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## **CITIZENS BUDGET COMMISSION Uncovers Potential \$160 Million In Savings From Better Management Of NYC's Union-Administered Benefit Funds**

*Report Highlights Inefficiency of and Lack of Oversight over \$1.1 Billion in City Tax Dollars*

**New York, NY - February 8, 2018** - The Citizens Budget Commission (CBC) today released the report [Union-Administered Benefit Funds: Getting More Out of a Billion Dollar Taxpayer Contribution](#), which gives short-term and long-term recommendations for improving the inefficient operations of union-administered benefit funds. Restructuring their administration could save \$163.8 million in taxpayer funds annually and improve benefits to which City employees have access.

In fiscal year 2018, New York City is projected to contribute \$1.1 billion to 108 union-administered benefit funds. Union benefit funds are trusts established by unions to provide additional health, legal, and educational benefits or function as annuities to supplement retiree pension income for members. However, audits and annual reports conducted by the NYC Comptroller's office reveal that many funds incur excessive administrative expenses, build unnecessary reserves, or suffer from mismanagement.

"Audits of individual union benefit funds often show serious mismanagement issues including lack of documentation for millions of dollars in payments," said CBC President Carol Kellermann. "Increased scrutiny is necessary to save taxpayer funds in the short term, but the City must consolidate these funds to provide better benefits at a lower cost."

To reduce administrative costs, control reserve levels, and improve

management practices, the Citizens Budget Commission recommends that the Office of the NYC Comptroller increase its oversight of union-administered benefit funds through the following actions:

- Conduct more audits on benefit funds and prioritizing audits based on risk factors;
- Enhance financial and operating guidelines for benefit funds by adding benchmarks and specific indicators that can trigger enforcement powers; and
- Seek expanded authority to sanction funds that fail to adhere to guidelines and remove fund officials who fail to properly manage members' benefits.

In the long term, CBC recommends the City restructure how benefits are provided in two key areas:

- Consolidate supplementary health care benefits under the City's Health Insurance Plan since the majority of the benefit funds offer similar benefits; and
- Provide non-health related benefits through a centralized plan where eligible employees choose from a list of benefits, allowing for benefits to be tailored to individuals.

For the full report visit <https://cbcny.org/research/union-administered-benefit-funds>.