



New York City Council

Christine C. Quinn, Speaker

Finance Division

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Preliminary Budget &
the Fiscal Year 2011 Preliminary Mayor's Management Report**

Contract Budget

March 21, 2011

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Jointly with Committee on Contracts

Hon. Darlene Mealy, Chair

Scott Crowley, Deputy Director

Paul Scimone, Assistant Director

John Lisyanskiy, Legislative Financial Analyst

Shannon K. Manigault, Counsel to the Committee on Contracts

Fiscal Year 2012 Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services.¹ The Charter defines "contractual services" as any *technical, consultant or personal service* provided to the City by means of a contract.

The Contract Budget is a subset of the Other Than Personal Services (OTPS) portion of the City's Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. In January it is prepared with the Departmental Estimates, and in late April it is submitted to the Council with the Executive Budget. The Council adopts the entire budget (Expense, Revenue, Contract and Capital) before the end of each fiscal year.

The Contract Budget sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, number of contracts per category and the corresponding dollar value anticipated to be expended in each category. The Contract Budget is a plan -- an agency's blueprint or forecast of what services it anticipates it will need to purchase during the next fiscal year.

Fiscal 2011 Contract Budget Changes

The Fiscal 2011 Adopted Contract Budget totaled approximately \$9.9 billion for 17,355 contracts. The Fiscal 2011 Contract Budget, as modified in the February Financial Plan, totals \$10.7 billion – an increase of \$815 million, or 8.3%, over the Adopted Contract Budget. Such changes are common due to the recognition of State and Federal Categorical Grant funds during the course of the year, which fund significant portions of a number of contracts, particularly in the social services area.

Fiscal 2012 Contract Budget Highlights

The Fiscal 2012 Preliminary Contract Budget proposes spending approximately \$10.2 billion on 17,249 contracts. These planned contract expenditures constitute 15.5 percent of the total Fiscal 2012 Preliminary Budget of \$65.6 billion.

Overall, the Fiscal 2012 Preliminary Contract Budget is 3.7 percent more than the Fiscal 2011 Adopted Contract Budget. Proposed contractual spending in Fiscal 2012 would increase by \$367 million. In Fiscal 2012, the Administration plans to let 106 fewer contracts.

The following table presents the Fiscal 2011 Adopted and Modified Contract Budgets, and the Fiscal 2012 Preliminary Contract Budget, compared with the Fiscal 2011 Adopted Contract Budget. The contract categories are shown by Object Code, grouped within broad categories established by the Finance Division for purposes of presentation only. Several observations are worthy of note:

- The **largest broad category of contract spending is for education-related purposes**, which totals \$4.4 billion in the FY 2012 Preliminary Contract Budget – **43% of the total** Contract Budget.
- The **largest growth in a single contract category is for Payments to Contract Schools** (object code 670). This represents payments made by the Department of Education for placement of students with special educational needs in private schools when public schools are unable to provide the appropriate instruction. The growth in this category from Fiscal 2011 to Fiscal 2012 – \$503 million – exceeds the total growth of the entire contract budget.

¹ City Charter §§100.h and 104. See Appendix B.

- Contractual spending on **equipment maintenance and repair** is budgeted to decline slightly in 2012 compared to the FY 2011 Adopted Budget. However, it is noteworthy that the **FY 2011 budget for this category grew by \$127 million, or 30%, between Adoption and the February Financial Plan**, particularly in the area of “Maintenance and Operation of Infrastructure” (object code 676).
- **Some categories of contract spending see declines due to budget cuts that may ultimately be reversed by the Council in whole or in part.** One prominent example is “**Payments to Cultural Institutions**” (object code 667), which shows a decline of 43%, or \$22.8 million. The Council has restored funding to the Department of Cultural Affairs for the last three years for the members of the Cultural Institutions Group (CIG) and other cultural programs and organizations.
- **Spending on professional and other personal services** – for legal services, auditing and accounting, computer consultants, security guards, temporary workers and cleaning services – is **projected to increase by 7.8% next year** compared to this year’s Adopted Budget level, or \$38.5 million. Again, however, the **increase between the Adopted budget and the February Financial Plan level** is quite significant -- **\$211 million, or 43%**. Half of the increase comes in the “Professional Services – Other” (object code 686) category.

Contract Budget by Category

Obj. Code	Category	Fiscal 2011 Adopted		Fiscal 2011 Modified		Fiscal 2012 Preliminary		Change from Fiscal 11 Adopted		
		#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value	Pct. Chng.
EDUCATION-RELATED										
668	Bus Transportation-Reimbursable	9	\$59,044	9	\$59,044	9	\$59,044	-	-	0.0%
669	Transportation of Pupils	443	\$1,058,201,512	443	\$1,058,249,164	443	\$1,147,434,522	-	89,233,010	8.4%
670	Payments to Contract Schools	289	\$1,643,706,643	289	\$1,643,706,643	289	\$2,146,296,643	-	502,590,000	30.6%
678	Payments to Delegate Agencies	2,026	\$360,866,703	2,062	\$373,420,118	1,939	\$268,611,000	(87)	(92,255,703)	-25.6%
685	Professional Services-Education	3,346	\$775,288,234	3,349	\$802,813,394	3,321	\$840,361,085	(25)	65,072,851	8.4%
689	Prov. Svcs Curriculum & Development	196	\$28,760,538	197	\$30,388,001	196	\$29,563,752	-	803,214	2.8%
	Subtotal, Education-Related	6,309	\$3,866,882,674	6,349	\$3,908,636,364	6,197	\$4,432,326,046	(112)	565,443,372	14.6%
EQUIPMENT										
602	Telecommunications Maintenance	403	\$44,832,515	407	\$43,282,871	401	\$49,356,931	(2)	4,524,416	10.1%
607	Maint. & Repairs Motor Vehicles	373	\$14,027,264	374	\$17,415,343	376	\$14,063,065	3	35,801	0.3%
608	Maintenance & Repairs General	1,079	\$109,995,956	1,073	\$145,759,860	1,128	\$98,767,974	49	(11,227,982)	-10.2%
612	Office Equipment Maintenance	914	\$14,701,878	907	\$15,644,703	910	\$14,296,941	(4)	(404,937)	-2.8%
613	Data Processing Equipment	478	\$129,188,685	489	\$135,526,032	478	\$132,978,378	-	3,789,693	2.9%
676	Maintenance & Oper. of Infrastructure	433	\$125,167,058	458	\$207,581,053	444	\$121,101,912	11	(4,065,146)	-3.2%
	Subtotal, Equipment	3,680	\$437,913,356	3,708	\$565,209,862	3,737	\$430,565,201	57	(7,348,155)	-1.7%
GENERAL and OTHER										
600	Contractual Services-General	742	\$516,151,492	734	\$665,222,836	769	\$502,026,402	27	(14,125,090)	-2.7%
615	Printing Contracts	358	\$31,987,290	364	\$41,390,193	355	\$32,897,539	(3)	910,249	2.8%
620	Municipal Waste Export	31	\$311,253,900	31	\$280,251,030	31	\$313,735,763	-	2,481,863	0.8%
629	In-Rem Maintenance	18	\$4,569,481	18	\$5,301,339	20	\$4,390,210	2	(179,271)	-3.9%
633	Transportation Expenditures	103	\$12,064,407	106	\$16,672,006	106	\$13,106,407	3	1,042,000	8.6%
665	Legal Aid Society	1	\$79,535,500	1	\$79,535,500	1	\$94,900,000	-	15,364,500	19.3%
667	Payment to Cultural Institutions	654	\$39,896,438	654	\$39,839,149	654	\$22,750,006	-	(17,146,432)	-43.0%
671	Training for City Employees	288	\$25,617,390	275	\$24,825,900	288	\$14,297,305	-	(11,320,085)	-44.2%
	Subtotal, General and Other	2,195	\$1,021,075,898	2,183	\$1,153,037,953	2,224	\$998,103,632	29	(22,972,266)	-2.2%

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Obj. Code	Category	Fiscal 2011 Adopted		Fiscal 2011 Modified		Fiscal 2012 Preliminary		Change from Fiscal 11 Adopted		
		#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value	Pct. Chng.
FINANCING and INVESTMENT COSTS										
617	Payments to Counterparties	1	\$109,845,855	1	\$109,845,855	1	\$107,754,303	-	(2,091,552)	-1.9%
618	Financing Contracts	5	\$55,683,610	10	\$60,685,525	7	\$66,157,439	2	10,473,829	18.8%
626	Investment Costs	41	\$7,779,258	41	\$7,580,061	41	\$7,779,258	-	-	0.0%
	Subtotal, Financing and Investment	47	\$173,308,723	52	\$178,111,441	49	\$181,691,000	2	8,382,277	4.8%
PERSONAL SERVICES										
619	Security Services	187	\$86,721,207	198	\$103,748,514	190	\$86,853,173	3	131,966	0.2%
622	Temporary Services	325	\$32,826,450	321	\$48,284,043	325	\$35,672,099	-	2,845,649	8.7%
624	Cleaning Services	329	\$20,984,108	349	\$27,572,200	331	\$20,520,440	2	(463,668)	-2.2%
681	Prof Services Accounting/Auditing	58	\$24,085,496	63	\$25,033,269	57	\$24,905,496	(1)	820,000	3.4%
682	Professional Services-Legal	93	\$68,355,504	96	\$71,282,485	95	\$103,352,425	2	34,996,921	51.2%
683	Professional Services-Engineering	32	\$5,051,078	53	\$21,893,324	31	\$1,421,587	(1)	(3,629,491)	-71.9%
684	Professional Services-Computers	263	\$100,388,636	276	\$146,065,448	256	\$130,315,386	(7)	29,926,750	29.8%
686	Professional Services-Other	559	\$153,888,434	577	\$259,379,594	520	\$127,715,550	(39)	(26,172,884)	-17.0%
	Subtotal, Personal Services	1,846	\$492,300,913	1,933	\$703,258,877	1,805	\$530,756,156	(41)	38,455,243	7.8%
SOCIAL SERVICES										
616	Community Consultants	96	\$21,831,568	103	\$27,402,742	74	\$16,327,862	(22)	(5,503,706)	-25.2%
640	Social Services-General	-	\$0	1	\$1,740	-	\$0	-	-	n.a.
641	Protective Services For Adults	10	\$20,488,752	10	\$20,488,752	10	\$20,488,752	-	-	0.0%
642	Children's Charitable Institutions	70	\$495,369,179	70	\$499,616,532	70	\$491,392,406	-	(3,976,773)	-0.8%
643	Child Welfare Services	341	\$213,336,832	341	\$225,646,232	341	\$180,233,302	-	(33,103,530)	-15.5%
647	Home Care Services	118	\$268,406,580	118	\$323,706,580	118	\$263,406,580	-	(5,000,000)	-1.9%
648	Homemaking Services	9	\$27,838,605	9	\$27,838,605	9	\$7,558,604	-	(20,280,001)	-72.8%
649	Non-Grant Charges	64	\$12,390,771	64	\$12,390,771	64	\$12,414,281	-	23,510	0.2%
650	Homeless Family Services	289	\$448,914,910	289	\$555,257,170	286	\$367,486,696	(3)	(81,428,214)	-18.1%

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Obj. Code	Category	Fiscal 2011 Adopted		Fiscal 2011 Modified		Fiscal 2012 Preliminary		Change from Fiscal 11 Adopted		
		#	\$ Value	#	\$ Value	#	\$ Value	#	\$ Value	Pct. Chng.
651	Aids Services	117	\$279,888,212	118	\$248,676,841	117	\$280,637,224	-	749,012	0.3%
652	Day Care of Children	687	\$622,764,569	687	\$698,626,234	687	\$584,289,280	-	(38,475,289)	-6.2%
653	Head Start	90	\$134,356,914	90	\$163,771,052	89	\$132,556,914	(1)	(1,800,000)	-1.3%
655	Mental Hygiene Services	471	\$634,880,164	473	\$644,703,021	472	\$638,766,508	1	3,886,344	0.6%
657	Hospital Contracts	7	\$125,470,466	6	\$123,396,347	6	\$122,621,342	(1)	(2,849,124)	-2.3%
658	Special Clinical Services	1	\$7,158,741	1	\$7,158,741	1	\$7,158,741	-	-	0.0%
659	Homeless Individual Services	138	\$210,636,676	138	\$222,657,729	138	\$254,992,156	-	44,355,480	21.1%
660	Economic Development	41	\$4,511,032	42	\$16,819,494	41	\$4,415,033	-	(95,999)	-2.1%
662	Employment Services	74	\$157,892,698	74	\$162,685,814	74	\$149,347,229	-	(8,545,469)	-5.4%
688	Bank Charges Public Assistance Account	12	\$395,347	13	\$582,267	12	\$395,347	-	-	0.0%
695	Youth Programs	643	\$194,090,992	647	\$198,048,499	628	\$131,647,279	(15)	(62,443,713)	-32.2%
Subtotal, Social Services		3,278	\$3,880,623,008	3,294	\$4,179,475,163	3,237	\$3,666,135,536	(41)	(\$214,487,472)	-5.5%
TOTAL		17,355	\$9,872,104,572	17,519	\$10,687,729,660	17,249	\$10,239,577,571	(106)	\$367,472,999	3.7%

Largest Contract Budget Categories

The following table shows the ten largest contract categories. In the Fiscal 2012 Preliminary Budget the top ten contract categories constitute over 71 percent of the total contracts budget.

The largest single category is Payments to Contract Schools, approximately \$2.1 billion, which constitutes nearly 21% of the category and is entirely within the Department of Education.

The Department of Education is also responsible for the next two largest contract categories, Transportation of Pupils (\$1.1 billion) and Professional Services (Education), for \$840 million. Other large contract categories include Mental Hygiene Services, in the Department of Health and Mental Hygiene (DOHMH); Day Care of Children, in the Administration of Children Services (ACS); Children's Charitable Institutions (foster care placements) in ACS; Homeless Family Services (primarily emergency shelter); Municipal Waste Export contracts in the Department of Sanitation; and AIDS Services in DOHMH and the Human Resources Administration.

The sixth largest category is Contractual Services – General. A number of agencies account for spending in this category, with the Administration for Children's Services accounting for roughly one-quarter of the total, as shown in the table on the following page.

Object Code	Category	Contract Budget	% of Total Contract Budget	Major Agency/ies	Amount	% of Total Category
670	Payments to Contract Schools	\$2,146,296,643	20.96%	DOE	\$2,146,296,643	100.0%
669	Transportation of Pupils	\$1,147,434,522	11.21%	DOE	\$1,147,434,522	100.0%
685	Professional Services-Education	\$840,361,085	8.21%	DOE	\$840,058,185	99.9%
655	Mental Hygiene Services	\$638,766,508	6.24%	DOHMH	\$638,764,508	99.9%
652	Day Care of Children	\$584,289,280	5.71%	ACS	\$583,616,737	99.9%
600	Contractual Services-General	\$502,026,402	4.90%	Various	See detailed table	
642	Children's Charitable Institutions	\$491,392,406	4.80%	ACS	\$491,392,406	100.0%
650	Homeless Family Services	\$367,486,696	3.59%	DHS	\$343,654,465	93.5%
620	Municipal Waste Export	\$313,735,763	3.06%	DSNY	\$313,735,763	100.0%
651	AIDS Services	\$280,637,224	2.74%	HRA, DOHMH	\$280,637,224	100.0%
	TOTAL (Top Ten)	\$7,312,426,529	71.41%			
	Total Fiscal 2012 Preliminary Contract Budget	\$10,239,577,571	100.00%			

**Contractual Services – General (Object Code 600):
Spending by Agency, FY 2012 Preliminary Budget**

Agency	Amount	Pct of Total
Admin. for Children’s Services	\$125,779,370	25.1%
Dept. of Education	84,300,559	16.8%
Dept. of Environmental Protection	58,456,402	11.6%
Dept. of Small Business Services	46,019,547	9.2%
Dept. of Sanitation	28,934,644	5.8%
Fire Department	24,975,205	5.0%
Dept. of Housing Preservation & Development	22,410,675	4.5%
Dept. of Transportation	19,714,973	3.9%
Dept. of Health & Mental Hygiene	19,303,513	3.8%
Dept. of Information Technology & Telecomm.	17,846,942	3.6%
All Other Agencies	54,284,572	10.8%
TOTAL	\$502,026,402	100%

Largest Contract Budget Agencies

In the Fiscal 2012 Preliminary Budget ten agencies constitute 93 percent of the total Contract Budget. The Department of Education alone accounts for 44% of the total.

Below is a list of the top ten agency contract budgets, which total approximately \$9.5 billion.

Ten Largest Agency Contract Budgets, FY 2012			
Agency Code	AGENCY	Contract Budget	% of Total Contract Budget
040	Department of Education	\$4,463,624,607	43.6%
068	Administration for Children's Services	\$1,531,419,985	15.0%
816	Department of Health & Mental Hygiene	\$955,739,279	9.3%
069	Human Resources Administration	\$691,160,334	6.8%
071	Department of Homeless Services	\$635,045,657	6.2%
098/099	Miscellaneous/Debt Service	\$379,231,453	3.7%
827	Department of Sanitation	\$361,436,632	3.5%
260	Department of Youth and Community Development	\$195,464,494	1.9%
125	Department for the Aging	\$161,891,672	1.6%
841	Department of Transportation	\$127,285,053	1.2%
	TOTAL (Top Ten)	\$9,502,299,166	92.8%
	Total Fiscal 2012 Preliminary Contract Budget	\$10,239,577,571	100%

Appendix A: Contract Budget by Contract Category, 2009-2012

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Modified	2012 Preliminary	Difference 2012 v 2011
Contract Budget by Contract Category						
600- Contractual Services-General	\$635,670	\$571,157	\$516,151	\$665,223	\$502,026	(\$14,125)
602- Telecommunications Maintenance	36,765	34,794	44,833	43,283	49,357	4,524
607- Maint. & Repairs Motor Vehicles	15,738	15,206	14,027	17,415	14,063	36
608- Maintenance & Repairs General	149,828	141,138	109,996	145,760	98,768	(11,228)
612- Office Equipment Maintenance	11,292	10,116	14,702	15,645	14,297	(405)
613- Data Processing Equipment	141,597	138,626	129,189	135,526	132,978	3,790
615- Printing Contracts	33,648	38,147	31,987	41,390	32,898	910
616- Community Consultants	23,603	25,560	21,832	27,403	16,328	(5,504)
617- Payments to Counterparties	65,572	41,196	109,846	109,846	107,754	(2,092)
618- Financing Contracts	39,765	43,360	55,684	60,686	66,157	10,474
619- Security Services	104,578	128,809	86,721	103,749	86,853	132
620- Municipal Waste Export	303,828	306,364	311,254	280,251	313,736	2,482
622- Temporary Services	44,974	45,318	32,826	48,284	35,672	2,846
624- Cleaning Services	31,326	28,010	20,984	27,572	20,520	(464)
626- Investment Costs	7,828	7,744	7,779	7,580	7,779	0
629- In-Rem Maintenance	5,423	4,617	4,569	5,301	4,390	(179)
633- Transportation Expenditures	17,403	14,520	12,064	16,672	13,106	1,042
640- Social Services-General	2	3	0	2	0	0
641- Protective Services For Adults	17,621	20,034	20,489	20,489	20,489	0
642- Children's Charitable Institutions	581,254	573,267	495,369	499,617	491,392	(3,977)
643- Child Welfare Services	207,149	212,157	213,337	225,646	180,233	(33,104)
647- Home Care Services	260,941	288,377	268,407	323,707	263,407	(5,000)
648- Homemaking Services	28,745	19,399	27,839	27,839	7,559	(20,280)
649- Non-Grant Charges	7,598	7,907	12,391	12,391	12,414	24
650- Homeless Family Services	453,113	541,629	448,915	555,257	367,487	(\$81,428)
651- Aids Services	245,126	222,672	279,888	248,677	280,637	\$749
652- Day Care of Children	670,344	756,700	622,765	698,626	584,289	(38,475)
653- Head Start	143,252	155,863	134,357	163,771	132,557	(1,800)

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Modified	2012 Preliminary	Difference 2012 v 2011
655- Mental Hygiene Services	\$685,171	\$698,253	\$634,880	\$644,703	\$638,767	\$3,886
657- Hospital Contracts	119,470	122,147	125,470	123,396	122,621	(2,849)
658- Special Clinical Services	8,681	7,604	7,159	7,159	7,159	0
659- Homeless Individual Services	208,570	216,042	210,637	222,658	254,992	44,355
660- Economic Development	20,787	19,351	4,511	16,819	4,415	(96)
662- Employment Services	169,911	158,053	157,893	162,686	149,347	(8,545)
665- Legal Aid Society	83,237	87,186	79,536	79,536	94,900	15,365
667- Payment to Cultural Institutions	39,693	39,044	39,896	39,839	22,750	(17,146)
668- Bus Transportation-Reimbursable	0	0	59	59	59	0
669- Transportation of Pupils	992,579	1,029,553	1,058,202	1,058,249	1,147,435	89,233
670- Payments to Contract Schools	1,270,392	1,491,472	1,643,707	1,643,707	2,146,297	502,590
671- Training for City Employees	27,004	32,802	25,617	24,826	14,297	(11,320)
676- Maintenance & Oper. of Infrastructure	256,717	273,330	125,167	207,581	121,102	(4,065)
678- Payments to Delegate Agencies	400,268	425,112	360,867	373,420	268,611	(92,256)
681- Prof Services Accounting/Auditing	17,321	14,341	24,085	25,033	24,905	820
682- Professional Services-Legal	68,337	69,004	68,356	71,282	103,352	34,997
683- Professional Services-Engineering	8,830	9,976	5,051	21,893	1,422	(3,629)
684- Professional Services-Computers	161,231	150,806	100,389	146,065	130,315	29,927
685- Professional Services-Education	758,036	836,442	775,288	802,813	840,361	65,073
686- Professional Services-Other	292,127	260,663	153,888	259,380	127,716	(26,173)
688- Bank Charges Public Assistance Account	130	149	395	582	395	0
689- Prov. Svcs Curriculum & Development	95,696	90,520	28,761	30,388	29,564	803
695- Youth Programs	214,258	207,372	194,091	198,048	131,647	(62,444)
Total Contract Budget	\$10,182,429	\$10,631,912	\$9,872,105	\$10,687,730	\$10,239,578	\$367,473

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Appendix B: The City Charter on the Contract Budget

§100.h. The departmental estimates and the executive expense budget shall include a contract budget prepared in accordance with the provisions of section one hundred four.

§104. Contract budget.

- a. Each contract budget shall set forth by agency each major category of contractual services and each multiple purpose category of contractual services for which appropriations are being proposed.
- b. Each agency head for the departmental estimates, the mayor for the executive budget, and the council for the adopted budget by a resolution adopted with the budget, shall certify that each major category of contractual services is presented as such and that no multiple purpose category contains a major category of contractual services.
- c. For purposes of this section
 1. the term "**major category**" shall mean:
 - (a) a programmatic category related to a major service provided by the agency or a major responsibility of the agency regardless of dollar amount; or
 - (b) a programmatic category related to a particular state or federal requirement; or
 - (c) a subcategory of those categories set forth in subparagraph a or b of this paragraph where the dollar amount constitutes a major commitment of city funds; or
 - (d) a category established by the council as a major category pursuant to subdivision f of this section; or
 - (e) a category certified by the mayor as a major category.
 2. the term "**multiple purpose category**" shall mean:
 - (a) groupings of contractual services for related purposes, none of which individually constitute a major category, but which together facilitate public understanding of contractual spending provided by an agency; or
 - (b) a grouping of unrelated contractual services, which individually do not constitute a major category, and which are not appropriately grouped with other contractual spending of the agency.
 3. the term "**contractual services**" shall mean technical, consultant or personal services provided to the city through contracts.
- d. **Major categories.** Each major category of contractual services shall be accompanied by a detailed description of the programmatic objectives of the category, the number of contracts estimated to be included in the category and the proposed appropriations for that category.
- e. **Multiple purpose categories.** All other contractual services shall be aggregated in multiple purpose categories. Each multiple purpose category shall be accompanied by the number of contracts estimated to be included in the category and the supporting schedules identifying the purposes and amounts involved in sufficient detail to allow the council to certify that the category does not contain major categories of contractual services.

- f. **Change of categories.** The council may alter any category in the contract budget submitted by the mayor, or change any terms and conditions of it. The mayor shall provide sufficient information and technical assistance to allow the council to certify each category as a major or multiple purpose category. The mayor may disapprove any alteration by the council. The mayor's disapproval may be overridden by a two-thirds vote of all of the members of the council.
- g. **Adoption of contract budget.** The council may increase, decrease, add or omit any amount in the contract budget as submitted by the mayor, or change any terms and conditions of the amount in that category. The mayor may disapprove any increase or addition to the amounts in the categories, or any change in any term and condition of the contract budget. The mayor's disapproval may be overridden by a two-thirds vote of all of the members of the council.
- h. **Modification of terms and conditions.** All spending for contractual services shall be in accordance with the terms and conditions of the contract budget as adopted; provided, however, that during any fiscal year the mayor shall notify the council of any proposed modification of such a term or condition. Within thirty days of the first stated meeting of the council following the receipt of such notice, the council may disapprove the proposed notification.

