

## As Federal Aid Drops, City's Cost for Policing Public Housing Climbs

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Before the merger of the city's three police forces, residents in New York City Housing Authority (NYCHA) developments were served by a separate housing police force funded by the housing authority. Since the 1995 merger, however, NYCHA has paid the city to provide police services to the nearly 420,000 New Yorkers who live in public housing.

In recent years, however, federal reductions in funding for public housing—including the recent elimination of the Public Housing Drug Elimination Program, a grant used to support a range of public safety initiatives—have led NYCHA to reduce its overall payment to the city. At the same time, the costs of providing the police services have grown. As a result, the gap between the full NYCHA payment and the cost of service provision—which the city covers—has risen almost seven-fold, from \$7.3 million in 1999 to a projected \$49.4 million in 2004. The reduction in the NYCHA payment has been partially offset by the effective elimination of the city's operating subsidy to the housing authority, but even at its 2001 peak of \$34 million, the subsidy was never as high as the existing gap.

*Police Funding Reflects Historical Relationship.* In 1995, the Housing Authority Police Department was merged into the New York Police Department (NYPD). According to the Giuliani Administration, which completed the merger sought by previous Mayors as well, doing so allowed for more efficient decision-making processes, better tracking of criminal activity, coordinated prevention programs, and reduced duplicative police responses and paperwork.

NYCHA's contribution to police services is based on historical spending levels. Before the merger, NYCHA was spending about \$58 million a year on its police services. At the time of the merger, NYCHA and the NYPD entered into a Memorandum of Understanding requiring NYCHA to make this same annual payment to the NYPD, adjusted for inflation. Any additional expenditure must be covered by the city. By 2003, NYCHA's payment was \$88.1 million.

NYCHA has traditionally drawn on two primary revenue sources to pay the city for police services—the federal Public Housing Operating Fund, and the Public Housing Drug Elimination Program, a \$310 million (nationwide) grant which provided public housing authorities with relatively unrestricted funding for reimbursement of local law enforcement agencies, drug prevention and treatment programs, and tenant-operated security initiatives. However, in federal fiscal year 2002 Congress and the Bush Administration eliminated funding for the Public Housing Drug Elimination Program. The loss of the drug elimination program grant cost NYCHA \$35 million per year.

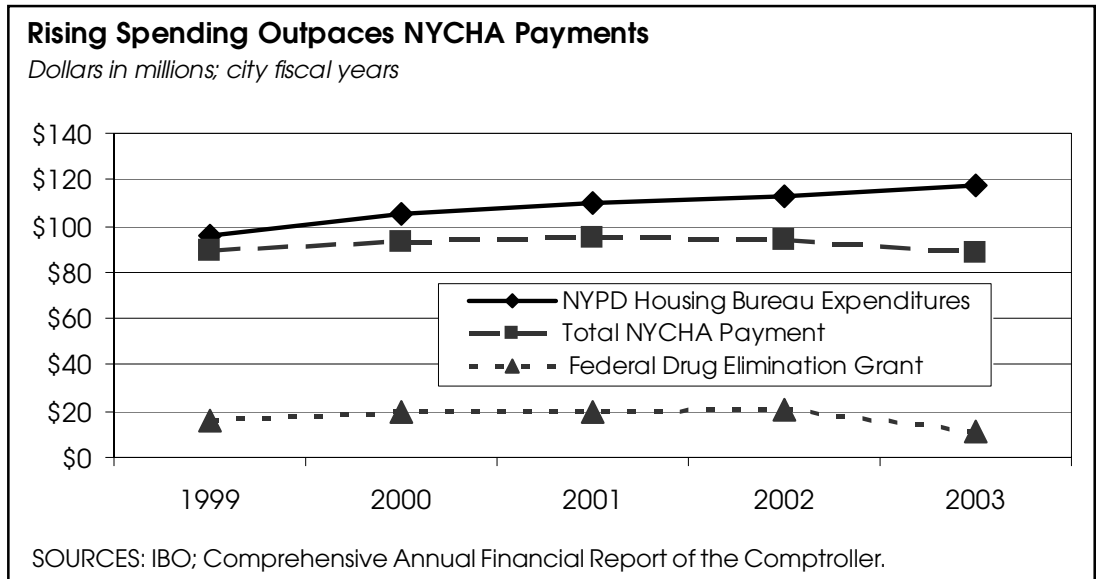
**Scarce Funds Lead to a Growing Funding Gap.** In 2003, the city spent \$117.6 million to provide police services in NYCHA developments—\$29.4 million more than it received from the housing authority. Police personnel costs have risen steadily over the last five years. The basic NYCHA payment, as determined by the Memorandum of Understanding agreed to as part of the merger, has also risen, but not as quickly. In addition, NYCHA no longer has drug elimination program funds to transfer to the city to cover police costs. Some funds not spent in previous years were available through city fiscal year 2003, during which the NYPD received about \$10.9 million in drug elimination program funding through NYCHA. The NYPD added \$7.9 million in city funds to bring total funding for police services under the drug elimination program line to \$18.7 million, just under the amount received through NYCHA in recent years. In 2004, the NYPD is using \$19 million in city funds to replace the drug elimination program funding from NYCHA. As a result, the expected gap between the cost of providing police services and the payment received from NYCHA is \$49.4 million in 2004.

In many respects, this estimate of the NYCHA police costs paid for by the city understates the actual cost of providing the services. First, it does not include health insurance and pension costs for police officers. These fringe benefits typically add at least 30 percent to salary expenditures. Second, the figures above do not include any costs other than personnel. The city is paying for all the equipment needs of the officers at the NYCHA developments. Finally, all police officers are currently working off an expired contract. When a new—potentially retroactive—contract is signed, the cost to the city of providing police services at NYCHA buildings will go up further.

**Cost Partially Offset.** Viewed in a broader context, however, New York City’s increased spending on policing NYCHA developments has been offset—at least in part—by the elimination of the city’s subsidy for NYCHA. The city has traditionally subsidized NYCHA’s operating budget—at its peak in 2001, this subsidy was \$34.1 million.<sup>1</sup> As part of the budget cutting process in recent years, the city has reduced its

subsidy to NYCHA, and in 2004, it has been effectively eliminated.<sup>2</sup> In effect, this general-purpose subsidy from the city to NYCHA has been replaced—and actually exceeded—by the growing city expenditures for policing the NYCHA developments.

While the costs to the city may have grown, the administrative benefits envisioned from the merger appear to have taken place. In 1995, NYCHA had roughly 2,700 uniformed police officers, while a year later the Housing Bureau had about 2,000 officers. Housing Bureau staffing has remained relatively constant since 1997 at between 1,800 and 1,900 officers. Because the merger was intended to reduce duplication of services, some of the NYCHA uniformed officers were redeployed to work in other divisions. In addition, most housing authority detectives were moved to NYPD detective operations, rather than to the Housing Bureau.



Moreover, the drop in crime in housing projects has mirrored citywide trends. Since the merger, violent crimes have fallen 44 percent in NYCHA developments and 48 percent citywide.

**Public Housing Drug Elimination Program.** Until funding was eliminated in the 2002 federal budget, NYCHA consistently received \$35 million annually in drug elimination program grant funds. Of this total, just under \$20 million, or 57 percent, was used to reimburse the NYPD for police services. The NYPD used the funds to support two primary programs—an anti-graffiti initiative through which 15 officers tracked and monitored graffiti (five of these officers were city-funded), and Operation Safe Home, which assigned teams of officers to patrol the interiors of developments. The remaining

drug elimination program funds were used to support a variety of NYCHA tenant programs, ranging from Summer Youth Employment, to anti-narcotics special investigation, to gymnastics and scouting.

The NYPD will continue to provide the services formerly funded through the drug elimination program, but because the department is no longer bound by the restrictions of the grant, it is free to change the way the programs are implemented. For example, under Operation Safe Home, officers were assigned to specific developments. Now officers will be deployed at the department's discretion, based on crime trends. The NYPD hopes that this flexibility will allow it to be more responsive to localized spikes in criminal behavior, although others have suggested that having officers who are well-acquainted with particular developments improves their effectiveness and reduces tension between police and residents.

In calendar year 2004, NYCHA is using its general funds to support some of the programs that were paid for with drug elimination program money, but others, such as sports programs, and some initiatives to combat vandalism, are being substantially cut or eliminated. Furthermore, the loss of the drug elimination program funds is part of a larger reduction in NYCHA operating funds, including cuts to the general federal operating subsidy and elimination of the general-purpose city subsidy for NYCHA. As a result, NYCHA is facing a \$303 million gap in its \$2.4 billion budget for this calendar year. As the housing authority makes cuts to address its larger budget gap, it could further affect the programs formerly funded by the drug elimination program, and now paid for with general NYCHA funds.

*Written by Molly Wasow Park with Bernard O'Brien*

#### **END NOTES**

<sup>1</sup> Net of \$5 million paid in 2001 toward the 2002 subsidy payment.

<sup>2</sup> Various City Council members have allocated a total of \$34,000 for NYCHA programs.