



Budget Breakdown: Watchdog Groups Say Biggest Budget Problems Easy To See, Hard To Tackle

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At \$70 billion, there are undoubtedly cases of waste and inefficiency in the city's budget. But a number of watchdog groups say the biggest budget problems facing the city are much easier to identify but more politically difficult to tackle. NY1's Bobby Cuza filed the following report as part of NY1's series on the city budget.

As advocates and City Council members fight to restore the mayor's proposed cuts to firehouses and social services, they cite waste in areas like contracting. But budget watchers say the real elephant in the room is worker benefits, particularly pensions.

"That cost has quadrupled over a decade," said Nicole Gelinias of the Manhattan Institute. "That is the single biggest driver of why you see fewer cops on the streets, fewer library officers, fewer day care slots and so forth."

Indeed, over the last 10 years, pension costs have climbed from \$1.5 billion to \$8 billion and now eat up 16 percent of the city's budget.

Others, like the Citizens Budget Commission, point to health benefits, noting that city employees are not required to pay toward their health care.

"The best thing to do, that will help achieve savings for the city budget right away is just to ask employees and retirees to contribute something, like just about everyone else does," said Carol Kellerman, the president of the Citizens Budget Commission.

The problem is that any change must be negotiated with the city's powerful public-employee unions. Other changes that could be legislated, like requiring retirees to cover their Medicare Part B premiums, have gone nowhere.

Others say targeting worker benefits is misguided. James Parrot of the Fiscal Policy Institute points instead to corporate tax breaks worth \$3 billion a year.

"Even if we were able to save 10 percent in that area, that would be 300 million dollars a year," he said. "That would take away the need for the annual budget dance."

One thing is clear. After numerous rounds of belt-tightening, there is less and less fat left to trim in city agencies.

"It becomes harder and harder to cut without it showing up in services," said Ronnie Lowenstein, the director of the New York City Independent Budget Office. "And it is showing up in services, whether it's fewer cops, whether it's larger class sizes, whether it's fewer slots for day care and everything else."

Another potential budget problem is City Hall's reliance on so-called one shots are cash infusions that serve only as a one-time gap filler. This year in particular, the city's counting on \$1 billion from a taxi medallion sale that's currently held up in court.