The City of New York

Michael R. Bloomberg, Mayor

January 2007 Financial Plan

Fiscal Years 2007–2011

Office of Management and Budget

Mark Page, Director

January 25, 2007

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

January 25, 2007

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's economy is booming.

Job growth continues in the City, and unemployment is at historically low levels. Wall Street profits are strong and the bonus pool for employees, which is an important part of the City's revenues, is at its highest level ever.

Tourism continues to exceed all forecasts, with a record 44 million visitors coming to town last year. In fact, in 2006 we had a record 7 million international tourists, and they stay longer and spend more per day than domestic tourists. The hotel industry continues to do well, with occupancy rates over 80%. Average room rates are also at record levels, and are approaching $300 per night. Employment in the tourism sector is at a record high, with almost 300,000 employees.

The commercial real estate market in Manhattan is booming, with properties transferring at record high prices and very low vacancy rates in both Midtown and Downtown Manhattan.

The residential real estate market is forecast to cool in 2007. Forecasters are calling for a decline in single family home prices and home sales.

This extraordinary level of economic activity has generated one-time resources for the City. With these funds, we are going to follow the example we set over the last five years – we are going to be financially responsible. We are going to act in the best interest of our City and our future.

Our proposed $57.4 billion budget for FY2007, the current fiscal year, is in balance, with a surplus of $3.9 billion. The preliminary plan for FY2008 is also in balance.

We propose to cut taxes by $1 billion in FY2008 in this budget. Homeowners will see a cut in the property tax rate, saving New Yorkers $750 million. We also propose to eliminate the sales tax on all clothing, and to eliminate certain taxes on small businesses to help create more jobs, generating $250 million more in savings for our citizens.

We are also putting aside $500 million more in the Retiree Health Benefits Trust Fund, which we first created in 2006 to address a long-term liability facing the City. We will also use $1.4 billion to help close the budget gap we face in FY2009.

We are acting today to face our future liabilities head-on, while offering New Yorkers well-deserved tax relief. Our City's future depends on the choices we make today – and that future is brighter than ever.

Very truly yours,

Michael R. Bloomberg
Mayor

January 2007 Financial Plan

Fiscal Years 2007—2011

The Financial Plan

The January 2007 Financial Plan sets forth revenues and expenses for fiscal years 2007 through 2011. Fiscal years 2007 and 2008 are balanced in accordance with Generally Accepted Accounting Principles (GAAP).

The 2008 Preliminary Budget is $57.1 billion. This is the twenty-eighth consecutive budget which is balanced under GAAP.

Major highlights of the Preliminary Budget and Financial Plan are:

- an operating surplus of $3,937 million is projected for 2007, an increase of $1,991 million to the $1,946 operating surplus reflected in the November Plan.
- the operating surplus will be used to help balance the 2008 budget and reduce the projected 2009 budget gap. Discretionary transfers of $3,313 million to the Budget Stabilization Account and prepayments of $225 million to the Library Systems, $91 million to the Health and Hospitals Corporation, $208 million for Transit subsidy payments and the prepayment of $100 million in lease debt are provided in fiscal year 2007, which will reduce equivalent costs in fiscal year 2008.
- the 2008 budget includes an appropriation of $1,376 million to the Budget Stabilization Account to prepay 2009 debt service, which reduces the 2009 budget gap.
- newly proposed tax reductions of $1.0 billion, $1.1 billion, $1.2 billion and $1.3 billion are planned for fiscal years 2008, 2009, 2010 and 2011 respectively. The 2008 tax reduction comes from a reduction in the property tax rate which will save taxpayers $750 million, an additional $110 million in tax reductions for small businesses and $140 million from the elimination of the City sales tax on all clothing sold in the City. The property tax reduction in years beyond 2008 is contingent on being able to achieve balanced budgets.
- continuation of the $400 million property tax rebate.
- $500 million will be deposited in 2008 into the Retiree Health Benefits Trust Fund to address future liabilities for employee health benefits. This is in addition to the $2.0 billion that had been previously appropriated in fiscal years 2006 and 2007.
- the 2008 budget also includes a general reserve of $300 million, while the 2007 budget provides for a general reserve of $100 million to offset any adverse changes, which may surface during the remainder of the fiscal year or during the audit of operating results.
- revenues and expenditures are balanced for 2007 and 2008 and gaps of $2.6 billion, $3.7 billion and $3.6 billion are projected for fiscal years 2009 , 2010 and 2011 respectively.

The following tables represent the City's financial plan as of November 2006, the Financial Plan Update detailing changes since the November 2006 financial plan and the City's January financial plan.

Financial Plan Revenues and Expenditures
November 2006
($ in millions)

	2007	2008	2009	2010
REVENUES				
Taxes				
General Property Tax	$12,971	$13,852	$14,508	$15,187
Other Taxes	20,961	20,692	20,742	21,734
Tax Audit Revenue	759	559	559	560
Tax Reduction Program	—	(298)	(299)	(300)
Miscellaneous Revenues	5,232	5,194	4,781	4,808
Unrestricted Intergovernmental Aid	340	340	340	340
Less: Intra-City Revenue	(1,395)	(1,326)	(1,328)	(1,328)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)
Subtotal: City Funds	**$38,853**	**$38,998**	**$39,288**	**$40,986**
Other Categorical Grants	1,041	983	996	1,001
Inter-Fund Revenues	414	392	384	384
Total City Funds & Inter-Fund Revenues	**$40,308**	**$40,373**	**$40,668**	**$42,371**
Federal Categorical Grants	5,464	5,112	5,110	5,113
State Categorical Grants	9,872	9,857	9,928	10,054
Total Revenues	**$55,644**	**$55,342**	**$55,706**	**$57,538**
EXPENDITURES				
Personal Service				
Salaries and Wages	$19,624	$20,054	$20,495	$20,776
Pensions	4,869	5,595	5,960	5,972
Fringe Benefits	7,085	6,349	6,669	6,928
Subtotal - Personal Service	**$31,578**	**$31,998**	**$33,124**	**$33,676**
Other Than Personal Service				
Medical Assistance	4,935	5,083	5,222	5,376
Public Assistance	1,355	1,355	1,355	1,355
Pay-As-You-Go Capital /Prepay Outstanding Debt	200	200	200	200
All Other	16,665	16,024	16,396	16,709
Subtotal - Other Than Personal Service	**$23,155**	**$22,662**	**$23,173**	**$23,640**
General Obligation, Lease and MAC Debt Service	3,812	4,164	4,505	4,858
FY 2006 Budget Stabilization and Discretionary Transfers	(3,751)	—	—	—
FY 2007 Budget Stabilization and Discretionary Transfers	1,946	(1,946)	—	—
General Reserve	299	300	300	300
Subtotal	**$57,039**	**$57,178**	**$61,102**	**$62,474**
Less: Intra-City Expenses	(1,395)	(1,326)	(1,328)	(1,328)
Total Expenditures	$55,644	$55,852	$59,774	$61,146
Gap To Be Closed	**$—**	**($510)**	**($4,068)**	**($3,608)**

Financial Plan Update
($ in millions)

	2007	2008	2009	2010	2011
Gap to be Closed November 2006 Plan	**$—**	**($510)**	**($4,068)**	**($3,608)**	**($3,090)**
Revenue Increases					
Property Tax Revenue Forecast	($30)	$375	$869	$1,319	$1,561
Other Tax Revenue Forecast	1,281	1,296	686	623	790
Non Tax Revenue	168	234	22	19	14
Total Revenue Changes	**$1,419**	**$1,905**	**$1,577**	**$1,961**	**$2,365**
Expense (Increases) / Decreases					
Poverty Initiative	($15)	($65)	($65)	($65)	($65)
Energy	66	50	19	13	17
Collective Bargaining (UFT)	(40)	(116)	(97)	(125)	(126)
Education	—	—	—	(356)	(836)
Other Agency Needs	(168)	(244)	(294)	(316)	(436)
Subtotal Agency Expense Changes	**($157)**	**($375)**	**($437)**	**($849)**	**($1,446)**
Fringe Benefits Cost (Mental Health Parity Legislation /HIP Rate)	($1)	($48)	($53)	($57)	($63)
Pension Funding Improvement	—	—	(200)	(200)	(200)
Other Pension Changes	3	20	9	(15)	11
HHC/Medical Assistance	(13)	(247)	70	70	(100)
Debt Service	140	140	213	206	185
Prior Payables	400	—	—	—	—
General Reserve	200	—	—	—	—
Subtotal Uncontrollable Expense Changes	**$729**	**($135)**	**$39**	**$4**	**($167)**
Total Expense (Increases) / Decreases	**$572**	**($510)**	**($398)**	**($845)**	**($1,613)**
Total January Plan 2007 Changes	**$1,991**	**$1,395**	**$1,179**	**$1,116**	**$752**
Prepayments of 2008 Expenses	(1,991)	1,991	—	—	—
Prepayments of 2009 Expenses	—	(1,376)	1,376	—	—
Gap to be Closed January 2007 Plan	**$—**	**$1,500**	**($1,513)**	**($2,492)**	**($2,338)**
(Uses) of Remaining Funds					
Retiree Health Benefits Trust Fund	—	(500)	—	—	—
Property Tax Reduction Program	—	(750)	(810)	(868)	(917)
Other Tax Reductions	—	(250)	(294)	(321)	(366)
Remaining Surplus / (Gap) after Tax Reductions	**$—**	**$—**	**($2,617)**	**($3,681)**	**($3,621)**

Out Year Gap Closing Program	***2009***	***2010***	***2011***
City Actions	$1,207	$1,200	$1,200
State and Federal Actions	600	600	600
Restore Property Tax	810	868	917
Remaining Gap	**$—**	**($1,013)**	**($904)**

Financial Plan Revenues and Expenditures
January 2007
($ in millions)

	2007	2008	2009	2010	2011
REVENUES					
Taxes					
General Property Tax	$12,941	$14,227	$15,377	$16,506	$17,459
Other Taxes	22,142	21,987	21,428	22,357	23,513
Tax Audit Revenue	859	559	559	560	560
Tax Reduction Program	—	(1,298)	(1,403)	(1,489)	(1,584)
Miscellaneous Revenues	5,422	5,440	4,818	4,844	4,867
Unrestricted Intergovernmental Aid	340	340	340	340	340
Less: Intra-City Revenue	(1,417)	(1,337)	(1,344)	(1,345)	(1,345)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	**$40,272**	**$39,903**	**$39,760**	**$41,758**	**$43,795**
Other Categorical Grants	1,061	991	1,003	1,009	1,004
Inter-Fund Revenues	416	406	388	387	386
Total City Funds & Inter-Fund Revenues	**$41,749**	**$41,300**	**$41,151**	**$43,154**	**$45,185**
Federal Categorical Grants	5,690	5,218	5,248	5,250	5,255
State Categorical Grants	9,981	10,588	11,335	12,112	12,161
Total Revenues	**$57,420**	**$57,106**	**$57,734**	**$60,516**	**$62,601**
EXPENDITURES					
Personal Service					
Salaries and Wages	$19,848	$20,963	$22,011	$23,202	$24,052
Pensions	4,866	5,575	6,151	6,208	6,208
Fringe Benefits	7,109	6,936	6,759	7,023	7,322
Subtotal - Personal Service	**$31,823**	**$33,474**	**$34,921**	**$36,433**	**$37,582**
Other Than Personal Service					
Medical Assistance	4,948	5,380	5,222	5,376	5,535
Public Assistance	1,210	1,200	1,200	1,200	1,200
Pay-As-You-Go Capital	200	200	200	200	200
All Other 1	16,703	16,475	16,936	17,381	17,710
Subtotal Other Than Personal Service	**$23,061**	**$23,255**	**$23,558**	**$24,157**	**$24,645**
General Obligation, Lease and MAC Debt Service [1]	3,667	3,975	4,292	4,652	5,040
FY2006 Budget Stabilization and Discretionary Transfers [1]	(3,751)	—	—	—	—
FY2007 Budget Stabilization and Discretionary Transfers [2]	3,937	(3,937)	—	—	—
FY2008 Budget Stabilization and Discretionary Transfers [3]	—	1,376	(1,376)	—	—
General Reserve	100	300	300	300	300
Subtotal	**$58,837**	**$58,443**	**$61,695**	**$65,542**	**$67,567**
Less: Intra-City Expenses	(1,417)	(1,337)	(1,344)	(1,345)	(1,345)
Total Expenditures	**$57,420**	**$57,106**	**$60,351**	**$64,197**	**$66,222**
Gap To Be Closed	**$-**	**$-**	**$(2,617)**	**$(3,681)**	**$(3,621)**

1) *Fiscal Year 2006 Budget Stabilization and Discretionary Transfers total $3.751 billion, including prepayments of subsidies of $473 million, lease debt service of $74 million and Budget Stabilization of $3.204 billion .*
2) *Fiscal Year 2007 Budget Stabilization and Discretionary Transfers total $3.937 billion, including prepayments of subsidies of $524 million, lease debt service of $100 million and Budget Stabilization of $3.313 billion .*
3) *Fiscal Year 2008 Budget Stabilization payments total $1.376 billion.*

Overview

The national economy decelerated in 2006 due to the end of the housing boom and volatile energy prices[1]. The deteriorating housing market not only caused residential fixed investment to plummet, taking away an estimated one full percentage point from annual GDP growth, but also weighed heavily on the nation's job market and consumption spending. The unstable energy market created further uncertainty in the economy and was clearly reflected in vacillating inflation measures. On the positive side, spectacular corporate profits growth coupled with robust non-residential fixed investment, particularly on commercial structures and high-tech capital, have moderated the adverse effects created by housing and energy.

Looking forward, the recent stabilization of oil prices, core inflation, and long-term interest rates have improved the likelihood of a soft landing. The nation's economy will continue to grow, albeit moderately, by an estimated 2.2 percent in 2007. A slow recovery in the national housing market will suppress residential fixed investment and durable consumption in 2007. Furthermore, the slowing economy, wage pressures and lower labor productivity are expected to curtail corporate profits. Employment growth in the nation will also decelerate, exhibiting only 0.9 percent growth in 2007. In response to the overall slowdown, it is projected that the Fed will cut interest rates twice starting in mid 2007. Thereafter the nation's economy will return to trend growth.

Despite national economic weakness in 2006, the New York City economy was surprisingly resilient. A remarkable Wall Street performance, a strong commercial market, and an influx of tourists enabled the City to attain a second consecutive year of robust economic growth. The City added 54,000 jobs, and total wage earnings are estimated to have grown by 8.4 percent. The securities sector had an incredible year highlighted by robust revenue growth and record bonus payouts. At the same time, the City's other financial, business and information sectors added approximately 20,000 jobs. These office-using employees heightened demand in the local office market. Moreover, the local housing market has weathered the national downturn relatively well. While there was a decline in transaction activity, prices continued to increase and residential construction activity has remained near 2005's record levels. Finally, as millions of tourists inundated the City, 8,000 leisure and hospitality jobs were created.

Overall the local economy enjoyed significant growth in 2006. Nevertheless, looking forward, economic activity in the City is expected to moderate, corresponding with the nation's soft landing. This is mitigated in the near-term by continuing momentum on Wall Street. Overall, the City's employment will grow 0.8 percent while total wage earnings are projected to increase by 5.1 percent in 2007.

A national economic slowdown coupled with a strong local economy will lead to tax revenue growth of 7.9 percent in 2007[2].

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

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.

Strong growth continues in 2007 for New York City non-property tax revenues with growth of 9.6 percent. This follows an unprecedented three years of double-digit growth: 13.3 percent, 19.0 percent and 12.8 percent in 2004, 2005 and 2006, respectively. The strength of the local economy is expected to continue in 2007, as another year of high Wall Street profitability, sustained strength in the City's real estate markets (a combination of numerous high value commercial transactions and a slowdown in the number of residential transactions) and continued strength in tourism support the fourth consecutive year of strong growth in non-property tax revenues. Personal income tax revenues increase 11.4 percent, the result of strong growth in wage income, a record Wall Street bonus payout and robust employment gains. Also contributing to strong personal income tax growth are high levels of nonwage income resulting from capital gains growth of 20.0 percent in calendar year 2006. Business income taxes surge 15.8 percent over the prior year, the result of the fourth consecutive year of double-digit growth in national corporate profits and Wall Street's continued high level of profitability. Wall Street strength (estimated at $16.8 billion in calendar year 2006), supported by declining energy prices, stable inflation and low interest rates, is forecast to carry some momentum into the first half of calendar year 2007, but is not expected to be maintained. Wall Street profits are projected to fall to $14.3 billion in calendar year 2007. Sales tax revenues increase a modest 4.0 percent and reflect strong wage earnings growth and strength in the tourism industry, dampened by slowing residential real estate related consumption. The local real estate transaction boom is continuing in 2007 despite the moderate increases in the long-term interest rates over the prior three years. Even though the number of transactions in the residential market is declining, the commercial market continues to be supported by employment growth and low office vacancy rates. The weakness in residential collections is more than offset by continued strength from commercial transactions, especially an increase in the number of high-value commercial properties, leading to a real estate transaction tax growth of 8.3 percent in 2007.

The real property tax is forecast to grow 4.0 percent in 2007, based on a billable assessed value growth of 4.6 percent on the final roll.

Non-property tax revenue in 2008, excluding real estate transaction taxes, is forecast to grow 1.3 percent, paralleling the national and local economic slowdown and a moderate retrenchment for NYSE member-firm profits in calendar years 2007 and 2008. Non-property tax revenue, excluding real estate transaction taxes, is forecast to grow 3.3 percent from 2009 through 2011, reflecting a forecast decline in Wall Street profits and nearly flat wage earnings growth in calendar year 2008, followed by trend growth in wage earnings in calendar year 2009 and thereafter. Undercut by the steady increases in interest rates and declining appreciation expectations, real estate transaction activity is expected to decline in 2008, resulting in a 14.7 percent decrease in revenue. Property tax revenue is forecast to grow by 8.1 percent in 2008, based on 7.5 percent growth in billable assessed value forecast on the final roll for 2008. With market value growth forecast to slow, yet a sizable 'pipeline'[3]

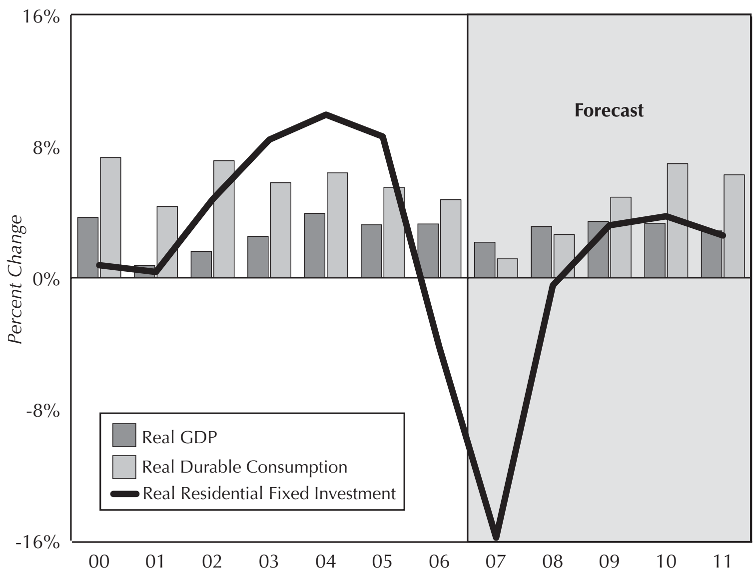
3) *Increases and decreases in value are phased into billable assessments over five years for Class 2 and Class 4. Increases in value not yet phased into billable assessed value are referred to as the 'pipeline.'*

of assessed value remaining to be phased in, property tax growth averages 7.4 percent from 2009 through 2011. Total tax revenue growth averages 4.5 percent from 2009 through 2011, as growth in the national and local economies continues at a more sustainable rate.

The U.S. Economy

The U.S. economy weathered a housing market correction and turbulent energy markets in 2006, and faces a critical phase of a mid-cycle slowdown. The unwinding of the housing market has had a direct impact on residential investment and job growth in housing-related sectors and an indirect effect on consumption spending. On the other hand, robust corporate profits, strong non-residential business investment, and resilient financial markets have helped buoy economic activity. The overall result has been a sharp decline of GDP growth in the second and third quarters of 2006. However, the likelihood of a soft landing has improved due to the recent stabilization of oil prices, core inflation, and long-term interest rates – factors that significantly reduce the risk of monetary tightening by the Federal Reserve. Unless the housing market goes into a tailspin or oil prices spike, the probability of a serious economic downturn remains low. Nevertheless, given the typically prolonged nature of housing market corrections and the lagged effects of the Federal Reserve's 17 consecutive interest rate hikes from 2004 to 2006, the economy is expected to grow 2.2 percent in 2007, below its potential. Thereafter, the nation will return to trend growth of 3.1 percent.

The Housing Market Correction is Mainly Responsible for the Economic Weakness in 2007



The housing market bolstered the U.S. economy during its recovery from the 2001 recession. Housing starts lifted residential fixed investment from 2002 to 2005, and an unprecedented run-up in home prices allowed households to convert an estimated $1.6 trillion of real estate equity into cash during this period. This boosted purchasing capacity above disposable income for many homeowners, and as a result, the savings rate has been negative since 2005. With the housing market correction underway, the decline in residential investment erased about one full percentage point from GDP growth during the last two reported quarters (Q2 & Q3) of 2006, and is expected to exert a similar drag on GDP growth in 2007.

While residential investment is in the doldrums, the economy's business investment outlook remains upbeat. In particular, investment in commercial structures and high-tech capital is expected to remain unscathed by the current softening of the economy. Investment in non-residential structures, which makes up only two percent of GDP, accounted for over twenty percent of GDP growth in the second and third quarters of 2006, and is expected to perform well in 2007. Investment in information equipment and software, which makes up one-third of total fixed investment, is forecast to remain in high gear for the foreseeable future. The relatively short life span of these products, the global pressure to improve productivity by investing in cost-saving capital, and the high cash position of companies all combine to sustain growth in technology investments. As a result, non-residential fixed investment is forecast to grow by 5.5 percent in 2007 and will average better than 4.5 percent for the out-years.

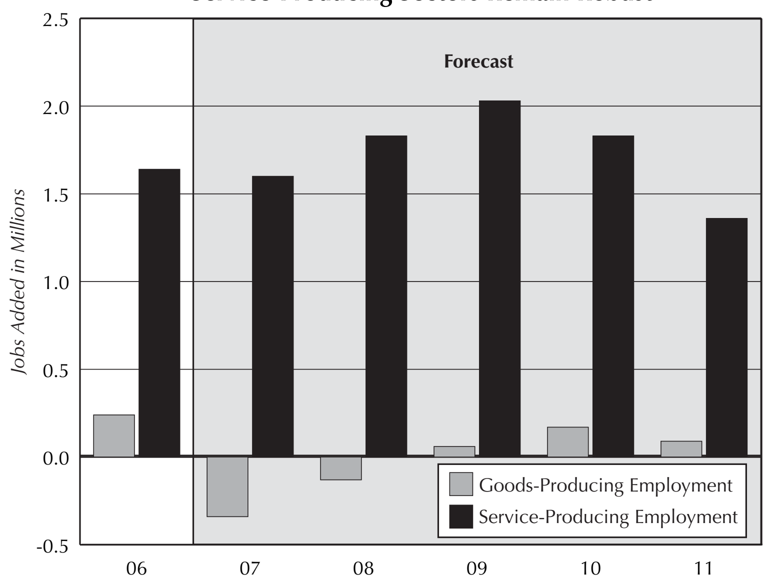
Double-digit corporate profit growth in 2006 was reflected in the performance of financial markets. After a tentative start, the major stock markets finished strongly in 2006. Overall, the S&P 500, Dow, and Nasdaq indices were up an impressive 13.5, 16.3, and 9.5 percent, respectively, for the year. The lion's share of the gains came in the second half of 2006. In the first six months of the year, the S&P and the Dow gained only 1.8 and 4.0 percent, respectively, followed by gains of nearly twelve percent each in the latter half of 2006. This strength was stimulated by the general decline in energy prices, stablizing inflation, and low interest rates. However, this remarkable performance is not expected to continue in 2007 due to the slowing in the economy, wage pressures, and lower labor productivity, all of which will squeeze profits.

The nation's job market has felt the pain of the housing correction. Naturally, this weakness remains concentrated in housing-related sectors – construction, architectural and engineering firms, mortgage banks, real estate firms, manufacturers of furniture, appliances and home building products, and housing-related retail trade. The drop in home equity withdrawals and the high price of gasoline have also hurt the domestic auto industry. As a result, the goods-producing sectors (construction & manufacturing) have already shed more than 150,000 jobs since the second quarter of 2006. Conversely, the service-producing sectors as a whole remain strong and have added over 1.6 million jobs to their payrolls in the same period. Overall employment growth is forecast to decelerate to 0.9 percent in 2007. The job market should pick up in 2008 and grow by about 1.3 percent annually in the out-years.

Consumption spending has been affected by many factors this year, both positive and negative. Lower gasoline prices, higher real wage growth, and low interest rates helped to support spending. Although the direct impact of the housing market correction is difficult to measure, it will seriously constrict a major source of consumption financing. The slow recovery in the housing market combined with higher short-term interest rates will further constrain purchasing capacity and particularly impact discretionary purchases. Real durable consumption is forecast to show hardly any growth in 2007, eroding overall real consumer spending growth to 2.6 percent.

Along with the decline in the housing market, the energy market introduced additional uncertainty in 2006. Starting the year at $60 per barrel, oil prices hit

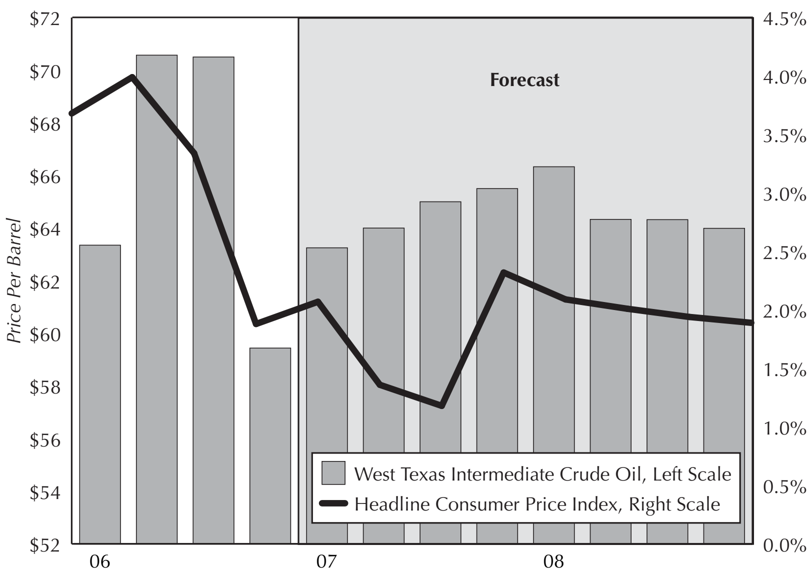
Although Employment in the Goods-Producing Sectors Drops in 2007, the More Dominant Service-Producing Sectors Remain Robust



a peak of $78 in July – higher than the post-Katrina price spike – only to fall back to about $60 at year's end. The moderation in prices has been attributed in part to the public's shift to more efficient vehicles and an unseasonably warm winter in North America and Europe. Nevertheless, a major supply disruption, such as a flare up of instability in the Middle East, could easily send oil prices soaring again.

The year's volatility in energy markets was clearly reflected in the vacillations of inflation indices. CPI headline year-over-year inflation peaked at 4.3 percent in June but subsided to a 2.5 percent average by the end of the year. The CPI and PCE core inflation measures – which exclude volatile energy and food items – reacted with a lag, reaching highs in September and August, respectively. Subsequently, both decelerated through the end of the year. However, the rise in owners' equivalent rents, which remains over four percent, along with the 4.5 percent unemployment rate reflecting tight labor market conditions, continue to pose potential risks to core inflation. Barring a major energy shock, the soft landing of the economy in 2007 should result in subdued inflationary pressures, with an anticipated headline inflation rate of 1.7 percent in 2007 and about two percent in the out-years.

The Effects of Volatile Energy Prices were Reflected in Headline Inflation



The Federal Reserve saw a major change in leadership in early 2006. After an unprecedented five terms as Chairman, Alan Greenspan passed the stewardship of the nation's monetary system to Ben Bernanke. Bernanke continued Greenspan's run of interest rate hikes with three extra quarter-point increases. Since June, the Fed has held the Fed Funds rate constant at 5.25 percent due to perceived weakness in the housing and auto sectors. Unlike his predecessor, Bernanke is a proponent of inflation targeting, whereby a central bank sets a public target for the inflation rate and transparently operates monetary policy in accordance with the target. Although the Fed has stopped short of explicitly implementing this system, the country saw a less formal version in the form of the Fed's one-to-two percent "comfort zone" for core inflation measures. By this standard, inflation policy in 2006 was decidedly accommodating, as the Fed's preferred index, core PCE, remained stubbornly above two percent for most of the year. Undoubtedly, the Fed is anticipating that the slowdown in GDP growth will moderate inflation without additional interest rate hikes. This forecast anticipates that the Fed will cut interest rates twice starting in mid-2007, in reaction to the projected economic softening.

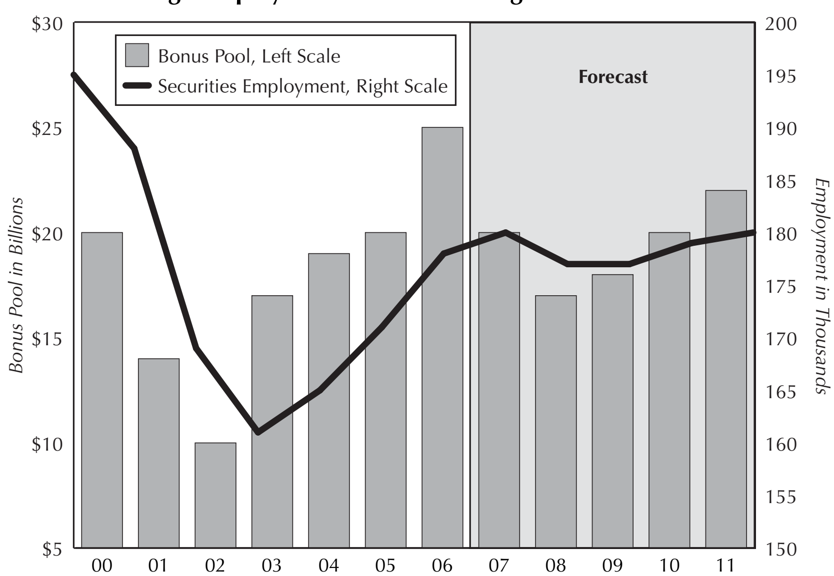
One sign of slowing in 2007 is the inverted yield curve which has persisted through the latter half of 2006. Inversions over an extended period of time have often been harbingers of economic slowdowns. However, not all inversions have resulted in downturns, and there are some particular mitigating factors in this episode that argue against a full-blown recession. In particular, there has been a growing demand for U.S. government bonds from foreign and institutional investors, central banks, and oil exporters, which pushes down long rates. Furthermore, lower volatility in underlying macroeconomic and financial fundamentals, such as income and price levels, leads to reduced risk and lower term premiums on longer-term assets.

The New York City Economy

New York City posted a second consecutive year of solid economic growth in 2006, assisted by a phenomenal Wall Street performance and a deluge of tourists. The City is estimated to have added 54,000 jobs (1.5 percent growth) and total wage earnings are estimated to have jumped 8.4 percent.[1] The slowdown in the residential real estate market has so far had little impact on the City's economy as the commercial real estate market has picked up the slack. Going forward, the soft landing of the nation's economy will take a toll on the City in 2007, but momentum on Wall Street will mitigate its effects through the first half of the year.

In 2006, New York Stock Exchange member firms posted what is arguably their second best year in history following 2000. With the availability of cheap money, mergers and acquisitions (M&A) activity was robust, and principal trading and investment earnings nearly doubled through the third quarter of 2006.[2] All told, revenues net of interest expense are estimated to have jumped over 20 percent in 2006, and total before-tax profits reached an estimated $16.8 billion.[3] The near record performance bolstered staffing needs and led to hefty bonus payouts. Securities firms hired an additional 7,000 employees in 2006 and are expected to have increased bonus payouts by 25 percent.

Securities Sector Bonus Payments Remain High in 2007, Although Employment Starts Declining in the Second Half



With long-term interest rates still relatively low and plenty of deals in the pipeline, M&A and investment activity are expected to be vigorous through the first half of 2007, before waning by the end of the year. Profits will fall back slightly, but are projected to remain strong at $14.3 billion. Bonus payments will recede somewhat from their record levels. By 2008, Wall Street is expected to retrench as profits decline to $10.7 billion and compensation falls commensurately.

In addition to securities, the City's other financial, business and information sectors also expanded in 2006, and consequently, the commercial office market flourished. Commercial banking had a good run over the past two years, adding approximately 4,000 jobs. Low interest rates fueled mortgage activity concurrent with the entry and expansion of nationwide banks into the local market. Higher interest rates will dampen mortgage activity and the projected flat yield curve will adversely affect general

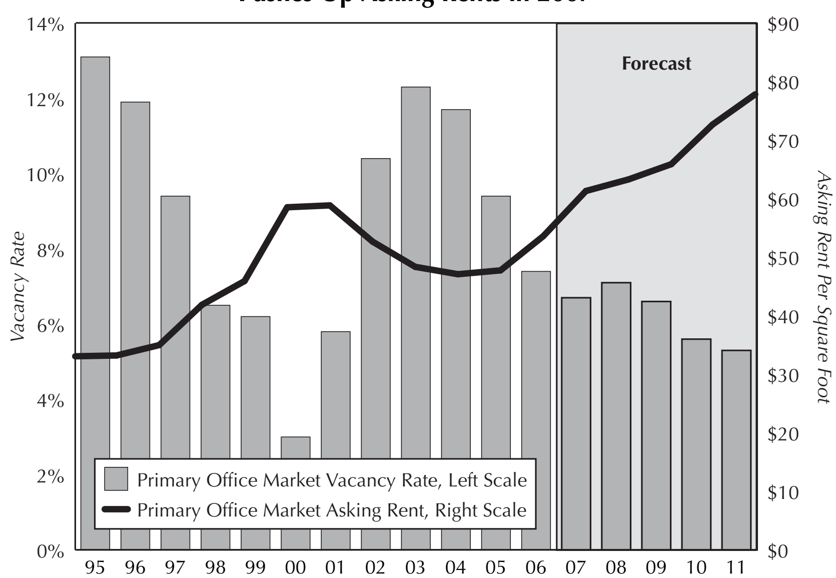
1) *Employment data are reported as annual averages and 2006 data will be subject to revisions in March. Wage date are actual through Q2 2006.*
2) *According to Thomson Financial, there were over 10,000 U.S. M&A deals in 2006 with a value of $1.5 trillion, falling short of the 2000 record 11,137 deals with a value of $1.7 trillion.*
3) *Rising interest cost skew the total increase in gross revenues, so for a more accurate depiction of performance revenues net of interest expenses are commonly analyzed. Profits are estimated; actual NYSE data are through Q3 2006.*

commercial banking profitability, leaving employment in the non-securities financial sectors flat in 2007 and 2008.

Professional & business services added 8,000 employees in 2006, most of which are attributable to legal, accounting, and computer design firms. As Wall Street activities continue at a robust pace, these ancillary firms also gain. Employment in professional & business services as a whole is projected to add an average of 10,000 jobs per year in 2007 and 2008. Over the past few years the information sector has been in a transitional phase as traditional forms of media have been supplanted by the internet. In 2006, internet-related firms posted solid growth of almost 4,000 jobs at the expense of some of the older print media, which contracted by 2,000 jobs. The slowing national economy will cause the information sector to pause in 2007 and 2008 before rebounding in the out-years.

Office-using employment expanded by approximately 20,000 jobs in 2006 following similar growth in 2005.[4] This contributed to a rapid tightening of the local office market. In Midtown, the largest and most desirable office market in the nation, vacancy rates in 2006 began at 7.5 percent but fell to 6.1 percent by year's end.[5] The dearth of vacant office space led to a $12 per square foot (psf) spike in asking rents, which reached $66 psf in the fourth quarter of 2006. These conditions led to a flurry of large office building sales. It is estimated that over $40 billion worth of large New York City commercial property sold in 2006. Conditions Downtown have also improved markedly. The year began with the completion of 7 World Trade Center, which added 1.6 million square feet of mostly vacant inventory. By the end of the year, nearly half of the building was leased, and vacancy rates across Downtown dropped to 6.9 percent.

Rising Demand from Office Using Employment is Causing Vacancy Rates to Drop, Which Pushes Up Asking Rents in 2007



The expected softening in office-using job growth in 2007 and 2008, to about half the pace of 2005 and 2006, will alleviate some of the pressure on the commercial office market. However, with a limited amount of new inventory coming on line in the near term, vacancy rates across the City will remain low. Vacancy rates are expected to linger between six and seven percent in Midtown through 2011 and asking rents should rise at nearly double digit rates each year. Downtown will experience some relief as Goldman Sachs' new headquarters frees up approximately two million square feet of prime space in 2009, and the completion of the Freedom Tower adds more than two million square

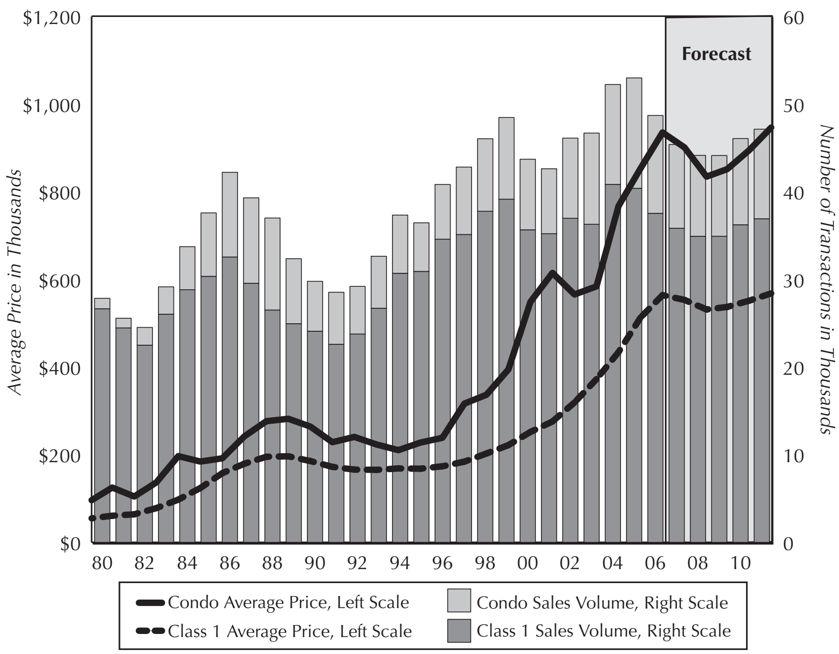
4) *Office-using employment includes financial activities, professional & business services, and information.*
5) *Real estate data compiled using statistics published by Cushman and Wakefield.*

feet in 2011. Even with these much needed developments, vacancy rates in Downtown are expected to remain below ten percent for much of the forecast.

Tourism has been another vital catalyst in advancing the City's economy. By all measures, the sector set a new high in 2006, having grown at a very healthy pace since bottoming out in 2002. Approximately 44 million visitors came to the City in 2006. This influx has caused hotel occupancy rates to surge, averaging 85 percent, and hotel room rates to rise in response to the increasing demand, reaching an average of $278 per night. Rising demand has resulted in the creation of 8,000 leisure and hospitality jobs. The forecast anticipates that tourism activity will continue to thrive over the next five years, with hotel occupancy rates remaining at or above 80 percent and room rates climbing to over $300 per night. The leisure and hospitality sector is expected to add around 5,000-7,000 jobs per year from 2007 to 2011.

The housing market, which has buttressed the City's economy since 2002, held up relatively well in 2006 despite a deteriorating national market. Weakness in the market is clearly evident in transaction activity, as sales volume in the City's residential market dropped an estimated 8.1 percent. Further evidence lies in the increased median time on market in Manhattan, from 96 days on average in Q4 2004 to 149 days two years later, as inventories increased a significant 51.3 percent.[6] However, prices grew 12.6 percent during the first half of the year after gaining 15 percent annually for the four prior years – kept aloft by substantial growth in real wages and persistently low mortgage rates. This appreciation was sufficient to maintain building activity near the record levels of 2005, attenuating much of the negative trend seen nationally.

Home Prices Will Retrench with Weakening Volume



It is anticipated that the slowdown in activity will continue in 2007 as many exploratory sellers leave the market, job growth slows, and financing becomes more difficult. The number of home sales in the City is projected to fall seven percent in 2007, three percent in 2008, and thereafter grow by three percent per year. With a large pipeline of local development, it is expected that the City's average residential real estate price growth will revert back to a more reasonable relationship with household income growth. Prices will fall four percent per year in 2007 and 2008, before increasing three percent annually in the out-years.

Due to the slowing housing market, real estate employment is expected to contract

6) Inventory data from Miller Samuel.

from 2007 to 2009. The construction industry, however, will remain healthy as any anticipated slowdown in residential projects is expected to be more than offset by commercial projects. As a result, construction will continue to add a few thousand jobs per year in 2007 and 2008 before expanding at a faster pace when some of the larger commercial projects are in full-time development through 2011.

Education and health services, the non-cyclical sectors of the economy, will continue to expand along with the City's growing population. The two sectors added a total of 18,000 jobs in 2006, with 13,000 in health services and 5,000 in education. These sectors continue to follow their current growth trend, adding approximately 12,000 to 15,000 jobs per year from 2007 to 2011. The manufacturing sector, on the other hand, shed jobs, losing another 4,000 in 2006. The sector, which has been experiencing an out-migration for almost half a century due to structural changes and high costs, is not expected to rebound from its long-term decline in the near future. It is projected that manufacturing will cut 5,000 jobs on average per year over the next five years.

Overall, the City is forecast to add 28,000 jobs in 2007, growth of 0.8 percent. This is a distinct slowdown from the 1.5 percent growth in 2006. However, the strong performance on Wall Street will help buoy the City's economy in 2007. The average wage for financial sector employees is expected to grow 6.0 percent in 2007, compared to the 3.2 percent growth in the private non-finance sectors. For all sectors combined, average wages are expected to grow by 4.1 percent in 2007, resulting in 5.1 percent growth in total wage earnings for the year. A weak year on Wall Street in 2008 will cause the average wage to grow by only 0.3 percent and employment to increase by 0.7 percent resulting in wage earnings growth of 0.9 percent. In the out-years, wage earnings will return to trend growth of around five percent.

Financial Plan Fiscal Year 2008
Forecasts of Selected United States and New York City Economic Indicators
Calendar Years 2006-2011

	2006	2007	2008	2009	2010	2011	1974-2004*
NATIONAL ECONOMY							
Real GDP							
Billions of 2000 Dollars	11,410	11,657	12,020	12,431	12,843	13,208	
Percent Change	3.3	2.2	3.1	3.4	3.3	2.8	3.1
Non-Agricultural Employment							
Millions of Jobs	135.3	136.6	138.3	140.4	142.4	143.8	
Change from Previous Year	1.9	1.3	1.7	2.1	2.0	1.4	
Percent Change	1.4	0.9	1.2	1.5	1.4	1.0	1.7
Consumer Price Index							
All Urban (1982-84=100)	201.6	205.0	209.1	212.9	216.7	220.6	
Percent Change	3.2	1.7	2.0	1.8	1.8	1.8	4.6
Wage Rate							
Dollars Per Employee	44,586	46,042	47,627	49,494	51,450	53,463	
Percent Change	5.0	3.3	3.4	3.9	4.0	3.9	4.9
Personal Income							
Billions of Dollars	10,898	11,433	12,040	12,773	13,546	14,302	
Percent Change	6.4	4.9	5.3	6.1	6.1	5.6	7.2
Before-tax Corporate Profits							
Billions of Dollars	1,779	1,808	1,898	1,906	1,904	1,915	
Percent Change	17.2	1.6	5.0	0.4	-0.1	0.6	6.8
Unemployment Rate							
Percent	4.6	4.9	5.0	4.7	4.5	4.4	6.4 (avg)
10-Year Treasury Bond Rate							
Percent	4.8	4.6	4.9	5.5	5.5	5.5	7.9 (avg)
Federal Funds Rate							
Percent	5.0	5.0	4.8	4.9	5.0	5.0	6.8 (avg)
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2000 Dollars	478	476	474	486	502	518	
Percent Change	5.5	-0.6	-0.3	2.4	3.5	3.1	2.7
Non-Agricultural Employment							
Thousands of Jobs	3,654	3,682	3,706	3,746	3,790	3,825	
Change from Previous Year	54.2	27.9	24.0	40.2	43.3	35.5	
Percent Change	1.5	0.8	0.7	1.1	1.2	0.9	0.1
Consumer Price Index							
All Urban NY-NJ Area (1982-84=100)	220.7	225.1	230.1	234.8	239.4	244.3	
Percent Change	3.8	2.1	2.2	2.0	2.0	2.0	4.6
Wage Rate							
Dollars Per Employee	72,650	75,632	75,895	77,770	81,068	84,866	
Percent Change	7.0	4.1	0.3	2.5	4.2	4.7	5.9
Personal Income							
Billions of Dollars	371	389	400	419	442	466	
Percent Change	7.1	4.7	3.0	4.6	5.5	5.5	6.3
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate***							
Dollars Per Sq. Ft.	53.59	61.31	63.29	65.89	72.66	77.83	
Percent Change	12.2	14.4	3.2	4.1	10.3	7.1	N.A.
Vacancy Rate***							
Percent	7.3	6.7	7.1	6.6	5.5	5.3	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.*

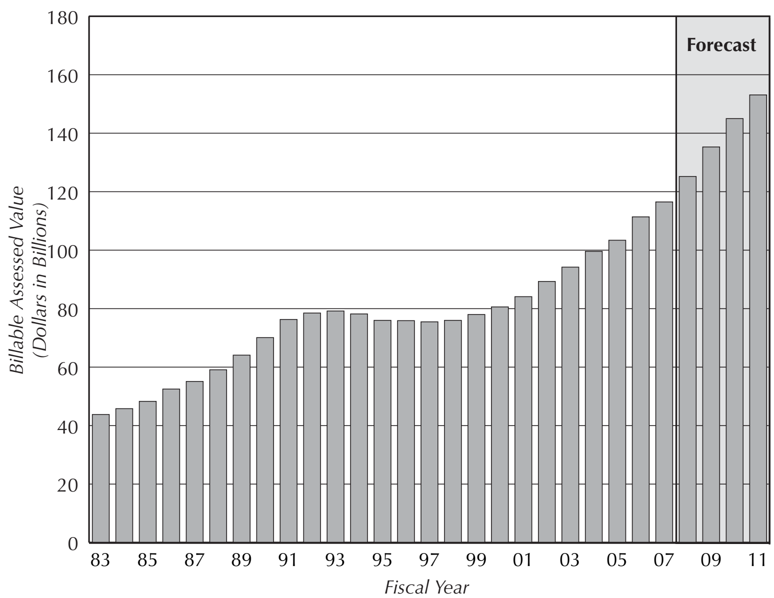
Tax Revenue Forecast

Real Property Tax

The real property tax is estimated at $12,941 million for 2007, a decrease of $30 million from the November Modification and growth of 3.8 percent over the 2006 level.

In 2008, the property tax is expected to yield $14,227 million in revenue, an increase of $375 million over the November Modification and growth of 9.9 percent over 2007. This results primarily from an increase to the levy forecast of $377 million based on the tentative roll and an increase in lien sale proceeds of $23 million, partially offset by a $26 million increase to property tax refunds.

Billable Assessed Value Continues to Grow on the Fiscal Year 2008 Tentative Roll



The property tax forecast for 2008 is based on the tentative roll[1], which was released by the Department of Finance on January 12, 2007. The total billable assessed value on the tentative roll (after accounting for the veterans and STAR exemptions) grew by $10.3 billion to $125.4 billion over 2007, or 8.9 percent. This is expected to be reduced by $1.5 billion on the final roll to be released in May as a result of Tax Commission actions, Department of Finance changes by notice and the completion of exemption processing. Billable assessed value on the final roll is expected to grow by 7.5 percent over 2007. The billable assessed value increases reflect the strong market value growth of 19.0 percent over 2007 on the tentative roll, the highest citywide market value growth since the Department of Finance began reporting market values in 1993. Due to the caps on billable assessed value growth in Class 1 and small Class 2 properties and the phase-in of equalization changes in large Class 2 and Class 4 properties, the levy is forecast to increase only 7.5 percent, an increase of $1.1 billion over 2007.

Class 1 properties (one-, two- and three-family homes) saw growth of 16.3 percent in market value on the tentative roll, surpassing last year's 12.9 percent. This is the eighth year in a row where Class 1 properties have posted double-digit market value growth. As a result of the caps in assessed value growth (six percent per year and twenty percent over five years), Class 1 billable assessed value growth has averaged 4.7 percent over the same period, as most properties have repeatedly hit their assessed value caps. The Class 1 billable assessed value growth seen on the 2008 tentative roll is 5.1 percent over 2007. With an estimated tentative-to-final roll reduction of $71 million, the final roll billable assessed value (before accounting for the veterans and STAR exemptions) is expected to increase by 4.0 percent, about the same as seen last year. Class 1 billable

1) *For additional detail, see the Finance Department's Tentative Property Assessment Roll for Fiscal Year 2008, January 12, 2007.*

assessed value growth is expected to slow to an average of 3.1 percent from 2009 through 2011.

Class 2 properties (apartments, condominiums and cooperatives) saw growth of 26.3 percent in market value on the tentative roll, substantially higher than last year's 7.3 percent. This led to billable assessed value growth of 9.7 percent on the tentative roll (after accounting for the veterans and STAR exemptions) over 2007, much higher than last year's 4.9 percent and about $1.3 billion higher than the Adoption forecast. The billable assessed value on the final roll (before accounting for the veterans and STAR exemptions) is expected to show growth of 8.4 percent. This year's robust Class 2 billable assessed value growth reflects strong market value growth seen this year as well as the phase-in of 'pipeline' from strong market value growth seen in prior years' roll for large Class 2 properties. Market value growth is expected to slow from 2009 through 2011 (averaging 3.0 percent) but the substantial level of existing 'pipeline' of assessed values to be phased in leads to a strong growth in billable assessed value of 7.3 percent on average from 2009 through 2011.

Class 3 properties (utilities) saw a billable assessed value decline of 7.0 percent from 2007 on the tentative roll, down from last year's growth of 6.8 percent. The decline in Class 3 market value was due to the Department of Finance's response to a recent decision by the Court of Appeals regarding non-regulated utility properties. The court ruled that properties owned by non-regulated utility entities should be classified as commercial Tax Class 4 properties. As a result, about 100 parcels consisting mainly of telecommunication properties and power plants which are owned by non-regulated entities, valued at about $777 million in billable assessed value, were moved from Tax Class 3 to Tax Class 4. This reclassification will have a beneficial impact on the newly reclassified properties for two reasons. First, the Class 4 tax rate is marginally lower than the Class 3 tax rate. Second, equalization changes are phased in over five years in Class 4, while they are phased in immediately in Class 3. No additional 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 1.0 percent from 2009 through 2011.

Class 4 properties (office and commercial space) saw growth of 21.3 percent in market value on the tentative roll, substantially higher than last year's 5.2 percent. Class 4 properties saw billable assessed value growth of 12.0 percent over 2007. With an estimated tentative-to-final roll reduction of $976 million, the billable assessed value on the final roll (before accounting for the veterans and STAR exemptions) is expected to grow 10.2 percent over 2007. Adjusting Class 4 billable assessed value to remove the properties that were reclassified from Tax Class 3 to Tax Class 4, billable assessed value growth falls to 8.7 percent, still more than twice the 4.1 percent growth seen in the previous year. The market value growth of 22.3 percent on the 2008 tentative roll, combined with the existing 'pipeline' of assessed values, leads to strong growth in billable assessed value of 8.4 percent on average from 2009 through 2011.

Real Property Transfer & Mortgage Recording Taxes

Revenue from the real property transfer tax for 2007 is forecast at $1,483 million, an increase of $214 million over the November Modification and growth of 14.6 percent from the 2006 level. The mortgage recording tax is forecast at $1,391 million for 2007, an increase of $103 million over the November Modification, yielding a 2.8 percent growth over 2006.

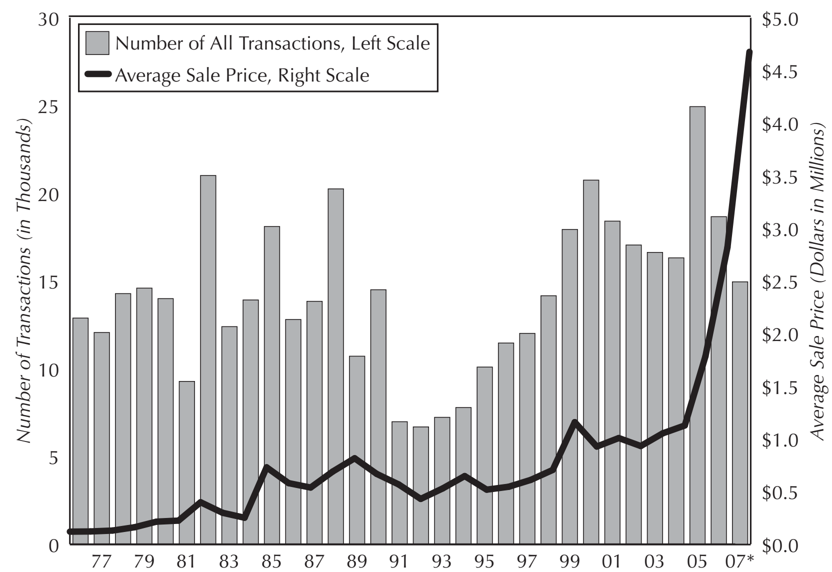
The robust growth in real property transfer tax revenue seen in recent years has been spurred by housing market activity, supported by employment gains, historically low mortgage rates, and continued strength in commercial real estate activity. The unprecedented levels of residential transaction tax activity seen over the last four years (2003 through 2006) were fueled by low mortgage interest rates igniting a boom in activity for purchases and refinancings. During this period, residential real property transaction tax revenue grew at an annual average growth of 22.4 percent. Over the same period, residential mortgage recording revenues grew at a slightly higher rate due to cash-out refinancings, posting an annual average growth of 26.2 percent. In addition to the record low interest rates, residential transactions and mortgages were stimulated by pent-up demand for home purchases and continued strength in Wall Street bonuses and employment.

The number of residential transactions has declined in the City from July 2005 through November 2006 (the latest quarter for which data is available), paralleling the decline in home sales nationally. While transaction volume began to decline in early 2006, home prices in the City have continued to grow although at a slower rate than in 2005. Despite the lack of price declines so far in the City home sales market, the decline in transaction volumes has dampened collections from residential transactions. For the nation, forecasters expect the sales of 1-3 family homes to decline approximately ten percent from 2006 through 2009. For the New York Metropolitan area, forecasters expect the average sales price to start declining later and to fall about six percent from 2007 through 2009. Paralleling these forecasts, New York City residential transactions are expected to decline 16.9 percent from 2006 through 2009 while the average home price is expected to decline 9.5 percent from the second half of 2007 through 2009. About one third of the upward revision to the real property transfer tax revenues over the November Modification results from a moderate upward revision to the forecast decline in residential transaction and prices.

Even more than the residential market, the commercial real estate market has seen very high levels of growth in transaction activity and sales price. The attractiveness of Manhattan commercial office space as an investment continues unabated due to low interest rates, high asking rents and low vacancy rates. From 2003 through 2006 commercial real property transaction tax revenue grew at an annual average growth of 46.2 percent. Over the same period, commercial mortgage recording revenues grew at an annual average of 35.8 percent.

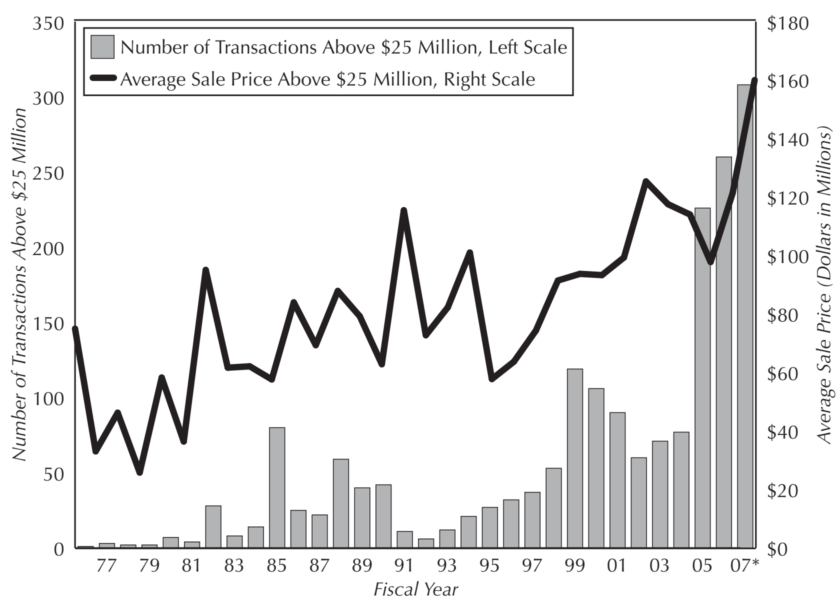
Offsetting weakness in residential collections, the commercial real estate market continued strong during the first half of 2007. Almost two thirds of the increase in real property transfer tax revenues over the November Modification is due to robust commercial real estate activity. Year-to-date through December, commercial real property transaction tax collections grew by 42.5 percent (before accrual) over the prior year, while the commercial mortgage recording tax revenue grew by 36.4 percent. However, adjusting for the $5.3 billion sale of Stuyvesant Town/Peter Cooper Village, growth in year-to-date tax collections drops to 16.3 percent and 18.3 percent for the real property transaction tax and the mortgage recording tax, respectively. The broader market reveals that the number of commercial transactions overall are down in 2007 through November from 2006 levels. However, the number of high value transactions is up considerably (see chart). In fact, the number of commercial transactions with a sale price over $200 million announced during the first half of this fiscal year ($16.2 billion) exceeds the total for the entire fiscal year 2006 ($14.0 billion). Commercial activity and collections for the real property transfer and mortgage recording taxes during the second half of 2007 are expected to maintain roughly the same level (excluding the Stuyvesant Town sale) as seen in the first half of the year. In 2008, total commercial transactions recede from the unprecedented levels seen in 2005, 2006 and 2007 and stabilize at a historically high level as sales of high value commercial properties decline. Commercial mortgage recording tax collections are expected to follow a similar adjustment.

Strong Commercial Demand is Driving Up Sales Prices Despite the Decline in Transaction Volume



** Annualized YTD transactions through November*

However, For Commercial Properties Above $25 Million in Sales Prices, Both Transaction Volume and Sales Prices Have Demonstrated Robust Growth



** Annualized YTD transactions through November*

In the aggregate, real property transfer tax collections are forecast to drop 14.8 percent to $1.3 billion and 8.0 percent to $1.2 billion in 2008 and 2009, respectively, before growing again on average 1.9 percent over 2010 and 2011. Mortgage recording taxes are expected to decline 14.5 percent to $1.2 billion and 6.0 percent to $1.1 billion in 2008 and 2009, respectively, before growing at an average of 1.8 percent over 2010 and 2011.

Commercial Rent Tax

Commercial rent tax revenue for 2007 is forecast at $512 million, an increase of $10 million over the November Modification and growth of 7.4 percent over 2006. Revenue for 2008 is forecast at $550 million, an increase of $30 million over the November Modification and growth of 7.4 percent over the prior year. The projected growth in the 2007 reflects strength in the commercial office market. The vacancy rate for Class A office space in Manhattan has declined from 8.5 percent in the first quarter of 2006 to 7.0 percent in the first quarter of 2007, while the asking rents for the same period jumped from $50 to $60 per square foot. With moderate growth in office employment during the forecast period, vacancy rates are expected to fall further, to below six percent by 2010, while the asking rents are expected to reach beyond $70 per square foot during the same period. This continued strength in the office market contributes to an average growth of 3.0 percent projected from 2009 through 2011.

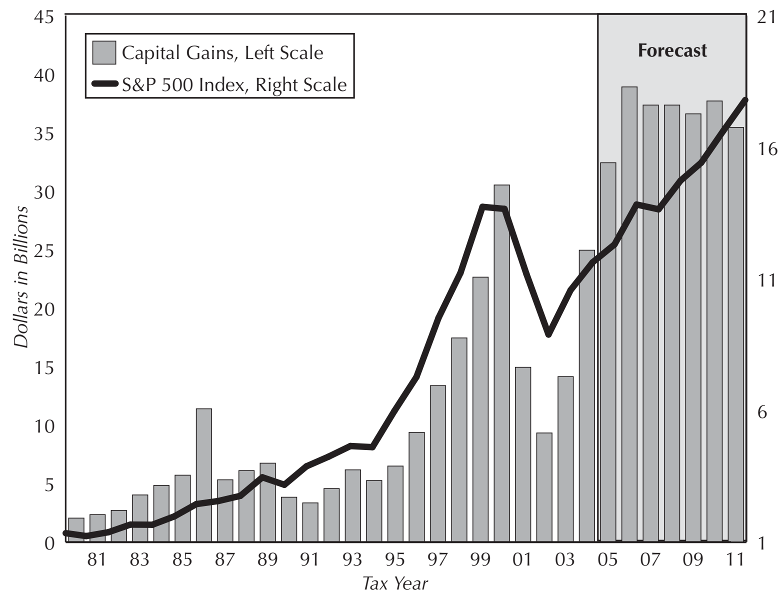
Personal Income Tax

The personal income tax forecast has been increased by $370 million in 2007 and by $297 million in 2008 from the November Modification, before changes due to Transitional Finance Authority (TFA) retention. Personal income tax collections are forecast to grow 3.7 percent in 2007, before TFA retention, after growth of 12.5 percent in 2006. After adjusting for the expiration of the temporary tax increase on December 31, 2005, personal income tax revenue is forecast to grow 11.4 percent in 2007. In 2008, flat growth is forecast for personal income tax revenue over the prior year.

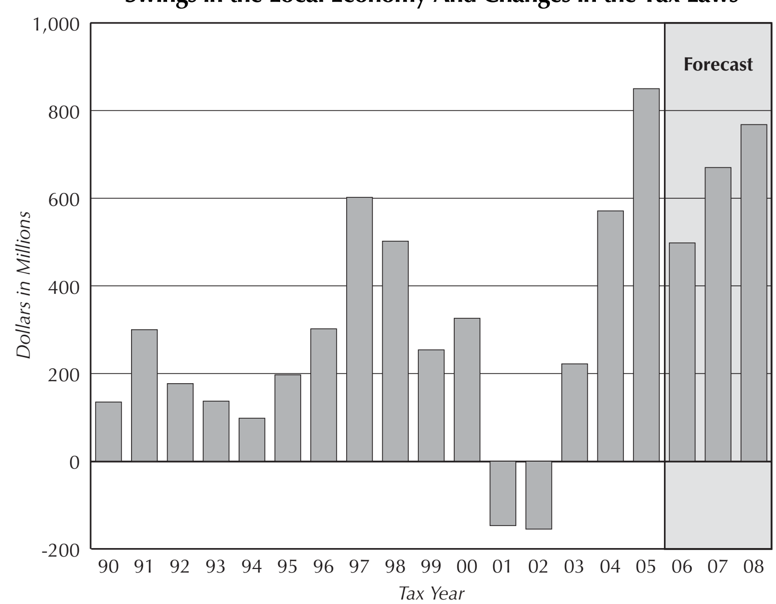
Personal income tax liability, on a common rate and base, is forecast to have grown 13.3 percent in tax year 2006, the fourth consecutive year of double-digit growth (10.0 percent, 21.5 percent, and 13.3 percent in tax years 2003, 2004 and 2005). In tax year 2006, the strength of the local economy, a rebound in Wall Street profitability and a record number of visitors coming to the City mitigate the impact of the residential real estate transaction slowdown. NYSE member-firm profits are estimated to reach $16.8 billion in calendar year 2006, expected to be the second highest after calendar year 2000. This led to an estimated record $25 billion bonus payout. Moreover, the City added 54,000 private sector jobs in calendar year 2006, surpassing the 49,000 jobs added the prior year. The finance sector alone added 8,000 jobs, most of these in the high paying securities subsector. The employment gains and the record bonus payout contribute to strong wage earnings growth of 8.4 percent in calendar year 2006. Robust nonwage income is also forecast in calendar year 2006. Capital gains realizations are forecast to grow 20.0 percent for the year due to securities price appreciation as well as strength in residential real estate sales prices, despite a slowdown in the number of residential transactions. In addition, “dividends, interest, and rent” and proprietors’ income are forecast at 9.4 percent and 5.5 percent growth for calendar year 2006, respectively.

Withholding collections in fiscal year 2007 are forecast to grow 9.4 percent over the prior year, after growth of 5.9 percent in 2006. After adjusting for the end of the temporary tax increase, withholding is forecast to grow at 11.8 percent. A record bonus payout of $25 billion on calendar year 2006 earnings and continued City employment gains lead to strong withholding growth. Installment payments during fiscal year 2007 are forecast to grow 1.6 percent over the prior year. The low growth in installment payments in 2007, despite strong growth in nonwage liability (capital gains, "dividends, interest and rent"), reflects the expiration of the temporary tax increase. This tax increase had a much larger impact on installment payments in 2007 than on withholding. This is due to the higher percentage of upper income taxpayers affected by this tax increase who earn nonwage income. For the settlement on tax year 2006 liability (the net of final returns, refunds, extensions and City/State offsets), remittances are expected to offset refunds by approximately $500 million.

Capital Gains Realizations Are Forecast to Approach the Levels Seen in the Late 1990's



The Personal Income Tax Settlement Can Be Volatile Reflecting Swings in the Local Economy And Changes in the Tax Laws



In tax year 2007, the forecast of personal income tax liability growth slows to 6.0 percent, on a common rate and base. Fewer job gains in calendar year 2007 (28,000 jobs) and a significant decline in the bonus payout (down 20 percent) lead to a more moderate wage earnings growth (5.1 percent). Nonwage income growth also slows as capital gains are forecast to decline moderately (down 4.0 percent) as local residential real estate transactions slow further, and growth in "dividends, interest and rent" and proprietors' income moderates. Personal income tax revenue in fiscal year 2008 (before TFA retention) is forecast to grow 0.5 percent over the prior year, the result of the forecast decline in the bonus payout in calendar year 2007. Additionally, the calendar year 2007 decline in capital gains realizations reduces the liability year 2007 settlement, further suppressing growth in fiscal year 2008. In the outyears of the forecast period, renewed strength in employment gains and Wall Street profitability offset continued weakness in nonwage income, leading to growth averaging 3.9 percent (common rate and base) in 2009 through 2011.

Business Income Tax

The forecast for business income tax collections (general corporation, banking corporation and unincorporated business taxes) has been increased by $398 million in 2007 from the November Modification, an increase of 15.8 percent over the prior year. For 2008, the forecast has been increased by $514 million from the November Modification, 2.2 percent growth over the prior year.

Through December, business income tax collections increased 37.6 percent over the prior year, the result of a strong Wall Street finish in calendar year 2006. Collections growth is expected to slow in the second half of 2007, the result of the slowing national economy, the soft landing, and expectation of a retrenchment in Wall Street profitability.

General corporation tax revenues through December are up 36.1 percent over the prior year, reflecting robust revenue growth in the finance sector and overall strong growth of corporate profits. NYSE member-firm profits for calendar year 2006 are expected to reach $16.8 billion, 78.4 percent growth over calendar year 2005 profits. Quarterly reports from the six largest New York investment banks posted record levels of both trading revenue and mergers and acquisitions activity through the third quarter of calendar year 2006. In addition, national corporate profits are expected to be strong in 2006 and are forecast to reach 12.1 percent of GDP, the highest share seen in the past forty years. While Wall Street profits are expected to remain near historically high levels, a 15.0 percent decline is forecast for calendar year 2007, and general corporation tax revenue growth consequently slows in the second half of fiscal year 2007. The general corporation tax is forecast to grow 16.6 percent in 2007.

Banking corporation tax revenues through December are up 49.1 percent over the prior year. Strong growth in the banking corporation tax has continued for the last three years (cumulative growth of 148.9 percent, from 2004 through 2006), the result of strength in equity market profits, low interest rates that fueled mortgage activity, and the expansion of both commercial and retail banking activity in the City, evidenced by growing employment (increase of 4,000 jobs in calendar years 2005 and 2006) and a proliferation of new banks and branches. A payment slowdown is expected for the second half of 2007 as higher interest rates continue to dampen residential mortgage lending activity and the projected flat yield curve subdues commercial banking profitability. The banking corporation tax is forecast to grow 23.6 percent in 2007.

Unincorporated business tax revenues through December are up 31.0 percent over the prior year, reflecting strong finance sector profits and overall job growth in the private sector in calendar year 2006 (increase of 10,000 jobs in the professional services and information employment sectors in calendar year 2006, after an increase of 16,000 jobs in the same employment sectors in calendar year 2005). Collections growth is expected to moderate in the last two quarters of 2007, reflecting the slowing national economy and a decline in the level of Wall Street profitability. The unincorporated business tax is forecast to grow 10.5 percent in 2007.

In 2008, business income tax collections are expected to grow 2.2 percent over the prior year, resulting from the local economic slowdown, a soft landing in the national economy and the retrenchment in Wall Street profitability. The general corporation tax is forecast to grow 3.2 percent, the unincorporated business tax is forecast to grow 1.2 percent and flat growth is forecast for the banking corporation tax. Business income tax collections are forecast to decline 4.4 percent in 2009, reflecting the decline in Wall Street profitability in calendar year 2008. The business taxes are expected to average growth of 5.9 percent from 2010 through 2011 as Wall Street profitability returns to trend levels.

Sales & Use Tax

Sales tax revenues are forecast at $4,538 million, unchanged from the November Modification in 2007, and are forecast at $4,644 million in 2008, an increase of $44 million. Sales tax revenue is forecast to grow 2.7 percent in 2007 and 2.3 percent in 2008. Adjusted for tax law changes, (reinstatement of the local exemption for clothing and footwear purchases under $110) growth is forecast to grow 4.0 percent in 2007 and 2.5 percent in 2008.

Sales tax revenue in 2004 through 2006, on a common rate and base, grew 5.5 percent, 8.8 percent and 9.1 percent, respectively. During this period rebounding Wall Street profits and bonus payouts, as well as the addition of many new jobs (96,000) throughout most major sectors, helped fuel consumer spending. Consumption growth was also aided by a booming residential real estate market as well as a strong commercial real estate market. In addition, growth in hotel and tourism consumption accelerated as the number of domestic and international visitors increased throughout the period.

In 2007, sales tax revenue is forecast to grow at 2.7 percent (4.0 percent on a common rate and base) supported by the same mix of trends seen in the past few years, but is dampened by weakness in residential real estate transactions. Wall Street profitability continues into 2007 and with the influx of international and domestic visitors, strength in tourism consumption continues. Hotel room rates continue to grow at double-digit rates, supported by occupancy rates which are at or near peak levels. Finally, the City enjoyed a strong holiday sales season as relatively warm temperatures and the stabilization of energy prices buoyed increases in consumer consumption. However, as the number of residential real estate transactions has declined, and the refinancing boom appears to have run its course, sales tax revenue growth will weaken.

In 2008, sales tax growth is forecast to slow to 2.3 percent (2.5 percent on a common rate and base), the result of the decline in Wall Street bonus payout on calendar year 2007 and the further decline in residential real estate related consumption. Sales tax growth of 2.0 percent is expected in 2009, reflecting the decline in Wall Street profitability. From 2010 through 2011, growth returns to trend, paralleling growth in wage earnings.

All Other Taxes

Utility tax revenues are forecast at $356 million in 2007, a decline of $18 million from the November Modification and a decline of 9.0 percent over the prior year. Through December utility tax collections are down 21.7 percent from the prior year. This unforeseen decline in utility tax collections stems primarily from the extraordinary warm winter through December. Heating degree days in October through December declined 28 percent from the average. In addition, the mild weather had a moderating effect on energy prices, particulars on natural gas. Natural gas prices are now forecast to rise 2.7 percent in 2007, while at the November Modification they were forecast to increase 13.5 percent. The utility tax revenue for 2008 is forecast at $363 million, unchanged from the November Modification and growth of 2.0 percent over the prior year. The utility tax averages growth of 4.1 percent from 2009 through 2011, reflecting a return to more sustainable levels of energy prices in the outyears.

Cigarette Tax revenue in 2007 is forecast at $120 million, unchanged from the November Modification and a decline of 2.2 percent from the prior year. The 2008 revenue is forecast at $117 million, a 2.5 percent decline from 2008. Since the City raised the cigarette tax from $0.08 to $1.50 per pack in 2002, the number of packs sold has been declining, from 342 million packs in 2002 to 151 million packs in 2006, and is forecast to further decline to 148 million packs in 2007. From 2009 through 2011, 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.

Hotel tax revenues are forecast at $332 million in 2007, unchanged from the November Modification, and 12.0 percent growth over 2006. Hotel tax revenue growth continues in the double-digits, the result of across the board strength in the travel and tourism sector. In calendar year 2006, the City saw an influx of both international and domestic visitors, surpassing the previous year's number of visitors by more than 1 million. The declining value of the dollar against the Euro has encouraged international visitors to come to New York City. In addition, Broadway saw its highest gross revenues in history the final week of 2006, with yearly total growth of 9.8 percent from the prior year. In 2007, hotel occupancy rates have averaged 85 percent or higher since July, and hoteliers have been able to maximize room rates, on average $280 a night. Hotel tax revenues for 2008 are forecast at $332 million, unchanged from the November Modification and flat growth over 2007, the result of the national economic slowdown. The hotel tax is forecast to grow 2.9 percent on average from 2009 through 2011, as the national and local economies return to trend and foreign tourism and business travel continue to grow at a moderate pace.

The all other tax revenues in 2007 are forecast at $439.0 million, an increase of $55.4 million over the November Modification. Most of the increase is from revisions to PILOT revenue estimates amounting to $53.1 million, and smaller revisions to Section 1127 (waiver) of $2.0 million and Off Track Betting-Surtax revenue of $0.3 million. The forecast for all other taxes is estimated at $391.1 million in 2008.

Tax Enforcement Revenue

Tax audit revenue for 2007 is forecast at $858.6 million, an increase of $100 million over the November Modification. Most of the increase is allocated to the general corporation tax ($80 million) and the remaining increase ($20 million) is allocated to the banking corporation tax. As part of the City's program to reduce the projected budget gap, the Department of Finance will vigorously pursue the delinquent taxpayers through agency audit activities and computer matches. Audit revenue is forecast at $558.6 million in 2008.

Tax Revenue Forecast
($ in Millions)

	Fiscal Year				
	2007	*2008*	*2009*	*2010*	*2011*
Real Estate Related Taxes:					
Real Property	$12,941	$14,227	$15,377	$16,506	$17,459
Commercial Rent	512	550	566	583	601
Mortgage Recording	1,391	1,189	1,118	1,132	1,159
Real Property Transfer	1,483	1,264	1,163	1,178	1,207
Income - Based Taxes:					
Personal Income (PIT)					
Total PIT	7,584	7,618	7,745	8,093	8,524
Less: TFA Retention	(734)	(766)	(1,154)	(1,153)	(1,159)
PIT-General Fund	6,850	6,852	6,591	6,940	7,365
General Corporation	2,773	2,863	2,812	2,981	3,188
Banking Corporation	811	813	658	693	729
Unincorporated Business	1,445	1,462	1,444	1,504	1,596
Consumption and Use Taxes:					
Sales and Use	4,538	4,644	4,736	4,952	5,214
Utility	356	363	378	393	409
Cigarette	120	117	113	111	109
Hotel	332	332	338	350	362
All Other	439	391	390	397	397
Sub total	**33,991**	**35,067**	**35,684**	**37,719**	**39,795**
Tax Audit Revenue	859	559	559	560	560
Total Baseline	**$34,849**	**$35,625**	**$36,243**	**$38,279**	**$40,356**
STAR Aid	1,093	1,148	1,121	1,144	1,177
Tax Reduction Program	—	(1,298)	(1,403)	(1,489)	(1,584)
Total*	**$35,942**	**$35,475**	**$35,961**	**$37,934**	**$39,948**

* *Totals may not add due to rounding.*

Tax Revenue Forecast
All Other Taxes
($ in Millions)

	Fiscal Year				
	2007	*2008*	*2009*	*2010*	*2011*
Excise Taxes:					
Horse Race Admissions	$—	$—	$—	$—	$—
Beer and Liquor	23.0	23.0	23.0	23.0	23.0
Liquor Licence	4.0	4.0	4.0	5.0	5.0
Off-Track Betting (Dividend)	—	—	—	—	—
OTB Surtax	19.9	20.1	20.3	20.5	20.7
Auto Related Taxes:					
Commercial Motor Vehicle	43.0	43.0	43.0	44.0	44.0
Auto Use	28.0	28.0	28.0	28.0	28.0
Taxi Medallion	6.0	6.0	6.0	6.0	6.0
Miscellaneous Taxes:					
Section 1127 (Waiver)	90.0	90.0	90.0	90.0	90.0
Other Tax Refunds	(20.0)	(20.0)	(20.0)	(21.0)	(21.0)
PILOTs	202.1	154.0	153.0	158.0	158.0
Penalties and Interest:					
P&I - Real Estate Current Year	15.0	15.0	15.0	15.0	15.0
P&I - Real Estate Prior Year	30.0	30.0	30.0	30.0	30.0
P&I - Other (Refunds)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Total All Other Taxes*	**$439.0**	**$391.1**	**$390.3**	**$396.5**	**$396.7**

* *Totals may not add due to rounding.*

Tax Reduction Program

The Financial Plan reflects this administration's goal of boosting local economic activity by providing a wide array of tax relief to New York City taxpayers. The current proposal saves the taxpayers $1.3 billion in 2008, growing to $1.6 billion by 2011.

Property Tax

Property Tax Rate Reduction

This proposal returns $750 million of the property tax increase now that it is no longer needed. Under this proposal the property tax rates for all tax classes would be reduced by about five percent, saving taxpayers $750 million in 2008, $810 million in 2009, $868 million in 2010, and $917 million in 2011.

$400 Property Tax Rebate Extension

In 2005 the City enacted a three-year property tax rebate program to provide owners of Class 1 properties and Class 2 cooperatives and condominiums with a $400 rebate. To qualify for the rebate the dwelling unit must be the owner's primary residence. The rebate is currently set to expire after 2007.

The Mayor proposed the extension of the $400 rebate program for three more years in the November Modification. The State law authorizing the rebate also mandated that if the rebate legislation is to be extended beyond 2007, there should be a uniform reduction in the tax rate for all tax classes that yields a real property tax relief which in aggregate is at least equal to the rebate paid. The Mayor's current proposal of property tax rate reduction meets this requirement.

The proposed extension of the rebate program would save the taxpayers $256 million a year. Combined with the tax rate reduction, it would return to most single family homeowners the equivalent of the 18.49 percent tax increase enacted in 2003.

Job Creation Tax Cuts

Unincorporated Business Tax (UBT) – increase the deduction for compensation paid to active partners (proprietors)

This proposal would help modernize the City's unincorporated business tax. Partnerships are required to add back payments to partners into UBT-taxable income because the distributions are, in part, a return on capital. In lieu of a compensation deduction, firms are given a $5,000 per partner deduction (an analagous rule applies to sole proprietors). This amount has not been raised since the tax was enacted in 1966. The proposal will raise the per partner deduction from $5,000 to $10,000. This proposal is estimated to save taxpayers about $16 million in 2008, growing to $17 million by 2011.

Unincorporated Business Tax – a 50 percent increase in the UBT/PIT Credit

This proposal would complement the prior proposal by helping to modernize the City's treatment of flow-through entities. Currently the City allows the owners of unincorporated businesses (proprietors, partnerships and limited liability companies) to take a partial credit against their resident personal income tax for any UBT payments they made. The credit ranges from 15 percent of UBT liability to 65 percent of UBT liability based on a sliding scale, ranging from $42,000 to $142,000 of City taxable personal income. The current credit was enacted 10 years ago by State legislation that gave the City Council the authority to raise the credit percentages without further State action. This proposal would raise the current percentages from 65 percent at $42,000 or less of taxable income and 15 percent at $142,000 or more of taxable income to 100 percent and 23 percent, respectively. This proposal would save City taxpayers $28 million in 2008, growing to $31 million by 2011.

Corporate Tax – Resident PIT/S-Corporation Credit

This proposal would partially offset the double taxation burden on the City's S-corporations, a type of business that most jurisdictions (State and Federal) do not tax at all. The proposal will allow NYC residents who are S-corporation shareholders to take a credit for a share of their S-corporation tax liability against their City personal income tax. (This proposal is similar to the credit enacted for owners of unincorporated businesses in 1997). The credit would range from 15 percent to 65 percent of an S-corporation shareholder's City corporate tax liability based upon a sliding scale of the taxpayer's City taxable personal income. In tax year 2003 there were 123,000 S-corporations paying tax in the City, accounting for about 42 percent of the corporate tax liability. These firms had an average City corporate tax liability of about $5,400 in tax year 2003. This proposal is estimated to save taxpayers about $70 million per year, growing to $78 million by 2011.

Corporate Tax – 50 percent phase-out of the alternative income-plus-compensation tax base

In order to prevent companies from lowering their taxable income by disguising dividends as salaries, the City's general corporation tax uses an income-plus-compensation alternative tax base. Paying dividends as salaries lowers the company's taxable income because salaries are deductible and dividends are not. The alternative tax calculation takes allocated net income and adds back compensation paid to any shareholders who own more than 5 percent of the corporation's outstanding stock. The resulting adjusted net income is taxed at 2.655 percent (30 percent of the corporate income tax rate). Due to changes in Federal laws and enforcement practices, the need for this alternative tax base calculation has diminished. This proposal will enact a 50 percent phase-out of this tax rate over the next four years (12.5 percent in tax year 2007, 25 percent in tax year 2008, 37.5 percent in tax year 2009, and 50 percent in tax year 2010). The most common type of taxpayer affected is small-to-medium sized firms. About 25,000 firms would benefit from this proposal. Taxpayers are estimated to save about $110 million under this proposal by 2011.

Corporate Tax – Small Firm Tax Simplification

More than half of the 260,000 corporations subject to the City's general corporation tax pay the City's $300 minimum tax. Most are small firms with low levels of gross receipts. This proposal will dramatically simplify tax filing for these firms by exempting firms with gross receipts of under $250,000 from having to complete the City's three-way alternative tax base calculation. C-corporations will be allowed to base their City net income calculation on their NYS corporate tax information. This proposal will benefit approximately 110,000 firms and save them about $8 million annually.

Economic Competitiveness

Sales Tax – Exempt all clothing and footwear purchases from the City sales tax

On September 1, 2005 the City restored the sales tax exemption on clothing and footwear purchases costing under $110, which had been temporarily repealed on June 1, 2003. The New York City 4.0 percent sales tax still applies to clothing and footwear purchases costing $110 and above. The City now proposes to repeal the City 4.0 percent sales tax on all clothing and footwear purchases. This proposal will save taxpayers $110 million in 2008, $117 million in 2009, $119 million in 2010, and $122 million in 2011.

Currently NYS has a statewide clothing and footwear exemption on purchases under $110. It was reinstated on April 1, 2006 after being temporarily repealed on June 1, 2003. The NYS 4.0 percent sales tax still applies to clothing and footwear purchases $110 and above. Purchases of clothing and footwear under $110 in the City are also exempt from the MCTD 0.375 percent sales tax. The neighboring counties of Nassau, Suffolk, Westchester, Orange and Putnam currently do not have clothing exemptions against their local sales tax.

State and Federal Agenda

The FY 2008 Preliminary Budget calls for $250 million in initiatives requiring State action and $100 million in initiatives requiring federal action. Specifically, the State and Federal Agenda focuses on controlling and reducing mandated costs on local governments. In addition, the State and Federal Agenda proposes equitable reimbursement to New York City for undertaking State and Federal functions. The State and Federal governments have been provided with a menu of over $1.5 billion in initiatives to help meet this $350 million target.

STATE AGENDA

State Education Campaign for Fiscal Equity (CFE) Funding

Last year the Governor, the State Legislature and the City formed a partnership to address the education facilities issues raised in the Campaign for Fiscal Equity (CFE) lawsuit. The State agreed to provide $6.5 billion through enhanced funding capacity in the TFA and a $1.8 billion EXCEL Grant. This funding partnership will allow the City to move forward with a $13.3 billion capital program that is designed to eliminate overcrowding, raise school buildings to a state of good repair and supply the educational equipment needed to provide the City's one million school children with a sound basic education. This year the Governor, the State Legislature and the City must, once again, form a partnership that will provide sufficient funding for the ongoing operating expenses needed for education reform.

All parties agree that more resources are needed. The latest Court of Appeals ruling determined that a sound basic education for New York City's school children required an additional $2.1 billion (the $1.93 billion in the decision updated to current dollars) in operating funds. Governor Spitzer has said that the Court ruling did not provide sufficient funds and pledged greater resources. During the current Administration the City has added $3.5 billion in spending for schools. Nearly $1 billion of this additional spending was targeted to CFE school reforms such as new small schools, early grade class size reduction and interventions, middle and high school reforms and charter schools. In the same time period, the State has added $1.5 billion in spending for schools.

To continue the State-City CFE partnership the City requests that the State begin meeting the Court determined increase of $2.1 billion in education spending over a three year time period. This would increase State Education Aid by $723 million in FY 2008, $1.48 billion in FY 2009, and $2.6 billion in FY 2010.

Invest in Child Care

Due to recent changes in federal TANF work participation rules more public assistance clients are mandated to be engaged in work. States and localities face stiff fiscal penalties for failure to achieve the required 50 percent participation rate for all familes. Essential in achieving federal work participation rates is the availability of adequate child care, preschool, and after–school programs. Moreover, in FY 2008, the City is investing over $70 million in additional tax levy for child care and out-of-school time programs. The City urges the State to follow suit and increase child care funding statewide by $75 million. This would provide a more substantial investment in child care programs that offer critical work support to parents and developmental and educational support for children. New York City would receive approximately $50 million in FY 2008.

Invest in Employment Programs

The City currently offers employment services and training for more than 62,000 public assistance recipients. The need for additional funds becomes even more critical in achieving the new work participation rates and moving more clients from dependency to self-sufficiency, in order to avoid federal penalties. Moreover, as the public assistance rolls have declined, an increasing proportion of the caseload face medical and psychiatric barriers to employment. While the City has made great strides in developing service models for the hardest to serve, additional State funding is critical to increasing these efforts and meeting the federal and State mandates. The City urges the State to allocate an additional $75 million for employment programs to support efforts by localities to achieve employment goals for both TANF and Safety Net clients. New York City would be eligible to receive $50 million of the additional allocation in FY 2008.

Update State Reimbursement Rates and Charges

Increase Daily Reimbursement Rate for State Readies and Parole Violators

The State provides reimbursement to localities for the incarceration of state-ready inmates and parole violators at $40 per inmate per day, far below the actual cost to the City. State-ready prisoners are convicted felons who have been sentenced and committed to the custody of the State Department of Correctional Services, but have not yet been transferred to State facilities. State parole violators are State sentenced individuals who are temporarily detained in City correctional facilities. The current rate of $40 per inmate per day leaves the City with a substantial shortfall because the actual average cost per inmate per day is expected to reach $338 during the current fiscal year. 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 reimbursement to the City. The City is requesting full reimbursement for the actual cost of incarceration for state-ready inmates and parole violators, saving the City $103 million annually.

Provide Funding for Foster Care Children Awaiting Placement in State Institutions

Foster care children with serious mental illness or emotional disturbances are referred to the State Office of Mental Health (OMH) for residential treatment facility (RTF) placement and children with mental retardation or developmental disabilities are referred to the State Office of Mental Retardation and Developmental Disabilities (OMRDD) for residential placement and/or specialized services. These State placements are funded 100 percent by the State. Currently there are substantial waiting periods to move foster care children to these facilities, where more appropriate specialized services can be provided. During this time the State neither provides services nor reimburses localities the enhanced rate when services are provided for children waiting to be transferred. The State must take immediate action to expand State capacity so these children can be transferred as soon as possible to the appropriate care setting. Since children awaiting OMH or OMRDD 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 $12 million annually if the State were to provide the City full reimbursement.

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

New York State law requires the State to reimburse local governments for probation spending at a rate of 50 percent of approved expenditures. The State reimburses the City significantly less than the statutory cap. The State's probation aid has been gradually decreasing, and reimbursement rates have reached only 20 percent of approved expenditures over the last three years. This is an enormous burden which is compounded by the fact that the City's probation services save the State money because many of the individuals on probation would be in a State prison if they were not sentenced to this alternative to incarceration. The State should increase probation reimbursement up to the statutory level, which would result in an additional $23 million to the City in FY 2008.

Allow reimbursement for Juvenile Alternatives to Placement, Alternatives to Detention, and Aftercare Programs

The City has developed several programs that function as alternatives to placement and to detention and therefore create cost savings for the State as fewer juveniles are detained in State facilities. The Enhanced Supervision Program (ESP) and Esperanza programs are operated by the City's Department of Probation and the Alternative to Detention Continuum is operated by the City's Office of the

Criminal Justice Coordinator (CJC). Additionally, the City funds aftercare programs to assist youth returning to their communities after detention. Currently, the State reimburses the City for 50 percent of the pre-adjudication costs associated with detention of juveniles in Department of Juvenile Justice custody, and the City reimburses the State for 50 percent of the post-adjudication costs associated with placement of juveniles in state facilities. The City recommends making ATP, ATD, and aftercare programs eligible for 50 percent reimbursement, making the City and State equal partnets in these programs that would save the State detention and placement costs. This funding partnership will provide the City with an additional $6 million per year.

Adjust Retroactive Overcharge for State Training School Rates

The City reimburses the State 50 percent of the share of the cost of care for New York City youth placed in Office of Children and Family Services (OCFS) training schools. This cost is based on care days and per diem rates by level of placement. Interim per diem rates are traditionally based on the actual costs from two years prior. The State used 1999 costs to set its rates for four years from 2001 to 2005. Audits resumed in 2006 and those rates retroactively raised the local share of the OCFS per diem rate. Current per diem rates represent a fifty-five percent, five-year increase in costs, from an average of $100 per care day to $155. The City urges the State to adjust the retroactive overcharge for the period from 2001 to 2005. Preliminary estimates indicate that the City could save $40 million in FY 2008 and $30 million in FY 2009.

Institute Tort Reform Initiatives

The City proposes that the State enact far-reaching tort reform legislation. Tort liability costs have increased dramatically since the early 1990s. In FY 2006, the City paid out more than $500 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.

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 percent to the cost of every City–funded construction project subject to the Wicks Law and requires the City to become the "general contractor", responsible for coordinating the activities of the four contractors. When the City acts as general contractor, defects in workmanship and accountability continually become a City burden. In contrast, under a single contract system any defect in workmanship or damages caused by other contractors becomes the responsibility of the general contractor who coordinates the project. Projects bid under multiple contract systems 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 almost $3 billion in capital construction cost savings over the next ten years and $62 million in debt service savings in FY 2008.

Reform CUNY Reimbursement Process

State law requires that CUNY senior colleges 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, several decades ago New York City was mandated to advance funds to CUNY for its senior college operating expenses. The City provides over $1.4 billion annually to CUNY for this purpose. The State is required by law to reimburse the City after CUNY claims for State Aid. However, in FY 2006, the City was forced to pay over $48 million in accumulated outstanding balances as a result of this bifurcated claiming process. The City advocates for reimbursement of this $48 million in FY 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 increase the risk of tobacco-related diseases for individuals, especially children, who spend time in the presence of smokers. 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 proposes to increase the City's Cigarette tax from $1.50 to $2.00, bringing the total City and State tax on a pack of cigarettes to $3.50. The increase will continue to serve as a disincentive for cigarette consumption and will 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 revenue to spend on new public health efforts to prevent and stop smoking. The $0.50 increase is estimated to bring the City $20.6 million in FY 2008.

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 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. The City also seeks enactment of State legislation that authorizes an award for information leading to violations of the New York City Cigarette Tax based on the amount collected by the Department of Finance. 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 Council, and any district attorney with concurrent jurisdiction in cases involving multiple defendants where such violations are committed in multiple boroughs or outside the City's borders. 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.

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 which provides local governments with a flexible and consistent source of revenue. New York City receives $328 million a year in AIM funding. New York City has been excluded from each of the three across–the–board increases during the last decade, while every other municipality in the State received increases. City taxpayers contribute over $11 billion more in revenue to the State each year than the City gets back in the form of State expenditures. Therefore, the City deserves to participate in any increase in this revenue stream. A 10 percent increase in this year's State budget would result in approximately $32.8 million in FY 2008.

Reduce State-Imposed Mandates on OTB

The City seeks numerous changes to the Racing and Wagering Law in order to reduce State-imposed financial mandates on Off-Track Betting Corporations and re-stabilize NYCOTB. NYCOTB has had operating losses for the past three fiscal years 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 and to restore profitability. The City seeks higher retention rates, a reduction in State-assessed regulatory fees, and elimination of the hold-harmless provision for facilities outside of New York City.

Reduce Local Debt Service Cost

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 $5 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 for BPCA was $225,000 in 2003 and is projected to grow to $3.8 million in 2007, while the MAC cost recovery fees have shown a similar increase, growing from $600,000 in 2003 to $1.6 million in 2006. 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 on 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.

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.

FEDERAL AGENDA

Fully Fund No Child Left Behind (NCLB)

The Federal No Child Left Behind (NCLB) law both includes numerous changes to the way federal aid is distributed and holds school districts and states directly accountable for student achievement. The original law authorized specific funding levels through Federal Fiscal Year (FFY) 2007. However, the Federal Government has consistently failed to provide adequate funding for states and school districts to meet the law's numerous mandates. Funding for K-12 education under NCLB has remained stagnant since FY 2002.

Because no appropriation was made for FFY 2007, New York City expects to continue receiving funding at FFY 2006 levels. At the current level of appropriation, New York City will be $905 million short of the FFY 2007 spending authorization in NCLB. The City seeks the full amount of NCLB funding authorized by law.

Fully Fund Criminal Justice Programs

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). Since the merger, federal appropriation has dropped by 56 percent; New York City's allocation decreased from $11.4 million to $4.8 million. 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 authorized JAG at a level of $1.095 billion in 2006 and for "such sums as may be necessary" in 2007 through 2009. New York City requests that JAG be fully funded at a level of at least $1.095 billion which would provide the City with an additional $11.5 million in FY 2008.

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

Additional child care funding is needed to support the City's expanded child care need due to more rigorous work participation requirements implemented in TANF reauthorization last year. 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 more than $6 billion over five years. It is estimated that the City would receive $75 million a year in incremental funds, which would support approximately 5500 additional child care slots each year and allow the City to help TANF recipients achieve self-sufficiency and thus comply with new federal mandates.

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 $63 million in 2008, which would include the reimbursement of $48 million in unpaid costs from 2002-2007 and an increase in the annual reimbursement rate from $7 million to $15 million for providing this special UN protection. This would provide the City with an additional $56 million in FY 2008 and an additional $8 million each year thereafter.

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 welfare reform was enacted 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 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 the TANF program, 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 and 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 that include 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 $9.2 million in incremental federal aid for FY 2008 and more than $25 million by FY 2010.

Allow Access to Wage Reporting System

The City proposes to amend the New York State Tax law to allow local social services districts to access the wage reporting system of the State Department of Taxation and Finance for the purposes of establishing eligibility for Federal Title IV-E payments. Title IV-E is the federal funding stream for foster care and is payable to states for the maintenance and care of foster care children whose family satisfy the federal income eligibility criteria. Ability of ACS to access the wage reporting system will facilitate agency efforts to maximize Title IV-E eligibility for children in foster care so that the federal government funds its correct share of foster care costs. New York City would expect an additional $20 million in Title IV-E by FY 2008 for both current and retroactive claims.

Provide Flexibility for Community Development Block Grant (CDBG) Funds

The Federal Community Development Block Grant (CDBG) program's success is a result of the built-in flexibility it offers, which enables local communities to identify their most pressing needs and to develop solutions to local problems. The City encourages Congress to increase the public service cap from 15 to 25 percent. This would permit the City to use more of its CDBG resources to increase essential services to its low- and moderate income population.

In addition, the CDBG Fund allocates formula grants and discretionary Economic Development Initiative Grants (EDI). New York City currently uses its CDBG funds for a wide range of programs that are vital to New York City citizens. Over the past few years, New York City's CDBG formula grant allocation has been cut by a total of $37 million. The EDI grants are specific allocations out of the CDBG Fund. Since New York City has borne major cuts to their formula grant allocations in the past few years, New York City proposes that EDI grants funding be included in the CDBG formula grants allocation, making more funds available to localities for important needs-based programs. Based on the 2006 federal CDBG appropriation and the City's current proportion of formula grants, 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 in FY 2008.

Reimburse the City for Outstanding Foreign Dignitary Parking Tickets

In 2002, the State Department and New York City agreed to a historic parking program that has dramatically reduced illegal parking by the diplomatic community and improved the collection of payments for summones 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 more than $19 million from violations issued 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 2008 appropriations and supports applying those funds to unpaid fines and penalties dating back to April 1, 1997.

Extend Health Coverage for Children

The City proposes to amend Titles XXI and XIX of the Social Security Act to extend the authorization period for eligibility for the State Children's Health Insurance

Program (SCHIP) and Medicaid Title XIX Children-Only cases to two years for children aged 18 or under. Current federal law requires a re-determination of eligibility for the State Children's Health Insurance Program and Medicaid Title XIX every 12 months. Extending the authorization period would help enable children to receive seamless coverage and would result in significant administrative cost savings for both programs. Implementing this provision would result in over 100,000 fewer cases requiring eligibility re–determinations per year and would provide almost $3.0 million to assist New York City in enrolling children in health insurance programs in 2008.

Increase Funding for 9/11 Health and Compensation

Five years after the attacks of September 11, 2001, New York City continues to assist in the health and mental health needs of rescue workers, police officers, firefighters, volunteers, residents in the area, commuters working in the area and contractors who were involved in recovery and clean-up efforts on the World Trade Center site. Through monitoring, research and treatment programs run by the Fire Department (FDNY), the Department of Health and Mental Hygiene (DOHMH) and the Health and Hospitals Corporation (HHC), the City has been able to provide essential care to these important populations. The Mayor's Office has formed a panel to study the health and mental health needs of the affected populations and will shortly issue a report that addresses the scope of this growing need. Since the federal funding for these programs will be exhausted shortly, New York City is requesting that federal funding be increased substantially to meet this continuing need.

The City requests that the Federal Government revive the Victim Compensation Fund to address any unmet needs of those people who may have been adversely affected by their work during the WTC recovery effort. The Fund would provide an appropriate means to both compensate these victims and resolve divisive, costly and unnecessary litigation. The attack on 9/11 was an attack on the nation and the responsibility for addressing any unmet needs of those who worked on the WTC recovery should be borne by the Federal Government, not just New York City.

Distribute All Homeland Security Funds Based on Fair Risk-based Criteria

The Homeland Security Appropriations Acts of 2006 and 2007 demonstrated progress toward the threat-based funding for which the City has consistently advocated. The replacement of population with risk as a factor in the State Homeland Security Grant and Law Enforcement Terrorism Prevention Program is particularly welcome. For all programs, the City supports replacing state minimums with fair risk-based criteria. The City expects that such criteria will not disadvantage cities that face the highest levels of threat.

Capital Program

The Modified Capital Commitment Plan for Fiscal Years 2007-2010 authorizes agencies to commit $46.9 billion, of which $37.0 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 $8.6 billion in Fiscal Year 2007. The aggregate agency-by-agency authorized commitments of $13.2 billion exceed the Fiscal Year Financial Plan by $4.6 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 2003

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

FY 2003-2006 Commitments
*($ in Millions)**

	2003		2004		2005		2006	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection								
Equipment	$91	$91	$43	$43	$68	$69	$73	$107
Sewers	201	202	216	216	186	187	191	192
Water Mains	337	337	480	481	499	498	568	568
Water Pollution Control	681	687	877	935	838	839	843	848
Water Supply	63	63	39	39	746	746	26	26
Subtotal	$1,373	$1,380	$1,654	$1,713	$2,337	$2,338	$1,702	$1,741
Transportation								
Mass Transit	$521	$521	$80	$80	$180	$180	$83	$83
Bridges	372	468	364	570	94	266	259	281
Highways	171	166	202	227	224	246	200	215
Subtotal	$1,064	$1,155	$646	$878	$498	$692	$541	$578
Education								
Education	$890	$963	$571	$593	$2,188	$2,188	$1,411	$1,990
Higher Education	17	21	18	19	20	20	39	40
Subtotal	$907	$983	$589	$612	$2,208	$2,208	$1,449	$2,029
Housing And Economic Development								
Economic Development	$237	$255	$206	$221	$207	$215	$154	$168
Housing	203	313	216	283	275	423	238	356
Subtotal	$440	$568	$422	$504	$481	$638	$393	$524
Administration Of Justice								
Correction	$110	$110	$30	$30	$50	$50	$92	$92
Courts	86	96	103	105	129	132	142	142
Police	81	81	65	65	43	43	76	76
Subtotal	$277	$287	$198	$200	$222	$225	$310	$310
City Operations & Facilities								
Cultural Institutions	$203	$207	$98	$101	$140	$140	$143	$151
Fire	81	99	66	69	93	93	108	121
Health & Hospitals	102	104	90	90	451	451	307	307
Parks	222	226	116	143	211	225	262	279
Public Buildings	98	102	175	176	78	78	108	110
Sanitation	159	159	140	140	137	137	77	77
Technology & Equipment	205	213	174	180	297	297	379	410
Other	258	315	169	228	135	247	133	177
Subtotal	$1,328	$1,425	$1,029	$1,127	$1,542	$1,668	$1,516	$1,631
Total Commitments	**$5,389**	**$5,799**	**$4,539**	**$5,034**	**$7,288**	**$7,769**	**$5,911**	**$6,814**
Total Expenditures	**$5,376**	**$5,734**	**$5,133**	**$5,755**	**$5,274**	**$6,655**	**$6,211**	**$6,595**

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

FY 2007-2010 Commitment Plan

*($ in Millions)**

	2007 City Funds	2007 All Funds	2008 City Funds	2008 All Funds	2009 City Funds	2009 All Funds	2010 City Funds	2010 All Funds
Environmental Protection								
Equipment	$168	$176	$292	$401	$269	$272	$114	$114
Sewers	234	234	213	213	251	251	279	279
Water Mains	2,212	2,215	1,462	1,462	1,038	1,038	386	386
Water Pollution Control	1,031	1,066	1,360	1,360	1,498	1,498	1,032	1,032
Water Supply	60	60	68	68	36	36	290	290
Subtotal	$3,706	$3,751	$3,394	$3,504	$3,093	$3,096	$2,100	$2,100
Transportation								
Mass Transit	$60	$92	$81	$81	$89	$89	$90	$90
Bridges	598	911	595	794	548	834	177	296
Highways	511	568	381	414	320	441	326	345
Subtotal	$1,168	$1,570	$1,057	$1,289	$958	$1,363	$594	$731
Education								
Education	$1,024	$3,097	$1,026	$3,031	$1,210	$3,214	$1,212	$2,424
Higher Education	221	230	49	50	34	34	3	4
Subtotal	$1,245	$3,327	$1,075	$3,081	$1,243	$3,248	$1,215	$2,428
Housing And Economic Development								
Economic Development	$1,160	$1,459	$383	$391	$225	$226	$64	$64
Housing	604	752	351	497	281	382	282	383
Subtotal	$1,764	$2,211	$734	$889	$506	$608	$346	$447
Administration Of Justice								
Correction	$79	$79	$101	$101	$80	$84	$187	$187
Courts	193	193	153	153	710	710	7	7
Police	213	213	183	183	57	57	90	90
Subtotal	$485	$485	$437	$437	$847	$850	$284	$284
City Operations & Facilities								
Cultural Institutions	$630	$636	$111	$111	$22	$22	$7	$7
Fire	243	271	104	104	73	73	66	66
Health & Hospitals	566	566	213	213	140	140	88	88
Parks	602	710	671	705	312	312	117	117
Public Buildings	349	350	187	187	105	105	56	56
Sanitation	312	316	604	605	365	365	267	267
Technology & Equipment	1,380	1,418	1,099	1,099	545	545	131	131
Other	711	851	364	449	165	196	123	148
Subtotal	$4,792	$5,117	$3,354	$3,473	$1,726	$1,757	$855	$881
Total Commitments	**$13,159**	**$16,461**	**$10,051**	**$12,673**	**$8,373**	**$10,922**	**$5,394**	**$6,870**
Reserve For Unattained Commitments	**($4,606)**	**($4,606)**	**($524)**	**($524)**	**$404**	**$404**	**$1,184**	**$1,184**
Commitment Plan	**$8,553**	**$11,855**	**$9,527**	**$12,149**	**$8,777**	**$11,326**	**$6,578**	**$8,054**
Total Expenditures	**$5,310**	**$7,765**	**$6,065**	**$8,775**	**$7,047**	**$9,174**	**$8,348**	**$9,588**

* *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 23 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, the Value Engineering Unit is able to provide expertise otherwise unavailable in–house, both at OMB and other agencies. 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, courts and water treatment facilities. There continues to be an upsurge in the number of client agencies' request for VA reviews. Value Analysis has provided agencies with operational and revenue enhancements to existing programs, and often offers a new paradigm for providing services.

The City's Value Management Program is widely recognized both nationally and internationally as a leader in the industry, and has received several awards by the Professional Value Management Society, due to its progressive approach of maximizing the available resources for optimal returns.

Financing Program

The City's financing program projects $35.0 billion of long-term borrowing for the period 2007 through 2011 to support the City's current capital program. Unless bonding capacity of the New York City Transitional Finance Authority (TFA) is increased, all but a very small portion of this financing will be implemented through General Obligation (GO) bonds of the City and bonds of the New York City Municipal Water Finance Authority (NYW or the Authority). Figures below do not include $6.5 billion of state funded financing for education capital purposes through the Dormitory Authority of the State of New York (DASNY) and the TFA Building Aid Revenue Bonds (BARBs):

Financing Program

($ in millions)

	2007	*2008*	*2009*	*2010*	*2011*	*Total*
City General Obligation Bonds	$1,520	$4,040	$4,500	$5,840	$6,020	$21,920
TFA Bonds[1]	2,000	—	—	—	—	2,000
Water Authority Bonds [2]	2,047	1,855	2,424	2,377	2,391	11,094
Total	**$5,567**	**$5,895**	**$6,924**	**$8,217**	**$8,411**	**$35,014**

1) TFA Bonds do not include BARBs issued for education capital purposes. TFA has issued $650 million of BARBs in fiscal year 2007 and expects to issue an additional $628 million of BARBs in fiscal year 2007. TFA also expects to issue $1.394 billion, $1.394 billion and $698 million of such bonds in fiscal years 2008 through 2010, respectively.

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 and expected to be issued by the financing entities described above, other than BARBs to be issued by the TFA.

Debt Outstanding

($ in millions at year end)

	2007	*2008*	*2009*	*2010*	*2011*
City General Obligation Bonds	$35,718	$37,994	$40,627	$44,466	$48,405
TFA Bonds	13,634	13,560	13,070	12,541	12,008
TSASC Bonds	1,311	1,289	1,265	1,239	1,210
Conduit Debt	2,611	2,496	2,383	2,307	2,206
Total	**$53,274**	**$55,339**	**$57,345**	**$60,553**	**$63,830**
Water Authority Bonds	**$17,012**	**$18,641**	**$20,823**	**$22,920**	**$24,963**

Annual Debt Service Costs

($ in millions before prepayments)

	2007	*2008*	*2009*	*2010*	*2011*
City General Obligation Bonds*	$3,432	$3,657	$3,974	$4,339	$4,725
TFA Bonds	734	766	1,154	1,153	1,159
TSASC Bonds	89	88	89	90	91
MAC	10	10	—	—	—
Conduit Debt **	225	308	318	313	315
Total Debt Service	**$4,491**	**$4,829**	**$5,535**	**$5,895**	**$6,289**
Water Authority Bonds	**$903**	**$1,010**	**$1,166**	**$1,337**	**$1,535**

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

** *Conduit Debt debt service includes interest on the $2 billion Hudson Yards Infrastructure Corporation (HYIC) debt issued in December 2006. Such debt is not included in the "Debt Outstanding" table above because the City is not required to pay principal of the HYIC debt.*

Debt Burden

	2007	*2008*	*2009*	*2010*	*2011*
Total Debt Service (NYC GO, Lease & TFA) as % of:					
a. Total Revenue*	7.7%	8.3%	9.4%	9.5%	9.8%
b. Total Taxes**	12.2%	13.3%	14.9%	15.1%	15.3%
c. Total NYC Personal Income	1.2%	1.2%	1.4%	1.4%	1.4%
Total Debt Outstanding (NYC GO, Lease & TFA) as % of:					
a. Total NYC Personal Income	13.9%	14.1%	14.1%	14.1%	14.1%

* *Total revenue includes amounts required to pay debt service on TFA bonds other than BARBs (PIT Bonds) and operating expenses.*

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

TFA will have exhausted its statutory bonding capacity for general capital purposes of $13.5 billion (excluding refunding bonds, Recovery Bonds to pay costs related to the September 11th terrorist attacks, and BARBs) by the end of this fiscal year. 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 is seeking legislative approval to increase TFA's borrowing cap. If the TFA cap is not increased, the City will issue approximately $21.9 billion of GO bonds during the plan period, which will equal 62.6 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 $2.2 billion. The aggregate NYW financing during the plan period will account for approximately 31.7 percent of the total financing program.

New York City General Obligation Bonds

Since July l, 2006, the City has issued $1.13 billion in refunding bonds and $820 million in bonds for capital purposes, totaling $1.95 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
2007AB	R	8/17/2006	850	—	4.554%	850
2007C	N	1/9/2007	750	70	4.292%*	820
2007D	R	1/9/2007	278	—	4.238%	278
Total			**1,878**	**70**		**1,948**

* *A portion of the Series 2007 C transaction consists of floating-rate bonds.*

The two refunding transactions the City has completed to date in fiscal year 2007, totaling $1.13 billion in aggregate principal amount, generated $49 million of debt service savings in 2008 and 2009. The present value savings from the refundings were in excess of $42 million.

All of the $70 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. In the current fiscal year, the City's taxable bonds, with maturities ranging between 11 and 12 years, were priced approximately 60 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 $0.7 billion of GO bonds for capital purposes in the remainder of 2007 and $4.04 billion, $4.50 billion, $5.84 billion and $6.02 billion in 2008, 2009, 2010 and 2011, respectively, assuming that TFA's statutory bonding cap is not increased.

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 7.7 percent of the City's total budgeted revenues in 2007. That ratio is projected rise to 9.8 percent in 2011. As a percentage of tax revenues, the debt service ratio is 12.2 percent in 2007 and is projected to increase to 15.3 percent in 2011.

While the ratios mentioned above are primarily influenced by the cost of the City's capital program relative to tax and total revenues, the ratios are also affected by the term of the debt financing the capital program. With the overlapping constraints of federal tax law and New York State Local Finance Law, the City's debt is amortized, on average, five years shorter than the life of the assets being financed. This means that earlier generations are more heavily burdened by the cost of the capital program than future generations. Although it might be viewed as prudent to pay off debt sooner rather than later, accelerated debt repayment does not distribute the burden of the costs equitably across generations. The City will continue to balance the goals of spreading the debt burden equally over time and repaying debt as quickly as possible.

During 2007, short-term interest rates relating to the $6.28 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 3.45% percent on average for tax-exempt and 5.22% percent for taxable floating rate debt. This floating rate debt has traded on average at rates that are at least 70 basis points lower than those for the City's fixed-rate debt, resulted in an annual savings of over $44 million.

In 2007, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of $1.2 billion of notes in 2008 and $2.4 billion in each of 2009, 2010 and 2011.

New York City Related Issuers - 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 $10.5 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) since 2002, taking on various risks similar to those of variable rate bonds. The City also bears the economic responsibility for certain swaps entered into through DASNY and the New York City Industrial Development Agency. The total notional amount of swaps outstanding as of December 31, 2006 was $2.9 billion, on which the termination value was negative $5.15 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of December

31, 2006. 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.

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 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.

NYC Floating Rate Exposure*

($ in millions)

	GO	TFA	Lease	TSASC	Total
VRDB & Auction Rate Bonds	5,063	2,700	1,207	—	8,971
Synthetic Fixed	241	—	18	—	259
Taxable Basis Swap	161	—	—	—	161
Total Return Swap	500	—	74	—	574
Enhanced Basis Swap	125	—	—	—	125
Total Floating-Rate	**6,091**	**2,700**	**1,300**	**—**	**10,091**
Total Debt Outstanding	35,776	13,634	2,611	1,334	53,354
% of Floating-Rate / Total Debt Outstanding					18.9%
Total Floating-Rate Less $2 Billion Average Balance in General Fund (Floating-Rate Assets)					8,091
% of Net Floating Rate / Total Debt Outstanding					15.2%

* *Debt Outstanding as of the January 2007 Plan*

The 18.9 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 15.2 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 $29.8 billion in General (First) and Second General (Second) Resolution bonds and subordinated special resolution crossover refunding bonds. Of this aggregate bond par amount, $16.0 billion is outstanding, $10.3 billion was refinanced with lower cost debt, $752 million was defeased with revenues prior to maturity, and $2.6 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. This program is comprised of $200 million of unenhanced extendable municipal commercial paper notes and $600 million of commercial paper notes backed by three lines of credit.

NYW Ratings

Resolution	Fitch	Moody's	Standard and Poor's
First Resolution	AA	Aa2	AA+
Second Resolution	AA	Aa3	AA

NYW participates in the State Revolving Fund (SRF) program that is administered by the New York State Environmental Facilities Corporation (EFC). The SRF provides a benefit to NYW in the form of lowered borrowing costs for NYW debt issued to EFC through the investment of Federal and matching state funds.

EFC Ratings

Resolution	Fitch	Moody's	Standard and Poor's
Senior SRF Bonds	AAA	Aaa	AAA
Subordinated SRF Bonds	AA+	Aa1	AA

To date in Fiscal Year 2007, NYW has closed three bond transactions, the Second Resolution Fiscal Year 2007 Series AA, BB, and CC bonds consisted of bond sales directly to the public. The former two series were issued as fixed rate bonds, while the later as variable rate bonds in daily mode. Approximately $545 million in bonds have been issued in Fiscal Year 2007 to date, including $134 million in Second Resolution current refunding bonds, which achieved 10.9 percent present value savings.

The three transactions that have been closed to date in Fiscal Year 2007 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.

NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2006 Series AA	N	25-Oct-06	$199,910,000	4.59%	2037
2006 Series BB	R	25-Oct-06	$134,360,000	4.59%	2021
2006 Series CC	N	30-Nov-06	$210,500,000	NA	2038

NYW is a party to two interest rate exchange agreements (swaps) with a total notional amount of $220 million. On December 23, 2003, NYW entered into a $200 million synthetic variable rate swap with BNP Paribas. According to the terms of this agreement, NYW receives a fixed interest rate of 3.567 percent in exchange for paying a floating rate based on the BMA Municipal Swap Index. As of June 30, 2006, the mark to market value of the swap was a negative $6,300,807. NYW also entered into a swap with Morgan Stanley Capital Services, Inc. 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 percent, which was11 basis points lower than conventional fixed rate debt at the time of issuance. As of June 30, 2006, the mark to market value of the swap was $463,300.

NYW expects to issue approximately $1.2 billion of new money bonds over the remainder of Fiscal 2007. These bonds are likely to consist of bonds issued to EFC as well as bonds sold directly to the public. To the extent that revenues are available, the Authority expects to defease outstanding First Resolution Bonds before the end of Fiscal Year 2007.

During the period from 2008 to 2011, NYW expects to sell an average of approximately $2.3 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 interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program.

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. Subsequently, the TFA received an additional $4 billion of bonding capacity in 2000 and an additional $2 billion of bonding capacity in 2007, increasing its overall authorization to $13.5 billion.

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).

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional $9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. In November 2006, the TFA issued the first series of BARBs. BARBs are secured by State building aid and have no claim on PIT. The BARBs received ratings of “AA-” from Standard & Poor’s (S&P), “A1” from Moody’s, and “A+” from Fitch. As a new credit, investors showed strong demand for the BARBs, placing $3.8 billion of orders for the $650 million inaugural issue. Including this issue, the financial plan reflects $4.8 billion of TFA BARB issuance.

Since the creation of the TFA in March 1997, the TFA has sold $11.5 billion in senior new money PIT Bonds, $4.5 billion of BANs and $2.5 billion of subordinate PIT Bonds. Refunding PIT Bonds, excluding bonds issued to refund BANs, amounted to $4.0 billion. Of the $12.7 billion of PIT Bonds currently outstanding, 45.8 percent will be retired by the end of 2018, with the annual amortization of about $339 million in 2007, growing gradually to $755 million in 2020 and then decreasing gradually to $7.5 million in 2034. The PIT debt will be fully amortized by 2035.

On September 28, 2006, the TFA closed a new money PIT issue consisting of $500 million of tax exempt fixed rate debt, $200 million of taxable fixed rate debt, and $100 million of tax exempt floating rate debt. The entire $800 million issue was sold as subordinate bonds. It was the first such new money issuance since receiving the additional $2 billion in financing capacity. Pricing spreads on the tax exempt fixed rate portion ranged from 1 basis point below to 18 basis points over the comparable MMD AAA benchmark depending on the maturity. The taxable bonds were sold by competitive bid pricing 54 to 65 basis points over US treasury securities of comparable maturity.

On November 29, 2006, the TFA issued $600 million of PIT Bond Anticipation Notes (BANs). The TFA received $4.9 billion of bids for $600 million of BANs offered. In aggregate, the issue TIC was 3.496% which was 6 basis points below the MIG-1 note index for a comparable note maturity.

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 Master Settlement Agreement (MSA). Under the indenture pursuant to which TSASC originally issued its bonds, TSASC retained sufficient TSRs to pay for its debt service and operating expenses, and the excess TSRs flowed 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 was required under that indenture to retain a portion of the excess TSRs that would otherwise have been paid to the City in a trapping account.

In 2006, TSASC refinanced all the bonds issued under its original indenture. Under the amended indenture providing for the issuance of the refunding bonds, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flows to the City. The pledged TSRs fund regularly scheduled TSASC debt service and operating expenses. Any pledged TSRs received in excess of those requirements are 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 established under the original indenture will be released to the City.

Hudson Yards Infrastructure Corporation

In December 2006, HYIC, a not-for-profit local development corporation, issued its first series of bonds in the principal amount of $2 billion. HYIC was established to provide financing for infrastructure improvements to facilitate economic development on Manhattan's far west side. Improvements include the extension of the No. 7 subway line west and south, construction of a system of parks, streets, and open spaces, as well as the acquisition of development rights over the MTA rail yards. 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. To the extent these revenues are not sufficient to cover interest payments, the City has agreed to make interest support payments to HYIC subject to appropriation. Despite the novel and complex nature of this new credit, it was very well received. While HYIC received bond insurance bids to insure the entire issue, HYIC sold $800 million on an uninsured basis. Investors showed strong demand for HYIC's inaugural issuance, placing $8.07 billion of orders for the $2 billion bonds offered. In addition, HYIC expects a second and final issuance of $1 billion of Senior Bonds in 2011.

Supplemental Information

Expenditure Assumptions

The baseline expenditure estimates in the plan are derived from the four-year financial plan submitted on November 1, 2006 and also include approved Federal and State categorical grants through January 19, 2007. 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)				
	2007	*2008*	*2009*	*2010*	*2011*
Salaries & Wages	$19,433	$19,975	$20,491	$21,335	$21,823
Pensions	4,866	5,575	6,151	6,208	6,208
Other Fringe Benefits*	7,109	6,936	6,759	7,023	7,322
Reserve for Collective Bargaining:					
Department of Education	30	164	408	408	408
Other	385	824	1,112	1,459	1,821
Total	**$31,823**	**$33,474**	**$34,921**	**$36,433**	**$37,582**

* *Includes $1 billion in fiscal year 2007 and $500 million in fiscal year 2008 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 some wage adjustments for the 2002-2005 and 2006-2008 rounds of collective bargaining.

Pensions and Other Fringe Benefits

Pension expenses for 2007 and beyond are based on actuarial valuation projections prepared by the Office of the Actuary and are reflective of certain revised funding techniques introduced last year: a one-year lag, a lengthened asset smoothing period, and full recognition of retiree cost of living adjustment ("COLA") costs, which previously were being phased-in over a 10-year period.

In addition, commencing in 2009, the financial plan contains a reserve of $200 million per year to address the potential costs associated with a recently released pension audit performed by the Segal Company.

Total pension expenses for the financial plan are shown below:

	2007	2008	2009	2010	2011
	($ in millions)				
City Actuarial	$4,762	$5,471	$6,044	$6,100	$6,100
Non-City Systems	61	59	61	62	62
Non-Actuarial	43	45	46	46	46
Total	**$4,866**	**$5,575**	**$6,151**	**$6,208**	**$6,208**

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 Retiree Health Benefits Trust Fund (RHBT) was established in fiscal 2006 for the exclusive purpose of paying the costs of retiree health insurance and supplemental welfare benefits. Deposits into the RHBT are irrevocable and all amounts on deposit in the trust must be used only to pay the costs of retiree benefits. The RHBT was initially funded last year with a City deposit of $1 billion. Additional deposits of $1.5 billion are included in the financial plan: $1 billion in fiscal 2007 as reflected in the Adopted Budget, and a new $500 million for fiscal 2008 as proposed in the Preliminary Budget.

Beginning in fiscal 2007, the payments of current year retiree health and welfare benefits are being made directly from the RHBT. In addition to the deposits noted above, the pay-as-you-go funding for these benefits, valued at approximately $1.4 billion in the current year, is also budgeted to be deposited by the City into the RHBT during fiscal 2007 and subsequent fiscal years. Combined over three years, the City will have contributed a sum of $2.5 billion above the pay-as-you-go cost to the RHBT.

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 unsettled civilian employees the reserve contains funding for a 3.15 percent wage increase on the 1st day of their new agreements. The reserve also includes collective bargaining funds sufficient to pay for wage increases of 2 percent and 4 percent on the 1st day of the 2nd month of the 2006-2008 round of bargaining and the 1st day of the 8th month of this agreement respectively for all employees except: 1) those employed by the Department of Education; 2) all DC37 employees; and 3) managerial and original jurisdiction employees. Funds for these employees have been distributed to the agencies. 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)				
	2007	*2008*	*2009*	*2010*	*2011*
Administrative OTPS	$14,187	$13,977	$14,290	$14,638	$14,839
Public Assistance	1,210	1,200	1,200	1,200	1,200
Medical Assistance	4,948	5,380	5,222	5,376	5,535
Health and Hospitals Corp.*	202	211	227	229	240
Covered Agency Support					
& Other Subsidies*	2,314	2,287	2,419	2,514	2,631
City & MAC Debt Service*	3,667	3,975	4,292	4,652	5,040
Pay-As-You-Go Capital	200	200	200	200	200
General Reserve	100	300	300	300	300
Prepayment Adjustments	186	(2,561)	(1,376)	-	-
Total	$27,014	$24,969	$26,774	$29,109	$29,985

* *Numbers adjusted for prepayments*

Administrative OTPS

The estimates in this category include new needs in the baseline. For 2008 through 2011 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 2008 through 2011. 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 2007 through 2011 reflects current projections for energy related purchases. Gasoline costs are expected to decrease from $72 million in fiscal year 2008 to $71 million in fiscal year 2011. Fuel oil costs are expected to decrease from $80 million in fiscal year 2008 to $76 million in fiscal year 2011. Heat, light and power costs are projected to increase by $29 million between fiscal year 2008 and fiscal year 2011 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 2007 adjustments, where applicable.

The annual cost projections are as follows:

Energy Costs

($ in millions)	*2007*	*2008*	*2009*	*2010*	*2011*
Gasoline	$71	$72	$71	$71	$71
Fuel Oil	79	80	78	77	76
HPD-In Rem / DAMP	11	8	7	6	5
HPD-Emergency Repairs	2	2	-	-	-
Heat, Light & Power	670	718	732	739	747
Total	**$833**	**$880**	**$888**	**$893**	**$899**

Leases

Agency baseline expenditures carry the cost of leases at a constant level for 2008 through 2011 with the exception of the annualization of 2007 adjustments where applicable. A citywide adjustment for 2008 through 2011 provides for the increased cost of leases based on a 3.0 percent annual inflator. The four-year projection includes $641 million for leases in 2008, $666 million in 2009, $690 million in 2010, and $748 million in 2011. Of these amounts, the citywide adjustment is $18 million, $37 million, $56 million and $114 million respectively in 2008 through 2011.

Public Assistance

The financial plan for Public Assistance projects 373,697 persons will be on Public Assistance in June 2007, remaining constant over fiscal year 2008.

Medical Assistance

The financial plan for Medical Assistance funds 2.8 million eligibles including 1.5 million in Medicaid Managed Care. Localities expenditures towards Medicaid were capped as a result of the 2005-2006 State Budget. The Medicaid budget reflects capped growth of 3 percent in the out-years.

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. The fiscal year 2008 value of $91 million has been prepaid to fiscal year 2007 and the 2009 value is estimated at $107.6 million. Personnel expenses remain flat for fiscal years 2008 through 2011 pending the next collective bargaining agreement. Affiliation costs start with a baseline of $708.8 million in fiscal year 2008 and increase 10 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 2007 and $300 million for 2008-2011 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 2007-2011. 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 for the prepayment of future years' debt service costs. Funding of $3.3 billion in 2007 and $1.4 billion in 2008 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	Prepayment Adjustment	Total City and MAC
2007	$228	$-	$251	$3,313	$3,792	$10	($135)	$3,667
2008	306	37	208	1,376	1,927	10	2,038	3,975
2009	2,523	75	318	-	2,916	-	1,376	4,292
2010	4,264	75	313	-	4,652	-	-	4,652
2011	4,650	75	315	-	5,040	-	-	5,040

NEW YORK CITY
Five Year Expenditure Analysis
(All Funds - $ in million)

	2007	2008	2009	2010	2011
Uniformed Forces					
Police Department	$3,992	$3,862	$3,835	$3,813	$3,811
Fire Department	1,483	1,415	1,389	1,385	1,385
Department of Correction	953	912	904	900	900
Department of Sanitation	1,230	1,250	1,279	1,305	1,361
Health and Welfare					
Admin. for Children Services	2,711	2,632	2,641	2,641	2,641
Department of Social Services	7,231	8,224	8,060	8,214	8,374
Dept. of Homeless Services	732	685	678	678	678
Dept Health & Mental Hygiene	1,684	1,562	1,586	1,589	1,595
Other Mayoral					
NY Public Library - Research	20	6	20	20	20
New York Public Library	107	21	106	106	106
Brooklyn Public Library	78	13	77	77	77
Queens Borough Public Library	76	13	75	75	75
Department for the Aging	274	230	230	230	230
Department of Cultural Affairs	161	160	157	157	157
Housing Preservation & Dev.	586	492	481	478	479
Dept of Environmental Prot.	911	884	875	873	871
Department of Finance	210	215	214	213	213
Department of Transportation	635	565	561	561	561
Dept of Parks and Recreation	343	334	331	330	325
Dept of Citywide Admin Srvces	1,011	979	977	977	977
All Other Mayoral	1,684	1,582	1,539	1,510	1,512
Major Organizations					
Department of Education	15,744	16,675	17,802	18,942	19,464
City University	636	577	563	563	563
Health and Hospitals Corp.	876	120	227	230	240
Other					
Citywide Pension Contributions	4,866	5,575	6,151	6,208	6,208
Miscellaneous	6,652	6,712	7,111	7,826	8,600
Debt Service	3,792	1,927	2,916	4,652	5,040
M.A.C. Debt Service	10	10	—	—	—
Prior Payable Adjustment	(400)	—	—	—	—
General Reserve	100	300	300	300	300
Energy Adjustment	(66)	(36)	(15)	(9)	(8)
Lease Adjustment	—	18	37	56	114
OTPS Inflation Adjustment	—	54	110	165	221
Elected Officials					
Mayoralty	88	85	85	85	85
All Other Elected	427	390	393	392	392
Total Including Intra-City	**$58,837**	**$58,443**	**$61,695**	**$65,542**	**$67,567**
Intra/City	1,417	1,337	1,344	1,345	1,345
Total Excluding Intra-City	**$57,420**	**$57,106**	**$60,351**	**$64,197**	**$66,222**

NEW YORK CITY
Five Year Expenditure Analysis
(City Funds - $ in million)

	2007	2008	2009	2010	2011
Uniformed Forces					
Police Department	3,553	3,603	3,578	3,556	3,554
Fire Department	1,273	1,250	1,243	1,239	1,239
Department of Correction	914	874	867	862	862
Department of Sanitation	1,201	1,223	1,253	1,278	1,334
Health and Welfare					
Admin. for Children Services	866	827	834	832	832
Department of Social Services	5,296	6,318	6,155	6,309	6,469
Dept. of Homeless Services	333	317	321	321	321
Dept Health & Mental Hygiene	638	607	603	600	600
Other Mayoral					
NY Public Library - Research	20	6	20	20	20
New York Public Library	107	21	106	106	106
Brooklyn Public Library	78	13	77	77	77
Queens Borough Public Library	76	13	75	75	75
Department for the Aging	134	100	100	100	100
Department of Cultural Affairs	158	159	157	157	157
Housing Preservation & Dev.	78	72	68	67	67
Dept of Environmental Prot.	849	829	820	818	816
Department of Finance	205	211	209	208	208
Department of Transportation	384	392	388	388	388
Dept of Parks and Recreation	253	252	252	252	252
Dept of Citywide Admin Srvces	194	173	173	173	173
All Other Mayoral	1,149	1,114	1,081	1,055	1,056
Major Organizations					
Department of Education	6,788	6,968	7,295	7,653	8,129
City University	403	378	364	364	364
Health and Hospitals Corp.	756	26	130	132	142
Other					
Citywide Pension Contributions	4,686	5,393	5,968	6,025	6,025
Miscellaneous	6,147	6,214	6,611	7,324	8,098
Debt Service	3,643	1,772	2,762	4,502	4,891
M.A.C. Debt Service	10	10	—	—	—
Prior Payable Adjustment	(400)	—	—	—	—
General Reserve	100	300	300	300	300
Energy Adjustment	(66)	(36)	(15)	(9)	(8)
Lease Adjustment	—	18	37	56	114
OTPS Inflation Adjustment	—	54	110	165	221
Elected Officials					
Mayoralty	67	68	67	67	67
All Other Elected	379	364	368	367	367
Citywide Total	**$40,272**	**$39,903**	**$42,377**	**$45,439**	**$47,416**

Revenue Detail
($ in millions)

	2007	2008	2009	2010	2011
Taxes:					
• Real Property	$12,941	$14,227	$15,377	$16,506	$17,459
• Personal Income	6,850	6,852	6,591	6,940	7,365
• General Corporation	2,773	2,863	2,812	2,981	3,188
• Banking Corporation	811	813	658	693	729
• Unincorporated Business	1,445	1,462	1,444	1,504	1,596
• Sale and Use	4,538	4,644	4,736	4,952	5,214
• Commercial Rent	512	550	566	583	601
• Real Property Transfer	1,483	1,264	1,163	1,178	1,207
• Mortgage Recording	1,391	1,189	1,118	1,132	1,159
• Utility	356	363	378	393	409
• Cigarette	120	117	113	111	109
• Hotel	332	332	338	350	362
• All Other	438	390	390	396	397
• Tax Audit Revenue	859	559	559	560	560
• Tax Reduction Program	—	(1,298)	(1,403)	(1,489)	(1,584)
• State Tax Relief Program	1,093	1,148	1,121	1,144	1,177
Total Taxes	**$35,942**	**$35,475**	**$35,961**	**$37,934**	**$39,948**
Miscellaneous Revenue:					
• Licenses, Franchises, Etc.	$428	$397	$403	$406	$411
• Interest Income	409	192	137	144	144
• Charges for Services	574	536	535	534	534
• Water and Sewer Charges	1,112	1,109	1,120	1,135	1,152
• Rental Income	191	173	172	171	171
• Fines and Forfeitures	709	736	734	735	734
• Miscellaneous	582	960	373	374	376
• Intra-City Revenue	1,417	1,337	1,344	1,345	1,345
Total Miscellaneous	**$5,422**	**$5,440**	**$4,818**	**$4,844**	**$4,867**

Revenue Detail

($ in millions)

	2007	2008	2009	2010	2011
Unrestricted Intergovernmental Aid:					
• N.Y. State Per Capita Aid	$327	$327	$327	$327	$327
• Other Federal and State Aid	13	13	13	13	13
Total Unrestricted Intergovernmental Aid	**$340**	**$340**	**$340**	**$340**	**$340**
Reserve for Disallowance of Categorical Grants	($15)	($15)	($15)	($15)	($15)
Less: Intra City Revenue	(1,417)	(1,337)	(1,344)	(1,345)	(1,345)
SUB TOTAL CITY FUNDS	**$40,272**	**$39,903**	**$39,760**	**$41,758**	**$43,795**
Other Categorical Grants	$1,061	$991	$1,003	$1,009	$1,004
Inter Fund Agreements	416	406	388	387	386
TOTAL CITY FUNDS & CAPITAL BUDGET TRANSFERS	**$41,749**	**$41,300**	**$41,151**	**$43,154**	**$45,185**
Federal Categorical Grants:					
• Community Development	$268	$255	$249	$247	$248
• Social Services	2,417	2,307	2,309	2,311	2,311
• Education	1,818	1,847	1,894	1,895	1,896
• Other	1,187	809	796	797	800
Total Federal Grants	**$5,690**	**$5,218**	**$5,248**	**$5,250**	**$5,255**
State Categorical Grants:					
• Social Services	$1,806	$1,817	$1,807	$1,807	$1,807
• Education	7,086	7,809	8,562	9,342	9,389
• Higher Education	188	188	188	188	188
• Department of Health and Mental Hygiene	462	434	438	435	438
• Other	439	340	340	340	339
Total State Grants	**$9,981**	**$10,588**	**$11,335**	**$12,112**	**$12,161**
TOTAL REVENUE	**$57,420**	**$57,106**	**$57,734**	**$60,516**	**$62,601**

Full-Time and Part-Time Positions (FTEs)

	12/31/01 Actual[1, 5] Total Funds	12/31/01 Actual[1, 5] City Funds	12/31/06 Actual Total Funds	12/31/06 Actual City Funds	06/30/08 January Plan Total Funds	06/30/08 January Plan City Funds
MAYORAL AGENCIES						
Uniform Forces						
Police Department - Uniform[2]	39,297	39,297	35,672	35,672	35,624	35,624
Police Department - Civilian	14,779	14,166	15,765	15,674	16,071	15,644
Fire Department - Uniform	11,120	11,113	11,554	11,544	11,243	11,232
Fire Department - Civilian	4,495	4,491	4,587	4,570	4,739	4,719
Sanitation Department - Uniform	7,957	7,810	7,917	7,766	7,775	7,622
Sanitation Department - Civilian	2,265	2,053	2,075	1,885	2,309	2,073
Department of Correction - Uniform	10,617	9,874	9,447	8,710	9,558	8,822
Department of Correction - Civilian	1,603	1,488	1,432	1,302	1,546	1,431
Subtotal	**92,133**	**90,292**	**88,449**	**87,123**	**88,865**	**87,167**
Health and Welfare						
Social Services	16,836	13,293	13,961	10,616	15,702	11,816
Administration for Children's Services	8,286	8,232	6,854	6,497	7,818	7,605
Homeless Services	2,090	2,081	2,087	2,054	2,287	2,286
Health and Mental Hygiene	5,442	4,398	5,925	4,591	6,029	5,083
Subtotal	**32,654**	**28,004**	**28,827**	**23,758**	**31,836**	**26,790**
Other Agencies						
Housing Preservation and Development	2,720	645	2,692	647	2,893	795
Environmental Protection	5,760	376	6,047	420	6,465	464
Finance	2,685	2,685	2,165	2,165	2,415	2,403
Transportation	4,415	2,498	4,325	2,142	4,412	2,392
Parks	6,630	6,231	5,741	5,337	6,978	6,482
Citywide Administrative Services	1,879	1,296	2,020	1,298	2,171	1,405
All Other	18,103	13,776	17,864	13,924	18,589	14,617
Subtotal	**42,192**	**27,507**	**40,854**	**25,933**	**43,923**	**28,558**
Education						
Department of Education - Pedagogical	112,810	95,407	111,570	90,328	110,400	88,315
Department of Education - Non-Pedagogical	25,442	22,174	26,012	23,311	26,081	22,747
City University - Pedagogical	4,273	4,273	4,698	4,691	4,168	4,168
City University - Non-Pedagogical	2,300	2,299	2,478	2,477	2,558	2,558
Subtotal	**144,825**	**124,153**	**144,758**	**120,807**	**143,207**	**117,788**
Total	**311,804**	**269,956**	**302,888**	**257,621**	**307,831**	**260,303**
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES[3]						
Health and Hospitals Corporation	37,941	37,941	39,249	39,249	39,500	39,500
Housing Authority	14,863	–	12,778	–	12,177	–
Libraries	4,428	4,428	4,231	4,231	4,328	4,328
Cultural Institutions[4]	1,728	1,728	1,992	1,992	1,670	1,670
School Construction Authority	933	933	506	506	699	699
New York City Employees Retirement System	368	368	376	376	377	377
Economic Development Corporation	344	344	389	389	388	388
Teachers Retirement System	308	308	374	374	401	401
Police Pension Fund	66	66	131	131	129	129
All Other	155	155	189	184	204	199
Subtotal	**61,134**	**46,271**	**60,215**	**47,432**	**59,873**	**47,691**
Total	**372,938**	**316,227**	**363,103**	**305,053**	**367,704**	**307,994**

1) *Adjusted for transfers.*
2) *Police Department uniform headcount will be at 37,838 with the swearing in of attrition replacement recruit classes July 1, 2007 and January 1, 2008.*
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

AGENCY FIVE YEAR SUMMARY

Police Department

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	3,542,978	3,586,281	3,561,755	3,539,100	3,538,002
Expenditure Increases / Reestimates	10,372	16,518	16,497	16,726	15,652
Financial Plan of 1/25/07	3,553,350	3,602,799	3,578,252	3,555,826	3,553,654

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	35,624U 9,845C	35,624U 9,845C	35,624U 9,845C	35,624U 9,845C	35,624U 9,845C
Expenditure Increases / Reestimates	145C				
Financial Plan of 1/25/07	35,624U 9,990C	35,624U 9,845C	35,624U 9,845C	35,624U 9,845C	35,624U 9,845C

U = Uniformed
C = Civilians

Police Department

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	35,624U 9,845C	3,542,978	3,586,281	3,561,755	3,539,100	3,538,002
Expenditure Increases / Reestimates						
Telecommunications Need Adjustment to telecommunications budget.	-	1,000	1,000	1,000	1,000	1,000
LAN/WAN Funding associated with ongoing maintenance and support of NYPD's computer network.	-	-	650	798	803	808
Real Time Crime Center Funding associated with ongoing maintenance and support of the Real Time Crime Center.	-	1,870	1,864	1,989	2,239	1,989
Aviation Unit NYPD's Aviation Unit requires additional funding to cover increased operating expenses.	-	-	756	722	692	692
LMCCC Traffic Management NYPD operating costs for traffic management for the Lower Manhattan Construction Command Center (LMCCC).	-	967	1,609	1,395	1,435	616
CWA 1180 CBA Collective bargaining adjustment for Principal Administrative Associates.	-	518	518	518	518	518
CSBA CBA Collective bargaining adjustment for Attorneys.	-	260	406	406	406	406

U = Uniformed
C = Civilians

*** As of 6/30/08**

Police Department

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
TEA CBA Collective bargaining adjustment for Traffic Enforcement Agents.	-	4,468	6,650	6,650	6,650	6,650
ATEA CBA Collective bargaining adjustment for Associate Traffic Enforcement Agents.	-	1,156	1,721	1,721	1,721	1,721
NYSNA CBA Collective bargaining adjustment for Nurses.	-	66	76	76	76	76
Auto Mechanics CBA Collective bargaining adjustment for Auto Mechanics.	-	767	1,267	1,221	1,185	1,175
Expansion of DNA Testing Additional funding to expand DNA testing to process backlogged burglary cases.	-	800	-	-	-	-
Lease Adjustment	-	(1,500)	-	-	-	-
Financial Plan of 1/25/07	35,624U 9,845C	3,553,350	3,602,798	3,578,251	3,555,825	3,553,653

U = Uniformed
C = Civilians

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Fire Department

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,226,581	1,212,316	1,202,824	1,195,410	1,195,616
Expenditure Increases / Reestimates	46,626	38,131	40,641	43,467	43,545
Financial Plan of 1/25/07	1,273,207	1,250,447	1,243,465	1,238,877	1,239,161

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	11,212U 4,555C	11,212U 4,649C	11,212U 4,649C	11,212U 4,649C	11,212U 4,649C
Expenditure Increases / Reestimates	20U 1C	20U 1C	20U 1C	20U 1C	20U 1C
Financial Plan of 1/25/07	11,232U 4,556C	11,232U 4,650C	11,232U 4,650C	11,232U 4,650C	11,232U 4,650C

U = Uniformed
C = Civilians

Fire Department

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	11,212U 4,649C	1,226,581	1,212,316	1,202,824	1,195,410	1,195,616
Expenditure Increases / Reestimates						
Probie Training Extension Probationary training for firefighters will be extended from 13 weeks 18 weeks in FY07 and from 13 weeks to 23 weeks in the out years.	-	1,910	12,423	12,423	12,423	12,423
Lieutenant Overtime due to List Delay As a result of the delay in filling the Lieutenant's list, there were significant vacancies among Lieutenants, which caused additional overtime in the first quarter of FY07	-	1,689	-	-	-	-
Uniformed Overtime due to Medical Leave and Light Duty Uniformed Overtime due to increased Medical Leave and Light Duty.	-	13,117	8,809	8,809	8,809	8,809
Uniformed OT Deficit Other Increased overtime due primarily to increased training.	-	5,339	-	-	-	-
Civilian Overtime Increased Overtime Expenditures for Fleet and Buildings maintenance.	-	560	-	-	-	-
Civilian Salaries Adjust baseline for Civilian Collective Bargaining.	-	200	200	200	200	200

U = Uniformed
C = Civilians

* As of 6/30/08

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Underground Storage Tanks Contracts	-	392	494	75	76	78
Voluntary Ambulance Companies Voluntary Ambulance Companies Workers' Compensation.	-	27	-	-	-	-
Transfer from Office of Payroll Administration Transfer of an employee from Office of Payroll Administration.	1C	45	45	45	45	45
Captain Development Program The Captains' Development Training Program trains new Captains in leadership, communication, and building construction and had been funded with Federal Homeland Security funds. This item is expected to be grant funded after FY07.	-	800	-	-	-	-
Consultant Review of Ladder Apparatus	-	400	-	-	-	-
John Jay Training Program This program will assist firefighters in developing their leadership and management potential via appropriate college courses offered at John Jay College.	-	250	250	250	250	250

C = Civilians

* As of 6/30/08

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Fleet OTPS Funding	-	1,307	1,307	1,307	1,307	1,307
Management Initiatives Management Initiatives Programming.	-	150	250	250	250	250
Facility Maintenance Contracts To fund increased costs of Buildings Maintenance.	-	2,877	2,877	2,877	2,877	2,877
Cleaning Contract Re-Bid Price To fund increased costs of cleaning contract for EMS Stations, FD Headquarters and Training Facilities.	-	1,653	1,653	1,653	1,653	1,653
Medical Supplies Price Increase To fund shortfall in the Medical Supplies OTPS Budget, due to price increases.	-	1,200	1,200	1,200	1,200	1,200
EMS Issues FDNY requires additional FTNG and OT to maintain current ambulance tour levels. This increase is offset by additional EMS Revenue.	-	(1,177)	(1,177)	(1,177)	(1,177)	(1,177)
Project Liberty The WTC Counseling Unit PS expenses beginning July FY'07 through Oct are not being funded under the National Institute for Occupational	-	382	-	-	-	-

* As of 6/30/08

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Safety and Health (NIOSH) grant. The PS grant funding via NIOSH commences in November.						
Counter Terrorism Center Funding Funding for the FDNY Center for Terrorism and Disaster Preparedness (CTDP) in FY07.	-	952	-	-	-	-
WTC Recovery FDNY presence at the World Trade Center Recovery Effort.	-	481	89	-	-	-
EMS Collective Bargaining	-	6,066	6,066	6,066	6,066	6,066
Miscellaneous Civilian Collective Bargaining	-	669	707	707	707	707
UFA Collective Bargaining Underfunding	-	-	2,078	5,018	7,761	7,761
Haz-Mat Companies Post Coverage Haz-Mat Companies Post Coverage negotiated as part of the UFA Collective Bargaining.	20U	732	860	938	1,020	1,096
Volunteer Fire Department Insurance	-	150	-	-	-	-
Firefighter OT Savings Uniformed Overtime Expenditures due to higher than expected attrition.	-	6,455	-	-	-	-
Financial Plan of 1/25/07	11,232U 4,650C	1,273,207	1,250,447	1,243,465	1,238,877	1,239,161

U = Uniformed
C = Civilians

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Department of Sanitation

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,179,948	1,187,339	1,182,693	1,178,441	1,178,441
Expenditure Increases / Reestimates	21,262	35,697	69,990	99,737	155,547
Financial Plan of 1/25/07	1,201,210	1,223,036	1,252,683	1,278,178	1,333,988

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	7,622U 2,000C	7,622U 2,001C	7,622U 2,000C	7,622U 2,001C	7,622U 2,001C
Expenditure Increases / Reestimates	5C	5C	5C	5C	248U 59C
Financial Plan of 1/25/07	7,622U 2,005C	7,622U 2,006C	7,622U 2,005C	7,622U 2,006C	7,870U 2,060C

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C = Civilians

Department of Sanitation

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	7,622U 2,001C	1,179,948	1,187,339	1,182,693	1,178,441	1,178,441
Expenditure Increases / Reestimates						
OROE Additional Funding Additional funding for the Office of Recycling, Outreach and Education (OROE), newly established under the Solid Waste Management Plan (SWMP).	-	-	611	1,062	1,062	-
Supervisor Headcount Increase This action is needed to maintain adequate Supervisor shift coverage and reduce overtime spending.	64U	271	1,421	1,572	1,744	2,004
Waste Disposal Contingency Increased costs for waste disposal related activities (landfill closure, waste export, etc.) necessitate additional funding in this unit of appropriation.	-	-	15,000	50,000	80,000	115,000
MTS Staffing As part of the July 2006 approved Solid Waste Management Plan (SWMP), DSNY will begin operation of four reconstructed marine transfer stations (MTS).	-	-	-	-	-	22,637
Public Recycling Pilot Program As part of the SWMP, DSNY will conduct a public recycling pilot program at select locations citywide to test the feasibility of	-	250	-	-	-	-

U = Uniformed
C = Civilians

* As of 6/30/08

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
recycling bins in transportation hubs, parks, and commercial districts.						
Lot Cleaning Facility Lease Increase Lease increase for a lot cleaning facility in Manhattan.	-	125	200	200	200	200
DSNY Facility Maintenance Maintenance contracts for aging boilers and other repairs at multiple facilities.	-	-	250	-	-	-
Convert Temporary to Full-Time Positions Converting temporary positions to full-time positions in the Telephone Coordinator Office and in the Medical Division.	5C	-	-	-	-	-
SWMP Legal Services As part of the July 2006 approved Solid Waste Management Plan (SWMP), legal services are required to assist DSNY in negotiating long-term (20-year) waste export contracts.	-	-	750	375	375	-
WTC Recovery Sanitation assistance with the ongoing World Trade Center recovery effort.	-	1,754	-	-	-	-
Collective Bargaining for PAA and Computer Associate (Tech Support)	-	82	82	82	82	82

C = Civilians

* As of 6/30/08

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Collective Bargaining for Agency Attorney	-	50	78	78	78	78
Collective Bargaining for SEA and ASEA Collective Bargaining for Sanitation Enforcement Agent and Associate Sanitation Enforcement Agent	-	385	573	573	573	573
Uniform Sanitation Officer Collective Bargaining Settlement Uniform Sanitation Officer (General Superintendent I and Supervisor) Collective Bargaining Settlement	(64)U	15,409	13,728	13,274	12,786	12,135
Collective Bargaining for Auto Trade Titles	-	2,912	4,338	4,109	4,171	4,171
Collective Bargaining for Staff Nurse	-	7	10	10	10	10
Snow Budget Five-Year Average Calculation Pursuant to the City Charter, DSNY must budget for snow costs based on a five-year moving average of historical costs.	-	-	(1,342)	(1,342)	(1,342)	(1,342)
Snapple Commission Revenue Offset Additional Snapple revenue commissions.	-	16	-	-	-	-
Financial Plan of 1/25/07	7,622U 2,006C	1,201,209	1,223,038	1,252,686	1,278,180	1,333,989

U = Uniformed
C = Civilians

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Department of Correction

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	887,648	863,039	860,232	855,668	855,668
Expenditure Increases / Reestimates	26,428	10,688	6,338	6,324	6,321
Financial Plan of 1/25/07	914,076	873,727	866,570	861,992	861,989

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	8,735U 1,381C	8,668U 1,372C	8,668U 1,372C	8,668U 1,372C	8,668U 1,372C
Expenditure Increases / Reestimates		154U 8C	112U 8C	112U 8C	112U 8C
Financial Plan of 1/25/07	8,735U 1,381C	8,822U 1,380C	8,780U 1,380C	8,780U 1,380C	8,780U 1,380C

U = Uniformed
C = Civilians

Department of Correction

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	8,668U 1,372C	887,648	863,039	860,232	855,668	855,668
Expenditure Increases / Reestimates						
Grand Jury Security and Escort Officers Security and escort posts required for Brooklyn Grand Jury.	4U	185	261	261	261	261
DNA Program One Correction Officer to coordinate DNA sample collection in accordance with a newly enacted NY State Law.	1U	47	66	66	66	66
Close Custody Program Posts Security and escort posts required for the newly created Close Custody Programs.	38U	2,232	2,505	2,505	2,505	2,505
Fire Safety Unit Staff to monitor and maintain new centralized fire command center at Rikers Island.	4U 5C	-	541	541	541	541
Intensive Treatment Unit Escorts Escort posts required for operation of the 32-bed Intensive Treatment Unit.	22U	1,038	1,463	-	-	-
Escort Posts for the Mental Health Assessment Unit Escort posts related to the 150-bed expansion of the Mental Health Assessment Unit for Infracted Inmates.	15U	705	993	-	-	-

U = Uniformed
C = Civilians

* As of 6/30/08

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Recruitment Unit Funding to enhance recruitment efforts, by creating a unit of recruiting specialists.	3C	517	463	463	463	463
Discharge Planning Officers In keeping with the Department's commitment to discharge planning, DOC will hire four correction officers for Discharge Planning, Programs, and Fresh Start Officers.	4U	-	261	261	261	261
Overtime Need Funding to match projected overtime expenditures in FY07.	-	8,316	-	-	-	-
Increase in the Food Budget Increase in the food budget, related to increased population and increased prices.	-	3,291	2,300	2,300	2,300	2,300
Model Education Program for Adults Discharged from DOC & DOP Commission on Economic Opportunity initiative to provide pathways to GED completion and college admission for 16-21 year olds released from DOC or DOP custody.	-	-	875	-	-	-
Expand Education for 18-21 year olds in Rikers	5U	-	1,003	-	-	-

U = Uniformed
C = Civilians

* As of 6/30/08

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Commission on Economic Opportunity initiative to expand the number of 18-21 year olds participating in education programs while incarcerated.						
Auto Mechanics Collective Bargaining	-	110	175	158	145	141
CSBA Collective Bargaining Civil Service Bar Association (CSBA) Collective Bargaining for city attorneys.	-	93	146	146	146	146
CWA 1180 Collective Bargaining Communication Workers of America (CWA) 1180 Collective Bargaining for Principal Administrative Associates.	-	179	179	179	179	179
NYSNA Collective Bargaining	-	22	25	25	25	25
Mobile Security - Tech Adj Addition of uniform headcount for the 61 Mobile Security positions that are currently funded via overtime.	61U	-	(566)	(566)	(566)	(566)
Lease Adjustment	-	484	-	-	-	-
Commissary Outsourcing Delay The outsourcing of the commissaries will not begin as scheduled.	-	6,065	-	-	-	-

U = Uniformed

* As of 6/30/08

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Court Staffing Adjustment/Feeder Pen Delay The transfer of feeder pen responsibilities to OCA will not be completed as scheduled.	-	3,143	-	-	-	-
Financial Plan of 1/25/07	8,822U 1,380C	914,075	873,729	866,571	861,994	861,990

U = Uniformed
C = Civilians

* As of 6/30/08

Admin. for Children Services

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	774,401	716,066	713,786	711,506	711,506
Expenditure Increases / Reestimates	91,514	110,831	120,299	120,299	120,299
Financial Plan of 1/25/07	865,915	826,897	834,085	831,805	831,805

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	6,871	6,871	6,871	6,871	6,871
Expenditure Increases / Reestimates	509	494	490	490	490
Financial Plan of 1/25/07	7,380	7,365	7,361	7,361	7,361

Admin. for Children Services

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	6,871	774,401	716,066	713,786	711,506	711,506
Expenditure Increases / Reestimates						
Child Protective Field Office Support Increased support for field office operations, including funding for transportation, translation services, and mobile phones.	-	2,532	2,532	2,532	2,532	2,532
Day Care Renovations Funding for day care center renovations that are not eligible for capital financing.	-	1,143	-	-	-	-
Central Insurance Costs Increased costs of health and liability insurance in contracted child care programs.	-	13,000	-	-	-	-
Child Protective Staff Funding for additional child protective specialists (CPS), supervisors, and support staff. This increase will provide for 1,353 CPS to support an increased workload in the field offices.	592	7,602	13,534	13,534	13,534	13,534
Protective Services Day Program Funding for the emergency purchase of furniture, clothes, food, and other supplies for children and families.	-	3,271	-	-	-	-
Family Court Legal Services Additional attorneys to reduce workloads and enhance ACS practice in the Family Court.	65	664	2,089	2,013	2,013	2,013

* As of 6/30/08

Admin. for Children Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Family Day Care Maintain Family Child Care Services funded in the 2005 Adopted Budget.	-	-	10,000	10,000	10,000	10,000
Foster Care and Adoption Rate Increase Funding for an increase in the foster care administrative rate and the foster care and adoption stipends. Support is also provided for a 2.8 percent cost-of-living increase, which was implemented in the State 06-07 budget.	-	14,687	17,521	17,521	17,521	17,521
Out-of-School Time Enhancement Funds for approximately 3,500 Out-of School Time (OST) slots in 2008, increasing to 5,000 in 2009. ACS will work with the Department of Youth and Community Development (DYCD) to develop additional after-school capacity in OST programs.	-	-	10,000	14,000	14,000	14,000
Increase in Child Care Expenditures Funding for increased child care demand among families on public assistance and those transitioning to employment.	-	25,000	30,000	35,000	35,000	35,000
Caseload Reestimate Reestimate of staffing in direct foster care	(175)	-	-	-	-	-

* As of 6/30/08

Admin. for Children Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
due to a decline in the number of children in direct care settings.						
"Take Good Care of Your Baby" Campaign Funding for a citywide child safety public service and education campaign.	-	653	653	653	653	653
Social Services Child Care Slots Additional funding to maintain 2,500 social service priority child care slots.	-	1,125	2,249	3,057	3,057	3,057
Child Care Classroom Transition Funding for summer 2006 costs related to school age classrooms in ACS that closed in September due to the OST transition.	-	2,000	-	-	-	-
CEO: Early Childhood Policy and Planning Staff support to develop a cross-agency planning agenda to address key issues including quality enhancement, facilities development and integration, and coordination of early childhood services.	1	39	58	-	-	-
CEO: Individual Development Accounts Funding for a program serving teens in foster	3	16	206	-	-	-

* As of 6/30/08

Admin. for Children Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
care that matches their savings with city and private funds. These funds can be used for eligible expenses that meet housing, education, or employment needs.						
Collective Bargaining Increase	-	740	978	978	978	978
Child Care Transfer Adjusts funding related to the transfer of the child care program from HRA to ACS to account for actual implementation dates.	-	(1,457)	512	512	512	512
State Budget Adjustment Realigns revenue to reflect changes in the allocation of State Flexible Fund dollars between ACS and HRA.	-	20,500	20,500	20,500	20,500	20,500
Juvenile Justice Initiative Additional staff to manage the Juvenile Justice Initiative which will reduce inappropriate foster care placements of delinquent youth.	8	-	-	-	-	-
Financial Plan of 1/25/07	7,365	865,916	826,898	834,086	831,806	831,806

* As of 6/30/08

Department of Social Services

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	5,135,228	5,290,339	5,435,905	5,571,797	5,571,797
Expenditure Increases / Reestimates	160,343	1,027,850	719,129	737,091	896,760
Financial Plan of 1/25/07	5,295,571	6,318,189	6,155,034	6,308,888	6,468,557

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	11,696	11,753	11,753	11,753	11,753
Expenditure Increases / Reestimates	(219)	63	52	52	52
Financial Plan of 1/25/07	11,477	11,816	11,805	11,805	11,805

Department of Social Services

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	11,753	5,135,228	5,290,339	5,435,905	5,571,797	5,571,797
Expenditure Increases / Reestimates						
Adult Protective Services Casework Staff Funds caseworkers and supervisors for an increasing caseload in the Adult Protective Services (APS) borough offices. APS provides a variety of services to adults who are mentally and/or physically impaired and have no other sources of assistance.	37	-	795	704	704	704
Additional Job Training Participants Funding to increase the number of public assistance clients in the Job Training Participant Program.	-	434	1,301	1,301	1,301	1,301
Medicaid Consolidation Consolidate Medicaid payments in HRA to simplify transactions with NY State and to reflect the State Medicaid Cap.	-	215,202	1,079,467	775,967	793,930	953,599
Software Technical Assistance Funding for contract to provide technical assistance and upgrades for agency computer software programs.	-	1,600	2,399	2,399	2,399	2,399
CEO: Evaluation and Measurement Funding for staff and consultant services to evaluate CEO initiatives and to develop more in-depth indices to measure poverty in New York City.	6	2,108	4,637	-	-	-

* As of 6/30/08

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
CEO: Employment Services for Non-Custodial Parents Funding for a program providing employment and training to non custodial parents to incentivize and increase compliance with child support requirements. Counseling services and parenting programs are enhancements included in the program.	-	-	381	-	-	-
CEO: Enhanced Employment Services Enhanced services to link public assistance recipients with public and private employment opportunities through the BusinessLink program.	5	28	111	-	-	-
Collective Bargaining Increase	-	1,620	1,716	1,716	1,716	1,716
Child Care Transfer Adjusts funding related to the transfer of the child care program from HRA to ACS to account for actual implementation dates.	-	1,457	(512)	(512)	(512)	(512)
State Budget Adjustment Realigns revenue to reflect changes in the allocation of State Flexible Fund dollars between ACS and HRA.	-	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)

* As of 6/30/08

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Public Assistance Reestimate Adjusts public assistance budget for changes in public assistance (PA) expenditure and caseload trends. There are projected to be 373,700 clients receiving PA by June 2007.	-	(41,605)	(41,946)	(41,946)	(41,946)	(41,946)
Headcount Realignment Additional staff for building maintenance will reduce overtime costs in the agency.	15	-	-	-	-	-
Financial Plan of 1/25/07	11,816	5,295,572	6,318,188	6,155,034	6,308,889	6,468,558

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Dept. of Homeless Services

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	315,257	318,410	323,536	323,536	323,536
Expenditure Increases / Reestimates	18,108	(938)	(2,056)	(2,836)	(2,836)
Financial Plan of 1/25/07	333,365	317,472	321,480	320,700	320,700

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,314	2,285	2,285	2,285	2,285
Expenditure Increases / Reestimates	(2)	(2)	(2)	(2)	(2)
Financial Plan of 1/25/07	2,312	2,283	2,283	2,283	2,283

Dept. of Homeless Services

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,285	315,257	318,410	323,536	323,536	323,536
Expenditure Increases / Reestimates						
Family Capacity Increase Funding for additional shelter units for homeless families.	-	17,532	-	-	-	-
Information Technology Consultants Funding for consultants to support agency information technology needs.	-	1,897	1,897	780	-	-
Collective Bargaining Increase	-	369	450	450	450	450
Funding Transfer Transfers funds for HPD clients from DHS to HPD.	-	(3,248)	(3,248)	(3,248)	(3,248)	(3,248)
Headcount Transfer Transfer of positions from DHS to DCAS for implementation of the New York City Automated Personnel System.	(2)	(13)	(37)	(38)	(38)	(38)
Pre-Placement Capacity Partially restores funding for pre-placement capacity, which had been eliminated in the Nov 06 plan as the agency began to implement a new family intake model that was expected to result in fewer after-hours applications.	-	1,571	-	-	-	-
Financial Plan of 1/25/07	2,283	333,365	317,472	321,480	320,700	320,700

* As of 6/30/08

Youth & Community Development

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	212,769	145,706	145,706	145,706	145,706
Expenditure Increases / Reestimates	3,989	45,035	33,457	33,457	33,457
Financial Plan of 1/25/07	216,758	190,741	179,163	179,163	179,163

City Funded Headcount					
Baseline Per Financial Plan - 11/01/06	204	204	204	204	204
Expenditure Increases / Reestimates	15	15	5	5	5
Financial Plan of 1/25/07	219	219	209	209	209

Youth & Community Development

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	204	212,769	145,706	145,706	145,706	145,706
Expenditure Increases / Reestimates						
Audit Funding Funding to conduct audits of DYCD contractors to ensure adherence to DYCD's fiscal policies and procedures.	-	-	3,867	-	-	-
Data Entry Contract Funding Funding for a short-term contract for data entry into the NY State Workforce Investment reporting system.	-	158	631	-	-	-
Out of School Time (OST) Expansion Additional funding in DYCD and in ACS will create 10,000 new elementary year round slots in 2008 and 14,000 new slots in 2009. Funds are also provided to convert 5,000 summer slots to year-round programs. By 2009, there will be 35,000 OST elementary school slots citywide.	5	103	22,273	30,273	30,273	30,273
PS Budget Adjustment Adjusts PS budget for structural changes due to loss of federal funding.	-	3,084	3,084	3,084	3,084	3,084
CEO: Youth Internships CEO initiative to create youth internships leading to employment for 1,400 disconnected youth each year.	5	250	9,407	-	-	-

* As of 6/30/08

Youth & Community Development

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
CEO: Service Learning CEO initiative to create service learning programs for 4,500 youth each year in OST and Beacon school settings.	5	184	5,673	-	-	-
Collective Bargaining Increase	-	97	101	101	101	101
Lease Adjustment	-	113	-	-	-	-
Financial Plan of 1/25/07	219	216,758	190,742	179,164	179,164	179,164

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Dept Health & Mental Hygiene

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	636,262	593,654	594,517	590,855	589,994
Expenditure Increases / Reestimates	1,826	13,754	8,092	9,145	10,311
Financial Plan of 1/25/07	638,088	607,408	602,609	600,000	600,305

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	3,079	3,229	3,234	3,217	3,217
Expenditure Increases / Reestimates	23	593	588	589	591
Financial Plan of 1/25/07	3,102	3,822	3,822	3,806	3,808

Dept Health & Mental Hygiene

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	3,229	636,262	593,654	594,517	590,855	589,994
Expenditure Increases / Reestimates						
Facilities Operations & Safety Additional maintenance staff and peace officers at various DOHMH facilities.	20	-	1,007	959	986	986
Reproductive Health Outreach to High-School Age Adolescents Creates team to conduct presentations on reproductive health and offer testing and treatment for Chlamydia and Gonorrhea.	9	-	590	578	578	578
Antimicrobial Resistance Surveillance & Response Surveillance, reporting, and education of antimicrobial resistant diseases to the medical community and the public.	8	-	765	587	587	587
New York / New York III Contracting Staff Staff to begin contracting with community groups for supportive housing associated with the New York / New York III agreement.	9	169	678	902	966	1,121
Correctional Health and Mental Health Programming Funds increases for the care and treatment of inmates in City-run correctional facilities.	2	-	3,348	3,204	3,204	3,204
Information Technology Needs Provides for non-capital eligible technology expenses.	-	-	684	-	-	-

* As of 6/30/08

Dept Health & Mental Hygiene

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Correctional Health Pharmaceutical Increase Provides funds for purchase of pharmaceuticals for inmates in City-run correctional facilities.	-	-	3,596	4,513	5,476	6,487
Correctional Health Fringe Cost Fringe cost increases associated with HHC staff at the Vernon C. Bain Center.	-	-	420	447	447	447
CEO: School Based Health and Reproductive Health Centers Provides for operation of five health and reproductive health centers in selected high schools.	3	48	855	-	-	-
CEO: Food Policy Program Promotes wider availability of health food options in targeted low-income neighborhoods.	5	182	182	-	-	-
Collective Bargaining Increase Collective bargaining increase for CSBA, CWA 1180, and auto mechanics.	-	446	491	490	489	488
OCME Maintenance Transfer Transfers funds and headcount from DCAS to OCME for operation of Manhattan Mortuary.	5	144	288	288	288	288

* As of 6/30/08

Dept Health & Mental Hygiene

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
NYCAPS Functional Transfer Transfers funds and headcount to DCAS to implement a City-wide automated personnel system.	(2)	(38)	(115)	(115)	(115)	(115)
Headcount Realignment Conversion of per diem employees to full-time status.	534	-	90	90	90	90
Intra-City with DOE for School Health Services Increase to intra-city with Department of Education to provide public health services in schools.	-	875	875	875	875	875
Nurse Family Partnership Offers the program to all first time mothers in high-poverty areas. Will seek Medicaid eligibility for the program intended to promote healthy babies and reduce unwanted hospitalizations.	-	-	-	(4,727)	(4,727)	(4,727)
Financial Plan of 1/25/07	3,822	638,088	607,408	602,608	599,999	600,303

* As of 6/30/08

Housing Preservation & Dev.

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	72,234	66,282	64,015	63,408	63,408
Expenditure Increases / Reestimates	5,456	6,045	3,551	3,551	3,551
Financial Plan of 1/25/07	77,690	72,327	67,566	66,959	66,959

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	738	740	740	738	738
Expenditure Increases / Reestimates	28	29	25	25	25
Financial Plan of 1/25/07	766	769	765	763	763

Housing Preservation & Dev.

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	740	72,234	66,282	64,015	63,408	63,408
Expenditure Increases / Reestimates						
Family Self-Sufficiency Program (CEO) Expansion of the agency Family Self-Sufficiency (FSS) program as per the recommendation of the Center for Economic Opportunity.	4	1,626	2,163	-	-	-
Collective Bargaining CSBA (Attorneys) Salary Adjustments	-	95	148	148	148	148
Collective Bargaining CWA (Principle Administrative Associates) Salary Adjustments	-	155	155	155	155	155
Funding Transfer Transfers funds for HPD clients from DHS to HPD.	-	3,248	3,248	3,248	3,248	3,248
Funding adjustment Adjustment to the agency budget as a result of Federal legislation.	25	332	332	-	-	-
Financial Plan of 1/25/07	769	77,690	72,328	67,566	66,959	66,959

* As of 6/30/08

Department of Buildings

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	87,461	80,193	79,538	79,435	79,435
Expenditure Increases / Reestimates	2,594	2,206	2,206	2,206	1,952
Financial Plan of 1/25/07	90,055	82,399	81,744	81,641	81,387

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,194	1,174	1,174	1,174	1,174
Expenditure Increases / Reestimates	22	22	22	22	22
Financial Plan of 1/25/07	1,216	1,196	1,196	1,196	1,196

Department of Buildings

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,174	87,461	80,193	79,538	79,435	79,435
Expenditure Increases / Reestimates						
LMCCC funding	8	318	516	516	516	262
Scaffold Task Force Funding is to create a scaffold inspection unit. This unit will consist of fifteen positions, including ten inspectors.	15	1,065	1,205	1,205	1,205	1,205
Retaining Walls Consultant	-	100	100	100	100	100
CSBA - Attorneys CSBA - Attorneys Collective Bargaining	-	105	163	163	163	163
CWA - Principal Administrative Associates CWA - Principal Administrative Associates collective bargaining	-	281	281	281	281	281
NYCAPS Transfer	(1)	(20)	(59)	(59)	(59)	(59)
DoITT I/C DoITT telecom adjustment	-	745	-	-	-	-
Financial Plan of 1/25/07	1,196	90,055	82,399	81,744	81,641	81,387

* As of 6/30/08

Dept of Environmental Prot.

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	847,252	826,734	818,064	815,509	815,525
Expenditure Increases / Reestimates	1,953	2,106	2,142	2,180	891
Financial Plan of 1/25/07	849,205	828,840	820,206	817,689	816,416

City Funded Headcount					
Baseline Per Financial Plan - 11/01/06	312	312	307	307	307
Financial Plan of 1/25/07	312	312	307	307	307

Dept of Environmental Prot.

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	312	847,252	826,734	818,064	815,509	815,525
Expenditure Increases / Reestimates						
Croton Filtration Forestry Funding for Croton Filtration Forestry Program with NYC Parks Department.	-	1,175	1,214	1,251	1,289	-
CSBA Salary Adjustments	-	201	313	313	313	313
CWA Salary Adjustment	-	578	578	578	578	578
Financial Plan of 1/25/07	312	849,206	828,839	820,206	817,689	816,416

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Department of Finance

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	204,604	210,308	208,807	207,776	207,776
Expenditure Increases / Reestimates	680	632	632	632	632
Financial Plan of 1/25/07	205,284	210,940	209,439	208,408	208,408

City Funded Headcount					
Baseline Per Financial Plan - 11/01/06	2,246	2,246	2,246	2,246	2,246
Expenditure Increases / Reestimates	(4)	(4)	(4)	(4)	(4)
Financial Plan of 1/25/07	2,242	2,242	2,242	2,242	2,242

Department of Finance

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,246	204,604	210,308	208,807	207,776	207,776
Expenditure Increases / Reestimates						
Collective Bargaining Increase - CWA 1180	-	597	597	597	597	597
Collective Bargaining Increases - CSBA	-	156	243	243	243	243
NYCAPS functional transfer Transfer of 4 heads from the Department of Finance to DCAS for NYCAPS.	(4)	(73)	(209)	(209)	(209)	(209)
Financial Plan of 1/25/07	2,242	205,284	210,939	209,438	208,407	208,407

* As of 6/30/08

Department of Transportation

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	379,511	379,061	379,061	379,006	379,006
Expenditure Increases / Reestimates	4,752	12,770	8,913	8,913	8,913
Financial Plan of 1/25/07	384,263	391,831	387,974	387,919	387,919

City Funded Headcount					
Baseline Per Financial Plan - 11/01/06	2,255	2,292	2,292	2,292	2,292
Expenditure Increases / Reestimates	4	4	4	4	4
Financial Plan of 1/25/07	2,259	2,296	2,296	2,296	2,296

Department of Transportation

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,292	379,511	379,061	379,061	379,006	379,006
Expenditure Increases / Reestimates						
Staten Island Ferry Terminal Cleaning Contract Cost increases related to the Staten Island Ferry Terminal Cleaning contract.	-	(504)	27	160	160	160
Yankee Stadium Barge Repair Repair costs incurred by EDC related to a floating barge that functions as a landing for private ferry operations during Yankee Stadium events.	-	150	-	-	-	-
Off-Site Storage Funding for a contract for off-site storage of DOT records that were previously stored at the Battery Maritime Building.	-	100	250	250	250	250
Streetlight Contract Increased funding to cover the cost of DOT's 2-year Streetlight Contract based on recent bids.	-	1,422	3,412	3,412	3,412	3,412
Yankee Stadium Parking Study A one time allocation for a study that will look into the effect of the new Yankee Stadium project on available residential parking.	-	150	-	-	-	-

* As of 6/30/08

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Environmental Compliance - Spill Prevention and Control Program Funding for a consultant to develop a Spill Prevention and Control Program as required by federal law.	-	50	100	-	-	-
Microfiche CD Conversion Funds for the conversion of Bridge drawings currently stored in microfilm files into CDs.	-	100	-	-	-	-
Emergency Spill Response Funding for actual costs incurred due to spill clean-up.	-	130	-	-	-	-
ULURP for Grace Asphalt Purchase An allocation for a consultant retained to prepare ULURP application for the purchase of the Grace Asphalt Plant.	-	204	-	-	-	-
Bus Rapid Transit Lanes Funding is required to implement the first phase of the Bus Rapid Transit Demonstration Program, consisting of applying a solid color overlay onto five designated Rapid Transit routes.	-	-	2,000	-	-	-
NYCAPS Unsalaried PS Additional part time personnel in FY08 for	-	-	90	-	-	-

* As of 6/30/08

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
continuing implementation work associated with NYCAPS.						
Permit Staff Funding for five new positions to handle increased parking permit activity.	5	1,143	1,143	1,143	1,143	1,143
Moving Costs related to DOT's Consolidation to 55 Water St. - Roll DOT will move into 55 Water Street in FY08 and not FY07 as originally planned. Therefore funds available for moving costs are being rolled to FY08.	-	(1,800)	1,800	-	-	-
NYCAPS Position Transfer to DCAS In accordance with Mayor's Executive Order No. 99 dated January 3, 2007, one position is being transferred from DOT to DCAS as part of the functional transfer of the administration of the Health Benefits program through NYCAPS.	(1)	(19)	(46)	(46)	(46)	(46)
Collective Barg 220 Titles (Skilled Trades). Collective bargaining for 220 titles.	-	3,493	3,649	3,649	3,649	3,649
Annuity Payments Annuity payments for various titles as required by union contract.	-	106	106	106	106	106

* As of 6/30/08

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Collective Bargaining CSBA Collective Bargaining for CSBA union (Attorneys).	-	21	33	33	33	33
Collective Bargaining CWA 1180 Collective Bargaining for CWA 1180 (Principal Administrative Associates).	-	208	208	208	208	208
Lease Adjustment	-	(200)	-	-	-	-
Financial Plan of 1/25/07	2,296	384,265	391,833	387,976	387,921	387,921

* As of 6/30/08

Dept of Parks and Recreation

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	247,218	226,598	225,958	225,958	225,958
Expenditure Increases / Reestimates	6,109	25,739	25,644	25,644	25,644
Financial Plan of 1/25/07	253,327	252,337	251,602	251,602	251,602

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,855	2,801	2,801	2,800	2,800
Expenditure Increases / Reestimates	149	324	324	324	252
Financial Plan of 1/25/07	3,004	3,125	3,125	3,124	3,052

Dept of Parks and Recreation

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,801	247,218	226,598	225,958	225,958	225,958
Expenditure Increases / Reestimates						
WCS Zoo Collective Bargaining Subsidy Increase for Wildlife Conservation Society labor costs at the Central Park Zoo, Prospect Park Zoo, and the Queens Zoo	-	298	434	434	434	434
Central Park Conservancy's Concession Match Baseline Increase for Subsidy to CPC	-	-	2,000	2,000	2,000	2,000
Central Park Conservancy Special Event Revenue Match Subsidy Increase for CPC.	-	759	-	-	-	-
Asian Longhorn Beetle Vehicle Rentals Rental of Vehicles for Wood Chipping in Infested Areas.	-	193	-	-	-	-
Croton Filtration Forestry Funding for Croton Filtration Forestry Program with NYC Parks Department.	22	-	-	-	-	-
Additional Staffing for Park Maintenance Additional City Park Workers for Increased Maintenance at Various Sites, Citywide	62	882	2,269	2,269	2,269	2,269
Chemical Storage Tanks Conversion of Tanks to Meet State Requirements	-	160	-	-	-	-

* As of 6/30/08

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Maintenance Workers at Playgrounds Additional Staffing for Maintenance of Playground Equipment	40	1,121	2,014	2,014	2,014	2,014
Additional Staffing for New Parks Various positions required to maintain over 40 new Parks or Facilities within Parks.	34	1,244	2,937	2,842	2,842	2,842
Staffing for Flushing Meadows Corona Park Pool and Ice Rink Lifeguards and Other Positions to Maintain and Operate the New Facility. Funded with US Tennis Association Endowment Interest Revenues.	50	-	-	-	-	-
Expense Vehicle Replacement 50% Increase to Vehicle Budget to Allow for Improved Replacement Cycle.	-	1,000	1,000	1,000	1,000	1,000
CSBA Collective Bargaining for Attorney titles.	-	31	49	49	49	49
CWA Collective Bargaining for PAAs	-	292	292	292	292	292
NY Hospital Queens Temporary Parking The New York Queens Hospital has paid the standard construction permit fee of $0.22	-	100	-	-	-	-

* As of 6/30/08

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
cents per square foot per month for the temporary parking use of approximately 2.5 acres of park space.						
Community Events, Wegner Wagon and overtime revenue adjustments The Department of Parks and Recreation will generate fees from the use of the Wegner Wagon for special community events. Events fees and the reimbursement of overtime expenses will offset associated staffing costs.	-	-	500	500	500	500
Lease Adjustment	-	28	-	-	-	-
Baseline PEP Officer Funding Baseline Funding for Parks Enforcement Patrol at Various Parks, Citywide	81	-	3,000	3,000	3,000	3,000
Baseline Gardeners Funding Baseline Funding for Assistant Gardener Fixed Posts at Various Locations, Citywide, as Part of the Neighborhood Parks Improvement Program	35	-	1,500	1,500	1,500	1,500
Baseline Seasonal Funding Baseline Funding for Beach, Pool, and Playground Summer Season Maintenance and Recreation Staff	-	-	7,286	7,286	7,286	7,286

* As of 6/30/08

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Baseline Pruning Funding Baseline Funding for Contracts for Street Tree Pruning, Citywide	-	-	2,092	2,092	2,092	2,092
Baseline Stump Removal Funding Baseline Funding for Contracts for Stump Removal on Streets, Citywide	-	-	366	366	366	366
Financial Plan of 1/25/07	3,125	253,326	252,337	251,602	251,602	251,602

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Dept of Citywide Admin Srvces

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	192,733	169,796	169,789	169,789	169,789
Expenditure Increases / Reestimates	1,082	3,628	3,628	3,628	3,628
Financial Plan of 1/25/07	193,815	173,424	173,417	173,417	173,417

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,136	1,136	1,136	1,136	1,136
Expenditure Increases / Reestimates	11	11	11	11	11
Financial Plan of 1/25/07	1,147	1,147	1,147	1,147	1,147

Dept of Citywide Admin Srvces

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	1,136	192,733	169,796	169,789	169,789	169,789
Expenditure Increases / Reestimates						
Fleet Administration Staff Funding to hire staff to conduct agency fleet studies.	2	75	150	150	150	150
Board of Standards and Appeals Collective Bargaining Adjustment	-	17	17	17	17	17
Coastal Storm Plan Personnel Training Transfer of $989K of the Coastal Storm Plan (CSP) funding, previously provided to DCAS, to OEM to support the personnel training component of the CSP.	-	(989)	-	-	-	-
Administrative Law Judge Institute Funding for the Office of Administrative Trials and Hearings' (OATH's) Administrative Law Judge (ALJ) Institute to provide ethics and training workshops.	1	18	92	92	92	92
Office of Energy Conservation Building Energy Audits Office of Energy Conservation building energy audits on DCAS managed buildings to provide recommendations for energy savings.	-	-	300	300	300	300
Funds for Increase in New Security Contract Funds for an increase in costs associated	-	1,498	2,215	2,215	2,215	2,215

* As of 6/30/08

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
with the security contract that began December 1, 2006 for DCAS-managed buildings.						
Common Charges Increase for 330 Jay Street Increased common charges for 330 Jay Street.	-	152	305	305	305	305
Collective Bargaining Increase for CWA 1180	-	227	227	227	227	227
Collective Bargaining Increase for CSBA	-	66	102	102	102	102
NYCAPS Functional Transfer	13	243	671	671	671	671
OCME Building Maintenance Transfer of funds for OCME building maintenance.	(5)	(225)	(451)	(451)	(451)	(451)
Financial Plan of 1/25/07	1,147	193,815	173,424	173,417	173,417	173,417

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

NY Public Library - Research

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	6,196	20,041	20,041	20,041	20,041
Expenditure Increases / Reestimates	14,213	(14,135)	21	21	21
Financial Plan of 1/25/07	20,409	5,906	20,062	20,062	20,062

NY Public Library - Research

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	-	6,196	20,041	20,041	20,041	20,041
Expenditure Increases / Reestimates						
NY Research Libraries Welfare Fund Increase	-	56	21	21	21	21
FY08 Jan Plan Prepayment Prepayment in FY07 of the NY Research Libraries FY08 subsidy	-	14,156	(14,156)	-	-	-
Financial Plan of 1/25/07	-	20,408	5,906	20,062	20,062	20,062

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

New York Public Library

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	21,350	105,533	105,533	105,533	105,533
Expenditure Increases / Reestimates	85,213	(84,586)	171	171	171
Financial Plan of 1/25/07	106,563	20,947	105,704	105,704	105,704

New York Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	-	21,350	105,533	105,533	105,533	105,533
Expenditure Increases / Reestimates						
New York Public Library Welfare Fund Increase	-	456	171	171	171	171
FY08 Jan Plan Prepayment Prepayment in FY07 of the New York Public Library FY08 subsidy	-	84,757	(84,757)	-	-	-
Financial Plan of 1/25/07	-	106,563	20,947	105,704	105,704	105,704

* As of 6/30/08

Brooklyn Public Library

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	13,725	77,268	77,268	77,268	77,268
Expenditure Increases / Reestimates	64,475	(63,875)	164	164	164
Financial Plan of 1/25/07	78,200	13,393	77,432	77,432	77,432

Brooklyn Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	-	13,725	77,268	77,268	77,268	77,268
Expenditure Increases / Reestimates						
Brooklyn Public Library Welfare Fund Increase	-	436	164	164	164	164
FY08 Jan Plan Prepayment Prepayment in FY07 of the Brooklyn Public Library FY08 subsidy	-	64,039	(64,039)	-	-	-
Financial Plan of 1/25/07	-	78,200	13,393	77,432	77,432	77,432

* As of 6/30/08

Queens Borough Public Library

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	13,642	75,067	75,067	75,067	75,067
Expenditure Increases / Reestimates	62,270	(61,688)	159	159	159
Financial Plan of 1/25/07	75,912	13,379	75,226	75,226	75,226

Queens Borough Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	-	13,642	75,067	75,067	75,067	75,067
Expenditure Increases / Reestimates						
Queens Borough Public Library Welfare Fund Increase	-	423	159	159	159	159
FY08 Jan Plan Prepayment Prepayment in FY07 of the Queens Borough Public Library FY08 subsidy	-	61,847	(61,847)	-	-	-
Financial Plan of 1/25/07	-	75,912	13,379	75,226	75,226	75,226

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Department of Cultural Affairs

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	157,492	121,144	121,144	121,144	121,144
	-	37,488	34,988	34,988	34,988
Expenditure Increases / Reestimates	608	596	596	596	596
Financial Plan of 1/25/07	158,100	159,228	156,728	156,728	156,728

City Funded Headcount					
Baseline Per Financial Plan - 11/01/06	37	37	37	37	37
Expenditure Increases / Reestimates		6	6	6	6
Financial Plan of 1/25/07	37	43	43	43	43

Department of Cultural Affairs

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	37	157,492	121,144	121,144	121,144	121,144
Expenditure Increases / Reestimates						
DCA Staff Increase to DCA PS budget.	6	-	513	513	513	513
DCA OTPS Increase to OTPS funding to supply additional panels to review funding requests.	-	-	25	25	25	25
Collective Bargaining Collective Bargaining for CWA Titles	-	5	5	5	5	5
Welfare Fund Increase Welfare Fund Increase for the Cultural Institutions	-	603	226	226	226	226
DCA Rent Savings Rent savings from relocation to 31 Chambers Street, 2nd Floor.	-	-	(173)	(173)	(173)	(173)
DCA Institutions Funding Increase to baseline funding for Cultural Institutions.	-	-	18,557	18,557	18,557	18,557
DCA Programs Funding Increase to baseline funding for Cultural Development Fund (CDF).	-	-	18,931	16,431	16,431	16,431
Financial Plan of 1/25/07	43	158,100	159,228	156,728	156,728	156,728

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Dept. Small Business Services

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	61,909	47,078	46,702	29,174	29,174
Expenditure Increases / Reestimates	4,596	22,897	1,150	514	480
Financial Plan of 1/25/07	66,505	69,975	47,852	29,688	29,654

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	120	120	119	119	119
Expenditure Increases / Reestimates	20	29	6	5	5
Financial Plan of 1/25/07	140	149	125	124	124

Dept. Small Business Services

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	120	61,909	47,078	46,702	29,174	29,174
Expenditure Increases / Reestimates						
GIPEC City commitment for Governors Island Preservation & Education Corporation in FY08.	-	-	7,000	-	-	-
Staff for agency administration	2	41	111	111	111	111
B&DD - Business Express	2	45	126	126	126	126
B&DD Clean Streets Program	1	-	917	703	-	-
Downtown Alliance Security	-	125	-	-	-	-
DEFO Construction Commission EO 50	-	3	10	10	10	10
MCCO-Economically Disadvantaged Program	1	-	97	96	96	96
Garment Industry Development Corporation	-	-	137	-	-	-
Waterfront Inspection Program	-	500	-	-	-	-
CEO - City Contractors Orientation	-	100	300	-	-	-
CEO - Workforce Coordination - CBOs	10	348	944	-	-	-
CEO - Workforce Coordination - Training	6	692	692	-	-	-
CEO - Workforce Coordination - FSET	2	189	189	-	-	-

* As of 6/30/08

Dept. Small Business Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
CEO - Transitional Jobs & Re-entry	-	-	3,311	-	-	-
CEO - CustomizedTraining Grants	-	240	3,400	-	-	-
CEO - Worker Advancement and Support Centers	5	925	2,725	-	-	-
CEO - Workforce 1 Center Sector Strategy	-	-	2,800	-	-	-
CLEANUP FOR 801	1	-	-	-	-	-
Collective Bargaining-CSBA	-	10	15	15	15	15
PS CWA Collective Bargaining T/L funds. CWA Collective Bargaining T/L funds for FY07 and Out Years.	-	84	84	84	84	84
CB/Fringe for EDC-funded Staff	-	23	39	39	39	39
Mayor's Office of Industrial & Manufacturing Businesses	-	771	-	-	-	-
Rent Adjustment for Downtown Brooklyn	-	-	-	(34)	34	-
STRIVE STRIVE-Funding for year 2 of the STRIVE contract.	-	500	-	-	-	-

* As of 6/30/08

Dept. Small Business Services

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
PMC CLEANUP FOR 801	(1)	-	-	-	-	-
Financial Plan of 1/25/07	149	66,505	69,975	47,852	29,689	29,655

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

Department of Education

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	6,739,328	6,850,745	7,192,728	7,193,645	7,174,684
Expenditure Increases / Reestimates	48,228	117,740	102,248	459,655	954,011
Financial Plan of 1/25/07	6,787,556	6,968,485	7,294,976	7,653,300	8,128,695

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	88,548P 7,961NP	87,408P 7,961NP	86,513P 7,961NP	85,691P 7,961NP	85,691P 7,961NP
Expenditure Increases / Reestimates	5P 2NP	5P 2NP			
Financial Plan of 1/25/07	88,553P 7,963NP	87,413P 7,963NP	86,513P 7,961NP	85,691P 7,961NP	85,691P 7,961NP

P = Pedagogical
NP = Non-Pedagogical

Department of Education

Baseline Per Financial Plan - 11/01/06	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
	87,408P 7,961NP	6,739,328	6,850,745	7,192,728	7,193,645	7,174,684
Expenditure Increases / Reestimates						
DOITT Mainframe Computer Upgrade This initiative funds software and maintenance expenditures related to the mainframe computer upgrade at DOITT.	-	1,300	1,300	1,300	1,300	1,300
HIP Rate Increase This initiative funds the incremental cost of the DOE HIP rate increase.	-	1,001	6,935	7,495	8,191	8,896
Mental Health Parity Legislation This initiative funds the DOE incremental cost of new legislation for mental health parity.	-	-	12,286	13,322	14,449	15,606
Multiple Pathways This initiative funds the Multiple Pathways program.	-	-	11,400	11,400	11,400	11,400
SE Pre-K Contract Schools This initiative funds the projected increases in contract payments to private special education pre-kindergarten schools.	-	-	-	-	6,047	6,047
City Funding of New Education Initiatives This initiative provides city tax levy for new education initiatives.	-	-	-	-	356,000	836,000

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/08

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Career Ladder Program - LPN This initiative will provide funding for on-site LPN training for 40 students at Coler/Goldwater Hospital.	5P 1NP	738	747	-	-	-
Early Childhood Policy and Planning This initiative funds Early Childhood Policy and Planning.	1NP	50	72	-	-	-
Education for 18-24 year-olds on Rikers This initiative expands literacy/work readiness instruction for inmates ages 18-24 incarcerated on Rikers Island.	-	-	1,755	-	-	-
Local 74 Collective Bargaining This initiative funds the Local 74 collective bargaining salary and FICA.	-	5,252	5,252	5,252	5,252	5,252
Local 94 Collective Bargaining This initiative funds the Local 94 collective bargaining salary and FICA.	-	1,572	1,572	1,572	1,572	1,572
UFT Collective Bargaining & Non-UFT and ACF (additions to gross) CB. This initiative funds the additional need for wage increases resulting from the UFT and ACT (additions to gross) contract settlements.	-	39,455	115,566	95,968	102,923	103,794

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/08

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
Learning to Swim This initiative will provide elementary school students with basic swimming and water safety skills.	-	425	425	425	425	425
Materials for the Arts This initiative funds the Materials for the Art Program.	-	117	117	117	117	117
Transfer to DOHMH for Physical Fitness This initiative transfers funds to DOHMH for the Physical Fitness program.	-	(875)	(875)	(875)	(875)	(875)
Increments, Differentials and Longevity This initiative funds salary cost increases due to increments, differentials and logevity net of turnover savings between FY10 and FY11.	-	-	-	-	-	12,000

* As of 6/30/08

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
State Building Aid Adjustment This inititative adjusts the tax levy and state building aid split due to adjustments in the amount of building assigned to the Transitional Finance Authority and projections for the future building aid stream.	-	(807)	(38,811)	(33,728)	(47,144)	(47,522)
Financial Plan of 1/25/07	87,413P 7,963NP	6,787,556	6,968,486	7,294,976	7,653,302	8,128,696

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/08

AGENCY FIVE YEAR SUMMARY

City University

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	383,447	342,941	342,973	342,989	342,989
Expenditure Increases / Reestimates	19,253	35,214	20,959	21,011	21,068
Financial Plan of 1/25/07	402,700	378,155	363,932	364,000	364,057

City Funded Headcount	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,706P 1,652NP	2,700P 1,637NP	2,700P 1,637NP	2,700P 1,637NP	2,700P 1,637NP
Expenditure Increases / Reestimates	18NP	121NP			
Financial Plan of 1/25/07	2,706P 1,670NP	2,700P 1,758NP	2,700P 1,637NP	2,700P 1,637NP	2,700P 1,637NP

P = Pedagogical
NP = Non-Pedagogical

City University

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	2,700P 1,637NP	383,447	342,941	342,973	342,989	342,989
Expenditure Increases / Reestimates						
HIP Rate Increase HIP Rate Increase	-	-	211	228	248	269
Mental Health Parity Mental Health Parity	-	-	371	401	434	469
CUNY Prep This City Council initiative provides continued funding to help high school dropouts obtain their high school diplomas and provides college preparatory instruction. The current program has 350 full time students annually and will increase to 700.	-	1,700	3,500	-	-	-
CUNY Pathways to Success This program will specifically help Community College students by preparing them for a career through close integration of education and work environments along with extensive support services and contact with motivated peers.	121NP	1,000	6,500	-	-	-
Civic Justice Corps This program will provide short term public	-	-	4,800	-	-	-

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/08

City University

Description	City Personnel*	City Funds ($ In Thousands) 2007	2008	2009	2010	2011
Expenditure Increases / Reestimates						
works jobs to ex-offenders coming back to several low income neighborhoods. The number of participants is 230.						
PSC Collective Bargaining PSC Collective Bargaining	-	16,553	19,833	20,330	20,330	20,330
Financial Plan of 1/25/07	2,700P 1,758NP	402,700	378,156	363,932	364,001	364,057

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/08

Health and Hospitals Corp.

City Funds ($ In Thousands)	2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	864,860	894,126	972,489	992,339	991,952
Expenditure Increases / Reestimates	(108,851)	(868,559)	(842,053)	(860,015)	(850,015)
Financial Plan of 1/25/07	756,009	25,567	130,436	132,324	141,937

Health and Hospitals Corp.

	City Personnel*	City Funds ($ In Thousands)				
		2007	2008	2009	2010	2011
Baseline Per Financial Plan - 11/01/06	-	864,860	894,126	972,489	992,339	991,952
Expenditure Increases / Reestimates						
Medicaid Consolidation Consolidate Medicaid payments in HRA to simplify transactions with NY State and to reflect the State Medicaid Cap.	-	(202,702)	(782,467)	(775,967)	(793,930)	(793,930)
CEO: HHC Career Ladder Program Creation of a training and apprenticeship program for Registered Nurses and Licensed Practical Nurses to be hired by HHC upon credentialing. Program will be run by HHC in partnership with CUNY at Kings County Hospital.	-	787	1,072	-	-	-
Medical Malpractice Staff Transfer Transfer Medical Malpractice Unit from the Law Department to HHC.	-	1,986	3,914	3,914	3,914	3,914
Prepayment of HHC Subsidy Prepayment of HHC Subsidy from FY08 to FY07	-	91,078	(91,078)	-	-	-
Reduce Outyear Debt Service Costs	-	-	-	(70,000)	(70,000)	(60,000)
Financial Plan of 1/25/07	-	756,009	25,567	130,436	132,323	141,936

* As of 6/30/08

recycled paper