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New Public Advocate Faces Looming Fiscal Crisis

By DIANE CARDWELL

Betsy Gotbaum, the incoming public advocate, is on the verge of inheriting a financial crisis as she takes over from Mark Green, with a fraction of the office's budget left for the last half of the current fiscal year.

Ms. Gotbaum, known as a prodigious fund-raiser, declined to comment, but city officials said that she was lobbying the City Council to help replenish what was a relatively small pot of money to begin with.

The problem started in the spring, when the city's $39 billion budget was adopted, and the public advocate's budget was trimmed, going to about $2.6 million from about $2.8 million for the 2002 fiscal year, which will end next June. Historically, city officials said, that office has always had its budget cut, only to have the money restored in an annual modification around November, part of the so-called dance between the administration and the Council.

But after the Sept. 11 terror attack sent the city's finances into a tailspin, Mayor Rudolph W. Giuliani imposed a 15 percent spending reduction on most agencies, including the public advocate's office. That brought the budget down to about $2.2 million, about 21 percent less than in the previous fiscal year.

Lobbying the City Council to help replenish funds.

However, as Mr. Green mounted his unsuccessful bid for mayor, spending at the public advocate's office kept pace with an assumed budget of $2.8 million. The spending included retroactive raises for several of the office's 45 or so staff members, most of whom will be leaving their jobs as the new administration comes in, said Steve Sigmund, spokesman for Mr. Green. Many of those employees are owed substantial accrued benefits, which has compounded Ms. Gotbaum's budgetary woes, officials said.

Council officials, who are negotiating to reach an agreement on the city budget with the Giuliani administration before the Council's final voting session next Wednesday, said yesterday that as a result, Ms. Gotbaum would not have enough money to bring on about six new employees as planned.

"It's a tough budget situation all around," Mr. Sigmund said. "But Mark and Betsy are working well together on this and respect each other a great deal."

Jen Bluestein, a spokeswoman for Ms. Gotbaum, said the public advocate-elect had been working with advisers, budget experts and Mr. Green's staff to fully understand the state of the budget and plan how best to prioritize with the available resources. "When she has finished that process, she'll discuss immediate plans for the office and budgetary priorities, but for now she's focused on learning and planning for her administration," she said.

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