



**Brooklyn Chamber
of Commerce**

Brooklyn Agenda for Growth 2008

**The Federal Agenda
of the
Brooklyn Chamber of Commerce
2008**

Annual Washington, DC Lobbying Trip
May 14 – 15, 2008

Presented by:

The Government Affairs Committee of the Brooklyn Chamber of Commerce

Dan Holt, Courier-Life Publications, Chairman, Board of Directors

Carl Hum, President and CEO, Brooklyn Chamber of Commerce

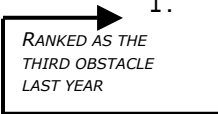
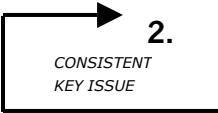
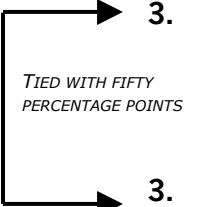


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2007 BROOKLYN CHAMBER OF COMMERCE MEMBER ISSUES SURVEY SUMMARY

In December 2007, the Chamber issued a survey to 1,250 Members. The overall response rate was **21%** (257 responses). The six-part survey looked at: The Brooklyn Economy, New York City Issues and Projects, Education and Workforce Development, Healthcare, Quality of Life and Obstacles to Growth, as well as other issues important to constituent businesses. The following list ranks the top obstacles to growth based on Member responses:

-  1. **FUEL OR ENERGY COSTS**
55% – Moving to the number one spot from last year’s number three, this item reflects that fuel or energy costs inhibit sustainability and business growth, becoming an economic weakness for our Members. *Ever increasing energy prices will continue to drive up the cost of doing business for small delivery services to mass transportation to the airline industry.*
-  2. **INCREASED COST OF HEALTH INSURANCE**
52% – Consistently a top issue for Chamber Members, this year health insurance ranked second by three percentage points from its former first place position last year.
-  3. **COST OF LIABILITY INSURANCE**
50% – Though tied for the third place slot and down one spot from last year, this item continues to be a top issue, maintaining the position of a key obstacle to business expansion within the borough.
-  3. **TRAFFIC/TRANSPORTATION**
50% – Giving further credence to citywide congestion issues, this item tied for third place on the list of severe issues related to growth and development. Last year, Traffic/Transportation issues received the same percentage points but ranked one slot lower at number four.
-  4. **RISING COST OF REAL ESTATE**
48% – This item is a major burden to Brooklyn-based businesses.

As in previous Brooklyn Chamber surveys, Members were asked to rank the top obstacles to business growth in the borough. **This year, fuel or energy costs topped the list at number one, reflecting the economic strain this issue has on small business growth.** Affordable health insurance and the cost of general liability insurance are also recurring issues, which are sited on the top three issues list based on Member surveys for the last four years.

Brooklyn Chamber Members also expressed support for various projects and initiatives under development in the borough and around the city. These included:

- 76% of Members support Brooklyn’s working waterfront
- 71% of Members continue to support the creation of a rail link between JFK and Manhattan, providing that two stops in downtown Brooklyn will be included
- 64% of Members support the Cross Harbor Rail Freight Tunnel – building a tunnel under New York Harbor from New Jersey to Sunset Park, Brooklyn, would allow rail transportation of freight

FEDERAL EXECUTIVE SUMMARY

1. HEALTHCARE

- **Medicare/Medicaid Programs – Oppose Cuts**
 - Underpayment causes multi-million dollar losses to Brooklyn hospitals
- **Protect the Medicaid Safety Net Act of 2008 (H.R. 5613) – Support**
 - If the block expires and the regulation eliminating Medicaid support for GME is implemented, \$685 million would be imposed on Brooklyn hospitals
- **Create Affordable Healthcare Options – Support**
 - Expand access to health insurance and maintain affordability

2. TAXES

- **Alternative Minimum Tax (AMT) – Reform**
 - Readjust the AMT and index for inflation
- **Interest and Dividend Income – Support**
 - Encourage savings by eliminating taxes on interest and dividends received on the first \$10,000

3. ECONOMIC DEVELOPMENT

- **Funding for Economic Development Administration (EDA) Reauthorization Act – Support**
 - Reauthorization will allow EDA to continue to save jobs, create higher-skill, higher-wage jobs and generate private investment in distressed communities

4. ENERGY

- **Enact a Comprehensive National Energy Policy – Support**
 - Request funding for Low Income Home Energy Assistance Program (LIHEAP)
- **Develop Alternative Sources of Energy – Support**
 - Develop alternative energy sources including wind, solar and biomass energy

5. WORKFORCE DEVELOPMENT

- **Reauthorize the Workforce Investment Act (WIA) – Support**
 - To strengthen our workforce and remain competitive in regional and global markets

6. EMPLOYMENT FREE CHOICE ACT

- **Mandate Public Ballots – Oppose**
 - Compromises the fairness of workplace unions

1. HEALTHCARE

MEDICARE/MEDICAID PROGRAMS – OPPOSE CUTS

Medicare reimburses hospitals only 91 cents for every dollar of care they provide to a Medicare patient. Medicaid payments are worse, reimbursing only 86 cents for each dollar of service. In 2006 alone this combined underpayment totaled \$30 billion nationally, causing multimillion dollar losses to Brooklyn hospitals. Despite these losses, President Bush's budget for FY 2009 proposes nearly \$200 billion in new cuts in these programs over the next five years.

The Brooklyn Chamber of Commerce asks legislators to oppose any new cuts to either the Medicare or Medicaid programs.

PROTECTING THE MEDICAID SAFETY NET ACT OF 2008 (H.R. 5613) – SUPPORT

The current block on regulations issued by the Centers for Medicare and Medicaid Services (CMS) would restrict the use of intergovernmental transfers and eliminate Medicaid support of graduate medical education (GME), which expires on May 25, 2008. If the block expires and this CMS regulation eliminating Medicaid support for GME is implemented, a loss of approximately \$685 million would be imposed on Brooklyn hospitals. Protecting the Medicaid Safety Net Act of 2008 (H.R. 5613) places moratoria and extends existing moratoria on the implementation of the aforementioned Medicaid regulations.

The Brooklyn Chamber of Commerce asks legislators to support and sign on to Protecting the Medicaid Safety Net Act of 2008 (H.R. 5613).

CREATE AFFORDABLE HEALTH CARE OPTIONS – SUPPORT

Small businesses throughout New York State say the rising cost of health insurance is one of the biggest threats to their survival and since 2004, Brooklyn Chamber of Commerce Members have consistently cited high premiums as one of their top obstacles to growth. These costs make staff recruitment difficult, inhibit growth and decrease worker retention. Poor healthcare coverage reduces productivity, which drives prices up and makes businesses less competitive.

There are 1.2 million uninsured non-elderly persons in New York City (17%) and 2.2 million uninsured non-elderly persons in New York State (14%). New York State's uninsureds are largely working adults or low-income families. Efforts to reform health insurance markets must maintain the affordability of premiums for small businesses and low-wage workers who disproportionately make up the uninsured in New York State. Reform efforts must also address the root cause of recent premium increases—the dramatically escalating costs of delivering medical care to an older and sicker population.

The following recommendations will help keep New Yorkers healthy and eliminate burdens associated with healthcare premiums:

- Oppose business mandates related to universal health insurance proposals and minimum plan benefits.
- Support efforts to make all health records electronic with interoperable technology, which would allow all systems to communicate with one another.
- Support legislation that provides incentives for employers to establish wellness and disease-management programs for their employees.
- Support legislation that seeks to control the cost of medical malpractice insurance for healthcare providers.
- Support the expansion of the State Children's Health Insurance Program to 400% of the federal poverty level with accompanying federal financial participation.
- Oppose proposals to create Association Health Plans (AHPs) that pave the way for federal preemption of important State consumer protections and would create an unlevelled playing field for fully insured small group plans operating at the State level.

The Brooklyn Chamber of Commerce supports federal efforts to expand access to health insurance and maintain the affordability of premiums for small businesses.

2. TAXES

ALTERNATIVE MINIMUM TAX (AMT) – REFORM

Created in 1969 to “capture” those high-income individuals who escaped their regular federal tax payments by setting up high deductions, the AMT was never indexed for inflation, hence nearly 30 years later, Brooklyn residents making as little as \$57k are becoming subject to the AMT.

The solution is to readjust the AMT to its true purpose, capture high-end income individuals, who would escape the normal federal income tax, by submitting the AMT to those whole incomes over \$200,000 (single) and \$300,000 (joint), and then, indexed for inflation.

The Brooklyn Chamber of Commerce supports a reform that will tax individuals with high-income levels.

INTEREST AND DIVIDEND INCOME – SUPPORT

Americans save less than 1% of their incomes for savings.

In order to encourage Brooklyn taxpayers and all Americans to save more, particularly lower and middle income individuals and families, the Federal tax code should eliminate all Federal income taxes on any interest and dividends received on the first \$10,000. Currently, between \$10,001 and \$15,000, on interest and dividends received, the Federal income tax rate should be 10%. Over \$15,000 the tax rate on income and dividends received should be 15%. These figures should then be indexed for inflation.

The Brooklyn Chamber of Commerce strongly suggests eliminating the Federal tax code, which will provide better opportunities for lower and middle-class persons to save and invest.

3. ECONOMIC DEVELOPMENT

FUNDING FOR ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) REAUTHORIZATION ACT – SUPPORT

EDA's mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Many institutions in Brooklyn have benefited from investments by the EDA, including Downstate Medical Center and the Brooklyn Navy Yard.

EDA's current authorization expires September 30, 2008. Reauthorization by Congress will allow EDA to continue to save jobs, create higher-skill, higher-wage jobs and generate private investment in distressed communities, especially those hit hardest by economic downturns. Supporting the Economic Development Administration (EDA) Reauthorization Act of 2008 will extend the authorization for appropriations under the Public Works and Economic Development Act through fiscal year 2013 so that more EDA projects can be funded in Brooklyn.

The reauthorization bill includes new provisions that would offer investment recipients greater flexibility with, and more local control of, revolving loan funds and construction grants. Another benefit for Brooklyn entities is that a five-year reauthorization will add stability to EDA and the economic development community during the transition from one administration to another.

The Brooklyn Chamber of Commerce urges legislators to support the EDA Reauthorization Act so that Brooklyn entities can continue to take advantage of this worthwhile program.

4. ENERGY

ENACT A COMPREHENSIVE NATIONAL ENERGY POLICY – SUPPORT

Many of the current problems resulting in the high cost of all forms of energy can be traced to the failure of the Federal Government to adopt a comprehensive energy policy. The United States' energy usage has depended too heavily on foreign sources of oil. Despite embargoes and steadily rising prices for oil, we have failed repeatedly at making long-term investments necessary to develop alternatives to traditional fossil fuels.

A comprehensive energy policy needs to address the supply side of the equation by expanding the use of domestic alternatives. The United States has a huge supply of coal, natural gas and oil. Well-intentioned environmentalists have prevented the development of any domestic energy production industry. While we must do everything reasonable to protect the environment, that protection cannot be at the cost of preventing development. This country has not built a domestic oil refinery since the 1970s and has not engaged in a result-oriented discussion regarding nuclear fuel in almost as long. We support holding companies and industries to high but reasonable environmental standards. What we oppose is preventing the advancement of energy development by a complete blackout of any domestic alternative that condemns us to continuation of our current energy policy.

With its growing economy, Brooklyn, along with the rest of New York City needs additional supplies of electricity and natural gas. This will require additional infrastructure investments to deliver energy necessary for expanded usage. The Chamber opposes recent efforts to weaken the authority of the Federal Energy Regulatory Commission to facilitate construction of critical transmission projects.

The Brooklyn Chamber of Commerce recommends the full funding of \$5.1 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help offset spiraling energy costs.

DEVELOP ALTERNATIVE SOURCES OF ENERGY – SUPPORT

We need to develop alternatives to traditional fossil fuels. Wind, solar and energy from biomass offer realistic alternatives to traditional power generation. A number of promising alternative fuel sources are being developed to meet transportation needs. It is unlikely that any of these alternatives will meet a significant portion of our energy needs in the near term but, with proper incentives, each can help meet a portion of our needs and provide a more balanced energy portfolio. Through increased use of the Federal Government's R&D spending, we should encourage the long-term research necessary to develop alternatives as well as better utilize existing domestic resources. When it comes to encouraging the increased use of alternative energy sources, the proper role of government is to provide incentives while letting the marketplace determine which alternatives will be most helpful to meeting future needs. Government has a poor track record in those instances where they have tried to pick winners and losers in advance among competing alternative fuels.

As important as it is to change our policy to encourage increased production, it is equally important that the Federal Government adopt policies that will encourage increased conservation and energy efficiency to dampen demand. Mandating higher efficiency standards for automobiles and appliances are an important first step. Here again, the use of the tax code to encourage desired behavior can have dramatic results. New York State has embarked on an aggressive program to dramatically reduce electricity demand by the year 2015. The Chamber has been very supportive of this program and has encouraged its expansion to include natural gas.

It has taken this country a long time to get to this point of energy crisis. We have no illusions that the problem will be solved by any quick fix. However, we need to embark on a short and long-term strategy that will address our energy needs in a non-partisan comprehensive manner.

The Brooklyn Chamber of Commerce supports research for alternative forms of energy and short/long-term strategies that will address our energy crisis.

5. WORKFORCE DEVELOPMENT

REAUTHORIZE THE WORKFORCE INVESTMENT ACT TO SUPPORT BUSINESSES' NEEDS – SUPPORT

The reauthorization of the Workforce Investment Act (WIA) provides an opportunity to improve the strength of America's workforce. Ensuring that every U.S. worker has at least an industry certification, vocational degree or two years of college should be a national priority, and Congress should use WIA reauthorization as an opportunity to meet this priority. Congress should also set a national investment target across all federal workforce education and training programs to fill the millions of skilled positions for which U.S. employers cannot find enough trained domestic workers. We urge Congress to reauthorize WIA and improve the program by:

- **Training more workers for the 21st century economy:** Move more workers toward the equivalent of two years of education past high school—including a vocational degree, industry certification, or associate's degree targeted toward a skilled occupation—by increasing investment, reserving a greater portion of that investment for training, and removing federal rules that prevent training (i.e., the federally mandated “sequence of services”).
- **Partnering with businesses and expanding incumbent worker training.** Change WIA regulations to allow for a new and separate funding stream that is dedicated to employer-driven incumbent worker training. Expanded resources for incumbent worker training helps employers upgrade the skills of their workforces in order to become and remain competitive in both regional and global markets.
- **Investing in sectoral partnerships that grow local industries and advance local workers:** Create a Congressionally authorized program with designated funding and distinct performance measures to create unique capacity for sectoral partnerships that can help a range of stakeholders connected to a local industry plan, grow and re-tool their workforces for the future.

The Brooklyn Chamber of Commerce supports the Workforce Investment Act (WIA) to strengthen our workforce and remain competitive in regional and global markets.

6. EMPLOYEE FREE CHOICE ACT

MANDATE PUBLIC BALLOTS – OPPOSE

The Employee Free Choice Act is contrary to business interests. The Act would mandate employers to extend recognition to a union if a majority of its employees signed authorization cards on behalf of that union. This would eliminate the right that employers have had to insist on a secret-ballot election conducted by the National Labor Relations Board. Card counts have long been recognized as being unreliable. Employees may sign cards based on coercion, unrealistic promises, bribes, and peer pressure or without understanding the significance of signing the card. Their choice would be final without hearing the employer's side of the story about the cost of union dues, the possibility of strikes, what the employer offers in terms of wages and benefits and how that compares with the rest of the industry.

Additionally, mandatory interest arbitration would be conducted in the event the first set of negotiations failed to result in a contract. This would result in an outside third party dictating terms and conditions of employment to private employers that could cause such employers to become non-competitive and/or non-profitable. This would be unprecedented interference by the government in the way a company can manage its business.

The Brooklyn Chamber of Commerce opposes the Employee Free Choice Act, which would compromise the fairness of union elections in the workplace.