

Fiscal Yr. '12 Executive Budget presented to state

Written by MICHAEL R. BLOOMBERG



ON May 6, I presented a Fiscal Year (FY) 2012 Executive Budget and an updated four-year financial plan.

I outlined a plan to balance the budget with no tax increases for New Yorkers.

The budget details the expanding gap between strong city support for services and declining state and federal support for services, which has forced city taxpayers to cover the increasing costs of services.

Further, much of the increase in cost for services is dictated by state and federal mandates.

The Executive Budget relies on \$5.4 billion in savings for FY 2012 generated through 10 rounds of deficit closing actions taken by city agencies since 2008 and the use of \$3.2 billion of expense funding saved in FY 2011, which is used to prepay expenses in FY 2012 to reduce the need for further service reductions.

We are in better shape than most cities for two prime reasons:

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we've made smart investments in our economy and we budgeted in a responsible way that prepared us for the inevitable downturn in the national economy.

But we are not an island.

We are not immune to the realities in Albany and Washington.

And the reality is, both places are keeping more of our tax dollars to close their own budget deficits.

I am sympathetic to their need for budget cuts, but actions taken to close their deficits came without changing the burdens they impose on city taxpayers.

We have to balance the budget and we're not going to kick the can down the road.

These are still very tough times for many New Yorkers, which makes the decisions in this budget even more difficult.

Our goal is to make sure we continue to have a strong city, and that we protect vital services and the social safety net that keep our communities healthy.

State and federal disinvestment in NYC

The last 10 years have seen the state and federal governments' share of the city's budget continue to decline.

In FY 2002, the combined state and federal share of the city's budget was 36 percent.

In FY 2012, the combined state and federal share of the city's budget will be only 27 percent.

If the city continued to receive the same percentage of its total budget from state and federal resources as it did in FY 2002, the city would have received an additional \$6.1 billion in state and federal support FY 2012.

An additional \$6.1 billion of state and federal resources would have reduced the local tax burden for services or New York City taxpayers by 15 percent, or an additional \$6.1 billion in state/federal resources would have eliminated the need for any of the actions in the 10 rounds of budget saving actions taken since 2008.

State budget impact

Specifically, the state budget for this year alone cut funding to New York City by a total of \$1.8 billion that would have flowed through the city's budget.

The Executive Budget replaces \$1.2 billion of the state cut with city funding.

The state budget for this year also cut spending on state-provided services in the city — dollars that do not flow through the city's budget — by \$2.7 billion.

Additionally, the state budget cuts triggered a loss of \$2.2 billion in federal matching dollars.

Those three categories of impact add to a total state budget impact of a \$6.8 billion cut for New York City due to the state budget.

Education

The state budget reduced education funding to the city for FY 2012 by \$1.2 billion.

This was the largest single-year reduction in education funding to New York City and came at the same time as the city lost \$850 million in federal stimulus dollars used to support teacher salaries.

To prevent catastrophic personnel losses in the city's school system, the Executive Budget provides a major increase in city funds dedicated to education, with an increase of \$2 billion of city funds compared to the prior year.

The state continues to disinvest in education in New York City.

In FY 2002, state and city funding comprised a nearly equal portion of non-federal spending on education.

In FY 2012, city funding will comprise 61 percent of non-federal spending and state funding will only comprise 39 percent of non-federal spending.

If the state had continued to share education costs equally with the city, the state would be providing \$2.2 billion more in education funding for FY 2012.

City-funded spending on education has increased from \$5.9 billion in FY 2002 to \$13.6 billion in FY 2012.

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Despite the city's continued, strong financial commitment to education, historic state education cuts and the need to balance the budget mean that reductions in the size of the city's teaching force are still required.

More than 6,000 teaching positions will be eliminated through attrition and layoffs.