



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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**IBO Reports on the Mayor's Preliminary Budget & Financial Plan:
A Sound Budget Outlook, But Risks Remain**

Report Link: <http://bit.ly/1HSPFOc>

The New York City Independent Budget Office today released its complete report on the Mayor's Preliminary Budget for 2016 and Financial Plan Through 2019. The report provides details of IBO's most recent economic forecast along with explanations of our re-estimate of revenues and expenditures based on the Mayor's preliminary budget and financial plan.

As IBO testified to the City Council earlier this month, we estimate the city will end the current fiscal year with a surplus of nearly \$1.8 billion, \$182 million more than projected by the de Blasio Administration. We forecast that 2016, which the Mayor projects will end in balance, will have a surplus of \$1.3 billion. In each of fiscal years 2017 through 2019, IBO estimates the city will have surpluses of about \$300 million—the de Blasio Administration projects shortfalls ranging from \$1.0 billion to \$2.1 billion in those same years.

"Based on our projections under the terms of the Mayor's financial plan, New York City's budget outlook for the next few years is sound," said IBO Director Ronnie Lowenstein. "But as with any forecast, there are risks that can upend your estimates. For example, the boost the local economy has gained from international tourism in recent years could be undercut by a strong dollar and slower-than-expected growth around the world."

In addition to our previous testimony, some sections of this report were released ahead of related City Council hearings. But the report also provides new information and analysis. Some highlights include:

- IBO anticipates the city will add more than 96,000 jobs this year and 80,000 next year, with employment increases in low-wage jobs comprising a smaller share of the growth than in the recent past.
- Over the five years of the financial plan we project the largest shares of new jobs will come from education and health care services (28.5 percent), professional and business services (26.7 percent), and leisure and hospitality (14.6 percent).
- While the state budget proposal to restructure the city's corporate income taxes to largely mirror changes adopted last year on the state level may be revenue neutral over time as contended by the de Blasio Administration, it is quite possible these changes will result in revenue losses for the city in the first few years after they take effect.

- Education projects comprise nearly 25 percent of the new four-year capital plan with a total of \$11.0 billion in planned commitments.

The report also provides new information detailing the planned use of nearly \$2 billion in federal Hurricane Sandy disaster-relief funds added to the city's operating and capital budgets in the 2015-2019 financial plan and considers the effect on local taxpayers of proposed state changes to STAR personal income and property tax benefits. In addition, the report provides an overview of planned capital spending under the four-year commitment plan released last month as well as the preliminary 10-year capital strategy issued at the same time.

The 57-page report is available on IBO's [website](#). For a free, printed copy, call 212-442-0632.

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