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Bloomberg Unveils a Grim Budget

By [DAVID W. CHEN](#)

Declaring that the city's finances were "between a rock and a hard place," Mayor [Michael R. Bloomberg](#) unveiled a \$63.6 billion budget proposal Thursday that would eliminate 20 fire companies, increase the cost of truck parking on Manhattan streets by 25 percent and close four swimming pools and a center for the homeless.

The budget would also slash money for libraries, reduce the number of caseworkers who deal with H.I.V. and AIDS, eliminate nurses from 32 elementary schools with fewer than 300 students and raise caseloads for workers for the [Administration for Children's Services](#).

And that may be the good news.

In tones that frequently ranged from exasperation to frustration, Mr. Bloomberg warned that if Gov. [David A. Paterson](#)'s proposed state budget is enacted, the city could face an additional shortfall of \$1.3 billion — and be forced to lay off 8,500 teachers, 3,150 police officers and many others — on top of the cuts included in Thursday's proposal.

The mayor, who gave many labor unions generous contracts during his first two terms, adopted a far tougher stance on union contracts and pension and health benefits. And, against a backdrop of high unemployment and overall economic uncertainty, he worried what would happen if Wall Street's fortunes were to worsen or if interest rates were to climb.

"The trouble is, there are some things beyond our control," Mr. Bloomberg said, after a 45-minute slide show presentation at City Hall. "The world has changed and we have to make a choice."

Mr. Bloomberg also said that anyone counting on another federal stimulus package or government bailout

would be foolish. “There’s not going to be a Hail Mary pass coming from the federal government,” he said.

Over all, Mr. Bloomberg’s proposed budget is \$560 million larger, or less than 1 percent, than the current one, due chiefly to increases in pension and health benefit expenditures that have ballooned under his watch. To accommodate those rising costs, the mayor has been forced to look for cuts elsewhere.

But city officials and lobbyists expect that the final budget, which is meant to close a \$5 billion deficit, will look quite different by the time the next fiscal year begins on July 1.

Albany is the biggest wild card. The only way the city could make up for the shortfall projected under Mr. Paterson’s plan would be to lay off thousands of employees, close 15 senior centers and end financing for 500 soup kitchens and [food pantries](#), the mayor said.

Still, proclaiming a worst case is standard practice at the outset of the annual budget tug-of-war. It is unlikely that lawmakers will embrace all of Mr. Paterson’s proposed cuts during an election year, especially since the Assembly and Senate leaders are both from the city. Even so, it is also unlikely that the city will persuade the state to restore all the cuts, so the compromise will probably lead to some job cuts.

Another crucial factor is how organized labor responds to what Mr. Bloomberg described as a “[Hobson’s choice](#).” Repeating the line that the city must “do more with less” about half a dozen times, Mr. Bloomberg urged teachers to accept a smaller annual raise in their next contract (2 percent, versus the 4 percent received in some years), which is now being negotiated — or else face the possibility of major layoffs.

Mr. Bloomberg also proposed that unions consider longer-term changes in pension and health benefits that could eventually save the city hundreds of millions of dollars a year. When asked Thursday whether his position signaled a new era of hard-line bargaining with labor, Mr. Bloomberg did not mince words.

“The bottom line is we don’t have any money,” he said. Fiscal watchdogs, who have often criticized the Bloomberg administration’s spending habits, said that the mayor could have been even tougher.

“Why offer the teachers any raises for two years?” said Nicole Gelinas, a senior fellow at the [Manhattan Institute](#), a conservative-leaning research group. “As the mayor said himself, the city was more than generous

during the good times. If keeping it to 2 percent will save \$517 million, why not keep it to nothing and save nearly twice that, giving city taxpayers at least a little room for threatened state cuts and/or for more Wall Street turmoil?”

Unions, not surprisingly, reacted coolly to the plan.

“The mayor has just released a financial plan that unfortunately would, if enacted, severely curtail services,” said Harry Nespoli, chairman of the Municipal Labor Committee. “With difficult financial problems facing all levels of government the only ‘solution’ being proposed — as usual — is to freeze or reduce government services. ”

Mr. Bloomberg, however, ruled out any tax increases, even if Albany approves draconian cuts. City residents, particularly the wealthy, had been taxed too much, and too often, he said.

Though there are no tax increases in this year’s budget, there are a host of new fees that will make it more expensive to do business with the city.

Vendors who are awarded contracts over \$100,000, for example, would be required to pay a new processing fee ranging between \$150 and \$375. Closing four pools and shortening the outdoor pool season would save \$1.4 million; the increased parking rates would generate \$4.1 million and closing the homeless center would save \$2.4 million, according to budget documents. About \$36.4 million would be saved by shutting 20 fire companies. There are more than 300 engine and ladder companies in the city.

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