

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council  
Christine C. Quinn



Hon. Diana Reyna, Chair, Small Business Committee

## Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Department of Small Business Services

**March 21, 2012**

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## Agency Overview

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.

This report provides a review of SBS' Preliminary Budget for Fiscal 2013. In the first section, the highlights of the Fiscal 2013 expense budget are presented, along with a discussion of the Department's Financial Summary, Contract Services with non-city agencies, and the City Council's small business initiatives. The report then presents the Department's budget by program area, discusses initiatives included in the November and February Financial Plans, and reviews relevant sections of the Preliminary Mayor's Management Report for Fiscal 2012. Finally, the appendices highlight the Budget Actions in the November and February Plans, the Department's Contract Budget, and the reconciliation of program areas to units of appropriation.

## Fiscal 2013 Preliminary Plan Highlights

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
Personal Services	\$18,808	\$17,624	\$17,308	\$17,028	(\$596)
Other Than Personal Services	128,853	128,397	135,852	96,494	(31,904)
<b>Agency Total</b>	<b>\$147,662</b>	<b>\$146,021</b>	<b>\$153,159</b>	<b>\$113,522</b>	<b>(\$32,500)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

SBS' Fiscal 2013 Preliminary Budget reflects a \$32.5 million, or 21.22 percent, decrease when compared to the Fiscal 2012 Adopted Budget (see SBS Financial Summary pages 3-4).

There are 15 positions less in the Fiscal 2013 Preliminary Budget for SBS when compared to the Fiscal 2012 Adopted Budget as a result of vacancy elimination and attrition savings from the November 2011 PEGs (see SBS Financial Summary pages 3-4).

## Program to Eliminate the Gap (PEG)

- In November 2011, in order to achieve savings, the Mayor implemented a 2 percent PEG (Program to Eliminate the Gap) program for Fiscal 2012 and 6 percent for Fiscal 2013 for all agencies, which included a reduction of \$1.66 million in Fiscal 2012 and \$4.79 million in Fiscal 2013 to SBS (see Appendix A).
- As part of the PEG, the City's Industrial Business Zone (IBZ) contracts faced a funding reduction of \$64,000 in Fiscal 2013, after the City Council restored \$96,000 in the Fiscal 2012 Adopted Budget for the IBZ.
- The PEG program further included a \$168,000 funding reduction in Fiscal 2012 for the City Council initiatives, including the Council Speaker's High Tech Connect Program.

## **PEG Restoration**

- The City Council fought the Mayor's \$168,000 PEG reduction to the City Council initiatives and successfully restored funding in full (see Appendix A). The City Council also restored the \$5,000 funding reduction to the EDC Community Courts in Midtown and Red Hook.

## Department of Small Business Services Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Budget by Program Area</b>					
MO Industrial & Manufacturing Businesses	\$1,634	\$1,156	\$1,156	\$996	(\$160)
MO Film, Theatre, and Broadcasting	416	0	0	0	0
Economic & Financial Opportunity: M/WBE	2,393	2,766	3,033	1,904	(862)
Economic & Financial Opportunity: Labor Services	767	780	780	780	0
Business Development	7,423	6,009	7,512	5,835	(174)
Neighborhood Development	6,228	5,999	5,140	2,682	(3,318)
Contract Services: Economic Development Corp	31,603	27,828	24,098	14,412	(13,416)
Contract Services: NYC & Company / Tourism Support	15,197	14,267	13,981	13,278	(988)
Contract Services: Other (Including Governors Island)	12,209	11,189	16,241	10,308	(881)
Workforce Development: One Stop Centers	25,454	26,657	27,521	26,339	(318)
Workforce Development: Program Management	12,677	8,471	12,342	8,276	(194)
Workforce Development: Training	16,257	23,712	22,834	16,152	(7,560)
Workforce Development: WIB and Other	2,626	5,323	1,691	778	(4,545)
Agency Administration and Operations	12,776	11,866	16,830	11,782	(84)
<b>TOTAL</b>	<b>\$147,662</b>	<b>\$146,021</b>	<b>\$153,159</b>	<b>\$113,522</b>	<b>(\$32,500)</b>
<b>Funding</b>					
City Funds	N/A	\$85,773	\$82,678	\$62,534	(\$23,239)
-City Council Funds	N/A	6,191	0	0	(6,191)
Other Categorical	N/A	56	519	56	0
State	N/A	2,343	3,508	0	(2,343)
Federal - Community Development	N/A	2,834	3,112	2,481	(353)
Federal - Other	N/A	55,006	59,133	47,942	(7,064)
Intra City	N/A	10	4,210	510	500
<b>TOTAL</b>	<b>N/A</b>	<b>\$146,021</b>	<b>\$153,159</b>	<b>\$113,522</b>	<b>(\$32,500)</b>
<b>Positions</b>					
Full-Time Positions - Civilian	200	223	214	208	(15)
<b>TOTAL</b>	<b>200</b>	<b>223</b>	<b>214</b>	<b>208</b>	<b>(15)</b>

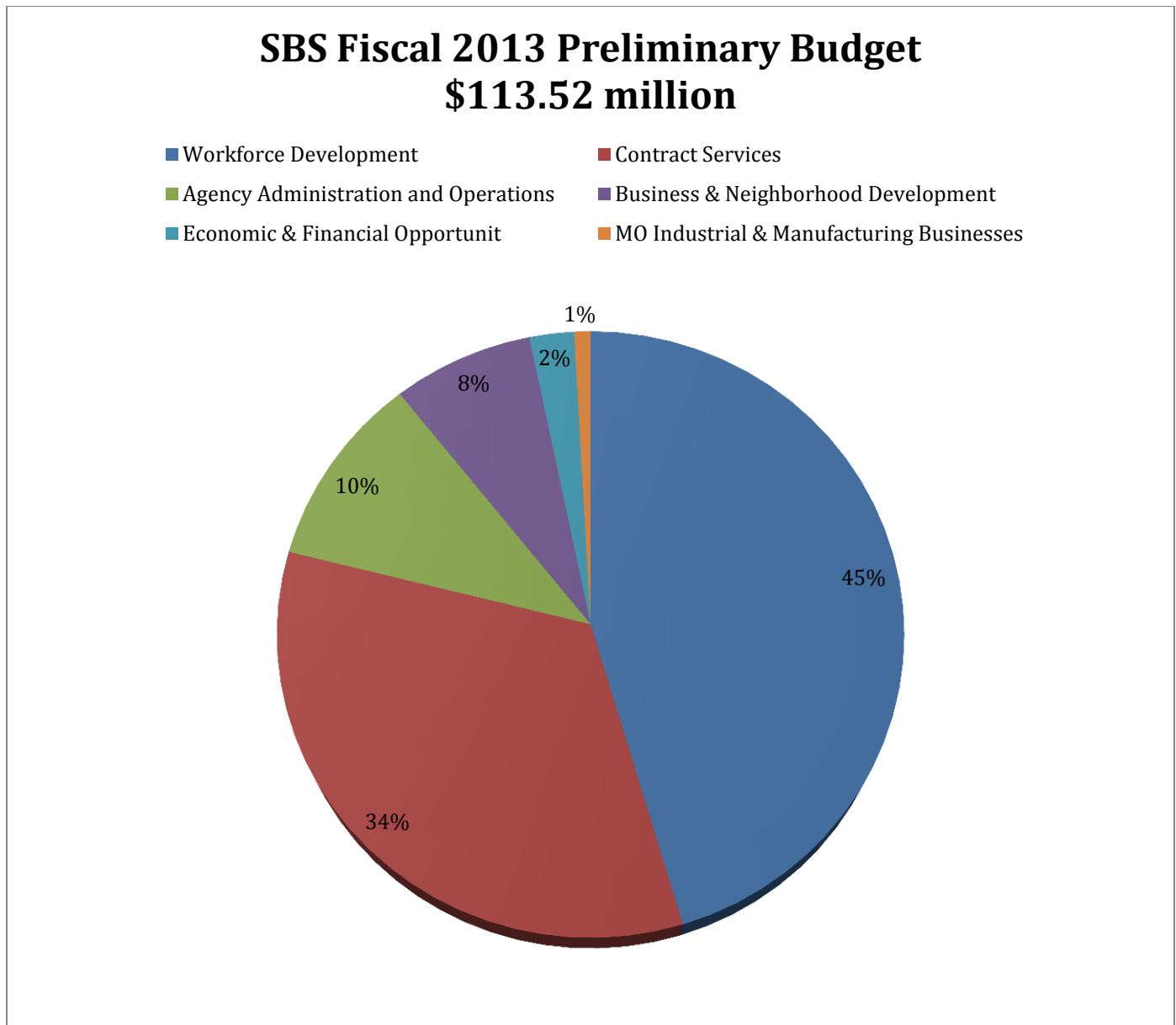
*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

SBS' Fiscal 2013 Preliminary Budget reflects a \$32.5 million, or 21.22 percent, decrease when compared to the Fiscal 2012 Adopted Budget. At the time of Adoption in June 2011, the Fiscal 2013 Estimated Budget was \$105.04 million, which was \$40.98 million less than the Fiscal 2012 Adopted Budget of \$146.02 million. Budget actions as a result of the November 2011 Program to Eliminate the Gap (PEG) program and Other Adjustments added \$8.48 million to the Fiscal 2013 Preliminary Budget. The net \$32.5 million decrease between the Fiscal 2013 Preliminary Budget and Fiscal 2012 Adopted Budget is, thus, a reflection of these budget actions (see Appendix A).

There are 15 positions less in the Fiscal 2013 Preliminary Budget for SBS when compared to the Fiscal 2012 Adopted Budget as a result of vacancy elimination and attrition savings from the November 2011 PEG program.

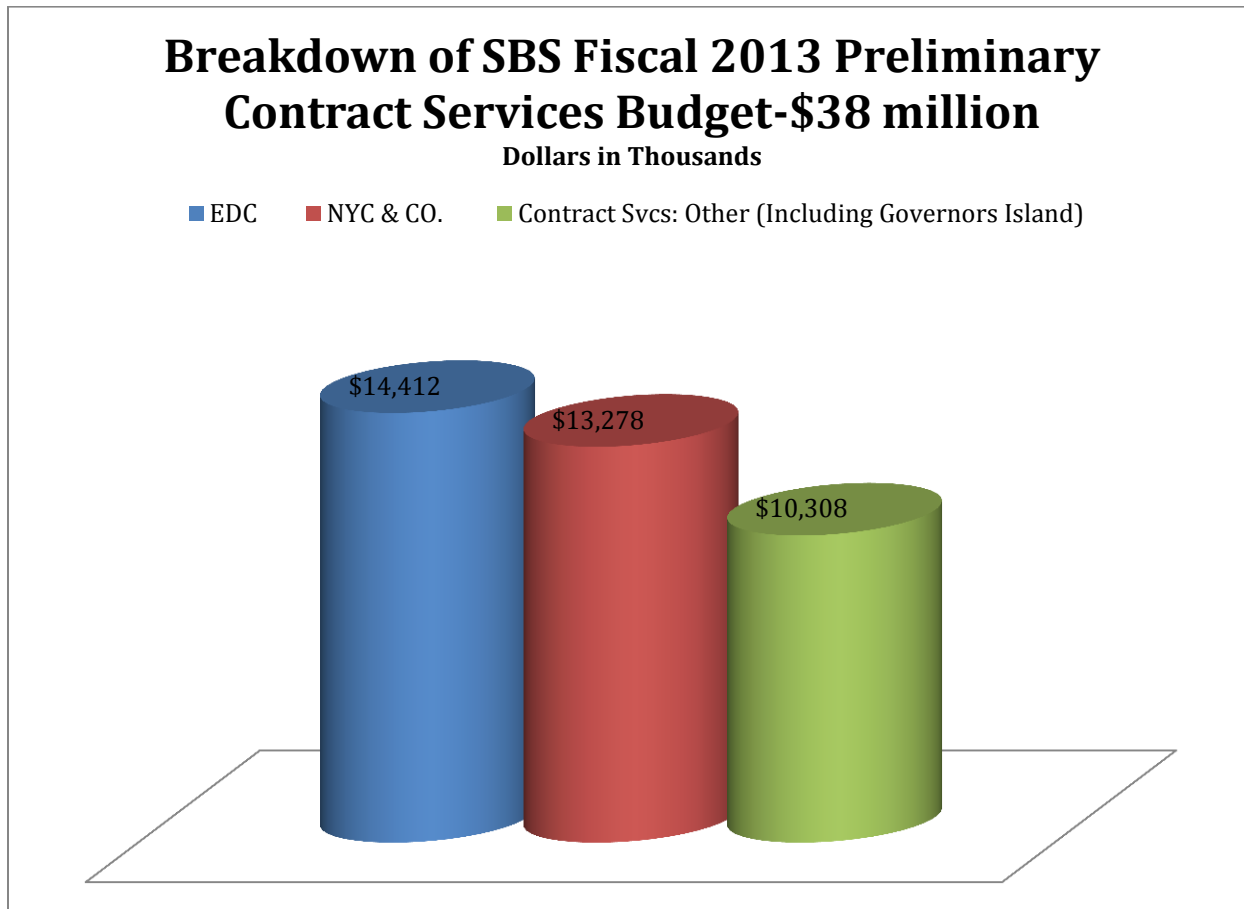


## SBS Fiscal 2013 Preliminary Budget Breakdown by Program Area



SBS' Fiscal 2013 Preliminary Budget is \$113.52 million. The workforce development program makes up approximately 45 percent, or \$51.54 million, of SBS' budget and funds the City's Workforce One Stop Centers, program management, training, and the Workforce Investment Board (WIB). The contract services program area makes up 34 percent, or \$38 million, of SBS' budget (see next section for an additional breakdown of SBS' contract services). The Agency's administration and operations makes up 10 percent, or \$11.78 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.

## SBS' Contractual Services with EDC, NYC & Co., and Other Areas



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.

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.

Other Areas contain 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, including Governors Island.

## City Council Initiatives

<b>Fiscal 2012 City Council Changes at Adoption by Program Area</b>	
<i>Dollars in Thousands</i>	
<b>Small Business Services</b>	
Small Business and Job Development/Financial Literacy	\$600
MWBE Leadership Association	600
High Tech Connect	150
Industrial Business Zone (IBZ) RFP Restoration	96
Food Cooperative Expansion Initiative	50
Food Distribution Study	50
<b>Subtotal</b>	<b>\$1,546</b>
<b>Job Development</b>	
Jobs to Build On	3,500
Consortium for Worker Education (CWE)	1,000
Food Retail and Workforce Training and Placement Program	45
Diversity in Media Program	100
<b>Subtotal</b>	<b>\$4,645</b>
<b>City Council Local Initiatives</b>	
Local Member Items	\$2,236
<b>Subtotal</b>	<b>\$2,236</b>
<b>TOTAL</b>	<b>\$8,427</b>

The City Council funding provides approximately 5.8 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 \$8.43 million annually.

The Mayor's November 2011 PEG program included a 2 percent, or \$168,000, reduction to Council initiatives that was reversed in the Fiscal 2013 Preliminary Budget.

## Program Areas

### Mayor’s Office (MO) of Industrial & Manufacturing Businesses

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services (PS)</b>					
Full-Time Salaried - Civilian	\$1	\$0	\$0	\$0	\$0
Other Salaried and Unsalariad	0	0	0	0	0
Additional Gross Pay	0	0	0	0	0
<b>Subtotal PS</b>	<b>\$1</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Than Personal Services (OTPS)</b>					
Contractual Services	\$1,634	\$1,156	\$1,156	\$996	(\$160)
<b>Subtotal OTPS</b>	<b>1,634</b>	<b>1,156</b>	<b>1,156</b>	<b>996</b>	<b>(160)</b>
<b>TOTAL</b>	<b>\$1,634</b>	<b>\$1,156</b>	<b>\$1,156</b>	<b>\$996</b>	<b>(\$160)</b>
<b>Funding</b>					
City Funds	N/A	\$1,156	\$1,156	\$996	(\$160)
<b>TOTAL</b>	<b>N/A</b>	<b>\$1,156</b>	<b>\$1,156</b>	<b>\$996</b>	<b>(\$160)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

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 16 Industrial Business Zones.

The decrease of \$160,000 in the Fiscal 2013 Preliminary Budget from the Fiscal 2012 Adopted Budget is the result of the \$64,000 Mayor’s PEG program in Fiscal 2013 for the Industrial Business Zones (IBZs) and the \$96,000 City Council IBZ RFP Restoration initiative in Fiscal 2012, which is not baselined in Fiscal 2013.

**Economic & Financial Opportunity: M/WBE**

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services</b>					
Full-Time Salaried - Civilian	\$1,236	\$913	\$1,176	\$805	(\$108)
Other Salaried and Unsalariad	125	4	46	46	42
Fringe Benefits	0	(5)	(5)	(5)	0
Additional Gross Pay	83	17	17	17	0
<b>Subtotal PS</b>	<b>\$1,444</b>	<b>\$929</b>	<b>\$1,234</b>	<b>\$862</b>	<b>(\$67)</b>
<b>Other Than Personal Services</b>					
Supplies and Materials	\$44	\$48	\$45	\$48	\$0
Property and Equipment	4	2	5	2	0
Other Services and Charges	203	674	324	10	(664)
Contractual Services	696	1,110	1,421	979	(131)
Fixed and Misc. Charges	2	4	4	4	0
<b>Subtotal OTPS</b>	<b>\$948</b>	<b>\$1,837</b>	<b>\$1,799</b>	<b>\$1,042</b>	<b>(\$795)</b>
<b>TOTAL</b>	<b>\$2,393</b>	<b>\$2,766</b>	<b>\$3,033</b>	<b>\$1,904</b>	<b>(\$862)</b>
<b>Funding</b>					
City Funds	N/A	\$2,766	\$3,033	\$1,904	(\$862)
<b>TOTAL</b>	<b>N/A</b>	<b>\$2,766</b>	<b>\$3,033</b>	<b>\$1,904</b>	<b>(\$862)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

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.

The decrease of \$862,000 from the Fiscal 2012 Adopted Budget to the Fiscal 2013 Preliminary Budget mainly reflects the non-baselined City Council funding of \$600,000 for the MWBE Leadership Association initiative and the \$89,000 in City Council local member item initiatives, and the November 2011 Mayor’s PEG program including \$55,000 in attrition and OTPS savings for the Division of Economic and Financial Opportunity, and \$54,000 in MWBE Capacity Building and Mentoring Program.

**Performance Measures**

	FY 07	FY 08	FY 09	FY 10	FY 11
MWBEs awarded City contracts	N/A	418	427	485	529
Number of City contracts awarded to MWBEs	4,600	5,762	5,892	6,173	6,564
Total MWBEs certified	1,236	1,604	2,200	2,791	3,244
Annual MWBE recertification rate	59.1%	62.7%	78.2%	70.2%	49.4%
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)

Since Fiscal 2007, the number of city contracts awarded to MWBE businesses has increased by 26.56 percent when compared to Fiscal 2011. According to the Preliminary Mayor's Management Report (PMMR), this increase is attributed to policy changes and agency buyer efforts aimed at increasing MWBEs' exposure to contract opportunities in the Small Purchases category.

In Fiscal 2011 the number of MWBEs choosing to recertify was 49 percent of the businesses due to expire, down from 70 percent the previous year. According to the PMMR, this is due to a high number of expirations of companies that entered the program through the expedited process for certifications with government and nonprofit entities, a population that does not recertify as high a rate as businesses that complete the full application. To recertify, these firms must use a full application, which requires a longer lead time than the expiration notification process.

## Economic & Financial Opportunity: Labor Services

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services</b>					
Full-Time Salaried - Civilian	\$732	\$762	\$762	\$762	\$0
Other Salaried and Unsalariated	3	0	0	0	0
Additional Gross Pay	32	17	17	17	0
<b>Subtotal PS</b>	<b>\$767</b>	<b>\$780</b>	<b>\$780</b>	<b>\$780</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$767</b>	<b>\$780</b>	<b>\$780</b>	<b>\$780</b>	<b>\$0</b>
<b>Funding</b>					
City Funds	N/A	\$581	\$581	\$581	\$0
Federal - Other	N/A	198	198	198	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$780</b>	<b>\$780</b>	<b>\$780</b>	<b>\$0</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

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.

## Business Development

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services</b>					
Full-Time Salaried - Civilian	\$2,725	\$2,543	\$2,421	\$2,421	(\$122)
Other Salaried and Unsalariated	474	136	136	136	0
Fringe Benefits	0	43	43	43	0
Additional Gross Pay	141	3	3	3	0
Overtime - Civilian	4	0	0	0	0
<b>Subtotal PS</b>	<b>\$3,343</b>	<b>\$2,724</b>	<b>\$2,602</b>	<b>\$2,602</b>	<b>(\$122)</b>
<b>Other Than Personal Services</b>					
Supplies and Materials	\$23	\$56	\$114	\$50	(\$5)
Property and Equipment	6	18	24	18	0
Other Services and Charges	29	96	79	53	(43)
Contractual Services	4,021	3,115	4,692	3,111	(4)
<b>Subtotal OTPS</b>	<b>\$4,080</b>	<b>\$3,285</b>	<b>\$4,909</b>	<b>\$3,233</b>	<b>(\$52)</b>
<b>TOTAL</b>	<b>\$7,423</b>	<b>\$6,009</b>	<b>\$7,512</b>	<b>\$5,835</b>	<b>(\$174)</b>
<b>Funding</b>					
City Funds	N/A	\$2,121	\$3,609	\$1,965	(\$156)
Federal - Community Development	N/A	496	510	478	(18)
Federal - Other	N/A	3,337	3,337	3,337	0
Other Categorical	N/A	56	56	56	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$6,009</b>	<b>\$7,512</b>	<b>\$5,835</b>	<b>(\$174)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

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

The decrease of \$174,000 for the Business Development program area from the Fiscal 2012 Adopted Budget to the Fiscal 2013 Preliminary Budget mainly reflects the November 2011 Mayor's PEG program including attrition savings of \$98,000 in Business District Development and \$15,000 in New Business Acceleration Team (NBAT) and \$50,000 for the City Council Food Cooperative Expansion initiative, which is not baselined in Fiscal 2013.



## Performance Measures

	FY 08	FY 0	FY 10	FY 11
Loans awarded to businesses through facilitation by NYC Business Solutions	176	264	575	710
Businesses served through NYC Business Solutions	9,235	8,999	8,957	10,247
New businesses served through NYC Business Solutions	7,632	7,236	7,766	6,306
Financing facilitated through NYC Business Solutions ( <i>Dollars in thousands</i> )	\$11,931	\$24,837	\$29,528	\$39,840
Businesses awarded NYC Business Solutions Training Funds	23	34	42	16

SOURCE: Preliminary Mayor's Management Report (PMMR)

The NYC Business Solutions Centers assist businesses, regardless of their size or stage, to start, operate, and expand. According to the PMMR, the NYC Business Solutions Centers helped entrepreneurs and small business owners access roughly 530 more loans in Fiscal 2011 than in Fiscal 2008, helping them access roughly \$28,000 more in financing during the same period. The NYC Business Solutions focused on partnering with lending organizations in order to establish strong customer referral networks. During the same time period, the number of businesses served through the NYC Business Solutions increased by 11 percent as SBS focused more in helping existing customers and providing them with more services. However, between Fiscal 2010 and Fiscal 2011, according to the PMMR, the training funds to businesses have decreased by approximately 62 percent because of the reduced funding for the program and the reallocation of \$400,000 in the remaining funds to sector-specific and software training.

### Neighborhood Development

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services</b>					
Full-Time Salaried - Civilian	\$833	\$1,066	\$897	\$937	(\$129)
Other Salaried and Unsalaries	\$131	\$5	\$5	\$5	\$0
Additional Gross Pay	\$14	\$0	\$18	\$0	\$0
<b>Subtotal PS</b>	<b>\$979</b>	<b>\$1,072</b>	<b>\$920</b>	<b>\$942</b>	<b>(\$129)</b>
<b>Other Than Personal Services</b>					
Other Services and Charges	\$0	\$0	\$2	\$0	\$0
Contractual Services	\$5,250	\$4,928	\$4,210	\$1,739	(\$3,188)
Property and Equipment	\$0	\$0	\$0	\$0	\$0
Supplies and Materials	\$0	\$0	\$8	\$0	\$0
<b>Subtotal OTPS</b>	<b>\$5,250</b>	<b>\$4,928</b>	<b>\$4,220</b>	<b>\$1,739</b>	<b>(\$3,188)</b>
<b>TOTAL</b>	<b>\$6,228</b>	<b>\$5,999</b>	<b>\$5,140</b>	<b>\$2,682</b>	<b>(\$3,318)</b>
<b>Funding</b>					
City Funds	N/A	\$3,661	\$1,491	\$679	(\$2,982)
Federal - Community Development	N/A	2,338	2,561	2,003	(335)
Federal - Other	N/A	0	1,088	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$5,999</b>	<b>\$5,140</b>	<b>\$2,682</b>	<b>(\$3,318)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The Neighborhood Development 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.

SBS currently manages the City’s 67 Business Improvement Districts under the Neighborhood Development Program. The decrease of \$3.32 million from the Fiscal 2012 Adopted Budget to the Fiscal 2013 Preliminary Budget is attributed to the \$1.73 million in Federal grant funding for the Lower Manhattan Small Firm Assistance and \$1.55 million in City Council Small Business initiatives. Both programs are not baselined in the out years.

### Performance Measures

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

SOURCE: Preliminary Mayor’s Management Report (PMMR)

## Contract Services: Economic Development Corporation

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Other Than Personal Services</b>					
Other Services and Charges	\$0	\$2,786	\$2,547	\$1,922	(\$864)
Contractual Services	13,734	25,042	21,550	12,490	(12,552)
Fixed and Misc. Charges	17,870	0	0	0	0
<b>Subtotal OTPS</b>	<b>\$31,603</b>	<b>\$27,828</b>	<b>\$24,098</b>	<b>\$14,412</b>	<b>(\$13,416)</b>
<b>TOTAL</b>	<b>\$31,603</b>	<b>\$27,828</b>	<b>\$24,098</b>	<b>\$14,412</b>	<b>(\$13,416)</b>
<b>Funding</b>					
City Funds	N/A	\$16,610	\$8,012	\$12,102	(\$4,508)
Federal - Community Development	N/A	0	41	0	0
Federal - Other	N/A	8,875	10,853	1,810	(7,064)
State	N/A	2,343	3,508	0	(2,343)
Other Services/ Fees	N/A	0	1,221	500	500
Hudson Yards Park & Boulevard	N/A	0	463	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$27,828</b>	<b>\$24,098</b>	<b>\$14,412</b>	<b>(\$13,416)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

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 the development of the City's marine terminals, airports, heliports, rail yards, and industrial parks.

The \$13.42 million decrease from the Fiscal 2012 Adopted Budget to the Fiscal 2013 Preliminary Budget is attributable to the \$2.04 million EDC Tax Levy Programs Reductions from the November 2011 PEG program, and non-City grant funding (Federal, State, Other), including \$3.28 million in Lower Manhattan Development Corporation (LMDC) funds for the Fulton Corridor Revitalization; \$2.07 million in Federal and State Grants for the Coney Island Ferry; \$2.8 million in NYC Brownfields; \$1.64 million for the PlaNYC program; and \$1.55 million in ARRA Federal Grants. Non-City grant funding is not baselined in Fiscal 2013.

**Contract Services: NYC & Company / Tourism Support**

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Other Than Personal Services</b>					
Contractual Services	\$15,197	\$14,267	\$13,981	\$13,278	(\$988)
<b>Subtotal OTPS</b>	<b>\$15,197</b>	<b>\$14,267</b>	<b>\$13,981</b>	<b>\$13,278</b>	<b>(\$988)</b>
<b>TOTAL</b>	<b>\$15,197</b>	<b>\$14,267</b>	<b>\$13,981</b>	<b>\$13,278</b>	<b>(\$988)</b>
<b>Funding</b>					
City Funds	N/A	14,267	13,981	13,278	(988)
<b>TOTAL</b>	<b>N/A</b>	<b>\$14,267</b>	<b>\$13,981</b>	<b>\$13,278</b>	<b>(\$988)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

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.

The Fiscal 2013 Preliminary Budget for NYC & Company is \$988,000 less than the Fiscal 2012 Adopted Budget as a result of the November 2011 Mayor’s PEG program. NYC & Company will achieve its PEG target through a reduction in personnel, marketing and promotions, and its program for international tourism development.

**Performance Measures**

	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
Domestic visitors <i>(in millions)</i>	\$36.5	\$37.1	\$37.5	\$37	\$39.1
International visitors <i>(in millions)</i>	7.3	8.8	9.5	8.6	9.7
International and Domestic visitor spending <i>(in billions)</i>	24.71	28.85	32.1	28.2	31.5
Total NYC jobs supported by visitor spending	368,179	353,536	313,997	303,649	310,156
Total wages generated by NYC tourism <i>(in billions)</i>	\$16	\$17	\$17.19	\$16.6	\$17.3

*SOURCE: NYC & Company “NYC Statistics”*

An estimated 48.8 million visitors came to New York City in 2010, which is an 11.41 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 2010, roughly 80 percent were domestic visitors. Between 2006 and 2010, total visitor spending by both international and domestic tourists increased by 27.5 percent, but total NYC jobs supported by visitor spending has decreased by 15.8 percent. Total wages generated by tourism, however, have increased by 8.3 percent between 2006 and 2010.

### Contract Services: Other (Including Governors Island)

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Other Than Personal Services</b>					
Contractual Services	\$12,209	\$11,189	\$16,241	\$0	(\$11,189)
Other Services and Charges	0	0	0	10,308	10,308
<b>Subtotal OTPS</b>	<b>\$12,209</b>	<b>\$11,189</b>	<b>\$16,241</b>	<b>\$10,308</b>	<b>(\$881)</b>
<b>TOTAL</b>	<b>\$12,209</b>	<b>\$11,189</b>	<b>\$16,241</b>	<b>\$10,308</b>	<b>(\$881)</b>
<b>Funding</b>					
City Funds	N/A	\$11,189	\$13,262	\$10,308	(\$881)
Intra City	N/A	0	2,980	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$11,189</b>	<b>\$16,241</b>	<b>\$10,308</b>	<b>(\$881)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

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. The \$881,000 decrease in the Fiscal 2013 Preliminary Budget from the Fiscal 2012 Adopted Budget is attributable to the November 2011 PEG program for the Trust for Governors Island.

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

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services</b>					
Full-Time Salaried - Civilian	\$4,044	\$5,470	\$5,196	\$5,276	(\$194)
Other Salaried and Unsalariad	883	777	777	777	0
Fringe Benefits	0	(0)	(0)	(0)	0
Additional Gross Pay	84	37	37	37	0
Overtime - Civilian	0	0	0	0	0
<b>Subtotal PS</b>	<b>\$5,011</b>	<b>\$6,284</b>	<b>\$6,009</b>	<b>\$6,089</b>	<b>(\$194)</b>
<b>Other Than Personal Services</b>					
Supplies and Materials	\$61	\$310	\$329	\$310	\$0
Property and Equipment	42	10	8	10	0
Other Services and Charges	6,773	497	1,940	497	0
Contractual Services	45,128	57,062	56,102	44,639	(12,423)
<b>Subtotal OTPS</b>	<b>\$52,003</b>	<b>\$57,879</b>	<b>\$58,379</b>	<b>\$45,455</b>	<b>(\$12,423)</b>
<b>TOTAL</b>	<b>\$57,015</b>	<b>\$64,162</b>	<b>\$64,388</b>	<b>\$51,544</b>	<b>(\$12,618)</b>
<b>Funding</b>					
City Funds	N/A	\$26,847	\$26,013	\$14,230	(\$12,618)
Federal - Other	N/A	37,315	38,375	37,315	0
<b>TOTAL</b>	<b>N/A</b>	<b>\$64,162</b>	<b>\$64,388</b>	<b>\$51,544</b>	<b>(\$12,618)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

SBS currently operates the City's 15 Workforce1 Career Centers. 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.

The Fiscal 2013 Preliminary Budget includes \$51.54 million for Workforce Development. The program, overall, has a funding decrease of \$12.62 million, which is attributable to the \$7.5 million Mayor's Young Men's Initiative (YMI) program and the \$5.1 million in City Council funds including \$3.5 million in Jobs to Build On; \$1 million in Consortium for Worker Education (CWE); and \$600,000 in Small Business and Job Development/Financial Literacy initiatives. Both the YMI and City Council initiatives are not baselined in Fiscal 2013.

**Performance Measures**

	FY 08	FY 09	FY 10	FY 11
Number of new jobseekers registered through the Workforce1 Career Centers	58,795	94,382	97,755	80,083
Workforce1 system-wide placements	17,149	19,386	29,456	24,701

*SOURCE: Preliminary Mayor's Management Report (PMMR)*

According to the PMMR, in Fiscal 2011, 80,083 jobseekers were registered through the Workforce1 Career Center system. This 18 percent decrease from Fiscal 2010 reflects the year-to-year decrease in the number of New York State Department of Labor unemployment insurance claimants, who are required to register with the system for career center services. In addition, Workforce1 system-wide job placements were 24,701 in Fiscal 2011, a 16 percent decrease from Fiscal 2010. Of these 24,701 job placements, 2,203 were with businesses served by NYC Business Solutions Centers. The decrease in placements resulted from a change in vendors for the management of the Bronx, Brooklyn, and Staten Island Workforce1 Career Centers in the second half of the fiscal year, and ramp-up for new staff. In Fiscal 2012, these Centers will operate at full capacity and job placements there are expected to increase.

## Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2011 Plan</b>	<b>\$85,773</b>	<b>\$60,249</b>	<b>\$146,022</b>	<b>\$54,946</b>	<b>\$50,093</b>	<b>\$105,039</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Attrition Savings	(\$373)		(\$373)	(\$656)		(\$656)
City Council Funds Reduction	(162)		(162)			0
City Council High Tech Connect Reduction	(6)		(6)			0
Downtown Brooklyn Partnership Savings	(4)		(4)			0
EDC Community Court Savings	(5)		(5)	(15)		(15)
EDC Tax Levy Programs Reductions	(96)		(96)	(2,042)		(2,042)
PlaNYC EDC Budget PEG-OER Brownfields Funds	(158)		(158)			0
NYC & Company Contract Reduction	(285)		(285)	(848)		(848)
PS Funding Reallocation	(93)		(93)	(93)		(93)
Reduction to New Initiatives: Workforce Development	(107)		(107)	(389)		(389)
Reduction to New Initiatives: Division of Economic and Financial Opportunity	-		0	(54)		(54)
SBS OTPS Savings	(8)		(8)	(109)		(109)
Trust for Governors Island PEG	(361)		(361)	(587)		(587)
<b>TOTAL, PEGs</b>	<b>(\$1,659)</b>	<b>-</b>	<b>(\$1,659)</b>	<b>(\$4,794)</b>	<b>-</b>	<b>(\$4,794)</b>
<b>New Needs</b>						
Trust for Governors Island Hills Consultant	\$2,500		\$2,500	\$0		
Clean Heat Initiative	5000		5000	0		
<b>TOTAL, New Needs</b>	<b>\$7,500</b>	<b>\$0</b>	<b>\$7,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Adjustments</b>						
City Council High Tech Connect Funding Match	\$150		\$150			\$0
Member Item Reallocation	74		74			0
SBS City Council Member Items	15		15			0
Young Men's Initiative: Expanding Men's Training/Jobs	(1,000)		(1,000)			0
CEO Funding Adjustment			-	3,930		3,930
DEC Heating Oil Tank Penalty Reallocation	(2,090)		(2,090)	2,090		2,090
NYC Service Program-SBS	50		50			0
BAT Rent		500	500		500	500
ARRA Solar City		558	558			0
ARRA: EDC FY12 Rollover		120	120			0
Brownfields Fund Reallocation	(5,930)		(5,930)	5,930		5,930
DEP (Brownfields)-EDC (SBS)		50	50			0
EDC Graffiti Program	276		276	276		276
EDC Graffiti Free CDBG Rollover		41	41			0
EDC Civil Service Study	(743)		(743)			0



<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
EDC Consultant		\$200	\$200			\$0
EDC Consultant: EA Study		9	9			0
EDC Consultant: EIS Study		337	337			0
EDC State EPF Design the Edge		185	185			0
NYPD Intra-City Mod with EDC		818	818			0
PlaNYC-State BOA		980	980			0
PlanNYC EPA-Belmont Site		170	170			0
PlaNYC EPA-Mariners Site		176	176			0
PlaNYC EPA-Melrose Site		194	194			0
PlaNYC EPA-Petroleum Sites		120	120			0
Attrition Savings-Fringe Benefit Offset	88		88	156		156
FY12 Re-registration		237	237			0
EDC Blueprint		1,300	1,300			0
EDC and Parks Dept. Cedar Grove		65	65			0
Cedar Street Payment-NYPD		862	862			0
FY12 TAA Budget		913	913			0
Hudson Park and Boulevard		463	463			0
OJT Negotiation Contract		147	147			0
IC W/ DSBS		58	58			0
LMDC SFA Rollover		2177	2,177			0
LMDC SFA Rollover Reversal		(1,088)	(1,088)			0
LMDC WTC Pac		640	640		396	396
<b>TOTAL, Other Adjustments</b>	<b>(\$9,109)</b>	<b>\$10,232</b>	<b>\$1,123</b>	<b>\$12,382</b>	<b>\$896</b>	<b>\$13,278</b>
<b>PEG Restorations and Substitutions (PRS):</b>						
EDC Community Courts Restoration	\$5		\$5			-
City Council High Tech Connect Funding Restoration	6		6			-
City Council Funds Restoration	162		162			-
<b>Total, PRS</b>	<b>\$173</b>	<b>-</b>	<b>\$173</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL, All Changes</b>	<b>(\$3,096)</b>	<b>\$10,232</b>	<b>\$7,136</b>	<b>\$7,588</b>	<b>\$896</b>	<b>\$8,484</b>
<b>Agency Budget as of February 2012 Plan</b>	<b>\$82,677</b>	<b>\$70,481</b>	<b>\$153,158</b>	<b>\$62,534</b>	<b>\$50,989</b>	<b>\$113,523</b>

\*Continuation from previous page

## Appendix B: Contract 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	Budgeted	Percentage of SBS Total
Contractual Services General	35	\$31,849,938	40.06%
Economic Development	3	13,286,530	16.71%
Payments to Delegate Agencies	10	31,527,353	39.65%
Telecommunications Maintenance	3	690,540	0.87%
Maintenance & Repair, General	2	10,598	0.01%
Office Equipment Maintenance	2	10,076	0.01%
Data Processing Equipment	1	1,000	0.00%
Printing Contracts	2	39,271	0.05%
Temporary Services	2	13,300	0.02%
Cleaning Services	1	221	0.00%
Training Programs for City Employees	6	84,018	0.11%
Professional Services: Legal Services	1	4,500	0.01%
Professional Services: Computer Services	2	1,937,828	2.44%
Professional Services: Direct Education Services	1	53,200	0.07%
<b>Preliminary Budget</b>	<b>71</b>	<b>\$79,508,373</b>	<b>100.00%</b>

## Appendix C: Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services			Other Than Personal Services				Grand Total
	001	002	004	005	006	010	011	
Agency Administration and Operations	\$5,753	\$6,031						\$11,784
Business Development	2,602	258					2,975	5,835
Contract Svcs: Economic Development Corp					14,412			14,412
Contract Svcs: NYC & Co / Tourism Support		13,278						13,278
Contract Svcs: Other		10,308						10,308
Economic & Financial Opportunity: M/WBE		36	862	1,006				1,904
Economic & Financial Oppty: Labor Svcs			780					780
MO Industrial & Manufacturing Businesses		996						996
Neighborhood Development	942	1,739						2,681
Workforce Development: One Stop Centers						244	26,095	26,339
Workforce Development: Program Management						5,026	3,250	8,276
Workforce Development: Training		0			1,148	406	14,597	16,151
Workforce Development: WIB and Other						413	365	778
<b>Grand Total</b>	<b>\$9,297</b>	<b>\$32,646</b>	<b>\$1,642</b>	<b>\$1,006</b>	<b>\$15,560</b>	<b>\$6,089</b>	<b>\$47,282</b>	<b>\$113,522</b>