



New York City Comptroller  
**Scott M. Stringer**

**NEWS**

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## **Comptroller Stringer Presents an Analysis of New York City's Modified FY15 Executive Budget Projects Additional Revenue, Narrowing Out-Year Gaps**

NEW YORK, NY— On Wednesday, New York City Comptroller Scott M. Stringer released an analysis of the City's Modified FY15 Executive Budget which includes a comprehensive look at the fiscal impact of labor agreements and stronger than expected tax revenue that has narrowed out-year budget gaps.

"Reaching agreement on labor contracts has put the City on a strong fiscal path, and eliminated uncertainty about one of our largest budget obligations," Comptroller Stringer said. "Healthcare savings from this agreement will be crucial to keeping costs in line with projections. Tax revenues are up over the four-year financial plan, helping to shrink some of our out-year gaps, but given our relatively slow economic growth nationally we will continue to be watchful over spending and revenue trends."

The Comptroller's Office's revenue projections are higher than the Financial Plan by \$131 million in FY 2014, \$881 million in FY 2015, \$983 million in FY 2016, \$1.65 billion in FY 2017, and \$2.37 billion in FY 2018.

Due to these higher revenue projections, the analysis indicates that out-year budget gaps could be smaller than projected in the Financial Plan. The Comptroller's Office estimates that the gaps would be \$1.77 billion in FY 2016, \$406 million in FY 2017, and \$914 million in FY 2018.

In February's analysis of the FY15 Preliminary Budget, Comptroller Stringer said the City needed to have clarity on its labor costs by June 30<sup>th</sup> in order to have a complete picture of its obligations heading into the new fiscal year. Funding for the settlement of the expired contracts is based on the pattern of the newly-ratified agreement that was reached in early May between the City and the United Federation of Teachers.

The analysis presented today explains how this contract pattern is funded through FY18 for workers who had a contract from the old round of collective bargaining and for those that did not settle in that round. The analysis also examines costs and savings associated with the contract pattern through FY21.

The Comptroller's Office estimates the gross cost of the contract pattern at \$19.6 billion, which includes wages and salaries for unions whose seven-year contract extends beyond FY18. However, the net cost of the deal to the City is estimated at \$7.3 billion once health care savings are achieved.

There are several important programmatic initiatives included in the Modified FY15 Executive Budget, including \$23 million to ensure compliance with State mandates regarding arts education in public schools, \$48 million to modernize and bring City services online and \$80 million over the next four years for a working families rental assistance program to help prevent people from going into homeless shelters and to get them out of shelters more quickly.

In regard to the economy, the analysis noted that the nation's slow growth over the past 15 years could signal a future with lower potential growth. The City's job creation has been much stronger than the nation's, gaining 5.5 percent more jobs compared to its previous peak. However, there is concern that nearly 70 percent of the jobs added in 2013 were in low-wage industries. The Comptroller's Office expects the City to gain 65,000 jobs in 2014, the third consecutive year of declines.

"Maintaining the City's fiscal strength depends on sound fiscal management, including achieving healthcare savings targets. The flexibility of the structure of the labor agreement provides some breathing room in the short term to build back up a budget cushion in case the economy stalls or another recession happens," Stringer said.

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