

**The City of New York
Executive Budget
Fiscal Year 2009**

Michael R. Bloomberg, Mayor

Office of Management and Budget

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**Budget
Summary**

Budget Summary

Executive Budget

Fiscal Year 2009

Table of Contents

I.	Economic Update	4
II.	Budget Update.....	22
III.	FY 2008-12 Budget Changes.....	30
IV.	Agency Programs to Reduce the Gap.....	34
V.	Capital.....	38
VI.	Tables	42

Overview

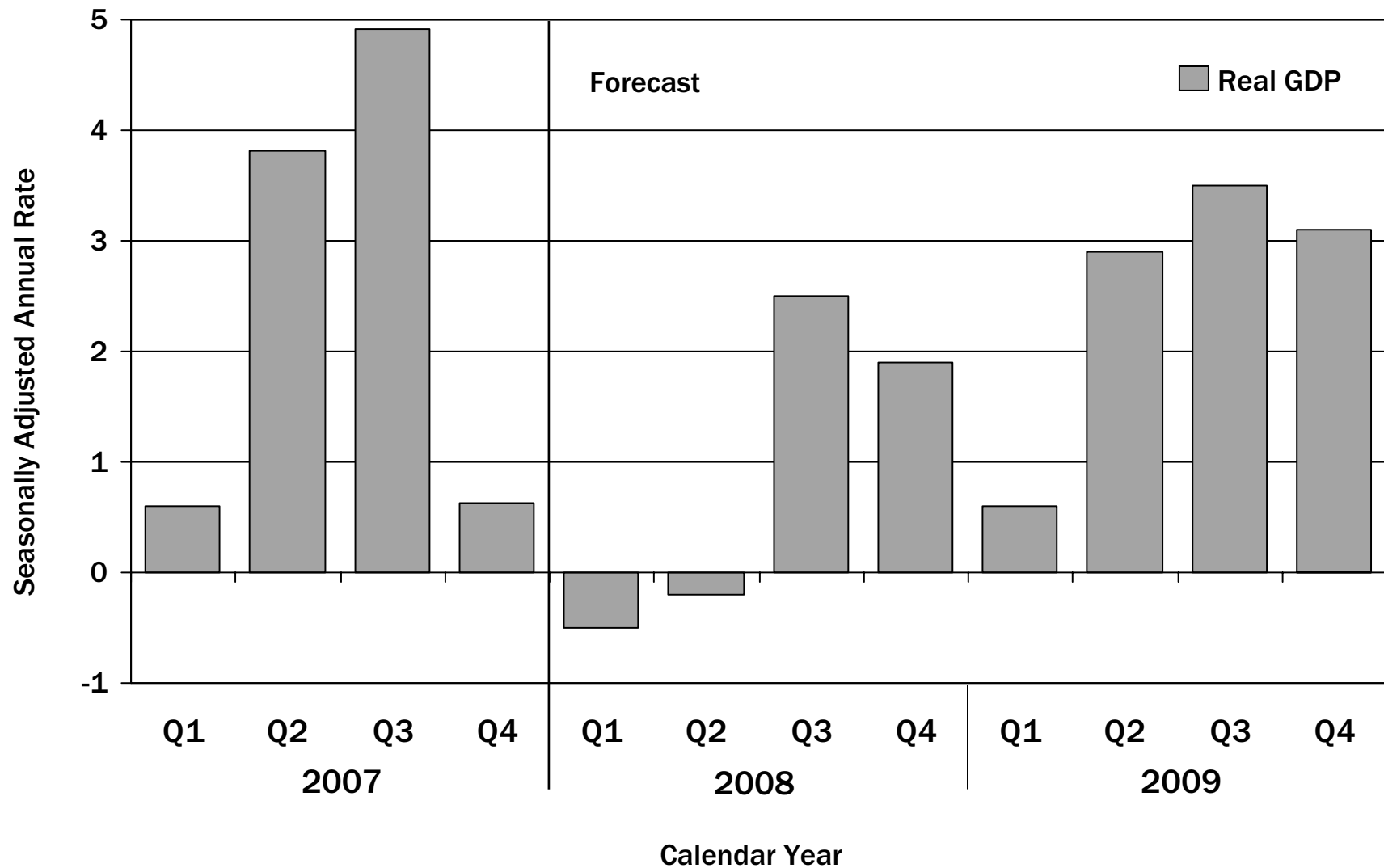
- ❖ **Nationally the economy is slowing.** The housing slump, combined with the ongoing credit crunch and a rise in food and energy costs, has led to slower forecast economic growth as consumers pull back on spending. The City is not immune from these national trends.
- ❖ **Wall Street firms, which are one of the economic engines of the City, have recognized record levels of write-downs totaling over \$200 billion.** Wall Street has also announced thousands of layoffs in recently growing numbers. The forecast reduction in collections from large commercial real estate transactions (over \$500 million in sale price) has also begun.
- ❖ **We are implementing an agency program which is providing savings of 3% (out of the total \$20 billion of City funds spending which can be reduced) or more than \$600 million in the current fiscal year and 6.4%, or more than \$1.3 billion in FY 2009.**
- ❖ **City funds spending is forecast to increase in FY 2009 by only 0.1%, at a time when inflation is forecast at 2.7%.**

Overview

- ❖ **As shown in the following graphs and charts, although we are forecasting that City revenues will decline next year, current revenues are ahead of the January forecast.**
- ❖ **Therefore, we are able to extend the one-year 7% property tax reduction to a second year. However, out-year budget gaps require its restoration in FY 2010. We are also planning to continue the \$400 property tax rebate which helps support home ownership.**
- ❖ **We are applying the higher-than-expected revenues from the end of the historic economic boom to help close multi-billion dollar budget gaps we face in FY 2009, FY 2010 and FY 2011.**
- ❖ **We are proposing a measured delay of spending in the City's capital plan which will take one more year, 2013, to accomplish the goals we had set through 2012. This spacing out will spread four years over five, causing a reduction in authorized City-funded program of 20% in each fiscal year FY 2009 - FY 2012, to be detailed in the September Capital Commitment Plan update.**
- ❖ **The FY 2008 budget is in balance and our plan forecasts budget balance in FY 2009 as well.**

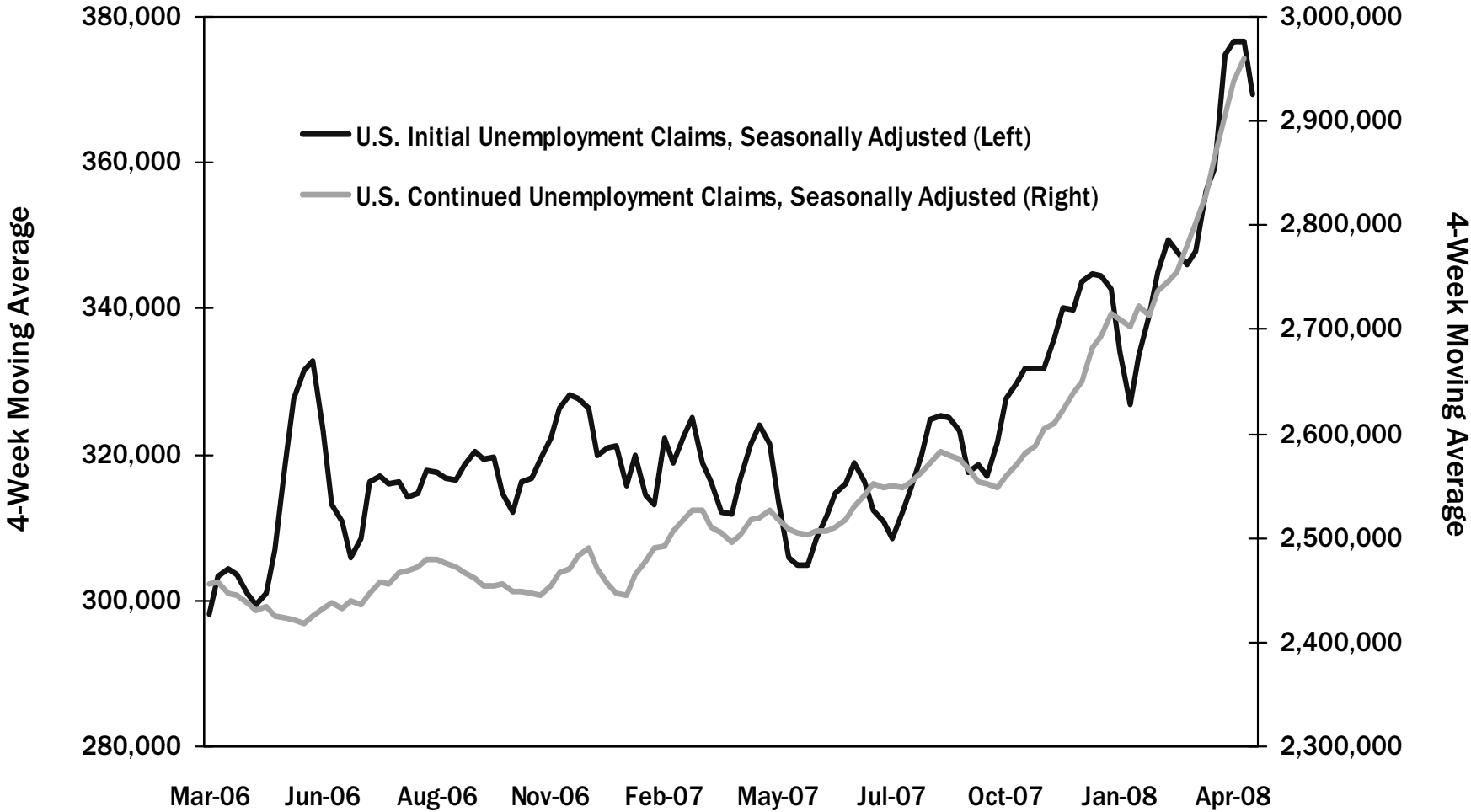
I. Economic Update

The Nation's Economy Is Expected to Contract in the First Half of Calendar Year 2008 Based on an Independent Source



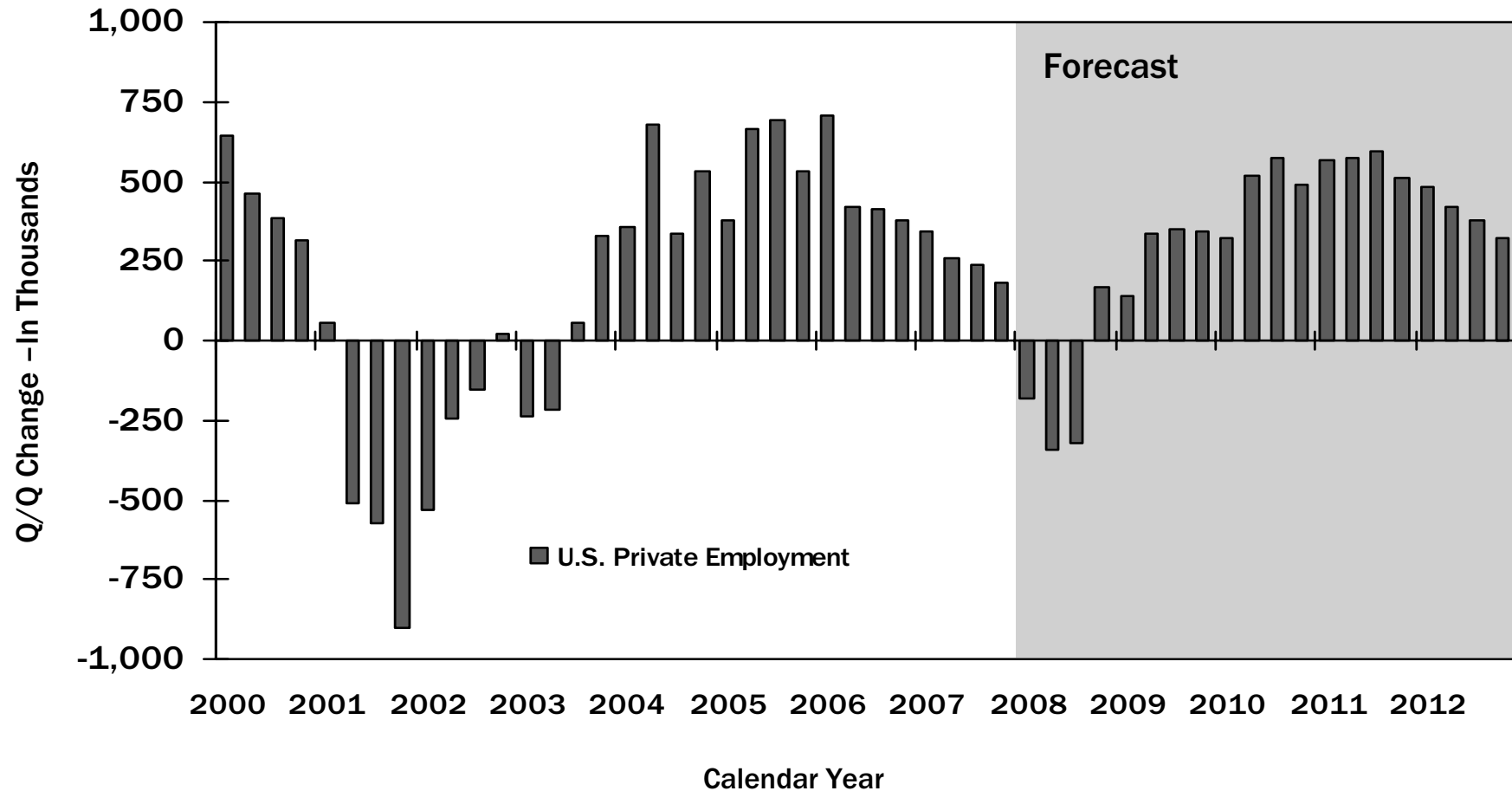
Source: Global Insight March 2008 Forecast

Weakness in the Labor Markets Threatens the Economy Further



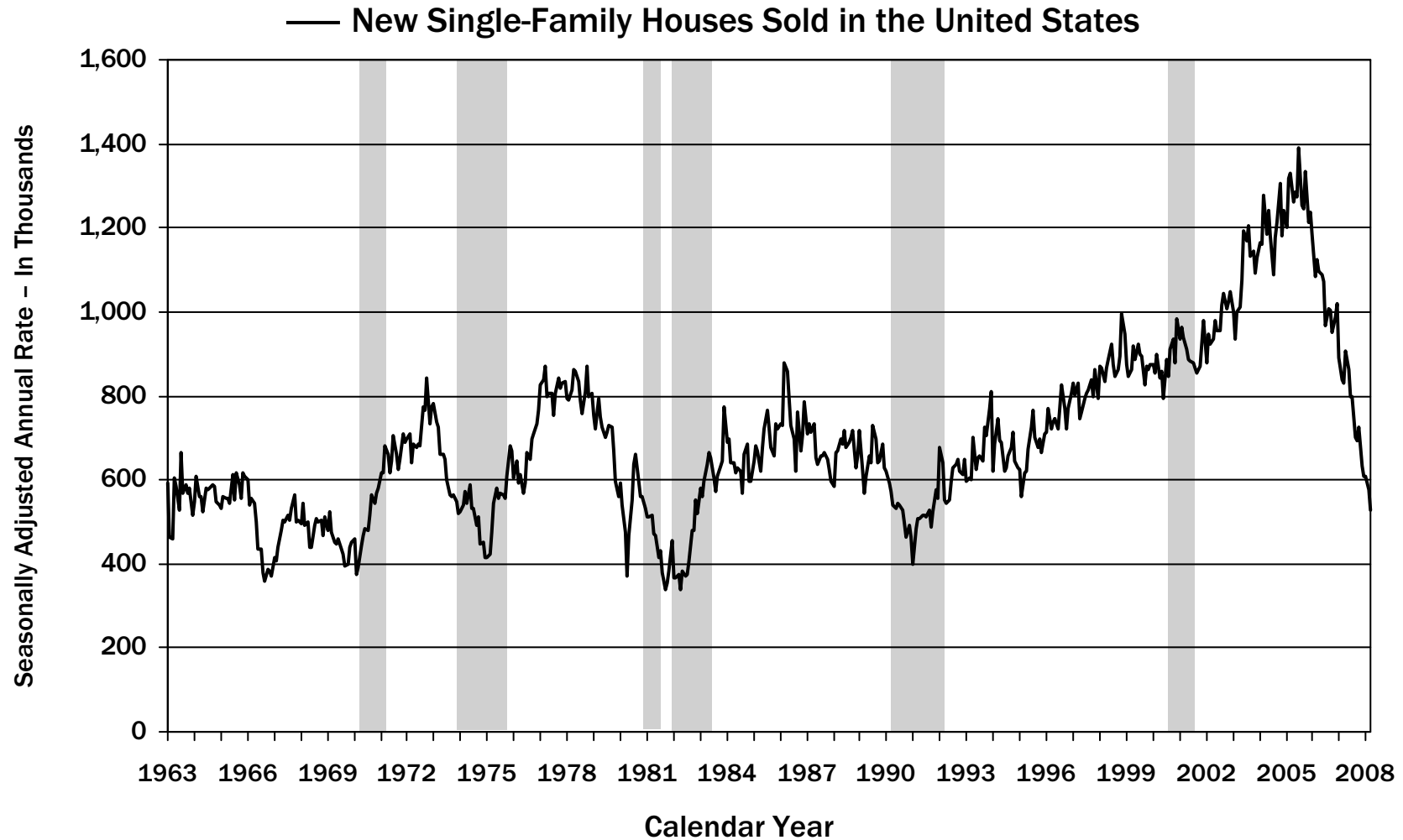
Source: U.S. Department of Labor

The U.S. Private Sector is Projected to Cut Over 600,000 Jobs Between Q1 2008 and Q3 2008



Source: U.S. Bureau of Labor Statistics 2000 - 2007 Q4; OMB forecast 2008 Q1 - 2012

A Leading Cause of the Economic Downturn Has Been a Sharp Slowdown in the Housing Market



Shaded areas indicate national recessions as defined by the National Bureau of Economic Research

Source: US Census

Large Losses Stemming from the Subprime Turmoil and Credit Crisis Continue to Grow

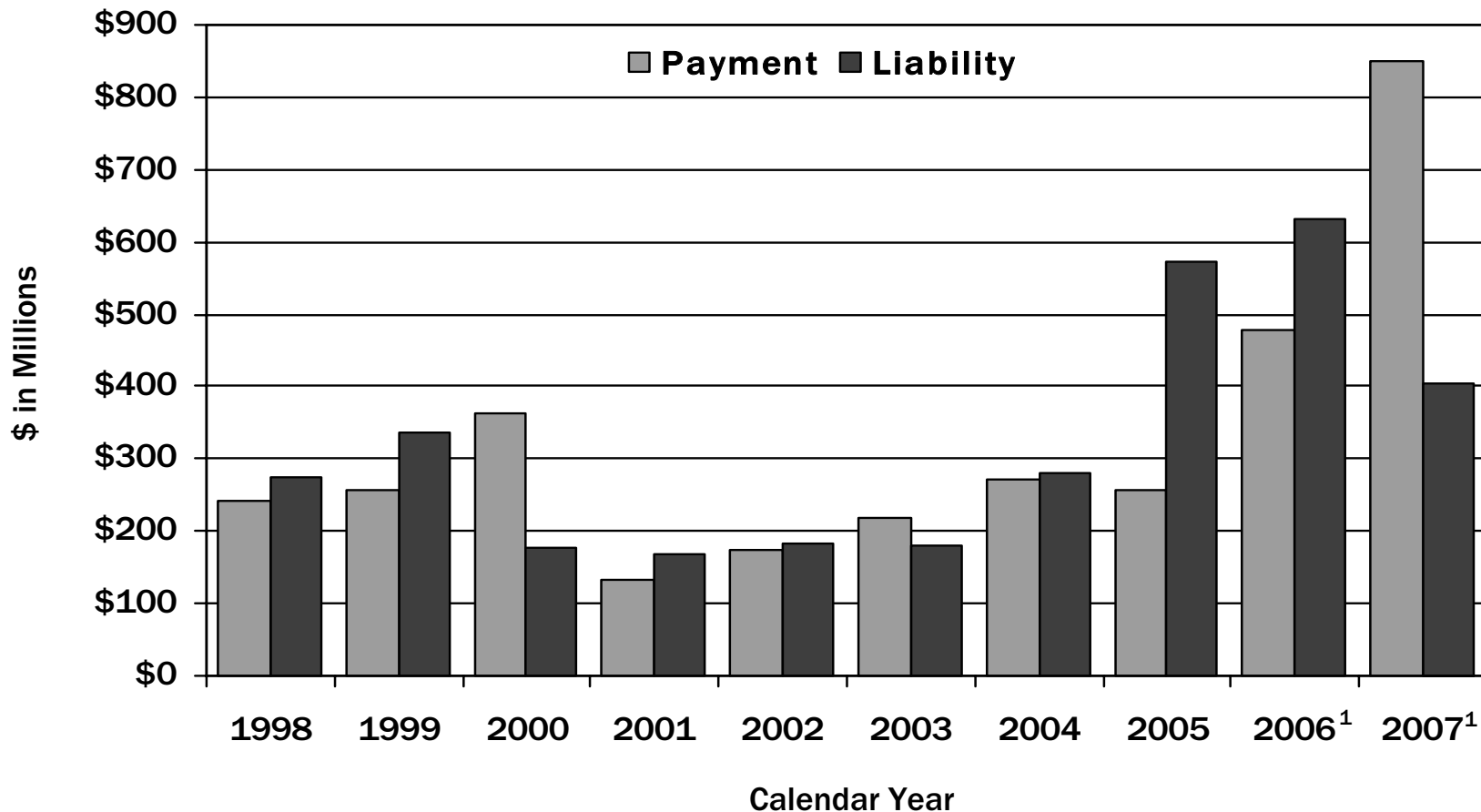
Total Write-Down Loss - \$ in Millions

	CY 2007 Q3	CY 2007 Q4	Est. CY 2008 Q1
Investment Banks			
Goldman Sachs Group	\$1,700	\$ ---	\$2,000
Bear Stearns & Co.	700	1,900	1,400 ^f
Lehman Brothers Holdings	700	830	1,800
Merrill Lynch & Co.	8,400	16,700	6,650
Morgan Stanley	2,400	9,400	2,300
Large Commercial Banks			
JPMorgan Chase & Co.	1,600	1,300	5,100
Citigroup Inc.	3,500	18,100	13,900
Bank of America Corp.	1,600	5,280	7,911
Washington Mutual Inc.	975	1,600	3,500
Wachovia Corp.	1,138	1,700	2,000
Wells Fargo	---	1,200	---
HSBC Holdings PLC	880	16,320	---
UBS AG	3,420	13,400	19,000 ^f
Credit Suisse Group	1,900	1,880	2,850 ^f
Deutsche Bank AG	3,090	73	3,900 ^f
Barclays PLC	635	2,465	---
Royal Bank of Scotland (ABN)	---	5,800	11,692
Nomura Holdings Inc.	593	---	---
AIG Inc.	---	11,100	---
Total	\$33,231	\$109,048	\$84,003

Note: f = forecast; CY = Calendar Year
Compiled by OMB

Firms Often Make “Safe Harbor” Tax Payments Which Create a Risk of Future Tax Refunds

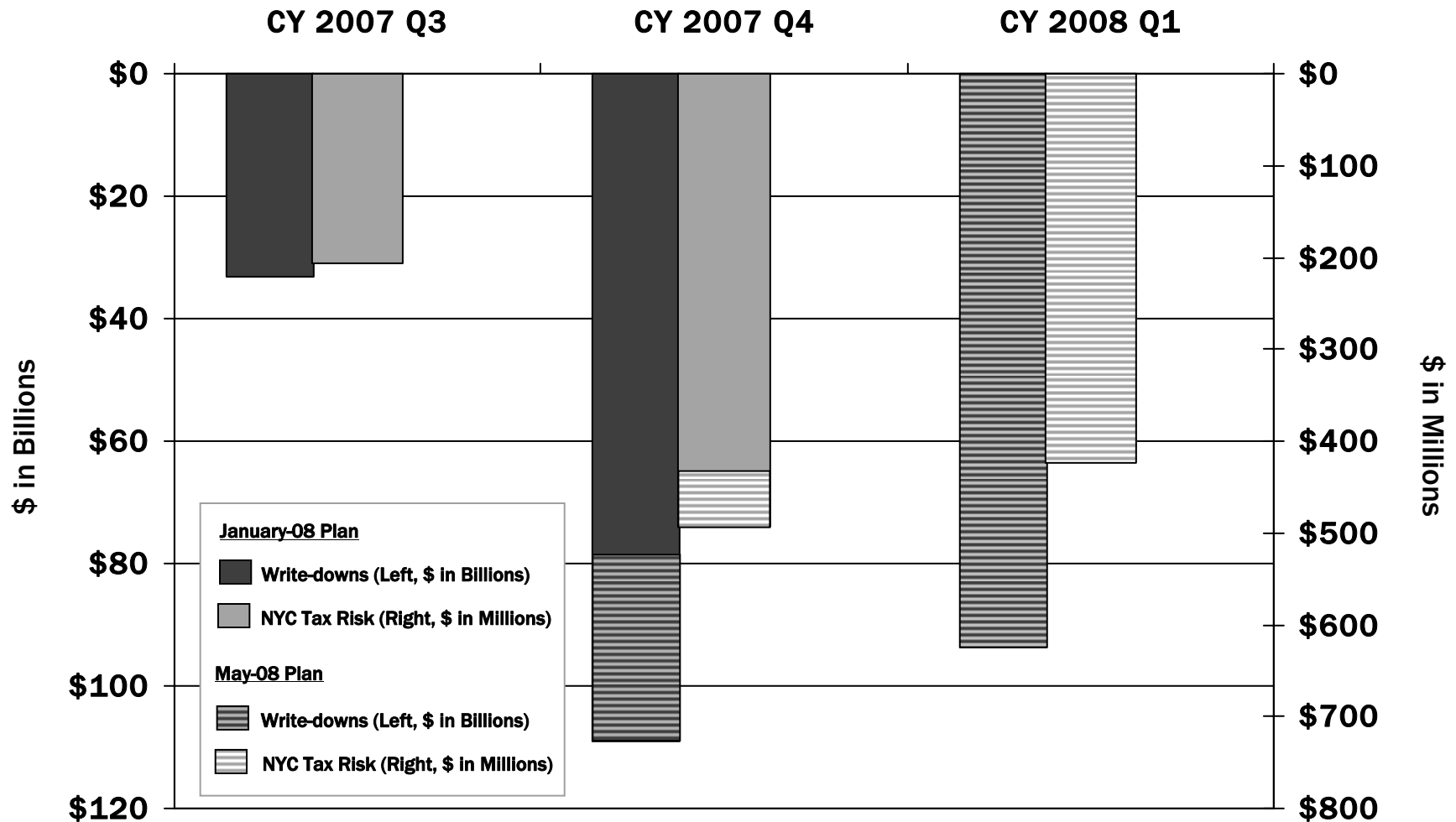
Top Finance and Commercial Bank Taxpayers



Source: NYC DOF

1 - The tax liability for CY 2006 and CY 2007 is estimated.

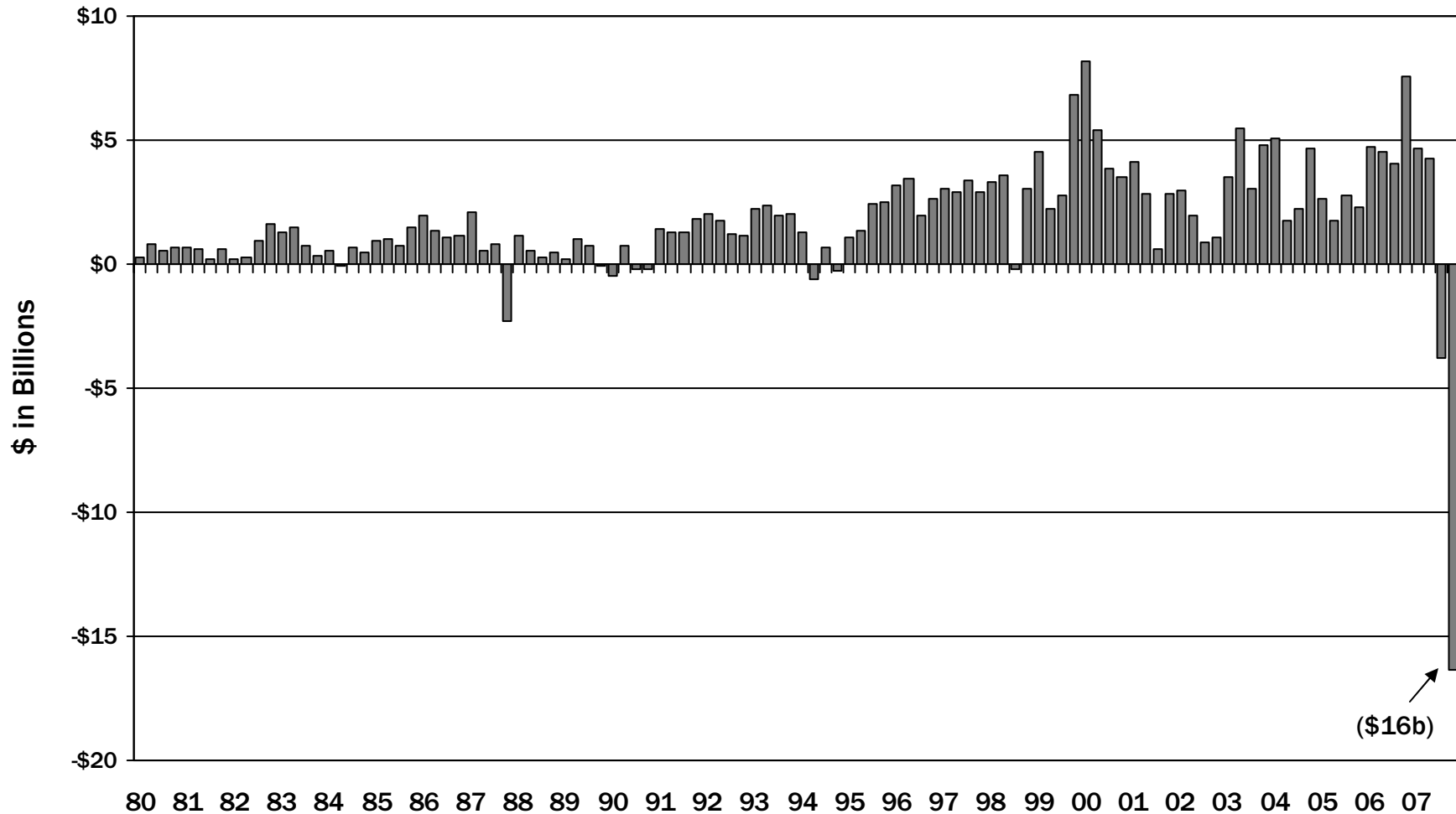
Financial Firm Write-downs Pose a Growing Risk to Current and Future New York City Tax Collections



Compiled by OMB

Wall Street Reported Its Largest Historical Loss in the Third Quarter of 2007 Followed By a Much Larger Loss of \$16 Billion in the Fourth Quarter

NYSE Member Firm Quarterly Profits

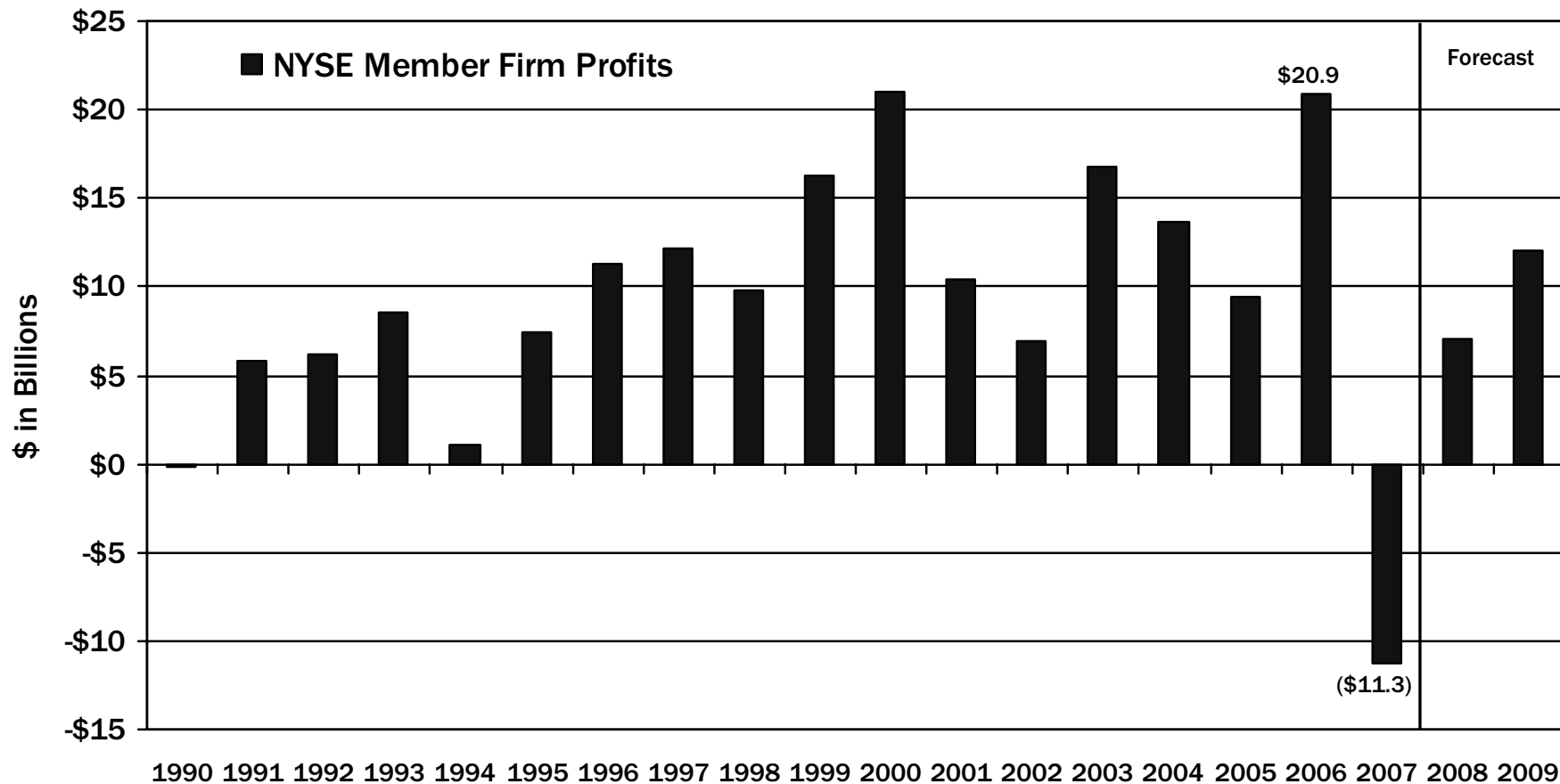


Sources: NYSE, SIFMA

Calendar Year

After Posting Near Record Profits in 2006, Wall Street Firms Lost \$11 Billion in 2007 and Are Expected to Remain Troubled Throughout 2008

Profits Dropped from a Gain of \$20.9 Billion in 2006 to a Loss of \$11.3 Billion in 2007

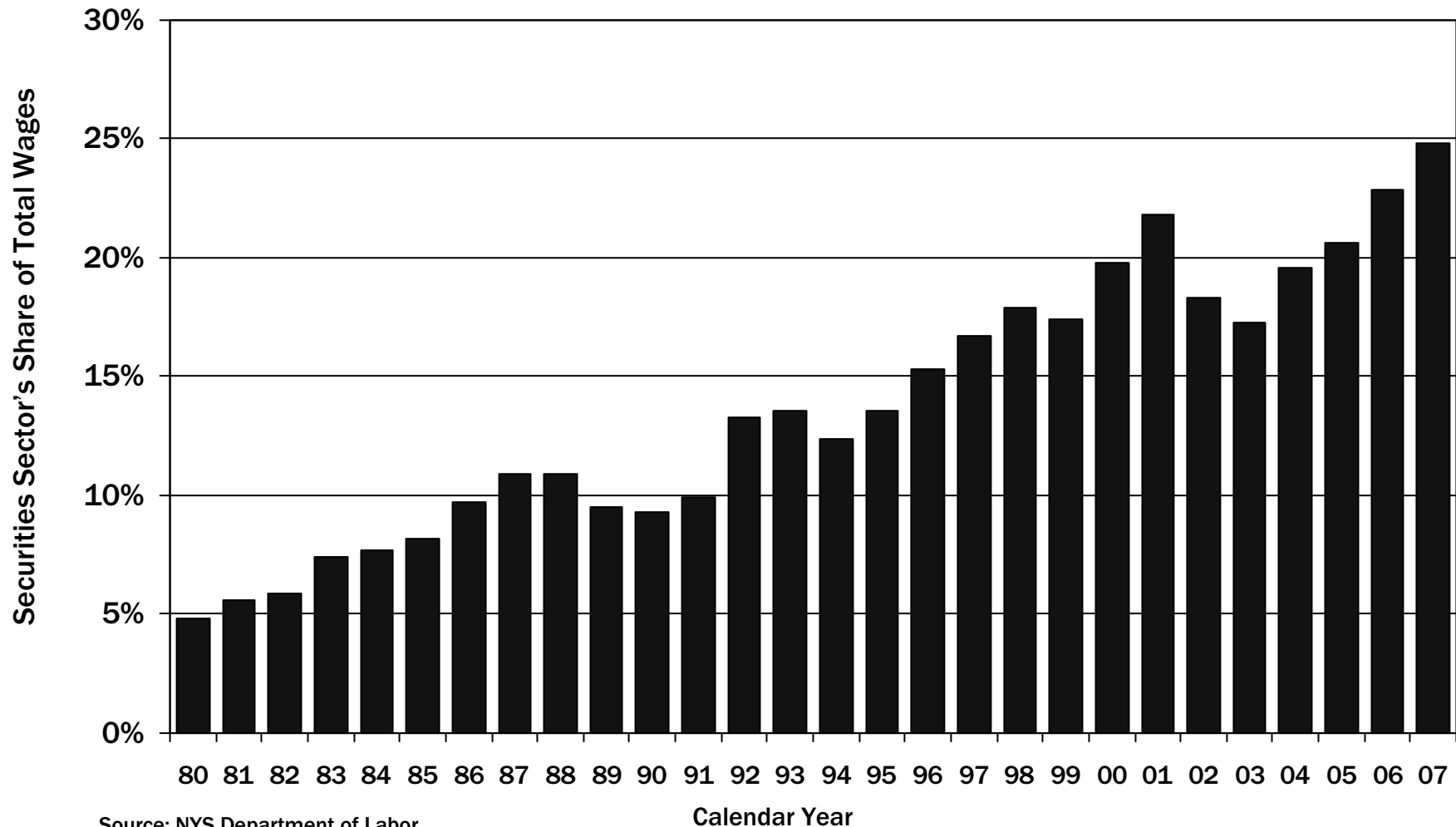


Sources: NYSE, SIFMA, OMB forecast

Calendar Year

New York City Is Very Dependent on the Securities Industry

Securities Industry Share of Wages Has Grown from Below 5 Percent in 1980 to 21 Percent in 2001 and Reached a Record of Almost 25 Percent in 2007.

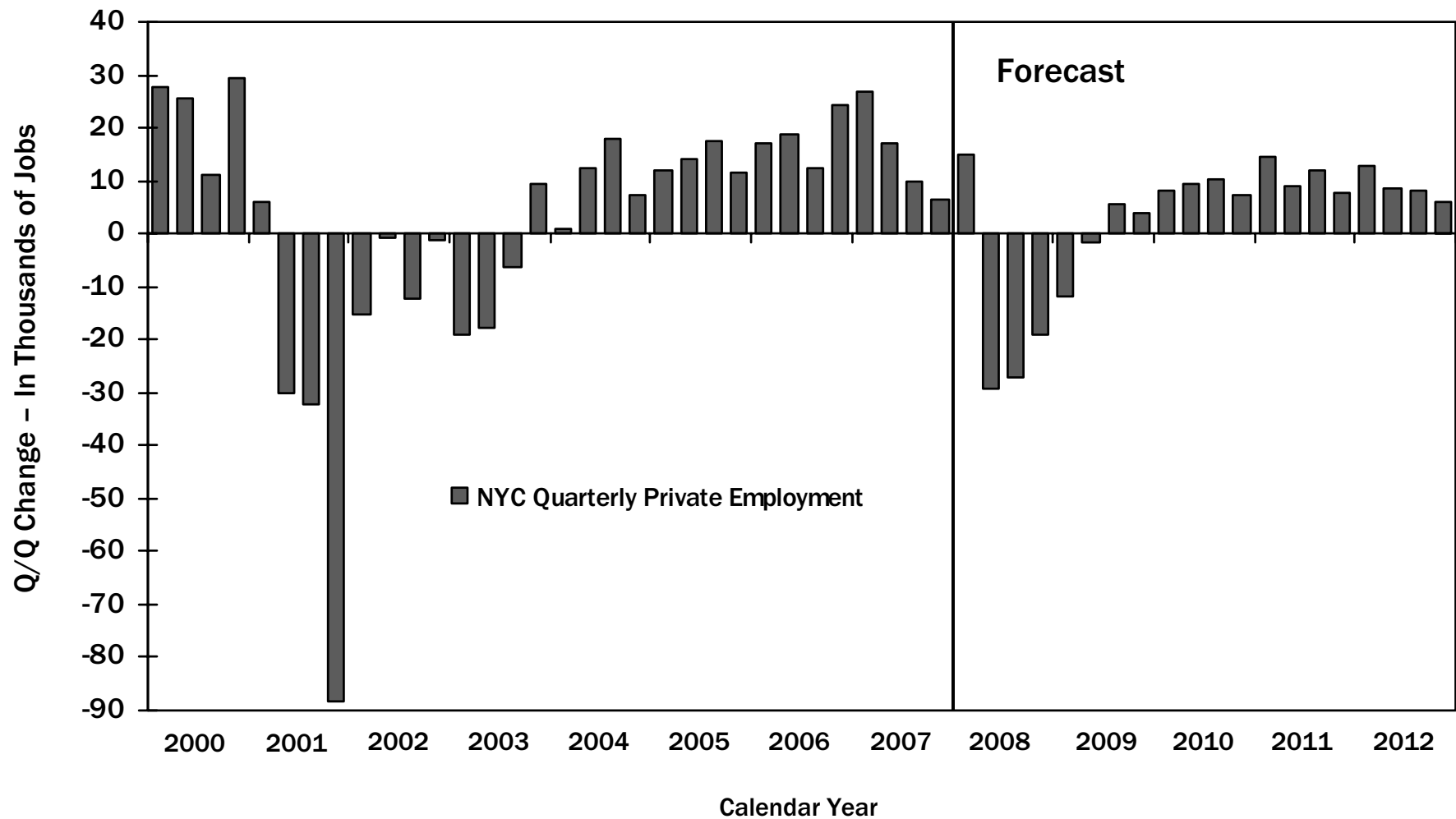


Source: NYS Department of Labor

Wall Street is Expected to Shed 25,000 Jobs Over the Next 2 Years

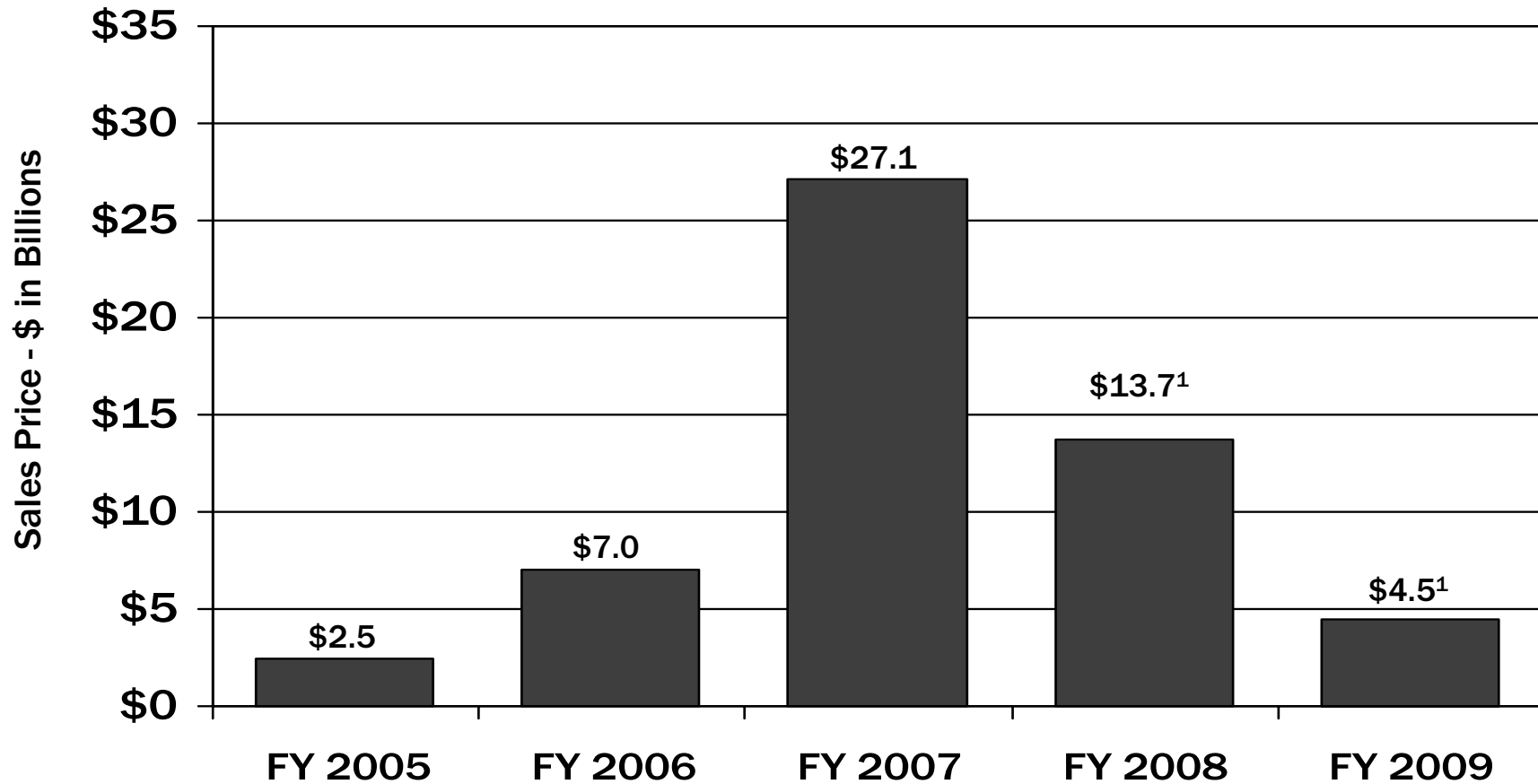
Announced Layoffs		Executive Budget Economic Forecast		Published Data From the Bureau of Labor Statistics	
		Peak 2007 Q3	187,900	September-07	187,900
U.S.	NYC (est.)	Trough 2009 Q3	163,000	March-08	182,300
42,206	19,315	Projected NYC Losses	24,900	NYC Losses So Far	5,600

New York City's Private Sector Is Forecast to Lose Approximately 90,000 Jobs Between Q2 2008 and Q2 2009



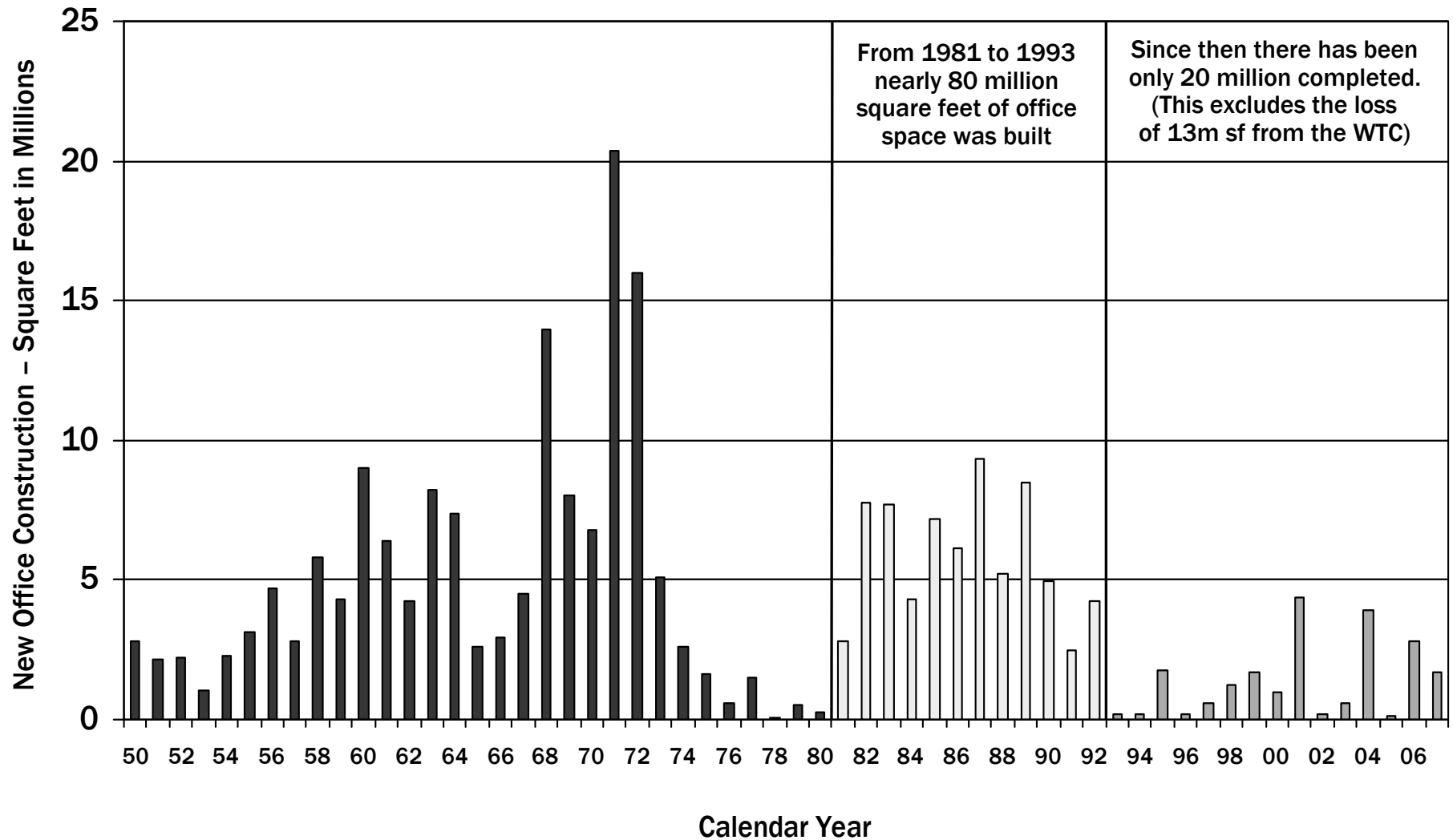
Source: U.S. Bureau of Labor Statistics 2000 - 2007 Q4; OMB forecast 2008 Q1 - 2012

Large Commercial Real Estate Transactions (Over \$500 Million in Sale Price) Slowed through March in FY 2008 and Are Expected to Decline Further in FY 2009



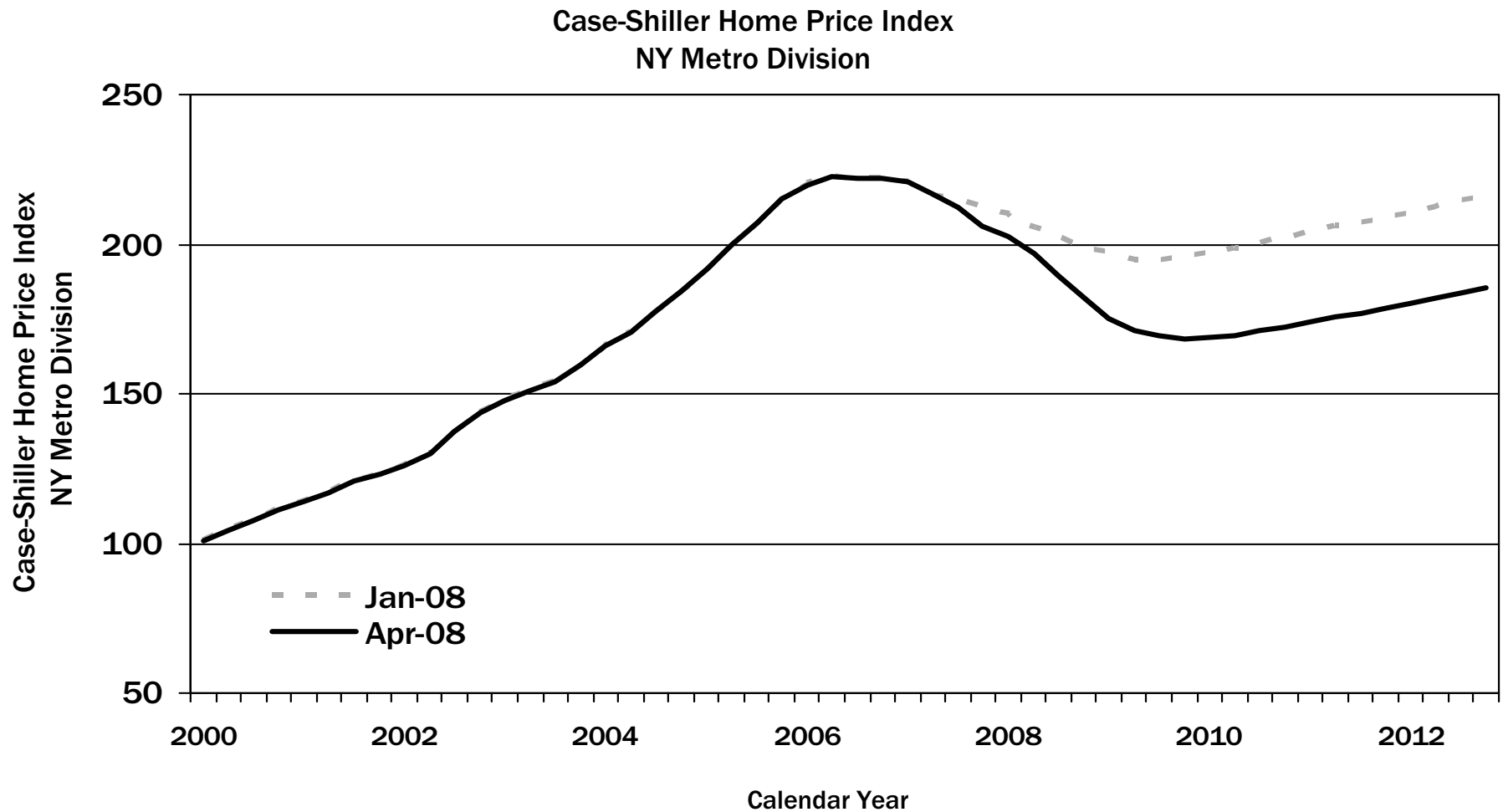
1. Executive Budget Forecast

With Little Speculative Building, the Local Office Market Is Better Poised to Weather a Downturn Than in the 1990s



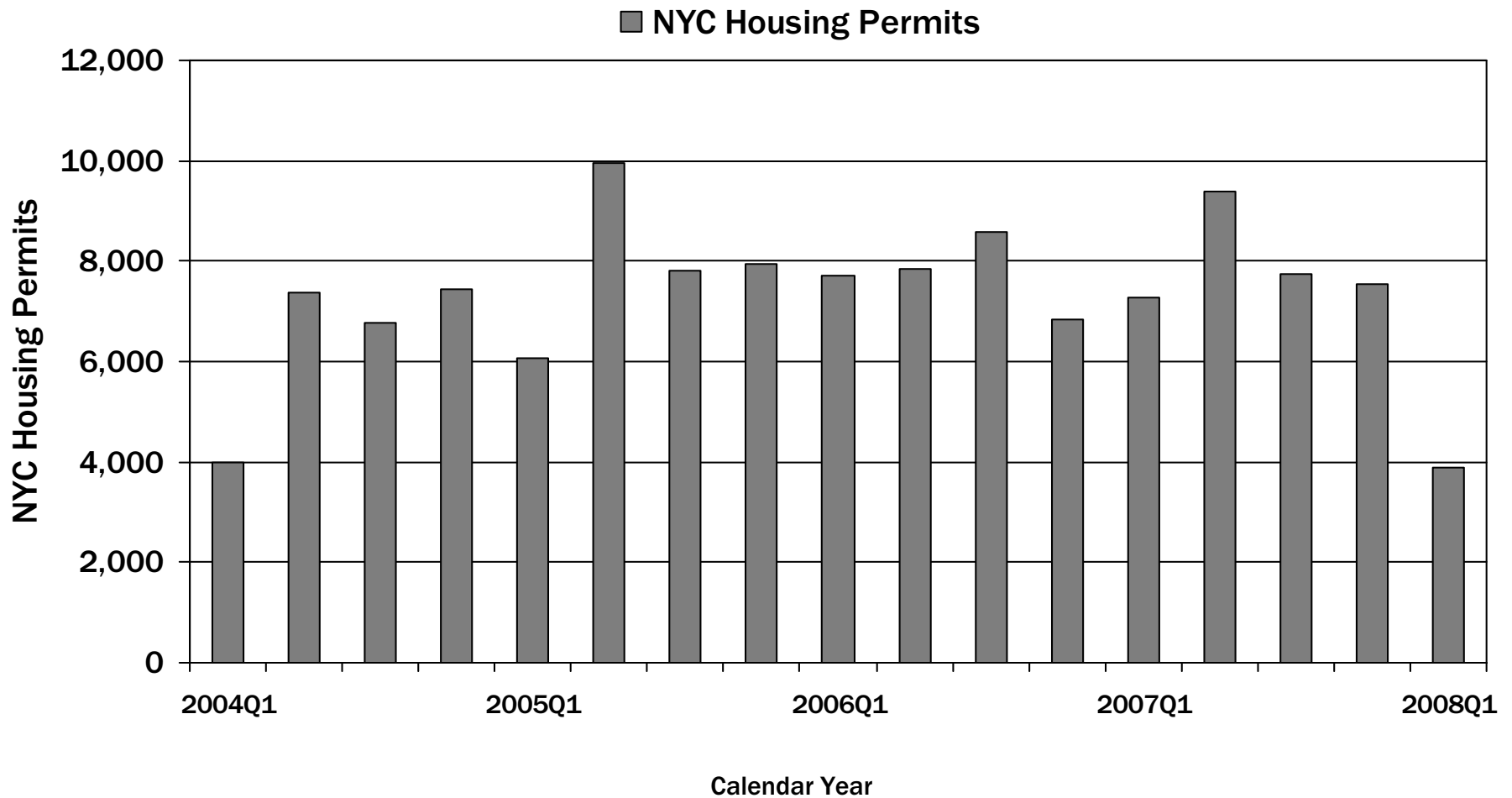
Source: Cushman & Wakefield

The Latest Housing Forecast Released April 23, 2008 Is Considerably More Pessimistic Than the January Forecast



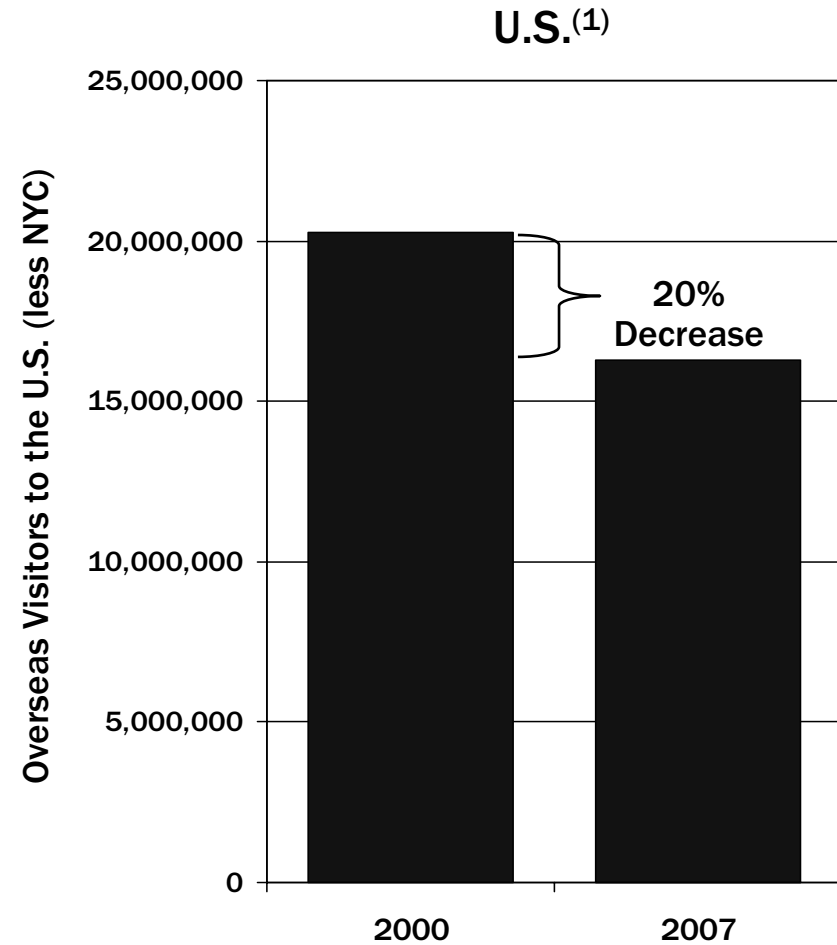
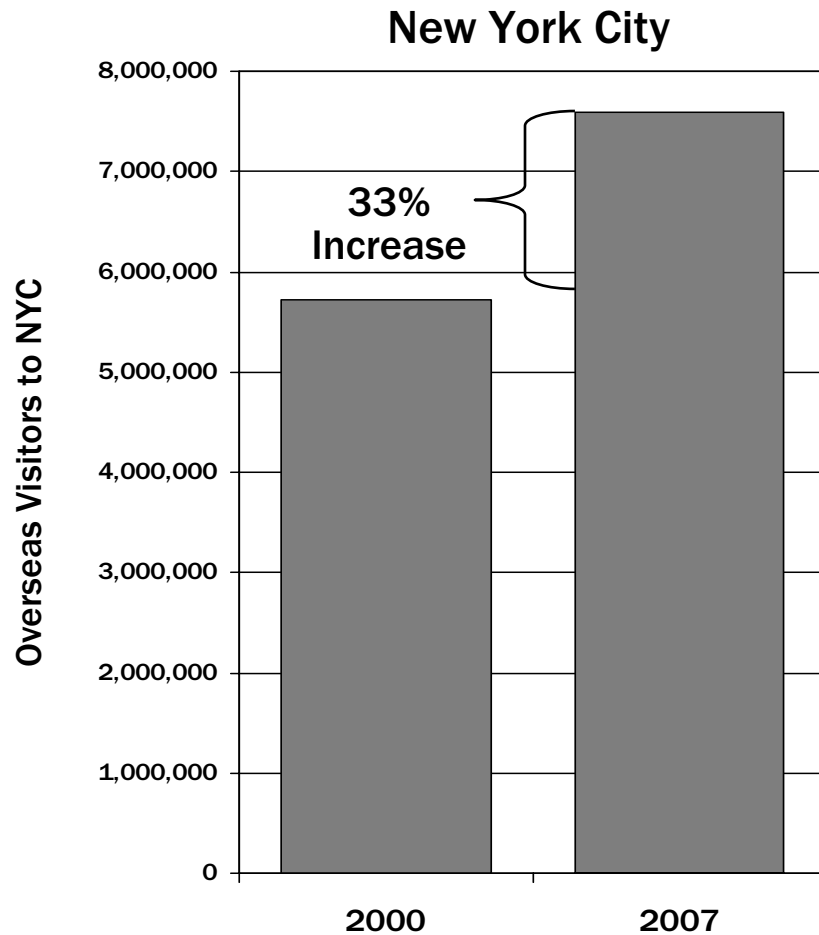
Source: Moody's Economy.com

The Number of New Housing Permits in New York City Dropped 46 Percent in The First Quarter of 2008 Compared to The First Quarter of 2007



Source: US Census

The Number of Overseas Visitors to NYC Has Increased by 33 Percent Between 2000 and 2007, While Overseas Travel to the Rest of the Nation Has Declined by 20 Percent



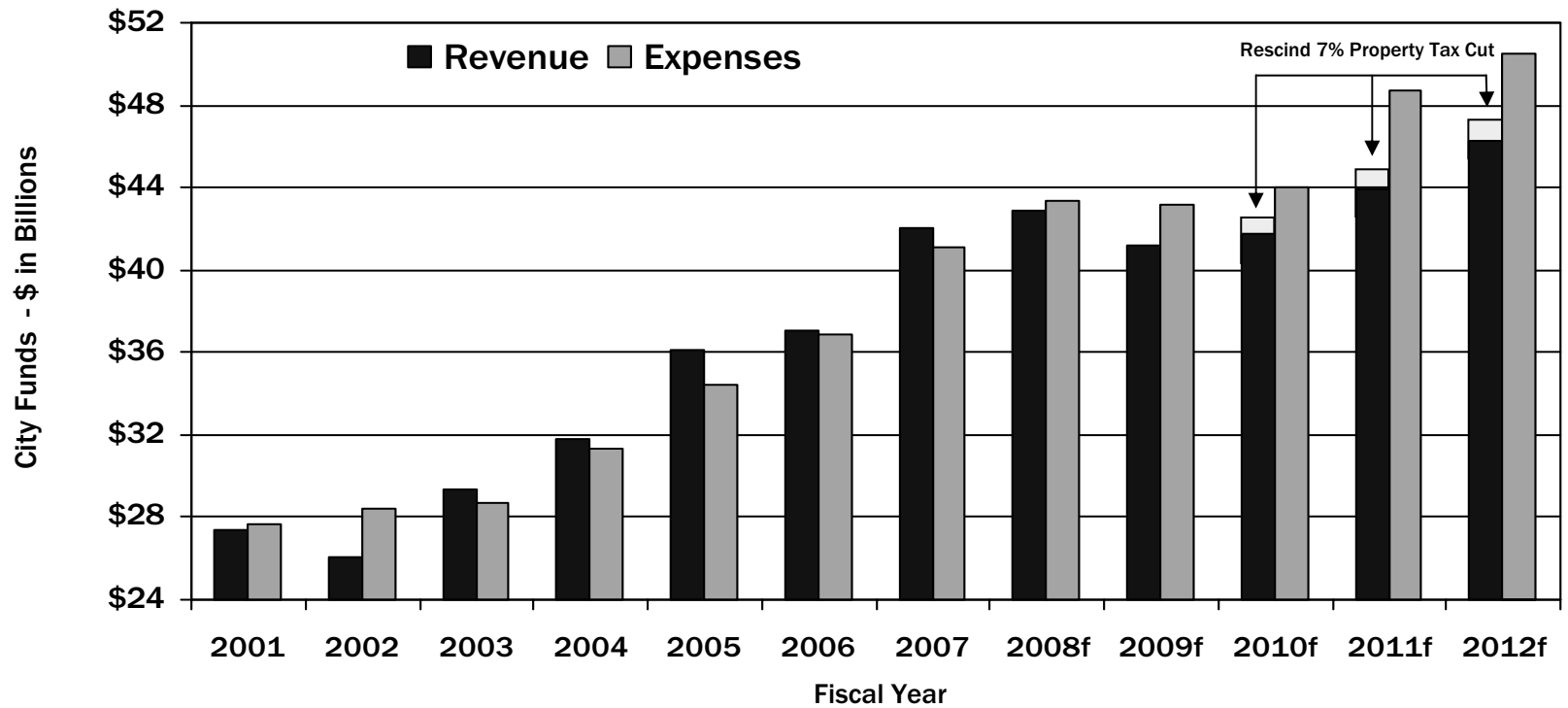
Source: NYC & Company

(1) Excluding NYC

II. Budget Update

Revenue and Expenses

May 2008 Plan



f = forecast

Excluding the Impact of Rolls	\$ in Billions											
	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Revenue	\$27.4	\$26.1	\$29.4	\$31.8	\$36.1	\$37.1	\$42.0	\$43.3	\$40.2	\$41.8	\$43.9	\$46.3
Expenses	\$27.7	\$28.4	\$28.7	\$31.3	\$34.4	\$36.9	\$41.1	\$43.4	\$43.4	\$44.1	\$48.8	\$50.7
Operating Surplus / (Deficit)	(\$0.3)	(\$2.3)	\$0.7	\$0.5	\$1.7	\$0.2	\$0.9	(\$0.1)	(\$3.2)	(\$2.3)	(\$4.9)	(\$4.4)
Cumulative Surplus / (Deficit)	\$2.9	\$0.6	\$1.3	\$1.8	\$3.5	\$3.7	\$4.6	\$4.5	\$1.3	(\$1.0)	(\$5.9)	(\$10.3)

Changes Between January 2008 Plan and May 2008 Plan FY 2008 to FY 2011

City Funds - \$ in Millions

	FY 2008			FY 2009			FY 2010			FY 2011		
	Jan 2008 Plan ⁽²⁾	May 2008 Plan	Change	Jan 2008 Plan ⁽²⁾	May 2008 Plan	Change	Jan 2008 Plan ⁽²⁾	May 2008 Plan	Change	Jan 2008 Plan ⁽²⁾	May 2008 Plan	Change
Revenue⁽⁴⁾ (see page 26)	\$41,222	\$43,308	\$2,086	\$39,403	\$40,237	\$834	\$41,414	\$41,771	\$357	\$43,116	\$43,912	\$796
<i>Year-To-Year Change:</i>	(795) (1.9%)	1,291 3.1%		(\$1,819) (4.4%)	(\$3,071) (7.1%)		\$2,011 5.1%	\$1,534 3.8%		\$1,702 4.1%	\$2,141 5.1%	
Expenditures⁽⁴⁾												
Controllable Agency Expenses (see page 27)	\$20,323	\$19,739	(\$584)	\$20,814	\$20,334	(\$480)	\$22,359	\$21,697	(\$662)	\$23,700	\$23,007	(\$693)
<i>Year-To-Year Change:</i>	1,820 9.8%	1,236 6.7%		\$491 2.4%	\$595 3.0%		\$1,545 7.4%	\$1,363 6.7%		\$1,341 6.0%	\$1,310 6.0%	
Non-Controllable Agency Expenses (see page 28)	\$21,923	\$23,650	\$1,727	\$23,543	\$23,103	(\$440)	\$24,675	\$22,384	(\$2,291)	\$26,055	\$25,840	(\$215)
<i>Year-To-Year Change:</i>	(672) (3.0%)	1,055 4.7%		\$1,620 7.4%	(\$547) (2.3%)		\$1,132 4.8%	(\$719) (3.1%)		\$1,380 5.6%	\$3,456 15.4%	
Total Expenditures	\$42,246	\$43,389	\$1,143	\$44,357	\$43,437	(\$920)	\$47,034	\$44,081	(\$2,953)	\$49,755	\$48,847	(\$908)
<i>Year-To-Year Change:</i>	1,148 2.8%	\$2,291 5.6%		\$2,111 5.0%	\$48 0.1%		\$2,677 6.0%	644 1.5%		\$2,721 5.8%	\$4,766 10.8%	
Operating Surplus/(Deficit)	(\$1,024)	(\$81)	\$943	(\$4,954)	(\$3,200)	\$1,754	(\$5,620)	(\$2,310)	\$3,310	(\$6,639)	(\$4,935)	\$1,704
Current Year Roll (Cost)	(\$4,119)	(\$4,519)	(\$400)	(\$350)	(\$1,319)	(\$969)	\$ ---	(\$350)	(\$350)	\$ ---	\$ ---	\$ ---
Prior Year Roll (Benefit)	\$4,600	\$4,600	\$ ---	\$4,119	\$4,519	\$400	\$350	\$1,319	\$969	\$ ---	\$350	\$350
Net Impact of Surplus Roll	\$481	\$81	(\$400)	\$3,769	\$3,200	(\$569)	\$350	\$969	\$619	\$ ---	\$350	\$350
Gap to be Closed	(\$543)	\$ ---	\$543	(\$1,185)	\$ ---	\$ 1,185	(\$5,270)	(\$1,341)	\$3,929	(\$6,639)	(\$4,585)	\$2,054

⁽¹⁾ Excludes the impact of prepayments

⁽²⁾ Before Agency Program

City Revenues

May 2008 Plan

\$ in Millions

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Property Tax	\$13,009	\$13,838	\$14,868	\$15,862	\$16,664
Year-to-Year	51	829	1,030	994	802
Change:	0.4%	6.4%	7.4%	6.7%	5.1%
Real Estate Transaction Taxes	\$2,581	\$1,934	\$1,883	\$ 1,860	\$ 1,968
Year-to-Year	(712)	(647)	(51)	(23)	108
Change:	(21.6%)	(25.1%)	(2.6%)	(1.2%)	5.8%
Rescind 7% Property Tax Cut	\$ ---	\$ ---	\$1,223	\$1,298	\$1,359
All Other Tax Revenue	\$22,557	\$20,079	\$19,630	\$20,648	\$22,014
(Sales, PIT, Business Income Taxes, etc.)					
Year-to-Year	966	(2,478)	(449)	1,018	1,366
Change:	4.5%	(11.0%)	(2.2%)	5.2%	6.6%
Subtotal Tax Revenue	\$38,147	\$35,851	\$37,604	\$39,668	\$42,005
Year-to-Year	305	(2,296)	1,753	2,064	2,337
Change:	0.8%	(6.0%)	4.9%	5.5%	5.9%
Non-Tax Revenue	\$5,161	\$4,386	\$4,167	\$4,244	\$4,252
(Fees, Fines, Interest, Unrestricted State and Federal Aid, etc)					
Year-to-Year	986	(775)	(219)	77	8
Change:	23.6%	(15.0%)	(5.0%)	1.8%	0.2%
Total Revenue (see page 25)	\$43,308	\$40,237	\$41,771	\$43,912	\$46,257
Year-to-Year	1,291	(3,071)	1,534	2,141	2,345
Change:	3.1%	(7.1%)	3.8%	5.1%	5.3%

Note: Excludes the impact of prepayments.

Controllable Agency Expenses

May 2008 Plan

		City Funds - \$ in Millions				
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Uniformed Forces						
	Police Department	\$3,599	\$3,623	\$3,691	\$3,799	\$3,803
	Fire Department	1,334	1,350	1,359	1,373	1,374
	Department of Correction	922	938	937	948	954
	Sanitation Department	1,220	1,259	1,337	1,418	1,428
	Subtotal: Uniformed Forces	\$7,075	\$7,170	\$7,324	\$7,538	\$7,559
	<i>Year-To-Year</i>	284	95	154	214	21
	<i>Change:</i>	4.2%	1.3%	2.1%	2.9%	0.3%
Health and Welfare						
	Social Services	\$552	\$601	\$605	\$605	\$605
	Children's Services	874	791	783	783	793
	Homeless Services	352	309	305	305	305
	Health and Mental Hygiene	602	626	629	631	634
	HHC Subsidy	128	95	94	93	93
	Subtotal: Health and Welfare	\$2,508	\$2,422	\$2,416	\$2,417	\$2,430
	<i>Year-To-Year</i>	78	(86)	(6)	1	13
	<i>Change:</i>	3.2%	(3.4%)	(0.2%)	0.0%	0.5%
Other Mayoral						
	Housing Preservation & Development	\$81	\$70	\$62	\$61	\$61
	Environmental Protection	886	952	887	882	882
	Finance	213	202	199	199	199
	Transportation	445	464	445	450	450
	Parks and Recreation	285	266	262	267	267
	Citywide Administrative Services	200	184	181	181	181
	All Other Mayoral	1,695	1,573	1,485	1,486	1,488
	Energy, Leases & OTPS Inflaters	---	---	161	266	393
	Subtotal: Other Mayoral	\$3,805	\$3,711	\$3,682	\$3,792	\$3,921
	<i>Year-To-Year</i>	573	(94)	(29)	110	129
	<i>Change:</i>	17.7%	(2.5%)	(0.8%)	3.0%	3.4%
Education						
	Department of Education	\$4,951	\$5,181	\$5,671	\$6,227	\$6,100
	CUNY	430	400	388	391	395
	Subtotal: Education	\$5,381	\$5,581	\$6,059	\$6,618	\$6,495
	<i>Year-To-Year</i>	118	200	478	559	(123)
	<i>Change:</i>	2.2%	3.7%	8.6%	9.2%	(1.9%)
	Mayoralty	\$69	\$68	\$66	\$66	\$66
	All Other Elected	405	379	379	379	379
	Subtotal: Elected Officials	\$474	\$447	\$445	\$445	\$445
	<i>Year-To-Year</i>	33	(27)	(2)	---	---
	<i>Change:</i>	7.5%	(5.7%)	(0.4%)	0.0%	0.0%
Labor Reserve						
	<i>Year-To-Year</i>	\$496	\$1,003	\$1,771	\$2,197	\$2,628
	<i>Change:</i>	150	507	768	426	431
	<i>Change:</i>	43.4%	102.2%	76.6%	24.1%	19.6%
Total Controllable Agency Spending (see page 25)		\$19,739	\$20,334	\$21,697	\$23,007	\$23,478
	<i>Year-To-Year</i>	1,236	595	1,363	1,310	471
	<i>Change:</i>	6.7%	3.0%	6.7%	6.0%	2.0%

Note: Excludes the impact of prepayments

Non-Controllable Agency Expenses

May 2008 Plan

City Funds - \$ in Millions

		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Non-Controllable Agency Expenses						
Pensions		\$5,574	\$6,007	\$6,523	\$6,616	\$6,714
	<i>Year-to-Year</i>	\$885	\$433	\$516	\$93	\$98
	<i>Change:</i>	18.9%	7.8%	8.6%	1.4%	1.5%
Fringe Benefits		\$5,498	\$5,803	\$5,908	\$6,314	\$6,766
	<i>Year-to-Year</i>	\$156	\$305	\$105	\$406	\$452
	<i>Change:</i>	2.9%	5.5%	1.8%	6.9%	7.2%
Subtotal: Employee-Related Costs		\$11,072	\$11,810	\$12,431	\$12,930	\$13,480
	<i>Year-to-Year</i>	(\$459)	\$738	\$621	\$499	\$550
	<i>Change:</i>	(4.0%)	6.7%	5.3%	4.0%	4.3%
Debt Service		\$5,597	\$3,575	\$1,971	\$4,652	\$5,184
	<i>Year-to-Year</i>	\$1,672	(\$2,022)	(\$1,604)	\$2,681	\$532
	<i>Change:</i>	42.6%	(36.1%)	(44.9%)	136.0%	11.4%
Medicaid		\$5,583	\$5,470	\$5,624	\$5,784	\$5,957
	<i>Year-to-Year</i>	\$567	(\$113)	\$154	\$160	\$173
	<i>Change:</i>	11.3%	(2.0%)	2.8%	2.8%	3.0%
Re-estimate of Prior Year Expenses		(\$500)	\$ ---	\$ ---	\$ ---	\$ ---
	<i>Year-to-Year</i>	\$15	\$500	\$ ---	\$ ---	\$ ---
	<i>Change:</i>	2.9%	100.0%	0.0%	0.0%	0.0%
General Reserve		\$100	\$300	\$300	\$300	\$300
	<i>Year-to-Year</i>	\$100	\$200	\$ ---	\$ ---	\$ ---
	<i>Change:</i>	0.0%	200.0%	0.0%	0.0%	0.0%
All Other		\$1,798	\$1,948	\$2,058	\$2,174	\$2,310
	<i>Year-to-Year</i>	(\$840)	\$150	\$110	\$116	\$136
	<i>Change:</i>	(31.8%)	8.3%	5.6%	5.6%	6.3%
Total Non-Controllable Expenses (see page 25)		\$23,650	\$23,103	\$22,384	\$25,840	\$27,231
	<i>Year-to-Year</i>	\$1,055	(\$547)	(\$719)	\$3,456	\$1,391
	<i>Change:</i>	4.7%	(2.3%)	(3.1%)	15.4%	5.4%

Note: Excludes the impact of prepayments

III. FY 2008-12 Budget Changes

Revenue Changes Between the January 2008 Plan and the May 2008 Plan

City Funds - \$ in Millions

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue as of January 2008 Plan*	\$41,222	\$39,403	\$41,414	\$43,116	\$45,173
Revenue Changes:					
Property Tax	\$10	(\$81)	(\$81)	\$4	\$4
Personal Income Tax	1,098	573	(338)	(133)	13
Other Tax Revenue (Business, Sales)	812	142	(558)	(533)	(451)
State Budget Revenue Impact	(91)	(4)	---	1	2
Non-Tax Revenue	151	62	(20)	32	42
Agency Program	106	142	131	127	115
Rescind 7% Property Tax Cut	---	---	1,223	1,298	1,359
Total Revenue Changes	\$2,086	\$834	\$357	\$796	\$1,084
Revenue as of May 2008 Plan	\$43,308	\$40,237	\$41,771	\$43,912	\$46,257

Excludes the impact of prepayments

* Before Agency Program

Controllable Agency Expense Changes Between the January 2008 Plan and the May 2008 Plan

City Funds - \$ in Millions

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Controllable Agency Expenses as of January 2008 Plan:*	\$20,323	\$20,814	\$22,359	\$23,700	\$24,231
Controllable Agency Expense Changes:					
Agency Program	(\$453)	(\$994)	(\$907)	(\$868)	(\$857)
Board of Elections (Additional Warehouse and Office Space)	---	4	8	8	8
Campaign Finance Board (Pay-to-Play Staffing)	---	3	3	3	3
Law (Lease Adjustment)	---	4	4	4	4
DOE (Rising Food Prices, Leases, Special Ed Pre-K)	(25)	110	99	35	(95)
CUNY (Tuition & Fees)	6	7	7	7	11
Police (OTPS Increase)	(1)	6	7	6	6
ACS (DOE Residential Care & Adoption Subsidy)	9	6	6	6	6
DSS (Domestic Violence Shelter & Reduction in State HIV/AIDS Housing Reimbursement)	8	14	15	15	15
DHS (Family Capacity Increase)	1	25	19	19	19
Correction (Mental Health Supervision, Drug Interdiction & Commissary Contract Delays)	---	8	4	4	4
Aging (Restoration of Senior Meals Funding)	2	12	12	12	12
FISA (Maintenance Funding)	---	2	5	7	7
SBS (Governors Island Operating Budget & Construction Commission)	(4)	13	2	1	---
Buildings (Private Elevator Contracts, Emergency Accident Prevention Plan & SEP Phase 3)	3	13	4	4	4
Health (OCME Increase & Early Intervention Re-estimate)	(23)	12	10	9	10
HHC (Subsidy Increase)	10	10	10	10	10
DEP (Biosolids/Sludge Removal, BWSO - Orthophosphate)	---	25	6	4	3
Sanitation (Commercial Recycling Study & Household Hazardous Waste Program)	(11)	6	1	1	1
DCAS (Provisional Reduction Program)	(1)	4	4	4	4
DOITT (311 Call Center, NYServ/ACRIS Maintenance & End-to-End Procurement)	(13)	14	15	14	14
Agency Rollovers	(108)	108	---	---	---
Energy	(10)	3	6	(9)	(11)
Lease	---	(7)	(3)	6	53
State Budget Expense Impact	15	16	---	---	---
Center for Economic Opportunity Commission Transfer	---	65	---	---	---
All Other	(11)	31	1	5	16
Total Controllable Agency Expense Changes	(\$584)	(\$480)	(\$662)	(\$693)	(\$753)
Controllable Agency Expenses as of May 2008 Plan:	\$19,739	\$20,334	\$21,697	\$23,007	\$23,478

Excludes the impact of prepayments

*Before Agency Program

Non-Controllable Expense Changes Between the January 2008 Plan and the May 2008 Plan

City Funds - \$ in Millions

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Non-Controllable Expenses as of January 2008 Plan:*	\$21,923	\$23,543	\$24,675	\$26,055	\$27,274
Non-Controllable Expense Changes:					
Agency Program	(\$59)	(\$170)	(\$168)	(\$151)	(\$138)
Restructure Employee Health Insurance	---	---	(200)	(200)	(200)
Early Payment of Outstanding Debt	1,986	---	(1,986)	---	---
Pensions	(5)	(59)	164	266	360
Federal Fringe Benefits Reimbursement Rate Increase	(126)	(116)	(89)	(89)	(89)
Debt Service (Including 20% Capital Reduction Savings)	(39)	(93)	(65)	(156)	(211)
Pay-Go-Capital for Improved Project Scoping	---	20	20	20	20
Center for Economic Opportunity Commission Transfer	---	(65)	---	---	---
Fringe Benefits	(12)	13	20	85	216
Other	(18)	30	13	10	(1)
Total Non-Controllable Expense Changes	\$1,727	(\$440)	(\$2,291)	(\$215)	(\$43)
Non-Controllable Expenses as of May 2008 Plan:	\$23,650	\$23,103	\$22,384	\$25,840	\$27,231

Excludes the impact of prepayments

*Before Agency Program

IV. Agency Programs to Reduce the Gap

Agency Programs to Reduce the Gap

Increases the Gap / (Decreases the Gap)

	Fiscal Year 2008				Fiscal Year 2009			
	City Funds - \$ in Thousands				City Funds - \$ in Thousands			
	Expense	Revenue	Total		Expense	Revenue	Total	
Uniformed Forces								
Police	(\$33,832)	\$ ---	(\$33,832)		(\$135,617)	\$ ---	(\$135,617)	
Fire	(17,310)	(3,052)	(20,362)		(24,071)	(6,377)	(30,448)	
Sanitation	(31,029)	(8,671)	(39,700)		(70,506)	(16,122)	(86,628)	
Correction	(23,184)	(1,000)	(24,184)		(20,547)	---	(20,547)	
Health and Welfare								
Administration for Children's Services	(21,800)	---	(21,800)		(57,225)	---	(57,225)	
Social Services	(75,910)	---	(75,910)		(38,243)	(744)	(38,987)	
Homeless Services	(10,631)	---	(10,631)		(24,579)	---	(24,579)	
Health & Mental Hygiene	(11,994)	(4,987)	(16,981)		(23,335)	(5,753)	(29,088)	
Youth & Community Development	(7,976)	---	(7,976)		(15,186)	---	(15,186)	
Other Mayoral								
Housing Preservation & Development	(850)	(1,821)	(2,671)		(5,923)	(1,011)	(6,934)	
Finance	(410)	(8,586)	(8,996)		(10,596)	(29,000)	(39,596)	
Transportation	(161)	(27,503)	(27,664)		(15,618)	(17,500)	(33,118)	
Parks & Recreation	(1,900)	---	(1,900)		(9,788)	(14,101)	(23,889)	
Citywide Administrative Services	(501)	(16,572)	(17,073)		(6,230)	(12,323)	(18,553)	
All Other Agencies	(88,096)	(24,108)	(112,204)		(209,127)	(36,283)	(245,410)	
Major Organizations								
Education	(180,146)	---	(180,146)		(428,282)	---	(428,282)	
HHC	---	(10,077)	(10,077)		---	(2,522)	(2,522)	
CUNY	(5,813)	---	(5,813)		(14,255)	---	(14,255)	
Other								
Procurement Savings	---	---	---		(55,519)	---	(55,519)	
Total Agency Programs	(\$511,543)	(\$106,377)	(\$617,920)	(3.0%)	(\$1,164,647)	(\$141,736)	(\$1,306,383)	(6.4%)

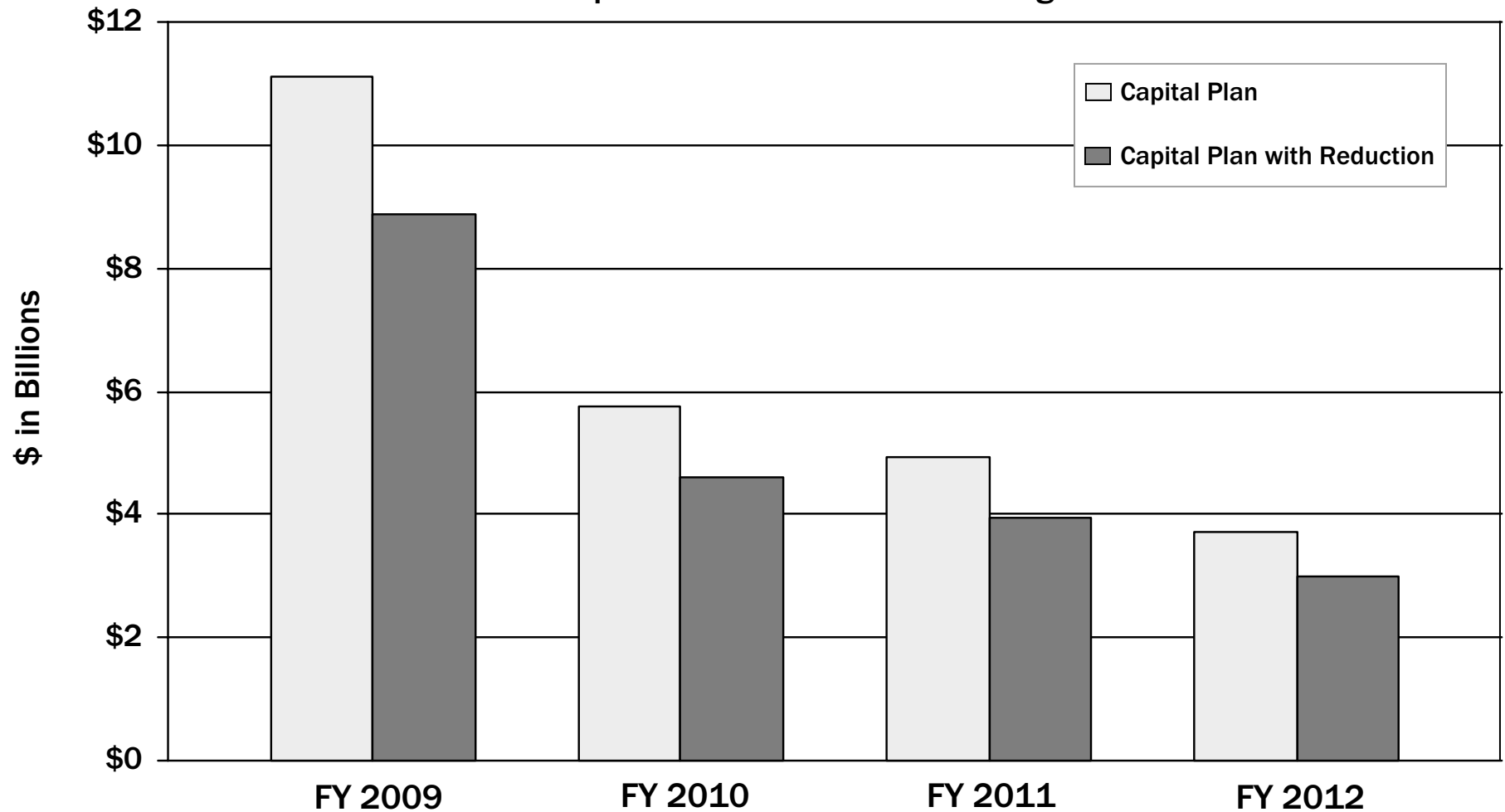
Examples of Agency PEG Programs

		Increase the Gap / (Decrease the Gap)
		City Funds - \$ in Millions
		2009
ACS:	Maximize Federal Funding for Child Care	(\$5.0)
DSS:	Reduce Administrative Expense Agency-wide	(\$6.0)
DHS:	Increase Family Move-outs Through Enhanced Case Management	(\$1.1)
DFTA:	Information and Referral Contracts	(\$2.1)
DOHMH:	Improve Private Insurance Claims for Early Intervention Services	(\$6.0)
DYCD:	Reduce Summer Youth Slots by 5,600	(\$8.0)
Fire:	Civilianization of 42 Positions in Support Units	(\$1.0)
DJJ:	Reduction of Juvenile Non-Secure Detention Excess Capacity	(\$0.9)
DCAS:	Building Security Contracts	(\$1.1)
Education:	Facilities and Infrastructure Reduction	(\$18.0)
Education:	Central and Field Administration Reduction	(\$17.0)
Education:	Purchasing Efficiencies	(\$23.0)

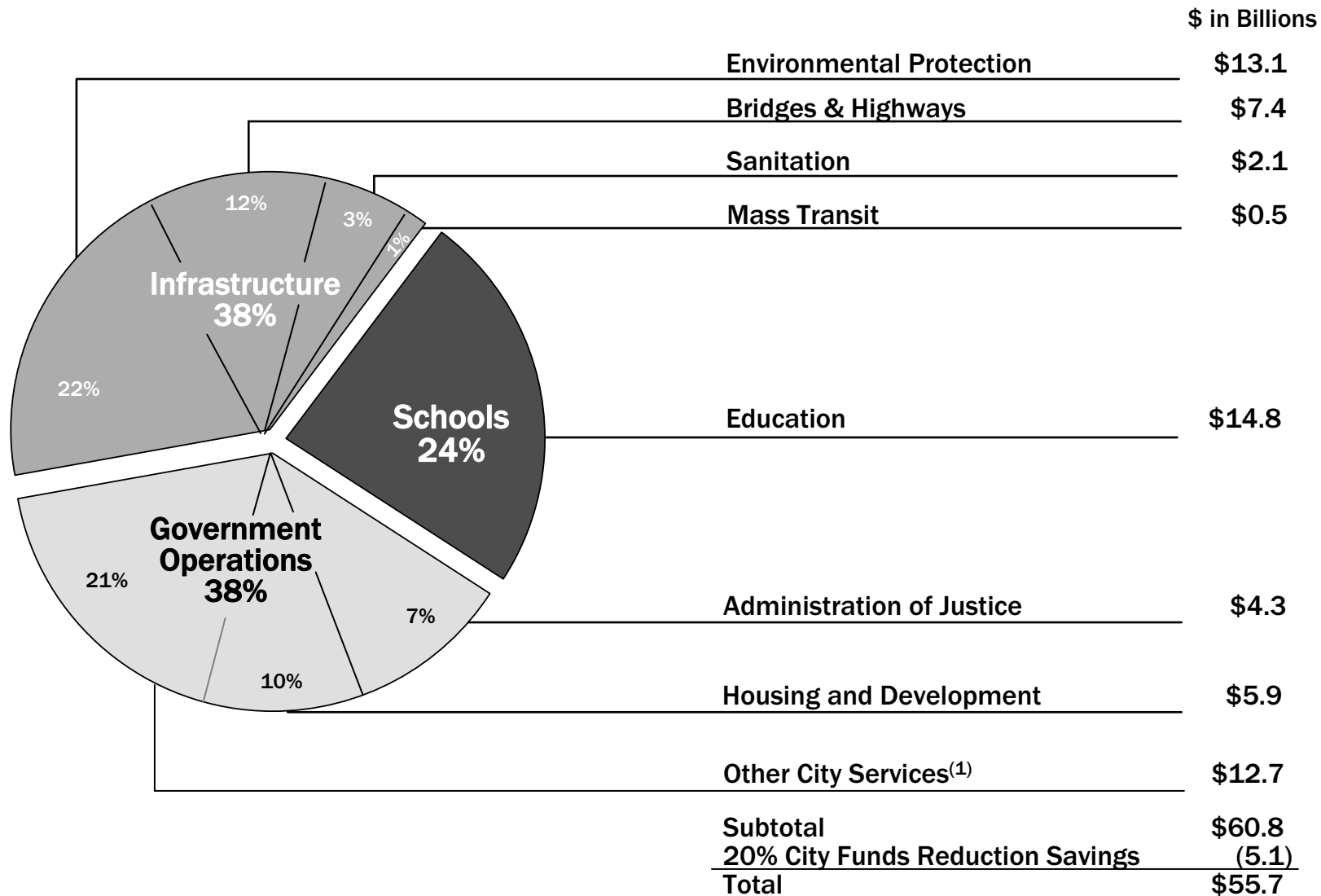
V. Capital

City-Funded Capital Commitments Will Be Reduced by 20% by Implementing A Measured Delay of Spending

It Will Now Take the City One More Year, 2013, to Accomplish the Capital Goals We Had Set Through 2012



The Five-Year Capital Strategy 2008-2012 Totals \$55.7 Billion in All Funds After the 20% City Funds Capital Reduction



⁽¹⁾ Including Technology, Parks, Culturals & Libraries, Health & Hospitals, Public Buildings, Fire, Social Services

VI. Tables

Five-Year Financial Plan Revenues and Expenditures

\$ in Millions

Revenues	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Taxes					
General Property Tax	\$13,009	\$13,838	\$14,868	\$15,862	\$16,664
Other Taxes	24,079	21,439	20,938	21,934	23,409
Discretionary Transfers ⁽¹⁾	546	546	---	---	---
Tax Audit Revenue	1,059	577	579	579	579
Tax Reduction Program	---	(3)	1,219	1,293	1,353
Subtotal: Taxes	\$38,693	\$36,397	\$37,604	\$39,668	\$42,005
Miscellaneous Revenues	6,423	5,567	5,278	5,355	5,363
Unrestricted Intergovernmental Aid	255	340	340	340	340
Less: Intra-City Revenue	(1,502)	(1,506)	(1,436)	(1,436)	(1,436)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$43,854	\$40,783	\$41,771	\$43,912	\$46,257
Other Categorical Grants	1,100	1,006	1,001	1,003	1,006
Inter-Fund Revenues	451	458	425	419	419
Total City, Capital IFA & Oth. Cat. Funds	\$45,405	\$42,247	\$43,197	\$45,334	\$47,682
Federal Categorical Grants	5,993	5,395	5,313	5,303	5,313
State Categorical Grants	11,201	11,505	11,938	12,801	13,101
Total Revenues	\$62,599	\$59,147	\$60,448	\$63,438	\$66,096
Expenditures					
Personal Service					
Salaries and Wages	\$20,743	\$21,646	\$22,688	\$24,132	\$24,401
Pensions	5,745	6,179	6,700	6,793	6,891
Fringe Benefits ⁽²⁾	6,349	6,740	7,028	7,627	8,229
Subtotal: Personal Service	\$32,837	\$34,565	\$36,416	\$38,552	\$39,521
Other Than Personal Service					
Medical Assistance	\$5,797	\$5,602	\$5,756	\$5,916	\$6,089
Public Assistance	1,219	1,177	1,176	1,176	1,176
All Other ^{(1), (2)}	17,960	17,946	18,435	19,076	19,579
Subtotal: Other Than Personal Service	\$24,976	\$24,725	\$25,367	\$26,168	\$26,844
General Obligation, Lease and MAC Debt Service ^{(1), (2), (3), (4)}	5,723	3,717	2,111	4,789	5,319
FY 2007 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(4,054)	---	---	---	---
FY 2008 Budget Stabilization and Discretionary Transfers ⁽²⁾	4,519	(3,973)	---	---	---
FY 2009 Budget Stabilization ⁽³⁾	---	1,319	(1,319)	---	---
FY 2010 Budget Stabilization ⁽⁴⁾	---	---	350	(350)	---
General Reserve	100	300	300	300	300
Subtotal	\$64,101	\$60,653	\$63,225	\$69,459	\$71,984
Less: Intra-City Expenses	(1,502)	(1,506)	(1,436)	(1,436)	(1,436)
Total Expenditures	\$62,599	\$59,147	\$61,789	\$68,023	\$70,548
Gap To Be Closed	\$ ---	\$ ---	(\$1,341)	(\$4,585)	(\$4,452)

(1) Fiscal Year 2007 Budget Stabilization and Discretionary Transfers total \$4.600 billion, including prepayments of subsidies of \$639 million, Budget Stabilization of \$3.315 billion, lease debt service of \$100 million, and a TFA Grant which increase FY2008 revenues by \$546 million; not including \$65 million in debt retirement.

(2) Fiscal Year 2008 Budget Stabilization and Discretionary Transfers total \$4.519 billion, including prepayments of subsidies of \$500 million, Budget Stabilization of 3.073 billion, Retiree Health Benefits of \$400 million and a TFA Grant which increase FY2009 revenues by \$546 million.

(3) Fiscal Year 2009 Budget Stabilization totals \$1.319 billion.

(4) Fiscal Year 2010 Budget Stabilization totals \$350 million.

Changes Since the January 2008 Plan

(Increase Gap) / Decrease Gap

(\$ in Millions)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Gaps to be Closed – January 2008 Plan	(\$543)	(\$1,185)	(\$5,270)	(\$6,639)	(\$6,332)
Revenues					
Tax Revenue Forecast	\$1,914	\$630	(\$977)	(\$661)	(\$432)
Non-Tax Revenue	66	62	(20)	32	42
Total Revenue Changes	\$1,980	\$692	(\$997)	(\$629)	(\$390)
Expense					
Early Payment of Outstanding Debt	(\$1,986)	\$ ---	\$1,986	\$ ---	\$ ---
Pensions	5	59	(164)	(266)	(360)
Federal Fringe Benefits Reimbursement Rate Increase	126	116	89	89	89
Debt Service (Including 20% Capital Reduction Savings)	39	93	65	156	211
Other Expense Changes	161	(512)	(298)	(290)	(339)
Total Expense Changes	(\$1,655)	(\$244)	\$1,678	(\$311)	(\$399)
Total Changes to the Gap Since January 2008 Plan	\$325	\$448	\$681	(\$940)	(\$789)
Gap to be Closed - May 2008 Plan	(\$218)	(\$737)	(\$4,589)	(\$7,579)	(\$7,121)
Agency Programs	618	1,306	1,206	1,146	1,110
Rescind 7% Property Tax Cut	---	---	1,223	1,298	1,359
Restructure Employee Health Insurance	---	---	200	200	200
Gap Before Prepayments	400	569	(1,960)	(4,935)	(4,452)
Prepayments of FY 2009 Expenses	(400)	400	---	---	---
Prepayments of FY 2010 Expenses	---	(969)	969	---	---
Prepayments of FY 2011 Expenses	---	---	(350)	350	---
Remaining Gap To Be Closed - May 2008 Plan	\$ ---	\$ ---	(\$1,341)	(\$4,585)	(\$4,452)

Fiscal Year 2008 Budget

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$3,582	\$1,314	\$1,907	\$6,803	\$436	---	\$41	\$117	\$104	\$698	\$7,501	\$7,296	\$6,978	
Fire Department	1,352	475	844	2,671	185	---	6	25	99	315	2,986	2,975	2,724	
Dept. of Correction	828	298	253	1,379	123	---	10	17	246	396	1,775	1,773	1,719	
Dept. of Sanitation	696	287	177	1,160	543	---	6	28	320	897	2,057	2,054	2,005	
Subtotal	\$6,458	\$2,374	\$3,181	\$12,013	\$1,287	---	\$63	\$187	\$769	\$2,306	\$14,319	\$14,098	\$13,426	
HEALTH AND WELFARE														
Administration for Children's Services	\$409	\$111	45	\$565	\$2,383	---	\$4	\$2	---	\$2,389	\$2,954	\$2,942	\$971	
Department of Social Services	700	257	95	1,052	1,034	7,015	4	6	129	8,188	9,240	9,227	6,910	
Department of Homeless Services	114	35	15	164	693	---	1	---	---	694	858	810	391	
Department of Health and Mental Hygiene	382	103	39	524	1,281	---	1	3	35	1,320	1,844	1,827	758	
Health and Hospitals Corporation ⁽¹⁾	---	21	---	21	262	---	5	190	215	672	693	572	345	
Subtotal	\$1,605	\$527	\$194	\$2,326	\$5,653	\$7,015	\$15	\$201	\$379	\$13,263	\$15,589	\$15,378	\$9,375	
EDUCATION														
Dept. of Education	\$9,217	\$2,634	\$2,019	\$13,870	\$5,039	---	\$17	\$70	\$1,272	\$6,398	\$20,268	\$20,130	\$10,355	
City University	376	65	39	480	256	---	1	1	53	311	791	738	526	
Subtotal	\$9,593	\$2,699	\$2,058	\$14,350	\$5,295	---	\$18	\$71	\$1,325	\$6,709	\$21,059	\$20,868	\$10,881	
OTHER AGENCIES	\$2,139	\$644	\$261	\$3,044	\$4,243	---	\$79	\$200	\$2,598	\$7,120	\$10,164	\$9,290	\$7,483	
ELECTED OFFICIALS	\$452	\$105	\$51	\$608	\$109	---	\$11	\$2	---	\$122	\$730	\$725	\$653	
MISC. BUDGET	\$496	---	---	\$496	---	\$1,128 ⁽²⁾	---	---	\$455	\$1,583	\$2,079	\$2,078	\$1,902	
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	\$197	\$197	\$197	\$197	\$169	
RE-ESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	(500)	---	---	---	---	(500)	(500)	(500)	(500)	
TOTAL ⁽³⁾	\$20,743	\$6,349	\$5,745	\$32,837	\$16,087	\$8,143	\$186	\$661	\$5,723	\$30,800	\$63,637	\$62,134	\$43,389	
City Funds	\$11,567	\$5,498	\$5,574	\$22,639	\$7,519	\$6,985	\$177	\$472	\$5,597	\$20,750	\$43,389			
Less: Prepayments	---	(\$400)	---	(\$400)	\$139	(\$546)	---	---	\$342	(\$65)	(\$465)	(\$465)	(\$465)	
Total After Prepayments	\$20,743	\$6,749	\$5,745	\$33,237	\$15,948	\$8,689	\$186	\$661	\$5,381	\$30,865	\$64,102	\$62,599	\$43,854	

⁽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.

Fiscal Year 2009 Budget

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal			
UNIFORM AGENCIES													
Police Department	\$3,573	\$1,406	\$1,987	\$6,966	\$280	---	\$41	\$134	\$67	\$522	\$7,488	\$7,276	\$7,158
Fire Department	1,367	506	892	2,765	136	---	6	28	76	246	3,011	3,001	2,803
Dept. of Correction	841	324	259	1,424	120	---	10	19	149	298	1,722	1,721	1,669
Dept. of Sanitation	718	307	202	1,227	549	---	6	32	195	782	2,009	2,007	1,968
Subtotal	\$6,499	\$2,543	\$3,340	\$12,382	\$1,085	---	\$63	\$213	\$487	\$1,848	\$14,230	\$14,005	\$13,598
HEALTH AND WELFARE													
Administration for Children's Services	\$401	\$118	\$51	\$570	\$2,304	---	\$4	\$2	---	\$2,310	\$2,880	\$2,864	\$912
Department of Social Services	691	276	108	1,075	1,023	6,779	4	7	59	7,872	8,947	8,945	6,808
Department of Homeless Services	119	38	15	172	634	---	1	---	---	635	807	720	352
Department of Health and Mental Hygiene	386	108	45	539	1,191	---	1	4	27	1,223	1,762	1,758	787
Health and Hospitals Corporation ⁽¹⁾	---	23	---	23	174	---	5	190	146	515	538	465	243
Subtotal	\$1,597	\$563	\$219	\$2,379	\$5,326	\$6,779	\$15	\$203	\$232	\$12,555	\$14,934	\$14,752	\$9,102
EDUCATION													
Dept. of Education	\$9,696	\$2,773	\$2,226	\$14,695	\$5,226	---	\$17	\$39	\$857	\$6,139	\$20,834	\$20,699	\$10,368
City University	355	82	43	480	192	---	1	1	49	243	723	710	496
Subtotal	\$10,051	\$2,855	\$2,269	\$15,175	\$5,418	---	\$18	\$40	\$906	\$6,382	\$21,557	\$21,409	\$10,864
OTHER AGENCIES	\$2,083	\$673	\$294	\$3,050	\$4,025	---	\$73	\$230	\$1,689	\$6,017	\$9,067	\$8,118	\$6,584
ELECTED OFFICIALS	\$413	\$106	\$57	\$576	\$89	---	\$8	\$2	---	\$99	\$675	\$672	\$630
MISC. BUDGET	\$1,003	---	---	\$1,003	---	\$1,439 ⁽²⁾	---	---	\$285	\$1,724	\$2,727	\$2,727	\$2,575
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	\$118	\$118	\$118	\$118	\$84
RE-ESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	---	---	---	---	---	---	---	---	---
TOTAL ⁽³⁾	\$21,646	\$6,740	\$6,179	\$34,565	\$15,943	\$8,218	\$177	\$688	\$3,717	\$28,743	\$63,308	\$61,801	\$43,437
City Funds	\$12,346	\$5,803	\$6,007	\$24,156	\$7,832	\$7,205	\$171	\$498	\$3,575	\$19,281	\$43,437		
Less: Prepayments	---	\$400	---	\$400	\$225	\$275	---	---	\$1,754	\$2,254	\$2,654	\$2,654	\$2,654
Total After Prepayments	\$21,646	\$6,340	\$6,179	\$34,165	\$15,718	\$7,943	\$177	\$688	\$1,963	\$26,489	\$60,654	\$59,147	\$40,783

⁽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.

Changes Between FY 2008 and FY 2009 Budgets

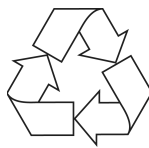
\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	(\$9)	\$92	\$80	\$163	(\$156)	---	---	\$17	(\$37)	(\$176)	(\$13)	(\$20)	\$180	
Fire Department	15	31	48	94	(49)	---	---	3	(23)	(69)	25	26	79	
Dept. of Correction	13	26	6	45	(3)	---	---	2	(97)	(98)	(53)	(52)	(50)	
Dept. of Sanitation	22	20	25	67	6	---	---	4	(125)	(115)	(48)	(47)	(37)	
Subtotal	\$41	\$169	\$159	\$369	(\$202)	---	---	\$26	(\$282)	(\$458)	(\$89)	(\$93)	\$172	
HEALTH AND WELFARE														
Administration for Children's Services	(\$8)	\$7	\$6	\$5	(\$79)	---	---	---	---	(\$79)	(\$74)	(\$78)	(\$59)	
Department of Social Services	(9)	19	13	23	(11)	236	---	1	(70)	(316)	(293)	(282)	(102)	
Department of Homeless Services	5	3	---	8	(59)	---	---	---	---	(59)	(51)	(90)	(39)	
Department of Health and Mental Hygiene	4	5	6	15	(90)	---	---	1	(8)	(97)	(82)	(69)	29	
Health and Hospitals Corporation ⁽¹⁾	---	2	---	2	(88)	---	---	---	(69)	(157)	(155)	(107)	(102)	
Subtotal	(\$8)	\$36	\$25	\$53	(\$327)	(\$236)	---	\$2	(\$147)	(\$708)	(\$655)	(\$626)	(\$273)	
EDUCATION														
Dept. of Education	\$479	\$139	\$207	\$825	\$187	---	---	(\$31)	(\$415)	(\$259)	\$566	\$569	\$13	
City University	(21)	17	4	---	(64)	---	---	---	(4)	(68)	(68)	(28)	(30)	
Subtotal	\$458	\$156	\$211	\$825	\$123	---	---	(\$31)	(\$419)	(\$327)	\$498	\$541	(\$17)	
OTHER AGENCIES	(\$56)	\$29	\$33	\$6	(\$218)	---	---	(\$6)	\$30	(\$909)	(\$1,097)	(\$1,172)	(\$899)	
ELECTED OFFICIALS	(\$39)	\$1	\$6	(\$32)	(\$20)	---	---	---	---	(\$23)	(\$55)	(\$53)	(\$23)	
MISC. BUDGET	\$507	---	---	\$507	---	\$311 ⁽²⁾	---	---	---	(\$170)	\$141	\$648	\$673	
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	---	(\$79)	(\$79)	(\$79)	(\$85)	
REESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	\$500	---	---	---	---	\$500	\$500	\$500	\$500	
TOTAL ⁽³⁾	\$903	\$391	\$434	\$1,728	(\$144)	\$75	(\$9)	\$27	(\$2,006)	(\$2,057)	(\$329)	(\$333)	\$48	
City Funds	\$779	\$305	\$433	\$1,517	\$313	\$220	(\$6)	\$26	(\$2,022)	(\$1,469)	\$48	---	---	
Less: Prepayments	---	800	---	800	\$86	\$821	---	---	1,412	\$2,319	\$3,119	\$3,119	\$3,119	
Total After Prepayments	\$903	(\$409)	\$434	\$928	(\$230)	(\$746)	(\$9)	\$27	(\$3,418)	(\$4,376)	(\$3,448)	(\$3,452)	(\$3,071)	

⁽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.



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