OPTION:

Co-Locate New Charter Schools Within Department of Education Buildings

Savings: $14 million in the first year

Under the Bloomberg Administration, the city aggressively sought to use space in underutilized Department of Education (DOE) buildings to house newly approved charter schools. This process of co-location has slowed in recent years, even as each year brings a new crop of charter school openings. In the six years from 2009 through 2014, 76 charters were placed in existing DOE buildings, an average of more than 12 a year. In 2015, nine charters were newly co-located, a number that includes placement decisions made in the waning days of the Bloomberg Administration. Co-location has declined further since then, with two charters placed in DOE buildings in 2016 and seven in the current year.

This does not mean that the city is not supporting the facility needs of new charter schools. Under a state law passed in 2014, the city is required to pay rental assistance to any new or expanding charter that seeks placement in a DOE building and is denied that placement by the city. Under the law, the city must reimburse the charter for its lease costs, but the payment is capped at 20 percent of the basic tuition payment to charter schools. That translates to $2,805 per student in lease aid in the current year. Lease costs for charter schools that the city chooses not to co-locate in DOE space is reflected in the city's budget. For 2017, the adopted budget includes $40.3 million for charter school lease payments, up from $27.0 million in fiscal year 2016 and $10.2 million in fiscal year 2015, the first year the law was in effect. The first $40 million of aggregate lease expenses are borne by city funding alone. Once the DOE incurs $40 million in lease payments for charter schools in non-DOE facilities, it is eligible for reimbursement by the state of up to 60 percent of approved costs over the initial $40 million; approved costs are subject to state law, and may not necessarily include all of the expenditures made by the DOE.

Charter school advocates and the DOE disagree over the extent to which there is space available in DOE buildings to house these charters. With 40 percent of DOE students in buildings that are overcrowded, it is clear that the DOE faces space constraints in many areas of the city. At the same time, there are 101 DOE buildings with utilization rates less than or equal to 70 percent. Under this option, the DOE would return to primarily using available space in existing DOE buildings to house new charters.

Proponents might argue that the DOE could find suitable space in DOE buildings for these charter schools and avoid the growing cost of charter school leases. In the past, the city has been able to accommodate co-located schools—not only charter schools but also multiple DOE schools in the same building. Data indicates that the over 500 buildings with existing co-locations have lower utilization rates than buildings with single schools, indicating that co-location can occur without exacerbating overcrowding. Finally, they might argue that the money spent on these leases could be better used to augment services to students.

Opponents might argue that past co-locations have disrupted routines in schools, with conflicts arising over the use of shared facilities. They might also point to lost opportunities to provide additional services in underutilized buildings that could potentially attract more students. They might also say that as the city's population continues to grow, these open seats should be held for potential growth in DOE enrollment. Finally, they might argue that while not insignificant, the $40 million for leases is a small part of the $1.7 billion that currently flows through the DOE's budget to charters.

OPTION:

Divert an Additional 10 Percent of Paratransit Trips to Taxis

Savings: $13 million annually

The federal Americans with Disabilities Act of 1990 mandates that transit agencies provide "comparable" paratransit service to individuals who are unable to use regular public transportation. New York City's paratransit program—Access-a-Ride—is administered by NYC Transit, which is the part of the Metropolitan Transportation Authority responsible for subway and bus service in the city. Under the terms of an agreement between the city and NYC Transit, the city pays one-third of paratransit net operating expenses, after subtracting out fare revenues, tax revenues dedicated to paratransit, and the program's administrative expenses. In addition, the year-to-year increase in the city subsidy is capped at 20 percent. For many years rising expenses resulted in annual subsidy increases that were capped at 20 percent, but more recently the year-over-year changes in the subsidy have been very small or even negative. Assuming this trend continues, each reduction in expenses will lead to an equivalent reduction in the city subsidy.

Access-a-Ride contracts with private transportation companies to deliver paratransit services. Conventional paratransit consists of dedicated wheelchair-accessible vehicles. NYC Transit also uses taxis and livery cars and has found that they can in many cases transport passengers at a lower cost. In 2015 just 4 percent of medallion taxis, 17 percent of green taxis, and a negligible share of livery cars were wheelchair accessible. The TLC provides some financial incentives for owners to use accessible vehicles, and has sold some yellow cab medallions and green taxi permits that are only valid for accessible vehicles. At the same time, however, around 80 percent of current Access-a-Ride users do not require a wheelchair, and can potentially travel in a non-accessible vehicle.

Currently, around 70 percent of Access-a-Ride trips are made on dedicated paratransit vehicles, at an average cost per ride of around $68. The remaining 30 percent of trips are made using taxi and livery vehicles, at an average price per ride of about $26. NYC Transit pays providers by the hour, not by the trip, and at the margin there may not be significant savings from diverting one trip to a taxi or livery car. For example, a dedicated Access-a-Ride vehicle that is already making a trip can pick up and discharge an additional passenger along the same route for an additional cost close to zero. However, moving a larger share of paratransit service to taxi and livery vehicles can provide substantial savings. Assuming conservatively that the marginal savings per ride is half of the average per ride savings, IBO estimates that diverting an additional 10 percent of paratransit trips (a little over 600,000 trips annually) to taxis and livery vehicles would lower costs by $13 million, and therefore reduce the city subsidy by an equivalent amount.

Proponents might argue that that for most paratransit users, taxis and livery vehicles can provide equivalent or even superior service compared with a dedicated vehicle. Taxis and livery cars are available in much greater numbers than dedicated vehicles, and can easily switch back and forth between regular and paratransit service. Giving taxis and livery cars a greater share of the paratransit market would help a sector that has seen the demand for its services decline due to apps such as Uber and Lyft.

Opponents might argue that although most paratransit users do not require a wheelchair, many do need some extra help getting between the street and building entrances, as well as carrying packages. Dedicated paratransit drivers are expected to provide these services, whereas taxi and livery drivers are not. In general, taxi and livery drivers are not always prepared to meet the challenges of transporting passengers with disabilities.

OPTION:

Replace Selected MTA Bus Company Service With Street Hail Liveries (Green Taxis)

Savings: $20 million annually

The MTA Bus Company (MTA Bus) was created in 2004 as a subsidiary of the Metropolitan Transportation Authority (MTA), the public authority responsible for providing subway and bus service within New York City, and commuter rail service into the city. MTA Bus operates local bus service, mostly in the borough of Queens, and express service to and from Manhattan. This bus service was formerly operated by private companies under franchise agreements with New York City. The companies received subsidies administered through the city's Department of Transportation (DOT). The MTA agreed to take over the bus routes under the condition that the city would reimburse the MTA for operating expenses net of fare revenues and certain other subsidies. The cost to the city of reimbursing the MTA has grown steadily over time, reaching $399 million in 2015. MTA Bus reported operating expenses of $641 million in 2014, equivalent to $207.33 per vehicle revenue hour (the cost of maintaining one bus in service for one hour). This figure is similar to the $213.88 cost per vehicle revenue hour for New York City Transit buses

This option would reduce the city's reimbursement to MTA Bus by instituting a pilot project that would replace service on lightly traveled local bus runs in Queens with taxi service. In conjunction with the MTA, the city would identify 10 percent of bus runs with low passenger counts that could be replaced with taxis that agree to "cruise" the pilot routes. After accounting for administrative costs, including possible payments to both the MTA and taxi owners or operators as an inducement to participate in the pilot, IBO's conservative estimate is that the city could reduce its subsidy payment to the MTA by $20 million per year.

Specially marked street hail liveries (better-known as green taxis) would pick up and drop off passengers at stops along the bus route, for a cash fare equivalent to the undiscounted subway and bus fare, currently $2.75 per passenger. Taxis could pick up and discharge multiple passengers along the route, as long as the normal capacity of the vehicle were not exceeded. The fares would go to the driver and taxi owner, not the MTA. Incorporating the MetroCard fare system into taxis would be prohibitively expensive. However, as the MTA moves to new payment systems that use dedicated "smart cards" or bank cards, the payments to taxis could be integrated into the MTA fare system. Until that transition takes place, taxis could partially compensate riders by issuing paper transfers valid for a free bus ride.

According to the city's Taxi and Limousine Commission, the average gross fare revenue per hour (excluding tips) for green taxis was $20.63 in 2015. Assuming that tips bring the total up to $25, the driver of a green taxi would need to transport 10 passengers per hour along the bus route at the $2.75 fare to exceed the current average fare revenue.

Proponents might argue that replacing buses with taxis on lightly traveled runs represents a more efficient use of public resources. With taxis, service can be provided more frequently, and the hours of service extended. The city's green taxis have been hit hard by the rise of services such as Uber and Lyft, and the proposed pilot would give them a new and important role to play in the transportation system.

Opponents might argue that the inability to pay with a MetroCard penalizes riders, particularly those with unlimited MetroCards who would be charged a cash fare when the trip would otherwise be covered with their unlimited card. In addition, some users may prefer riding a bus to sharing a taxi with strangers. Others might argue that this change could lead to job losses for the MTA employees currently staffing these bus lines.

OPTION:

Use E-Learning When High School Teachers Are Absent for Just a Few Days

Savings: $9 million annually

Under this option, high schools with a teacher who is absent fewer than three consecutive days would no longer use per diem substitutes but rather assign students an "e-learning" period for the affected class session. Use of per diem substitutes would decline, producing savings for the education department. While teachers from the absent teacher reserve pool are used for longer-term absences, schools continue to use and pay for per-diem substitutes for short-term and unplanned absences. In the 2015 school year, high school budgets included a total of $23.7 million for per-diem teacher absence coverage, $15.5 million of which was funded with city funds.

Over the course of the 2015 school year, teachers in city high schools missed a total of 96,000 school days due to absences of three days or less. Such short-term absences account for 97 percent of all classroom teacher absences; 84 percent of absences were for a single day. Currently, the Department of Education is required to cover every teacher absence with an appropriate substitute. Under this option, rather than a school calling in substitutes who are paid on a per diem basis, students would instead be directed to online assignments. Online lessons during teacher absences would ideally be related to the current class syllabus, credit recovery, or extra credit. The material could also be a way to improve software and programming skills. Implementation would probably require collective bargaining with the teachers union.

If this option were fully implemented, the only high school per diem substitutes needed would be those engaged for a full term. Based on a per diem rate of $155 per day, the total cost of covering one-, two-, and three-day absences in high schools was $17.4 million. We estimate that up to half of the savings associated with eliminating these hires would be offset by costs for technology such as connectivity, broadband/bandwidth requirements, software licensing, and hardware. Given that there is much to learn about the effectiveness of such instructional material and the logistics of having students using it on a regular basis, the program could be run as a pilot in a subset of high schools to gain experience and assess its viability. If the option were implemented as a pilot, the estimated savings would be lower.

Proponents might argue that online learning is effective and flexible for instruction in many subjecs. Moreover, given that in many cases of unanticipated short-term absences, there are few lesson plans available for substitutes to use in preparing to teach a class on short notice, the e-learning alternative may be pedagogically equal or even superior. Providing a choice of online learning topics might increase student satisfaction, attention, participation, and attendance. Schools would not have to worry about getting substitutes to come in to cover unscheduled absences, reducing stress on school administrators and other school staff who scramble to work out class coverage. Independent e-learning can also teach students life skills such as time management.

Opponents might argue that that the logistics of such a policy would have to be well thought out. Schools would need a monitored common space or other appropriate setting to implement independent e-learning. There could also be collateral costs to maintain infrastructure to support e-learning over the longer term. Finally, the need to ensure student safety and attendance would likely require assigning school staff to the e-learning space, which could leave other school functions short-staffed.

OPTION:

Consolidate Federal and State Primary Elections

Savings: $10 million in even-numbered years

Prior to 2012, primary elections in New York State for both state and federal offices were held in September of even-numbered years. But a federal judge ruled in 2012 that New York State's scheduling of its Congressional primaries in September did not leave enough time to get absentee ballots to military personnel overseas before the general election in November. All federal primaries in New York State were therefore moved up to June, but elected officials in Albany have thus far refused calls to shift primaries for state offices to June as well.

As a result, New York City is now required to cover the cost of staging primary elections in both June and September of even-numbered years. In staging an election, the main costs to the city's Board of Elections—which is funded from the city's budget but outside the city's control—are per diem payments to poll workers, printing ballots, and transporting equipment to and from polling sites across the city

The cost of primary elections varies based on the number of federal and state offices with contested primaries; the Board of Elections estimates that the cost of holding the June 2016 federal and September 2016 state primary elections was about $9 million and $11 million, respectively. There are also police overtime costs associated with elections, with the most recent figures available from the police department indicating that these costs average about $450,000 per primary election.

To implement this option the city would need the New York State Legislature to shift the biennial state primaries to the same dates as the federal primaries. This would allow the city to save about $10 million every other year.

Proponents might argue that the staging of state and federal primaries on separate dates every two years is wasteful. They might also argue that expecting voters to trek to the polls for multiple primaries in the same year is unrealistic. This is particularly true in even-numbered years, which are also presidential election years, when yet another primary is held in the spring.

Opponents might argue that holding primaries for state legislative offices in June would be unfair to those incumbents facing primary challenges because the Legislature usually remains in session in Albany until near the end of that month. Incumbents facing primary challenges would therefore be at a disadvantage because they would have little time to campaign in their districts.

OPTION:

Repeal the New York City Sales Tax Exemption On Interior Decorating and Design Services

Revenue: $20 million annually

Unlike other localities in New York State and the state itself, New York City exempts the interior design services industry from the sales tax. The definition of decorating and design services includes the preparation of layout drawings, furniture arranging, staging, lighting and sound design, and interior floral design. The decorating and design industry is highly concentrated in the city, with annual sales totaling $720 million in 2015, more than half (55 percent) of sales in the state as a whole. By way of comparison, 48 percent of all sales tax collections statewide in 2015 were attributable to sales in New York City.

Opportunities for businesses to assign the interior decorating and design services performed in the rest of the state to the city might contribute to the industry's concentration in the city. New York State Department of Taxation and Finance guidelines state that the geographical location of the services' delivery determines the sales tax rate to be applied. For example, an owner of a second home in Washington County, which levies a 3 percent sales tax on interior design services, can hire a design firm in the same county to develop plans for that home and yet avoid the local tax if the firm mails the plans to the owner's home or office in New York City.

Using detailed industry-level data on New York State's sales tax collections both within and outside the city, IBO estimates that repealing the city sales tax exemption for interior design services could add $20 million in revenue to the city budget annually. This estimate is conservative, because it incorporates both a decline in the volume of decorating services rendered in New York City and a drop in the volume of services actually performed outside the city but currently reported as within the five boroughs in response to the differences in tax rates.

Repealing the tax exemption for interior decorating services would require approval from the New York State Legislature.

Proponents might argue that by making the city's taxation of interior design services conform to the tax treatment elsewhere in the state, repealing this exemption would simplify the tax code, reducing compliance costs for both businesses and taxing authorities. They could also point out that services such as painting and repair of real property (but not capital improvements) that involve some aspects of interior decorating services are currently subject to sales tax. As a result, applying the sales tax to interior decorating services would reduce opportunities for tax avoidance.

Opponents might argue that taxing interior design services, which are often an input for other goods and services rather than a final product, is economically inefficient. New York City may lose some firms currently registered within the city due to the exemption. The repeal may also negatively affect consumer expenditures on taxable goods and services such as furniture, fixtures, and floral arrangements that are frequently purchased as part of projects involving interior design work, therefore, reducing the sales tax base.

OPTION:

Increase Fines for Drivers Who Receive Repeated Speed and Red-Light Camera Violations

Revenue: $5 million annually

New York City gave out just over 1.7 million tickets for speed and red-light camera violations to around 1.2 million drivers (as measured by unique license plates) in fiscal year 2016. That same year the city received $85 million in speed and red-light camera ticket revenue. While the majority of penalized drivers received only one ticket during the year, a small group of drivers received multiple tickets for the same offense. For example, of the nearly 800,000 drivers who received speed camera tickets—issued for speeding within a quarter mile of a school zone—nearly a third received more than one. A smaller share (13 percent) of the roughly 400,000 drivers who were photographed failing to stop at a red light received more than one ticket for doing so.

Tickets for speed and red-light camera violations carry $50 fines. Unlike many other fines given out by the city—especially those meant to discourage behavior that impacts New Yorkers' health and safety—these fines do not increase after multiple offenses. For example, repeat violations of the same building code within three years trigger "aggravated penalties" that are most often more than twice the initial penalty. Similarly, the state increases fines for drivers who repeatedly text while driving; the maximum fine is $200 for the first offense, $250 for the second offense, and then $450 for the third and any subsequent offenses within 18 months.

If the city were to increase the fines for multiple speed and red-light camera tickets in the same year—for example $100 for the second offense, $200 for the third, and $400 for the fourth and each subsequent offense—the city could increase revenue from speed and red-light camera fines by about $5 million annually. This estimate assumes that in response to the increase in fines, some drivers will change their behavior, reducing the number of multiple violations by roughly a third. It also assumes that about 25 percent of the fines would go uncollected in any given year. This option requires changes to the state laws governing New York City's speed and red-light cameras.

Proponents might argue that the city has prioritized traffic safety through its Vision Zero initiative and that the increase in the number of speed and red-light cameras has been a critical part of the program. A driver who receives multiple tickets for the same offense in one year is likely to be a more careless and dangerous driver than one who receives a single ticket. Higher fines for repeat violators can reduce the total number of violations without more harshly penalizing other drivers. Additionally, graduated fines do not create an administrative burden as the city already compiles electronic databases of tickets and could easily use license plate data to assign higher fines to repeat offenders.

Opponents might argue that increasing fines for multiple speed and red-light camera ticket violations unfairly targets certain parts of the city's population, specifically those who live or work near schools and areas targeted for red-light cameras. Moreover, increasing fines would have a disproportionate impact on low-income households. Lastly, research on the impact of financial penalties on driver behavior is mixed and it is not certain that higher fines for repeat offenders would result in substantially fewer violations.

OPTION:

Modify License Fees and Increase Regulations for Sightseeing Buses

Revenue: $2 million annually

The sightseeing bus industry has grown rapidly in the last decade. There are currently eight bus companies with a total of 234 buses operating in in New York City. In 2003 just 57 buses provided sightseeing tours. Despite their contribution to the tourism industry, their hop-on hop-off service and large size pose inconveniences. Local policymakers, as well as city residents, have complained about excessive congestion, pollution, and accidents caused by these buses, as well as too-frequent violations of traffic laws.

This option would modify the fees for sightseeing bus licenses from a flat, per bus fee to include a variable component that takes into account their level of activity as a proxy for their impact. It is modeled after fees for intercity buses. The fee for intercity buses, which are similar in size and create similar concerns in terms of congestion and violation of traffic laws, depends on the number of destinations the buses stop at each week. Currently, sightseeing buses make stops at from 30 to 50 destinations in the city. The new pricing system would maintain the current average of a $70 fee per bus per year, which would cover up to 30 bus destinations. There would also be a premium of $10 dollars for each additional stop after 30 stops, up to a maximum fee per bus of $275 a year—the same $275 maximum established under state law for intercity buses.

The second aspect of the option gives the Department of Transportation (DOT) additional regulatory authority over sightseeing buses. Again this would be modeled after intercity bus policy. In 2013, the City Council passed legislation that allowed DOT to create regulations specifically for intercity buses. In fiscal year 2016, there were 2,401 violations of these rules, of which 1,084 were violations that increase with the level of activity, such as unauthorized passenger pick up/discharge or stopping or standing in locations other than when actively engaged in the pick up or discharge of passengers. (The remaining violations were for failure to display permits or identification.) Based on the greater number of stops made by sightseeing buses relative to intercity buses, IBO estimates that applying similar rules for sightseeing buses could give rise to more than 4,000 violations a year. Assuming a 75 percent annual collection rate for fines associated with these violations, these additional regulations coupled with the new fee system could generate annual revenue of nearly $2 million. This option would require City Council legislation.

Proponents might argue that additional regulations would encourage more responsible driving behavior and control excessive congestion, especially in places where multiple buses stop for extended periods of time. Others might argue that a variable price system dependent on the number of stops is a fairer measure than a fixed rate, as tour companies with more stops create an additional burden for the city. Finally, they might argue that regulations similar to those governing intercity buses are a better alternative than establishing an arbitrary cap on the number of sightseeing buses, as has been proposed in the past.

Opponents might argue that sightseeing buses are key to the city's tourism industry and additional regulations coupled with higher fees would raise the cost of entering the industry, thereby benefiting larger players and limiting competition. Others might argue that higher costs might discourage the inclusion of less traditional points of interest and contribute to the congestion of more traditional ones. Finally, they might argue that creating more regulations would require increased enforcement, offsetting some of the additional revenue.

OPTION:

Start Fining Drivers for Idling Violations Without Warnings

Revenue: $1 million annually

New York City has some of the highest rates of asthma in the country and air pollution is a known risk factor for the condition. Reducing air pollutant emissions from vehicles and using fuel more efficiently are important goals for the city. But as an active, growing city, New York depends on cars and trucks to keep the city functioning. Yet vehicles parked with their engines running are emitting dangerous pollutants and are a substantial contributor to local air pollution in the city and pose risks to public health, particularly when idling occurs near schools or health facilities. Other than during very cold weather, there is usually no necessity to keep a vehicle running while parked.

The city currently has two laws that impose penalties for excessive idling of motor vehicles 1) traffic rules promulgated by the Department of Transportation and enforced by police department traffic enforcement agents, and 2) the city's air pollution control code, which is enforced by the Department of Environmental Protection (DEP). According to both regulations, no vehicle may idle for more than three minutes while parked, standing, or stopping, excepting emergency vehicles and vehicles that use the engine to operate another device. If the vehicle is in front of a school, the time limit is reduced to one minute. Currently, traffic enforcement agents who find cars idling ask drivers to turn off their engines twice before issuing tickets, which resulted in 3,284 violations in fiscal year 2016. These agents issue a $100 parking summons or a criminal summons. Alternatively, DEP agents respond to idling complaints and monitor select areas where idling is an issue. These agents can issue notices of violations that are adjudicated through the city's Environmental Control Board with penalties ranging from $200 to $2,000 per violation, although in 2015 the average penalty was $441.

This option would iinstruct traffic enforcement agents to no longer give drivers warnings before issuing a ticket and for DEP to be more aggressive in looking for idling drivers and in responding to complaints. IBO estimates that using existing resources, traffic enforcement agents could issue many more tickets to raise an additional $985,000, while DEP agents could raise an additional $80,000 through increased enforcement, resulting in just over $1 million in new revenue. This total takes into account that about 25 percent of the penalties typically go uncollected in any given year. These actions would require only a change in enforcement policy from DEP and the police department.

Proponents might argue that asking drivers to turn off their engines has not meaningfully reduced the amount of idling that occurs and more aggressive enforcement will cause many drivers to turn off their vehicles when stopped. More vigorous enforcement will decrease the amount of air pollution in New York City, improving public health and fuel efficiency for drivers.

Opponents might argue that drivers will be upset about being ticketed without warning, which could reduce trust between law enforcement and citizens, while the difficult-to-prove nature of the infraction could increase administrative burdens as drivers contest citations, offsetting some of the new revenue. They might say this policy encourages drivers to circle the block instead, especially in the winter to keep the vehicle warm, which would actually increase air pollution. They might also point out that if the policy is successful and drivers no longer idle their vehicles, the new revenue stream from fines would diminish in future years.