



RUBEN DIAZ JR.
BOROUGH PRESIDENT



MARTY MARKOWITZ
BOROUGH PRESIDENT

August 10, 2010

Matthew Goldstein
Chair
NYC Charter Revision Commission
2 Lafayette Street, Rm 1414
New York, NY 10007

Dear Chairperson Goldstein:

We are writing to express our collective dismay with the one-sided presentation on baseline budgeting that occurred at the Charter Revision Commission's meeting on July 25th. As you are aware, proposals to provide for baseline budgeting for independently elected City officials have been unanimously supported by the borough presidents, the public advocate and a myriad of municipal governance experts, including the Citizens Union and noted professors Doug Muzzio and Eric Lane. This issue, which is so important to our future ability to meet our obligations under the City Charter and to serve the people of New York City, was attacked in a forum that did not allow for a thoughtful consideration of both the pros and cons of baseline budgeting.

While the Commission provided an unprecedented, free-ranging opportunity for the City budget director to discredit our proposal, no one from our offices nor the public were informed about the agenda of the meeting, much less provided a real opportunity to respond to some of the biased and inaccurate statements made at the meeting. The Commission's prior practices of advising the public that it would be hearing from a group of experts with diverse views on an issue was thrown to the wind for what amounted to a political assassination of an idea that has wide-ranging support but which is opposed by the Bloomberg administration. The meeting conducted by the Commission was both unfair and totally counter to the purpose of the Commission – to conduct an unbiased, wide-ranging investigation of important proposals to amend the City Charter – and was a gross disservice to the public and stated goals of the Commission.

Without attempting to respond to every inaccurate statement made at the July 25th meeting, we want the record to note the following:

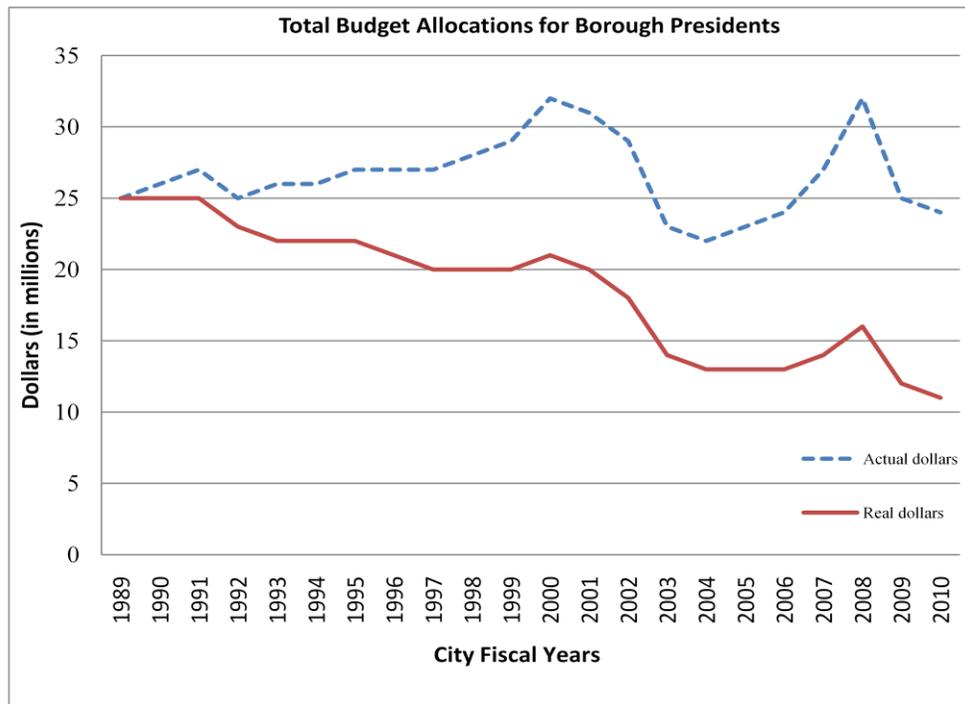
1. The five borough presidents and the public advocate are independently elected officials, that have Charter mandated duties. These offices are not City agencies and are not under the direction of either the mayor or the City Council. The borough presidents are mandated to provide topographical services, oversee and comment on the provision of City services and execution of City capital projects, comment on land use matters and to serve on the

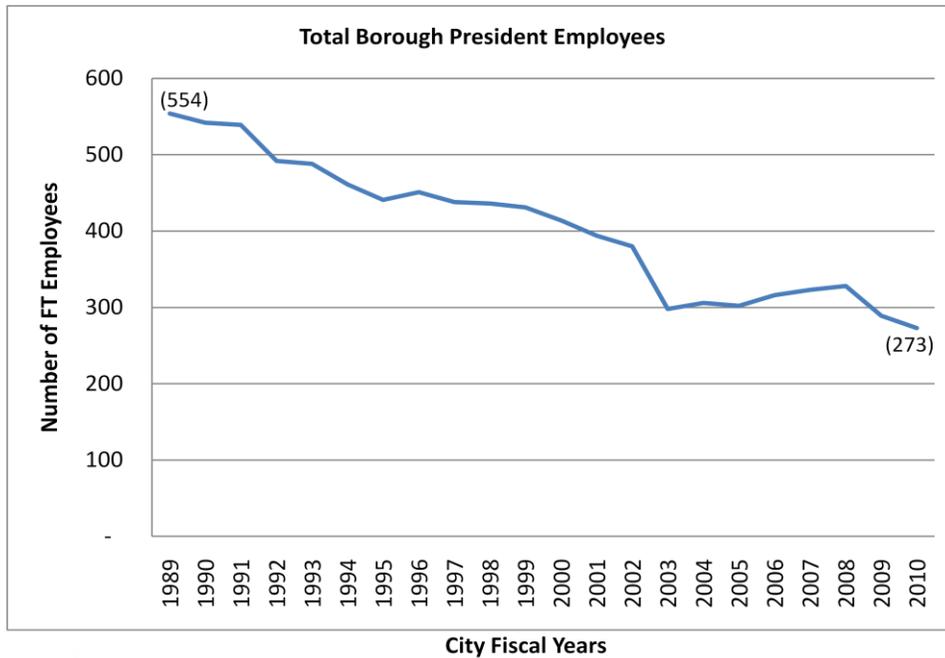
boards of various City entities. An overarching purpose of the borough presidents is to serve as an ombudsman for local and borough-wide concerns, concerns which in many cases are in direct conflict with those of the Mayor. As you have heard repeatedly in the Commission’s meetings, the borough presidents are vitally important to the representation of local concerns in an increasingly centralized City government. There has been no debate in the Commission’s proceedings as to whether the borough presidents should continue to exist. Most of the debate has been on how to enhance the powers of the borough presidents and better enable them to do their job.

2. Despite the overwhelming agreement as to the importance of the offices of the borough presidents, these offices are slowly, but surely, being destroyed through the budget process for reasons, which have nothing to do with the “allocation of scarce resources”.

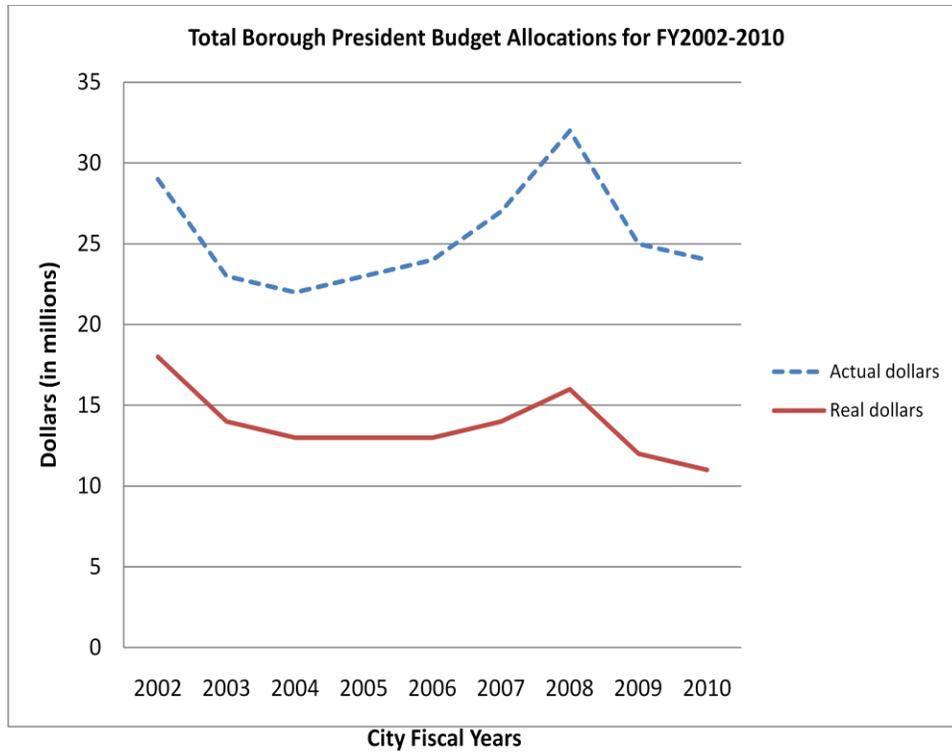
Please consider the following:

-Since City fiscal year 1989, budget allocations for the five borough presidents and the public advocate’s office have gone only in one direction – down. While the City’s budget has grown enormously in real dollars, in federal and state dollars and in City tax dollars since FY1989, the BPs have seen their budgets decrease by more than 50 percent, when controlled for inflation, and lost more than half of their staff.



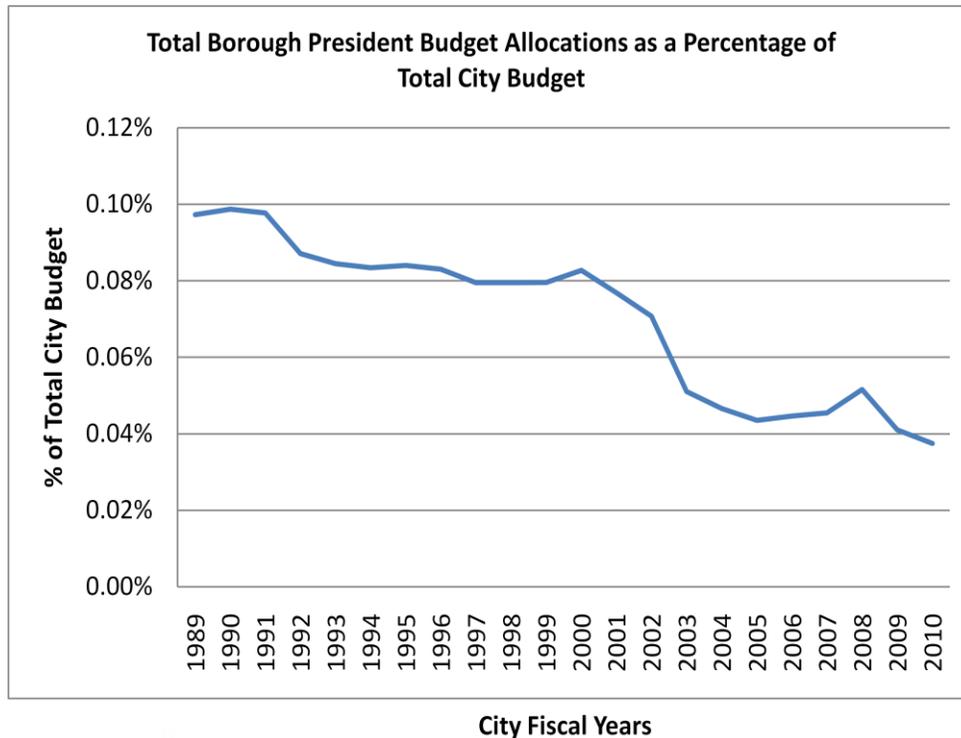


-Decreases in the budgets of the borough presidents have been steady through all economic cycles. During the boom times the budgets for the borough presidents have generally been cut in real dollars, and then cut more drastically during recessions. For example, during the period FY2002 through FY2008, the City experienced the biggest economic boom in its history, yet the budgets for the borough presidents decreased significantly in real dollars over the course of the boom period. The budgets were then cut again significantly during the course of the current recession starting in FY2009.



*Real dollars are actual dollars discounted for inflation since 1989

-While Mr. Page would have the Commission believe that a baseline budget for the borough presidents would severely hamper the City’s budget flexibility, his numbers just don’t add up. Current budget allocations for the five borough presidents are a miniscule part of the City budget, currently comprising approximately four one-hundredths of one percent (0.04%), and would not dramatically increase under any baseline scenario.



In the same vein, Mr. Page stated that even a million dollars is important to the budget and every dollar must be used wisely. But whether an expenditure is wise or not relies almost exclusively on the opinion of the Mayor. For example, in a recent audit the City Comptroller office identified millions of dollars wasted on a failed contract the Mayor has refused to terminate. More than a dozen years after the City entered into a \$68 million contract to overhaul the employee timekeeping system, the price of the contract has ballooned to more than \$700 million and could reach \$1 billion without any assurance the system will function properly. Is spending \$1 billion on a time keeping system worth more to the City than spending \$25 million a year on 5 borough presidents; offices that provide services uniformly supported by the speakers appearing before this Commission?

The fact of the matter is that since 1989, the offices of the borough presidents and the public advocate have been slowly strangled by allocating them fewer and fewer resources for political reasons. The lack of resources for the BPs has begun to seriously affect their ability to meet their Charter mandates.

3. The Commission has noted on numerous occasions that a strong-mayoral form of government brings many advantages and efficiencies in running as large a metropolis as our City. In many respects, we agree with this idea. However, the power of the mayor's office to severely restrict the functioning of independently elected officials through the budget process is a danger the Commission needs to address. While the mayor is elected to run the mayoral branch of City government, the mayor is not elected to direct, manage or destroy the offices of independently elected officials by cutting off their resources. Borough voters elect their borough president under the assumption they will perform their Charter mandated duties regardless of whether the mayor sees the value in the office. An underlying foundation of all democracies is the election of representatives and the

expectation that those elected representatives will have sufficient resources to do their job. Suffocating the offices of independently elected officials through the budget process makes a mockery of our electoral democracy and the Charter.

4. We believe that baseline budgeting is the only way to insure the continued existence of the borough presidents. The Independent Budget Office (IBO) serves as a potent example in this respect. The IBO was created to provide an independent analysis of City finances and programs. The reason the IBO was given an independent budget was to keep the Mayor from politicizing or destroying the office through the budget process. Mr. Page stated that the mayor and the City Council should be trusted to allocate resources, however, we all know that politics can play a very destructive role in the budget process, particularly with independently elected officials and with entities that have independent oversight of the mayor's activities. The recent 50 percent cut to the public advocate's budget was a political act lacking any rational basis. The budget cut has seriously eroded the functioning of the office and is a disservice to the City of New York. Mr. Page may not be impressed with the IBO's reporting, but its baseline budget has kept it independent of the mayor and insured its existence. (Moreover, we believe the IBO has produced an excellent body of work that is more comprehensive than other City monitors.) Without the benefit of a baseline budget, there is no assurance that the current or future mayors will not effectively budget the borough presidents and the public advocate out of existence.

5. Baseline budgeting is a fair and transparent method for allocating resources to independently elected officials. By pegging the borough presidents' budgets to a baseline, their budgets will fall and rise as the baseline falls and rises. Instead of the steady decline in resources the borough presidents have suffered over the last 20 years, their budgets will, over time, track the baseline.

6. We urge the Commission to consider some of the positions stated by Mr. Page in the light of our comments below.

-Mr. Page stated that elected officials and independent agencies such as the Conflict of Interest Board should be required to justify their budget needs on an annual basis and bring their constituencies to bear on the political process. He also said that the borough presidents and the Conflict of Interest Board have considerable political support and have been very successful in protecting their budgets.

While this may sound reasonable on its face, the facts don't fit the statements. It is common knowledge among everyone in City government that the Conflict of Interest Board is woefully underfunded by any measure and operates on something less than a shoestring. It more than stretches the imagination to conclude that the COIB has been successful in their budget lobbying.

With respect to the budgets of the five borough presidents, every year the mayor proposes significant cuts. Thanks to the City Council, the mayoral cuts are usually restored in part or in whole on an actual dollar basis. However, inflation and mandated wage increases on top of any portion of the budget cuts that are not restored create an ever-shrinking budget pie for the borough presidents. For example, in the current fiscal year 2011, the City Council restored most of the cuts to the budget for the borough presidents that were

proposed by the Mayor. However, those restorations do not cover significant wage increases for management or union employees. This is one of the reasons the borough presidents' budgets have been reduced by more than 50 percent over the last twenty years. Now the borough presidents are at a point where their ability to execute their charter mandated duties are being challenged. How many more years of mayoral directed budget cuts will the borough presidents have to suffer before they cannot properly perform their duties?

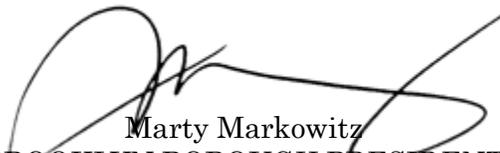
-Mr. Page stated that the basic goal of government is to allocate resources and, ironically, that is one of the major reasons it is so important to preserve the ability of the five borough presidents to represent their constituents. The allocation of resources does not stop after a capital or expense budget has been adopted. The primary job of the borough presidents is to oversee, comment on and advocate for the proper allocation of those resources in the boroughs on behalf of local communities. The actual provision of the services on the ground and the placement and construction of capital projects are just as important as the related line item in the city budget. Every year that our resources are reduced lessens our ability to represent our constituents in the constant battle for the proper allocation of City services and capital projects. As the ombudsmen for local communities, we can tell you that City agencies also benefit immeasurably from the role we play in the process. We save City agencies time and money in service programming and capital projects.

The Charter Revision Commission had an opportunity to explore this issue and spread more light on it. We do not think this was accomplished by providing an unfettered forum to opponents to attack the issue. We urge the Commission to revisit this subject in a forum where both sides of the issue can be discussed.

Sincerely,



Ruben Diaz Jr.
BRONX BOROUGH PRESIDENT



Marty Markowitz
BROOKLYN BOROUGH PRESIDENT