

<b>2008-09 Spending Plan</b>	<b>NYS Urban Development Corp. d/b/a Empire State Development Corp.</b>
	<b>Agency Head: President and Chief Operating Officer Avi Schick</b>

## A. Overview of Proposed Plan

### Operating

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a  
EMPIRE STATE DEVELOPMENT CORPORATION  
BUDGET 2008 – 2009

PERSONAL SERVICES	\$ 34,500,000
NON-PERSONAL EXPENSES	
Occupancy Expenses	8,850,000
Administrative Expenses	4,179,770
Other Outside Services / Expenses	1,260,230
Total Non-Personal Expenses	\$ 14,290,000
Total Personal & Non-Personal Expenses	\$ 48,790,000

The appropriation for operating and administration expenses of \$2.518 million in the 2008-2009 Enacted Budget will be utilized to offset the operating expenses indicated above.

The Corporation has identified three initiatives to address budget shortfalls as follows:

- 1) When planning for the 2008-2009 budget, senior management reevaluated the space it occupied in its downstate headquarters and concluded that it would be fiscally prudent to consolidate space and surrender one of its six floors. As a result, the Corporation will realize a savings each year of the lease. In the 2008-2009 fiscal year those savings will be \$1,514,618 and \$1,563,844 in 2009-2010. The Corporation anticipates realizing additional savings in reduction of the peripheral occupancy expenses such as electricity and janitorial services.
- 2) In light of the current fiscal environment, senior management found it critical to reassess the acceptable level of spending for the 2008-2009 fiscal year. As a result, the operating plan holds spending to 2007-2008 levels. In addition, as directed by the Governor, the Corporation's senior management has taken a hard look at hiring and has instituted a staffing level freeze.
- 3) Given its limited resources, Empire State Development Corporation (ESDC) is continuously seeking opportunities to increase its revenue stream and reduce operating expenses. In the last year, the Corporation has conducted research in best practices to enhance its recovery of administrative expenses and to identify opportunities to recover expenses and increase revenues.

### Local Assistance and Capital

In addition to anticipated new commitments, the spending levels in the Enacted Budget include projects that have already been approved and committed to in the last eighteen months. ESDC is dedicated to working with the Governor's office to prioritize and target available resources for the local assistance and capital programs to ensure the State will get the best return on its investment. In addition, the Corporation is committed to assisting in evaluating how to structure programs as effectively as possible in determining current and future spending levels. Further, ESDC will work with the Governor's office as needed to determine which programs and initiatives, if any, could be scaled back to address further budget reductions. Senior management is also reevaluating major capital development projects, such as Moynihan Station and Javits Convention Center, to ensure that available funding is utilized most effectively.

## B. Summary of General Fund Financial Impacts

<b>GENERAL FUND -- SAVINGS SUMMARY</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	1,500,000	1,500,000	1,500,000
Personal Service	N/A	N/A	N/A
Non-personal Service	\$82,000	\$82,000	\$82,000
Total State Operations			
Capital			
<b>TOTAL</b>	<b>1,582,000</b>	<b>1,582,000</b>	<b>1,582,000</b>

<b>GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>			
	2007-08 Actual	Revised Projection	Percent Change
Local Assistance	93,365,000	41,635,000	55.4%
Personal Service	N/A	N/A	N/A
Non-personal Service	\$2,600,000	\$2,518,000	3.2
Total State Operations	N/A	N/A	N/A
Capital			
<b>TOTAL</b>	<b>93,365,000</b>	<b>41,635,000</b>	<b>55.4%</b>

## C. Identification of Proposed General Fund Actions

To meet the Governor's objectives, ESDC has identified and will implement actions to achieve \$1.58 million in General Fund savings on a recurring basis against all of its economic development assistance programs. These savings are consistent with the State's Financial Plan and will be achieved through improved contract management and revised grant disbursement practices.

## D. Assumptions Underlying the Proposed Plan

This Plan assumes that the 2008-09 cash is adequate to meet all anticipated economic development opportunities. If certain unforeseen opportunities to create jobs and leverage private investment become known, then this may require a shifting of funding priorities or additional cash spending.

### **E. Management of Risks Inherent in the Plan**

The Plan is based on the expected timing of new economic development investments, as well as the achievement of certain project milestones for investments currently underway. Due to the natural uncertainty of the business cycle of the overall economy, not all possible outcomes can be accounted for. However, this plan is flexible enough to accommodate these changes while staying within spending and programmatic goals.