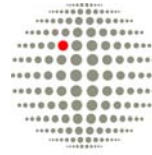


March 11, 2009



Partnership for New York City

Open Letter to Governor Paterson and Legislative Leaders

Congratulations on the decision you announced today to apply savings realized as a result of the federal economic stimulus package to avoid tax increases on business and consumers. This was a wise move.

The budget decisions that you will make during the next two weeks could set the stage for New York State's rapid economic recovery and future growth. Or they could make it much harder for the state to emerge from the current crisis, resulting in more New Yorkers losing their jobs, more companies failing and a permanent setback for our state.

You have declared that New York faces a dire fiscal emergency and called for everyone to sacrifice. As representatives of the business community, we have responded with a commitment to do our part to help.

In that spirit, the Partnership has embraced the call for reform and restructuring of the state's health care system and its economic development programs. We have endorsed the Ravitch proposals to finance the metropolitan transportation system through new assessments on employers, drivers and mass transit riders. We agree on the need to withhold property tax rebates under the STAR program. And we are prepared to accept a large portion of the fees, taxes and savings proposals set forth in the Executive Budget – despite their cost to business and consumers.

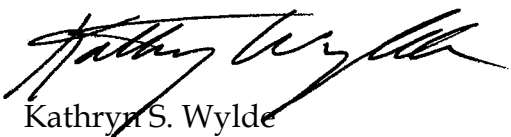
But as you enter the home stretch of budget negotiations, we do not see this spirit of shared sacrifice building in the halls of government. The greatest sense of urgency and the strongest messaging is coming from those who are trying to preserve the status quo, protect their historic budget prerogatives and push for budget solutions that make "other people" pay. This is a prescription for economic disaster.

Budget decisions regarding health care represent a particular challenge. Our Partnership members are among the strongest supporters of the hospitals and the dedicated people who work for them. But health care providers, like everyone else, need to take responsibility for bringing their costs into line with state resources. We reject the idea that any effort to control spending will hurt patients. The Berger Commission provided the best forum for the complex task of restructuring the state health care system, but was held back by industry and political interests. We suggest that you authorize a second Berger Commission to continue the effort to reorganize both the delivery and reimbursement systems along the lines introduced in the Executive Budget. We also urge immediate reform of the medical malpractice insurance laws -- the most obvious drain on the system.

Finally, we urge you to carefully apply federal stimulus money to avoid both tax increases and to minimize cutbacks in aid to localities and state agencies that will be equally damaging to our fragile economy. We went with you to Washington, D.C. to make sure that state budget relief was part of the stimulus package. These funds must be invested strategically, looking to the future, and not simply to quiet the noisiest special interests.

It is clear to most people that we face a crisis that is far more profound than any cyclical economic downturn. When this budget is put to bed, we hope you will convene leaders from across the state, from business and labor, to consider how we move forward together. This is a moment for strong and courageous leadership, which we know you are able to provide.

Sincerely yours,



Kathryn S. Wylde
President and CEO