



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 2012 and Financial Plan for Fiscal Years 2012 – 2015**

**July 25, 2011**

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# TABLE OF CONTENTS

<b>I. EXECUTIVE SUMMARY .....</b>	<b>v</b>
<b>II. THE FY 2012 ADOPTED BUDGET .....</b>	<b>5</b>
RISKS AND OFFSETS .....	7
<b>III. THE STATE OF THE CITY'S ECONOMY .....</b>	<b>9</b>
A. COMPTROLLER'S ECONOMIC FORECAST FOR NYC, 2011- 2015 .....	9
<b>IV. REVENUE ASSUMPTIONS .....</b>	<b>11</b>
<i>Tax Revenues</i> .....	11
<i>Miscellaneous Revenue</i> .....	14
<i>Federal and State Aid</i> .....	16
<b>V. EXPENDITURE ANALYSIS.....</b>	<b>17</b>
<i>Overtime</i> .....	17
<i>Labor</i> .....	18
<i>Pensions</i> .....	19
<i>Health Insurance</i> .....	20
<i>Headcount</i> .....	21
<i>Department of Education</i> .....	23
<i>Debt Service</i> .....	24
<b>VI. APPENDIX – REVENUE AND EXPENDITURE DETAILS.....</b>	<b>27</b>
<b>GLOSSARY OF ACRONYMS .....</b>	<b>31</b>

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## LIST OF TABLES

TABLE 1.	FY 2012 – FY 2015 FINANCIAL PLAN.....	1
TABLE 2.	PLAN-TO-PLAN CHANGES JUNE 2011 PLAN VS. MAY 2011 PLAN.....	2
TABLE 3.	RISKS AND OFFSETS TO THE JUNE 2011 FINANCIAL PLAN .....	3
TABLE 4.	FY 2012 CHANGES FROM THE EXECUTIVE BUDGET .....	5
TABLE 5.	CITY COUNCIL RESTORATION AND INITIATIVES.....	6
TABLE 6.	RESCINDMENT OF TEACHER LAYOFFS .....	6
TABLE 7.	RISKS AND OFFSETS TO THE JUNE 2011 FINANCIAL PLAN .....	7
TABLE 8.	SELECTED NYC AND THE U.S. ECONOMIC INDICATORS, ANNUAL AVERAGES, COMPTROLLER AND MAYOR’S FORECASTS, 2011-2015 .....	10
TABLE 9.	NYC TAX REVENUES, CITY FORECAST, FYS 2011-2015.....	12
TABLE 10.	CITY’S TAX REVENUE FORECAST, GROWTH RATE, FYS 2011 – 2015.....	13
TABLE 11.	RISKS AND OFFSETS TO THE CITY’S REVENUE PROJECTIONS .....	14
TABLE 12.	CHANGES IN FY 2012 ESTIMATES MAY 2011 VS. JUNE 2011 .....	15
TABLE 13.	FYS 2012 – 2015 EXPENDITURE GROWTH.....	17
TABLE 14.	PROJECTED OVERTIME SPENDING, FY 2012.....	18
TABLE 15.	PAY-AS-YOU-GO HEALTH EXPENDITURES .....	20
TABLE 16.	CITY-FUNDED FULL-TIME YEAR-END HEADCOUNT PROJECTIONS .....	22
TABLE 17.	CITY-FUNDED FTE YEAR-END HEADCOUNT PROJECTIONS .....	23
TABLE 18.	FYS 2011–2015 DEBT SERVICE ESTIMATES.....	25
TABLE A1.	FY 2012 ADOPTED BUDGET REVENUE DETAIL.....	27
TABLE A2.	FY 2012 ADOPTED BUDGET EXPENDITURE DETAIL.....	29

## LIST OF CHARTS

CHART 1.	TOTAL DEBT SERVICE AS A PERCENTAGE OF LOCAL TAX REVENUES, FYS 1990-2021.....	26
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# **I. Executive Summary**

The City's FY 2012 Budget as adopted totals \$65.91 billion, \$509 million less than the FY 2011 Budget. However, netting out the impact of prepayments of FY 2012 expenditures with FY 2011 revenues, the FY 2012 expenditures total \$69.649 billion, an increase of \$3.286 billion, or 5.0 percent, from the adjusted FY 2011 spending estimate. Over 72 percent of the FY 2012 Adopted Budget is funded with City-funds totaling \$50.203 billion, an increase of \$509 million from the FY 2012 Executive Budget released in May. Much of the increase is the result of the City Council's restorations and initiatives and agency spending increases.

One of the key changes in the Adopted FY 2012 Budget is the restoration of 4,666 teaching positions that were scheduled for layoffs in the Executive Budget. Of this total, 900 positions will be funded with additional City tax levy (CTL) totaling \$61 million. The remaining positions will be restored at no additional cost to the City through cost reductions and savings in different areas of the Department of Education (DOE) budget, a transfer of unused funds from the Education Construction Fund (ECF) and savings from higher than anticipated attrition. Funding from CTL, delay of sabbaticals and ECF transfers are not expected to continue beyond FY 2012. As a result, the positions restored through these funds will not continue in the outyears of the Financial Plan.

The FY 2012 Budget is balanced as adopted with the help of prepayments of FY 2012 expenditures totaling \$3.738 billion. While the 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 \$1.971 billion in FY 2012, \$665 million in FY 2013, \$229 million in FY 2014, and \$164 million in FY 2015. The Comptroller's Office considers the absence of funding for the current 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 \$1.7 billion to the FY 2012 Budget and risks of approximately \$900 million in each of the subsequent years of the Financial Plan. Additional risks of \$118 million of tax revenues and \$210 million in underfunded overtime expenses and an offset of \$55 million in overstated judgments and claims (J&C) creates a net risk for FY 2012 of \$1.971 billion. The Comptroller's Office estimates the net risks to the outyears of the Financial Plan to be \$665 million, \$229 million and \$164 million respectively in FYs 2013 – 2015. The primary reason for the declining risk is the Comptroller's more positive estimate of tax revenues in the outyears of the Financial Plan, specifically in the real-estate-related and personal income taxes.

Slower than anticipated growth in personal income and personal consumption coupled with declining national job growth in May and June have tempered some of the Comptroller's forecasts for growth of the national economy. The Comptroller's overall economic outlook continues to be for a slow, fragile national recovery with economic growth constrained for several more years. The Comptroller estimates real GDP growth to be 2.4 percent in 2011 and 2.8 percent in 2012, compared to the 2.6 percent and 3.0 percent, respectively, anticipated in his previous report. While the aforementioned negative economic indicators have led the Comptroller to reduce estimates for growth on the national level, forecasts for New York City's



real economic growth rate remain unchanged, primarily because of the continued vitality of the City's commercial real estate and tourism sectors.

For FY 2012, the Comptroller's Office expects overall tax revenue collections to be \$118 million lower than the City's forecast. The risk is mostly due to lower estimates for business tax revenues, partially offset by higher forecasts for real-estate-related tax revenues. The Comptroller's Office forecasts for real-estate-related tax revenues are significantly higher than the City's. Now that commercial property values have rebounded, the Comptroller expects investors' need to rebalance real estate portfolios to promote a greater number of transactions. The Comptroller's Office projects higher net revenues of \$247 million in FY 2013, \$787 million in FY 2014, and \$938 million in FY 2015. In FY 2013, the higher revenues are mainly due to a higher forecast for the real-estate-related tax revenues, somewhat offset by lower forecasts for the property and the business tax revenues.

**Table 1. FY 2012 – FY 2015 Financial Plan**

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015	Changes FYs 2012 – 2015	
					Dollar	Percent
<b>Revenues</b>						
Taxes:						
General Property Tax	\$17,839	\$18,417	\$18,844	\$19,274	\$1,435	8.0%
Other Taxes	\$23,538	\$24,371	\$25,107	\$26,452	\$2,914	12.4%
Tax Audit Revenues	\$660	\$659	\$666	\$666	\$6	0.9%
Subtotal: Taxes	\$42,037	\$43,447	\$44,617	\$46,392	\$4,355	10.4%
Miscellaneous Revenues	\$5,955	\$5,980	\$6,040	\$6,060	\$105	1.8%
Unrestricted Intergovernmental Aid	\$37	\$12	\$12	\$12	(\$25)	(67.6%)
Less: Intra-City Revenues	(\$1,549)	(\$1,526)	(\$1,523)	(\$1,523)	\$26	(1.7%)
Disallowances Against Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%
Subtotal: City-Funds	\$46,465	\$47,898	\$49,131	\$50,926	\$4,461	9.6%
Other Categorical Grants	\$1,193	\$1,158	\$1,156	\$1,153	(\$40)	(3.4%)
Inter-Fund Revenues	\$549	\$501	\$501	\$501	(\$48)	(8.7%)
Total City & Inter-Fund Revenues	\$48,207	\$49,557	\$50,788	\$52,580	\$4,373	9.1%
Federal Categorical Grants	\$6,674	\$6,389	\$6,315	\$6,238	(\$436)	(6.5%)
State Categorical Grants	\$11,030	\$11,090	\$11,163	\$11,180	\$150	1.4%
Total Revenues	\$65,911	\$67,036	\$68,266	\$69,998	\$4,087	6.2%
<b>Expenditures</b>						
Personal Service						
Salaries and Wages	\$21,502	\$21,279	\$21,384	\$21,377	(\$125)	(0.6%)
Pensions	\$8,424	\$8,570	\$8,448	\$8,694	\$270	3.2%
Fringe Benefits	\$7,985	\$8,376	\$8,902	\$9,455	\$1,470	18.4%
Retiree Health Benefits Trust	(\$672)	\$0	\$0	\$0	\$672	(100.0%)
Subtotal-PS	\$37,239	\$38,225	\$38,734	\$39,526	\$2,287	6.1%
Other Than Personal Service						
Medical Assistance	\$6,217	\$6,327	\$6,463	\$6,643	\$426	6.9%
Public Assistance	\$1,385	\$1,365	\$1,365	\$1,365	(\$20)	(1.4%)
All Other	\$20,244	\$20,324	\$20,863	\$21,344	\$1,100	5.4%
Subtotal-OTPS	\$27,846	\$28,016	\$28,691	\$29,352	\$1,506	5.4%
Debt Service						
Principal	\$1,990	\$2,189	\$2,161	\$2,243	\$253	12.7%
Interest & Offsets	\$2,258	\$2,593	\$2,697	\$2,787	\$529	23.4%
Subtotal Debt Service	\$4,248	\$4,782	\$4,858	\$5,030	\$782	18.4%
FY 2011 BSA and Discretionary Transfers <sup>a</sup>	(\$3,738)	\$0	\$0	\$0	\$3,738	(100.0%)
NYCTFA						
Principal	\$376	\$594	\$719	\$725	\$349	92.8%
Interest & Offsets	\$1,189	\$1,277	\$1,331	\$1,510	\$321	27.0%
Subtotal NYCTFA	\$1,565	\$1,871	\$2,050	\$2,235	\$670	42.8%
General Reserve	\$300	\$300	\$300	\$300	\$0	0.0%
	\$67,460	\$73,194	\$74,633	\$76,443	\$8,983	13.3%
Less: Intra-City Expenses	(\$1,549)	(\$1,526)	(\$1,523)	(\$1,523)	\$26	(1.7%)
Total Expenditures	\$65,911	\$71,668	\$73,110	\$74,920	\$9,009	13.7%
<b>Gap To Be Closed</b>	<b>\$0</b>	<b>(\$4,632)</b>	<b>(\$4,844)</b>	<b>(\$4,922)</b>	<b>(\$4,922)</b>	<b>N/A</b>

<sup>a</sup> FY 2011 BSA and Discretionary Transfers include prepayments of \$2.784 billion of G.O. debt service, \$790 million of NYCTFA and \$164 million of subsidies.

**Table 2. Plan-to-Plan Changes**  
**June 2011 Plan vs. May 2011 Plan**

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015
<b><u>Revenues</u></b>				
Taxes:				
General Property Tax	(\$60)	\$0	\$0	\$0
Other Taxes	\$0	\$0	\$0	\$0
Tax Audit Revenues	\$0	\$0	\$0	\$0
Subtotal: Taxes	(\$60)	\$0	\$0	\$0
Miscellaneous Revenues	\$40	\$9	\$10	\$11
Unrestricted Intergovernmental Aid	\$25	\$0	\$0	\$0
Less: Intra-City Revenues	(\$17)	\$0	\$0	\$0
Disallowances Against Categorical Grants	\$0	\$0	\$0	\$0
Subtotal: City-Funds	(\$12)	\$9	\$10	\$11
Other Categorical Grants	\$33	\$0	\$0	\$0
Inter-Fund Revenues	\$6	(\$2)	(\$2)	(\$2)
Total City & Inter-Fund Revenues	\$27	\$7	\$8	\$9
Federal Categorical Grants	\$149	\$99	\$80	\$5
State Categorical Grants	\$20	(\$3)	\$4	(\$70)
Total Revenues	\$196	\$103	\$92	(\$56)
<b><u>Expenditures</u></b>				
Personal Service				
Salaries and Wages	\$225	(\$63)	(\$174)	(\$270)
Pensions	\$0	\$2	(\$3)	(\$33)
Fringe Benefits	(\$7)	(\$44)	(\$33)	(\$45)
Retiree Health Benefits Trust	\$0	\$0	\$0	\$0
Subtotal-PS	\$218	(\$105)	(\$210)	(\$348)
Other Than Personal Service				
Medical Assistance	\$76	\$0	\$0	\$0
Public Assistance	\$37	\$0	\$0	\$0
All Other	\$504	\$88	\$73	(\$33)
Subtotal-OTPS	\$617	\$88	\$73	(\$33)
Debt Service				
Principal	\$0	\$0	\$0	\$0
Interest & Offsets	(\$101)	(\$15)	(\$13)	(\$13)
Subtotal Debt Service	(\$101)	(\$15)	(\$13)	(\$13)
FY 2011 BSA and Discretionary Transfers	(\$521)	\$0	\$0	\$0
NYCTFA Debt Service				
Principal	\$0	\$0	\$0	\$0
Interest & Offsets	\$0	\$0	\$0	\$0
Subtotal NYCTFA	\$0	\$0	\$0	\$0
General Reserve	\$0	\$0	\$0	\$0
	\$213	(\$32)	(\$150)	(\$394)
Less: Intra-City Expenses	(\$17)	\$0	\$0	\$0
Total Expenditures	\$196	(\$32)	(\$150)	(\$394)
<b>Gap To Be Closed</b>	<b>\$0</b>	<b>\$135</b>	<b>\$242</b>	<b>\$338</b>

**Table 3. Risks and Offsets to the June 2011 Financial Plan**

(\$ in millions)

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>City Stated Gap</b>	<b>(\$0)</b>	<b>(\$4,632)</b>	<b>(\$4,844)</b>	<b>(\$4,922)</b>
<b>Tax Revenues</b>				
Property Tax	\$0	(\$39)	(\$17)	\$14
Personal Income Tax	(\$27)	\$65	\$314	\$191
Business Taxes	(\$231)	(\$116)	\$95	\$252
Sales Tax	\$0	\$19	\$87	\$156
Real-Estate-Related Taxes	<u>\$140</u>	<u>\$318</u>	<u>\$308</u>	<u>\$325</u>
<b>Subtotal</b>	<b>(\$118)</b>	<b>\$247</b>	<b>\$787</b>	<b>\$938</b>
<b>Expenditures</b>				
UFT/CSA Collective Bargaining	(\$1,698)	(\$897)	(\$900)	(\$900)
Overtime	(\$210)	(\$100)	(\$100)	(\$100)
Pension Reform	\$0	\$0	(\$131)	(\$252)
Judgments and Claims	<u>\$55</u>	<u>\$85</u>	<u>\$115</u>	<u>\$150</u>
<b>Subtotal</b>	<b>(\$1,853)</b>	<b>(\$912)</b>	<b>(\$1,016)</b>	<b>(\$1,102)</b>
<b>Total Risks/Offsets</b>	<b>(\$1,971)</b>	<b>(\$665)</b>	<b>(\$229)</b>	<b>(\$164)</b>
<b>Restated (Gap)/Surplus</b>	<b>(\$1,971)</b>	<b>(\$5,297)</b>	<b>(\$5,073)</b>	<b>(\$5,086)</b>

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## II. The FY 2012 Adopted Budget

On June 29<sup>th</sup>, the City adopted an FY 2012 budget which totals \$65.911 billion, a decrease of \$509 million from the June Modification to the FY 2011 budget. However, the Adopted FY 2012 budget reflects a reduction of \$3.738 billion of FY 2012 expenditures from the prepayments, in FY 2011, of \$2.784 billion of general obligation (G.O.) debt service, \$790 million of New York City Transitional Finance Authority (NYCTFA) debt service, and \$164 million of library subsidies. Netting out the impact of these prepayments, FY 2012 expenditures total \$69.649 billion, an increase of \$3.286 billion, or 5.0 percent, from the adjusted FY 2011 spending estimate.<sup>1</sup>

The City-funds portion of the FY 2012 Adopted Budget, prior to the reduction resulting from prepayments of certain FY 2012 expenditures in FY 2011, totals \$50.203 billion, an increase of \$509 million from the FY 2012 Executive Budget released in May. As Table 4 shows, the increase stems primarily from City Council's restorations and initiatives, City tax levy funding for a portion of the restoration of 4,666 teaching positions targeted for layoffs, and agency spending increases. These increases are partially offset by debt service savings, the removal of funding for a 1.25 percent increase for the current round of collective bargaining, and reductions in health insurance expenditures from federal reimbursements and Senior Care rate savings.

**Table 4. FY 2012 Changes from the Executive Budget**

(\$ in millions, positive numbers decrease the gap and negative numbers increase the gap)

<b>May 2011 Gap</b>	<b>\$0</b>
<b>Revenue Changes</b>	
Tax Revenues	(\$60)
Non-Tax Revenues	23
Federal Aid	25
<b>Subtotal Revenue Changes</b>	<b>(\$12)</b>
<b>Expenditure Changes</b>	
Council Restoration and Initiatives	(\$386)
City Tax Levy Funding for Teacher Restorations	(61)
Removal of Funding for Wage Increase in 3 <sup>rd</sup> Year of Collective Bargaining	20
Federal Payment for Retiree Health Insurance	50
Senior Rate Care Savings	27
Medicaid (FMAP Timing)	(75)
Debt Service	104
Others	(188)
<b>Subtotal Expenditure Changes</b>	<b>(\$509)</b>
<b>Prepayment of FY 2012 Expenses</b>	<b>\$521</b>
<b>June 2011 Gap</b>	<b>\$0</b>

SOURCE: NYC Office of Management and Budget.

<sup>1</sup> The FY 2011 expenditures are increased by the prepayment of \$3.738 billion of FY 2012 expenditures and reduced by FY 2010 prepayments and prior-year actions totaling \$3.681 billion.

City Council restorations and initiatives totaled \$386 million. Of these, approximately one-third are restorations and initiatives related to health, welfare and services for the aging, as shown in Table 5. Service restoration and member items in libraries, the Fire Department, and the Departments of Cultural Affairs and Education account for another 40 percent of the City Council initiatives. All but \$186,500 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 2012.

***Table 5. City Council Restoration and Initiatives.***

(\$ in thousands)

<b>Health, Welfare and Aging</b>	
Administration for Children Services	\$47,226
Dept. of Social Services	10,468
Dept. of Homeless Services	2,134
Dept. of Health and Mental Hygiene	28,143
Dept. of Aging	40,337
<b>Subtotal Health, Welfare, and Aging</b>	<b>\$128,308</b>
Libraries	\$61,036
Fire Department	\$41,090
Dept. of Cultural Affairs	\$38,444
Dept. of Education	\$12,622
Others	\$104,662
<b>Total</b>	<b>\$386,162</b>

The Adopted Budget includes the restoration of 4,666 teaching positions that were scheduled for layoffs in the Executive Budget. As Table 6 shows, 900 of these positions will be funded with additional City tax levy (CTL) totaling \$61 million. The remaining positions will be restored at no additional cost to the City through cost reductions and savings in different areas of the Department of Education (DOE) budget, a transfer of unused funds from the Education Construction Fund (ECF) and savings from higher than anticipated attrition. Funding from CTL, delay of sabbaticals and ECF transfers are not expected to continue beyond FY 2012. As a result, the positions restored through these funds will not continue in the outyears of the Financial Plan.

***Table 6. Rescindment of Teacher Layoffs***

(\$ in thousands)

	<b>Amount</b>	<b>Positions</b>
City Tax Levy funding	\$61,000	900
Reform of Absentee Teacher Reserve Pool	\$40,000	600
Delay of Sabbaticals	\$17,000	250
Reduction to Pupil Transportation Contracts	\$21,000	310
Administrative Efficiencies	\$46,700	710
Educational Construction Fund Transfer	\$32,000	480
Restoration through attrition	\$95,926	1,416
<b>Total</b>	<b>\$313,626</b>	<b>4,666</b>

The increase in spending estimates coupled with a slight downward revision in the City's revenue forecast has created a gap of \$521 million in FY 2012. This gap is closed with an increase in the prepayment of FY 2012 expenses, which has grown by \$521 million to \$3.738 billion. The increase in the prepayment is due to additional resources resulting from an upward revision of \$305 million in projected revenues and a decrease of \$216 million in spending estimates.

## RISKS AND OFFSETS

The Comptroller's Office has identified net risks of \$1.971 billion in FY 2012, \$665 million in FY 2013, \$229 million in FY 2014, and \$164 million in FY 2015, as shown in Table 7. Most of the risk is due to the absence of funding for the current round of collective bargaining for the United Federation of Teachers (UFT) and the Council of School Supervisors and Administrators (CSA). In corresponding rounds 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 2012 risk includes the costs associated with retroactive wage increases.

*Table 7. Risks and Offsets to the June 2011 Financial Plan*

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015
<b>City Stated Gap</b>	<b>(\$0)</b>	<b>(\$4,632)</b>	<b>(\$4,844)</b>	<b>(\$4,922)</b>
<b>Tax Revenues</b>				
Property Tax	\$0	(\$39)	(\$17)	\$14
Personal Income Tax	(\$27)	\$65	\$314	\$191
Business Taxes	(\$231)	(\$116)	\$95	\$252
Sales Tax	\$0	\$19	\$87	\$156
Real-Estate-Related Taxes	<u>\$140</u>	<u>\$318</u>	<u>\$308</u>	<u>\$325</u>
<b>Subtotal</b>	<b>(\$118)</b>	<b>\$247</b>	<b>\$787</b>	<b>\$938</b>
<b>Expenditures</b>				
UFT/CSA Collective Bargaining	(\$1,698)	(\$897)	(\$900)	(\$900)
Overtime	(\$210)	(\$100)	(\$100)	(\$100)
Pension Reform	\$0	\$0	(\$131)	(\$252)
Judgments and Claims	<u>\$55</u>	<u>\$85</u>	<u>\$115</u>	<u>\$150</u>
<b>Subtotal</b>	<b>(\$1,853)</b>	<b>(\$912)</b>	<b>(\$1,016)</b>	<b>(\$1,102)</b>
<b>Total Risks/Offsets</b>	<b>(\$1,971)</b>	<b>(\$665)</b>	<b>(\$229)</b>	<b>(\$164)</b>
<b>Restated (Gap)/Surplus</b>	<b>(\$1,971)</b>	<b>(\$5,297)</b>	<b>(\$5,073)</b>	<b>(\$5,086)</b>

Another significant risk to the City's expenditure projections is overtime spending. The Comptroller's Office estimates that overtime spending could exceed the City's estimate by \$210 million in FY 2012, and \$100 million in each of the outyears. The City's projections also include savings of \$131 million in FY 2014 and \$252 million in FY 2015 from pension reforms. However, in the absence of any significant



development on pension reforms, these assumed savings represents a risk to the Financial Plan.

Adding to the expenditure risks in FY 2012 is a net risk of \$118 million to the City's tax revenue forecast. The Comptroller's Office expects that personal income tax and business tax revenues combined would be \$258 million lower than the City's forecast. In contrast, the Comptroller's Office projection of real-estate-related tax revenues is \$140 million above the City's forecast. In the outyears, the Comptroller's Office's projections are, on net, \$247 million, \$787 million, and \$938 million more than the City's projections in FYs 2013, 2014, and 2015, respectively.

### **III. The State of the City's Economy**

#### **A. COMPTROLLER'S ECONOMIC FORECAST FOR NYC, 2011-2015**

Since the release of the Comptroller's Comment on the Fiscal Year 2012 Executive Budget, some disappointing economic data has been received. In particular, growth in personal income and personal consumption expenditures in May was slower than anticipated, and national job growth in May and June were less than in preceding months. Those figures, along with other weakening indicators, have caused the Comptroller to lower slightly his national growth forecast for 2011.

The Comptroller now expects real GDP growth to be 2.4 percent in 2011 and 2.8 percent in 2012, compared to the 2.6 percent and 3.0 percent, respectively, anticipated in his previous report. No corresponding reduction has been made to the Comptroller's forecast for New York City's real economic growth rate, primarily because indicators of activity in the city's commercial real estate and tourism sectors continue to be as expected.

The Comptroller's overall economic outlook continues to be for a slow, fragile recovery in which unemployment takes an unusually long time to dwindle to acceptable levels. Persistent problems in the housing and construction sectors, tight credit conditions for households and small businesses, and a general weakness in aggregate demand are expected to constrain economic growth for several more years.

The biggest risk to global and U.S. economic growth is posed by the European sovereign debt crisis. The banking crisis and recession have left several "peripheral" members of the euro currency zone with large national debts and damaged economies. Three of those countries—Greece, Ireland, and Portugal—have received special financing from the European Union and the International Monetary Fund, but the austerity programs required of those countries may be counterproductive to economic growth and their ability to meet future debt obligations. An outright default by any of those countries could destabilize the global financial system much as the investment bank failures did in 2008. While the Comptroller expects a satisfactory resolution of sovereign debt problems, the risk to the worldwide economic recovery must be recognized.

A second risk is represented by the contentious Congressional negotiations regarding the U.S. Government's statutory debt limit. A default by the U.S. Treasury on its debt obligations, even if for political rather than economic reasons, could potentially roil global financial markets and damage the recovery. Furthermore, other scenarios, including an interruption of federal transfer payments and other fiscal obligations if the debt limit is not raised, or sharp cutbacks in federal spending even if it is, could have adverse consequences for the national recovery in the second half of 2011.

Table 8 shows the Comptroller's and the Mayor's forecast of five economic indicators for 2011 to 2015.

**Table 8. Selected NYC and the U.S. Economic Indicators, Annual Averages, Comptroller and Mayor's Forecasts, 2011-2015**

Selected NYC Economic Indicators, Annual Averages		2011	2012	2013	2014	2015
Real GCP, (2005 \$),	Comptroller	2.9	2.9	3.1	3.1	3.1
% Change	Mayor	0.7	0.9	1.8	2.7	2.4
Payroll Jobs,	Comptroller	30.0	45.0	55.0	65.0	60.0
Change in Thousands	Mayor	28.0	29.0	32.0	47.0	51.0
Inflation Rate	Comptroller	2.5	2.1	2.2	2.3	2.6
Percent	Mayor	3.0	2.2	2.0	2.4	2.4
Wage-Rate Growth,	Comptroller	2.5	3.2	3.5	3.8	3.6
Percent	Mayor	3.2	1.6	2.2	2.9	3.1
Unemployment Rate,	Comptroller	8.7	8.4	7.6	6.8	5.9
Percent	Mayor	NA	NA	NA	NA	NA
Selected U.S. Economic Indicators, Annual Averages		2011	2012	2013	2014	2015
Real GDP, (2005 \$),	Comptroller	2.4	2.8	3.1	3.2	3.3
% Change	Mayor	2.7	2.8	2.9	3.6	3.2
Payroll Jobs,	Comptroller	1.4	2.0	2.2	2.4	2.2
Change in Millions	Mayor	1.5	2.3	2.4	3.0	2.7
Inflation Rate	Comptroller	2.7	2.1	2.2	2.2	2.6
Percent	Mayor	3.1	1.9	1.8	2.2	2.2
Fed Funds Rate,	Comptroller	0.1	0.4	1.5	3.2	4.1
Percent	Mayor	0.2	1.2	3.4	3.6	4.7
10-Year Treasury Notes,	Comptroller	3.5	4.4	4.5	5.0	5.4
Percent	Mayor	3.7	4.2	4.6	4.8	5.6

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. Mayor=forecast by the NYC Office of Management and Budget in the June 2011 Financial Plan Forecast Documentation. GCP=Gross City Product. NA=not available.

## **IV. Revenue Assumptions**

City-fund revenues are expected to improve as the economy continues to recover. However, in the FY 2012 Adopted Budget and Financial Plan, total revenues are projected to decline, on a year-over-year basis, by \$509 million in FY 2012 to \$65.9 billion. The reduction stems mostly from a significant drop in expected Federal categorical grants. Over FYs 2011-15, total revenue is forecast to increase just 5.4 percent, from \$66.4 billion in FY 2011 to \$70 billion in FY 2015. Tax revenues are projected to comprise 60.5 percent of total revenues in FY 2011, growing to 66.3 percent of total revenues by FY 2015. Property tax revenues are projected to grow from \$17.1 billion in FY 2011 to \$19.3 billion in FY 2015, while non-property tax revenues are expected to grow faster, from \$23.1 billion in FY 2011 to \$27.1 billion in FY 2015.

Excluding intra-City revenues, the City expects FY 2012 miscellaneous revenues to reach \$4.4 billion and to grow only slightly to \$4.5 billion by FY 2015. In the current Financial Plan, however, the City does not recognize over \$1 billion in potential revenues the City could raise starting in FY 2013 from the sales of taxi medallions. Miscellaneous revenues are projected to comprise approximately 6.6 percent of total revenues throughout the Plan period.

In FY 2012, the City expects to receive \$1.8 billion less in Federal categorical grants than in FY 2011, mainly due to the expiration of Federal Stimulus funds, resulting in a decline of more than \$1.3 billion. Moreover, because the City does not assume Federal aid for various categories until final appropriations are determined, certain Federal funds are not accounted for in the FY 2012 Adopted Budget. The Adopted Budget also shows a decline of over \$500 million in State support in FY 2012 stemming from the impact of the final State budget. In the outyears of the Plan, Federal and State grants are projected to fall from \$20 billion in FY 2011 to \$17.48 billion in FY 2013 and then to remain flat thereafter. This flat trend is mainly attributable to the City's conservative stance with regards to its outlook on State aid, given the State's current budget difficulties.

### **Tax Revenues**

In the FY 2012 Adopted Budget and Financial Plan, the City projects total tax revenues of \$42.04 billion in FY 2012, an increase of \$1.9 billion from the FY 2011 forecast. Non-property tax revenues are estimated to grow 4.7 percent in FY 2012 while property tax revenues are expected to grow 4.5 percent. Total tax revenues are forecast to grow from \$40.18 billion in FY 2011 to \$46.39 billion by FY 2015, as shown in Table 9. From FY 2011 through FY 2015, average annual growth rate in total tax revenues is projected at 3.7 percent.<sup>2</sup>

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<sup>2</sup> 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 School Tax Relief (STAR) reimbursement.

**Table 9. NYC Tax Revenues, City Forecast, FYs 2011-2015**

(\$ in millions)

	Forecast Annual Revenues					Change FYs 2011-15	Average Annual Growth
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015		
Property	\$17,079	\$17,838	\$18,417	\$18,844	\$19,274	\$2,195	3.1%
Non-Property	23,102	24,199	25,030	25,773	27,118	4,016	4.1%
<b>Total</b>	<b>\$40,181</b>	<b>\$42,037</b>	<b>\$43,447</b>	<b>\$44,617</b>	<b>\$46,392</b>	<b>\$6,211</b>	<b>3.7%</b>

Source: NYC Office of Management and Budget.

## Changes in Tax Revenue Forecasts

In the FY 2012 Adopted Budget, projected tax revenues have decreased by just \$60 million compared with the FY 2012 Executive Budget. The decrease reflects a downward revision to the property tax revenue due to a minor reduction in the property tax levy, somewhat offset by a decrease in the reserve for uncollectible taxes in FY 2012. The levy decrease is a result of normal adjustments in market values in transitioning from the Tentative Assessment Roll to the Final Assessment Roll which was released on May 27, 2011. With the exception of the property tax forecast for FYs 2012 through FY 2015, the City did not revise any other tax revenue forecast since the May Plan.

## Tax Revenues Trends

Total tax revenue is projected to increase \$6.2 billion from FY 2011 to FY 2015, reflecting an average annual growth rate of 3.7 percent. Over this period, non-property tax revenues are expected to increase \$4 billion, growing at an average annual rate of 4.1 percent, while property tax revenues are forecast to grow \$2.2 billion at an average annual rate of 3.1 percent.

As Table 10 shows, total tax revenue collections are expected to grow 4.6 percent in FY 2012, 3.4 percent in FY 2013, 2.7 percent in FY 2014 and 4.0 percent in FY 2015. Growth in property tax revenues is expected to decelerate in the outyears, reflecting the City's anticipation of higher interest rates which are expected to increase capitalization rates and put downward pressure on Class 2 and Class 4 market value growth. Nevertheless, the increase in FY 2012 assessment values for Class 2 and 4 properties is expected to build-up the "pipeline" enough to provide stable revenue growth in property tax collections over the Financial Plan period.<sup>3</sup>

The City expects Personal Income Tax (PIT) revenues to grow at a healthy 8.0 percent in FY 2012, reflecting continued growth in the national and local economies. PIT revenue growth is expected to slow in FY 2013 and decline further in FY 2014 before rebounding in FY 2015. The City believes that the scheduled expiration of the Bush tax cuts at the end of calendar year (CY) 2012 will accelerate capital gains

<sup>3</sup> Class 1 properties are valued based on sales of comparable properties. Class 2 and Class 4 properties are valued based on the capitalization of income.

realizations into tax liability year 2012, resulting in a spike in FY 2013 PIT revenues and a corresponding slowdown in revenue growth the following year. PIT revenue is expected to grow at an average annual rate of 5.4 percent during FYs 2011-15.

Business tax revenues are expected to grow by 8.3 percent in FY 2012 driven mainly by growth in projected General Corporation Tax (GCT) revenues. The growth slows significantly in FY 2013, and remains moderate in the outyears mostly due to a continued decline in projected Banking Corporation Tax (BCT) revenues in FYs 2013-14 and to much slower growth in estimated GCT collections over the Plan period. Business income tax collections are expected to grow at an average annual rate of 3.8 percent during FYs 2011-15.

Sales tax revenue is expected to grow 4.9 percent in FY 2012, reflecting continued job and income expansion as well as continued strength in the tourism sector. Throughout the Plan period, the City expects sales tax revenue to grow at a steady pace, averaging 4.2 percent annually between FYs 2011-15.

Collections from real-estate-related taxes, which include real property transfer and mortgage recording tax revenues, are projected to rise 6.0 percent in FY 2012 reflecting mainly an increase in projected commercial mortgage revenues. Despite the projected healthy growth, FY 2012 real-estate-related tax revenue collections are expected to be less than half the peak value of \$3.3 billion reached in FY 2007. Real-estate-related tax revenues are projected to grow on average 8.3 percent annually during FYs 2012-15.

**Table 10. City's Tax Revenue Forecast, Growth Rate, FYs 2011 – 2015**

	<b>FYs 2011-12</b>	<b>FYs 2012-13</b>	<b>FYs 2013-14</b>	<b>FYs 2014-15</b>	<b>Average Growth</b>
Property	4.5%	3.2%	2.3%	2.3%	3.1%
PIT	8.0%	5.7%	1.5%	6.6%	5.4%
Business	8.3%	1.8%	1.9%	3.3%	3.8%
Sales	4.9%	3.2%	4.4%	4.5%	4.2%
Real-Estate Transaction	6.0%	2.7%	12.7%	12.1%	8.3%
All Other	(1.7%)	0.4%	3.1%	3.1%	1.2%
Total Tax with Audit	4.6%	3.4%	2.7%	4.0%	3.7%

### **Risks and Offsets to the City's Tax Revenue Assumptions**

Apart from a minor adjustment to the FY 2012 property tax revenue forecast, the City made no changes to its FYs 2012-15 tax revenue forecast in the June Plan. With the exception of the business tax revenues forecasts, the Comptroller's Office risks and offsets for the remaining tax revenue forecasts remain virtually unchanged from the projections included in the analysis of the City's Executive Budget. The Comptroller's Office projections of risks and offsets to the City's tax revenue assumptions are illustrated in Table 11.

**Table 11. Risks and Offsets to the City's Revenue Projections**

(\$ in millions)

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Property	\$0	(\$39)	(\$17)	\$14
PIT	(27)	65	314	191
Business	(231)	(116)	95	252
Sales	0	19	87	156
Real-Estate-Related	<u>140</u>	<u>318</u>	<u>308</u>	<u>325</u>
<b>Total</b>	<b>(\$118)</b>	<b>\$247</b>	<b>\$787</b>	<b>\$938</b>

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

For FY 2012, the Comptroller's Office expects overall tax revenue collections to be \$118 million lower than the City's forecast. The risk is mostly due to lower estimates for business tax revenues, partially offset by higher forecasts for real-estate-related tax revenues. The Comptroller believes that FY 2012 collections from both the GCT and the BCT will be lower than the City's forecast, reflecting slightly lower non-financial corporate profits and continued constraints on bank profits. The Comptroller anticipates that regulatory changes will constrain bank profits while legacy issues resulting from the pre-2008 mortgage boom will continue to impact bank income on both an operating and legal basis.

The Comptroller's Office forecasts for real-estate-related tax revenues are significantly higher than the City's. Now that commercial property values have rebounded, the Comptroller expects investors' need to rebalance real estate portfolios will promote a greater number of transactions. Although the Comptroller is concerned that Congressional efforts to eliminate or reform Fannie Mae and Freddie Mac will impede home buying in New York City, the natural resiliency of the market will nevertheless result in a growing number of residential transactions and strengthening prices.

For FY 2013 through FY 2015, the Comptroller's Office projects net offsets to grow from \$247 million to \$938 million. In FY 2013, the net offset is mainly due to a higher forecast for the real-estate-related tax revenues, somewhat offset by lower forecasts for the property and the business tax revenues. For FYs 2014-2015, aside from a slightly lower forecast for the property tax revenue in FY 2014, the Comptroller's Office projects offsets for all other major tax revenue categories.

## **Miscellaneous Revenue**

Excluding intra-City revenues, the Adopted FY 2012 miscellaneous revenue projection of \$4.38 billion is only \$81 million higher than the FY 2011 forecast and \$23 million above the previous FY 2012 forecast included in the Executive Budget. Table 12 shows the City's latest miscellaneous revenue forecast.

**Table 12. Changes in FY 2012 Estimates  
May 2011 vs. June 2011**

(\$ in millions)

	<b>May 2011</b>	<b>June 2011</b>	<b>Change</b>
Licenses, Franchises, Etc.	\$521	\$527	\$6
Interest Income	34	34	0
Charges for Services	795	795	0
Water and Sewer Charges	1,435	1,439	4
Rental Income	250	257	7
Fines and Forfeitures	814	814	0
Other Miscellaneous	534	540	6
<b>Total</b>	<b>\$4,383</b>	<b>\$4,406</b>	<b>\$23</b>

Source: NYC Office of Management and Budget.

The City increased its forecast for licenses and franchises by \$6.2 million annually to reflect legislation authorizing the City to issue permits to owners of for-hire vehicles. The legislation allows such vehicles to pick up passengers by street hail in parts of New York City outside Manhattan, excluding airports, and in Manhattan north of East 96th Street and north of West 110th Street.<sup>4</sup> The legislation allows the City to issue up to 30,000 permits, renewable every three years, for a fee of \$1,500. For-hire vehicle base stations will also be issued permits for a fee of \$3,000. The current forecast assumes that over the Plan period, the City will issue about half the total number of allowed permits.

The aforementioned legislation also authorizes the City to issue 1,500 additional taxicab licenses and requires 569 of those additional licenses to be for accessible taxicabs. The additional taxi medallions may be issued on or after July 1, 2012. Revenues from the sale of these medallions are not reflected in the current Financial Plan and could potentially generate over \$1 billion starting in FY 2013.

The forecast for the largest miscellaneous revenue category, water and sewer charges, increased by \$4 million. The bulk of these revenues however, are the result of reimbursements for expenses related to the provision of water and sewer services and therefore, are not available for general operating purposes.

The City's forecast of rental income increased by \$7 million to reflect a projected increase in income from extended school use.

The forecast for the category "other miscellaneous" was also revised due to a \$6 million remittance of a security deposit from the New York City Housing Development Corporation (HDC). Including asset sales, non-recurring resources in the current FY 2012 miscellaneous revenue budget are projected to be under \$30 million. This is in contrast to the nearly \$200 million in one-time revenues included in the FY 2011 miscellaneous revenue budget which were primarily the result of two large one-time distributions of funds resulting from the settlement of the Credit Suisse litigation and funding from the Battery Park City Authority (BPCA), totaling \$137 million.

<sup>4</sup> While the legislation has passed both the Senate and the Assembly it has not yet been enacted.



Excluding intra-City revenues, the City expects miscellaneous revenues to remain stable averaging \$4.5 billion throughout the Plan period.

## **Federal and State Aid**

The FY 2012 Adopted Budget projects total Federal and State aid of \$17.7 billion, reflecting a decline of nearly \$2.3 billion from the FY 2011 estimates of \$20 billion. The decline is mainly attributable to the expiration of Federal Stimulus funds and reduced State support for social services spending. In FY 2012, Federal and State grants would constitute nearly 27 percent of the City's budget. Overall, about 83 percent of Federal and State aid is allocated towards the major budget functions of education and social services.

Compared to the Executive Budget, Federal and State aid estimates for FY 2012 have risen by \$169 million. The additional funding stems mostly from the recognition of Federal education funding for the Race to the Top program (\$86 million), Federal reimbursement for early retiree reinsurance (\$50 million), and State support for various health and mental health services (\$10 million).

The City anticipates the declining trend in Federal and State support to continue in the outyears. The City projects that Federal and State grants would fall to \$17.48 billion in FY 2013 and then remain relatively flat through FY 2014 and FY 2015, reaching \$17.42 billion by the end of the Plan. In contrast, the expense budget is expected to grow from \$65.9 billion to \$74.9 billion between FY 2012 and FY 2015. As a result, Federal and State support of the City's budget would drop sharply from 26.9 percent in FY 2012 to 24.4 percent in FY 2013 and is expected to drift further to 23.2 percent by FY 2015.

## V. Expenditure Analysis

Total-funds expenditures, net of the impact of prepayments, are projected to grow from \$69.65 billion in FY 2012 to \$74.92 billion in FY 2015, a growth of 7.6 percent. During this same time period, revenues are only projected to grow by 6.2 percent. Spending on health insurance, debt service and J&C are projected to grow the fastest, with a collective growth of 25.2 percent from FY 2012 to FY 2015, as shown in Table 13. Spending in these categories is estimated to increase from 16.1 percent of the budget in FY 2012 to 18.8 percent by FY 2015. Spending in all other areas are projected to grow 2.9 percent over this period.

**Table 13. FYs 2012 – 2015 Expenditure Growth**

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015	Growth FYs 12–15	Annual Growth
Health Insurance	\$4,758	\$5,127	\$5,534	\$6,037	26.9%	8.3%
Debt Service	5,813	6,653	6,908	7,265	25.0%	7.7%
Judgments and Claims	655	685	718	754	15.1%	4.8%
<b>Subtotal</b>	<b>\$11,226</b>	<b>\$12,465</b>	<b>\$13,160</b>	<b>\$14,056</b>	<b>25.2%</b>	<b>7.8%</b>
Salaries and Wages	\$21,205	\$20,987	\$21,092	\$21,085	(0.6%)	(0.2%)
Pensions <sup>a</sup>	8,300	8,445	8,455	8,822	6.3%	2.1%
Other Fringe Benefits	3,156	3,175	3,293	3,342	5.9%	1.9%
Medical Assistance	6,341	6,359	6,463	6,643	4.8%	1.6%
Public Assistance	1,385	1,365	1,365	1,365	(1.4%)	(0.5%)
Other OTPS	18,832	18,905	19,413	19,859	5.4%	1.8%
<b>Subtotal</b>	<b>\$59,219</b>	<b>\$59,236</b>	<b>\$60,081</b>	<b>\$61,116</b>	<b>2.9%</b>	<b>1.0%</b>
MA FMAP Increase	(\$124)	(\$32)	\$0	\$0	(100.0%)	(100.0%)
Retiree Health Benefit Trust	(\$672)	\$0	\$0	\$0	(100.0%)	(100.0%)
Pension Reform	\$0	\$0	(\$131)	(\$252)	N/A	N/A
<b>Total Expenditure</b>	<b>\$69,649</b>	<b>\$71,669</b>	<b>\$73,110</b>	<b>\$74,920</b>	<b>7.6%</b>	<b>2.5%</b>

<sup>a</sup> Pension contributions in FYs 2014 and 2015 do not include pension reform savings.

### Overtime

The City has budgeted \$843 million for overtime expenditures in FY 2012, about \$18 million more than the FY 2011 Executive Budget forecast. The increase reflects an upward adjustment to uniformed fire officers overtime estimate, resulting mainly from the City Council's restoration, in FY 2012, of 20 fire companies schedule for closing. The FY 2012 overtime projection is \$374 million or 31 percent lower than the expected spending for FY 2011. In recent fiscal years, overtime expenditures have been averaging above \$1 billion annually. The Comptroller's office estimates that overtime spending could be higher than budgeted by at least \$210 million in FY 2012, as shown in Table 14.

**Table 14. Projected Overtime Spending, FY 2012**

(\$ in millions)

	<b>City Planned Overtime FY 2012</b>	<b>Comptroller's Projected Overtime FY 2012</b>	<b>FY 2012 Risk</b>
Uniform			
Police	\$330	\$475	(\$145)
Fire	161	161	0
Correction	69	100	(31)
Sanitation	64	64	0
Total Uniformed	\$624	\$800	(\$176)
Others			
Police-Civilian	\$46	\$80	(\$34)
Admin for Child Svcs.	12	12	0
Environmental Protection	22	22	0
Transportation	34	34	0
All Other Agencies	105	105	0
Total Civilians	\$219	\$253	(\$34)
<b>Total City</b>	<b>\$843</b>	<b>\$1,053</b>	<b>(\$210)</b>

As in the past, most of the risk to the overtime budget stems from expected overtime spending at the Police Department. Uniformed police officers overtime expenditures averaged \$433 million annually between FYs 2008 and 2010 and preliminary figures indicate that FY 2011 spending is expected to total about \$469 million. The Comptroller's Office expects police uniformed overtime spending to remain relatively flat in FY 2012 at \$475 million, \$145 million higher than the City's estimate.

Civilian overtime in the Police Department was approximately \$80 million for FY 2011. It is expected that this level will continue in FY 2012 posing a risk to the budget of \$34 million.

The Comptroller's Office also expects FY 2012 uniformed overtime spending in the Department of Correction (DOC) to exceed the City's estimate by \$31 million. DOC has spent \$100 million on uniformed overtime in FY 2011.

## **Labor**

In the June 2011 Financial Plan, the City has removed funding for a 1.25 percent wage increase for the third year of the current round of collective bargaining. This action reduces the labor reserve by \$20 million in FY 2012, \$107 million in FY 2013, \$224 million in FY 2014, and \$311 million in FY 2015. The City had previously removed funding for wage increases in the first two years of the current round of collective bargaining. The latest action effectively freezes wages for the first three years of collective bargaining. It is expected that the City will propose contracts that are similar to the recent wage agreement between the Civil Service Employees Association (CSEA)

and New York State. The tentative five-year agreement between CSEA and New York State includes a freeze on wages for three years with increases of 2.0 percent in the fourth and fifth year. The City's labor reserve still contains funding for annual wage increases of 1.25 percent beyond the three-year period. Including pension, the full-year cost of a 1.0 percent wage increase for all employees would total approximately \$300 million.

The City continues to assume that any wage increase for employees represented by the United Federation of Teachers (UFT) and the Council of School Supervisors & Administrators (CSA) will be funded by productivity initiatives. As discussed in "Risks and Offsets" beginning on page 7, the Comptroller's Office believes that the assumption of no wage increases poses a risk to the budget mainly because other municipal unions settled for two annual wage increases of 4.0 percent in corresponding rounds of collective bargaining.<sup>5</sup>

## **Pensions**

The FY 2012 Adopted Budget projects pension expenditures of \$8.3 billion in FY 2012 growing to \$8.6 billion by FY 2015. The current projections do not include the impact of actuarial investment gains for FY 2011. Preliminary results indicate that the pension investments realized a gain of approximately 23 percent for FY 2011. Under current actuarial methods and assumptions any pension investment returns above the AIRA of 8.0 percent on June 30, 2011 will be phased in beginning in FY 2013.<sup>6</sup>

Projections for pension contributions in FY 2012 through FY 2015 include reserves of \$1 billion annually to fund potential changes in actuarial assumptions and methods. The Hay Group ("Hay"), pursuant to Chapter 96 of the New York City Charter, was engaged by the Comptroller's Office to conduct two consecutive biennial independent actuarial audits. The first audit was completed in FY 2010 and Hay is in the process of completing the second audit. Although Hay has indicated that valuations completed by the Office of the Actuary are sound and accurate, the auditor has identified certain trends that have resulted in preliminary recommendations to modify certain underlying assumptions and methods used to calculate pension costs. The areas for which modifications are being recommended include the actuarial interest rate assumption (AIRA), mortality improvements, service retirements, and active member withdrawals. The City's Chief Actuary is reviewing Hay's findings and recommendations. It is expected that the Actuary will recommend modifications to the actuarial assumptions and

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<sup>5</sup> The UFT and CSA contracts are one round behind settlements for the other unions.

<sup>6</sup> The Chief Actuary calculates expected investment returns based on the actuarial asset values. The current actuarial asset valuation method used to calculate employer contributions includes an actuarial interest rate assumption (AIRA) of 8.0 percent. Returns above or below the AIRA for a given fiscal year are phased in over a six-year period in conjunction with the One-Year Lag Methodology (OYLM) implemented beginning FY 2006. As of June 30, 2010, the actuarial asset values were higher than the market values. Our analysis indicates that a 23 percent gain on market values is approximately 19 percent gain on the actuarial asset values.

methods upon completing his review of Hay’s recommendations. These changes could significantly affect pension costs beginning in FY 2012.

Pension cost projections in FYs 2014 and 2015 includes savings of \$131 million and \$252 million, respectively from pension reforms. However, the City has not provided any details on the reforms or how the projected savings will be achieved.<sup>7</sup> As discussed in “Risks and Offsets” beginning on page 7, without any further development on pension reforms, the assumed savings represent a risk to the FYs 2014 and 2015 pension contribution projections.

## Health Insurance

The June 2011 Financial Plan projects that the City’s spending for employee and retiree health insurance is expected to increase at an average rate of 13.9 percent from \$4.086 billion in FY 2012 to \$6.037 billion in FY 2015. The FY 2012 cost is reduced by the use of \$672 million from the Retiree Health Benefits Trust Fund (RHBT) to pay for retiree pay-as-you-go health insurance.<sup>8</sup> After adjusting for this initiative, the City’s FY 2012 health insurance cost is \$4.758 billion as shown in Table 15. The projections reflect premium rate increases of 9.8 percent for FY 2012, 9.5 percent for FY 2013, and 9.0 percent annually for FYs 2014 and 2015.

**Table 15. Pay-As-You-Go Health Expenditures**

(\$ in millions)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Education	\$1,720	\$1,854	\$1,943	\$2,023	\$2,172
CUNY	51	41	44	45	44
All Other	<u>2,217</u>	<u>2,191</u>	<u>3,140</u>	<u>3,466</u>	<u>3,821</u>
Total Pay-As-You-Go Health Insurance Costs	\$3,988	\$4,086	\$5,127	\$5,534	\$6,037
Adjustment for RHBT payment	<u>395</u>	<u>672</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Total	\$4,383	\$4,758	\$5,127	\$5,534	\$6,037

FY 2012 health insurance projection is \$15 million higher than the Executive Budget. The increase in FY 2012 mainly reflects the health insurance cost associated with the restoration of teaching positions offset partially by Senior Care rate savings. More than one-third of the teacher restoration does not extend beyond 2012. In addition, Senior Care rate savings are expected to increase in each of the outyears. Mainly as a result of these changes, projected health insurance spending in the outyears have been revised downward by \$3 million in FY 2013, \$6 million in FY 2014, and \$15 million in FY 2015.

<sup>7</sup> The Governor introduced a pension reform bill in June 2011 that contains a provision for New York City pension reform. However, there has been no further development on the bill.

<sup>8</sup> The RHBT assets were reduced by \$82 million in FY 2010, \$395 million in FY 2011, and \$672 million in FY 2012 to partially offset additional pension expenditures that resulted from pension investment returns below the Actuarial Investment Rate Assumption (AIRA) in FY 2008 and FY 2009.

The City anticipates receiving \$50 million in both FY 2011 and FY 2012 under the Federal Government Early Retiree Reinsurance Program (ERRP). The ERRP was established as a temporary program as part of the Affordable Care Act enacted on March 23, 2010. The goal of the ERRP program is to provide financial assistance to health plan sponsors that make health coverage available to retirees in the early retiree age group of 55 to 64 years. The funds received must be used to offset health insurance costs. So far the City has received approximately \$10 million under this program and is in the process of submitting paperwork for additional funding.

## **Headcount**

The FY 2012 Adopted Budget headcount plan includes City-funded full-time headcount of 229,370. This is a net reduction of 4,754 from estimated June 30, 2011 City-funded full-time headcount of 234,124. Year-end full-time headcount is expected to decrease modestly to 227,895 in FY 2013, remain relatively flat in FY 2014, before declining to 224,826 in FY 2015, as shown in Table 16 on page 22.

The headcount plan for FY 2012 reflects the rescindment of the layoff of 4,666 pedagogical positions in the DOE, at an estimated cost of \$314 million. As shown in Table 16 on page 22, only \$61 million of additional City levy is required to support these restorations with the remaining cost funded with cost reductions and savings within the DOE, transfer of unused funds from the ECF and savings from higher than expected attrition. Attrition for FY 2012 is now expected to be 1,100 higher than assumed in the Executive Budget. Savings from the additional attrition will allow the City to avert the layoff of 1,416 teachers, resulting in a net increase of 3,566 pedagogical headcount from the Executive Budget.<sup>9</sup>

In addition to the restored pedagogical positions in the DOE, the current headcount plan also includes the restoration of 505 uniformed positions in the Fire Department (FDNY) as a result of the City Council's restoration, for FY 2012, of 20 fire companies that were scheduled to be closed.

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<sup>9</sup> The average salary of the positions vacated through attrition is higher than the average salary of the positions scheduled for layoffs.

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

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Pedagogical</b>					
Dept. of Education	92,892	89,814	88,721	88,571	85,643
City University	3,191	3,150	3,150	3,150	3,150
Sub-total	<b>96,083</b>	<b>92,964</b>	<b>91,871</b>	<b>91,721</b>	<b>88,793</b>
<b>Uniformed</b>					
Police	33,814	34,309	34,309	34,309	34,309
Fire	10,879	10,779	10,274	10,274	10,274
Corrections	8,638	8,404	8,404	8,404	8,404
Sanitation	6,875	6,822	7,067	7,027	7,027
Sub-total	<b>60,206</b>	<b>60,314</b>	<b>60,054</b>	<b>60,014</b>	<b>60,014</b>
<b>Civilian</b>					
Dept. of Education	9,564	8,756	8,748	8,748	8,748
City University	1,607	1,590	1,550	1,550	1,550
Police	14,358	14,037	14,047	14,047	14,047
Fire	4,806	4,788	4,773	4,758	4,746
Corrections	1,688	1,705	1,689	1,689	1,689
Sanitation	1,864	1,865	1,923	1,923	1,923
Admin for Children's Services	5,833	6,470	6,336	6,336	6,336
Social Services	10,475	10,617	10,402	10,347	10,347
Homeless Services	1,881	1,865	1,883	1,883	1,883
Health and Mental Hygiene	3,677	3,542	3,537	3,537	3,537
Finance	2,036	1,965	1,965	1,965	1,965
Transportation	2,056	1,901	1,971	2,103	2,103
Parks and Recreation	2,908	2,187	2,456	2,458	2,461
All Other Civilians	15,082	14,804	14,690	14,673	14,684
Sub-total	<b>77,835</b>	<b>76,092</b>	<b>75,970</b>	<b>76,017</b>	<b>76,019</b>
<b>Total</b>	<b>234,124</b>	<b>229,370</b>	<b>227,895</b>	<b>227,752</b>	<b>224,826</b>

As shown in Table 17, City-funded full-time equivalent (FTE) headcount is expected to total 24,480 in FY 2012. FTE headcount is projected to decrease by 839 in FY 2013 and then remain relatively flat for the remainder of the Plan period.

**Table 17. City-Funded FTE Year-End Headcount Projections**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Pedagogical</b>					
Dept. of Education	553	553	553	553	553
City University	2,053	1,925	1,925	1,925	1,925
Sub-total	<b>2,606</b>	<b>2,478</b>	<b>2,478</b>	<b>2,478</b>	<b>2,478</b>
<b>Civilian</b>					
Dept. of Education	13,141	13,417	13,417	13,417	13,417
City University	620	593	593	593	593
Police	1,535	1,488	1,488	1,488	1,488
Health and Mental Hygiene	1,132	1,247	1,246	1,247	1,247
Parks and Recreation	2,960	2,604	2,112	2,113	2,112
All Other Civilians	2,618	2,653	2,307	2,305	2,307
Sub-total	<b>22,006</b>	<b>22,002</b>	<b>21,163</b>	<b>21,163</b>	<b>21,164</b>
<b>Total</b>	<b>24,612</b>	<b>24,480</b>	<b>23,641</b>	<b>23,641</b>	<b>23,642</b>

## Department of Education

In the Adopted Budget, the City projects the Department of Education will begin FY 2012 with an operating budget of \$19.42 billion, an increase of about \$518 million over an estimated budget of \$18.91 billion for FY 2011. The changes stemming from the FY 2012 budget adoption constitute a net increase of about \$205 million in the Department's funding compared with the Executive Budget projection of \$19.22 billion. The new funding provided in the Adopted Budget has enabled the DOE to avert substantial teacher layoffs.

The restored funding includes a City-funds increase of \$79 million, which includes \$13 million City Council initiatives and a net tax-levy contribution of \$61 million. The Adopted Budget also recognizes additional Federal assistance of \$92 million almost entirely from the recognition of Race to the Top grants and a transfer from the Education Construction Fund of \$32 million.

In addition to these changes, a host of savings actions totaling about \$204 million have been redirected to minimize cuts to school budgets and thus retain teaching positions. Chief among these actions is the revision of the DOE's attrition savings estimate, which now puts the total number of teachers that are expected to retire or leave the Department voluntarily at 2,600. This latest assumption represents an increase of 1,100 teachers, or \$96 million in savings, from the PEG target assumed in the Executive Budget. The United Federation of Teachers (UFT) has also agreed to reforms of the Absent Teacher Reserve that would generate \$40 million in savings.<sup>10</sup> Further, the Department has identified \$68 million in savings from lower-than-expected inflation for

<sup>10</sup> The UFT has also agreed to suspend teacher sabbaticals for one year in FY 2013, producing a one-time savings of \$17 million. The City has advanced the use of these savings by applying a corresponding credit towards FY 2012 as part of the new funding reflected in the Adopted Budget.



transportation costs and other efficiencies that would not impact classroom services. These internal actions, along with the new funding reflected in the Adopted Budget, would enable the Department to restore a net total of 3,843 pedagogical positions to the Department's headcount assumptions in FY 2012, compared to projections in the Executive Budget.

In the outyears, funding for the Department is expected to rise to \$19.62 billion in FY 2013, reflecting an increase of \$195 million from the FY 2012 budget. The bulk of this increase would be in City-funds, while State support shows a growth by less than 1.0 percent given the prospects for future school aid receipts. This trend would continue over the remainder of the Plan, as the DOE budget is expected to reach \$20 billion in FY 2014 and of \$20.12 billion by FY 2015. The marginal increase in FY 2015 is partly due to decline in Federal assistance, as funding for the Race to the Top program is expected to expire after FY 2014.

## **Debt Service**

Debt service for General Obligation (G.O.), NYC Transitional Finance Authority (NYCTFA), TSASC, and lease purchase debt, adjusted for prepayments, is estimated to total \$5.887 billion in FY 2012, an increase of \$836 million from FY 2011. Debt service is projected to grow by 45.3 percent from FY 2011 to \$7.34 billion by FY 2015.

The City's debt service projections do not include the scheduled borrowing over the Financial Plan period of \$4.15 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.<sup>11</sup>

As shown in Table 18, G.O. debt service is estimated to increase \$1.04 billion, or 28.3 percent, from FY 2011 to FY 2015. This increase is driven primarily by projected new G.O. borrowing of \$9.86 billion in FYs 2012 through 2015, resulting in additional debt service of approximately \$620 million per year by FY 2015; coupled with \$117 million in debt service increases as a result of FY 2011 borrowings; and a \$238 million increase in forecasted variable rate demand bond (VRDB) interest costs from the exceptionally low variable rate interest levels experienced in FY 2011. 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 this will occur again each year, subject to market conditions.

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<sup>11</sup> The \$4.15 billion in estimated BARBs issuance is part of the State of New York's intended commitment to share 50 percent of the NYC Dept. of Education's Capital Plan on a continuous basis.

**Table 18. FYs 2011–2015 Debt Service Estimates**

(\$ in millions)

Debt Service Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Change FYs 2011 – 2015
G.O. <sup>a</sup>	\$3,668	\$3,968	\$4,444	\$4,525	\$4,705	\$1,037
NYCTFA <sup>b</sup>	1,101	1,565	1,871	2,050	2,235	1,134
Lease-Purchase Debt	214	280	338	333	325	111
TSASC, Inc.	68	74	74	75	75	7
<b>Total</b>	<b>\$5,051</b>	<b>\$5,887</b>	<b>6,727</b>	<b>\$6,983</b>	<b>\$7,340</b>	<b>\$2,289</b>

SOURCE: June 2011 Financial Plan.

NOTE: Debt Service is adjusted to net out the impact of prepayments.

<sup>a</sup> Includes long-term G.O. debt service and interest on short-term notes.

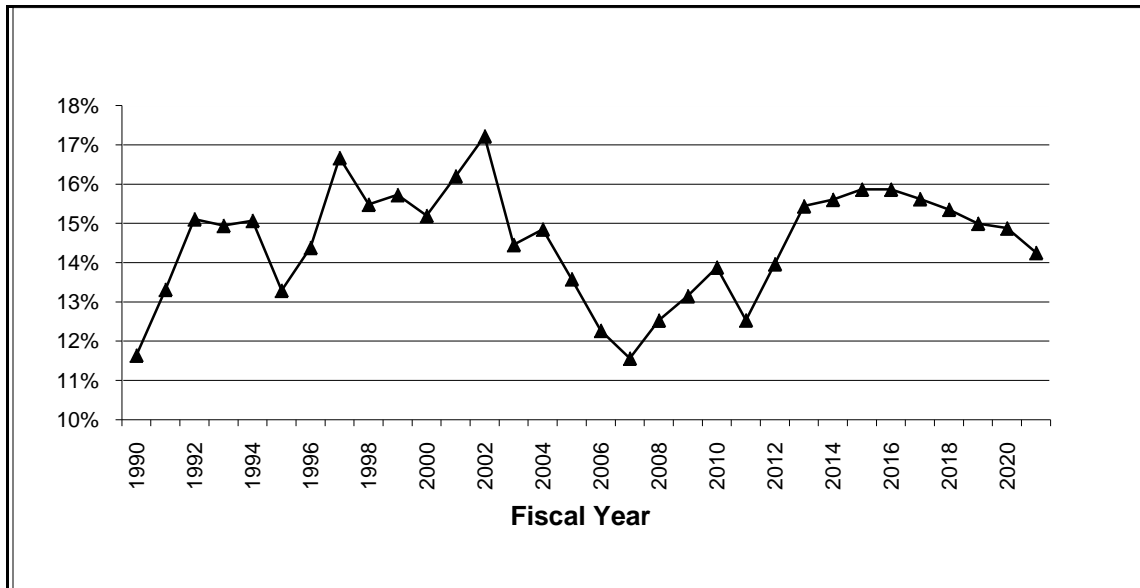
<sup>b</sup> Amounts do not include NYCTFA building aid revenue bonds debt service.

NYCTFA debt service is expected to grow by \$1.13 billion from FYs 2011 – 2015, or 103 percent over the period. Planned NYCTFA borrowing of \$9.86 billion over the Plan accounts for an estimated increase of almost \$606 million in NYCTFA debt service costs by FY 2015. The remaining change, similar to GO, would come primarily from differences in VRDB costs, and the differing impact of FY 2011 NYCTFA borrowing in FY 2015.

### Debt Burden

As shown in Chart 1, debt service as a percent of local tax revenues is projected to be 12.6 percent in FY 2011, rising to 15.8 percent by FY 2015. This increase results from projected debt service growth outpacing estimated growth in local tax revenues. Local tax revenues are projected to grow at an annual rate of 3.7 percent while debt service is estimated to grow at an annual rate of 9.8 percent from FY 2011 to FY 2015. Beyond FY 2015, however, debt service growth is projected to stabilize and average about 1.6 percent annually from FYs 2015 – 2021, resulting in average annual growth of 4.8 percent from FY 2011 through FY 2021. Outyear debt service growth, however, might be understated as subsequent capital plans are likely to increase capital spending above current estimates in the coming years.

**Chart 1. Total Debt Service as a Percentage of Local Tax Revenues,  
FYs 1990-2021**



SOURCE: June 2011 Financial Plan, Office of Management & Budget, June 2011.

## VI. Appendix – Revenue and Expenditure Details

*Table A1. FY 2012 Adopted Budget Revenue Detail*

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015	Change FYs 2012-15	
					Dollar	Percent
<b>Taxes:</b>						
Real Property	\$17,838	\$18,417	\$18,844	\$19,273	\$1,435	8.0%
Personal Income Tax	\$8,749	\$9,248	\$9,385	\$10,009	\$1,260	14.4%
General Corporation Tax	\$2,725	\$2,879	\$2,992	\$3,098	\$373	13.7%
Banking Corporation Tax	\$1,227	\$1,104	\$1,018	\$1,026	(\$201)	(16.4%)
Unincorporated Business Tax	\$1,799	\$1,873	\$1,956	\$2,041	\$242	13.5%
Sale and Use Tax	\$5,797	\$5,984	\$6,246	\$6,526	\$729	12.6%
Real Property Transfer	\$774	\$767	\$853	\$957	\$183	23.6%
Mortgage Recording Tax	\$500	\$541	\$621	\$696	\$196	39.2%
Commercial Rent	\$622	\$642	\$663	\$686	\$64	10.3%
Utility	\$413	\$427	\$440	\$455	\$42	10.2%
Hotel	\$398	\$371	\$388	\$414	\$16	4.0%
Cigarette	\$70	\$68	\$66	\$65	(\$5)	(7.1%)
All Other	\$466	\$468	\$479	\$480	\$14	3.0%
Tax Audit Revenue	\$659	\$658	\$666	\$666	\$7	1.1%
<b>Total Taxes</b>	<b>\$42,037</b>	<b>\$43,447</b>	<b>\$44,617</b>	<b>\$46,392</b>	<b>\$4,355</b>	<b>10.4%</b>
<b>Miscellaneous Revenue:</b>						
Licenses, Franchises, Etc.	\$527	\$529	\$533	\$535	\$8	1.5%
Interest Income	\$34	\$107	\$140	\$165	\$131	385.3%
Charges for Services	\$795	\$812	\$812	\$813	\$18	2.3%
Water and Sewer Charges	\$1,439	\$1,419	\$1,447	\$1,465	\$26	1.8%
Rental Income	\$257	\$256	\$264	\$267	\$10	3.9%
Fines and Forfeitures	\$814	\$812	\$811	\$810	(\$4)	(0.5%)
Miscellaneous	\$540	\$519	\$510	\$482	(\$58)	(10.7%)
Intra-City Revenue	\$1,549	\$1,526	\$1,523	\$1,523	(\$26)	(1.7%)
<b>Total Miscellaneous</b>	<b>\$5,955</b>	<b>\$5,980</b>	<b>\$6,040</b>	<b>\$6,060</b>	<b>\$105</b>	<b>1.8%</b>
<b>Unrestricted Intergovernmental Aid:</b>						
Other Federal and State Aid	\$37	\$12	\$12	\$12	(\$25)	(67.6%)
<b>Total Unrestricted Intergovernmental Aid</b>	<b>\$37</b>	<b>\$12</b>	<b>\$12</b>	<b>\$12</b>	<b>(\$25)</b>	<b>(67.6%)</b>
<b>Other Categorical Grants</b>	<b>\$1,193</b>	<b>\$1,158</b>	<b>\$1,156</b>	<b>\$1,153</b>	<b>(\$40)</b>	<b>(3.4%)</b>
<b>Inter-Fund Agreements</b>	<b>\$549</b>	<b>\$501</b>	<b>\$501</b>	<b>\$501</b>	<b>(\$48)</b>	<b>(8.7%)</b>
<b>Reserve for Disallowance of Categorical Grants</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>\$0</b>	<b>0.0%</b>
<b>Less: Intra-City Revenue</b>	<b>(\$1,549)</b>	<b>(\$1,526)</b>	<b>(\$1,523)</b>	<b>(\$1,523)</b>	<b>\$26</b>	<b>(1.7%)</b>
<b>TOTAL CITY-FUNDS</b>	<b>\$48,207</b>	<b>\$49,557</b>	<b>\$50,788</b>	<b>\$52,580</b>	<b>\$4,373</b>	<b>9.1%</b>

**Table A1 (Con't). FY 2012 Adopted Budget Revenue Detail**

(\$ in millions)

	FY 2012	FY 2013	FY 2014	FY 2015	Changes FYs 2012-15	
					Dollar	Percent
<b>Federal Categorical Grants:</b>						
Community Development	\$235	\$227	\$220	\$220	(\$15)	(6.4%)
Welfare	\$3,137	\$3,117	\$3,114	\$3,114	(\$23)	(0.7%)
Education	\$1,915	\$1,913	\$1,893	\$1,818	(\$97)	(5.1%)
Other	\$1,387	\$1,132	\$1,088	\$1,086	(\$301)	(21.7%)
<b>Total Federal Grants</b>	<b>\$6,674</b>	<b>\$6,389</b>	<b>\$6,315</b>	<b>\$6,238</b>	<b>(\$436)</b>	<b>(6.5%)</b>
<b>State Categorical Grants</b>						
Social Services	\$1,494	\$1,446	\$1,442	\$1,442	(\$52)	(3.5%)
Education	\$8,116	\$8,191	\$8,241	\$8,240	\$124	1.5%
Higher Education	\$212	\$212	\$212	\$212	\$0	0.0%
Department of Health and Mental Hygiene	\$435	\$420	\$419	\$419	(\$16)	(3.7%)
Other	\$773	\$821	\$849	\$867	\$94	12.2%
<b>Total State Grants</b>	<b>\$11,030</b>	<b>\$11,090</b>	<b>\$11,163</b>	<b>\$11,180</b>	<b>\$150</b>	<b>1.4%</b>
<b>TOTAL REVENUES</b>	<b>\$65,911</b>	<b>\$67,036</b>	<b>\$68,266</b>	<b>\$69,998</b>	<b>\$4,087</b>	<b>6.2%</b>

**Table A2. FY 2012 Adopted Budget Expenditure Detail**

(\$ in thousands)

	FY 2012	FY 2013	FY 2014	FY 2015	Change FYs 2012-15	
					Dollars	Percent
Mayoralty	\$91,475	\$89,602	\$89,425	\$89,279	(\$2,196)	(2.4%)
Board of Elections	\$99,688	\$76,595	\$76,595	\$76,595	(\$23,093)	(23.2%)
Campaign Finance Board	\$12,250	\$13,288	\$13,288	\$13,288	\$1,038	8.5%
Office of the Actuary	\$6,055	\$6,109	\$6,109	\$6,109	\$54	0.9%
President, Borough of Manhattan	\$4,226	\$2,721	\$2,727	\$2,727	(\$1,499)	(35.5%)
President, Borough of Bronx	\$5,203	\$3,680	\$3,688	\$3,688	(\$1,515)	(29.1%)
President, Borough of Brooklyn	\$5,209	\$3,390	\$3,398	\$3,398	(\$1,811)	(34.8%)
President, Borough of Queens	\$4,669	\$3,226	\$3,232	\$3,232	(\$1,437)	(30.8%)
President, Borough of Staten Island	\$3,899	\$2,613	\$2,618	\$2,618	(\$1,281)	(32.9%)
Office of the Comptroller	\$73,377	\$74,116	\$74,264	\$74,349	\$972	1.3%
Dept. of Emergency Management	\$30,532	\$13,149	\$6,825	\$6,838	(\$23,694)	(77.6%)
Tax Commission	\$3,859	\$3,863	\$3,863	\$3,863	\$4	0.1%
Law Dept.	\$137,264	\$135,656	\$129,677	\$129,677	(\$7,587)	(5.5%)
Dept. of City Planning	\$24,667	\$21,427	\$20,647	\$20,529	(\$4,138)	(16.8%)
Dept. of Investigation	\$16,334	\$15,873	\$15,873	\$15,873	(\$461)	(2.8%)
NY Public Library - Research	\$22,573	\$16,733	\$16,733	\$16,733	(\$5,840)	(25.9%)
New York Public Library	\$112,850	\$81,625	\$81,625	\$81,625	(\$31,225)	(27.7%)
Brooklyn Public Library	\$84,482	\$60,973	\$60,973	\$60,973	(\$23,509)	(27.8%)
Queens Borough Public Library	\$83,257	\$59,746	\$59,746	\$59,746	(\$23,511)	(28.2%)
Dept. of Education	\$19,407,122	\$19,609,376	\$19,989,793	\$20,115,183	\$708,061	3.6%
City University	\$757,138	\$744,127	\$728,629	\$729,040	(\$28,098)	(3.7%)
Civilian Complaint Review Board	\$9,610	\$9,683	\$9,686	\$9,689	\$79	0.8%
Police Dept.	\$4,317,800	\$4,192,377	\$4,189,250	\$4,189,250	(\$128,550)	(3.0%)
Fire Dept.	\$1,668,964	\$1,585,989	\$1,563,521	\$1,562,450	(\$106,514)	(6.4%)
Admin. for Children Services	\$2,802,904	\$2,713,665	\$2,710,671	\$2,711,237	(\$91,667)	(3.3%)
Dept. of Social Services	\$9,291,323	\$9,349,077	\$9,482,195	\$9,662,065	\$370,742	4.0%
Dept. of Homeless Services	\$788,167	\$766,093	\$766,140	\$766,129	(\$22,038)	(2.8%)
Dept. of Correction	\$1,022,654	\$1,014,602	\$1,014,572	\$1,014,572	(\$8,082)	(0.8%)
Board of Correction	\$1,000	\$1,000	\$1,000	\$1,000	\$0	0.0%
Citywide Pension Contribution	\$8,299,854	\$8,445,405	\$8,323,954	\$8,569,727	\$269,873	3.3%
Miscellaneous	\$6,176,676	\$7,612,881	\$8,251,435	\$9,056,258	\$2,879,582	46.6%
Debt Service	\$4,248,058	\$4,781,942	\$4,858,189	\$5,029,946	\$781,888	18.4%
N.Y.C.T.F.A. Debt Service	\$1,564,807	\$1,871,200	\$2,049,600	\$2,234,940	\$670,133	42.8%
FY 2011 BSA and Discretionary Transfers	(\$3,738,031)	\$0	\$0	\$0	\$3,738,031	(100.0%)
Public Advocate	\$2,255	\$1,720	\$1,724	\$1,724	(\$531)	(23.5%)
City Council	\$52,090	\$52,883	\$52,883	\$52,883	\$793	1.5%
City Clerk	\$4,323	\$4,349	\$4,352	\$4,355	\$32	0.7%
Dept. for the Aging	\$257,383	\$232,535	\$232,535	\$232,535	(\$24,848)	(9.7%)
Dept. of Cultural Affairs	\$152,455	\$100,533	\$100,533	\$100,533	(\$51,922)	(34.1%)
Financial Info. Serv. Agency	\$87,824	\$86,967	\$85,243	\$83,510	(\$4,314)	(4.9%)
Office of Payroll Admin.	\$61,070	\$47,657	\$31,653	\$31,705	(\$29,365)	(48.1%)
Independent Budget Office	\$4,450	\$4,429	\$4,429	\$4,429	(\$21)	(0.5%)
Equal Employment Practices Comm.	\$789	\$790	\$790	\$790	\$1	0.1%

**Table A2 (Con't). FY 2012 Adopted Budget Expenditure Detail**

(\$ in thousands)

	FY 2012	FY 2013	FY 2014	FY 2015	Change FYs 2012-15	
					Dollars	Percent
Civil Service Commission	\$751	\$751	\$751	\$751	\$0	0.0%
Landmarks Preservation Comm.	\$4,759	\$4,723	\$4,729	\$4,729	(\$30)	(0.6%)
Taxi & Limousine Commission	\$38,358	\$37,117	\$37,117	\$37,117	(\$1,241)	(3.2%)
Commission on Human Rights	\$7,111	\$6,660	\$6,660	\$6,660	(\$451)	(6.3%)
Youth & Community Development	\$297,279	\$211,995	\$211,995	\$211,995	(\$85,284)	(28.7%)
Conflicts of Interest Board	\$2,119	\$2,120	\$2,120	\$2,120	\$1	0.0%
Office of Collective Bargain	\$2,220	\$2,121	\$2,121	\$2,121	(\$99)	(4.5%)
Community Boards (All)	\$15,157	\$15,089	\$15,089	\$15,089	(\$68)	(0.4%)
Dept. of Probation	\$76,931	\$71,829	\$71,925	\$72,031	(\$4,900)	(6.4%)
Dept. Small Business Services	\$146,012	\$105,029	\$96,760	\$90,450	(\$55,562)	(38.1%)
Housing Preservation & Development	\$576,704	\$561,647	\$555,015	\$553,795	(\$22,909)	(4.0%)
Dept. of Buildings	\$94,615	\$89,624	\$89,641	\$89,624	(\$4,991)	(5.3%)
Dept. of Health & Mental Hygiene	\$1,581,900	\$1,537,069	\$1,536,346	\$1,536,507	(\$45,393)	(2.9%)
Health and Hospitals Corp.	\$78,538	\$71,114	\$71,114	\$71,114	(\$7,424)	(9.5%)
Office of Administrative Trials & Hearings	\$33,518	\$33,518	\$33,518	\$33,518	\$0	0.0%
Dept. of Environmental Protection	\$1,040,871	\$1,018,711	\$1,019,072	\$1,019,949	(\$20,922)	(2.0%)
Dept. of Sanitation	\$1,298,364	\$1,335,545	\$1,427,039	\$1,427,121	\$128,757	9.9%
Business Integrity Commission	\$7,190	\$7,117	\$7,117	\$7,117	(\$73)	(1.0%)
Dept. of Finance	\$220,609	\$216,548	\$216,236	\$215,986	(\$623)	(2.1%)
Dept. of Transportation	\$692,319	\$689,461	\$691,496	\$691,496	(\$823)	(0.1%)
Dept. of Parks and Recreation	\$270,986	\$263,928	\$264,182	\$264,266	(\$6,720)	(2.5%)
Dept. of Design & Construction	\$106,261	\$106,798	\$106,822	\$106,822	\$561	0.5%
Dept. of Citywide Admin. Services	\$344,215	\$353,664	\$353,713	\$353,530	\$9,315	2.7%
D.O.I.T.T.	\$306,386	\$274,324	\$269,519	\$271,057	(\$35,329)	(11.5%)
Dept. of Record & Info. Services	\$5,042	\$5,382	\$5,382	\$5,242	\$200	4.0%
Dept. of Consumer Affairs	\$26,337	\$23,096	\$22,866	\$22,780	(\$3,557)	(13.5%)
District Attorney - N.Y.	\$75,924	\$75,866	\$75,866	\$75,866	(\$58)	(0.1%)
District Attorney - Bronx	\$46,901	\$46,561	\$46,450	\$46,450	(\$451)	(1.0%)
District Attorney - Kings	\$77,042	\$77,043	\$77,043	\$77,043	\$1	0.0%
District Attorney - Queens	\$46,262	\$45,802	\$45,802	\$45,802	(\$460)	(1.0%)
District Attorney - Richmond	\$7,930	\$7,521	\$7,521	\$7,521	(\$409)	(5.2%)
Office of Prosec. & Spec. Narc.	\$16,328	\$16,328	\$16,328	\$16,328	\$0	0.0%
Public Administrator - N.Y.	\$1,268	\$1,181	\$1,181	\$1,181	(\$87)	(6.9%)
Public Administrator - Bronx	\$499	\$425	\$425	\$425	(\$74)	(14.8%)
Public Administrator - Brooklyn	\$605	\$526	\$526	\$526	(\$79)	(13.1%)
Public Administrator - Queens	\$473	\$400	\$400	\$400	(\$73)	(15.4%)
Public Administrator - Richmond	\$376	\$307	\$307	\$307	(\$69)	(18.4%)
General Reserve	\$300,000	\$300,000	\$300,000	\$300,000	\$0	0.0%
Energy Adjustment	\$0	\$57,434	\$97,915	\$119,286	\$119,286	N/A
Lease Adjustment	\$0	\$24,906	\$86,821	\$114,332	\$114,332	N/A
OTPS Inflation Adjustment	\$0	\$55,519	\$111,038	\$166,557	\$166,557	N/A
<b>TOTAL EXPENDITURE</b>	<b>\$65,910,713</b>	<b>\$71,668,464</b>	<b>\$73,110,051</b>	<b>\$74,920,101</b>	<b>\$9,009,388</b>	<b>13.7%</b>

# **Glossary of Acronyms**

<b>AIRA</b>	Actuarial Interest Rate Assumption
<b>BARB</b>	Building Aid Revenue Bond
<b>BCT</b>	Business Corporation Tax
<b>BPCA</b>	Battery Park City Authority
<b>BSA</b>	Budget Stabilization Account
<b>CTL</b>	City Tax Levy
<b>CSA</b>	Council of School Supervisors and Administrators
<b>CSEA</b>	Civil Service Employees Association
<b>CY</b>	Calendar Year
<b>DOC</b>	Department of Correction
<b>DOE</b>	Department of Education
<b>ECF</b>	Education Construction Fund
<b>ERRP</b>	Early Retiree Reinsurance Program
<b>FDNY</b>	New York City Fire Department
<b>FMAP</b>	Federal Medical Assistance Percentage



<b>FTE</b>	Full-Time Equivalent
<b>FY</b>	Fiscal Year
<b>GCP</b>	Gross City Product
<b>GCT</b>	General Corporation Tax
<b>GDP</b>	Gross Domestic Product
<b>GO Debt</b>	General Obligation Debt
<b>HPD</b>	Housing Preservation Development
<b>NYC</b>	New York City
<b>NYCTFA</b>	New York City Transitional Finance Authority
<b>OMB</b>	Office of Management and Budget
<b>OTPS</b>	Other than Personal Services
<b>PEG</b>	Program to Eliminate the Gap
<b>PIT</b>	Personal Income Tax
<b>PS</b>	Personal Services
<b>RHBT</b>	Retiree Health Benefit Trust
<b>STAR</b>	School Tax Relief

<b>UFT</b>	United Federation of Teachers
<b>U.S.</b>	United States
<b>VRDB</b>	Variable Rate Demand Bond