New York City Comptroller
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BUREAU OF FISCAL AND BUDGET STUDIES

Comments on New York City's Adopted Budget for Fiscal Year 2013 and the Financial Plan for Fiscal Years 2013-2016

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I. Executive Summary

The City's FY 2013 Budget as adopted totals $68.501 billion, $462 million greater than the modified FY 2012 Budget. However, after netting out the impact of prepayments of current year expenditures with prior year revenues, the FY 2013 expenditures total $70.785 billion, an increase of $1.443 billion, or 2.0 percent, from the adjusted FY 2012 spending estimate.

Over 74 percent of the FY 2013 Adopted Budget, net of the impact of prepayments, is funded with City-funds totaling $51.231 billion, an increase of $378 million from the FY 2013 Executive Budget released in May. Much of the increase is the result of the City Council's restorations and initiatives and agency spending increases offset partially by downward revisions to pension contributions, debt service, senior care rate and funding of the labor reserve.

In addition to the increase in expenditures, revenues for FY 2013 have also been modified downward since the release of the Executive Plan in May. The Adopted FY 2013 revenue budget is $302 million less as a result of an increase of $63 million in the tax revenue estimate, offset by the reduction of the assumed revenue from the sale of taxi medallions. The FY 2013 revenue estimate of $1 billion from the sale of 2,000 taxi medallions has been reduced to $635 million. While the FY 2013 revenue from the sale of the taxi medallions was reduced, the sum total of all taxi medallion revenue in the Financial Plan was increased to $1.46 billion.

The net effect of the increased expenses and decreased revenues since the Executive Budget was a $680 million gap in the FY 2013 budget. The gap was closed through the increase of the prepayment of FY 2013 expenses with surplus FY 2012 funds. At adoption the FY 2012 budget surplus, which was used to fund a budget stabilization account and discretionary transfers, totaled $2.439 billion.

While the FY 2013 budget is balanced, the Comptroller's Office has identified some potential risks and offsets that could affect the budget's balance. The Comptroller's Office has identified net risks of $3.323 billion in FY 2013, $801 million in FY 2014, $712 million in FY 2015, and offsets of $121 million to the projected gap in FY 2016. The Comptroller's Office considers the absence of funding for the 2008 – 2010 round of collective bargaining for the United Federation of Teachers (UFT) and the Council of School Supervisors and Administrators (CSA) to pose a risk of nearly $2.6 billion to the FY 2013 Budget and subsequent risks of $900 million in each of the outyears of the Financial Plan.[1] Additional risks include a $153 million underestimate for citywide overtime expenses and a $100 million overestimate of the amount of Medicaid reimbursement the Department of Education can expect. While these risks are partially offset by the Comptroller's FY 2013 tax revenue forecast which is $100 million higher than the City's and $60 million in overstated judgments and claims, the Comptroller estimates that the FY 2013 budget has $3.323 billion in risks. The Comptroller's Office

[1] The 2008 – 2010 round of collective bargaining for UFT and CSA is effective FYs 2010 – 2012.

estimates the net risks to the outyears of the Financial Plan to be $801 million and $712 million in FYs 2014 and 2015, with a net offset of $121 million in FY 2016. The primary reason for the declining risk is the Comptroller's more positive estimate of tax revenues in the outyears of the Financial Plan, particularly in the property, personal income and sales taxes.

While the City's economy, as measured by the number of payroll jobs, has continued to make significant gains over the first half of the calendar year, increased uncertainty at the national and international level and a growing number of unemployed continue to threaten the tenuous economic recovery and temper the Comptroller's economic forecasts. The Comptroller estimates real GDP growth to be 2.1 percent in 2012 and 2.2 percent in 2013. While these estimates are unchanged from the Comptroller's report on the City's Executive Budget issued in May, they are significantly different from the 2.8 percent and 3.1 percent GDP growth, respectively, anticipated in this report a year ago. The Comptroller's forecast for New York City's real economic growth rate remains unchanged since May.

The Adopted FY 2013 budget includes a projection of $43.64 billion in total tax revenue for FY 2013. The Comptroller's Office expects overall tax revenue collections to be $100 million greater than the City's forecast. This offset is primarily the product of the Comptroller's higher revenue estimates for the real-estate-related taxes and the personal income tax. In the outyears of the Financial Plan, the Comptroller's Office projects higher net revenues of $651 million in FY 2014, $879 million in FY 2015, and $1.296 billion in FY 2016. These higher forecasts are in line with the Comptroller's belief that growth of the local economy in the outyears of the Financial Plan period will be more robust than the City anticipates.

Table 1. FYs 2013 – 2016 Financial Plan

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	Changes FYs 2013 – 2016 Dollar	Changes FYs 2013 – 2016 Percent
Revenues						
Taxes:						
General Property Tax	$18,631	$19,170	$19,831	$20,473	$1,842	9.9%
Other Taxes	$24,289	$25,231	$26,585	$27,808	$3,519	14.5%
Tax Audit Revenues	$724	$706	$706	$706	($18)	(2.5%)
Subtotal: Taxes	$43,644	$45,107	$47,122	$48,987	$5,343	12.2%
Miscellaneous Revenues	$6,949	$6,588	$6,668	$6,311	($638)	(9.2%)
Less: Intra-City Revenues	($1,631)	($1,597)	($1,600)	($1,605)	$26	(1.6%)
Disallowances Against Categorical Grants	($15)	($15)	($15)	($15)	$0	0.0%
Subtotal: City Funds	$48,947	$50,083	$52,175	$53,678	$4,731	9.7%
Other Categorical Grants	$924	$919	$916	$902	($22)	(2.4%)
Inter-Fund Revenues	$539	$510	$509	$509	($30)	(5.6%)
Total City & Inter-Fund Revenues	$50,410	$51,512	$53,600	$55,089	$4,679	9.3%
Federal Categorical Grants	$6,661	$6,471	$6,371	$6,370	($291)	(4.4%)
State Categorical Grants	$11,430	$11,720	$12,140	$12,622	$1,192	10.4%
Total Revenues	$68,501	$69,703	$72,111	$74,081	$5,580	8.1%
Expenditures						
Personal Service						
Salaries and Wages	$21,801	$21,920	$22,139	$22,515	$714	3.3%
Pensions	$8,062	$8,114	$8,006	$8,104	$42	0.5%
Fringe Benefits	$8,429	$8,997	$9,597	$10,267	$1,838	21.8%
Retiree Health Benefits Trust	($1,000)	($1,000)	$0	$0	$1,000	(100.0%)
Subtotal-PS	$37,292	$38,031	$39,742	$40,886	$3,594	9.6%
Other Than Personal Service						
Medical Assistance	$6,283	$6,366	$6,447	$6,416	$133	2.1%
Public Assistance	$1,274	$1,279	$1,279	$1,279	$5	0.4%
All Other	$21,149	$21,232	$21,864	$22,401	$1,252	5.9%
Subtotal-OTPS	$28,706	$28,877	$29,590	$30,096	$1,390	4.8%
Debt Service						
Principal	$2,011	$2,159	$2,306	$2,301	$290	14.4%
Interest & Offsets	$2,303	$2,555	$2,635	$2,734	$431	18.7%
Subtotal Debt Service	$4,314	$4,714	$4,941	$5,035	$721	16.7%
FY 2012 BSA and Discretionary Transfers	($2,408)	($31)	$0	$0	$2,408	(100.0%)
FY 2013 BSA	$124	($124)	$0	$0	($124)	(100.0%)
NYCTFA						
Principal	$636	$791	$872	$908	$272	42.8%
Interest & Offsets	$1,168	$1,250	$1,383	$1,531	$363	31.1%
Subtotal NYCTFA	$1,804	$2,041	$2,255	$2,439	$635	35.2%
General Reserve	$300	$300	$300	$300	$0	0.0%
	$70,132	$73,808	$76,828	$78,756	$8,624	12.3%
Less: Intra-City Expenses	($1,631)	($1,597)	($1,600)	($1,605)	$26	(1.6%)
Total Expenditures	$68,501	$72,211	$75,228	$77,151	$8,650	12.6%
Gap To Be Closed	**$0**	**($2,508)**	**($3,117)**	**($3,070)**	**($3,070)**	**N/A**

Table 2. Plan-to-Plan Changes
June 2012 Plan vs. May 2012 Plan

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016
Revenues				
Taxes:				
General Property Tax	$63	$0	$0	$0
Other Taxes	$0	$0	$0	$0
Tax Audit Revenues	$0	$0	$0	$0
Subtotal: Taxes	$63	$0	$0	$0
Miscellaneous Revenues	($329)	$367	$462	$2
Less: Intra-City Revenues	($35)	($2)	($2)	($2)
Disallowances Against Categorical Grants	$0	$0	$0	$0
Subtotal: City Funds	($301)	$365	$460	$0
Other Categorical Grants	$1	$0	$0	$0
Inter-Fund Revenues	$1	$0	$0	$0
Federal Categorical Grants	$66	($2)	($2)	($2)
State Categorical Grants	$17	$7	$21	($6)
Total Revenues	($216)	$370	$479	($8)
Expenditures				
Personal Service				
Salaries and Wages	$66	($39)	($53)	($39)
Pensions	($83)	($67)	($78)	($62)
Fringe Benefits	($23)	($46)	($50)	($56)
Retiree Health Benefits Trust	$0	$0	$0	$0
Subtotal-PS	($40)	($152)	($181)	($157)
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	$0	$0	$0	$0
All Other	$550	$63	$75	$46
Subtotal-OTPS	$550	$63	$75	$46
Debt Service				
Principal	($41)	($62)	$4	$3
Interest & Offsets	($42)	$4	$5	$7
Subtotal Debt Service	($83)	($58)	$9	$10
FY 2012 BSA and Discretionary Transfers	($680)	($31)	$0	$0
FY 2013 BSA	$0	$0	$0	$0
NYCTFA Debt Service				
Principal	($167)	$20	$21	$22
Interest & Offsets	$239	($6)	($6)	($8)
Subtotal NYCTFA	$72	$14	$15	$14
General Reserve	$0	$0	$0	$0
	($181)	($164)	($82)	($87)
Less: Intra-City Expenses	($35)	($2)	($2)	($2)
Total Expenditures	($216)	($166)	($84)	($89)
Gap To Be Closed	**$0**	**$536**	**$563**	**$81**

Table 3. Risks and Offsets to the June 2012 Financial Plan

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016
City Stated Gap	**$0**	**($2,508)**	**($3,117)**	**($3,070)**
Tax Revenues				
Property Tax	($13)	$352	$576	$889
Personal Income Tax	$36	$299	$129	$221
Business Taxes	($12)	($126)	($68)	($76)
Sales Tax	$10	$85	$205	$321
Real-Estate-Related Taxes	$79	$41	$37	($59)
Subtotal	**$100**	**$651**	**$879**	**$1,296**
Taxi Medallion Sale	**($635)**	**($365)**	**($460)**	**$0**
Expenditures				
UFT/CSA Collective Bargaining	($2,595)	($900)	($900)	($900)
Overtime	($153)	($100)	($100)	($100)
Pension Contributions	$0	($80)	($160)	($240)
DOE Medicaid Reimbursement	($100)	($100)	($100)	($100)
Judgments and Claims	$60	$93	$129	$165
Subtotal	**($2,788)**	**($1,087)**	**($1,131)**	**($1,175)**
Total Risk/Offsets	**($3,323)**	**($801)**	**($712)**	**$121**
Restated (Gap)/Surplus	**($3,323)**	**($3,309)**	**($3,829)**	**($2,949)**

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II. The FY 2013 Adopted Budget

On June 29th, the City adopted an FY 2013 budget totaling $68.501 billion, an increase of $462 million from the June Modification to the FY 2012 budget. However, the Adopted FY 2013 budget reflects the impact of FYs 2012 and 2013 prepayments for subsequent years' expenditures. Similarly, the FY 2012 modified budget reflects the impact of FY 2011 and FY 2012 prepayments. The prepayments resulted in a net reduction of $1.3 billion in FY 2012 and $2.3 billion in FY 2013. Adjusting for the reductions in expenditures resulting from prepayments, the FY 2013 budget totals $70.785 billion, an increase of $1.443 billion from the adjusted FY 2012 modified budget.

The City-funds portion of planned FY 2013 spending, prior to the net reduction resulting from prepayments, totals $51.231 billion, an increase of $378 million from the FY 2013 Executive Budget. As Table 4 shows, the increase is attributable to City Council restorations and initiatives and revisions to agency expenditure estimates. Downward revisions to pension contributions, debt service, senior care rate, and labor reserve offset part of the increases, resulting in a net increase of $378 million.

Table 4. FY 2013 Changes from the Executive Budget

($ in millions, positve numbers decrese the gap and negative numbers increase the gap)

May 2012 Gap	**$0**
Revenue Changes	
Tax Revenue	$63
Taxi Medallion Sales	($365)
Subtotal Revenue Changes	**($302)**
Expenditure Changes	
City Council Restorations and Initiatives	($399)
Pensions	$83
Debt Service	$52
Senior Care Rate Savings	$41
Labor Reserve	$54
Other Agency Expenses	($209)
Subtotal Expenditure Changes	**($378)**
Remaining Gap to be Closed	**($680)**
Prepayment of FY 2012 Expenses	**$680**
June 2012 Gap	**$0**

SOURCE: NYC Office of Management and Budget.

More than half of the City Council restorations and initiatives are in the areas of health, welfare and aging services, as shown in Table 5. Service restorations and member items in libraries, the Fire Department, the Department of Education, the Department of Parks and Recreation, and the Department of Cultural Affairs account for another 30 percent of the City Council initiatives. All but $185,000 of the City Council initiatives in the Fire Department is to fund the operation of 20 fire companies that were scheduled for closing in FY 2013.

Table 5. City Council Restorations and Initiatives.

($ in thousands)

Health, Welfare and Aging	
Administration for Children Services	$60,788
Dept. of Social Services	$10,682
Dept. of Homeless Services	$913
Depart of Youth Services	$99,519
Dept. of Health & Mental Hygiene	$33,872
Dept. of Aging	$27,965
Subtotal Health, Welfare, and Aging	$233,739
Fire Department	$43,767
Dept. of Education	$20,057
Libraries	$22,034
Dept. of Parks and Recreation	$20,456
Dept. of Cultural Affairs	$15,007
Others	$43,824
Total	**$398,884**

SOURCE: NYC Office of Management and Budget.

In addition to the increase in spending estimates, the City-funds portion of the budget shows a net decrease of $302 million in revenues relative to the Executive Budget. The reduction in revenues is mainly the result of the City lowering its forecast of taxi medallion sale revenues in FY 2013 from $1 billion to $635 million. The current Financial Plan assumes that the sale of the 2,000 taxi medallions will take place over three fiscal years at an average price of $730,000. The Plan assumes that $635 million of the revenues will be realized in FY 2013, $365 million in FY 2014, and $460 million in FY 2016. The sale of these 2,000 taxi medallions is discussed in more detail in "Miscellaneous Revenues" beginning on page 16.

The increase in expenditure estimates and decrease in revenue projections combined to open a gap of $680 million in FY 2013. This gap is closed with an increase of $680 million in the prepayment of FY 2013 expenses. The additional prepayment is the result of a $711 million increase of the FY 2012 surplus to $2.439 billion. This budget surplus will be used to fund a Budget Stabilization Account (BSA) and discretionary transfer to prepay $2.408 billion of FY 2013 debt service and library subsidies and $31 million of FY 2014 debt service.[2] In addition to the $31 million prepayment of FY 2014 debt service from the FY 2012 BSA, the FY 2013 budget includes a BSA of $124 million to prepay FY 2014 debt service.

[2] The $2.408 billion prepayments includes G.O. debt service of $1.309 billion, New York City Transitional Finance Authority (NYCTFA) debt service of $879 million, lease purchase debt service of $156 million, and library subsidies of $64 million.

RISKS AND OFFSETS

The Comptroller's Office has identified net risks of $3.323 billion in FY 2013, $801 million in FY 2014, and $712 million in FY 2015, and offsets of $121 million to the projected FY 2016 gap, as shown in Table 6. The largest risk over the Plan period is the absence of funding for the 2008 – 2010 round of collective bargaining for the United Federation of Teachers (UFT) and the Council of School Supervisors and Administrators (CSA). In the corresponding round of collective bargaining, all other major unions settled for two annual wage increases of 4.0 percent. The risks for the UFT/CSA collective bargaining are based on the cost of settlements patterned after the agreement with the other municipal unions. The FY 2013 risk includes the costs associated with retroactive wage increases.

Another significant risk to the City's expenditure projections is the assumption of a stream of revenues over the first three fiscal years of the Plan from the sale of an additional 2,000 taxi medallions. As discussed in "Miscellaneous Revenues" beginning on page 16, there are several lawsuits challenging this legislation, which if they prevail may invalidate the entire legislation. While the Comptroller's Office recognizes that even if the lawsuits prevail, there are alternate means to effectuate the sales of the additional medallions, the Office feels it is prudent at this point not to include any assumption of revenues from these sales.

In addition, the shortfall of pension investment earnings relative to the actuarial interest rate assumption (AIRA) would require additional pension contributions. As of June 30, 2012 pension investments earned approximately 1.7 percent for FY 2012 compared to the AIRA of 7.0 percent. The Comptroller's Office estimates that this would require additional pension contributions of $80 million in FY 2014, $160 million in FY 2015, and $240 million in FY 2016.

The Comptroller's Office's higher revenue forecast relative to the City's provide some offsets to the risks identified by the office. Beginning in FY 2014, the largest offsets to risks is from the Comptroller's Office's higher property tax revenue forecast. Tax revenue analysis is discussed in greater detail in "Tax Revenues" beginning on page 13.

Table 6. Risks and Offsets to the June 2012 Financial Plan

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016
City Stated Gap	**$0**	**($2,508)**	**($3,117)**	**($3,070)**
Tax Revenues				
Property Tax	($13)	$352	$576	$889
Personal Income Tax	$36	$299	$129	$221
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Subtotal	**$100**	**$651**	**$879**	**$1,296**
Taxi Medallion Sale	**($635)**	**($365)**	**($460)**	**$0**
Expenditures				
UFT/CSA Collective Bargaining	($2,595)	($900)	($900)	($900)
Overtime	($153)	($100)	($100)	($100)
Pension Contributions	$0	($80)	($160)	($240)
DOE Medicaid Reimbursement	($100)	($100)	($100)	($100)
Judgments and Claims	$60	$93	$129	$165
Subtotal	**($2,788)**	**($1,087)**	**($1,131)**	**($1,175)**
Total Risk/Offsets	**($3,323)**	**($801)**	**($712)**	**$121**
Restated (Gap)/Surplus	**($3,323)**	**($3,309)**	**($3,829)**	**($2,949)**

III. The State of the City's Economy

A. COMPTROLLER'S ECONOMIC FORECAST FOR NYC, 2012-2016

There have been no significant changes in the outlook for the national and local economies since the release of our last report, the Comptroller's Comment on the Fiscal Year 2013 Executive Budget, in June 2012. Indicators suggest that the U.S. economy continues to grow, but at a historically sub-par pace, while the city's first half jobs spurt continued into May. However, major risks continue to loom over the economic landscape and the second half of 2012 will likely feature heated debates over economic policies in the United States, Europe and elsewhere.

Since our last report, the city's economy, as measured by the number of payroll jobs, continued to grow at a relatively fast pace. The city's private sector added 71,200 jobs from December 2011 through May 2012, the largest five-month increase in over two decades. The recent payroll expansion has been led by the Professional and Business Services sector, with an increase of 26,100 workers. The fact that this sector is showing such strong growth is a very positive sign for the city's future. If NYC is to prosper while at the same time reducing its reliance on financial services for household income and tax revenue growth, it will be essential for the city to build on its competitive advantages in fields such as legal services, accounting, architecture, engineering, consulting and other high-paying services.

As yet, the widespread job cuts anticipated in the city's finance industry have not materialized. Finance and insurance firms have added 7,200 jobs since the beginning of the year, making it the second largest five-month growth period in the industry since 1990. After experiencing pre-tax losses in both the third and fourth quarters of 2011, the pre-tax net income of NYSE member firms rebounded to $7.26 billion in the first quarter of 2012, according to NYSE Euronext. However, the business environment for financial firms remains difficult and another Wall Street-driven local boom seems unlikely.

The City also experienced strong growth in tourism-related employment (+11,100) during the first five months of 2012. Solid employment gains were recorded in the arts and entertainment, accommodations, and food service industries. Public employment continued to contract, however, and federal, state, and local government jobs have declined by 7,800 since the beginning of the year.

Despite the robust job creation, the city's unemployment rate has increased from 9.1 percent in December to 9.7 percent in May. Rising unemployment in conjunction with strong job growth usually occurs when the labor force is also expanding rapidly. However, the city's labor force has increased by only 2,500 workers from December through May (on a seasonally-adjusted basis), so the increase in the unemployment rate is somewhat of a puzzle. The Current Population Survey, from which the unemployment rate is derived, shows a decrease in employed New York City residents over that period. The divergence between the "employer" and the "household" surveys may be due to more commuters filling jobs in the city, or to more freelancers being brought onto regular company payrolls, but whatever the reason the unemployment rate trend tempers the optimism that would usually be associated with such strong payroll employment growth.

The picture at the national level is less ambiguous. There was a clear slowing of employment growth during the second quarter of the year. The modest gains in employment are consistent with other indicators that suggest that the economy will continue to grow below its potential. With no meaningful improvement in the pace of economic growth on the horizon, and critical decisions on fiscal issues fast approaching, the federal government needs to chart a clear course for economic policy. Unfortunately, the partisan stalemate of recent years is likely to be exacerbated by November's presidential election. Consequently, there is a significant risk that federal government policy inertia will hinder rather than help the economic recovery.

In an attempt to sustain the recovery, the Federal Reserve has engaged in several forms of "unconventional" monetary policy. Most recently, it decided to extend its Maturity Extension Program, otherwise known as "Operation Twist" through the end of 2012, rather than terminate it at the end of June as originally planned. The Fed's actions have been criticized both by those who think it has been too active and those who believe it has not been aggressive enough. However, at this stage the Fed's policy decisions do not factor heavily into the Comptroller's forecasts, insofar as we believe that the Fed's ability to further stimulate the real economy is limited.

The decision-making process in Europe has, however, influenced the Comptroller's forecasts for 2012 and beyond. The European debt crisis has influenced the city's economic environment through several channels. It has damaged consumer and business confidence in the United States, created financial volatility that has curtailed Wall Street activity and profits, constrained the activities and expansion of European firms in the city, and diminished New York City-based firms' business and profits abroad. Thus far, European leaders and banking officials have engaged in a series of stop-gap measures to quell the crisis, but have done very little to address the imbalances that produced the crisis or to stimulate growth in debt-stressed countries. As a consequence, the Euro crisis is likely to suppress economic growth in the United States, and in New York City in particular, for some time to come.

Table 7 shows the Comptroller's and the Mayor's forecast of five economic indicators for 2012 to 2016.

Table 7. Selected NYC and the U.S. Economic Indicators, Annual Averages, Comptroller and Mayor's Forecasts, 2012-2016

Selected NYC Economic Indicators, Annual Averages						
		2012	**2013**	**2014**	**2015**	**2016**
Real GCP, (2005 $),	Comptroller	2.3	2.4	2.6	3.2	3.2
% Change	Mayor	(0.1)	1.8	2.2	2.2	2.2
Payroll Jobs,	Comptroller	65	52	61	62	66
Change in Thousands	Mayor	50	44	46	43	44
Inflation Rate	Comptroller	2.2	2.1	2.3	2.5	2.7
Percent	Mayor	2.2	1.7	2.1	2.2	2.2
Wage-Rate Growth,	Comptroller	1.5	3.4	3.1	3.0	3.3
Percent	Mayor	(1.2)	2.6	2.6	2.7	2.9
Unemployment Rate,	Comptroller	9.1	8.2	7.8	7.4	7.0
Percent	Mayor	NA	NA	NA	NA	NA
Selected U.S. Economic Indicators, Annual Averages						
		2012	**2013**	**2014**	**2015**	**2016**
Real GDP, (2005 $),	Comptroller	2.1	2.2	2.8	3.2	3.4
% Change	Mayor	2.1	2.3	3.4	3.2	2.8
Payroll Jobs,	Comptroller	2.0	1.9	2.1	2.4	2.3
Change in Millions	Mayor	2.0	2.0	2.3	2.4	2.2
Inflation Rate	Comptroller	2.3	1.9	2.1	2.3	2.6
Percent	Mayor	2.2	1.6	1.9	2.0	2.0
Fed Funds Rate,	Comptroller	0.1	0.1	0.9	1.9	2.9
Percent	Mayor	0.1	0.1	0.1	1.2	3.3
10-Year Treasury Notes,	Comptroller	2.2	2.6	3.8	4.1	4.5
Percent	Mayor	2.5	3.0	3.3	3.6	4.6

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. Mayor=forecast by the NYC Office of Management and Budget in the Executive Budget Fiscal Year 2013 Message of the Mayor. GCP=Gross City Product. NA=not available.

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IV. Revenue Assumptions

The City's total revenues are forecast to grow at an average annual rate of 2.6 percent from FY 2013 through FY 2016. This projection is based on the City's assumption of gradual expansion in the local and national economies. Total revenues are projected to increase from $68.5 billion in FY 2013 to $74.1 billion in FY 2016. Tax revenues are expected to comprise 64 percent of total revenues in FY 2013, increasing to 66 percent of total revenues by FY 2016. Property tax revenues are projected to grow from $18.6 billion in FY 2013 to $20.5 billion in FY 2016, while non-property tax revenues are expected to grow from $25 billion in FY 2013 to $28.5 billion in FY 2016.

Miscellaneous revenues, excluding intra-City revenues are expected to decline from $5.3 billion in FY 2013 to $4.7 billion in FY 2016. The decline reflects the City's anticipation of $1.46 billion in non-recurring revenues from the sale of taxi medallions over FYs 2013 through 2015. Excluding the aforementioned revenues, growth in miscellaneous revenue is expected to be nearly flat over the Financial Plan period.

Estimates for Federal and State aid to the City, which will likely exceed $19 billion in FY 2012, decline by about $900 million in FY 2013. The decline reflects the City's more conservative outlook in certain Federal aid categories. Between FYs 2014-2016, Federal and State aid are expected to grow steadily and again reach $19 billion by FY 2016, this increase is mainly due to enhanced State education aid.

Tax Revenues

The FY 2013 Adopted Budget and Financial Plan, includes a projection of $43.64 billion in total tax revenues in FY 2013, an increase of $1.59 billion over the FY 2012 forecast. Non-property tax revenues are estimated to grow 4.6 percent in FY 2013 while property tax revenues are expected to grow 2.8 percent.[3]

Except for a small increase of $63 million in the real property tax revenue projection for FY 2013, the City has left its tax revenue forecasts for FYs 2013-2016 unchanged from the Executive Budget projections. The revised property tax revenue forecast for FY 2013 reflects a $68 million levy increase partially offset by a $5 million increase in the reserve for uncollectible taxes.

Property tax rates for FY 2013 recently released by the Department of Finance show that Classes 1 and 4 tax rates increased to 19.217 and 10.41 percent, respectively, with Class 1 tax rate rising by over one percentage point. Tax rates for Classes 2 and 3 dropped to 13.113 and 11.003 percent respectively. In the Final Assessment Roll released May 25, 2012, citywide billable value decreased $1.9 billion from the Tentative Assessment Roll. The change was mostly due to a $1.7 billion decline in billable value in

[3] If not indicated specifically, throughout this section, the definition of total tax revenues include School Tax Relief (STAR) reimbursement and tax audit revenues. Personal income tax (PIT) and property tax revenues include STAR reimbursement.

Class 4 properties. FY 2013 total billable value included in the Final Assessment Roll is $162.3 billion.

As Table 8 shows, total tax revenues are forecast to grow $5.34 billion over the Financial Plan period, from $43.64 billion in FY 2013 to $48.99 billion in FY 2016. Non-property tax revenues are forecast to grow $3.5 billion from FYs 2013 to 2016 while property tax revenues are projected to grow $1.8 billion over the same period.

Table 8. NYC Tax Revenues, City Forecast, FYs 2013 - 2016

($ in millions)

	Forecast Annual Tax Revenues				Change
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FYs 2013-16**
Property	$18,631	$19,170	$19,831	$20,473	$1,842
Non-Property	25,013	25,937	27,291	28,514	3,501
Total	**$43,644**	**$45,107**	**$47,122**	**$48,987**	**$5,343**

SOURCE: NYC Office of Management and Budget.

Projected Tax Revenue Growth, FYs 2013-2016

Consistent with the City's assumption of moderate economic growth, total tax revenue is projected to increase $5.34 billion from FY 2013 to FY 2016, reflecting an average annual growth rate of 3.9 percent. Over this period, non-property tax revenues are expected to grow at an average annual rate of 4.5 percent while property tax revenues are projected to grow at an average annual rate of 3.2 percent.

Table 9. City's Tax Revenue Forecast, Growth Rate, FYs 2013 – 2016

	FY 2013	FY 2014	FY 2015	FY 2016	Average Growth
Property	2.8%	2.9%	3.4%	3.2%	3.2%
PIT	6.2%	0.9%	6.6%	3.8%	3.7%
Business	2.9%	6.2%	3.5%	5.6%	5.1%
Sales	3.9%	4.3%	4.3%	3.6%	4.1%
Real-Estate Related	7.4%	12.5%	11.5%	10.7%	11.6%
All Other	2.3%	3.1%	3.3%	3.2%	3.2%
Total Tax with Audit	3.8%	3.4%	4.5%	4.0%	3.9%

SOURCE: NYC Office of Management and Budget.

As Table 9 shows, real property tax revenue is expected to grow 2.8 percent in FY 2013. This growth rate reflects a projected 4.4 percent growth in tax levy over FY 2012, partially offset by an increase in reserves including refunds. For FYs 2013 through 2016, property tax revenue growth is expected to remain steady, averaging 3.2 percent annually. The pipeline of assessed value increases to be phased in over the Plan period is expected to counteract the effects of weak anticipated growth in market values for Classes 2 and 4.

The City expects Personal Income Tax (PIT) revenues to grow at a healthy 6.2 percent in FY 2013, before slowing to less than a 1.0 percent rate in FY 2014. The strong growth in FY 2013 reflects the City's expectation of continued recovery of the national and local economies, albeit hindered by another year of security sector bonus decline. Additionally, the City anticipates that the scheduled expiration of the Bush tax cuts at the end of CY 2012 will cause taxpayers to accelerate capital gains realizations into tax year 2012, resulting in a spike in FY 2013 PIT revenues and a corresponding slowdown in revenue growth in FY 2014. In the outyears, PIT revenues are expected to grow more robustly, with gains of 6.6 percent and 3.8 percent in FYs 2015 and 2016. Average growth over the Financial Plan period is expected to be 3.7 percent annually.

Collections from the business income tax revenues, i.e., General Corporation Tax (GCT), Banking Corporation Tax (BCT), and Unincorporated Business Tax (UBT), are projected to grow 2.9 percent in FY 2013. The growth is mostly due to the City's assumption of strong non-finance sector profitability in CY 2012. Finance sector growth is expected to be subdued, reflecting the implementation of financial regulations as well as financial market volatility exacerbated by the persistence of the European debt crisis. Revenue from the GCT is expected to grow 3.9 percent over the prior year while revenue from the BCT is expected to decline 5.5 percent, reflecting the gradual withdrawal of government support for the financial sector. Revenue from the UBT is expected to grow 7.8 percent in FY 2013, thanks to strong projected growth in finance sector payments stemming from an expected rebound in the hedge fund/private equity industry. Overall, business tax collections are expected to grow at an average rate of 5.1 percent annually over FYs 2013-2016.

Sales tax revenue is expected to grow 3.9 percent in FY 2013, the result of gradual growth of income and employment in the City. Although the City anticipates the European debt crisis will have a negative impact on the European travel market, the tourism industry is expected to continue to contribute significantly to the City's economy, creating jobs and boosting tax revenues. The City expects sales tax revenue to grow at a steady pace averaging 4.1 percent annually between FYs 2013-2016.

Collections from the real-estate-related taxes, which include real property transfer tax and mortgage recording tax, are projected to rise 7.4 percent in FY 2013 and grow at a rate of 11.6 percent annually over the Plan period. Mortgage recording tax revenue is expected to grow 12.0 percent in FY 2013, reflecting continued improvement in credit market conditions and refinancing opportunities. Revenue from the real property transfer tax is projected to grow 4.6 percent in FY 2013 as revenues from commercial transactions continue to rebound and the housing market stabilizes. Despite the robust growth anticipated for FY 2013 and beyond, collections from the real-estate-related taxes are expected to remain well below their peak level of $3.3 billion in FY 2007.

Risks and Offsets to the City's Tax Revenue Assumptions

Apart from a minor adjustment to the FY 2013 property tax revenue forecast, the City made no changes to its FYs 2013-16 tax revenue forecasts in the June Plan. The Comptroller's Office estimates of risks and offsets to the City's tax revenue assumptions for FYs 2013-2016 are also unchanged from the projections included in the June 6th report "Comments on New York City's Fiscal Year 2013 Executive Budget."

For FY 2012 the Comptroller does not anticipate any risks or offsets to the City's overall tax revenue forecast. As illustrated in Table 10, over the Financial Plan period the Comptroller's Office projections for the business tax revenues are slightly lower than the City's, while its estimates for the remaining tax revenues are somewhat higher.

Table 10. Risks and Offsets to the City's Revenue Projections

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016
Property	($13)	$352	$576	$889
PIT	36	299	129	221
Business	(12)	(126)	(68)	(76)
Sales	10	85	205	321
Real-Estate-Related	79	41	37	(59)
Total	**$100**	**$651**	**$879**	**$1,296**

SOURCE: NYC Office of Management and Budget and NYC Comptroller's Office.

For FY 2013, the Comptroller believes overall tax collections will be above the City's forecast by $100 million. The offset is mostly due to higher revenue estimates for the real-estate-related taxes and PIT. For FY 2014 through FY 2016, the Comptroller's Office projects tax revenue offsets to grow from $651 million in FY 2014 to $1.3 billion in FY 2016. The Comptroller's higher forecasts for most major revenue categories stems from the Comptroller's belief that growth in the local economy in the outyears of the Plan period will be more robust than the City anticipates. The Comptroller expects that the European debt crisis will continue to have adverse effects on the city's economy through FY 2013, but that those effects will gradually dissipate as the long-term future of the euro currency union clarifies.

Miscellaneous Revenues

The FY 2013 Adopted Budget's projects miscellaneous revenue of $5.32 billion in the current fiscal year, excluding intra-City revenues. The current Plan projection is $364 million lower than the miscellaneous revenue projection reflected in the FY 2013 Executive Budget. Table 11 shows the City's latest miscellaneous revenue forecast.

Table 11. Changes in FY 2013 Estimates
May 2012 vs. June 2012

($ in millions)

	May 2012	June 2012	Change
Licenses, Franchises, Etc.	$551	$551	$0
Interest Income	19	19	0
Charges for Services	887	887	0
Water and Sewer Charges	1,514	1,515	1
Rental Income	280	280	0
Fines and Forfeitures	805	805	0
Other Miscellaneous	1,626	1,261	(365)
Total	**$5,682**	**$5,318**	**($364)**

SOURCE: NYC Office of Management and Budget.

Nearly the entire difference between the Executive and Adopted budget projections for miscellaneous revenue is due to a $365 million projected decrease in the "other miscellaneous" category. Since the Executive Budget was released, the City revised its forecast for this category to account for a downward revision in expected revenues from the sale of taxi medallions. The FY 2013 Executive Budget included $1 billion in revenue in FY 2013 from the sale of taxi medallions. The current forecast of $635 million reflects the expected delay in the medallion sales resulting from legal challenges to the street hail livery law.

As discussed in our June 6, 2012 report, "Comments on New York City's Fiscal Year 2013 Executive Budget" the street hail livery legislation authorizes the City to issue up to 18,000 livery cab licenses to provide car service to upper Manhattan and the outer boroughs and also authorizes the City to issue 2,000 new wheelchair accessible taxi medallions. The legislation requires the Taxi and Limousine Commission (TLC) to develop a Disabled Accessibility Plan (DAP) which must be approved by the State Department of Transportation (DOT). In addition, the City must prepare and submit a hail market analysis to the City Council and to the State DOT for comments.

The approved legislation makes the sale of the 2,000 medallions contingent upon the availability for purchase of the livery cab street hail licenses. A lawsuit brought by the Taxicab Service Association, the Metropolitan Taxicab Board of Trade and the Greater New York Taxi Association claims that the Plan will undermine the price of the medallions and argues that the State and the Mayor have seized powers that belong to the City Council, essentially usurping the Municipal Home Rule provision of the State Constitution. In response to the lawsuit State Supreme Court Justice Arthur Engoron issued a temporary restraining order blocking the implementation of the street hail livery law.

As a result of the lawsuits, the City has revised its Plan to sell the 2,000 taxi medallions. The current taxi medallion revenue projections are based upon the decision to sell the 2,000 medallions in separate auctions. The City's current assumption is that the sale of the 2,000 taxi medallions will raise a total of $1.46 billion over three years, assuming $635 million of revenue in FY 2013 and $825 million over the next two fiscal years. As discussed in "Risks and Offsets" beginning on page 7, given the uncertainty of the legal challenges involving the street hail livery legislation, the Comptroller feels that it would not be prudent to assume any revenues from the sale of taxi medallions at this time.

Including revenues from the taxi medallion sales, non-recurring resources in the miscellaneous revenue budget are projected to top $700 million in FY 2013, below the projection for non-recurring resources in the prior fiscal year of nearly $750 million. The largest non-recurring miscellaneous revenue sources in FY 2012 were the settlement of the CityTime fraud case worth $468.6 million and a settlement between ING Bank and the Manhattan district attorney's office which netted the City $150 million.

Federal and State Aid

The Adopted Budget for FY 2013 assumes $18.09 billion of Federal and State aid, nearly $900 million lower than the FY 2012 estimates of $18.98 billion. The decline is mainly attributable to the City's conservative outlook on Federal aid in the coming fiscal year. In FY 2013, Federal and State grants constitute about 26 percent of the City's budget. Overall, about 82 percent of Federal and State aid is dedicated for education and social service expenditures.

Federal and State aid estimates for FY 2013 have increased by $83 million compared to the Executive Budget. This increase is primarily the result of a rollover of Federal Homeland Security grants into FY 2013, as well as recognition of additional State support for various social services and health and mental health programs.

The City anticipates Federal and State support to rise modestly in FY 2014 with more significant increases in FY 2015 and FY 2016. The June Plan projects that Federal and State grants would rise by $100 million to $18.19 billion in FY 2014 before climbing to $18.51 billion in FY 2015 and $18.99 billion by FY 2016. However, because the City's expense budget is expected to grow more rapidly over the Plan period, increasing by 12.7 percent from $68.5 billion to $77.2 billion between FY 2013 and FY 2016, Federal and State support of the City's expense budget will decline to approximately 25.2 percent in FY 2014 and 24.6 percent in both FY 2015 and FY 2016.

V. Expenditure Analysis

Total-funds expenditures, net of the impact of prepayments, are projected to grow from $70.785 billion in FY 2013 to $77.151 billion in FY 2016, a growth of 9.0 percent. During this same time period, revenues are projected to grow by 8.1 percent. Spending on health insurance, debt service and judgments and claims (J&C) are projected to experience the greatest growth, increasing by 25.3 percent from FY 2013 to FY 2016, as shown in Table 12. Spending in these categories is estimated to increase from 16.9 percent of the budget in FY 2013 to 19.5 percent by FY 2016. Spending in all other areas is projected to grow 3.8 percent over this period.

Table 12. FYs 2013 – 2016 Adjusted Expenditure Growth

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	Growth FYs 13–16	Annual Growth
Debt Service	$6,118	$6,755	$7,196	$7,474	22.2%	6.9%
Health Insurance	5,139	5,592	6,145	6,736	31.1%	9.4%
Judgments and Claims	735	768	779	815	10.8%	3.5%
Subtotal	**$11,992**	**$13,115**	**$14,120**	**$15,025**	**25.3%**	**7.8%**
Salaries and Wages	21,499	21,636	21,858	22,234	3.4%	1.1%
Pensions	7,937	7,989	7,882	7,979	0.5%	0.2%
Other Fringe Benefits	3,215	3,325	3,367	3,442	7.0%	2.3%
Medical Assistance	6,315	6,366	6,447	6,416	1.6%	0.5%
Public Assistance	1,274	1,279	1,279	1,279	0.4%	0.1%
Other OTPS	19,584	19,656	20,276	20,777	6.1%	2.0%
Subtotal	**$59,825**	**$60,252**	**$61,108**	**$62,126**	**3.8%**	**1.3%**
MA FMAP Increase	($32)	$0	$0	$0	(100.0%)	(100.0%)
Retiree Health Benefits Trust	($1,000)	($1,000)	$0	$0	(100.0%)	(100.0%)
Total Expenditure	**$70,785**	**$72,366**	**$75,228**	**$77,151**	**9.0%**	**2.9%**

Overtime

The FY 2013 Adopted Budget includes $1.1 billion for overtime expenditures reflecting an increase of approximately $55 million over the FY 2013 Executive Budget forecast. The increase stems primarily from the City's decision to rescind the closing of fire companies for FY 2013. The current overtime projection for FY 2013 is about 7.0 percent, or $81 million, lower than the expected overtime spending for FY 2012. The Comptroller's Office estimates that overtime spending could be higher than budgeted by at least $153 million in FY 2013, as shown in Table 13.

Table 13. Projected Overtime Spending, FY 2013

($ in millions)

	City Planned Overtime FY 2013	Comptroller's Projected Overtime FY 2013	FY 2013 Risk
Uniform			
Police	$418	$510	($92)
Fire	288	288	0
Correction	64	125	(61)
Sanitation	78	78	0
Total Uniformed	$848	$1,001	($153)
Civilians			
Police-Civilian	$78	$78	$0
Admin for Child Svcs	13	13	0
Environmental Protection	22	22	0
Transportation	32	32	0
All Other Agencies	107	107	0
Total Civilians	$252	$252	$0
Total City	**$1,100**	**$1,253**	**($153)**

Preliminary figures indicate that FY 2012 overtime spending for uniformed Police Department employees is expected to cost $505 million, including about $6 million for expenses associated with the Occupy Wall Street Movement. After adjusting for the cost associated with the Occupy Wall Street Movement, this represents an increase of almost 6.0 percent when compared to uniformed overtime spending for FY 2011. It is unlikely that spending will decline to $418 million, as projected in the FY 2013 Adopted Budget. The Comptroller's Office expects police uniformed overtime spending to remain relatively flat in FY 2013 at $510 million, $92 million higher than the City's estimate.

The Comptroller's Office also expects FY 2013 uniformed overtime spending in the Department of Correction (DOC) to exceed the City's estimate by $61 million. DOC had spent $114 million on uniformed overtime through May 2012 and is on target to spend approximately $125 million for the fiscal year. It is expected that this trend will continue for FY 2013. The gap between a high attrition rate, driven mainly by officers retiring and lower replacement rate continues to exert pressure on the DOC to staff operating posts through overtime.

Labor

The June 2012 Financial Plan includes $107 million in FY 2013, $266 million in FY 2014, $466 million in FY 2015, and $736 million in FY 2016 for the labor reserve to fund labor contracts. Once contract agreements are reached, funds budgeted in the labor reserve are transferred to agencies to fund the costs of these agreements. The labor reserve currently contains no funding for wage increases in the first three years of the new round of collective bargaining agreements. The City's current contract proposal grants five-year contracts with no wage increases for the first three years followed by a

2.0 percent increase in each of the fourth and fifth year. This proposal mirrors the 2011 agreement between New York State and the Civil Service Employees Association.

While the City is proposing a 2.0 percent increase in each of the fourth and fifth years, the labor reserve contains funding for wage increases of only 1.25 percent annually after the three-year wage freeze. Should the major municipal unions agree to contracts according to the proposed offer, the labor reserve will face a shortfall of $16 million in FY 2013, with the shortfall growing to approximately $300 million by FY 2016.

Contract agreements corresponding to the last round of collective bargaining for all of the major unions have expired. Negotiations between the City and the major municipal unions concerning wage increases for municipal employees are at a standstill and an initial meeting last fall with District Council 37 (DC37), the largest municipal union, made little progress.

Furthermore, the New York State Public Employment Relations Board (PERB) has yet to appoint a fact-finding panel team to conduct hearings and make recommendations on wage increases for United Federation of Teachers (UFT) members for the 2008 – 2010 round of collective bargaining.[4] The City continues to take the position that any wage increase for UFT and the Council of School Supervisors & Administrators (CSA) for the 2008 – 2010 round of collective bargaining will have to be funded with productivity savings and has accordingly not funded these wage increases in the labor reserve. This is a departure from the agreements with the other unions, which have all settled for two annual wage increases of 4.0 percent over the comparable periods of their contracts without offsetting productivity savings. Wage increases similar to those secured by the other unions will cost the City approximately $2.595 billion in FY 2013, of which $272 million, $626 million, and $800 million are retroactive to FYs 2010, 2011, and FY 2012, respectively. Beginning in FY 2014, the additional cost will be $900 million annually.[5]

Pensions

The City's projections of pension expenditures remain relatively flat over the Financial Plan period with a modest increase from $7.9 billion in FY 2013 to $8 billion by FY 2016. Since the FY 2013 Executive Budget, pension projections have been reduced by $83 million in FY 2013, $67 million in FY 2014, $78 million in FY 2015, and $62 million in FY 2016. The reductions resulted from the City's Chief Actuary's update of the valuation of pension benefits and costs.

Earlier in the year, the Chief Actuary released his recommendations for proposed changes to the actuarial methods and assumptions used to calculate pension expenditures. These recommendations were adopted by the Boards of Trustees of the five actuarial pension systems. However, State legislative approval is also required for certain major changes that were part of the overall recommendations. These include the reduction of

[4] The 2008 – 2010 round of collective bargaining for UFT and CSA is effective FYs 2010 – 2012.

[5] The UFT and CSA contracts are one round behind settlements for the other unions.

the actuarial interest rate assumption (AIRA) from 8.0 percent to 7.0 percent and the use of the entry-age actuarial cost methodology to calculate pension contributions. The State legislative session ended without the enactment of the law authorizing these proposed changes. However, indications are that the State Legislature will enact this law as currently drafted later in the year, thereby posing no risk to the City's budget at this time.

As of June 30, 2012, pension investments earned a return of 1.7 percent for FY 2012 compared to the actuarial interest rate assumption (AIRA) of 7.0 percent. The pension contribution projections included in the current Financial Plan do not include the impact of FY 2012 pension investment earnings. Because the City's pension contributions are adjusted based upon investment earnings in relation to the AIRA, the shortfall in FY 2012 investment earnings would result in additional pension contributions of $80 million in FY 2014, $160 million in FY 2015, and $240 million in FY 2016.

Health Insurance

Pay-as-you-go health insurance expenses for City employees and retirees are projected to total $4.139 billion in FY 2013, slightly higher the expected FY 2012 spending of $4.072 billion. These projections reflect the use of $672 million and $1 billion of Retiree Health Benefits Trust (RHBT) funds in FYs 2012 and 2013, respectively, for retiree pay-as-you-go health insurance expenditures.[6] As shown in Table 14, after adjusting for the use of the RHBT funds, health insurance expenditures are projected to grow from $5.139 billion in FY 2013 to $6.736 billion in FY 2016. Underlying these projections are projected premium rate increases of 9.5 percent in FY 2014 and 9.0 percent annual in FYs 2015 and 2016.

Table 14. Pay-As-You-Go Health Expenditures

($ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Department of Education	$1,827	$1,985	$2,129	$2,337	$2,560
CUNY	40	43	44	43	43
All Other	2,205	2,111	2,420	3,765	4,133
Total Pay-As-You-Go Health Insurance Costs	$4,072	$4,139	$4,593	$6,145	$6,736
Adjustment for RHBT payment	672	1,000	1,000	0	0
Adjusted Total	$4,744	$5,139	$5,593	$6,145	$6,736

Projected health insurance expenditures over the FYs 2013 – 2016 Financial Plan period are lower than the May 2012 Plan by $31 million in FY 2013, $45 million in FY 2014, $51 million in FY 2015, and $56 million in FY 2016. Lower than previously anticipated GHI Senior Care Rate resulted in reductions of approximately $41 million in FY 2013, $46 million in FY 2014, $51 million in FY 2015, and $56 million in FY 2016.

[6] RHBT funds were also used to pay retiree pay-as you-go health insurance of $82 million in FY 2010, $395 million in FY 2011, and $672 million in FY 2012. The reductions in General Fund expenditures from the use of RHBT funds allowed the City to partially offset additional pension expenditures that resulted from pension investment returns below the Actuarial Interest Rate Assumption (AIRA) in FY 2008 and FY 2009.

However, the FY 2013 savings were offset by an upward revision of $10 million as a result of planned headcount changes.

Headcount

The Adopted Budget headcount plan shows City-funded full-time headcount of 231,878 for FY 2013. This is a net increase of 397 from the Executive Budget Plan estimate of 231,481. Planned headcount changes for FY 2013 compared to the Executive Budget are presented in the table below. These include an additional 204 positions in the Department of Parks and Recreation, 73 positions in the Administration for Children's Services and 15 positions in the Department of Sanitation. In addition, the Adopted Budget Plan accounts for headcount reductions of six civilian positions in the Department of Education.

Table 15. Changes to FY 2013 City-Funded Full-Time Headcount Adopted Budget vs. Executive Budget

	Executive Budget Estimate	Adopted Budget Estimate	Change
Pedagogical			
Dept. of Education	91,117	91,117	0
City University	3,180	3,180	0
Subtotal	**94,297**	**94,297**	**0**
Uniformed			
Police	34,309	34,309	0
Fire	10,274	10,274	0
Corrections	8,854	8,854	0
Sanitation	7,061	7,064	3
Subtotal	**60,498**	**60,501**	**3**
Civilians			
Dept. of Education	9,393	9,387	(6)
City University	1,687	1,687	0
Police	14,049	14,049	0
Fire	4,823	4,823	0
Corrections	1,708	1,708	0
Sanitation	1,843	1,855	12
Admin for Children's Services	6,336	6,409	73
Social Services	10,468	10,468	0
Homeless Services	1,934	1,934	0
Health & Mental Hygiene	3,404	3,415	11
Finance	1,858	1,858	0
Transportation	1,933	1,933	0
Parks and Recreation	2,454	2,658	204
All Other Civilians	14,796	14,896	100
Subtotal	**76,686**	**77,080**	**394**
Total	**231,481**	**231,878**	**397**

Year-end full-time headcount is expected to increase modestly to 233,661 in FY 2014, increasing again in FY 2015 and FY 2016, with FY 2016 full-time headcount expected to be 236,839, as shown in Table 16. The Executive Budget had reflected the ending of teacher attrition savings in the baseline and the restoration of what had been previously-announced cuts in pedagogical positions in the Department of Education. The Adopted Budget headcount plan contains no changes in the Department of Education pedagogical headcount compared to the Executive Budget Plan, with pedagogical headcount expected to be 91,117 in FY 2013, 92,809 in FY 2014, 94,530 in FY 2015 and 96,330 in FY 2016.

City-funded full-time year-end Adopted Budget headcount projections are given in the table below.

Table 16. City-Funded Full-Time Year-End Headcount Projections

	FY 2013	FY 2014	FY 2015	FY 2016
Pedagogical				
Dept. of Education	91,117	92,809	94,530	96,330
City University	3,180	3,180	3,180	3,140
Subtotal	**94,297**	**95,989**	**97,710**	**99,470**
Uniformed				
Police	34,309	34,309	34,309	34,309
Fire	10,274	10,274	10,274	10,274
Corrections	8,854	8,854	8,646	8,646
Sanitation	7,064	7,246	7,235	7,235
Subtotal	**60,501**	**60,683**	**60,464**	**60,464**
Civilians				
Dept. of Education	9,387	9,381	9,383	9,384
City University	1,687	1,647	1,647	1,597
Police	14,049	14,047	14,047	14,047
Fire	4,823	4,808	4,796	4,796
Corrections	1,708	1,696	1,670	1,670
Sanitation	1,855	1,972	1,976	1,972
Admin for Children's Services	6,409	6,401	6,401	6,401
Social Services	10,468	10,407	10,407	10,407
Homeless Services	1,934	1,934	1,934	1,934
Health & Mental Hygiene	3,415	3,412	3,408	3,408
Finance	1,858	1,858	1,855	1,855
Transportation	1,933	2,065	2,065	2,065
Parks and Recreation	2,658	2,588	2,591	2,591
All Other Civilians	14,896	14,773	14,778	14,778
Subtotal	**77,080**	**76,989**	**76,958**	**76,905**
Total	**231,878**	**233,661**	**235,132**	**236,839**

As shown in Table 17, City-funded full-time equivalent (FTE) headcount is expected to total 23,521 in FY 2013. FTE headcount is projected to decrease by 839 in FY 2014 and then remain relatively flat for the remainder of the Plan period.

Table 17. City-Funded FTE Year-End Headcount Projections FYs 2013-2016

	FY 2013	FY 2014	FY 2015	FY 2016
Pedagogical				
Dept. of Education	553	553	553	553
City University	1,833	1,833	1,833	1,833
Subtotal	**2,386**	**2,386**	**2,386**	**2,386**
Civilians				
Dept. of Education	12,592	12,592	12,592	12,592
City University	935	935	935	935
Police	1,403	1,387	1,372	1,369
Health & Mental Hygiene	1,256	1,257	1,212	1,212
Parks and Recreation	2,521	1,718	1,737	1,737
All Other Civilians	2,428	2,407	2,407	2,407
Subtotal	**21,135**	**20,296**	**20,255**	**20,252**
Total	**23,521**	**22,682**	**22,641**	**22,638**

Department of Education

The FY 2013 Adopted Budget includes $19.72 billion for the Department of Education's operating budget, an increase of about $476 million over the agency's FY 2012 estimated budget of $19.24 billion.

The Department's Adopted FY 2013 budget reflects a net increase of about $10 million in funding compared with the Executive Budget projection of $19.71 billion. The new funding provided in the Adopted Budget includes a host of City Council initiatives totaling $20 million and intra-City funding for broadband services of $6 million. Among the major initiatives supported by the City Council are Teacher's Choice, full-day prekindergarten, school-based administrative staffing and custodial restorations. These funding increases are partially offset by $16 million in net savings mainly the result of re-estimate of retirees' health insurance costs and fleet consolidation.

The Financial Plan includes $20.36 billion in FY 2014 for the Department, an increase of $635 million from the FY 2013 budget. Nearly two-thirds of the FY 2014 increase is supported by City funds. Federal and State support, which was held virtually flat prior to the Executive Budget, would grow by a net $255 million in FY 2014 primarily due to the more stable State fiscal outlook. Moreover, the Department's State aid receipts are expected to continue growing through the Plan years, rising by $332 million in FY 2015 and $397 million in FY 2016. Based on this trend, State grants would comprise nearly 44 percent of the overall DOE operating budget in FY 2016, compared to a 42 percent share in FY 2012. Meanwhile, City funds would provide about 47 percent of DOE funding in the outyears. The DOE operating budget is projected to rise to $20.94 billion in FY 2015 and $21.57 billion in FY 2016.

The Department continues to face significant budgetary risks related to its Medicaid-revenue assumptions. The DOE recently resumed submitting Medicaid reimbursement claims for special education services after an extensive delay in obtaining State approval. While the City reduced its Medicaid revenue assumptions from

$117 million to $37 million for FY 2012 in the May Plan because of slower-than-anticipated submission of claims, the Department's Medicaid revenue assumptions remain significant going forward. The Adopted Budget for FY 2013 and the Financial Plan for the ensuing years assumes annual Medicaid revenue of $167 million for the DOE in FYs 2013-2016. Given the current status of the claims process, the uncertainty over this revenue could lead to an exposure of $100 million in each year of the Plan.

Debt Service

The City's FY 2013 Adopted Budget includes $6.19 billion of debt service for General Obligation (G.O.), NYC Transitional Finance Authority (NYCTFA), TSASC, and lease purchase debt, adjusted for prepayments, an increase of $659 million from FY 2012. By FY 2016 debt service is projected to grow by 36.4 percent over the FY 2012 total of $5.53 billion to $7.55 billion.

The City's debt service projections over the Financial Plan period do not include the scheduled borrowing of $4.43 billion in NYCTFA Building Aid Revenue Bonds (BARBs), in support of the NYC Department of Education's capital program. This borrowing is expected to be supported by State building aid.[7]

As shown in Table 18, G.O. debt service is estimated to increase by $903 million, or 23.7 percent, from FY 2012 to FY 2016. This increase is driven primarily by new G.O. borrowing of $8.89 billion planned for FYs 2013 through 2016. This borrowing will increase annual debt service by approximately $538 million by FY 2016. In addition, $131 million in debt service increases as a result of FY 2012 borrowings and a $268 million increase in forecasted variable rate demand bond (VRDB) interest costs from the exceptionally low variable rate interest levels experienced in FY 2012 further swell the debt service budget. The outyears of the Financial Plan do not assume savings from refunding activities. However, the Comptroller's Office and OMB monitor outstanding debt and market conditions to actively refinance higher coupon debt for budget savings. Based on past years, we can expect that, subject to market conditions, this will occur again each year.

[7] The $4.43 billion in estimated BARBs issuance is part of the State of New York's intended commitment to share 50 percent of the NYC Department of Education's Capital Plan on a continuous basis. The BARBs program, however, will face capacity constraints by FY 2016.

Table 18. FYs 2012–2016 Debt Service Estimates

($ in millions)

Debt Service Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Change FYs 2012 – 2016
G.O.[a]	$3,810	$4,004	$4,390	$4,626	$4,713	$903
NYCTFA [b]	1,407	1,804	2,041	2,254	2,439	1,032
Lease-Purchase Debt	245	310	324	316	322	77
TSASC, Inc.	71	74	74	74	74	3
Total	**$5,533**	**$6,192**	**6,829**	**$7,270**	**$7,548**	**$2,015**

SOURCE: June 2012 Financial Plan.
NOTE: Debt Service is adjusted to net out the impact of prepayments.
[a] Includes long-term G.O. debt service and interest on short-term notes.
[b] Amounts do not include NYCTFA building aid revenue bonds debt service.

NYCTFA debt service is expected to grow by $1.03 billion or 73.4 percent from FYs 2012 – 2016. Nearly $650 million of the increase in NYCTFA debt service costs during this period are the result of planned NYCTFA borrowing of $10.6 billion. The remaining increase, similar to GO, are primarily the result of differences in VRDB costs, and the impact of FY 2012 NYCTFA borrowing in FY 2016.

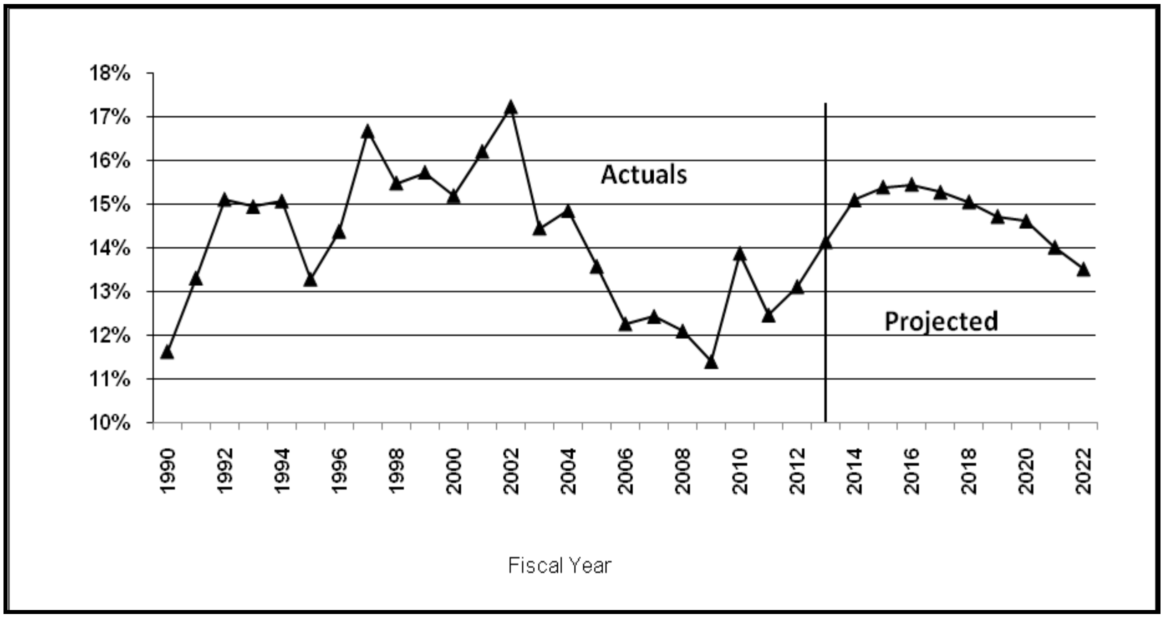
The June Financial Plan contains no changes to the underlying interest rate assumptions for long-term fixed-rate borrowing, remaining at an average rate of 6.25 percent in FY 2013, and 7.0 percent in each of FYs 2014 through FY 2016. The variable rate tax-exempt borrowing rate was decreased to 2.45 percent in FY 2013 while the rates in the outyears remain at 4.25 percent.

Debt Burden

As shown in Chart 1, debt service as a percent of local tax revenues is projected to rise from 13.1 percent in FY 2012 to 15.5 percent by FY 2016. This increase results from projected debt service growth outpacing estimated growth in local tax revenues. Between FY 2012 and FY 2016 local tax revenues are projected to grow at an annual rate of 3.9 percent while debt service is estimated to grow at an annual rate of 8.1 percent. Beyond FY 2016, however, debt service growth is projected to stabilize and average about 1.0 percent annually from FYs 2017 – 2022, resulting in average annual growth of 3.8 percent from FY 2012 through FY 2022. Outyear debt service growth, however, is likely to be higher than shown. Borrowing estimates are not as refined in the latter years as in the first four years of the Financial Plan. Thus, outyear debt service would likely increase above current estimates.[8]

[8] Tax revenue growth is assumed at 3.4 percent per annum from FYs 2017-2022.

Chart 1. **Total Debt Service as a Percentage of Local Tax Revenues, FYs 1990-2022**



SOURCE: June 2012 Financial Plan for FYs 2013-2016, Office of Management & Budget, June 2012.

VI. Appendix – Revenue and Expenditure Details

Table A1. FY 2013 Adopted Budget Revenue Detail

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	Change FYs 2013-16 Dollar	Change FYs 2013-16 Percent
Taxes:						
Real Property	$18,631	$19,170	$19,831	$20,473	$1,842	9.9%
Personal Income Tax	$9,086	$9,166	$9,774	$10,142	$1,056	11.6%
General Corporation Tax	$2,530	$2,685	$2,788	$2,917	$387	15.3%
Banking Corporation Tax	$1,191	$1,241	$1,268	$1,412	$221	18.6%
Unincorporated Business Tax	$1,765	$1,900	$1,971	$2,034	$269	15.2%
Sale and Use Tax	$6,064	$6,326	$6,599	$6,839	$775	12.8%
Real Property Transfer	$948	$1,055	$1,174	$1,300	$352	37.1%
Mortgage Recording Tax	$599	$686	$767	$848	$249	41.6%
Commercial Rent	$661	$694	$731	$770	$109	16.5%
Utility	$405	$421	$434	$446	$41	10.1%
Hotel	$473	$489	$513	$536	$63	13.3%
Cigarette	$67	$66	$64	$62	($5)	(7.5%)
All Other	$500	$501	$501	$501	$1	0.2%
Tax Audit Revenue	$724	$706	$706	$706	($18)	(2.5%)
Total Taxes	**$43,644**	**$45,106**	**$47,121**	**$48,986**	**$5,342**	**12.2%**
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	$551	$563	$566	$577	$26	4.7%
Interest Income	$19	$12	$21	$91	$72	378.9%
Charges for Services	$887	$881	$882	$883	($4)	(0.5%)
Water and Sewer Charges	$1,515	$1,525	$1,516	$1,535	$20	1.3%
Rental Income	$280	$290	$293	$293	$13	4.6%
Fines and Forfeitures	$805	$804	$803	$803	($2)	(0.2%)
Miscellaneous	$1,261	$916	$987	$524	($737)	(58.4%)
Intra-City Revenue	$1,631	$1,597	$1,600	$1,605	($26)	(1.6%)
Total Miscellaneous	**$6,949**	**$6,588**	**$6,668**	**$6,311**	**($638)**	**(9.2%)**
Unrestricted Intergovernmental Aid:						
Other Federal and State Aid	$0	$0	$0	$0	$0	N/A
Total Unrestricted Intergovernmental Aid	**$0**	**$0**	**$0**	**$0**	**$0**	**N/A**
Other Categorical Grants	**$924**	**$919**	**$916**	**$902**	**($22)**	**(2.4%)**
Inter-Fund Agreements	**$539**	**$510**	**$509**	**$509**	**($30)**	**(5.6%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**
Less: Intra-City Revenue	**($1,631)**	**($1,597)**	**($1,600)**	**($1,605)**	**$26**	**(1.6%)**
TOTAL CITY-FUNDS	**$50,410**	**$51,511**	**$53,599**	**$55,088**	**$4,678**	**9.3%**

Table A1 (Con't). *FY 2013 Adopted Budget Revenue Detail*

($ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	Changes FYs 2013-16 Dollar	Changes FYs 2013-16 Percent
Federal Categorical Grants:						
Community Development	$227	$219	$219	$219	($8)	(3.5%)
Welfare	$3,076	$3,063	$3,063	$3,063	($13)	(0.4%)
Education	$1,942	$1,932	$1,857	$1,856	($86)	(4.4%)
Other	$1,416	$1,257	$1,232	$1,232	($184)	(13.0%)
Total Federal Grants	**$6,661**	**$6,471**	**$6,371**	**$6,370**	**($291)**	**(4.4%)**
State Categorical Grants						
Social Services	$1,420	$1,415	$1,415	$1,415	($5)	(0.4%)
Education	$8,436	$8,701	$9,033	$9,429	$993	11.8%
Higher Education	$235	$235	$235	$235	$0	0.0%
Department of Health and Mental Hygiene	$545	$531	$529	$529	($16)	(2.9%)
Other	$794	$838	$928	$1,014	$220	27.7%
Total State Grants	**$11,430**	**$11,720**	**$12,140**	**$12,622**	**$1,192**	**10.4%**
TOTAL REVENUES	**$68,501**	**$69,702**	**$72,110**	**$74,080**	**$5,579**	**8.1%**

Table A2. FY 2013 Adopted Budget Expenditure Detail

($ in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	Change FYs 2013-16	
					Dollars	***Percent***
Mayoralty	$90,321	$87,518	$87,328	$87,311	($3,010)	(3.3%)
Board of Elections	$84,740	$72,590	$72,590	$72,590	($12,150)	(14.3%)
Campaign Finance Board	$55,077	$13,288	$13,288	$13,288	($41,789)	(75.9%)
Office of the Actuary	$6,393	$6,246	$6,248	$6,250	($143)	(2.2%)
President, Borough of Manhattan	$4,328	$2,593	$2,599	$2,604	($1,724)	(39.8%)
President, Borough of Bronx	$5,203	$3,441	$3,441	$3,441	($1,762)	(33.9%)
President, Borough of Brooklyn	$5,208	$3,171	$3,171	$3,171	($2,037)	(39.1%)
President, Borough of Queens	$4,717	$3,000	$3,000	$3,000	($1,717)	(36.4%)
President, Borough of Staten Island	$3,973	$2,437	$2,437	$2,437	($1,536)	(38.7%)
Office of the Comptroller	$75,277	$75,613	$75,862	$76,273	$996	1.3%
Dept. of Emergency Management	$21,405	$11,577	$6,534	$6,544	($14,861)	(69.4%)
Office of Administrative Tax Appeals	$4,330	$4,260	$4,260	$4,260	($70)	(1.6%)
Law Dept.	$140,098	$129,699	$129,699	$129,699	($10,399)	(7.4%)
Dept. of City Planning	$22,666	$20,567	$20,463	$20,472	($2,194)	(9.7%)
Dept. of Investigation	$16,734	$16,734	$16,734	$16,734	$0	0.0%
NY Public Library - Research	$22,312	$16,015	$16,015	$16,015	($6,297)	(28.2%)
New York Public Library	$111,293	$77,643	$77,643	$77,643	($33,650)	(30.2%)
Brooklyn Public Library	$83,478	$58,150	$58,150	$58,150	($25,328)	(30.3%)
Queens Borough Public Library	$82,347	$57,023	$57,023	$57,023	($25,324)	(30.8%)
Dept. of Education	$19,706,569	$20,346,955	$20,927,531	$21,562,457	$1,855,888	9.4%
City University	$832,062	$798,615	$798,922	$787,607	($44,455)	(5.3%)
Civilian Complaint Review Board	$12,048	$11,342	$11,346	$11,346	($702)	(5.8%)
Police Dept.	$4,458,238	$4,380,103	$4,378,872	$4,378,042	($80,196)	(1.8%)
Fire Dept.	$1,783,300	$1,676,486	$1,613,479	$1,613,525	($169,775)	(9.5%)
Admin. for Children Services	$2,823,970	$2,765,516	$2,766,082	$2,766,082	($57,888)	(2.0%)
Dept. of Social Services	$9,276,353	$9,307,398	$9,413,455	$9,382,303	$105,950	1.1%
Dept. of Homeless Services	$800,975	$791,416	$791,405	$791,405	($9,570)	(1.2%)
Dept. of Correction	$1,049,920	$1,058,652	$1,038,841	$1,038,660	($11,260)	(1.1%)
Board of Correction	$940	$1,000	$1,000	$1,000	$60	6.4%
Citywide Pension Contribution	$7,937,405	$7,989,399	$7,881,814	$7,979,491	$42,086	0.5%
Miscellaneous	$6,428,846	$7,226,712	$9,072,438	$9,930,807	$3,501,961	54.5%
Debt Service	$4,314,307	$4,713,583	$4,941,819	$5,035,154	$720,847	16.7%
N.Y.C.T.F.A. Debt Service	$1,803,704	$2,040,970	$2,254,500	$2,438,870	$635,166	35.2%
FY 2012 BSA and Discretionary Transfers	($2,408,487)	($30,611)	$0	$0	$2,408,487	(100.0%)
FY 2013 BSA	$124,386	($124,386)	$0	$0	($124,386)	(100.0%)
Public Advocate	$2,256	$1,610	$1,610	$1,610	($646)	(28.6%)
City Council	$52,090	$49,442	$49,442	$49,442	($2,648)	(5.1%)
City Clerk	$4,506	$4,359	$4,362	$4,362	($144)	(3.2%)
Dept. for the Aging	$262,041	$232,361	$232,359	$232,359	($29,682)	(11.3%)
Dept. of Cultural Affairs	$156,094	$100,667	$100,667	$100,667	($55,427)	(35.5%)
Financial Info. Serv. Agency	$99,519	$91,787	$90,554	$91,054	($8,465)	(8.5%)
Office of Payroll Admin.	$21,349	$29,627	$29,680	$29,680	$8,331	39.0%
Independent Budget Office	$4,359	$4,345	$4,338	$4,334	($25)	(0.6%)
Equal Employment Practices Comm.	$790	$790	$790	$790	$0	0.0%

Table A2 (Con't). *FY 2013 Adopted Budget Expenditure Detail*

($ in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	Change FYs 2013-16 Dollars	Change FYs 2013-16 Percent
Civil Service Commission	$801	$751	$751	$751	($50)	(6.2%)
Landmarks Preservation Comm.	$4,727	$4,733	$4,733	$4,733	$6	0.1%
Districting Commission	$1,661	$0	$0	$0	($1,661)	(100.0%)
Taxi and Limousine Commission	$66,336	$59,838	$55,834	$42,334	($24,002)	(36.2%)
Commission on Human Rights	$6,498	$6,498	$6,498	$6,498	$0	0.0%
Youth & Community Development	$319,192	$228,098	$208,162	$208,162	($111,030)	(34.8%)
Conflicts of Interest Board	$2,087	$2,087	$2,087	$2,087	$0	0.0%
Office of Collective Bargain	$2,257	$2,159	$2,160	$2,162	($95)	(4.2%)
Community Boards (All)	$15,360	$15,219	$15,222	$15,225	($135)	(0.9%)
Dept. of Probation	$76,743	$74,507	$74,744	$74,744	($1,999)	(2.6%)
Dept. Small Business Services	$135,343	$96,488	$88,950	$88,955	($46,388)	(34.3%)
Housing Preservation & Development	$570,429	$554,014	$552,590	$552,549	($17,880)	(3.1%)
Dept. of Buildings	$96,372	$91,769	$89,751	$89,751	($6,621)	(6.9%)
Dept. of Health & Mental Hygiene	$1,574,704	$1,524,670	$1,515,257	$1,515,214	($59,490)	(3.8%)
Health and Hospitals Corp.	$74,263	$64,380	$64,380	$64,380	($9,883)	(13.3%)
Office of Administrative Trials & Hearings	$35,486	$35,488	$35,490	$35,492	$6	0.0%
Dept. of Environmental Protection	$1,133,372	$1,116,135	$1,100,659	$1,097,025	($36,347)	(3.2%)
Dept. of Sanitation	$1,351,295	$1,456,946	$1,455,173	$1,454,654	$103,359	7.6%
Business Integrity Commission	$7,119	$7,119	$7,119	$7,119	$0	0.0%
Dept. of Finance	$224,052	$220,507	$220,022	$220,022	($4,030)	(1.8%)
Dept. of Transportation	$709,989	$692,070	$692,069	$692,069	($17,920)	(2.5%)
Dept. of Parks and Recreation	$295,300	$280,023	$279,907	$279,907	($15,393)	(5.2%)
Dept. of Design & Construction	$107,341	$107,365	$107,365	$107,365	$24	0.0%
Dept. of Citywide Admin. Services	$368,805	$373,545	$373,341	$373,341	$4,536	1.2%
D.O.I.T.T.	$324,541	$294,762	$292,101	$291,283	($33,258)	(10.2%)
Dept. of Record & Info. Services	$5,229	$5,144	$5,008	$5,012	($217)	(4.1%)
Dept. of Consumer Affairs	$23,647	$23,417	$23,331	$23,331	($316)	(1.3%)
District Attorney - N.Y.	$76,178	$76,226	$76,226	$76,226	$48	0.1%
District Attorney – Bronx	$48,706	$50,631	$50,631	$50,631	$1,925	4.0%
District Attorney – Kings	$79,989	$82,579	$82,579	$82,579	$2,590	3.2%
District Attorney – Queens	$46,861	$49,142	$49,142	$49,142	$2,281	4.9%
District Attorney - Richmond	$8,064	$8,129	$8,129	$8,129	$65	0.8%
Office of Prosec. & Spec. Narc.	$17,338	$17,338	$17,338	$17,338	$0	0.0%
Public Administrator - N.Y.	$1,368	$1,271	$1,279	$1,279	($89)	(6.5%)
Public Administrator - Bronx	$564	$485	$493	$493	($71)	(12.6%)
Public Administrator - Brooklyn	$656	$574	$582	$582	($74)	(11.3%)
Public Administrator - Queens	$510	$448	$456	$456	($54)	(10.6%)
Public Administrator - Richmond	$429	$360	$367	$367	($62)	(14.5%)
General Reserve	$300,000	$300,000	$300,000	$300,000	$0	0.0%
Energy Adjustment	$0	$70,336	$102,661	$134,478	$134,478	N/A
Lease Adjustment	$0	$30,842	$92,873	$120,502	$120,502	N/A
OTPS Inflation Adjustment	$0	$55,519	$111,038	$166,557	$166,557	N/A
TOTAL EXPENDITURE	**$68,501,052**	**$72,211,315**	**$75,228,289**	**$77,150,876**	**$8,649,824**	**12.6%**

Glossary of Acronyms

AIRA	Actuarial Interest Rate Assumption
BARB	Building Aid Revenue Bond
BCT	Banking Corporation Tax
BSA	Budget Stabilization Account
CSA	Council of School Supervisors and Administrators
CUNY	City University of New York
DAP	Disabled Accessibility Plan
DC37	District Council 37
DOC	Department of Correction
DOE	Department of Education
DOT	Department of Transportation
FMAP	Federal Medical Assistance Percentage
FTE	Full-Time Equivalent
FY	Fiscal Year
GCP	Gross City Product
GCT	General Corporation Tax

GDP	Gross Domestic Product
GO Debt	General Obligation Debt
J&C	Judgments and Claims
NYC	New York City
NYCTFA	New York City Transitional Finance Authority
OTPS	Other than Personal Services
PERB	Public Employment Relations Board
PIT	Personal Income Tax
PS	Personal Services
RHBT	Retiree Health Benefits Trust
STAR	School Tax Relief
TSASC	Tobacco Settlement Asset Securitization, Corp.
TLC	Taxi and Limousine Commission
UBT	Unincorporated Business Tax
UFT	United Federation of Teachers
U.S.	United States
VRDB	Variable Rate Demand Bond