

**The City of New York
Executive Budget
Fiscal Year 2008**

Michael R. Bloomberg, Mayor

Office of Management and Budget

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**Budget
Summary**

Budget Summary

Executive Budget

Fiscal Year 2008

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Overview

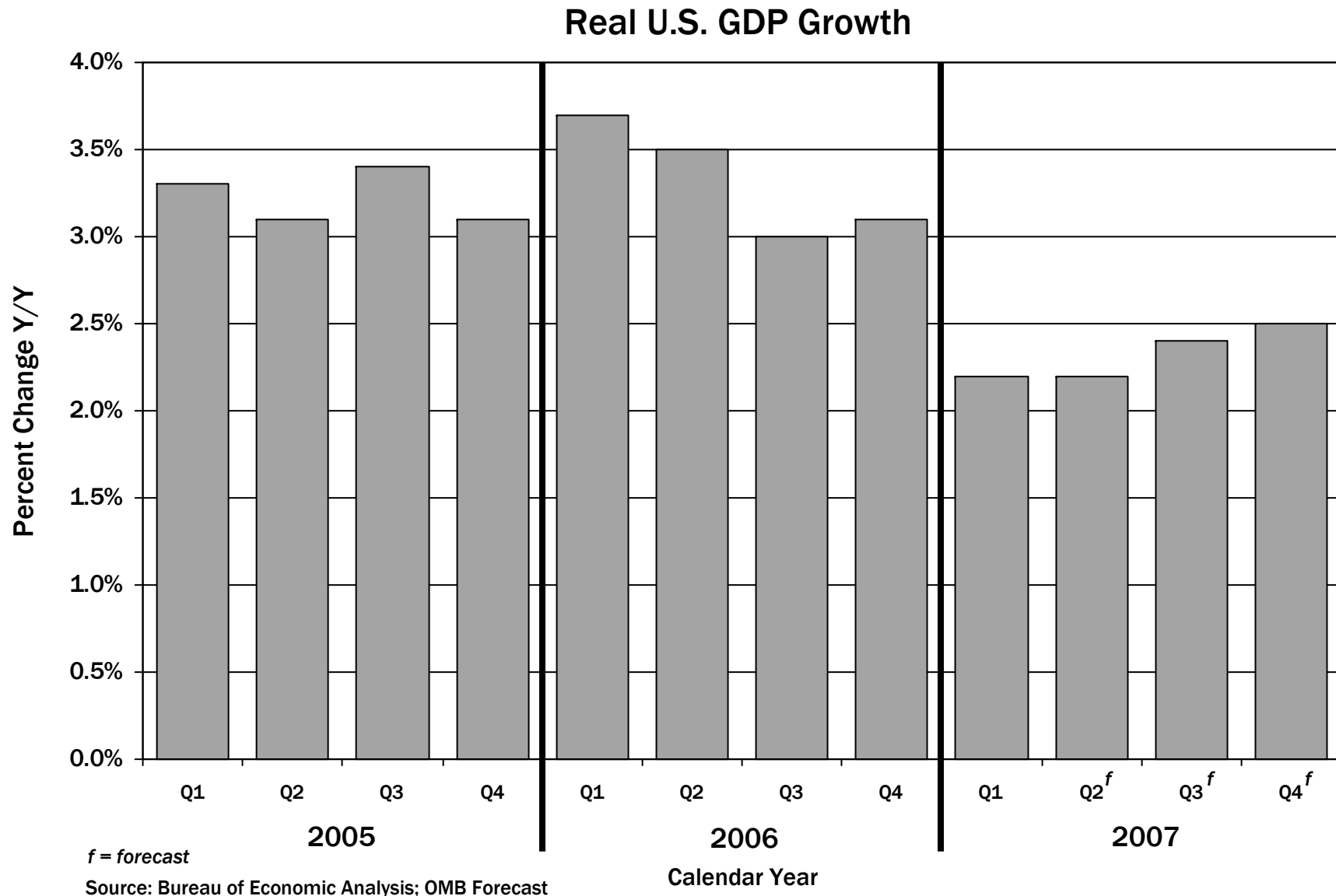
- ❖ **The economy in the City remains strong but forecasters are projecting a slowdown nationally and locally due to the ongoing correction in the housing market.**
- ❖ **Since January, our strong local economy has generated unexpected, one-time revenues this year. We will be using these one-time resources to help bring the budget into balance over a sustained period of years.**
- ❖ **We are using the savings generated from our Agency Programs to fund new initiatives and our plaNYC 2030 program in FY 2008.**

I. Economic Update

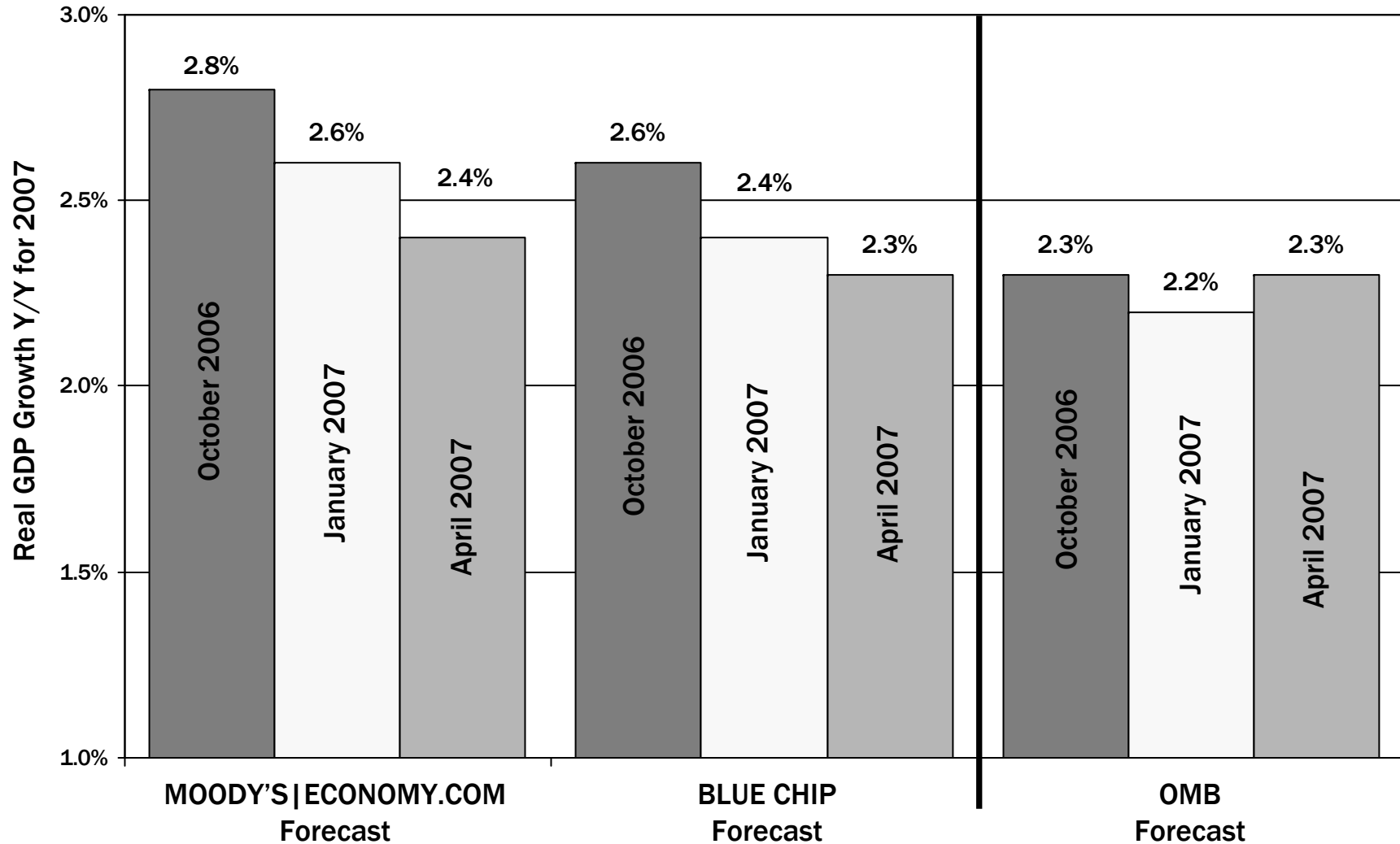
The NYC Economy Is Strong

- ❖ **T**he City's labor market expanded by 62,000 jobs in 2006, 7,000 more jobs than estimated in January.
- ❖ **T**he commercial real estate market has tightened, leading to vacancy rates below 6 percent, rising rents and record office building sales.
- ❖ **W**all Street surged in the fourth quarter of 2006, generating profits of \$7.6 billion and posting \$20.9 billion for the year, double the profits of 2005.
- ❖ **A** record 44 million tourists visited the City in 2006.

Real U.S. GDP Growth Has Decelerated in 2006 and Is Expected to Remain Sluggish in 2007

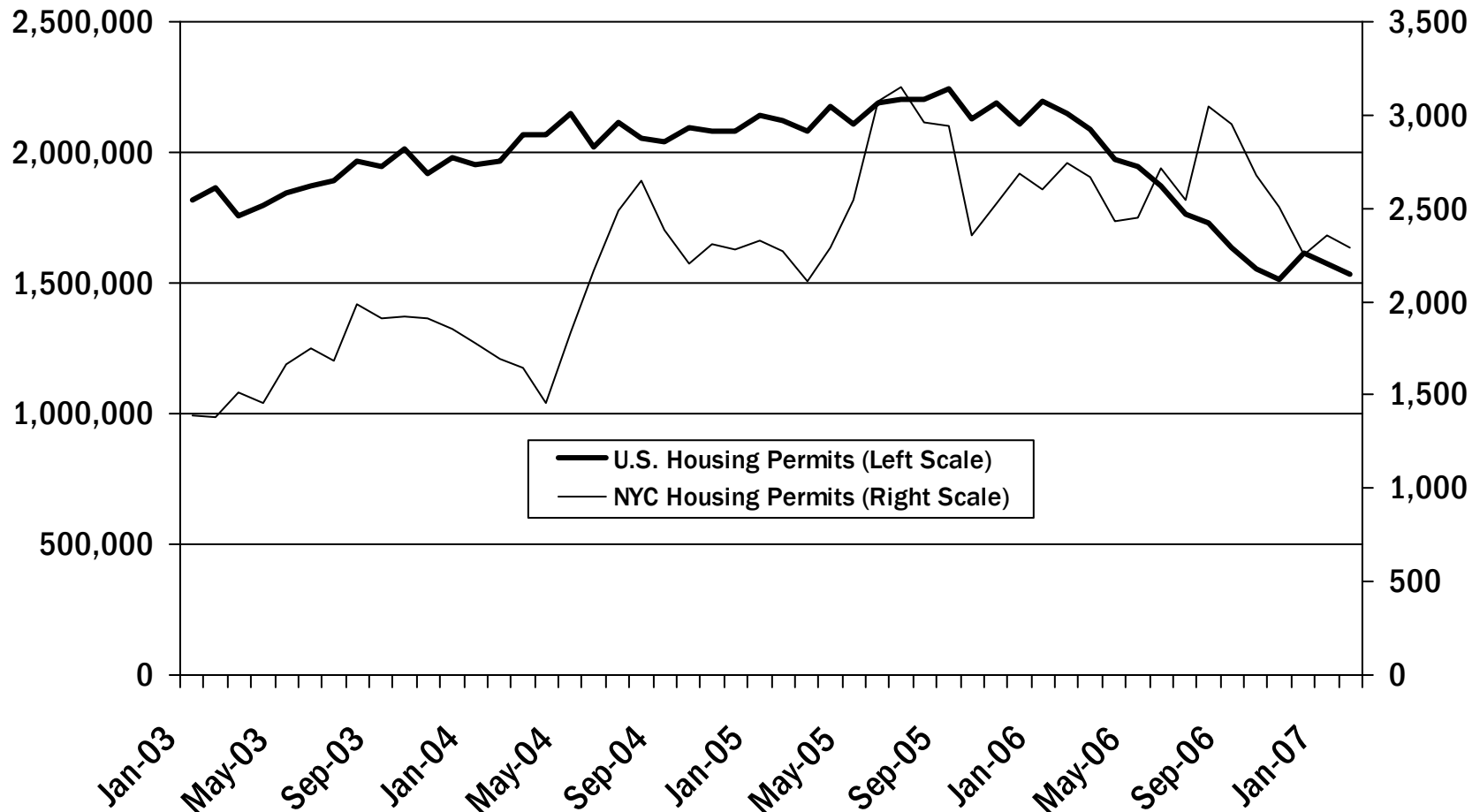


Our Cautious Outlook Has Become Generally Accepted Among Economists. Many of Them Have Recently Lowered Their Outlook for 2007



The Ongoing Correction in the Housing Market Is a Major Factor Informing Our Cautious Outlook

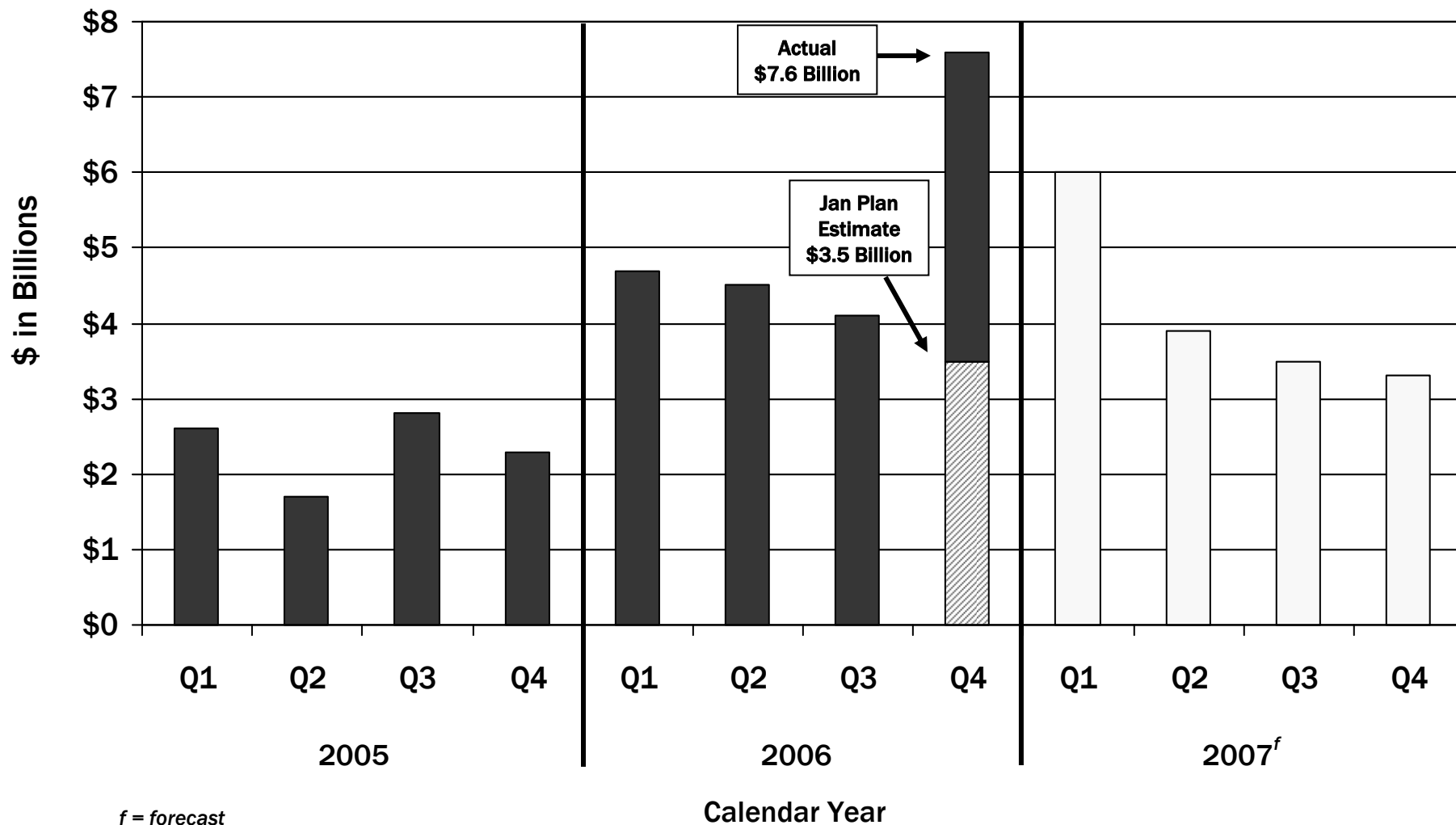
Housing Permits Are Declining Nationally and in the City



Source: U.S. Census Bureau
 U.S. data: seasonally adjusted annual rates
 NYC data: 4-month moving average

Calendar Year

Wall Street Recorded Higher Than Expected Profits in the Last Quarter of 2006. Wall Street Is Expected to Have Another Solid Performance in the First Quarter of 2007, Before Weakening in the Second Half of the Year

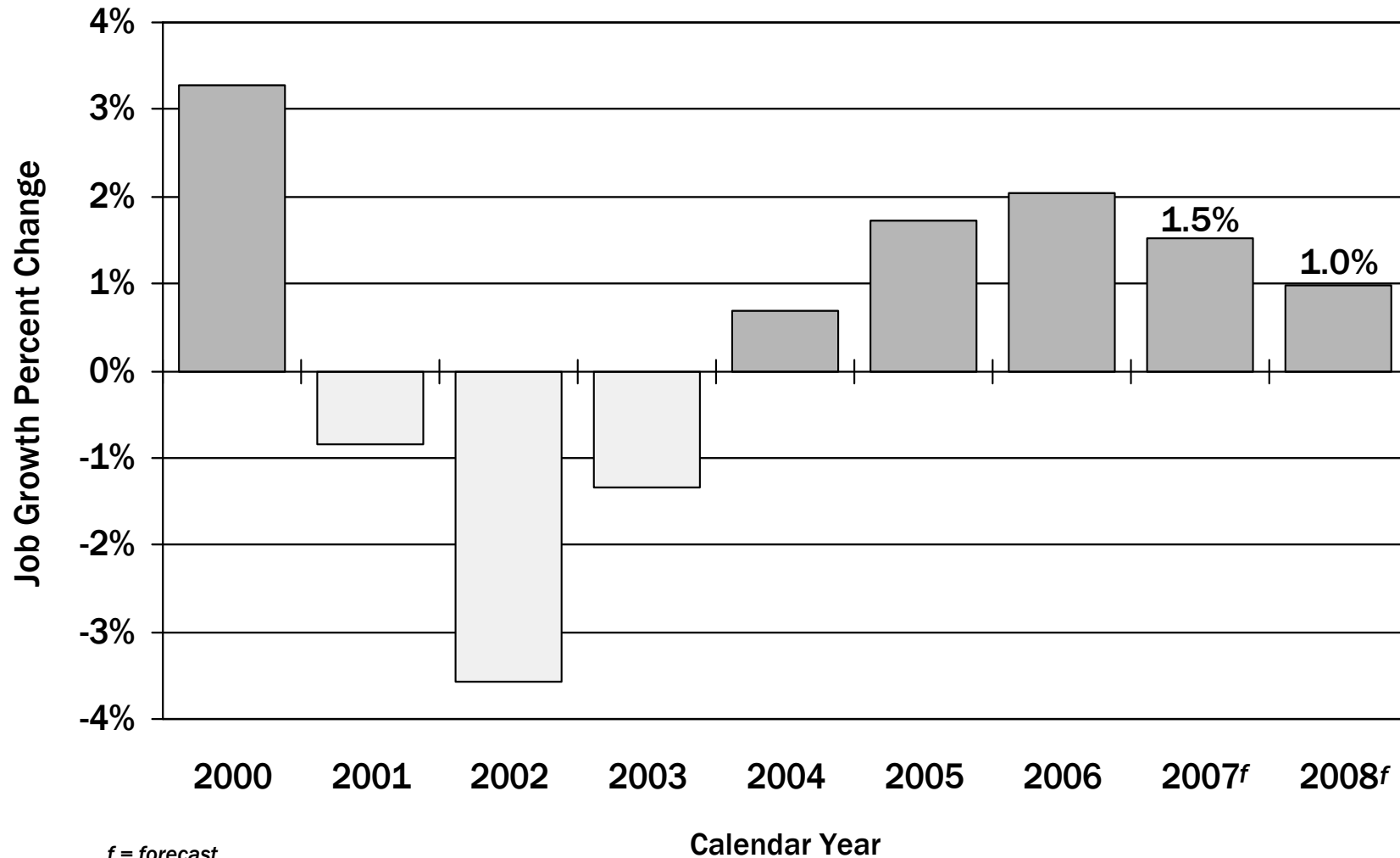


f = forecast

Source: New York Stock Exchange Member Firm Profits; Securities Industry & Financial Markets Association; OMB Forecast

Sluggish GDP Growth and the Housing Slowdown Are Expected to Result in Slower Job Growth in the City During the Second Half of 2007 and into 2008

Job Growth

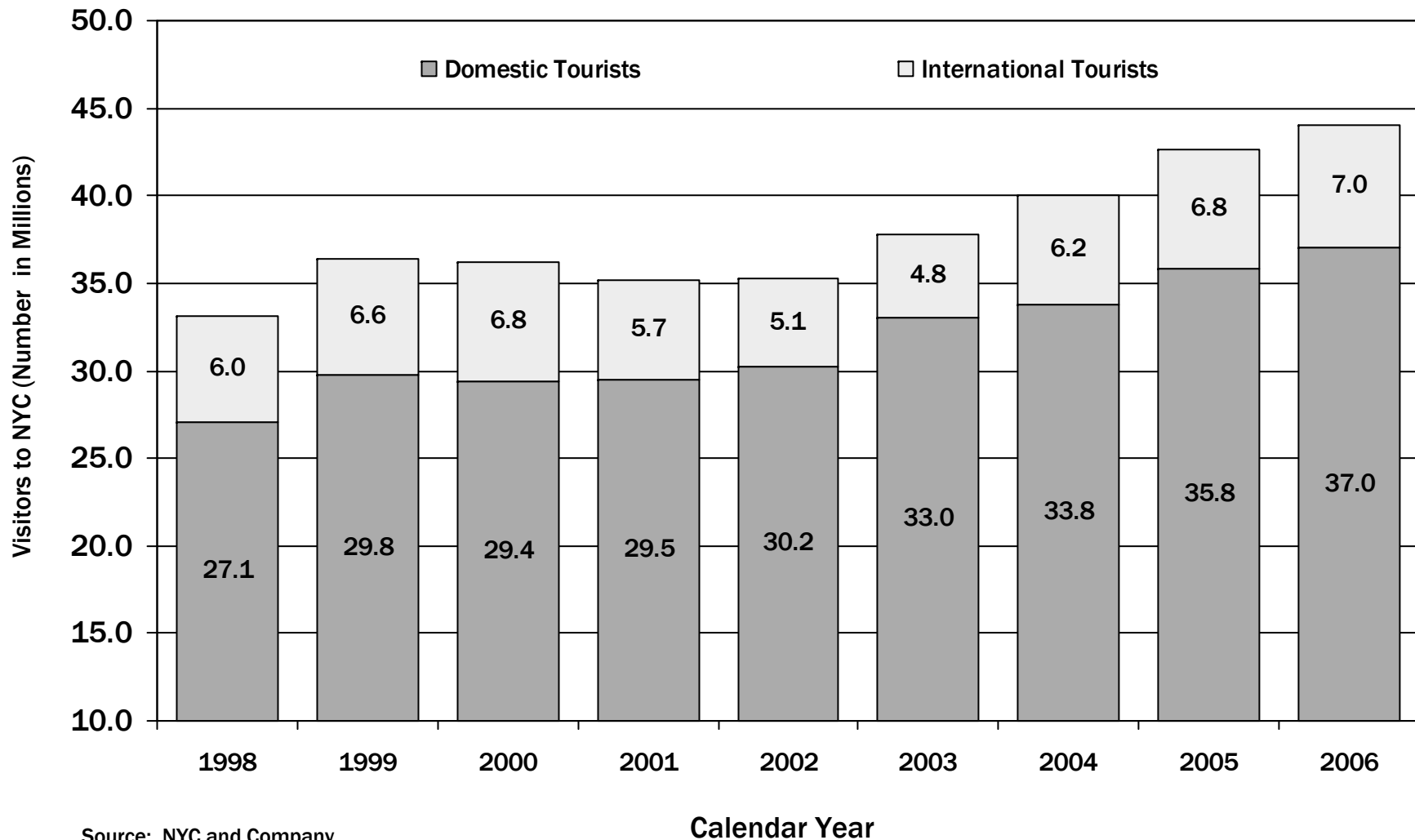


f = forecast

Source: Bureau of Labor Statistics; OMB Forecast

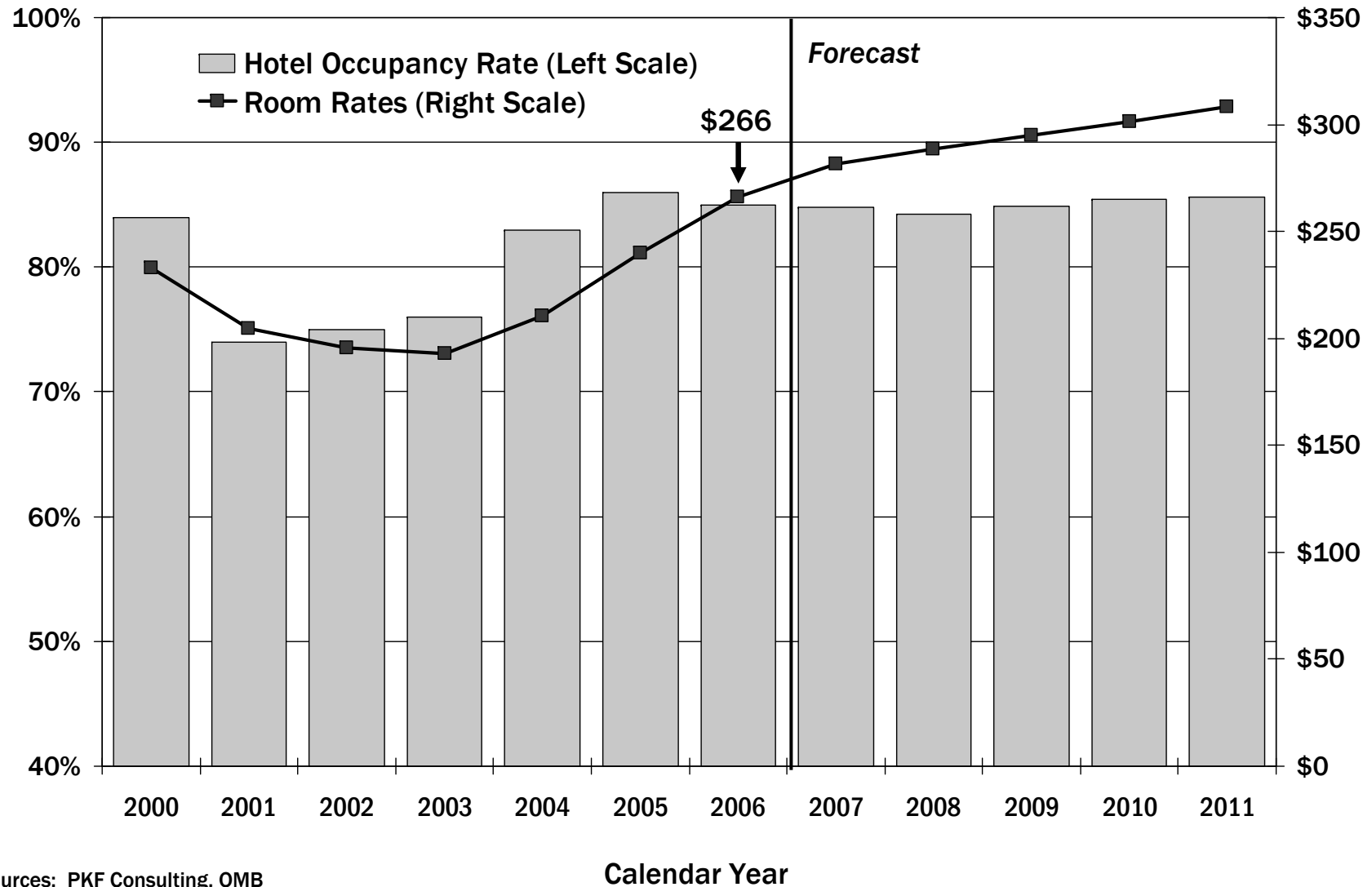
Tourism in New York City Reached a New Peak in 2006

44 Million Visitors Traveled to NYC in 2006, An Increase of 11 Million Visitors Since 1998



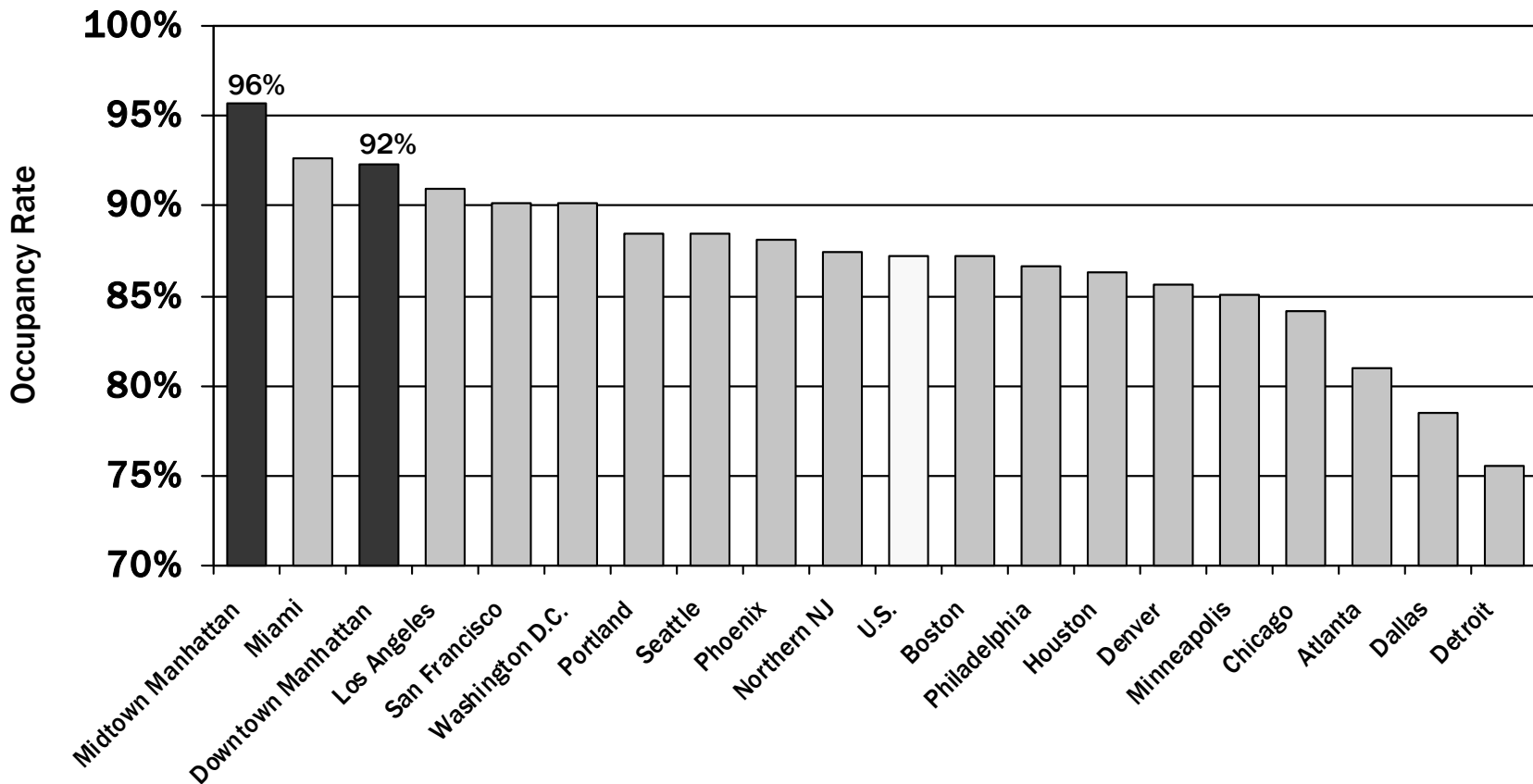
Source: NYC and Company

Hotel Room Rates Have Risen to Record Levels



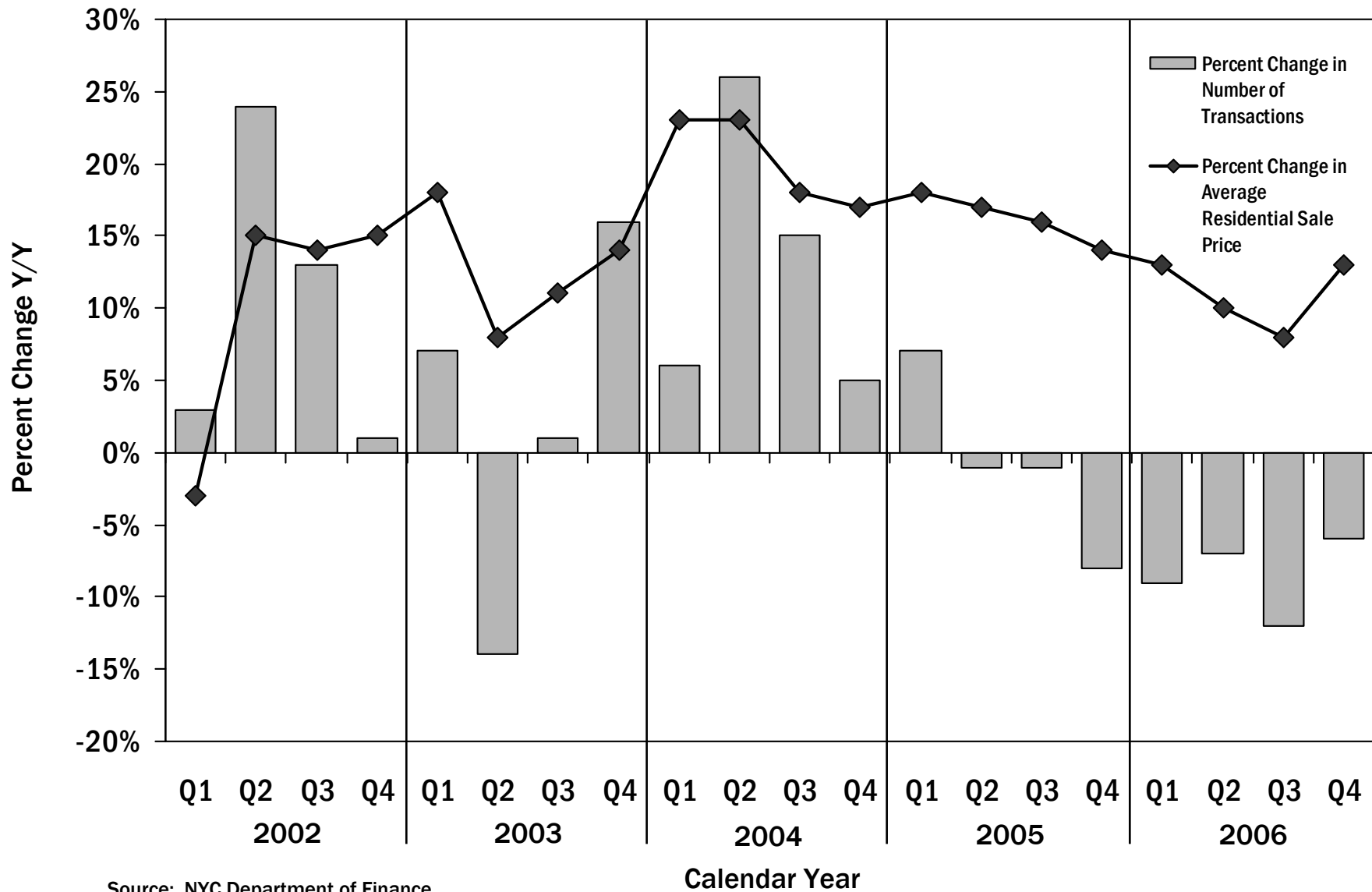
Sources: PKF Consulting, OMB

With So Little Vacant Space, Manhattan Remains the Tightest Commercial Real Estate Market in the Country



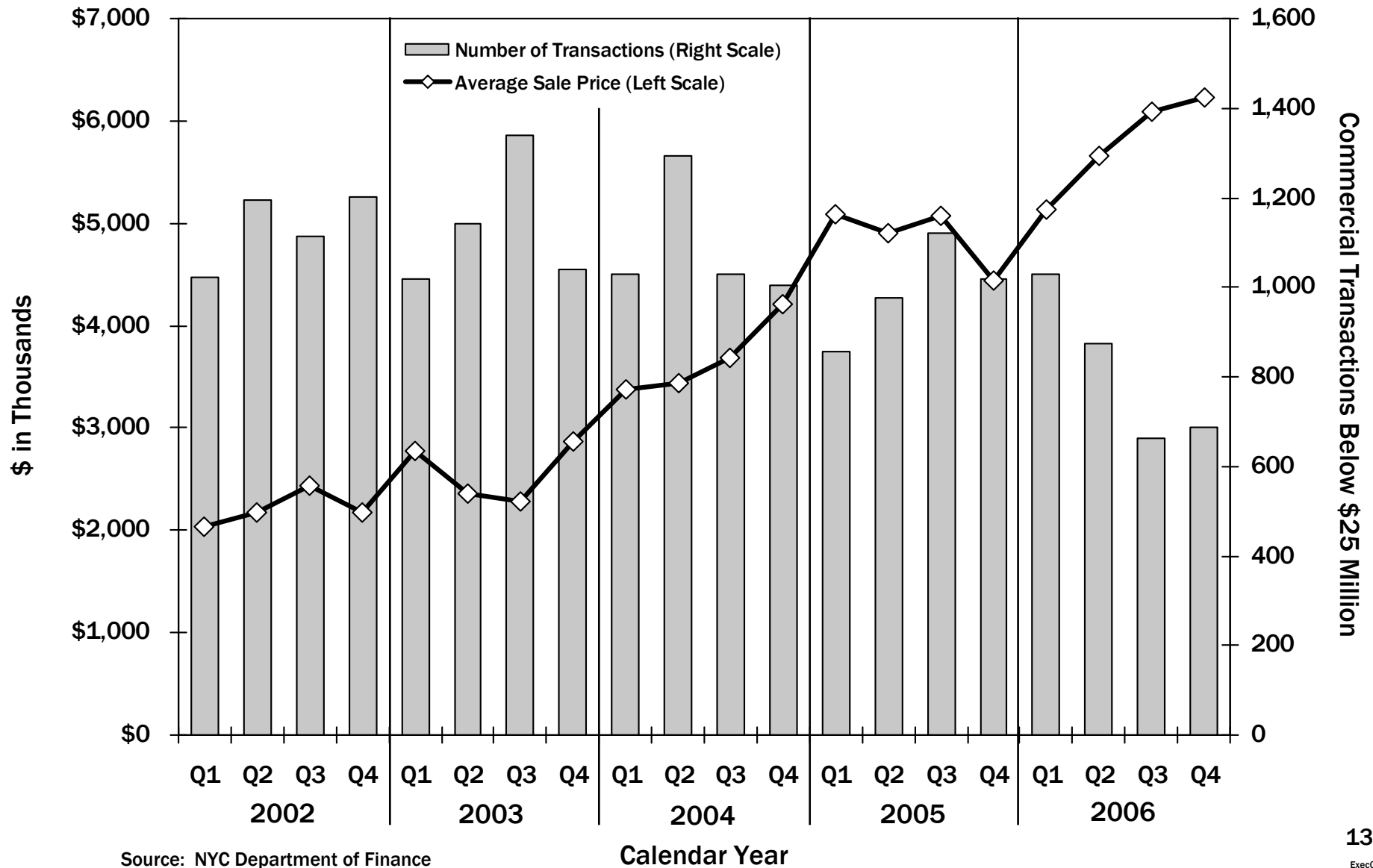
Source: CB Richard Ellis U.S. National Office Vacancy Index 1Q 2007

Although Prices Are Holding Steady, Residential Transactions Have Been Falling Since the Second Quarter of 2005 and Were Down 10% in 2006



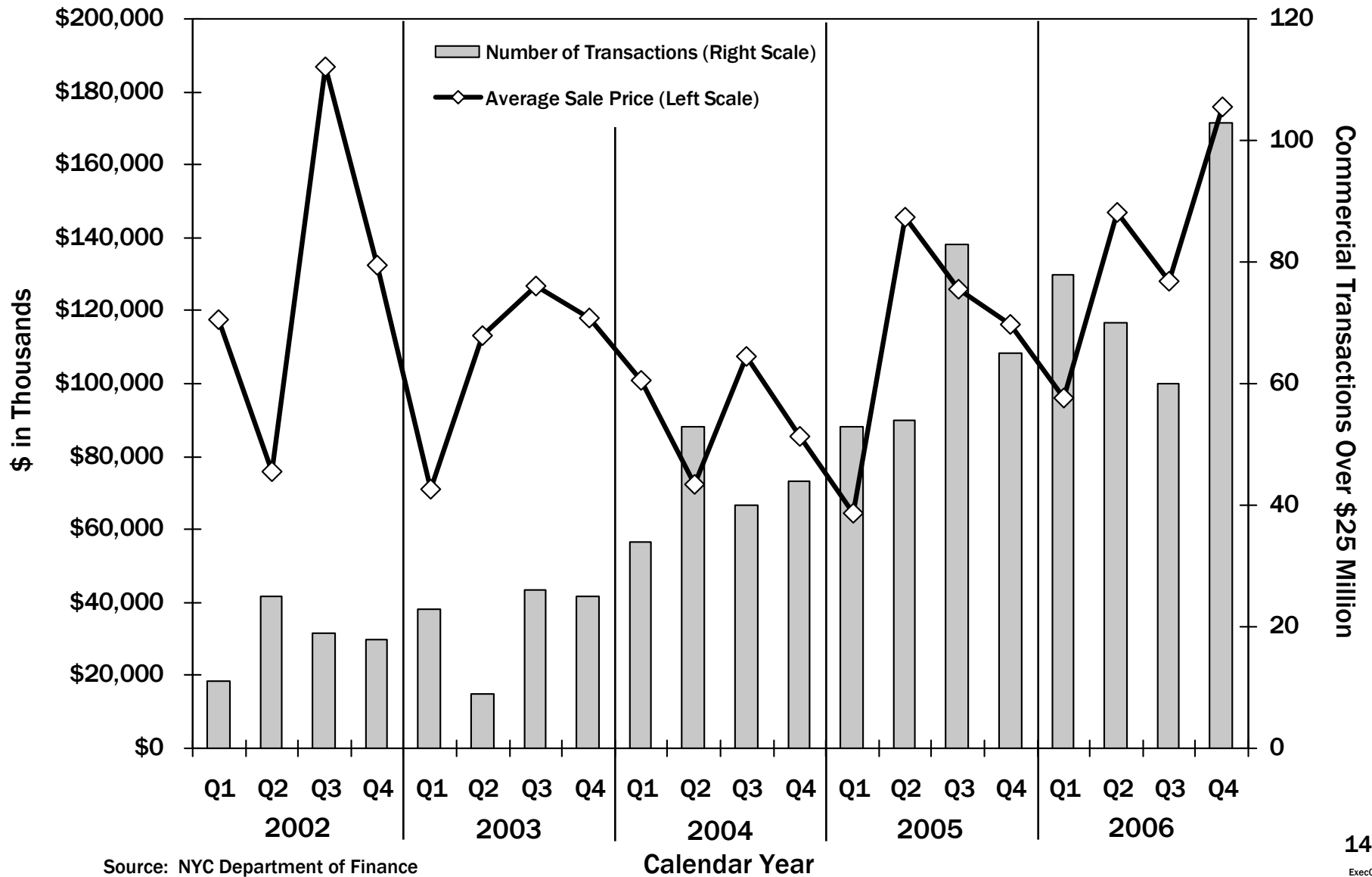
Source: NYC Department of Finance

... And the Number of Commercial Transactions Below \$25 Million Has Been Declining Since the Third Quarter of 2005



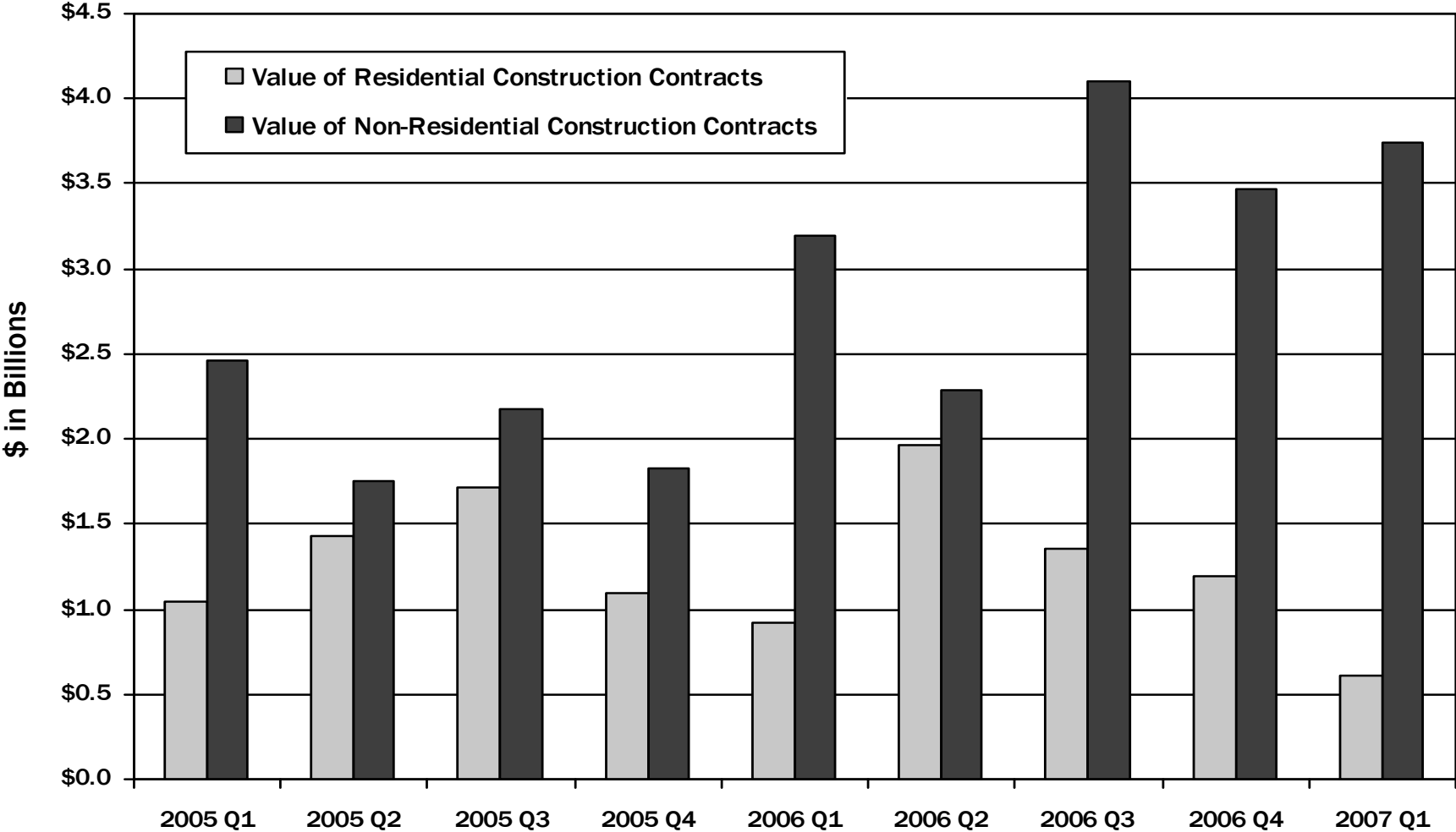
Source: NYC Department of Finance

Commercial Transactions Over \$25 Million Have Soared and Account for Half of All Real Property Transaction Taxes



Source: NYC Department of Finance

Overall the Boom in Non-Residential Construction Projects More Than Offsets A Decline in Residential Construction Projects



Source: McGraw-Hill Construction

Calendar Year

II. FY 2007-11 Budget Changes

Revenue Forecast Changes

Since the January 2007 Plan

	\$ in Millions	
	Increase / (Decrease)	
	2007	2008
Tax Revenue Forecast		
Property Tax	\$35	(\$7)
Business Income Taxes	1,076	424
Transaction Taxes	305	177
Audits	100	---
All Other Taxes	(18)	88
Total Tax Revenue Forecast	\$1,498	\$682
State Budget – (Revenue Sharing and PIT Administration)	(\$314)	(\$30)
Non-Tax Revenue Forecast		
Interest Income	\$45	\$195
Airport and Rental Income	10	14
Permits	10	---
Other Non-Tax Revenue	43	(23)
Total Non-Tax Revenue Forecast	\$108	\$186
Total Increase in Revenue Forecast	\$1,292	\$838

Agency Baseline Expense Forecast Changes

Since the January 2007 Plan

	\$ in Millions	
	Increase / (Decrease)	
	<u>2007</u>	<u>2008</u>
Agency Increases / (Decreases)		
Education (Increased Funding to Classrooms)	\$ ---	\$75
Police (Technology, Vehicles, Vests for Auxiliary Officers)	1	34
DoITT (Enhance 311, Staffing)	(31)	31
ACS (Foster Rate Care, Preventive Services)	17	28
DCAS (Coastal Storm Plan, Building Management)	(6)	24
Elections (Presidential Primary Funding)	---	19
Aging (Senior Meals)	1	12
DYCD (Summer Jobs, Adult Literacy)	1	10
DSS (Adult Protective Services)	---	10
SBS (Pier A, Greenpoint Waterfront Access)	---	10
Fire (EMS Tours, Marshal Command)	4	9
DOT (Ferry Security)	---	9
Correction (Facility Ventilation, Overtime)	---	7
Parks (Additional Staffing)	---	6
Early Intervention (Caseload Re-estimates, Improved Medicaid Claiming)	(40)	(55)
Energy	(7)	29
Agency Rolls	(168)	168
All Other	2	49
Agency Increases / (Decreases)	(\$226)	\$475
Other Changes		
Collective Bargaining (Increased Uniformed Labor Cost to Reflect Firefighter Settlement)	\$19	\$59
Pensions/Fringe Benefits	(100)	111
HHC	189	156
Debt Service	(27)	(162)
Total Other Changes	\$81	\$164
Total Agency Changes	(\$145)	\$639

Agency Programs to Reduce the Gap

	Fiscal Year 2007			Fiscal Year 2008		
	City Funds - \$ in Thousands			City Funds - \$ in Thousands		
	Expense	Revenue	Total	Expense	Revenue	Total
Uniformed Forces						
Police	(\$55,000)	(\$172)	(\$55,172)	(\$99,000)	(\$1,184)	(\$100,184)
Fire	(25,368)	---	(25,368)	(18,862)	(2,608)	(21,470)
Sanitation	(36,409)	---	(36,409)	(15,275)	(9,750)	(25,025)
Correction	(1,933)	(3)	(1,936)	(8,761)	(3)	(8,764)
Health and Welfare						
Social Services	(11,257)	---	(11,257)	(22,578)	---	(22,578)
Administration for Children's Services	(11,315)	---	(11,315)	(33,076)	---	(33,076)
Homeless Services	(1,356)	(8,365)	(9,721)	(7,834)	---	(7,834)
Health & Mental Hygiene	(5,140)	---	(5,140)	(9,198)	(2,841)	(12,039)
Youth & Community Development	(3,251)	---	(3,251)	---	---	---
Other Mayoral						
Housing Preservation & Development	(1,877)	(166)	(2,043)	(2,477)	(166)	(2,643)
Finance	---	(3,079)	(3,079)	---	(8,438)	(8,438)
Transportation	510	(7,210)	(6,700)	(8,260)	(4,035)	(12,295)
Parks & Recreation	---	(3,957)	(3,957)	---	(10,452)	(10,452)
Citywide Administrative Services	---	(2,907)	(2,907)	---	(6,940)	(6,940)
All Other Agencies	(67,748)	(7,244)	(74,992)	(48,967)	(16,114)	(65,081)
Major Organizations						
Education	---	---	---	(75,000)	---	(75,000)
HHC	(1,232)	---	(1,232)	---	---	---
CUNY	(2,770)	---	(2,770)	(6,405)	---	(6,405)
Other						
Procurement Savings	---	---	---	(54,165)	---	(54,165)
Total Agency Programs	(\$224,146)	(\$33,103)	(\$257,249)	(\$409,858)	(\$62,531)	(\$472,389)

plaNYC 2030 Expenses

City Funds - \$ in Thousands

	FY08	FY09	FY10	FY11
HOUSING				
Develop a Municipal Land Use Database	\$150	\$150	\$150	\$150
Subtotal	\$150	\$150	\$150	\$150
TRANSPORTATION				
City Contribution to SMART Fund ⁽¹⁾	\$50,000	\$220,000	\$260,000	\$275,000
Develop City Bike Network	8,071	9,566	11,128	12,552
Bus Initiatives	1,240	1,240	1,240	1,494
Intelligent Transportation System	3,975	3,975	3,975	3,575
Additional 117 Traffic Enforcement Agents	5,312	4,837	4,837	4,837
Subtotal	\$68,598	\$239,618	\$281,180	\$297,458
PARKS				
Open Up Schoolyards	\$3,519	\$3,519	\$3,519	\$14,841
Maintain Field Lighting in 36 Parks	---	360	360	360
Maintenance of Regional Parks	---	---	---	4,226
Greenstreets	---	607	1,214	1,822
Tree Pruning and Maintenance	8,119	8,314	8,510	8,706
Town Square Initiative	---	44	88	132
Subtotal	\$11,638	\$12,844	\$13,691	\$30,087

(1) City contribution to SMART fund equals an amount contributed by the State indexed by growth in City PIT

plaNYC 2030 Expenses

City Funds - \$ in Thousands

	FY08	FY09	FY10	FY11
ENERGY				
Study Solar and Real Time Pricing	\$50	\$ ---	\$ ---	\$ ---
Provide Green Credit (4MW Solar)	446	1,065	1,917	2,562
Provide Green Credit (60 Green Roofs)	1,000	1,000	1,000	1,000
Dedicated Expenditure for Energy Conservation (Less Energy Demand Reduction)	81,200	83,400	83,300	83,700
	---	(8,120)	(16,460)	(24,790)
Subtotal	\$ 82,696	\$77,345	\$69,757	\$62,472
AIR QUALITY				
City Sales Tax Exemption for Hybrid Vehicles	\$1,600	\$1,920	\$2,304	\$2,765
Fund Collaborative Local Air Quality Study	2,000	2,000	2,000	2,000
Subtotal	\$3,600	\$3,920	\$4,304	\$4,765
BROWNFIELDS				
Creation of a NYC Brownfields Fund	\$25,000	\$ ---	\$ ---	\$ ---
Conduct Brownfields Assessment	1,500	---	---	---
Expand Brownfields Office at OEC	1,000	2,000	2,000	2,000
Subtotal	\$27,500	\$2,000	\$2,000	\$2,000
Expansion of Office of Long-Term Planning and Sustainability	\$1,050	\$1,050	\$1,050	\$1,050
Pension and Fringe Benefit Cost Associated With New Staff	\$3,541	\$4,013	\$4,919	\$6,224
TOTAL plaNYC 2030 EXPENSES	\$198,773	\$340,940	\$377,051	\$404,206

Fiscal Plan Update

Since January 2007

	\$ in Millions (Increase Gap) / Decrease Gap	
	FY 2007	FY 2008
Remaining Gap January 2007 Plan	\$ ---	\$ ---
Increased Revenue Forecast (see page 17)	1,292	838
Expense Changes		
Agency Baseline Expense Forecast Changes (see page 18)	145	(639)
Agency Programs (see page 19)	257	472
plANYC 2030 (see pages 20 and 21)	---	(199)
Subtotal	\$402	(\$366)
Debt Retirement (see page 24)	(1,246)	64
Prepayments from FY 2007 into FY 2008	(448)	448
Prepayments from FY 2008 into FY 2009 (see next page)	---	(984)
Balance	\$ ---	\$ ---

Out-Year Gaps Remain Significant

\$ in Millions

(Increase Gap) / Decrease Gap	2009	2010	2011
Gap to be Closed - January 2007 Plan	(\$2,617)	(\$3,681)	(\$3,621)
Revenue Changes			
Tax Revenue Forecast	\$546	\$440	\$390
State Budget (Revenue Sharing and PIT Administration)	(30)	(30)	(30)
Other Non Tax Revenue	(2)	4	16
Total Revenue Increase / (Decrease)	\$514	\$414	\$376
Agency (Increases) / Decreases			
HHC	(\$120)	(\$214)	(\$204)
Increase Uniformed Labor Cost to Reflect Firefighter Settlement	(111)	(175)	(187)
Pensions/Fringe Benefits	(190)	(196)	(218)
Debt Service	51	22	(13)
plaNYC 2030	(341)	(377)	(404)
Other Agency Changes (Net)	(358)	(364)	(320)
Total Expense (Increases) / Decreases	(\$1,069)	(\$1,304)	(\$1,346)
Remaining Gap	(\$3,172)	(\$4,571)	(\$4,591)
Agency Programs	\$346	\$304	\$302
Debt Retirement and Prepayments			
Debt Retirement (see next page)	\$639	\$656	\$ ---
Prepayments of 2009 Expenses (see page 46)	984	---	---
Prepayments of 2010 Expenses (see page 46)	(350)	350	---
Subtotal	\$1,273	\$1,006	\$ ---
Gap to be Closed April 2007 Plan	(\$1,553)	(\$3,261)	(\$4,289)

Use of One-Time Resources to Reduce Long-Term Costs

\$ in Millions

Use of One-Time Resources	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Benefit
Trust Fund for Retiree Health Benefits	(\$1,000)	(\$500)	\$ ---	\$ ---	\$ ---	\$2.5 Billion (\$1 Billion contributed in FY 2006) Reduction in Long-Term Liability for Retiree Health Care Costs of Approximately \$50 Billion
Reduction in Debt through Pay-Go Capital	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	Cumulative Debt Reduction of \$1 Billion
Debt Retirement	(\$1,246)	\$64	\$639	\$656	\$ ---	\$1.36 Billion in Out-Year Gap Reduction

Without Extraordinary Actions the City Would Have Had Significant Operating Deficits

City Funds - \$ in Millions

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 ^f	FY2008 ^f	FY2009 ^f	FY2010 ^f	FY2011 ^f
Revenues*	\$26,123	\$29,404	\$31,847	\$36,056	\$37,078	\$41,576	\$40,968	\$40,578	\$42,397	\$44,108
Expenses*	\$28,381	\$28,663	\$31,336	\$34,445	\$36,851	\$40,942	\$42,993	\$44,141	\$46,008	\$48,397
Operating Results - Surplus/(Deficit)	(\$2,258)	\$741	\$511	\$1,611	\$227	\$634	(\$2,025)	(\$3,563)	(\$3,611)	(\$4,289)
Extraordinary Actions										
Tax Program (see next page)	---	(947)	(2,968)	(2,638)	(2,192)	(1,768)	(795)	(658)	(691)	(751)
MAC Debt Savings	---	---	---	(1,016)	(504)	(524)	(504)	---	---	---
Operating Results - Without Extraordinary Actions	(\$2,258)	(\$206)	(\$2,457)	(\$2,043)	(\$2,469)	(\$1,658)	(\$3,324)	(\$4,221)	(\$4,302)	(\$5,040)

* Adjusted for the Impact of Prepayments
f = forecast

FY 2008 Tax Reduction Program As First Announced in January

	Revenue Impact \$ in Millions				Effective Dates
	FY 2008	FY 2009	FY 2010	FY 2011	
Return a Portion of Prior Property Tax Rate Increase					
Real Property Tax: Return \$750 million of the prior property tax rate increase.*	(\$750)	(\$810)*	(\$868)*	(\$917)*	7/1/07
Job Creation					
Unincorporated Business Tax: Double partnership deduction to \$10,000 per active partner.	(16)	(16)	(16)	(17)	1/1/07
Unincorporated Business Tax: 50% Increase in the resident PIT/UBT Credit.	(28)	(28)	(29)	(31)	1/1/07
Corporate Tax: Enact a resident PIT credit providing PIT relief to owners of S-Corporations.	(70)	(69)	(73)	(78)	1/1/07
Corporate Tax: 50% Phase-out of the income-plus-compensation alternative tax base.	(18)	(56)	(76)	(110)	1/1/07
Corporate Tax: Small firm tax-filing simplification.	(8)	(8)	(8)	(8)	1/1/07
Economic Competitiveness					
Sales Tax: Exempt all clothing from the City sales tax.	(110)	(117)	(119)	(122)	7/1/07
Subtotal (Job Creation/Economic Competitiveness):	(\$250)	(\$294)	(\$321)	(\$366)	
Total	(\$1,000)	(\$1,104)	(\$1,189)	(\$1,283)	
Continue \$400 Real Property Tax Rebate	(\$256)	(\$256)	(\$256)	(\$256)	7/1/07

* If Temporary Property Tax Rate Reduction In FY 2008 Continues

New Funding to Address the Ongoing Health Impacts of 9/11*

\$ in Thousands

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Sustain, Expand and Publicize Bellevue Program	\$3,000	\$13,734	\$9,093	\$11,723	\$11,319
Sustain and Expand the DOHMH Mental Health Program	756	9,053	9,800	11,247	3,405
Create a New, Comprehensive and Interactive Website to Address Questions about 9/11 Health Impacts and Improve Data Collection	769	4,049	2,964	2,948	2,467
Create a WTC Health Coordinator's Office and Supplement Environmental Safety Staff	---	886	866	866	866
Total Funding	\$4,525	\$27,722	\$22,723	\$26,784	\$18,057

*The City expects to be reimbursed for these expenses with Federal funding

III. Budget Update

Fiscal Year 2007 Budget

As of Current Financial Plan, April 2007

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$3,483	\$1,592	\$1,629	\$6,704	\$383	---	\$38	\$107	\$77	\$605	\$7,309	\$7,129	\$6,834	
Fire Department	1,287	563	736	2,586	173	---	5	22	74	274	2,860	2,851	2,619	
Dept. of Correction	816	334	214	1,364	126	---	7	12	183	328	1,692	1,692	1,645	
Dept. of Sanitation	686	349	139	1,174	479	---	7	25	238	749	1,923	1,922	1,882	
Subtotal	\$6,272	\$2,838	\$2,718	\$11,828	\$1,161	---	\$57	\$166	\$572	\$1,956	\$13,784	\$13,594	\$12,980	
HEALTH AND WELFARE														
Administration for Children's Services	\$386	\$111	\$37	\$534	\$2,412	---	\$2	\$2	---	\$2,416	\$2,950	\$2,950	\$955	
Department of Social Services	682	291	79	1,052	986	5,815	4	6	96	6,907	7,959	7,950	5,918	
Department of Homeless Services	109	38	10	157	622	---	1	---	---	623	780	749	367	
Department of Health and Mental Hygiene	335	98	32	465	1,318	---	1	3	26	1,348	1,813	1,803	758	
Health and Hospitals Corporation ⁽¹⁾	---	20	---	20	211	583	15	190	201	1,200	1,220	\$1,096	877	
Subtotal	\$1,512	\$558	\$158	\$2,228	\$5,549	\$6,398	\$23	\$201	\$323	\$12,494	\$14,722	\$14,548	\$8,875	
EDUCATION														
Dept. of Education	\$8,790	\$2,774	\$1,697	\$13,261	\$4,641	---	\$15	\$35	\$932	\$5,623	\$18,884	\$18,748	\$9,669	
City University	334	86	37	457	253	---	---	1	46	300	757	706	508	
Subtotal	\$9,124	\$2,860	\$1,734	\$13,718	\$4,894	---	\$15	\$36	\$978	\$5,923	\$19,641	\$19,454	\$10,177	
OTHER AGENCIES	\$2,013	\$656	\$212	\$2,881	\$3,841	---	\$73	\$187	\$1,944	\$6,045	\$8,926	\$8,079	\$6,360	
ELECTED OFFICIALS	\$434	\$106	\$39	\$579	\$104	---	\$8	\$1	---	\$113	\$692	\$690	\$608	
MISC. BUDGET	\$313	---	---	\$313	---	\$1,842 ⁽²⁾	---	---	\$339	\$2,181	\$2,494	\$2,493	\$2,305	
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	\$171	\$171	\$171	\$171	\$37	
RE-ESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	(\$400)	---	---	---	---	(\$400)	(\$400)	(\$400)	(\$400)	
TOTAL ⁽³⁾	\$19,668	\$7,018	\$4,861	\$31,547	\$15,149	\$8,240	\$176	\$591	\$4,327	\$28,483	\$60,030	\$58,629	\$40,942	
City Funds	\$11,030	\$6,423	\$4,692	\$22,145	\$6,983	\$7,157	\$166	\$401	\$4,090	\$18,797	\$40,942			
Less: Prepayments	---	---	---	---	(\$91)	(\$508)	---	---	(\$35)	(\$634)	(\$634)	(\$634)	(\$634)	
Total After Prepayments	\$19,668	\$7,018	\$4,861	\$31,547	\$15,240	\$8,748	\$176	\$591	\$4,362	\$29,117	\$60,664	\$59,263	\$41,576	

⁽¹⁾Only reflects funding appropriated in the City's Budget.

⁽²⁾Includes subsidies to the MTA, General Reserve, Pay-Go-Capital, Indigent Defense Services and Other Contractual Services.

⁽³⁾Excludes the impact of prepayments.

Fiscal Year 2008 Budget

As of Current Financial Plan, April 2007

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$3,514	\$1,520	\$1,908	\$6,942	\$280	---	\$37	\$118	\$67	\$502	\$7,444	\$7,252	\$7,098	
Fire Department	1,312	539	842	2,693	137	---	5	24	64	230	2,923	2,913	2,720	
Dept. of Correction	794	331	253	1,378	117	---	7	13	158	295	1,673	1,673	1,628	
Dept. of Sanitation	702	334	178	1,214	520	---	7	28	206	761	1,975	1,972	1,930	
Subtotal	\$6,322	\$2,724	\$3,181	\$12,227	\$1,054	---	\$56	\$183	\$495	\$1,788	\$14,015	\$13,810	\$13,376	
HEALTH AND WELFARE														
Administration for Children's Services	\$426	\$120	50	\$596	\$2,309	---	\$2	\$2	---	\$2,313	\$2,909	\$2,908	\$1,017	
Department of Social Services	716	297	101	1,114	948	6,901	2	7	83	7,941	9,055	9,046	7,062	
Department of Homeless Services	113	39	13	165	564	---	1	---	---	565	730	699	350	
Department of Health and Mental Hygiene	379	108	43	530	1,123	---	1	3	22	1,149	1,679	1,670	735	
Health and Hospitals Corporation ⁽¹⁾	---	22	---	22	205	---	14	194	138	551	573	495	271	
Subtotal	\$1,634	\$586	\$207	\$2,427	\$5,149	\$6,901	\$20	\$206	\$243	\$12,519	\$14,946	\$14,818	\$9,435	
EDUCATION														
Dept. of Education	\$9,562	\$2,751	\$1,997	\$14,310	\$4,792	---	\$14	\$36	\$820	\$5,662	\$19,972	\$19,840	\$10,062	
City University	316	79	39	434	201	---	---	1	48	250	684	673	475	
Subtotal	\$9,878	\$2,830	\$2,036	\$14,744	\$4,993	---	\$14	\$37	\$868	\$5,912	\$20,656	\$20,513	\$10,537	
OTHER AGENCIES	\$2,050	\$681	\$258	\$2,989	\$3,857	---	\$71	\$207	\$1,740	\$5,875	\$8,863	\$7,974	\$6,471	
ELECTED OFFICIALS	\$422	\$107	\$46	\$575	\$105	---	\$8	\$2	---	\$115	\$690	\$687	\$641	
MISC. BUDGET	\$715	---	---	\$715	---	\$1,572 ⁽²⁾	---	---	\$293	\$1,865	\$2,580	\$2,579	\$2,433	
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	\$134	\$134	\$134	\$134	\$100	
RE-ESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	---	---	---	---	---	---	---	---	---	
TOTAL ⁽³⁾	\$21,021	\$6,928	\$5,728	\$33,677	\$15,158	\$8,473	\$169	\$635	\$3,773	\$28,208	\$61,884	\$60,515	\$42,993	
City Funds	\$11,856	\$6,321	\$5,557	\$23,734	\$7,550	\$7,487	\$160	\$445	\$3,617	\$19,259	\$42,993			
Less: Prepayments	---	---	---	---	\$316	\$208	---	---	\$953	\$1,477	\$1,477	\$1,477	\$1,477	
Total After Prepayments	\$21,021	\$6,928	\$5,728	\$33,677	\$14,842	\$8,265	\$169	\$635	\$2,820	\$26,731	\$60,407	\$59,038	\$41,516	

⁽¹⁾Only reflects funding appropriated in the City's Budget.

⁽²⁾Includes subsidies to the MTA, General Reserve, Pay-Go-Capital, Indigent Defense Services and Other Contractual Services.

⁽³⁾Excludes the impact of prepayments.

Changes Between FY 2007 and FY 2008 Budgets

As of Current Financial Plan, April 2007

\$ in Millions

AGENCY	Personal Service Costs				Other Than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Funds Total	
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotals	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal				
UNIFORM AGENCIES														
Police Department	\$31	(\$72)	\$279	\$238	(\$103)	---	(\$1)	\$11	(\$10)	(\$103)	\$135	\$123	\$264	
Fire Department	25	(24)	106	107	(36)	---	---	2	(10)	(44)	63	62	101	
Dept. of Correction	(22)	(3)	39	14	(9)	---	---	1	(25)	(33)	(19)	(19)	(17)	
Dept. of Sanitation	16	(15)	39	40	41	---	---	3	(32)	12	52	50	48	
Subtotal	\$50	(\$114)	\$463	\$399	(\$107)	---	(\$1)	\$17	(\$77)	(\$168)	\$231	\$216	\$396	
HEALTH AND WELFARE														
Administration for Children's Services	\$40	\$9	\$13	\$62	(\$103)	---	---	---	---	(\$103)	(\$41)	(\$42)	\$62	
Department of Social Services	34	6	22	62	(38)	1,086	(2)	1	(13)	1,034	1,096	1,096	1,144	
Department of Homeless Services	4	1	3	8	(58)	---	---	---	---	(58)	(50)	(50)	(17)	
Department of Health and Mental Hygiene	44	10	11	65	(195)	---	---	---	(4)	(199)	(134)	(133)	(23)	
Health and Hospitals Corporation ⁽¹⁾	---	2	---	2	(6)	(583)	(1)	4	(63)	(649)	(647)	(601)	(606)	
Subtotal	\$122	\$28	\$49	\$199	(\$400)	\$503	(\$3)	\$5	(\$80)	\$25	\$224	\$270	\$560	
EDUCATION														
Dept. of Education	\$772	(\$23)	\$300	\$1,049	\$151	---	(\$1)	\$1	(\$112)	\$39	\$1,088	\$1,092	\$393	
City University	(18)	(7)	2	(23)	(52)	---	---	---	2	(50)	(73)	(33)	(33)	
Subtotal	\$754	(\$30)	\$302	\$1,026	\$99	---	(\$1)	\$1	(\$110)	(\$11)	\$1,015	\$1,059	\$360	
OTHER AGENCIES	\$37	\$25	\$46	\$108	\$16	---	(\$2)	\$20	(\$204)	(\$170)	(\$62)	(\$105)	\$111	
ELECTED OFFICIALS	(\$12)	\$1	\$7	(\$4)	\$1	---	---	\$1	---	\$2	(\$2)	(\$3)	\$33	
MISC. BUDGET	\$402	---	---	\$402	---	(\$270) ⁽²⁾	---	---	(\$46)	(\$316)	\$86	\$86	\$128	
DEBT SERVICE COSTS (unallocated)	---	---	---	---	---	---	---	---	(\$37)	(\$37)	(\$37)	(\$37)	\$63	
REESTIMATE OF PRIOR YEAR'S EXPENSES	---	---	---	---	\$400	---	---	---	---	\$400	\$400	\$400	\$400	
TOTAL ⁽³⁾	\$1,353	(\$90)	\$867	\$2,130	\$9	\$233	(\$7)	\$44	(\$554)	(\$275)	\$1,855	\$1,886	\$2,051	
City Funds	\$826	(\$102)	\$865	\$1,589	\$567	\$330	(\$6)	\$44	(\$473)	\$462	\$2,051	---	---	
Less: Prepayments	---	---	---	---	\$407	\$716	---	---	\$988	\$2,111	\$2,111	\$2,111	\$2,111	
Total After Prepayments	\$1,353	(\$90)	\$867	\$2,130	(\$398)	(\$483)	(\$7)	\$44	(\$1,542)	(\$2,386)	(\$256)	(\$225)	(\$60)	

⁽¹⁾Only reflects funding appropriated in the City's Budget.

⁽²⁾Includes subsidies to the MTA, General Reserve, Pay-Go-Capital, Indigent Defense Services and Other Contractual Services.

⁽³⁾Excludes the impact of prepayments.

City Revenue and Expense Growth

City Funds - \$ in Millions

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$41,576	\$40,968	\$40,578	\$42,397	\$44,108
<i>Year-to-Year Change:</i>		(\$608) (1.5%)	(\$390) (1.0%)	\$1,819 4.5%	\$1,711 4.0%
Expenditures					
Controllable Agency Expenses	\$18,561	\$19,558	\$20,108	\$21,038	\$22,028
<i>Year-to-Year Change:</i>		\$997 5.4%	\$550 2.8%	\$930 4.6%	\$990 4.7%
Non-Controllable Expenses	\$22,381	\$23,435	\$24,033	\$24,970	\$26,369
<i>Year-to-Year Change:</i>		\$1,054 4.7%	\$598 2.6%	\$937 3.9%	\$1,399 5.6%
Total Expenditures	\$40,942	\$42,993	\$44,141	\$46,008	\$48,397
<i>Year-to-Year Change:</i>		\$2,051 5.0%	\$1,148 2.7%	\$1,867 4.2%	\$2,389 5.2%
Operating Results-Surplus/(Deficit)	\$634	(\$2,025)	(\$3,563)	(\$3,611)	(\$4,289)
Current Year Roll (Cost)	(\$4,385)	(\$2,360)	(\$350)	\$ ---	\$ ---
Prior Year Roll (Benefit)	\$3,751	\$4,385	\$2,360	\$350	\$ ---
Net Impact of Surplus Roll	(\$634)	\$2,025	\$2,010	\$350	\$ ---
Gap to be Closed	\$ ---	\$ ---	(\$1,553)	(\$3,261)	(\$4,289)

Growth in City Revenue

	\$ in Millions				
	FY 2007 ^f	FY 2008 ^f	FY 2009 ^f	FY 2010 ^f	FY 2011 ^f
Property Tax	\$12,976	\$14,220	\$15,363	\$16,485	\$17,431
	Year-to-Year	\$1,244	\$1,143	\$1,122	\$946
	Change:	9.6%	8.0%	7.3%	5.7%
Extraordinary Tax Revenue From Real Estate Boom	\$2,362	\$1,210	\$350	\$191	\$ ---
	Year-to-Year	(\$1,152)	(\$860)	(\$159)	(\$191)
	Change:	(48.8%)	(71.1%)	(45.4%)	(100.0%)
Tax Reduction Program	---	(\$1,331)	(\$1,607)	(\$1,735)	(\$1,846)
All Other Tax Revenue	\$22,095	\$22,001	\$22,440	\$23,409	\$24,442
	Year-to-Year	(\$94)	\$439	\$969	\$1,033
	Change:	(0.4%)	2.0%	4.3%	4.4%
Subtotal Tax Revenue	\$37,433	\$36,100	\$36,546	\$38,350	\$40,027
	Year-to-Year	(\$1,333)	\$446	\$1,804	\$1,677
	Change:	(3.6%)	1.2%	4.9%	4.4%
Non-Tax Revenue	\$4,143	\$4,868	\$4,032	\$4,047	\$4,081
	Year-to-Year	\$725	(\$836)	\$15	\$34
	Change:	17.5%	(17.2%)	0.4%	0.8%
Total Revenue	\$41,576	\$40,968	\$40,578	\$42,397	\$44,108
	Year-to-Year	(\$608)	(\$390)	\$1,819	\$1,711
	Change:	(1.5%)	(1.0%)	4.5%	4.0%

f = forecast

Growth in Controllable Agency Expenses

	City Funds - \$ in Millions				
	FY 2007 ^f	FY 2008 ^f	FY 2009 ^f	FY 2010 ^f	FY 2011 ^f
Uniformed Forces					
Police Department	\$3,493	\$3,546	\$3,584	\$3,590	\$3,583
Fire Department	1,276	1,303	1,315	1,309	1,310
Department of Correction	920	893	874	877	876
Sanitation Department	1,156	1,212	1,247	1,273	1,328
Subtotal: Uniformed Forces	\$6,845	\$6,954	\$7,020	\$7,049	\$7,097
Health and Welfare					
Social Services	\$599	\$590	\$606	\$614	\$614
Child Services	826	866	822	822	822
Homeless Services	331	310	312	311	311
Health	602	560	603	604	604
Subtotal: Health and Welfare	\$2,358	\$2,326	\$2,343	\$2,351	2,351
Other Mayoral					
HPD	\$77	\$71	\$67	\$66	\$66
Environmental Protection	828	900	879	859	857
Finance	205	213	211	210	210
Transportation	387	408	408	408	410
Parks	251	269	270	270	275
Administrative Services	182	200	177	177	177
All Other Mayoral	1,491	1,597	1,478	1,465	1,464
Energy, Leases & OTPS Inflaters	---	---	96	171	252
Labor Reserve	313	715	1,032	1,542	1,915
Subtotal: Other Mayoral	\$3,734	\$4,373	\$4,618	\$5,168	\$5,626
Covered Organizations					
Department of Education	\$4,727	\$4,976	\$5,250	\$5,594	\$6,079
CUNY	401	374	360	360	360
HHC	81	117	84	84	83
Subtotal: Covered Organizations	\$5,209	\$5,467	\$5,694	\$6,038	\$6,522
Elected Officials					
Mayor's Office	\$35	\$37	\$36	\$36	\$36
All Other Elected	380	401	397	396	396
Subtotal: Elected Officials	\$415	\$438	\$433	\$432	\$432
Total Controllable Agency Expenses	\$18,561	\$19,558	\$20,108	\$21,038	\$22,028

f = forecast

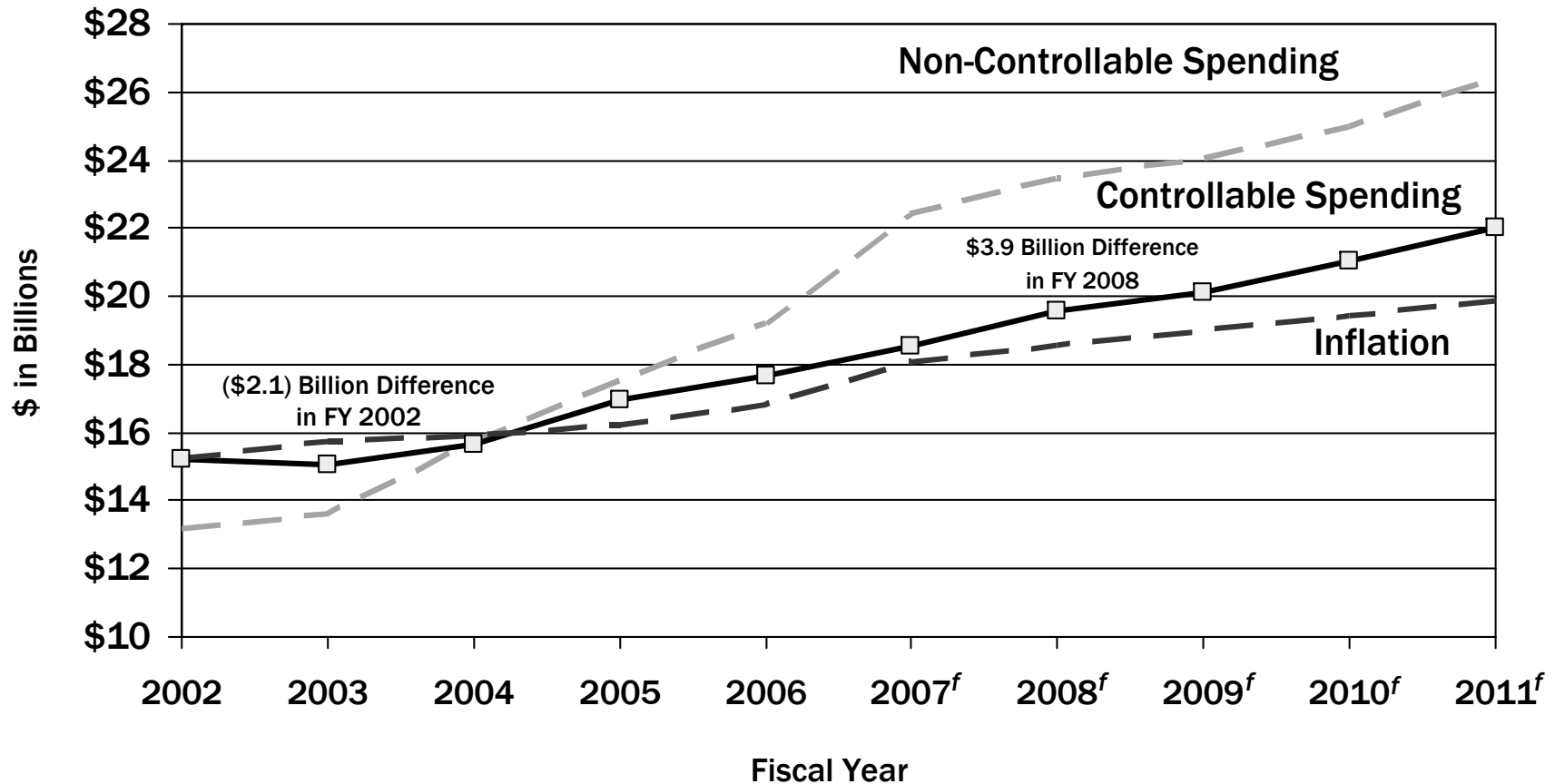
Growth in Non-Controllable Agency Expenses

City Funds - \$ In Millions

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007 ^f	FY 2008 ^f	FY 2009 ^f	FY 2010 ^f	FY 2011 ^f
Non-Controllable Agency Expenses										
Pensions	\$1,334	\$1,534	\$2,263	\$3,194	\$3,838	\$4,692	\$5,557	\$6,218	\$6,289	\$6,289
Year-to-Year Change:	\$200	\$729	\$931	\$644	\$854	\$865	\$661	\$71	\$0	
	15.0%	47.5%	41.1%	20.2%	22.3%	18.4%	11.9%	1.1%	0.0%	
Fringe Benefits	\$3,794	\$4,058	\$4,275	\$4,671	\$5,059	\$5,423	\$5,821	\$6,112	\$6,391	\$6,711
Year-to-Year Change:	\$264	\$217	\$396	\$388	\$364	\$398	\$291	\$279	\$320	
	7.0%	5.3%	9.3%	8.3%	7.2%	7.3%	5.0%	4.6%	5.0%	
Retiree Health Benefits Trust Fund	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$500	\$0	\$0	\$0
Subtotal: Employee-Related Costs	\$5,128	\$5,592	\$6,538	\$7,865	\$9,897	\$11,115	\$11,878	\$12,330	\$12,680	\$13,000
Year-to-Year Change:	\$464	\$946	\$1,327	\$2,032	\$1,218	\$763	\$452	\$350	\$320	
	9.0%	16.9%	20.3%	25.8%	12.3%	6.9%	3.8%	2.8%	2.5%	
Debt Service	\$3,327	\$2,696	\$3,389	\$3,160	\$2,884	\$4,090	\$3,617	\$3,743	\$4,093	\$4,904
Year-to-Year Change:	(\$631)	\$693	(\$229)	(\$276)	\$1,206	(\$473)	126	\$350	\$811	
	(19.0%)	25.7%	(6.8%)	(8.7%)	41.8%	(11.6%)	3.5%	9.4%	19.8%	
Medicaid	\$3,537	\$3,877	\$4,268	\$4,757	\$4,905	\$5,043	\$5,604	\$5,470	\$5,624	\$5,784
Year-to-Year Change:	\$340	\$391	\$489	\$148	\$138	\$561	(\$134)	\$154	\$160	
	9.6%	10.1%	11.5%	3.1%	2.8%	11.1%	(2.4%)	2.8%	2.8%	
Re-estimate of Prior Year's Expenses	(\$413)	(\$179)	(\$329)	(\$226)	(\$454)	(\$400)	\$0	\$0	\$0	\$0
Year-to-Year Change:	\$234	(\$150)	\$103	(\$228)	\$54	\$400	\$0	\$0	\$0	
	56.7%	(83.8%)	31.3%	100.9%	11.9%	100%	0.0%	0.0%	0.0%	
General Reserve	\$0	\$0	\$0	\$0	\$0	\$85	\$300	\$300	\$300	\$300
Year-to-Year Change:	\$0	\$0	\$0	\$0	\$0	\$85	\$215	\$0	\$0	
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	252.9%	0.0%	0.0%	
All Other	\$1,560	\$1,612	\$1,828	\$1,928	\$1,965	\$2,448	\$2,036	\$2,190	\$2,273	\$2,381
Year-to-Year Change:	\$52	\$216	\$100	\$37	\$483	(\$412)	\$154	\$83	\$108	
	3.3%	13.4%	5.5%	1.9%	24.6%	(16.8%)	7.6%	3.8%	4.8%	
Total Non-Controllable Agency Expenses	\$13,139	\$13,598	\$15,694	\$17,484	\$19,197	\$22,381	\$23,435	\$24,033	\$24,970	\$26,369
Year-to-Year Change:	\$459	\$2,096	\$1,790	\$1,713	\$3,184	\$1,054	\$598	\$937	\$1,399	
	3.5%	15.4%	11.4%	9.8%	16.6%	4.7%	2.6%	3.9%	5.6%	

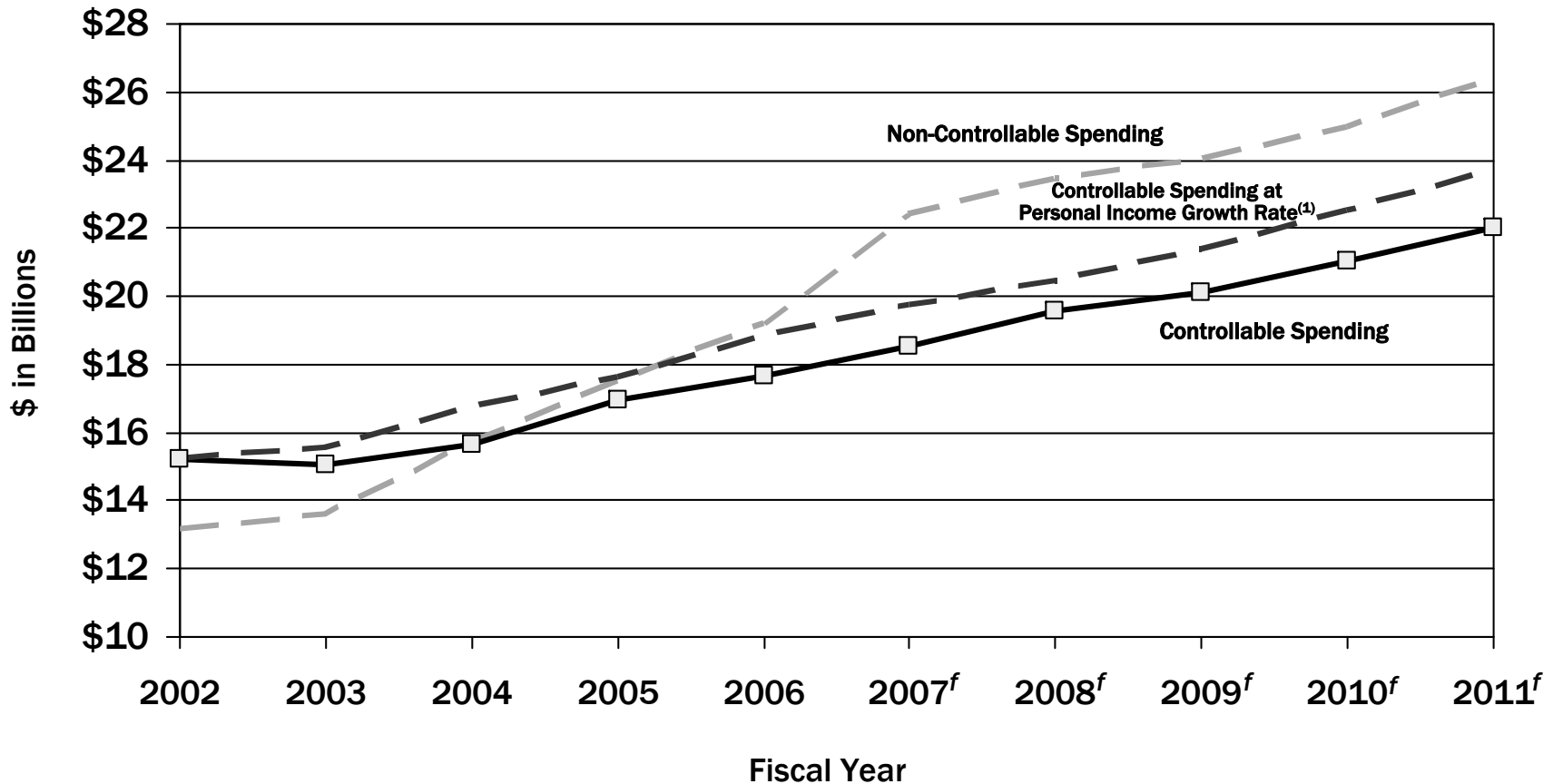
f = forecast

Our Non-Controllable Expenses Continue to Be Larger Than Controllable Expenses



f = forecast

Our Non-Controllable Expenses Continue to Be Larger Than Controllable Expenses

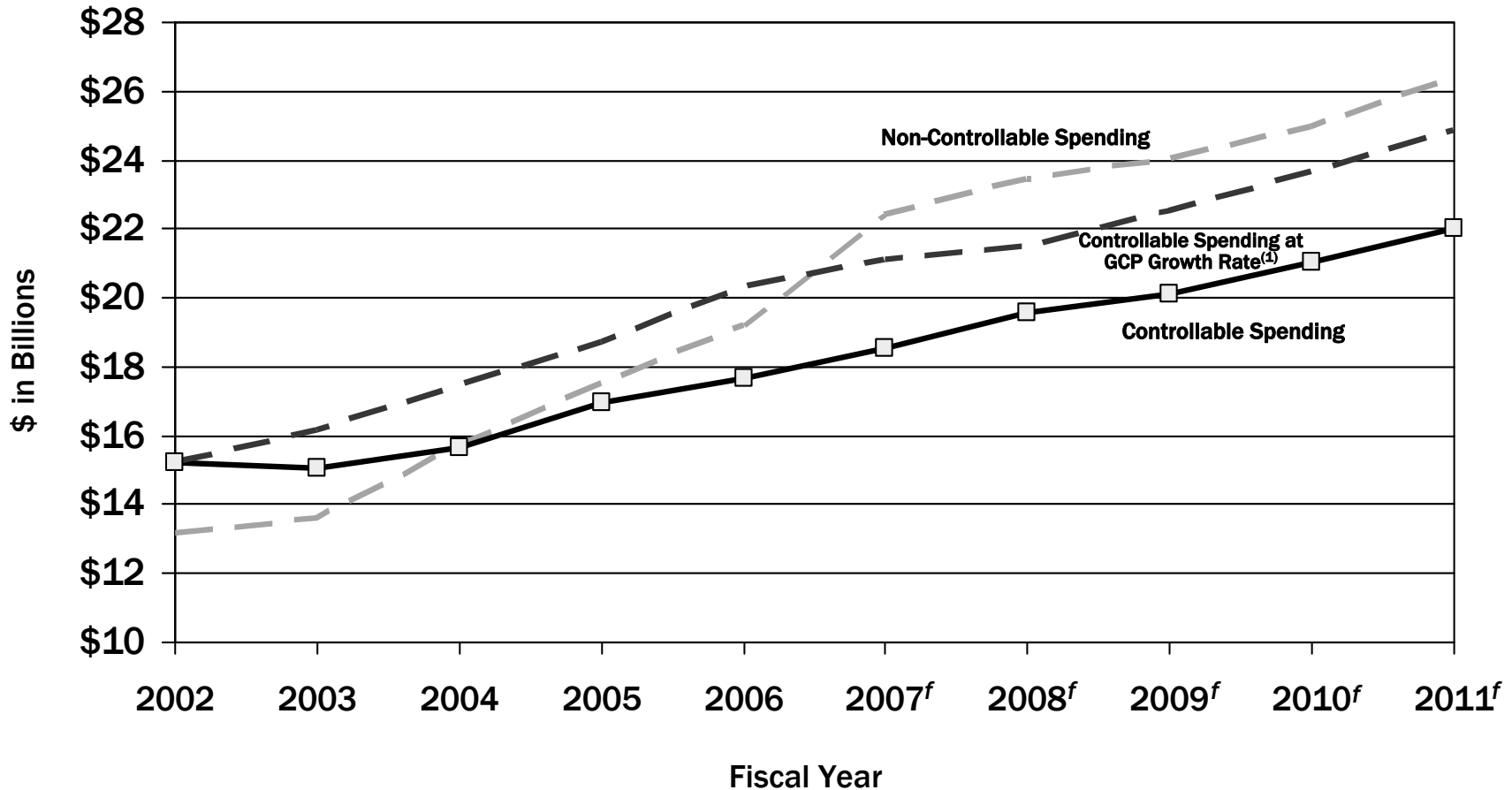


f = forecast

⁽¹⁾This line shows how Controllable Spending would have increased from its FY 2002 level if it had grown at the same rate as personal income did.

Source: US Bureau of Economic Analysis; OMB Forecast

Our Non-Controllable Expenses Continue to Be Larger Than Controllable Expenses



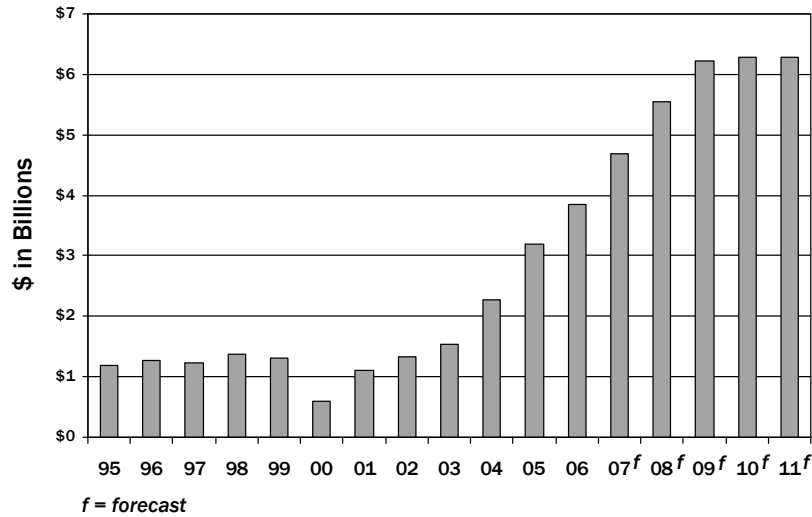
f = forecast

⁽¹⁾This line shows how Controllable Spending would have increased from its FY 2002 level if it had grown at the same rate as Gross City Product (GCP) did.

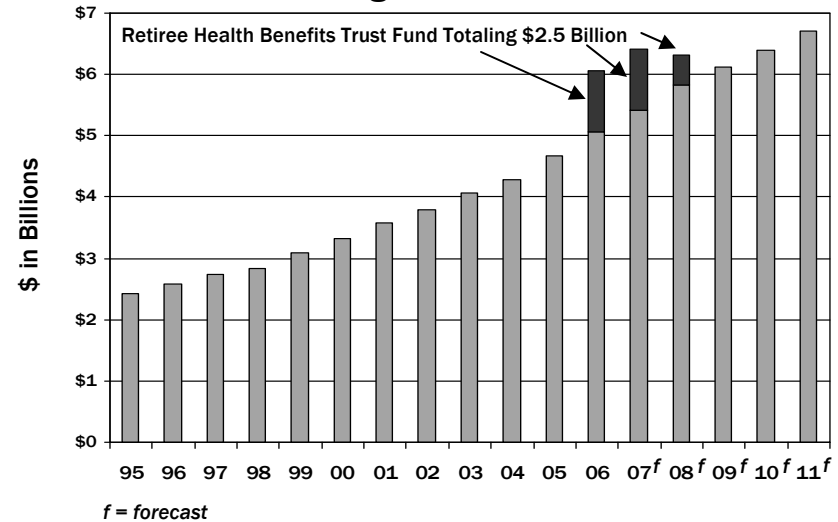
Source: OMB forecast

Non-Controllable Expenses Continue to Grow

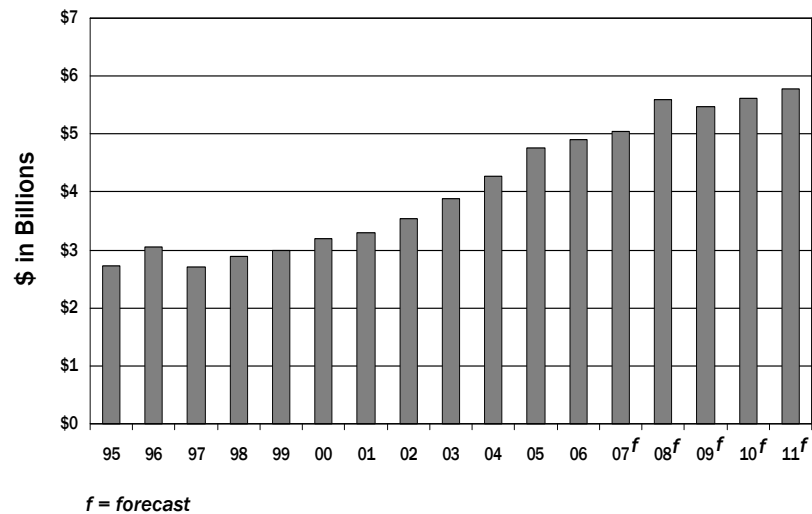
Pension Costs



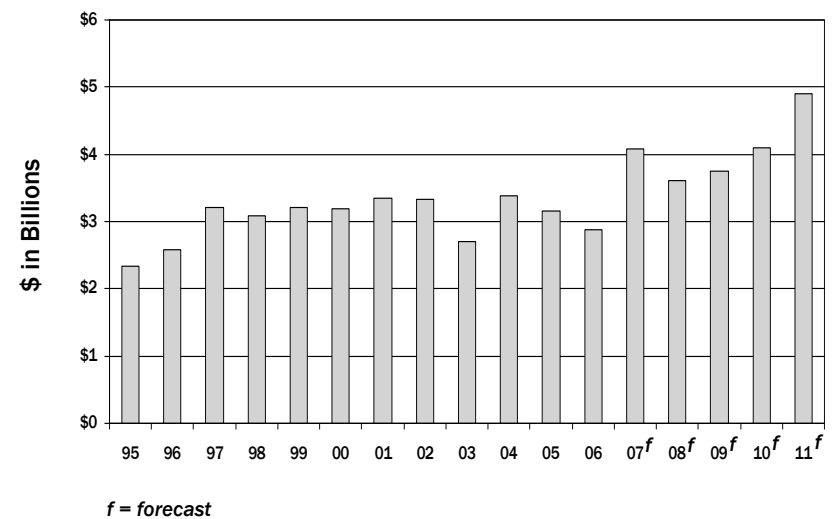
Fringe Benefits Costs



Medicaid



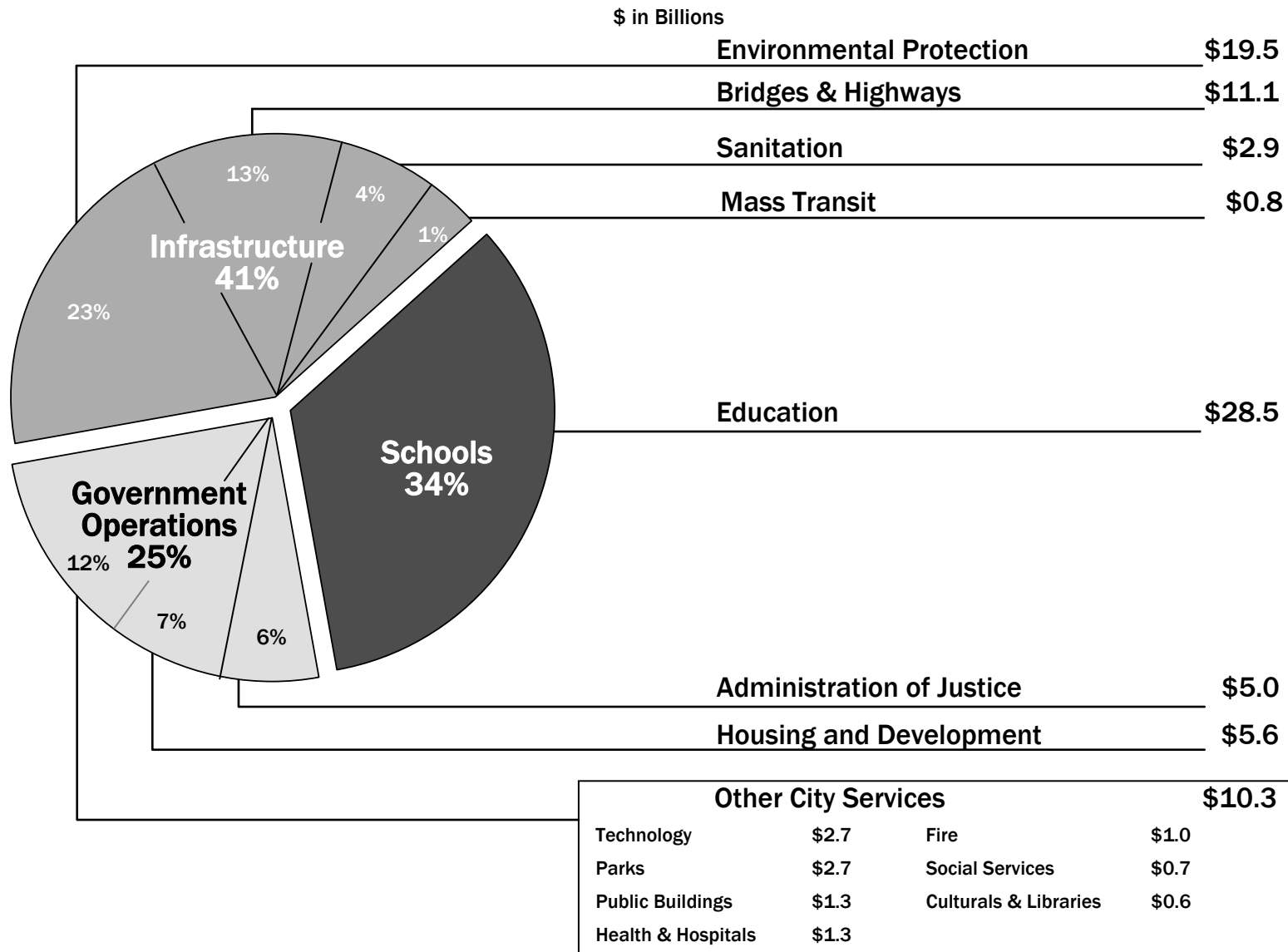
Debt Service



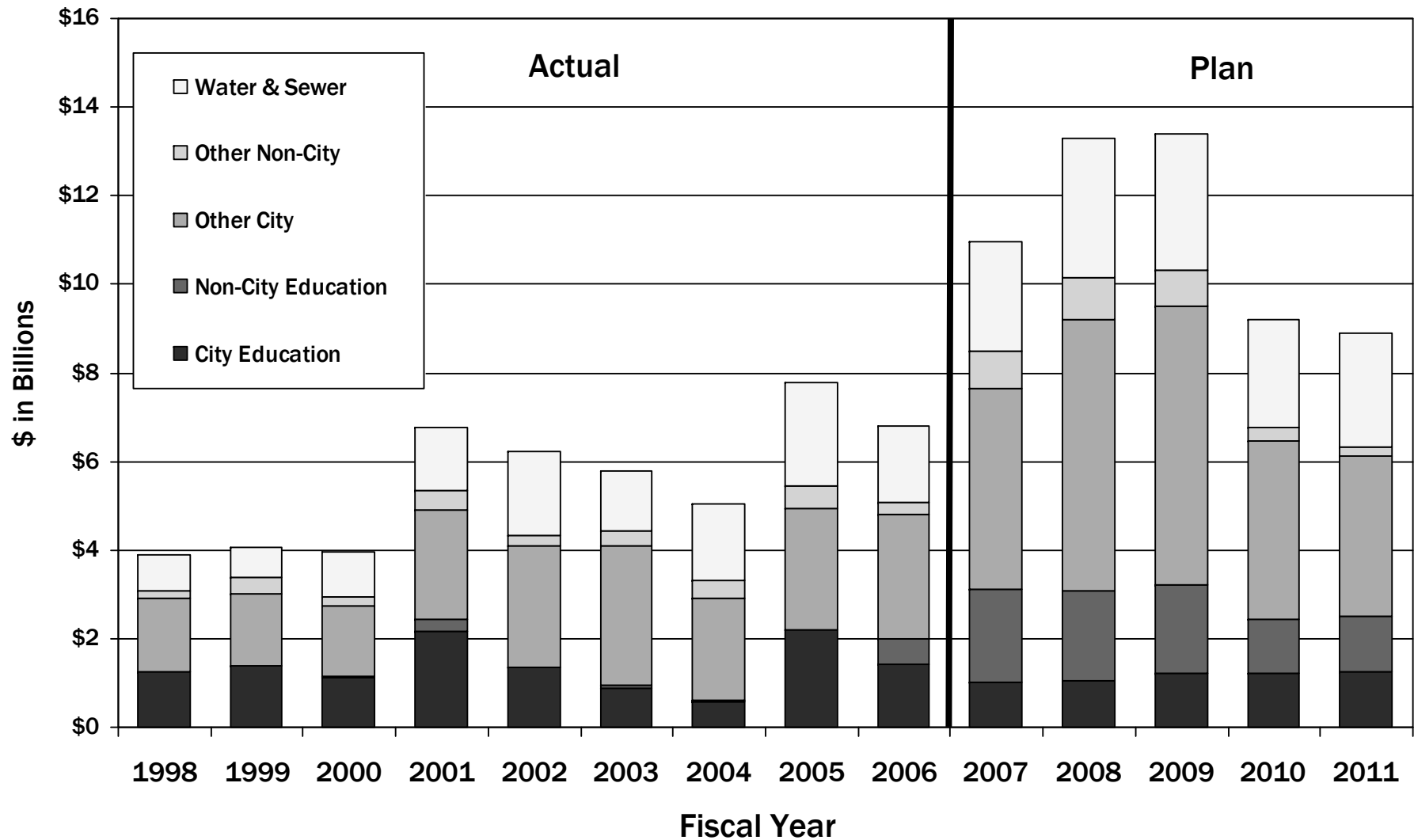
IV. Capital

Ten-Year Capital Strategy 2008-2017

Totals \$83.7 Billion in All Funds



Capital Commitments – All Funds



Capital Investments for plaNYC 2030

\$ in Thousands

	2008 - 2017
HOUSING	
Develop a Municipal Land Use Database	\$2,000
	\$2,000
TRANSPORTATION	
Develop City Bike Network ⁽¹⁾	\$6,204
Bus Initiatives ⁽¹⁾	46,373
Build Safe Routes to Transit and Subways to Sidewalk Congested Corridors and Growth Areas	15,174
	124,789
Intelligent Transportation System ⁽¹⁾	57,310
	\$249,850
PARKS	
Open Up Schoolyards	\$110,770
Complete 8 Regional Parks	386,365
Install Field Lighting In 36 Parks	21,600
New Soccer Fields	42,120
Greenstreets	15,042
Town Square Initiative	134,250
Stocking of Street Trees (15,500 per year)	246,878
	\$957,025
ENERGY	
Support Construction of City's First Carbon Neutral Building	\$3,000
	\$3,000
AIR QUALITY	
Expand Local Law 42 to Include Smaller Buses	\$5,125
Install Staten Island Ferry Engine Upgrades	2,264
Stock Parks with Saplings	118,800
Replacement of Fuel Burners in NYC Public Schools ⁽²⁾	285,000
	\$411,189
TOTAL	\$1,623,064

⁽¹⁾ Represents City Match to SMART Fund ⁽²⁾ Assumes 50% Match of School Building Aid - 10 Per Year

V. Tables

Five-Year Financial Plan Revenues and Expenditures

\$ in Millions

Revenues	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Taxes					
General Property Tax	\$12,976	\$14,220	\$15,363	\$16,485	\$17,431
Other Taxes	23,498	22,652	22,231	23,040	23,882
Discretionary Transfers ⁽²⁾	---	548	---	---	---
Tax Audit Revenue	959	559	559	560	560
Tax Reduction Program	---	(1,331)	(1,607)	(1,735)	(1,846)
Miscellaneous Revenues	5,526	5,912	5,071	5,087	5,121
Unrestricted Intergovernmental Aid	33	340	340	340	340
Less: Intra-City Revenue	(1,401)	(1,369)	(1,364)	(1,365)	(1,365)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$41,576	\$41,516	\$40,578	\$42,397	\$44,108
Other Categorical Grants	1,104	1,002	1,003	1,012	1,014
Inter-Fund Revenues	418	428	404	396	391
Total City Funds and Inter-Fund Revenues	\$43,098	\$42,946	\$41,985	\$43,805	\$45,513
Federal Categorical Grants	5,906	5,302	5,384	5,369	5,362
State Categorical Grants	10,259	10,790	11,408	12,272	12,715
Total Revenues	\$59,263	\$59,038	\$58,777	\$61,446	\$63,590
Expenditures					
Personal Service					
Salaries and Wages	\$19,668	\$21,021	\$22,060	\$23,463	\$24,586
Pensions	4,861	5,728	6,390	6,461	6,461
Fringe Benefits	7,018	6,928	6,716	6,997	7,316
Subtotal: Personal Service	\$31,547	\$33,677	\$35,166	\$36,921	\$38,363
Other Than Personal Service					
Medical Assistance	\$5,194	\$5,714	\$5,603	\$5,756	\$6,076
Public Assistance	1,203	1,187	1,187	1,187	1,187
Pay-As-You-Go Capital	200	200	200	200	200
All Other ^{(1), (2)}	17,474	17,033	17,352	17,814	18,065
Subtotal: Other Than Personal Service	\$24,071	\$24,134	\$24,342	\$24,957	\$25,528
General Obligation, Lease and MAC Debt Service ^{(1), (2), (3), (4)}	4,327	3,773	3,896	4,244	5,053
FY 2006 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(3,751)	---	---	---	---
FY 2007 Budget Stabilization and Discretionary Transfers ⁽²⁾	4,385	(3,837)	---	---	---
FY 2008 Budget Stabilization ⁽³⁾	---	2,360	(2,360)	---	---
FY 2009 Budget Stabilization ⁽⁴⁾	---	---	350	(350)	---
General Reserve	85	300	300	300	300
Subtotal	\$60,664	\$60,407	\$61,694	\$66,072	\$69,244
Less: Intra-City Expenses	(1,401)	(1,369)	(1,364)	(1,365)	(1,365)
Total Expenditures	\$59,263	\$59,038	\$60,330	\$64,707	\$67,879
Gap To Be Closed	\$ ---	\$ ---	(\$1,553)	(\$3,261)	(\$4,289)

(1) Fiscal Year 2006 Budget Stabilization and Discretionary Transfers total \$3.751 billion, including prepayments of subsidies of \$473 million, lease debt service of \$74 million and Budget Stabilization of \$3.204 billion.

(2) Fiscal Year 2007 Budget Stabilization and Discretionary Transfers total \$4.385 billion, including prepayments of subsidies of \$524 million, TFA debt service of \$548 million and Budget Stabilization of \$3.313 billion.

(3) Fiscal Year 2008 Budget Stabilization totals \$2.360 billion.

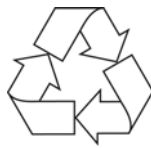
(4) Fiscal Year 2009 Budget Stabilization totals \$350 million.

Financial Plan Update

Changes Since the January 2007 Plan

	\$ in Millions				
(Increases Gap) / Decreases Gap	2007 ^f	2008 ^f	2009 ^f	2010 ^f	2011 ^f
Gaps to be Closed – January 2007 Plan	\$ ---	\$ ---	(\$2,617)	(\$3,681)	(\$3,621)
Revenue Changes					
Tax Revenue Forecast	\$1,498	\$682	\$546	\$440	\$390
State Budget (Revenue Sharing and PIT Administration)	(314)	(30)	(30)	(30)	(30)
Other Non Tax Revenue	108	186	(2)	4	16
Total Revenues Increase/(Decrease)	\$1,292	\$838	\$514	\$414	\$376
Agency (Increases)/Decreases					
HHC	(\$189)	(\$156)	(\$120)	(\$214)	(\$204)
Increase Uniformed Labor Cost to reflect Firefighter Settlement	(19)	(59)	(111)	(175)	(187)
Pensions/Fringe Benefits	100	(111)	(190)	(196)	(218)
Early Intervention	40	55	5	3	2
Debt Service	27	163	51	22	(13)
plaNYC 2030	---	(199)	(341)	(377)	(404)
Other Agency Changes (Net)	186	(531)	(363)	(367)	(322)
Total Expenses (Increases)/Decreases	\$145	(\$838)	(\$1,069)	(\$1,304)	(\$1,346)
Remaining Surplus/(Gap)	\$1,437	\$ ---	(\$3,172)	(\$4,571)	(\$4,591)
Agency Programs	\$257	\$472	\$346	\$304	\$302
Debt Retirement	(\$1,246)	\$64	\$639	\$656	\$ ---
Prepayments of 2008 Expenses	(\$448)	448	---	---	---
Prepayments of 2009 Expenses	---	(984)	984	---	---
Prepayments of 2010 Expenses	---	---	(350)	350	---
Gap to be Closed April 2007 Plan	\$ ---	\$ ---	(\$1,553)	(\$3,261)	(\$4,289)

f = forecast



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