

**Testimony  
of  
Leonard Allen**

**President, Local 2021  
District Council 37, AFSCME**

**Before**

**The Senate Committee on Racing, Wagering  
and Gaming on the Status of Racing in**

**New York State**

**Nassau County Office Building  
Legislative Chamber  
1550 Franklin Avenue**

**Wednesday, October 5, 2011**

**Mineola, New York**

Good Afternoon, Chairman Bonacic and members of the Senate Racing, Wagering and Gaming Committee.

My Name is Lenny Allen – President of Local 2021 – representing the former employees of New York City Off-Track Betting Corporation (NYC OTB).

As you know, the NYC OTB Corporation was shutdown on December 7, 2010 as a result of legislative inaction by the New York State Senate. On December 20, 2010 the corporation ceased its operations entirely. This in spite of the fact that the corporation had \$14 million which could have kept its doors open until March 2011.

As a result of this closure close to 1000 members of Local 2021 lost their jobs, 100 were forced to retire and all employees and retirees lost their health insurance and supplemental benefits – which includes optical, podiatry, dental and prescription drugs to individuals who upon retirement were entitled to and were receiving these benefits at the time of closure.

The closure/shutdown of NYC OTB continues to adversely impact Local 2021 members and its parent union District Council 37 (DC37). Local 2021 gave up some very significant concession through agreements with the turnaround specialist Greg Rayburn including a significant downsizing of its workforce. The closure of OTB has meant our members have faced:

- Foreclosures
- Had to discontinue paying school tuition
- Had to make payments of Health Insurance Coverage that they previously did not have to pay - Taking up to 50% to 60% of their pension money to pay for Health Insurance
- Have faced unemployment – the filing of unemployment benefits which for many is about to cease
- Homelessness – resulting from income insecurity

Not to mention the even greater loss to the state such as:

- The loss of revenue to the state - \$750 million loss in handle to the state
- Increase in illegal bookies operating throughout New York City – the purpose of the creation of NYC OTB was to prevent the operation of bookies we are now aiding & abetting their proliferation
- The decline in revenue and spending in local communities as a result of the neighborhood parlors closing
- The increase rate of unemployment to the communities of upstate New York supported by the racing industry

This loss is enormous and must be reversed if we are to revive the racing industry in New York State. This was done, in spite of the fact, that the corporation had funds equivalent to \$14 million which would have allowed it to continue operating until March 2011, we would like to know what happened to this \$14million – this money was promised to our members – thru an agreement with the New York City OTB Corporation – which would have paid for the severance of our members.

Adding insult to injury, this past September 23<sup>rd</sup> Governor Andrew Cuomo vetoed the bill (S4489/A5785 which passed in the Assembly by 77 to 47 and the Senate by 51 to 11) that would have restored health coverage for about 900 retirees from the city's Off-Track Betting Corporation under the premises that "the legislature had failed to make any appropriation to accompany the legislation".

Sadly, the closure of NYC OTB did not have to happen. At the time when NYC OTB was exploring alternative to the closure, DC 37 Local 2021 stepped up and offered significant labor concessions during negotiations with NYC OTB's turnaround Specialist Greg Rayburn who was paid a monthly salary of \$125,000 to reorganize NYC OTB through a bankruptcy restructuring. These givebacks included a major downsizing of the workforce, reduced pay and the closure of dozens of unprofitable branches. Before its closure NYC OTB accounted for 51% of the revenue generated by the OTB's in New York State.

It's absence will only mean that other OTB's will shortly follow suit (Nassau & Suffolk) and the NYS racing industry will not be able to withstand the collapse of the industry – we are facing an emergency situation.

If the revitalization of the NYS Racing Industry is not a priority this year or in the

