MONDAY ALERT

New York State Alliance for Retired Americans

800 Troy Schenectady Rd., Latham, NY 12110 | 518-783-6231 | www.newyorkstateara.org

NYSARA Biennial Election Convention Call - Deadline Approaches

The biennial NYSARA election convention will convene on April 19, 2018 from 11:00 am to 3:00 pm at the NYSUT offices at 800 Troy Schenectady Road in Latham, New York. Keynote speakers will include Alliance for Retired Americans Executive Director, Richard Fiesta and NYS Assemblyman John T. McDonald (D/108th AD) a member of the Assembly Aging Committee . Also, presentations on "Death by a Thousand Cuts for Social Security, Medicare and Medicaid" and an analysis of the success of Constitutional Convention issue advocacy will be given. Unfortunately, the NYS Comptroller Tom DiNapoli let us know that he had an unchangeable conflict and would not be able to speak with us at this convention.

At the biennial convention we will also be electing officers for 2018 - 20. The current nominees for office are: **Barry A. Kaufmann (NYSUT/NYS AFL-CIO) - President, Paul Schuh (UAW) - Executive Vice President of Labor, OPEN - Executive Vice President for Community, Doris Welch (IBT) - Secretary and Gary Lanahan (CSEA) - Treasurer.** Nominations will be accepted from the floor for each office. The nominees from the floor MUST be in attendance and must represent a statewide fee payer. To get a registration form for the 2018 biennial NYSARA election convention click here **April 9, 2018 is the deadline for early registration. Any registrations after that time will be charged $20 if available.**

Reminder, reminder, reminder

Do Not Forward the NYSARA Monday Alert through your e-mail program. USE THE FORWRD TO A FRIEND button at the bottom of the Monday Alert. If you forward through your e mail program and the person or persons it is forwarded to either unsubscribes or reports it as spam it will unsubscribe you and make it extremely difficult to re subscribe without a different e mail address.

New York State Approved 2019 Budget/Senior Impact

Continues the phase-in of the $4.2 billion Middle Class Tax Cut to deliver relief to six million New Yorkers – saving households $250 on average and $700 annually when fully effective.

Keeping New York Economically Competitive

Protect New Yorkers from Federal Tax Changes: The recently enacted federal tax law has negative fiscal implications for many New Yorkers. By gutting the deductibility of state and local taxes, the law effectively raises middle class families' property and state income taxes by 20 to 25 percent. New York is fighting back against the federal plan and the loss of both income tax deductibility and property tax deductibility. To combat the assault, the FY 2019 Budget:

• Expands Charitable Contributions to Benefit New Yorkers: The FY 2019 Budget creates two new state-operated Charitable Contribution Funds to accept donations for the purposes of improving health care and education in New York. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State tax returns. Any taxpayer making a donation may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. In addition, the legislation authorizes school districts and other local governments to create charitable funds. Donations to these funds would provide a reduction in local property taxes (via a local credit) equal to a percentage of the donation.

• Creates Alternative Employer Compensation Expense Program: While Federal tax reform eliminated full State and local tax deductibility for individuals, businesses were spared from these limitations. Under the FY 2019 Budget employers would be able to opt-in to a new ECEP structure. Employers that opt-in would be subject to a 5 percent tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019. The progressive personal income tax system would remain in place, and a new tax credit corresponding in value to the ECEP would cut the personal income tax on wages and ensure that State filers subject to the ECEP would not experience a decline in take-home pay.

• Decouples from Federal Tax Code: The FY 2019 Budget decouples the state tax code from the federal tax code, where necessary, to avoid more than $1.5 billion in State tax increases brought solely by increases in federal taxes.

Continue the Phase-In of the Middle Class Tax Cut: The Budget supports the phase-in of the middle class tax cuts. In 2018, average savings will total $250 and, when fully effective, six million New Yorkers will save an average of $700 annually. Once fully phased in, the new rates will be the lowest in more than 70 years – dropping from 6.45 to 5.5 percent for incomes ranging from $40,000 – $150,000 and 6.65 to 6 percent for incomes ranging from $150,000 – $300,000. The new lower tax rates will save middle class New Yorkers $4.2 billion, annually, by 2025.

Grow County-Wide Shared Services Initiative to Deliver Savings for Taxpayers: New York State will build on progress to reduce local property taxes for millions of New Yorkers and take the next step forward to provide local governments with new tools to put money back in the pockets of middle-class families. The FY 2019 Budget includes $225 million to fund the State's match of savings from shared services actions included in property tax savings plans. The Budget also continues the county-wide shared services panels for another three years and amends a statutory hurdle that prevented localities from sharing some specific services.

Create a Voluntary Retirement Savings Program: The Budget authorizes the New York State Secure Choice Savings Program – a voluntary-enrollment payroll deduction IRA for employees of private employers that do not already offer retirement savings plans. The participation is voluntary for businesses and employees and businesses may choose not to contribute.

Continue the Local Property Tax Relief Credit: The Property Tax Credit, enacted in 2015, will provide an average reduction of $380 in local property taxes to 2.6 million homeowners this year alone. By 2019, the program will provide an additional $1.3 billion in property tax relief and an average credit of $530.

Establish Health Care Shortfall Fund: The Budget establishes a fund to ensure the continued availability and expansion of funding for quality health services to New York State residents and to mitigate risks associated with the loss of Federal funds. This fund will be initially populated with funds from any insurer conversion or similar transaction.

New York State Adopts Voluntary Retirement Savings Program

New York is among a growing number of states that have now passed legislation to create government-sponsored payroll-deduction retirement programs for small businesses. Personal finance expert Jean Chatzky notes 52 percent of American households age 55 or over have no retirement savings, leaving them with only Social Security. She's working in New York and other states to lobby for an individual retirement account plan with state oversight for small businesses that allows workers to have a portion of their paychecks set aside automatically.

With an estimated 55 million Americans lacking access to retirement plans at work, 40 states have considered legislation since 2012 to establish state-facilitated retirement programs for private-sector workers. Five have enacted state-run programs and two, New Jersey and Washington state, have launched marketplaces connecting employers with low-cost private-sector retirement plans.

New York's plan, proposed by Democratic Gov. Andrew Cuomo in his 2018 budget and was passed in the 2019 budget, would have a state board oversee investments made through payroll deduction **with no employer contribution**.

It's similar to initiatives launched in California, Connecticut, Illinois, Maryland and Oregon, but with a key difference: **Participation by businesses would be voluntary in New York, while the other five states mandate that companies meeting a certain size threshold automatically enroll all employees.**

The Business Council of New York State, which represents private employers, initially opposed the legislation. But the group has reevaluated its position pending clarification of the voluntary nature of the program.

Mandated state-run retirement savings plans have gotten pushback from businesses and Congressional Republicans who say they stifle private competition, impose onerous regulations and expose employers to lawsuits.

Last year, President Donald Trump signed legislation revoking an Obama-era Labor Department rule designed to provide a legal safe haven for the state programs, which Senate Majority Leader Mitch McConnell called "more government at the expense of the private sector and American workers."

California Republican State Sen. John Moorlach, a certified financial planner, said low-income workers don't save because they can't afford to not because there are no opportunities. He noted that the federal government closed the Obama-era myRA program last summer for lack of demand.

The Treasury Department said the myRA program, launched in late 2015 for people without access to a 401(k) or other workplace retirement plan, had about 20,000 funded accounts with an average of $1,500 and because of the small demand would have cost the government significant money to maintain.

The positive of this legislation in New York State is the possibility of payroll deduction, if the small employer, without contribution, allows it and the mandate of a state board that allows a group mentality with regard investment strategy that has proven successful in the state and New York City retirement systems.

The negatives of this legislation are numerous. It makes it MUCH **less** likely for companies to consider instituting a contributory retirement system, rather than what is addressed in this legislation, an IRA which is an investment without retirement guarantee. A pension is a large part of **true** retirement security. It can encourage companies that currently either match or partially match retirement SAVINGS to backtrack and no longer contribute. Even with the set up of the state board the income for retirement is not guaranteed and in this time of financial stresses the presence of finances to set aside for the employee to opt into retirement savings are scarce at best. To have true retirement security it requires an equal contribution of Social Security and Medicare, a pension **and** retirement savings. This plan encourages the use of two thirds of the resources to solve the entire retirement security issue and does virtually nothing to address middle aged people that are within 10-15 years of retirement. Additionally it creates more pressure on the NYS retirement system from the have versus the have not syndrome in the country. This is in addition it is **highly likely** that New York State lawmakers will believe that the currently passed legislation is the solution for retirement security and no longer seek to address the real issue of retirement security rather than savings.

Medicare Drug Prices Have Soared at Ten Times the Rate of Inflation Since 2012

Prices for the 20-most prescribed brand name drugs for seniors have risen an average of 12% each year since 2012, according to a [congressional report] released Monday. That is nearly 10 times higher than the rate of inflation.

The minority staff of the Senate Homeland Security and Governmental Affairs Committee compiled the report over several years. Sen. **Claire McCaskill** (D-MO), the ranking member of the committee, oversaw its release.

Entitled, *Manufactured Crisis: How devastating drug price increases are harming America's seniors*, the report said the extreme price hikes show the need for further investigation to determine the "impact on health care system costs and financial burdens for the growing U.S. senior population."

The report examined the costs of the 20 most-prescribed drugs under the Medicare Part D program from 2012 to 2017. It found that Nitrostat, used to relieve chest pain, had increased the most, with a percentage change of 477%.

Twelve of the 20 drugs saw their prices increase by more than 50% over the five-year period and six had price increases of over 100%. Lantus/Lantus Solostar, Lyrica, Novolog, Premarin and Zetia were the other drugs that had increases of more than 100%.

"If we allowed Medicare to negotiate drug prices directly with the pharmaceutical companies, we would save tens of billions of dollars," said **Robert Roach, Jr.**, President of the Alliance. "This really drives that point home."

Brookings Institution: Costs to States of Expanding Medicaid are Low Compared to the Public's Gains

Many Republicans have criticized the financial burden on the 32 states that have elected to expand Medicaid through the Affordable Care Act (ACA). However, a recent study by the Brookings Institution concluded that these claims are "overstated, misleading, and substantially inaccurate."

The ACA covers 90% of the cost of Medicaid expansion for people with earnings at or under 138% of the federal poverty level, leaving states with only 10% of the cost. The study reviewed scholarly information and government spending data from each of the states that have expanded their Medicaid programs and found that because many Medicaid beneficiaries enrolled under federal funding, there was a decrease in state spending in several places, including Arkansas, Indiana, Kentucky, Louisiana, Michigan, Montana, New Mexico, Ohio, and West Virginia.

The GOP position stems from a claim that states had higher Medicaid enrollment numbers than they originally expected. This is only true for a few states and overlooks the several states where spending has decreased in the wake of Medicaid expansion.

The false claims about increased state spending have been circulated by conservative organizations such as the Foundation for Government Accountability. The organization's leaders stated that "each and every state that opted into ObamaCare expansion is facing a surge in Medicaid enrollment far higher than ever anticipated." However, this has been repeatedly disproved by states including Indiana, North Dakota, and Ohio, which have reported enrollment numbers that did not exceed their expectations.

"It is no surprise that Republicans are trying to discredit the success of Medicaid expansion," said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. "When we are armed with the facts, we can continue to fight for the millions of Americans who are without access to basic health care."

Immigration Policy Changes Will Likely Lead to a Shortage of Caregivers for Seniors

People living with disabilities, serious illness and the frailty of old age are bracing to lose caregivers due to changes in federal immigration policy, according to *Kaiser Health News*.

About 59,000 Haitians are living in the United States under Temporary Protected Status (TPS), a humanitarian program that gave them permission to work and live in the United States after the January 2010 earthquake devastated their country. Many work in health care as nursing assistants or home health aides.

Now these workers' days are numbered: The Trump administration decided to end TPS for Haitians, giving them until July 22, 2019, to leave the country or face deportation.

It is already difficult to find the right workers to care for seniors. The hours can include 12-hour shifts and the pay is often minimum wage. The work — which includes dressing and changing patients and lifting them out of bed — is often grueling.

Nationwide, 1 million immigrants work in direct care — as certified nursing assistants (CNAs), personal care attendants or home health aides — according to the Paraprofessional Healthcare Institute (PHI), a New York-based organization that studies the workforce. Immigrants make up one in four workers.

The country faces a severe shortage in home health aides. With 10,000 baby boomers turning 65 each day, an even more serious shortfall lies ahead. **Paul Osterman**, a professor at Massachusetts Institute of Technology's Sloan School of Management, predicts a national shortfall of 151,000 direct-care workers by 2030, a gap that will grow to 355,000 by 2040. That shortage will escalate if immigrant workers lose work permits, or if other industries raise wages and lure away direct-care workers.

PHI calculates there are 34,600 direct-care workers who are non-U.S. citizens from Haiti, El Salvador, Nicaragua, for which TPS is ending next year, and Honduras, whose TPS designation expires this July. In addition, another 11,000 come from countries affected by Trump's travel ban, primarily from Somalia and Iran, and about 69,800 are non-U.S. citizens from Mexico. If demand for workers exceeds supply, insurers could restrict the number of hours of care that people receive.

“We need policies that allow seniors who wish to remain in their homes to do so,” said **Richard Fiesta**, Executive Director of the Alliance. “The same humane policies that help many immigrant caregivers stay in America also allow more older Americans to age in place.”

ProPublica: IBM Severely Mistreated its Older Employees

Propublica reports that IBM’s human resources policies hit its most senior employees the hardest and flouted rules against age bias. The company has cut tens of thousands of U.S. workers, slashing its U.S. workforce by as much as three-quarters from its 1980s peak. A substantial share were replaced by younger, less-experienced and lower-paid workers, and many positions were sent overseas.

ProPublica estimates that in the past five years alone, IBM has eliminated more than 20,000 American employees ages 40 and over, about 60 percent of its estimated total U.S. job cuts during those years.

In making these cuts, IBM has “flouted or outflanked” U.S. laws and regulations intended to protect later-career workers from age discrimination, according to a review. Among the findings, IBM denied older workers information the law says they need in order to decide whether they’ve been victims of age bias, and required them to sign away the right to go to court or join with others to seek redress.

ProPublica found that the company targeted people for layoffs and firings with techniques that “tilted against older workers” even when they were considered high performers. In some instances, the money saved from the departures went toward hiring young replacements.

Other conclusions were that IBM:

- Converted job cuts into retirements and took steps to boost resignations and firings. This reduced the number of employees counted as layoffs, which can trigger public disclosure requirements if the numbers are high;

- Encouraged employees targeted for layoffs to apply for other IBM positions, while quietly advising managers not to hire them; and

- Told some older employees being laid off that their skills were out of date, but then brought them back as contract workers, often for the same work, at lower pay and with fewer benefits.