

The City of New York
Executive Budget
Fiscal Year 2016

Bill de Blasio, Mayor

Office of Management and Budget
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Budget Summary

The FY 2016 Executive Budget

**Strong, Strategic Vision for
Uncertain Times**

NYC's Executive Budget is \$78.3 Billion

- Nation's largest city budget
- Larger than all but a handful of states

Strengthens Our Future

Progressive, Responsible and Honest

- **Focuses on core initiatives**
- **Requires agencies to be more efficient**
- **Boosts reserves**
- **Realistic**

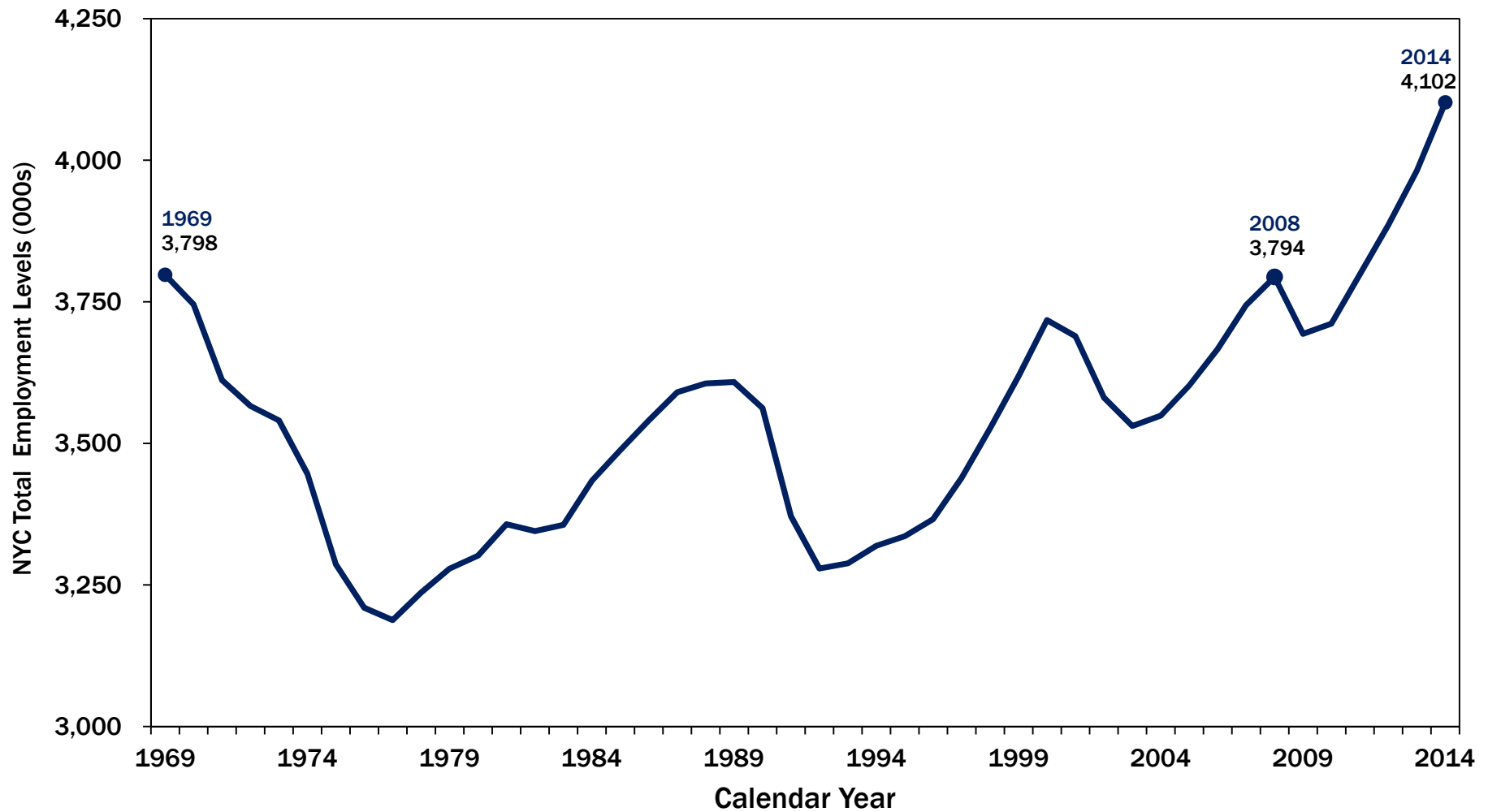
Building a Stronger New York

- **Growth**
- **Fairness**
- **Sustainability**
- **Resiliency**

ECONOMIC OUTLOOK: Planning For An Uncertain Future

Our Economy Is Recovering From The Great Recession

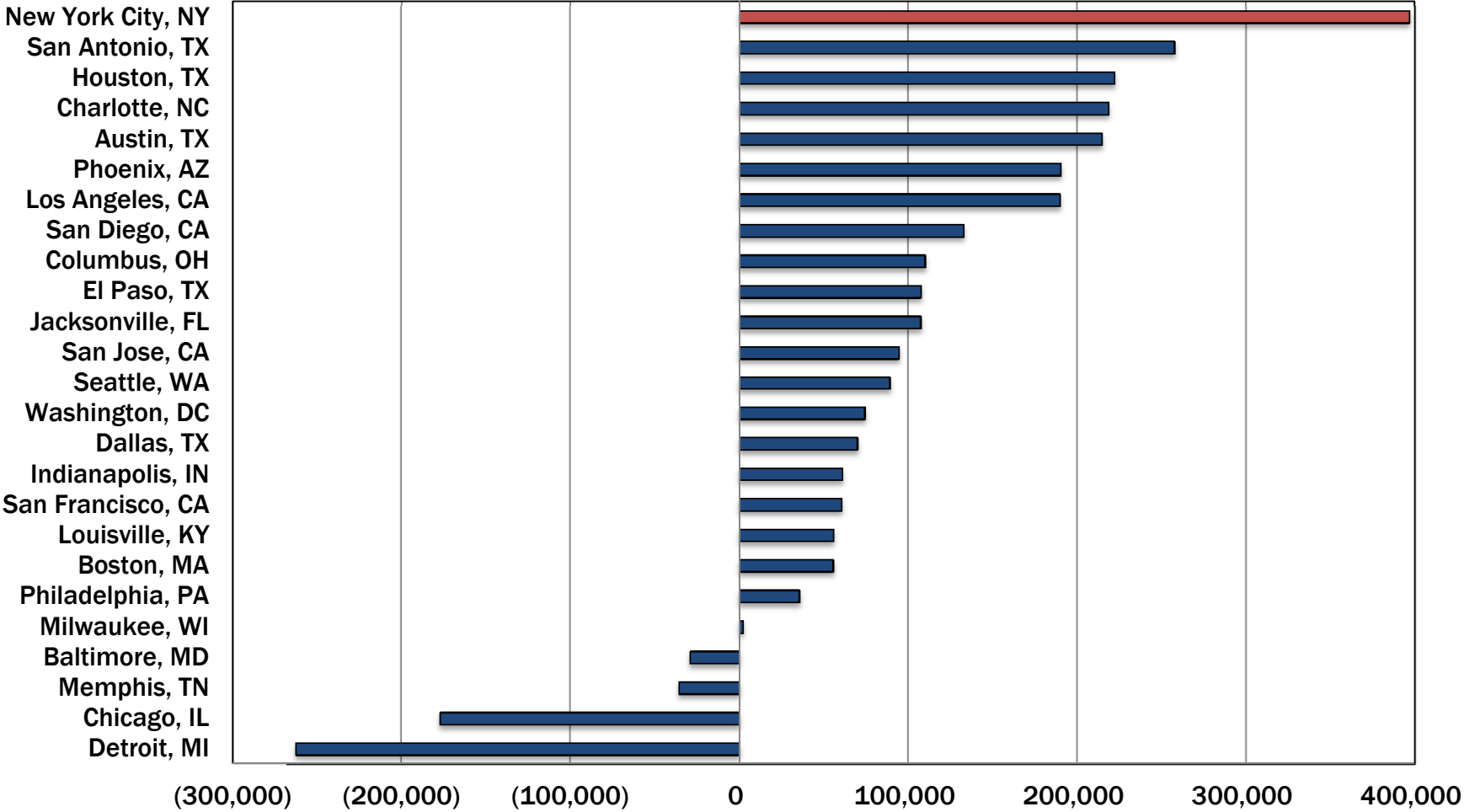
NYC Has Passed Its 1969 Record of 3.798 Million Employed



Source: New York State Department of Labor, New York City Office of Management and Budget.

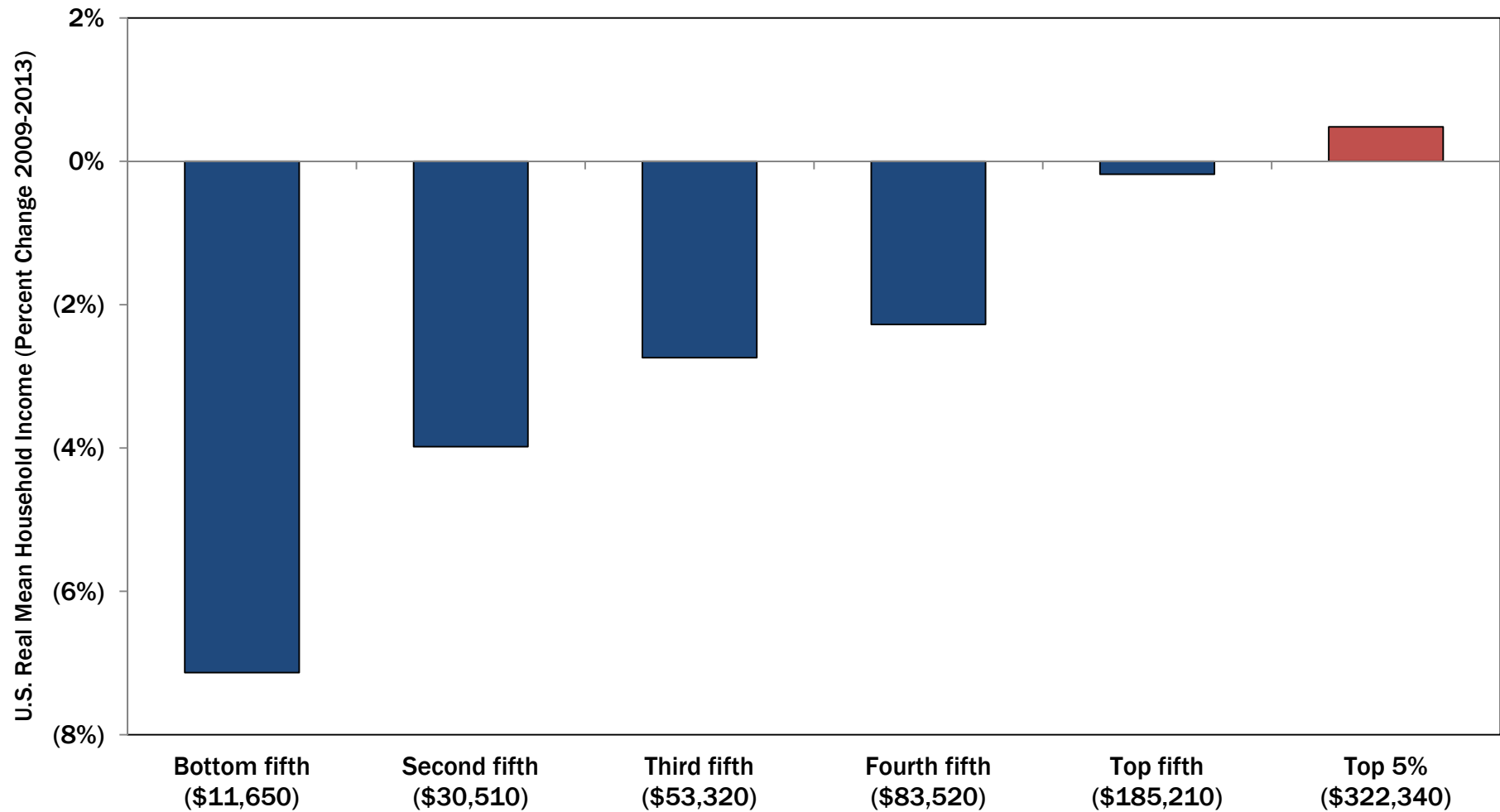
Between 2000 and 2014, New York City Grew by 483,000 Residents. This Was the Biggest Increase Among the Nation's Largest Cities

Cumulative Population Change in the 25 Largest Cities Since 2000



Source: Census Bureau, Population Division. For 2000-2010, the data are Census Bureau's intercensal estimates. For comparison purposes among cities, we used 2013 data. For 2010-2013 data are the current estimates. Louisville refers to the Louisville/Jefferson County metro government.

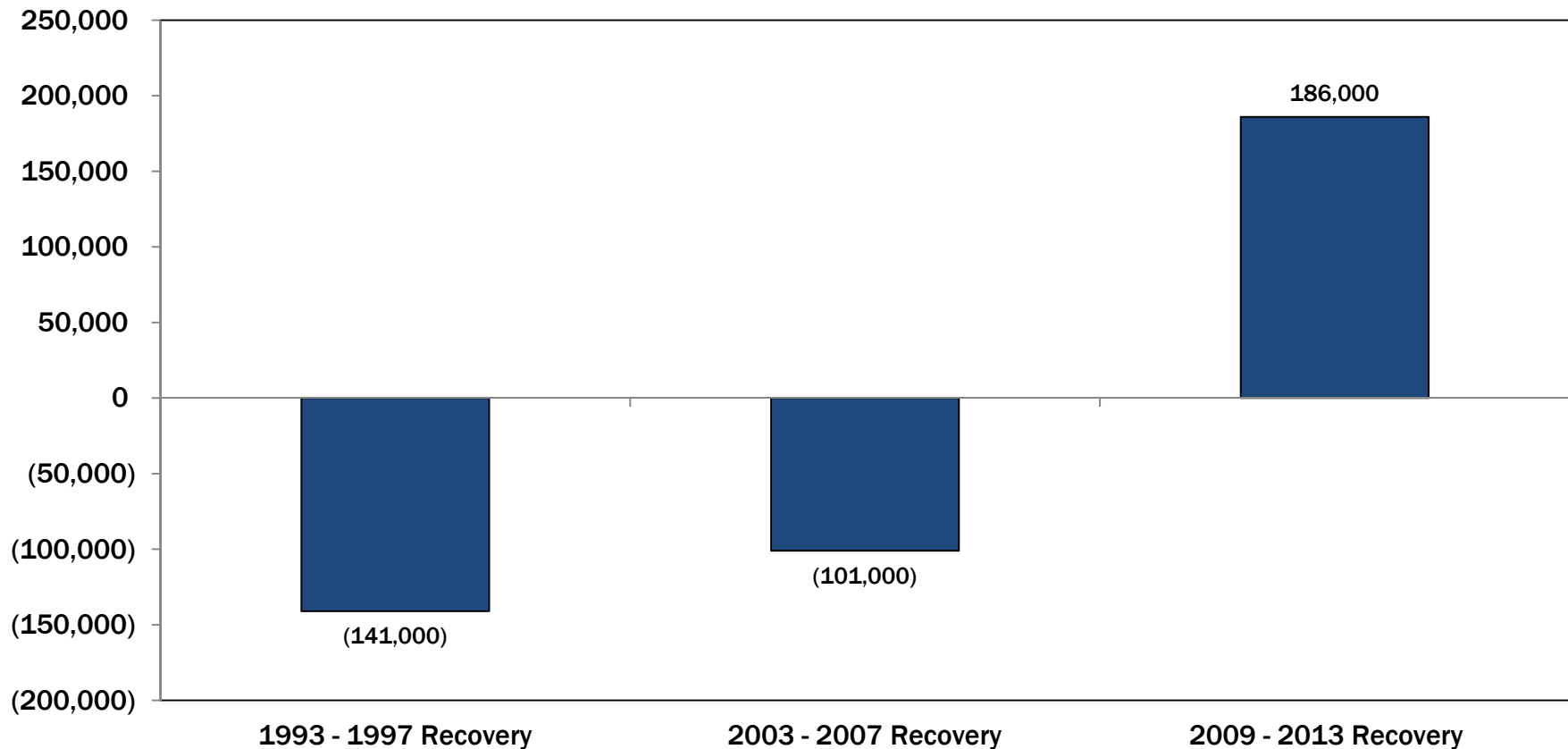
Unequal “Recovery”



Note: 2013 Mean income per quintile listed in parentheses.
Source: U.S. Census

Recovery Hasn't Addressed Poverty

Change in the Number of People in Poverty Four Years into Recoveries



Notes:

(1) 1990's recovery period: 1993-1997. 2000's recovery period: 2003-2007. 2010's recovery period: 2009-2013.

(2) Federal poverty threshold for a family of four was \$14,763 in 1993, \$16,400 in 1997, \$18,810 in 2003, \$21,203 in 2007, \$21,954 in 2009, and \$23,834 in 2013.

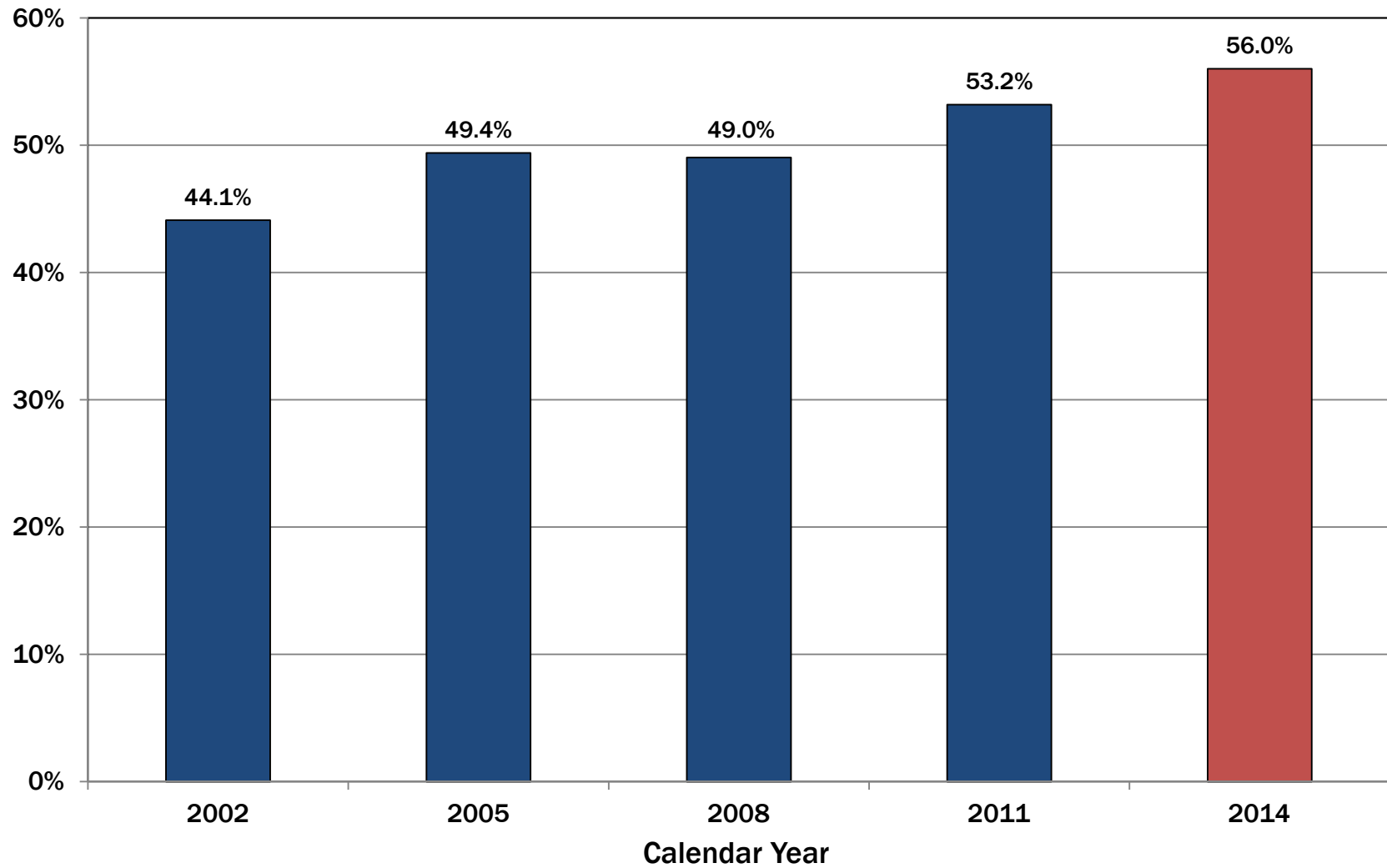
Source: U.S. Census Bureau, Small Area Income and Poverty Estimates.

In The Current Expansion, 66% of The Job Growth Has Come from Low Wage Sectors. However, These Low Wage Sectors Have Only Received 25% of The Earnings Gains



Note: Low wage sectors include: education, health, leisure and hospitality, manufacturing, other services, retail, and transportation.
Source: U.S. Bureau of Labor Statistics, New York State Department of Labor. NYC OMB.

More New Yorkers Than Ever Pay More Than 30% of Income In Rent



Source: NYC Housing & Vacancy Survey

OneNYC

Pledged to Move 800,000 Out of Poverty by:

- Increasing Minimum Wage
- Targeted Investments
- Pre-K for All
- Affordable Housing
- IDNYC

Storm Clouds On The Horizon

- **Second lowest real U.S. GDP growth of all 11 post-war recoveries**
- **Third slowest national job growth all post-war recoveries**
- **Federal employment has contracted for the first time ever in a post-war recovery**
- **Real wage growth has been weak**
- **New home construction, a driver of employment, remains weak**
- **Last quarter U.S. GDP growth almost ground to a standstill**

Global Economy Uncertain

- **Eurozone:** The IMF is projecting 2015 growth for the Eurozone of only 1.5%, and 9 European countries are growing at less than 1%
- **Japan:** The third largest economy in the world had almost no growth in 2014
- **Brazil:** Brazil's economy predicted to contract by 1%

Risks

In a Recession:

- Revenues Plummet
- Demand for Services Goes Up
- State/Federal Aid Gets Cut

Local Government Response:

- Taxes Increase
- Vital Services Slashed

Economic Shocks

- **Feel effects right away**
- **No time to ease into change**
- **Challenges grow each year of recession**

Impact of Recession

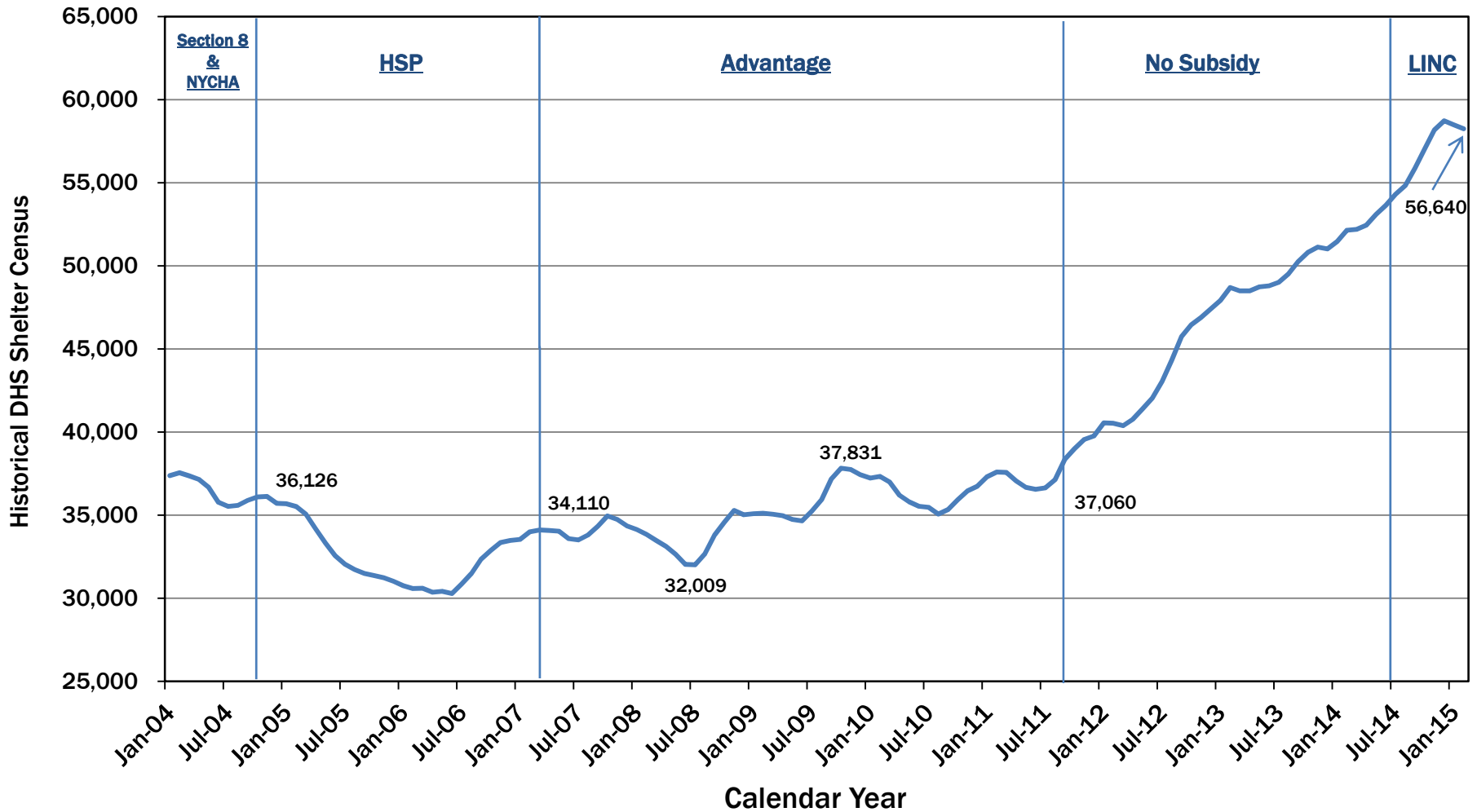
After 9/11 Recession:

- NYC raised taxes by \$2.9 billion, including an **18.5%** property tax hike
- \$3.6 billion in cuts to City services

During Great Recession:

- NYC raised taxes by \$2.1 billion
- \$3.5 billion in cuts to City services

Homeless Shelter Population



Federal And State Aid Uncertain

- **Federal transportation funding expires end of this month**
- **Congress proposed to cut SNAP and Medicaid**
- **State has major CFE school funding shortfall, \$2.6 billion**
- **State slashed funding for mental health supportive housing by 50%**

NYC At A Critical Juncture

Executive FY 2016 Budget

- **Fiscally responsible**
- **Manageable out year gaps**
- **Targeted investments**
- **Growing reserves against the risks of recession**

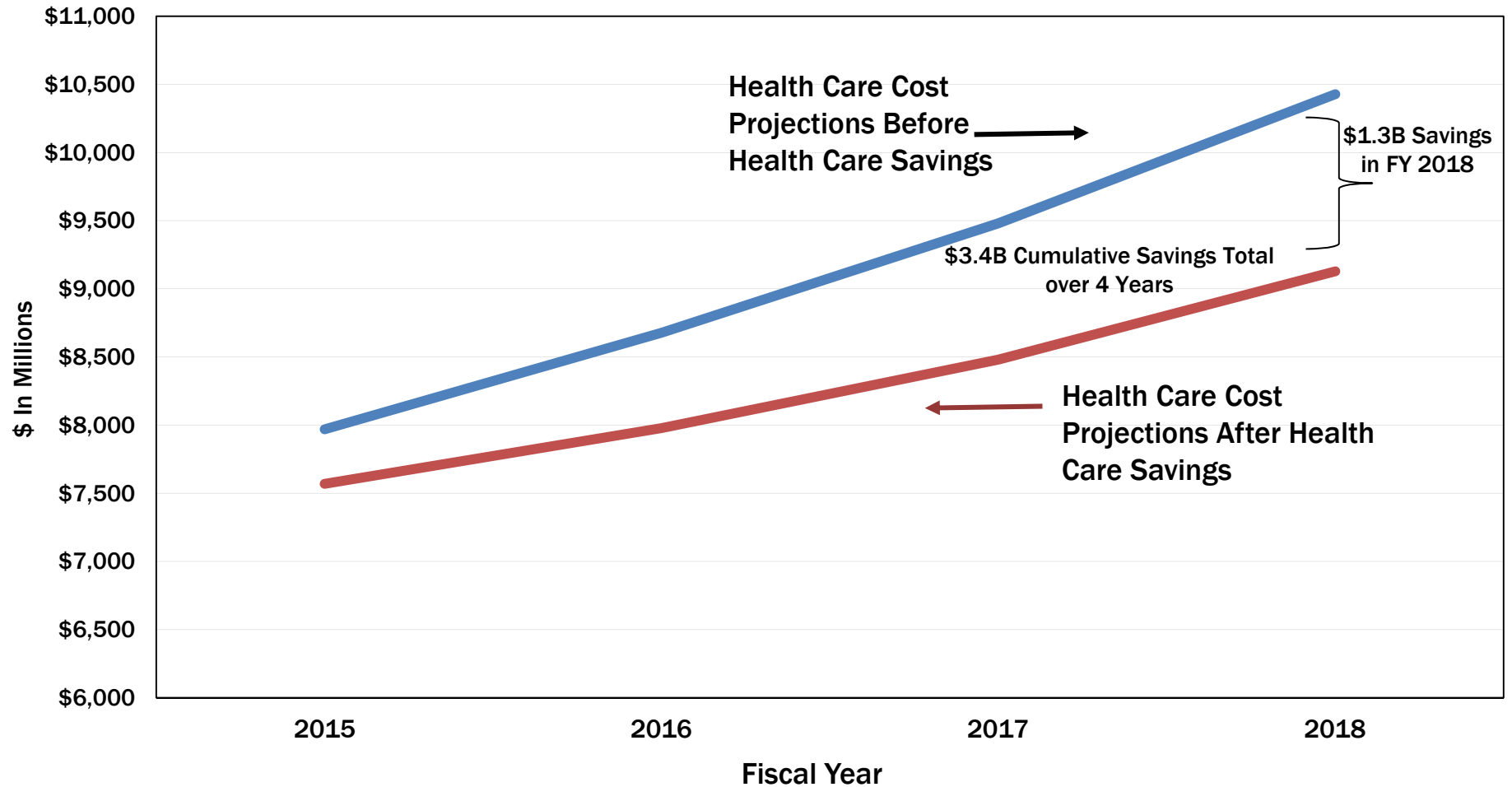
Unprecedented Action to Protect From Downturn

- **Boost General Reserve to \$1 billion annually**
- **Increase Retirees Health Benefits Trust Fund to \$2.6 billion**
- **Create first ever Capital Stabilization Reserve of \$500 million**

Finding Efficiencies And Saving Money

- **\$530 million in agency savings over 2 years**
- **\$400 million in debt service savings over 2 years**
- **\$300 million in savings at HHC in FY 2016**
- **... and more**

Unprecedented Guaranteed Union Healthcare Cost Savings: \$3.4 Billion from FY 2015 to FY 2018



Source: Jan 2014 Financial Plan projections supplemented with estimates for independent City agencies; OLR Testimony to New York City Council, April 1, 2015 savings per MLC Health Agreement of May 5, 2014

New Investments

Protecting The Most Vulnerable

- More effective, inclusive and coordinated mental health services
- Investing \$54 million in all funds for FY 2016 and growing to \$78 million in out years
- **New Mental Health Services in:**
 - Renewal and Community Schools
 - Family shelters
 - Rikers Island

Protecting The Most Vulnerable

To date, provided \$200 million in operation assistance to NYCHA.

This budget:

- Eliminates \$33 million annual PILOT payments
- Transfers NYCHA community and senior centers to DYCD and DFTA, saving \$22.4 million annually

Additional \$506 million through FY 2019

Protecting The Most Vulnerable

Homeless Prevention and Assistance

- Investments of more than \$100 million
 - Rental support and prevention
 - Anti-eviction legal work
 - More shelter beds for youth
 - Mental health services in shelters

Protecting The Most Vulnerable

Income adjustments for roughly 35,000 full-time workers in non-profits

- 2.5% across the board wage hike
- Make at least \$11.50/hour

Public Safety

Major Public Safety Investments

- **\$36.4 million for anti-violence plan on Rikers Island**
- **\$1.8 million to expand SHOTSPOTTER™ to 28 precincts**
- **\$5.2 million for Vision Zero**

Spurring Economic Development

Investing \$12.8 million in small business initiatives

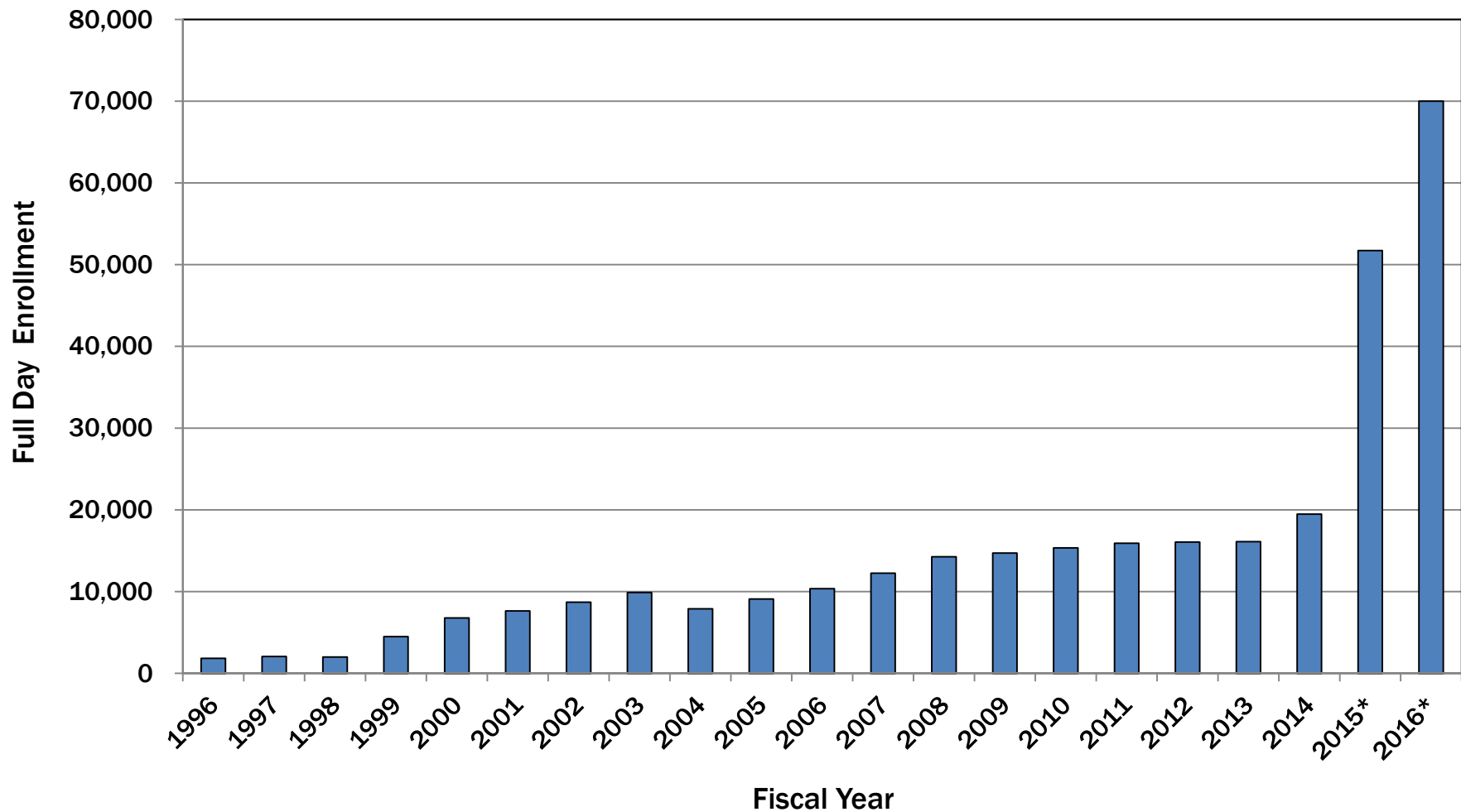
- Support for women entrepreneurs
- Help existing businesses expand
- Support local manufacturing and many others

Investing \$4.9 million in ferry service

- 24/7 Staten Island Ferry Service

Investing in Children

Pre-K For All



* Projected

Investing in Children

Support for 130 Community and Renewal Schools

\$50 million in FY 2016 and \$76 million in out years

- **Intensive tutoring**
- **Mental health and substance abuse counseling**
- **Summer programs**
- **More AP classes**

63,000 children served

130 schools brought to Fair Student Funding levels

Investing in Children

Middle School After School Expansion

- Investing \$163 million
- Slots for 107,000 middle schoolers

Investing In Our Future

CUNY is the central gateway to a quality education

- **ASAP program with STEM focus serving 8,000 students this year**
- **\$11 million increase in FY 2016 for a total of \$29 million**

10-Year Capital Strategy

Competitive Cities

- **London** has a \$23 billion rail project to connect east and west sides of city
- **Beijing's** new international airport will have 8 runways and handle 130 million passengers per year

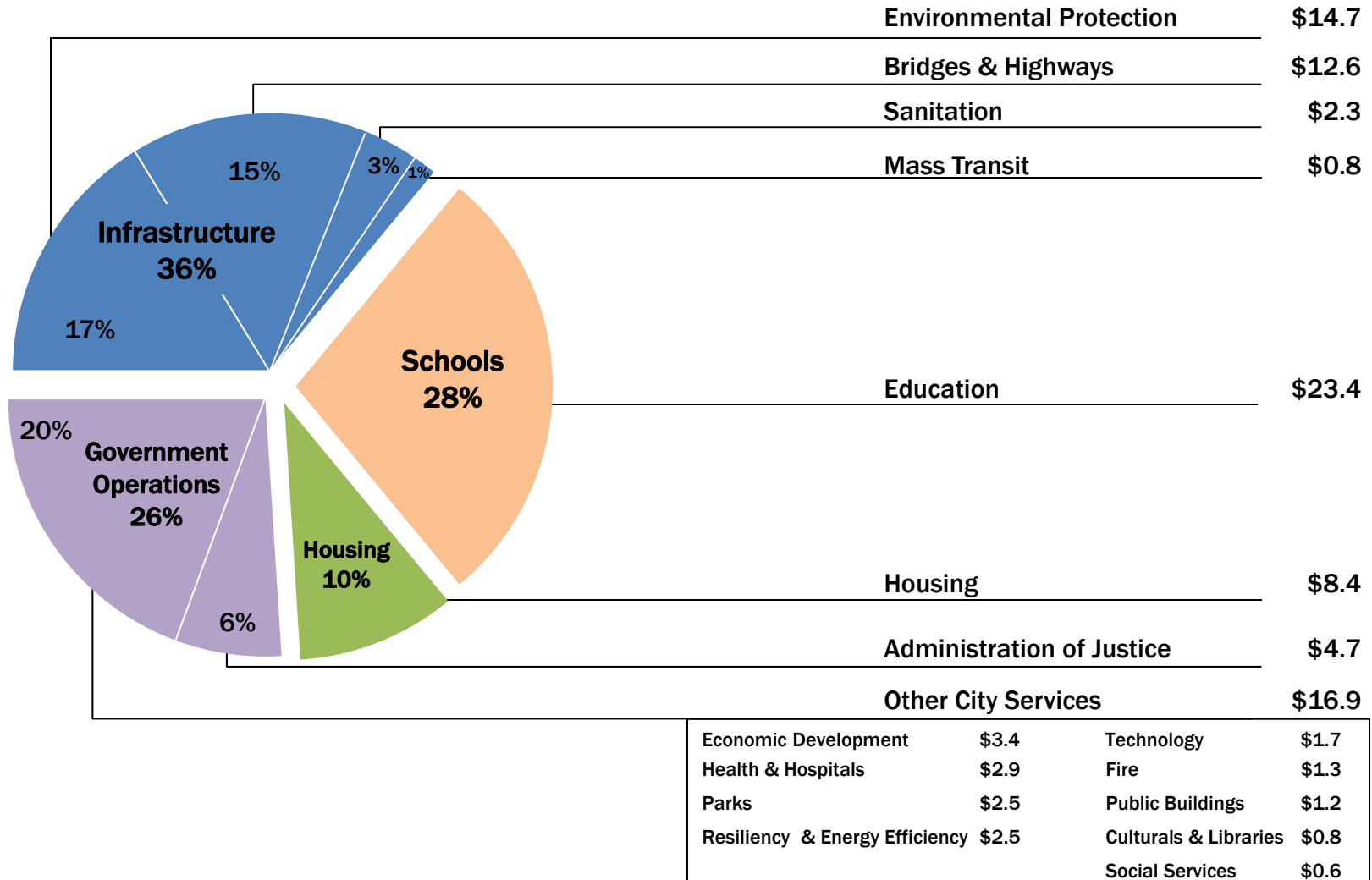
Investing For a Growing, Thriving City

New York City will continue to be one of the world's most dynamic urban economies where families, businesses, and neighborhoods thrive

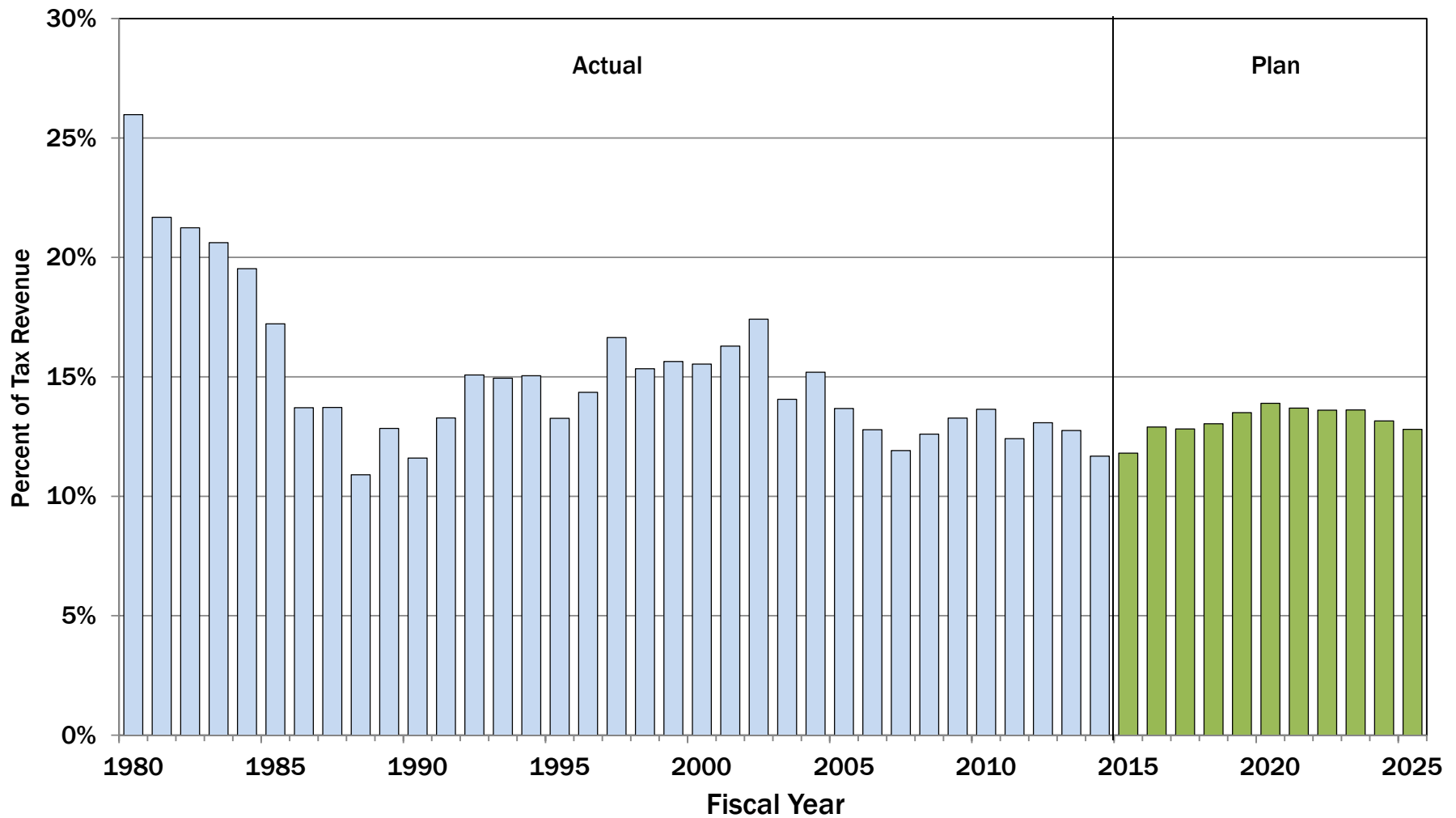
Ten Year Capital Strategy FY 2016 – FY 2025

Totals \$83.8 Billion in All Funds

\$ in Billions



Responsible Plan To Keep Debt Service Below 15%



Note: Excludes Water & Sewer, BARBs, and STAR debt service

Capital Budget: Highlights

- **Affordable Housing**
- **Infrastructure**
- **Human Capital**
- **And Sustainability**

Capital Budget: Highlights

Housing New York

- **\$7.5 billion for affordable housing**
- **More than \$1 billion for neighborhood development**
- **\$1.17 billion for affordable housing infrastructure**

Capital Budget: Highlights

- **Increasing our contribution to MTA for a total of \$657 million over the course of the plan**

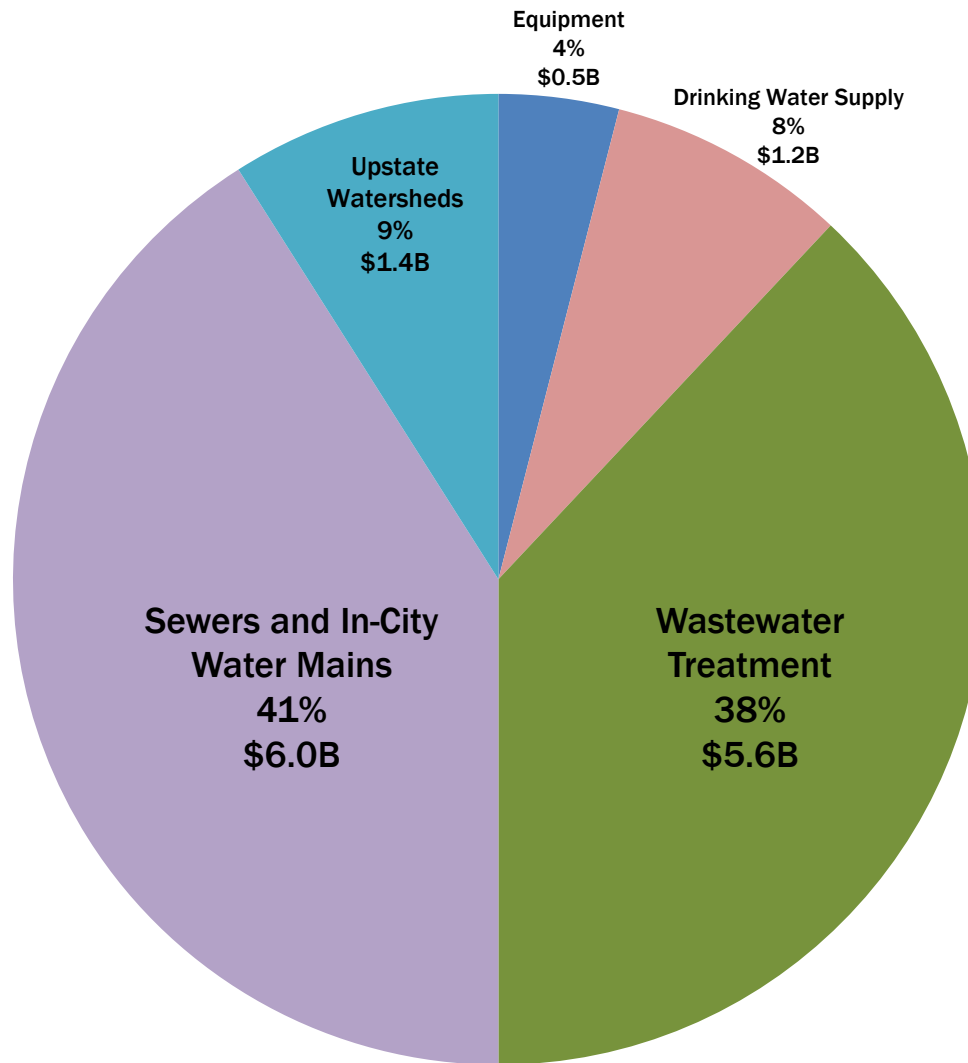
Capital Budget: Highlights

\$12.6 billion to grow a strong transportation infrastructure

- \$7.8 billion to restore and rehabilitate our bridges
- \$1.6 billion for road resurfacing

DEP FY 2016 Executive Budget

FY 2016 –FY 2025, All Funds, \$14.7 Billion Total



Capital Budget: Highlights

\$13.5 Billion Education 5-Year Capital Plan for FY 2015 - FY 2019:

- \$3.3 billion in state of good repair projects

Capital Budget: Highlights

Library capital funds:

- **\$300 million increase over 10 year period**

Capital Budget: Highlights

Infrastructure Investments

- **\$1.8 billion One City Built To Last**
- **Reduce emissions 80% by 2050**
- **Energy retrofits for all city buildings by 2025**

Revenue and Expense Changes

Changes Since the February 2015 Financial Plan

	(City Funds - \$ in Millions)				
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Gap to be Closed - February 2015 Financial Plan	\$ ---	\$ ---	(\$1,048)	(\$1,370)	(\$2,074)
Revenue Changes - Increase/(Decrease)					
Tax Revenue Forecast	\$625	\$218	\$149	\$83	\$97
Taxi Medallion Sale	(26)	(312)	(132)	1	(92)
NYCHA PILOT Forgiveness	---	(33)	(33)	(33)	(33)
Water & Sewer Rental Payment Reduction	(2)	(88)	(132)	(162)	(197)
Miscellaneous Revenues	373	(20)	167	88	77
Subtotal Revenue Changes	\$970	(\$235)	\$19	(\$23)	(\$148)
Expense Changes - Increase/(Decrease)					
Agency Expense Changes	\$201	\$700	\$705	\$701	\$742
Purchase of Service Wage Adjustment	---	59	54	54	54
Pensions	(31)	181	175	196	197
Retiree Health Benefits Trust Fund	280	---	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(100)	---	---	---	---
Subtotal Expense Changes	\$350	\$940	\$934	\$951	\$993
Citywide Savings Program	(589)	(466)	(641)	(627)	(584)
Net Expense Changes	(\$239)	\$474	\$293	\$324	\$409
General Reserve (Decrease to \$50M in FY15, Increase to \$1B in FY16+)	(250)	250	250	250	250
Capital Stabilization Reserve	---	500	---	---	---
Gap to be Closed Before Prepayments	\$1,459	(\$1,459)	(\$1,572)	(\$1,967)	(\$2,881)
FY 2015 Prepayment of FY 2016 Expenses (Increase from \$1.6B to \$3.0B)	(1,459)	1,459	---	---	---
Gap to be Closed - May 2015 Financial Plan	\$ ---	\$ ---	(\$1,572)	(\$1,967)	(\$2,881)

Fiscal Year 2016

May 2015 Financial Plan

AGENCY	(\$ in Millions)										
	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	\$4,428	\$1,969	\$2,522	\$8,919	\$388	\$ ---	\$148	\$536	\$9,455	\$9,211	\$9,121
Fire Department	1,622	671	1,123	3,416	176	---	143	319	3,735	3,733	3,470
Department of Correction	1,019	485	390	1,894	173	---	204	377	2,271	2,271	2,241
Department of Sanitation	854	401	291	1,546	657	---	410	1,067	2,613	2,610	2,559
Subtotal	\$7,923	\$3,526	\$4,326	\$15,775	\$1,394	\$ ---	\$905	\$2,299	\$18,074	\$17,825	\$17,391
HEALTH AND WELFARE											
Administration for Children's Services	\$496	\$152	\$67	\$715	\$2,438	\$ ---	\$ ---	\$2,438	\$3,153	\$3,065	\$1,085
Department of Social Services	799	357	138	1,294	1,159	7,905	83	9,147	10,441	10,430	8,157
Department of Homeless Services	148	51	21	220	927	---	---	927	1,147	1,146	617
Department of Health and Mental Hygiene	406	132	64	602	1,075	---	55	1,130	1,732	1,730	928
Health and Hospitals Corporation	---	33	---	33	232	---	192	424	457	388	346
Subtotal	\$1,849	\$725	\$290	\$2,864	\$5,831	\$7,905	\$330	\$14,066	\$16,930	\$16,759	\$11,133
EDUCATION											
Department of Education	\$10,414	\$3,693	\$3,402	\$17,509	\$7,812	\$608	\$1,672	\$10,092	\$27,601	\$27,591	\$15,406
City University	535	168	73	776	267	---	73	340	1,116	1,100	823
Subtotal	\$10,949	\$3,861	\$3,475	\$18,285	\$8,079	\$608	\$1,745	\$10,432	\$28,717	\$28,691	\$16,229
OTHER AGENCIES	\$2,671	\$903	\$457	\$4,031	\$5,685	\$ ---	\$3,118	\$8,803	\$12,834	\$11,709	\$9,158
ELECTED OFFICIALS	\$519	\$145	\$83	\$747	\$115	\$ ---	\$ ---	\$115	\$862	\$857	\$783
MISCELLANEOUS	\$1,241	\$90	\$124	\$1,455	\$ ---	\$3,828 ⁽¹⁾	\$337	\$4,165	\$5,620	\$5,405	\$5,105
DEBT SERVICE COSTS (Unallocated)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$202	\$202	\$202	\$202	\$123
TOTAL - ALL FUNDS ⁽²⁾	\$25,152	\$9,250	\$8,755	\$43,157	\$21,104	\$12,341	\$6,637	\$40,082	\$83,239	\$81,448	
TOTAL - CITY FUNDS ⁽²⁾	\$17,117	\$7,387	\$8,599	\$33,103	\$9,962	\$10,514	\$6,343	\$26,819			\$59,922
Less: Prepayments and Debt Defeasances	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$3,140	\$3,140	\$3,140	\$3,140	\$3,140
Total After Prepayments and Debt Defeasances	\$25,152	\$9,250	\$8,755	\$43,157	\$21,104	\$12,341	\$3,497	\$36,942	\$80,099	\$78,308	\$56,782

⁽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 and debt defeasances.

Five Year Financial Plan Revenues and Expenditures

May 2015 Financial Plan

(All Funds - \$ in Millions)

Revenues	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Taxes					
General Property Tax	\$21,270	\$22,240	\$23,267	\$24,272	\$25,336
Other Taxes	28,801	29,077	29,804	30,666	31,628
Tax Audit Revenue	982	711	711	711	711
Subtotal: Taxes	\$51,053	\$52,028	\$53,782	\$55,649	\$57,675
Miscellaneous Revenues	8,188	6,560	6,715	6,815	6,875
Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,003)	(1,791)	(1,794)	(1,805)	(1,800)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$57,223	\$56,782	\$58,688	\$60,644	\$62,735
Other Categorical Grants	888	831	839	844	841
Inter-Fund Revenues	559	575	546	548	548
Federal Categorical Grants	8,412	7,127	6,832	6,401	6,300
State Categorical Grants	12,569	12,993	13,364	13,771	14,102
Total Revenues	\$79,651	\$78,308	\$80,269	\$82,208	\$84,526
Expenditures					
Personal Service					
Salaries and Wages	\$24,149	\$25,152	\$25,275	\$26,619	\$28,129
Pensions	8,621	8,755	8,719	8,725	8,823
Fringe Benefits	8,697	9,250	9,737	10,306	11,097
Retiree Health Benefits Trust	280	---	---	---	---
Subtotal: Personal Service	\$41,747	\$43,157	\$43,731	\$45,650	\$48,049
Other Than Personal Service					
Medical Assistance	6,455	6,424	6,424	6,424	6,424
Public Assistance	1,472	1,481	1,464	1,464	1,464
All Other	25,044	24,040	24,196	24,269	24,563
Subtotal: Other Than Personal Service	\$32,971	\$31,945	\$32,084	\$32,157	\$32,451
Debt Service ^{(1),(2),(3)}	5,954	6,637	6,820	7,173	7,707
Debt Defeasances ⁽⁴⁾	(99)	(103)	---	---	---
FY 2014 Budget Stabilization ⁽²⁾	(2,006)	---	---	---	---
FY 2015 Budget Stabilization ⁽³⁾	3,037	(3,037)	---	---	---
Capital Stabilization Reserve	---	500	---	---	---
General Reserve	50	1,000	1,000	1,000	1,000
Subtotal	\$81,654	\$80,099	\$83,635	\$85,980	\$89,207
Less: Intra-City Expenses	(2,003)	(1,791)	(1,794)	(1,805)	(1,800)
Total Expenditures	\$79,651	\$78,308	\$81,841	\$84,175	\$87,407
Gap To Be Closed	\$ ---	\$ ---	(\$1,572)	(\$1,967)	(\$2,881)

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

⁽²⁾ Fiscal Year 2014 Budget Stabilization totals \$2.006 billion, including GO of \$621 million, TFA of \$1.362 billion, and net equity contribution in bond refunding of \$23 million.

⁽³⁾ Fiscal Year 2015 Budget Stabilization totals \$3.037 billion, including GO of \$1.459 billion and TFA of \$1.578 billion.