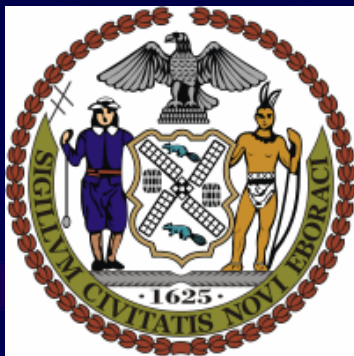


Response to the Fiscal Year 2009 Preliminary Budget

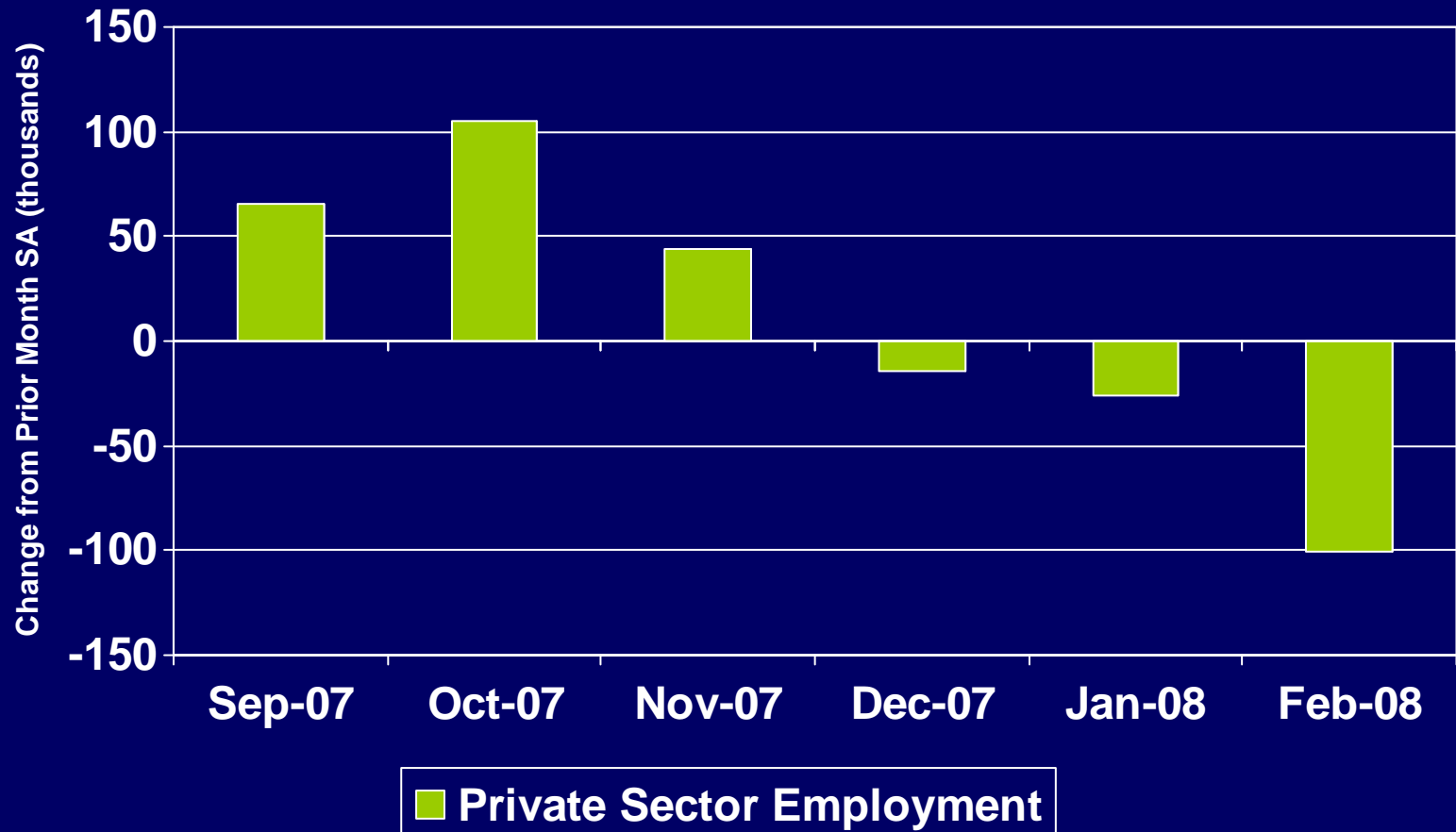


New York City Council
April 1, 2008

Economic Forecast

National Economy

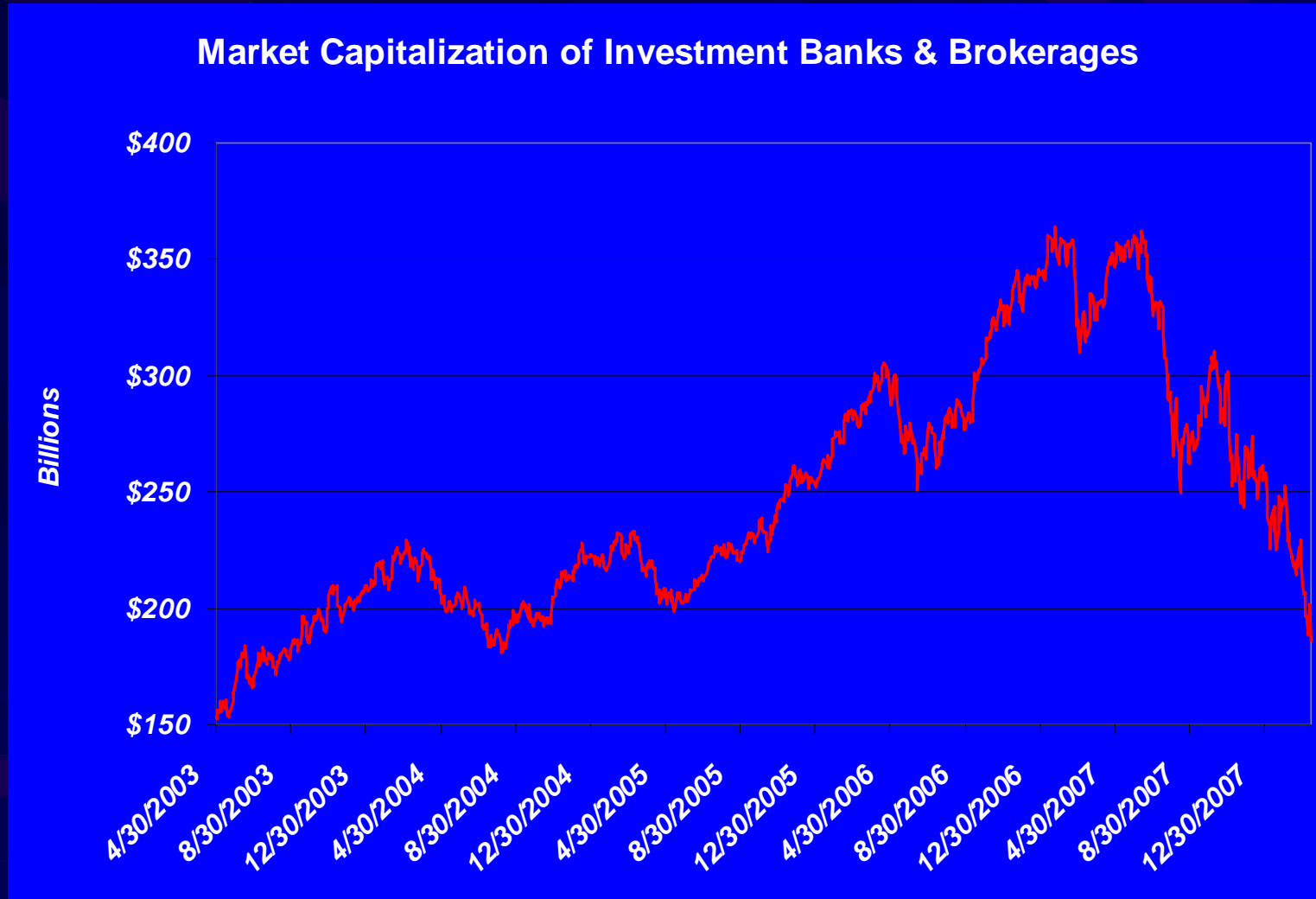
The National Recession



Economy will Return to Normal Growth in the Second Half of 2009



The Financial Sector Boom is Over



New York City Economy

With a slowing economy, wages paid in the City will barely keep up with inflation



City job growth will slow, remaining barely positive



Annual Change

Sources: NYS Department of Labor – Council Finance Forecast

City tax revenue decline over two years



Council Finance Forecast: Difference in Tax Revenue from OMB's Fiscal 2009 Preliminary Plan (Million \$)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Real Property	\$0	(\$51)	(\$94)	(\$2)	\$233
Other Property	\$41	\$99	\$191	\$271	\$287
Business Taxes	\$98	\$154	\$229	\$187	(\$93)
Personal Income	\$81	\$131	\$74	\$219	\$80
Sales	\$29	\$53	(\$8)	(\$48)	(\$65)
Other Taxes	\$10	\$6	(\$1)	(\$20)	(\$18)
Total	\$258	\$392	\$390	\$607	\$423

What the City Should Do In Tough Economic Times

Position Itself Responsibly to Respond to Economic Uncertainty

- Decrease spending on city services
- Significantly reduce 2010 budget gap and out-year gaps
- Help to maintain property tax reductions
- Reduce impact on Core Services
- Cyclical Budget Management

**Reduce spending on City Services
by \$800 million to \$1 billion**

**Council believes some agencies can
sustain additional cuts**

Identify Additional Budgetary Resources

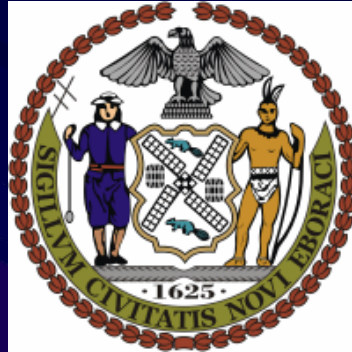
- \$650 million revenue (FY 08 & 09)
- \$558 million re-estimates (FY 08 & 09)
- \$160 million agency cuts (FY 09)

\$1.37 billion total

Use additional resources to...

- Reduce 2010 and out-year budget gaps
- Substitute most problematic cuts with alternate cuts
- Fund shared priorities

**Institute Cyclical Budget
Management through
Charter Revision or Local
Law**



<http://council.nyc.gov>