

How to save \$2B without slashing city services

By [Charles Brecher](#)

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Mayor Bloomberg's preliminary budget presents a "doomsday scenario" in which more than 18,000 city employees - including 7,019 teachers, 3,150 police officers and 1,050 firefighters - will have to be laid off due to state funding cuts.

But if five far more painless changes are made, those jobs can be saved and major hits to the quality of life can be spared - even if the state slashes its aid. These proposals would save nearly \$2 billion annually without reducing city services.

Share costs for health insurance premiums. Savings: \$1 billion. Unlike most private and public employers, the city requires its employees, retirees and their dependents to make no contribution toward costs for comprehensive health insurance. The result is a health insurance bill for taxpayers exceeding \$3.4 billion annually. Adopting practices common in the private sector - such as 10% sharing for workers, 25% sharing for workers' dependents and 50% sharing for retirees - would save more than enough to avoid all the police and firefighter layoffs in the worst-case scenario.

Adopt a 40-hour workweek. Savings: \$500 million. About 70,000 civilian municipal employees (not teachers or uniformed workers) are required to work less than 40 hours a week, according to an analysis by the Citizens Budget Commission. Most have 35-

hour schedules, some 37.5 hours. If the city workers put in 40 hours as do similar federal and municipal workers around the country, about 8,500 fewer positions would be needed to provide the same service.

Create a new pension tier. Savings: \$200 million initially and more long term. Next year, the city will have to contribute nearly \$7.1 billion to the pension funds of city workers, the equivalent of about \$2,300 from each household in the city.

The skyrocketing costs are not only due to stock market declines; they are also caused by exceptionally generous benefits, including no age requirement for retiring uniformed workers and a formula that includes overtime in its base. The state Constitution prohibits reducing benefits for current workers and retirees, but future workers can be offered a far more affordable package that would yield enough savings to avoid laying off 2,000 teachers.

Better manage overtime. Savings: \$165 million. The city spent more than \$1 billion on overtime last year, with about \$505 million in the Police Department and \$169 million in the Fire Department. Some of this is unavoidable, but much of it could be replaced with workers on regular schedules not paid the time-and-a-half rate. Firefighters, for instance, have 96 hours of annual overtime built into their regular schedules; they also get unlimited sick leave. Whenever one calls in sick, another gets overtime to cover. Firefighters also receive their CPR training on overtime rather than as part of their regular schedule.

Stop paying teachers who do not teach. Savings: \$100 million. The city is paying about \$100 million annually to roughly 2,000 teachers who are not assigned to a classroom. Two-thirds are in the Absent Teacher Reserve, where they wait for

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assignments as substitutes. Another roughly 600 are in the rubber room, having been pulled from the classroom based on charges of misbehavior or poor performance. Speeding the review process for rubber-room teachers and limiting the time teachers spend in the Absent Teacher Reserve would save the equivalent of 1,000 teaching positions.

Achieving these changes requires cooperation between management and union leaders. But these are far better options than large-scale layoffs.

Brecher is research director at the Citizens Budget Commission and a professor at NYU's Wagner School.

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