



The City of New York
Michael R. Bloomberg, Mayor

Financial Plan Summary

Fiscal Years 2005 – 2009

Office of Management and Budget
Mark Page, Director

January 2005



Budget Summary

Financial Plan Summary

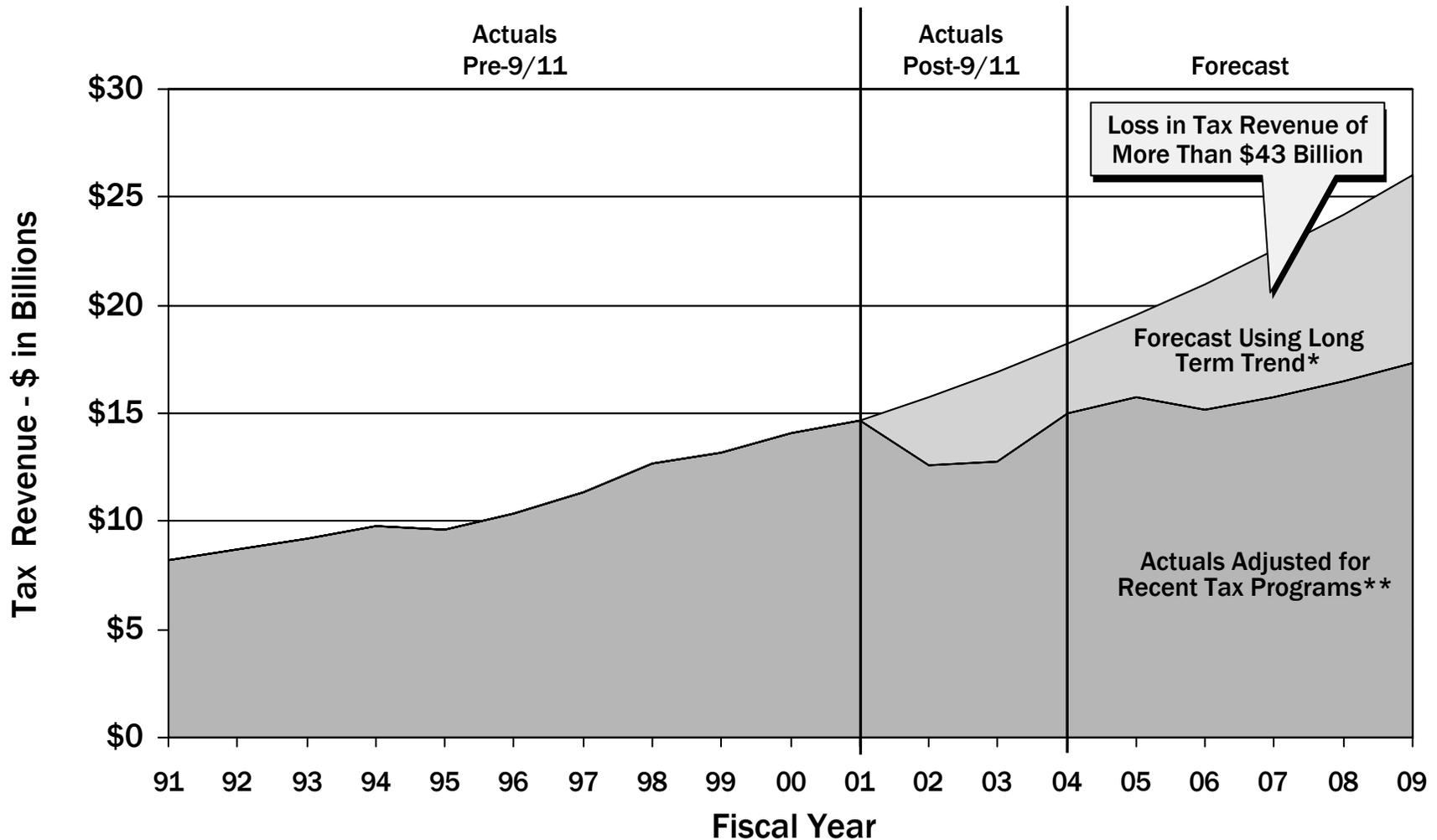
Fiscal Years 2005 - 2009

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I. The City Economy is Doing Better

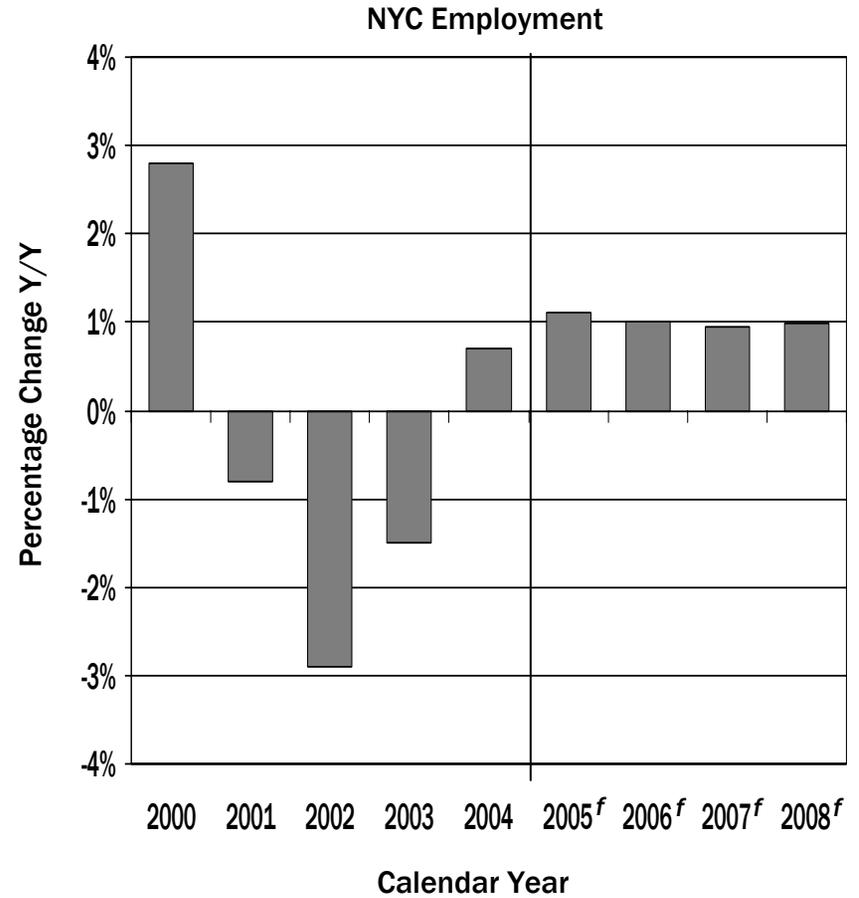
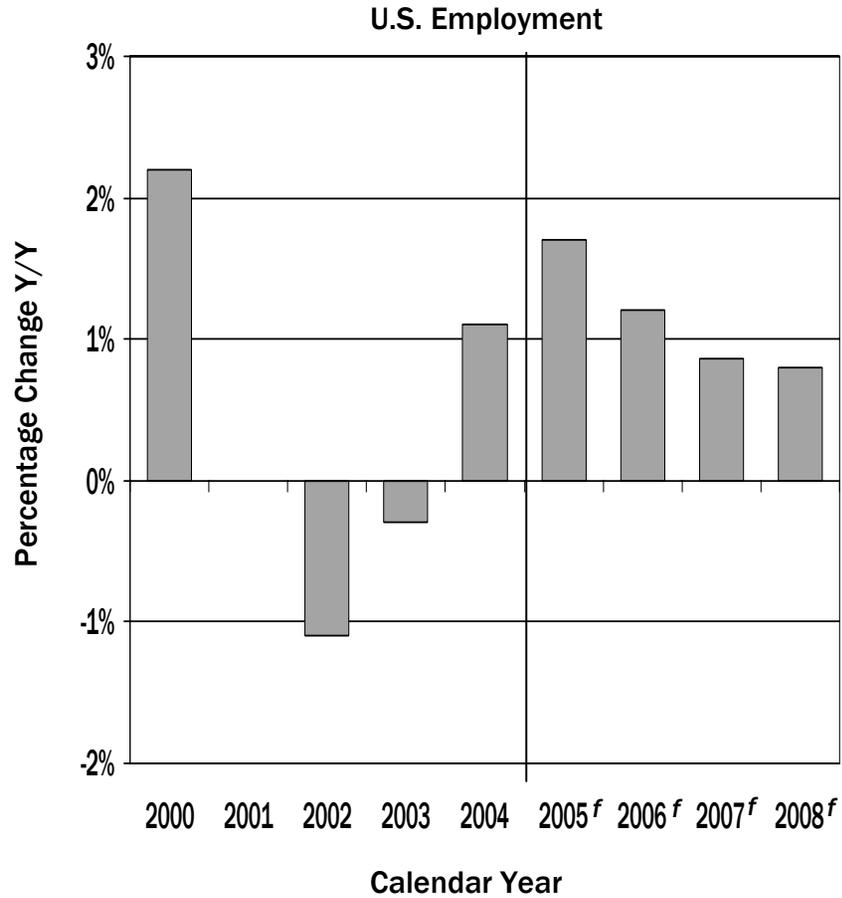
Three Years Later, New York City Tax Revenues Are Returning to Pre-9/11 Levels



* Forecast of revenue estimate from 2002-2009 is based on long term average growth rate of 7.4% (1991-2001) for non-property taxes adjusted for recent tax programs.

** Actual revenues for 2003 and 2004 and current January Plan Forecast from 2005-2009 are adjusted for recent tax programs.

Moderate Job Growth Returned to New York City in 2004

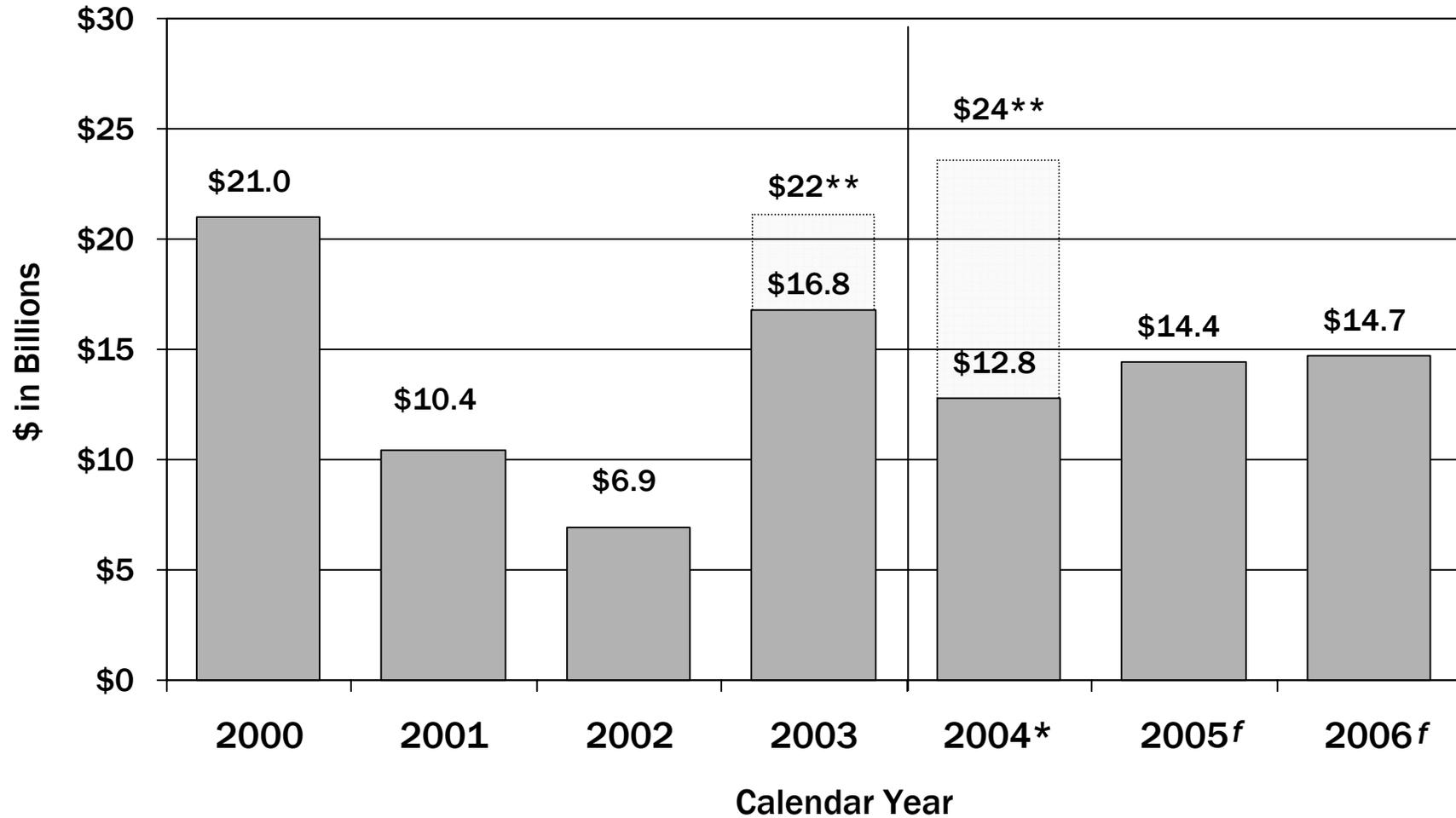


(f) = forecast

Source: Global Insight/OMB

Wall Street Profits Dropped in 2004

NYSE Member-Firm Profits

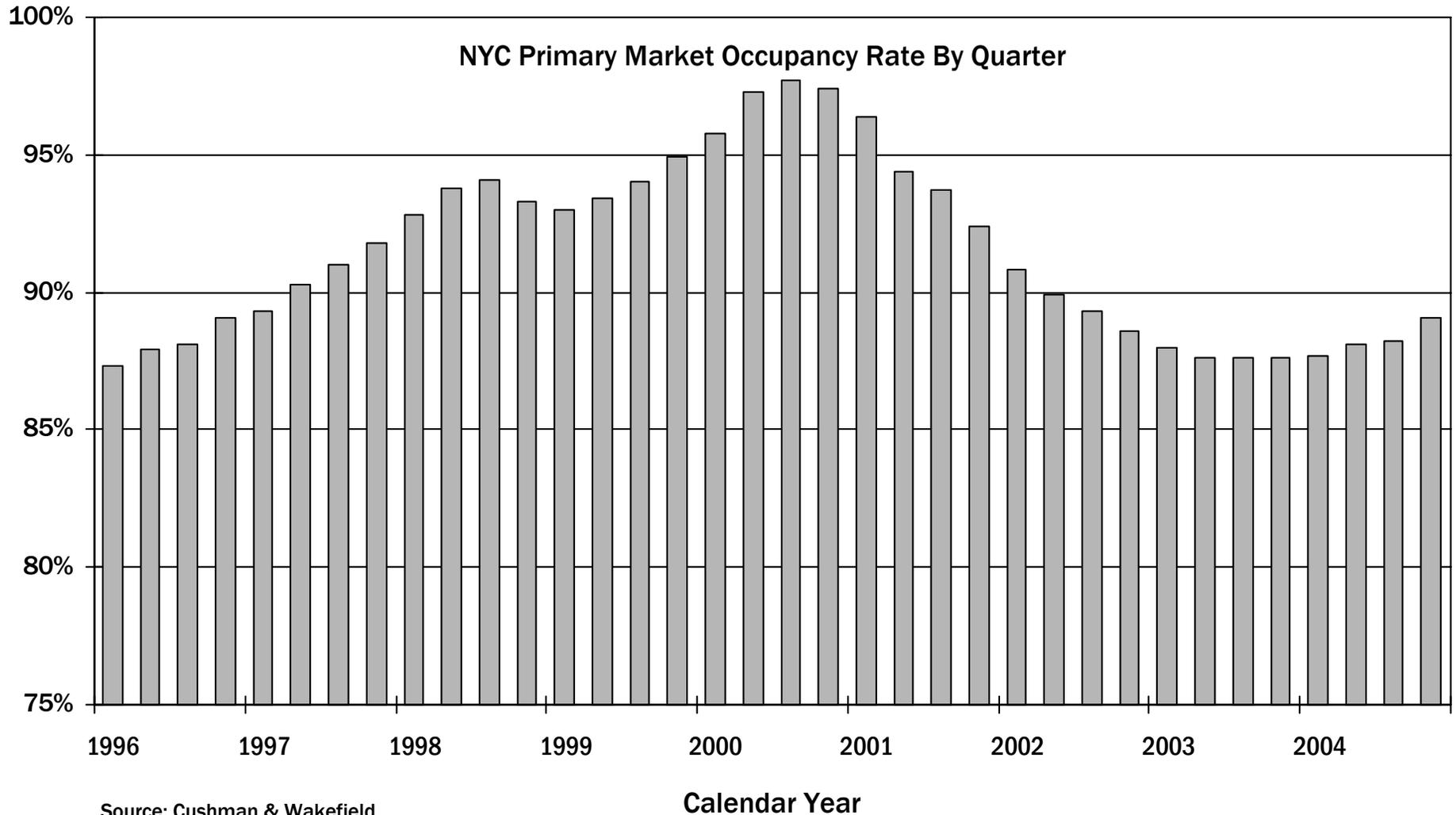


* Estimate based on actuals through 2004 Q3.
** Securities Industry Association estimate as of 10/03
(f) = forecast

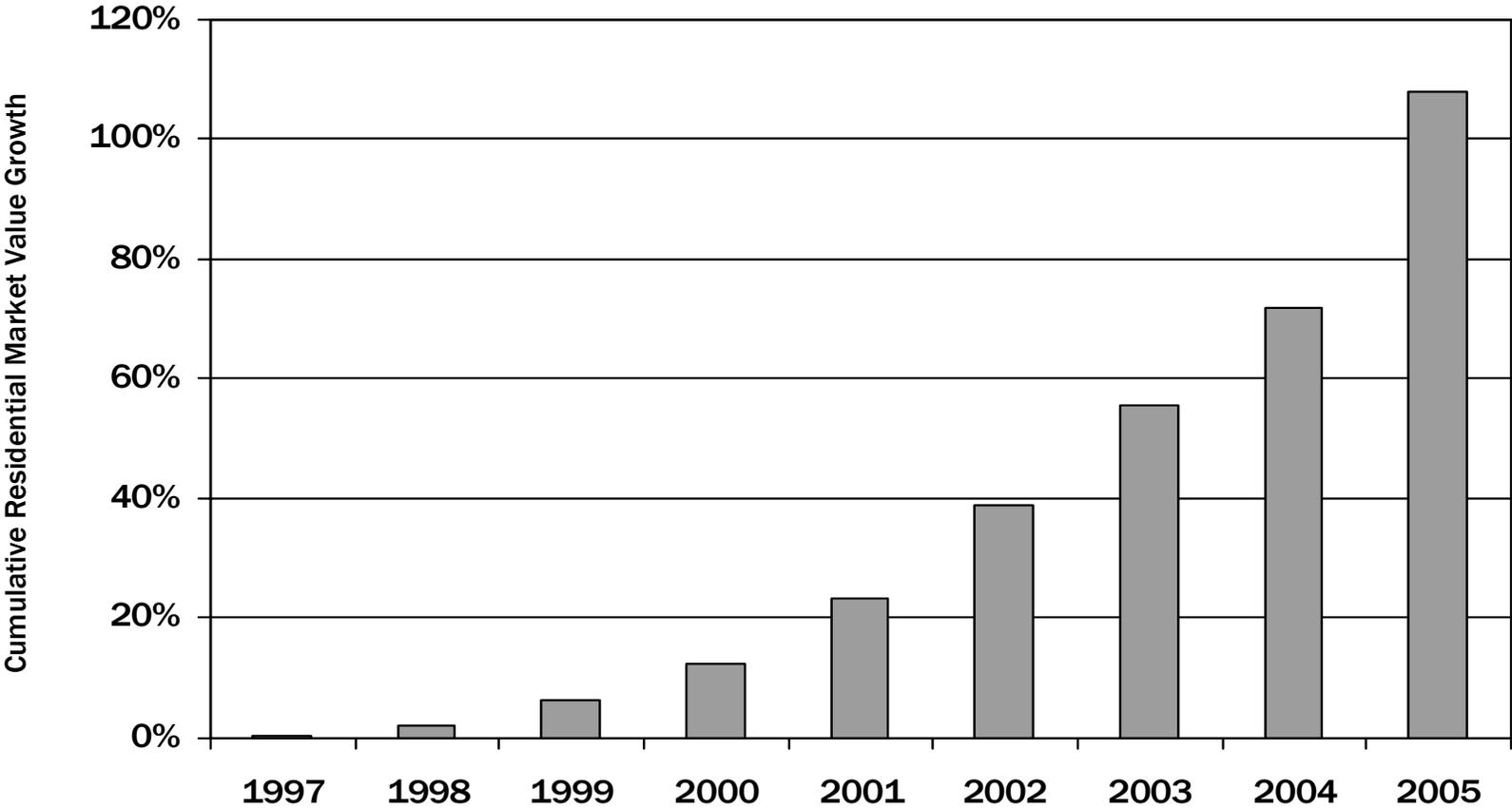
Source: Securities Industry Association/OMB

The City's Commercial Real Estate Market Has Begun to Recover

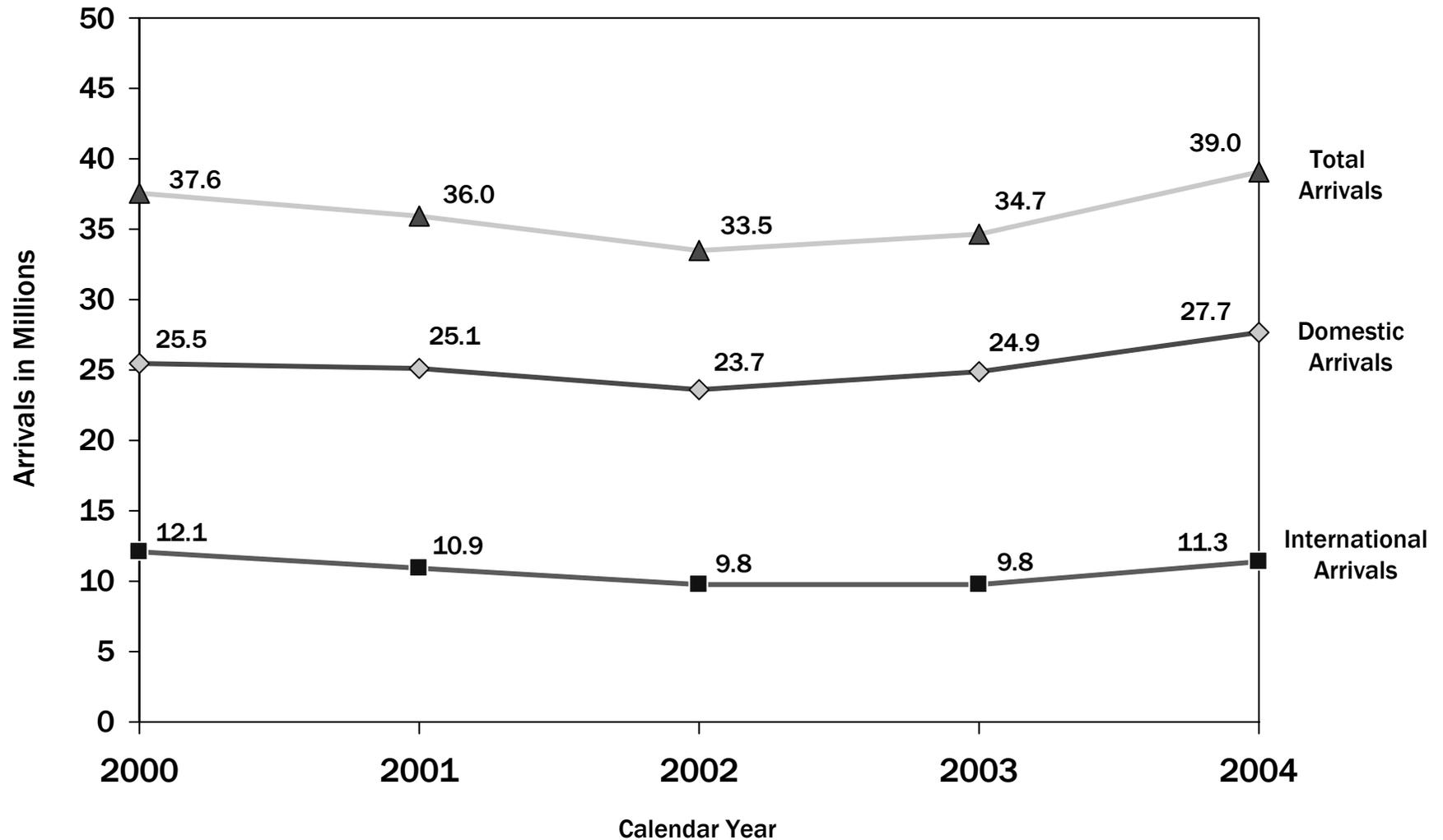
The Average Occupancy Rate for the 17 Largest U.S. Cities is Only 82%, While in NYC the Occupancy Rate is 89%



Citywide Residential Market Value Has More Than Doubled Since 1996

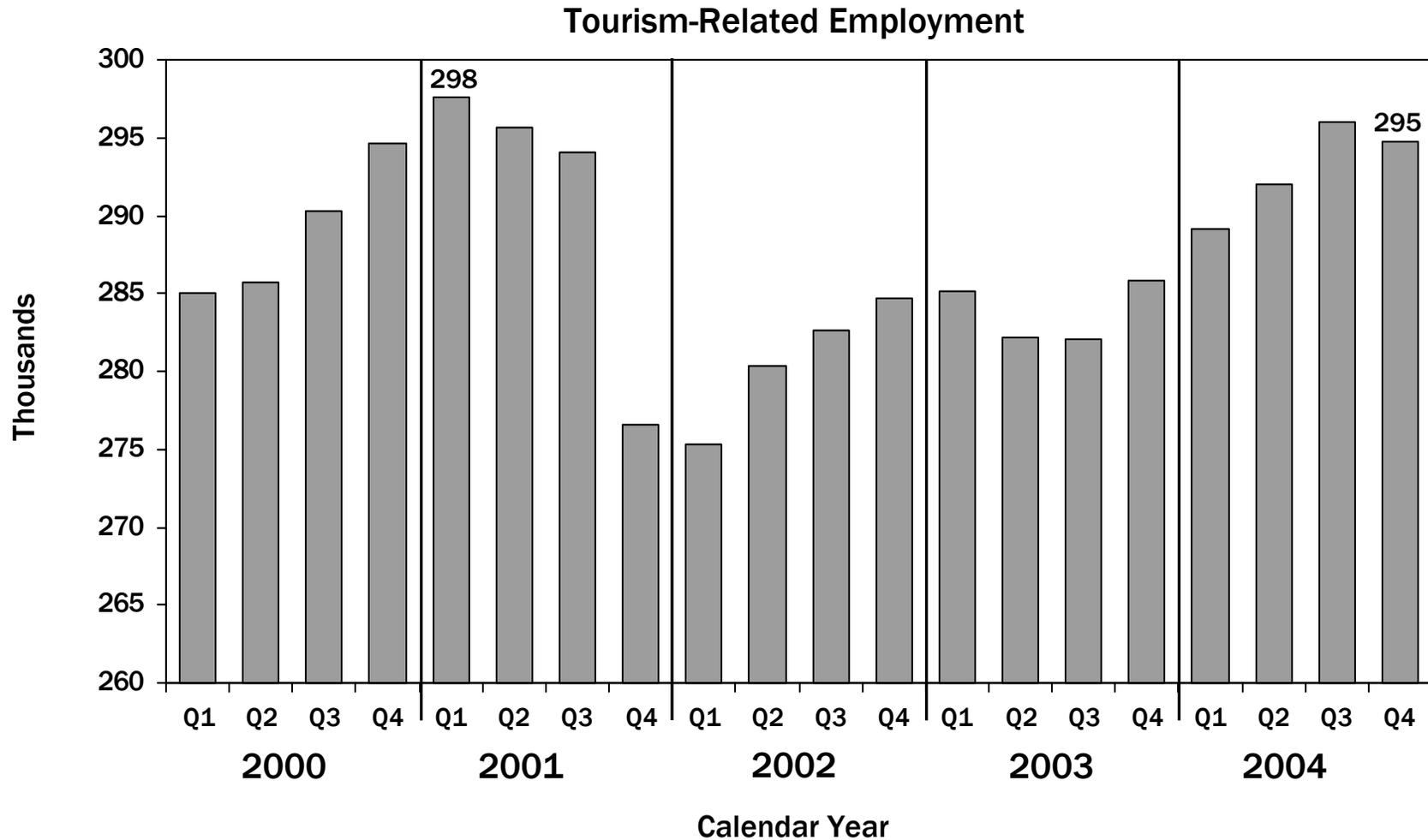


Travelers Are Returning to New York City



Source: Port Authority of NY and NJ compiled by NYC & Company

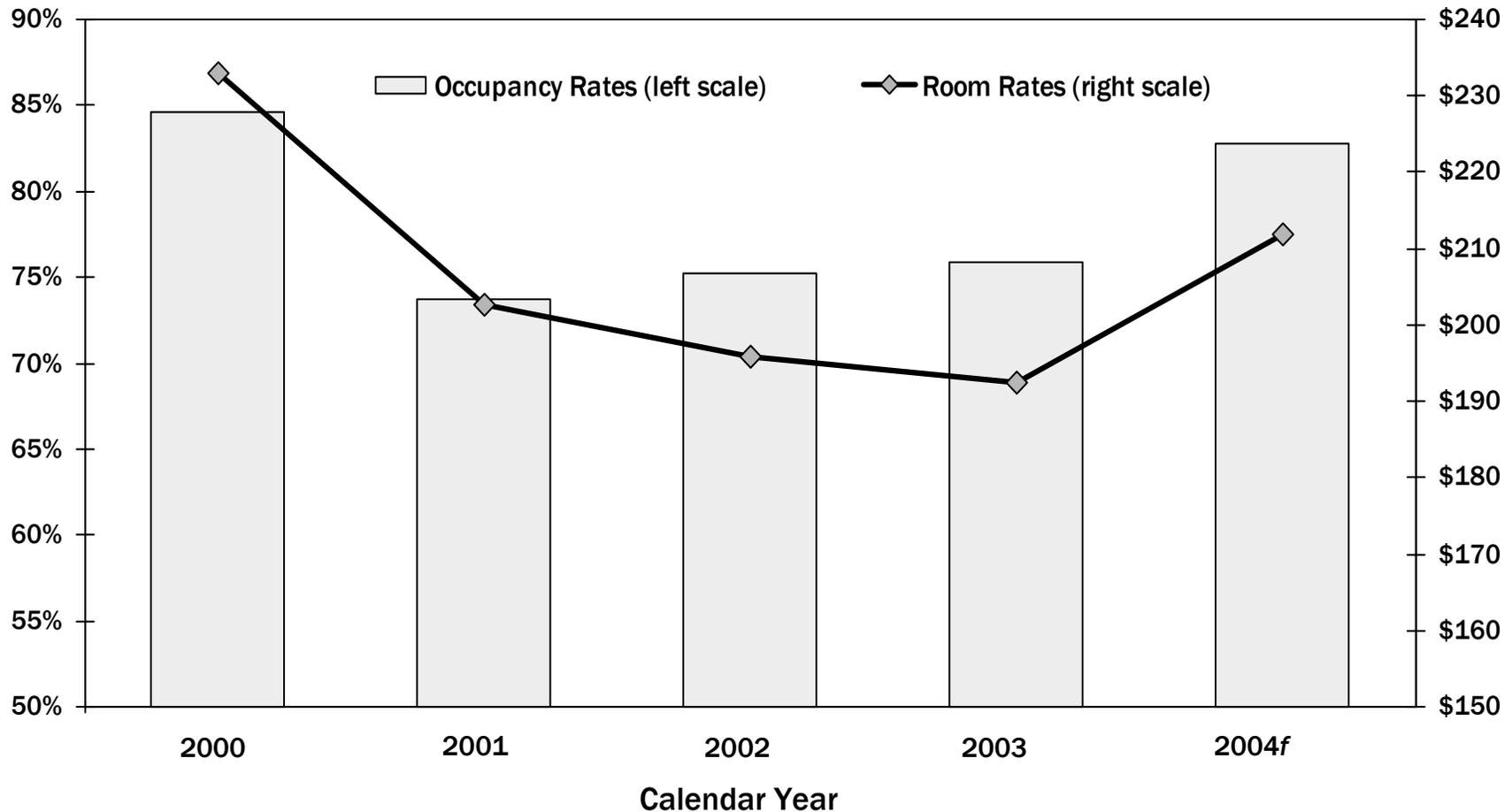
Tourism-Related Employment is Approaching Its Previous 2001 Peak



Notes: Tourism-related employment includes hotels, eating and drinking establishments, amusement and recreation services, and air transportation. All data are seasonally adjusted.

Source: Department of Labor, Bureau of Labor Statistics, Payroll Survey

Hotel Occupancy Rates Are at Levels Not Seen Since 9/11 and Room Rates Are Rising



Occupancy and room rate values are seasonally adjusted.

(f) = 2004 estimated. PKF actuals through October. Travel CLICK actuals used for November. December is estimated.

II. The Effect of the Improving Economy on the City Budget

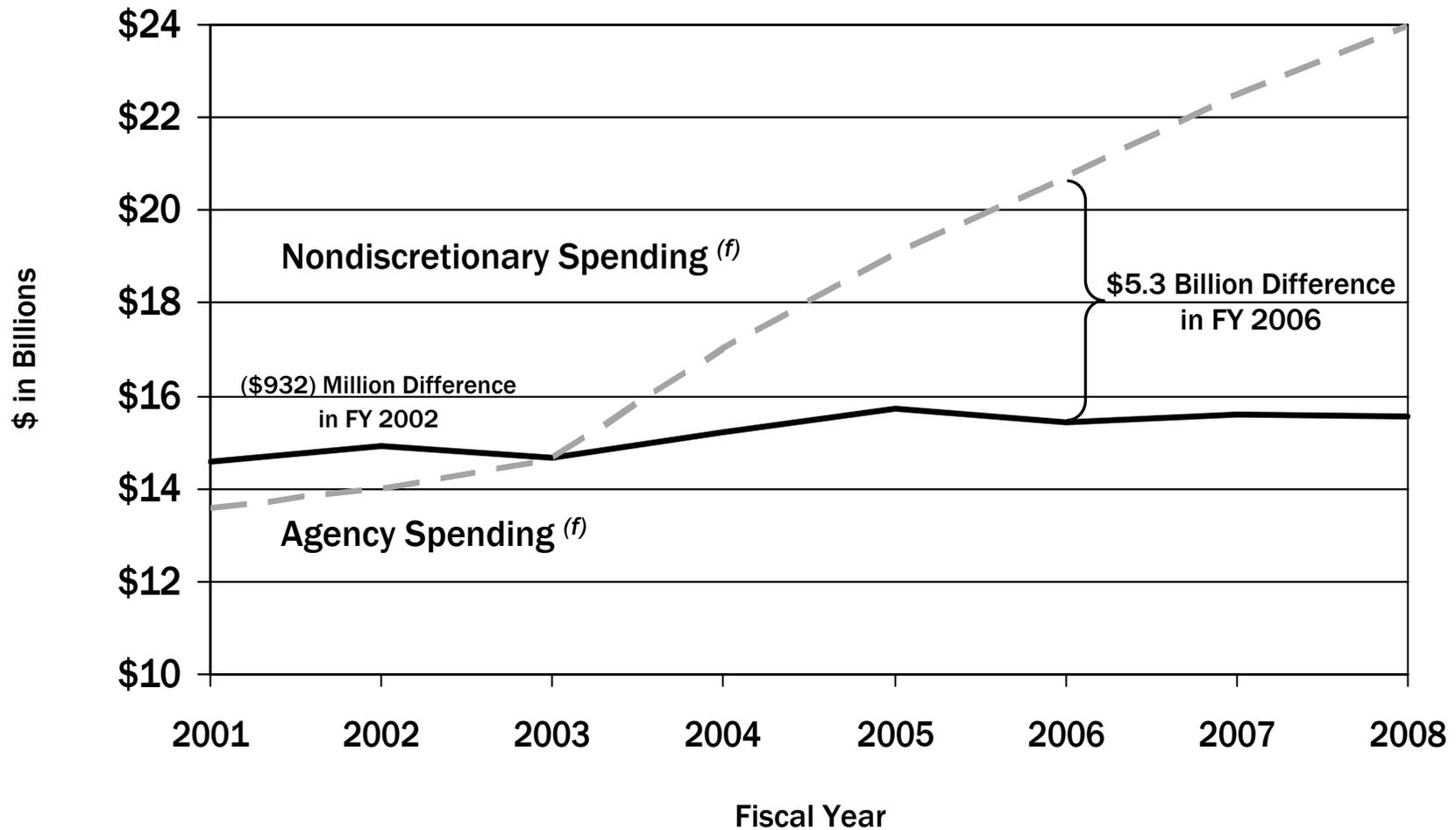
Recent Non-Property Tax Payments Have Been Strong, Particularly From the Volatile Real Estate Transaction Taxes and Finance Sector Business Income Tax Payments

		Tax \$ In Millions						
		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Real Estate Transaction Taxes		\$902	\$1,040	\$1,584	\$1,703	\$1,072	\$1,104	\$1,167
	<i>Year-to-Year</i>		\$138	\$544	\$119	(\$631)	\$32	\$63
	<i>Change:</i>		15.3%	52.4%	7.5%	(37.1%)	3.0%	5.7%
Business Income Taxes*		\$2,440	\$2,283	\$2,863	\$3,154	\$3,251	\$3,389	\$3,544
	<i>Year-to-Year</i>		(\$158)	\$580	\$291	\$97	\$138	\$155
	<i>Change:</i>		(6.5%)	25.4%	10.2%	3.1%	4.2%	4.6%
All Other Non-Property Taxes**		\$9,692	\$9,953	\$10,633	\$11,402	\$11,779	\$12,220	\$12,758
	<i>Year-to-Year</i>		\$261	\$680	\$769	\$377	\$441	\$537
	<i>Change:</i>		2.7%	6.8%	7.2%	3.3%	3.7%	4.4%
Total Non-Property Taxes		\$13,034	\$13,275	\$15,080	\$16,259	\$16,102	\$16,713	\$17,469
	<i>Year-to-Year</i>		\$241	\$1,804	\$1,180	(\$157)	\$611	\$755
	<i>Change:</i>		1.8%	13.6%	7.8%	(1.0%)	3.8%	4.5%

* Includes General Corporation, Banking Corporation and Unincorporated Business Taxes.

** Includes all other Non-Property Taxes adjusted for recent tax programs, excluding TFA.

But Our Nondiscretionary Expenses Are Now Larger Than Agency Expenses



(f) = forecast for years 2005 - 2008 (see detail on next page)

Forecast Growth in Nondiscretionary Expenses* (Detail)

		City Funds - \$ In Millions							
		2001	2002	2003	2004	2005	2006	2007	2008
Nondiscretionary Expenses^(f) (page 12)									
Pensions		\$1,107	\$1,334	\$1,534	\$2,264	\$3,070	\$3,721	\$4,120	\$4,506
	Year-to-Year		\$227	\$200	\$730	\$806	\$651	\$399	\$386
	Change:		20.5%	15.0%	47.6%	35.6%	21.2%	10.7%	9.4%
Fringe Benefits		\$3,581	\$3,794	\$4,058	\$4,275	\$4,684	\$4,956	\$5,234	\$5,560
	Year-to-Year		\$213	\$264	\$217	\$409	\$272	\$278	\$326
	Change:		5.9%	7.0%	5.3%	9.6%	5.8%	5.6%	6.2%
Subtotal: Employee-Related Costs		\$4,688	\$5,128	\$5,592	\$6,539	\$7,754	\$8,677	\$9,354	\$10,066
	Year-to-Year		\$440	\$464	\$947	\$1,215	\$923	\$677	\$712
	Change:		9.4%	9.0%	16.9%	18.6%	11.9%	7.8%	7.6%
Debt Service⁽¹⁾		\$3,828	\$3,822	\$3,335	\$4,270	\$4,252	\$4,359	\$5,104	\$5,458
	Year-to-Year		(\$6)	(\$487)	\$935	(\$18)	\$107	\$745	\$354
	Change:		(0.2%)	(12.7%)	28.0%	(0.4%)	2.5%	17.1%	6.9%
Medicaid⁽²⁾		\$3,299	\$3,537	\$3,877	\$4,268	\$4,753	\$4,914	\$5,185	\$5,566
	Year-to-Year		\$238	\$340	\$391	\$485	\$161	\$271	\$381
	Change:		7.2%	9.6%	10.1%	11.4%	3.4%	5.5%	7.3%
Re-estimate of Prior Year's Expenses		(\$178)	(\$413)	(\$179)	(\$329)	(\$200)	\$0	\$0	\$0
	Year-to-Year		(\$235)	\$234	(\$150)	\$129	\$200	\$0	\$0
	Change:		132.0%	(56.7%)	83.8%	(39.2%)	(100.0%)	0.0%	0.0%
General Reserve		\$0	\$0	\$0	\$0	\$100	\$300	\$300	\$300
	Year-to-Year		\$0	\$0	\$0	\$100	\$200	\$0	\$0
	Change:		0.0%	0.0%	0.0%	0.0%	200.0%	0.0%	0.0%
All Other⁽³⁾		\$1,906	\$1,898	\$2,009	\$2,255	\$2,396	\$2,452	\$2,511	\$2,581
	Year-to-Year		(\$8)	\$111	\$246	\$141	\$56	\$59	\$70
	Change:		(0.4%)	5.8%	12.2%	6.3%	2.3%	2.4%	2.8%
Total Nondiscretionary Expenses^(f)		\$13,543	\$13,972	\$14,634	\$17,003	\$19,055	\$20,702	\$22,454	\$23,971
	Year-to-Year		\$429	\$662	\$2,369	\$2,052	\$1,647	\$1,752	\$1,517
	Change:		3.2%	4.7%	16.2%	12.1%	8.6%	8.5%	6.8%

(f) = forecast for Years 2005 - 2008

(1) Includes TFA and Tobacco Bonds.

(2) Excludes State reimbursement for the mentally disabled.

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

* Excludes the impact of prepayments.

The Result Is That New York City's Recurring Revenues Are Still Less Than Its Expenses. There Are No Surpluses.

\$ in Millions								
	2001	2002	2003	2004	2005 ^f	2006 ^f	Cumulative Change 2001-2006	Inflation Adjusted Cumulative Change 2001-2006
Total Recurring Revenues	\$27,539	\$26,371	\$27,780	\$30,586	\$31,670	\$33,009		
Year-to-Year		(1,168)	1,409	2,806	1,084	1,339	5,470	1,229
Change:		(4.2%)	5.3%	10.1%	3.6%	4.2%	19.9%	4.5%
Agency Expenses	\$14,599	\$14,904	\$14,667	\$15,214	\$15,731	\$15,434		
Year-to-Year		305	(237)	547	517	(297)	835	(1,087)
Change:		2.1%	(1.6%)	3.7%	3.4%	(1.9%)	5.7%	(7.4%)
Non-Discretionary Expenses	13,543	13,972	14,634	17,003	19,055	20,702		
Year-to-Year		429	662	2,369	2,052	1,647	7,159	4,438
Change:		3.2%	4.7%	16.2%	12.1%	8.6%	52.9%	32.8%
Total Expenses	\$28,142	\$28,876	\$29,301	\$32,217	\$34,786	\$36,136		
Year-to-Year		734	425	2,916	2,569	1,350	7,994	3,352
Change:		2.6%	1.5%	10.0%	8.0%	3.9%	28.4%	11.9%
Deficiency of Recurring Revenues Over Expenditures (see page 15)	(\$603)	(\$2,505)	(\$1,521)	(\$1,631)	(\$3,116)	(\$3,127)	(\$2,524)	(\$2,122)

Note: Property Taxes were increased in mid FY 2003
(f) = forecast

Remaining Budget Gaps Are Closed Each Year With Non-Recurring Revenues and Other Actions

	2001	2002	2003	2004	2005 ^f	2006 ^f	2007 ^f	2008 ^f
Deficiency of Recurring Revenue Over Expenditures (see page 14)	(\$603)	(\$2,505)	(\$1,521)	(\$1,631)	(\$3,116)	(\$3,127)	(\$3,918)	(\$3,665)
Non Recurring Revenue								
Temporary Tax Increases	---	---	---	1,014	856	308	---	---
Real Property Transaction Tax Boom	---	---	---	544	663	---	---	---
FEMA	---	---	762	152	---	---	---	---
State Bond Bank	---	---	---	203	---	---	---	---
TFA	---	---	1,500	---	---	---	---	---
Airport Lease Revenue	---	---	---	---	744	---	---	---
MAC Refinancing	---	---	---	---	621	---	---	---
Anticipated Federal and State Assistance	---	---	---	---	---	750	200	100
Asset Sales	365	247	---	228	313	65	---	---
Total Non Recurring Revenue	\$365	\$247	\$2,262	\$2,141	\$3,197	\$1,123	\$200	\$100
(Increase)/Decrease in Budget Stabilization Account	\$243	\$2,263	(\$736)	(\$505)	(\$81)	\$2,004	\$ ---	\$ ---
Surplus/(Gap)	\$5	\$5	\$5	\$5	\$ ---	\$ ---	(\$3,718)	(\$3,565)

(f) = forecast

**New York City Has Taken Annually Recurring Actions to Close Budget Gaps.
Without the Continuing Effect of these Recurring Actions, the Budget Gaps
in 2005-2006 Would Have Been Huge**

The Impact in 2005 and 2006 of Annually Recurring Actions Implemented Since 2002

	FY 2005 Current	FY 2006 7/1/05 - 6/30/06
❖ City Agency Revenue and Expense Actions (see pages 19 and 26)	\$ 3,549	\$3,545
❖ Property Tax Increase	1,800	1,875
❖ Sales and PIT Temporary Tax Increases	856	308
❖ Debt Refundings and Asset Sales	455	235
❖ End of MAC Debt Service	500	500
❖ Other (including PA Airport Leases)	783	96
Total Recurring Gap Closing Actions Taken	\$7,943	\$6,559

At the same time, City-funded headcount has gone down by 16,000 positions.

III. Fiscal Year 2005

A Stronger Local Economy Combined with Sustained Gap Closing Actions Have Stabilized the City's Budget and Financial Plan Outlook

Through our hard work and the cooperation of all New Yorkers, the City's finances are stable.

- ❖ **Agencies have taken actions to reduce the FY 2006 budget gap by \$3.8 billion since 2001**
- ❖ **The City's headcount has been reduced by 16,000 since 2001**
- ❖ **We will again be able to offer a \$400 property tax rebate to homeowners**
- ❖ **The temporary sales and personal income tax increases which were necessary to safeguard vital services and stabilize the City's finances in the short term will sunset on schedule**
- ❖ **Since the Financial Plan was updated last October, the FY 2005 budget has been modified as follows:**
 - **The tax revenue forecast has been revised upwards by \$897 million**
 - **Non-tax revenues have decreased by \$115 million**
 - **Expenses have increased in this fiscal year by \$271 million**
 - **Reserves no longer needed have been recaptured, saving \$400 million**
 - **There is an Agency Gap Closing Program of \$518 million**

These changes result in \$1.4 billion of additional funds to be used to balance Fiscal Year 2006.

Since This Administration Began, We Have Acted to Reduce the FY 2005 Gap By \$3.6 Billion

City Funds - \$ in Thousands

	Actions Affecting FY 2005 Taken Between January 2002 through October 2004			New Actions Affecting FY 2005			Total Gap Closing Actions Affecting FY 2005		
	Expense	Revenue	Total	Expense	Revenue	Total	Expense	Revenue	Total
Uniformed Forces									
Police Department	(\$336,309)	(\$110,925)	(\$447,234)	(\$130,128)	(\$5,370)	(\$135,498)	(\$466,437)	(\$116,295)	(\$582,732)
Fire Department	(123,231)	(12,186)	(135,417)	(18,498)	(6,084)	(24,582)	(141,729)	(18,270)	(159,999)
Department of Correction	(184,017)	(3,175)	(187,192)	(19,111)	(100)	(19,211)	(203,128)	(3,275)	(206,403)
Department of Sanitation	(99,847)	(20,870)	(120,717)	(30,505)	(3,955)	(34,460)	(130,352)	(24,825)	(155,177)
Health & Welfare									
Admin. For Children's Services	(\$294,449)	(\$1,828)	(\$296,277)	(\$17,572)	---	(\$17,572)	(\$312,021)	(\$1,828)	(\$313,849)
Department of Social Services	(108,101)	---	(108,101)	(10,000)	---	(10,000)	(118,101)	---	(118,101)
Department of Homeless Services	(94,295)	---	(94,295)	(11,500)	---	(11,500)	(105,795)	---	(105,795)
Department of Health and Mental Hygiene	(121,446)	(3,000)	(124,446)	(7,534)	(1,200)	(8,734)	(128,980)	(4,200)	(133,180)
Other Mayoral									
Libraries	(\$25,743)	---	(\$25,743)	(\$7,418)	---	(\$7,418)	(\$33,161)	---	(\$33,161)
Department for the Aging	(52,864)	---	(52,864)	---	---	---	(52,864)	---	(52,864)
Department of Cultural Affairs	(21,773)	---	(21,773)	(3,700)	---	(3,700)	(25,473)	---	(25,473)
Housing Preservation and Development	(16,609)	(5,970)	(22,579)	---	(19,250)	(19,250)	(16,609)	(25,220)	(41,829)
Department of Environmental Protection	900	(8,603)	(7,703)	237	(1,650)	(1,413)	1,137	(10,253)	(9,116)
Department of Finance	(17,624)	(93,100)	(110,724)	(289)	(17,795)	(18,084)	(17,913)	(110,895)	(128,808)
Department of Transportation	(35,793)	(49,761)	(85,554)	(11,604)	(10,905)	(22,509)	(47,397)	(60,666)	(108,063)
Department of Parks and Recreation	(9,225)	(23,113)	(32,338)	(2,354)	(5,990)	(8,344)	(11,579)	(29,103)	(40,682)
Department of Citywide Admin. Services	(17,172)	(10,381)	(27,553)	---	(14,060)	(14,060)	(17,172)	(24,441)	(41,613)
All Other Mayoral	(231,629)	(36,054)	(267,683)	(14,736)	(38,485)	(53,221)	(246,365)	(74,539)	(320,904)
Elected Officials									
Office of the Mayor	(\$12,639)	(\$1,800)	(\$14,439)	(\$362)	(\$1,357)	(\$1,719)	(\$13,001)	(\$3,157)	(\$16,158)
City Council	(1,425)	---	(1,425)	---	---	---	(1,425)	---	(1,425)
Public Advocate	(103)	---	(103)	---	---	---	(103)	---	(103)
Office of the Comptroller	(7,477)	(3,000)	(10,477)	---	(1,242)	(1,242)	(7,477)	(4,242)	(11,719)
Borough Presidents	(7,856)	(952)	(8,808)	---	(688)	(688)	(7,856)	(1,640)	(9,496)
District Attorneys	(36,150)	---	(36,150)	(1,999)	---	(1,999)	(38,149)	---	(38,149)
Other									
Health and Hospitals Corporation	(\$30,950)	---	(\$30,950)	(\$7,500)	---	(\$7,500)	(\$38,450)	---	(\$38,450)
Department of Education	(847,758)	---	(847,758)	---	---	---	(847,758)	---	(847,758)
City University	(7,768)	---	(7,768)	---	---	---	(7,768)	---	(7,768)
Total	(\$2,741,353)	(\$384,718)	(\$3,126,071)	(\$294,573)	(\$128,131)	(\$422,704)	(\$3,035,926)	(\$512,849)	(\$3,548,775)
Debt Service	(75,573)	---	(75,573)	---	---	---	(75,573)	---	(75,573)
MAC Debt Service	---	---	---	(140)	(10,031)	(10,171)	(140)	(10,031)	(10,171)
Grand Total	(\$2,816,926)	(\$384,718)	(\$3,201,644)	(\$294,713)	(\$138,162)	(\$432,875)	(\$3,111,639)	(\$522,880)	(\$3,634,519)

Fiscal Plan Update

Changes Between October 2004 and January 2005

\$ in Millions

(Increases Gap)/Decreases Gap	2005	2006	2007	2008
Gap to be Closed October 2004 Plan	\$ ---	(\$2,965)	(\$4,176)	(\$3,347)
Revenue Changes				
Property Tax Forecast	(\$41)	\$202	\$443	\$573
Delay Lien Sale	(54)	51	---	---
Non-Property Tax Revenue Forecast (see page 21)	992	198	65	---
Non Tax Revenues	55	17	20	23
Tobacco Settlement Revenues	(120)	120	(2)	(2)
Federal Aid in FY 2005 Adopted Budget	(50)	--	---	---
Total Revenue Changes	\$782	\$588	\$526	\$594
Expenditure Changes				
Medicaid (assumes no change in current State policy)	(\$168)	(\$301)	(\$475)	(\$666)
Education	(60)	(60)	(60)	(60)
Agency Operating Changes (see page 22)	(194)	(160)	(150)	(141)
Zoning-Related Hudson Yards Improvements	(6)	(46)	(95)	(139)
Other Debt Service/MAC	43	(2)	(17)	(31)
Pension and Fringe Benefit Costs	114	(149)	(21)	(224)
Revised Estimate Prior Years' Expenses	200	---	---	---
Reduced General Reserve to \$100 Million	200	---	---	---
Total Expenditure Change	\$129	(\$718)	(\$818)	(\$1,261)
Gap to be Closed January 2005 Plan (see page 25 for Gap Closing Program)	\$911	(\$3,095)	(\$4,468)	(\$4,014)

Detail of Non-Property Tax Revenue Forecast

Changes Between October 2004 and January 2005

\$ in Millions

	2005	2006	2007	2008
Personal Income Tax	\$252	\$204	\$130	\$72
General Corporation Tax	130	48	52	42
Banking Corporation Tax	24	15	8	5
Unincorporated Business Tax	19	(14)	(24)	(21)
Sales Tax	77	37	11	---
Real Property Transfer Tax	287	(18)	(19)	4
Mortgage Recording Tax	70	(149)	(132)	(117)
State STAR Aid	72	17	(2)	(27)
All Other Taxes	61	58	41	42
Total	\$992	\$198	\$65	\$ ---

Detail of Agency Operating Changes

Between October 2004 and January 2005

	\$ in Millions			
	2005	2006	2007	2008
Fire	\$44	\$28	\$28	\$28
Children Services	30	30	30	30
Youth	1	15	15	15
HPD	5	6	6	6
Buildings	7	7	7	6
Finance	10	6	6	6
Health	(15)	(9)	(12)	(8)
DoITT	5	8	7	8
Leases and Energy	(4)	8	11	(1)
Private Bus and Other Transportation	33	31	31	31
All Other	78	30	21	20
Total	\$194	\$160	\$150	\$141

IV. Fiscal Year 2006

Before the actions proposed in this Plan and increases in revenues, the budget gap in FY 2006 was forecast to be \$2.965 billion.

The City has now taken actions under its own control, including \$1.1 billion in FY 2005-06 agency cost reductions and/or finding non-City funding sources, asset sales and debt refundings, to reduce the budget gap. These savings will reduce the forecast FY 2006 budget gap to \$1.1 billion.

The City still needs the assistance of New York State and the federal government in order to maintain financial stability and preserve necessary services. This financial plan includes \$500 million in assistance from New York State and \$250 million in assistance from the federal government to close the FY 2006 budget gap, and assumes \$325 million in savings in health benefits and pension costs in FY 2006.

Fiscal Year 2006 Gap Closing Plan.

We Still Have A Way to Go

\$ in Millions

(Increases the Gap)/Decreases the Gap	2005	2006	2007	2008
Gap to be Closed as of January 2005 Plan (see page 25)	\$911	(\$3,095)	(\$4,468)	(\$4,014)
Gap Closing Actions Within City's Control				
Agency Program	\$423	\$506	\$350	\$349
Debt Service	10	85	---	---
Asset Sales (Airport Lease and Taxi Medallion Sale)	85	---	---	---
Subtotal Actions Within City's Control	\$518	\$591	\$350	\$349
Increase FY 2005 Budget Stabilization Account	(\$1,429)	\$1,429	---	---
Remaining Gap to be Closed	\$ ---	(\$1,075)	(\$4,118)	(\$3,665)
Additional Gap Closing Actions				
State Actions	\$ ---	\$500	\$200	\$100
Federal Actions	---	250	---	---
Pensions/Health Insurance	---	325	200	---
Total Additional Actions	\$ ---	\$1,075	\$400	\$100
Surplus/(Gap)	\$ ---	\$ ---	(\$3,718)	(\$3,565)

Spending Risks:

- CFE
- Labor Contracts/Pensions and Health Insurance
- MTA

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

City Funds - \$ in Thousands

	Actions Affecting FY 2006 Taken Between January 2002 through October 2004			New Actions Affecting FY 2006			Total Gap Closing Actions Affecting FY 2006		
	Expense	Revenue	Total	Expense	Revenue	Total	Expense	Revenue	Total
Uniformed Forces									
Police Department	(\$271,754)	(\$109,925)	(\$381,679)	(\$125,288)	(\$5,370)	(\$130,658)	(\$397,042)	(\$115,295)	(\$512,337)
Fire Department	(114,537)	(12,186)	(126,723)	(45,136)	(6,084)	(51,220)	(159,673)	(18,270)	(177,943)
Department of Correction	(175,990)	(3,175)	(179,165)	(49,133)	4,218	(44,915)	(225,123)	1,043	(224,080)
Department of Sanitation	(52,295)	(20,620)	(72,915)	(46,134)	(4,717)	(50,851)	(98,429)	(25,337)	(123,766)
Health & Welfare									
Admin. For Children's Services	(\$259,471)	(\$1,828)	(\$261,299)	(\$34,734)	---	(\$34,734)	(\$294,205)	(\$1,828)	(\$296,033)
Department of Social Services	(100,445)	---	(100,445)	(16,229)	---	(16,229)	(116,674)	---	(116,674)
Department of Homeless Services	(95,263)	---	(95,263)	(7,500)	---	(7,500)	(102,763)	---	(102,763)
Department of Health and Mental Hygiene	(124,208)	(3,000)	(127,208)	(12,704)	(3,200)	(15,904)	(136,912)	(6,200)	(143,112)
Other Mayoral									
Libraries	(\$47,814)	---	(\$47,814)	(\$13,512)	---	(\$13,512)	(\$61,326)	---	(\$61,326)
Department for the Aging	(65,277)	---	(65,277)	(4,235)	---	(4,235)	(69,512)	---	(69,512)
Department of Cultural Affairs	(32,503)	---	(32,503)	(6,214)	---	(6,214)	(38,717)	---	(38,717)
Housing Preservation and Development	(16,644)	(4,470)	(21,114)	(2,900)	(4,600)	(7,500)	(19,544)	(9,070)	(28,614)
Department of Environmental Protection	900	(8,603)	(7,703)	269	(1,419)	(1,150)	1,169	(10,022)	(8,853)
Department of Finance	(17,674)	(94,850)	(112,524)	---	(3,600)	(3,600)	(17,674)	(98,450)	(116,124)
Department of Transportation	(29,700)	(54,880)	(84,580)	(7,345)	(5,875)	(13,220)	(37,045)	(60,755)	(97,800)
Department of Parks and Recreation	(18,361)	(19,113)	(37,474)	(2,967)	(8,840)	(11,807)	(21,328)	(27,953)	(49,281)
Department of Citywide Admin. Services	(17,172)	(9,781)	(26,953)	---	---	---	(17,172)	(9,781)	(26,953)
All Other Mayoral	(229,538)	(28,660)	(258,198)	(53,234)	(6,010)	(59,244)	(282,772)	(34,670)	(317,442)
Elected Officials									
Office of the Mayor	(\$12,472)	(\$1,800)	(\$14,272)	(\$578)	(\$233)	(\$811)	(\$13,050)	(\$2,033)	(\$15,083)
City Council	(1,424)	---	(1,424)	---	---	---	(1,424)	---	(1,424)
Public Advocate	(1,064)	---	(1,064)	---	---	---	(1,064)	---	(1,064)
Office of the Comptroller	(7,277)	(3,000)	(10,277)	---	(3,774)	(3,774)	(7,277)	(6,774)	(14,051)
Borough Presidents	(11,348)	(952)	(12,300)	---	(1,082)	(1,082)	(11,348)	(2,034)	(13,382)
District Attorneys	(39,242)	---	(39,242)	(16,334)	---	(16,334)	(55,576)	---	(55,576)
Other									
Health and Hospitals Corporation	(\$30,980)	---	(\$30,980)	(\$11,400)	---	(\$11,400)	(\$42,380)	---	(\$42,380)
Department of Education	(865,580)	---	(865,580)	---	---	---	(865,580)	---	(865,580)
City University	(25,453)	---	(25,453)	---	---	---	(25,453)	---	(25,453)
Total	(\$2,662,586)	(\$376,843)	(\$3,039,429)	(\$455,308)	(\$50,586)	(\$505,894)	(\$3,117,894)	(\$427,429)	(\$3,545,323)
Debt Service	(150,159)	---	(150,159)	(52,467)	(32,902)	(85,369)	(202,626)	(32,902)	(235,528)
Grand Total	(\$2,812,745)	(\$376,843)	(\$3,189,588)	(\$507,775)	(\$83,488)	(\$591,263)	(\$3,320,520)	(\$460,331)	(\$3,780,851)

Fiscal Year 2006 Budget

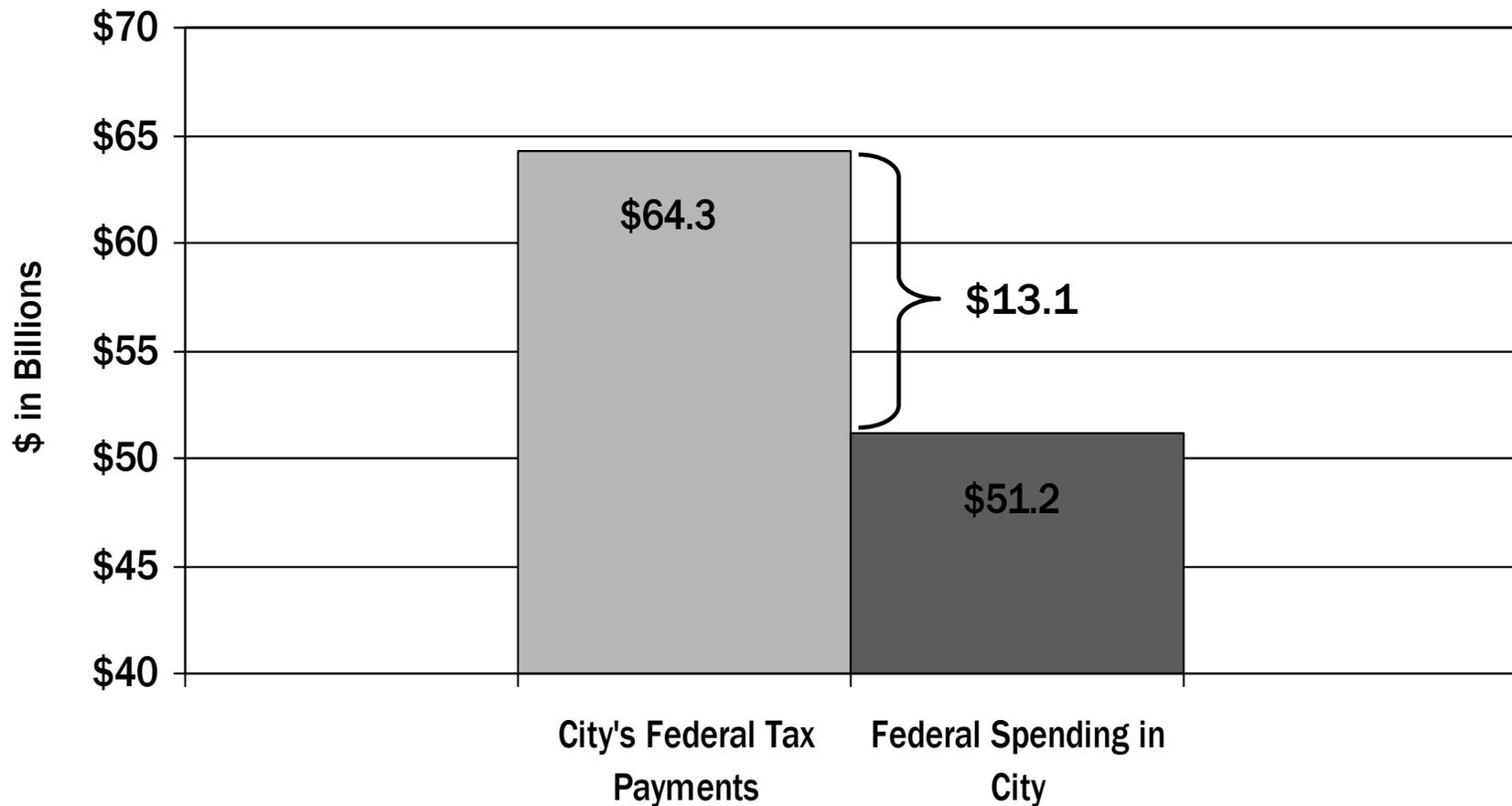
\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs				All Funds Total	City Funds Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	Judgments & Claims	Debt Service	OTPS Subtotal		
UNIFORM AGENCIES										
Police Department	\$3,075	\$1,166	\$1,267	\$5,508	\$205	\$108	\$71	\$384	\$5,892	\$5,715
Fire Department	1,027	408	551	1,986	101	22	55	178	2,164	2,013
Department of Correction	675	246	160	1,081	102	23	155	280	1,361	1,309
Department of Sanitation	615	253	107	975	406	28	152	586	1,561	1,525
Subtotal	\$5,392	\$2,073	\$2,085	\$9,550	\$814	\$181	\$433	\$1,428	\$10,978	\$10,562
HEALTH AND WELFARE										
Administration for Children's Services	\$329	\$129	\$32	\$490	\$1,739	\$3	---	\$1,742	\$2,232	\$709
Department of Social Services	646	292	76	1,014	2,306	6	76	2,388	3,402	1,550
Department of Homeless Services	107	46	10	163	561	---	---	561	724	331
Department of Health and Mental Hygiene	331	89	29	449	1,134	3	17	1,154	1,603	693
Health and Hospitals Corporation ⁽¹⁾	---	---	---	---	178	200	193	571	571	376
Subtotal	\$1,413	\$556	\$147	\$2,116	\$5,918	\$212	\$286	\$6,416	\$8,532	\$3,659
MEDICAID	\$---	\$---	\$---	\$---	\$5,066	\$---	\$---	\$5,066	\$5,066	\$4,914
EDUCATION										
Department of Education	\$7,910	\$2,113	\$1,405	\$11,428	\$3,581	\$32	\$641	\$4,254	\$15,682	\$7,529
City University	300	47	29	376	167	1	39	207	583	401
Subtotal	\$8,210	\$2,160	\$1,434	\$11,804	\$3,748	\$33	\$680	\$4,461	\$16,265	\$7,930
OTHER AGENCIES	\$1,660	\$608	\$194	\$2,462	\$2,376	\$214	\$1,401	\$3,991	\$6,453	\$5,240
ELECTED OFFICIALS	\$349	\$121	\$34	\$504	\$75	\$1	---	\$76	\$580	\$542
DEBT AND MISCELLANEOUS										
Miscellaneous Budget	\$257	---	---	\$257	\$1,459	---	\$283	\$1,742	\$1,999	\$1,867
Debt Service Costs (unallocated)	---	---	---	---	---	---	392	392	392	374
Subtotal	\$257	---	---	\$257	\$1,459	---	\$675	\$2,134	\$2,391	\$2,241
TOTAL	\$17,281	\$5,518	\$3,894	\$26,693	\$19,456	\$641	\$3,475	\$23,572	\$50,265	\$35,088
City Funds	\$9,918	\$4,956	\$3,721	\$18,595	\$12,731	\$451	\$3,311	\$16,493	\$35,088	
2005 Prepayments										
	---	---	---	---	\$300	---	\$1,704	\$2,004	\$2,004	\$2,004
Total after Prepayments	\$17,281	\$5,518	\$3,894	\$26,693	\$19,156	\$641	\$1,771	\$21,568	\$48,261	\$33,084

(1) Only reflects HHC Subsidy in the City's Budget.

V. Federal Agenda

New York City Pays \$13.1 Billion More in Federal Taxes Than It Gets Back in Funding



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

Federal Agenda

The 2006 Gap Closing Program requests \$250 million in initiatives which will help close the budget gap. We have provided a menu of almost \$1 billion in proposals to achieve this goal.

- ❖ This past year, the City received an additional \$125 million in Homeland Security Funding for high threat cities. This additional funding recognized that New York City and the other large U.S. cities are the most at risk and, therefore, deserve a majority of the high threat funding.**
- ❖ In the coming year, the other major funding source for Homeland Security, the State Homeland Security Grant, must be changed so that it is also distributed on a threat-based allocation, rather than a population-based formula. Flexibility also needs to be provided so that the funds can be used in ways that most benefit the City's many security needs.**

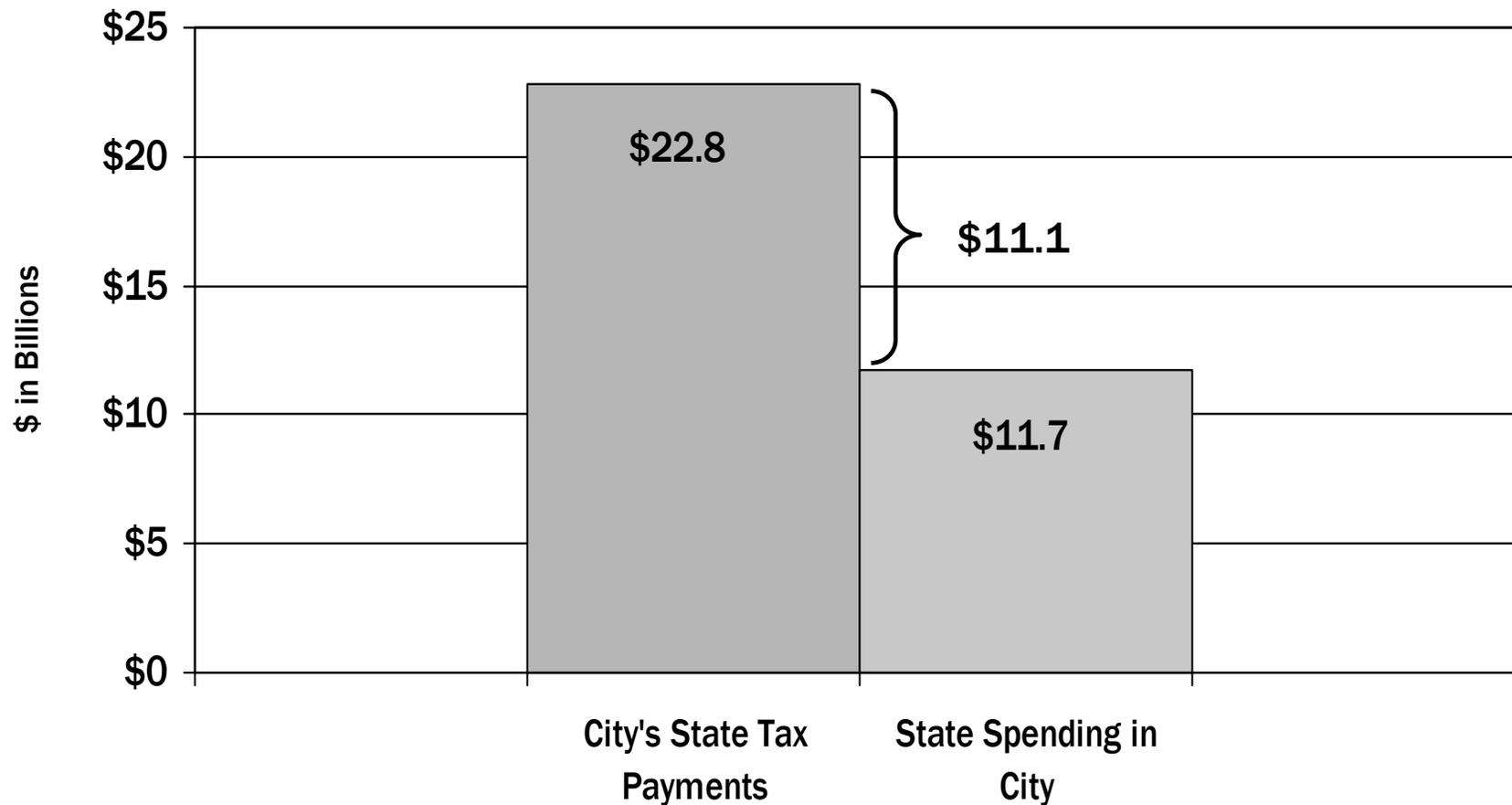
Federal Agenda

\$ in Millions

	FY 2002-05	2006	2007	2008	2009
Federal Actions Already Achieved					
❖ Homeland Security	\$486	\$ ---	\$ ---	\$ ---	\$ ---
❖ FMAP Increase	281	---	---	---	---
❖ Second Advanced Refunding	150	---	---	---	---
❖ CDBG Waiver	60	---	---	---	---
❖ United Nations Reimbursement	32	---	---	---	---
Subtotal	\$1,009	---	---	---	---
Medicaid					
❖ Eliminate Federal Recapture of Dual Eligible					
❖ Pharmaceutical Savings		\$186	\$210	\$239	\$274
❖ Allow for Reimportation of Drugs from Canada		168	193	224	263
❖ Expand Medicare Drug Subsidies to Include Part B Premiums and Co-Payments		73	78	82	82
❖ Restore Federal Medicaid Funding for Legal Immigrants		26	28	31	33
Subtotal		\$453	\$509	\$576	\$652
Homeland Security and Local Law Enforcement					
❖ Allocate All Homeland Security Funding on a Threat Basis and Provide for More Flexible Uses		\$200	\$200	\$200	\$200
❖ 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		32	8	8	8
❖ Restore Local Law Enforcement Block Grant Funding		24	24	24	24
❖ Extend Parking Summons Provisions for Foreign Diplomats		10	10	---	---
Subtotal		\$326	\$302	\$297	\$297
Other Items to Close the Gap					
❖ Update Federal Foster Care Eligibility and Expand Foster Care Funding Uses		\$87	\$87	\$87	87
❖ Close Cigarette Tax Loopholes		75	75	75	75
❖ Grant the CDBG Waiver for Public Services		20	---	---	---
❖ Expand Definition of Emergency for Homelessness		10	10	10	10
Subtotal		\$192	\$172	\$172	\$172
Grand Total		\$971	\$983	\$1,045	\$1,121

VI. State Agenda

New York City Pays \$11.1 Billion More in State Taxes Than It Gets Back in Funding



Source: "Balance of Revenue & Expenditure Among NYS Regions", Center for Governmental Research, Inc. May 2004.

State Agenda

The 2006 Gap Closing Program calls for \$500 million in initiatives requiring State Action. We have provided a menu of over \$1 billion in proposals to achieve this goal.

- ❖ **Medicaid expenditures by New York City have grown to over \$5 billion dollars a year. The State must reform Medicaid in order to relieve the City and other counties in New York from substantial increases in this mandated program.**
- ❖ **State cost shifts to local governments, such as capping reimbursements for social service administrative expenses and for detaining State inmates have historically been used to control State spending. We must reverse these tactics and receive equitable reimbursement for undertaking State functions.**
- ❖ **This year, the State must distribute the Federal Help America Vote Act funds to localities in order to upgrade voting machines statewide.**

State Agenda

\$ in Millions

	FY 02-05	2006	2007	2008	2009
State Actions Already Achieved					
❖ Temporary Tax Surcharges	\$1,886	\$ ---	\$ ---	\$ ---	\$ ---
❖ MAC Refinancing	1,000	---	---	---	---
❖ Other/Local Finance Initiatives	545	---	---	---	---
❖ City Cigarette Tax Increase	354	---	---	---	---
❖ Tax Loopholes	180	---	---	---	---
❖ Battery Park City Refinancing	150	---	---	---	---
❖ Taxi Medallion Sale	130	---	---	---	---
❖ Partial Family Health Plus Takeover	77	---	---	---	---
Subtotal	\$4,322	\$ --	\$ --	\$ --	\$ --
Medicaid Reform					
❖ Expand State Medicaid Share to Cover All Children with Disabilities		\$197	\$201	\$205	\$215
❖ Accelerate the State Takeover of Family Health Plus		85	---	---	---
❖ Continue the State Takeover of Medicaid Long Term Care		63	130	201	276
❖ Implement a Supplemental Rebate Program and Preferred Drug List		55	62	70	70
❖ Reverse Local Share of Recent Graduate Medical Education Transfer to Medicaid		25	25	25	25
Subtotal		\$425	\$418	\$501	\$586
Reverse State Costs Shifts					
❖ Remove State Caps on Reimbursement for Social Services Administrative Expenses		\$130	\$130	\$130	\$130
❖ Eliminate Foster Care Block Grant		100	100	100	100
❖ Adjust State Reimbursement Rates		74	109	144	180
❖ Restore the TANF Transfer to Title XX to Federally Authorized Levels		49	49	49	49
❖ Eliminate Home Care Savings Target		42	42	42	42
❖ Reduce State Cost Recovery Fees Assessed to City Public Benefit Corporations		4	4	4	4
Subtotal		\$399	\$434	\$469	\$505
No Cost Initiatives					
❖ Allocate Federal HAVA Funds Equitably*		\$92	\$ ---	\$ ---	\$ ---
❖ Enact Tort Reform and Collateral Source Legislation		80	83	86	89
❖ Implement Early Intervention Reform		65	67	69	71
❖ Close Tax Loopholes Identified by Department of Finance		15	19	22	25
❖ Conform Certain Fees to State Levels		13	13	13	13
❖ Increase the Authorization for Red Light Cameras		13	12	12	12
❖ Enact Omnibus Racing Legislation		11	11	11	11
❖ Reform Local Finance Laws		8	8	8	8
Subtotal		\$297	\$213	\$221	\$229
Grand Total		\$1,121	\$1,065	\$1,191	\$1,320
Alternative Proposal					
❖ Cap Medicaid at the FY 2003 Level		\$869	\$1,139	\$1,520	\$1,951
❖ Annual Capital Savings with Full Wick's Law Repeal (over \$1.8 Billion in Ten Years)		\$451	\$283	\$244	\$198

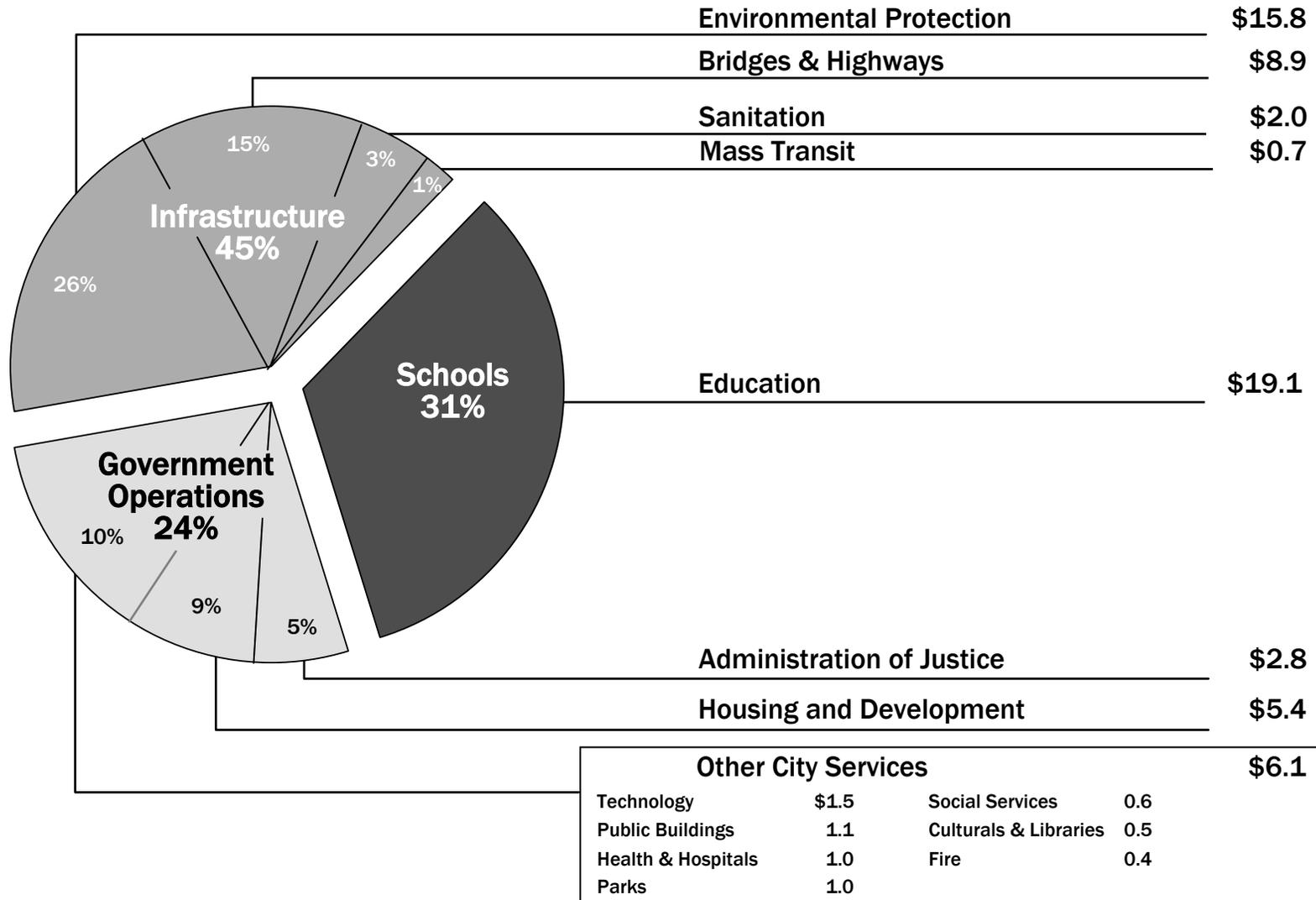
*This funding will be a cost avoider for the City

VII. Capital

Preliminary Ten-Year Capital Strategy 2006-2015

Totals \$60.8 Billion in All Funds

\$ in Billions



Highlights of the Preliminary Ten-Year Capital Strategy

Highlights	\$ in Millions
❖ Bridges (DOT)	\$5,136
➤ East River	\$666
➤ Harlem River	572
➤ All Other Bridges	3,898
❖ Street Resurfacing (7,700 Base Lane Miles and 1,000 Incremental Lane Miles)	1,035
❖ Sanitation Garages	830
❖ Supportive Housing for the Homeless	532
❖ Neighborhood Parks (Citywide)	408
❖ Police Facilities	341
❖ Fire Facilities	238

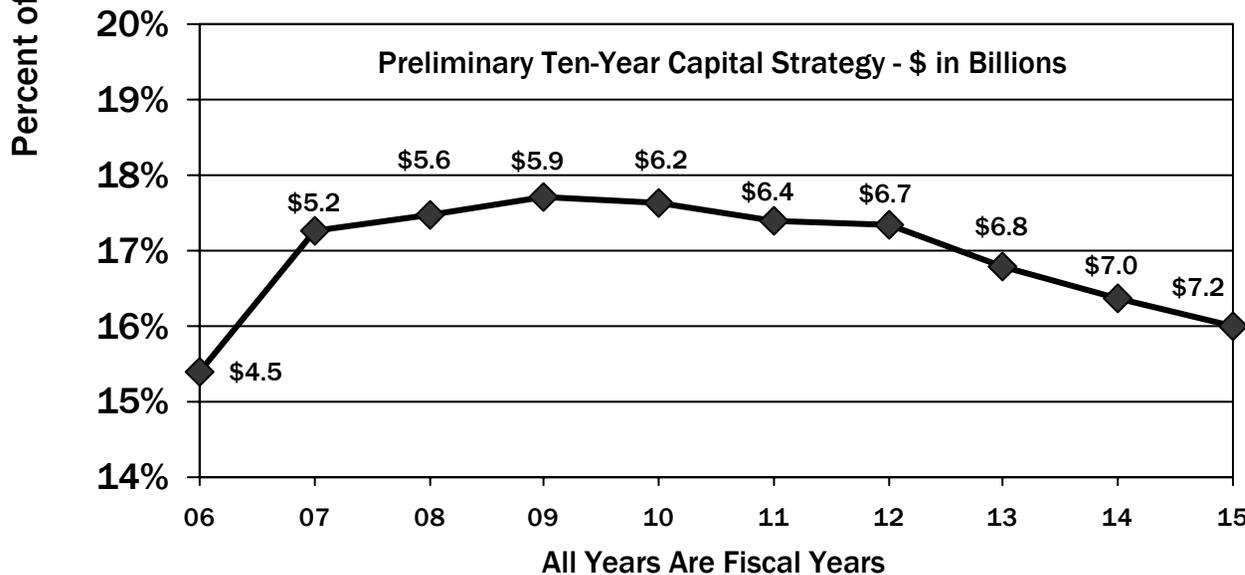
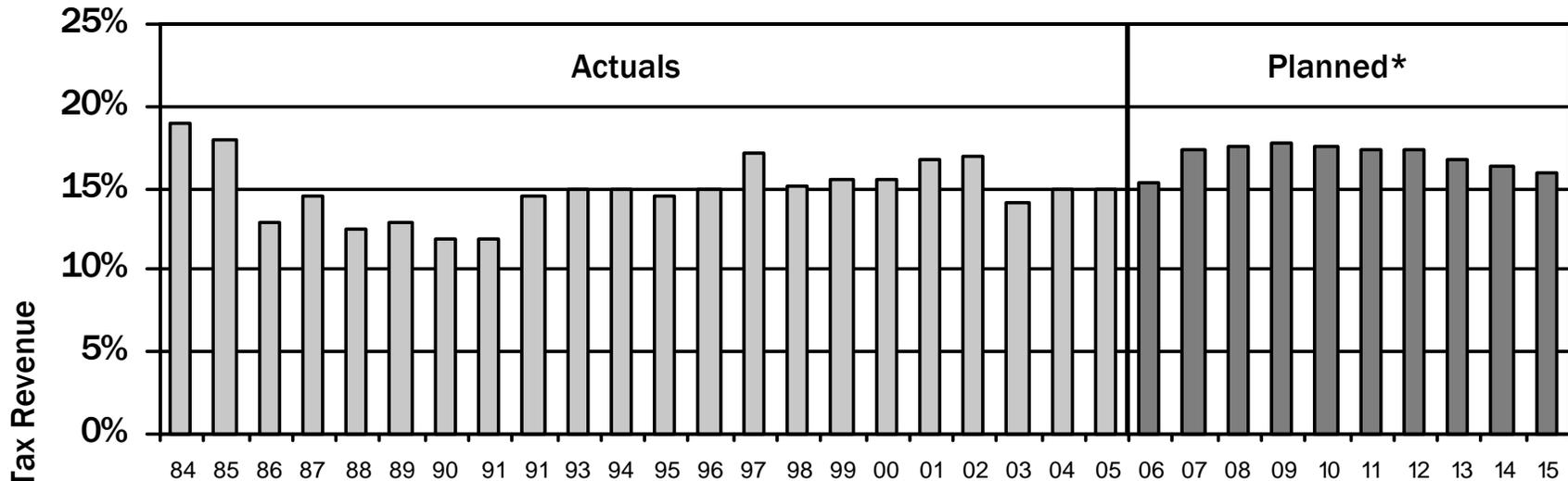
Highlights of the Preliminary Ten-Year Capital Strategy

Highlights	\$ in Millions
❖ Modernization of Harlem Hospital Center	225
❖ Bronx Park Development	200
❖ New Mental Health Facility at Kings County Hospital Center	140
❖ Passenger Ship Terminal Expansion	131
❖ Renovation and Reconstruction of Gouverneur Hospital	101
❖ Fresh Kills Development – Phase 1	100
❖ Citywide Tree Planting	89
❖ Downtown Brooklyn Plan	89
❖ Completion of Whitehall and St. George Ferry Terminals	74
❖ Flushing Meadow Corona Park Pool and Skating Rink	73

Highlights of the Preliminary Ten-Year Capital Strategy

Highlights	\$ in Millions
❖ Homeport	66
❖ Hudson River Park	65
❖ Sanitation (320 Salt Spreaders)	64
❖ Jamaica Station Area Redevelopment	28
❖ Hunts Point Revitalization	26
❖ Brooklyn Navy Yard Development (Retail and Industrial Space)	21
❖ Uptown NY / 125th Street Redevelopment	18
❖ Elmhurst Keyspan Park	17
❖ Citywide School Pedestrian Safety Program	14
❖ Bush Terminal Piers Open Space	8

Debt Service as a Percentage of Tax Revenues



* Planned figures include General Obligation Bonds, Transitional Finance Authority Bonds, TSASC 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.

VIII. Financial Plan

Five-Year Financial Plan Revenue and Expenditures

\$ in Millions

	2005	2006	2007	2008	2009
Revenues					
Taxes					
General Property Tax	\$11,536	\$12,345	\$13,066	\$14,006	\$14,671
Other Taxes	16,715	15,556	15,821	16,564	17,386
Tax Audit Revenue	525	512	509	509	509
Miscellaneous Revenues	6,199	4,580	4,343	4,380	4,406
Unrestricted Intergovernmental Aid	562	562	562	562	562
Anticipated Federal and State Aid	---	750	200	100	100
Less: Intra-City Revenue	(1,268)	(1,206)	(1,205)	(1,205)	(1,205)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$34,254	\$33,084	\$33,281	\$34,901	\$36,414
Other Categorical Grants	897	934	916	921	927
Inter-Fund Revenues	357	347	339	332	332
Total City Funds and Inter-Fund Revenues	\$35,508	\$34,365	\$34,536	\$36,154	\$37,673
Federal Categorical Grants	5,563	4,839	4,776	4,765	4,765
Federal - FEMA Insurance Program	1,000	---	---	---	---
State Categorical Grants	8,999	9,057	9,074	9,138	9,179
Total Revenues	\$51,070	\$48,261	\$48,386	\$50,057	\$51,617
Expenditures					
Personal Service					
Salaries and Wages	\$17,850	\$17,499	\$17,524	\$17,401	\$17,413
Pensions	3,243	3,894	4,294	4,681	4,609
Fringe Benefits	5,235	5,518	5,808	6,156	6,479
Subtotal: Personal Service	\$26,328	\$26,911	\$27,626	\$28,238	\$28,501
Other Than Personal Service					
Medical Assistance	\$4,901	\$5,067	\$5,337	\$5,719	\$6,148
Public Assistance	2,487	2,365	2,354	2,354	2,354
Pay-As-You-Go Capital	200	200	200	200	200
All Other*	14,909	13,153	13,314	13,497	13,645
Subtotal: Other Than Personal Service	\$22,497	\$20,785	\$21,205	\$21,770	\$22,347
General Obligation, Lease and MAC Debt Service	3,332	3,475	4,178	4,519	4,853
FY 2004 Budget Stabilization and Prepayments	(1,923)	---	---	---	---
FY 2005 Budget Stabilization and Prepayments	2,004	(2,004)	---	---	---
General Reserve	100	300	300	300	300
Subtotal	\$52,338	\$49,467	\$53,309	\$54,827	\$56,001
Less: Intra-City Expenses	(1,268)	(1,206)	(1,205)	(1,205)	(1,205)
Total Expenditures	\$51,070	\$48,261	\$52,104	\$53,622	\$54,796
Gap To Be Closed	\$ ---	\$ ---	(\$3,718)	(\$3,565)	(\$3,179)

*Includes \$1 billion of FEMA Insurance and \$400 million of 2004 prepayment of TFA Debt Service.