

The City of New York  
Preliminary Budget  
Fiscal Year 2018

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Office of Management and Budget  
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Financial Plan  
Summary

# The FY 2018 Preliminary Budget

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**New York Stands Strong**

# Transformative Investments

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- **2,000 more officers on the street; Neighborhood Policing**
- **Most affordable housing funded in 25 years**
- **Universal full day Pre-K for 70,000 students**

# Standing Strong in a Time of Uncertainty

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## How we do it...

**Keeping New York the safest big city in America**

**Giving every child opportunity with Equity & Excellence**

**Strengthening our infrastructure**

# Charting Our Course

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**The FY 2018 Preliminary Budget is \$84.67 Billion**

**Making us stronger through targeted investments**

**Protecting fiscal health through reserves**

**Accounting for uncertainty through cautious forecasting and savings**

# Strengthening NYC Economy

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- **Our Preliminary Ten-Year Capital Strategy is \$89.6 billion**
- **Infrastructure spending creates jobs and fortifies our city for the future**

# “Strong Governance and Financial Best Practices”

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- “Diverse, Vibrant Economy Drives Growth Needed to Keep Pace with Fixed Costs”
- **Total Preliminary Budget savings: \$1.1 billion**
  - OMB will be directed to find an additional \$500 million in savings in the Executive Budget
- **Healthcare savings of \$3.4 billion through FY 2018**
  - \$1.3 billion every year thereafter

# Historic Reserves

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- **Capital Stabilization Reserve: \$250 million a year over four years**
  - Highest ever achieved. This reserve was first created by this Administration.
- **Retiree Health Benefits Trust Fund: \$4 billion**
  - Highest ever achieved.
- **General Reserve: \$1 billion a year over four years**
  - Highest ever achieved.



# **ECONOMIC OUTLOOK**

# Deep Uncertainty at the Federal Level

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The President, his cabinet, and the Republican Congress have spoken openly of cutting federal funding to:

- The greatest police force in the world
- The largest public hospital system
- Our kids' education
- Our environmental protection work
- Homes for more than 400,000 New Yorkers

# State Budget Outlook

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- **Positives for NYC in the State budget:**
  - **Higher Education** – free tuition for CUNY, DREAM Act
  - **Election Reform** – early voting and same day registration
  - **Extends Millionaire's tax**, but need to go further
  - Continued commitment by State to pick up a greater share of **Medicaid**

# State Budget Outlook

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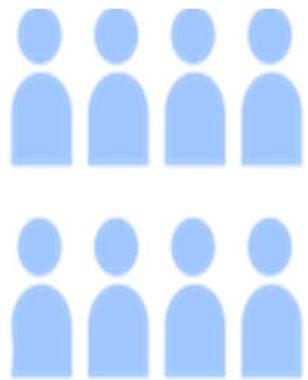
- **Emerging uncertainties in the State budget:**
  - 421-a proposal:
    - In State's current proposal, the City faces additional costs
    - Risks that, if luxury condos are added in negotiations, costs would increase to NYC without improving affordability
  - Education: Erosion of the State's Campaign for Fiscal Equity commitment in out-years
- **Cuts and cost shifts could affect services to vulnerable New Yorkers**
  - Article 6 Public Health
  - Foster care
  - Senior centers
  - High-need special education students

# **ECONOMIC OUTLOOK**

# OxFam Report on Global Wealth Divide

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Eight billionaires own the same wealth as half of the world



**3.6 billion people**



# National Economy Growing at a Moderate Pace, But Reasons for Concern

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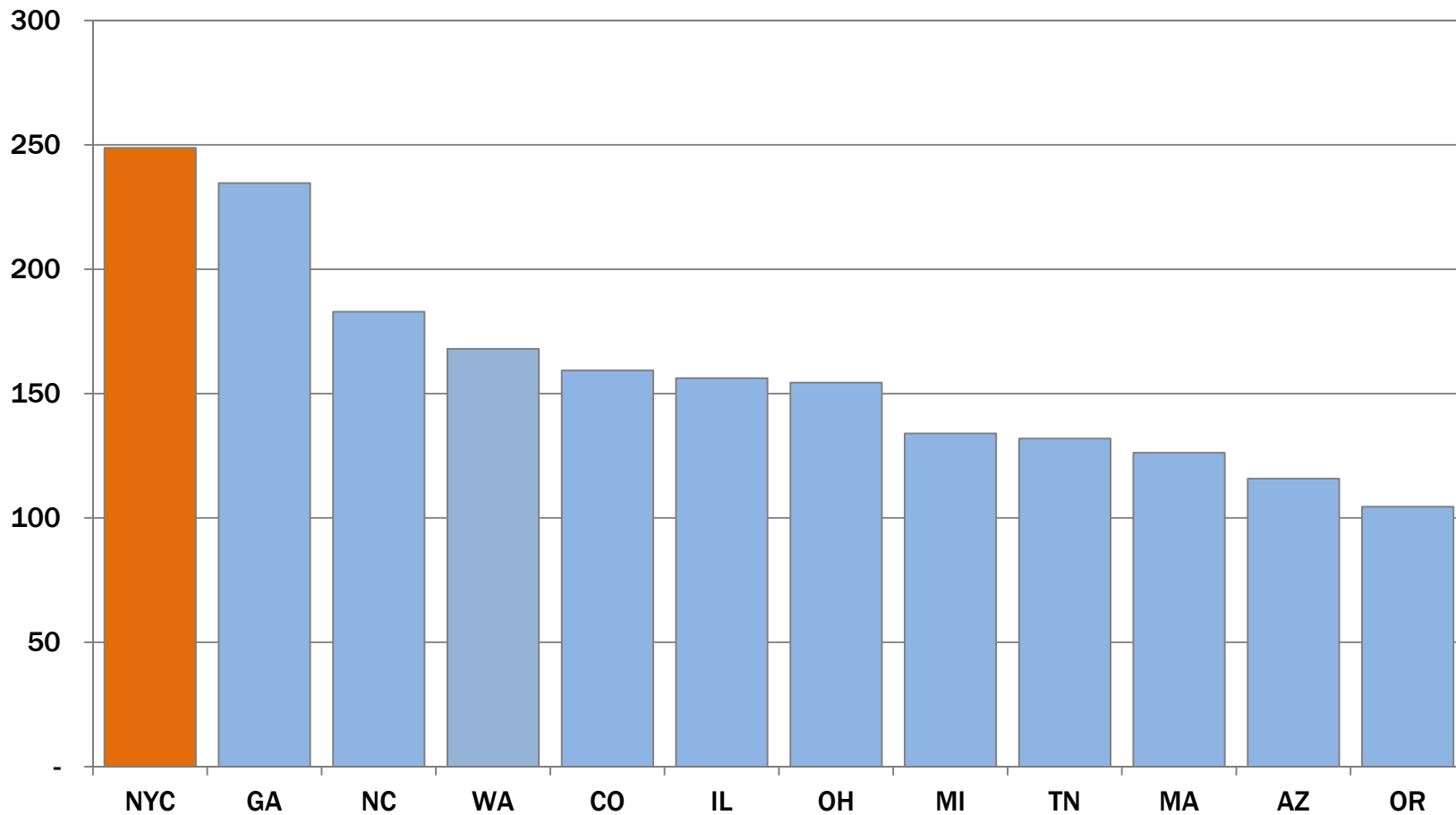
- **Tax revenue growth** is expected to slow to 2.4% in FY 2017 and improve moderately to 3.9% in FY 2018.
- **Non-property taxes** were flat in FY 2016 and are expected to grow 0.5% in FY 2017.
- **Taxes from real estate transactions** have declined nearly 15% in the first half of FY 2017 relative to the same period in FY 2016.

# **NYC's RESILIENT ECONOMY**



# NYC Added More Jobs than 46 States

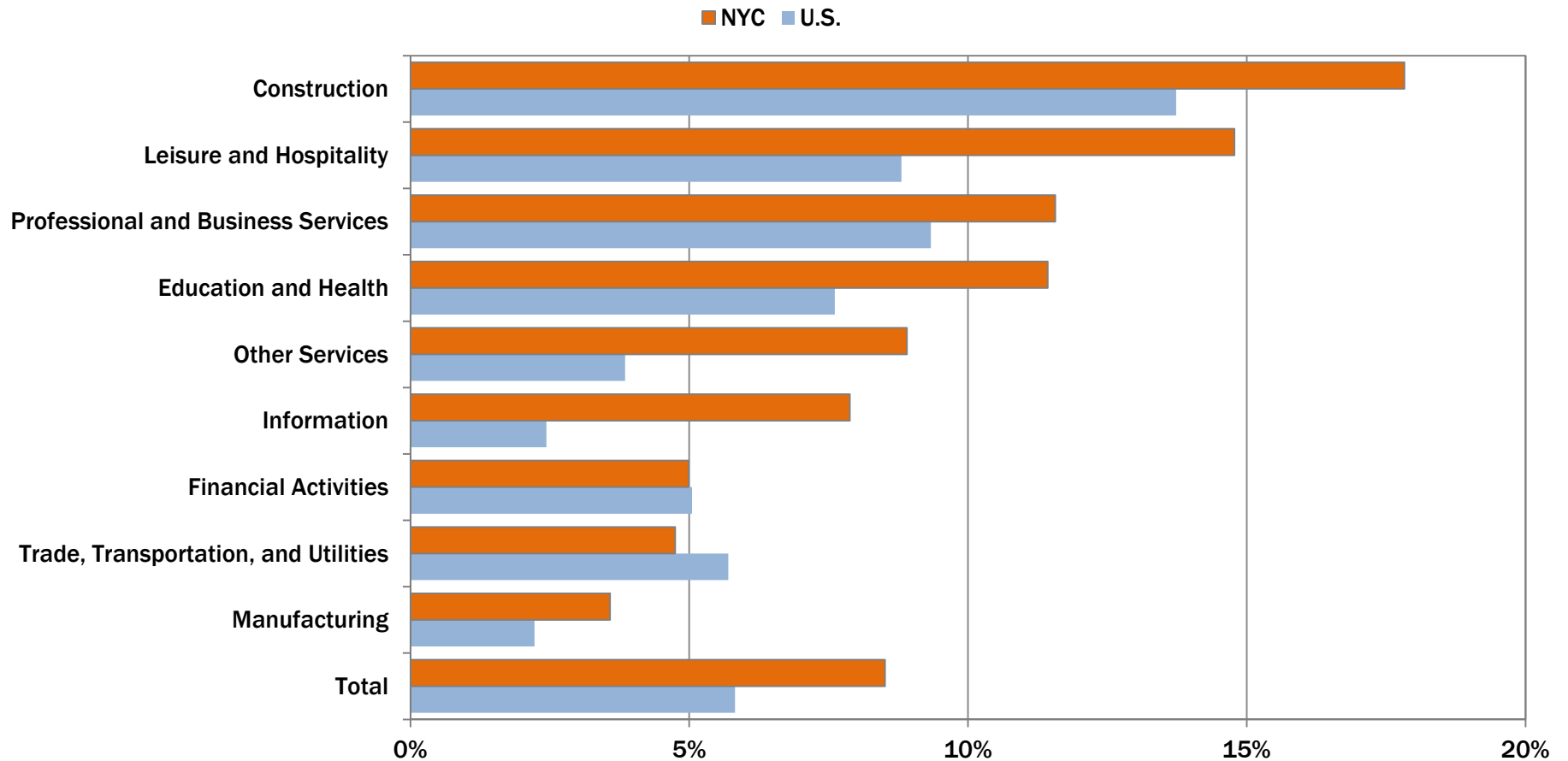
Employment Gains by State (2014-2015, Thousands)



Source: U.S. Bureau of Labor Statistics.

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

New York City and U.S. 2014 - 2016 Employment Growth

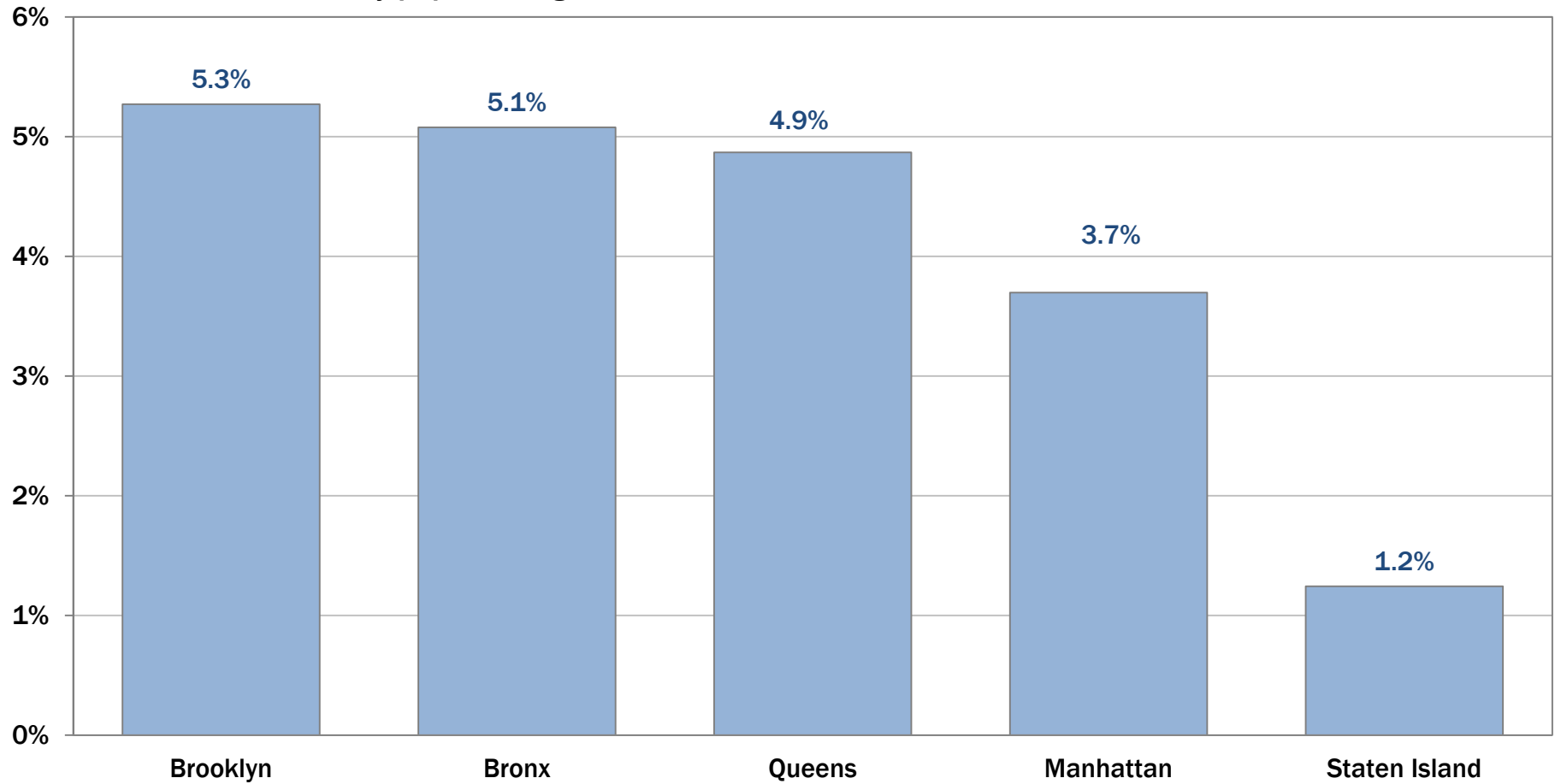


Source: U.S. Bureau of Labor Statistics, NY State Department of Labor.

# Population Grew in Every Borough

## 2010 - 2015 Net Population Change

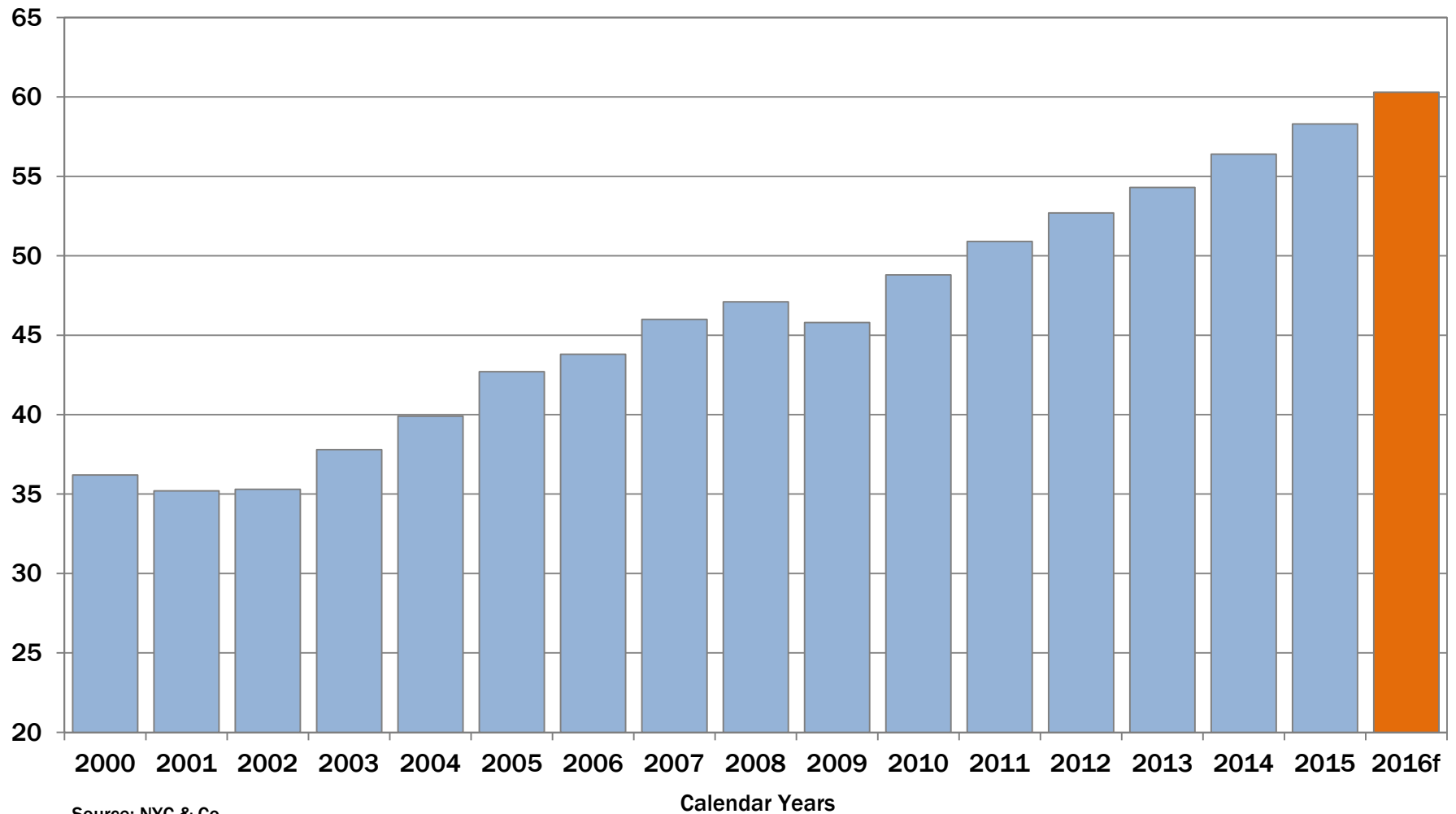
• Overall New York City population growth was 4.6%.



Source: NYC Department of City Planning.

# In 2016, NYC Hosted 60.3 Million Visitors, the Seventh Consecutive Record Year

Total Visitors (Millions)



Source: NYC & Co.  
f = Forecast

# Immigrants are the Backbone of NYC's Economy

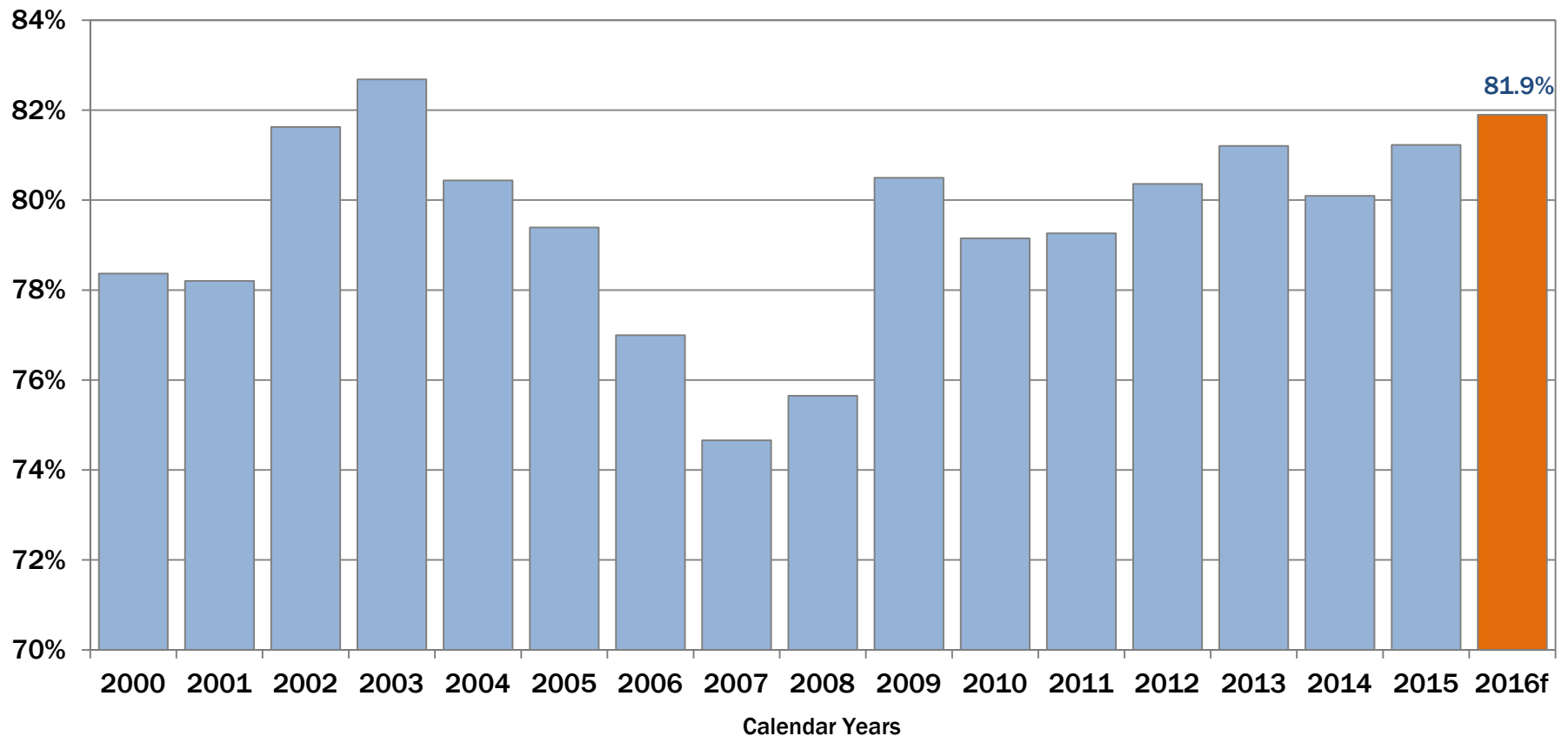
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- **Foreign-born workers make up 45% of NYC's labor force – 2 million people.**
- **52% of NYC business owners are immigrants.**
- **Foreign-born households earned \$92 billion in income in 2015 – 39% NYC's total household earnings.**
- **55% of NYC children are children of immigrants.**

# The City Continues to Diversify Away from the Securities Industry

- From the prior peak in 2007 to 2015, nearly 50% of employment and wage gains have come from Education, Health, and Technology industries.

Non-Securities Wage Earnings Share of Total (%)



Source: New York State Department of Labor (QCEW), NYC OMB.  
f = Forecast

**NEW YORK STANDS STRONG**

# Keeping New Yorkers Safe

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This Administration has been committed to supporting our men and women in the NYPD:

- **Enhanced ballistic vests** for every officer
- **Smartphones** for every officer; **tablets** for every patrol car
- **Bulletproof door panels** for all patrol vehicles



# Keeping New Yorkers Safe

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## Rodman's Neck Enhanced Firearms Training Facility

- Providing even better training for NYPD officers by investing \$275 million in Rodman's Neck training facility for heightened training, including hostage and active-shooter scenarios.
  - Improvements will be made over the next **five to seven** years.

# Keeping New Yorkers Safe

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## Bullet-Resistant Window Inserts

- Investing \$10.4 million to install bullet-resistant window inserts in every NYPD patrol car.
  - All inserts will be installed within a year.

## Gun Violence Crisis Management System

- Investing \$4.5 million to enable community members to reduce gun violence in their neighborhoods.
  - Staff hiring will begin this summer.

# Our Commitment: Vision Zero

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At the beginning of this Administration, we committed to making streets safer by stricter enforcement, better designed streets, and public education:

- **Default citywide speed limit of 25 miles per hour**
- **Completed a record 193 street improvement projects** – enhanced safety through reengineered intersections and corridors
- **Heightened enforcement of speeding and failure to yield**

# Keeping New Yorkers Safe

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## Vision Zero – Making Our Streets the Safest in the Modern Era

- New street safety reconstruction projects, street lighting, and traffic signal improvements (\$317 million)
- Pavement safety markings (\$12 million)
- Safety improvements for bike lanes (\$690K)

## School Crossing Guards

- Investing \$6.3 million to hire 100 school crossing guard supervisors and 200 school crossing guards, covering every school crossing post in the city.
  - All guards will be hired by June 2017.

# Equity & Excellence

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## Summer in the City

- Invest **\$14.3 million** to ensure that students are reading on grade level by the end of 2nd grade.
  - Will begin this summer.

## New School Seats

- Invest **\$495 million** to fully fund **38,487** new seats, for a total investment of **\$4.6 billion**.

# Equity & Excellence

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## Connecting Students to the Digital Age

- Investing \$16.4 million to provide better and faster internet service for students.
  - Internet speeds will be improved at all schools by the end of the 2019-2020 school year.

# Strengthening Our Infrastructure

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## Road Repaving

- Investing an additional \$147 million to repave 1,300 lane miles in FY 2019, on top of 1,300 more lane miles to be repaved in FY 2018.
  - By the end of FY 2019, we will have repaved 6,600 lane miles since the beginning of the Administration.

## Brooklyn/Queens Section of City Water Tunnel No. 3

- Investing \$303 million to make the third water tunnel activation ready by the end of 2017 and fully fund remaining construction.

# Strengthening Our Infrastructure

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## Southeast Queens Flood Mitigation

- Investing an additional **\$162 million** to reduce flooding.

## Improve Trash Collection Fleet

- Investing **\$329 million** to reduce the number of collection vehicles taken out of service for repair.

## Restore and Rehabilitate Our Bridges

- Investing additional **\$571 million** to repair bridges across the city.



# Other Highlights

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## **NYCHA Roof Repairs**

- Investing \$1 billion to replace 729 roofs at NYCHA buildings across the city.

## **Wage Increase for Human Services Contractors**

- Investing to provide a wage adjustment to 90,000 people by FY 2020.
  - This is consistent with City labor patterns.

# Other Highlights

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## School's Out NYC (SONYC) Summer

- Invest \$14.9 million to fund 22,800 slots.

## Summer Youth Employment Program (SYEP)

- Invest \$9 million to expand SYEP by 5,000 slots – a total of 65,000.
- SYEP has nearly doubled since the beginning of this Administration.

## Life Sciences Research and Development Facility

- Invest \$150 million to develop a campus and incubator space for bio-engineering research.

# Revenue and Expense Changes

# Changes Since the November 2016 Financial Plan

City Funds (\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Gap to be Closed – November 2016 Financial Plan</b>	\$ ---	(\$2,241)	(\$2,889)	(\$2,376)	(\$2,104)
<b>Revenue Changes:</b>					
Tax Revenues	\$365	(\$183)	\$8	\$329	\$425
Non-Tax Revenues	399	(96)	(110)	(10)	274
<b>Subtotal Revenue Changes</b>	<b>\$764</b>	<b>(\$279)</b>	<b>(\$102)</b>	<b>\$319</b>	<b>\$699</b>
<b>Expense Changes:</b>					
Agency Expense Changes	\$263	\$427	\$403	\$529	\$445
Citywide Savings Program	(515)	(581)	(331)	(326)	(307)
General Reserve (Decrease FY 2017 from \$1B to \$300M)	(700)	---	---	---	---
Capital Stabilization Reserve	(500)	250	250	250	250
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
<b>Subtotal Expense Changes</b>	<b>(\$1,852)</b>	<b>\$96</b>	<b>\$322</b>	<b>\$453</b>	<b>\$388</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$2,616</b>	<b>(\$2,616)</b>	<b>(\$3,313)</b>	<b>(\$2,510)</b>	<b>(\$1,793)</b>
FY 2017 Prepayment of FY 2018 Expenses (\$439M to \$3.1B)	(2,616)	2,616	---	---	---
<b>Gap to be Closed – January 2017 Financial Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,313)</b>	<b>(\$2,510)</b>	<b>(\$1,793)</b>

# Five Year Financial Plan Revenues and Expenditures

## City Funds

	(\$ in Millions)				
Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Taxes</b>					
General Property Tax	\$24,196	\$25,629	\$27,292	\$28,618	\$29,929
Other Taxes	29,646	30,556	31,712	33,079	34,208
Tax Audit Revenue	1,041	850	721	721	721
<b>Subtotal: Taxes</b>	<b>\$54,883</b>	<b>\$57,035</b>	<b>\$59,725</b>	<b>\$62,418</b>	<b>\$64,858</b>
Miscellaneous Revenues	6,835	6,362	6,602	6,804	6,807
Unrestricted Intergovernmental Aid	57	---	---	---	---
Less: Intra-City Revenue	(2,039)	(1,786)	(1,781)	(1,787)	(1,787)
Disallowances Against Categorical Grants	200	(15)	(15)	(15)	(15)
<b>Total City Funds</b>	<b>\$59,936</b>	<b>\$61,596</b>	<b>\$64,531</b>	<b>\$67,420</b>	<b>\$69,863</b>
<b>Expenditures</b>					
Personal Service	\$33,954	\$36,295	\$38,582	\$40,221	\$41,477
Other Than Personal Service <sup>(1)</sup>	20,542	20,788	20,969	20,750	20,801
Debt Service <sup>(1),(2)</sup>	6,123	6,318	7,043	7,709	8,128
FY 2016 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,038)	---	---	---	---
FY 2017 Budget Stabilization <sup>(2)</sup>	3,055	(3,055)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Total Expenditures</b>	<b>\$59,936</b>	<b>\$61,596</b>	<b>\$67,844</b>	<b>\$69,930</b>	<b>\$71,656</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,313)</b>	<b>(\$2,510)</b>	<b>(\$1,793)</b>

<sup>(1)</sup> Fiscal Year 2016 Budget Stabilization and Discretionary Transfers total \$4.038 billion, including GO of \$1.760 billion, TFA-PIT of \$1.734 billion, lease debt service of \$100 million, net equity contribution in bond refunding of \$44 million, and subsidies of \$400 million.

<sup>(2)</sup> Fiscal Year 2017 Budget Stabilization totals \$3.055 billion, including GO of \$1.146 billion and TFA-PIT of \$1.909 billion.

# Five Year Financial Plan Revenues and Expenditures

## All Funds

(\$in Millions)

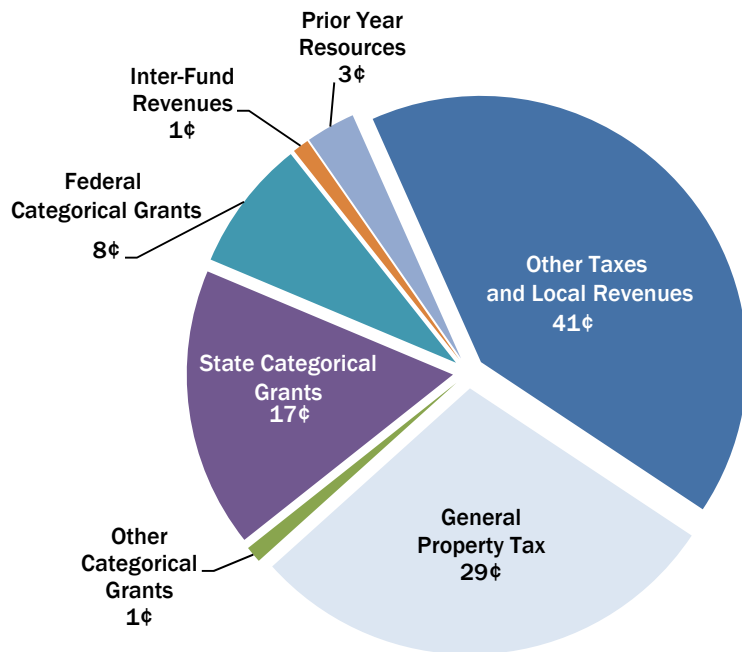
Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Taxes</b>					
General Property Tax	\$24,196	\$25,629	\$27,292	\$28,618	\$29,929
Other Taxes	29,646	30,556	31,712	33,079	34,208
Tax Audit Revenue	1,041	850	721	721	721
<b>Subtotal: Taxes</b>	<b>\$54,883</b>	<b>\$57,035</b>	<b>\$59,725</b>	<b>\$62,418</b>	<b>\$64,858</b>
Miscellaneous Revenues	6,835	6,362	6,602	6,804	6,807
Unrestricted Intergovernmental Aid	57	---	---	---	---
Less: Intra-City Revenue	(2,039)	(1,786)	(1,781)	(1,787)	(1,787)
Disallowances Against Categorical Grants	200	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$59,936</b>	<b>\$61,596</b>	<b>\$64,531</b>	<b>\$67,420</b>	<b>\$69,863</b>
Other Categorical Grants	980	856	847	837	833
Inter-Fund Revenues	655	658	658	595	593
Federal Categorical Grants	8,826	7,012	6,811	6,809	6,781
State Categorical Grants	14,417	14,546	15,008	15,404	15,718
<b>Total Revenues</b>	<b>\$84,814</b>	<b>\$84,668</b>	<b>\$87,855</b>	<b>\$91,065</b>	<b>\$93,788</b>
<b>Expenditures</b>					
<b>Personal Service</b>					
Salaries and Wages	\$25,829	\$27,316	\$28,796	\$29,634	\$30,222
Pensions	9,413	9,819	10,100	10,152	10,170
Fringe Benefits	9,606	10,258	10,981	11,920	12,701
<b>Subtotal: Personal Service</b>	<b>\$44,848</b>	<b>\$47,393</b>	<b>\$49,877</b>	<b>\$51,706</b>	<b>\$53,093</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,584	1,594	1,605	1,617	1,617
All Other <sup>(1)</sup>	28,801	26,776	27,001	26,914	27,121
<b>Subtotal: Other Than Personal Service</b>	<b>\$36,300</b>	<b>\$34,285</b>	<b>\$34,521</b>	<b>\$34,446</b>	<b>\$34,653</b>
Debt Service <sup>(1),(2)</sup>	6,388	6,581	7,301	7,960	8,372
FY 2016 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,038)	---	---	---	---
FY 2017 Budget Stabilization <sup>(2)</sup>	3,055	(3,055)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Subtotal</b>	<b>\$86,853</b>	<b>\$86,454</b>	<b>\$92,949</b>	<b>\$95,362</b>	<b>\$97,368</b>
Less: Intra-City Expenses	(2,039)	(1,786)	(1,781)	(1,787)	(1,787)
<b>Total Expenditures</b>	<b>\$84,814</b>	<b>\$84,668</b>	<b>\$91,168</b>	<b>\$93,575</b>	<b>\$95,581</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,313)</b>	<b>(\$2,510)</b>	<b>(\$1,793)</b>

<sup>(1)</sup> Fiscal Year 2016 Budget Stabilization and Discretionary Transfers total \$4.038 billion, including GO of \$1.760 billion, TFA-PIT of \$1.734 billion, lease debt service of \$100 million, net equity contribution in bond refunding of \$44 million, and subsidies of \$400 million.

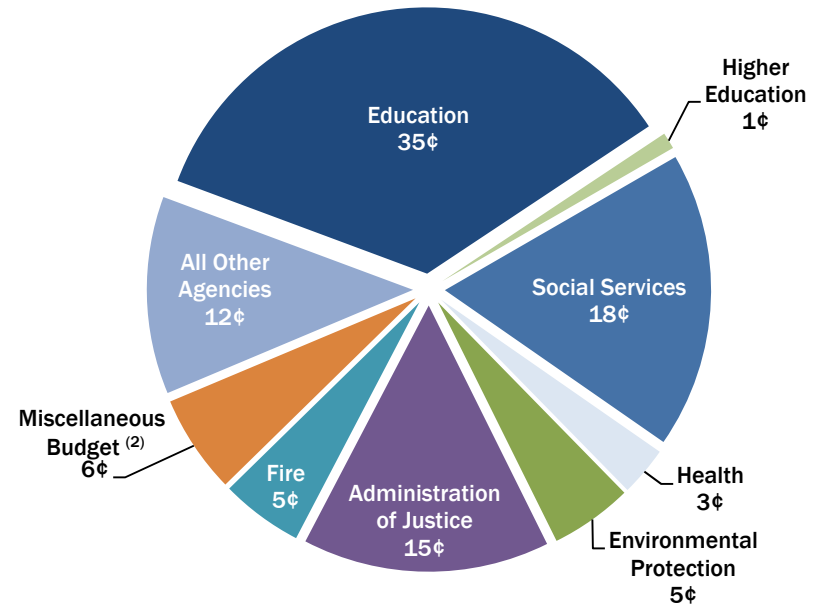
<sup>(2)</sup> Fiscal Year 2017 Budget Stabilization totals \$3.055 billion, including GO of \$1.146 billion and TFA-PIT of \$1.909 billion.

# The 2018 Dollar

## Where the Dollar Comes From



## Where the Dollar Goes To <sup>(1)</sup>



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

<sup>(2)</sup> Includes Labor Reserve, General Reserve, Capital Stabilization Reserve, Judgments and Claims, MTA Subsidies and Other Contractual Services.

# **Preliminary Ten-Year Capital Strategy**

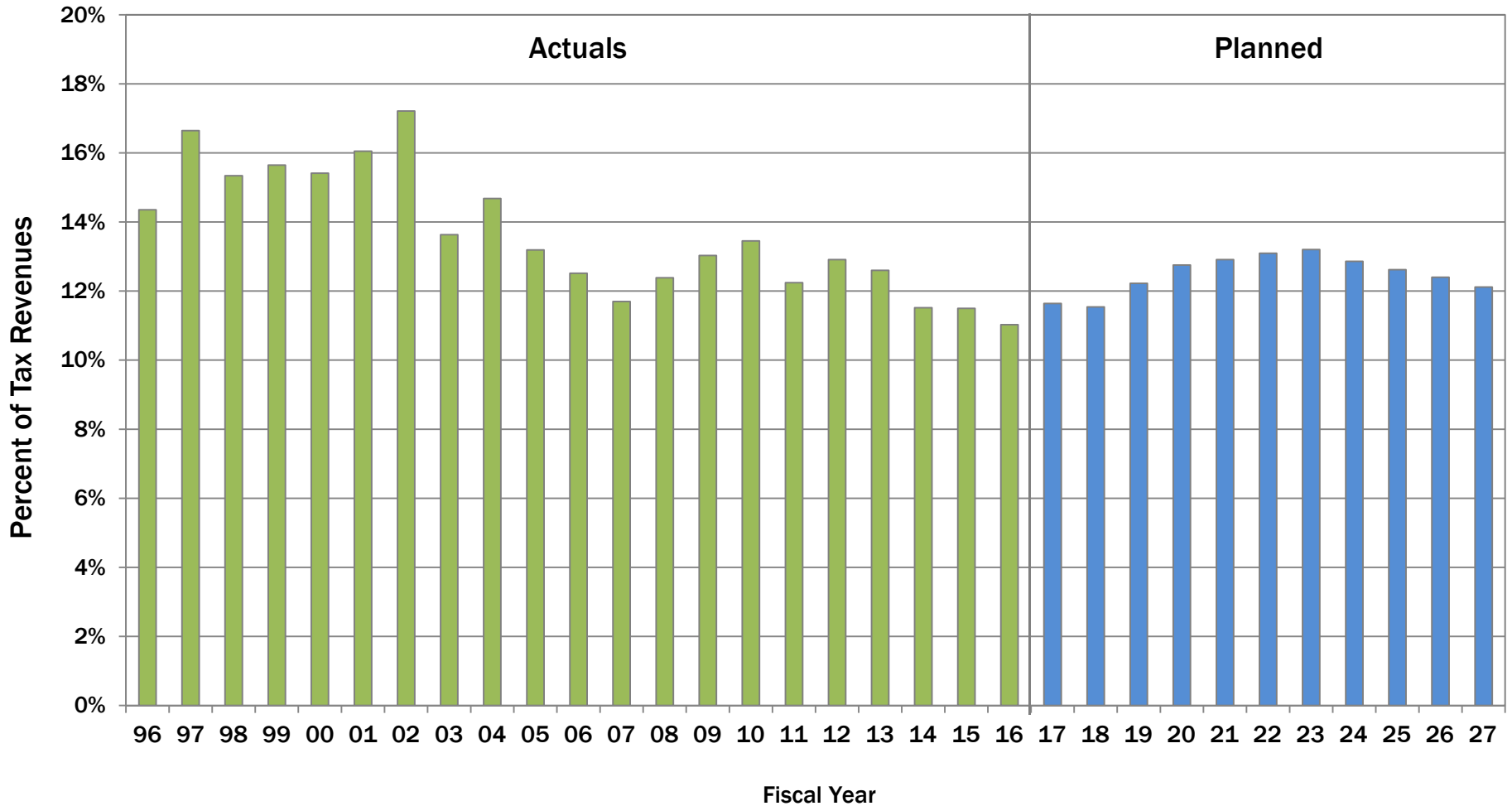


# Sources Financing the Preliminary Ten-Year Capital Strategy FY 2018 - FY 2027

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<b>Total City Funds</b>	<b>\$83.3 Billion</b>
General Obligation and Transitional Finance Authority	\$65.8 Billion
New York City Municipal Water Finance Authority	\$17.5 Billion
<b>Total Non-City Funds</b>	<b>\$6.3 Billion</b>
Federal	\$3.5 Billion
State	\$2.7 Billion
Other Non-City Sources	\$0.1 Billion
<b>Total Ten-Year Capital Strategy</b>	<b>\$89.6 Billion</b>

# Debt Service as a Percent of Tax Revenues



# The Preliminary FY 2018 – FY 2027 Ten-Year Capital Strategy Totals \$89.6 Billion in All Funds

(\$ in Billions)

