



**Brooklyn Chamber
of Commerce**

Brooklyn Agenda for Growth and Recovery 2009

**The Federal Agenda
of the
Brooklyn Chamber of Commerce
2009**

Annual Washington, DC Lobbying Trip
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Presented by:

The Government Affairs Committee of the Brooklyn Chamber of Commerce

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2008 BROOKLYN CHAMBER OF COMMERCE MEMBER ISSUES SURVEY RESULTS

The Brooklyn Chamber of Commerce conducted its 2008 Member Issues Survey this past December. The survey conducted by email reached 1,146 (76%) Chamber Members and had a response rate of 10%. The survey looked at the Economy, NYC Projects and Issues, Education and Workforce Development, Healthcare, Quality of Life and Obstacles to Growth. The flailing economy permeated survey responses and the Chamber adjusted its programming to reflect these concerns. The table below cites the obstacles to the growth of our Members.

Obstacles to Growth

Obstacle	Percentage citing problem or severe problem	Current Rank	Rank in 2007	Rank in 2006
Increased cost of providing health insurance for my employees	55%	1	(2) 52%	(1) 62%
Fuel or energy costs (gas, diesel, electric, oil, etc.)	51%	2	(1) 55%	(3) 54%
Cost of general liability insurance	48%	3	(3) 50%	(2) 58%
Traffic/transportation problems	46%	4	(3) 50%	(4) 50%
Workers' Compensation costs	44%	5	(7) 39%	(5) 49%

As in previous surveys, Members were asked to rank their support for Brooklyn projects:

- 71% support working ports in Brooklyn
- 70% support the Cross Harbor Freight Tunnel
- 69% support the JFK Rail Link

The Chamber recognizes this year is atypical. The fiscal strain on our borough, state and indeed our nation means this is not business as usual. While the above projects are incredibly important to our economic growth and vitality we recognize that the American Recovery and Reinvestment Act urged us to reprioritize our infrastructure projects for the good of our nation. In that spirit, the Chamber stands behind Brooklyn's "shovel-ready" projects that meet the criteria set out by the Obama administration, e.g. Brooklyn Navy Yard, Brooklyn Bridge Park and Coney Island boardwalk.

FEDERAL EXECUTIVE SUMMARY

1. HEALTHCARE

- **Healthcare Reform Bill – Support**
Cost reductions through reforms that reduce unnecessary utilization and costs
- **Graduate Medical Education – Support**
Legislation introduced in the Senate would remove the cap on the number of Medical residents allowed at teaching hospitals; increased support for graduate medical education
- **Comprehensive Health Reform – Support**
 - Maintain affordability, expand access, protect from bankruptcy due to cost, end barriers to coverage

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
- **Estate Tax - Reform**
 - Readjust the estate tax and index for inflation
- **Social Security – Reform**
 - Reduce FICA payments, reinstate tax deductibility and index for inflation.

3. ECONOMIC DEVELOPMENT

- **Economic Development Funding Reprioritization - Support**

4. ENERGY

- **Enact 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

Health Reform - SUPPORT

We hope and expect that a unified health reform bill will be sent to the President by the end of September. Such a bill, if passed, will bring the opportunity to bring access to healthcare to most if not all Americans. However, health reform will also include legislation that will reduce continued growth in the cost of healthcare.

The Brooklyn Chamber urges our legislators to work to achieve health cost reductions through reforms that reduce unnecessary utilization and costs, **NOT** through “across the board” price cuts in Medicare and Medicaid reimbursements to providers. Examples of constructive opportunities to reduce costs include:

- Reducing hospital admissions by focusing on preventable readmissions
- Bundling Medicare payments for an episode of acute care
- Value-based purchasing
- Care Coordination
- Standardizing insurance practices to increase efficiency

It is also important that medical malpractice insurance reforms be a part of the health reform debate.

Graduate Medical Education - SUPPORT

As part of a broader health reform package, the Brooklyn Chamber of Commerce urges the passage of landmark legislation introduced by U.S. Senate Finance Committee Member Charles Schumer (D-NY) and Bill Nelson (D-FL) along with Senate Majority Leader Harry Reid (D-NV) that would increase the number of medical residency positions eligible for Medicare direct medical education (DGME) and indirect medical education (IME) support by 15 percent over the current level. (A companion bill was introduced in the House of Representatives by Ways & Means Committee Members Joseph Crowley (D-NY) and Kendrick Meek (D-FL), along with Representative Kathy Castor (D-FL).

The legislation responds to the current physician shortage and addresses the cap on the number of residents which was imposed by the Balanced Budget Act of 1997. It increases support for graduate medical education by 15 percent and both redistributes unused slots among teaching hospitals and supplements those unused positions with additional new positions that will be made available to interested teaching hospitals.

The Brooklyn Chamber supports this legislation because it recognizes as a public good the training of physicians that is accomplished by teaching hospitals.

The Brooklyn Chamber supports quality care while maintaining adequate reimbursement rates for hospitals. We urge legislators make the right choices to ensure the maintenance of high quality medical centers and a system that will provide needed training for medical doctors.

Comprehensive Health Reform – 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 large premium increases as one of their top obstacles to growth. These costs make staff recruitment difficult, inhibit growth and decrease worker retention. Poor healthcare coverage reduces employee 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 2.4 million uninsured non-elderly persons in New York State (14%). 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.

Responding to Member concerns about the rising cost of health insurance premiums, the Brooklyn Chamber launched Brooklyn HealthWorks in 2004 in partnership with the New York State Department of Insurance and Group Health Incorporated (GHI), an EmblemHealth company. Today HealthWorks covers nearly 2,000 employees and family members at more than 400 small businesses in every business district and neighborhood throughout Brooklyn. Based on recent evaluations, small businesses enroll in HealthWorks because of the following features:

- A 19% premium subsidy from the State of New York, which makes HealthWorks one of the lowest cost plans available in the borough
- Administered by a trusted business-assistance organization with sales support provided by a growing network of brokers
- Availability of personalized customer service and broker support before and after groups are enrolled
- Availability of coverage for part-time workers and independent contractors—those most likely to be uninsured
- No requirement for employers to contribute to premium costs, which makes it easier for small employers to consider making coverage available to all their employees, including part-time workers and independent contractors
- Someone to advocate on their behalf with an insurance carrier, especially when it comes to annual rate increases, premature termination of coverage, and non-payment of legitimate medical claims
- A large tri-state network of quality doctors, specialists, and hospitals with no referrals required to see network providers

Based on the success of Brooklyn HealthWorks, the Brooklyn Chamber supports Congressional efforts to reform our national healthcare system and the following White House principles established by President Obama:

- Reduce long-term growth of health care costs for businesses and government
- Protect families from bankruptcy or debt because of health care costs
- Guarantee choice of doctors and health plans
- Invest in prevention and wellness
- Improve patient safety and quality of care
- Assure affordable, quality health coverage for all Americans
- Maintain coverage when you change or lose your job
- End barriers to coverage for people with pre-existing medical conditions

We are opposed to any mandates on businesses and a public option if it stifles the competitiveness and ingenuity fostered by private sector providers and insurance carriers.

The Brooklyn Chamber of Commerce supports comprehensive national health reform.

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 protect the middle class from the AMT.

INTEREST AND DIVIDEND INCOME – SUPPORT

Americans save less than 2% 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, provided that interest and dividends are reinvested and not spent. On interest and dividends between \$10,001 and \$15,000 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 reforming the Federal tax code, which will provide better opportunities for lower and middle-class persons to save and invest.

Estate Tax – REFORM

In 2011 the Federal tax is scheduled to return to 55% on all estates of \$1million. Most homeowners in Brooklyn would be adversely affected by this, as well as most middle class property owners nationally, since home prices over the past decade have increased significantly.

The Federal and New York State Estate Tax should only apply on those estates over \$10 million, then at a rate of 10% between \$10 - \$15 million, 20% between \$15 - \$25 million and 30% over \$30 million. These amounts should then be indexed for inflation.

The Brooklyn Chamber of Commerce supports estate tax reform that will protect regards the middle class by considering real property values and real market conditions.

Social Security – REFORM

When President Franklin Delano Roosevelt introduced the Social Security (FICA) Program, he promised:

- FICA payments would be voluntary and would be paid at a rate of 1% on the first \$1,400 of their annual incomes. Currently, FICA payments are mandatory and are paid at 12.4% of individuals' incomes (6.2% by employers; 6.2% by employees).

The Brooklyn Chamber proposes a 50% reduction in the FICA payroll tax to 3.1% on individuals and 3.1% on employers, and to have FICA apply to individual's full salaries, (not just the first \$106,800). This would give more tax relief to low and moderate income taxpayers.

The Brooklyn Chamber proposes the reinstatement of tax deductibility to all employees on FICA payroll taxes paid. This would equalize the above mentioned reduction in the payroll tax, making it fairer to higher income tax payers who would be paying FICA on their full salaries.

The Brooklyn Chamber proposes the first \$65,000 (joint) of income received (\$ 35,000 if single), that includes social security retirement benefits, should be exempt for Federal income taxes, and then indexed for inflation.

The Brooklyn Chamber of Commerce urges reform to the Social Security reform that would return the program to its original intent which was to provide security to retirees, who, while they worked contributed to fund to secure a proper quality of life during their twilight years.

3. ECONOMIC DEVELOPMENT

Economic Development Funding Reprioritization - SUPPORT

The Chamber recognizes this year is atypical. The fiscal strain on our borough, state and indeed our nation means this is not business as usual. While the projects identified in our annual survey are incredibly important to our economic growth and vitality we recognize that passage of the American Recovery and Reinvestment Act (ARRA) means reprioritization of our infrastructure projects for the good of our nation. In that spirit, the Chamber stands behind Brooklyn's "shovel-ready" projects that meet the criteria set out by the Obama administration, e.g. Brooklyn Navy Yard and Brooklyn Bridge Park to name a few. These projects supported through the ARRA and other funding sources such as the Economic Development Administration (EDA) will bring needed jobs to the borough and its businesses, as well as make responsible improvements to our infrastructure. A number of these projects will also go a long way developing emerging sectors like biotechnology and medicine e.g. those proposed by SUNY Downstate and Lutheran Medical Center; and cultivating new markets e.g. green industry.

The Brooklyn Chamber urges its legislators to aggressively support the funding sources that will bring needed jobs to the borough and allow for the development of emerging industries.

4. ENERGY

When the Brooklyn Chamber made its 2008 visit to Washington, energy prices were at or on the way to historic highs and their impact was the number one issue of concern to our membership. Since that time, prices have moderated but our members continue to consider the high price of energy to be a significant impediment to their business.

The unfortunate history of national energy policy is the government is interested in addressing energy issues when prices are high but when they moderate, energy policy is deferred until the next crisis comes along. We have failed repeatedly to make the hard choices and long term investments necessary to develop alternatives to traditional fossil fuels.

It has taken this country a long time to get to this point of energy crisis. We have no illusions the problem will be solved by a 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.

Enact Comprehensive National Energy Policy - SUPPORT

- Surely any comprehensive energy policy needs to address the supply side of this issue. One way to do this is to expand the use of domestic alternatives. This country has huge supplies of coal, natural gas and oil. Well intentioned environmentalists have successfully 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. It has been nearly as long since we have had a serious discussion of using nuclear fuel. Huge areas of our coastline and other producing areas are off limits to exploration and development. We support holding companies and industries to high but reasonable environmental standards. What we oppose is preventing the advancement of energy by a complete blackout of any domestic alternative which condemns us to continuation of our current energy policy.
- The Chamber encourages addressing the issue of climate change as part of an overall energy strategy that balances a number of issues including those of improving the environment while sustaining a healthy economy. It is also important that any treaties building on the Kyoto Protocol include all greenhouse gas emitters.
- 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 efforts to weaken the authority of the Federal Energy Regulatory Commission to facilitate construction of critical transmission projects.
- We also 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 RD&D spending, we should be encouraging the long term research necessary to develop alternatives as well as better utilizing 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 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 electric demand by the year 2015. The Chamber has been very supportive of this program and has encouraged its expansion to include natural gas.

Increase LIHEAP Funding - SUPPORT

- In the near term, Congress can help those most impacted by volatile energy prices by increasing the budget for such programs as The Low Income Home Energy Assistance Program (LIHEAP). The Chamber urges the Brooklyn Delegation to lobby for increased spending in this targeted program up to its full authorization level.

The Brooklyn Chamber of Commerce urges legislators to make the tough decisions necessary to create an environment that supports research and development, conservation and energy efficiency within the energy industry. These changes in energy policy will ultimately protect citizens and lead to a more self reliant nation.

5. WORKFORCE DEVELOPMENT

Restore Funding for the Workforce Investment Act (WIA) - SUPPORT

Funding for WIA has declined dramatically since 2002. It is incumbent upon us, during this economy, to increase WIA and lift barriers to service delivery models and training. The Brooklyn Chamber of Commerce urges its representatives to support restoration of WIA dollars to at least 2002 levels

SECTORS Act - SUPPORT

New legislation early this spring has the potential to add a competitive grant component to the Workforce Investment Act (WIA) to fund sectoral initiatives. This legislation would help bring new dollars in to maintain and expand industry-linked, demand driven job training initiatives in a way that the highly rigid formula-based WIA dollars currently cannot. The bill was introduced in the Senate by Senators Brown (D-OH) and Snowe (R-ME) and in the House by Representatives Loeb sack (D-IA) and Platts (R-PA)

Reduce Employer Match for Incumbent Worker Training Programs:

Focusing WIA allocations under the new ARRA allocations to states on only the unemployed and overburdening business with a match of funds for training is short sighted and counterproductive. The Brooklyn Chamber of Commerce supports the reduction of employer match for state based, employer sponsored incumbent worker training programs. By helping to increase the competitiveness of business and its current employees, we are promoting productivity, efficiency and skills training to pave the way for new employees to be hired.

Reinstate and Encourage Ongoing WIA Funding for On-the-Job Training:

The Chamber strongly supports using WIA funds for employer based On-the-Job training programs. The Department of Labor can and should use WIA Adult allocations toward programs that support businesses in hiring and retraining recently unemployed workers in new, high demand skills. During these times of extremely high employment, the last to be hired and the first to be fired are members of specific targeted groups. WIA Funding should be used as a stimulus to encourage businesses to hire from these targeted groups through on-the-job training programs. These types of programs create much less of an administrative burden on businesses and are far more likely to be used as a stimulus as compared to formal classroom training.

Support the Trade Adjustment Assistance Program (TAA):

The TAA shows a keen amount of interest in developing programs for businesses and their employees are displaced by foreign trade. While the bill is forwarding thinking, a key component of the program – TAA for Communities – was not included for FY 2009. TAA for communities would allow local areas to develop and implement economic recovery plans, a potentially powerful program for locales in New York State. The Chamber supports the TAA for Communities program as part of FY 2010's authorization.

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

6. EMPLOYEE FREE CHOICE ACT

MAINTAIN SECRET BALLOT ELECTIONS – 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 process of organizing workers.