



**THE COUNCIL OF THE CITY OF NEW YORK
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SPEAKER QUINN PRESENTS COUNCIL RESPONSE TO MAYOR'S PRELIMINARY BUDGET

*Balanced budget will aid middle class New Yorkers, continue financial reform,
pay down future expenses; Speaker also proposes full six day library service*

New York, NY, April 5, 2007 – Council Speaker Christine C. Quinn today presented the City Council's response to Mayor Bloomberg's Fiscal Year (FY) 2008 preliminary budget. At the Chatham Square Library in Lower Manhattan, Speaker Quinn expressed optimism about the City's economy but cautioned that not all New Yorkers were sharing equally in the success. She also expressed the need for fiscal prudence as the economy's rate of growth may slow in coming months. The Council's budget proposal balances the budget and limits new spending while also proposing several tax cuts and savings for the coming years.

FY 2008 Financial Plan

The Council's Financial Plan is similar to the Office of Management and Budget's with optimistic projections for the money the City will take in offset by recognition of budget risks identified subsequent to the release of the Mayor's Preliminary Budget in January. The overall size of the Council Fiscal 2008 budget is \$61 million greater than the Administration's. The Council's budget also provides for paying down future expenses by \$1.586 billion, an increase of \$213 million over the Mayor's plan.

The Council's FY 2008 financial plan adds resources by reducing Fiscal 2008 agency spending by \$243 million and projects an additional \$619 million in tax revenue. Offsetting these increases are \$45 million in Council initiatives, \$258 million in tax cuts, \$266 million in restorations. The Council is also setting aside \$300 million to address shortfalls identified since January. The net additional surplus identified by the Council in Fiscal 2007 of \$220 million will contribute to paying down expenses in Fiscal 2009.

The Council's response identifies areas in the City budget that year-after-year are over-budgeted, and proposes more accurate funding levels. This includes heat, power and light for City buildings and judgments and claims, among other areas.

The Council plan would also reduce unnecessary agency program spending, and reallocate that funding to other areas. For example, in the Department of Education, the Council identified over \$12 million allocated to the Panel for Educational Policy, an appointed body which meets quarterly. The Council budget moves these funds to programs in the classroom instead.

The Council has also begun a process of evaluating its own budgetary priorities and has already identified \$6.2 million in potential cuts to Council-funded initiatives. This process will continue throughout the spring.

“Although our City is on a great economic path, history has shown that no financial upswing lasts forever. Today we are acting to identify overspending and eliminate unnecessary or outdated programs while also cutting taxes and putting away \$1.6 billion for future needs. We propose responsible new spending like protecting affordable housing, creating primary care clinics, expanding library service and building more full day Pre Kindergarten. This budget is a responsible fiscal plan for the future,” said **Speaker Quinn**.

“The Council has taken great strides toward presenting a budget that is more transparent and reflective of the needs of our citizens. As part of the Council's ongoing effort to reform the budget process, today's agenda provides New Yorkers with a balanced budget that couples increased fiscal responsibility with bold new initiatives,” said Finance Committee Chair **David Weprin**.

Fiscal and Budgetary Reform

Continuing last year's push to end the annual 'budget dance' between the Administration and the Council, this year's budget contains clearer information on program spending. The Council's own final budget documents will also provide information about the purpose of Council funding and which member or group of members requested the allocation. The Council continues to hold year round budget meetings, allowing for more thorough long term planning. The Council's role in the City's capital budget is also being greatly expanded. This year, the Council held separate hearings on capital budget allocations for several agencies, and the budget makes several capital budget proposals.

Protecting Middle Class New Yorkers

Speaker Quinn proposed several initiatives, including tax cuts, to make New York City more livable for all New Yorkers. These initiatives include:

- **Keeping libraries open six full days a week**
Increase access to community activities by opening libraries 6 full days a week: The demand for library service is at an all time high, yet New York City libraries are open fewer hours per week than libraries in other major metropolitan cities. In order to expand hours to six full days a week, the Council is proposing \$43 million in increased funding for all three library systems, to be phased in over the next three years.
- **Proactively investigating & prosecuting child abuse**
Expand child abuse staff in District Attorney offices in all five boroughs: With a 31% increase in reports of abuse or neglect over the past year, the staffing for investigations and prosecutions of child abuse is simply insufficient. The Council budget proposes a \$3 million investment in investigatory and prosecutorial staff for the City's District Attorneys, which could also serve at Child Advocacy Centers.
- **Tax Reductions**
Raise income limits for seniors and the disabled on certain rent increase exemptions. The Senior Citizen Rent Increase Exemption (SCRIE) and its companion for the disabled, DRIE, exempt the elderly and people on disability from most rent increases. The Council plan calls on the State to raise income limits to \$30,000 from \$27,000.
- **Giving tenants a break through a Renters Tax Credit.** Over 40% of renters spend a third of their income on rent. Renters making less than \$75,000 for a family of four, and \$43,000 for individuals would receive a \$300 refundable income tax credit.
- **Making housing more affordable to more New Yorkers**
Help more New Yorkers become first-time homeowners: Under current City programs, families making less than 80% of Area Median Income (for a family of four, currently \$56,720 a year) can

receive help paying closing costs and down payments. The Renters to Owners Opportunity Fund (ROOF) would create a new program for families who make up to 130% of Area Median Income (\$92,170 a year for a family of four).

Stop foreclosures before they happen: To make potential homebuyers more financially literate, the Council would link New Yorkers to responsible lenders through counseling programs. During the recent housing boom, many families were targeted for high-risk sub-prime mortgages, leading to an 18% increase in foreclosures. Studies have shown that people who take part in pre-purchase homeownership counseling are 34% less likely to default on their mortgages.

Rehab affordable housing: A significant inventory of federally subsidized housing is in poor physical and financial condition. As a result, HUD may foreclose and sell to the highest bidder, causing a loss of affordable housing. To preserve these housing units, the Council is proposing spending City capital dollars toward revitalizing federally subsidized housing.

- **Making New York City Healthier**

Primary care is preventive care: To expand access to quality primary care, and ultimately save the City from costly emergency room visits that could have been prevented, the Council proposes creating ten state-of-the-art health care facilities. These clinics would offer quality care and expertise in community needs. Facilities would be built over the next five years and would serve neighborhoods with the most severe primary health care shortages.

- **Continuing to push for full-day pre-kindergarten**

Full Day Pre-K gives our students a sound foundation: The City provides pre-Kindergarten for 45,000 four year old – but the vast majority of the programs are only two and a half hours long. Most working families need better. Last year, the City Council secured 2,100 new full-day Pre-Kindergarten seats. The Council proposes to expand by an additional 2,100 full –day slots this year, and to support teacher development and training at community based organizations.

The full text of the Council’s budget response and Speaker Quinn's presentation can be downloaded at <http://www.nycouncil.info/budget08>.

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