

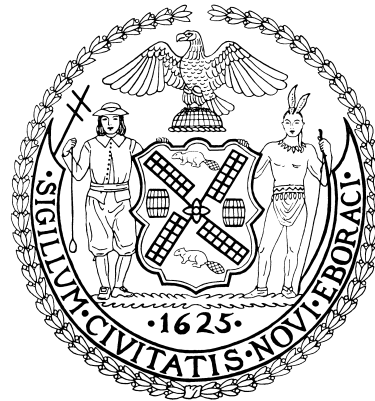
**The City of New York
Executive Budget
Fiscal Year 2003**

Michael R. Bloomberg, Mayor

Office of Management and Budget

Mark Page, Director

Budget Summary



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Budget Summary

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Executive Budget Fiscal Year 2003

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***O*verview**

Overview

- ❖ **In February, the Preliminary Budget for Fiscal Year 2003 projected a budget gap of \$4.8 billion. Our plan to close the gap included:**
 - *Agency Expense Reductions and Revenue Enhancements (\$1.8 billion),*
 - *Federal and State Initiatives (\$800 million),*
 - *Fringe Benefit Cost Containment and Early Retirement Savings (\$600 Million), and*
 - *One-time borrowing by the New York City Transitional Finance Authority (TFA) as authorized by the State (\$1.5 billion).*

- ❖ **Since the City's economy, already weakened by the national economic downturn, was further damaged by the terrorist attack, the gap closing program contained no new taxes and did not require any layoffs of City employees.**

- ❖ **The Preliminary Budget for Fiscal Year 2003 was well-received by independent fiscal monitors, including credit rating agencies which showed their confidence in our plan by maintaining the City's ratings at the A or better level following the publication of the plan.**

- ❖ **The Executive Budget gap projection has grown to almost \$5 billion, requiring an increase in the Agency Program to \$1.9 billion. The Plan continues to include Federal and State Initiatives of \$800 million. Of this amount, we have already succeeded in securing federal debt finance legislation which will provide \$150 million in budget relief to the City in 2003. Fringe Benefit Cost Containment continues at \$500 million. The TFA borrowing of \$1.5 billion also remains as part of the gap closing program. The gap closing program, as in February, continues to contain no new taxes and does not require any layoffs of City employees.**

- ❖ **The Executive Budget for Fiscal Year 2003 also includes a \$500 million Contingency Cut Plan which, if necessary, would reduce spending in uniformed agencies, education and other services, in part through layoffs.**

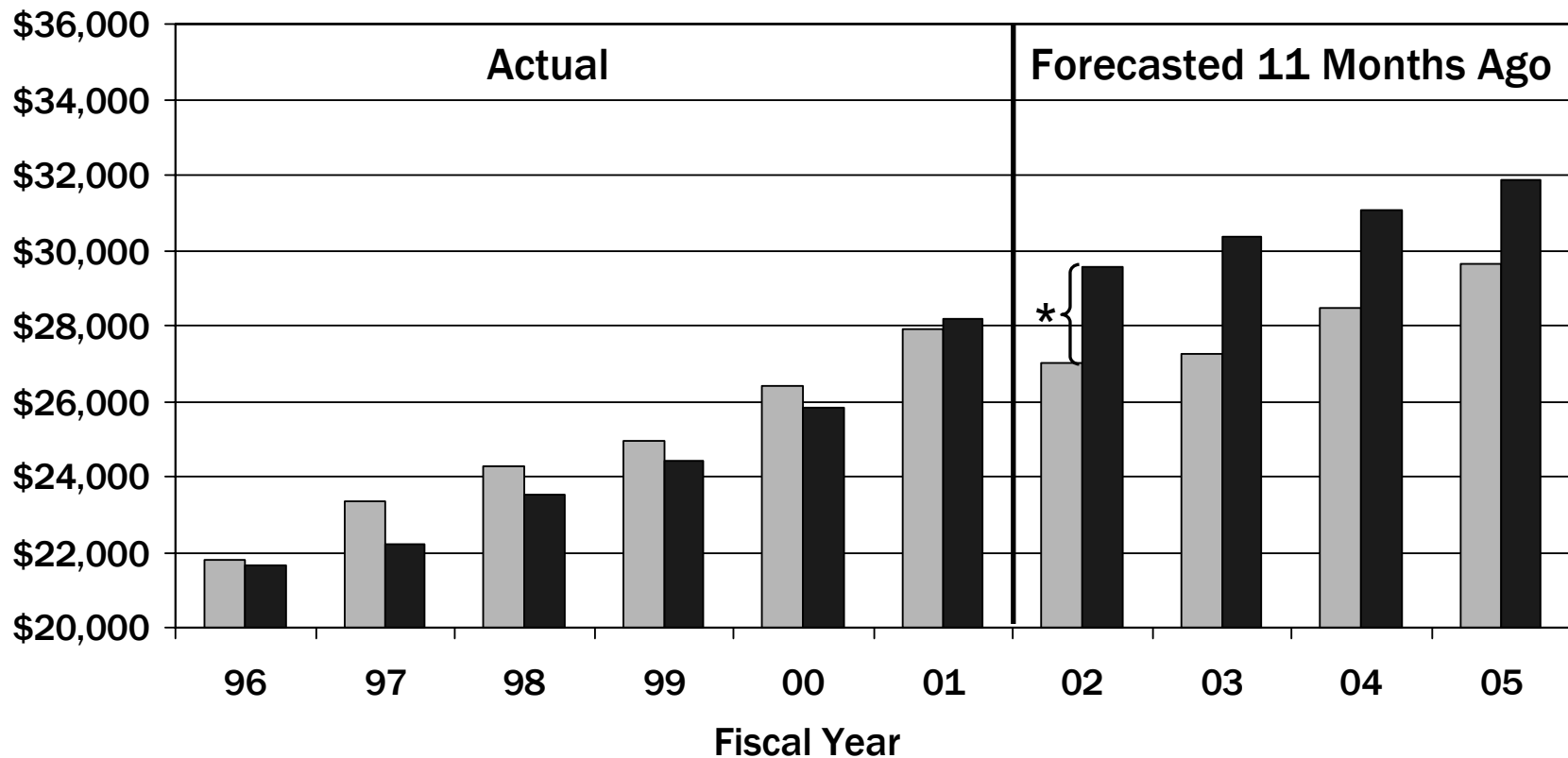
*Even Before 9/11,
The City Had Been Affected
by an Economic Downturn*

City Revenues and City Expenses As Forecasted 11 Months Ago

\$ in Millions

■ Taxes, Miscellaneous Revenues and Unrestricted Aid

■ Comparable Expenses



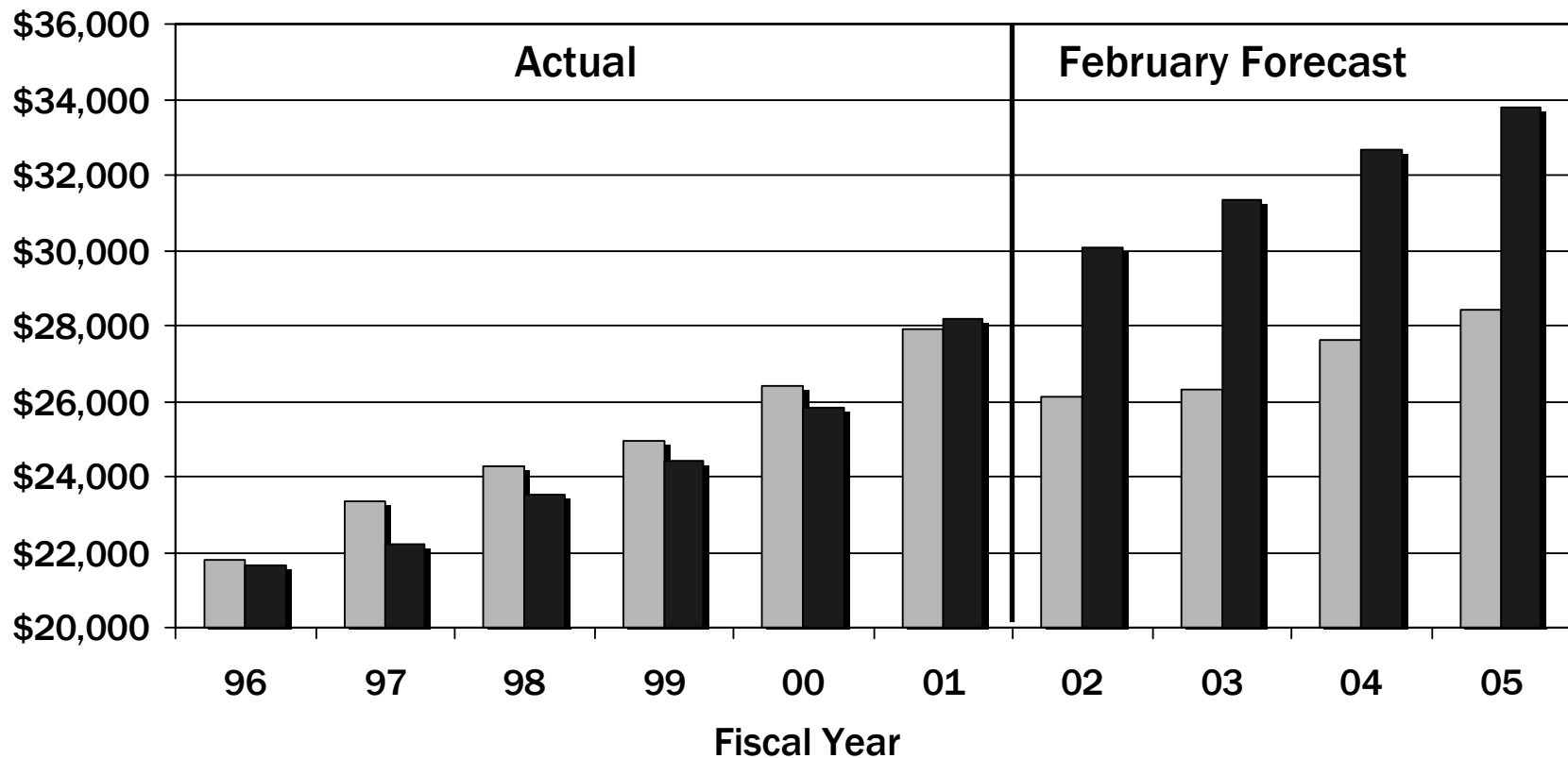
*In practice, surpluses are carried into the next year to reduce expenses (\$2.6 billion of 2002 expenses were prepaid in 2001, so 2002 is balanced).

City Revenues and City Expenses Forecast as of February 2002

\$ in Millions

■ Taxes, Miscellaneous Revenues and Unrestricted Aid

■ Comparable Expenses

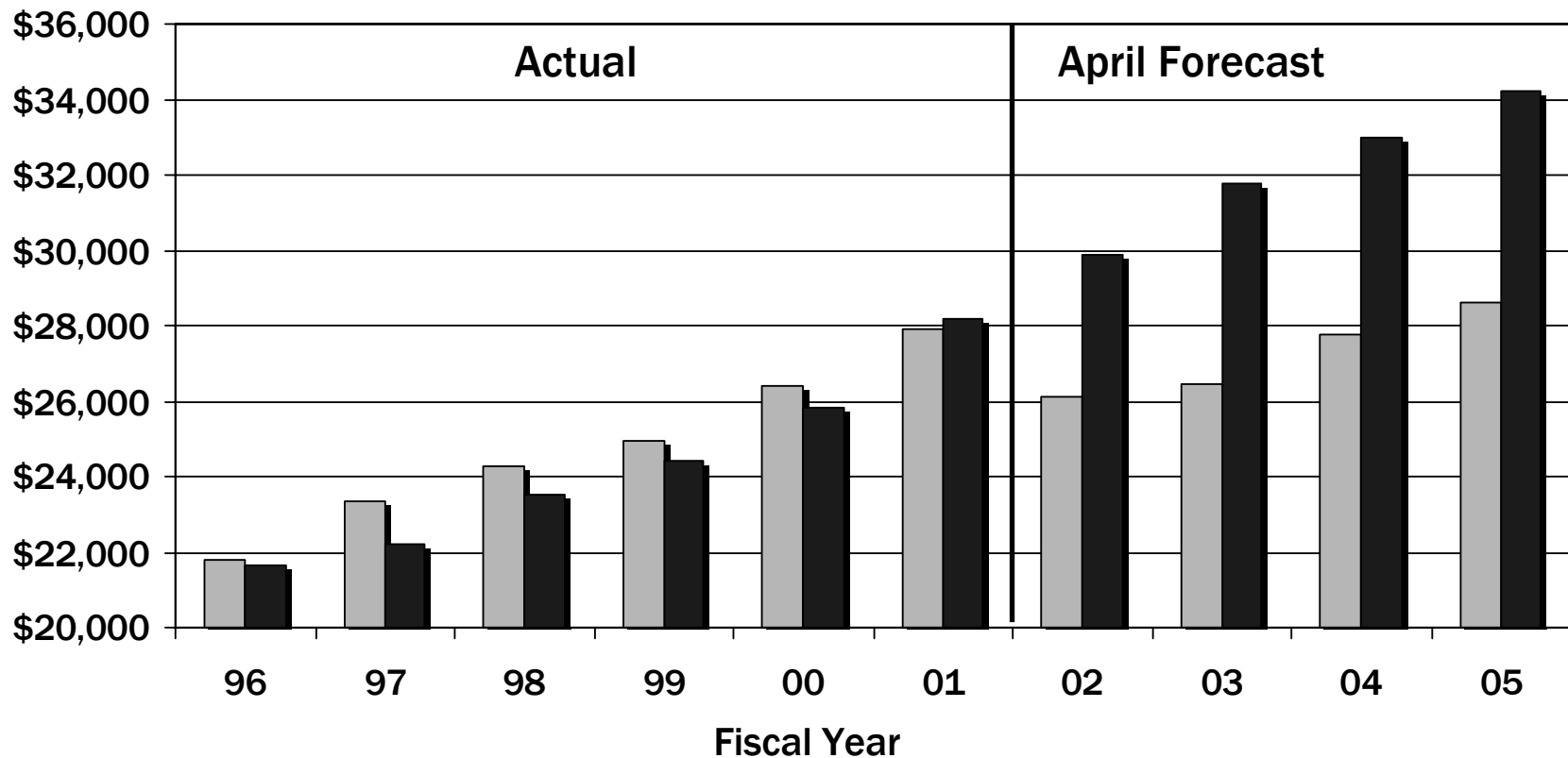


City Revenues and City Expenses Forecast as of April 2002

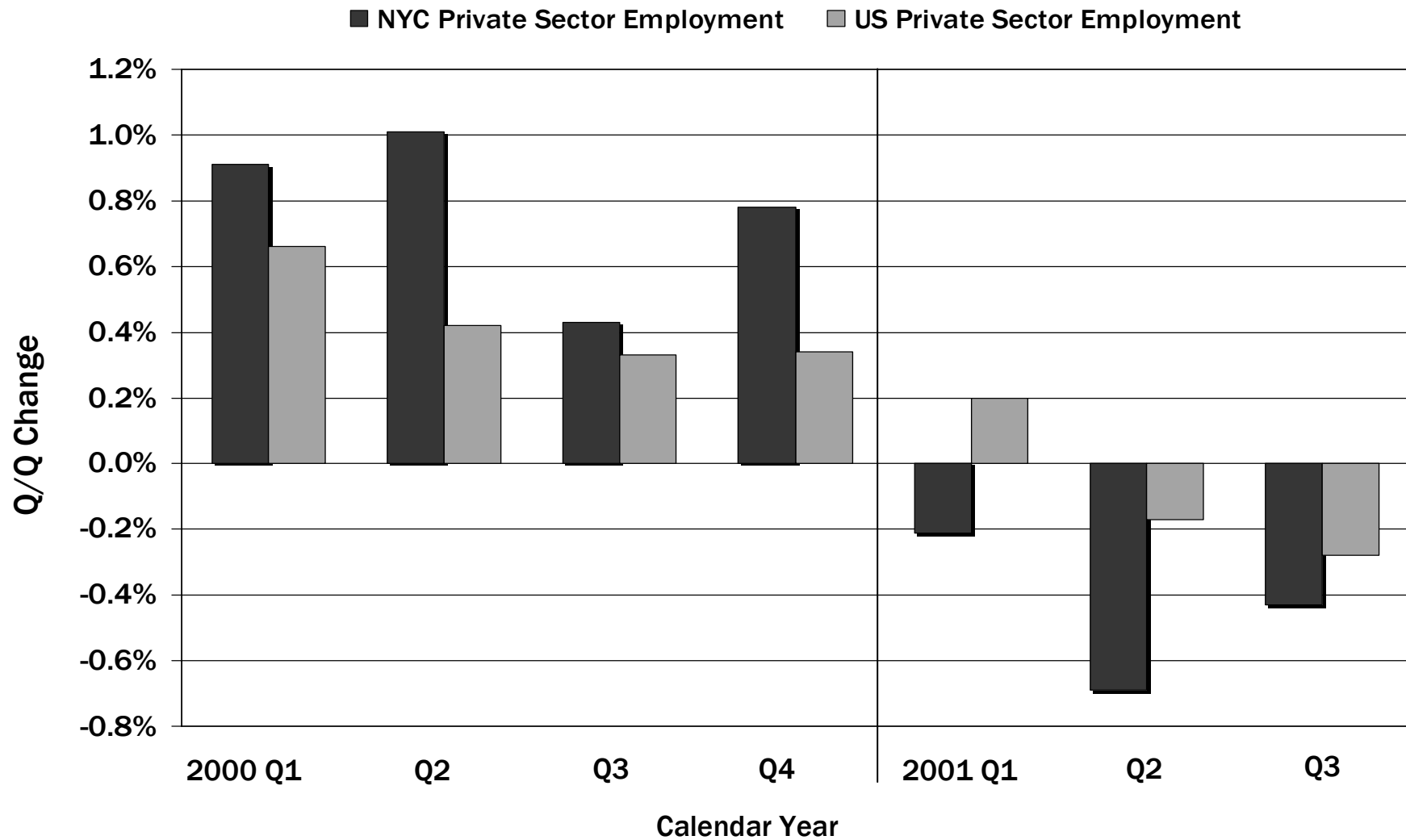
\$ in Millions

■ Taxes, Miscellaneous Revenues and Unrestricted Aid

■ Comparable Expenses

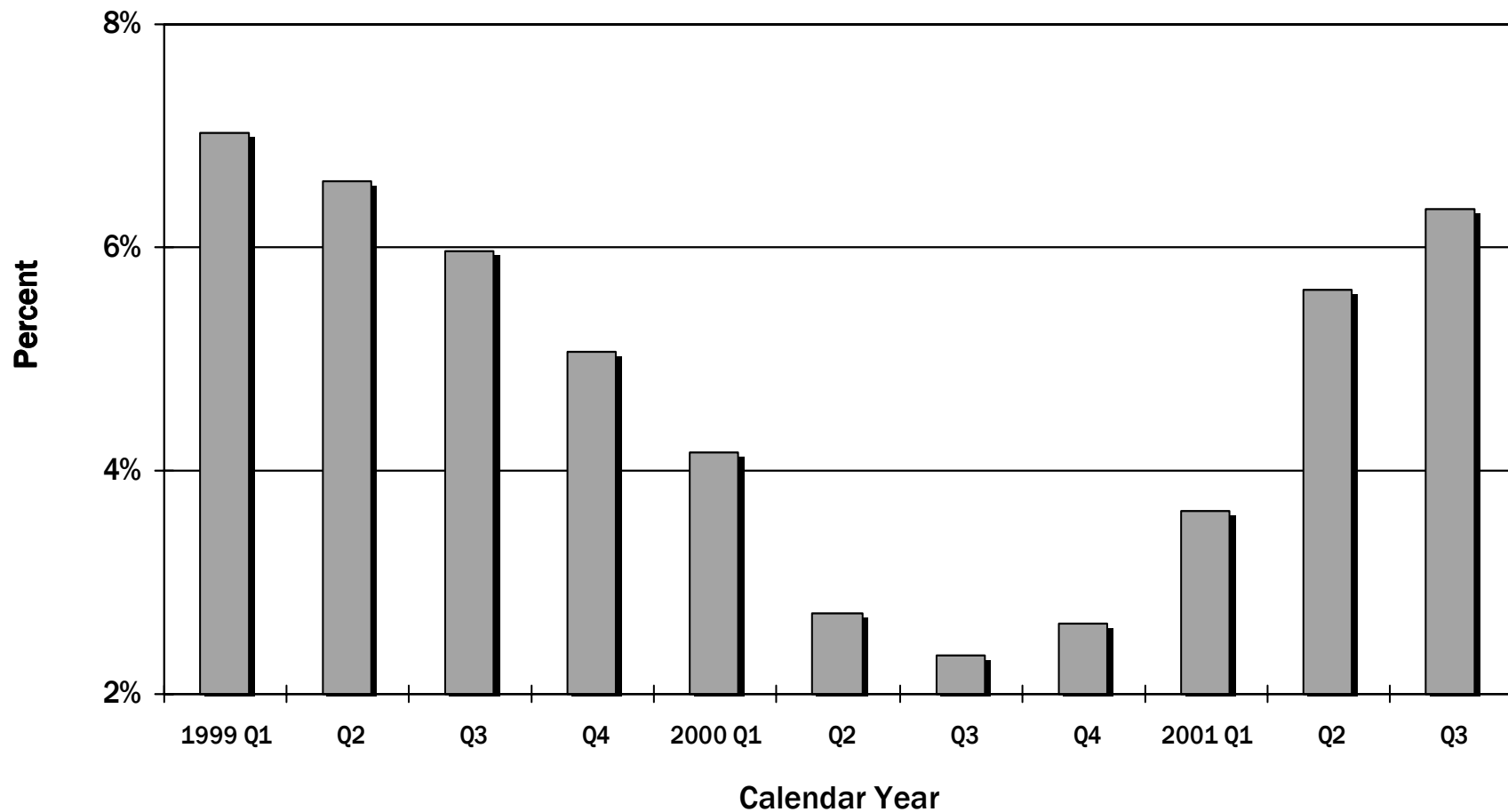


Even Before 9/11, Private Sector Employment in the City Was Falling



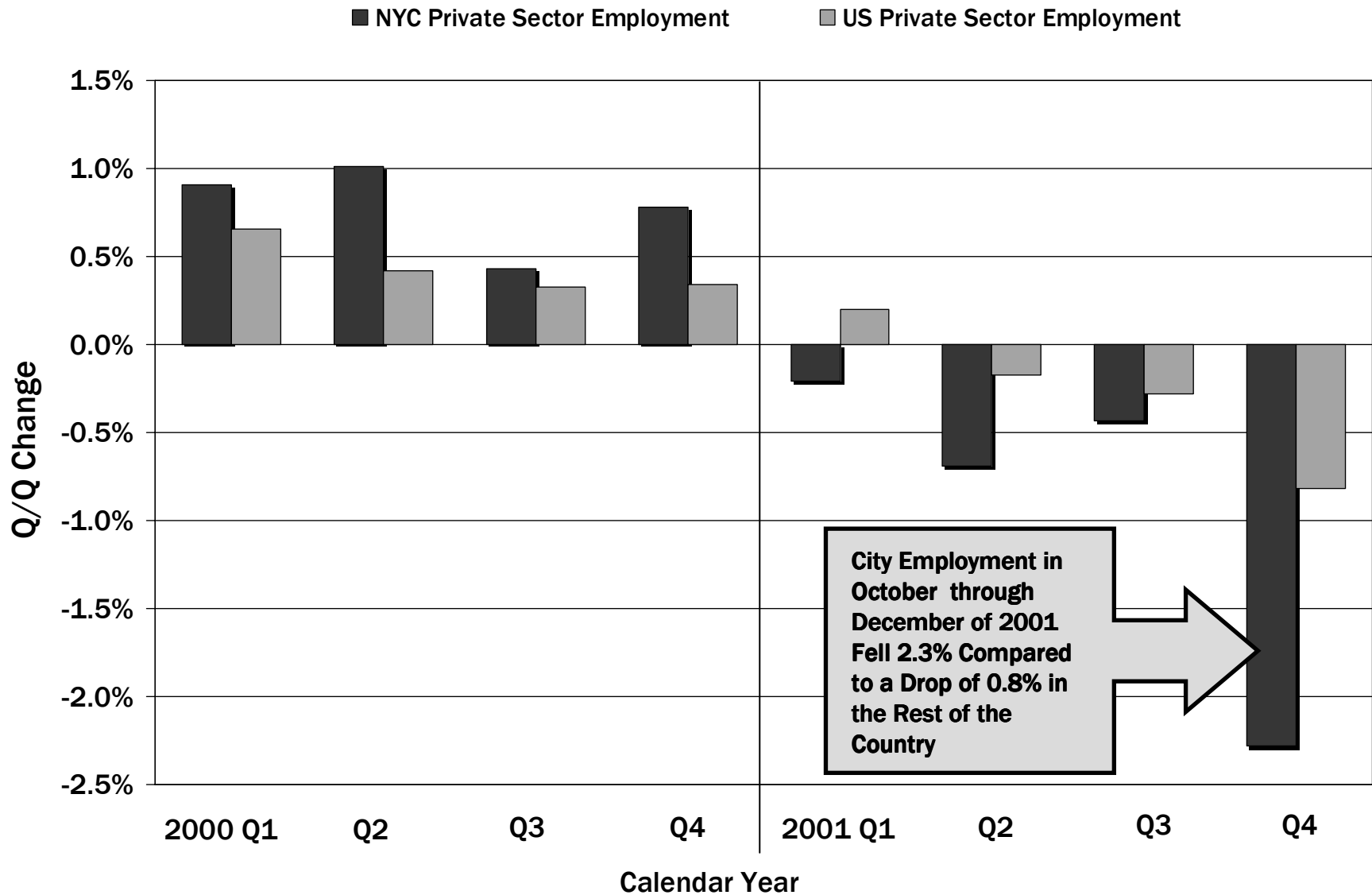
At the End of 2000, Office Occupancy Began Falling and the Vacancy Rate Began Rising

Vacancy Rate



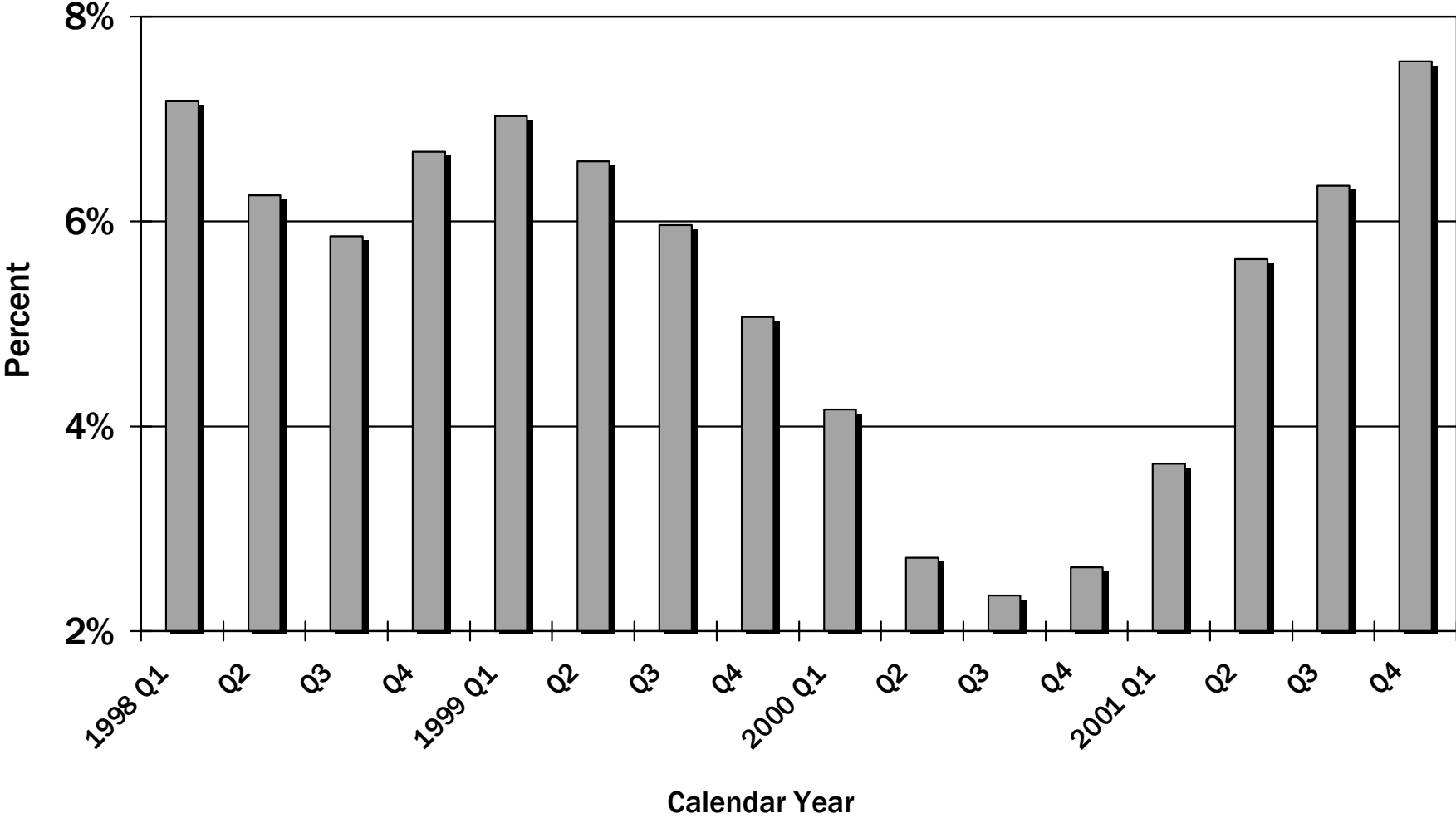
*Additional Impact on
New York City of 9/11*

After 9/11, the Loss in Employment Was Three Times Greater in the City Than in the Rest of the Country



Even With the Destruction of 23% of the Downtown Primary Office Market, Office Occupancy of the Remaining Space Fell Further in the Fourth Quarter of 2001

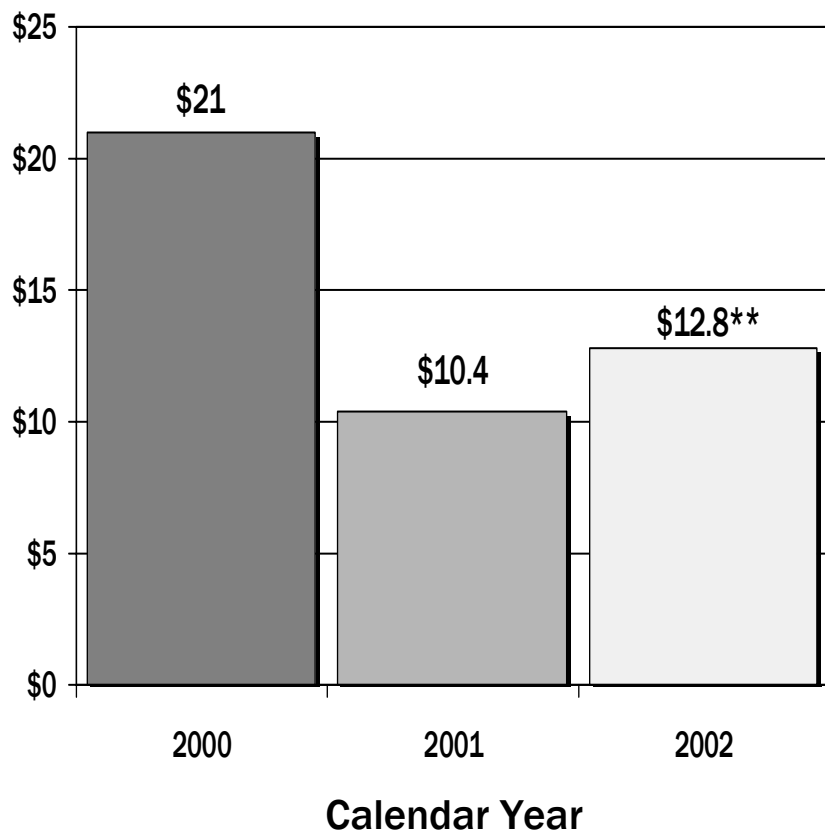
Vacancy Rate



A 50% Decline in Wall Street Profits Led to a Decline of \$750 Million in Tax Payments in 2002. Projections Call for a Recovery in Profits of Only \$2.4 Billion, Leading to a \$150 Million Increase in Payments from Wall Street in 2003.

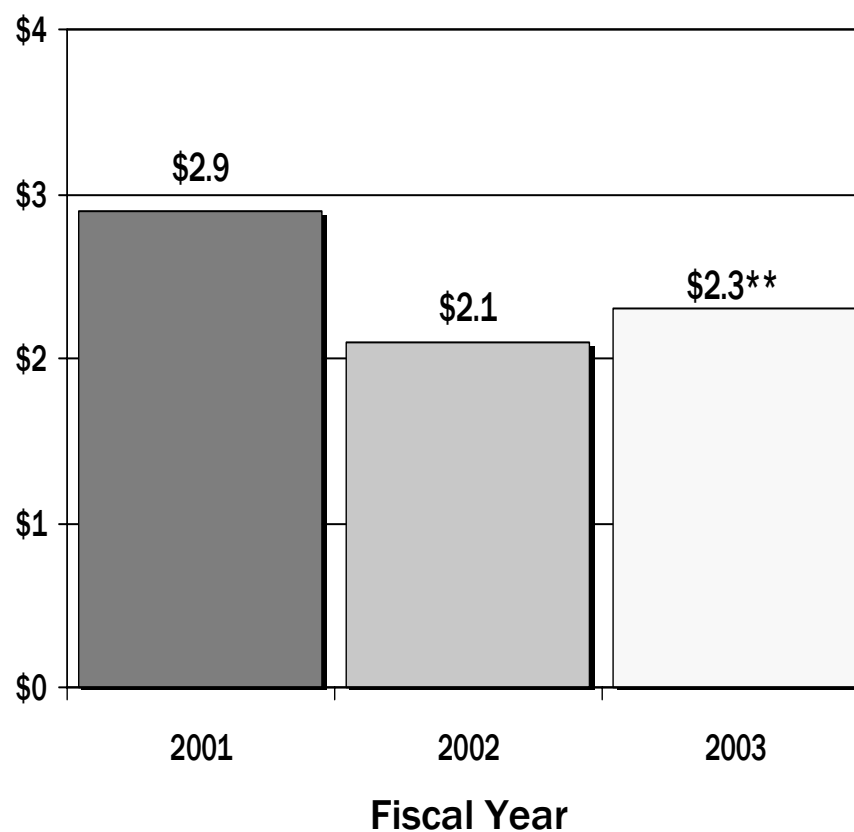
Wall Street Profits

\$ in Billions



Wall Street Tax Payments*

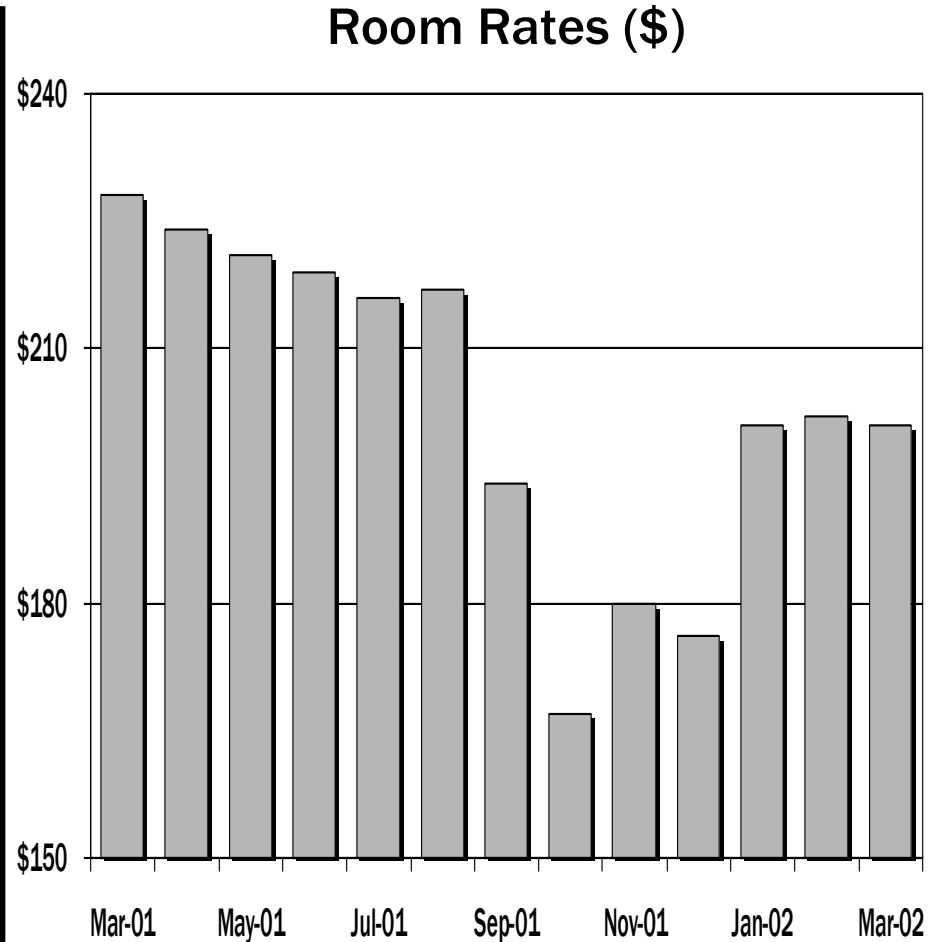
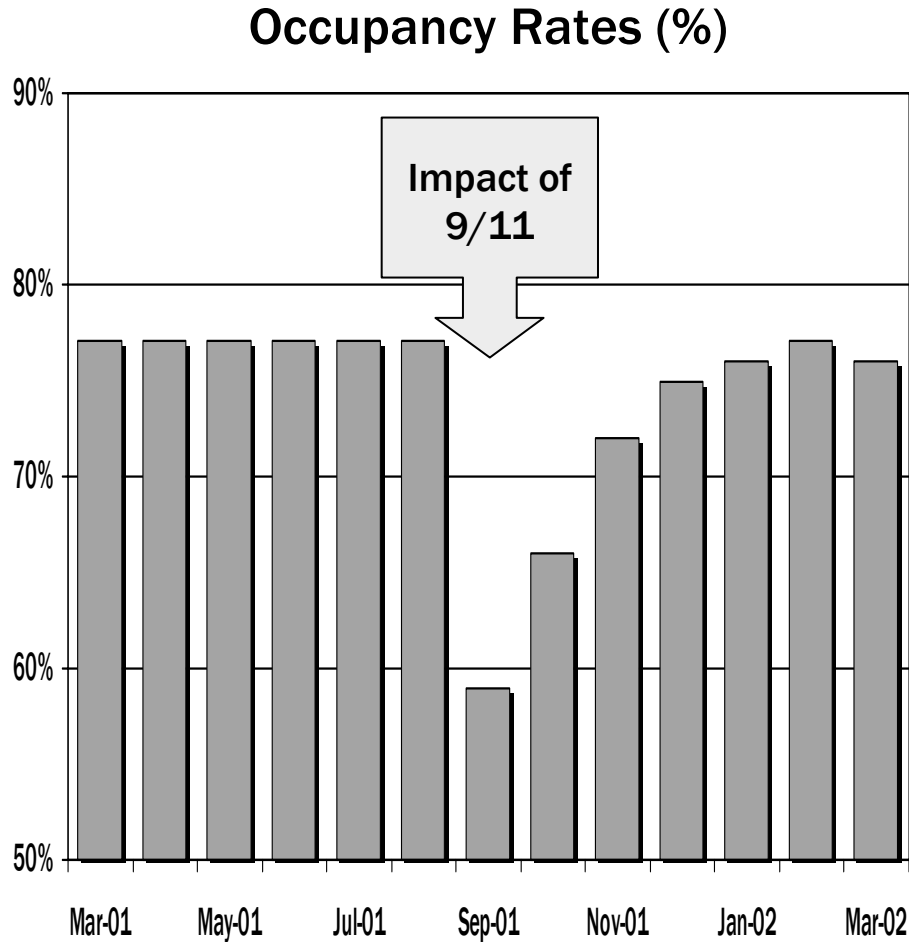
\$ in Billions



* Includes general corporation, unincorporated business, banking corporation and personal income tax payments.

** 2002 Calendar Year Wall Street Profits and Fiscal Year 2003 Wall Street Tax Payments are projections.

Tourism, Steeply Down, Is Coming Back In Part Due to Lower Room Rates

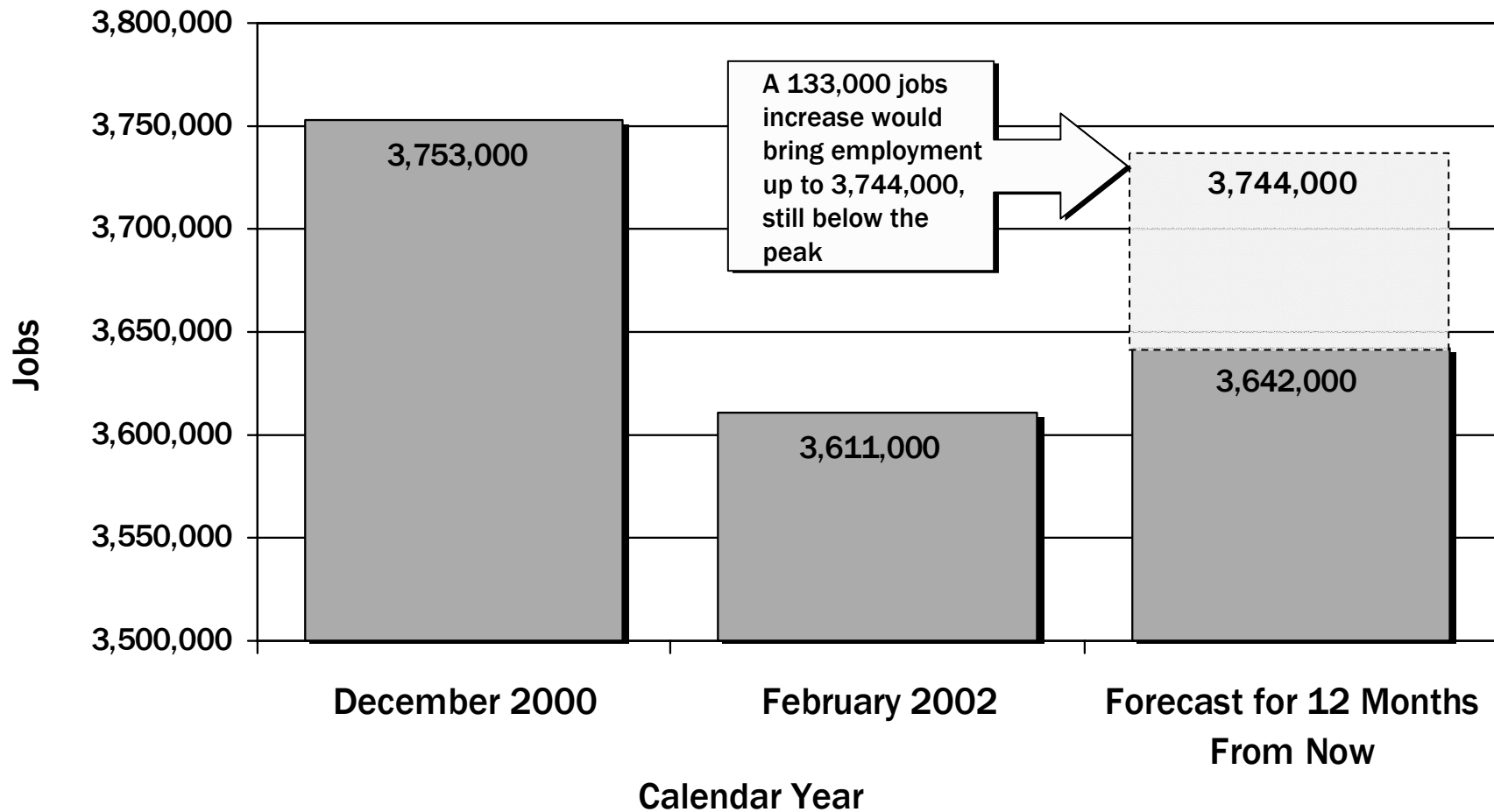


Note: Occupancy Rates and Room Rates Seasonally Adjusted.

Data provided by PKF Consulting. March CY02 is estimated based on Hotel RevMax weekly reports.

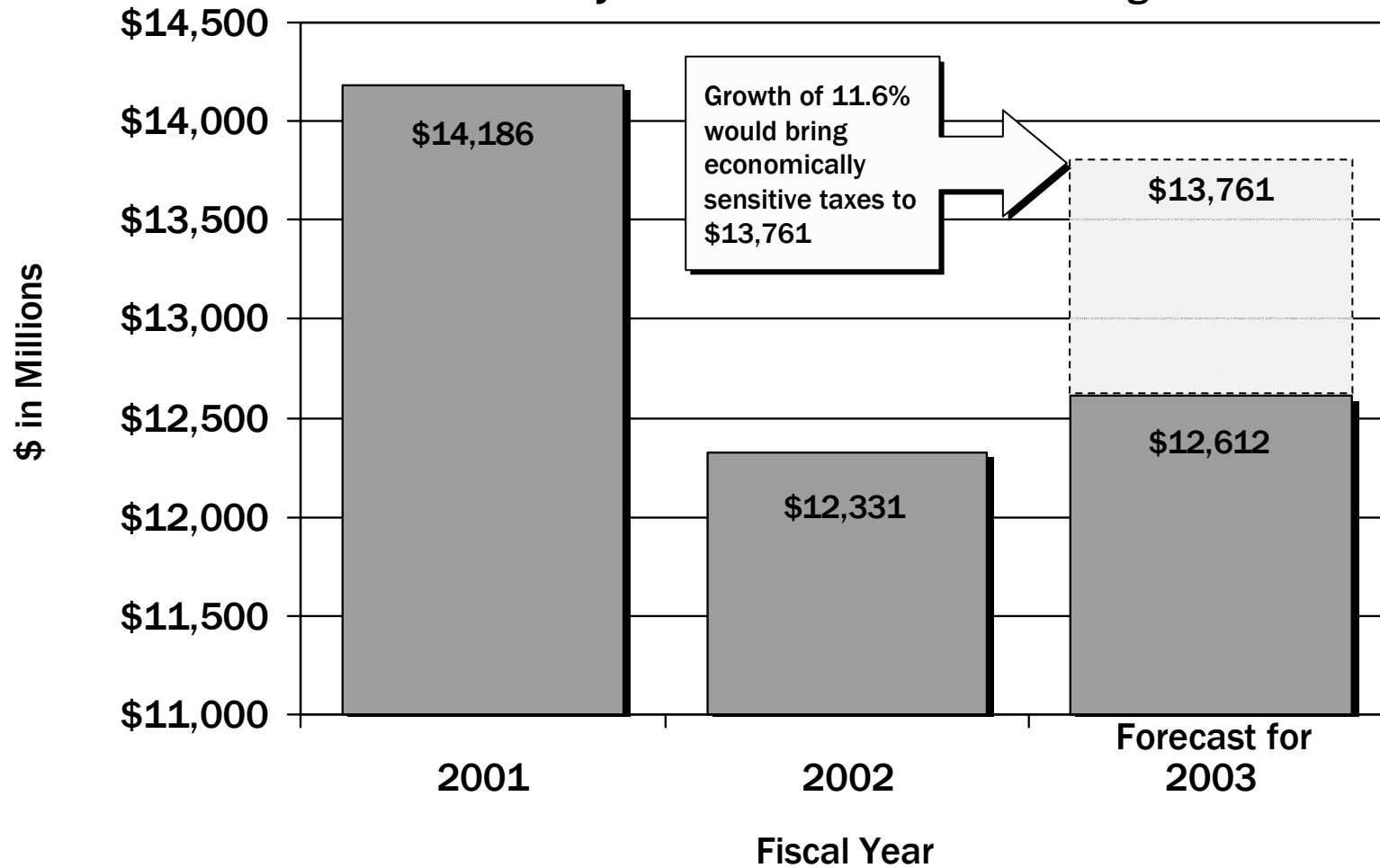
Over the Next 12 Months, Even If Jobs Increased at the Highest Rate Achieved Historically, City Employment Would Still Not Reach the Recent Peak Level Set in December of 2000

The record for highest job growth on a year-over-year basis was 133,000 in May of 2000.



Over the Next 12 Months, Even If Economically Sensitive Taxes* Grew at the Highest Rate Achieved Historically, They Would Still Not Reach the Peak Level Set in 2001

During the Boom Years 1998 through 2000, Economically Sensitive Tax Growth Averaged 11.6%



* Economically sensitive taxes include personal and business income taxes, sales taxes and real estate transaction taxes.

Financial Plan Update

Changes Since the February 2002 Financial Plan

	\$ in Millions				
	2002	2003	2004	2005	2006
February 2002 Gap to be Closed	---	(\$4,766)	(\$5,033)	(\$5,356)	(\$5,565)
(Increases in Gap) / Decreases in Gap					
Projected Revenue Changes					
Tax Revenue Increases	\$80	\$204	\$246	\$319	\$183
Loss From New Federal Depreciation Rules	---	(128)	(119)	(109)	(15)
Non-Tax Revenue Changes	(84)	(4)	(4)	7	(9)
Total Projected Revenue Changes	(\$4)	\$72	\$123	\$217	\$159
Projected Expense Changes					
Roll 2002 Education Surplus	92	(92)	---	---	---
Expense Changes*	(26)	(261)	(322)	(466)	(603)
Increase 2002 Surplus From \$260M to \$322M	(62)	62	---	---	---
Total Projected Expense Changes	\$4	(\$291)	(\$322)	(\$466)	(\$603)
Executive Budget Gap To Be Closed	---	(\$4,985)	(\$5,232)	(\$5,605)	(\$6,009)

* See next page for details

Detail of Expense Changes*

\$ in Millions

	2002	2003	2004	2005	2006
Increases /(Decreases)					
Police	\$55	\$69	\$69	\$69	\$69
Correction	---	15	15	15	15
ACS	24	---	---	---	---
CUNY	16	16	16	16	16
311	---	13	13	13	13
Pension Contribution Increases Due to Reduced Investment Gain Forecast	---	48	122	221	344
Debt Service	(83)	61	22	67	76
Energy and Lease Costs	(21)	9	29	31	41
Revisions to 2002 Gap Reduction Program	80	---	---	---	---
Reduction in General Reserve	(60)	---	---	---	---
All Other	15	30	36	34	29
Total Expense Changes	\$26	\$261	\$322	\$466	\$603

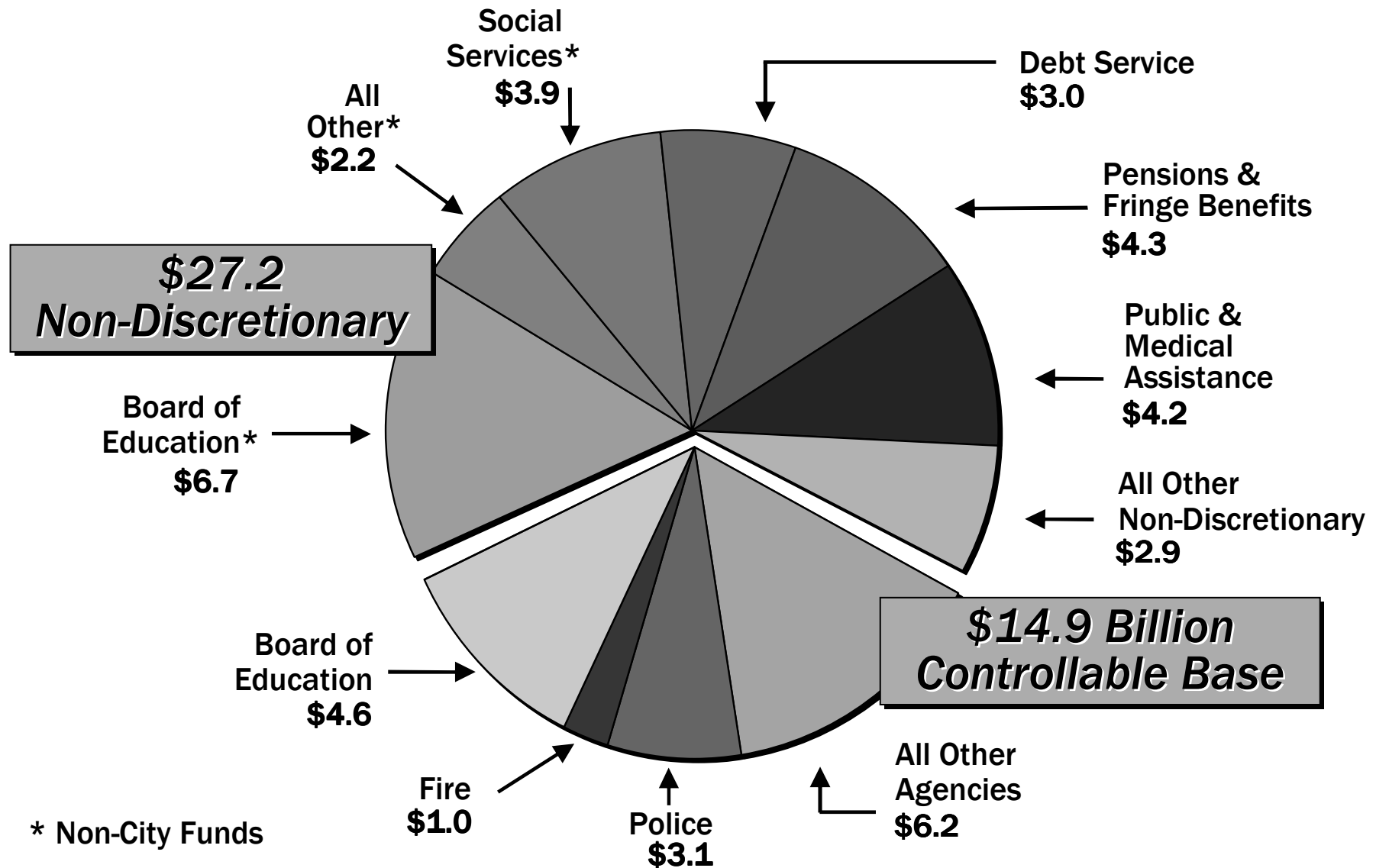
* From prior page

Why Balance the Budget?

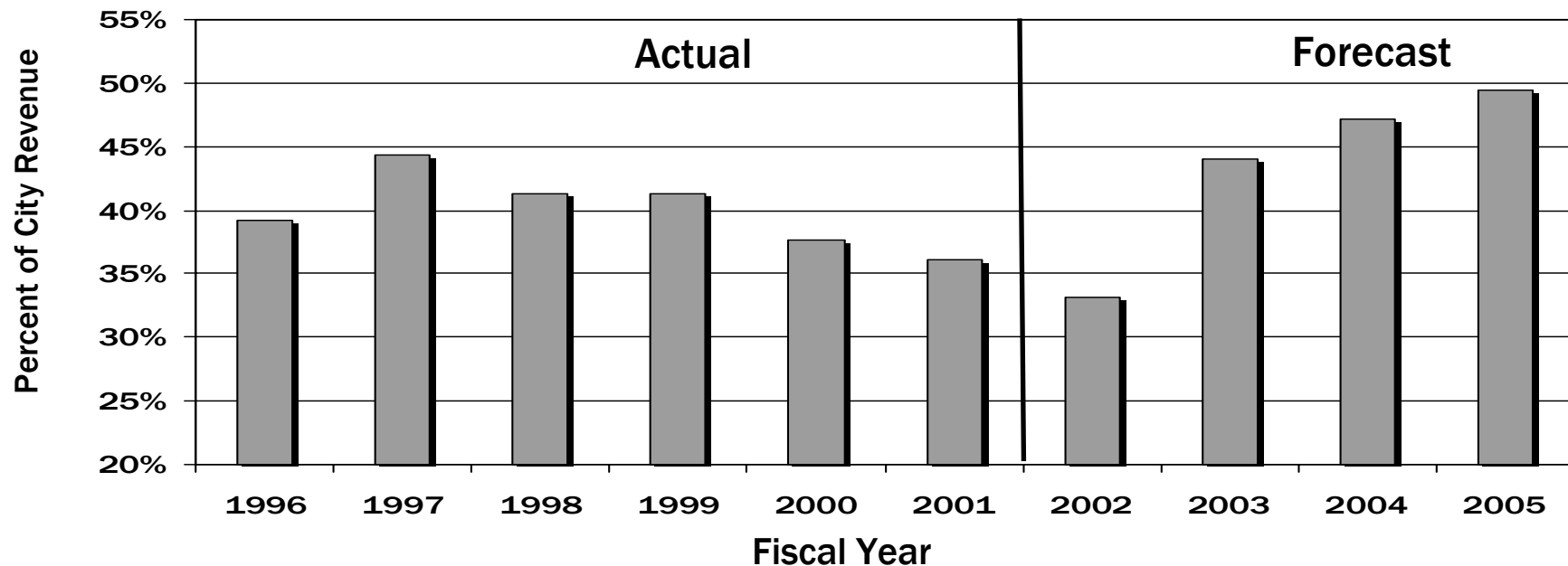
Why Balance the Budget?

- ❖ **In accordance with the Financial Emergency Act the City's budget must be balanced according to generally accepted accounting principles.**
- ❖ **Failure to balance the budget (the existence of an operating deficit of more than \$100 million) would trigger the re-imposition of a Control Period, with the Control Board holding significant powers, including the authority to approve collective bargaining agreements and the Four Year Financial Plan.**
- ❖ **When the City last entered a control period in 1975, there were massive disruptions in City services and layoffs.**
 - **Over a 30 month period 63,828 full-time employees were eliminated, including layoffs of:**
 - 3,390 uniformed police officers,
 - 897 uniformed firefighters,
 - 10,800 teachers,
 - 711 parks workers,
 - Over 1,000 CUNY faculty members, and
 - Almost 4,000 hospital workers.
 - **22 fire fighting companies were closed.**
 - **Library hours were dramatically reduced, some to as low as 2 days per week.**
 - **All or major portions of 3 City hospitals were closed.**
 - **Tuition at CUNY was imposed for the first time.**
 - **77 day care centers were no longer funded.**
- ❖ **The City Council's powers were curtailed as City operations were limited by a plan enforced by the Control Board through the Mayor.**
- ❖ **Maintaining City Control over the budget is in the best interest of all the Citizens of New York and their elected representatives.**

\$27 Billion of the Budget is Mandated or Non-Discretionary Spending



Major Non-Discretionary Costs Are Projected to Consume Almost 50% of City Revenues by 2005



	City Funds \$ in millions									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Medical Assistance	\$2,868	\$2,716	\$2,895	\$2,990	\$3,200	\$3,299	\$3,580	\$3,744	\$4,006	\$4,141
Debt Service (Including Prepayments)	2,636	4,440	3,695	3,744	3,768	2,977	880	3,072	3,716	3,897
Fringe Benefits	1,470	1,621	1,661	1,851	1,917	2,112	2,314	2,447	2,645	2,937
Pensions	1,276	1,239	1,378	1,311	593	1,107	1,473	1,926	2,294	2,697
Judgments and Claims*	299	327	386	420	472	595	410	419	440	469
Total	\$8,549	\$10,343	\$10,015	\$10,316	\$9,950	\$10,090	\$8,657	\$11,608	\$13,101	\$14,141
Total City Funds Revenue	\$21,799	\$23,344	\$24,264	\$24,963	\$26,405	\$27,914	\$26,050	\$26,389	\$27,729	\$28,581

* Beginning in FY 2002 Responsibility for Medical Malpractice Claims was transferred to the Health and Hospital Corporation.

2003 *Gap Closing Program*

Preliminary Budget Gap Closing Program Executive Budget Gap Closing Program

	\$ in Millions							
	2003		2004		2005		2006	
	Prelim.	Exec.	Prelim.	Exec.	Prelim.	Exec.	Prelim.	Exec.
Budget Gap To Be Closed	(\$4,766)	(\$4,985)	(\$5,033)	(\$5,232)	(\$5,356)	(\$5,605)	(\$5,565)	(\$6,009)
(Increases in Gap) / Decreases in Gap								
City Agency Non-Tax Revenue and Expense Changes	\$1,766	\$1,907	\$1,334	\$1,324	\$1,280	\$1,270	\$1,278	\$1,272
Initiatives Requiring Federal and State Action	800	800*	500	500	500	500	500	480
State Legislation Decoupling From New Federal Depreciation Rules	---	128	---	119	---	109	---	15
Fringe Benefit Cost Containment	500	500	525	525	550	550	575	575
Early Retirement / Severance	100	50	100	100	100	100	100	100
Sale of Tax Benefits	100	100	---	---	---	---	---	---
TFA Financing Required By 9/11 Event	1,500	1,500	---	---	---	---	---	---
Total Gap Closing Program	\$4,766	\$4,985	\$2,459	\$2,568	\$2,430	\$2,529	\$2,453	\$2,442
Remaining Gaps		---	(\$2,574)	(\$2,664)	(\$2,926)	(\$3,076)	(\$3,112)	(\$3,567)
Out-Year Gap Closing Program								
Additional Agency Program			\$1,874	\$1,879	\$1,801	\$1,816	\$1,687	\$1,932
Initiatives Requiring State and Federal Action			500	500	500	500	500	500
Transportation (Congestion Pricing, EZ-Pass Initiatives)			100	100	500	500	800	800
Sale of Taxi Medallions Proposed by City Council			---	60	---	60	---	60
Tort Reform Through Local Law			---	25	---	50	---	75
Management and Procurement Efficiency			50	50	75	75	75	100
Sanitation			50	50	50	75	50	100
Total Out-Year Gap Closing Program			\$2,574	\$2,664	\$2,926	\$3,076	\$3,112	\$3,567

*\$150 Million already achieved

2003 Agency Program^(A)

(City Funds \$ in Thousands)

	Adopted ^(B) Budget	Expense Reduction	Expense Reduction %	Revenue	Total	Total Contribution To Budget Balance
UNIFORMED FORCES						
Police	\$3,033,319	\$124,755	4%	\$66,546	\$191,301	6%
Fire	1,025,060	70,820	7%	36,876	107,696	11%
Sanitation	981,248	142,716	15%	2,304	145,020	15%
Correction	864,010	125,775	15%	3,000	128,775	15%
HEALTH AND WELFARE						
Social Services	3,722,864	53,080	1%	(767)	52,313	1%
Admin. for Children's Services	743,168	150,643	20%	1,828	152,471	21% ^(D)
Homeless Services	228,434	38,875	17%	---	38,875	17%
Public Health	580,064	60,213	10%	1,029	61,242	11%
Aging	165,785	24,628	15%	---	24,628	15%
Youth & Community Dev.	86,183	5,088	6%	---	5,088	6%
OTHER MAYORAL						
Housing Preservation & Dev.	71,177	10,466	15%	14,830	25,296	36% ^(E)
Finance	191,112	23,187	12%	5,197	28,384	15%
Transportation	281,709	12,529	4%	13,766	26,295	9%
Parks & Recreation	170,538	16,803	10%	10,340	27,143	16%
Citywide Admin. Services	134,677	13,238	10%	9,576	22,814	17%
Libraries	262,120	39,318	15%	---	39,318	15%
Cultural Affairs	127,518	19,128	15%	---	19,128	15%
All Other Agencies	1,251,403	53,727	4%	53,058	106,785	9%

	Adopted ^(B) Budget	Expense Reduction	Expense Reduction %	Revenue	Total	Total Contribution To Budget Balance
ELECTED OFFICIALS						
Office of the Mayor	\$38,771	\$7,790	20%	---	\$7,790	20%
Borough Presidents	28,665	3,131	11%	4	3,135	11% ^(F)
District Attorneys	231,186	16,226	7%	---	16,226	7%
Comptroller	54,599	3,207	6%	---	3,207	6% ^(F)
Public Advocate	2,572	325	13%	---	325	13% ^(F)
City Council	36,630	1,424	4%	(3)	1,421	4%
TOTAL	\$14,312,812	\$1,017,092	7%	\$217,584	\$1,234,676	9%
COVERED ORGANIZATIONS ^(C)						
Board of Education	11,722,691	350,339	3%	4,806	355,145	3%
HHC	850,548	11,534	1%	---	11,534	1%
CUNY	444,421	11,745	3%	2,796	14,541	3%
TOTAL	\$13,017,660	\$373,618	3%	\$7,602	\$381,220	3%

(A) Assumes total value of FY 2002 and FY 2003 Agency Programs, excluding November FY 2002 value.

(B) Adjusted for Mayoralty Reallocations.

(C) Adopted Budget Includes All Funds.

(D) 12% of the 21% Expense Reduction is due to the postponement of a planned day care expansion.

(E) 21% of the 36% Contribution to Budget Balance is from asset sales and other miscellaneous revenue.

(F) Borough Presidents, Comptroller and Public Advocate budgets for 2003 reflect a 20% reduction.

State and Federal Initiatives

- ❖ *The Gap Closing Program calls for \$800 million of initiatives which require State and Federal actions. State actions are also required to meet baseline assumptions.*
- ❖ *We have already achieved authorization to save \$150 million from Federal Debt Finance Reform.*
- ❖ *We have pending a menu of items totaling \$2.1 billion, of which \$1.4 billion are of no additional cost to the State or Federal governments.*

State Initiatives

	\$ in Millions			
	2003	2004	2005	2006
Proposals with No Cost to the State				
An Increase in the City's Cigarette Tax from \$.08 to \$1.50 Per Pack	\$249	\$246	\$244	\$241
Debt Finance Reform	100	25	25	25
Tort Reform	100	100	100	100
Parking Violation Fine Increase	62	83	83	83
Flexible Use of Child Care Funding	50	50	50	50
Bond Act for Municipal Recycling	10	---	---	---
E-911 Land-Line Surcharge	35	35	35	35
Subtotal: No Cost Proposals	\$606	\$539	\$537	\$534
Other Actions				
Restoration of Recent Budget Cuts	\$215	\$215	\$215	\$215
Equity in Correctional Reimbursement	34	68	101	135
Fair Share of Federal Disaster Administration Fee	15	---	---	---
Increase in State Foster Care Reimbursement Cap	13	13	13	13
Fair Share of Wireless E-911 Surcharge	10	11	12	13
Subtotal: Other Actions	\$287	\$307	\$341	\$376
Actions Required to Meet Baseline Assumptions				
Refinancing COLA Pension Liabilities	\$284	\$206	\$242	\$158
Decoupling from Federal Accelerated Depreciation	128	119	109	15
Early Retirement	50	100	100	100
Subtotal: Baseline Assumptions	\$462	\$425	\$451	\$273
STATE INITIATIVES TOTAL	\$1,355	\$1,271	\$1,329	\$1,183

Federal Initiatives

	\$ in Millions			
	2003	2004	2005	2006
Proposals with No Cost to the Federal Government				
Debt Finance Reform (Already Achieved Authorization)	\$150	---	---	---
Flexible Use of Hazard Mitigation Grant Program	150	100	100	---
Federal Welfare Spending Mandate Relief (TANF MOE)	40	10	10	10
Flexible Use of Community Development Block Grant	20	20	20	---
Federalization of City Sponsored Public Housing Units	18	18	18	18
Subtotal: No Cost Proposals	\$378	\$148	\$148	\$28
Other Actions				
Fair Share of Homeland Security Funds	\$200	\$200	\$200	\$200
3% Increase in Federal Share of Medicaid Funding*	146	202	210	218
Protection of Foreign Dignitaries (includes reimbursement for the Millennium Summit and Operation BRAVO)	80	50	54	59
Subtotal: Other Actions	\$426	\$452	\$464	\$477
FEDERAL INITIATIVES TOTAL	\$804	\$600	\$612	\$505

*FY03 can be paid for by using reallocated State Child Health Insurance Program Funding (SCHIP)

Contingency Cuts

Contingency Cuts

- ❖ The City has put in place a program to reduce agency costs and enhance revenues worth \$1.9 billion in 2003. These actions are within the City's control. Since it is neither prudent nor responsible to close a budget gap of almost \$5 billion solely with agency actions, the Executive Budget Gap Closing Program also relies on actions not solely in the City's control.
- ❖ The Executive Budget Gap Closing Program calls for actions by the State and Federal governments worth \$800 million, the assistance of the City's labor force in containing fringe benefit costs worth \$500 million and legislative authorization for the City to offer early retirement worth \$50 million and to allow New York City to decouple from new Federal Accelerated Depreciation rules worth \$128 million.
- ❖ These proposals, which were first presented in February, have received serious consideration and we have already received authorization to save \$150 million through Federal Debt Finance Reform.
- ❖ However, since these actions are not within the City's control we have developed a \$500 million Contingency Plan for balancing the budget if we do not achieve all we are seeking.
- ❖ The Plan includes reductions in uniformed agencies, education and other services in part through layoffs.

Contingency Cuts

(City Funds \$ in Thousands)

Agencies were asked to develop cuts worth 7.5 percent of City Funds. Uniformed Forces and the Board of Education were asked to develop cuts of 2.5 percent.

	Cuts		Cuts
UNIFORMED FORCES		OTHER MAYORAL (continued)	
Police	\$76,062	N.Y.P.L. The Research Library	\$1,209
Fire	10,094	New York Public Library	6,352
Sanitation	12,407	Brooklyn Public Library	4,671
Correction	10,905	Queens Borough Public Library	4,478
		Cultural Affairs	8,208
HEALTH AND WELFARE		Environmental Protection	400
Social Services	20,770	All Other Mayoral	17,685
Admin. for Children's Services	37,283		
Homeless Services	11,896	COVERED ORGANIZATIONS*	
Public Health	17,747	Board of Education	115,116
Aging	11,412	HHC	7,857
		CUNY	3,545
OTHER MAYORAL		OTHER	
Housing Preservation & Dev.	4,471	Miscellaneous	3,438
Finance	4,969	More Headcount Cuts	64,868
Transportation	27,021		
Parks & Recreation	12,205		
Citywide Admin. Services	4,931		
		TOTAL	\$500,000

* Board of Education, HHC and CUNY Contingency Cuts Equal 1% of All Funds

Examples of Contingency Cuts

Education	<i>Additional Reductions in Board of Education Funding (\$115 million)</i>
Libraries	<i>Additional 7.5% Reduction in Funding (\$16.7 million)</i>
Police	<i>Reduction of Uniform Force Hiring in 2003 (\$63.2 million)</i>
Children's Services	<i>Eliminate Contracts in Beacon Schools Targeted at Reducing Abuse and Neglect of Children (\$5.9 million)</i>
Sanitation	<i>Reduction of Collection Frequency (\$10.4 million)</i>
HHC	<i>Closure of Pharmacies in Six Diagnostic and Treatment Centers (\$7.8 million)</i>
Youth and Community Development	<i>Eliminate 57 Neighborhood Youth Alliance Programs (\$2.6 million)</i>
Parks	<i>Reduction of 10% of Fulltime Workforce Positions (\$11.3 million)</i>
Culturals	<i>Additional 7.5% Reduction in Funding (\$8.2 million)</i>

Examples of Contingency Cuts

Fire	<i>Eliminate 8 Engine Companies from double Company Fire Houses in Areas of Low Call Volume (\$10.1 million)</i>
Homeless Services	<i>Reduction of Shelter Cleaning Budget (\$3.2 million)</i>
Transportation	<i>Increase Express Bus Fare from \$3 to \$4 (\$8 million)</i>
Business Services	<i>Reduction in Empowerment Zone Funding (\$1.4 million)</i>
Finance	<i>Closure of the Bronx and Brooklyn Payment Centers (\$3.6 million)</i>
Aging	<i>Consolidate 15 Senior Centers (\$1.9 million)</i>
Social Services	<i>Eliminate Emergency Food Assistance Program (\$7.7 million)</i>
Public Health	<i>Close 5 Communicare Clinics and 10 Dental Clinics (\$3.7 million)</i>

Tables

Financial Plan Revenue and Expenditures

(\$ in Millions)

Revenues	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Taxes					
General Property Tax	\$8,562	\$8,866	\$9,290	\$9,689	\$10,105
Other Taxes	12,963	13,257	14,055	14,795	15,664
Tax Audit Revenue	462	427	427	427	427
Decoupling from New Federal Accelerated Depreciation	---	128	119	109	15
Miscellaneous Revenues	4,485	4,212	4,206	3,918	3,672
Unrestricted Intergovernmental Aid	681	721	580	555	555
Transitional Finance Authority - 9/11	---	1,500	---	---	---
Anticipated State and Federal Actions	---	630	480	480	480
Other Categorical Grants	745	428	397	403	410
Less: Intra-City Revenue	(1,366)	(1,012)	(1,007)	(1,007)	(1,007)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$26,517	\$29,142	\$28,532	\$29,354	\$30,306
Inter-Fund Revenues	322	323	317	317	317
Total City Funds and Inter-Fund Revenues	\$26,839	\$29,465	\$28,849	\$29,671	\$30,623
Federal Categorical Grants	6,439	4,358	4,165	4,161	4,159
State Categorical Grants	8,062	8,044	8,128	8,211	8,239
Total Revenues	\$41,340	\$41,867	\$41,142	\$42,043	\$43,021
Expenditures					
Personal Service	\$22,778	\$22,370	\$22,930	\$23,706	\$24,555
Other Than Personal Service	18,993	17,618	17,948	18,305	18,644
Debt Service	568	2,436	3,246	3,425	3,704
Budget Stabilization Account	322	---	---	---	---
MAC Debt Service	5	255	489	490	492
General Reserve	40	200	200	200	200
Subtotal	\$42,706	\$42,879	\$44,813	\$46,126	\$47,595
Less: Intra-City Expenses	(1,366)	(1,012)	(1,007)	(1,007)	(1,007)
Total Expenditures	\$41,340	\$41,867	\$43,806	\$45,119	\$46,588
Gap To Be Closed	---	---	(\$2,664)	(\$3,076)	(\$3,567)

Financial Plan Update

(\$ in Millions)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Surplus/Gap at Adopted Budget (June 2001)	\$345	(\$3,123)	(\$2,611)	(\$2,236)
Revenue Changes				
Taxes	(712)	(1,099)	(930)	(936)
Loss From New Federal Depreciation Rules	---	(128)	(119)	(109)
PIT Surcharge	172	349	370	390
OTB	(250)	---	250	---
Other Non Tax Revenues	(281)	117	(28)	(30)
Total Revenue Changes	(1,071)	(761)	(457)	(685)
State and Federal Changes	(233)	(246)	(266)	(266)
Expenditure Changes				
Pension Investment Losses	81	(105)	(330)	(532)
Collective Bargaining	(168)	(186)	(192)	(197)
Health Insurance	(153)	(242)	(342)	(448)
Judgments and Claims	(100)	(105)	(110)	(115)
Debt Service	360	380	43	(62)
Education	75	(239)	(150)	(150)
Health and Welfare	(181)	(326)	(445)	(527)
Other Agency Spending	(209)	(354)	(372)	(387)
Prior Payables	210	---	---	---
Reduce General Reserve	160	---	---	---
Total Expenditure Changes	75	(1,177)	(1,898)	(2,418)
Prepayments	(322)	322		
Gap to be Closed Executive Budget	(1,206)	(4,985)	(5,232)	(5,605)
Agency Spending Reductions and Non-Tax Revenue Increases	1,206	1,907	1,324	1,270
Initiatives Requiring State and Federal Action	---	800	500	500
Fringe Benefit Cost Containment	---	500	525	550
Early Retirement/Severance	---	50	100	100
Decouple From Federal Accelerated Depreciation	---	128	119	109
Sale of Tax Benefits	---	100	---	---
TFA Financing Required By Event of 9/11	---	1,500	---	---
Total Gap Closing Program	\$1,206	\$4,985	\$2,568	\$2,529
Remaining Gap	---	---	(\$2,664)	(\$3,076)

Trends in City Staffing

(Includes Full-Time, Per-Diem, Part-Time and Seasonal Employees)

In Thousands

(Plan)

June 1998 June 1999 June 2000 June 2001 Feb. 2002 June 2003

City Employees

City Funded Full-Time Employees	208	212	215	212	211	211
Non-City Funded Full-Time Employees	34	35	36	38	38	39
Total Full-Time Employees	242	247	251	250	249	250
Part-Time (Full-Time Equivalents)	47	50	52	54	56	53
Total Full-Time and FTEs*	289	297	303	304	305	303

Non-City Employees Paid In Part by City Subsidies

Health and Hospitals Corporation (Revised)	38	38	38	38	37	37
Housing Authority	15	15	15	15	15	17
Libraries	4	4	4	4	4	3
Cultural Institutions	2	2	2	2	2	2
School Construction Authority	1	1	1	1	1	1
All Other	1	1	1	1	1	1
Sub-Total	61	61	61	61	60	61
Grand Total (Full-Time and FTEs)	350	358	364	365	365	364

*Total Full-Time and FTEs	289	297	303	304	305	303
Board of Education	129	132	137	139	137	137
Police	48	52	53	52	53	52
All Other	112	113	113	113	115	114