

# Fiscal 2006 Preliminary Budget Response

---



## Part V Highlights

Hon. Gifford Miller  
Speaker of the Council

Hon. David I. Weprin, Chair  
Finance Committee

New York City Council  
Finance Division  
Larian Angelo, Director

April 2005

# City Council Budget Response

The Council Alternative Financial Plan adds \$554 million in resources to Fiscal 2006 with;

\$98 million in efficiencies

\$456 million in projected additional tax revenue collections

The Council will allocate this additional \$554 million in resources as follows;

\$86 million in proposed tax cuts

\$276 million in restorations and enhancements

\$107 million in new initiatives

\$85 million in additional surplus

The Council plan generates a total surplus of \$440 million in Fiscal 2006;

This \$440 million will be placed in a fund for the purpose of paying down outstanding City debt

# City Council Alternative Financial Plan

(In millions)	2005	2006	2007	2008
<b>Gap to be Closed: January Plan</b>	\$ -	\$ -	\$ (4,118)	\$ (3,665)
<b>Council Resources</b>	\$ 354	\$ 554	\$ 704	\$ 1,021
Added Tax Revenue	354	456	606	923
Agency Reestimates & Efficiencies		98	98	98
<b>Council Initiatives</b>		\$ (383)	\$ (379)	\$ (366)
Baseline Restorations and Enhancements		(276)	(276)	(276)
<b>Education Restorations &amp; Initiatives</b>		\$ (60)	\$ (60)	\$ (60)
Books for School Libraries		(10)	(10)	(10)
Teacher Choice		(16)	(16)	(16)
After School Program - Urban Adventure		(25)	(25)	(25)
Enhance Vallone Scholarship		(9)	(9)	(9)
<b>New Initiatives</b>		\$ (47)	\$ (43)	\$ (30)
Restore & Expand Workforce Development Programs		-20	-20	-20
Domestic Violence Initiative		(6)	(6)	(6)
Immigrant Initiative		(10)	(10)	(10)
Add 1,000 Police Officers		(11)	(7)	6
<b>Tax Reductions / Reforms</b>		\$ (86)	\$ (105)	\$ (113)
<b>Business Tax Reform: Broader Base, Lower Rate</b>		\$ (11)	\$ (25)	\$ (29)
Tax Insurance Companies at GCT Rate		99	195	205
5% Across the Board Reduction on all Business Taxes		(80)	(160)	(170)
S-Corp Credit on PIT		(20)	(40)	(42)
Deepen UBT Credit on PIT		(10)	(20)	(22)
<b>Other Tax Cuts</b>		\$ (75)	\$ (80)	\$ (84)
Raise City EITC to 10% of Federal Credit		(55)	(60)	(64)
Deepen REAP		(20)	(20)	(20)
<b>Gap/Surplus</b>	\$ 354	\$ 86	\$ (3,898)	\$ (3,123)
<b>BSA</b>	\$ (354)	\$ 354		
<b>Gap/Surplus</b>		\$ 440		
<b>Pay Down Debt Fund</b>		\$ (440)		
<b>Restated Gap</b>		\$ -	\$ (3,898)	\$ (3,123)

# Council Tax Revenue Forecast

(Compared to the Fiscal 2006 Preliminary Budget)

(in millions)	2005	2006	2007	2008
Real Property	\$ -	\$ (44)	\$ 47	\$ 156
Personal Income	104	156	244	284
General Corporation	41	101	106	114
Banking Corporation	48	31	0	32
Unincorporated Business	50	72	102	116
Sales	50	37	70	128
Commercial Rent	(4)	(6)	(1)	1
Real Property Transfer	(11)	35	30	44
Mortgage Recording	86	78	4	33
Utility	(6)	(1)	7	15
Hotel	(4)	(3)	(2)	(1)
<b>Total Taxes</b>	<b>\$ 354</b>	<b>\$ 456</b>	<b>\$ 606</b>	<b>\$ 923</b>

# Council Tax Program

(in Millions)			
<b>Business Tax Reform: Broader Base, Lower Rate</b>	<b>\$ (11)</b>	<b>\$ (25)</b>	<b>\$ (29)</b>
Tax Insurance Companies at GCT Rate	99	195	205
5% Across the Board Reduction on all Business Taxes	(80)	(160)	(170)
S-Corp Credit on PIT	(20)	(40)	(42)
Deepen UBT Credit	(10)	(20)	(22)
<b>Other Tax Cuts</b>	<b>\$ (75)</b>	<b>\$ (80)</b>	<b>\$ (84)</b>
Raise City EITC to 10% of Federal Credit	(55)	(60)	(64)
Deepen REAP Program	(20)	(20)	(20)
<b>TOTAL PROGRAM</b>	<b>\$ (86)</b>	<b>\$ (105)</b>	<b>\$ (113)</b>

# Impact of Council Business Tax Program on Some Typical Taxpayers

	Business	Credit	Total
	Tax Rate	on	Tax
<u>Type of Filer:</u>	<u>Cut</u>	<u>PIT</u>	<u>Savings</u>
<b><i>General Corporation Tax</i></b>			
Textile manufacturer	\$307	.....	\$307
Biotech firm	\$257	.....	\$257
<b><i>Unincorporated Business Tax</i></b>			
Doctor with taxable income of \$100,000	\$200	\$310	\$510
Architect with taxable income of \$50,000	\$100	\$280	\$380
<b><i>S-Corporation Partner: Pharmacy</i></b>			
Partner one: married with 2 dependents and TI of \$150,000	\$221	\$631	\$852
\$40,000	\$221	\$1,459	\$1,680

# Council Restorations and Enhancements

<b>AGENCY NAME/PROGRAM</b> (in thousands)	<b>Fiscal 2006</b> <b>Restorations/ Enhancements</b>
<b>LIBRARIES</b>	<b>\$35,582</b>
Operating Subsidy	\$35,314
NYPL - Research	\$268
<b>CULTURAL AFFAIRS</b>	<b>\$16,943</b>
Cultural Institution Groups (CIGs)	\$14,151
Programs	\$2,792
<b>EDUCATION</b>	<b>\$7,445</b>
Worker Education Training Programs	\$3,500
Urban Advantage-Science Initiative	\$2,500
Attendance Improvement/Dropout Prevention (AIDP)	\$1,340
Principal Leadership Institute	\$105
<b>CUNY</b>	<b>\$25,482</b>
Community Colleges	\$16,464
Peter Vallone Scholarship	\$7,000
Other Programs-Variou	\$620
Dominican Studies Institute	\$470
Puerto Rican Studies Institute	\$469
Immigration Center	\$335
Hunter Campus School	\$124
<b>DEPARTMENT OF SMALL BUSINESS SERVICES</b>	<b>\$2,541</b>
Commercial Revitalization	\$1,014
Economic Development/Business Incubation	\$550
Garment Industrial Development Corp	\$336
Educational Opportunity Centers	\$335
NYC and Company	\$114
MWBE Staff	\$100
New York Industrial Retention Network	\$92
<b>PARKS AND RECREATION</b>	<b>\$9,386</b>
Seasonal Workers	\$7,286
Tree Pruning	\$2,100
<b>SANITATION</b>	<b>\$5,934</b>
Supplemental Basket Collection and Motorized Litter Patrol	\$5,300
Roosevelt Island AVAC Collection	\$500
Solid Waste Management Plan Consultant	\$134
<b>HEALTH</b>	<b>\$22,287</b>
Child Health Clinics	\$5,300
Infant Mortality	\$2,800
Summer School Nurses	\$2,525
HIV AIDS	\$2,400
Outpatient Medication Program	\$2,370
Emergency Preparedness Programs	\$1,388
Asian American Hepatitis B Project	\$1,340
Injection Drug Users Health Alliance (IDUHA)	\$858
Cancer Initiatives	\$781
School-based clinics	\$536
Family Planning	\$530
Asthma Control Program	\$545
Consolidation of TB Clinics	\$279
NYU Dental Van	\$268
HHC HIV/AIDS Counseling	\$207
Community Healthcare Network	\$160

# Restorations & Enhancements Cont.

<b>MENTAL HEALTH</b>	<b>\$12,823</b>
HHC MH/Substance Abuse Programs	\$3,285
HHC Mental Health/Hygiene Programs	\$2,622
Mental Health Contracts	\$1,856
Mental Retardation	\$1,300
Mental Health - Voluntary Sector	\$1,210
Alcoholism/Substance Abuse -Voluntary Sector	\$1,210
Crystal Methamphetamine Program	\$670
Children Under Five Initiative	\$670
<b>SOCIAL SERVICES/HRA</b>	<b>\$3,438</b>
Unemployment/SSI Program	\$2,500
Food Pantries	\$670
NYC Managed Care Consumer Assistance Prog.	\$268
<b>AGING</b>	<b>\$26,885</b>
Meals Restructuring	\$8,000
Borough President Discretionary Funds	\$6,562
Naturally Occurring Retirement Communities (NORCs)	\$5,000
City Council Discretionary Funds	\$3,047
Grab Bar Installation	\$2,000
Weekend Meals	\$1,700
ESL Expansion	\$335
Medicare Rights Center	\$134
Extended Service Contracts	\$107
<b>YOUTH</b>	<b>\$33,540</b>
Summer Jobs (SYEP)	\$11,451
Beacons	\$8,096
Discretionary Funds-City Council	\$5,239
Youth Programs-Variou	\$2,729
Immigrant Initiative	\$2,816
Neighborhood Youth Alliance/Street Outreach	\$1,311
Drug Prevention/Runaway&Homeless Youth	\$761
Helping Involve Parents in Schools Project (HIP Schools)	\$700
Domestic Violence Initiative	\$335
Youthlink	\$102
<b>HOMELESS</b>	<b>\$3,600</b>
Shelter Beds for GLBT Youth	\$2,500
Adult Rental Assistance Program	\$900
Project Renewal	\$200
<b>ADMINISTRATION FOR CHILDREN SERVICES</b>	<b>\$11,000</b>
Day Care Expansion	\$10,000
CONNECT	\$1,000
<b>HOUSING</b>	<b>\$4,850</b>
Legal Services	\$2,500
Community Consultants	\$1,030
Neighborhood Preservation Consultants	\$770
Citywide Task Force on Housing Court	\$350
Landlord Training contract reduction	\$200
<b>CORRECTION</b>	<b>\$4,050</b>
Discharge Planning	\$4,000
WomenCare	\$50
<b>PROBATION</b>	<b>\$40</b>
HOPE Program	\$40

# Restorations & Enhancements Cont.

<b>BOARD OF CORRECTION</b>	<b>\$114</b>
PS Staff	\$114
<b>JUVENILE JUSTICE</b>	<b>\$1,500</b>
Discharge Planning	\$1,500
<b>CCRB</b>	<b>\$1,000</b>
Investigator Positions	\$1,000
<b>POLICE</b>	<b>\$613</b>
School Crossing Guards	\$613
<b>MISCELLANEOUS</b>	<b>\$18,174</b>
Alternatives to Incarceration (ATI's)	\$5,600
Neighborhood Defender Service (NDS)	\$3,000
Office of the Appellate Defender (OAD)	\$2,250
Legal Aid - Citywide Civil Legal Services	\$1,375
LSNY - Citywide Civil Legal Services	\$1,375
Legal Services for Domestic Violence Victims	\$950
Earned Income Tax Credit Legal Assistance	\$765
LSNY - Keeping Families Together	\$500
Child Advocacy Centers	\$500
Immigrant Battered Women's Initiative	\$469
Legal Services for the Working Poor	\$402
NYC Alliance Against Sexual Assault	\$385
Center for Court Innovation	\$335
Legal Information for Families (LIFT)	\$201
Vera Institute	\$67
<b>FIRE</b>	<b>\$14,251</b>
Reopen 6 Engine Companies	\$10,075
Fire Cadet Program	\$2,800
Diversity Recruitment	\$1,376
<b>BOROUGH PRESIDENTS</b>	<b>\$3,492</b>
PS/OTPS	\$3,492
<b>PUBLIC ADVOCATE</b>	<b>\$961</b>
PS/OTPS	\$961
<b>DISTRICT ATTORNEYS</b>	<b>\$8,500</b>
PS/OTPS	\$8,500
<b>CONFLICTS OF INTEREST BOARD</b>	<b>\$143</b>
Training and Education Unit	\$143
<b>CITY PLANNING</b>	<b>\$335</b>
Zoning Reforms	\$335
<b>MAYORALTY</b>	<b>\$67</b>
Fatality Review Advisory Board	\$67
<b>EQUAL EMPLOYMENT PRACTICES COMMISSION</b>	<b>\$97</b>
Audit and Evaluation Staff	\$97
<b>BUILDINGS</b>	<b>\$670</b>
Inspectors	\$670
<b>TRANSPORTATION</b>	<b>\$125</b>
Ferry Service Subsidy	\$125
<b>GRAND TOTAL</b>	<b>\$275,868</b>

# Council Initiatives

(in millions)	2006	2007	2008
<b>Education Restorations &amp; Initiatives</b>	<b>(\$60)</b>	<b>(\$60)</b>	<b>(\$60)</b>
Books for School Libraries	(10)	(10)	(10)
Teacher Choice	(16)	(16)	(16)
After School Program - Urban Adventure	(25)	(25)	(25)
Enhance Vallone Scholarship	(9)	(9)	(9)
<b>New Initiatives</b>	<b>(\$47)</b>	<b>(\$43)</b>	<b>(\$30)</b>
Restore & Expand Workforce Development Programs	(20)	(20)	(20)
Domestic Violence Initiative	(6)	(6)	(6)
Immigrant Initiative	(10)	(10)	(10)
Add 1,000 Police Officers	(11)	(7)	6
<b>Total</b>	<b>\$ (107)</b>	<b>\$ (103)</b>	<b>\$ (90)</b>

# Commuter Tax Dedicated to the MTA Capital Program

- Since the State eliminated New York City's modest "commuter tax" in 1999, the approximately 800,000 non-resident workers who come to the City each day to earn their living, pay no tax to the City on income they earn.
- Re-imposes the commuter tax on non-resident workers in New York City at a rate of 1.0 percent.
- In Fiscal 2006, the program would raise \$1.1 billion to pay the debt service for MTA capital program.
- The revenue raised by the imposition of this tax will go toward paying debt service on the MTA's \$15.5 billion capital spending gap. The gap includes \$11.3 billion for core capital spending plus a projected deficit of \$4.2 billion in the proposed capital expansion program for 2005-2009.

# Personal Income Tax Surcharge to Fund Class Size Reduction

(For Incomes Greater Than \$500,000)

(in millions)			
<b>CLASS SIZE REDUCTION AND PAY GO CAPITAL</b>	<b>\$ (188)</b>	<b>\$ (378)</b>	<b>\$ (406)</b>
<b>CLASS SIZE REDUCTION</b>	<b>\$ (188)</b>	<b>\$ (317)</b>	<b>\$ (317)</b>
K-3 to 17 Students	\$ (67)	\$ (67)	\$ (67)
Grade 4 and 5 to 20 Students	\$ (47)	\$ (47)	\$ (47)
Middle Schools Grade 6 thru 8 to 23 students	(\$73)	(\$73)	(\$73)
Middle Schools Grade 6 thru 8 to 23 students		(\$22)	(\$22)
Push-Ins K Thru 8		(\$108)	(\$108)
Parent Hotline	(\$1)		
<b>PAY GO CAPITAL</b>		<b>(\$61)</b>	<b>(\$89)</b>

# CUNY's Proposed \$602 Million Five-Year Capital Program

<b>State Portion</b>	<b>Reappropriations</b>	<b>Adopted State Budget New Appropriations</b>	<b>CUNY's Request</b>
\$301 Million	\$114.4 Million	\$125.8 Million	\$60.8 Million
<b>City Portion</b>	<b>Appropriations</b>	<b>City Council's Proposal (CUNY's Request)</b>	
\$301 Million	\$100 Million	\$201 Million	

# City's \$301 Million Portion

(in thousands)	City Commitments	City Council Proposal (CUNY Ask)
Medgar Evers - Academic Building I	\$58,855	\$2,500
BMCC - Fiterman Hall Replacement	20,000	---
BMCC - Chambers Street Renovation Phase I & Phase II	5,500 (City Council)	11,397
LaGuardia - Center 3 Renovation Phase I & Phase II	6,250 (City Council)	24,327
Bronx - North Instructional Building	6,776 (City Council)	30,481
Hostos - 500 Grand Concourse, Phase II	580 (City Council)	3,420
Queensborough - Instructional Building	500 (City Council)	38,513
Queensborough - Holocaust Center	1,500 (City Council)	---
Health & Safety Projects	---	17,921
Facilities Preservation	---	10,647
BMCC - North Campus Building	---	5,980
Kingsborough - Roof Replacement	---	6,774
Other Critical Projects	---	49,040
<b>Totals</b>	<b>\$99,961</b>	<b>\$201,000</b>