



Office of the
New York City Comptroller
Scott M. Stringer
Bureau of Budget

www.comptroller.nyc.gov
(212) 669-2507



Comments on New York City Fiscal Year 2017 Executive Budget

May 24, 2016

SCOTT M. STRINGER
Comptroller

Deputy Comptroller for Budget
Tim Mulligan

Bureau Chief
Eng-Kai Tan

Chief Economist
Frank Braconi

Project Coordinator
Manny Kwan

Principal Economist
Farid Heydarpour

Staff
Kettly Bastien
Rosa Charles
Stephen Corson
Peter E. Flynn
Tammy Gamerman
Michele Griffin
Michael Hecht

Dahong Huang
Irina Livshits
Andrew McWilliam
Marcia Murphy
Andrew Rosenthal
Orlando Vasquez

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	v
II. THE CITY'S ECONOMIC OUTLOOK.....	5
A. COMPTROLLER'S ECONOMIC FORECAST FOR NYC, 2016- 2020.....	5
B. UNDERLYING FACTORS AFFECTING THE FORECAST	6
III. THE FY 2017 EXECUTIVE BUDGET	11
<i>The FY 2016 Budget</i>	<i>13</i>
CITYWIDE SAVINGS PROGRAM.....	14
RISKS AND OFFSETS.....	15
IV. REVENUE ASSUMPTIONS	19
<i>Tax Revenues</i>	<i>19</i>
<i>Miscellaneous Revenues</i>	<i>24</i>
<i>Federal and State Aid</i>	<i>26</i>
V. EXPENDITURE ANALYSIS.....	29
<i>Overtime</i>	<i>29</i>
<i>Pensions.....</i>	<i>31</i>
<i>Headcount.....</i>	<i>32</i>
<i>Labor</i>	<i>34</i>
<i>Health Insurance</i>	<i>35</i>
<i>Public Assistance</i>	<i>36</i>
<i>Department of Education.....</i>	<i>36</i>
<i>Citywide Homeless Services</i>	<i>38</i>
<i>NYC Health + Hospitals.....</i>	<i>39</i>
<i>Debt Service.....</i>	<i>41</i>
<i>Capital Commitment Plan</i>	<i>44</i>
VI. APPENDIX.....	49

LIST OF TABLES

TABLE 1.	APRIL 2016 MODIFICATION AND FY 2017–FY 2020 FINANCIAL PLAN	1
TABLE 2.	PLAN-TO-PLAN CHANGES APRIL 2016 PLAN VS. JANUARY 2016 PLAN.....	2
TABLE 3.	PLAN-TO-PLAN CHANGES APRIL 2016 PLAN VS. JUNE 2015 PLAN.....	3
TABLE 4.	RISKS AND OFFSETS	4
TABLE 5.	SELECTED NYC ECONOMIC INDICATORS, ANNUAL AVERAGES, COMPTROLLER AND MAYOR’S FORECASTS, 2016-2020.....	6
TABLE 6.	CHANGES TO FY 2017 CITY-FUNDS ESTIMATES FY 2017 EXECUTIVE BUDGET VS. FY 2017 PRELIMINARY BUDGET	11
TABLE 7.	CHANGES IN BASELINE AGENCY SPENDING FROM THE PRELIMINARY BUDGET	12
TABLE 8.	CHANGE TO FY 2016 BSA	13
TABLE 9.	RISKS AND OFFSETS	18
TABLE 10.	REVISIONS TO THE CITY’S TAX REVENUE ASSUMPTIONS JANUARY 2016 VS. APRIL 2016.....	20
TABLE 11.	TAX REVENUE FORECAST, GROWTH RATES, FY 2016 – FY 2020	21
TABLE 12.	RISKS AND OFFSETS TO THE CITY’S TAX REVENUE PROJECTIONS	24
TABLE 13.	CHANGES IN FY 2017 MISCELLANEOUS REVENUE ESTIMATES APRIL 2016 VS. JANUARY 2016	25
TABLE 14.	FY 2017 – FY 2020 EXPENDITURE GROWTH ADJUSTED FOR PREPAYMENTS	29
TABLE 15.	PROJECTED OVERTIME SPENDING, FY 2017	30
TABLE 16.	FY 2017 EXECUTIVE BUDGET PROJECTIONS OF THE CITY’S PENSION EXPENDITURES	31
TABLE 17.	TOTAL FUNDED FULL-TIME YEAR-END HEADCOUNT PROJECTIONS – EXECUTIVE 2017 FINANCIAL PLAN	32
TABLE 18.	MARCH 31, 2016 HEADCOUNT VS. PLANNED JUNE 30, 2016 HEADCOUNT	33
TABLE 19.	CHANGES TO FYS 2016 – 2020 TOTAL FUNDED FULL-TIME HEADCOUNT APRIL EXECUTIVE 2017 FINANCIAL PLAN VS. JANUARY 2016 FINANCIAL PLAN.....	34
TABLE 20.	PAY-AS-YOU-GO HEALTH EXPENDITURES.....	35
TABLE 21.	CITYWIDE FUNDING BY MAJOR CATEGORIES FOR HOMELESS SERVICES	38
TABLE 22.	APRIL 2016 FINANCIAL PLAN DEBT SERVICE ESTIMATES	41
TABLE 23.	APRIL 2016 FINANCING PROGRAM, FYS 2016 – 2020	44
TABLE 24.	FYS 2016 – 2020 CAPITAL COMMITMENTS, ALL-FUNDS.....	45
TABLE 25.	FYS 2016 – 2020 CAPITAL COMMITMENTS, CITY-FUNDS	47
TABLE 26.	TOP 40 BUDGET LINES IN THE FY 2017 EXECUTIVE CAPITAL COMMITMENT PLAN – FYS 2016-2020	48
TABLE A1.	APRIL 2016 FINANCIAL PLAN REVENUE DETAIL	49
TABLE A2.	APRIL 2016 FINANCIAL PLAN EXPENDITURE DETAIL	51

LIST OF CHARTS

CHART 1.	CHANGE IN THE NYC PAYROLL-JOBS, APRIL 2015 TO APRIL 2016	10
CHART 2.	DEBT SERVICE AS A PERCENTAGE OF TAX REVENUES, 1992 – 2020.....	43

I. Executive Summary

While the U.S. economy is in the seventh year of one of its longest economic expansions, it has also become evident that the underlying growth potential of the economy has lessened. In the 15 years from 2000 to 2015, the national economy grew at a real average annual rate of 1.8 percent, compared to an annual rate of 3.4 percent in the 15 preceding years.

The sustained period of slow growth suggests that structural factors are at work. Aggregate demand, which dropped in the aftermath of the financial crisis and recession has not recovered to its pre-recession growth rate even as household debt ratio declined. Real consumer spending grew by 2.7 percent in 2014 and 3.1 percent in 2015, compared to a 3.6 percent real average annual rate from 1985 to 2000. Productivity growth, a fundamental driver of economic growth, has also slowed, growing at half the rate in the last ten years as the prior ten years. Moreover, many technological advances of recent years have tended to conserve resources and physical capital rather than to stimulate their expansion, thereby dampening their multiplier effects.

New York City's economy has been outpacing the nation's, but the growth of the local economy in the current recovery has also been moderate compared to earlier expansions. Nevertheless, job creation has been impressive; the City's private sector added 45,700 jobs in the first four months of 2016. However, the gains are driven by a disproportionate expansion of local service jobs. These local sectors will eventually become saturated without a further increase in employment in industries that serve national and international markets.

While the City's economy remains strong, there are signs of potential slowdown in the economy. There is already some indication of retrenchment in the retail sector, which has been a significant creator of jobs throughout the recovery. However, retail employment citywide was 3,600 lower in April 2016 compared to a year earlier. In addition, pretax net income of NYSE member firms fell by 10.5 percent in 2015, on the heels of a 4.5 percent decline in 2014. Although the City's economy has begun to diversify from its over reliance on financial services, the financial sector still accounts for over 20 percent of wages in the private sector. As a result, the recent declines in financial services profits and compensation portend lower spending throughout the local economy.

Consequently, the Comptroller's Office has lowered its forecast for the economically sensitive tax revenues for the Plan period. However, the Comptroller's Office's tax revenue forecasts are still above the Plan forecast in each year of the Financial Plan. The Comptroller's Office projects that tax revenues will be above the Plan projections by \$600 million in FY 2017, \$270 million in FY 2018, \$204 million in FY 2019, and \$434 million in FY 2020.

The \$82.22 billion Executive Budget is \$108 million more than the Preliminary Budget. However, after adjusting for prepayments and reserves, the Executive Budget totals \$84.08 billion, \$1.17 billion or 1.4 percent more than the adjusted Preliminary Budget. Additional City-funds agency spending accounts for \$1.2 billion of the increase. Part of the additional spending is offset by spending reductions of \$701 million from the Executive Budget Citywide Savings Program.¹ The rest of the increased expenditures are supported by the roll in of additional resources from FY 2016. These additional resources results from a \$539 million increase in FY 2016 City-funds revenues and a \$522 million savings from the Citywide Savings Program which increase the roll to \$3.36 billion. In addition, the Modified FY 2016 Budget includes a \$250 million deposit into the Retiree Health Benefits Trust (RHBT).

The Citywide Savings Program is expected to generate new savings of \$1.25 billion over FYs 2016 and 2017 and \$3.5 billion over the Five-Year Financial Plan. These savings are in addition to the Citywide Savings Program in the January Preliminary Budget which projected savings of \$1.1 billion in the first two years. Combined with the savings program proposed in January, savings would total \$2.3 billion in FYs 2016 and 2017. Agency spending reductions account for less than a quarter of this total and are 0.8 percent of the combined FY 2016 and 2017 City-funds agency expenditures. In the past, agency savings averaged 2.6 percent of City-funds agency expenditures. The remaining savings are from Federal Medicaid re-estimate, debt service reductions, funding shifts and reductions in the miscellaneous budget, and other revenue initiatives. Within agency spending, about 64 percent of the savings are due to expected delays in hiring, year-to-date shortfalls in spending, and re-estimates of service needs. However, most of those reductions would have been reflected in the Budget even in the absence of a savings program.

The April 2016 Financial Plan wholly or partially addressed a number of risks and offsets previously identified by the Comptroller's Office. Risks to Universal Pre-Kindergarten (UPK) funding and public assistance were fully addressed in the Plan. Other previously identified risks for homeless shelters, special education Medicaid reimbursement, and Health + Hospitals (H+H) were partially addressed.

Despite these adjustments, the Comptroller's Office continues to project larger outyear gaps of \$3.34 billion in FY 2018, \$3.84 billion in FY 2019, and \$3.06 billion in FY 2020 than the City. The larger gaps result from the Comptroller's Office's projections of net risks of \$607 million in FY 2018, \$863 million in FY 2019, and \$789 million in FY 2020.

The largest risk over the Plan period is the potential need for additional City support for H+H. While the City has removed its assumption that H+H will reimburse the City for its debt service expenses from the Plan, it continues to assume reimbursements for fringe benefits and medical malpractice in the Plan. It is likely that H+H will not be

¹ The Citywide Savings Program totals \$728 million, which results in \$701 million in expenditure reductions and \$27 million of additional revenues.

able to make these payments. H+H has made only one such payment out of the four year-period from FYs 2013 to 2016. Further, given the size of H+H's deficit reduction plan, under which many of the revenue actions will require Federal and State approvals, there is a risk that the City will need to increase its subsidy to H+H. Together, City support for fringe benefits and medical malpractice and increased subsidy results in risks of \$365 million in FY 2017 growing to \$515 million in FY 2020.

Overtime spending estimates continue to pose significant risks to the Financial Plan. The Comptroller's Office projects that overtime spending will be above the Plan by \$302 million in FY 2017 and \$250 million annually in the outyears. Other expenditure risks include risks to homeless shelter and special education Medicaid reimbursement estimates in the outyears. While the City has added additional funding for homeless shelters in FY 2017 the funding does not extend to the outyears. The Comptroller's Office estimates that the City will need an additional \$130 million annually to maintain the same level of support. Similarly, the City has reduced its special education Medicaid reimbursement by \$79.5 million in FY 2016 and \$56.5 million in FY 2017. The outyear assumptions remain unchanged. As such, the Comptroller's Office estimates residual risks of \$30 million in FY 2018 and \$80 million in each of the outyears of the Plan.

With regards to the Plan's non-tax revenue projections, the Comptroller's Office continues to risk the assumption of taxi medallion sale revenues. The Plan projects revenues of \$107 million in FY 2018, \$257 million in FY 2019, and \$367 million in FY 2020. Until there is greater clarity in the taxi medallion market, the proposed sales of taxi medallion remains uncertain, putting the assumptions of revenues from these sales at risk. Partially offsetting the risk to taxi medallion sales revenues is the Comptroller's Office's projections of higher fine revenues from speed and bus lane violations, "quality of life" violations, and penalties for late building permit filing or lack of building permit.

The City has benefitted from one of the longest postwar recoveries. However, there are signs of a potential slowdown in the economy. In addition, the Comptroller's Office is projecting larger outyear gaps than the Plan. As such, it is essential that the City continues to build its budgetary cushion to be in a position to weather a slowdown without cutting essential services. It is encouraging that the City has added \$250 million to the Retiree Health Benefits Trust in the current Plan. But, the City's budget has also grown and the City now needs to add more than \$300 million to the budgetary cushion simply to maintain it at the same level as a percent of the adjusted budget. The City needs to grow the cushion by \$1.6 billion to reach 12 percent of the adjusted FY 2017 Budget.

Table 1. April 2016 Modification and FY 2017–FY 2020 Financial Plan

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Changes FYs 2016 – 2020	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	\$23,020	\$24,191	\$25,612	\$27,120	\$28,389	\$5,369	23.3%
Other Taxes	\$29,668	\$29,738	\$30,890	\$31,881	\$32,984	\$3,316	11.2%
Tax Audit Revenues	\$1,060	\$714	\$714	\$714	\$714	(\$346)	(32.6%)
Subtotal: Taxes	\$53,748	\$54,643	\$57,216	\$59,715	\$62,087	\$8,339	15.5%
Miscellaneous Revenues	\$7,070	\$6,500	\$6,432	\$6,577	\$6,777	(\$293)	(4.1%)
Unrestricted Intergovernmental Aid	\$6	\$0	\$0	\$0	\$0	(\$6)	(100.0%)
Less: Intra-City Revenues	(\$1,983)	(\$1,763)	(\$1,764)	(\$1,758)	(\$1,765)	\$218	(11.0%)
Disallowances Against Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%
Subtotal: City Funds	\$58,826	\$59,365	\$61,869	\$64,519	\$67,084	\$8,258	14.0%
Other Categorical Grants	\$705	\$851	\$834	\$832	\$828	\$123	17.4%
Inter-Fund Revenues	\$583	\$645	\$643	\$582	\$581	(\$2)	(0.3%)
Federal Categorical Grants	\$8,467	\$7,677	\$6,811	\$6,680	\$6,618	(\$1,849)	(21.8%)
State Categorical Grants	\$13,485	\$13,682	\$14,291	\$14,761	\$15,247	\$1,762	13.1%
Total Revenues	\$82,066	\$82,220	\$84,448	\$87,374	\$90,358	\$8,292	10.1%
Expenditures							
Personal Service							
Salaries and Wages	\$25,364	\$26,153	\$27,555	\$29,086	\$29,590	\$4,226	16.7%
Pensions	\$9,288	\$9,422	\$9,710	\$9,853	\$9,785	\$497	5.4%
Fringe Benefits	\$9,250	\$9,862	\$10,411	\$11,088	\$11,874	\$2,624	28.4%
Retiree Health Benefits Trust	\$250	\$0	\$0	\$0	\$0	(\$250)	(100.0%)
Subtotal-PS	\$44,152	\$45,437	\$47,676	\$50,027	\$51,249	\$7,097	16.1%
Other Than Personal Service							
Medical Assistance	\$5,817	\$5,915	\$5,915	\$5,915	\$5,915	\$98	1.7%
Public Assistance	\$1,481	\$1,584	\$1,602	\$1,613	\$1,624	\$143	9.7%
All Other	\$26,811	\$26,275	\$25,758	\$26,050	\$26,440	(\$371)	(1.4%)
Subtotal-OTPS	\$34,109	\$33,774	\$33,275	\$33,578	\$33,979	(\$130)	(0.4%)
Debt Service							
Principal	\$2,231	\$2,197	\$2,250	\$2,175	\$2,309	\$78	3.5%
Interest & Offsets	\$1,974	\$2,205	\$2,251	\$2,421	\$2,674	\$700	35.4%
Subtotal Debt Service	\$4,205	\$4,402	\$4,501	\$4,596	\$4,983	\$778	18.5%
FY 2015 BSA	(\$3,524)	\$0	\$0	\$0	\$0	\$3,524	(100.0%)
FY 2016 BSA	\$3,356	(\$3,356)	\$0	\$0	\$0	(\$3,356)	(100.0%)
TFA Debt Redemption	(\$103)	\$0	\$0	\$0	\$0	\$103	(100.0%)
TFA							
Principal	\$696	\$829	\$971	\$1,252	\$1,259	\$563	80.9%
Interest & Offsets	\$1,108	\$1,397	\$1,524	\$1,656	\$1,922	\$814	73.5%
Subtotal TFA	\$1,804	\$2,226	\$2,495	\$2,908	\$3,181	\$1,377	76.3%
Capital Stabilization Reserve	\$0	\$500	\$0	\$0	\$0	\$0	N/A
General Reserve	\$50	\$1,000	\$1,000	\$1,000	\$1,000	\$950	1,900.0%
	\$84,049	\$83,983	\$88,947	\$92,109	\$94,392	\$10,343	12.3%
Less: Intra-City Expenses	(\$1,983)	(\$1,763)	(\$1,764)	(\$1,758)	(\$1,765)	\$218	(11.0%)
Total Expenditures	\$82,066	\$82,220	\$87,183	\$90,351	\$92,627	\$10,561	12.9%
Gap To Be Closed	\$0	\$0	(\$2,735)	(\$2,977)	(\$2,269)	(\$2,269)	N/A

Table 2. Plan-to-Plan Changes
April 2016 Plan vs. January 2016 Plan

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues					
Taxes:					
General Property Tax	\$259	\$108	\$252	\$426	\$443
Other Taxes	\$69	(\$517)	(\$292)	(\$388)	(\$459)
Tax Audit Revenues	\$65	\$0	\$0	\$0	\$0
Subtotal: Taxes	\$393	(\$409)	(\$40)	\$38	(\$16)
Miscellaneous Revenues	\$153	(\$121)	(\$245)	(\$213)	(\$115)
Unrestricted Intergovernmental Aid	\$2	\$0	\$0	\$0	\$0
Less: Intra-City Revenues	\$18	\$15	\$23	\$23	\$22
Disallowances Against Categorical Grants	\$0	\$0	\$0	\$0	\$0
Subtotal: City-Funds	\$566	(\$515)	(\$262)	(\$152)	(\$109)
Other Categorical Grants	(\$58)	\$28	\$6	\$7	\$7
Inter-Fund Revenues	(\$23)	\$13	\$70	\$9	\$9
Federal Categorical Grants	(\$197)	\$466	\$41	\$114	\$60
State Categorical Grants	\$69	\$116	\$312	\$420	\$623
Total Revenues	\$357	\$108	\$167	\$398	\$590
Expenditures					
Personal Service					
Salaries and Wages	(\$237)	\$306	\$396	\$330	\$292
Pensions	(\$55)	\$23	\$156	\$119	(\$322)
Fringe Benefits	(\$68)	\$25	\$13	(\$106)	(\$109)
Retiree Health Benefits Trust	\$250	\$0	\$0	\$0	\$0
Subtotal-PS	(\$110)	\$354	\$565	\$343	(\$139)
Other Than Personal Service					
Medical Assistance	(\$261)	(\$305)	(\$305)	(\$305)	(\$305)
Public Assistance	\$0	\$82	\$89	\$89	\$89
All Other	\$0	\$1,113	\$428	\$462	\$510
Subtotal-OTPS	(\$261)	\$890	\$212	\$246	\$294
Debt Service					
Principal	\$0	(\$24)	(\$31)	(\$33)	(\$34)
Interest & Offsets	(\$18)	(\$79)	(\$172)	(\$167)	(\$75)
Subtotal Debt Service	(\$18)	(\$103)	(\$203)	(\$200)	(\$109)
FY 2015 BSA	\$0	\$0	\$0	\$0	\$0
FY 2016 BSA	\$1,061	(\$1,061)	\$0	\$0	\$0
TFA Debt Redemption	\$0	\$0	\$0	\$0	\$0
TFA					
Principal	\$0	\$0	\$44	\$44	\$46
Interest & Offsets	(\$83)	\$13	(\$18)	(\$18)	\$4
Subtotal TFA	(\$83)	\$13	\$26	\$26	\$50
Capital Stabilization Reserve	\$0	\$0	\$0	\$0	\$0
General Reserve	(\$250)	\$0	\$0	\$0	\$0
Less: Intra-City Expenses	\$18	\$15	\$23	\$23	\$22
Total Expenditures	\$357	\$108	\$623	\$438	\$118
Gap to be Closed	\$0	\$0	(\$456)	(\$40)	\$472

Table 3. Plan-to-Plan Changes
April 2016 Plan vs. June 2015 Plan

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019
Revenues				
Taxes:				
General Property Tax	\$431	\$494	\$907	\$1,351
Other Taxes	\$749	(\$58)	\$232	\$261
Tax Audit Revenues	\$349	\$3	\$3	\$3
Subtotal: Taxes	\$1,529	\$439	\$1,142	\$1,615
Miscellaneous Revenues	\$531	(\$184)	(\$353)	(\$267)
Unrestricted Intergovernmental Aid	\$6	\$0	\$0	\$0
Less: Intra-City Revenues	(\$214)	\$0	\$10	\$11
Disallowances Against Categorical Grants	\$0	\$0	\$0	\$0
Subtotal: City-Funds	\$1,852	\$255	\$799	\$1,359
Other Categorical Grants	(\$151)	\$5	(\$17)	(\$16)
Inter-Fund Revenues	\$8	\$99	\$95	\$33
Federal Categorical Grants	\$1,321	\$799	\$336	\$305
State Categorical Grants	\$508	\$333	\$536	\$678
Total Revenues	\$3,538	\$1,491	\$1,749	\$2,359
Expenditures				
Personal Service				
Salaries and Wages	(\$27)	\$710	\$764	\$779
Pensions	\$533	\$703	\$940	\$985
Fringe Benefits	(\$28)	\$104	\$84	(\$34)
Retiree Health Benefits Trust	\$250	\$0	\$0	\$0
Subtotal-PS	\$728	\$1,517	\$1,788	\$1,730
Other Than Personal Service	\$0	\$0	\$0	\$0
Medical Assistance	(\$509)	(\$509)	(\$509)	(\$509)
Public Assistance	\$0	\$120	\$138	\$149
All Other	\$2,179	\$1,959	\$1,345	\$1,323
Subtotal-OTPS	\$1,670	\$1,570	\$974	\$963
Debt Service	\$0	\$0	\$0	\$0
Principal	\$0	(\$113)	(\$33)	(\$52)
Interest & Offsets	(\$337)	(\$103)	(\$214)	(\$208)
Subtotal Debt Service	(\$337)	(\$216)	(\$247)	(\$260)
FY 2015 BSA	\$30	\$0	\$0	\$0
FY 2016 BSA	\$3,356	(\$3,356)	\$0	\$0
TFA Debt Redemption	\$0	\$0	\$0	\$0
TFA				
Principal	\$0	(\$42)	\$82	\$81
Interest & Offsets	(\$245)	\$53	(\$30)	(\$42)
Total	(\$245)	\$11	\$52	\$39
Capital Stabilization Reserve	(\$500)	\$500	\$0	\$0
General Reserve	(\$950)	\$0	\$0	\$0
Less: Intra-City Expenses	(\$214)	\$0	\$10	\$11
Total Expenditures	\$3,538	\$26	\$2,577	\$2,483
Gap To Be Closed	\$0	\$1,465	(\$828)	(\$124)

Table 4. Risks and Offsets

(\$ in millions, positive numbers reduce the gap and negative numbers increase the gap)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
City Stated Gap	\$0	\$0	(\$2,735)	(\$2,977)	(\$2,269)
Tax Revenues					
Property Tax	\$0	\$74	\$79	\$60	\$213
Personal Income Tax	(\$32)	\$280	\$321	\$291	\$140
Business Taxes	\$8	\$60	(\$122)	(\$12)	\$47
Sales Tax	\$0	\$155	\$192	\$180	\$150
Sales Tax Intercept	\$0	(\$50)	(\$200)	(\$150)	\$0
Real-Estate-Related Taxes	<u>\$22</u>	<u>\$81</u>	<u>\$0</u>	<u>(\$165)</u>	<u>(\$116)</u>
Subtotal Tax Revenues	(\$2)	\$600	\$270	\$204	\$434
Non-Tax Revenues					
Bus Lane Camera Fines	\$0	\$3	\$2	\$4	\$3
Speed Camera Fines	\$0	\$20	\$12	\$20	\$25
ECB Fines	\$0	\$0	\$7	\$7	\$7
Late Filing/No Permit Penalties (Department of Buildings)	\$0	\$7	\$7	\$7	\$7
Taxi Medallion Sales	<u>\$0</u>	<u>\$0</u>	<u>(\$107)</u>	<u>(\$257)</u>	<u>(\$367)</u>
Subtotal Non-Tax Revenues	\$0	\$30	(\$79)	(\$219)	(\$325)
Total Revenues	(\$2)	\$630	\$191	(\$15)	\$109
Expenditures					
Overtime	(\$96)	(\$302)	(\$250)	(\$250)	(\$250)
DOE Medicaid Reimbursement	\$0	(\$30)	(\$80)	(\$80)	(\$80)
Homeless Shelters	\$0	(\$0)	(\$130)	(\$130)	(\$130)
DOE Students in Shelter	\$0	\$0	(\$10)	(\$10)	(\$10)
NYC Health + Hospitals	\$0	(\$365)	(\$415)	(\$465)	(\$515)
VRDB Rate Savings	\$40	\$88	\$87	\$87	\$87
Short-term Borrowing Elimination	\$0	\$75	\$0	\$0	\$0
General Reserve	<u>\$50</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal	(\$6)	(\$534)	(\$798)	(\$848)	(\$898)
Total (Risks)/Offsets	(\$8)	\$96	(\$607)	(\$863)	(\$789)
Restated (Gap)/Surplus	(\$8)	\$96	(\$3,342)	(\$3,840)	(\$3,058)

II. The City's Economic Outlook

A. COMPTROLLER'S ECONOMIC FORECAST FOR NYC, 2016-2020

The Comptroller's forecast anticipates slow to moderate economic growth in the U.S. and in New York City during 2016, extending the slowest—but one of the longest--postwar national recoveries well into its seventh year. Although there are no major imbalances that appear to pose significant near term recession risks, the anticipated slow growth could make the economy especially vulnerable to shocks that could tip the balance. Continued slow growth and low inflation, however, should make the Federal Reserve more cautious about normalizing interest rates, minimizing the risk of a further slowdown caused by monetary tightening.

So far in 2016, the U.S. economy has mimicked its performance of 2014 and 2015. For the third consecutive year, real GDP grew weakly in the first quarter, but has shown signs of bouncing back in the following months. As a result, GDP is expected to grow 2.0 percent in 2016, and should perform somewhat better in 2017.

U.S. GDP grew 0.5 percent in the first quarter of 2016 after growing only 1.4 percent in the fourth quarter of 2015. This weak momentum is expected to suppress the year-over-year growth rate for 2016. However, strong job growth, even through the sluggish winter months, suggests that the current expansion is not exhausted and may be poised for a summertime resurgence. Oil price stabilization should help private investment and a rebound in the international economy should help net trade.

The City's economy is expected to continue growing at a moderate rate. Total job growth in the city has been outpacing the nation since 2006, and the city's private sector continues to create jobs at an impressive pace. Since 2011, the city's private sector has added 90,000 jobs or more each year and the city's unemployment rate has fallen back to its pre-recessionary levels.

Table 5 shows the Comptroller's and the Mayor's forecast of five economic indicators for 2016 to 2020.

Table 5. Selected NYC Economic Indicators, Annual Averages, Comptroller and Mayor's Forecasts, 2016-2020

Selected NYC Economic Indicators, Annual Averages						
		2016	2017	2018	2019	2020
Real GCP, (2009 \$),	Comptroller	2.7	2.6	2.4	2.2	2.3
% Change	Mayor	0.2	1.9	1.9	1.7	0.9
Payroll Jobs,	Comptroller	89	61	59	59	59
Change in Thousands	Mayor	53	48	32	34	33
Inflation Rate	Comptroller	1.3	2.2	2.4	2.5	2.5
Percent	Mayor	1.0	2.5	2.8	2.8	2.8
Wage-Rate Growth,	Comptroller	1.3	2.2	2.3	2.4	2.4
Percent	Mayor	1.4	2.8	3.7	3.3	2.7
Unemployment Rate,	Comptroller	5.5	5.4	5.4	5.3	5.4
Percent	Mayor	NA	NA	NA	NA	NA
Selected U.S. Economic Indicators, Annual Averages						
		2016	2017	2018	2019	2020
Real GDP, (2009 \$),	Comptroller	2.0	2.4	2.3	2.1	2.1
% Change	Mayor	2.3	2.7	2.6	2.4	2.4
Payroll Jobs,	Comptroller	2.6	2.2	2.0	2.0	2.0
Change in Millions	Mayor	2.5	1.9	1.3	1.4	1.6
Inflation Rate	Comptroller	1.2	1.9	2.2	2.3	2.3
Percent	Mayor	0.8	2.3	2.7	2.7	2.6
Fed Funds Rate,	Comptroller	0.5	1.0	1.7	2.4	3.0
Percent	Mayor	0.6	1.4	2.4	3.0	3.0
10-Year Treasury Notes,	Comptroller	1.9	2.6	3.0	3.5	4.2
Percent	Mayor	2.3	2.9	3.3	3.6	3.6

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. GCP=Gross City Product. Mayor= forecast by the NYC Office of Management and Budget in the Executive Budget Fiscal Year 2017 Message of the Mayor. NA=not available.

B. UNDERLYING FACTORS AFFECTING THE FORECAST

The National Economy

The U.S. economy in 2016 seems poised to repeat its pattern of 2014 and 2015; a weak first quarter followed by a rebound in the following quarters. As a result, economic growth is expected to be slow in 2016 and is expected to be only slightly stronger in 2017.

In the 15 years from 1985 to 2000, under both Republican and Democratic presidents, the American economy grew at a real annual average rate of 3.4 percent. In the 15 years from 2000 to 2015, under both Republican and Democratic presidents, the economy grew at a real annual average rate of 1.8 percent. The down-shifting in the economy's growth rate can no longer be plausibly attributed to policy mistakes, market excesses or random shocks. Evidently, structural factors are also at play that warrant a reconsideration of the underlying growth potential of the U.S. economy, at least for the foreseeable future.

A number of prominent economists argue that the American and other advanced economies are currently suffering from insufficient aggregate demand, and that this underlying drag on growth should be addressed with more aggressive Federal spending,

especially on physical infrastructure.² Federal fiscal policy has indeed been unduly restrictive since spending through the American Recovery and Investment Act (ARRA) wound down, and Federal spending has contributed less to this recovery than to previous expansions. However, while more expansionary Federal spending may be a palliative for weak aggregate demand, fiscal policy has not necessarily been the underlying cause for it.

In the aftermath of the financial crisis and recession of 2007 – 2009, it was widely believed that consumer spending was being constrained by the excessive debt accumulation of previous years and the consequent need for households to deleverage. From 2009 through 2013 real personal consumption expenditures increased at an annual rate of only 1.8 percent, but as households worked off existing debt and grew wary of taking on new debt, the household debt service ratio fell from 11.94 at year-end 2009 to 10.15 at year-end 2013.³ However, during the past few years the improved financial condition of American households has not translated into dramatically faster growth in consumer spending. Real consumer spending in 2014 and 2015 increased by only 2.7 percent and 3.1 percent, respectively. That compares to a 3.6 percent average annual rate of increase from 1985 to 2000.

With credit tight, home equity diminished, and households chastened by the debt excesses of 2001-2007, increased consumer spending is dependent on rising household incomes. However, slow wage growth and rising income inequality are increasingly being recognized as an impediment to consumer spending and an underlying structural cause of weak aggregate demand. Wage growth during this recovery has been unusually slow; from April 2009 through April 2016 the average weekly earnings of all private-sector employees grew at only a 2.4 percent annual rate. Moreover, from 2009 through 2013, taxpayers in the top 1 percentile of filers captured 29 percent of all income gains and taxpayers in the top 5.0 percent captured 46 percent. Since the propensity to consume is lower among the highest earners, such skewed income growth is not conducive to the broad-based consumer spending necessary to support business and spur fixed investment.

Another plausible cause of the chronically slow growth thus far this century is a pronounced slowdown in productivity growth. It is a truism of growth economics that rising labor productivity is the ultimate source of growth in per capita output and income. However, while labor productivity in the private business sector of the American economy grew at a 2.3 percent annual rate between 1985 and 2005, it grew at only a 1.2 percent rate from 2005 through 2015. There is little agreement on the causes of the productivity slowdown.

A related argument is that the technological advances of recent years, especially those related to information technology and the internet, do not generate the spillover

² See, for example, Larry Summers, “The Age of Secular Stagnation: What It Is and What to Do About It.” *Foreign Affairs*, March/April 2016.

³ Household debt service ratio is the ratio of total required household debt payments to total disposable personal income.

effects on the rest of the economy that earlier innovations, such as railroads, electrification, and automobiles did. In fact, it is argued that modern “tech” innovations serve to conserve resources and physical capital rather than to stimulate the expansion of them, thus dampening the multiplier effects of their adoption.

While further research on the productivity and growth slowdown are certain to shed more light on the causes, sufficient time has elapsed to compel forecasters to downgrade their expectations of long-run growth. Consequently, the Comptroller’s Office does not anticipate U.S. economic growth to exceed 2.4 percent in any year of the City’s current Financial Plan.

Slower underlying growth may make the economy more vulnerable to external shocks that cause lapses in the growth rate or even outright recessions. In recent years many of the potential shocks that could derail growth have emanated from abroad; during 2015, concerns about China’s economic growth and financial stability eclipsed the chronic concerns about the Eurozone. However, recent evidence indicates that China’s real estate markets have stabilized, reducing fears of a real-estate induced financial crash. Reflecting those abating concerns, the IMF increased its projections of China’s economic growth to 6.5 percent in 2016 and 6.2 percent in 2017.

Other tangible evidence of lessening international risk has been the dollar’s decline against major currencies since mid-January 2016, indicating that global investors’ demand for safe-haven investments in the United States is abating. The deterioration in the U.S. net export balance caused by the rising dollar subtracted 0.64 percentage points from annual GDP growth in 2015, and that drag should moderate in coming quarters.

With the U.S. economy adding almost 2.6 million private-sector jobs in the twelve months ending April 2016, it appears that there will be enough growth in household incomes to keep real consumption spending growing at a 2.0 to 3.0 percent annual rate through 2016. However, there are some weaknesses in the national economic picture that could develop into more serious risks as the year unfolds. In particular, corporate profits peaked in the third quarter of 2014 (on a seasonally-adjusted basis) and have since declined in four of the past five quarters. A continued erosion of corporate profitability could translate into cutbacks in investments in plants and equipment, which have already been notably weak during this expansion. Since non-residential fixed investment typically accounts for about 15 percent of GDP, continued declines in business spending could offset some or all of the lift expected from consumer spending.

One traditional risk to economic expansions that seems extremely low at present is aggressively contractionary monetary policy. With inflation running below the Federal Reserve’s target level of 2.0 percent, and the economy growing at a modest pace, the Fed has no reason to deliberately restrain the economy. In fact, it has backed off its anticipated schedule of monetary normalization and market expectations of the path of interest rates have been lowered.

In summary, the current weak recovery is suffering from three structural problems. As long as those problems are not resolved, economic growth is expected to be weak and vulnerable.

The New York City Economy

New York City's economy has been outpacing the nation and is expected to do so again in 2016.

The City's economy has grown at a rate of 2.9 percent per year since 2009. Similar to the nation's economic performance, the steady growth of the local economy during this expansion falls short of that attained during the "roaring nineties" and suggests that structural factors may be dragging on output and incomes.

Although the private sector added 45,700 jobs in the first four months of 2016, there are also some signals of waning momentum. In particular, the pretax net income of NYSE member firms, as reported by NYSE Group, fell by 10.5 percent in 2015, following a 4.5 percent drop in 2014. The eroding financial industry profits led to an estimated 15.9 percent decrease in Wall Street bonus payouts in 2015, as estimated by the Comptroller's Office, and to a modest 3.1 percent year-over-year increase in city personal income tax collections from paycheck withholding in the first quarter of 2016.

While the City's economy has recently benefitted from an impressive diversification away from its over-reliance on financial services, the financial sector still accounts for over 20 percent of all wages paid by the city's private employers. Consequently, the recent declines in financial sector profits and compensation will inevitably lessen the amount of spending rippling through the local economy. Moreover, recent announcements by major domestic and international banks of strategic consolidation and reorganization plans indicate that the financial industry has not completed its adaptation to the post-crisis business and regulatory environment, and that an upward trajectory in employment and compensation cannot be counted upon.

Since the recovery began other industries that serve primarily national and international markets have displayed encouraging growth. That continued during the past year, with the advertising industry adding 5,100 jobs in the 12 months ending April 2016, management and consulting adding 2,400 jobs, scientific research and development adding 1,400 jobs, and architecture and engineering adding 1,300 jobs. Job creation in these relatively well-paying export industries brings external income into the city and stimulates local spending and local-sector job creation.

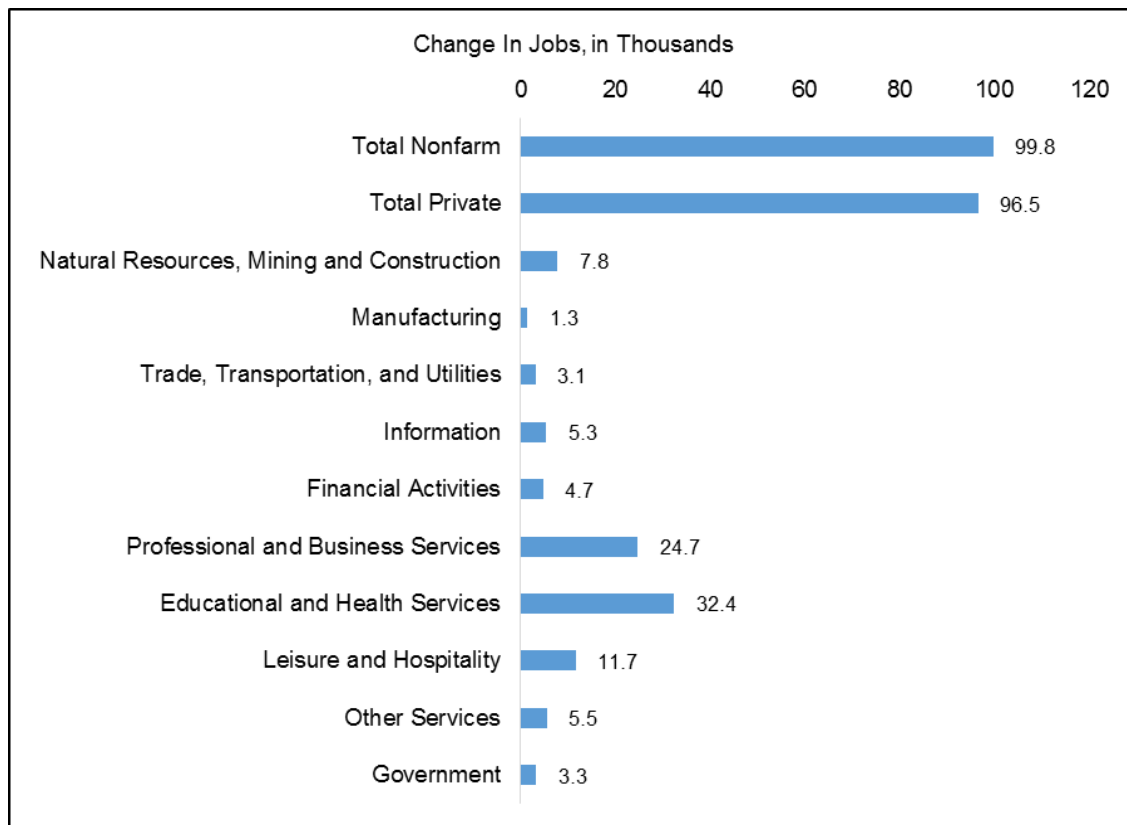
During this expansion, however, the city's impressive job creation has been due primarily to a disproportionate expansion of local service jobs, a trend which cannot continue indefinitely. From April 2010 through April 2016, for example, the city's food service industry added 87,700 jobs while the retail trade sector added 45,500 jobs. Without a corresponding increase in export sector jobs, those local sectors will eventually become saturated. There is already some evidence that that is occurring in retail trade, in which employment fell by about 3,600 in the 12 months ending April 2016. Data releases

in coming months will help to determine if those retail employment declines are due to softening tourist spending or to a retrenchment in neighborhood retail services.

One consequence of employment growth that is skewed toward local service industries is that the incomes of New Yorkers have not expanded as rapidly as might be hoped. According to Bureau of Labor Statistics data, the average weekly earnings of private-sector employees in New York City increased at only a 1.0 percent annual rate from 2008 to 2015, not even keeping up with the 1.4 percent regional rate of inflation during that time. Although a pickup in local wage growth in 2015 signaled that the tighter labor market was having a beneficial effect, a 0.7 percent decline in average weekly earnings in the first quarter of 2016 (on a year-over-year basis) suggests that wage growth for the city's workers may again disappoint.

With the City's largest job creators, the educational and medical sectors, showing no signs of slowing down (they added over 32,400 employees in the 12 months ending April 2016), the prospects are for continued economic growth and job creation in the city during 2016. However, it is unlikely that the city's unemployment rate will fall much below the 5.2 percent registered in the fourth quarter of 2015. In fact the average unemployment rate ticked up to 5.4 percent as the labor force expanded by 23,500 in the first four months of 2016. Chart 1 shows the change in jobs by industry between April 2015 and April 2016.

Chart 1. Change in the NYC Payroll-Jobs, April 2015 to April 2016



SOURCE: NYS Department of Labor.

III. The FY 2017 Executive Budget

The FY 2017 Executive Budget totals \$82.2 billion, an increase of \$108 million from the FY 2017 Preliminary Budget. Estimates for Federal and State categorical grants were increased by \$466 million and \$116 million, respectively, while the City-funds portion of the budget decreased by \$515 million. Federal and State categorical grants are discussed in greater detail in “Federal and State Aid” beginning on page 26.

The \$515 million drop in City-funds revenues from the Preliminary Budget estimate is due to downward revisions of \$409 million in tax revenue and \$106 million in non-tax revenue projections. As shown in Table 6, the reduction in tax revenues stems primarily from lower estimates of personal income, business and sales tax revenues. The reduction also reflects New York State’s intercept of \$200 million of the City’s sales tax in SFY 2017 to recoup savings from a 2014 refunding of Sales Tax Asset Receivable Corporation (STAR-C) bonds.⁴ Because the State’s fiscal year begins on April 1, \$50 million of the intercept will be in FY 2016 and the remaining \$150 million will be in FY 2017.

**Table 6. Changes to FY 2017 City-Funds Estimates
FY 2017 Executive Budget vs. FY 2017 Preliminary Budget**

(\$ in millions)

REVENUES		EXPENDITURES	
Property Tax	\$108	Agency Expenses	\$1,148
Personal Income Tax	(83)	Pensions	23
Business Taxes	(223)	Collective Bargaining	54
Sales Tax	(85)	Energy Adjustment	(6)
Sales Tax Intercept	(150)	Lease Adjustment	(32)
Real-Estate-Related Taxes	20	Miscellaneous Expenses	60
Other Taxes	4	Subtotal	\$1,247
Subtotal Tax Revenues	(\$409)		
NYC Health + Hospitals Debt Service	(\$180)	Savings Program (Expenses)	(\$701)
Other Non-Tax Revenues	\$47	Prepayment of FY 2017 Debt Service	(\$1,061)
Savings Program (Revenues)	\$27		
Total	(\$515)	Total	(\$515)

The decline in non-tax revenues is driven by the City’s support of NYC Health + Hospitals’ (H+H) debt service payments. As part of its increased support to H+H, the City will waive H+H reimbursements for debt service payments. As a result, the City will forgo H+H projected debt service reimbursements of \$180 million in FY 2017, \$173 million in FY 2018, \$179 million in FY 2019, and \$203 million in FY 2020. A net increase of \$47 million in other non-tax revenues and additional revenues of \$27 million from the Executive Budget Citywide Savings Program partially offset the loss of the FY 2017 reimbursement.

⁴ The State plans to intercept \$200 million a year in SFYs 2017 through 2019 for a total of \$600 million.

Baseline City-funds expenditures in the Executive Budget are \$1.25 billion more than the FY 2017 Preliminary Budget, as shown in Table 6. Agency expenditures account for \$1.15 billion of the increase. Table 7 shows the ten agencies with the largest increases. Together, these agencies account for more than three-quarters of the additional spending. The largest agency increase is for the Department of Homeless Services (DHS). An increase of \$160 million to the estimate for homeless shelter operations accounts for most of the \$198 million increase in DHS. The next largest increase is in the Department of Education (DOE) due to a lower assumption of Medicaid reimbursement for special education students. This change is projected to increase City-funds spending by \$57 million in FY 2017. DOE expenditures are discussed in greater detail in “Department of Education” beginning on page 36. In the Department of Social Services (DSS), an increase of \$141 million stems primarily from the cost of homeless services restructuring (\$49 million), a re-estimate of cash assistance spending (\$39 million), and homeless programmatic enhancements (\$25 million).

The agency with the largest proportional increase was the Department of Housing Preservation and Development (HPD) which added \$71 million in baseline City-funds expenditures. The majority of this increase stems from \$50 million in new funds and \$20 million in unspent FY 2016 funds for façade repairs at New York City Housing Authority (NYCHA) properties in accordance with Local Law 11. The City contends that the scope of work for the \$70 million portion of the NYCHA façade repair program does not meet requirements for placement in the capital budget and is therefore included in the expense budget.

Table 7. Changes in Baseline Agency Spending from the Preliminary Budget

(\$ in millions)

Agency	\$ Change	% Change
Dept. of Homeless Services	\$198	34.2%
Dept. of Education	187	1.7%
Dept. of Social Services	141	1.9%
Dept. of Environmental Protection	85	7.5%
Housing Preservation & Development	71	76.9%
Fire Department	65	3.9%
Dept. Health & Mental Hygiene	39	6.2%
Dept. of Information Technology & Telecommunications	36	8.2%
Board of Elections	33	37.7%
Dept. of Citywide Administrative Services	29	9.7%
All Other	264	1.9%
Total	\$1,148	3.1%

Due to additional resources available in FY 2016, the City has increased its planned prepayment of FY 2017 expenses by \$1.06 billion to \$3.36 billion. The additional prepayment together with an expected \$701 million in spending reductions from the savings program more than offset the \$1.1 billion increase in baseline spending, producing a net reduction of \$515 million in City-funds expenditures.

The FY 2016 Budget

As shown in Table 8, there was no net change in City-funds expenditures from the January Plan in the April Plan. Increases in agency expenses and energy costs were offset by lower estimates for pension contributions, collective bargaining, and miscellaneous expenditures. A planned deposit of \$250 million to the Retiree Health Benefits Trust is funded with a reduction of \$250 million in the FY 2016 General Reserve, which now stands at \$50 million.

City-funds revenues, on the other hand, shows a net increase of \$539 million from the January Plan. The higher estimates result from upward revisions of \$393 million to tax revenues and \$146 million to non-tax revenues. The increase in tax revenues is due primarily to upward revisions to property and real-estate-related tax revenues, reflecting higher collections than projected in the January Plan. Revisions to fines and forfeiture revenue estimates account for most of the non-tax revenue increase. The additional revenues, combined with an expected \$522 million in FY 2016 budget relief from the savings program, provide additional resource of \$1.06 billion. These additional resources are used to increase the Budget Stabilization Account to \$3.36 billion, as shown in Table 8.

Table 8. Change to FY 2016 BSA

(\$ in millions)

January 2016 BSA	\$2,295
Property Tax	\$259
PIT	(139)
Business Tax	(47)
Sales Tax	(52)
Sales Tax Intercept	(50)
Real-Estate-Related Tax	311
Other Taxes	<u>111</u>
Subtotal Tax Revenues	\$393
Non-Tax Revenues	<u>146</u>
Total Revenues	\$539
Agency Expenses	\$126
Pensions	(55)
Collective Bargaining	(96)
Energy Adjustment	40
Miscellaneous Expense	(15)
General Reserve	(250)
Retiree Health Benefits Trust	<u>250</u>
Total Expenditures	\$0
Citywide Savings Program	\$522
Change in BSA	\$1,061
May 2016 BSA	\$3,356

CITYWIDE SAVINGS PROGRAM

The April 2016 Financial Plan includes a Citywide Savings Program which is expected to generate new savings of \$1.25 billion over FYs 2016 and 2017 and \$3.5 billion over FYs 2016 – 2020. These savings are in addition to the Citywide Savings Program in the January Preliminary Budget, which projected savings of \$1.1 billion in the first two years. Combined with the savings program proposed in January, savings would total \$2.3 billion in FYs 2016 and 2017.

Prior to the current Administration, budget savings programs, known as Programs to Eliminate the Gap (PEG), had been routinely included in the City's Adopted Budget since the early 1980s. To identify savings, every agency was given a mandatory savings target. The PEG program was discontinued by the current Administration in the budget cycle for the FY 2015 budget. After several budget monitors, including the Comptroller's Office, called for the City to return to the practice of seeking agency efficiency savings, the Administration signaled they would initiate a savings program in the FY 2016 Preliminary Budget. Instead the Administration unveiled the Citywide Savings Program in the FY 2016 Executive Budget with total savings of \$1.1 billion over FYs 2015 and 2016. The program was voluntary, and only 29 agencies participated. Only 39 percent of the two-year savings came from agency spending reductions; a similar share of the savings accrued from debt service refinancing and re-estimates.

Before the FY 2017 Preliminary Budget was released, almost half of the City Council called for a specific savings target for all agencies. However, similar to the savings program adopted with the FY 2016 budget, the savings program proposed in January was voluntary with no specific savings target. The program relied heavily on non-agency actions such as re-estimates of debt service expenses that are largely determined by interest rate markets. Last March, the City sent a letter requiring all agencies "to find productivity and management improvements." Nonetheless, combined with the January savings program, only 48 percent of agencies, or 36 of 75, would participate in the current Plan.

Agency spending reductions would account for only 25 percent of the total savings over FYs 2016 and 2017, representing 0.8 percent of the agencies' City-funded expenditures. In contrast, in past Programs to Eliminate the Gap agency reductions averaged 2.6 percent of agency expenditures, and members of the City Council had advocated for a 5.0 percent agency reduction target.

The agency savings in the current savings program are a combination of efficiency and productivity measures, expected delays in hiring and spending, year-to-date shortfalls in spending, and re-estimates of service needs. The latter three types of spending adjustments would have been reflected in the budget in the absence of a savings program. For example, the Department of Sanitation has reduced its personal service (PS) expenditures by \$9 million in FY 2016 and \$3 million in FY 2017 to reflect an anticipated surplus in its PS budget. The Administration for Children Services has reduced its estimates for foster care expenditures by \$4 million annually because of an anticipated 6.0 percent drop in the foster care census. Such passive savings differ

significantly from actively targeted efficiency savings such as ending obsolete programs, eliminating duplicative functions, or making better use of technology.

Efficiency and productivity measures represent a small share of the combined January and April savings program. Over FYs 2016 and 2017 such actions will reduce spending by only \$206 million. The limited identification of initiatives that enhance efficiency or productivity is concerning because such actions would generate recurring benefits. Other types of agency savings, such as hiring delays, do not have lasting impacts.

Additionally, some savings are overstated. The City's prior practice was to net out any costs associated with implementing a savings measure; however, in at least one instance the latest savings plan includes only the gross savings. An expansion of vertical case processing in the Law Department, in which a single attorney handles a case from start to finish, is estimated to save \$16 million in FY 2018 and \$32 million in each of FYs 2019 and 2020 from lower legal settlements. However, because the City has also added \$18 million annually in new expenses starting in FY 2017 to the Law Department Tort Division to implement the strategy, net savings will not occur until FY 2019.

The largest savings in the April savings program is a re-estimate of Federal Medicaid reimbursements stemming from a provision in the Affordable Care Act, which provides for enhanced Federal reimbursement for childless adults who are below 100 percent of the federal poverty level. The savings program assumes annual City-funds budget savings of \$305 million in FYs 2016 through 2020 from the Federal Medicaid re-estimates. These savings account for 26 percent of the total Citywide Savings Program in FYs 2016 and 2017.

Savings from debt service refinancing and re-estimates account for \$546 million, or 24 percent, of savings in the first two years. Other savings items in the Citywide Savings Program include funding switches, revisions to miscellaneous expenses, and new agency revenues.

RISKS AND OFFSETS

The Executive Budget wholly or partially addressed a number of risks and offsets previously identified by the Comptroller's Office. Two risks were fully addressed: public assistance and universal pre-kindergarten (UPK). The Comptroller's Office identified a \$20 million per year recurring risk from public assistance beginning in FY 2017. The Executive Budget increased these expenses by \$39 million in FY 2017 and \$44 million in each of the following years of the Plan. The Comptroller's Office had also projected an ongoing \$21 million annual risk for UPK in the outyears of the Financial Plan, and the Executive Budget revised its forecast upward to support the additional 323 UPK teachers and paraprofessionals previously budgeted for only FY 2016. Other previously identified risks for homeless shelters, special education Medicaid reimbursement, and H+H were partially addressed. These items are discussed in more detail below.

Despite these adjustments, the Comptroller's Office continues to project the City faces larger gaps than those projected in the City's April Financial Plan: \$3.34 billion in FY 2018, \$3.84 billion in FY 2019, and \$3.01 billion in FY 2020. The Comptroller's Office estimates of additional tax revenues throughout the Plan are more than offset by projections of lower taxi medallion sales revenues, higher overtime expenses, and higher homeless shelter costs and other identified risks.

Compared to current City assumptions, the Comptroller's Office forecasts slightly higher local economic growth and projects tax revenues will grow 2.8 percent in FY 2017 and average 4.1 percent growth over the Plan, producing additional tax revenues of \$600 million in FY 2017, \$270 million in FY 2018, \$204 million in FY 2019, and \$434 million in FY 2020. Higher projections for property taxes, personal income taxes, and sales taxes in each year of the Plan are partially offset by lower business taxes in FY 2018 and FY 2019 and lower real-estate-related taxes in FY 2019 and FY 2020. Tax revenues will also be reduced by a planned sales tax revenue intercept from the State to recapture savings from refinancing the State-backed STAR-C bonds. A provision in the recently adopted State budget for State fiscal year 2017 provides legal authority for the State to intercept \$600 million in City sales tax revenue over three years. However, the City has only recognized \$200 million, the first State fiscal year's impact, creating a risk of \$400 million.

Additional revenue is projected to be generated from bus lane and speed camera fines, "quality-of-life" fines adjudicated by the City's Environmental Control Board, and Department of Buildings penalties for late permit filing or lack of permits. The Comptroller's Office previously identified offsets of \$135 million over FYs 2016 – 2020 for speed cameras. In the Executive Budget, projections for speed camera fines were increased by \$39 million over the Plan, reducing the current projected offset to \$77 million. Bus lane cameras are also projected to generate more revenue than assumed in the Financial Plan based on current collections per route and the City's schedule to install cameras along an additional 10 routes over the next three years. The Comptroller's Office has also identified as a risk all of the revenue from the future sale of additional taxi medallions during the Financial Plan. Until there is a better clarity on the taxi medallion market, the sales of these medallions remain uncertain. The Administration has already delayed these sales three times.

The largest risk to the FY 2017 budget is overtime. Based on overtime expenditures through April, the City is on track to exceed the current fiscal year projection by \$96 million. If overtime remains at the current-year level, city expenses would be higher by \$302 million in FY 2017 and \$250 million in each subsequent year. The risk in FY 2017 includes \$201 million for the City's uniformed workforce and \$101 million for civilians.

Despite additional City commitments to the financially-troubled H+H, long-term risks remain. New City assistance includes \$160 million in FY 2016 and recurring funding to cover debt service payments, starting with \$180 million in FY 2017. In addition to debt service, the City's public hospital system is required to reimburse the City for medical malpractice claims and fringe benefits costs incurred on the system's

behalf. However, H+H has only made one payment out of the four-year period spanning FY 2013 to FY 2016. If H+H does not make its full reimbursement payments, the City will have to cover expenses of \$165 million in each of FYs 2017 – FY 2020. In addition, given the size of H+H deficit reduction plan in FYs 2017 – 2020, a significant portion of which will require Federal and State approvals, it is likely that the City will need to raise its subsidy in each year in the Financial Plan. Together, the additional subsidy and continued City support of medical malpractice claims and fringe benefits would result in risks of \$365 million in FY 2017 and growing to more than \$500 million by FY 2020.

Following the January Preliminary Budget, the Comptroller's Office identified risks of \$80 million annually for Federal Medicaid reimbursement to the Department of Education (DOE) for special education services. While the City lowered its estimates by \$79.5 million in FY 2016 and \$56.5 million in FY 2017, residual risks remain. Between FY 2014 and FY 2015, the DOE collected about 40 percent of their Medicaid reimbursement target for special education services — \$17 million collected compared to a target of \$42 million. Since FY 2012, the DOE has only collected 12 percent of the total Medicaid revenues assumed at budget adoption — \$60 million realized out of \$468 million projected. In recognition of this problem, funding was added to DOE and the Department of Information Technology and Telecommunications to upgrade the reimbursement system, with the goal of full reimbursement in FY 2018. If these efforts continue to fall short, the City will need to cover an additional \$30 million in expenses in FY 2017 and \$80 million in each of FYs 2018 through 2020.

A risk of \$100 million annually was also previously identified by the Comptroller's Office for expenses related to adult homeless shelters in recognition of persistent growth in the adult homeless shelter population. In the Executive Budget, the City raised its share of the shelter expense budget by \$160 million in FY 2017, including revisions for both adult and family shelters. However, the additional funding does not extend into the outyears of the Plan thereby posing risks of \$130 million annually beginning in FY 2018. Similarly, DOE budgeted \$10 million in FY 2017 to provide enhanced support to students living in homeless shelters but did not extend the funding to the outyears of the Plan. As such, the Comptroller's Office projects risks of \$10 million in each of FYs 2018 through 2020 as the support is expected to continue in the outyears. These expenditure risks are somewhat offset by anticipated savings from low interest rates on variable rate debt bonds (VRDB) if rates remain historically low. In addition, with high general fund cash balances, the Comptroller's Office projects no need for short-term borrowing in FY 2017, saving \$75 million.

Overall, the Comptroller projects expenditures could be higher than the City's Plan by \$6 million in FY 2016, \$534 million in FY 2017, \$798 million in FY 2018, \$848 million in FY 2019, and \$898 million in FY 2020. Combined, the Comptroller's revenue and expense projections result in net risks of \$8 million in FY 2016, \$607 million in FY 2018, \$863 million in FY 2019, \$789 million in FY 2020 and net additional resources of \$96 million in FY 2017.

Table 9. Risks and Offsets

(\$ in millions, positive numbers reduce the gap and negative numbers increase the gap)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
City Stated Gap	\$0	\$0	(\$2,735)	(\$2,977)	(\$2,269)
Tax Revenues					
Property Tax	\$0	\$74	\$79	\$60	\$213
Personal Income Tax	(\$32)	\$280	\$321	\$291	\$140
Business Taxes	\$8	\$60	(\$122)	(\$12)	\$47
Sales Tax	\$0	\$155	\$192	\$180	\$150
Sales Tax Intercept	\$0	(\$50)	(\$200)	(\$150)	\$0
Real-Estate-Related Taxes	<u>\$22</u>	<u>\$81</u>	<u>\$0</u>	<u>(\$165)</u>	<u>(\$116)</u>
Subtotal Tax Revenues	(\$2)	\$600	\$270	\$204	\$434
Non-Tax Revenues					
Bus Lane Camera Fines	\$0	\$3	\$2	\$4	\$3
Speed Camera Fines	\$0	\$20	\$12	\$20	\$25
ECB Fines	\$0	\$0	\$7	\$7	\$7
Late Filing/No Permit Penalties (Department of Buildings)	\$0	\$7	\$7	\$7	\$7
Taxi Medallion Sales	<u>\$0</u>	<u>\$0</u>	<u>(\$107)</u>	<u>(\$257)</u>	<u>(\$367)</u>
Subtotal Non-Tax Revenues	\$0	\$30	(\$79)	(\$219)	(\$325)
Total Revenues	(\$2)	\$630	\$191	(\$15)	\$109
Expenditures					
Overtime	(\$96)	(\$302)	(\$250)	(\$250)	(\$250)
DOE Medicaid Reimbursement	\$0	(\$30)	(\$80)	(\$80)	(\$80)
Homeless Shelters	\$0	(\$0)	(\$130)	(\$130)	(\$130)
DOE Students in Shelter	\$0	\$0	(\$10)	(\$10)	(\$10)
NYC Health + Hospitals	\$0	(\$365)	(\$415)	(\$465)	(\$515)
VRDB Rate Savings	\$40	\$88	\$87	\$87	\$87
Short-term Borrowing Elimination	\$0	\$75	\$0	\$0	\$0
General Reserve	<u>\$50</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal	(\$6)	(\$534)	(\$798)	(\$848)	(\$898)
Total (Risks)/Offsets	(\$8)	\$96	(\$607)	(\$863)	(\$789)
Restated (Gap)/Surplus	(\$8)	\$96	(\$3,342)	(\$3,840)	(\$3,058)

IV. Revenue Assumptions

The FY 2017 Executive Budget and Financial Plan projects total revenues will grow from \$82.07 billion in FY 2016 to \$90.36 billion in FY 2020. City-fund revenues will grow from \$58.83 billion in FY 2016 to \$67.08 billion in FY 2020. Tax Revenues are expected to comprise 65 percent of total revenues in FY 2016 and increase to 69 percent by FY 2020. Property tax revenue is expected to grow 23.3 percent over the Plan period, rising from \$23.02 billion in FY 2016 to \$28.39 billion by FY 2020, while non-property tax revenues are forecast to grow 9.7 percent, from \$30.73 billion in FY 2016 to \$33.70 billion in FY 2020.⁵

Miscellaneous revenue, excluding intra-City revenue, is expected to decline 18 percent in FY 2016 to \$5.09 billion as projected non-recurring revenues decline. For FY 2017, the Plan anticipates miscellaneous revenue will decline further by 7.0 percent to \$4.74 billion. Between FYs 2017 and 2020 growth in miscellaneous revenue is expected to average 1.9 percent annually from \$4.74 billion in FY 2017 to \$5.01 billion in FY 2020.

The FY 2017 Executive Budget projects total Federal and State aid to decrease 2.7 percent, from \$21.95 billion in FY 2016 to \$21.36 billion in FY 2017. The current FY 2017 forecast reflects an increase of \$582 million since the Preliminary Budget. A significant portion of this increase represents \$404 million in Community Development Block Grant funds for disaster recovery (CDBG-DR), partly from recognition of actions previously anticipated in FY 2016. Other major increases recognized in FY 2017 include \$110 million for welfare services, \$35 million for health and mental hygiene and \$29 million for education. The City projects that Federal and State aid will decrease to \$21.1 billion in FY 2018, which is primarily attributable to the decline in CDBG-DR funds and the City's conservative assumptions for most Federal aid categories, partly offset by increased education support. Federal and State grants are then projected to rebound to \$21.44 billion in FY 2019 and to \$21.87 billion in FY 2020, driven mainly by the City's expectation of growth in State education aid.

Tax Revenues

In the FY 2017 Executive Budget and Financial Plan, total tax revenues are projected to grow 1.7 percent in FY 2017 to \$54.64 billion, following an estimated 3.5 percent growth in FY 2016. The City raised its FY 2016 tax revenue forecast by a net \$393 million, to \$53.75 billion, and reduced its tax revenue forecast for FY 2017 by a net of \$409 million. The City believes lower Wall Street profits and moderate wage growth will restrain non-property tax revenue growth in FY 2017.

⁵ If not indicated specifically, throughout this section, Personal Income Tax (PIT) and Property tax revenues include School Tax Relief (STAR) reimbursement.

Changes to the City's Tax Revenue Forecast

As Table 10 shows, in the April 2016 Financial Plan, the City increased its FY 2016 tax revenue forecast by a net \$393 million. This change is mostly due to higher than expected collections from the real-estate-related taxes; i.e., the real property transfer tax (RPTT) and the mortgage recording taxes (MRT), and a reduction in reserves for uncollectible property taxes in each of FYs 2016 – 2020, which increased the net property tax revenue estimates compared to the January Plan forecasts. These increases were partially offset by reductions in projected collections from the personal income tax (PIT), the business corporation tax and the sales tax.

In addition, the City recognized reductions in sales tax revenues of \$50 million in FY 2016 and \$150 million in FY 2017 to account for revenue intercept by New York State associated with the Sales Tax Asset Receivable Corporation (STAR-C) refinancing from which the City generated \$650 million in savings. The State enacted a provision that allows the recoupment of \$600 million in savings over three years by intercepting \$200 million a year in City sales tax revenue over three years. Since the April Plan only recognizes a total of \$200 million in revenue intercept, the Comptroller's Office believes the remaining \$400 million represents a risk to the Financial Plan.

**Table 10. Revisions to the City's Tax Revenue Assumptions
January 2016 vs. April 2016**

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
January 2016 Financial Plan Total	\$53,355	\$55,052	\$57,256	\$59,677	\$62,103
Revisions:					
Property	259	108	252	426	443
Personal Income (PIT)	(139)	(83)	(103)	(144)	(198)
Business	(47)	(223)	(86)	(159)	(202)
Sales	(52)	(85)	(104)	(102)	(92)
Real-Estate-Related	311	20	(12)	(18)	(20)
All Other	46	4	13	35	53
Tax Audit	65	0	0	0	0
NYS Actions – Sales Tax Intercept	(50)	(150)	0	0	0
Revisions-Total	\$393	(\$409)	(\$40)	\$38	(\$16)
April 2016 Financial Plan - Total	\$53,748	\$54,643	\$57,216	\$59,715	\$62,087

SOURCE: NYC Office of Management and Budget.

For FY 2017, the City lowered its tax revenue projection by \$409 million, primarily due to a downward revision to the business tax revenue forecast of \$223 million and a \$150 million anticipated revenue loss due to the planned sales tax revenue intercept by the State.

Tax revenue estimates were also lowered for FY 2018 and FY 2020, by a net \$40 million and \$16 million respectively, while the projection for FY 2019 tax collections increased by a net \$38 million.⁶

Projected Tax Revenue Growth, FYs 2016-2020

The FY 2017 Executive Budget and Financial Plan projects total tax revenues will grow from \$53.75 billion in FY 2016 to \$62.09 billion in FY 2020, an average annual growth rate of 3.7 percent. However, as shown in Table 11, the April Plan assumes tax revenues will grow by a modest 1.7 percent in FY 2017, down from a projected 3.5 percent in FY 2016. The projected slowdown in tax revenue growth in the upcoming fiscal year is attributed mainly to an anticipated decline in revenues from the real-estate-related taxes and an expected decline in tax audit revenues in FY 2017. The projected drop in audit revenues is a reflection of unusually large payments from sales tax audits in FY 2016. Total tax revenues are expected to grow at a more robust 4.7 percent rate in FY 2018 as collections from non-property taxes begin to rebound. Tax revenues in the outyears of the Plan are based on the City's assumption of moderate economic growth.

Table 11. Tax Revenue Forecast, Growth Rates, FY 2016 – FY 2020

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Average Annual Growth
Property						
Mayor	7.0%	5.1%	5.9%	5.9%	4.7%	5.4%
Comptroller	7.0%	5.4%	5.9%	5.8%	5.2%	5.6%
PIT						
Mayor	2.1%	0.7%	2.7%	3.5%	3.8%	2.6%
Comptroller	1.8%	3.4%	3.0%	3.2%	2.5%	3.0%
Business						
Mayor	(2.0%)	1.3%	5.6%	1.5%	2.4%	2.7%
Comptroller	(1.8%)	2.2%	2.5%	3.3%	3.3%	2.8%
Sales						
Mayor	3.3%	2.1%	6.2%	4.3%	4.3%	4.2%
Comptroller	3.3%	3.6%	4.5%	4.8%	5.8%	4.7%
Real-Estate-Related						
Mayor	(0.4%)	(7.8%)	(0.1%)	3.1%	2.8%	(0.6%)
Comptroller	0.3%	(5.7%)	(3.0%)	(3.1%)	4.8%	(1.8%)
All Other						
Mayor	1.9%	(0.2%)	2.9%	2.9%	2.9%	2.2%
Comptroller	1.9%	(0.2%)	2.9%	2.9%	2.9%	2.2%
Total Tax with Audit						
Mayor	3.5%	1.7%	4.7%	4.4%	4.0%	3.7%
Comptroller	3.5%	2.8%	4.1%	4.2%	4.3%	4.1%

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

NOTE: Sales tax revenue growth rates reflects the impact of the State Intercept of \$50 million in FY 2016 and \$150 million in FY 2017 as recognized in the April 2016 Financial Plan.

⁶ On April 13, 2015, the Governor signed into law a corporate income tax reform for New York City, which merged the taxation of all New York City C-corporations formally paid under the banking corporation tax and the general corporation tax. These corporations now pay under a new Business Corporation Tax.

The Comptroller's Office projects total tax revenues will grow at an average annual rate of 4.1 percent between FYs 2016 to 2020, a slightly faster rate than the City's 3.7 percent growth forecast. The difference is mostly driven by the Comptroller's higher projections for Property Tax, PIT and sales tax revenues. The Comptroller's outlook for local employment and economic growth is slightly better than the City's. The Comptroller's Office estimates non-property tax revenues will grow at an average rate of 2.5 percent annually over the Plan period while growth in property tax revenues will average an annual rate of 5.6 percent.

The FY 2017 Executive Budget projects property tax revenue will grow 5.1 percent in FY 2017 to \$24.19 billion. The property tax levy is expected to increase by \$1.6 billion based on the FY 2017 tentative assessment roll. Billable assessed value on the final roll is forecast to grow 6.7 percent. Large commercial and residential properties account for most of the growth. From FYs 2016 – 2020, property tax revenue growth is expected to average 5.4 percent annually, reflecting steady growth in billable assessed value, and the phase-in of the pipeline of assessed value growth from prior years.⁷

PIT revenue is projected at \$11.58 billion in FY 2017, a nearly flat growth over the prior year. After growing by 11 percent in FY 2015, the City projects PIT revenue growth to slow to 2.1 percent in FY 2016 followed by less than 1.0 percent growth in FY 2017. The slowdown in FY 2016 results mainly from slower growth in estimated payments. In FY 2017, the City expects withholding to increase 4.3 percent over the prior year as job growth and wage income continue to support withholding collections. In contrast, estimated payments are expected to decline 5.0 percent as taxpayers recognize a decline in liability. Over the forecast period, PIT revenue growth is forecast to average 2.6 percent annually.

PIT collections weakened considerably in the early months of calendar 2016, apparently due to a drop in Wall Street bonus payments and to financial market volatility that impacted investors' capital gains realizations. While the stagnation in equity values over the past 18 months provides little basis for a short-term surge in estimated tax payments, the Comptroller's Office expects continued growth in employment and an uptick in wage growth to produce a 3.0 percent average annual increase in PIT collections from FY 2016 to FY 2020. The Comptroller's Office consequently anticipates PIT offsets averaging about \$300 million in FYs 2017 through 2019, falling to \$140 million in FY 2020.

Business income tax revenues are expected to decline 2.0 percent in FY 2016, and then grow by just 1.3 percent in FY 2017 to \$6 billion. Projected revenue from the business corporation tax is expected to decline by 4.5 percent in FY 2016, reflecting lower levels of finance sector payments resulting from lower Wall Street profits in the second half of CY 2015. Revenue from the unincorporated business tax (UBT) is expected to grow by 3.3 percent in FY 2016 due in part to the high level of assets under

⁷ Class 2 properties consist of residential, primarily cooperatives, condominiums and rental apartment buildings. Class 4 properties consist of all commercial and industrial properties.

management in the hedge fund industry. In FY 2017, growth in UBT revenues is projected to slow to 1.6 percent on downward pressure on assets under management. Business corporation tax revenue is projected to grow by 1.2 percent, as tax payments from finance sector firms remain constrained. Growth in the combined business tax revenues is forecast to average 2.7 percent annually in FYs 2016 through 2020.

Sales tax revenue is projected to increase by 3.3 percent in FY 2016, but to slow to a 2.1 percent growth rate in FY 2017, after adjusting for the State revenue intercept of \$50 million in FY 2016 and \$150 million in FY 2017. Sales tax revenue is forecast to rise to \$7.12 billion in FY 2017 net of the anticipated \$150 million State intercept. Taxable consumption is expected to rise following employment gains and a projected increase in wage earnings. Tourism spending is expected to continue to support sales tax revenue, although weakness in the global economy is expected to slow down international tourism. Over the forecast, revenues from the sales tax are projected to grow at an average rate of 4.2 percent annually.

From FYs 2016 – 2020, the City projects a decline of 0.4 percent in the combined revenues from the real-estate-related taxes in FY 2016 and a sharper decline of 7.8 percent in FY 2017, to \$2.68 billion. In FY 2017, revenues from RPTT and MRT are expected to decline by 6.6 percent and 9.5 percent respectively. Lack of inventory is expected to put downward pressure on revenue from residential transactions in FY 2017 while higher interest rates and a strong dollar are expected to lower tax collections from commercial transactions. Aggregate real-estate-related-tax revenue is expected to average a negative 0.6 percent growth annually over the forecast period.

The Comptroller's Office anticipates that the current surge in commercial property values and sales will cool in coming years and that a continued strengthening in the residential market will not fully offset a decline in transaction tax collections from the commercial sector. However, pricing of both commercial and residential properties remained strong through the first half of calendar year 2016, and that market momentum is expected to produce an offset in real-estate-related taxes in FY 2017.

As illustrated in Table 12, the Comptroller's Office projects tax revenue offsets of \$600 million in FY 2017, \$270 million in FY 2018, \$204 million in FY 2019 and \$434 million in FY 2020. The Comptroller's Office's projections of risks and offsets to the City's tax revenue assumptions are based on current collections and the Office's latest economic projections.

Table 12. Risks and Offsets to the City's Tax Revenue Projections

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Property	\$0	\$74	\$79	\$60	\$213
PIT	(32)	280	321	291	140
Business	8	60	(122)	(12)	47
Sales	0	155	192	180	150
Sales Intercept	0	(50)	(200)	(150)	0
Real-Estate-Related	<u>22</u>	<u>81</u>	<u>0</u>	<u>(165)</u>	<u>(116)</u>
Total	(\$2)	\$600	\$270	\$204	\$434

Miscellaneous Revenues

In the FY 2017 Executive Budget, the City projects miscellaneous revenue to decline \$350 million from the FY 2016 estimate to \$4.74 billion, exclusive of private grants and intra-City revenues. The current Plan raised the miscellaneous revenue projection for FY 2016 by a net \$171 million and lowered its projection for FY 2017 by a net \$106 million compared to the January Plan. The upward adjustment in FY 2016 reflects higher revenue forecasts for licenses, permits and franchises, fines and forfeitures, charges for services and other miscellaneous revenues. These changes result mainly from higher estimated collections for Environmental Control Board (ECB) fines, Department of Buildings penalties, speed camera fines, motor vehicle fines, building and construction permits, and tobacco settlement revenues, as well as increased revenues from fire insurance fees, microfilm and credit card convenience fees and 421-A tax incentive program fees.⁸

As Table 13 shows, the FY 2017 Executive Budget and Financial Plan includes a miscellaneous revenue projection of \$4.74 billion for FY 2017, \$106 million lower than the January Plan forecast. The City reduced its estimate of rental income by a net \$54 million. The projected decline includes a reclassification of \$18 million in payments-in-lieu-of-taxes from the 42nd Street Development Corporation and \$34.4 million in rent payments from the New York City Economic Development Corporation (NYCEDC). The City has agreed to allow EDC to retain \$34.4 million annually in rental payments, including \$19 million in rental payments related to the 42nd Street Development Project, to support the operation of a new citywide ferry service to be launched in the summer of 2017. This revenue loss is partially offset by an expected \$4.5 million increase in rental payments from waterside developments.

Funding the new ferry service out of NYCEDC's budget will obscure the full cost of the public subsidy to operate the ferries. Additionally, it is unclear if the rental income will exceed or fall below required expenses. To operate five new ferry routes, the City

⁸ Water and sewer revenues are excluded from the analysis because these revenues represent reimbursement for operation and maintenance (O&M) of the water delivery and sewer systems and therefore are not available for general operating purposes. Water and sewer revenues have historically consisted of two parts: The reimbursement for O&M and rental payments from the Water Board for the use of the City's water supply, distribution and treatment plant. Beginning in FY 2017 the City will no longer request rental payments from the Water Board.

has pledged \$30 million in annual operating support and \$10 million for start-up costs, in addition to \$98 million in capital commitments through NYCEDC to upgrade ferry landings. NYCEDC will also continue to fund the East River ferry service, but passenger revenues from the East River route will decline as municipal ferry ticket prices citywide are equalized and pegged to subway fares. Ultimately, the actual public cost of the ferries will depend on ridership levels, changes to ticket prices, operating costs, and potential sponsorships.

The forecast for the “other miscellaneous” revenue category decreased by a net \$124 million in FY 2017. The revision reflects the City’s plan to forego \$179.9 million in H+H debt service payments and \$5.77 million in payments from the NYCEDC in FY 2017. These reductions are partially offset by \$59.06 million in payments from the Health Stabilization Fund (HSF).⁹

The revised FY 2017 miscellaneous revenue projection reflects higher estimated revenues from licenses, franchises and permits (\$30 million), charges for services (\$22 million) and fines and forfeitures (\$72 million). Anticipated collections from buildings and construction permits increased by \$10.9 million. Cable television franchise revenue increased by \$7.2 million. Net increase in charges for services include \$16.8 million in additional tuition and fee revenues allocated to CUNY and \$3.6 million in anticipated reimbursement of overtime expenses related to athletic events. The current forecast for fines and forfeitures reflects an increase of \$37.3 million in collections from ECB fines, \$20.7 million in additional revenues from late filing/no permit penalties from the Department of Buildings and \$18.4 million in additional revenues from speed camera fines.

**Table 13. Changes in FY 2017 Miscellaneous Revenue Estimates
April 2016 vs. January 2016**

(\$ in millions)

	January 2016	April 2016	Change
Licenses, Franchises, Etc.	\$626	\$656	\$30
Interest Income	61	61	0
Charges for Services	951	973	22
Water and Sewer Charges	1,472	1,420	(52)
Rental Income	271	217	(54)
Fines and Forfeitures	833	905	72
Other Miscellaneous	629	505	(124)
Total	\$4,843	\$4,737	(\$106)

SOURCE: NYC Office of Management and Budget.

The City projects total miscellaneous revenue will decline slightly, to \$4.67 billion in FY 2018, before growing by 3.2 percent and 4.0 percent in each of FYs 2019 and 2020.

⁹ The \$59.06 million payment from the HSF is part of an agreement negotiated between the City and the Municipal Labor Committee to increase the Supplemental Welfare Fund by \$100 per employee.

The April Financial Plan includes a total of \$731 million in estimated proceeds from medallion sales over FYs 2018-2020. The Comptroller's Office believes that given the uncertainty surrounding future taxi medallion auctions, the entire \$731 million in anticipated revenues from medallion sales represents a risk to the City's Financial Plan.

Although the City's April Plan increases its projections for speed camera fine revenues in FY 2016 and beyond, the Comptroller's Office continues to expect revenues to be above the City's forecast in each of FYs 2017 – 2020, by \$20 million in FY 2017, \$12 million in FY 2018, \$20 million in FY 2019 and \$25 million in FY 2020. Bus lane camera fines are also projected to be slightly above the City's forecast based on current revenue collections per route, by \$3 million in FY 2017, \$2 million in FY 2018, \$4 million in FY 2019 and \$3 million in FY 2020.¹⁰

Furthermore, the City assumes DOB penalties and ECB fine revenues will decline in FY 2017 and continue to decline or remain flat in the outyears of the Financial Plan. From FY 2016 to FY 2018, the City assumes ECB fines will decrease by 19 percent from \$111 million to \$89 million, and DOB penalties will fall 26 percent from \$58 million in FY 2016 to \$43 million in FY 2018. Based on recent trends, these assumptions are unrealistic. The Comptroller's Office believes revenues from penalties for late filing or lack of permits in the Department of Buildings (DOB) could generate an additional \$7 million in FY 2017. Beginning in FY 2018, revenues from DOB penalties and ECB fines combined could be higher than the Plan's estimates by \$14 million annually.

Federal and State Aid

The April Financial Plan includes a projection of total Federal and State aid for FY 2016 of \$21.95 billion, supporting about 26.7 percent of the City's expenditure budget. Compared to the January Plan, the current year assumptions have fallen by \$128 million. The City reflects a net decline of \$182 million in Community Development Block Grant for Disaster Relief due to delay in revenues that will now help cover Sandy-related costs in FY 2017. In addition, the Department of Education has lowered its Federal Medicaid revenue assumptions by \$79.5 million in the current year. These declines are partly offset by additional revenues in other areas of the budget, most notably in health and mental health, Workforce Investment Act and transportation grants.

The Executive Budget projects \$21.36 billion of Federal and State grants for FY 2017, about 79 percent of which would be in support of education and social services spending. Federal and State grants are expected to support 26 percent of total spending in FY 2017. The decline in the Federal and State support of the City's budget in FY 2017 is mainly attributable to more conservative estimates of certain Federal grants. Compared with the Preliminary Budget, the City has reflected an additional \$582 million in Federal and State grants. This total includes an additional \$397 million in CDBG-DR funds both

¹⁰ The City plans to install an additional 100 cameras in the existing 140 school zone locations for a total of 240 cameras by FY 2018.

from timing and an expected increase in reimbursement during FY 2017. The only area in which funding is anticipated to grow significantly in FY 2017 is in education, driven mainly by the recognition of school aid allocations in the enacted State budget. The State also enacted a measure to recoup money from the City in relation to a 2014 Sales Tax Asset Receivable Corporation refinancing that could pose risks of \$400 million to the City's Financial Plan, which is discussed in greater detail in the Miscellaneous Revenue section.

In the outyears, Federal and State grants are projected to decline slightly to \$21.1 billion in FY 2018 before recovering to \$21.44 billion in FY 2019 and \$21.87 billion in FY 2020. These projections represent average annual growth of less than 1.0 percent, driven primarily by the City's expectation of education aid increases from the State. If these assumptions hold true, the level of Federal and State support for the City's expense budget would decline to 23.6 percent by FY 2020. However, because of the City's conservative approach with Federal aid, which is anticipated to basically stay flat between FY 2018 and FY 2020 (after adjusting for FEMA Sandy reimbursement), the assumed Federal support in the outyears is likely understated.

V. Expenditure Analysis

The \$82.22 billion FY 2017 Executive Budget is \$154 million more than the Modified FY 2016 Budget. However, both the FY 2016 and FY 2017 expenditures reflect the impact of prepayments. The general reserves in these fiscal years are also different — \$50 million in FY 2016 and \$1 billion in FY 2017. In addition, expenditures in FY 2016 are reduced by the adjustment of prior-year accruals and increased by a \$250 million deposit into the RHBT. After adjusting for prepayments, reserves, prior-year accrual re-estimate and RHBT deposits, FY 2017 expenditures total \$84.08 billion, \$1.64 billion or 2.0 percent more than the adjusted FY 2016 expenditures.

From FY 2017 to FY 2020, expenditures adjusted for prepayments and reserves are projected to grow by 8.2 percent, or 2.7 percent annually. Spending on wages and salaries, debt service, health insurance, and other fringe benefits excluding pensions accounts for most of the growth, averaging 5.2 percent growth annually, as shown in Table 14. All other expenditures are projected to average 0.5 percent growth over the same period.

Table 14. FY 2017 – FY 2020 Expenditure Growth Adjusted for Prepayments

(\$ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	Growth FYs 17-20	Annual Growth
Salaries and Wages	\$25,795	\$27,190	\$28,720	\$29,224	13.3%	4.2%
Debt Service	6,628	6,996	7,504	8,164	23.2%	7.2%
Health Insurance	6,075	6,476	6,916	7,474	23.0%	7.2%
Other Fringe Benefits	3,688	3,830	4,063	4,283	16.1%	5.1%
Subtotal	\$42,186	\$44,492	\$47,203	\$49,145	16.5%	5.2%
Pensions	\$9,310	\$9,598	\$9,741	\$9,673	3.9%	1.3%
Medicaid	5,915	5,915	5,915	5,915	0.0%	0.0%
Public Assistance	1,584	1,602	1,613	1,624	2.5%	0.8%
J & C	676	692	707	725	7.2%	2.3%
Other OTPS	24,405	23,885	24,173	24,545	0.6%	0.2%
Subtotal	\$41,890	\$41,691	\$42,149	\$42,481	1.4%	0.5%
Expenditures Before Reserves	\$84,076	\$86,183	\$89,351	\$91,626	9.0%	2.9%
General Reserve	1,000	1,000	1,000	1,000	0.0%	0.0%
Capital Stabilization Reserve	\$500	\$0	\$0	\$0		
Total	\$85,576	\$87,183	\$90,351	\$92,626	8.2%	2.7%

Overtime

The FY 2017 Executive Budget includes \$1.3 billion for overtime costs in FY 2017. The City has spent \$1.4 billion on overtime expenses as of April and is on pace to spend about \$1.6 billion for the fiscal year. Overtime has grown steadily over the last ten years, increasing at an annual rate of 6.5 percent from \$886 million in FY 2005 to

\$1.6 billion in FY 2015.¹¹ The Comptroller's Office expects overtime expenditures in FYs 2016 and 2017 to remain relatively flat as increases in uniformed headcount at the New York Police Department (NYPD), the Fire Department of New York (FDNY), and the Department of Correction (DOC) should alleviate some of the need for overtime.

Growth in overtime expenditures over recent years were driven primarily by uniformed overtime usage. Annual overtime spending for uniformed personnel increased from \$611 million in FY 2005 to \$1.2 billion in FY 2015. The Comptroller's Office expects uniformed overtime to remain at about this level in FYs 2016 and 2017. However, the FY 2017 Executive Budget projects a drop in uniform overtime expenditures to \$944 million, as shown in Table 15. As such, we project a risk of \$201 million in uniform overtime spending.

Table 15. Projected Overtime Spending, FY 2017

(\$ in millions)

	Comptroller's Projection Overtime FY 2017	Planned Overtime FY 2017	FY 2017 Risk
Uniform			
Police	\$600	\$499	(\$101)
Fire	210	210	0
Corrections	231	131	(100)
Sanitation	<u>104</u>	<u>104</u>	<u>0</u>
Total Uniformed	\$1,145	\$944	(\$201)
Others			
Police-Civilian	\$96	\$85	(\$11)
Admin for Child Services	25	18	(7)
Environmental Protection	39	23	(16)
Transportation	62	41	(21)
All Other Agencies	<u>198</u>	<u>152</u>	<u>(46)</u>
Total Civilians	\$420	\$319	(\$101)
Total City	\$1,565	\$1,263	(\$302)

As part of the FY 2016 Budget Adoption, the City set a cap on overtime expenditures in conjunction with a planned 1,297 increase uniformed-police officers. The FY 2016 overtime budget at adoption was \$522 million. Since then, the overtime budget has grown by \$41 million to \$563 million in the April Plan. The increase is due to higher overtime rates from wage increases and additional State and Federal-funded overtime spending, all of which the City indicates is not scored against the cap. Through April 2016, the department has spent about \$470 million for uniformed overtime and is on target to spend approximately \$580 million for the fiscal year. This is \$58 million or 11.1 percent above the Adopted Budget level and \$17 million more than the April Plan FY 2016 budget. The Comptroller's Office projects a modest increase in uniformed

¹¹ FY 2005 costs are adjusted for overtime expenses associated with the Republican National Convention.

overtime spending to \$600 million in FY 2017, posing a risk to the budget of \$101 million.

Through April, the DOC has spent \$207 million on uniformed overtime and will likely spend about \$250 million for the fiscal year, posing a risk of \$69 million in FY 2016. It appears that the DOC is continuing to rely on overtime to meet operational needs despite a 565 position increase in uniformed personnel between the end of FY 2015 and March 31, 2016. Absent any change in how overtime is managed, the Comptroller's Office expects this practice to continue into FY 2017. As a result, the Comptroller's Office estimates that overtime spending in the DOC could be \$100 million more than budgeted.

Overtime costs for civilian employees account for just under a third of annual overtime expenditures. This cost has grown at an annual rate of 5.5 percent from \$275 million in FY 2005 to \$471 million in FY 2015. The City has spent \$403 million on civilian overtime through April and is on track to spend at least \$450 million for the current fiscal year. Based on the civilian overtime spending pattern of the last three fiscal years, FY 2017 civilian overtime spending will likely exceed the budgeted amount by \$101 million.

Pensions

Contributions to the City's pension systems are projected to increase at an annual rate of 2.0 percent from \$9.2 billion in FY 2016 to approximately \$9.7 billion in FY 2019 and to remain at that level for FY 2020. As shown in Table 16, pension expenditures in FYs 2017 through 2019 are above the January Plan's projections. Projections for FYs 2016 and 2020 are below the January Plan's projections. The changes in FYs 2016 through 2020 reflect updated estimates provided by the Office of the Actuary including:

- Updated data on salary and headcount
- Updated membership census data
- Adjustments to the City's prior estimates as of 6/30/2015 investment gains and losses

Table 16. FY 2017 Executive Budget Projections of the City's Pension Expenditures

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Five Actuarial Systems	\$9,140	\$9,242	\$9,420	\$9,550	\$9,474
Reserve	0	26	122	132	136
Other Systems	147	155	166	172	175
Less: Intra City-Expense	(112)	(112)	(112)	(112)	(112)
Net Pension Expense April Plan	9,175	9,311	9,596	9,742	9,673
Net Pension Expense January Plan	9,231	9,287	9,441	9,622	9,995
Net Change	(\$55)	\$23	\$156	\$120	(\$322)

The reserve is being held to accommodate expected changes in headcount, valuation refinements, and salary adjustments.

The City's pension contributions are calculated based on an assumed actuarial interest rate (AIRA) of 7.0 percent annually, net of investment expenses. However,

through March, three-quarters into the current fiscal year, pension investment returns were essentially flat. Each percentage point of investment earnings above or below the AIRA is estimated to lower or increase the City's pension contributions by approximately \$25 million in FY 2018 growing to \$75 million by FY 2020.¹²

Headcount

The April Plan projects total-funded full-time headcount to be 294,009 by the end of FY 2016. Headcount is projected to rise modestly to 296,089 in FY 2017, and to increase to 296,957 by FY 2020, as shown in Table 17.

Table 17. Total Funded Full-Time Year-End Headcount Projections – Executive 2017 Financial Plan

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Pedagogical					
Dept. of Education	115,397	116,140	116,815	117,410	117,292
City University	4,407	4,441	4,441	4,441	4,441
Subtotal	119,804	120,581	121,256	121,851	121,733
Uniformed					
Police	35,780	35,780	35,780	35,780	35,780
Fire	10,821	10,885	10,911	10,939	10,939
Correction	10,242	10,336	10,374	10,413	10,429
Sanitation	7,427	7,490	7,569	7,569	7,569
Subtotal	64,270	64,491	64,634	64,701	64,717
Civilian					
Dept. of Education	10,961	11,195	11,380	11,559	11,552
City University	1,886	1,907	1,924	1,941	1,945
Police	15,956	16,014	16,014	16,014	16,014
Fire	5,652	5,968	5,968	5,968	5,968
Correction	2,172	2,172	2,157	2,157	2,157
Sanitation	2,265	2,276	2,308	2,308	2,308
Admin. for Children Services	7,227	7,115	7,111	7,111	7,110
Social Services	14,733	15,009	14,638	14,643	14,647
Homeless Services	2,449	2,236	2,235	2,235	2,235
Health and Mental Hygiene	5,386	5,513	5,466	5,465	5,455
Finance	2,107	2,137	2,132	2,132	2,132
Transportation	5,092	5,060	5,069	5,052	5,063
Parks and Recreation	4,195	4,176	4,176	4,176	4,176
All Other Civilians	29,854	30,239	29,904	29,794	29,745
Subtotal	109,935	111,017	110,482	110,555	110,507
Total	294,009	296,089	296,372	297,107	296,957

Actual total-funded full-time headcount on June 30, 2015 was 277,173. Headcount would have to grow by 16,836, or 6.1 percent, in FY 2016 for the fiscal year-end target to be achieved. As of March 31, 2016, three-quarters into the fiscal year,

¹² Earnings above or below the AIRA in a given fiscal year are phased in over a six-year period beginning the second subsequent fiscal year.

headcount has increased by only 7,820, about 46 percent of the planned increase. At the current pace, it is unlikely that the City will be able to achieve its fiscal year-end target.

However, not all agencies will fall short of their year-end headcount target. In fact, as of March 31, 2016, the Department of Education (DOE) has exceeded its pedagogical year-end, the Police and Sanitation Departments have exceeded their uniformed year-end targets and the Fire Department has exceeded its year-end civilian target, as shown in Table 18.

Table 18. March 31, 2016 Headcount vs. Planned June 30, 2016 Headcount

	6/30/2015 Actuals	3/31/2016 Actuals	6/30/2016 Plan	Change 6/30/2015 to 3/31/2016	Planned Change 6/30/2015 to 6/30/2016	Percent of Planned Change Achieved
Pedagogical						
Dept. of Education	112,272	115,429	115,397	3,157	3,125	101.02%
City University	4,023	4,216	4,407	193	384	50.26%
Subtotal	116,295	119,645	119,804	3,350	3,509	95.47%
Uniformed						
Police	34,618	36,385	35,780	1,767	1,162	152.07%
Fire	10,777	10,775	10,821	(2)	44	(4.55%)
Correction	8,756	9,321	10,242	565	1,486	38.02%
Sanitation	7,381	7,559	7,427	178	46	386.96%
Subtotal	61,532	64,040	64,270	2,508	2,738	91.60%
Civilian						
Dept. of Education	11,693	12,062	10,961	369	(732)	(50.41%)
City University	1,916	1,932	1,886	16	(30)	(53.33%)
Police	14,535	14,455	15,956	(80)	1,421	(5.63%)
Fire	5,438	5,656	5,652	218	214	101.87%
Correction	1,418	1,528	2,172	110	754	14.59%
Sanitation	2,005	2,060	2,265	55	260	21.15%
Admin. for Children Services	5,921	5,789	7,227	(132)	1,306	(10.11%)
Social Services	13,487	13,264	14,733	(223)	1,246	(17.90%)
Homeless Services	1,976	2,291	2,449	315	473	66.60%
Health and Mental Hygiene	4,349	4,337	5,386	(12)	1,037	(1.16%)
Finance	1,856	1,868	2,107	12	251	4.78%
Transportation	4,452	4,590	5,092	138	640	21.56%
Parks and Recreation	3,862	3,861	4,195	(1)	333	(0.30%)
All Other Civilians	26,438	27,615	29,854	1,177	3,416	34.46%
Subtotal	99,346	101,308	109,935	1,962	10,589	18.53%
Total	277,173	284,993	294,009	7,820	16,836	46.45%

Some agencies with planned increases to their staffing levels in FY 2016 were below the FY 2015 year-end levels as of March 31, 2016, as shown in Table 18. Such staff include uniformed headcount in the Fire Department and civilian headcounts in the Police Department, the Administration for Children Services, the Department of Social Services, the Department of Health and Mental Hygiene, and the Department of Parks and Recreation. In contrast, over the same period, non-pedagogical headcounts in the DOE and CUNY were planned to be below their FY 2015 year-end staffing levels but have instead increased their headcount.

Table 19 shows the changes between the January and April Plans for FYs 2016 – 2020. Headcount for year-end FY 2016 in the April Plan is 1,497 positions higher than in the January Plan. The largest change is an additional 1,211 full-time total funded headcount in the DOE, of which 1,151 is related to special education hiring. However, the DOE may find it difficult to meet its non-pedagogical staffing plan. The April Plan projects a reduction in DOE headcount from its June 30, 2015 level. Instead, as noted above, March 31, 2016 DOE actual headcount is above its June 30, 2015 level by 369.

Other major upward revisions to headcount for FY 2016 include 310 positions in the Department of Homeless Services for homeless programmatic enhancements and shelter security, 129 positions in the Department of Social Services for homeless programmatic enhancements, 80 positions at CUNY related to the U.S. Department of Education’s Educational Opportunity Centers program, a program which provides counseling and information on college admissions to qualified adults who want to enter or continue a program of postsecondary education and 74 positions in the Department of Correction, 37 positions being for additional security staffing.

On December 10, 2015, Mayor de Blasio, signed legislation creating a separate Department of Veterans’ Services, to improve and strengthen veteran services and resources in New York City. Previously, the needs of veterans had been served by the Office of Veterans’ Affairs within the Mayorality agency. The Mayor’s Executive Plan projects total funded full-time headcount for the Department of Veterans’ Affairs of 33 positions for FYs 2017 – 2020; of these, 31 positions are expected to be City-funded.

***Table 19. Changes to FYs 2016 – 2020 Total Funded Full-Time Headcount
April Executive 2017 Financial Plan vs. January 2016 Financial Plan***

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Dept. of Education	1,211	1,615	1,828	2,286	2,021
City University	80	93	104	115	119
Police	0	327	327	327	327
Fire	0	293	293	293	293
Correction	74	144	182	221	237
Sanitation	1	14	1	1	1
Admin. for Children Services	0	(173)	(177)	(177)	(177)
Social Services	129	708	398	398	398
Homeless Services	(190)	(191)	(191)	(191)	(191)
Health and Mental Hygiene	(35)	193	167	172	163
Finance	0	35	35	35	35
Transportation	18	50	59	33	44
Parks and Recreation	11	41	41	41	41
All Other Civilians	<u>198</u>	<u>735</u>	<u>572</u>	<u>568</u>	<u>550</u>
Total	1,497	3,884	3,639	4,122	3,861

Labor

The City has settled contracts with unions representing 95 percent of the workforce in the current round of collective bargaining. Several of these labor contracts

will expire in FY 2018. Among the contracts expiring in FY 2018 are those of District Council 37, Communications Workers of America Local 1180, and Uniformed Firefighters' Association. The labor reserve contains funds for a 1.0 percent increase annually for the entire workforce beyond the current round. Every additional percentage increase above the assumed rate will have a full-year cost of approximately \$400 million.

The City recently reached an agreement with the unions representing school custodial employees to implement reforms to the public school custodial system. At the start of the next school year, custodial staff will work under the NYC School Support Services (NYCSSS), a not-for-profit affiliated with the Department of Education (DOE). The City contends that the new structure will allow DOE to better allocate resources and maintain the schools. Currently about 10 percent of the schools maintenance needs are done by private contractors. Under the new agreement, all custodial helpers currently working for contractors will be managed by DOE through NYCSSS. In addition, about 120 custodian engineers will be hired by DOE. The City has included \$40 million in FY 2017 and \$23 million in FY 2018 in the labor reserve to fund the additional cost of staffing for the NYCSSS and to provide prevailing-wage rates to all employees.

Health Insurance

Compared to the January Plan, health insurance projections in the April Plan increased by a net of \$177 million in FY 2016 and \$28 million in FY 2018. The health insurance estimates, however, were revised downward in FY 2017 by \$3 million and approximately \$93 million in each of FYs 2019 and 2020. The FY 2016 increase reflects a planned deposit of \$250 million into the RHBT, which was created to fund retiree health benefits. The other changes reflect revisions to headcount levels.

FY 2017 pay-as-you-go health insurance costs for employees and retirees total \$6.075 billion, an increase of 8.0 percent over the FY 2016 adjusted estimate of \$5.608 billion, as shown in Table 20. Thereafter, health insurance spending is projected to increase to \$6.476 billion in FY 2018, \$6.916 billion in FY 2019, and \$7.475 billion in FY 2020. The projections reflect a premium rate increase of almost 5.0 percent for active employees and pre-Medicare retirees in FY 2017, 9.0 percent for FY 2018, and 7.0 percent annually in FYs 2019 and 2020. The senior care rate is projected to increase by 8.0 percent in each of FYs 2017 and 2018 and by 5.0 percent annually for FYs 2019 and 2020.

Table 20. Pay-As-You-Go Health Expenditures

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Department of Education	\$2,064	\$2,222	\$2,353	\$2,472	\$2,703
CUNY	81	109	114	122	130
All Other	3,713	3,744	4,009	4,322	4,642
Total Health Insurance Costs	\$5,858	\$6,075	\$ 6,476	\$6,916	\$7,475
Retiree Health Benefit Trust Fund (RHBT)*	250	0	0	0	0
Adjusted Total	\$5,608	\$6,075	\$6,476	\$6,916	\$7,475

*The fund balance for the RHBT, as of June 30, 2016, is expected to be \$3 billion.

The Financial Plan health insurance expenditure projections reflect the savings from the Healthcare Reform Agreement negotiated between the City and the Municipal Labor Committee (MLC) in May of 2014.¹³ About 60 percent of the expected savings in FYs 2016 and 2017 are from reductions in health insurance costs due to lower premium rates than projected.

Public Assistance

Through March, the City's FY 2016 public assistance caseload has averaged 368,079 recipients per month. The average monthly caseload has increased by about 5.4 percent, or 19,014 recipients, compared to the average monthly caseload over the same period in FY 2015. The City's public assistance caseload remains about 68 percent below the historical peak of 1.16 million recipients in March 1995. However, since reaching a recent low of 336,403 in May 2014, the monthly public assistance caseload has rebounded by about 10 percent to the March 2016 caseload of 370,232. Thus far in FY 2016, public assistance grants spending has averaged \$118.2 million each month, 5.1 percent higher than the FY 2015 monthly average of approximately \$112.5 million.

In the April Plan, the City has increased its public assistance projections to monthly averages of 386,610 for FY 2017 and 388,600 over the remainder of the Plan period. Total baseline grants expenditures have also been increased to approximately \$1.48 billion in FY 2017 and \$1.49 billion in each of FYs 2018-2020. The FY 2017 assumption represents an increase of 4.3 percent from the expected annualized spending in the current year and seems reasonable given a similar growth rate in FY 2016.

Department of Education

In the April Plan, the Department of Education (DOE) budget reflects a net increase of \$391 million in the current year, consisting primarily of lump sum collective bargaining payments to members of the United Federation of Teachers, Council of Supervisors and Administrators and the Custodians' union. The payments represent the first of five installments for retroactive raises scheduled over six years, increasing the DOE budget to \$22.32 billion in FY 2016 or nearly 6.5 percent above the FY 2015 actual spending of \$20.95 billion.

The FY 2017 Executive Budget projects net DOE funding at \$23.06 billion, an increase of \$745 million or 3.3 percent from the FY 2016 budget. Compared to the January Plan, the DOE Budget has increased by a net \$191 million in FY 2017. The Executive Budget changes reflect an extensive list of new needs totaling \$342 million, supported by about \$217 million in City funds with the remainder primarily in State aid.

¹³The agreement calls for healthcare savings of \$400 million in FY 2015, \$700 million in FY 2016, \$1 billion in FY 2017, and \$1.3 billion annually in FY 2018 and beyond. The savings for FY 2015 were achieved and initiatives to meet the saving targets of FYs 2016 and 2017 have been identified.

Building on significant spending already reflected in the January Plan, an additional \$19 million has been provided for various initiatives announced last year. The core initiatives include enhanced offerings in algebra, AP courses and reading proficiency as well as expanded district-charter collaboration, college access and guidance counseling in two high need districts. Over the next four years, the City would commit annual funding of between \$96 million and \$190 million, bringing the total to over \$620 million during this span.

The Executive Budget also shows increased support of \$58 million for the Universal Pre-Kindergarten (UPK) program, pushing the UPK budget to \$863 million in FY 2017. The City anticipates full-day UPK enrollment to rise to 71,500 in FY 2017, an increase of more than 2,800 students from the current year. Additional City funds have also been provided to offset a \$57 million reduction in the Department's Medicaid revenue projection. Combined with the reduction in the current year, the DOE's Medicaid revenue assumptions have fallen by a total of \$136 million in FY 2016 and FY 2017. Other major new needs reflected in the Executive Budget include \$65 million for special education and autism programs, \$32 million for State charter tuition, \$21 million for the Summer in the City program, \$18 million for career and technical education, and \$9 million for physical education and wellness. The Comptroller's Office, in a 2015 report titled *Dropping the Ball: Disparities in Physical Education in New York City Schools*, cited the lack physical education resources in many city schools as a violation of the State's physical education requirement. New funding for physical education to comply with State mandate is projected to total \$100 million over the course of the Plan.

These new needs are offset by a decline of nearly \$97 million in Federal and State support stemming from the aforementioned Medicaid revenue revision and State aid adjustments. In addition, the Department's budget reflects energy savings of \$30 million and gap-closing actions of \$59 million that include \$38 million from the resumption of Federal support for the E-Rate program and \$15 million in lower personnel costs.

Over the remainder of the Plan, the DOE budget is projected to rise to \$24.19 billion in FY 2018 and \$25.03 billion in FY 2019, before reaching \$25.57 billion in FY 2020. Increased state aid is expected to comprise about \$1.36 billion or 54 percent of the total growth over this period, with the City anticipating significant growth in Foundation Aid to support Fair Student Funding (FSF) and charter school tuition. The City plans to continue raising the minimum per pupil allocation, as a proportion of the full FSF formula, from 87 percent in FY 2017 to 90 percent in FY 2018. The average FSF funding level is expected to reach 92.5 percent in FY 2018 for schools citywide. While the Foundation Aid estimates appear plausible given its rapid growth over the past two years, they are significantly more aggressive than past assumptions and may prove overly optimistic if the State's budget outlook weakens.

The Department will still face ongoing risks from its Federal Medicaid revenue assumptions in the April Plan. The DOE estimates it will realize Medicaid reimbursement of \$17.5 million in FY 2016, \$40.5 million in FY 2017 and \$97 million annually in FYs 2018-2020 for special education services. While these projections reflect reductions of \$79.5 million in FY 2016 and \$56.5 million in FY 2017, the targets in FY 2017 and

beyond remain substantially higher than actual collections over the prior two years. The Department collected Medicaid revenues of \$2 million in FY 2014 and \$15 million in FY 2015. To improve the claiming process, the City has invested an additional \$13 million in FY 2017 expense budget to upgrade reporting and tracking capabilities of the Special Education Student Information System in the DOE and Department of Information Technology and Telecommunications budgets. However, until the DOE demonstrates it can accelerate the pace of Medicaid revenue collection, the Comptroller's Office projects risks of \$30 million in FY 2017 and \$80 million in each of FYs 2018 – 2020. Also, the Executive Budget has allocated \$10 million for enhanced support services to students living in shelters in FY 2017; similar needs will likely surface in the outyears if the DOE continues to provide these services beyond FY 2017.

Citywide Homeless Services

The Executive Budget projects total spending for homeless services across three agencies will reach \$1.89 billion in FY 2017, an increase of about \$136 million from the current year. The Department of Homeless Services (DHS) budget accounts for about \$1.3 billion of this total, including \$595 million for family shelter operations and \$455 million for adult shelter operations. The City also provides homeless assistance funding in the budgets of other agencies such as the Department of Social Services (DSS) and Department of Youth and Community Development. Table 21 shows total funding for homeless services by function across various City agencies. The projected funding for Citywide homeless services in FY 2017 represents a growth of 61 percent over actual spending in FY 2014.

Table 21. Citywide Funding by Major Categories for Homeless Services

(\$ in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adult Shelter Operations	\$326	\$356	\$430	\$455	\$324	\$313	\$303
Family Shelter Operations	505	577	591	595	568	568	567
Rental Assistance	23	39	121	188	232	273	316
Prevention, Diversion, Anti-Eviction & Aftercare	82	198	291	298	307	307	299
Domestic Violence, Youth & Emergency Shelters	88	95	108	131	153	157	157
Homeless Administration & Support	151	160	216	226	234	235	238
Total Citywide Homeless Spending	\$1,175	\$1,425	\$1,757	\$1,893	\$1,818	\$1,853	\$1,880

The categories that have grown most rapidly are funding for rental assistance and prevention and aftercare, reflective of the new resources the City has dedicated to these areas over the past two years. Since FY 2014, the rental assistance program has grown by more than eight-fold, from \$23 million to \$188 million primarily for the implementation of the Living in Communities (LINC) program. Funding for prevention, diversion, anti-eviction and aftercare has more than tripled over the same span, from \$82 million to \$298 million as the City repeatedly layered on new funding for a host of supportive services aimed at containing the size of the shelter population.

Compared with the January Plan, the FY 2017 Executive Budget reflects an increase of \$310 million for homeless services between the DHS and DSS budgets. The highlights of the increase include additional funding for single and family shelters of \$194 million (\$160 million in City funds), programmatic enhancements of \$79 million, and shelter security of \$45 million. The additional shelter funding would support a funding increase of \$29 million over current year levels and bring estimates in line with recent shelter census. As reported by the DHS Daily Report, the homeless shelter population remains high at a daily average of 57,441 through April in the current fiscal year, compared to a daily average of 57,039 over the same timeframe in FY 2015. The number of families with children reached an average of 12,239 in April 2016, hovering near the peak monthly average of 12,281 set in December 2014. Meanwhile, a comparison between the average census in April 2015 and April 2016 shows increases of 11 percent and 6 percent in the number of single adults and adult families, respectively.

Chief among the programmatic enhancements in the FY 2017 Executive Budget are \$22 million for HomeSTAT street homeless outreach and engagement, \$28 million for shelter rate reform and conversion of non-contracted facilities, \$17 million for enhanced adult shelter programming and \$8 million for permanent housing options. Also, the City indicates that funding added for shelter repairs in FY 2017 would continue the baseline established in the current year. In addition, the City has also reflected savings of \$38 million from the restructuring of DHS that would merge the administrative functions of DHS and DSS and remove redundancies within the two agencies.

The Citywide budget for homeless services is projected to fall to \$1.82 billion in FY 2018 due mainly to the decline in funding for shelter operations. In particular, the adult shelter operations budget is expected to fall by more than \$130 million in FY 2018. Given that the single adult shelter census has grown by 27 percent over the past two years and the number of families in shelters is also at record levels, the City has likely underfunded shelter operations by at least \$130 million annually beginning in FY 2018.

NYC Health + Hospitals

In its latest financial plan update, the H+H projects to end the current fiscal year with a cash balance of \$119 million. The revision represents only a modest improvement from the June 2015 projection of \$104 million, which was the last time that H+H released its budget update. In the interim, the City has provided significant additional assistance to the H+H over the course of FY 2016, which includes forgoing H+H reimbursement for debt service, medical malpractice and fringes costs totaling \$337 million in the January Plan. In the April Plan, the City has also raised cash subsidy to the H+H by \$160 million and begun to address the looming outyear deficits by further foregoing annual debt service reimbursement of between \$173 million and \$203 million in FYs 2017 – 2020. In the April Plan alone, the City has provided additional fiscal relief of \$895 million in FYs 2016 – 2020 to H+H over previous projections.

The H+H cash financial plan shows that an operating deficit of \$579 million remains in the current year. Revenues from the Transformation Plan would only partially offset this deficit, including \$123 million in health insurance funds and \$32 million in

Medicaid waiver funds. Thus, a significant portion of the H+H opening cash balance of \$543 million is projected to be depleted in order to cover the remainder of the deficit. Moving forward, H+H will face a steeper deficit of \$785 million in FY 2017, as disbursements continue to outpace revenue projections, most notably from increased personal services costs of \$173 million. H+H is projected to rely more heavily on the Transformation Plan to bring in a total of \$779 million in revenues and savings. The major assumptions include Medicaid waiver revenues of \$449 million and health insurance proceeds of \$194 million. In addition, \$118 million in efficiency savings are expected from supply chain/care management actions and restructuring initiatives.

The challenges will become more serious in FY 2018 as reductions of Federal supplemental Medicaid revenues are expected to start in October 2017. H+H projects Federal Disproportionate Share Hospital (DSH) and Upper Payment Limit (UPL) revenues would first decline from \$2.29 billion in FY 2017 to \$1.71 billion in FY 2018 and then to about \$1.43 billion annually in FY 2019 and FY 2020. As a result, the projected deficits in the outyears would rise to a range of between \$1.3 billion to \$1.77 billion, requiring corrective actions of similar magnitudes in each year in order for H+H to remain cash positive. The revenue portion of the Transformation Plan actions would jump to \$1.1 billion while savings are projected to reach \$698 million by FY 2020.

City support for H+H operations has risen substantially over the past two years, a pattern that will likely continue over the term of the current Financial Plan. While the City has already relinquished debt service reimbursement from the H+H in the April Plan, residual reimbursement of \$165 million for medical malpractice and fringes costs still remains in the City's revenue assumptions in each of FYs 2017 – 2020. These payments from H+H will likely not be made as was the case in three out of four years since FY 2012. Further, given the size of H+H's deficit reduction plan, under which many of the revenue actions will require Federal and State approvals, it is likely that the City will need to increase its subsidy to the H+H by \$200 million to \$350 million annually over the course of the plan to help support its operations. Additionally, the City indicates many of the revenue proposals in the Transformation Plan will require local share contributions.

Health + Hospitals Transformation Plan

In April, the H + H released “One New York: Health Care for Our Neighborhoods”, a report that unveils its transformation strategy over the next four years. On the financial side, the report cites several key factors leading up to H+H's current fiscal predicament. Foremost among these is the expected decline in Federal support for DSH and UPL payments, which currently comprise about \$2.29 billion of H+H's \$7.18 billion revenue base. As mentioned earlier, these revenues are expected to decline rapidly after FY 2017 and reach \$1.43 billion by FY 2020. The system is also saddled with excess hospital beds that are contributing less and less towards H+H's bottom-line as the shift to managed care takes hold, de-emphasizing inpatient care. H+H estimates that, as of 2014, the system registered an empty beds rate of 29 percent. In addition, the competition for Medicaid dollars has also intensified as other hospitals are also seeking to fill their beds to cover operating costs. As a result, Medicaid managed care hospital stays

at H+H fell by 3.0 percent between 2012 and 2014, while other major hospital systems in the City gained 5 percent. Further, MetroPlus has lost market share over the past six years while Medicaid managed care enrollment grew by 27 percent citywide.

To overcome the fiscal challenges, H+H will pursue a dedicated revenue from Federal Medicaid waiver funds to support a new program that will provide coordinated care to uninsured patients. H+H also seeks legislative change at the State level for a more equitable statewide DSH distribution formula that will not pose an unfair share of the DSH cuts onto H+H. However, achieving the new revenue will require the H+H to reduce hospitalizations which could further exacerbate the unutilized beds situation in the system. In addition, H+H will conduct comprehensive outreach to enroll patients who are eligible for subsidized health insurance under the Affordable Care Act as well as expand community-based care options in underserved neighborhoods as a way to boost its MetroPlus membership to 675,000 by 2020, from the current membership of 493,000. Over the longer term, H+H also plans to sell off vacant and underutilized real estate assets for the purpose of affordable housing development, generating new revenue and integrating its community-based health centers into these development projects. According to the April Plan, H+H anticipates to achieve \$100 million from this initiative in FY 2020. H+H's transformation strategy has no plans to close hospitals or lay off workers.

Debt Service

As shown in Table 22, debt service in the April 2016 Executive Budget and Financial Plan, net of prepayment adjustments, is projected to grow from \$6.15 billion in FY 2016 to \$8.25 billion in FY 2020, an increase of \$2.1 billion, or an average growth rate of 7.6 percent per year.¹⁴

Table 22. April 2016 Financial Plan Debt Service Estimates

(\$ in millions)

Debt Service Category	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Change from FYs 2016 – 2020
GO ^a	\$4,036	\$4,184	\$4,290	\$4,364	\$4,686	\$650
TFA ^b	1,804	2,226	2,495	2,908	3,181	1,377
Lease-Purchase Debt	169	218	211	232	297	128
TSASC, Inc.	139	74	82	82	82	(57)
Total	\$6,148	\$6,702	\$7,078	\$7,586	\$8,246	\$2,098

SOURCE: April 2016 Executive Budget & Financial Plan.

NOTE: Debt service is adjusted for prepayments.

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

^b Amounts do not include TFA BARBs.

These projections represent decreases from the January 2016 Financial Plan of \$37 million in FY 2016, \$90 million in FY 2017, \$177 million in FY 2018, \$174 million in FY 2019, and \$60 million in FY 2020.

¹⁴ Includes debt service on GO, TFA, and TSASC bonds as well as lease-purchase debt and interest on short-term notes.

The decrease in planned FY 2016 debt service is the result of a \$16 million reduction in General Obligation (GO) debt service and \$83 million in estimated TFA savings. The \$16 million decline in GO debt service is driven primarily by \$18 million in lowered costs related to interest rate Swap payments, offset by \$2 million in reduced interest earnings on bond proceeds. TFA debt service savings of \$83 million results primarily from \$45 million in savings from excess State building aid retention along with \$35 million of savings from technical adjustments.

TSASC debt service increased by \$65 million in FY 2016 as a result of increased tobacco settlement revenues (TSRs). According to the TSASC bond indenture, 37.4 percent of TSRs received by TSASC are allocated to pay debt service and operating expenses and the remainder is paid to the City. Of the monies pledged to bondholders, after the funding of interest and operating expenses, all monies are used to pay down principal. As such, sharp increases in revenue as experienced in 2016 will serve to increase retirement of TSASC principal and thus its debt service.

The reduction in estimated debt service from the January 2016 Plan in FY 2017 is comprised of a \$103 million reduction in GO debt service and an increase of \$12.6 million in TFA debt service. The reduction in GO debt service results from \$37 million of refunding transaction savings and a decrease of \$67 million in projected debt service due to a reduction of \$1.1 billion in FY 2016 long-term borrowing. The increase in TFA of \$12.5 million stems from a \$525 million increase in projected FY 2017 borrowing.

The FY 2018 decrease of \$177 million results from GO savings of \$144 million along with a decrease of \$58 million in projected interest support payments (ISPs) to the Hudson Yards Infrastructure Corporation (HYIC), offset by an increase in estimated TFA debt service of \$25 million. Of the \$144 million in GO estimated savings in FY 2018, \$37 million are from refunding savings and approximately \$100 million from the continued combined impact of reduced FYs 2016 and 2017 borrowings. The \$25 million increase in estimated TFA debt service is driven by the combined increase in TFA long-term borrowing in FYs 2017 and FY 2018.

In FY 2019 the estimated \$174 million of savings come from GO savings of \$137 million and a \$63 million reduction in ISPs to the HYIC. These savings are offset by a \$26 million increase for TFA debt service, driven primarily by increased borrowing offset by baseline re-estimates. In a similar pattern to prior years, \$37 million of GO refunding savings appear in FY 2019, along with net savings of \$100 million from lower net long-term GO borrowing over FYs 2016 – 2018 (\$1.44 billion). In FY 2020, the estimated savings of \$60 million are comprised of \$110 million of projected GO savings, offset by \$50 million of TFA cost increases. GO savings are once again comprised of \$37 million of refunding savings along with savings from the continued impact of reduced GO borrowing in FYs 2016 and 2017.

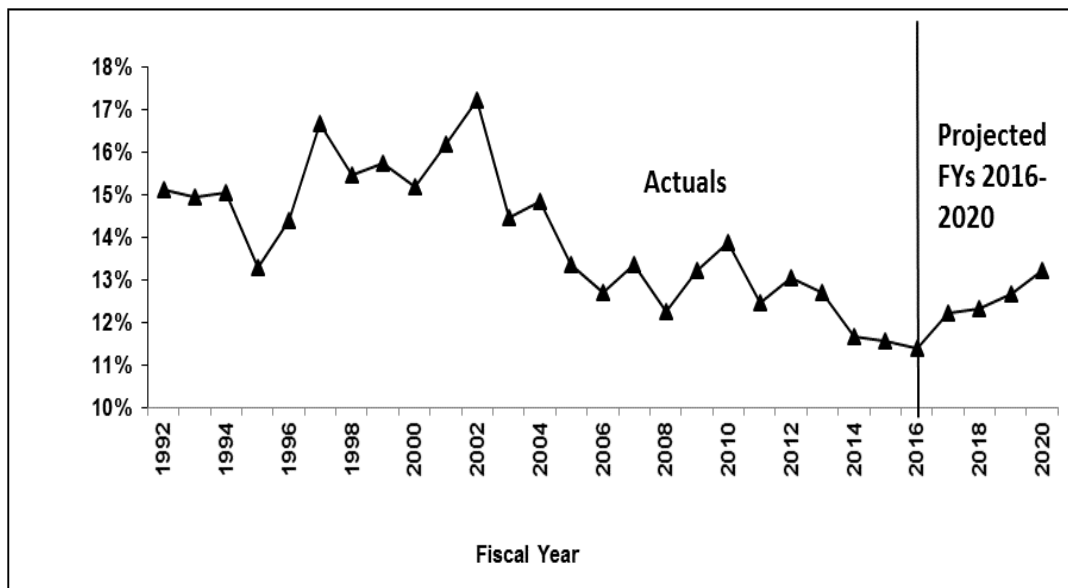
Although variable rate demand bond interest rates have increased in recent months, they remain well below historical norms. As a result, the City will likely save an additional \$40 million in FY 2016. OMB currently budgets 4.25 percent for tax-exempt

VRDBs and 6.0 percent for taxable VRDB. If rates were dropped to 3.0 percent, there would be estimated savings of \$88 million in FY 2017 and \$87 million in each of FYs 2018-2020.

Debt Affordability

Debt service as a percent of local tax revenues is a measure of debt affordability commonly used by municipal analysts and government officials alike. The April 2016 Plan projects that debt service will consume 11.4 percent of local tax revenues in FY 2016, 12.2 percent in FY 2017, 12.3 percent in FY 2018, 12.7 percent in FY 2019 and 13.2 percent in FY 2020, as shown in Chart 2. This upward trend is the result of the City's debt service growing at a faster rate than its tax revenues. Between FYs 2016 and 2020, the City's debt service is estimated to grow by 34 percent, resulting in an annual growth rate of 7.6 percent over the Financial Plan period. In contrast, the estimated annual tax revenue growth for the same period is 3.7 percent.

Chart 2. Debt Service as a Percentage of Tax Revenues, 1992 – 2020



SOURCE: NYC Office of Management and Budget, April 2016 Financial Plan.

Financing Program

Planned City and State supported borrowing in FYs 2016 – 2020 totals \$43.4 billion in the April 2016 Executive Budget and Financial Plan. As shown in Table 23, GO and TFA PIT-supported borrowing account for three-quarters of the total borrowing over this period. Planned TFA PIT borrowing totals \$18.84 billion while GO borrowing totals \$14.06 billion.

Planned borrowing over FYs 2016 – 2020 is \$1.32 billion higher than the January 2016 Plan. TFA borrowing is projected to increase by \$1.33 billion over the period, with GO borrowing decreasing by \$600 million for a net locally tax-supported borrowing

increase of \$725 million. There is a projected increase of \$322 million for TFA BARBs over the period bringing it to \$1.98 billion. The borrowing plan for TFA BARBs keeps the issuance of future BARBs debt within its \$9.4 billion statutory limit. After the Financial Plan period BARBs will comprise a negligible part of the City's borrowing program.

Although borrowing is projected to increase in total over FYs 2016 – 2020, GO and TFA borrowing combined have decreased by \$1.4 billion in FY 2016, followed by borrowing increases in FYs 2017 – 2020 which sum to \$2.13 billion.

The NY Water Finance Authority (NYWFA) planned FYs 2016 – 2020 borrowing of \$8.55 billion accounts for 19.7 percent of the City's capital borrowing plan during this period. NYWFA projects a borrowing increase of \$269 million over the period from the January 2016 Plan. However, unlike other debt that is financed by revenues derived from the collection of property tax and other general fund revenues, NYWFA debt service is funded by water and sewer user fees that are collected directly by the NYC Water Board. As a result, NYWFA debt service is not supported by revenues in the City's general fund.

Table 23. April 2016 Financing Program, FYs 2016 – 2020

(\$ in millions)

Description:	Estimated Borrowing and Funding Sources	
	FYs 2016-2020	Percent of Total
TFA – PIT Bonds	\$18,835	43.4%
General Obligation Bonds	14,060	32.4
NYC Water Finance Authority	8,545	19.7
TFA – BARBs	1,981	4.6
Total	\$43,421	100.0%

SOURCE: April 2016 Financial Plan, NYC Office of Management and Budget.

Capital Commitment Plan

The April 2016 Capital Commitment Plan for FYs 2016 – 2020 contains \$67.1 billion in authorized all-funds commitments, as shown in Table 24.¹⁵ Included in that is \$59.37 billion in City-funds, as shown in Table 25. All-funds commitments increased by \$4.8 billion, or 9.2 percent, from the January 2016 Commitment Plan.¹⁶ Much of the increase (\$4.08 billion) was from net changes to City-funded projects. After adjusting for the reserve for unattained commitments of \$5.29 billion over the period, the April 2016 Capital Commitment Plan for FYs 2016 – 2020 reflects \$61.81 billion in commitments.

¹⁵ The Commitment Plan is a schedule of anticipated capital contract registrations that signal work can begin.

¹⁶ Since there was no FY 2020 Commitment in the January 2016 Plan, changes are computed from FYs 2016-2019 alone.

Consistent with prior Plans, capital commitments for DOE and City University of New York (CUNY), the Department of Environmental Protection (DEP), the Department of Transportation (DOT) and Mass Transit, and Housing and Economic Development account for 68 percent of all-funds commitments.¹⁷

Table 24. FYs 2016 – 2020 Capital Commitments, All-Funds

(\$ in millions)

Project Category	April 2016 FYs 2016– 2020 Commitment Plan	Percent of Total	Change from January 2016 Plan
Education & CUNY	\$14,660	21.8%	\$1,080
Environmental Protection	12,272	18.3	618
Dept. of Transportation & Mass Transit	10,694	15.9	256
Housing and Economic Development	7,764	11.6	195
Administration of Justice	4,897	7.3	666
Technology and Citywide Equipment	3,602	5.4	472
Parks Department	3,725	5.6	453
Hospitals	2,523	3.8	356
Other City Operations and Facilities	6,962	10.4	702
Total	\$67,099	100.0%	\$4,798
Reserve for Unattained Commitments	(\$5,288)	N/A	(\$650)
Adjusted Total	\$61,811	N/A	\$4,148

The net increase of \$4.80 billion from the January 2016 Plan is comprised of a decrease of \$1.54 billion in FY 2016, followed by estimated increases of \$3.68 billion in FY 2017, \$1.53 billion in FY 2018, and \$1.12 billion in FY 2019.¹⁸

- The main drivers of the FY 2016 decline of \$1.54 billion stems from decreases of \$406 million in the Parks Department, \$223 million in Economic Development, \$156 million in Public Buildings and \$144 million in the Cultural Affairs. For the most part, these decreases represent rollovers from FY 2016 to FY 2017 and the outyears.
- The addition of \$3.68 billion in FY 2017 is driven by increases of \$578 million for the Parks Department, \$523 million for Citywide equipment purchases, \$497 million for Education, \$253 million for SBS/EDC, and \$218 million for Hospitals. The increases stem from rollovers from FY 2016 coupled with additions.
- The increase of \$1.53 billion in FY 2018 is driven by a \$282 million increase to Education, \$261 million to Water Pollution Control Projects, \$159 million to

¹⁷ This percentage assumes all DOT project types, not just bridges and highways.

¹⁸ There was no FY 2020 Commitment in the January 2016 Plan. Project types sometimes refer to agencies or broad categories of work within an agency.

Courts-related projects, \$153 million to the Dept. of Correction, and \$150 million to Hospitals.

The additional \$1.12 billion in FY 2019 is driven by increases of \$273 million to Education, \$235 million to the Department of Correction (DOC) projects, \$202 million for Water Supply, reflecting, in part, the acceleration of Stage 2 of the third water tunnel project, and a \$190 million increase for the Parks Department.

The April 2016 Capital Commitment Plan increases City-funded projects over FYs 2016 – 2019 by \$4.08 billion. As shown in Table 25, after adjusting for the reserve for unattained commitments of \$5.29 billion, the April 2016 Capital Commitment Plan for FYs 2016 – 2020 reflects \$54.08 billion in City-funds commitments. DEP, Education and CUNY, DOT and Mass Transit, along with Housing and Economic Development (Business Services) account for 69 percent of City-funds commitments.

The major drivers of the \$4.08 billion increase from FYs 2016 – 2019 are \$977 million to the DOE, \$435 million to the DOC, \$432 million to Parks, \$333 million to Hospitals, and \$308 million to Bridges related projects.¹⁹

- The next highest increase is \$304 million over the four-year period to Highway capital projects, followed by \$261 million to Water Supply and \$259 million to Water Pollution Control related projects in DEP, with an additional \$246 million for the Department of Sanitation.
- A decrease of \$376 million for Highway Bridges in the Department of Transportation is due to rolling commitments from FY 2018 and FY 2019 to FY 2020 with over \$1.3 billion of commitments therein.
- The Department of Homeless Services Plan increased by \$56 million from the January Plan from \$161 million to \$217 million over the FYs 2016 – 2019 period.

¹⁹ Changes are computed over FYs 2016-2019 only. FY 2020 did not exist in the January 2016 Plan.

Table 25. FYs 2016 – 2020 Capital Commitments, City-Funds

(\$ in millions)

Project Category	April 2016 FYs 2016 – 2020 Commitment Plan	Percent of Total	Change from January 2016 Commitment Plan*`
Education & CUNY	\$13,161	22.2%	\$991
Environmental Protection	11,913	20.1	599
Dept. of Transportation & Mass Transit	8,658	14.6	291
Housing and Economic Development	7,137	12.0	89
Administration of Justice	4,754	8.0	649
Technology and Citywide Equipment	3,140	5.3	16
Parks Department	3,089	5.2	432
Hospitals	981	1.7	333
Other City Operations and Facilities	6,535	11.0	681
Total	\$59,367	100.0%	\$4,081
Reserve for Unattained Commitments	(\$5,288)	N/A	(\$650)
Adjusted Total	\$54,079	N/A	\$3,431

SOURCE: NYC Office of Management and Budget, FYs 2016 – 2020 April Capital Commitment Plan, April 2016.

* Changes from FYs 2016 – 2019 as FY 2020 data were not contained in January Plan. Numbers may not tally due to rounding.

At this time last year, the authorized all-funds FY 2016 Capital Commitment Plan totaled \$57.38 billion over the five-year period spanning 2015-2019. Total planned commitments of \$67.10 billion over the five-year period spanning FYs 2016 through 2020 in the current Plan is \$9.72 billion, or 17 percent higher. However, FY 2015 planned commitments of \$14.17 billion had actual commitments of \$9.26 billion, \$4.91 billion under plan. Much of this amount is assumed to roll into subsequent years. If the entire shortfall in FY 2015 commitments were assumed to be rolled into FY 2016 and beyond, it would suggest a shift of \$4.91 billion in FY 2015 commitments to the current Plan and an increase of about \$4.81 billion, or 8.4 percent, over last year's Executive plan.

On a City-funds basis, last year's Executive Plan summed to \$48.62 billion over FYs 2015 – 2019, compared with \$59.37 billion in the current Executive Plan, an increase of \$10.75 billion, or 22 percent. However, actual FY 2015 City-funds commitments of \$6.99 billion fell short of the planned commitments of \$11 billion by \$4.01 billion. Similarly, if the entire shortfall in FY 2015 City-funds commitments were rolled into the current Plan, it would represent a shift of \$4.01 billion from FY 2015 to the current Plan and an increase of \$6.74 billion, or 14 percent from last year's Executive City-funds plan.

Highlights of the Executive FY 2017 Plan FYs 2016 – 2020 - A Budget Line Perspective

The Budget line structure in the Capital Commitment Plan outlines more specific types of work and range from general descriptions like "Sixth Five-Year Educational Facilities Capital Plan" in the DOE, to more specific projects like "the Roundabout Theater Company" in the Dept. of Cultural Affairs. Of the over 1,740 budget lines, ten

budget lines account for over \$27.5 billion, or 41 percent of estimated commitments over FYs 2016 – 2020, while 40 budget lines account for \$43.9 billion of total commitments, or 65 percent of the Plan as shown on Table 26.

Table 26. Top 40 Budget Lines in the FY 2017 Executive Capital Commitment Plan – FYs 2016-2020

(\$ in thousands)

Budget Line	Description	FYs 2016 – 2020 Total
E2364	Sixth Five-Year Educational Facilities Capital Plan	\$12,870,082
WP0112	Reconstruction of Water Pollution Control Projects	\$2,511,685
HO0214	Hospitals, Improvements	\$2,188,254
P1018	Park Improvements, All Boroughs.	\$1,959,420
ED0075	Acquisition And Site Development for Projects with a City Purpose, Citywide	\$1,639,304
WP0169	Combined Sewer Overflow Abatement Facilities, Citywide	\$1,539,777
HB0215	Improvements to Highway Bridges & Structures, Citywide.	\$1,525,390
PU0025	Energy Efficiency and Sustainability	\$1,210,988
WM0001	Water Main Extensions	\$1,118,104
WM0030	Improvements to Structures Including Equipment on Water Sheds Outside NYC	\$988,561
C0114	Acquisition, Construction; etc. Supplementary Housing. Program And Support Facilities	\$935,960
HW0349	Repaving & Resurfacing Streets- In-house Forces	\$907,030
PU0016	Purchase of Electronic Data Processing Machines	\$853,022
C0075	Correction Facilities, Construction, Reconstruction & Improvements,	\$819,501
HD0222	Supportive Housing	\$801,276
S0129	Collection Trucks and Equipment	\$795,439
ED0384	Commercial Revitalization, Citywide	\$658,865
HA0001	Housing Authority City Capital Subsidies	\$646,861
HD0212	Low Income Rental Program	\$613,536
PU0100	Citywide Resiliency Measures	\$606,515
T0169	Various Transit Authority Projects and Purchases	\$595,925
HW0200	Sidewalk Construction	\$589,996
SE0001	Professional Services for Sanitary And Combined Drainage Plans, Citywide	\$550,928
WM0006	Trunk Main Extensions and Improvements To Pumping Plants & Ancillary Work, Citywide	\$527,484
CO0264	Acquisition, Additions, Construction, Reconstruction of Court Facilities,	\$514,054
HW0001Q	Construction & Reconstruction of Highways, etc., Queens	\$469,266
SE0004	High Level Storm Sewers	\$463,474
W0013	City Tunnel Number 3, Stage 2	\$448,128
PO0005	Site Acquisition And Construction For A New Property Clerk Facility, Queens	\$435,000
HB1012	Design Costs for Bridge Facilities, Citywide	\$426,204
BR0270	Rehabilitation of Brooklyn Bridge	\$425,156
FA0313	Reconstruction of Ferry Vessels, Staten Island to Manhattan	\$419,802
PO0079	Improvements to Police Department Property, Citywide	\$416,476
DP0001	Purchase of EDP Equipment for DOITT & Design/Install/Implementation of CITYNET	\$371,605
SE0200Q	Construction & Reconstruction of Storm Sewers, Queens	\$360,329
HW1684	Construction of Streets, Malls, Squares, Triangles, PlaNYC	\$343,819
E2363	Five-Year Educational Facilities Capital Plan	\$331,000
SE0002Q	Construction and Reconstruction of Sanitary and Combined Sewers	\$329,160
PW0077	Public Buildings, Improvements, Citywide	\$322,158
WP0269	Construction, Reconstruction of Pumping Station/Force Mains	\$320,587
Total		\$43,850,121

Source: NYC Office of Management and Budget, FY 2017 Executive Capital Commitment Plan, April 2016.

Among the 40 top budget lines, over 70 percent of the projected commitment dollars reside in four agencies: DOE, DEP, DOT, and DCAS.

VI. Appendix

Table A1. April 2016 Financial Plan Revenue Detail

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2016 – 2020		Annual Percent Change
						Dollars	Percent	
Taxes:								
Real Property	\$23,020	\$24,191	\$25,612	\$27,120	\$28,389	\$5,369	23.3%	5.4%
Personal Income Tax	\$11,501	\$11,577	\$11,886	\$12,304	\$12,769	\$1,268	11.0%	2.6%
General Corporation Tax	\$3,587	\$3,949	\$4,194	\$4,196	\$4,242	\$655	18.3%	4.3%
Banking Corporation Tax	\$317	\$0	\$0	\$0	\$0	(\$317)	(100.0%)	(100.0%)
Unincorporated Business Tax	\$2,027	\$2,060	\$2,150	\$2,246	\$2,354	\$327	16.1%	3.8%
Sale and Use Tax	\$7,018	\$7,266	\$7,557	\$7,880	\$8,216	\$1,198	17.1%	4.0%
Real Property Transfer	\$1,716	\$1,602	\$1,603	\$1,656	\$1,705	(\$11)	(0.6%)	(0.2%)
Mortgage Recording Tax	\$1,192	\$1,079	\$1,075	\$1,104	\$1,131	(\$61)	(5.1%)	(1.3%)
Commercial Rent	\$770	\$805	\$840	\$875	\$910	\$140	18.2%	4.3%
Utility	\$370	\$381	\$394	\$407	\$419	\$49	13.2%	3.2%
Hotel	\$565	\$541	\$563	\$587	\$613	\$48	8.5%	2.1%
Cigarette	\$45	\$43	\$42	\$41	\$40	(\$5)	(11.1%)	(2.9%)
All Other	\$610	\$585	\$586	\$586	\$585	(\$25)	(4.1%)	(1.0%)
Tax Audit Revenue	\$1,060	\$714	\$714	\$714	\$714	(\$346)	(32.6%)	(9.4%)
NYS Action - Sales Tax Intercept	(\$50)	(\$150)	\$0	\$0	\$0	\$50	0.0%	(100.0%)
Total Taxes	\$53,748	\$54,643	\$57,215	\$59,716	\$62,087	\$8,339	15.5%	3.7%
Miscellaneous Revenue:								
Licenses, Franchises, Etc.	\$690	\$656	\$640	\$637	\$642	(\$48)	(7.0%)	(1.8%)
Interest Income	\$46	\$61	\$105	\$138	\$142	\$96	208.7%	32.6%
Charges for Services	\$993	\$973	\$968	\$968	\$968	(\$25)	(2.5%)	(0.6%)
Water and Sewer Charges	\$1,516	\$1,420	\$1,382	\$1,365	\$1,350	(\$166)	(10.9%)	(2.9%)
Rental Income	\$257	\$217	\$216	\$216	\$216	(\$41)	(16.0%)	(4.3%)
Fines and Forfeitures	\$937	\$905	\$894	\$882	\$872	(\$65)	(6.9%)	(1.8%)
Miscellaneous	\$648	\$505	\$463	\$613	\$822	\$174	26.9%	6.1%
Intra-City Revenue	\$1,983	\$1,763	\$1,764	\$1,758	\$1,765	(\$218)	(11.0%)	(2.9%)
Total Miscellaneous	\$7,070	\$6,500	\$6,432	\$6,577	\$6,777	(\$293)	(4.1%)	(1.1%)
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	\$6	\$0	\$0	\$0	\$0	(\$6)	(100.0%)	(100.0%)
Total Unrestricted Intergovernmental Aid	\$6	\$0	\$0	\$0	\$0	(\$6)	(100.0%)	(100.0%)
Reserve for Disallowance of Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%	0.0%
Less: Intra-City Revenue	(\$1,983)	(\$1,763)	(\$1,764)	(\$1,758)	(\$1,765)	\$218	(11.0%)	(2.9%)
TOTAL CITY-FUNDS	\$58,826	\$59,365	\$61,868	\$64,520	\$67,084	\$8,258	14.0%	3.3%
Other Categorical Grants	\$705	\$851	\$834	\$832	\$828	\$123	17.4%	4.1%
Inter-Fund Agreements	\$583	\$645	\$643	\$582	\$581	(\$2)	(0.3%)	(0.1%)

Table A1 (Con't). April 2016 Financial Plan Revenue Detail

(\$ in millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2016 – 2020		Annual Percent Change
						Dollars	Percent	
Federal Categorical Grants:								
Community Development	\$1,352	\$1,274	\$417	\$299	\$244	(\$1,108)	(82.0%)	(34.8%)
Welfare	\$3,418	\$3,335	\$3,324	\$3,316	\$3,316	(\$102)	(3.0%)	(0.8%)
Education	\$1,668	\$1,702	\$1,776	\$1,776	\$1,776	\$108	6.5%	1.6%
Other	\$2,029	\$1,366	\$1,294	\$1,289	\$1,282	(\$747)	(36.8%)	(10.8%)
Total Federal Grants	\$8,467	\$7,677	\$6,811	\$6,680	\$6,618	(\$1,849)	(21.8%)	(6.0%)
State Categorical Grants								
Social Services	\$1,650	\$1,621	\$1,645	\$1,658	\$1,664	\$14	0.8%	0.2%
Education	\$9,744	\$10,244	\$10,742	\$11,174	\$11,606	\$1,862	19.1%	4.5%
Higher Education	\$271	\$286	\$286	\$286	\$286	\$15	5.5%	1.4%
Department of Health and Mental Hygiene	\$583	\$532	\$531	\$515	\$515	(\$68)	(11.7%)	(3.1%)
Other	\$1,237	\$999	\$1,087	\$1,128	\$1,176	(\$61)	(4.9%)	(1.3%)
Total State Grants	\$13,485	\$13,682	\$14,291	\$14,761	\$15,247	\$1,762	13.1%	3.1%
TOTAL REVENUES	\$82,066	\$82,220	\$84,447	\$87,375	\$90,358	\$8,292	10.1%	2.4%

Table A2. April 2016 Financial Plan Expenditure Detail

(\$ in thousands)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2016 - 2020		Annual Percent Change
						Dollars	Percent	
Mayoralty	\$123,444	\$135,615	\$127,060	\$132,079	\$128,499	\$5,055	4.1%	1.0%
Board of Elections	\$132,425	\$123,747	\$90,481	\$90,481	\$89,738	(\$42,687)	(32.2%)	(9.3%)
Campaign Finance Board	\$15,002	\$16,176	\$14,014	\$14,015	\$14,015	(\$987)	(6.6%)	(1.7%)
Office of the Actuary	\$7,224	\$7,401	\$7,428	\$7,428	\$7,428	\$204	2.8%	0.7%
President, Borough of Manhattan	\$4,717	\$4,834	\$4,583	\$4,583	\$4,583	(\$134)	(2.8%)	(0.7%)
President, Borough of Bronx	\$5,663	\$5,781	\$5,450	\$5,450	\$5,450	(\$213)	(3.8%)	(1.0%)
President, Borough of Brooklyn	\$6,511	\$6,012	\$5,460	\$5,460	\$5,460	(\$1,051)	(16.1%)	(4.3%)
President, Borough of Queens	\$5,303	\$5,274	\$4,743	\$4,743	\$4,743	(\$560)	(10.6%)	(2.8%)
President, Borough of Staten Island	\$4,339	\$4,409	\$4,243	\$4,243	\$4,243	(\$96)	(2.2%)	(0.6%)
Office of the Comptroller	\$94,331	\$96,157	\$96,775	\$96,782	\$96,782	\$2,451	2.6%	0.6%
Dept. of Emergency Management	\$49,827	\$44,779	\$22,855	\$23,055	\$23,438	(\$26,389)	(53.0%)	(17.2%)
Office of Administrative Tax Appeals	\$4,669	\$5,077	\$5,112	\$5,112	\$5,112	\$443	9.5%	2.3%
Law Dept.	\$188,688	\$209,177	\$201,967	\$200,321	\$200,321	\$11,633	6.2%	1.5%
Dept. of City Planning	\$40,304	\$43,868	\$41,288	\$39,261	\$39,328	(\$976)	(2.4%)	(0.6%)
Dept. of Investigation	\$42,898	\$40,786	\$35,842	\$35,553	\$32,956	(\$9,942)	(23.2%)	(6.4%)
NY Public Library (Research)	\$26,504	\$25,582	\$25,708	\$25,708	\$25,708	(\$796)	(3.0%)	(0.8%)
New York Public Library	\$131,576	\$125,593	\$126,029	\$126,029	\$126,029	(\$5,547)	(4.2%)	(1.1%)
Brooklyn Public Library	\$98,984	\$94,077	\$94,562	\$94,562	\$94,562	(\$4,422)	(4.5%)	(1.1%)
Queens Borough Public Library	\$100,096	\$95,739	\$96,100	\$96,101	\$96,101	(\$3,995)	(4.0%)	(1.0%)
Dept. of Education	\$22,317,474	\$23,062,536	\$24,187,356	\$25,034,010	\$25,574,232	\$3,256,758	14.6%	3.5%
City University	\$1,000,243	\$1,016,546	\$1,035,735	\$1,063,785	\$1,074,657	\$74,414	7.4%	1.8%
Civilian Complaint Review Board	\$15,874	\$16,665	\$16,734	\$16,734	\$16,734	\$860	5.4%	1.3%
Police Dept.	\$5,274,287	\$4,892,018	\$4,937,364	\$4,992,291	\$5,003,082	(\$271,205)	(5.1%)	(1.3%)
Fire Dept.	\$2,058,614	\$1,934,903	\$1,902,019	\$1,907,300	\$1,909,598	(\$149,016)	(7.2%)	(1.9%)
Dept. of Veterans' Services	\$0	\$3,843	\$3,631	\$3,631	\$3,631	\$3,631	N/A	N/A
Admin. for Children Services	\$2,878,978	\$2,905,426	\$2,945,333	\$2,966,276	\$2,966,214	\$87,236	3.0%	0.7%
Dept. of Social Services	\$9,366,350	\$9,722,323	\$9,807,141	\$9,844,523	\$9,899,707	\$533,357	5.7%	1.4%
Dept. of Homeless Services	\$1,322,119	\$1,295,111	\$1,143,519	\$1,132,642	\$1,121,469	(\$200,650)	(15.2%)	(4.0%)
Dept. of Correction	\$1,343,190	\$1,368,735	\$1,383,461	\$1,405,109	\$1,409,066	\$65,876	4.9%	1.2%
Board of Correction	\$2,545	\$3,065	\$3,074	\$3,074	\$3,074	\$529	20.8%	4.8%
Citywide Pension Contribution	\$9,175,968	\$9,309,981	\$9,597,698	\$9,741,184	\$9,672,555	\$496,587	5.4%	1.3%
Miscellaneous	\$8,946,979	\$9,666,774	\$10,386,590	\$11,953,277	\$12,878,715	\$3,931,736	43.9%	9.5%
Debt Service	\$4,204,504	\$4,401,898	\$4,500,834	\$4,596,056	\$4,982,797	\$778,293	18.5%	4.3%
TFA Debt Service	\$1,804,110	\$2,226,230	\$2,494,870	\$2,908,030	\$3,181,080	\$1,376,970	76.3%	15.2%
Redemption of TFA Debt Service	(\$102,670)	\$0	\$0	\$0	\$0	\$102,670	(100.0%)	(100.0%)
FY 2015 BSA	(\$3,524,068)	\$0	\$0	\$0	\$0	\$3,524,068	(100.0%)	(100.0%)
FY 2016 BSA	\$3,356,289	(\$3,356,289)	\$0	\$0	\$0	(\$3,356,289)	(100.0%)	(100.0%)
Public Advocate	\$3,403	\$3,350	\$3,369	\$3,369	\$3,369	(\$34)	(1.0%)	(0.3%)
City Council	\$61,024	\$64,077	\$54,200	\$54,200	\$54,200	(\$6,824)	(11.2%)	(2.9%)
City Clerk	\$5,593	\$5,545	\$5,578	\$5,578	\$5,578	(\$15)	(0.3%)	(0.1%)
Dept. for the Aging	\$320,956	\$294,671	\$295,646	\$296,408	\$296,408	(\$24,548)	(7.6%)	(2.0%)
Dept. of Cultural Affairs	\$160,900	\$144,577	\$143,023	\$143,023	\$143,023	(\$17,877)	(11.1%)	(2.9%)
Financial Info. Serv. Agency	\$95,912	\$106,524	\$112,017	\$112,662	\$113,306	\$17,394	18.1%	4.3%
Office of Payroll Admin.	\$17,759	\$17,285	\$17,692	\$17,693	\$17,693	(\$66)	(0.4%)	(0.1%)
Independent Budget Office	\$5,035	\$6,871	\$6,020	\$6,565	\$6,565	\$1,530	30.4%	6.9%
Equal Employment Practices Commission	\$1,015	\$1,091	\$1,101	\$1,101	\$1,101	\$86	8.5%	2.1%

Table A2 (Con't). April 2016 Financial Plan Expenditure Detail

(\$ in thousands)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2016 - 2020		Annual Percent
						Dollars	Change	Change
Civil Service Commission	\$1,026	\$1,086	\$1,105	\$1,103	\$1,103	\$77	7.5%	1.8%
Landmarks Preservation Comm.	\$5,702	\$6,314	\$6,148	\$6,159	\$6,158	\$456	8.0%	1.9%
Taxi & Limousine Commission	\$66,861	\$72,524	\$51,457	\$51,458	\$51,458	(\$15,403)	(23.0%)	(6.3%)
Commission on Human Rights	\$10,979	\$12,122	\$10,852	\$10,853	\$10,853	(\$126)	(1.1%)	(0.3%)
Youth & Community Development	\$524,005	\$394,235	\$396,985	\$402,223	\$402,223	(\$121,782)	(23.2%)	(6.4%)
Conflicts of Interest Board	\$2,429	\$2,325	\$2,344	\$2,345	\$2,345	(\$84)	(3.5%)	(0.9%)
Office of Collective Bargaining	\$2,520	\$2,311	\$2,325	\$2,325	\$2,325	(\$195)	(7.7%)	(2.0%)
Community Boards (All)	\$17,661	\$17,419	\$17,331	\$17,331	\$17,331	(\$330)	(1.9%)	(0.5%)
Dept. of Probation	\$87,463	\$94,195	\$92,535	\$92,509	\$92,534	\$5,071	5.8%	1.4%
Dept. Small Business Services	\$292,345	\$201,851	\$200,180	\$172,262	\$124,508	(\$167,837)	(57.4%)	(19.2%)
Housing Preservation & Development	\$1,066,055	\$1,244,867	\$860,312	\$732,758	\$732,556	(\$333,499)	(31.3%)	(9.0%)
Dept. of Buildings	\$146,989	\$172,059	\$155,363	\$151,767	\$150,480	\$3,491	2.4%	0.6%
Dept. of Health & Mental Hygiene	\$1,489,432	\$1,486,238	\$1,490,749	\$1,500,858	\$1,498,276	\$8,844	0.6%	0.1%
NYC Health + Hospitals	\$793,331	\$682,608	\$752,931	\$773,910	\$877,188	\$83,857	10.6%	2.5%
Office of Administrative Trials & Hearings	\$38,013	\$39,641	\$41,124	\$41,623	\$41,623	\$3,610	9.5%	2.3%
Dept. of Environmental Protection	\$1,469,121	\$1,442,165	\$1,222,941	\$1,201,335	\$1,186,776	(\$282,345)	(19.2%)	(5.2%)
Dept. of Sanitation	\$1,557,862	\$1,652,347	\$1,668,901	\$1,673,124	\$1,675,465	\$117,603	7.5%	1.8%
Business Integrity Commission	\$8,714	\$8,684	\$8,218	\$8,218	\$8,218	(\$496)	(5.7%)	(1.5%)
Dept. of Finance	\$266,259	\$270,062	\$275,582	\$273,787	\$274,001	\$7,742	2.9%	0.7%
Dept. of Transportation	\$958,711	\$944,205	\$936,626	\$883,551	\$884,582	(\$74,129)	(7.7%)	(2.0%)
Dept. of Parks and Recreation	\$442,133	\$429,988	\$423,750	\$423,641	\$423,641	(\$18,492)	(4.2%)	(1.1%)
Dept. of Design & Construction	\$611,130	\$478,772	\$134,996	\$142,353	\$130,683	(\$480,447)	(78.6%)	(32.0%)
Dept. of Citywide Admin. Services	\$427,438	\$459,392	\$411,907	\$400,417	\$400,956	(\$26,482)	(6.2%)	(1.6%)
D.O.I.T.T.	\$516,640	\$506,869	\$479,452	\$473,671	\$471,573	(\$45,067)	(8.7%)	(2.3%)
Dept. of Record & Info. Services	\$7,893	\$7,304	\$6,600	\$6,600	\$6,600	(\$1,293)	(16.4%)	(4.4%)
Dept. of Consumer Affairs	\$38,416	\$38,671	\$39,467	\$39,383	\$39,383	\$967	2.5%	0.6%
District Attorney (N.Y.)	\$117,570	\$100,523	\$101,614	\$101,929	\$101,933	(\$15,637)	(13.3%)	(3.5%)
District Attorney (Bronx)	\$60,577	\$58,816	\$59,418	\$59,539	\$59,537	(\$1,040)	(1.7%)	(0.4%)
District Attorney (Kings)	\$97,930	\$94,354	\$95,199	\$95,447	\$95,437	(\$2,493)	(2.5%)	(0.6%)
District Attorney (Queens)	\$59,516	\$57,972	\$58,597	\$58,831	\$58,839	(\$677)	(1.1%)	(0.3%)
District Attorney (Richmond)	\$10,606	\$9,793	\$9,891	\$9,926	\$9,927	(\$679)	(6.4%)	(1.6%)
Office of Prosec. & Spec. Narc.	\$21,628	\$22,121	\$22,353	\$22,453	\$22,458	\$830	3.8%	0.9%
Public Administrator (N.Y.)	\$1,827	\$1,751	\$1,756	\$1,756	\$1,756	(\$71)	(3.9%)	(1.0%)
Public Administrator (Bronx)	\$666	\$655	\$660	\$660	\$660	(\$6)	(0.9%)	(0.2%)
Public Administrator (Brooklyn)	\$793	\$788	\$791	\$791	\$791	(\$2)	(0.3%)	(0.1%)
Public Administrator (Queens)	\$571	\$585	\$589	\$589	\$589	\$18	3.2%	0.8%
Public Administrator (Richmond)	\$474	\$481	\$486	\$486	\$486	\$12	2.5%	0.6%
Prior Payable Adjustment	(\$400,000)	\$0	\$0	\$0	\$0	\$400,000	(100.0%)	(100.0%)
General Reserve	\$50,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$950,000	1900.0%	111.5%
Energy Adjustment	\$0	\$0	\$60,320	\$117,561	\$152,647	\$152,647	N/A	N/A
Lease Adjustment	\$0	\$0	\$32,217	\$65,400	\$99,579	\$99,579	N/A	N/A
OTPS Inflation Adjustment	\$0	\$0	\$55,519	\$111,038	\$166,557	\$166,557	N/A	N/A
TOTAL EXPENDITURES	\$82,066,174	\$82,219,933	\$87,183,296	\$90,351,457	\$92,626,385	\$10,560,211	12.9%	3.1%



NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

MUNICIPAL BUILDING • 1 CENTRE STREET, 5TH FLOOR • NEW YORK, NY 10007

PHONE (212) 669-3500 FAX (212) 669-8878

WWW.COMPTROLLER.NYC.GOV