

The City of New York
Executive Budget
Fiscal Year 2018

Bill de Blasio, Mayor

Mayor's Office of Management and Budget
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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

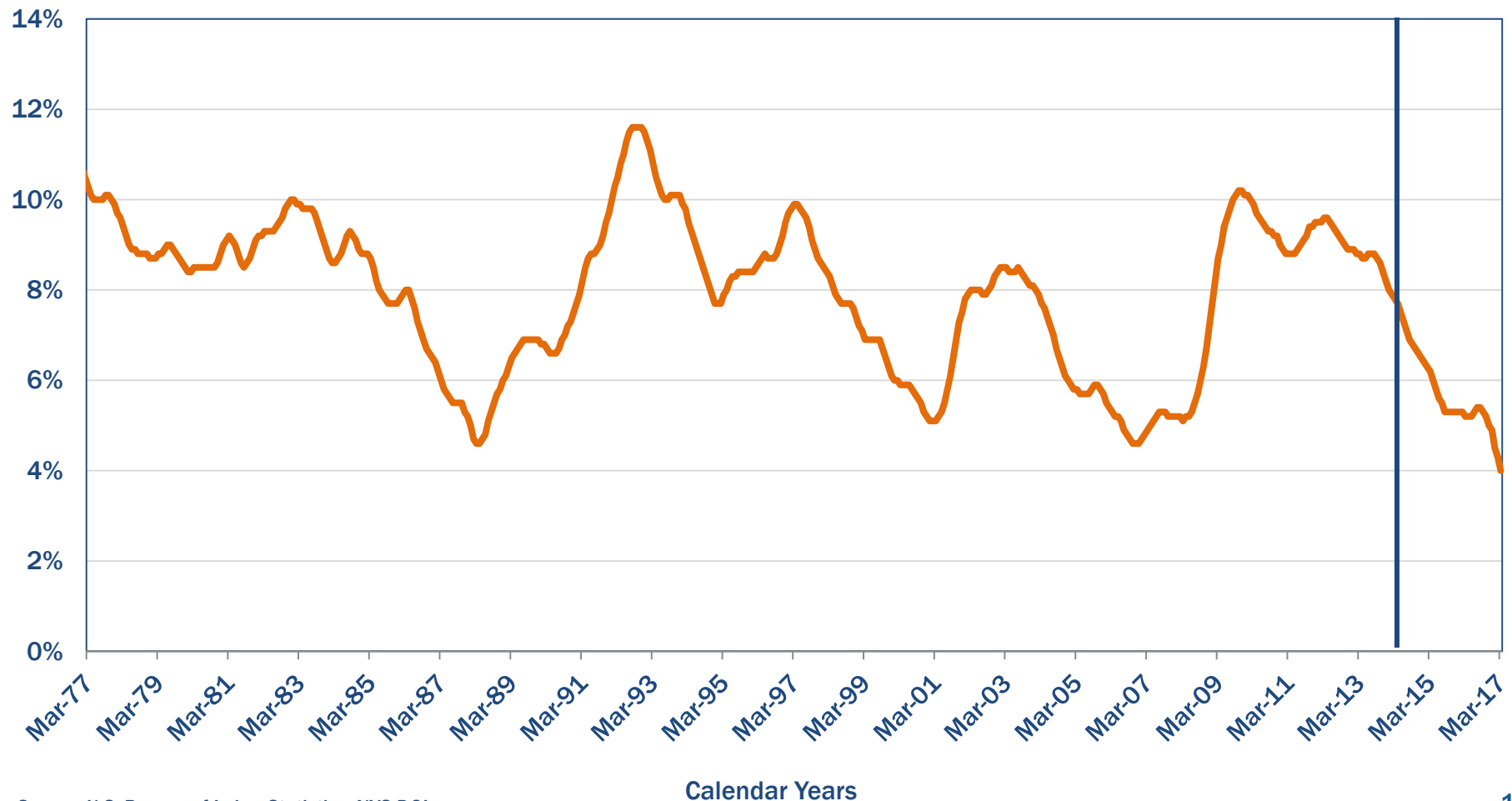
- **Our Ten-Year Capital Strategy is \$95.85 billion.**
- **Creating jobs and building a 21st-century economy by investing in critical infrastructure.**

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.



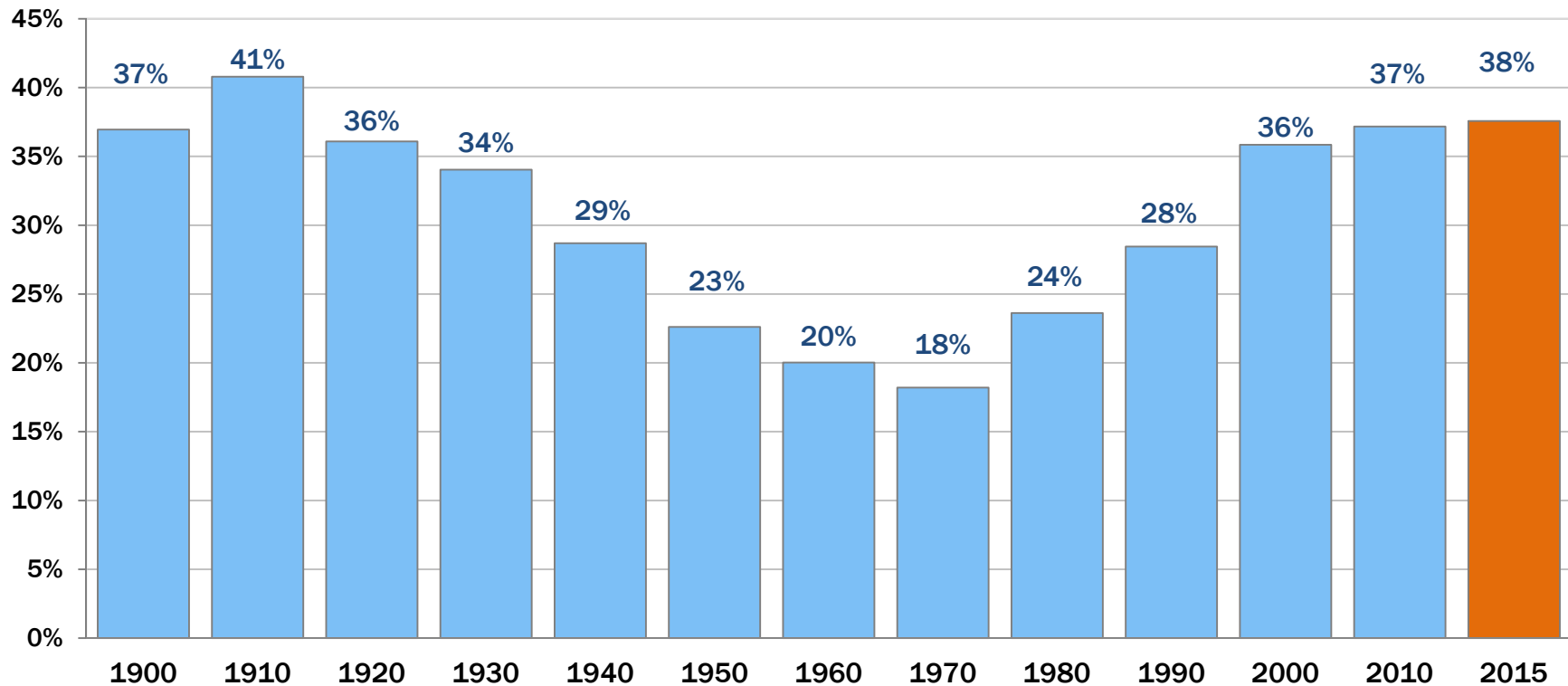
Source: U.S. Bureau of Labor Statistics, NYS DOL

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

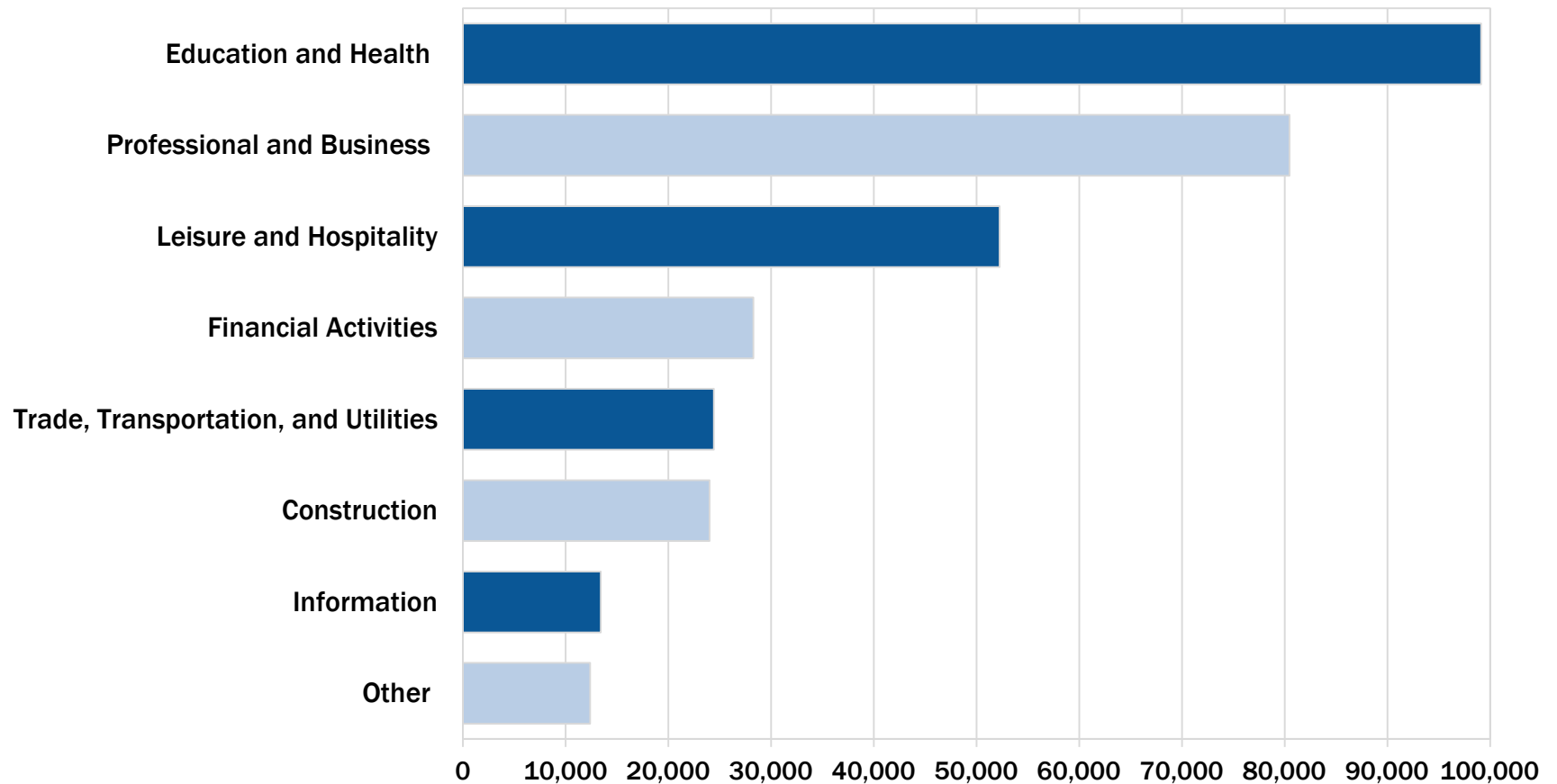
Proportion of NYC's Foreign-born Population



Source: U.S. Census Bureau and NYC DCP

Diversifying Job Growth Across Many Industries

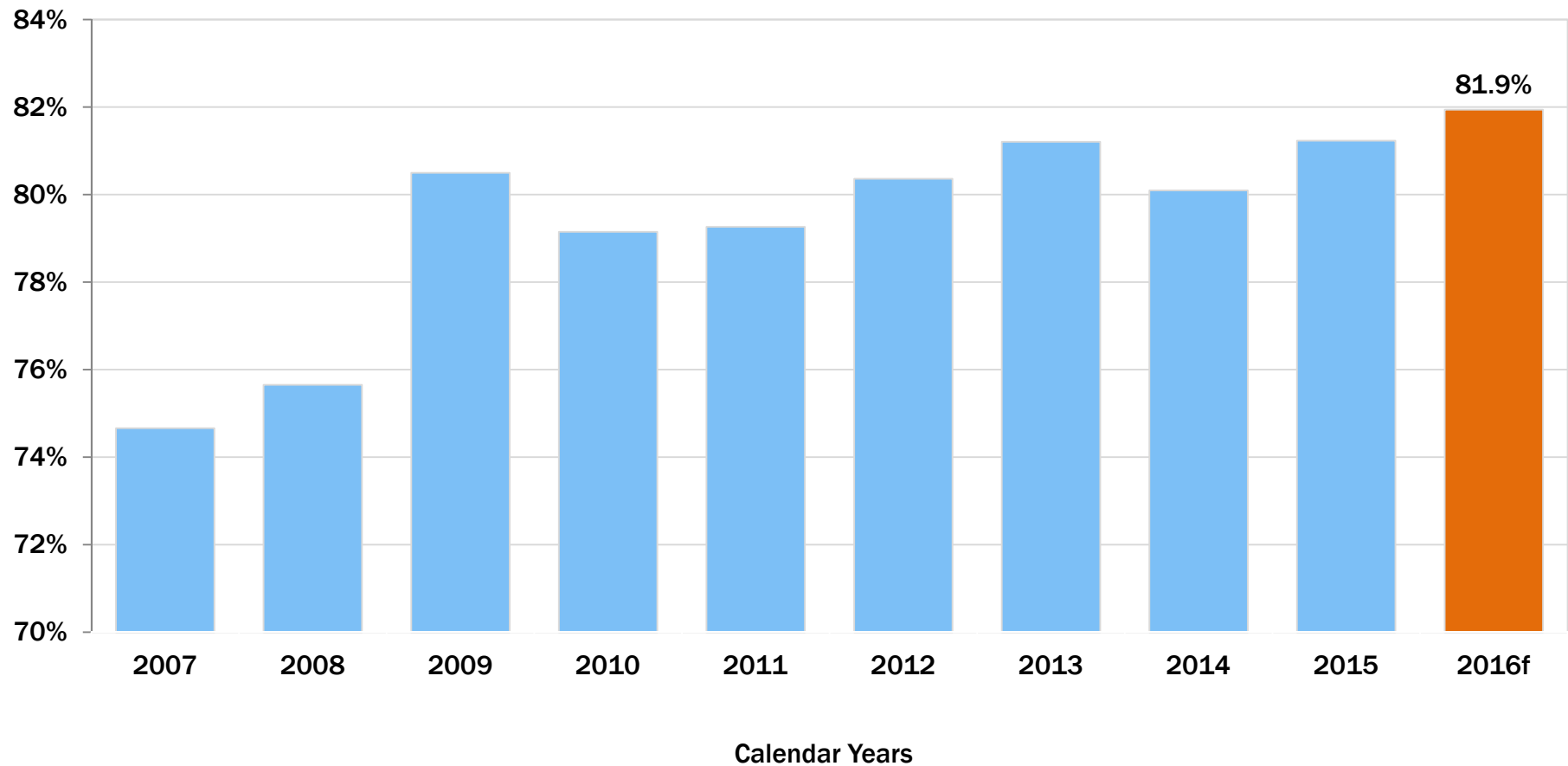
2014 - 2016 Job Gains



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:** \$50 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 61st Street and East 53rd 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>
Gap to be Closed – January 2017 Financial Plan	\$ ---	\$ ---	(\$3,313)	(\$2,510)	(\$1,793)
Revenue Changes:					
Tax Revenues	(\$37)	(\$567)	(\$476)	(\$626)	(\$523)
Non-Tax Revenues	546	73	75	91	70
Subtotal Revenue Changes	\$509	(\$494)	(\$401)	(\$535)	(\$453)
Expense Changes:					
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)
Subtotal Expense Changes	(\$163)	\$178	(\$124)	(\$62)	\$74
Gap to be Closed Before Prepayments	\$672	(\$672)	(\$3,590)	(\$2,983)	(\$2,320)
FY 2017 Prepayment of FY 2018 Expenses (\$3.1B to \$3.7B)	(672)	672	---	---	---
Gap to be Closed – April 2017 Financial Plan	\$ ---	\$ ---	(\$3,590)	(\$2,983)	(\$2,320)

Five Year Financial Plan Revenues and Expenditures

City Funds

(\$ in Millions)

Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Taxes					
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
Subtotal: Taxes	\$54,846	\$56,468	\$59,250	\$61,792	\$64,335
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)
Total City Funds	\$60,462	\$61,118	\$64,138	\$66,892	\$69,417
Expenditures					
Personal Service ⁽²⁾	\$33,732	\$36,050	\$38,189	\$39,802	\$41,119
Other Than Personal Service ⁽¹⁾	20,678	21,281	21,322	21,166	21,216
Debt Service ^{(1),(2)}	6,063	6,264	6,967	7,657	8,152
FY 2016 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(4,038)	---	---	---	---
FY 2017 Budget Stabilization and Discretionary Transfers ⁽²⁾	3,727	(3,727)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Total Expenditures	\$60,462	\$61,118	\$67,728	\$69,875	\$71,737
Gap To Be Closed	\$ ---	\$ ---	(\$3,590)	(\$2,983)	(\$2,320)

⁽¹⁾ 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.

⁽²⁾ 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)

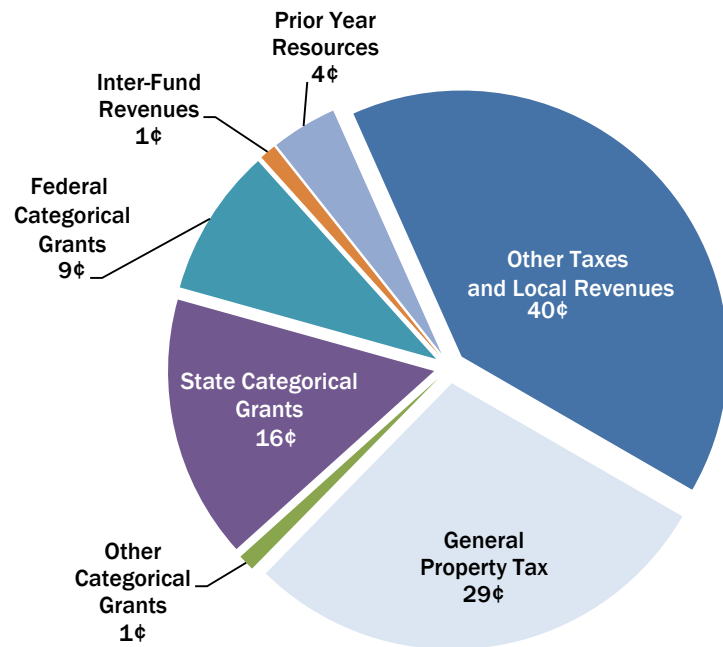
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Less: Intra-City Revenue	(2,065)	(1,815)	(1,737)	(1,739)	(1,744)
Disallowances Against Categorical Grants	613	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$60,462	\$61,118	\$64,138	\$66,892	\$69,417
Other Categorical Grants	976	880	868	859	856
Inter-Fund 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
Total Revenues	\$85,453	\$84,860	\$87,519	\$90,594	\$93,451
Expenditures					
Personal Service					
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 ⁽²⁾	9,456	10,119	10,795	11,694	12,483
Subtotal: Personal Service	\$44,610	\$46,997	\$49,286	\$51,055	\$52,548
Other Than Personal Service					
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 ⁽¹⁾	29,138	28,118	27,565	27,571	27,789
Subtotal: Other Than Personal Service	\$36,637	\$35,627	\$35,085	\$35,103	\$35,321
Debt Service ^{(1),(2)}	6,282	6,528	7,225	7,908	8,396
FY 2016 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(4,038)	---	---	---	---
FY 2017 Budget Stabilization and Discretionary Transfers ⁽²⁾	3,727	(3,727)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Subtotal	\$87,518	\$86,675	\$92,846	\$95,316	\$97,515
Less: Intra-City Expenses	(2,065)	(1,815)	(1,737)	(1,739)	(1,744)
Total Expenditures	\$85,453	\$84,860	\$91,109	\$93,577	\$95,771
Gap To Be Closed	\$ ---	\$ ---	(\$3,590)	(\$2,983)	(\$2,320)

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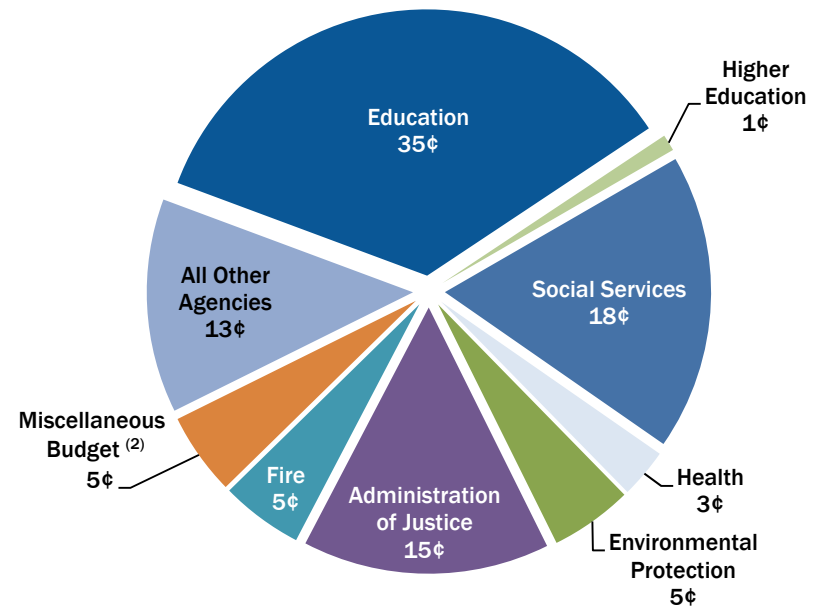
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The 2018 Dollar

Where the Dollar Comes From



Where the Dollar Goes To ⁽¹⁾



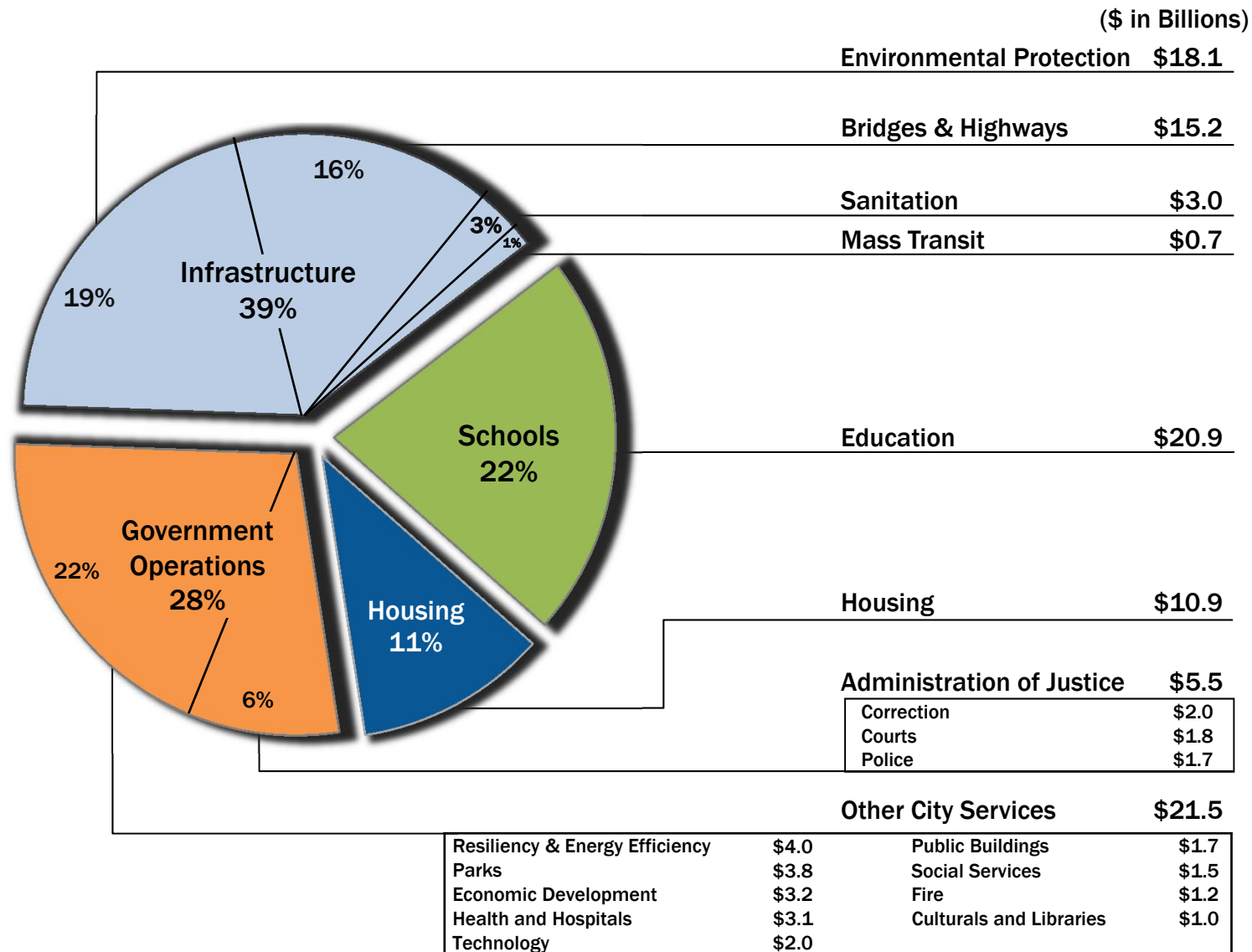
⁽¹⁾ Reflects the allocation of Fringe Benefits, Pensions and Debt Service to the agencies. Excludes the impact of prepayments.

⁽²⁾ 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

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

Debt Service as a Percent of Tax Revenues

