



New York City Council

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Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Executive Budget

**Department of Small Business Services (SBS) and
Economic Development Corporation (EDC)**

May 25, 2010

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Committee on Economic Development

Hon. Thomas White, Jr., Chair

Joint with Committee on Small Business

Hon. Diana Reyna, Chair

Jonathan Rosenberg, Deputy Director, Finance Division

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Small Business Services Summary and Highlights

<i>Dollars in thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010 – 2011
Personal Services	\$38,172	\$39,515	\$20,751	\$22,236	\$17,801	(\$2,950)
Other than Personal Services	\$98,385	\$113,976	\$148,674	\$152,225	\$102,311	(\$46,363)
Table Total	\$136,557	\$153,491	\$169,425	\$174,461	\$120,112	(\$49,313)

Summary Highlights

- **Program to Eliminate the Gap (PEG):** To achieve reductions and savings, SBS has implemented a 6.5 percent PEG of \$7.85 million in Fiscal 2011. Along with the Mayor's PEG adjustments, SBS has proposed three layoffs, four vacancy reductions, three position transfers, and two attrition savings for a total reduction of 12 positions for Fiscal 2011 (see page 9).
- **Workforce Development:** Funding for Workforce Development in the Fiscal 2011 Executive budget is \$29.93 million less than the Fiscal 2010 Adopted budget. The large year-to-year variance reflects the one year Workforce Investment Act (WIA) Federal Stimulus funding of \$31.73 million in Fiscal 2010 (see page 6).
- **Economic Development Corporation (EDC):** EDC's Fiscal 2011 Executive budget is \$11.18 million less than the Fiscal 2010 Adopted budget as a result of the Administration's PEG adjustments and the reduction in Federal funding, including the American Recovery and Reinvestment Act (ARRA) funding, and State grants (see page 7).
- **Business Development:** The Business Development Fiscal 2011 Executive budget is \$5.56 million less than the Fiscal 2010 Adopted budget as a result of funding being transferred to the City's operating expenses for Governors Island (see pages 9 and 17).
- **Neighborhood Development:** The Neighborhood Development Fiscal 2011 Executive budget is \$2.45 million less than the Fiscal 2010 Adopted budget as a result of the elimination of Council funded small business initiatives, which are not baselined as part of the budget (see page 10).
- **NYC & Company/Tourism:** The Contract Services: NYC & Company / Tourism Support Fiscal 2011 Executive budget is \$3 million less than the Fiscal 2010 Adopted budget as a result of the Administration scaling back operations in international markets and the reduction of 7 staff (see page 8).
- **Governors Island:** The Contract Services: Other Fiscal 2011 Executive budget is \$4.32 million greater than the Fiscal 2010 Adopted budget as a result of the City securing the rights from the State for the operation and management Governor's Island (see page 17).
- **Mayor's Office of Industrial and Manufacturing Businesses (MOIMB):** Funding for MOIMB for the Fiscal 2011 Executive budget is \$1.56 million more than the Fiscal 2010 Adopted budget (see page 14).

The Department of Small Business Services (SBS) and Economic Development Corporation (EDC)

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. SBS also serves the City's 64 Business Improvement Districts and houses the Mayor's Office of Industrial and Manufacturing Businesses, which oversee the City's 11 Empire Zones and 16 Industrial Business Zones. In addition, SBS promotes job opportunities for New Yorkers through targeted training initiatives and programs that meet the needs of businesses and strengthen the City's workforce with the Business Solution System, Workforce1 Career Center System, and the Minority/Women-owned Business Enterprise program.

Key Public Services Areas

- Help businesses start, operate, and expand in New York City.
- Enable businesses to become more profitable and productive by connecting them to a skilled and qualified workforce while helping the City's workforce get placed in jobs and advance in their careers.
- Strengthen New York City's commercial districts by supporting locally based economic development organizations.
- Encourage a competitive and diverse New York City business environment by helping minority and women-owned businesses win City contracts.

Critical Objectives

- Help businesses and entrepreneurs secure financing, access incentives, hire and train employees, navigate government, and start a new business.
- Promote and administer incentives programs that help to retain jobs and businesses in New York City.
- Develop and expand services available through the NYC Business Express website.
- Save businesses time and money by providing qualified job candidates in a timely manner.
- Prepare jobseekers for employment, place them in jobs, and facilitate their career advancement through training linked to jobs in high growth industries.
- Strengthen commercial districts throughout the five boroughs by supporting New York City's Business Improvement District (BID) program and by providing technical assistance and project funding to local economic development organizations.
- Help historically underserved groups become more competitive and ensure their meaningful participation in government.

SOURCE: Mayor's Management Report (MMR)

Financial Summary: Program Funding Overview

The table below is an overview of the SBS budget by programmatic functions.

	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
Program Area					
Agency Administration and Operations	\$12,507	\$13,192	\$12,665	\$12,052	(\$1,140)
Workforce Development: One Stop Centers, Program Management, Training, Workforce Investment Board (WIB) and Other	63,849	81,902	81,128	51,973	(29,928)
Contract Services: Economic Development Corporation (EDC)	19,665	23,787	27,566	12,611	(11,176)
Contract Services: NYC & Company / Tourism Support	19,557	18,317	18,031	15,322	(2,994)
Business Development	6,710	11,158	6,646	5,599	(5,558)
Neighborhood Development	6,742	7,176	11,670	4,727	(2,449)
Economic and Financial Opportunity: MWBE	3,041	2,998	2,854	1,380	(1,618)
Economic and Financial Opportunity: Labor Services	781	716	716	781	65
Contract Services: Empowerment Zone Mayor's Office of Industrial and Manufacturing Businesses	14,655	101	100	100	(1)
Mayor's Office of Film, Theatre and Broadcasting	2,373	8	3,310	1,558	1,550
Contract Services: Other	1,999	1,974	1,989	1,590	(384)
	1,612	8,098	7,785	12,418	4,320
TOTAL	\$153,491	\$169,425	\$174,461	\$120,112	(\$49,313)
Funding					
City Funds	N/A	\$82,093	\$66,548	\$65,193	(\$16,901)
-City Council Funds	N/A	6,581	6,318	0	(6,581)
Other Categorical	N/A	56	3,164	56	0
State	N/A	0	1,485	1,050	1,050
Federal - Community Development	N/A	6,133	4,148	3,257	(2,876)
Federal - Other	N/A	81,088	94,316	50,501	(30,586)
Intra City	N/A	55	4,800	55	0
TOTAL	N/A	\$169,425	\$174,461	\$120,112	(\$49,313)

Capital Program

New York City's economic development programs are initiated and managed by two agencies: SBS and the Economic Development Corporation (EDC). SBS provides direct technical assistance and services to businesses within the City, encourages participation in the procurement process, administers neighborhood commercial and industrial development and manages business improvement district programs.

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

Capital Budget Summary

The May 2010 Capital Commitment Plan includes \$464.7 million in Fiscals 2011-2014 for EDC (including City and Non-City funds). This represents 1.62 percent of the City's total \$28.6 billion Executive Plan for Fiscals 2011-2014. The EDC's May Commitment Plan for Fiscals 2011-2014 is 75 percent less than the \$1.89 billion scheduled in the September Commitment Plan, a decrease of \$1.43 billion.

Over the past five years the EDC has only committed an average of 24.36 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2010 capital plan will be rolled into Fiscal 2011 thus greatly increasing the size of the Fiscal 2011-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2010 has decreased from \$1.43 billion to \$1.42 billion, a reduction of \$9.76million or less than 1 percent.

Currently, EDC's appropriations total \$1.14 billion in city-funds for Fiscal 2010. These appropriations are to be used to finance the EDC's \$843.95 million city-funded Fiscal 2010 capital commitment program. EDC has \$299 million or over 35 percent more funding than needed to meet its entire capital commitment program for the current fiscal year.

Issues/Highlights

The following are the largest projects in EDC's June 2010 Commitment Plan in terms of planned commitments for Fiscals 2010-2020:

- **Willets Point Redevelopment:** EDC's Executive Capital Commitment Plan includes \$381.7 million in Fiscals 2010-2020. Roughly \$200 million is for site acquisition, \$166 million for infrastructure improvements and \$15 million for relocation, remediation, and technical services. The City is currently moving forward with site preparation and redevelopment via a staged development strategy.
- **BNYDC Infrastructure:** EDC's Executive Capital Commitment Plan for Fiscals 2010-2020 includes \$165 million for the Brooklyn Navy Yard Development Corporation (BNYDC) infrastructure investments in the water and sewer system, waterfront, electrical system, and other building improvements. The capital project is expected to create approximately 1.3 million square feet of

additional commercial, industrial, manufacturing and retail space at the Brooklyn Navy Yard, generating approximately 5,000 jobs over the next ten years.

- **Coney Island Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2010-2020 includes \$131.2 million for Coney Island Redevelopment. This funding covers property acquisition, interim amusements, the development of Steeplechase Plaza, streetscape improvements and other enhancements to the Coney Island district. The operator will perform basic construction, operations, and maintenance on the site until FY19. The initial phase of amusements will open to the public this coming Memorial Day weekend.
- **Jacob Javits Center:** EDC's Executive Capital Commitment Plan for Fiscals 2010-2020 includes \$114.6 million for the Jacob Javits Center. This project has been scaled back from the original \$350 million commitment from the City and an additional \$350 million from the State. The existing funding is for a small renovation and minor expansion.
- **Governors Island Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2010-2020 includes \$56.9 million for the redevelopment of Governors Island. In April 2010, the City assumed the management and control of the island. The Park and Public Space Master Plan, schematic design and environmental review will begin later this year and continue through 2011. Following that, community review will commence in 2012, and pending review, the first phase of construction is scheduled to commence in late 2012.
- **Downtown Brooklyn Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2010-2020 includes \$50.52 million for Downtown Brooklyn Redevelopment. These funds are the City's contribution to the 2004 re-zoning plan, which will create additional commercial and office space, housing, and expand existing academic institutions. Components of the project include streetscape improvements along Fulton Street, Flatbush Ave, and throughout MetroTech, as well as investments in Boerem Place, Willoughby Square, an underground parking facility, and the creation of an underground railroad commemorative feature.
- **Brooklyn Army Terminal (BAT):** EDC's Executive Capital Commitment Plan includes \$48.21 million for Fiscals 2010-2020 for the Brooklyn Army Terminal. Funding is allocated for façade improvements, elevator upgrades, waterfront stabilization, and continued asset management improvements.
- **BAM Cultural District:** EDC's Executive Capital Commitment Plan includes \$31.2 million for Fiscals 2010-2020 for the BAM Cultural District. The plan is to convert City-owned parking lots and underutilized properties into affordable space for arts organizations and to provide 200 new mixed-income residential units, and innovative architectural and public space design to enhance the district's landscape.
- **Brooklyn Atlantic Yards:** EDC's Executive Capital Commitment Plan includes \$24 million for Fiscal 2011 for the costs of excavation, retaining wall and related soft costs.

Program Areas

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

SBS currently operates the City's seven Workforce1 Career Centers, which are located in the Bronx, Brooklyn, Queens, Washington Heights/Inwood, Harlem, Midtown, and Lower Manhattan. 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.

<i>Dollars in thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec Plan	Exec Plan	2010 – 2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$5,453	\$4,779	\$7,483	\$6,617	\$4,410	(\$3,074)
Full-Time Salaried – Uniform	0	2	0	0	0	0
Other Salaried and Unsalariated	841	782	920	1,663	925	5
Additional Gross Pay	381	162	57	57	57	0
Subtotal PS	\$6,674	\$5,725	\$8,461	\$8,338	\$5,392	(\$3,069)
Other Than Personal Services						
Supplies and Materials	\$239	\$184	\$310	\$52	\$310	\$0
Property and Equipment	300	480	10	129	10	0
Other Services and Charges	9,503	4,185	381	11,966	383	2
Contractual Services	34,706	53,275	72,740	60,644	45,879	(26,861)
Fixed and Misc Charges	1	0	0	0	0	0
Subtotal OTPS	\$44,749	\$58,125	\$73,441	\$72,791	\$46,582	(\$26,859)
TOTAL	\$51,423	\$63,850	\$81,902	\$81,128	\$51,973	(\$29,928)
Funding						
City Funds	N/A	N/A	\$27,686	\$24,205	\$23,942	(\$3,743)
Federal - Other	N/A	N/A	54,216	56,923	28,031	(26,185)
TOTAL	N/A	N/A	\$81,902	\$81,128	\$51,973	(\$29,928)

SBS' Fiscal 2011 Executive Budget includes \$52 million for Workforce Development Program, which is \$30 million less than the Fiscal 2010 Adopted Budget. The funding disparity between the Fiscal 2010 Adopted Budget and the Fiscal 2011 Executive Budget reflects the one year Workforce Investment Act (WIA) Federal Stimulus funds received in Fiscal 2010. These funds are being used to expand the Workforce1 Career Centers; invest in occupational training in healthcare, information technology, and food service industry; and provide funding for community-based organizations to provide job training and placement services to dislocated workers.

Contract Services: Economic Development Corporation (EDC)

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

<i>Dollars in thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010 – 2011
Spending						
Other Than Personal Services						
Other Services and Charges	\$0	\$0	\$3,840	\$2,418	\$3,589	(\$251)
Contractual Services	19,110	16,434	19,947	25,148	9,022	(10,925)
Fixed and Misc. Charges	1	3,231	0	0	0	0
TOTAL	\$19,111	\$19,665	\$23,787	\$27,566	\$12,611	(\$11,176)
Funding						
City Funds	N/A	N/A	\$14,635	\$8,755	\$11,149	(\$3,486)
Federal-CD	N/A	N/A	2,890	251	0	(2,890)
Federal-Other	N/A	N/A	6,216	12,337	1,417	(4,799)
State	N/A	N/A	0	1,485	0	0
Intra-City	N/A	N/A	46	4,738	46	0
TOTAL	N/A	N/A	\$23,787	\$27,566	\$12,611	(\$11,176)

SBS' Fiscal 2011 Executive Budget includes \$12.61 million for EDC, which is \$11.18 million less than the Fiscal 2010 Adopted Budget. The difference is attributable to the following actions:

- The \$4.89 million PEG program to EDC including \$4 million EDC contract payments to the City; \$507,000 PEG for PlaNYC Office of Environmental Remediation's Brownfields Fund; and \$350,000 for EDC expense reduction for waterfront inspections, Coney Island Development Corporation, and Underground Railroad.
- A reduction of \$6.9 million in Federal grants including EDC Coney Island Ferry Federal/State Grant (\$2.57 million) and the one year American Recovery and Reinvestment Act (ARRA) funding including the Graffiti Removal (\$2.42 million), the ARRA Clean Feasibility Study (\$1 million), and the ARRA NYC Solar American Cities (\$900,000).

Contract Services: NYC & Company / Tourism Support

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.

<i>Dollars in thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010 – 2011
Other than Personal Services						
Spending						
Contractual Services	\$20,586	\$19,557	\$18,317	\$18,031	\$15,322	(\$2,994)
TOTAL	\$20,586	\$19,557	\$18,317	\$18,031	\$15,322	(\$2,994)
Funding						
City Funds	N/A	N/A	\$18,317	\$18,031	\$15,322	(\$2,994)
TOTAL	N/A	N/A	\$18,317	\$18,031	\$15,322	(\$2,994)

The Fiscal 2011 Executive Budget for NYC & Company is \$3 million less than the Fiscal 2010 Adopted Budget. This reduction is the result of NYC & Company scaling back operations in Russia and delaying planned expansion of operations in Mexico, in addition to reducing other international marketing. NYC & Company is also reducing its staff by seven positions in the Marketing, Interactive, Sponsorship Sales and Tourism divisions.

Business Development

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

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$1,838	\$2,538	\$2,181	\$2,274	\$2,108	(\$73)
Other Salaried & Unsalaries	7	216	9	36	122	112
Additional Gross Pay	82	91	18	0	3	(16)
Overtime - Civilian	11	4	5	0	0	(5)
Fringe Benefits	0	0	0	11	42	42
Subtotal PS	\$1,937	\$2,849	\$2,213	\$2,321	\$2,274	\$60
Other Than Personal Services						
Supplies and Materials	\$15	\$12	\$20	\$21	\$30	\$10
Property and Equipment	12	49	9	47	9	0
Other Services and Charges	7	19	5,725	70	62	(5,663)
Contractual Services	2,948	3,781	3,190	4,187	3,225	35
Subtotal OTPS	\$2,982	\$3,861	\$8,944	\$4,325	\$3,326	(\$5,618)
TOTAL	\$4,919	\$6,710	\$11,158	\$6,646	\$5,599	(\$5,558)
Funding						
City Funds	N/A	N/A	\$7,083	\$2,252	\$1,754	(\$5,328)
Federal - CDBG	N/A	N/A	697	548	496	(201)
Federal - Other	N/A	N/A	3,322	3,791	3,294	(29)
Other Categorical	N/A	N/A	56	56	56	0
TOTAL	N/A	N/A	\$11,158	\$6,646	\$5,599	(\$5,558)

SBS' Fiscal 2011 Executive Budget for Business Development is \$5.56 million less than the Fiscal 2010 Adopted Budget. Roughly \$4.58 million of this reduction is the result of funds transferring to *Contract Services: Other* for the City's operations of Governors Island. The remaining \$981,000 of the difference reflects the PEG adjustments for Business Development. The agency will lay off three positions, eliminate four positions through vacancy reduction, achieve additional savings through attrition, and transfer three positions from City Tax Levy (CTL) positions into WIA federal eligible units. The three position layoffs will come from the Financial Management and Administration (FMA) and the Division of Economic and Financial Opportunity (DEFO). Of the four vacancies, three would come from DEFO and one from the Division of Strategic Planning. Similar to a PEG, CTL positions will be transferred to WIA-eligible units and Federal CD-funded Avenue NYC Program to draw down more federal funding source, thus achieving tax levy savings.

Neighborhood Development

This 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.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$527	\$739	\$855	\$1,024	\$1,143	\$287
Other Salaried & Unsalaries	71	73	5	69	5	0
Additional Gross Pay	16	13	7	0	0	(7)
Subtotal PS	\$614	\$825	\$868	\$1,093	\$1,148	\$280
Other Than Personal Services						
Supplies and Materials	\$1	\$3	\$0	\$0	\$0	\$0
Property and Equipment	43	2	0	0	0	0
Other Services and Charges	8	1	442	0	0	(442)
Contractual Services	9,416	5,911	5,866	10,577	3,579	(2,287)
Subtotal OTPS	\$9,467	\$5,917	\$6,308	\$10,577	\$3,579	(\$2,729)
TOTAL	\$10,081	\$6,742	\$7,176	\$11,670	\$4,727	(\$2,449)
Funding						
City Funds	N/A	N/A	\$4,586	\$3,292	\$872	(\$3,714)
State	N/A	N/A	0	0	1,050	1,050
Federal - CDBG	N/A	N/A	2,546	3,349	2,761	215
Federal - Other	N/A	N/A	43	5,003	43	0
Intra City	N/A	N/A	0	25	0	0
TOTAL	N/A	N/A	\$7,176	\$11,670	\$4,727	(\$2,449)

SBS currently serves the City's 64 Business Improvement Districts under Neighborhood Development. The decrease of \$2.45 million from the Fiscal 2010 Adopted Budget to the Fiscal 2011 Executive Budget reflects the City Council-supported small business initiatives, which are not baselined as part of the Administration's budget.

Economic and Financial Opportunity: MWBE

The City's Minority- and Women-Owned Business Enterprise (MWBE) Program 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 win City contracts.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$1,286	\$1,446	\$1,322	\$1,380	\$1,102	(\$220)
Other Salaried & Unsalaries	192	165	267	267	4	(263)
Additional Gross Pay	131	50	16	16	16	0
Overtime - Civilian	1	0	0	0	0	0
Subtotal PS	\$1,610	\$1,661	\$1,606	\$1,663	\$1,122	(\$484)
Other Than Personal Services						
Supplies and Materials	\$12	\$37	\$14	\$9	\$48	\$34
Property and Equipment	11	1	0	4	2	2
Other Services and Charges	242	438	5	49	10	5
Contractual Services	1,421	900	1,369	1,125	194	(1,175)
Fixed and Misc Charges	3	4	4	4	4	0
Subtotal OTPS	\$1,689	\$1,380	\$1,392	\$1,191	\$257	(\$1,135)
TOTAL	\$3,299	\$3,041	\$2,998	\$2,854	\$1,380	(\$1,618)
Funding						
City Funds	\$0	\$0	\$2,800	\$2,599	\$1,181	(\$1,618)
Federal-Other	0	0	198	256	198	0
TOTAL	\$0	\$0	\$198	\$256	\$198	(\$1,618)

The decrease of \$1.62 million between the Fiscal 2010 Adopted Budget to the Fiscal 2011 Executive Budget reflects the elimination of funding for the City Council's MWBE Leadership Association (\$800,000) and the Small Business and Job Development/Financial Literacy (\$742,000) initiatives, which were not baselined in the SBS' budget.

Economic and Financial Opportunity: Labor Services

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 MWBEs.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$542	\$500	\$649	\$649	\$564	(\$85)
Other Salaried & Unsalariated	0	8	0	0	0	0
Additional Gross Pay	29	23	17	17	17	0
Overtime - Civilian	0	0	0	0	0	0
Subtotal PS	\$571	\$531	\$666	\$666	\$581	(\$85)
Other Than Personal Services						
Contractual Services	\$232	\$250	\$50	\$50	\$200	\$150
TOTAL	\$803	\$781	\$716	\$716	\$781	\$65
Funding						
City Funds						
	N/A	N/A	\$716	\$716	\$781	\$65
TOTAL	N/A	N/A	\$716	\$716	\$781	\$65

Contract Services: Empowerment Zone

The New York Empowerment Zone is a federal economic development initiative that uses public funds and tax incentives to encourage private investments in Upper Manhattan and the South Bronx.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$60	\$66	\$1	\$0	\$0	(\$1)
Additional Gross Pay	1	5	0	0	0	0
Subtotal PS	\$61	\$71	\$1	\$0	\$0	(\$1)
Other Than Personal Services						
Other Services and Charges	\$116	\$16	\$100	\$0	\$0	(\$100)
Contractual Services	0	14,568	0	100	100	100
Subtotal OTPS	\$116	\$14,584	\$100	\$100	\$100	\$0
TOTAL	\$177	\$14,655	\$101	\$100	\$100	(\$1)
Funding						
City Funds	N/A	N/A	\$101	\$100	\$100	(\$1)
TOTAL	N/A	N/A	\$101	\$100	\$100	(\$1)

SBS' Fiscal 2010 Adopted Budget is \$14.5 million less than the amount actually spent in Fiscal 2009. The large reduction is attributable to the completion of the two-year funding cycle for Fiscals 2008-2009 for the Empowerment Zone contract. The Business Promotion and Economic Development currently manages the Empowerment Zone program.

Mayor's Office of Industrial and Manufacturing Businesses

The Mayor's Office of Industrial and Manufacturing Businesses 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 Mayor's Office of Industrial and Manufacturing Businesses currently manage the City's 11 Empire Zones and 16 Industrial Business Zones.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$0	\$239	\$8	\$192	\$358	\$350
Other Salaried and Unsalariated	75	10	0	0	0	0
Additional Gross Pay	1	4	0	9	0	0
Subtotal PS	\$76	\$254	\$8	\$201	\$358	\$350
Other Than Personal Services						
Supplies and Materials	\$3	\$0	\$0	\$0	\$0	\$0
Other Services and Charges	3	0	0	0	0	0
Contractual Services	2,354	2,119	0	3,109	1,200	1,200
Subtotal OTPS	\$2,361	\$2,119	\$0	\$3,109	\$1,200	\$1,200
TOTAL	\$2,437	\$2,373	\$8	\$3,310	\$1,558	\$1,550
Funding						
City Funds						
City Funds	\$0	\$0	\$8	\$201	\$1,558	\$1,550
Other Categorical	0	0	0	3,109	0	0
TOTAL	\$0	\$0	\$8	\$3,310	\$1,558	\$1,550

The variance between 2010 Adopted, 2010 Executive, and the 2011 Executive budgets can be explained on a year-by-year basis in that the City's fiscal year and the contract year do not overlap. While the City's fiscal year is from July to June, the active contracts for the Mayor's Office of Industrial and Manufacturing Businesses (IMB) run from October until September. This means that when the City adopts its budget in June, funding for IMB is not yet available till October. But funding for the entirety of these contracts is available. The Fiscal 2010 Executive Budget of \$3.3 million will be available until September along with the Fiscal 2011 Executive Budget funding of \$1.56 million.

Mayor's Office of Film, Theatre and Broadcasting

The Mayor's Office of Film, Theatre and Broadcasting (MOFTB) encourages the development of the entertainment industry in the City.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference, 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$1,519	\$1,622	\$1,653	\$1,668	\$1,559	(\$94)
Other Salaried and Unsalaries	0	0	18	18	18	0
Additional Gross Pay	15	32	13	13	13	0
Subtotal PS	\$1,534	\$1,654	\$1,684	\$1,698	\$1,590	(\$94)
Other Than Personal Services						
Supplies and Materials	\$55	\$15	\$22	\$24	\$0	(\$22)
Other Services and Charges	212	207	232	219	0	(232)
Contractual Services	89	110	33	42	0	(33)
Subtotal OTPS	\$357	\$332	\$287	\$285	\$0	(\$290)
TOTAL	\$1,891	\$1,986	\$1,971	\$1,983	\$1,590	(\$384)
Funding						
City Funds	\$0	\$0	\$1,974	\$1,962	\$1,590	(\$384)
Intra City	0	0	0	27	0	0
TOTAL	\$0	\$0	\$1,974	\$1,989	\$1,590	(\$384)

To achieve its PEG adjustment, the MOFTB will layoff one full-time employee and also achieve attrition savings for another, thus achieving a reduction of \$202,000 in Fiscal 2011. Pending an Executive Order, the Film Office and NYC TV will be merged into a new NYC Media Group, housed within DoITT. SBS has been performing the contract administration for the Film Office. This transfer of funds totaling \$296,000 in Fiscal 2011 and in the outyears allows DoITT to perform that function.

In addition, MOFTB is also implementing a \$300 fee for processing of film applications to generate \$155,000 in fee revenues for Fiscal 2011 and in the outyears.

Agency Administration and Operations

This program includes the administrative functions of SBS. Funding for Administration and Operations serves the agency across all program areas. This program area funds the office personnel from the executive, legal, finance, IT and administrative offices, and other than personnel such as office supplies, property and equipment.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011*
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$4,761	\$5,225	\$4,984	\$5,910	\$5,118	\$134
Other Salaried & Unsalariated	921	818	171	286	161	(9)
Additional Gross Pay	276	214	48	42	42	(6)
Overtime - Civilian	24	23	41	15	15	(26)
PS Other	0	1	0	0	0	0
Fringe	0	0	0	2	(0)	(0)
Subtotal PS	\$5,983	\$6,281	\$5,244	\$6,256	\$5,336	\$93
Other Than Personal Services						
Supplies and Materials	\$208	\$94	\$136	\$245	\$91	(\$45)
Property and Equipment	44	24	(2)	49	18	20
Other Services and Charges	4,255	4,298	5,486	4,193	4,281	(1,205)
Contractual Services	1,766	1,730	2,327	1,908	2,326	(2)
Fixed and Misc. Charges	30	81	0	15	0	0
Subtotal OTPS	\$6,303	\$6,226	\$7,948	\$6,409	\$6,716	(\$1,232)
TOTAL	\$12,287	\$12,507	\$13,192	\$12,665	\$12,052	(\$1,140)
Funding						
City Funds	N/A	N/A	\$7,929	\$6,999	\$6,761	(\$1,168)
Federal - Other	N/A	N/A	5,253	5,656	5,281	29
Intra City	N/A	N/A	10	10	10	0
TOTAL	N/A	N/A	\$13,192	\$12,665	\$12,052	(\$1,140)

The Agency's Administration and Operation's Fiscal 2011 Executive budget is \$1.14 million less than the Fiscal 2010 Adopted Budget, reflecting the lower costs estimated for heat, light, and power and lease adjustments.

Contract Services: Other

This program area provides 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.

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011*
Spending						
Other Than Personal Services						
Other Services and Charges	\$96	\$0	\$823	\$125	\$12,418	\$11,595
Contractual Services	9,429	1,612	7,275	7,660	0	(7,275)
Subtotal OTPS	\$9,525	\$1,612	\$8,098	\$7,785	\$12,418	\$4,320
TOTAL	\$9,525	\$1,612	\$8,098	\$7,785	\$12,418	\$4,320
Funding						
City Funds	\$0	\$0	\$7,948	\$7,635	\$12,418	\$4,470
Federal-Other	0	0	150	150	0	(150)
TOTAL	\$0	\$0	\$8,098	\$7,785	\$12,418	\$4,320

Funding in the Contract Services: Other program is for the Governors Island's year-to-year operating budget expense. In April 2010, the City took full control of Governors Island. Since 2003, the City and the State have jointly operated Governors Island after the federal government handed over the shuttered military base. The City and State provided roughly \$7 million each for the operations of Governors Island. Given the State's current budget situation, the State is unable to match the City's financial commitment. The City will now put up the full operating costs of managing the island.

Appendix A: Budget Actions Since Fiscal Year 2010 Adoption

<i>Dollars in thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the June 2009 Plan	\$82,093	\$87,332	\$169,425	\$43,391	\$51,310	\$94,701
Program to Eliminate the Gap (PEGs)						
EDC Expense Reduction	(\$1,095)	\$0	(\$1,095)	(\$350)	\$0	(\$350)
EDC Increase in Contractual Payments	(295)	0	(295)	(2,102)	0	(2,102)
PlaNYC/Office of Environmental Remediation Brownfields Fund Reduction	(332)	0	(332)	(507)	0	(507)
Governors Island Preservation and Education Corp Reduction	(280)	0	(280)	0	0	0
Business Promotion and Economic Development	(228)	0	(228)	(420)	0	(420)
SBS Savings Generated from Construction Commission	(430)	0	(430)	0	0	0
Center for Economic Opportunity (CEO) for SBS	(255)	0	(255)	0	0	0
NYC & Company Contract Reduction	(286)	0	(286)	(1,265)	0	(1,265)
City Council Funds--Fiscal 2010 Reduction	(263)	0	(263)	0	0	0
SBS Layoffs of Four Positions	0	0	0	(227)	0	(227)
PS Reduction in DEFO Unit	0	0	0	(48)	0	(48)
Mayor's Office of Film, TV & Broadcasting Layoff of One Position	(30)	0	(30)	(87)	0	(87)
SBS Vacancy Reductions of 4 Full-Time Positions	0	0	0	(258)	0	(258)
SBS Attrition Savings	0	0	0	(28)	0	(28)
Mayor's Office of Film, TV & Broadcasting (MOFTB) Attrition Savings for One Position	(57)	0	(57)	(115)	0	(115)
SBS Mayor's Office of Industrial & Manufacturing Business Transfers to Workforce Investment Act (WIA) eligible units	0	0	0	(236)	0	(236)
SBS Transfers of Two Positions from City Tax Levy positions into WIA eligible units.	0	0	0	(56)	0	(56)
Transfer CTL position to CD Funded Program	0	0	0	(116)	0	(116)
Downtown Brooklyn Partnership Contract Reduction	(33)	0	(33)	0	0	0
EDC Community Court Reduction	(13)	0	(13)	(37)	0	(37)
Total, PEGs	(\$3,597)	\$0	(\$3,597)	(\$5,852)	\$0	(\$5,852)
New Needs						
EDC Civil Service Study	\$0	\$0	\$0	\$750	\$0	\$750
Funding for MOIMB	0	0	0	1,200	0	1,200
Governors Island Operating Budget FY11 and outyears	(7,465)	0	(7,465)	7,590	0	7,590
Total New Needs	(\$7,465)	\$0	(\$7,465)	\$9,540	\$0	\$9,540
Other Adjustments						
Brooklyn Navy Yard waterfront Study	\$0	\$0	\$0	\$0	\$1,050	\$1,050
SBS CEO Fiscal 2011 Adjustment	0	0	0	10,883	0	10,883
CEO Baselined Program	(250)	0	(250)	250	0	250
POP Grant Reconciliation FY10 and FY11	0	57	57	0	0	0
ARRA Reconciliation FY10	0	(642)	(642)	0	0	0
FY10 and FY11 ARRA OTPS Cleanup	0	(721)	(721)	0	1,918	1,918
FY10 ARRA PS Cleanup	0	(7,480)	(7,480)	0	0	0
ARRA Smart Solar City	0	933	933	0	0	0
ARRA EDC Clean DG Feasibility	0	1,000	1,000	0	0	0
Taxy Levy Offset for ARRA Adjustment	2,890	0	2,890	0	0	0

<i>Dollars in Thousands</i>	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
CD Graffiti Adjustment	\$0	\$0	\$0	\$0	(\$1,290)	(\$1,290)
Funding for Graffiti Free NYC Program	(600)	0	(600)	473	0	473
IBZ FY10 Rollover	0	1,316	1,316	0	0	0
FY PlaNYC Brownfields Fund and Database Reallocation	(2,779)	0	(2,779)	2,722	0	2,722
Reallocation of EDC's Financial Services Asst Funds	(550)	0	(550)	550	0	550
EDC CD ARRA Graffiti takedown	0	(2,890)	(2,890)	0	0	0
Comprehensive Street Management Plan with EDC	0	1,065	1,065	0	0	0
EDC-Greenpoint/ Williamsburg Delay	(1,250)	0	(1,250)	0	0	0
EDC ERW Habitat State EPF fund	0	900	900	0	0	0
EDC WIA Business Solution Fast Track	0	464	464	0	0	0
EDC Sherman Creek State Grant	0	300	300	0	0	0
EDC Coney Island Feasibility	0	2,565	2,565	0	0	0
EDC BQE Mitigation Study	0	258	258	0	0	0
EDC LMDC WTC Performing Arts	0	258	258	0	0	0
EDC Performing Arts Center	0	165	165	0	0	0
EDC WTC Pac Grant	0	140	140	0	0	0
EDC/DEP SI Land Swap	0	27	27	0	0	0
East River Ferry Funding Transfer	0	0	0	880	0	880
Randall's Island Connector	0	280	280	0	830	830
Rockaway Ferry	0	275	275	0	0	0
Astoria Restoration Assoc. Inc.	10	0	10	0	0	0
Bedford Stuyvesant Restoration Corp.	(90)	0	(90)	0	0	0
Benevolent Tax Professional Services, Inc.	(5)	0	(5)	0	0	0
Council of Urban Professionals, Inc.	(12)	0	(12)	0	0	0
DUMBO District Management Association, Inc.	8	0	8	0	0	0
Extension of funding for Downtown Brooklyn Partnership	0	0	0	250	0	250
Fund for the City of New York, Inc.	30	0	30	0	0	0
Harlem Renaissance Eco Dev Corp	(4)	0	(4)	0	0	0
Maspeth Chamber of Commerce, Inc.	(10)	0	(10)	0	0	0
Rockaway Dev & Revitalization Corp.	(76)	0	(76)	0	0	0
West Brighton Community LDC	5	0	5	0	0	0
Beach Channel Drive	0	350	350	0	0	0
Avenue NYC non-register rollover	0	263	263	0	0	0
Funding for Avenue NYC in FY11	0	0	0	0	500	500
Increase TAA Budget	0	1,405	1,405	0	0	0
Increase DPN- WIG Budget	0	212	212	0	0	0
Business Basics CD Rollover	0	43	43	0	0	0
MOFTB contracts	0	0	0	(297)	0	(297)
MOFTB Fringe Correction	(2)	0	(2)	0	0	0
NBAT and PLA formation	(1,118)	0	(1,118)	528	0	528
Credit for fringe benefit savings associated with PS reductions	9	0	9	178	0	178
Credit for fringe benefit savings associated with PS reduction for transfers	0	0	0	15	0	15
Personnel Transfer	0	0	0	114	0	114
SBS Collective Bargaining for Managers	664	13	676	664	13	676
Collective Bargaining Attorney	709	0	709	709	0	709
IC w/ DSBS	0	20	20	0	0	0

<i>Dollars in Thousands</i>	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
IC with SBS Consultant	\$0	\$17	\$17	\$0	\$0	\$0
Fiscal 2010 Budget Modification of Local Member Council Items Realign	(109)	0	(109)	0	0	0
Lease Adjustment	0	0	0	7	0	7
Heat, Light and Power	(1,538)	(4)	(1,541)	(1,205)	2	(1,203)
Total Other Adjustments	(\$4,069)	\$590	(\$3,480)	\$16,719	\$3,023	\$19,742
Agency Budget as per the Fiscal 2011 Executive Plan	\$66,548	\$107,912	\$174,460	\$65,192	\$54,920	\$120,112

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Appendix B: Reconciliation of Program Areas to Units of Appropriation*Dollars in Thousands*

	Personal Services				OTPS					TOTAL
	001	004	008	010	002	005	006	009	011	
Agency Administration and Operations	\$5,405				\$7,921					\$13,326
Business Development	\$2,217				\$8,079					\$10,296
Contract Svcs: Economic Development Corp.							\$9,565			\$9,565
Contract Svcs: Empowerment Zone		\$1				\$100				\$101
Contract Svcs: NYC & CO./Tourism Support						\$15,870				\$15,870
Contract Svcs: Other						\$0				\$0
Economic & Financial Opportunity: MWBE		\$1,258				\$257				\$1,515
Economic & Financial Opportunity: Labor Services		\$581				\$0				\$581
MO Film, Theatre and Broadcasting			\$1,631					\$290		\$1,921
Mo Industrial & Manufacturing Businesses	\$358				\$0					\$358
Neighborhood Development	\$925				\$2,139					\$3,064
Workforce Development: One Stop Centers				\$1,120					\$23,179	\$24,299
Workforce Development: Program Management				\$3,357					\$3,965	\$7,322
Workforce Development: Training				\$551					\$16,552	\$17,103
Workforce Development: WIB and Other				\$364					\$365	\$729
TOTAL	\$8,905	\$1,840	\$1,631	\$5,392	\$18,139	\$16,227	\$9,565	\$290	\$44,061	\$106,050