

Budget gap grows to \$5 billion

New York City mayor wants even bigger cuts

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New York City's budget crisis continues to worsen, with the projected deficit for the fiscal year beginning on July 1 having grown from about \$4.7 billion to \$5 billion in the first three months of the administration of the city's new mayor, Michael Bloomberg.

Bloomberg, who proposed massive cuts in public and social services in his budget message in February, called a news conference April 17 to say that even greater spending cuts would be required.

The mayor presented a "contingency plan" that he said he will implement if the \$1.3 billion in projected savings from federal and state aid as well as union concessions fails to materialize. The additional measures include the elimination of eight fire companies; closing another 15 senior centers; and slashing another \$115 million from city schools, 7.5 percent more from the city's libraries, and 7.5 percent more from the Department of Cultural Affairs.

Further, the Bloomberg administration would eliminate the city's Food Assistance Program; close five community health clinics and 10 dental clinics; and scrap 57 neighborhood programs of the city's Department of Youth and Community Development. It would cut 2,600 more city jobs, mostly through attrition, but the plan also envisions unspecified additional job cuts, possibly as many as 5,000 in total.

All of this would be in addition to the cuts outlined in February. Then the mayor called for cuts in city agencies ranging up to 26 percent, and the elimination of 6,000 jobs through attrition and employee buyouts. The \$115 million reduction in public education, for instance, would be on top of \$354 million already planned. The 7.5 percent from the libraries would be in addition to 15 percent proposed two months ago, and so on down the line.

The new proposals came in response to projections of lower city revenues because of continuing economic recession as well as the growing realization that help from state and federal authorities in Albany and Washington is highly unlikely. The state budget is itself already nearly a month overdue, and legislation to allow the city to raise its

cigarette tax and also the fines for parking violations is stalled in the state legislature.

What the cuts will mean in human terms is not difficult to imagine. The vast majority of the working population will foot the bill in terms of further deterioration of already inadequate public services like sanitation, libraries and parks. The most vulnerable sections of the working class—the poor, and especially the elderly and youth—will suffer the most, with the closing of social programs and community centers.

Perhaps the most appalling and callous of the proposed cutbacks is aimed at the school system. As one newspaper columnist reported this week, the parents at a typical public school in one of the better-off working class neighborhoods of Queens are being asked to pay for items such as paper and the cost of maintenance of the school's photocopier. More than 40,000 students in the city's overcrowded system have classrooms in converted hallways or bathrooms.

Even as the budget crisis produced calls for city job cuts, the March unemployment figures in the city showed another increase, to 7.5 percent. It was 6.9 percent in January, and 5.6 percent a year earlier. On Wall Street, the securities industry has shed 17,000 jobs, shrinking by 9 percent, in the past year. Business services, including temporary agencies and advertising, have lost 36,000 jobs over the same period. An estimated total of 110,000 jobs were eliminated in the aftermath of the September 11 attacks, either directly in lower Manhattan, or indirectly because of the drastic decline in tourism.

Moreover, while those who lost jobs in the area around the World Trade Center received some assistance through the various charities established after September 11, tens of thousands of others have not been eligible for any aid. Hotel workers in midtown, for instance, who lost their jobs because tourists stopped coming to New York, have joined the unemployment lines. Many thousands of other workers have had their hours cut.

"Now people are having to turn to the traditional sources people go to when they are in dire straits," an executive at

the United Way reported. “We may very well see a spike in the number of people going to welfare for the first time.” The agency issued a study that found that 50,000 workers who lost their jobs as a direct result of the September 11 catastrophe received no aid. These include 9,000 airline and airport workers at LaGuardia and JFK Airports in Queens, where traffic has been cut by more than 20 percent. Most of them are low-paid employees such as parking attendants, cleaners and ground crew workers.

Under these circumstances, the aura of sweet reasonableness conferred on the new mayor by the media after his election is beginning to evaporate. Bloomberg is reported to have become testy at some recent news conferences. The billionaire mayor (the seventy-second richest man in the world, according to *Forbes Magazine*) is telling his constituents that there is simply no money for schools, parks, libraries or programs for the elderly. At the same time he has ruled out any tax increases on the wealthy, claiming they would drive away business and send his friends and neighbors in townhouses near Central Park and penthouses on Park Avenue fleeing for the suburbs.

While Bloomberg has repeatedly proclaimed that all New Yorkers must sacrifice to resolve the fiscal crisis, the entire weight of the budget plan falls on the working class and the poor. It targets services and programs, from schools to public libraries and senior programs, that are of little or no importance to the city’s large concentration of millionaires.

In addition to the service cuts, the mayor is seeking at least \$500 million in union concessions. While the Bloomberg Administration is not expected to have much success in getting aid from Washington and Albany, it should have a much easier time in its dealings with the unions.

Twenty-five years ago, as the city faced bankruptcy in the mid-1970s, the trade union bureaucracy handed over billions of dollars in wages, benefits and pension funds. Bloomberg has every reason to look forward to similar cooperation by the labor bureaucracy today. Lillian Roberts, the new director of District Council 37, the largest city workers’ union, had nothing to say about Bloomberg’s proposals. While the full details on the austerity plan have been published in all of the city’s dailies, the union officials said they couldn’t comment because they had not yet been briefed!

The projected concessions include delaying payments to the city’s pension funds for a year, which would save \$275 million at the cost of undermining the funds. Bloomberg is also reportedly considering the establishment of a two-tier system of employee benefits, cuts in dental and optical benefits for city workers, and other givebacks.

In response to the growing anger over economic and social conditions, the Democrats, who hold the overwhelmingly

majority of seats on the City Council, have timidly criticized the Republican mayor’s plan. City Council Speaker Gifford Miller claims the Council may pass its own budget proposal, which would include nearly half a billion in budget reductions that he said the mayor had not proposed. He also argued that a personal income tax surcharge can provide money for education and that funds can be found to restore a number of the other cuts proposed by the mayor.

The Democrats have also secured the signatures of some 40 out of 51 Council members for a “living-wage” bill, which would require that companies receiving city contracts or subsidies pay their employees at least \$8.10 an hour with health benefits or \$9.60 an hour without benefits. Bloomberg has opposed this bill, similar to those enacted in some other cities around the country, and claimed that it would lead to the elimination of thousands of low-wage jobs. The living wage bill, even if passed, would include numerous “exceptions” and would produce only very modest gains for some workers.

The record of the Democratic politicians during the two terms of Bloomberg’s predecessor as mayor, Rudolph Giuliani, demonstrates that they are no less the instrument of Wall Street than the Republicans. The Democratic-controlled Council served as a rubber stamp for Giuliani’s policies of law-and-order police repression and the gutting of welfare and other essential social services.

A recent study by the Center on Budget Policy Priorities, based on Census Bureau data, showed the impact of these social policies. While the gap between the rich and poor grew across the country over the past 20 years, New York State was one of five states in which the 20 percent of households with the lowest income grew poorer in absolute terms during this period. The bottom 20 percent lost 5.9 percent in average income from 1978-80 to 1998-2000, while the top 20 percent gained a whopping 54 percent.



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