
**The FY 2015 Preliminary Budget:
Budgeting Responsibly, Progressively, Honestly**

An aerial photograph of New York City, showing a dense urban landscape with numerous skyscrapers and buildings. The Hudson River is visible on the left, and the East River is on the right. The Manhattan Bridge is prominent in the center. The sky is clear and blue.

A Budget that Reflects Our Values

A first step toward charting a *new* course for our City.

Budgets are about *choices* – and choices are about *values*.

A Budget that Reflects Our Values More *Responsible*

Addresses *short-term* and *long-term* risks facing the City in the years to come, as well as a *structural deficit* we have been left.

The previous administration left New York City in an *unprecedented fiscal position* – New York City has no labor contracts in place with the approximately 150 unions representing its workforce, and some unions have been *without contracts since 2008*.

A Budget that Reflects Our Values More *Progressive*

Implementing a progressive agenda for New York City:

Creating an *NYPD Inspector General*

Fully funding *high-quality, full-day pre-k* for every four year-old and after-school programs for middle school students

Implementing and enforcing *Paid Sick Leave*

A Budget that Reflects Our Values More *Honest*

We're enacting budget reform in our first budget by ending the "*budget dance*." We are restoring unnecessary cuts made by the last administration, including permanently restoring funding to *20 fire companies* which have been slated for closure year after year.

Financial Overview

FY 2014 remains *balanced*, and we have a *preliminary* plan for balance in FY 2015.

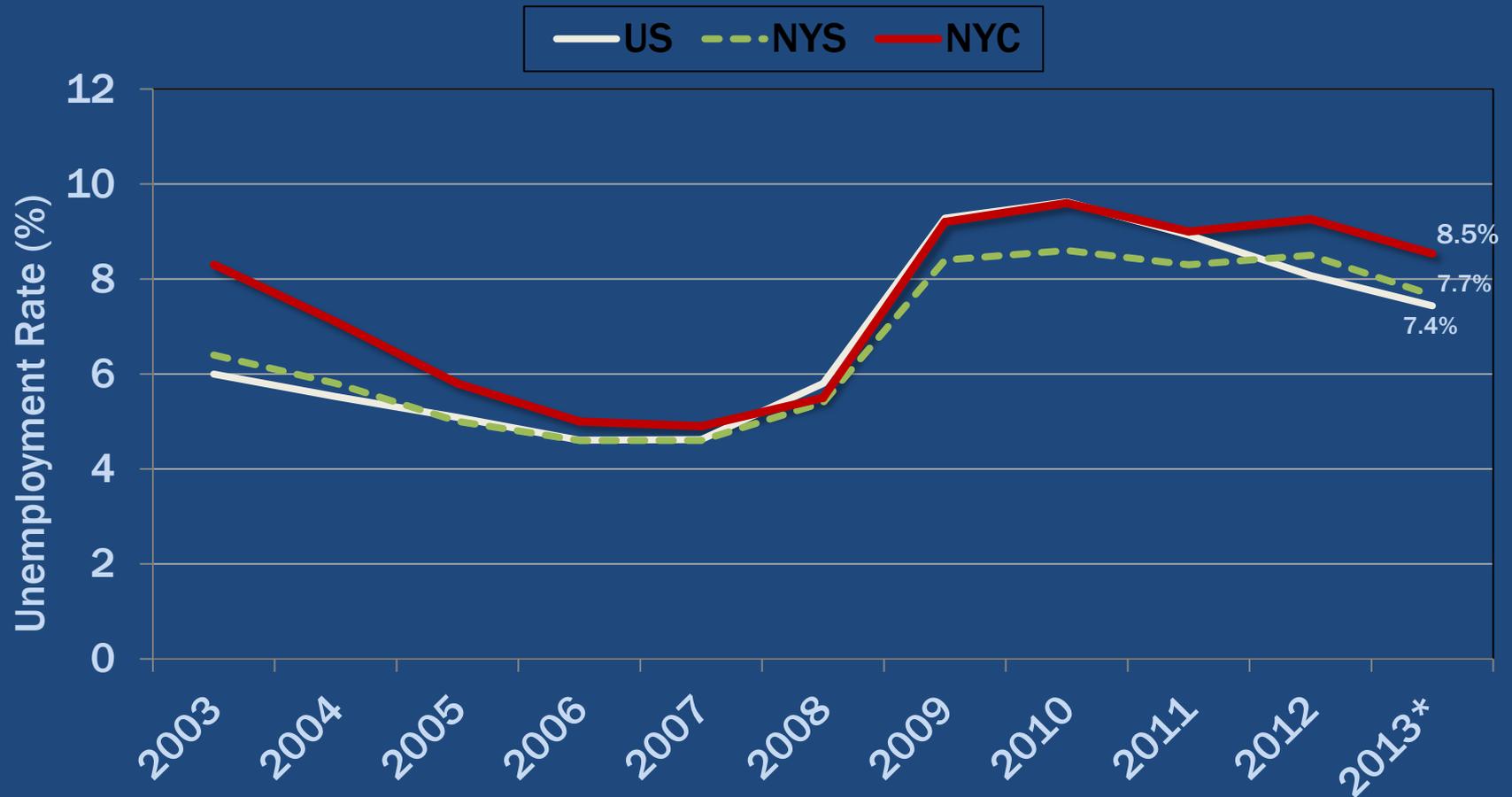
The FY 2014 budget relies on the use of *\$1 billion* of resources from prior years for balance, and our plan for FY 2015 relies on the use of *\$1.8 billion* of resources from prior years for balance. Without these resources, both years would have had a *deficit*.

And we are already facing a deficit of *\$1.1 billion* in the year after that, FY 2016.

There remains significant *uncertainty* about the level of *State and Federal funding* the City can expect going forward.

Real *risks* to the local economy and the budget remain.

New York City's unemployment rate has stayed above the State and U.S. levels over the last decade

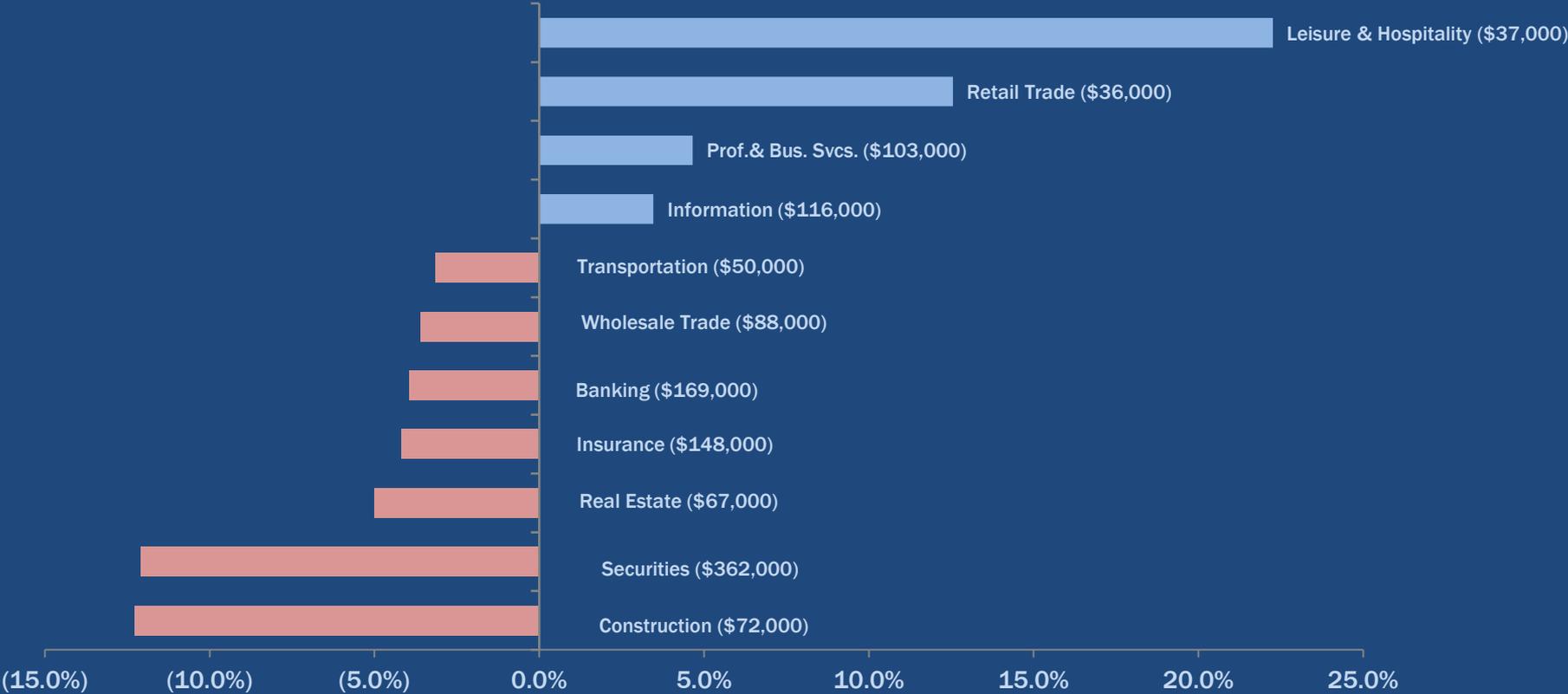


* Preliminary data

Source: US BLS, NY State DOB

The Economy: Employment Growth in New York City Is Highest in Our Lowest-Paying Sectors

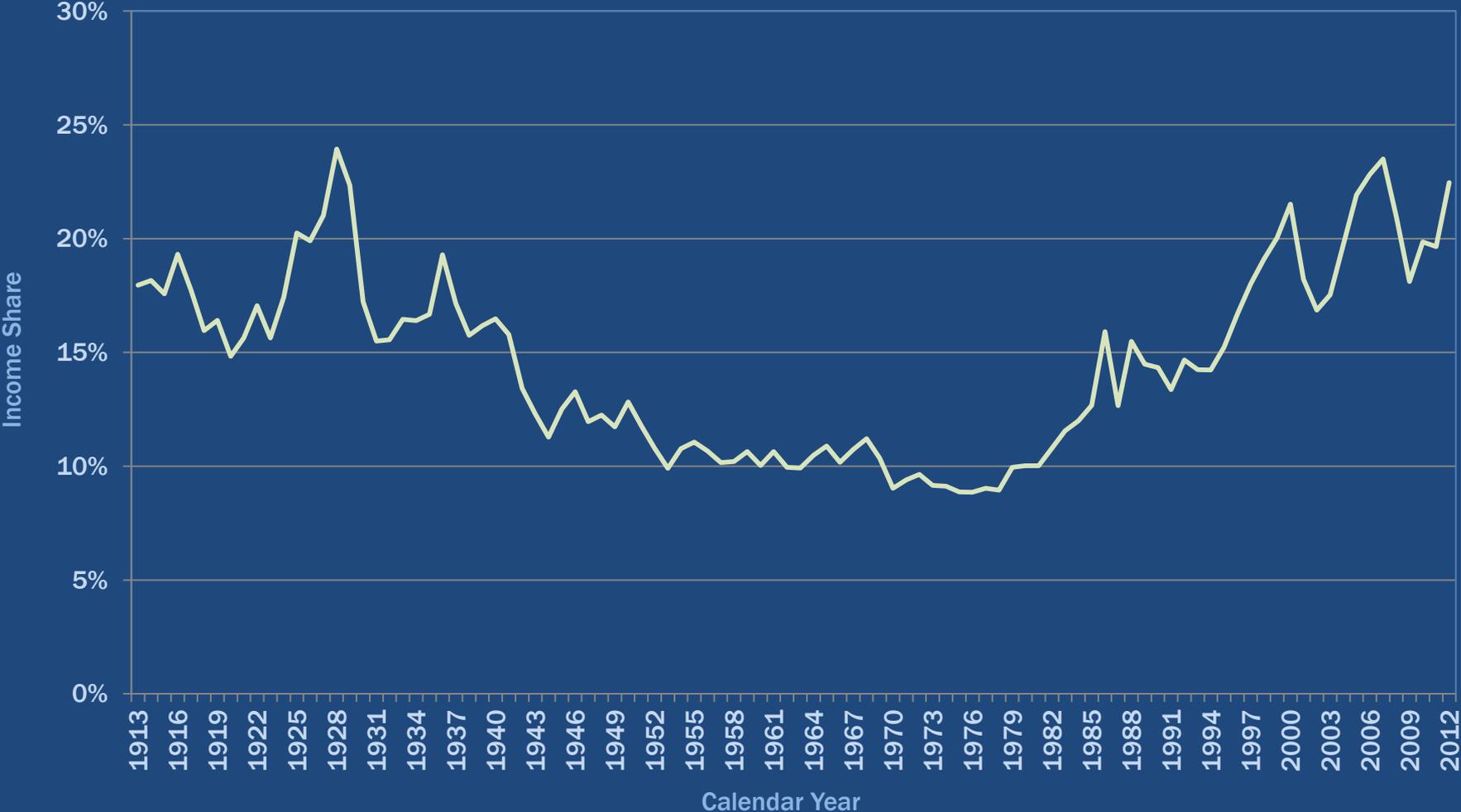
Percentage Change from Peak Employment Level Prior to the Recession (2012 Average Wage)



Source: New York State Department of Labor

Income Inequality in America Is at Levels Not Seen Since the Roaring Twenties

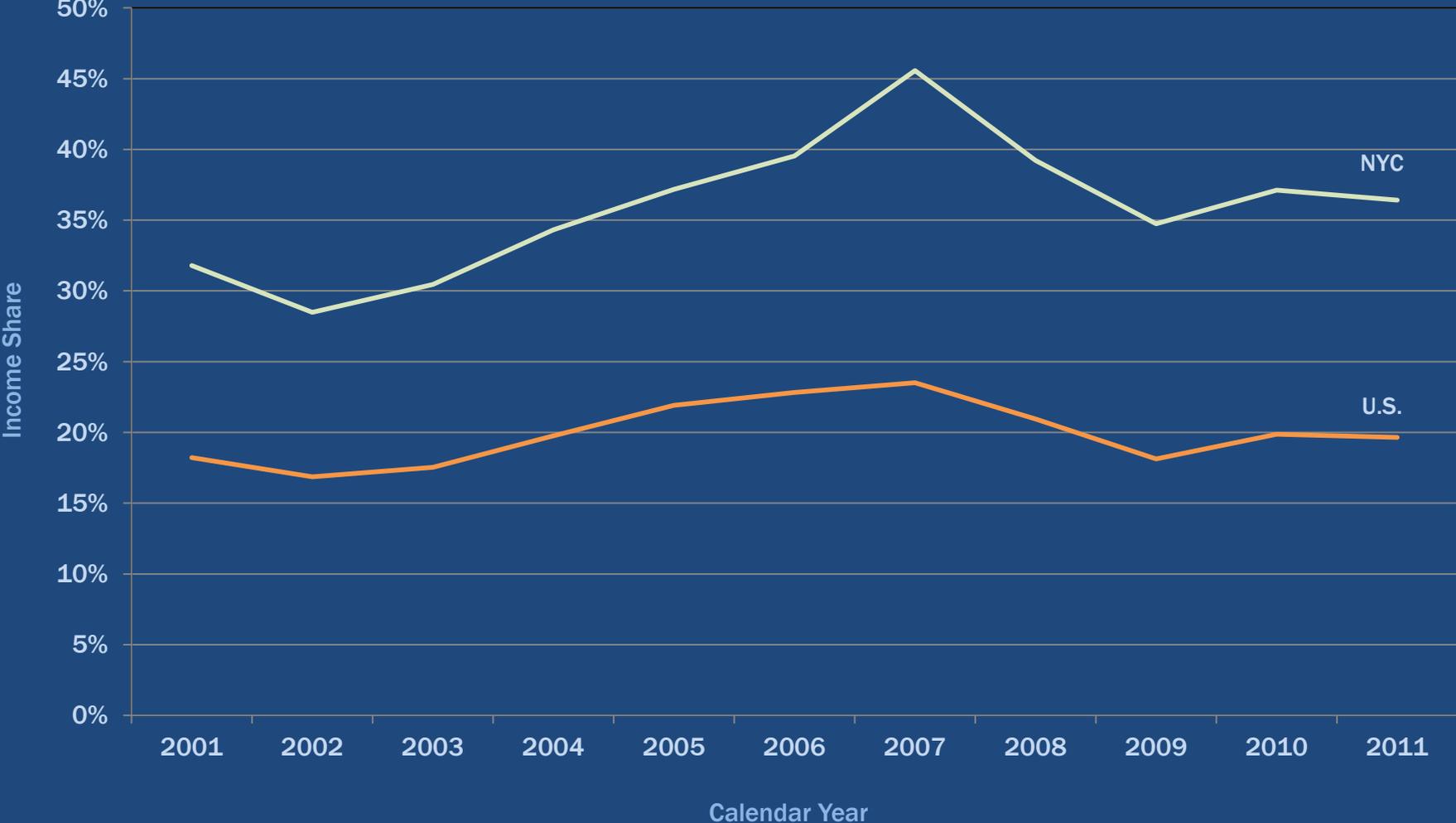
Income Share of Top 1% of Earners In the U.S.



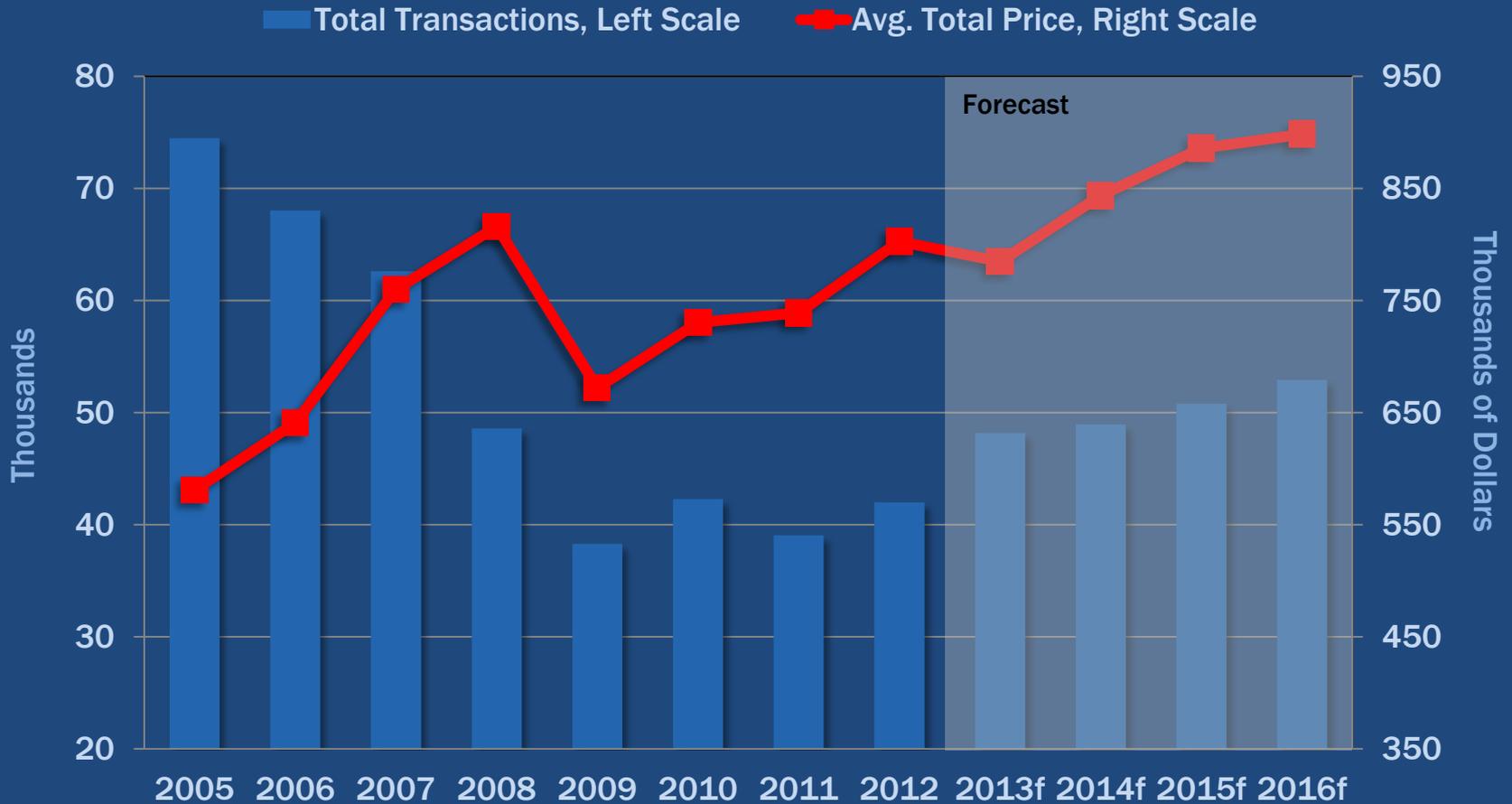
Source: Piketty and Saez, 2003 updated to 2012. Series based on pre-tax cash market income including realized capital gains and excluding government transfers. 2012 data based on preliminary statistics.

Income Inequality in New York City Is Even Worse than in the U.S. Overall

Income Share of Top 1% of Earners

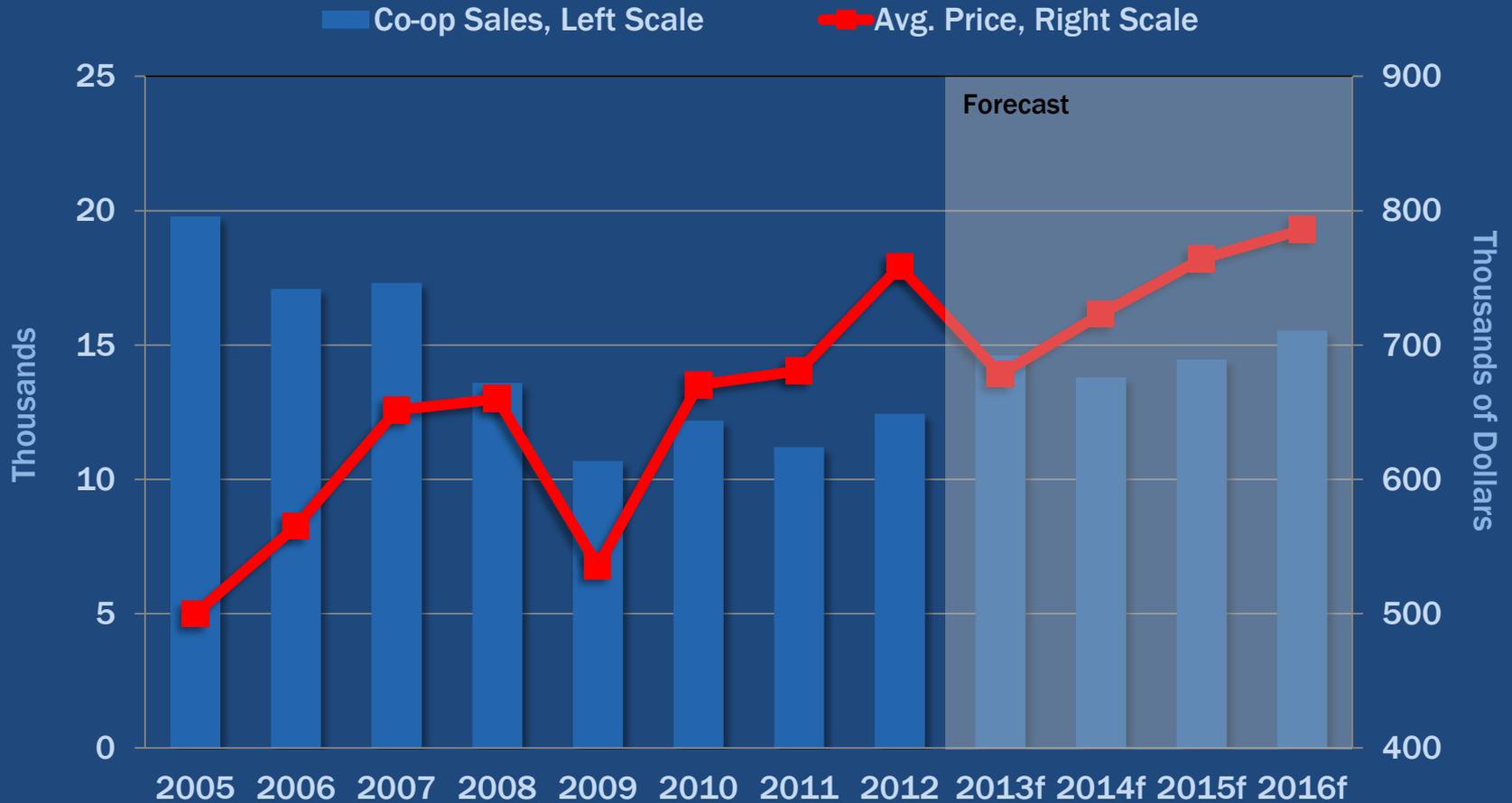


Housing Sales Volume Remains Subdued but Prices have Begun to Recover



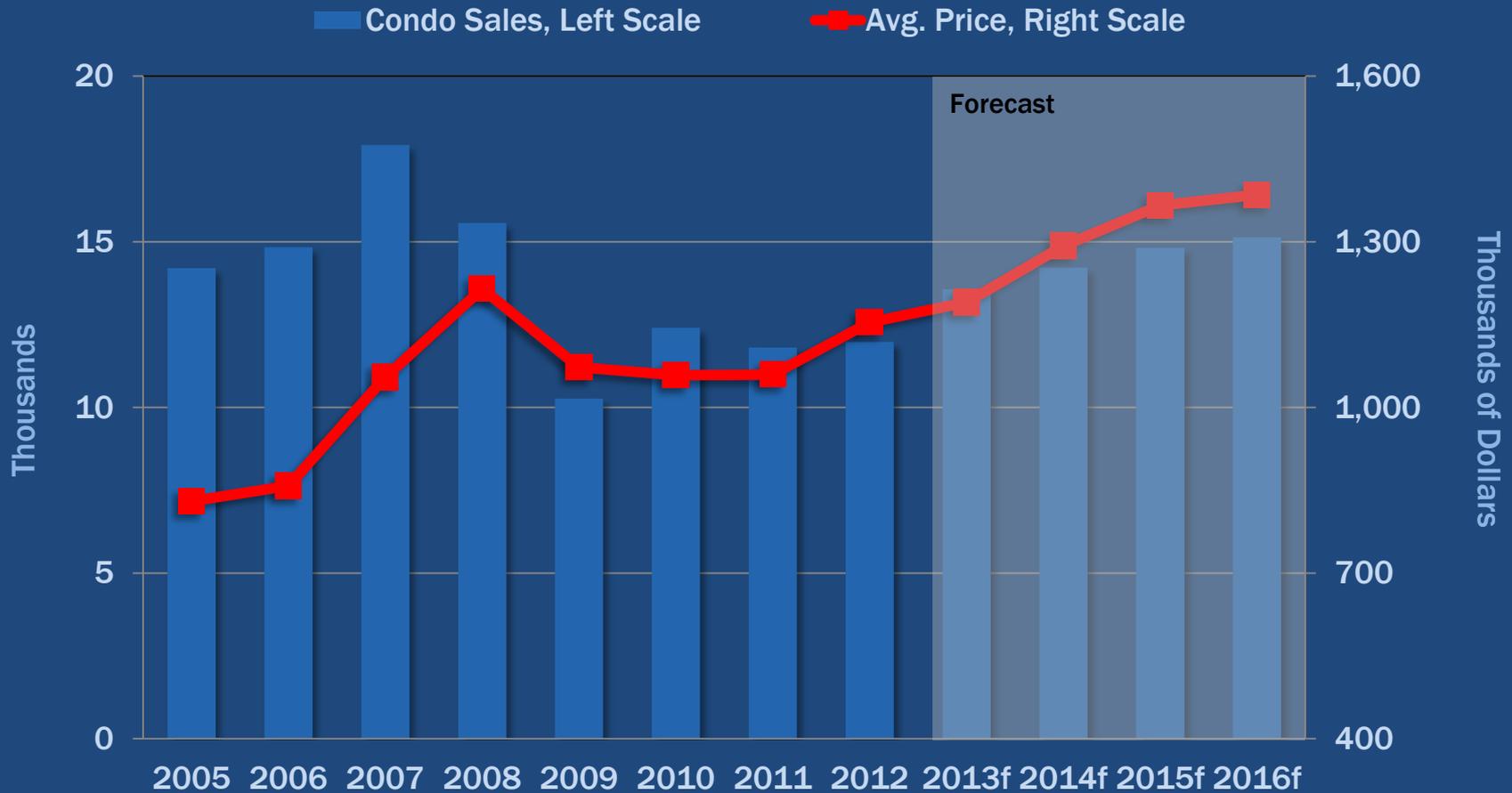
Source: NYC DOF, OMB. Transactions and prices reflect all residential property classes.

Sales of High-end Co-ops Pushed Average Prices to a New Peak in 2012. Volume has Not Returned to Pre-crisis Levels



Source: NYC DOF, OMB. Transactions and prices reflect co-op units.

Condo Prices have Nearly Recovered from the Slump, Driven by High-end Sales. However, Volume Still Remains Below Peak Levels



Source: NYC DOF, OMB. Transactions and prices reflect condo units.

New York City Technology Industry

The technology industry has added about *10,000 jobs* since 2009.

The *average wage* has grown nearly *17 percent* over the same period.

In 2013, the technology sector's average wage of \$119,000 was *42% higher* than the average private sector wage (\$84,000).

College Readiness

“The [New York State test] data show that only one in four New York City students who started high school in 2009 and graduated in 2013 performed well enough on the Regents exams to meet the state definition of college readiness.”

*- New York Times Editorial Board
January 26, 2014*

School Aid: NYS Has Not Kept Up With Its Obligations to Fund New York City Schools

There is a *\$2.7 billion gap* per year between the current level of State aid and the funding levels agreed-upon following the Campaign for Fiscal Equity lawsuit.

We are asking the State for additional school aid dollars to fund improvements to New York City public schools, including:

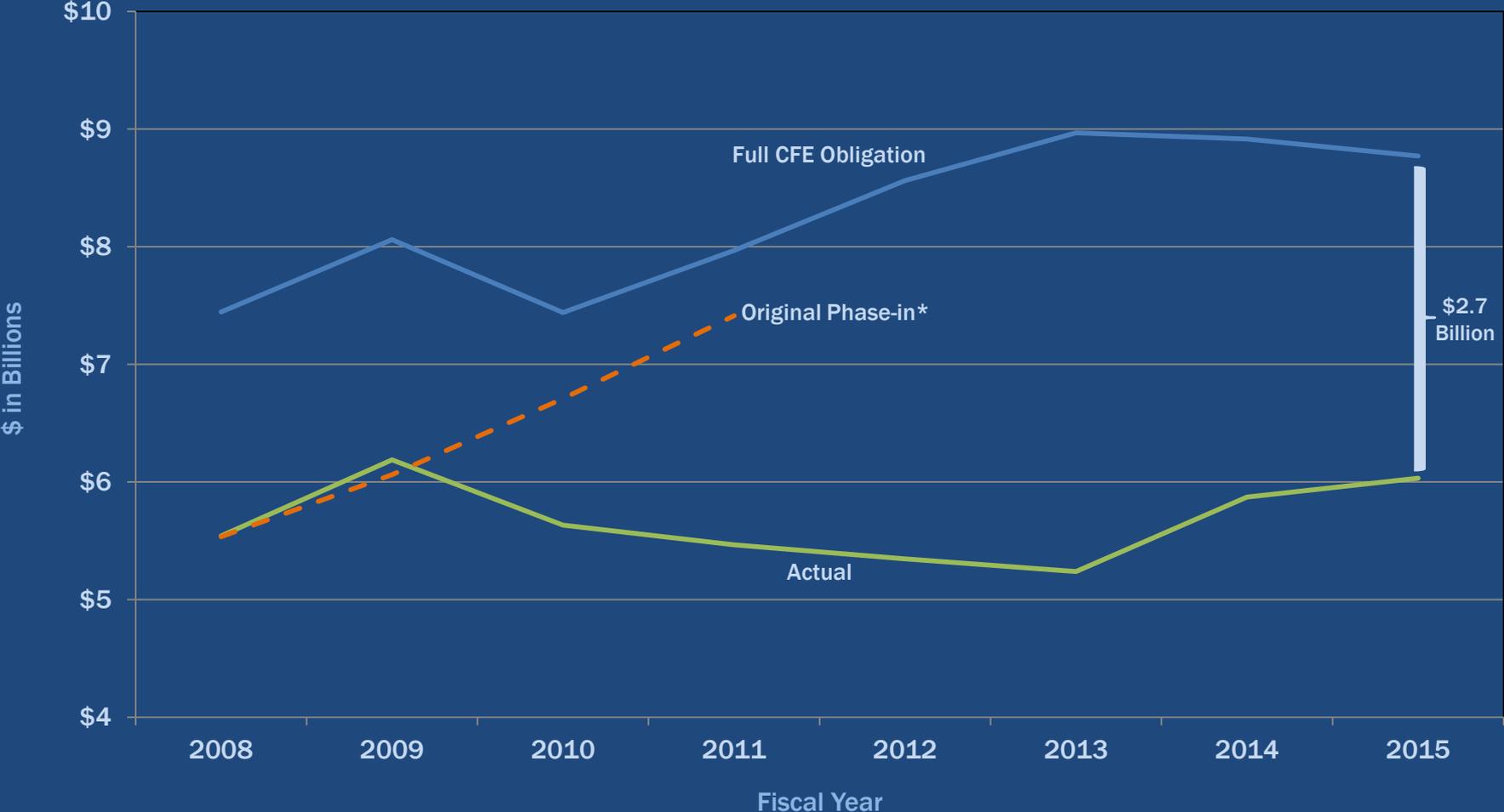
Reduced Class-Size and Additional Teacher Supports in Early Grade Elementary Common Core Academic Intervention

“Raising the Floor” to increase Funding Equity Across Schools

School Aid: Following the Campaign for Fiscal Equity Settlement, NYS Walked Away from the Phase-in of Additional Education Aid

In FY 2015, the CFE Shortfall Will Be \$2.7 Billion

NYC Foundation Aid Since Campaign for Fiscal Equity



*Original Phase-in per State FY 2008 Budget

UPK Planning and Implementation Taskforce

UPK Provider Setting	Full-Day UPK (FD)	Half-Day UPK (HD)	Total
Public School	16,119 seats	7,552 seats	23,671 seats
DOE CBOs	3,364 seats	18,812 seats	22,176 seats
ACS CBOs (ELNYC)	N/A	12,681 seats	12,681 seats
Total	19,483 seats	39,045 seats	58,528 seats

**Counts are current as of 12/5/2013. Numbers may change with mid-year expansion (to be updated in February, 2014).*

New York City Needs A Dedicated Tax to Support Universal Pre-Kindergarten

Decades of academic research have proven that high-quality pre-kindergarten is among the most *effective* ways to reduce *economic inequality*.

The proceeds from the *proposed personal income tax* surcharge will be dedicated *solely* to the expansion and enhancement of New York City's pre-kindergarten and after-school programs. The City will place these funds in a "*lockbox*."

Filling the gap in full-day pre-K access *cannot wait* – the children we could potentially place in programs this September will not get another chance to have a pre-K experience that sets them up for *achievement* and increased *opportunities* later in life.

We owe it to our children to maximize the number of options to add each year, rather than set limitations driven by legislative sessions and budget processes far removed from the pressing needs of our city's children now.

The UPK/After-school Expansion Program Is a Centerpiece of the Financial Plan

Revenue Changes Include:

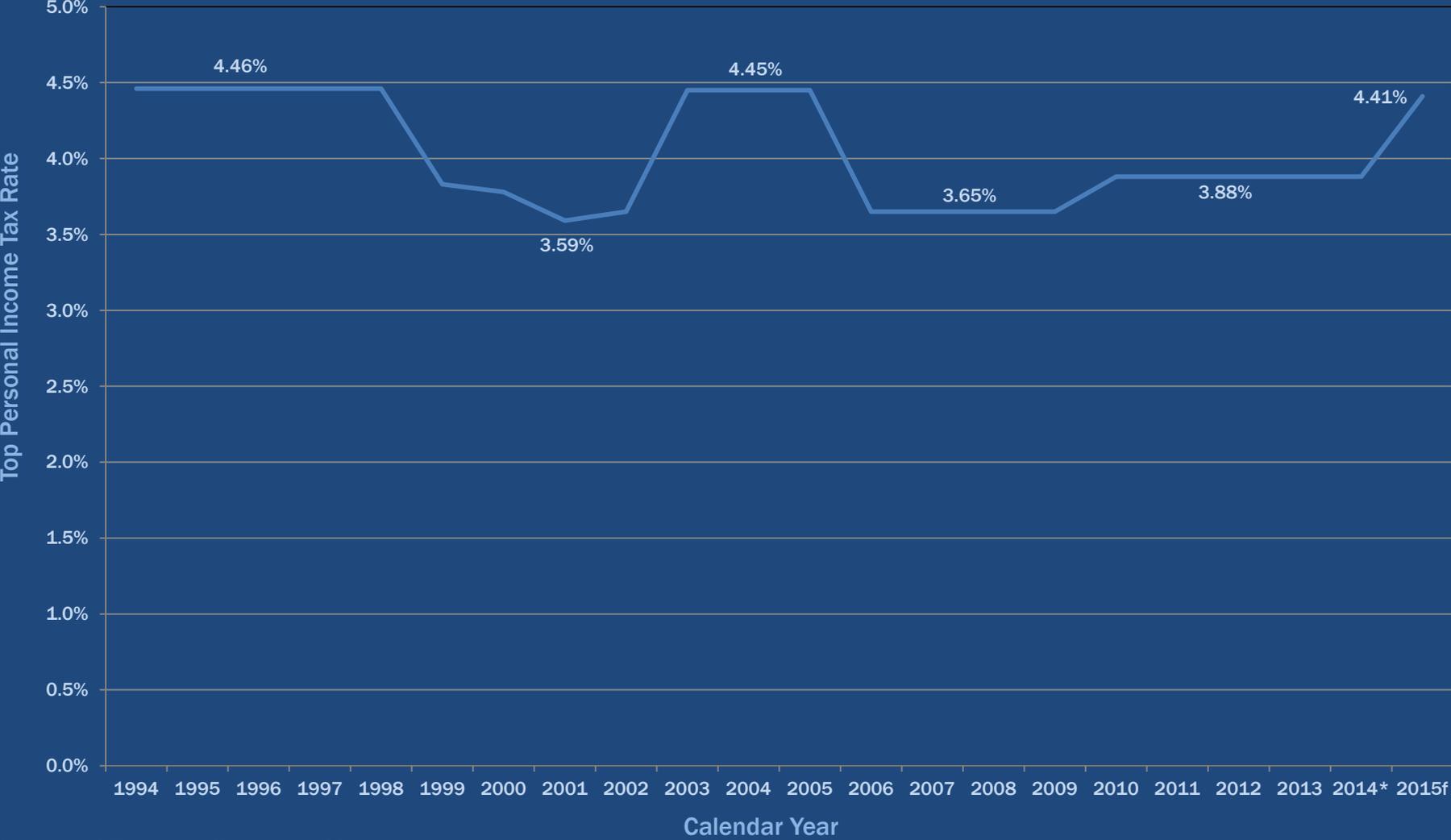
The FY 2015 Preliminary Budget includes an additional \$530 million in revenue from a 0.534% increase in the personal income tax rate for households earning more than \$500,000 per year.

This revenue will be dedicated to funding full-day Universal Pre-Kindergarten and After-School Programs beginning in FY 2015.

Expense Changes Include:

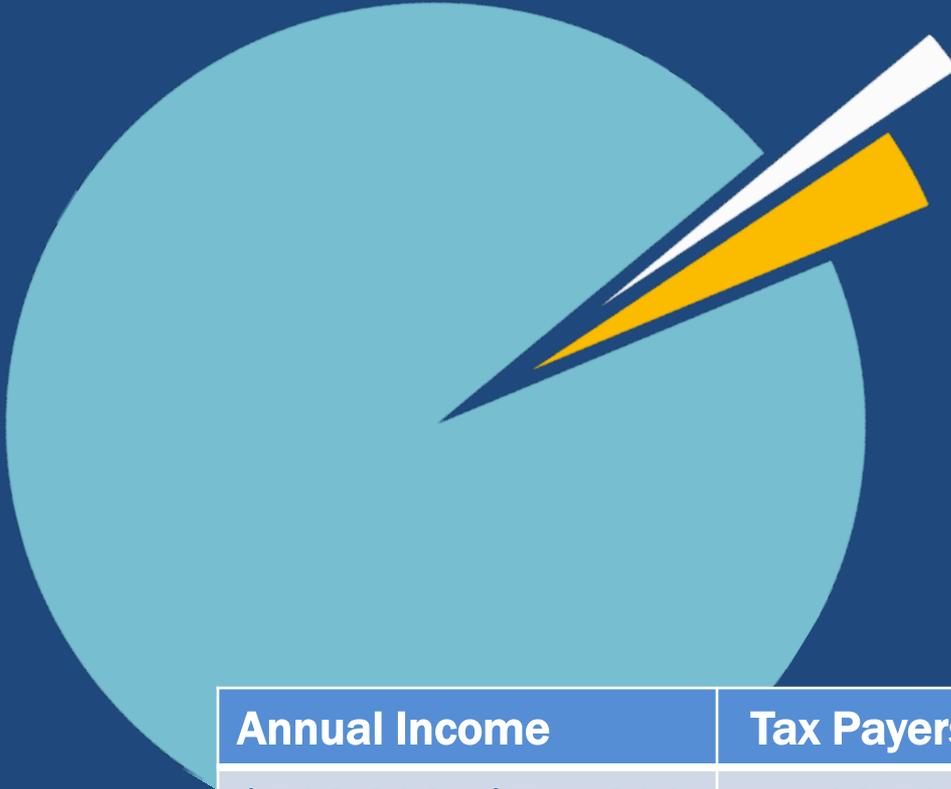
The FY 2015 Preliminary Budget provides \$530 million for Universal Pre-Kindergarten and After-School Programs.

Even With the Proposed Temporary Increase in the Personal Income Tax on the Wealthiest New Yorkers, Rates Would Still Be Below Maximum Rates in 1990s and 2000s



* Assumes PIT increase effective June 2014
f=forecast

Over 95% of the Increased PIT Revenue Will Be Paid by Taxpayers with Annual Incomes Greater Than \$1 Million



Annual Income	Tax Payers	FY 2015 Revenue	% Total Revenue
\$500,000 - \$749,000	18,718	\$9,000,000	1.7%
\$750,000 - \$999,999	8,796	\$16,000,000	3.1%
\$1,000,000+	22,691	\$505,000,000	95.2%
TOTAL	50,205	\$530,000,000	100%

Our Local Hospitals are Struggling – and Several Have Already Closed their Doors

Interfaith Medical Center, Downstate Medical Center, Long Island College Hospital, Brookdale Hospital, Brooklyn Hospital Center, St. Johns Hospital, Wyckoff Medical Center, and Kingsbrook Jewish Medical Center are in severe distress.

And the Hospitals below have closed in recent years:

Peninsula Hospital Center

St. Vincent's

Mary Immaculate

St. John's

Cabrini Medical Center

Parkway Hospital

Victory Memorial Hospital

St. Vincent's Midtown

St. Joseph's Hospital

St. Mary's Brooklyn Hospital

Beth Israel Medical Center Singer
Division

Our Lady of Mercy Medical Center

Florence D'Urso Pavilion

Brooklyn Hospital Center Caledonian
Division

Interfaith Medical Center Brooklyn
Jewish Division

Staten Island University Concord
Division

North General

Health Care: We Need the Medicaid Waiver from Washington, D.C. Now

New York State has requested a *waiver* from the Federal Government which would provide *\$10 billion* for healthcare statewide.

This waiver request has been *pending* in Washington, DC for over a year, and we cannot wait any longer. *Washington must act.*

These funds will be a *key element* in restructuring distressed local healthcare facilities and in maintaining HHC's ability to *serve all* New Yorkers.

HHC provides *comprehensive medical, mental health and substance abuse services* to NYC residents, regardless of their ability to pay. Medicaid clients and the uninsured drive *66%* of HHC's discharges, and HHC's share of Medicaid discharges among all NYS public hospitals is over *70%*.

New York City's Unmet Need for Sandy Recovery

Program Area	Estimated Total Need	Committed Funding	Pending Funding	Total Funding	Unmet Need
Housing	2,056	540	847	1,387	(669)
Public Housing	930	108	200	308	(622)
Business	266	293	(27)	266	0
Infrastructure and Other City Services	2,001	360	495	855	(1,146)
Resiliency	2,400	294	(60)	234	(2,166)
Planning/Admin	170	178	(8)	170	0
Total	7,818	1,773	1,447	3,220	(4,603)

The City's need for HUD funding is \$7.8 billion, but the federal government is only covering \$3.2 billion, leaving us with \$4.6 billion in unmet need.

Infrastructure and Housing are the most critical short-term needs.

Resiliency needs are about the protection and safety of the City long-term.

Recent Federal Cuts to New York City Have Been Damaging

Federal support for food stamps has been *reduced* for *1 million* New York City households in need.

The Sequester of Federal funding *reduced aid* to New York City including:

Federal spending on *Education* was cut \$63M in 2014

Federal aid for *Social Services and Health* was cut by \$5.6M in 2013 and \$32.3M in 2014

Federal funding for other areas, including *Housing and Criminal Justice*, was cut by \$7.8M in 2013 and \$35.9M in 2014.

All of the City's Approximately 150 Collective Bargaining Units are Unsettled

001 CHAPLAINS	DC37	109 DOCKBUILDERS NY DISTRICT COUNCIL	UBCJ	167 MASONS HELPERS	IBT L237
003 L371 SSEU-SOCIAL SERVICE TITLES	DC37	110 CARPENTERS NY DISTRICT COUNCIL	UBCJ	169 LIBRARY CUSTODIANS	DC37
004 L375 CSTG ENGINEERS	DC37	111 MARINE TITLES, L333 UNITED MARINE DIV., ILA	UMD	170 LIBRARIAN TITLES	DC37
009 ENVIRONMENTAL POLICE OFFICERS	LEEBA	115 L806 - BRIDGE PAINTERS	SEIU	171 CULTURALS	DC37
013 L30 - SENIOR STATIONARY ENGINEERS	IUOE	116 L15, 30 - OILERS	IUOE	172 SEASONAL TITLES	DC37
018 HEARING OFFICERS (PER SESSION)	UFT	117 L15, 30, 246 - TRACTOR OPERATORS	IUOE/SEIU	180 STAFF ANALYSTS	OSA
019 CSBA - ATTORNEYS	IBT L237	118 L1 - PLUMBERS	PLUMBERS	181 L5 - METAL WORK MECHANICS	LOCAL5
020 L1181 - ASSOC. TRAFFIC ENFORCEMENT	CWA	119 L638 - STEAMFITTERS	STEAMFIT	182 L3 - SUPERVISOR OF MECHANICS	IBEW
021 COUNCIL OF INTERNS & RESIDENTS	CIR	120 L14, L15 - ROLLER ENGINEERS	IUOE	183 ADMINISTRATORS - SCHOOL SAFETY & TRAFFIC	OSA
022 L1182 - TRAFFIC ENFORCEMENT AGENT	CWA	121 INSTITUTIONAL TITLES	IBT L237	400 PRINCIPALS	CSA
023 L1180 - PRINCIPAL ADMIN. ASSOC.	CWA	122 FIRE ALARM DISPATCH. BENEV. ASSOC.	FADBA	401 TEACHERS	UFT
024 LOCAL 1183 - BOARD OF ELECTIONS	CWA	123 L144 - HOSPITAL TECHNICIANS	D1199	403 DOE UNIQUE TITLES	OTHER
031 L1 - PIPE CAULKERS	PLUMBERS	124 L420 - HOSPITAL TECHNICIANS	DC37	407 DOE SCHOOL LUNCH MANAGERS	IBT
033 L246 - SIGN PAINTERS	SEIU	125 HOSPITAL TECHNICIANS	IBT L237	408 DOE SCHOOL LUNCH EMPLOYEES	DC37
035 DOCTOR'S COUNCIL	DRSC	126 HIGHWAY REPAIRERS	DC37	409 DOE SCHOOL GUARDS	IBT L237
037 GLAZIERS	DC9	SUPERVISOR HIGHWAY REPAIRERS		411 DOE FILM INSP. ASSISTANTS	DC37
039 L306 - AUDIOVISUAL AIDE TECHNICIANS	IATSE	127 INSTITUTIONAL SERVICE TITLES	DC37	412 DOE GENERAL SERVICE EMPLOYEES	DC37
042 L1969 - PAINTERS	DC9	128 CLERICAL TITLES	DC37	413 DOE SCHOOL AIDES	DC37
044 L5 - BOILERMAKERS	LOCAL5	129 ACCOUNTING AND ENP TITLES	DC37	414 DOE DISTRICT BUSINESS MANAGERS	CWA
045 L3 - ELECTRICAL INSPECTORS	IBEW	130 HEALTH SERVICE TITLES	DC37	421 DOE PARAPROFESSIONAL-CLASSROOM	UFT
046 BRIDGE REPAIRER AND RIVETERS	L40 IRON	131 SUPERVISORY MAINT. TITLES	DC37	422 NON-PEDAGOGICAL - 10/12 MONTHS	UFT
047 SPECIAL OFFICERS	IBT L237	132 NON-SUPERVISORY MAINT. TITLES	DC37	423 DOE PARAPROFESSIONAL-FAMILY WORKERS	DC37
048 L15 - WELDERS	IUOE	133 REAL ESTATE TITLES	DC37	424 DOE T-BANK PER DIEM	UFT
050 L30 - STATIONARY ENGINEERS	IUOE	134 MOTOR VEHICLE OPERATORS	DC37	425 DOE T-BANK CUSTODIANS	IUOE
053 L211 - BUILD. AND CONSTR INSPECTORS	ABI	135 EMS CHIEFS	EMS-SOA	426 DOE T-BANK HOURLY PROFESSIONALS	CSA
056 INSPECTORS (HIGHWAYS AND SEWERS)	PRBDC	136 L14 - CRANE OPERATORS	IUOE	427 DOE T-BANK HOURLY PROFESSIONALS	UFT
057 L3 - SENIOR STATION. ENGINEER (ELEC.)	IBEW	137 L2507/L3621 - EMS	DC37	428 DOE SUPERVISOR OF SCHOOL SAFETY	UFT
061 LICENSED FERRY BOAT TITLES	MEBA	138 SLUDGE BOAT TITLES	DC37	429 MENTAL HEALTH WORKERS	UFT
062 RADIO AND TELEVISION TITLES	DC37	142 PUBLIC INFO. AND HEALTH EDUCATION	IBT L237	430 EDUCATION ANALYST	UFT
065 LPN - LICENSED PRACTICAL NURSES	D1199	143 L246 - RUBBER TIRE REPAIRERS	SEIU	498 DOE NEIGHBORHOOD WORKERS	DC37
069 NYC DEPUTY SHERIFF'S ASSOCIATION	NYCDSA	144 L246 - SHEET METAL WORKERS	SEIU	499 PROFESSIONAL STAFF CONGRESS	PSC
070 L246 - CARRIAGE UPHOLSTERERS	SEIU	145 ELEVATOR MECHANICS	IBT L237	500 INSTRUCTIONAL STAFF; EXEC. PAY PLAN	OJ
071 L3 - STATION. ENGINEERS (ELECTRIC)	IBEW	146 PLASTERERS	IBT L237	501 FULL TIME	Uce of FIT
072 JOB TRAINING PARTICIPANTS	DC37	147 MAINTENANCE WORKERS	IBT L237	179 HOUSING AUTHORITY - IBT UNIKUES	IBT L237
073 L3 - ELECTRICIANS	IBEW	149 HORSESHOERS	IBT L237	011 ASST. DEP. WARDENS	ADWA
075 STAFF NURSE	NYSNA	150 IBT - CEMENT MASONS	IBT L237	017 CAPTAINS	CEA
076 STAFF NURSE	UFT	151 IBT - BRICKLAYERS	IBT L237	025 CAPTAINS	CCA
081 DETECTIVE INVESTIGATORS	PBA-DA	152 L924 - CITY LABORERS	DC37	027 C. OFFICERS	COBA
083 COMMUNICATION ELECTRICIANS	IBEW	L924 - CONSTRUCTION LABORERS		029 DETECTIVES	DEA
087 D1199 - PHARMACISTS AND DIETITIANS	D1199	L924 - LABORERS		041 FIREFIGHTERS	UFA
089 SCHOOL CROSSING GUARDS	DC37	153 RADIO REPAIR MECHANICS	DC37	043 FIRE OFFICERS	UFOA
093 L144 - MICROBIOLOGISTS	D1199	155 L1795 - HIGH PRESSURE PLANT TENDERS	DC37	049 SANITATION WORKERS	USA
095 L246 - AUTO MECHANICS	SEIU	156 PRESS OPERATOR (CYLINDER PRESS)	DC37	059 LIEUTENANTS	LBA
096 L246 - AUTOMOTIVE SERVICE WORKERS	SEIU	158 FURNITURE MAINTAINERS	DC37	068 FIREBOAT	UFA
097 L300 - BUYERS	SEIU	159 L1320 - SEWAGE TREATMENT WORKERS	DC37	079 POLICE OFFICERS	PBA
101 RIGGERS NY DISTRICT COUNCIL	UBCJ	160 LOCKSMITHS	DC37	091 SERGEANTS	SBA
103 CAULKERS, SHIP CARPENTERS	UBCJ	161 IBT - ROOFERS	IBT L237	098 WIPERS	UFA
105 PROBATION OFFICERS UNITED ASSOC.	UPOA	162 L621 - SUPERVISOR OF MECHANICS (M.E.)	SEIU	099 SANITATION OFFICERS	SOA
108 INSTITUTIONAL TITLES	IBT L237	163 L5 - BLACKSMITHS	LOCAL5	100 SANITATION CHIEFS	USCA
		164 DOOR CHECK REPAIRERS	SEIU		
		165 COMPOSITORS (JOB)	DC37		
		166 CLOCK REPAIRERS	DC37		

Before Mayor de Blasio, Previous Mayors Took Office with Some Major Contracts Already Settled

2002: Mike Bloomberg

DC37 Already Settled

1994: Rudy Giuliani

DC37 and UFT Already Settled

1990: David Dinkins

PBA, DC37, and UFT Already Settled

1978: Ed Koch

DC37, UFT, and PBA Already Settled

1974: Abe Beame

PBA and UFT Already Settled

These Unsettled Contracts Have Been Expired For a Long Time

Expired Since 2008:

School Custodians – Local 891

Expired Since 2009:

Teachers, Health Care Workers – UFT, Local 1199

Expired Since 2010:

Nurses & Principals – NYSNA, CSA

Weather: Additional Costs from Winter Weather Have Been Recognized in the Budget

The Department of Sanitation will have all the resources it needs to ensure our streets remain clear and safe throughout the Winter.

The previous plan budgeted \$57 million for the Department of Sanitation to respond to snow and winter storms.

We have increased that allocation by \$35 million, which will cover the costs to date as well as our expected costs for the rest of the season.

The Budget Launches A Progressive Agenda to Address the Tale of Two Cities

In addition to Universal Pre-Kindergarten & After-School Programs, the FY 2015 Preliminary Budget begins to fund our priorities as follows:

Implements and enforces Paid Sick Leave

Working with the Governor, we will cap the rent contribution for HIV/AIDS supportive housing clients

Working with the Governor to develop a pilot homeless prevention program

Increases funding for programs for Runaway and Homeless Youth

Starts development of municipal IDs for city residents

We are eliminating certain cuts imposed by the last administration that do not reflect our values, totaling \$93 million in FY 2014 and \$72 million in FY 2015

Creates an independent NYPD Inspector General

NYCHA Will No Longer Pay the NYPD for Police Services in FY 2014

NYCHA has been paying the NYPD approximately \$70 million annually for police services at NYCHA facilities.

The Preliminary Budget relieves NYCHA of the remaining \$52.5 million that would otherwise be owed to the NYPD in FY 2014.

In order to keep the NYPD budget whole, the Preliminary Budget also provides the NYPD with an additional \$52.5 million of City funds.

NYCHA will use these additional resources as follows:

- To reduce the level of outstanding work orders by 33%

- To significantly reduce response times for basic maintenance orders and skilled trade orders

- To create an independent inspection unit

Long-term Costs: Supporting the Retiree Health Benefits Trust Fund

The Retiree Health Benefits Trust Fund was established in FY 2006.

The Trust pays for the cost of retiree health benefits including health insurance, welfare funds, and Medicare Part B reimbursement.

The November Financial Plan assumed that the Trust would pay \$1 billion of retiree health benefits costs in FY 2014 rather than the City, reducing our resources for later years.

The Preliminary Budget reverses the November Plan assumption – it is the fiscally prudent thing to do.

The Financial Plan Begins to End the “Budget Dance” of Prior Years

Restores funding for fire companies added back each of the past five years.

Restores funding for elected officials added back each of the past ten years.