

NYC child care programs restored in \$68.5B budget

by {ga=csalazar}

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NEW YORK — Mayor Michael Bloomberg and the City Council agreed on a \$68.5 billion budget that restores funding for popular child care programs, while assuming the city will reap hundreds of millions of dollars in revenue from the sale of taxi medallions.

The agreement on the 2013 fiscal budget was announced by Bloomberg and Council Speaker Christine Quinn at City Hall earlier tonight.

The two posed, shook hands and kissed each other on the cheeks in front of a room full of reporters and cameras.

The announcement brought to an end the so-called "budget dance" where the mayor and the Council negotiate the spending priorities for the fiscal year that begins July 1.

Quinn, who hopes to become the city's next mayor, said the budget agreement was a statement of values. "With this budget I think all of us in City Hall have made clear that the children of New York City are, without a doubt, a priority," she said.

The budget provides for \$150 million in funding for child care and after school programs that had been slated to be cut under the mayor's initial proposal. It also includes increased education funding to avoid slashing teacher aide jobs.

City officials said they were able to restore funding to the programs by trimming the budget of other agencies and setting priorities.

The agreement also modifies the expected revenue from the sale of taxi medallions to expand hail service to the outer boroughs to \$635 million in 2013 after the plan was held up in court earlier this month.

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The sale of the medallions is expected to continue through fiscal year 2015, with an overall estimated \$1.46 billion in revenue.

Earlier this month, a state judge agreed to an injunction after yellow taxi fleet owners sued over the plan, arguing that it violated the state constitution because it was passed in Albany instead of in the City Council.

Bloomberg said the city expected to win the court fight and that taxi medallions would continue to be valued. "Owning medallions has turned out to be a great investment," he said. "And we think people will still want to do that."

The mayor said that if the city were to lose out on the sale "it would put an enormous hole in the budget."

Besides the taxi medallion sale, the over \$3 billion fiscal year gap has also been patched up with the \$466 million from the CityTime fraud settlement and \$1 billion redirected from the Retiree Health Benefits Trust.

City officials also said last night that the updated budget includes debt service savings of about \$150 million and about the same amount from a federal settlement with ING Bank.

Budget experts have warned the decision to rely on the one-time sources such as the sale of taxi medallions is risky.

The state comptroller's office, which is one of four agencies that has oversight of the city's finances, said the "largest quantifiable budget risk" was the anticipated revenue from the sale of 2,000 taxi medallions. The state comptroller's office urged the city to "develop a contingency plan" if the money were not raised.