



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 2014 and the Financial Plan for Fiscal Years 2014-2017

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I. Executive Summary

The Comptroller's economic forecasts for the nation and the city remain relatively unchanged from the Comptroller's Comment on the Fiscal Year 2014 Executive Budget, released in June 2013. Both the national and local economies are still expected to grow at a moderate pace with the major risks to that outlook stemming mainly from Federal economic policy.

U.S. economic growth is expected to remain sluggish through the rest of 2013. Growth is expected to accelerate during 2014 and to more closely approximate the historical rate. The City's economy is expected to grow at a steady rate throughout the Plan period, building on its recent competitive success in key business sectors.

The Comptroller's Office highlights two risks that could potentially dampen expected economic growth. The first of these risks is the unexpected spiking of long-term interest rates that has occurred since the middle of May 2013. While the Comptroller expects interest rates to remain at their current levels for the rest of 2013, any future unforeseen increases could affect the Comptroller's economic outlook. The second risk is related to the Federal budget process. Any standoff related to the increase of the federal debt ceiling or the passage of the Federal budget could lead to further tightening of fiscal policy. Such events could result in further market volatility and reduced consumer and business confidence further delaying the economy's return to health.

The City's FY 2014 Budget as adopted totals \$69.92 billion, \$2.607 billion less than the modified FY 2013 Budget. However, after netting out the impact of prepayments of current year expenditures with prior year revenues, the FY 2014 expenditures total \$73.58 billion, an increase of \$1.38 billion, or 1.9 percent, from the adjusted FY 2013 spending estimate.

Nearly 72 percent of the FY 2014 Adopted Budget is funded with City-funds totaling \$50.29 billion. City-funds baseline expense changes since the FY 2014 Executive Budget total \$697 million, resulting primarily from City Council restorations and initiatives and agency spending increases offset partially by downward revision to debt service estimates and the senior care rate.

In addition to the increase in expenditures, revenues for FY 2014 have been modified upward since the release of the Executive Plan in May. The Adopted FY 2014 revenue budget is \$67 million greater as a result of an increase of \$75 million in the tax revenue estimate, offset by the reduction of \$8 million of assumed revenue from the increase in student lunch fees.

The net effect of the increased expenses and revenues since the Executive Budget was a \$630 million gap in the FY 2014 budget. The gap was closed through the increase of the prepayment of FY 2014 expenses with surplus FY 2013 funds. At adoption, the FY 2013 budget surplus totaled \$2.987 billion. This surplus was used to fund a budget stabilization account (BSA) and discretionary transfers of \$2.791 billion to prepay

FY 2014 debt service and library subsidies. The remaining \$196 million is scheduled to be used to defease NYC Transitional Finance Authority debt.

While the FY 2014 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 \$2.871 billion in FY 2014, \$671 million in FY 2015, \$117 million in FY 2016, and offsets of \$277 million to the projected gap in FY 2017. The primary reason for the declining risk is the Comptroller's more positive estimate of tax revenues in the outyears of the Financial Plan, particularly in the property, personal income and sales taxes.

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 \$3.5 billion to the FY 2014 Budget, which includes all retroactive pay, and subsequent risks of \$900 million in each of the subsequent years of the Financial Plan. Additional risks include a \$161 million underestimate for citywide overtime expenses and an \$80 million overestimate of the amount of Medicaid reimbursement the Department of Education can expect. These risks are partially offset by the Comptroller's FY 2014 tax revenue forecast which is \$797 million higher than the City's and \$68 million in overstated judgments and claims.

The Adopted FY 2014 budget includes a projection of \$45.31 billion in total tax revenue for FY 2014. The Comptroller's Office expects overall tax revenue collections to be \$797 million greater than the City's forecast. This offset is primarily the product of the Comptroller's higher revenue estimates for the personal income tax. The Comptroller's Office does not expect PIT revenues to drop as precipitously in FY 2014 as does the City's forecast. The Comptroller projects a decrease in overall PIT revenues of only 2.9 percent in FY 2014. In the outyears of the Financial Plan, the Comptroller's Office projects higher net revenues of \$284 million in FY 2015, \$737 million in FY 2016, and \$1.030 billion in FY 2017. These higher forecasts are in line with the Comptroller's belief that growth of the local economy in the outyears of the Financial Plan period will be more robust than the City anticipates.

Table 1. FYs 2014 – 2017 Financial Plan

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	Changes FYs 2014 – 2017	
					Dollar	Percent
Revenues						
Taxes:						
General Property Tax	\$19,793	\$20,555	\$21,491	\$22,262	\$2,469	12.5%
Other Taxes	\$24,812	\$26,583	\$27,602	\$28,767	\$3,955	15.9%
Tax Audit Revenues	\$709	\$709	\$709	\$709	\$0	0.0%
Subtotal: Taxes	\$45,314	\$47,847	\$49,802	\$51,738	\$6,424	14.2%
Miscellaneous Revenues	\$6,573	\$6,617	\$6,624	\$6,735	\$162	2.5%
Less: Intra-City Revenues	(\$1,582)	(\$1,561)	(\$1,565)	(\$1,566)	\$16	(1.0%)
Disallowances Against Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%
Subtotal: City Funds	\$50,290	\$52,888	\$54,846	\$56,892	\$6,602	13.1%
Other Categorical Grants	\$840	\$844	\$831	\$827	(\$13)	(1.5%)
Inter-Fund Revenues	\$536	\$515	\$515	\$515	(\$21)	(3.9%)
Total City & Inter-Fund Revenues	\$51,666	\$54,247	\$56,192	\$58,234	\$6,568	12.7%
Federal Categorical Grants	\$6,495	\$6,293	\$6,277	\$6,273	(\$222)	(3.4%)
State Categorical Grants	\$11,756	\$12,047	\$12,468	\$12,932	\$1,176	10.0%
Total Revenues	\$69,917	\$72,587	\$74,937	\$77,439	\$7,522	10.8%
Expenditures						
Personal Service						
Salaries and Wages	\$22,169	\$22,171	\$22,420	\$22,754	\$585	2.6%
Pensions	\$8,317	\$8,326	\$8,524	\$8,778	\$461	5.5%
Fringe Benefits	\$8,881	\$9,487	\$10,151	\$10,894	\$2,013	22.7%
Retiree Health Benefits Trust	(\$1,000)	\$0	\$0	\$0	\$1,000	(100.0%)
Subtotal-PS	\$38,367	\$39,984	\$41,095	\$42,426	\$4,059	10.6%
Other Than Personal Service						
Medical Assistance	\$6,366	\$6,447	\$6,415	\$6,415	\$49	0.8%
Public Assistance	\$1,387	\$1,385	\$1,385	\$1,391	\$4	0.3%
All Other	\$21,388	\$21,176	\$21,682	\$22,140	\$752	3.5%
Subtotal-OTPS	\$29,141	\$29,008	\$29,482	\$29,946	\$805	2.8%
Debt Service						
Principal	\$1,958	\$2,321	\$2,314	\$2,259	\$301	15.4%
Interest & Offsets	\$2,471	\$2,495	\$2,718	\$2,807	\$336	13.6%
Subtotal Debt Service	\$4,429	\$4,816	\$5,032	\$5,066	\$637	14.4%
FY 2012 BSA and Discretionary Transfers ^a	(\$31)	\$0	\$0	\$0	\$31	(100.0%)
FY 2013 BSA and Discretionary Transfers ^b	(\$2,791)	\$0	\$0	\$0	\$2,791	(100.0%)
FY 2014 BSA ^c	\$142	(\$142)	\$0	\$0	(\$142)	(100.0%)
NYCTFA Debt Retention	\$0	(\$98)	(\$98)	\$0	\$0	0.0%
NYCTFA						
Principal	\$665	\$852	\$944	\$979	\$314	47.2%
Interest & Offsets	\$1,127	\$1,393	\$1,516	\$1,670	\$543	48.2%
Subtotal NYCTFA	\$1,792	\$2,245	\$2,460	\$2,649	\$857	47.8%
General Reserve	\$450	\$300	\$300	\$300	(\$150)	(33.3%)
	\$71,499	\$76,113	\$78,271	\$80,387	\$8,888	12.4%
Less: Intra-City Expenses	(\$1,582)	(\$1,561)	(\$1,565)	(\$1,566)	\$16	(1.0%)
Total Expenditures	\$69,917	\$74,552	\$76,706	\$78,821	\$8,904	12.7%
Gap To Be Closed	\$0	(\$1,965)	(\$1,769)	(\$1,382)	(\$1,382)	N/A

^a FY 2012 BSA and Discretionary Transfers include prepayments of \$1.34 billion of G.O. debt service, \$879 million of NYCTFA debt service, \$156 million of lease debt service, \$64 million of subsidies and \$23 million of net equity contribution in bond refunding. Of the \$156 million in lease debt service prepayment, \$125 million was for FY 2013 lease debt service. The remaining \$31 million was for FY 2014 lease debt service.

^b FY 2013 BSA and Discretionary Transfers include prepayments of \$2.097 billion of G.O. debt service and \$64 million of subsidies.

^c FY 2014 BSA totals \$142 million.

**Table 2. Plan-to-Plan Changes
June 2013 Plan vs. May 2013 Plan**

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017
Revenues				
Taxes:				
General Property Tax	\$84	\$0	\$0	\$0
Other Taxes	(\$9)	\$0	\$0	\$0
Tax Audit Revenues	\$0	\$0	\$0	\$0
Subtotal: Taxes	\$75	\$0	\$0	\$0
Miscellaneous Revenues	\$11	\$5	\$5	\$5
Less: Intra-City Revenues	(\$19)	\$0	\$0	\$0
Disallowances Against Categorical Grants	\$0	\$0	\$0	\$0
Subtotal: City Funds	\$67	\$5	\$5	\$5
Other Categorical Grants	(\$48)	(\$49)	(\$50)	(\$50)
Inter-Fund Revenues	\$1	(\$1)	\$0	\$0
Total City & Inter-Fund Revenues	\$20	(\$45)	(\$45)	(\$45)
Federal Categorical Grants	\$66	(\$19)	(\$18)	(\$19)
State Categorical Grants	\$55	\$10	(\$51)	(\$101)
Total Revenues	\$141	(\$54)	(\$114)	(\$165)
Expenditures				
Personal Service				
Salaries and Wages	\$137	\$13	(\$9)	(\$31)
Pensions	\$0	\$0	\$0	\$0
Fringe Benefits	\$54	\$40	\$3	(\$19)
Retiree Health Benefits Trust	\$0	\$0	\$0	\$0
Subtotal-PS	\$191	\$53	(\$6)	(\$50)
Other Than Personal Service				
Medical Assistance	\$0	\$0	\$0	\$0
Public Assistance	\$0	\$0	\$0	\$0
All Other	\$623	(\$119)	(\$122)	(\$133)
Subtotal-OTPS	\$623	(\$119)	(\$122)	(\$133)
Debt Service				
Principal	\$0	\$0	\$0	\$0
Interest & Offsets	(\$7)	(\$107)	(\$6)	(\$5)
Subtotal Debt Service	(\$7)	(\$107)	(\$6)	(\$5)
FY 2012 BSA and Discretionary Transfers	\$0	\$0	\$0	\$0
FY 2013 BSA and Discretionary Transfers	(\$630)	\$0	\$0	\$0
FY 2014 BSA	\$0	\$0	\$0	\$0
NYCTFA Debt Redemption	\$0	(\$98)	(\$98)	\$0
NYCTFA Debt Service				
Principal	\$0	\$0	\$0	\$0
Interest & Offsets	(\$17)	(\$11)	(\$12)	(\$12)
Subtotal NYCTFA	(\$17)	(\$11)	(\$12)	(\$12)
General Reserve	\$0	\$0	\$0	\$0
	\$160	(\$282)	(\$244)	(\$200)
Less: Intra-City Expenses	(\$19)	\$0	\$0	\$0
Total Expenditures	\$141	(\$282)	(\$244)	(\$200)
Gap To Be Closed	\$0	\$228	\$130	\$35

Table 3. Risks and Offsets to the June 2013 Financial Plan

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017
City Stated Gap	\$0	(\$1,965)	(\$1,769)	(\$1,382)
Tax Revenues				
Property Tax	(\$20)	\$8	\$239	\$557
Personal Income Tax	\$683	\$213	\$283	\$362
Business Taxes	\$69	(\$35)	\$78	\$36
Sales Tax	\$33	\$42	\$95	\$100
Real-Estate-Related Taxes	\$32	\$56	\$42	(\$25)
Subtotal	\$797	\$284	\$737	\$1,030
Expenditures				
UFT/CSA Collective Bargaining	(\$3,495)	(\$900)	(\$900)	(\$900)
Overtime	(\$161)	(\$100)	(\$100)	(\$100)
DOE Medicaid Reimbursement	(\$80)	(\$100)	(\$100)	(\$100)
FY 2013 Pension Asset Gains	\$0	\$66	\$131	\$197
Judgments and Claims	\$68	\$79	\$115	\$150
Subtotal	(\$3,668)	(\$955)	(\$854)	(\$753)
Total Risk/Offsets	(\$2,871)	(\$671)	(\$117)	\$277
Restated (Gap)/Surplus	(\$2,871)	(\$2,636)	(\$1,886)	(\$1,105)

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II. The FY 2014 Adopted Budget

The FY 2014 Adopted Budget totals \$69.917 billion, \$141 million greater than the FY 2014 Executive Budget. Over half of the change is attributable to an increase in the non-City funds portion of the budget.¹ The increase in the non-City funds portion of the budget is due mainly to upward revisions of \$66 million and \$55 million in the Federal categorical and State categorical portion of the budget, respectively, offset by a downward revision of \$49.9 million to other categorical-funded judgments and claims expenditure. The increase in Federal categorical funds results from the rollover of \$79 million of FY 2013 Federal grants into FY 2014, \$60 million of which are homeland security grants. The revision to State categorical funds is due primarily to the recognition of additional State grants for education and health. While the City-funds portion of the Adopted Budget only increased slightly from the Executive Budget, there were significant changes in City-funds expenditures within the \$67 million net increase, as shown in Table 4. City-funds baseline expenditures were revised upwards by \$697 million, resulting primarily from the addition of \$393 million of City Council restorations and initiatives and \$263 million of adjustments to agency spending. These expenditure increases are funded through an increase of \$630 million in the prepayment of FY 2014 debt service, which reduces FY 2014 expenditures by a corresponding amount, and an increase of \$67 million in the FY 2014 revenue forecast.

Table 4. Changes to the FY 2014 City-Funds Estimates

(\$ in millions)

Revenue Changes		Expenditure Changes	
Property Tax	\$85	Council Restorations and Initiatives	\$393
PILOTS	(10)	Agency Expenditures	263
Subtotal Tax Revenues	\$75	NYCHA (including DYCD and DFTA)	71
Council Reduction of Proposed Lunch Fee Increase	(\$8)	Miscellaneous Expenses	10
		Senior Care Rate Savings	(22)
		Debt Service	(18)
Total	\$67	Subtotal Baseline Changes	\$697
		Prepayment of FY 2014 Debt Service	(\$630)
		Total	\$67

More than a quarter of the City Council restorations and member items are in the areas of health and welfare as shown in Table 5. Restorations and member items in libraries, the Fire Department, and the Departments of Youth and Community Development, Aging, Education, Cultural Affairs, and Parks and Recreation account for another 59 percent of Council initiatives.

¹ The non-City funds portion of the budget comprise Federal and State categorical funds, other categorical funds and inter-fund agreement funds.

Table 5. City Council Restorations and Member Items

(\$ in thousands)

Health and Welfare	
Administration for Children Services	\$63,403
Dept. of Social Services	\$9,515
Dept. of Homeless Services	\$2,388
Dept. of Health and Mental Hygiene	\$31,123
Subtotal Health and Welfare	\$106,429
Dept of Youth Services	\$100,844
Fire Department	\$43,892
Dept. of Aging	\$30,020
Dept of Education	\$19,738
Dept. of Cultural Affairs	\$19,427
Libraries	\$13,002
Dept. of Parks and Recreation	\$5,814
All Others	\$53,987
Total	\$393,153

The changes to the FY 2014 estimate also include \$71 million of additional expenditures offsetting a portion of the reductions in Federal grants to New York City Housing Authority (NYCHA) as a result of the sequestration. Of this, \$58 million will be in the form of additional subsidy to NYCHA. The remaining \$13 million will fund the takeover, by the Department of Youth and Community Development, and the Department Aging, of NYCHA operated community and senior centers that would otherwise be closed due to the shortfall in Federal funding.

RISKS AND OFFSETS

The Comptroller's Office has identified net risks of \$2.871 billion in FY 2014, \$671 million in FY 2015, and \$117 million in FY 2016, and offsets of \$277 million to the projected FY 2017 gap, as shown in Table 6. The largest risk over the Plan period is the absence of funding for the 2008 – 2010 round of collective bargaining for the United Federation of Teachers (UFT) and the Council of School Supervisors and Administrators (CSA). In the corresponding round 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 2014 risk includes the costs associated with retroactive wage increases.

Table 6. Risks and Offsets to the FY 2014 Executive Budget Financial Plan

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017
City Stated Gap	\$0	(\$1,965)	(\$1,769)	(\$1,382)
Tax Revenues				
Property Tax	(\$20)	\$8	\$239	\$557
Personal Income Tax	\$683	\$213	\$283	\$362
Business Taxes	\$69	(\$35)	\$78	\$36
Sales Tax	\$33	\$42	\$95	\$100
Real-Estate-Related Taxes	\$32	\$56	\$42	(\$25)
Subtotal	\$797	\$284	\$737	\$1,030
Expenditures				
UFT/CSA Collective Bargaining	(\$3,495)	(\$900)	(\$900)	(\$900)
Overtime	(\$161)	(\$100)	(\$100)	(\$100)
DOE Medicaid Reimbursement	(\$80)	(\$100)	(\$100)	(\$100)
FY 2013 Pension Asset Gains	\$0	\$66	\$131	\$197
Judgments and Claims	\$68	\$79	\$115	\$150
Subtotal	(\$3,668)	(\$955)	(\$854)	(\$753)
Total Risk/Offsets	(\$2,871)	(\$671)	(\$117)	\$277
Restated (Gap)/Surplus	(\$2,871)	(\$2,636)	(\$1,886)	(\$1,105)

In recent reports on the City's Financial Plan, the Comptroller's Office has risked the assumption of revenues from the sale of 2,000 taxi medallions authorized by the Street Hail Livery Law. The law was eventually overturned by the State Supreme Court. While the City was appealing the ruling, due to the uncertainty of the outcome of the appeal, the Comptroller's Office felt that it was not prudent to include the stream of revenues from the sales of these medallions in the Financial Plan. On June 6, 2013, the New York State Court of Appeals overturned the lower court's ruling which clears the path for the City to sell the 2,000 taxi medallions. As such, the Comptroller's Office no longer views this revenue stream as a risk to the City's revenue projections. However, it is still uncertain if the City's revenue estimates for the sale of the taxi medallions are realistic.

The Comptroller's tax revenue projections, which are slightly higher than the Plan projections, offset some of the aforementioned risks. Most of the offset to risks in FY 2014 is due to the Comptroller's higher personal income tax (PIT) revenue forecast. Higher property tax and PIT revenue forecasts in the outyears provide the bulk of the offsets in the latter half of the Financial Plan. The Comptroller's tax revenue forecasts are discussed in greater detail in "Tax Revenues" beginning on page 13. In addition, the Comptroller's Office estimates that FY 2013 pension investment gains above the actuarial interest rate assumption will reduce pension contributions by \$66 million in FY 2015, \$131 million in FY 2016 and \$197 million in FY 2017. Reductions in pension contribution from FY 2013 asset gains are not included in the June 2013 Financial Plan.

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III. The State of the City's Economy

COMPTROLLER'S ECONOMIC FORECAST, 2013-2017

Only minor changes have been made to the Comptroller's economic forecasts for the nation and the city since our last report, the Comptroller's Comment on the Fiscal Year 2014 Executive Budget, released in June 2013. Both the national and local economies are still expected to grow at a moderate pace with the major risks to that outlook stemming mainly from Federal economic policy.

The current forecasts reflect only technical changes to those presented in the Comptroller's previous budget report, resulting from additional data that have been received in the interim. As stated previously, U.S. economic growth is expected to remain sluggish through the rest of 2013. Growth is expected to accelerate during 2014 and to more closely approximate the historical rate. The City's economy is expected to grow at a steady rate throughout the Plan period, building on its recent competitive success in key business sectors.

However, since the Comptroller's last report, additional downside risks to this scenario have emerged. First, long-term interest rates have spiked since Federal Reserve Chairman Ben Bernanke's May 22nd testimony before the Joint Economic Committee of Congress, and subsequent Fed attempts at clarification do not seem to have altered financial markets' expectations of the path of interest rates. Second, continued stalemate in Congress over the FY 2014 Federal Budget raises the possibility that another disruptive showdown over the debt limit will occur in the fall. While neither of these risks is concrete enough to warrant an immediate downgrade of the Comptroller's economic forecasts, they underscore the economy's vulnerability to further policy shocks.

It is questionable whether the Fed has, in fact, changed its policy at all since earlier in the year, when yields on 10-year Treasury notes reached a low of 1.63 percent. Chairman Bernanke and other Federal Reserve governors have been insistent that the bank has not. Nevertheless, market participants have clearly reformulated their expectation of future monetary conditions, with the 10-year yields shooting up approximately 100 basis points in just two months. Interest rates that affect consumers and businesses, for example 30-year fixed home mortgage rates and yields on corporate Baa bonds, rose by 116 basis points and 90 basis points, respectively, over a two-month period.

The Comptroller's Office does not expect interest rate increases that have already occurred are large enough to reverse the positive trends in residential and business investment. However, that expectation is uncertain given the unique economic conditions that currently prevail. Moreover, the recent sensitivity of interest rates to real or perceived changes in monetary policy raises the possibility that the unwinding of the Fed's stimulus programs will be less orderly than previously expected.

After the drama of the 2012 Presidential Election, the “fiscal cliff” negotiations, and the federal budget sequester, there was some hope that the FY 2014 Federal Budget could be passed with less rancor and disruption to the economy. The House passed a budget plan in March and the Senate passed its own shortly thereafter. Under normal procedures each chamber would appoint a conference committee to negotiate a compromise between the two plans. However, Republicans in both the House and Senate have so far refused to authorize such committees. Increasingly, it appears that members who would prefer a confrontation with the White House on the budget, on the Federal debt limit, or on both will dominate the process when the deadlines near in September and October.

Among the economic risks inherent in an acrimonious standoff over the budget and debt ceiling are a further tightening of fiscal policy, a decrease in consumer and business confidence and an increase in market volatility, and real disruptions in federal operations or debt payments. Any of those outcomes could further forestall the economy’s return to health.

Insofar as the risks discussed have not yet materialized as economically quantifiable factors, the Comptroller’s forecasts remain substantially unchanged from his previous budget report. The U.S. economy is expected to grow by only 1.9 percent in 2013, with growth constrained by the fiscal contraction that has already been adopted. Under the current policy alignment, growth should pick up in 2014, with the economy, led by a reviving housing sector, growing faster than at any time since 2007. At present, the Comptroller’s Office sees no reason that the City’s economy should not be able to keep pace with that gradually improving national picture.

Table 7 shows the Comptroller’s and the Mayor’s forecast of five economic indicators for 2013 to 2017.

Table 7. Selected NYC and the U.S. Economic Indicators, Annual Averages, Comptroller and Mayor's Forecasts, 2013-2017

Selected NYC Economic Indicators, Annual Averages		2013	2014	2015	2016	2017
Real GCP, (2005 \$),	Comptroller	2.7	2.7	3.2	3.2	3.0
percent Change	Mayor	1.1	0.7	2.4	2.4	2.4
Payroll Jobs,	Comptroller	48	42	44	44	30
Change in Thousands	Mayor	54	52	50	49	47
Inflation Rate	Comptroller	2.0	2.3	2.5	2.7	2.8
Percent	Mayor	1.9	2.0	1.8	1.8	2.0
Wage-Rate Growth,	Comptroller	2.0	2.6	2.9	2.8	2.9
Percent	Mayor	2.1	1.2	2.4	2.7	2.9
Unemployment Rate,	Comptroller	8.8	8.3	7.8	7.4	7.3
Percent	Mayor	NA	NA	NA	NA	NA
Selected U.S. Economic Indicators, Annual Averages		2013	2014	2015	2016	2017
Real GDP, (2005 \$),	Comptroller	1.9	2.9	3.2	3.4	3.3
percent Change	Mayor	1.6	2.7	3.4	3.2	3.2
Payroll Jobs,	Comptroller	2.1	1.9	2.0	2.1	2.0
Change in Millions	Mayor	1.9	2.0	2.7	2.8	2.4
Inflation Rate	Comptroller	1.7	2.1	2.2	2.6	2.7
Percent	Mayor	1.6	1.7	1.6	1.6	1.8
Fed Funds Rate,	Comptroller	0.1	0.2	0.4	2.0	3.2
Percent	Mayor	0.2	0.2	0.2	1.6	3.6
10-Year Treasury Notes,	Comptroller	2.1	2.5	3.7	3.9	4.4
Percent	Mayor	2.4	3.1	3.5	4.0	4.7

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. Mayor=forecast by the NYC Office of Management and Budget in the Fiscal Year 2014 Executive Budget. GCP=Gross City Product. NA=not available.

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IV. Revenue Assumptions

The FY 2014 Adopted Budget and Financial Plan projects total revenues will grow from \$69.92 billion in FY 2014 to \$77.44 billion in FY 2017, averaging 3.5 percent growth annually. The City's revenue projections reflect an assumption of modest growth in the national and local economies during the Plan period. Tax revenues are expected to comprise 65 percent of total revenues in FY 2014, increasing to 67 percent of total revenues by FY 2017. Property tax revenues are projected to grow from \$19.79 billion in FY 2014 to \$22.26 billion in FY 2017, while non-property tax revenues are expected to grow from \$25.52 billion in FY 2014 to \$29.47 billion in FY 2017.²

Miscellaneous revenue, excluding intra-City revenue, is expected to be consistent throughout the Plan period, increasing from \$5 billion in FY 2014 to \$5.2 billion in FY 2017. The miscellaneous revenue forecast includes \$1.46 billion in revenues the City expects to realize from the sale of taxi medallions in FYs 2014 through 2017.

Total Federal and State aid is projected at \$18.25 billion in FY 2014. Federal and State aid are expected to grow modestly to \$18.34 billion in FY 2015 before rising more significantly to \$18.74 billion in FY 2016 and \$19.21 billion in FY 2017. This trend mainly reflects the City's expectation of education aid increases from the State.

Tax Revenues

The FY 2014 Adopted Budget and Financial Plan, projects total tax revenues of \$45.31 billion in FY 2014. This forecast represents a decrease of \$379 million from the FY 2013 forecast. Non-property tax revenues are estimated to fall 4.6 percent in FY 2014 while property tax revenues are expected to grow 4.6 percent. Except for an \$84.7 million increase in the FY 2014 real property tax revenue projection and a \$10 million decrease in projected FY 2014 revenues from Payments in Lieu of Taxes (PILOT), the City has left its tax revenue forecasts for FYs 2014-2017 unchanged from the Executive Budget projections. The revised property tax revenue forecast for FY 2014 reflects an \$88.8 million increase in the levy, partially offset by a \$4 million increase in the reserve for uncollectible taxes.

Projected Tax Revenue Growth, City Forecast, FYs 2014-2017

The FY 2014 Adopted Budget and Financial Plan assumes total tax revenue to increase \$6.4 billion from FY 2014 to FY 2017, an average annual growth rate of 4.5 percent. As shown in Table 8, total tax revenue collections are expected to decrease 0.8 percent in FY 2014, and then grow by 5.6 percent in FY 2015, 4.1 percent in FY 2016 and 3.9 percent in FY 2017. Non-property tax collections are expected to fall 4.6 percent in FY 2014, led by a projected decrease of 9.9 percent in PIT revenues. While declining

² 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 STAR reimbursement.

in the first year, for the entire Plan period non-property tax revenues are expected to grow at an average 4.9 percent annually while property tax revenue annual growth is forecast to average 4.0 percent over the same period.

Table 8. City's Tax Revenue Forecast, Growth Rate, FYs 2014 – 2017

	FY 2014	FY 2015	FY 2016	FY 2017	FYs 2014-17
Property	4.6%	3.8%	4.6%	3.6%	4.0%
PIT	(9.9%)	10.3%	3.6%	3.2%	5.7%
Business	(2.7%)	4.6%	2.7%	4.9%	4.1%
Sales	3.4%	4.2%	3.6%	3.9%	3.9%
Real-Estate-Related	0.1%	14.2%	9.5%	9.7%	11.1%
All Other	1.2%	3.4%	3.0%	2.3%	2.9%
Tax Audit	(33.1%)	0.0%	0.0%	0.0%	0.0%
Total With Audit	(0.8%)	5.6%	4.1%	3.9%	4.5%

Source: NYC Office of Management and Budget and NYC Comptroller's Office.

Real property tax revenue is expected to grow 4.6 percent in FY 2014 to \$19.8 billion. This growth rate reflects a projected 5.7 percent growth in the tax levy over FY 2013 based on the FY 2014 final assessment roll released by the Department of Finance on May 29, 2013. In the outyears, property tax revenue growth is expected to remain steady. Although the City anticipates that higher capitalization rates due to an expected rise in long-term interest rates will slow down growth in Classes 2 and 4 market values in the outyears, the pipeline of assessed value increases to be phased-in is expected to counteract the effects of weak anticipated growth in market values for those classes.

After growing by a projected 14.3 percent in FY 2013, PIT revenue is expected to drop by nearly 10 percent in FY 2014 to \$8.8 billion. The large decline from the prior year is mostly due to an anticipated reverse effect in non-wage income as taxpayers shifted their capital gains realizations and tax payments from tax year 2013 into tax year 2012 to take advantage of a more favorable federal long-term capital gains tax rate. PIT withholding is expected to grow moderately in FY 2014. The City anticipates that growth in employment and wages will offset weakness in Wall Street bonus payouts. PIT revenue is forecast to rebound in FY 2015 and grow steadily in FYs 2016 - 2017, reflecting the City's expectation of continued recovery in the national and local economies. Average PIT revenue growth over the Plan period is expected to be 5.7 percent annually.

Estimated FY 2014 revenues from business income taxes, i.e., General Corporation Tax (GCT), Banking Corporation Tax (BCT), and the Unincorporated Business Tax (UBT), are forecast to decline 2.7 percent from their FY 2013 level to a combined \$5.7 billion. The net decline is mainly driven by an anticipated 13.2 percent fall in BCT revenues in FY 2014. The combination of gradual withdrawal of government support from the financial system, tighter government regulations, and an expected decline in Wall Street profits is expected to have a negative impact on BCT collections in the current fiscal year. Lower anticipated Wall Street profitability is also expected to impact tax payments from non-bank finance sector firms, dampening GCT growth in FY 2014. Overall growth in business tax revenues is expected to rebound to 4.6 percent in FY 2015, averaging 4.1 percent annually from FY 2014 to FY 2017.

Sales tax revenues continue to benefit from the strength in the tourism sector. The current Plan projects sales tax revenues will grow 3.4 percent in FY 2014 to \$6.3 billion. Gradual growth of income and employment in the City will continue to lift taxable consumption. Sales tax revenue is expected to grow at a steady pace in the outyears, averaging 3.9 percent annually over the Financial Plan period.

Real-estate-related tax revenues which include revenues from the real property transfer tax and the mortgage recording tax are expected to stay nearly flat in FY 2014, growing by only 0.1 percent in FY 2014 after growing by a projected 26.4 percent in FY 2013. The City expects revenues from residential and commercial transactions to be subdued, reflecting the above mentioned shift in capital gains realizations and tax payments from tax year 2013 into tax year 2012. Real-estate-related tax revenues are expected to rebound in FY 2015 and grow steadily throughout the Plan period, reflecting continued improvement in credit market conditions and refinancing opportunities. Projected average annual growth in real-estate-related tax revenue in FYs 2014-2017 is a healthy 11.1 percent.

Risks and Offsets to the City's Tax Revenue Assumptions

The Comptroller's Office projections of risks and offsets to the City's tax revenue assumptions are based on current year collections and the Office's economic projections. Apart from minor adjustments for property and business tax revenue in FY 2014, the Comptroller's Office tax revenue projections, as well as the risks and offsets, remain unchanged from its June 2013 forecast. As illustrated in Table 9, for FY 2014 the Comptroller's Office forecast an offset of \$797 million to the City's overall tax revenue estimates. Most of this offset is attributed to an estimated \$683 million offset in PIT revenues. While recognizing the apparent forward-shifting of capital gains realizations into 2012, the Comptroller does not expect the corresponding drop in FY 2014 PIT revenues to be as precipitous as the City forecasts. The Comptroller's Office considers it neither possible nor appropriate to forecast stock prices; however, the large gains in stock market values recorded during the first half of 2013 suggest that that both Wall Street profits and capital gains realizations will hold up better than anticipated by the City's forecasts. Consequently, the Comptroller projects a decrease in overall PIT revenues of only 2.9 percent in FY 2014.

For FYs 2015 through 2017, the Comptroller's Office projects tax revenue offsets to grow from \$284 million to \$1.03 billion. The Comptroller's higher forecasts for most major tax revenue categories stems from the Comptroller's belief that growth in the local economy in the outyears of the Plan period will be more robust than the City anticipates. Large offsets in the real property tax revenue forecast in the final two years of the Plan are due primarily to the Comptroller's more optimistic forecast of commercial property value appreciation.

Table 9. Risks and Offsets to the City’s Tax Revenue Projections

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017
Property	(\$20)	\$8	\$239	\$557
PIT	683	213	283	362
Business	69	(35)	78	36
Sales	33	42	95	100
Real-Estate-Related	32	56	42	(25)
Total	\$797	\$284	\$737	\$1,030

Miscellaneous Revenues

Excluding intra-City revenues, the FY 2014 Adopted Budget and Financial Plan projects miscellaneous revenues will increase 8.0 percent on a year-over-year basis, to \$5 billion in FY 2014. The increase is largely due to an increase in the “other miscellaneous” revenue category, which includes expected proceeds from the sale of taxi medallions. On June 6, 2013, the New York State Court of Appeals upheld the law authorizing livery street hail service in the outer-boroughs and northern-Manhattan, as well as the sale of 2,000 new medallions for wheelchair-accessible yellow taxis.³ The current Plan projects the City to begin collection of revenue from taxi medallion sales in FY 2014, extending through FY 2017. The City expects the medallion sales will raise \$300 million, \$400 million, \$360 million and \$400 million in FYs 2014 – 2017 respectively.

The current miscellaneous revenue forecast for FY 2014 reflects a decrease of \$7.5 million in projected school-lunch fee revenues compared to the forecast included in the FY 2014 Executive Budget. Following objection by the City Council, the City agreed to defer the proposed increase in school-lunch fees from \$1.50 to \$2.50 which was expected to generate an additional \$8.8 million annually. Instead, it was decided that increases to school-lunch fees would be gradually phased in with a 25 cent increase in the current fiscal year. While the agreement was to phase in the increases, the current Financial Plan still assumes the dollar increase will take full effect starting in FY 2015. Table 10 shows the City’s latest miscellaneous revenue forecast. Total miscellaneous revenues are expected to remain broadly unchanged over the Financial Plan period ranging from \$5 billion in FY 2014 to \$5.2 billion in FY 2017.⁴

³ On August 17, 2012, the New York State Supreme Court ruled that certain aspects of the legislation that authorizes the sale of taxi medallions were unconstitutional. The City appealed the decision.

⁴ Water and sewer revenues of the City consist of two parts: reimbursement for operation and maintenance (O&M) of the water delivery and sewer systems and rental payments from the Water Board for the use of the City’s water supply, distribution and treatment plant. The bulk of these revenues represents reimbursement for O&M and therefore is not available for general operating purposes.

**Table 10. June 2013 Financial Plan
Miscellaneous Revenue Projections**

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017
Licenses, Franchises, Etc.	\$584	\$584	\$587	\$600
Interest Income	10	10	28	108
Charges for Services	909	914	915	914
Water and Sewer Charges	1,514	1,511	1,536	1,504
Rental Income	292	295	295	295
Fines and Forfeitures	816	816	814	814
Other Miscellaneous	866	926	884	934
Total	\$4,991	\$5,056	\$5,059	\$5,169

Source: NYC Office of Management and Budget.

Federal and State Aid

The Adopted Budget for FY 2014 assumes \$18.25 billion of Federal and State aid, about \$2.46 billion lower than the FY 2013 estimates of \$20.71 billion. The decline is attributable both to the City's more conservative Federal aid estimates in the current fiscal year and recognition of FY 2013 Federal reimbursement for Superstorm Sandy clean-up and recovery efforts that will have only a marginal impact in FY 2014. For FY 2014, Federal and State grants constitute about 26 percent of the City's expense budget. Overall, nearly 83 percent of Federal and State aid is dedicated for education and social service expenditures.

Federal and State aid estimates for FY 2014 have increased by \$121 million since the Executive Budget. This increase is primarily the result of the rollover of certain Federal Homeland Security grants into FY 2014 and recognition of additional State grants for education and health.

The City anticipates Federal and State support to rise modestly in FY 2015 while reflecting more significant increases in FY 2016 and FY 2017. The June Plan projects that Federal and State grants will increase by about \$90 million to \$18.34 billion in FY 2015, growing to \$18.74 billion in FY 2016 and \$19.21 billion by FY 2017. Increased education aid is the main driver of these increases, rising by more than 9.0 percent from \$10.45 billion in FY 2014 to \$11.42 billion in FY 2017. However, because growth in the City's expense budget is expected to outpace the growth in Federal and State aid over the Plan period, Federal and State support as a percent of the expense budget will actually decline. The Plan assumes that the City's expense budget will increase by 13.2 percent from \$69.92 billion in FY 2014 to \$78.82 billion in FY 2017. As a result, Federal and State support for the overall expense budget will decline to approximately 24.6 percent in FY 2015 and 24.4 percent in both FYs 2016 and 2017.

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V. Expenditure Analysis

The FY 2014 Adopted Budget includes \$69.917 billion of spending, \$2.607 billion less than the FY 2013 modified budget. However, the FY 2013 modified budget is inflated by \$1.56 billion of Sandy-related spending. In addition, FY 2014 spending is reduced by the prepayment of \$2.727 billion of FY 2014 debt service and \$64 million of FY 2014 library subsidies with FY 2013 revenues.⁵ Netting out the impact of prepayments and other prior-year actions, the adjusted FY 2014 expenditure totals \$73.581 billion, \$1.38 billion more than the adjusted FY 2013 spending. Over the plan-period spending on health insurance, debt service and judgments and claims are projected to experience the greatest growth, increasing by a combined 27.3 percent from FY 2014 to FY 2017, as shown in Table 11. Spending in these categories is estimated to increase from 16.8 percent of the adjusted budget in FY 2014 to 19.9 percent by FY 2017. Spending in all other areas is projected to grow 3.1 percent over this period.

Table 11. FYs 2014 – 2017 Expenditure Growth Adjusted for Prepayments and Other Prior-Year Actions

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	Growth FYs 14–17	Annual Growth
Debt Service	\$6,221	\$7,061	\$7,492	\$7,715	24.0%	7.4%
Health Insurance	5,410	5,973	6,548	7,204	33.2%	10.0%
Judgments and Claims	718	729	765	801	11.6%	3.7%
Subtotal	\$12,349	\$13,763	\$14,804	\$15,720	27.3%	8.4%
Salaries and Wages	\$21,864	\$21,886	\$22,134	\$22,469	2.8%	0.9%
Pensions	8,192	8,202	8,399	8,653	5.6%	1.8%
Other Fringe Benefits	3,391	3,429	3,513	3,596	6.0%	2.0%
Medical Assistance	6,366	6,447	6,415	6,415	0.8%	0.3%
Public Assistance	1,387	1,385	1,385	1,391	0.2%	0.1%
Other OTPS	20,031	19,681	20,151	20,575	2.7%	0.9%
Subtotal	\$61,232	\$61,029	\$61,999	\$63,100	3.1%	1.0%
Total Expenditure	\$73,581	\$74,792	\$76,804	\$78,820	7.1%	2.3%

Labor

The Adopted FY 2014 Budget includes \$265 million in the labor reserve to fund increases in the City's labor costs. The Plan assumes \$465 million in FY 2015, \$714 million in FY 2016 and \$983 million in FY 2017. There continues to be a standstill in labor negotiations for the current round of collective bargaining between the City and the major municipal unions. The City has proposed wage increases which mirror that in the 2011 five-year agreement between New York State and the Civil Service Employees Association (CSEA). That agreement included no wage increases in the first three years and annual raises of 2.0 percent in the last two years of the contract. Despite the City's

⁵ The FY 2014 Adopted Budget includes a modest Budget Stabilization Account (BSA) of \$142 million to prepay FY 2015 debt service resulting in a net reduction of \$2.649 billion in expenditures from prepayments.

position, the City's labor reserve reflects the cost of only 1.25 percent annual wage increases in the last two years of the proposed contract. If all municipal unions agreed to contracts with a 2.0 percent wage increase in each of the last two years of a five-year contract the City would need to fund an additional \$90 million in FY 2014, which includes \$13 million retroactive increases for FY 2013, \$200 million in FY 2015, \$325 million in FY 2016, and \$410 million in FY 2017.

The New York State Public Employment Relations Board (PERB) will conclude hearings in the fall pertaining to wage increases for UFT members for the last round of collective bargaining agreements. Once the hearings have concluded, the panel will issue a report, most likely in the second half of FY 2014, with recommendations for a contract resolution. While PERB recommendations are not binding they have served as a framework for the labor contract agreements in the past. The City continues to take the position that UFT and the Council of School Supervisors & Administrators (CSA) members will receive no wage increases for the previous round of collective bargaining. This is a departure from the agreement with the City's other municipal unions, which all settled for two annual wage increases of 4.0 percent over the comparable periods of their contracts. If the UFT and CSA were granted wage increases similar to those gained by the City's other unions, the City would need to provide approximately \$3.495 billion in FY 2014, which includes \$272 million, \$626 million, \$800 million, and \$897 million retroactive to FY 2010, FY 2011, FY 2012, and FY 2013 respectively, and \$900 million annually beginning in FY 2015.⁶

Overtime

The FY 2014 Adopted Budget includes \$1.1 billion for overtime expenditures, an increase of approximately \$56 million over the FY 2014 Executive Budget forecast. The increase is due primarily to the deferment of the City's plan to close 20 fire companies. While the FY 2014 overtime projection is similar to the average of actual overtime spending for each of FYs 2008 to 2012, the Comptroller's office estimates that overtime spending could be even higher than budgeted by at least \$161 million in FY 2014, as shown in Table 12.

⁶ The UFT and CSA contracts are one round behind settlements for the other unions.

Table 12. Projected Overtime Spending, FY 2014

(\$ in millions)

	City Planned Overtime FY 2014	Comptroller's Projected Overtime FY 2014	FY 2014 Risk
Uniform			
Police	\$415	\$520	(\$105)
Fire	270	270	0
Correction	69	125	(56)
Sanitation	<u>77</u>	<u>77</u>	<u>0</u>
Total Uniformed	<u>\$831</u>	<u>\$992</u>	<u>(\$161)</u>
Others			
Police-Civilian	\$78	\$78	\$0
Admin for Child Svcs	13	13	0
Environmental Protection	22	22	0
Transportation	33	33	0
All Other Agencies	<u>108</u>	<u>108</u>	<u>0</u>
Total Civilians	<u>\$254</u>	<u>\$254</u>	<u>\$0</u>
Total City	\$1,085	\$1,246	(\$161)

Planned uniformed police overtime expenditures in the FY 2014 Adopted Budget total \$415 million, more than \$100 million below estimated FY 2013 spending. While the prior fiscal year spending is inflated by Sandy-related overtime, the City's FY 2014 estimate is still below the FY 2013 spending net of Sandy-related overtime. The Comptroller's Office does not expect such a sudden reversal in overtime trend in FY 2014. Rather, the Comptroller's Office's projections indicate that police uniformed overtime for FY 2014 will total \$520 million, slightly higher than the actual spending in FY 2012.

The Comptroller's Office also expects FY 2014 uniformed overtime spending in the Department of Correction (DOC) to exceed the City's estimate by \$56 million. Preliminary estimates indicate that through May 2013 DOC had spent approximately \$127 million and is on target to spend about \$140 million for the fiscal year that just ended. However, because the department has been somewhat successful in recruiting new officers overtime costs in FY 2014 are expected to mirror the \$125 million average of the last three fiscal years ending in FY 2012.

Pensions

The City's pension contribution projections in the Adopted FY 2014 Budget remain unchanged from the FY 2014 Executive Budget. The Financial Plan assumes that City pension contributions will grow from \$8.2 billion in FY 2014 to \$8.7 billion in FY 2017 as shown in Table 13. These projections include the impact of the changes to actuarial assumptions and methods as adopted by the Boards of Trustees of the five actuarial pension systems in FY 2012 and enacted into law as Chapter 3 of the Laws of 2013.

Table 13. FY 2014 Adopted Budget Projections of the City's Pension Expenditures

(\$ in millions)

	FY 2013 Estimate	FY 2014	FY 2015	FY 2016	FY 2017
Five Actuarial Systems	\$7,938	\$8,056	\$8,055	\$8,247	\$8,494
Other Systems	123	136	147	153	159
TOTAL	\$8,061	\$8,192	\$8,202	\$8,400	\$8,653

FY 2013 pension investments earned a combined return of 12.3 percent on market values. These earnings are estimated to reduce pension expenditures by \$66 million in FY 2015, \$131 million in FY 2016, and \$197 million in FY 2017.

The Comptroller's Office has engaged Gabriel, Roeder, Smith & Company (GRS), pursuant to Chapter 96 of the New York City Charter, to conduct two consecutive biennial independent actuarial audits. The first biennial audit is ongoing. GRS will audit employer contributions for FY 2012 and FY 2014 to validate actuarial calculations and perform an experience study of data through June 30, 2011 and June 30, 2013 to validate actuarial assumptions. GRS will also conduct an administrative review of the City's collection and processing of actuarial data. The City's Chief Actuary usually reviews the findings and recommendations put forward by the auditor and considers these findings as part of the Actuary's overall review of the assumptions and methods used to calculate pension expenses.

Health Insurance

The City's pay-as-you-go health insurance expenses for employees and retirees are projected to total \$4.410 billion in FY 2014, a moderate increase over the expected spending for FY 2013 of \$4.129 billion. The projection of the City's health insurance expenses is reduced by \$1 billion in each of FY 2013 and FY 2014, reflecting the City's use of funds from the Retiree Health Benefits Trust Fund (RHBT) for general fund expenditures.⁷ As shown in Table 14, after adjusting for the use of the RHBT funds, health insurance is projected to grow from \$5.410 billion in FY 2014 to \$7.204 billion in FY 2017. Underlying these projections are projected premium rate increases of 5.2 percent in FY 2014 and 9.0 percent annually in FYs 2015 through 2017.

⁷ The RHBT funds were also used to offset health insurance cost by \$82 million in FY 2010, \$395 million in FY 2011, and \$672 million in FY 2012. The funds in the RHBT will be essentially depleted by the end of FY 2014.

Table 14. Pay-As-You-Go Health Expenditures

(\$ in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Department of Education	\$1,971	\$2,046	\$2,294	\$2,523	\$2,791
CUNY	44	41	40	40	40
All Other	<u>2,114</u>	<u>2,323</u>	<u>3,639</u>	<u>3,985</u>	<u>4,373</u>
Total Pay-As-You-Go Health Insurance Costs	\$4,129	\$4,410	\$5,973	\$6,548	\$7,204
Adjustment for RHBT payment	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Total	\$5,129	\$5,410	\$5,973	\$6,548	\$7,204

Health insurance projections in the Adopted FY 2014 Budget and Financial Plan were revised downward by \$14 million in FY 2014, \$24 million in FY 2015, \$51 million in FY 2016, and \$65 million in FY 2017 from the Executive Budget. These revisions are partially the result of a reduction of the GHI Senior Care Rate from 8.0 to 1.74 percent in FY 2014 which lowered health insurance projections by \$22 million in FY 2014, \$25 million in FY 2015, \$27 million in FY 2016, and \$31 million in FY 2017. Adjustments to headcount levels offset the FY 2014 savings by \$8 million and lowered costs in the outyears by \$24 million in FY 2016 and \$34 million in FY 2017.

Headcount

The FY 2014 Adopted Budget includes City-funded full-time headcount of 235,166. This is a net increase of 600 from the Executive Budget Plan estimate of 234,566. Changes to planned headcount for FY 2014 since the Executive Budget Plan are presented in Table 15 on page 24. The changes include an additional 524 positions in the Fire Department – 505 uniformed and 19 civilian positions – and 6 civilian positions in the Department of Sanitation. The increase in the Fire Department reflects the deferment of the City’s plan to close 20 fire companies to FY 2015.

**Table 15. Changes to FY 2014 City-Funded Full-Time Headcount
Adopted Budget vs. Executive Budget**

	Executive Budget Estimate	Adopted Budget Estimate	Change
Pedagogical			
Dept. of Education	92,809	92,809	0
City University	3,248	3,248	0
Subtotal	96,057	96,057	0
Uniformed			
Police	34,483	34,483	0
Fire	10,274	10,779	505
Correction	8,869	8,869	0
Sanitation	7,194	7,194	0
Subtotal	60,820	61,325	505
Civilian			
Dept. of Education	9,381	9,381	0
City University	1,756	1,756	0
Police	14,216	14,216	0
Fire	4,921	4,940	19
Correction	1,563	1,563	0
Sanitation	1,977	1,983	6
Admin. for Children's Services	6,401	6,401	0
Social Services	10,134	10,134	0
Homeless Services	1,959	1,959	0
Health & Mental Hygiene	3,336	3,336	0
Finance	1,905	1,903	(2)
Transportation	1,886	1,886	0
Parks and Recreation	3,221	3,221	0
All Other Civilians	15,033	15,105	72
Subtotal	77,689	77,784	95
Total	234,566	235,166	600

As shown in Table 15, the FY 2014 year-end full-time headcount is expected to be 235,166. During the Financial Plan Period headcount is scheduled to decline in each of the subsequent years, to 234,038 in FY 2015, 233,756 in FY 2016 and 233,681 in FY 2017 as shown in Table 16. The reductions in the outyears reflect significant cutbacks at the Department of Social Services, resulting from an ongoing multi-year planned re-engineering of the agency's operations, taking advantage of new technology to modernize and streamline operations.

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

	FY 2014	FY 2015	FY 2016	FY 2017
Pedagogical				
Dept. of Education	92,809	93,103	93,103	93,103
City University	3,248	3,248	3,208	3,208
Subtotal	96,057	96,351	96,311	96,311
Uniformed				
Police	34,483	34,483	34,483	34,483
Fire	10,779	10,274	10,274	10,274
Correction	8,869	8,869	8,869	8,869
Sanitation	7,194	7,235	7,235	7,235
Subtotal	61,325	60,861	60,861	60,861
Civilian				
Dept. of Education	9,381	8,960	8,961	8,961
City University	1,756	1,724	1,674	1,674
Police	14,216	14,217	14,217	14,217
Fire	4,940	4,927	4,927	4,927
Correction	1,563	1,563	1,563	1,563
Sanitation	1,983	2,023	2,019	2,019
Admin. for Children's Services	6,401	6,401	6,401	6,401
Social Services	10,134	9,541	9,429	9,370
Homeless Services	1,959	1,959	1,959	1,959
Health & Mental Hygiene	3,336	3,330	3,325	3,325
Finance	1,903	1,900	1,895	1,890
Transportation	1,886	1,978	1,978	1,978
Parks and Recreation	3,221	3,224	3,224	3,224
All Other Civilians	15,105	15,079	15,012	15,001
Subtotal	77,784	76,826	76,584	76,509
Total	235,166	234,038	233,756	233,681

As shown in Table 17, City-funded full-time equivalent (FTE) headcount is expected to total 24,329 in FY 2014, decreasing by 1,935 in FY 2015 and remaining relatively unchanged for the remainder of the Plan period.

Table 17. City-Funded FTE Year-End Headcount Projections FYs 2014-2017

	FY 2014	FY 2015	FY 2016	FY 2017
Pedagogical				
Dept. of Education	553	553	553	553
City University	1,780	1,780	1,780	1,780
Subtotal	2,333	2,333	2,333	2,333
Civilian				
Dept. of Education	12,592	12,592	12,592	12,592
City University	984	984	984	984
Police	1,394	1,378	1,376	1,376
Health & Mental Hygiene	1,231	1,185	1,185	1,185
Parks and Recreation	2,703	1,581	1,581	1,581
All Other Civilians	3,092	2,341	2,341	2,333
Subtotal	21,996	20,061	20,059	20,051
Total	24,329	22,394	22,392	22,384

Department of Education

The FY 2014 Adopted Budget includes \$19.86 billion for the Department of Education's operating budget, an increase of about \$642 million over the agency's FY 2013 estimated budget of \$19.22 billion.

The Department's Adopted FY 2014 budget reflects a net increase of about \$34 million in funding over the Executive Budget projection of \$19.83 billion. The new funding provided in the Adopted Budget includes City Council initiatives totaling \$20 million and a net increase of \$24 million in Federal and State grants. Among the major initiatives supported by the City Council are Teacher's Choice, Urban Advantage, pre-kindergarten and custodial restorations. The change in Federal and State grants mainly results from an additional \$42 million of special education High Cost Aid and a \$15 million decline in Title I School Improvement Grant. The funding increases are partially offset by \$10 million in savings resulting from the agency's revision of health insurance costs.

Over the remainder of the Plan, the Department's budget is expected to rise to \$20.43 billion in FY 2015 and \$20.94 billion in FY 2016, topping out at \$21.52 billion in FY 2017. The trend reflects annual funding increases averaging over \$550 million during this span. The Plan projects that the composition of the Department's operating budget will remain relatively stable, with about 47 percent of funding provided by the City and 44 percent provided by the State.

However, the Department will continue to face significant budgetary risks related to its Medicaid revenue assumptions. The City has already reduced its Medicaid revenue assumptions from \$167 million to \$117 million for FY 2014, because of slower-than-anticipated submission of claims in FY 2013. Beyond FY 2014, the Department expects Medicaid receipts of \$167 million each year. Given that the Department has reflected less than \$3 million of actual Medicaid revenue claims in its latest financial status update for FY 2013, it is likely that the Department could face revenue risks of \$30 million in FY 2013 and \$80 million in FY 2014. In the outyears, the Medicaid revenue risk could approach \$100 million annually.

Debt Service

The City's FY 2014 Adopted Budget includes \$6.30 billion of debt service for General Obligation (G.O.), NYC Transitional Finance Authority (NYCTFA), TSASC, and lease purchase debt, adjusted for prepayments. This represents an increase of \$438 million from FY 2013. By FY 2017, debt service is projected to grow to \$7.79 billion, 33 percent greater than the FY 2013 total of \$5.86 billion.

The Financial Plan's debt service projections do not include the scheduled borrowing of \$4.68 billion in NYCTFA Building Aid Revenue Bonds (BARBs), in

support of the NYC Department of Education’s capital program. This borrowing is supported by State Building Aid.⁸

As shown in Table 18, G.O. debt service is estimated to increase by \$971 million, or 25.7 percent, from FY 2013 to FY 2017. As is typical, this increase is driven primarily by new G.O. borrowing of \$9.83 billion planned for FYs 2014 through 2017. New borrowing will increase annual debt service by approximately \$623 million by FY 2017, while FY 2013 borrowings will add \$80 million in debt service. In addition, anticipated increases in variable interest rates from the levels experienced in FY 2013 will add another \$262 million to the forecasted variable rate demand bond (VRDB) interest costs.

The Financial Plan does not assume savings from refunding activities in the outyears. However, the Comptroller’s Office and OMB monitor outstanding debt and market conditions to actively refinance higher coupon debt to reduce debt service cost. Based on past years, it is likely that there will be refunding opportunities over the Plan period. Since January 2010, the City has achieved gross refunding savings of just over \$2 billion for G.O., NYCTFA, and New York Water bonds.

Table 18. FYs 2013–2017 Debt Service Estimates

(\$ in millions)

Debt Service Category	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Change FYs 2013 – 2017
G.O. ^a	\$3,784	\$4,105	\$4,500	\$4,710	\$4,755	\$971
NYCTFA ^b	1,689	1,792	2,245	2,460	2,648	959
Lease-Purchase Debt	314	324	316	322	312	(2)
TSASC, Inc.	70	74	74	74	73	3
Total	\$5,857	\$6,295	7,135	\$7,566	\$7,788	\$1,931

SOURCE: June 2013 Financial Plan.

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

^a Includes long-term G.O. debt service and interest on short-term notes.

^b Amounts do not include NYCTFA Building Aid Revenue Bonds debt service.

NYCTFA debt service is expected to grow by \$959 million or 56.8 percent from FYs 2013 – 2017. Planned NYCTFA borrowing of \$10.6 billion accounts for \$673 million of the increase. The remaining increase, similar to G.O., is primarily the result of differences in VRDB costs, and the impact of FY 2013 NYCTFA borrowing in FY 2017.

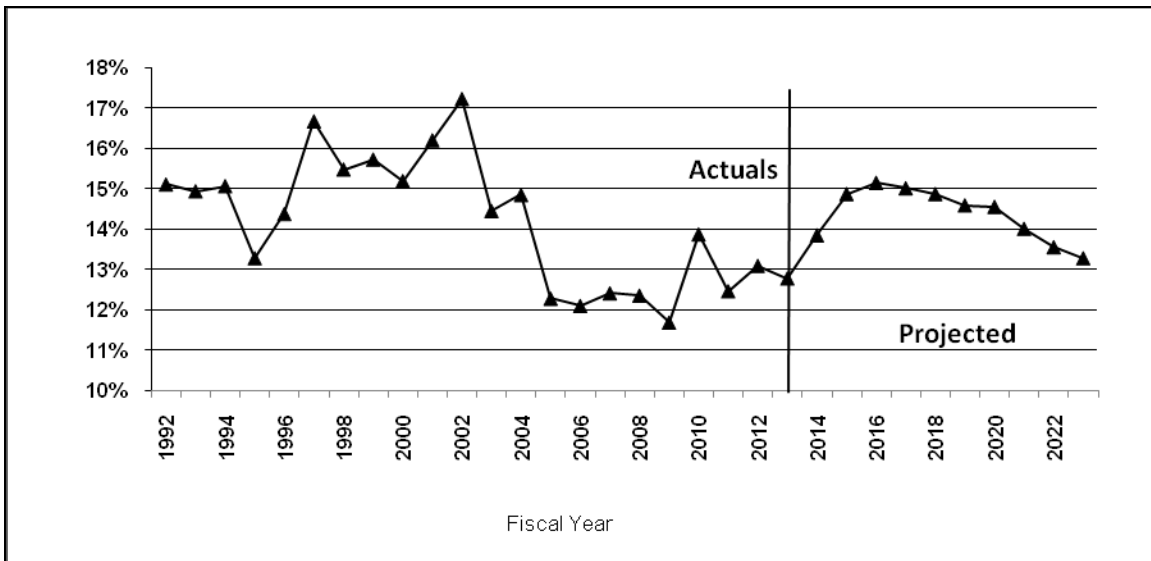
The underlying interest rate assumptions for long-term fixed-rate and variable rate borrowing in the June Financial Plan are conservative in nature and provide a buffer against sudden rises in market rates. If VRDB interest rates and their resulting costs were to continue at their historically low levels, there would be savings in FY 2014.

⁸ The \$4.68 billion in estimated BARBs issuance is part of the State of New York’s intended commitment to fund 50 percent of the NYC Department of Education’s Capital Plan on a continuous basis. The BARBs program, however, will face capacity constraints by FY 2017.

Debt Burden

As shown in Chart 1, debt service as a percent of local tax revenues is projected to rise from 12.8 percent in FY 2013 to 15 percent by FY 2017.⁹ This is the result of projected debt service growth outpacing estimated growth in local tax revenues. Between FY 2013 and FY 2017 local tax revenues are projected to grow at an annual rate of 3.2 percent while debt service is estimated to grow at an annual rate of 7.4 percent. Beyond FY 2017, however, debt service growth is projected to stabilize and average about 1.3 percent annually from FYs 2017 to 2023, resulting in average annual debt service growth of 3.7 percent for the FY 2013 — FY 2023 period. As a result, debt service as a percent of local tax revenues drops to 13.2 percent by FY 2023. Actual outyear debt service growth, however, is likely to be higher than shown. Borrowing estimates are not as refined in the latter years as in the first four years of the Financial Plan. Consequently, debt service could likely increase above the current forecast in the outer years.¹⁰

Chart 1. Total Debt Service as a Percentage of Local Tax Revenues, FYs 1992-2023



SOURCE: June 2013 Financial Plan for FYs 2014-2017, Office of Management & Budget, June 2013.

Section 254 Capital Budget Additions

Charter Section 254 allows the City Council to amend and adopt the expense and capital budgets. The practical results are net additions to both budgets. Focusing on the

⁹ Both TSASC revenues and expenditures are included in ratio computation.

¹⁰ Tax revenue growth is assumed at 3.4 percent per annum in FYs 2018-2023. If the tax growth rate dropped to 1.0 percent, the ratio would increase to 15.2 percent by FY 2023.

capital additions, \$2.02 billion in capital projects was added to the capital budget in Section 254, 65 percent of which were concentrated in four agencies.

Just below \$435 million, or 21.5 percent, was added to the Health and Hospitals Corporation, \$398 million, or 19.7 percent, was added to the Department of Cultural Affairs, \$250 million, or 12.4 percent, for general equipment purchases citywide, and \$221 million, or 11 percent, for the Department of Parks.

In funding terms, \$1.36 billion of these new projects are projected to be City-funded; \$652 million are federally funded, while the remaining \$4.2 million is funded by State and private funds.

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VI. Appendix – Revenue and Expenditure Details

Table A1. FY 2014 Adopted Budget Revenue Detail

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	Change FYs 2014-17	
					Dollar	Percent
Taxes:						
Real Property	\$19,793	\$20,555	\$21,491	\$22,262	\$2,469	12.5%
Personal Income Tax	\$8,782	\$9,690	\$10,042	\$10,368	\$1,586	18.1%
General Corporation Tax	\$2,586	\$2,757	\$2,866	\$3,023	\$437	16.9%
Banking Corporation Tax	\$1,297	\$1,330	\$1,340	\$1,375	\$78	6.0%
Unincorporated Business Tax	\$1,843	\$1,903	\$1,947	\$2,056	\$213	11.6%
Sale and Use Tax	\$6,323	\$6,590	\$6,829	\$7,092	\$769	12.2%
Real Property Transfer	\$1,110	\$1,266	\$1,387	\$1,515	\$405	36.5%
Mortgage Recording Tax	\$723	\$828	\$906	\$1,000	\$277	38.3%
Commercial Rent	\$686	\$715	\$745	\$778	\$92	13.4%
Utility	\$394	\$405	\$419	\$423	\$29	7.4%
Hotel	\$513	\$536	\$560	\$576	\$63	12.3%
Cigarette	\$63	\$62	\$60	\$59	(\$4)	(6.3%)
All Other	\$491	\$501	\$501	\$501	\$10	2.0%
Tax Audit Revenue	\$709	\$709	\$709	\$709	\$0	0.0%
Total Taxes	\$45,313	\$47,847	\$49,802	\$51,737	\$6,424	14.2%
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	\$584	\$584	\$587	\$600	\$16	2.7%
Interest Income	\$10	\$10	\$28	\$108	\$98	980.0%
Charges for Services	\$909	\$914	\$915	\$914	\$5	0.6%
Water and Sewer Charges	\$1,514	\$1,511	\$1,536	\$1,504	(\$10)	(0.7%)
Rental Income	\$292	\$295	\$295	\$295	\$3	1.0%
Fines and Forfeitures	\$816	\$816	\$814	\$814	(\$2)	(0.2%)
Miscellaneous	\$866	\$926	\$884	\$934	\$68	7.9%
Intra-City Revenue	\$1,582	\$1,561	\$1,565	\$1,566	(\$16)	(1.0%)
Total Miscellaneous	\$6,573	\$6,617	\$6,624	\$6,735	\$162	2.5%
Other Categorical Grants	\$840	\$844	\$831	\$827	(\$13)	(1.4%)
Inter-Fund Agreements	\$536	\$515	\$515	\$515	(\$21)	(3.8%)
Reserve for Disallowance of Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%
Less: Intra-City Revenue	(\$1,582)	(\$1,561)	(\$1,565)	(\$1,566)	\$16	(0.9%)
TOTAL CITY-FUNDS	\$51,665	\$54,247	\$56,192	\$58,233	\$6,568	12.7%

Table A1 (Con't). FY 2014 Adopted Budget Revenue Detail

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	Changes FYs 2014-17	
					Dollar	Percent
Federal Categorical Grants:						
Community Development	\$220	\$219	\$219	\$219	(\$1)	(0.5%)
Welfare	\$3,163	\$3,139	\$3,127	\$3,123	(\$40)	(1.3%)
Education	\$1,785	\$1,797	\$1,797	\$1,797	\$12	0.7%
Other	\$1,327	\$1,138	\$1,134	\$1,134	(\$193)	(14.5%)
Total Federal Grants	\$6,495	\$6,293	\$6,277	\$6,273	(\$222)	(3.4%)
State Categorical Grants:						
Social Services	\$1,472	\$1,446	\$1,442	\$1,434	(\$38)	(2.6%)
Education	\$8,664	\$8,943	\$9,230	\$9,627	\$963	11.1%
Higher Education	\$256	\$256	\$256	\$256	\$0	0.0%
Department of Health and Mental Hygiene	\$461	\$451	\$451	\$451	(\$10)	(2.2%)
Other	\$903	\$951	\$1,089	\$1,164	\$261	28.9%
Total State Grants	\$11,756	\$12,047	\$12,468	\$12,932	\$1,176	10.0%
TOTAL REVENUES	\$69,916	\$72,587	\$74,937	\$77,438	\$7,522	10.8%

Table A2. FY 2014 Adopted Budget Expenditure Detail

(\$ in thousands)

	FY 2014	FY 2015	FY 2016	FY 2017	Change FYs 2014-17	
					Dollars	Percent
Mayorality	\$87,960	\$86,380	\$86,328	\$85,901	(\$2,059)	(2.3%)
Board of Elections	\$135,992	\$76,486	\$76,486	\$76,486	(\$59,506)	(43.8%)
Campaign Finance Board	\$71,864	\$13,288	\$13,288	\$13,288	(\$58,576)	(81.5%)
Office of the Actuary	\$6,459	\$6,261	\$6,263	\$6,263	(\$196)	(3.0%)
President, Borough of Manhattan	\$4,327	\$2,457	\$2,462	\$2,462	(\$1,865)	(43.1%)
President, Borough of Bronx	\$5,203	\$3,245	\$3,245	\$3,245	(\$1,958)	(37.6%)
President, Borough of Brooklyn	\$5,238	\$2,893	\$2,893	\$2,893	(\$2,345)	(44.8%)
President, Borough of Queens	\$4,664	\$2,866	\$2,870	\$2,875	(\$1,789)	(38.4%)
President, Borough of Staten Island	\$4,048	\$2,303	\$2,303	\$2,303	(\$1,745)	(43.1%)
Office of the Comptroller	\$76,166	\$76,545	\$76,832	\$76,883	\$717	0.9%
Dept. of Emergency Management	\$15,252	\$6,369	\$6,376	\$6,379	(\$8,873)	(58.2%)
Office of Administrative Tax Appeals	\$4,329	\$4,273	\$4,273	\$4,273	(\$56)	(1.3%)
Law Dept.	\$144,208	\$138,417	\$132,292	\$132,292	(\$11,916)	(8.3%)
Dept. of City Planning	\$20,848	\$20,278	\$20,290	\$20,290	(\$558)	(2.7%)
Dept. of Investigation	\$17,312	\$17,236	\$17,236	\$16,724	(\$588)	(3.4%)
NY Public Library - Research	\$22,638	\$14,975	\$14,975	\$14,975	(\$7,663)	(33.8%)
New York Public Library	\$112,108	\$72,591	\$72,591	\$72,591	(\$39,517)	(35.2%)
Brooklyn Public Library	\$83,633	\$53,994	\$53,994	\$53,994	(\$29,639)	(35.4%)
Queens Borough Public Library	\$82,931	\$53,261	\$53,261	\$53,261	(\$29,670)	(35.8%)
Dept. of Education	\$19,854,023	\$20,418,314	\$20,933,670	\$21,515,421	\$1,661,398	8.4%
City University	\$874,068	\$859,477	\$848,125	\$828,162	(\$45,906)	(5.3%)
Civilian Complaint Review Board	\$11,917	\$12,242	\$12,242	\$12,257	\$340	2.9%
Police Dept.	\$4,527,249	\$4,414,852	\$4,416,293	\$4,416,909	(\$110,340)	(2.4%)
Fire Dept.	\$1,769,634	\$1,629,172	\$1,626,319	\$1,628,812	(\$140,822)	(8.0%)
Admin. for Children Services	\$2,781,843	\$2,732,966	\$2,732,966	\$2,732,966	(\$48,877)	(1.8%)
Dept. of Social Services	\$9,449,142	\$9,532,044	\$9,469,026	\$9,470,462	\$21,320	0.2%
Dept. of Homeless Services	\$904,987	\$897,104	\$896,904	\$896,904	(\$8,083)	(0.9%)
Dept. of Correction	\$1,064,961	\$1,059,851	\$1,060,551	\$1,060,000	(\$4,961)	(0.5%)
Board of Correction	\$1,246	\$1,235	\$1,235	\$1,235	(\$11)	(0.9%)
Citywide Pension Contribution	\$8,192,439	\$8,201,814	\$8,399,491	\$8,653,352	\$460,913	5.6%
Miscellaneous	\$7,165,974	\$8,896,698	\$9,791,290	\$10,731,229	\$3,565,255	49.8%
Debt Service	\$4,428,424	\$4,816,376	\$5,031,798	\$5,066,552	\$638,128	14.4%
N.Y.C.T.F.A. Debt Service	\$1,792,350	\$2,244,710	\$2,459,780	\$2,648,810	\$856,460	47.8%
FY 2012 BSA & Discretionary Transfers	(\$30,611)	\$0	\$0	\$0	\$30,611	(100.0%)
FY 2013 BSA & Discretionary Transfers	(\$2,791,170)	\$0	\$0	\$0	\$2,791,170	(100.0%)
FY 2014 BSA	\$142,000	(\$142,000)	\$0	\$0	(\$142,000)	(100.0%)
Redemption of N.Y.C.T.F.A. Debt Service	\$0	(\$98,000)	(\$98,000)	\$0	\$0	N/A
Public Advocate	\$2,255	\$1,523	\$1,523	\$1,523	(\$732)	(32.5%)
City Council	\$51,517	\$49,442	\$49,442	\$49,442	(\$2,075)	(4.0%)
City Clerk	\$4,587	\$4,440	\$4,440	\$4,440	(\$147)	(3.2%)
Dept. for the Aging	\$257,418	\$226,031	\$225,328	\$225,328	(\$32,090)	(12.5%)
Dept. of Cultural Affairs	\$156,595	\$88,978	\$88,978	\$88,978	(\$67,617)	(43.2%)
Financial Info. Serv. Agency	\$91,763	\$90,425	\$90,925	\$90,925	(\$838)	(0.9%)
Office of Payroll Admin.	\$27,588	\$27,664	\$27,692	\$27,722	\$134	0.5%
Independent Budget Office	\$4,404	\$4,355	\$4,347	\$4,333	(\$71)	(1.6%)
Equal Employment Practices Comm.	\$745	\$715	\$715	\$715	(\$30)	(4.0%)

Table A2 (Con't). FY 2014 Adopted Budget Expenditure Detail

(\$ in thousands)

	FY 2014	FY 2015	FY 2016	FY 2017	Change FYs 2014-17	
					Dollars	Percent
Civil Service Commission	\$1,040	\$1,040	\$1,040	\$1,040	\$0	0.0%
Landmarks Preservation Comm.	\$5,005	\$5,023	\$5,047	\$5,047	\$42	0.8%
Taxi and Limousine Commission	\$63,994	\$59,885	\$55,385	\$41,885	(\$22,109)	(34.5%)
Commission on Human Rights	\$6,287	\$6,495	\$6,495	\$6,495	\$208	3.3%
Youth & Community Development	\$375,826	\$208,085	\$208,085	\$208,085	(\$167,741)	(44.6%)
Conflicts of Interest Board	\$2,033	\$2,033	\$2,033	\$2,033	\$0	0.0%
Office of Collective Bargain	\$2,008	\$2,001	\$2,003	\$2,003	(\$5)	(0.2%)
Community Boards (All)	\$15,499	\$15,359	\$15,361	\$15,361	(\$138)	(0.9%)
Dept. of Probation	\$77,374	\$75,587	\$75,513	\$75,498	(\$1,876)	(2.4%)
Dept. Small Business Services	\$112,853	\$82,385	\$81,937	\$81,940	(\$30,913)	(27.4%)
Housing Preservation & Development	\$575,460	\$554,908	\$554,258	\$554,258	(\$21,202)	(3.7%)
Dept. of Buildings	\$107,287	\$99,486	\$98,892	\$98,892	(\$8,395)	(7.8%)
Dept. of Health & Mental Hygiene	\$1,365,156	\$1,327,219	\$1,326,497	\$1,326,447	(\$38,709)	(2.8%)
Health and Hospitals Corp.	\$80,118	\$68,607	\$68,657	\$68,708	(\$11,410)	(14.2%)
Office of Administrative Trials & Hearings	\$35,012	\$35,014	\$35,016	\$35,016	\$4	0.0%
Dept. of Environmental Protection	\$1,118,671	\$1,103,115	\$1,098,373	\$1,051,483	(\$67,188)	(6.0%)
Dept. of Sanitation	\$1,426,859	\$1,460,447	\$1,458,735	\$1,458,948	\$32,089	2.2%
Business Integrity Commission	\$7,145	\$7,192	\$7,192	\$7,192	\$47	0.7%
Dept. of Finance	\$230,105	\$228,278	\$227,643	\$227,235	(\$2,870)	(1.2%)
Dept. of Transportation	\$727,573	\$729,008	\$730,387	\$730,387	\$2,814	0.4%
Dept. of Parks and Recreation	\$337,721	\$321,017	\$321,017	\$321,017	(\$16,704)	(4.9%)
Dept. of Design & Construction	\$119,752	\$120,234	\$120,234	\$120,234	\$482	0.4%
Dept. of Citywide Admin. Services	\$376,426	\$357,859	\$355,716	\$355,187	(\$21,239)	(5.6%)
D.O.I.T.T.	\$328,550	\$319,800	\$322,380	\$321,989	(\$6,561)	(2.0%)
Dept. of Record & Info. Services	\$4,999	\$4,863	\$4,867	\$4,867	(\$132)	(2.6%)
Dept. of Consumer Affairs	\$26,056	\$25,656	\$25,536	\$25,536	(\$520)	(2.0%)
District Attorney - N.Y.	\$83,750	\$83,749	\$83,749	\$83,749	(\$1)	(0.0%)
District Attorney - Bronx	\$51,720	\$51,708	\$51,708	\$51,708	(\$12)	(0.0%)
District Attorney - Kings	\$83,459	\$82,748	\$82,748	\$82,748	(\$711)	(0.9%)
District Attorney - Queens	\$48,919	\$48,321	\$48,321	\$48,321	(\$598)	(1.2%)
District Attorney - Richmond	\$8,451	\$8,201	\$8,201	\$8,201	(\$250)	(3.0%)
Office of Prosec. & Spec. Narc.	\$17,744	\$17,745	\$17,745	\$17,745	\$1	0.0%
Public Administrator - N.Y.	\$1,443	\$1,363	\$1,363	\$1,363	(\$80)	(5.5%)
Public Administrator - Bronx	\$557	\$491	\$491	\$491	(\$66)	(11.8%)
Public Administrator - Brooklyn	\$664	\$593	\$593	\$593	(\$71)	(10.7%)
Public Administrator - Queens	\$350	\$289	\$290	\$290	(\$60)	(17.1%)
Public Administrator - Richmond	\$438	\$371	\$371	\$371	(\$67)	(15.3%)
General Reserve	\$450,000	\$300,000	\$300,000	\$300,000	(\$150,000)	(33.3%)
Energy Adjustment	\$0	\$17,649	\$1,933	\$14,146	\$14,146	N/A
Lease Adjustment	\$0	\$38,136	\$65,416	\$93,514	\$93,514	N/A
OTPS Inflation Adjustment	\$0	\$55,519	\$111,038	\$166,557	\$166,557	N/A
TOTAL EXPENDITURE	\$69,916,831	\$74,552,025	\$76,705,604	\$78,820,435	\$8,903,604	12.7%

Glossary of Acronyms

BARB	Building Aid Revenue Bond
BCT	Banking Corporation Tax
BSA	Budget Stabilization Account
CSA	Council of School Supervisors and Administrators
CSEA	Civil Service Employees Association
DOC	Department of Correction
DOE	Department of Education
DYCD	Department of Youth and Community Development
FTE	Full-Time Equivalent
FY	Fiscal Year
GCP	Gross City Product
GCT	General Corporation Tax
GDP	Gross Domestic Product
G.O. Debt	General Obligation Debt
NYC	New York City\
NYCHA	New York City Housing Authority

NYCTFA	New York City Transitional Finance Authority
NYS	New York State
O&M	Operation and Maintenance
OMB	Office of Management and Budget
OTPS	Other than Personal Services
PEG	Program to Eliminate the Gap
PERB	Public Employment Relations Board
PILOT	Payment in Lieu of Taxes
PIT	Personal Income Tax
PS	Personal Services
RHBT	Retiree Health Benefits Trust
STAR	School Tax Relief
TSASC	Tobacco Settlement Asset Securitization Corporation
UBT	Unincorporated Business Tax
UFT	United Federation of Teachers
U.S.	United States
VRDB	Variable Rate Demand Bond