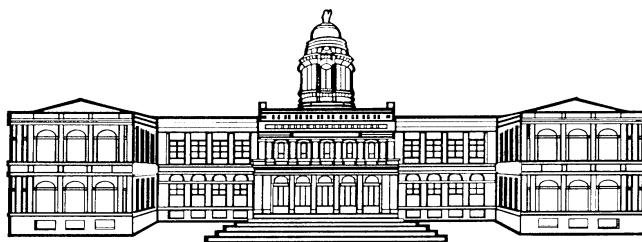


New York City Council



BUDGET REPORT

Finance Division

March 2009

***Analysis of the
Fiscal 2010 Preliminary Budget
and
Fiscal 2009 Preliminary Mayor's Management Report
for the
Contract Budget***

Monday, March 9, 2009

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin, Chair
Committee on Finance

Hon. Letitia James, Chair
Committee on Contracts

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

Scott Crowley, Deputy Director

Paul Scimone, Assistant Director

Fiscal 2010 Preliminary Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services. The Charter defines "contractual services" 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. Finally, the Council adopts the entire budget (Expense, Revenue, Contract and Capital) before the end of each fiscal year.

The Contract Budget sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, number of contracts per category and the corresponding dollar value anticipated to be expended in each category. The Contract Budget is a plan -- an agency's blueprint or forecast of what services it anticipates it will need to purchase during the next fiscal year.

Contract Budget Highlights

The Fiscal 2010 Preliminary Contract Budget proposes spending \$8.9 billion on 17,706 contracts. These planned contract expenditures constitute 15.21 percent of the total Fiscal 2010 Preliminary Budget of \$58.8 billion.

Overall, the Fiscal 2010 Preliminary Contract Budget is 8.3 percent less than the Fiscal 2009 Current Modified Contract Budget. Proposed contractual spending in Fiscal 2010 would decrease by \$808 million. In Fiscal 2010, the Administration plans to let 485 fewer contracts. The Fiscal 2010 Current Modified Contract Budget as of January 2009 totals approximately \$9.8 billion for 18,191 contracts.

Contract Budget by Object Code

The Contract Budget identifies each contract by one of 51 object codes. Object codes, introduced in Fiscal 1996, allow tracking of contractual spending across contract categories throughout the fiscal year. Object codes make it possible to compare actual to planned contractual expenditures and allow the Contract Budget to be modified simultaneously with the operating budget. In addition, object codes facilitate the comparison of contractual spending in each category from fiscal year to fiscal year.

Fiscal 2010 Preliminary Contracts Budget by Object Code

Obj. Code	Category	Fiscal 2009 Modified Budget		Fiscal 2010 Preliminary Budget		Changes		
		# of Contracts	\$ Value of Contracts	# of Contracts	\$ Value of Contracts	# of Contracts	\$ Value of Contracts	% \$ Change
600	Contractual Services-General	819	\$745,624,321	765	\$458,660,723	-54	(\$286,963,598)	-38.49%
602	Telecommunications Maintenance	435	\$49,515,497	440	\$38,637,733	5	(\$10,877,764)	-21.97%
607	Maint. & Repairs Motor Vehicles	384	\$17,047,895	383	\$14,326,787	-1	(\$2,721,108)	-15.96%
608	Maintenance & Repairs General	1,182	\$145,635,767	1,198	\$118,053,768	16	(\$27,581,999)	-18.94%
612	Office Equipment Maintenance	943	\$16,488,247	955	\$15,245,872	12	(\$1,242,375)	-7.53%
613	Data Processing Equipment	486	\$154,332,083	466	\$127,068,761	-20	(\$27,263,322)	-17.67%
615	Printing Contracts	406	\$35,143,625	380	\$28,082,524	-26	(\$7,061,101)	-20.09%
616	Community Consultants	67	\$26,714,395	74	\$18,913,117	7	(\$7,801,278)	-29.20%
617	Payments to Counterparties	1	\$113,324,141	1	\$111,411,206	0	(\$1,912,935)	-1.69%
618	Financing Contracts	8	\$26,220,100	3	\$32,612,897	-5	\$6,392,797	24.38%
619	Security Services	208	\$84,900,491	196	\$66,072,818	-12	(\$18,827,673)	-22.18%
620	Municipal Waste Export	31	\$315,570,861	31	\$334,033,885	0	\$18,463,024	5.85%
622	Temporary Services	373	\$49,596,876	394	\$39,969,588	21	(\$9,627,288)	-19.41%
624	Cleaning Services	357	\$29,464,971	351	\$23,418,271	-6	(\$6,046,700)	-20.52%
626	Investment Costs	41	\$8,146,450	41	\$8,134,450	0	(\$12,000)	-0.15%
629	In-Rem Maintenance	18	\$5,211,887	20	\$4,464,707	2	(\$747,180)	-14.34%
633	Transportation Expenditures	109	\$19,667,667	100	\$11,089,197	-9	(\$8,578,470)	-43.62%
640	Social Services-General	1	\$1,820	0	\$0	-1	(\$1,820)	100.00%
641	Protective Services For Adults	10	\$18,661,111	10	\$19,164,451	0	\$503,340	2.70%
642	Children's Charitable Institutions	70	\$558,051,357	70	\$534,018,282	0	(\$24,033,075)	-4.31%
643	Child Welfare Services	349	\$206,230,455	347	\$186,287,158	-2	(\$19,943,297)	-9.67%
647	Home Care Services	118	\$298,129,484	118	\$263,052,580	0	(\$35,076,904)	-11.77%
648	Homemaking Services	9	\$28,040,640	9	\$29,515,640	0	\$1,475,000	5.26%
649	Non-Grant Charges	64	\$16,549,751	64	\$14,188,808	0	(\$2,360,943)	-14.27%
650	Homeless Family Services	289	\$405,671,886	289	\$278,953,352	0	(\$126,718,534)	-31.24%
651	Aids Services	117	\$260,326,658	117	\$277,103,722	0	\$16,777,064	6.44%
652	Day Care of Children	687	\$623,144,028	687	\$593,812,714	0	(\$29,331,314)	-4.71%
653	Head Start	89	\$149,961,150	90	\$140,906,724	1	(\$9,054,426)	-6.04%
655	Mental Hygiene Services	475	\$645,855,539	472	\$629,439,755	-3	(\$16,415,784)	-2.54%
657	Hospital Contracts	7	\$119,780,227	7	\$127,458,610	0	\$7,678,383	6.41%
658	Special Clinical Services	1	\$8,549,921	1	\$8,245,502	0	(\$304,419)	-3.56%
659	Homeless Individual Services	144	\$210,448,778	144	\$191,580,140	0	(\$18,868,638)	-8.97%
660	Economic Development	45	\$21,544,202	45	\$6,830,315	0	(\$14,713,887)	-68.30%
662	Employment Services	87	\$179,274,953	74	\$144,736,047	-13	(\$34,538,906)	-19.27%
665	Legal Aid Society	1	\$83,109,500	1	\$71,959,500	0	(\$11,150,000)	-13.42%
667	Payment to Cultural Institutions	654	\$40,277,086	654	\$30,759,769	0	(\$9,517,317)	-23.63%
668	Bus Transportation- Reimbursable	9	\$59,044	9	\$59,044	0	\$0	0.00%
669	Transportation of Pupils	443	\$1,058,630,815	443	\$1,102,687,955	0	\$44,057,140	4.16%

Fiscal 2010 Preliminary Contracts Budget by Object Code (continued)								
Obj. Code	Category	Fiscal 2009 Modified Budget		Fiscal 2010 Preliminary Budget		Changes		
		# of Contracts	\$ Value of Contracts	# of Contracts	\$ Value of Contracts	# of Contracts	\$ Value of Contracts	% \$ Change
670	Payments to Contract Schools	289	\$1,058,630,815	289	\$1,102,687,955	0	\$280,016,143	27.66%
671	Training for City Employees	289	\$26,895,474	295	\$24,241,427	6	(\$2,654,047)	-9.87%
676	Maintenance & Oper. of Infrastructure	472	\$163,942,700	437	\$104,617,291	-35	(\$59,325,409)	-36.19%
678	Payments to Delegate Agencies	2,043	\$385,784,390	1,946	\$309,589,881	-97	(\$76,194,509)	-19.75%
681	Prof Services Accounting/Auditing	127	\$23,196,395	126	\$22,991,099	-1	(\$205,296)	-0.89%
682	Professional Services-Legal	97	\$63,997,248	94	\$54,364,632	-3	(\$9,632,616)	-15.05%
683	Professional Services- Engineering	50	\$13,780,648	32	\$2,001,131	-18	(\$11,779,517)	-85.48%
684	Professional Services- Computers	303	\$150,172,650	274	\$89,371,998	-29	(\$60,800,652)	-40.49%
685	Professional Services-Education	3,358	\$621,616,318	3,346	\$615,896,788	-12	(\$5,719,530)	-0.92%
686	Professional Services-Other	590	\$267,052,347	568	\$144,038,078	-22	(\$123,014,269)	-46.06%
688	Bank Charges Public Assistance Account	14	\$407,353	12	\$395,347	-2	(\$12,006)	-2.95%
689	Prov. Svcs Curriculum & Development	197	\$42,957,925	196	\$28,760,538	-1	(\$14,197,387)	-33.05%
695	Youth Programs	825	\$209,659,780	642	\$158,942,797	-183	(\$50,716,983)	-24.19%
	TOTALS	18,191	\$9,756,843,506	17,706	\$8,948,660,121	-485	(\$808,183,385)	-8.28%

Contract Budget by Agency

Each contract by object code fits into an agency budget. Contracts within agency budgets can range anywhere from legal services for the Office of Collective Bargaining to bus transportation for pupils in the Department of Education. Many of the common contracts carried by agencies include cleaning services, office equipment and technology maintenance, security, printing and professional services. In the Fiscal 2010 Preliminary Budget the top ten agencies constitute over 91 percent of the total contracts budget. Below is a list of those agencies, totaling approximately \$8.2 billion.

Ten Largest Contract Budgets by Agency

Fiscal 2010 Preliminary Budget

Agency Code	Agency	Contract Budget	% of Total Contract Budget
040	Department of Education	\$3,310,616,709	37.00%
068	Administration of Children's Services	\$1,488,884,317	16.64%
816	Department of Health & Mental Hygiene	\$976,783,917	10.92%
069	Department of Social Services	\$696,720,631	7.79%
071	Department of Homeless Services	\$474,755,533	5.31%
827	Department of Sanitation	\$400,274,235	4.47%
098/099	Miscellaneous/Debt Service	\$315,043,863	3.52%
260	Department of Youth and Community Development	\$218,884,539	2.45%
125	Department for the Aging	\$186,833,315	2.09%
841	Department of Transportation	\$119,860,519	1.34%
	TOTAL (Top Ten)	\$8,188,657,578	91.51%
	Total Fiscal 2010 Preliminary Contract Budget	\$8,948,660,121	100.00%