

The City of New York  
Executive Budget  
Fiscal Year 2018

Bill de Blasio, Mayor

Mayor's Office of Management and Budget  
Dean Fuleihan, Director

---

# Budget Summary

# **THE FY 2018 EXECUTIVE BUDGET**

# The Problem: Affordability Crisis

---

- New Yorkers are working more than ever, but are still struggling to make ends meet.
- Too many New Yorkers feel they're losing their grip on the city they love.
- **2000-2014: Average rent in NYC increased 19%, while real median household income fell 6%.**

# The Solution:

## Investing in a Strong and Growing NYC

---

- **2,000 more officers on patrol and Neighborhood Policing – in 52 NYPD commands across the city, and expanding further.**
- **Over 62,000 affordable housing units built or preserved – on track for 200,000 over ten years.**
- **Free, full-day, high-quality Pre-K for All – with a plan to expand early childhood education to every three-year-old.**
- **2014 - 2016: New York City has added 342,000 jobs.**

# Investing in New Yorkers' Priorities

---

- Giving every child opportunity – Equity & Excellence
- Making NYC more affordable – especially for seniors
- Making the safest big city in America even safer
- Improving quality of life

# The FY 2018 Executive Budget is \$84.86 Billion

---

- **Deepening commitments and making targeted investments.**
- **Practicing strong fiscal management by maintaining historic reserves.**
- **Evaluating changing economic conditions and uncertain federal dynamics and policies.**

# Strengthening NYC's Economy

---

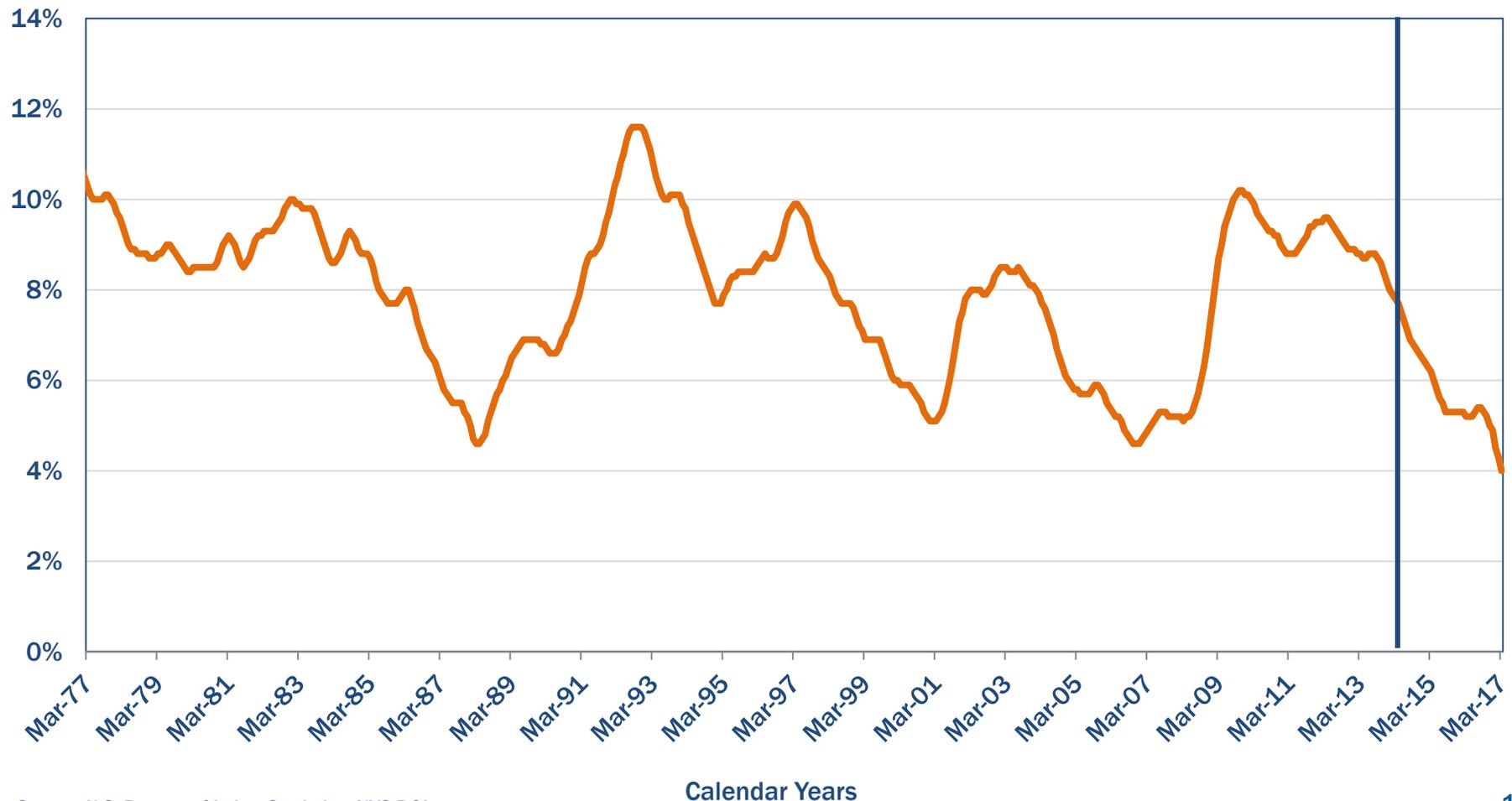
- **Our Ten-Year Capital Strategy is \$95.85 billion.**
- **Creating jobs and building a 21st-century economy by investing in critical infrastructure.**

# **NYC'S STRONG AND DIVERSIFYING ECONOMY**

# At 4%, NYC's Unemployment Rate is at a 40-Year Low

NYC Unemployment Rate (seasonally adjusted)

- March 2017 marked the third straight month of record low unemployment in NYC.



Source: U.S. Bureau of Labor Statistics, NYS DOL

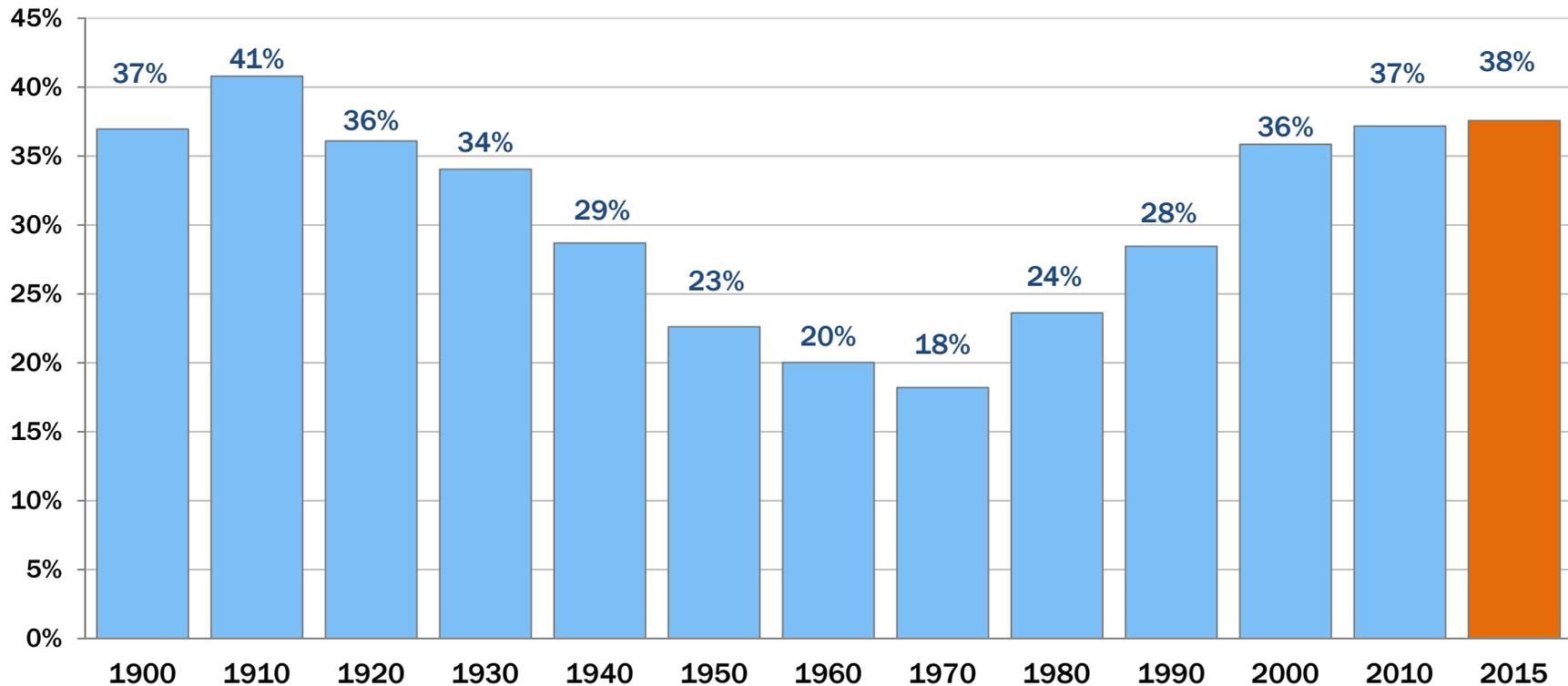
# Immigrants are the Backbone of NYC's Economy

---

- **52%** of NYC business owners are immigrants.
- **45%** of NYC's labor force is made up of foreign-born workers, up from **31%** in 1990.
- **55%** of NYC children are children of immigrants.

# NYC's Immigrant Population is at Levels Not Seen in a Century

Proportion of NYC's Foreign-born Population

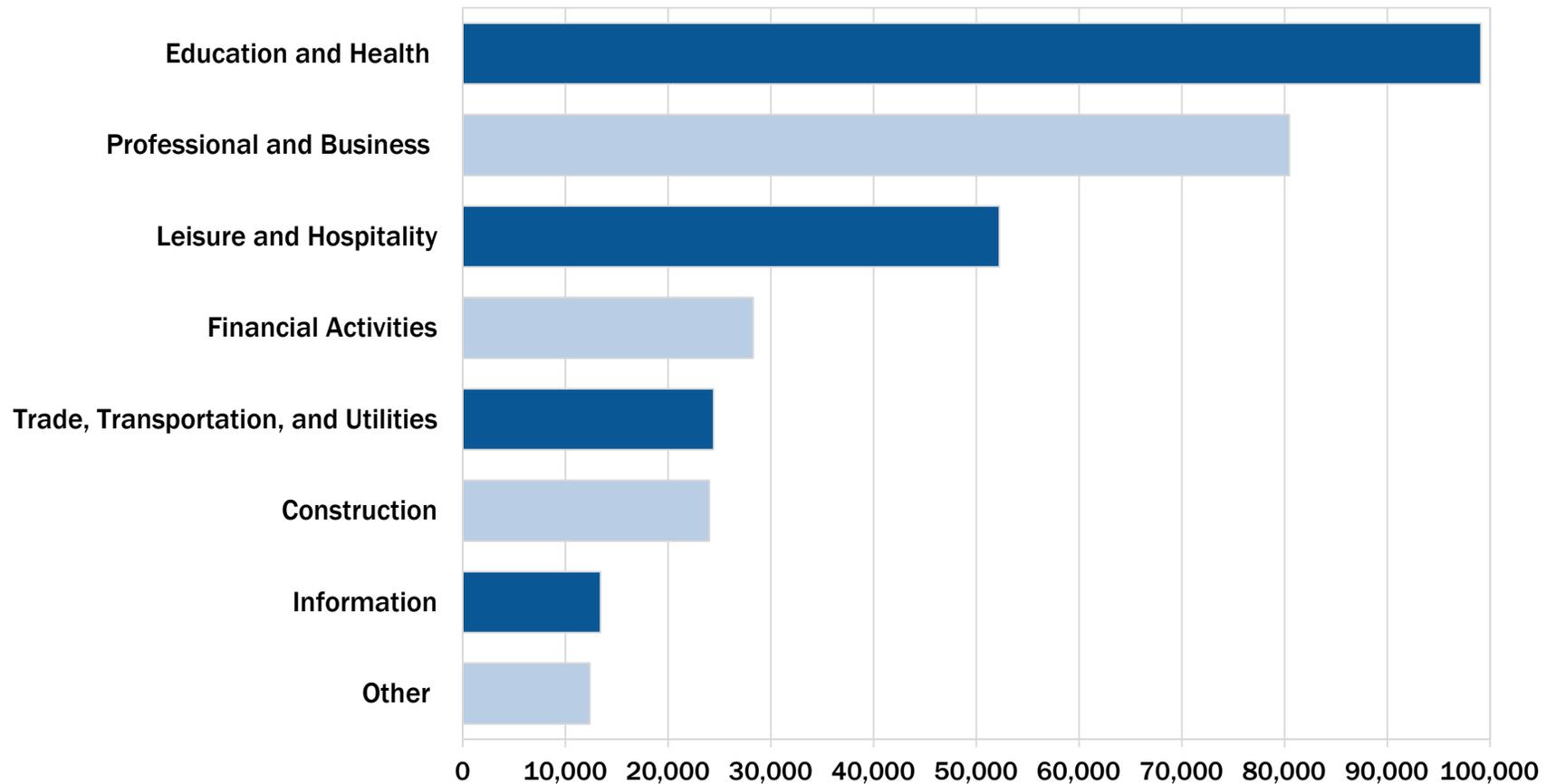


Source: U.S. Census Bureau and NYC DCP

# Diversifying Job Growth Across Many Industries

---

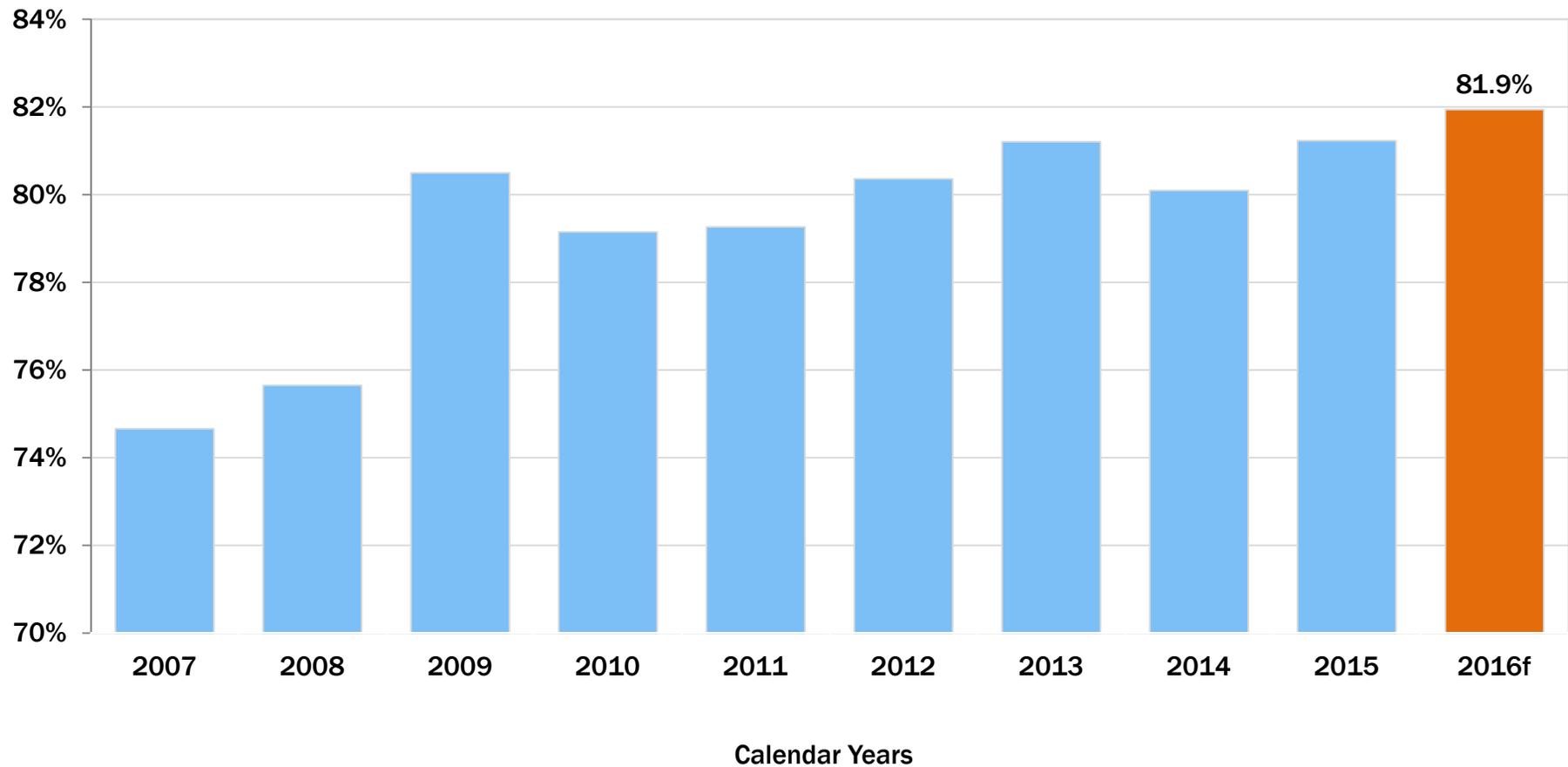
2014 - 2016 Job Gains



Source: NYS DOL, NYC OMB, HR&A, EDC.

# NYC's Economy is Less Reliant on Wall Street

Non-Securities Wage Earnings Share of Total



Source: New York State Department of Labor (QCEW), NYC OMB  
f = Forecast

# **RISKS AND UNCERTAINTIES**

# Risks from Washington

---

## Threats posed by the Trump Administration and the Republican-led Congress:

- The Continuing Resolution and President Trump's budget proposal
- The NYPD and counterterrorism
- Affordable Care Act and Medicaid
- Hundreds of programs that support seniors and working families
- Public housing for 400,000 New Yorkers

# Enacted State Budget Impact: Positives and Negatives

---

- **Positives:**

- **Cuts restored:** \$53 million restored for vital public health services and senior centers.
- **Public housing/infrastructure funding:** \$200 million for NYCHA; \$200 million for improvements to the City's water infrastructure.

- **Negatives:**

- **Cost shifts to the City:** \$68 million in cuts to mandated services like foster care and special education.
- **Continued omission of Design-Build authority:** \$450 million in lost taxpayer savings, slowing the completion of critical infrastructure projects.

**FISCAL RESPONSIBILITY:  
SAVINGS AND HISTORIC RESERVES**

# National and City Economy: Slower Revenue Growth

---

- **FY 2017 tax revenues:**
  - Slow growth in personal income tax
  - A decline in real estate transactions
- **Lower revenue offset by property tax receipts**
- **Modest revenue growth in FY 2018**
  - Improved wages
  - Real estate transactions stabilizing

# Agency Savings Plan (ASP)

---

- **FY 2017 and FY 2018 Executive Budget Savings: \$700 million**
  - Includes **\$587 million in agency savings** – exceeding our goal of \$500 million set in the Preliminary Budget.
- **Savings include:**
  - **Controlling overtime by improving skilled trades management**
  - **Improving space management**
  - **Implementing a more efficient, less costly procurement process**
  - **Insourcing IT services across agencies**

# Citywide Savings Program

---

- **\$2.8 billion total savings** from the November, Preliminary, and Executive Budgets.
- **\$1.3 billion healthcare savings** in FY 2018 and every year thereafter.
- **With the release of the Executive Budget, there will be a partial hiring freeze affecting certain managerial and administrative staff.**

# Historic Reserves

---

- Capital Stabilization Reserve: \$250 million a year over four years. This reserve was first created by this administration.
  - Highest ever achieved.
- Retiree Health Benefits Trust Fund: \$4 billion
  - Highest ever achieved.
- General Reserve: \$1 billion a year over four years
  - Highest ever achieved.

**INVESTING IN NEW YORKERS' PRIORITIES:  
GIVING EVERY CHILD OPPORTUNITY**

# Equity & Excellence: Giving Every Child Opportunity

---

- **3-K for All** is the most ambitious effort in U.S. history to provide free, full-day, high-quality pre-school for every three-year-old child.
- Saves every eligible family an annual cost of over **\$10,000**.
- One in four families: **\$2,400** in anticipated additional income per year.

# Equity & Excellence: Giving Every Child Opportunity

---

- **Install air conditioning in all classrooms.**  
**Invest \$28.75 million across five years to provide every classroom with air conditioners.**
  - **Will begin installing air conditioners in the 2017-2018 school year.**

**INVESTING IN NEW YORKERS' PRIORITIES:  
MAKING NYC MORE AFFORDABLE**

# Making NYC More Affordable

---

- **More affordable housing for seniors and those who need it most.**  
Invest \$1.9 billion to increase or preserve the number of affordable apartments by 10,000 for households earning up to \$40,000 annually, including 5,000 units for seniors and 500 for veterans.
- **Access to counsel.**  
Invest up to \$93 million in all funds to expand anti-eviction legal services to more low-income families and legal advice to all NYC residents in housing court.
- **Investing in NYCHA communities.**  
Invest \$355 million to repair facades at 150 buildings.
  - This is in addition to the \$1 billion invested in the Preliminary Budget.

# Making NYC More Affordable: Supporting our Seniors

---

- **Partner with State to pass legislation to expand the Senior Citizen and Disabled Homeowners' Exemption programs (SCHE/DHE).**
  - **\$61.6 million for FY 2018**
- **Expansion would increase housing affordability for seniors and people with disabilities.**
  - **More than 32,000 households will save an average of \$1,750 a year on property taxes.**
  - **Proposal would increase income threshold from \$37,400 to \$58,400.**
  - **Homeowners would see a difference starting in FY 2018.**

# Making NYC More Affordable: Creating Good-Paying Jobs

---

- **Train 3,000 New Yorkers for good-paying green jobs.**  
Invest \$12.8 million over the next three years to prepare New Yorkers to take on jobs in the construction, green building operation, and solar installation industries.
  - Training will begin in 2018.
- **Made In New York Campus at Bush Terminal.**  
Invest \$136 million to open a garment manufacturing, film, and television production hub, creating 1,500 jobs.
  - The Campus will open for business in 2020.

**INVESTING IN NEW YORKERS' PRIORITIES:  
MAKING THE SAFEST BIG CITY IN AMERICA EVEN SAFER**

# Making the Safest Big City in America Even Safer

---

- **Success of Neighborhood Policing model:**
  - **First quarter of 2017: safest three-months in modern recorded NYC history.**
  - **Trust increasing between police and communities through Neighborhood Coordination Officer (NCO) program.**

# Making the Safest Big City in America Even Safer

---

- **Combatting domestic violence.**  
Invest \$6.9 million in a comprehensive citywide strategy to address domestic violence, including expanding hours at family justice centers and trauma care to affected children.
  - Some new services and expansions will begin in 2017.
- **Expand ShotSpotter by 9 additional square miles citywide.**  
The NYPD will expand ShotSpotter technology in the Bronx, Manhattan, and Staten Island at cost of over \$700K.
  - The new technology will be in place by the end of 2018.

# Making the Safest Big City in America Even Safer

---

- **Legal defense for immigrants.**

Through our partnership with the City Council, we are investing \$16 million to fund legal services for NYC immigrants facing deportation and other immigration challenges, including those who are in detention, unaccompanied children, and asylum seekers.

- Services will be available starting in 2017.

# Making the Safest Big City in America Even Safer: HealingNYC

---

- **Combatting the opioid epidemic.**

Through HealingNYC, the City will reduce opioid overdose deaths by 35 percent over the next five years, at a cost of \$38 million in FY 2018.

- **Four main goals:**

- Prevent opioid overdose deaths
- Prevent opioid misuse and addiction
- Connect New Yorkers to effective treatment
- Reduce the supply of dangerous opioids

**INVESTING IN NEW YORKERS' PRIORITIES:  
IMPROVE QUALITY OF LIFE**

# Improving Quality of Life: Manhattan Waterfront Greenway

---

- **Completion of Manhattan Waterfront Greenway.**  
Invest \$100 million towards the completion of a contiguous 32-mile waterfront pedestrian promenade and bicycling path around the whole of Manhattan.
  - This new investment will be used to construct a new esplanade along the East River between East 61<sup>st</sup> Street and East 53<sup>rd</sup> Street. Completion is expected in 2022.

# Improving Quality of Life

---

- **CleaNYC.**

**Purchase 14 sidewalk-cleaning trucks for \$1.8 million.**

- **Expect to see the new trucks on the streets this fall.**

- **Expand curbside e-waste collection services.**

**Program will be expanded to the Bronx, Brooklyn, and Queens over the next three years at a cost of up to \$4.1 million by 2021.**

- **Service starts in Brooklyn this fall; full expansion to other neighborhoods by 2019.**

# REVENUE AND EXPENSE CHANGES

# Changes Since the January 2017 Financial Plan

## City Funds (\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Gap to be Closed – January 2017 Financial Plan</b>	\$ ---	\$ ---	(\$3,313)	(\$2,510)	(\$1,793)
<b>Revenue Changes:</b>					
Tax Revenues	(\$37)	(\$567)	(\$476)	(\$626)	(\$523)
Non-Tax Revenues	546	73	75	91	70
<b>Subtotal Revenue Changes</b>	<b>\$509</b>	<b>(\$494)</b>	<b>(\$401)</b>	<b>(\$535)</b>	<b>(\$453)</b>
<b>Expense Changes:</b>					
Agency Expense Changes	\$153	\$733	\$501	\$572	\$616
Citywide Savings Program	(330)	(370)	(421)	(447)	(402)
Enacted State Budget	34	68	68	68	68
Pensions	(20)	(253)	(272)	(255)	(208)
<b>Subtotal Expense Changes</b>	<b>(\$163)</b>	<b>\$178</b>	<b>(\$124)</b>	<b>(\$62)</b>	<b>\$74</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$672</b>	<b>(\$672)</b>	<b>(\$3,590)</b>	<b>(\$2,983)</b>	<b>(\$2,320)</b>
FY 2017 Prepayment of FY 2018 Expenses (\$3.1B to \$3.7B)	(672)	672	---	---	---
<b>Gap to be Closed – April 2017 Financial Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,590)</b>	<b>(\$2,983)</b>	<b>(\$2,320)</b>

# Five Year Financial Plan Revenues and Expenditures

## City Funds

(\$ in Millions)

Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Taxes</b>					
General Property Tax	\$24,402	\$25,629	\$27,292	\$28,618	\$29,929
Other Taxes	29,193	29,989	31,237	32,453	33,685
Tax Audit Revenue	1,251	850	721	721	721
<b>Subtotal: Taxes</b>	<b>\$54,846</b>	<b>\$56,468</b>	<b>\$59,250</b>	<b>\$61,792</b>	<b>\$64,335</b>
Miscellaneous Revenues	7,011	6,480	6,640	6,854	6,841
Unrestricted Intergovernmental Aid	57	---	---	---	---
Less: Intra-City Revenue	(2,065)	(1,815)	(1,737)	(1,739)	(1,744)
Disallowances Against Categorical Grants	613	(15)	(15)	(15)	(15)
<b>Total City Funds</b>	<b>\$60,462</b>	<b>\$61,118</b>	<b>\$64,138</b>	<b>\$66,892</b>	<b>\$69,417</b>
<b>Expenditures</b>					
Personal Service <sup>(2)</sup>	\$33,732	\$36,050	\$38,189	\$39,802	\$41,119
Other Than Personal Service <sup>(1)</sup>	20,678	21,281	21,322	21,166	21,216
Debt Service <sup>(1),(2)</sup>	6,063	6,264	6,967	7,657	8,152
FY 2016 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,038)	---	---	---	---
FY 2017 Budget Stabilization and Discretionary Transfers <sup>(2)</sup>	3,727	(3,727)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Total Expenditures</b>	<b>\$60,462</b>	<b>\$61,118</b>	<b>\$67,728</b>	<b>\$69,875</b>	<b>\$71,737</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,590)</b>	<b>(\$2,983)</b>	<b>(\$2,320)</b>

<sup>(1)</sup> Fiscal Year 2016 Budget Stabilization and Discretionary Transfers total \$4.038 billion, including GO of \$1.760 billion, TFA-PIT of \$1.734 billion, lease debt service of \$100 million, net equity contribution in bond refunding of \$44 million and subsidies of \$400 million.

<sup>(2)</sup> Fiscal Year 2017 Budget Stabilization and Discretionary Transfers total \$3.727 billion, including GO of \$1.418 billion, TFA-PIT of \$1.909 billion and Retiree Health Benefits of \$400 million.

# Five Year Financial Plan Revenues and Expenditures

## All Funds

(\$ in Millions)

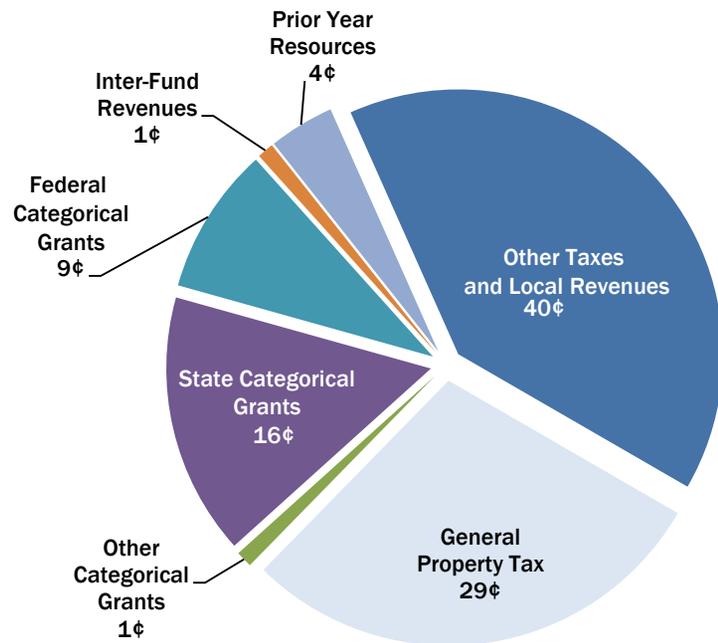
Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Taxes</b>					
General Property Tax	\$24,402	\$25,629	\$27,292	\$28,618	\$29,929
Other Taxes	29,193	29,989	31,237	32,453	33,685
Tax Audit Revenue	1,251	850	721	721	721
<b>Subtotal: Taxes</b>	<b>\$54,846</b>	<b>\$56,468</b>	<b>\$59,250</b>	<b>\$61,792</b>	<b>\$64,335</b>
Miscellaneous Revenues	7,011	6,480	6,640	6,854	6,841
Unrestricted Intergovernmental Aid	57	---	---	---	---
Less: Intra-City Revenue	(2,065)	(1,815)	(1,737)	(1,739)	(1,744)
Disallowances Against Categorical Grants	613	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$60,462</b>	<b>\$61,118</b>	<b>\$64,138</b>	<b>\$66,892</b>	<b>\$69,417</b>
Other Categorical Grants	976	880	868	859	856
Inter-Fund Revenues	641	667	662	599	597
Federal Categorical Grants	8,937	7,799	7,002	6,897	6,879
State Categorical Grants	14,437	14,396	14,849	15,347	15,702
<b>Total Revenues</b>	<b>\$85,453</b>	<b>\$84,860</b>	<b>\$87,519</b>	<b>\$90,594</b>	<b>\$93,451</b>
<b>Expenditures</b>					
<b>Personal Service</b>					
Salaries and Wages	\$25,759	\$27,306	\$28,625	\$29,425	\$30,064
Pensions	9,395	9,572	9,866	9,936	10,001
Fringe Benefits <sup>(2)</sup>	9,456	10,119	10,795	11,694	12,483
<b>Subtotal: Personal Service</b>	<b>\$44,610</b>	<b>\$46,997</b>	<b>\$49,286</b>	<b>\$51,055</b>	<b>\$52,548</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,584	1,594	1,605	1,617	1,617
All Other <sup>(1)</sup>	29,138	28,118	27,565	27,571	27,789
<b>Subtotal: Other Than Personal Service</b>	<b>\$36,637</b>	<b>\$35,627</b>	<b>\$35,085</b>	<b>\$35,103</b>	<b>\$35,321</b>
Debt Service <sup>(1),(2)</sup>	6,282	6,528	7,225	7,908	8,396
FY 2016 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,038)	---	---	---	---
FY 2017 Budget Stabilization and Discretionary Transfers <sup>(2)</sup>	3,727	(3,727)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Subtotal</b>	<b>\$87,518</b>	<b>\$86,675</b>	<b>\$92,846</b>	<b>\$95,316</b>	<b>\$97,515</b>
Less: Intra-City Expenses	(2,065)	(1,815)	(1,737)	(1,739)	(1,744)
<b>Total Expenditures</b>	<b>\$85,453</b>	<b>\$84,860</b>	<b>\$91,109</b>	<b>\$93,577</b>	<b>\$95,771</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,590)</b>	<b>(\$2,983)</b>	<b>(\$2,320)</b>

<sup>(1)</sup> Fiscal Year 2016 Budget Stabilization and Discretionary Transfers total \$4.038 billion, including GO of \$1.760 billion, TFA-PIT of \$1.734 billion, lease debt service of \$100 million, net equity contribution in bond refunding of \$44 million and subsidies of \$400 million.

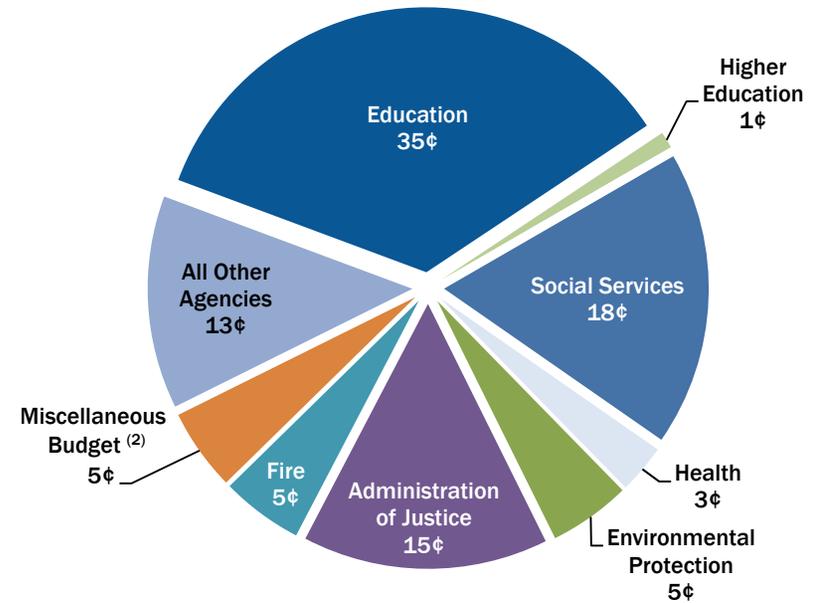
<sup>(2)</sup> Fiscal Year 2017 Budget Stabilization and Discretionary Transfers total \$3.727 billion, including GO of \$1.418 billion, TFA-PIT of \$1.909 billion and Retiree Health Benefits of \$400 million.

# The 2018 Dollar

## Where the Dollar Comes From



## Where the Dollar Goes To <sup>(1)</sup>



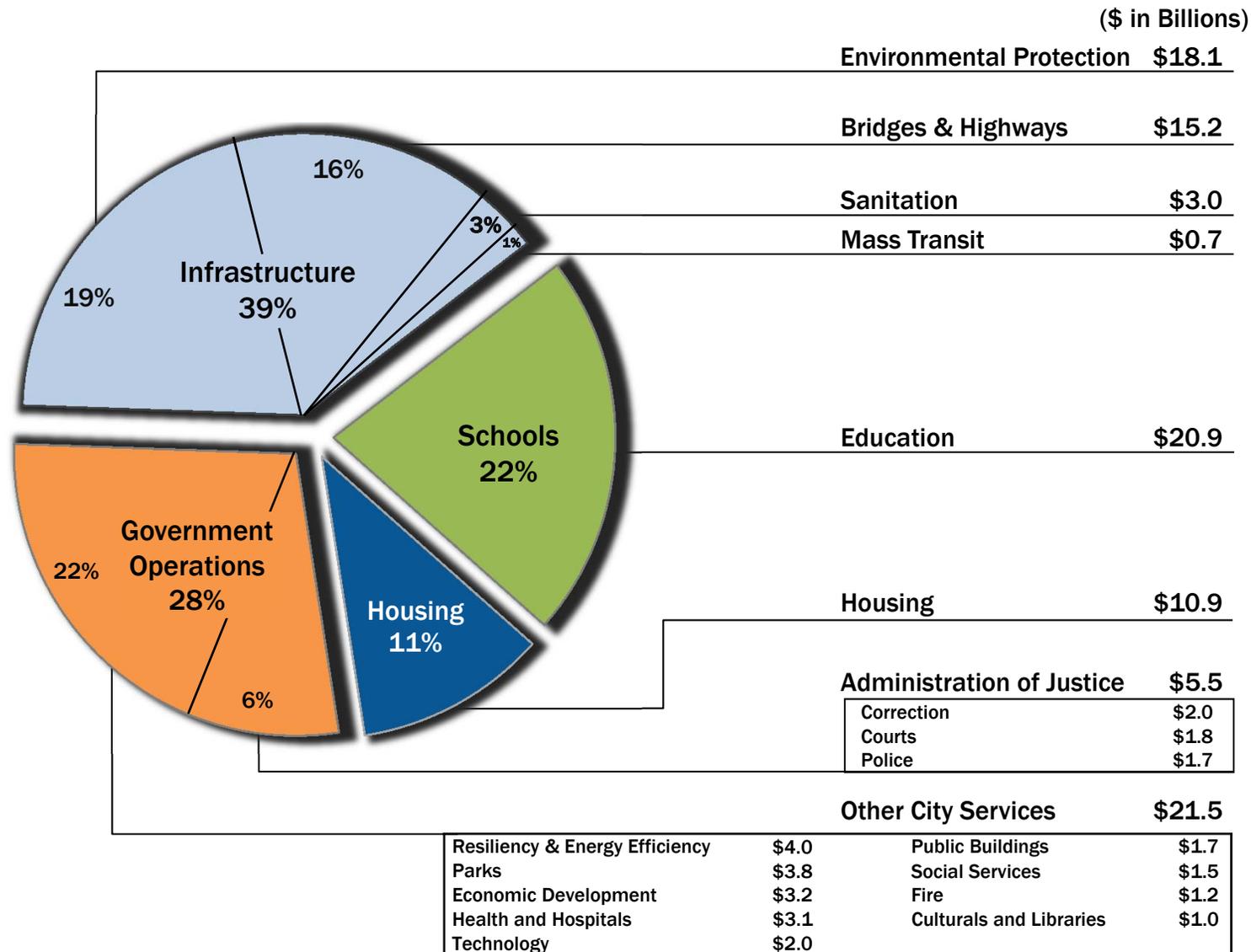
<sup>(1)</sup> Reflects the allocation of Fringe Benefits, Pensions and Debt Service to the agencies. Excludes the impact of prepayments.

<sup>(2)</sup> Includes Labor Reserve, General Reserve, Capital Stabilization Reserve, Judgments and Claims, MTA Subsidies and Other Contractual Services.

# TEN-YEAR CAPITAL STRATEGY

# The 2018-2027 Ten-Year Capital Strategy

## Totals \$95.8 Billion in All Funds



# Sources Financing the Ten-Year Capital Strategy 2018 - 2027

---

<b>Total City Funds</b>	<b>\$88.9 Billion</b>
General Obligation and Transitional Finance Authority	\$71.0 Billion
New York City Municipal Water Finance Authority	\$17.9 Billion
<b>Total Non-City Funds</b>	<b>\$6.9 Billion</b>
Federal	\$4.0 Billion
State	\$2.7 Billion
Other Non-City Sources	\$0.2 Billion
<b>Total Ten-Year Capital Strategy</b>	<b>\$95.8 Billion</b>

# Debt Service as a Percent of Tax Revenues

