

**District Council 37  
AFSCME, AFL-CIO**

125 Barclay Street  
New York, New York 10007

---

# We Can Do the Work

## How the City Can Save Over \$600 Million Without Cutting Services

---

District Council 37  
Recommendations for Fiscal Year 2003  
Savings for the New York City Budget

---

Submitted by Lillian Roberts  
Executive Director  
May 2002

# TABLE OF CONTENTS

<u>TOPIC</u>	<u>PAGE</u>
EXECUTIVE SUMMARY.....	2
SUMMARY & FINDINGS.....	4
CIVILIANIZATION.....	7
TOTAL SAVINGS FOR CIVILIANIZATION: \$127 MILLION .....	11
CONTRACTING-IN.....	12
TOTAL SAVINGS FOR CONTRACTING-IN: \$121 MILLION .....	17
EFFICIENCIES & “WORK-SMARTER” INITIATIVES .....	18
TOTAL SAVINGS FOR EFFICIENCIES & “WORK-SMARTER” INITIATIVES: \$30 MILLION .....	25
REVENUE ENHANCEMENTS & INCREASED STATE & FEDERAL AID.....	26
TOTAL SAVINGS IN REVENUE ENHANCEMENTS: \$320 MILLION .....	28
TOTAL SAVINGS IN INCREASING STATE & FEDERAL AID: \$875 MILLION .....	33
ECONOMIC DEVELOPMENT & JOB CREATION .....	34
TOTAL SAVINGS DUE TO ECONOMIC DEVELOPMENT AND JOB CREATION: \$200 MILLION .....	\$100 - 39
LEGISLATIVE ACTIONS TO REALIZE SAVINGS .....	40
TOTAL SAVINGS IN LEGISLATIVE ACTIONS: \$413 MILLION .....	41
CONCLUSION .....	42
SOURCES .....	43

---

## EXECUTIVE SUMMARY

New York City is faced with a budget gap of over \$5 billion in FY 2003. Mayor Michael R. Bloomberg is seeking close to \$5 billion in savings and revenues to address the budget shortfall. This includes: \$1.8 billion in an agency reduction program; \$1.5 billion for transitional financing; \$800 million in Federal and State aid; and \$500 million in fringe benefit cost containment measures subject to negotiations with the municipal unions. In addition, on April 18, the mayor outlined draconian contingency cuts to make up for possible shortfalls in his gap-closing plan should the State and Federal governments fail to provide the \$800 million requested in the mayor's budget plan.

The September 11<sup>th</sup> attack, the slowing economy, the loss of revenues due to policies of the prior Administration, and continued decreases in Federal and State aid have all contributed to creating our current economic crisis.

We also believe that the Mayor should not balance the budget on the backs of the 125,000 members of District Council 37 who strive each day to ensure that quality services continue to be provided to those who live and work in New York City. In order to balance a budget with a deficit as large as the one our City faces, there must be a fiscally responsible plan that covers three areas: savings, revenues, and debt refinancing. Unfortunately, the Mayor's proposed budget relies very little on revenue enhancements and largely on debt refinancing and large service reductions.

We will always oppose any attempts to balance the budget on the backs of those most in need of critical services provided by the City - including education, the public health care delivery system and our public safety and social services. Nor can we damage our jewels, the cultural and library institutions and parks; and our infrastructure system and administrative agencies.

We agree with the mayor that we are all in this together. He has asked for our ideas for generating more revenue and providing greater savings. We have some solutions, and we want them acted upon.

In this document, District Council 37 has identified over \$600 million in potential savings. Some of these proposals, such as an aggressive civilianization plan, can be acted on immediately. Others require legislative

action, such as the reinstatement of the Commuter Tax. Still other recommendations are long term. Collectively, our proposals are included under four major areas: civilianization; contracting-in; efficiencies and “work-smarter” ideas and revenue enhancements. We also offer recommendations on increasing state and federal aid, economic development, and legislative changes.

In addition, some of these recommendations should be considered in the context of the upcoming negotiations for the collective bargaining agreement between DC 37 and the City of New York. The current contract will expire on June 30, 2002.

We look forward to working with Mayor Bloomberg, the City Council, and the State Legislature to ensure that our city remains a vital and thriving community with the continued growth of our communities, New York State and our nation. We stand ready, willing and able to provide the best for New York. Together, we can do it!

Lillian Roberts, Executive Director

District Council 37

---

## SUMMARY & FINDINGS

Over \$600 million in savings has been identified by District Council 37's leadership, members and staff to address the \$5 billion budget gap and labor's savings contributions. Following are highlights of our findings in six areas. The first four areas identified below are initiatives that could be implemented in the short-term (i.e., 6 to 12 months).

- **Civilianization** - We estimate that an aggressive civilianization plan for the NYPD would render the City a savings of well over \$127 million in FY 2003, by building on the civilianization plan outlined in the Mayor's Preliminary Budget for FY 2003, for the New York City Police Department (NYPD) and the City Council's Civilianization projections outlined in the City Council's Alternative Financial Plan. We will be issuing future reports on additional savings that could be realized in other uniform agencies including the Corrections Department, Fire Department and Sanitation Department.
- **Contracting in** - A minimum of \$121 million has been identified in savings for FY 2003 for services, which can be performed in-house at a lower cost and more efficiently by City personnel.
- **Eliminating Waste & "Work Smarter" Initiatives** - A minimum of \$30 million could be saved by establishing more efficient ways of providing City services to the public. Finally, a long-term administrative recommendation for re-instituting a risk management program for the Workers' Compensation

- system affecting City employees that yields savings of \$20 million is outlined in this report.<sup>1</sup>

**Revenue Enhancement** - Additional revenues of \$320 million have been identified by increasing existing revenue streams.

In addition, we propose:

- **An Economic Development & Job Creation Policy** - An economic development plan expanded from Lower Manhattan throughout all boroughs could generate long-term savings to the City by creating an environment that is both worker friendly and business friendly. The City could implement a plan, as it has done with past subsidies for businesses, to create jobs and improve the City's economy. This issue is of particular significance for the thousands of individuals who will reach their Temporary Assistance for the Needy Families (TANF) five-year limit and are competing for decent paying jobs with benefits in a tight job market.

In addition, the Living Wage Bill should also be supported as both a legislative initiative and economic development policy of this Administration.

- **New Taxes** – A legislative agenda, including the reinstatement of the Commuter Tax, generating revenues of \$413 million, should be pursued by this Administration. This is one of the options presented in a report issued by the

---

<sup>1</sup> The savings of \$20 million is included in the total savings of \$35 million in eliminating waste and "work smarter" initiatives.

Independent Budget Office<sup>2</sup> on addressing the New York City budget deficit for FY 2003. The economic slowdown reinforces the urgency of the city's need to reevaluate some of the \$3 billion in tax cuts that have been enacted since 1995.

---

<sup>2</sup> A report titled "Budget Options For New York City" was issued by the New York City Independent Budget Office (IBO) in April of this year. In this report the IBO stated that restoring the Commuter Tax would result in \$413 million in revenues for FY 2003 and \$505 million by FY 2006.

# Civilianization

## OVERVIEW

The concept of "civilianization" is not new. It merely reflects the principle that civilian employees - in clerical, professional and blue-collar titles - should perform the duties set forth in their job specifications within uniformed agencies. "Civilianization" does not mean that non-uniformed workers should perform the duties of police officers or other uniformed personnel. All civilian and uniformed municipal employees should perform the duties appropriate to the civil service titles for which they were tested and hired based on their experience, training and education. Stated another way, "civilianization" means returning the duties of civilian civil service titles to the qualified civilian municipal workers who hold such titles based on their merit and fitness as determined by competitive examination.

The proper implementation of "civilianization" can save millions of dollars for the taxpayers of New York. Indeed, in the FY 2003 Preliminary Budget, the Bloomberg Administration, based on larger-than anticipated attrition in the ranks of police officers, proposed to reduce uniformed headcount in the NYPD by 1,600 positions and to replace those positions with 800 civilian workers. The New York City Office of Management and Budget values the savings in millions as follows: \$43.7 - 2003; \$38.1 - 2004; \$40.0 - 2005; \$42.5 - 2006.

The City Council, in its Alternative Financial Plan, anticipates that the Mayor's proposal would save considerably more money: \$63.9 million in fiscal year 2003; \$55.5 million in fiscal year 2004; \$56.0 million in fiscal year 2005 and \$56.9 million in fiscal year 2006.

We estimate that an even more extensive program of civilianization in the NYPD could save \$127 million annually by returning police officers to patrol duties while back-filling positions with civilians.

Moreover, extensive civilianization will make our City safer by returning more police officers to the streets to perform the community policing, patrol and enforcement duties for which they have been trained while reducing overtime costs.

We are currently assessing the appropriate uniform/civilian staffing areas in the following agencies: the Department of Corrections, the Fire Department and the Sanitation Department. In all three agencies, uniformed personnel are currently performing duties that could be performed with greater expertise and more economically by qualified civilian employees.

## AGENCY RECOMMENDATIONS

- Civilianize Various Administrative & Clerical Positions in the New York City Police Department (NYPD): \$127 million in savings

We estimate that there are over 3,500 clerical and administrative positions currently held by uniformed personnel throughout the NYPD, that could be civilianized. According to a 1999 report by the Office of the New York City Comptroller, 1,257 positions in the NYPD could be civilianized, resulting in an increase in patrol strength.<sup>3</sup> In addition, there are other positions currently held by Police Officers in the Management Information Systems Division and Police Laboratory that could be civilianized in the NYPD. These positions are not included in the 3,500 figure mentioned above.

- Replace Police Officers performing Associate Investigator and Investigator duties: \$2.7 million in savings.

We estimate that 162 positions currently being performed by uniformed Police Officers could be civilianized in the Applicant Processing Division unit and duties performed by the Investigator title series. There are other areas, including the License Division and other units identified in the New York City Comptroller's Report issued in 1999, that could also be civilianized and are not included in the 3,500 figure mentioned above.

---

<sup>3</sup> The NYC Office of the Comptroller issued report on February 1, 1999 titled "Audit Report on the Opportunities for Savings Through Civilianization in the New York City Police Department." The Comptroller concluded that \$36.2 million in annual cost savings could be found by civilianizing 1,257 non-enforcement positions at the Police Department.

- Replace Police Officers performing non-enforcement duties in the NYPD Pension Office with civilian personnel. The Police Pension Fund is in the process of becoming a new separate agency: \$250,000 in savings.

The City would benefit greatly by replacing uniform workers performing non-enforcement duties (such as accounting, bookkeeping, benefits examiner for pension, statistical, clerical, and office work), with non-uniformed civilian workers, saving as much as \$250,000 per year.

- Replace Drug Abuse Resistance Education (DARE) Officers with Substance Abuse Prevention and Intervention Specialists (SAPIS) Workers: \$2 million - \$3.3 million in savings.

The Board of Education should replace the Drug Abuse Resistance Education Program's contract with a school-based comprehensive drug prevention policy. It should be noted that the Substance Abuse Prevention and Intervention Specialist (SAPIS) counselors, who are certified under the New York State mental health laws, currently perform similar functions as DARE officers in a more cost effective manner. Providing these school-based services has been proven as a successful method in drug prevention and intervention. The City has been using the services of 100 uniformed police officers to visit the elementary schools to tell the kids to "say no to drugs." The DARE program is costly and ineffective, as has been shown by the research data. The primary role of police officers to protect the public safety is also undermined. Civilianizing the DARE program would increase cost savings without undermining public safety while freeing up a pool of officers to be reassigned to crime prevention and enforcement functions<sup>4</sup>.

---

<sup>4</sup> See report titled "Better service for Less" Cost Effective Proposals in the Delivery of Goods and Services by The City of New York, submitted by Local 372, Board of Education Employees.

## SAVINGS

The average annual salary of a Police Officer with five years of service is \$47,499 (without collective bargaining increases), and \$60,027 after five years of service. Compare that to an average annual salary of a Substance Abuse Prevention and Intervention Specialist (SAPIS) counselor of \$26,622 (including collective bargaining increases):

### COMPARATIVE COST ANALYSIS

100 POLICE OFFICERS vs. 100 SAPIS

#### Less than five (5) years of service

100 Police Officers x \$47,499 = \$4,749,900

100 SAPIS L1 x \$26,622 = \$2,662,200

$\$4,749,900 - \$2,662,200 = \mathbf{\$2,087,700}$

#### After five years of service

100 Police Officers x \$60,027 = \$6,002,700

100 SAPIS L1 x \$26,622 = \$2,662,200

$\$6,002,700 - \$2,662,200 = \mathbf{\$3,340,500}$

**TOTAL SAVINGS FOR CIVILIANIZATION:  
\$127 MILLION**

## Contracting-in

### OVERVIEW

The Administration has budgeted \$6 billion for contractual services covering 18,639 contracts in FY 2003. These budgeted contract expenditures amount to 13.59% of the \$42.7 billion FY 2003 Preliminary Expense budget.

It has been demonstrated repeatedly that contracting out essential services adds overhead, undermines consistent quality and opens the door to corruption and political deal making – all of which ultimately raise the cost of providing services. In addition, contracting out of services that should be performed by City employees undermines the civil service system by delaying the movement of civil service lists.

New York City has appropriated \$60.738 million in 600 contracts in this fiscal year for temporary service contracts. This is an increase of \$6.403 million over fiscal year 2001. Temporary service contracts cover many of the duties performed by DC 37 members, including: receptionist, secretarial, stenographic, typing, clerical, keypunch, messengers, court reporting and transcribing, handy persons, and other related services.<sup>5</sup>

In addition, the increasing use of consultants and temporary service contracts by the Board of Education, Corrections Department, Department of Health and other mayoral agencies in clerical, professional and blue collar areas, continues to be a growing concern and will be highlighted in future reports issued by DC 37.

---

<sup>5</sup> Among mayoral agencies, the largest users of temporary service contracts are the Departments of Finance, Fire, Housing Preservation and Development and Human Resources Administration.

Following are a few examples of services affecting various city agencies that could be contracted-in:

## **AGENCY RECOMMENDATIONS**

### I. Administration for Children's Services

- Contracting in Absent Parent Locations in Administration for Children's Services (ACS) Office of Child Support Enforcement (OCSE)

In 1995, ACS contracted-out a portion of the absent parent investigations to Equifax. We estimate that of the total locates completed by Equifax, only about 25% result in successful locates, and of these 15% result in actual dispositions or judgments of money against the absent parent. Our workers have found that many of these locates are incorrect, closed cases, incarcerations, deaths etc. Equifax gets paid regardless of the disposition of cases. The value of the contract was \$5.1 million over three years with an extension through 1998, and further extensions have since been negotiated. Seventy-five percent of the contractor's locates are unsuccessful, or nullifications. We would urge that this work be contracted-in at cost savings to the City. Social Service employees currently assigned to this unit could be used as an alternative to a new contract with Equifax or another vendor and would be more accountable.

With improvements in technology and information sharing, this work could be done more thoroughly and effectively in-house. We are assessing further the cost savings of implementing this initiative.

## II. Board of Education

- Replace private delivery vendors with in-house personnel to deliver commodities to New York City public schools and non-public schools: \$20 million in savings.

The Board of Education has relied more and more on private vendors to deliver commodities to public and non-public schools. The Office of School Food Service Warehouse Distribution Unit could easily perform this work. The elimination of these vendors and the contracting in of this function would eliminate an unnecessary expense of \$20 million now paid to various contractors. Accountability and quality control would be increased by Board of Education employees assuming responsibility for ensuring safer delivery of frozen commodities and preventing the continuation of contract fraud, as evidenced by a number of recent indictments and convictions related to contract rigging.<sup>6</sup>

- Eliminate United Way contract for the Attendance Improvement and Dropout Prevention Program (AIDP) and Project Achieve Transition Services (PATS) to serve as managing agency to subcontract to community based organizations (CBOs) to provide support services, outreach and parent involvement: \$14.6 million in savings.

---

<sup>6</sup> See Report titled "Better Services For Less" Cost Effective Proposals in the Delivery of Goods and Services by the City of New York, submitted by Local 372, Board of Education.

Contracting out of these services has been ineffective. The student dropout rate has increased from 16.2% in 1986, when Local 372 members were providing the service, to 19.3% in 2001, after the services were contracted out to United Way, and in some schools the drop-out rate has climbed as high as 40%. In addition, the cost of these services provided by United Way, has resulted in 30% in administrative overhead, primarily due to the hiring of account managers who act as district liaisons at an average salary of \$60,000 a year. Finally, there is no accountability system for determining if these community-based organizations are actually providing the services, or if competent individuals in their respective fields are being used.<sup>7</sup>

- Utilization of Counselors instead of private vendor in the Board of Education to perform Prevention and Intervention Services: \$10.4 million in savings.

By eliminating the contracting out of prevention and intervention services, conflict management and training of school administrators during two-day workshops, (claimed to be professional development), the Board of Education could save \$10.4 million. Local 372 recommends that a minimum of one Substance Abuse Prevention and Intervention Specialist (SAPIS) be placed in each school. These SAPIS would provide year-round coverage in the schools for the entire student population. They would also provide training to parents and administrators, as they have done for over 30 years. This strategy would save the Board of Education \$10 million.<sup>8</sup>

---

<sup>7</sup> See report titled "Better Services For Less" Cost Effective Proposals in the Delivery of Goods and Services by The City of New York, submitted by Local 372, Board of Education Schools Employees.

<sup>8</sup> See report titled "Better Services for Less" Cost Effective Proposals in the Delivery of Goods and Services by The City of New York, submitted by Local 372 Board of Education School Employees.

### III. Department of Design and Construction

- **Contracting in Department of Design & Construction Work (DDC): \$76 million in savings each year over a ten year period assuming capital budget will be fully funded.**

The Department of Design and Construction oversees a \$1.5 billion a year budget in capital construction projects. Local 375 estimates that the department could save \$76 million a year in design, inspection and construction management services by providing these services in-house<sup>9</sup>.

Virtually all of the design work at the Structures unit is contracted out. These projects involve publicly owned buildings such as libraries, firehouses and museums. The work includes construction of new buildings, rehabilitation and partial rehabilitation. Approximately half of the work at the Infrastructures unit is also contracted out. These projects include the repair and construction of water and sewer lines.

Contracting out has resulted in a staff retention crisis at the Department of Design and Construction that, over the long term, will undermine its capacity to perform critical design and inspection functions.

The savings from in-house work principally results from three factors:

- Elimination of the profit motive
- No need for additional review by department staff

---

<sup>9</sup> DDC oversaw 606 registered procurement contracts worth \$2.3 billion from July 1, 1998, to November 30, 2000, according to a February 2002 report by the New York State Comptroller. Of those, 21 contracts were awarded on a "sole source basis" (i.e., without bidding).

- Reduction of the “learning curve” for jobs.

**TOTAL SAVINGS FOR CONTRACTING-IN:      \$121  
MILLION**

## Efficiencies & “Work-Smarter” Initiatives

### OVERVIEW

Although New York City government serves as a model for many innovative programs, more can be done in improving efficiency and developing “work smarter” initiatives. There are clearly levels of waste that could be eliminated, such as overly cumbersome operating procedures, lack of access to adequate computer infrastructures and equipment inadequate for the City’s mission of serving the public.

As technology and operational procedures change, there is also a need for a better-trained workforce that is provided with on-going staff development to ensure that service delivery is improved in City government.

We have identified some ways in which the City government can begin to take a more assertive role in this area.

## AGENCY RECOMMENDATIONS

- **City-wide**
- Implementing a Risk Management Program for the City: **\$20 million in savings.**

Currently the City spends over \$100 million each year on wage replacement because of on-the-job injuries and job-related illnesses; this does not include medical payments and lump sum awards. DC 37 contends that the amount the City spends for wage replacement and medical compensation payments could be substantially reduced if the City were to implement a "Risk Management Program." A Risk Management Program would review compensation claims and other data in order to identify trends, patterns, high-risk jobs and tasks, and areas likely to cause injuries. It should be noted that the prior Administration disbanded the loss prevention function in the Law Department due to budgetary constraints.

In addition, the Workers' Compensation Department of the Law Department does not communicate effectively with City agencies regarding their Workers' Compensation experience.

## AGENCY RECOMMENDATIONS

### I. Board of Education

- Potential loss of Savings by Elimination of Circular # 6: **\$20.2 million per year.**

The crux of this proposal lies in simple mathematics: the difference between a School Aide salary, plus fringe benefits, and the cost of hiring a teacher, plus benefits, is very significant. Our School Aides are hourly (part-time) employees who work

four hours a day. The differential in salary and fringe benefits between a school aide's salary at \$19,449 a year (including fringe benefits and collective bargaining) and a teacher's salary of \$48,190 (including fringe benefits, but no collective bargaining) is substantial. The potential total loss of revenue created by the elimination of Circular #6 would exceed \$20.1 million a year.

- Elimination of administrative waste in the Board of Education

We estimate that the Board of Education could reduce waste in three key areas. We are continuing research to ascertain a dollar value.

- Rental Space

Currently the Board of Education rents office space in downtown Brooklyn owned by the Muss Development Corporation (27<sup>th</sup> and 28<sup>th</sup> floors of the Brooklyn Marriott Hotel). The Board of Education owns three buildings (110 Livingston Street, 65 Court Street and 131 Livingston Street) that are virtually empty. This practice diverts funds from direct services to the school children.

- Consultants: The proliferation of hiring consultants in Community School Districts, Office of School Food and Nutrition Services, Office of Pupil Transportation and the Board of Education Central offices - in a variety of capacities ranging from hearing officers to advisory roles - often cannot be justified.<sup>10</sup>

---

<sup>10</sup> See Report titled "Better Services For Less," Cost Effective Proposals in the Deliverance of Goods and Services by the City of New York, submitted by Local 372, Board of Education School Employees.

- Administrative Re-assignments: In January 2001, as part of his first year report, Chancellor Levy announced that the Board was adding additional attorneys (mostly as consultants) to the Office of Labor Relations to expedite the arbitration process for teachers and principals. These teachers and principals were being assigned to reassignment areas with pay while awaiting disposition of investigations pending on issues ranging from omitting flagrant violations against the system to removal from having any contact with the children pending the conclusion of the investigation. In some cases these individuals were reassigned to non-functional positions for years.

The process of assigning teachers and principals to district offices has decreased but has not stopped completely. OSFNS and PSAL currently have a teacher and a high school principal assigned to their offices for years, without a final disposition of their cases. We believe the money for their salaries could be put to better use on behalf of the children of this City.<sup>11</sup>

---

<sup>11</sup> See Report titled "Better Services For Less" Cost Effective proposals in the Delivery of Goods and Services by the City of New York, submitted by Local 372, Board of Education School Employees

- Replacement of Attendance Teachers with Family Paraprofessionals: \$7.5 million in savings

The Board of Education could implement an alternative policy of utilizing Family Paraprofessionals and School Neighborhood Workers instead of utilizing teachers to perform outreach services to families and making home visits to parents and truants. Family Paraprofessionals and School Neighborhood workers represented by Local 372 currently provide these services to the public school system, but not for the above-mentioned functions.  
12

## II. Fire Department/Emergency Medical Services

- Institute 12-hour tours for Emergency Medical Technicians (EMTs) and Paramedics

Increasing the hours of standard tours from 8 hours to 12 hours will allow the Fire Department to deploy approximately 12% more tours daily without increasing the total numbers of EMTs and Paramedics employed. Increasing the numbers of ambulance tours daily provides the opportunity to improve response time and increase collections from health insurers.

### Built-In Overtime Does Not add to Costs

12-hour tours will result in a built-in annual total of 280 hours of overtime per person. Currently filed personnel average 298 hour per year for EMTs and 282 hours per year for Paramedics. Essentially the 12-hour shifts build-in overtime amounts to slightly less than the number of overtime hours worked now and does not add to the Department's expenses.

---

<sup>12</sup> See Report titled "Better Services For Less" Cost Effective Proposals in the Delivery of Goods and Services by the City of New York, submitted by Local 372, Board of Education School Employees.

The adoption of 12-hour tours also allows for the elimination of one roll call per day resulting in an additional 39,686 hours in the field annually.

- **Five Year Refresher Program Cycle: \$1.88 million in savings**

The current three-year refresher program cycle requires 88 hours of training and testing every three years for Emergency Medical Technicians (EMTs) and 128 hours of training and testing for Paramedics. Extending the cycle by two years for five-year refresher program cycles would save the Fire Department \$1.88 million per year.

- **Less Time Spent on Roll Call: \$951,219 in savings**

For Basic Life Support Units, doing away with one out of three roll calls would result in savings of 30 minutes per day, a total savings of 74 EMT-hours per day, or \$601,783 per year.

For Advanced Life Support Units, doing away with one out of three roll calls would result in savings of 45 minutes per day, 34.75 Paramedics hours per day, or \$349,436 per year.

The combined savings to the Fire Department is \$951,219 (per year). More productive hours in the field would also result in more billable cases and increased collections.

TOTAL SAVINGS FOR EFFICIENCIES &  
"WORK-SMARTER" INITIATIVES:  
\$ 30 MILLION

# Revenue Enhancements

## OVERVIEW

The City budget must include enhanced and new revenue generating initiatives to make up for the shortfall in revenue reductions resulting from the prior Administration's policy of tax reductions during the boom economy. The City's economy has been further eroded by the falling aid packages from the State and Federal governments to New York City over the last 10 years. New York City typically receives less - as much as 25% less - in Federal assistance for ongoing needs such as Medicaid, TANF, job training funding and other crucial investments that people need.

In addition, according to a study by New York Public Interest Research Group, the City's subways and buses move over 81% of the State's riders, while the City receives only 63% of the State's transportation allocation. We hope that the Mayor and the Governor will continue to fight for New York's fair share in this difficult period. We also hope that available State dollars are obtained as requested in the Mayor's Preliminary Budget to balance this budget.

## **AGENCY RECOMMENDATIONS**

### I. New York City Police Department

- Increase Traffic Enforcement Agent (TEA) Level III personnel by 100 and expand collection of "scofflaw" violations: \$20 million in increased revenues.

We estimate that hiring 100 TEAs Level III could generate \$20 million in additional revenue, after accounting for personnel costs. In addition, increasing the use of civil service Traffic Enforcement Agent personnel rather than using private tow companies would result in better accountability and improved quality control.

## II. Multi-agency

- Additional Miscellaneous City Revenues: \$100 million in increased revenues.

The Mayor's Preliminary Budget for FY 2003 outlined \$100 million in new miscellaneous revenues not including \$100 million from the sale of unspecified "tax benefit." Strong collection practices and increased fees and charges for City services could add an additional \$100 million. According to City Project, aggressive collections and increased fees and charges, such as a 15% increase in parking fines, building fees, environmental protection, taxi & limousine, and Consumer Affairs agencies, would add these additional revenues to the City's coffers.

### III. General

- **Restore Cuts to General Revenue Sharing: \$200 million in restorations to City's revenue stream from the State.**

We estimate this restoration would provide \$200 million. It should be noted that New York State has reduced unrestricted aid to localities from a 1988-90 level of 3.9% of State revenues to 1.4% of State revenues today, according to the Fiscal Policy Institute. This aid should be increased.<sup>13</sup>

**TOTAL SAVINGS IN  
REVENUE ENHANCEMENTS:  
\$320 MILLION**

---

<sup>13</sup> ibid, p 2.

# INCREASED STATE & FEDERAL AID

## OVERVIEW

Listed below are recommendations which, while not affecting the City's deficit reduction plan, will provide increased funding streams from the Federal and State government for programs for our most vulnerable populations: the poor, uninsured,<sup>14</sup> homeless,<sup>15</sup> senior citizens and most importantly the children.<sup>16</sup> Creative ventures such as the ones illustrated below could become a reality with government, labor and community-based organizations working together to increase access to health insurance, food stamps, and related benefits. In addition, these programs could result in increasing local employment, business growth and future tax revenues.

## AGENCY RECOMMENDATIONS

### I. Health-Related Agencies

---

<sup>14</sup> According to the United Hospital Fund Report Hospital Watch, "Each Year HHC treats 1.3 million people, about one out of every five New Yorkers who use health care services, of these individuals 560,000 or 43%, are uninsured. Nearly two thirds of the estimated, 900,000 are uninsured people in the City who report using health care services each year receive them from HHC." February 2002, Vol. 13, No. 1.

<sup>15</sup> In New York City the waiting list for Section 8 housing is over 200,000 long. Pp 34, 58. According to a recent article in the New York Times May 4, titled "The Hidden Lives of Homeless Children" by Jennifer Egan, an average of nearly 32,000 individuals slept in New York City shelter each night during the month of February 2002.

<sup>16</sup> Families make up 75% of the homeless shelter population, including over 13,000 children, an increase of 23%. Crain's Magazine, April 29 – May 5, 2002.

- Increase enrollment in Family Health Plus program at Health and Hospitals Corporation: \$300 million in revenue to start in July 2003.

An enrollment program for Family Health Plus could generate over \$300 million for the Health & Hospitals Corporation by enrolling 100,000 individuals starting in July of 2002.

District Council 37 is proposing a joint labor-management initiative with the Mayor's Office of Health Insurance Access, and the Health and Hospitals Corporation (as the lead agency), the Department of Health, and the Human Resources Administration. Appropriate State and Federal agencies would work with the city and labor jointly to begin an aggressive campaign to enroll eligible New Yorkers into Family Health Plus.<sup>17</sup> As pointed out in President Dr. Benjamin Chu's testimony before the Health Committee of the City Council regarding the Mayor's Preliminary Budget, "HHC facilities could realize \$3,000 for each enrollment of an individual into Family Health Plus."<sup>18</sup> This joint collaborative approach on the part of labor, City and State officials could provide additional funding sources for HHC.<sup>19</sup>

---

<sup>17</sup> Testimony of Dr. Benjamin K. Chu, President of New York City Health and Hospitals Corporation, before the Health and Finance Committees of the New York City Council, on the Health and Hospitals Corporation's Fiscal Year 2003 Budget, March 26, 2002, New York City.

<sup>18</sup> The State Legislature proposed legislation that would streamline the rectification forms and processes for Medicaid, Child Health Plus and Family Health Plus, effective April 2003.

<sup>19</sup> According to a recent report issued in the United Hospital Fund publication, City Hospital Watch, City tax levy support to HHC fell from an average of \$211 million annually during 1992-1994 to \$157 million annually during 1995-2000, a reduction of \$54 million. Volume 13, No. 1, p 5.

- Temporary Assistance to Needy Families (TANF)

District Council 37 requests that the City review its reported caseload for cash assistance. The Union questions whether the City over the years has fully claimed Temporary Assistance For Needy Families (TANF) monies based on actual need. The Union believes that the City has failed to apply for approximately **\$350,000,000 in TANF** funds in this fiscal year.

This policy has resulted in a strain between our members and the public they serve, because it has produced long waiting periods and denial of benefits. When customer frustration turns into anger, an increasing number of workplace violence incidents occur. It appears that HRA has a hidden and churning caseload of approximately 200,000.

District Council 37 believes there is a concern that the Governor in his FY 2003 budget depletes what are unspent New York City TANF monies for other gap closing purposes.

District Council 37 recommends that an immediate joint labor/management lobby initiative be implemented. The goal of this effort would be to ensure that the City receives all available dollars TANF II will provide.

- **Increase Food Stamp Enrollment: Increase in Federal Aid of \$565 million.**

According to the Community Food Resource Center, an outreach effort could aid a potential 500,000 New Yorkers to become eligible for \$565 million in food stamps annually.<sup>20</sup>

District Council 37 proposes (as we have done with enrollment under various Medicaid initiatives) that targeted enrollment plans in the area of Food Stamps also be done to ensure that all who are eligible for this benefit are enrolled. This program should be a priority of the Administration given the growing number of unemployed and homeless families. Although this initiative will not have a direct impact of providing savings to the City's coffers, it will provide much needed support to New York City residents, through a Federally subsidized program.

In addition, this program will provide economic support to neighborhood businesses that rely on revenue streams generated by community residents using food stamps.

---

<sup>20</sup> City Project, an advocacy group, issued a report titled, "No Sacred Cows or Sacrificial Lambs," City Project Preliminary FY '03 Budget Recommendations For a Livable New York. The report found that, "the value of (fully federally funded) food stamps has dropped by over \$500 million a year in New York City since 1995, and the number of recipients by 600,000, even as hunger has been on the rise because of anti-poor ideology, bureaucratic roadblocks, and lack of outreach p. 4.

- Increase WIC Enrollment: **Increase in Federal Aid of \$9.6 million<sup>19</sup>**

Adding 20,000 more participants to the federally funded Supplemental Nutrition Program for Women, Infants and Children (WIC) would provide \$9.6 million more in funds for the City. A joint initiative with the Union to increase access to WIC benefits for those populations at risk should be explored. As mentioned in the above section, although the cost for this proposal does not directly impact the City's deficit, it does provide potential resources using an aggressive inter-agency campaign with the Human Resources Administration to ensure access to this important benefit to the estimated 20,000 eligible families.

**TOTAL SAVINGS IN INCREASING  
STATE & FEDERAL AID: \$  
875 MILLION**

---

<sup>19</sup> ibid. p. 4.

## Economic Development & Job Creation

### OVERVIEW

We understand that restoring business in the wake of September 11<sup>th</sup> is critical. But New York City residents – most especially working people hurt and displaced by the terrorist attacks and the public assistance recipients coming to the end of their TANF eligibility and looking for work in a struggling economy – must benefit. With the loss of over 134,000 jobs due to 9/11 and unemployment at an all-time high of 7.5%, we must ensure that those in need are not left behind.

DC 37 believes that public investments in rebuilding and reconstructing the private sector economy should guarantee “high road” economic development so that when businesses recover, they fulfill their side of the bargain by creating decent, living wage jobs and hiring City residents. Providing opportunities to minorities, women and the disabled should also continue, as it has in the past, to be a goal of this Administration in the rebuilding of New York City. We support the efforts of the NYC Comptroller and the Public Advocate to document the continuing need for the Minority Women Business Enterprise program, which was not adequately used in the prior Administration.

Following are our recommendations:

- **Re-institute Executive Order 50: \$7.3 million in savings**

We estimate that implementation of Executive Order 50 would create over 230 construction, supply and service jobs for New York City residents if fully implemented.

In March of this year, Lillian Roberts provided testimony to the City Council Finance Committee in response to the Mayor's Preliminary Budget for FY 2003. She stated that, "We must ensure that the Governor, the Mayor, the New York/New Jersey Port Authority and the Lower Manhattan Redevelopment Authority make provisions of grants, tax credits and other economic subsidies to business accountable to the whole community, especially low-income workers, public assistance recipients and residents. Executive Order 50 does just this."

Executive Order 50 ensures that women, the economically disadvantaged, and people of color, including public assistance recipients, gain employment. The program requires that contractors doing business with the City not discriminate and have a representative workforce determined by a date derived from the latest United States census. We would propose that a joint labor, public, private sector collaborative project be implemented using the framework of Executive Order 50 for efforts in redeveloping Lower Manhattan.

- Use \$100 million to 200 million/per year in Federal dollars from the Workforce Investment Act for employment and training - New York City has moved too slowly in taking advantage of these funds. Failure to use these funds within two years will result in a missed opportunity for job creation.<sup>21</sup> These funds should be utilized to train individuals coming off of public assistance into meaningful employment opportunities.

- Redevelopment of Plans for Reconstruction in Downtown Transportation Hub

In the immediate and bitter aftermath of September 11<sup>th</sup>, 60 engineers and other building professionals working for the NYC Department of Design and Construction worked tirelessly alongside fire, police and construction workers to direct the massive clean-up effort. These members of Local 375 did their job so well that the US Army Corps of Engineers urged the Federal Emergency Management Agency (FEMA) to overrule Mayor Giuliani's plan to contract out overall construction management to the multinational giant Bechtel Group at an estimate cost of \$27.5 million. So cost-effective were these public sector engineers that FEMA offered to reimburse New York City for other projects that were left undone during the emergency.

Local 375 members at the Metropolitan Transit Authority finished preliminary designs for reconstructing the No. 1 and 9 line tunnels and stations destroyed by the World Trade Center disaster in record time. In addition, the cost of work done by Local 375 members was less than a private design firm.

---

<sup>21</sup> ibid, p 4

Local 375 has demonstrated repeatedly that New York City can save a minimum of 25 percent on engineering, design and construction management operations if this work is done by its in-house staff. This holds true even if the City must hire engineers to perform additional work. For the last eight years, Mayor Giuliani refused to hire additional staff even though the cost of contracting out was far greater. It did not make sense when the City embarked on its massive capital rebuilding campaign during the boom economy. It makes even less sense now when resources are scarce and when the subways, streets and PATH trains surrounding the World Trade Center site require massive reconstruction.

It is cost effective to hire sufficient engineering staff to undertake a major role in rebuilding the public transportation infrastructure downtown. Performing this design, engineering, planning and construction management work in-house is an investment in the City's capacity to continue to do this work in the future.

In its December 2001 memo to FEMA, the US Army Corp of Engineers advised, "Continuity is the key at this juncture to retain corporate knowledge, lessons learned and strategic relationships. This is absolutely necessary considering the complexities of the issues at [ground zero]." This lesson should not be forgotten.

- Intro. 66 Living Wage Bill -

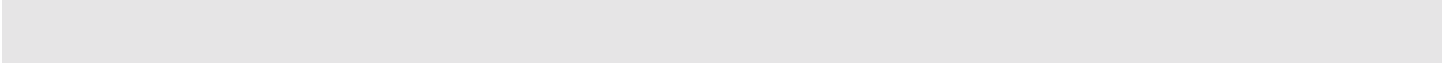
New York City has a long history of granting subsidies such as tax credits and loan guarantees to businesses to create jobs and improve the City's economy. These are an investment by New York City taxpayers in the City's future prosperity and economic vitality - something all the more important in light of the tragic events of September 11<sup>th</sup>. However, these investments should be repaid when prosperity returns and companies' profits rise. At a minimum, companies should be required to create jobs - decent, living wage jobs with health insurance and paid time off - for New York City residents in all five boroughs.

For this reason, DC 37 supports passage of the Living Wage bill, Intro. 66<sup>22</sup>. Among its important provisions, the bill compels companies receiving economic subsidies greater than \$500 million to pay a living wage of \$8.10 per hour (or \$9.60 if health coverage is not provided) to their building services or food services workers. Subcontractors, companies that are tenants in buildings receiving subsidies and large Business Improvement Districts would also be covered. Intro. 66 will assure that the benefits of the public's investment in business will benefit the entire community.

To hold companies accountable to the public, our union urges the mayor and City Council to establish more stringent requirements on companies - both economic subsidy recipients and service contractors and to report the numbers of employees as well as their wages and benefits. These reporting requirements in Intro. 66 will assure that the public's investment in business is used well. Subsidies will pave the way for all New Yorkers to benefit as the City's economy improves once again.

---

<sup>22</sup> Intro. 66 also covers City contractors that provide homecare and daycare services as well as services to individuals with cerebral palsy.



TOTAL SAVINGS DUE TO ECONOMIC  
DEVELOPMENT AND JOB CREATION: \$100-  
\$200 MILLION

## Legislative Actions to Realize Savings

### OVERVIEW

Following is just one example of a legislative action that should be acted upon in order to help close the budget gap:

- Reinstatement of the Commuter Tax: \$413 million in savings

At a time when all New Yorkers are being asked to share the pain, it is only equitable for the State Legislature to restore this tax.

In times like these, we should not categorically exclude any alternatives to prevent crippling cutbacks in City services. Reinstating the Commuter Tax would provide \$500 million per year and pay for all proposed cutbacks to the Department of Health, Health & Hospitals Corporation, Board of Education, among other essential services.

The Commuter Tax is only one of many options offered by the New York City Independent Budget Office to the Mayor and the City Council to explore in closing the \$5 billion budget gap.

The Citizens Budget Commission (CBC), a nonpartisan, nonprofit civic organization, has recommended the reinstatement of the Commuter Tax.<sup>23</sup> To say that people who work in New York City do not benefit from City services is ludicrous. That is why we must move beyond the politics of this important issue and reinstate the Commuter Tax as part of this budget plan to close the gap.

---

<sup>23</sup> In a letter dated April 11, 2002 to Mayor Michael Bloomberg, the Chairman of the CBC stated, ". . . the CBC has forcefully supported reenactment of the commuter income tax."

**TOTAL SAVINGS IN LEGISLATIVE MODIFICATIONS  
REQUIRED TO REALIZE SAVINGS:  
\$413 MILLION**

---

---

## CONCLUSION

District Council 37's recommendations are meant to be a starting point in realizing the possible programs and initiatives that we can implement to ensure that our City survives the budget crisis and rises above the terrible tragedy of September 11<sup>th</sup>.

We can take the high road and implement ideas that keep our city thriving for all, or we can take the low-road of expediency in the interest of quick budget fixes and politically safe solutions that leave those most in need behind.

We believe that the budget can be balanced by taking the high road of finding solutions that are fair to all New Yorkers who make this city a jewel.

Again, let us reiterate that DC 37 is ready to work with the mayor, City Council and State Legislature to address the budget gap we face in Fiscal Year 2003. However, we will not leave the communities we service and the members we represent behind in resolving this budget gap.

We look forward to the challenge!

Lillian Roberts, Executive Director, District Council 37

---

## SOURCES

- Agency Testimony before City Council Committees on Mayor Bloomberg's Preliminary Budget for FY 2003: Health & Hospitals Corporation, New York City Fire Department, New York City Police Department, New York City Department of Sanitation
- City Project
- Citizens Budget Commission
- Community Food Resources Center
- The Daily News
- Fiscal Policy Institute
- New York City Independent Budget Office
- Mayor Bloomberg's Preliminary Budget for FY 2003
- Mayor Bloomberg's Executive Budget for FY 2003 issued April 17, 2002
- New York City Council's Alternative Financial Plan for New York City presented, April 8, 2002
- New York Times
- Newsday
- New York Post
- United Hospital Fund