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DAILY NEWS, SUNDAY, DECEMBER 2, 2001

Giuliani to slash $1B in bid to cover deficit

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Faced with a huge financial deficit from the Sept. 11 disaster, Mayor Giuliani will release his plan next week to cut city spending by $1 billion, a move that will affect virtually every city agency.

"I inherited a budget that was out of balance by $2.3 billion, and I don't want to leave the next mayor in that position. . . . I want to straighten it out for the rest of the fiscal year," Giuliani said yesterday.

In early October, with tax revenues plummeting in the aftermath of the Sept. 11 terror attacks, the mayor ordered city agencies to slash their spending. Hoping to create a $1 billion reserve, he prescribed 2.5% cuts for the Board of Education, the police and other uniformed services, and 15% cuts for every other department.

The unveiling of the new budget plan will bring a clearer picture of which agencies will endure the deepest cuts for now and perhaps next year, as officials have said the stopgap spending cuts are likely to be made permanent. Giuliani has pledged that spending can be reduced without affecting public services.

However, senior City Council aides have said members are unlikely to go along with Giuliani's plans for deep cuts, particularly if he takes aim at their pet projects.

Mayor-elect Michael Bloomberg, facing a possible $4 billion budget gap next fiscal year, must "make the choices for next year and the year after," Giuliani said. "But the difficult choices that have to be made for this year, it's my responsibility to make them."

Meanwhile, Giuliani reflected on life after the mayoralty as he entered the first day of his last month in office.

"I feel very happy, in a certain way," he said. "I feel that I've done everything that I can do and that this is just sort of a natural process."

December will be "a beautiful month — to the extent it can be, with the amount of mourning and loss that's going on. I think you have to force yourself to look at the optimistic parts of life," Giuliani said.



MICHAEL APPLETON

LAST DETAILS Mayor Giuliani meets with Sen. Pete Domenici (R-N.M.) at the New York Hilton yesterday.

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