

City Gets Some Labor Relief, Pushing Back Need for Major Layoffs

- By BOB HENNELLY
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City workers can breathe a sigh of relief that they will not be getting layoff notices before the Nov. 3 election, Mayor de Blasio said during his Oct. 14 press briefing.

For months he had warned that without concessions from the unions or additional borrowing capacity from Albany or Federal coronavirus-linked aid, up to 22,000 workers could lose their jobs.

UFT Deals Buys Time

The Mayor said the city gained "breathing room" from an Oct. 9 arbitrator's ruling allowing it to delay by nine months half of a \$900-million payment of retroactive money owed to United Federation of Teachers members under a 2014 wage contract.

"That provides us a lot of relief," he said while the city negotiates with "other unions on other savings, to continue to work obviously on stimulus from Washington and long-term borrowing in Albany."

But Mr. de Blasio cautioned that the city was "not out of the woods by any stretch of the imagination. We don't know what the election results are going to be. We need to find more savings from labor."

House Speaker Nancy Pelosi has made several efforts to jump-start negotiations for her \$2.2 trillion HEROES Act, which includes a half-billion dollars in direct aid to local, county and state governments but has been rebuffed by President Trump and Senate Majority Leader Mitch McConnell, who called such aid a "Blue-State" bailout.

According to Governor Cuomo, the state faces a \$50-billion budget shortfall over the next two years.

Betting Big on Election

Earlier this month, Mr. Cuomo told reporters he was deferring action on the budget crisis until after the election, counting on Democrats to win the White House and a majority in the U.S. Senate to ensure passage of stimulus relief by early next year.

Should President Trump win re-election and the GOP maintain its majority in the Senate, however, the Governor said the state would need to raise taxes, cut expenses and borrow to balance its budget, steps he believes would do "irreversible" damage to its economy.

Veteran political strategist George Arzt cautioned that the election may not produce such a clear result and said the state needs to be thinking about a contingency plan. Delays in getting definitive results "would be the worst of all worlds for New York City," he said. "All options are on the table for a city and state that are desperate for relief."

Restore Stock-Transfer Tax?

One proposal that appears to be gaining traction is the restoration of a tax on Wall Street stock transactions that was imposed by Albany in 1905 but was rebated to investors starting in 1981.

Assemblyman Phil Steck from Schenectady is leading the effort to resume collecting the tax, which he said could net up to \$19 billion a year.

"The tax is in sum and substance one quarter of one percent, it's nothing...and according to data from Tax and Finance it was \$1.6 billion in June alone," Mr. Steck said during a phone interview. "The present circumstances demand it...Teachers [outside of NYC] are being laid off...grant-based programs have been withheld. Upstate some of our education funding is all grant-based."

The bill has 43 other sponsors in the Assembly, and a companion measure has been introduced in the State Senate by James Sanders, who represents Queens.

Nobel-Winner's Support

At an Aug. 30 legislative panel held by Mr. Steck, Joseph Stiglitz, the Nobel Prize-winning Columbia University economist, endorsed the proposal.

"The rebate is an expenditure—you are taking tax revenue and giving it to the financial sector in a time of need," he said. "Is that the highest priority?"

Mr. Stiglitz testified that states and local governments "never recovered from the 2008-09 crisis" with public employment reduced since then even before the pandemic. "So, if we don't find a different source of revenue, we are looking at a devastation of the public sector at the state and local level that will have serious consequences," he said.

"The Democrats are waiting for Biden and they are expecting a big bail-out if Biden is elected, but it could take months...they need to do this now," said James Henry, an economist and international tax expert who testified at the forum.

The tax was also endorsed in recent days by State AFL-CIO President Mario Cilento, Municipal Labor Committee Chairman Harry Nespoli and Transport Workers Union of America President John Samuelson.

'Tap Into Their Boom'

"Wall Street and internet commerce has boomed, and it makes absolute sense to tap into their continued success," Mr. Samuelson said.

Mr. Nespoli, who is also president of the Uniformed Sanitationmen's Association, said of the economic crisis at a time when the coronavirus remains a concern, "I don't think the city will be in any better shape for at least two or three years."
