The City of New York

Michael R. Bloomberg, Mayor

# January 2006 Financial Plan

## Fiscal Years 2006–2010


Office of Management and Budget

Mark Page, Director


*January 31, 2006*

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

January 31, 2006

To the Citizens of the City of New York
Members of the City Council
Members of the Financial Control Board

My Fellow New Yorkers,

New York City is back on track.

Our economy continues to grow. Moderate job growth continues in the City, and unemployment is back down to 2000 levels after a few difficult years. Wall Street revenues grew by 50% between 2004 and 2005, which in turn drove the bonus pool for employees up to record highs. With the rise in interest rates, Wall Street profits are not expected to exceed last year's level.

Tourism is another bright spot in the City's economic picture, with a record 41 million visitors last year. The best news is that 6.8 million international tourists, who spend more than domestic tourists, have rediscovered New York City, and are at a level not seen in five years. Our hotels are almost full, with occupancy rates over 80%. Average room rates are also at record levels, and exceed pre-9/11 levels. Employment in the tourism sector is also at a record high.

The commercial real estate market in Manhattan is the strongest in the nation. Midtown is the most sought-after market in America, with an occupancy rate over 90%. Downtown Manhattan's occupancy rate is third in the nation, behind only Midtown and Washington DC.

The residential real estate market is forecast to cool in 2006. Forecasters are calling for a decline of 10% in single family home prices and a decline of 14% in home sales.

This extraordinary level of economic activity has generated extraordinary one-time revenues for the City. We are not going to squander these exceptional resources. Instead, we are going to continue to follow the example we set over the last four years – we are going to be financially responsible. We are going to act prudently, in the best interest of our City and our future.

Our proposed $53.8 billion budget for FY2006, the current fiscal year, is in balance. We are also proposing a balanced preliminary budget plan for FY2007. Our budget includes a $500 million Agency Program to reduce the budget gap over the FY2006-2007 period. Even though the City's revenues are strong, we must continue to take actions to improve efficiency, restrain spending and generate savings in City agencies.

We will leverage the extraordinary one-time resources for the benefit of future fiscal years. We have struggled over the last four years to find ways to deal with the excessive growth of the City's non-discretionary expenses. And now we have a chance to act and we will act.

<u>Debt Service</u>: To control the growth of debt service costs, we will invest $1 billion in Pay-As-You-Go Capital between FY2006 and FY2010. We will also restructure the outstanding debt of TSASC to help reduce the budget gap in FY2008 by over $450 million.

<u>Fringe Benefits</u>: For the first time, the City will contribute $1 billion in FY2006 and $1 billion in FY2007 to a trust fund for the future cost of health benefits for its retirees. The City will be required by accounting standards to report the amount of the liability in 2008, but the City is going further than the requirement in order to maintain our fiscal discipline.

<u>Medicaid</u>: To control Medicaid costs, the City budget includes $2.4 billion in savings in FY2006-2010 from the State's cap on growth in the program, and we will continue to support the State's efforts to reduce fraud and abuse in the system.

<u>Pensions</u>: To control pension costs, we will work with the City's workforce and the State Legislature to modernize the City's pension systems for future employees.

By taking actions to address longer term concerns, we are continuing on the path of ensuring the future for our children. The best is yet to come for our great City.

Very truly yours,

Michael R. Bloomberg
Mayor

# January 2006 Financial Plan

## Fiscal Years 2006—2010

## The Financial Plan

The January 2006 Financial Plan sets forth projected revenues and expenses for fiscal years 2006 and 2007 that are balanced in accordance with Generally Accepted Accounting Principles (GAAP) and reflects projected budget gaps of $3.4 billion, $3.5 billion and $2.7 billion in fiscal years 2008 through 2010, respectively.

The Preliminary Budget for 2007, which is included in this January Four Year Financial Plan and which is prepared in accordance with Sections 101 and 236 of the City Charter, includes a plan to balance revenues and expenses for 2007. Fiscal year 2007 will be the twenty-seventh successive budget to be balanced under generally accepted accounting principles. The total budget for fiscal year 2007 is $52.2 billion after implementation of the City's Gap Closing Program (detailed in the Expense Program section of this document starting on page E-i).

Included in the gap closing program are agency actions which reduce spending or increase revenues totaling $228 million, $262 million, $211 million, $211 million and $207 million in 2006 through 2010, respectively. The gap closing program also includes initiatives requiring state action of $250 million in fiscal years 2007 through 2010, respectively, and federal actions of $100 million in 2007.

As a result of the above gap closing actions and the 2006 baseline changes recognized in this plan, the 2006 Budget Stabilization Account will be increased by $1.5 billion, bringing the total in the account to $3.3 billion.

The 2006 forecast provides for a general reserve of $100 million to offset any adverse changes which may arise during the remainder of the fiscal year. For fiscal years 2007 through 2010, a general reserve of $300 million has been included in each year.

In addition, the plan prudently uses one-time resources to reduce long term costs including depositing $2.0 billion in a proposed Trust Fund for Retiree Health Benefits to reduce the long-term liability for retiree health care costs ($1.0 billion in the 2006 and 2007 fiscal years), a cumulative $1.0 billion for debt reduction ($200 million for Pay Go Capital in each fiscal year from 2006 through 2010, respectively), and $500 million in out-year gap reduction through TSASC restructuring.

The following tables represent the City's financial plan as of November 2005, the Financial Plan Update detailing changes since the November 2005 Financial Plan, and the City's January financial plan after implementation of the Gap Closing Program.

**Financial Plan Revenues and Expenditures**
**November 2005**
*($ in millions)*

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | | | | |
| General Property Tax | $12,434 | $13,072 | $13,985 | $14,619 |
| Other Taxes | 18,406 | 18,016 | 18,015 | 19,065 |
| FY 2005 Discretionary Transfers | 947 | — | — | — |
| Tax Audit Revenue | 512 | 509 | 509 | 509 |
| Miscellaneous Revenues | 4,996 | 4,474 | 4,493 | 4,515 |
| Unrestricted Intergovernmental Aid | 562 | 562 | 562 | 562 |
| Less: Intra-City Revenue | (1,330) | (1,275) | (1,274) | (1,275) |
| Disallowances Against Categorical Grants | (15) | (15) | (15) | (15) |
| **Subtotal: City Funds** | **$36,512** | **$35,343** | **$36,275** | **$37,980** |
| Other Categorical Grants | 965 | 924 | 930 | 935 |
| Inter-Fund Revenues | 366 | 356 | 345 | 345 |
| **Total City Funds & Inter-Fund Revenues** | **$37,843** | **$36,623** | **$37,550** | **$39,260** |
| Federal Categorical Grants | 5,473 | 4,855 | 4,845 | 4,845 |
| State Categorical Grants | 9,508 | 9,739 | 9,837 | 9,880 |
| **Total Revenues** | **$52,824** | **$51,217** | **$52,232** | **$53,985** |
| **EXPENDITURES** | | | | |
| Personal Service | | | | |
| Salaries and Wages | $19,003 | $19,336 | $19,608 | $19,824 |
| Pensions | 4,735 | 5,086 | 4,979 | 4,851 |
| Fringe Benefits | 5,640 | 5,898 | 6,241 | 6,560 |
| **Subtotal - Personal Service** | **$29,378** | **$30,320** | **$30,828** | **$31,235** |
| Other Than Personal Service | | | | |
| Medical Assistance | 4,574 | 5,172 | 5,319 | 5,458 |
| Public Assistance | 2,553 | 2,514 | 2,514 | 2,514 |
| Pay-As-You-Go Capital /Prepay Outstanding Debt | 200 | 200 | 200 | 200 |
| All Other | 14,684 | 13,890 | 13,996 | 14,178 |
| **Subtotal - Other Than Personal Service** | **$22,011** | **$21,776** | **$22,029** | **$22,350** |
| General Obligation, Lease and MAC Debt Service | 3,314 | 4,089 | 4,469 | 4,841 |
| FY2005 Budget Stabilization and Discretionary Transfers | (2,582) | — | — | — |
| FY2006 Budget Stabilization and Discretionary Transfers | 1,743 | (1,743) | — | — |
| General Reserve | 290 | 300 | 300 | 300 |
| **Subtotal** | **$54,154** | **$54,742** | **$57,626** | **$58,726** |
| Less: Intra-City Expenses | (1,330) | (1,275) | (1,274) | (1,275) |
| Total Expenditures | $52,824 | $53,467 | $56,352 | $57,451 |
| **Gap To Be Closed** | **$—** | **$(2,250)** | **$(4,120)** | **$(3,466)** |

**Financial Plan Update**
*($ in millions)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Gaps to be Closed November 2005 Plan** | **$—** | **($2,250)** | **($4,120)** | **($3,466)** | **($2,854)** |
| **Revenue Changes** | | | | | |
| Property Tax Forecast | $— | ($292) | ($299) | ($258) | ($271) |
| Real Estate Transaction Taxes | 235 | 340 | 348 | 317 | 313 |
| Other Tax Revenue Forecast | 707 | 510 | 269 | 281 | 249 |
| Restructure Outstanding TSASC Debt | (232) | (121) | 454 | 22 | 24 |
| Non-Tax Revenue | 85 | 196 | 8 | 9 | 12 |
| **Total Revenue Changes** | | | | | |
| **Increase / (Decrease)** | **$795** | **$633** | **$780** | **$371** | **$327** |
| **Expenditure Changes** | | | | | |
| Agency Expense Increases | ($46) | ($158) | ($157) | ($159) | ($160) |
| Pension Changes to | | | | | |
| Assumptions and Methods | 925 | 571 | (161) | (452) | (211) |
| Retiree Health Benefits Trust Fund | (1,000) | (1,000) | — | — | — |
| Debt Service | 8 | 82 | 6 | 1 | (14) |
| Re-estimate of Prior Years' Expenses | 400 | — | — | — | — |
| Reduce General Reserve | 200 | — | — | — | — |
| **Subtotal Expenditure Changes** | **$487** | **($505)** | **($312)** | **($610)** | **($385)** |
| **Gaps to be Closed January 2006 Plan** | **$1,282** | **($2,122)** | **($3,652)** | **($3,705)** | **($2,912)** |
| **Gap Closing Actions** | | | | | |
| Agency Program | $228 | $262 | $211 | $211 | $207 |
| State Actions | — | 100 | — | — | — |
| Federal Actions | — | 250 | 250 | 250 | 250 |
| **Total Gap Closing Plan** | **$228** | **$612** | **$461** | **$461** | **$457** |
| Extend Property Tax Rebate | — | — | (256) | (256) | (256) |
| **Budget Stabilization** | | | | | |
| **Account/Prepayments** | **(1,510)** | **1,510** | —- | —- | — |
| **Remaining Gaps** | **$—** | **$—** | **($3,447)** | **($3,500)** | **($2,711)** |

**Financial Plan Revenues and Expenditures**
**January 2006 - After Gap Closing Program**
*($ in millions)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes | | | | | |
| General Property Tax | $12,434 | $12,780 | $13,686 | $14,361 | $15,039 |
| Other Taxes [1] | 19,347 | 18,866 | 18,376 | 19,407 | 20,500 |
| Tax Audit Revenue | 512 | 509 | 509 | 509 | 510 |
| Miscellaneous Revenues | 5,034 | 4,646 | 5,031 | 4,621 | 4,641 |
| Unrestricted Intergovernmental Aid | 490 | 340 | 340 | 340 | 340 |
| Anticipated Federal & State Aid | — | 350 | 250 | 250 | 250 |
| FY 2005 Discretionary Transfer [1] | 947 | — | — | — | — |
| Less: Intra-City Revenue | (1,428) | (1,284) | (1,282) | (1,284) | (1,285) |
| Disallowances Against Categorical Grants | (15) | (15) | (15) | (15) | (15) |
| **Subtotal: City Funds** | **$37,321** | **$36,192** | **$36,895** | **$38,189** | **$39,980** |
| Other Categorical Grants | 947 | 915 | 926 | 941 | 945 |
| Inter-Fund Revenues | 373 | 365 | 346 | 346 | 346 |
| **Total City Funds & Inter-Fund Revenues** | **$38,641** | **$37,472** | **$38,167** | **$39,476** | **$41,271** |
| Federal Categorical Grants | 5,608 | 4,911 | 4,900 | 4,899 | 4,902 |
| State Categorical Grants | 9,559 | 9,822 | 9,937 | 9,965 | 10,001 |
| **Total Revenues** | **$53,808** | **$52,205** | **$53,004** | **$54,340** | **$56,174** |
| **EXPENDITURES** | | | | | |
| Personal Service | | | | | |
| Salaries and Wages | $18,804 | $18,955 | $19,166 | $19,308 | $19,522 |
| Pensions | 4,017 | 4,886 | 5,610 | 5,846 | 5,712 |
| Fringe Benefits | 6,655 | 6,928 | 6,270 | 6,592 | 6,854 |
| **Subtotal - Personal Service** | **$29,476** | **$30,769** | **$31,046** | **$31,746** | **$32,088** |
| Other Than Personal Service | | | | | |
| Medical Assistance | 4,463 | 4,950 | 5,097 | 5,236 | 5,413 |
| Public Assistance | 2,446 | 2,441 | 2,445 | 2,445 | 2,445 |
| Pay-As-You-Go Capital | 200 | 200 | 200 | 200 | 200 |
| All Other [1] | 14,596 | 14,076 | 14,182 | 14,357 | 14,543 |
| **Subtotal Other Than Personal Service** | **$21,705** | **$21,667** | **$21,924** | **$22,238** | **$22,601** |
| Debt Service [1, 2] | 3,273 | 3,997 | 4,453 | 4,840 | 5,181 |
| FY2005 Budget Stabilization and Discretionary Transfers [1] | (2,582) | — | — | — | — |
| FY2006 Budget Stabilization and Discretionary Transfers [2] | 3,254 | (3,254) | — | — | — |
| MAC Debt Service /Administrative Expenses | 10 | 10 | 10 | — | — |
| General Reserve | 100 | 300 | 300 | 300 | 300 |
| **Subtotal** | **$55,236** | **$53,489** | **$57,733** | **$59,124** | **$60,170** |
| Less: Intra-City Expenses | (1,428) | (1,284) | (1,282) | (1,284) | (1,285) |
| **Total Expenditures** | **$53,808** | **$52,205** | **$56,451** | **$57,840** | **$58,885** |
| **Gap To Be Closed** | **$—** | **$—** | **$(3,447)** | **$(3,500)** | **$(2,711)** |

*1) Fiscal Year 2005 Budget Stabilization and Discretionary Transfers total $3.529 billion, increased fiscal year 2006 tax revenue of $947 million.*
*2) Fiscal Year 2006 Budget Stabilization and Discretionary Transfers total $3.254 billion.*

# Overview

The nation's economy exhibited incredible resilience in 2005, absorbing the impact of two devastating hurricanes and surging energy costs as real GDP is estimated to have expanded by 3.5 percent.[1] The precipitous gain in home values, buoyed by historically low interest rates and an innovative mortgage market, allowed many homeowners to cash out equity and spend beyond their income levels, pushing the savings rate into negative territory. The other major story of the year was surging energy prices, which pushed headline inflation up but caused little damage to core inflation, allowing the Federal Reserve to notch up short-term rates at a measured pace.

Going forward, many of the catalysts for consumption growth that existed in 2005 will be under strain. Most significantly, as interest rates rise and home prices flatten, the residential real estate market is not expected to provide the cash support to households that it did in 2005. On the other hand, corporations flush with cash should fare quite well and continue to invest in 2006. It is expected that employment will grow sufficiently to absorb the net addition to the labor force. Inflation will stabilize as energy prices subside in the second half of 2006. GDP is forecast to grow at 3.4 percent in 2006, as the lagged effect of interest rate increases put the economy on a sustained trajectory.

New York City's economy ended 2005 in the midst of a broad-based recovery. The City added 36,000 jobs and total wage earnings are estimated to have grown by about 5.9 percent. On Wall Street, securities industry workers netted large bonuses, a result of strength in revenue. The increase in income and finance sector activity spilled over to its ancillary sectors including professional & business services and real estate. As a result of the expansion of the City's office-demanding sectors, the commercial real estate market in the City also performed very well, with dwindling vacancy rates and the highest rents in the nation. The residential market experienced blistering price appreciation over the year, providing an easily accessible source of capital to households. Another source of economic expansion came as tourists flooded into the City at record levels in 2005, driving hotel occupancy rates to over 85 percent and the average room rate up by 14 percent.

A forecast of continued strength on Wall Street, and no imminent threats to the national economy, yield a forecast of guarded optimism for the City's economy in 2006. The finance, professional & business services, and tourism-related sectors should remain the main drivers, accounting for over two-thirds of the job creation in the City. Employment growth citywide is expected to repeat last year's performance. Overall, average wage growth is forecast to outpace inflation, rising 4.7 percent in 2006.

The local commercial real estate market will continue to build strength as vacancy rates tighten, pushing prices up. Residential market prices are considered to have

*1) All economic data are on a calendar year basis.*

reached their upper bound, as sales volume has begun to show signs of cooling. Prices locally are likely to be more volatile than the nation, but neither market is expected to undergo a significant correction as long as interest rates do not spike up.

The continuing strength in both the national and local economies will lead to tax revenue growth of 8.5 percent in 2006.[2]

New York City non-property tax revenues are forecast to grow 8.3 percent in 2006 following two years of double-digit growth, 13.3 percent and 18.6 percent in 2004 and 2005, respectively. The strength and momentum of the local economic recovery continue into 2006, as another year of high Wall Street profitability and continued strength in the City's real estate markets support a third consecutive year of above trend growth in non-property tax revenues. Personal income tax revenues increase 11.1 percent, the result of strong growth in wage income as Wall Street posts a record bonus payout of over $21 billion and City employment in calendar year 2005 added 36,000 jobs. High levels of nonwage income, buoyed by estimated capital gains growth of 22 percent in calendar year 2005 fueled by continued strength in the NYC real estate markets, contribute to personal income tax strength. Business income taxes increase 7.4 percent, the result of strong corporate profits and Wall Street's continued high level of profitability, estimated at $11.8 billion in calendar year 2005, following $16.8 billion and $13.7 billion in calendar years 2003 and 2004, respectively. Sales tax revenues increase 8.3 percent, reflecting the strong forecast wage earnings growth, strength in real estate related consumption, and the continued strength in the tourism industry. The local real estate transaction boom is likely to continue in 2006 despite recent increases in long-term interest rates. Even though the residential market is showing signs of slowing (payments from residential transactions have declined month-over-month since August), the commercial market continues to be strong, supported by forecast employment growth and low office vacancy rates. The weakness in residential activity is more than offset by continued strength from commercial transactions, leading to growth in the real estate transaction taxes of 4.8 percent in 2006.

The real property tax is forecast to grow 9.8 percent in 2006, based on a billable assessed value growth of 7.5 percent on the fiscal year 2006 final roll released June 6, of 2005.

Non-property tax revenue in 2007, excluding real estate transaction taxes, is forecast to grow 3.6 percent, as the national and local recoveries mature. Non-property tax revenue, including real estate transaction taxes, is forecast to grow 3.5 percent from 2008 through 2010, reflecting a forecast decline in Wall Street profits in calendar year 2007. Undercut by a rise in interest rates and sagging appreciation expectations, real estate transaction tax activity is expected to decline in 2007, resulting in a 34 percent decline in tax revenue. Property tax revenue is forecast to grow by 3.1 percent in 2007, based on the 3.4 percent growth in the billable assessed value forecast on the final roll for 2007. With market value growth forecast to slow, yet a sizable 'pipeline' of assessed value remaining to be phased in,

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2) *All tax revenue data are reported on a fiscal year basis ending June 30, unless otherwise stated. Tax revenue growth is reported on a common rate and base.*

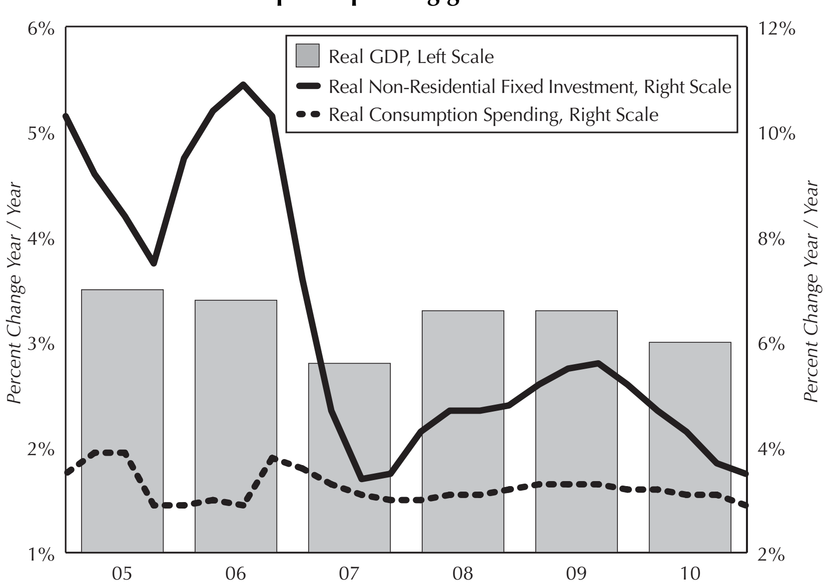
property tax growth averages 5.1 percent from 2008 through 2010. Total tax revenue averages 4.1 percent from 2008 through 2010, as growth in the national and local economies continues at a more sustainable rate.

## The U.S. Economy

After enduring its worst natural disaster in recent memory and a worsening energy crunch, the U.S. economy is now back on solid ground. The latest data indicate that GDP grew 3.5 percent in 2005, matching the projection made a year earlier. In spite of rising energy prices, consumer spending continued to defy expectations and businesses expanded their capital stock unabated. Going forward, rising interest rates are expected to cool the housing market and real GDP growth is forecast to average 3.4 percent in 2006, with more pronounced deceleration expected during the latter half of the year.

The nation saw two devastating hurricanes in 2005 that erased an estimated $76 billion[1] worth of private physical assets, damaged many offshore oil rigs and oil and natural gas refineries, and worsened a pre-existing global energy shortage. Yet, the repercussion on the economy has been minimal with final demand outpacing current domestic production, forcing businesses to reduce inventory levels. Evidently, the national housing boom and historically low mortgage rates that enabled widespread home equity withdrawals have provided households with cash.[2] As a result, the household savings rate dipped and has remained in negative territory for much of 2005, an unprecedented trend. This condition of consumer spending outstripping income is not expected to be sustained. Mortgage equity withdrawals and cash-out refinancings are almost certainly going to be affected by stalling home prices coupled with higher loan rates. Higher loan rates will also increase household expenses for those consumers who previously financed home purchases with various types of adjustable rate mortgages (ARMs).

**Investment spending lifts GDP in 2006 as consumption spending growth recedes.**




Some other key drivers of purchasing power are currently pointing down. Energy prices are roughly 20 percent higher than last year and interest rates on consumer loans are about two percentage points higher. Driven only by employment and wage growth, consumption spending is therefore forecast to moderate to just over three percent growth in 2006 and to remain in that neighborhood through the end of the forecast period.

The investment outlook is relatively brighter. Total fixed investment spending (residential and non-residential combined) grew 8.0 percent in 2005, and contributed 1.3 percentage points to GDP growth. U.S. corporations are awash with cash and, with profitability remaining high, non-residential

*1) Source: U.S. Department of Commerce, Bureau of Economic Analysis*

*2) According to estimates by Goldman Sachs economists, the total value of mortgage equity withdrawals in 2005 exceeded $800 billion.*

investment spending in 2006 is projected to top last year's performance with over 10 percent growth. On the other hand, the weakening real estate sector foreshadows a significant slowdown in residential fixed investment for several years to come.

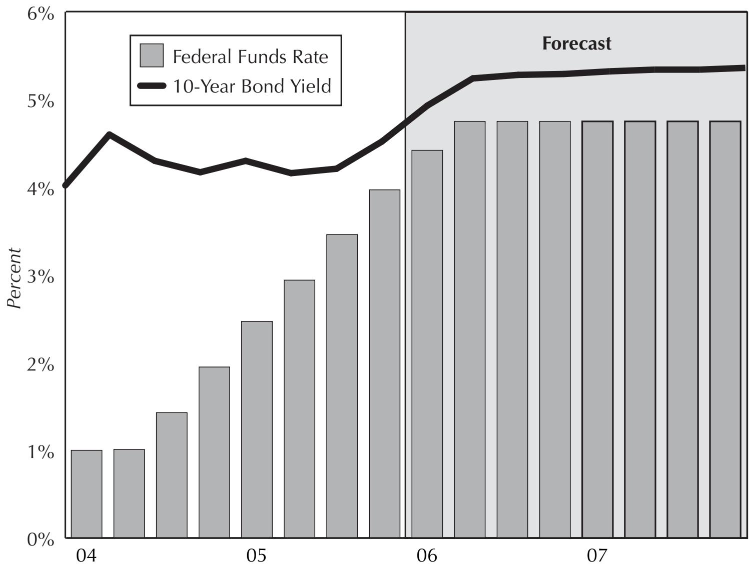
In spite of phenomenal growth in corporate earnings, the U.S. stock market has been quite sluggish for at least two years. Last year, however, ended with a slight spurt that brought the S&P500 close to a three year high and the Dow close to 11,000 for the first time in five years. Activity on the debt side of the capital markets has generally been strong in this economic recovery: total corporate bond underwriting reached a record level of close to $3 billion in 2005. Corporate equity underwriting remained lackluster and the total value of initial public offerings is estimated to have fallen in 2005. With continued strength in corporate earnings, both the equity and debt sides of the capital markets are expected to be active and healthy.

As GDP growth spurred capital formation, it also lifted employment. Job growth occurred late in this recovery, as in the last recovery, gaining momentum in 2004 and remaining steady through 2005. Except for the manufacturing and information sectors, most private sectors have seen sizeable growth. Job creation has been particularly strong in construction, professional & business services and in health & education. Growth in these sectors is expected to continue through the forecast period. A little weakness in the construction sector, attributable to a cooling real estate market, is expected to be compensated by a long-awaited turnaround in the information sector. Private non-manufacturing employment is forecast to grow close to 2.0 percent on average through 2008, after which slight moderation is anticipated.

The most turbulent aspect of the economy last year was skyrocketing energy prices. The year started with crude oil prices around $50 per barrel. Prices were expected to remain high due mainly to rising global demand coupled with supply constraints. The damage to oil rigs and refineries by the hurricanes pushed oil and natural gas prices up precipitously. These shocks led to an uptick in energy prices, which pushed headline inflation to over 4.0 percent last September and October. While high energy prices were expected to spill over to the prices of other goods and services, core inflation remained surprisingly tame due to a number of mitigating factors. Benign wage growth, easing employee benefits costs, increased productivity, deep discounts by auto manufacturers, intense global competition, and a rebounding dollar all contributed to keeping core inflation at bay. With very little movement in the core, headline inflation in the forecast period generally follows the direction of energy prices. Therefore, overall inflation remains high through the first half of 2006 and then decelerates as energy prices fall. Headline inflation over the year is anticipated to average 2.8 percent. For the out-years, headline inflation merges with the core at a rate of 2.2 – 2.4 percent.

With core inflation remaining low, the Federal Reserve's aim to steer the current expansion into a painless landing is on track. The federal funds rate is now expected to rise to 4.75 percent by March 2006 and then pause at this rate for an extended period of

The Federal Reserve is expected to lift short-term rates to 4.75 by the middle of 2006. The yield spread remains relatively narrow.

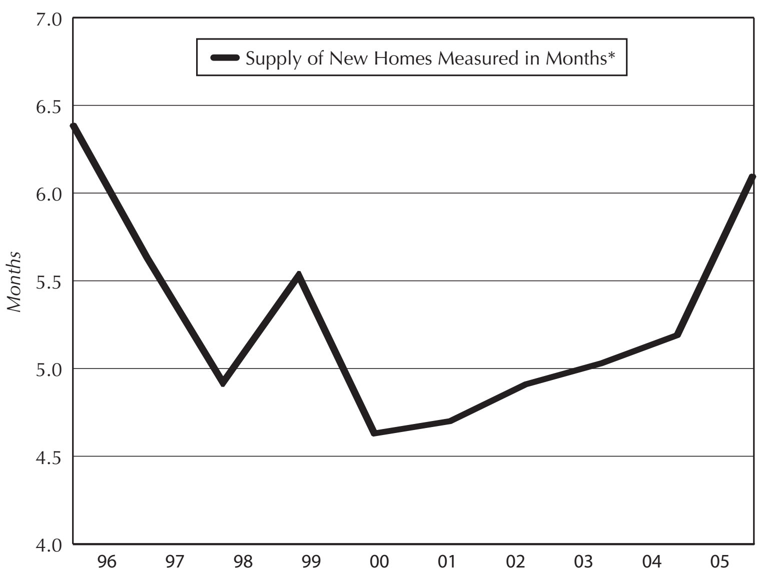



time. This expected trajectory of the short-term target rate could easily change if the Fed senses any unexpected core inflationary pressures. Even though the federal funds rate has been ratcheted up by 3.25 percentage points since the second quarter of 2004, long-term interest rates have not moved up in tandem. The flattening of the yield curve over time has somewhat frustrated the Fed and caused uneasiness among some forecasters who historically have viewed this as a sign of economic slowdown. It appears that there have been countervailing positive forces that may have helped to keep long rates down. The most powerful of these forces may be the bond market's perception of little inflationary pressure. The high demand for U.S. financial assets from abroad coupled with cash-rich corporate accounts at home has also contributed to low long-term yields. The spread between the 10-year Treasury bond and the federal funds rate is expected to remain narrow in this forecast. At this time it is hard to say whether a relatively flat yield curve for an extended period of time poses more of a threat to the economy than a sudden rise in the long-term rates, which might precipitate a housing market downturn.

A severe housing market decline is not anticipated at this time. The residential housing market has, however, started to show signs of weakness after a long period of relentless growth. The current signs of weakening demand are partly due to rising mortgage rates — Mortgage rates have crept up during the last nine months. The 30-year commitment rate, which bottomed at 5.5 percent in the second quarter of 2003, is currently at 6.3 percent and is projected to increase by another 50 basis points by the end of 2006. Mortgage loan applications and new home sales are generally on a declining trend while prices have begun to flatten. The weakening demand in the housing sector is reflected in the gradually increasing ratio of new homes available for sale in the market relative to actual sales (this ratio is currently at a nine year high) and declines in housing starts and permits.

As the U.S. economy slows somewhat, concerns are focused on the housing market, which added $7 trillion

The new homes inventory is building as sales fail to meet the expectations of builders. This is the highest level it has been since December 1996, before the boom.



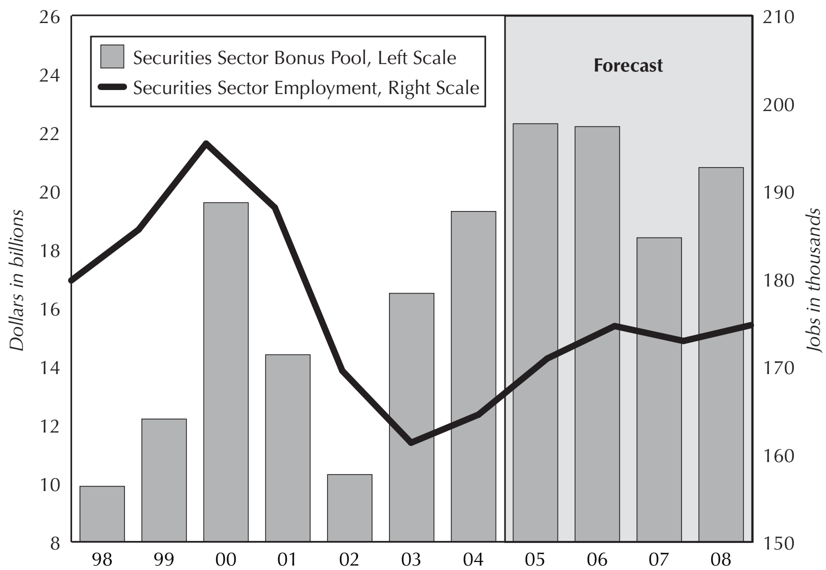

* *The supply of new homes equals the number of new homes for sale (not seasonally adjusted) on the last day of each December divided by the number of sales of new homes (not seasonally adjusted) which occurred during the month. This ratio represents the number of months it would take the market to clear the present supply.*

to household wealth during this recovery. A price correction more severe than expected, driven by higher than anticipated interest rates, could potentially slow economic growth further. At the moment, this appears to be the main risk to the economy for the near-term. The long-term implications of the burgeoning budget and trade deficits on interest rates and the dollar are still lurking on the horizon. In the meantime, investors here and abroad continue to trust the long-term growth prospects of the U.S. economy, so the U.S. economy is forecast to grow at an average of 3.1 percent during 2007 - 2010.

# The New York City Economy

New York City is well into its second year of a broad based economic recovery that generated substantial income and wealth. In 2005, the securities sector yielded robust bonuses, tourism was at an all time peak, and both the commercial and residential real estate markets strengthened. The City is poised for further growth as Wall Street has momentum and tourists continue to arrive. The office market remains the most sought after market in the country; however, there is concern that residential real estate is overvalued.

**The securities sector had a strong year in 2005. Employment in the sector is up and bonuses are expected to come in at record levels.**



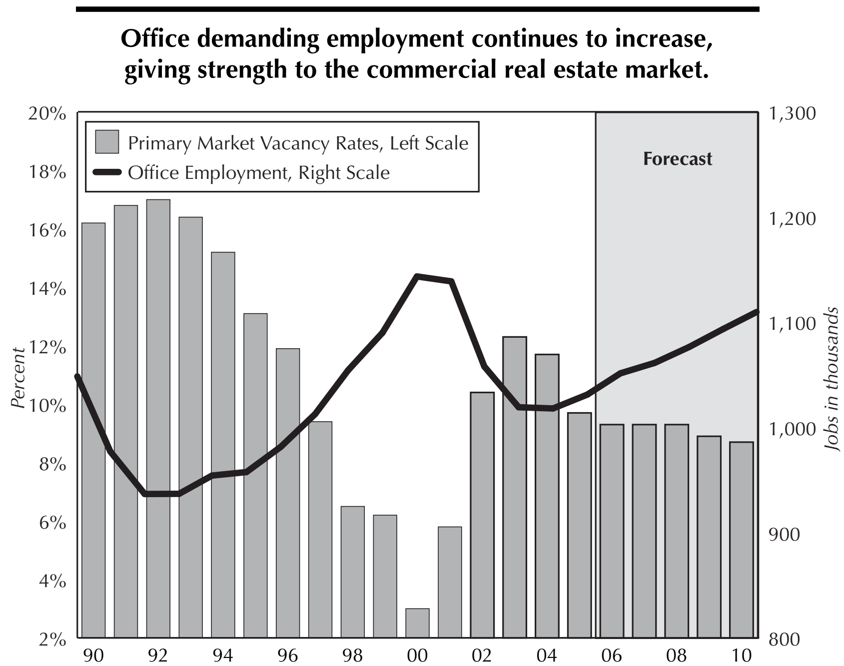

In spite of a sluggish equity market and rising interest rates, 2005 was generally bountiful for Wall Street. Although New York Stock Exchange member firms are not expected to exceed last year's profit of $13.7 billion, gross revenues are estimated to be up nearly 50 percent over the prior year, partly as a result of higher interest revenue but more importantly because of a torrent of mergers & acquisitions and investment banking activity. Higher interest expenses offset some of the revenue growth and compensation expenses jumped, as firms were busy bulking up their staffs, hiring 10,000 new employees over the past two years.[1] Most significantly, bonuses are expected to be hefty, up approximately 15 percent compared to 2004, making it the largest bonus pool in history. As a result, average finance wages are estimated to have risen by 7.4 percent in 2005.

Building off the momentum of 2005, Wall Street is forecast to have another strong year in 2006 before slowing in 2007 as higher interest rates and a general deceleration of the U.S. economy begin to take a toll. It is expected that employment in the securities sector will rise by about 4,000 in 2006, hitting 175,000 as the average finance sector wage rises by 5.8 percent. The national slowdown in investment growth and higher interest rates bring about a contraction in the sector in 2007; employment declines by 2,000 and wages flatten. In 2008-2010, profitability rebounds, bonuses pick up, and firms gradually begin to hire again.

The City's financial sector serves as an engine of growth for the rest of the local economy, especially in professional and information services. When Wall Street gets busy, demand accelerates for lawyers, accountants, management consultants, computer design, and advertising. The professional & business services sector posted growth of 7,000 jobs in 2005, following a gain of only 1,000 jobs in 2004. The sector is expected to ramp up in 2006, adding 14,000 jobs before decelerating in 2007 to growth of

*1) Employment data are reported as annual averages. Data for 2005 will be subject to revisions in March.*

10,000. The sector then adds 12,000 jobs per year on average. The information sector has gradually begun to resurface in the City following the dot-com meltdown. The sector is estimated to have added 1,000 jobs in 2005, the first sign of growth since the tech market crashed. Information is expected to expand gradually at about 2,000 jobs per year on average in 2006-2010.

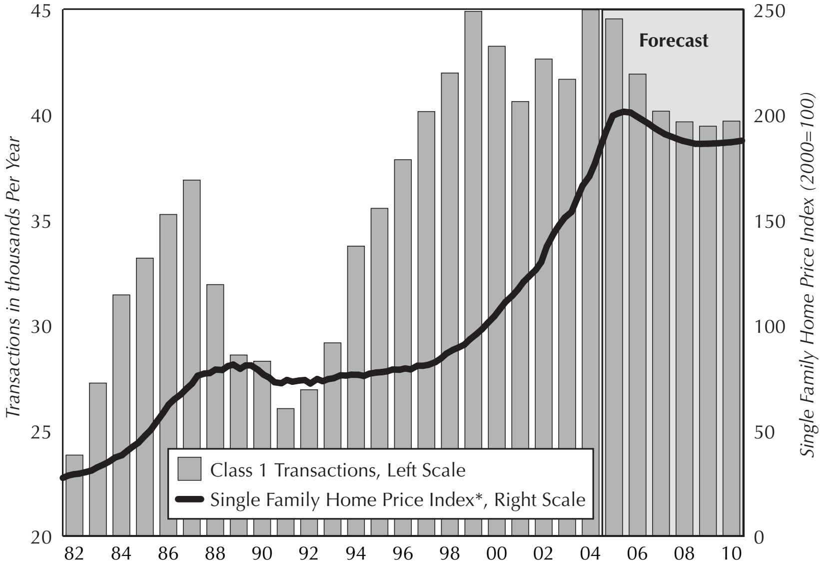



Office employment[2] grew by about 13,000 jobs in 2005, more than 1/3 of the total employment growth, supporting the overall strength of the City's commercial real estate market. New York City remains the most competitive office market in the nation, with vacancy rates for Class A space falling below 10 percent in 2005 and with asking rents around $50 per square foot.[3] Demand was strongest in the Midtown market, which is poised to continue to tighten. New development is weak due to the natural supply constraints of the Manhattan market and tight bank financing. Buildings under construction for the New York Times, the Hearst Corporation, and Bank of America are all essentially pre-leased, and should have very little impact on the overall market. As office-using employment continues to grow, vacancy rates gradually fall to around 7.7 percent by 2010 and asking rent begins to rise at about four to five percent per year. In spite of all of the challenges, the Downtown market has also improved considerably, led by leasing in the financial and legal sectors. The litmus test for the future health of the Downtown market remains the performance of the 7 World Trade Center building, which recently signed its first significant leases only a few months before the building is scheduled to be completed. Also on a positive note, Goldman Sachs has broken ground for its two million square foot world headquarters directly across the street from the World Trade Center complex. With plenty of new space coming on line, it is likely that vacancy rates will remain above 10 percent in the Downtown market and asking rents per square foot will stay in the low $30s.

By any measure the local housing market boomed in 2005. Housing prices have more than doubled over the last five years and real estate employment is up about 3,000 jobs in the past two years. The growth in housing prices and record low interest rates have stimulated the economy, providing owners large capital gains and the ability to

*2) Office employment includes the finance, professional & business services and information sectors.*
*3) Real estate data compiled using statistics published by Cushman and Wakefield.*

**The housing market begins to cool with the volume of transactions declining by around 14 percent and prices falling by nearly 10 percent over the next three years.**




* *Source:Economy.com forecast based on NY Metropolitan Area Case-Shiller-Weiss repeat sales index data.*

withdraw plenty of cash from increased equity. This added source of wealth has benefited the retail industry, especially home supply stores and furniture stores. In a broader capacity, consumers have more money to spend on everyday purchases and retail employment has added nearly 11,000 jobs in the past two years.

Growing evidence suggests that the housing market has in all likelihood reached a cyclical peak. Sales activity has slowed, homes are staying on the market longer, mortgage applications are down and there is even some evidence that prices have stalled. In this forecast, it is assumed that the housing market reached a peak at the end of 2005 and will be subject to an almost 10 percent decline in prices in the next two years as sales volume declines by 14 percent. By 2008, prices begin to grow again at a trend rate of about two percent per year. As a result, real estate employment contracts by 1,000 jobs in 2006 and then remains flat for much of the forecast. Retail employment growth slows to about 3,000 jobs per year, with some of the negative impact of a housing market slowdown offset by the success of the financial sector. Construction employment shrinks by a total of 3,000 jobs in 2006-2007 before flattening out.

Tourism has been another main driver of the local economy and has experienced quite a resurgence in 2005. During the past year, both domestic and international tourists flooded into the City, making it difficult to secure a hotel room at reasonable rates. Hotel occupancy hit record levels averaging 86 percent in 2005, with room rates rising by 14 percent on average to $240 per night. The rising demand created 10,000 new leisure & hospitality jobs in 2005.[4] There is little reason to expect any change in this trend; occupancy rates are expected to remain above 80 percent and room rates should appreciate by 4-5 percent per year in 2006-2010. New inventory of approximately 5,000 rooms will come on line over the next four years and employment in the industry steadily rises by about 8,000-10,000 jobs per year in 2007-2010.

The non-cyclical sectors of the economy, education & health services, continue to grow with the population. In 2005, the two sectors accounted for 14,000 new jobs, over 1/3 of the total employment growth in the City. Assuming no major population shifts, these sectors should continue to grow by about 10,000-15,000 jobs per year. Also, the long term exodus of the manufacturing sector is expected to continue as rising

*4) Leisure & hospitality include accommodation & food services and arts, entertainment & recreation services.*

costs for space and labor make it relatively unprofitable to remain in the City. Manufacturing shed 6,000 jobs in 2005 and is expected to lose approximately 7,000 jobs per year from 2006-2010.

In total, the City added approximately 39,000 private sector jobs in 2005, growth of over 1.3 percent (government contracted by 3,000 jobs, leaving total employment up 36,000 or 1.0 percent). With the labor market still retaining some slack in the City and in the rest of the nation, wage pressures are moderate outside of the finance sector. Private non-finance average wages grew by about 3.8 percent (including the finance and government sectors average wages grew 4.6 percent) and, after adding in the impact of employment growth, overall wage earnings grew by 5.9 percent in 2005. In 2006, total employment growth is expected to remain at a pace similar to 2005 of around 1.0 percent, boosted by the financial, professional, health & education and tourism related sectors. Average private non-finance wage growth remains at around 4.0 percent (4.7 percent including finance and government) leaving total wage earnings up 5.7 percent. The anticipated financial market slowdown in 2007 causes total employment growth to slow to 0.9 percent before rebounding in 2008-2010. Total wage earnings therefore rise by around three percent in 2007 before accelerating to an average of five percent per year in 2008-2010.

This forecast assumes that the financial markets will remain steady, the housing market will only gradually deflate and that inflationary pressures remain at bay. There are clear downside risks if any of these assumptions prove false.

**Financial Plan Fiscal Year 2007**
Forecasts of Selected United States and New York City Economic Indicators
Calendar Years 2005-2010

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 1974-2004* |
|---|---|---|---|---|---|---|---|
| NATIONAL ECONOMY | | | | | | | |
| Real GDP | | | | | | | |
| Billions of 2000 Dollars | 11,131 | 11,511 | 11,833 | 12,223 | 12,627 | 13,006 | |
| Percent Change | 3.5 | 3.4 | 2.8 | 3.3 | 3.3 | 3.0 | 3.1 |
| Non-Agricultural Employment | | | | | | | |
| Millions of Jobs | 133.6 | 135.6 | 137.7 | 139.7 | 141.4 | 142.5 | |
| Change from Previous Year | 2.2 | 2.0 | 2.0 | 2.0 | 1.7 | 1.1 | |
| Percent Change | 1.6 | 1.5 | 1.5 | 1.4 | 1.2 | 0.8 | 1.7 |
| Consumer Price Index | | | | | | | |
| All Urban (1982-84=100) | 195.2 | 200.6 | 205.1 | 209.8 | 214.8 | 220.0 | |
| Percent Change | 3.4 | 2.8 | 2.2 | 2.3 | 2.4 | 2.4 | 4.6 |
| Wage Rate | | | | | | | |
| Dollars Per Employee | 42,747 | 44,369 | 46,185 | 48,120 | 50,174 | 52,254 | |
| Percent Change | 4.3 | 3.8 | 4.1 | 4.2 | 4.3 | 4.1 | 4.9 |
| Personal Income | | | | | | | |
| Billions of Dollars | 10,240 | 10,870 | 11,510 | 12,179 | 12,905 | 13,627 | |
| Percent Change | 5.4 | 6.2 | 5.9 | 5.8 | 6.0 | 5.6 | 7.2 |
| Before-tax Corporate Profits | | | | | | | |
| Billions of Dollars | 1,446 | 1,545 | 1,514 | 1,550 | 1,578 | 1,581 | |
| Percent Change | 36.5 | 6.8 | -2.0 | 2.4 | 1.8 | 0.2 | 6.8 |
| Unemployment Rate | | | | | | | |
| Percent | 5.1 | 4.8 | 4.9 | 4.8 | 4.6 | 4.7 | 6.4 (avg) |
| 10-Year Treasury Bond Rate | | | | | | | |
| Percent | 4.3 | 5.3 | 5.5 | 5.6 | 5.9 | 5.9 | 7.9 (avg) |
| Federal Funds Rate | | | | | | | |
| Percent | 3.2 | 4.7 | 4.8 | 4.8 | 5.0 | 5.2 | 6.8 (avg) |
| NEW YORK CITY ECONOMY | | | | | | | |
| Real Gross City Product** | | | | | | | |
| Billions of 2000 Dollars | 453 | 464 | 460 | 475 | 492 | 509 | |
| Percent Change | 3.2 | 2.4 | -0.9 | 3.2 | 3.6 | 3.6 | 2.7 |
| Non-Agricultural Employment | | | | | | | |
| Thousands of Jobs | 3,578 | 3,613 | 3,639 | 3,672 | 3,712 | 3,745 | |
| Change from Previous Year | 36.1 | 35.2 | 26.0 | 33.5 | 39.7 | 32.4 | |
| Percent Change | 1.0 | 1.0 | 0.7 | 0.9 | 1.1 | 0.9 | 0.1 |
| Consumer Price Index | | | | | | | |
| All Urban NY-NJ Area | | | | | | | |
| (1982-84=100) | 212.7 | 218.9 | 224.4 | 229.7 | 235.3 | 240.9 | |
| Percent Change | 3.9 | 2.9 | 2.5 | 2.4 | 2.4 | 2.4 | 4.6 |
| Wage Rate | | | | | | | |
| Dollars Per Employee | 67,839 | 71,057 | 72,760 | 74,946 | 78,686 | 82,531 | |
| Percent Change | 4.6 | 4.7 | 2.4 | 3.0 | 5.0 | 4.9 | 5.9 |
| Personal Income | | | | | | | |
| Billions of Dollars | 345 | 366 | 381 | 398 | 421 | 445 | |
| Percent Change | 5.6 | 6.0 | 4.0 | 4.5 | 5.8 | 5.5 | 6.3 |
| NEW YORK CITY REAL ESTATE MARKET | | | | | | | |
| Manhattan Primary Office Market | | | | | | | |
| Asking Rental Rate*** | | | | | | | |
| Dollars Per Sq. Ft. | 48.15 | 49.17 | 51.07 | 52.67 | 54.48 | 54.91 | |
| Percent Change | 2.3 | 2.1 | 3.9 | 3.1 | 3.4 | 0.8 | N.A. |
| Vacancy Rate*** | | | | | | | |
| Percent | 9.7 | 9.3 | 9.3 | 9.3 | 8.8 | 8.7 | N.A. |

* *Compound annual growth rates for 1974-2004. Compound growth rate for Real Gross City Product covers the period 1975-2004; for NYC wage rate, 1975-2004.*
** *GCP estimated by OMB. The GCP figures have been revised due to a methodological change.*
*** *Office market data are based on statistics published by Cushman & Wakefield.*

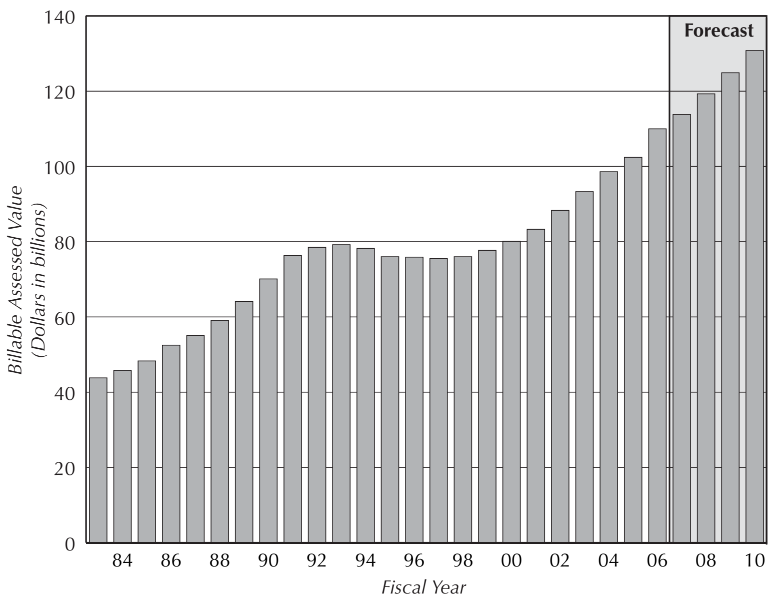
# Tax Revenue Forecast

**Real Property Tax**

The real property tax is estimated at $12,434 million for 2006, a growth of 8.5 percent over the prior year. There is no change in the forecast for 2006 from the November Modification.

In 2007, the property tax is expected to yield $12,780 million in revenue, a decrease of $292 million from the November Modification and growth of 2.8 percent over 2006. This results primarily from a reduction to the levy forecast of $303 million, based on the tentative roll, an increase in STAR benefits by $9 million, offset by a decrease in current year reserves of $20 million. The property tax forecast for 2007 is based on the tentative roll[1], which was released by the Department of Finance on January 17, 2006. The levy estimates based upon the tentative roll came in lower than forecast primarily due to lower than expected Class 2 billable assessed value growth. The total billable assessed value on the tentative roll (after accounting for the veterans and STAR exemptions) grew by $4.4 billion, or 4.0 percent, over 2006 to $114.4 billion. This is expected to be reduced by $545 million on the final roll, which will be released in May, as a result of Tax Commission actions, Department of Finance changes by notice and completion of exemption processing. Billable assessed value on the final roll is expected to grow by 3.4 percent over 2006. The billable assessed value increases reflect the market value growth of 9.3 percent on the tentative roll over 2006, lower than last year's growth of 13.6 percent but still strong, as well as the 'pipeline'[2] of assessed value growth from prior years. The levy is forecast to increase by $468 million over 2006, an increase of 3.4 percent.

**Billable Assessed Value Continues to Grow on the Fiscal Year 2007 Tentative Roll**




Class 1 properties (one-, two- and three-family homes) saw a 5.4 percent billable assessed value growth over 2006 on the tentative roll. With an estimated tentative-to-final roll reduction of $69 million, the final roll billable assessed value (before accounting for the veterans and STAR exemptions) is expected to increase by 4.1 percent, a somewhat slower pace than seen last year. Class 1 billable assessed value growth is expected to slow to an average of 3.2 percent from 2008 through 2010.

Class 2 properties (apartments, condominiums and cooperatives) saw a 1.8 percent billable assessed value growth on the tentative roll over 2006, and significantly lower

1) *For additional detail, see the Finance Department's Tentative Property Assessment Roll for Fiscal Year 2007 press release, January 17, 2006.*
2) *Increases and decreases in value are phased into billable assessments over five years for Class 2 and Class 4. Increases in value not yet phased into billable assessed value are referred to as the 'pipeline.'*

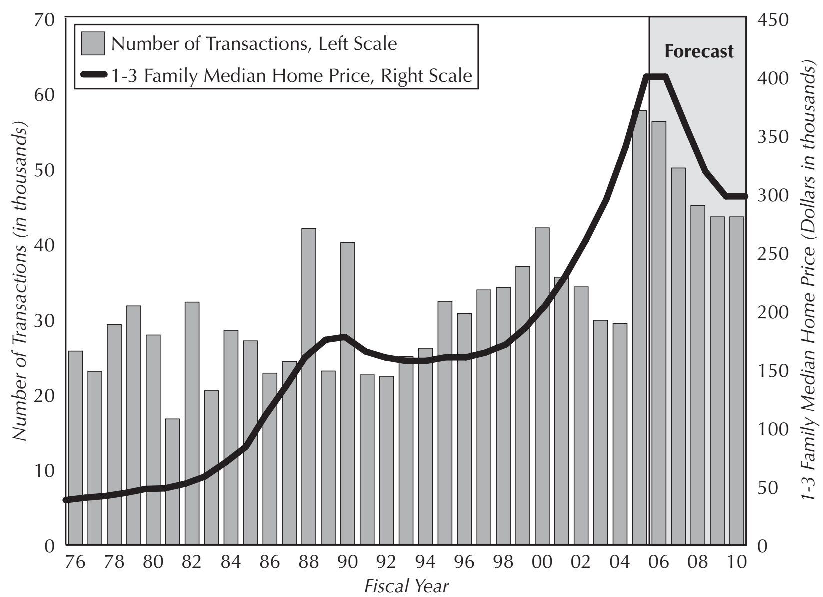
than last year's growth of 7.5 percent. The billable assessed value on the final roll (before accounting for the veterans and STAR exemptions) is expected to grow 2.3 percent, down from last year's 7.6 percent. Market value growth is forecast to average 3.4 percent from 2008 through 2010, which combined with the existing 'pipeline' of assessed value, leads to sustained growth in billable assessed value of 4.9 percent on average from 2008 through 2010.

Class 3 properties (utilities) saw a billable assessed value growth of 0.9 percent over 2006 on the tentative roll, down from last year's growth of 13.5 percent. No reduction from the tentative roll to the final roll is expected for Class 3 properties. Class 3 billable assessed value is expected to grow an average of 1.1 percent from 2008 through 2010.

Class 4 properties (office and commercial space) saw billable assessed value growth of 5.8 percent on the tentative roll over 2006. With an estimated tentative-to-final roll reduction of $663 million, the billable assessed value on the final roll (before accounting for the veterans and STAR exemptions) is expected to grow 4.5 percent over 2006, down from 7.1 percent seen in the previous year. Market value growth is forecast to average 3.4 percent from 2008 through 2010, which combined with the existing 'pipeline' of assessed value, leads to sustained growth in billable assessed value of 5.6 percent on average from 2008 through 2010.

As part of this Financial Plan, the property tax rebate will be extended for three more years. Owner occupants of houses, co-ops and condominiums will receive a $400 tax rebate check mailed directly to their residence. City-wide, over 420,000 homeowners and over 180,000 co-ops and condominium owner occupants will receive the rebate. The extension of the rebate will save homeowners $256 million each year in 2008 through 2010.

**The Forecast for Residential Transactions Calls for Declines in Volume and Home Prices**




## Real Property Transfer & Mortgage Recording Taxes

Revenue from real property transfer tax for 2006 is forecast at $1,227 million, an increase of $129 million over the November Modification, and growth of 16.3 percent from 2005 levels. The mortgage recording tax is forecast at $1,197 million for 2006, an increase of $106 million over the November Modification, and a decline of 4.2 percent from 2005.

The increase in real property transfer tax revenue continues to be spurred by housing market activity, supported by growth in employment, record low mortgage rates, and continued strength in commercial real estate activity. The last three years demonstrated unprecedented levels of transaction tax activity (2003 through 2005). Residential real property transaction tax revenue grew 9 percent, 61 percent and 16 percent in 2003, 2004 and 2005, respectively, posting compound annual average growth of 27 percent. Over the same period residential mortgage recording tax revenues grew by 12 percent, 66 percent and 37 percent, posting a compound annual average growth of 36 percent. The strength in residential transactions and mortgages was spurred by record low interest rates, pent up demand for home purchases, strength in Wall Street bonuses and most recently by employment gains.

In 2006, transaction activity in the residential real estate market has begun to slow. Residential real property transaction tax collections have shown month-over-month declines since August. Year-to-date through December, residential real property transaction tax collections have declined 16 percent (before accrual) from the prior year. Over the same period residential mortgage recording tax revenues have failed to demonstrate large year-over-year increases for the first time since 2001. According to the latest Prudential Douglass Elliman Real Estate Manhattan Market Overview of the residential market, sales have slowed for the period September through December by 27 percent year-over-year, while days on the market have increased 43 percent year-over-year. Residential transaction activity is expected to continue a moderate decline during the second half of the year. For the forecast period from 2007 through 2009 forecasters are calling for a decline in single family home prices of approximately 10 percent and a decline in home sales of about 14 percent for the New York metropolitan area. Paralleling this forecast, New York City residential transactions are expected to decline approximately 15 percent over the next three years while the median home price is also expected to decline approximately 15 percent during the same period.

The commercial real estate market has also recently demonstrated unprecedented levels of transaction activity. The attractiveness of Manhattan commercial office space as an investment, coupled with historically low interest rates, ignited a three-year boom in purchases and refinancings. Commercial real property transaction revenue grew 42 percent, 32 percent and 76 percent during 2003, 2004 and 2005, respectively, posting a compound annual average growth of 49 percent. Over the same period commercial mortgage recording revenues grew by 8 percent, 35 percent and 95 percent, posting a compound annual average growth of 42 percent.

Offsetting weakness in residential collections, transaction activity in the commercial real estate market continued strong during the first half of 2006. Year-to-date through December commercial real property transaction tax collections grew 17 percent (before accrual) over the prior year, while the commercial mortgage recording tax revenue grew 49 percent. The forecast for collections from commercial activity for both taxes in the second half are expected to maintain roughly the same level as seen in the first half. However, growth falls sharply due to the extraordinary levels of collections seen in the fourth quarter last year resulting from several 'trophy' building transactions. In 2007, with further increases to interest rates, commercial transactions recede from the unprecedented levels seen in 2005 and 2006, but stabilize at a historically high sustainable level, while mortgage refinancings are expected to follow a similar adjustment.

Real property transfer tax collections are forecast to drop 32.9 percent to $823 million in 2007, before slowing to an average decline of 1.7 percent from 2008 through 2010. Mortgage recording taxes are expected to decline 35.3 percent to $775 million in 2007, before slowing to an average decline of 1.5 percent from 2008 through 2010.

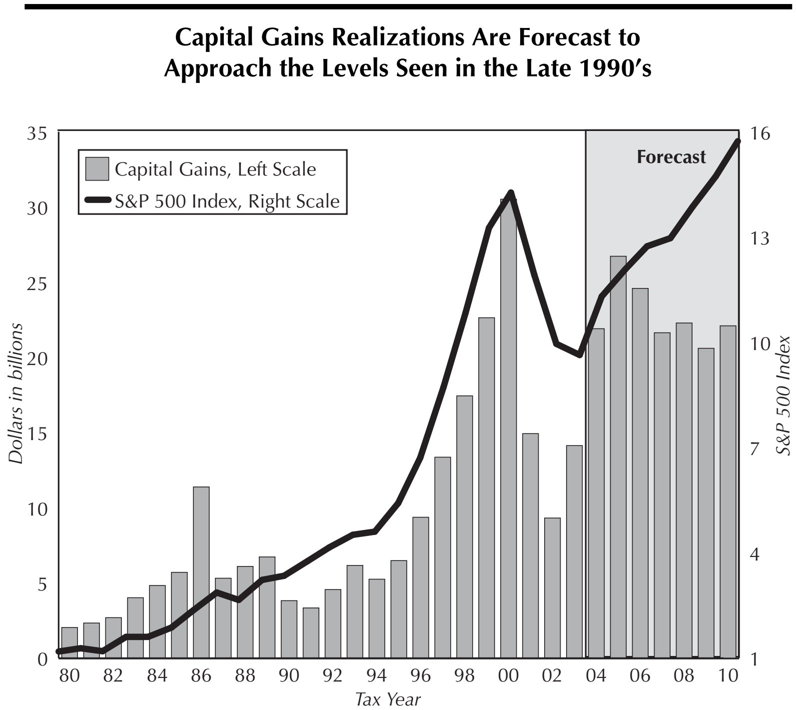
**Commercial Rent Tax**

Commercial rent tax revenue for 2006 is forecast at $473 million, growth of 6.4 percent over 2005. Revenue for 2007 is forecast at $497 million, growth of 5.1 percent over the prior year. The projected growth in the 2006 reflects strength in the commercial real estate market. The vacancy rate for Class A office space in Manhattan has declined from 11.8 percent in the third quarter of 2004 to 9.7 percent in the third quarter of 2005, while the asking rents for the same period increased from $47 per square foot to $48 per square foot. As office employment continues to grow during the forecast period, vacancy rates are expected to fall further. The continued strength in the office market contributes to an average growth of 3.3 percent in commercial rent tax revenue projected from 2008 through 2010.

**Personal Income Tax**

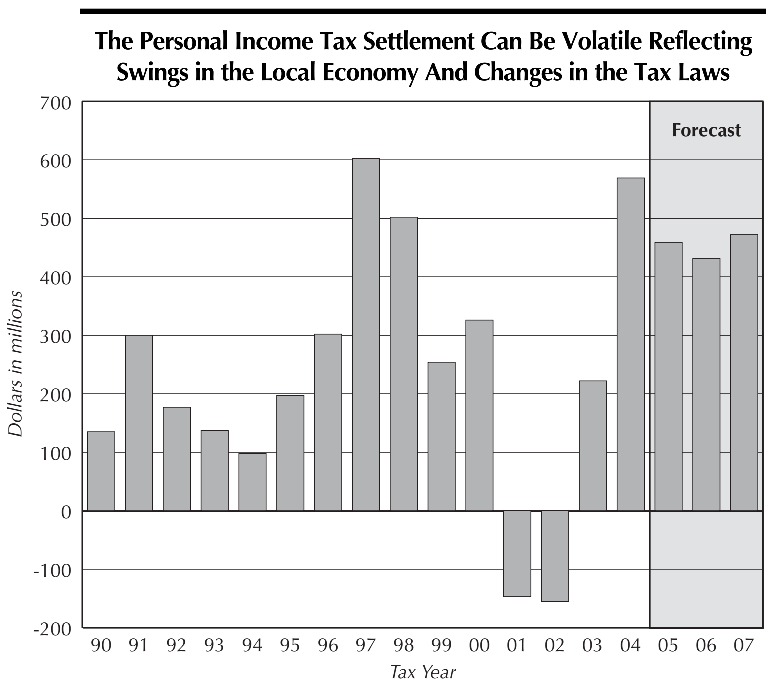
The personal income tax forecast has been increased from the November Modification by $339 million in 2006 and by $236 million in 2007, before changes due to Transitional Finance Authority (TFA) retention. Collections are forecast to grow at 7.4 percent in 2006, followed by a decline of 1.3 percent in 2007, before TFA retention. On a common rate and base, personal income tax revenue is forecast to grow 11.1 percent and 4.5 percent in 2006 and 2007, respectively.

Personal income tax liability, on a common rate and base, is forecast to have grown 8.2 percent in tax year 2005 due to continued strength in New York City's recovery, after growth of 19.8 percent in tax year 2004. The forecast strength stems from the continuation of positive trends seen last year. First, another year of strong compensation growth on Wall Street leads to a record $21 billion-plus bonus payout. Second, the City added 39,000 private-sector jobs in calendar year 2005, easily surpassing the 13,000 added in calendar year 2004. Both of these factors yield strong wage earnings growth of 5.9 percent for calendar year 2005. Estimated payment growth of 23.4 percent is forecast in tax year 2005, following the prior year's growth of 41.3 percent. The high levels of nonwage income supporting this forecast stem from a third consecutive year of exceptional transaction activity and value growth in real estate transaction markets. Also




contributing to nonwage income growth are modest gains in stock valuations. Combined, these factors lead to estimated capital gains realizations growth of 22 percent for tax year 2005.

Effective January 1, 2006, the temporary personal income tax increase, which added two new upper income brackets and rates including a tax table benefit recapture provision for tax years 2003 through 2005, expired. The first new bracket was set at $100,000 in taxable income for single, $150,000 for joint and $125,000 for head of household filers; and the second was set at $500,000 for all filers. The two higher rates were 4.05 percent and 4.45 percent in tax year 2005. The revenue impact from the temporary tax increase has been restated and is now estimated to have raised total liability by $474 million, $600 million and $656 million in calendar years 2003 through 2005, respectively. The revised estimate stems from the large increase in the share of total income attributed to high income taxpayers on the latest New York State personal income tax study file (tax year 2003).




Withholding collections in fiscal year 2006 are forecast to grow 7.5 percent over the prior year, reflecting the lower withholding table rates effective January 1, 2006, offset by the strength in employment and Wall Street bonuses. The estimated payments forecast for fiscal year 2006 is up 12.5 percent from the prior year, with most of the increase due to the forecast of 22 percent growth in capital gains for tax year 2005, supported by the robust real estate transaction activity. For the settlement on tax year 2005 liability (the net of final returns, refunds, extensions and City/State offsets), remittances are expected to offset refunds by approximately $450 million.

Tax year 2006 liability is forecast to increase 8.6 percent, on a common rate and base, reflecting growth in NYSE member-firm profits and an increase in private employment of 36,000 jobs in calendar year 2006. In contrast, collections in fiscal year 2007 (before TFA retention) are forecast to decline 1.3 percent due to the repeal of the tax increase effective January 1, 2006. Additionally, a forecast decline in capital gains realizations in tax year 2006, stemming from the expected decline in real estate transaction activity in the same year, suppresses collections growth in fiscal year 2007. Continued softness in the real estate market going forward, and a forecast decline in Wall Street bonuses in calendar year 2007, lead to suppressed collections growth (before TFA retention) in 2008. A return to trend Wall Street profits and steady growth forecast for the national and local economies result in personal income tax revenue growth averaging 6.0 percent, common rate and base, in 2009 and 2010.

**Business Income Tax**

The forecast for business income tax collections (general corporation, banking corporation and unincorporated business taxes) has been increased by $128 million in 2006 from the November Modification, growth of 7.4 percent over the prior year. The 2007 forecast has been increased by $117 million from the November Modification, 2.6 percent growth over the prior year, reflecting the maturing national and local economic recoveries.

Through December, business income tax collections are up 13.8 percent over the prior year.

General corporation tax collections are on plan through December, but are up 13.5 percent over the prior year, reflecting continued profitability in the finance sector and strong corporate profits. In calendar year 2005, corporate profits (economic profits) are expected to post double-digit growth for the fourth year in a row. U.S. corporations are awash with cash and corporate profits are forecast to reach 12.4 percent of national income in calendar year 2005, the highest share in the past fifteen years. While Wall Street profits are expected to maintain historically high levels in calendar year 2005, a slight profitability decline from the two prior years is evident. Through the third quarter of calendar year 2005, NYSE member firms have posted a $7.2 billion pre-tax profit and are expected to earn $11.8 billion for the year, a moderate decline from the particularly strong calendar year 2003 and 2004 profit levels ($16.8 billion and $13.7 billion, respectively). The mild profitability decline expected in calendar year 2005 results from expense growth (compensation and interest expense) more than offsetting the expected revenue growth. Corporate gross collections year-to-date through December have grown 10.6 percent from the prior year, but are below the November Modification plan by $39 million. Offsetting this decline in gross collections, refunds year-to-date through December have declined 22.9 percent, resulting in the payout of $38 million less refunds than expected. The resulting net collections yield 13.5 percent growth over the prior year, but are on plan, leading to no change from the November Modification forecast. General corporation tax revenue is forecast to grow 7.4 percent in 2006.

Through December, banking corporation tax collections are $55 million above plan, up 8.4 percent over the prior year. The unparalleled growth in banking corporation tax revenue seen in 2004 and 2005 (182 percent cumulative growth) was spurred by a low cost of funds (low interest rates), strength in equity market profits, and financing profits stemming from the real estate transaction boom. The trends catalyzing this revenue growth have begun to erode this year with the start of movement at the long end of the yield curve. For 2006, gross collections are up only 6.8 percent year-to-date as banking corporations maintain healthy levels of profitability in the continuing economic recovery but experience a significant slowdown from the prior years' growth levels. A payment slowdown is expected for the second half of 2006 as net interest margin pressure increases and real estate transaction activity cools, leading to flat growth in banking corporation tax collections in 2006.

Unincorporated business tax collections through December are $10 million above the November Modification and up 19.5 percent over the prior year. Strong payments in the first half of 2006 reflect healthy Wall Street profits and significant professional and information services job growth in calendar year 2005 (up 8,000 jobs after a decline of 1,000 jobs in calendar year 2004). Gross collections are expected to slow in the second half of 2006, following a prior year when the second half posted growth averaging over 20 percent. Unincorporated business tax revenue is forecast to grow 11.4 percent in 2006.

In 2007, business income tax collections growth slows to 2.6 percent from the prior year due to a forecast 12.2 percent decline in banking corporation tax revenues. Cash payments from banks are expected to decline in 2007 as bank profitability suffers from higher interest expenses, a slowdown in the real estate market, and also the liquidation of large overpayments accumulated on account during the prior three years of extraordinary payments. The general corporation tax is forecast to grow 5.7 percent, and the unincorporated business tax is forecast to grow 4.4 percent in 2007. Business income tax collections are forecast to grow an average of 3.9 percent from 2008 through 2010 as the local and national economic recoveries mature, suppressed slightly by weaker growth in 2008 reflecting the forecast slowdown in NYSE member-firm profits in calendar year 2007.

**Sales & Use Tax**

Sales tax revenue is forecast at $4,357 million in 2006 and $4,476 million in 2007, increases of $105 million and $85 million from the November Modification. Sales tax revenue growth is forecast to be flat in 2006 and to grow 2.7 percent in 2007, after growth of 8.4 percent in 2005. Adjusted for tax law changes, (the expiration of the 1/8 percent rate increase and the re-instatement of the local exemption for clothing and footwear purchases under $110) growth is forecast at 8.3 percent in 2006 and 4.0 percent in 2007.

Sales tax revenue in 2003 through 2005, on a common rate and base, grew 4.3 percent, 5.5 percent and 8.2 percent, respectively. During these years consumption growth was fueled by surging real estate transaction markets, growth in the hotel and tourism industries, buoyed by increases in domestic and international visitors, and finally strong job growth in calendar year 2005. This recovery in consumption was preceded by the national recession and the 9/11 terrorist attack, which drastically reduced sales tax revenues in 2002 yielding an unprecedented decline of 7.4 percent, common rate and base.

In 2006, sales tax revenue is forecast to grow 8.3 percent, common rate and base, supported by the continuation of the positive trends seen in the past few years. First, another year of strong wage earnings growth is forecast (over six percent), reflecting a record bonus payout and the addition of 39,000 private-sector jobs in calendar year 2005. Second, strength in tourism consumption is forecast to continue as business and leisure visitor strength lifts hotel occupancy and hotel room rates above pre-9/11 levels. Third, the continuation of the high level of real estate related consumption is forecast through the end of the year. Finally, the City enjoyed a strong holiday sales season, despite the effects of the spike in energy prices due to hurricanes Katrina and Rita and the three day transit strike in December. Collections for the first two quarters of 2006, adjusted for tax law changes, grew 17 percent from the prior year. Healthy revenue growth is forecast in the second half of 2006, but slower than the robust growth seen in the first two quarters as further interest rate increases and a cooling housing market slow consumption.

In 2007, sales tax revenue is forecast to grow 2.7 percent, 4.0 percent common rate and base, the result of forecast flat growth in Wall Street bonuses and a decline in consumption from real estate related activity. Average sales tax growth of 4.5 percent is expected from 2008 through 2010, reflecting the return to trend growth in the national and local economies.

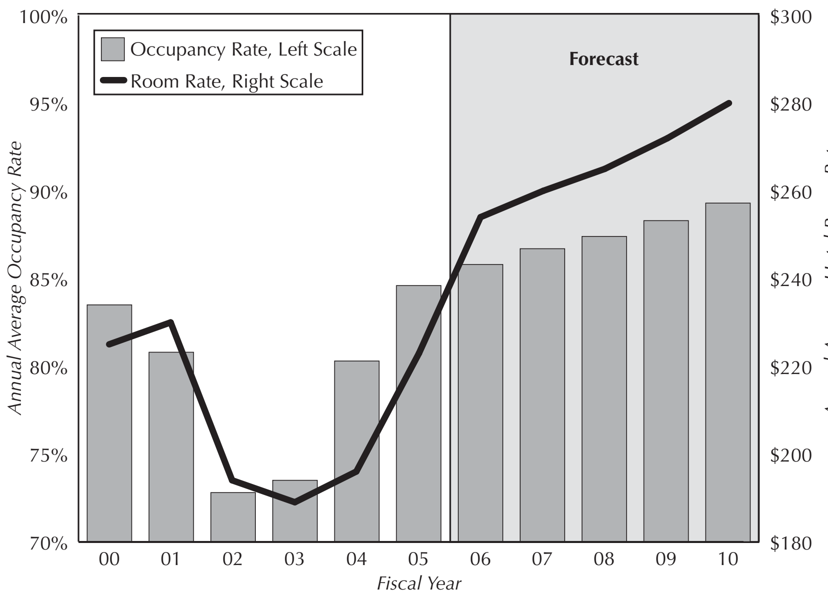
**All Other Taxes:**

Utility tax revenue is forecast at $387 million in 2006, an increase of $21 million over the November Modification, 13.9 percent growth over the prior year. The increase results primarily from the spike in oil and natural gas prices following the Gulf hurricane season. Electric prices are forecast to grow approximately 13 percent in 2006 while natural gas prices are forecast to rise more than 50 percent over the prior year. The utility tax revenues for 2007 are forecast at $348 million, an increase of $15 million over the November Modification and a decline of 10.2 percent from the prior year, reflecting a decline in energy prices forecast in 2007. Utility tax collections are forecast to decline 1.6 percent on average from 2008 through 2010, reflecting the continued decline of energy prices forecast over the plan period.

Cigarette tax revenue for 2006 is forecast at $121 million, an increase of $5 million from the November Modification and a decline of 3.5 percent from the prior year.

Cigarette tax revenue in 2007 is forecast at $118 million, a 2.5 percent decline from 2006. Since the City raised the cigarette tax from $0.08 to $1.50 per pack in 2002 the number of packs sold in the City has been declining, from 342 million packs in 2002 to 150 million forecast in 2006. From 2008 through 2010, cigarette tax collections are projected to decline an average of 2.3 percent per year based upon the long-term historical decline in the number of packs sold.

**In Fiscal Year 2006, Both the New York City Hotel Occupancy and Room Rates are Forecast to Surpass Pre-9/11 Levels**




Hotel tax revenue in 2006 is forecast at $298 million, an increase of $11 million over the November Modification, 15.9 percent growth over 2005. The hotel tax revenue increase results from across-the-board strength in the travel and tourism sector. In calendar year 2005, the City saw an influx of both international and domestic visitors, surpassing the previous year's number of visitors by about 1 million. Broadway shows posted record attendance in calendar year 2005, leading to an increase in the number of performances. Further, a number of movie premiers with A-list celebrities visiting New York City and staying in luxury hotels boosted economic activity within the tourism sector. In fiscal year 2006, hotel occupancy rates have averaged 85 percent or better since July (not seasonally adjusted), giving hoteliers the pricing power to maximize room rates. The result has been high occupancy and room rates that have been above the pre-9/11 peak since May of calendar year 2005. With occupancy and room rates at peak levels, the New York City hotel industry will be adding 5,000 more rooms to its inventory over the next two years. Hotel tax revenues in 2007 are forecast at $309 million, an increase of $11 million over the November Modification, and 3.7 percent growth over 2006. The hotel tax is forecast to grow 3.4 percent on average from 2008 through 2010, as the national and local economies mature and tourism and business travel continues to grow at a moderate pace.

The forecast for all other taxes is estimated at $409 million in 2006, unchanged from the November Modification. The forecast for all other taxes is estimated at $409 million in 2007.

**Tax Enforcement Revenue**

Tax audit revenue is forecast at $511.7 million in 2006. As part of the City's program to reduce the projected budget gap, the Department of Finance will rigorously pursue delinquent taxpayers through agency audit activities and computer matches. Audit revenue is forecast at $508.6 million in 2007.

## Tax Revenue Forecast
($ in Millions)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| **Real Estate Related Taxes:** | | | | | |
| Real Property | $12,434 | $12,780 | $13,686 | $14,361 | $15,039 |
| Commercial Rent | 473 | 497 | 515 | 531 | 548 |
| Mortgage Recording | 1,197 | 775 | 727 | 720 | 740 |
| Real Property Transfer | 1,227 | 823 | 770 | 760 | 781 |
| **Income - Based Taxes:** | | | | | |
| Personal Income (PIT) | | | | | |
| Total PIT | 6,983 | 6,892 | 6,963 | 7,463 | 7,871 |
| Less: TFA Retention | — | (704) | (981) | (986) | (985) |
| PIT-General Fund | 6,983 | 6,188 | 5,982 | 6,477 | 6,886 |
| General Corporation | 2,143 | 2,264 | 2,273 | 2,393 | 2,575 |
| Banking Corporation | 598 | 525 | 508 | 537 | 566 |
| Unincorporated Business | 1,244 | 1,299 | 1,266 | 1,349 | 1,441 |
| **Consumption and Use Taxes:** | | | | | |
| Sales and Use | 4,357 | 4,476 | 4,560 | 4,823 | 5,106 |
| Utility | 387 | 348 | 343 | 342 | 331 |
| Cigarette | 121 | 118 | 115 | 112 | 110 |
| Hotel | 298 | 309 | 317 | 330 | 342 |
| All Other | 409 | 409 | 400 | 409 | 423 |
| **Sub total** | **31,871** | **30,810** | **31,462** | **33,144** | **34,888** |
| Tax Audit Revenue | 512 | 509 | 509 | 509 | 510 |
| **Total Baseline** | **$32,383** | **$31,319** | **$31,971** | **$33,653** | **$35,398** |
| STAR Aid | 857 | 836 | 856 | 880 | 907 |
| Property Tax Rebate | — | — | (256) | (256) | (256) |
| **Total*** | **$33,240** | **$32,154** | **$32,571** | **$34,277** | **$36,049** |

* *Totals may not add due to rounding.*

## Tax Revenue Forecast
## All Other Taxes
($ in Millions)

| | *Fiscal Year* | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| **Excise Taxes:** | | | | | |
| Horse Race Admissions | $— | $— | $— | $— | $— |
| Beer and Liquor | 22.5 | 22.5 | 22.5 | 22.5 | 23.0 |
| Liquor License | 4.4 | 4.4 | 4.4 | 4.4 | 5.0 |
| Off-Track Betting (Dividend) | — | — | — | — | — |
| OTB Surtax | 20.1 | 19.2 | 19.4 | 19.6 | 19.8 |
| **Auto Related Taxes:** | | | | | |
| Commercial Motor Vehicle | 46.3 | 46.3 | 46.3 | 46.3 | 48.0 |
| Auto Use | 30.0 | 30.0 | 30.0 | 30.0 | 31.0 |
| Taxi Medallion | 5.5 | 4.5 | 4.5 | 4.5 | 5.0 |
| **Miscellaneous Taxes:** | | | | | |
| Waiver | 84.1 | 79.1 | 79.1 | 79.1 | 82.0 |
| Other Tax Refunds | (20.2) | (20.2) | (20.2) | (20.2) | (21.0) |
| PILOTS | 156.3 | 153.6 | 154.0 | 154.0 | 159.0 |
| **Penalties and Interest:** | | | | | |
| P&I - Real Estate Current Year | 20.0 | 20.0 | 20.0 | 20.0 | 22.0 |
| P&I - Real Estate Prior Year | 55.0 | 55.0 | 55.0 | 55.0 | 56.0 |
| P&I - Other (Refunds) | (15.0) | (6.0) | (15.0) | (6.0) | (7.0) |
| **Total All Other Taxes** | **$409.0** | **$408.5** | **$400.1** | **$409.3** | **$422.8** |

* *Totals may not add due to rounding.*

# State and Federal Agenda

The 2007 Gap Closing Program calls for $100 million of initiatives requiring Federal action and $250 million of initiatives requiring State action. Specifically, the Federal and State Agenda focuses on controlling and reducing mandated costs on local governments. In addition, the Federal and State Agenda proposes equitable reimbursement to New York City for undertaking mandated Federal and State functions. The Federal and State governments have been provided with a menu of over $1 billion in initiatives to help meet this $350 million target.

## STATE AGENDA

**Provide Sufficient Resources to Meet Expected TANF Mandates**

The SFY 2005-06 Adopted Budget created the Flexible Fund for Family Services (FFFS) which provides a block grant to localities for TANF surplus funds. The FFFS offers flexibility to localities in using TANF funds; however, the inadequate level of funding forces them to make difficult choices so that the locality does not surpass its FFFS allocation. Federal TANF reauthorization is expected to be approved in the coming weeks and proposes to establish potentially costly mandates through expanded work requirements. The base year update for caseload reduction credits, under-funded child care and rules on eligible work activities expected in the coming year pose unfunded mandates that local districts will be unable to meet without sufficient resources from both the Federal government and State government.

As the public assistance rolls have declined, an increasing proportion of the caseload face medical and psychiatric barriers to employment. In response, the City has developed the WeCARE (Wellness, Comprehensive Assessment, Rehabilitation, and Employment) program. WeCARE provides mandatory assessment and job search services to help public assistance recipients achieve self-sufficiency. These programs support the City's efforts to achieve Federally-mandated participation rates, and will be critical to achieving more rigorous rates under TANF reauthorization. They also have helped achieve an overall caseload reduction of 54% since the inception of TANF in 1997. While the City has made great strides in employment services and training for the hardest to place clients, adequate Federal and State funding is critical to continue the success in getting the most challenging populations into the workforce and towards self-sufficiency.

This year the City maintained funding for child care, employment services, and training programs, due to the availability of one-time, non-recurring revenues. Next year, however, without a commitment by the State to provide adequate funding for the FFFS the City will contend with a funding shortfall of $185 million.

**Update State Reimbursement Rates and Charges**

***Increase Daily Reimbursement Rate for State Readies and Parole Violators***

The State is required to provide reimbursement to localities for the incarceration of state-ready inmates and parole violators at $40 per inmate per day. State-ready prisoners are convicted felons who have been sentenced and committed to the State Department of Correctional Services, but have not yet been accepted by the State. Parole violators are also individuals who are temporarily detained in City correctional facilities. Despite this law, the State only reimburses localities $34 per inmate per day. Both the current rate as required by law and the rate paid by the State leaves the City with a substantial shortfall since the actual average cost per inmate per day is approximately $291. The City recognizes that the State has recently taken these individuals into their custody in a timelier manner, thereby reducing the City's costs; however, given that these individuals are the responsibility of the State, the State should provide full reimbursement to the City. The City is requesting full reimbursement for the full cost of incarceration for state-ready inmates and parole violators, saving the City $140 million annually.

***Provide Funding for Foster Care Children Awaiting Placement in State Institutions***

Children with serious mental illness or emotional disturbances who frequently enter the foster care system are referred to the State Office of Mental Retardation and Developmental Disability (OMRDD) for residential treatment facility (RTF) placement. RTF placements are funded 100 percent by the State. Currently there are substantial waiting periods to move a child from foster care to these facilities, where more appropriate services can be provided. During this time the State neither provides services nor reimburses localities the RTF rate when services are provided for children waiting to be transferred. Care for these children is fully supported by the City, even after the placement determination for care by OMRDD is made. The State must take immediate action to expand RTF capacity so these children can be transferred as soon as possible to the appropriate care setting. Since children awaiting RTF placement are legally the responsibility of the State, the State should reimburse counties in full for the cost of providing services to these children prior to their placement. Further, it is unfair to require counties to spend already scarce foster care block grant funds in order to support these activities. It is estimated that the City would save $4 million annually if the State were to provide the City full reimbursement.

***Increase Article VI Reimbursement Rates for Optional Services from 30% to Core Services Level of 36%***

Article VI funding is used for general public health programs and services and is currently an open-ended entitlement where the State provides either a 30 percent match for optional services or 36 percent match for core services for county public health expenditures. New York City uses Article VI funds for a broad range of services including communicable disease prevention and treatment, environmental programs, school health services, disease prevention programs, dental clinics and poison control, among many other programs. New York City advocates for increasing reimbursement for optional services from 30 percent to 36 percent. There is no reason that certain services should be reimbursed at a higher rate than others when all services are vital in the effort to protect the public health of City residents. The savings to City from the rate increase would be $5.9 million in 2007 and $6.2 million in 2008.

***Probation Aid Reimbursement Rate Increase from 20% to Statutory Level of 50%***

While New York State law provides that local government probation spending shall be reimbursed up to 50 percent of the eligible local spending amount, the State actually reimburses the City significantly less than the statute requires. The State's probation aid has been gradually decreasing, and reimbursement rates have reached only 20 percent of approved expenditures over the last two years. As a result, the City is required to fully finance this shortfall in probation aid at close to $13 million each year. This is an enormous burden, only compounded by the fact that the City's probation services actually save the State money, since many of the individuals on probation would be in a State prison if they were not sentenced to this alternative to incarceration. The City recommends an increase in the probation reimbursement amount up to the statutory limit.

**Institute Tort Reform**

The City proposes that the State enact far-reaching tort reform legislation. Tort liability costs have increased dramatically since the early 1990s. Last year, the City paid out almost $600 million in tort claims alone. The City's proposal includes several initiatives that will produce savings for both the City and the State, such as linking the interest paid by municipal corporations on judgments and claims to the 52-week Treasury bill rate, establishing a medical expense threshold and a cap on awards for pain and suffering, and allowing tort actions to be offset by a collateral source. It is anticipated that the City will realize at least $80 million annually in savings as a result of enacting these tort reform initiatives.

**Streamline the Funding of CUNY**

Approximately twenty years ago it was established that CUNY senior colleges would be funded through a combination of state aid and tuition. Although financial support of senior colleges was to be the sole responsibility of the State, at that time New York City was mandated to advance funds to CUNY for its senior college operating expenses.

The City provides approximately $1.3 billion annually to CUNY for this purpose. The State is required by law to reimburse the City after CUNY claims for State Aid. However, just last year, the City was forced to pay over $48 million in outstanding balances as a result of this bi-furcated claiming process which is intended to have no impact on the finances of the City of New York. Further, New York City loses approximately $2 million annually in interest revenue from this pre-funding arrangement. The City advocates for full reimbursement of this $48 million in 2007 and $2 million annually in interest revenue.

**Allow New York City to Share Equally in Revenue Sharing Increases**

New York City, along with other municipalities across the State, receives Aid and Incentives to Municipalities (AIM) funding. AIM funding provides local governments with a flexible and consistent source of revenue. New York City was excluded from both the 5 percent across-the-board increase in revenue sharing enacted in the SFY 2001-02 Budget and the revenue sharing increase provided in the SFY 2005-06 Budget. New York City is the only municipality in the State that did benefit from these statewide increases. City taxpayers contribute over $11 billion more in revenue to the State each year than is returned to the City in the form of State expenditures. Therefore, the City deserves to participate in any increase in this revenue stream. If New York City were to receive a 10% increase in this year's State budget, as was provided to other municipalities, the City would receive approximately $32.8 million in 2007. In addition, if a 2.5% permanent increase was enacted to include the City, as has been proposed for all other municipalities, it would result in an additional $9 million increase in 2008.

**Cigarette Tax Initiatives**

***Increase the City's Cigarette Tax from $1.50 to $2.00 Per Pack***

Cigarette smoking is one of the leading causes of lung-related illness and deaths in this country. The effects of second hand smoke are also well known to put individuals around smokers, especially children, at risk for smoking-related diseases. Findings from the Community Health Survey and data from City and State cigarette and sales tax information show a significant decline in smoking prevalence when New York City increased the cigarette tax in 2002. The City is now proposing to increase the City's Cigarette tax from $1.50 to $2.00, bringing the cost of a pack of cigarettes in New York City to $3.50. The increase will continue to serve as a disincentive for cigarette consumption and therefore lead to a decrease in the long term health care costs associated with smoking-related illness and disease. Further, a portion of the tax increase will provide the City with additional revenues to spend on new public health efforts to prevent and stop smoking. The $0.50 increase is estimated to bring the City $21 million in 2007.

*Strengthen Initiatives to Capture and Penalize Cigarette Tax Evasion*

New York City also advocates for new enforcement powers to strengthen the Department of Finance's ability to collect the cigarette tax. The City seeks enactment of State legislation that authorizes an award for information leading to violations of the New York City Cigarette Tax and imposes penalties against tax stamp counterfeiters. Other proposals include giving the State Attorney General the authority to prosecute violations of the City's cigarette tax, as well as provide the Attorney General, the Corporation Counsel, and any district attorney with concurrent jurisdiction in cases involving multiple defendants where violations are committed in multiple boroughs or outside the City's borders. New York City also proposes strengthening penalties for Internet shipping violations by counting each shipment as a separate violation and providing additional powers to the Attorney General and the Corporation Counsel to recover civil penalties. Additionally, the City proposes allowing local and injunctive enforcement to prohibit common carrier delivery of cigarettes to any entity not authorized to tax stamp the cigarettes. Revenue to the City from these strengthened enforcement proposals is expected to be at least $10 million annually.

**Reduce State-Imposed Mandates on Off Track Betting Corporations**

The City seeks to eliminate the State-imposed financial mandates on Off Track Betting Corporations. In the past two years, New York City Off track Betting Corporation (NYCOTB) has had operating losses due to mandated payments required under State law. NYCOTB has successfully implemented many measures to cut operating costs, but real reform and assistance is needed at the State level to keep NYCOTB operating. The City seeks to make numerous changes to the State laws governing racing and wagering in order to ease restrictions and allow for NYCOTB to continue producing revenue for New York City. Among these changes are: lowering takeout rates, reducing the State-assessed regulatory fees, in addition to eliminating hold harmless payments.

**Reform Local Finance Laws**

The City of New York proposes that the State grant the City the authority to maximize the benefits of the municipal bond market in order to reduce debt service costs. The City also recommends changes that will strengthen the City's credit rating. The City's reform package includes the following proposals that will save the City over $7 million annually if enacted:

***Increase Transitional Finance Authority Bonding Capacity***

When the Transitional Finance Authority (TFA) was created in 1997 it was intended to provide New York City with an additional financing mechanism for the City's capital program. The cost of issuing debt through TFA is significantly less than the cost of issuing General Obligation debt. The maintenance, expansion and rebuilding of the City's infrastructure in an efficient and cost effective manner are matters of serious concern to the people of the City of New York. For this reason, the City recommends increasing TFA bonding capacity to lower the cost of the City's capital program.

***Tie Cost Recovery Fee Formula to Debt Outstanding***

Public Authorities Law §2975 allows for the recovery of indirect state governmental costs from public authorities and public benefit corporations. According to this statute, every public authority or public benefit corporation created by State law with at least three members appointed by the Governor is required to reimburse the State for indirect governmental costs attributable to the provision of services to the public authority. In 2003 the aggregate amount that the State can assess public authorities under this section was increased from $20 million to $40 million. Furthermore, statutory language was amended that no longer tied assessments to the proportion of outstanding debt of each public benefit corporation to the total debt for all public benefit corporations. Instead, the amount assessed each public benefit corporation is solely determined at the discretion of the State Director of the Budget.

As a result of these changes, the State recovery costs assessed on both the Battery Park City Authority (BPCA) and the Municipal Assistance Corporation (MAC) have grown significantly. The state recovery costs assessed BPCA have grown from $225,000 in 2003, to $3.6 million in 2006, while the MAC cost recovery fees have shown a similar increase, growing from $600,000 in 2003 to $1.6 million in 2005. The City is requesting that the State assess these fees in an equitable manner by amending the statute to provide for the pre-2003 proportional methodology for calculating the fees. This would result in a significant reduction in the amount assessed the City. Furthermore, the City is requesting a full and detailed accounting of state oversight costs that correspond to the fees assessed.

***Amend the Local Finance Laws to Strengthen the City's Credit Rating***

This proposal would strengthen the credit of New York City General Obligation debt by making certain provisions of the Financial Emergency Act permanent and by creating a statutory lien in the debt service fund in favor of the City's bond holders. This proposal would also authorize a pledge and agreement of the State to holders of City debt relating to preservation of the general debt service fund and the statutory lien.

**Create a Statewide Enhanced 311 Network to Respond to Human Services Needs**

New York City currently provides residents with access to important government information and services through the 3-1-1 phone system. In order to enhance this system New York City is implementing a new program to provide information on social services provided by non-profit groups. The City will be able to provide information and referral assistance to New Yorkers on the City's vast network of City agencies, non-profit providers, community based organizations and religious organizations in order to help those most in need. Residents will be able to navigate the maze of non-profit services in New York City much the way 3-1-1 has made it simple to connect with their government. Currently, these services are difficult to access, especially for those that need these services the most. By partnering with the City and providing assistance for this important service, New York State can contribute to a statewide enhanced 3-1-1 initiative that will benefit those in need throughout the State. An equitable partnership with New York City would provide $6.9 million in 2007.

**Lower the Cost of Capital Construction by Repealing the Wicks Law**

Currently, for construction projects costing more than $50,000, the City must issue four separate contracts for electric, plumbing, heating, ventilation and air conditioning (HVAC) and all other services. This multiple contracting requirement adds approximately 14% to the cost of every City–funded construction project and requires the City to become the "General Contractor", responsible for coordinating the activities of the four contractors. By the City acting as a General Contractor, defects in workmanship and accountability continually become a city burden. Under a single contract system, any defect in workmanship or damages caused by other contractors becomes the responsibility of the general contractor. Projects bid under multiple contract systems also cost more than single contract bids. These costs include risk of delays, litigation, unenforceable warranties and higher costs in insurance and change-orders. Therefore, the City is requesting full repeal of the Wicks Law which would provide over $2.8 billion in capital construction cost savings over the next ten years and $5.8 million in debt service savings in 2007.

**Enact Pension Reform**

Pension reform is necessary in order for New York City to gain control over escalating costs. Some pension reforms that should be examined include: adjusting post-retirement supplemental benefits, mandating employee contributions throughout active service, establishing age requirements for retirement systems where none currently exist, raising the retirement age and number of years of service necessary to retire where these requirements already exist and standardizing the final average salary calculations among employees. These items, in addition to other proposals, should be considered as part of any solution to limit the growth in mandated pension spending.

**Increase Title I funding to Authorized Levels**

The Federal No Child Left Behind Act (NCLB) was created in 2001 to change the way Federal education aid is distributed by holding states and school districts accountable for the academic achievement of all students. In order to achieve this goal, the NCLB Act mandates very high standards of achievements and outlines a series of remedies if those standards are not attained. While high standards are necessary to meet our children's needs, the Federal government has not provided adequate funding for school districts to meet these mandates. When NCLB was passed by Congress in 2001 specific funding levels were authorized in law. However, actual annual appropriations have been far less than the original authorized amounts. The 2006 Federal budget cut national funding for Title I Grants to Local Educational Agencies by approximately $29 million. Title I is intended to improve the academic performance of disadvantaged school children. The City seeks adequate funding for Title I and other educational programs in the 2007 Federal Budget to assist New York City in providing the educational services required in NCLB. If Title I were fully funded in 2007 and beyond, the City would receive an additional $684 million annually.

**Provide Reimbursement for UN Protection and Adequate Future Funding**

Under an agreement with the State Department, New York City provides extraordinary security measures for the protection of dignitaries and foreign missions, as well as provides security for special international events held in the City. Although the State Department reimburses the City approximately $7 million a year for these services, the cost of providing protection has increased beyond the current reimbursement level. The City is seeking $73 million in 2007, which would include the reimbursement of $50 million in unpaid costs from 2002-2006 and an increase in the annual reimbursement rate from $7 million to $23 million for providing this special UN protection. This would give the City an additional $66 million in 2007 and an additional $16 million each year thereafter.

**Fund the State Criminal Alien Assistance Program (SCAAP) at the Authorized Level**

The Federal government reimburses states and localities for a portion of the costs of incarcerating illegal aliens who have been convicted of one felony or two misdemeanor offenses. In past years, the City has received $30 million annually to partially offset the costs of keeping these individuals in local jails through the State Criminal Alien Assistance Program (SCAAP). However, this allocation has been reduced in recent years, reaching a low of $15.9 million in 2005, shifting even more of the cost of housing these individuals to the City. The City's jail system holds more than 8,000 criminal illegal aliens each year at a cost of more than $80 million. Cuts in this program force the City to divert already scarce law enforcement resources away from crime prevention and homeland security efforts. The City requests that SCAAP be funded at an appropriate level to cover the full cost of this program which will provide the City with an additional $64 million annually.

**Provide Adequate Child Care Funding to Meet TANF Work Requirements**

TANF reauthorization is scheduled to be passed by Congress in the coming weeks and includes a recommended increase in funding for the child care development block grant by $1 billion over a five year period. If the current distribution formula is used to allocate the incremental child care funds, New York City would expect to receive an additional $7 million annually. This additional funding would support roughly 875 child care slots, an insufficient amount to address the City's expanded child care need anticipated due to more rigorous work participation requirements also included as part of TANF reauthorization. Current child care funding cannot keep pace with the increased work requirements that the City faces. Failure to adequately fund child care impedes the City's ability to move TANF recipients from dependency to self-sufficiency. The City urges Congress to increase child care funding by $6 billion over five years, as proposed last year by the Senate. It is estimated that the City would receive $42 million a year in incremental funds, which would support approximately 5,250 more child care slots each year and allow the City to help TANF recipients achieve self-sufficiency and thus comply with new Federal mandates.

**Revise Foster Care Eligibility**

Prior to 1996, a child's eligibility for Title IV-E foster care payments was linked to the child's eligibility for the Title IV-A (Aid to Dependent Children or ADC) program. When the Personal Responsibility Work Opportunity Responsibility Act (PRWORA) was passed by Congress in 1996, the ADC program was ended and replaced by TANF. However, the prior program's eligibility criteria remained as a condition of Title IV-E eligibility. The City supports an amendment to Title IV-E of the Social Security Act to link the eligibility of a child for foster care payments to existing Federal poverty guidelines rather than the current eligibility that is based on the old ADC program. Furthermore, in cases where information on parental income is not available and the child has no resources, the child's income should be used to determine IV-E eligibility. Children in foster care would therefore qualify for Federal reimbursement based upon their family's current income eligibility.

Ten years after the enactment of PRWORA, it is unfair and illogical to expect states to continue to apply the requirements of an obsolete program. Basing Title IV-E eligibility on poverty indices would allow this determination to be made much more quickly and easily as well as allow the Federal government to support the care of children already eligible for Federal support. Currently, the City's Administration for

Children's Services (ACS) spends an estimated $750 million in foster care services and related administration of which 52%, is IV-E eligible. Approximately 5,000 of the children currently in ACS care are not IV-E eligible for reasons including the current income guidelines. If 25% of these children were to become IV-E eligible under changes to Federal law, the City could realize approximately $28 million in additional Federal foster-care funds.

**Reprogram CDBG Funds Distributed Outside the Formula Allocation**

The Federal Community Development Block Grant (CDBG) Fund allocates formula grants as well as Economic Development Initiative Grants. New York City currently receives a CDBG entitlement formula grant which the City uses for a wide range of programs including residential emergency repair, maintenance and upgrade of City-owned, tax foreclosed housing and neighborhood redevelopment; economic development programs such as neighborhood commercial revitalization; sanitation programs such as vacant lot clean-up and many other public service programs that are vital to New York City citizens. Over the past years, New York City's CDBG formula grant allocation has been cut by a total of $37 million. The 2006 Federal Budget reduced the City's grant by 10% alone. These significant cuts will affect necessary community services that New York City provides.

The Economic Development Initiative (EDI) grants are allocated out of the CDBG Fund at Congress' discretion. In addition, they are not required to principally benefit low- and moderate-income persons, as is required under the formula grants. Since New York City and other localities have had major cuts to the formula grant allocations in the past few years, New York City is proposing that EDI grant funding be included in the CDBG formula grants allocation, which will make more funds available to localities for important needs-based programs. Based on the 2006 Federal CDBG appropriation, if the $310 million which was allocated to the EDI grants were to be combined with the $3.7 national CDBG formula grant appropriation, New York City would be eligible for approximately $15 million in additional funds based on the City's current percentage of CDBG formula grants.

**Fund the Justice Assistance Grants at the Authorized Level**

In 2005, the Byrne Formula grants and Local Law Enforcement Block Grants were merged into the Justice Assistance Grant program (JAG). At that time, the Federal appropriation dropped from a total of $725 million for the two earlier programs to $530.5 million for JAG. Funding levels for grants dropped further in 2006, to $321.5 million. New York City's allocation decreased from $11.4 million before the implementation of JAG to $4.8 million in 2006. The City uses JAG funds for important public safety projects such as 911 operators. The reauthorization bill for the Department of Justice signed in January 2006 authorizes JAG at a level of $1.095

billion.  New York City requests that JAG be fully funded at the authorized level which would provide the City with an additional $11.5 million in 2007.

**Reimburse the City for Outstanding Foreign Dignitary Parking Tickets**

In 2002, the State Department and New York City agreed to an historic parking program that has dramatically reduced illegal parking by the diplomatic community and improved the collection of payments for summons issued.  Since the implementation of the program, the rate of summonses resolved increased from 9 percent to 67 percent. Not only has the program generated more revenue for the City, it has reduced the number of parking violations issued.  Given the success of this program, the City is seeking to collect fines accrued prior to the implementation of the program.  More than 170 countries owe the City approximately $18 million prior to the 2002 agreement.

The 2006 Foreign Operations Appropriations bill included a provision that withheld 110 percent of the amount owed to the City from scofflaw countries, except aid that is determined to be in the national interest.  The City supports incorporating similar language into the 2007 appropriations and supports applying that funding to unpaid fines and penalties dating back to April 1, 1997.

## Capital Program

The Modified Capital Commitment Plan for Fiscal Years 2006-2009 authorizes agencies to commit $40.7 billion, of which $31.6 billion will be City-funded. City funds include proceeds of bonds issued by the City Municipal Water Finance Authority and City general obligation bonds (as described in the Financing Program section).

The targeted level for City-funded commitments is $7.1 billion in Fiscal Year 2006. The aggregate agency-by-agency authorized commitments of $10.9 billion exceed the Fiscal Year Financial Plan by $3.8 billion. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as scope changes and delays.

## The Capital Program Since 2002

The following table summarizes capital committments over the past four years.

**FY 2002-2005 Commitments**
*($ in Millions)**

| | 2002 | | 2003 | | 2004 | | 2005 | |
|---|---|---|---|---|---|---|---|---|
| | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds | City Funds | All Funds |
| **Environmental Protection** | | | | | | | | |
| Equipment | $115 | $239 | $91 | $91 | $43 | $43 | $68 | $69 |
| Sewers | 199 | 199 | 201 | 202 | 216 | 216 | 186 | 187 |
| Water Mains | 492 | 492 | 337 | 337 | 480 | 481 | 499 | 498 |
| Water Pollution Control | 806 | 806 | 681 | 687 | 877 | 935 | 838 | 839 |
| Water Supply | 135 | 135 | 63 | 63 | 39 | 39 | 746 | 746 |
| ***Subtotal*** | $1,747 | $1,871 | $1,373 | $1,380 | $1,654 | $1,713 | $2,337 | $2,338 |
| **Transportation** | | | | | | | | |
| Mass Transit | $6 | $6 | $521 | $521 | $80 | $80 | $180 | $180 |
| Bridges | 110 | 136 | 372 | 468 | 364 | 570 | 94 | 266 |
| Highways | 211 | 217 | 171 | 166 | 202 | 227 | 224 | 246 |
| ***Subtotal*** | $327 | $359 | $1,064 | $1,155 | $646 | $878 | $498 | $692 |
| **Education** | | | | | | | | |
| Education | $1,337 | $1,340 | $890 | $963 | $571 | $593 | $2,188 | $2,188 |
| Higher Education | 9 | 10 | 17 | 21 | 18 | 19 | 20 | 20 |
| ***Subtotal*** | $1,345 | $1,350 | $907 | $983 | $589 | $612 | $2,208 | $2,208 |
| **Housing And Economic Development** | | | | | | | | |
| Economic Development | $190 | $193 | $237 | $255 | $206 | $221 | $207 | $215 |
| Housing | 321 | 438 | 203 | 313 | 216 | 283 | 275 | 423 |
| ***Subtotal*** | $510 | $632 | $440 | $568 | $422 | $504 | $481 | $638 |
| **Administration Of Justice** | | | | | | | | |
| Correction | $31 | $32 | $110 | $110 | $30 | $30 | $50 | $50 |
| Courts | 191 | 192 | 86 | 96 | 103 | 105 | 129 | 132 |
| Police | 119 | 119 | 81 | 81 | 65 | 65 | 43 | 43 |
| ***Subtotal*** | $341 | $343 | $277 | $287 | $198 | $200 | $222 | $225 |
| **City Operations & Facilities** | | | | | | | | |
| Cultural Institutions | $208 | $208 | $203 | $207 | $98 | $101 | $140 | $140 |
| Fire | 149 | 149 | 81 | 99 | 66 | 69 | 93 | 93 |
| Health & Hospitals | 121 | 121 | 102 | 104 | 90 | 90 | 451 | 451 |
| Parks | 166 | 169 | 222 | 226 | 116 | 143 | 211 | 225 |
| Public Buildings | 167 | 167 | 98 | 102 | 175 | 176 | 78 | 78 |
| Sanitation | 216 | 216 | 159 | 159 | 140 | 140 | 137 | 137 |
| Technology & Equipment | 225 | 225 | 205 | 213 | 174 | 180 | 297 | 297 |
| Other | 308 | 404 | 258 | 315 | 169 | 228 | 135 | 247 |
| ***Subtotal*** | $1,560 | $1,659 | $1,328 | $1,425 | $1,029 | $1,127 | $1,542 | $1,668 |
| **Total Commitments** | **$5,832** | **$6,214** | **$5,389** | **$5,799** | **$4,539** | **$5,034** | **$7,288** | **$7,769** |
| **Total Expenditures** | **$5,436** | **$6,320** | **$5,376** | **$5,734** | **$5,133** | **$5,755** | **$5,274** | **$6,655** |

* *Individual items may not add to totals due to rounding.*

## FY 2006-2009 Commitment Plan

*($ in Millions)**

| | 2006 City Funds | 2006 All Funds | 2007 City Funds | 2007 All Funds | 2008 City Funds | 2008 All Funds | 2009 City Funds | 2009 All Funds |
|---|---|---|---|---|---|---|---|---|
| **Environmental Protection** | | | | | | | | |
| Equipment | $232 | $378 | $127 | $130 | $52 | $55 | $54 | $57 |
| Sewers | 253 | 253 | 162 | 162 | 169 | 169 | 132 | 132 |
| Water Mains | 657 | 660 | 1,637 | 1,637 | 973 | 973 | 210 | 210 |
| Water Pollution Control | 1,202 | 1,268 | 566 | 591 | 366 | 391 | 331 | 356 |
| Water Supply | 30 | 30 | 191 | 191 | 89 | 89 | 203 | 203 |
| ***Subtotal*** | $2,374 | $2,588 | $2,682 | $2,710 | $1,649 | $1,677 | $931 | $959 |
| **Transportation** | | | | | | | | |
| Mass Transit | $92 | $256 | $78 | $100 | $81 | $81 | $85 | $85 |
| Bridges | 284 | 304 | 863 | 1,084 | 426 | 600 | 348 | 533 |
| Highways | 418 | 453 | 375 | 451 | 370 | 381 | 365 | 431 |
| ***Subtotal*** | $794 | $1,012 | $1,316 | $1,634 | $876 | $1,061 | $798 | $1,049 |
| **Education** | | | | | | | | |
| Education | $1,371 | $1,371 | $925 | $3,113 | $1,010 | $3,197 | $1,210 | $3,397 |
| Higher Education | 255 | 258 | 49 | 54 | 45 | 48 | 46 | 50 |
| ***Subtotal*** | $1,626 | $1,629 | $975 | $3,166 | $1,054 | $3,246 | $1,256 | $3,447 |
| **Housing And Economic Development** | | | | | | | | |
| Economic Development | $538 | $718 | $867 | $867 | $272 | $272 | $91 | $91 |
| Housing | 443 | 615 | 329 | 455 | 361 | 475 | 343 | 444 |
| ***Subtotal*** | $981 | $1,333 | $1,195 | $1,322 | $633 | $747 | $434 | $535 |
| **Administration Of Justice** | | | | | | | | |
| Correction | $225 | $225 | $128 | $128 | $170 | $170 | $239 | $243 |
| Courts | 756 | 757 | 205 | 207 | 115 | 115 | 66 | 66 |
| Police | 236 | 236 | 102 | 102 | 74 | 74 | 58 | 58 |
| ***Subtotal*** | $1,217 | $1,219 | $436 | $437 | $359 | $359 | $363 | $367 |
| **City Operations & Facilities** | | | | | | | | |
| Cultural Institutions | $542 | $561 | $169 | $169 | $78 | $78 | $8 | $8 |
| Fire | 181 | 222 | 123 | 123 | 47 | 47 | 47 | 47 |
| Health & Hospitals | 611 | 611 | 387 | 387 | 255 | 255 | 132 | 132 |
| Parks | 538 | 577 | 560 | 639 | 226 | 227 | 184 | 184 |
| Public Buildings | 300 | 303 | 236 | 236 | 77 | 77 | 72 | 72 |
| Sanitation | 169 | 172 | 603 | 603 | 359 | 359 | 108 | 108 |
| Technology & Equipment | 954 | 1,029 | 809 | 809 | 423 | 423 | 230 | 230 |
| Other | 636 | 766 | 325 | 396 | 169 | 233 | 130 | 158 |
| ***Subtotal*** | $3,931 | $4,242 | $3,212 | $3,364 | $1,633 | $1,699 | $912 | $939 |
| **Total Commitments** | **$10,924** | **$12,023** | **$9,815** | **$12,633** | **$6,204** | **$8,789** | **$4,693** | **$7,296** |
| **Reserve For Unattained Commitments** | **($3,823)** | **($3,823)** | **($950)** | **($950)** | **$931** | **$931** | **$855** | **$855** |
| **Commitment Plan** | **$7,101** | **$8,200** | **$8,865** | **$11,683** | **$7,135** | **$9,720** | **$5,548** | **$8,151** |
| **Total Expenditures** | **$6,101** | **$6,645** | **$6,641** | **$7,444** | **$7,025** | **$8,441** | **$6,756** | **$8,690** |

* *Individual items may not add to totals due to rounding.*

**The Department of Design and Construction**

The Department of Design and Construction was created in October 1995 by Local Law 77, which authorized it to assume responsibility for construction projects performed by the departments of Transportation, Environmental Protection and General Services. The Department delivers the City's construction projects in an expeditious, cost-effective manner, while maintaining the highest degree of architectural, engineering and construction quality. The Department performs design and construction functions related to streets and highways; sewers; water mains; correctional and court facilities; cultural buildings; libraries; and other public buildings, facilities and structures.

The consolidation of design and construction into a single agency allows for the elimination of duplicative program units within agencies; the standardization of construction procedures and practices; the implementation of reforms of current practices relating to procurement for construction projects; and the expansion of the use of construction-related technology, such as Computer-Aided Drafting and Design (CADD); and a project management information system. The Department also enables the City to coordinate a wide variety of construction projects with utilities, community representatives, and private industry, thus minimizing the disruption to individual neighborhoods caused by water-main projects, sewer construction, and road work, as well as reducing the costs associated with such projects. The Department of Design and Construction serves 22 client agencies.

**Capital Asset Inventory and Maintenance Program**

The Charter mandates an annual assessment of the City's major assets, including buildings, piers, bulkheads, bridges, streets and highways, and the preparation of state of good repair needs for these assets. The annual report, used by agencies for capital planning purposes, includes, as a separate volume, a reconciliation of the amounts recommended in the condition assessment with amounts funded in the budget.

**Value Engineering**

For the past 22 years, the Mayor's Office of Management and Budget (OMB) has successfully utilized several "tools" of value management as a means of maximizing the City's return on investment. These include the value engineering and value analysis methodologies, defined below:

- Value engineering (VE) systematically reviews construction designs, costs and functions for the purpose of achieving the most effective project at the lowest life–cycle costs, both capital and operating. Value engineering is conducted on selected major capital projects at an early enough phase to confirm that their scope includes all required elements, to identify potential problems and to incorporate solutions and recommendations into the design.

- Value analysis (VA) fundamentally redesigns key operational functions to effect increased efficiency and improvements. Value analysis is applied to the review of the City's operational processes and procedures to assist agencies in streamlining their procedures.

In its role as technical support to OMB, the Value Engineering Unit is able to provide expertise otherwise unavailable in–house. Also, working with a VE team of outside consultants and experts, along with input from agency clients, the VE Unit is able to review capital projects and operational processes, and greatly contribute to the effectiveness of how the City conducts its business and manages its resources. This truly collaborative effort also provides a forum to address the concerns of the interested parties. Recommendations stemming from VE reviews enable agency policy makers to make an informed assessment on the viability of a project's scope, cost and schedule. Current projects earmarked for VE reviews include bridges, hospitals and sanitation garages. In recent years, there has been an increase in the number of VA reviews conducted that have provided agencies with operational and revenue enhancements to existing programs and services.

## Financing Program

The City's financing program projects $31.6 billion of long-term borrowing for the period 2006 through 2010 to support the City's current capital program. Unless bonding capacity of the New York City Transitional Finance Authority (TFA) is increased, all of the financing will be implemented through the issuance of General Obligation (GO) bonds of the City and bonds of the New York City Municipal Water Finance Authority (NYW or the Authority).

**Financing Program**

*($ in millions)*

| | *2006* | *2007* | *2008* | *2009* | *2010* | *Total* |
|---|---|---|---|---|---|---|
| City General Obligation Bonds | 4,460 | $4,740 | $5,200 | $4,910 | $4,500 | $23,810 |
| TFA Bonds[1] | – | – | – | – | – | – |
| TSASC Bonds | – | – | – | – | – | – |
| Water Authority Bonds [2] | 1,747 | 1,579 | 1,540 | 1,546 | 1,391 | 7,803 |
| Conduit Debt | – | – | – | – | – | – |
| **Total** | **$6,207** | **$6,319** | **$6,740** | **$6,456** | **$5,891** | **$31,613** |

*1) TFA Bonds would be increased and GO Bonds would be decreased by an amount up to half of the total GO Bond amount shown above if the TFA's statutory bonding cap were increased.*

*2) Includes commercial paper and revenue bonds issued for the water and sewer system's capital program. Figures do not include bonds that defease commercial paper or refunding bonds.*

The following three tables show statistical information on debt issued by the financing entities described above (Totals may not add due to rounding).

**Debt Outstanding**

*($ in millions at year end)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| City General Obligation Bonds | $36,762 | $39,866 | $43,255 | $46,169 | $48,577 |
| TFA Bonds | 12,323 | 11,984 | 11,574 | 11,134 | 11,134 |
| TSASC Bonds | 1,269 | 1,252 | 1,235 | 1,209 | 1,209 |
| Conduit Debt | 2,719 | 2,599 | 2,484 | 2,371 | 2,295 |
| **Total** | **$53,073** | **$55,700** | **$58,518** | **$60,883** | **$63,215** |
| **Water Authority Bonds** | **15,855** | **17,378** | **18,840** | **20,281** | **21,514** |

**Annual Debt Service Costs**

*($ in millions before prepayments)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| City General Obligation Bonds* | $2,970 | $3,672 | $4,068 | $4,458 | $4,822 |
| TFA Bonds | 946 | 704 | 981 | 986 | 985 |
| TSASC Bonds | 92 | 92 | 99 | 100 | 100 |
| Conduit Debt | 291 | 325 | 385 | 382 | 360 |
| **Total Debt Service** | **$4,299** | **$4,793** | **$5,533** | **$5,926** | **$6,266** |
| **Water Authority Bonds** | **$831** | **$947** | **$1,075** | **$1,227** | **$1,343** |

* *Includes interest on short-term obligations (RANs).*

**Debt Burden**

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Total Debt Service (NYC GO, Lease & TFA) as % of: | | | | | |
| a. Total Revenue* | 7.9% | 9.1% | 10.3% | 10.7% | 11.0% |
| b. Total Taxes** | 12.6% | 14.6% | 16.5% | 16.8% | 16.9% |
| c. Total NYC Personal Income | 1.2% | 1.3% | 1.4% | 1.4% | 1.4% |
| Total Debt Outstanding (NYC GO, Lease & TFA) as % of: | | | | | |
| a. Total NYC Personal Income | 14.9% | 14.9% | 15.1% | 14.9% | 14.6% |

* *Total revenue includes amounts required to pay TFA debt service and operating expenses.*

** *Total tax includes amount required to pay TFA debt service and operating expenses.*

TFA has reached its statutory bonding capacity of $11.5 billion (excluding refunding bonds and bonds to pay costs related to the September 11th terrorist attacks (Recovery Bonds)). TFA has been a cost-effective source of financing for the City over the past six years. It has been an important source of diversification as a financing vehicle in the marketplace as well. The City expects to seek legislative approval to increase TFA's borrowing cap. If the TFA cap is not increased, the City will issue approximately $23.8 billion of GO bonds during the plan period, which will equal 75 percent of the total program. If the TFA cap is lifted, up to half of what otherwise would be issued in the form of GO bonds would be issued by the TFA instead, significantly reducing the City's financing costs. NYW's annual bonding amount, excluding refundings, will average approximately $1.6 billion. The aggregate NYW financing during the plan period will account for approximately 25 percent of the total financing program.

### *New York City General Obligation Bonds*

Since July l, 2005, the City has issued $1.4 billion in refunding bonds and $1.8 billion in bonds for capital purposes, totaling $3.2 billion. The dates, principal amounts, and the true interest costs of the tax-exempt, fixed rate portion of these issues are as follows:

**NYC GO Issuances**
*($ in millions)*

| Series | New$/ Refunding | Issue Date | Tax Exempt Amount | Taxable Amount | TIC | Total Par Amount |
|---|---|---|---|---|---|---|
| 2006A | N | 8/3/2005 | 275 | 70 | 4.325% | 345 |
| 2006BCD | R | 8/3/2005 | 572 | 0 | 4.130% | 572 |
| 2006E | N | 8/17/2005 | 550 | 0 | 4.423% * | 550 |
| 2006F | N | 9/22/2005 | 750 | 40 | 4.259% | 790 |
| 2006G | R | 12/22/2005 | 850 | 0 | 4.466% | 850 |
| 2006H | N | 1/5/2006 | 150 | 0 | N/A ** | 150 |
| **Total** | | | **3,146** | **110** | | **3,256** |

* *A portion of the Series 2006 E transaction consists of floating-rate bonds.*

** *Not Applicable: The Series 2006 H transaction consisted entirely of floating rate bonds.*

The two refunding transactions the City has completed to date in fiscal year 2006, totaling $1.4 billion in aggregate principal amount, generated $93 million of debt service savings in 2006 and 2007. The present value savings from the refundings were in excess of $91 million. The Series 2006 G refunding transaction utilized federal legislation permitting an additional advance refunding for certain GO bonds. The Governor of the State allocated the State's unused capacity under this legislation (which was due to expire on January 1, 2006) to the Series 2006 G Bonds.

All of the $110 million of taxable financing during the current fiscal year has been issued through competitive bidding. The City's taxable bonds are generally amortized in 12 years or less so that the higher cost taxable debt is paid off sooner than the longer-term lower cost tax exempt debt. During the last seven months, the City's taxable bonds, with maturities ranging between 5 and 13 years, were priced approximately 51 basis points higher than those of the US Treasury bonds for comparable maturities.

In addition to the financings described above, the City plans to issue $2.85 billion of GO bonds for capital purposes in the remainder of 2006 and $4.74 billion, $5.20 billion, $4.91 billion and $4.50 billion in 2007, 2008, 2009 and 2010, respectively.

Currently the debt service for the City and its related financing entities (TFA, TSASC, MAC and conduit debt, excluding the effect of pre-payments, and excluding debt service supported by revenues from the water and sewer system) is 7.9 percent of the City's total budgeted revenues in 2006. That ratio is projected to rise to 11 percent in 2010. As a percentage of tax revenues, the debt service ratio is 12.6 percent in 2006 and is projected to increase to 16.9 percent in 2010.

During 2006, short-term interest rates relating to the $5.76 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 2.52% percent on average for tax-exempt and 3.65% percent for taxable floating rate debt. This floating rate debt has traded on average at rates that are at least 250 basis points lower than those for the City's fixed-rate debt, resulted in an annual savings of over $110 million.

In 2006, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of $2.4 billion of notes in 2007 and $2.4 billion in each year thereafter.

### *Variable Rate Debt*

As discussed above, variable rate demand bonds have been a reliable source of cost savings in City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have over $9.4 billion of variable rate demand bonds and auction rate bonds currently outstanding. The TFA floating rate bonds are supported by liquidity facilities while the City's floating rate general obligation and lease appropriation bonds are supported by credit enhancement facilities and liquidity facilities.

### *Swaps*

The City has entered into various interest rate exchange agreements (swaps and swaptions) in the last 30 months, taking on various risks similar to those of variable rate bonds. The total notional amount of swaps outstanding as of December 31, 2005 was $3.0 billion, on which the termination value was negative $68 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of December 31, 2005. However, most of the swaps entered into by the City have sufficient liquidity such that there should be relatively little cost to enter into replacement swaps.

During the last eight months, the City entered into swaps through the Dormitory Authority of the State of New York ("DASNY"). In connection with a DASNY refunding of bonds issued for the court system, DASNY entered into fixed payer swaps with Goldman Sachs and JPMorgan whereby DASNY pays a fixed rate to the counterparties and receives a percentage of the London Interbank Offered Rate (LIBOR) which is expected to correspond to the rate paid on floating rate bonds issued by DASNY in the refunding. DASNY also entered into fixed receiver swaps with the same counterparties whereby, starting in May 2013, DASNY receives a fixed rate and pays a floating rate based on the Bond Market Association (BMA) index. The City is obligated, subject to appropriation, to make payments to DASNY reflecting DASNYs obligations under these swaps.

### *New York City Related Issuers*

The following table shows the City's and its related issuers' floating rate exposure. Floating rate exposure is of note because certain events can cause unexpected increased costs. Those events include rising interest rates, a change in the tax code (in the case of tax-exempt debt), and the deterioration of the City's credit. By contrast, the cost of outstanding fixed rate debt does not increase if any of the previously mentioned events takes place. On the other hand, fixed rate borrowing locks in a higher borrowing cost if interest rates do not change materially or if they decline. Overall, floating rate exposure benefits the City because it reduces the cost of financing. In short, interest costs on

**NYC Floating Rate Exposure**

*($ in millions)*

| | GO | TFA | Lease | TSASC | Total |
|---|---|---|---|---|---|
| VRDB & Auction Rate Bonds* | $4,537 | $2,680 | $1,492 | $– | $8,709 |
| Synthetic Fixed | 241 | | | | 241 |
| Taxable Basis Swap | 163 | | | | 163 |
| Total Return Swap | 500 | | 76 | | 576 |
| Enhanced Basis Swap | 125 | | | | 125 |
| **Total Floating-Rate** | **$5,567** | **$2,680** | **$1,568** | **$–** | **$9,815** |
| Total Debt Outstanding** | $36,967 | $12,323 | $1,269 | $2,719 | $53,278 |
| % of Floating-Rate / Total Debt Outstanding | | | | | 18.4% |
| Total Floating-Rate Less $2 Billion Average Balance in General Fund (Floating-Rate Assets) | | | | | 7,815 |
| % of Net Floating Rate / Total Debt Outstanding | | | | | 14.7% |

* *Does not include synthetic fixed and basis swaps*

** *Debt Outstanding as of the January 2006 Financial Plan* short term debt are almost always lower than long term debt. The City has assumed floating rate exposure using a variety of instruments, including tax exempt floating rate debt, taxable floating rate debt, synthetic floating rate debt through total return swaps, basis swaps, and certain types of synthetic fixed rate debt. The basis swaps and certain synthetic fixed rate debt provide exposure to changes in the tax code but are largely insensitive to changes in interest rates and changes in the City's credit. Given that those instruments provide only limited floating rate exposure, they are counted as variable rate exposure at less than the full amount of par or notional amount. Instruments that provide exposure only to changes in the tax code are counted at 25 percent of par or notional amount in the table below. Since an agreement to enter into a swap in the future, at the counterparty's option (a swaption), is a contingent liability, the swaptions which the City has entered into are not counted as floating rate exposure.

The 18.4 percent floating rate exposure, including the risk from the synthetic fixed rate swaps, the basis swaps, and the "total return" swaps, is even more manageable after taking into account the average $2 billion of short-term assets in the City's General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 14.7 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

### *The New York City Municipal Water Finance Authority*

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City's water and sewer system. Since its first bond sale in November 1985, the Authority has sold $27.9 billion in General (First) and Second General Resolution bonds and subordinated special resolution crossover refunding bonds. Refunding bond issuance amounted to $10.7 billion. Of this aggregate bond par amount, $15.1 billion is outstanding, $10.2 billion was refinanced with lower cost debt, $621 million was defeased with revenues prior to maturity, and $2.0 billion was retired with Authority revenues as it matured.

In addition to this long-term debt, NYW uses an $800 million tax-exempt commercial paper program as a source of flexible short-term financing, including $200 million of unenhanced extendable municipal commercial paper (EMCP) notes and $600 million of commercial paper notes backed by a line of credit.

NYW continues to enjoy a strong and stable credit rating by all three rating agencies. NYW's first resolution debt is rated 'AA+' by Standard and Poor's, 'AA+' by Fitch Ratings, and 'Aa2' by Moody's. Additionally, senior lien bonds issued by the New York State Environmental Facilities Corporation (EFC) for City capital projects eligible for State Revolving Fund (SRF) money are rated in the highest rating category by Moody's ('Aaa'), Standard & Poor's ('AAA') and Fitch ('AAA'). The bonds which NYW places with EFC are Second Resolution bonds of NYW, and are an element of security for the EFC bonds.

In October 2005, NYW issued second resolution bonds that were not issued to the EFC. This was the first time NYW sold its second resolution bonds directly to the public. The second resolution bonds were rated by all three rating agencies, receiving 'AA' from Standard & Poor's, 'AA' from Fitch Ratings and 'Aa3' from Moody's.

To date in Fiscal Year 2006, NYW has closed six bond transactions, the First Resolution 2006 Series A, B, and C bonds consisted of bond sales directly to the public. The Second General Resolution Fiscal 2006 Series 1 bonds were issued to EFC to secure bonds issued by EFC on behalf of NYW. NYW also issued Second General Resolution Fiscal 2006 Series AA and BB bonds. These were, respectively, the first variable rate and fixed rate Second General Resolution bonds sold directly to the public. Over $1.75 billion in bonds have been issued in 2006 to date, including $672 million in First Resolution advance refunding bonds, which achieved between 5.3 percent and 6.5 percent present value savings. The remaining long term bond issuance included $353 million in First Resolution bonds and $729 million in Second General Resolution bonds of which $229 million were issued through the EFC.

The six transactions that have been closed to date in Fiscal Year 2006 are summarized in the following table. New money issuances were used to refinance commercial paper previously issued by NYW and to pay the costs of issuance. First Resolution bond proceeds were also used to fund a debt service reserve fund.

NYW is a party to two interest rate exchange agreements (swaps) with a total notional amount of $220 million. These agreements include a $200 million synthetic variable rate swap (fixed-to-floating rate swap) entered into on December 23, 2003 with NYW receiving a fixed interest rate of 3.567 percent in exchange for a floating rate based on the BMA Municipal Swap Index. NYW also entered into a swap on July 9, 2002 in conjunction with its sale of $20 million of Muni-CPI bonds, which pay the holder a floating rate tied to the consumer price index. Under the swap, NYW receives a payment matching the rate paid on the bonds and pays a fixed interest rate of 4.15

**NYW Issuances**

| Series | (N)ew Money /(R)ef. | Issue Date | Par Amount | True Interest Cost (TIC) | Effective Interest Cost (EIC)[2] | Longest Maturity | Max Yield | Spread to "AAA" MMD[3] |
|---|---|---|---|---|---|---|---|---|
| 2006 Series 1[1] | N | 12-Oct-05 | $229,018,261 | 4.38% | 2.87% | 2035 | 4.57%[4] | 11 bp |
| 2006 Series A | N & R | 18-Oct-05 | $524,530,000 | 4.80% | NA | 2039 | 4.50%[4] | -2 bp |
| 2006 Series AA | N | 27-Oct-05 | $400,000,000 | NA | NA | 2032 | NA | NA |
| 2006 Series B | N | 26-Jan-06 | $150,000,000 | 4.76% | NA | 2036 | 4.46%[4] | 16 bp |
| 2006 Series BB | N | 26-Jan-06 | $100,000,000 | 3.66% | NA | 2016 | 3.82% | 11 bp |
| 2006 Series C | R | 26-Jan-06 | $350,345,000 | 4.69% | NA | 2033 | 4.64% | 30 bp |

1) *EFC Series 2005 C*
2) *Effective cost after interest rate subsidy*
3) *Spread to longest maturity*
4) *Yield to call*

percent, which is 11 basis points lower than conventional fixed rate debt at the time of issuance.

NYW expects to issue roughly $730 million new money bonds over the remainder of Fiscal 2006. These bonds are likely to consist of bonds issued to EFC as well as bonds sold directly to the public. NYW may be able to take advantage of other potential refunding opportunities during the remainder of the fiscal year should the interest rate environment be favorable. The Authority also expects to defease outstanding First Resolution Bonds with revenues before the end of Fiscal Year 2006.

During the period from 2006 to 2015, NYW expects to sell an average of approximately $1.6 billion of new debt per year. Of this amount, NYW plans to issue a minimum of $300 million per year through EFC, taking advantage of the 33 to 50 percent interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. Additionally, NYW may be able to take advantage of refunding opportunities should the interest rate environment be favorable.

***The New York City Transitional Finance Authority***

The TFA is a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York created by Chapter 16 of the Laws of 1997 in March 1997. The TFA was created to issue debt, primarily secured with the City's personal income tax (PIT), to fund a portion of the capital program of the City. The TFA was originally authorized to issue up to $7.5 billion of bonds and notes. In June 2000, the TFA received an additional $4 billion of bonding capacity, increasing its overall authorization to $11.5 billion. In addition, the State legislature in 2000 increased the TFA's variable rate bonding capacity to $2.3 billion or 20 percent of its then authorized bonding amount.

On September 13, 2001, the TFA was given statutory authority to borrow $2.5 billion to finance costs related to the September 11th terrorist attack on the City. Pursuant to that authority, the TFA issued approximately $2 billion of long-term debt in the first half of fiscal year 2003. One billion dollars of Recovery Bond proceeds were used to pay recovery costs consisting of revenue losses associated with the September 11 event and the remaining $1.03 billion of proceeds were used to retire the Recovery Notes issued in October 2001, which were used to fund other costs and revenue losses related to the attack. The TFA Recovery Bonds are subordinated to TFA senior debt and have a shorter maturity (20 years vs. 30 years for senior bonds).

Since the creation of the TFA in March 1997, the TFA has sold $11.5 billion in senior new money bonds, $4.5 billion of BANs and $2.5 billion of subordinate bonds. Refunding bonds, excluding bonds issued to refund BANs, amounted to $4.0 billion. Of the $12.7 billion of bonds currently outstanding, 53.6 percent will be retired by the end of 2018, with the annual amortization of about $122.3 million in 2006, growing gradually to $635 million in 2020 and then decreasing gradually to $7.5 million in 2034. The debt will be fully amortized by 2035.

On November 3, 2005, the TFA closed a refunding issue consisting of $597 million of tax exempt fixed rate debt. Of that amount, $141 million were sold as subordinate bonds. The transaction generated $36.2 million of debt service savings in 2007. The total present value savings amounted to over $20.6 million.

At the beginning of fiscal year 2006, the TFA held a competitive bid for nearly $2 billion of liquidity facilities due to expire within the year. The bids resulted in an annual savings of approximately $2 million due to lower liquidity fees.

In December 2005, the TFA terminated the interest rate cap it had sold to the NYC Housing Development Corporation ("HDC") in June 2002. In 2002, the TFA received over $23 million from HDC for the cap in connection with an HDC floating rate bond sale. Since the sale of the cap, the TFA had made no payments to HDC under the cap agreement. Due to a flattening yield curve, the market value of the cap declined considerably. At the TFA's request, HDC held a competitive bid to award the cap to a commercial provider. The bid resulted in a replacement cost for the cap of approximately $7.2 million. The TFA paid that amount to HDC in order to cancel the cap agreement between TFA and HDC. As a result, the TFA no longer has interest rate exposure under the cap.

### *TSASC, Inc.*

TSASC, Inc., a special purpose corporation, was created by the City in November 1999 to issue bonds secured with the City's share of the Tobacco Settlement Revenues (TSRs) to be paid pursuant to a nationwide Master Settlement Agreement (MSA). TSASC has acquired the City's 3.4 percent share of the national total TSRs payable under the MSA. After TSASC retains sufficient TSRs to pay for its debt service and operating expenses, the excess TSRs flow to the City through ownership of a residual certificate. Due to a credit rating downgrade of a tobacco company which is a party to the MSA, TSASC has been required under its indenture to retain a portion of the excess TSRs that would otherwise flow to the City in a trapping account.

In January 2006, TSASC announced a refinancing of all bonds issued under its indenture. The refunding bonds will be issued under an amended indenture. Under the amended indenture, less than 40% of the TSRs will be pledged to the TSASC bondholders and the remainder will flow to the City. The pledged TSRs will fund regularly scheduled TSASC debt service and operating expenses. Any pledged TSRs received in excess of those requirements will be used to pay the newly issued TSASC bonds. The amended indenture does not require that any funds be retained or "trapped" for the benefit of bondholders beyond the pledged TSRs. Therefore, funds in the trapping account will be released to the City.

### *Hudson Yards Infrastructure Corporation*

In July 2004, the Hudson Yards Infrastructure Corporation (HYIC), a not-for-profit local development corporation, was incorporated. The HYIC is expected to issue approximately $3 billion of bonds over the next six years to finance a major development initiative of the City in the Hudson Yards district of Manhattan, an area defined roughly as the south side of 43rd Street on the North, the east side of Eleventh Avenue on the west, the north side of West 27th Street and West 30th Street on the south, and the west side of Seventh and Eighth Avenues on the east. Proceeds from the HYIC bonds will be used for a $2 billion extension of the Number 7 subway line west from Seventh Avenue to Tenth Avenue and then south to West 34th Street at Eleventh Avenue. Bond proceeds will also be used to construct a platform over the Eastern Rail Yards east of Eleventh Avenue between 34th Street and 35th Street, on which several office towers and facilities for a major cultural institution are expected to be constructed, and for the construction of a park and street network north of the rail yards. This will make possible the redevelopment of the Hudson Yards district including over 24 million square feet of office space and over 13 thousand units of residential development over the next 30 years. Principal on the HYIC bonds will be repaid from revenues generated by this new development, notably payments-in-lieu-of-property taxes on the commercial development and various developer payments. On January 19, 2005, the same day that it passed the comprehensive rezoning of the Hudson Yards district, the City Council passed a Resolution supporting the HYIC borrowing for the Hudson Yards infrastructure projects by means of an undertaking by the City to pay interest on the HYIC bonds, to the extent not paid by the revenues of HYIC, subject to appropriation. The Resolution of the City Council also supported the use of the TFA's revenues (after satisfaction of its obligations under its indenture) to credit enhance no more than $750 million of HYIC indebtedness which will make possible the use of low-cost variable rate debt for one-fourth of the $3 billion borrowing program of the HYIC. A concurrent expansion of the Javits Convention Center is planned for west of the Hudson Yards Redevelopment Area. The City's $350 million share of the Javits Convention Center expansion is expected be financed through the City's capital program with General Obligation bonds

# Supplemental Information

## Expenditure Assumptions

The baseline expenditure estimates in the plan are derived from the four-year financial plan submitted on November 22, 2005 and also include approved Federal and State categorical grants through January 10, 2006. The new estimates also reflect other approved budget modifications, new needs, changes in inflation assumptions and other adjustments as discussed below.

**Personal Services**

The estimates for Personal Services over the five-year period of the plan are as follows:

| | *($ in millions)* | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| Salaries & Wages | $18,496 | $18,384 | $18,327 | $18,288 | $18,258 |
| Pensions | 4,017 | 4,886 | 5,610 | 5,846 | 5,712 |
| Other Fringe Benefits* | 6,656 | 6,927 | 6,269 | 6,591 | 6,853 |
| Reserve for Collective Bargaining: | | | | | |
| Department of Education | 24 | 24 | 24 | 24 | 24 |
| Other | 310 | 572 | 829 | 1,010 | 1,254 |
| **Total** | **$29,503** | **$30,793** | **$31,059** | **$31,759** | **$32,101** |

* *Includes $1 billion in each fiscal year 2006 and 2007 for contributions into a Trust Fund for Retiree Health Benefits.*

**Salaries & Wages**

The baseline projections for salaries and wages reflect personnel costs associated with current and projected headcount levels including most wage adjustments for the 2002-2005 round of collective bargaining.

**Pensions and Other Fringe Benefits**

Pension expenses for 2006 and beyond are based on actuarial valuation projections prepared by the Office of the Actuary. These projections are based on a revised set of actuarial assumptions as recommended by the Chief Actuary and approved by the trustees of the City's retirement systems. Certain components of the recommendations will require enabling state legislation.

The key new elements of the Actuary's recommendations include the recognition of certain new liabilities as identified in a recent experience study, as well as the introduction of new funding techniques such as a one-year lag and a revised asset smoothing method. Also included is the elimination of the current 10-year phase-in period for funding retiree cost of living adjustments (COLA).

Total pension expenses for the financial plan are shown below:

| | *($ in millions)* | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| City Actuarial | $3,919 | $4,786 | $5,504 | $5,739 | $5,605 |
| Non-City Systems | 56 | 57 | 61 | 61 | 61 |
| Non-Actuarial | 42 | 43 | 45 | 46 | 46 |
| **Total** | **$4,017** | **$4,886** | **$5,610** | **$5,846** | **$5,712** |

Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers. Out-year projections reflect anticipated increases in hospital and medical costs.

**Retiree Health Benefits Trust Fund**

The Government Accounting Standards Board (GASB) has issued rules requiring state and local governments to actuarially calculate and report their existing liability and on-going costs of benefits, other than pensions, provided to current and future retirees, in a manner similar to current accounting for pension obligations. These other post employment benefits (OPEB) are currently paid and reported by the City on a purely "pay as you go" basis, with the City now expending approximately $1 billion per year on health insurance for current retirees. While the actuarial valuation of the existing liability and annual accrual for post employment benefits earned each year by current employees is in the early stages, "rule of thumb" estimates of such a liability have been as high as $50 billion.

Although the City will not be required to budget for or advance-fund this future obligation, the City intends to establish a statutory trust under Delaware law, for the benefit of its current and future retirees, to fund a portion of the OPEB liability. Deposits into the trust are irrevocable, and all amounts on deposit in the trust must be used only to pay the costs of those benefits in future years. It is expected that approximately $1 billion will be deposited into the trust in both fiscal year 2006 and fiscal year 2007.

**Reserve for Collective Bargaining**

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases consistent with the uniformed, pedagogical and civilian patterns. For uniformed forces it provides for: 1) employees who reached 2-year agreements, a 3 percent and 3.15 percent wage increases effective on the 1st day and the 1st day of the 2nd year of their new collective bargaining agreements respectively; and 2) employees who have no settlement in place wage increases of, 5 percent, 5 percent, 3 percent and 3.15 percent effective annually beginning on the 1st day of their new collective bargaining agreement offset by productivity increases consistent with the PBA award. For unsettled pedagogical employees, it provides for settlements consistent with the UFT settlement. For civilian employees the reserve contains funding for a 3.15 percent wage increase on the 1st day of their new agreements. In addition, the reserve contains funding for 1.25 percent wage increases annually beyond the expected expiration of all of the collective bargaining agreements. The reserve also contains smaller amounts for the 2000-2002 round of bargaining.

**Other Than Personal Services**

The following items are included in this category:

| | *($ in millions)* | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| Administrative OTPS | $11,967 | $11,751 | $11,784 | $11,887 | $11,999 |
| Public Assistance | 2,446 | 2,454 | 2,459 | 2,459 | 2,459 |
| Medical Assistance | 4,493 | 4,951 | 5,099 | 5,239 | 5,417 |
| Health and Hospitals Corp. | 134 | 259 | 244 | 238 | 214 |
| Covered Agency Support & Other Subsidies | 1,893 | 2,166 | 2,243 | 2,323 | 2,416 |
| City & MAC Debt Service | 4,600 | 753 | 4,463 | 4,840 | 5,181 |
| Pay-As-You-Go Capital | 200 | 200 | 200 | 200 | 200 |
| General Reserve | 100 | 300 | 300 | 300 | 300 |
| Total | $25,833 | $22,834 | $26,792 | $27,486 | $28,186 |

**Administrative OTPS**

The estimates in this category include new needs in the baseline. For 2007 through 2010 most expenditures have been increased to reflect the effect of inflation. The inflation adjustment, which is shown in a citywide account, represents an annual 2.5 percent increase in 2007 through 2010. Baseline costs for energy and lease requirements are shown in the appropriate operating agency, while out-year inflationary costs are primarily shown in citywide accounts as noted in the following two sections.

**Energy**

The financial plan for 2006 through 2010 reflects current projections for energy related purchases. Gasoline and fuel oil prices are projected to remain at their elevated levels for the duration of fiscal year 2006 and decrease from 2007 through 2010. Heat, light and power costs are projected to increase by $22 million between fiscal year 2006 and fiscal year 2007 due to an increase in NYPA's production charges and an increase in Con Edison's transmission and delivery charges.

Usage adjustments are held constant, with the exception of varying workload adjustments, the privatization initiative in the In-Rem / DAMP program, and the annualization of 2006 adjustments, where applicable.

The annual cost projections are as follows:

**Energy Costs**

| | *($ in millions)* | | | | |
|---|---|---|---|---|---|
| | *2006* | *2007* | *2008* | *2009* | *2010* |
| Gasoline | $72 | $72 | $68 | $65 | $64 |
| Fuel Oil | 94 | 89 | 87 | 86 | 86 |
| HPD-In Rem / DAMP | 9 | 9 | 9 | 7 | 7 |
| HPD-Emergency Repairs | 2 | 2 | 2 | - | - |
| Heat, Light & Power | 663 | 685 | 664 | 658 | 658 |
| Total | $840 | $857 | $830 | $816 | $815 |

**Leases**

Agency baseline expenditures carry the cost of leases at a constant level for 2007 through 2010 with the exception of the annualization of 2006 adjustments where applicable. A citywide adjustment for 2007 through 2010 provides for the increased cost of leases based on a 3.0 percent annual inflator. The four-year projection includes $599 million for leases in 2007, $624 million in 2008, $645 million in 2009, and $664 million in 2010. Of these amounts, the citywide adjustment is $26 million, $43 million, $61 million and $80 million respectively in 2007 through 2010.

**Public Assistance**

The financial plan for Public Assistance projects 411,120 persons will be on Public Assistance in June 2006, remaining constant at 411,120 over fiscal year 2007.

**Medical Assistance**

The financial plan for Medical Assistance funds 2.8 million eligibles including 1.5 million in Medicaid Managed Care. Medicaid expenditure growth is projected at 3 percent between 2007 and 2008. Growth rates are inclusive of the state budget for state fiscal year 2005 – 2006 which imposes limits on locality's expenditures for Medicaid.

**Health and Hospitals Corporation**

The City support for the Health and Hospitals Corporation reflects the costs incurred by HHC in providing healthcare to prison inmates and uniformed service employees, as well as various other City services and debt service costs for HHC bonds. This amount is estimated at $165.4 million in fiscal year 2007 and $154.1 million in 2008. Personnel expenses remain essentially flat for fiscal years 2006 through 2009 pending the next collective bargaining agreement. Affiliation costs start with a baseline of $661.8 million in fiscal year 2007 and increase 5 percent annually. The full assumptions underlying the plan are set forth in the covered organization submissions for the Health and Hospitals Corporation.

**Covered Agency Support and Other Subsidies**

Included in this category are the contributions made by the City to the Transit Authority, Housing Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgements and Claims.

**General Reserve**

The General Reserve is projected at $100 million for 2006 and $300 million for 2007-2010 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve has been increased above the required $100 million to allow for any further uncertainties that may occur in the future.

## Debt Service

Debt Service projections estimate payments of debt service on currently outstanding City and Lease debt and future City issuances in accordance with the financing program for 2006-2010. Actual debt service payments in these years will be affected by the timing of such issuances as well as market conditions. Projections of debt service on debt to be issued are based on estimates of the periods of probable usefulness of the expenditures to be financed for the City.

A Budget Stabilization account has been established in 2006 for the prepayment of future years' debt service costs. Funding of $3.3 billion in 2006 has been provided for this purpose.

The details of the program are provided in the Capital and Financing Section. The baseline debt service estimates, are as follows:

*($ in millions)*

| | *Long Term* | *Short Term* | *Lease Purchase* | *Budget Stabilization* | *Total City* | *MAC* | *Total City and MAC* |
|---|---|---|---|---|---|---|---|
| 2006 | $1,121 | $– | $215 | $3,254 | $4,590 | $10 | $4,600 |
| 2007 | 343 | 75 | 325 | – | 743 | 10 | 753 |
| 2008 | 3,993 | 75 | 385 | – | 4,453 | 10 | 4,463 |
| 2009 | 4,383 | 75 | 382 | – | 4,840 | – | 4,840 |
| 2010 | 4,746 | 75 | 360 | – | 5,181 | – | 5,181 |

**NEW YORK CITY**
**Five Year Expenditure Analysis**
**After PEG Implementation**
*(All Funds - $ in million)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Uniformed Forces** | | | | | |
| Police Department | $3,900 | $3,740 | $3,723 | $3,702 | $3,677 |
| Fire Department | 1,359 | 1,278 | 1,277 | 1,269 | 1,263 |
| Department of Correction | 887 | 846 | 841 | 839 | 834 |
| Department of Sanitation | 1,137 | 1,177 | 1,188 | 1,184 | 1,180 |
| **Health and Welfare** | | | | | |
| Admin. for Children Services | 2,244 | 2,151 | 2,150 | 2,150 | 2,150 |
| Department of Social Services | 6,795 | 7,236 | 7,393 | 7,540 | 7,676 |
| Dept. of Homeless Services | 749 | 705 | 707 | 702 | 702 |
| Dept Health & Mental Hygiene | 1,564 | 1,485 | 1,498 | 1,513 | 1,512 |
| **Other Mayoral** | | | | | |
| NY Public Library - Research | 5 | 15 | 15 | 15 | 15 |
| New York Public Library | 14 | 82 | 82 | 82 | 82 |
| Brooklyn Public Library | 8 | 61 | 61 | 61 | 61 |
| Queens Borough Public Library | 8 | 59 | 59 | 59 | 59 |
| Department for the Aging | 264 | 226 | 225 | 225 | 225 |
| Department of Cultural Affairs | 139 | 102 | 102 | 102 | 102 |
| Housing Preservation & Dev. | 526 | 488 | 487 | 486 | 485 |
| Dept of Environmental Prot. | 828 | 795 | 790 | 790 | 790 |
| Department of Finance | 204 | 202 | 202 | 202 | 202 |
| Department of Transportation | 622 | 561 | 559 | 559 | 559 |
| Dept of Parks and Recreation | 307 | 268 | 263 | 263 | 263 |
| Dept of Citywide Admin Srvces | 900 | 803 | 802 | 802 | 802 |
| All Other Mayoral | 1,540 | 1,369 | 1,350 | 1,341 | 1,341 |
| **Major Organizations** | | | | | |
| Department of Education | 14,729 | 14,877 | 14,960 | 15,069 | 15,122 |
| City University | 637 | 536 | 535 | 535 | 536 |
| Health and Hospitals Corp. | 837 | 1,045 | 1,027 | 1,014 | 1,032 |
| **Other** | | | | | |
| Citywide Pension Contributions | 4,017 | 4,886 | 5,610 | 5,846 | 5,712 |
| Miscellaneous | 6,229 | 6,871 | 6,440 | 6,946 | 7,545 |
| Debt Service | 4,590 | 743 | 4,453 | 4,840 | 5,181 |
| M.A.C. Debt Service | 10 | 10 | 10 | — | — |
| Re-estimate Prior Payable Expenses | (400) | — | — | — | — |
| General Reserve | 100 | 300 | 300 | 300 | 300 |
| Energy Adjustment | — | 113 | 90 | 80 | 80 |
| Lease Adjustment | — | 26 | 43 | 61 | 80 |
| OTPS Inflation Adjustment | — | — | 54 | 110 | 165 |
| **Elected Officials** | | | | | |
| Mayoralty | 81 | 78 | 77 | 77 | 77 |
| All Other Elected | 406 | 355 | 360 | 360 | 360 |
| **Total Including Intra-City** | **$55,236** | **$53,489** | **$57,733** | **$59,124** | **$60,170** |
| Intra/City | 1,428 | 1,284 | 1,282 | 1,284 | 1,285 |
| **Total Excluding Intra-City** | **$53,808** | **$52,205** | **$56,451** | **$57,840** | **$58,885** |

## NEW YORK CITY
## Five Year Expenditure Analysis
## After PEG Implementation

*(City Funds - $ in million)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Uniformed Forces** | | | | | |
| Police Department | $3,424 | $3,469 | $3,464 | $3,445 | $3,419 |
| Fire Department | 1,164 | 1,143 | 1,144 | 1,137 | 1,131 |
| Department of Correction | 844 | 811 | 807 | 804 | 800 |
| Department of Sanitation | 1,091 | 1,152 | 1,164 | 1,160 | 1,155 |
| **Health and Welfare** | | | | | |
| Admin. for Children Services | 620 | 592 | 592 | 592 | 592 |
| Department of Social Services | 4,742 | 5,164 | 5,318 | 5,463 | 5,599 |
| Dept. of Homeless Services | 307 | 303 | 308 | 313 | 313 |
| Dept Health & Mental Hygiene | 601 | 574 | 572 | 572 | 569 |
| **Other Mayoral** | | | | | |
| NY Public Library - Research | 5 | 15 | 15 | 15 | 15 |
| New York Public Library | 14 | 82 | 82 | 82 | 82 |
| Brooklyn Public Library | 8 | 61 | 61 | 61 | 61 |
| Queens Borough Public Library | 8 | 59 | 59 | 59 | 59 |
| Department for the Aging | 127 | 95 | 94 | 94 | 94 |
| Department of Cultural Affairs | 137 | 102 | 102 | 102 | 102 |
| Housing Preservation & Dev. | 69 | 62 | 62 | 60 | 60 |
| Dept of Environmental Prot. | 772 | 745 | 740 | 740 | 740 |
| Department of Finance | 199 | 198 | 198 | 198 | 198 |
| Department of Transportation | 343 | 341 | 351 | 351 | 351 |
| Dept of Parks and Recreation | 221 | 198 | 196 | 196 | 196 |
| Dept of Citywide Admin Srvces | 159 | 154 | 154 | 154 | 154 |
| All Other Mayoral | 977 | 918 | 909 | 905 | 904 |
| **Major Organizations** | | | | | |
| Department of Education | 6,194 | 6,196 | 6,202 | 6,275 | 6,288 |
| City University | 398 | 338 | 337 | 337 | 337 |
| Health and Hospitals Corp. | 720 | 955 | 938 | 924 | 942 |
| **Other** | | | | | |
| Citywide Pension Contributions | 3,838 | 4,706 | 5,428 | 5,663 | 5,529 |
| Miscellaneous | 5,754 | 6,338 | 5,858 | 6,365 | 6,963 |
| Debt Service | 4,457 | 590 | 4,301 | 4,689 | 5,034 |
| M.A.C. Debt Service | 10 | 10 | 10 | — | — |
| Re-estimate Prior Payable Expenses | (400) | — | — | — | — |
| General Reserve | 100 | 300 | 300 | 300 | 300 |
| Energy Adjustment | — | 113 | 90 | 80 | 80 |
| Lease Adjustment | — | 16 | 35 | 48 | 63 |
| OTPS Inflation Adjustment | — | — | 54 | 110 | 165 |
| **Elected Officials** | | | | | |
| Mayoralty | 61 | 60 | 60 | 60 | 60 |
| All Other Elected | 357 | 332 | 336 | 336 | 336 |
| **Citywide Total** | **$37,321** | **$36,192** | **$40,341** | **$41,690** | **$42,691** |

## Revenue Detail
*($ in millions)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Taxes:** | | | | | |
| • Real Property | $12,434 | $12,780 | $13,686 | $14,361 | $15,039 |
| • Personal Income | 6,983 | 6,188 | 5,982 | 6,477 | 6,886 |
| • General Corporation | 2,143 | 2,264 | 2,273 | 2,393 | 2,575 |
| • Banking Corporation | 598 | 525 | 508 | 537 | 566 |
| • Unincorporated Business | 1,244 | 1,299 | 1,266 | 1,349 | 1,441 |
| • Sale and Use | 4,357 | 4,476 | 4,560 | 4,823 | 5,106 |
| • Commercial Rent | 473 | 497 | 515 | 531 | 548 |
| • Real Property Transfer | 1,227 | 823 | 770 | 760 | 781 |
| • Mortgage Recording | 1,197 | 775 | 727 | 720 | 740 |
| • Utility | 387 | 348 | 343 | 342 | 331 |
| • Cigarette | 121 | 118 | 115 | 112 | 110 |
| • Hotel | 298 | 309 | 317 | 330 | 342 |
| • All Other | 409 | 408 | 400 | 409 | 423 |
| • Tax Audit Revenue | 512 | 509 | 509 | 509 | 510 |
| • Tax Reduction Program | 0 | 0 | (256) | (256) | (256) |
| • State Tax Relief Program | 857 | 836 | 856 | 880 | 907 |
| **Total Taxes** | **$33,240** | **$32,155** | **$32,571** | **$34,277** | **$36,049** |
| **Miscellaneous Revenue:** | | | | | |
| • Licenses, Franchises, Etc. | $396 | $395 | $387 | $385 | $379 |
| • Interest Income | 300 | 245 | 133 | 140 | 146 |
| • Charges for Services | 574 | 539 | 528 | 528 | 528 |
| • Water and Sewer Charges | 1,007 | 996 | 1,009 | 1,031 | 1,048 |
| • Rental Income | 183 | 181 | 180 | 172 | 171 |
| • Fines and Forfeitures | 703 | 715 | 716 | 716 | 716 |
| • Miscellaneous | 443 | 291 | 796 | 365 | 368 |
| • Intra-City Revenue | 1,428 | 1,284 | 1,282 | 1,284 | 1,285 |
| **Total Miscellaneous** | **$5,034** | **$4,646** | **$5,031** | **$4,621** | **$4,641** |

## Revenue Detail

*($ in millions)*

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Unrestricted Intergovernmental Aid:** | | | | | |
| • N.Y. State Per Capita Aid | $327 | $327 | $327 | $327 | $327 |
| • Other Federal and State Aid | 163 | 13 | 13 | 13 | 13 |
| **Total Unrestricted Intergovernmental Aid** | **$490** | **$340** | **$340** | **$340** | **$340** |
| | | | | | |
| **Anticipated State and Federal Aid:** | | | | | |
| • Anticipated Federal Aid | $0 | $100 | $0 | $0 | $0 |
| • Anticipated State Aid | 0 | 250 | 250 | 250 | 250 |
| **Total Anticipated Aid** | **$0** | **$350** | **$250** | **$250** | **$250** |
| | | | | | |
| Other Categorical Grants | $947 | $915 | $926 | $941 | $945 |
| Inter Fund Agreements | 373 | 365 | 346 | 346 | 346 |
| Reserve for Disallowance of Categorical Grants | (15) | (15) | (15) | (15) | (15) |
| Less: Intra City Revenue | (1,428) | (1,284) | (1,282) | (1,284) | (1,285) |
| **TOTAL CITY FUNDS** | **$38,641** | **$37,472** | **$38,167** | **$39,476** | **$41,271** |
| | | | | | |
| **Federal Categorical Grants:** | | | | | |
| • Community Development | $281 | $245 | $245 | $245 | $245 |
| • Welfare | 2,244 | 2,110 | 2,109 | 2,110 | 2,110 |
| • Education | 1,848 | 1,753 | 1,753 | 1,753 | 1,753 |
| • Other | 1,235 | 803 | 793 | 791 | 794 |
| **Total Federal Grants** | **$5,608** | **$4,911** | **$4,900** | **$4,899** | **$4,902** |
| | | | | | |
| **State Categorical Grants:** | | | | | |
| • Welfare | $1,858 | $1,931 | $1,933 | $1,923 | $1,923 |
| • Education | 6,641 | 6,942 | 7,068 | 7,104 | 7,144 |
| • Higher Education | 188 | 188 | 188 | 188 | 188 |
| • Department of Health and Mental Hygiene | 445 | 415 | 415 | 414 | 409 |
| • Other | 427 | 346 | 333 | 336 | 337 |
| **Total State Grants** | **$9,559** | **$9,822** | **$9,937** | **$9,965** | **$10,001** |
| | | | | | |
| **TOTAL REVENUE** | **$53,808** | **$52,205** | **$53,004** | **$54,340** | **$56,174** |

## Full-Time and Part-Time Positions (FTEs)

| | 12/31/01 Actual[1, 5] Total Funds | 12/31/01 Actual[1, 5] City Funds | 12/30/05 Actual Total Funds | 12/30/05 Actual City Funds | 06/30/07 January Plan Total Funds | 06/30/07 January Plan City Funds |
|---|---|---|---|---|---|---|
| **MAYORAL AGENCIES** | | | | | | |
| **Uniform Forces** | | | | | | |
| Police Department - Uniform[2] | 39,297 | 39,297 | 35,968 | 35,968 | 34,824 | 34,824 |
| Police Department - Civilian | 14,779 | 14,166 | 15,170 | 15,076 | 15,857 | 15,645 |
| Fire Department - Uniform | 11,120 | 11,113 | 11,417 | 11,405 | 11,222 | 11,211 |
| Fire Department - Civilian | 4,495 | 4,491 | 4,444 | 4,432 | 4,500 | 4,480 |
| Sanitation Department - Uniform | 7,957 | 7,810 | 7,886 | 7,730 | 7,760 | 7,607 |
| Sanitation Department - Civilian | 2,265 | 2,053 | 1,947 | 1,772 | 2,188 | 1,951 |
| Department of Correction - Uniform | 10,617 | 9,874 | 9,434 | 8,697 | 9,312 | 8,576 |
| Department of Correction - Civilian | 1,603 | 1,488 | 1,401 | 1,281 | 1,540 | 1,425 |
| **Subtotal** | **92,133** | **90,292** | **87,667** | **86,361** | **87,203** | **85,719** |
| **Health and Welfare** | | | | | | |
| Social Services | 16,836 | 13,293 | 14,372 | 11,051 | 15,616 | 11,822 |
| Administration for Children's Services | 8,286 | 8,232 | 6,496 | 6,136 | 7,106 | 6,940 |
| Homeless Services | 2,090 | 2,081 | 2,265 | 2,233 | 2,296 | 2,295 |
| Health and Mental Hygiene | 5,442 | 4,398 | 5,708 | 4,391 | 6,232 | 5,217 |
| **Subtotal** | **32,654** | **28,004** | **28,841** | **23,811** | **31,250** | **26,274** |
| **Other Agencies** | | | | | | |
| Housing Preservation and Development | 2,720 | 645 | 2,679 | 609 | 2,887 | 754 |
| Environmental Protection | 5,760 | 376 | 5,929 | 416 | 6,290 | 434 |
| Finance | 2,685 | 2,685 | 2,208 | 2,208 | 2,404 | 2,392 |
| Transportation | 4,415 | 2,498 | 4,251 | 2,104 | 4,395 | 2,329 |
| Parks | 6,630 | 6,231 | 5,650 | 5,224 | 5,747 | 5,222 |
| Citywide Administrative Services | 1,879 | 1,296 | 1,936 | 1,287 | 2,068 | 1,390 |
| All Other | 18,103 | 13,776 | 17,500 | 13,380 | 17,923 | 14,018 |
| **Subtotal** | **42,192** | **27,507** | **40,153** | **25,228** | **41,714** | **26,539** |
| **Education** | | | | | | |
| Department of Education - Pedagogical | 112,810 | 95,407 | 110,256 | 88,939 | 110,954 | 89,825 |
| Department of Education - Non-Pedagogical | 25,442 | 22,174 | 25,794 | 22,959 | 25,305 | 22,107 |
| City University - Pedagogical | 4,273 | 4,273 | 4,567 | 4,560 | 4,173 | 4,168 |
| City University - Non-Pedagogical | 2,300 | 2,299 | 2,469 | 2,468 | 2,437 | 2,437 |
| **Subtotal** | 144,825 | 124,153 | 143,086 | 118,926 | 142,869 | 118,537 |
| **Total** | **311,804** | **269,956** | **299,747** | **254,326** | **303,036** | **257,069** |
| **COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES[3]** | | | | | | |
| Health and Hospitals Corporation | 37,941 | 37,941 | 38,474 | 38,474 | 37,875 | 37,875 |
| Housing Authority | 14,863 | - | 13,056 | - | 13,049 | - |
| Libraries | 4,428 | 4,428 | 4,164 | 4,164 | 3,615 | 3,615 |
| Cultural Institutions[4] | 1,728 | 1,728 | 1,895 | 1,895 | 1,366 | 1,366 |
| School Construction Authority | 933 | 933 | 502 | 502 | 453 | 453 |
| New York City Employees Retirement System | 368 | 368 | 393 | 393 | 368 | 368 |
| Economic Development Corporation | 344 | 344 | 363 | 363 | 388 | 388 |
| Teachers Retirement System | 308 | 308 | 350 | 350 | 404 | 404 |
| Police Pension Fund | 66 | 66 | 128 | 128 | 128 | 128 |
| All Other | 155 | 155 | 177 | 172 | 184 | 179 |
| **Subtotal** | 61,134 | 46,271 | 59,502 | 46,441 | 57,830 | 44,776 |
| **Total** | 372,938 | 316,227 | 359,249 | 300,767 | 360,866 | 301,845 |

1) *Adjusted for transfers.*
2) *Police Department uniform headcount will be at 37,038 with the swearing in of attrition replacement recruit classes July 1, 2006 and January 1, 2007*
3) *Includes non-city employees substantially paid by city subsidies. For these agencies the December 2001 data reflects staffing as of February 2002.*
4) *Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.*
5) *Includes restatements for positions formerly funded under vendor contracts and for Education part-time positions not previously included in the city headcount.*

# Expense Program

## PEG Program

*(City Funds- $ in 000's)*

| | Fiscal Year 2006 Expense | Fiscal Year 2006 Revenue | Fiscal Year 2006 Total | Fiscal Year 2007 Expense | Fiscal Year 2007 Revenue | Fiscal Year 2007 Total | Fiscal Year 2008 Expense | Fiscal Year 2008 Revenue | Fiscal Year 2008 Total |
|---|---|---|---|---|---|---|---|---|---|
| **UNIFORMED FORCES** | | | | | | | | | |
| Police | ($13,206) | ($1,435) | ($14,641) | ($7,562) | ($28,631) | ($36,193) | ($7,326) | ($29,071) | ($36,397) |
| Fire | (12,409) | (5,775) | (18,184) | (16,975) | (9,350) | (26,325) | (7,976) | (3,370) | (11,346) |
| Sanitation | (7,401) | (2,508) | (9,909) | (17,356) | (8,854) | (26,210) | (2,157) | — | (2,157) |
| Correction | (7,950) | (4) | (7,954) | (4,231) | (4) | (4,235) | (4,252) | (4) | (4,256) |
| **HEALTH AND WELFARE** | | | | | | | | | |
| Social Services | (30,748) | — | (30,748) | (3,876) | — | (3,876) | (5,110) | — | (5,110) |
| Admin. for Children's Services | — | — | — | — | — | — | — | — | — |
| Homeless Services | (6,260) | — | (6,260) | (13,672) | — | (13,672) | (13,618) | — | (13,618) |
| Health & Mental Hygiene | (24,513) | (1,000) | (25,513) | (7,454) | (1,027) | (8,481) | (15,238) | (716) | (15,954) |
| Youth & Community Dev. | (1,123) | — | (1,123) | (5,119) | — | (5,119) | (5,119) | — | (5,119) |
| **OTHER MAYORAL** | | | | | | | | | |
| Housing Preservation & Dev. | (2,600) | (15,030) | (17,630) | (3,800) | (3,595) | (7,395) | (3,800) | (3,588) | (7,388) |
| Finance | — | (19,050) | (19,050) | — | (11,000) | (11,000) | — | (6,000) | (6,000) |
| Transportation | (4,675) | (5,417) | (10,092) | (8,412) | (20,300) | (28,712) | 1,173 | (20,300) | (19,127) |
| Parks & Recreation | (1,501) | (2,857) | (4,358) | (3,569) | (2,594) | (6,163) | (2,000) | (2,594) | (4,594) |
| Citywide Admin. Services | (2,094) | (11,982) | (14,076) | (1,923) | — | (1,923) | (1,923) | — | (1,923) |
| All Other Agencies | (18,100) | (30,875) | (48,975) | (25,681) | (4,257) | (29,938) | (22,766) | (2,490) | (25,256) |
| **MAJOR ORGANIZATIONS** | | | | | | | | | |
| Education | — | — | — | — | — | — | — | — | — |
| HHC | — | — | — | — | — | — | — | — | — |
| CUNY | — | — | — | — | — | — | — | — | — |
| **OTHER** | | | | | | | | | |
| Procurement Savings | — | — | — | (52,842) | — | (52,842) | (52,842) | — | (52,842) |
| **Subtotal Agency Programs** | **($132,580)** | **($95,933)** | **($228,513)** | **($172,472)** | **($89,612)** | **($262,084)** | **($142,954)** | **($68,133)** | **($211,087)** |
| **CITYWIDE INITIATIVES** | | | | | | | | | |
| Federal and State Actions | — | — | — | — | (350,000) | (350,000) | — | (250,000) | (250,000) |
| Extend Property Tax Rebate | — | — | — | — | — | — | — | 256,000 | 256,000 |
| **GRAND TOTAL** | **($132,580)** | **($95,933)** | **($228,513)** | **($172,472)** | **($439,612)** | **($612,084)** | **($142,954)** | **($62,133)** | **($205,087)** |

# PEG Program

*(City Funds- $ in 000's)*

| | Fiscal Year 2009 Expense | Fiscal Year 2009 Revenue | Fiscal Year 2009 Total | Fiscal Year 2010 Expense | Fiscal Year 2010 Revenue | Fiscal Year 2010 Total |
|---|---|---|---|---|---|---|
| **UNIFORMED FORCES** | | | | | | |
| Police | ($7,326) | ($29,071) | ($36,397) | ($7,326) | ($29,071) | ($36,397) |
| Fire | (8,557) | (3,370) | (11,927) | (8,796) | (3,370) | (12,166) |
| Sanitation | (2,157) | — | (2,157) | (2,157) | — | (2,157) |
| Correction | (4,286) | (4) | (4,290) | (4,286) | (4) | (4,290) |
| **HEALTH AND WELFARE** | | | | | | |
| Social Services | (6,285) | — | (6,285) | (7,167) | — | (7,167) |
| Admin. for Children's Services | — | — | — | — | — | — |
| Homeless Services | (8,487) | — | (8,487) | (8,487) | — | (8,487) |
| Health & Mental Hygiene | (18,196) | (716) | (18,912) | (18,231) | (716) | (18,947) |
| Youth & Community Dev. | (5,119) | — | (5,119) | (5,119) | — | (5,119) |
| **OTHER MAYORAL** | | | | | | |
| Housing Preservation & Dev. | (3,800) | (3,609) | (7,409) | (3,800) | (3,609) | (7,409) |
| Finance | — | (6,000) | (6,000) | — | (6,000) | (6,000) |
| Transportation | 1,173 | (20,300) | (19,127) | 1,173 | (15,383) | (14,210) |
| Parks & Recreation | (2,000) | (2,594) | (4,594) | (2,000) | (2,594) | (4,594) |
| Citywide Admin. Services | (1,923) | — | (1,923) | (1,923) | — | (1,923) |
| All Other Agencies | (22,737) | (2,490) | (22,227) | (22,829) | (2,490) | (25,319) |
| **MAJOR ORGANIZATIONS** | | | | | | |
| Education | — | — | — | — | — | — |
| HHC | — | — | — | — | — | — |
| CUNY | — | — | — | — | — | — |
| **OTHER** | | | | | | |
| Procurement Savings | (52,842) | — | (52,842) | (52,842) | — | (52,842) |
| **Subtotal Agency Programs** | **($142,542)** | **($68,154)** | **($210,696)** | **($143,790)** | **($63,237)** | **($207,027)** |
| **CITYWIDE INITIATIVES** | | | | | | |
| Federal and State Actions | — | (250,000) | (250,000) | — | (250,000) | (250,000) |
| Extend Property Tax Rebate | — | 256,000 | 256,000 | — | 256,000 | 256,000 |
| **GRAND TOTAL** | **($142,542)** | **($62,154)** | **($204,696)** | **($143,790)** | **($57,237)** | **($201,027)** |

# AGENCY FIVE YEAR SUMMARY

## Police Department

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 3,398,401 | 3,440,405 | 3,439,619 | 3,420,620 | 3,395,413 |
| Expenditure Increases / Reestimates | 38,410 | 36,596 | 31,388 | 31,388 | 31,388 |
| Financial Plan of 1/31/06 Before PEG | 3,436,811 | 3,477,001 | 3,471,007 | 3,452,008 | 3,426,801 |
| PEG Program | (14,641) | (36,193) | (36,396) | (36,396) | (36,396) |
| Less Amount Reflected in Revenue Budget | 1,435 | 28,631 | 29,071 | 29,071 | 29,071 |
| Financial Plan of 1/31/06 After PEG | 3,423,605 | 3,469,439 | 3,463,682 | 3,444,683 | 3,419,476 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 34,824U<br>9,230C | 34,824U<br>9,422C | 34,824U<br>9,422C | 34,824U<br>9,422C | 34,824U<br>9,422C |
| Expenditure Increases / Reestimates | 90C | | | | |
| PEG Program | | 117C | 117C | 117C | 117C |
| Financial Plan of 1/31/06 After PEG | 34,824U<br>9,320C | 34,824U<br>9,539C | 34,824U<br>9,539C | 34,824U<br>9,539C | 34,824U<br>9,539C |

U = Uniformed
C = Civilians

## Police Department

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 34,824U<br>9,422C | 3,398,401 | 3,440,405 | 3,439,619 | 3,420,620 | 3,395,413 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Urban Traffic Safety Model Grant City Match**<br>The Urban Traffic Safety Model Grant is a Federal program to increase seat belt safety usage in NYC. City matching funds are required. | - | 125 | - | - | - | - |
| **Federal Asset Forfeiture Shortfall**<br>Changes in the Federal law have resulted in less forfeiture funds available to the Department. City funding is required in order to support the functions that asset forfeiture funds have historically funded. | - | - | 5,208 | - | - | - |
| **Local Law Enforcement Block Grant (LLEBG)**<br>Federal funding under the Local Law Enforcement Block Grant (LLEBG) for Police Communication Technicians (PCTs) is no longer available. | - | 10,036 | 10,036 | 10,036 | 10,036 | 10,036 |
| **Collective Bargaining**<br>Collective bargaining adjustment for managerial employees and eligible titles under original jurisdiction. | - | 689 | 689 | 689 | 689 | 689 |
| **Adjustment of PBA and SBA Collective Bargaining**<br>Re-estimate based on actual expenditures. | - | 25,839 | 20,663 | 20,663 | 20,663 | 20,663 |

U = Uniformed
C = Civilians



* As of 6/30/07

## Police Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 2,490 | - | - | - | - |
| **Lease Adjustment**<br>Lease Adjustment | - | (770) | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 34,824U<br>9,422C | 3,436,810 | 3,477,001 | 3,471,007 | 3,452,008 | 3,426,801 |
| **PEG PROGRAM** | 117C | (14,641) | (36,193) | (36,396) | (36,396) | (36,396) |
| **Less Amount Reflected in the Revenue Budget** | - | 1,435 | 28,631 | 29,071 | 29,071 | 29,071 |
| **Financial Plan of 1/31/06 after PEG** | 34,824U<br>9,539C | 3,423,604 | 3,469,439 | 3,463,682 | 3,444,683 | 3,419,476 |

U = Uniformed
C = Civilians



* As of 6/30/07

## Police Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Reduction in Event Related Overtime**<br>Reduce event related overtime by ten percent for the last 4 months of FY06 and for a full year in FY07 and out. | - | (2,186) | (7,119) | (7,119) | (7,119) | (7,119) |
| **Extend Fleet Life One Year for 30 Percent of Unmarked Sedans**<br>One year delay in the lifecycle replacement of 30 percent of the Department's sedan fleet. | - | - | (1,904) | (1,904) | (1,904) | (1,904) |
| **OTPS Savings**<br>Savings identified in the OTPS budget. | - | (800) | - | - | - | - |
| **PS Savings**<br>Savings identified in the PS budget. | - | (2,600) | - | - | - | - |
| **Traffic Management Initiative**<br>The Police Department will improve its enforcement of parking regulations by strategically deploying additional traffic agents in congested areas throughout the City. | 117C | 557 | (17,411) | (20,364) | (20,364) | (20,364) |
| **Paid Detail Program**<br>Additional revenue from the reimbursement of administrative costs associated with the | - | (958) | (1,012) | - | - | - |

C = Civilians



* As of 6/30/07

## Police Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| assignment of off-duty police officers to private duty work. | | | | | | |
| **Violation Tow Activity**<br>The Police Department will continue to generate additional revenue based on current staffing and tow activity. | - | - | (3,705) | (3,705) | (3,705) | (3,705) |
| **Reimbursement of Overtime**<br>The Police Department will be reimbursed for special events overtime expenditures. | - | - | (300) | (300) | (300) | (300) |
| **MTA Training Reimbursement**<br>Reimbursement for training MTA police. | - | (300) | (300) | (300) | (300) | (300) |
| **NYCHA Subsidy Increase**<br>The NYCHA subsidy for policing has been adjusted by the local inflation factor. | - | (889) | (2,705) | (2,705) | (2,705) | (2,705) |



* As of 6/30/07

## Police Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **E911 Wireless Surcharge**<br>NYPD will realize additional wireless surcharge revenue as a result of increased activity. | - | (477) | (1,737) | - | - | - |
| **Cadet Program Accruals**<br>Re-estimate of costs of Police Cadet Program based on actual headcount. | - | (6,988) | - | - | - | - |
| **Total Agency Program** | 117C | (14,641) | (36,193) | (36,397) | (36,397) | (36,397) |

C = Civilians



* As of 6/30/07

## Fire Department

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 1,145,624 | 1,135,541 | 1,129,161 | 1,123,353 | 1,124,102 |
| Expenditure Increases / Reestimates | 30,886 | 24,669 | 22,807 | 22,354 | 15,526 |
| Financial Plan of 1/31/06 Before PEG | 1,176,510 | 1,160,210 | 1,151,968 | 1,145,707 | 1,139,628 |
| PEG Program | (18,184) | (26,325) | (11,346) | (11,927) | (12,166) |
| Less Amount Reflected in Revenue Budget | 5,775 | 9,350 | 3,370 | 3,370 | 3,370 |
| Financial Plan of 1/31/06 After PEG | 1,164,101 | 1,143,235 | 1,143,992 | 1,137,150 | 1,130,832 |

| City Funded Headcount | | | | | |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C |
| Financial Plan of 1/31/06 After PEG | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C | 11,211U<br>4,422C |

U = Uniformed
C = Civilians

# Fire Department

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 11,211U<br>4,422C | 1,145,624 | 1,135,541 | 1,129,161 | 1,123,353 | 1,124,102 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Transit Strike Contingency Plan**<br>Transit strike contingency plan. | - | 361 | - | - | - | - |
| **Per Diem Staffing -Personnel Office**<br>Per Diem Staffing -Personnel Office | - | 120 | 120 | 120 | 120 | 120 |
| **Fire Lieutenants Civil Service List**<br>Cost associated with administering the Fire Lieutenants Civil Service Exam in November 2005. | - | 1,312 | - | - | - | - |
| **Collective Bargaining for Managers and OJ's**<br>Collective Bargaining for Managers and OJ's | - | 428 | 428 | 428 | 428 | 428 |
| **Collective Bargaining for Firefighters**<br>Collective Bargaining for Firefighters | - | 25,771 | 24,121 | 22,260 | 21,806 | 14,978 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 1,394 | - | - | - | - |
| **Delayed EMS Tour Reconfiguration.**<br>Delayed EMS tour reconfiguration (ALS and BLS). | - | 1,500 | - | - | - | - |

U = Uniformed
C = Civilians



* As of 6/30/07

# Fire Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| Financial Plan of 1/31/06 Before PEG Implementation | 11,211U 4,422C | 1,176,510 | 1,160,210 | 1,151,969 | 1,145,707 | 1,139,628 |
| PEG PROGRAM | - | (18,184) | (26,325) | (11,346) | (11,927) | (12,166) |
| Less Amount Reflected in the Revenue Budget | - | 5,775 | 9,350 | 3,370 | 3,370 | 3,370 |
| Financial Plan of 1/31/06 after PEG | 11,211U 4,422C | 1,164,101 | 1,143,235 | 1,143,993 | 1,137,150 | 1,130,832 |

U = Uniformed
C = Civilians



* As of 6/30/07

# Fire Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Firefighter OT Savings**<br>The Fire Department will accelerate planned hiring of new firefighters to reduce overtime. | - | 469 | (6,455) | - | - | - |
| **Additional Revenue from Fire Prevention Fees, Permits and Liens**<br>The Bureau of Fire Prevention will improve inspection reporting, enlarge its account base of utility locations and small restaurants, and improve the collection of outstanding liens. | - | (4,405) | (4,480) | - | - | - |
| **AVL Revenue from Voluntary Hospitals**<br>The Fire Department will be reimbursed by Voluntary Hospitals for the cost of AVL systems installed by the city. | - | (170) | (2,435) | - | - | - |
| **Increased Enforcement Efforts**<br>The Fire Department will undertake increased enforcement efforts that will result in the issuance of notice of violations returnable to the Environmental Control Board. | - | (1,000) | (1,000) | - | - | - |
| **Evacuation Plan Reviews**<br>The Fire Department will charge a fee to review high rise building evacuation plans submitted to the department. | - | - | (500) | - | - | - |



* As of 6/30/07

## Fire Department

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **EMS Revenue Increase**<br>The Fire Department is expecting to collect additional EMS Revenue. | - | (9,895) | (4,295) | (4,295) | (4,295) | (4,295) |
| **Additional Revenue from Private Fire Alarm Companies**<br>Due to an increase in demand for private fire alarm connections, the Department anticipates additional revenue collections above plan. | - | (40) | (40) | (40) | (40) | (40) |
| **Additional Revenue from 2% Tax on Fire Insurance Premiums**<br>Based on current activity, the Fire Department anticipates additional collections of the two percent tax on fire insurance premiums from foreign and alien insurers. | - | (330) | (330) | (330) | (330) | (330) |
| **Elimination of Fee Exemption to Non-Profit and Charitable Organizations**<br>The Fire Department will submit legislation to the City Council to charge non-profit and charitable organizations for fire inspections. These organizations are currently exempt from the fee. | - | - | (3,000) | (3,000) | (3,000) | (3,000) |
| **Transfer Communication Costs to DoITT.**<br>The Fire Department will transfer $2.8 | - | (2,813) | (3,790) | (3,681) | (4,262) | (4,501) |



* As of 6/30/07

# Fire Department

| Description | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **PEG PROGRAM** | | | | | | |
| million in callbox and dispatch expenditures to the Department of Information Technology and Telecommunications (DoITT). | | | | | | |
| **Total Agency Program** | - | (18,184) | (26,325) | (11,346) | (11,927) | (12,166) |



* As of 6/30/07

# AGENCY FIVE YEAR SUMMARY

## Department of Sanitation

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 1,073,123 | 1,128,438 | 1,124,886 | 1,120,681 | 1,121,027 |
| Expenditure Increases / Reestimates | 25,025 | 41,099 | 41,018 | 41,064 | 36,441 |
| Financial Plan of 1/31/06 Before PEG | 1,098,148 | 1,169,537 | 1,165,904 | 1,161,745 | 1,157,468 |
| PEG Program | (9,909) | (26,210) | (2,157) | (2,157) | (2,157) |
| Less Amount Reflected in Revenue Budget | 2,508 | 8,854 | - | - | - |
| Financial Plan of 1/31/06 After PEG | 1,090,747 | 1,152,181 | 1,163,747 | 1,159,588 | 1,155,311 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 7,685U<br>1,866C | 7,685U<br>1,866C | 7,685U<br>1,866C | 7,685U<br>1,864C | 7,685U<br>1,864C |
| Expenditure Increases / Reestimates | (78)U<br>11C | (78)U<br>12C | (78)U<br>13C | (78)U<br>14C | (78)U<br>15C |
| Financial Plan of 1/31/06 After PEG | 7,607U<br>1,877C | 7,607U<br>1,878C | 7,607U<br>1,879C | 7,607U<br>1,878C | 7,607U<br>1,879C |

U = Uniformed
C = Civilians

## Department of Sanitation

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 7,685U<br>1,866C | 1,073,123 | 1,128,438 | 1,124,886 | 1,120,681 | 1,121,027 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Long-Term Waste Export Contract- S.I.**<br>Revised cost estimates associated with Staten Island long-term export contract. | - | 139 | 6,188 | 6,653 | 7,130 | 7,620 |
| **Interim Waste Export- Queens**<br>Revised cost of Queens Interim Export. | - | 481 | 8,904 | 8,904 | 8,904 | 8,904 |
| **Snow Budget Calculation**<br>Pursuant to the City Charter, DSNY must budget for snow costs based on a five year moving average of historical costs. | - | - | 5,219 | 5,219 | 5,219 | 5,219 |
| **Vehicle Low-Emission Maintenance**<br>As a result of LL39, which requires the transition to clean fuel technologies, funding for maintenance of the new and or retrofitted vehicles will be required. | 2C | 30 | 207 | 512 | 817 | 1,123 |
| **Transition Temporary to Full-time Employees**<br>Increase headcount to hire permanent employees to replace temporary. | 8C | - | - | - | - | - |
| **Civilian Title Switch**<br>Replacing two Administrative Managers with | 2C | (6) | (15) | (15) | (15) | (15) |

U = Uniformed
C = Civilians



* As of 6/30/07

## Department of Sanitation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| four Clerical Associates in the Bureau of Cleaning and Collection. | | | | | | |
| **Manager and OJ Increase**<br>Manager and OJ Increase Mayor's Personnel Order No. 2005/3 and 2005/4 | - | 230 | 230 | 230 | 230 | 230 |
| **Other Collective Bargaining**<br>Collective Bargaining for Steamfitters and Welders. | - | 804 | 804 | 804 | 804 | 804 |
| **Sanitation Worker Collective Bargaining**<br>Sanitation Worker collective bargaining adjustment. | (78)U | 20,611 | 19,561 | 18,710 | 17,973 | 12,555 |
| **Snapple commission revenue offset**<br>Snapple commission revenue offset. | - | 16 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 2,719 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 7,607U<br>1,878C | 1,098,147 | 1,169,536 | 1,165,903 | 1,161,743 | 1,157,467 |

U = Uniformed
C = Civilians



* As of 6/30/07

## Department of Sanitation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| PEG PROGRAM | - | (9,909) | (26,210) | (2,157) | (2,157) | (2,157) |
| Less Amount Reflected in the Revenue Budget | - | 2,508 | 8,854 | - | - | - |
| Financial Plan of 1/31/06 after PEG | 7,607U<br>1,878C | 1,090,746 | 1,152,180 | 1,163,746 | 1,159,586 | 1,155,310 |

U = Uniformed
C = Civilians



* As of 6/30/07

## Department of Sanitation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Uniform Productivity Differential Reduction**<br>PS surplus based on year-to-date actuals | - | (1,406) | (2,406) | - | - | - |
| **Uniform Overtime Reduction**<br>PS surplus based on year-to-date actuals | - | (5,000) | (2,000) | - | - | - |
| **Contracting Sunday Garage Security**<br>Sunday garage security currently performed by Sanitation Workers will be performed through contract workers. | - | - | (2,157) | (2,157) | (2,157) | (2,157) |
| **Increase in Visy Paper Recycling Revenue**<br>The Department of Sanitation will generate additional revenue from the Visy paper processing company for the sale of recycled newspaper. | - | (797) | - | - | - | - |
| **Methane Gas Concession Revenue**<br>The Department of Sanitation entered into a two year agreement with GSF that provides for the payment of surplus revenues at the end of the contract. | - | - | (7,400) | - | - | - |
| **Recycling Bulk Material and Paper Revenue**<br>The Department of Sanitation will generate additional revenue from various processors for the sale of recycled newspaper and recycled bulk materials. | - | (1,711) | (1,454) | - | - | - |



* As of 6/30/07

## Department of Sanitation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **De-Tox Funding Reduction**<br>Reduction of funding for the De-Tox Program. | - | (245) | - | - | - | - |
| **Recyling MGP Processing**<br>Based on projected tonnage received DSNY estimates a surplus of $0.5 million in FY 2006, $2.0 million in FY 2007. | - | (500) | (2,000) | - | - | - |
| **Re-Estimate of Landfill Related Costs**<br>Based on current estimate DSNY proposes a reduction of $7.8 million in closure funds in FY 2007, with no programmatic impact. | - | - | (7,793) | - | - | - |
| **Across The Board OTPS Reduction**<br>DSNY will reduce its OTPS funding by $1 million in FY 2007 | - | (250) | (1,000) | - | - | - |
| **Total Agency Program** | - | (9,909) | (26,210) | (2,157) | (2,157) | (2,157) |



* As of 6/30/07

# AGENCY FIVE YEAR SUMMARY

## Department of Correction

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 803,079 | 786,714 | 781,640 | 776,172 | 777,040 |
| Expenditure Increases / Reestimates | 48,638 | 28,704 | 29,367 | 32,203 | 26,943 |
| Financial Plan of 1/31/06 Before PEG | 851,717 | 815,418 | 811,007 | 808,375 | 803,983 |
| PEG Program | (7,954) | (4,235) | (4,256) | (4,290) | (4,290) |
| Less Amount Reflected in Revenue Budget | 4 | 4 | 4 | 4 | 4 |
| Financial Plan of 1/31/06 After PEG | 843,767 | 811,187 | 806,755 | 804,089 | 799,697 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 8,593U<br>1,351C | 8,578U<br>1,342C | 8,578U<br>1,342C | 8,578U<br>1,342C | 8,578U<br>1,342C |
| Expenditure Increases / Reestimates | 33U<br>42C | 6U<br>30C | 6U<br>30C | 6U<br>30C | 6U<br>30C |
| PEG Program | (8)U | (8)U | (8)U | (8)U | (8)U |
| Financial Plan of 1/31/06 After PEG | 8,618U<br>1,393C | 8,576U<br>1,372C | 8,576U<br>1,372C | 8,576U<br>1,372C | 8,576U<br>1,372C |

U = Uniformed
C = Civilians

## Department of Correction

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 8,578U<br>1,342C | 803,079 | 786,714 | 781,640 | 776,172 | 777,040 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Ingles Litigation**<br>Funding associated with the settlement of this suit which alleged excessive use of force in Department facilities. | 3C | 113 | 225 | 225 | 225 | 225 |
| **Recruiting OTPS**<br>OTPS funding for Correction Officer recruitment efforts. | - | 50 | 100 | 100 | 100 | 100 |
| **Unfunded Overtime**<br>Increased Department overtime. | - | 847 | - | - | - | - |
| **Replacement of Protective Vests**<br>Replacement of protective vests and institution of 5 year replacement cycle. | - | 2,767 | 2,767 | 595 | 595 | 595 |
| **Court Staffing Adjustment**<br>The functional transfer of court feeder pens to the Unified Court System has been delayed. The restoration is for the remainder of FY06 only. | - | 1,271 | - | - | - | - |
| **Temporary Housing Adjustment**<br>The Temporary Housing state revenue budget | - | 3,162 | 3,162 | 3,162 | 3,162 | 3,162 |

U = Uniformed
C = Civilians



* As of 6/30/07

## Department of Correction

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| must be adjusted to reflect current reimbursable population levels at DOC facilities. | | | | | | |
| **COBA Collective Bargaining**<br>The Correction Officer Benevolent Association (COBA) and the City recently settled the collective bargaining contract negotiations. Additional funding is necessary to cover uniform salary and overtime costs. | - | 24,370 | 20,853 | 23,687 | 26,523 | 21,264 |
| **Collective Bargaining OJ/Mgrs**<br>This initiative funds collective bargaining increases owed to Original Jurisdiction employees (OJ's) and Managers for FY06 and the out years. | - | 285 | 285 | 285 | 285 | 285 |
| **Collective Bargaining for Steamfitters and Welders**<br>Collective Bargaining increases for steamfitters and welders for FY06 and the out years. | - | 600 | 600 | 600 | 600 | 600 |
| **Fleet Maintenance Adjustment**<br>Due to successful negotiations with the union, the Department's fleet maintenance function will not be contracted out in FY | 6U<br>27C | - | - | - | - | - |

U = Uniformed
C = Civilians



* As of 6/30/07

## Department of Correction

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| 2006. The union has agreed to meet the Department's financial and fleet maintenance targets. | | | | | | |
| **Heat, Light and Power** Heat, light and power adjustment. | - | 8,440 | - | - | - | - |
| **Lease Adjustment.** Lease Adjustment. | - | 103 | - | - | - | - |
| **Food Surplus Adjustment** Based on the projected population for FY 2006 and increased food prices, the Department's food spending is projected to surpass the current budget. | - | 713 | 713 | 713 | 713 | 713 |
| **Leasing Beds to Suffolk County Adjustment** Overcrowding in Suffolk County Jails has subsided and therefore Suffolk County is no longer transferring inmates to the Department. | - | 800 | - | - | - | - |
| **Commissary Adjustment** The Department of Correction will continue | - | 5,118 | - | - | - | - |



* As of 6/30/07

## Department of Correction

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| providing commissary services through June 30, 2006. This initiative will increase both the current revenues and expenditures of the Department for these services. | | | | | | |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 8,584U<br>1,372C | 851,718 | 815,419 | 811,007 | 808,375 | 803,984 |
| **PEG PROGRAM** | (8)U | (7,954) | (4,235) | (4,256) | (4,290) | (4,290) |
| **Less Amount Reflected in the Revenue Budget** | - | 4 | 4 | 4 | 4 | 4 |
| **Financial Plan of 1/31/06 after PEG** | 8,576U<br>1,372C | 843,768 | 811,188 | 806,755 | 804,089 | 799,698 |

U = Uniformed
C = Civilians

* As of 6/30/07

## Department of Correction

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **FY 2006 Civilian Accruals**<br>A surplus is currently projected for civilian PS costs. | - | (800) | - | - | - | - |
| **Uniform Longevity Surplus**<br>A surplus is currently projected in agency uniform longevity costs. | - | (2,500) | - | - | - | - |
| **Natural Gas Contract Savings**<br>Renegotiated natural gas contract will generate savings by re-establishing terms of agreement for minimum usage and mark-up rate. | - | (3,500) | (3,500) | (3,500) | (3,500) | (3,500) |
| **Civilian Hiring Delay**<br>Reduced PS costs associated with delayed civilian hirings. | - | (450) | - | - | - | - |
| **Elimination Of Uniform Staffing - Inspector General's Office**<br>The Department will eliminate six positions at the Inspector General's (IG) Office. | (6)U | (225) | (330) | (346) | (370) | (370) |
| **Reduction Of Uniform Staffing - EEO Division**<br>The Department will eliminate two positions at the Equal Employment Opportunity Division. | (2)U | (70) | (101) | (106) | (116) | (116) |
| **Discharge Planning**<br>Reduced contribution to re-entry program consistent with surplus from past years. | - | (300) | (300) | (300) | (300) | (300) |

U = Uniformed



* As of 6/30/07

## Department of Correction

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **State Court Return Revenue** A revised estimate for reimbursements from the state whenever a state prisoner is returned to DOC custody for another court case. | - | (105) | - | - | - | - |
| **Charging for Attorney Identification Cards** The Department of Correction has implemented a charge for attorney identification cards. | - | (4) | (4) | (4) | (4) | (4) |
| **Total Agency Program** | (8)U | (7,954) | (4,235) | (4,256) | (4,290) | (4,290) |

U = Uniformed



* As of 6/30/07

## Admin. for Children Services

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 615,710 | 583,432 | 583,432 | 583,432 | 583,432 |
| Expenditure Increases / Reestimates | 3,794 | 8,411 | 8,411 | 8,411 | 8,411 |
| Financial Plan of 1/31/06 Before PEG | 619,504 | 591,843 | 591,843 | 591,843 | 591,843 |
| Financial Plan of 1/31/06 After PEG | 619,504 | 591,843 | 591,843 | 591,843 | 591,843 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 6,357 | 6,357 | 6,357 | 6,357 | 6,357 |
| Expenditure Increases / Reestimates | 409 | 344 | 344 | 344 | 344 |
| Financial Plan of 1/31/06 After PEG | 6,766 | 6,701 | 6,701 | 6,701 | 6,701 |

## Admin. for Children Services

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 6,357 | 615,710 | 583,432 | 583,432 | 583,432 | 583,432 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Intensive Family Services Unit**<br>Investment to expand oversight of families who have been investigated and assessed by ACS and are in need of ongoing services and supervision to ensure that children are safe at home. | 249 | 1,242 | 4,968 | 4,968 | 4,968 | 4,968 |
| **Enhanced Foster Parent Support**<br>Funding to provide specialized training and support for foster parents. | - | - | 4,025 | 4,025 | 4,025 | 4,025 |
| **Youth Placement Initiative**<br>Funds evidence-based, community-centered services for delinquent youth and their families. | - | - | 4,025 | 4,025 | 4,025 | 4,025 |
| **Strengthen Child Protection Management**<br>Additional managers to improve field office supervision. | 35 | 320 | 1,278 | 1,278 | 1,278 | 1,278 |
| **Family Court Attorneys**<br>Additional attorneys to reduce caseloads. | 32 | 275 | 675 | 675 | 675 | 675 |
| **Enhance Child Protection Training**<br>Funding to improve and expand training for field office staff. | 28 | 109 | 438 | 438 | 438 | 438 |



* As of 6/30/07

## Admin. for Children Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Human Services COLA for Beacon Preventive Programs** Provides funding for COLA implemented in 2005 for workers in preventive programs in Beacon schools. | - | 325 | 222 | 222 | 222 | 222 |
| **Collective Bargaining Adjustment** | - | 462 | 462 | 462 | 462 | 462 |
| **Additional Revenue for Beacon Preventive Services** | - | 370 | 370 | 370 | 370 | 370 |
| **Congregate Care Reinvestment** Savings from reduced use of institutional settings will be invested in intensive supports for foster families and youth. | - | - | (8,050) | (8,050) | (8,050) | (8,050) |
| **Children's Education Services** | - | 10 | - | - | - | - |
| **Northside Center for Child Development, Inc.** | - | (43) | - | - | - | - |
| **Togetherness with Love Community Center, Inc.** | - | 10 | - | - | - | - |
| **Heat, Light and Power** | - | 715 | - | - | - | - |



* As of 6/30/07

## Admin. for Children Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| Financial Plan of 1/31/06 Before PEG Implementation | 6,701 | 619,505 | 591,845 | 591,845 | 591,845 | 591,845 |
| Financial Plan of 1/31/06 after PEG | 6,701 | 619,505 | 591,845 | 591,845 | 591,845 | 591,845 |



* As of 6/30/07

## Department of Social Services

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 4,896,106 | 5,416,901 | 5,567,073 | 5,712,639 | 5,848,531 |
| Expenditure Increases / Reestimates | (123,301) | (249,225) | (244,373) | (243,198) | (242,317) |
| Financial Plan of 1/31/06 Before PEG | 4,772,805 | 5,167,676 | 5,322,700 | 5,469,441 | 5,606,214 |
| PEG Program | (30,748) | (3,876) | (5,110) | (6,285) | (7,167) |
| Financial Plan of 1/31/06 After PEG | 4,742,057 | 5,163,800 | 5,317,590 | 5,463,156 | 5,599,047 |

| City Funded Headcount | | | | | |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 11,342 | 11,382 | 11,382 | 11,382 | 11,382 |
| Expenditure Increases / Reestimates | 157 | 440 | 546 | 546 | 546 |
| Financial Plan of 1/31/06 After PEG | 11,499 | 11,822 | 11,928 | 11,928 | 11,928 |

## Department of Social Services

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 11,382 | 4,896,106 | 5,416,901 | 5,567,073 | 5,712,639 | 5,848,531 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **HASA Housing and Case Workers**<br>Reduces reliance on SRO units and creates 227 scattersite apartments and 688 congregate units by FY08 for HIV/AIDS clients. Also reverts federal HOPWA (Housing Opportunities for Persons with AIDS) funds to housing by providing City funds for case management services. | 440 | 9,918 | 10,689 | 14,307 | 14,307 | 14,307 |
| **Collective Bargaining Adjustment** | - | 869 | 869 | 869 | 869 | 869 |
| **Technical Adjustment**<br>Budget realignment for Early Intervention | - | - | 1,116 | 2,350 | 3,525 | 4,407 |
| **Employment Funding Adjustment**<br>Funding adjustment as a result of SFY05-06 State budget changes. | - | 500 | - | - | - | - |
| **Intracity Funding Transfer** | - | (178) | (178) | (178) | (178) | (178) |
| **TANF MOE Adjustment**<br>Due to increases in Safety Net and other state and local contributions for the TANF maintenance-of-effort (MOE); additional City funds are no longer required. | - | (43,300) | (43,300) | (43,300) | (43,300) | (43,300) |
| **Public Assistance Re-estimate**<br>Caseload projection assumes an average | - | (9,200) | 4,200 | 4,200 | 4,200 | 4,200 |



* As of 6/30/07

## Department of Social Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| caseload of 413,787 in FY06 and 411,120 in FY07. | | | | | | |
| **Unemployment / SSI Employment Legal Advocacy** | - | (2,500) | - | - | - | - |
| **Heat, Light and Power** | - | 1,442 | - | - | - | - |
| **Medicaid Budget Realignment**<br>Technical adjustment to reflect State Medicaid cap. Because of cap, City will no longer receive retroactive Medicaid reimbursement. Corresponding adjustment to City revenue in Mayoralty. | - | (80,852) | (222,622) | (222,622) | (222,622) | (222,622) |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 11,822 | 4,772,805 | 5,167,675 | 5,322,699 | 5,469,440 | 5,606,214 |
| **PEG PROGRAM** | - | (30,748) | (3,876) | (5,110) | (6,285) | (7,167) |
| **Financial Plan of 1/31/06 after PEG** | 11,822 | 4,742,057 | 5,163,799 | 5,317,589 | 5,463,155 | 5,599,047 |



* As of 6/30/07

## Department of Social Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Funding Realignment**<br>Funding Realignment | - | (573) | (2,760) | (2,760) | (2,760) | (2,760) |
| **Increased Early Intervention Enrollment in Medicaid**<br>DOHMH and HRA staff will increase the number of Early Intervention (EI) clients enrolled in Medicaid. | - | - | (1,116) | (2,350) | (3,525) | (4,407) |
| **State Reimbursement for the Mentally Ill**<br>Retroactive State reimbursement for Medicaid costs related to formerly institutionalized mentally ill patients. | - | (30,175) | - | - | - | - |
| **Total Agency Program** | - | (30,748) | (3,876) | (5,110) | (6,285) | (7,167) |



* As of 6/30/07

## Dept. of Homeless Services

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 309,917 | 312,084 | 312,971 | 312,971 | 312,971 |
| Expenditure Increases / Reestimates | 3,841 | 4,824 | 8,659 | 8,659 | 8,659 |
| Financial Plan of 1/31/06 Before PEG | 313,758 | 316,908 | 321,630 | 321,630 | 321,630 |
| PEG Program | (6,260) | (13,672) | (13,618) | (8,487) | (8,487) |
| Financial Plan of 1/31/06 After PEG | 307,498 | 303,236 | 308,012 | 313,143 | 313,143 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 2,292 | 2,292 | 2,292 | 2,292 | 2,292 |
| Expenditure Increases / Reestimates | | | (29) | (29) | (29) |
| Financial Plan of 1/31/06 After PEG | 2,292 | 2,292 | 2,263 | 2,263 | 2,263 |

## Dept. of Homeless Services

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 2,292 | 309,917 | 312,084 | 312,971 | 312,971 | 312,971 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Decentralized Adult Men's Intake Center**<br>Agency will redesign men's intake function with a focus on diversion, shorter assessment periods, and placement in more appropriate program shelters. | - | - | 1,790 | 7,161 | 7,161 | 7,161 |
| **New Shelter Model for Adult Families**<br>Funding for a model Tier II facility with intensive case management services, including on-site training, for adults. Capacity savings from a focus on services will fund the program by 2008. | - | 362 | 1,414 | - | - | - |
| **Collective Bargaining Adjustment** | - | 225 | 225 | 225 | 225 | 225 |
| **Clothing Bank Rent**<br>Rental and utility payments for a clothing bank, managed by a non-profit provider. | - | - | 161 | 161 | 161 | 161 |
| **Adult Shelter Staff Transitional Costs**<br>Funding for salaries of staff remaining after the contracting out of two adult facilities. | - | 452 | 122 | - | - | - |
| **Temporary Family Intake Staff Costs**<br>Additional staffing costs due to a delay in consolidation of existing family intake center and PATH. | - | 354 | - | - | - | - |



* As of 6/30/07

## Dept. of Homeless Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Trades Prevailing Wage Adjustment**<br>Funding for trades staff wage increases. | - | 1,112 | 1,112 | 1,112 | 1,112 | 1,112 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 1,335 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 2,292 | 313,757 | 316,908 | 321,630 | 321,630 | 321,630 |
| **PEG PROGRAM** | - | (6,260) | (13,672) | (13,618) | (8,487) | (8,487) |
| **Financial Plan of 1/31/06 after PEG** | 2,292 | 307,497 | 303,236 | 308,012 | 313,143 | 313,143 |



* As of 6/30/07

## Dept. of Homeless Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **State Reimbursement for Adult Shelters** Reimbursement of State funds that were previously withheld. | - | - | (5,609) | (5,131) | - | - |
| **Prior Year Revenue** Reimbursement to the City for prior year family shelter expenses. | - | (6,260) | - | - | - | - |
| **Adult Capacity Re-estimate** Reduction in adult shelter capacity of 105 units due to a decline in the adult census. | - | - | (3,382) | (3,382) | (3,382) | (3,382) |
| **Family Shelter Capacity Re-Estimate** Reduction in family shelter capacity due to a decline in the family census. Eliminates 717 hotel and scattered site shelter units in 2007, as well as an additional 290 hotel units in 2008. | - | - | (4,681) | (5,105) | (5,105) | (5,105) |
| **Total Agency Program** | - | (6,260) | (13,672) | (13,618) | (8,487) | (8,487) |



* As of 6/30/07

## Department for the Aging

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 124,404 | 97,616 | 97,616 | 97,616 | 97,616 |
| Expenditure Increases / Reestimates | 4,411 | 242 | 242 | 242 | 242 |
| Financial Plan of 1/31/06 Before PEG | 128,815 | 97,858 | 97,858 | 97,858 | 97,858 |
| PEG Program | (2,027) | (2,901) | (4,074) | (4,074) | (4,074) |
| Less Amount Reflected in Revenue Budget | 500 | - | - | - | - |
| Financial Plan of 1/31/06 After PEG | 127,288 | 94,957 | 93,784 | 93,784 | 93,784 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 93 | 93 | 93 | 93 | 93 |
| PEG Program | | (18) | (36) | (36) | (36) |
| Financial Plan of 1/31/06 After PEG | 93 | 75 | 57 | 57 | 57 |

## Department for the Aging

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 93 | 124,404 | 97,616 | 97,616 | 97,616 | 97,616 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Adjustment** | - | 242 | 242 | 242 | 242 | 242 |
| **Drew Hamilton Houses** | - | (7) | - | - | - | - |
| **Immigration Improvement Project of New York** | - | (40) | - | - | - | - |
| **HEAP Program** | - | 4,000 | - | - | - | - |
| **Heat, Light and Power** | - | 215 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 93 | 128,814 | 97,858 | 97,858 | 97,858 | 97,858 |
| **PEG PROGRAM** | (18) | (2,027) | (2,901) | (4,074) | (4,074) | (4,074) |
| **Less Amount Reflected in the Revenue Budget** | - | 500 | - | - | - | - |
| **Financial Plan of 1/31/06 after PEG** | 75 | 127,287 | 94,957 | 93,784 | 93,784 | 93,784 |



* As of 6/30/07

## Department for the Aging

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **OTPS Accruals**<br>Miscellaneous program accruals will produce savings in 2006. | - | (1,100) | - | - | - | - |
| **Reduce Miscellaneous Non-core Services**<br>Reduces funding for non-core services. | - | (427) | (534) | (534) | (534) | (534) |
| **Consolidate the SCRIE Program in Department of Finance**<br>Transfers the Senior Citizen Rent Increase Exemption (SCRIE) Program to the Department of Finance where increased automation and coordination with tax records will improve the application and recertification process. | (18) | - | (800) | (1,973) | (1,973) | (1,973) |
| **Consolidate Information and Referral Services into 311**<br>Transfers services provided by DFTA's Information and Referral Unit to 311. Direct information and referral services will remain available through senior centers, case management agencies, and information and referral agencies. | - | - | (1,567) | (1,567) | (1,567) | (1,567) |



* As of 6/30/07

# Department for the Aging

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Contract Reconciliation**<br>Contract accruals will increase revenue returned to the Department. | - | (500) | - | - | - | - |
| **Total Agency Program** | (18) | (2,027) | (2,901) | (4,074) | (4,074) | (4,074) |



* As of 6/30/07

## Dept Health & Mental Hygiene

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 615,867 | 573,369 | 579,789 | 584,453 | 582,163 |
| Expenditure Increases / Reestimates | 9,427 | 7,797 | 7,084 | 5,909 | 5,028 |
| Financial Plan of 1/31/06 Before PEG | 625,294 | 581,166 | 586,873 | 590,362 | 587,191 |
| PEG Program | (25,513) | (8,481) | (15,954) | (18,912) | (18,947) |
| Less Amount Reflected in Revenue Budget | 1,000 | 1,027 | 716 | 716 | 716 |
| Financial Plan of 1/31/06 After PEG | 600,781 | 573,712 | 571,635 | 572,166 | 568,960 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 2,868 | 3,109 | 3,146 | 3,151 | 3,151 |
| Expenditure Increases / Reestimates | 41 | 14 | 14 | 14 | 14 |
| PEG Program | (24) | (48) | (48) | (48) | (48) |
| Financial Plan of 1/31/06 After PEG | 2,885 | 3,075 | 3,112 | 3,117 | 3,117 |

## Dept Health & Mental Hygiene

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 3,109 | 615,867 | 573,369 | 579,789 | 584,453 | 582,163 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Prison Health Services**<br>Provides funding for collective bargaining shortfall in Prison Health contract. | - | 3,280 | 3,810 | 4,331 | 4,331 | 4,331 |
| **Rapid HIV & STD Testing and Treatment for Prisoners**<br>DOHMH will provide rapid HIV, chlamydia and gonorrhea testing and treatment for inmates. | - | 3,283 | 3,283 | 3,283 | 3,283 | 3,283 |
| **Diabetes Registry**<br>Creates a health registry of diabetic patients to improve treatment outcomes and outreach. | 14 | 1,466 | 1,162 | 1,162 | 1,162 | 1,162 |
| **Collective Bargaining Adjustment** | - | 658 | 658 | 658 | 658 | 658 |
| **Technical Adjustment**<br>Budget realignment for Early Intervention | - | - | (1,116) | (2,350) | (3,525) | (4,407) |
| **Caribbean Women's Health Association** | - | 5 | - | - | - | - |
| **Hearts and Minds Health Services** | - | 25 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 710 | - | - | - | - |



* As of 6/30/07

## Dept Health & Mental Hygiene

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| Expenditure Increases / Reestimates | | | | | | |
| Financial Plan of 1/31/06 Before PEG Implementation | 3,123 | 625,294 | 581,166 | 586,873 | 590,362 | 587,190 |
| PEG PROGRAM | (48) | (25,513) | (8,481) | (15,954) | (18,912) | (18,947) |
| Less Amount Reflected in the Revenue Budget | - | 1,000 | 1,027 | 716 | 716 | 716 |
| Financial Plan of 1/31/06 after PEG | 3,075 | 600,781 | 573,712 | 571,635 | 572,166 | 568,959 |



* As of 6/30/07

## Dept Health & Mental Hygiene

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **OCME DNA Building Surplus**<br>Revised staffing estimates for DNA building. | (67) | (1,213) | (3,414) | (3,414) | (3,414) | (3,414) |
| **Closure of the Lead Poisoning Lab**<br>Close underutilized lead lab that tests adults. Agency will provide alternative arrangements. | (9) | - | (302) | (302) | (302) | (302) |
| **Medicaid Salary Sharing**<br>NYS is providing additional revenue for agency administrative costs associated with managing mental health contracts recently converted to Medicaid funding. | - | - | (1,150) | (850) | - | - |
| **Facility Consolidation**<br>Revenue generated from sale of clinics. Agency will consolidate clinic operations by relocating three clinics to existing sites without loss of capacity. | - | - | - | (3,600) | (3,000) | - |
| **Oral Health Clinic Consolidation**<br>Maximize operations through greater use of portable clinics and consolidation of fixed sites to a single clinic. | (3) | - | (929) | (929) | (929) | (929) |
| **Early Intervention Reconciliation**<br>Reconciliation of Early Intervention actual | - | (23,300) | - | - | - | - |



* As of 6/30/07

# Dept Health & Mental Hygiene

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| costs with advances made to the fiscal intermediary's bank account. | | | | | | |
| **Direct Medicaid Billing for Early Intervention** The agency will investigate alternative mechanisms to reduce administrative costs associated with Early Intervention billing. | - | - | - | (494) | (1,023) | (1,060) |
| **Reengineering MH Contracting** Reengineering of mental hygiene contracting to streamline and improve the process. | - | - | (354) | (707) | (1,061) | (1,415) |
| **Increase of Pest Control Fees** DOHMH will increase pest control fees to account for increased expense of exterminations. | - | - | (344) | (458) | (458) | (458) |
| **Reconciliation of DMH Contractors** DOHMH will recoup funds owed to the agency from mental health contractors. | - | (1,000) | (490) | - | - | - |
| **Increased Early Intervention Enrollment in Medicaid** | 31 | - | (1,499) | (5,200) | (8,726) | (11,370) |



* As of 6/30/07

## Dept Health & Mental Hygiene

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| DOHMH and HRA staff will increase the number of Early Intervention (EI) clients enrolled in Medicaid. | | | | | | |
| **Total Agency Program** | (48) | (25,513) | (8,482) | (15,954) | (18,913) | (18,948) |



* As of 6/30/07

## Housing Preservation & Dev.

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 70,085 | 62,557 | 62,447 | 61,319 | 61,319 |
| Expenditure Increases / Reestimates | 1,578 | 3,580 | 3,493 | 2,853 | 2,746 |
| Financial Plan of 1/31/06 Before PEG | 71,663 | 66,137 | 65,940 | 64,172 | 64,065 |
| PEG Program | (17,630) | (7,395) | (7,388) | (7,409) | (7,409) |
| Less Amount Reflected in Revenue Budget | 15,030 | 3,595 | 3,588 | 3,609 | 3,609 |
| Financial Plan of 1/31/06 After PEG | 69,063 | 62,337 | 62,140 | 60,372 | 60,265 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 677 | 677 | 677 | 677 | 677 |
| Expenditure Increases / Reestimates | 35 | 36 | 38 | 38 | 36 |
| Financial Plan of 1/31/06 After PEG | 712 | 713 | 715 | 715 | 713 |

## Housing Preservation & Dev.

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 677 | 70,085 | 62,557 | 62,447 | 61,319 | 61,319 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Asset Control Area Program**<br>Under the Asset Control Area program of the Mayor's Expanded Housing Plan, HPD will create a new entity, Restored Homes, to acquire HUD-foreclosed one-, two-, and three family homes and oversee renovation and disposition. | - | 459 | 856 | 640 | - | - |
| **SCRIE Increase**<br>Increase in program budget to reflect program expenditures. | - | 400 | 400 | 400 | 400 | 400 |
| **Personal Services Needs**<br>Additional staff to facilitate implementation of the Mayor's Expanded Housing Plan. | 27 | 446 | 1,663 | 1,792 | 1,792 | 1,685 |
| **Inclusionary Housing Fee**<br>The Department of Housing Preservation and Development will generate revenue from charging an application fee for the Inclusionary Housing Program. | 9 | 151 | 605 | 605 | 605 | 605 |
| **Collective Bargaining**<br>Increase in agency budget for collective bargaining. | - | 56 | 56 | 56 | 56 | 56 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 66 | - | - | - | - |



* As of 6/30/07

# Housing Preservation & Dev.

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| <u>Expenditure Increases / Reestimates</u> | | | | | | |
| Financial Plan of 1/31/06 Before PEG Implementation | 713 | 71,663 | 66,137 | 65,940 | 64,172 | 64,065 |
| PEG PROGRAM | - | (17,630) | (7,395) | (7,388) | (7,409) | (7,409) |
| Less Amount Reflected in the Revenue Budget | - | 15,030 | 3,595 | 3,588 | 3,609 | 3,609 |
| Financial Plan of 1/31/06 after PEG | 713 | 69,063 | 62,337 | 62,140 | 60,372 | 60,265 |



* As of 6/30/07

## Housing Preservation & Dev.

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Reduction in the Emergency Housing Program** Reduction in the Emergency Housing Program due to steady census declines. | - | (2,600) | (3,800) | (3,800) | (3,800) | (3,800) |
| **Increased Revenue from J-51 Fees** The Department of Housing Preservation and Development will realize additional revenue from an increase to the application fee and a modification of the final fee payment structure. | - | (1,363) | (550) | (550) | (550) | (550) |
| **Increased Revenue from Section 421-a Fees** The Department of Housing Preservation and Development will collect additional Section 421-a fees. | - | (7,239) | (1,000) | (1,000) | (1,000) | (1,000) |
| **Tax Credit Fees** The Department of Housing Preservation and Development will generate revenue from administering tax credit application, compliance and allocation fees. | - | (1,428) | (2,045) | (2,038) | (2,059) | (2,059) |
| **Additional Negotiated Sales Activity** The Department of Housing Preservation and | - | (5,000) | - | - | - | - |



* As of 6/30/07

## Housing Preservation & Dev.

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM**<br><br>Development will generate additional revenue from increased sales of city-owned properties. | | | | | | |
| **Total Agency Program** | - | (17,630) | (7,395) | (7,388) | (7,409) | (7,409) |



* As of 6/30/07

# Department of Buildings

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 78,723 | 69,544 | 68,257 | 66,692 | 66,692 |
| Expenditure Increases / Reestimates | 5,222 | 4,762 | 3,410 | 3,404 | 3,300 |
| Financial Plan of 1/31/06 Before PEG | 83,945 | 74,306 | 71,667 | 70,096 | 69,992 |
| Financial Plan of 1/31/06 After PEG | 83,945 | 74,306 | 71,667 | 70,096 | 69,992 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 1,123 | 1,108 | 1,108 | 1,066 | 1,066 |
| Expenditure Increases / Reestimates | 9 | 9 | 9 | 9 | 9 |
| Financial Plan of 1/31/06 After PEG | 1,132 | 1,117 | 1,117 | 1,075 | 1,075 |

## Department of Buildings

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 1,108 | 78,723 | 69,544 | 68,257 | 66,692 | 66,692 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Digital Cameras**<br>Digital cameras/pda for inspectors | - | 100 | - | - | - | - |
| **Advertising**<br>Advertising | - | 200 | - | - | - | - |
| **Facilities-Central**<br>Facilities to accommodate new staff at 280 Broadway ($333,000) and LAN rooms at borough offices ($149,000). | - | 482 | - | - | - | - |
| **Facilities-1 Centre**<br>Facilities to accommodate new staff. | - | 1,029 | - | - | - | - |
| **Facilities- Borough Offices**<br>Facilities- Borough Offices reconfigurations. Bronx $340,000; Brooklyn $160,000; Staten Island $101,000. | - | 601 | - | - | - | - |
| **Offsite Storage Contract** | - | 30 | 94 | 149 | 39 | 39 |
| **DOITT - Telecommunications** | - | 600 | - | - | - | - |
| **Retaining Wall Insp./Review Services**<br>Retaining Wall Insp./Review Services | - | 346 | - | - | - | - |
| **Digital Badging**<br>Digital badging next phase | - | 50 | 50 | - | - | - |



* As of 6/30/07

## Department of Buildings

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Temp Services Contract** | - | 1,357 | 1,357 | - | - | - |
| **Title Search (Intracity with DOF)** | - | 57 | 57 | 57 | 57 | 57 |
| **FTNG Average Salary Deficit**<br>Correction of FTNG Average Salary Deficit | - | - | 2,511 | 2,511 | 2,511 | 2,511 |
| **Shift Differential Deficit**<br>Correcting Shift Differential Deficit | - | - | 30 | 30 | 30 | 30 |
| **Overtime Deficit**<br>Correcting Overtime Deficit | - | - | 418 | 418 | 418 | 418 |
| **Executive Analyst**<br>Executive Analyst | 1 | 30 | 77 | 77 | 77 | 77 |
| **Licensing Testing Contract**<br>Licensing Testing Contract | - | - | 47 | 47 | 47 | 47 |
| **Process Services** | - | - | 150 | 150 | 150 | 150 |
| **B-FIRST**<br>B-FIRST- Inspection Scheduling- Expense impact | - | - | - | - | 64 | - |
| **Document Management**<br>Document Management-Expense Impact | - | - | - | - | 35 | - |



* As of 6/30/07

# Department of Buildings

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Reporting-COGNOS**<br>Reporting-COGNOS-Expense Impact | - | - | - | - | 4 | - |
| **Collective Bargaining**<br>Collective Bargaining-Managers & OJs | - | 259 | 259 | 259 | 259 | 259 |
| **No Access Savings in inspector** | (1) | (30) | (60) | (60) | (60) | (60) |
| **Priority C/D savings in insps**<br>Priority C/D savings in insps | (3) | (90) | (180) | (180) | (180) | (180) |
| **Conversion of Critical Temps**<br>Conversion of Critical Temps | 12 | 100 | (48) | (48) | (48) | (48) |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 101 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 1,117 | 83,945 | 74,306 | 71,667 | 70,095 | 69,992 |
| **Financial Plan of 1/31/06 after PEG** | 1,117 | 83,945 | 74,306 | 71,667 | 70,095 | 69,992 |



* As of 6/30/07

# AGENCY FIVE YEAR SUMMARY

## Dept of Environmental Prot.

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 765,051 | 743,893 | 739,057 | 739,117 | 739,117 |
| Expenditure Increases / Reestimates | 6,453 | 699 | 699 | 699 | 699 |
| Financial Plan of 1/31/06 Before PEG | 771,504 | 744,592 | 739,756 | 739,816 | 739,816 |
| PEG Program | (1,425) | (2,000) | (2,000) | (2,000) | (2,000) |
| Less Amount Reflected in Revenue Budget | 1,500 | 2,300 | 2,300 | 2,300 | 2,300 |
| Financial Plan of 1/31/06 After PEG | 771,579 | 744,892 | 740,056 | 740,116 | 740,116 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 301 | 301 | 301 | 301 | 301 |
| PEG Program | 6 | 6 | 6 | 6 | 6 |
| Financial Plan of 1/31/06 After PEG | 307 | 307 | 307 | 307 | 307 |

## Dept of Environmental Prot.

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 301 | 765,051 | 743,893 | 739,057 | 739,117 | 739,117 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective Bargaining Increase of 1% & 3.15%. | - | 699 | 699 | 699 | 699 | 699 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 5,754 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 301 | 771,504 | 744,592 | 739,756 | 739,816 | 739,816 |
| **PEG PROGRAM** | 6 | (1,425) | (2,000) | (2,000) | (2,000) | (2,000) |
| **Less Amount Reflected in the Revenue Budget** | - | 1,500 | 2,300 | 2,300 | 2,300 | 2,300 |
| **Financial Plan of 1/31/06 after PEG** | 307 | 771,579 | 744,892 | 740,056 | 740,116 | 740,116 |



* As of 6/30/07

## Dept of Environmental Prot.

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| <u>ECB Accounts Management Program</u><br>DEP will generate additional fine revenue from an increase in case processing, management and adjudications at the Environmental Control Board. This work will require six additional positions. | 6 | (125) | (875) | (875) | (875) | (875) |
| <u>New Hydro-Electric Agreement</u><br>DEP will re-negotiate contracts with upstate utilities that operate power plants in Neversink and Grahamsville. This incremental revenue will be partially offset by engineering service costs. | - | - | (825) | (825) | (825) | (825) |
| <u>Various Payments from Several Sources</u><br>DEP will collect additional miscellaneous revenues from utility payments, workman's compensation claims and other unplanned payments. | - | (1,300) | (150) | (150) | (150) | (150) |
| <u>Increase in Upstate Rents Revenue</u><br>DEP will receive increased revenue based on | - | - | (150) | (150) | (150) | (150) |



* As of 6/30/07

## Dept of Environmental Prot.

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM**<br><br>both improved fee collection procedures and increased property rental activity. | | | | | | |
| **Total Agency Program** | 6 | (1,425) | (2,000) | (2,000) | (2,000) | (2,000) |



* As of 6/30/07

## Department of Finance

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 197,730 | 197,436 | 197,505 | 197,505 | 197,505 |
| Expenditure Increases / Reestimates | 1,334 | 630 | 630 | 630 | 630 |
| Financial Plan of 1/31/06 Before PEG | 199,064 | 198,066 | 198,135 | 198,135 | 198,135 |
| PEG Program | (19,050) | (11,000) | (6,000) | (6,000) | (6,000) |
| Less Amount Reflected in Revenue Budget | 19,050 | 11,000 | 6,000 | 6,000 | 6,000 |
| Financial Plan of 1/31/06 After PEG | 199,064 | 198,066 | 198,135 | 198,135 | 198,135 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 |
| Expenditure Increases / Reestimates | (1) | (1) | (1) | (1) | (1) |
| Financial Plan of 1/31/06 After PEG | 2,243 | 2,243 | 2,243 | 2,243 | 2,243 |

## Department of Finance

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 2,244 | 197,730 | 197,436 | 197,505 | 197,505 | 197,505 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **1% & 3.15% Collective Bargaining Increases (City)**<br>Funding for collective bargaining increases - 1% for OJs and 3.15% for Managers and OJs. | - | 704 | 704 | 704 | 704 | 704 |
| **Position Transfer to Small Business Services (SBS)**<br>The Department of Finance will transfer one position and the corresponding salary to Small Business Services (SBS). | (1) | (25) | (74) | (74) | (74) | (74) |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 263 | - | - | - | - |
| **Lease Adjustment**<br>Lease Adjustment | - | 392 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 2,243 | 199,064 | 198,066 | 198,135 | 198,135 | 198,135 |
| **PEG PROGRAM** | - | (19,050) | (11,000) | (6,000) | (6,000) | (6,000) |



* As of 6/30/07

## Department of Finance

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| Less Amount Reflected in the Revenue Budget | - | 19,050 | 11,000 | 6,000 | 6,000 | 6,000 |
| **Financial Plan of 1/31/06 after PEG** | 2,243 | 199,064 | 198,066 | 198,135 | 198,135 | 198,135 |



* As of 6/30/07

## Department of Finance

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Commercial Sale of City Register Documents**<br>The Department of Finance will generate additional revenue from the commercial sale of document images enabled by enhancements to the Automated City Register Information System (ACRIS). | - | (250) | (1,000) | (1,000) | (1,000) | (1,000) |
| **Enhanced Collection of City Register Fees**<br>The Department of Finance will collect additional revenue due to an increase in activity for real estate. | - | (18,800) | (10,000) | (5,000) | (5,000) | (5,000) |
| **Total Agency Program** | - | (19,050) | (11,000) | (6,000) | (6,000) | (6,000) |



* As of 6/30/07

## Department of Transportation

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 341,697 | 344,173 | 344,173 | 344,173 | 344,173 |
| Expenditure Increases / Reestimates | 5,773 | 5,349 | 5,349 | 5,349 | 5,349 |
| Financial Plan of 1/31/06 Before PEG | 347,470 | 349,522 | 349,522 | 349,522 | 349,522 |
| PEG Program | (10,092) | (28,712) | (19,127) | (19,127) | (14,210) |
| Less Amount Reflected in Revenue Budget | 5,417 | 20,300 | 20,300 | 20,300 | 15,383 |
| Financial Plan of 1/31/06 After PEG | 342,795 | 341,110 | 350,695 | 350,695 | 350,695 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 2,208 | 2,258 | 2,258 | 2,258 | 2,258 |
| Expenditure Increases / Reestimates | 21 | 53 | 53 | 53 | 53 |
| PEG Program | (11) | (51) | 22 | 22 | 22 |
| Financial Plan of 1/31/06 After PEG | 2,218 | 2,260 | 2,333 | 2,333 | 2,333 |

## Department of Transportation

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 2,258 | 341,697 | 344,173 | 344,173 | 344,173 | 344,173 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Retaining Wall Assessment Unit**<br>DOT will require 4 positions to its Retaining Wall Assessment Unit, which will be responsible for monitoring close to 700 DOT-owned retaining walls throughout the City. | 4 | 160 | 240 | 240 | 240 | 240 |
| **Ferry Increased Security Needs**<br>DOT will require additional funds for increased security at the Staten Island Ferry driven by the security level set by the Coast Guard (MARSEC 2) | - | 1,125 | - | - | - | - |
| **Weekend Ferry Service**<br>DOT will require 18 additional positions to continue providing extra ferry service on weekends. | 18 | - | 2,097 | 2,097 | 2,097 | 2,097 |
| **Closed Circuit TV Maintenance**<br>DOT will require funding to inspect, maintain and repair the Closed Circuit TV system at the Staten Island Ferry, including all boats and terminals. | - | 338 | 338 | 338 | 338 | 338 |
| **Staten Island Ferry Terminal Staffing**<br>DOT will require Staten Island Ferry Terminal Managers and support staff to establish a | 3 | 100 | 200 | 200 | 200 | 200 |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| facilities preventative maintenance program on its newly renovated terminal buildings at Whitehall and St. George. | | | | | | |
| **Core Drill Contract** The Highway Inspection Quality Assurance Unit (HIQA) will enter into a contract for "core drill" samples to examine the quality of Permitee backfills on street openings, which will require increased funding. | - | 50 | - | - | - | - |
| **Environmental Compliance** DOT will require additional staff to assess and recommend an effective environmental compliance program for the Petroleum Bulk Storage Program. | 1 | 30 | 60 | 60 | 60 | 60 |
| **55 Water St. Consolidation** DOT will require a position to coordinate the logistics of the department's relocation to 55 Water St. | 1 | 50 | 100 | 100 | 100 | 100 |
| **HIQA Street Enforcement** DOT will require additional funding to | 7 | 315 | 323 | 323 | 323 | 323 |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| increase street opening enforcement to alleviate traffic congestion and improve roadway conditions. | | | | | | |
| **Collective Bargaining Increase** Collective Bargaining increase of 1% and 3.15%. | - | 345 | 345 | 345 | 345 | 345 |
| **Collective Bargaining for Various 220 Titles** DOT will require funding for various 220 Labor Law Titles that received recent Collective Bargaining salary increases. | - | 1,646 | 1,646 | 1,646 | 1,646 | 1,646 |
| **Budget Mods Positions from January 1, 2006 to January 6, 2006.** | 8 | - | - | - | - | - |
| **Budget Mods Positions from December 1, 2005 to December 31, 2005.** | 11 | - | - | - | - | - |
| **Heat, Light and Power** Heat, light and power adjustment. | - | 1,614 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 2,311 | 347,470 | 349,522 | 349,522 | 349,522 | 349,522 |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| PEG PROGRAM | (51) | (10,092) | (28,712) | (19,127) | (19,127) | (14,210) |
| Less Amount Reflected in the Revenue Budget | - | 5,417 | 20,300 | 20,300 | 20,300 | 15,383 |
| **Financial Plan of 1/31/06 after PEG** | 2,260 | 342,795 | 341,110 | 350,695 | 350,695 | 350,695 |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **New Street Furniture Franchise Agreement**<br>The new Street Furniture Franchise, managed by the Department of Transportation, will coordinate the placement and maintenance of structures (bus stop shelters, newsstands, and public toilets) on the City's sidewalks and generate incremental revenue. | 19 | (4,496) | (15,165) | (15,165) | (15,165) | (10,248) |
| **Expansion of Commercial Parking from 23rd to 33rd Streets**<br>DOT will expand the current commercial parking zone to include the area of 23rd to 33rd Street, from 2nd to 9th Avenue. This area represents approximately 1,800 parking spaces. | 17 | 1,433 | (3,642) | (3,314) | (3,314) | (3,314) |
| **Settlement Reimbursement**<br>DOT has collected a one time contractor reimbursement payment. | - | (500) | - | - | - | - |
| **Bridge Inspectors Federal Funding Reimbursement**<br>Federal funds will reimburse the City for bridge inspections in 2006. | - | (2,000) | - | - | - | - |
| **Bus State Subsidy**<br>DOT will collect additional State funds in FY06 | - | (1,036) | - | - | - | - |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Ferry State Subsidy**<br>State funding is greater than originally anticipated. | (14) | (648) | (648) | (648) | (648) | (648) |
| **Fleetwide Emissions CMAQ Reimbursement**<br>DOT will receive Federal funds for previously purchased vehicles under federal Congestion Mitigation Air Quality (CMAQ) grant for fuel efficient vehicles. | - | (1,633) | - | - | - | - |
| **State SAMP Funding Reimbursement**<br>City funds used to maintain the Arterial highways will be replaced by State Supplemental Arterial Maintenance Program (SAMP) funds. | - | (1,100) | - | - | - | - |
| **Bus Stop Adjustment Contractor Reimbursement Payment**<br>DOT received payments from contractors for work performed by DOT at MTA bus stops. This work entails installation and/or removal of bus stops and bus stop relocations. | - | (111) | - | - | - | - |
| **State CHIPS Funding Switch**<br>State Consolidated Highway Improvement | (73) | - | (9,258) | - | - | - |



* As of 6/30/07

## Department of Transportation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM**<br><br>Program (CHIPS) funds will replace City funds for design, installation and rehab of arterial guardrail & fencing, parking meters, traffic signs & signals, and bridge structures. | | | | | | |
| **Total Agency Program** | (51) | (10,091) | (28,713) | (19,127) | (19,127) | (14,210) |



* As of 6/30/07

## Dept of Parks and Recreation

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 216,315 | 198,793 | 194,646 | 194,646 | 194,646 |
| Expenditure Increases / Reestimates | 6,131 | 3,104 | 3,104 | 3,104 | 3,104 |
| Financial Plan of 1/31/06 Before PEG | 222,446 | 201,897 | 197,750 | 197,750 | 197,750 |
| PEG Program | (4,358) | (6,163) | (4,594) | (4,594) | (4,594) |
| Less Amount Reflected in Revenue Budget | 2,857 | 2,594 | 2,594 | 2,594 | 2,594 |
| Financial Plan of 1/31/06 After PEG | 220,945 | 198,328 | 195,750 | 195,750 | 195,750 |

| City Funded Headcount | | | | | |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 1,575 | 1,572 | 1,542 | 1,542 | 1,542 |
| Expenditure Increases / Reestimates | 20 | 19 | 19 | 19 | 19 |
| Financial Plan of 1/31/06 After PEG | 1,595 | 1,591 | 1,561 | 1,561 | 1,561 |

## Dept of Parks and Recreation

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 1,572 | 216,315 | 198,793 | 194,646 | 194,646 | 194,646 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Fowler Recreation Center New Need**<br>Funding for a new recreation center in the Flushing Queens area. The cost of operating the center will be partially offset by revenue from membership fees. | 19 | 150 | 599 | 599 | 599 | 599 |
| **Out Of School Program Funding**<br>Out Of School Program funding through June 2006. | - | 3,250 | - | - | - | - |
| **Seasonal Collective Bargaining**<br>Seasonal Parks Maintenance Workers DC37 Collective Bargaining | - | 175 | 175 | 175 | 175 | 175 |
| **3.15% City Collective Bargaining for OJ's and Managers.**<br>3.15% City Collective Bargaining for OJ's and Managers. | - | 328 | 328 | 328 | 328 | 328 |
| **Recreation Center Funding Adjustment**<br>Recreation Center Funding Adjustment | - | - | 2,000 | 2,000 | 2,000 | 2,000 |
| **Parks Improvement Coalition** | - | 25 | - | - | - | - |
| **Prospect Park Alliance** | - | 5 | - | - | - | - |
| **Rocky Run** | - | 4 | - | - | - | - |



* As of 6/30/07

## Dept of Parks and Recreation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Heat, Light and Power**<br>Heat, light and Power Adjustment. | - | 2,165 | - | - | - | - |
| **Lease Adjustment**<br>Lease Adjustment | - | 27 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 1,591 | 222,444 | 201,895 | 197,748 | 197,748 | 197,748 |
| **PEG PROGRAM** | - | (4,358) | (6,163) | (4,594) | (4,594) | (4,594) |
| **Less Amount Reflected in the Revenue Budget** | - | 2,857 | 2,594 | 2,594 | 2,594 | 2,594 |
| **Financial Plan of 1/31/06 after PEG** | 1,591 | 220,943 | 198,326 | 195,748 | 195,748 | 195,748 |



* As of 6/30/07

## Dept of Parks and Recreation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Concessions Baseline Change**<br>Parks will earn additional concession revenue from various concessionaire agreements, re-bids, and and higher than expected proceeds from restaurant concessions. | - | (1,707) | (1,944) | (1,944) | (1,944) | (1,944) |
| **Washington Market Surplus**<br>Parks will transfer surplus funds in FY 2006 and FY 2007 from the Washington Market grant into the General Fund. | - | (150) | (100) | - | - | - |
| **Transfer of Comptroller Credits**<br>Parks will transfer $350,000 in Comptroller credits in FY06 from various grant accounts. | - | (350) | - | - | - | - |
| **Tree Restitution Revenue Adjustment**<br>Parks will recoup additional restitution funds from damaged tree claims. | - | (750) | (250) | (250) | (250) | (250) |
| **79th Street Boat Basin Baseline Increase**<br>Parks will collect additional revenue from the 79th Street Boat Basin. | - | (400) | (400) | (400) | (400) | (400) |
| **Recreation Center Fees**<br>Revenue Adjustment to Reflect Charging of Fees at all Recreation Centers, Citywide. | - | - | (2,000) | (2,000) | (2,000) | (2,000) |



* As of 6/30/07

## Dept of Parks and Recreation

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| <u>**Columbus Park Funding Switch**</u><br>Parks received a grant for the renovation of Columbus Park. | - | (800) | - | - | - | - |
| <u>**Asian Longhorned Beetle Cost Re-Estimate**</u><br>Re-estimate of costs associated with treatment and disposal of Asian Longhorned Beetle infested trees. | - | (600) | (600) | - | - | - |
| <u>**WCS Zoo Fee Increase**</u><br>Admission fee increases to offset costs. | - | 399 | (869) | - | - | - |
| **Total Agency Program** | - | (4,358) | (6,163) | (4,594) | (4,594) | (4,594) |



* As of 6/30/07

# Dept of Citywide Admin Srvces

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 156,420 | 154,785 | 155,059 | 155,053 | 155,053 |
| Expenditure Increases / Reestimates | 5,094 | 1,080 | 1,080 | 1,080 | 1,080 |
| Financial Plan of 1/31/06 Before PEG | 161,514 | 155,865 | 156,139 | 156,133 | 156,133 |
| PEG Program | (14,076) | (1,923) | (1,923) | (1,923) | (1,923) |
| Less Amount Reflected in Revenue Budget | 11,982 | - | - | - | - |
| Financial Plan of 1/31/06 After PEG | 159,420 | 153,942 | 154,216 | 154,210 | 154,210 |

| City Funded Headcount | | | | | |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 1,129 | 1,129 | 1,129 | 1,129 | 1,129 |
| Expenditure Increases / Reestimates | 2 | 2 | 2 | 2 | 2 |
| PEG Program | (25) | (25) | (25) | (25) | (25) |
| Financial Plan of 1/31/06 After PEG | 1,106 | 1,106 | 1,106 | 1,106 | 1,106 |

## Dept of Citywide Admin Srvces

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 1,129 | 156,420 | 154,785 | 155,059 | 155,053 | 155,053 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **OATH Mediation Services**<br>Expand OATH's Center for Mediation Services. | 2 | 100 | 180 | 180 | 180 | 180 |
| **Trade Titles Collective Bargaining, City Funds**<br>Funding adjustment for trade titles collective bargaining (city funds). | - | 374 | 374 | 374 | 374 | 374 |
| **Collective Bargaining Adjustment (City)**<br>Collective Bargaining adjustment for Manager and O.J. titles. | - | 526 | 526 | 526 | 526 | 526 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 4,093 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 1,131 | 161,513 | 155,865 | 156,139 | 156,133 | 156,133 |
| **PEG PROGRAM** | (25) | (14,076) | (1,923) | (1,923) | (1,923) | (1,923) |
| **Less Amount Reflected in the Revenue Budget** | - | 11,982 | - | - | - | - |
| **Financial Plan of 1/31/06 after PEG** | 1,106 | 159,419 | 153,942 | 154,216 | 154,210 | 154,210 |



* As of 6/30/07

## Dept of Citywide Admin Srvces

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Commercial Rents**<br>The Department of Citywide Administrative Services will generate additional lease revenue due to higher than anticipated hotel occupancy rates. | - | (7,250) | - | - | - | - |
| **Mortgage Payment Non In-Rem**<br>The Department of Citywide Administrative Services has collected additional revenue from early mortgage satisfactions. | - | (4,732) | - | - | - | - |
| **Revised Schedules for Two Court Openings**<br>Revised schedules for two court openings have resulted in a decrease in associated funding needs. | (25) | (1,923) | (1,923) | (1,923) | (1,923) | (1,923) |
| **Board of Standards and Appeals PS Adjustment**<br>Projected BSA PS surplus. | - | (66) | - | - | - | - |
| **Office of Administrative Trials and Hearings PS Adjustment**<br>Projected OATH PS surplus. | - | (105) | - | - | - | - |
| **Total Agency Program** | (25) | (14,076) | (1,923) | (1,923) | (1,923) | (1,923) |



* As of 6/30/07

## NY Public Library - Research

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 4,477 | 15,963 | 15,964 | 15,964 | 15,964 |
| Expenditure Increases / Reestimates | 355 | 3 | 3 | 3 | 3 |
| Financial Plan of 1/31/06 Before PEG | 4,832 | 15,966 | 15,967 | 15,967 | 15,967 |
| PEG Program | (308) | (559) | (559) | (559) | (559) |
| Financial Plan of 1/31/06 After PEG | 4,524 | 15,407 | 15,408 | 15,408 | 15,408 |

## NY Public Library - Research

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | - | 4,477 | 15,963 | 15,964 | 15,964 | 15,964 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 3 | 3 | 3 | 3 | 3 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 352 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | - | 4,832 | 15,966 | 15,967 | 15,967 | 15,967 |
| **PEG PROGRAM** | - | (308) | (559) | (559) | (559) | (559) |
| **Financial Plan of 1/31/06 after PEG** | - | 4,524 | 15,407 | 15,408 | 15,408 | 15,408 |



* As of 6/30/07

# NY Public Library - Research

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **New York Research Library Reduction**<br>Reduction of the City subsidy to the New York Research Library. | - | (308) | (559) | (559) | (559) | (559) |
| **Total Agency Program** | - | (308) | (559) | (559) | (559) | (559) |



* As of 6/30/07

# AGENCY FIVE YEAR SUMMARY

## New York Public Library

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 14,327 | 84,729 | 84,769 | 84,769 | 84,769 |
| Expenditure Increases / Reestimates | 1,170 | 49 | 49 | 49 | 49 |
| Financial Plan of 1/31/06 Before PEG | 15,497 | 84,778 | 84,818 | 84,818 | 84,818 |
| PEG Program | (1,635) | (2,966) | (2,966) | (2,966) | (2,966) |
| Financial Plan of 1/31/06 After PEG | 13,862 | 81,812 | 81,852 | 81,852 | 81,852 |

## New York Public Library

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | - | 14,327 | 84,729 | 84,769 | 84,769 | 84,769 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 49 | 49 | 49 | 49 | 49 |
| **CASA - Libraries After School Program** | - | 300 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 821 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | - | 15,497 | 84,778 | 84,818 | 84,818 | 84,818 |
| **PEG PROGRAM** | - | (1,635) | (2,966) | (2,966) | (2,966) | (2,966) |
| **Financial Plan of 1/31/06 after PEG** | - | 13,862 | 81,812 | 81,852 | 81,852 | 81,852 |



* As of 6/30/07

# New York Public Library

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **New York Public Library Reduction**<br>Reduction of the City subsidy to the New York Public Library. | - | (1,635) | (2,966) | (2,966) | (2,966) | (2,966) |
| **Total Agency Program** | - | (1,635) | (2,966) | (2,966) | (2,966) | (2,966) |



* As of 6/30/07

## Brooklyn Public Library

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 8,853 | 63,317 | 63,351 | 63,351 | 63,351 |
| Expenditure Increases / Reestimates | 786 | 135 | 135 | 135 | 135 |
| Financial Plan of 1/31/06 Before PEG | 9,639 | 63,452 | 63,486 | 63,486 | 63,486 |
| PEG Program | (1,203) | (2,216) | (2,216) | (2,216) | (2,216) |
| Financial Plan of 1/31/06 After PEG | 8,436 | 61,236 | 61,270 | 61,270 | 61,270 |

## Brooklyn Public Library

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | - | 8,853 | 63,317 | 63,351 | 63,351 | 63,351 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 135 | 135 | 135 | 135 | 135 |
| **CASA - Libraries After School Program** | - | 300 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 351 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | - | 9,639 | 63,452 | 63,486 | 63,486 | 63,486 |
| **PEG PROGRAM** | - | (1,203) | (2,216) | (2,216) | (2,216) | (2,216) |
| **Financial Plan of 1/31/06 after PEG** | - | 8,436 | 61,236 | 61,270 | 61,270 | 61,270 |



* As of 6/30/07

## Brooklyn Public Library

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Brooklyn Public Library Reduction**<br>Reduction of the City subsidy to the Brooklyn Public Library. | - | (1,203) | (2,216) | (2,216) | (2,216) | (2,216) |
| **Total Agency Program** | - | (1,203) | (2,216) | (2,216) | (2,216) | (2,216) |



* As of 6/30/07

## Queens Borough Public Library

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 8,389 | 60,997 | 61,080 | 61,080 | 61,080 |
| Expenditure Increases / Reestimates | 722 | 59 | 59 | 59 | 59 |
| Financial Plan of 1/31/06 Before PEG | 9,111 | 61,056 | 61,139 | 61,139 | 61,139 |
| PEG Program | (1,159) | (2,135) | (2,135) | (2,135) | (2,135) |
| Financial Plan of 1/31/06 After PEG | 7,952 | 58,921 | 59,004 | 59,004 | 59,004 |

## Queens Borough Public Library

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | - | 8,389 | 60,997 | 61,080 | 61,080 | 61,080 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 59 | 59 | 59 | 59 | 59 |
| **CASA - Libraries After School Program** | - | 300 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 362 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | - | 9,110 | 61,056 | 61,139 | 61,139 | 61,139 |
| **PEG PROGRAM** | - | (1,159) | (2,135) | (2,135) | (2,135) | (2,135) |
| **Financial Plan of 1/31/06 after PEG** | - | 7,951 | 58,921 | 59,004 | 59,004 | 59,004 |



* As of 6/30/07

# Queens Borough Public Library

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Queens Public Library Reduction**<br>Reduction of the City subsidy to the Queens Public Library. | - | (1,159) | (2,135) | (2,135) | (2,135) | (2,135) |
| **Total Agency Program** | - | (1,159) | (2,135) | (2,135) | (2,135) | (2,135) |



* As of 6/30/07

# Department of Cultural Affairs

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 132,724 | 105,208 | 105,208 | 105,208 | 105,208 |
| Expenditure Increases / Reestimates | 6,339 | 141 | 141 | 141 | 141 |
| Financial Plan of 1/31/06 Before PEG | 139,063 | 105,349 | 105,349 | 105,349 | 105,349 |
| PEG Program | (2,190) | (3,682) | (3,682) | (3,682) | (3,682) |
| Financial Plan of 1/31/06 After PEG | 136,873 | 101,667 | 101,667 | 101,667 | 101,667 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 35 | 35 | 35 | 35 | 35 |
| Financial Plan of 1/31/06 After PEG | 35 | 35 | 35 | 35 | 35 |

## Department of Cultural Affairs

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 35 | 132,724 | 105,208 | 105,208 | 105,208 | 105,208 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 59 | 59 | 59 | 59 | 59 |
| **Collective Bargaining Increase**<br>Collective bargaining increase of 1% and 3.15%. | - | 27 | 27 | 27 | 27 | 27 |
| **Wave Hill**<br>Adjustment for Wave Hill employee welfare fund allocation. | - | 24 | 24 | 24 | 24 | 24 |
| **Technical Adjustment to DCA PS**<br>Technical adjustment to DCA PS. | - | - | 8 | 8 | 8 | 8 |
| **Wave Hill Collective Bargaining**<br>Wave Hill collective bargaining. | - | 40 | 24 | 24 | 24 | 24 |
| **Council Member Items Adjustment** | - | 682 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 5,508 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 35 | 139,064 | 105,350 | 105,350 | 105,350 | 105,350 |



* As of 6/30/07

## Department of Cultural Affairs

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| PEG PROGRAM | - | (2,190) | (3,682) | (3,682) | (3,682) | (3,682) |
| **Financial Plan of 1/31/06 after PEG** | 35 | 136,874 | 101,668 | 101,668 | 101,668 | 101,668 |



* As of 6/30/07

# Department of Cultural Affairs

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Reductions to the Cultural Institutions**<br>Reduction to subsidies for the Cultural Institutions | - | (1,845) | (2,748) | (2,748) | (2,748) | (2,748) |
| **Reductions to Cultural Programs**<br>Reduction to grants for Cultural Programs. | - | (345) | (417) | (417) | (417) | (417) |
| **DCA Rent Savings**<br>Rent savings due to DCA's upcoming relocation. | - | - | (518) | (518) | (518) | (518) |
| **Total Agency Program** | - | (2,190) | (3,683) | (3,683) | (3,683) | (3,683) |



* As of 6/30/07

## Dept. Small Business Services

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 39,304 | 25,069 | 25,069 | 25,069 | 25,069 |
| Expenditure Increases / Reestimates | 1,192 | 7,502 | 2,047 | 2,037 | 1,632 |
| Financial Plan of 1/31/06 Before PEG | 40,496 | 32,571 | 27,116 | 27,106 | 26,701 |
| PEG Program | (869) | (1,072) | (1,072) | (1,072) | (1,195) |
| Financial Plan of 1/31/06 After PEG | 39,627 | 31,499 | 26,044 | 26,034 | 25,506 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 99 | 96 | 96 | 96 | 96 |
| Expenditure Increases / Reestimates | 12 | 19 | 21 | 21 | 21 |
| Financial Plan of 1/31/06 After PEG | 111 | 115 | 117 | 117 | 117 |

## Dept. Small Business Services

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 96 | 39,304 | 25,069 | 25,069 | 25,069 | 25,069 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Division of Labor Services**<br>Programming increase in the Division of Labor Services to be compliant with Executive Order 50. | 3 | 35 | 158 | 157 | 157 | 157 |
| **MWBE Capacity Building**<br>Funding for 6 staff, outreach, and capacity building for the MWBE program as per Executive Order 71. | 6 | 18 | 511 | 328 | 318 | 313 |
| **MWBE Program Maintenance**<br>Funding of current staff levels to maintain the MWBE program after private grant funding expires. | 4 | - | 513 | 643 | 643 | 643 |
| **Film Office Staffing**<br>Funding for 2 positions at the Mayor's Office of Film, Television and Broadcasting. | 2 | 26 | 51 | 51 | 51 | 51 |
| **GIPEC**<br>City commitment for Governors Island Preservation & Education Corporation in FY07. | - | - | 5,000 | - | - | - |
| **311 for Business**<br>Funding of 4 staff in FY06 and 5 staff in | 5 | 72 | 269 | 268 | 268 | 268 |



* As of 6/30/07

## Dept. Small Business Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| FY07 and out years for new 311 for Business initiative. | | | | | | |
| **Headcount Adjustment**<br>Technical adjustment of headcount. | (2) | - | - | - | - | - |
| **Tax Levy Collective Bargaining**<br>Increase of tax levy funds to cover collective bargaining payroll increases of 1% and 3.15%. | - | 57 | 57 | 57 | 57 | 57 |
| **Tax Levy Collective Bargaining**<br>Increase of tax levy funds to cover collective bargaining payroll increases of 1% and 3.15%. | - | 70 | 70 | 70 | 70 | 70 |
| **Position Transfer from DOF to SBS**<br>A transfer of one position and its funding from the Dept. of Finance. | 1 | 25 | 74 | 74 | 74 | 74 |
| **BAM LDC**<br>Funding for BAM Local Development Corporation in FY07. | - | - | 400 | - | - | - |
| **Coney Island LDC**<br>Funding for Coney Island Development Corporation in FY07, FY08, and FY09. | - | - | 400 | 400 | 400 | - |



* As of 6/30/07

## Dept. Small Business Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Rockwood Regional Development Foundation** | - | (50) | - | - | - | - |
| **Upper Manhattan Council Assisting Neighbors** | - | 10 | - | - | - | - |
| **Bridge Street Development Corporation** | - | (75) | - | - | - | - |
| **Economic Development Corporation** | - | 60 | - | - | - | - |
| **Bronx Council for Economic Development** | - | 53 | - | - | - | - |
| **South Bronx Community Corp for El Maestro** | - | 10 | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 882 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 115 | 40,497 | 32,572 | 27,117 | 27,107 | 26,702 |
| **PEG PROGRAM** | - | (869) | (1,072) | (1,072) | (1,072) | (1,195) |
| **Financial Plan of 1/31/06 after PEG** | 115 | 39,628 | 31,500 | 26,045 | 26,035 | 25,507 |



* As of 6/30/07

## Dept. Small Business Services

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **PEG PROGRAM** | | | | | | |
| **Film Office**<br>Reduction of tax levy at 3.3% in FY06 and 7% in FY07 and out years for the Mayor's Office of Film, Television and Broadcasting. | - | (56) | (112) | (112) | (112) | (112) |
| **Office of Industrial & Manufacturing Businesses**<br>Reduction to FY06 tax levy allocations for the Office of Industrial and Manufacturing Businesses. | - | (522) | - | - | - | - |
| **OTPS Reductions**<br>Reductions of OTPS based on FY05 variances. | - | (57) | - | - | - | - |
| **EDC Red Hook**<br>EDC reduction of tax levy in FY07 and out years at 7% for the Red Hook Community Court House. | - | - | (35) | (35) | (35) | (35) |
| **Empowerment Zone**<br>Reduction of excess Empowerment Zone funding. | - | - | (440) | (440) | (440) | (563) |
| **NYC & Company**<br>Reduction of tax levy at 3.3% in FY06 and 7% in FY07 and out years. | - | (234) | (485) | (485) | (485) | (485) |
| **Total Agency Program** | - | (869) | (1,072) | (1,072) | (1,072) | (1,195) |



* As of 6/30/07

# AGENCY FIVE YEAR SUMMARY

## Department of Education

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 6,085,256 | 6,097,907 | 6,128,935 | 6,201,651 | 6,213,651 |
| Expenditure Increases / Reestimates | 108,318 | 98,453 | 73,010 | 73,710 | 74,272 |
| Financial Plan of 1/31/06 Before PEG | 6,193,574 | 6,196,360 | 6,201,945 | 6,275,361 | 6,287,923 |
| Financial Plan of 1/31/06 After PEG | 6,193,574 | 6,196,360 | 6,201,945 | 6,275,361 | 6,287,923 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 88,890P<br>7,488NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP |
| Expenditure Increases / Reestimates | (400)P<br>350NP | | | | |
| Financial Plan of 1/31/06 After PEG | 88,490P<br>7,838NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP | 88,873P<br>7,488NP |

P = Pedagogical
NP = Non-Pedagogical

## Department of Education

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 88,873P<br>7,488NP | 6,085,256 | 6,097,907 | 6,128,935 | 6,201,651 | 6,213,651 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **FY07 Health Rate Increase**<br>This initiative funds a HIP health insurance rate increase from 8.00% to 8.64% . | - | 846 | 5,986 | 6,490 | 7,040 | 7,602 |
| **Special Ed Pre K Tuition**<br>This initiative funds projected increases in Pre K Special Ed tuition due to enrollment and per capita cost growth. | - | 524 | 524 | 524 | 524 | 524 |
| **In State Contract Schools**<br>This initiative funds projected increases for In-State Contract Schools due to enrollment growth. | - | 14,945 | 14,945 | 14,945 | 14,945 | 14,945 |
| **Out of State Contract Schools**<br>This initiative funds projected increases for Out of State Contract Schools due to enrollment growth. | - | 19,487 | 19,487 | 19,487 | 19,487 | 19,487 |
| **Charter Schools**<br>This initiative provides funding for new charter schools and register growth in existing charter schools. | - | 11,715 | 11,715 | 11,715 | 11,715 | 11,715 |
| **Tax Levy and OMRDD Revenue (Chapter 721) to cover Loss of Medicaid Revenue**<br>This initiative recognizes additional Chapter | - | 39,000 | 55,000 | 55,000 | 55,000 | 55,000 |

P = Pedagogical
NP = Non-Pedagogical



* As of 6/30/07

## Department of Education

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| 721 reimbursement of State funding due to the DOE for prior years. These funds will be used to partially cover Medicaid disallowances in the current year. The remainder of the disallowances will be covered with tax levy. | | | | | | |
| **School Safety Agents**<br>This initiative provides salaries and fringe benefits for 286 new School Safety Agents. | - | - | 11,272 | 11,386 | 11,536 | 11,536 |
| **CB for Managers and OJs**<br>This initiative funds the additional need for wage increases resulting from the recent settlement. | - | 2,329 | 2,329 | 2,329 | 2,329 | 2,329 |
| **CB Annualization for Summer Pay**<br>This initiative annualizes UFT collective bargaining increases to cover summer pay. | - | 37,159 | 26,061 | - | - | - |
| **Adjustment**<br>Adjustment | - | (8) | - | - | - | - |
| **GE Register Decline for Charter Schools**<br>This initiative recognizes the savings in the GE program due to students transferring to Charter Schools. | - | (3,866) | (3,866) | (3,866) | (3,866) | (3,866) |



* As of 6/30/07

## Department of Education

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| **Surplus Rollover**<br>The DOE will continue its highly successful program of allowing schools to move funding that they have no firm current year plans for to the next fiscal year. This policy allows schools greater time for planning expenditures and maximizing benefits to students. | - | (40,000) | - | - | - | - |
| **FY07 Administrative Reductions**<br>This initiative recognizes planned administrative reductions from FY07 to FY10. | - | - | (45,000) | (45,000) | (45,000) | (45,000) |
| **Department of Education/Region 5** | - | 6 | - | - | - | - |
| **Public School 290M** | - | (35) | - | - | - | - |
| **Public School 539M - New Explorations in Science, Technology, and Math** | - | 25 | - | - | - | - |
| **Tottenville High School** | - | 13 | - | - | - | - |
| **American Folk Art Museum** | - | (225) | - | - | - | - |
| **Brooklyn Historical Society** | - | (168) | - | - | - | - |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 26,572 | - | - | - | - |



* As of 6/30/07

## Department of Education

| Description | City Personnel* | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Expenditure Increases / Reestimates** | | | | | | |
| Financial Plan of 1/31/06 Before PEG Implementation | 88,873P 7,488NP | 6,193,575 | 6,196,360 | 6,201,945 | 6,275,361 | 6,287,923 |
| Financial Plan of 1/31/06 after PEG | 88,873P 7,488NP | 6,193,575 | 6,196,360 | 6,201,945 | 6,275,361 | 6,287,923 |

P = Pedagogical
NP = Non-Pedagogical



* As of 6/30/07

# City University

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 390,296 | 332,171 | 331,956 | 331,972 | 331,972 |
| Expenditure Increases / Reestimates | 7,718 | 5,434 | 5,448 | 5,463 | 5,479 |
| Financial Plan of 1/31/06 Before PEG | 398,014 | 337,605 | 337,404 | 337,435 | 337,451 |
| Financial Plan of 1/31/06 After PEG | 398,014 | 337,605 | 337,404 | 337,435 | 337,451 |

| City Funded Headcount | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 2,706P<br>1,652NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP |
| Financial Plan of 1/31/06 After PEG | 2,706P<br>1,652NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP | 2,700P<br>1,637NP |

P = Pedagogical
NP = Non-Pedagogical

## City University

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | 2,700P 1,637NP | 390,296 | 332,171 | 331,956 | 331,972 | 331,972 |
| **Expenditure Increases / Reestimates** | | | | | | |
| **Community College and Hunter Campus School Health Insurance Increase**<br>Health insurance (HIP) increase for Community College and Hunter Campus School (3%). | - | - | 170 | 184 | 199 | 215 |
| **Community College Collective Bargaining for Carpenters and Plumbers**<br>Community College Collective Bargaining for Carpenters and Plumbers | - | 264 | 264 | 264 | 264 | 264 |
| **Community College Tuition and Fees Increase**<br>Community College tuition and fees increase is the result of higher enrollment and tuition costs. | - | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| **Heat, Light and Power**<br>Heat, light and power adjustment. | - | 2,454 | - | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | 2,700P 1,637NP | 398,014 | 337,605 | 337,404 | 337,435 | 337,451 |
| **Financial Plan of 1/31/06 after PEG** | 2,700P 1,637NP | 398,014 | 337,605 | 337,404 | 337,435 | 337,451 |

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/07

## Health and Hospitals Corp.

| City Funds ($ In Thousands) | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Baseline Per Financial Plan - 11/22/05 | 715,483 | 953,440 | 937,398 | 923,713 | 941,676 |
| Expenditure Increases / Reestimates | 4,856 | 1,978 | 178 | 178 | 178 |
| Financial Plan of 1/31/06 Before PEG | 720,339 | 955,418 | 937,576 | 923,891 | 941,854 |
| Financial Plan of 1/31/06 After PEG | 720,339 | 955,418 | 937,576 | 923,891 | 941,854 |

## Health and Hospitals Corp.

| | City Personnel* | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|---|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Baseline Per Financial Plan - 11/22/05** | - | 715,483 | 953,440 | 937,398 | 923,713 | 941,676 |
| **<u>Expenditure Increases / Reestimates</u>** | | | | | | |
| **<u>Technical Adjustment</u>**<br>Budget Realignment | - | 4,678 | - | - | - | - |
| **<u>Intracity Funding Transfer</u>** | - | 178 | 178 | 178 | 178 | 178 |
| **<u>Staten Island FQHC</u>**<br>Funds development of Federally Qualified Health Center on Staten Island's North Shore. | - | - | 1,800 | - | - | - |
| **Financial Plan of 1/31/06 Before PEG Implementation** | - | 720,339 | 955,418 | 937,576 | 923,891 | 941,854 |
| **Financial Plan of 1/31/06 after PEG** | - | 720,339 | 955,418 | 937,576 | 923,891 | 941,854 |



* As of 6/30/07

# Revenue Program

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Tax Revenue** | | | | | |
| Property Tax Rebate Extension: The Property Tax Rebate Extension will provide owners of houses, co-ops and condominiums with a $400 rebate against property tax bills. State legislation is necessary for this extension from 2008 through 2010. | 0 | 0 | (256,000) | (256,000) | (256,000) |
| **Sub Total: Tax Revenue** | **0** | **0** | **(256,000)** | **(256,000)** | **(256,000)** |

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The sale of Mitchell-Lama mortgages to the Housing Development Corporation, administered by the Office of Management and Budget, will generate additional revenue. | 3,973 | 0 | 0 | 0 | 0 |
| The Street Activity Permit Office of the Community Assistance Unit will generate additional revenue from special events. | 300 | 0 | 0 | 0 | 0 |
| The City has selected a new vendor to provide procurement services to all city agencies. This will result in the release of funds held by the previous vendor. | 238 | 0 | 0 | 0 | 0 |
| The Mayor's Office of Midtown Enforcement has been vital in reducing counterfeit merchandising traffic. Additional fine revenue will more than offset the additional funding needed to continue the Law Department's costs of preparing and handling the associated court cases. | 440 | 236 | 0 | 0 | 0 |
| The Comptroller's Office will realize additional revenue from audits. | 130 | 0 | 0 | 0 | 0 |
| The Law Department will collect additional revenue from reimbursement for preparing and litigating the World Trade Center personal injury cases. | 15,000 | 0 | 0 | 0 | 0 |

| Description | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **<u>Miscellaneous Revenue</u>** | | | | | |
| Based on current activity, the Department of City Planning will generate additional fee revenue from ULURP and CEQR applications. | 250 | 250 | 0 | 0 | 0 |
| The Department of City Planning will increase ULURP and CEQR fees by 15 percent. | 0 | 225 | 190 | 190 | 190 |
| The Department of Investigation's Bureau of City Marshals has held unclaimed funds collected from marshal judgment activity in a trust and agency account. The balance of this account will be drawn down and deposited into the general fund in 2006. | 1,200 | 0 | 0 | 0 | 0 |
| The Police Department will improve its enforcement of parking regulations by strategically deploying 100 additional traffic agents in congested areas throughout the City, resulting in enhanced traffic mobility and generating approximately 412,000 additional parking summonses. | 0 | 21,877 | 25,066 | 25,066 | 25,066 |
| Police Department will collect additional revenue from the reimbursement of administrative costs associated with the assignment of police officers to private duty work. | 958 | 1,012 | 0 | 0 | 0 |
| The Police Department will continue to generate additional revenue based on current staffing and tow activity. | 0 | 3,705 | 3,705 | 3,705 | 3,705 |

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The City will receive additional wireless surcharge revenue as a result of increased cellular telephone activity. | 477 | 1,737 | 0 | 0 | 0 |
| The Police Department will be reimbursed for special events overtime expenditures. | 0 | 300 | 300 | 300 | 300 |
| An increased demand for private fire alarms connected directly to the City's emergency response services system will generate additional revenue for the Fire Department. | 40 | 40 | 40 | 40 | 40 |
| Based on current activity, the Fire Department anticipates additional collections from the two percent tax on fire insurance premiums assessed on foreign and alien insurers. | 330 | 330 | 330 | 330 | 330 |
| The Bureau of Fire Prevention will improve inspection reporting, enlarge its account base of utility locations and small restaurants, and improve the collection of outstanding liens. | 4,405 | 4,480 | 0 | 0 | 0 |
| The Fire Department will undertake increased enforcement efforts that lead to the issuance of notice of violations returnable to the Environmental Control Board. | 1,000 | 1,000 | 0 | 0 | 0 |

| Description | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Miscellaneous Revenue** | | | | | |
| The Fire Department will modify its rules to require the submission of evacuation plans of high rise buildings for review, charging a review fee of $525. | 0 | 500 | 0 | 0 | 0 |
| The Fire Department will submit legislation to the City Council charging currently exempt non-profit and charitable organizations for fire inspections. | 0 | 3,000 | 3,000 | 3,000 | 3,000 |
| As of November 2004, the Department of Correction implemented a charge for attorney identification cards. | 4 | 4 | 4 | 4 | 4 |
| The Department for the Aging will collect refunds from contractors from unexpended funds. | 500 | 0 | 0 | 0 | 0 |
| The Financial Information Services Agency will collect additional revenue from fees charged for payroll processing of several covered organizations based on a new one year contract. | 247 | 130 | 0 | 0 | 0 |
| The Office of Payroll Administration will collect additional revenue from fees charged to process the payroll of several covered organizations based on a new one year contract. | 232 | 100 | 0 | 0 | 0 |

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The Department of Housing Preservation and Development will generate additional revenue from increased sales of city-owned properties. | 5,000 | 0 | 0 | 0 | 0 |
| The Department of Housing Preservation and Development will collect additional Section 421-a fee revenue resulting from an increase in applicants and an increase in the number of large developments. | 7,239 | 1,000 | 1,000 | 1,000 | 1,000 |
| The Department of Housing Preservation and Development will realize additional revenue from an increase to the J-51 application fee and from a modification to the final fee payment structure. | 1,363 | 550 | 550 | 550 | 550 |
| The Department of Housing Preservation and Development will generate revenue from administering tax credit application, compliance and allocation fees. | 1,428 | 2,045 | 2,038 | 2,059 | 2,059 |
| The Department of Health and Mental Hygiene will recoup additional revenue from mental health contractor recoveries. | 1,000 | 490 | 0 | 0 | 0 |
| The Department of Health will increase pest control exterminations from $32 to $87 and the fee imposed from compliance pest inspections that result in a Notice of Violation from $45 to $55 to account for higher administrative costs. | 0 | 537 | 716 | 716 | 716 |

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The Department of Environmental Protection will collect additional miscellaneous revenues from utility payments, workman's compensation claims and other unplanned payments. | 1,300 | 150 | 150 | 150 | 150 |
| The Department of Environmental Protection will generate increased revenue based on both improved fee collection procedures and increased property rental activity. | 0 | 150 | 150 | 150 | 150 |
| The Department of Environmental Protection will generate additional fine revenue from an increase in case processing and adjudications at the Environmental Control Board. | 200 | 1,100 | 1,100 | 1,100 | 1,100 |
| The Department of Environmental Protection will re-negotiate contracts with upstate utilities that operate power plants in Neversink and Grahamsville. This incremental revenue will be partially offset by engineering service costs. | 0 | 900 | 900 | 900 | 900 |
| The Department of Sanitation will generate additional revenue from the Visy paper processing company for the sale of recycled newspaper. | 797 | 0 | 0 | 0 | 0 |
| The Department of Sanitation entered into a two year agreement with a landfill gas purification and processing plant that provides for the payment of surplus revenues at the end of the contract. Surplus revenues may be offset by contractually allowed expenditures. | 0 | 7,400 | 0 | 0 | 0 |

| Description | City Funds ($ In Thousands) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The Department of Sanitation will generate additional revenue from various processors for the sale of recycled newspaper and recycled bulk materials. | 1,711 | 1,454 | 0 | 0 | 0 |
| The Business Integrity Commission will collect investigation fees held in a Trust and Agency account for background investigations completed on shipboard gambling applicants. | 203 | 455 | 0 | 0 | 0 |
| Due to increased real estate transaction activity, the Department of Finance will collect additional revenue above the current plan. | 18,800 | 10,000 | 5,000 | 5,000 | 5,000 |
| The Department of Finance will generate additional revenue from the commercial sale of document images enabled by enhancements to the Automated City Register Information System (ACRIS). | 250 | 1,000 | 1,000 | 1,000 | 1,000 |
| The Department of Transportation has collected a one time contractor payment. | 500 | 0 | 0 | 0 | 0 |
| The new Street Furniture Franchise, managed by the Department of Transportation, will coordinate the placement and maintenance of structures (bus stop shelters, newsstands, and public toilets) on the City's sidewalks and generate incremental revenue. | 4,917 | 16,000 | 16,000 | 16,000 | 11,083 |

| Description | City Funds ($ In Thousands) 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Miscellaneous Revenue** | | | | | |
| The Department of Transportation will expand the commercial parking zone to include the area of 23rd to 33rd Street, from 2nd to 9th Avenue. This area represents approximately 1,800 parking spaces. The charge will be $2 for one hour, $5 for two hours and $9 for three hours. | 0 | 4,300 | 4,300 | 4,300 | 4,300 |
| The Department of Parks and Recreation will earn additional concession revenue from various concessionaire agreements, re-bids, and higher than expected proceeds from restaurant concessions. | 1,707 | 1,944 | 1,944 | 1,944 | 1,944 |
| The Department of Parks and Recreation will recoup additional restitution funds from damaged tree claims. | 750 | 250 | 250 | 250 | 250 |
| The Department of Parks and Recreation will collect additional revenue from the 79th Street Boat Basin. | 400 | 400 | 400 | 400 | 400 |
| The Department of Citywide Administrative Services will generate additional lease revenue due to higher than anticipated hotel occupancy rates. | 7,250 | 0 | 0 | 0 | 0 |
| The Department of Citywide Administrative Services has collected additional revenue from early mortgage satisfactions. | 4,732 | 0 | 0 | 0 | 0 |

| Description | City Funds ($ In Thousands) | | | | |
| --- | --- | --- | --- | --- | --- |
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Miscellaneous Revenue** | | | | | |
| The Department of Information Technology and Telecommunications will receive refund payments from its vendors as a result of on-going telecommunications audits. This additional revenue will be partially offset by auditor's fees. | 2,662 | 561 | 0 | 0 | 0 |
| The Department of Information Technology and Telecommunications will reconcile the City's telephone accounts for prior periods and collect a settlement payment from its vendors. | 4,000 | 0 | 0 | 0 | 0 |
| **Sub Total: Miscellaneous Revenue** | **95,933** | **89,612** | **68,133** | **68,154** | **63,237** |
| **Total Revenue Program** | **95,933** | **89,612** | **(187,867)** | **(187,846)** | **(192,763)** |