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This is
background
for Nye
meeting
tomorrow -
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for N.Y. city

THE WHITE HOUSE
WASHINGTON

- 1) Last 10 yrs info
on income + outgo
operating budget
+
5 yr projections.
- 2) Same for capital
budget.
- 3) Ratio of employees to
city population for last
10 yrs + 5 projection

THE WHITE HOUSE
WASHINGTON

- 4) Way to provision
info. ^{increases relative}
to cost of living.
- 5) What is the status
of short & long term
debt.

THE WHITE HOUSE

WASHINGTON

May 13, 1975

MEMORANDUM FOR:

DICK CHENEY

FROM:

JERRY JONES

Attached is material concerning New York City's financial position which the President asked for. This information was provided by New York City and is not as extensive as we had requested. In most cases there are no forward projections and some key data is provided for five years rather than ten years as requested.

However, even with sketchy information, the picture is still bleak. The expense budget is up dramatically over the last five years. Wages have increased over a ten year period at an awesome rate and the cash flow requirements to service their debt is almost 10 percent of the operating budget. Since these are New York City numbers which have not been analyzed by the Domestic Council or OMB, the City's position may be put in a better light than it actually is.

Attached at Tab A is the original material supplied to the President by Dunham suggesting things that the City might do to improve their own financial position.

Attachment.

THE WHITE HOUSE

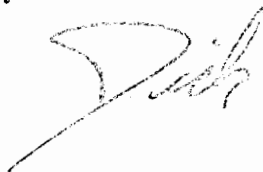
WASHINGTON

May 13, 1975

MEMORANDUM TO: JERRY JONES
FROM: R. L. DUNHAM
SUBJECT: New York City Finances

I have attached for your use material that you requested of Jim Cannon by your note of May 12, 1975, concerning fiscal information relating to City of New York that the President requested.

The material was prepared by city officials and is incomplete, particularly in regard to projections of revenues and expenditures for the next five years.





OFFICE OF THE MAYOR

Bureau of the Budget

MUNICIPAL BUILDING, NEW YORK, N. Y. 10007

MELVIN N. LECHNER, *Director of the Budget*

May 12, 1975

Honorable Richard Dunham
Deputy Director
Domestic Council
Washington, D.C.

Dear Mr. Dunham:

In accordance with your telephone request,
please find the enclosed data which you requested.

EXPENSE BUDGET AS MODIFIED

	<u>Total</u>	<u>Tax Levy</u>	<u>State</u>	<u>Federal</u>	<u>Capital & Special Budget</u>	<u>Other</u>
-71	8.2	4.6	1.7	1.3	0.5	0.1
-72	9.1	5.0	1.8	1.6	0.4	0.3
-73	10.1	5.5	1.9	2.0	0.5	0.2
-74	11.1	6.1	2.1	1.8	0.8	0.3
-75	13.1	7.0	2.4	2.3	1.2	0.2

NOTE: The operating budget for 1975-76 has not been finalized which makes it difficult to accurately project requirements for future years.

CAPITAL BUDGET FUNDING (in millions)

CAL YEAR	CITY FUNDS		STATE	FEDERAL	OTHER	TOTAL
	DEBT LIMIT	EXEMPT				
5-66	500.5	89.6	71.5	1.2	1.5	664.3
6-67	437.0	101.5	123.6	13.7	1.6	677.0
7-68	560.6	112.3	220.7	59.4	82.5	1,035.5
8-69	503.3	115.3	245.7	60.0	3.7	928.0
9-70	728.6	71.4	194.7	132.6	2.9	1,130.2
0-71	801.4	202.4	348.4	74.8	0.9	1,427.9
1-72	827.3	334.6	349.9	106.2	4.1	1,622.1
2-73	1,015.2	326.6	285.5	226.6	3.6	1,857.5
3-74	1,141.4	217.5	123.6	783.4	1.1	2,267.0
4-75	*914.6	140.4	49.3	326.2	8.8	1,439.3*
5-76	**792.8	252.5	240.9	340.1	4.0	1,630.3**

* Does not include \$320.4 millions Outside Certification

** Does not include \$400.0 millions Outside Certification

RATIOS OF POSITIONS BUDGETED BY THE
CITY OF NEW YORK TO TOTAL EMPLOYMENT
IN THE CITY

	<u>*Total Employment New York City</u>	<u>**Positions in New York City Budget</u>	<u>% of Total</u>
1970-71	3,677,000	303,244	8.2%
1971-72	3,585,000	298,458	8.3
1972-73	3,554,000	296,415	8.3
1973-74	3,525,000	305,340	8.7
1974-75	3,459,000	308,441	8.9

NOTE: In projecting the tentative Executive Budget for 1975-76 it is estimated there will be a reduction of 35,082 positions from July 1, 1974 to June 30, 1976.

* Source: N.Y. State Department of Labor

** Source: Adopted Budget for the respective Fiscal Year

	Fiscal 1964	Fiscal 1974	CHANGE	
			Absolute	%
Average wage of N.Y.C. Employees (members of 5 Ret. Systems)	\$ 7,130	\$13,147	\$ 6,017	84%
Average Wage of N.Y.C. Employees excluding Policemen, Firemen and Teachers	\$ 6,246	\$11,281	\$ 5,035	81%
Wage of Teacher (B.A. only: Max.)	\$11,025	\$16,650	\$ 5,625	51%
Wage of Policeman and Fireman at maximum	\$ 8,098	\$15,250	\$ 7,152	88%
Average Pension Contri- bution (average of 5 Ret. Systems)	\$ 1,007	\$ 1,995	\$ 988	98%
Average Fringe Benefit Cost (all U.S.) per Employee per year*	\$ 1,683	\$ 3,802	\$ 2,119	126%
Average Pension Cost (all U.S.) per Employee per year (included in Fringe Benefit Cost)*	\$ 328	\$ 922	\$ 594	181%
Consumer Price Index (Bureau of Labor Statistics)	92.8	154.7	61.9	67%

* U.S. Chamber of Commerce
Data is for 1963-1973

Schedule of Maturities of Outstanding Short-Term Debt
(in Millions)

Maturity	Principal	Interest	Type
May 30, 1975	\$ 220.0	\$ 14.2	BAN
June 11, 1975	200.0	9.6	TAN
June 11, 1975	187.0	12.8	TAN
June 11, 1975	115.0	5.5	TAN
June 11, 1975	280.0	12.1	RAN
June 25, 1975	249.0	5.3	BAN
June 30, 1975	375.0	8.4	RAN
August 22, 1975	141.0	10.7	BAN
August 22, 1975	600.0	40.0	RAN
September 11, 1975	46.0	1.5	BAN
September 15, 1975	400.0	33.6	RAN
October 17, 1975	420.4	32.7	BAN
November 10, 1975	250.0	20.7	RAN
December 11, 1975	400.0	37.8	RAN
December 17, 1975	30.0	1.8	CRN
January 12, 1976	620.0	58.1	RAN
January 13, 1976	200.0	18.8	BAN
February 13, 1976	290.0	21.8	RAN
March 12, 1976	341.3	29.7	BAN
March 12, 1976	150.0	13.1	BAN
Total	\$5,484.7	\$388.5	

	<u>PRINCIPAL PAYMENTS ON SERIAL BONDS</u>	<u>SINKING FUND INSTALLMENTS</u>	<u>INTEREST ON FUNDED DEBT</u>	<u>TOTAL</u>
1975	822.2	7.1	376.8	1206.1
1976	962.6	16.8	421.9	1401.3
1977	856.8	15.7	356.2	1228.7
1978	640.7	14.1	297.1	951.9
1979	499.0	13.1	255.3	767.4
1980	342.9	12.6	223.5	579.0
1981	303.4	7.8	191.4	502.6
1982	270.7	6.3	169.9	446.9
1983	251.4	5.9	154.2	411.5
1984	231.2	5.9	140.0	377.1
1985	210.3	5.9	126.9	343.1
1986	198.3	5.9	115.0	319.2

THE WHITE HOUSE
WASHINGTON

May 12, 1975

MEMORANDUM FOR:

JIM CANNON

FROM:

JERRY FOX 

I understand that the President will be meeting with Governor Carey and Mayor Beame at 2:00 p.m. Tuesday. The President has asked for the following information for his use in this meeting:

- 1) New York City operating budget revenues and expenditures for the last ten years and projections for the next five years.
- 2) The same information as requested in #1 for the capital budget.
- 3) The ratio of persons employed by the City of New York to the total city population over the last ten years as well as a projection over the next five.
- 4) Actual and percentage increases in wages and pensions for City employees over the last ten years. Also, the relationship between increases in wages in pension benefits for City employees and the increase in the cost of living in New York City.
- 5) A status report of their short-term and long-term debt showing outstanding amounts, payment schedules, ~~projected shortfalls, etc.~~


Mayor Beame should know that the President has requested this information and that the President wants to discuss these matters with them during the meeting.

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THE WHITE HOUSE

WASHINGTON

May 9, 1975

MEMORANDUM FOR: JIM CANNON
FROM: DICK DUNHAM 
SUBJECT: New York City Financing

I have attached a list of proposed items.


I am stopping in the State capital in Albany to get additional information and more specific items from Dick Wiebe. These will include a memorandum from the Citizens Budget Expenditure Review and others.

I will be available at home in the middle of the afternoon. Art Quern is up to date on this effort.

THE WHITE HOUSE

WASHINGTON

May 9, 1975

MEMORANDUM TO: JAMES CANNON
FROM: R. I. DUNHAM 
SUBJECT: NYC Financial Problem

As you requested, I have listed below some of the items that the City and/or the State can do to help resolve the City's fiscal problems.

The figures are only estimates based on my recollection, and they should not be used by anyone until I get more precise estimates.

This list is illustrative and not comprehensive.

1. End free tuition at City University.
Establish State University tuition rate, for those who can afford it. Average \$500 (net of scholarship)
138,000 students \$million
60+
2. Reduce work force. Say 10,000 employees.
average salary \$11,000
fringe benefits 3,300
\$14,300
10,000 x \$14,300 143
3. Raise subway fares \$0.05
From .35 to .40 50
4. Tolls on East River Bridges 50
5. Charge Day Care according to
Federal standards 15
6. Reduce City University salaries
to State University salary rates 10

	\$ million
7. Renegotiate employee contracts to require partial -- 20% contribution of employees to the retirement	200
8. Reduction in primary and secondary education costs	100
9. State takeover of city court system	120
10. State takeover of correction system (tax levy cost)	90
11. Reduction in levels of free hospital services (\$340 million tax levy)	100
12. No increase in pay levels under pending negotiations	350-400.