STATEMENT BY SPOKESMAN FOR THE MAYOR

The Eleventh Interim Report of the Temporary Commission on City Finances contains a number of interesting proposals which are currently under study. Until this review is completed, we will be unable to comment further.
November 1976

Enclosed is a copy of our Eighth Interim Report to the Mayor, An Historical and Comparative Analysis of Expenditures in the City of New York.

[Signature]
Raymond D. Horton
Staff Director
March 16, 1976

Mr. Felix G. Rohatyn
Chairman of the Board
Municipal Assistance Corporation
2 World Trade Center
Room 4550
New York, New York 10047

Dear Felix:

I read in the papers that you have been given another assignment by Governor Carey.

It occurs to me that our Commission may have already concluded some studies, which may prove useful to you. Enclosed herewith, please find three Reports, already released; we are also about to release a Report on Transportation, which is a very current issue. Our Commission has tried to maintain a low profile, as our studies deal more with long-term problems.

I would be glad to have you meet with Leo Larkin of W.R. Grace & Co., who is our Project Director, and Professor Horton of Columbia, our Staff Director, at your convenience. We would be happy to cooperate in any feasible way.

Sincerely,

Owen McGivern
Chairman

Enclosure
TEMPORARY COMMISSION ON CITY FINANCES
415 Madison Avenue
New York, New York 10017
(212) 593-8082

FOR RELEASE
THURSDAY, AM, JUNE 3, 1976

TEMPORARY COMMISSION ON CITY FINANCES
RECOMMENDS $97 MILLION REDUCTION IN FRINGE BENEFIT COSTS

Citing figures demonstrating that the cost of non-salary benefits of City workers range from 50 percent to more than 100 percent of base pay, the Temporary Commission on City Finances today recommended five fringe benefit reforms that would save the City $97 million annually and three leave benefit reforms that would permit service increases of an amount equal to the hiring of 9,000 new City workers.

The report of the Commission analyzed the total compensation of the average City employee and of seven select titles -- sanitationman, firefighter, teacher, social worker, climber and pruner, senior clerk and nurse's aide (see attached table for summary of data).
<table>
<thead>
<tr>
<th>Index</th>
<th>Branch</th>
<th>Average City</th>
<th>City Hall</th>
<th>Total Pay</th>
<th>City Hall + T&amp;C</th>
<th>Total Pay + T&amp;C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Base Pay</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>2.</td>
<td>Salary Supplement</td>
<td>2,000</td>
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<td>2,000</td>
</tr>
<tr>
<td>3.</td>
<td>Average City</td>
<td>14,000</td>
<td>14,000</td>
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<tr>
<td>4.</td>
<td>Social Security</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>5.</td>
<td>Medicare</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
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<td>1,000</td>
</tr>
<tr>
<td>6.</td>
<td>Government Plans</td>
<td>1,000</td>
<td>1,000</td>
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<td>1,000</td>
<td>1,000</td>
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<tr>
<td>7.</td>
<td>Total Pay</td>
<td>16,000</td>
<td>16,000</td>
<td>16,000</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>8.</td>
<td>Total Pay + T&amp;C</td>
<td>18,000</td>
<td>18,000</td>
<td>18,000</td>
<td>18,000</td>
<td>18,000</td>
</tr>
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</table>

**Note:** The above table represents the summary of total pay and its components for city employees. The table includes base pay, salary supplement, average city pay, and various government plans. The total pay and total pay with taxes and contributions are also provided.
### Summary of Table on Total Compensation of Selected City Employees

**Table XX**

<table>
<thead>
<tr>
<th>Position</th>
<th>Hourly Labor Cost</th>
<th>Average City Sanitation Fine</th>
<th>Employee Man</th>
<th>Teacher</th>
<th>Social Worker</th>
<th>Clerk</th>
<th>Secretary</th>
<th>Fireman</th>
<th>City Engineer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse</td>
<td>$12.87</td>
<td>$21.06</td>
<td>$21.43</td>
<td>$28.26</td>
<td>$31.47</td>
<td>$16.74</td>
<td>$7.50</td>
<td>$7.50</td>
<td>$4.00</td>
</tr>
<tr>
<td>Police Officer</td>
<td>$14.50</td>
<td>$23.65</td>
<td>$25.11</td>
<td>$31.75</td>
<td>$34.37</td>
<td>$18.65</td>
<td>$8.00</td>
<td>$8.00</td>
<td>$4.50</td>
</tr>
<tr>
<td>Firefighter</td>
<td>$14.94</td>
<td>$24.42</td>
<td>$25.97</td>
<td>$32.48</td>
<td>$35.10</td>
<td>$18.74</td>
<td>$8.15</td>
<td>$8.15</td>
<td>$4.55</td>
</tr>
<tr>
<td>City Manager</td>
<td>$15.21</td>
<td>$25.11</td>
<td>$26.63</td>
<td>$33.21</td>
<td>$35.84</td>
<td>$19.21</td>
<td>$8.30</td>
<td>$8.30</td>
<td>$4.60</td>
</tr>
</tbody>
</table>

**Notes:**
- Hourly Labor Cost: Average of 30 days of work.
- Average City Sanitation Fine: Average of 12 hour day for firefighters.
- Employee Man: Average of 12 hour day for firefighters.

**Source:** The Fiscal Impact of Fringe Benefits and Leave Benefits: Some Propositions for Reform, Seventh Interim Report

Table: XIII, XIV, and XVII

Report of the Temporary Commission on City Finances
per year (see Table XX).
6. The hourly labor cost for the average city employee is based on a 35-hour work week, or 1,472.1 hours.
7. The cost of leave benefits for the average city employee is based on the assumption that the employee
works 35 hours per week in an average of department that is closed on holidays, sick leave, and annual leave.
8. Refer to the applicable table in the text.
9. Federal benefits include pension benefits. Social Security, and annuity funds, where applicable. The
average cost of an employee in the New York City Employees Retirement System (see Table 4-2)

Footnotes to Table XX
The Commission found, among other things, that:

(1) The average City employee receives base pay of $16,091 (Col. 1, line 1) and total compensation of $23,183 (Col. 1, line 9) when fringe and pension benefits are included.

(2) When the cost of leave benefits is included, the total labor cost of the average City worker is $26,707 (Col. 1, line 13), an amount 166 percent greater than base pay (Col. 1, line 14). This means that for every 100 dollars of base pay, it costs the City an average of 66 more dollars for salary supplements such as cost-of-living adjustments or night-shift differentials, fringe benefits, retirement benefits, and leave benefits.

(3) For firefighters, the cost of all benefits is more than base pay (Col. 3, line 14).

(4) As a percentage of base pay, fringe benefits average 6.9 percent and range from a low of 5.5 percent for teachers and social workers to a high of 10.7 percent for a nurse's aide (line 6).

(5) As a percentage of base pay, retirement benefits for the average City worker equal 35.8 percent. Of the groups surveyed by the Commission, retirement benefits as a percentage of base pay range from a low of 34.8 percent for social workers to a high of 47.0 percent for firefighters (line 8).
(6) As a percentage of base pay, the cost to the City of leave benefits is 21.9 percent for the average City worker. The lowest percentage of base pay for leave benefits is for teachers, 6.7 percent, and the highest is for firefighters, 35.3 percent (line 12).

(7) Hourly labor costs for the average City worker, $18.14, were computed by dividing the total labor cost (Col. 1, line 13) by the average number of hours actually worked each year, 1,472.1 (Col. 1, line 16). The highest hourly labor cost for the groups surveyed is for teachers, $28.26, and the lowest is for nurse's aides, $12.74.

(8) Per diem labor costs, obtained by dividing total labor costs by the number of days or tours actually worked annually, range from a high of $187.59 for a teacher to a low of $90.11 for a senior clerk. The per diem cost of the average City worker is $126.99.

The high cost to the City of fringe and leave benefits was repeatedly cited in the Commission's report as providing the rationale for the reductions proposed in fringe and leave benefits.

The central recommendation of the 112-page report, which was written by Mary McCormick Schoolman, the Commission's Research Director, is for the City to administer
an integrated health benefit plan for City workers that combines the City's basic health insurance plan with the union welfare fund which is paid for by the City but administered by municipal unions.

This simple reform, the report concluded, would save the City approximately $30 million annually while actually improving health benefits of City workers.

Under current practice, municipal unions spend less than 80 percent of the $104 million paid to them by the City for union welfare funds. The remainder, approximately $25 million annually, is used by municipal unions for expenditures such as administrative salaries, computer development, fees and commissions, leasehold improvements, and general investment purposes (see pps. 25-29 and Appendix A-1, A-2, and A-3, pps. 85-107).

(The Commission's report includes annual statements of union welfare funds that describe how various unions spend the excess monies not spent on the purchase of employee benefits. See Appendix A, pps. 85-108.)

The five fringe benefit reforms proposed by the Commission are as follows:

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employees contribute 25 percent to the cost of basic health insurance plans rather than, as now, nothing. (See pp. 29-37).</td>
<td>$44 million</td>
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</table>
### Recommendations

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Provide health insurance benefits to retired employees at age 62 rather than, as now, at retirement regardless of age (see pps. 35-37).</td>
<td>$7.5 million</td>
</tr>
<tr>
<td>3. Integrate health insurance and union welfare funds under City administered system (see pps. 16-38).</td>
<td>$30 million</td>
</tr>
<tr>
<td>4. Discontinue union welfare funds for retired employees (see p. 39).</td>
<td>$7.5 million</td>
</tr>
<tr>
<td>5. Reduce uniform allowances to provide the benefit only where it is actually needed (see pps. 39-45).</td>
<td>$8 million</td>
</tr>
</tbody>
</table>

**TOTAL SAVINGS** $97 million

The three leave benefit reforms recommended by the Commission and the service increases that would be realized expressed in terms of new employees are as follows:

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Service Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase the work week to 37½ hours for employees presently working 35 hours (see pps. 70-71).</td>
<td>5,000 employees</td>
</tr>
<tr>
<td>2. Reduce vacation benefits to bring City's practice more in line with the vacation policies of the State and Federal government (see pps. 47-48).</td>
<td>2,000 employees</td>
</tr>
</tbody>
</table>


3. Eliminate sabbatical leaves in the Board of Education and limit them to 50 percent of pay in the Board of Higher Education (see pps. 63-64).

\[
\text{TOTAL} \quad 2,000 \text{ employees}
\]

\[
\text{TOTAL} \quad 9,000 \text{ employees}
\]

The Commission emphasized that the effect of the proposed reforms would be to bring the City's fringe and leave benefit policies more into line with practices in the State and Federal governments and the City's private sector (see pp.s 29-36 and pps. 47-70).

In releasing the Commission's seventh Interim Report to the Mayor, Owen McGivern, Chairman of the 22-member Commission, noted that "the new labor policy of the Emergency Financial Control Board requires that each new collective bargaining agreement must provide a mechanism to permit savings in fringe benefit and pension benefits."

"This report, considered with our sixth report (The Fiscal Impact of Retirement Benefits: Some Proposals for Reform, released May 30, 1976)," McGivern continued, "contains recommendations that would save the City $121 million annually if implemented right away and over $230 million in annual savings by fiscal year 1978-79."

In addition to today's call for a $97 million reduction in fringe benefits, the Commission last Sunday recommended an immediate $24 million savings by elimination of the union annuity fund and eventual savings of an additional $111
million by immediate discontinuance of the increased-take-home-pay (ITHP) benefit and the "Heart Bill."

The ITHP and "Heart Bill" benefits will automatically expire June 30, 1976, unless the State legislature renews them. However, savings from these two reductions would not occur until fiscal year 1978-79 because of the two-year lag in funding pension benefits.

The sixth and seventh reports of the Temporary Commission on City Finances show that the City will spend $2.0 billion on retirement and fringe benefits in the fiscal year beginning July 1, 1976.

If implemented, the proposals of the Commission in its last two reports would reduce this expenditure level immediately by $121 million, or 6 percent of the $2 billion total expenditure for employee retirement and fringe benefits.

###

Contact: Raymond D. Horton

593-8666
November 7, 1975

Mr. Louis Winnick
Ford Foundation
320 East 43rd Street
New York, New York 10017

Dear Lou:

I am pleased to repeat my recommendation for Ford funding projects of Mayor Beame's Temporary Commission on City Finances. As you know, some of the MAC Board Members, including myself, are also members of the Commission. The long-range fiscal view the Commission will take is in our judgment essential to the future of the City, State and region.

The Commission is currently the only public unit looking at the future. We warmly support their request.

Sincerely,

Donna E. Shalala
Treasurer and Director

DES: jc
Mayor Abraham D. Beame today announced the appointment of the Temporary Commission on City Finances to study the long-range financial requirements of the City of New York and to recommend approaches to meet these needs.

The Mayor named Owen McGivern, the former Presiding Justice of the Appellate Division of the Supreme Court, as Chairman of the independent citizen's commission. The 21-member Temporary Commission includes a nucleus of members of the Mayor's Council on Business and Economic Advisors augmented by other prominent citizens and fiscal or governmental experts.

Mayor Beame outlined the scope of the Commission as follows:

-- To study operating expenditures, revenue structure, intergovernmental fiscal relations, the City economy, debt and capital development, transportation finances, municipal personnel costs and the fiscal aspects of non-mayoral agencies.

-- Identify the problems, and develop proposals to improve the City's ability to meet its fiscal needs.

Mayor Beame said:

"Last March I announced my intention to appoint a panel of outstanding citizens to review our fiscal policies and procedures.
"Today I am announcing the appointment of an independent group of distinguished New Yorkers to make a broad and intensive inquiry into the financial structure of New York City in order that we can deal more effectively with our long-range fiscal problems.

"These are extraordinary and critical times for the economy of our City and I am taking this step of asking these exceptional civic leaders and financial experts to study our municipal financial system and submit their findings and recommendations to me at the earliest practicable date. I am hopeful that the work of the panel can be completed in time for submission to the 1976 Legislative session.

"The grave national inflation and recession have created massive strains on this City's financial resources which dramatically points up the need for intelligent planning for the City's future fiscal needs. The fundamental goal of such planning must be to achieve a balance between expenditure requirements and our capacity to raise revenues.

"We must develop realistic approaches to assure that we can meet our operating and capital needs without sapping the vitality of our tax base.

"Beyond this, we must use our public resources more effectively to enhance the economic activity and physical development that are crucial to our continued strength as one of the world's great metropolitan centers.

(more)
"This commitment to strike such a balance in no way conflicts with our traditional concern for meeting the needs of disadvantaged citizens. On the contrary, only by improving our economic base can we hope to offer adequate assistance to those in need. Equally important, only a financially-strong New York can offer economic opportunity in the private and public sectors for those who would escape poverty."

Justice McGivern has served 24 years on the bench and was in the State legislature for 10 years. He has been a member of the Judicial Conference for 17 years. Now retired from the bench, he is a member of the law firm of Donovan, Leisure Newton and Irvine in Manhattan.

A list of members appointed is attached.
The members appointed to the commission by the mayor are as follows:

George Champion, Chairman of the Economic Development Council; Chairman, National Industry Advisory Council of the Opportunities Industrialization Centers; Director, Freedom Foundation; member of the Mayor's Council of Business and Economic Advisors; Chairman, Chamber of Commerce & Industries; member of Business Advisory Committee and retired Chairman of Chase Manhattan Bank. He is a graduate of Dartmouth College.

John A. Coleman, a Senior Partner of Adler, Coleman and Company, a member of the New York Stock Exchange. He was formerly a Governor and Vice Chairman of the Board of the Exchange. Mr. Coleman is a member of the Board of the American Broadcasting Companies, Inc. and the Alfred E. Smith Memorial Foundation. He is a trustee of the East River Savings Bank.

Joseph W. Ford, Professor, St. Francis College. He has served as Acting Chairman of the Economics Department. Among his affiliations are the American Economic Association and the Association for Social Economics. He is the author of several books on economics and a graduate of Fordham University.

Charles A. Goldstein, partner in the law firm of Baer and McGoldrick, which specializes in real estate law and finance. He is Director of the Union Settlement Association and a member of the City Club. He is a graduate of Columbia College and Harvard Law School.

(more)
Ms. Marife Hernandez, member of the Mayor’s Council of Business and Economic Advisors; Board of Directors, ASPIRA of New York; Director of Community Relations and producer-moderator of urban affairs series for WPIX-TV; member of the Arts and Business Council; member of N.Y.C. Police Foundation and Advisory Board of Banco Popular; Trustee of Bronx Museum of the Arts and Board of Directors of Puerto Rican Family Institute. She is a graduate of Wellesley College.

Lawrence Lachman, Chairman of the Board of Bloomingdale’s; Director, Economic Development Council of New York City; Trustee, Citizens Budget Commission; Director, Metropolitan New York Merchant’s Association; Alumni Trustee of N.Y.U.; member, Eastside Advisory Board of Chemical Bank; Trustee of Dry Dock Savings Bank; Director, Federated Department Stores, Inc. and Director, American Can Company. He is a graduate of New York University.

Bruce Llewellyn, president of Fedco Food Stores and a former Deputy Commissioner, New York City Housing and Development Administration. He is president of 100 Black Men; Chairman, Board of New York Urban Coalition Venture Capital Corp; and Chairman of the Board, Freedom National Bank. He is a graduate of City College; Columbia Graduate School of Business and New York Law School.

(more)
Alton G. Marshall, president of Rockefeller Center, Inc. He has served as secretary to former Governor Rockefeller and in other important governmental positions. He is Board Chairman and President of Radio City Music Hall; member, Board of National Realty Committee, the Association for a Better New York and the Fund for the City of New York. He is trustee of Lincoln Saving Bank, Brooklyn, and on the advisory board of Manufacturers Hanover Trust. He is a graduate of Hillsdale College in Michigan and Syracuse University.

John McGillicuddy, president of Manufacturers Hanover Corporation and the Manufacturers Hanover Trust Company and a director of both. He is also Director of CitiService Co; Kraftco; Sperry and Hutchinson, Reynolds Metals and Westinghouse. He is a graduate of Princeton and Harvard.

Dr. Edward Mortola, president of Pace College and a former Dean of the College. He is a member of the Board of Directors of New York Telephone Company, County Trust, Bank of New York and Franklin Society Federal Savings and Loan. He is a member of the Board of Trustees of the American Academy of Dramatic Arts and Beekman Downtown Hospital. He is a graduate of Fordham University.

Lewis Rudin, Chairman, Association for a Better New York; Executive Vice President, Rudin Management Corporation; Director, The Fifth Avenue Association; Trustee, the New York City Police Foundation; member, Chase Manhattan Bank Downtown Advisory Committee; member, Mayor's Economic and Business Advisory Council; Trustee, Lenox Hill Hospital; member, Board of Directors of the Citizens Union of the City of New York. He is a graduate of New York University.

(more)
John L.F. Sipp, Chairman of the Board of Trustees and Chief Executive Officer of Staten Island Savings Bank and Counsel to St. Vincent's Medical Center of Richmond. He is a member of the American Bar Association's Real Property, Probate and Trust Section; American Society of Hospital Attorneys and the Catholic Hospital Association Attorneys. He is a graduate of Lehigh University in Pennsylvania and Brooklyn Law School.

Robert V. Tishman, President, Tishman Realty and Construction Co., Inc.; Chairman, Real Estate Board; member of Mayor's Council of Economic and Business Advisors; Chairman, Montefiore Hospital and Medical Center; Trustee and Vice-President of Jewish Association for Services of the Aged; Director, United Hospital Fund; Chairman, Real Estate Board of New York; Mayor's Commission of Housing Development; Trustee of Citizens Budget Commission. He is a graduate of Cornell University.

Harry Van Arsdale, President, New York City Central Labor Council and the Taxi Drivers Union; member, Office of Collective Bargaining; member, N.Y.C. Public Development Corporation; Board of Trustees of Carnegie Hall Corporation; Board of Directors of the American Arbitration Association; Member, Mayor's Council of Economic and Business Advisors. Appointed by President Ford as a member of the American Revolution Bicentennial Advisory Council; Mayor's Criminal Justice Coordinating Committee; Board of Directors, United Fund of Greater New York.

(more)
Dr. Emanuel Saxe, Dean Emeritus of City College and a former professor at the College. He has also served as Distinguished University Professor at Baruch College. He is the recipient of numerous distinguished awards, a member of Phi Beta Kappa of New York since 1925 and is listed in Who's Who in America. He is the author of numerous articles on accounting and taxation. He holds degrees from City University, Pace College and New York University.

Dr. Donna E. Shalala, Associate Professor of Politics, Teachers College, Columbia University. Dr. Shalala is a national authority on state and local politics and finances. She is Vice Chairman of the Citizens Union and a member of the Governor's Education Task Force. She is a former Vice Chairwoman of the New Democratic Coalition.

Richard R. Shinn, President and Chief Executive Officer, Metropolitan Life Insurance Co.; member, Board of Directors of the New York Chamber of Commerce and Industry; the United Fund; Trustee of the Inner City Scholarship Fund of the Cardinal's Committee for Education; member, Mayor's Council of Economic and Business Advisors; serves on the Board of Directors of the American Life Insurance Association; Chase Manhattan Bank; Allied Chemical Corporation and May Department Stores Co. He is a graduate of Rider College.

(more)
Robert F. Wagner, Sr., is the former Mayor of New York City and is now a partner in Wagner, Quillan and Tennant law firm. The former Mayor is a member of many civic, social and charitable Organizations; President of United Neighborhood Houses; New York Landmarks Conservancy, Inc.; member of the Board of Phoenix House; Regional Plan Association and Executive Committee; Cardinal's Commission on the Laity; Chairman of the Board of Compliance Review Commission of the Democratic National Committee. He is a graduate of Yale Law School and Harvard Business School.

Mrs. Martha R. Wallace, Executive Director and Vice President of the Henry Luce Foundation, Inc. She is a member of the Board of Trustees of the Bowery Savings Bank; and serves on the Board of Directors of New York Telephone and Bristol-Myers and is a member of the Mayor's Council of Business and Economic Advisors. She is a graduate of Wellesley College.

Robert Weaver, Distinguished Professor of Urban Affairs, at Hunter College. He has served as President of Baruch College of City University. He is a former Secretary of the Department of Housing and Urban Development under President Johnson. Locally, he was Vice Chairman of the Housing and Redevelopment Board under Mayor Wagner and State Rent Administrator appointed by Governor Harriman. He is a member of the board of Metropolitan Life Insurance Company, Bowery Savings Bank, Mt. Sinai Hospital and the Metropolitan Applied Research Council.
TEMPORARY COMMISSION ON CITY FINANCES
415 Madison Avenue
New York, New York 10017
(212) 393-8982

Proposals for Closing Budget Gap

This package contains the following proposals for closing the budget gap:

I. State assumption of courts and probation costs

II. Reductions in employee fringe benefits
   A. Social Security
   B. Welfare Fund
   C. Annuity Fund
   D. Uniform allowance
   E. Health insurance

III. Increase sewer rents

IV. Increase water charges

V. Number betting at OTB

VI. Pari-mutuel sports betting at OTB
PROPOSALS FOR CLOSING BUDGET GAP

1. Brief description of proposal
   State assumption of court and probation services.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)
   State legislation

3. Possible schedule for implementation
   FY 1977 - State assumes one-third of total cost
   FY 1978 - State assumes two-thirds of total cost
   FY 1979 - State assumes full cost

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved: total funds, capital and special, tax levy, state, federal, other.
   Cash savings:  FY 1977 - $50 million
                 FY 1978 - $100 million

   Annualized savings: Same as cash savings.

   Types of funds: 100% tax levy
1. Proposal

Suspend for two years (FY 1977 and 1978) participation in the Social Security system.

2. Procedure

Obtain an Act of Congress (a) waiving existing two-year notice requirement for withdrawal, and (b) eliminating existing ban against reentry.

3. Schedule for Implementation

Absent the necessary Congressional action, earliest possible date of termination would be the end of the quarter in which the legislation is passed.

4. Potential Savings

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<tr>
<td>City Contribution</td>
<td>$250.0 million</td>
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<tr>
<td>Self Insurance Cost</td>
<td>- 9.2</td>
<td>-21.9</td>
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<tr>
<td>$240.8 cash saving</td>
<td>$228.1 cash saving</td>
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<tr>
<td>x .80 (tax levy %)</td>
<td>x .80 (tax levy %)</td>
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<tr>
<td></td>
<td>$192.6 savings (tax levy)</td>
<td>$182.5 savings (tax levy)</td>
</tr>
<tr>
<td>(8.9)</td>
<td>(68.8)</td>
<td>(204.2)</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>$84.9</td>
<td>$83.0</td>
<td>$524.9</td>
</tr>
</tbody>
</table>

- Freeze City contribution at FY 76 rates on all for family coverage.
- City pays cost for employee or retiree Health Insurance.
- Reduce Allowance by 50%.
- Eliminate or suspend uniform allowance.
- Eliminate uniform annuity funds.
- Eliminate annuity funds.
- Reduce Welfare Funds by 50%.
- Restrict Welfare Funds to certain employees.
- Eliminate or suspend Welfare Funds.

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<th>(9.6)</th>
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<table>
<thead>
<tr>
<th>$10.0 Million</th>
<th>$11.0 Million</th>
</tr>
</thead>
</table>

** Proposed Reductions in Employee Fringe Benefits

**Cash Savings - ( ) Indicate Tax Levy**

**Primary Recommendation**

**Secondary Recommendation**

**FY 78**

**FY 78**
1. Brief description of proposal

Eliminate or suspend welfare funds.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

Teachers - current contract runs from September 1, 1975 to September 8, 1977. This contract is awaiting the approval of the EFGB.


City-Wide Employees - current contract expires June 30, 1976.


4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved: total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $107 million
FY 1978 - $108 million

Annualized savings: Same as cash savings.

Type of funds: Tax levy - $64 million
State - $15 million
Federal - $8 million

Description of Welfare Funds: The City pays welfare fund contributions directly to municipal unions who administer the funds. These monies are used to purchase benefits that supplement the basic health insurance program such as extended hospital care, dental care, eyeglasses, drug prescriptions, counseling, and some legal services.

The City first began to provide welfare funds in 1965. In the last City-Wide contract, signed May 8, 1974, covering the period July 1, 1973 to June 30, 1976, the City agreed to provide partial welfare funds for part-time, hourly, per diem, per session, and seasonal employees who work at least one-half the regular hours of a full time employee. Moreover, the City agreed to provide full welfare fund benefits as of January 1, 1974 to all employees who retired after June 30, 1970. Similar provisions are contained in contracts not covered by the City-Wide.
PROPOSALS FOR CLOSING BUDGET GAP

1. Brief description of proposal

   Restrict welfare funds to active employees.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

   Contract negotiations required.

3. Possible schedule for implementation

   City-Wide Employees - current contract expires June 30, 1976
   Uniformed Employees - current contract expires June 30, 1976

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved: total funds: capital and special, tax levy, state, federal, other.

   Cash savings: FY 1977 - $10 million
                FY 1978 - $11 million

   Annualized savings: Same as cash savings.
PROPOSALS FOR CLOSING DEFICIT GAP

1. Brief description of proposal

Reduce welfare funds by 50%.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

Teachers - current contract runs from September 1, 1975 to September 8, 1977. This contract is awaiting the approval of the EFCB.
City-Wide Employees - current contract expires June 30, 1976.

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $53.5 million
            FY 1978 - $54 million

Annualized savings: Same as cash savings.

Type of funds: Tax levy - $42 million
              State - $7.5 million
              Federal - $8 million
1. Brief description of proposal

Eliminate union annuity funds.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Collective bargaining required.

3. Possible schedule for implementation

Transit Workers - current contract expires April 1, 1976.

Teachers - current contract runs from September 1, 1975 to September 8, 1977. This contract is awaiting the approval of the EFCB.

All others - current contracts expire July 1, 1976.

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $35.87 million
            FY 1978 - $35.87 million

Annualized savings: Same as cash savings.

Type of funds: Tax levy - $34.67 million
              State - $.60 million
              Federal - $.60 million

Description of Annuity Funds: Since 1968 the City has contributed per diem amounts toward the purchase of annuities for certain employee groups. With the exception of the teachers, annuity fund payments are made directly to the employee unions which administer the funds. Payment on behalf of teachers is made directly to the Teachers Retirement System. The approval of the teacher's annuity payments by the State Legislature in 1970 might possibly give them constitutional protection. Annuity payments for other employee groups are contractual arrangements.

Retired transit workers get a lump sum payment of $500 per year in addition to their pensions. These payments cost approximately $5.0 million per year.

Other employee groups receiving annuity payments are Firefighters, Police, Housing and Transit Police, Correction Officers, and Sanitation Workers.
City Contribution - fiscal year 1976

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Approximate No. of Employees</th>
<th>Approximate FY 1976 Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Fighters</td>
<td>10,300</td>
<td>$2.69 million</td>
</tr>
<tr>
<td>Fire Officers</td>
<td>1,700</td>
<td>1.18</td>
</tr>
<tr>
<td>Patrolmen</td>
<td>23,000</td>
<td>6.00</td>
</tr>
<tr>
<td>Police Officers</td>
<td>5,000</td>
<td>3.46</td>
</tr>
<tr>
<td>Housing Police Officers</td>
<td>900</td>
<td>.23</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>.14</td>
</tr>
<tr>
<td>Transit Police Officers</td>
<td>2,970</td>
<td>.78</td>
</tr>
<tr>
<td></td>
<td>400</td>
<td>.28</td>
</tr>
<tr>
<td>Corrections Officers</td>
<td>3,000</td>
<td>.78</td>
</tr>
<tr>
<td></td>
<td>300</td>
<td>.21</td>
</tr>
<tr>
<td>Sanitation Workers</td>
<td>9,500</td>
<td>2.48</td>
</tr>
<tr>
<td>Officers</td>
<td>1,500</td>
<td>1.04</td>
</tr>
<tr>
<td>Teachers</td>
<td>NA</td>
<td>11.60</td>
</tr>
<tr>
<td>Supervisors</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Transit</td>
<td>NA</td>
<td>5.00</td>
</tr>
</tbody>
</table>

1. At the maximum salary step only
PROPOSALS FOR CLOSING BUDGET GAP

1. Brief description of proposal

Elimination or suspension of uniform allowance.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

Uniformed Employees - current contract expires July 1, 1976
Other Titles - implement as contracts expire

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $19 million
                    FY 1978 - $19 million

Annualized savings: Same as cash savings.

Type of funds: Tax levy - $18 million
               Capital funds - $.2 million
               Federal funds - $.2 million
               State funds - $.6 million
1. Brief description of proposal

Reduce uniform allowance by 50%

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

Uniformed employees - current contract expires July 1, 1976

Other employees - implement as contracts expire

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $9.5 million
              FY 1978 - $9.5 million

Annualized savings: Same as cash savings.

Type of funds: Tax levy - $9.0 million
              Capital funds - .1
              Federal funds - .1
              State funds - .3
1. Brief description of proposal

City pays the full cost of health insurance only for active and retired employees. Employees pay additional cost of covering spouse and children.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

Teachers - current contract runs from September 1, 1975 to September 8, 1977. This contract is awaiting the approval of the EFCB.


City-Wide Employees - current contract expires June 30, 1976.


4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

Cash savings: FY 1977 - $86 million
FY 1978 - $86 million

Annualized savings: Same as cash savings.

Type of funds:
Tax levy - $67.5 million
State - $12.0
Federal - $6.5
PROPOSALS FOR CLOSING BUDGET GAP

1. Brief description of proposal

Freeze City's health insurance contribution at FY 75-76 rates. Employee picks up increase.

2. Actions required for implementation (e.g., legislation, contract negotiations, etc.)

Contract negotiations required.

3. Possible schedule for implementation

 Teachers - current contract runs from September 1, 1975 to September 8, 1977. This contract is awaiting the approval of the EFCB.
 City-Wide Employees - current contract expires June 30, 1976.

4. Potential savings or revenue in FY 1976-1977 and FY 1977-1978, both on an annualized and a cash basis. Indicate type of funds saved; total funds; capital and special, tax levy, state, federal, other.

 Cash savings: FY 1977 - $10 million*
              FY 1978 - $10 million

 Annualized savings: Same as cash savings

* Savings could be as high as $32 million if Board of Estimate approves rate increases currently before it.
PROPOSAL TO REDUCE BUDGET GAP

1. Description

Increase Sewer Rates to cost-justified rates of $106 million (cash costs only) or $216 million (including taxes) from the current level of $45 million.

2. Implementation Actions

The Administrative Code would have to be amended to eliminate the language in Section 683-424-9, 0 which sets sewer charges to be one-fourth of water charges. Section 687-1. 0, which imposes surcharges on super concentrations of pollutants, would probably also have to be amended. Other implementation is as in water charges proposal.

3. Implementation Schedule

March 14, 1976 - commence modification of super-concentration sewage charges.
March 15, 1976 - introduce local legislation
June 1, 1976 - commence billing cycle

4. Revenue:

$61 Million Increase

<table>
<thead>
<tr>
<th>1975-76</th>
<th>1976-77</th>
<th>Subsequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Genl. Fund</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>(61)</td>
</tr>
<tr>
<td>Cash:</td>
<td>2</td>
<td>61</td>
</tr>
<tr>
<td>Sewer Rent</td>
<td>3</td>
<td>61</td>
</tr>
<tr>
<td>Property Tax</td>
<td>0</td>
<td>55</td>
</tr>
<tr>
<td>NET TOTAL</td>
<td>3</td>
<td>58</td>
</tr>
</tbody>
</table>

$171 Million Increase

<table>
<thead>
<tr>
<th>1975-76</th>
<th>1976-77</th>
<th>Subsequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Genl. Fund</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>(61)</td>
</tr>
<tr>
<td>Cash:</td>
<td>8</td>
<td>171</td>
</tr>
<tr>
<td>Sewer Rent</td>
<td>2</td>
<td>171</td>
</tr>
<tr>
<td>Property Tax</td>
<td>0</td>
<td>(55)</td>
</tr>
<tr>
<td>NET TOTAL</td>
<td>8</td>
<td>101</td>
</tr>
</tbody>
</table>

1. Reduced Expense
2. Early Collection
3. Reduced debt service paid through property tax plus 10% allowance for uncollectibles.
5. Discussion

Sewer rents should be increased to between a minimum of $106 million and a maximum of $216 million from the current level of $45 million. At $106 million sewer rents would just cover tax levy operating expenses and that debt service separately identified as for sewer or water pollution control, but not current capitalized operating expenses or debt service for prior years' capitalized operating expenses. At $216 million sewer rents would recover all the above expenses and an allowance for the taxes that would be paid to the City by a privately owned sewer utility. This amount would bring the City to the standard applicable to municipal water, gas, electric utilities set forth in the General Municipal Law. There is apparently no legal ceiling on the amount of revenues that may be raised.

Approximately $5 million in 1976-77 sewer rents currently intended to be received in the general fund cannot be so applied. These funds must be applied to the debt service of the sewer system.

The Revenue-Producing Undertakings Law, Article 14-C of the General Municipal Law, which implements Section 10-a of Article VIII of the State Constitution, provides that no revenues of revenue-producing undertaking can be applied to the general fund unless the operation expenses and debt service of the undertaking shall have been paid.
PROPOSAL TO REDUCE BUDGET GAP

1. Description
   Introduce Numbers Betting at Off-Track Betting Corporation facilities.

2. Action Required
   Home Rule message (?); State Legislation

3. Implementation Schedule
   March 1, 1976 - solicit opinion on necessity of Home Rule message
   March 1 - April 15, 1976 - State Legislation authorizing O.T.B. enter lottery type gambling and reduce 60% mandatory lottery takeout
   Fall-Winter, 1976-77 - Commence operations

4. Revenue

<table>
<thead>
<tr>
<th>1976-77</th>
<th>1977-78</th>
<th>1978-79</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2 million</td>
<td>$15 million</td>
<td>$20 million</td>
</tr>
</tbody>
</table>

5. Discussion
   Revenue estimates are based on a handle in the first year of $100 million, in the second year of $200 million, and $300 million annually thereafter. Revenue from numbers could only be used directly for education purposes, although the tax levy contribution could be reduced by an equal amount.

   Once a legal numbers game were established at O.T.B. parlors, it might prove desirable to expand by adding retail outlets such as those of the State Lottery and, perhaps, even runners to more effectively compete with the illegal game which provides a better distribution system than the 150 parlors of O.T.B.

   It should be recognized that the State may claim sole jurisdiction over this area through the newly reconstituted State Lottery Organization.
PROPOSAL TO REDUCE BUDGET GAP

1. Description
   Introduce Pari-Mutual Sports Betting at Off-Track Betting Corporation Facilities.

2. Action Required
   State Constitutional Amendment

3. Implementation Schedule
   March 1 - April 15, 1976 - Introduce and pass legislation for Constitutional Amendment
   Spring 1977
   SAME
   November 8, 1977 - Voter Approval
   January 1, to March 31, 1978 - Commence Sports Betting

4. Revenue
   
<table>
<thead>
<tr>
<th>Year</th>
<th>1975-76</th>
<th>1976-77</th>
<th>1977-78</th>
<th>Subsequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td>$5-10 million</td>
<td>$10-15 million</td>
</tr>
</tbody>
</table>

5. Discussion
   The Off-Track Betting Corporation has prepared legislation. Sports betting is not considered to be as lucrative as horse race betting since the “takeout” on illegal bets is smaller, although the average bet is larger. The requirement to report winnings over $600 for federal income tax purposes would drive away the heaviest bettors. Much of the “handle” may be derived from new bettors or existing OTB horse-race handle.