

**The City of New York  
Executive Budget  
Fiscal Year 2006**

**Michael R. Bloomberg, Mayor**

**Office of Management and Budget**

**Mark Page, Director**

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**Budget  
Summary**

# Budget Summary

# Financial Plan Summary

Fiscal Years 2005 - 2009

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# **I. Initiatives Building a Solid Foundation Since 2002**

# Since 2001, Crime Has Continued Its Historic Decline\*

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- ❖ Since 2001, murders have declined by 25%, and overall crime by 20%.
- ❖ Targeted initiatives have contributed significantly to the reductions in crime and an improved quality of life:
  - Operation Impact . . . . . Flooding High-Crime Neighborhoods With Police Officers
  - Operation Spotlight . . . . . Focus on Chronic Misdemeanor Offenders
  - John Doe Indictment Project . . . . . DNA Profiles to Solve Sex Crimes
  - Operation Safe Housing . . . . . Reduce Drugs, Sexual Assault and Gun Violence in Public Housing

\*Per NYPD CompStat -Year-to-Date, 5/1/05

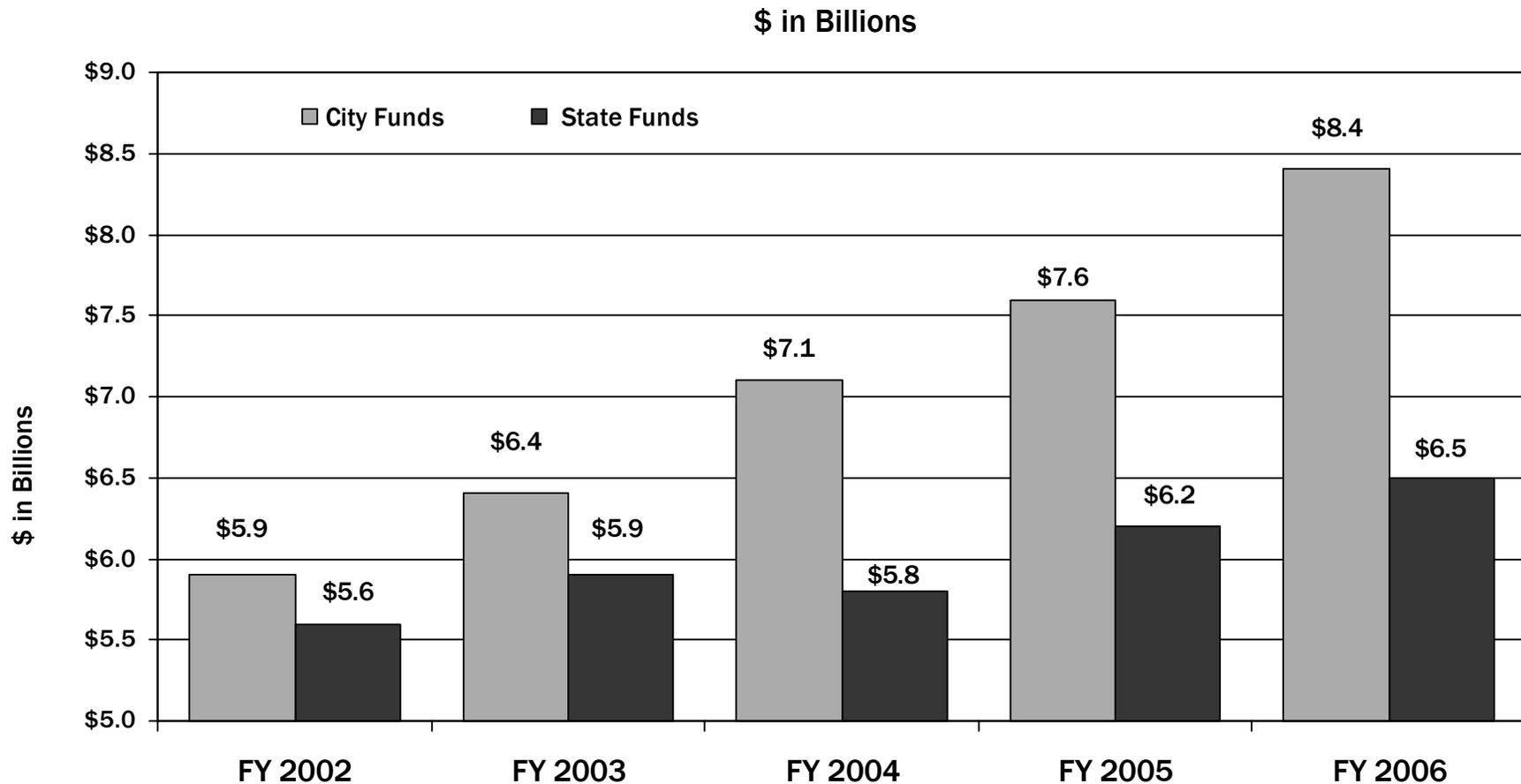
# **311 Has Become a Vital Tool for New Yorkers to Communicate With City Agencies and Get Results**

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**311 consolidates information centers representing 17 agencies in one convenient and responsive unit.**

- ❖ **Volume of Calls Handled Since Inception in March 2003: Over 19.7 Million**
- ❖ **Average Wait Time: 34 Seconds**
- ❖ **One-Stop Shopping:**
  - **Eases Application Process for Civil Service Exams**
  - **Assists Taxpayers in Processing Rebate Applications**
  - **Processes Applications for Free Nicotine Patches**

# City Funding for the Department of Education Has Increased By Over \$2.5 Billion Since 2002



City Funds include Pensions and Debt Service

# After Implementing Education Initiatives, Early Results Are Promising

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## Education Initiatives Already Implemented:

Created Accountability: Granted control and accountability of the school system and reorganized the Department of Education's fragmented management structure into a unified, streamlined K-12 system focused on instruction

Implemented a Citywide Core Curriculum: Implemented a demanding city-wide core curriculum with new school-level resources including math and literacy coaches, 16 million new books and materials, and additional professional development opportunities for teachers

Eliminated Social Promotion: Eliminated the practice of social promotion in the 3rd and 5th grades and provided new targeted interventions and support for struggling students in the early grades

Opened New Schools: Opened more than 100 new small schools and charter schools to create high quality options for students in all neighborhoods throughout the City

Made Schools Safer: Enforced the Discipline Code Citywide and reduced major crime in 16 of the most troubled schools by 43%

Enhanced School Leadership: Increased principal autonomy and created privately-funded Leadership Academy to recruit, train, and support a new generation of outstanding principals

Improved School Construction and Capacity: Created more than 34,000 new classroom seats – including over 9,000 seats through conversions of old district and administrative offices – and reduced construction bid prices by over 25%

Increased Parent Involvement: Involved parents at all levels by hiring Parent Coordinators for schools, establishing parent-dominated Community Education Councils, and creating a Translation Unit to improve access for non-English-speaking parents

## Results:

- ❖ Rise in graduation rates to the highest since the City started keeping track of the data in 1986, to 54.3% after nearly two decades hovering around 50%
- ❖ Highest number of students ever meeting new math standards, with a 25% increase since 2002
- ❖ Increased the number of schools meeting “Adequate Yearly Progress” under the No Child Left Behind Act
- ❖ Fewest number of schools ever on the State’s failing list, a 24% reduction from last year and a 55% reduction from 2002

# New Education Initiatives

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- ❖ **Early Grade Interventions and Class Size Reduction:** Continued and expanded funding for early grade intervention strategies including the Summer Success Academy Program and the Saturday Prep Academy for students in danger of not being promoted. These funds will support interventions for struggling students in grades K through 5 as well as for those students who have been retained. They will also ensure that the Early Grade Class Size Reduction Initiative continues for grades K through 3.
- ❖ **School Safety:** Hiring of an additional 300 school safety agents, hiring of an additional 27 new school safety agents to staff a new mobile random scanning program, and additional resources to expand the conflict resolution and violence prevention programs.
- ❖ **Middle School Interventions:** Expansion of early grade intervention programs into middle schools focusing on intervention programs for struggling students including eighth graders in danger of not being promoted to the ninth grade.
- ❖ **Translation and English Language Learners:** Expansion of the new translation unit to increase translation and interpretation services for non-English speaking families. Additional resources are also provided for English Language Learner classroom libraries and interim assessments.
- ❖ **Expansion of the Teacher Mentoring Program:** Additional resources are funded to expand the Teacher Mentoring Program to accommodate an increase in new teachers.
- ❖ **Gifted & Talented and Advanced Placement Expansion:** Funds provided for a comprehensive, Citywide approach to gifted and talented education in elementary schools, as well as an expansion of the Advanced Placement offerings in Middle and High Schools.

# New York City Has Been Aggressively Rezoning Neighborhoods Citywide

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The City has taken an aggressive, five-borough approach to land use planning and zoning.

❖ **Rezoning lower density neighborhoods to eliminate out-of-character development:**

- Already completed rezonings in Bensonhurst, Brooklyn; Bayside, Queens; Throgs Neck, the Bronx; and Great Kills, Staten Island.
- Over 35 rezonings, covering 3,000 city blocks, are in the pipeline.

❖ **Rezoning for commercial development in appropriate areas, including:**

- Downtown Brooklyn, where a 4.5 million square foot expansion of the office core can now occur, along with 1,000 new housing units.
- Staten Island, where over-development will be constrained, commercial districts protected, and former manufacturing areas redeveloped.

❖ **Rezoning for neighborhood enhancement:**

- West Chelsea, where an additional 4,000 housing units may now be built and the High Line Park will become a reality.
- Hunts Point, where multiple improvements will take place to make the market a better neighbor to the surrounding community and allow for recreational waterfront access.

# New York City Has Been Aggressively Rezoning Under-utilized Areas Citywide

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## Greenpoint-Williamsburg

- ❖ The City Council Land Use Committee recently passed the rezoning plan, which will allow for 10,800 new housing units, public open space, and dedicated industrial areas.
- ❖ The City's plan incorporates incentives for the creation and preservation of 3,500 affordable housing units, permitting a new "inclusionary" zoning bonus. Coupled with City housing finance programs, 1,200 affordable units will be developed on publicly controlled sites.
- ❖ The City will reclaim nearly two miles of East River waterfront, providing a continuous public esplanade and 54 acres of open space, including a new 28-acre park, with a capital commitment of \$133 million.
- ❖ The City's plan also addresses the upland neighborhoods, reserving areas for manufacturing use, designating areas for mixed-use, and capping building heights in residential areas to preserve neighborhood character.

## Far West Side of Manhattan

- ❖ The City Council recently passed the rezoning of the Far West Side of Manhattan which will permit the expansion of Midtown to the Hudson River, including commercial, residential and open space development.
- ❖ The City and the State will also finance the expansion of the Jacob K. Javits Convention Center to allow the City to host the largest conventions and to generate increased economic activity in the City.
- ❖ The City also intends to finance \$300 million toward the construction of the New York Sports and Convention Center, which will host large plenary convention sessions, serve as the Olympic Stadium if the City is awarded the 2012 Summer Olympics and serve as the home of the New York Jets.

# **New York City's Streets Are Getting Cleaner and More Parkland Is Available for Recreation**

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- ❖ **Citywide street ratings of “acceptably clean” have increased from 85.9% in FY 01 to 89.8% in FY 04 and are projected to go over 90.0% in FY 05.**
- ❖ **As a result of additional resources provided by the Mayor, neighborhood refuse basket collection frequency has increased, ensuring cleaner neighborhoods.**
- ❖ **During this administration, the Parks Department has added over 500 acres of new parkland and 24 miles of greenway miles to the City's recreational space for the enjoyment of the public.**
- ❖ **The Parks Department five-year capital program has grown by over 42%, reflecting a continued and growing commitment to developing new parkland, reconstructing existing parks and playgrounds, and planting street trees.**

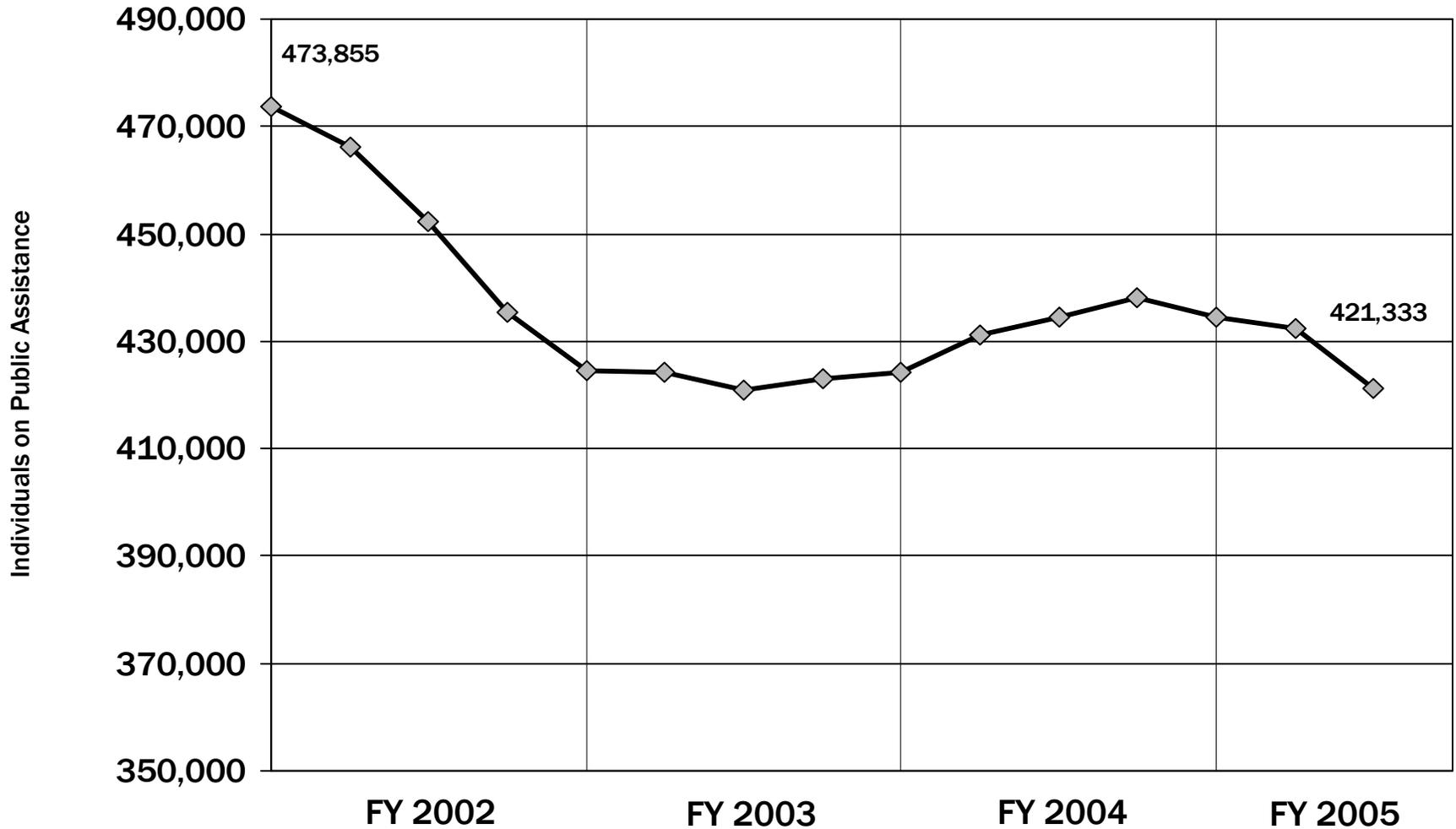
# Economic Development Initiatives

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**Industrial Strategy:** The City is creating industrial business zones with dedicated support and service from the new Office of Industrial and Manufacturing Businesses, including new expansion/relocation tax credits to encourage investment in these sectors. **\$26 Million**

**Film Production Tax Incentives:** This program provides tax incentives to support and attract feature film and television production in the City, up to \$12.5 million a year, each year. **\$50 Million**

# The Public Assistance Caseload Has Declined by 11% Since 2002



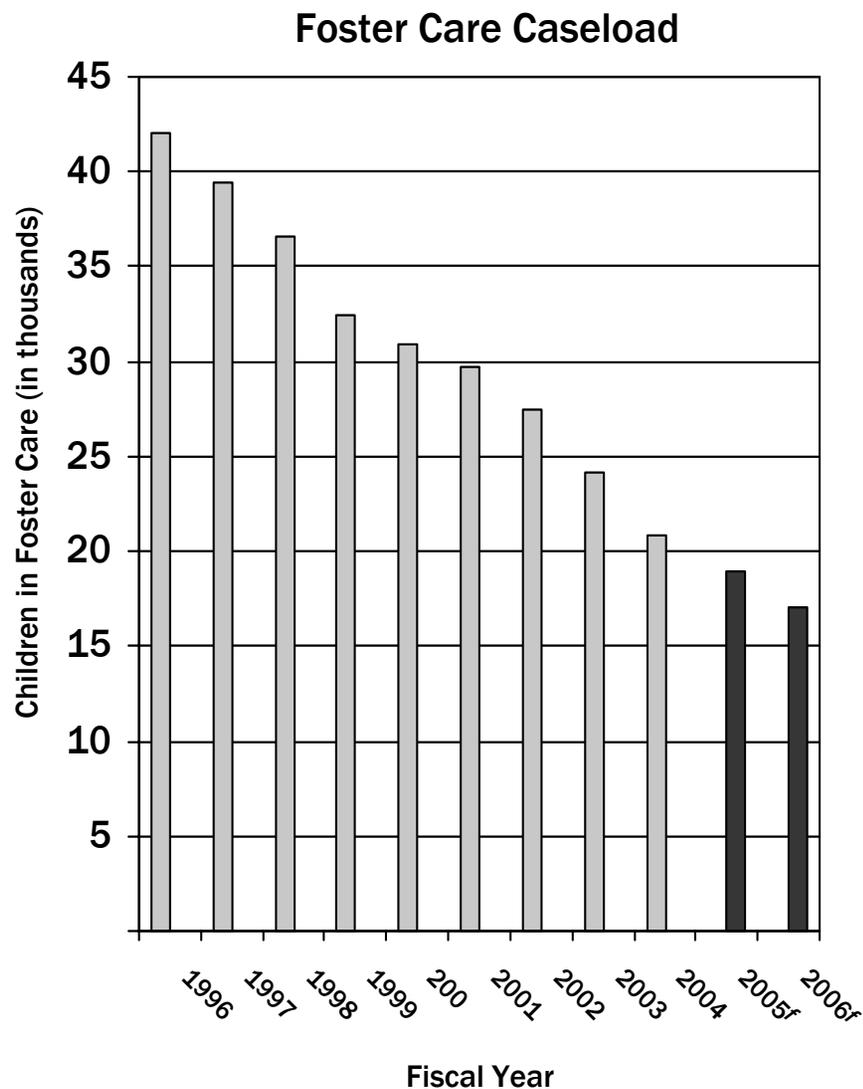
Data points reflect quarterly averages.

# The WeCare Program Will Further Reduce the Welfare Census by Moving the Hard-To-Serve From Welfare to Work

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- ❖ The Department of Social Services has established the WeCare (Wellness Comprehensive Assessment Rehabilitation and Employment) program to provide intensive medical and psycho-social services to public assistance recipients with multiple barriers to self-sufficiency.
- ❖ WeCare will implement the next phase of welfare reform for individuals with physical and psychiatric limitations through performance-based contracts with two not-for-profit providers.
- ❖ Contract vendors will provide assessment, diagnosis, comprehensive service planning and linkage to appropriate treatment services for 46,000 persons per year.

# Foster Care Savings From Lower Caseloads Are Being Reinvested to Strengthen Families, Prevent Foster Care Placement and Expand Services



f = forecast

**Savings Reinvestment**

\$ in Millions

❖ Enhance Foster Care Rates to Improve Outcomes for Children	\$41
❖ Provide Substance Abuse Services for Youth in Foster Care	\$10
❖ Expand Preventive and Aftercare Services to Support Families and Children	\$56
<b>TOTAL</b>	<b>\$107</b>

# **New Initiatives to Reduce Homelessness Among Families in New York City**

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- ❖ **The City has created a blueprint to end homelessness: “Uniting For Solution Beyond Shelter: The Action Plan For New York City to End Homelessness.”**
- ❖ **The City has opened a new Intake Center to expedite the eligibility process and eliminate overnight stays for newly homeless families.**
- ❖ **The City is providing enhanced housing subsidies to expand available housing options for homeless families.**
- ❖ **The City is implementing homelessness intervention contracts that provide services to prevent homelessness in high-need communities.**
- ❖ **The City is constructing a new Emergency Assistance Unit for homeless families that will provide enhanced social services in a client-centered environment.**

# Affordable Housing Initiatives

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**The New Housing Marketplace:** The Mayor's plan provides \$3 billion for the construction or preservation of 68,000 housing units over five years (FY 2004 to FY 2008). Using direct capital contributions, low-cost loans, land subsidies and down payment assistance, HPD will produce housing starts on 26,000 units by the end of this fiscal year.

**\$3 Billion**

**Affordable Housing Investment:** The City is working with the Enterprise Foundation on its five-year, \$1 billion commitment to create 10,000 new homes and preserve 5,000 existing affordable apartments through equity, loans and grants.

**\$1 Billion**

**New York City Housing Trust Fund:** The City has proposed a trust fund for the development or preservation of 4,500 affordable housing units, using Battery Park City Authority joint purpose funds and targeting otherwise hard-to-reach income groups, at-risk properties, and land for development.

**\$130 Million**

**Private/Public Partnership for Affordable Co-ops:** The City's affordable housing market will have access to a revolving loan fund created by Bank of America, coupled with HDC financing, for the initial development of 3,000 affordable homeownership units.

**\$100 Million**

# Improving the Health of All New Yorkers

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- ❖ **T**he Take Care New York Initiative has increased public awareness of ten key areas in which steps can be taken to live longer and healthier lives and implemented strategies to help New Yorkers take those steps.
- ❖ **L**ife-saving cancer screening initiatives have resulted in a 10% increase in breast cancer screenings and a 116% increase in colonoscopies at HHC facilities.
- ❖ **T**he \$3 million Healthy Women/Healthy Babies Initiative will reduce the incidence of unwanted pregnancies by improving awareness and access to family planning and emergency contraception, and by expanding targeted prenatal and postnatal care.
- ❖ **P**ublic education, smoke-free workplaces, deterrent taxes, HHC smoking cessation programs and distribution of free nicotine patches have contributed to more than 130,000 New Yorkers quitting smoking since 2002.
- ❖ **C**ontinued commitment to excellence at HHC is confirmed by Consumers Digest Magazine's designation of Coney Island Hospital, Harlem Hospital Center and Lincoln Medical and Mental Health Center as among the "50 Exceptional Hospitals" in the country for safety and quality improvement practices.
- ❖ **O**ver \$650 million has already been invested and an additional \$520 million is planned for modernization of HHC facilities, to ensure that all New Yorkers have access to state of the art medical care.
- ❖ **A**nnual funding of \$5 million for prevention and education programs in communities of color as well as expansion of rapid HIV testing, harm reduction and condom distribution will slow the spread of HIV. Strengthened linkages to treatment and housing along with \$25 million over five years for the development of permanent supportive housing will improve the care of people living with HIV/AIDS.

# Proposed Tax Cuts Total Almost \$500 Million in FY 06

	\$ in Millions				
	FY 05	FY 06	FY 07	FY 08	FY 09
<b>Tax Reductions</b>					
Property Tax Rebates - \$400 Rebate for Primary Homeowners (Already Authorized by NYS Legislature Through 2007)	(\$256)	(\$256)	(\$256)	\$ ---	\$ ---
Early Restoration of the Sales Tax Exemption on Clothing Under \$110 (Current NYS Law Restores Exemption in Mid-07)	(23)	(230)	(166)	---	---
Incentivize Rehabilitation of Rental Housing Stock:					
Tax Relief for Renovations of Small Rental Buildings	---	(3)	(7)	(10)	(13)
J-51 Tax Abatement for Repairs to Mitchell-Lama Properties	---	(2)	(2)	(3)	(4)
Reform UBT for Small Businesses	---	---	(1)	(3)	(19)
Senior Citizen Rent Increase Exemption Income Threshold Increase	---	---	(1)	(1)	(2)
<b>Total</b>	<b>(\$279)</b>	<b>(\$491)</b>	<b>(\$433)</b>	<b>(\$17)</b>	<b>(\$38)</b>

# Since This Administration Began, We Have Acted to Reduce the FY 2006 Gap By \$3.8 Billion

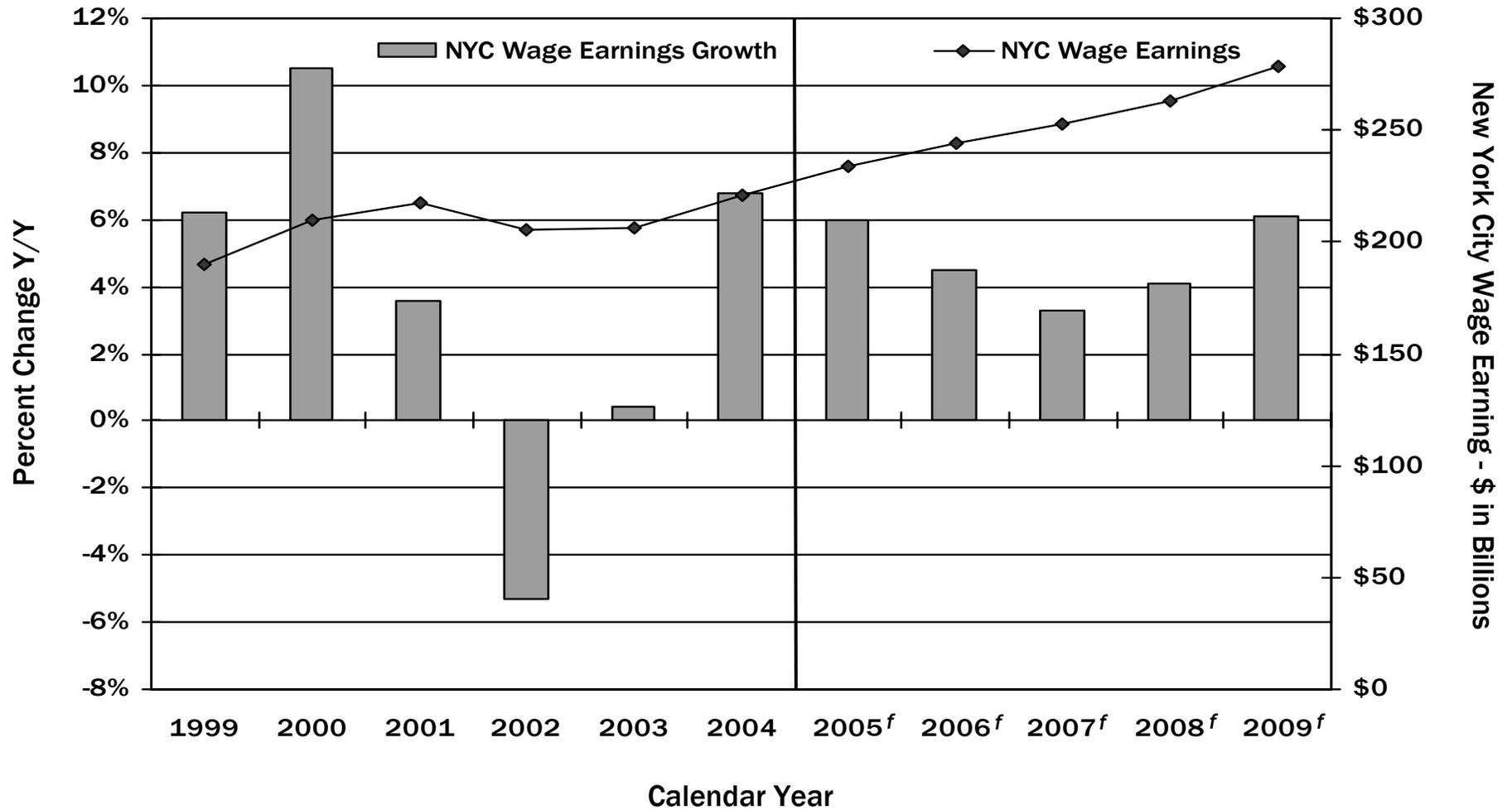
City Funds - \$ in Thousands

## Total Gap Closing Actions Affecting FY 2006

	Expense	Revenue	Total
<b>Uniformed Forces</b>			
Police Department	(\$397,042)	(\$115,295)	(\$512,337)
Fire Department	(145,697)	(18,270)	(163,967)
Department of Correction	(225,123)	1,043	(224,080)
Department of Sanitation	(95,174)	(25,337)	(120,511)
<b>Health &amp; Welfare</b>			
Admin. For Children's Services	(\$294,205)	(\$1,828)	(\$296,033)
Department of Social Services	(116,674)	---	(116,674)
Department of Homeless Services	(102,763)	---	(102,763)
Department of Health and Mental Hygiene	(136,912)	(6,200)	(143,112)
<b>Other Mayoral</b>			
Libraries	(\$54,570)	\$---	(\$54,570)
Department for the Aging	(67,050)	---	(67,050)
Department of Cultural Affairs	(35,610)	---	(35,610)
Housing Preservation and Development	(19,544)	(9,070)	(28,614)
Department of Environmental Protection	1,169	(10,022)	(8,853)
Department of Finance	(17,674)	(98,450)	(116,124)
Department of Transportation	(37,045)	(60,755)	(97,800)
Department of Parks and Recreation	(20,408)	(28,203)	(48,611)
Department of Citywide Admn. Services	(17,172)	(9,781)	(26,953)
All Other Mayoral	(282,089)	(34,670)	(316,759)
<b>Elected Officials</b>			
Office of the Mayor	(\$13,050)	(\$2,033)	(\$15,083)
City Council	(1,424)	---	(1,424)
Public Advocate	(1,064)	---	(1,064)
Office of the Comptroller	(7,277)	(6,774)	(14,051)
Borough Presidents	(11,348)	(2,034)	(13,382)
District Attorneys	(55,576)	---	(55,576)
<b>Other</b>			
Health and Hospitals Corporation	(\$42,380)	\$---	(\$42,380)
Department of Education	(865,580)	---	(865,580)
City University	(25,453)	---	(25,453)
<b>Total</b>	<b>(\$3,086,735)</b>	<b>(\$427,679)</b>	<b>(\$3,514,414)</b>
<b>Debt Service</b>	<b>(202,626)</b>	<b>(32,902)</b>	<b>(235,528)</b>
<b>Grand Total</b>	<b>(\$3,289,361)</b>	<b>(\$460,581)</b>	<b>(\$3,749,942)</b>

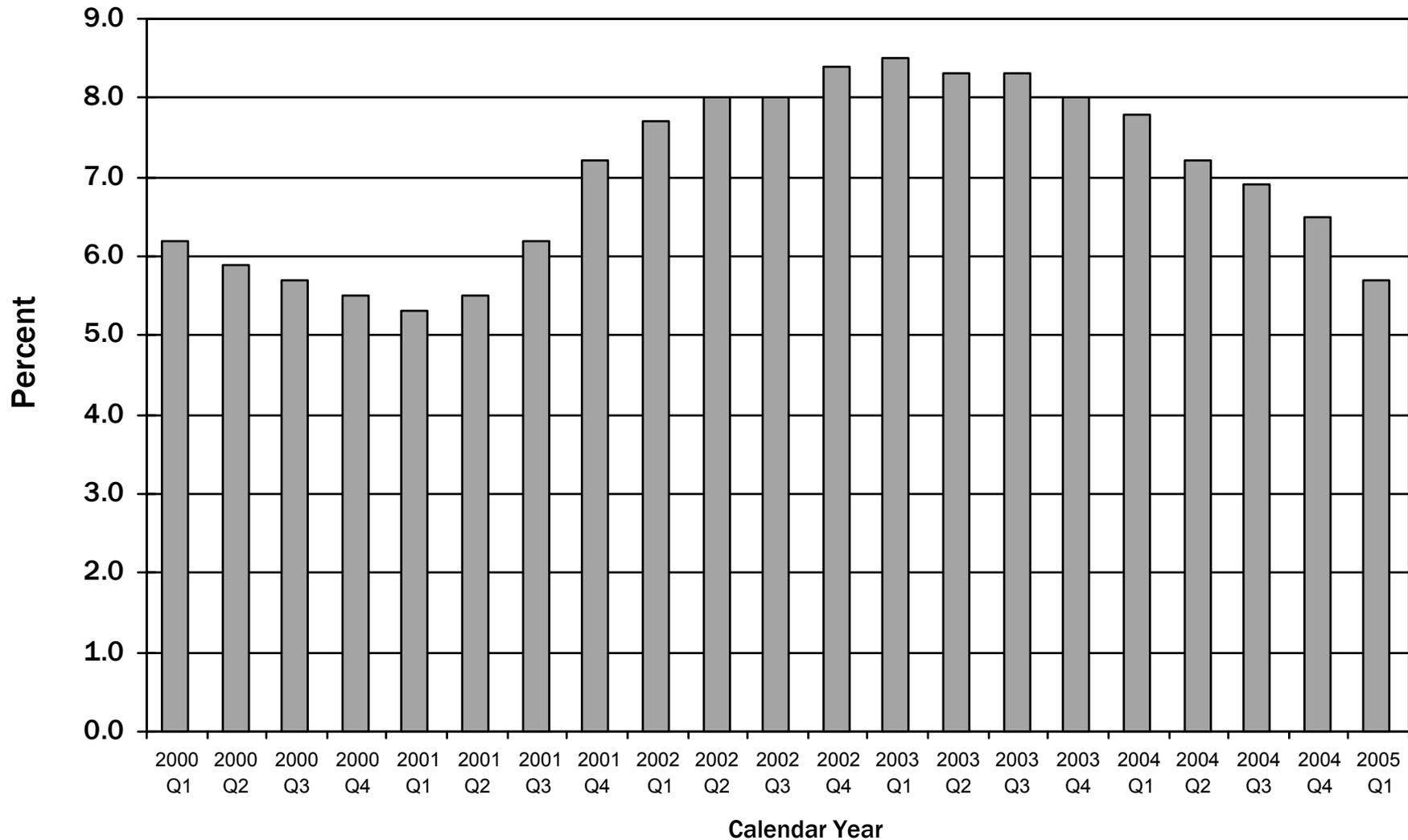
## **II. Solid Growth in the New York City Economy**

# Wage Earnings in New York City Grew By 6.8% in CY 2004 and Are at Levels Not Seen Since Before 9/11



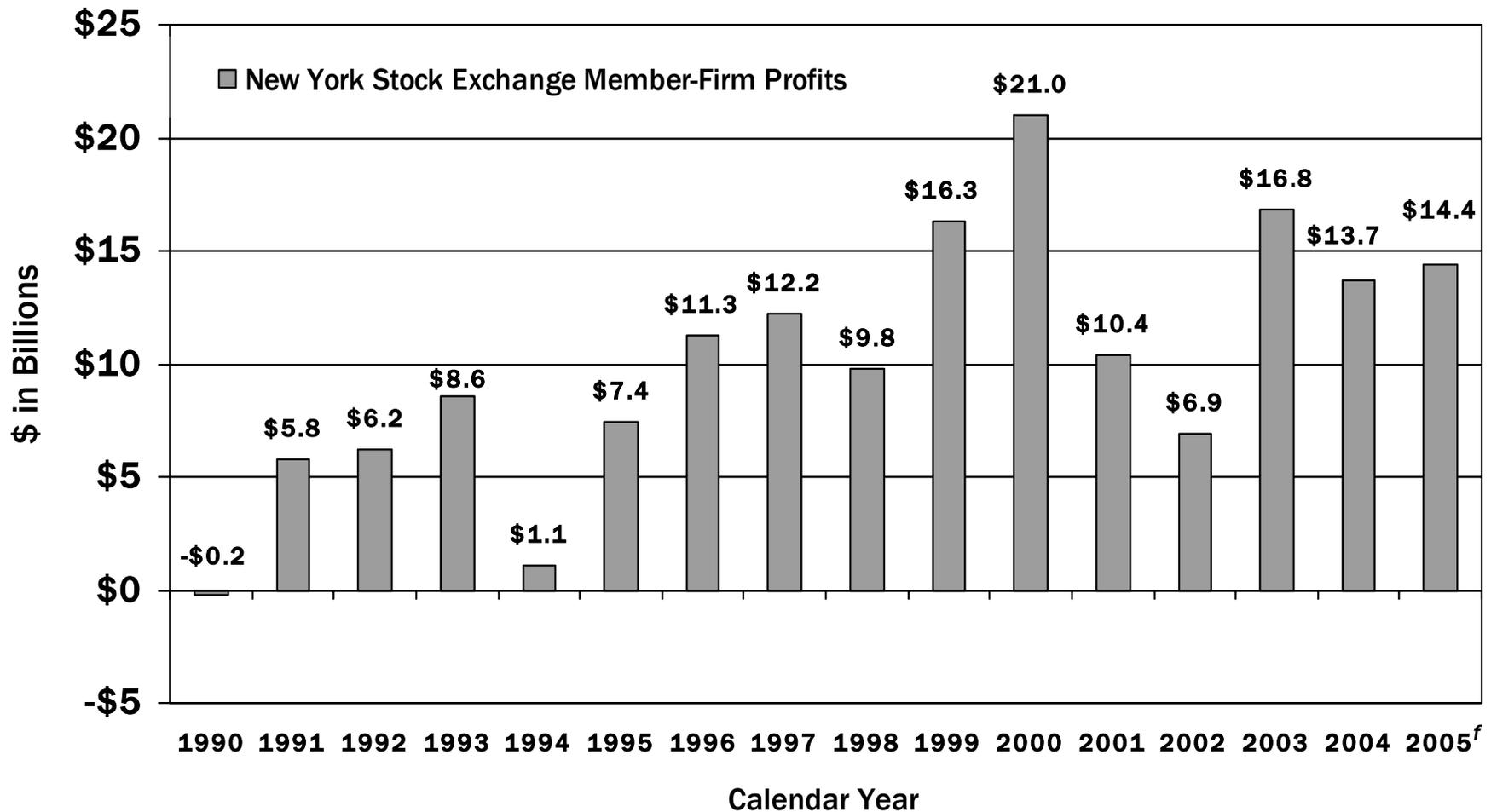
f = forecast; OMB  
 Source: Bureau of Labor Statistics

# The Unemployment Rate in the City Has Declined for the Last Six Quarters and Is Below 6% for the First Time Since 9/11



Source: Bureau of Labor Statistics, Seasonally Adjusted Data.

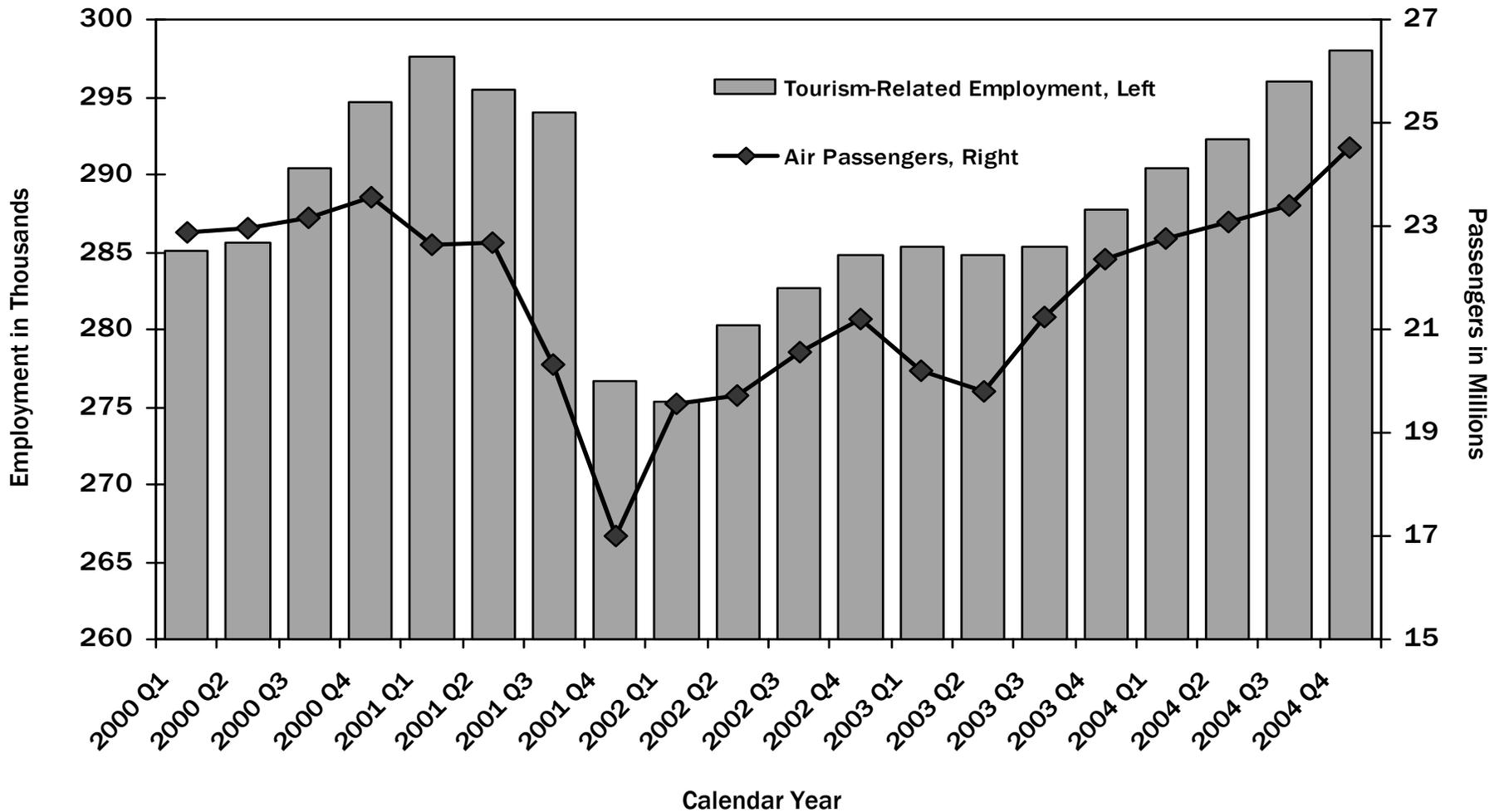
# Wall Street Profits in CY 2004 Were Strong at \$13.7 Billion



*f* = forecast; OMB

Source: Securities Industry Association

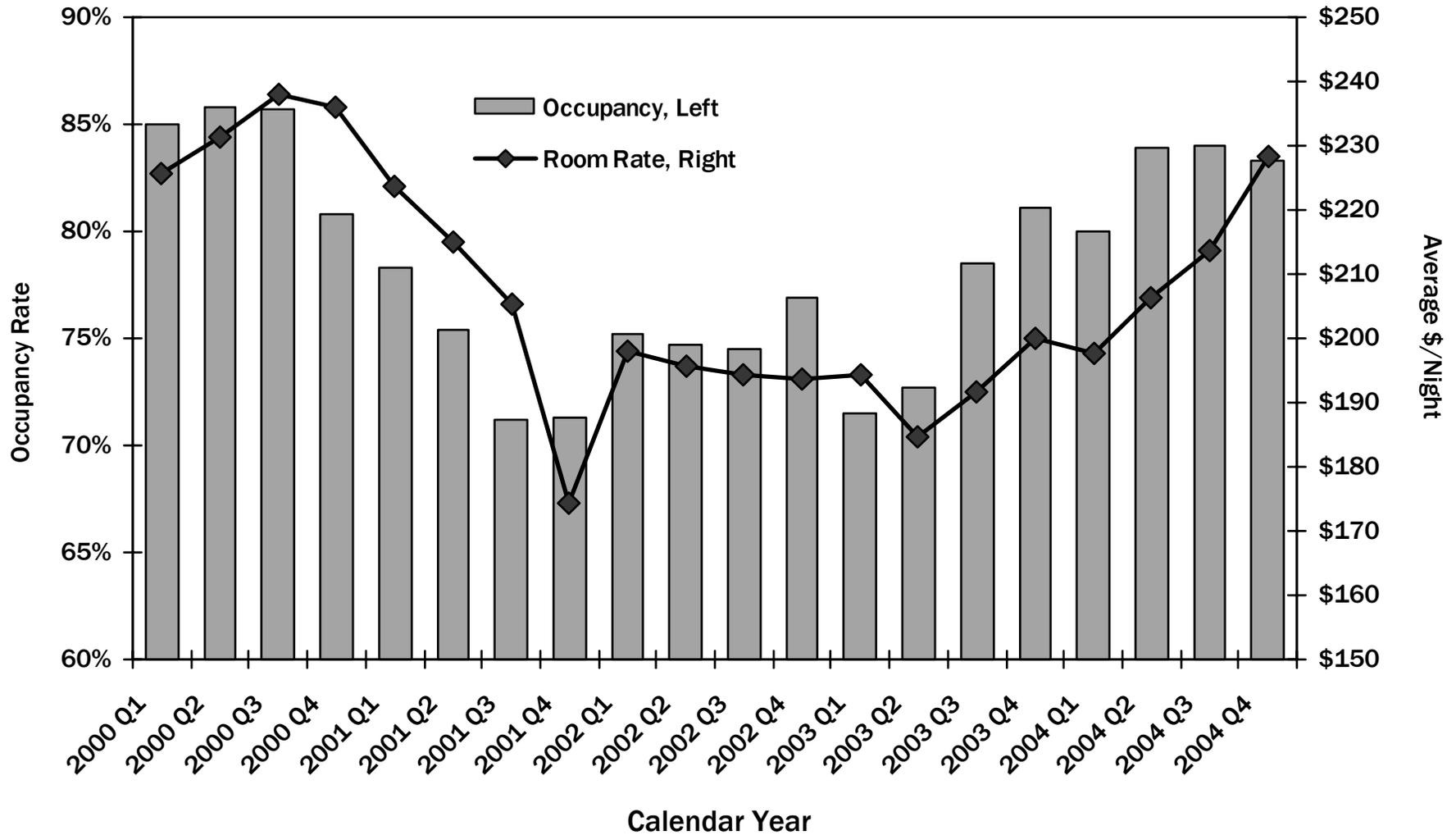
## Tourism in the City Is at Its Highest Recorded Levels. Tourism-Related Employment Is at Its Highest Level Ever, With 298,000 Jobs in the Sector.



Note: Tourism-related employment includes arts, entertainment and recreation services, accommodation and food services, and air transportation.

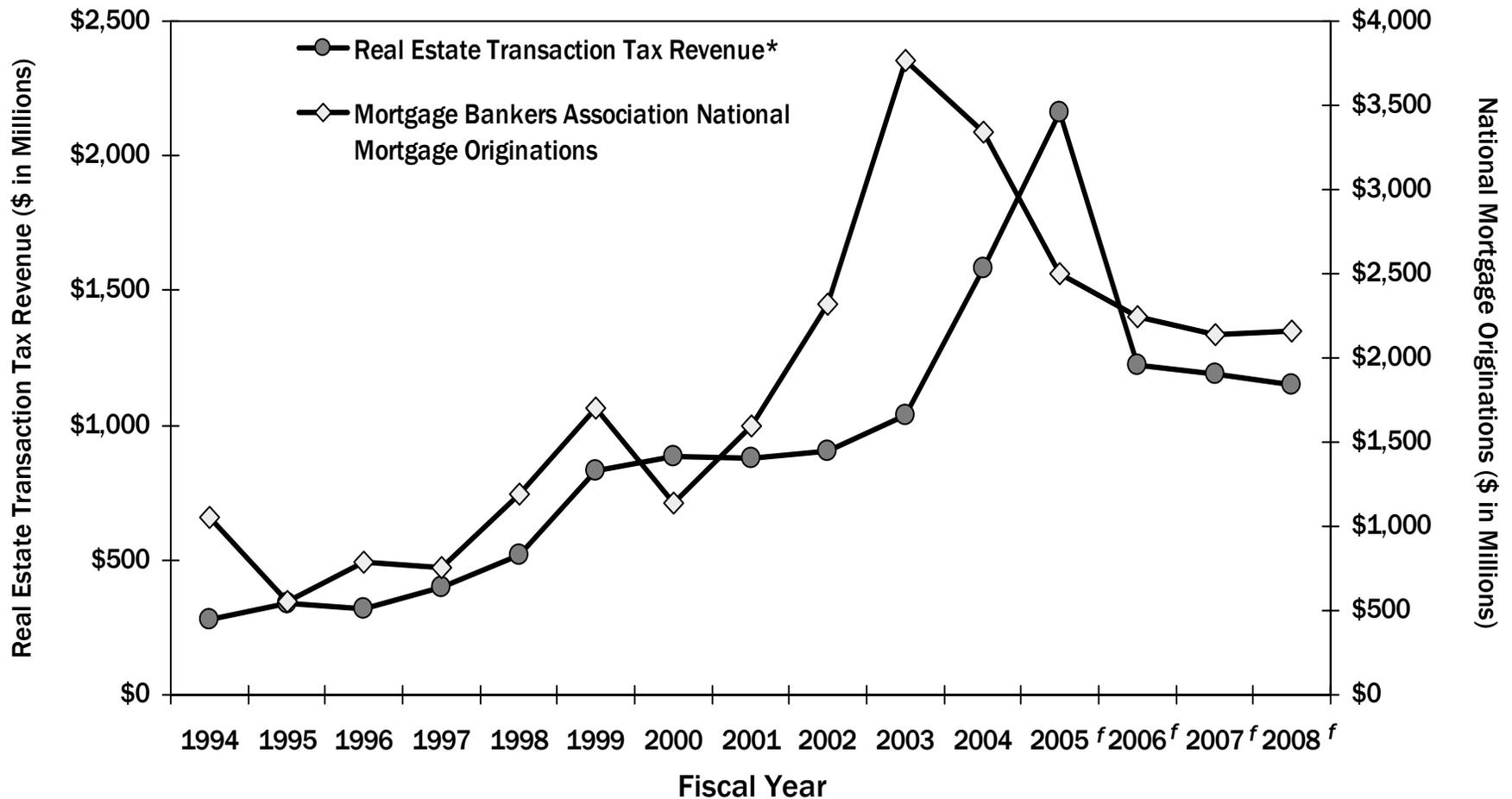
Source: Bureau of Labor Statistics (tourism-related employment), Port Authority of New York and New Jersey (air passengers). Data are seasonally adjusted by OMB.

## Hotel Occupancy and Room Rates Are at Levels Not Seen Since CY 2000. Hotel Room Rates Have Increased by 15% Over the Last Four Quarters.



Source: PFK Consulting. Data are seasonally adjusted by OMB.

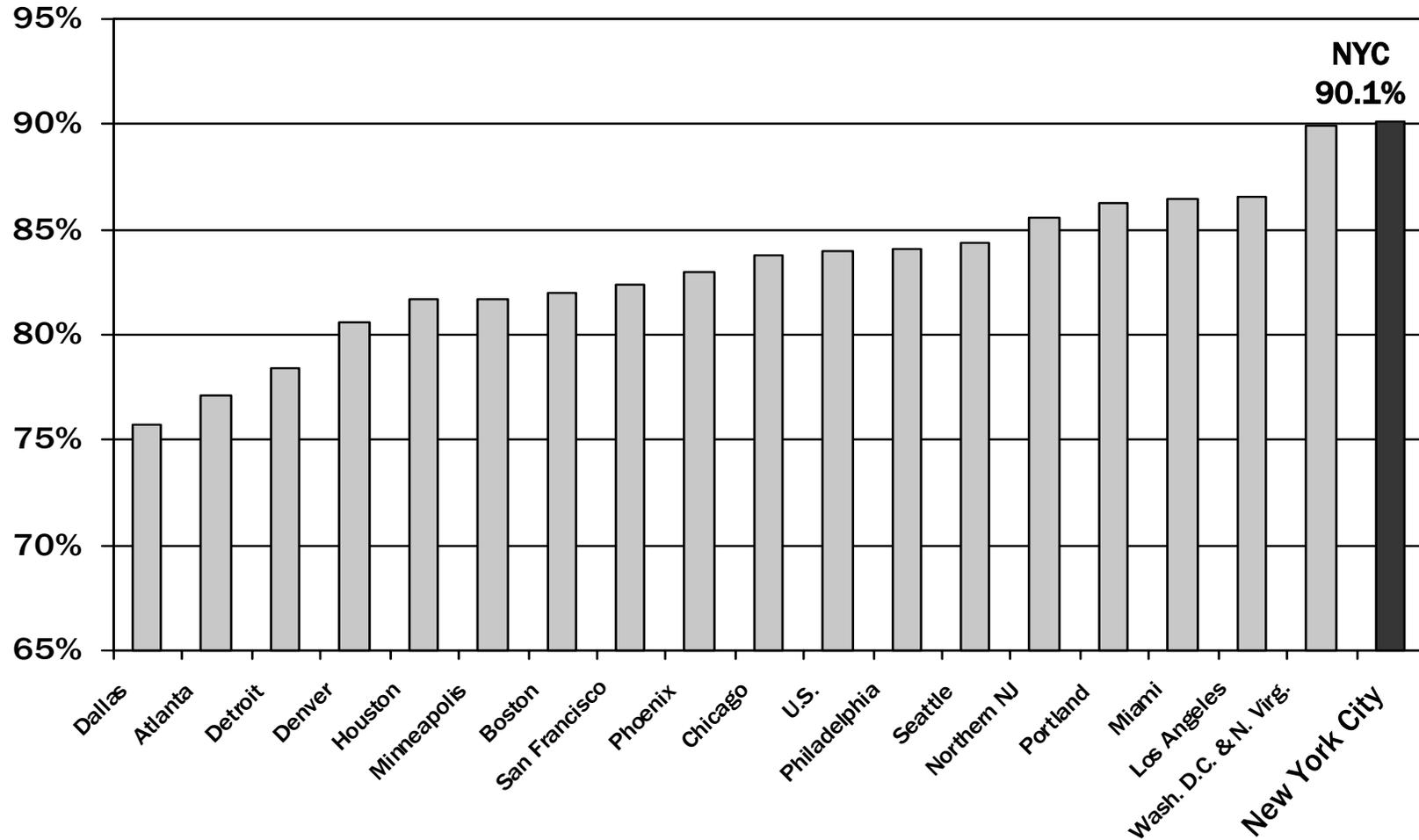
# A Boom in Real Estate Transactions and Refinancings Has Buoyed Tax Collections. This Boom is Expected to End, as it Already Has Nationally.



f = forecast

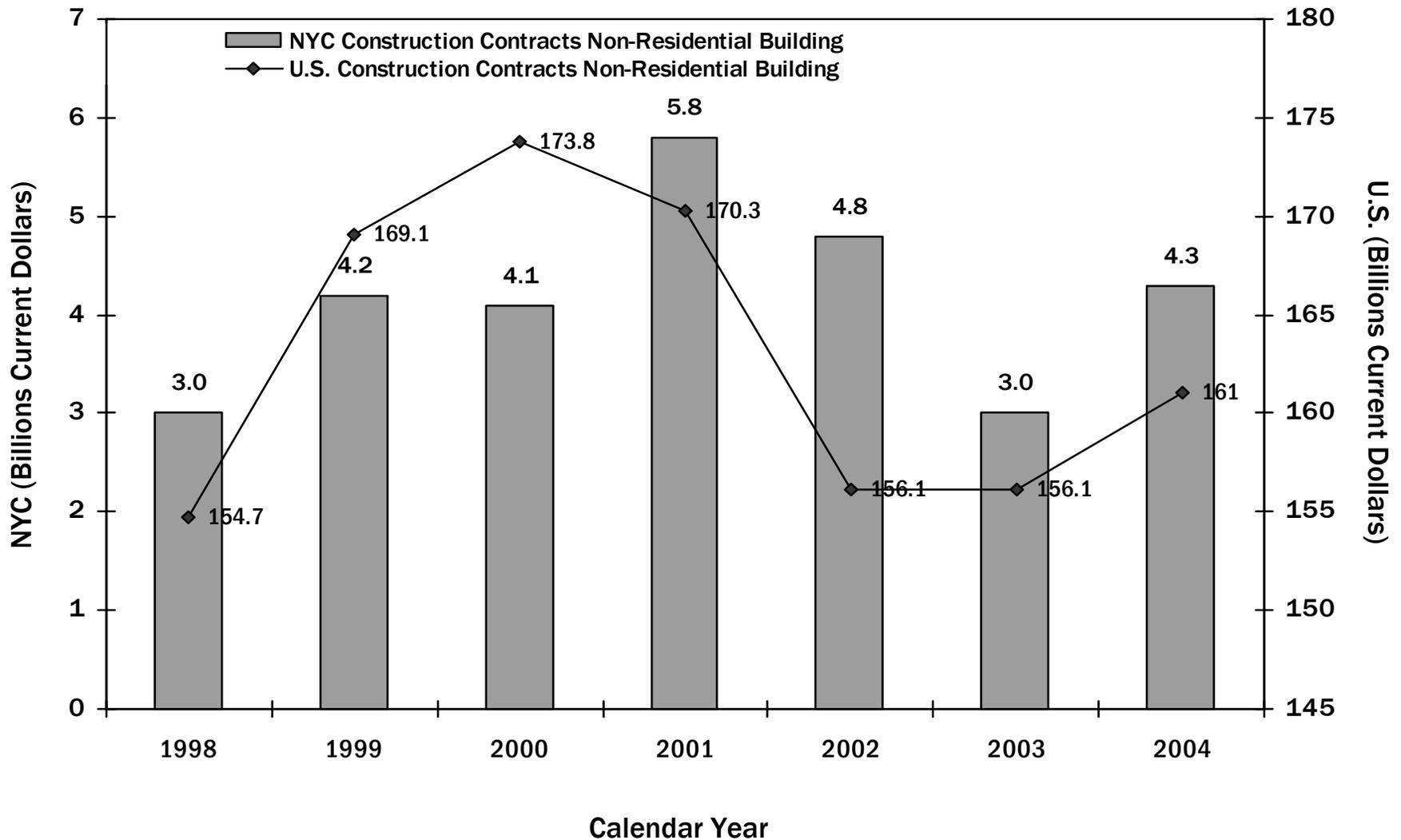
\*Real Estate Transaction Tax Revenue includes the Real Property Transfer and Mortgage Recording taxes.

# The Commercial Occupancy Rate in New York City Is the Highest in the Nation



Source: CB Richard Ellis. U.S. National Office Vacancy Index 2004 Q4.

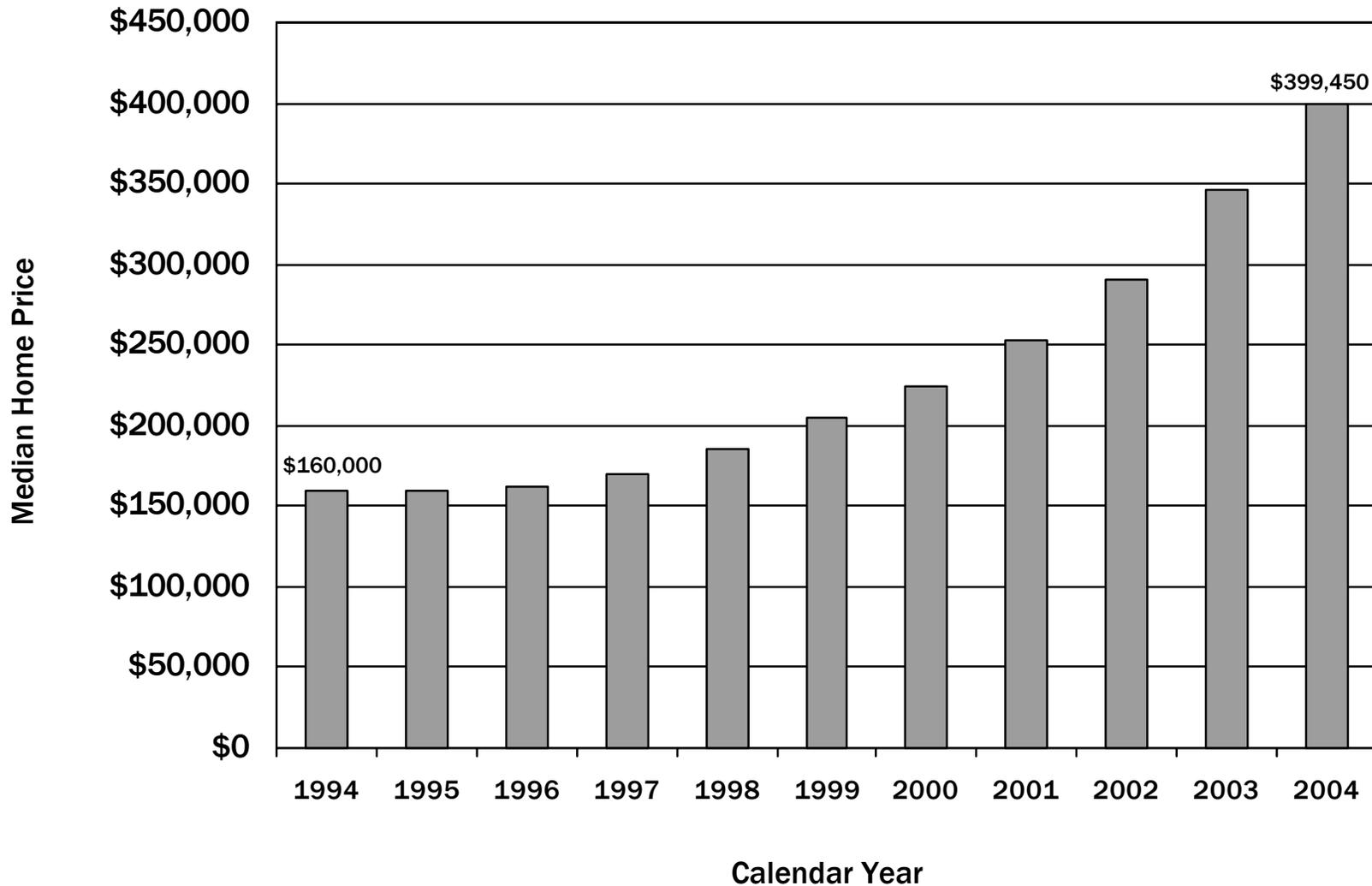
# Non-Residential Construction Fell Sharply Following 9/11. Since Then it Has Recovered in the Nation and in the City.



Source: McGraw-Hill Construction Research and Analytics

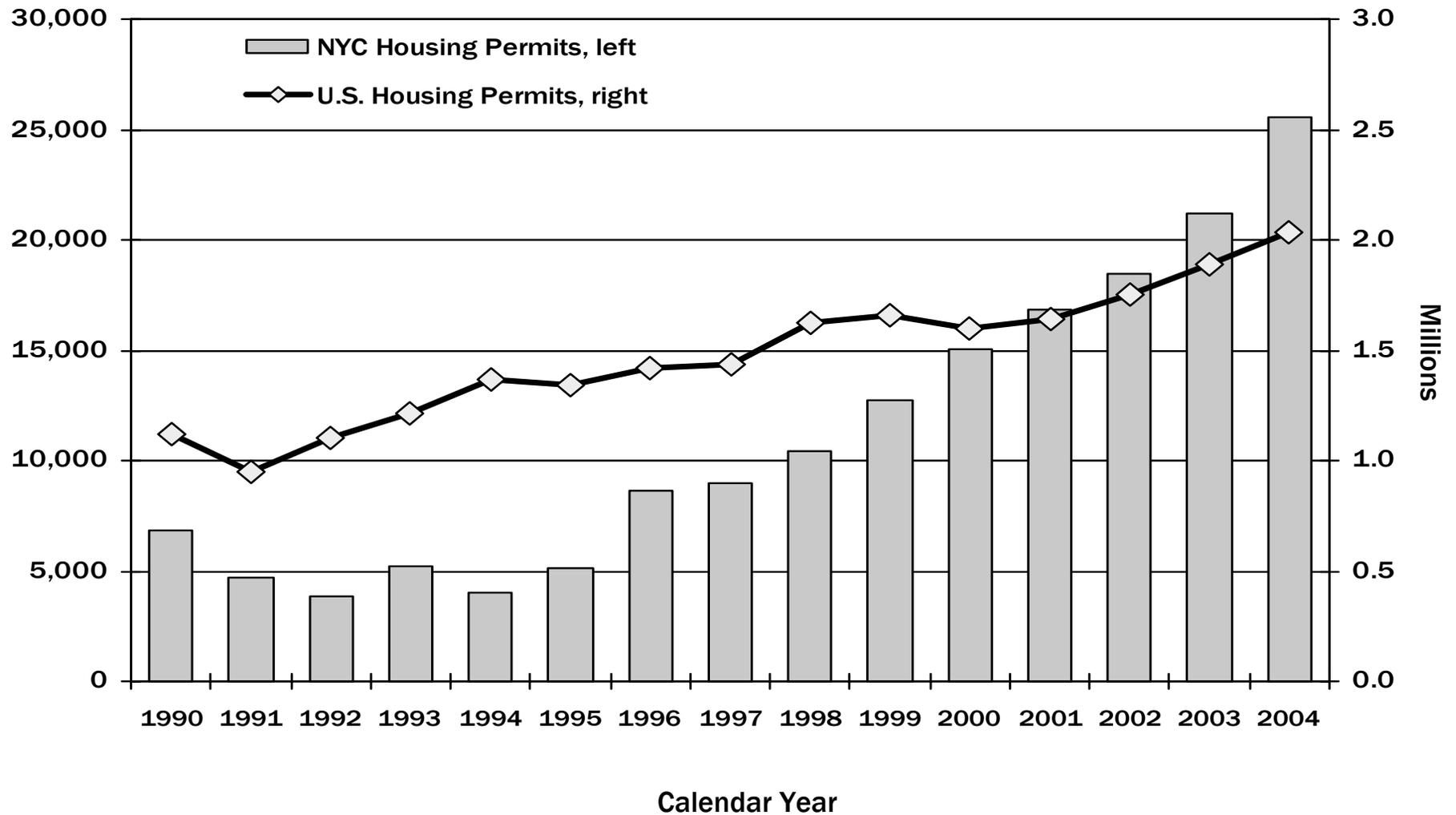
# The Residential Real Estate Market Remains Strong. The Average Price of Housing Citywide Has More Than Doubled Since 1998

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Note: Median home price for all Class 1 dwellings

# Building Permits for Housing in New York City Have Soared, Outpacing the U.S.



Source: U.S. Census

# **III. Budget Update**

# FY 2005 Fiscal Plan Update

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## Changes Since the January 2005 Plan

	\$ in Millions
	<u>FY 2005</u>
<i>(Increases Gap) / Decreases Gap</i>	
Remaining Gap January 2005 Plan	\$ ---
Increased Revenue Forecast (see page 33)	1,362
Increased Expenditure Forecast (see page 34)	(95)
Remaining Surplus	1,267
Reduce FY 2006 Gap (see page 35)	(1,267)
Balance	<u>\$ ---</u>

# Increased Revenue Forecast – FY 2005 to FY 2009

The Revenue Forecast Has Increased Since January  
by \$1.362 Billion in 2005 and \$692 Million in 2006

	\$ in Millions				
Non-Property Taxes	2005	2006	2007	2008	2009
Personal Income Tax	\$587	\$200	\$135	(\$26)	\$14
General Corporation Tax	90	91	136	68	113
Banking Corporation Tax	65	59	63	24	12
Unincorporated Business Tax	156	81	83	67	73
Sales Tax	98	69	93	34	64
Real Property Transfer Tax (see page 25)	123	38	37	(6)	(14)
Mortgage Recording Tax (see page 25)	334	117	51	(12)	(39)
All Other Taxes	(12)	(27)	(33)	(23)	30
<b>Subtotal</b>	<b>\$1,441</b>	<b>\$628</b>	<b>\$565</b>	<b>\$126</b>	<b>\$253</b>
Property Taxes	(35)	(19)	(5)	15	24
Non-Tax Revenues	(44)	83	30	21	15
<b>Total Revenue Changes</b>	<b>\$1,362</b>	<b>\$692</b>	<b>\$590</b>	<b>\$162</b>	<b>\$292</b>

# Increased Expenditure Forecast – FY 2005

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## FY 2005 Expense Changes

	\$ in Millions
	<u>FY 2005</u>
Agency Expenditures (see page 38)	(\$2)
Pensions	144
Purchase of Service COLAs	27
Debt Service	(14)
Reduce General Reserve from \$100 Million to \$40 Million	(60)
Total	<u>\$95</u>

# FY 2006 Fiscal Plan Update

## Changes Since the January 2005 Plan

	\$ in Millions
	<u>FY 2006</u>
<b><i>(Increases Gap) / Decreases Gap</i></b>	
<b>Remaining Gap January 2005 Plan</b>	<b>(\$1,075)</b>
FY 2005 Surplus (see page 32)	1,267
<b>Increased Revenue Forecast (see page 33)</b>	<b>692</b>
<b>Increased Expenditure Forecast (see page 37)</b>	<b>(244)</b>
<b>Gap Closing Actions Proposed in January Plan</b>	
State Actions (Reduced from Proposed \$500 Million (see page 50))	317
Federal Actions (Reduced from Proposed \$250 Million (see page 53))	50
Pensions (Cost Increased by \$862 Million from Proposed \$325 Million Savings (see page 36))	(547)
<b>Total</b>	<b>(\$180)</b>
<b>Remaining Funds</b>	<b>\$460</b>
<b>Uses of Remaining Funds</b>	
Tax Reduction Program (see page 17)	(235)
Next Round of Collective Bargaining at 1.25% per year	(100)
Restorations and Initiatives (see page 39)	(125)
<b>Total</b>	<b>(\$460)</b>
<b>Balance</b>	<b>\$ ---</b>

# The Cost of Pension Changes Is Almost \$550 Million in Fiscal Year 2006

	\$ in Millions				
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<b>New Assumptions</b>					
New York City Employees' Retirement System	\$ ---	\$68	\$65	\$67	\$71
Teachers' Retirement System	---	75	71	67	66
Board of Education Retirement System	---	(3)	(2)	(1)	---
Police	---	143	132	105	69
Fire	---	42	38	33	28
<b>Subtotal</b>	<b>\$ ---</b>	<b>\$325</b>	<b>\$304</b>	<b>\$271</b>	<b>\$234</b>
<b>Revised Actuarial Data/Baseline Reallocation</b>					
New York City Employees' Retirement System	\$53	\$103	\$112	\$100	\$79
Teachers' Retirement System	89	117	115	118	118
Board of Education Retirement System	2	2	(2)	(6)	(6)
Police	---	---	---	---	---
Fire	---	---	---	---	---
<b>Subtotal</b>	<b>\$144</b>	<b>\$222</b>	<b>\$225</b>	<b>\$212</b>	<b>\$191</b>
<b>Grand Total</b>	<b>\$144</b>	<b>\$547</b>	<b>\$529</b>	<b>\$483</b>	<b>\$425</b>

# Increased Expenditure Forecast – FY 2006

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## FY 2006 Expense Changes

	\$ in Millions
	<u>FY 2006</u>
Purchase of Service COLAs	\$52
Employee Health Insurance (PICA)	46
Agency Expenditures (see page 38)	234
Debt Service	(88)
<b>Total</b>	<b><u>\$244</u></b>

# Detail of Agency Expenditures

\$ in Millions

	2005	2006	2007	2008	2009
Campaign Finance Board (Election)	\$ ---	\$57	\$ ---	\$ ---	\$ ---
Comptroller (Asset Management)	---	3	3	3	3
Police (Federal Revenue Re-estimate)	5	1	4	4	4
Fire (EMS and Fire Overtime)	4	18	8	8	9
Correction (Overtime)	10	2	2	2	2
Medicaid	16	33	33	33	33
Buildings	(2)	18	10	10	10
Health	---	3	4	4	4
Sanitation (Snow Removal, Equipment)	6	8	4	4	4
DOT (Increase Ferry Schedule)	---	5	3	3	3
DDC (Underground Tanks Remediation)	---	10	10	6	---
Parks (Match to Conservancy)	---	3	---	---	---
Energy (Prices)	(2)	8	18	18	15
Fringe Benefits (Lower Headcount)	(57)	(25)	(25)	(25)	(25)
Private Buses to MTA	35	71	23	25	27
District Attorneys	---	13	---	---	---
All Other Changes	(17)	19	8	32	55
<b>Total Agency Expenditure Increases</b>	<b>(\$2)</b>	<b>\$234</b>	<b>\$105</b>	<b>\$127</b>	<b>\$144</b>

# Restorations and Initiatives

---

	\$ in Millions			
	FY 2006	FY 2007	FY 2008	FY 2009
Education	\$50	\$50	\$50	\$50
Libraries	7	7	7	7
Cultural Affairs	3	3	3	3
Fire (Restoration of 5 <sup>th</sup> Firefighter)	17	17	17	17
Aging (Cost of Meals Increase and Other Services)	17	9	9	9
Youth and Community Development (After-School Programs and Summer Jobs)	15	15	15	15
Sanitation (Waste Export/Basket Collection)	13	13	13	13
Other Restorations and Initiatives	1	1	1	1
<b>Total</b>	<b>\$125</b>	<b>\$115</b>	<b>\$115</b>	<b>\$115</b>

# Fiscal Year 2006 Budget

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						All Funds Total	City Funds Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal		
<b>UNIFORM AGENCIES</b>												
Police Department	\$3,072	\$1,174	\$1,527	\$5,773	\$215	---	\$28	\$108	\$56	\$407	\$6,180	\$6,005
Fire Department	1,051	411	678	2,140	108	---	5	22	48	183	2,323	2,168
Dept. of Correction	675	263	203	1,141	107	---	6	23	144	280	1,421	1,369
Dept. of Sanitation	622	259	134	1,015	430	---	3	28	156	617	1,632	1,597
<b>Subtotal</b>	<b>\$5,420</b>	<b>\$2,107</b>	<b>\$2,542</b>	<b>\$10,069</b>	<b>\$860</b>	<b>---</b>	<b>\$42</b>	<b>\$181</b>	<b>\$404</b>	<b>\$1,487</b>	<b>\$11,556</b>	<b>\$11,139</b>
<b>HEALTH AND WELFARE</b>												
Administration for Children's Services	\$330	\$96	\$39	\$465	\$1,796	---	\$3	\$4	---	\$1,803	\$2,268	\$716
Department of Social Services	646	257	94	997	273	6,285	3	5	61	6,627	7,624	5,620
Department of Homeless Services	107	35	13	155	249	318	---	---	---	567	722	330
Department of Health and Mental Hygiene	332	89	40	461	1,136	55	1	3	20	1,215	1,676	715
Health and Hospitals Corporation <sup>(1)</sup>	---	17	---	17	183	774	33	190	165	1,345	1,362	\$1,161
<b>Subtotal</b>	<b>\$1,415</b>	<b>\$494</b>	<b>\$186</b>	<b>\$2,095</b>	<b>\$3,637</b>	<b>\$7,432</b>	<b>\$40</b>	<b>\$202</b>	<b>\$246</b>	<b>\$11,557</b>	<b>\$13,652</b>	<b>\$8,542</b>
<b>EDUCATION</b>												
Dept. of Education	\$7,938	\$2,220	\$1,731	\$11,889	\$3,840	---	\$16	\$32	\$833	\$4,721	\$16,610	\$8,207
City University	305	56	31	392	174	---	---	1	41	216	608	417
<b>Subtotal</b>	<b>\$8,243</b>	<b>\$2,276</b>	<b>\$1,762</b>	<b>\$12,281</b>	<b>\$4,014</b>	<b>---</b>	<b>\$16</b>	<b>\$33</b>	<b>\$874</b>	<b>\$4,937</b>	<b>\$17,218</b>	<b>\$8,624</b>
<b>OTHER AGENCIES</b>	<b>\$1,703</b>	<b>\$583</b>	<b>\$230</b>	<b>\$2,516</b>	<b>\$2,452</b>	<b>---</b>	<b>\$69</b>	<b>\$214</b>	<b>\$1,338</b>	<b>\$4,073</b>	<b>\$6,589</b>	<b>\$5,248</b>
<b>ELECTED OFFICIALS</b>	<b>\$363</b>	<b>\$92</b>	<b>\$42</b>	<b>\$497</b>	<b>\$81</b>	<b>---</b>	<b>\$2</b>	<b>\$1</b>	<b>---</b>	<b>\$84</b>	<b>\$581</b>	<b>\$543</b>
<b>MISC. BUDGET</b>	<b>\$402</b>	<b>---</b>	<b>---</b>	<b>\$402</b>	<b>---</b>	<b>\$1,533 <sup>(2)</sup></b>	<b>---</b>	<b>---</b>	<b>\$247</b>	<b>\$1,780</b>	<b>\$2,182</b>	<b>\$2,048</b>
<b>DEBT SERVICE COSTS (unallocated)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>\$269</b>	<b>\$269</b>	<b>\$269</b>	<b>\$257</b>
<b>TOTAL</b>	<b>\$17,546</b>	<b>\$5,552</b>	<b>\$4,762</b>	<b>\$27,860</b>	<b>\$11,045</b>	<b>\$8,964</b>	<b>\$169</b>	<b>\$631</b>	<b>\$3,378</b>	<b>\$24,187</b>	<b>\$52,047</b>	<b>\$36,401</b>
<b>City Funds</b>	<b>\$9,919</b>	<b>\$4,993</b>	<b>\$4,583</b>	<b>\$19,495</b>	<b>\$5,837</b>	<b>\$7,243</b>	<b>\$162</b>	<b>\$441</b>	<b>\$3,223</b>	<b>\$16,906</b>	<b>\$36,401</b>	
<b>2005 Prepayments</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>\$324</b>	<b>\$208</b>	<b>---</b>	<b>---</b>	<b>\$1,792</b>	<b>\$2,324</b>	<b>\$2,324</b>	<b>\$2,324</b>
<b>Total After Prepayments</b>	<b>\$17,546</b>	<b>\$5,552</b>	<b>\$4,762</b>	<b>\$27,860</b>	<b>\$10,721</b>	<b>\$8,756</b>	<b>\$169</b>	<b>\$631</b>	<b>\$1,586</b>	<b>\$21,863</b>	<b>\$49,723</b>	<b>\$34,077</b>

(1) Only reflects HHC Subsidy and Medical Assistance appropriated in the City's Budget.

(2) Includes subsidies to the Transit Authority and private bus lines, general reserve, pay-go-capital, indigent defense services and other contractual services.

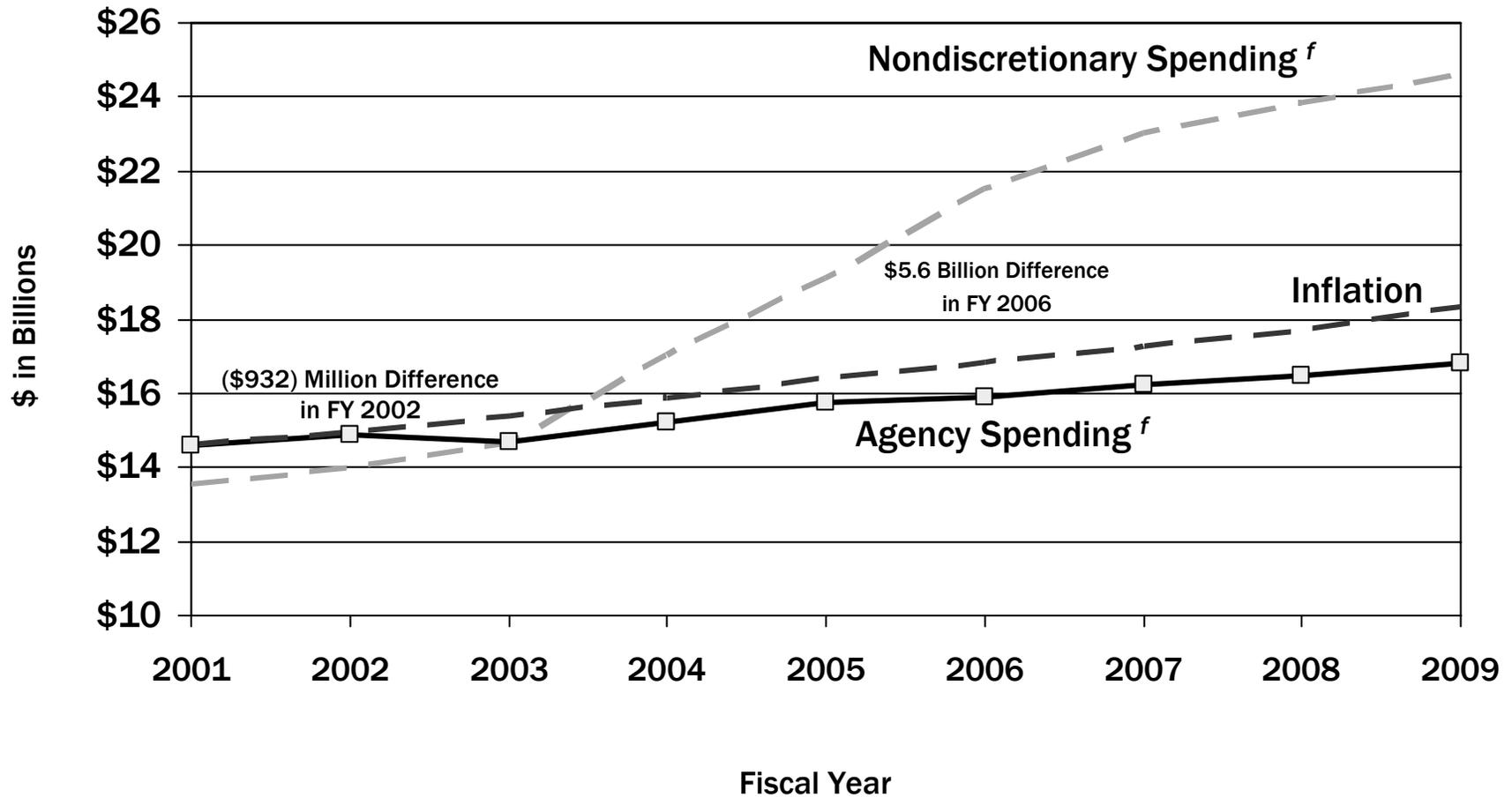
Note: Totals may not add due to rounding.

# **IV. Out-Year Gaps Remain Significant**

# Out-Year Gaps Remain Significant

	\$ in Millions		
	2007	2008	2009
<b>Remaining Gap to Be Closed as of January 2005</b>	<b>(\$4,118)</b>	<b>(\$3,665)</b>	<b>(\$3,279)</b>
<b>Revenue Changes Since January 2005</b>			
Tax Revenue Forecast	\$560	\$141	\$277
Non-Tax Revenue Forecast	30	21	15
<b>Total Revenue Changes</b>	<b>\$590</b>	<b>\$162</b>	<b>\$292</b>
<b>Expenditure Changes Since January 2005</b>			
Purchase of Service COLAs	(52)	(52)	(52)
Agency Expenditures	(105)	(127)	(144)
Debt Service	8	(7)	(26)
Reserves	---	250	250
<b>Total Expenditure Changes</b>	<b>(\$149)</b>	<b>\$64</b>	<b>\$28</b>
<b>Other Actions Since January 2005</b>			
State Actions	375	443	734
Pensions	(529)	(483)	(425)
<b>Total</b>	<b>(\$154)</b>	<b>(\$40)</b>	<b>\$309</b>
<b>Remaining Gap</b>	<b>(\$3,831)</b>	<b>(\$3,479)</b>	<b>(\$2,665)</b>
<b>Uses of Surplus Funds</b>			
Tax Reduction Program	(177)	(17)	(38)
Next Round of Collective Bargaining at 1.25% per year	(350)	(625)	(900)
Restorations and Initiatives	(115)	(115)	(115)
<b>Total</b>	<b>(\$642)</b>	<b>(\$757)</b>	<b>(\$1,053)</b>
<b>Gap</b>	<b>(\$4,473)</b>	<b>(\$4,236)</b>	<b>(\$3,703)</b>

# Our Nondiscretionary Expenses Continue to Be Larger than Agency Expenses



<sup>f</sup> = forecast for years 2005 - 2009 (see detail on page 44)

# City Revenue and Expense Growth\*

## City Funds - \$ in Millions

	2005	2006	2007	2008	2009
<b>Revenue<sup>f</sup></b>	<b>\$36,212</b>	<b>\$34,170</b>	<b>\$34,752</b>	<b>\$36,067</b>	<b>\$37,696</b>
Year-to-Year Change:		(\$2,042) (5.6%)	\$582 1.7%	\$1,315 3.8%	\$1,629 4.5%
<b>Expenses<sup>f</sup></b>					
Agency Expenses <sup>(1)</sup>	\$15,767	\$15,919	\$16,241	\$16,496	\$16,823
Year-to-Year Change:		\$152 1.0%	\$322 2.0%	\$255 1.6%	\$327 2.0%
Nondiscretionary Expenses (see page 45)	\$19,097	\$21,522	\$22,984	\$23,807	\$24,576
Year-to-Year Change:		\$2,425 12.7%	\$1,462 6.8%	\$823 3.6%	\$769 3.2%
<b>Total Expenses<sup>f</sup></b>	<b>\$34,864</b>	<b>\$37,441</b>	<b>\$39,225</b>	<b>\$40,303</b>	<b>\$41,399</b>
Year-to-Year Change:		\$2,577 7.4%	\$1,784 4.8%	\$1,078 2.7%	\$1,096 2.7%

*f* = forecast

<sup>(1)</sup> Includes a reserve for the next round of collective bargaining.

\*Excludes the impact of prepayments.

Note: See graph on page 43

# Forecast Growth in Nondiscretionary Expenses\* (Detail)

	City Funds - \$ In Millions									
	2001	2002	2003	2004	2005 <sup>f</sup>	2006 <sup>f</sup>	2007 <sup>f</sup>	2008 <sup>f</sup>	2009 <sup>f</sup>	
<b>Nondiscretionary Expenses (see page 44)</b>										
<b>Pensions</b>	\$1,107	\$1,334	\$1,534	\$2,264	\$3,211	\$4,583	\$4,837	\$4,729	\$4,600	
	Year-to-Year	\$227	\$200	\$730	\$947	\$1,372	\$254	(\$108)	(\$129)	
	Change:	20.5%	15.0%	47.6%	41.8%	42.7%	5.5%	(2.2%)	(2.7%)	
<b>Fringe Benefits</b>	\$3,581	\$3,794	\$4,058	\$4,275	\$4,624	\$4,993	\$5,234	\$5,554	\$5,877	
	Year-to-Year	\$213	\$264	\$217	\$349	\$369	\$241	\$320	\$323	
	Change:	5.9%	7.0%	5.3%	8.2%	8.0%	4.8%	6.1%	5.8%	
<b>Subtotal: Employee-Related Costs</b>	\$4,688	\$5,128	\$5,592	\$6,539	\$7,835	\$9,576	\$10,071	\$10,283	\$10,477	
	Year-to-Year	\$440	\$464	\$947	\$1,296	\$1,741	\$495	\$212	\$194	
	Change:	9.4%	9.0%	16.9%	19.8%	22.2%	5.2%	2.1%	1.9%	
<b>Debt Service<sup>(1)</sup></b>	\$3,828	\$3,822	\$3,335	\$4,270	\$4,228	\$4,262	\$5,073	\$5,466	\$5,826	
	Year-to-Year	(\$6)	(\$487)	\$935	(\$42)	\$34	\$811	\$393	\$360	
	Change:	(0.2%)	(12.7%)	28.0%	(1.0%)	0.8%	19.0%	7.7%	6.6%	
<b>Medicaid<sup>(2)</sup></b>	\$3,299	\$3,537	\$3,877	\$4,268	\$4,770	\$4,871	\$5,020	\$5,167	\$5,306	
	Year-to-Year	\$238	\$340	\$391	\$502	\$101	\$149	\$147	\$139	
	Change:	7.2%	9.6%	10.1%	11.8%	2.1%	3.1%	2.9%	2.7%	
<b>Re-estimate of Prior Year's Expenses</b>	(\$178)	(\$413)	(\$179)	(\$329)	(\$200)	\$0	\$0	\$0	\$0	
	Year-to-Year	(\$235)	\$234	(\$150)	\$129	\$200	\$0	\$0	\$0	
	Change:	132.0%	(56.7%)	83.8%	(39.2%)	(100.0%)	0.0%	0.0%	0.0%	
<b>General Reserve</b>	\$0	\$0	\$0	\$0	\$40	\$300	\$300	\$300	\$300	
	Year-to-Year	\$0	\$0	\$0	\$40	\$260	\$0	\$0	\$0	
	Change:	0.0%	0.0%	0.0%	0.0%	650.0%	0.0%	0.0%	0.0%	
<b>All Other<sup>(3)</sup></b>	\$1,906	\$1,898	\$2,009	\$2,255	\$2,424	\$2,513	\$2,520	\$2,591	\$2,667	
	Year-to-Year	(\$8)	\$111	\$246	\$169	\$89	\$7	\$71	\$76	
	Change:	(0.4%)	5.8%	12.2%	7.5%	3.7%	0.3%	2.8%	2.9%	
<b>Total Nondiscretionary Expenses</b>	\$13,543	\$13,972	\$14,634	\$17,003	\$19,097	\$21,522	\$22,984	\$23,807	\$24,576	
	Year-to-Year	\$429	\$662	\$2,369	\$2,094	\$2,425	\$1,462	\$823	\$769	
	Change:	3.2%	4.7%	16.2%	12.3%	12.7%	6.8%	3.6%	3.2%	

<sup>f</sup> = forecast for Years 2005 - 2009

<sup>(1)</sup> Includes TFA and Tobacco Bonds.

<sup>(2)</sup> Excludes State reimbursement for the mentally disabled.

<sup>(3)</sup> Includes judgments and claims, subsidies to the Transit Authority and private bus lines and public assistance.

\* Excludes the impact of prepayments.

# There Are No Surpluses

New York City's Recurring Revenues Are Still Less Than its Expenses.

		\$ in Millions							
		2001	2002	2003	2004	2005 <sup>f</sup>	2006 <sup>f</sup>	Cumulative Change 2001-2006	Inflation Adjusted Cumulative Change 2001-2006
<b>Total Recurring Revenues</b>		<b>\$27,539</b>	<b>\$26,371</b>	<b>\$27,780</b>	<b>\$30,586</b>	<b>\$32,730</b>	<b>\$33,747</b>		
	Year-to-Year		(1,168)	1,409	2,806	2,144	1,017	\$6,208	\$1,727
	Change:		(4.2%)	5.3%	10.1%	7.0%	3.1%	22.5%	6.3%
Agency Expenses		<b>\$14,599</b>	<b>\$14,904</b>	<b>\$14,667</b>	<b>\$15,214</b>	<b>\$15,767</b>	<b>\$15,919</b>		
	Year-to-Year		305	(237)	547	553	152	\$1,320	(\$794)
	Change:		2.1%	(1.6%)	3.7%	3.6%	1.0%	9.0%	(5.4%)
Non-Discretionary Expenses		<b>13,543</b>	<b>13,972</b>	<b>14,634</b>	<b>17,003</b>	<b>19,097</b>	<b>21,522</b>		
	Year-to-Year		429	662	2,369	2,094	2,425	\$7,979	\$5,121
	Change:		3.2%	4.7%	16.2%	12.3%	12.7%	58.9%	37.8%
<b>Total Expenses</b>		<b>\$28,142</b>	<b>\$28,876</b>	<b>\$29,301</b>	<b>\$32,217</b>	<b>\$34,864</b>	<b>\$37,441</b>		
	Year-to-Year		734	425	2,916	2,647	2,577	\$9,299	\$4,327
	Change:		2.6%	1.5%	10.0%	8.2%	7.4%	33.0%	15.4%
<b>Deficiency of Recurring Revenues Over Expenditures (see page 47)</b>		<b>(\$603)</b>	<b>(\$2,505)</b>	<b>(\$1,521)</b>	<b>(\$1,631)</b>	<b>(\$2,134)</b>	<b>(\$3,694)</b>		

*f* = forecast

Note: Property Tax Rates were increased in mid-FY 2003

# Remaining Budget Gaps Have Been Closed Each Year With Non-Recurring Revenues and Other Actions

\$ in Millions

	2001	2002	2003	2004	2005 <sup>f</sup>	2006 <sup>f</sup>	2007 <sup>f</sup>	2008 <sup>f</sup>
<b>Deficiency of Recurring Revenue Over Expenditures</b> (see page 46)	(\$603)	(\$2,505)	(\$1,521)	(\$1,631)	(\$2,134)	(\$3,694)	(\$4,473)	(\$4,236)
<b>Non Recurring Revenue</b>								
Temporary Tax Increases	---	---	---	1,014	856	308	---	---
Real Property Transaction Tax Boom	---	---	---	544	1,120	---	---	---
FEMA	---	---	762	152	---	---	---	---
State Bond Bank	---	---	---	203	---	---	---	---
TFA	---	---	1,500	---	---	---	---	---
Airport Lease Revenue	---	---	---	---	744	---	---	---
MAC Refinancing	---	---	---	---	621	---	---	---
Anticipated Federal and State Assistance	---	---	---	---	---	50	---	---
Asset Sales	365	247	---	228	141	65	---	---
<b>Total Non Recurring Revenue</b>	<b>\$365</b>	<b>\$247</b>	<b>\$2,262</b>	<b>\$2,141</b>	<b>\$3,482</b>	<b>\$423</b>	<b>\$---</b>	<b>\$---</b>
<b>(Increase)/Decrease in Budget Stabilization Account</b>	<b>\$243</b>	<b>\$2,263</b>	<b>(\$736)</b>	<b>(\$505)</b>	<b>(\$1,348)</b>	<b>\$3,271</b>	<b>\$---</b>	<b>\$---</b>
<b>Surplus/(Gap)</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$4,473)</b>	<b>(\$4,236)</b>

<sup>f</sup> = forecast

# **V. Impact of State Budget and Federal Agenda**

# Impact of Adopted 2005-06 State Budget on New York City

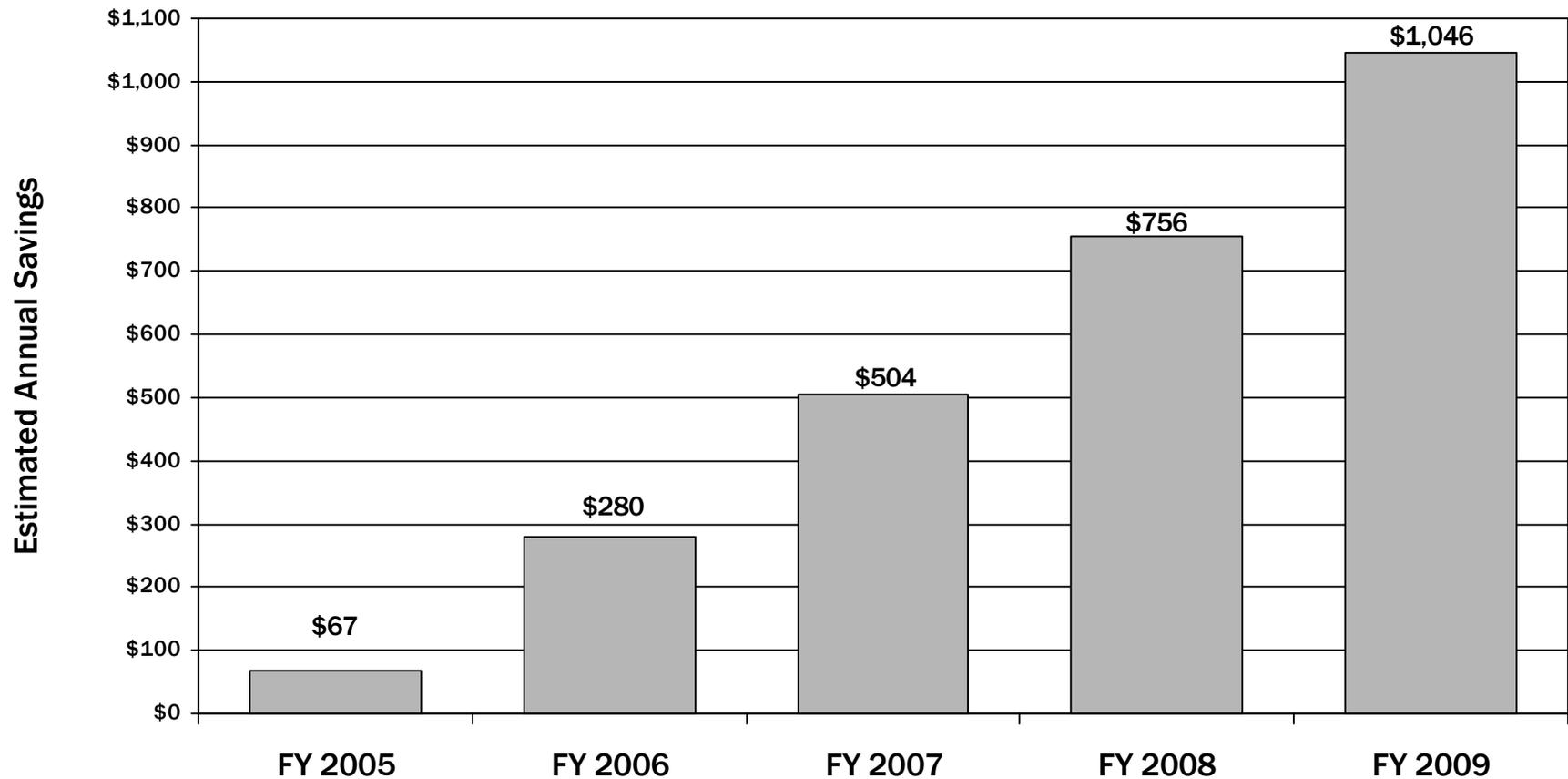
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	\$ in Million
	<u>City FY 2006</u>
New York City State Request	\$500
Extension of the Sales Tax on Clothing	230
Medicaid Cap and Cost Containment	76
Other State Budget Actions	11
Deficiency of NYC Request	<u>(\$183)</u>

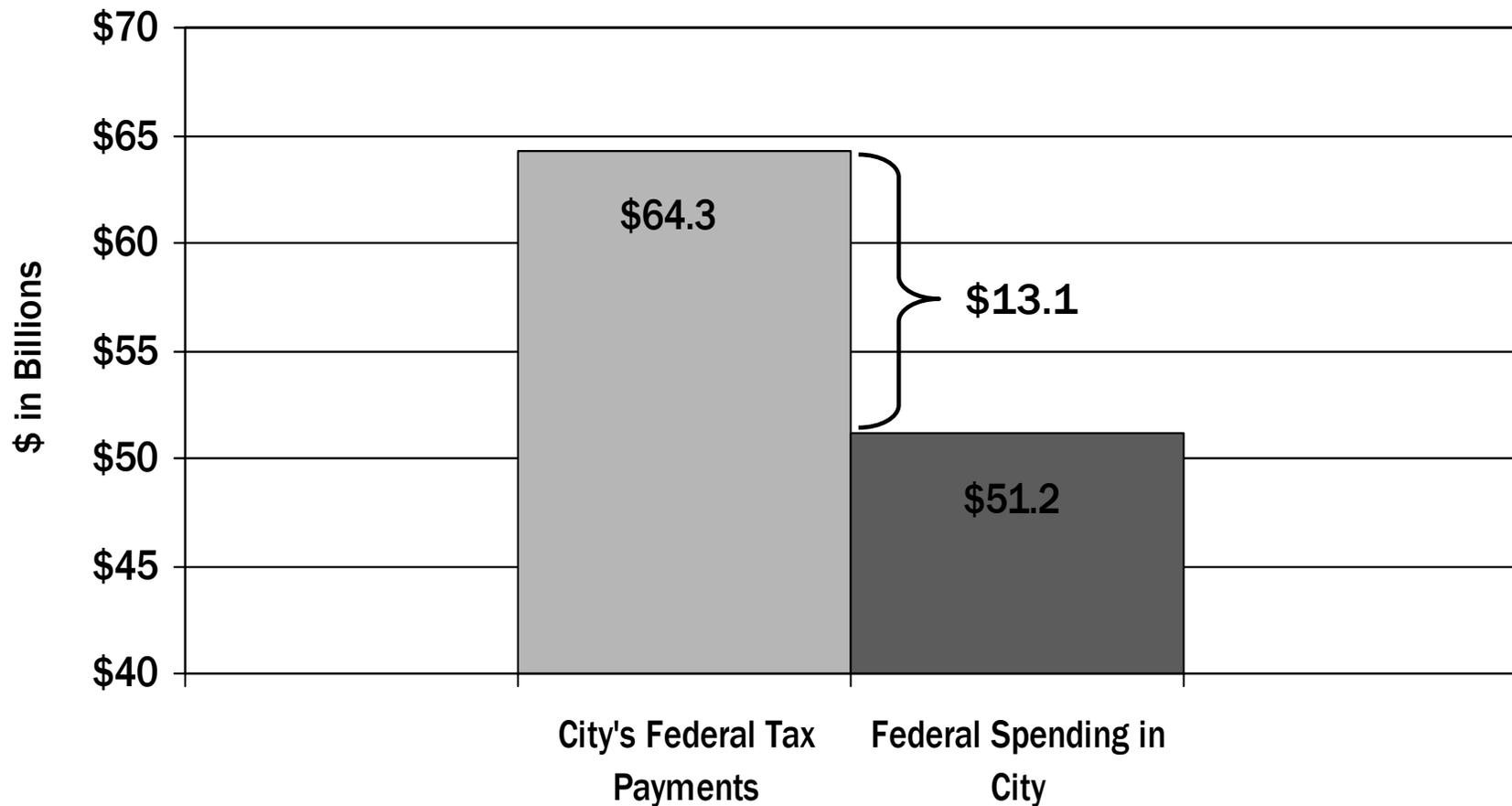
# Albany Has Taken Steps to Limit Increases in Mandated Expenditures by Imposing a Cap on the Local Share of Medicaid

New York City is Forecast to Save Over \$1 Billion from New York State Medicaid Actions by FY 2009

\$ in Millions



# New York City Pays \$13.1 Billion More in Federal Taxes Than it Gets in Funding



Source: OMB estimate based on "Tax Foundation Special Report" for Federal FY 2003, December 2004, No. 132.

# Federal Agenda

---

- ❖ **Since the release of the City's January Financial Plan, the President and Congress have proposed budget plans which include cuts in entitlement programs totaling over \$35 billion nationally. In addition, these plans recommend cuts to many of the other domestic programs for which the City receives Federal financial assistance. Additional Homeland Security Funding for the City will fund additional safety measures without direct benefit to the City's budget. Therefore, the City has reduced its Federal Agenda from \$250 million to \$50 million in City Fiscal Year 2006.**
- ❖ **The City has already been granted the Community Development Block Grant Waiver for Public Services. This action will provide the City with \$20 million in our 2006 fiscal year.**
- ❖ **We have included a menu of approximately \$350 million in proposals to achieve \$50 million in Federal assistance.**

# Federal Agenda

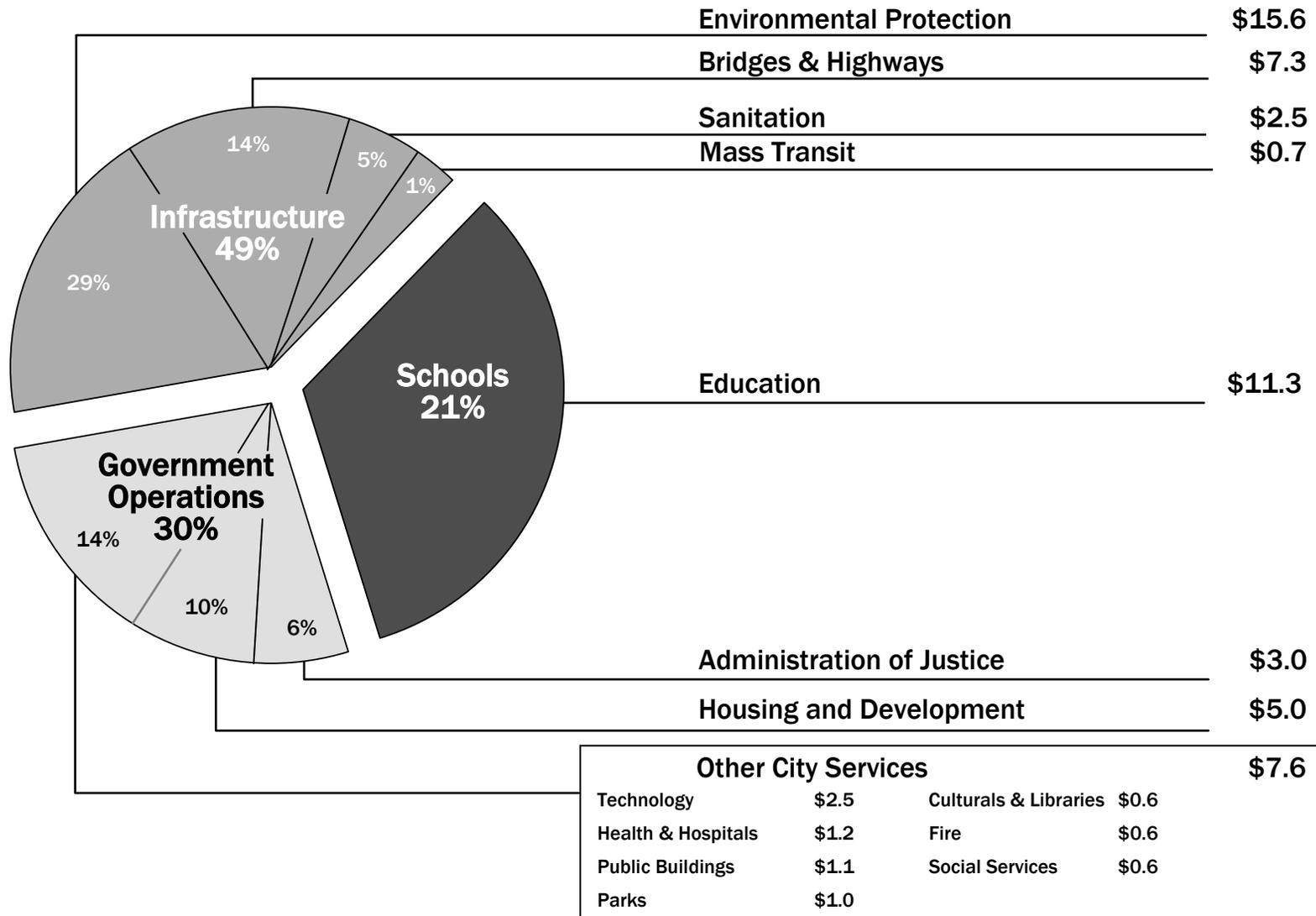
	\$ in Millions			
	2006	2007	2008	2009
❖ Provide for More Flexible Uses of Homeland Security Funding	\$80	\$80	\$80	\$80
❖ Close Cigarette Tax Loopholes	75	75	75	75
❖ Update Federal Foster Care Eligibility and Expand Foster Care Funding Uses	67	67	67	67
❖ Restore State Criminal Alien Assistance Program Funding	60	60	65	65
❖ Reimburse the City for the Full Cost of Protecting the UN and Foreign Missions	30	8	8	8
❖ Restore Local Law Enforcement Block Grant Funding	24	24	24	24
❖ Expand Definition of Emergency for Homelessness	10	10	10	10
❖ Extend Parking Summons Provisions for Foreign Diplomats	10	10	---	---
<b>Total</b>	<b>\$356</b>	<b>\$334</b>	<b>\$329</b>	<b>\$329</b>

# VI. Capital

# Ten-Year Capital Strategy 2006-2015

## Totals \$53.0 Billion in City Funds

\$ in Billions



# Highlights of the Ten-Year Capital Strategy in City Funds

---

## Highlights

\$ in Millions

### ❖ Education

**\$13,747**

- Creates over 65,000 New Classroom Seats for Children by 2009
- Advances \$1.3 Billion of City Funds for Construction in 2005

### ❖ CUNY

- Campus-wide Renovations \$229
- Borough of Manhattan Community College, Fitterman Hall 80
- Medgar Evers College, Academic Building 69
- Bronx Community College, North Instructional Building 38

### ❖ Economic Development

- Greenpoint/Williamsburg Waterfront (*Brooklyn*) \$130
- Brooklyn Navy Yard Development (*Brooklyn*) 92
- Downtown Brooklyn Plan (*Brooklyn*) 89
- Homeport Redevelopment (*Staten Island*) 66
- Jamaica Station Area Redevelopment (*Queens*) 28
- Hunts Point Revitalization (*The Bronx*) 26
- Uptown New York/125th Street Redevelopment (*Manhattan*) 22
- Queens West Development (*Queens*) 15

# Highlights of the Ten-Year Capital Strategy in City Funds

---

## Highlights

\$ in Millions

### ❖ Housing

- Supportive Housing for the Homeless \$341
- New Intake Center for Families With Children 30

### ❖ Public Safety Facilities

- Renovation of 125 Firehouses and EMS Stations \$205
- Renovation of 6 Police Precincts 157
- New Fourth Precinct, Staten Island 25

### ❖ Transportation

- Reconstruction of Bridges \$3,679
- Street Resurfacing 1,036
- Citywide School Pedestrian Safety Program 14

### ❖ Sanitation

- Construction/Renovation of 16 Sanitation Garages \$824
- New Salt Spreaders 66

# Highlights of the Ten-Year Capital Strategy in City Funds

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## Highlights

\$ in Millions

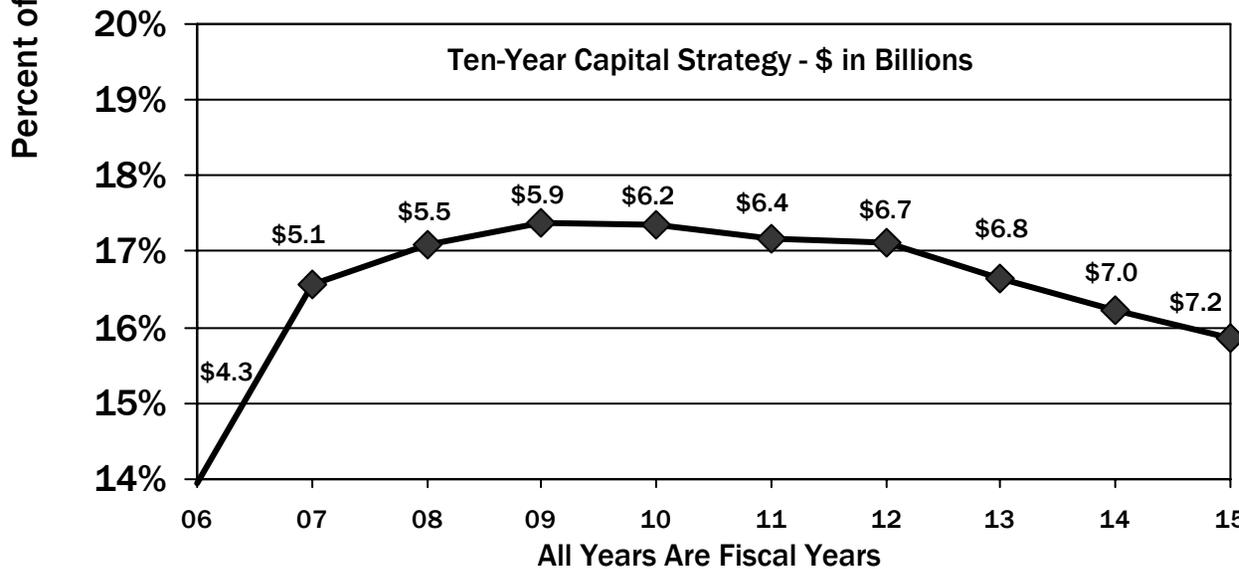
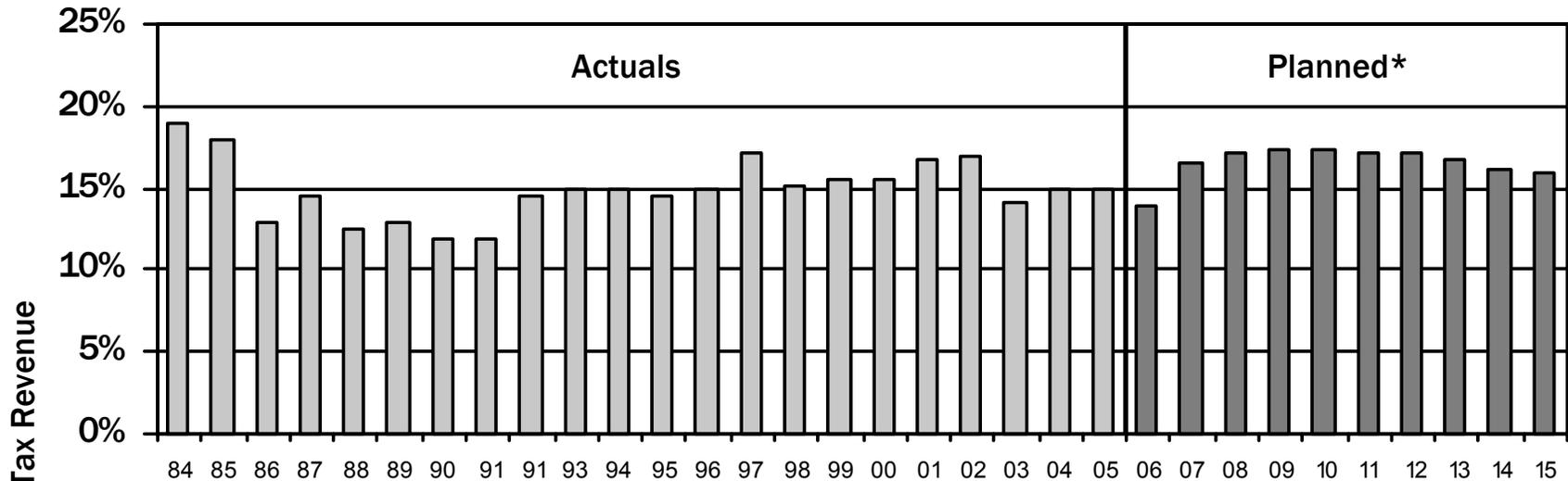
### ❖ Health and Hospitals

- |  |       |
|--|-------|
| ➤ Harlem Hospital Center Modernization                 | \$225 |
| ➤ Kings County Hospital Center - New Behavioral Center | 140   |
| ➤ Gouverneur Hospital Renovation and Reconstruction    | 101   |

### ❖ Recreation and Culturals

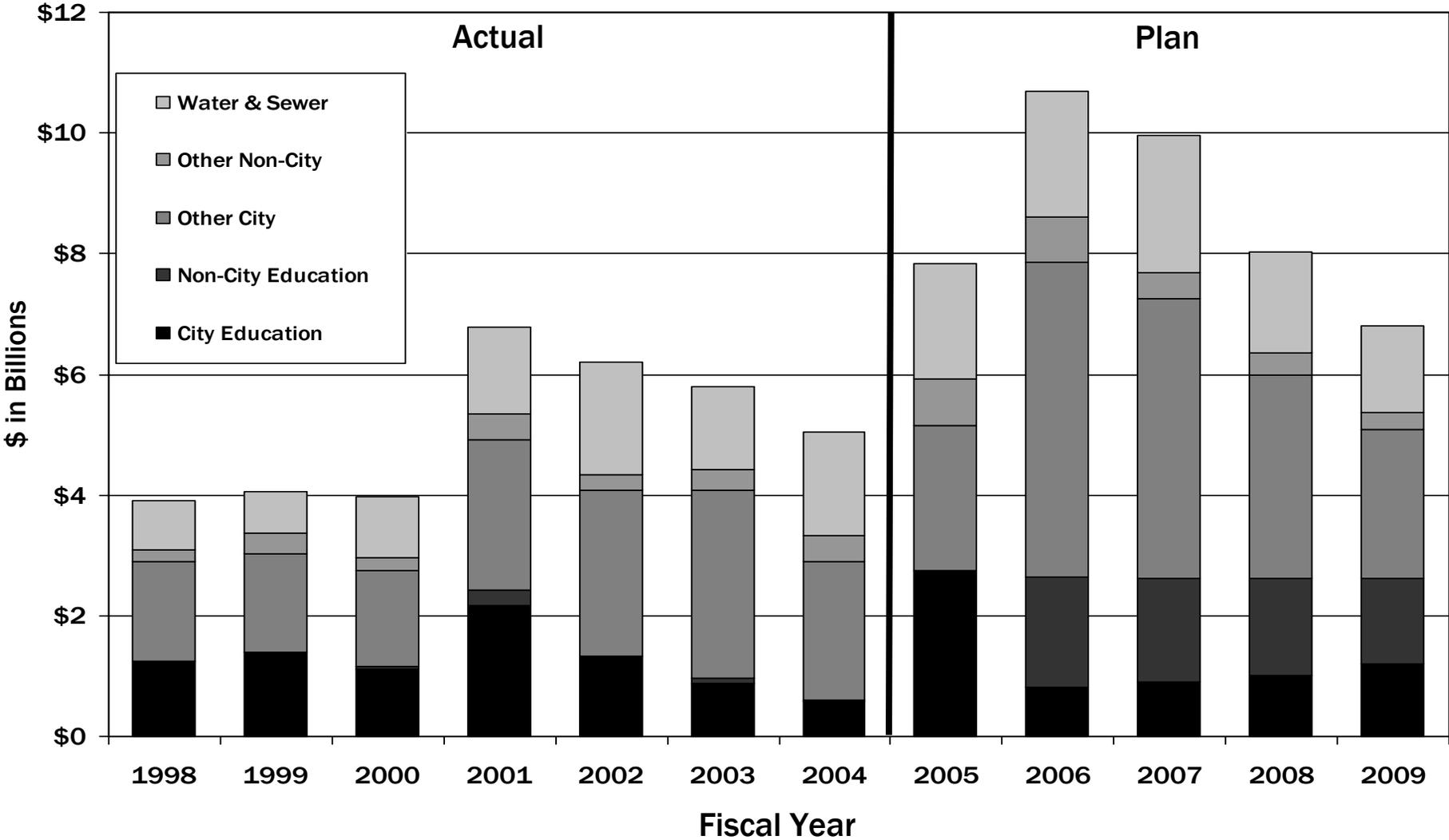
- |   |       |
|---|-------|
| ➤ Neighborhood Parks Citywide               | \$373 |
| ➤ Lincoln Center Redevelopment              | 233   |
| ➤ Bronx Park Development                    | 200   |
| ➤ Fresh Kills Development                   | 100   |
| ➤ Citywide Tree Planting/Greenstreets       | 76    |
| ➤ Flushing Meadow Corona Park               | 73    |
| ➤ Hudson River Park                         | 65    |
| ➤ High Line Park                            | 55    |
| ➤ Brooklyn Bridge Park                      | 53    |
| ➤ Bronx River Park Waterfront Redevelopment | 23    |
| ➤ Elmhurst Keyspan Park                     | 17    |
| ➤ Shore Parkway Promenade                   | 14    |
| ➤ Fort Totten Park                          | 12    |

# Debt Service as a Percentage of Tax Revenues



\* Planned figures include General Obligation Bonds, Transitional Finance Authority Bonds, and lease debt service. Amounts shown are net of prepayments. Tax Revenues used to compute the percentage include an addition of TFA debt service.

# Capital Commitments - All Funds



# VII. Tables

# Financial Plan Revenue and Expenditures

(\$ in Millions)

Revenues	2005	2006	2007	2008	2009
<b>Taxes</b>					
General Property Tax	\$11,501	\$12,326	\$13,061	\$14,021	\$14,695
Other Taxes <sup>(1), (2)</sup>	17,780	16,414	16,552	16,690	17,639
Discretionary Transfers <sup>(1), (2)</sup>	400	947	---	---	---
Tax Audit Revenue	525	512	509	509	509
Tax Reduction Program	(23)	(235)	(177)	(17)	(38)
Miscellaneous Revenues	6,167	4,765	4,462	4,485	4,506
Unrestricted Intergovernmental Aid	562	562	562	562	562
Anticipated Federal Aid	---	50	---	---	---
Less: Intra-City Revenue	(1,289)	(1,249)	(1,249)	(1,249)	(1,249)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$35,608</b>	<b>\$34,077</b>	<b>\$33,705</b>	<b>\$34,986</b>	<b>\$36,609</b>
Other Categorical Grants	856	923	927	932	938
Inter-Fund Revenues	358	364	355	343	343
<b>Total City Funds and Inter-Fund Revenues</b>	<b>\$36,822</b>	<b>\$35,364</b>	<b>\$34,987</b>	<b>\$36,261</b>	<b>\$37,890</b>
Federal Categorical Grants	6,873	5,081	4,858	4,848	4,847
State Categorical Grants	9,021	9,279	9,361	9,421	9,464
<b>Total Revenues</b>	<b>\$52,716</b>	<b>\$49,724</b>	<b>\$49,206</b>	<b>\$50,530</b>	<b>\$52,201</b>
<b>Expenditures</b>					
<b>Personal Service</b>					
Salaries and Wages	\$17,736	\$17,771	\$18,018	\$18,246	\$18,518
Pensions	3,387	4,762	5,018	4,911	4,783
Fringe Benefits	5,182	5,552	5,811	6,154	6,477
<b>Subtotal: Personal Service</b>	<b>\$26,305</b>	<b>\$28,085</b>	<b>\$28,847</b>	<b>\$29,311</b>	<b>\$29,778</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$4,917	\$5,024	\$5,172	\$5,319	\$5,458
Public Assistance	2,563	2,408	2,353	2,353	2,353
Pay-As-You-Go Capital	200	200	200	200	200
All Other	14,932	13,902	13,885	14,005	14,184
<b>Subtotal: Other Than Personal Service</b>	<b>\$22,612</b>	<b>\$21,534</b>	<b>\$21,610</b>	<b>\$21,877</b>	<b>\$22,195</b>
General Obligation, Lease and MAC Debt Service	3,300	3,378	4,171	4,527	4,880
FY 2004 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(1,523)	---	---	---	---
FY 2005 Budget Stabilization and Discretionary Transfers <sup>(2)</sup>	3,271	(2,324)	---	---	---
General Reserve	40	300	300	300	300
	<b>\$54,005</b>	<b>\$50,973</b>	<b>\$54,928</b>	<b>\$56,015</b>	<b>\$57,153</b>
Less: Intra-City Expenses	(1,289)	(1,249)	(1,249)	(1,249)	(1,249)
<b>Total Expenditures</b>	<b>\$52,716</b>	<b>\$49,724</b>	<b>\$53,679</b>	<b>\$54,766</b>	<b>\$55,904</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$4,473)</b>	<b>(\$4,236)</b>	<b>(\$3,703)</b>

<sup>(1)</sup>Fiscal Year 2004 Budget Stabilization and Discretionary Transfers total \$1.923 billion, including prepayments of subsidies of \$480 million, debt service of \$1.0 billion and a TFA grant in fiscal year 2004 which increased fiscal year 2005 tax revenue by \$400 million.

<sup>(2)</sup>Fiscal Year 2005 Budget Stabilization and Discretionary Transfers total \$3.271 billion, including prepayments of subsidies of \$530 million, lease debt service of \$88 million and Budget Stabilization of \$1.704 billion and a TFA grant in fiscal year 2005 which increased fiscal year 2006 tax revenue by \$947 million.

# Financial Plan Update

(\$ in Millions)

	2005	2006	2007	2008	2009
<b>Remaining Gap to be Closed January 2005</b>	\$---	(\$1,075)	(\$4,118)	(\$3,665)	(\$3,279)
<b>Revenue Changes Since January 2005</b>					
Tax Revenue Forecast	\$1,406	\$609	\$560	\$141	\$277
Non-Tax Revenue Forecast	106	83	30	21	15
Battery Park City	(150)	---	---	---	---
<b>Total Revenue Changes</b>	<b>\$1,362</b>	<b>\$692</b>	<b>\$590</b>	<b>\$162</b>	<b>\$292</b>
<b>Expenditure Changes Since January 2005</b>					
Purchase of Service COLAs	(\$27)	(\$52)	(\$52)	(\$52)	(\$52)
Employee Health Insurance (PICA)	---	(46)	---	---	---
Agency Expenditures	13	(234)	(105)	(127)	(144)
Debt Service	14	88	8	(7)	(26)
Reserves	60	---	---	250	250
<b>Total Expenditure Changes</b>	<b>\$60</b>	<b>(\$244)</b>	<b>(\$149)</b>	<b>\$64</b>	<b>\$28</b>
<b>Gap Closing Actions Proposed in January Plan</b>					
State Actions (FY 2006 Proposed \$500 Million)	\$23	\$317	\$375	\$443	\$734
Federal Actions (FY 2006 Proposed \$250 Million)	---	50	---	---	---
Pensions (FY 2006 Proposed \$325 Million)	(144)	(547)	(529)	(483)	(425)
<b>Total Gap Closing Actions</b>	<b>(\$121)</b>	<b>(\$180)</b>	<b>(\$154)</b>	<b>(\$40)</b>	<b>\$309</b>
<b>Increase FY 2005 Budget Stabilization Account</b>	<b>(\$1,267)</b>	<b>\$1,267</b>	<b>\$---</b>	<b>\$---</b>	<b>\$---</b>
<b>Remaining Surplus/(Gap)</b>	<b>\$34</b>	<b>\$460</b>	<b>(\$3,831)</b>	<b>(\$3,479)</b>	<b>(\$2,650)</b>
<b>Uses of Surplus Funds</b>					
Tax Reduction Program	(\$23)	(\$235)	(\$177)	(\$17)	(\$38)
Next Round of Collective Bargaining at 1.25% Per Year	---	(100)	(350)	(625)	(900)
Restorations and Initiatives	(11)	(125)	(115)	(115)	(115)
<b>Total Gap Closing Actions</b>	<b>(\$34)</b>	<b>(\$460)</b>	<b>(\$642)</b>	<b>(\$757)</b>	<b>(\$1,053)</b>
<b>Gap</b>	<b>---</b>	<b>---</b>	<b>(\$4,473)</b>	<b>(\$4,236)</b>	<b>(\$3,703)</b>