

The City of New York
Executive Budget
Fiscal Year 2017

Bill de Blasio, Mayor

Office of Management and Budget
Dean Fuleihan, Director

Budget Summary

The FY 2017 Executive Budget

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

NYC's Executive Budget is \$82.2 Billion

RESPONSIBLE BUDGET:

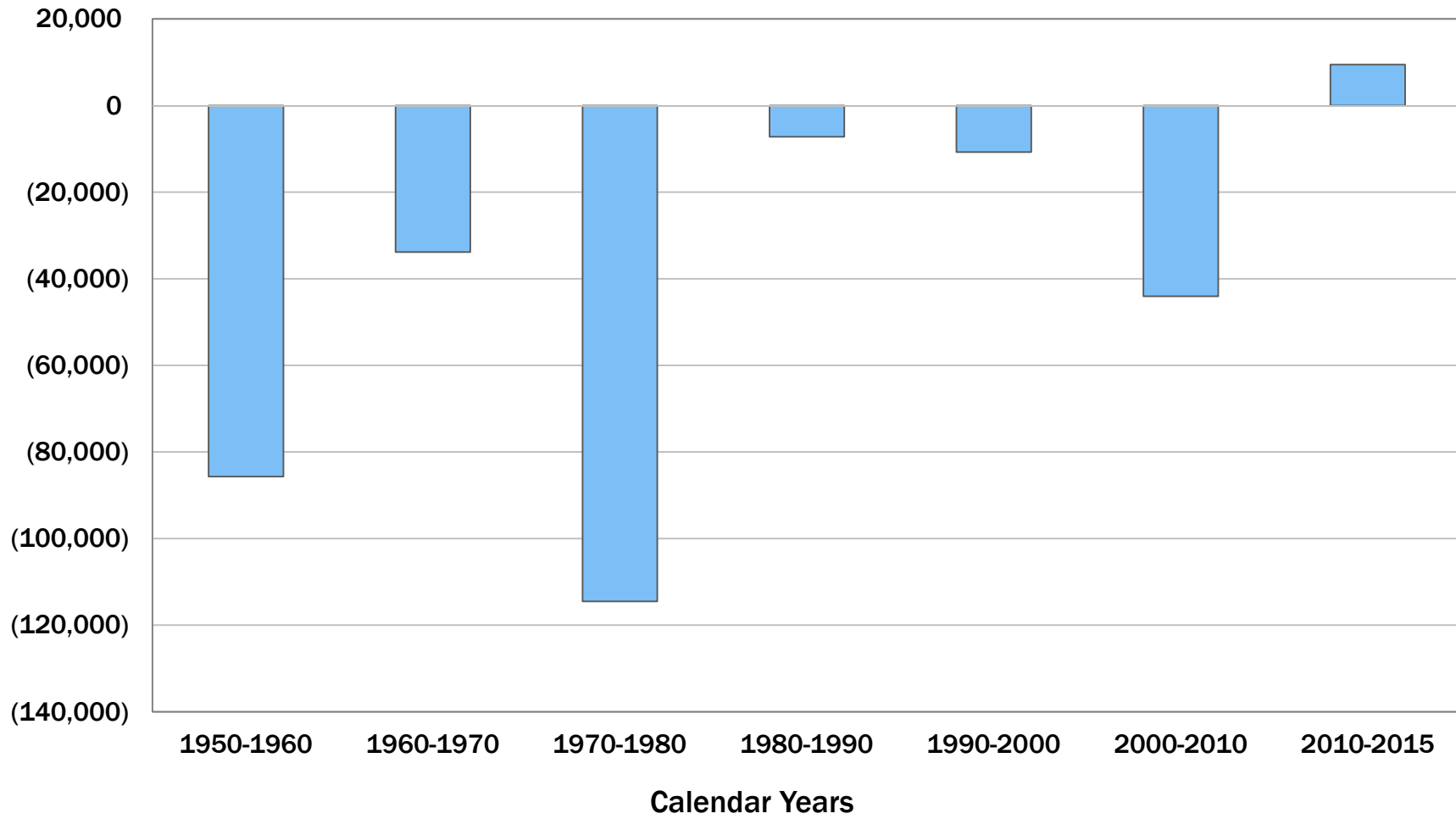
- **Addresses needs through targeted investments**
- **Protects fiscal health through reserves and the Citywide Savings Program**

ECONOMIC OUTLOOK

NYC's Growing, Diversifying Economy

For First Time in Decades: More People Moving to City than Leaving

Net Migration (Annualized, Persons)

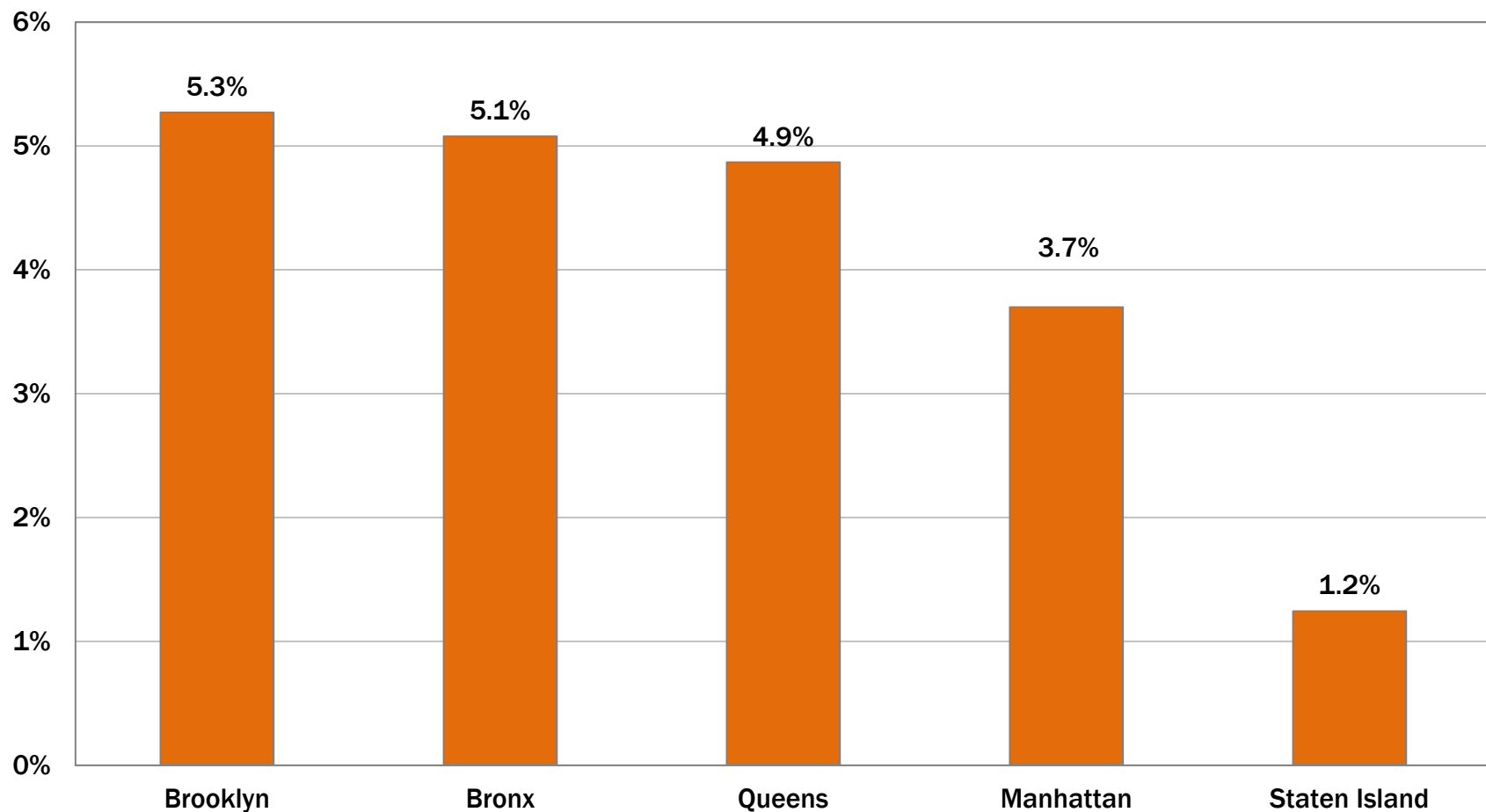


Source: NYC Department of City Planning (1950-2010) and Census Bureau (2010-2015).

New York City's Population Grew In Every Borough

2010 - 2015 Net Population Change

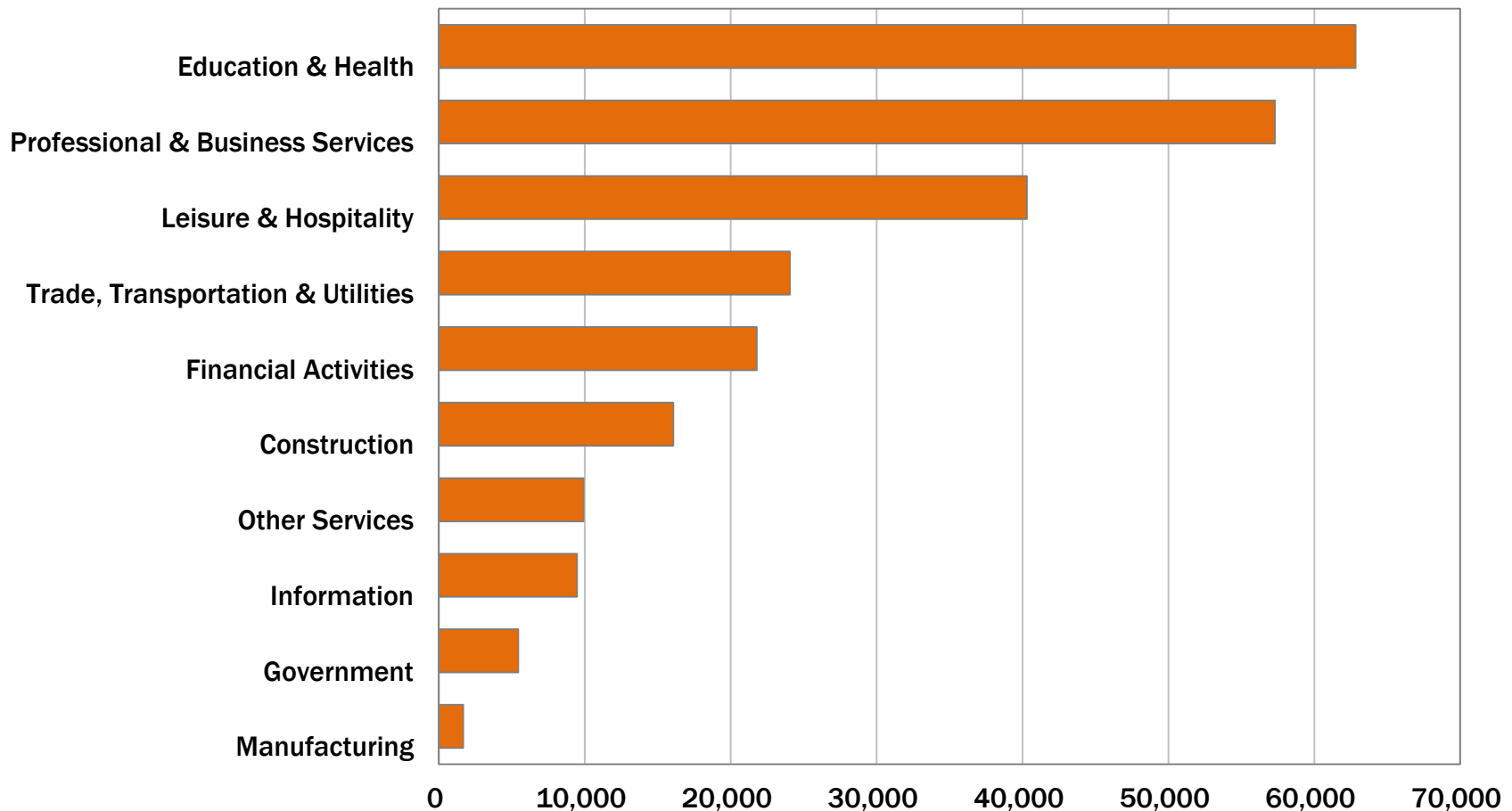
Overall New York City population growth was 4.6%.



Source: NYC Department of City Planning, Census Bureau.

In 2014 And 2015, New York City Added Nearly A Quarter Million Jobs, The Strongest Two-Year Period Ever

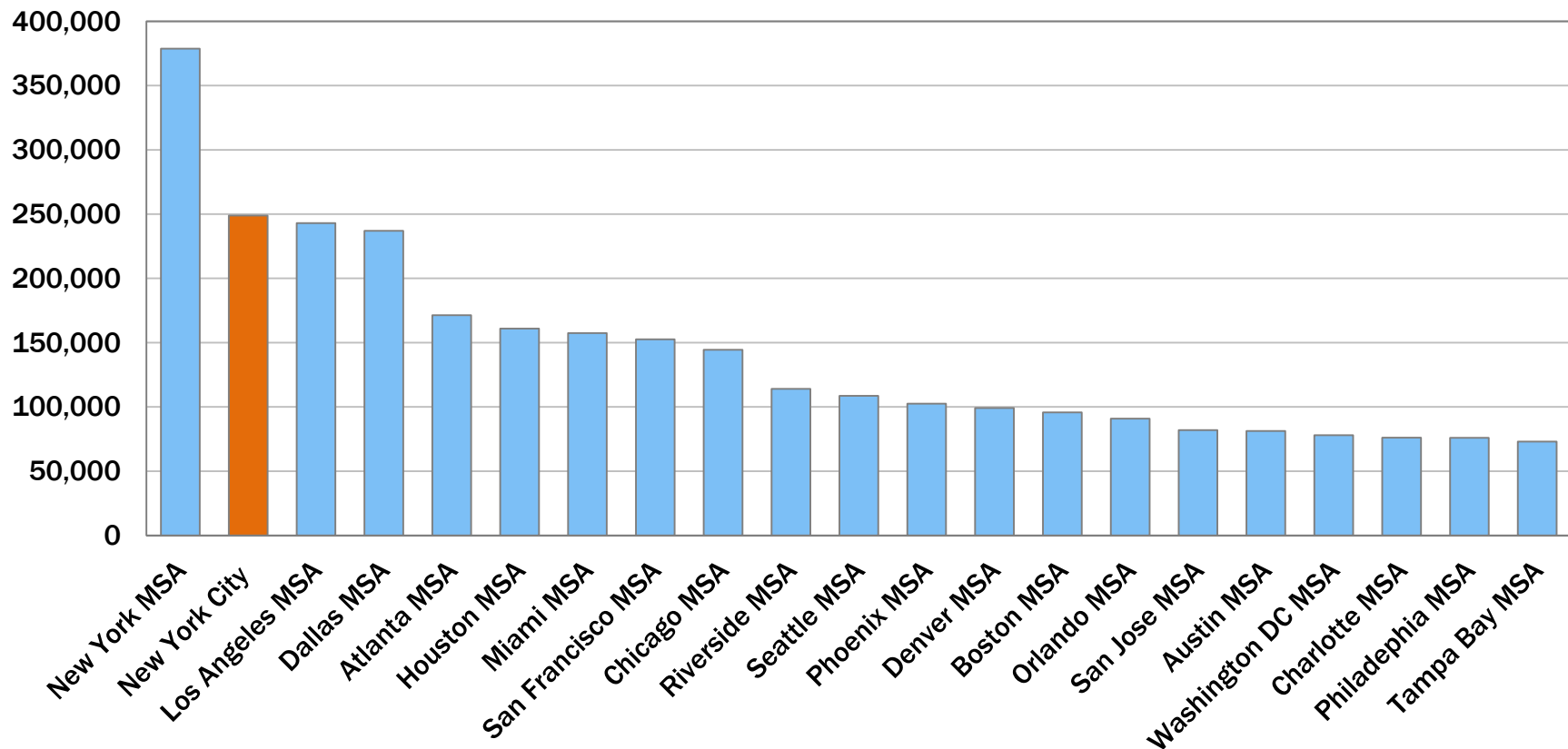
New York City Employment Gains = 249,000 Jobs



Source: NY State Department of Labor. Estimates as of the Preliminary Budget showed a gain of 220,000 which was revised to 249,000 by NY State Department of Labor.

Employment Growth In New York City Was Greater Than The Larger Metro Areas Of Any Other City

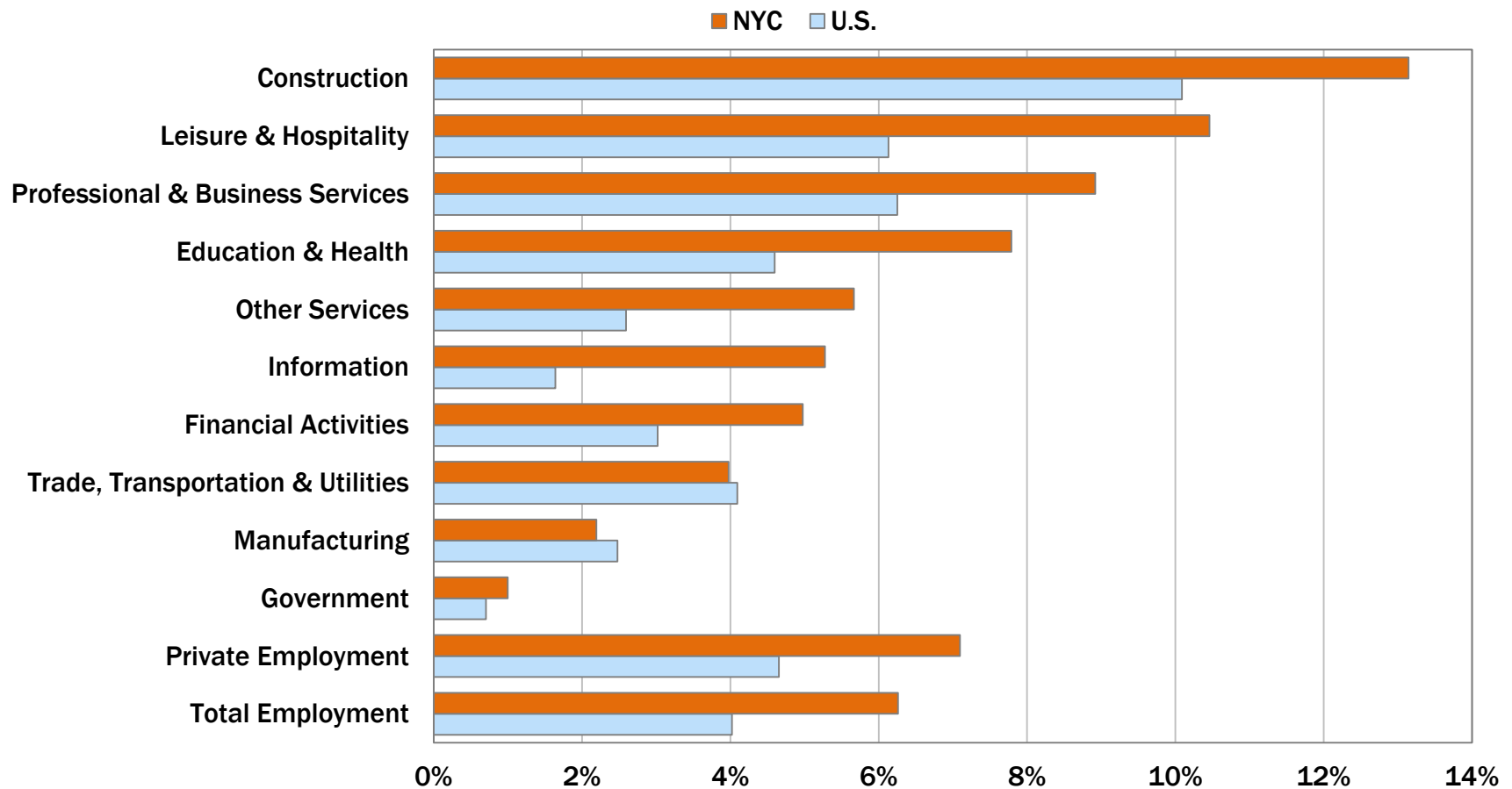
Employment Gains by Metropolitan Statistical Area (MSA) 2014-2015



Source: U.S. Bureau of Labor Statistics

Over the Last Two Years, Employment Growth in NYC Has Outperformed the U.S.

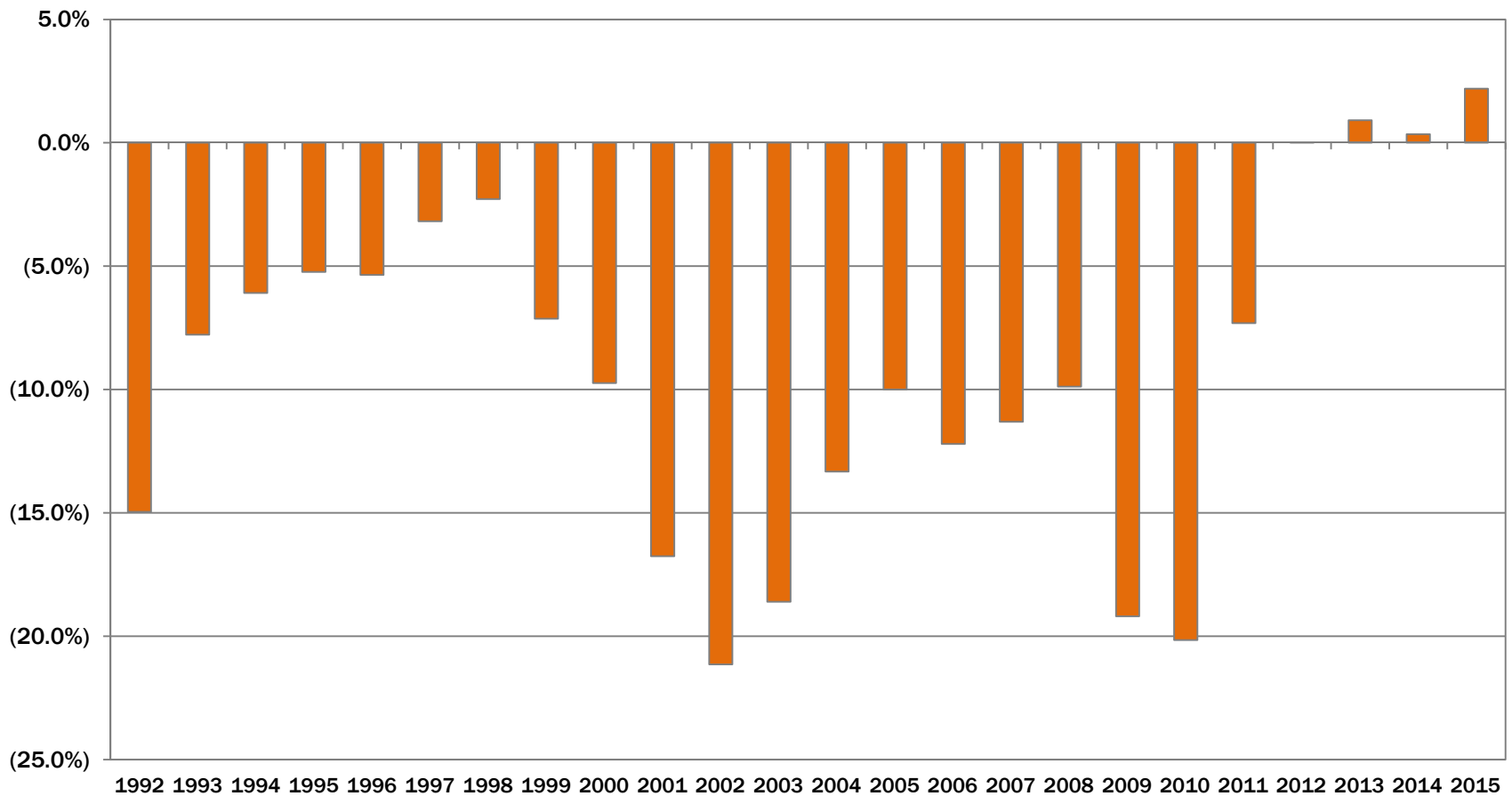
New York City and U.S. 2014 - 2015 Employment Growth



Source: U.S. Bureau of Labor Statistics, NY State Department of Labor.

NYC Manufacturing Jobs Grow

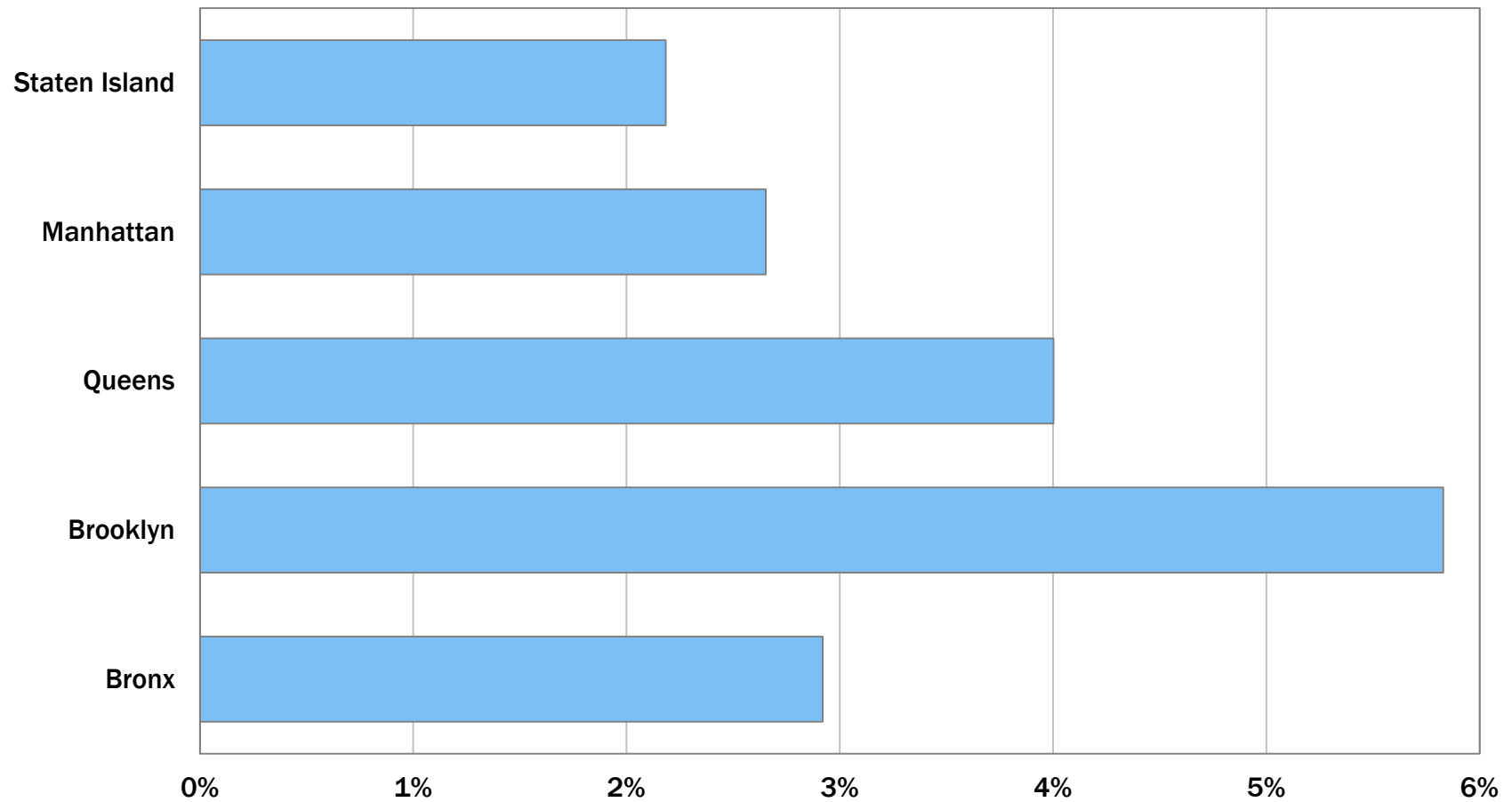
NYC Manufacturing Two Year Growth Rate (% Change)



Source: NYS Department of Labor

In 2015, Employment Grew in Every Borough

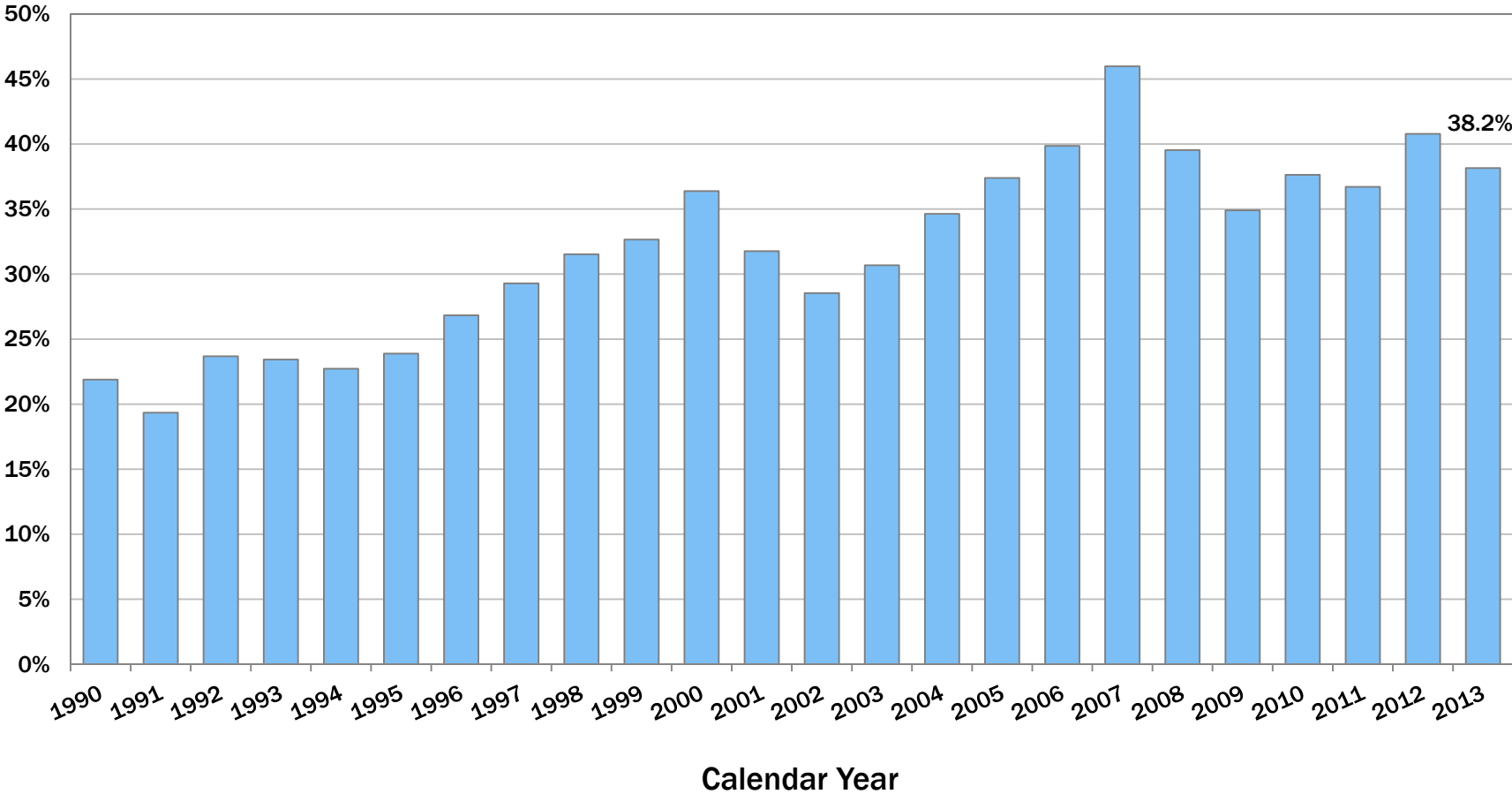
Private Employment Growth



Source: NYS Department of Labor, Quarterly Census of Employment and Wages.
Note: YTD growth through the first three quarters of 2015.

Income Share of the Top 1% In NYC was Nearly 40%

Top 1% Share of Income



Source: New York State Department of Taxation and Finance Personal Income Tax study files (full-year NYC residents)

ECONOMY: UNCERTAINTY IN THE WORLD

The National Economy Shows Signs Of Weakening

- **Estimated GDP growth is below 1% for first quarter 2016**
- **Corporate profits fell 11% in second half of 2015 and are expected to contract further in 2016.**
- **Investment bank revenue dropped 19% in the first quarter of 2016.**

Global Growth Faltering

- **Global equity markets have fallen from their 2015 peaks:**
 - German DAX down 16%
 - Japan's Nikkei down 16%
 - Shanghai composite index down 43%.
- **Recessions in Brazil and Russia; sluggish growth in Japan, Canada and the European Union.**

Impact on NYC: Tax Revenue Slows

- **Tax revenue growth is expected to decline to 3.6% in 2016 and slow to just 1.9% in 2017. Growth averaged nearly 7% during the past 5 years.**
- **Wall Street profits are expected to fall further to \$10.6 billion in 2016 from \$16.0 billion in 2014.**
 - **Securities sector bonuses have fallen over the past two years, with further declines expected.**
- **Commercial real estate market is expected to decline in 2016 from its record year in 2015.**

Meeting Challenges

Reserves for Uncertain Times

- **Retiree Health Benefits Trust Fund: \$3.7 Billion**
 - Adding **\$250 million** in this Executive Budget
- **General Reserve: \$1 Billion**
- **Capital Stabilization Reserve: \$500 Million**

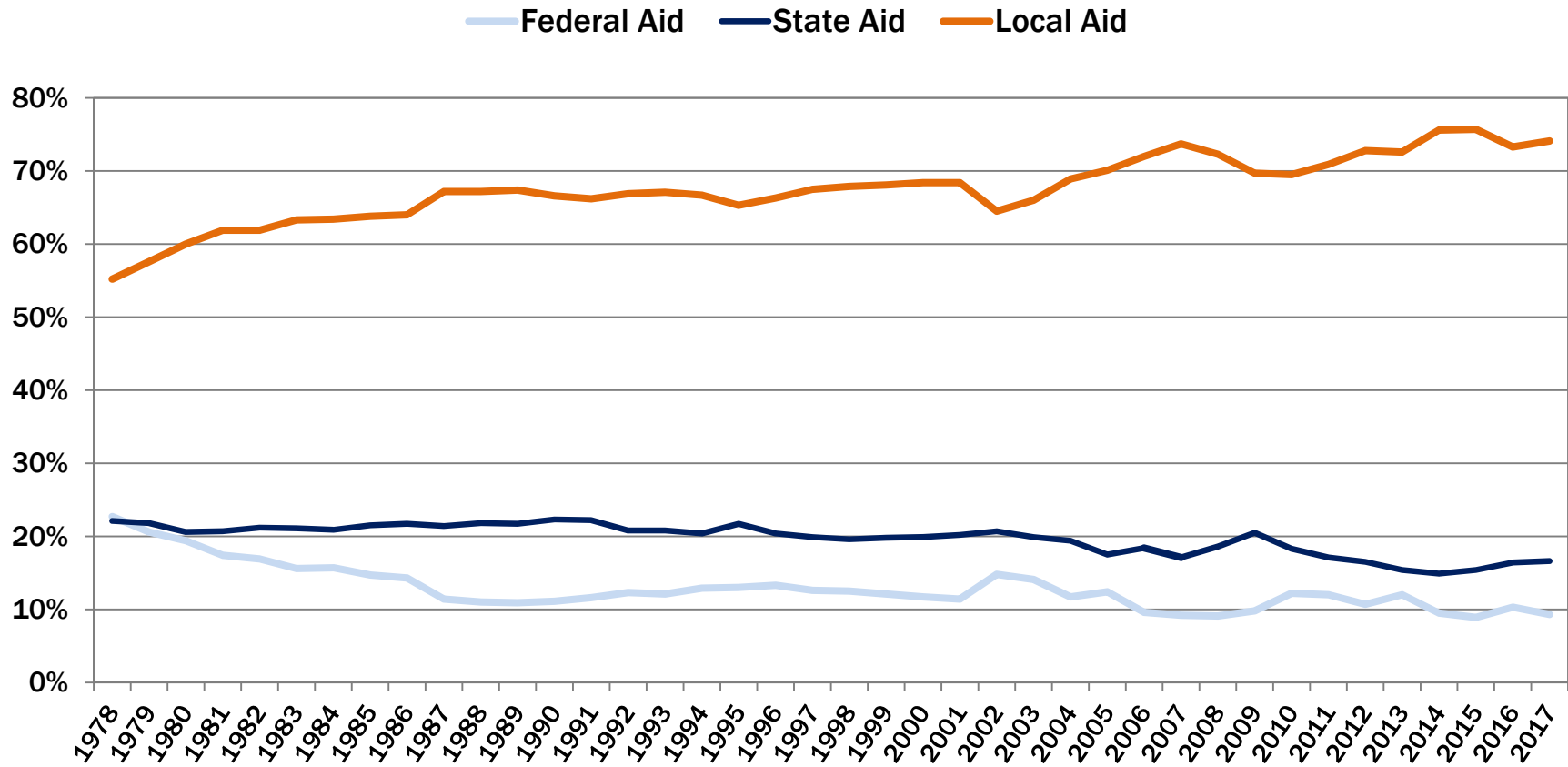
Citywide Savings Program

- Executive Budget Savings Program is **\$1.25 billion** in FY 2016 and FY 2017. That includes more than **\$500 million** of agency savings.
- The Preliminary and Executive Budget savings program is **\$2.3 billion** in FY 2016 and FY 2017.
- Agencies will be directed to find additional savings for the November Financial Plan.

Declining Support From State & Federal Partners

- **\$600 million in NYC Sales Tax diverted to the State**
- **\$1.6 billion shortfall in CFE school funding**
- **\$2.0 billion in lost State Municipal Aid since 2010**
- **Waiting on State to release \$220 million in funds from previous commitment to support critical homeless programming**
- **Proposed cut of \$270 million nationally to the Urban Area Security Initiatives (UASI) grants**

Trends in the Composition of Federal and State Aid 1978 - 2017



Public Safety

New 116th Precinct

- **Investing \$70 million to build a fully-staffed precinct in southeast Queens to allow for faster response times and improve crime fighting in the area.**

50 New Ambulance Tours

- **Investing \$5 million in FY 2017, growing to \$9.8 million in FY 2018 for an additional 50 ambulance tours starting January 2017 to ensure faster response times to high priority, life threatening emergencies in Queens and the Bronx.**

Public Safety

Alternative Housing for Adolescents

- Investing \$170 million for an adolescent facility.
- Currently 180 adolescents on Rikers Island.

Programming Space

- Investing \$91 million for programming space so every inmate can have 5 hours of programming available per day, for workforce training, substance abuse treatment and education classes.

Public Health

Comprehensive Opioid Addiction Plan

- Investing \$5.5 million in FY 2017, growing to \$11 million in FY 2019 in prevention and treatment. Programs include:
 - **MORE** training of medical professionals to reduce overprescribing of opioids;
 - **MORE** distribution of naloxone
 - **MORE** access to treatment
 - **NEW** awareness campaign on dangers and at-risk youth outreach expansion; and
 - **NEW** enhanced ability to ID opioid hotspots citywide

Education

Fair Student Funding

- **Raise the minimum level for all our schools.**
 - Committed to investing \$161 million in FY 2017, and \$310 million in FY 2018, with continued support from the State.
- **Raise the Fair Student Funding average to 91%, with NO school funded below 87% in FY 2017.**
- **Raise the Fair Student Funding average to 92.5%, with NO school funded below 90% in FY 2018.**

Equity & Excellence

- **Investing \$17 million in FY 2017 to ensure that students have individually tailored college plans and that every high school student has access to AP courses.**

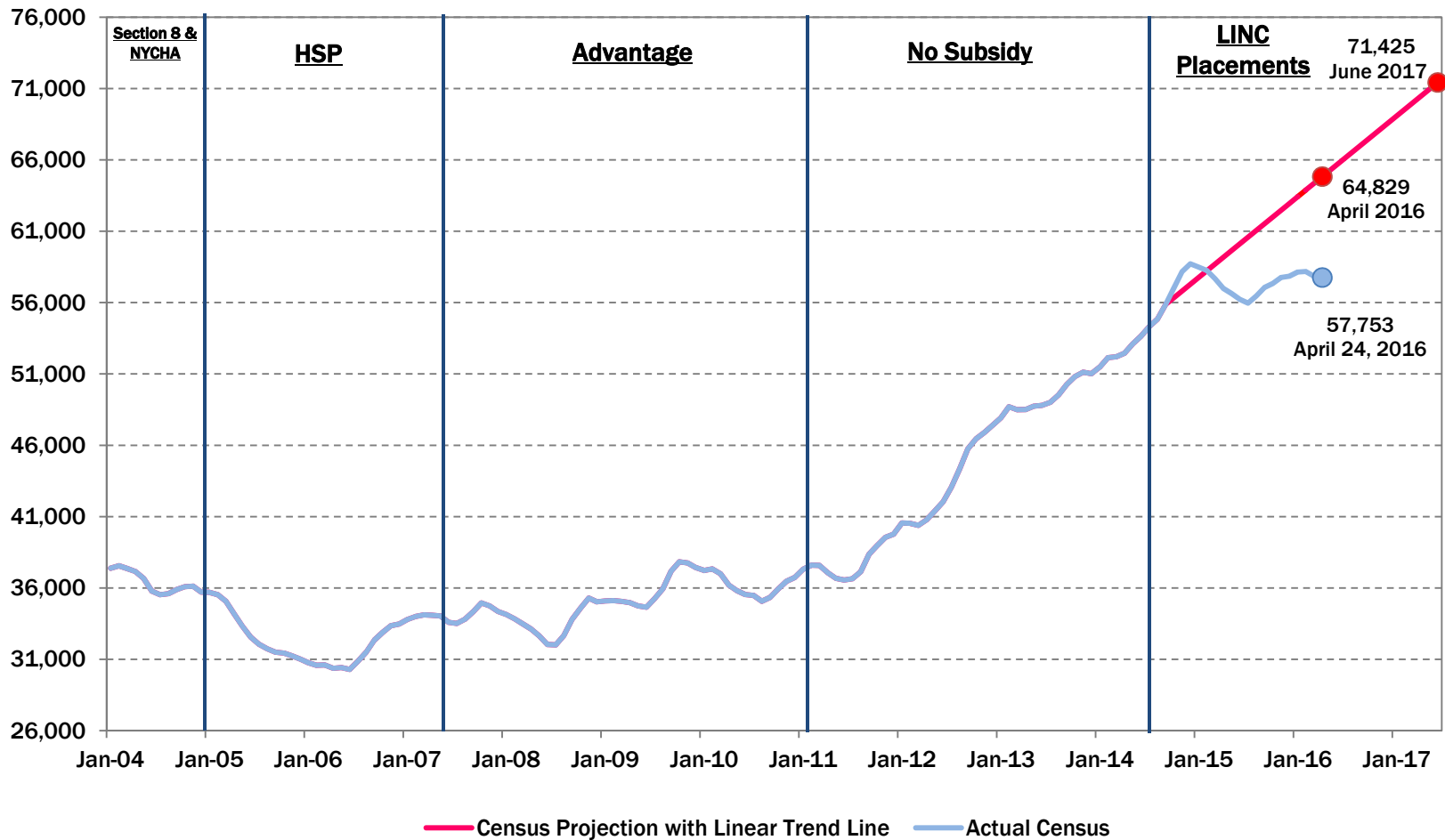
Expansion of Physical Education in Elementary Schools

- **Investing \$9 million in FY 2017, growing to \$40 million in FY 2019, to ensure that every elementary school is in full compliance with the State mandate for physical education.**

Meeting Challenges

The Crisis of Homelessness

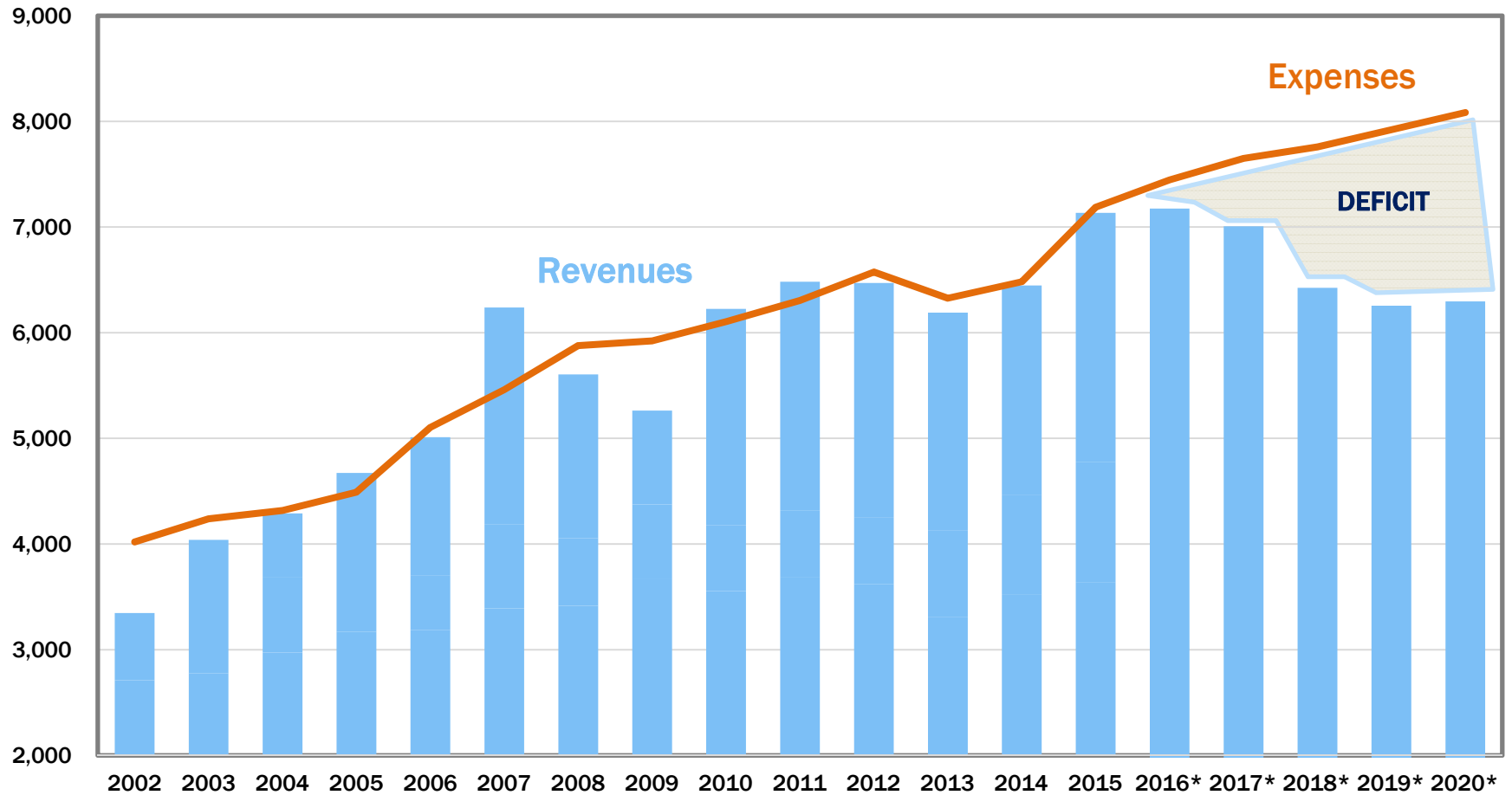
Shelter Census Forecast Compared to Historical Growth



NYC Health + Hospitals

- **11 hospitals**
- **More than 70 community-based clinics and treatment centers**
- **Close to 5 million patient visits in 2014**
- **Nearly 1 in 6 New Yorkers served**

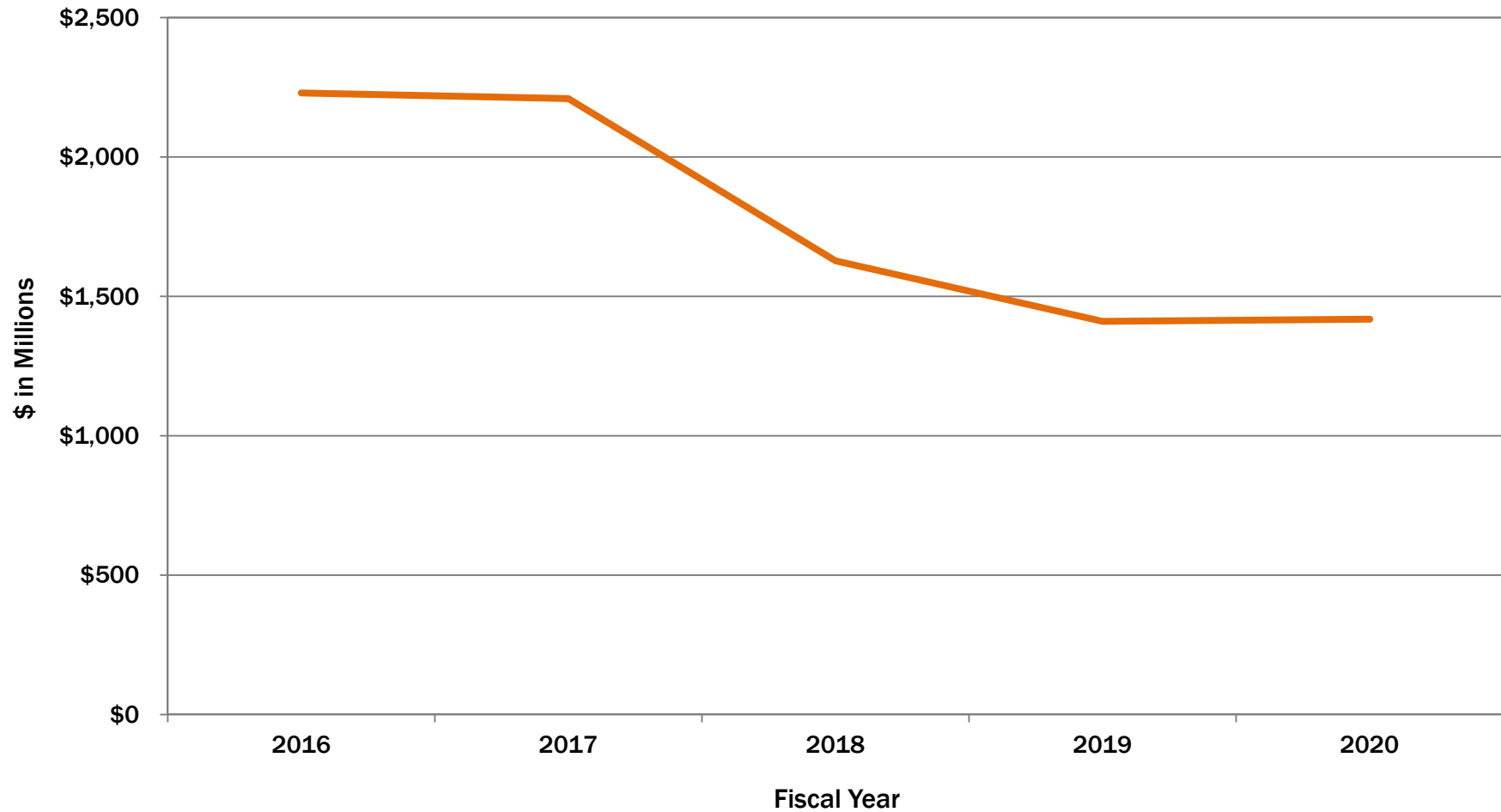
Health + Hospitals: Revenue vs. Expenses



* = Forecast

Federal Safety-Net Funding for Health + Hospitals

Safety-Net Funding for Health + Hospitals Projected to Drop By FY 2020



Transforming Health + Hospitals

- **Stabilize funding** by insuring more New Yorkers and by getting fair State and Federal funding
- **Expand community-based preventive, primary and outpatient care**
- **Improve the system's efficiency**, whether in hospitals or community-based facilities
- **Remodel care** to reward outcomes rather than services

Additional Investments

Infrastructure: Improving Snow Removal

Investing \$21 million in new enhanced snow removal equipment

- Improve snow clearing operations and ensure New Yorkers can travel safely – in vehicles and on foot – after a snowfall.
- Increase responsiveness to the 9,046 smaller, narrow streets particularly found on Staten Island, Queens and the Bronx.
- Facilitate the clearing of crosswalks, bus stops, pedestrian overpasses, and step streets.

Transportation

Bridge Repair and Reconstruction Projects

- Investing \$276 million for the ongoing reconstruction and maintenance of:
 - The Ed Koch Queensboro Bridge
 - The Brooklyn Bridge
 - The Manhattan Bridge

Street Resurfacing

- Investing an additional \$186 million to repave 1,300 lane miles in FY 2018, consistent with the amount funded in FY 2017, the highest level in more than decade.

Transportation: Citywide Ferry System

Homeporting Citywide Ferry System at Brooklyn Navy Yard Pier

- Investing \$42 million to purchase 4 ferries and to reconstruct a pier at the Brooklyn Navy Yard.
- Maintenance of the ferries at the Navy Yard creates a total of 155 jobs.

Infrastructure: Water Bill Credit

Elimination of the Remaining \$122 Million Water Board rental payment to the City.

- Proposal to Water Board to provide 664,000 homeowners (1-3 family households) a \$183 one-time credit on their water and sewer bill.
- Additional \$250 credit per unit for multi-family residential properties that meet affordability guidelines, reaching approximately 40,000 apartments or homes.

The image shows a sample of a 'WATER AND SEWER BILL' from NYC Environmental Protection. It includes an account number field with the value '00000-00000-000'. Below this, a large blue text announcement reads '\$183 WATER BILL CREDIT FOR 664,000 HOMEOWNERS CITYWIDE'. At the bottom, there is a table with three columns: 'Meter Number', 'Current Read', and 'Credit'. The first row of data shows 'P21593498' for the meter number, '99400' for the current read, and '\$183' for the credit. The '\$183' value is circled in red and highlighted with a yellow background.

Meter Number	Current Read	Credit
P21593498	99400	\$183

Infrastructure: Continued Commitment to Water Supply

Brooklyn/Queens Section of City Water Tunnel No. 3

- Investing \$305 million to support design and construction of the remaining two shafts on an accelerated schedule.
 - Along with an additional \$300 million in the upcoming Ten Year Strategy, this will fully fund the remaining shafts at \$657 million.

Disinfecting and Pressurization of Brooklyn/Queens section of City Tunnel No. 3 and connection to Staten Island

- Investing \$28 million to disinfect and pressurize the tunnels and create redundancy in the system

Coastal Resiliency

East Side Coastal Resiliency

- Investing \$505 million to integrate the coastal flood protection system along the eastern shore of Manhattan, from 23rd Street to the Manhattan Bridge.

Two Bridges Coastal Protection

- Investing \$176 million to improve resiliency from Montgomery Street to the Brooklyn Bridge.

Board of Elections

In consultation with the City, the BOE would be required to take the following steps to identify and rectify systemic challenges within the organization:

- **Promptly retain an outside consultant** to review the April 19th primary, provide recommendations and analyze overall operational issues.
- **Develop a Blue Ribbon Panel** of leading management and election experts.
- **Comply with the Comptroller's audit's** feasible recommendations, including a plan to implement these steps as soon as possible after the audit's release.
- **Guarantee transparency in hiring** by posting all job vacancies prior to hiring.

Partnership with the Council

Additional Peak Season Staffing for Our Parks

- Investing \$12 million in FY 2017 to enhance park and playground cleaning and maintenance, and to allow comfort stations and other park features to be open from dawn to dusk.

Partnership with the Council

Beacon Program

- Investing \$5.7 million in FY 2017, growing to \$16.8 million in FY 2018, at all 80 Beacons which provide community programming and afterschool services to 70,000 youth and 65,000 adults annually.

Animal Shelters in Queens and Bronx

- Investing \$10 million for land acquisition and design for two full-service animal shelters.

Seniors

- Investing \$4.8 million in FY 2017 to retain licensed social workers, assessing the needs of nearly 30,000 seniors annually.

Revenue and Expense Changes

Changes Since the January 2016 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 - January 2016 Financial Plan	\$ ---	\$ ---	(\$2,279)	(\$2,937)	(\$2,741)
<u>Revenue Changes:</u>					
Tax Revenue Forecast	\$393	(\$409)	(\$40)	\$38	(\$16)
Miscellaneous Revenues	146	46	(62)	(22)	98
Health + Hospitals Debt Service	---	(180)	(173)	(179)	(203)
Subtotal Revenue Changes	\$539	(\$543)	(\$275)	(\$163)	(\$121)
<u>Expense Changes:</u>					
Agency Expense Changes	(\$105)	\$1,223	\$805	\$556	\$433
Health + Hospitals	160	---	---	---	---
Citywide Savings Program	(522)	(728)	(780)	(799)	(704)
Subtotal Expense Changes	(\$467)	\$495	\$25	(\$243)	(\$271)
Pensions	(55)	23	156	120	(322)
General Reserve (Decrease FY16 from \$300M to \$50M)	(250)	---	---	---	---
Retiree Health Benefits Trust Fund	250	---	---	---	---
Net Expense Changes	(\$522)	\$518	\$181	(\$123)	(\$593)
Gap to be Closed Before Prepayments	\$1,061	(\$1,061)	(\$2,735)	(\$2,977)	(\$2,269)
FY 2016 Prepayment of FY 2017 Expenses	(1,061)	1,061	---	---	---
Gap to be Closed - April 2016 Financial Plan	\$ ---	\$ ---	(\$2,735)	(\$2,977)	(\$2,269)

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	\$22,815	\$23,981	\$25,397	\$26,900	\$28,165
Other Taxes	29,873	29,948	31,105	32,101	33,208
Tax Audit Revenue	1,060	714	714	714	714
Subtotal: Taxes	\$53,748	\$54,643	\$57,216	\$59,715	\$62,087
Miscellaneous Revenues	7,070	6,500	6,432	6,577	6,777
Unrestricted Intergovernmental Aid	6	---	---	---	---
Less: Intra-City Revenue	(1,983)	(1,763)	(1,764)	(1,758)	(1,765)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$58,826	\$59,365	\$61,869	\$64,519	\$67,084
Expenditures					
Personal Service	\$33,721	\$34,922	\$36,808	\$38,966	\$39,893
Other Than Personal Service	19,539	19,939	20,064	20,283	20,547
Debt Service ^{(1),(2),(3)}	5,787	6,360	6,732	7,247	7,913
Debt Defeasances ⁽¹⁾	(103)	---	---	---	---
FY 2015 Budget Stabilization ⁽²⁾	(3,524)	---	---	---	---
FY 2016 Budget Stabilization ⁽³⁾	3,356	(3,356)	---	---	---
Capital Stabilization Reserve	---	500	---	---	---
General Reserve	50	1,000	1,000	1,000	1,000
Total Expenditures	\$58,826	\$59,365	\$64,604	\$67,496	\$69,353
Gap To Be Closed	\$ ---	\$ ---	(\$2,735)	(\$2,977)	(\$2,269)

⁽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 \$3.356 billion, including GO of \$1.660 billion and TFA-PIT of \$1.696 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	\$22,815	\$23,981	\$25,397	\$26,900	\$28,165
Other Taxes	29,873	29,948	31,105	32,101	33,208
Tax Audit Revenue	1,060	714	714	714	714
Subtotal: Taxes	\$53,748	\$54,643	\$57,216	\$59,715	\$62,087
Miscellaneous Revenues	7,070	6,500	6,432	6,577	6,777
Unrestricted Intergovernmental Aid	6	---	---	---	---
Less: Intra-City Revenue	(1,983)	(1,763)	(1,764)	(1,758)	(1,765)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$58,826	\$59,365	\$61,869	\$64,519	\$67,084
Other Categorical Grants	705	851	834	832	828
Inter-Fund Revenues	583	645	643	582	581
Federal Categorical Grants	8,467	7,677	6,811	6,680	6,618
State Categorical Grants	13,485	13,682	14,291	14,761	15,247
Total Revenues	\$82,066	\$82,220	\$84,448	\$87,374	\$90,358
Expenditures					
Personal Service					
Salaries and Wages	\$25,364	\$26,153	\$27,555	\$29,086	\$29,590
Pensions	9,288	9,422	9,710	9,853	9,785
Fringe Benefits	9,250	9,862	10,411	11,088	11,874
Retiree Health Benefits Trust	250	---	---	---	---
Subtotal: Personal Service	\$44,152	\$45,437	\$47,676	\$50,027	\$51,249
Other Than Personal Service					
Medical Assistance	\$5,817	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,481	1,584	1,602	1,613	1,624
All Other	26,811	26,275	25,758	26,050	26,440
Subtotal: Other Than Personal Service	\$34,109	\$33,774	\$33,275	\$33,578	\$33,979
Debt Service ^{(1),(2),(3)}	6,009	6,628	6,996	7,504	8,164
Debt Defeasances ⁽¹⁾	(103)	---	---	---	---
FY 2015 Budget Stabilization ⁽²⁾	(3,524)	---	---	---	---
FY 2016 Budget Stabilization ⁽³⁾	3,356	(3,356)	---	---	---
Capital Stabilization Reserve	---	500	---	---	---
General Reserve	50	1,000	1,000	1,000	1,000
Subtotal	\$84,049	\$83,983	\$88,947	\$92,109	\$94,392
Less: Intra-City Expenses	(1,983)	(1,763)	(1,764)	(1,758)	(1,765)
Total Expenditures	\$82,066	\$82,220	\$87,183	\$90,351	\$92,627
Gap To Be Closed	\$---	\$---	(\$2,735)	(\$2,977)	(\$2,269)

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

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⁽³⁾ Fiscal Year 2016 Budget Stabilization totals \$3.356 billion, including GO of \$1.660 billion and TFA-PIT of \$1.696 billion.

Fiscal Year 2017

April 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	\$4,689	\$2,100	\$2,550	\$9,339	\$387	\$ ---	\$162	\$549	\$9,888	\$9,629	\$9,524
Fire Department	1,730	717	1,181	3,628	184	---	151	335	3,963	3,961	3,722
Department of Correction	1,176	550	403	2,129	168	---	202	370	2,499	2,499	2,468
Department of Sanitation	923	431	306	1,660	705	---	398	1,103	2,763	2,753	2,699
Subtotal	\$8,518	\$3,798	\$4,440	\$16,756	\$1,444	\$ ---	\$913	\$2,357	\$19,113	\$18,842	\$18,413
HEALTH AND WELFARE											
Administration for Children's Services	\$474	\$158	\$72	\$704	\$2,508	\$ ---	\$ ---	\$2,508	\$3,212	\$3,135	\$1,097
Department of Social Services	861	370	148	1,379	1,372	7,499	79	8,950	10,329	10,318	7,930
Department of Homeless Services	143	57	21	221	1,151	---	---	1,151	1,372	1,371	819
Department of Health and Mental Hygiene	450	143	67	660	1,038	---	59	1,097	1,757	1,754	898
Health and Hospitals Corporation	---	37	---	37	735	---	196	931	968	915	869
Subtotal	\$1,928	\$765	\$308	\$3,001	\$6,804	\$7,499	\$334	\$14,637	\$17,638	\$17,493	\$11,613
EDUCATION											
Department of Education	\$11,230	\$3,892	\$3,929	\$19,051	\$8,133	\$599	\$1,787	\$10,519	\$29,570	\$29,560	\$16,844
City University	546	179	76	801	309	---	66	375	1,176	1,162	861
Subtotal	\$11,776	\$4,071	\$4,005	\$19,852	\$8,442	\$599	\$1,853	\$10,894	\$30,746	\$30,722	\$17,705
OTHER AGENCIES	2,942	975	469	4,386	6,432	---	3,057	9,489	13,875	12,768	9,717
ELECTED OFFICIALS	552	154	88	794	122	---	---	122	916	911	827
MISCELLANEOUS	437	99	112	648	---	3,932 ⁽¹⁾	320	4,252	4,900	4,689	4,369
DEBT SERVICE COSTS (Unallocated)	---	---	---	---	---	---	151	151	151	151	77
TOTAL - ALL FUNDS⁽²⁾	\$26,153	\$9,862	\$9,422	\$45,437	\$23,244	\$12,030	\$6,628	\$41,902	\$87,339	\$85,576	
TOTAL - CITY FUNDS⁽²⁾	\$17,913	\$7,731	\$9,278	\$34,922	\$11,299	\$10,140	\$6,360	\$27,799			\$62,721
Less: Prepayments	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$3,356	\$3,356	\$3,356	\$3,356	\$3,356
Total After Prepayments	\$26,153	\$9,862	\$9,422	\$45,437	\$23,244	\$12,030	\$3,272	\$38,546	\$83,983	\$82,220	\$59,365

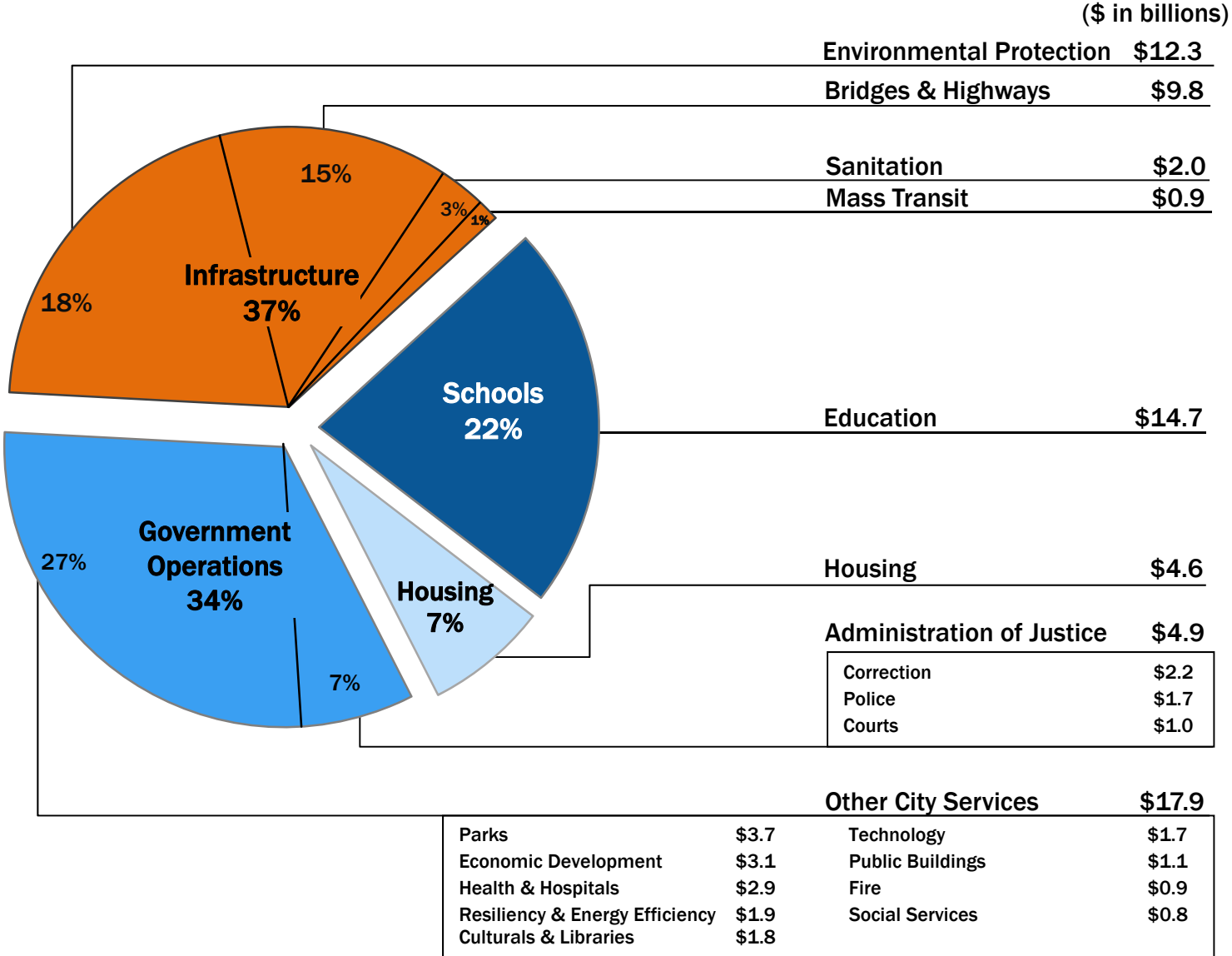
⁽¹⁾ Includes subsidies to the MTA, General Reserve, Capital Stabilization Reserve, Judgments and Claims, Indigent Defense Services and Other Contractual Services.

⁽²⁾ Excludes the impact of prepayments.

Capital Plan

Executive Capital Plan 2016 – 2020

Totals \$67.1 Billion in All Funds



Major Highlights of the 2016 - 2020 Executive Capital Plan

Major Capital Highlights

\$ In Millions

• Education: Construction and Improvements of Schools	\$14,179
• Housing: Preservation and New Construction of Apartments under the Housing New York Plan	\$3,858
• DOT: Resurfacing of 5,056 Lane Miles of Streets, Citywide	\$1,136
• DOT: Rehabilitation of Brooklyn-Queens Expressway (BQE) from Sands St to Atlantic Ave	\$926
• Sanitation: Vehicle Replacement	\$783
• DEP: Southeast Queens Sewer System Buildout to Mitigate Chronic Flooding	\$778
• Parks: Reconstruction and Rehabilitation of Parks Bridges	\$728
• DEP: Combined Sewer Overflow Reduction Projects via NYC Green Infrastructure Plan	\$646
• DEP: Construction of Combined Sewer Overflow (CSO) Tank near Gowanus Canal	\$560
• DEP: Sewer and Water Main Emergency Contracts	\$478
• DEP: Construction and Land Acquisition for Citywide Bluebelt Projects	\$388
• DEP: Construction of Shafts for Brooklyn/Queens Section of City Tunnel No. 3	\$357
• DOT: Reconstruction and Installation of Pedestrian Ramps, Citywide	\$357
• DOT: Construction of Three New Ferry Boats	\$328
• DEP: Dam Safety Program	\$319
• Fire: Rehabilitation of Fire Facilities	\$313
• DEP: Acceleration of Life Cycle Infrastructure Replacement of Water Mains and Sewers	\$300
• DOT: Continued Rehabilitation of the Brooklyn Bridge's Approaches and Arches	\$300
• DOT: Rehabilitation of Queensboro Bridge over East River	\$292
• Correction: Fire Life Safety	\$291
• Parks: Community Parks Initiative Phases 1 & 2	\$271