



NEW YORK STATE CONFERENCE OF MAYORS AND MUNICIPAL OFFICIALS

Mayor Gary A. Vegliante, President • Peter A. Baynes, Executive Director

December 14, 2009

December AIM Payments to be Reduced by 10%

In recent weeks, NYCOM has been updating city officials on the fate of the AIM payments that 57 of the state's 62 cities are owed on December 15. As we communicated to the affected cities this past Friday, and which the Governor officially announced yesterday, the December AIM payment will, in fact, be reduced by 10% to address the state's precarious cash situation.

On December 2, the State Legislature passed a \$2.7 billion deficit reduction plan (DRP) to address the state's current year budget gap. As you may recall, back in October the Governor proposed a two-year, \$5 billion state DRP which included an 8% reduction in total AIM funding to the 18 non-calendar fiscal year cities – for a total reduction of \$66.7 million in AIM funding. The plan approved by the Legislature reduced that cut from \$66.7 million to \$31.6 million, which was allocated among the 18 non-calendar fiscal year cities based upon their overall reliance on AIM funding. The cuts ranged from 1% to 3% except for the City of New York which received an 8% reduction in its AIM funding.

Despite the Legislature's action in early December, the Governor subsequently declared that the DRP did not go far enough to address the state's fiscal crisis and, as a result, announced that he would direct the Division of the Budget to reduce state aid payments administratively, including AIM payments due to be paid to 57 cities on December 15. On Sunday, December 13 – two days before the AIM payment date and less than three weeks from the close of the fiscal year for 44 cities – the Governor's Office released details concerning the specific local assistance reductions. Accordingly, the Division of the Budget has transmitted to the State Comptroller's Office certification for payment of 90% (\$404 million out of \$449 million) of the AIM payments due to cities on December 15. The State Comptroller's Office is processing these payments and it is expected that 90% of what is owed will be received by cities tomorrow. The Governor indicated that the State will potentially pay the remaining 10% when and if sufficient revenue becomes available. (AIM payments to villages were made in September and are therefore not impacted by this action.) NYCOM will continue to provide updates on this critically important issue.

New Pension Tier Finally Becomes a Reality

Governor Paterson has signed into law pension reform legislation that is expected to generate more than \$35 billion in long-term savings for New York taxpayers over the next thirty years. The legislation creates a new Tier V pension benefit plan for civilian employees as well as police and firefighters – something that NYCOM has been advocating for years. The new tier will apply to employees of the state and all localities outside New York City hired after January 1, 2010.

Key components of the new law include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62;
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits;
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years; and
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year increasing by 3% annually, and for police and firefighters at 15% of regular annual wages.

This much-needed and long overdue pension reform is clearly a significant step toward helping local governments address their rising personnel costs. Unfortunately, it will do little to assist municipalities in the short-term and, as a result, NYCOM will continue to emphasize the need to find ways to ease the immediate impact of rapidly rising pension contribution rates.

Mandate Relief Enacted

The Governor also signed into law a bill containing several mandate relief initiatives that will generate savings at the local level and reduce the burden on New York's taxpayers. The most significant provisions will finally allow local governments to be treated the same as private defendants when determining the impact of collateral source payments in tort claims for personal injury. Specifically, the new law puts an end to the "windfall of double recoveries" to plaintiffs by allowing public employers to offset injury awards with payments from collateral sources, such as insurance.

In addition, the new law (Chapter 494 of the Laws of 2009):

- Increases the local competitive bidding threshold on public works contracts from \$20,000 to \$35,000. (Note: the threshold for purchase contracts remains at \$10,000);
- Reduces the number of municipal entities, from 5 to 3, required to form cooperative health benefit plans, and requires insurers to provide claims data to municipal corporations;
- Facilitates highway shared services agreements among municipalities and between municipalities and State agencies by eliminating certain restrictions regarding the types of services that may be shared as well as the term of such contracts; and
- Authorizes the NYS Municipal Bond Bank Agency (MBBA) to purchase bonds issued by municipalities to provide for public improvements afforded by the American Recovery and Reinvestment Act of 2009, thereby reducing local borrowing costs.

NYCOM City Officials Workshops

Whether you are just taking office or are a current official, elected or appointed, these valuable seminars will help you learn how to deal with the day to day challenges of being a city official.

Capital Region

**Holiday Inn Albany
January 14, 2010
8:30 A.M. - 3:30 P.M.**

Syracuse

**Doubletree Hotel Syracuse
January 21, 2010
8:30 A.M. - 3:30 P.M.**

NYCOM Village Elections Workshops

These workshops will cover all aspects of village elections, including: the role of the clerk and the board of trustees; the process of nominating candidates; ballot preparation; processing applications for absentee ballots; appointing election inspectors; establishing and preparing polling places and times; voter registration; voter qualifications; election day procedures; how to handle challenges to voters; voter assistance; canvassing the votes; processing absentee ballots; post-election procedures; and more.

Capital Region

**Hilton Garden Inn Troy
January 11, 2010
1:00 P.M. - 4:00 P.M.**

Downstate

**The Garden City Hotel
January 13, 2010
8:30 A.M. - 11:30 A.M.**

Western

**Buffalo/Niagara Marriott
January 20, 2010
9:00 A.M. - 12:00 P.M.**

NYCOM's 2010 Winter Legislative Meeting February 21-23, 2010 Albany Crowne Plaza Hotel

NYCOM's Winter Legislative Meeting is the primary occasion each year when our membership gathers in Albany for the single purpose of advancing NYCOM's Legislative Program. This year, in particular, it is critical for policymakers in Albany to hear our unified message that shifting state taxes and costs onto local governments will hurt our already overburdened real property taxpayers. **Do not miss this opportunity to make your concerns heard, while strengthening NYCOM's collective voice in advocating for legislation that benefits municipalities statewide.**

For additional information, and to register for these events, visit our web site at www.nycom.org.