

New York City Council

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

Department of Small Business Services (SBS)

March 18, 2011

Committee on Small Business

Jointly with Small Business Committee

Hon. Diana Reyna, Chair

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Small Business Services Summary and Highlights

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference 2011 – 2012
Personal Services	\$19,850	\$21,514	\$19,444	\$18,022	\$21,557	\$2,113
Other than Personal Services	133,641	138,097	111,540	126,448	102,682	(8,858)
Table Total	\$153,491	\$159,610	\$130,984	\$144,470	\$124,239	(\$6,745)

**The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.*

Summary Highlights

Program to Eliminate the Gap (PEG)

- In November 2010, in order to achieve savings, the Mayor implemented a 5.4 percent PEG (Program to Eliminate the Gap) program for Fiscal 2011 and eight percent for Fiscal 2012 for all agencies, which included a reduction of \$6.43 million in Fiscal 2011 and \$8.42 million in Fiscal 2012 to SBS (see Appendix A).
- The City’s Industrial Business Zone (IBZ) contracts also faced a funding reduction of \$65,000 in Fiscal 2011 and \$96,000 in Fiscal 2012 and 2013. The Administration is looking to reduce the 12 industrial service providers into eight.
- The PEG program further included a \$100,000 funding reduction in Fiscal 2011 and Fiscal 2012 for the City’s Empowerment Zone (EZ) program.
- Along with the Mayor’s PEG adjustments, SBS has proposed three attrition savings and three vacancy reductions for a total of six positions for Fiscal 2011 and 2012.

PEG Restoration

- The Mayor’s PEG included a 5.4 percent, or \$527,000, in direct funding reduction to City Council initiatives in Fiscal 2011. The City Council fought the reduction and successfully restored funding in full.

New Needs

- SBS’ Fiscal 2012 Preliminary Budget included two New Needs:
 - Express Workforce Centers for \$711,000 in Fiscal 2011 and \$5.5 million in Fiscal 2012 and 2013 and \$2.8 million in the outyears; and
 - MWBE Capacity Building and Joint Venture Services for \$17,000 in Fiscal 2011 and \$440,000 in Fiscal 2012 and \$435,000 in the outyears.

Department of Small Business Services (SBS)

The Department of Small Business Services (SBS) supports the formation and growth of the City's small businesses and promotes neighborhood development as well as oversees the City's adult workforce development program. SBS enhances services offered to the business community by working with other governmental agencies and public utilities. SBS also serves the City's 64 Business Improvement Districts and houses the Mayor's Office of Industrial and Manufacturing Businesses, which oversee the City's 12 Empire Zones and 16 Industrial Business Zones. In addition, SBS promotes job opportunities for New Yorkers through targeted training initiatives and programs that meet the needs of businesses and strengthen the City's workforce with the Business Solution System, Workforce1 Career Center System, and the Minority/Women-owned Business Enterprise program.

Key Public Services Areas

- Help businesses start, operate, and expand in New York City.
- Enable businesses to become more profitable and productive by connecting them to a skilled and qualified workforce while helping the City's workforce get placed in jobs and advance in their careers.
- Strengthen New York City's commercial districts by supporting locally based economic development organizations.
- Encourage a competitive and diverse New York City business environment by helping minority and women-owned businesses win City contracts.

Critical Objectives

- Help businesses and entrepreneurs secure financing, access incentives, hire and train employees, navigate government, and start a new business.
- Promote and administer incentives programs that help to retain jobs and businesses in New York City.
- Develop and expand services available through the NYC Business Express website.
- Save businesses time and money by providing qualified job candidates in a timely manner.
- Prepare jobseekers for employment, place them in jobs, and facilitate their career advancement through training linked to jobs in high growth industries.
- Strengthen commercial districts throughout the five boroughs by supporting New York City's Business Improvement District (BID) program and by providing technical assistance and project funding to local economic development organizations.
- Help historically underserved groups become more competitive and ensure their meaningful participation in government.

SOURCE: Mayor's Management Report (MMR)

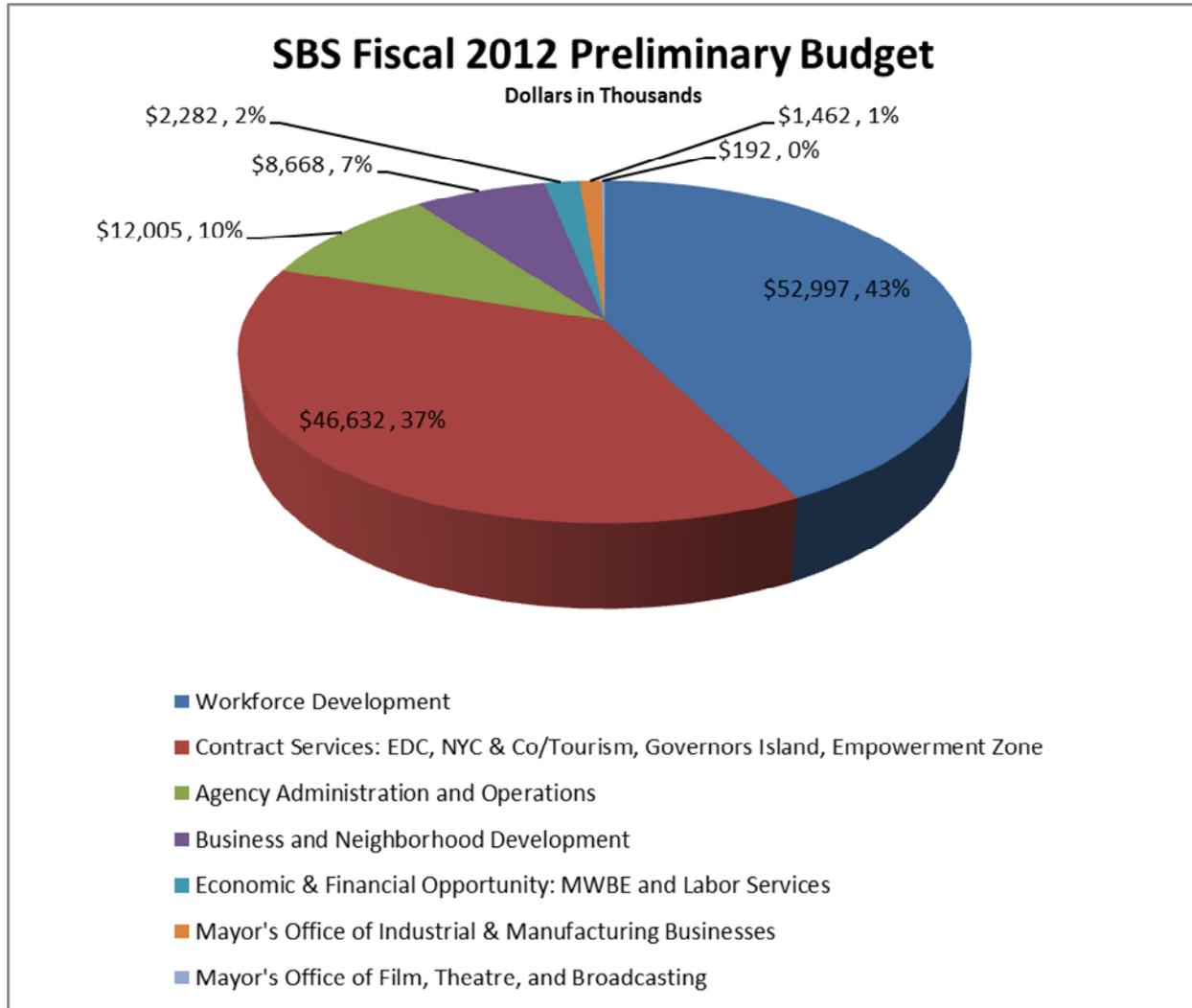
Financial Summary: Program Funding Overview

The table below is an overview of the SBS budget by programmatic functions.

<i>Dollars in Thousands</i>	2010 Actual	2011 Adopted	2011 February	2012 February	*Difference 2011-2012
Program Area					
MO Industrial & Manufacturing Businesses	\$2,938	\$1,558	\$2,181	\$1,462	(\$96)
MO Film, Theatre, and Broadcasting	2,008	1,590	422	192	(1,398)
Economic & Financial Opportunity: M/WBE	2,815	2,080	1,780	1,503	(576)
Economic & Financial Opportunity: Labor Services	553	781	886	779	(2)
Business Development	7,556	5,599	6,362	5,563	(37)
Neighborhood Development	8,507	7,082	8,612	3,105	(3,977)
Contract Services: Economic Development Corp.	22,963	15,179	22,512	20,116	4,937
Contract Services: Empowerment Zone	0	100	0	0	(100)
Contract Services: NYC & Co / Tourism Support	18,031	15,322	15,197	14,861	(462)
Contract Services: Other (Including Governors Island)	7,635	12,668	11,984	11,655	(1,013)
Workforce Development: One Stop Centers	25,981	24,118	22,837	22,758	(1,359)
Workforce Development: Program Management	8,923	7,283	14,687	16,604	9,322
Workforce Development: Training	36,746	19,595	22,466	12,917	(6,678)
Workforce Development: WIB and Other	2,496	5,978	2,344	718	(5,260)
Agency Administration and Operations	12,459	12,052	12,198	12,005	(47)
TOTAL	\$159,610	\$130,984	\$144,470	\$124,239	(\$6,745)
Funding					
City Funds	N/A	\$76,065	\$70,610	\$65,686	(\$10,379)
-City Council Funds	N/A	9,755	9,655	0	(9,755)
Other Categorical	N/A	56	757	56	0
State	N/A	1,050	2,262	893	(157)
Federal - Community Development	N/A	3,257	4,102	2,757	(500)
Federal - Other	N/A	50,501	64,802	54,837	4,336
Intra City	N/A	55	1,9367	10	(46)
TOTAL	\$159,610	\$130,984	\$144,470	\$124,239	(\$6,745)
Positions					
Fulltime Positions	243	253	228	218	(35)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

SBS Fiscal 2012 Preliminary Budget



SBS' Fiscal 2012 Preliminary Budget is \$124.2 million. The Workforce Development program makes up approximately 43 percent, or \$53 million, of SBS' budget and funds the Workforce One Stop Centers, program management, training, and the Workforce Investment Board (WIB). The Contract Services program area makes up 37 percent, or \$46.6 million, of SBS' budget. Contract Services include funding for the Economic Development Corporation (\$20.1 million), NYC & Company/Tourism (\$14.7 million), and Governors Island (\$11.7 million). The Agency's administration and operations makes up 10 percent, or \$12 million, of SBS' budget and funds the office personnel from the executive, legal, finance, information technology, and administrative offices, and other than personal services such as office supplies, property and equipment.

Headcount

The Department's headcount will decrease by 35 full-time positions in Fiscal 2012. These positions include:

- 21 positions in the Mayor's Office of Film, Theatre and Broadcasting (MOTB). MOTB is moving from SBS to the Department of Information Technology and Telecommunications (DoITT) for a savings of \$1.2 million in Fiscal 2011 and \$1.4 million in Fiscal 2012;
- The Workforce Development's Center for Economic Opportunity (CEO) program is reducing its staff by eight positions and will take these positions from the Worker Advancement Support Center, Workforce1CC Sector Strategy, and from the Transitional Jobs and Re-Entry Programs for a savings of \$250,000 in Fiscal 2012;
- The Workforce Development's Advance to Work program has three City tax levy (TL) positions that will now be funded by the Federal Workforce Investment Act (WIA), and the TL funds will be eliminated for a savings of \$456,000 in Fiscal 2011 and \$968,000 in Fiscal 2012; and
- SBS will achieve part of its November 2010 PEG by reducing three full-time vacancies in Facilities, Strategic Planning and the Division of Economic and Financial Opportunity (DEFO). SBS will eliminate one vacant Strategic Planning unit position, and the unit will be merged with the Strategic Operations unit, making the loss minimal. Within DEFO, SBS will lose two positions through attrition. These vacancies reductions will produce a savings of \$153,000 in Fiscal 2011 and \$154,000 in Fiscal 2012.

Council Funding

The City Council funding provides approximately 7.4 percent of SBS' annual City-funds operating budget. The Council has funded a number of initiatives to benefit small businesses and also provide job training and development. City Council discretionary funds regularly add up to roughly \$9.7 million annually.

Fiscal 2011 Council Changes at Adoption by Program Area	
<i>Dollars in Thousands</i>	
Small Business Services	
Small Business and Job Development/Financial Literacy	\$700
MWBE Leadership Association	700
High Tech Connect	300
Subtotal	1,700
Job Development	
Jobs to Build On	4,000
Consortium for Worker Education (CWE)	1,200
Food Retail Workforce Training	50
Subtotal	5,250
City Council Local Initiatives	
Local Member Items	2,705
Subtotal	2,705
TOTAL	\$9,655

The Mayor's November 2010 PEG program included a 5.4 percent, or \$527,000, reduction to Council initiatives that was reversed in the Fiscal 2012 February Plan.

Fiscal 2012 Preliminary Contracts Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually 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.

Category	Number of Contracts	Fiscal 2012 Amount	Percentage of SBS Total
Contractual Services General	37	\$46,019,547	37.04%
Telecommunications Maintenance	3	690,540	0.56%
Maintenance & Repair, General	2	6,900	0.01%
Office Equipment Maintenance	2	10,076	0.01%
Data Processing Equipment	1	1,000	0.00%
Printing Contracts	2	11,000	0.01%
Temporary Services	2	11,500	0.01%
Cleaning Services	1	110	0.00%
Economic Development	3	3,266,763	2.63%
Training Programs for City Employees	6	84,018	0.07%
Payments to Delegate Agencies	10	30,874,483	24.85%
Professional Services: Legal Services	1	3,000	0.00%
Professional Services: Computer Services	2	1,937,828	1.56%
Professional Services: Direct Education Services	1	53,200	0.04%
Preliminary Budget	73	\$82,969,965	66.78%

Program Areas

Mayor's Office of Industrial and Manufacturing Businesses

The Mayor's Office of Industrial and Manufacturing Businesses (IMB) coordinates the City's industrial policy to retain and promote industrial manufacturing firms and oversees the New York State Empire Zones within the City. The IMB currently manages the City's 12 Empire Zones and 18 Industrial Business Zones.

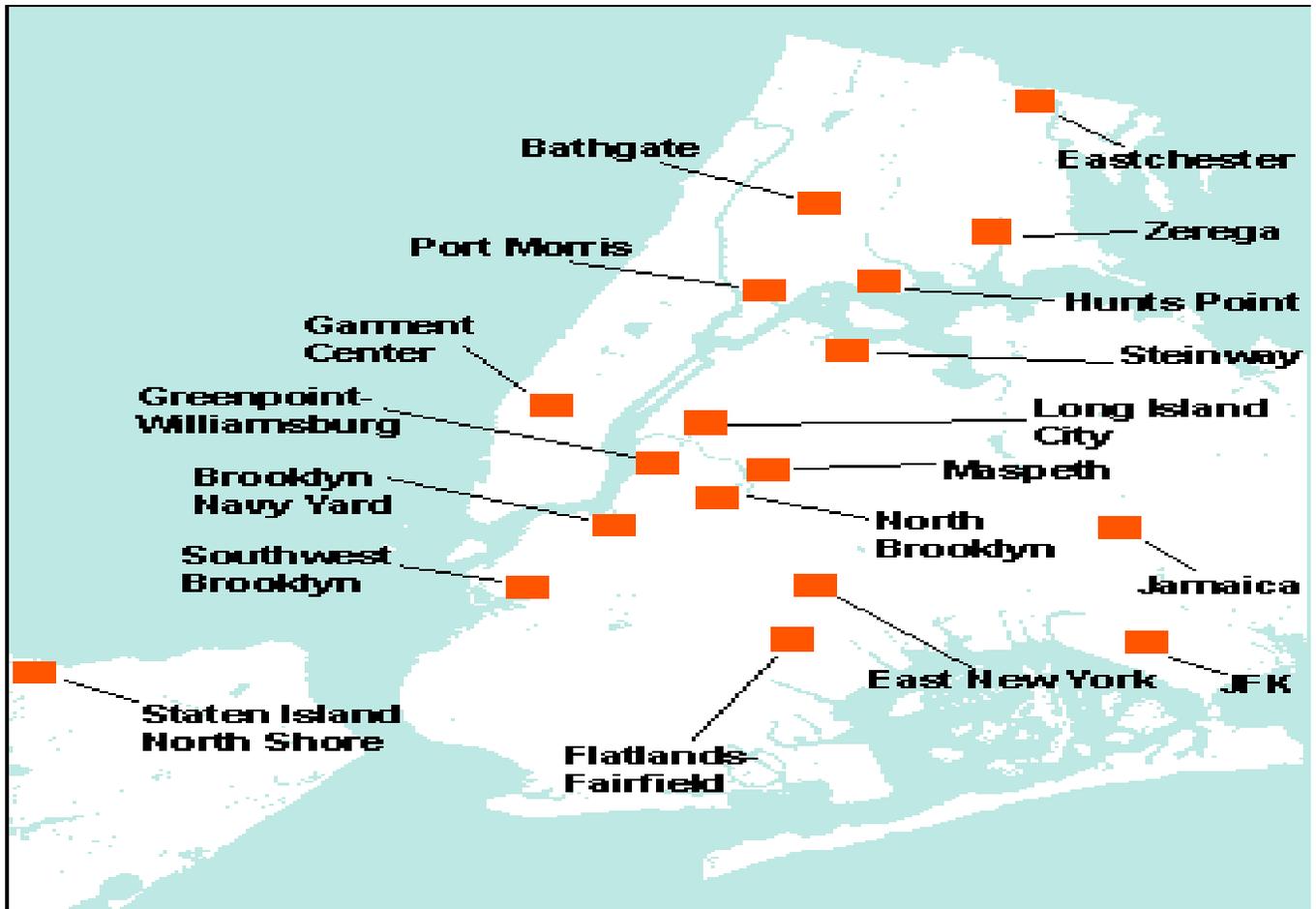
<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$239	\$169	\$358	\$1	\$358	\$0
Other Salaried and Unsalariated	10	4	0	0	0	0
Additional Gross Pay	4	5	0	0	0	0
Subtotal PS	\$254	\$177	\$358	\$1	\$358	\$0
Other Than Personal Services						
Property and Equipment	\$0		\$0			
Other Services and Charges	0	0	0	0	0	0
Contractual Services	2,119	2,761	1,200	2,180	1,104	(96)
Subtotal OTPS	\$2,119	\$2,761	\$1,200	\$2,180	\$1,104	(\$96)
TOTAL	\$2,373	\$2,938	\$1,558	\$2,181	\$1,462	(\$96)
Funding						
City Funds	N/A	N/A	\$1,558	\$1,479	\$1,462	(96)
Other Categorical	N/A	N/A	0	702	0	0
TOTAL	\$2,373	\$2,938	\$1,558	\$2,181	\$1,462	(\$96)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

As part of the November 2010 PEG program, the Administration cut \$65,000 in Fiscal 2011 and \$96,000 in Fiscal 2012 for the Industrial Business Zones (IBZs).

Currently, the IMB oversees 12 local service providers managing 18 IBZs and the industrial ombudsman areas (see map on page 9). The Administration plans to change this. There is a Request for Proposals (RFP) process underway that is expected to result in the selection of eight vendors who will be awarded two-year contracts to provide services to the IBZs and ombudsman areas. The RFP was released in January 2011 and responses were submitted to SBS in February. The focus is ensuring the City provides the most efficient and robust service to its industrial and manufacturing businesses. Under the new contracts, all of the service areas will be covered, but services have been combined in specific boroughs where appropriate. SBS looked at the proximity of IBZs, service mix, as well as employment concentration and business density taken from the New York State Department of Labor data. IMB anticipates awarding three contracts in Brooklyn, two in Queens, one in the Bronx, one in Staten Island, and one in Manhattan.

The Industrial Business Zones (IBZs)



Source: New York City Small Business Services (SBS)

Mayor's Office of Film, Theatre and Broadcasting

The Mayor's Office of Film, Theatre and Broadcasting (MOFTB) encourages the development of the entertainment industry in the City.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$1,622	\$1,696	\$1,559	\$420	\$192	(\$1,367)
Other Salaried and Unsalared	0	27	18	0	0	(18)
Additional Gross Pay	32	18	13	2	0	(13)
Subtotal PS	\$1,654	\$1,741	\$1,590	\$422	\$192	(\$1,398)
Other Than Personal Services						
Supplies and Materials	\$0	\$0	\$0	\$0	\$0	\$0
Property and Equipment	0	0	0	0	0	0
Other Services and Charges	207	210	0	0	0	0
Contractual Services	110	35	0	0	0	0
Subtotal OTPS	\$317	\$244	\$0	\$0	\$0	\$0
TOTAL	\$1,971	\$1,985	\$1,590	\$422	\$192	(\$1,398)
Funding						
City Funds	\$1,971	\$1,985	\$1,590	\$422	\$192	(\$1,398)
TOTAL	\$1,971	\$1,985	\$1,590	\$422	\$192	(\$1,398)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

In August 2010, the Mayor's Office of Film, Theatre and Broadcasting (MOFTB) merged with NYC TV to form the new Mayor's Office of Media and Entertainment (MOME). The budget for MOME is within DoITT. Therefore, the \$1.4 million reduction from the Fiscal 2011 Adopted Budget to the Fiscal 2012 Preliminary Budget reflects the transfer of these funds and 21 employees from SBS to DoITT.

Economic and Financial Opportunity: MWBE

The City's Minority and Women-Owned Business Enterprise (MWBE) fosters the growth of the City's minority and women-owned businesses. The program certifies and recertifies businesses as MWBEs and provides procurement and technical assistance to better prepare MWBEs to win City contracts.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$1,446	\$1,510	\$1,102	\$841	\$1,202	\$100
Other Salaried & Unsalaries	165	163	4	4	4	0
Additional Gross Pay	50	71	16	16	16	0
Subtotal PS	\$1,661	\$1,744	\$1,122	\$861	\$1,222	\$100
Other Than Personal Services						
Supplies and Materials	\$37	\$11	\$48	\$56	\$48	\$0
Property and Equipment	1	12	2	2	2	0
Other Services and Charges	438	137	10	40	10	0
Contractual Services	900	907	894	818	218	(676)
Fixed and Misc. Charges	4	4	4	4	4	0
Subtotal OTPS	\$1,380	\$1,071	\$957	\$919	\$281	(676)
TOTAL	\$3,041	\$2,815	\$2,080	\$1,780	\$1,503	(576)
Funding						
City Funds	N/A	N/A	\$1,881	\$1,780	\$1,503	(\$378)
Federal-Other	N/A	N/A	198	0	0	(198)
TOTAL	\$3,041	\$2,815	\$2,080	\$1,780	\$1,503	(576)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The decrease of \$576,000 from the Fiscal 2011 Adopted Budget to the Fiscal 2012 Preliminary Budget mainly reflects the elimination of funding for the City Council's MWBE Leadership Association (\$700,000), which is not baselined in SBS' budget.

New Need

- MWBE Capacity Building & Joint Venture Services:** SBS will hire a program manager for the MWBE (Minority and Women-owned Business Enterprises) Capacity-Building and Joint Venture Service. The funding of \$17,000 in Fiscal 2011 and \$440,000 in Fiscal 2012 and in the outyears will allow SBS to expand services provided by the Division of Economic and Financial Opportunity (DEFO) for the MWBE. With this funding, SBS will develop workshops to train MWBE clients on how to compete for contracting opportunities. SBS will also implement an initiative to encourage MWBE networking and the creation of joint ventures between various MWBE businesses.

Performance Measures

	FY 07	FY 08	FY 09	FY 10	FY 11 4-Month Actual
MWBEs awarded City contracts	N/A	418	427	485	N/A
Number of City contracts awarded to MWBEs	4,600	5,762	5,892	6,173	2,149
Total MWBEs certified	1,236	1,604	2,200	2,791	2,967
Annual MWBE recertification rate	59.1%	62.7%	78.2%	70.2%	N/A
Number of prime- and sub-contracts	5,000	6,500	7,000	7,500	*
Value of prime- and sub-contracts (<i>Dollars in millions</i>)	\$254	\$468	\$487	\$714	*

SOURCE: Preliminary Mayor's Management Report (MMR) and SBS

Since the implementation of the MWBE program in Fiscal 2007, the number of firms certified in Fiscal 2010 has more than doubled, while the number of city contracts awarded to MWBE businesses has increased by 34 percent. According to SBS, since 2007 MWBE businesses have been awarded over 26,000 City prime contracts and subcontracts worth more than \$1.9 billion. City-certified firms have been awarded \$714 million in City prime contracts and subcontracts in 2010.

Economic and Financial Opportunity: Labor Services

SBS monitors Equal Employment Opportunity compliance and workforce diversity requirements within specified business sectors. The program works in conjunction with the MWBE program to ensure equal opportunities with MWBE businesses.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$500	\$527	\$564	\$754	\$762	\$198
Other Salaried & Unsalari ed	8	0	0	0	0	0
Additional Gross Pay	29	23	17	17	17	0
Overtime - Civilian	23	26	17	26	17	0
Subtotal PS	\$560	\$576	\$599	\$797	\$797	\$198
Other Than Personal Services						
Contractual Services	\$250	\$0	\$200	\$107	\$0	(\$200)
Subtotal OTPS	\$250	\$0	\$200	\$107	\$0	(\$200)
TOTAL	\$810	\$576	\$799	\$904	\$797	(\$2)
Funding						
City Funds	N/A	N/A	\$799	\$904	\$797	(\$2)
TOTAL	\$810	\$576	\$799	\$904	\$797	(\$2)

**The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.*

Business Development

SBS administers a variety of business development services, including NYC Business Solutions Centers, Business Solutions Hiring & Training, Business Express, Microenterprise programs, and other direct business assistance services.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$2,538	\$2,945	\$2,108	\$2,179	\$2,108	\$0
Other Salaried & Unsalaries	216	292	125	265	125	0
Additional Gross Pay	91	102	3	20	3	0
Overtime - Civilian	4	10	0	0	0	0
Fringe Benefits	0	0	43	43	43	0
Subtotal PS	\$2,849	\$3,348	\$2,278	\$2,507	\$2,278	\$0
Other Than Personal Services						
Supplies and Materials	\$12	\$65	\$25	\$57	\$25	\$0
Property and Equipment	49	30	9	26	9	0
Other Services and Charges	19	49	62	94	61	(2)
Contractual Services	3,781	4,063	3,225	3,677	3,190	(35)
Subtotal OTPS	\$3,861	\$4,208	\$3,321	\$3,855	\$3,285	(\$37)
TOTAL	\$6,710	\$7,556	\$5,599	\$6,362	\$5,563	(\$37)
Funding						
City Funds	N/A	N/A	\$1,754	\$2,445	\$1,718	(\$37)
Federal - CDBG	N/A	N/A	496	578	496	0
Federal - Other	N/A	N/A	3,294	3,284	3,294	0
Other Categorical	N/A	N/A	56	56	56	0
TOTAL	\$6,710	\$7,556	\$5,599	\$6,362	\$5,563	(\$37)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The decrease of \$37,000 for the Business Development program area from the Fiscal 2011 Adopted Budget to the Fiscal 2012 Preliminary Budget reflects the November 2010 Graffiti Free NYC PEG.

Performance Measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	FY 11 4-Month Actual
Loans awarded to businesses through facilitation by NYC Business Solutions	176	264	575	126	208
Businesses served through NYC Business Solutions	9,235	8,999	8,957	3,513	2,899
New businesses served through NYC Business Solutions	7,632	7,236	7,766	2,710	2,157
Financing facilitated through NYC Business Solutions (<i>Dollars in thousands</i>)	\$11,931	\$24,837	\$29,528	\$8,750	\$8,140
Businesses awarded NYC Business Solutions Training Funds	23	34	42	N/A	N/A

SOURCE: Preliminary Mayor's Management Report (PMMR)

The NYC Business Solutions Centers assist businesses, regardless of their size or stage, start, operate, and expand. According to the PMMR, the NYC Business Solutions Centers helped entrepreneurs and small business owners access roughly 400 more loans in Fiscal 2010 than in Fiscal 2008, helping them access roughly \$18,000 more in financing during the same period. Businesses also continue to take advantage of Business Solutions training grants to train their employees for better work skills. Between Fiscal 2008 and Fiscal 2010, training funds to businesses have increased by approximately 83 percent.

Neighborhood Development

This program works to develop the City's business districts by encouraging the creation of Business Improvement Districts (BIDs) and other neighborhood organizations. The program also works to improve the physical conditions of neighborhoods.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$739	\$779	\$1,143	\$1,143	\$1,033	(\$110)
Other Salaried & Unsalared	73	71	5	75	5	0
Additional Gross Pay	13	15	0	0	0	0
Overtime - Civilian	0	0	0	0	0	0
Subtotal PS	\$825	\$864	\$1,148	\$1,218	\$1,038	(\$110)
Other Than Personal Services						
Supplies and Materials	\$3	\$0	\$0	\$0	\$0	\$0
Property and Equipment	2	0	0	0	0	0
Other Services and Charges	1	0	0	0	0	0
Contractual Services	\$5,911	\$7,642	\$5,934	\$7,394	\$2,067	(\$3,867)
Subtotal OTPS	\$5,917	\$7,642	\$5,934	\$7,394	\$2,067	(\$3,867)
TOTAL	\$6,742	\$8,507	\$7,082	\$8,612	\$3,105	(\$3,977)
Funding						
City Funds	N/A	N/A	\$4,277	\$3,420	\$801	(\$3,477)
Federal - CDBG	N/A	N/A	2,761	3,273	2,261	(500)
Federal - Other	N/A	N/A	43	1,919	43	0
TOTAL	\$6,742	\$8,507	\$7,082	\$8,612	\$3,105	(\$3,977)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

SBS currently serves the City's 64 Business Improvement Districts under the Neighborhood Development Program. The decrease of roughly \$4 million from the Fiscal 2011 Adopted Budget to the Fiscal 2012 Preliminary Budget is attributed to the following:

- \$1.1 million in City Council-supported small business initiatives, namely \$700,000 for Small Business and Job Development/Financial Literacy and \$400,000 for High Tech Connect. These initiatives are not baselined in the SBS' budget;
- \$1.88 million for a LMDC (Lower Manhattan Development Corporation) Small Firm Assistance Federal Grant; and
- \$1.05 million for a Brooklyn Navy Yard Planning Study.

Performance Measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	FY 11 4-Month Actual
Total City blocks receiving supplemental sanitation services through BIDs	1,162	1,262	1,262	1,262	1,262
Average acceptably clean BID sidewalk ratings (%)	98.9	99.2	99.1	99.0	98.9

SOURCE: Preliminary Mayor's Management Report (PMMR)

Contract Services: Economic Development Corporation (EDC)

The Economic Development Corporation (EDC) is a non-city agency, local development corporation that is under contract with SBS. EDC's mission is to produce jobs in the City by attracting and retaining businesses and encouraging the creation of capital projects. EDC is funded through a contract with SBS. EDC works with the private and public sectors on economic development initiatives that revitalize businesses, create jobs, and generate revenues for the City. In addition to corporate attraction and retention efforts, EDC markets, sells, and leases City-owned commercial and industrial properties; plans and prepares sites for development through infrastructure improvement; carries out capital improvements in neighborhood shopping districts and public spaces; and provides technical assistance to guide projects through the necessary public approval process. EDC is also involved in property management and development of the City's marine terminals, airports, heliports, rail yards, and industrial parks.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Other Services and Charges	\$0	\$0	\$3,589	\$1,612	\$3,037	(\$552)
Contractual Services	16,434	12,179	11,589	20,900	17,079	5,489
Fixed and Misc. Charges	3,231	10,784	0	0	0	0
Other Than Personal Services	\$19,665	\$22,963	\$15,179	\$22,512	\$20,116	\$4,937
TOTAL	\$19,665	\$22,963	\$15,179	\$22,512	\$20,116	\$4,937
Funding						
City Funds	N/A	N/A	\$12,666	\$9,312	\$10,404	(\$2,263)
Federal-CD	N/A	N/A	0	251	0	0
Federal-Other	N/A	N/A	1,417	8,856	8,819	7,402
State	N/A	N/A	1,050	2,262	893	(157)
Intra-City	N/A	N/A	46	1,831	0	(46)
TOTAL	\$19,665	\$22,963	\$15,179	\$22,512	\$20,116	\$4,937

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The approximately \$5 million increase from the Fiscal 2011 Adopted Budget to the Fiscal 2012 Preliminary Budget is attributable to the following:

- **\$2.6 million PlaNYC Brownfield Reallocation.** Unspent PlaNYC Brownfield funding will roll from Fiscal 2011 to Fiscal 2012;
- **\$1.1 million Fulton Corridor Revitalization.** Funding will increase from \$3 million in Fiscal 2011 to \$4.1 million in Fiscal 2012 for the Fulton Corridor Streetscape. This is LMDC funding provided to the City. Phase I of this study included new traffic models to analyze the effects of lane closures, street closures and other types of vehicle restrictions, computer systems to store and map information about signs, curbside regulations and traffic volume, and a framework that assigns each block in Lower Manhattan to one of five street types (access, through, activity, residential or support) to help guide the City on decisions about the future operation of streets. A street management plan was also developed to consider managing street and curb access by time of day and by vehicular class.
- **\$1.6 million Coney Island Ferry Federal and State Grant.** These funds will be used to conduct a ferry feasibility study and other intermodal transportation improvements within Coney Island. The purpose of this project is to conduct a ferry feasibility study, which will investigate three potential ferry pier locations in Coney Island: a new pier on West 8th Street, the existing Steeplechase Pier across from Key

Span Park, and a location to be determined on Coney Island Creek adjacent to Kaiser Park. The study will also include market research and revenue analysis to determine the overall financial feasibility of a ferry service to and from Coney Island.

Contract Services: NYC & Company / Tourism Support

NYC & Company is the City's official tourism marketing organization dedicated to building NYC's economy and positive image through tourism and convention development, major events, and the marketing of NYC on a worldwide basis. SBS contracts with NYC & Company to support its work in promoting NYC as a premier tourist destination and convention center.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Other Than Personal Services						
Contractual Services	\$19,557	\$18,031	\$15,322	\$15,197	\$14,861	(\$461)
Subtotal OTPS	\$19,557	\$18,031	\$15,322	\$15,197	\$14,861	(\$461)
TOTAL	\$19,557	\$18,031	\$15,322	\$15,197	\$14,861	(\$461)
Funding						
City Funds	\$19,557	\$18,031	\$15,322	\$15,197	\$14,861	(\$461)
TOTAL	\$19,557	\$18,031	\$15,322	\$15,197	\$14,861	(\$461)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The Fiscal 2012 Preliminary Budget for NYC & Company is \$461,000 less than the Fiscal 2011 Adopted Budget as a result of the Mayor's November 2010 PEG. NYC & Company will achieve its PEG target through a reduction in its personnel dedicated to the Sports Commission, which promotes sports events, and to convention sales.

Performance Measures

	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010 Forecast
Domestic visitors (<i>in millions</i>)	36.5	37.1	37.6	37	38.2
International visitors (<i>in millions</i>)	7.3	8.8	9.5	9.5	8.9
International and Domestic visitor spending (<i>in billions</i>)	\$24.71	\$28.85	\$32.1	\$28	*
Total NYC jobs supported by visitor spending	368,179	353,536	313,997	308,000	*

SOURCE: NYC & Company 2009 Annual Summary

An estimated 45.6 million visitors came to New York City in 2009, which is a 4.1 percent increase from 2006. The Mayor has projected that New York City will have 50 million visitors by 2012. Of the total number of visitors in 2009, roughly 81 percent were domestic visitors. Between 2006 and 2009, total visitor spending by both international and domestic tourists increased by 13.3 percent, however, total NYC jobs supported by visitor spending decreased by 16.3 percent.

Contract Services: Other

This program area contains funding for services and programs administered by not-for-profit and other non-City agencies that are under contract with SBS and generally provide services citywide or for large scale projects.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Other Than Personal Services						
Other Services and Charges	\$0	\$125	\$7,418	\$671	\$11,425	\$4,007
Contractual Services	1,612	7,510	5,250	11,313	230	(5,020)
Subtotal OTPS	\$1,612	\$7,635	\$12,668	\$11,984	\$11,655	(\$1,013)
TOTAL	\$1,612	\$7,635	\$12,668	\$11,984	\$11,655	(\$1,013)
Funding						
City Funds	\$1,612	\$7,635	\$12,668	\$11,984	\$11,655	(\$1,013)
TOTAL	\$1,612	\$7,635	\$12,668	\$11,984	\$11,655	(\$1,013)

**The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.*

The \$1 million funding decrease between the Fiscal 2012 Preliminary Budget and the Fiscal 2011 Adopted Budget is attributable to the November 2010 PEG for The Trust for Governors Island. The Trust will achieve savings through a combination of efficiencies, the scaling back of certain subcontracts, and changes to operations and maintenance.

Contract Services: Empowerment Zone

The New York Empowerment Zone is a federal economic development initiative that uses public funds and tax incentives to encourage private investments in Upper Manhattan and the South Bronx.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$66	\$0	\$0	\$0	\$0	\$0
Additional Gross Pay	5	0	0	0	0	0
Subtotal PS	\$71	\$0	\$0	\$0	\$0	\$0
Other Than Personal Services						
Other Services and Charges	\$16	\$0	\$0	\$0	\$0	\$0
Contractual Services	14,568	0	100	0	0	(100)
Subtotal OTPS	\$14,584	\$0	\$100	\$0	\$0	(\$100)
TOTAL	\$14,655	\$0	\$100	\$0	\$0	(\$100)
Funding						
City Funds	\$14,655	\$0	\$100	\$0	\$0	(\$100)
TOTAL	\$14,655	\$0	\$100	\$0	\$0	(\$100)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The Fiscal 2012 Preliminary Budget for Empowerment Zone is \$100,000 less than Fiscal 2011 Adopted Budget as a result of the Administration's November 2010 PEG. The City has met its \$100 million commitment to the Empowerment Zone (EZ). The \$100,000 reduction represents City funding that had been set aside for staff support in future years and had not been previously reduced.

Workforce Development: One Stop Centers, Program Management, Training, and Workforce Investment Board (WIB) and Other

SBS currently operates the City's nine Workforce1 Career Centers, which are located in the Bronx, Downtown Brooklyn, Long Island City and Jamaica, Queens, West Harlem, and Staten Island. The Workforce1 Career Centers provide job placement assistance, career advisement, job search counseling and referrals to skills training. SBS offers a range of training programs for adult jobseekers and dislocated workers, including services obtained through individual training grants.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$4,779	\$4,797	\$6,048	\$5,594	\$9,418	\$3,370
Full-Time Salaried – Uniform	2	0	0	0	0	0
Other Salaried and Unsalariated	782	1,429	925	1,111	925	0
Additional Gross Pay	162	127	57	85	57	0
Overtime - Civilian	0	1	0	0	0	0
Subtotal PS	\$5,724	\$6,353	\$7,030	\$6,790	\$10,400	\$3,370
Other Than Personal Services						
Supplies and Materials	184	23	310	105	310	0
Property and Equipment	480	127	10	16	10	0
Other Services and Charges	4,185	9,547	383	1,593	383	0
Contractual Services	53,275	58,097	49,241	53,830	41,895	(7,346)
Subtotal OTPS	\$58,125	\$67,794	\$49,943	\$55,545	\$42,598	(\$7,346)
TOTAL	\$63,849	\$74,147	\$56,973	\$62,239	\$52,998	(\$3,976)
Funding						
City Funds	N/A	N/A	\$16,706	\$16,986	\$15,797	(\$909)
Federal - Other	N/A	N/A	40,268	45,253	37,201	(3,067)
TOTAL	\$63,849	\$74,147	\$56,973	\$62,239	\$52,998	(\$3,976)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

The Fiscal 2012 Preliminary Budget includes approximately \$53 million for Workforce Development. The program, overall, has a funding decrease of \$9.4 million, which is attributable to the following:

- \$5.2 million in City Council workforce development initiatives, including \$4 million for Jobs to Build On (JtBO) and \$1.2 million for the Consortium for Worker Education (CWE). City Council initiatives are not baselined in SBS' budget;
- \$3 million decrease in Federal funding, which includes approximately \$2.8 million in remaining Federal Stimulus funding set to expire by June 30, 2011, and \$200,000 in Workforce Investment Act (WIA) funding that had not been allocated for Fiscal 2012;

- A \$1.2 million reduction to the Commission for Economic Opportunity (CEO) funding, including the \$968,000 November 2010 Plan PEG to the Advance to Work program, which provides free services to help workers get promoted, earn more, access benefits, and receive career advancement tips. The Advance to Work program has three City tax levy (TL) positions that will now be funded with Federal dollars from the Workforce Investment Act (WIA) funding stream; and
- A \$250,000 funding reduction to the CEO in Fiscal 2011 only.

These cuts total \$9.4 million, which are offset by the following \$5.5 million in New Need for the Workforce Express Centers.

SBS Express Workforce1 Centers. SBS will fund four new positions related to the Workforce Express Center initiative. SBS will build new Express Centers to bring Workforce1 services to underserved and high-need areas across the City. In December 2010, the Mayor announced a plan to open 10 new Workforce1 Express Centers across the City over the next year. The Express Centers will focus exclusively on screening and matching jobseekers to jobs, and they will partner with community colleges, public libraries, and neighborhood organizations in areas where there are high concentrations of unemployment. SBS' goal is to increase job placement from 25,000 in 2010 to 35,000 in 2011, and 40,000 in 2012.

Federal Stimulus Funding

In February 2009, SBS received \$31.73 million in Workforce Investment Act (WIA) funds from the American Recovery and Reinvestment Act of 2009 (ARRA). The funds were allocated to expand the Workforce1 Career Centers, invest in occupational training in healthcare, information technology, and food service industry, and provide funding for community-based organizations to provide job training and placement services to dislocated workers. SBS' goal is to put 10,000 New Yorkers in job training and place 6,000 in jobs. In May 2010, the SBS Commissioner Robert Walsh testified that 7,000 residents were in job training and 1,200 were placed in jobs.

Performance Measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	FY 11 4-Month Actual
Number of new jobseekers registered through the Workforce1 Career Centers	58,795	94,382	97,755	35,398	31,314
Workforce1 system-wide placements	17,149	19,386	29,456	8,971	11,066

SOURCE: Preliminary Mayor's Management Report (PMMR)

According to the PMMR, between Fiscal 2008 and Fiscal 2010, approximately 39,000 new job seekers were registered through the Workforce1 Career Center system, representing an 83 percent increase. This increase is due largely to more customers seeking job career services during the current economic downturn and also due to the expanded weeknights and weekend service hours. Furthermore, the Workforce1 Career Centers placed more than 12,000 in jobs between Fiscal 2008 and Fiscal 2010, which is an increase of 72 percent. The increase in placements was attained by targeting employers with recruitment needs and through initiatives aimed at connecting more trainees to employment.

Agency Administration and Operations

This program area includes the administrative functions of SBS. Funding for Administration and Operations serves the agency across all program areas. This program area funds the office personnel from the executive, legal, finance, information technology, and administrative offices, and other than personal services such as office supplies, property and equipment.

<i>Dollars in thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	*Difference, 2011 – 2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$5,225	\$5,622	\$5,118	\$5,081	\$5,071	(\$47)
Other Salaried & Unsalariated	818	828	161	276	161	0
Additional Gross Pay	214	258	42	72	42	0
Overtime - Civilian	23	25	15	15	15	0
PS Other	1	0	0	0	0	0
Fringe	0	0	(0)	0	0	0
Subtotal PS	\$6,281	\$6,734	\$5,336	\$5,444	\$5,289	(\$47)
Other Than Personal Services						
Supplies and Materials	\$94	\$211	\$91	\$254	\$91	\$0
Property and Equipment	24	40	18	74	18	0
Other Services and Charges	4,298	3,665	4,281	4,325	4,281	0
Contractual Services	1,730	1,794	2,326	2,102	2,326	0
Fixed and Misc. Charges	81	15	0	0	0	0
Subtotal OTPS	\$6,226	\$5,725	\$6,716	\$6,755	\$6,716	\$0
TOTAL	\$12,507	\$12,459	\$12,052	\$12,198	\$12,005	(\$47)
Funding						
City Funds	N/A	N/A	\$6,761	\$6,896	\$6,713	(\$47)
Federal - Other	N/A	N/A	5,281	5,292	5,281	0
Intra City	N/A	N/A	10	10	10	0
TOTAL	\$12,507	\$12,459	\$12,052	\$12,198	\$12,005	(\$47)

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 February Plan funding.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2010 Plan	\$76,065	\$55,217	\$131,282	\$57,823	\$50,362	\$108,185
Program to Eliminate the Gap (PEGs)						
Advance at Work	(\$456)	\$0	(\$456)	(\$968)	\$0	(\$968)
Direct Reduction of City Council Funding	(527)	0	(527)	0	0	0
Downtown Brooklyn Partnership Reduction	(14)	0	(14)	(20)	0	(20)
East River Ferry Operating	(48)	0	(48)	(282)	0	(282)
EDC Community Court Reduction	(16)	0	(16)	(23)	0	(23)
Financial Services	(353)	0	(353)	0	0	0
Governors Island Reduction	(671)	0	(671)	(993)	0	(993)
Graffiti Free NYC	(44)	0	(44)	(38)	0	(38)
NYC & Company Credit for Tavern on the Green Visitors	(121)	0	(121)	0	0	0
NYC & Company Sports Commission & Convention Sales	(125)	0	(125)	(365)	0	(365)
PlaNYC-EDC Budget PEG-OER Brownfields Fund	(362)	0	(362)	(319)	0	(319)
Reduction to OTPS	(220)	0	(220)	(151)	0	(151)
Reduction to SBS Empowerment Zone (EZ)	(100)	0	(100)	(100)	0	(100)
Three Vacancy Reduction	(153)	0	(153)	(154)	0	(154)
Total, PEGs	(\$3,210)	\$0	(\$3,210)	(\$3,413)	\$0	(\$3,413)
Restoration of PEGs						
Restoration of City Council Funding	\$527		\$527	\$0		\$0
Total, Restoration of PEGs	\$527	\$0	\$527	\$0	\$0	\$0
New Needs						
Express Workforce Centers	\$711	\$0	\$711	\$5,500	\$0	\$5,500
MWBE Capacity Building and Joint Venture Services	17	0	17	440	0	440
EDC Funding Adjustment	77	0	77	184	0	184
Total, New Needs	\$805	\$0	\$805	\$6,124	\$0	\$6,124
Other Adjustments						
Ave NYC P/D Position FY11	\$0	(\$20)	(\$20)	\$0	\$0	\$0
Avenue NYC Memo	0	218	218	0	0	0
Avenue NYC Rollover	0	315	315	0	0	0
BQE Mitigation Study	0	144	144	0	0	0
Business Basics Memo	0	53	53	0	0	0
Business Basics Rollover	0	10	10	0	0	0
Coney Island Ferry Feasibility	0	440	440	0	1,840	1,840
Coney Island Ferry State Match	0	60	60	0	225	225
Credit for Fringe benefits savings associated with PS reductions	77	0	77	93	0	93
Disability Program Navigator	0	52	52	0	0	0
DOE ARRE Intra-City	0	818	818	0	0	0
EDC State EPF Design The Edge	0	185	185	0	0	0
Graffiti Free NYC-CD	0	251	251	0	0	0
IC W/ DSBS	0	20	20	0	0	0

<i>Dollars in thousands</i>	Fiscal 2011			Fiscal 2012		
	City	Non-City	Total	City	Non-City	Total
IC W/ SBS	\$0	\$20	\$20	\$0	\$0	\$0
IC W/ EDC Consultant	0	(46)	(46)	0	0	0
Increase TAA budget	0	385	385	0	0	0
LMDC Tranp Eng Services	0	1,469	1,469	0	824	824
MOFTB/MOME Transfer	(1,168)	0	(1,168)	(1,398)	0	(1,398)
NYC & Company Contract-Offset for Services Provided for Tavern on the Green Visitors Center	121	0	121	0	0	0
PlaNYC ESC ARRA Solar City	0	558	558	0	375	375
PS TAA Revenue	0	(248)	(248)	0	(248)	(248)
Small Firm Assistance Rollover	0	1,876	1,876	0	0	0
Vendor Market Memo	0	19	19	0	0	0
ARRA: EDC Clean DG Feasibility	0	500	500	0	500	500
Brownfields EPA CW Petrol	0	194	194	0	0	0
Brownfields EPA HAZ Melrose	0	194	194	0	0	0
Brownfields Fund Reallocation	(2,609)	0	(2,609)	2,609	0	2,609
Cedar Grove Intra City	0	93	93	0	0	0
Central Depot Electric FY11	0	110	110	0	-	0
CEO Funding Distribution	0	0	0	3,819	0	3,819
CEO Program Funding	0	0	0	30	0	30
Comprehensive Street Management Plan with EDC	0	388	388	0	0	0
EDC Intra City	0	96	96	0	-	0
ERW Habitat	0	176	176	0	668	668
EPF Ferry Feasibility Study	0	740	740	0	0	0
Fulton Corridor-Streetscape	0	2,967	2,967	0	4,053	4,053
Graffiti Removal Funding	0	1,200	1,200	0	-	0
IC with EDC Consultant	0	0	0	0	(46)	(46)
IMB Contract-Tax Levy	0	396	396	0	0	0
IMB-FY11 Contracts	0	305	305	0	0	0
Increase PS S009	0	57	57	0	0	0
Increase TAA budget	0	886	886	0	0	0
LMDC WTC Performing Arts Center	0	974	974	0	0	0
OTPS Stimulus	0	2,742	2,742	0	0	0
SUNY Maritime Support Services	0	51	51	0	0	0
Total, Other Adjustments	(\$3,579)	\$18,644	\$15,065	\$5,153	\$8,191	\$13,344
Agency Budget as of January 2011 Plan	\$70,608	\$73,861	\$144,469	\$65,687	\$58,553	\$124,240

*Continuation from previous page