

**NEW YORK CITY COUNCIL
COMMITTEE ON FINANCE**

**Testimony of Assistant Commissioner Steve Rush
New York City Fire Department**

June 17, 2010

Introduction

Good afternoon Chairman Recchia and Council Members. Thank you for the opportunity to speak with you today regarding Intro 172, which proposes to repeal Local Law 41 of 2009, a law that the New York City Fire Department (FDNY) strongly supported this time last year as an important and much-needed revenue measure.

Local Law 41 of 2009 narrowed the category of organizations that are granted an exemption from FDNY inspection and permit fees. At the time of its approval by the Council -- as part of the Fiscal 2010 Budget -- we forecasted that this measure would generate an estimated \$3 million.

Given the City's financial condition, Local Law 41 has enabled the FDNY to achieve savings by recovering the costs of our services to these organizations. Our inspectors conduct mandated Fire Code inspections and issue permits that generate fees to cover the costs of these services. Our inspections significantly enhance fire safety in this City.

Charitable organizations are not legally entitled to an exemption from fees that are generally applicable to the public. The prior Administrative Code provision provided for favorable treatment of such organizations, many of which are large operations with many facilities that require the same inspections by the Fire Department that for-profit enterprises require. The elimination of that exemption results in such organizations being treated in the same manner as all other property owners, with the exception of houses of worship, attached clergy housing and K through 12 schools, which have remained eligible for the fee exemptions.

In cooperation with the Mayor's Office, last fall we held several meetings at City Hall with many of the affected groups who wanted more information about what the new law would mean for them. We have kept the lines of communication open with these groups over this year and did not impose any of the usual late fees or penalties for non-payment for the affected organizations in this first year of implementation.

The FDNY clearly recognizes and appreciates the critical role of the affected non-profits and schools, and the impact this policy revision may have on them. Nonetheless, the FDNY could no longer bear the cost of the waiver these institutions previously enjoyed given our mandate to achieve significant budget savings for the City. In light of

the financial challenges the City continues to face, reinstating this waiver is even more untenable.

Over the last several years, we have exhausted our options for cutting costs and generating revenue, forcing us to focus largely on operational cutbacks to meet even more significant budget reduction targets. As you know, we face the loss of 20 fire companies and 505 Firefighter positions and another 300 firefighter positions with a scale back in fire engine staffing. Not since the fiscal crisis of the 1970's have such measures even been discussed, much less seriously considered.

The City faces a dismal budget challenge for 2011 and beyond, and the State's continued delay in formulating its own budget makes our planning that much more uncertain.

Suffice it to say, we are not in favor of this bill, which would reverse the policy change enacted just last year to help meet our significant budget targets.

Thank you for your time. I would be happy to take your questions.



The Voice of the Human Services Community

**NEW YORK CITY COUNCIL
COMMITTEE ON FINANCE**

TESTIMONY IN SUPPORT OF INT. 172 of 2010

June 17, 2010

The Human Services Council of NYC (HSC) is extremely supportive of Int. 172, legislation to repeal Local Law 41 of 2009, regarding the charge of fire inspection fees on not-for-profit organizations.

About HSC

The Human Services Council of New York City (HSC) is an umbrella policy and advocacy organization for a network of over 160 not-for-profit human service federations, coalitions, advocacy groups, and direct service providers throughout New York City. As the coordinating body, HSC mobilizes these diverse groups to educate policy makers and the community on how budget and policy decisions affect New York City's social service providers and the poor and vulnerable individuals and families who depend on them for services. Our members provide community-based services including: alternatives to detention, child care, child welfare, early education, employment and training, domestic violence services, homeless shelter and prevention, supportive housing, health and mental hygiene, incarceration re-entry services, immigrant services, legal service, senior services, and youth services. These organizations partner with government through contracts to provide skilled, effective, and cost-efficient care in the neighborhoods they serve.

Repeal Fire Inspection Fees on Not-For-Profits

Charging not-for-profit human service providers for fire inspections has imposed a new significant fee and reduced the amount of funding they have to deliver essential services to the public. Unlike for-profit businesses, not-for-profits do not have profit margins they can reduce to pay for this additional cost. Any additional expenses must translate into a reduction in service. The economic crisis has worsened the situation for not-for-profits across the City. Organizations have suffered a loss of private dollars while also enduring numerous program cuts from the City and State. Yet the demand for services continues to grow during this recession, and government's workload and outcome requirements have not been reduced in correlation with reduced funding.

This is especially bad timing to add unfunded mandates to this critical sector, not-for-profits must once again be exempted from fire inspection fees. Human service not-for-profits in particular, are funded primarily with public funds. Thus, imposing this fee on not-for-profits creates an unfunded mandate that organizations will have to pay using money allocated to programs. Private donors make contributions expecting that it will be used to fund programs, and have expressed that they do not want their donations going to administrative costs and taxes. And since most government contracts also provide very little funding for administrative or overhead costs, not-for-profits are unsure of how they will pay this fee.

Increasing Overhead Costs

Recent administrative increases on not-for-profits for fire inspections on the City level as well as the MTA Payroll Tax and the pass through of health insurance costs from the assessment on insurers on the State level, have exacerbated the impact of revenue reductions. Additionally, contracts are not

adjusted to account for annual rises in costs and City appropriations had already been largely stagnant for years prior to the downturn. Human service providers are facing very real and difficult choices in order to meet these new mandates and cuts in funding such as:

- Staff layoffs
- Eliminating or reducing services
- Increased staff contribution for health insurance
- No internal cost-of-living adjustments on staff salaries
- Salary reductions
- Continued delay of capital improvements

Cost To Not-For-Profit Human Service Providers

The exact cost of Local Law 49 of 2009 on not-for-profit providers is difficult to determine because it is dependent on the size and number of sites the not-for-profit operates, frequency of inspections, and the varied costs for different kinds of inspections. Additionally, it is widely believed that the \$325 cost per inspection estimate which was provided at the time that the current law was adopted, was very conservative. However, based on that \$325 estimate, not-for-profit human service providers face costs from \$325 to tens of thousands per organization. The impact on these not-for-profits, and the administrative costs to both not-for-profits and the City, is not worth the few million in revenue that the City hoped to accomplish by imposing the fire inspection fees.

If you have any questions regarding this testimony, please contact Chris Winward, Senior Policy Analyst, at: winwardc@humanservicescouncil.org or (212) 836-1644.



THE COALITION FOR ASIAN AMERICAN CHILDREN AND FAMILIES

**NEW YORK CITY COUNCIL
COMMITTEE ON FINANCE**

TESTIMONY IN SUPPORT OF INT. 172 of 2010

June 17, 2010

My name is Wayne Ho, Executive Director of the Coalition for Asian American Children and Families (CACF). I would first like to thank Chair Domenic Recchia and the rest of the Finance Committee for this opportunity to share our concerns.

CACF is extremely supportive of Int. 172, legislation to *repeal* Local Law 41 of 2009, regarding the charge of fire inspection fees on non-profit organizations.

About CACF

The Coalition for Asian American Children and Families (CACF) is the nation's only pan-Asian children's advocacy organization. With a membership of over 45 community-focused and social service organizations serving thousands of individuals of different Asian ethnicities, CACF promotes better policies, funding, and services aimed to improve the health and well-being of Asian Pacific American children and families in New York City. CACF challenges stereotypes of Asian Pacific American as a "model minority" and advocates on behalf of the underserved families in our community, especially immigrants struggling with poverty and limited English skills.

Impact of Local Law 41 on Asian Pacific American Non-Profits

The Asian Pacific American community makes up 12% of New York City's population and struggles with high rates of poverty and linguistic isolation. However, our community receives less than 1% of the City's contract and foundation grant dollars. In addition, considering today's economic times, every dollar is important. Many services are already being threatened due to the budget cuts of tens of millions of dollars on various programs, such as preventive services and the Immigrant Opportunities Initiative. Local Law 41 places an unfunded mandate on non-profit organizations that are already struggling to sustain their programs and meet community needs.

As you may already know, failing to exempt the not-for-profit organizations from the fire inspection fees can result in many organizations needing to layoff staff and limit services to compensate for the increased overhead costs. Asian Pacific American organizations employ culturally competent and bilingual staff that are difficult to find and retain. These staff help organizations develop trusting relationships with community members. The lack of bilingual staff and the limitation of services may result in families having no other place to find the services they need in a language they speak.

Recommendation

All non-profit organizations must be exempt from this unfunded mandate imposed by Local Law 41. Social service non-profit organizations especially need to utilize their funds to sustain the integral services they provide to the community.

Hi, my name is David Rodriguez; I'm the facility manager for a not for profit shelter located on the lower east side of Manhattan and I'm writing this in protest of the City of New York for even considering a fee for inspecting the facility at 270 east 2nd street.

We are a not for profit shelter; who has had their budget cut nearly 60,000 dollars over the passed three years and the future does not look good for the shelter system.

The cost of repair to the fire system and cost we must pay to meet the necessary code changes are mounting well beyond our reach. We provide services for the disabled homeless population of the tri-state area; to meet the ever demanding needs of the people we care for is a difficult task; especially with the recent budget cuts.

I can only ask that you please reconsider the fee that you want to charge the shelters for the fire department inspections; I thank you in advance for any consideration in this matter.

David Rodriguez.

From: Michael Clark [mailto:mclark@npccny.org]
Sent: Monday, June 28, 2010 1:29 PM
To: Edwards, Tanisha
Subject: In Support of Council Bill 172

Dear Finance Committee:

I am writing on behalf of the Nonprofit Coordinating Committee of New York (NPCC) in support of Council Bill 172, which would repeal Local Law 41 of 2009. NPCC is an "umbrella" group, with nearly 1700 nonprofit 501(c)(3) organizations of all kinds as its members, that seeks to represent the interests of New York City metro area nonprofits on issues affecting the nonprofit sector as a whole. NPCC urges you to support this repeal.

We believe Local Law 41 was viewed as a temporary measure and it should be quickly repealed as it drains from affected nonprofits resources that would otherwise be used for public purposes. In particular, social service organizations are exceptionally strapped for funds and many are largely dependent on City funding that does not, to our knowledge, provide coverage for the fees being imposed. New York City has no tradition of imposing such fees and they are inconsistent with its historic support of a broad-based nonprofit sector that, in addition to providing key services, is one of the important engines for the City's economy.

Please act swiftly to pass Council Bill 172 and thus to repeal Local Law 41 of 2009.

Thank you for your consideration.

Michael E. Clark
President
Nonprofit Coordinating Committee of New York
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New York, New York 10018
Phone 212-502-4191 extension 23
Fax 212-502-4189
mclark@npccny.org

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

Name: Fred Hinkston (PLEASE PRINT)

Address: 123 2nd St., Ridgefield Park, N.J.

I represent: LaRouche PAC

Address: 325 So. River St., Hackensack, N.J. 07601

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 177 Res. No. _____

in favor in opposition

Date: _____

Name: Richard Brennan (PLEASE PRINT)

Address: FDNY Revenue

I represent: 9 Metrotech Center

Address: Brooklyn NY

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Appearance Card

I intend to appear and speak on Int. No. 177 Res. No. _____

in favor in opposition

Date: _____

Name: Chet Richard Tobin (PLEASE PRINT)

Address: FDNY Fire Prevention

I represent: 9 Metrotech Center

Address: Brooklyn NY

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
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Appearance Card

I intend to appear and speak on Int. No. 172 Res. No. _____
 in favor in opposition

Date: _____

Name: Chief Tom Jensen (PLEASE PRINT)
Address: FDNY Fire Prevention
I represent: 9 Metropolitan Center
Address: Brooklyn NY

Please complete this card and return to the Sergeant-at-Arms

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 172 Res. No. _____
 in favor in opposition

Date: _____

Name: Steve Rush (PLEASE PRINT)
Address: Assistant Commissioner
I represent: FDNY
Address: 9 Metropolitan Ctr Bklyn NY

Please complete this card and return to the Sergeant-at-Arms