



DC 37 Outlines Impact on Jobs

Congressional Group Given Lesson in Contracting-Out

By DAVID SIMS

District Council 37 briefed members of New York's Congressional delegation Nov. 22 on the city's use of Federal funds to pay for private contracts, which union analysts said contributed to the layoff of 642 School Aides in October.

"We have \$10 billion worth of contracts, representing 18,000 individual deals, and over 2,000 of our workers have been laid off," DC 37 Executive Director Lillian Roberts said at the hearing, held at the union's headquarters. "It has to stop. Every single time there's a contract-out, our people are laid off...We felt that perhaps our Congressional delegation didn't know what was happening at home."

Siphoned School Money

U.S. Representatives Carolyn B. Maloney, Jerrold Nadler and Edolphus Towns were in attendance, along with City Comptroller John C. Liu and City Council Members Domenic Recchia, Letitia James and Darlene Mealy.

DC 37 Associate Director Henry Garrido in his testimony outlined several troublesome contracts that he said were funded with Federal stimulus dollars. "Federal funds allocated to New York City for social services and education have been used to export jobs to Turkey and India," he said.

"The city got a little over \$900 million in [education funding] this last fiscal year, but only \$585 million of the money received is actually going to schools," he continued. "Some of it is retained for the purpose of administrative expenses and for hiring consultants whose salaries would even make the 'one percent' flinch."

He pointed to the \$74 million paid over 5½ years to Future Technology Associates for various IT projects. In September, Special Commissioner for Investigation Richard J. Condon charged the company with submitting false documents and concealing its relationship with cheap overseas subcontractors.

"Future Technology Associates, ironically hired to build a check and balance financial management system in the City of New York, hired close to 220 consultants," Mr. Garrido said. "[It] exported work to India, and was paying workers \$11 an hour. We're paying them \$140 an hour. I think that's a crime and it needs to be addressed."

Paging Missing Call Centers

A \$380 million contract to Hewlett-Packard for the Emergency Communications Transformation Program is now massively over budget and has not produced either of the state-of-the-art call centers the city scheduled for completion in 2010.

“Two hundred million of that funding came directly from the U.S. Department of Homeland Security,” Mr. Garrido said. “Forty percent of GPS systems have yet to be installed. Most of them don’t work. This represents a real threat to safety.”

He also charged that the city had taken \$100 million in education funding meant for schoolchildren receiving speech therapy and physical therapy and directed it to charter schools. “I think this is a travesty, given that we’re laying off 642 of the lowest-paid workers in the Department of Education,” Mr. Garrido said.

A bill recently passed by the City Council will require cost-benefit analyses for contracts that might displace city workers. Although Mayor Bloomberg vetoed the bill, Speaker Christine Quinn has said the Council has the votes to override him.

‘Piggyback on Federal Contracts’

But DC 37 is seeking more Federal constraints against outsourcing. City rules do not apply to many contracts because “they piggyback on contracts from the Federal Government,” Mr. Garrido said. “A lot of the problems we’ve see, the contracts are actually Federal contracts.” Once the contract has been approved at one level, the same checks do not have to be made at local levels, he said.

Ms. Maloney, who helped found the Council’s Contracts Committee when she served there, said she had worked to allow unionized employees to retain their jobs.

“I remember when UNITE came to me when I was in Congress and their jobs were being taken away by prison workers, and I put in a bill saying let them compete for these jobs,” she said. “They won, on the merits of whether they were providing a good price for the public.”

She proposed that New York’s Congressional representatives hold oversight hearings in the city to try and move the issue forward. “A third of the state budget comes from the Federal Government,” she said. “We could look at some ways that we could coordinate Federal accountability with the state and local levels.”

Will Take Case Back to D.C.

She said she would try to take action in Washington as well. “I intend to form a contracts caucus so we can look at these questions, where our Federal dollars are going,” she said. “What I’ve learned today, really, is quite frankly emotionally upsetting to me.”

“What can we in Congress do, if anything, to affect the problem on the city level?” Mr. Nadler asked, saying he wanted to know where Congress should focus its legislative efforts.

He suggested that the Council give unions the right to contest contracts “on the grounds that a cost-benefit analysis has not been done,” saying that a legal recourse would speed up the appeals process. “Enable private enforcement, because otherwise you’re waiting for a city agency to enforce it, and they can ignore or evade it,” he said.

Mr. Liu, a close ally of DC 37’s who has been outspoken on contract scandals like CityTime and NYCAPS, said that the very structure of the private deals needed to be fixed. “High-paid consultants are contracted out on an hourly basis without clear deliverables. It does not do taxpayers any favors,” he said. “Then, another layer of consultants are hired to oversee what other consultants were already doing.”

A Need for Vigilance

He said that he was buoyed by the Bloomberg administration's recent moves to in-source some high-priced contracts, but castigated it for trying to quickly renew other high-priced IT contracts. "The administration is starting to get back on the right track, but obviously we have to keep a very close watch."

Ms. Roberts suggested one other route for the elected officials to take—help restore lost city jobs with the funds recouped from legal action against private contractors convicted of fraud. "As the monies are recouped, our people should be brought back to work," she said.