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

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

The State of the City's Economy and Finances

December 15, 2016

SCOTT M. STRINGER
Comptroller

Deputy Comptroller for Budget
Preston Niblack

Bureau Chief
Eng-Kai Tan

Project Coordinator
Manny Kwan

Principal Economist
Farid Heydarpour

Staff
Kettly Bastien
Rosa Charles
Stephen Corson
Selcuk Eren
Peter E. Flynn
Tammy Gamerman
Steven Giachetti
Michele Griffin
Michael Hecht
Dahong Huang
Irina Livshits
Andrew McWilliam
Marcia Murphy
Andrew Rosenthal
Orlando Vasquez

TABLE OF CONTENTS

LIST OF TABLES

LIST OF CHARTS

I. Executive Summary

Growth of the local economy, as measured by Gross City Product (GCP), is once again on track to outpace the nation in 2016. The local economy grew at an annualized rate of 2.8 percent in the first three quarters of 2016, compared to 1.8 percent for the nation. Similarly, the City's job growth over the first ten months of the current calendar year outperformed the nation's. Private sector employment in the City over this period grew at an annualized rate of 1.9 percent, versus 1.6 percent nationally. Over the first ten months of 2016, the City's private sector added 60,000 new jobs.

However, while the growth in jobs did result in personal income tax withholding collections increasing by 2.7 percent over the first ten months on a year-over-year basis, estimated payments – which reflect changes in taxpayers' asset values, including earned interest, rental income and capital gains – fell 10.2 percent, leading to an overall drop in personal income tax collections of 1.3 percent. Total City tax revenues over this period fell 1.0 percent from the same period a year ago.

The weakening in collections is reflected in the November Modification. Tax revenues in the November Modification were revised downward by $125 million to match the shortfall in non-property tax collections over the first three months of FY 2017 against the June Plan. The forecast for the remainder of the year remains essentially unchanged.

Despite the decrease in tax revenues, the total FY 2017 budget of $83.46 billion is $1.34 billion more than the Adopted Budget. This increase is driven primarily by revisions to the Federal and State portions of the budget which together are $1.32 billion higher than adopted. The increase in Federal funds stems from the shifting of unused funds from FY 2016 to FY 2017, as well as additional funds for social services. Almost half of the increase in State funds is due to re-estimates of State reimbursements for bus and ferry operations and special education services. The additional State funds allow the City to reduce City-funds expenditures for these services by a like amount and are credited as savings in the Citywide Savings Program.

The Citywide Savings Program in the November Plan totals $691 million in FY 2017, $313 million in FY 2018, $355 million in FY 2019, and $364 million in FY 2020. The savings in FY 2017 allow the budget to compensate for the lower tax revenue estimates, offset increased City-funds agency spending of $131 million, and establish a FY 2017 budget stabilization account to prepay $439 million of FY 2018 New York City Transitional Finance Authority debt service while maintaining budget balance.

However, the Comptroller's Office's analysis of the November Plan shows potential risks of $585 million in FY 2017, $1.02 billion in FY 2018, $908 million in FY 2019, and $722 million in FY 2020. While there is little danger that FY 2017 will end in a shortfall with $1 billion in the General Reserve and $500 million in the Capital Stabilization Reserve, our projections of the outyear gaps are significant: $3.26 billion in FY 2018, and $3.80 billion in FY 2019, and $3.10 billion in FY 2020.

It is more than likely that the Comptroller's Office's view of the economic and fiscal outlook for the City will change when President-elect Trump assumes office next year. During his campaign, the President-elect articulated several economic and fiscal policies that could have wide ranging impacts on the City. However, at this point, without more clarity on which policies will be adopted as well as the detail and timing of those policies, it is not possible to determine the specific impact on the City of a Trump administration. What is certain however, is that any cuts in Federal grants to the City will have a disproportionate impact on the most vulnerable segments of the population. While Federal grants, excluding Hurricane Sandy-related grants, account for $7.2 billion or 8.7 percent of the total budget, they constitute about a quarter of the combined budgets for the agencies that serve the City's most vulnerable population. Approximately $4.5 billion of the $7.2 billion that the City is projected to receive in FY 2017 support services provided by the Administration of Children's Services, the Department of Social Services, the Department of Homeless Services, the Department for the Aging, the Department of Youth and Community Development, the Department of Health and Mental Hygiene, and Housing Preservation and Development.

Table 1. FYs 2017 – 2020 Financial Plan

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	Changes FYs 2017 – 2020 Dollar	Changes FYs 2017 – 2020 Percent
Revenues						
Taxes:						
General Property Tax	$24,229	$25,612	$27,120	$28,389	$4,160	17.2%
Other Taxes	$29,548	$30,890	$31,881	$32,984	$3,436	11.6%
Tax Audit Revenues	$741	$716	$716	$716	($25)	(3.4%)
Subtotal: Taxes	$54,518	$57,218	$59,717	$62,089	$7,571	13.9%
Miscellaneous Revenues	$6,624	$6,442	$6,695	$6,798	$174	2.6%
Less: Intra-City Revenues	($1,961)	($1,778)	($1,772)	($1,779)	$182	(9.3%)
Disallowances Against Categorical Grants	($15)	($15)	($15)	($15)	$0	0.0%
Subtotal: City Funds	$59,166	$61,867	$64,625	$67,093	$7,927	13.4%
Other Categorical Grants	$972	$856	$847	$838	($134)	(13.8%)
Inter-Fund Revenues	$655	$657	$595	$594	($61)	(9.3%)
Federal Categorical Grants	$8,534	$6,799	$6,638	$6,638	($1,896)	(22.2%)
State Categorical Grants	$14,130	$14,390	$14,860	$15,346	$1,216	8.6%
Total Revenues	**$83,457**	**$84,569**	**$87,565**	**$90,509**	**$7,052**	**8.4%**
Expenditures						
Personal Service						
Salaries and Wages	$25,815	$27,227	$28,710	$29,544	$3,729	14.4%
Pensions	$9,422	$9,830	$10,110	$10,161	$739	7.8%
Fringe Benefits	$9,636	$10,222	$10,890	$11,838	$2,202	22.9%
Subtotal-PS	$44,873	$47,279	$49,710	$51,543	$6,670	14.9%
Other Than Personal Service						
Medical Assistance	$5,915	$5,915	$5,915	$5,915	$0	0.0%
Public Assistance	$1,584	$1,594	$1,605	$1,616	$32	2.0%
All Other	$28,672	$26,323	$26,612	$26,558	($2,114)	(7.4%)
Subtotal-OTPS	$36,171	$33,832	$34,132	$34,089	($2,082)	(5.8%)
Debt Service						
Principal	$2,175	$2,216	$2,139	$2,270	$95	4.4%
Interest & Offsets	$2,075	$2,226	$2,399	$2,642	$567	27.3%
Subtotal Debt Service	$4,250	$4,442	$4,537	$4,912	$663	15.6%
FY 2016 BSA and Discretionary Transfers	($4,038)	$0	$0	$0	$4,038	(100.0%)
FY 2017 BSA	$439	($439)	$0	$0	($439)	(100.0%)
TFA						
Principal	$829	$997	$1,304	$1,312	$484	58.4%
Interest & Offsets	$1,394	$1,476	$1,542	$1,807	$413	29.6%
Subtotal TFA	$2,223	$2,473	$2,847	$3,120	$897	40.3%
Capital Stabilization Reserve	$500	$0	$0	$0		
General Reserve	$1,000	$1,000	$1,000	$1,000	$0	0.0%
	$85,418	$88,588	$92,226	$94,664	$9,246	10.8%
Less: Intra-City Expenses	($1,961)	($1,778)	($1,772)	($1,779)	$182	(9.3%)
Total Expenditures	**$83,457**	**$86,810**	**$90,454**	**$92,885**	**$9,428**	**11.3%**
Gap To Be Closed	**$0**	**($2,241)**	**($2,889)**	**($2,376)**	**($2,376)**	**NA**

Table 2. Plan-to-Plan Changes
November 2016 Plan vs. June 2016 Plan

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020
Revenues				
Taxes:				
General Property Tax	$0	$0	$0	$0
Other Taxes	($152)	$0	$0	$0
Tax Audit Revenues	$27	$2	$2	$2
Subtotal: Taxes	($125)	$2	$2	$2
Miscellaneous Revenues	$217	$8	$17	$21
Less: Intra-City Revenues	($197)	($14)	($13)	($14)
Disallowances Against Categorical Grants	$0	$0	$0	$0
Subtotal: City Funds	($105)	($4)	$6	$9
Other Categorical Grants	$119	$19	$12	$7
Inter-Fund Revenues	$9	$13	$13	$13
Federal Categorical Grants	$861	($12)	($42)	$20
State Categorical Grants	$457	$97	$97	$97
Total Revenues	**$1,341**	**$113**	**$86**	**$146**
Expenditures				
Personal Service				
Salaries and Wages	$70	$14	($39)	($38)
Pensions	$0	$120	$258	$378
Fringe Benefits	($43)	($32)	($42)	($41)
Subtotal-PS	$27	$102	$177	$299
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	$0	($8)	($8)	($8)
All Other	$1,222	($70)	($54)	$2
Subtotal-OTPS	$1,222	($78)	($62)	($6)
Debt Service				
Principal	$0	($0)	($0)	$0
Interest & Offsets	($106)	($18)	($17)	($29)
Subtotal Debt Service	($106)	($18)	($18)	($29)
FY 2016 BSA and Discretionary Transfers	($44)	$0	$0	$0
FY 2017 BSA	$439	($439)	$0	$0
TFA				
Principal	($0)	$26	$52	$53
Interest & Offsets	$0	($42)	($107)	($108)
Subtotal TFA	($0)	($16)	($54)	($54)
Capital Stabilization Reserve	$0	$0	$0	$0
General Reserve	$0	$0	$0	$0
Less: Intra-City Expenses	($197)	($14)	($13)	($14)
Total Expenditures	**$1,341**	**($462)**	**$30**	**$196**
Gap to be Closed	**$0**	**$575**	**$56**	**($50)**

Table 3. Risks and Offsets to the November 2016 Financial Plan

($ in millions, negative numbers increase the gap and positive numbers decrease the gap.)

	FY 2017	FY 2018	FY 2019	FY 2020
City Stated Gap	**$0**	**($2,241)**	**($2,889)**	**($2,376)**
Tax Revenues				
Property Tax	$0	$46	$128	$317
Personal Income Tax	($70)	$68	$96	$78
Business Taxes	($54)	($194)	($79)	($66)
Sales Tax	$10	$43	$76	$117
State Sales Tax Intercept	($50)	($200)	($150)	$0
Real-Estate-Related Taxes	($16)	($51)	($98)	($177)
Subtotal Tax Revenues	**($180)**	**($288)**	**($27)**	**$269**
Non-Tax Revenues				
ECB Fines	$32	$32	$32	$32
Late Filing/No Permit Penalties	$9	$9	$9	$9
Taxi Medallion Sales	$0	($107)	($257)	($367)
Subtotal Non-Tax Revenues	**$41**	**($66)**	**($216)**	**($326)**
Total Revenues	**($139)**	**($354)**	**($243)**	**($57)**
Expenditures				
Overtime	($331)	($250)	($250)	($250)
DOE Medicaid Reimbursement	($20)	($70)	($70)	($70)
Homeless Shelters	$0	($180)	($180)	($180)
NYC Health + Hospitals	($165)	($165)	($165)	($165)
VRDB Rate Savings	$70	$0	$0	$0
Subtotal	**($446)**	**($665)**	**($665)**	**($665)**
Total (Risks)/Offsets	**($585)**	**($1,019)**	**($908)**	**($722)**
Restated (Gap)/Surplus	**($585)**	**($3,260)**	**($3,797)**	**($3,098)**

II. State of the City's Economy

The City's economy is on track to surpass the national economy again in 2016, although that is a relatively low bar since the national economy is expected to have its weakest growth since 2011.

U.S. economic growth was affected by several factors in 2016, among which were the uncertainty surrounding the presidential election, speculation over the Federal Reserve's monetary policy, China's economic slowdown, and Brexit. Under our baseline forecast, the economy remains on pace for slow to moderate growth, with none of the leading indicators pointing toward a recession in the near term. Our forecast therefore would have remained largely unchanged from our July report.

However, the election of Donald Trump to the presidency and the prospect of Republican control over both branches of government bring unique uncertainties about the future direction of Federal fiscal and economic policy as discussed in "The Trump Effect" beginning on page 11. In the short run, therefore, while we consider that a near-term recession is still unlikely, we have lowered our forecast for the City and the U.S. in the next two years to reflect possible hesitations in decision making by economic actors until new policies begin to take clearer shape.

A. NYC'S ECONOMIC PERFORMANCE IN 2016

Except in 2012, the City's economic growth has outpaced the nation's every year since the recovery began in 2010, and this pattern has continued through the first ten months of 2016. The City's economy grew at an annualized average rate of 2.8 percent in the first three quarters of 2016 – the same rate as in the first three quarters of 2015, and higher than the national rate of 1.8 percent.

The city's job growth also outperformed the nation's as a whole. City private sector employment grew for the seventh consecutive year, adding 60,000 jobs in the first ten months of 2016 (1.9 percent growth on an annualized basis, compared to a 1.6 percent gain in the nation). New York City's private sector has been adding an average of 81,200 jobs in the first 10 months of the year since 2010.

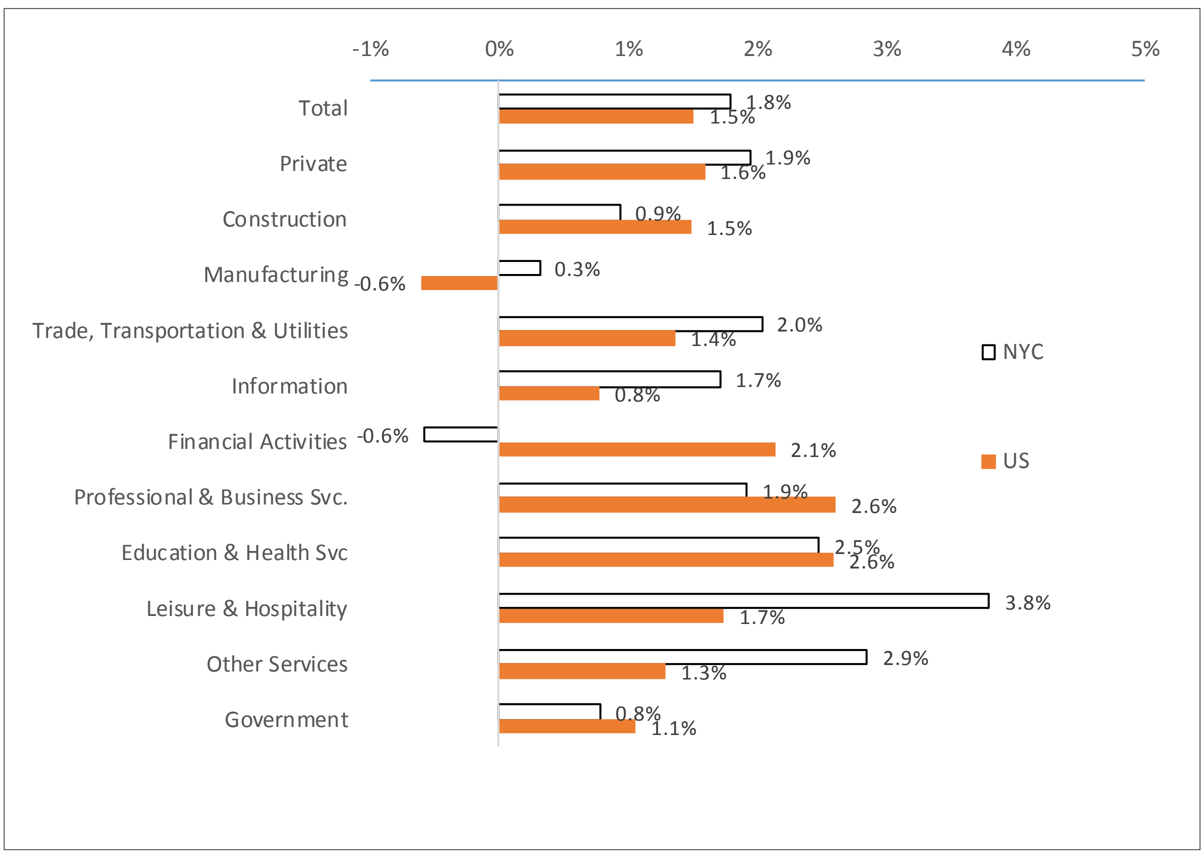
Among the industries that added jobs in the first ten months of 2016, the biggest gain was in education and health services: 18,200 jobs, of which 11,400 were in health care and social assistance and 6,800 were in education. After that comes leisure and hospitality, which continued with its longest uninterrupted growth since 2002, adding 13,600 jobs in the first ten months of 2016. However, most of the jobs were created by bars and restaurants, which are generally low-wage jobs. Bars and restaurants continued with their longest uninterrupted growth and added 7,900 jobs in the first ten months of 2016.

Professional and business services added 11,400 jobs, the smallest gain since 2009. Most of the gains (7,200) were in administrative, which are considered low-wage jobs.

Wholesale and retail trade jobs dominated the trade, transportation, and utility sector, which added 10,500 jobs: 9,300 in wholesale trade and 1,100 in retail trade. Other services, which includes personal and laundry services, added 4,400 jobs, the biggest gain in two years.

The information sector, which includes publishing, motion picture and sound recording, broadcasting, and telecommunications, added 2,700 jobs in the first ten months of 2016, less than the 4,300 a year ago. Construction added 1,100 jobs, the lowest gain in six years. Manufacturing added 200 jobs. Financial activities lost 2,200 jobs, the first decline since 2009, but the securities industry added 400 jobs. Although the securities industry accounted for 4.8 percent of total private sector jobs in 2015, it accounted for 20.8 percent of wages paid within the private sector. Chart 1 shows job growth by major industries for the city and the nation, from December 2015 through October 2016.

***Chart 1.* Change in NYC and U.S. Payroll Jobs, Average for the First Ten Months, 2016 over 2015**



SOURCE: Monthly Data from U.S. Department of Labor and NYC Comptroller's Office.

Most of the jobs created in the first ten months of 2016 were in low-wage sectors paying an average of $42,000 annually – 29,100 jobs, or 48.6 percent of total private-sector jobs, slightly more than the 47.5 percent in 2015. Medium-wage sector employment, paying an average of $75,000 annually, made up 25,200 jobs, or 42.0 percent of new private-sector jobs in 2016, better than the 14,400 or 18.7 percent in 2015. Only 5,600, or 9.4 percent of new private-sector jobs were in high-wage industries (paying an average of $187,000 annually), a big drop from the 33.7 percent share in 2015. Nationally, the distribution of new private-sector jobs shows that 23.7 percent of the new jobs were in the high-wage sector, 23.2 percent in the medium-wage sector, and 53.1 percent were in the low-wage sector in the first ten months of 2016.

The city's unemployment rate averaged 5.5 percent in the first ten months of 2016, above the national average of 4.9 percent, but the lowest rate since 2008. The City's average labor force declined by 15,600 during the first ten months of 2016, bringing the labor-force participation rate to 60.3 percent, the lowest rate since 2012. The city's residential employment also declined and led to an employment-to-population ratio of 57.0 percent, just slightly below the 57.6 percent rate in 2015. The unemployment rate fell in all five boroughs to the lowest level since 2008, except for Brooklyn and Queens, which was the lowest since 2007. In the first ten months of 2016, the unemployment rate was 4.8 percent in Manhattan and Queens, 5.5 percent in Staten Island, 5.6 percent in Brooklyn, and 7.5 percent in the Bronx.

Despite the continuing strong job growth, earnings growth has been weak. The City's average hourly earnings of total private employees during the first ten months of 2016 grew 0.7 percent over the same period in 2015. This is the lowest increase since 2009. Wage growth (which includes bonuses, overtime, and commissions) has been weak as well. On a year-over-year basis, average wages in New York City fell 1.4 percent in the first quarter of 2016, worse than the nation's 0.5 percent decline and the city's 1.1 percent drop in the first quarter of 2015. This was largely due to a 5.6 percent drop in the securities industry average wages as a result of a decline in Wall Street bonuses. Although still above the $14.5 billion average since 1986, Wall Street bonuses fell 6.4 percent to $25.0 billion in 2015 from $26.7 billion in 2014, according to the NYS Comptroller's Office. Excluding the securities industry, total wage rates did not change in the first quarter of 2016 from a year ago.

Wall Street profits, as measured by the pre-tax profits for NYSE member firms, rose 3.5 percent in the first three quarters of 2016, on a year-over-year basis, to $15.0 billion. The main reasons were gains in other revenue related to the securities business and trading as well as a decrease in other expenses and total compensation. According to NYC's Office of Management and Budget, Wall Street profits are expected to be $15.8 billion in 2016, 10.5 percent higher than the $14.3 billion in 2015.

Overall, the increase in jobs and earnings has had little impact on the city's personal income tax revenues. Total personal income taxes withheld from paychecks in the first ten months of 2016 rose 2.7 percent, on a year-over-year basis. However, total estimated tax payments, which reflect changes in taxpayers' asset values, including estimates of interest earned, rental income, and capital gains, fell 10.2 percent. As a result, total personal income tax revenues were down 1.3 percent in the first ten months of 2016 from a year ago.

B. ECONOMIC OUTLOOK

Under our current baseline forecast, both the city and national economies are expected to continue growing at a slow to moderate pace. The chance of a recession continues to be low, but surpassing the average GDP growth of 2.2 percent over the last six years since the recovery began in 2010 would be difficult, especially given the newly uncertain environment.

U.S. economic growth was affected by several factors in 2016. They included falling oil prices, the strengthening dollar, uncertainty surrounding the presidential election, speculation over the Federal Reserve's monetary policy, China's economic slowdown, and Brexit. Going forward some of those factors will persist, but the biggest uncertainty is the impact of President-elect Trump's policies on the economy, as discussed below.

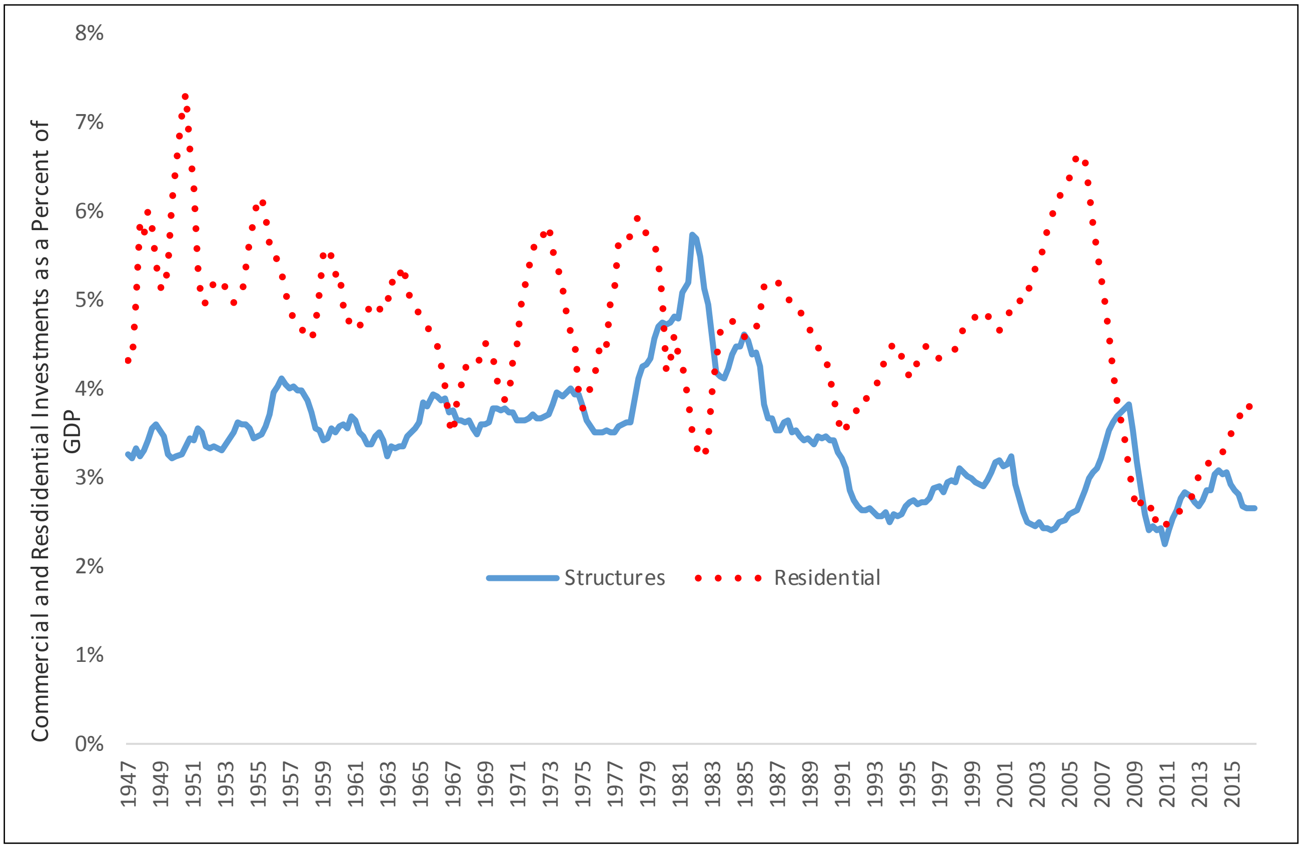
Nonetheless, most of the leading economic indicators show steady, slow to medium growth. The yield spread —the spread between long-term interest rates (i.e., 10-year Treasury bonds) and short-term rates (i.e., 3-month Treasury bills) remains positive, which typically indicates an expectation of improvement in future economic activity. This spread, which declined from its recent high of 2.83 percentage points in December 2013 to 1.20 percentage points in July 2016, has started to increase and it was at 1.69 percentage points in November 2016.

Another signal of future economic growth are stock prices. Both the S&P 500 and Dow Jones indices are at record highs as of November 23, 2016. Rising stock prices in theory indicate an expectation that future profits will increase because of higher economic activity. Another reason for considering stock prices as a leading economic indicator is that they influence perceptions of consumer wealth and thus consumer spending.

Another factor helping the economy is low oil prices. Oil prices seem to have found a floor and begun to stabilize at around $50 a barrel after a collapse that started in June 2014. This "new normal" price level reflects increased supply and an ebb in demand. On the one hand, shale oil production and OPEC have increased the supply, while on the other hand slower growth in emerging markets and global efforts to cut down on carbon emissions have dampened demand. Decline in oil prices has been good for consumer spending, but has had a negative impact on jobs and profits of oil and gas producing firms and increased banks' non-performing loan balances related to the energy sector.

Overinvestment in residential construction was the cause of the last recession. As shown in Chart 2, as of the third quarter of 2016, residential investment was 3.7 percent of GDP, compared with a 4.7 percent average since 1947. That implies that there is further room for growth. Furthermore, although mortgage rates have been on the rise recently, they are still low by historical standards. Low mortgage rates along with increased household formation and sustained job growth are expected to support housing demand and home building going forward.

***Chart 2*. Residential and Commercial Investment as a Percent of GDP, 1Q47 – 3Q16**

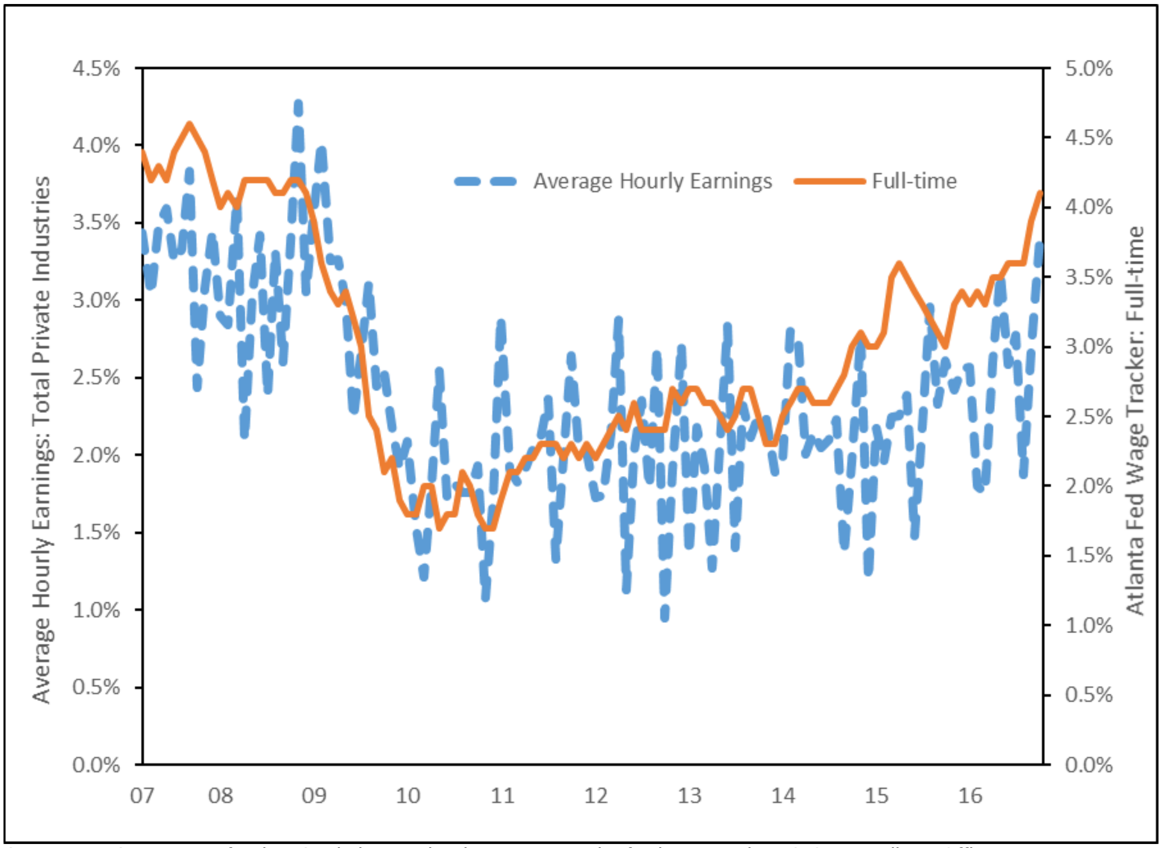


SOURCE: U.S. Bureau of Economic Analysis and NYC Comptroller's Office.

Another positive factor for economic growth is the contained inflation rate. While the inflation rate has risen more recently, it remains well below the 2.0 percent target rate. Two measures of inflation — the consumer spending deflator and the consumer price index — were 1.4 percent and 1.1 percent, respectively, in the third quarter of 2016.

The Federal Reserve raised rates in December 2016, for only the second time in over 10 years, because of improvement in employment and rising inflation in the U.S. The strong labor market has pushed wages higher. As of October 2016, year-over-year growth in average hourly earnings for private-sector employees is at its highest level since February 2006 and the Atlanta Federal Reserve bank's wage tracker is at its highest since November 2008 (Chart 3). Policymakers raised the target range for the Federal funds rate to 0.50 percent to 0.75 percent, from the current target range of 0.25 percent to 0.50 percent. If the current trends in employment and inflation persist, the Fed will most likely continue to raise rates in 2017.

***Chart 3*. Change in Average Hourly Wages and Full-time Wages, Year-over-Year, Percent, March 2007 – October 2016**



SOURCE: U.S. Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, and NYC Comptroller's Office.

In addition, consumer spending is expected to increase, aided by the tight labor market, improved balance sheets, and possibly future tax cuts. Similarly, private investment is also expected to improve because of rising inventories, as well as possible future tax cuts and deregulation. However, a stronger dollar is expected to dampen some of the economic growth by curbing exports.

Table 4 provides summary projections for five NYC and U.S. indicators from 2016 to 2020.

Table 4. Selected NYC and the U.S. Economic Indicators, Annual Averages, Comptroller and Mayor's Forecasts, 2016-2020

NYC		2016	2017	2018	2019	2020
Real GCP, (2009 $),	Comptroller	2.9	2.2	2.3	2.2	2.3
Percent Change	Mayor	1.8	1.9	1.8	1.5	1.6
Payroll Jobs,	Comptroller	92	55	59	59	59
Change in Thousands	Mayor	85	62	42	37	34
Inflation Rate	Comptroller	1.0	2.1	2.4	2.5	2.5
Percent	Mayor	1.2	2.3	2.2	2.6	2.5
Wage-Rate Growth,	Comptroller	0.7	2.2	2.3	2.4	2.4
Percent	Mayor	1.2	3.2	3.4	3.1	3.3
Unemployment Rate,	Comptroller	5.5	5.5	5.5	5.5	5.4
Percent	Mayor	NA	NA	NA	NA	NA

U.S.		2016	2017	2018	2019	2020
Real GDP, (2009 $),	Comptroller	1.6	2.0	2.1	2.1	2.1
Percent Change	Mayor	1.5	2.4	2.4	2.2	2.2
Payroll Jobs,	Comptroller	2.5	2.0	2.0	2.0	2.0
Change in Millions	Mayor	2.5	1.8	1.3	1.2	1.2
Inflation Rate	Comptroller	1.2	1.9	2.2	2.3	2.3
Percent	Mayor	1.3	2.3	2.1	2.6	2.5
Fed Funds Rate,	Comptroller	0.4	1.0	1.7	2.4	3.0
Percent	Mayor	0.4	1.0	1.7	2.7	3.0
10-Year Treasury Notes,	Comptroller	1.8	2.6	3.0	3.5	4.2
Percent	Mayor	1.7	2.3	2.9	3.5	3.8

Source: Comptroller = forecast by the NYC Office of the Comptroller. Mayor = forecast by the NYC Office of Management and Budget in the November 2016 Financial Plan. GCP = Gross City Product. NA = not available.

The Trump Effect

President-elect Donald Trump made several sweeping proposals during his campaign that could dramatically affect the U.S. economy and fiscal policy, including reversing free-trade agreements such as NAFTA and the proposed Trans Pacific Partnership, curbing immigration and deporting undocumented immigrants, across-the-board tax cuts, and changes in Federal spending. While it is hard to assess the long-term economic impact of these proposals until they are enacted, we have slightly lowered our forecast in the short- and medium-term to reflect possible hesitations in decision making by economic actors until new policies begin to take clearer shape.

The immediate market response to President-elect Trump's election victory signaled an expectation of higher profits and rising inflation. The stock market reacted favorably, rising to its highest level ever on December 13th. Investors may be reacting to the prospect of lower corporate tax rates and deregulation proposed by President-elect Trump, and possibly an expectation of higher earnings because of increased demand.

Long-term interest rates have also increased, which likely reflects a combination of uncertainty and higher risk premia, as well as an expectation of higher inflation due to stimulative Federal fiscal policy.

The medium and long-term economic impacts of the President-elect's proposals are difficult to quantify at this stage because it's unclear when and to what extent specific policies might actually be enacted.[1] Nonetheless, we discuss the potential impacts of four broad policies—reversing free trade, deporting undocumented immigrants, across-the-board tax cuts, and changes in Federal spending—on the national and City economies.

First, President-elect Trump's protectionist policies, which include reversing or renegotiating free trade agreements and imposing steep tariffs on imports from China and Mexico. The U.S. economy is relatively less dependent on trade than other countries so that will probably have less direct impact on GDP. That said, more restrictive trade policies that serve to depress global trade will have a negative effect on longer-term growth prospects. Higher tariffs on imported goods will also boost inflation, while trade restrictions could increase the likelihood of the U.S. dollar losing its international hegemony.

As for NYC, it exports a wide array of services worldwide, including financial, professional and business (i.e., legal, marketing, and software), and information services. Since President-elect Trump emphasized restoring U.S. manufacturing jobs, it is not clear how much services might be restricted, but even without explicit restrictions, there is the possibility of retaliatory policy actions by other countries.

A second issue is immigration, which is a big economic driver, both nationally and in NYC. According to the American Community Survey, as of 2015, there were 46.1 million immigrants in the U.S. (excluding Puerto Ricans and people born in U.S. territories), who accounted for 14.4 percent of U.S. population. Undocumented immigrants are estimated to make up 5 percent of the U.S. labor force.[2] There has definitely been some impact from low-skill, low-wage immigration on wages. But in general, economic growth (GDP) is a function of population growth and productivity growth. Slower population growth will slow GDP growth. According to the Committee for a Responsible Federal Budget, President-elect Trump's immigration proposals would cost $50 billion on net over the next decade.[3] However, the cost could rise to $350 billion if all undocumented immigrants were to be deported.

In NYC, immigration has been the main driver of population growth. Immigrants (excluding Puerto Ricans and people born in U.S. territories) accounted for 39.0 percent of the City's total population in 2015. The City's population grew 0.7 percent, but the immigrant population grew 1.4 percent in 2015. The growth of the immigrant population

[1] A macroeconomic simulation of President-elect Trump's policies versus current law, under various scenarios, published in June by Moody's Analytics, projected a "significantly weaker" economy, ranging from somewhat diminished growth to a "lengthy recession." Moody's Analytics, Inc. *The Macroeconomic Consequences of Mr. Trump's Economic Policies* (June 2016) https://www.economy.com/mark-zandi/documents/2016-06-17-Trumps-Economic-Policies.pdf

[2] Krogstad, J. M., Passel, J.S., and Cohn, D., *5 Facts About Illegal Immigration in the U.S.*, Pew Research Center (November 3, 2016), http://www.pewresearch.org/fact-tank/2016/11/03/5-facts-about-illegal-immigration-in-the-u-s/.

[3] Committee for a Responsible Federal Budget, *Promises and Price Tags: A Fiscal Guide to the 2016 Election, An Update* (September 22, 2016), http://crfb.org/papers/promises-and-price-tags-preliminary-update.

accounted for 78.1 percent of the City's population growth. NYC has roughly half a million undocumented immigrants potentially facing deportation. Without immigration (let alone deportations), the NYC economy will face stagnation and even decline.

Tighter visa restrictions could also have a large impact on New York City's tourism sector. According to NYC & Company, the City welcomed 58.3 million visitors in 2015, 21.1 percent or 12.3 million of whom were international visitors. In 2014, the economic impact of 56.5 million visitors was $41 billion to the City's economy. It generated $22.5 billion in wages, it supported 362,085 local jobs and it also generated $10.5 billion in tax revenue collections.[4]

On fiscal policy, President-elect Trump has proposed personal and business income tax reforms that would significantly reduce Federal tax revenues. According to the Tax Policy Center of the Urban Institute and the Brookings Institution, President-elect Trump's tax policy proposals would reduce taxes at all income levels. The overall assessment, not including interest cost or multiplier effects, is that this proposal would subtract $6.2 trillion from Federal revenues by 2027. There would be a $2,940 reduction in the average household 2017 tax bill, resulting in a 4.1 percent increase in after-tax income. The main beneficiaries of the President-elect's tax proposals would be higher income filers. For example, those with taxable income of more than $3.7 million would have a 14 percent increase in after-tax income. On the other hand, middle income household would experience only a 1.8 percent increase in after-tax income, while households at the lower end of the income distribution would experience an even smaller 0.8 percent increase in after-tax income. Many observers have noted that the short-term stimulative effect of regressive tax cuts are limited, since high-income households typically spend less of their new income than do lower-income households.[5]

There have also been proposals put forward by Congressional Republicans, if not by the President-elect, to help pay for personal income tax rate cuts by limiting or eliminating the tax exemption for municipal bonds and limiting the deductibility of state and local taxes, both of which would have negative impacts for high-tax states like New York.

---

[4] NYC statistics, NYC & Company http://www.nycandcompany.org/research/nyc-statistics-page

[5] Nunns, J., Burman, L., Page, B., and Rosenberg, J., *An Analysis of Donald Trump's Revised Tax Plan,* Tax Policy Center, Urban Institute and Brookings Institution (October 18, 2016), http://www.taxpolicycenter.org/publications/analysis-donald-trumps-revised-tax-plan/full.

On spending policy, President-elect Trump has proposed increasing spending on the military, including Veterans Affairs, while reducing non-defense spending, and investing in infrastructure. Increased infrastructure spending would boost GDP and reduce the unemployment rate marginally, and perhaps nudge inflation up. Note however, that his plan is not a direct Federal spending plan, but largely private investment encouraged by federal tax credits. According to the Committee for a Responsible Federal Budget, President-elect Trump's proposals would roughly offset each other. However, once more details are released, the cost or savings of his proposals could substantially change. [6]

[6] Committee for a Responsible Federal Budget: *Promises and price tags: a fiscal guide to the 2016 election, an update* (September 22, 2016) http://crfb.org/papers/promises-and-price-tags-preliminary-update

III. The City's Fiscal Outlook

The November 2016 Financial Plan increased the adopted FY 2017 budget by $1.34 billion to $83.46 billion, driven primarily by increases to the Federal and State funded portions of the budget. Together, the Federal and State funded portions of the budget are $1.32 billion higher than adopted. The increase in Federal funds stems primarily from the shifting of disaster recovery grants expected in FY 2016 into FY 2017, the rollover of unused Federal funds, and additional Federal funding for social services. Almost half of the State increase is due to re-estimate of State reimbursements for bus and ferry operations and special education services. The additional grants allow the City to reduce City-funds expenditures for these services by a like amount and are credited as savings in the Citywide Savings Program. Federal and State aid are discussed in greater detail in "Federal and State Aid" beginning on page 27.

The City-funds budget, which excludes State, Federal, Other Categorical and Inter-fund Agreement funding, totals $59.17 billion, a reduction of $105 million from the Adopted Budget. The reduction in City-funds revenues results from a net decrease of $127 million in non-property tax revenues. Non-property tax revenues were revised to align the estimates with actual collections for the first three months of the fiscal year. Estimates for collections for the remainder of the fiscal year remain essentially unchanged. The reduction in non-property tax revenues is partially offset by an additional $20 million in non-tax revenues of which $15 million is credited to the Citywide Savings Program.[7]

The reduction in City-funds expenditures results from additional agency spending of $131 million, a Citywide Savings Program with expected savings of $674 million and the establishment of a FY 2017 Budget Stabilization Account (BSA) to prepay $439 million of FY 2018 Transitional Finance Authority (TFA) debt service, as shown in Table 5. The BSA is funded with savings from the Citywide Savings Program which also funds the additional agency spending and City-funds revenue reduction.

Table 5. Changes to the FY 2017 City-Funds Estimates

($ in millions)

REVENUES		**EXPENDITURES**	
Tax Revenues	($127)	Agency Spending	$131
Non-Tax Revenues	5	Miscellaneous Expenditures	(3)
Citywide Savings Program	17	Collective Bargaining	2
Total	**($105)**	Citywide Savings Program	(674)
		Subtotal	**($544)**
		FY 2017 BSA	$439
		Total	**($105)**

[7] The remaining $2 million in revenue initiatives stem from increased tax audit revenues resulting from 18 new tax auditor positions.

Two agencies, the Department of Homeless Services (DHS) and the Department of Correction, account for approximately half the increase in agency spending. DHS's City-funds budget was increased by $52 million to meet additional spending on shelters with $35 million going toward family shelters and $17 million going toward adult shelters.[8] DOC's FY 2017 City-funds budget was increased by $14 million of which $10 million was allocated for consulting fees for independent review of reforms related to the Nunez settlement. The increase brings the total consulting fees to $14 million.

The City's fiscal outlook in the Plan projections remain relatively unchanged. The FY 2018 budget is $462 million less than the June Plan but the reduction is due primarily to a planned prepayment of $439 million of TFA debt service in FY 2017, which reduces expenditure by a like amount. In the latter part of the outyears, expenditures are $30 million higher in FY 2019 and $196 million higher in FY 2020. The projected outyear gaps are $2.2 billion in FY 2018, $2.9 billion in FY 2019, and $2.4 billion in FY 2020. The projected gaps for FYs 2018 and 2019 are smaller than the gaps projected in June by $575 million and $56 million, respectively, and bigger by $50 million in FY 2020.

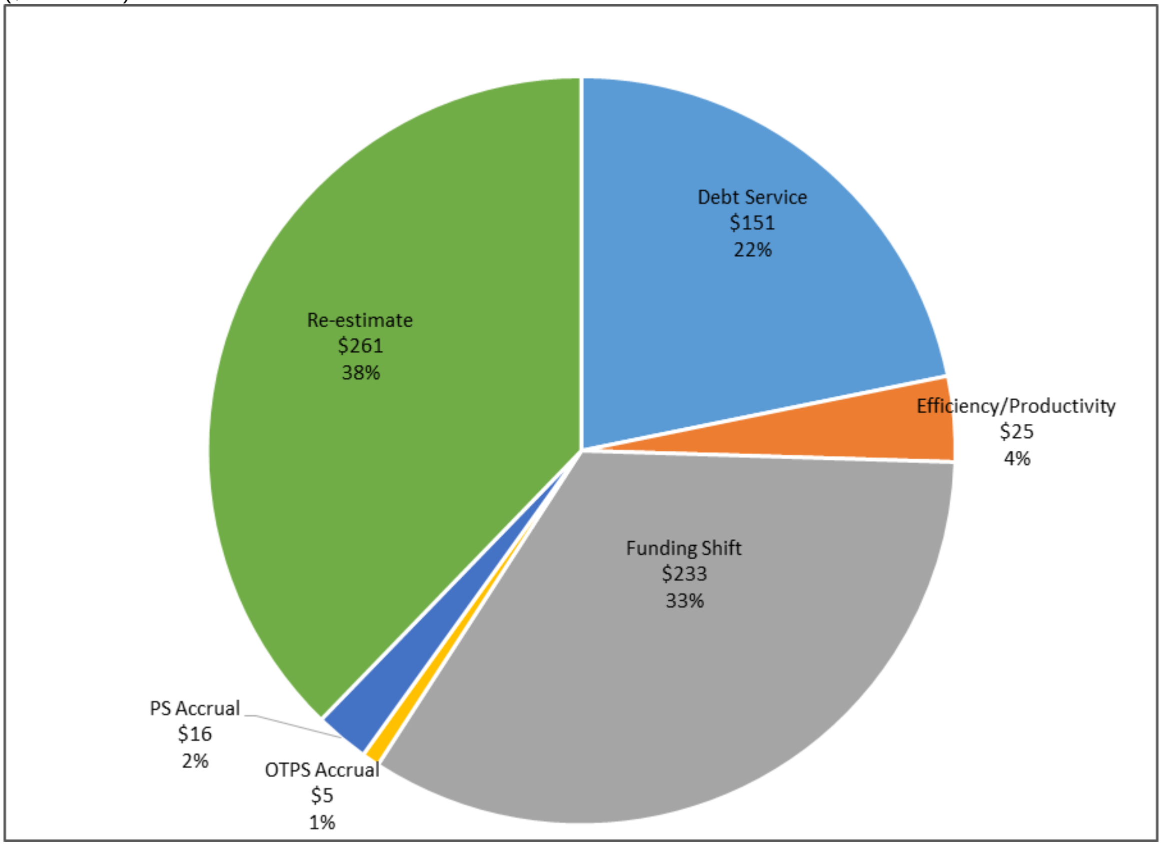
CITYWIDE SAVINGS PROGRAM

The November Plan includes a Citywide Savings Program which is estimated to provide budget relief of $691 million in FY 2017, $313 million in FY 2018, $355 million in FY 2019, and $364 million in FY 2020. As Chart 4 shows, re-estimates of expenditures and, to a significantly smaller degree, revenue assumptions account for $261 million of the FY 2017 savings. These include a combined saving of $101 million in the Department of Social Services (DOSS) and Department of Health and Mental Hygiene (DOHMH) from higher than expected Federal, State and other categorical reimbursements for prior-year claims. The additional reimbursements help reduce expenditures in these agencies that were previously supported by City funds. Other savings from re-estimates are a $40 million reduction in Medicare part B reimbursement due primarily to a lower than expected rate increase in premiums, a $26 million reduction in health insurance, FICA and supplemental welfare benefits expenses due to lower than estimated headcount, and a $25 million reduction in waste export costs due to delays in the establishment of long-term waste export contracts.

[8] The increase in DHS does not include the shifting of $45 million from the Department of Social Services to the DHS due to an adjustment in DOSS's assumption of operational costs from restructuring.

Chart 4. **FY 2017 Citywide Savings Program**

($ in millions)



Funding shifts account for another $233 million of the FY 2017 savings. Almost three-quarters of these savings is due to the shifting of $172 million of City-funded expenditures for bus and ferry services to State funding. The City is able to accomplish this because of an accounting reconciliation of State reimbursements for bus and ferry services which the City estimates will result in $172 million of additional State grants in FY 2017.[9] Other major funding shifts include additional $32 million of State support for special education services and $28 million of State and Federal support for the Administration for Children's Services (ACS) for expenditures previously supported with City funds.

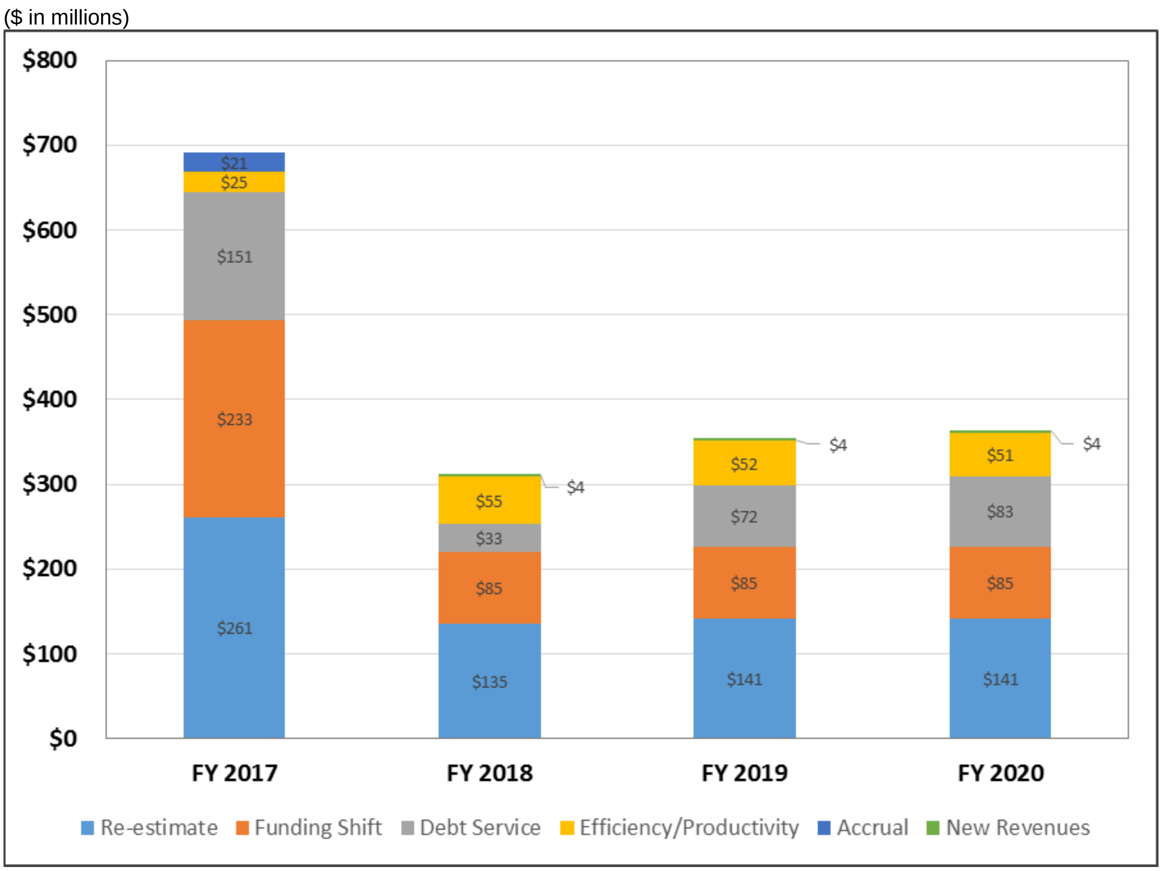
Approximately half the debt service savings is due to the removal of interest costs associated with short-term borrowing that was budgeted in June. Due to the City's strong cash position, there is no need for short-term borrowing to meet operational cash flow. Other debt service savings include reductions from a re-estimate of interest rates on variable rate bonds and lower-than-projected debt service costs of new borrowing.

Efficiency and productivity initiatives account for only $25 million or 4.0 percent of savings in FY 2017. Almost all of these initiatives produce recurring benefits in the

[9] The FY 2017 increase includes retroactive reimbursements for prior-year claims.

outyears. The recurring initiatives account for $18 million of the efficiency and productivity savings in FY 2017. As the full-year savings of these initiatives are realized, the projected savings increase to about $20 million in each of the outyears.[10] In contrast, because of the non-recurring nature of many of the other initiatives, the savings from non-efficiency and productivity initiatives drop from $665 million in FY 2017 to $195 million in FY 2018 and about $236 million in FYs 2019 and 2020. As such, the City should look to increase the number of efficiency and productivity initiatives in future Citywide Savings Program. Chart 5 shows the contributions to savings from the different initiative categories over the Financial Plan period.

***Chart 5*. CSP Savings Over the Plan Period**



RISKS AND OFFSETS

The Comptroller's Office has identified potential risks ranging from $585 million to $1.02 billion in the Financial Plan, as shown in Table 6. These risks are driven by the Comptroller's estimates of lower tax revenues and higher expenditures than projected in the Plan. The Plan's assumption of taxi medallion sales revenues adds to the risks in the

[10] Savings from efficiency and productivity initiatives that are scheduled to be implemented after FY 2017 brings the total savings from these initiatives to over $50 million in each of the outyear of the Plan.

outyears. As discussed in prior reports on the budget, the Comptroller's Office feels that the disruption of the yellow taxi industry from mobile ride-hailing companies poses a risk to the City's plan to sell additional taxi medallions.

Table 6. Risks and Offsets to the November 2016 Financial Plan

($ in millions, negative numbers increase the gap and positive numbers decrease the gap.)

	FY 2017	FY 2018	FY 2019	FY 2020
City Stated Gap	**$0**	**($2,241)**	**($2,889)**	**($2,376)**
Tax Revenues				
Property Tax	$0	$46	$128	$317
Personal Income Tax	($70)	$68	$96	$78
Business Taxes	($54)	($194)	($79)	($66)
Sales Tax	$10	$43	$76	$117
State Sales Tax Intercept	($50)	($200)	($150)	$0
Real-Estate-Related Taxes	($16)	($51)	($98)	($177)
Subtotal Tax Revenues	**($180)**	**($288)**	**($27)**	**$269**
Non-Tax Revenues				
ECB Fines	$32	$32	$32	$32
Late Filing/No Permit Penalties	$9	$9	$9	$9
Taxi Medallion Sales	$0	($107)	($257)	($367)
Subtotal Non-Tax Revenues	**$41**	**($66)**	**($216)**	**($326)**
Total Revenues	**($139)**	**($354)**	**($243)**	**($57)**
Expenditures				
Overtime	($331)	($250)	($250)	($250)
DOE Medicaid Reimbursement	($20)	($70)	($70)	($70)
Homeless Shelters	$0	($180)	($180)	($180)
NYC Health + Hospitals	($165)	($165)	($165)	($165)
VRDB Rate Savings	$70	$0	$0	$0
Subtotal	**($446)**	**($665)**	**($665)**	**($665)**
Total (Risks)/Offsets	**($585)**	**($1,019)**	**($908)**	**($722)**
Restated (Gap)/Surplus	**($585)**	**($3,260)**	**($3,797)**	**($3,098)**

Risks to the City's tax revenue projections in the outyears of the Plan are due primarily to the Comptroller's Office's lower projections for business tax and real-estate-related tax revenues and the State intercept of sales tax revenues to recoup savings from a 2014 refinancing of Sales Tax Asset Receivable Corporation (STARC) bonds. With the end of the State sales tax intercept in FY 2019, the Comptroller's Office's forecast for tax revenues are above the Plan's by $269 million in FY 2020.

The major risks to the Plan expenditure estimates are higher overtime expenditures, additional NYC Health + Hospitals (H+H) support and higher shelter operation expenditures. The Comptroller's Office projects that overtime will exceed the Plan estimates by $331 million in FY 2017 and $250 million in each of the outyears of the Plan. The Comptroller's Office also anticipates additional support of $165 million to H+H in each year of the Financial Plan. Health + Hospitals reimburses the City for debt service, medical malpractice and fringe benefits expenses that the City makes on its behalf. The Financial Plan assumes that the City will not receive any reimbursements for debt service over the Plan period but will continue to receive payments for fringe benefits and medical malpractice expenses totaling $165 million annually. We judge that it is unlikely that H+H will make these payments as it has failed to reimburse the City for these expenses in three out of the last four fiscal years since FY 2012.

Shelter operations expenditures are projected to fall from $1.16 billion to $892 million in FY 2018 and decline modestly to $870 million by FY 2020. Given the continuing growth in the homeless population, it is unlikely that the need for shelter services will diminish dramatically in the outyears, posing a risk of $180 million in each of the outyears of the Plan.

In total, the Comptroller's Office projects net risks of $585 million in FY 2017, $1.02 billion in FY 2018, $908 million in FY 2019 and $722 million in FY 2020. When added to the Plan's projected gaps, these risks result in restated gaps of $585 million in FY 2017, $3.26 billion in FY 2018, $3.80 billion in FY 2019, and $3.10 billion in FY 2020. While the outyear gaps are significant with $1 billion in the General Reserve and $500 million in the Capital Stabilization Reserve, there is little danger that FY 2017 will end in a shortfall.

IV. Revenue Assumptions

The November 2017 Plan projects total revenues will grow by $7.05 billion, from $83.46 billion in FY 2017 to $90.51 billion in FY 2020. City fund revenues will total $59.17 billion in FY 2017 and grow to $67.09 billion in FY 2020. Total tax revenues are projected to grow at an average annual rate of 4.4 percent in FYs 2017 through 2020. Property tax revenue is expected to rise from $24.23 billion in FY 2017 to $28.39 billion by FY 2020, while non-property tax revenues are forecast to grow from $30.29 billion in FY 2017 to $33.70 billion in FY 2020.[11]

Miscellaneous revenues, excluding intra-City revenues, are expected to decline by 7.8 percent in FY 2017. The downturn in miscellaneous revenues is mostly due to a decline in non-recurring revenues. Growth in miscellaneous revenues is expected to average 2.5 percent annually from $4.66 billion in FY 2017 to $5.02 billion in FY 2020.

Federal and State aid combined are projected to decline modestly from $22.66 billion in FY 2017 to $21.98 billion in FY 2020. Over the same period, State aid is projected to grow from $14.13 billion to $15.35 billion driven primarily by growth in school aid. In contrast, Federal Aid is projected to drop from $8.53 billion to $6.64 billion. Most of this drop reflects the tailing off of Hurricane Sandy-related reimbursements in FY 2020. Hurricane Sandy-related reimbursements are projected to decline from $1.4 billion in FY 2017 to $29 million in FY 2020. The remaining decline reflects the City's practice of underestimating Federal Aid in the outyears of the Plan. It is likely that the projections will be revised upwards in future Plans.

Tax Revenues

The City's revised four-year financial plan reflects relatively small changes in anticipated tax revenues compared to the June Plan. The FY 2017 tax revenue forecast decreased by a net $125 million to $54.52 billion. Tax revenue forecasts in the outyears of the Plan, with the exception of a $2 million increase in audit revenues in each of the outyears, are unchanged from the June Plan.

($ in millions)	FY 2017
June 2016 Financial Plan	**$54,643**
Revisions:	
Property	$0
Personal Income (PIT)	(41)
Business Income	(73)
Sales	19
Real-Estate-Related	(70)
All Other	13
Audit	27
Revisions –Total	($125)
November 2016 Financial Plan	**$54,518**

Revisions to the November Plan FY 2017 tax revenue forecast only reflect adjustments to non-property tax revenue estimates for the first quarter to match actual collections. The estimates for non-property tax revenues for the remainder of the year remain essentially unchanged from the June Plan. As the table to the right shows, the reduction in FY 2017 tax revenue estimates is driven primarily by downwards revisions to PIT,

[11] If not indicated specifically, throughout this section, personal income tax (PIT) and property tax revenues include School Tax Relief (STAR) reimbursement.

business and real-estate-related tax revenues which together are $184 million below the June projections. The current Plan lowers the FY 2017 PIT revenue forecast by $41 million. Through September, estimated payments were 10.0 percent below the June Plan forecast while refunds were larger than expected. Business tax revenues comprising business corporation tax and unincorporated business tax (UBT) revenues are reduced by a net $73 million. The revision to real-estate-related tax revenues reflects mainly a $70 million shortfall against the June Plan in the real-property transfer tax revenues. In contrast, the projection for the sales tax revenue increased by $19 million. The November Plan also increased audit revenue by $27 million in FY 2017 and $2 million annually in each of FYs 2018-2020.

Projected Tax Revenue Growth, FYs 2017 – 2020

The City projects tax revenues will grow from $54.52 billion in FY 2017 to $62.09 billion in FY 2020, an average annual growth rate of 4.4 percent. Tax revenue growth slowed to a moderate 3.2 percent in FY 2016, after growing by 7.4 percent the year before. As shown in Table 7, the November Plan assumes tax revenue growth will continue to slow in FY 2017 to 1.7 percent before accelerating in FY 2018 as collections from non-property taxes begin to improve. The projected slowdown in tax revenue growth in FY 2017 is attributed mainly to an anticipated decline in revenues from the real-estate-related taxes which comprises of the real property transfer tax (RPTT) and the mortgage recording tax (MRT), and a decline in tax audit revenues. The projected decline in audit revenues is a reflection of unusually large payments from sales tax audits in FY 2016.

Table 7. Tax Revenue Forecast, Growth Rates

	FY 2017	FY 2018	FY 2019	FY 2020	FYs 2017 – 2020 Average Annual Growth
Property					
Mayor	4.5%	5.7%	5.9%	4.7%	5.4%
Comptroller	4.5%	5.9%	6.2%	5.3%	5.8%
PIT					
Mayor	1.7%	3.0%	3.5%	3.8%	3.4%
Comptroller	1.1%	4.3%	3.7%	3.6%	3.9%
Business					
Mayor	4.8%	6.9%	1.5%	2.4%	3.6%
Comptroller	3.9%	4.6%	3.5%	2.6%	3.5%
Sales[a]					
Mayor	3.2%	5.9%	4.3%	4.3%	4.8%
Comptroller	2.7%	4.3%	5.5%	6.8%	5.5%
Real-Estate-Related					
Mayor	(14.5%)	4.1%	3.1%	2.8%	3.3%
Comptroller	(15.0%)	2.7%	1.3%	(0.1%)	1.3%
All Other					
Mayor	0.5%	2.4%	2.9%	2.9%	2.7%
Comptroller	0.5%	2.4%	2.9%	2.9%	2.7%
Total Tax with Audit					
Mayor	**1.7%**	**5.0%**	**4.4%**	**4.0%**	**4.4%**
Comptroller	**1.3%**	**4.8%**	**4.8%**	**4.5%**	**4.7%**

[a] Projected sales tax revenue growth rates are net of the State intercept of sales tax revenues to recoup savings from the FY 2015 refinancing of Sales Tax Asset Receivable Corporation bonds.

The Comptroller's Office also revised projections to match current collections data through the first quarter of FY 2017. Unlike the City, however, which did not revise its overall outyear forecast, the Comptroller' office revised projections for the outyears to reflect the current collections data.

The Comptroller's Office projects total tax revenue to grow 1.3 percent in FY 2017, four-tenths of one percentage point below the Administration's 1.7 percent growth forecast. This difference is driven by the Comptroller's lower projections for non-property tax revenues in the current fiscal year. Growth in FY 2018 is also expected to be lower than the City's forecast, while in the outyears from FYs 2019 to 2020, the Comptroller's tax revenue growth projections are slightly higher. Overall, over the Plan period, the Comptroller's Office projects average annual growth in revenues of 4.7 percent compared to 4.4 percent for the City.

Growth projections for the City's largest tax revenue source continues to be strong throughout the Plan period. Property tax revenue is expected to grow by 4.5 percent in FY 2017 to $24.23 billion, a deceleration from the 7.7 percent registered in FY 2016. The slower growth in FY 2017 results from an increase in the property tax reserve, primarily due to larger anticipated refunds and cancelations. Property tax revenue growth is expected to average 5.4 percent annually, supported by continued growth in billable assessed value, and the phase-in of the pipeline of assessed value growth from prior years.

The Comptroller's Office's projections for property tax revenue have not changed since our last estimates in June. We anticipate slightly higher market values in the outyears, producing additional revenues of $46 million in FY 2018, $128 million in FY 2019 and $317 million in FY 2020.

The November Plan projects PIT revenue will grow by 1.7 percent in FY 2017 to $11.54 billion, an improvement from the 0.7 percent growth seen in FY 2016, but a sharp slowdown from the 11.0 percent growth registered in FY 2015. The FY 2017 PIT revenue growth reflects a 4.8 percent growth in withholding partially offset by a 4.9 percent decline in non-withholding collections including STAR. Over the Plan period, PIT revenue growth is forecast to average 3.4 percent annually.

Compared to the City's forecast, the Comptroller's Office anticipates a continuation of the deceleration seen in recent collections, resulting in a risk of $70 million to PIT forecast in FY 2017. In contrast, the Comptroller's Office outyear projections for non-withholding collections are higher than the City's, with annual growth averaging 3.1 percent compared to City's forecast of average annual declines of 2.3 percent. The large declines in the stock market that occurred in early 2016 have since reversed indicating a renewed uptick in capital gains realizations. The forecasts for withholding are more aligned, 4.2 percent average annual growth for the Comptroller's office compared to 5.7 percent for the City. This results in an offset to overall PIT that averages $81 million from FY 2018 to FY 2020.[12]

After declining by 6.4 percent in FY 2016, the November Plan forecasts business tax revenues will begin to recover and grow by 4.8 percent in FY 2017 to reach $5.94 billion. Revenue from the business corporation taxes is projected to increase 6.8 percent in FY 2017, while UBT revenue is projected to grow at a slower 1.3 percent. The City anticipates growth in the combined business tax revenues to average 3.6 percent annually over FYs 2017 – 2020.

Although the Comptroller's Office's has improved its annual growth projection for the combined business tax revenues since June, the current projection of 3.5 percent average annual growth remains just slightly below the City's forecast. The City projects strong growth rates in business taxes in both FY 2017 and FY 2018 and more moderate growth in the last two years of the Plan. Given the weakness in collections through October, the Comptroller's office assumes more moderate growth in FYs 2017 and FY 2018 compared to the City, while the outyear growth forecasts are higher. As a result, the Comptroller's Office projects net risks of $54 million in FY 2017, $194 million in FY 2018, declining to $79 million in FY 2019 and $66 million in FY 2020.

Sales tax revenues in the November Plan is forecast to grow by 3.2 percent to $7.14 billion in FY 2017. This forecast is net of $150 million in State revenue intercept the City anticipates in the current fiscal year.[13] Since the Plan does not recognized any further intercept in FY 2018 or beyond, projected growth in sales tax revenues accelerates to 5.9 percent in FY 2018 and averages 4.8 percent annually over the Plan period. While the November Plan reflects a State intercept of only $150 million in FY 2017, the State plans to recoup $550 million over FYs 2017- 2019.

The Comptroller's Office believes the unrecognized sales tax revenue intercept of $50 million, $200 million, and $150 million in FYs 2017-2019, respectively, represents a risk to the Administration's forecast. However, the Comptroller's Office projections of employment and local economic growth are slightly better than the City's assumptions resulting in a higher forecast in baseline sales tax revenues. Consequently, the Comptroller's Office projects net risks of $40 million in FY 2017, $157 million in FY 2018, and $74 million in FY 2019. In FY 2020, after the State intercept expires, the Comptroller's Office projects collections from the sales tax to top the City's forecast by $117 million.

The November Plan projects a significant decline of 14.5 percent in aggregate revenues from the real-estate-related taxes in FY 2017 to $2.6 billion. Revenues from

[12] The Comptroller's Office's forecast assumes that current PIT base rates and the 14.0 percent surcharge, which are set to expire in January 2018, will be renewed.

[13] In the April Plan, the Administration 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 (STARC) refinancing from which the City generated $650 million in savings.

real-estate-related taxes reached $3.0 billion in FY 2016, supported by strong pricing in both residential and commercial properties. The City projects growth in aggregate revenues from the real-estate-related taxes will resume in FY 2018 and average 3.3 percent annually over the forecast period.

The Comptroller's Office forecasts a similar decline of 15.0 percent in revenues from the real-estate-related taxes in FY 2017, producing a risk of $16 million. In the outyears, the Comptroller projects that continued growth in the local economy will help to offset some of the downward effect of projected higher interest rates on real-estate-related taxes. Growth is projected to be moderate in FYs 2018 – 2019 and then dip slightly in FY 2020 as interest rates continue to rise. Compared to the City's forecast, which assumes continued growth, the Comptroller identifies risks growing from $16 million to $177 million in FY 2020.

As shown in Table 8, overall, the Comptroller's Office projects net risks of $180 million in FY 2017, $288 million in FY 2018, $27 million in FY 2019 and an offset of $269 million in FY 2020. The Comptroller's Office's projections of risks and offsets to the November Plan's tax revenue assumptions reflect current collections and the Office's latest economic forecasts.

Table 8. Risks and Offsets to the City's Tax Revenue Projections

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020
Property	$0	$46	$128	$317
PIT	(70)	68	96	78
Business	(54)	(194)	(79)	(66)
Sales	10	43	76	117
State Sales Intercept	(50)	(200)	(150)	0
Real-Estate-Related	(16)	(51)	(98)	(177)
Total	**($180)**	**($288)**	**($27)**	**$269**

It is important to note that these forecasts do not incorporate the effects of any policy changes that may be enacted by the incoming Federal administration. The Comptroller's Office will adjust its tax revenue projections accordingly as new Federal policy takes shape.

Miscellaneous Revenues

The FY 2017 miscellaneous revenue forecast included in the November Plan increased by a net $20 million to $4.66 billion. The revised forecast, however, represents a decline in miscellaneous revenue of $394 million compared to the previous fiscal year. The change reflects mostly lower revenue projections for "other miscellaneous" revenues including asset sales, restitution and other non-recurring revenues in FY 2017. Anticipated revenues from the remaining categories of miscellaneous revenue are projected to decline slightly in FY 2017.[14]

[14] Miscellaneous revenue analysis excludes private grants and intra-City revenues.

Table 9 shows the changes in the FY 2017 miscellaneous revenue forecast since the Adopted Budget. Estimated revenues from licenses, franchises and permits increased by $13 million. This amount includes $10.7 million in proceeds from the sale of landfill gas produced at Fresh Kills landfill and $2.5 million in revenues from a new contract between Con Edison and the Department of Transportation (DOT) related to electrical transformers on City property. Projections for charges for services increased by $17 million. Fee payments from the 421-A tax incentive program are projected to yield an additional $15.3 million due to increased payments on prior year applications and higher construction costs. Water and sewer revenues declined by $26 million while rental income increased by about $8 million reflecting an increase in estimated revenues from extended school use rental.[15] The category "other miscellaneous" increased by a net $6 million due mainly to an increase in projected revenues from asset sales.

Table 9. Changes in FY 2017 Estimates
November 2016 vs. June 2016

($ in millions)

	November	June	Change
Licenses, Franchises, Etc.	$669	$656	$13
Interest Income	61	61	0
Charges for Services	990	973	17
Water and Sewer Charges	1,400	1,426	(26)
Rental Income	225	216	8
Fines and Forfeitures	906	905	1
Other Miscellaneous	411	405	6
Total	**$4,662**	**$4,642**	**$20**

Miscellaneous revenue projections for the outyears reflect minor changes from the June Plan. The City anticipates miscellaneous revenue to be nearly flat in FY 2018 and then grow by 5.6 percent in FY 2019 and 2.0 percent in FY 2020 reaching an estimated $5.0 billion.

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

Based on recent collection trend, the Comptroller's Office expects revenues from fines to be above the City's forecast in each of FYs 2017 – 2020 by $41 million. The Comptroller believes revenues from Environmental Control Board (ECB) fines could generate an additional $32 million annually while penalties from the Department of Buildings (DOB) are likely to exceed the City's current forecast by about $9 million annually over the Plan period.

[15] Water and Sewer revenues represent reimbursements for operation and maintenance of the water delivery and sewer systems and therefore are not available for general operating purposes.

Federal and State Aid

The November Plan projects Federal and State aid of $22.66 billion for FY 2017, an increase of $1.32 billion over the Adopted Budget. The majority of the new funding is reflected under Federal aid, which rose by $861 million in the November Modification. A significant portion of the Federal aid increase is attributable to a change in the timing of Hurricane Sandy-related reimbursements. As a result, the City reflected nearly $330 million in additional CDBG-Disaster Recovery funding in the current fiscal year, most of which were previously anticipated in FY 2016. In the social services areas, the November Modification assumes an additional $141 million of Federal support in FY 2017, including $56 million for homeless shelter re-estimates and $52 million from recognition of prior year Medicaid and family assistance grants. The remainder of the Federal aid increase stems mainly from rollover of unspent grants from prior years, a technical procedure that typically occurs in the first quarter budget modification of each fiscal year. A major component within this category is the cumulative $213 million from prior series of homeland security grants.

State grants were revised upward by $457.6 million in FY 2017 and $97.5 million in each of the outyears of the Financial Plan. About half of state revenue revisions in FY 2017, totaling $231.0 million, were counted as savings in the Citywide Savings Plan. Such revisions include an accounting reconciliation of State subsidies for MTA bus service over the last ten years that resulted in an additional $163.5 million in State revenue in FY 2017 and $23.2 million in each subsequent year. A similar reconciliation for the Staten Island ferry and express bus service on Staten Island added $8.2 million in State revenue in FY 2017 and $3.9 million annually in the outyears of the Plan. The Administration also raised projected State reimbursement for public and non-public school special education expenses by $32 million in FY 2017 and $28 million annually over the remainder of the Plan. Outside of the savings plan, the City projects increased revenues related to State asset forfeitures by $128.4 million in FY 2017, including $53.1 million in the Police Department and $6.3 million in the Manhattan District Attorney’s Office.

Over the outyears of the Plan, the City has reflected only marginal increases ranging from between $55 million and $117 million annually in Federal and State aid assumptions. The November Plan projects Federal and State grants to fall to $21.19 billion in FY 2018. The decline is mainly due to a significant drop in Hurricane Sandy-related reimbursement and the aforementioned roll of unspent Federal funds in FY 2017. Federal and State support of the expense budget correspondingly falls from 27.1 percent in FY 2017 to 24.4 percent in FY 2018. Federal and State grants are expected to rise modestly to $21.50 billion in FY 2019 before reaching $21.98 billion in FY 2020, supporting about 23.7 percent of the expense budget as Federal and State aid growth lags behind total spending. However, given that the City historically underestimates its Federal aid receipts in the outyears, it is likely that these measures are understated.

V. Expenditures Analysis

The FY 2017 budget as presented in the November 2016 Financial Plan is $2.92 billion, or 3.6 percent, more than actual expenditures in the City's FY 2016 Comprehensive Annual Financial Report (CAFR). However, the November Plan and CAFR expenditures reflect the impact of prepayments, bond defeasances, and payments or allocation for reserves which obscure expenditures incurred during the fiscal year. After netting out the impact of prepayments and defeasances, FY 2017 expenses before reserves total $85.56 billion, an increase of $5.21 billion, or 6.5 percent, from the adjusted FY 2016 expenditures of $80.34 billion.

Adjusted total-funds expenditures before reserves are projected to grow 7.4 percent from FYs 2017 – 2020, an annual average growth rate of 2.4 percent. As shown in Table 10, growth in salaries and wages, debt service, health insurance, and other fringe benefits account for most of this growth. Together, these expenses, which account for more than 48 percent of the adjusted FY 2017 spending before reserves, are projected to grow by 17.0 percent over the Plan period. Spending in other areas before reserves is projected to decline by 2.7 percent over the same period.

Table 10. FYs 2017 – 2020 Expenditure Growth

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	Growth FYs 2017–2020	Annual Growth
Salaries and Wages	$25,447	$26,862	$28,344	$29,179	14.7%	4.7%
Debt Service	6,474	6,916	7,384	8,032	24.1%	7.5%
Health Insurance	6,001	6,443	6,874	7,432	23.8%	7.4%
Other Fringe Benefits	3,535	3,675	3,907	4,289	21.3%	6.7%
Subtotal	**$41,458**	**$43,896**	**$46,509**	**$48,932**	**18.0%**	**5.7%**
Pensions	$9,310	$9,718	$9,997	$10,049	7.9%	2.6%
Medicaid	5,915	5,915	5,915	5,915	0.0%	0.0%
Public Assistance	1,584	1,594	1,605	1,616	2.0%	0.7%
J & C	676	692	707	725	7.2%	2.3%
Other OTPS	26,614	24,434	24,721	24,649	(7.4%)	(2.5%)
Subtotal	**$44,099**	**$42,352**	**$42,945**	**$42,954**	**(2.6%)**	**(0.9%)**
Expenditures Before Reserves	**$85,557**	**$86,249**	**$89,454**	**$91,886**	**7.4%**	**2.4%**
General Reserve	$1,000	$1,000	$1,000	$1,000	0.0%	0.0%
CSR	$500	$0	$0	$0	(100.0%)	(100.0%)
Total Expenditures	**$87,057**	**$87,249**	**$90,454**	**$92,886**	**6.7%**	**2.2%**

Headcount

The November 2016 Financial Plan projects total-funded full-time headcount of 300,603 for fiscal year-end 2017, an increase of 13,601 or 4.7 percent from the FY 2016 year-end level. The outyear headcount plan reverses a trend of increasing growth that began in FY 2015, when full-time headcount increased by 5,406 followed by a greater increase of 9,829 in FY 2016. Plan headcount in the outyears remains relatively steady, around the 300,000 level, as shown in Table 11.

Table 11. Total Funded Full-Time Year-End Headcount Projections – November 2016 Financial Plan

	FY 2017	FY 2018	FY 2019	FY 2020
Pedagogical				
Dept. of Education	119,278	120,153	120,923	120,794
City University	4,441	4,441	4,441	4,441
Subtotal	**123,719**	**124,594**	**125,364**	**125,235**
Uniformed				
Police	35,780	35,780	35,780	35,780
Fire	10,884	10,910	10,938	10,938
Correction	10,336	10,374	10,413	10,429
Sanitation	7,445	7,505	7,569	7,569
Subtotal	**64,445**	**64,569**	**64,700**	**64,716**
Civilian				
Dept. of Education	11,176	11,163	11,167	11,171
City University	1,907	1,924	1,941	1,945
Police	16,074	16,014	16,014	16,014
Fire	5,953	5,945	5,945	5,945
Correction	2,188	2,172	2,172	2,172
Sanitation	2,250	2,269	2,293	2,293
Admin. for Children's Services	7,116	7,112	7,112	7,111
Social Services	15,009	14,629	14,634	14,638
Homeless Services	2,298	2,235	2,235	2,235
Health and Mental Hygiene	5,827	5,397	5,389	5,385
Finance	2,169	2,164	2,164	2,164
Transportation	5,198	5,114	5,067	5,078
Parks and Recreation	4,298	4,216	4,216	4,204
All Other Civilians	30,976	30,343	30,259	30,214
Subtotal	**112,439**	**110,697**	**110,608**	**110,569**
Total	**300,603**	**299,860**	**300,672**	**300,520**

The November headcount plan shows a net increase of 4,115 in FY 2017 year-end headcount from the Adopted Budget plan. Most of the increase is due to adjustments to the Plan to reflect 4,001 employees who are funded in the budget but were not accounted for in prior headcount plans. The biggest adjustment is in DOE with an adjustment of more than 3,000 pedagogical employees. The 4,001 increase has no cost impact on the budget. The remaining 114 net increase in headcount adds $6.44 million to the respective agencies' budget.[16] The largest increase is in the Department of Design and Construction with an increase of 104 employees and an attendant expense of $5.3 million in the agency budget.

[16] Does not include fringe benefit cost. With the exception of DOE and CUNY, fringe benefit costs for employees are included in the miscellaneous budget and not within the agencies' budgets.

Table 12. Plan-to-Plan Comparison
June 2016 Adopted Financial Plan versus November 2016 Financial Plan

	FY 2017	FY 2018	FY 2019	FY 2020
Pedagogical				
Dept. of Education	3,138	3,338	3,513	3,502
City University	0	0	0	0
Subtotal	**3,138**	**3,338**	**3,513**	**3,502**
Uniformed				
Police	0	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	(45)	(64)	0	0
Subtotal	**(45)**	**(64)**	**0**	**0**
Civilian				
Dept. of Education	(40)	(237)	(412)	(401)
City University	0	0	0	0
Police	60	0	0	0
Fire	(16)	(24)	(24)	(24)
Correction	6	5	5	5
Sanitation	(26)	(39)	(15)	(15)
Admin. for Children's Services	1	1	1	1
Social Services	(1)	(9)	(9)	(9)
Homeless Services	62	0	0	0
Health and Mental Hygiene	316	(65)	(70)	(70)
Finance	3	3	3	3
Transportation	138	45	15	15
Parks and Recreation	110	28	28	28
All Other Civilians	409	111	135	145
Subtotal	**1,022**	**(181)**	**(343)**	**(322)**
Total	**4,115**	**3,093**	**3,170**	**3,180**

Overtime

The FY 2017 November Plan includes $1.3 billion for overtime costs in FY 2017, reflecting a modest increase of $32 million over the Adopted Budget. More than half of the upward revision is due to a $19 million increase in Federal-funded grants for uniformed firefighters.

The City's overtime cost has grown steadily over the last ten years, increasing at an annual rate of 6.5 percent, from $903 million in FY 2006 to $1.7 billion in FY 2016.[17] The Comptroller's Office projects a modest decrease to $1.6 billion in FY 2017, reflecting a planned increase in Citywide headcount which should alleviate some of the reliance on overtime usage, particularly by uniformed employees at the Fire Department and DOC and by civilian employees at various agencies. However, the budgeted overtime expenditures in the November Plan shows an even bigger decline from FY 2016. As a

[17] Overtime expenditures are adjusted to net out spending related to major unplanned events such as the MTA strike in FY 2006 and the Pope's visit in FY 2016.

result, FY 2017 overtime cost, excluding the impact of increased security for the President-elect, could pose a risk to the budget of $331 million, as shown in Table 13.

Table 13. Projected Overtime Spending, FY 2017

($ in millions)

	Comptroller's Projection Overtime FY 2017	Planned Overtime FY 2017	FY 2017 Risk
Uniform			
Police	$610	$500	($110)
Fire	229	229	0
Corrections	250	131	(119)
Sanitation	105	105	0
Total Uniformed	$1,194	$965	($229)
Others			
Police-Civilian	$100	$86	($14)
Admin. for Children Svcs.	30	18	(12)
Environmental Protection	40	23	(17)
Transportation	60	42	(18)
All Other Agencies	200	159	(41)
Total Civilians	$430	$328	($102)
Total City	**$1,624**	**$1,293**	**($331)**

The November Modification includes $500 million for uniformed police overtime spending. The Department has spent $201 million through October 2016 for uniformed overtime and is on track to spend at least $610 million for FY 2017, posing a risk of $110 million to the NYPD uniformed overtime budget. Providing security to the President-elect and handling the protests following the recent national election are exerting upward pressure on the current fiscal year's overtime cost for the New York Police Department (NYPD). The overtime cost related to providing security to the President-elect is not included in the budget. The City has requested Federal reimbursement for these expenses.

DOC uniformed overtime cost jumped from $181 million in FY 2015 to $254 million in FY 2016, a 40 percent increase compared to the average annual increase of about 12 percent between FYs 2006 and 2015. Spending on uniformed overtime is on track to keep pace with FY 2016. Through October of the current fiscal year, the Department has spent $83 million on uniformed overtime. The Comptroller's Office estimates that DOC will spend at least $250 million on uniformed overtime for FY 2017, $119 million more than budgeted in the November Plan. The Department's operational needs and the implementation of programs to improve security and conditions at the correctional facilities continue to exert pressure on uniformed overtime. As part of the Nunez legal settlement in 2015, DOC has implemented various initiatives to reduce violence in its facilities and has started training programs for uniformed employees aimed at reducing excessive use of force on inmates. With the graduation of just over 1,900 recruits since December 2015, uniformed headcount has increased to 9,477 as of October 30, 2016 compared to 8,756 as of June 30, 2015. Despite the increase in headcount and the expected hiring of 1,200 recruits in December 2016, it is expected that DOC will continue to rely on overtime to meet operational needs and fulfill the mandates of the Nunez settlement this fiscal year and into the outyears.

Overtime cost for civilian employees has increased at an average annual rate of 5.4 percent since FY 2006 from $295 million to $500 million in FY 2016 with growth in the NYPD more than doubling from $54 million to $119 million over this period. Through October 2016, the City has spent $165 million on civilian overtime and is on track to spend at least $430 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 $102 million.

Health Insurance

Since the Adopted Budget, the City has reduced its projections for health insurance expenses by $58 million in FY 2017, $35 million in FY 2018, and approximately $45 million in each of FYs 2019 and 2020. The reductions mainly reflect downward revisions to Medicare Part B premium reimbursements to retirees and eligible dependents of $40 million in each of FYs 2017 and 2018 and $50 million in each of FYs 2019 and 2020.[18] The reimbursement amounts were revised to reflect actual premium rates for CY 2016 which are lower than previously projected.

Health insurance spending for employees and retirees is currently projected to increase at an annual average rate of 7.4 percent from $6.0 billion in FY 2017 to $7.4 billion in FY 2020, as shown in Table 14. These projections include the impact of the City's share of the expected savings of $1 billion in FY 2017, and $1.3 billion in FY 2018 and thereafter.[19] The City achieved the expected savings for FYs 2015 and 2016 and has identified healthcare savings of $1 billion for FY 2017. Prior to the health reform agreement, annual health insurance expenditures grew at an average annual rate of 8.3 percent, from $2.406 billion in FY 2004 to $5.32 billion in FY 2014.

[18] Medicare Part B covers outpatient services received at a hospital, doctor's office, clinic, or other health facility. It also covers preventive care, durable medical equipment, laboratory tests, x-rays, mental health care, and ambulance services. A monthly premium is charged for this coverage. In accordance with the New York City Administrative Code Title 12, Chapter 1, Section 12-126, the City reimburses its retirees and eligible dependents for the premium paid.

[19] The City and the Municipal Labor Council reached a healthcare reform agreement in May 2014 that will provide 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 are earmarked to offset some of the cost of the current round of collective bargaining.

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

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020
Department of Education	$2,223	$2,355	$2,474	$2,705
CUNY	103	114	122	130
All Other	3,675	3,974	4,278	4,597
Total Health Insurance Costs	**$6,001**	**$6,443**	**$6,874**	**$7,432**

The health insurance projections for the outyears reflect assumed premium rate increases of 7.84 percent in FY 2018, 7.0 percent increase in FY 2019, and 6.5 percent in FY 2020 for active employees and retirees younger than 65 and thus not eligible for Medicare. Over the last fifteen years, premiums grew from $4,722 in FY 2002 to $13,427 in FY 2016, an average annual growth rate of 7.6 percent.[20] The senior care rate, which is expected to increase by 8.0 percent in FY 2018 and 5.0 percent in each of FYs 2019 and 2020, grew on average about 1.7 percent annually over the same period from $1,530 in FY 2002 to $1,929 in FY 2016.

Pensions

Pension contributions in the November Plan are projected to grow from $9.31 billion in FY 2017 to $10 billion in FY 2020, an increase of 8.0 percent or 2.6 percent annually. As shown in Table 15, the outyears of the Plan include additional funding to make up for the shortfall in FY 2016 pension investment returns.

Table 15. Projections of the City's Contributions to the Five Actuarial Pension Systems

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020
June 2016 Financial Plan	$9,310	$9,598	$9,740	$9,671
FY 2016 Investment Return Adjustment	0	120	241	361
Other Changes/Adjustments	0	0	16	17
FY 2017 November Plan	$9,310	$9,718	$9,997	$10,049

Pension contributions projected in the June 2016 Financial Plan were based on the assumption that pension investments would earn 7.0 percent on actuarial asset values. However, FY 2016 return on actuarial asset values mirrored the combined market return on pension investments of 1.46 percent, net of fees. Accordingly, the November Plan has increased pension contribution projections by $120 million in FY 2018, $241 million in FY 2019, and $361 million in FY 2020 to phase in the shortfall against the actuarial interest rate assumption (AIRA) of 7.0 percent.

On September 8, 2016, the Governor signed a bill restoring accidental disability pension benefits for firefighters hired on or after July 1, 2009 to 75 percent of final

[20] Premiums are a blend of individual and family rates.

average salary (FAS).[21] To partially offset the additional cost of restoring this benefit, affected employees will contribute an additional two percent of their salary towards their pension. The City has also reached agreements with Sanitation and Correction uniformed employees to restore this benefit to affected employees. The enhanced benefits for Sanitation and Correction are fully funded by employee contributions and hence do not require State legislative approval.

Included in the bill is a provision granting the New York Fire Department Pension Fund (FIRE) the right to be corpus funded for administrative expenses, consistent with the other City actuarial pension systems. The City estimates that it will cost approximately $3 million in each of FYs 2019 and 2020 for FIRE and have reserved funds in the pension budget for these expenses.

Labor

Over the last two years, the City has settled contracts with unions representing about 90 percent of the workforce. The Patrolmen's Benevolent Association (PBA), representing police officers, has failed to reach an agreement with the City and has once again turned to the Public Employment Relations Board (PERB) to mediate its contract negotiations. Previously, PERB had issued a ruling awarding a two-year contract for the PBA. The terms of the two-year contract were consistent with the first two years of the seven-year contracts established by other unions representing uniformed employees. The two-year contract expired as of July 31, 2012. The Financial Plan includes funding for PBA contracts based on the pattern of the contracts of other uniformed employees.

Several of the current labor contracts will expire in FY 2018, including contracts with District Council 37, Communications Workers of America Local 1180, Organization of Staff Analysts, and Uniformed Firefighters' Association, as shown in Table 16. The labor reserve contains funds for a 1.0 percent increase annually for the entire workforce beyond the current round. The current balance of the labor reserve is $343 million in FY 2017, $1 billion in FY 2018, and approximately $2 billion in FY 2019 and $2.4 billion in FY 2020. Every additional percentage increase above the assumed wage increase will have a full-year cost of approximately $400 million.

Table 16. Expiration Dates of Contracts Expiring in FY 2018

	Expiration Dates
District Council 37	7/02/2017
Uniformed Firefighters Association	7/31/2017
Organization of Staff Analyst	8/24/2017
Uniformed Fire Officers Association	3/19/2018
Communications Workers of America	5/05/2018

[21] Following Governor Paterson's FY 2010 veto of Tier II legislation extending Tier II accidental disability benefits to uniformed employees hired during the upcoming fiscal year, accidental disability benefits for uniformed employees hired on or after July 1, 2009 were reduced from 75 percent of final average salary to 50 percent of final average salary offset by 50 percent of Social Security disability benefits.

Public Assistance

Through October, the City's FY 2017 public assistance caseload has averaged 371,689 recipients per month. Average monthly caseload thus far in FY 2017 has increased by 1.2 percent, or 4,585 recipients, compared to the average monthly caseload of 367,104 over the same period in FY 2016. Since rebounding from a low of 336,403 in May 2014, the number of public assistance recipients has somewhat stabilized in the 367,000 – 372,000 range in recent months. While the October 2016 caseload of 374,885 broke through this range, October is seasonally a high month and public assistance caseload remains 68 percent below the historic peak of 1,160,593 from March 1995. Thus far, public assistance grants spending has averaged about $118 million per month in the current fiscal year, basically flat from the average for the same period in FY 2016.

The City's FY 2017 public assistance budget maintains caseload projections at monthly averages of 386,610 for FY 2017 and 388,600 over the remainder of the Plan period, unchanged since the June Plan. Total baseline grants expenditures are projected at approximately $1.48 billion in each of FYs 2017-2020. Both caseload and grants levels are currently running below the City's projections. Therefore, it appears the City has reasonably budgeted for public assistance spending in the November Financial Plan.

Department of Education

The November Modification shows a net increase of $32 million for the Department of Education (DOE) budget in the current year, raising its budget to $23.21 billion in FY 2017 (net of intra-city funds). The FY 2017 budget represents an increase of 3.7 percent or $838 million compared to the FY 2016 actuals of $22.37 billion.

The November Plan changes for FY 2017 are comprised of increases of $32 million in State funds and $29 million in other categorical grants, partly offset by a reduction of $29 million in City support. The decline in City funds stems mainly from components in the citywide savings program that are expected to reduce spending by $44 million. The largest savings will be realized through funding shifts totaling $32 million for special education related services and contract schools, as a result of increases in State high cost aid of $24 million and private excess cost aid of $8 million. Rounding out the savings programs are $2 million from consolidations of small schools and OTPS underspending of $10 million. Offsetting these savings are new needs and re-estimates of $15 million, foremost among which are $9 million for school extended use personal services spending, $4 million for leases, and $1 million for antivirus software licenses. Under other categorical grants, the November Modification reflects additional operating reimbursement of $29 million from the School Construction Authority, supporting $19 million in skilled trades and PlanNYC energy costs and $10 million in American Disability Act compliance spending for school facilities.

The DOE's FY 2018 budget is projected to rise to $24.25 billion, an increase of about $1 billion or 4.5 percent from the FY 2017 projection. Since the June Plan, the FY 2018 budget has increased by a modest $18 million. Over the remainder of the Plan, the City projects the DOE budget to rise to $25.09 billion in FY 2019 and $25.62 billion in FY 2020, reflecting annual increases of $839 million and $529 million, respectively. State aid would comprise about $1.36 billion or 56 percent of the projected DOE budget growth of $2.41 billion between FY 2017 and FY 2020, with City support providing almost the entire remainder of the increase.

The Department will likely continue to face risks from its assumptions of Federal Medicaid reimbursement in the November Plan. The DOE estimates it will realize $41 million in Medicaid revenue in the current year for reimbursement of special education related services costs. Over the outyears, Medicaid revenues are expected to rise to $97 million annually. While the City has scaled back its Medicaid revenue targets in recent plans, they remain ambitious compared to actual collections. The Department realized only $18 million in Medicaid revenue in FY 2016 and an annual average of $15 million in the five years prior. Therefore, the Comptroller's Office projects DOE Medicaid revenue risks of $20 million in FY 2017 and $70 million in each of FYs 2018-2020.

Debt Service

As shown in Table 17, debt service net of prepayments in the November Plan totals $6.55 billion in FY 2017, $7.0 billion in FY 2018, $7.47 billion in FY 2019 and $8.12 billion in FY 2020.[22] These amounts represent decreases from the June 2016 Financial Plan of $150 million in FY 2017, $33 million in 2018, $72 million in FY 2019, and $83 million in FY 2020. Between FY 2017 and FY 2020, total debt service is projected to increase by $1.57 billion, or 23.9 percent. These projections do not include the debt service of the New York City Municipal Water Finance Authority (NYW), which is backed by water and sewer user charges, nor that of the TFA Building Aid Revenue Bond (BARB) debt, which is supported by State building aid.

Table 17. November 2016 Financial Plan Debt Service Estimates

($ in millions)

Category	FY 2017	FY 2018	FY 2019	FY 2020	Change from FYs 2017 to 2020
General Obligation[a]	$4,020	$4,219	$4,294	$4,616	$596
TFA [b]	2,224	2,473	2,847	3,120	896
Lease-Purchase Debt	230	223	244	297	67
TSASC, Inc.	74	82	82	82	8
Total	**$6,548**	**$6,997**	**$7,466**	**$8,115**	**$1,567**

SOURCE: November 2016 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 building aid revenue bonds.

[22] Includes GO, Conduit debt, TFA PIT bonds, TSASC, as well as interest on short-term notes.

The decrease of $150 million from the Adopted Budget in the FY 2017 debt service budget stems from a net reduction of $162 million in general obligation (GO) and short-term debt service offset by $12 million in other adjustments. The $162 million decline in GO and short-term note debt service is due primarily to the elimination of short-term borrowing of $74.6 million and $75 million in long-term variable rate interest savings and lower projected fees associated with supporting variable rate debt.

The $33 million decrease in the budget for debt service in FY 2018 is comprised of GO debt service savings of $29 million, and TFA debt service savings of $16 million, offset by other adjustments of $12 million which recurs in FYs 2018 and FY 2019. In FYs 2019 and 2020, savings of $72 million and $83 million, respectively, are comprised of GO debt service savings of $29 million in both years along with Transitional Finance Authority (TFA) debt service savings in the $54 million range in both years. A combination of reduced borrowing in FY 2018 from the June Financial Plan, and a 1.0 percent drop in assumed long-term borrowing rates in FY 2017 account for the majority of the savings over these latter years of the Plan.

The $241 million of variable rate GO and $144 million of variable rate TFA debt service in FY 2017 are projected based on the assumption of variable interest rates of 3.31 percent. These are significantly above the variable interest rates in recent years. If variable interest rates continue at their currently low levels, there could be substantial additional savings in FY 2017.

In addition, the Comptroller's Office, together with the Office of Management and Budget, closely monitor the City's outstanding bonds and market conditions to evaluate and pursue refinancing opportunities for GO, TFA, and NYW debt when feasible and cost-effective. Since January 1, 2010, refundings have saved City taxpayers and water and sewer rate payers over $4.7 billion.[23]

Comparison with FY 2016 CAFR Actuals

Debt service in the FY 2016 Comprehensive Annual Financial Report (CAFR) totals $5.874 billion.[24] The FY 2016 debt service reflects the impact of FY 2015 and FY 2016 prepayments and net equity contributions in debt refunding totaling $3.627 billion and $3.638 billion, respectively. Excluding these prepayments and net equity contributions for debt refunding, the FY 2016 debt service totaled $5.863 billion.[25] FY 2017 debt service of $6.473 billion in the November Plan, adjusted to exclude prepayments, is projected to be $610 million higher than in FY 2016. The increase is due primarily to $345 million in higher estimated GO and TFA Variable Rate Demand Bonds (VRDB) costs in FY 2017, about $130 million of higher TFA Future Tax Secured (FTS)

[23] Refunding savings include STARC savings of $649.4 million.

[24] This total excludes TSASC debt service.

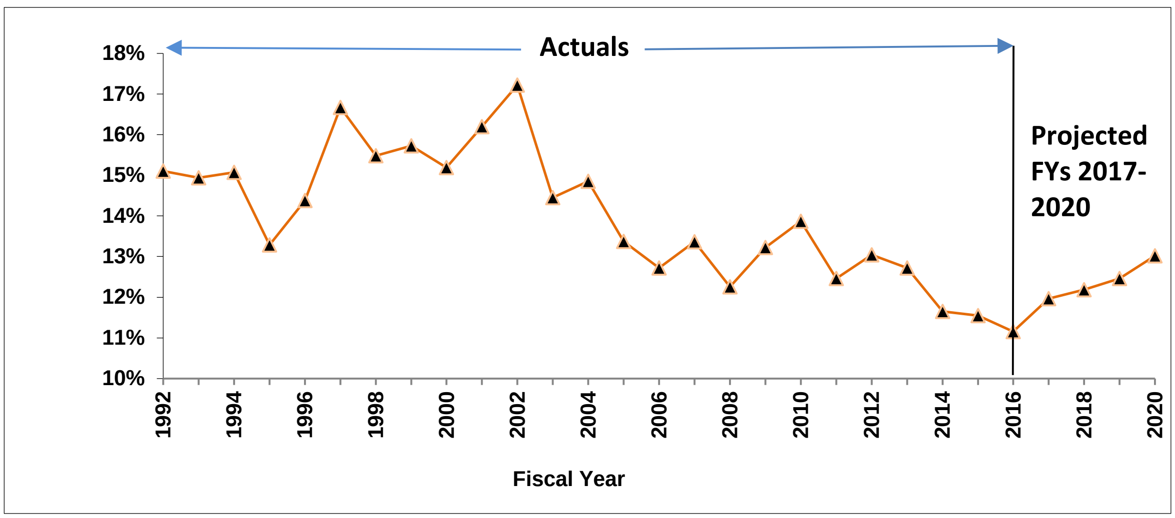
[25] $102.7 million added-back to FY 2016 from FY 2013 TFA defeasance action benefitting FYs 2014, 2015, and 2016.

principal coming due in FY 2017, $30 million of higher estimated interest exchange costs and letter of credit & remarking fees, and $72 million of higher lease-purchase debt-service costs.

Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds expenditures are commonly used measures of debt affordability.[26] In FY 2016, the City's debt service was 11.2 percent of local tax revenues. The November Plan projects debt service will consume 12.0 percent of local tax revenues in FY 2017, 12.2 percent in FY 2018, 12.5 percent in FY 2019, and 13.0 percent in FY 2020, as shown in Chart 6. The increase in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth over the Plan period. Debt service is projected to grow at an average annual rate of 7.4 percent from FYs 2017 to 2020 while tax revenue during this period is projected to grow 4.4 percent annually.

***Chart 6*. Debt Service as a Percent of Tax Revenues, FYs 1992 – 2020**

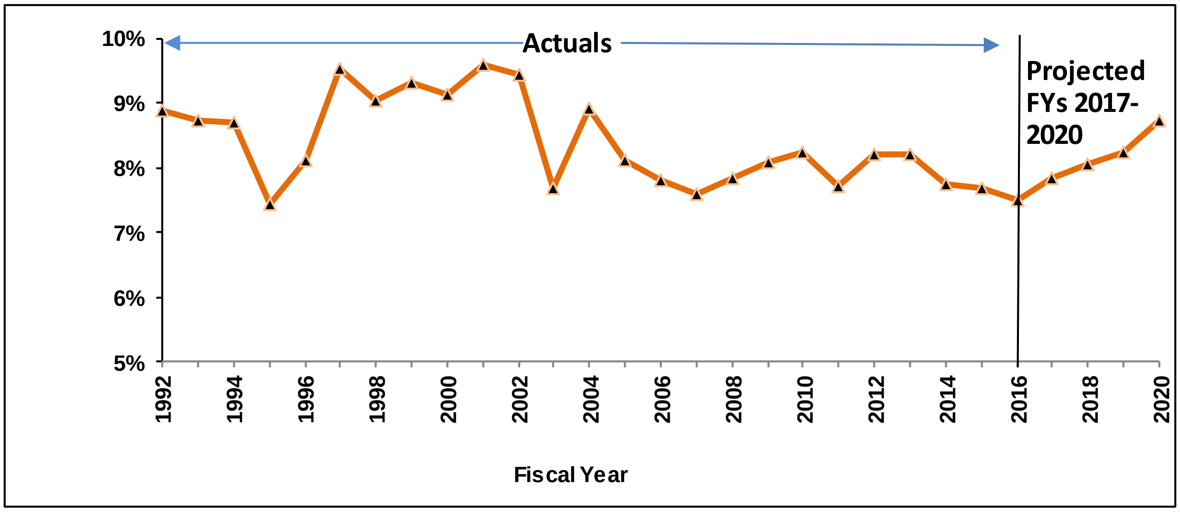


SOURCE: Office of Management and Budget, City of New York, November 2016 Financial Plan.

Over the Plan period, debt service is projected to grow at a faster rate than the overall City expenditures. As such, debt service is projected to consume an increasing share of the budget. As shown in Chart 7, the City's debt service as a percent of all-funds expenditures is estimated to be 7.8 percent in FY 2017, 8.1 percent in FY 2018, 8.3 percent in FY 2019, and 8.7 percent in FY 2020.

[26] Debt service in this discussion is adjusted to exclude prepayments.

Chart 7. **Debt Service as Percent of Total Expenditures, FYs 1992 – 2020**



SOURCE: Office of Management and Budget, City of New York, November 2016 Financial Plan.

Financing Program

The November 2016 Financial Plan for FYs 2017–2020 contains $36.79 billion of planned City, dedicated fee, and State-supported borrowing in FYs 2017 –2020 as shown below in Table 18. The borrowing is comprised of $14.13 billion of GO bonds, $14.9 billion of TFA borrowing, $6.78 billion of NYW borrowing and $978 million of borrowing from TFA BARBs that are supported by State building aid revenues.

Table 18. FY 2015 November Plan, FYs 2017 – 2020

($ in millions)

Description:	Estimated Borrowing and Funding Sources FYs 2017-2020	Percent of Total
General Obligation Bonds	$14,131	38.4%
TFA – General Purposes	14,900	40.5
NYW	6,779	18.4
TFA – BARBs	978	2.7
Total	**$36,788**	**100.0%**

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

Total projected borrowing in the November Plan for FYs 2017 through 2020 is $866 million less than the June 2016 Financial Plan estimate for the same period. This is a result of decreases of $800 million in FY 2017 and $319 million in FY 2018 followed by increases of $110 million in FY 2019 and $143 million in FY 2020. A shifting of $533 million of TFA BARBs borrowing from FY 2017 to FY 2018 accounts for two-thirds of the FY 2017 decrease. By issuer, the reduction in borrowing from the June Plan over the Plan period is comprised of a $642 million decrease in NYW borrowing, a $285 million decrease in TFA borrowing, and an increase of $71 million in GO borrowing over the four-year period. TFA BARBs borrowing remained flat.

Capital Plan

The FYs 2017 – 2020 Adopted Capital Plan, which was released in October 2016, totals $59.84 billion in all-funds authorized commitments and $53.1 billion in City-funds authorized commitments. After adjusting for the reserve for unattained commitments, the all-funds planned commitments drop to $54.03 billion, as shown in Table 19. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $47.29 billion. The Plan is somewhat front-loaded with 32.2 percent or $19.24 billion of the all-funds commitments planned for FY 2017. Estimated commitments decrease in the outyears of the Plan, to $17.16 billion in FY 2018, $12.26 billion in FY 2019, and $11.18 billion in FY 2020.

Table 19. FY 2016 Adopted Capital Commitment Plan
All-Funds FYs 2017 – 2020

($ in millions)

Project Category	FY 2017 Adopted Plan	Percent of Total
Education & CUNY	$12,326	20.6%
Environmental Protection	10,821	18.1%
Dept. of Transportation & Mass Transit	9,472	15.8%
Housing and Economic Development	6,705	11.2%
Administration of Justice	4,570	7.6%
Technology and Citywide Equipment	3,387	5.7%
Parks Department	3,540	5.9%
Hospitals	2,303	3.9%
Other City Operations and Facilities	6,715	11.2%
Total	**$59,837**	**100.0%**
Reserve for Unattained Commitments	($5,810)	
Adjusted Total	**$54,027**	

SOURCE: Office of Management and Budget, FY 2017 Capital Commitment Plan, October 2016.

The FY 2017 Adopted Plan shows an increase of $7.61 billion over FYs 2017 – 2020 in all-funds authorized commitments from the April 2016 Capital Plan and an increase of $3.28 billion over the same period after the reserve for unattained commitments. The City's report on FY 2016 actual capital commitments shows all-funds commitments totaling $8.46 billion. This is $6.41 billion below the FY 2016 authorized commitment level of $14.87 billion in the April 2016 Plan, or an achievement rate of 57 percent. The combined $6.41 billion increase to FYs 2017 through 2019 ($1.14 billion in FY 2017, $4.04 billion in FY 2018, and $1.23 billion in FY 2019) in the FY 2017 Adopted Commitment Plan is similar to the shortfall against planned FY 2016 commitments suggesting that most of the FYs 2017 through 2019 is due to a shifting of commitments that were not met in FY 2016, to FYs 2017 through 2019.

Estimated commitments for capital projects in DOE and the City University of New York (CUNY), account for $12.33 billion or 20.6 percent of planned all-funds commitments ($11.84 billion of which is DOE). Other major components of the Plan are capital projects in the Department of Environmental Protection (DEP) which comprise 18.1 percent of the planned all-funds commitments, Department of Transportation (DOT) and Mass Transit which account for 15.8 percent, and Housing and Economic Development which accounts for 11.2 percent of the Plan.[27] Consistent with prior plans, these four major program areas constitute a majority of the Commitment Plan, with $39.32 billion, or 65.7 percent of the Plan.

FY 2016 Capital Commitments

FY 2016 all-funds actual commitments totaled $8.46 billion. As discussed above, this represents an achievement rate of 56.9 percent against the authorized April 2016 Executive Plan. This is a drop from FY 2015, when the achievement rate was 65.4 percent.

Seventeen of 25 agencies saw their achievement rates drop from the previous fiscal year. The five agencies with the largest percentage point drops in achievement rates are the Department of Correction (DOC), Human Resources Administration (HRA), Homeless Services (DHS), Department of Health & Mental Hygiene (DOHMH), and Department for the Aging (DFTA), as shown in the table below.

Table 20. Agencies Showing Largest Percentage Point Drop in Achievement Rates

	FY 2016 Achievement Rate	FY 2015 Achievement Rate	Change
Dept. of Correction	17.8%	73.0%	(55.2%)
Human Resources Admin.	26.6%	77.1%	(50.5%)
Homeless Services	31.8%	81.4%	(49.6%)
Dept. of Health & Mental Hygiene	23.9%	63.6%	(39.7%)
Dept. for the Aging	10.8%	41.5%	(30.8%)

Only 8 of 25 agencies improved their achievement rates over FY 2015. The greatest improvement in achievement rates against the Executive Plan are the Department of Information Technology & Telecommunications (DOITT), NYC Transit, Fire Department, Health + Hospitals (H+H), and Department of Citywide Administrative Services (DCAS).[28] As Table 21 shows, the gains in achievement rates in these agencies ranged from 9.7 percentage points to 29.9 percentage points.

[27] DEP capital commitments are primarily funded through the issuance of NYW Debt.

[28] Data related to NYC Transit contained herein represent City support to NYC Transit from GO and TFA financing and not that of the Metropolitan Transit Authority.

Table 21. Agencies Showing Largest Percentage Point Gain in Achievement Rates

	FY 2016 Achievement Rate	FY 2015 Achievement Rate	Change
Dept. of Information Technology & Telecomm.	57.9%	27.9%	29.9%
NYC Transit	60.2%	33.4%	26.8%
Fire Dept.	62.1%	47.2%	14.8%
Heath + Hospitals	49.2%	35.3%	13.9%
Dept. of Citywide Admin. Services	37.4%	27.7%	9.7%

Fourteen of twenty-five agencies had commitments over $100 million. Only 5 of the 14 agencies had improvements in rates of achievement over FY 2015. The five agencies with the highest rates of achievement in this category for FY 2016 are shown in Table 22. The rates of commitments range from 62.1 percent to 81.1 percent. Despite being the top five achievers in FY 2016, only the Fire Department had an improved achievement rate from FY 2015.

Table 22. Five Top Achieving Agencies with more than $100 million in Commitments

($ in millions)

	FY 2016 Commitments	FY 2016 Achievement Rate
Dept. of Transportation	$1,152	81.1%
Dept. of Education	$2,504	79.5%
Dept. of Sanitation	$176	69.8%
Dept. of Environmental Protection	$1,590	67.6%
Fire Dept.	$133	62.1%

VI. Appendix

Table A1. November 2016 Financial Plan Revenue Detail

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2017 – 2020 Dollars	Change FYs 2017 – 2020 Percent	Annual Percent Change
Taxes:							
Real Property	$24,229	$25,612	$27,120	$28,389	$4,160	17.2%	5.4%
Personal Income Tax	$11,536	$11,886	$12,304	$12,769	$1,233	10.7%	3.4%
General Corporation Tax	$3,869	$4,194	$4,196	$4,242	$373	9.6%	3.1%
Unincorporated Business Tax	$2,067	$2,150	$2,246	$2,354	$287	13.9%	4.4%
Sale and Use Tax	$7,135	$7,557	$7,880	$8,216	$1,081	15.2%	4.8%
Real Property Transfer	$1,488	$1,603	$1,656	$1,705	$217	14.6%	4.6%
Mortgage Recording Tax	$1,085	$1,075	$1,104	$1,131	$46	4.2%	1.4%
Commercial Rent	$808	$840	$875	$910	$102	12.6%	4.0%
Utility	$379	$394	$407	$419	$40	10.6%	3.4%
Hotel	$547	$563	$587	$613	$66	12.1%	3.9%
Cigarette	$44	$42	$41	$40	($4)	(9.1%)	(3.1%)
All Other	$590	$586	$586	$586	($4)	(0.7%)	(0.2%)
Tax Audit Revenue	$741	$716	$716	$716	($25)	(3.4%)	(1.1%)
Total Taxes	**$54,518**	**$57,217**	**$59,718**	**$62,090**	**$7,572**	**13.9%**	**4.4%**
Miscellaneous Revenue:							
Licenses, Franchises, Etc.	$670	$644	$638	$642	($28)	(4.2%)	(1.4%)
Interest Income	$61	$105	$138	$142	$81	132.8%	32.5%
Charges for Services	$990	$975	$978	$979	($11)	(1.1%)	(0.4%)
Water and Sewer Charges	$1,400	$1,357	$1,348	$1,336	($64)	(4.6%)	(1.5%)
Rental Income	$225	$225	$225	$225	$0	0.0%	0.0%
Fines and Forfeitures	$906	$895	$883	$872	($34)	(3.8%)	(1.3%)
Miscellaneous	$411	$463	$713	$823	$412	100.2%	26.0%
Intra-City Revenue	$1,961	$1,778	$1,772	$1,779	($182)	(9.3%)	(3.2%)
Total Miscellaneous	**$6,624**	**$6,442**	**$6,695**	**$6,798**	**$174**	**2.6%**	**0.9%**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($1,961)**	**($1,778)**	**($1,772)**	**($1,779)**	**$182**	**(9.3%)**	**(3.2%)**
TOTAL CITY-FUNDS	**$59,166**	**$61,866**	**$64,626**	**$67,094**	**$7,928**	**13.4%**	**4.3%**
Other Categorical Grants	**$972**	**$856**	**$847**	**$838**	**($134)**	**(13.8%)**	**(4.8%)**
Inter-Fund Agreements	**$655**	**$657**	**$595**	**$594**	**($61)**	**(9.3%)**	**(3.2%)**

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

($ in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2017 – 2020 Dollars	Percent	Annual Percent Change
Federal Categorical Grants:							
Community Development	$1,609	$383	$251	$257	($1,352)	(84.0%)	(45.7%)
Welfare	$3,471	$3,322	$3,317	$3,319	($152)	(4.4%)	(1.5%)
Education	$1,702	$1,776	$1,776	$1,776	$74	4.3%	1.4%
Other	$1,752	$1,318	$1,294	$1,286	($466)	(26.6%)	(9.8%)
Total Federal Grants	**$8,534**	**$6,799**	**$6,638**	**$6,638**	**($1,896)**	**(22.2%)**	**(8.0%)**
State Categorical Grants							
Social Services	$1,668	$1,671	$1,684	$1,690	$22	1.3%	0.4%
Education	$10,276	$10,770	$11,202	$11,634	$1,358	13.2%	4.2%
Higher Education	$286	$286	$286	$286	$0	0.0%	0.0%
Department of Health and Mental Hygiene	$575	$546	$531	$531	($44)	(7.7%)	(2.6%)
Other	$1,325	$1,117	$1,157	$1,205	($120)	(9.1%)	(3.1%)
Total State Grants	**$14,130**	**$14,390**	**$14,860**	**$15,346**	**$1,216**	**8.6%**	**2.8%**
TOTAL REVENUES	**$83,457**	**$84,568**	**$87,566**	**$90,510**	**$7,053**	**8.5%**	**2.7%**

Table A2. November 2016 Financial Plan Expenditure Detail

($ in thousands)

	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2017 - 2020 Dollars	Change FYs 2017 - 2020 Percent	Annual Percent Change
Mayoralty	$134,380	$136,150	$134,329	$130,248	($4,132)	(3.1%)	(1.0%)
Board of Elections	$128,535	$96,372	$92,675	$94,126	($34,409)	(26.8%)	(9.9%)
Campaign Finance Board	$16,205	$14,014	$14,015	$14,015	($2,190)	(13.5%)	(4.7%)
Office of the Actuary	$7,190	$7,354	$7,354	$7,354	$164	2.3%	0.8%
President, Borough of Manhattan	$4,839	$4,583	$4,583	$4,583	($256)	(5.3%)	(1.8%)
President, Borough of Bronx	$5,799	$5,450	$5,450	$5,450	($349)	(6.0%)	(2.0%)
President, Borough of Brooklyn	$6,399	$5,694	$5,694	$5,694	($705)	(11.0%)	(3.8%)
President, Borough of Queens	$5,326	$4,743	$4,743	$4,743	($583)	(10.9%)	(3.8%)
President, Borough of Staten Island	$4,429	$4,243	$4,243	$4,243	($186)	(4.2%)	(1.4%)
Office of the Comptroller	$104,849	$105,418	$105,424	$105,424	$575	0.5%	0.2%
Dept. of Emergency Management	$69,390	$24,088	$24,318	$24,730	($44,660)	(64.4%)	(29.1%)
Office of Administrative Tax Appeals	$4,972	$5,061	$5,061	$5,061	$89	1.8%	0.6%
Law Dept.	$215,279	$202,127	$200,481	$200,331	($14,948)	(6.9%)	(2.4%)
Dept. of City Planning	$46,044	$41,030	$39,015	$39,081	($6,963)	(15.1%)	(5.3%)
Dept. of Investigation	$50,202	$35,843	$35,554	$32,957	($17,245)	(34.4%)	(13.1%)
NY Public Library — Research	$27,463	$27,559	$27,559	$27,559	$96	0.3%	0.1%
New York Public Library	$135,417	$135,388	$135,388	$135,388	($29)	(0.0%)	(0.0%)
Brooklyn Public Library	$100,701	$100,719	$100,720	$100,720	$19	0.0%	0.0%
Queens Borough Public Library	$102,532	$102,430	$102,431	$102,431	($101)	(0.1%)	(0.0%)
Dept. of Education	$23,211,733	$24,251,766	$25,090,432	$25,618,939	$2,407,206	10.4%	3.3%
City University	$1,042,241	$1,037,677	$1,065,723	$1,076,622	$34,381	3.3%	1.1%
Civilian Complaint Review Board	$16,257	$16,734	$16,734	$16,734	$477	2.9%	1.0%
Police Dept.	$5,119,799	$4,963,555	$4,999,932	$5,010,673	($109,126)	(2.1%)	(0.7%)
Fire Dept.	$2,027,142	$1,927,679	$1,937,878	$1,940,843	($86,299)	(4.3%)	(1.4%)
Dept. of Veterans' Services	$3,952	$3,634	$3,634	$3,634	($318)	(8.0%)	(2.8%)
Admin. for Children Services	$2,916,242	$2,945,318	$2,970,469	$2,972,986	$56,744	1.9%	0.6%
Dept. of Social Services	$9,683,172	$9,800,058	$9,837,922	$9,893,604	$210,432	2.2%	0.7%
Dept. of Homeless Services	$1,507,981	$1,148,423	$1,144,789	$1,137,884	($370,097)	(24.5%)	(9.0%)
Dept. of Correction	$1,394,777	$1,386,455	$1,408,104	$1,412,061	$17,284	1.2%	0.4%
Board of Correction	$3,052	$3,043	$3,043	$3,043	($9)	(0.3%)	(0.1%)
Citywide Pension Contribution	$9,309,981	$9,717,698	$9,997,434	$10,048,637	$738,656	7.9%	2.6%
Miscellaneous	$9,521,824	$10,216,786	$11,746,385	$12,659,139	$3,137,315	32.9%	10.0%
Debt Service	$4,249,552	$4,442,192	$4,537,427	$4,912,340	$662,788	15.6%	4.9%
T.F.A. Debt Service	$2,223,760	$2,473,400	$2,846,690	$3,119,700	$895,940	40.3%	11.9%
FY 2016 BSA and Discretionary Transfers	($4,037,505)	$0	$0	$0	$4,037,505	(100.0%)	(100.0%)
FY 2017 BSA	$438,775	($438,775)	$0	$0	($438,775)	(100.0%)	(100.0%)
Public Advocate	$3,600	$3,619	$3,619	$3,619	$19	0.5%	0.2%
City Council	$64,077	$54,200	$54,200	$54,200	($9,877)	(15.4%)	(5.4%)
City Clerk	$5,998	$5,556	$5,556	$5,556	($442)	(7.4%)	(2.5%)
Dept. for the Aging	$337,388	$301,190	$307,038	$309,866	($27,522)	(8.2%)	(2.8%)
Dept. of Cultural Affairs	$181,883	$143,423	$143,423	$143,423	($38,460)	(21.1%)	(7.6%)
Financial Info. Serv. Agency	$104,668	$110,897	$111,541	$112,185	$7,517	7.2%	2.3%
Office of Payroll Admin.	$16,547	$17,524	$17,525	$17,525	$978	5.9%	1.9%
Independent Budget Office	$6,043	$6,895	$6,565	$6,565	$522	8.6%	2.8%
Equal Employment Practices Commission	$1,081	$1,090	$1,090	$1,090	$9	0.8%	0.3%

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

($ in thousands)

	FY 2017	FY 2018	FY 2019	FY 2020	Change FYs 2017 - 2020 Dollars	Change FYs 2017 - 2020 Percent	Annual Percent Change
Civil Service Commission	$1,086	$1,094	$1,092	$1,092	$6	0.6%	0.2%
Landmarks Preservation Comm.	$6,433	$6,148	$6,159	$6,158	($275)	(4.3%)	(1.4%)
Taxi & Limousine Commission	$70,685	$58,403	$58,286	$51,279	($19,406)	(27.5%)	(10.1%)
Commission on Human Rights	$11,774	$11,043	$11,044	$11,044	($730)	(6.2%)	(2.1%)
Youth & Community Development	$597,566	$442,885	$459,324	$465,627	($131,939)	(22.1%)	(8.0%)
Conflicts of Interest Board	$2,561	$2,580	$2,581	$2,581	$20	0.8%	0.3%
Office of Collective Bargaining	$2,418	$2,322	$2,322	$2,322	($96)	(4.0%)	(1.3%)
Community Boards (All)	$18,119	$17,331	$17,331	$17,331	($788)	(4.3%)	(1.5%)
Dept. of Probation	$94,675	$93,575	$93,357	$93,385	($1,290)	(1.4%)	(0.5%)
Dept. Small Business Services	$304,159	$142,616	$131,073	$124,977	($179,182)	(58.9%)	(25.7%)
Housing Preservation & Development	$1,318,735	$892,502	$733,422	$733,259	($585,476)	(44.4%)	(17.8%)
Dept. of Buildings	$172,643	$155,950	$151,854	$150,567	($22,076)	(12.8%)	(4.5%)
Dept. of Health & Mental Hygiene	$1,569,239	$1,506,110	$1,518,403	$1,517,420	($51,819)	(3.3%)	(1.1%)
NYC Health + Hospitals	$694,349	$761,261	$782,240	$885,518	$191,169	27.5%	8.4%
Office of Administrative Trials & Hearings	$40,684	$44,297	$44,709	$44,709	$4,025	9.9%	3.2%
Dept. of Environmental Protection	$1,572,348	$1,212,411	$1,197,904	$1,185,355	($386,993)	(24.6%)	(9.0%)
Dept. of Sanitation	$1,613,044	$1,658,159	$1,665,715	$1,668,056	$55,012	3.4%	1.1%
Business Integrity Commission	$9,605	$8,218	$8,218	$8,218	($1,387)	(14.4%)	(5.1%)
Dept. of Finance	$273,762	$280,844	$279,119	$279,333	$5,571	2.0%	0.7%
Dept. of Transportation	$982,588	$942,719	$887,205	$887,907	($94,681)	(9.6%)	(3.3%)
Dept. of Parks and Recreation	$484,871	$430,410	$430,559	$428,509	($56,362)	(11.6%)	(4.0%)
Dept. of Design & Construction	$630,499	$147,941	$149,927	$156,638	($473,861)	(75.2%)	(37.1%)
Dept. of Citywide Admin. Services	$469,433	$419,936	$407,980	$408,519	($60,914)	(13.0%)	(4.5%)
D.O.I.T.T.	$549,663	$471,192	$463,692	$461,594	($88,069)	(16.0%)	(5.7%)
Dept. of Record & Info. Services	$8,003	$6,599	$6,600	$6,600	($1,403)	(17.5%)	(6.2%)
Dept. of Consumer Affairs	$38,374	$38,998	$38,916	$38,916	$542	1.4%	0.5%
District Attorney - N.Y.	$117,257	$102,613	$102,928	$102,932	($14,325)	(12.2%)	(4.3%)
District Attorney – Bronx	$72,794	$71,375	$71,496	$71,494	($1,300)	(1.8%)	(0.6%)
District Attorney – Kings	$100,230	$97,109	$97,357	$97,347	($2,883)	(2.9%)	(1.0%)
District Attorney -Queens	$65,355	$63,576	$63,810	$63,818	($1,537)	(2.4%)	(0.8%)
District Attorney - Richmond	$13,949	$13,954	$13,989	$13,990	$41	0.3%	0.1%
Office of Prosec. & Spec. Narc.	$22,121	$22,353	$22,453	$22,458	$337	1.5%	0.5%
Public Administrator - N.Y.	$1,786	$1,718	$1,731	$1,731	($55)	(3.1%)	(1.0%)
Public Administrator - Bronx	$728	$692	$704	$704	($24)	(3.3%)	(1.1%)
Public Administrator - Brooklyn	$859	$823	$835	$835	($24)	(2.8%)	(0.9%)
Public Administrator - Queens	$612	$620	$632	$632	$20	3.3%	1.1%
Public Administrator - Richmond	$514	$518	$530	$530	$16	3.1%	1.0%
General Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$0	0.0%	0.0%
Citywide Savings Initiatives	$0	($12,000)	($16,000)	($16,000)	($16,000)	N/A	N/A
Energy Adjustment	$0	$60,320	$117,561	$152,647	$152,647	N/A	N/A
Lease Adjustment	$0	$32,217	$65,400	$99,579	$99,579	N/A	N/A
OTPS Inflation Adjustment	$0	$0	$55,519	$111,038	$111,038	N/A	N/A
TOTAL EXPENDITURES	**$83,457,492**	**$86,809,735**	**$90,454,167**	**$92,885,655**	**$9,428,163**	**11.3%**	**3.6%**

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