

Newsday uncovers NYC tax, billing mess

PC used to examine 17M record dbase

Shay Wessol
MICAR

New York City resident Ellen Wolosh probably thought the city was joking when, in October 1990, they sent her a letter stating she had used about 1,377 gallons of water per day.

Then she received the bill — totaling \$1,677 for the month.

David Blake, who owns a small pharmacy in East Harlem, was forced to pay \$7,635 in property fees he didn't owe, so the city wouldn't take his building.

New York Newsday in-

vestigative reporter Penny Loeb has plenty of Ellen Wolosh and David Blake stories to tell. She spent the better part of four months delving through 21 nine-track tapes on her personal computer. The tapes contained 17-million property records for Manhattan, Brooklyn, and Queens.

When she was finished, the compiled information provided a clear picture of the city's system of taxing its residents. In a three part series that ran in December, 1991 Loeb found:

- At least half of the city's tax foreclosure filings contain mistakes resulting in incorrect billing, bills sent to the wrong address or,

worst of all, no bills arriving at all until the city sends a whopping bill of thousands of dollars in supposedly unpaid bills and taxes.

- Thousands of homeowners lose their houses and property

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for unpaid bills and are charged rent by the city to stay. Even more are overcharged in their water and sewage bills.

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Inside:

• **Riverside Press Enterprise reporter Bob LaBarre looks at how alleged tax disparities, caused by California's Prop. 13, have hurt many property owners. See page 2 for more details.**

Special interest contributions revealed

Herald examines mayor's 'warchest'

Alan Levin
Boston Herald

On one day in July 1988, the top executives of Boston's largest employer, money market giant Fidelity Investments, gave Mayor Raymond L. Flynn a gift.

At least 15 of the firm's executives, many of whom had never given to the liberal Democratic mayor before, donated \$7,300 to Flynn's campaign coffers at a fundraising breakfast.

Every Fidelity managing director gave to the mayor that year,

many coughing up the legal maximum — at a time when the firm was negotiating with city officials to build a controversial new downtown Boston skyscraper.

Within weeks of the fundraiser, city officials joined Fidelity executives at a press conference to heap praise on the construction proposal.

For Flynn, whose name has been mentioned as a vice presidential candidate, accepting financial contributions from those with business before the city is common

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Press-Enterprise exposes tax inequities

*LaBarre's data analysis shows
Prop. 13 unfair to homeowners*

Jon Schmid
MICAR

Under current California law, a homeowner in Santa Monica could end up paying 17 times more in property taxes than his or her immediate neighbor with comparable property.

That's due to the effects of the tax slashing initiative called Proposition 13 passed in 1978.

With the Supreme Court scheduled to test the constitutionality of the measure Feb. 23, **Riverside Press Enterprise** reporter Bob LaBarre decided to take a look at exactly how the alleged tax disparities stack up.

In a two part series LaBarre revealed that Prop. 13, originally designed to prevent modest homeowners from losing their houses, was producing huge differences in property taxes.

Only those homeowners who bought their houses before the end of 1975 fully benefit from the measure.

And those who bought their homes since 1975 claim the inequities are a violation of the equal protection clause of the 14th Amendment of the Constitution.

LaBarre expected the usual problems in obtaining a database for his story.

But when he went to the Riverside Assessor's office he found the staff was more than cooperative. They were so intrigued by the problem he presented they actually did the work for him.

"One of the things I learned was, 'ask the nerds,'" said LaBarre. "The systems people became so fascinated by the questions that they agreed to help me create the data base."

Just 24 hours later LaBarre had the average tax paid by homeowners broken down by the last year its value was assessed.

Under Prop. 13 a home's value is not assessed unless it is sold. The flat rate for property taxes is one percent of the assessed value and it can be increased two percent per year.

"I was kind of disappointed, because it was so easy," said LaBarre about his first experience at com-

puter sleuthing since finishing a MICAR seminar in October.

However, LaBarre realized that the average figure he was using might be inaccurate because older houses would naturally have a lower value, and thus a lower tax assessment.

"It was so easy that I thought that maybe the houses were not comparable, so I did the same thing for all the houses that sold in 1990," said LaBarre. "What we did was we took from the assessors roll all the properties that had to be updated. It turned out there were 24,000 properties that had been sold."

LaBarre took all the residential properties and broke them down by base year before they were sold. He then totalled up the assessment on the 1975 properties right before their sale and right after.

"That revealed that 1975 properties, when sold in 1990, were assessed at 21 percent of their market value," LaBarre explained. "But 1990 properties were assessed at 85 percent of their market value."

LaBarre then pulled out specific houses on individual streets in Palm Springs, Riverside and Herndon to show the effects of Prop. 13.

See "Prop. 13" on page 6

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MICAR is interested in attaining any information, ideas or stories related to computer-assisted reporting for future issues of UPLINK

If you wish to contribute, please mail your story or idea to the above address. Or, call us for a fax number.

— Robert Jackson, Editor

Mayor: from p. 1

practice, the **Boston Herald** found in a computer examination of seven years of his campaign records.

Out of the Flynn donors whose occupations were identified in the years 1987-89, nearly 90 percent were comprised of city employees, contractors and developers, downtown business interests, city no-bid contractors and others with direct financial ties to City Hall.

Hundreds of police officers, including a significant percentage of the department's top brass, gave to the mayor despite department regulations directly forbidding police employees from contributing to any candidate.

Though we had only the tiniest inkling of what we would find last summer, Flynn's \$1.3 million cash warchest begged for close examination by a team of investigative reporters — especially after Flynn's name surfaced in rumors as a possible presidential candidate.

But uncovering the identities behind the anonymous names on Flynn's extensive donor lists proved infinitely more challenging.

More than 23,000 donations were logged by Flynn during his first two terms of office, but the state law governing campaign financing does not require listing each donors' occupation.

Only names and addresses served as clues to the identity — and possible motives — of the contributions to the candidate with some of the deepest pockets in Massachusetts.

By the middle of last summer, **Boston Herald** City Hall Bureau Chief Joe Sciacca and I had roughed

out a plan to probe Flynn's finances, obtained management support and contracted with a data entry firm to place the mayor's donor lists into a computer database.

We brainstormed for hours about how to get around the city's refusal to provide computer records to the public — despite the state's legal opinion that such records should be accessible.

In fact, city officials seem to delight in frustrating reporters' attempts to obtain electronic records. Just last fall, a city department head provided a **Boston Herald** reporter with a five-foot high stack of computer printouts to fulfill a request for a computer record. "That's all you're going to get," said the official.

The Massachusetts Secretary of State is currently contemplating legal action against Mayor Flynn's administration.

For our story, we settled on a dual strategy. We pursued computer records from independent agencies on the periphery of City Hall, where the public records law apparently means more than it does in the mayor's inner sanctum. And, reluctantly, we decided to pay several thousand dollars to enter a paper copy of the city payroll into a database.

Progress was slow, but encouraging. A helpful source in the city Liquor Board gave us diskettes containing the names of the owners and managers of every bar, tavern and restaurant in Boston.

Sure enough, a number of persons associated with the more prominent establishments seemed to be loyal donors, especially the politi-

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cally connected owner of the city's leading chain of nightclubs.

But soon, it became all too apparent that, while matching bar owners and other similar groups to Flynn's donor list gave us an interesting start — there was no similar source of data that would identify persons associated with real estate developers and key downtown business interests.

Our sources had told us the owners and managers of these firms were among Flynn's top backers, but without a means of identifying them by a rapid computer search, we would have to resort to combing telephone and business directories by hand.

I was lamenting this fact one day with a veteran fundraiser. "It's too bad it's not a federal campaign," he said. Federal law requires candidates to list the occupations of their financial backers.

Then an idea hit. Why not match Flynn's campaign donors to federal records — already on computer — to obtain occupations for the people who gave to Flynn?

Massachusetts Gov. Michael Dukakis' unsuccessful presidential bid in 1988 provided us an unusually large pool of Democratic contributors in the state who were likely to have also given to Boston's Democratic mayor.

It seemed simple on paper. I created a file of the approximately 21,000 records of persons living in Massachusetts who have to various federal candidates in the years 1987 through 1989.

A gruesome series of technical exercises followed.

First, the federal record is struc-

tured so that there is only one field containing the last name, first name, middle initial and any title or salutation. This would not do.

Using the XyWrite word processing software, which includes a powerful programming system, I was able to edit the records in such a way that the names were broken into four fields. Still, this process took the better part of a week because of the large size of the file and the seemingly endless series of steps it required.

Next, comparing the federal records against the Flynn donors

After more than two weeks of sweating over the keyboard, we were rewarded with a gold mine.

presented problems of accuracy. The computerized Federal Election Commission records do not include contributors' street addresses, making it more difficult to ensure that two matching names are indeed the same person.

To ensure the results were not polluted with erroneous matches, I only considered two names a legitimate match when first, last and middle names were identical, and when titles such as "Jr." were the same.

I followed this step with an intensive audit of the resulting file match to ensure that the results were accurate. For example, I manually examined every case in which the

names matched, but the cities in which they lived were not the same. Hundreds of records were dropped from consideration to ensure accuracy.

Finally, owing to the structures of both campaign files, the search produced a large number of duplicate records, which had to be eliminated to produce accurate results. Here, Elliot Jaspin proved helpful by writing a simple program for the XDB SQL database system that deleted the duplicates.

After more than two weeks of sweating over the keyboard, we were rewarded with a gold mine.

Nearly 2,700 donations were now identified by occupations.

It was almost immediately apparent that real estate, development and construction employees dominated the list of Flynn donors that had been produced. One employer showed up numerous times — Fidelity.

A Fidelity year-end report added the names of a few executives who had not given donations to federal candidates.

Our paper's library revealed that Fidelity's fundraiser for the mayor coincided with discussions for its proposed skyscraper.

The clips also showed that the project had met with considerable opposition from historic preservationists because of its size. Despite the problems with the plan, city officials heaped praise on the project when it was first publicly announced.

In all the computer searches allowed us to identify the occupations of about half of Flynn's donors — or their immediate family members — in the years 1987-89.

Loeb actually began investigating the city's property records in January, 1991. What she discovered and published then was that New York City had cloistered approximately \$275 million in overpaid taxes from more than 200,000 property owners (See January, 1991 issue of Uplink).

She didn't stop there.

"As soon as the other story came out in January, I started getting phone calls from people who had very strange billing problems, which showed me that there was a big problem," Loeb said. "I wanted to get the billing records."

She immediately ran into problems obtaining the records from the city departments of Finance and Environmental Protection.

"I put in a request and nothing happened until late March, and at that point I asked the press person to intervene," Loeb said. "In about six weeks, I got a tape, and then when I loaded it, it wasn't the right information. It was missing the properties that had been foreclosed on. So I went back and asked again."

When she hit another roadblock the *Newsday* attorneys jumped into the case, and in August Loeb got her data from the city Finance Department. "I just kept at it and kept at it and went to a higher-up attorney," she said.

Getting the water and sewage billing records from the city Department of Environmental Protection proved to be a two-month task. "They turned me down immediately, saying that what I wanted was at finance," she said. "It wasn't."

With both sets of data firmly

in hand, Loeb began the task of downloading 17 million records — some of them variable length — into her personal computer, using Nine-Track Express. "It took forever," she said. "I could never do the entire city."

She then began her computer work by XDB to examine the records for Manhattan. One of the easiest ways to check the city's accuracy is to see how many bills were sent to vacant lots, she explained. The hunch worked. By checking the city's billing records against its property records, Loeb found that about \$2 million was billed to vacant lots between June 1990 and August 1991.

Indexing the data was mandatory, Loeb explained. She worked with several different data bases, the largest of which took up about 35 to 40 megabytes. The indexing took hours, but joining the two sets of data took even longer. Each combination required three "loads" and two "joins", she said.

"Each one took about 48 hours of computer time. What I would do is leave the computer and let it do the joins overnight."

The more time she spent working with the records, the more she uncovered. "I knew that there were billing problems, but I didn't expect things like vacant lots getting water bills," she said. "That's just one of those things you find going through the data." One of the most bizarre occurrences Loeb uncovered was a Long Island lot carrying a \$60,664 tab for unpaid water bills. Despite the fact that city agencies thought the property housed the

See "New York" on page 6

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Prop. 13: from p. 2

He found that prior to passage of the measure the most expensive homes were assessed at double the value of the lowest priced ones.

"I went back and looked at streets on the current roll and found the difference between lowest and highest price was nearly 700 percent," said LaBarre. "Then I went and found individual, side by side houses with almost identical assessment prior to Prop. 13 and showed a difference of four to five times greater. In Palm Springs it was 7 to 8 times greater."

Since demonstrating how easily it can be done, Los Angeles County, the plaintiffs in the Supreme Court case, as well as local governments have ordered studies similar to LeBarre's.

LeBarre's study came out too late to be used as evidence in the upcoming trial. And he preferred it that way.

"I just wanted to quantify the disparity and show what Prop 13 had done to the roll," said LeBarre.

For his next project, LaBarre plans to use court records to test the efficiency of contracting private lawyers to represent indigent criminal defendants.

"The idea is to analyze that data to determine how much time an attorney from the panel puts on the case, what they bill the county and what the outcome of the case is. Then compare that with the costs of the public defender's office," explained LeBarre.

The problem is that court records are currently only stored on diskettes. And at two gigabytes of data, that's enough diskettes to fill a

four-foot by four-foot box, said LaBarre.

Management at the Press-Enterprise has been pleased with LeBarre's work so far and encourage him to expand this type of reporting.

"But these are serious recessionary times for an advertising dependent industry and there has been no firm commitment to spend any money on machines or

software for the newsroom," said LeBarre.

Until revenues pick up LeBarre has to work on the 386 and Paradox program in the promotion and marketing department.

"It would be nice to have NineTrack Express because every time we download a tape we have to rewrite the current program and that can take from a several hours to a day," said LeBarre.

New York: from p. 5

Water's Edge restaurant, Loeb found the lot to be vacant and under the East River.

"That was partly luck. It's just one of those that took a lot of regular reporting," she said. "I got the maps of the property and went out and physically walked the property. Finally the agencies admitted the restaurant wasn't on that lot." One of the keys to working with such a large number of records is finding good sources in the city's computer departments, Loeb said. "I had sources that could explain the computer tape to me, when they were allowed to talk to me," she said. "I (also) had property owners calling me, and I could look at their problem and look for others like it."

To complement the database analysis, Loeb spent many more hours sifting through thousands of pages of documents, and conducted more than 100 interviews.

About two weeks after the series ran and many New Yorker's eyebrows were raised, legislators announced they are seeking reforms in the city's billing strategies. Loeb, of course, is pleased with her work. "It turned out to be a nice wrap-up to the year."

Next month:

■ *The Akron Beacon-Journal and the Dayton Daily News compete for the same database. Who wins? According to two reporters for the competing papers, the winners are the readers.*

■ *The Minneapolis Star-Tribune spent eight months investigating the patterns of convicted rapists and child molesters. The end product became a riveting five-part series.*