# PAY BACK TIME:
# $1.5 BILLION WAYS TO SAVE OUR CITY'S BUDGET AND MAKE THE BIG BANKS AND MILLIONAIRES PAY THEIR FAIR SHARE

A REPORT FROM THE
MAY 12 COALITION


*Prepared with the assistance of the Strong Economy For All Coalition, the Center For Working Families, the Fiscal Policy Institute, Good Jobs New York, New Deal for New York and all the members of the May 12 Coalition*

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# EXECUTIVE SUMMARY

The Big Banks crashed our economy, destroying jobs, foreclosing on millions of homes and wrecking city and state budgets across the country. After trillions in taxpayer-funded bailouts, Wall Street is making billions in profits again, and giving away record bonuses to CEOs.

The six largest banks – JPMorgan Chase, Bank of America, Citibank, Wells Fargo, Goldman Sachs and Morgan Stanley – are now making over $199 million per day in profits.

But our communities are still hurting. Here in New York City, tens of thousands have lost their homes and we lost 150,000 jobs because of the crisis the banks caused. Now, Mayor Michael Bloomberg is proposing devastating budget cuts to essential services as the only solution to the economic crisis and revenue shortfalls that Wall Street caused.

Dozens of New York's leading unions, community groups, non-profits and advocacy organizations have come together to say: "Enough is Enough." Cuts and austerity cannot be the only solution to the destruction that the big banks have inflicted on our communities and our City.

The May 12 coalition has come together under the clear demand: "Make Big Banks and Millionaires Pay."

We will be working together in the coming weeks to demand that Mayor Bloomberg, the City Council, and all of our elected officials work together to demand accountability and real contributions from big banks and rich taxpayers to prevent the worst of the cuts to be proposed this week in Mayor Bloomberg's executive budget – cuts that are likely to include layoffs of teachers, police and firefighters, closure of senior centers and elimination of tens of thousands of child care slots for the working poor.

The Mayor has a simple choice. He can use his power and business skills to win a fairer deal for all New Yorkers or he can continue to let Wall Street millionaires, hedge funds and big banks roll up bigger profits, paying themselves bigger bonuses while slashing essential services and programs. The City must refuse to do business with big banks if they refuse to help fix the problems they created.

* * *

In Chapter One, this report exposes more than $1.5 billion in subsidies, sweetheart deals and tax loopholes that big banks and the super-rich receive from the City, and outlines four simple steps that Mayor Bloomberg should take to make them pay their fair share and restore that revenue to this year's City budget to reverse the worst proposed cuts, including cuts to schools, police, firehouses, senior centers, child care, disability, antipoverty and HIV/AIDS programs.

In Chapter Two, the report outlines the clear fact that the big banks can afford to contribute in New York City's time of need: just the six biggest banks have made over $18.1 billion in the first three months of this year -- $199 million a day in profits.

And in Chapter Three the report outlines – in extensive detail, prepared by respected service and advocacy organizations from around the City – the clear fact that Bloomberg's proposed cuts must be prevented.

We provide details on the front-line impact of harsh service and program cuts everywhere in the City, with details of the human impact that can be avoided – if Mayor Bloomberg makes big banks and millionaires pay their fair share.

From a $10 million reduction in funding for adult literacy programs that serve more than 10,000 New Yorkers to millions of dollars in cutbacks to shelter and vital services for homeless families, youth,and adults, the Mayor's proposed cuts do not pave a way to an economic recovery for all New Yorkers and for all communities in our great city, but instead throw up roadblocks for all but the wealthiest New Yorkers.

We need a smarter, fairer alternative that leads to a stronger economy for all.

* * *

Chapter One of this report lays out four areas of immediate action for Mayor Bloomberg:

**1. END BIG BANK SUBSIDIES NOW AND DEMAND REPAYMENT OF UNEARNED AND EXCESS SUBSIDIES**

- Mayor Bloomberg must stop over one billion dollars worth of current subsidies, tax credits and special low-cost energy deals with the "Big Six" banks (JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs and Morgan Stanley), demand $100 million back from banks that didn't create jobs and repayment of over $200 million in current and recent-year subsidies

**2. ENSURE FAIR-SHARE TAXES AND ELIMINATE TAX LOOPHOLES FOR MILLIONAIRES, HEDGE FUNDS AND PRIVATE EQUITY FIRMS**

- Mayor Bloomberg must support continuation of the statewide Millionaires Tax – it would provide over $450 million this year for City schools and over $800 million next year for schools and over $300 million this year and next year for City services
- We can't afford to continue the special tax loophole for hedge funds by exempting carried interest – i.e. hedge fund profits – from the Unincorporated Business Tax. Mayor Bloomberg must end it and get the $200 million it costs us to restore the worst cuts in the proposed budget
- New York City must end the special deduction for 5,000 millionaires currently allowed to deduct Unincorporated Business Tax payments from their City Personal Income Taxes – Bloomberg needs to end the loophole and use the $120 million it costs to restore the worst cuts

**3. DEMAND THAT BIG BANKS STOP HARMFUL PRACTICES THAT COST NEW YORK CITY MONEY**

- Toxic interest rate swaps are costing the Metropolitan Transportation Authority over $103 million per year and NYC government over $4.3 million per year – money that could reduce fares and restore services
- Big Six banks aren't agreeing to modify enough mortgages to prevent foreclosures and big costs to City government. Over 19,000 NYC homes are now in foreclosure process, which could result in over $375 million in costs – modifications to half would save over $185 million
- Big Banks use of the Mortgage Electronic Recording System has cheated New York City out of over $70 million in lost revenue from recording fees

**4. CUT NEW YORK CITY CONTRACTS WITH BIG BANKS**

- Big Six banks have over $600 million in current contracts with City government for services – it's only fair to cut what banks are paid for these contracts by 20% to save $120 million when nonprofits and other contractors and agencies are facing similar cuts

**TOTAL SAVINGS: $1.552 BILLION**

If Mayor Bloomberg takes these steps, New York City can avoid the nightmare we're now facing – a nightmare where essential services for poor, working and middle-class New Yorkers are slashed to the bone, leading to the loss of thousands more jobs in the public and non-profit sectors, while the richest New Yorkers continue to enjoy unimaginable incomes, wealth and luxuries.

New York should not be the income inequality capital of the United States, as we are now. This year's City budget is an opportunity for the Mayor to use his power, his business skills, and his leadership role to move the City towards a different future of shared prosperity, enhanced opportunity, protection of those who need help and a strong, shared public sector that promotes economic growth and creates jobs.

# CHAPTER ONE:

## IMMEDIATE ACTION STEPS FOR MAYOR BLOOMBERG TO MAKE BIG BANKS AND MILLIONAIRES PAY THEIR FAIR SHARE

### 1. MAYOR BLOOMBERG MUST END BIG BANK SUBSIDIES NOW AND DEMAND REPAYMENT OF UNEARNED AND EXCESS SUBSIDIES

- New York City must stop over one billion dollars worth of current subsidies, tax credits and special low-cost energy deals with the "Big Six" banks (JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs and Morgan Stanley), demand **$50 million** back from banks that didn't create jobs and demand that the big banks return and repay over **$200 million** in current and recent-year subsidies

**End Tax Exemptions and Subsidies for Big Banks and Demand Repayment of Unearned or Excess Subsidies: $250 million**

Wall Street's biggest financial institutions have extracted hundreds of millions of dollars in tax exemptions and subsidies from New York City in exchange for promises to increase hiring, relocate their offices to the City or remain in the City.

In many cases, the banks have not lived up to the terms of the deals. They've laid off workers when they promised to hire. Or they've secured subsidies for remaining in New York City when they hadn't planned on moving out in the first place. Below are three examples, followed by a summary table.

**Example 1: JPMorgan Chase owes New York 4857 jobs or $211.8 million**

In 1989, New York City awarded 25 years of subsidies and benefits with a projected value of $211.8 million to **Chase** to expand its offices into downtown Brooklyn and create 1,450 new jobs. [1]

But employment, rather than being up to the promised level of 6,450, was down to 1,593 in 2010 – less than 25% of the total pledged and only 32% of the jobs that existed prior to the subsidy agreement.

That's 4,857 jobs that New York needs and that Chase promised in exchange for $212 million but hasn't delivered.

**Example 2: Citigroup owes New York 6,029 jobs or $22.1 million**

**Citigroup** is receiving a 16-year subsidy from the NYC Economic Development Corporation totaling $22.1 million. [2]

What was in it for the City? The retention of 8,970 jobs and the creation of 2,100 new positions over the life of the subsidy.

Since the subsidy agreement began, Citigroup has initiated several rounds of layoffs, including a cut of more than 1,000 New York City jobs in 1998 (following the merger). [3]

When Citigroup announced the layoffs in 1998, Deputy Mayor Randy Levine told the Daily News that Citigroup execs "fully intend to comply with the various [job] retention agreements they have with the city, and they also understand that, if they don't comply, they will have to consent to forgoing various benefits"(12/16/98).

But since 2008, Citigroup has amassed more than 59,000 layoffs[4] nationally while receiving more than $7.5 million in subsidies.[5]

Existing jobs reported in New York City under this deal as of 2010: 2,941 — only 33% of the jobs base that existed before the subsidy and only 27% of the expected total jobs to be retained or created.

They still owe us 6,029 jobs New York needs that Citigroup promised but hasn't delivered.

**Example 3: Morgan Stanley owes New York 5714 jobs or at least $56.8 million**

**Morgan Stanley** has received over $200 million in grants, tax exemptions and incentives from New York City over the past two decades – and is on track for another $45 million.[6]

These include a $16 million job creation and retention grant[7] and property tax exemption subsidies worth over $197.7 million.[8] Under yet a third subsidy, Morgan Stanley is now receiving energy subsidies and tax breaks worth over $56.8 million, of which it's already received $12 million.[9]

Employment levels, however, have *dropped* to

4061 - from 9775 jobs when the newest deal was offered to Morgan Stanley in 2006 to retain the jobs. That's fewer than half the jobs that existed before the additional subsidy.

They still owe us 5714 jobs New York needs that Morgan Stanley promised but hasn't delivered.

## REPAYMENT, CONCESSIONS AND CLAWBACK PROVISIONS

During this time of fiscal crisis, it's appropriate and necessary for the Bloomberg Administration to demand repayment of excess prior-year subsidies from banks that are making huge profits every month. And it's imperative that Bloomberg get back all the money from banks like Chase that haven't kept their promises on jobs.

Some of the big banks' subsidy deals include "clawback" provisions that allow city government to take back subsidies where the banks haven't hit the mark on jobs.

New local laws won't provide the public with full details on job retention promises, goals, and clawback provisions until next year – but Mayor Bloomberg can and should initiate immediate review of all of the billion-dollar subsidy deals for the big banks and demand repayment of unearned or excess subsidies. Where bank officials knowingly cut jobs despite hard promises and binding contracts, legal action should be investigated and pursued where concessions are not forthcoming.

And in difficult fiscal times when the big banks are wildly profitable and City services face unimaginable cuts, it's reasonable to ask the Big Banks to pay back 20% of their prior-year excess subsidies – it would take them just about one day to pay us back.

## Summary of Tax Exemptions & Subsidies Allotted to Big Banks

**JPMorgan Chase**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 1989: ........... $291.8 million

**Bank of America**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 1997: ........... $74.8 million [10]

**Citigroup**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 1984 ............ $162 million

**Wells Fargo**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 1995 ............ $106.2 million

**Goldman Sachs**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 2005: ........... $117.1 million[11]

**Morgan Stanley**
Minimum Tax Exemptions & Subsidies Allotted by NYC since 1993: ............ $254.6 million[12]

**Total exemptions:** **$1 BILLION**
Amount NYC could save by demanding 20% concessions: ......................... **$200 million**
Amount NYC should seek in clawbacks from missed job targets: ................ **$100 million**[13]

## 2. MAYOR BLOOMBERG MUST ENSURE FAIR-SHARE TAXES AND ELIMINATE TAX LOOPHOLES FOR MILLIONAIRES, HEDGE FUNDS AND PRIVATE EQUITY FIRMS

### ENSURE FAIR-SHARE TAXES AND ELIMINATE TAX LOOPHOLES: CONTINUE THE NEW YORK STATE MILLIONAIRES TAX

- Mayor Bloomberg must support continuation of the statewide Millionaires Tax – it would provide over $450 million this year for City schools and over $800 million next year for schools and over $300 million this year and next year for City services

**Renew the New York State Millionaires Tax: $461 million this year and more next year**

For 2011-12, the failure to extend the Millionaires Tax will reduce revenue in the current state fiscal year (April 1, 2011-March 31, 2012) by about $1.1 to $1.3 billion. If the Millionaires Tax was extended, the state could have avoided $1.3 billion in cuts to school districts — **$461 million** of that total would have gone to New York City schools and prevented the worst of the proposed cuts that are now on the table here in the City.

For 2012-13, the failure to extend the Millionaires Tax will reduce revenue by about $5 billion. If $700 million was used for state operations, $2.5 billion for school aid, and $1.8 billion for Medicaid, NYC schools would get about $840 million in additional school aid (if school aid was allocated the way the Governor had proposed for 2011-12); New York City health care providers (both public and private together) would get about $1.1 billion in additional aid.

These school and health care restorations would help to prevent the worst of the proposed cuts in the Bloomberg budget to schools and health facilities.

If $450 million of this 2012-13 revenue is used to avoid the state operations cuts that Governor Cuomo says could lead to the loss of 9,600 state employees, and if $316 million is used to give New York City 98% of its revenue sharing aid (like all other localities are getting while NYC has been zeroed out of the revenue sharing formula for the second year in a row) we could prevent the worst of the cuts to other areas of the Bloomberg budget, including senior centers, child care, police and firefighters.

The $316 million in restored revenue sharing with NYC could avoid many of the layoffs targeted for the parts of the NYC budget other than education; the state operations restorations would save the jobs of up to 9,600 state employees, 16% of whom work in New York City thus benefitting the NYC economy to the tune of $72 million without taking any indirect or multiplier effects into consideration.

### ENSURE FAIR-SHARE TAXES AND ELIMINATE TAX LOOPHOLES: END THE CARRIED INTEREST EXEMPTION IN THE NEW YORK CITY UNINCORPORATED BUSINESS TAX

- We can't afford to continue the special tax loophole for hedge funds by exempting carried interest – i.e. hedge fund and private equity firm profits – from the Unincorporated Business Tax. We've got to end it and get the **$200 million** it costs us to restore the worst cuts in the Bloomberg budget

**End Carried Interest Exemption from NYC Unincorporated Business Tax: $200 million**

New York City exempts carried interest—a form of business income received by managing partners in hedge, private equity or real estate investment funds organized as partnerships—from taxation under the City's Unincorporated Business Tax (UBT). (The UBT is one of the main ways that New York City taxes business income. It generates about $1.8 billion annually.)

The NYC Independent Budget Office recently estimated that NYC could generate a net of $200M in additional tax revenues if it ended the carried interest exemption for businesses with $10 million or more in assets under management.

This issue is distinct from the provision of the federal tax code that considers carried interest to be capital gains, and thus, subject to a preferential income tax rate — the City's exemption goes much further.

Since neither New York City nor New York State has a preferential income tax rate, it would be an improvement for New York City to treat carried interest as "capital gains." [14]

### ENSURE FAIR-SHARE TAXES AND ELIMINATE TAX LOOPHOLES: END THE UBT CREDIT FOR MILLIONAIRES AND BILLIONAIRES IN THE NEW YORK CITY PERSONAL INCOME TAX

- New York City must end the special deduction for 5,000 millionaires currently allowed to deduct Unincorporated Business Tax payments from their City Personal Income Taxes – we need to end the loophole and use the **$120 million** it costs to restore the worst cuts

### END UBT CREDIT RECEIVED BY MILLIONAIRES ON THE NYC PERSONAL INCOME TAX: $120 MILLION

In 2008—the latest year for which data are provided by the City's Finance Department—5,000 NYC millionaires benefited to the tune of $120.6 million from a tax loophole that provides a credit against the NYC Personal Income Tax for UBT taxes paid.

It is likely that most of those with incomes that high ($1 million +) who are paying city UBT taxes are hedge fund and other fund managers who are also benefitting from the carried interest exemption.

The credit against the NYC Personal Income Tax for UBT taxes paid would be eliminated for taxpayers with taxable incomes over $1 million. (The UBT credit is now 23% for taxable income of $142,000 and over.)

The total UBT income of the 8,350 taxpayers (based on 2008) was $14.3 billion in 2008. This tax proposal would cost millionaire payers, on average, 9/10 of one percent of their UBT income.

## 3. MAYOR BLOOMBERG MUST DEMAND THAT BIG BANKS STOP BAD PRACTICES THAT COST THE CITY MONEY

### STOP BAD PRACTICES AT THE BIG BANKS: TOXIC INTEREST RATE SWAPS

- Toxic interest rate swaps are costing the Metropolitan Transportation Authority over **$103 million** per year and NYC government over **$4.3 million** per year – money that could reduce fares and restore services

### End Toxic Interest Rate Swaps for the MTA and New York City: $107.3 million

Since the big banks crashed the economy in September 2008 they have raked in nearly $400 million in profits through risky derivatives called "interest rate swaps" that have greatly increased taxpayers' cost of borrowing.

These deals were supposed to save taxpayers money, but they backfired when the Federal Reserve was forced to cut interest rates after the financial crash to help the banks. Now while taxpayers deal with devastating cuts, the banks are using these swaps to suck millions out of government coffers.

Through 2012, these deals will have cost New Yorkers nearly $796 million dollars,[15] with at least $107.3 of this amount directly impacting New York City residents this year.

**New York City.** New York City's interest rate swaps are costing the city $4.3 million a year. At least 80% of that amount ($7.4 million) is going to JPMorgan Chase. UBS is taking the rest. Mayor Bloomberg's latest proposed budget affects seniors and working families the hardest, eliminating daycare and senior centers. The dollars lost to toxic swaps could have kept the doors open at 38 senior centers. [16]

**Metropolitan Transit Authority.** After identifying a huge budget gap in 2009, MTA made drastic cuts in services and eliminated thousands of jobs. MTA recently announced increases in fares through 2013 and continues to skimp on legally required upgrades for people with disabilities.[17] These cuts negatively affect the millions of New Yorkers who rely on public transportation everyday.

If it weren't for the $103 million that New Yorkers are being forced to ship to Wall Street every year because of these toxic swap deals, services for millions of MTA riders could be restored.

### STOP BAD PRACTICES AT THE BIG BANKS: FACILITATING FORECLOSURES

- Big Six banks aren't agreeing to modify enough mortgages to prevent foreclosures and big costs to City government. Over 19,000 NYC homes are now in foreclosure process, which could result in over $375 million in costs – modifications to half would save over **$185 million**

## Stop profiting from New York's Housing Crisis – modify mortgages and prevent foreclosures: $185 million

When the titans of finance enriched themselves by pushing dangerous home loan products, American families suffered the consequences. Months after pundits declared an end to the Great Recession, neighborhoods continue to experience devastating levels of foreclosure.

As of March 2011, 19,635 homes in New York City are listed in foreclosure process.[18] If all of these homes moved through to foreclosure, New York City would face over $375 million in municipal expenses for maintenance, security, reduced taxes and reduced property assessments and tax revenues for neighboring homes.[19]

By the end of 2012, over 238,000 homes in New York State will have gone through foreclosure.[20] New York City communities in southeastern Queens and in the East New York neighborhood of Brooklyn are hit particularly hard. Overall, the five boroughs saw a 137% increase foreclosure rates from 2005 to 2010.

To worsen matters, many major lenders have not participated faithfully in President Obama's "Home Affordable Modification Program" (HAMP), either forcing homeowners to languish for months without an offer or denying modification requests altogether.

The biggest offenders include JPMorgan Chase and Bank of America. Despite their prominent roles in precipitating the housing crisis, these two banks continue to fail to provide relief to struggling homeowners.

**Bank of America** has the lowest rate of HAMP participation of major banks:

- Nationally, less than a quarter – 24.5% – of eligible Bank of America homeowners have received permanent HAMP modifications. [21]
- In New York, only 522 Bank of America homeowners have received HAMP modifications. [22]

**JPMorgan Chase** is another top violator:

- Of 620 New York City households with Chase mortgages who have sought modifications, 498 are still waiting for an offer.[23]
- Foreclosing on these 498 homeowners will cost the City of New York a whopping $9.5 million. [24]

Nationally, as of June 2010, JPMorgan Chase had $19.5 billion worth of foreclosed homes on its books—more than any other bank in the country. Another $54.5 billion of mortgages that the bank services for other lenders were also in foreclosure. [25]

JPMorgan Chase employees admitted to signing 18,000 foreclosure documents per month without reviewing the information in each file to ensure that the bank had a legal right to proceed with foreclosure.[26] The bank was forced to stop foreclosures in 41 states as a result of the "robo-signing" scandal,[27] which also led Attorneys General in all 50 states to launch investigations into foreclosure fraud.

JPMorgan Chase had a hand in the worst of the subprime lending excesses, providing financing to the nation's two largest subprime lenders, Countrywide and Ameriquest, which allowed them to originate subprime loans. JPMorgan Chase also owned a major subprime lender and has acquired two banks that had large subprime operations. Together, these firms issued over $295.3 billion in subprime loans from 2005-2007. [28]

Despite large incentives from taxpayers, as of January 2011, JPMorgan Chase had given permanent mortgage modifications to only 36% of its homeowners who are still eligible for the Obama Administration's HAMP. As of December 2010 JPMorgan Chase had rejected 354,822 families from HAMP, almost as many as Bank of America (193,231) and Wells Fargo (172,278) combined. [29]

JPMorgan Chase overcharged 4,500 military members on their mortgages and improperly foreclosed on 18 of them. Once the issue came under Congressional scrutiny, the bank announced it would take steps to correct the problems. [30]

From 2006 through 2009, JPMorgan Chase (and mortgage lenders it has since acquired) was more than twice as likely to put African-American and

Latino borrowers into higher-cost, subprime loans than white borrowers. Furthermore, while mortgage lending to white borrowers only dropped 11% between 2006 and 2009, it dropped 51% for African-American borrowers and 63% for Latinos. [31]

## Foreclosing on New York's Families

| | |
|---|---|
| Projected foreclosures statewide, 2009-2012[32] | 238,692 |
| Foreclosure filings in New York City, 2010 | 12,230 |
| NYC homes in foreclosure process March 2011 | 19,635 |
| Potential cost to City if these homes are foreclosed | $377 million |
| Savings to the City if modifications allow 50% to be saved | $188 million |
| Foreclosed properties currently available in NYC | 1,075 |
| Cost of current foreclosures to New York City[33] | $20.7 million |
| Total tax impact of the housing bust in New York City[34] | $1.0 billion |
| Impact on housing values in New York City (per unit), 5/06-2/11[35] | -$47,000 |

### STOP BAD PRACTICES AT THE BIG BANKS: MORTGAGES AND MERS

- Big Banks use of the Mortgage Electronic Recording System has cheated New York City out of over **$72 million** in lost revenue from recording fees

**Circumventing Home Mortgage Recording Fees: $72 million**

As housing values plummeted, mortgage lenders continued to bilk local governments of hundreds of millions of dollars of revenue in recording fees.

The Mortgage Electronic Registration System (MERS) was an industry invention designed to circumvent traditional filing requirements and recording fees.

The results? Municipalities, including New York City, have lost millions of dollars in much-needed revenue.

States and localities all across the country are suing the big banks to obtain lost revenues in recording fees from the use of MERS – a simple calculation based on MERS market share and market and filing activity in New York City suggests that the total estimated loss in revenue to NYC due to MERS from 2000-2009 was at least $72,688,000.[36]

Over $2 billion in lost fees are at stake nationwide — Mayor Bloomberg and his Corporation Counsel can and should begin immediate negotiations to obtain this money quickly from the big-bank owners of MERS, and bring legal proceedings if payment is not forthcoming.[37]

## SCORECARD

What do the big banks owe New York City for the housing crisis?

| | |
|---|---|
| Cost of foreclosures to New York City | $20.7 million |
| Loss of property tax revenue due to declining values | $1.0 billion |
| Loss of recording tax revenue due to use of MERS | **$72.7 million** |
| TOTAL | $1.6 billion |

## 4. MAYOR BLOOMBERG MUST CUT NEW YORK CITY CONTRACTS WITH BIG BANKS

### CUT CITY CONTRACTS WITH BIG BANKS, NOT JUST CONTRACTS WITH NON-PROFIT SERVICE AGENCIES AND GOVERNMENT DEPARTMENTS

- Big Six banks have over $600 million in current contracts with City government for services – it's only fair to cut these contracts by 20% to save **$120 million** when nonprofits and other contractors and agencies are facing similar cuts

The same financial institutions that instigated the economic crisis receive highly lucrative contracts from New York City and New York State for services such as disbursement of child support payments and management of income tax remittances.

Public employees could perform many of these services more effectively and efficiently.

And at a time when non-profit agencies in New York are being asked to take contract cuts of 20%, 25%, 50% or more while still maintaining essential services, it's only fair to ask the big banks to do the same.

If these banks took a 20 percent cut in their contracts – a modest concession to the public good in light of their enormous taxpayer funded bailouts — New York City could save $120 million.

### Contracts with New York City[38]:

| | |
|---|---|
| JPMorgan Chase | $288 million |
| Bank of America | $40.6 million |
| Citibank | $14.8 million |
| Wells Fargo | $6.2 million |
| Goldman Sachs | $40 million |
| Morgan Stanley | $211.2 million |
| **TOTAL** | **$600.8 million** |

# CHAPTER TWO:

## BIG BANKS CAN AFFORD TO PAY THEIR FAIR SHARE WHEN NEW YORK NEEDS IT

BIG BANKS CAN AFFORD TO PAY: BIG BAILOUTS, BIG PROFITS, BIG CEO SALARIES, BIG PAY INEQUAILTY AND BIG FAILURES TO INVEST IN NEW YORK COMMUNITIES

Big Banks can afford to contribute in New York City's time of need: just the six biggest banks are now making **$199 million a day** in profits – over $18.1 billion in the first three months of this year.

**Benefiting from Taxpayer-Funded Bailouts**

At the height of the economic crisis, the country's largest banks received a king's ransom in taxpayer-funded bailouts.

The six financial institutions listed below – JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs and Morgan Stanley — alone received a combined total of $877 billion. (The New York City annual budget, by contrast, amounts to about $62 billion.)

Even as their profits rebounded to near-record levels, the banks failed to repay the funds in full. Instead, they compensated their CEOs with enormous bonuses and stock options – some, such as Chase CEO Jamie Dimon now earn about 500 times as much as a typical branch employee.

The State of New York – with Mayor Bloomberg's help – recently moved to give these executives *another* perk: not only will they enjoy a federal income tax break from the extension of the Bush tax cuts, they'll also profit from the elimination of New York State's Millionaires Tax, if it's allowed to sunset on December 31, 2011.

Clearly, the banks can afford to make concessions and givebacks to adequately fund New York City government – they're making billions in profits every month now, as demonstrated by first-quarter earnings reports issued last month.

JPMorgan Chase alone is making $62 million dollars *a day* right now – it would take JP about five days of profits to pay back all the subsidy deals they've received from New York City over the last two decades — and the money would immediately benefit City schools, firehouses, senior centers and childcare programs.

**JPMorgan Chase**

Total bailout: .................................... $100 billion[39]

Profits since bailout (2009-2010): ...... $29.1 billion
Profits for the years 1996-2010: ......... $153.5 billion

1stQ2011 Profits (Jan Feb Mar 2011):. $5.6 billion
Profits per day this year: ................... $62 million

Total compensation for Top 5 executives 2010: ................................ $89 million
Tax break for these 5 execs if NYS Millionaires Tax sunsets: .......... $1.9 million

2010 CEO Jamie Dimon pay: ............. $20.8 million[40]
Projected annual dividend receipts for Dimon: ........................... $6 million [41]
Chase bank teller annual salary: ..... $22,308

**Bank of America**

Total bailout: ..................................... $229 billion

Profits since bailout (2009-2010): ...... $4.0 billion
Profits for the years 1996-2010: ......... $188.0 billion[42]

1stQ2011 Profits (Jan Feb Mar 2011):. $2.0 billion
Profits per day this year: ................... $22 million

Total compensation for Top 5 executives in 2010: ............................ $48 million
Tax break for these 5 execs if NYS Millionaires Tax sunsets: .......... $1.0 million

2010 CEO Brian Moynihan pay: ......... $10 million[43]
Bank of America bank teller annual salary: .................................... $23,108

**Citigroup**

Total bailout: ..................................... $414.9 billion

Profits since bailout (2009-2010): ...... $9.0 billion

Profits for the years 1996-2010:.........$226.1 billion[44]

1stQ2011 Profits (Jan Feb Mar 2011):.$3.0 billion
Profits per day this year:...................$33 million

Total compensation for Top 5
executives 2010:................................$70.7 million
Tax break for these 5 execs if
NYS Millionaires Tax sunsets: ..........$1.5 million

2008-2010 CEO Vikram Pandit pay:...$10.8 million[45]
Citigroup bank teller annual salary: $25,584

**Wells Fargo**
Total bailout: .....................................$43.7 billion[46]

Profits for the years 1996-2010:.........$101.8 billion
Profits since bailout (2009-2010): ......$24.6 billion[47]

1stQ2011 Profits (Jan Feb Mar 2011):.$3.8 billion
Profits per day this year:...................$42 million

Total compensation for Top 5
executives in 2010 .............................$53.3 million[48]
Tax break for these 5 execs if
NYS Millionaires Tax sunsets: ..........$1.1 million

2010 CEO John Stumpf salary:...........$17.6 million[49]
2011 CEO John Stumpf stock
bonus (eligible):.................................$12.3 million[50]
Wells Fargo bank teller annual salary: $22,100[51]

**Goldman Sachs**
Total bailout: .....................................$53.4 billion
Profits since bailout (2009-2010): ......$21.7 billion[52]

Profits for the years 1996-2010:.........$76.2 billion[53]
..............................................................
1stQ2011 Profits (Jan Feb Mar 2011):.$2.74 billion
Profits per day this year:...................$30 million

Total compensation for Top 5
executives 2010:................................$69.5 million
Tax break for these 5 execs
f NYS Millionaires Tax sunsets: .......$1.5 million

2010 CEO Lloyd Blankfein pay:..........$13.2 million[54]
Financial Analyst annual
salary range: .................................$54,495 - 70,500

**Morgan Stanley**
Total bailout: .....................................$36.2 billion

Profits since bailout (2009-2010): ......$6.0 billion

1stQ2011 Profits: ................................$966 million
Profits per day this year:...................$10 million

Total compensation for Top 5
executives 2010:................................$53.9 million
Tax break for these 5 execs if
NYS Millionaires Tax sunsets: ..........$1.1 million

2010 CEO James Gorman pay: ...........$15.2 million[55]
Registered Sales Assistant
annual salary range: ......................$43,567 - 64,002

## SCORECARD

**Total bailout funds received: ......................................................................$877.2 billion**

**Total profits since bailout: ..........................................................................$112.5 billion**
**Total profit first 3 months this year:.........................................................$18.1 billion**
**Current rate of profits: ...............................................................................$199 million *per day***

**Total compensation for top executives 2010: ..........................................$384.4 million**

**Layoffs since bailout (national):**

| | |
|---|---|
| JPMorgan Chase: | 9,200 |
| Bank of America: | 42,500 |
| Citigroup: | 52,000 |
| Wells Fargo: | 6,600 |
| Goldman Sachs: | 3,200 |
| Morgan Stanley: | 2,000 |

**Shipping Jobs Out of New York**

| | |
|---|---|
| Citigroup Layoffs in New York since 2007[57]: | 2,259 |
| JPMorgan Chase Layoffs in New York since 2007: | 850 |
| HSBC Layoffs in New York since 2007: | 320 |
| Bank of America Layoffs in New York since 2007: | 184 |
| Capital One Layoffs in New York since 2007: | 128 |

New York's big banks have been shipping jobs out of state, laying off thousands of workers.[57] Together, JPMorgan Chase, Citigroup, HSBC, Bank of America and Capital One have laid off more than 3,800 workers in New York since 2007.

New York City bank employees were hard hit. JPMorgan Chase laid off 700 workers in 2008 and 2009 after a merger with Bear Stearns. Citigroup laid off another 2,259 between 2007 and 2009 and Bank of America laid off 121 workers in 2009 after a merger with Merrill Lynch, 38 in 2007 and 25 workers this past March.

Capital One laid off a total 2,121 workers in Long Island in 2010, HSBC laid off 320 workers total in Brooklyn and Erie between 2008 and 2010, While JP Morgan Chase laid off 100 employees total in Cicero and Syracuse at a Treasury and Security Service offices.

One by one, these big banks are abandoning New York's workers in pursuit of profits.

**Offshore subsidiaries in tax havens[58]:**

| | |
|---|---|
| JPMorgan Chase: | 53 |
| Citigroup: | 427 |
| Bank of America | 143 |
| Wells Fargo: | 77 |
| Goldman: | 29 |
| Morgan Stanley: | 273 |

**Lobbying expenses since bailout (2009-10) [59]**

| | |
|---|---|
| JPMorgan Chase: | $15.7 million |
| Bank of America: | $8.5 million |
| Citigroup: | $16.3 million |
| Wells Fargo: | $9.7 million |
| Goldman Sachs: | $11.2 million |
| Morgan Stanley: | $6.5 million |

**Political contributions in 2008 & 2010 federal elections[60]:**

| | |
|---|---|
| JPMorgan Chase: | $9.7 million |
| Bank of America: | $9.5 million |
| Citigroup: | $7.8 million |
| Wells Fargo: | $7.0 million |
| Goldman Sachs: | $8.4 million |
| Morgan Stanley: | $5.4 million |

**Decline in New York small business lending (7a loans), FY 2007-2010:**

| | |
|---|---|
| JPMorgan Chase: | -71 percent |
| Bank of America: | -99 percent |

# CHAPTER THREE: MAYOR BLOOMBERG'S CUTS AND THE ALTERNATIVES

## MAYOR BLOOMBERG'S CUTS – AND THE ALTERNATIVES

Mayor Bloomberg's proposed cuts must be prevented.

The analysis below was conducted by organizations working directly with the New Yorkers that would be impacted by the Mayor's drastic cuts. Collectively, May 12 organizations have a presence in every community in our city, working with New Yorkers in every walk of life.

These issues, programs, and services include affordable housing, eviction prevention services and homelessness, which has already reached historic levels. Mayor Bloomberg proposes to eliminate $10 million for adult literacy and immigrant services, which are critical community-based services for New Yorkers striving to develop their skills and provide for their families. The proposed cuts would affect 126 literacy programs that serve more than 10,000 adults and out-of-school youth.

Child welfare services would be slashed, while senior centers would be shuttered. New Yorkers living with HIV/AIDS would be more likely to suffer from homelessness and malnutrition, while the city's failing Work Experience Program would continue unaltered despite successful alternatives readily available.

The Mayor's proposed cuts do not pave a way to an economic recovery for all New Yorkers and for all communities in our great city, but instead throw up roadblocks for all but the wealthiest New Yorkers.

Cuts and austerity cannot be the only solution to the destruction that the Big Banks have inflicted on our communities and our City. In order to protect those services and programs New York families and communities rely on, Mayor Bloomberg should:

- End big bank subsidies and demand give-backs
- Ensure fair-share taxes and end tax loop-holes for millionaires and hedge funds
- Stop harmful big bank practices that cost New York City money
- Cut New York City contracts with big banks

*The analysis and testimonials about how Mayor Bloomberg's austerity budget would impact New York families and communities were provided by Alliance for Quality Education, Coalition for Educational Justice, Common Cause NY, Community Voices Heard, Good Old Lower East Side, Granny Peace Brigade, Grassroots Education Movement, Human Services Council, Make the Road NY, Neighborhood Family Services Coalition, New York Communities for Change, Picture the Homeless, Professional Staff Congress, the Retail, Wholesale and Department Store Union, Three-Quarter House Organizing Project, United for Peace & Justice, Urban Youth Collaborative, VOCAL-NY and others.*

**Affordable housing**

The lack of government investment in affordable housing for low-income New Yorkers is forcing thousands of New Yorkers into the street with each passing year. The economic downturn and big banks' refusal to modify loans are forcing New Yorkers into foreclosure, and putting them at risk of joining the ranks of the city's homeless.

There is a lack of funding for the development of low & moderate income housing. Rents are high and people are being displaced from their community. The creation of low and moderate income housing is not keeping pace with the net loss of rent stabilized units.

**Housing counseling and eviction prevention services**

Funding for eviction prevention, housing counseling and tenant/landlord mediation has been cut dramatically at both the city and state level over the past few years. Funding for these programs have been cut by 50% in the last year. Mayor Bloomberg should restore support the council funding for the HPD Community Consultant Contract from the current $410,000 back to $820,000, and keep HPD from cutting Neighborhood Preservation Consultant Program.

Tenants are being pushed out of their apartment by landlords looking to cash in on the housing market, and they are using illegal harassment tactics, deprivation of services or frivolous litigation to meet their end. Eviction prevention and housing counseling assistance is critical to communities feeling the impacts of gentrification and rising market rate rents, providing housing rights information, training, technical assistance, housing court help and when necessary referrals to legal services for thousands of tenants a year.

**Homelessness**

The City spends hundreds of millions of dollars a year on shelter, instead of using that money to create real housing for homeless people. Landlords, including big banks like Chase, keep property vacant to drive up the prices or as a speculative investment.

The Mayor should identify potential sites for housing development by conducting a citywide annual count of vacant buildings and lots; fund development of vacant property into housing for low-income New Yorkers through expanded taxes on Wall Street and re-allocating money currently spent on shelter.

The Mayor's preliminary budget includes:

- The City's refusal to utilize Federal housing programs like public housing to help homeless families and individuals move from the costly shelter system into long-term permanent housing. This was a proven and successful approach under previous mayors but now, with the elimination of the flawed Advantage rent subsidy program, the City has no plan in place to help homeless families move from shelters to affordable housing.
- The threatened termination of rent subsidies for as many as 15,000 formerly-homeless households as part of the elimination of the Advantage program. Cutting of rent subsidies early for these formerly-homeless families puts them at greater risk of returning to the costly shelter system, ultimately driving up costs to the taxpayer and creating hardships for affected families and children.
- $1.027 million reduction to the Family Shelter provider system through increased performance targets for not-for-profit shelter providers. Many family shelters will be at risk of closing as sustained cuts have forced the elimination of employment specialists, layoffs of program staff and overall budget reductions.
- $1 million reduction in FY12 and $2.5 million in FY13 through a redesign of the Adult Shelter Performance-based Payment Incentive Program. Redesigning already established performance based contracts with unrealistic and unachievable outcomes unfairly penalizes providers. Adult shelters have suffered budget cuts since 2009, resulting in the elimination of employment specialists, layoffs of program staff and overall budget reductions each year. Due to these compounded cuts, lengths of stay will increase and new shelters will need to be opened.
- $3 million reduction in City funding to Adult Shelters because of an expected increase in the Cash Assistance population. Adult shelters provide temporary housing for single adults.
- $4 million reduction in City funding to Family Shelters because of an expected increase in the Cash Assistance eligibility of families in shelter. Family shelters provide temporary housing for families including those with small children and pregnant women.
- $1.685 million City reduction in the family shelters system by having small families with children share space in apartment style units essentially doubling-up families in shelter units in violation of City and State law and threatening the health and safety of vulnerable children and families.
- $753,000 cut by reducing the number of contracted security posts in directly operated family shelters.

- $1.578 million cut to broker's fees in the Advantage program.

The Mayor's FY 2012 budget does not include several programs that were restored by the City Council in FY 2011, will not be available in FY 2012:

- $4.2 million which would eliminate 248 HASA Case Managers. HASA Case Managers provide access to Medicaid, food stamps, emergency and permanent housing assistance for the 45,000 low-income New Yorkers living with HIV/AIDS and their families. Drastic cuts to supportive housing case management, which serves about 4,300 formerly homeless people living with HIV/AIDS who have mental health and drug use problems. Food pantries and hot meals programs for homeless and low-income people.
- $1.4 million restoration is needed for onsite HASA case managers, who provide vital services in permanent affordable housing to over 4,000 formerly homeless tenants living with HIV/AIDS, helping them maintain their health and housing, pursue educational and employment goals, and respond to crises to prevent or minimize tenants' use of expensive emergency services.
- $6 million in funding for shelters and services for at-risk homeless and runaway youth, in particular LGBT youth who are poorly served by other City-funded youth shelters.
- $250,000 for Homeless Prevention Fund.
- $1.2 million for Medical Services in Adult Shelters.

*Mrs. Arvernetta Henry is a proud life-long Bronx resident, and schoolteacher with 40 years of experience. When she lost her home, the city placed her in a shelter in Far Rockaway – and she lost her job as a result of the long commute. She's been in a shelter for over a year, waiting for housing that never materializes, while the city spends over $4,000 a month for her bed. Meanwhile vacant buildings all over the city are going to waste and the city is cutting services to homeless people and seniors, like Mrs. Henry. Working people have contributed more than their fair share; it's time for the banks and millionaires to pay up.*

*Wayne Starks is a VOCAL-NY leader and Board member who became homeless after he was diagnosed with HIV and could no longer work. After spending time in the shelter system, he eventually moved into a supportive housing program with onsite case management to help him access medical care, stop using drugs, and get his own apartment. When he has a problem with a landlord or health provider, his case manager helps him resolve it and regularly meets with him. Mayor Bloomberg's budget would eliminate community-based case managers who work with formerly homeless people living with HIV/AIDS who are dealing with multiple challenges in addition to HIV/AIDS. The second major cut that would impact Wayne is the elimination of HASA caseworkers who provide access to essential public benefits. Wayne's Medicaid has been cut off several times over the course of a few years, which meant he couldn't go to the doctor or pick up life-saving medication. His HASA caseworker helped him get his Medicaid turned back on and eventually prevent it from being cut off in the first place. The mayor's budget would eliminate one-third of these caseworkers.*

**Three-Quarter Housing**

Bloomberg's 2004 pledge to reduce the city's homeless population by two-thirds in five years has failed- homelessness in New York City is at an all time high. The lack of funding for affordable housing and human services is driving people into overcrowded city shelters or into three-quarter houses, also known as illegal boarding houses or transitional housing. These three-quarter houses are buildings that rent rooms to single adults, targeting people with disabilities and histories of substance abuse, as well as those living in shelters or re-entering the community after serving time in prison or jail. The houses often put four or more people in one room, call themselves programs even though they are not recognized or licensed by any government agency. Three –quarter houses purport that they give vulnerable people a second chance at getting their lives together, but in reality are money making schemes that prey on our city's most marginalized. It is an informal housing industry that the Bloomberg administration has turned a blind-eye to and that relies heavily on taxpayer dollars, as the majority of tenants pay rent through the Human Resources Administration's welfare housing allowance.

Mayor Bloomberg should not cut needed and vital services for homeless and low-income New Yorkers, but should invest in low-income and supportive housing that works for homeless and low-income individuals living with mental illness and other special needs. An investment in affordable housing will help stem the mushrooming of the predatory three-quarter house industry. Additionally, New York City and New York State must begin to create policy regulating three-quarter houses.

**Public Housing**

NYC Housing Authority needs operating and capital funding support. Mayor Bloomberg should help NYCHA with operating and capital funding for city-built developments, but moreover, funding support for the entire public housing stock in NYC. The City has stopped providing funding for the City-built developments. While the recent federalization, using stimulus loopholes will help drive federal funding to these developments, there is still a budget shortfall. Additionally, the City is depending on nearly $100 million of NYCHA's operating and capital funding to support special police services for the developments. The result of this shortfall is taking its toll on maintenance and repair issues, especially as we continue to see federal budget cuts to public housing. New York City, with such a large public housing stock should be stepping up to provide support for the more than 500,000 New Yorkers who depend on it, instead of funding its budget on the backs of public housing residents. Lack of maintenance and repairs leads to deterioration and we have seen other cities lose thousand of units to demolition. Public housing is essential to helping our city remain the vibrant, culturally and ethnically diverse city that it is today.

Given NYCHAs funding issues, it's time the Mayor stop depleting NYCHA of $73 million in operating funds for police services and $25 million in capital funding for police vehicles. The Clean Halls program provides police services free of charge for private owners of properties concerned about trespassing and criminal activities. NYCHA should receive the same treatment so they will be able to use this $100 million towards other operating and capital expenses such as maintenance and repairs.

In some cases, families are waiting more than a year to receive basic repairs, such as patching up holes, paint jobs, and floor tile replacement. The impact of the lack of repairs is not limited to buildings alone. There is much evidence that argues that there are health impacts associated with the long-term neglect for repairs. For example, holes in walls that expose pipe insulation can lead to asbestos exposure. Similarly, broken floor tiles when not replaced properly can also lead to asbestos exposure. Leaky pipes in walls and the lack of proper ventilation can lead to mold and mildew can exacerbate asthma and other respiratory conditions. The emotional toll is damaging just the same. One Lower East Side resident spent months without a kitchen sink, as NYCHA informed him after removing his sink that it would take months for a new sink to be installed.

**421a**

421a is a property tax break for new residential developments that allows landlords/condo owners to pay virtually no property tax for 10 or 25 years depending on the specific circumstances. In Manhattan and select parts of the other boroughs, developers must provide 20% "affordable housing" in exchange for receiving the 421a. New Yorkers who need affordable housing the most are not even eligible to apply for the affordable housing provided by 421a, which typically targets households with incomes of around $45,000. People with lower incomes are shocked when they find out they don't make enough money to qualify for "affordable" housing. In addition, new buyers of multi-million dollar luxury condominiums pay no property tax while longtime homeowners have their homes reassessed for record sums.

421a is up for renewal this year and must be reformed so that this subsidy — for which the cost has risen from $120 million in 2002 to $920 million in city funding for fiscal year 2011 — is really working for the public interest and providing a better return of affordable housing. As it stands now, the 421a subsidy mostly amounts to a giveaway to the real estate industry and wealthy landlords and condominium buyers.

Mayor Bloomberg should support significant reforms of the 421a, specifically the following:

- No more public money for luxury-only development – extend the 421a "exclusion zone" to cover all of New York City.
- Developers must provide 30% affordable housing at 60% of Area Median Income instead of 20% affordable housing at 80% AMI in order to qualify for the subsidy.
- Base all citywide affordable housing on the city's AMI or local AMI rather than a regional AMI that includes the suburbs. The median income for NYC alone is around $45,000 but if you include the suburbs it's $75,000. The current practice of using the regional AMI acts to make affordable housing unaffordable to those that need it the most.
- Don't bailout the developers who speculated in gentrifying neighborhoods. The real estate industry is fiercely lobbying for a 3-year extension of eligibility for the subsidy for all those stalled construction projects in Brooklyn. Brooklyn used to be completely outside of the area that required developers to provide affordable housing in exchange for the tax break until summer 2008 when it was added. There are hundreds of projects that technically "broke ground" in 2008 before the change was made when they were required to provide affordable housing, but stalled out due to the financial crisis. They are asking for the extension so they can continue to have the opportunity to get public money without providing affordable housing.

**Adult Literacy & Immigrant Services**

The demand for adult literacy programs in New York City is tremendous. Over 1.5 million New York City residents 16 years of age or older are out of school and do not have a high school diploma or GED. Despite the vast need for adult education and training opportunities for immigrants and other adults, only 3 percent of the 1.23 million adults in the City who speak English "less than very well" are enrolled in English-language programs. Investment in adult literacy programs also makes sense. Every GED or high school diploma earned is worth an average of $325,000 in net fiscal benefit to New York City. The Mayor's budget eliminates $10 million for adult literacy and immigrant services. These are critical community-based services for New Yorkers striving to develop their skills and provide for their families. The proposed cuts will affect 126 literacy programs that serve more than 10,000 adults and out-of-school youth. The long-term economic and social benefits of increased educational attainment are well-known. Now is a time to bolster, not shrink, opportunities for New Yorkers to build their skills and participate fully in their communities.

Cuts to adult literacy now would debilitate immigrant families' ability to join the economic recovery. Since immigrants and their children now account for two-thirds of the NYC's population, that is a crisis for all of New York. ESOL (English for Speakers of other Languages) and adult literacy programs like GED prep, are the gateway to almost all survival services for immigrant New Yorkers. New Yorkers who don't speak English well are 40% more likely to live below the poverty line. Nearly one-half of NYC residents speak a language other than English at home. Mastering the English language allows immigrants to become citizens, access quality health care, increase their safety at the workplace, move from low-skill jobs to higher paying jobs, and play an active role in their children's education. Lack of funding and long waiting lists prevent immigrants from learning English. Only 5% of the one million New Yorkers who want to learn English are able to access a seat in an ESOL class. Immigrant New Yorkers want to learn English, but can't find a seat in the classroom.

The Mayor's proposed cuts include:

- $242,000 cut to contracted Family Literacy Programs. Family Literacy Programs build entire families, including parents and children, language skills together and involve parents in their children's education.

- The Mayor's FY 2012 budget does not include $5 million that was restored by the City Council in FY2011 for Adult Literacy Services which provide Adult Basic Education (ABE), English for Speakers of other Languages (ESOL) and GED classes for immigrant and native born New Yorkers seeking to become literate or improve their literacy competency. The funding supports community based organizations that operate adult literacy programs, and who have the capacity to reach underserved populations such as immigrants and young adults. The $5 million in funding supports 126 community based programs that serve more than 10,000 adults and out of school youth. This cut would fully eliminate the City's funding (some federal funding would remain) that supports community-based adult literacy classes.

Cuts as drastic as those proposed by Mayor Bloomberg so far would decimate the infrastructure of the NYC adult literacy network – the most important support network for immigrant New Yorkers. The Mayor needs to be adding city funding to ESOL and adult literacy funding this year because of the very real threat of cuts to the Community Service Block Grants at the federal level. This year, the Mayor has proposed funding Adult literacy programs at only $2.8 million in his upcoming budget, which amounts to a 75% cut in this funding since 2007. Two years ago, before we were hit with recession budget cuts, there was only enough space in NYC English classes for five percent of those who wanted and needed to learn English.

In addition, the Mayor's 2012 budget also does not include $4.5 million restored by the City Council in 2011 for the Immigrant Opportunities Initiative which provides free legal services, employment assistance, and English courses to low-income immigrants and their families. In 2011, 75 organizations received funding to provide these services through this initiative.

The Mayor should:

- Restore $5.3 million to NYC's Department of Youth and Community Development's FY 2012 core adult literacy program funds, for a total of $8.15 million.
- Restore $1.5 million in funding to the Adult Literacy Initiative and $4.5 million in funding to the Immigrant Opportunities Initiative, which supplement the city's core adult literacy program funds.
- Add funding to these pots or another to cover anticipated shortfalls that will result when President and Congressional Republicans cut federal CSBG funding in the next few months.
- Include adult literacy funds in the city budget permanently.

*Maria Argudo is an English Language student at Make the Road New York from Ecuador who along with her classmates has written letters and spoken at press conferences to get the message out about the importance of English classes: "I am an Ecuadoran immigrant now living in Queens, and a mother of 3 children working hard to make it in New York and to get my Citizenship. My English class is important for me because I learn to talk to everybody: my son's teachers, the doctor, and other people in the street. The Mayor's proposed budget cuts affect me, hundreds of other students at Make the Road NY, and everyone who wants to learn English. We need English to get good jobs, help our children with their homework, and communicate with everyone in this country. Please don't cut the budget for English classes!*

**Alternatives to Incarceration**

The Mayor's FY 2012 budget does not include $3.5 million in funding for Alternatives to Incarceration (ATI) that was restored by the City Council in FY 2011, and will not be available in FY 2012. ATIs are options used by the court instead of jail or prison and allow defendants to stay in the community. As a condition of remaining in the community, defendants must fulfill obligations imposed by the Court that are monitored by the Court, Probation or some other supervising organization. If the defendant fails to fulfill those obligations he may be ordered to complete the alternative jail or prison sentence. ATIs save the City and State money because they are less expensive than jail or prison.

**Domestic Violence Services**

The Mayor's FY 2012 budget does not include $2.50 million in funding for Domestic Violence & Empowerment (DoVE) that was restored by the City Council in FY 2011, and will not be available in FY 2012. DoVE supports neighborhood based domestic violence services in high incidence areas of the City. Services include empowerment workshops, service referrals, and legal advocacy.

**Child Welfare services**

The Mayor proposes:

- $1.012 million cut eliminating Child and Family Specialist staff that facilitates case conferences.
- $2.706 million cut reducing the number of Child Protective Specialist Supervisors and other managerial titles in the Division of Child Protection.
- $5.897 million cut to ACS Child Protective Staffing as well as a $1.90 million cut to ACS Child Welfare Personnel restored by the City Council in FY 2011 and is therefore cut.

**Childcare**

There are approximately 300 publicly funded child care and family child care programs in the five boroughs of New York City. Child care programs serve nearly 100,000 children from poor and low-income working families on an annual basis. Without child care, there won't be an affordable place for children that is safe and nurturing during the workday. It will be difficult if not impossible for working parents to continue working. Children will miss out on educational opportunities and start school behind their peers.

The City is terminating care for nearly 17,000 children. The City is also permanently cutting 197 childcare classrooms or 3,800 center-based seats, and an additional 2,700 slots in family child care networks will close. 500 jobs will be lost and cuts will force many programs to close all together. The majority of the cuts are concentrated in the boroughs of Brooklyn and the Bronx. Cuts will have educational impacts for children and economic impacts for families and the City. By implementing these drastic cuts, the city expects to save $91 million.

Thirteen million in new revenue for the City will be generated beginning in FY12 by increasing Child Care Co-payments from a minimum weekly payment of $5 to $15 and by increasing maximum payment levels from 12% to 17% of adjusted family income. Increasing child care co-payments will increase the costs of child care for low income families by decreasing their child care subsidy.

The Mayor's FY2012 budget does not include $11.26 million in funding restored by the City Council in FY2011 for Child Care Classrooms and is therefore cut. This funding supported an increase of classrooms from 31 to 72.

The Mayor's FY2012 budget does not include $6.68 million in funding restored by City Council in FY2011 for Child Care Centers and is therefore cut. ACS contracts with hundreds of nonprofits to provide subsidized day care services.

**Education**

Too many schools are already failing our children, and cuts to our classrooms will further harm the quality of education for NYC students, particularly in low-income communities of color. In New York City, only 23% of all students and only 13% of Black and Latino students graduate high school ready for college. Currently, three-quarters of high school graduates are required to take remedial courses when they enter CUNY.

There are $515 million in threatened cuts to NYC schools, which will mean a loss of over 6,000 teachers and countless other programs including afterschool programs, arts programs, tutoring, sports, counseling, professional development, other essential services and an increase in class sizes.

Mayor Bloomberg should keep the Department of Education cuts out of the classroom. The Mayor should cut over-priced contracts to corporate consultants and halt contracts to hire new teachers while teachers are being laid off. In addition, the Mayor should declare a one-year moratorium on opening new schools and reallocate a portion of the always-increasing school safety budget away from safety agents and into the classroom.

The Department of Education has spent billions of dollars on high stakes testing that has little to do with learning, and the education our children have lost out on as a result is devastating. Mayor Bloomberg should end the relentless focus on high stakes testing and instead invest the money and human resources in areas that would actually improve learning such as funding early childhood intervention, developing engaging curricula, and strengthening special ed and enrichment programs.

In addition, funding for privately run charter schools is planned to increase by $139 million next year. Charter schools receive public money but are privately operated and are largely nonunion, and it has been repeatedly documented that they underserve and push out our most at-risk students. Mayor Bloomberg should stop funding privately run charter schools and invest in New York City's public schools.

*Evelyn Torres is a mother of five children & resident of Carnarsie, Queens. She became an education activist when her child's school, PS 260, was on the Department of Education's list of closing schools. After organizing parents, participating in rallies & joining 23 other parents & students in a civil disobedience, PS 260 was still one of twenty-four schools that the Panel on Educational Policy voted to close. As a result of last year's budget cuts, PS 260 lost $138,905 after losing $199,492 the prior year. "This was a devastating blow to our school", said Evelyn who blames these drastic cuts for why her school joined the dreaded school-closing list. "We had no computers, no library, no smart boards, no resources. How do you expect our school to compete if we have no resources? Instead of helping our school, the Department of Education's decided to close our school instead."*

**Public Higher Education**

CUNY has always been New York's widest avenue to opportunity for low-income and working-class students. Students come to CUNY because they want to change their lives—materially, economically, intellectually; our community colleges help them overcome the huge—and growing—inequalities that exist in our city. Unfortunately, painful city and state budget cuts have accelerated a decades-long trend of disinvestment and undermined quality and access at CUNY.

Budgets are about political choices, and our leaders in Albany and City Hall are choosing wrong. Instead of investing in opportunity by funding CUNY, the state has already passed a budget that puts the interests of the wealthy and the super-rich above the needs of CUNY students. (CUNY lost $107 million while the rich got a $5 billion tax break.) Now, Mayor Bloomberg is proposing more of the same.

More overcrowded classes, fewer full-time faculty, less student mentoring and guidance, longer time to graduation, higher tuition and more students failing and dropping out—these are results we can expect from Mayor Bloomberg's latest cuts.

At a time when Wall Street profits are soaring and CUNY is reeling from $107 million in state cuts ($95.1 million to senior colleges and $12.3 million to community colleges), Mayor Bloomberg would blow another $63.1 million hole in CUNY's community college budget. This includes both direct funding reductions and unfunded mandatory cost increases, such as enrollment growth.

The Mayor would also zero out funding for Vallone Scholarships, Black Male Initiative, Murphy Institute for Worker Education, Center for Puerto Rican Studies, the Dominican Studies Institutes and Creative Arts Team—programs that sustain CUNY's mission to provide opportunity for all New Yorkers.

Mayor Bloomberg should rescind his proposed cuts and live up to his campaign promise to make dramatic investments in CUNY's Community Colleges. The City must restore the proposed $63.1 million cut to community colleges and provide an additional $12.3 million to offset crippling state budget cuts. CUNY needs it desperately. Without it this funding, the damage to our community colleges would be devastating. Funding for CUNY initiatives and programs should also be restored.

*At Borough of Manhattan Community College, security guards, clerical staff and building and grounds personnel have been laid-off. Vacancies in the registrar and financial aid offices and in the student support service divisions are not being filled while enrollment continues to soar. Our classes are beyond over-crowded. Students who don't arrive early to class often have to hunt down a chair from another classroom, if they want a seat; they share science lab stations in violation of fire codes. Already victims of a tough job market, coming from families with incomes of $20,000-$30,000 a year, stretching to cover higher tuition without going into debt, and taking the majority of their classes with hard-working but underpaid contingent faculty—our students deserve better.*

*Community college students are deserving and tenacious. I have students who have faced eviction, sudden lay-offs or shifts in work hours, stalking by a violent ex-husband, a child's near death, a severe asthma attack, a carjacking, a brother's fatal shooting, a serious on the job accident and illnesses the students didn't have the money to diagnose or treat. I have students that work long hours as paramedics, homecare attendants, cashiers, clerks, day laborers, street vendors or hair braiders. They rise as early as 4:30 a.m. to take their kids to daycare and schools and travel to BMCC from other boroughs. They deserve respect, opportunity, encouragement, and a true shot at a first-rate education.*

*Anne Friedman, professor at BMCC*

**Community-Based Health Care**

The Mayor is proposing a $2 million cut in Early Intervention (EI) costs related to the rate reductions enacted by the State. EI programs assist parents and organize services provided by different agencies for children suspected of having a disability. If these cuts are not restored, the planned rate reduction of 5% will be passed onto EI providers, and represents a total loss of $2 million.

In addition, the mayor is proposing $244,000 reduction to contracted providers assisting with Early Intervention Service Coordination beginning in FY12.

The Mayor's FY 2012 budget does not include several programs that were restored by the City Council in FY 2011, will not be available in FY 2012:

- $500,000 for the Asthma Control Initiative. The Asthma Control Initiative provides asthma screenings and prevention in pre-k and kindergarten. It also funds an integrated Pest Management program for apartments in neighborhoods with disproportionately high asthma rates.
- $1.5 million for the HIV/AIDS Communities of Color Initiative. The HIV/AIDS Communities of Color Initiative provides funding for community based organizations which can engage vulnerable populations. It is designed to lower the rate of HIV/AIDS among communities of color and women, who are disproportionately affected by the disease.
- $1.5 million for the HIV/AIDS Faith-Based Initiative. The HIV/AIDS Faith-Based Initiative has faith-based institutions and community-based organizations working together to prevent HIV/AIDS infections.
- $3 million for the Infant Mortality Reduction Initiative. The Infant Mortality Reduction Initiative coordinates activities across multiple programs to reduce infant mortality and racial, ethnic, and geographic disparities in infant mortality.

**Mental Health**

The Mayor is proposing a $4.858 million cut to contracted Mental Health and Alcohol/Substance Abuse outpatient treatment programs and a reduction of City funding for Mental Retardation/Developmental Disabilities clinics. Of this, approximately $2.5 million is proposed to be cut from psychosocial clubs and bridger programs in FY2012. The availability of psychosocial clubs in the community allows people to recover from mental illness, achieve vocational training and placement and strengthen peer networks and community ties. Bridger programs assist individuals who are discharged from state psychiatric centers to access appropriate community supports. Medically supervised outpatient services and outpatient rehabilitation programs will also be cut by $1 million in FY2012.

The Mayor's FY 2012 budget does not include several programs that were restored by the City Council in FY 2011, will not be available in FY 2012:

- $335,000 for Alcoholism and Substance Abuse Services. Alcoholism and substance abuse services help individuals overcome alcoholism and drug addiction.
- $1.25 million for the Autism Awareness Initiative. This funding supports parent training to cope with the unique challenges in managing behavior, navigating the service systems, finding respite services, and planning for the transitions their children will face as they age from childhood to adolescence to young adulthood—each juncture demanding new services for education, training for more independent living, social skills and safety training, housing, and other services.
- $ 1.25 million for Children Under 5 Mental Health Initiative. The initiative provides mental health services for young children at community based out patient clinics. 3,000 young children have been serviced through this program.
- $2 million for Geriatric Mental Health programs. These are programs that serve the elderly. Services include depression screenings, case management with referrals for housing, financial aid and elder abuse programs; and, workshops on issues such as nutrition, loss and grief, memory, healthy aging and elder abuse.
- $450,000 for Mental Health Services.

**Work Experience Program (Welfare to Work)**

People receiving public assistance or food stamps are forced to participate in the Work Experience Program (WEP). People have to work for their benefits, which equates to $1 per hour. This is modern day slavery.

There is an alternative. The Transitional Jobs program gives people a job with a paycheck and training. They pay taxes, pay into Social Security, qualify for Earned Income Tax Credit, Child Tax Credit, unemployment insurance, and can become a union member. Under the WEP program people are working but get none of these benefits.

Mayor Bloomberg recently began enforcing a rule requiring people receiving food stamps have to do WEP. The city is claiming it does not have money for the transitional jobs program. This is not true. The city received $1 billion in TANF (Temporary Aid for Needy Families) funds that are used for the WEP program.

The Mayor should expand the Transitional Jobs program, for example, into the MTA and he should end WEP completely. $20 million dollars would pay for thousands of transitional jobs. Mothers of young children should be able to stay home with their children until they go to pre-k or head start. The City should offer people access to real training and education, such as is happening in the transitional jobs program. Everywhere someone is doing WEP, they could do a transitional job with a paycheck instead.

*Ann Valdez and her son are survivors of domestic violence and the shelter system and are not constantly sanctioned in the welfare system. Ann has some physical ailments which make it difficult for her to do certain assignments. However, the city's Human Resources Administration only sees a body and sends her out to do WEP. She would really appreciate the opportunity to receive a transitional job. She has applied many times to various city agencies but never gets a call. She and her son are living on just a little over $50 a week and food stamps. Meanwhile she has to go to WEP and WeCare every day or risk getting sanctioned and cut off. There are no sick days, no social security contribution, no union, and no tax credits.*

**Senior Centers**

Senior centers offer socialization opportunities, health and wellness programming, nutritious meals, and other enrichment activities within a safe place for older adults. $19.145 million in funding to support senior center operations has been proposed to be cut in the Mayor's FY 2012 Preliminary Budget. In addition, 28 senior centers were closed last year. Another 17 were saved, but the funding to do so is only for one year (more information below).

The Mayor's FY 2012 budget does not include several programs and services that are vital to senior centers. The following cuts that were restored by the City Council in FY 2011, will not be available in FY 2012:

- $4.5 million for Food Costs for Senior Centers and Meals on Wheels. This funding helps senior center meal programs offset cost increases of fresh nutritious food.
- $4.5 million for Stabilizing Senior Centers. This funding has helped stabilize centers after the restructuring of the home delivered meals program in 2008-2009. This funding helps senior center kitchens continue to operate.
- $5 million for Senior Center FY10 PEG. Elimination of this funding will significantly weaken the existing network of senior centers.
- $1.645 million for Senior Center Closures in FY11. 51 senior centers were targeted for closure in a $4.2 million FY 2012 cut on June 30, 2010. 45 of the 51 senior center contracts were ended by DFTA. Six centers were taken off the list of 51and given permanent funding in the budget. The City Council then restored the above mentioned $1.65 million to prevent 17 of the 45 centers from closing. The $1.645 million will need to be restored for FY2012 to prevent additional centers from closing.
- $1.5 million for Space Costs at Senior Centers. This funding supports rent, space and maintenance costs associated with the operation of the 256 senior centers citywide. Loss of this funding would hamper successful operation of all centers.
- $2 million for Transportation Operating Costs. This funding covers the operation costs of vans and other vehicles used by centers to meet participants' transportation needs. Some of this funding is also used to support the home delivered meals program. Reduction in funding would require many seniors to find their own way to centers everyday or force them to stay home.

**Senior Services**

Supportive Aging Services are being dismantled. The Mayor is proposing a $6.6 million cut (30% reduction) in Case Management Contracts in FY12; a service which links approximately 18,000 seniors with services, including homecare and home delivered meals and an $800,000 cut for Elder Abuse Prevention. Elder abuse providers offer a wide variety of services to elderly individuals that are experiencing abuse. Some of these services include clinical social work counseling, case management, support groups, legal assistance and emergency funds for gates, locks, and alarms. Without this funding elder abuse providers might cease to exist and many vulnerable seniors would have nowhere to turn in the face of abuse.

Other proposed cuts include:

- $1.2 million for Information and Referral (Extended Services). Extended Services are informational and referral services which provide seniors with information on and links to support programs for which they are eligible. This level of service does not exist anywhere else for seniors and is more cost effective than full blown case management.
- $900,000 for Naturally Occurring Retiring Communities (NORC) Supportive Services. NORC Supportive Services allow seniors to remain living in their homes as they age. They provide building/development based social and medical services, educational and recreational activities, and volunteer opportunities. NORC's promote healthy aging, independence and community building.

The Mayor's FY2012 budget does NOT include

- $4.1 million for Borough President Aging Discretionary Funding that was restored by the City Council in FY11. This funding supports educational and recreational opportunities for seniors in each of the five boroughs. Also, many senior programs depend on this funding to maintain operations.
- $5.5 million restored by the City Council in FY2011 for the Council Member Aging Discretionary Funding. This fund provides criti-

cal support to senior centers and supportive services in the City's 51 council districts. It supports operational costs not covered in traditional contracts like financial counselors, respite services for caregivers and homelessness and eviction prevention services.

**Public Transportation**

In 2010, the MTA raised fares, laid off hundreds of transit workers, axed 36 bus routes, eliminated 570 bus stops, and killed all or part of three subway lines - all because of operating budget shortfalls. This year, the MTA faces a $900 million operating budget deficit, while the city's funding for the general operations has not increased since 1995. Now the MTA is ready to pass the buck onto riders with a $3 single ride Metrocard coming in 2013.

Mayor Bloomberg should increase city funding for the MTA and restore the massive services cuts. Also, raise new revenue dedicated to the MTA's operating deficit to prevent future fare increases, layoffs, and other cuts that affect communities across the city who rely on public transportation and Access-A-Ride.

*The prospect of a $3 single ride fare terrifies me. Living in Harlem, I have to carefully plan trips downtown for work and errands to get the most out of my already high $2.25 fare. Being on a tight budget, I often have to bike were I need to go to avoid the subway/bus fare, leaving me tired and sweaty when I arrive at my destination. Bloomberg needs to fund transportation, because service cuts and fare hikes will deny me and millions of other transit riders our right to get where we need to go in the city.*

*Jake Carslon, transit rider*

**Youth Services**

The Mayor's budget eliminates $60 million in funding for afterschool programs, Beacon community centers, summer youth employment, youth shelters, and other critical educational and supportive programs for young people. These proposed cuts will result in the loss of more than 14,000 afterschool slots, 12,000 summer jobs, possibly entire programs that help sustain working families and communities, many local jobs, and thousands of hours of learning and development. This is on top of severe state and federal cuts that together are eroding the system of opportunities for NYC youth.

As of January 2011, the state's teen unemployment rate was at 25%. In certain communities of color it is higher than that. It remains difficult for a young person to find employment and begin to build work skills, workplace expectations, and explore careers. Research shows that the earlier one begins to work, the better off they are in terms of future earnings as an adult. There is expected to be high demand again this summer for the Summer Youth Employment Program (SYEP). Last summer, over 143,000 young people applied for the program, but only 36,000 teens obtained a job through the program. The odds for a young person to obtain a job through SYEP is worse than last year – with only 24,000 jobs funded right now, and an expectation that the City will again receive at least 143,000 applications, this means a 1 in 6 chance for a young person to get an SYEP job.

SYEP is funded through a combination of City, State, and Federal funds. Through all these sources, Mayor Bloomberg only has $33.5 million to provide 24,000 jobs for this summer's program. That is $18 million less and 12,000 jobs short of last year. And it is 28,000 jobs fewer than in the summer of 2009 when we had over 52,000 jobs. Of the $33.5 million that the Mayor currently has in hand, only about $20 million is coming from the City. The City's contribution was as high as $32.4 million 4 years ago. Recovery Act (stimulus) funding has plugged this gap in prior years, but all SYEP stimulus funding has expired.

Other cuts proposed by Mayor Bloomberg include:

- $6.052 million cut by reducing Out of School Time Option 1 (OST) Holiday Service availability from 20 days to14 per year.
- $833,000 cut in FY11 and a $1.106 million cut in FY12 by reducing NYCHA Cornerstone Holiday Service availability from 20 days to 14 per year and eliminating 632

slots in FY12. Cornerstone provides after school tutoring to middle and high school students.

- $6.7 million cut to Beacon Contracts in 66 Beacon Center programs located in public schools. Beacons are school-based community centers that provide educational and extra curricular activities to children and adults after school hours and during school holidays. This cut would force 66 of the City's 80 Beacons to reduce their contracts by 7% and would eliminate enhancements at 11 consolidated Beacons/OST middle school programs.

The Mayor's FY 2012 budget does not include several programs that were restored by the City Council in FY 2011:

- $3.8 million for After 3 Corporation. After 3 provides comprehensive after school programs for children. This funding supports 47 after school programs in 38 council districts.
- $7.74 million for Youth Council Discretionary Funding that provides a range of youth services.
- $7.25 million for 64 OST I programs. A cut of $5.95 million for OST Option I funds 33 school-year only programs that would effect 4,110 youth living in zip codes deemed as "low priority". The additional $1.3 million of the cut funds 31 middle school programs with summer components and serves 1,943 school aged children. Those 1,943 slots would be in jeopardy of elimination along with the 4,110 slots.
- $4.6 million for OST Option II. OST II slots are available to underserved populations that do not have other opportunities for social, educational and career enrichment, and serve these children and families in their communities where they can easily access these services. This elimination of funds would impact 57 non-school based programs at community based organizations and 7,700 after school slots for youth.
- $6 million for Runaway and Homeless Youth. These programs provide services to young people who have either runaway or are homeless.

Mayor Bloomberg should add and baseline $18 million in funding to SYEP to ensure that SYEP can provide 36,000 jobs again this summer.

**Foreclosure/Banking Commission**

Thousands of homes that are in foreclosure cost the city millions of dollars, and the mayor is not doing enough. Mayor Bloomberg must use the power at his disposal to stem the tide of foreclosures in NYC.

Families are continuing to lose their homes through the foreclosure crisis, which damages our neighborhoods. The problem is not limited to single-family and multi-family homes, but includes large apartment buildings that have entered into foreclosure. Thousands of homes that are in foreclosure cost the city millions of dollars. The banks refuse to modify mortgages and, for larger buildings often fail to maintain the interior and exterior of the buildings themselves. The city is not using the leverage it has — like the Banking Commission — to help and to make matters worse, the Mayor is cutting all the funding from foreclosure-prevention programs throughout the city.

Mayor Bloomberg should instruct his representative and the Department of Finance's representative on the NYC Banking Commission to enact higher standards when they determine where the city deposits their money. The Banking Commission, when considering where to put the city's money on deposit, must examine each bank's record on modifying mortgages and investment and lending into NYC neighborhoods.

Mayor Bloomberg should fully fund foreclosure-prevention loan counseling.

Finally, the Mayor should support a City Council bill placing a $10,000 bond on any property foreclosed upon to ensure neighborhood integrity is maintained during the foreclosure process.

*Jean Sassine from Queens Village has been fighting to stay in his home since his wife got sick nearly three years ago. He has been asking Chase for a modification, but they have consistently delayed the process, requesting the same documents over and over again. Jean is* *one of the 94 percent of Chase homeowners in NYC who have sought help and received nothing. The city has the power to do more to prevent foreclosures, but Mayor Bloomberg would rather protect his bailed-out banker friends than keep families in their homes, and this will only get worse without loan counseling.*

**Living Wage**

You can't have a strong economy with nearly all of the wealth accumulating in the hands of the richest 1% of the population. By enacting living wage laws, prevailing wage laws and paid sick days, New York City's economy will be strengthened by putting the money back into the economy where it would benefit everyone. By improving wages and benefits, New Yorkers would have more money to spend, which would create jobs and stimulate the economy, thereby increasing the revenue circulating in our city and reducing reliance on social services.

New York has long been a place of tremendous inequality with an estimated million and half New Yorkers living below the poverty line and a shrinking middle class.

There are over a half a million low wage workers in New York City. A recent report issued by the National Employment Law Project showed that one in five low wage workers surveyed had been paid less than the legally required minimum wage of $7.25 in the previous week. The same report shows that minimum wage violations are only the tip of the iceberg. Some 317,000 workers experience wage-related violations of some sort every week in the city, which means that working people lose more than $18 million in wages a week.[61]

Public resources and tools can be used to raise the standard of the city's livability landscape, ensuring that public resources benefit businesses that provide good, family-supporting jobs. In turn, good wages pave the way for a good economy.

The New York City government shouldn't be in the business of subsidizing poverty. If we're giving subsidies to businesses, we should demand that they offer jobs that pay a living wage, prevailing wage and benefits like sick days. Poverty-level wages force the employees of city contractors to rely on social services system. Furthermore, low wages also result in higher rates of job turnover, which compromises the quality of services provided to the city.

Mayor Bloomberg should support the Fair Wages for New Yorkers Act, the Prevailing Wage legislation and the Paid Sick Days bill. We can't wait for the economy to improve to pass this legislation – this legislation is the way to ensure a better economy for all.

**Militarization of Youth**

Over 2 million New York City tax dollars in the education budget are allocated for the Junior Reserve Officer Training Corps (JROTC) program in New York City high schools. This money should be spent on academic and enrichment programs. The JROTC program supports the poverty draft for the U.S. military.

Mayor Bloomberg should direct these education funds to academic and enrichment programs.

Groups are told by parents time and again about predatory behavior by the military recruiters. The JROTC program is in essence a U.S. military recruitment program.

**Peace**

For the past ten years Federal taxes paid by the citizens of New York City has been used to conduct wars in Afghanistan, Iraq and Libya. The nation has spent over $1.2 trillion on these wars. New York City residents have paid $39 billion and counting. After ten years of continuous war, the President and Congress have not clearly defined an end to these wars, war has not solved U.S. foreign policy conflicts and New York City cannot afford to continue to waste resources on a failed and immoral policy.

Mayor Bloomberg should sign on as a co-sponsor to U.S. Council of Mayor's resolution calling for Congress to stop spending money on war and use the savings to rebuild our cities and towns.

* * *

1. *http://www.goodjobsny.org/new%20deals%20format/chase1.htm*
2. This subsidy agreement was awarded to Travelers Group in 1995. In 1998, Travelers Group and Citicorp merged to create Citigroup, which continues to benefit from this deal.
3. *http://www.goodjobsny.org/new%20deals%20format/travelers1.htm*
4. *http://money.usnews.com/money/blogs/flowchart/2010/09/17/11-firms-that-overdid-the-layoffs*
5. *http://www.nycedc.com/AboutUs/FinStatementsPubReports/NYCIDA/Pages/NYCIDA.aspx*
6. *http://www.nycedc.com/AboutUs/FinStatementsPubReports/Documents/LL48_FY10_VolumeII.pdf*
7. *http://www.goodjobsny.org/ms_pr_6_2_05.htm*
8. *http://www.nycedc.com/AboutUs/FinStatementsPubReports/NYCIDA/Pages/NYCIDA.aspx and http://www.goodjobsny.org/deals_date.htm*
9. *http://www.nycedc.com/AboutUs/FinStatementsPubReports/Documents/LL48_FY10_VolumeII.pdf*
10. This figure excludes an $18 million deal that was cancelled a third of the way through the term of the deal because Bank of America failed to fulfill employment requirements. The portion of the $18 million that Bank of America did receive is unknown.
11. This includes an estimate of the total benefit a project received from BIR or NYCPUS during the reporting year (not including the tax savings) from the purchase of electricity at rates lower than the company would otherwise pay.
12. In all the deals, this number represents the total amount allotted to the bank, not the amount the bank has actually received. Unless otherwise indicated, data is taken from the NYC EDC public documents and financial statements, available at: *http://www.nycedc.com/AboutUs/FinStatementsPubReports/NYCIDA/Pages/NYCIDA.aspx* and *http://www.nycedc.com/AboutUs/FinStatementsPubReports/Pages/FinancialStatementsPublicDocuments.aspx and http://www.goodjobsny.org/deals_date.htm* It is possible – perhaps even likely – that the banks have benefited from other exemptions and deals not enumerated in our sources. Therefore, these dollar values represent the minimum possible exemptions and subsidies that the bank was allotted.
13. This includes missed job targets 2008-11 at JPMorgan Chase ($34M), Citigroup ($10M) and Bank of America (return of balance of $18M), Morgan Stanley deal ($56M) and forensic accounting investigation of all other deals.
14. See Fiscal Policy Institute report: *http://www.fiscalpolicy.org/FPI_RethinkingTaxTreatmentOfCarriedInterest.pdf.*
15. New York State data from the NY State 2010 CAFR and Monthly Swap report, found at: *http://www.osc.state.ny.us/finance/finreports/cafr10.pdf and http://www.budget.state.ny.us/investor/bond/invGuide_swaps.html*. A simple video explanation of how interest rate swaps work is at *http://www.seiu.org/2009/11/taxpayers-rally-at-goldman-sachs-in-dc.php*
16. *http://articles.nydailynews.com/2011-02-18/local/28628713_1_budget-cuts-daycare-budget-plan*
17. *http://www.nbcnewyork.com/news/local/MTA-Ignoring-Federal-Law-for-Disabled-Riders-Lawsuit-104859864.html, http://www.crainsnewyork.com/article/20101013/FREE/101019943, http://www.mta.info/nyct/facts/ridership/index.htm*
18. Properties listed in foreclosure for Bronx, Queens, Brooklyn, Manhattan and Staten Island on *www.realtytrac.com*.
19. *http://www.995hope.org/content/pdf/Apgar_Duda_Study_Full_Version.pdf*
20. From 2009 through 2010 over 238,000 households are expected to go through foreclosure. See "The Cost of Bad Lending in New York," retrieved on April 28, 2011 at *http://www.responsiblelending.org/mortgage-lending/tools-resources/factsheets/new-york.html*.
21. "Making Home Affordable Program: Servicer Report Through February 2011." Retrieved on April 28, 2011 at *http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Documents/Feb%202011%20MHA%20Report%20FINAL.pdf*.
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23. New York Communities for Change (Feb. 2011), "Chase is Failing to Provide New Yorkers Needed Mortgage Modifications." Retrieved on April 28, 2011 at *http://www.nycommunities.org/foreclosure/chasereport*.
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25. *http://online.wsj.com/article/SB10001424052748703440004575548403873382036.html?KEYWORDS=%22home+loans+in+foreclosure%22*
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27. *http://www.nytimes.com/2010/10/18/business/18foreclosure.html*
28. *http://www.publicintegrity.org/investigations/economic_meltdown/the_subprime_25/*

29. http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Documents/Jan_2011_MHA_Report_FINAL.PDF
30. http://www.americanbanker.com//bulletins/-1033032-1.html
31. Based on data from the Home Mortgage Disclosure Act Database.
32. ibid
33. This number is calculated by multiplying the total number of available foreclosed properties available in NYC in March 2011 (1075) http://www.realtytrac.com/trendcenter/ny-trend.html, by $19,229. The $19,229 figure is from William C. Apgar and Mark Duda (2005) *The Municipal Costs of Foreclosures* Chicago Study.
34. This number is determined by multiplying the change in housing value by the number of housing units in the city and multiplying that by the local property tax rate. This data is available at: http://www.zillow.com/local-info, http://factfinder.census.gov and http://www.taxfoundation.org
35. http://www.zillow.com/local-info/NY-New-York-home-value/r_6181/
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37. http://www.nypost.com/p/news/business/asking_for_mers_zB7ZOfZQ3xituLGKyr0cWN?CMP=OTC-rss&FEEDNAME=
38. All data at http://www.comptroller.nyc.gov/mymoneynyc/clearview/
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