

Joint Legislative Hearing on the Budget: Workforce Issues
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Testimony by Lise Bang-Jensen, Empire Center for New York State Policy

My name is Lise Bang-Jensen. If my face looks familiar to many of you, it may be because I spent hundreds of hours in this very room covering fiscal hearings like this one when I was a reporter-producer for *Inside Albany*.

I am currently senior policy analyst for the Empire Center for New York State Policy, which is a project of the Manhattan Institute.

At the Empire Center, my chief focus has been on public sector employment issues and government transparency. I am the principal writer of a blog called [NY Public Payroll Watch](#). I also was involved in creating the Empire Center's nationally recognized transparency web site, [SeeThroughNY.net](#).

Launched July 31, 2008, the site enables citizens with access to a computer to search the:

- State payroll, the NYC payroll and the payrolls of 19 larger state public authorities (including the MTA, Port Authority and Thruway Authority);
- Teacher union contracts of the state's 733 school districts and BOCES;
- School superintendent contracts;
- Legislative office expenditures; and
- Legislative member initiatives.

Government Transparency

The Empire Center created SeeThroughNY.net to increase government transparency. We also wanted to offer a model for government, because we believe ultimately state and local governments owe it to their citizens to put this kind of public information – and much more--on the Internet.

The Empire Center is not alone in its quest for more transparent government. The state of Missouri – the “Show Me” state--has a noteworthy transparency site. In the past year, both New York Attorney General Andrew Cuomo and Comptroller Thomas DiNapoli have created transparency sites that, while still in their early stages, show great promise. The Empire Center honored them both with our 2008 SeeThroughNY transparency award.

(Links: www.sunlightny.com and www.openbooknewyork.com)

Government transparency also is a top concern of President Barack Obama. Just one day after his inauguration, Obama issued a memorandum calling for “creating an unprecedented level of openness in government.” As a U.S. Senator, he co-sponsored the Federal Funding Accountability and Transparency Act of 2006, which puts federal contracts and grants on the Internet (www.usaspending.gov).

I would welcome the chance to talk with any of you at a later date about how New York could enhance government transparency by adopting a policy of “proactive disclosure.”

Secrecy over pending employee contracts

However, today I want to discuss an aspect of government secrecy that’s often overlooked.

Local governments and school districts frequently keep the public in the dark about one of their biggest potential expenditures – proposed salaries and benefits for their employees. Tentative collective bargaining agreements often are withheld from the public until after elected officials ratify them. By then, the contracts are done deals. It’s too late for citizens to meaningfully raise questions or debate their merits.

Such employee contracts may require huge property tax increases, especially considering that personnel costs are the largest spending category in local budgets. For school districts, they account for about 70 percent of all spending.

Citizens, who ultimately will shoulder the costs, should be able to review tentative contracts before city councils, school boards and other legislative bodies approve them. That is now the practice in many jurisdictions, including New York City – although contract details can be sketchy.

Contract secrecy -- with its resulting lack of public oversight -- can carry a huge price tag for taxpayers. Just ask residents of Johnson City, which is a village (not a city) of 15,000 residents just outside Binghamton. Under a shroud of secrecy, the village board approved a five-year contract raising firefighters’ salaries by 41 percent.

Johnson City, strapped by the generous firefighters contract, can’t pay its bills. Faced with making good on the contract, the village must borrow up to \$1.1 million during the current fiscal year. So financially desperate is the village that there’s talk of contracting with Binghamton for fire services in the future. Or even dissolving the village.

In Utica, the school superintendent refused to reveal details of a proposed teachers contract – even after union members approved it. The memorandum of agreement was made public only after the school board ratified it.

In defending the secrecy, a school board member said, “If it’s released the *O-D [Utica Observer-Dispatch]* could write an editorial on what is right or wrong with the contract and influence board members votes.”

Isn’t that how democracy is supposed to work? Isn’t that why in Albany, bills must “age” three days before the Legislature can vote on them – except in emergency situations?

What school board members may have been reluctant to share with Utica taxpayers in advance is that the contract dramatically expands lifetime health benefits for retired teachers, committing the city to higher property taxes for decades to come. Most alarming is that one day after the contract was approved, a school business official said she had yet to calculate its long-term costs. It seems taxpayers weren’t the only ones kept in the dark in Utica.

I am not here to debate the merits of the Johnson City and Utica contracts. Instead I’m suggesting taxpayers be given a chance to put in their two cents before the contracts are set in stone.

Proposed remedies

In 2006, a Suffolk County grand jury--which spent a year probing financial irregularities of county school districts--complained about “an abject lack of transparency regarding the issue for which school districts spend the overwhelming majority of their funds – salaries and benefits for the employees.”

The grand jury urged the state Legislature to enact a law requiring school districts put copies of tentative contracts on their web sites at least one month prior to a vote by their school boards.

That is an excellent idea. In addition, advanced disclosure of tentative contracts should include:

- the net financial impact of all provisions, including annualized and cumulative costs of proposed changes in salary schedules, benefits and work rules;
- a breakdown of any savings attributed to union concessions or “givebacks”;
- proposed salary increases on an annualized and cumulative percentage basis, with a separate breakdown of average percentage increases including step and longevity increments; and

- an estimate of the projected impact on taxes over the life of the contract.

No law currently prevents local governments from releasing such details after union negotiations conclude. Unfortunately, in the absence of an affirmative disclosure requirement, it appears that many local officials are inclined towards secrecy rather than transparency in such matters.

Attached to my written testimony is a copy of my policy briefing, [*Lifting the Shroud of Secrecy from Public Employee Contracts*](#), which offers further details of the proposal.

I would be happy to answer any questions.