

The City of New York
Preliminary Budget
Fiscal Year 2017

Bill de Blasio, Mayor

Office of Management and Budget
Dean Fuleihan, Director

Financial Plan
Summary

The FY 2017 Preliminary Budget

**Progressive, Honest, Responsible Government
Meeting Our Challenges Head On**

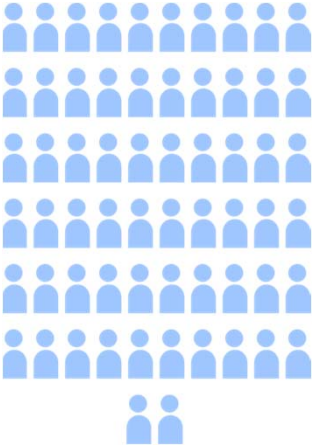
NYC's Preliminary Budget is \$82.1 Billion

RESPONSIBLE BUDGET:

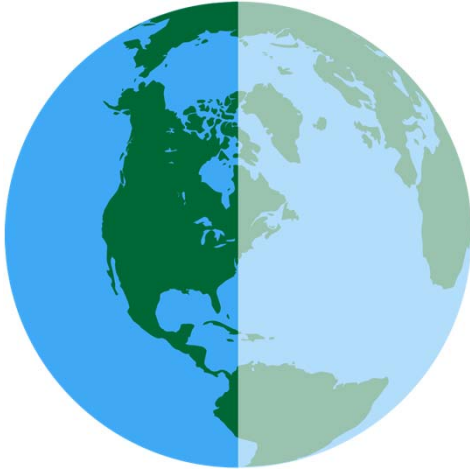
- Addresses needs through targeted investments
- Protects fiscal health through reserves

Oxfam Report on Global Wealth Divide

Number of Billionaires Who Own the Same Wealth as Half of the World



62 of the richest people in the world



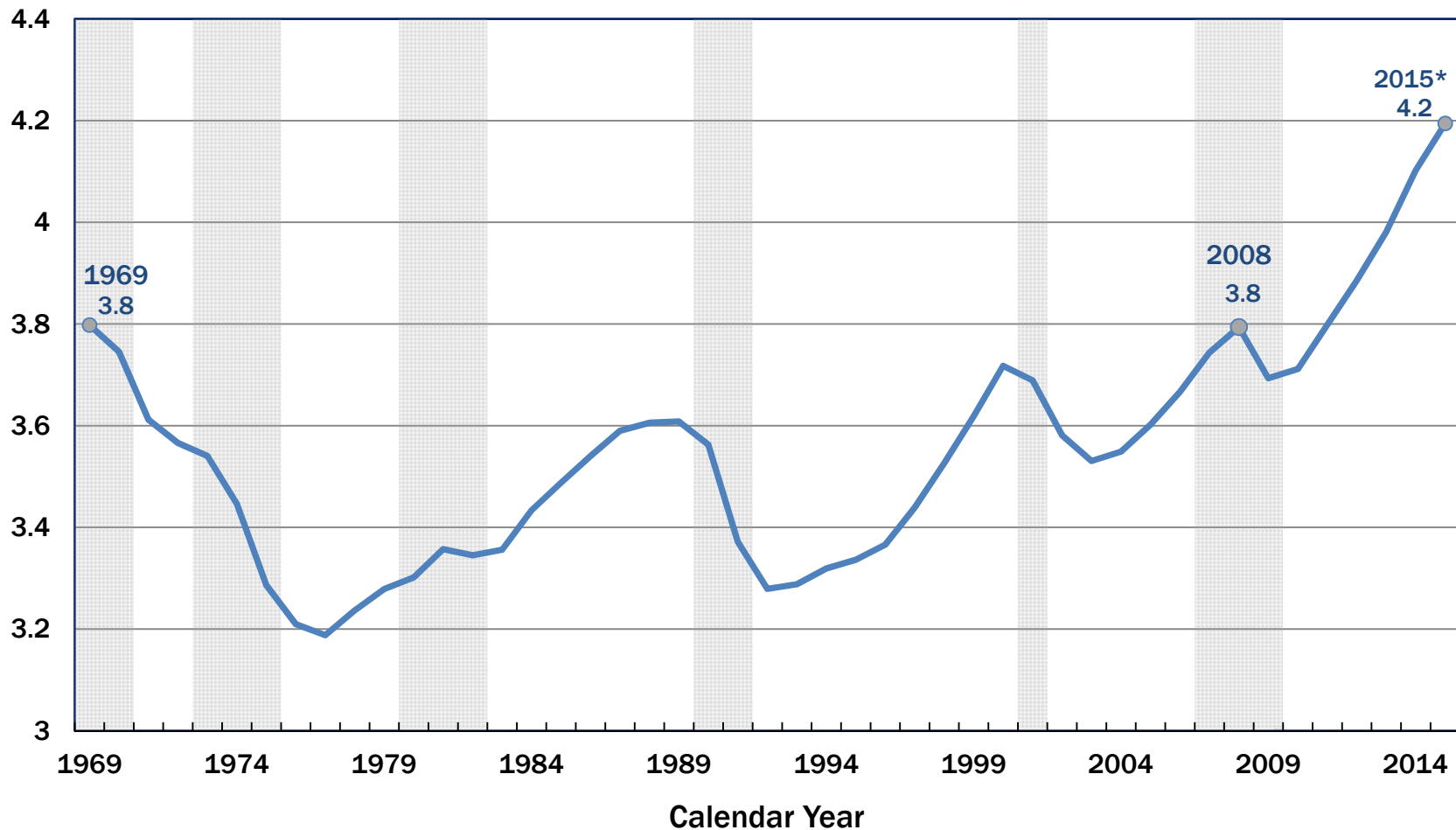
3.5 billion people

Source: Oxfam

ECONOMIC OUTLOOK: NYC's Growing, Diversifying Economy

As Of 2015, NYC Has A Total Of 4.2 Million Jobs, an All-Time High

New York City Total Employment (in Millions)

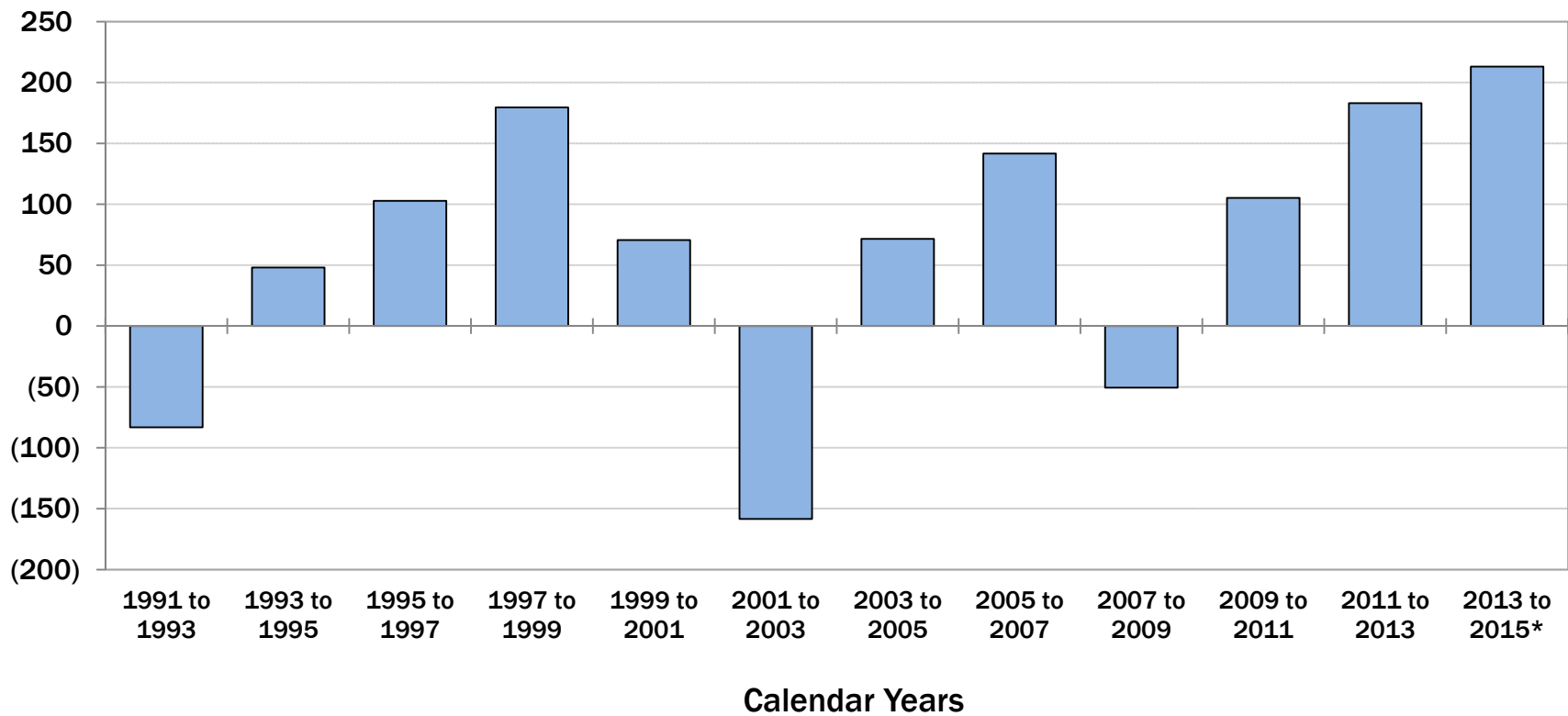


Source: NYC OMB, NYS DOL.

Note: Employment figure for 2015 is the year-to-date average non-seasonally adjusted monthly figures through November 2015.

New York City Has Added 213,000 Jobs In 2014 to 2015, One of the Highest Two-year Gains Ever

New York City Total Employment Two-Year Cumulative Gains (000s)



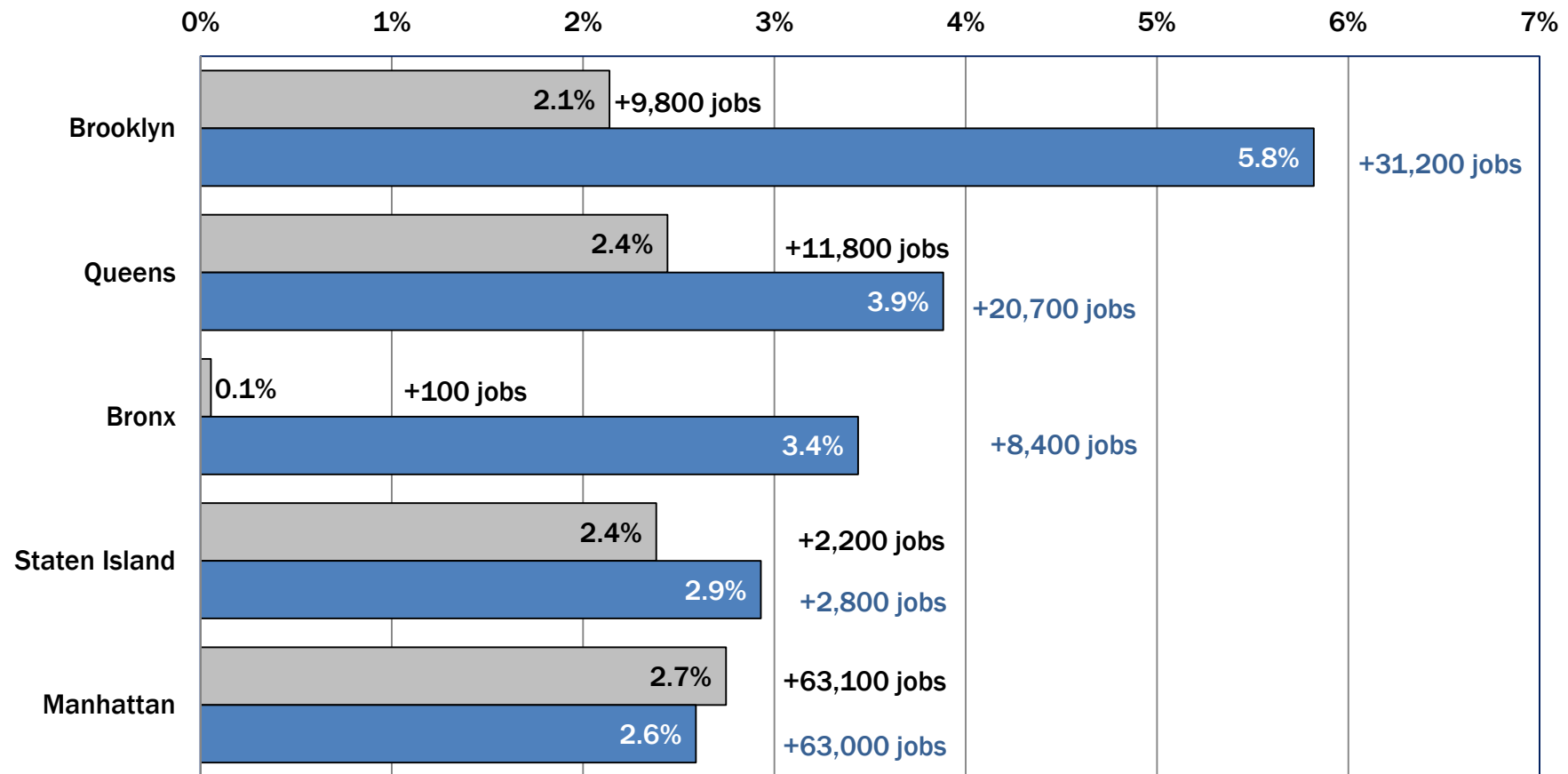
Source: NYC OMB, NYS DOL.

Note: Employment figure for 2015 is the year-to-date average non-seasonally adjusted monthly figures through November 2015

Job Growth in Every Borough Has Driven Robust Employment

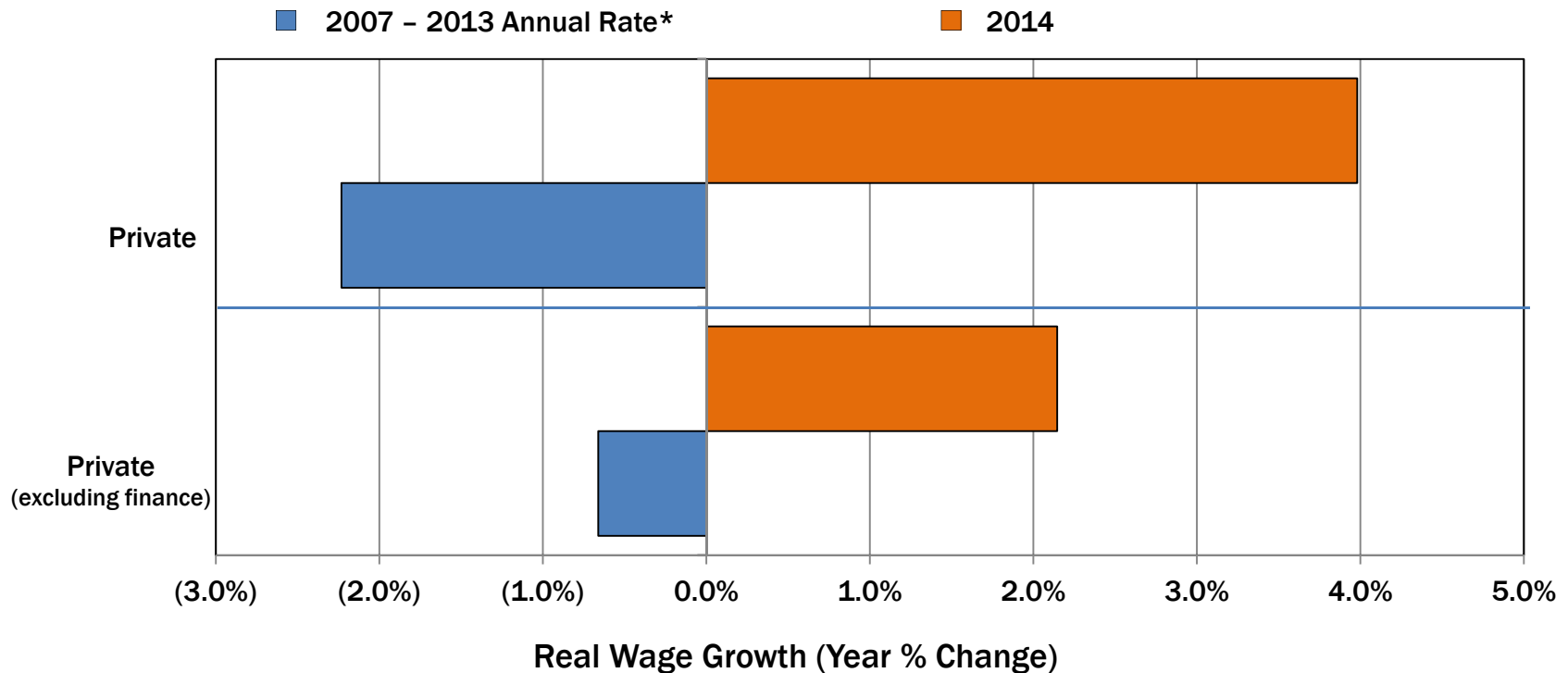
Year-Over-Year Employment Growth by Borough

2007 2014



Source: NYC OMB, NYS DOL, BLS QCEW.

Real Wages Grew Significantly Across Most Industries in 2014, Following a Period of Contraction From 2007 to 2013



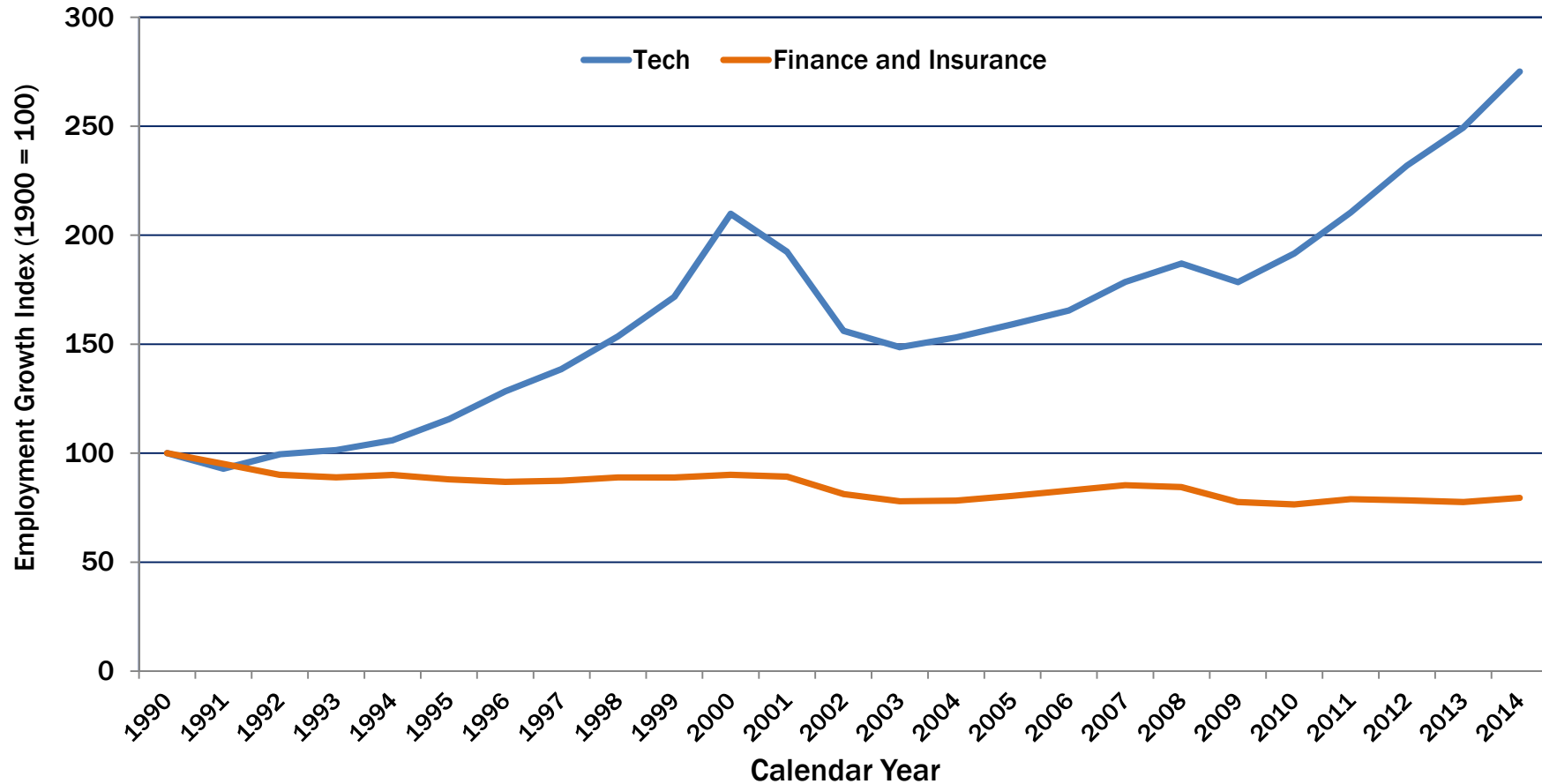
- In 2014, real wages in the private sector grew by 4%
- Wage growth was broad based. Excluding the financial sector (securities, banking, and insurance) wages increased 2.1% in 2014

Source: NYS DOL, NYC OMB

*Compounded Annual Growth Rate (CAGR)

Employment Growth In The Tech Sector, And Other Non-Finance Industries Has Helped To Diversify The City's Economic Base

Tech vs Financial Sector Growth (1990 = 100)

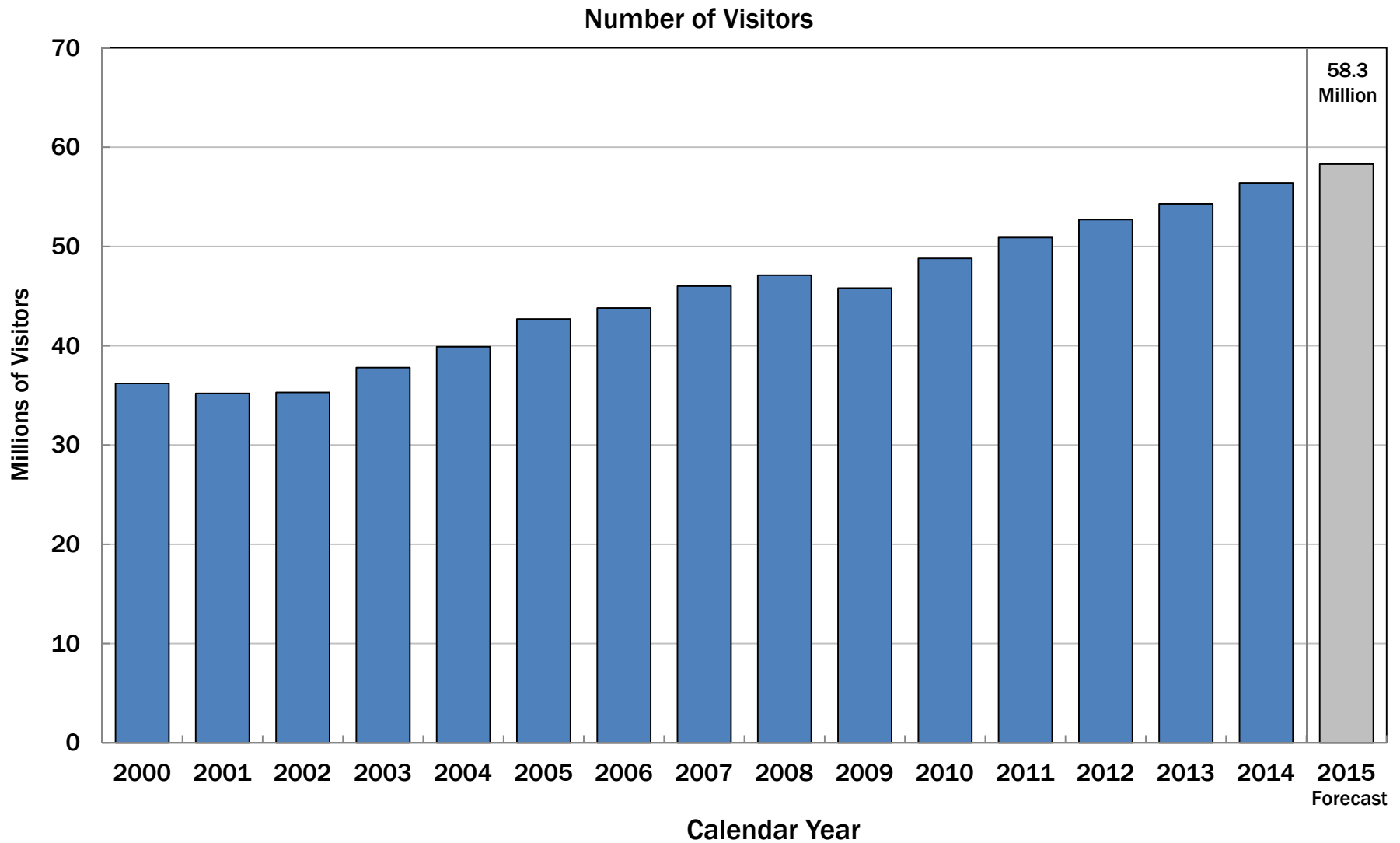


- In 2014, employment in the tech sector grew by 10.3%, reaching nearly 113,000 jobs
- Since 2009, the tech sector gained nearly 40,000 jobs, while the finance and insurance industry grew by 7,700

Source: NYS QCEW, NYC OMB

Note: The technology sector includes: Computer Manufacturing, Electronic Retail, Software Publishing, Data Processing, Hosting, & Related Services, Internet Publishing & Broadcasting and Web Search Portals, Computer Systems Design & Related, Scientific R & D Services. Source: Federal Reserve Bank of New York.

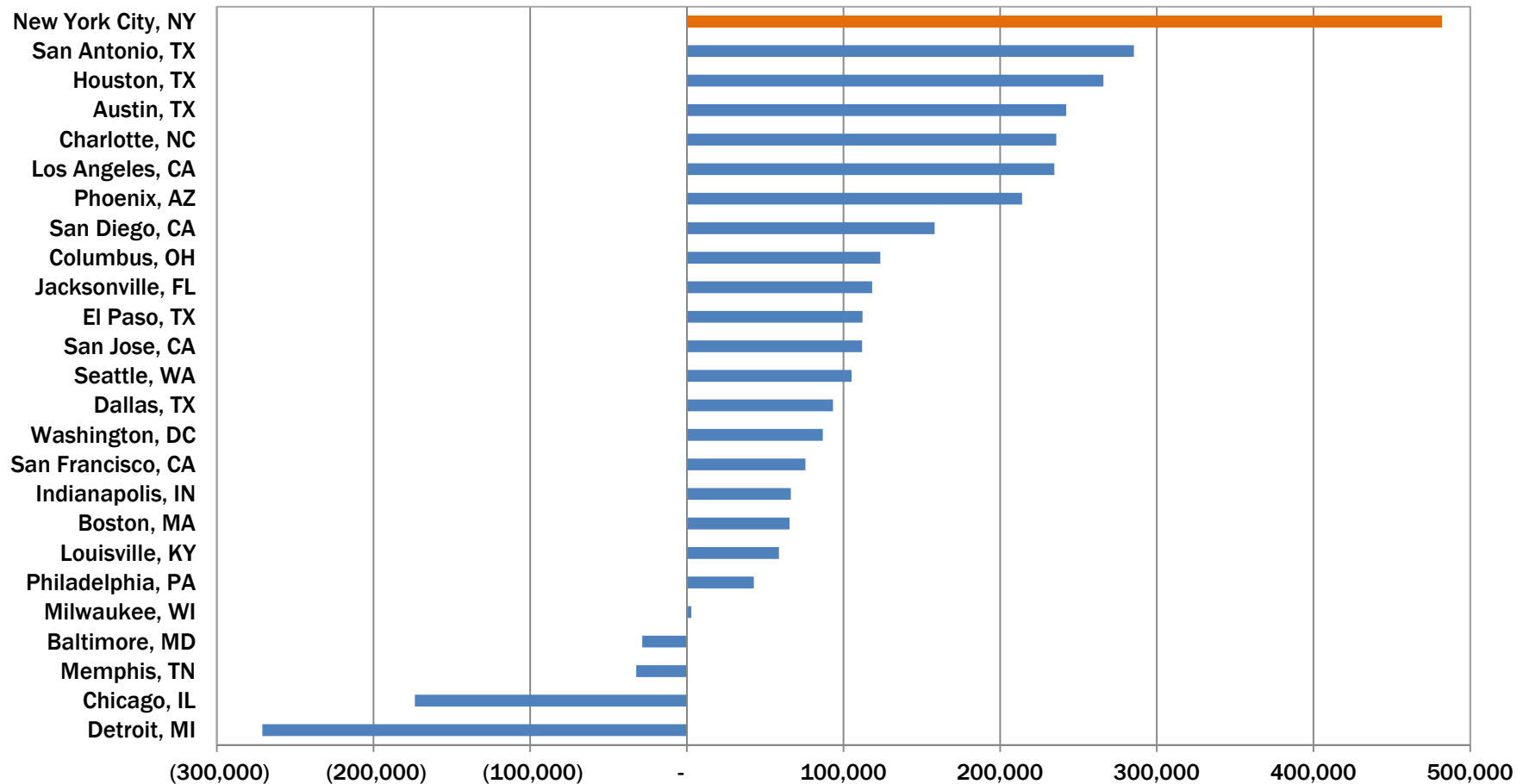
NYC's Tourism Industry Boasts 6th Consecutive Year of Record Growth



Source: NYC & Company.

Between 2000 And 2014, New York City Grew By 483,000 Residents. This Was The Biggest Increase Among The Nation's Largest Cities

Cumulative Population Change in the 25 Largest Cities Since 2000

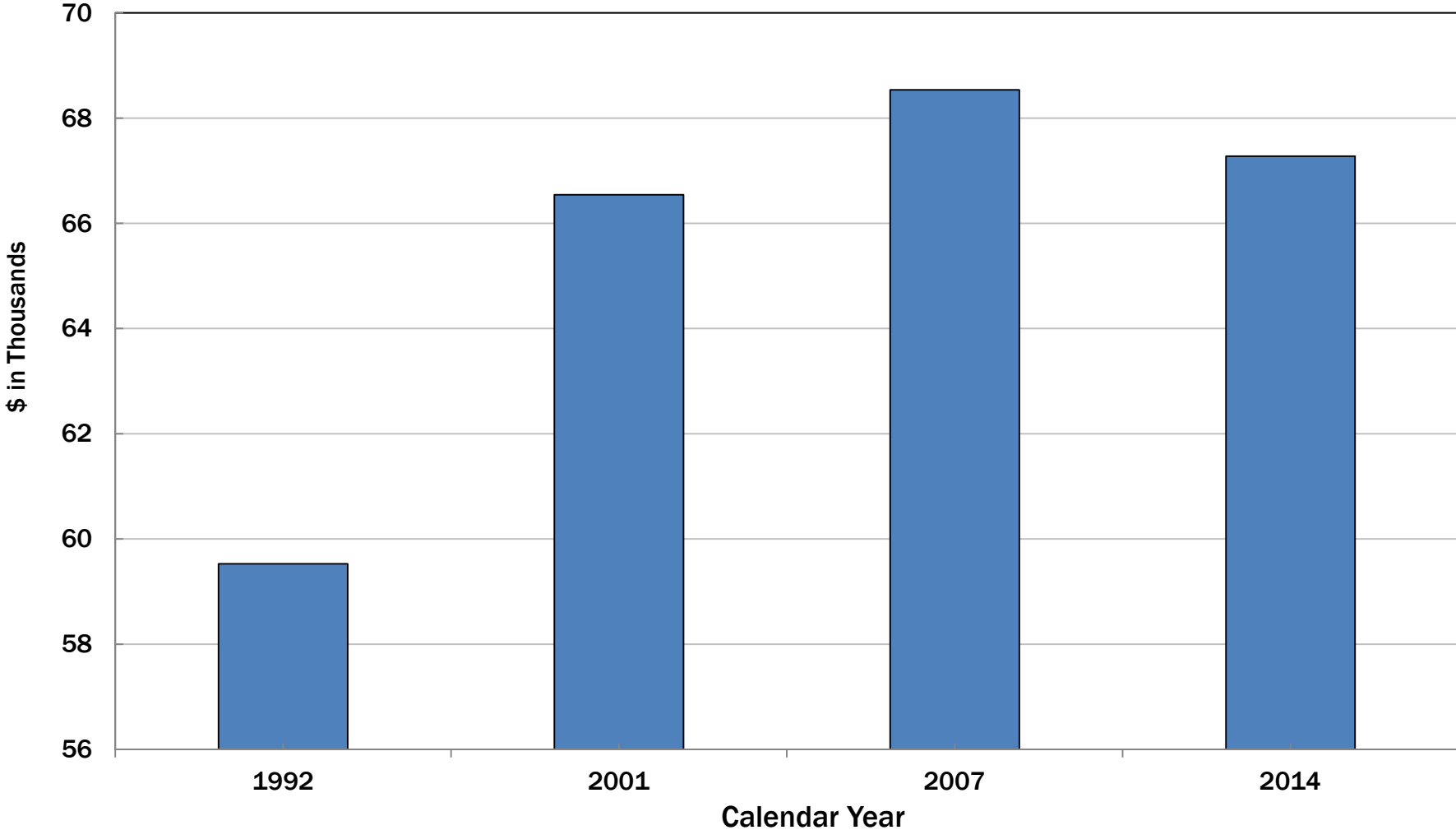


Source: U.S. Census Bureau, Population Estimates Program (July 2000 and July 2014), and DCP Population Division

For Some, An Unequal Recovery

Unlike Other Recoveries and Despite Growth in 2014, Real Average Wages Remain Below the Previous Peak

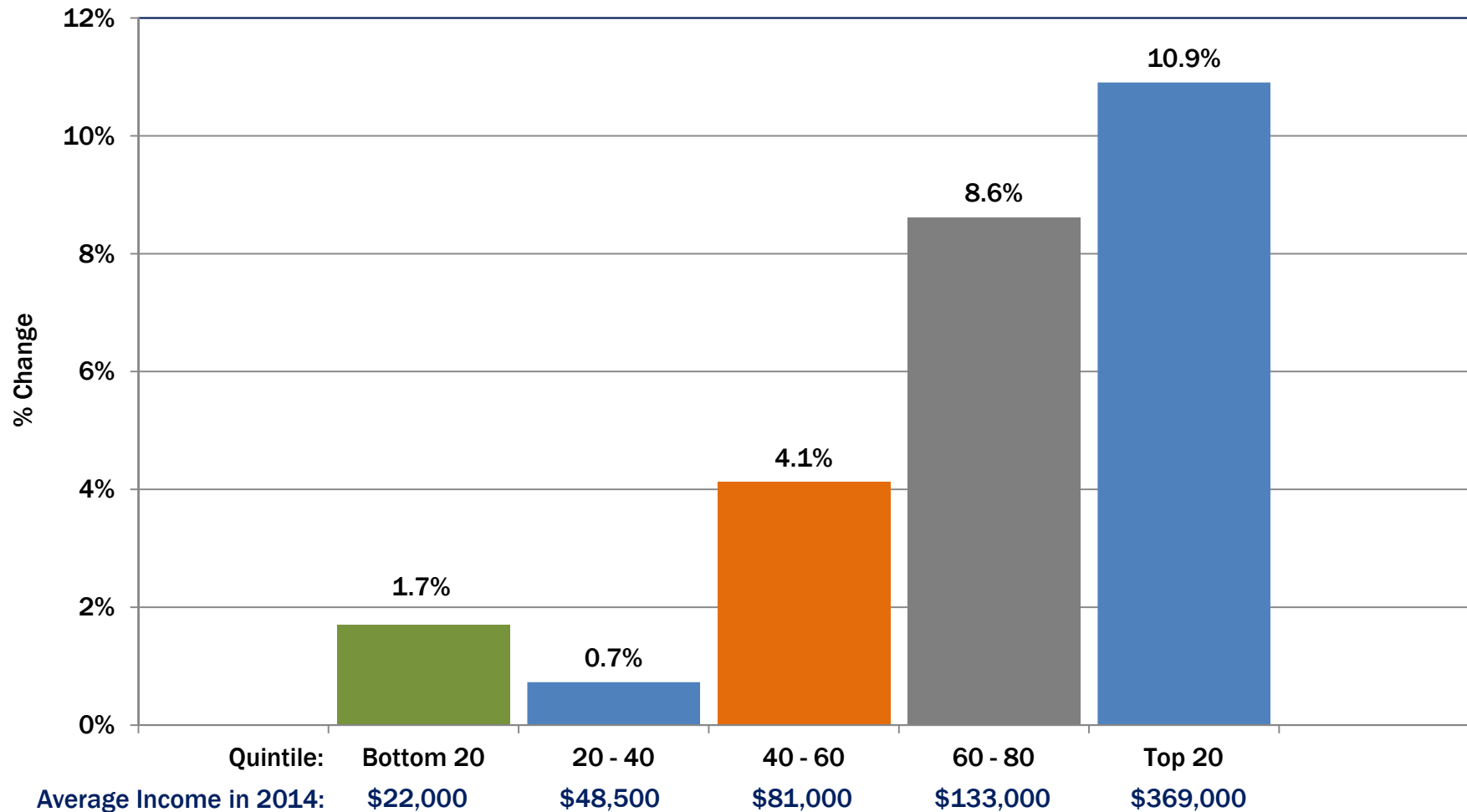
New York City Non-Finance Private Sector Real Wages in Peak Years (2014 Dollar)



Source: NYS DOL, NYC OMB.

Families In the Top 20% Have Seen Faster Income Growth Than Any Other Families During 2010 - 2014

Percentage Change in Real Average Income by Quintile for Families with 2 Adults and 2 Children in NYC



Source: U.S. Census Bureau, American Community Survey.

Global Economy Facing Headwinds

- **Slow growth in Europe, Japan and China; negative growth in Russia and Brazil**
- **Strong dollar and low commodity prices hurting emerging economies**
- **Global stock markets volatile and losing significant value**
- **Extreme levels of wealth concentration**
- **Concerns about terrorism worldwide and geopolitical risks in the Middle East**

China's Stock Market Has Lost 42% Since the Peak in June, Triggering Volatility in Global Markets

Shanghai Stock Exchange Composite Index



Source: Bloomberg, market data as of 1/20/16

US Economy Uncertain

- Employment growth in 2015 was the highest since 2007
- Housing starts are the strongest since 2007

BUT ...

- U.S. retail sales and industrial production declined in December
- Preliminary estimates point towards weak GDP growth in the fourth quarter of 2015
- 2006 - 2015 is the only 10-year period post-WWII with below-average GDP growth

Economic Forecast Unreliable

In The Lead Up To The Great Recession, Economists Predicted Growth

	Forecast from Economists Surveyed in January 2008	Actual
2008 GDP Growth	2.2%	(0.3%)
2009 GDP Growth	2.7%	(2.8%)

Source: Blue Chip Economic Indicators, Bureau of Economic Analysis. The recession started in December 2007, as estimated by the National Bureau of Economic Research in November 2008.

Impact of Recession

- **City revenues plummet**
- **More demand for City services**
- **Federal and State aid declines**
- **City services are cut; taxes are raised**

Meeting Challenges

Reserves for Uncertain Times

- **Retirees Health Benefits Trust Fund: \$3.4 billion**
- **General Reserve: \$1 billion**
- **Capital Stabilization Reserve: \$500 million**

Impact of Recession

Within Two Years of the Start of the Great Recession

- NYC spent \$7 billion in reserves
- NYC raised taxes more than \$2 billion; \$3.5 billion in cuts to City services
- A \$12.5 billion impact on the people of the City of New York

Fiscal Responsibility

Citywide Savings Program

The savings program totals \$1.1 billion in FY 2016 and FY 2017

- \$667 million in agency savings over two years
- \$407 million in debt service savings over two years

New Challenges

The State Budget

The State is moving aggressively on important programs championed by the City: supportive housing, paid family leave, and the \$15-an-hour minimum wage.

The State's initial proposal included cuts to Medicaid and CUNY, and other actions totaling nearly \$1 billion in FY 2017. The State has clarified that through a collaborative process to identify cost savings and efficiencies, the April Enacted Budget will not include cuts to CUNY or Medicaid.

Obligations

Pensions

- Fully funding pensions is an essential obligation for fiscal health
- Adding \$600 million a year to maintain pensions
- Meeting all obligations to our five pensions systems in FY 2017 through a \$9.4 billion commitment

Obligations

NYC Health + Hospitals (formerly HHC)

- Eleven hospitals, more than 70 community-based clinics and treatment centers
- In 2014, there were close to 5 million patient visits, nearly 1 in 6 New Yorkers served
- City providing \$337 million in fiscal relief

New Investments

Highlights: Previous Investments

- **Safety:** NYPD patrol strengthened by nearly 2,000 by the end of FY 2016, crime down for the second year, safest summer in 20 years and stop and frisks down dramatically
- **Affordable Housing:** Financed 21,000 additional apartments, for a total of 40,000 over two years
- **Education:** 68,000+ families secure full-day Pre-K for All seats, invested to lift up Renewal and Community schools
- **Mental Health:** Launched ThriveNYC, a comprehensive approach to mental health
- **Homelessness:** Moved more than 22,000 from shelters to housing, and helped keep 91,000 New Yorkers in their homes

Inequality: \$15 Minimum Wage

Extending a \$15 minimum to every single NYC employee as well as contracted workers providing human services - \$115 million when fully implemented

- Approximately 50,000 people in total

Education

Second Grade Literacy: Investing \$16.4 million in FY 2017 for more than 400 literacy coaches to ensure all 78,000 second graders have the support they need to learn to read at grade level

College And Career Readiness: Investing \$45 million in FY 2017 for Algebra for All, AP for All and Computer Science for All and college visits to lift up all our students

Addressing Overcrowding: Investing \$868 million to add 11,800 new seats as part of the current 5 Year Capital Plan – bringing a total for this 5 year plan to more than 44,000 seats

Public Safety

NYC Safe

- Investing \$17.4 million in FY 2017 to treat the mentally ill who may pose a threat to public safety, coordinating with criminal justice officers and providing treatment options

Shotspotter

- Investing \$3 million in FY 2017 to expand gunshot detection technology

Creating a Culture of Safety at Rikers

- Investing \$41.3 million for 14 Point Anti-Violence Plan
- Investing an additional \$58.3 million for training, technology and enhanced staffing levels

Public Safety

Ambulance Tours

- Investing \$5.4 million to fund 15 FDNY ambulance tours as well new initiatives in the Bronx to save lives

Vision Zero

- Investing \$4.4 million to maintain speed cameras and develop street reconstruction projects
- Investing \$128 million in capital to:
 - Install 100 more cameras within authorized school zones
 - Improve pedestrian safety in high-traffic areas
 - Deploy red light cameras at problematic intersections

NYC's Future: Transportation

Select Bus Service

- Investing \$13 million in capital to install 100 new enforcement cameras, a total of 185

Ferry

- Adding \$47 million in capital to complete funding for a new 4,500 passenger vessel
- Including previous funds, the City will now be able to replace the three oldest ferry vessels

Inequality: Supporting Our Most Vulnerable

Investing \$62 million in FY 2017 to fund an unprecedented effort to take mental healthcare where it's needed in the community

- **NYC Mental Health Corps – close to 400 clinicians to work throughout the City**
- **Mental Health First Aid training for 250,000 New Yorkers**

Inequality: Supporting Our Most Vulnerable

Homelessness:

- **HOME-STAT:** Aggressively and comprehensively addressing street homelessness
- **Shelter Repair Squad 2.0:** Investing \$8 million in FY 2017 to swiftly identify and fix shelter issues and ensure our shelters are safe and livable
- **Adult Shelter Programming:** Dedicating \$16.9 million in FY 2017 to help over 10,000 clients find employment. (Activities include adult literacy; substance abuse counseling; computer literacy; and internships (janitorial/culinary))

Inequality: Supporting Our Most Vulnerable

Homelessness:

- **Supporting Housing:** Investing \$12.5 million in FY 2017 to operate the first of 15,000 new units of supportive housing
- **HomeBase:** Expanding the number of single adults we can keep in their homes to 8,500, up from 4,000, through a \$4 million FY 2017 investment

Partnership with The Council

Parks Enforcement Patrol

- Investing \$5.3 million to increase park security resources by 30%

HIV/AIDS:

- Investing \$41 million to bring financial assistance to approximately 6,500 people with HIV or who have not shown symptoms, and increase access to preventive care and medication

Revenue and Expense Changes

Changes Since the November 2015 Financial Plan

	City Funds (\$ in Millions)				
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Gap to be Closed - November 2015 Financial Plan	\$ ---	(\$1,239)	(\$1,923)	(\$2,908)	(\$3,567)
Revenue Changes:					
Tax Revenue Forecast	\$873	\$723	\$974	\$1,359	\$2,048
Taxi Medallion Sale (delay one year)	---	(107)	(150)	(110)	169
Miscellaneous Revenues	109	24	25	42	18
Subtotal Revenue Changes	\$982	\$640	\$849	\$1,291	\$2,235
Expense Changes:					
Agency Expense Changes	\$657	\$744	\$798	\$882	\$947
Citywide Savings Program	(804)	(270)	(235)	(261)	(279)
Labor Reserve (\$15/hr)	---	5	34	85	115
Subtotal Expense Changes	(\$147)	\$479	\$597	\$706	\$783
Pensions (Actuarial Changes)	\$569	\$582	\$608	\$614	\$626
General Reserve (Decrease FY16 from \$1B to \$300M)	(700)	---	---	---	---
Capital Stabilization Reserve	(500)	500	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
Net Expense Changes	(\$1,178)	\$1,561	\$1,205	\$1,320	\$1,409
Gap to be Closed Before Prepayments	\$2,160	(\$2,160)	(\$2,279)	(\$2,937)	(\$2,741)
FY 2016 Prepayment of FY 2017 Expenses	(2,160)	2,160	---	---	---
Gap to be Closed - January 2016 Financial Plan	\$ ---	\$ ---	(\$2,279)	(\$2,937)	(\$2,741)

Five Year Financial Plan Revenues and Expenditures

City Funds

Revenues	(\$ in Millions)				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Taxes					
General Property Tax	\$22,556	\$23,873	\$25,145	\$26,474	\$27,722
Other Taxes	29,804	30,465	31,397	32,489	33,667
Tax Audit Revenue	995	714	714	714	714
Subtotal: Taxes	\$53,355	\$55,052	\$57,256	\$59,677	\$62,103
Miscellaneous Revenues	6,917	6,621	6,677	6,790	6,892
Unrestricted Intergovernmental Aid	4	---	---	---	---
Less: Intra-City Revenue	(2,001)	(1,778)	(1,787)	(1,781)	(1,787)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$58,260	\$59,880	\$62,131	\$64,671	\$67,193
Expenditures					
Personal Service	\$33,792	\$34,675	\$36,467	\$38,907	\$40,467
Other Than Personal Service	19,663	19,551	20,034	20,281	20,495
Debt Service ^{(1),(2),(3)}	5,837	6,449	6,909	7,420	7,972
Debt Defeasances ⁽¹⁾	(103)	---	---	---	---
FY 2015 Budget Stabilization ⁽²⁾	(3,524)	---	---	---	---
FY 2016 Budget Stabilization ⁽³⁾	2,295	(2,295)	---	---	---
Capital Stabilization Reserve	---	500	---	---	---
General Reserve	300	1,000	1,000	1,000	1,000
Total Expenditures	\$58,260	\$59,880	\$64,410	\$67,608	\$69,934
Gap To Be Closed	\$ ---	\$ ---	(\$2,279)	(\$2,937)	(\$2,741)

⁽¹⁾ Includes Debt Defeasances of TFA in Fiscal Year 2013 of \$196 million impacting Fiscal Year 2014 through Fiscal Year 2016.

⁽²⁾ Fiscal Year 2015 Budget Stabilization totals \$3.601 billion, including GO of \$1.976 billion, TFA-PIT of \$1.501 billion, TFA-BARBS of \$77 million, and net equity contribution in bond refunding of \$47 million.

⁽³⁾ Fiscal Year 2016 Budget Stabilization totals \$2.295 billion, including GO of \$960 million and TFA-PIT of \$1.335 billion.

Five Year Financial Plan Revenues and Expenditures

All Funds

	(\$ in Millions)				
Revenues	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Taxes					
General Property Tax	\$22,556	\$23,873	\$25,145	\$26,474	\$27,722
Other Taxes	29,804	30,465	31,397	32,489	33,667
Tax Audit Revenue	995	714	714	714	714
Subtotal: Taxes	\$53,355	\$55,052	\$57,256	\$59,677	\$62,103
Miscellaneous Revenues	6,917	6,621	6,677	6,790	6,892
Unrestricted Intergovernmental Aid	4	---	---	---	---
Less: Intra-City Revenue	(2,001)	(1,778)	(1,787)	(1,781)	(1,787)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$58,260	\$59,880	\$62,131	\$64,671	\$67,193
Other Categorical Grants	763	823	828	825	821
Inter-Fund Revenues	606	632	573	573	572
Federal Categorical Grants	8,664	7,211	6,770	6,566	6,558
State Categorical Grants	13,416	13,566	13,979	14,341	14,624
Total Revenues	\$81,709	\$82,112	\$84,281	\$86,976	\$89,768
Expenditures					
Personal Service					
Salaries and Wages	\$25,601	\$25,847	\$27,159	\$28,756	\$29,298
Pensions	9,343	9,399	9,554	9,734	10,107
Fringe Benefits	9,318	9,837	10,398	11,194	11,983
Subtotal: Personal Service	\$44,262	\$45,083	\$47,111	\$49,684	\$51,388
Other Than Personal Service					
Medical Assistance	6,078	6,220	6,220	6,220	6,220
Public Assistance	1,481	1,502	1,513	1,524	1,535
All Other	26,811	25,162	25,330	25,588	25,930
Subtotal: Other Than Personal Service	\$34,370	\$32,884	\$33,063	\$33,332	\$33,685
Debt Service ^{(1),(2),(3)}	6,110	6,718	7,173	7,678	8,223
Debt Defeasances ⁽¹⁾	(103)	---	---	---	---
FY 2015 Budget Stabilization ⁽²⁾	(3,524)	---	---	---	---
FY 2016 Budget Stabilization ⁽³⁾	2,295	(2,295)	---	---	---
Capital Stabilization Reserve	---	500	---	---	---
General Reserve	300	1,000	1,000	1,000	1,000
Subtotal	\$83,710	\$83,890	\$88,347	\$91,694	\$94,296
Less: Intra-City Expenses	(2,001)	(1,778)	(1,787)	(1,781)	(1,787)
Total Expenditures	\$81,709	\$82,112	\$86,560	\$89,913	\$92,509
Gap To Be Closed	\$ ---	\$ ---	(\$2,279)	(\$2,937)	(\$2,741)

⁽¹⁾ Includes Debt Defeasances of TFA in Fiscal Year 2013 of \$196 million impacting Fiscal Year 2014 through Fiscal Year 2016.

⁽²⁾ Fiscal Year 2015 Budget Stabilization totals \$3.601 billion, including GO of \$1.976 billion, TFA-PIT of \$1.501 billion, TFA-BARs of \$77 million, and net equity contribution in bond refunding of \$47 million.

⁽³⁾ Fiscal Year 2016 Budget Stabilization totals \$2.295 billion, including GO of \$960 million and TFA-PIT of \$1.335 billion.

Fiscal Year 2017

January 2016 Financial Plan

(\$ in Millions)

AGENCY	Personal Service Costs				Other Than Personal Service Costs				Gross Total All Funds (Includes Intra-City)	Net Total All Funds (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Debt Service	OTPS Subtotal			
UNIFORMED AGENCIES											
Police Department	\$4,667	\$2,101	\$2,639	\$9,407	\$368	\$ ---	\$150	\$518	\$9,925	\$9,675	\$9,581
Fire Department	1,702	711	1,179	3,592	175	---	144	319	3,911	3,909	3,647
Department of Correction	1,114	542	410	2,066	170	---	206	376	2,442	2,442	2,413
Department of Sanitation	916	434	311	1,661	686	---	415	1,101	2,762	2,759	2,709
Subtotal	\$8,399	\$3,788	\$4,539	\$16,726	\$1,399	\$ ---	\$915	\$2,314	\$19,040	\$18,785	\$18,350
HEALTH AND WELFARE											
Administration for Children's Services	\$496	\$162	\$76	\$734	\$2,472	\$ ---	\$ ---	\$2,472	\$3,206	\$3,124	\$1,088
Department of Social Services	803	376	152	1,331	1,282	7,722	84	9,088	10,419	10,408	8,110
Department of Homeless Services	164	54	23	241	943	---	---	943	1,184	1,183	649
Department of Health and Mental Hygiene	438	142	70	650	972	---	56	1,028	1,678	1,676	861
Health and Hospitals Corporation	---	37	---	37	728	---	194	922	959	907	861
Subtotal	\$1,901	\$771	\$321	\$2,993	\$6,397	\$7,722	\$334	\$14,453	\$17,446	\$17,298	\$11,569
EDUCATION											
Department of Education	\$11,103	\$3,890	\$3,762	\$18,755	\$8,068	\$649	\$1,726	\$10,443	\$29,198	\$29,189	\$16,474
City University	541	178	83	802	270	---	60	330	1,132	1,119	843
Subtotal	\$11,644	\$4,068	\$3,845	\$19,557	\$8,338	\$649	\$1,786	\$10,773	\$30,330	\$30,308	\$17,317
OTHER AGENCIES	\$2,832	\$960	\$489	\$4,281	\$5,798	\$ ---	\$3,165	\$8,963	\$13,244	\$12,104	\$9,495
ELECTED OFFICIALS	\$534	\$154	\$93	\$781	\$109	\$ ---	\$ ---	\$109	\$890	\$885	\$809
MISCELLANEOUS	\$537	\$96	\$112	\$745	\$ ---	\$3,972 ⁽¹⁾	\$342	\$4,314	\$5,059	\$4,851	\$4,531
DEBT SERVICE COSTS (Unallocated)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$176	\$176	\$176	\$176	\$104
TOTAL - ALL FUNDS ⁽²⁾	\$25,847	\$9,837	\$9,399	\$45,083	\$22,041	\$12,343	\$6,718	\$41,102	\$86,185	\$84,407	
TOTAL - CITY FUNDS ⁽²⁾	\$17,680	\$7,740	\$9,255	\$34,675	\$10,604	\$10,447	\$6,449	\$27,500			\$62,175
Less: Prepayments	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$2,295	\$2,295	\$2,295	\$2,295	\$2,295
Total After Prepayments	\$25,847	\$9,837	\$9,399	\$45,083	\$22,041	\$12,343	\$4,423	\$38,807	\$83,890	\$82,112	\$59,880

⁽¹⁾ Includes subsidies to the MTA, General Reserve, Capital Stabilization Reserve, Judgments and Claims, Indigent Defense Services and Other Contractual Services.

⁽²⁾ Excludes the impact of prepayments.

