The City of New York

Michael R. Bloomberg, Mayor

January 2004 Financial Plan

Fiscal Years 2004–2008

DETAIL

Office of Management and Budget
Mark Page, Director

January 15, 2004

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

January 15, 2004

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

My fellow New Yorkers,

Our hard work is beginning to pay off. The difficult steps we have taken to balance New York City's budget over the last two years have kept New York growing, and maintained the City's control over its own finances. Vital services such as Education, Fire, Police, and Sanitation have been protected and the quality of life in the City has continued to improve, despite the economic downturn and the most severe financial crisis in a generation. Since the beginning of my administration, we have taken gap-closing actions of more than $3 billion and, through our collective hard work and sacrifice, our City is on the road to financial recovery.

New Yorkers were forced to reach deeper into their pockets to help the City out of its fiscal difficulties over the last two years. Now, with the economic recovery underway, New York City can offer relief to the taxpayers who went to bat for us all when the City needed it most. As promised, the increases to the Sales and Income tax and the suspension of the clothing tax exemption that helped protect our City from the fiscal storm will sunset on schedule. In addition, approximately $250 million will be returned to taxpayers through a $400 rebate on property tax bills for owner-occupied homes, coops and condos. On average, this rebate will offset the cost of the property tax rate increase imposed last year for these taxpayers.

Crime continues to decline; it is down 10% since we took office in 2002 and is at its lowest level since 1968. Our 311 system revolutionized the way citizens interact with and receive services from government. The Department of Education refocused its resources on core instruction and increased the time spent each day on literacy and math instruction in elementary schools. Through efficiencies and better management, we redirected an additional $250 million away from the bureaucracy and into the classroom. Together, we worked to maintain and improve the quality of life in our City, and we should be proud of our accomplishments.

The New York City economy is beginning to stabilize and tax revenues are strengthening. Wall Street profits are expected to be approximately $15 billion in 2003, a welcomed increase from the previous year, but still well below the projections of industry experts. Tourists are returning to New York City - our hotel occupancy rates are higher than almost every other large city in America. The real estate market remains healthy, and housing permits reached record levels in 2003.

In the current year, Fiscal Year 2004, through our prudence and hard work, we are generating $1.4 billion to pay down out year budget gaps in Fiscal Years 2005 and 2006. However, we must be mindful that the budget gaps beyond Fiscal Year 2005 remain significant, and we must continue to be vigilant in making municipal government more efficient and in ensuring fiscal discipline in the delivery of City services.

After funding education capital needs with $100 million of pay-as-you-go capital, the extra money generated in Fiscal Year 2004 will be used as follows:

- Approximately $695 million will be used to reduce the budget gap in Fiscal Year 2005

- An additional $695 million will be used to reduce the budget gap in Fiscal Year 2006.

Budget balance for Fiscal Year 2005 will require additional actions by City agencies to help close the gap. Mandated increases in City spending on Medicaid, fringe benefits, pensions, and debt service will cause substantial budget gaps in the future. In fact, these expenses are rising so quickly that their growth will exceed the forecast growth in the City's tax revenues. We cannot let unfunded mandates shortchange spending on education, public safety, affordable housing and clean streets.

While funding an increase of $2 billion as an investment in its schools, the City has already cut close to 20% out of its capital plan to hold down the cost for City debt and will cut another $525 million. As part of an effort to continue to control debt service costs, this year the City has committed to spending $200 million per year in Fiscal Years 2004 - 2009 on pay-as-you-go capital for the City school system.

Our plan for Fiscal Year 2005 calls for additional Federal and State aid to New York City, including many items which are of no cost to the State or Federal Governments. New York City is requesting $300 million of assistance from Washington and $400 million of assistance from Albany.

New York City pays over $11 billion more in Federal taxes than it receives from the Federal Government in spending. The City requests that the Federal Government increase Medicaid spending for localities. In addition, New York City does not receive its fair share of homeland security funding given its standing as a financial, cultural and international capital. This must change.

The State tax burden on New York City residents is 33% higher than the Statewide average. New York City is the economic engine of the State, yet it sends far more to Albany in taxes than it receives back. The State underfunds the City's public schools, imposes local participation for Medicaid costs (unlike most States in the country), mandates certain services while failing to allocate appropriate funds, and continually imposes higher pension costs through benefit enhancements for City employees. This combination of State mandated expenses and chronic underfunding has played no small part in New York City's long-term budget difficulties. We will request that the State reform the current Medicaid system in New York to reduce the local burden of these expenses. For Fiscal Year 2005, we will work tirelessly to address this inequity.

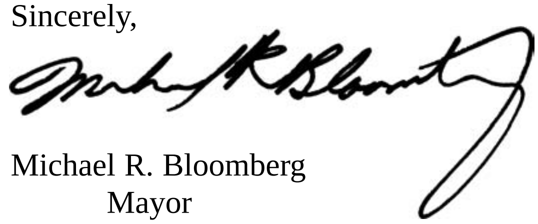
The City will work with State Leaders and the City's labor force to implement a reformed pension system for new employees, which will bring pensions for City employees more in line with general practices in the 21st Century. When implemented fully, the City will save almost $1 billion annually by 2025.

As I have repeatedly stated since I took office, new collective bargaining agreements between the City and its employees should be funded through increased productivity. This fiscal year, the City reached the first of what I hope will be many agreements that meet this standard. This agreement generated funds for certain employee health benefits at no additional cost to the City.

For the last two years, my administration has worked closely with our partners in government and the public sector - the Federal Government, the State Legislature, the Governor and the City Council- to ensure that the City's budget remains balanced. Our continuing challenge is to maintain the fiscal discipline that has served the City so well over the last two years.

New York City continues to be the best place on earth for people to live, work, do business and visit. We have fought hard these last two years to keep New York City strong, and the gains we have made together are historic. I am committed to ensuring that New York City's future is even brighter. Together we can make it happen.

Sincerely,



Michael R. Bloomberg
Mayor

January 2004 Financial Plan

Fiscal Years 2004—2008

The Financial Plan

The Preliminary Budget for 2005 includes a plan to balance revenues and expenses for the upcoming fiscal year and a financial plan covering estimates of expenses and revenues for the following three years. The City's Financial Plan sets forth projected revenues and expenses for operations for fiscal years 2004 through 2008 based on Generally Accepted Accounting Principles (GAAP).

After implementation of the City's Gap Closing Program, the total budget for fiscal year 2004 is $46.0 billion and $45.7 billion for fiscal year 2005. The budgets for 2004 and 2005 are balanced in accordance with GAAP. The assumptions upon which these expense and revenue estimates are based are summarized in the Supplemental Information section of this document.

The 2004 forecast provides for a general reserve of $100 million to offset any adverse changes which may arise during the remainder of the fiscal year. In addition, $1.4 billion is included in the 2004 budget in the 2004 Budget Stabilization Account for the prepayment of future years' debt service, bringing the level of reserves to $1.5 billion. As planned, approximately $695 million will be used to prepay 2005 debt service and $695 million to prepay 2006 debt service.

The 2005 Preliminary Budget provides for a general reserve of $100 million and $695 million has also been provided in the Budget Stabilization Account to prepay fiscal year 2006 debt service costs, bringing budgeted reserves to $795 million. Fiscal year 2005 will be the twenty-fifth successive budget to be balanced under generally accepted accounting principles.

After providing for the increased appropriations to the Budget Stabilization Account but before implementation of the City's Gap Closing Program, budget gaps of $227 million, $574 million, $2.5 billion and $3.3 billion in fiscal years 2004 through 2008 are projected.

To achieve a balanced budget for 2004 and 2005, a gap closing program has been developed which includes agency spending reductions and non-tax revenue increases of $327 million and $324 million in 2004 and 2005 and initiatives requiring state action of $400 million and federal action of $300 million in 2005. In 2005, $250 million is provided for a tax rebate of $400 on property tax bills for owner-occupied homes, coops and condos. Additionally, $100 million has been provided for pay-as-you-go capital funds bringing the total pay-as-you-go capital in 2004 to $200 million. This amount is then annualized through the Plan period, helping to offset the cost of the new $13.1 billion Five Year Capital Plan for Education.

The recurring savings from implementation of this plan will leave remaining gaps of $2.0 billion in fiscal year 2006, $2.9 billion in fiscal year 2007 and $2.2 billion in fiscal year 2008.

The following tables represent the City's financial plan before implementation of the January Gap Closing Program, the Financial Plan Update detailing changes since the June 2003 Financial Plan, and the City's financial plan after implementation of the Gap Closing Program.

Five Year Financial Plan Revenues and Expenditures
Before Gap Closing Program
($ in millions)

	2004	2005	2006	2007	2008
REVENUES					
Taxes					
General Property Tax	$11,335	$11,809	$12,278	$12,798	$13,350
Other Taxes	14,873	14,162	14,595	15,153	16,017
Tax Audit Revenue	524	505	504	505	505
Miscellaneous Revenues	4,272	5,040	4,217	4,186	4,228
Unrestricted Intergovernmental Aid	953	585	585	585	585
Less: Intra-City Revenue	(1,187)	(1,097)	(1,095)	(1,095)	(1,095)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	$30,755	$30,989	$31,069	$32,117	$33,575
Other Categorical Grants	902	794	821	836	836
Inter-Fund Revenues	343	327	320	316	316
Total City Funds & Inter-Fund Revenues	$32,000	$32,110	$32,210	$33,269	$34,727
Federal Categorical Grants	5,415	4,780	4,742	4,729	4,720
State Categorical Grants	8,370	8,276	8,258	8,331	8,392
Total Revenues	$45,785	$45,166	$45,210	$46,329	$47,839
EXPENDITURES					
Personal Service					
Salaries and Wages	$16,894	$16,742	$16,704	$16,706	$16,714
Pensions	2,555	3,165	3,958	4,335	4,351
Fringe Benefits	4,803	5,088	5,380	5,678	5,936
Subtotal - Personal Service	$24,252	$24,995	$26,042	$26,719	$27,001
Other Than Personal Service					
Medical Assistance	4,123	4,541	4,747	4,944	5,151
Public Assistance	2,437	2,247	2,254	2,255	2,255
Pay-As-You-Go Capital	100	-	-	-	-
All Other	12,243	12,179	12,392	12,588	12,778
Subtotal - OTPS	$18,903	$18,967	$19,393	$19,787	$20,184
Debt Service	2,554	3,470	3,719	3,924	4,112
Budget Stabilization	1,390	(695)	(695)	-	-
General Reserve	100	100	300	300	300
Subtotal	$47,199	$46,837	$48,759	$50,730	$51,597
Less: Intra-City Expenses	(1,187)	(1,097)	(1,095)	(1,095)	(1,095)
Total Expenditures	$46,012	$45,740	$47,664	$49,635	$50,502
Gap To Be Closed	$(227)	$(574)	$(2,454)	$(3,306)	$(2,663)
Gap Closing Program	$227	$574	$436	$431	$423
Remaining Gap To Be Closed	$-	$-	$(2,018)	$(2,875)	$(2,240)

Financial Plan Update
($ in millions)

	2004	2005	2006	2007
Gap to be Closed June 2003 Plan	$—	($2,014)	($3,238)	($3,285)
(Increase the Gap) / Decreases the Gap				
Revenue Changes				
Taxes				
Nov. Plan Tax Revenue Forecast Revision	449	74	47	26
Jan. Plan Tax Revenue Forecast Revision	316	452	460	559
Total Revisions to Tax Forecast	$765	$526	$507	$585
Other Revenues				
IDA Reimbursement				
of Stock Exchange Costs	71	—	—	—
Airport Lease Payment Delay	(200)	200	—	—
Receipt of Bond Bank				
Payment for Education	197	—	—	—
Other Non-Tax Revenue Re-estimates	222	249	136	152
Total Revenue Changes	$1,055	$975	$643	$737
Expenditure Changes				
Increases to Expenses				
New Agency Expenses	(355)	(381)	(377)	(394)
Medicaid	(248)	(163)	(225)	(418)
Public Assistance	(59)	(69)	(69)	(69)
Employee and Retiree Health Insurance	25	(34)	(33)	(33)
Delay in MTA				
Take Over of Private Bus Service	(75)	—	—	—
Total Increases to Expenses	($712)	($647)	($704)	($914)
Other				
Pension Contribution	75	90	110	139
Debt Service Savings				
Due to Higher Prepayments in 2003	110	—	—	—
Other Debt Service Savings	135	127	40	17
Total Other Expense Changes	$320	$217	$150	$156
Recapture of Reserves No Longer Needed				
Re-estimate of Prior Years Expenses	300	—	—	—
Reduction of General Reserve				
to $100 million	200	200	—	—
Total Expense Changes	$108	($230)	($554)	($758)
Prepayments (Budget Stabilization Account)	($1,390)	$695	$695	$0
Gap to be Closed as of January 2004	($227)	($574)	($2,454)	($3,306)
Agency Gap Closing Actions	327	324	195	194
Federal Actions	—	300	300	300
State Actions	—	400	400	400
Tax Rebate	—	(250)	(259)	(263)
Pay-As-You-Go Capital for Education	(100)	(200)	(200)	(200)
Remaining Gap	$—	$—	($2,018)	($2,875)

Five Year Financial Plan Revenues and Expenditures
After Gap Closing Program
($ in millions)

	2004	*2005*	*2006*	*2007*	*2008*
REVENUES					
Taxes					
General Property Tax	$11,335	$11,809	$12,278	$12,798	$13,350
Other Taxes	14,873	13,912	14,336	14,890	15,750
Tax Audit Revenue	545	508	508	509	509
Miscellaneous Revenues	4,371	5,065	4,241	4,209	4,250
Unrestricted Intergovernmental Aid	953	585	585	585	585
Less: Intra-City Revenue	(1,186)	(1,096)	(1,094)	(1,094)	(1,094)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	$30,876	$30,768	$30,839	$31,882	$33,335
Other Categorical Grants	926	801	828	843	843
Inter-Fund Revenues	343	330	320	316	316
Total City Funds & Inter-Fund Revenues	$32,145	$31,899	$31,987	$33,041	$34,494
Federal Categorical Grants	5,463	5,089	5,041	5,029	5,019
State Categorical Grants	8,393	8,679	8,653	8,726	8,786
Total Revenues	$46,001	$45,667	$45,681	$46,796	$48,299
EXPENDITURES					
Personal Service					
Salaries and Wages	$16,851	$16,590	$16,650	$16,652	$16,661
Pensions	2,555	3,165	3,958	4,335	4,351
Fringe Benefits	4,803	5,086	5,378	5,676	5,934
Subtotal - Personal Service	$24,209	$24,841	$25,986	$26,663	$26,946
Other Than Personal Service					
Medical Assistance	4,123	4,541	4,747	4,944	5,151
Public Assistance	2,437	2,247	2,254	2,255	2,255
Pay-As-You-Go Capital	200	200	200	200	200
All Other	12,174	12,059	12,282	12,479	12,669
Subtotal - OTPS	$18,934	$19,047	$19,483	$19,878	$20,275
Debt Service	2,554	3,470	3,719	3,924	4,112
Budget Stabilization	1,390	(695)	(695)	—	—
General Reserve	100	100	300	300	300
Subtotal	$47,187	$46,763	$48,793	$50,765	$51,633
Less: Intra-City Expenses	(1,186)	(1,096)	(1,094)	(1,094)	(1,094)
Total Expenditures	$46,001	$45,667	$47,699	$49,671	$50,539
Gap To Be Closed	$—	$—	($2,018)	($2,875)	($2,240)

Overview

Convincing signs of a broad-based recovery in the U.S. economy have finally emerged. Although GDP has been expanding since the end of 2001, growth was sluggish until the first part of 2003 and limited largely to spending by consumers. Business confidence, investment spending, corporate profits and the stock market have now all regained momentum. The labor market continues to be the weakest spot, but at least in recent months the nation has stopped losing jobs, adding a very modest 56,000 jobs per month since August 2003.

With these positive indicators of recovery, GDP is expected to climb 4.7 percent in 2004 and 3.8 percent in 2005. Consumer spending remains a contributing factor, growing by at least 3.5 percent in both 2004 and 2005. But this time the economy is chiefly propelled by investment spending, which is forecast to increase at double-digit rates in 2004 and 2005. Employment gains, which have been hampered by the economy's ability to apply more capital-intensive methods of production and across-the-board outsourcing, pick up more robustly only in the latter part of 2004. By the end of 2004 the Federal Reserve may have to start raising short-term rates to prevent the economy from over-heating. Total employment is projected to grow by 1.6 percent in 2004 and then by a faster 2.4 percent rate in 2005. The U.S. economy is expected to continue growing moderately in the outyears, at a trend GDP growth of 3.3 percent.

New York City's economy has also shown signs of turning around, with job growth slowly creeping upwards in recent months after two years of steep declines. In addition to the national rebound, the City's economy has been boosted by the turnaround on Wall Street as well as by the renewed strength in the local tourism and construction industries.

The City's labor market gradually improves in 2004, adding 40,000 jobs in the private sector, and then picks up more decisively in 2005 with 51,000 private sector jobs added. As usual, the bulk of the job gains in the City are expected to be in the professional and business services, which contribute roughly half of all the new private sector jobs added in 2004 and 2005. Construction, tourism and retail employment, along with the non-cyclical sectors (education, health, and social services) also experience solid gains. In the outyears, job growth in the private sector moderates to about 35,000 jobs per year from 2006-2008, consistent with the slower pace of job creation at the national level.

The rebound in the stock market and New York Stock Exchange (NYSE) member-firm profits, which are estimated to have more than doubled from $6.9 billion in 2002 to $15 billion in 2003, should translate into hefty bonuses on Wall Street. The bonus payout pool is expected to climb by more than 30 percent in 2003 and then maintain about 10 percent growth per year on average, based on profits of $12-$15 billion per year.

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* *All economic data are on a calendar year basis, while all tax revenue data are on a fiscal year basis ending June 30, unless otherwise stated.*

Conditions in the City's commercial real estate market are also expected to improve. Though the market has weathered the past years relatively well, the near-term outlook is constrained by a modest employment forecast and a sizable amount of inventory coming on the market. Vacancy rates deteriorate somewhat in 2004 but start to improve by 2005 and continue to fall throughout the plan, although not sufficiently to push rents up by the double-digit rates of the past boom.

With the local and national economies strengthening, tax revenue growth rebounds 15.0 percent in 2004, 5.1 percent on a common rate and base.

New York City non-property tax revenues are forecast to increase 5.2 percent in 2004, on a common rate and base, after declines of 10.8 percent in 2002 and another 1.7 percent drop in 2003. In 2002, the shock of 9/11 and the national recession depressed non-property revenues sharply, and in 2003 the slow national recovery and continued local employment losses further depressed revenues. In 2004, an end to employment declines, a sharp recovery in Wall Street profitability and the growing momentum of the national recovery lead to a rebound in non-property tax revenues, particularly business income taxes. With wages up 4.6 percent in fiscal year 2004, largely due to bonuses, and flat capital gains growth, after a decline of 51 percent in calendar year 2001 and an estimated decline of 38 percent in calendar year 2002, personal income tax revenues increase 5.1 percent (after adjusting for the effects of the tax increase). Business income taxes increase 12.8 percent in 2004 as rebounding Wall Street profitability, the increasing momentum of the national recovery and a decline in refunds and overpayment liquidations boost cash payments. Sales tax collections increase a moderate 3.3 percent on a common rate and base. The real property tax contributes to the overall tax revenue growth by posting 6.1 percent growth in 2004, on a common rate and base, based upon 5.7 percent growth in billable assessed value. This year reflects the full-year impact of the tax rate increase enacted on November 25, 2002 raising the average tax rate to $12.283. Reflecting the tax rate increase, the property tax grows 14.0 percent in 2004.

Non-property tax revenue in 2005 grows a moderate 3.9 percent on a common rate and base. Employment growth improves next year, but a small decline in Wall Street profitability in calendar year 2004 means a drop in bonuses in fiscal year 2005. Also dampening revenue growth in 2005 is a decline in real estate transaction taxes due largely to an end to the recent surge in refinancings, as interest rates rise and homes become less affordable. The real estate transaction taxes fall 14.1 percent next year. Trend growth is expected in the national and local economies by calendar year 2005, and non-property taxes, on a common rate and base, average growth of 5.4 percent in 2006 through 2008. Property tax revenue increases 4.2 percent in 2005, based on growth in billable assessed value of 5.9 percent on the tentative roll released on January 15, 2004. With market value growth slowing to near inflation and a declining pipeline* of assessed value increases to be phased in

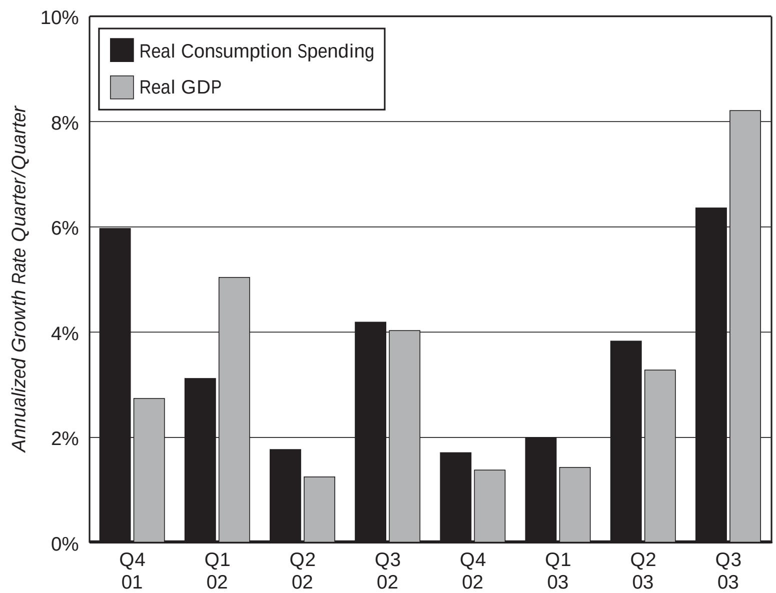
* *Increases and decreases in value are phased into billable assessments over five years for Classes 2 and 4. Increases in value not yet phased into billable assessed value are referred to as the pipeline.*

over the forecast period, property tax growth averages 4.2 percent from 2006 through 2008, reflecting similar growth in assessed values. Total tax revenue, on a common rate and base, is forecast to grow 4.2 percent in 2005 and averages 5.0 percent growth in 2006 through 2008.

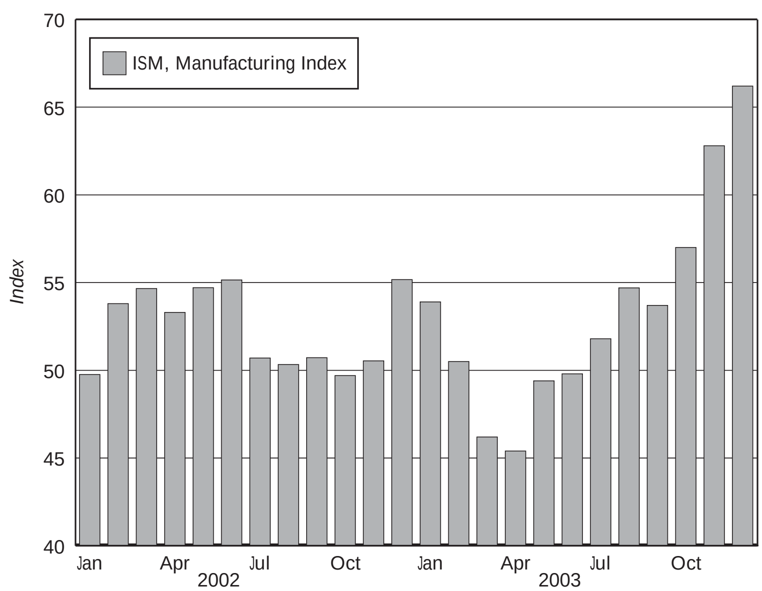
The U.S. Economy

The U.S. economy finally appears to be marching ahead at full speed after two years of plodding along. Though the economy, as measured by real GDP, has been expanding since the end of 2001, growth was sluggish and erratic up until the first part of 2003 and sustained almost exclusively by the resilience of consumers who took advantage of historically low interest rates and substantial tax rebates from Washington. Since early 2003, convincing signs of a broad-based recovery have finally emerged as other key sectors of the economy have also started to regain momentum.

Over the past two years GDP growth has been sustained almost exclusively by consumption.



Business activity has rebounded in recent months.

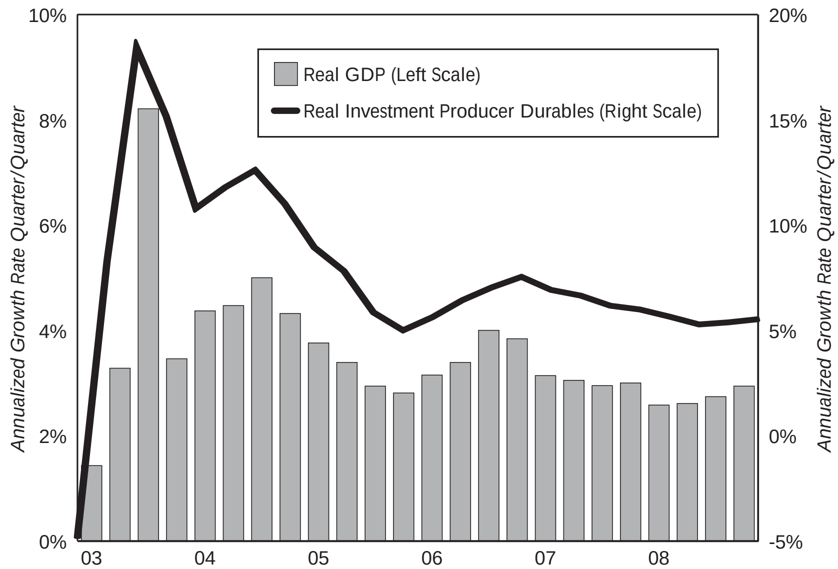


Business confidence, which was shattered following the dot-com bust, has started to return. Real investment spending in producer durables has grown in five of the past six quarters and for the first time in over three years attained double-digit growth in the third quarter of 2003, the latest available data. More recent data on the ISM (Institute for Supply Management) index and industrial production have all been positive and indicate that business activity is perking up. In addition to the long-awaited rebound in investment spending, the other key missing element of the economic recovery has been job creation. The nation lost approximately 94,000 jobs per month from March 2001 through July 2003 as productivity gains of five percent over the past two years allowed the economy to expand. Though labor markets remain weak, at least the economy has stopped losing jobs, adding a modest 56,000 jobs per month since August 2003. Finally, both corporate profits and the stock market have made significant comebacks after two years of sharp declines.

With these signs of recovery, as well as low interest rates and inflation as a backdrop, the outlook for the U.S. economy looks considerably brighter than it has in some time. Specifically, the Financial Plan forecasts that GDP will rebound solidly in 2004 and 2005, with growth of 4.7 percent and 3.8 percent, respectively, following an estimated 3.0 percent rise in 2003.

Consumption is expected to slow from the 6.4 percent surge in the third quarter of 2003, but still maintain respectable growth of 3½ percent in 2004 and 2005. The rest of the economy will largely be propelled by a rebound in investment spending. Specifically, real investment in producer durables is forecast to increase at double-digit rates in both 2004 and 2005, after growth of 2.7 percent in 2003. Investment spending should receive a considerable boost from corporate profits (economic profits), which are expected to rise by 19 percent per year on average in 2003-2004. This surge in profitability in turn is expected to boost the stock market, particularly in 2004, with the S&P 500 posting a hefty gain of 15 percent. Assuming that P/E ratios hold at 20-22, stock market gains thereafter should moderate to 5-8 percent growth throughout the 2005-2008 period.

GDP receives a considerable boost from investment spending, which is expected to grow at double digit rates in 2004-2005 after languishing during the previous year.

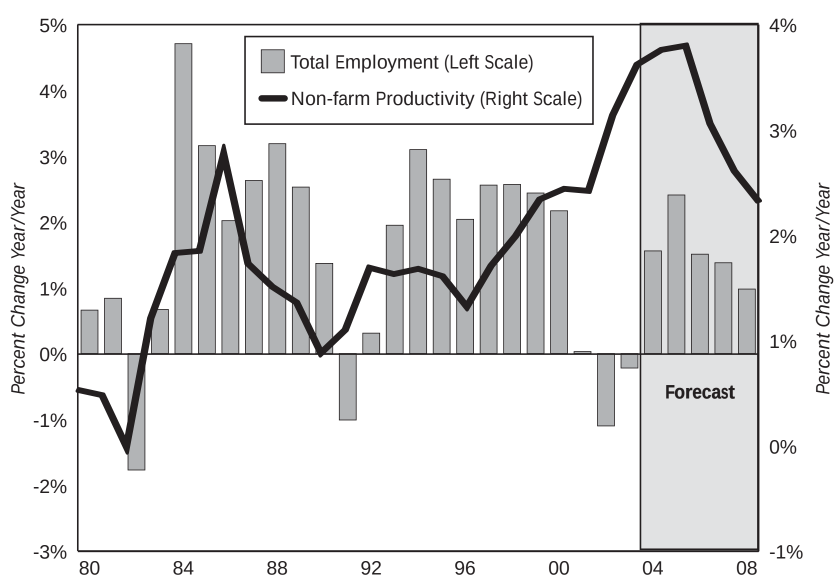


The nation is expected to add jobs at a modest pace in early 2004 before gaining more solid momentum in the latter part of the year and continuing into 2005. Total employment is projected to grow by 1.6 percent in 2004 and then by 2.4 percent in 2005. Outside of manufacturing, employment grows at a more impressive 2.3 percent and 3.0 percent rate, respectively, in 2004 and 2005.

Although inflation is projected to be contained at a moderate two percent rate throughout the forecast period, the Federal Reserve is expected to start raising short-term rates in the latter part of 2004 and continue to do so throughout the forecast period in order to assure that growth remains balanced. The outyear forecast, therefore, posts GDP growth at trend rate of 3.3 percent on average per year in 2006-2008 with consumption growing at about the same rate. Employment growth averages about 1½ percent per year, slightly lower than in past expansions, as productivity gains of 2½ percent continue to suppress employment growth.

At this time there appear to be few immediate concerns to this baseline forecast. The twin deficits (federal budget and trade deficits) and the precipitous fall-off in the dollar do pose long-term

Employment grows at a modest pace before posting more solid gains in 2005-2006. The outyear forecast calls for sluggish growth compared to past expansions.



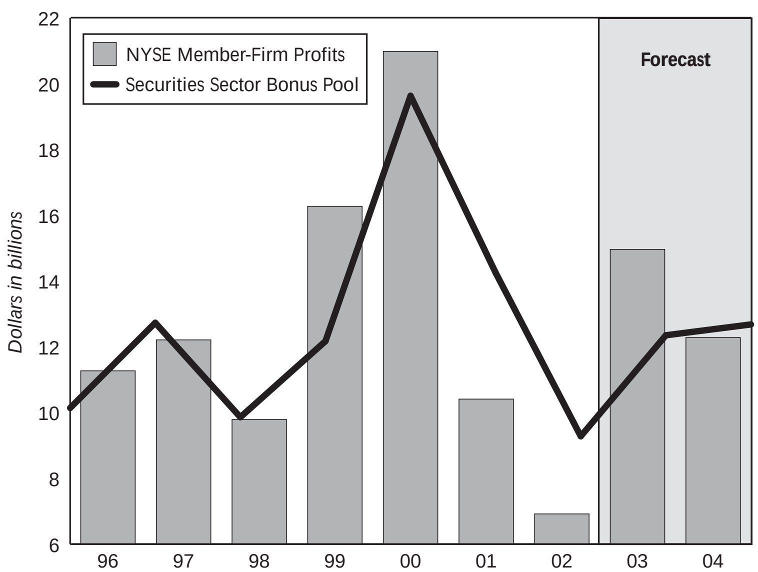
risks to interest rates. The budget deficit has grown considerably over the past two years but should slowly start to improve as the economy rebounds. In fact, the Financial Plan forecasts that the deficit will start falling in 2005 after peaking in 2004 at $468 billion. The dollar has fallen sharply against other major currencies but barring a collapse in confidence in the dollar, the implications for the economy on the whole are neutral with the boost to exports offseting negative effects from higher import prices. The geo-political situation, however, remains volatile and with it there is always the potential for an unforeseen shock.

The New York City Economy

Like the nation, the City's economy is finally showing signs of stabilization after two years of job losses. The rebounding profits on Wall Street, the steady return of the tourism industry and a hearty residential housing market have led to a trickle of new jobs in the second half of 2003, apace with the nation's recovery. The start of modest employment growth has, in turn, helped stabilize the commercial real estate market. While the City is not expected to lag the nation during the employment recovery phase, as has been the case in the past, the job market outlook remains sluggish for the near term and is not expected to reach anything close to the boom of the late 1990s.

Through the first three quarters of 2003, New York Stock Exchange (NYSE) member firms earned $12 billion in profits. With firms estimated to have earned at least another $3 billion in the fourth quarter, profits for 2003 will likely total approximately $15 billion, representing a better than 100 percent increase compared to 2002's $6.9 billion. Wall Street was able to withstand the recent equity market collapse by ruthlessly reducing expenses on the compensation side of the ledger. Over the past three years, firms pared their staff down while concomitantly reducing the bonuses for those who were employed. Securities employment, which peaked in the fourth quarter of 2000 at 200,000, has since been reduced by nearly 40,000 to 160,000 in the first half of 2003. The bonus pool, the aggregate dollar amount of all bonuses on Wall Street, fell by nearly 35 percent in 2002 (after a similar drop in 2001). Only recently, as profits and the economic outlook have begun to improve, have bonuses started to grow and securities firms started to hire. With profits forecast to moderate to $12 billion in 2004, but increase by about $1 billion each year through 2008, investment firms are expected to expand their manpower at the rate of just 3,000 jobs per year. Bonuses, expected to bounce back by more than 30 percent in 2003, level off in 2004 before rising by about 10 percent per year thereafter.

Profits were up in 2003, causing securities sector bonuses to rise as well.



The income and wealth effects of the finance industry indirectly propel most other sectors of the City. In addition, the industry has a particularly strong demand-driven impact on the professional and business services industry, which includes legal services, accounting, computer design, management consulting, advertising, and temp agencies. When the bellwether finance industry flourishes, demand for these ancillary professional services increases. When the industry is in the midst of one of its periodic down cycles, as it was in 2001 and 2002, these services cope with the decline by shedding employment. From the first quarter of 2001 through the third quarter of 2003 these finance-dependent services shed 70,000 jobs. Although the employment situation in this industry has not yet fully moved out of negative territory, it is still expected to gain almost 19,000 jobs in 2004, largely in response to the growing demands of the finance industry.

Professional & Business Services Employment

(Jobs in thousands)

	2001 Q1	*2003 Q3*	*Gains/(Losses)*
Accounting	39	39	–
Legal	82	81	(1)
Architecture	23	21	(2)
Computer	50	29	(21)
Management Consulting	31	24	(7)
Advertising	60	43	(17)
Management of Companies	52	52	–
Administration	223	202	(21)
Other Professional Services	41	40	(1)
Total Professional Services	601	531	(70)

Those sectors that are more dependent on the national economy also appear to have stabilized and are poised for modest growth. The media-based information industry, which includes publishing, movies, broadcasting, and telecommunications, experienced phenomenal growth in the City during the dot-com boom, with more than 25,000 new information jobs added in 2000-2001. These gains were subsequently wiped out by large-scale losses beginning in 2002. In the first quarter of 2003, the information industry lost 6,000 jobs and slipped further by 1,000 jobs in the second quarter, and was flat in the third. The sector is now forecast to stabilize in 2004-2005.

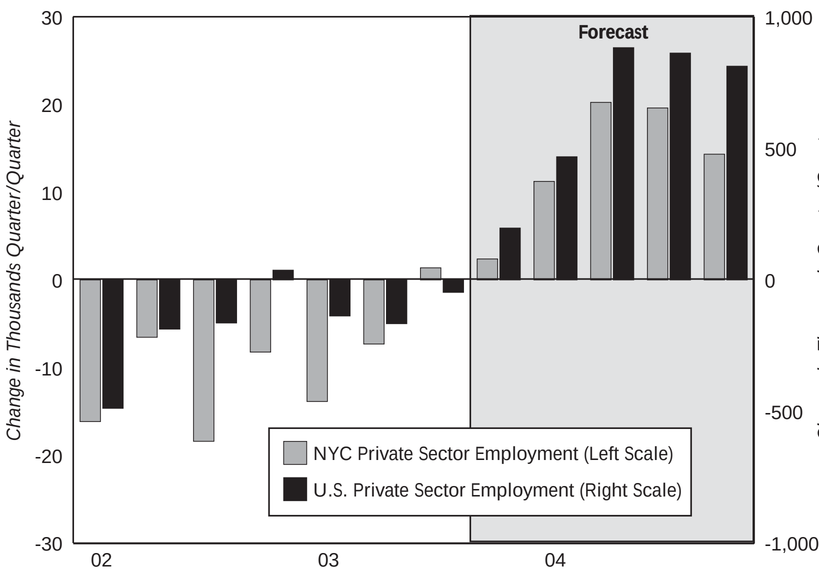
Tourism, weak in the first half of 2003 as concern over the war in Iraq heightened fears of terrorism and kept people from traveling, has begun a recovery. During this period, the number of air passengers in the New York region[1] fell by just over 2 million. However, since last summer passenger volumes have shown an uptick. As confidence returned, air passengers rose by 1.8 million in the third quarter, a significant rebound. Reflecting this pattern, employment in leisure and hospitality services, essentially flat in the first half of the year, increased by almost 6,000 jobs in the third quarter. Employment in air transportation, which shrank in the first three quarters of 2003, finally gained in October and November. The same was true for the retail employment sector. Without any further disruptions, tourism should continue to

1) The New York region consists of the three local airports, JFK, Newark and LaGuardia. Source: Port Authority of New York and New Jersey.

improve in the City in 2004. Employment in leisure and hospitality services is forecast to add 8,000 jobs in 2004, while retail trade adds a more modest 2,000 jobs.

The non-cyclical sectors (health, social and education) continue their expansive trend. After adding 14,000 jobs in 2003 these sectors add an average of 15,000 new jobs per year in 2004-2008. The construction sector, taking its cue from the continued strength of the local residential housing market and the construction activity in Manhattan, grows by an average of 4,500 per year in 2004 and 2005 after adding 3,000 jobs in 2003.

Employment in the City is expected to pick up along with the nation.



Most of the major sectors in the City are forecast to grow moderately in 2004, lifting private sector employment by 40,000 jobs in 2004 and then by another 50,000 in 2005. Unlike the recovery from the early 1990s recession, when the City's employment rebound lagged the nation's by approximately three quarters, the City is now poised to recover along with the nation. The combination of stagnant employment and modest wage growth, however, causes total earnings, the aggregate wages paid to all employees in the City, to remain essentially flat in 2003. Total earnings rise 5.5 percent each year from 2004-2008 as employment rebounds and wages record steady growth.

With economic conditions improving in the latter part of 2003, the commercial real estate market stabilized after over two years of declines. Primary market vacancy rates settled at 12.4 percent in the second and third quarters of the year, well above the single-digit rates experienced during the dot-com boom. Overall, rents have fallen over 25 percent from their peak at the end of 2000 to about $48 per square foot. Midtown primary market rents, currently at $50 per square foot, show a $9 per square foot premium to the Downtown primary market.

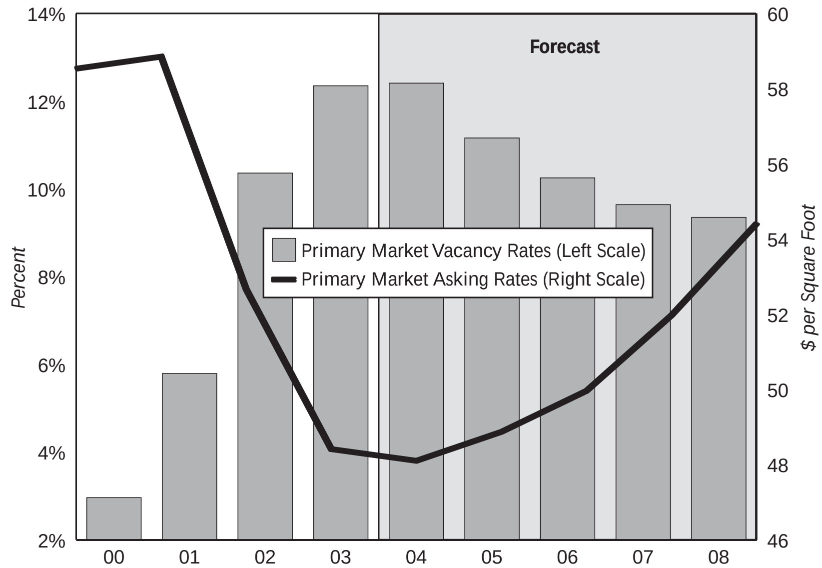
In the near term, however, primary market conditions are anticipated to soften slightly due to the completion of nearly five million square feet of primary market office space in Midtown, with nearly two million square feet yet to be leased[2]. In addition the remaining "shadow space"[3] could potentially also be returned to the market, further dampening conditions. Primary market vacancy rates, therefore, are expected to rise in the first half of 2004 to over 13 percent and employment growth is

2) The five million square feet is comprised of four new buildings, Times Square Tower, 731 Lexington Avenue (Bloomberg), 300 Madison (CIBC) and Columbus Center (Time Warner).

3) Shadow space is loosely defined as rented space that is currently not utilized and therefore could potentially be subleased.

anticipated to slowly fill the excess space starting in 2005. However, since vacancy rates will likely remain above the equilibrium rate (estimated at 10 percent) through 2006, rental rates are not likely to rise significantly during this period. Specifically, asking rents fall again in 2004 and slowly trend upward for much of the forecast period.

Vacancy rates rise slightly in the near future before beginning to fall. Asking rents are forecast to slowly trend upward.



Financial Plan Fiscal Year 2005
Forecasts of Selected United States and New York City Economic Indicators
Calendar Years 2003-2008

	2003	2004	2005	2006	2007	2008	1971-2001*
NATIONAL ECONOMY							
Real GDP							
Billions of 1996 Dollars	9,727	10,184	10,574	10,920	11,285	11,599	
Percent Change	3.0	4.7	3.8	3.3	3.3	2.8	3.1
Non-Agricultural Employment							
Millions of Jobs	130.1	132.1	135.3	137.4	139.2	140.6	
Change from Previous Year	-0.3	2.0	3.2	2.0	1.9	1.4	
Percent Change	-0.2	1.6	2.4	1.5	1.4	1.0	2.1
Consumer Price Index							
All Urban (1982-84=100)	184.1	187.2	190.1	193.4	197.4	201.7	
Percent Change	2.3	1.7	1.6	1.7	2.1	2.2	5.0
Wage Rate							
Dollars Per Employee	39,183	40,353	41,822	43,454	45,266	47,131	
Percent Change	2.2	3.0	3.6	3.9	4.2	4.1	5.2
Personal Income							
Billions of Dollars	9,210	9,674	10,221	10,802	11,448	12,094	
Percent Change	3.2	5.0	5.7	5.7	6.0	5.6	7.8
Before-tax Corporate Profits							
Billions of Dollars	753	872	1,117	1,196	1,251	1,234	
Percent Change	13.2	15.7	28.2	7.1	4.5	-1.3	6.8
Unemployment Rate							
Percent	6.0	5.7	5.4	5.5	5.5	5.7	6.3 (avg)
10-Year Treasury Bond Rate							
Percent	4.0	4.8	5.6	5.6	5.6	6.1	8.0 (avg)
Federal Funds Rate							
Percent	1.1	1.3	2.4	3.0	3.2	4.1	7.2 (avg)
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 1996 Dollars	394	412	423	436	450	462	
Percent Change	3.9	4.6	2.7	3.0	3.2	2.8	3.2
Non-Agricultural Employment							
Thousands of Jobs	3,528	3,568	3,619	3,650	3,695	3,730	
Change from Previous Year	-46.6	39.9	51.3	30.7	45.1	34.8	
Percent Change	-1.3	1.1	1.4	0.8	1.2	0.9	0.1
Consumer Price Index							
All Urban NY-NJ Area (1982-84=100)	197.7	202.4	206.1	210.3	215.2	220.6	
Percent Change	3.0	2.4	1.8	2.0	2.4	2.5	5.0
Wage Rate							
Dollars Per Employee	59,866	62,585	65,019	67,801	70,879	74,022	
Percent Change	1.5	4.5	3.9	4.3	4.5	4.4	6.4
Personal Income							
Billions of Dollars	317	334	350	369	390	412	
Percent Change	2.4	5.3	4.9	5.3	5.8	5.5	6.7
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate***							
Dollars Per Sq. Ft.	48.41	48.10	48.87	49.96	51.97	54.41	
Percent Change	-8.1	-0.6	1.6	2.2	4.0	4.7	N.A.
Vacancy Rate***							
Percent	12.3	12.4	11.2	10.3	9.6	9.4	N.A.

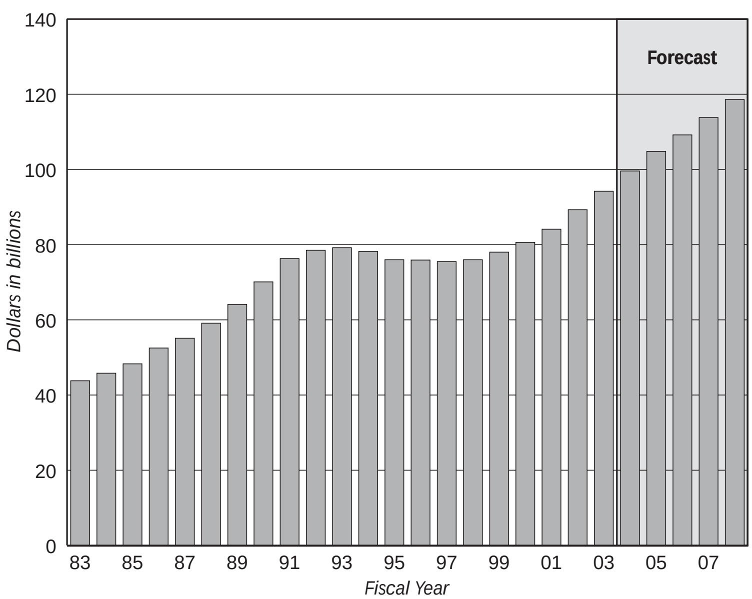
* *Compound annual growth rates for 1971-2001. Compound growth rate for Real Gross City Product covers the period 1978-2001; for NYC wage rate, 1975-2001.*
** *GCP estimated by OMB.*
*** *Office market data are based on statistics published by Cushman & Wakefield.*

Tax Revenue Forecast

Real Property Tax

The real property tax is estimated at $11,335 million for 2004, growth of 14.0 percent over the prior year, primarily due to the full-year impact of the 18.5 percent tax rate increase enacted November 25, 2002 and growth in billable assessed value of 5.7 percent. The forecast for 2004 is revised upward by $17 million from the November Plan. This consists of a reduction in the refund forecast of $25 million and an estimated increase in the lien sale proceeds of $21 million, offset by increases to the current year reserve amount of $29 million. For 2005, the property tax is expected to yield $11,809 million in revenue, an increase of $188 million from the November Plan and growth of 4.2 percent over 2004. This results primarily from an increase to the levy forecast of $215 million based on the tentative roll, a reduction in the refunds forecast of $25 million and an increase in lien sale proceeds of $16 million, offset by increases to the current year reserve amount of $45 million and an increase in the STAR exemption estimate of $23 million, due to higher participation.

Real Estate Market Strength Sustains Robust Growth in Billable Assessed Value on 2005 Tentative Roll and is Projected to Continue Through the End of Plan Period



The property tax forecast for 2005 is based on the tentative roll, which was released by the Department of Finance on January 15, 2004.* The total billable assessed value on the tentative roll (after accounting for the veterans and STAR exemptions) grew by $5.9 billion, or 5.9 percent, over 2004 to $105.7 billion. This is expected to be reduced by $0.9 billion on the final roll, which will be released in May, as a result of Tax Commission actions, Department of Finance changes by notice and completion of exemption processing. Billable assessed value on the final roll is expected to grow by 5.0 percent over 2004. The billable assessed value increases reflect the pipeline of assessed value growth from prior years, as well as the latest increase in market value. The levy is forecast to increase by $606 million over 2004, an increase of 4.9 percent.

Class 1 properties (one-, two- and three-family homes) saw a 5.0 percent billable assessed value growth on the tentative roll over 2004. With an estimated tentative-to-final roll reduction of $75 million, the final roll billable assessed value is expected to increase by 4.3 percent, the same as last year. Class 1 billable assessed value growth is expected to slow to an average of 2.7 percent per year from 2006 through 2008.

Class 2 properties (apartments, condominiums and cooperatives) saw a 6.4 percent billable assessed value growth on the tentative roll over 2004. With an estimated

* *For additional detail, see the Tentative Property Assessment Roll for Fiscal 2005 press release.*

tentative-to-final roll reduction of $306 million, the billable assessed value on the final roll is expected to show growth of 5.6 percent, down from last year's 6.8 percent. Sustained by the pipeline, billable assessed value is expected to grow 4.2 percent on average from 2006 through 2008.

Class 3 properties (utilities) saw a billable assessed value growth of 2.3 percent over 2004 on the tentative roll, close to last year's growth of 2.7 percent. No reduction from the tentative roll to the final roll is expected for Class 3 properties. Class 3 billable assessed value is expected to grow an average of 1.0 percent in 2006 through 2008.

Class 4 properties (office and commercial space) saw a billable assessed value growth of 6.2 percent on the tentative roll over 2004. With an estimated tentative-to-final roll reduction of $522 million, the billable assessed value on the final roll is expected to be $48.7 billion, 5.1 percent growth over 2004, down from 5.7 percent growth seen in the previous year. Class 4 billable assessed value is forecast to grow an average of 5.1 percent from 2006 through 2008.

As part of this Financial Plan, property taxes will be rebated to homeowners in 2005. Owner occupants of houses, co-ops and condominiums will receive a $400 tax rebate check mailed directly to their residence. Citywide, over 420,000 homeowners and over 180,000 co-op and condominium owner occupants will receive the rebate. The rebate will save homeowners $250 million in 2005.

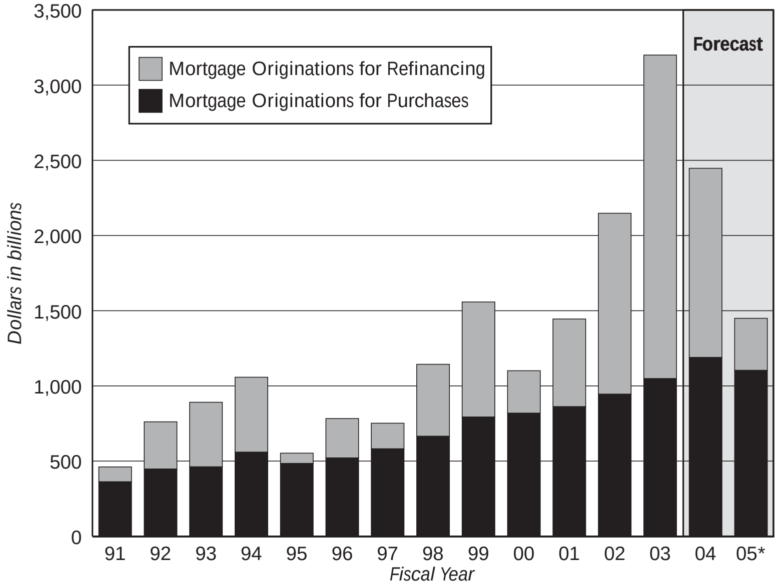
Real Property Transfer & Mortgage Recording Taxes

Revenue from real property transfer taxes for 2004 is forecast at $479 million, an increase of $50 million over the November Plan, yielding a decline of 6.7 percent from 2003 levels. The mortgage recording tax is forecast at $572 million for 2004, an increase of $71 million over the November Plan, yielding growth of 8.7 percent over 2003 levels.

Despite higher vacancy rates and lower asking rents, collections from transactions involving commercial properties have been robust so far this year. The record sale of the GM building for $1.4 billion and continued sales of other ‘trophy’ buildings demonstrate the continued investment appeal of Manhattan real estate. Accordingly, real property transfer tax from commercial activity is now forecast at $171 million. The mortgage recording tax from commercial activity is now forecast at $152 million. The forecast for collections from commercial activity for both taxes reflects declines from the previous year’s level but also the maintenance of the historically high levels seen in recent years.

Residential real estate market activity was also strong through December. Real property transfer tax collections from residential real estate activity are now forecast at $308 million in 2004, an increase of $48 million from the November Plan. Similarly, mortgage recording tax collections from residential real estate activity are now forecast at $420 million, an increase of $53 million over the November Plan. The collections strength seen year-to-date reflects the continued boom in residential sales and

Mortgage Refinancing Originations Drop Dramatically in 2004 and 2005 While New Mortgage Originations Remain Strong



Source: Mortgage Bankers Association
* Forecast data through 3rd quarter annualized

refinancing. The Mortgage Bankers Association index of mortgage originations for purchases and refinancing indicates continued strength in purchases through the end of 2004 but also indicates the beginning of retrenchment in the refinancing market.

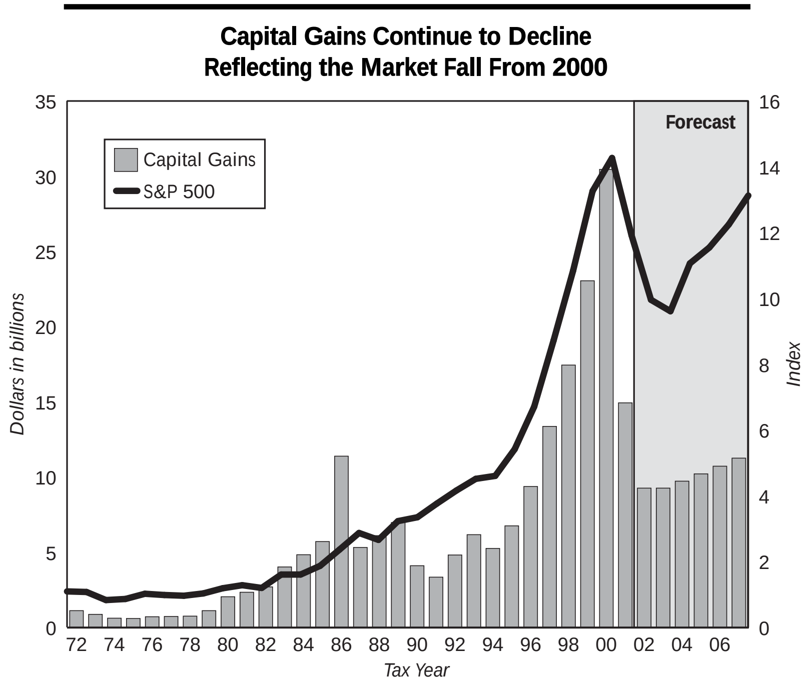
In 2005 the outlook for purchasing slows, but remains at historically high levels, while a sharp drop in mortgage refinancing activity is expected, due to the projected rise in interest rates. Further evidence of the refinancing slowdown can be seen in the recent well publicized layoffs, hiring freezes and consolidation in the home lending industry. The expected slowdown in home sales is supported by the fact that homes are becoming less affordable for New York City residents. In the first quarter of 2004 the New York City Housing Affordability Index, which represents the ratio of 33 percent of the monthly average non-finance wage to the average monthly mortgage payment in New York City, dipped below 0.80, after remaining above or near 1.00 from calendar year 1999 through the first half of calendar year 2002. In 2005, real property transfer tax collections are expected to drop 7.3 percent to $444 million, before increasing an average of 6.4 percent annually in 2006 through 2008. Mortgage recording taxes are also expected to decline substantially in 2005, by 19.8 percent to $459 million, before increasing an average of 5.4 percent annually in 2006 through 2008.

Commercial Rent Tax

Commercial rent tax revenue is forecast at $420 million, an increase of $13 million over the November Plan. This represents a 5.7 percent increase over 2003. Revenue for 2005 is forecast at $430 million, an increase of $13 million over the November Plan and a growth of 2.4 percent over the prior year.

The projected increase in the 2004 commercial rent tax reflects strength in collections through December. Landlords are expected to continue passing through much of the cost of last year's property tax rate increase to tenants. Vacancy rates are expected to begin declining slowly in 2005 and asking rents are projected to grow again over the next three years. These factors contribute to the modest growth, an average of 3.0 percent annually, projected in 2006 through 2008.

Personal Income Tax

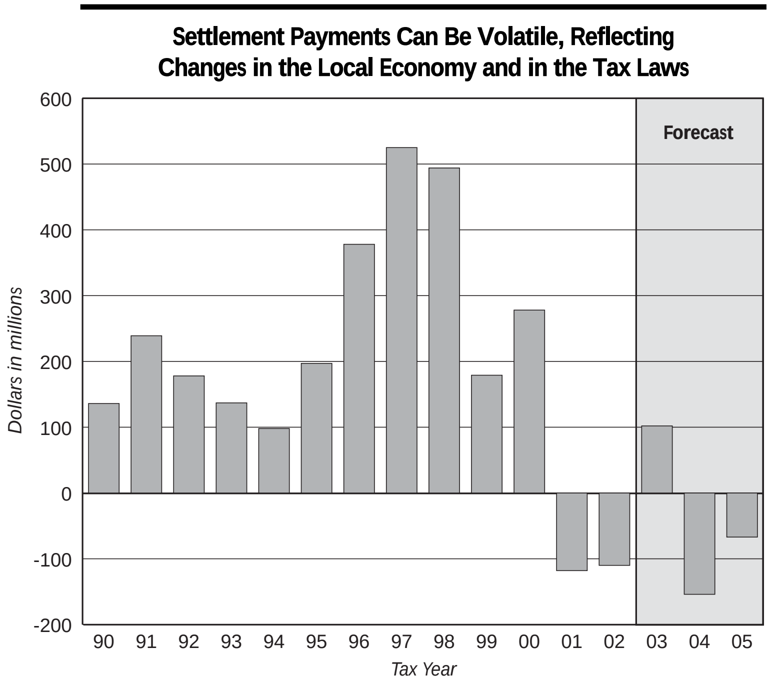


The personal income tax forecast, before changes due to Transitional Finance Authority (TFA) retention, has been reduced by $42 million in 2004 and by $16 million in 2005 from the November Plan. Collections before TFA retention are now forecast to grow at 18.1 percent and 1.7 percent in 2004 and 2005, respectively. After adjusting for the tax increase effective January 1, 2003 and TFA retention, personal income tax collections are forecast to grow 5.1 percent and 5.3 percent in 2004 and 2005, respectively.

Personal income tax liability on a common rate and base is forecast to be nearly flat in liability year 2003 due to stabilization of the local economy in the second half of liability year 2003, after falling 11.2 percent in liability year 2002. Falling employment, declines in the finance sector base wage rate and weakness in the non-finance wage rate led to flat wage earnings growth for the year. Capital gains realizations are also estimated to be flat for tax year 2003, as capital losses carried forward from tax years 2001 and 2002 suppress the gains earned in tax year 2003. This stabilization in taxable income follows the fall from the peak in 2000, after which the national recession, the bear market on Wall Street and the shock of 9/11 sent taxable income plummeting.

Effective January 1, 2003, a tax increase became law, which added two new upper income brackets and rates, including a tax table benefit recapture provision. The new brackets are set at $100,000 in taxable income for single, $150,000 for joint and $125,000 for head of household filers and a $500,000 bracket for all filers. The two higher rates are 4.25 percent and 4.45 percent in tax year 2003. In tax years 2004 and 2005, the increase is phased out by dropping the first additional rate to 4.175 percent in 2004 and to 4.05 percent in 2005. The increase is eliminated in tax year 2006. This tax increase is forecast to raise total liability by $509 million in tax year 2003 and by $515 million and $506 million in tax years 2004 and 2005, respectively.

Withholding collections, reflecting the increased withholding rates effective July 1, 2003, are forecast to increase 12.2 percent in 2004. Estimated payments are now forecast to increase by 26.0 percent for the fiscal year with most of the growth due to the tax increase. This April, the settlement on tax year 2003 liability (the net of final returns, refunds, extensions and City/State offsets) is expected to be positive after a negative settlement in the two prior years. In tax year 2003, remittances are forecast to exceed refunds by approximately $100 million. A large portion of the settlement ($220 million) is estimated to be the result of the retroactive enactment of the personal income tax increase.



With a rise in employment, growth in the non-finance wage rate, and a modest rebound in capital gains realizations, tax year 2004 liability is forecast to increase 5.8 percent, on a common rate and base. In contrast, collections in fiscal year 2005 (before TFA retention) are forecast to grow 1.7 percent due to a slight drop in NYSE member-firm profits in tax year 2004, which suppresses the bonus payout and dampens wage earnings growth in 2005. Collections are further suppressed by the return of the settlement to the normal pattern of refunds received in excess of total remittances. The phase-out and repeal of the tax increase starting in tax year 2005 also contributes to suppressed growth (before TFA retention) for 2005 through 2007. Stronger national and local economies result in growth averaging 6.2 percent (common rate and base and before TFA retention) in 2006 through 2008.

Business Income Taxes

The forecast for business income tax collections (general corporation, banking corporation and unincorporated business taxes) has been increased by $103 million in 2004 from the November Plan. Collections are now expected to increase 12.8 percent over the prior year.

For 2005, the forecast has been increased by $100 million from the November Plan, reflecting an improving economy and strong corporate and Wall Street profits. Business tax collections are expected to grow 8.1 percent over 2004.

Through December, business tax collections have increased 24.0 percent from the prior year. General corporation tax collections are up 18.0 percent year-to-date, reflecting stronger securities industry profits in calendar year 2003, as well as a more robust local economy. NYSE member-firm profits are now forecast at $15 billion for tax year 2003, a substantial increase from the $6.9 billion posted in tax year 2002. As a result, finance sector liability is estimated to have grown 21.3 percent in tax year 2003, after double digit declines in tax years 2001 and 2002. Spurred by the strong growth seen nationally in the second half of the year and by the income and wealth effects of the rebounding finance industry, non-finance liability is forecast to have grown 5.4 percent in tax year 2003, also after two years of declines. Overall, general corporate tax revenue is forecast to grow 17.5 percent in 2004.

Year-to-date banking corporation tax collections are up 102.9 percent from the same prior year period, when cash payments were suppressed by the liquidation of overpayments on prior year liability and the issuance of a historically high level of refunds. Commercial banks reported improved earnings in tax year 2003, in part due to lower interest costs and higher revenue from trading and securities. Additionally, over the past three calendar years retail lending has given banks a significant earnings boost. Competition for retail banking business in the City has increased as commercial banks built new branches at the fastest rate since 1998. The New York City area gained a net of 72 branches from July 1, 2002 to July 1, 2003. Banking corporation tax collections are forecast to grow 13.0 percent in 2004 based upon a large decline in the expected refund payout from the prior year level.

Unincorporated business tax revenue continues to grow, reflecting higher liability in finance sector firms due to strong NYSE member-firm profits in calendar year 2003, and the continued stability of many of the City's service sectors. Year-to-date unincorporated business tax collections are up 6.8 percent over the same prior year period and lead to forecast growth of 5.7 percent for 2004.

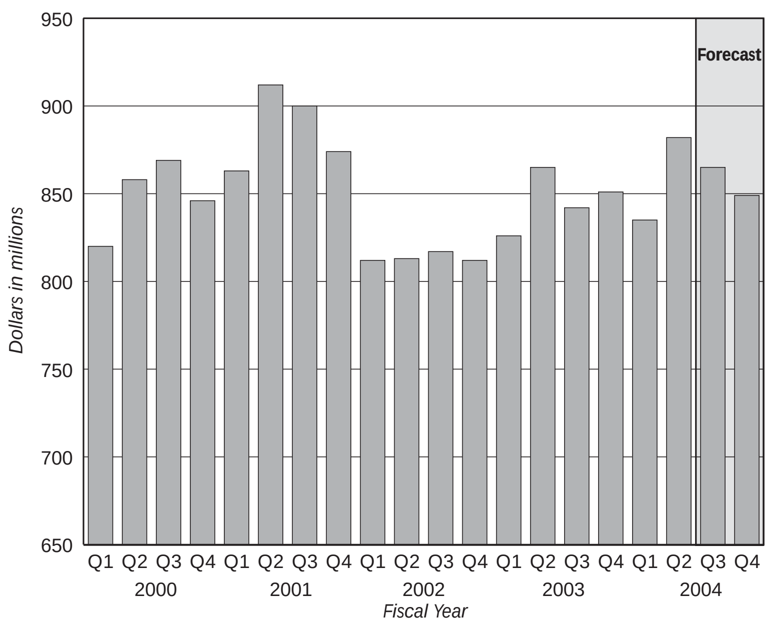
In 2005, business income tax collections are forecast to increase 8.1 percent from the prior year, reflecting an 18.6 percent increase in before tax national corporate profits, but a decline in Wall Street profits in calendar year 2004. The general corporation tax is forecast to increase 7.8 percent; the banking corporation tax is forecast to increase 20.9 percent as the level of refunds continues to decline; and the unincorporated business tax is forecast to increase 5.2 percent. Business income tax collections are forecast to grow an average of 6.1 percent in 2006 through 2008, coinciding with rapid growth in the national and local economies.

Sales & Use Tax

Sales tax revenues are forecast at $3,912 million in 2004 and $3,887 million in 2005, unchanged from the November Plan. Sales tax revenue is forecast to grow 10.7 percent in 2004 and to decline 0.6 percent in 2005, after a 5.2 percent rebound in 2003. Adjusted for tax law changes, growth is forecast at 3.3 percent in 2004 and 5.1 percent in 2005.

Buoyed by historic employment gains, record profits on Wall Street, and a strong emerging local tourism industry, sales tax revenue growth averaged 8.2 percent from 1997 through 2001 (common rate and base). By 2002, the national recession and the impact of the 9/11 terrorist attack combined to drastically reduce sales tax revenues. Following 9/11, visitor spending fell as hotel occupancy and room rates plummeted. Sales activity in Lower Manhattan

Sales Tax Collections Have Rebounded From Post–9/11 Lows, But Have Not Yet Recovered to Pre–9/11 Levels



was severely hampered, especially in the months immediately following the attack, as the area was nearly inaccessible. In 2002, sales tax revenue fell 7.4 percent (common rate and base). In 2003, the City saw a recovery in consumption from the severely depressed levels of 2002, resulting in a moderate rebound in sales tax revenues. Sales tax revenues resulting from hotel and tourism related consumption also increased, as occupancy rates rebounded to near pre-9/11 levels. In 2003, sales tax revenue grew 4.3 percent (common rate and base).

In 2004, sales tax revenue is forecast to grow again moderately. Growth in wage earnings and the continued recovery within the hotel and tourism industry have increased consumption and consequently, sales tax revenue. Legislation which became effective at the end of 2003, added another 9.4 percent of growth to the 2004 sales tax revenue forecast. This legislation included a 1/8 percent increase in the sales tax rate (from 4.0 percent to 4.125 percent, effective June 4, 2003 through May 31, 2005), the repeal of the clothing and footwear exemption for purchases under $110 (effective June 1, 2003 through May 31, 2004), and two tax-free weeks for clothing and footwear purchases under $110 (August 26, 2003 through September 1, 2003 and January 26, 2004 through February 1, 2004). Collections year-to-date through December have increased 10.6 percent over the same prior year period, including the impact of the aforementioned legislation. After adjusting for these legislative changes, collections through the first two quarters grew 1.0 percent, suggesting that no forecast change is warranted for the remaining quarters of 2004. Growth in wage earnings, the continued recovery in the hotel and tourism industry and the re-instatement of the clothing and footwear exemption lead to a slight decline of sales tax revenues in 2005. In 2006, sales tax revenue growth of only 2.3 percent is expected, the result of trend growth being offset by the expiration of the 1/8 percent rate increase. Average sales tax growth of 5.2 percent is expected in 2007 and 2008.

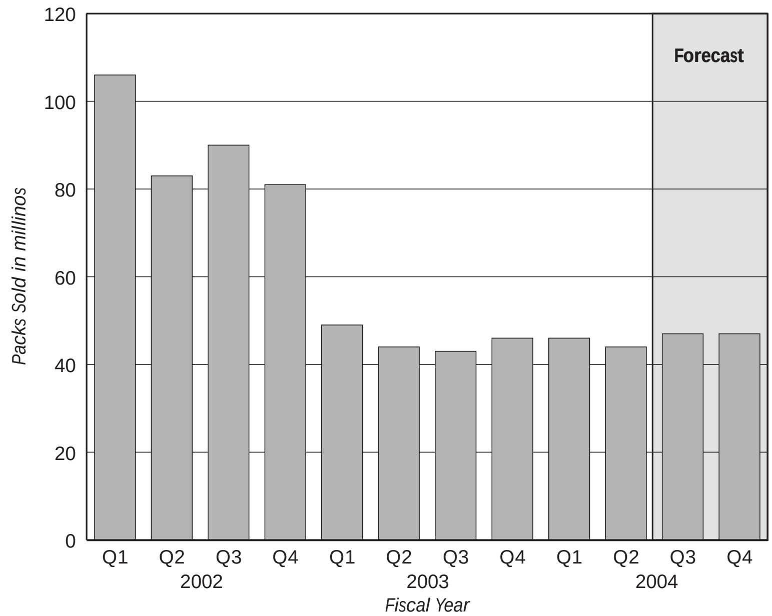
The impact of utility deregulation continues to re-shape the sales tax base. Prior to November 1, 2000, the portion of the Con Ed electric load available for competitive retail access was set by PSC agreement. On November 1, 2000, 100 percent of the Con Ed electric load was made available to competition. Estimates of the participation in competitive retail access continue to be revised. In recent modifications, these estimates have been trending downward thereby reducing estimated losses. In 2004, the impact of energy deregulation and State utility reform legislation is estimated to reduce revenues by approximately $14 million. By 2005, the impact of energy deregulation and State utility reform legislation is estimated to reduce revenues by $29 million, nearly unchanged from the November Plan forecast of $28 million.

All Other Taxes

The forecast for all other taxes is $821.3 million in 2004, an increase of $20 million from the November Plan of $801.3 million. Other tax revenue for 2005 is estimated at $778.2 million.

Cigarette tax revenue for 2004 is forecast at $144 million, unchanged from the November Plan. The City raised the cigarette tax from $.08 to $1.50 per pack, effective July 2, 2002. This led to a subsequent drop in packs sold within the City during 2003 to 182 million from the 342 million sold in 2002 (a 47 percent decline). Revenue grew to $158 million in 2003, from $27 million in 2002. The forecast for 2004 calls for a modest decline in the number of packs sold, down 2.2 percent to 178 million packs. From 2005 through 2008 cigarette tax collections are projected to continue falling based upon the long-term decline in the number of packs sold, a decline averaging 2.3 percent a year.

Cigarette Sales Stabilize after a 47 Percent Decline Due to the Cigarette Tax Increase



Hotel tax revenues are forecast at $209 million for 2004, unchanged from the November Plan. While hotel occupancy has recovered to near pre-9/11 levels, hotel room rates continue to show weakness. Overnight visits from domestic tourists are up, partially offsetting continued weakness from visits by higher spending business travelers and foreign tourists. Coupled with additions to inventory and the proliferation of web-based discount marketing, hoteliers' ability to raise prices, even in the face of occupancy rate improvements, has been hindered. Revenue from the hotel tax for 2005 is forecast at $230 million, unchanged from the November Plan. The hotel tax is forecast to grow 5.9 percent on average from 2006 through 2008 as the national economy continues to grow and foreign tourism recovers.

In 2004, Payments in Lieu of Taxes (PILOTS) are forecast at $237.6 million, an increase of $20.4 million from the November Plan. The increase results primarily from the revision to the PILOT payment estimates by the Battery Park City Authority. In 2005, PILOTs are forecast at $176.6 million, a decrease of $29.3 million from the November Plan. The decrease results primarily from the revision to the PILOT payment estimates by the Battery Park City Authority.

Revenue from the utility tax for 2004 is forecast at $294 million, unchanged from the November Plan, and nearly flat growth over 2003. In 2005, the utility tax revenue is expected to decline 5.4 percent from 2004 to $278 million. Utility tax collections are forecast to be flat from 2006 through 2008, coinciding with uncertainty over continued increases in energy prices, and a return to normal temperatures.

Tax Enforcement Revenue

Tax audit revenue is forecast at $545.1 million in 2004. Year-to-date through December audit collections are $44 million ahead of plan, with nearly half the surplus due to amnesty collections in excess of plan. Included in this forecast is $40 million of revenue from an amnesty program for outstanding City administered business and other taxes that are more than three years delinquent, running from October 20, 2003 to January 23, 2004. Audit revenue is forecast at $507.6 million in 2005. Department of Finance will rigorously pursue delinquent taxpayers through agency audit activities and computer matches.

Tax Revenue Forecast
($ in Millions)

	Fiscal Year				
	2004	*2005*	*2006*	*2007*	*2008*
Real Estate Related Taxes:					
Real Property	$11,335	$11,809	$12,278	$12,798	$13,350
Commercial Rent	420	430	441	456	470
Mortgage Recording	572	459	478	511	538
Real Property Transfer	479	444	468	503	535
Income Based Taxes:					
Personal Income (PIT)					
Total PIT	5,268	5,360	5,415	5,467	5,839
Less: TFA Retention	(145)	(973)	(981)	(983)	(989)
PIT - General Fund	5,123	4,387	4,434	4,484	4,850
General Corporation	1,454	1,567	1,683	1,786	1,881
Banking Corporation	241	291	358	403	427
Unincorporated Business	880	926	966	1,006	1,044
Consumption and Use Taxes:					
Sales and Use	3,912	3,887	3,976	4,174	4,396
Utility	294	278	278	284	284
All Other	821	778	791	776	785
Subtotal	$25,530	$25,256	$26,151	$27,181	$28,561
Tax Audit Revenue	545	508	508	509	509
Total Baseline	$26,076	$25,764	$26,659	$27,690	$29,069
Tax Rebate	—	(250)	(259)	(263)	(267)
STAR Aid	677	715	722	770	806
Total *	$26,753	$26,229	$27,122	$28,197	$29,609

* *Totals may not add due to rounding.*

Tax Revenue Forecast
All Other Taxes
($ in Millions)

	Fiscal Year				
	2004	*2005*	*2006*	*2007*	*2008*
Hotel Tax	$209.0	$230.0	$247.0	$261.0	$273.0
Excise Taxes:					
Cigarette	144.0	141.0	138.0	134.0	131.0
Beer and Liquor	21.5	21.5	21.5	21.5	21.5
Liquor Licence	3.8	3.8	3.8	3.8	3.8
Off-Track Betting (Dividend)	0.1	1.3	1.9	2.4	2.8
OTB Surtax	20.6	20.8	21.0	21.2	21.4
Auto Related Taxes:					
Commercial Motor Vehicle	49.5	49.5	49.3	49.3	49.3
Auto Use	36.0	34.2	36.0	34.2	34.2
Taxi Medallion	4.5	4.5	4.5	4.5	4.5
Miscellaneous Taxes:					
Other Tax Refunds	(15.2)	(15.2)	(15.2)	(15.2)	(15.2)
Waiver	76.8	76.8	76.8	76.8	76.8
PILOTS	237.6	176.6	172.5	150.0	150.0
Penalties and Interest:					
P&I - Real Estate Current Year	14.0	14.0	14.0	14.0	14.0
P&I - Real Estate Prior Year	33.0	33.0	33.0	33.0	33.0
P&I - Other (Refunds)	(13.8)	(13.6)	(13.1)	(14.8)	(14.8)
Total All Other Taxes	$821.3	$778.2	$791.0	$775.7	$785.3

Federal and State Agenda

Over the last two years, the City has been extremely successful in achieving its Federal and State Agenda. In 2003, the gap closing program called for $200 million of Federal assistance. By increasing the Federal share of Medicaid, providing additional reimbursement for the protection of the UN and foreign missions, and granting additional flexibility in certain grants, the Federal government delivered $340 million of gap closing assistance. In addition, the City also successfully lobbied for the creation of a new High Threat Urban Area Security Initiative which provided the City with $180 million over two years. The City also worked successfully with the State in 2003 to restore over $600 million of projected budget cuts to education and social services, to develop over $500 million of no-cost fiscal relief initiatives and to pass legislation relieving the City of $500 million in annual MAC payments.

The 2005 Gap Closing Program calls for $300 million of initiatives requiring Federal action and $400 million of initiatives requiring State action. Specifically, the Federal and State Agenda focuses on controlling and reducing mandated costs on local governments. The expanding Medicaid program is one of the fastest growing portions of New York City's budget. The City spends almost $4 billion a year on this mandated program, but has no control of how it is spent. The Federal and State government must find ways to control Medicaid costs and relieve localities of this significant fiscal burden. In addition, the Federal and State agenda proposes new changes to reduce the City's debt service, and provide the City with equitable reimbursement for undertaking mandated federal and state functions. The Federal and State governments have been provided with a menu of over $1.2 billion of initiatives to help meet this $700 million target.

FEDERAL AGENDA

Federal Initiatives to Close the Gap

Make Permanent the Increase to the Federal Share of Medicaid

Last year, the Federal government temporarily increased the Federal Medicaid Matching Percentage (FMAP) by 2.95 percent to provide temporary fiscal relief for state Medicaid programs. This enhanced match will save the City almost $290 million but it is scheduled to expire on June 30, 2004. The City urges the Federal government to continue the enhanced match that provides fiscal relief to states.

Even after this temporary FMAP increase, New York State still receives the lowest Federal match allowed in law, while providing a generous Medicaid program both in eligibility and benefits. A General Accounting Office study identifies inequities within the current FMAP formula. A major recommendation of the study is to substitute the FMAP per capita income calculation with a total taxable resources (TTR) assessment. TTR measures a state's ability to finance program services from the total income produced or received within a state. Per capita income can, and in the case of New York does, fail to capture the extent of poverty within a state. When examining total Medicaid spending across the country as a share of total state budget expenditures, New York State ranks among the highest in the nation. Continuation of the enhanced match will remedy certain formula flaws and provide much needed relief from spiraling Medicaid costs. With the continuation of the 2.95 percent increase in FMAP, New York City would save $242 million in 2005 and $253 million in 2006.

Increase State Criminal Alien Assistance Program Funding

The Federal government reimburses state and local governments for a portion of the costs of incarcerating illegal aliens who have been convicted of one felony or two misdemeanor offenses. Historically, the City received approximately $30 million each year to partially offset the costs of keeping these individuals in local jails through the State Criminal Alien Assistance Program (SCAAP). However, this allocation was reduced to $16 million last year, shifting even more of the substantial 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 $100 million. Cuts in this program will force the City to divert already scarce law enforcement resources away from crime prevention and homeland security efforts. The City requests that SCAAP funding be fully restored and increased to an appropriate level to cover the full cost of this program which will provide the City with an additional $87 million in 2005.

Restore Federal Medicaid Funding for Legal Immigrants

Welfare reform legislation enacted in 1996 expressly prohibits Medicaid funding for legal immigrants. However, in 2001, the New York State Supreme Court ruled in *Aliessa v Novella* that the State of New York must provide Medicaid to legal immigrants that meet the income eligibility requirements. Since the Federal government is prohibited from providing reimbursement, Medicaid costs for this population are split between the City and the State. The City seeks to repeal the prohibition of Federal funds for legal immigrants which would save the City an estimated $34 million in 2005.

Reimburse the City for the Full Costs of Protecting the United Nations, Foreign Missions and Millennium Summit

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 providing security for special international events held in the City. Although the State Department reimburses the City for these services, the cost of providing protection has increased beyond the current reimbursement level. Last year, Congress provided a lump sum payment to cover the outstanding balance of payments due the City over the last two years, but the State Department still owes the City for services provided for the

Millennium Summit and the 55th United Nations General Assembly. The City is seeking $20 million for the reimbursement of cost for these events, and an increase in the annual reimbursement rate from $10 million to $20 million. This would provide a total of $30 million in additional revenue for the City of New York in 2005.

Extend Second Advanced Refunding Authority

In 2002, the City was granted the authority to issue one additional advanced refunding of tax-exempt debt, so long as the refunding resulted in present value savings. An advanced refunding is a refunding of tax-exempt debt with new debt issued more than 90 days prior to the maturity date or first call date of the existing debt. Prohibiting more than one advanced refunding unnecessarily limits the City's ability to respond to declining interest rates by lowering debt service costs through refunding. Extending this authority by an additional five years, would provide the City with $20 million of savings in 2005.

Other Federal Initiatives

Distribute Homeland Security Funds on a Threat-Based Allocation

Over the last two years Congress has appropriated nearly $8 billion in homeland security grants for state and local governments, including the High Threat Urban Area Security Initiative which was created in part at the request of the City of New York. However, in 2004 the City received only $95 million in total homeland security funding; less than 2.5 percent of all funding for that year. This funding level is clearly inadequate and is based on a formula that distributes Homeland Security dollars to states without regard to threat. In fact, New York State received only $5.47 per person while Wyoming, for example, received $38.31 per person in State Homeland Security funds. This formula must be changed and should be based on the potential for attack, presence of critical infrastructure and potential severity of consequences. If all of the homeland security and bioterrorism grants were distributed on a threat based allocation similar to the High Threat Urban Area Security Initiative, the City would receive at least $400 million in the next fiscal year.

Authorize Education Spending at Full Funding Levels

The Federal No Child Left Behind Act of 2001 (NCLB) is designed to hold states and school districts accountable for the academic achievement of all students, to ensure that the teaching and paraprofessional staff is highly qualified, and to provide parents with access to information and choice. In order to accomplish these goals, the NCLB Act mandates very high standards of achievement and outlines a series of remedies if those standards are not attained. If students do not meet certain annual performance indicators, parents are provided with the option to transfer their children to a different public school. In addition, school districts are required to provide tutoring services, and in some instances, the Federal government will assess financial penalties.

While these high standards are necessary to meet our children's needs, achieving high performance will be costly. The Federal government has not provided the amount of funding originally determined to be necessary to help districts meet these goals. When NCLB was passed by Congress specific funding levels were authorized in law. However, actual appropriations in the budget process have not reached those levels. For example, the Title I program, which provides funding to improve the academic achievement of the disadvantaged, was only funded at 66% of the authorized level in 2003. If Title I were fully funded in 2005, the City would receive an additional $534 million which would allow the City to provide the mandatory services and support required under NCLB.

STATE AGENDA

Medicaid Reform

Medicaid spending is one of the largest components of New York City's budget. Expenses continue to rise at a dramatic rate with no indication that the growth is likely to subside. In 2003, the City's share of mandated Medicaid expenditures was $3.87 billion and is projected to increase to almost $4 billion in 2004 and $4.4 billion in 2005. Successful reform of the Medicaid program can reflect the State and City's continued commitment to providing quality health care, while establishing necessary program priorities and recognizing the need to provide critical fiscal relief to localities.

Enact Medicaid Cost Containment

There are a variety of ways to achieve these goals, including instituting new management tools to improve care and ensure adherence with program priorities, implementing pharmacy cost controls and reducing local contributions to reflect the lack of any local decision making role. With no input from localities, recent State actions have expanded Medicaid eligibility, creating sizeable costs for localities. It is imperative that the State enact responsible and sustainable Medicaid cost control in the upcoming year. In addition to the State takeover of a number of Medicaid programs it is anticipated that effective and equitable cost containment initiatives would save New York City $200 million in 2005 with savings reaching $228 million by 2008.

Takeover the Local Share of Family Health Plus

In order to contain Medicaid costs for localities, the State Senate Medicaid Task Force has suggested that the State takeover the county share for the Family Health Plus program. This program provides health insurance coverage to adults in New

York State who do not have health insurance but whose incomes exceed the Medicaid levels. Local governments have a 25 percent share in the cost of Family Health Plus and it is projected to cost the City $179 million in 2005. Taking over the local share of this program would relieve the City and all other counties of the growing costs of this new mandated program.

Continue State Takeover of Medicaid Long Term Care

In addition to the takeover of Family Health Plus, the Governor's Medicaid Task Force recommended changes to the Medicaid Long Term Care program since it accounts for the largest percentage of the State's Medicaid budget. Over the last two decades, the State has made incremental changes in the way that this program has been financed. In 1984, New York State took over 60 percent of the county share of long-term care Medicaid costs in response to growing expenses. In 1994, the State implemented another phased-in partial takeover of the remaining county long term care, resulting in a local share of less than 10 percent for long term care. If the State were to continue this trend by phasing in a complete takeover of long term care beginning in 2004, the City would save approximately $116 million in 2005 and the savings would grow to $494 million by 2008.

Remove State Caps on Reimbursement for Social Services Administrative Expenses

Eliminate the Home Care Savings Target

The State continues to impose the home care savings target on the City of New York. This target requires the City to show a savings of at least $32 million in home care expenditures based on the cost of services provided compared to a State-determined amount. The target is unfair as the home care program is mandated by the State, with little to no local input. The State has consistently failed to provide localities with the tools necessary to contain costs in the home care program, yet the City is penalized if it fails to meet the savings target. The State should continue to share in its responsibility and eliminate the home care savings target.

Relief from the Social Services Administration Caps

The State places a cap on the allowable reimbursement amount for local administrative expenditures for temporary and disability assistance, Medicaid and Food Stamps, with some exceptions for certain approved activities. Since its implementation in 1989, New York City's cap amount has been reduced by over $60 million. Each year local government spending to administer state mandated programs significantly exceeds the cap. New York City spending is anticipated to exceed the cap by $120 million in 2004. Localities continue to bear the burden of administering programs that have generated enormous savings in the form of public assistance caseload reductions due to enhanced case management employment programs, as well as containment of fraud and abuse. However, the financial benefits of these efficiencies are not equitably shared with local governments. Moving forward with welfare reform, New York State must partner with its counties to share in the costs as well as the savings.

Increase Reimbursement for State-Ready Inmates

The State is required to provide reimbursement to localities for the incarceration of state-ready inmates and parole violators at $40 per inmate per day. State-ready prisoners are convicted felons who have been sentenced and committed to the State Department of Correctional Services, but have not yet been accepted by the State. Parole violators are also individuals who are temporarily detained in City correctional facilities. Despite this law, the State only reimburses localities $34 per inmate per day. Both the current rate as required by law and the rate paid by the State leaves the City with a substantial shortfall, since the actual average cost per inmate per day is approximately $260. Given that these individuals are the responsibility of the State, the State should provide the appropriate level of reimbursement to the City for its services. The City recognizes that the State has, during the last month, taken these individuals into their custody in a timelier manner, thereby reducing the City's cost burden. However, given the significant cost burden that remains, the City is seeking a four-year phase-in to full reimbursement. According to the City's proposal, starting in 2005, the reimbursement rate would be 25 percent of the actual cost and this rate would grow 25 percent each fiscal year and reaching 100 percent of the actual cost in 2008.

Increase Reimbursement for Probation

While New York State law provides that local government probation spending shall be reimbursed up to 50 percent of the local spending amount, the State actually reimburses the City significantly less than this statutory maximum each year. The State's probation aid has been gradually decreasing, with reimbursement amounts ranging from 21 percent to 25 percent of approved expenditures over the last few years. As a result, the City is required to fully finance this shortfall in probation aid at close to $20 million each year. This is an enormous burden, only compounded by the fact that the City's probation services actually save the State money, since many of the individuals on probation would be in a State prison if they were not sentenced to this alternative. The State should provide the City with the more substantial reimbursement allowed by law to avoid compromising this critical alternative to incarceration. The City proposes an increase in the probation reimbursement amount up to the statutory limit.

Provide Reimbursement for Foster Care Children Awaiting Placement in State Institutions

Children with serious mental illness or emotional disturbances who frequently enter the foster care system are referred to the State Office of Mental Health (OMH) and the State Office of Mental Retardation and Developmental Disability (OMRDD) for residential treatment facility (RTF) placement. RTF placements are funded 100 percent by the State. Currently, there are substantial waiting periods to move a child from foster care to these facilities, during which time the State neither provides services nor reimburses localities the RTF rate so that appropriate services can be contracted while clients await transfer. Care for these children is fully supported by the City and from the family and children services block grant, even after the placement determination for care by OMH/OMRDD is made. Since children awaiting RTF placement are legally the responsibility of the State, it is only fair that the State reimburse counties in full for the cost of providing these enhanced services before placement. In addition it is unfair to require counties to spend already scarce block grant funds in order to support these activities. It is estimated that the City would save $8 million in 2005 with the enactment of this proposal.

Enact Tort Reform

The City proposes that the State enact far-reaching tort reform legislation. Tort liability costs have increased dramatically since the early 1990s. Last year the City paid out $600 million in tort claims alone. The City's tort reform proposal includes several initiatives that are expected to produce savings for both the City and the State. The City's tort reform initiatives include:

Cap on Pain and Suffering: Setting a reasonable cap of $250,000 on pain and suffering will enable the City to compensate injured parties and their attorneys fairly.

Medical Expense Threshold: Establishing a medical expense threshold of $5,000 that plaintiff's must meet before being awarded damages for non-economic loss will prevent the City from paying substantial damage awards to claimants with only minor injuries.

Abolish Joint and Several Liability: Allowing public entities to be only proportionately liable for economic, as well as non-economic damages, will end the City's payment of full liability costs when other parties are also at fault.

Bar Recovery Where a Plaintiff's Comparative Negligence Reaches 50 percent: Modifying comparative negligence to bar recovery of damages where a claimant is assigned at least 50 percent culpability or was incurred while the claimant was committing a felony will account for a plaintiff's comparative negligence.

Limit the Interest Paid by Municipal Corporations on Judgments and Claims: Linking the statutory interest rate to the 52 week United States Treasury Bill, while maintaining a 9 percent cap, will result in municipalities paying an interest rate that is no higher than the market rate.

Confer Jurisdiction on the State Court of Claims: Extending the jurisdiction of the Court of Claims to include any tort actions brought against a local government or covered organization will continue to protect the rights of individuals, while relieving municipalities of open-ended financial exposure.

Reform the Local Finance Laws

The City of New York proposes that the State grant the City the authority to maximize the benefits of the municipal bond market in order to reduce debt service costs. Current law unnecessarily restricts a number of refinancing mechanisms that would allow the City to take advantage of lower interest rates. The City's reform package includes the following:

Variable Rate Swap Enhancement: This proposal will allow the City to enter into interest rate exchange agreements with counterparties within the three highest credit rating categories, as determined by two nationally recognized agencies, provided the party collateralized the obligation. Current law already provides that the City may enter into agreements with counterparties within the top two highest credit agencies. Moreover, if a counterparty falls below the top two tiers, after a contract has already been entered into, the City may continue its dealings, so long as the party collateralizes the obligation. This new proposal would just set this arrangement at the outset. The City also proposes a permanent extension to the current variable rate swap authority. This extension and enhanced swap authority would provide the City with $25 million in savings.

Transitional Finance Authority Reform: The City proposes to make various changes to the law as it relates to the Transitional Finance Authority's (TFA) debt capacity. Current law caps the amount of bonds issued by the TFA at $11.5 billion. The TFA has already issued this entire amount. In order to provide additional savings to the City of New York, the TFA debt limit should be increased to an amount which when totaled with outstanding General Obligation (GO) debt is equal to the constitutional debt limit of the City of New York. The City is not seeking an increase to its overall debt limit in this proposal, but is seeking to substitute less expensive TFA debt for GO debt. If the currently projected amount of GO debt to be issued for 2005 is issued by the TFA, the City would save up to $15 million.

General Obligation Bond Statutory Lien: This proposal would strengthen the credit of New York City GO debt by making permanent certain provisions of the Financial Emergency Act and by creating a statutory lien in the debt service fund in favor of the City's bond holders. This proposal would also authorize a pledge and agreement of the State to holders of City debt relating to preservation of the general debt service fund and the statutory lien. Strengthening the City's credit would result in approximately $3 million in savings.

Omnibus Periods of Probable Usefulness: This proposal would allow the City to efficiently utilize the authority granted in 1994 to structure its bond issues using the weighted average Period of Probable Usefulness (PPUs) of the objects or purposes financed. By extending the use of Omnibus PPUs for projects with a useful life of 35, 40 or 50 years, the City will better match the average life of its debt with that of its assets. This proposal would save the City approximately $3 million.

Enact Collateral Source Legislation

Currently, State Law subjects public employers to a double recovery of lost future earnings in tort actions brought by their employees. This inequity exists because under current law, the future lost earnings award a public employee receives in a tort action is not offset by a collateral source, such as a disability pension, that the employee will also receive to replace his or her lost earnings. An identical pension received by a private employee would be offset against the employee’s tort recovery. This enactment will cure the unequal treatment provided public employers, eliminate windfall recoveries and lead to significantly lower costs to municipalities and taxpayers both in New York City and throughout the State. The City estimates savings of $30 million with the enactment of this proposal.

Increase Rent Stabilization Fees to Reflect Actual State Charges

Until State Fiscal Year 2000-01 the State administered the New York City rent regulation program and required the City to provide reimbursement at a capped rate of $10 per rent-regulated unit, or approximately $8 million per year. The State Fiscal Year 2000-01 State Budget transferred the full program costs, totaling over $35 million, to New York City without allowing the City to increase the amount collected per unit. The City requests the ability to collect a per-unit fee that adequately covers the program costs, saving the City $28 million each year.

Allocate Foster Care Block Grant Equitably

While the Foster Care Block Grant (FCBG) allocation for State Fiscal Year 2003-04 was funded at the same level as the previous fiscal year, $365 million statewide, New York City's share of the grant decreased by 3 percent, or $6.6 million from the prior fiscal year, and the rest of the State's share increased 5 percent. Last year, the State revised its methodology for distributing local FCBG allocations, placing greater weight on predictors of foster care and less on the actual number of children in foster care which resulted in the City's loss of funding. New York City urges the State to distribute FCBG funds based on a locality's statewide percentage of foster care children. New York City has 66 percent of the total number of foster care children in the State, but receives only 60 percent of the FCBG. If the FCBG were allocated using this more equitable basis, New York City would receive an additional $21 million each year.

Department of Finance Administrative Efficiencies and Loophole Closing

The following proposals address a variety of problems the City has recently faced regarding the collection of certain taxes and the expansion of loopholes that currently exist . The enactment of these proposals will provide the City with a total of $18 million in revenue annually.

REIT Loophole Closer: Real Estate Investment Trusts (REITs) are pass-through entities that are allowed to deduct dividends paid to shareholders. The Federal government no longer allows shareholders of REITs to claim a dividend-received deduction for REIT dividends. However, New York State and New York City law still permit the deduction thus allowing banks and property owners to use closely-held REITs to avoid paying taxes on mortgage interest and real estate income. This proposal will close this troublesome loophole and provide the City with an additional $10 million in revenue annually.

Mortgage Recording Tax Loophole Closer: This proposal attempts to close a number of loopholes that currently allow property owners who borrow funds using their property as collateral to structure the transaction to avoid paying the mortgage recording tax. These transactions take advantage of the mortgage recording tax exemption for supplemental mortgages and other provisions in the law that were originally intended to apply to only limited types of transactions. It is estimated that closing this loophole will provide the City with $5 million annually in lost mortgage recording tax revenue.

Allow the City to Offset Tax Liability Against New York State Refunds: This proposal will allow the City to satisfy an outstanding city tax warrant and judgment debt through a claim against a state tax refund owed by the same taxpayer.

Conform Sport Utility Vehicle Provision to the State: Due to their weight, sport utility vehicles (SUVs) inadvertently are not subject to the Federal tax limits on deductions relating to luxury vehicles. Last year, the State amended its tax laws to add back the first year expense deduction for SUVs. The City is requesting the ability to provide a similar tax treatment for these vehicles as the State.

Lower Electronic Funds Transfer Threshold: This proposal mandates the payment of real property taxes by electronic funds transfer for tax payments of $300,000 or more. This change will reduce the administrative burden of processing real property tax payments and will provide the City with earlier access to funds.

Transfer Administration of the Commercial Motor Vehicle Tax (CMVT) to the State Department of Motor Vehicles: The State bills and collects the Commercial Motor Vehicles Tax (CMVT) on non-medallion livery vehicles and light trucks in tandem with the State registration of these vehicles. This proposal extends State administration to the 48,000 heavy trucks currently paying the CMVT.

Repeal the Floor on Interest Rates for Overpayments of the Unincorporated Business Tax and the Tax on Foreign and Alien Insurers: Currently there is a 6 percent floor on interest rates for overpayments of the Unincorporated Business Tax and the Tax on Foreign and Alien Insurers. This proposal will eliminate the interest rate floor paid on the overpayment of these taxes and mirrors legislation that was recently enacted for the Banking Corporation Tax and the General Corporation Tax.

Increase Fire Insurance Premiums For Out of State Companies

Since 1909, all foreign (out of state) and alien (out of country) mutual and stock insurance companies providing property and casualty insurance within the State of New York have been required to pay a 2 percent tax on (gross) fire insurance premiums. The City of New York recommends that this assessment be increased from 2 percent to 4 percent. The enactment of this proposal will generate additional revenue for all New York State localities. Furthermore, these funds are remitted directly to the New York City Fire Department which will receive $16 million in 2005 from this increase.

Increase the Authorization for Red Light Cameras

New York City's Red Light Camera Program has been an extremely effective public safety tool since its inception in 1993. Thousands of cars, taxis and buses have been caught running red lights by the 50 cameras currently in place throughout the City. This program has assisted in the reduction of traffic accidents and has helped modify driver behavior. The cameras have been shown to dramatically reduce the number of violations at the intersections where they are located. Given the success of this program, the City is seeking to increase the number of cameras by 50 for a total of 100. Although there will be additional expenses associated with the expansion of this program, the safety of vehicular passengers and pedestrians will be greatly increased. The City anticipates an additional $14.7 million in gross revenue when the new cameras are fully operational.

Conform Certain Fees to State Levels

The City proposes to increase various fees in order to recoup the costs of providing these services to the public. For the most part, these fees have not been raised for at least ten years. In the State Fiscal Year 2003-04 Budget, New York State included increases for various state fees including marriage licenses and birth and death certificates; New York City's proposal is in line with these increases.

City Clerk Fees: The City Clerk of the City of New York issues, among other things, marriage licenses and certificates, as well as certifications of appointment for Commissioner of Deeds, conducts searches for marriage licenses and issues certified copies of documents. The City Clerk has re-evaluated their fees based on a current cost analysis for providing marriage licenses, ceremonies, search and/or copy fees, and other various fees and has determined that fee increases are warranted. These fee increases are anticipated to generate and additional $1.4 million annually.

Birth and Death Certificates: The New York City Department of Health and Mental Hygiene (DOHMH) supervises the registration of births and deaths. DOHMH does not charge for an initial birth certificate but the agency charges $15 for each copy of a birth or death certificate requested. In order to cover DOHMH costs, the City is seeking to increase the fee for the issuance of these copies of birth and death certificates. These fee increases are anticipated to generate and additional $10.6 million annually.

Court and Trust Services: The City is proposing to increase four fees collected by the Department of Finance Treasury Division pursuant to State law. These fees include bail fees, fund fees, investment fees and certification of deposit fees. These fee increases are justified by the costs incurred by the City's Department of Finance to collect and manage these funds. The fee increase is anticipated to generate and additional $1.2 million annually.

Capital Program

The Modified Capital Commitment Plan for Fiscal Years 2004-2007 authorizes agencies to commit $30.7 billion, of which $24.5 billion will be City-Funded. City funds include proceeds of bonds issued by the City Municipal Water Finance Authority, New York City Transitional Finance Authority, Jay Street Development Corp., and the State Dormitory, as well as City general obligation and Tobacco Settlement bonds (as described in the Financing Program section).

The targeted level for City-funded commitments is $4.9 billion in Fiscal Year 2004. The aggregate agency-by-agency authorized commitments of $7.5 billion exceed the Fiscal Year Financial Plan by $2.6 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 2000

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

FY 2000-2003 Commitments
*($ in Millions)**

	2000 City Funds	2000 All Funds	2001 City Funds	2001 All Funds	2002 City Funds	2002 All Funds	2003 City Funds	2003 All Funds
Environmental Protection								
Equipment	$74	$85	$60	$68	$115	$239	$91	$91
Sewers	224	224	90	90	199	199	201	202
Water Mains	212	212	178	178	492	492	337	337
Water Pollution Control	408	412	970	970	806	806	681	687
Water Supply	85	85	130	130	135	135	63	63
Subtotal	*$1,003*	*$1,018*	*$1,428*	*$1,436*	*$1,747*	*$1,871*	*$1,373*	*$1,380*
Transportation								
Mass Transit	$109	$109	$91	$91	$6	$6	$521	$521
Highways	111	115	214	223	211	217	171	166
Highway Bridges	193	228	147	198	63	101	191	232
Waterway Bridges	82	86	127	269	46	35	181	236
Subtotal	*$496*	*$538*	*$579*	*$781*	*$327*	*$359*	*$1,064*	*$1,155*
Education & Hospitals								
Education	$1,123	$1,160	$2,178	$2,429	$1,337	$1,340	$890	$963
Higher Education	10	11	7	8	9	10	17	21
Hospitals	19	19	65	65	77	77	50	50
Subtotal	*$1,152*	*$1,191*	*$2,250*	*$2,502*	*$1,422*	*$1,427*	*$956*	*$1,033*
Housing & Economic Development								
Housing	$182	$294	$261	$390	$321	$438	$203	$313
Economic Development	21	21	202	213	190	193	237	255
Subtotal	*$203*	*$315*	*$463*	*$603*	*$510*	*$632*	*$440*	*$568*
City Operations & Facilities								
Correction	$59	$59	$107	$108	$31	$32	$110	$110
Fire	49	49	120	120	149	149	81	99
Police	37	11	43	43	119	119	81	81
Public Buildings	80	84	79	81	167	167	98	102
Sanitation	198	198	150	150	216	216	159	159
Parks	141	147	205	207	166	169	222	226
Other[1]	304	364	671	743	976	1,073	804	886
Subtotal	*$868*	*$912*	*$1,374*	*$1,452*	*$1,825*	*$1,926*	*$1,555*	*$1,662*
Total Commitments	$3,721	$3,974	$6,094	$6,775	$5,832	$6,214	$5,389	$5,799
Total Expenditures	$3,919	$4,256	$4,389	$5,310	$5,436	$6,320	$5,376	$5,734

1) Includes unplanned Actuals

* *Note: Actuals are adjusted to reflect DASNY Courts and DDC managed Education contract registrations. Individual items may not add to totals due to rounding.*

FY 2004-2007 Commitment Plan

*($ in Millions)**

	2004 City Funds	2004 All Funds	2005 City Funds	2005 All Funds	2006 City Funds	2006 All Funds	2007 City Funds	2007 All Funds
Environmental Protection								
Equipment	$105	$105	$118	$190	$88	$88	$33	$33
Sewers	272	272	139	139	115	115	58	58
Water Mains	737	744	464	464	732	732	1,083	1,083
Water Pollution Control	1,131	1,255	770	795	783	808	62	87
Water Supply	104	104	780	780	114	114	50	50
Subtotal	*$2,350*	*$2,480*	*$2,270*	*$2,368*	*$1,831*	*$1,856*	*$1,286*	*$1,311*
Transportation								
Mass Transit	$118	$118	$72	$72	$68	$68	$68	$68
Highways	279	382	228	272	354	381	243	277
Higway Bridges	282	363	411	412	172	172	308	449
Waterway Bridges	204	332	113	196	46	46	171	281
Subtotal	*$882*	*$1,194*	*$825*	*$952*	*$641*	*$668*	*$790*	*$1,075*
Education & Hospitals								
Education	$645	$663	$1,319	$2,632	$1,313	$2,625	$1,313	$2,625
Higher Education	80	90	21	22	41	41	21	25
Hospitals	635	635	18	18	25	25	14	14
Subtotal	*$1,359*	*$1,388*	*$1,358*	*$2,672*	*$1,378*	*$2,691*	*$1,347*	*$2,664*
Housing & Economic Development								
Housing	$296	$373	$263	$414	$274	$406	$278	$336
Economic Development	397	526	120	120	110	110	35	35
Subtotal	*$693*	*$899*	*$383*	*$534*	*$384*	*$516*	*$313*	*$371*
City Operations & Facilities								
Correction	$106	$106	$103	$103	$109	$109	$118	$118
Fire	135	138	69	69	60	60	32	32
Police	144	144	84	84	70	70	52	52
Public Buildings	237	238	123	123	92	92	73	73
Sanitation	142	156	662	662	105	105	204	204
Parks	382	461	140	155	135	138	64	64
Other	1,094	1,299	1,087	1,317	549	612	196	249
Subtotal	*$2,239*	*$2,542*	*$2,268*	*$2,514*	*$1,120*	*$1,186*	*$738*	*$791*
Total Commitments	$7,524	$8,503	$7,103	$9,039	$5,354	$6,918	$4,474	$6,212
Reserve for Unattained Commitments	(2,633)	(2,633)	(774)	(774)	342	342	428	428
Commitment Plan	$4,891	$5,870	$6,329	$8,265	$5,696	$7,260	$4,902	$6,640
Total Expenditures	$4,503	$5,189	$4,828	$5,665	$5,262	$6,427	$5,192	$6,627

* *Note: 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 15 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 maintenance schedules 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

In the past 20 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, value analysis and cost estimating 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.*

- *Cost estimating (CE) determines whether the expected cost for construction projects is in line with the proposed budget. Independent cost estimates of capital projects are used to verify adequacy of capital funding and to provide a "check" on the reliability of agency design estimates.*

In its role as technical support to OMB, the Value Engineering Unit is able to provide expertise otherwise unavailable in–house. Also, working with a VE team of outside consultants and experts, along with input from agency clients, the VE Unit is able to review capital projects and operational processes, and greatly contribute to the effectiveness of how the City conducts its business and manages its resources. This truly collaborative effort also provides a forum to address the concerns of the interested parties. In the past year, operational improvement (VA) reviews have been used to assist agencies in their response to recent fiscal constraints.

Financing Program

The City's financing program projects $24.8 billion of long-term borrowing for the period of 2004 through 2008 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 the 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). The City will continue to use the Jay Street Development Corp. (JSDC) to fund the criminal and family court building at Jay Street in Brooklyn. The annual financing amounts during the plan period for each of the bond issuing entities are listed in the table below.

Financing Program

($ In millions)

	2004	*2005*	*2006*	*2007*	*2008*	*Total*
City General Obligation Bonds	$2,680	$3,150	$3,260	$3,330	$3,400	$15,820
TFA Bonds	145	0	0	0	0	145
TSASC Bonds (1)	39	49	0	0	0	88
NYW Bonds (2)	1,186	1,699	1,943	1,801	1,690	8,319
Conduit Debt	271	86	0	86	0	443
Total	$4,321	$4,984	$5,203	$5,217	$5,090	$24,815

(1) Projected loan drawdown from the US Department of Transportation pursuant to the Transportation Infrastructure Financing and Innovation Act.

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

The following three tables show statistical information on debt issued by the financing entities described above.

Debt Outstanding

($ In millions)

	2004	2005	2006	2007	2008
City General Obligation Bonds	$31,006	$32,645	$34,333	$35,993	$37,668
TFA	13,092	12,732	12,360	11,972	11,972
TSASC	1,255	1,283	1,268	1,251	1,234
MAC	2,151	0	0	0	0
Conduit Debt	2,848	2,766	2,688	2,587	2,477
Total Debt Outstanding	$50,353	$49,427	$50,649	$51,803	$53,351
Water Finance Authority	$13,000	$15,340	$16,290	$17,910	$19,330

Annual Debt Service Costs

($ In millions)

	2004	2005	2006	2007	2008
City General Obligation Bonds*	$2,747	$3,145	$3,323	$3,515	$3,661
TFA	769	973	981	983	989
TSASC	96	91	92	92	99
MAC	0	0	0	0	0
Conduit Debt	168	203	254	250	264
Total Debt Service	$3,780	$4,412	$4,651	$4,839	$5,013
Water Finance Authority	$694	$807	$939	$1,055	$1,242

** Includes short-term (RANs) interest costs. Debt service does not reflect the prepayment that occurred at the end of FY 2003 but is reduced by the amount of water rental revenues.*

Debt Burden

	2004	2005	2006	2007	2008
Total Debt Service (NYC GO, Conduit, MAC, TFA & TSASC) as %:					
a. Total Revenue*	7.9%	9.3%	9.8%	9.9%	10.0%
b. Total Taxes*	13.4%	15.9%	16.2%	16.3%	16.1%
c. Total NYC Personal Income	1.1%	1.3%	1.34%	1.3%	1.2%
Total Debt Outstanding (NYC GO, Conduit, MAC, TFA & TSASC) as %:					
a. Total NYC Personal Income	14.2%	13.8	13.4%	12.1%	11.5%

* *Includes PIT used to pay TFA debt service.*

TFA has reached its statutory bonding capacity of $11.5 billion (excluding bonds for recovery and for refunding purposes) and is expected to issue bonds in January 2004 to permanently finance the TFA Bond Anticipation Notes (BANs) issued in February 2003. 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 $15.8 billion of GO bonds during the plan period, which will equal 64% of the total program. If the TFA cap is lifted, half of what otherwise would be issued in the form of GO bonds would be issued by the TFA instead. This would significantly reduce the financing cost for the remaining $8 billion of GO bonds still required. NYW's annual bonding amount, excluding refundings, will average approximately $1.7 billion. The aggregate NYW financing during the plan period will account for approximately 34% of the total 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. In June 2000, the TFA received an additional $4 billion of bonding capacity, increasing its overall authorization to $11.5 billion. In addition, the State legislature in 2000 increased the TFA's variable rate bonding capacity to $2.3 billion or 20% of its then authorized bonding amount.

On September 13, 2001, the TFA was given statutory authority to borrow $2.5 billion to finance costs related to the September 11th terrorist attack on the City. Pursuant to that authority, the TFA issued approximately $2 billion of long-term debt in the first half of fiscal year 2003. One billion dollars of 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 revenues losses related to the attack. The TFA Recovery Bonds are subordinated to TFA senior debt and revenue losses and have a shorter maturity (20 years vs. 30 years for senior bonds). As of January 1, 2004, $545 million of bonding capacity remains to pay costs related to the attack.

In September 2003, TFA issued $145 million in tax exempt new money bonds (Series 2004A) through competitive bidding. In November 2003, TFA issued $545 million in tax exempt bonds (Series 2004B) to defease the BANs issued in November 2002. The competitive transaction had a true interest cost (TIC) of 4.92% while the negotiated transaction had a TIC of 4.68%. In February 2004, TFA plans to issue approximately $560 million of bonds to permanently refinance BANs issued in February 2003. Without additional bonding capacity authorized by the State, TFA will no longer be able to issue new money bonds.

Since the creation of the TFA in March 1997, the TFA has sold $13 billion in senior bonds, $4.5 billion of BANs and $2 billion of subordinate bonds. Refunding bonds, excluding bonds issued to refund BANs, amounted to $1.99 billion. Of the $10.6 billion of senior bonds currently outstanding, 53% will be retired by the end of 2018, with the annual amortization of approximately $218 million in 2004, growing gradually to $491 million in 2020 and then decreasing gradually through 2033.

New York City General Obligation Bonds

Since July l, 2003, the City has implemented two refundings and three new money financings, totaling $2.9 billion. The dates, bond amounts, and the TICs (with tax-exempt and taxable TICs blended) of these issues are as follow:

NYC GO Issuances
($ In millions)

Series	New$/ Refunding	Issue Date	Tax Exempt Amount	Taxable Amount	TIC	Total Par Amount
2004AB	R	07/14/2003	$971	$29	4.030%	$1,000
2004C	N	09/25/2003	200	50	5.087	250
2004D	N	10/15/2003	400	100	4.966	500
2004E	R	10/30/2003	499	$0	3.801	499
2004F	N	12/18/2003	600	80	4.684	680
Total			$2,670	$259		$2,929

The two refunding transactions the City has completed to date in FY2004, totaling $1.5 billion, generated $32 million, $65 million and $10 million of debt service savings in FY2004, FY2005 and FY2006, respectively. The present value savings from the refundings were in excess of 6%. Utilizing an interest rate swap, the City realized a fixed interest cost of 2.964% for $350 million of the Series 2004AB bonds, which have an average life of 24.5 years. Under the swap agreement, the City receives 61.85% of 1-month LIBOR, which is used to offset interest costs on the floating rate bonds issued in connection with the swap. The FY2004 swap was the first swap to be competitively bid. The two refunding transactions utilized federal legislation permitting an additional advance refunding for certain GO bonds, bringing the total amount of GO bonds and NYW bonds which have been advance refunded under this legislation to $2.1 billion. The City is currently seeking an amendment to extend this authorization beyond its current expiration date of December 31, 2004. This will allow the City to utilize the remaining $2.4 billion of second advance refunding capacity beyond 2004, generating at least $40 million of debt service savings over the financial plan years.

Of the $259 million of taxable financing during the last six months, all but $30 million has been issued through competitive bidding. The City's taxable bonds are generally amortized within 12 years so that the higher cost taxable debt is paid off sooner than the longer-term lower cost tax exempt debt. During the last eight months, the City's taxable bonds were priced approximately 40 to 65 basis points higher than those of the US Treasury bonds for maturities ranging between two and five years. For maturities between five and thirteen years, the spreads increased to 70 to 110 basis points. The absolute yields on the Series 2004D taxable bonds were 2.45% for a two-year maturity, 4.4% for an eight-year maturity and 4.97% for a 12-year maturity.

In addition to issuing traditional taxable fixed rate bonds, the City also issued $30 million of Qualified Zone Academy Bonds (QZAB) in December 2003. The QZABs, maturing mostly in 2018 with a small serial maturity in 2017, were sold as interest-free bonds with a slight discount of 1.5%. In return, the investors received an annual 5.66% tax credit. Proceeds of the bonds, together with a private contribution equaling at least 10% of the project costs, will be used to fund certain capital projects for the schools that meet QZAB eligibility criteria. The City plans to issue an additional $30 million of QZABs in the first quarter of FY2004, which will exhaust the 2003 QZAB funding allocation for New York.

In the most recent $680 million GO new money financing in December 2003, the City also entered into a "total return swap" to lower its borrowing costs. Under the swap, the City receives an amount from the swap counterparty equal to the interest payable on the bonds and pays the counterparty 35 basis points over a short-term municipal bond index, the Bond Market Association Municipal Swap Index (BMA). The swap agreement permits the City to obtain an all-in synthetic floating cost of funds that is considerably less than the cost of natural variable rate bonds.

In addition to the financings described above, the City plans to issue $1.25 billion of GO bonds for capital purposes in the second half of FY2004 and $3.15 billion, $3.26 billion, $3.33 billion and $3.4 billion in FY2005, FY2006, FY2007 and FY2008, respectively.

Currently the debt service for the City and its related financing entities (TFA, TSASC, MAC and lease debt, excluding the effect of pre-payments) is 7.9% of the City's total budgeted revenues in FY 2004. That ratio will rise to 10% in FY 2008. As a percentage of tax revenues, the debt service ratio is 13.4% in FY 2004 and is projected to increase to 16.1% in FY 2008.

During fiscal year 2004, short-term interest costs as reflected in the $4.3 billion of Variable Rate Demand Bonds (VRDBs) (including synthetic floating-rate debt) have been 0.9% on average for tax-exempt debt and 1.1% for taxable GO floating rate debt. These VRDBs, which have traded on average at rates that are at least 4% lower than those for the fixed-rate debt, result in an annual savings of over $172 million.

In October 2003, the City issued $1.25 billion of Revenues Anticipation Notes (RANs) and $250 million of Tax Anticipation Notes (TANs) for its seasonal cash flow needs. The TICs for the six-month RANs and TANs were 0.935% and 0.928%, respectively. The City expects to issue $2.4 billion of RANs or TANs in each of the next four fiscal years.

Variable Rate Debt

As discussed above, variable rate demand bonds have been a reliable source of cost savings in the financing of the City's capital program. In considering the proportion of the City's financing program 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, TFA and TSASC bonds but also City lease appropriation and MAC debt. As shown in the table below, the City has over $6.8 billion of natural and unhedged variable rate and auction rate bonds currently outstanding. These bonds are supported by letters of credit and bond insurance.

Swaps

The City has entered into various interest rate exchange agreements (or swaps) in the last 18 months, taking on various degrees of tax risk and interest rate risk similar to that of natural variable rate bonds. The total notional amount of swaps outstanding as of December 31, 2003 was $2.5 billion, on which the termination value was $52 million. This is the theoretical amount which would need to be paid by the City if all of the swaps terminated under market conditions as of December 31, 2003. However, assuming termination is not caused by a city default, payments by new swap counterparties to the City upon entering into replacement swaps would substantially offset any termination payments owed by the City.

These agreements include synthetic fixed rate swaps, a basis swap, total return swaps and an interest rate cap. In connection with the synthetic fixed rate swap agreements, the City issued a total of $965 million of GO variable rate bonds and pays each swap counterparty a fixed rate on the related notional amount in exchange for approximately 62% of LIBOR on such notional amount. Under the basis swap, the City pays the swap counterparty 136% of BMA in exchange for 100% of LIBOR on the notional amount of $661 million in connection with a like principal amount of GO taxable floating rate bonds. For the total return swap, the City receives from the swap counterparty the exact interest costs on the $500 million of GO bonds in exchange for payment of BMA+0.35% on the notional amount of $500 million. Finally, the TFA sold an interest rate cap to New York City Housing Development Corporation (HDC) on $334 million of its taxable floating rate bonds. TFA's liability is contingent on the interest rates on the HDC bonds exceeding certain pre-established strike rates.

The following table shows the City's and its related issuers' floating rate exposure. The notional amounts of certain swaps are counted toward floating rate exposure at less than 100%, representing an equivalent tax exempt floating-rate risk. (See the Mayor's Message in the Executive Budget for FY2004 for a more detailed discussion on how these percentages are determined.) 38% of the $965 million notional amount of the synthetic fixed rate swaps, 136% of the taxable basis swap and 100% of the total return swap are considered floating rate exposure. Since the TFA cap is only a contingent liability, it is not counted as floating rate exposure.

NYC Floating Rate Exposure

	GO	TFA	MAC	Lease	TSASC	Total
Natural VRDB & Auction-Rate Bonds	2,636	2,950	0	1,141	0	6,727
Synthetic Fixed	367					367
Taxable Basis Swap	899					899
Total Return Swap	500			78		578
Total Floating-Rate Exposure	4,402	2,950	0	1,219	0	8,571
Total Debt Outstanding	28,245	12,530	2,151	2,827	1,278	47,032
% of Floating-Rate Exposure / Total Debt Outstanding						18.2%
Total Floating-Rate Less $2 Billion Average Balance in General Fund (Floating-Rate Assets)						6,571
% of Net Floating Rate / Total Debt Outstanding						14.0%

The 18.2% floating rate exposure, including the risk from the seven synthetic fixed rate swaps, the basis swap and the direct funding swap, 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 only 14% of its outstanding debt.

Lease Appropriation Debt

In December 2003, JSDC implemented its final construction financing with a tax exempt floating rate issuance of $165 million. Proceeds of the bonds will be used to complete construction of the criminal and family court facility located at 330 Jay Street, Brooklyn. The facility is expected to be completed in late 2004 or early 2005.

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% share of the national total TSRs payable under the Master Settlement Agreement (MSA). After TSASC retains sufficient TSRs to pay for its debt service and operating expenses, the excess TSRs flow to the City through ownership of a residual certificate.

TSASC has issued two series of program bonds to date, totaling $1.298 billion, including $89 million draw against a loan from the US Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). TSASC expects to draw down the remaining $71 million of TIFIA loan over the next two years to fund one third of the capital costs associated with the Staten Island ferries and ferry terminals project. The repayment of the loan is secured with TSASC's revenues, payable over the next 30 years on parity with other TSASC program bonds.

In May 2003, RJ Reynolds, one of the four major tobacco manufacturers, was downgraded below investment grade, triggering a trapping event for TSASC. The trapping event called for retaining a fraction of the residual TSRs, equal to the ratio of the amount of the previously issued program bonds to $2.76 billion until the aggregate trapped amount equals 25% of the outstanding program bonds. Since TSASC has only issued 47% of the $2.76 billion program bonds, 47% of the residual TSRs, including investment revenues, will be trapped until the trapping requirement is met. As of June 30, 2004, the trapping requirement is expected to be $314 million or 25% of the $1.32 billion of the outstanding program bonds, including $112 million of TIFIA loan. Without restructuring the existing TSASC program bonds, the trapping event would reduce the flow of residual TSRs to the City by approximately $51 million, $56 million, $59 million and $65 million in FY2004, FY2005, FY2006, FY2007 and FY2008, respectively. In addition, no program bonds can be issued without rating confirmation unless the trapping requirement has been met. TSASC is reviewing restructuring alternatives for its outstanding bonds.

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 $22.27 billion in General and Second Resolution bonds and subordinated special resolution crossover refunding bonds. Refunding bond issuance amounted to $8.1 billion. Of this aggregate bond par amount, $12.24 billion is outstanding, $8.22 billion was refinanced with lower cost debt, and $1.56 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 was amended in fiscal year 2003 to include unenhanced extendable municipal commercial paper (EMCP) notes to replace more costly LOC-backed commercial paper.

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

To date in fiscal year 2004, the Authority has closed two bond transactions and entered into an interest rate exchange agreement (or swap). The First Resolution Fiscal 2004 Series A bonds consisted of bond sales directly to the public. The Second Resolution Fiscal 2004 Series 1 bonds were issued to EFC to secure bonds issued by EFC on behalf of NYW.

The projected financing activity for the remainder of fiscal year 2004 will consist of first resolution bonds to be sold by NYW directly to the public for an estimated $300 to

$400 million and approximately $250 million in second resolution bonds to be sold directly to EFC. Additionally, NYW may be able to take advantage of other potential refunding opportunities during the remainder of the fiscal year should the interest rate environment be favorable.

On September 18, 2004, NYW closed its first transaction of fiscal year 2004. The Fiscal 2004 Series A bonds were sold for a par amount of $217 million. The issue included term bonds in years 2027 and 2035 with yields of 5.08% and 5.14%, respectively. The true interest cost for the transaction was 5.17%. These yields compared favorably to the MMD triple-A scale, with spreads ranging from 17 basis points to 19 basis points, consistent with NYW's historical performance when compared against the scale. Proceeds from the sale were used to defease all of NYW's Series 4 and a portion of its Series 6 commercial paper notes, and to pay costs of issuance.

On October 9, 2004, NYW closed its first transaction with EFC in fiscal year 2004. The Fiscal 2004 Series 1 bonds, issued to EFC in the amount of $301,008,574 to secure bonds issued by EFC, were sold in a common plan of finance with NYW's Series A bonds. Proceeds were used to defease a portion of the NYW's Commercial Paper Series 5 and 7, which had funded eligible Clean Water and Drinking Water SRF projects, and were used to pay the costs of issuance for the bonds. The issuance included serial bonds in 2004 through 2027 and term bonds in 2028, 2030 and 2033. The maximum yield was 5 % on the 2033 term bond, with a favorable 12 basis points spread to the MMD triple-A scale. The true interest cost was 4.627% and the effective interest cost was 2.866%, after subsidies provided from interest earned on the reserve allocation made by EFC for this issuance.

On December 23, 2003, the Authority closed an interest rate exchange agreement extending to 2019 on a principal amount of $200 million. The exchange was structured whereby NYW will receive a fixed interest rate in exchange for a floating rate based on the BMA. The fixed interest rate the Authority will receive is 3.567%, as determined by a competitive bid among six firms. The transaction effectively converts a portion of the Authority's bonds from a fixed rate basis to a floating rate basis, and increases its variable rate exposure at a cost lower than conventional variable rate demand bonds.

During the period from 2004 to 2008, NYW expects to sell an average of approximately $1.7 billion of new debt per year. Of this amount, NYW plans to issue a minimum of $300 million per year through EFC, taking advantage of the 33 to 50 percent interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. Additionally, NYW may be able to take advantage of refunding opportunities should the interest rate environment be favorable.

Supplemental Information

Expenditure Assumptions

The baseline expenditure estimates in the plan are derived from the four-year financial plan submitted in June 2003 and also include approved Federal and State categorical grants through January 5, 2004. 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)				
	2004	*2005*	*2006*	*2007*	*2008*
Salaries & Wages	$16,776	$16,622	$16,581	$16,583	$16,591
Pension	2,555	3,165	3,958	4,335	4,351
Other Fringe Benefits	4,803	5,088	5,380	5,678	5,936
Reserve for Collective Bargaining:					
Education	17	17	17	17	17
Other	101	103	106	106	106
Total	$24,252	$24,995	$26,042	$26,719	$27,001

Salaries & Wages

The baseline projections for salaries and wages reflect personnel costs associated with current and projected headcount levels including most wage adjustments for the 2000-2002 round of collective bargaining.

Pensions and Other Fringe Benefits

Pension expense projections for 2004 and beyond incorporate the draft valuation results prepared by the Office of the Actuary and other financial plan adjustments. The projections reflect the costs associated with investment losses that occurred in 2001 and 2002, as well as the estimated costs from lower than expected investment earnings in 2003. In addition, consistent with State law, the costs of funding a portion of retiree benefit increases are being phased-in over a ten year period. Other adjustments include, primarily, planned payroll changes and the costs of new benefit enhancements from recent State legislation.

An independent actuarial firm has recently concluded a statutory audit of the actuarial assumptions and methods governing City pension contributions. The Chief Actuary of the City is currently reviewing their report and may recommend revised funding assumptions to the trustees of the City's pension funds.

Total pension expenses for the financial plan are shown below:

	($ in millions)				
	2004	*2005*	*2006*	*2007*	*2008*
City Actuarial	$2,477	$3,075	$3,856	$4,229	$4,239
Non-City Actuarial	42	52	63	67	73
Non-Actuarial	36	38	39	39	39
Total	$2,555	$3,165	$3,958	$4,335	$4,351

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 adjustments. 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 trends.

Reserve for Collective Bargaining

The Labor Reserve contains funding not already included in baseline salaries. These funds principally represent the undistributed portion of the 2000-2002 round of collective bargaining, as well as smaller amounts from the prior round. Funds for Department of Education collective bargaining have been transferred to the Department and are held in a discrete collective bargaining Unit of Appropriation. The City has accrued an expense of $200 million in fiscal year 2003 for possible wage increases which, if provided, would be offset by negotiated productivity increases in subsequent years. Beyond this $200 million, there are no additional funds for collective bargaining increases for the period after the expiration of the 2000-2002 round of contracts. Any increases after this shall come from increased productivity.

Other Than Personal Services

The following items are included in this category:

	2004	*2005*	*2006*	*2007*	*2008*
	($ in millions)				
Administrative OTPS	$10,328	$10,156	$10,303	$10,437	$10,557
Public Assistance	2,437	2,247	2,254	2,255	2,255
Medical Assistance	4,123	4,541	4,747	4,944	5,151
Health and Hospitals Corp.	211	193	192	192	192
Covered Agency Support & Other Subsidies	1,804	1,830	1,897	1,959	2,029
City & MAC Debt Service	3,944	2,775	3,024	3,924	4,112
General Reserve	100	100	300	300	300
Total	$22,947	$21,842	$22,717	$24,011	$24,596

Administrative OTPS

The estimates in this category include new needs in the baseline. For 2005 through 2008 most expenditures have been increased to reflect the effect of inflation. The inflation adjustment, which is shown in a citywide account, represents an annual 2.9 percent increase in 2005 through 2008. Baseline costs for energy and lease requirements are shown in the appropriate operating agency, while out-year inflationary costs are primarily shown in city-wide accounts as noted in the following two sections.

Energy

The financial plan for 2004 through 2008 reflects current projections for energy related purchases. Gasoline and fuel oil prices are projected to remain at their elevated levels for the duration of fiscal year 2004 and for 2005 through 2008. Higher prices are the result of increased demand, relatively low petroleum inventories, and the anticipation of OPEC further reducing crude oil production.

Usage adjustments are held constant, with the exception of varying workload adjustments, the privatization initiative in the In-Rem program, and the annualization of 2004 adjustments, where applicable.

The annual cost projections are as follows:

Energy Costs

	2004	2005	2006	2007	2008
	($ in millions)				
Gasoline	$36	$38	$38	$38	$39
Fuel Oil	48	46	45	47	48
HPD-In Rem	8	3	—	—	—
HPD-Emergency Repairs	2	2	—	—	—
Heat, Light & Power	501	503	513	513	518
Total	$595	$592	$596	$598	$605

Leases

Agency baseline expenditures carry the cost of leases at a constant level of $499 million for 2005 through 2008 with the exception of the annualization of 2004 adjustments where applicable. A citywide adjustment for 2005 through 2008 provides for the increased cost of leases based on a 3.0 percent annual inflator. The four-year projection includes $519 million for leases in 2005, $535 million in 2006, $552 million in 2007, and $568 million in 2008. Of these amounts, the citywide adjustment is $20 million, $36 million, $53 million and $69 million respectively in 2005 through 2008.

Public Assistance

The financial plan for Public Assistance projects 446,902 persons will be on Public Assistance in June 2004, increasing to 458,902 by June 2005.

Medical Assistance

The financial plan for Medical Assistance funds 2.4 million eligibles including 1.2 million in Medicaid Managed Care. Medicaid expenditure growth, adjusted for the increase in the Federal Medical Assistance Percentage (FMAP), is projected at 5.3 percent for fiscal year 2005.

Health and Hospitals Corporation

The City support for the Health and Hospitals Corporation reflects the costs incurred by HHC in providing healthcare to prison inmates and uniformed service employees, as well as various other City services and debt service costs for HHC bonds. This amount is estimated at $99.6 million in fiscal year 2004 and $96.6 million in 2005 through 2008. Personnel services expenses remain essentially flat for fiscal years 2004 through 2008 pending the next collective bargaining agreement. Affiliation costs start with a baseline of $564 million in fiscal year 2004 and assume incremental increases in each subsequent year. The Corporation's third party revenue is expected to increase slightly. 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 2004-2005 and $300 million for 2006-2008 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 2004-2008. Actual debt service payments in these years will be affected by the timing of such issuances as well as market conditions. Projections of debt service on debt to be issued are based on estimates of the periods of probable usefulness of the expenditures to be financed for the City.

A Budget Stabilization account has been established in 2004 and 2005 for the prepayment of future years' debt service costs. Funding of $1.4 billion in 2004 and $695 million in 2005 has been provided for this purpose.

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

($ in millions)

	Long Term	*Short Term*	*Lease Purchase*	*Budget Stabilization*	*Total City*	*MAC*	*Total City and MAC*
2004	$2,451	$7	$96	$1,390	$3,944	$—	$3,944
2005	1,806	71	203	695	2,775	—	2,775
2006	2,695	75	254	—	3,024	—	3,024
2007	3,599	75	250	—	3,924	—	3,924
2008	3,773	75	264	—	4,112	—	4,112

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

	2004	2005	2006	2007	2008
Uniformed Forces					
Police Department	$3,581	$3,458	$3,494	$3,496	$3,498
Fire Department	1,200	1,120	1,128	1,128	1,127
Department of Correction	846	823	828	827	827
Department of Sanitation	1,003	1,038	1,054	1,054	1,054
Health and Welfare					
Admin. for Children Services	2,239	2,080	2,079	2,081	2,081
Department of Social Services	6,317	6,563	6,769	6,978	7,185
Dept. of Homeless Services	671	659	657	658	658
Dept Health & Mental Hygiene	1,446	1,351	1,376	1,404	1,404
Other Mayoral					
NY Public Library - Research	9	16	16	16	16
New York Public Library	47	83	83	83	83
Brooklyn Public Library	35	61	61	61	61
Queens Borough Public Library	33	58	58	58	58
Department for the Aging	226	199	199	199	199
Department of Cultural Affairs	120	99	99	99	99
Housing Preservation & Dev.	423	396	400	397	397
Dept of Environmental Prot.	728	718	712	712	712
Department of Finance	207	186	187	188	188
Department of Transportation	541	489	487	489	489
Dept of Parks and Recreation	264	210	210	210	210
Dept of Citywide Admin Srvces	712	718	715	715	715
All Other Mayoral	1,317	1,169	1,167	1,156	1,156
Major Organizations					
Department of Education	12,677	12,733	12,893	13,038	13,112
City University	525	503	500	498	498
Health and Hospitals Corp.	954	954	971	971	971
Other					
Citywide Pension Contributions	2,555	3,165	3,958	4,335	4,351
Miscellaneous	4,335	4,617	4,885	5,154	5,474
Debt Service	3,944	2,775	3,024	3,924	4,112
Prior Payable Adjustment	(300)	—	—	—	—
General Reserve	100	100	300	300	300
Energy Adjustment	(5)	(3)	6	8	15
Lease Adjustment	—	20	36	53	69
OTPS Inflation Adjustment	—	—	37	75	111
Elected Officials					
Mayoralty	78	72	72	72	72
All Other Elected	358	331	330	330	330
Total Including Intra-City	$47,186	$46,761	$48,791	$50,767	$51,632
Intra/City	1,184	1,093	1,092	1,091	1,091
Total Excluding Intra-City	$46,002	$45,668	$47,699	$49,676	$50,541

NEW YORK CITY
Five Year Expenditure Analysis
After PEG Implementation

(City Funds - $ in million)

	2004	2005	2006	2007	2008
Uniformed Forces					
Police Department	$3,207	$3,178	$3,238	$3,260	$3,274
Fire Department	1,066	1,013	1,021	1,021	1,020
Department of Correction	802	785	791	789	789
Department of Sanitation	955	1,006	1,028	1,028	1,028
Health and Welfare					
Admin. for Children Services	574	515	544	546	546
Department of Social Services	4,263	4,728	4,927	5,129	5,336
Dept. of Homeless Services	278	282	283	286	287
Dept Health & Mental Hygiene	551	564	569	578	579
Other Mayoral					
NY Public Library - Research	9	16	16	16	16
New York Public Library	47	83	83	83	83
Brooklyn Public Library	35	61	61	61	61
Queens Borough Public Library	33	58	58	58	58
Department for the Aging	82	70	70	70	70
Department of Cultural Affairs	118	98	98	98	98
Housing Preservation & Dev.	58	55	56	53	53
Dept of Environmental Prot.	688	681	674	674	674
Department of Finance	187	182	183	184	184
Department of Transportation	294	296	300	300	300
Dept of Parks and Recreation	181	169	169	169	169
Dept of Citywide Admin Srvces	142	152	152	152	153
All Other Mayoral	795	750	755	749	749
Major Organizations					
Department of Education	5,109	5,213	5,369	5,450	5,464
City University	334	326	322	320	320
Health and Hospitals Corp.	843	858	876	876	876
Other					
Citywide Pension Contributions	2,384	2,993	3,784	4,161	4,177
Miscellaneous	3,799	4,201	4,488	4,751	5,071
Debt Service	3,873	2,654	2,904	3,804	3,993
Prior Payable Adjustment	(300)	—	—	—	—
State and Federal Actions	—	(700)	(700)	(700)	(700)
General Reserve	100	100	300	300	300
Energy Adjustment	(5)	(3)	6	8	15
Lease Adjustment	—	17	30	43	56
OTPS Inflation Adjustment	—	—	37	75	111
Elected Officials					
Mayoralty	54	55	56	56	56
All Other Elected	319	310	307	307	307
Citywide Total	$30,875	$30,766	$32,855	$34,755	$35,573

Revenue Detail

($ in million)

	2004	2005	2006	2007	2008
Taxes:					
• Real Property	$11,335	$11,809	$12,278	$12,798	$13,350
• Personal Income Tax	5,123	4,387	4,434	4,484	4,850
• General Corporation Tax	1,454	1,567	1,683	1,786	1,881
• Banking Corporation Tax	241	291	358	403	427
• Unincorporated Business Tax	880	926	966	1,006	1,044
• Sale and Use	3,912	3,887	3,976	4,174	4,396
• Commercial Rent	420	430	441	456	470
• Real Property Transfer	479	444	468	503	535
• Mortgage Recording Tax	572	459	478	511	538
• Utility	294	278	278	284	284
• All Other	821	778	791	776	786
• Tax Audit Revenue	545	508	508	509	509
• Tax Initiatives Program	—	(250)	(259)	(263)	(267)
• State Tax Relief Program	677	715	722	770	806
Total Taxes	$26,753	$26,229	$27,122	$28,197	$29,609
Miscellaneous Revenue:					
• Licenses, Franchises, Etc.	$350	$359	$355	$353	$353
• Interest Income	14	35	56	61	74
• Charges for Services	533	523	524	518	518
• Water and Sewer Charges	901	907	924	944	974
• Rental Income	93	861	173	176	176
• Fines and Forfeitures	691	704	703	703	702
• Miscellaneous	603	580	412	360	359
• Intra-City Revenue	1,186	1,096	1,094	1,094	1,094
Total Miscellaneous	$4,371	$5,065	$4,241	$4,209	$4,250

Revenue Detail

($ in million)

	2004	2005	2006	2007	2008
Unrestricted Intergovernmental Aid:					
• N.Y. State Per Capita Aid	$327	$327	$327	$327	$327
• Other Federal and State Aid	626	258	258	258	258
Total Unrestricted Intergovernmental Aid	$953	$585	$585	$585	$585
Other Categorical Grants	$926	$801	$828	$843	$843
Inter Fund Agreements	343	330	320	316	316
Reserve for Disallowance					
of Categorical Grants	(15)	(15)	(15)	(15)	(15)
Less: Intra City Revenue	(1,186)	(1,096)	(1,094)	(1,094)	(1,094)
TOTAL CITY FUNDS	$32,145	$31,899	$31,987	$33,041	$34,494
Federal Categorical Grants:					
• Community Development	$308	$258	$241	$241	$241
• Welfare	2,464	2,204	2,197	2,205	2,204
• Education	1,777	1,737	1,737	1,737	1,737
• Other	914	890	866	846	837
Total Federal Grants	$5,463	$5,089	$5,041	$5,029	$5,019
State Categorical Grants:					
• Welfare	$1,659	$1,608	$1,611	$1,608	$1,608
• Education	5,752	5,759	5,763	5,828	5,888
• Higher Education	164	167	168	168	168
• Department of Health and Mental Hygiene	471	466	471	480	480
• Other	347	679	640	642	642
Total State Grants	$8,393	$8,679	$8,653	$8,726	$8,786
TOTAL REVENUE	$46,001	$45,667	$45,681	$46,796	$48,299

Full-Time and Part-Time Positions (FTEs)

	12/31/01 Actual[1]		11/30/03 Actual		06/30/05 January Plan	
	Total Funds	City Funds	Total Funds	City Funds	Total Funds	City Funds
MAYORAL AGENCIES						
Uniform Forces						
Police Department - Uniform[2]	39,297	39,297	36,390	36,390	34,774	34,774
Police Department - Civilian	14,779	14,166	14,523	13,910	14,722	14,433
Fire Department - Uniform	11,120	11,113	10,929	10,927	11,163	11,154
Fire Department - Civilian	4,492	4,488	4,309	4,307	4,321	4,316
Sanitation Department - Uniform	7,957	7,810	7,069	6,928	7,261	7,117
Sanitation Department - Civilian	2,264	2,052	1,908	1,736	2,065	1,817
Department of Correction - Uniform	10,617	9,874	9,459	8,716	9,469	8,726
Department of Correction - Civilian	1,603	1,488	1,392	1,277	1,518	1,403
Health and Welfare						
Social Services	14,462	10,919	13,761	10,109	15,085	11,402
Admininistration for Children Services	7,711	7,657	6,001	5,819	6,711	6,548
Homeless Services	2,034	2,025	2,067	2,039	2,299	2,296
Health and Mental Hygiene	5,392	4,380	5,368	4,147	6,099	5,041
Other Agencies						
Housing Preservation and Development	2,596	634	2,386	516	2,698	584
Environmental Protection	5,704	366	5,837	374	6,340	413
Finance	2,353	2,353	2,097	2,097	2,447	2,435
Transportation	4,339	2,422	4,225	2,003	4,164	2,122
Parks	6,630	6,231	5,655	5,235	3,589	2,990
Citywide Administrative Services	1,757	1,174	1,907	1,228	2,236	1,577
All Other	17,910	13,666	16,684	12,726	17,079	13,144
Education						
Department of Education - Pedagogical	111,801	93,778	109,827	90,558	109,963	91,315
Department of Education - Non-Pedagogical	24,920	21,640	24,331	21,973	24,127	21,732
City University - Pedagogical	4,273	4,273	4,306	4,301	3,917	3,912
City University - Non-Pedagogical	2,300	2,299	2,554	2,552	2,235	2,235
Total	306,311	264,105	292,985	249,868	294,282	251,486
Non-City Employees paid in part by City Subsidies[3]						
Health and Hospitals Corporation	37,941	37,941	37,822	37,822	37,308	37,308
Housing Authority	14,863	—	15,008	—	14,354	—
Libraries	4,428	4,428	4,042	4,042	3,853	3,853
Cultural Institutions[4]	1,728	1,728	1,846	1,846	1,587	1,587
School Construction Authority	933	933	535	535	453	453
New York City Employees Retirement System	368	368	380	380	347	347
Economic Development Corporation	344	344	388	388	372	372
Teachers Retirement System	308	308	328	328	356	356
Police Pension Fund	66	66	101	101	116	116
All Other	155	155	167	163	172	167
Total	367,445	310,376	353,602	295,473	353,200	296,045 [5]

1) *Adjusted for transfers.*
2) *Police Department uniform headcount will be at 36,258 with the swearing in of attrition replacement recruit classes July 1, 2004 and January 1, 2005.*
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) *Approximately 2,000 positions represent hires of city workers formerly working under contracts and therefore not previously reflected in city headcount.*

Expense Program

PEG Program

(City Funds- $ in 000's)

	Fiscal Year 2004 Expense	Revenue	Total	Fiscal Year 2005 Expense	Revenue	Total	Fiscal Year 2006 Expense	Revenue	Total
UNIFORMED FORCES									
Police	($45,019)	($1,260)	($46,279)	($70,095)	($2,325)	($72,420)	($3,000)	($2,325)	($5,325)
Fire	(9,790)	(2,958)	(12,748)	(17,815)	(4,458)	(22,273)	(7,172)	(4,458)	(11,630)
Sanitation	(28,736)	(5,653)	(34,389)	(23,931)	2,980	(20,951)	(58)	3,230	3,172
Correction	(10,308)	(734)	(11,042)	(15,753)	(1,855)	(17,608)	(3,602)	(1,855)	(5,457)
HEALTH AND WELFARE									
Social Services	(5,438)	—	(5,438)	(9,177)	—	(9,177)	(9,276)	—	(9,276)
Admin. for Children's Services	(6,471)	(2,672)	(9,143)	(24,222)	—	(24,222)	(11,102)	—	(11,102)
Homeless Services	(4,455)	—	(4,455)	(4,455)	—	(4,455)	(4,455)	—	(4,455)
Health & Mental Hygiene	(8,087)	—	(8,087)	(8,087)	—	(8,087)	(8,087)	—	(8,087)
Youth & Community Dev.	—	—	—	(849)	—	(849)	(849)	—	(849)
OTHER MAYORAL									
Housing Preservation & Dev.	(35)	(3,580)	(3,615)	(535)	(1,220)	(1,755)	(535)	(1,220)	(1,755)
Finance	950	(22,000)	(21,050)	150	(7,100)	(6,950)	100	(7,100)	(7,000)
Transportation	(22,149)	(4,045)	(26,194)	(2,785)	(5,001)	(7,786)	88	(6,691)	(6,603)
Parks & Recreation	—	(2,500)	(2,500)	—	(4,900)	(4,900)	—	(4,900)	(4,900)
Citywide Admin. Services	(4,225)	(13,200)	(17,425)	(936)	(1,525)	(2,461)	(936)	(925)	(1,861)
All Other Agencies	(25,702)	(61,988)	(87,690)	(17,517)	(3,378)	(20,895)	(13,768)	(2,510)	(16,278)
MAJOR ORGANIZATIONS									
Department of Education	(28,380)	—	(28,380)	(55,000)	—	(55,000)	(55,000)	—	(55,000)
HHC	(2,987)	—	(2,987)	(2,987)	—	(2,987)	(2,987)	—	(2,987)
CUNY	(5,425)	—	(5,425)	(5,425)	—	(5,425)	(9,255)	—	(9,255)
OTHER									
Procurement Savings	—	—	—	(35,948)	—	(35,948)	(35,948)	—	(35,948)
Subtotal Agency Programs	($206,257)	($120,590)	($326,847)	($295,367)	($28,782)	($324,149)	($165,842)	($28,754)	($194,596)
CITYWIDE INITIATIVES									
State Actions	—	—	—	(300,000)	—	(300,000)	(300,000)	—	(300,000)
Federal Actions	—	—	—	(400,000)	—	(400,000)	(400,000)	—	(400,000)
Tax Rebate	—	—	—	—	250,000	250,000	—	259,000	259,000
Pay-As-You-Go Capital for Education	100,000	—	100,000	200,000	—	200,000	200,000	—	200,000
GRAND TOTAL	($106,257)	($120,590)	($226,847)	($795,367)	$221,218	($574,149)	($665,842)	$230,246	($435,596)

Technical Note: PEG Program includes initiatives from the November 18, 2003 and the January 15, 2004 Financial Plans.

PEG Program

(City Funds- $ in 000's)

	Fiscal Year 2007 Expense	Fiscal Year 2007 Revenue	Fiscal Year 2007 Total	Fiscal Year 2008 Expense	Fiscal Year 2008 Revenue	Fiscal Year 2008 Total
UNIFORMED FORCES						
Police	($3,000)	($1,725)	($4,725)	($3,000)	($2,325)	($5,325)
Fire	(7,489)	(4,458)	(11,947)	(7,755)	(4,458)	(12,213)
Sanitation	(58)	3,480	3,422	(58)	3,480	3,422
Correction	(3,602)	(1,855)	(5,457)	(3,602)	(1,855)	(5,457)
HEALTH AND WELFARE						
Social Services	(9,372)	—	(9,372)	(9,372)	—	(9,372)
Admin. for Children's Services	(9,572)	—	(9,572)	(9,572)	—	(9,572)
Homeless Services	(4,455)	—	(4,455)	(3,568)	—	(3,568)
Health & Mental Hygiene	(8,087)	—	(8,087)	(7,218)	—	(7,218)
Youth & Community Dev.	(849)	—	(849)	(849)	—	(849)
OTHER MAYORAL						
Housing Preservation & Dev.	(535)	(1,220)	(1,755)	(535)	(1,220)	(1,755)
Finance	100	(7,100)	(7,000)	25	(6,900)	(6,875)
Transportation	88	(6,691)	(6,603)	88	(6,691)	(6,603)
Parks & Recreation	—	(4,900)	(4,900)	—	(4,900)	(4,900)
Citywide Admin. Services	(936)	(925)	(1,861)	(936)	(925)	(1,861)
All Other Agencies	(13,827)	(2,195)	(16,022)	(13,289)	(1,535)	(14,824)
MAJOR ORGANIZATIONS						
Department of Education	(55,000)	—	(55,000)	(55,000)	—	(55,000)
HHC	(2,987)	—	(2,987)	(2,987)	—	(2,987)
CUNY	(10,632)	—	(10,632)	(10,632)	—	(10,632)
OTHER						
Procurement Savings	(35,948)	—	(35,948)	(35,948)	—	(35,948)
Subtotal Agency Programs	($166,161)	($27,589)	($193,750)	($164,208)	($27,329)	($191,537)
CITYWIDE INITIATIVES						
State Actions	(300,000)	—	(300,000)	(300,000)	—	(300,000)
Federal Actions	(400,000)	—	(400,000)	(400,000)	—	(400,000)
Tax Rebate	—	263,000	263,000	—	267,000	267,000
Pay-As-You-Go Capital for Education	200,000	—	200,000	200,000	—	200,000
GRAND TOTAL	($666,161)	$235,411	($430,750)	($664,208)	$239,671	($424,537)

Technical Note: PEG Program includes initiatives from the November 18, 2003 and the January 15, 2004 Financial Plans.

Police Department

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	3,133,344	3,164,644	3,162,105	3,162,105	3,162,105
Expenditure Increases / Reestimates	118,780	83,333	78,452	100,815	114,498
Financial Plan of 1/15/04 Before PEG	3,252,124	3,247,977	3,240,557	3,262,920	3,276,603
PEG Program	(46,279)	(72,420)	(5,325)	(4,725)	(5,325)
Less Amount Reflected in Revenue Budget	1,260	2,325	2,325	1,725	2,325
Financial Plan of 1/15/04 After PEG	3,207,105	3,177,882	3,237,557	3,259,920	3,273,603

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	34,774U 8,832C	34,774U 8,832C	34,774U 8,832C	34,774U 8,832C	34,774U 8,832C
Expenditure Increases / Reestimates	347C	566C	566C	566C	566C
PEG Program	(291)C	(291)C			
Financial Plan of 1/15/04 After PEG	34,774U 8,888C	34,774U 9,107C	34,774U 9,398C	34,774U 9,398C	34,774U 9,398C

U = Uniformed
C = Civilians

Police Department

Baseline Per Financial Plan-June 2003	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
	34,774U 8,832C	3,133,344	3,164,644	3,162,105	3,162,105	3,162,105
Expenditure Increases / Reestimates						
Uniform Overtime Uniform overtime need for FY04 of $30.7 million.	-	30,664	-	-	-	-
Republican National Convention Funds needed to properly secure the City during the RNC which will be held in NYC from August 28 - September 2, 2004. There are both PS and OTPS components for this request.	-	20,976	4,910	-	-	-
NYCHA Housing Subsidy Shortfall According to the MOU agreement, reimbursement to the NYPD by NYCHA is based upon the reimbursement rate NYCHA receives from the Federal Government. The rate has been reduced to 94.7%.	-	3,556	2,804	2,804	2,804	2,804
Sonet Ring Agreement with Verizon Upgrade to the Department's LAN/WAN infrastructure and to implement a Video Conferencing Network	-	352	1,552	1,552	1,552	1,552
COPS Grant/City Match The NYPD was awarded a $12 million COPS grant for homeland security. The NYPD received $9 million in federal funds and the City must put up a 25% city tax levy cash match.	-	3,000	-	-	-	-

U = Uniformed
C = Civilians

* As of 6/30/05

Police Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Local Law Enforcement Block Grant (LLEBG) Reduction Funding shift associated with the reduction in federal funding.	411C	-	4,300	4,300	4,300	4,300
Additional 730 Police Officers - City Match City matching funds associated with the hire of 730 new federally funded Police Officers.	-	6,733	15,266	15,295	37,658	51,340
Collective Bargaining Adjustment Increase for Detectives collective bargaining agreement	-	54,501	54,501	54,501	54,501	54,501
School Safety Division Civilian Technical Headcount Adjustment In the original merger agreement between the NYPD and DoE, the Department was allocated funding for 155 full time positions in the FY00 Executive Budget. Although the associated funding was continued through FY04 and the outyears, the 155 positions were never baselined.	155C	-	-	-	-	-
Lease Adjustment Lease adjustment.	-	(1,000)	-	-	-	-

C = Civilians

* As of 6/30/05

Police Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Financial Plan of 1/15/04 Before PEG Implementation	34,774U 9,398C	3,252,126	3,247,977	3,240,557	3,262,920	3,276,602
PEG PROGRAM	(291)C	(46,279)	(72,420)	(5,325)	(4,725)	(5,325)
Less Amount Reflected in the Revenue Budget	-	1,260	2,325	2,325	1,725	2,325
Financial Plan of 1/15/04 after PEG	34,774U 9,107C	3,207,107	3,177,882	3,237,557	3,259,920	3,273,602

U = Uniformed
C = Civilians

* As of 6/30/05

Police Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Cadet Program Savings The FY04 Cadet Program is budgeted for 751 students, however current enrollment is only 454 students. As a result of program vacancies, $4.6 million in savings is available for FY04.	-	(4,665)	-	-	-	-
Parking Ticket Device System Savings associated with the delayed implementation of the Parking Ticket Device System.	-	(2,454)	-	-	-	-
Greater than planned attrition savings Greater than planned unifrom attrition savings	-	-	(37,104)	-	-	-
Civilian headcount reduction Civilian headcount reduction	(291)C	-	(10,081)	-	-	-
Agency Overtime Reduction Initiative 10% Overtime Reduction.	-	-	(19,910)	-	-	-
Additional Revenue from Wireless E-911 Surcharge Based on year-to-date collections, the City anticipates collecting $1 million in additional wireless surcharge revenue above the current baseline.	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)

C = Civilians

* As of 6/30/05

Police Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Fee Increase for Pistol and Long Gun Licenses NYPD will increase gun license fees from $255 to $340 per pistol license and from $55 to $144 per long gun permit.	-	(260)	(1,325)	(1,325)	(725)	(1,325)
UN Security The NYPD receives reimbursement from the US State Department for costs associated with security at the UN, foreign consulates and embassies. The NYPD anticipates an additional $37.9 million in revenue for FY04 and $3.0 million for the out-years.	-	(37,900)	(3,000)	(3,000)	(3,000)	(3,000)
Total Agency Program	(291)C	(46,279)	(72,420)	(5,325)	(4,725)	(5,325)

C = Civilians

* As of 6/30/05

AGENCY FIVE YEAR SUMMARY

Fire Department

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,018,124	1,005,211	1,003,559	1,002,815	1,002,815
Expenditure Increases / Reestimates	57,576	25,860	25,022	25,332	25,332
Financial Plan of 1/15/04 Before PEG	1,075,700	1,031,071	1,028,581	1,028,147	1,028,147
PEG Program	(12,748)	(22,273)	(11,630)	(11,947)	(12,213)
Less Amount Reflected in Revenue Budget	2,958	4,458	4,458	4,458	4,458
Financial Plan of 1/15/04 After PEG	1,065,910	1,013,256	1,021,409	1,020,658	1,020,392

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	11,089U 4,275C	10,842U 4,261C	10,842U 4,244C	10,842U 4,244C	10,842U 4,244C
Expenditure Increases / Reestimates	15U 30C	312U 34C	312U 34C	312U 34C	312U 34C
PEG Program	(18)C	(18)C			
Financial Plan of 1/15/04 After PEG	11,104U 4,287C	11,154U 4,277C	11,154U 4,278C	11,154U 4,278C	11,154U 4,278C

U = Uniformed
C = Civilians

Fire Department

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	10,842U 4,261C	1,018,124	1,005,211	1,003,559	1,002,815	1,002,815
<u>Expenditure Increases / Reestimates</u>						
<u>Governor's Island Staffing</u> Staffing of one Officer and two Firefighter posts to provide fire protection for Governor's Island effective October 1, 2003.	15U	416	1,007	1,007	1,007	1,007
<u>Overtime Need</u> Overtime required due to higher than expected medical leave and attrition rates, enhanced haz-mat training, and the August 2003 Blackout.	-	52,715	6,430	6,430	6,430	6,430
<u>Testing and Decontamination of WTC Vehicles</u> Decontamination of the Department's vehicles that responded to the World Trade Center disaster and cleanup. Due to the labor intensive nature of the work, work will not be completed until FY05.	-	1,741	1,173	-	-	-
<u>WTC Death Benefits and Funeral Costs</u> Payment of Widow's Benefit/Funeral Expenses for FDNY members who died at the World Trade Center disaster.	-	590	-	-	-	-
<u>Fire Prevention Civilian Support</u> The Fire Department requires an additional 6 clerical positions for the Bureau of Fire Prevention in order to eliminate a backlog for inspection billing/data entry.	6C	79	158	158	158	158

U = Uniformed
C = Civilians

*** As of 6/30/05**

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Fire Code Changes Implementation Technology advances and WTC disaster highlight the need to update the Fire Code. The Department will hire 2 attorneys, 2 engineers & 2 battalion chiefs to implement the code changes.	2U 4C	-	347	347	347	347
Upgrade Computer Based Certificate of Fitness Testing Program Enhancement of the Computer Based Testing Program used for the Certificate of Fitness examination for refrigeration equipment, from Windows 95 to Oracle. The current data card system is outdated, and can no longer be supported, requiring immediate replacement.	-	250	-	-	-	-
Civ Coll Bargaining Increase Transfer to pay for past civilian collective bargaining agreements.	-	204	204	204	204	204
Restoration of FDNY Pension Unit Funding for FDNY pension unit is being restored.	24C	1,582	1,582	1,582	1,582	1,582
Restoration of Fifth Firefighter Post in 49 Engine Companies Previously assumed reduction of the fifth	245U	-	12,204	12,458	12,725	12,725

U = Uniformed
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* As of 6/30/05

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Firefighter on 49 engine companies is not expected to be implemented on July 1, 2004, due to decreased medical leave rates.						
Funding Restoration - Closure of Two Fire Companies Two Fire Companies will remain open.	50U	-	2,755	2,836	2,880	2,880
Financial Plan of 1/15/04 Before PEG Implementation	11,154U 4,295C	1,075,701	1,031,071	1,028,581	1,028,148	1,028,148
PEG PROGRAM	(18)C	(12,748)	(22,273)	(11,630)	(11,947)	(12,213)
Less Amount Reflected in the Revenue Budget	-	2,958	4,458	4,458	4,458	4,458
Financial Plan of 1/15/04 after PEG	11,154U 4,277C	1,065,911	1,013,256	1,021,409	1,020,659	1,020,393

U = Uniformed
C = Civilians

* As of 6/30/05

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Agency Overtime Reduction Initiative 10% Overtime Reduction	-	-	(10,000)	-	-	-
Increased Fine Amounts for Summons Returnable to ECB To increase compliance with violations cited in the Fire Code, the Fire Department increased penalties returnable to the Environmental Control Board effective September 1, 2003.	-	-	(1,500)	(1,500)	(1,500)	(1,500)
EMS Revenue Increase The Fire Department will collect additional EMS ambulance revenue from Medicare back billing, along with the backlog of outstanding accounts due to enhanced collection methods by private vendor.	-	(4,500)	(6,324)	(6,324)	(6,324)	(6,324)
Additional Revenue From Tax on Fire Insurance Premiums Based on current activity, the Fire Department anticipates additional collection of the tax on fire insurance premiums from foreign and alien insurers.	-	(2,958)	(2,958)	(2,958)	(2,958)	(2,958)
50% Civilian Hiring Freeze The Fire Department will continue a 50%	(18)C	(290)	(858)	-	-	-

C = Civilians

* As of 6/30/05

Fire Department

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Hiring Freeze in Administrative and Support areas for FY05. This proposal will affect 18 civilian heads.						
Uniformed Attrition Savings Higher than anticipated firefighter attrition results in a PS reduction.	-	(5,000)	-	-	-	-
Communications Network Efficiency (Virtual Private Network) A collaborative computer networking effort between the FDNY and DoITT will upgrade the network infrastructure at the five FDNY Communication Offices (COs) from T1, provided by Verizon to T3, provided by DoITT free of charge.	-	-	(633)	(848)	(1,165)	(1,431)
Total Agency Program	(18)C	(12,748)	(22,273)	(11,630)	(11,947)	(12,213)

C = Civilians

* As of 6/30/05

Department of Sanitation

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	945,556	977,974	979,733	981,492	981,492
Expenditure Increases / Reestimates	37,958	51,463	48,688	46,988	46,988
Financial Plan of 1/15/04 Before PEG	983,514	1,029,437	1,028,421	1,028,480	1,028,480
PEG Program	(34,390)	(20,951)	3,172	3,422	3,422
Less Amount Reflected in Revenue Budget	5,653	(2,980)	(3,230)	(3,480)	(3,480)
Financial Plan of 1/15/04 After PEG	954,777	1,005,506	1,028,363	1,028,422	1,028,422

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	7,065U 1,797C	6,787U 1,778C	6,787U 1,778C	6,787U 1,778C	6,787U 1,778C
Expenditure Increases / Reestimates	83U (2)C	330U 15C	330U 15C	330U 15C	330U 15C
PEG Program	(46)C	(24)C	(1)C	(1)C	(1)C
Financial Plan of 1/15/04 After PEG	7,148U 1,749C	7,117U 1,769C	7,117U 1,792C	7,117U 1,792C	7,117U 1,792C

U = Uniformed
C = Civilians

Department of Sanitation

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	6,787U 1,778C	945,556	977,974	979,733	981,492	981,492
Expenditure Increases / Reestimates						
Snow Budget Funding Snow budget funding based on five-year average spending.	-	421	6,991	6,991	6,991	6,991
Methane Gas Contract Methane gas removal contract at Fresh Kills Landfill.	-	800	1,100	1,100	-	-
SWMP Legal Services Contract Solid Waste Management Plan legal services.	-	2,100	2,100	600	-	-
Emergency Salt Purchase DSNY started the season with 172,313 tons of salt. As a result of the early snow storms,116,125 tons have been used. DSNY requires $4.9 million in salt purchases to maintain adequate supply.	-	4,909	-	-	-	-
Hand Held Computer Ticket Issuing System DSNY is in the process of implementing a hand-held computer for the issuing of summons. This will help reduce ticket errors and assist reporting on types of summons issued. DSNY will hire a Computer Specialist to manage this project.	1C	23	92	92	92	92
Extra Basket Collection and Street Cleaning Increased funding for overtime to perform	-	10,466	11,315	11,315	11,315	11,315

U = Uniformed
C = Civilians

* As of 6/30/05

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
extra basket and street cleaning in FY04. DSNY requires $11.3 million in its baseline to keep this program going.						
UN Security Two weeks of security at the UN in late September and early October.	-	160	-	-	-	-
Uniform Overtime Uniform Overtime	-	16,129	17,379	17,379	17,379	17,379
Early Retirement FY03 early retirement initiative leave pay out.	-	1,274	1,274	-	-	-
Collective Bargaining Multiple titles	-	171	171	171	171	171
WEP HC Adjustment HRA/WEP program.	6C	-	-	-	-	-
MN1 Member Items	-	(15)	-	-	-	-
NOV 05 Mods Positions - Part 2 - 9/17/03 ~ 10/17/03.	9U (9)C	-	-	-	-	-
Glass Recycling FY04 Reintroduction of glass recycling in April 2004.	-	1,519	-	-	-	-

U = Uniformed
C = Civilians

* As of 6/30/05

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Restoration of Funding for Refuse Collection Frequency Restoration of refuse collection frequency, citywide.	321U 17C	-	11,040	11,040	11,040	11,040
Financial Plan of 1/15/04 Before PEG Implementation	7,117U 1,793C	983,513	1,029,436	1,028,421	1,028,480	1,028,480
PEG PROGRAM	(24)C	(34,390)	(20,951)	3,172	3,422	3,422
Less Amount Reflected in the Revenue Budget	-	5,653	(2,980)	(3,230)	(3,480)	(3,480)
Financial Plan of 1/15/04 after PEG	7,117U 1,769C	954,776	1,005,505	1,028,363	1,028,422	1,028,422

U = Uniformed
C = Civilians

* As of 6/30/05

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Agency Overtime Reduction Initiative 10% overtime reduction.	-	-	(5,838)	-	-	-
Additional Revenue from Visy Paper DSNY will collect an additional $1.1 million in revenue from increasing the volume of paper tonnage provided to Visy and increased MTS fees also charged to Visy.	-	(1,133)	-	-	-	-
Change in Methane Gas Concession Revenue DSNY is modifying the current contract and concession fee to operate a high BTU landfill gas purification and processing plant.	-	(4,520)	2,980	3,230	3,480	3,480
Convert CityTax-Levy Line to IFA Funded Line One engineering position from CTL to IFA.	(1)C	(58)	(58)	(58)	(58)	(58)
DEC Clean Water/Air Grant DSNY expects $28.8 million from NYSDEC for past expenditures.	-	(22,014)	(6,770)	-	-	-
Civilian vacancies. 50% reduction in filling current non-critical civilian vacancies.	(23)C	(1,665)	(1,665)	-	-	-
Re-estimate of Fresh Kills Closure Costs Due to design changes to the closure plans	-	(5,000)	(9,600)	-	-	-

C = Civilians

* As of 6/30/05

Department of Sanitation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
that are pending NYSDEC approval. Expected FY04 and FY05 costs have decreased.						
Total Agency Program	(24)C	(34,390)	(20,951)	3,172	3,422	3,422

C = Civilians

* As of 6/30/05

Department of Correction

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	792,815	800,838	794,133	792,200	792,200
Expenditure Increases / Reestimates	19,291	-	-	-	-
Financial Plan of 1/15/04 Before PEG	812,106	800,838	794,133	792,200	792,200
PEG Program	(11,042)	(17,608)	(5,457)	(5,457)	(5,457)
Less Amount Reflected in Revenue Budget	734	1,855	1,855	1,855	1,855
Financial Plan of 1/15/04 After PEG	801,798	785,085	790,531	788,598	788,598

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	8,771U 1,397C	8,726U 1,532C	8,726U 1,532C	8,726U 1,532C	8,726U 1,532C
Expenditure Increases / Reestimates	1U 11C				
PEG Program	(47)C	(182)C	(135)C	(135)C	(135)C
Financial Plan of 1/15/04 After PEG	8,772U 1,361C	8,726U 1,350C	8,726U 1,397C	8,726U 1,397C	8,726U 1,397C

U = Uniformed
C = Civilians

Department of Correction

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	8,726U 1,532C	792,815	800,838	794,133	792,200	792,200
Expenditure Increases / Reestimates						
Overtime Cost due to Increased Military Leave During FY04, DOC has had a much greater percentage of their reservists on active duty, resulting in increased overtime costs for backfill.	-	5,022	-	-	-	-
Overtime due to Increased Attrition DOC has experienced a higher than anticipated rate of attrition during FY03 and FY04.	-	10,817	-	-	-	-
Delay of KCHPW Consolidation Delay in the consolidation of Kings County Hospital Prison Ward with Bellevue Hospital Prison Ward.	-	1,491	-	-	-	-
OT Cost for Compliance with SCOC Minimum Standards for Suicide Watch The State Commission on Correction (SCOC) has informed DOC that they are required to provide "constant supervision" of inmates on suicide watch, resulting in increased overtime costs.	-	1,960	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	8,726U 1,532C	812,105	800,838	794,133	792,200	792,200

U = Uniformed
C = Civilians

* As of 6/30/05

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM	(182)C	(11,042)	(17,608)	(5,457)	(5,457)	(5,457)
Less Amount Reflected in the Revenue Budget	-	734	1,855	1,855	1,855	1,855
Financial Plan of 1/15/04 after PEG	8,726U 1,350C	801,797	785,085	790,531	788,598	788,598

U = Uniformed
C = Civilians

* As of 6/30/05

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Civilian Headcount Reduction The Department will achieve savings through the reduction of civilian vacancies.	(182)C	(770)	(3,621)	(2,081)	(2,081)	(2,081)
Longevity Surplus Projected savings in the longevity budget.	-	-	(1,000)	-	-	-
Overtime Reduction Overtime savings are anticipated based on projected population and future recruit classes.	-	-	(5,000)	-	-	-
Agency Overtime Reduction Initiative 10% Overtime Reduction	-	-	(4,809)	-	-	-
Establish a Haircut Charge for Inmates The Department will generate additional revenue by charging inmates $2.00 per haircut.	-	-	(43)	(43)	(43)	(43)
Purchase Box Trucks To Replace Leases Savings associated with the capital purchase of currently leased box trucks.	-	-	(198)	(396)	(396)	(396)
Agency Telephone Usage Savings Savings associated with lower usage, including closed facilities.	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)

C = Civilians

* As of 6/30/05

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Increased Telephone Access Charge The Department will increase the telephone access charge from $0.25 to $0.375 per call.	-	(500)	(500)	(500)	(500)	(500)
Implement Telephone Call Per Minute Rate The Department will collect additional revenue by establishing a $0.02 per minute rate on inmate phone calls.	-	-	(1,000)	(1,000)	(1,000)	(1,000)
Commission Payment for Collect Calls The Department established an agreement with the collect call carrier to receive a 10% commission payment on all inmate collect calls.	-	(234)	(312)	(312)	(312)	(312)
Digital Photography for Inmate Processing Savings associated with switch from film to digital photography.	-	-	(125)	(125)	(125)	(125)
SCAAP Revenue FY04 The Department will receive an additional $5 million in State Criminal Alien Assistance Program revenue for FY04. Actual revenue for Federal FY03 was $1 million more than anticipated and the Federal FY04 award is anticipated to be $4 million higher based on national appropriations.	-	(4,975)	-	-	-	-

* As of 6/30/05

Department of Correction

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Civilian Accruals Civilian salary savings from hiring delays and existing vacancies.	-	(3,563)	-	-	-	-
Total Agency Program	(182)C	(11,042)	(17,608)	(5,457)	(5,457)	(5,457)

C = Civilians

* As of 6/30/05

Admin. for Children Services

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	527,249	507,048	522,958	522,958	522,958
Expenditure Increases / Reestimates	52,933	32,513	32,513	32,513	32,513
Financial Plan of 1/15/04 Before PEG	580,182	539,561	555,471	555,471	555,471
PEG Program	(9,143)	(24,222)	(11,102)	(9,572)	(9,572)
Less Amount Reflected in Revenue Budget	2,672	-	-	-	-
Financial Plan of 1/15/04 After PEG	573,711	515,339	544,369	545,899	545,899

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	5,895	5,895	5,895	5,895	5,895
Expenditure Increases / Reestimates	98	380	380	380	380
Financial Plan of 1/15/04 After PEG	5,993	6,275	6,275	6,275	6,275

Admin. for Children Services

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	5,895	527,249	507,048	522,958	522,958	522,958
Expenditure Increases / Reestimates						
Foster Care Block Grant Reduction The State's formula for allocation of the Foster Care Block Grant will reduce funding to New York City.	-	6,577	6,577	6,577	6,577	6,577
Increase Foster Care Rates The Agency will provide additional funds to foster care agencies to ensure equitable resources and will incorporate performance measures in the rate structure.	-	2,290	9,159	9,159	9,159	9,159
Institutional Schools Higher than planned room and board costs.	2	16,324	17,227	17,227	17,227	17,227
Reduce Contracts For Temporary Staff The Agency's headcount is increased to reduce reliance on temporary staff.	126	-	-	-	-	-
Convert Per Diem Lines to Per Annum	154	-	-	-	-	-
Daycare Eligibility Transfer of lines to ACS to support case management, outreach and enrollment functions.	69	-	-	-	-	-
PS Adjustment	26	-	-	-	-	-

* As of 6/30/05

Admin. for Children Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Transfer Child Care Funds To HRA Funding adjustment to more appropriately reflect the proportion public assistance children in day care programs.	-	(10,000)	-	-	-	-
CD Funds Technical Adjustment	-	(450)	(450)	(450)	(450)	(450)
JAN05 Budget Mod Positions -Part 1 - From 11/1/03 to 12/14/03.	3	-	-	-	-	-
Out of School Time Maintains existing after school child care to avoid service disruptions until a new out of school program is in place.	-	38,193	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	6,275	580,183	539,561	555,471	555,471	555,471
PEG PROGRAM	-	(9,143)	(24,222)	(11,102)	(9,572)	(9,572)
Less Amount Reflected in the Revenue Budget	-	2,672	-	-	-	-
Financial Plan of 1/15/04 after PEG	6,275	573,712	515,339	544,369	545,899	545,899

* As of 6/30/05

Admin. for Children Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Audit Recoupments The Agency will recoup overpayments to foster care and child care contractors.	-	(6,500)	(4,000)	-	-	-
Direct Foster Care Re-estimate Decline in directly operated foster boarding home caseload.	-	(293)	(1,529)	(1,529)	-	-
Foster Care Re-estimate Decline in contract foster care caseload.	-	(2,350)	(9,572)	(9,572)	(9,572)	(9,572)
TANF/Title XX Revenue Increase Increase in federal funds for child welfare services.	-	-	(4,832)	-	-	-
Prior Year Claims	-	-	(4,288)	-	-	-
Total Agency Program	-	(9,143)	(24,221)	(11,101)	(9,572)	(9,572)

* As of 6/30/05

AGENCY FIVE YEAR SUMMARY

Department of Social Services

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	3,965,621	4,471,407	4,605,559	4,614,346	4,614,346
Expenditure Increases / Reestimates	303,026	266,152	330,881	523,931	731,054
Financial Plan of 1/15/04 Before PEG	4,268,647	4,737,559	4,936,440	5,138,277	5,345,400
PEG Program	(5,438)	(9,177)	(9,276)	(9,372)	(9,372)
Financial Plan of 1/15/04 After PEG	4,263,209	4,728,382	4,927,164	5,128,905	5,336,028

City Funded Headcount					
Baseline Per Financial Plan-June 2003	8,496	8,509	8,522	8,522	8,522
Expenditure Increases / Reestimates	105	2,893	2,926	2,966	2,966
Financial Plan of 1/15/04 After PEG	8,601	11,402	11,448	11,488	11,488

Department of Social Services

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	8,509	3,965,621	4,471,407	4,605,559	4,614,346	4,614,346
Expenditure Increases / Reestimates						
Increase in Domestic Violence Shelter Rates Additional funds are required to provide for State mandated rate increase for domestic violence shelters.	-	2,190	2,724	2,724	2,724	2,724
Medicaid Re-estimate Increase in Medicaid costs due to higher caseloads in Medicaid and Family Health Plus.	-	248,081	163,134	225,297	418,348	625,470
Public Assistance Shelter Allowance New York State increase in shelter allowance will increase public assistance costs to the City. The allowance for the family of three will rise from $577 to $691 per month.	-	6,072	13,609	16,175	16,175	16,175
Public Assistance Re-Estimate Increase in the average per person grant due to a greater proportion of high need cases and an increase in the Safety Net caseload.	-	58,959	69,465	69,465	69,465	69,465
Technical Adjustment: Liens and Recoveries	-	2,000	4,000	4,000	4,000	4,000
Convert Per Diem Lines to Per Annum	1,928	-	-	-	-	-
Day Care Eligibility Transfer of lines to ACS to support case management, outreach and enrollment functions.	(69)	-	-	-	-	-

* As of 6/30/05

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
PS Adjustment	(26)	-	-	-	-	-
Transfer Child Care Funds to HRA Funding adjustment to more appropriately reflect the proportion of public assistance children in day care programs.	-	10,000	-	-	-	-
OCSE Admin Adjustment	-	400	400	400	400	400
Reduce Contracts For Temporary Staff The Agency's headcount is increased to reduce reliance on temporary staff.	1,000	-	-	-	-	-
Lease Adjustment Lease adjustment.	-	678	-	-	-	-
State Aid for Mentally Disabled Clients The State will reimburse the City for Medicaid services provided to mentally disabled clients.	-	(32,700)	-	-	-	-
Increase in Health Insurance Costs for Home Care Workers State budget increase in cost of health insurance for home care workers.	-	6,100	10,400	10,400	10,400	10,400
Decrease in Title XX The State will decrease the federal Title XX	-	-	1,188	1,188	1,188	1,188

* As of 6/30/05

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
allocation to NYC for domestic violence programs.						
MN1 Member Items	-	14	-	-	-	-
Budget Mods - Headcount initiative - Jan'05 - Part 2	60	-	-	-	-	-
Technical Adjustment: Liens and Recoveries	-	1,282	1,282	1,282	1,282	1,282
Rent Arrears Payment to NYC Housing Authority Funding will eliminate barriers to permanent housing placement in the Housing Authority.	-	(50)	(50)	(50)	(50)	(50)
Financial Plan of 1/15/04 Before PEG Implementation	11,402	4,268,647	4,737,559	4,936,440	5,138,278	5,345,400
PEG PROGRAM	-	(5,438)	(9,177)	(9,276)	(9,372)	(9,372)
Financial Plan of 1/15/04 after PEG	11,402	4,263,209	4,728,382	4,927,164	5,128,906	5,336,028

* As of 6/30/05

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Reduce Medicaid Transportation Costs The Department will ensure that methadone maintenance clients enrolled in managed care are reimbursed by their health plans.	-	-	(1,155)	(1,164)	(1,164)	(1,164)
Prior Year Revenue	-	(4,156)	-	-	-	-
Uniform Payments for SROs and Hotels The City will establish uniform rates for emergency housing placements.	-	-	(1,399)	(1,489)	(1,585)	(1,585)
Eliminate Payment for Supportive Housing Vacancies The Department will change its reimbursement policies to ensure payments are only made for occupied units.	-	-	(2,264)	(2,264)	(2,264)	(2,264)
Reimbursement for Prisoners' Inpatient Expenses The Department will claim Medicaid reimbursement for inpatient medical costs associated with prisoners admitted to HHC facilities.	-	-	(3,077)	(3,077)	(3,077)	(3,077)
Additional Revenue from Liens and Recoveries Increased collections for overpayments and	-	(1,282)	(1,282)	(1,282)	(1,282)	(1,282)

* As of 6/30/05

Department of Social Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
settlements from clients who receive public assistance or Medicaid.						
Total Agency Program	-	(5,438)	(9,177)	(9,276)	(9,372)	(9,372)

* As of 6/30/05

Dept. of Homeless Services

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	263,783	260,374	262,305	265,562	265,562
Expenditure Increases / Reestimates	18,750	25,685	25,139	25,139	25,139
Financial Plan of 1/15/04 Before PEG	282,533	286,059	287,444	290,701	290,701
PEG Program	(4,455)	(4,455)	(4,455)	(4,455)	(3,568)
Financial Plan of 1/15/04 After PEG	278,078	281,604	282,989	286,246	287,133

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,437	1,437	1,437	1,437	1,437
Expenditure Increases / Reestimates	162	859	859	859	859
Financial Plan of 1/15/04 After PEG	1,599	2,296	2,296	2,296	2,296

Dept. of Homeless Services

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,437	263,783	260,374	262,305	265,562	265,562
Expenditure Increases / Reestimates						
Adult Shelter Capacity Additional adult shelter capacity.	-	4,459	12,529	16,217	16,217	16,217
Family Shelter Capacity Additional family shelter capacity.	-	268	343	343	343	343
Court Ordered Fines Funds are required to comply with court ordered fines for delay in eligibility processing.	-	6,014	4,109	-	-	-
Re-estimate of Food Costs	-	774	-	-	-	-
Revenue Maximization Team Additional staffing is provided to enroll public assistance clients, increasing federal and state reimbursement for shelter costs.	70	1,385	1,385	1,385	1,385	1,385
Intake Unit for Adult Couples This intake unit for adult couples will reduce overcrowding at the Bronx Emergency Assistance Unit and expedite eligibility determination.	33	806	1,846	1,846	1,846	1,846
Relocation and Employment Program Program to help shelter clients find permanent housing and employment.	-	125	125	-	-	-

* As of 6/30/05

Dept. of Homeless Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Reduce Contracts For Temporary Staff The Agency's headcount is increased to reduce reliance on temporary staff.	59	(8)	27	27	27	27
Technical Adjustment: Transfer to OCJC Transfer funds to the Criminal Justice Coordinator's Office to maintain legal services to the indigent.	-	(1,450)	-	-	-	-
Adjust Employment Shelter Funding Funding will replace anticipated federal funds for employment programs in adult shelters.	-	1,500	1,500	1,500	1,500	1,500
Convert Per Diem Lines to Per Annum	697	-	204	204	204	204
Lease Adjustment Lease adjustment.	-	38	-	-	-	-
MN1 Member Items	-	64	-	-	-	-
Lease Adjustment Lease adjustment.	-	270	-	-	-	-
Technical Adjustment Fringe Revenue	-	4,455	3,568	3,568	3,568	3,568
Rent Arrears Payment to NYC Housing Authority Funding will eliminate barriers to permanent housing placement in the Housing Authority.	-	50	50	50	50	50

* As of 6/30/05

Dept. of Homeless Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Financial Plan of 1/15/04 Before PEG Implementation	2,296	282,533	286,060	287,445	290,702	290,702
PEG PROGRAM	-	(4,455)	(4,455)	(4,455)	(4,455)	(3,568)
Financial Plan of 1/15/04 after PEG	2,296	278,078	281,605	282,990	286,247	287,134

* As of 6/30/05

Dept. of Homeless Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Increase in State and Federal Reimbursement Additional State and Federal reimbursement for families in shelter who have become eligible for public assistance.	-	-	(887)	(887)	(887)	-
Fringe Revenue State and federal revenue re-estimate.	-	(4,455)	(3,568)	(3,568)	(3,568)	(3,568)
Total Agency Program	-	(4,455)	(4,455)	(4,455)	(4,455)	(3,568)

* As of 6/30/05

Department for the Aging

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	82,833	69,825	69,825	69,825	69,825
Expenditure Increases / Reestimates	(346)	-	-	-	-
Financial Plan of 1/15/04 Before PEG	82,487	69,825	69,825	69,825	69,825
Financial Plan of 1/15/04 After PEG	82,487	69,825	69,825	69,825	69,825

City Funded Headcount					
Baseline Per Financial Plan-June 2003	52	36	36	36	36
Expenditure Increases / Reestimates	14				
Financial Plan of 1/15/04 After PEG	66	36	36	36	36

Department for the Aging

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	36	82,833	69,825	69,825	69,825	69,825
Expenditure Increases / Reestimates						
MN1 Member Items	-	(346)	-	-	-	-
Lease Adjustment	-	(300)	-	-	-	-
PS Adjustment	-	300	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	36	82,487	69,825	69,825	69,825	69,825
Financial Plan of 1/15/04 after PEG	36	82,487	69,825	69,825	69,825	69,825

* As of 6/30/05

Dept Health & Mental Hygiene

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	548,137	565,841	572,970	581,896	581,896
Expenditure Increases / Reestimates	11,185	6,394	4,056	4,056	4,056
Financial Plan of 1/15/04 Before PEG	559,322	572,235	577,026	585,952	585,952
PEG Program	(8,087)	(8,087)	(8,087)	(8,087)	(7,218)
Financial Plan of 1/15/04 After PEG	551,235	564,148	568,939	577,865	578,734

City Funded Headcount					
Baseline Per Financial Plan-June 2003	2,364	2,744	2,855	2,849	2,849
Expenditure Increases / Reestimates	427	439	434	434	434
PEG Program	(79)	(94)	(94)	(94)	(79)
Financial Plan of 1/15/04 After PEG	2,712	3,089	3,195	3,189	3,204

Dept Health & Mental Hygiene

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	2,744	548,137	565,841	572,970	581,896	581,896
Expenditure Increases / Reestimates						
Food Inspectors and Tribunal Resources Additional food inspectors and backup support (equipment, clerical, tribunal officers) will enable the agency to meet its inspection goals.	42	2,351	2,255	2,255	2,255	2,255
Funds to Preserve and Identify Remains of 9/11 Victims.	5	9,224	2,242	-	-	-
Mayoral Rodent Initiative The Department will purchase rodent-proof garbage cans for distribution to property owners in targeted neighborhoods to reduce the incidence of rodent infestation.	-	96	96	-	-	-
Mortuary Restructuring Transfer of Mortuary functions from Health and Hospitals Corporation to the Office of Chief Medical Examiner.	94	-	-	-	-	-
Technical Adjustment	254	-	-	-	-	-
MN1 Member Items	-	(486)	-	-	-	-
Temporary Services Adjustment The Department's headcount is increased to reduce reliance on temporary staff.	40	-	-	-	-	-

* As of 6/30/05

Dept Health & Mental Hygiene

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Lead Poison Prevention Program Restoration of funds to support lead poison prevention through community outreach programs.	-	-	500	500	500	500
Pest Control Restoration of funds to support the Department's pest control initiatives.	4	-	1,301	1,301	1,301	1,301
Financial Plan of 1/15/04 Before PEG Implementation	3,183	559,322	572,235	577,026	585,952	585,952
PEG PROGRAM	(94)	(8,087)	(8,087)	(8,087)	(8,087)	(7,218)
Financial Plan of 1/15/04 after PEG	3,089	551,235	564,148	568,939	577,865	578,734

* As of 6/30/05

Dept Health & Mental Hygiene

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Administrative Vacancies & Efficiencies Elimination of vacancies and reductions in administrative offices throughout the agency.	(16)	(2,030)	(1,850)	(1,850)	(1,850)	(1,850)
Program Vacancies & Efficiencies Eliminate vacancies, planned services expansions and improve program efficiencies throughout the agency.	(13)	(1,210)	(1,233)	(1,233)	(1,233)	(1,233)
Chief Medical Examiner DNA Vacancy Reduction Anticipated vacancies in the Chief Medical Examiners DNA program.	(15)	(869)	(869)	(869)	(869)	-
Consolidation of TB Clinics The Department will close underutilized TB Clinics and transfer staff to more active sites. The Department is negotiating with nearby private clinics to take on the current caseload, or clients will be served at other DOHMH sites.	(5)	(279)	(279)	(279)	(279)	(279)
HHC Child Health Clinic Reduction Reduced tax levy subsidy to HHC's child health clinics. This reduction will be offset by increased Medicaid revenue collection by HHC.	-	(445)	(320)	(320)	(320)	(320)

* As of 6/30/05

Dept Health & Mental Hygiene

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Division of Mental Hygiene The Department will save funds by transferring programs to State grants and Medicaid.	-	(2,407)	(2,407)	(2,407)	(2,407)	(2,407)
Target Services To High-Risk Neighborhoods The Department will focus resources in the neighborhoods of greatest need. The Minority Health Program's citywide evaluation and advocacy will be complemented by targeted neighborhood-based services. Additionally, resources from underutilized maternity services will be reassigned to support evidence-based maternity programs in high-risk areas.	(45)	(847)	(1,129)	(1,129)	(1,129)	(1,129)
Total Agency Program	(94)	(8,087)	(8,087)	(8,087)	(8,087)	(7,218)

* As of 6/30/05

Housing Preservation & Dev.

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	58,484	58,132	59,435	56,923	56,923
Expenditure Increases / Reestimates	(239)	(2,349)	(3,249)	(3,249)	(3,249)
Financial Plan of 1/15/04 Before PEG	58,245	55,783	56,186	53,674	53,674
PEG Program	(3,615)	(1,755)	(1,755)	(1,755)	(1,755)
Less Amount Reflected in Revenue Budget	3,580	1,220	1,220	1,220	1,220
Financial Plan of 1/15/04 After PEG	58,210	55,248	55,651	53,139	53,139

City Funded Headcount					
Baseline Per Financial Plan-June 2003	526	526	526	526	526
Financial Plan of 1/15/04 After PEG	526	526	526	526	526

Housing Preservation & Dev.

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	526	58,484	58,132	59,435	56,923	56,923
Expenditure Increases / Reestimates						
Transfer Council Funds to CJC HPD transfer of $10,000 City Council funds to CJC. It was appropriated to HPD in error during ADP 04.	-	(10)	-	-	-	-
100 Gold Street contract DCAS administers the management contract for HPD's HQ at 100 Gold. Funds had not been previously transferred.	-	-	(2,349)	(3,249)	(3,249)	(3,249)
MN1 Member Items	-	(79)	-	-	-	-
Lease Adjustment. Lease adjustment - costs related to moving the Queens office from 126-06 Queens Boulevard to Queens Borough Hall.	-	(150)	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	526	58,245	55,783	56,186	53,674	53,674
PEG PROGRAM	-	(3,615)	(1,755)	(1,755)	(1,755)	(1,755)

* As of 6/30/05

Housing Preservation & Dev.

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Less Amount Reflected in the Revenue Budget	-	3,580	1,220	1,220	1,220	1,220
Financial Plan of 1/15/04 after PEG	526	58,210	55,248	55,651	53,139	53,139

* As of 6/30/05

Housing Preservation & Dev.

Description	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
PEG PROGRAM						
Reduced Costs for Emergency Housing HPD will reduce tax levy funding for the Emergency Housing Services Program (EHSP) by $500,000 per year beginning in FY 2005. This will occur through implementation of new strategies to move clients to permanent housing.	-	-	(500)	(500)	(500)	(500)
Increased Revenue from Section 421 A Fees HPD will collect additional Section 421-a fees in excess of FY 2004 baseline revenue.	-	(3,000)	(640)	(640)	(640)	(640)
Increased HLD Revenue HPD's Housing Litigation Division (HLD) will continue its efforts to increase collections from fines imposed pursuant to the NYS Multiple Dwelling law and the New York City Administrative Code.	-	(300)	(300)	(300)	(300)	(300)
Code Inspections for Statutory Distressed Properties This is a continuation of the efforts begun by HPD several years ago. Statutory distressed properties that have been excluded from tax lien sales based solely on their violation records are re-inspected and included in tax lien sales.	-	(280)	(280)	(280)	(280)	(280)

* As of 6/30/05

Housing Preservation & Dev.

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Reduced Costs for Seal Ups HPD will reduce tax levy funding for seal ups by $35 thousand per year beginning in FY 2004. This reduction is based on a pattern of lower demand for seal ups in recent years.	-	(35)	(35)	(35)	(35)	(35)
Total Agency Program	-	(3,615)	(1,755)	(1,755)	(1,755)	(1,755)

* As of 6/30/05

Department of Buildings

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	53,882	50,882	50,882	50,487	50,487
Expenditure Increases / Reestimates	4,106	2,218	1,153	88	88
Financial Plan of 1/15/04 Before PEG	57,988	53,100	52,035	50,575	50,575
Financial Plan of 1/15/04 After PEG	57,988	53,100	52,035	50,575	50,575

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	854	854	854	847	847
Expenditure Increases / Reestimates	36	36	36	1	1
Financial Plan of 1/15/04 After PEG	890	890	890	848	848

Department of Buildings

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	854	53,882	50,882	50,882	50,487	50,487
Expenditure Increases / Reestimates						
Construction Permit Review Staff DOB has experienced a surge in the number of construction permit applications, and is requesting funds to hire additional inspectors, plan examiners and support staff to process the additional work in a timely manner.	20	1,087	1,037	519	-	-
Plumbing Contract Extension DOB is requesting funds to extend the current plumbing contract by 6 months while it hires and trains new inspectors.	-	963	-	-	-	-
Code Violation Inspections The city's new 311 system has increased the number of construction-related complaints to the DOB, which is requesting additional staff to quickly investigate complaints and issue violations. Lines are for 10 Construction Inspectors and 5 Civil Penalty Coordinators.	15	1,131	1,093	547	-	-
Offsite Storage & Retrievals DOB is required to maintain records and ensure their preservation, accessibility and retention, and contracts with a vendor to provide this service. DOB is requesting funds to meet an anticipated increase in storage needs.	-	213	-	-	-	-

* As of 6/30/05

Department of Buildings

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Moving Services - Queens Moving expenses for the Queens office to relocate to 120-55 Queens Blvd. in Kew Gardens. The move was originally scheduled to take place in FY03 but was pushed back to FY04.	-	137	-	-	-	-
DOITT Telecomm Increase According to DOITT, DOB's expenditures have risen by $500,000. DOB is requesting an increase in the telecommunication budget to meet this need.	-	500	-	-	-	-
Inspector Vehicles Re-estimate of funding for auto maintenance and lifecycle replacement of 7 vehicles.	-	161	-	-	-	-
Microfilm Equipment - New Requests Funding to purchase 10 microfilm readers and to film historical Certificates of Occupancy.	-	120	-	-	-	-
BIS Enhancement DOB is requesting funds to hire consultants/programmers to upgrade the BIS system, to increase E-Filing capabilities, allow Landmark applications to be filed at DOB, and update zoning records to match City Planning's zoning information.	-	150	-	-	-	-

* As of 6/30/05

Department of Buildings

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Director of Safety & Emergency Management This person will be responsible for coordinating DOB's emergency response efforts and serve as the agency's liaison.	1	44	88	88	88	88
Lease Adjustment Lease adjustment - costs related to moving the Queens office from 126-06 Queens Boulevard to Queens Borough Hall.	-	(400)	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	890	57,988	53,100	52,036	50,575	50,575
Financial Plan of 1/15/04 after PEG	890	57,988	53,100	52,036	50,575	50,575

* As of 6/30/05

AGENCY FIVE YEAR SUMMARY

Dept of Environmental Prot.

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	689,777	668,276	665,686	665,686	665,686
Expenditure Increases / Reestimates	(2,151)	12,403	8,489	8,489	8,489
Financial Plan of 1/15/04 Before PEG	687,626	680,679	674,175	674,175	674,175
PEG Program	(975)	(975)	(975)	-	-
Less Amount Reflected in Revenue Budget	975	975	975	-	-
Financial Plan of 1/15/04 After PEG	687,626	680,679	674,175	674,175	674,175

City Funded Headcount					
Baseline Per Financial Plan-June 2003	290	290	290	290	290
Expenditure Increases / Reestimates	7	7	7	7	7
Financial Plan of 1/15/04 After PEG	297	297	297	297	297

Dept of Environmental Prot.

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	290	689,777	668,276	665,686	665,686	665,686
Expenditure Increases / Reestimates						
Customer Service New Needs Funding is provided for per diem personnel working in the customer service call center ($1,414,000) and for overtime $300,000.	-	-	1,714	-	-	-
Temp. Contract Termination A funding switch from OTPS to PS for the "temporary personnel services" contract elimination. Including fringe benefits, there is a net savings to the city of $115,000 FY05 and out as well as a net savings of $48,000 in FY04.	7	(151)	(363)	(363)	(363)	(363)
Water Supply New Needs Additional funding to meet the projections of real estate taxes for city property in the upstate watershed.	-	-	6,950	6,950	6,950	6,950
Water & Sewer Ops New Needs Increased funding to cover crane certification, backhoe services and water & sewer yard cleaning contracts.	-	-	2,102	1,902	1,902	1,902
DEP Rollovers A rollover of funds from FY04 to FY05 to reflect the Bureau of Wastewater Treatment payment delays as well as a Bureau of	-	(2,000)	2,000	-	-	-

* As of 6/30/05

Dept of Environmental Prot.

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Customer Service delay in its city property water audit program.						
Financial Plan of 1/15/04 Before PEG Implementation	297	687,626	680,679	674,175	674,175	674,175
PEG PROGRAM	-	(975)	(975)	(975)	-	-
Less Amount Reflected in the Revenue Budget	-	975	975	975	-	-
Financial Plan of 1/15/04 after PEG	297	687,626	680,679	674,175	674,175	674,175

* As of 6/30/05

Dept of Environmental Prot.

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Community Right-to-Know Renewal of Con Ed Reimbursement DEP has negotiated a three-year extension of the Community Right-to-Know Program with Con Edison which will allow DEP to continue to inspect Con Edison facilities to ensure their compliance with the City's laws pertaining to the use and storage of hazardous materials.	-	(975)	(975)	(975)	-	-
Total Agency Program	-	(975)	(975)	(975)	-	-

* As of 6/30/05

Department of Finance

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	187,113	184,001	184,001	184,001	184,001
Expenditure Increases / Reestimates	(1,033)	(2,380)	(1,154)	96	96
Financial Plan of 1/15/04 Before PEG	186,080	181,621	182,847	184,097	184,097
PEG Program	(21,050)	(6,950)	(7,000)	(7,000)	(6,875)
Less Amount Reflected in Revenue Budget	22,000	7,100	7,100	7,100	6,900
Financial Plan of 1/15/04 After PEG	187,030	181,771	182,947	184,197	184,122

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	2,124	2,124	2,124	2,124	2,124
Expenditure Increases / Reestimates	130	130	130	130	130
Financial Plan of 1/15/04 After PEG	2,254	2,254	2,254	2,254	2,254

Department of Finance

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	2,124	187,113	184,001	184,001	184,001	184,001
Expenditure Increases / Reestimates						
Bronx Business Center Rent at Bronxchester Site 12 The Bronx Business Center consolidation will establish a centralized payment and adjudication location to accommodate the public.	-	-	-	1,226	2,476	2,476
Personnel Transfer to DoITT One position from the Dept. of Finance is being transferred to the 3-1-1 Citizen Service Center to oversee the training of call takers.	(1)	(39)	(78)	(78)	(78)	(78)
Per Diem Conversion to FTNG Positions The Department of Finance is hiring contractual Per Diems to replace clerical and administrative positions previously filled by temporary service contracts.	131	(576)	(2,302)	(2,302)	(2,302)	(2,302)
Lease Adjustment Lease adjustment.	-	(150)	-	-	-	-
Lease Adjustment Lease adjustment.	-	(268)	-	-	-	-

* As of 6/30/05

Department of Finance

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Financial Plan of 1/15/04 Before PEG Implementation	2,254	186,080	181,621	182,847	184,097	184,097
PEG PROGRAM	-	(21,050)	(6,950)	(7,000)	(7,000)	(6,875)
Less Amount Reflected in the Revenue Budget	-	22,000	7,100	7,100	7,100	6,900
Financial Plan of 1/15/04 after PEG	2,254	187,030	181,771	182,947	184,197	184,122

* As of 6/30/05

Department of Finance

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Parking Ticket Device System Savings associated with the delayed implementation of the Parking Ticket Device System.	-	450	-	-	-	-
Increase in Tax Amnesty Revenue Collection Estimate DOF anticipates additional revenue from the Tax Amnesty Program that began on October 20, 2003 and ends January 23, 2004.	-	(19,500)	-	-	-	-
Collect Taxi and Limousine Commission Judgment Debt The Department will assume the responsibility of collecting judgment debt for the Taxi & Limousine Commission.	-	-	(850)	(900)	(900)	(1,275)
Creation of New Algorithm to assist the Audit Division in Audit Selections DOF has developed an algorithm to assist the Audit Division in selecting small to mid-size General Corporation Tax firms for review. The purpose of the algorithm is to identify returns which are most likely to yield additional audit revenue.	-	(500)	(1,000)	(1,000)	(1,000)	(1,000)
Increased No Good Check Fee The Department will increase the charge for	-	-	(100)	(100)	(100)	(100)

* As of 6/30/05

Department of Finance

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
bad checks written to the agency from $15 to $20, as authorized under the General Municipal Law, Section 85.						
Improve Parking Summons Processibility The Department will increase summons revenue by standardizing the description of vehicles on the parking violation database, thereby improving the effectiveness of the vehicle verification process.	-	-	(1,500)	(1,000)	(500)	-
Increased Collection of Credit Card Convenience Fee The Department will generate additional revenue from an existing $2 credit card convenience fee for internet and telephone payments which offsets the cost of payment processing.	-	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
New Algorithm for Audit Selection for UBT The Dept of Finance has started developing an algorithm to assist the Audit division in selecting Unincorporated Business Tax (UBT) partnerships for review. The purpose of the algorithm is to identify UBT returns, which are most likely to yield audit revenue.	-	-	(500)	(750)	(1,000)	(1,000)

* As of 6/30/05

Department of Finance

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Increase Unincorporated Business Tax (UBT) Audit PEG Based on recent decisions by the Tax Tribunal, DOF now can deny deductions for certain payments to corporate partners of unincorporated businesses.	-	-	(1,500)	(1,750)	(2,000)	(2,000)
Total Agency Program	-	(21,050)	(6,950)	(7,000)	(7,000)	(6,875)

* As of 6/30/05

Department of Transportation

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	286,919	288,463	290,412	290,482	290,482
Expenditure Increases / Reestimates	29,030	10,138	9,014	9,014	9,014
Financial Plan of 1/15/04 Before PEG	315,949	298,601	299,426	299,496	299,496
PEG Program	(26,194)	(7,786)	(6,603)	(6,603)	(6,603)
Less Amount Reflected in Revenue Budget	4,045	5,001	6,691	6,691	6,691
Financial Plan of 1/15/04 After PEG	293,800	295,816	299,514	299,584	299,584

City Funded Headcount					
Baseline Per Financial Plan-June 2003	1,919	1,984	2,043	2,043	2,043
Expenditure Increases / Reestimates	90	74	58	58	58
PEG Program	(27)	(27)	6	6	6
Financial Plan of 1/15/04 After PEG	1,982	2,031	2,107	2,107	2,107

Department of Transportation

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,984	286,919	288,463	290,412	290,482	290,482
Expenditure Increases / Reestimates						
Additional Legal Staff To assist in the defense of liability lawsuits against the City.	2	64	127	127	127	127
Delay In Contracting Out Night Ferry to FY06 DOT proposed to contract out overnight ferry service to reduce fuel and PS costs. Implementation will not occur until FY06.	16	1,124	1,124	-	-	-
Signal Maintenance Contract Funds to cover the shortfall in the signal maintenance contract based on the latest bids.	-	3,168	3,778	3,778	3,778	3,778
Random Drug Testing DOT will increase random drug testing performed on all field and federally-funded employees in the Ferry program.	-	100	200	200	200	200
News Rack Enforcement Unit Establish a unit to monitor and enforce the placement and maintenance of news racks. Fines collected by the Environmental Control Board will cover the cost of staffing this unit.	5	100	199	199	199	199
Drill & Tabletop Monthly Security Training DOT will train Ferry employees in the field	-	250	1,000	1,000	1,000	1,000

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
(evacuation drill) as well as administer a security training written test (tabletop), as recommended by the U.S. Coast Guard.						
New Crew Requirements for New Ferry Boat #1 Need for additional crew due to higher Coast Guard mandated staffing level on the new Molinari Class boat that replaces the smaller Kennedy Class boat. The start date for the first boat crew is projected to be May 1, 2004.	14	140	840	840	840	840
Kennedy Boat PA System DOT is installing a Public Address System on the Kennedy Boats. This will increase public information and enhance public safety and security while the boat is in service.	-	350	-	-	-	-
Ferry Operations Review Contract The US Merchant Marine Academy's Training arm, the Global Maritime and Transportation School (GMATS) has been contracted to review and recommend changes to the Staten Island Ferry operations management & reporting structure, staffing level, procedures etc.	-	700	350	350	350	350
Miscellaneous Security and Operations for Ferries	-	3,000	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
DOT will require additional funding to cover miscellaneous security and operational costs.						
Delay Private Bus Subsidy Reduction This initiative will restore the FY04 portion of the Private Bus Subsidy Reduction PEG planned in FY04 Adoption.	-	75,000	-	-	-	-
Temporary Replacement of SI Ferry Crew due to Ferry Accident This initiative proposes to temporarily replace the 16 crew members of the Staten Island Ferry while on sick leave and/or making depositions due to the ferry accident of October 15th, 2003.	-	641	-	-	-	-
Loss of Revenue due to Increased Bonus Discounts- Franchise Buses The average Metrocard bonus discount has increased. The increase in bonus discounts decreases the net operating revenue, thereby increasing the need for City operating subsidy.	-	3,000	-	-	-	-
Franchise Bus - Increased Management and Incentive Fees The City has agreed to increase the Franchise	-	387	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Bus Program Management and Incentive Fees. Funding for this DOT program is located in the Miscellaneous Budget.						
Welfare Advance - Franchise Buses Following negotiations after the strike, the City agreed to advance $3.75 million for the payment of employee health benefits. At least $2.5 million of this cost has been recovered or offset by productivity.	-	1,250	-	-	-	-
Franchise Bus Blackout Emergency Expenses Funding will cover emergency expenses incurred by the Franchise Bus companies due to the power outage on 8/14/03. FEMA has deemed these expenses ineligible for FEMA funding.	-	252	-	-	-	-
Franchise Bus Revenue Shortfall As part of the FY04 November Budget, OMB	-	411	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
projected subsidy savings of $7,954,000 due to express bus fare increase from $3 to $4, in line with the MTA increase that occurred in May 2003. Current forecasts indicate a shortfall in these revenues.						
Collective Bargaining- 220 Titles Collective bargaining increases have recently been paid to five "Prevailing Wage" titles (Steamfitter, Helper & Supervisor, Cement Mason & Crane Operator). The annualized cost is $182,914. It is being funded through the labor reserve.	-	183	183	183	183	183
Technical Adjustment - Bus Warranty Claim This initiative represents a one-time reimbursement settlement for expenses that should have been covered under warranty. Funding for this program is located in the Miscellaneous Budget.	-	2,350	-	-	-	-
Technical Adjustment - Urban Account There is currently $17 million in Urban Account Revenue available for the Franchise Bus Program. Funding for this DOT program is located within the Miscellaneous Budget.	-	17,000	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
JAN05 Budget Mod Positions -Part 1 - From 11/1/03 to 12/14/03.	5	-	-	-	-	-
Lease Adjustment Lease adjustment.	-	(138)	-	-	-	-
Delay Franchise Bus Local Fare Increase from $1.50 to $2.00 PEG Additional farebox revenue would have been generated through this fare increase, keeping in line with increased NYCT fares, and would have produced a savings in the City's subsidy to private buses. The local fare has yet to be increased on franchise buses.	-	4,128	-	-	-	-
Technical Adjustment - Delay Franchise Bus Local Fare Increase from $1.50 to $2.00 Additional farebox revenue would have generated through this fare increase and would have produced a savings in the City's subsidy to private buses. The local fare has still yet to be increased on franchise buses. Funding for this program is located in the Misc. Budget.	-	(4,128)	-	-	-	-
Tech Adj - Delay Franchise Bus Off-Peak Fare Discount Elimination	-	(3,967)	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
<u>Expenditure Increases / Reestimates</u>						
The franchise bus companies have not eliminated their off-peak local fare discounts, thus failing the FY04 portion of this PEG. Funding for this program is located in the Misc. Budget.						
<u>Tech Adj. - Delay Private Bus Subsidy Reduction</u> This initiative will restore the FY04 portion of the Private Bus Subsidy Reduction PEG planned in FY04 Adoption. Funding for this program is located in the Miscellaneous Budget.	-	(75,000)	-	-	-	-
<u>Technical Adjustment- Loss of Revenue due to Increased Bonus Discounts- Franchise Buses</u> The average Metrocard bonus discount has increased. The increase in bonus discounts decreases the net operating revenue, thereby increasing the need for City operating subsidy. Funding for this program is located in the Miscellaneous Budget.	-	(3,000)	-	-	-	-
<u>Technical Adjustment - Franchise Bus - Increased Management and Incentive Fees</u> The City has agreed to increase the Franchise Bus Program Management and Incentive Fees.	-	(387)	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Funding for this DOT program is located in the Miscellaneous Budget.						
Technical Adjustment - Welfare Advance - Franchise Buses Following negotiations after the strike, the City agreed to advance $3.75 million for the payment of employee health benefits. At least $2.5 million of this cost has been recovered or offset by productivity. Funding for this DOT program is located in the Miscellaneous Budget.	-	(1,250)	-	-	-	-
Tech. Adj. - Franchise Bus Blackout Emergency Expenses Funding to cover emergency expenses incurred by the Franchise Bus companies due to the power outage on 8/14/03. FEMA has deemed these expenses ineligible for FEMA funding. Funding for this DOT program is located in the Miscellaneous Budget.	-	(252)	-	-	-	-
Technical Adjustment - Franchise Bus Revenue Shortfall	-	(411)	-	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
As part of the FY04 November Budget, OMB projected subsidy savings of $7,954,000 due to express fare increase from $3 to $4, in line with the MTA increase that occurred in May 2003. Current forecasts indicate a shortfall in these revenues.						
Restoration of Staten Island Ferry 4 Boat Schedule In the FY04 Executive Budget, DOT proposed to cut its Staten Island ferry rush hour schedule from 4 to 3 boats resulting in 20 minute intervals between trips (instead of 15 minutes). The mayor restored the 4 boat schedule during the FY04 Adopted Budget.	32	-	2,337	2,337	2,337	2,337
Delay Portion of Franchise Bus Off-Peak Fare Discount Elimination PEG The franchise bus companies have not eliminated their off-peak local fare discounts, thus failing the FY04 portion of this PEG.	-	3,967	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	2,058	315,951	298,601	299,426	299,496	299,496

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM	(27)	(26,194)	(7,786)	(6,603)	(6,603)	(6,603)
Less Amount Reflected in the Revenue Budget	-	4,045	5,001	6,691	6,691	6,691
Financial Plan of 1/15/04 after PEG	2,031	293,802	295,816	299,514	299,584	299,584

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
LED Savings- Fire Alarm Location Boxes DOT will achieve energy and maintenance savings with the replacement of all fire alarm location lights with LEDs.	-	(166)	(332)	(332)	(332)	(332)
Expansion of Manhattan Commercial Parking Program on the Avenues DOT will expand the current commercial parking zone to include 33rd to 59th Street, 2nd to 9th Avenue, for a total of 282 muni-meters. This initiative requires 8 additional staff positions for enforcement.	8	(344)	(909)	(2,539)	(2,539)	(2,539)
Franchise Bus Warranty Claim This represents a reimbursement for expenses that should have been covered under warranty.	-	(2,350)	-	-	-	-
Increase Manhole Adjustment Fee DOT will charge utilities $125 per casting for adjusting manhole heights to meet new pavement levels as part of the resurfacing process.	-	(300)	(1,000)	(1,000)	(1,000)	(1,000)
Increased Sales of Muni-Meter Parking Cards DOT anticipates additional revenue attributable to an increase in sale of muni-meter parking cards. Four additional	4	(846)	(841)	(841)	(841)	(841)

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
staff positions will be needed to process these card requests.						
Urban Account There is currently $17 million in Urban Account Revenue available for the Franchise Bus Program. Funding for this DOT program is located within the Miscellaneous Budget.	-	(17,000)	-	-	-	-
Additional Electrical Transformer Revenue The Department will collect additional revocable consent revenue from Con Ed electrical transformers.	10	(1,600)	(600)	(600)	(600)	(600)
Open Leonard Street Parking Lot for Public Use DOT will open the Leonard Street parking lot during the week for public use. Currently the lot is only open on weekends. Proposed hours of operation will be 6 am to 10 pm, including Sunday, at $5.00 per hour.	-	(245)	(490)	(490)	(490)	(490)
Bridge When & Where Contract CHIPs Funding Switch An increase in CHIPs eligible Bridge When & Where repairs will allow a corresponding decrease in tax levy funds.	-	(300)	(400)	-	-	-

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Grant Funded Inspectors DOT will use Federal Funds (TEA-21) in lieu of City funds to pay for Bridge Inspections staff.	(18)	(1,000)	(1,000)	-	-	-
Authorized Parking & Meter Maintenance Personnel CHIPs Reimbursement DOT will use State CHIPS funds for 15 traffic positions (12 TDMs working in Meter Maintenance and 3 TCIs working in the Authorized Parking Unit).	(15)	(613)	(613)	-	-	-
Pavement Line Markings: OTPS Marchiselli Switch State DOT has allowed NYC DOT to reprogram some Marchiselli funds to marking contracts. As a result DOT is now able to claim 8% of the funds it expends for pavement marking contracts. NYSDOT has authorized this and DOT is in the process of completing claims.	-	(430)	-	-	-	-
CHIPs Traffic Staff Funding Switch Additional CHIPS revenue for support will be	(16)	(1,000)	(1,600)	(800)	(800)	(800)

* As of 6/30/05

Department of Transportation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
used to offset tax-levy funding.						
Total Agency Program	(27)	(26,194)	(7,785)	(6,602)	(6,602)	(6,602)

* As of 6/30/05

Dept of Parks and Recreation

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	164,370	147,047	147,047	147,047	147,047
Expenditure Increases / Reestimates	16,932	22,368	22,368	22,368	22,368
Financial Plan of 1/15/04 Before PEG	181,302	169,415	169,415	169,415	169,415
PEG Program	(2,500)	(4,900)	(4,900)	(4,900)	(4,900)
Less Amount Reflected in Revenue Budget	2,500	4,900	4,900	4,900	4,900
Financial Plan of 1/15/04 After PEG	181,302	169,415	169,415	169,415	169,415

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,496	1,496	1,496	1,496	1,496
Expenditure Increases / Reestimates	35	34	34	34	34
Financial Plan of 1/15/04 After PEG	1,531	1,530	1,530	1,530	1,530

Dept of Parks and Recreation

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,496	164,370	147,047	147,047	147,047	147,047
Expenditure Increases / Reestimates						
Chelsea Recreation Center The Department of Parks and Recreation requires funding to operate the completed Chelsea Recreational Center, which will generate revenues to offset all expenses incurred to operate the facility.	34	413	825	825	825	825
Parks Maintenance Supervisors The additional baseline funding is required to fund field trainers for park maintenance seasonal workers.	-	15,257	15,257	15,257	15,257	15,257
Wildlife Conservation Society Subsidy The Department of Parks and Recreation is anticipating that the Wildlife Conservation Society will have lower than expected revenues, therefore, requiring additional funding in FY 04 only.	-	1,296	-	-	-	-
Seasonal Workers During FY04 Adoption, this item was funded	-	-	6,286	6,286	6,286	6,286

* As of 6/30/05

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
for FY04 only. This baseline increase allows DPR to fill 180 year-round seasonal FTE positions required for parks maintenance.						
MN1 Member Items	-	(50)	-	-	-	-
Lease Adjustment Lease adjustment.	-	17	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	1,530	181,303	169,415	169,415	169,415	169,415
PEG PROGRAM	-	(2,500)	(4,900)	(4,900)	(4,900)	(4,900)
Less Amount Reflected in the Revenue Budget	-	2,500	4,900	4,900	4,900	4,900
Financial Plan of 1/15/04 after PEG	1,530	181,303	169,415	169,415	169,415	169,415

* As of 6/30/05

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Additional Concession Revenue The Parks Department will receive additional revenue from Yankee Stadium parking, the rebid of certain Parks concessions contracts and from higher than expected proceeds from restaurant concessions.	-	(1,800)	(1,400)	(1,400)	(1,400)	(1,400)
Increased Revenue from Special Events at Shea Stadium and Arthur Ashe Stadium Parks will generate additional revenue due to the success of the Bruce Springsteen concert at Shea Stadium and from the rental of Arthur Ashe Stadium for special events.	-	(700)	(200)	(200)	(200)	(200)
Golf Concession Rent Increase The Department will generate additional concession revenue from new bids on seven of the thirteen golf courses. Two courses are located in the Bronx, one is in Brooklyn, two are in Queens and two are in Staten Island.	-	-	(2,400)	(2,400)	(2,400)	(2,400)
Yankee Ticket Increase The Department will collect additional	-	-	(900)	(900)	(900)	(900)

* As of 6/30/05

Dept of Parks and Recreation

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
revenue due to an increase in Yankee ticket prices.						
Total Agency Program	-	(2,500)	(4,900)	(4,900)	(4,900)	(4,900)

* As of 6/30/05

Dept of Citywide Admin Srvces

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	145,398	150,555	149,655	149,655	149,655
Expenditure Increases / Reestimates	914	2,850	3,710	3,710	3,820
Financial Plan of 1/15/04 Before PEG	146,312	153,405	153,365	153,365	153,475
PEG Program	(17,425)	(2,461)	(1,861)	(1,861)	(1,861)
Less Amount Reflected in Revenue Budget	13,200	1,525	925	925	925
Financial Plan of 1/15/04 After PEG	142,087	152,469	152,429	152,429	152,539

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,027	1,139	1,139	1,139	1,139
Expenditure Increases / Reestimates	13	13	13	13	13
PEG Program	(27)				
Financial Plan of 1/15/04 After PEG	1,013	1,152	1,152	1,152	1,152

Dept of Citywide Admin Srvces

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	1,139	145,398	150,555	149,655	149,655	149,655
Expenditure Increases / Reestimates						
OATH Forfeiture Hearings Additional staff, supplies, space, and security fees for hearings addressing vehicle seizures by the NYPD related to criminal activity, including DWI. The hearing program is in response to a U.S. District Court decision.	9	793	1,139	1,139	1,139	1,139
Sanitation Physical Exam Per-diems are needed to administer the Sanitation physical exam.	-	232	-	-	-	-
NYPD Promotional Exams Three full-time Test Measurement Specialists, per diems and additional supplies are needed to administer the promotional exams for the NYPD Sergeant, Lieutenant and Captain titles once every two years instead of once every four years.	3	247	177	137	137	247
CityStore Municipal Publications Coordinator Coordinator will review and revise current	1	15	30	30	30	30

* As of 6/30/05

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
municipal publications and work with City agencies to develop new publications. Additional sales will offset the cost of the Coordinator.						
Transfer of Leeds Environmental Study Transfer of Leeds Environmental Study to the Economic Development Corporation.	-	(25)	-	-	-	-
100 Gold Street Funding Baseline funding for transfer of maintenance duties from the Department of Housing, Preservation and Development to DCAS. $900,000 was transferred for FY'05 in a previous plan. The transfer results in no net change to the City's budget.	-	-	2,349	3,249	3,249	3,249
NYCAPS OTPS Transfer to DoITT Transfer of New York City Automated Personnel System (NYCAPS) OTPS funds to DoITT.	-	(531)	(531)	(531)	(531)	(531)
City Hall Academy Transfer to DoE Transfer of PS and OTPS City funds for maintenance of the City Hall Academy at the Tweed Courthouse to the Department of Education.	-	(313)	(313)	(313)	(313)	(313)

* As of 6/30/05

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Lease Audit Technical Adjustment The Division of Real Estate Services is currently projecting savings/rent credits as a result of its Lease Audit Program. The technical adjustment accounts for the fact that DCAS action brings about the savings while the reductions will be realized in other agencies' budgets.	-	1,236	-	-	-	-
Lease Adjustment Lease adjustment.	-	(740)	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	1,152	146,312	153,406	153,366	153,366	153,476
PEG PROGRAM	-	(17,425)	(2,461)	(1,861)	(1,861)	(1,861)
Less Amount Reflected in the Revenue Budget	-	13,200	1,525	925	925	925
Financial Plan of 1/15/04 after PEG	1,152	142,087	152,470	152,430	152,430	152,540

* As of 6/30/05

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Personal Service Accruals The Department will achieve savings through an elimination of one-half of the vacancies that will be created via attrition.	-	(136)	-	-	-	-
Increase BSA Application Fees by 25% The Board of Standards and Appeals will increase fees by 25% for all applications. Local legislation is needed for implementation of this fee increase.	-	-	(50)	(50)	(50)	(50)
Additional Revenue from Property Auction DRES collected additional revenue due to the success of the July 2003 property auction.	-	(8,000)	-	-	-	-
Revenue Re-estimate of Mortgage Incentive Program The Department has collected additional revenue in 2004 as a result of the early mortgage satisfaction program. The department anticipates additional revenue in 2005 due to mortgagees paying off their mortgages ahead of schedule.	-	(4,000)	(600)	-	-	-
Increase in Hotel Rent The Department will generate additional lease revenue due to higher than anticipated hotel occupancy rates.	-	(1,000)	-	-	-	-

* As of 6/30/05

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Increase in Mortgage Revenue The Department will earn increased mortgage revenue as a result of mortgages taken by buyers of parcels from the July 2003 land sale.	-	(200)	(800)	(800)	(800)	(800)
Funding Shift: City to State DCAS will transfer 15 positions in FY'04 only as a result of additional court maintenance reimbursement.	-	(500)	-	-	-	-
State Collective Bargaining - Cleaning Staff The State reimburses court cleaning at a 100% rate. As a result, previously City-funded collective bargaining can be reduced.	-	(495)	(495)	(495)	(495)	(495)
OTPS Reduction The Department achieved savings due to the prepayment of NYCAPS maintenance services.	-	(1,500)	-	-	-	-
Telephone Efficiencies DCAS anticipates $100,000 in recurring savings in its intra-city telephone account via DoITT's cost-saving measures.	-	(100)	(100)	(100)	(100)	(100)
OATH Forfeiture Hearings Reduction Due to a more efficient plan for the Vehicle	-	(258)	(416)	(416)	(416)	(416)

* As of 6/30/05

Dept of Citywide Admin Srvces

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Seizure Hearings Program, OATH will save $258,000 in FY'04 and $416,000 in FY'05 and the outyears.						
Lease Audit The Division of Real Estate Services is currently projecting a total of $2,036,323 of lease savings/rent credits as a result of its Lease Audit Program. This PEG represents the excess savings compared to the current FY'04 plan of $800,000.	-	(1,236)	-	-	-	-
Total Agency Program	-	(17,425)	(2,461)	(1,861)	(1,861)	(1,861)

* As of 6/30/05

NY Public Library - Research

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	8,986	15,391	15,391	15,391	15,391
Expenditure Increases / Reestimates	11	295	295	295	295
Financial Plan of 1/15/04 Before PEG	8,997	15,686	15,686	15,686	15,686
Financial Plan of 1/15/04 After PEG	8,997	15,686	15,686	15,686	15,686

NY Public Library - Research

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	-	8,986	15,391	15,391	15,391	15,391
Expenditure Increases / Reestimates						
New York Research Library Collective Bargaining (RIPs)	-	11	12	12	12	12
Baseline Mayoral Restoration to NYRL	-	-	283	283	283	283
Financial Plan of 1/15/04 Before PEG Implementation	-	8,997	15,686	15,686	15,686	15,686
Financial Plan of 1/15/04 after PEG	-	8,997	15,686	15,686	15,686	15,686

* As of 6/30/05

New York Public Library

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	46,571	81,517	81,517	81,517	81,517
Expenditure Increases / Reestimates	218	1,679	1,679	1,679	1,679
Financial Plan of 1/15/04 Before PEG	46,789	83,196	83,196	83,196	83,196
Financial Plan of 1/15/04 After PEG	46,789	83,196	83,196	83,196	83,196

New York Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	-	46,571	81,517	81,517	81,517	81,517
Expenditure Increases / Reestimates						
New York Public Library Collective Bargaining (RIPs)	-	218	222	222	222	222
Baseline Mayoral Restoration to NYPL	-	-	1,457	1,457	1,457	1,457
Financial Plan of 1/15/04 Before PEG Implementation	-	46,789	83,196	83,196	83,196	83,196
Financial Plan of 1/15/04 after PEG	-	46,789	83,196	83,196	83,196	83,196

* As of 6/30/05

Brooklyn Public Library

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	34,379	60,104	60,104	60,104	60,104
Expenditure Increases / Reestimates	208	1,263	1,263	1,263	1,263
Financial Plan of 1/15/04 Before PEG	34,587	61,367	61,367	61,367	61,367
Financial Plan of 1/15/04 After PEG	34,587	61,367	61,367	61,367	61,367

Brooklyn Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	-	34,379	60,104	60,104	60,104	60,104
Expenditure Increases / Reestimates						
BPL Collective Bargaining	-	208	208	208	208	208
Baseline Mayoral Restoration to BPL	-	-	1,055	1,055	1,055	1,055
Financial Plan of 1/15/04 Before PEG Implementation	-	34,587	61,367	61,367	61,367	61,367
Financial Plan of 1/15/04 after PEG	-	34,587	61,367	61,367	61,367	61,367

* As of 6/30/05

Queens Borough Public Library

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	32,775	57,204	57,204	57,204	57,204
Expenditure Increases / Reestimates	172	1,183	1,183	1,183	1,183
Financial Plan of 1/15/04 Before PEG	32,947	58,387	58,387	58,387	58,387
Financial Plan of 1/15/04 After PEG	32,947	58,387	58,387	58,387	58,387

Queens Borough Public Library

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	-	32,775	57,204	57,204	57,204	57,204
Expenditure Increases / Reestimates						
Queens Public Library CB	-	3	3	3	3	3
Queens Public Library Collective Bargaining (RIPs)	-	169	175	175	175	175
Baseline Mayoral Restoration to QPL	-	-	1,005	1,005	1,005	1,005
Financial Plan of 1/15/04 Before PEG Implementation	-	32,947	58,387	58,387	58,387	58,387
Financial Plan of 1/15/04 after PEG	-	32,947	58,387	58,387	58,387	58,387

* As of 6/30/05

Department of Cultural Affairs

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	118,345	93,610	93,610	93,610	93,610
Expenditure Increases / Reestimates	77	4,850	4,850	4,850	4,850
Financial Plan of 1/15/04 Before PEG	118,422	98,460	98,460	98,460	98,460
Financial Plan of 1/15/04 After PEG	118,422	98,460	98,460	98,460	98,460

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	32	32	32	32	32
Financial Plan of 1/15/04 After PEG	32	32	32	32	32

Department of Cultural Affairs

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	32	118,345	93,610	93,610	93,610	93,610
Expenditure Increases / Reestimates						
Technical Adjustment Transfer Council add for Tanima Productions from Department of Cultural Affairs to the Department for Youth and Community Development.	-	(15)	-	-	-	-
Technical Adjustment Transfer member item for Screen Actors' Guild from Department of Cultural Affairs to the Mayor's Office of Film, Television, Broadcasting.	-	(50)	-	-	-	-
MN1 Member Items	-	30	-	-	-	-
Lease Adjustment Lease adjustment.	-	112	-	-	-	-
Baseline Mayoral Restoration to Cultural Institutions	-	-	4,248	4,248	4,248	4,248
Baseline Mayoral Restoration to Programs	-	-	602	602	602	602
Financial Plan of 1/15/04 Before PEG Implementation	32	118,422	98,460	98,460	98,460	98,460
Financial Plan of 1/15/04 after PEG	32	118,422	98,460	98,460	98,460	98,460

* As of 6/30/05

AGENCY FIVE YEAR SUMMARY

Dept. Small Business Services

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	37,172	26,292	26,667	23,059	23,059
Expenditure Increases / Reestimates	812	150	150	150	150
Financial Plan of 1/15/04 Before PEG	37,984	26,442	26,817	23,209	23,209
PEG Program	(787)	(1,624)	(124)	(124)	(124)
Financial Plan of 1/15/04 After PEG	37,197	24,818	26,693	23,085	23,085

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	92	89	89	89	89
Expenditure Increases / Reestimates	6	6	6	3	3
PEG Program	(2)	(2)	(2)	(2)	(2)
Financial Plan of 1/15/04 After PEG	96	93	93	90	90

Dept. Small Business Services

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	89	37,172	26,292	26,667	23,059	23,059
Expenditure Increases / Reestimates						
Transfer for LEEDS This is a technical adjustment to transfer funds for LEEDS environmental study to EDC from DCAS.	-	25	-	-	-	-
Lower Manhattan Communication Center This adjustment adds tax-levy funding to reimburse EDC for expenditures related to the creation of a Lower Manhattan Communication Plan. (This is a federally funded initiative for which the City received revenue in FY03.)	-	772	-	-	-	-
MOFTB - Account Executive Positions Funding for two account executive positions. Staff will serve as liaisons with representatives of the media and will be responsible for soliciting new business for the Film Office.	2	150	150	150	150	150
MWBE - Add Outyear Funding This technical adjustment adds grant funding for FY05 and FY06 to MWBE.	3	-	-	-	-	-
MN1 Member Items	-	(185)	-	-	-	-
NOV 05 Mods Positions - Part 1 7/1/03~9/16/03.	1	-	-	-	-	-

* As of 6/30/05

Dept. Small Business Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Transfer of Screen Actors' Guild funds from DCA to the Film Office. This is a technical adjustment to transfer funds for the Screen Actors' Guild study of "runaway productions" from the Department of Cultural Affairs to the Film Office.	-	50	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	95	37,984	26,442	26,817	23,209	23,209
PEG PROGRAM	(2)	(787)	(1,624)	(124)	(124)	(124)
Financial Plan of 1/15/04 after PEG	93	37,197	24,818	26,693	23,085	23,085

* As of 6/30/05

Dept. Small Business Services

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
EDC OTPS Reduction of 3%. TL funds allocated to EDC this year will be reduced by 3%.	-	(348)	-	-	-	-
NYC Film Office PS Accruals. The Film Office will reduce its FY04 budget by $30,240 in PS accruals.	-	(30)	-	-	-	-
Development Contracts Reductions SBS reduced its contracts and administration budget by 3%.	-	(125)	-	-	-	-
Elimination of Vacant Positions. SBS reduced its FTNG PS budget by eliminating two vacant positions.	(2)	(85)	(124)	(124)	(124)	(124)
Empowerment Zone - Funding Swap FY04 and FY05 PEG for Empowerment Zone.	-	(200)	(1,500)	-	-	-
Total Agency Program	(2)	(788)	(1,624)	(124)	(124)	(124)

* As of 6/30/05

Department of Education

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	5,126,152	5,212,354	5,366,893	5,446,279	5,446,279
Expenditure Increases / Reestimates	11,513	55,513	57,033	58,675	72,448
Financial Plan of 1/15/04 Before PEG	5,137,665	5,267,867	5,423,926	5,504,954	5,518,727
PEG Program	(28,380)	(55,000)	(55,000)	(55,000)	(55,000)
Financial Plan of 1/15/04 After PEG	5,109,285	5,212,867	5,368,926	5,449,954	5,463,727

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	91,435P 6,582NP	91,374P 6,576NP	91,429P 6,576NP	91,412P 6,576NP	91,412P 6,576NP
Expenditure Increases / Reestimates	(1,011)P 1,697NP	(1,011)P 1,697NP	(1,011)P 1,697NP	(1,011)P 1,697NP	(1,011)P 1,697NP
Financial Plan of 1/15/04 After PEG	90,424P 8,279NP	90,363P 8,273NP	90,418P 8,273NP	90,401P 8,273NP	90,401P 8,273NP

P = Pedagogical
NP = Non-Pedagogical

Department of Education

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	91,374P 6,576NP	5,126,152	5,212,354	5,366,893	5,446,279	5,446,279
Expenditure Increases / Reestimates						
Ending Social Promotion for 3rd Graders The DOE will end social promotion for third graders by providing enhanced instruction during the school year, specialized summer programs and additional tutoring.	-	-	25,000	25,000	25,000	25,000
HIP Rate Increase in FY05	-	-	19,000	20,520	22,162	23,935
Headcount Adjustment Adjustment to the headcount plan to more accurately reflect FY'04 current actuals.	(1,011)P 1,697NP	-	-	-	-	-
FY08 Non-Public School Growth Forecast The non-public schools budget is being adjusted to reflect forecasted growth from FY07 to FY08 in Special Education Pre-K and Contract Schools.	-	-	-	-	-	40,000
City Hall Academy Transfer from DCAS Transfer consolidates all funding for maintenance of City Hall Academy in the DOEs budget.	-	313	313	313	313	313
Technical Reversal of "Increased Use of State and Federal Funding for Pension Costs" Technical reversal of Tax-Levy pension savings occurring through "Increased Use of	-	16,000	16,000	16,000	16,000	16,000

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/05

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
State and Federal Funding for Pension Costs". Actual tax-levy savings are realized through a shift of additional reimbursable funds to the Pension Agency-Intra City budget.						
Reorganization of Facilities Management Services The Department of Education is shifting a portion of facilities maintenance work from in-house staff to outside contracts.	(486)NP	-	-	-	-	-
Out-Year State Aid Increase Recognition of baseline operating aid increase for FY08.	-	-	-	-	-	(40,000)
Increments, Differentials and Longevity FY08 Increments, Differentials and Longevity adjustment.	-	-	-	-	-	12,000
Reduction of Miscellaneous Revenue Tax-levy adjustment to reflect reduction in DOE s miscellaneous revenue earnings. In previous years, recoupments of Pre-K vendor payments included a backlog that has been now eliminated and there was greater DOE facility use by outside organizations paying rental fees.	-	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)

NP = Non-Pedagogical

* As of 6/30/05

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
Reversal of Initiative to Reorganize Facilities Management Services The Department of Education is reversing its initiative to shift a portion of facilities maintenance work from in-house staff to outside contracts.	486NP	-	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	90,363P 8,273NP	5,137,665	5,267,867	5,423,926	5,504,954	5,518,727
PEG PROGRAM	-	(28,380)	(55,000)	(55,000)	(55,000)	(55,000)
Financial Plan of 1/15/04 after PEG	90,363P 8,273NP	5,109,285	5,212,867	5,368,926	5,449,954	5,463,727

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/05

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Reduction of Sabbatical Expenses The Department of Education will fully continue its policy of granting fewer sabbaticals, which it first implemented in FY04.	-	-	(34,000)	(34,000)	(34,000)	(34,000)
Increased Use of State and Federal Funding for Pension Costs The DOE will provide the City with an additional $16 million of reimbursable funding for DOE pensions.	-	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Increase in Indirect Cost Rate for FY'04 This initiative reflects an increase in FY'04 indirect cost rates from 2.9 percent to 3.2 percent. This rate change enables the DOE to receive greater State reimbursement for overhead costs.	-	(4,900)	-	-	-	-
Maximize Medicaid Payments This initative reflects the retroactive payments resulting from an increase of 2.95 percent in the Federal share of Medicaid for claims paid between April 1, 2003 and September 8, 2003.	-	(5,200)	-	-	-	-
Accrual Saving from the College Now Program Martin Van Buren HS will not run its College	-	(280)	-	-	-	-

* As of 6/30/05

Department of Education

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Now Program in FY2004. College Now is a collaborative effort between the DOE and CUNY. The program provides high school students with college prep activities and support for Regents without the need for remediation.						
Accrual Savings from Summer School Program This initiative reflects under spending in the DOE Summer School Program.	-	(2,000)	-	-	-	-
Summer School Reprogramming The DOE will partially replace traditional summer school programming with summer programs aimed at third graders as part of its effort to end social promotion.	-	-	(5,000)	(5,000)	(5,000)	(5,000)
Total Agency Program	-	(28,380)	(55,000)	(55,000)	(55,000)	(55,000)

* As of 6/30/05

AGENCY FIVE YEAR SUMMARY

City University

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	297,536	286,074	284,722	283,855	283,855
Expenditure Increases / Reestimates	42,052	45,423	46,683	46,733	46,783
Financial Plan of 1/15/04 Before PEG	339,588	331,497	331,405	330,588	330,638
PEG Program	(5,425)	(5,425)	(9,255)	(10,632)	(10,632)
Financial Plan of 1/15/04 After PEG	334,163	326,072	322,150	319,956	320,006

City Funded Headcount	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	2,302P 1,385NP	2,302P 1,382NP	2,302P 1,382NP	2,302P 1,382NP	2,302P 1,382NP
Expenditure Increases / Reestimates	148P 165NP	148P 168NP	148P 168NP	148P 168NP	148P 168NP
PEG Program	(6)P (15)NP	(6)P (15)NP	(6)P (15)NP	(6)P (15)NP	(6)P (15)NP
Financial Plan of 1/15/04 After PEG	2,444P 1,535NP	2,444P 1,535NP	2,444P 1,535NP	2,444P 1,535NP	2,444P 1,535NP

P = Pedagogical
NP = Non-Pedagogical

City University

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	2,302P 1,382NP	297,536	286,074	284,722	283,855	283,855
Expenditure Increases / Reestimates						
Community College Information Technology Fee Increase CUNY Information Technology fees which provide for the enhancement of programs and equipment.	-	2,950	2,950	2,950	2,950	2,950
Community College Tuition and Fees Increase Increase tuition and fees as a result of higher enrollment and tuition costs.	-	19,345	19,345	19,345	19,345	19,345
Community College Lease Budget Subsidy CUNY proposes to lease a total of 186,551 rsf at 75 Park Place to replace loss classrooms at Fiterman Hall. The lease space includes partial floors 2 and 5 and consists of three portions of which the first will be available in FY04, the second in FY05 and the third in FY06.	-	-	2,792	4,002	4,002	4,002
HIP Rate Increase in FY05	-	-	580	630	680	730
Hunter Campus School Collective Bargaining for Additional 20 Minutes Salary increases to reflect additional 20 minutes of instructional time each day.	-	412	412	412	412	412
Community College Tuition and Fees Increase Provide remaining half of CUNY's requested	-	19,345	19,345	19,345	19,345	19,345

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/05

City University

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Expenditure Increases / Reestimates						
tuition increase. The first half was included in the November Plan. The increase tuition and fees is the result of higher enrollment and tuition costs.						
Community College & Hunter Campus School Headcount Adjustment Adjustment of full-time regular and pedagogical positions to reflect actual numbers.	148P 168NP	-	-	-	-	-
Financial Plan of 1/15/04 Before PEG Implementation	2,450P 1,550NP	339,588	331,498	331,406	330,589	330,639
PEG PROGRAM	(6)P (15)NP	(5,425)	(5,425)	(9,255)	(10,632)	(10,632)
Financial Plan of 1/15/04 after PEG	2,444P 1,535NP	334,163	326,073	322,151	319,957	320,007

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/05

City University

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
Community College Reduction A community college reduction of $1.315 M in PS which includes 6 FT and 32 FTE pedagogical positions and 13 FT and 32 FTE non-pedagogical positions. The reduction also includes $4.11 M in OTPS.	(6)P (15)NP	(5,425)	(5,425)	(5,425)	(5,425)	(5,425)
Community College MOE Adjustment State Law requires that the City maintain support for its community college budget at the same level as the previous fiscal year. The community college budget will be funded at the maintenance of effort level.	-	-	-	(3,830)	(5,207)	(5,207)
Total Agency Program	(6)P (15)NP	(5,425)	(5,425)	(9,255)	(10,632)	(10,632)

P = Pedagogical
NP = Non-Pedagogical

* As of 6/30/05

Health and Hospitals Corp.

City Funds ($ In Thousands)	2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	846,306	860,893	879,171	879,171	879,171
Financial Plan of 1/15/04 Before PEG	846,306	860,893	879,171	879,171	879,171
PEG Program	(2,987)	(2,987)	(2,987)	(2,987)	(2,987)
Financial Plan of 1/15/04 After PEG	843,319	857,906	876,184	876,184	876,184

Health and Hospitals Corp.

	City Personnel*	City Funds ($ In Thousands)				
		2004	2005	2006	2007	2008
Baseline Per Financial Plan-June 2003	-	846,306	860,893	879,171	879,171	879,171
Expenditure Increases / Reestimates						
Financial Plan of 1/15/04 Before PEG Implementation	-	846,306	860,893	879,171	879,171	879,171
PEG PROGRAM	-	(2,987)	(2,987)	(2,987)	(2,987)	(2,987)
Financial Plan of 1/15/04 after PEG	-	843,319	857,906	876,184	876,184	876,184

* As of 6/30/05

Health and Hospitals Corp.

Description	City Personnel*	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
PEG PROGRAM						
HHC Debt Service Subsidy The Corporation will reduce capital expenditures to offset the reduction.	-	(2,987)	(2,987)	(2,987)	(2,987)	(2,987)
Total Agency Program	-	(2,987)	(2,987)	(2,987)	(2,987)	(2,987)

* As of 6/30/05

Revenue Program

Description	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Tax Revenue					
The Department of Housing Preservation and Development will generate additional revenue through the continuation of an effort to re-inspect statutory distressed properties which have previously been excluded from tax lien sales based solely on their violation records.	280	280	280	280	280
The Department of Finance has developed an algorithm to assist the Audit Division's selection and review of small to mid-size firms filing General Corporation Tax. The algorithm identifies tax returns which are likely to yield additional audit revenue.	500	1,000	1,000	1,000	1,000
The Department of Finance anticipates additional tax collections from the Tax Amnesty Program that began on October 20, 2003 and ends January 23, 2004.	20,000	0	0	0	0
The Department of Finance is developing an algorithm to assist its Audit Division in selecting Unincorporated Business Tax (UBT) returns for review. The algorithm will identify UBT returns most likely to yield audit revenue.	0	500	750	1,000	1,000
The Department of Finance will deny deductions for certain payments made to corporate partners against Unincorporated Business Tax income, based on recent Tax Tribunal decisions.	0	1,500	1,750	2,000	2,000
Sub Total: Tax Revenue	**20,780**	**3,280**	**3,780**	**4,280**	**4,280**

Description	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Miscellaneous Revenue					
The City will receive additional revenue from the sale of Section 8A mortgages to the Housing Development Corporation as a result of enabling legislation in the 2003 State Budget. Also included are proceeds from EDC for the sale of the Atlantic and Court garage.	56,950	(2,050)	(2,050)	(2,050)	(2,050)
The Office of the Manhattan Borough President will implement a new fee for topographical services in the last quarter of 2004.	0	192	192	192	192
The Office of the Bronx Borough President will implement a new fee for topographical services in the last quarter of 2004.	0	91	91	91	91
The Office of the Queens Borough President has collected additional revenue in 2004 from the July 1 implementation of a new fee for topographical services.	40	0	0	0	0
The Office of the Staten Island Borough President implemented a new fee for topographical services in September 2003.	221	294	294	294	294
The Comptroller's Office will realize additional revenue from several accounts held by the City that are no longer restricted and can be deposited in the General Fund.	2,000	0	0	0	0

Description	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Miscellaneous Revenue					
The Comptroller's Office will generate additional revenue from new collection efforts on property-related claims.	300	300	300	300	300
The Tax Commission proposes local legislation to establish a fee for the review of a Tax Commission Application for Correction of Assessment. The proposed fee will range from $50 to $125 based upon the assessed value of the property.	0	2,000	2,000	2,000	2,000
The Department of Investigation will generate increased revenues as a result of aggressive restitution collection efforts and improved accounting of revenue collected.	405	275	275	275	275
The Department of Investigation will deposit funds obtained from completed undercover investigations to the City's General Fund.	0	208	0	0	0
The City will collect additional wireless surcharge revenue as a result of increased activity.	1,000	1,000	1,000	1,000	1,000
The Police Department will increase gun license fees from $255 to $340 per pistol license and from $55 to $144 per long gun permit.	260	1,325	1,325	725	1,325

Description	City Funds ($ In Thousands) 2004	2005	2006	2007	2008
Miscellaneous Revenue					
The Fire Department will collect additional revenue from the Tax on Insurance Premiums from foreign and alien insurers based on current activity.	2,958	2,958	2,958	2,958	2,958
To increase compliance with Fire Code violations, the Fire Department increased penalties for summonses returnable to the Environmental Control Board effective September 1, 2003.	0	1,500	1,500	1,500	1,500
The Administration for Children's Services received a one-time payment from a vendor.	2,672	0	0	0	0
The Department of Correction will generate additional revenue by charging inmates $2.00 per haircut.	0	43	43	43	43
The Department of Correction will increase the telephone access charge from $0.25 to $0.375 per call.	500	500	500	500	500
The Department of Correction will generate additional revenue by establishing a $0.02 per minute rate on inmate phone calls.	0	1,000	1,000	1,000	1,000

Description	City Funds ($ In Thousands)				
	2004	2005	2006	2007	2008
Miscellaneous Revenue					
Effective October 2003, the Department of Correction established an agreement with the collect call carrier to receive a 10% commission payment on all inmate collect calls.	234	312	312	312	312
The Department of Housing Preservation and Development will collect additional Section 421-a fee revenue due to an increased number of applicants and an increased number of large developments.	3,000	640	640	640	640
The Department of Housing Preservation and Development will continue its enforcement efforts to increase collections from fines imposed pursuant to the NYS Multiple Dwelling law and the New York City Administrative Code.	300	300	300	300	300
The Department of Environmental Protection has negotiated a three-year extension of the SARA Right-to-Know Program agreement with Con Edison commencing in this fiscal year.	975	975	975	0	0
The Department of Sanitation will collect additional revenue from increased volume of paper tonnage to Visy and increased marine transfer station fees charged to Visy for the transportation of paper to their plant.	1,133	0	0	0	0
The Department of Sanitation is modifying the current contract to operate a landfill gas purification and processing plant. The settlement calls for a payment of $8,000,000 in 2004, $500,000 in 2005 and $250,000 in 2006. The current concession baseline is $3,480,000.	4,520	(2,980)	(3,230)	(3,480)	(3,480)

Description	City Funds ($ In Thousands)				
	2004	**2005**	**2006**	**2007**	**2008**
Miscellaneous Revenue					
The Business Integrity Commission will generate additional revenue from the approval of 39 new license applications.	59	59	59	59	59
The Business Integrity Commission will approve 105 new registration applications.	100	100	100	100	100
The Department of Finance will charge $20 for bad checks written to the agency, as authorized under the General Municipal Law, Section 85. The current fee is $15.	0	100	100	100	100
The Department of Finance will increase summons revenue by standardizing the description of vehicles on the parking violation database, thereby improving the effectiveness of the vehicle verification process.	0	1,500	1,000	500	0
The Department of Finance will generate additional revenue from an existing $2 credit card convenience fee for internet and telephone payments which offsets the cost of payment processing.	1,500	1,500	1,500	1,500	1,500
The Department of Finance will assume the responsibility of collecting judgement debt for the Taxi & Limousine Commission.	0	1,000	1,000	1,000	1,300

Description	City Funds ($ In Thousands)				
	2004	2005	2006	2007	2008
<u>Miscellaneous Revenue</u>					
The Department of Transportation will increase the charge to utility companies from $25 to $125 per casting for adjusting manhole heights to meet new pavement levels as part of the resurfacing process.	300	1,000	1,000	1,000	1,000
The Department of Transportation will expand the current commercial parking zone to include the avenues. The area encompasses 33rd to 59th Street, from 2nd to 9th Avenue, for a total of 282 muni-meters. The charge will be $2 for 1 hour, $5 for 2 hours, $9 for 3 hours.	500	1,511	3,201	3,201	3,201
The Department of Transportation will collect additional revenue attributable to an increase in the sale of muni-meter parking cards. Additional staff will be needed to process these additional card requests.	1,000	1,000	1,000	1,000	1,000
The Department of Transportation will open the Leonard Street parking lot during the week for public use. Currently the lot is only open on weekends to the public. Proposed hours of operation will be 6 am to 10 pm, including Sunday, at $5.00 per hour.	245	490	490	490	490
The Department of Transportation will collect additional revocable consent revenue above the current plan from Con Edison electrical transformers.	2,000	1,000	1,000	1,000	1,000
The Department of Parks and Recreation will generate additional revenue due to the success of the Bruce Springsteen concert at Shea Stadium and from the rental of Arthur Ashe Stadium for special events.	700	200	200	200	200

Description	City Funds ($ In Thousands)				
	2004	2005	2006	2007	2008
Miscellaneous Revenue					
The Parks Department will collect additional revenue from Yankee Stadium parking, the rebid of certain Parks concessions contracts and from higher than expected proceeds from restaurant concessions.	1,800	1,400	1,400	1,400	1,400
The Department of Parks and Recreation will generate additional concession revenue from new bids on seven of the thirteen golf courses. Two courses are located in the Bronx, one is in Brooklyn, two are in Queens, and two are in Staten Island.	0	2,400	2,400	2,400	2,400
The Department of Parks and Recreation will collect additional revenue due to an increase in Yankee ticket prices.	0	900	900	900	900
The Department of Citywide Administrative Services collected additional revenue due to the success of the July 2003 property auction.	8,000	0	0	0	0
The Department of Citywide Administrative Services has collected additional revenue in 2004 as a result of the early mortgage satisfaction program. In addition, the Department anticipates additional revenue in 2005 due to mortgagees paying off their mortgages ahead of schedule.	4,000	600	0	0	0
The Department of Citywide Administrative Services will generate additional lease revenue due to higher than anticipated hotel occupancy rates.	1,000	0	0	0	0

Description	City Funds ($ In Thousands)				
	2004	2005	2006	2007	2008
Miscellaneous Revenue					
The Department of Citywide Administrative Services will earn increased mortgage revenue as a result of mortgages taken by buyers of parcels from the July 2003 land sale.	200	800	800	800	800
The Board of Standards and Appeals will increase fees by 25% for all applications. Local legislation is needed for implementation of this fee increase.	0	125	125	125	125
The Department of Information Technology and Telecommunications received a prior year payment from AT&T for long-distance public pay telephone franchise fees.	938	0	0	0	0
The Department of Consumer Affairs will realize additional licensing revenue as a result of the revamping of the Cabaret Law. This increase will be offset by additional costs of $666,000 in 2005 and $530,000 in 2006 for both licensing and enforcement.	0	934	274	934	274
Sub Total: Miscellaneous Revenue	**99,809**	**25,502**	**24,974**	**23,309**	**23,049**
Total Revenue Program	**120,589**	**28,782**	**28,754**	**27,589**	**27,329**