

**Snapshot:**

# **Key Findings From Our Latest Economic Forecast & Review of the Mayor's 2023 Preliminary Budget and Financial Plan**

**March 2, 2022**



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NOTE: Unless otherwise indicated all years are fiscal years.

## Key Findings



### \$1.45 billion

IBO projects a surplus \$1.45 billion surplus for fiscal year 2023. For the current year (2022), we project a \$3.92 billion surplus, \$187 million more than OMB. We project a modest shortfall in fiscal year 2024 of \$992 million; it is most likely that the city would roll some if not all of the \$1.45 billion surplus for 2023 to eliminate the gap in 2024.



### 5%

IBO forecasts total tax revenue will grow by 5 percent in fiscal year 2023, totaling \$67.7 billion. Property tax revenue increases the most (by \$2.4 billion) in 2023 compared with our forecast for the current year. This is largely due to increases in assessments on the 2023 tentative assessment roll for commercial properties, including large apartment buildings, whose incomes have fared better than the city expected during the pandemic. With property tax growth slowing sharply after 2023, we expect total tax growth to slow to 3.0 percent in 2024 and 2025 and 2.3 percent in 2026.



### 52.8% Recovered

By the end of calendar year 2021, New York City had regained a total of 468,200 jobs or 52.8 percent of the 886,600 lost during the pandemic. IBO predicts that the city will not reach its pre-pandemic employment level until late 2025.



### 2.4% v. 1.6%

IBO's forecast of average annual growth in tax revenue (2.4 percent) exceeds growth in city-funded expenditures (1.6 percent), adjusted for prepayments and non-recurring expenses, in 2022 through 2026.



### 6% of Savings

IBO estimates that the Adams Administration's annual savings plan—its Program to Eliminate the Gap or PEG—gets only 6 percent of its annual saving on average from efficiencies. The largest category of annual savings (on average 29 percent) results from funding swaps, which replace city funds with federal, state or other grants to cover costs.



### -4,746 Vacant Positions

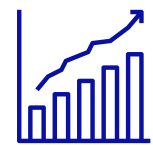
Reducing vacant headcount—budgeted but unfilled municipal jobs—was a key aspect of the Mayor's debut budget. After accounting for funding-swaps (e.g. switching positions from be paid through city funds to being paid through federal grants), IBO estimates the Administration reduced budgeted headcount by 4,746 positions in fiscal year 2023 compared to the de Blasio Administration's last budget. In fiscal year 2026, the reduction increases to 6,544 positions.

## Downside Risks



### Geopolitical Upheaval

Russia's invasion of Ukraine is the gravest blow to European peace and security since the end of World War II. The final costs in terms of lives, economic disruptions, and standards of international behavior are not yet known but could prove enormous. At minimum, economic sanctions strong enough to alter the behavior of President Putin and deter future aggression by other nations are likely to slow if not reverse the economic recovery from the pandemic that had been spreading from the U.S. to Europe and Latin America. Our forecast assumed that the issues regarding Ukraine and Russia would be settled diplomatically.



### Inflation and the Federal Reserve's Response

Over the last 12 months, inflation has exceeded most forecasts, including IBO's. Labor shortages in key industries, supply chain disruptions, and high energy costs have been major drivers of inflation, although they are expected to diminish in the months ahead. In an effort to avoid a wage/price spiral spurred by expectations of higher inflation, the Federal Reserve has announced plans to raise interest rates in the coming months and to begin reversing its quantitative easing program. There is a risk that the Fed could hit the brakes too hard and bring on a recession rather than a soft landing for the economy. The Russian invasion of Ukraine also brings the risk of worsening supply chain issues for some critical commodities as well as further raising energy costs.



### The Course of the Pandemic

After the unanticipated setback from the Omicron variant, New York City and the rest of the country are again moving to loosen public health restrictions and resume many pre-pandemic behaviors. Our forecast assumes that Covid-19 infections and deaths return to their levels of early fall, that no new more dangerous variant emerges, and that vaccination rates continue to increase. The virus has already proved to be unpredictable and the risk of new outbreaks remains.



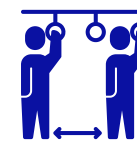
### The Impact of Covid-19 on the Local Economy

Before the pandemic struck, the city's tourism and the closely allied leisure and hospitality industries were a major part of the local economy. While restaurants, bars, and entertainment venues have re-opened, full recovery in these industries depends in large part on the return of international tourism and business travel. While our forecast assumes that business travel in particular will return to pre-Covid levels. There is a risk that our assumptions are too optimistic. Another unknown is the long-term impact on the use of office space in the wake of the pandemic-spurred increase in remote and hybrid work arrangements. While our forecast assumes only modest change in demand for office space at least in the next 5 to 10 years, there is a risk of a larger and quicker shift.



### Labor Negotiations

With more and more municipal labor contracts expiring in the coming months, the Preliminary Budget only includes funding to provide a 1 percent raise in the third year of a new contract – the first two years would see no raises. If the Adams' Administration ultimately negotiates labor contracts similar to the pattern in recent civilian settlements—which included three annual increases of 2.0 percent, 2.25 percent, and 3.0 percent—IBO estimates the cost of providing wage increases for the next three-year period would be at least an additional \$510 million in fiscal year 2022, \$1.1 billion in fiscal year 2023, \$1.8 billion in fiscal year 2024, and \$2.5 billion in fiscal year 2025. Although negotiated labor savings could partially offset these costs, as they have in recent rounds of collective bargaining, how the city would fund such increased expenses adds to the uncertainties looming in the financial plan.



### Fiscal Health of the MTA

While the MTA is not a city agency, the subway, bus, and rail service it provides is integral to the city's economic and social fabric. After an immediate plunge in ridership at the onset of the pandemic in 2020, the authority has struggled to deliver service that riders perceive to be reliable and safe. Although its operating condition is stable over the next four years, it relies on \$10.5 billion in expected federal fiscal relief funding and a \$0.5 billion in deficit borrowing proceeds through the Federal Reserve's Municipal Liquidity Facility. The MTA's capital plan also lacks full funding, although grants authorized under the recently enacted federal infrastructure legislation, along with revenue from congestion pricing tolls starting in 2023, should fill some of the need on the capital side. In the event that ridership recovery stalls and additional resources are needed, for either the operating budget or the capital program, the city would quite likely be asked to increase its contributions to the MTA.

## Revenue and Expenditure Projections

Dollars in millions

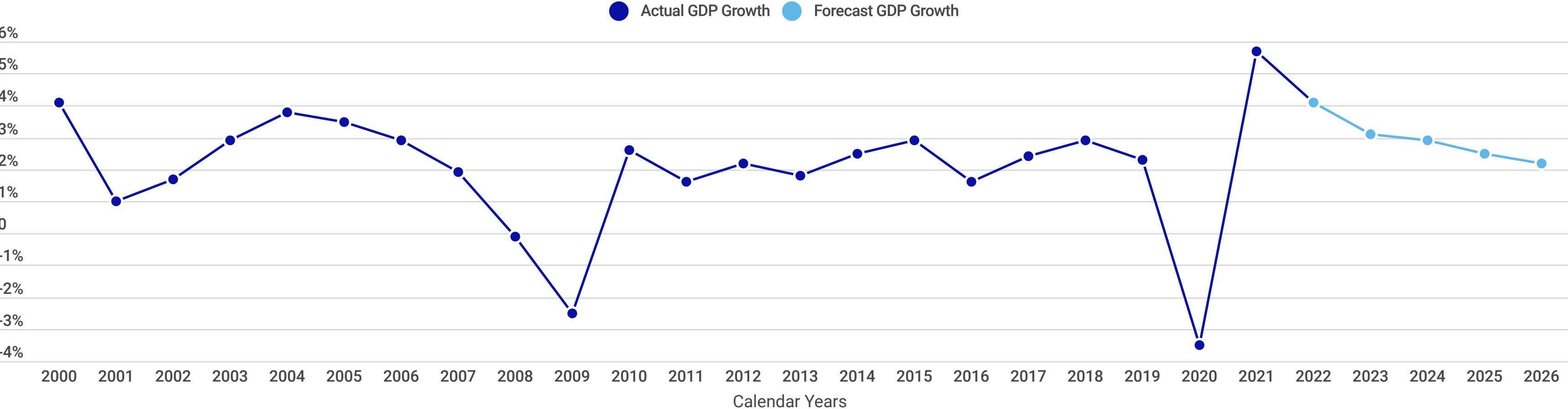
IBO projects that the fiscal year 2022 surplus will total \$3.92 billion, \$187 million more than expected by OMB.

	Actuals	Plan					Average Change
	2021	2022	2023	2024	2025	2026	2021-2026
Total Revenue	\$98,215	\$107,113	\$101,020	\$102,610	\$104,274	\$104,955	1.3%
Total Taxes	65,380	64,477	67,709	69,730	71,820	73,448	2.4%
Total Expenditures	\$100,372	106,926	99,572	103,601	104,554	105,905	1.1%
IBO Revenue Less Expenditures	n/a	\$187	\$1,448	(\$992)	(\$279)	(\$950)	
IBO Prepayment Adjustment 2022/2023	n/a	(\$187)	\$187	-	-	-	
IBO Surplus/(Gap) Projections		\$0	\$1,635	(\$992)	(\$279)	(\$950)	
<b>Adjustments for Prepayments and Non-Recurring Expenses</b>							
Net Prepayments	\$1,863	(\$2,375)	\$3,732	-	-	-	
Reserve Funds	-	250	1,305	1,250	1,250	1,250	
Other Adjustments	-	-	(35)	84	207	366	
Total Expenditures (net of adjustments)	\$98,509	\$109,051	\$94,570	\$102,267	\$103,097	\$104,289	1.1%
City-Funded Expenditures (net of adjustments)	\$69,330	\$70,944	\$68,862	\$74,242	\$75,390	\$75,231	1.6%

NOTES: Negative adjustments add to totals. Net prepayments include payments of debt service. In 2021 the city prepaid \$425 million of 2022 retiree health benefit costs, this adjustment was made in the total expenditure line. Numbers may not sum due to rounding.

# U.S. Real Gross Domestic Product Growth

Annual Real Gross Domestic Product Growth, With IBO Forecast



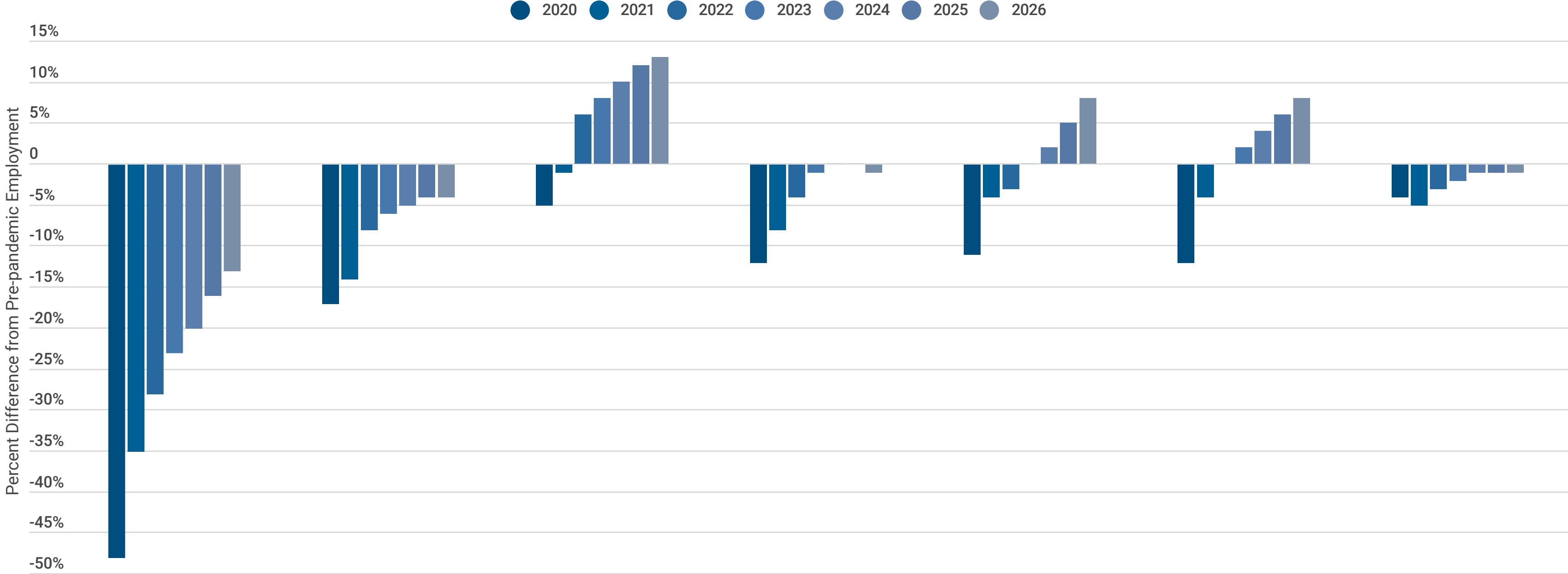
IBO forecasts that real gross domestic product will increase by 4.1 percent in calendar year 2022, following a 3.5 percent plunge in 2020 and a 5.7 percent recovery in 2021.

Comparison of IBO and OMB Forecasts of Real Gross Domestic Product Growth

	2020 (Actual)	2021 (Actual)	2022	2023	2024	2025	2026
IBO	(3.5%)	5.7%	4.1%	3.1%	2.9%	2.5%	2.2%
OMB	(3.5%)	5.7%	4.1%	2.5%	2.5%	2.4%	2.4%

# Lower-Wage Industries Hit Hardest by Pandemic While Facing Slowest Recovery

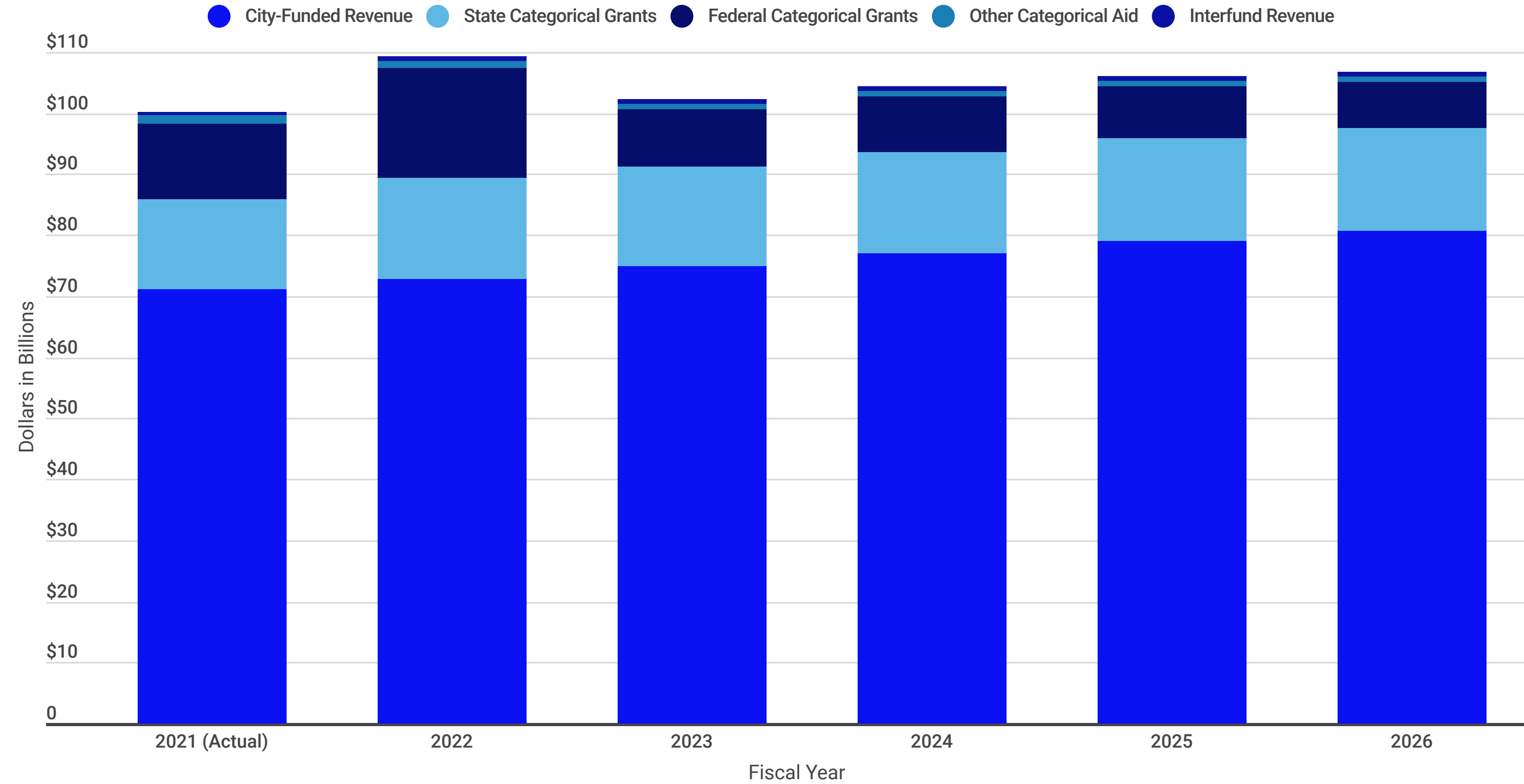
Boxes indicate average wages (total wages/total employment) by sector in 2021








Leisure and Hospitality	Retail Trade	Healthcare	Education	Professional Services	Information	Financial Activities
\$54,700	\$57,300	\$61,700	\$66,700	\$144,500	\$181,300	\$295,600

# Total City Revenue

To see specific revenue categories, click the categories you do not want to see in the legend.



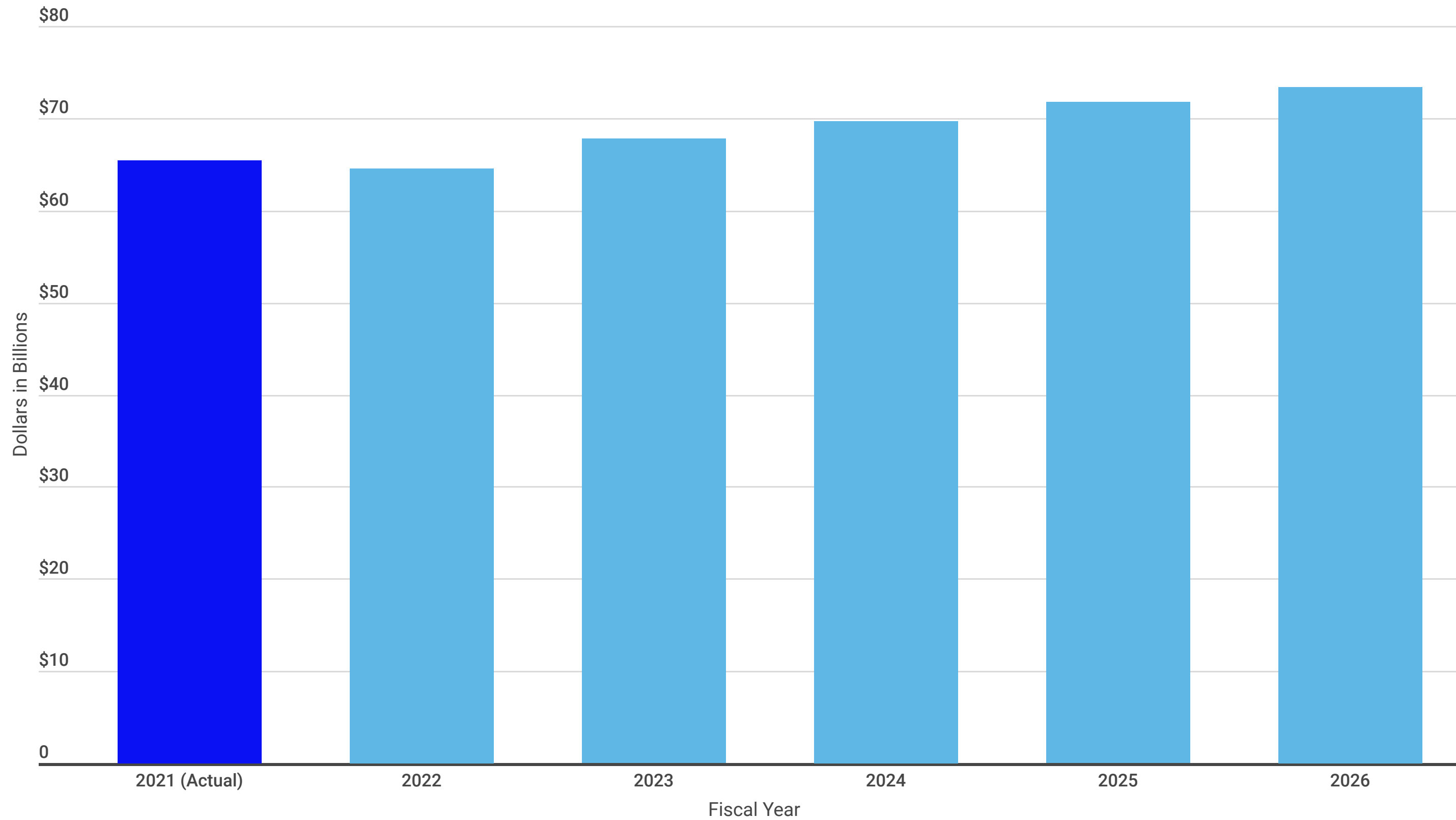
### Year-Over-Year Growth

- 
2021-2022  
**9.0%**
- 
2022-2023  
**(5.9%)**
- 
2023-2024  
**1.5%**
- 
2024-2025  
**1.6%**
- 
2025-2026  
**0.6%**



# City Tax Revenue

DRAFT



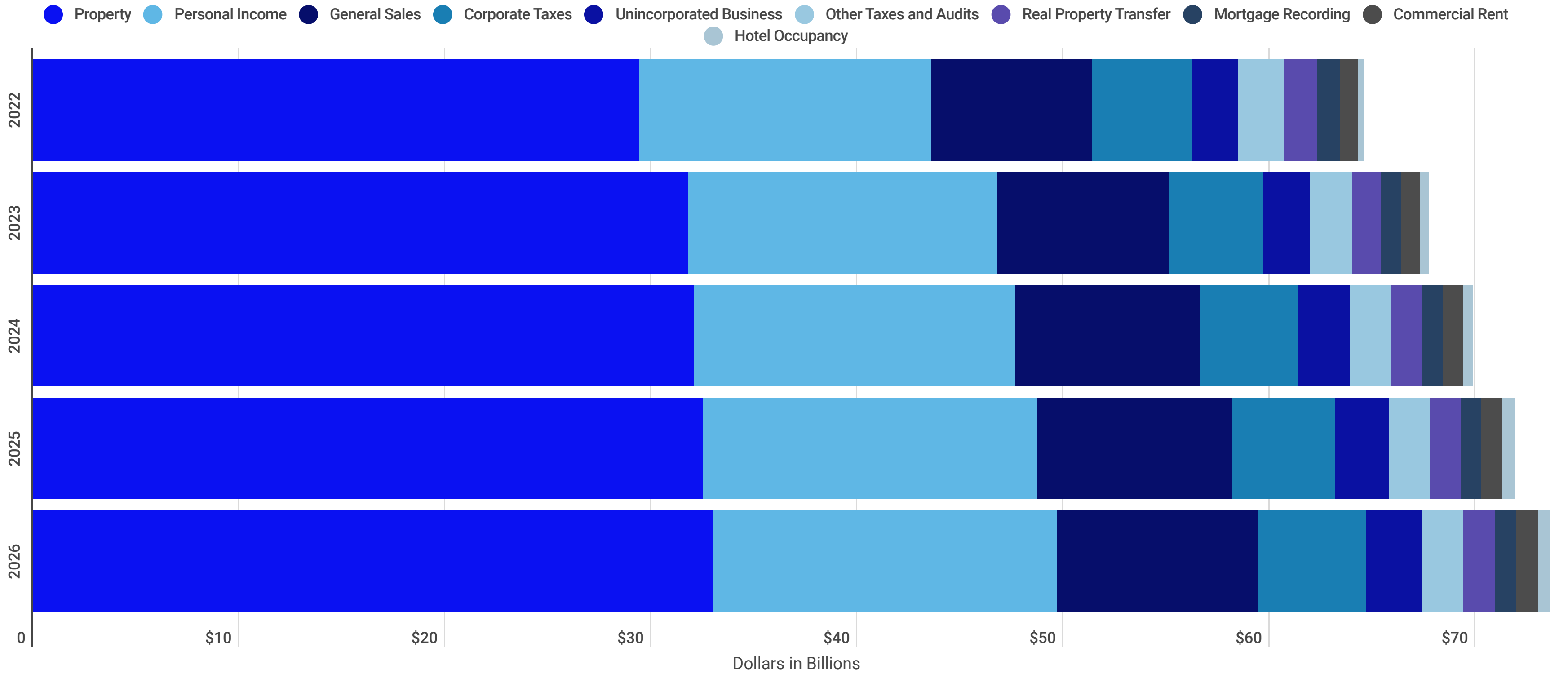
### Year-Over-Year Growth

-  2021-2022  
(1.4%)
-  2022-2023  
5.0%
-  2023-2024  
3.0%
-  2024-2025  
3.0%
-  2025-2026  
2.3%

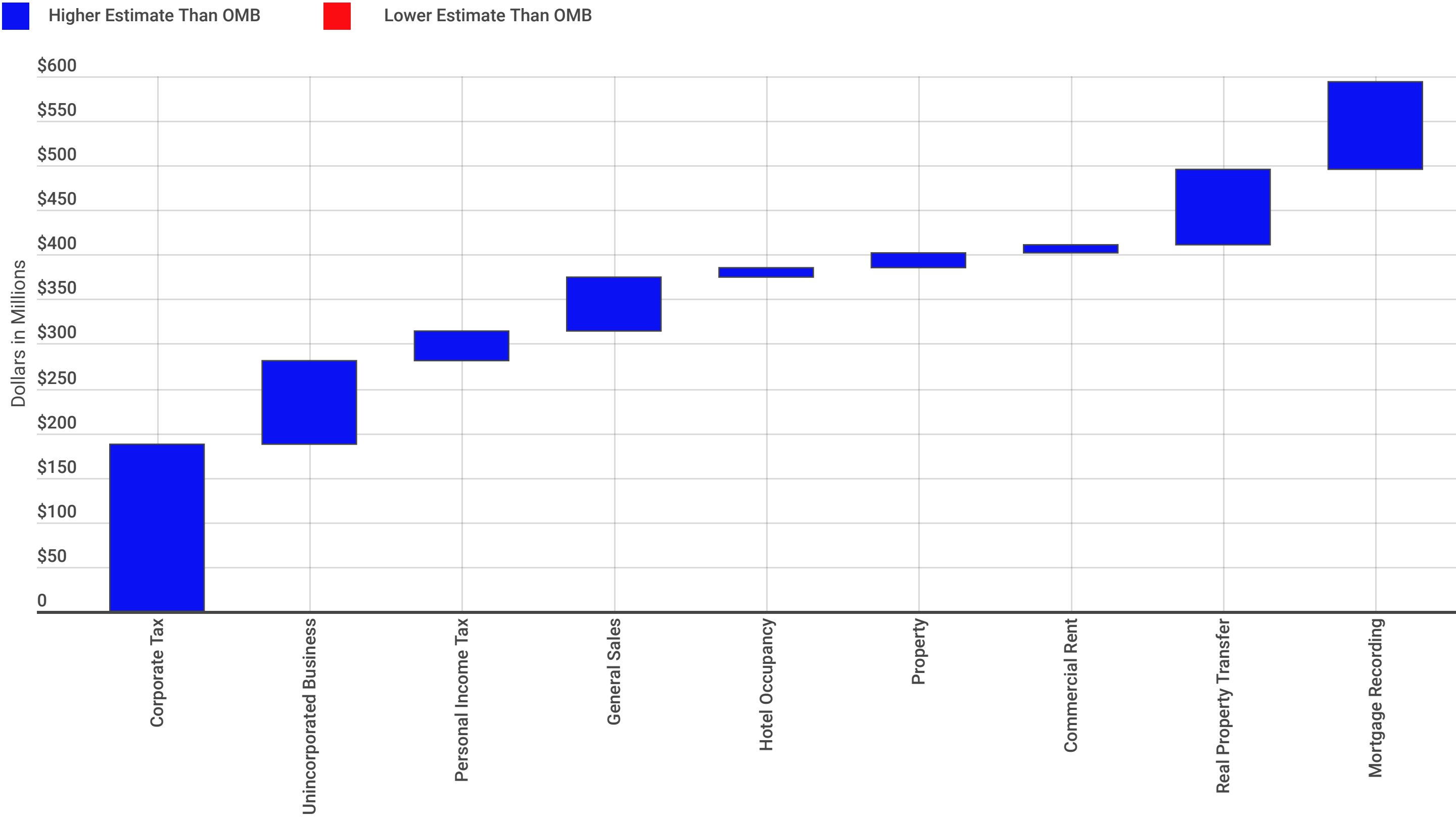
# Projected Revenue by Tax

To see specific taxes, click the categories you do not want to see in the legend.

Property tax revenue will rebound in 2023, rising to \$31.8 billion, an 8.0 percent increase over the 2022 estimate, which is forecast to be nearly \$2 billion less than the amount collected in 2021.



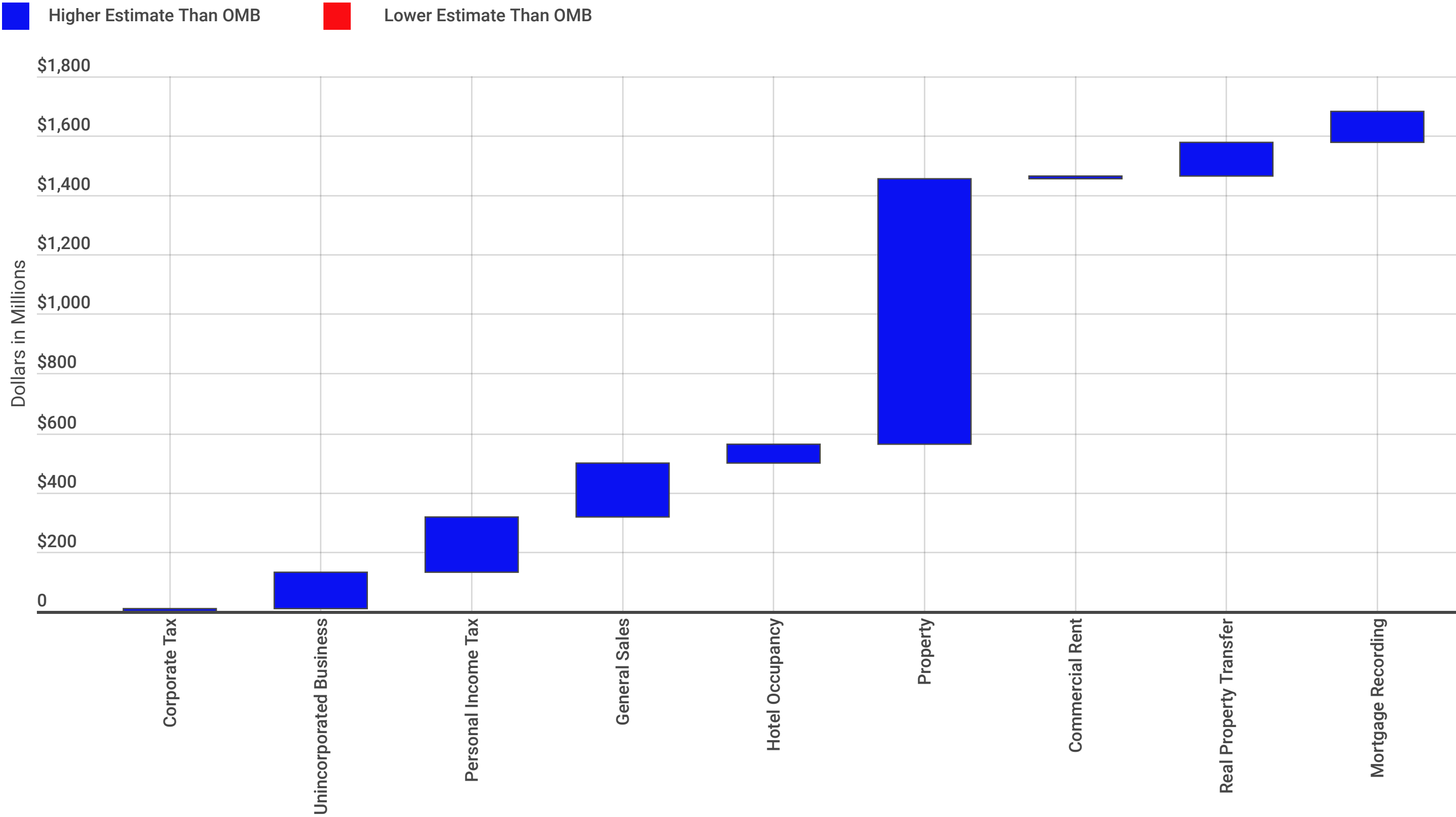
### Difference in Tax Revenue Forecasts by Year and Tax: 2022



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2022	\$593
2023	\$1,681
2024	\$1,798
2025	\$2,017
2026	\$2,552

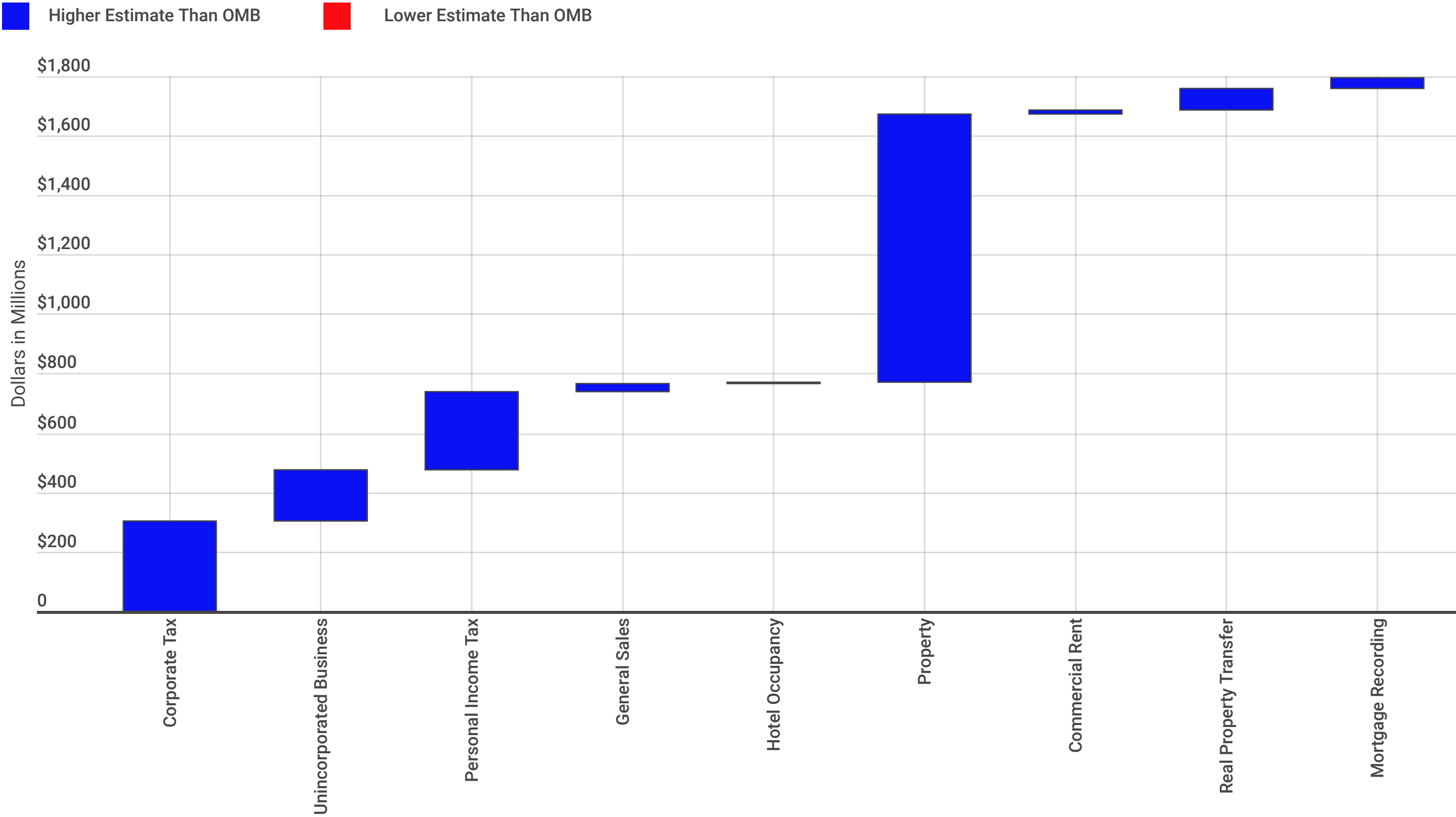
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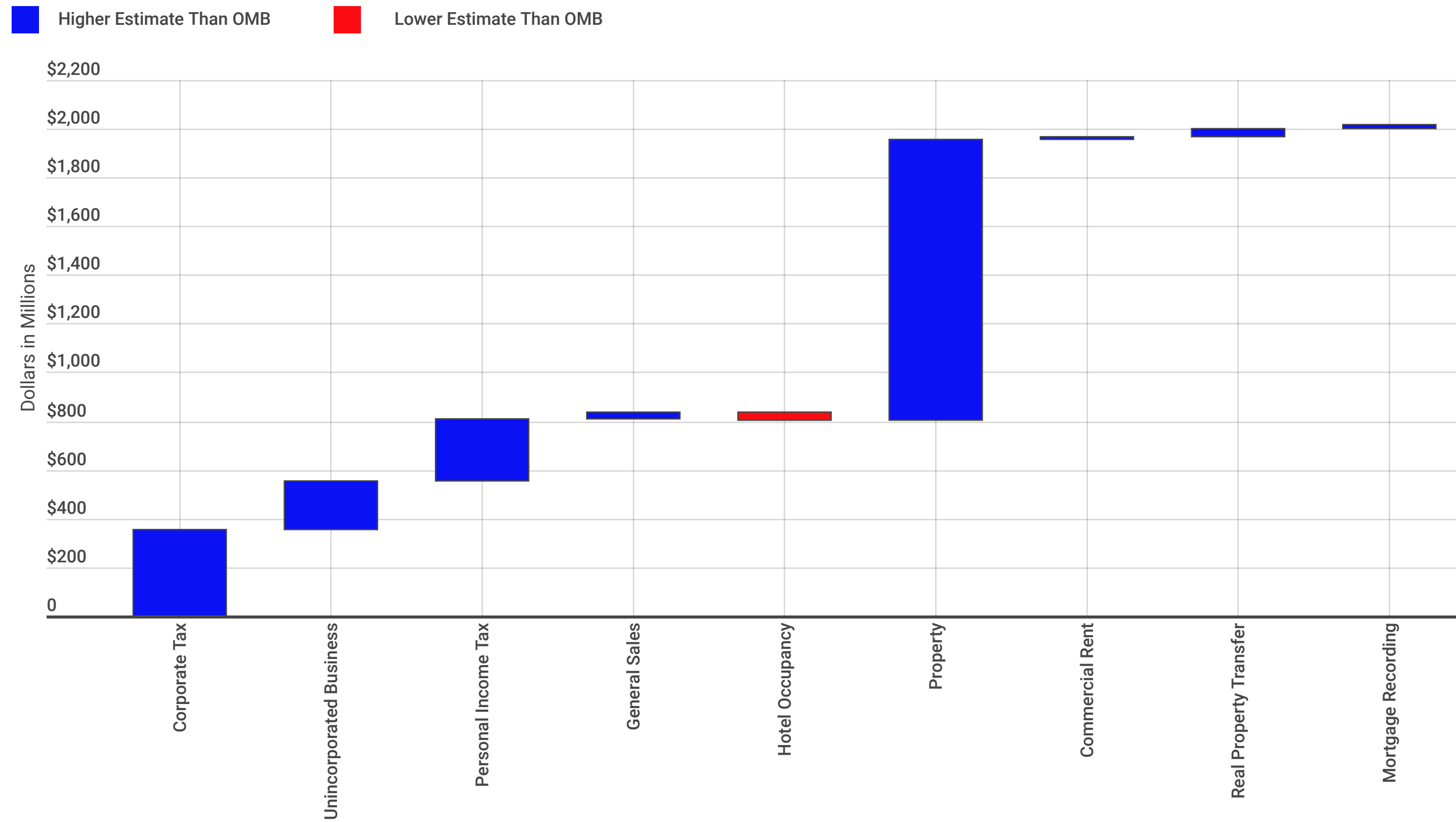
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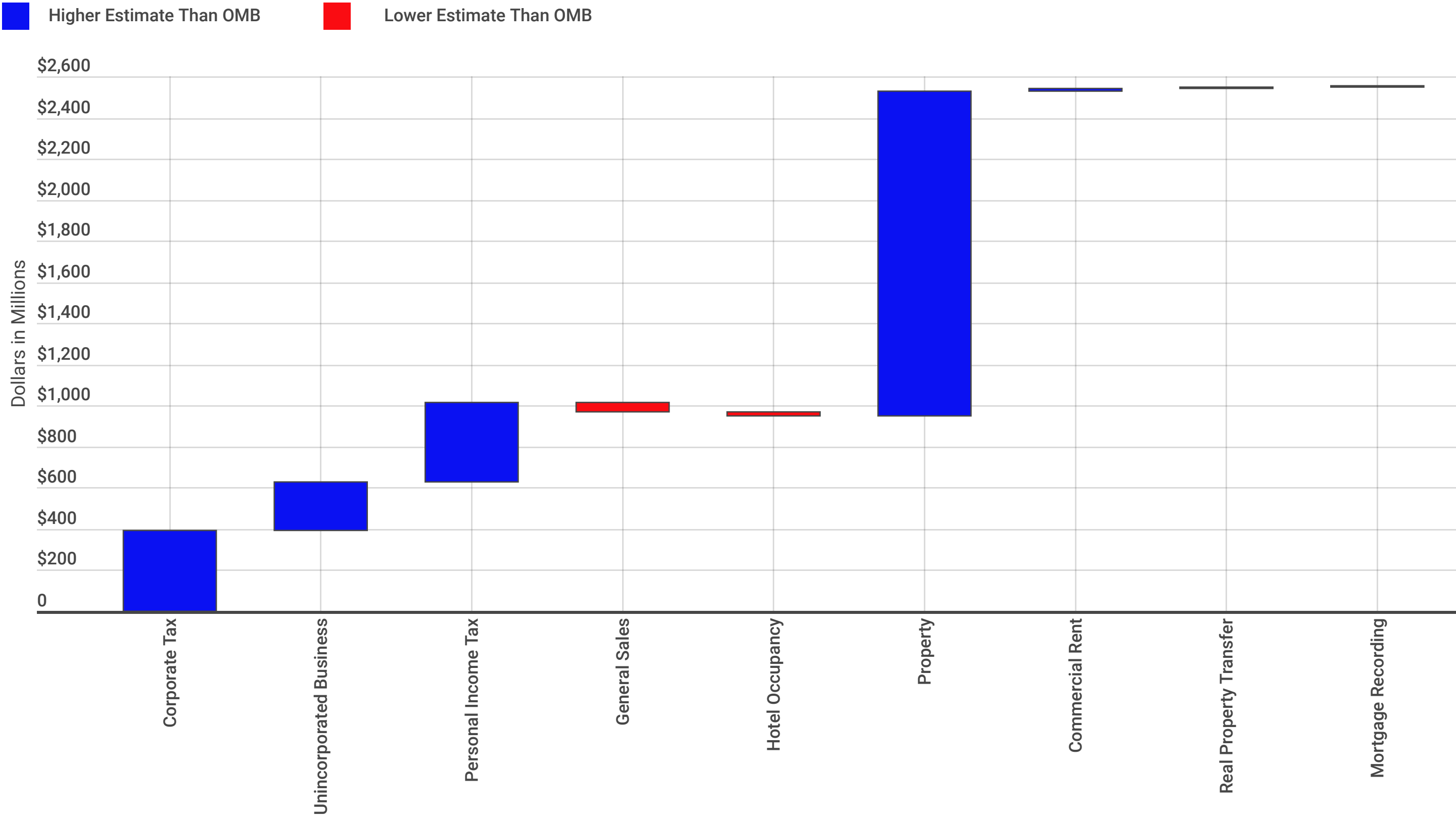
## Difference in Tax Revenue Forecasts by Year and Tax: 2025



**IBO's Total Tax Estimate Exceeds OMB's in Each Year**

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### Difference in Tax Revenue Forecasts by Year and Tax: 2026

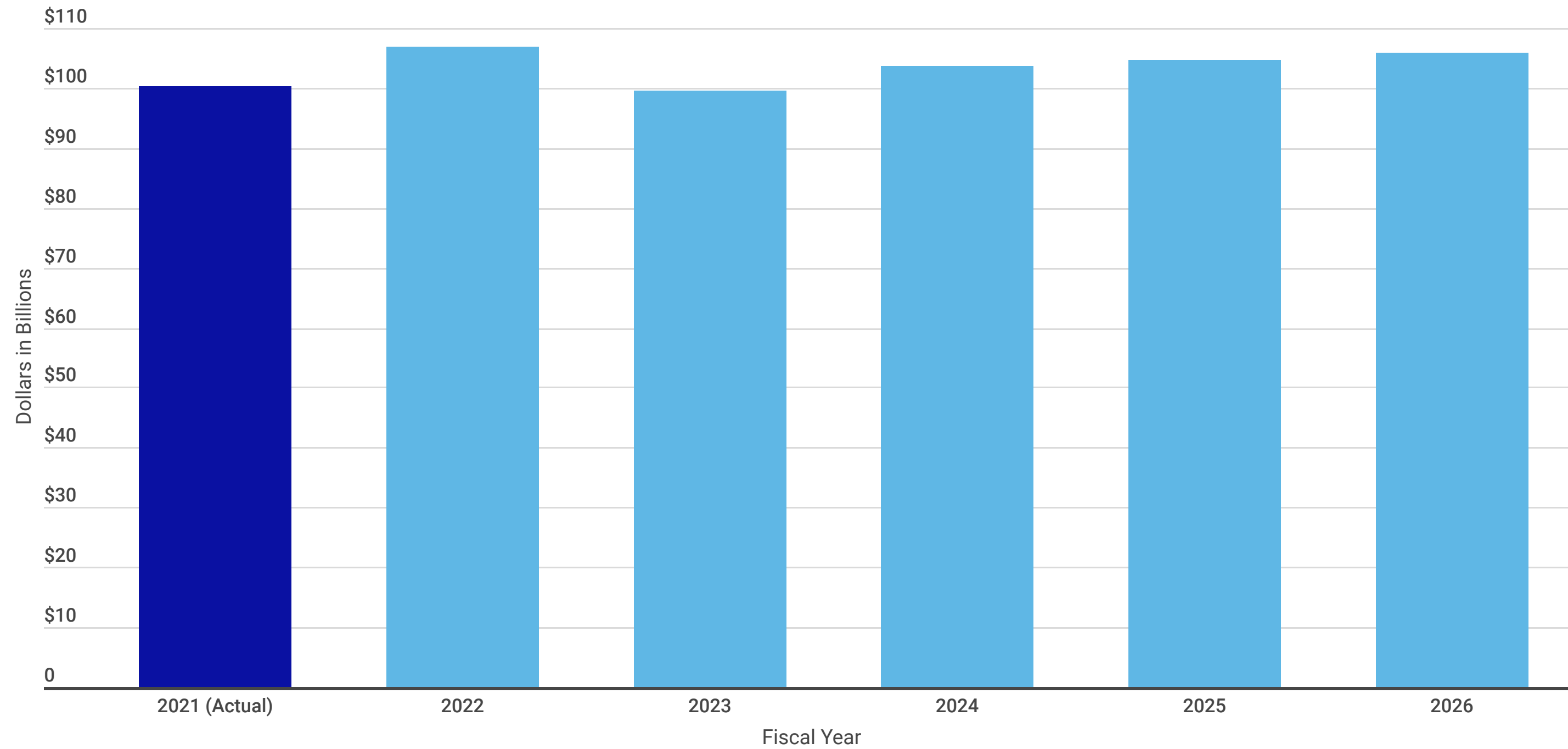


IBO's Total Tax Estimate Exceeds OMB's in Each Year






Fiscal Year	IBO Estimate of Additional Revenue, in millions
2022	\$593
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## Total City Expenditures

Adjusted for prepayments and nonrecurring expenses



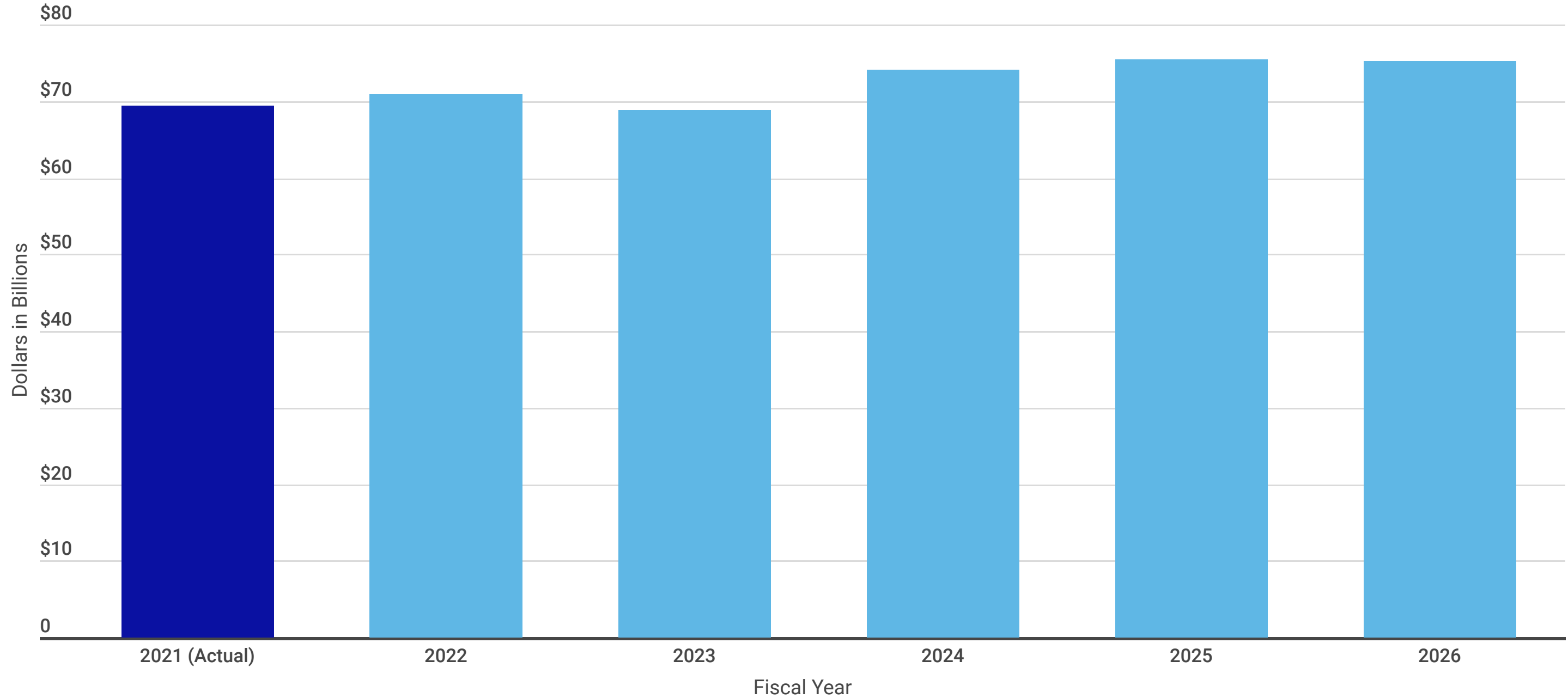
### Year-Over-Year Growth

-  2021-2022  
6.5%
-  2022-2023  
(6.9%)
-  2023-2024  
4.0%
-  2024-2025  
0.9%
-  2025-2026  
1.3%



# City-Funded Expenditures

Adjusted for prepayments and nonrecurring expenses

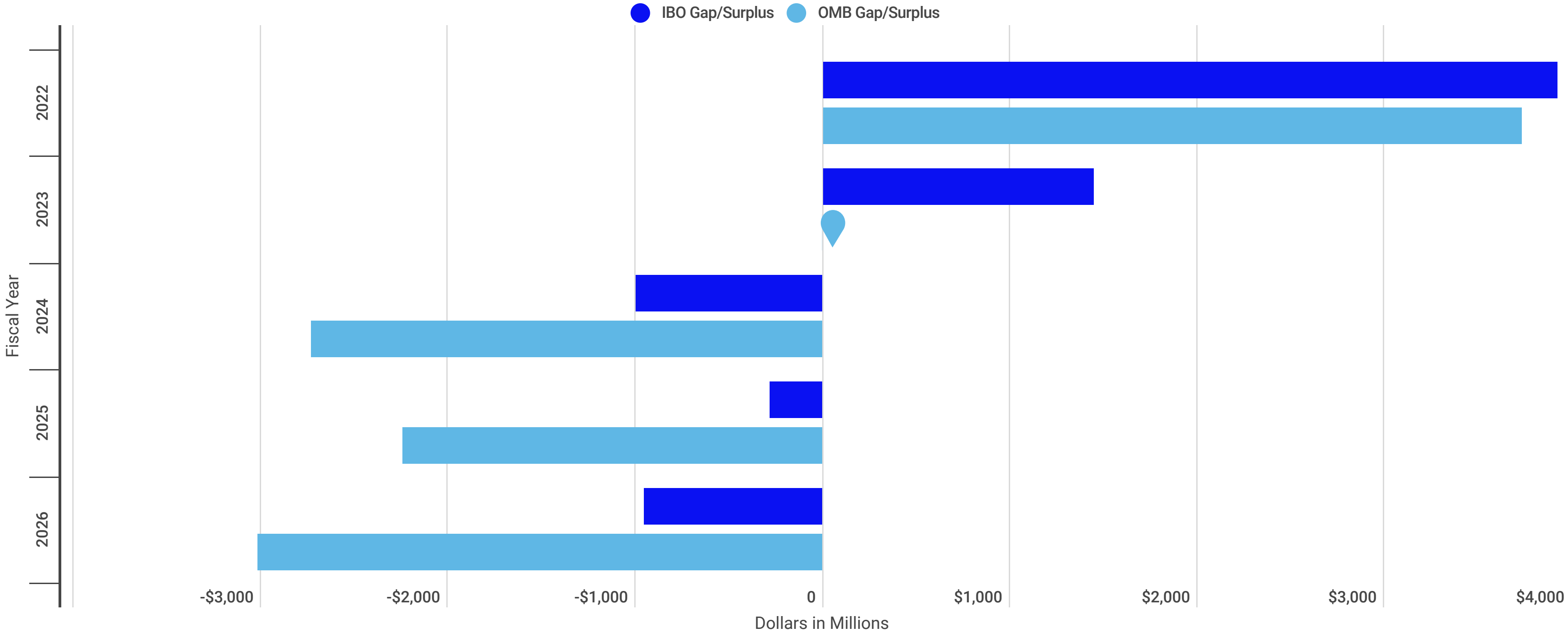


### Year-Over-Year Growth

- 2021-2022: 2.3%
- 2022-2023: (2.9%)
- 2023-2024: 7.8%
- 2024-2025: 1.5%
- 2025-2026: (0.2%)

# Projected Budget Gaps and Surpluses: IBO and OMB

IBO estimates a \$1.4 billion surplus in 2023, followed by a \$992 million gap in 2024, decreasing to \$279 million in 2025, and then back up to a \$950 million gap in 2026. These gaps could be closed through the use of budgeted reserve funds of \$1.25 billion in each year.



IBO's Gap/Surplus

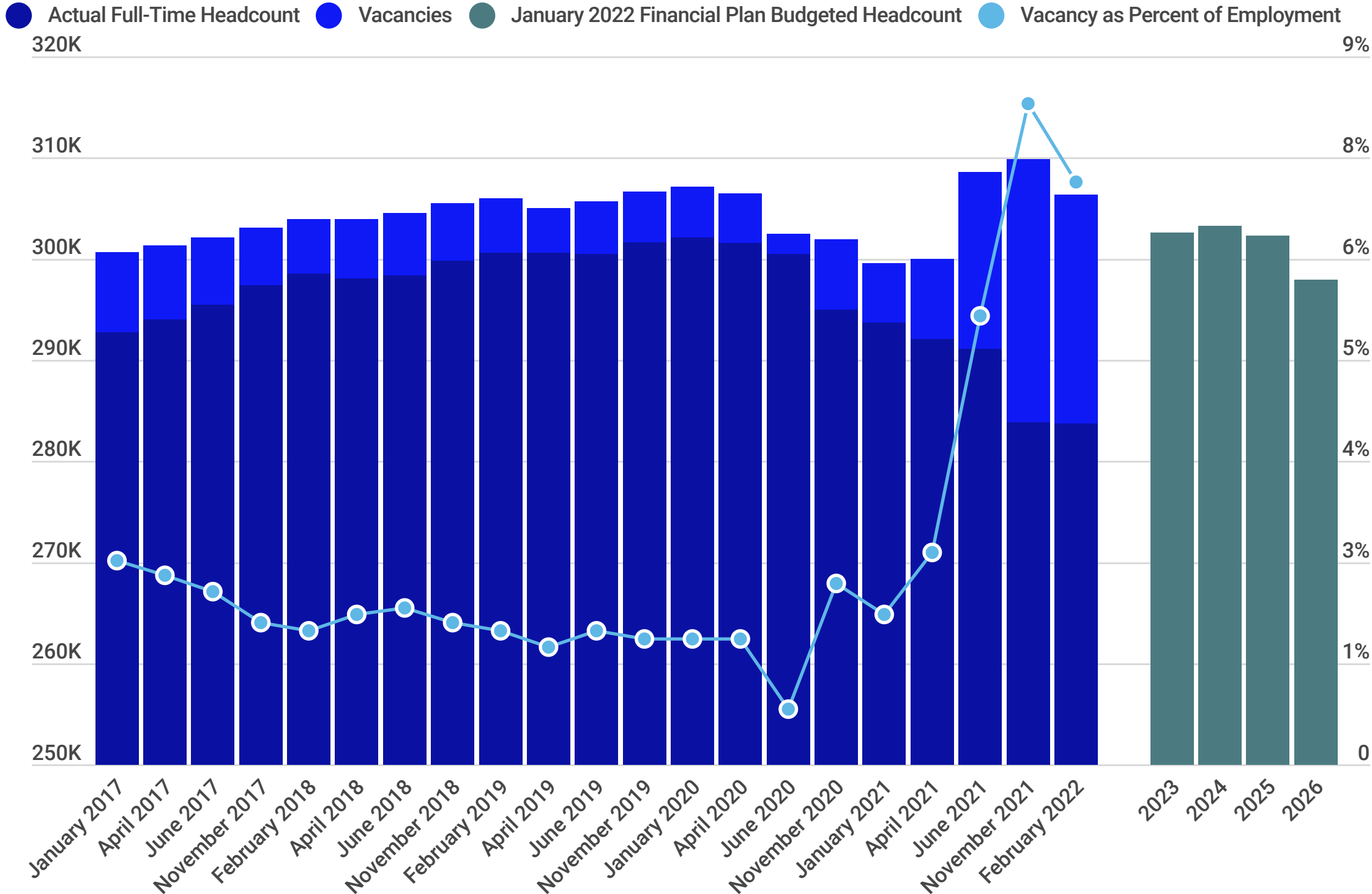
# Even After Headcount Reduction Program Vacancy Rate Remains High in Current Year

Prior to the onset of the Covid-19 pandemic, the city's vacancy rate (unfilled but budgeted positions as a share of total budgeted headcount) has averaged around 2 percent.

By November 2021, the city's vacancy rate increased to 8.4 percent of budgeted headcount—a total of 26,050 vacant positions.

While the current financial plan reduces the number of vacancies by nearly 7,700 in 2023, accounting for funding swaps and additional new needs, the city's full-time headcount decreases by just over 4,700 in 2023.

In the final year of the Adams Administration's current financial plan, full-time authorized headcount drops below 298,000. This would be the lowest budgeted headcount since calendar year 2017.



SOURCE: Mayor's Office of Management and Budget; Payroll Management System  
 NOTES: Budgeted Headcount is as of June 30<sup>th</sup> in the most recent fiscal year beginning with the June Adopted Plan. For example, June 2021 represents the planned headcount as of 6/30/2022. The actual headcount is the full time citywide headcount as of the month a financial plan was published. Vacancies are the difference between planned headcount and actual headcount in that month. Data is presented by the month of the release of the city's quarterly financial plan updates.

## Majority of Savings in Program to Eliminate the Gap Come From Reestimates & Funding Swaps

The administrations program to eliminate the gap (PEG) totals \$2.0 billion in fiscal years 2022 and 2023 and \$5.4 billion across the entire plan period.

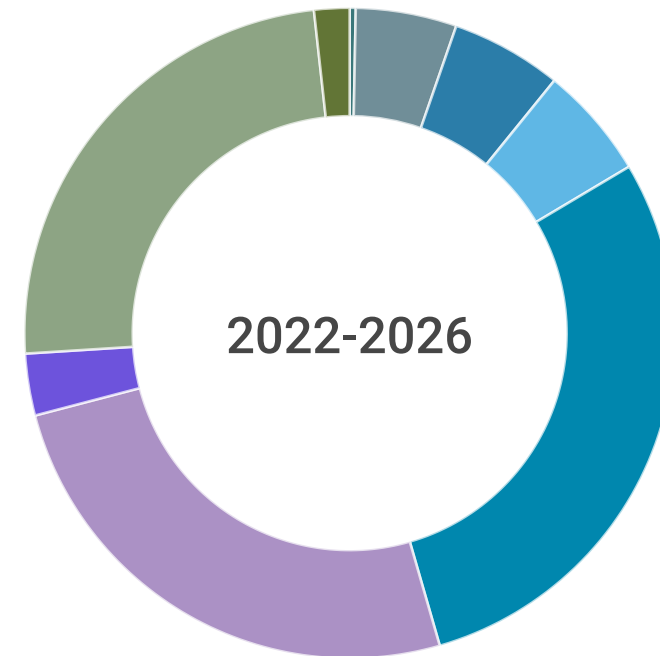
A year ago the deBlasio Administration's Citywide Savings Program totaled \$2.2 billion in the first two fiscal years and \$4.0 billion across the entire plan period.

Over 24 percent of the entire value of the PEG is the result of a reduction in vacancies with an additional 29.1 percent accrued from funding swaps, the majority of which is utilizing federal Covid-19 relief revenues to fund positions that are currently city-funded.

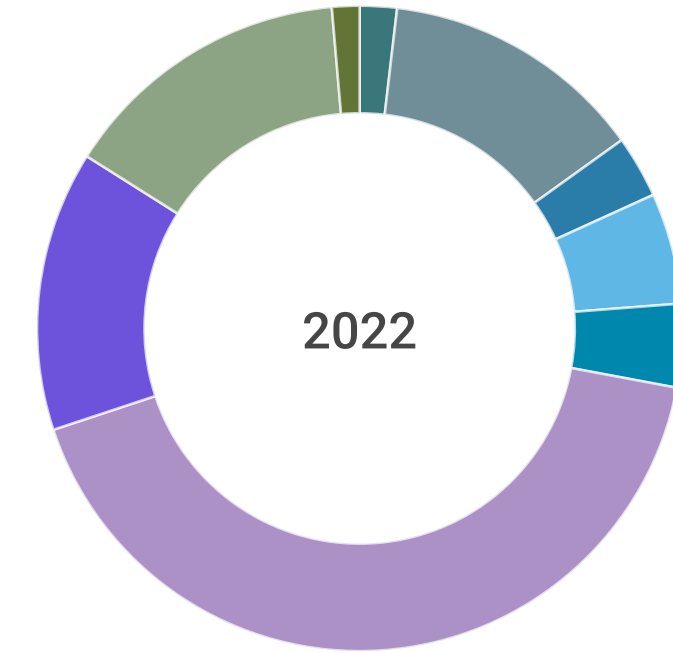
NOTE: Categories are based on IBO's analysis of items included in the Program to Eliminate the Gap.

*Dollars in thousands*

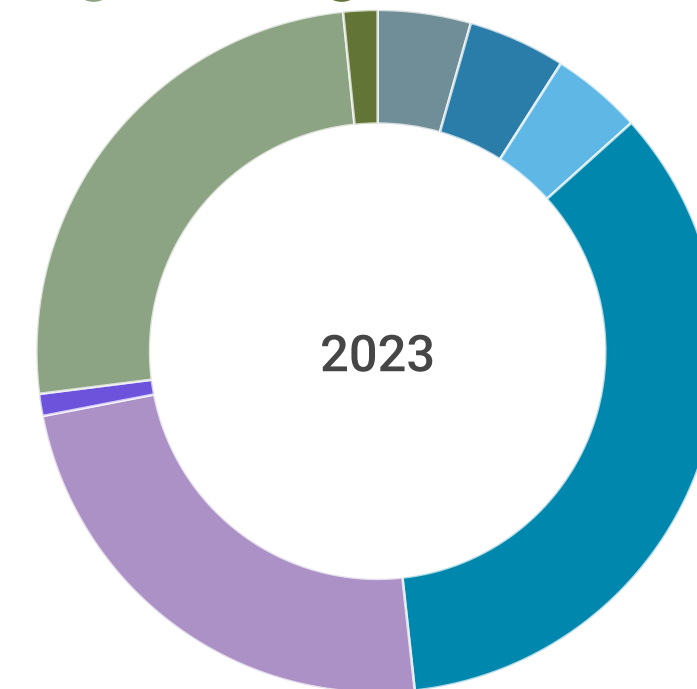
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- Debt Service
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- Funding Swap
- Reestimates
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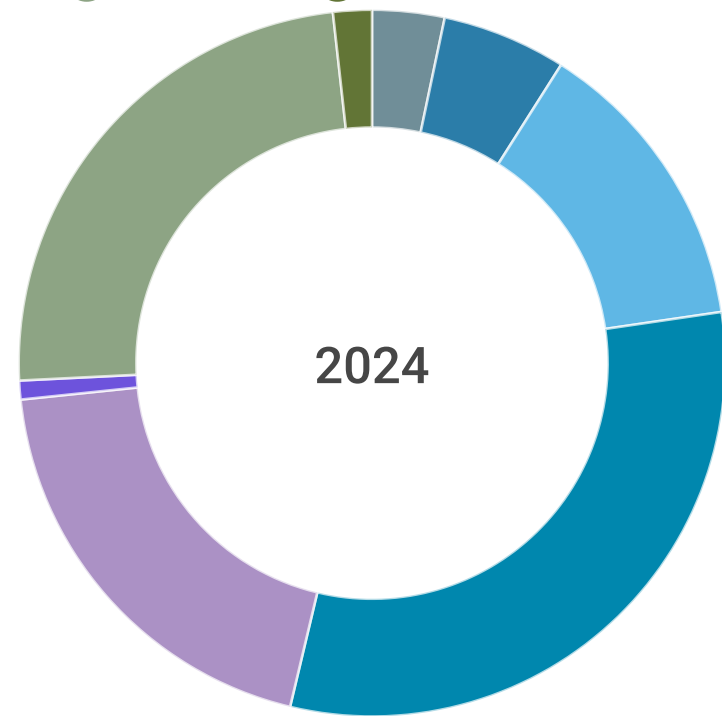
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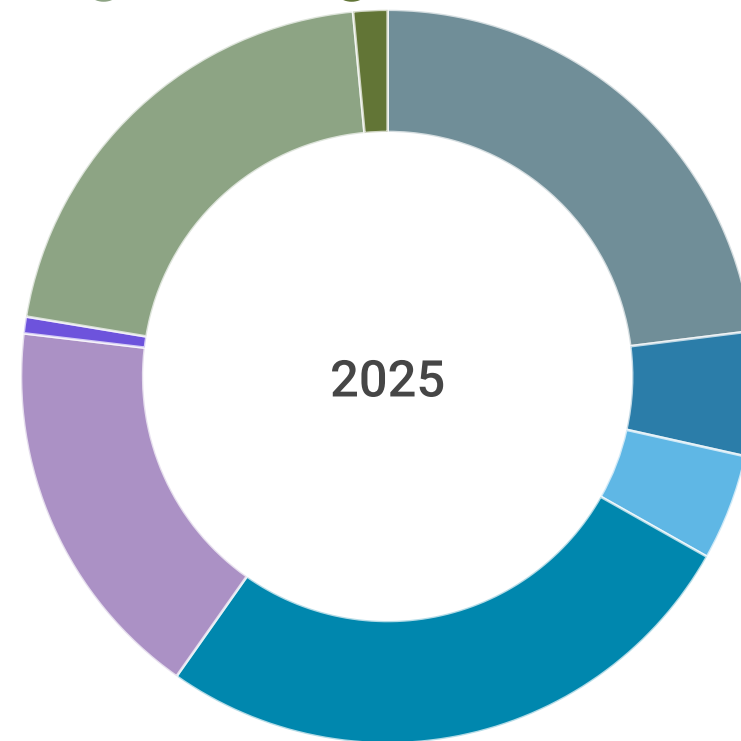
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Dollars in thousands

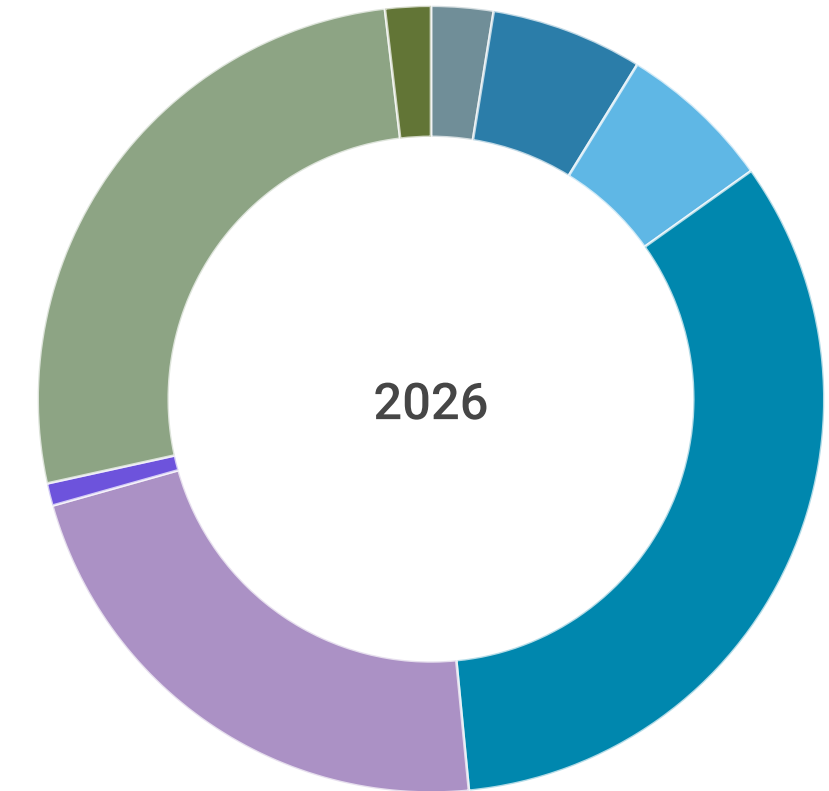
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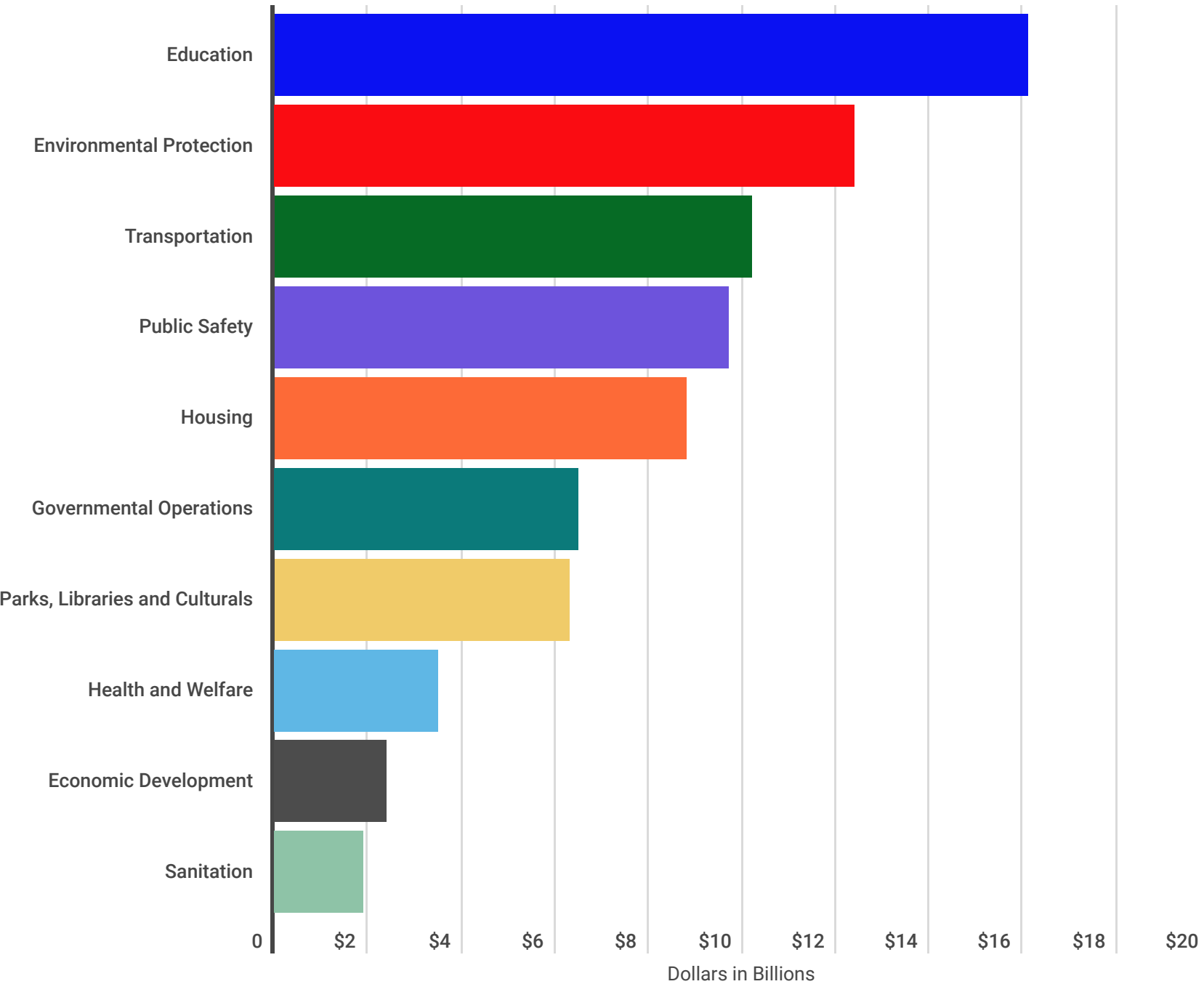
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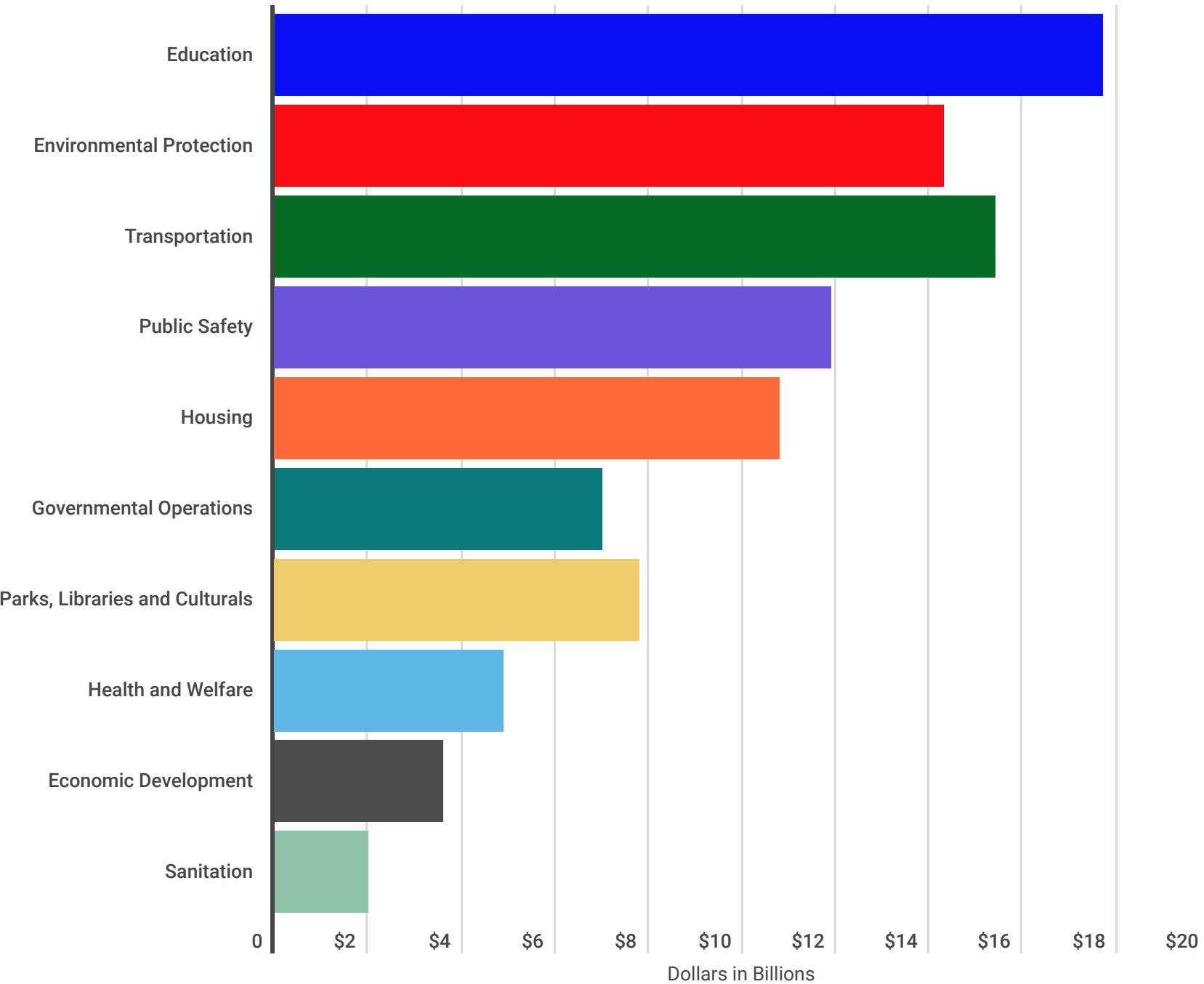
# Comparing City Capital Plans

The current five-year capital commitment plan totals \$95.4 billion of city funds, \$17.4 billion more than a year ago, with increases for all capital project types. The largest increase is an additional \$5 billion for transportation projects, followed by a \$2.2 billion more for public safety projects, and a \$2.0 billion increase for environmental protection projects.

2021-2025 Capital Plan



2022-2026 Capital Plan



# IBO Revenue Estimates

Dollars in millions

	Actual	Plan					Average Change
	2021	2022	2023	2024	2025	2026	2021-2026
<b>TAX REVENUES</b>							
Property	\$31,311	\$29,423	\$31,783	\$32,051	\$32,478	\$32,973	1.0%
Personal Income	15,101	14,216	14,927	15,590	16,215	16,651	2.0%
General Sales	6,553	7,774	8,327	8,854	9,452	9,655	8.1%
Corporate	5,019	4,797	4,559	4,828	4,996	5,290	1.1%
Unincorporated Business	2,077	2,267	2,342	2,464	2,565	2,678	5.2%
Real Property Transfer	1,045	1,573	1,446	1,485	1,519	1,529	7.9%
Mortgage Recording	896	1,098	1,022	1,007	1,041	1,063	3.5%
Commercial Rent	869	903	937	966	989	1,012	3.1%
Utility	356	376	379	388	394	402	2.4%
Hotel Occupancy	85	267	414	525	600	625	49.2%
Cigarette	22	20	18	17	16	16	(5.9%)
Other Taxes and Audits	2,046	1,763	1,554	1,554	1,554	1,554	(5.4%)
<b>Total Taxes</b>	<b>\$65,380</b>	<b>\$64,477</b>	<b>\$67,709</b>	<b>\$69,730</b>	<b>\$71,820</b>	<b>\$73,448</b>	<b>2.4%</b>
<b>OTHER REVENUE</b>							

# IBO Revenue Estimates

Dollars in millions

	Actual	Plan					Average Change
	2021	2022	2023	2024	2025	2026	2021-2026
<b>OTHER REVENUE</b>							
STaR Reimbursement	\$154	\$146	\$144	\$142	\$140	\$138	(2.1%)
Miscellaneous Revenue	5,682	7,258	7,002	7,058	7,087	7,115	4.6%
Unrestricted Intergovernmental Aid	1	1,044	-	-	-	-	n/a
Disallowances	(24)	(15)	(15)	(15)	(15)	(15)	n/a
<b>Total Other Revenue</b>	<b>\$5,813</b>	<b>\$8,433</b>	<b>\$7,131</b>	<b>\$7,185</b>	<b>\$7,212</b>	<b>\$7,238</b>	<b>4.5%</b>
<b>TOTAL CITY-FUNDED REVENUE</b>	<b>\$71,193</b>	<b>\$72,911</b>	<b>\$74,840</b>	<b>\$76,915</b>	<b>\$79,032</b>	<b>\$80,686</b>	<b>2.5%</b>
State Categorical Grants	\$14,597	\$16,475	\$16,425	\$16,651	\$16,896	\$16,950	3.0%
Federal Categorical Grants	12,620	17,985	9,830	9,123	8,417	7,393	(10.1%)
Other Categorical Grants	1,177	1,166	1,040	1,037	1,036	1,033	(2.6%)
Subtotal Revenue	\$99,587	\$108,535	\$102,135	\$103,725	\$105,381	\$106,062	1.3%
Interfund Revenue	634	730	734	732	731	731	2.9%
Less: Intra-City Revenue	(\$2,006)	(\$2,153)	(\$1,850)	(\$1,848)	(\$1,838)	(\$1,838)	
<b>TOTAL REVENUE</b>	<b>\$98,215</b>	<b>\$107,113</b>	<b>\$101,020</b>	<b>\$102,610</b>	<b>\$104,274</b>	<b>\$104,955</b>	<b>1.3%</b>
<b>OTHER REVENUE</b>							
STaR Reimbursement	\$154	\$146	\$144	\$142	\$140	\$138	(2.1%)
Miscellaneous Revenue	5,682	7,258	7,002	7,058	7,087	7,115	4.6%
Unrestricted Intergovernmental Aid	1	1,044	-	-	-	-	n/a
Disallowances	(24)	(15)	(15)	(15)	(15)	(15)	n/a
<b>Total Other Revenue</b>	<b>\$5,813</b>	<b>\$8,433</b>	<b>\$7,131</b>	<b>\$7,185</b>	<b>\$7,212</b>	<b>\$7,238</b>	<b>4.5%</b>

NOTES: Corporate taxes comprise three separate taxes: the business corporation tax for C corporations, the general corporation tax, and the banking corporation tax for S corporations. Figures may not add due to rounding.



# IBO Expenditure Estimates

Dollars in millions

	Actual	Plan					Average Change
	2021	2022	2023	2024	2025	2026	2021-2026
<b>Operational Expenditures</b>							
Agency Expenditures	\$72,752	\$80,439	\$72,299	\$71,688	\$71,672	\$72,994	0.1%
Labor Reserve	-	748	846	1,028	1,406	1,406	n/a
<b>Total Operational Expenditures</b>	<b>\$72,752</b>	<b>\$81,187</b>	<b>\$73,145</b>	<b>\$72,716</b>	<b>\$73,078</b>	<b>\$74,400</b>	<b>0.4%</b>
<b>Other Expenditures</b>							
Fringe Benefits	\$11,794	\$11,305	\$12,579	\$13,328	\$14,098	\$13,763	3.1%
Debt Service	8,193	4,568	3,855	8,098	8,642	\$9,44	2.9%
Pensions	9,446	9,932	9,665	9,048	8,176	7,561	(4.4%)
Judgments and Claims	618	1,337	908	925	941	958	9.2%
<b>Subtotal Recurring Expenses</b>	<b>\$102,804</b>	<b>\$108,329</b>	<b>\$100,152</b>	<b>\$104,115</b>	<b>\$104,935</b>	<b>\$106,127</b>	<b>0.6%</b>
General Reserve	-	\$250	\$1,055	\$1,000	\$1,000	\$1,000	n/a
Capital Stabilization Reserve	-	-	250	250	250	250	n/a
Retiree Health Benefits Trust	(425)	-	-	-	-	-	n/a
Unallocated Labor Savings	-	500	-	-	-	-	n/a
Other Adjustments	-	-	(35)	84	207	366	n/a
<b>Subtotal Non-Recurring Expenses</b>	<b>(\$425)</b>	<b>\$750</b>	<b>\$1,270</b>	<b>\$1,334</b>	<b>\$1,457</b>	<b>\$1,616</b>	<b>n/a</b>
Less: Intra-City Expenditures	(\$2,006)	(\$2,153)	(\$1,850)	(\$1,848)	(\$1,838)	(\$1,838)	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$100,372</b>	<b>\$106,926</b>	<b>\$99,572</b>	<b>\$103,601</b>	<b>\$104,554</b>	<b>\$105,905</b>	<b>1.1%</b>

NOTES: Other non-recurring adjustments include reserve funds, energy, lease, and non-labor inflation adjustments. Debt service growth is unadjusted for prepayments of current year expenses with resources from the prior year. Fringe benefits include the cost of health benefits covered by the Retiree Health Benefit Trust. Figures may not add due to rounding.

# Pricing Differences Between IBO and the Adams Administration

## Items That Affect the Gap

Dollars in millions

	2022	2023	2024	2025	2026
<b>Gaps as Estimated by the Mayor</b>	-	-	(\$2,721)	(\$2,234)	(\$3,009)
<b>Revenue</b>					
<b>Taxes</b>					
Property	\$16	\$893	\$902	\$1,152	\$1,585
Personal Income	34	186	261	257	386
General Sales	59	184	27	26	(45)
Corporate	188	7	302	354	392
Unincorporated Business	93	122	175	198	238
Real Property Transfer	85	111	76	35	9
Mortgage Recording	98	103	36	17	2
Hotel Occupancy	12	64	5	(30)	(25)
Commercial Rent	9	10	13	8	9
Utility	-	-	-	-	-
Cigarette	-	-	-	-	-
Other Taxes and Audits	-	-	-	-	-
<b>Total Taxes</b>	<b>\$593</b>	<b>\$1,681</b>	<b>\$1,798</b>	<b>\$2,017</b>	<b>\$2,552</b>
Taxes Not Baselined		\$300	\$300	\$300	\$300
Misc. Revenue	8	22	22	22	23
<b>TOTAL REVENUE</b>	<b>\$602</b>	<b>\$2,003</b>	<b>\$2,120</b>	<b>\$2,340</b>	<b>\$2,874</b>
<b>Expenditures</b>					

# Pricing Differences Between IBO and the Adams Administration

## Items That Affect the Gap

Dollars in millions

	2022	2023	2024	2025	2026
<b>Expenditures</b>					
Debt Service	\$ 60	\$173	-	-	-
Fringe Benefits:					
Health Insurance - Education	37	35	244	388	439
Health Insurance - City University	2	2	10	16	16
Health Insurance - All Other Agencies	68	65	402	585	649
Education	(219)	(163)	(325)	(633)	(1,168)
Police	(150)	(200)	(200)	(200)	(200)
Fire	(50)	(50)	(50)	(50)	(50)
Correction	(86)	(61)	(47)	(27)	(27)
Board of Elections	-	(50)	(50)	(50)	(50)
Sanitation	(9)	(5)	(20)	(33)	(59)
Homeless Services	-	(87)	(144)	(144)	(144)
Campaign Finance Board	-	(10)	(5)	(25)	(10)
Social Services	(41)	(178)	(178)	(178)	(178)
Small Business Services	(8)	(8)	(8)	(14)	(14)
Parks	(18)	(19)	(19)	(19)	(19)
<b>TOTAL EXPENDITURES</b>	<b>(\$415)</b>	<b>(\$556)</b>	<b>(\$391)</b>	<b>(\$385)</b>	<b>(\$815)</b>
<b>TOTAL IBO PRICING DIFFERENCES</b>	<b>\$187</b>	<b>\$1,448</b>	<b>\$1,729</b>	<b>\$1,955</b>	<b>\$2,059</b>
IBO Prepayment Adjustment 2022/2023	(\$187)	\$187	-	-	-
<b>IBO SURPLUS/(GAP) PROJECTIONS</b>	<b>-</b>	<b>\$1,635</b>	<b>(\$992)</b>	<b>(\$279)</b>	<b>(\$950)</b>

Appendix

## IBO Versus Mayor's Office of Management and Budget Economic Forecast

	2021	2022	2023	2024	2025	2026
<b>New York City Economy</b>						
<b>Nonfarm New Jobs (thousands)</b>						
IBO (Q4 to Q4)	199.0	179.6	99.8	78.7	67.7	58.6
OMB (Q4 to Q4)	202.1	164.1	127.1	116.0	92.8	50.4
<b>Nonfarm Employment Growth</b>						
IBO (Q4 to Q4)	4.9	4.2	2.2	1.7	1.5	1.3
OMB (Q4 to Q4)	5.0	3.9	2.9	2.6	2.0	1.1
<b>Inflation Rate (CPI-U-NY)</b>						
IBO	3.3	3.8	2.5	2.5	2.5	2.5
OMB	3.5	3.4	2.0	2.1	2.1	2.2
<b>Personal Income (\$ billions)</b>						
IBO	719.5	741.7	779.9	822.5	863.8	905.0
OMB	708.2	713.9	746.0	782.5	818.8	856.2
<b>Personal Income Growth</b>						
IBO	6.2	3.1	5.2	5.5	5.0	4.8
OMB	4.5	0.8	4.5	4.9	4.6	4.6
<b>Manhattan Office Rents (\$/sq.ft)</b>						
IBO	76.2	74.7	75.8	76.9	77.7	78.6
OMB	76.0	72.0	72.0	73.0	74.0	76.0

SOURCES: IBO; Mayor's Office of Management and Budget

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, Federal Funds Rate, and Manhattan Office Rents. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal.

Appendix