



The City of New York

Michael R. Bloomberg, Mayor

Financial Plan Summary

Fiscal Years 2011 — 2015

Office of Management and Budget

Mark Page, Director

May 6, 2011



Fiscal Year 2012 Budget Summary

STATE AND FEDERAL GOVERNMENT

- ❖ Deep Disinvestment in NYC by the State & Federal Governments
- ❖ State Share of NYC's Education Budget Has Dropped by 20%
- ❖ State Budget Provides No Mandate Relief, Leaving City Taxpayers on the Hook

CITY GOVERNMENT

- ❖ City Has Undergone 10 Rounds of Programs to Eliminate the Gap Since 2008
- ❖ City Government Has 16,069 Fewer Employees Than in 2001 but NYC Is Safer and Stronger Than Ever
- ❖ City Is Increasing Spending on Education by \$2 Billion to Make Up For State & Federal Cuts
- ❖ City Cannot Absorb State and Federal Cuts Without Layoffs and Cuts to Vital Services
- ❖ City Will Continue to Push For Mandate Relief in Albany

Changes Since the February 2011 Financial Plan

	(City Funds - \$ in Millions)				
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Gap to be Closed - February 2011 Plan	\$ ---	\$ ---	(\$4,852)	(\$4,813)	(\$4,977)
Anticipated State Actions in the February Plan	---	(600)	(600)	(600)	(600)
State Actions in Final Adopted State Budget	9	192	168	168	168
Gap to be Closed After State Budget Impact	\$9	(\$408)	(\$5,284)	(\$5,245)	(\$5,409)
<u>Revenue Changes - Increase / (Decrease)</u>					
Tax Revenue	(\$38)	\$163	\$271	(\$34)	(\$14)
Non-Tax Revenue Increase (Misc. Fees and Charges)	8	141	119	119	110
Subtotal Revenue Changes	(\$30)	\$304	\$390	\$85	\$96
<u>Expense Changes - Increase / (Decrease)</u>					
Agency Expense Changes	\$21	\$195	\$129	\$159	\$181
Decrease FY 2011 General Reserve from \$100M to \$40M	(60)	---	---	---	---
Subtotal Expense Changes	(\$39)	\$195	\$129	\$159	\$181
Surplus / (Gap) to be Closed - May 2011 Plan	\$18	(\$299)	(\$5,023)	(\$5,319)	(\$5,494)
Agency Reduction Program From Executive Budget PEG Program	\$48	\$233	\$256	\$233	\$234
Increase Prepayment of FY 2012 Expenses from \$3.15B to \$3.22B	(66)	66	---	---	---
Remaining Gap - May 2011 Plan	\$ ---	\$ ---	(\$4,767)	(\$5,086)	(\$5,260)

**I. While Costs of Services Have Grown Significantly,
the Drop in State and Federal Support to
New York City Has Accelerated**

State and Federal Aid Has Fallen from 36% of the New York City Budget in FY 2002 to 27% in FY 2012

	Share of NYC Budget	
	<u>FY 2002</u>	<u>FY 2012</u>
Federal Aid Share	15%	10%
State Aid Share	21%	17%
Total State & Federal Share	36%	27%

- ❖ If NYC had continued to receive the same share of its total budget from the State and Federal Governments as it did in FY 2002, then spending on services would cost local taxpayers \$6.1 billion less in FY 2012.
- ❖ An additional \$6.1 billion of State and Federal resources could have allowed the City to reduce the local tax burden on NYC taxpayers by 15% without impacting services, or it could have allowed the City to expand services by 12%.

Given the Current Fiscal Climate in Washington DC and Albany, New York City Has a Poor Prospect for Increases in State and Federal Aid Commensurate With Our Rising Costs

- ❖ The State expects to have a multi-billion dollar deficit next year. We therefore expect that the State will cut local assistance again next year, rather than increase aid to the City.
- ❖ In addition, the federal government has cut spending nationally by almost \$40 billion and is projecting ongoing deficits.
- ❖ Our 10 PEG Programs since 2008 total \$5.4 billion in gap closing actions in FY 2012 (see page 40). None of these actions would have been necessary if State and Federal Aid had kept up with the cost of City services over the last decade.

New York City Must Continue to Invest in the Education of Our Children and We Are

- ❖ **We** have already replaced \$853 million of Federal Cuts to Education and \$812 million of State Cuts to Education in FY 2012 with City funding. These cuts are equivalent to the entire budget for Transportation and Maintenance for School Buildings at the Department of Education, and these cuts continue in all years of the Financial Plan.
- ❖ **To** make up for these State & Federal cuts and to pay for increases in mandated expenses like Special Education and Longevity, we have already increased City-funded spending on Education by \$2 billion between FY 2011 and FY 2012. And we have continued this increase in all years of the Financial Plan.
- ❖ **But** Education costs do not stop growing for mandates and for all of the services and goods we must pay for each year to educate our children. So, on top of that we must increase City-funded spending on Education by another \$900 million between FY 2012 and FY 2013.
- ❖ **So** over the two years between FY 2011 and FY 2013, City funded spending for Education increases by \$2.9 billion.
- ❖ **This** increase is before any future State and Federal Cuts to education which the City may need to replace.
- ❖ **Based** on this year's State budget appropriation, the City would lose hundreds of millions of dollars in State education funding next year, on top of the \$812 million cut in State funding this year.

II. New York State Has Shifted the Burden of Funding for Services Onto New York City

Over 70% of this Year's STATE Gap Closing Actions Were Reductions in Local Aid Statewide Without Any Reduction in Local Mandates

New York State Addressed an Annual Deficit of \$9.8 Billion Primarily by Reducing Aid to Localities by \$7 Billion

Statewide Budget Impact of the New York State 2011 - 2012 Enacted Budget

	<u>\$ in Billions</u> <u>General Fund</u>	<u>% of Gap</u> <u>Closing Actions</u>
CONFERENCE COMMITTEE BUDGET GAP	(\$9.8)	---
SFY 2011-12 GAP CLOSING ACTIONS		
REVENUE ACTIONS	\$0.3	3%
EXPENSE ACTIONS		
Local Assistance Reduction to the 5 New York City Counties ⁽¹⁾	\$3.7	38%
Local Assistance Reduction to the Other 57 NYS Counties	\$3.3	33%
Subtotal - Local Assistance Reductions	\$7.0	71%
State Agency Savings	\$1.3	13%
NON-RECURRING ACTIONS/FUND SWEEPS	\$0.8	8%
OTHER ADJUSTMENTS	\$0.4	5%
TOTAL ACTIONS	\$9.8	100%

- ❖ Even though the State has cut local assistance, it has not acted to reduce mandates on services. The State has cut funding for services it mandates the City to provide, driving up the local tax burden on New York City taxpayers, while these same taxpayers must also continue to pay for services that New Yorkers must have like Police, Fire, Sanitation and Corrections.

⁽¹⁾ The cost to New York City is an additional \$324 million for education, social services and health and an additional \$611 million in Medicaid reflecting the first quarter of the State's next year's budget.

Note: OMB estimates

The Total Impact of the STATE Budget Is a \$6.8 Billion Reduction on New York City

	<u>\$ in Millions</u>
Total Cut to Funding We Replaced with City Funds (see next page)	(\$1,235)
Education Cut Never In the City's Budget	(\$434)
Cuts to Social Services, Health and Criminal Justice Which We Did Not Replace	(\$211)
Cuts in Medicaid ⁽¹⁾	(\$2,212)
All Other Cuts Affecting NYC Residents But Not in the City's Budget (Cuts to CUNY, Senior Colleges, MTA, Home Visiting Services, TANF, etc.)	(\$535)
Subtotal	(\$4,627)
Loss of Federal Share Due to State Cutbacks	(\$2,212)
Total Impact on NYC Budget and NYC Residents	(\$6,839)

⁽¹⁾ Includes the cost to New York City of the additional \$611 million in Medicaid reflecting the first quarter of the State's next year's budget.

New York City Replaced \$1.2 Billion of the STATE Local Assistance Cut with Our Own City Funds

\$ in Millions

State Local Assistance Reduction to New York City We Replaced with City Funds (see prior page)

Revenue Sharing Cut	(\$302)
Education Cut	(\$812)
Social Services, Health and Criminal Justice Cut (see page 14)	(\$121)
Total Cut to Funding We Replaced with City Funds	(\$1,235)

- ❖ Breaking a commitment that dates back to the 1940s and which simply returns a portion of taxpayers' money back to their localities, the State has for the second consecutive year eliminated the City's share of revenue sharing. This year, however, the elimination has been made permanent. The State Budget cuts revenue-sharing statewide by some \$320 million, and New York City absorbed 94% of that cut or \$300 million.
- ❖ Economic activity in New York City generates approximately 53% of all of New York State's tax revenue, including over 60% of the State's income tax revenue.

NEW YORK STATE Support for Education in New York City Has Fallen Further and Further Behind the City's Commitment

- ❖ In 2002, New York State and the City shared the non-federal cost of education equally
- ❖ In 2012, New York State's share is 39% while the City's share is 61%
- ❖ If the State had continued to share the cost of education equally with the City, spending on education would have cost local taxpayers \$2.2 billion less in FY 2012



NEW YORK STATE Has Reduced Funding for Social Services and Public Health and Shifted the Funding Burden Onto The City

Homeless (\$154 Million)

- ❖ The State has eliminated \$139 million in State and federal funding in 2012 and beyond for the Advantage Rental Assistance program, which provided time-limited rental assistance to 15,000 formerly homeless families and individuals who are working or disabled.
- ❖ The State has reduced already capped funding for adult shelter by \$15 million annually while the population of homeless men and women has grown.

Child Welfare (\$47 Million)

- ❖ The State has reduced its contribution for mandated adoption subsidy grants for 28,000 children from 73.5% to 62% at a cost to the City of \$29.7 million in 2012.
- ❖ The State has reduced its contribution for mandated room and board costs of children placed by the Department of Education's Committee on Special Education from 38% to 18.5%, at a cost to the City of \$17.4 million in 2012.

Public Assistance (\$7 Million)

- ❖ The State has increased City costs for the State/City funded mandated Safety Net Assistance program from 50% to 71%, while also eliminating the local share for the TANF funded Family Assistance program. This change will cost the City \$6.7 million in 2012 but City costs have the potential to increase in the future as budget pressures make it likely the State will use TANF funds for other purposes but keep the City share of the Safety Net increase in place.

Public Health (\$16 Million)

- ❖ The state has eliminated funding for optional public health services. As a result, New York City will permanently lose \$16 million in annual state support for OCME services, which are at the forefront of monitoring potential public health crises and the spread of infectious diseases.

New York City Has Developed a Plan to Maintain Child Care in FY 2012 for All of the Children Who Would Have Lost Services Due to the End of Federal Stimulus Funding and the Increased Cost of Service

- ❖ In the February 2011 Plan, the City had expected that we would lose over 16,000 child care slots next fiscal year.
- ❖ Our new initiative will provide a total of \$40 million to provide pre-school and after-school services for approximately 15,000 children.
 - All pre-school age children (approximately 4,500 children Citywide) will be offered a child care slot at an ACS-contracted program, maximizing any vacant slots available whenever possible, at a cost of \$25 million.
 - DYCD will expand its Out of School Time (OST) contracts to provide after-school care to approximately 10,500 school-age children, at a cost of \$15 million.
- ❖ 1,000 children who will turn 13 in September will no longer need child care services.

III. Economic Update

Although New York City's Economic Performance During the Recession Was Unexpectedly Strong, the Future Economic Outlook Remains Uncertain

- ❖ We increased our Tax Revenue forecast in the February 2011 Plan by \$993 million in FY 2011 and \$1.1 billion in FY 2012, reflecting the fact that New York City unexpectedly outperformed the U.S. during the recession.
- ❖ But U.S. GDP growth slowed to 1.8% in the first quarter of 2011.
- ❖ Also, our forecast for the future includes economic growth of approximately 3 percent annually, yet troubling ongoing uncertainties in the local and national economic outlook have appeared in recent Federal data.
- ❖ Stock markets have recovered from their recession-era lows but remain 13 percent below the pre-recession peak of October 2007. ⁽¹⁾

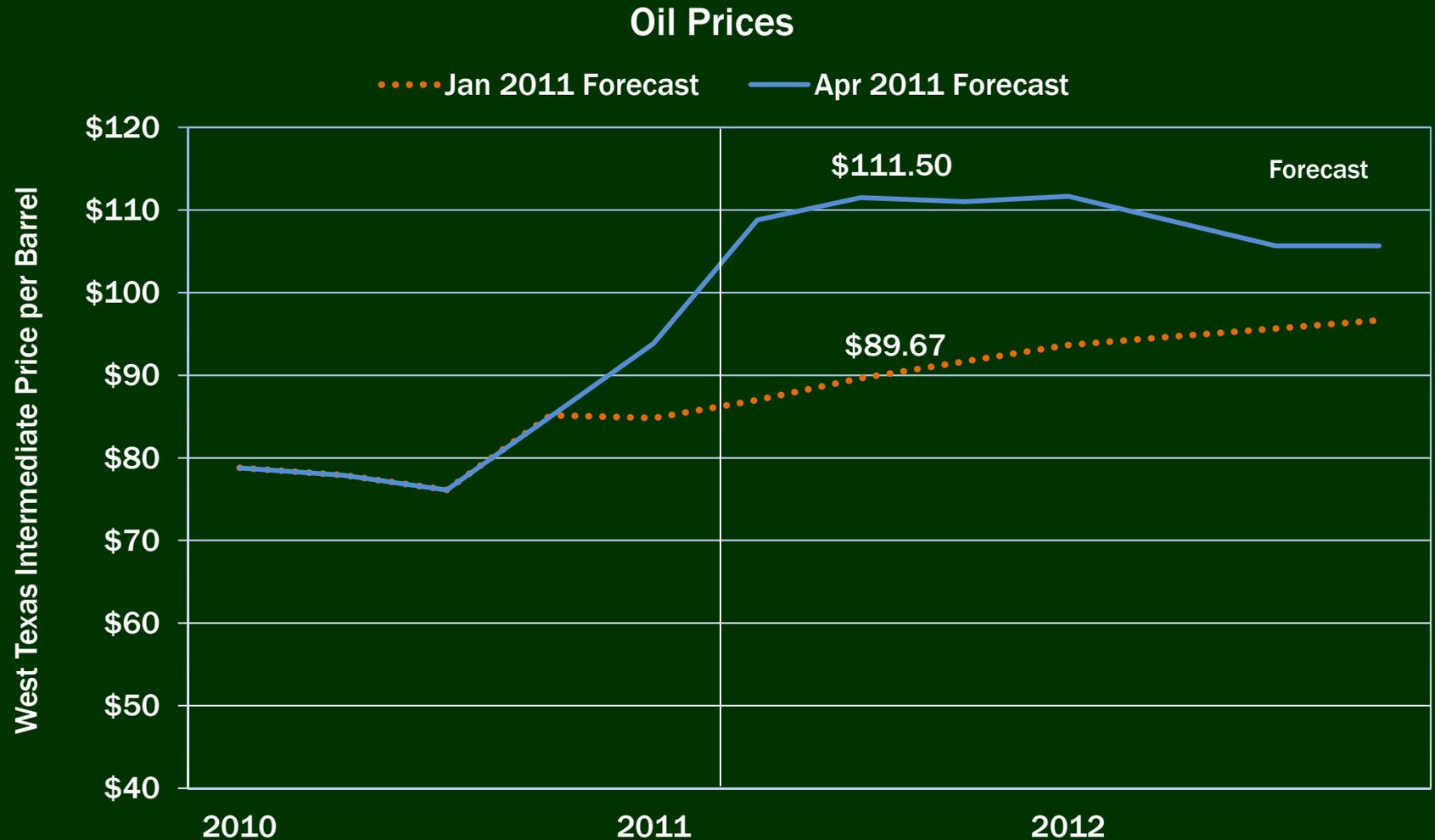
⁽¹⁾ S&P500 through May 2, 2011

Economic Growth Is Forecast to Be Moderate

U.S. GDP Growth



Oil Prices Have Risen Substantially, Creating a Risk to Growth



Our Current Wall Street Profits Forecast Exceeds Prior Expectations

The Wall Street Compensation System Has Changed, with Higher Salaries and an Increasing Portion of Bonuses Being Paid in Stocks and Deferred Compensation

New York Stock Exchange Member Firm Profits

■ April 2010 Forecast

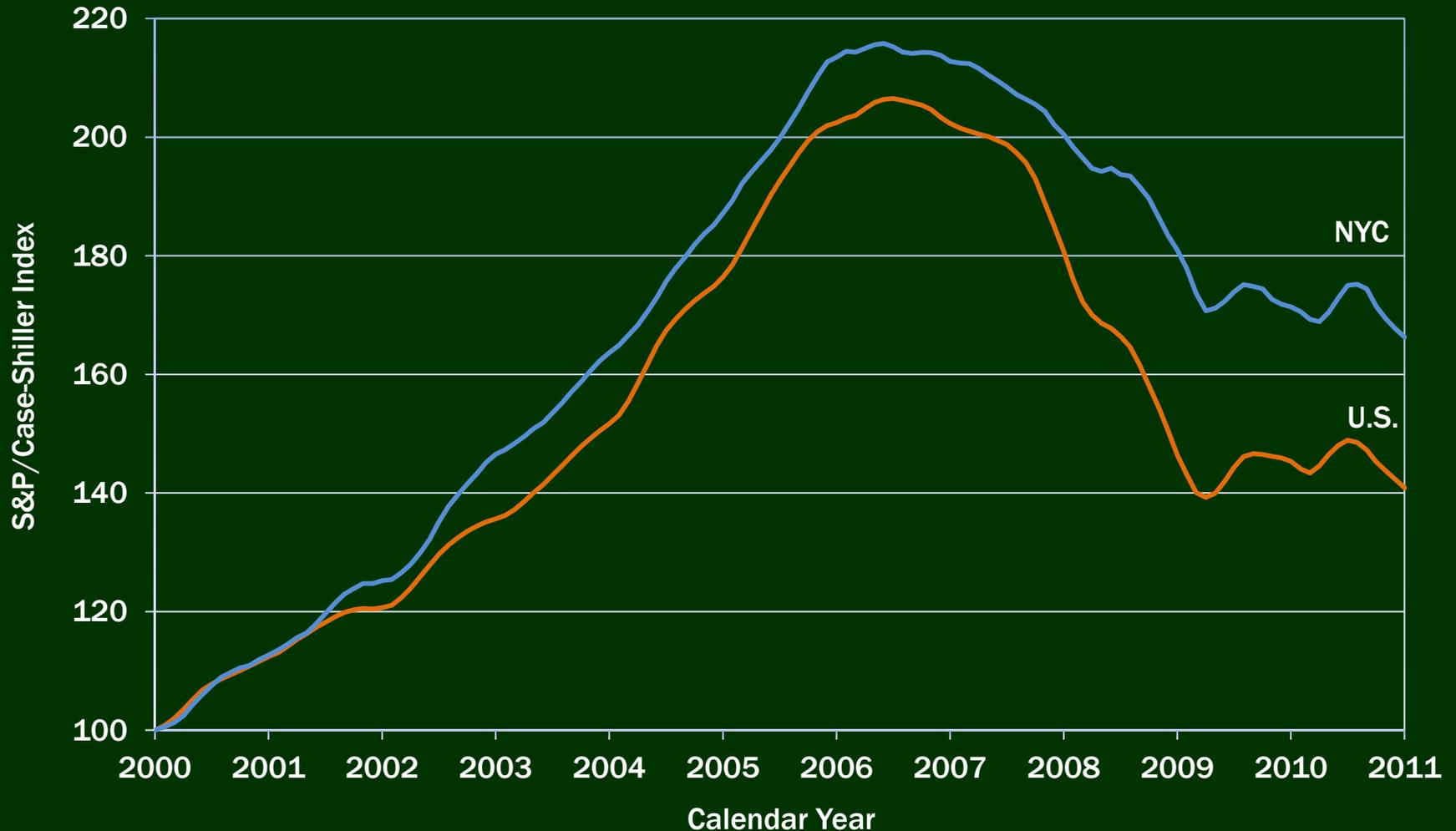
■ April 2011 Forecast



Source: New York Stock Exchange; NYC OMB Forecast
f = forecast

New York City Home Prices Appreciated More and Declined Less Than the U.S. Composite of Other Large Metro Areas

Home Price Index

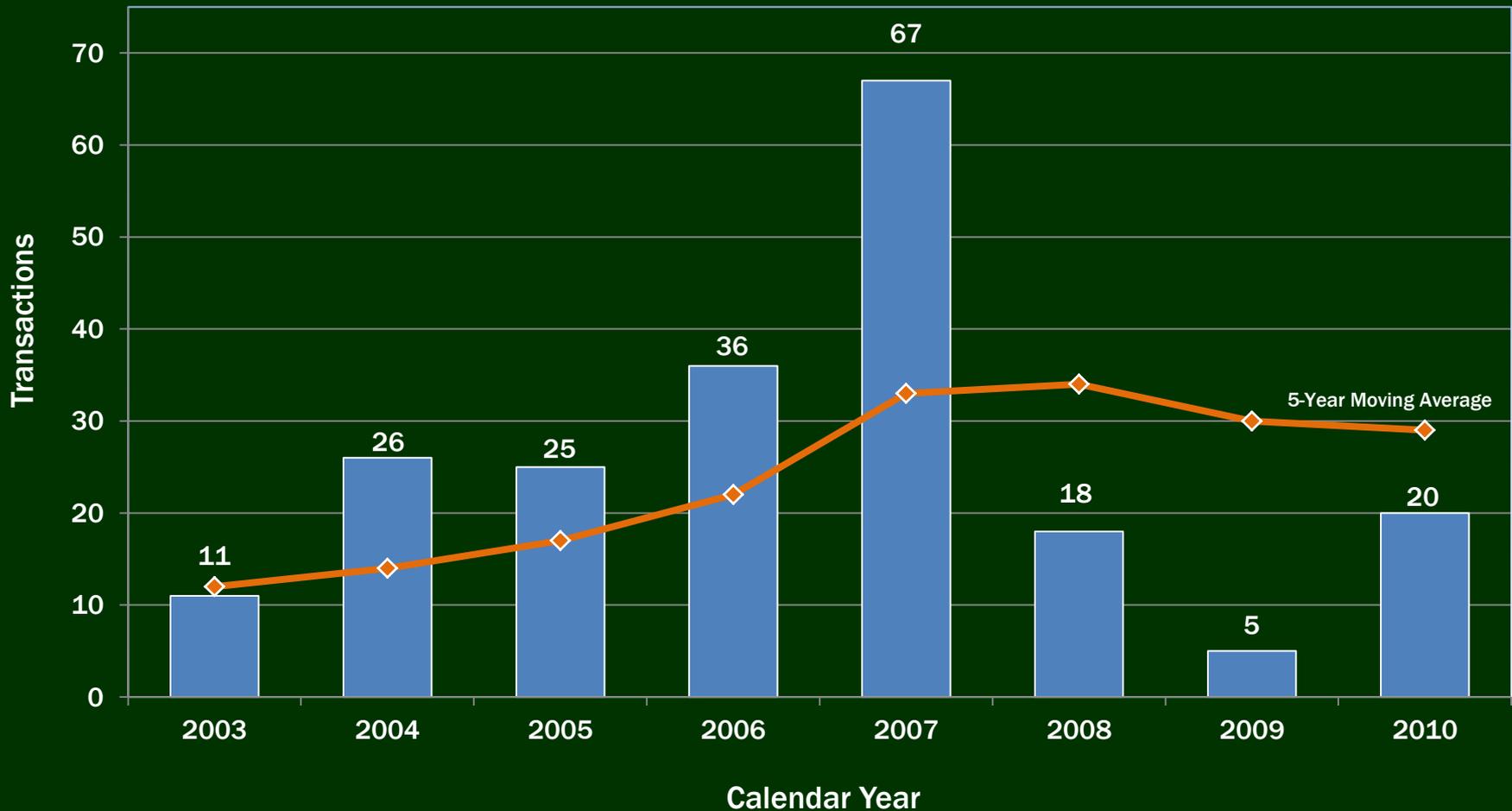


Source: S&P

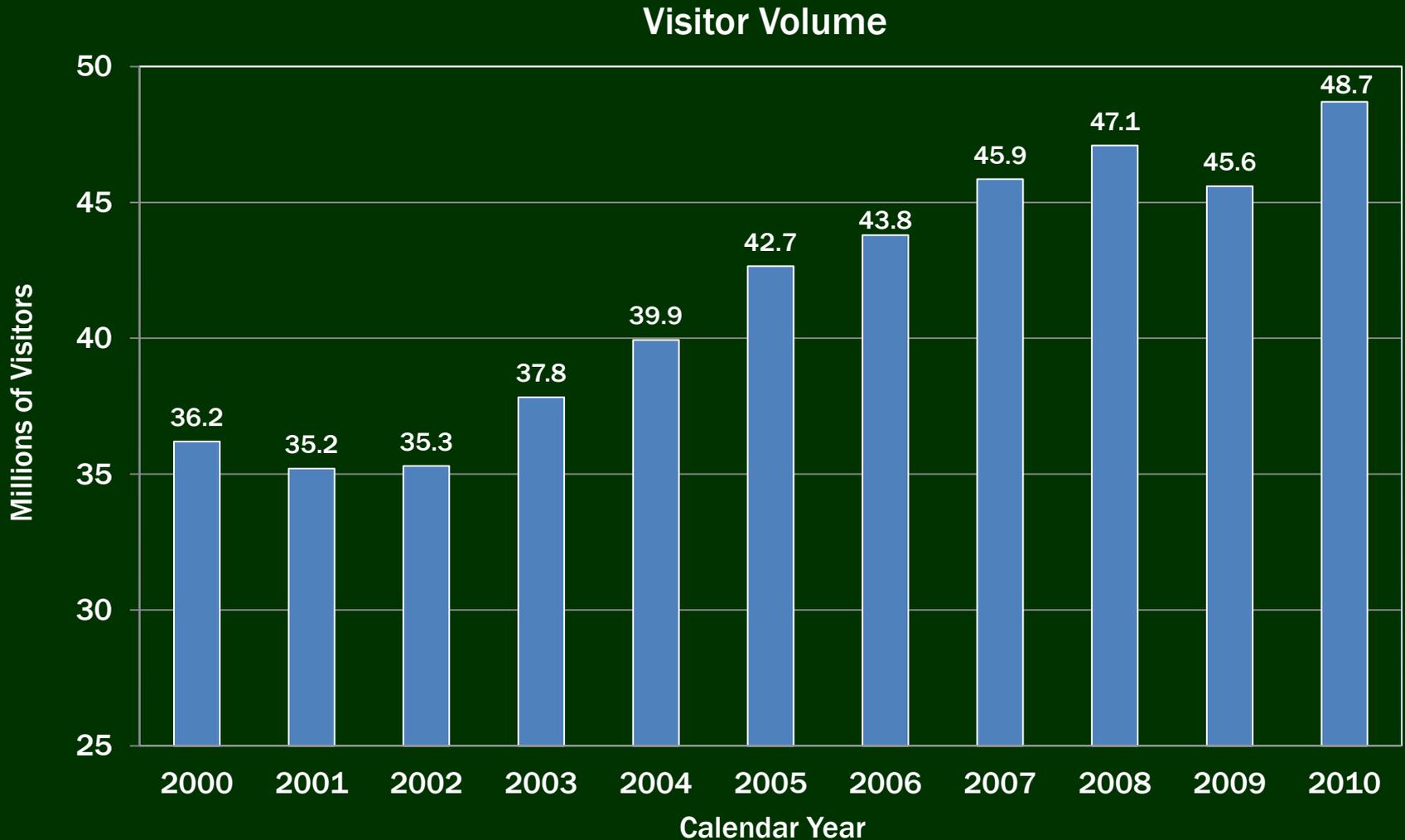
Note: January 2000 = 100; U.S. 20-City composite; 3-month moving average, not seasonally adjusted.

Large Office Market Transactions Bounced Back in 2010 But Remain Well Below Boom Year Levels

Number of Office Building Transactions - \$100 Million or Above

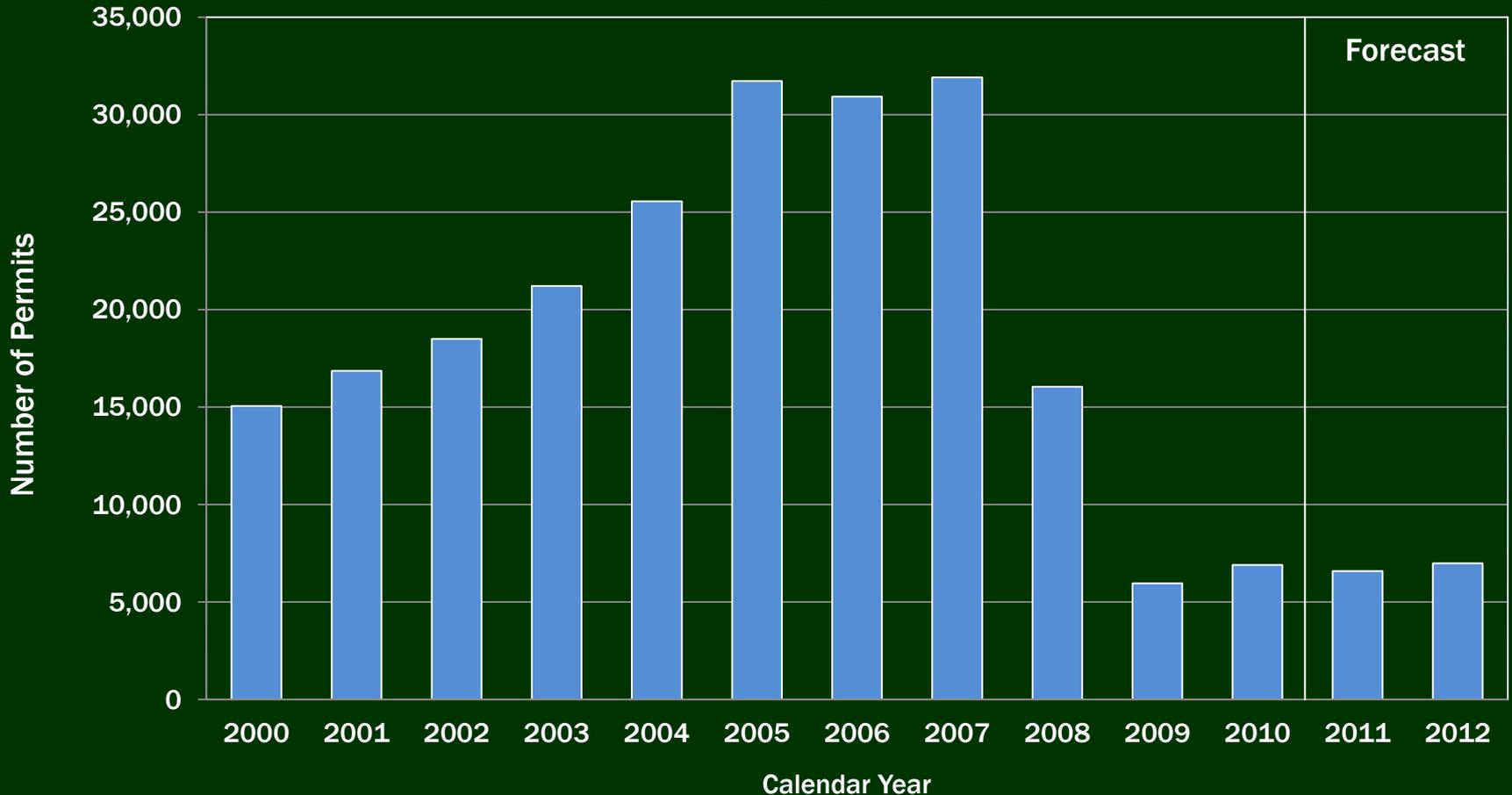


New York City Attracted a Record 48.7 Million Visitors in 2010



Little Growth in Construction Activity Is Expected in New York City

NYC Building Permits

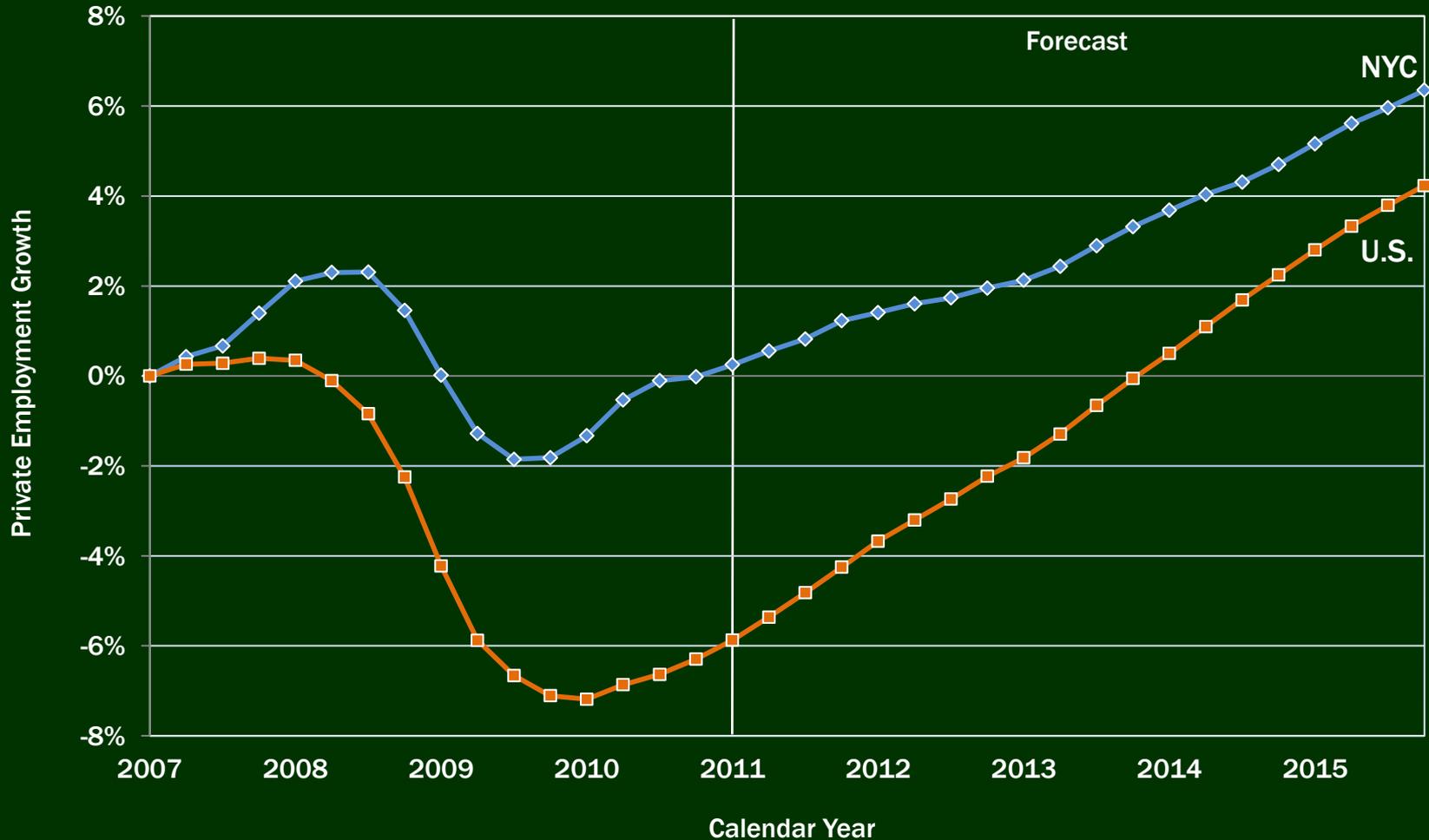


Source: U.S. Census Bureau; NYC OMB Forecast

Note: The 2008 permit figure does not include the June spike of 17,128.

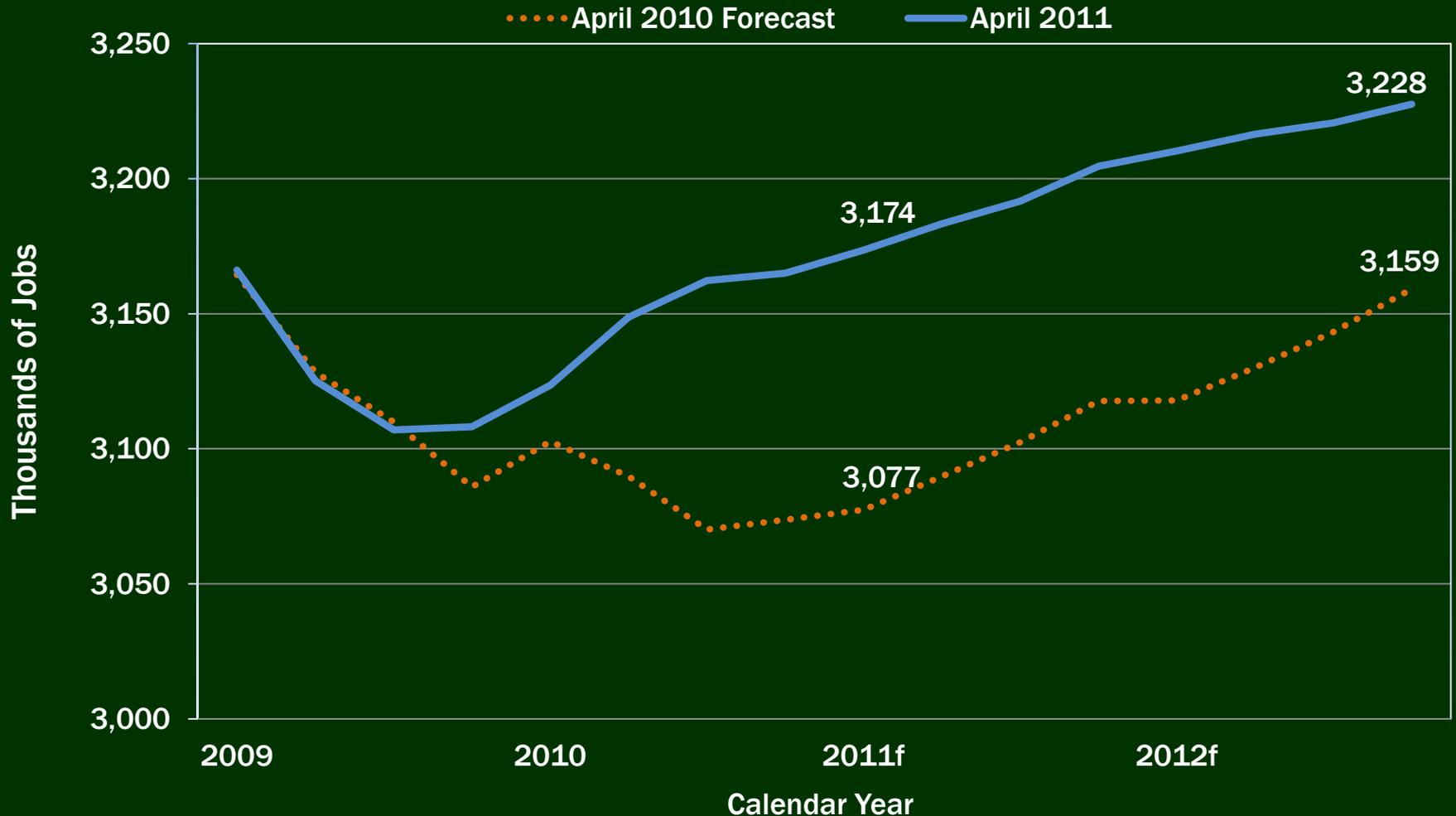
Private Sector Employment Is Expanding in Both the U.S. and New York City

Private Employment Growth Indexed to 2007 Q1



New York City Labor Markets Performed Better Than Projected a Year Ago

NYC Private Employment Level



f = forecast

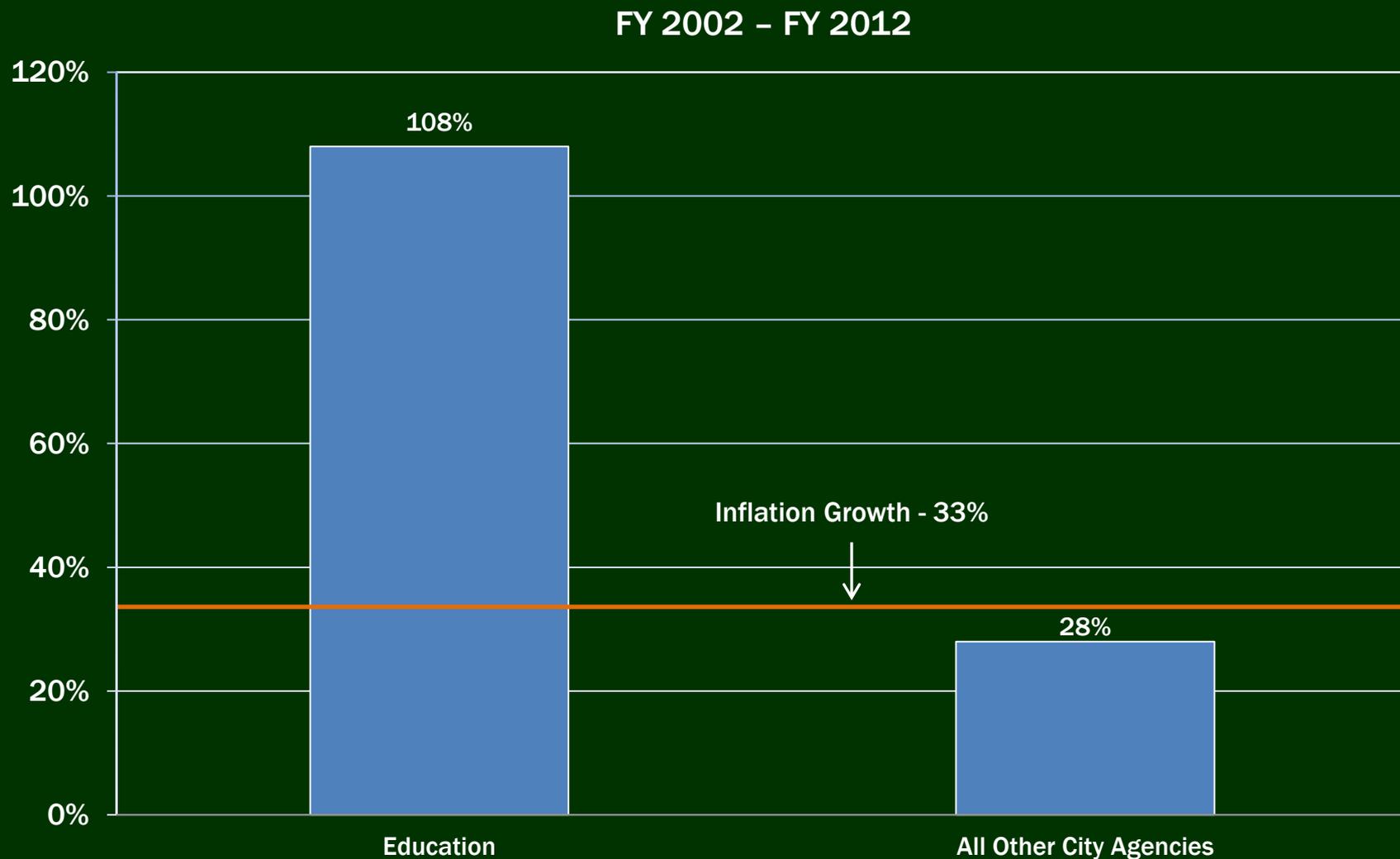
Source: NYS Department of Labor. The benchmark revision revised the 2010 Q4 private employment level upward by about 20,000 jobs.

IV. Budget Update

New York City's Controllable Spending on All Agencies Other than Education Has Grown at a Rate Below Inflation Since FY 2002. Spending on Education Has More than Doubled Since FY 2002

- ❖ **Education Costs Have Increased by 108%, Compared with Inflation Growth of 33% Since FY 2002**
- ❖ **All Other Agency Costs Have Only Increased by 28%, Compared with Inflation Growth of 33% Since FY 2002**
- ❖ **City Support for Agency Expenses Has Grown by 46% Since FY 2002, Compared with Inflation Growth of 33% Since FY 2002**

New York City's Controllable Spending on All Agencies Other Than Education Has Grown at a Rate Below Inflation Since FY 2002. NYC's Controllable Spending on Education Has Grown by 108% Since FY 2002

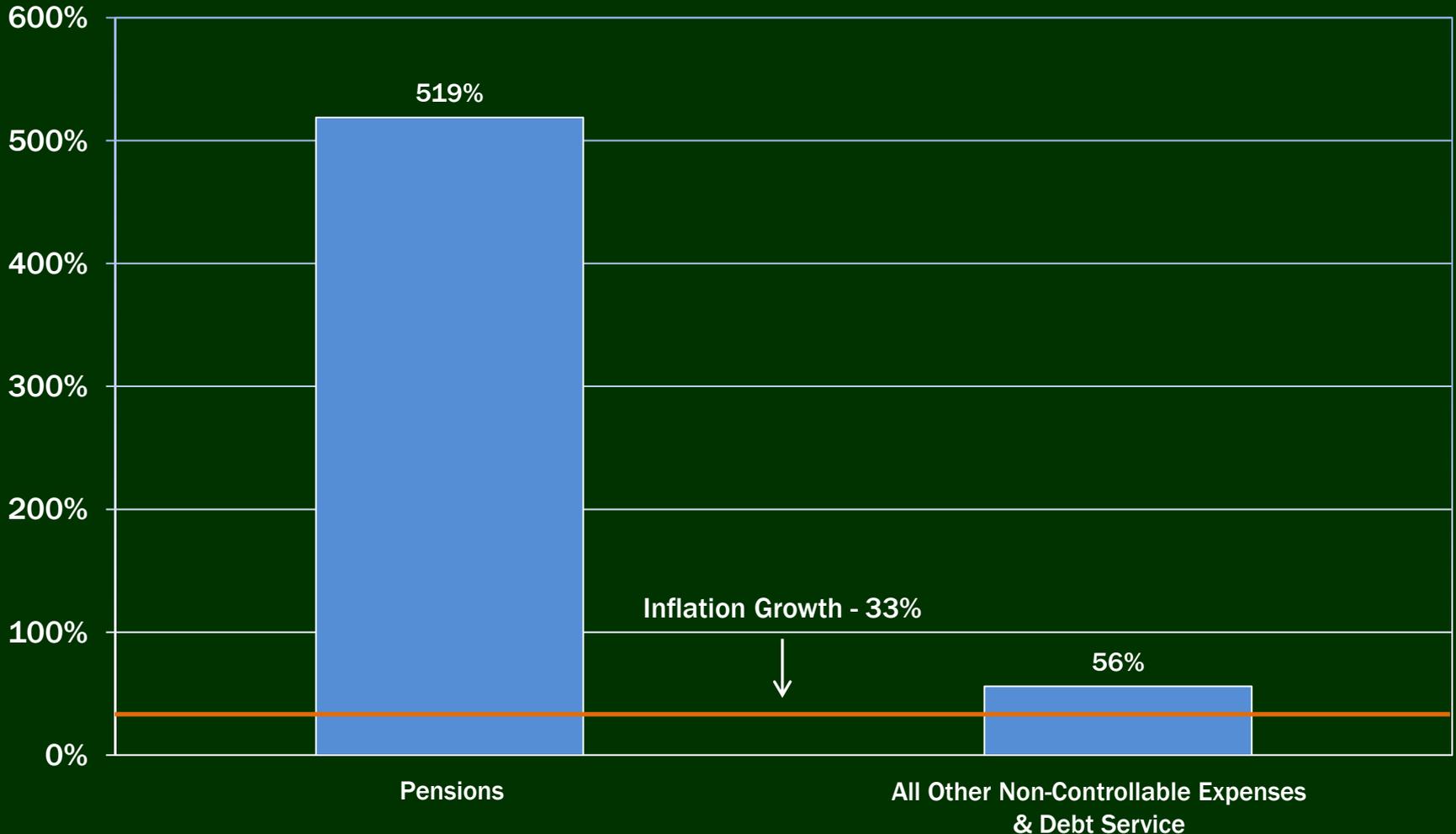


Non-Controllable Expenses and Debt Service Have More Than Doubled Since FY 2002

- ❖ **Pension Costs Have Grown by 519%, Compared With Inflation Growth of 33% Since FY 2002**
- ❖ **All Other Non-Controllable Expenses and Debt Service Have Grown by 56%, Compared With Inflation Growth of 33% Since FY 2002**
- ❖ **City Support for Our Non-Controllable Expenses and Debt Service Has Grown by 101% Since FY 2002, Compared With Inflation Growth of 33% Since FY 2002**

New York City's Pension Costs Have Grown by 519% Since FY 2002. New York City's Costs for All Other Non-Controllable Expenses and Debt Service Have Grown by 56% Since FY 2002

FY 2002 – FY 2012



Because of the Decline in State and Federal Aid, the City Has Had to Increase the Level of Local Resources Paying for Services in the City to Make Up for this Lack of Support

- ❖ Federal Aid has grown by only 6% between FY 2002 and FY 2012.
- ❖ The total cost of providing services in the City has grown by 58% but State Aid has only grown by 28%. So we have had to increase City Spending to make up the difference.

	\$ in Millions			Total Spending
	Federal Spending	State Spending	City Spending*	
FY 2002	\$6,164	\$8,627	\$26,830	\$41,621
FY 2012	\$6,525	\$11,022	\$48,168	\$65,715
Change FY 02-12	6%	28%	80%	58%
Inflation FY 02-12	33%	33%	33%	33%

- ❖ Because of the lagging State and Federal support, New York City has been forced to increase its own level of spending to compensate.
- ❖ The vast majority of City Spending is for Mandated Services, which the City must provide regardless of changes in State and Federal Aid or changes in the tax revenues paid by the City's tax base.
 - There are State and Federal Mandates like Medicaid, Pensions, many Social Services, and Special Education.
 - There are other services which the City must provide to residents, such as Police, Fire, Sanitation and Corrections.
 - There are also expenses which the City must pay, such as Debt Service and Fringe Benefits.

*Includes IFA and Other Categorical Grants

**Our Fiscal Prudence Has Resulted in a Balanced Plan for FY 2012.
We Must Remain Vigilant as We Face Out-Year Budget Gaps of \$4.8 Billion
in FY 2013, \$5.1 Billion in FY 2014 and \$5.3 Billion in FY 2015**

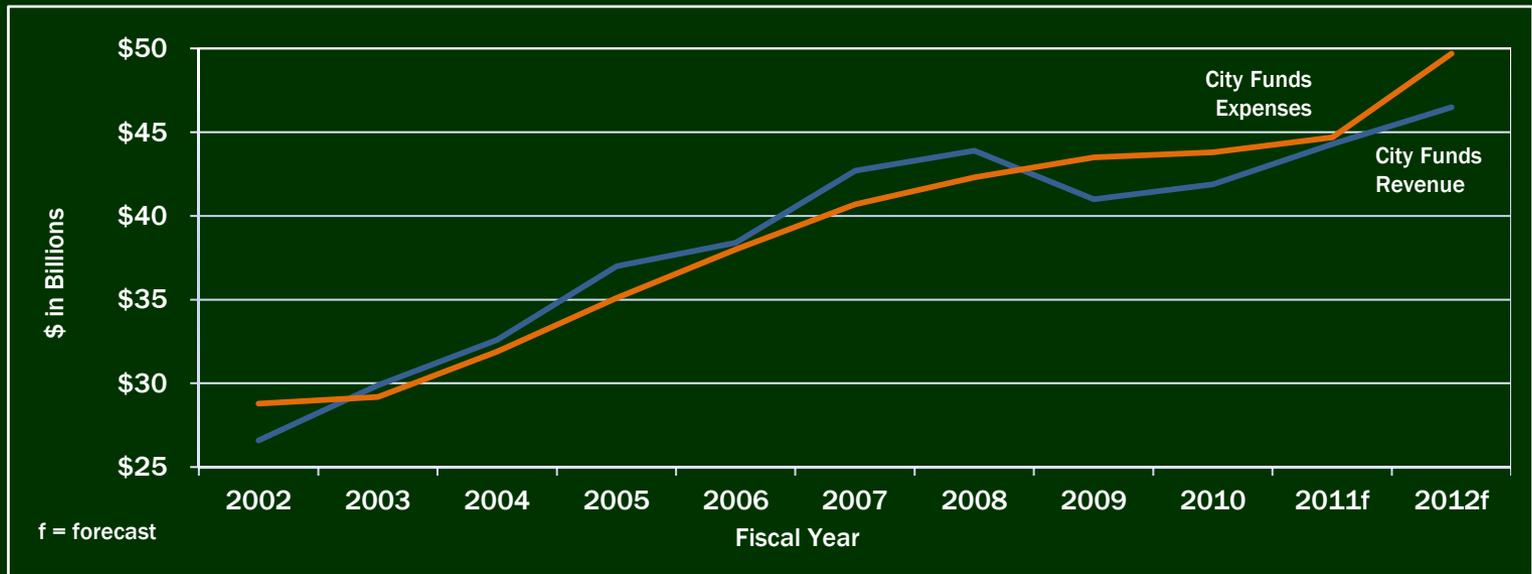
- ❖ **With State and Federal support lagging, and the prospect for more aid from these sources unlikely, New York City must nevertheless have a balanced budget by law. In fact, the City could lose as much as \$500 million more in State Education Aid next year, based on this year's State Budget.**
- ❖ **Our financial plan assumes that economic growth will continue, although there are significant risks that it will not.**
- ❖ **During the economic boom years, the City rolled resources into the future, unlike many others who spent all of their resources. This forward-looking budget management has helped to sustain us through the economic downturn of the last few years.**
- ❖ **We have also implemented over \$5 billion of Programs to Eliminate the Gap (PEGs) since 2008 to maintain budget balance in FY 2012.**

Changes Since the February 2011 Financial Plan

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City Funds Revenue and Expenses

May 2011 Plan



	City Funds (\$ in Billions)										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011f	2012f
Revenue (see next page)	\$26.6	\$29.9	\$32.6	\$37.0	\$38.4	\$42.7	\$43.9	\$41.0	\$41.9	\$44.3	\$46.5
Year-to-Year Change:	(4.5%)	12.7%	8.8%	13.4%	3.8%	11.3%	2.9%	(6.8%)	2.2%	5.7%	5.0%
Expenses	\$28.8	\$29.2	\$31.9	\$35.1	\$38.0	\$40.7	\$42.3	\$43.5	\$43.8	\$44.7	\$49.7
Year-to-Year Change:	2.7%	1.3%	9.1%	10.3%	8.1%	7.2%	3.9%	2.7%	0.7%	2.1%	11.2%
Operating Surplus/(Deficit)	(\$2.2)	\$0.7	\$0.7	\$1.9	\$0.4	\$2.0	\$1.6	(\$2.5)	(\$1.9)	(\$0.4)	(\$3.2)
Cumulative Surplus/(Deficit)	\$0.7	\$1.4	\$2.1	\$4.0	\$4.4	\$6.4	\$8.0	\$5.5	\$3.6	\$3.2	\$---
Inflation (CPI-U)	2.2%	2.9%	3.3%	3.7%	4.0%	3.1%	3.4%	2.3%	1.1%	1.9%	3.0%

City Funds Revenue

May 2011 Financial Plan

		\$ in Millions				
		FY 2008	FY 2009	FY 2010	FY 2011 ^f	FY 2012 ^f
Property Tax		\$13,062	\$14,338	\$16,184	\$16,830	\$17,685
	Year-to-Year	104	1,276	1,846	646	855
	Change:	0.8%	9.8%	12.9%	4.0%	5.1%
Economically Sensitive Taxes		\$25,703	\$21,673	\$21,017	\$23,121	\$24,412
	Year-to-Year	134	(4,030)	(656)	2,104	1,291
	Change:	0.5%	(15.7%)	(3.0%)	10.0%	5.6%
Subtotal – Tax Revenue		\$38,765	\$36,011	\$37,201	\$39,951	\$42,097
	Year-to-Year	238	(2,754)	1,190	2,750	2,146
	Change:	0.6%	(7.1%)	3.3%	7.4%	5.4%
Non-Tax Revenue		\$5,172	\$4,954	\$4,672	\$4,301	\$4,380
	Year-to-Year	997	(218)	(282)	(371)	79
	Change:	23.9%	(4.2%)	(5.7%)	(7.9%)	1.8%
Total Revenue		\$43,937	\$40,965	\$41,873	\$44,252	\$46,477
	Year-to-Year	1,235	(2,972)	908	2,379	2,225
	Change:	2.9%	(6.8%)	2.2%	5.7%	5.0%

f = forecast

Note: FY 2009 and prior years restated to include TFA PIT Retention.

City Funds - Controllable Agency Expenses

May 2011 Plan

\$ in Millions

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Uniformed Forces					
Police Department	\$4,242	\$4,106	\$4,105	\$4,105	\$4,105
Fire Department	1,490	1,407	1,383	1,380	1,379
Department of Correction	1,019	999	992	992	992
Sanitation Department	1,377	1,272	1,311	1,403	1,403
Subtotal: Uniformed Forces	\$8,128	\$7,784	\$7,791	\$7,880	\$7,879
Year-to-Year Change:	254 3.2%	(344) (4.2%)	7 0.1%	89 1.1%	(1) (0.0%)
Health and Welfare					
Social Services	\$442	\$508	\$503	\$501	\$501
Children's Services*	687	821	788	790	791
Homeless Services	410	394	390	390	390
Health and Mental Hygiene	607	593	594	594	594
HHC Subsidy	84	72	71	71	71
Subtotal: Health and Welfare	\$2,230	\$2,388	\$2,346	\$2,346	\$2,347
Year-to-Year Change:	(74) (3.2%)	158 7.1%	(42) (1.8%)	---	1 0.0%
Other Agencies					
Housing Preservation & Development	\$68	\$57	\$56	\$56	\$56
Environmental Protection	937	971	952	952	953
Finance	219	219	216	216	216
Transportation	421	422	440	453	453
Parks and Recreation	263	223	231	232	232
Citywide Administrative Services	206	194	206	206	206
All Other Mayoral	1,786	1,515	1,742	2,127	2,500
Subtotal: Other Agencies	\$3,900	\$3,601	\$3,843	\$4,242	\$4,616
Year-to-Year Change:	(107) (2.7%)	(299) (7.7%)	242 6.7%	399 10.4%	374 8.8%
Education					
Department of Education (see below)	\$5,905	\$7,217	\$7,383	\$7,548	\$7,512
CUNY	542	507	502	503	503
Subtotal: Education	\$6,447	\$7,724	\$7,885	\$8,051	\$8,015
Year-to-Year Change:	546 9.3%	1,277 19.8%	161 2.1%	166 2.1%	(36) (0.4%)
Elected Officials					
Mayorality	\$68	\$68	\$67	\$67	\$67
All Other Elected	399	385	378	379	379
Subtotal: Elected Officials	\$467	\$453	\$445	\$446	\$446
Year-to-Year Change:	(7) (1.5%)	(14) (3.0%)	(8) (1.8%)	1 0.2%	---
Total Controllable Agency Spending	\$21,172	\$21,950	\$22,310	\$22,965	\$23,303
Year-to-Year Change:	612 3.0%	778 3.7%	360 1.6%	655 2.9%	338 1.5%
Dept of Education (Including State and Federal funds)	\$15,721	\$15,928	\$16,196	\$16,452	\$16,505
Year-to-Year Change:	220 1.4%	207 1.3%	268 1.7%	256 1.6%	53 0.3%

* Includes the merger of Department of Juvenile Justice into Administration for Children's Services in FY 2012. Note: Excludes the impact of prepayments.

City Funds Non-Controllable Agency Expenses and Debt Service

		\$ in Millions				
		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Non-Controllable Agency Expenses						
Pensions		\$6,837	\$8,259	\$8,403	\$8,286	\$8,563
	Year-to-Year	\$254	\$1,422	\$144	(\$117)	\$277
	Change:	3.9%	20.8%	1.7%	(1.4%)	3.3%
Fringe Benefits ⁽¹⁾		\$5,866	\$6,291	\$6,759	\$7,325	\$7,979
	Year-to-Year	\$439	\$425	\$468	\$566	\$654
	Change:	8.1%	7.2%	7.4%	8.4%	8.9%
Retiree Health Benefits Trust		(\$395)	(\$672)	\$ ---	\$ ---	\$ ---
Employee-Related Costs		\$12,308	\$13,878	\$15,162	\$15,611	\$16,542
	Year-to-Year	\$380	\$1,570	\$1,284	\$449	\$931
	Change:	3.2%	12.8%	9.3%	3.0%	6.0%
Medicaid		\$5,697	\$6,206	\$6,224	\$6,328	\$6,508
	Year-to-Year	(\$255)	\$509	\$18	\$104	\$180
	Change:	(4.3%)	8.9%	0.3%	1.7%	2.8%
FMAP (Federal Matching Percent for Medicaid)		(\$999)	(\$199)	(\$32)	\$ ---	\$ ---
Re-estimate of Prior Year Expenses		(\$500)	\$ ---	\$ ---	\$ ---	\$ ---
General Reserve		\$40	\$300	\$300	\$300	\$300
All Other ⁽²⁾		\$2,144	\$2,178	\$2,334	\$2,389	\$2,547
	Year-to-Year	\$6	\$34	\$156	\$55	\$158
	Change:	0.3%	1.6%	7.2%	2.4%	6.6%
Subtotal Non-Controllable Expenses		\$18,690	\$22,363	\$23,988	\$24,628	\$25,897
	Year-to-Year	\$420	\$3,673	\$1,625	\$640	\$1,269
	Change:	2.3%	19.7%	7.3%	2.7%	5.2%
Debt Service		\$4,819	\$5,381	\$6,358	\$6,614	\$6,975
	Year-to-Year	(\$112)	\$562	\$977	\$256	\$361
	Change:	(2.3%)	11.7%	18.2%	4.0%	5.5%
Total Non-Controllable and Debt Service		\$23,509	\$27,744	\$30,346	\$31,242	\$32,872
	Year-to-Year	\$308	\$4,235	\$2,602	\$896	\$1,630
	Change:	1.3%	18.0%	9.4%	3.0%	5.2%

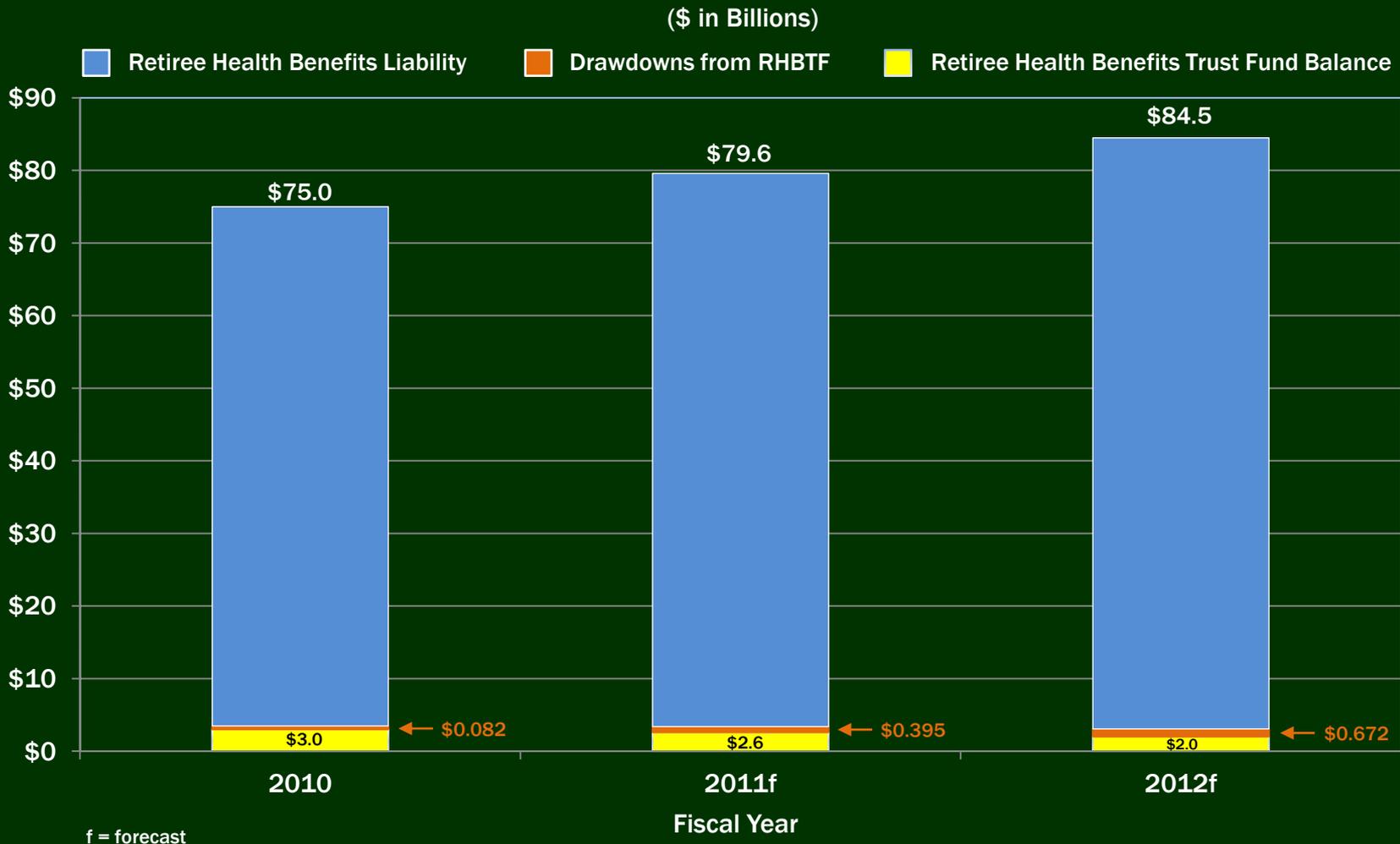
Excludes the impact of prepayments and debt defeasances

⁽¹⁾ Includes Health Insurance, Welfare Funds, Social Security Contributions, Worker's Compensation, Unemployment Insurance, Annuity Contributions, Uniform Allowance, and Disability Benefits Insurance.

⁽²⁾ Includes Public Assistance, Judgments & Claims, Indigent Defense Service, Contractual, Criminal Justice, and Water & Sewer for City Facilities.

After Using \$82 Million in FY 2010 and \$395 Million in FY 2011, the City Is Using an Additional \$672 Million of Funding from the Retiree Health Benefits Trust Fund (RHBTf) in FY 2012

The Balance in the RHBTf in FY 2012 is \$2 Billion. The City's Liability for Retiree Health Benefits Is Forecast to be \$84.5 Billion as of FY 2012, an Increase of 13% in Just Two Years



Our 10 PEG Programs Resulted in Recurring Annual Savings of Over \$5 Billion

Increases the Gap / (Decreases the Gap)
City Funds - \$ in Millions

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
<u>Dates PEGs Were Implemented</u>								
Before June 2008	(\$618)	(\$1,145)	(\$1,081)	(\$979)	(\$985)	(\$985)	(\$985)	(\$985)
July 2008 - June 2009	---	(501)	(2,075)	(2,074)	(2,065)	(2,087)	(2,087)	(2,087)
July 2009 - June 2010	---	---	(300)	(915)	(1,123)	(1,130)	(1,084)	(1,084)
July 2010 - May 2011	---	---	---	(633)	(1,235)	(1,172)	(1,147)	(1,147)
Total	(\$618)	(\$1,646)	(\$3,456)	(\$4,601)	(\$5,408)	(\$5,374)	(\$5,303)	(\$5,303)

Our Agency Programs to Eliminate the Gap (PEGs) from November 2010, February 2011 and May 2011 Total \$1.2 Billion

Increases the Gap / (Decreases the Gap)

Fiscal Year 2012				
City Funds - \$ in Millions				
	<u>Expense</u>	<u>Revenue</u>	<u>Total</u>	<u>Percentage</u>
Uniformed Forces				
Police	(\$63)	(\$1)	(\$64)	(1.2%)
Fire	(37)	(1)	(38)	(2.2%)
Correction	(8)	(5)	(13)	(1.1%)
Sanitation	(91)	---	(91)	(6.0%)
Health and Welfare				
Administration for Children's Services*	(68)	---	(68)	(9.3%)
Social Services	(53)	---	(53)	(8.8%)
Homeless Services	(23)	---	(23)	(6.1%)
Youth & Community Development	(19)	---	(19)	(11.3%)
Health & Mental Hygiene	(48)	---	(48)	(11.0%)
Other Mayoral				
Housing Preservation & Development	(7)	(1)	(8)	(11.4%)
Finance	1	(39)	(38)	(15.3%)
Transportation	(26)	(30)	(56)	(11.0%)
Parks & Recreation	(47)	---	(47)	(15.4%)
Libraries	(29)	---	(29)	(11.7%)
Department of Cultural Affairs	(13)	---	(13)	(11.7%)
Citywide Administrative Services	(13)	(10)	(23)	(9.9%)
All Other Agencies	(87)	(30)	(117)	(6.4%)
Major Organizations				
Education	(394)	---	(394)	(4.5%)
CUNY	(25)	---	(25)	(12.2%)
HHC	(12)	---	(12)	(10.9%)
Other				
Procurement Savings	(56)	---	(56)	
Total Agency Programs	(\$1,118)	(\$117)	(\$1,235)	(5.0%)

*Includes the merge of Department of Juvenile Justice into Administration for Children's Services in FY 2012.

We Have Reduced Our Headcount Since FY 2002

- ❖ The City's total headcount has fallen from 311,804 in FY 2002 to 295,735 currently, a decline of 5.2%, and is forecast to fall further to 288,684 by the end of FY 2012, a total FY 2002 through FY 2012 decline of 23,120 or 7.4%.
- ❖ Uniformed Police headcount has fallen from 39,297 in FY 2002 to 34,530 currently, and is forecast to fall further to 34,413 by the end of FY 2012, a total FY 2002 through FY 2012 decline of 4,884 or 12.4%. Over this period, crime has continued to fall.
- ❖ Uniformed Firefighter headcount has fallen from 11,120 in FY 2002 to 10,798 currently, and is forecast to fall further to 10,281 by the end of FY 2012, a total FY 2002 through FY 2012 decline of 839 or 7.5%. Over this period, fire deaths have fallen, as have response times to emergencies.
- ❖ Education Pedagogical headcount has fallen from 112,810 in FY 2002 to 109,219 currently, a decline of 3.2%, even as the quality of education has improved. With the headcount reduction of over 6,000 teachers included in this Executive Budget, Pedagogical headcount will fall further to 103,077 by the end of FY 2012. This will result in a total FY 2002 to FY 2012 decline of 9,733 or 8.6%.
- ❖ It is imperative that the State approve the City's plan to modify the "Last-In-First-Out" or LIFO method of labor management at the Department of Education to ensure the quality of education provided to the City's schoolchildren.
- ❖ All Other Agency headcount has fallen from 148,577 in FY 2002 to 141,188 currently, and is forecast to fall further to 140,913 by the end of FY 2012, a total FY 2002 through FY 2012 decline of 7,664 or 5.2%.

City Funded Pension Costs Have Increased by 519% from \$1.3 Billion in FY 2002 to \$8.3 Billion in FY 2012

The Average Annual Growth in Pension Costs FY 2002 - FY 2012 Is 20%

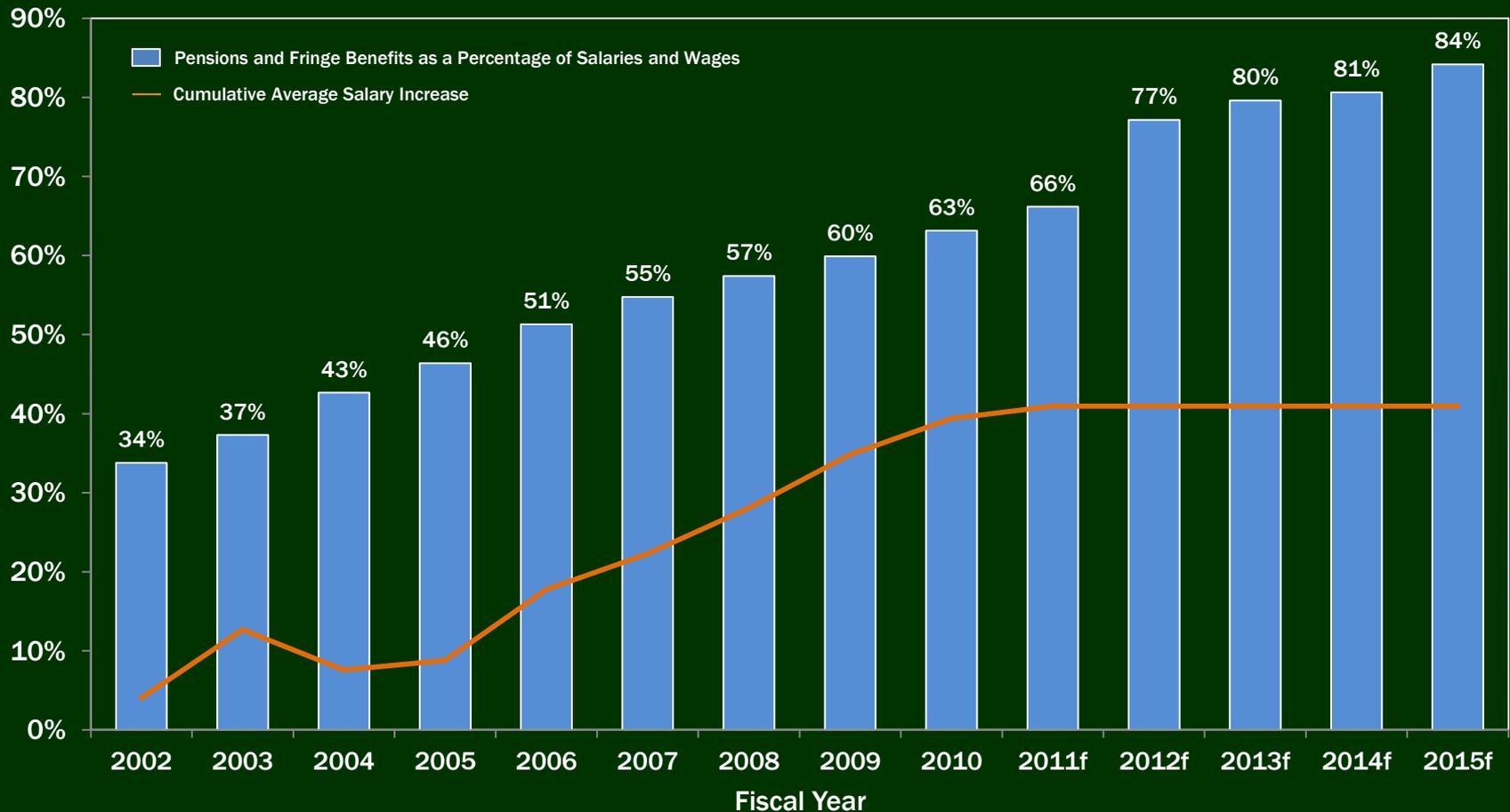


f = forecast

Note: Include Pension contributions to non-city systems and "pay as you go" non-actuarial systems.

Pensions and Fringe Benefits as a Percentage of Salaries and Wages Continue to Increase and NYC Needs Authorization from the State To Negotiate Pensions with Our Labor Force

The City's Defined Benefit Pension Program Does Not Limit the Contribution the City Needs to Make for Pensions, Unlike Defined Contribution Pension Programs



f = forecast

Note: Excludes the impact of prepayments and RHBT.

New York City Needs a New Pension Plan for New Employees

- ❖ Under our proposal, all current employees would continue to receive the pension benefits that they have earned.
- ❖ All new non-uniform employees would be required to work until age 65 before receiving a full pension.
- ❖ All new non-uniform employees would also need to contribute to their pensions for their entire working lifetimes.
- ❖ Overtime pay would not count in the pension calculation for all new employees.
- ❖ These and other pension changes we are proposing would save the City \$1 billion by FY 2019.

Consolidating and Streamlining City Agency Operations to Reduce Costs Without Impacting Services

The City is reducing expenses for back-office operations as part of NYC Simplicity. Since announcing this initiative in July, we have made significant progress.

- ❖ **Procurement:** Working with vendors to find savings within existing contracts. Restructuring citywide procurement practices and policies prospectively to leverage economies of scale and more strategic purchasing decisions.
 - The Cost Containment project has engaged the City's top 100 spend vendors in negotiations aimed at realizing cost savings on current contracts. Contract modifications are underway to save over \$10 million, with more than \$20 million in additional potential savings under review.
 - The City appointed a new Chief Acquisitions and Reengineering Officer to develop and implement enterprise level procurement reforms.

- ❖ **Fleet:** Streamline and consolidate the maintenance, purchasing and distribution of parts and fuel for the City's 26,000 vehicle fleet.
 - The City is exploring new models to reduce or eliminate vehicle parts inventory carrying costs by utilizing a single vendor to supply and manage all vehicle parts for eight City agencies.

- ❖ **Information Technology:** Consolidate data centers, email, help desk services, and IT purchasing and policies. Pursue enterprise licensing agreements that take advantage of the City's scale and buying power.
 - The City opened its new data center to consolidate the technology infrastructure from more than 40 agencies over the next five years. In the first wave of consolidations, the City is now working to assess, migrate, or host the IT systems and services of more than a dozen agencies.
 - The City has expanded its Enterprise License Agreements with various IT vendors such as Microsoft, Adobe and McAfee.

Consolidating and Streamlining City Agency Operations to Reduce Costs Without Impacting Services

❖ **Space and Real Estate:** Refocus real estate services to shed unneeded City-used space, offer customer-oriented and efficiency-based relocation, consolidation and termination services to agencies.

- To date, the City has reduced its office space by 305,000 square feet, saving \$11 million in annual lease expenses.

❖ **Debt and Payment Collection:** Consolidate citywide collection accounts receivable efforts. Enhance the City's ability to accept payments and the customer's ability to pay through third parties/commercial banks.

- The City is in the process of centralizing accounts receivable and obtaining new electronic billing and payment services. The Administration is also working with the City Council on legislation to improve collections from individuals and entities that do business with the City that are in arrears.

❖ **Enterprise Print Management:** Reduce the number of printers, copiers and scanners that City agencies purchase and use, as well as the contracts, ink, paper and energy consumed to support their functioning.

- The City re-negotiated copier contracts to save \$1 million, and is leveraging the NY State printer paper contract to save another \$1 million.

❖ **Human Capital:** Reform antiquated State civil service laws and City practices. Consolidate HR transactions by creating a shared services center. Enhance Employee Self Service as well as overall customer service, while allowing agencies to focus on strategic HR decision-making.

- The City released its Workforce Reform Report , which outlines 23 specific steps to improve the civil service system to lessen constraints and achieve savings. The recommendations focus on three areas for reform: governance, hiring flexibility and organizational excellence.
- The City has created a governance committee that will guide efforts in creating a consolidated human resource center for all City agencies.

Potential Savings of More Than \$500 Million over the Next 4 Years and \$500 Million in Continued Savings Each Year

Contracting Is an Important Component of Our Ongoing Efforts to Efficiently Manage the City

- ❖ Many of the City's social services are provided by contract with specialized non-profit agencies.
- ❖ The City's ten-year capital program, which has been reduced in this Executive Budget by 10%, is also substantially provided by outside contractors. Our work to build and renovate City buildings and our critical infrastructure projects provide thousands of construction industry jobs for New Yorkers.
- ❖ There is a significant amount of work for which the City does not have the necessary expertise for which we must use outside contractors. In addition, some projects are of a one-time nature and it does not make sense to hire full-time City staff for time-limited, one-time projects.
- ❖ We are also improving our management and oversight of Information Technology (IT) consultants and their projects. DOITT has reorganized its Project Management Office to insource project management by using City employees to oversee projects and have fewer vendors managing vendors, as well as using consultants for limited highly-technical portions of IT projects, rather than the whole thing (i.e., "smart-sourcing"). DOITT has also established a Vendor Management Office, which is much more diligently managing its IT vendors.
- ❖ We have recently hired a new Chief Acquisitions Officer, and are in the process of creating an Office of Citywide Purchasing within DCAS to streamline and consolidate procurement across City government in order to save money. This new office will leverage the City's purchasing power, direct agency procurement staff to renegotiate with service and goods contract vendors, improve post-award management, reduce procurement cycle time, and identify other efficiencies.
- ❖ We are also nearing completion of our "100 Vendors" initiative, which involved a focused assessment of the City's 100 largest outside contracts to identify potential cost savings.

The City Continues to Invest in Necessary Counter-terrorism Efforts

Lower Manhattan Security Initiative and Midtown Manhattan Security Initiative:

- ❖ These two programs are designed to maintain surveillance and detect potential threats in the City's two major business districts, using cameras, license plate identification, radiation detection and deployable physical protective barriers among other measures.

Joint Terrorism Task Force:

- ❖ **NYPD** is partnering with the FBI to investigate terrorist threats locally and around the world.

V. Capital

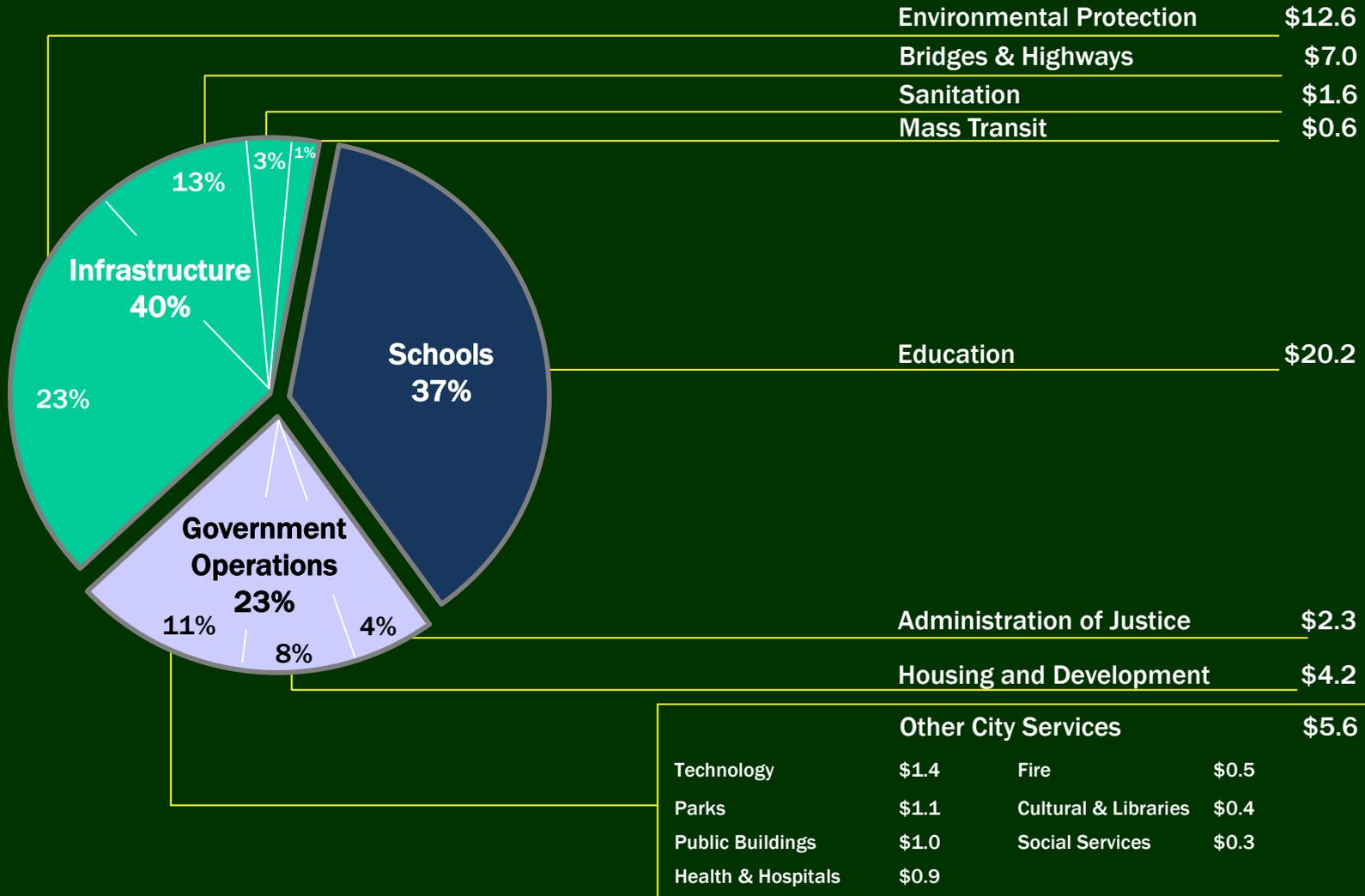
The City's Ten-Year Capital Strategy (Excluding Water) Has Been Reduced by 10%

- ❖ The City's Ten-Year Capital Strategy (excluding Water) has been reduced from \$39.8 billion to \$36.0 billion, a reduction of 10%.
- ❖ With our Capital cut, we will reduce our forecast debt service costs over the period FY 2011 – FY 2021 by \$713 million.
- ❖ With our Capital cut, we will reduce our forecast borrowing by \$2.1 billion over the period FY 2011 – FY 2021.
- ❖ With our Capital cut, we will reduce our outstanding debt by \$2.0 billion by FY 2021.

Ten-Year Capital Strategy FY 2012 – FY 2021

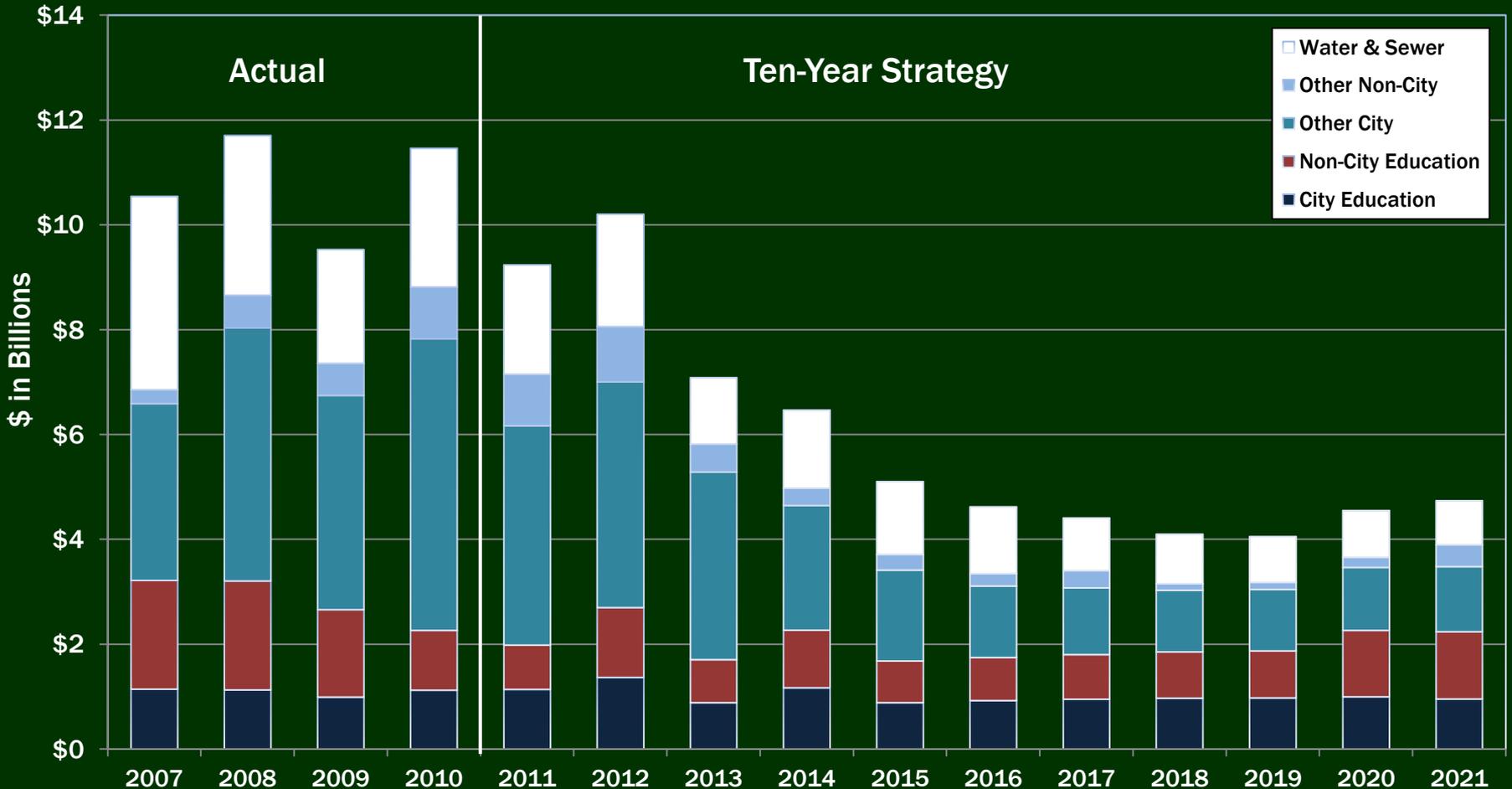
Total - \$54.1 Billion in All Funds

\$ in Billions



Capital Commitments - All Funds

\$ in Billions



Highlights of the Ten-Year Capital Strategy

Highlights of the Ten-Year Capital Strategy

\$ in Millions

❖ Construction of New Schools	\$7,369
❖ Rondout West Branch Tunnel Bypass and Related Infrastructure	\$2,100
❖ Combined Sewer Overflow Reduction Projects via NYC Green Infrastructure Plan	\$1,900
❖ Resurfacing of 7,000 Lane Miles of Streets, Citywide	\$1,275
❖ Energy Efficiency Measures & Building Retrofits, Citywide	\$704
❖ New 1,500 Bed Facility on Riker's Island	\$594
❖ Emergency Communications Systems & Facilities	\$588
❖ Solid Waste Management Plan Marine Transfer Station Program	\$404
❖ Fire Emergency Front-Line & Support Vehicle Replacement	\$395
❖ Replacement of Six Belt Parkway Bridges	\$371
❖ Citywide Tree Planting	\$205
❖ Construction of New Barberi Class Vessels for Staten Island Ferry	\$200
❖ North General/Coler-Goldwater Medical Facility Consolidation	\$187
❖ Public Health Lab New Building	\$139
❖ Ambulance Purchases	\$127
❖ Consolidation of City-Owned Office Space & Reduction of Leased Office Space	\$126
❖ Citywide Datacenter Consolidation & Backup Datacenter	\$102

VI. Tables

Fiscal Year 2011 Budget

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Includes Intra-City)	Net Total (Excludes Intra-City)	City Fund Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgment & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$4,303	\$1,633	\$2,252	\$8,188	\$432	---	\$42	\$132	\$99	\$705	\$8,893	\$8,659	\$8,243	
Fire Department	1,544	563	966	3,073	217	---	8	23	115	363	3,436	3,425	3,087	
Department of Correction	888	365	299	1,552	131	---	7	28	185	351	1,903	1,902	1,859	
Department of Sanitation	823	345	221	1,389	562	---	4	36	251	853	2,242	2,239	2,177	
Subtotal	\$7,558	\$2,906	\$3,738	\$14,202	\$1,342	---	\$61	\$219	\$650	\$2,272	\$16,474	\$16,225	\$15,366	
HEALTH AND WELFARE														
Administration for Children's Services	\$360	\$110	\$55	\$525	\$2,406	---	\$3	\$1	---	\$2,410	\$2,935	\$2,885	\$815	
Department of Social Services	744	304	110	1,158	984	6,451	5	---	67	7,507	8,665	8,657	6,085	
Department of Homeless Services	118	40	16	174	928	---	1	1	---	930	1,104	905	454	
Department of Health & Mental Hygiene	412	116	54	582	1,276	---	2	1	44	1,323	1,905	1,892	792	
Health and Hospitals Corporation ⁽¹⁾	---	23	---	23	191	---	6	190	168	555	578	479	249	
Subtotal	\$1,634	\$593	\$235	\$2,462	\$5,785	\$6,451	\$17	\$193	\$279	\$12,725	\$15,187	\$14,818	\$8,395	
EDUCATION														
Department of Education	\$9,671	\$3,180	\$2,581	\$15,432	\$6,210	---	\$20	\$46	\$1,261	\$7,537	\$22,969	\$22,743	\$11,619	
City University	425	108	57	590	280	---	---	1	44	325	915	879	647	
Subtotal	\$10,096	\$3,288	\$2,638	\$16,022	\$6,490	---	\$20	\$47	\$1,305	\$7,862	\$23,884	\$23,622	\$12,266	
OTHER AGENCIES	\$2,331	\$749	\$330	\$3,410	\$4,726	---	\$87	\$176	\$2,224	\$7,213	\$10,623	\$9,617	\$7,229	
ELECTED OFFICIALS	\$457	\$115	\$61	\$633	\$97	---	\$5	\$2	---	\$104	\$737	\$733	\$637	
MISCELLANEOUS BUDGET	\$54	---	---	\$54	---	\$1,653 ⁽²⁾	---	---	\$360	\$2,013	\$2,067	\$2,067	\$1,521	
DEBT SERVICE COSTS (Unallocated)	---	---	---	---	---	---	---	---	\$219	\$219	\$219	\$219	\$162	
RE-ESTIMATE OF PRIOR YEARS' EXPENSES	---	---	---	---	(\$500)	---	---	---	---	(\$500)	(\$500)	(\$500)	(\$500)	
RETIREE HEALTH BENEFITS TRUST (RHBT)	---	(\$395)	---	(\$395)	---	---	---	---	---	---	(\$395)	(\$395)	(\$395)	
TOTAL⁽³⁾	\$22,130	\$7,256	\$7,002	\$36,388	\$17,940	\$8,104	\$190	\$637	\$5,037	\$31,908	\$68,296	\$66,406	\$44,681	
City Funds⁽⁴⁾	\$12,396	\$5,471	\$6,837	\$24,704	\$8,115	\$6,419	\$177	\$447	\$4,819	\$19,977				
Less: Prepayments	---	---	---	---	---	\$219	---	---	\$210	\$429	\$429	\$429	\$429	
Total After Prepayments	\$22,130	\$7,256	\$7,002	\$36,388	\$17,940	\$7,885	\$190	\$637	\$4,827	\$31,479	\$67,867	\$65,977	\$44,252	

⁽¹⁾ Only reflects funding appropriated in the City's Budget.

⁽²⁾ Includes subsidies to the MTA, General Reserve, Indigent Defense Services and Other Contractual Services.

⁽³⁾ Excludes the impact of prepayments.

⁽⁴⁾ Excludes IFA and Other Categorical Grants.

Fiscal Year 2012 Budget

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Includes Intra-City)	Net Total (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgment & Claims	Debt Service	OTPS Subtotal			
UNIFORM AGENCIES													
Police Department	\$4,105	\$1,730	\$2,712	\$8,547	\$365	---	\$44	\$138	\$133	\$680	\$9,227	\$8,997	\$8,721
Fire Department	1,450	589	1,165	3,204	152	---	9	24	134	319	3,523	3,521	3,255
Department of Correction	872	390	368	1,630	127	---	7	29	207	370	2,000	2,000	1,957
Department of Sanitation	758	361	271	1,390	512	---	5	38	282	837	2,227	2,224	2,170
Subtotal	\$7,185	\$3,070	\$4,516	\$14,771	\$1,156	---	\$65	\$229	\$756	\$2,206	\$16,977	\$16,742	\$16,103
HEALTH AND WELFARE													
Administration for Children's Services	\$403	\$130	\$67	\$600	\$2,349	---	\$3	\$2	---	\$2,354	\$2,954	\$2,953	\$981
Department of Social Services	746	328	128	1,202	922	7,489	5	1	73	8,490	9,692	9,687	7,407
Department of Homeless Services	114	41	19	174	673	---	1	1	---	675	849	846	442
Department of Health & Mental Hygiene	373	120	63	556	1,171	---	2	1	53	1,227	1,783	1,782	799
Health and Hospitals Corporation ⁽¹⁾	---	25	---	25	164	---	6	190	185	545	570	477	251
Subtotal	\$1,636	\$644	\$277	\$2,557	\$5,279	\$7,489	\$17	\$195	\$311	\$13,291	\$15,848	\$15,745	\$9,880
EDUCATION													
Department of Education	\$9,320	\$3,333	\$3,071	\$15,724	\$6,749	---	\$20	\$46	\$1,482	\$8,297	\$24,021	\$23,810	\$13,581
City University	420	88	68	576	239	---	---	1	46	286	862	849	624
Subtotal	\$9,740	\$3,421	\$3,139	\$16,300	\$6,988	---	\$20	\$47	\$1,528	\$8,583	\$24,883	\$24,659	\$14,205
OTHER AGENCIES	\$2,190	\$740	\$419	\$3,349	\$3,811	---	\$80	\$182	\$2,715	\$6,788	\$10,137	\$9,170	\$7,417
ELECTED OFFICIALS	\$422	\$116	\$73	\$611	\$85	---	\$5	\$2	---	\$92	\$703	\$700	\$639
MISCELLANEOUS BUDGET	\$105	---	---	\$105	---	\$1,879 ⁽²⁾	---	---	\$384	\$2,263	\$2,368	\$2,368	\$1,981
DEBT SERVICE COSTS (Unallocated)	---	---	---	---	---	---	---	---	\$220	\$220	\$220	\$220	\$141
RE-ESTIMATE OF PRIOR YEARS' EXPENSES	---	---	---	---	---	---	---	---	---	---	---	---	---
RETIREE HEALTH BENEFITS TRUST (RHBT)	---	(\$672)	---	(\$672)	---	---	---	---	---	---	(\$672)	(\$672)	(\$672)
TOTAL⁽³⁾	\$21,278	\$7,319	\$8,424	\$37,021	\$17,319	\$9,368	\$187	\$655	\$5,914	\$33,443	\$70,464	\$68,932	\$49,694
City Funds⁽⁴⁾	\$13,083	\$5,619	\$8,259	\$26,961	\$8,696	\$8,013	\$178	\$465	\$5,381	\$22,733			
Less: Prepayments	---	---	---	---	\$164	---	---	---	\$3,053	\$3,217	\$3,217	\$3,217	\$3,217
Total After Prepayments	\$21,278	\$7,319	\$8,424	\$37,021	\$17,155	\$9,368	\$187	\$655	\$2,861	\$30,226	\$67,247	\$65,715	\$46,477

⁽¹⁾ Only reflects funding appropriated in the City's Budget

⁽²⁾ Includes subsidies to the MTA, General Reserve, Indigent Defense Services and Other Contractual Services.

⁽³⁾ Excludes the impact of prepayments.

⁽⁴⁾ Excludes IFA and Other Categorical Grants.

Changes Between FY 2011 and FY 2012 Budgets

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Includes Intra-City)	Net Total (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgment & Claims	Debt Service	OTPS Subtotal			
UNIFORM AGENCIES													
Police Department	(\$198)	\$97	\$460	\$359	(\$67)	---	\$2	\$6	\$34	(\$25)	\$334	\$338	\$478
Fire Department	(94)	26	199	131	(65)	---	1	1	19	(44)	87	96	168
Department of Correction	(16)	25	69	78	(4)	---	---	1	22	19	97	98	98
Department of Sanitation	(65)	16	50	1	(50)	---	1	2	31	(16)	(15)	(15)	(7)
Subtotal	(\$373)	\$164	\$778	\$569	(\$186)	---	\$4	\$10	\$106	(\$66)	\$503	\$517	\$737
HEALTH AND WELFARE													
Administration for Children's Services	\$43	\$20	\$12	\$75	(\$57)	---	---	\$1	---	(\$56)	\$19	\$68	\$166
Department of Social Services	2	24	18	44	(62)	1,038	---	1	6	983	1,027	1,030	1,322
Department of Homeless Services	(4)	1	3	---	(255)	---	---	---	---	(255)	(255)	(59)	(12)
Department of Health & Mental Hygiene	(39)	4	9	(26)	(105)	---	---	---	9	(96)	(122)	(110)	7
Health and Hospitals Corporation ⁽¹⁾	---	2	---	2	(27)	---	---	---	17	(10)	(8)	(2)	2
Subtotal	\$2	\$51	\$42	\$95	(\$506)	\$1,038	---	\$2	\$32	\$566	\$661	\$927	\$1,485
EDUCATION													
Department of Education	(\$351)	\$153	\$490	\$292	\$539	---	---	---	\$221	\$760	\$1,052	\$1,067	\$1,962
City University	(5)	(20)	11	(14)	(41)	---	---	---	2	(39)	(53)	(30)	(23)
Subtotal	(\$356)	\$133	\$501	\$278	\$498	---	---	---	\$223	\$721	\$999	\$1,037	\$1,939
OTHER AGENCIES	(\$141)	(\$9)	\$89	(\$61)	(\$915)	---	(\$7)	\$6	\$491	(\$425)	(\$486)	(\$447)	\$188
ELECTED OFFICIALS	(\$35)	\$1	\$12	(\$22)	(\$12)	---	---	---	---	(\$12)	(\$34)	(\$33)	\$2
MISCELLANEOUS BUDGET	\$51	---	---	\$51	---	\$226 ⁽²⁾	---	---	\$24	\$250	\$301	\$301	\$460
DEBT SERVICE COSTS (Unallocated)	---	---	---	---	---	---	---	---	\$1	\$1	\$1	\$1	(\$21)
RE-ESTIMATE OF PRIOR YEARS' EXPENSES	---	---	---	---	\$500	---	---	---	---	\$500	\$500	\$500	\$500
RETIRE HEALTH BENEFITS TRUST (RHBT)	---	(\$277)	---	(\$277)	---	---	---	---	---	---	(\$277)	(\$277)	(\$277)
TOTAL⁽³⁾	(\$852)	\$63	\$1,422	\$633	(\$621)	\$1,264	(\$3)	\$18	\$877	\$1,535	\$2,168	\$2,526	\$5,013
City Funds⁽⁴⁾	\$687	\$148	\$1,422	\$2,257	\$581	\$1,594	\$1	\$18	\$562	\$2,756			
Less: Prepayments	---	---	---	---	\$164	(\$219)	---	---	\$2,843	\$2,788	\$2,788	\$2,788	\$2,788
Total After Prepayments	(\$852)	\$63	\$1,422	\$633	(\$785)	\$1,483	(\$3)	\$18	(\$1,966)	(\$1,253)	(\$620)	(\$262)	\$2,225

⁽¹⁾ Only reflects funding appropriated in the City's Budget.

⁽²⁾ Includes subsidies to the MTA, General Reserve, Indigent Defense Services and Other Contractual Services.

⁽³⁾ Excludes the impact of prepayments.

⁽⁴⁾ Excludes IFA and Other Categorical Grants.

FY 2011 - City Funds Changes Between February 2011 Plan and May 2011 Plan

City Funds - \$ in Millions

	FY 2010	FY 2011				
	Actuals	Feb 2011 Plan	May 2011 Plan	Changes Since Feb 2011		Percent Change
Revenue	\$41,873	\$44,271	\$44,252	(\$19)	(0.0%)	❖ Our Current Plan forecasts City Funds Revenue to be \$44,252 in FY 2011, a decrease of \$19 million since the February 2011 Plan.
	<i>Change - 2010 to 2011</i>	\$2,398	\$2,379			
	<i>% Change - 2010 to 2011</i>	5.7%	5.7%			
Expenditures						
Controllable Agency Expenses	\$20,560	\$21,218	\$21,172	(\$46)	(0.2%)	❖ Our Current Plan forecasts City Funds Controllable Agency Expenses to be \$21,172 in FY 2011, a decrease of \$46 million since the February 2011 Plan.
	<i>Change - 2010 to 2011</i>	\$658	\$612			
	<i>% Change - 2010 to 2011</i>	3.2%	3.0%			
Debt Service	\$4,931	\$4,827	\$4,819	(\$8)	(0.2%)	❖ Our Current Plan forecasts City Funds Debt Service to be \$4,819 in FY 2011, a decrease of \$8 million since the February 2011 Plan.
	<i>Change - 2010 to 2011</i>	(\$104)	(\$112)			
	<i>% Change - 2010 to 2011</i>	(2.1%)	(2.3%)			
Non-Controllable Expenses	\$18,270	\$18,721	\$18,690	(\$31)	(0.2%)	❖ Our Current Plan forecasts City Funds Non-Controllable Expenses to be \$18,690 in FY 2011, a decrease of \$31 million since the February 2011 Plan.
	<i>Change - 2010 to 2011</i>	\$451	\$420			
	<i>% Change - 2010 to 2011</i>	2.5%	2.3%			
Total Expenditures	\$43,761	\$44,766	\$44,681	(\$85)	(0.2%)	❖ Our Current Plan forecasts City Funds Total Expenses to be \$44,681 in FY 2011, a decrease of \$85 million since the February 2011 Plan.
	<i>Change - 2010 to 2011</i>	\$1,005	\$920			
	<i>% Change - 2010 to 2011</i>	2.3%	2.1%			
Operating Surplus / (Deficit)	(\$1,888)	(\$495)	(\$429)	\$66		❖ Our Current Plan forecasts City Funds roll of \$3,217 million out of FY 2011 to help balance the FY 2012 budget.
Current Year Roll (Cost)	(\$3,646)	(\$3,151)	(\$3,217)	(\$66)		
Prior Year Roll - Benefit	\$2,813	\$3,646	\$3,646	\$---		
Net Impact of Prior Debt Defeasances	\$2,726	\$---	\$---	\$---		
Gap to be Closed	\$5	\$---	\$---	\$---		
Agency PEG Program						
Revenue Increases		\$51	\$62	\$11		
Controllable Agency Expense Decreases		(\$493)	(\$528)	(\$35)		
Non-Controllable Expense Decreases		(\$41)	(\$43)	(\$2)		
Total		\$585	\$633	\$48		

Note: Excludes the impact of prepayments and debt defeasances.

FY 2012 - City Funds Changes Between February 2011 Plan and May 2011 Plan

City Funds - \$ in Millions

	FY 2011	FY 2012				
	May 2011 Plan	Feb 2011 Plan	May 2011 Plan	Changes Since Feb 2011	Percent Change	
Revenue	\$44,252	\$46,766	\$46,477	(\$289)	(0.6%)	❖ Our Current Plan forecasts City Funds Revenue to be \$46,477 in FY 2012, a decrease of \$289 million since the February 2011 Plan.
	<i>Change - 2011 to 2012</i>	\$2,495	\$2,225			
	<i>% Change - 2011 to 2012</i>	5.6%	5.0%			
Expenditures						
Controllable Agency Expenses	\$21,172	\$22,094	\$21,950	(\$144)	(0.7%)	❖ Our Current Plan forecasts City Funds Controllable Agency Expenses to be \$21,950 in FY 2012, a decrease of \$144 million since the February 2011 Plan.
	<i>Change - 2011 to 2012</i>	\$876	\$778			
	<i>% Change - 2011 to 2012</i>	4.1%	3.7%			
Debt Service	\$4,819	\$5,375	\$5,381	\$6	0.1%	❖ Our Current Plan forecasts City Funds Debt Service to be \$5,381 in FY 2012, an increase of \$6 million since the February 2011 Plan.
	<i>Change - 2011 to 2012</i>	\$548	\$562			
	<i>% Change - 2011 to 2012</i>	11.4%	11.7%			
Non-Controllable Expenses	\$18,690	\$22,448	\$22,363	(\$85)	(0.4%)	❖ Our Current Plan forecasts City Funds Non-Controllable Expenses to be \$22,363 in FY 2012, a decrease of \$85 million since the February 2011 Plan.
	<i>Change - 2011 to 2012</i>	\$3,727	\$3,673			
	<i>% Change - 2011 to 2012</i>	19.9%	19.7%			
Total Expenditures	\$44,681	\$49,917	\$49,694	(\$223)	(0.4%)	❖ Our Current Plan forecasts City Funds Total Expenses to be \$49,694 in FY 2012, a decrease of \$223 million since the February 2011 Plan.
	<i>Change - 2011 to 2012</i>	\$5,151	\$5,013			
	<i>% Change - 2011 to 2012</i>	11.5%	11.2%			
Operating Surplus / (Deficit)	(\$429)	(\$3,151)	(\$3,217)	(\$66)		
Current Year Roll (Cost)	(\$3,217)	\$ ---	\$ ---	\$ ---		
Prior Year Roll - Benefit	\$3,646	3,151	3,217	\$66		
Net Impact of Prior Debt Defeasances	\$ ---	\$ ---	\$ ---	\$ ---		
Gap to be Closed	\$ ---	\$ ---	\$ ---	\$ ---		
Agency PEG Program						
Revenue Increases		\$110	\$117	\$7		
Controllable Agency Expense Decreases		(\$795)	(\$998)	(\$203)		
Non-Controllable Expense Decreases		(\$97)	(\$120)	(\$23)		
Total		\$1,002	\$1,235	\$233		

Note: Excludes the impact of prepayments and debt defeasances.

Five-Year Financial Plan

Revenues and Expenditures

(All Funds - \$ in Millions)

Revenues	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Taxes					
General Property Tax	\$16,830	\$17,685	\$18,203	\$18,630	\$19,060
Other Taxes	22,253	23,752	24,585	25,321	26,666
Tax Audit Revenue	868	660	659	666	666
Subtotal: Taxes	\$39,951	\$42,097	\$43,447	\$44,617	\$46,392
Miscellaneous Revenues	6,192	5,915	5,971	6,030	6,049
Unrestricted Intergovernmental Aid	14	12	12	12	12
Less: Intra-City Revenue	(1,890)	(1,532)	(1,526)	(1,523)	(1,523)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$44,252	\$46,477	\$47,889	\$49,121	\$50,915
Other Categorical Grants	1,336	1,160	1,158	1,156	1,153
Inter-Fund Revenues	569	543	503	503	503
Federal Categorical Grants	8,325	6,525	6,290	6,235	6,233
State Categorical Grants	11,495	11,010	11,093	11,159	11,250
Total Revenues	\$65,977	\$65,715	\$66,933	\$68,174	\$70,054
Expenditures					
Personal Service					
Salaries and Wages	\$22,130	\$21,277	\$21,342	\$21,558	\$21,647
Pensions	7,002	8,424	8,568	8,451	8,727
Fringe Benefits	7,651	7,992	8,420	8,935	9,500
Retiree Health Benefits Trust	(395)	(672)	---	---	---
Subtotal: Personal Service	\$36,388	\$37,021	\$38,330	\$38,944	\$39,874
Other Than Personal Service					
Medical Assistance	\$4,894	\$6,141	\$6,327	\$6,463	\$6,643
Public Assistance	1,558	1,348	1,365	1,365	1,365
All Other ^{(1),(2)}	20,379	19,740	20,236	20,790	21,377
Subtotal: Other Than Personal Service	\$26,831	\$27,229	\$27,928	\$28,618	\$29,385
General Obligation, Lease and TFA Debt Service ^{(1),(2)}	5,037	5,914	6,668	6,921	7,278
FY 2010 Budget Stabilization & Discretionary Transfers ⁽¹⁾	(3,646)	---	---	---	---
FY 2011 Budget Stabilization & Discretionary Transfers ⁽²⁾	3,217	(3,217)	---	---	---
General Reserve	40	300	300	300	300
Subtotal	\$67,867	\$67,247	\$73,226	\$74,783	\$76,837
Less: Intra-City Expenses	(1,890)	(1,532)	(1,526)	(1,523)	(1,523)
Total Expenditures	\$65,977	\$65,715	\$71,700	\$73,260	\$75,314
Gap To Be Closed	\$ ---	\$ ---	(\$4,767)	(\$5,086)	(\$5,260)

(1) Fiscal Year 2010 Budget Stabilization and Discretionary Transfers total \$3.646 billion, including G.O. of \$2.888 billion, TFA of \$371 million, net equity contribution in bond refunding of \$4 million, and subsidies of \$383 million.
(2) Fiscal Year 2011 Budget Stabilization and Discretionary Transfers total \$3.217 billion, including G.O. of \$2.263 billion, TFA of \$790 million, and subsidies of \$164 million.