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U.S. Aid Won't Save Big Apple Budget From Bloomberg's Ax

By SUZANNE SATALINE

The estimated \$4.5 billion of federal stimulus money that New York City expects to receive over the next two years isn't likely to stave off sharp budget cuts likely to hit social services and cultural institutions, such as parks and libraries, the hardest.



MICHAEL BLOOMBERG

Aides say Mayor Michael Bloomberg will likely have no choice but budget cuts, as he anticipates a \$4 billion deficit in the coming year's nearly \$60 billion budget. The cause: steep revenue losses and an estimated \$1.6 billion in proposed cuts in state grants.

Stimulus aid must be used in specific areas, such as federal education programs, Medicaid payments and construction projects. It can't be used to cover the cost of paying the city's large work force.

To balance the budget, as required by the city charter, Mr. Bloomberg has proposed raising the city's sales tax to 8.75% from 8.375% and asking labor unions to pay 10% of health-care premiums, among other initiatives.

New York City's travails are shared nationwide, as mayors across the country grapple with the hefty costs of running cities coupled with a steep downturn in government aid and tax revenue.

"The stimulus money will help cushion the blow for the current year, maybe the next year, but it's a short-term pause in what has to be a long-term solution," said Maria Doulis of the Citizens Budget Commission. The nonprofit, nonpartisan group advocates cutting city employee benefits such as health care and pensions.

Into the Gap

Some proposed measures to help close New York City's expected \$4 billion budget gap

| Program | Amount, in millions | Program | Amount, in millions |
|---------------------------------------|---------------------|--------------------------------------|---------------------|
| Reducing school funding ^{1c} | \$91.2 | Increasing parking-meter rates | \$16.8 |
| Creating five-cent plastic bag fee | 84.0 | Eliminating child-welfare positions | 15.5 |
| Cutting police positions | 48.9 | Reducing senior-center funding | 5.3 |
| Reducing library subsidies | 20.1 | Reducing homeless-prevention funding | 5.1 |
| Cutting firefighter positions | 17.0 | Eliminating ambulance runs | 3.3 |

^{1c} Will likely be addressed through stimulus funding

Source: City of New York, Office of Management and Budget

The city anticipates getting \$2.2 billion in local school aid, which should eliminate the need to slash \$770 million from the budget, including 13,000 education jobs, a Bloomberg aide said. The city also expects to get \$2 billion over two years to help cover Medicaid costs, and \$35 million for crime-fighting programs. An estimated \$295 million would cover social services, including child-care and food-stamp assistance.

Still, personal income, business, and sales taxes are expected to fall a total of 28% or nearly \$7 billion, in the 2010 fiscal year from two fiscal years before, a Bloomberg aide said.

To eliminate the gap in the city's 2010 budget, Mr. Bloomberg in last month proposed cutting social services, aid for the elderly, emergency personnel

and cultural activities. That could mean reductions among fire companies and firefighters; children's services, such as child care and foster care; and cutting 1,000 police officers -- which alone would save the city \$49 million.

The greatest pain could be felt at New York institutions, for which the mayor has suggested slashing budgets by a fifth. Some already have cut back. Anticipating leaner times, the Brooklyn Public Library in January ended Sunday operations at seven locations, said library spokeswoman Malika Granville, saving \$800,000.

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