

(NHCAN)

NEW HAVEN CITIZENS' ACTION NETWORK



DRAFT

2008-2009 BUDGET PUBLIC COMMENTS

Available online: www.nhcan.org/docs/wp/budget2008.pdf

All numbers are based on information from the 2007-2008 Mayor's Budget.

Revised: Tuesday, March 11, 2008 (See Summary of Corrections & Updates).

Executive Summary

New Haven Citizens Action Network (NHCAN) was formed in 2007 to encourage fiscal responsibility and transparency in City government because property taxes have increased by 33% during the past 5 years and is poised to rise significantly as the property reassessment is phased in.

Our primary recommendation is that the City adopt a culture of frugality and cost-effectiveness in all aspects of City government. The City charter vests the Mayor with primary responsibility for spending, so this is where we should start. Intelligent spending reductions must be based on serious review of current service delivery processes. Lobbying the State, Yale and other entities for more funds is no substitute for cost effective spending.

Personnel compensation and benefits represent 64% of the General Fund and is the primary driver of property tax increases. Pension and health care benefits add about 37% to base personnel costs. Average compensation for all 4,000 City employees are now \$73,000 with actual compensation for certain individuals, when overtime is included, is much above these levels. In Education, the top 102 positions average \$145,800. The median income for New Haven households is \$29,604. This is hard to justify.

Labor contracts drive these payroll and benefit costs and cannot be addressed without revising these contracts now rather than waiting for their expiration. Out of General Fund expenditures of \$445 million only \$85 million is "discretionary" after education, personnel costs and debt service are excluded. To achieve a 5% reduction in the General Fund, this "discretionary" spending must be cut by 26%, a Herculean task.

Key personnel recommendations are:

- Renegotiate labor contracts for base salaries, staffing levels, pension benefits and retiree health care now. Move to a defined contribution pension plan
- Recognize the Mayor's dominant influence over the Education Department by removing this item from the budget review process. Align accountability with responsibility for educational outcomes by having the Mayor assume clear control over this function.
- Renegotiate the Fire contracts to allow management a greater role in aligning staffing levels with real needs for emergency response. Staffing should reflect actual needs rather than be contract mandated.

Key budget process recommendations are:

- Appoint an office of Inspector General to audit City Departments for effectiveness of service delivery.
- Increase transparency by integrating pension benefits and debt service costs with the Departments that drive these costs.
- Implement the property reassessment immediately rather than being phased-in and drop the mil rate to maintain the total tax take
- Prepare a multi-year budget for greater visibility and planning effectiveness
- Implement a Capital Budget and a Balance Sheet of Assets and Liabilities.
- Include performance outcomes along with proposed expenditures for each Department

Key recommendations for organizational focus and consolidation are:

- Move contract negotiations portion of Labor Relations to Finance
- Consolidate Elderly Services, Youth Services, Services to persons with disabilities and the Community Services Administration for better coordination and efficiencies.
- Eliminate or, at a minimum, consolidate Fair Rent, Peace and Equal Opportunities Commissions.
- Consolidate Economic Development, City Plans, Building Inspections and Livable Cities to improve overall effectiveness. Provide more focused liaison with the new Economic Development Corporation.
- Eliminate subsidies to Tweed, Shubert, Pilot Pen, Grove Street garage, Small business Initiative, Downtown trolley and the Municipal Golf course. These subsidies come from higher taxes on everyone else which serve to negate Economic Development, requiring additional subsidies, in a pointless cycle.

We recognize that some of these recommendations may be impractical or even naïve. We invite you to consider these in the spirit in which it is offered and to offer superior alternatives for the general good.

Sincerely,

New Haven Citizens Action Network (NHCAN)