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**CBC Issues Report Card
Grading the New York City Budget**

City Can't Afford To Remain Stuck On A "C"

New York, NY – The Citizens Budget Commission (CBC) today released a Report Card grading the City of New York on its fiscal year 2003-2004 budget. The Report Card, attached, gives the City a "C".

In grading the budget, CBC evaluated the performance of the City in four categories:

- Promoting Trust – which reflects how well the budget process adheres to standards of openness and timeliness;
- Budgeting Responsibly – which captures how closely decisions reflected in the budget follow standards of prudence and economy;
- Budgeting Effectively – which reflects whether government policies will lead to provision of better services at lower unit costs; and
- Tax Policy – which captures progress toward lowering New York's high combined state and local tax burdens.

"The City was successful in overcoming a budget gap that reached \$6 billion as recently as last November, but its underlying problems are not resolved," said Diana Fortuna, CBC President. "It spends more than it can afford; it relies too heavily on raising taxes to make up the difference; and, it does not extract from the unions the productivity improvements that would enable City services to be delivered at a more reasonable cost."

Despite the Mayor's efforts to reduce spending, the City's budget continues to grow. Employee fringe benefit expenses are rising 5 percent per year, and pension contributions in fiscal year 2004 are 49 percent higher than last year. Budget gaps are currently projected by the City to increase from \$2 billion in fiscal year 2005 to \$3.3 billion in fiscal year 2007, even without wage settlements for municipal workers.

"This is the third year in a row we have given the City a 'C'," said Fortuna. "In a fiscal crisis, the City should be doubling its efforts to make changes in how it does business. Moreover, it is imperative that the City's State and labor partners cooperate to bring costs under control. The City can't afford to be stuck with a 'C'."

CBC's evaluation of the City budget is focused on the budget only and is based on CBC's extensive history of monitoring New York City's fiscal practices. It is not an assessment of the City's progress in other areas. On June 5, the Commission released a report card grading New York State's fiscal year 2003-2004 budget. The State received an "F".

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York City and New York State government.

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