

**PATROLMEN'S  
BENEVOLENT  
ASSOCIATION**



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**Setting the Record Straight**

# Underestimated Revenues + Overestimated Expenses = Budgets Unfair to Police Officers

By PATRICK J. LYNCH

**W**hen the city argues that it would like to pay its police officers what they deserve but to do so would cause budget shortfalls, we should examine that budget and see if what the administration says is true. After all, the city has been claiming poverty for the better part of the last two decades when it comes to police-officer pay. The following is an analysis of our police officers' salary situation and the budget that its improvement would supposedly break.

For a time, the city maintained that it didn't have the money to pay its police officers fairly. And in part of that period, officers were denied a raise for 3 1/2 years. Now that the city is in its best financial situation ever, the mayor still refuses to provide a fair and decent wage to our officers, one that is comparable to police-officer salaries even in financially challenged cities like Jersey City, Elizabeth, Newark and Yonkers.

With record surpluses and current revenues exceeding current expenses by record margins, we ask, "If not now, when?"

## The Budget Process in Recent History

The mayor's responsibility to prepare the budget is accomplished through the Office of Management and Budget (OMB), which prepares and monitors both the budget and the four-year financial plans.

Since the 1970s fiscal crisis, the city has been required to maintain a balanced budget in accordance with generally accepted accounting principles. The cycle plays out over the fiscal year, from July 1 through June 30. The budget process typically proceeds this way:

- The first-quarter budget modification is released by November.
- The mayor submits a preliminary budget for the following fiscal year in January.
- The mayor proposes an Executive Budget to the City Council in April.
- The budget is adopted before July 1, the beginning of the new fiscal year.

This process has traditionally been a conservative undertaking. Hoping to keep



government-funding seekers at bay, the city typically underestimates revenues and overestimates expenses in its yearly forecasts. Similarly, out-year estimates, spelled out in four-year plans, are rarely on target. Yet these forecasts and estimates drive collective bargaining negotiations and are offered to arbitrators as "evidence" of the city's ability — or inability — to pay.

Let's look at the city's current financial situation and at OMB's past performance in forecasting the city's actual financial condition.

Thanks in part to the efforts of our officers and as a result of conservative tax-revenue forecasting, New York City has logged record revenues for several years now. In fact, over the last four years, the revenues included in the adopted budgets have been significantly under-forecast, resulting in billions of dollars being added to those budgets after they had been adopted. These increases have averaged more than 10% each year and have been used primarily to pre-pay future expenses, lowering the total funds needed in the years to come and making future surpluses more likely. Yet the City continues to show future years with budget gaps, continuing the cycle of underestimating revenues and insuring year-end record surpluses. In fact, for the city now not to show a future budget surplus, it would have to propose a financial plan with tax-revenue-shortfall forecasts unmatched in its history of tax collection.

Despite the sustained growth in revenues, the city now forecasts amounts for other-than-real-estate-tax revenues (the largest component) to be below fiscal 2007 for the next three years. This has never happened in New York City history. In fact, there have been only two years — one of them being the fateful calendar year of 2001 (the year of 9/11) — when this category has ever been lower than in the previous year. Clearly, this under-forecasting of revenues is how projected deficits morph into huge surpluses (see chart #1).

## Perpetual Budget Surpluses

Also, the city has been using current resources both to increase future revenues and reduce future expenses, but without recording such actions as part of the current-year surplus. Yet these actions achieve the exact result as the city's recorded surplus — they either prepay future expenses or increase future revenues. When recalculated to include these items in the surplus, the difference between this surplus and the doomsday deficit scenario the city projected seven months before the beginning of each fiscal year is astronomical, as evidenced by chart #2.

## Now Is the Time to Pay New York City Police Officers

New York City Police Officers have sacrificed for years with salaries well below market rate. The city's under-forecasting of revenues in the four-year plan ensures that the record billion-dollar surpluses will continue. Police officers have been working without a contract for the last three years, which also happen to be the years the city has enjoyed its three largest surpluses. If the city allocated just a tiny fraction of those surpluses to police officers, their salaries today could equal those of the surrounding areas.

The money's there. Pay our police officers a competitive salary.



## San Francisco: Crime Rates Increase, Police Salaries Take Quantum Leap

## New York City: Crime Rates Continue to Decrease, Police Salaries Remain Abysmally Low

What's wrong with this picture?

The San Francisco Board of Supervisors in June voted 10-1 to approve a city police contract that will give officers a deserved 25-percent pay raise over the next four years. This has happened in a city where violent crime is on the increase.

Before the approval, when supervisors expressed dissatisfaction with some of the SFPD's crime-fighting strategies, individual officers and union leaders urged that the bad crime news not be used as an excuse to underpay cops.

"Our officers are not responsible for the increased violence that is plaguing our city," Sgt. Lea Militello of the homicide unit told The San Francisco Chronicle. "They are not responsible for the increased homicide rate."

The supervisors ultimately agreed and approved an average pay raise of 6% a year over the contract's term. Now, get a load of these numbers:

Under the pact, an entry-level San Francisco police officer's salary would go from \$65,500 to \$70,733, and a top-level

officer's salary would increase from \$91,182 to \$94,829 in the first year.

And now for an argument familiar to struggling New York City police officers but with figures from another universe, the Chronicle reported:

"The increases are needed to keep pace with salaries in other Bay Area departments like Oakland and San Jose, said Micki Callahan, the city's principal negotiator."

Can you imagine what the salaries are in Oakland and San Jose? And can you imagine New York City making the same statement about how the increases are needed to keep pace with neighboring departments?

The Chronicle: "Gary Delagnes, president of the Police Officers Association, the union that represents rank-and-file officers, said officers need to be paid well so new recruits will 'come here and deal with the political climate that we deal with on a daily basis.'"

If that's true there, how much more so here?



# Police Commissioner Kelly knows why the NYPD doesn't have enough police officers.

*"...frankly, when you can go to another jurisdiction and make over \$100,000 after a few years, including the Port Authority right here in New York City, I think that is a pretty attractive salary for someone interested in law enforcement."*

**NYPD Police Commissioner Raymond W. Kelly before the NYC Council, March 21, 2007**

**Obey the Taylor Law.  
Pay NYC police a top pay that is competitive with other local police departments.**

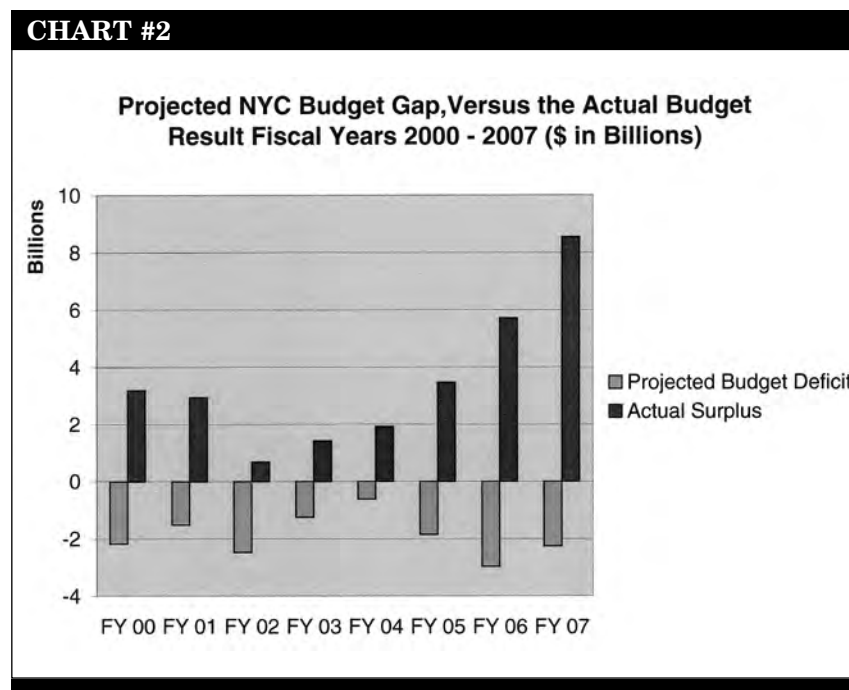
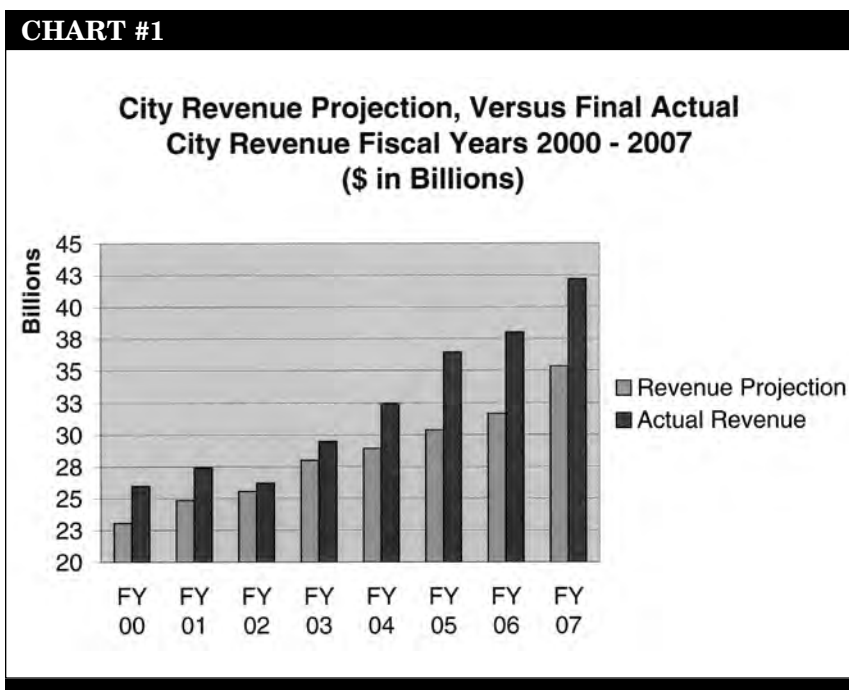
## Pay NYC Police Now.



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