governor better ways to solve the problem.

Here are a few of the better solutions CSEA offered the Governor to produce real cost savings, without cutting services, which have largely been ignored:

Millionaire's Tax: The Governor's proposed service cuts ask for sacrifices to be made by property tax payers, students at SUNY and CUNY, the elderly, people with disabilities and school children. The only group excluded from sharing the pain are wealthy New Yorkers and Wall Street big shots who got us into this mess in the first place. That is unfair and just plain wrong.

The tax was projected to raise \$2.6 billion annually by adding two new tax brackets for New Yorkers making more than \$1 million a year. It would have raised the personal income-tax rate to 7.85 percent from 6.85 percent for those making more than \$1 million and boost the rate even further to 8.6 percent for those earning more than \$5 million.

Tax Stabilization Fund: There is more than a billion dollars available in this fund, which is sometimes referred to as the "Rainy Day fund". A 2001 report from Standard and Poor's indicated that using this fund during times of budgetary imbalance and extraordinary economic events is appropriate. If we don't use it to support the state during it's largest financial crisis in history, what is it for?

Tax Cigarettes sold on Indian Reservations: The U.S. Supreme Court took this matter into consideration and in a June 13, 1994 decision said that any non-Indian purchasers of cigarettes sold on Indian reservations must pay the same tax as if they purchased the cigarettes in any other location. New York State has not enforced the ruling and has not collected taxes on cigarette sales for all these years that could be as much as \$1 billion annually.

Provide state workforce opportunity to purchase prescription drugs from Canada: A number of localities in New York and around the country have taken this option for years. It results in significant savings. If New York offered this option to the state workforce it is estimated \$400 million/year could be saved. Even more would be available in savings if it was offered more broadly.

Works of Art: Beginning in 1966, New York State began to collect work of artists who practiced in New York during the 1960s and 1970s. It is the most valued State collection of modern art in the country. The 92 pieces are now valued at over \$1 billion. New York state could begin a public/private partnership in the display and ownership of this collection and bring in millions of dollars in revenue.

Those are a few of the ideas CSEA and other organizations have proposed for savings. CSEA is always ready to be a responsible partner in offering solutions that fairly share the pain and limit the impact on our services to New Yorkers.

We call on all our members to demand better solutions to these very real problems.

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CSEA
New York's LEADING Union
Danny Donohue, President
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