

To: Jim Cahill

From: Patrick Brown
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Date: April 1, 2016

Summary of the 2016-17 Budget (Labor)

The Good, The Bad, and The UGLY – What’s In and What’s Out	In	Out
Transformational Economic Development Infrastructure and Revitalization Projects Act		
Design & Construction Corporation Act		
Parity in transportation funding		
One year extension of provisions of SUNY 2020 related to construction projects		
Definition of public work on projects partially funded by the State		
MTA P3 authorization		
Reforms to the State Apprenticeship Council		

The GOOD

INCLUDED: Transformational Economic Development Infrastructure and Revitalization Projects Act

The final budget enacts the Transformational Economic Development Infrastructure and Revitalization Projects Act (Act) which gives design build authority to the Empire State Development Corporation (ESDC), the New York Convention Center Development Corporation (NYCCDC), and their subsidiaries for projects related to the Jacob V. Javits Convention Center, the Empire State Station Complex, the James A. Farley Building Replacement, and the Pennsylvania Station New York redevelopment projects. Importantly, the design-build contracting method may only be used in conjunction with a project labor agreement. Before contract awards are made, consideration must be given to whether the bidder is federally debarred for Davis-Bacon violations. The original version of the bill made federally disbarred contractors ineligible, but this language was reached as a compromise in response to efforts to remove the debarment piece completely.

INCLUDED: Parity in Transportation Funding

Parity for upstate transportation became a reality with a \$55B statewide transportation plan included in the budget. NYS DOT will receive \$27B and \$27.9B will go to the MTA.

INCLUDED: One Year Extension of Certain Parts of SUNY 2020 – but no rational tuition increase

The NYSUNY 2020 Challenge Grant Program, enacted in 2011 and set to expire this year, allowed for rational tuition increases and allowed the Urban Development Corporation to issue bonds to implement the SUNY 2020 capital program. Under the program, most projects must be performed pursuant to PLAs when supported by a feasibility study. While most parts of the law were extended for an additional year, the legislature declined to extend the authorization for rational tuition increases. The budget includes \$55M in capital appropriations for the SUNY 2020 Challenge Grant Program and \$55M for the CUNY 2020 Challenge Grant Program.

EXCLUDED: MTA – Project Delivery Reforms/P3

Project delivery reforms which would have allowed MTA's subsidiaries to enter into public-private partnerships without any labor protections was ultimately excluded from the final budget.

EXCLUDED: Reform the State Apprenticeship Council

The Governor's budget proposal included language to expand the State Apprenticeship Training Council to include up to three representatives from New York public colleges, community colleges, or boards of cooperative educational services. The intent of the proposal was to bring a new perspective to the table and ensure that registered apprenticeship programs reflect the training needs of the new economy. The Assembly's budget included a modified version of the proposal while the Senate rejected it outright. The NYS Building & Construction Trades Council opposed this change because it would have diluted the voices of the current members who speak directly for those impacted by apprenticeship – employers and employees. The matter will likely be taken up outside of the budget process, but we expect to play a role in those negotiations to be sure our interests are protected.

The Bad

EXCLUDED: Definition of Public Works on projects partially funded with State money

At our request, the Assembly's budget proposal included a provision which defined as public work all capital projects funded in whole or in part by the dedicated infrastructure investment fund, the dedicated highway and bridge trust fund, the NY Works Economic Development Fund, as well as projects authorized by the Upstate Revitalization Initiative, the Thruway Stabilization Program, the Transportation Capital Plan, the Buffalo High Tech Mfg. Innovation Hub, the Water Infrastructure Improvement Act, the Downtown Revitalization Initiative, and any Nano program. This proposal gained a little bit of traction during budget negotiations but was ultimately excluded from the final budget.

This proposal was crafted by the Building Trades as a possible detour around the Legislature's general reluctance to pass a broad definition of public works bill. We framed the proposal by showing that additional public works projects would advance two important initiatives – apprenticeship and workforce diversity. Although excluded from the enacted budget, we have set the table for on-going talks and plan to further tie the issue to the larger discussion being had by the Governor and Legislature about the importance of apprenticeship and pre-apprenticeship.

The Ugly

Design Construction & Corporation Act

The final budget creates the Design and Construction Corporation as a subsidiary of the Dormitory Authority. The subsidiary corporation would will provide project management expertise and oversight on public works projects of \$50 million or more. It also gives the Governor extensive control over these projects because the new entity will be made up entirely of gubernatorial appointees who will have unprecedented levels of discretion to amend and possibly scrap awarded contracts.

The claimed intent is to fast-track projects and allow for corrective measures to be taken along the way, but we believe this added layer of bureaucracy and unprecedented level of discretion will cause confusion and delay.

Also of interest

Minimum Wage

The hourly minimum wage will increase according to the following schedule:

- New York City: A \$15/hour minimum wage will be phased in for companies with 11 or more employees by 2019. For companies with 10 or fewer employers, the phase-in will occur by 2020.
- Nassau, Suffolk, Westchester: A \$15/hour minimum wage will be phased in by 2022.
- Remainder of State: The minimum wage will gradually increase to \$12.50/hour by 2021, at which time any increases up to \$15 will be determined by the commissioner in conjunction with the Division of Budget.
- The minimum wage for tipped food service workers will be either 2/3 of the minimum wage applicable in the region or \$7.50, whichever is higher.

Paid Family Leave

A paid family leave benefit of up to 12 weeks, funded by employee contributions, will be phased in according to the following schedule:

- 1/1/2018: 8 weeks at 50% of employee's average weekly wage but capped at 50% of state average weekly wage;
- 1/1/2019: 10 weeks at 55% of employee's average weekly wage but capped at 50% of state average weekly wage;
- 1/1/2020: 10 weeks at 60% of employee's average weekly wage but capped at 50% of state average weekly wage;
- 1/1/2021: 12 weeks at 67% of employee's average weekly wage but capped at 50% of state average weekly wage.
- The phase-in may be delayed at the discretion of the superintendent of financial services.

