



KENNETH ADAMS
President & CEO

March 18, 2010

The Honorable Sheldon Silver
Speaker
New York State Assembly
Room 932, Legislative Office Building
Albany, NY 12248

Dear Mr. Speaker:

Over the past few days my Business Council colleagues and I have had discussions with members of the legislature that have led us to believe that there is growing support, at least in the majority conferences, for certain tax increases and perhaps even state borrowing in order to resolve the state's fiscal crisis.

As you know, we think these measures would be extremely damaging. They would prevent economic recovery and private sector job growth in New York. In addition, new taxes and/or borrowing would send a terrible message to employers both in New York and beyond our borders. Such actions would discourage companies from investing and creating jobs here -- just when that is precisely what we need them to do.

I understand the severity of the state's fiscal crisis and I know that because of the need to reduce spending for vital programs it puts you and your colleagues in a very difficult position.

Based on how serious this crisis is, it would be disingenuous for the Business Council to press our case against new taxes and borrowing without offering an alternative plan to eliminate the deficit and steer New York toward path of fiscal discipline.

Based on our research, we believe there is a way to balance the budget and resolve the deficit without increasing taxes or issuing new debt. Below is a framework for such a solution that I hope you will consider.

	(approx. in billions)
1. Current Projected Deficit:	\$9.2
a. Reject certain tax increases in Executive Budget	\$1.0
b. Loss of Aqueduct VLT project revenue	\$.3
c. Loss of Battery Park City revenue from NYC	\$.25
d. Projected loss of Labor "give-backs"	\$.25
Revised Projected Deficit:	\$11



2. Suggested Deficit Closing Plan

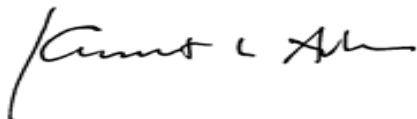
a. Proposed cuts in Executive Budget	\$5.2
b. Hard hiring freeze – state workforce savings	\$.65
c. Hard hiring freeze – state savings - local workforce	\$1.35
d. Federal relief	\$1.1
e. Collect portion of sales taxes owed by Native Americans	\$.5
f. Settle land claim/Authorize Catskill casinos	\$.5
g. Use projected reserves in Executive Budget	\$.45
h. Fast-track new Aqueduct VLT project	\$.3
i. Enact Wine in Grocery Stores proposal	\$.3
j. Deny raises for first year of new contracts	\$.27
k. Increase health insurance contributions - new contracts	\$.25
l. Energy savings - state agencies, school districts	\$.2
Total:	\$11.07

While several of these steps to close the deficit have been debated in recent weeks, we are disappointed that a “hard” hiring freeze for all state and local agencies has not received more attention. This measure produces savings to the state of \$2.0 billion during the next fiscal year. The total savings for state and local governments is \$3.25 billion in the first year. If the hiring freeze were extended for three years -- a period of time that could be necessary before the state sees revenue recovery – the total becomes at least \$10 billion per year.

Since it does not impact current workers, the hiring freeze would appear to be less controversial than lay-offs. Critical vacancies in public safety and other vital services would be exempt. By avoiding lay-offs, the hiring freeze should produce less public outcry while at the local level it will reduce workforce costs over time and encourage consolidation, shared services and efficiencies. In our view, it is the most direct path to consolidation.

I realize that none of this is easy, and that you confront difficult choices on all fronts. Please take our suggestions in the spirit of partnership and support that has always been the foundation of our work together. I hope you will contact me at your convenience if you have any questions or concerns, or would like to explore any of these ideas further.

Sincerely,



Copy: Members of the Senate and Assembly, Honorable Thomas DiNapoli