THE COUNCIL OF THE CITY OF NEW YORK
Christine C. Quinn, Speaker
Domenic M. Recchia, Jr., Chair, Finance Committee

The Council's Response to the Mayor's FY 2012 Preliminary Budget and Preliminary Management Report

(in fulfillment of sections 12 and 247 of the New York City Charter)

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SUMMARY

The Mayor's Preliminary Budget for Fiscal 2012 may have left the initial impression that the City had finally reached the end of the cycle of bad budget news that began with the Fiscal 2009 budget. The Preliminary Budget included no new program to eliminate the gap (PEG) actions, and in fact, showed some $2.5 billion in new resources, including $2.0 billion in tax revenues. The Preliminary Budget also included $1.8 billion in new spending needs to address the impact of the Governor's budget proposals and other new spending needs. Starting from a projected gap for FY 2012 of $2.4 billion, the combination of new resources and new needs left a remaining budget gap for FY 2012 projected to be $600 million. The Mayor proposed closing this gap without further City actions, instead proposing actions that the State could take to help.

What was not evident in the Preliminary Budget presentation, however, was the accumulated impact of prior actions that will make for some difficult choices in the Fiscal 2012 budget. None of the spending restorations made by the Council in the Fiscal 2011 Adopted budget were included in the Mayor's Preliminary Budget for Fiscal 2012. The Council also reviewed the $1 billion PEG program for Fiscal 2012 presented in the November 2010 Financial Plan during the Preliminary Budget hearings and has concerns about many of the proposed actions. Finally, although the State's enacted budget for State Fiscal 2011-2012 makes several important restorations that will ease next year's decisionmaking, it still leaves numerous specific gaps in spending that will be of concern to Members of the Council, and cumulatively fall short of the amount needed to address the remaining gap in City spending for next year. As a result, the Mayor's Office of Management and Budget requested a further round of budget-cutting from City agencies for next year, presumably to be presented in the Executive Budget.

The City Charter requires that the Council present its "findings and recommendations" on the Mayor's Preliminary Budget and the Preliminary Management Report after holding hearings on both documents. It is the Council's hope and expectation that the Mayor will take our response into account in the preparation of the Executive Budget, due for release on May 5^{th}.

We believe that recent events have shown that we have reached a point where further cuts in critical service areas endanger not only the progress we have made in many areas over the course of many years, but also the welfare and safety of New York City residents.

We also believe that there are alternative savings to be achieved through a more careful review of certain areas of spending, including most notably the Contract Budget. Thoughtful consideration should be given to the appropriate amount of reserve funds that could be drawn down to protect core City services.

With prudent use of our resources and a clear sense of our priorities, the Fiscal 2012 budget can set the stage for a successful economic and fiscal future.

THE OUTLOOK

The outlook for next year's budget has changed for the better, albeit modestly, as a result of the final State budget enacted at the end of March. The revenue picture remains somewhat uncertain, and will depend to a large extent on income tax return filings in mid-April. The Council Finance Division's revenue forecast does not differ significantly from the Office of Management and Budget forecast in the near-term, but is more optimistic in the outyears of the Financial Plan. The FY 2012 Executive Budget will undoubtedly still confront the Council with difficult tradeoffs and choices. At this critical juncture, with the economy recovering slowly and the fiscal outlook just beginning to brighten, the choices we make now will be particularly important for the future.

The State FY 2011-2012 Enacted Budget

Governor Cuomo's Executive Budget for State fiscal 2012 April 1st originally proposed cuts with a total impact on City spending of $1.7 billion. The largest cuts were in Education Aid ($1.06 billion total), and in revenue-sharing (Aid and Incentives to Municipalities, or AIM; $302 million). Other proposals, while smaller individually, would have shifted mandated costs to the City, or resulted in potentially devastating impacts to services. One notable example was the Governor's Executive Budget proposal to disallow the use of a share of federal Title XX spending for purposes other than child welfare. For years, the City has used its discretionary share of Title XX funds to support operations and services at senior centers across the City. Losing the ability to do so would have put at risk over 100 centers, out of the 256 currently operated.

In the Preliminary Budget, the Mayor proposed using City funds to replace a total of $1.1 billion of the cuts – primarily for the Department of Education (DOE), which already was facing a reduction of over 6,100 teachers through layoffs and attrition in the November Plan. In addition, he proposed $600 million in actions by the State to close the remaining gap for Fiscal 2012 – a $200 million restoration of Education Aid, a $200 million restoration of AIM and $200 million from unspecified reforms to the Variable Supplement Fund (VSF) payments made to certain retired members of the uniformed services.

The State Budget enacted on March 31, 2011, made restorations in a number of areas, with a total value of about $340 million to the City. This figure includes a mix of State cuts that the Administration had budgeted to replace with City funds, and State cuts that the Mayor did not propose replacing. Only the former result in reductions to the City's budget gap, with the result that the gap-reduction value of the State's restorations total somewhat less than the total value of State budget restorations – about $235 million – and well short of the Mayor's $600 million target.

The Legislature did not approve the Mayor's proposed reforms to the Variable Supplement Funds. The Council believes that eliminating or reducing VSF benefits will not and should not occur.

Fiscal 2012: Turning Point?

The City's economy has clearly turned the corner after the sharp contraction in calendar years 2008 and 2009. Economic recovery is now in its second year. Real (inflation-adjusted) Gross City

Product is projected to grow at an average rate of 3 percent between 2011 and 2015, which is better than its average rate of growth over the previous 15 years. Between September 2009 and February 2011, the private sector added 68,000 payroll jobs. In 2012 and 2013, we expect private employment to continue growing at around 1.4 to 1.5 percent. Total wages in the City are expected to grow by an average 4.4 percent between 2012 and 2015.

The Revenue Outlook

The Office of Management and Budget (OMB) raised its tax forecast by about $1 billion annually in the Preliminary Budget, which helped reduce the pressure on spending for next year.[1] The Finance Division's revenue forecast does not differ significantly from OMB's in the short term. We would not expect further significant revisions to the revenue forecast for the Executive Budget, although there remains considerable uncertainty about personal income tax filings and payments due April 18th this year.[2] However, the fairly aggressive revisions to the forecast in the Preliminary Budget probably leave less room than usual for upside potential in the Executive Budget tax forecast.

Revenue growth will pick up, with City funds growing at an average rate of 4.4 percent from Fiscal 2012 to Fiscal 2015. This is not the spectacular growth of the boom years, but it is solid. The Finance Division projects revenues rising faster beginning in Fiscal 2013 than does the OMB, contributing to lower gap projections and a somewhat easier budget situation after Fiscal 2012.

Council Finance Revenue Forecast: Impact on the Outyear Gaps
City funds, in millions

	FY 2013	FY 2014	FY 2015
February Plan Gap	($4,852)	($4,813)	($4,977)
Council Finance Division Tax Forecast*	$1,474	$1,622	$1,890
Gap Based on Finance Division Forecast	**($3,046)**	**($3,191)**	**($3,087)**

*Difference from OMB February Plan Forecast

Fiscal recovery usually lags economic recovery. Fortunately, during the City's boom years, the Council, in partnership with the Mayor, prepared for a potential downturn. Between Fiscal 2002 and Fiscal 2008, more than $8 billion in surplus was accumulated and set aside or used to prepay future expenses (see graph on next page).

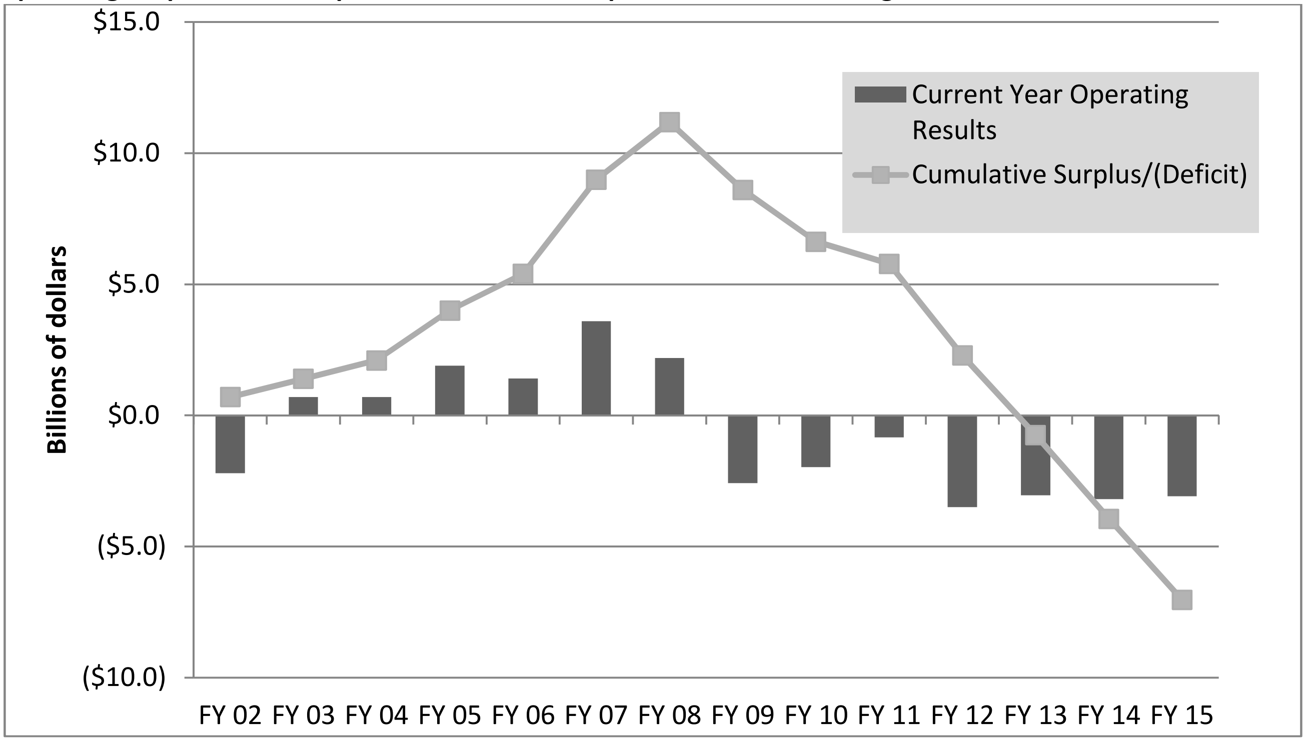
For the last 3 years, the Council has worked to adjust revenue and spending to the realities of a recession and a slow recovery. Spending growth – which averaged nearly 9 percent annually from Fiscal 2004 through Fiscal 2007, even while surpluses were accumulating – has been held to under 2 percent for the last 3 years. This is all the more remarkable given that these figures include health insurance and pension contributions, both of which have grown well above the overall rate of spending. In addition, we have been able to draw on the accumulated surplus to

[1] A detailed review of the OMB forecast is provided in the *Financial Plan Overview, Economy, Revenue and Debt Service* report prepared for the March 21st Finance Committee Hearing on the Mayor's Preliminary Budget and Preliminary Management Report.

[2] The Administration requested, and the Council approved, an extension of the Charter date for the submission of the Executive Budget from April 26th to May 5th this year, primarily in order to allow OMB to incorporate April tax return data into its forecast and adjust the Executive Budget accordingly.

help balance the budget without having to enact major tax increases or make even deeper spending cuts.

Operating Surpluses and Gaps and Cumulative Surplus: Fiscal 2002 through Fiscal 2012



NOTE: Operating results and cumulative surplus/(deficit) including Retiree Health Benefit Trust Fund transactions and Council Finance Division tax revenue forecast.

The City finds itself at a critical juncture. On paper, the remaining gap to be addressed in Fiscal 2012 is relatively modest – but the many deep cuts in core services make for a much larger gap in reality. The Council hopes that the Fiscal 2012 Executive Budget will reflect the values and priorities that will allow us to begin building for better days ahead. Now is not the time to make further deep cuts to critical City services, or to short-circuit our economic recovery. Laying off teachers, closing fire companies, and shredding the social safety net, are not actions worthy of the progress we have made, do not reflect the values of New Yorkers, and do not lay a stable foundation for our future. Rather, we must pare away unnecessary spending, and use our limited resources to protect our capacity to deliver the critical services that constitute the building blocks of our future.

The Council does not believe we can further burden the City's taxpayers, and should not raise property or other general tax rates in order to balance the budget. We will carefully scrutinize contract spending to get rid of those that are not providing core services at fair prices. We must also give consideration to a measured additional use of the Retiree Health Benefit Trust Fund. There are good arguments for a sparing use of one-time resources in preference to further burdening taxpayers – or to decimating critical services. Using the Fund as a crutch to avoid hard work and difficult decisions, however, would not be justified.

FINDINGS AND RECOMMENDATIONS FOR THE FISCAL 2012 EXECUTIVE BUDGET

☑ *Avoid Layoffs that Result in Further Reductions in Critical Services*

The November Financial Plan projected some 5,312 layoffs of City workers, primarily of teachers at the Department of Education. The Council believes that layoffs of necessary City workers should be avoided to the maximum extent possible. Doing so harms the City's ability to deliver critical services at a time when it is clear that headcount reductions – primarily achieved so far through attrition – have already damaged the City's ability to deliver many services efficiently and cost-effectively. In particular, there can be no doubt that teacher layoffs will result in even larger class sizes, which have been rising since the school cuts were first imposed. Other service areas have also begun to show signs of deterioration, while some agencies have relied increasingly on overtime to deliver critical services – surely a counterproductive strategy at a time when resources are scarce. The Council strongly believes that the City workforce cannot be further reduced without risking long-term consequences for City services.

☑ *Reject Capital Spending Cuts that Undermine Economic Recovery*

In December, the Mayor directed City agencies to reduce their capital spending plans by 20 percent. The Council took a strong position against cutting capital spending at this time. The City's capital program employs some 50,000 construction industry workers. With the City's unemployment rate still nearly 9 percent and even higher among the construction and related trades and professions, reducing capital spending now would only further slow the City's economic recovery. The preliminary capital commitment plan and the draft biennial ten-year capital strategy achieved savings of on average 10 percent compared to the capital plan released in September. The Council still strongly believes that the short term economic costs of cutting the City's capital program now far outweigh the minimal debt service savings that would be realized – and indeed, those savings could be more than outweighed by the loss of tax revenues from construction industry firms and their employees.

☑ *Find Savings in the Contract Budget*

Rather than laying off City workers who deliver key services, it is long past time to conduct a thorough review of spending on contractual services. Undoubtedly many agencies have reduced their contracting in certain areas as part of the nine rounds of PEGs taken since January 2008. Nonetheless, spending on outside contracts will cost the City $10.2 billion next year – an increase of roughly 4 percent over the Adopted budget for Fiscal 2011. There are numerous examples of contracts that should simply not be funded at a time when the City is struggling to maintain services. We should set a goal of slowing the growth of spending on contractual services in next year's budget and in the future.

Budget Actions of Particular Concern

During their hearings on the Preliminary Budget, the Council's Committees identified a number of areas of concern. Although the following is not necessarily an exhaustive list, it includes key issues and recommendations for the Executive Budget.

Public Safety

☑ ***Fire Company Closures***

The Administration has now twice proposed part-time or full-time closures of fire companies with the goal of reducing the number of fixed posts that must be staffed, and the Council has twice refused to do so. Again for Fiscal 2012, the Preliminary Budget includes permanent decommissioning of 20 companies. To date, the Administration has never made public a proposed list of closures or spelled out the criteria that it would use in determining how companies would be evaluated for closure. The Council will not and cannot agree to write the Administration a "blank check" to close 20 companies.

☑ ***District Attorneys***

The City Council has for many years attempted to ensure that the City's District Attorneys and the Special Narcotics Prosecutor are properly funded. Yet plan after plan, the Administration has proposed budget reductions for these agencies, and has relied on settlement revenues resulting from investigations and prosecutions as a funding source for them. In light of the large-scale revenues brought in by the New York County District Attorney, the Council would like to see significant restorations to the prosecutors' budgets in the Executive Budget.

Additionally, the Criminal Justice Coordinator is conducting an analysis of D.A. workloads and other factors as the basis for a rational, consistent and fair level of funding. The Council looks forward to the results of this review and, assuming it is acceptable to the six offices, urges the Administration to implement reforms in the Executive Budget.

☑ ***NYPD Civilian Headcount Reduction***

The Preliminary Budget included a proposal to eliminate 350 civilian positions in the New York Police Department ("NYPD") through attrition beginning in Fiscal 2011, yielding a total savings of $13.8 million in Fiscal 2011 and $29.8 million in Fiscal 2012. The Fiscal 2011 Preliminary Budget proposed replacing 400 uniform positions in non-law enforcement functions with newly-hired civilians to free them for patrol and enforcement functions. This action would eliminate most of the supplemental civilian positions and lead to reductions in both patrol and enforcement strength. The Council is concerned that the loss of these civilian positions will adversely impact the NYPD's success in combatting crime.

Education

☑ ***The DOE's Expense Budget Should Prioritize the Classroom***

Parents, principals and teachers are facing school budget cuts of roughly 15% for the coming year, and a 10% reduction in general education teachers. Principals who followed the Central Administration's guidance and managed their school budgets carefully will now be penalized for having done so with a 30% "tax" on their saved funds.

The DOE in effect treats most of its non-classroom spending as fixed or "uncontrollable" costs that must be met, while taking the majority of its budget cuts from classroom general education spending. The DOE must make a much more serious effort to bring *all* of its costs under control rather than choose to lay off classroom teachers.

☑ *Education Capital Plan Should Prioritize Capacity*

The Department of Education's ("DOE") Proposed February Amendment to the Fiscal 2010-2014 Five Year Capital Plan released on February 18th would reduce Plan funding by $2.0 billion to $9.3. The reduction stems from an approximately $205 million or six percent cut in City support and an almost $2.0 billion drop in State Building Aid. Since release of the Plan, the State has adopted its budget and rejected the Governor's proposal to cut Building Aid.

The February Amendment contrasts starkly with the amendment to the Plan proposed in November that called for a $4.4 billion *increase* to $16.2 billion. The City not only scaled back the plan, however – in light of the Governor's proposed cap on Building Aid– but also changed the plan's spending priorities significantly. We expect the DOE to release another revised amendment to the Plan sometime this month. The Council will hold a hearing on the revised school capital plan and offers the following findings and recommendations for the Administration's consideration as the Plan is revised.

Capacity Projects. DOE re-estimated the need for new school seats at 50,000 and proposed spending $8.8 billion on capacity projects in the Preliminary Amendment to the Plan in November ("November Amendment"). In the February Amendment, however, capacity projects funding totals only $2.9 billion and would add only 14,000 new school seats.

Technology. The November Amendment proposed a massive increase in spending on technology projects, bringing the total to $1.8 billion from $780 million.

The Council's view is that the Plan should prioritize seats over wiring and computer platforms, particularly given the DOE's own estimate that 50,000 seats should be funded in the final 3 years of this Plan. There is an immediate need for new seats, given enrollment growth projections, current school utilization rates, and the limitations of other strategies that can reduce overcrowding.

School technology upgrades are important, but should be phased as proposed in November. In by prioritizing high schools then middle schools, rather than "front-loading" these projects. Technology-based learning tools require time to get teachers and staff ready to use them. A longer-term phase-in of the technology plan would allow the DOE to focus on what should be the highest priority – constructing adequate classroom and facility capacity for the City's schoolchildren.

☑ *Rationalize and Stabilize Funding for Libraries*

The City's three public library systems face a deficit of $81.2 million for Fiscal 2012 – a 26% reduction from the Fiscal 2011 figure, which included a joint $61.5 million restoration of funds by the Council and the Administration. Implementation of the $17 million Fiscal 2011 mid-year cut left the libraries scrambling in order to maintain an average of five-day a week service – reducing or suspending books and materials spending, and reducing their workforces through attrition and layoffs.

It is time for the City to create an operations policy for the three public library systems, setting standardized minimum levels of service in each borough and providing adequate baseline funding to meet this mandate. Currently, there is no operations policy guaranteeing a minimum service level so that all boroughs have adequate and equal access to library services. The systems decide how many days and how many hours they will be open based on current funding levels. For Fiscal 2011, the libraries managed to maintain on average five days a week service, but it varied for each system. As City funding makes up the largest portion of each system's budget (except for the four Research libraries), the City should act to stabilize service, and provide adequate funding for the systems to do so.

The Safety Net

☑ *Child Welfare*

The Council has a demonstrated historic commitment to child welfare and child protection. In Fiscal 2011, the City Council added nearly $8.0 million to avert the proposed elimination of 202 child protective staff positions in the Administration of Children Services ("ACS") through attrition and the layoffs of 37 child welfare specialists. The Fiscal 2012 Preliminary Budget did not provide funding for these positions, and proposes cutting additional positions including 26 Division of Child Protection staff through attrition and 90 administrative and support staff through layoffs.

Recent proposals by the Administration to eliminate hundreds of ACS positions through both layoffs and attrition come at a time when the deaths of two young children cause New Yorkers to question the agency's ability to absorb such cuts and still perform its mandated duties. The recent tragic deaths of four-year-old Marchella Pierce and 18-month-old Kymell Oram speak clearly to the need for the maintenance of staffing levels within the divisions of child protection, child welfare, and foster care at ACS.

☑ *Child Care*

In the Preliminary Budget, the Mayor announced that more than 16,000 child care vouchers and daycare seats for low-income working families would no longer be funded in the Fiscal 2012 budget. This represents a nearly 40 percent cut to the 42,000 child care slots currently provided by the City that are not required under Federal law.

The $95 million deficit for child care is essentially the amount the ACS has been spending in City funds above the amount available through the federal Child Care Block Grant (CCBG). Because the City has been funding child care slots above what is available through the CCBG, there would be no State/Federal match if City funds were restored. ACS has therefore decided to stop paying for additional non-mandated child care, above what is budgeted to them by the CCBG. This would leave in place funding for a total of about 84,000 slots, of which 58,000 are mandated, and 26,000 would be non-mandated.

ACS has presented Universal Pre-Kindergarten (UPK), kindergarten, as well as the Department of Youth and Community Development ("DYCD") Out-of-School Time (OST) program as alternate sources of care. For some school-aged children the OST program might be a viable alternative to child care, but it seems unlikely that all children can be accommodated since DYCD plans to reduce the number of OST slots. Presenting UPK as an alternative to full-time child care is simply deceptive. UPK is a two and a half hour pre-school program for four-year-olds that operates only during school days. Further, families are not guaranteed a spot in UPK and the few full-school-day programs that exist are fully enrolled.

☑ ***Senior Center Funding***

In the Fiscal 2011 Executive Budget, the Administration proposed closing 51 senior centers, based on low utilization, management issues, or physical condition. After a careful review, the Department for the Aging ("DFTA") removed 7 centers from the list. The Council restored funding for another 17, and allowed 27 to close.

Contracts for the 17 centers kept open by the Council have been delayed, with several centers still operating without contracts, while 2 centers have been unable to open at all. In several cases the Administration has cited issues with agency performance evaluations of center sponsors. Why these same centers were allowed to continue operating in the past despite these problems remains unclear.

Having fought successfully to ensure that State Title XX funds would be available to fund senior center operations, the Council believes that no further senior centers should be threatened with closure for purely budgetary reasons. Management or maintenance issues should be addressed by the agency with center sponsors, and where justified, new, responsible sponsors should take over operations. The centers that are currently funded through so-called discretionary contracts should be fully funded with agency program contracts beginning in Fiscal 2012.

☑ ***Protect Case Management System for Seniors***

DFTA proposes cutting 30 percent from contracted provider budgets providing case management for seniors in Fiscal 2012. It is likely that this cut will result in over 100 layoffs within the provider community. Case management agencies provide the City's most vulnerable, homebound seniors with, at times, the *only* link to services and benefits, as well as monitoring and support from the "outside world." DFTA has stated that this cut will result in an increase in caseloads for case management workers, as they try to ensure that no senior currently receiving care will be without service.

☑ ***Maintain Comprehensive HASA Services***

In Fiscal 2011, the Council and the Administration restored $5.6 million to the budget of the Human Resources Administration's (HRA) HIV/AIDS Services Administration (HASA). $4.2 million was provided to maintain 248 HASA case managers and $1.4 million to retain contracted case managers in supportive housing. HASA expedites access to essential benefits and social services needed by persons living with AIDS or clinical symptomatic HIV illness and their families. The Administration has sought to eliminate what HRA considers to be "duplicative" case managers through budget cuts, despite caseworker-to-client ratios mandated under Local Law 49. This is an unacceptable approach, and one that the Council rejects categorically.

☑ ***Homeless Rental Subsidies Gap Left By State Budget***

While the Council continues to question the long-term success of the Work Advantage program, the need for rental subsidies and affordable housing for vulnerable New Yorkers cannot be denied. Continued financial support to families that are currently enrolled in the program or those who are currently eligible is vital and necessary. The State's Fiscal 2011-12 budget allocation of $15 million for rental subsidies is insufficient to meet the needs of those that rely on these subsidies to maintain their homes. The Council hopes to work with the Administration to develop a more workable program to meet this need.

☑ ***Withdraw Shared Rooms Proposal***

The Council encourages the Administration to withdraw its plan to shelter multiple families in apartment style units in an effort to save money. The Department for Homeless Services (DHS) proposes to convert existing units that shelter one family into units that would house two to three families. Families would share communal living space, including the kitchen and bathroom. Each family would have its own bedroom within this shared unit and DHS projects this plan would yield an additional 190 units. The cost to convert the units would be less than bringing on new capacity of 190 units, however, the implementation of such a plan would require the Council to change to Local Law 18, which states "No homeless family shelter shall be established which does not provide a bathroom, a refrigerator, and cooking facilities and an adequate sleeping area *within each unit* within the shelter…" (emphasis added).

☑ ***Youth Services***

The FY 2012 Preliminary Budget cuts spending for the Department of Youth and Community Development by $93.7 million compared to the Adopted Fiscal 2011 budget, including $74.2 million in City funds. This cut represents nearly one-third of the agency's City funds budget, and is out of all proportion to the level of cuts taken in other agencies. It is simply unacceptable to balance the budget on the backs of the City's youth.

Runaway and Homeless Youth. It is estimated that that there are over 3,800 homeless youth in the City each night. In Fiscal 2011, DYCD funded 250 shelter beds for runaway and homeless youth, 106 of which were funded with $5.99 million provided by the Council. City and State budget cuts in FY 2012 would cut the number of shelter beds in half, to 125. The budget would also remove $1.3 million in funding (including $969,000 added by the Council) for street outreach and drop-in services. Street outreach services are critical for homeless youth because it provides them with information on what services are available, where they can access them, and transports them to safer environments. Drop-in services are also critical because it provides youth with counseling, linkages to family, and social work referrals.

Summer Youth Employment. Summer Youth Employment participants work in a variety of entry-level jobs at community-based organizations, government agencies, and private sector businesses. In the summer of 2011 DYCD received approximately 143,000 applications for 36,000 summer youth employment funded jobs. This fiscal year federal funding for the program will decrease as a result of the expiration of stimulus funding and federal proposals to reduce Workforce Investment Act (WIA) and Community Services Block Grant (CSBG) spending. In addition to proposed federal reductions DYCD also proposes to reduce funding in Fiscal 2012 by $3.2 million by eliminating 2,140 slots. If implemented, DYCD will only have enough funding to provide 23,300 youth with summer employment, a reduction of 12,700 summer jobs from last year.

Out of School Time (OST). DYCD's Out-of-School Time (OST) program offers elementary, middle and high school youth a balanced mix of academic support, sports and recreational activities, the arts and cultural experiences after school, on weekends, and during school vacations, at no cost to participants.

The Council provided $9 million in funding at Adoption in Fiscal 2011, which enabled approximately 15,000 youth to participate in the program. DYCD has also proposed reducing OST funding by $6 million in FY 2012, by limiting the program holiday availability from 20 school holidays to 14. Moreover, the Administration has pledged to give priority placement in DYCD's OST program to 12,000 of the 16,462 daycare slots not funded in the Fiscal 2012 ACS budget – effectively cutting the availability of the program to other City youth even further.

Beacon Program. Funding for the 66 Beacon Community Centers, located in public schools around the City, would be cut by $7.8 million in the FY 2012 budget, or 15 percent – another example of the disproportionate cuts to Youth Services. The Council provided $5.3 million in FY 2011 for the Beacon program, which serves 96,000 youth with quality educational opportunities.

Health and Mental Health

☑ ***Restore Funding to School Based Health Centers***

The Council calls upon the Administration to restore $285,000 for School Based Health Centers (SBHCs) in Fiscal 2012 and in the outyears. This restoration would ensure the operation of the SBHCs located at Thurgood Marshall Academy for Learning and Social Change in Harlem and George W. Wingate High School in Brooklyn.

The Department of Health and Mental Hygiene (DOHMH) claims that these SBHCs were selected due to low capacity and low performance, respectively; however, the Council is not convinced of the merit of these claims. Moreover, the Council is concerned that this PEG would not achieve much, if any, desired savings to the City. The Council passed a law in 2005 mandating nurse coverage in City schools. The schools affiliated with these SBHCs would be required to hire nurses upon their closure. This could result in added costs to the City.

☑ ***Restore Sexual Assault Response Team Funding***

The Council strongly urges the Administration to restore $1.3 million in funding to Health and Hospitals Corporation's Sexual Assault Response Team (SART) Program. SART services provide immediate state-of-the-art forensic and counseling services, allowing for sexual assault victims to receive sensitive care within one hour of their arrival. SART programs, which operate around the clock, can minimize trauma to the victim and reduce the risk that evidence critical to law enforcement will be lost, damaged or overlooked.

☑ ***Restore Pass-through Funding Reductions to HHC***

The Council calls upon the Administration to fully restore pass through funding to HHC. While City spending only represents a fraction of HHC's overall revenue, the Council recognizes the importance of funding budgeted for HHC's services. The Council is especially concerned that, in addition to spending cuts made by HHC at the Administration's request, HHC is further impacted by cuts made by DOHMH to services funded by pass through funding. The DOHMH has targeted HHC services such as Child Health Clinics, HIV/AIDS supportive services and Mental Hygiene related services. Over the years, the Council has urged the Administration to see value in these services and has already expressed its disappointment to DOHMH for targeting these programs.

☑ ***Restore and Baseline Mental Hygiene Contracted Services***

The Council strongly urges the Administration to fully restore and baseline funding to DOHMH's mental hygiene contracted services. DOHMH has proposed to reduce City spending on Mental Hygiene Contracted Services by $4.9 million in Fiscal 2012 and in the outyears. These reductions target medically supervised outpatient programs and outpatient rehabilitation services for people suffering from alcoholism and substance abuse. They also target bridger programs (transition management), psychosocial clubs, recreation programs, adult respite programs and critical services provided by the City's developmental disability clinics. Many providers have reached out to the Council, cautioning that the severity of these reductions would lead to the elimination of certain services and reduced capacity to treat patients.

☑ ***Baseline Council-funded Mental Health Services***

The Council calls upon the Administration to baseline the Council's Fiscal 2011 funding for its Children under Five, Geriatric Mental Health and Autism Awareness initiatives, to which the Council provided $4.6 million, respectively, to fund these initiatives. It is significant to note that the Council is the only governmental entity providing funding on any level for mental health services for very young children through its Children Under 5 Mental Health Initiative.

Jobs and Communities

☑ ***Fund Mayor's Office of Industrial and Manufacturing Businesses (IMB)***

Industrial Business Service Providers (IBSPs) help protect, retain, and create industrial and manufacturing jobs and businesses in New York City. The IBSPs have served approximately 9,500 businesses and have created more than 157,000 jobs. The average worker wage and benefits is $39,600, which is much higher than the retail sector. In 2008, the IBSPs created 4,659 net new jobs, and generated $423 million in private investment. The current Fiscal 2012 funding proposal of $1.1 million with only 8 IBSPs and a new proposed EDC Industrial Help Desk are not sufficient to sustain and maintain the industrial and manufacturing jobs and businesses in the industrial business zones (IBZs).

☑ ***Restore the Center for NYC Neighborhoods***

The Center for NYC Neighborhoods (CNYCN) remains an important resource in protecting communities against foreclosures. The Council calls upon the Administration to restore $1.5 million in funding for the Center, and to consult with the Council on its potential reorganization in Fiscal 2012.

At the Fiscal 2012 Preliminary Budget Hearing, the HPD Commissioner stated that the foreclosure crisis has evolved since 2008 when the CNYCN was first created, and that the biggest concern regarding foreclosures is that job losses have contributed to homeowners' inability to pay their mortgages.

Therefore, HPD proposes a more holistic approach, taking neighborhood preservation into consideration within the overall discussion of the foreclosure crisis. HPD stated that it is currently working with CNYCN on altering its approach and mission, which may include allocating less City funding and consolidating other preservation programs with the CNYCN. The Council intends to be an active participant in how the program is shaped in the future.

☑ ***No Further Delays in Implementation of the Solid Waste Management Plan***

The Council expresses its serious concern about the impact of delays in construction of 4 marine transfer stations (MTS) in the February Capital Commitment Plan. The delay undermines core goals of the Solid Waste Management Plan approved by the Council in 2006. Under the proposed capital plan, the East 91st Street and Southwest Brooklyn MTSs would not become operational until sometime in 2018 or after, although the SWMP anticipated them being functional by 2010.

☑ ***Protect Investment in Parks and Recreational Opportunities***

The Department of Parks and Recreation (DPR) proposes actions in the Preliminary Budget that would reduce staffing in City parks and recreational facilities:

- Reduction of the seasonal workforce by 15 percent for a savings of $5.5 million in Fiscal 2012 and $5.6 million in Fiscal 2013 and beyond. This cut would be on top of the $5.1 million proposed in the Fiscal 2011 Budget.
- Reduction of the work year for full-time workers in select titles from twelve months to nine months beginning in Fiscal 2012, for a savings of $17.5 million in Fiscal 2012 and the outyears. This action would affect mostly the agency's Maintenance and Operations program area ($17.3 million) and is subject to collective bargaining agreement.

In addition to the above issues, the Council's restorations for DPR totaled $7.8 million in Fiscal 2011, and are not carried over into FY 2012. They include $2.5 million for seasonal workers; $1 million for playground associates; $2.9 million for Parks Job Training participants; and $1.4 million to prevent the shortening of the pool season and pool closures.

Finally, the Department has proposed increases in recreation center membership fees (see below).

All of these actions will reduce the availability, accessibility, and desirability of the City's parks and rec centers.

Reject Shortsighted Revenue-Raising Proposals

Several agency revenue proposals – including some in the Mayor's November PEG program that were explicitly rejected by the Council – would take effect in Fiscal 2012. The Council continues in its opposition to further burdening citizens with "nickel-and-dime" revenue-raisers.

☑ ***Emergency Response Billing ("Crash Tax") (FDNY)***

Emergency response is a basic government function for which individuals – taxpayers and visitors alike – should not be billed. The Fire Department doesn't charge for its response to structural fires, and the Police Department doesn't charge for patrolling a block. Charging for responding to the scene of an accident is a slippery slope, and we should not begin to go down that road out of a desperate desire to find sources of revenue.

The Council also has grave concern regarding the unintended consequences that might ensue if this fee proposal is adopted, which have been highlighted by the American Automobile Association. Drivers involved in accidents will be less likely to call for police to crash scenes if they fear they may face a multi-hundred dollar charge. Drunk or uninsured drivers, or those with suspended licenses, are less likely to be caught – and the dangers for everyone else on the roads will increase. In sum, this proposal is unworkable, it is unfair, and it is unsafe

☑ ***Voluntary Hospitals Dispatch Fee (FDNY)***

Traditionally, the City has covered the dispatch and telemetry costs associated with the participation in the 911 System of voluntary hospital ambulances. The Council is skeptical of the FDNY proposal to implement a dispatch fee on voluntary hospitals, designed to generate $8.7 million annually. The imposition of such fees would likely harm the financial standing of many of these participating hospitals who are already struggling in this economy. If imposed, this fee could force some of the voluntary hospitals to withdraw from the 911 System, compelling the City to furnish additional municipal ambulance tours at City expense, negating the revenues gained from the imposition of the fee.

☑ ***Increase in Passenger Parking Rates (DOT)***

The Department of Transportation (DOT) proposes to increase parking rates from $0.75 to $1.00 per hour for all meters in Manhattan above 86th Street and in the outer boroughs, for additional annual revenue of $13.8 million. This action was originally slated to occur by January 2011 but was delayed to June 30, 2011 after the Council rejected the proposal. Increasing parking rates will further dampen retail sales in hard-pressed areas of the City, and the Council maintains its objections to this proposal.

☑ ***Increase Recreation Center Membership Fees (DPR)***

To generate additional revenue of $4.0 million annually, the Department plans to increase recreation center membership fees in Fiscal 2012 from $10 to $25 for seniors, $75 to $150 for centers with an indoor pool, and $50 to $100 for centers without an indoor pool. Because of the Council's intervention, a similar increase in Fiscal 2011 was avoided. These public facilities should be available to all, regardless of income and ability to pay. The Council is prepared to work with the Department to ensure that access to recreational opportunities is available to any New Yorker who wants them.