



# **THE FY 2019 PRELIMINARY BUDGET**

**MAKING NEW YORK  
THE FAIREST BIG CITY IN AMERICA**

# Making New York the Fairest Big City in America

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- **Give More Kids the Start Only Some Families Can Afford**
- **Keep New Yorkers in the Neighborhoods They Built**
- **Reverse the Decades-Long Neglect of New Yorkers in Public Housing**
- **Heal Past Wounds and Build Trust Between Police and Community Through Transparency**
- **Care For More New Yorkers Too Often Left Behind**

**The FY 2019 Preliminary Budget is \$88.67 Billion**

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**The \$750 million added to FY18 and  
FY19 since the November Plan is offset  
by savings**

# Overall Growth Since Adoption

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Since last year's Adopted Budget, majority of growth in the FY19 Budget stems from previous commitments:

- **Equity and Excellence and special education investments in our schools**
- **Financing for our large capital projects, like new schools and affordable housing**
- **Fair payments and benefits for our workforce**

# Overall Growth Since Adoption

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## How we pay for it:

- Savings
- Reserves
- Increased Revenue – partly due to audits
  - We are making corporations pay their fair share

# **FOUR YEARS OF STRONG FISCAL MANAGEMENT**



# Savings

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- **\$900 million in savings** across FY18 and FY19 in the Preliminary Budget
- This is in addition to **\$1.3 billion in healthcare savings in FY18, FY19** and every year after
- Including Adoption, we have saved **approximately \$300 million across FY18 and FY19** from a partial hiring freeze

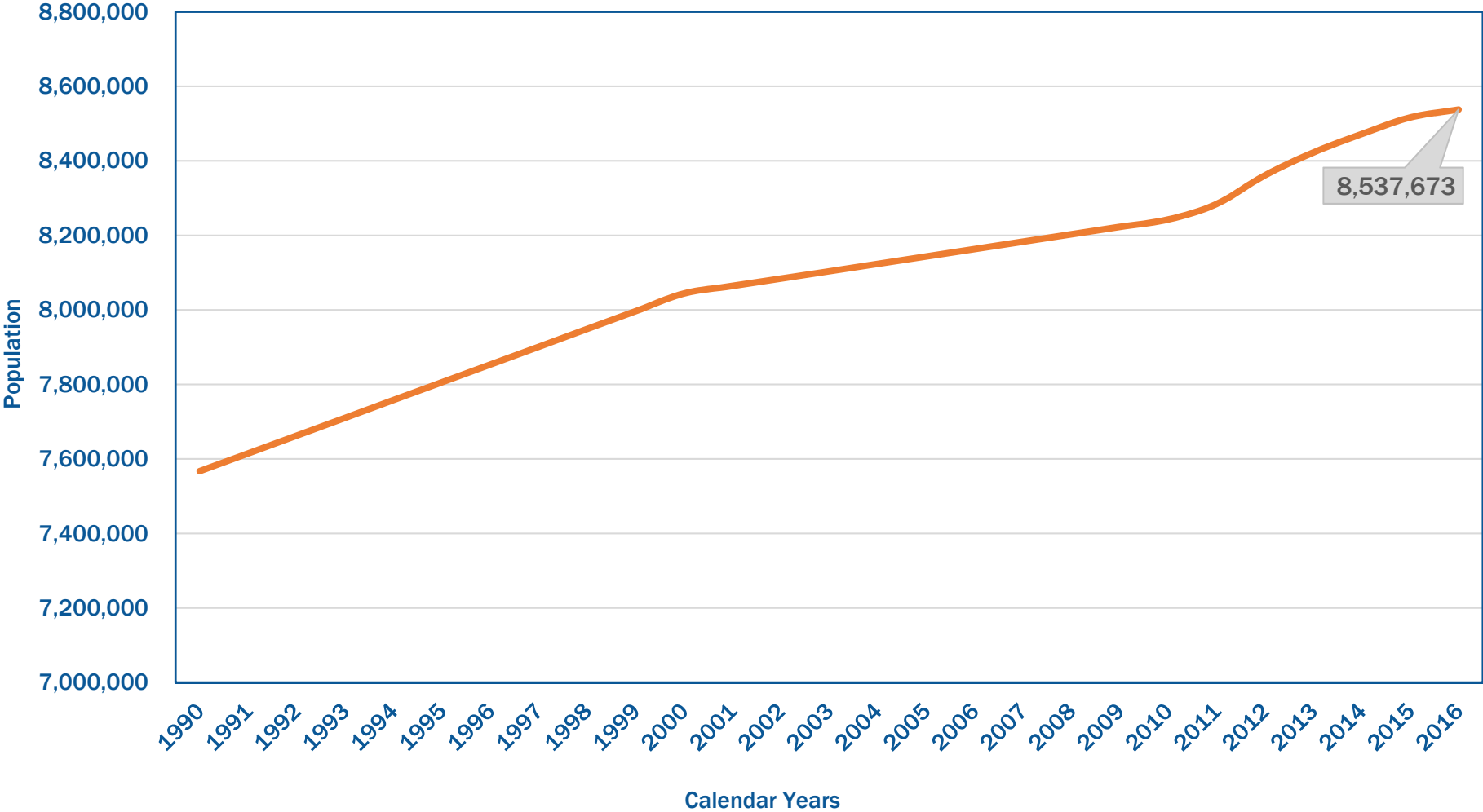
# Reserves

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- **General Reserve: \$1 billion a year over four years**
- **Capital Stabilization Reserve: \$250 million a year over four years**
  - This reserve was first created by this administration
- **Retiree Health Benefits Trust Fund: \$4.25 billion**
  - \$3.5 billion added as a result of actions taken by this administration

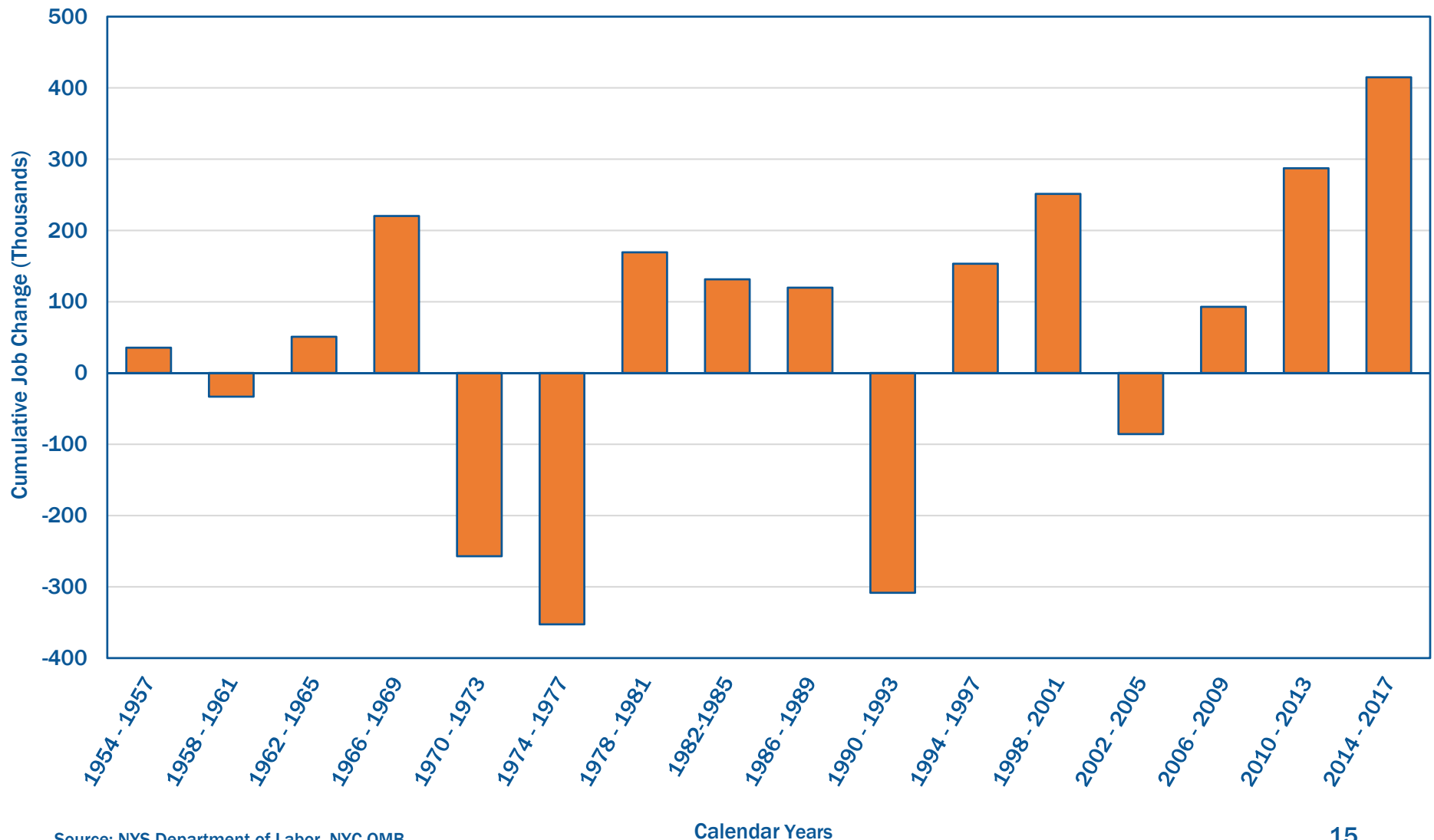
# **NEW YORK CITY'S RESILIENT ECONOMY**

# New York City's Population Continues to Grow



Source: U.S. Census Bureau, NYC Department of City Planning.

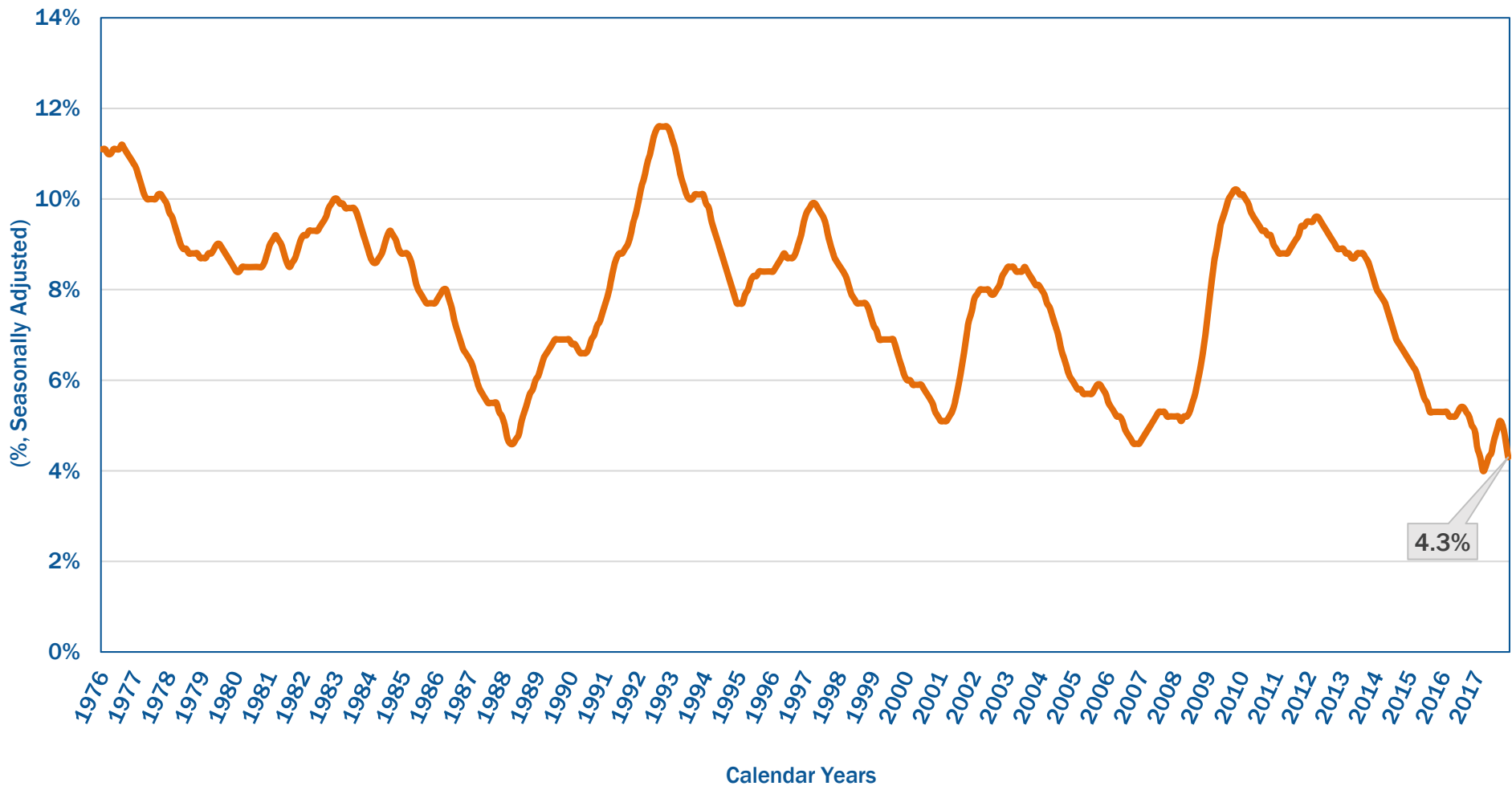
# New York City Added 415,000 Jobs in the Last Four Years – More Gains in One Term Than Any Other Administration



Source: NYS Department of Labor, NYC OMB.

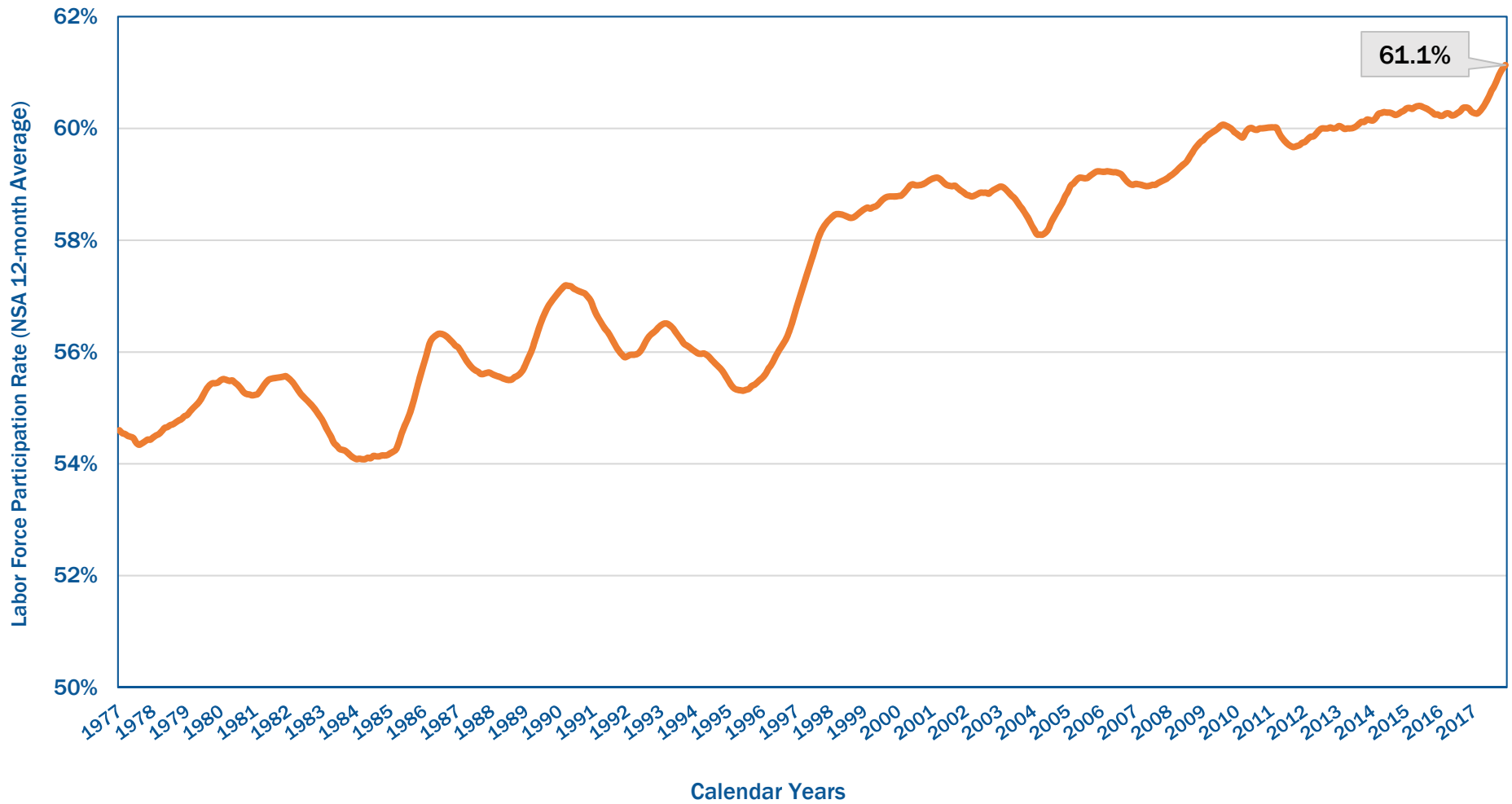
Calendar Years

# NYC Unemployment Rates Remained Near Historic Lows in 2017



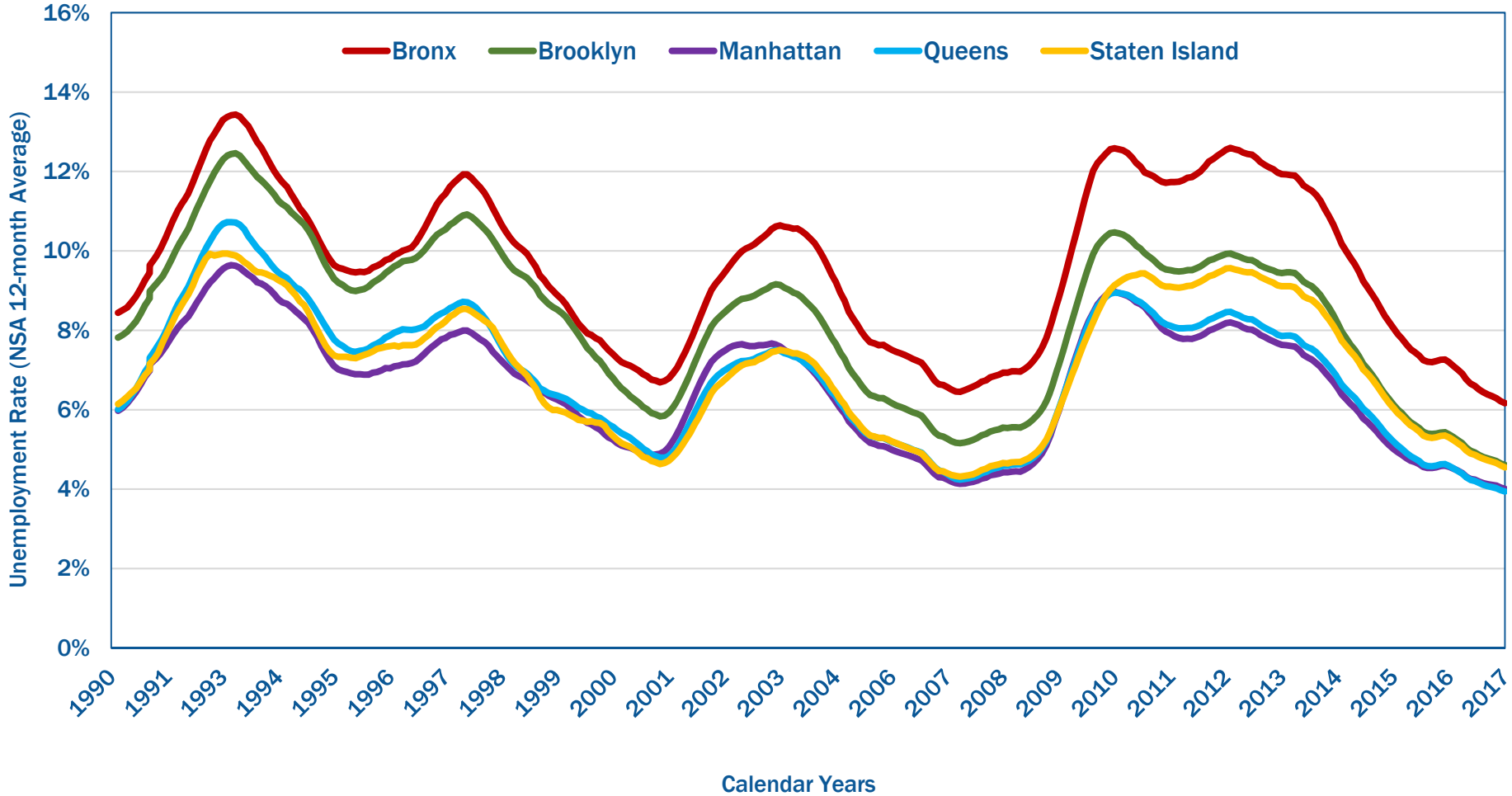
Source: NY State Department of Labor.

# The Percentage of New Yorkers in the Labor Force is at Historic Highs



Source: NYS Department of Labor, NYC OMB.

# Borough-Level Unemployment Rates Remained Near Historic Lows in 2017

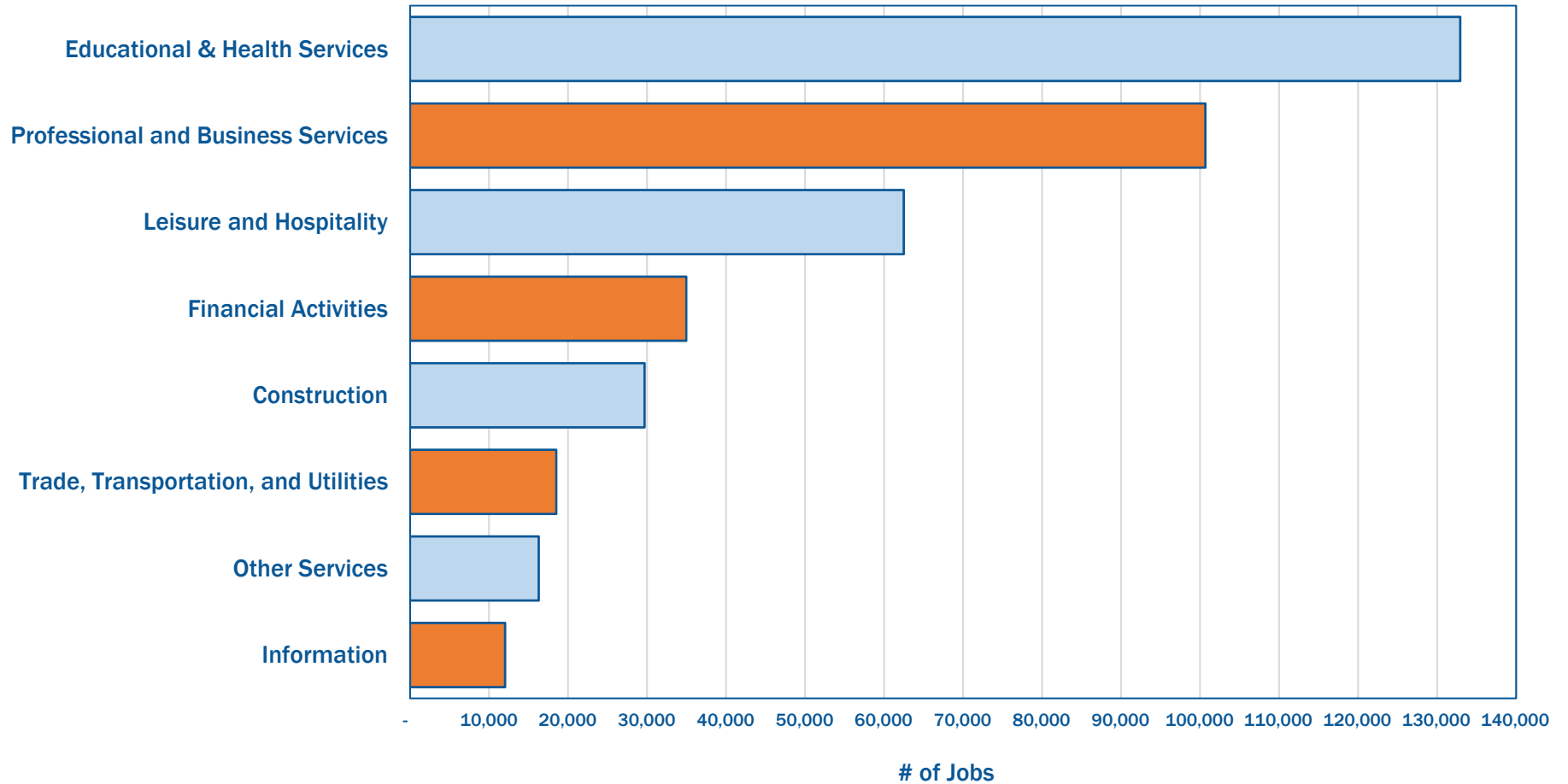


Source: NYS Department of Labor, NYC OMB.



# Diversifying Job Growth Across Many Industries

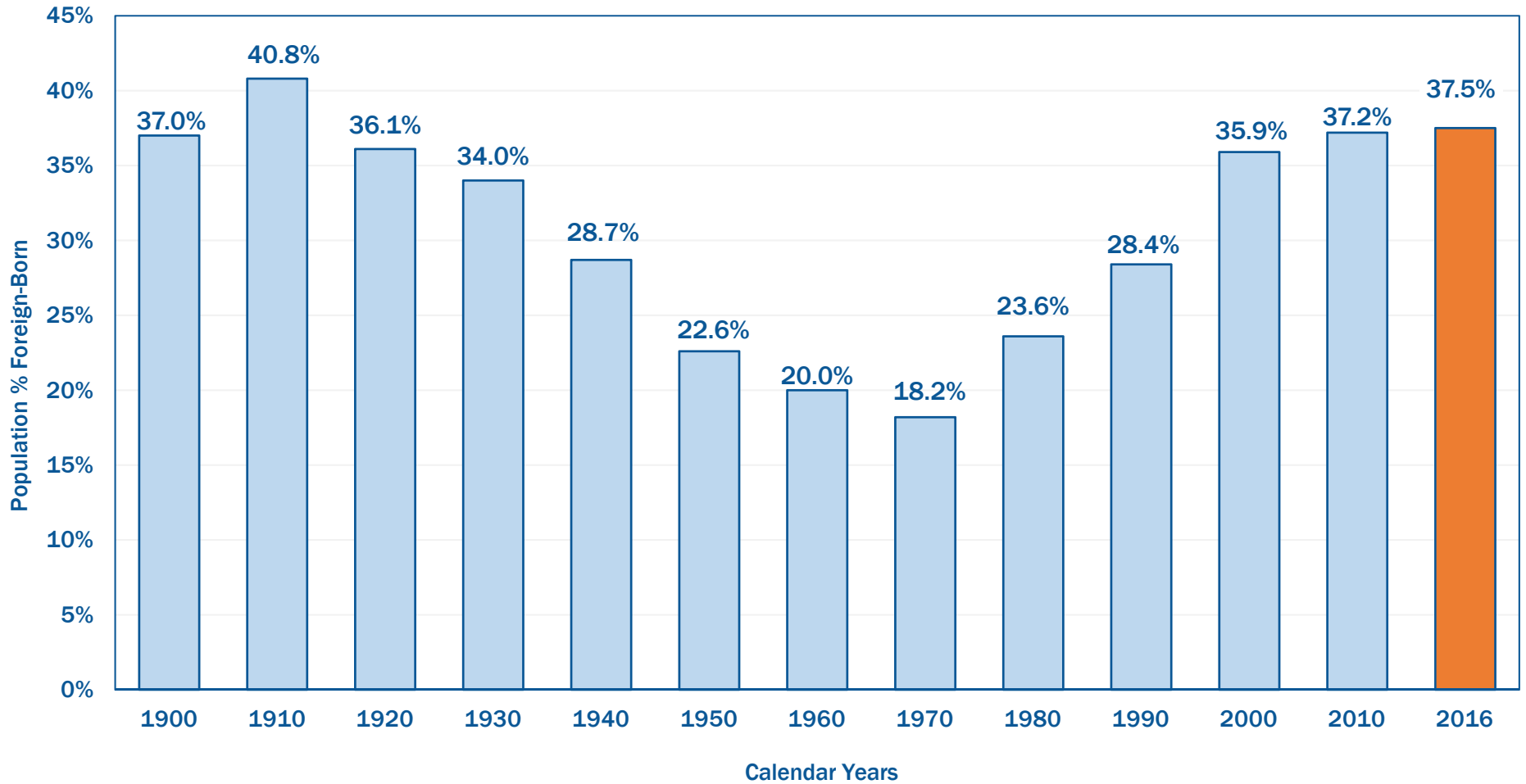
2014 - 2017 Job Gains



Source: NYS Department of Labor, NYC OMB.

# Immigrant Population is at the Highest Level in More than a Century

Proportion of NYC's Foreign-born Population



Source: U.S. Census Bureau, NYC Department of City Planning.

# Immigrants Underpin Our Economic Success

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- **55%** of NYC business owners are immigrants
- Foreign-born workers make up **45%** of NYC's labor force, up from **31%** in 1990
- Foreign-born households earned \$96 billion in 2016 – **39%** of NYC's total household earnings

# ON THE HORIZON

# Risks from Washington

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Unless Washington acts, impact of Federal policies on FY19 Budget could reach \$700 million

- H+H (Disproportionate Share Hospital payments): \$400 million expense annually
- Devalues low-income housing tax credit: \$200 million capital annually
- Eliminates tax-exempt advance refunding: \$100 million expense annually

## Other Risks:

- **Trump Tax Law also hurts New Yorkers' bottom lines**
  - Caps SALT deduction
  - Threatens healthcare
- **Potential Trump Budget Cuts**

# Risks from Albany

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**Total potential risks from Albany: over \$750 million**

- **The Executive Budget cuts or shifts \$400 million in FY19 for vital programs that serve New Yorkers:**
  - **\$144 million in charter school costs**
  - **\$129 million to child welfare services (NYC-only cut)**
  - **\$65 million to special education**
  - **\$31 million to juvenile justice programs (NYC-only cut)**
  - **\$9 million in rental subsidies for working families in shelters**
- **School Aid not funded at historical levels**

# **STRATEGIC INVESTMENTS**

**GIVE MORE KIDS THE START ONLY  
SOME FAMILIES CAN AFFORD**



# Give More Kids the Start Only Some Families Can Afford

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- **Expand 3-K for All by:**
  - Increasing the number of new districts opening this fall and next, from 2 to 4 in both years
  - Creating **3,166 new seats**, bringing the City's total commitment to **14,879 seats** in 12 districts
- **Capital investment to support **432 new Pre-K for All seats** in Corona and Upper East Side**
  - 252 seats will become available in September 2018

**KEEP NEW YORKERS IN THE  
NEIGHBORHOODS THEY BUILT**

# Keep New Yorkers in the Neighborhoods They Built

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- Invest **\$5.7 million** in the Basement Apartment Program to:
  - Pilot the creation of safe, legal basement apartments
  - Subsidize basement conversion financing
  - Program will begin in February 2018 in East New York
- Invest **\$1.5 million** to match 500 seniors in FY19 with screened roommates starting this July. Within five years, we will have matched up to 4,000 seniors

# Keep New Yorkers in the Neighborhoods They Built

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- Invest **\$7 million** to enforce “Stand for Tenant Safety” legislation, which protects tenants from harassment and hazardous or illegal construction
  - The laws will go into effect mid-February

**REVERSE THE DECADES-LONG NEGLECT OF  
NEW YORKERS IN PUBLIC HOUSING**

# Reverse the Decades-Long Neglect of New Yorkers in Public Housing

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- This administration has made an unprecedented commitment to NYCHA:
  - **\$1.9 billion in capital from FY14 to FY27**, includes fixing roofs, facades, and security
  - **\$1.6 billion in expense from FY14 to FY22**, includes operating support

# Reverse the Decades-Long Neglect of New Yorkers in Public Housing

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- Invest an additional **\$200 million** in capital to upgrade heating systems at **20 NYCHA** developments with the greatest need over the next three years
  - This will improve conditions in **19,469** apartments
- Invest **\$9 million in capital** and **nearly \$4 million in expense** for rapid response teams and mobile boilers to tackle heating emergencies

**HEAL PAST WOUNDS AND BUILD TRUST BETWEEN  
POLICE AND COMMUNITY THROUGH TRANSPARENCY**



# Heal Past Wounds and Build Trust Between Police and Community Through Transparency

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- Invest **\$12 million** to equip all **18,000** NYPD officers on patrol with body cameras
- NYPD officers will now have body cameras by the end of this year – one year ahead of schedule

**CARE FOR MORE NEW YORKERS TOO  
OFTEN LEFT BEHIND**

# Care For More New Yorkers Too Often Left Behind

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- Investing **\$6 million** to keep incarcerated women connected with their children
- Investing **\$4 million** to provide mental health screenings to people pending arraignment in Staten Island, the Bronx, Brooklyn, and Queens
- Investing over **\$1 million** to expedite mental competence exams for pre-trial defendants, reducing the jail population
- **Together, these will reduce average daily jail census by 159**

# Care For More New Yorkers Too Often Left Behind

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- Deepening our commitment to NYC SAFE, which supports individuals with untreated serious mental illness
- Invest **\$6 million** more in **NYC SAFE** to:
  - **Make** the mental health triage desk available 24/7
  - **Extend** coverage of social worker and NYPD officer teams, allowing them to respond to mental health-related calls 7 days a week
  - **Create** a team of social workers and peer specialists to respond to non-violent mental health crises

# REVENUE AND EXPENSE CHANGES

# Changes Since the November 2017 Financial Plan

## City Funds (\$ in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
<b>Gap to be Closed – November 2017 Financial Plan</b>	\$ ---	(\$3,176)	(\$2,273)	(\$1,616)	(\$1,664)
<b>Revenue Changes:</b>					
Tax Revenues	\$701	\$440	\$85	\$92	(\$53)
Non-Tax Revenues	248	28	44	89	89
<b>Total Revenue Changes</b>	<b>\$949</b>	<b>\$468</b>	<b>\$129</b>	<b>\$181</b>	<b>\$36</b>
<b>Expense Changes:</b>					
Agency Expense Changes	\$384	\$366	\$379	\$381	\$345
Citywide Savings Program	(432)	(469)	(339)	(341)	(296)
Labor Reserve	(40)	(75)	(75)	(75)	---
Pensions	3	54	76	68	68
General Reserve (Decrease FY18 from \$1.2B to \$300M)	(900)	---	---	---	---
Capital Stabilization Reserve	(250)	---	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
<b>Total Expense Changes</b>	<b>(\$1,635)</b>	<b>(\$124)</b>	<b>\$41</b>	<b>\$33</b>	<b>\$117</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$2,584</b>	<b>(\$2,584)</b>	<b>(\$2,185)</b>	<b>(\$1,468)</b>	<b>(\$1,745)</b>
FY 2018 Prepayment of FY 2019 Expenses	(2,584)	2,584	---	---	---
<b>Gap to be Closed – February 2018 Financial Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$2,185)</b>	<b>(\$1,468)</b>	<b>(\$1,745)</b>

# Five Year Financial Plan Revenues and Expenditures

## City Funds

	(\$ in Millions)				
Revenues	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Taxes</b>					
General Property Tax	\$26,080	\$27,674	\$29,154	\$30,438	\$30,721
Other Taxes	29,915	31,269	32,348	33,423	34,181
Tax Audit Revenue	1,299	1,056	721	721	721
<b>Subtotal: Taxes</b>	<b>\$57,294</b>	<b>\$59,999</b>	<b>\$62,223</b>	<b>\$64,582</b>	<b>\$65,623</b>
Miscellaneous Revenues	6,995	6,712	6,932	6,964	6,793
Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)
Disallowances Against Categorical Grants	85	(15)	(15)	(15)	(15)
<b>Total City Funds</b>	<b>\$62,242</b>	<b>\$64,939</b>	<b>\$67,391</b>	<b>\$69,777</b>	<b>\$70,647</b>
<b>Expenditures</b>					
Personal Service <sup>(1)</sup>	\$35,421	\$37,681	\$39,224	\$40,368	\$40,519
Other Than Personal Service <sup>(1)</sup>	21,969	21,761	21,689	21,745	22,048
Debt Service <sup>(1),(2)</sup>	6,148	6,831	7,413	7,882	8,575
FY 2017 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,180)	---	---	---	---
FY 2018 Budget Stabilization <sup>(2)</sup>	2,584	(2,584)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Total Expenditures</b>	<b>\$62,242</b>	<b>\$64,939</b>	<b>\$69,576</b>	<b>\$71,245</b>	<b>\$72,392</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$2,185)</b>	<b>(\$1,468)</b>	<b>(\$1,745)</b>

<sup>(1)</sup> Fiscal Year 2017 Budget Stabilization and Discretionary Transfers total \$4.180 billion, including GO of \$1.560 billion, TFA-PIT of \$1.909 billion, Retiree Health Benefits of \$400 million, net equity contribution in bond refunding of \$11 million and subsidies of \$300 million.

<sup>(2)</sup> Fiscal Year 2018 Budget Stabilization totals \$2.584 billion, including GO of \$584 million and TFA-PIT of \$2.0 billion.

# Five Year Financial Plan Revenues and Expenditures

## All Funds

	(\$ in Millions)				
<b>Revenues</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Taxes</b>					
General Property Tax	\$26,080	\$27,674	\$29,154	\$30,438	\$30,721
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Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)
Disallowances Against Categorical Grants	85	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$62,242</b>	<b>\$64,939</b>	<b>\$67,391</b>	<b>\$69,777</b>	<b>\$70,647</b>
Other Categorical Grants	1,098	870	860	855	855
Inter-Fund Revenues	674	670	606	605	605
Federal Categorical Grants	8,650	7,219	6,973	6,955	6,939
State Categorical Grants	14,776	14,968	15,463	15,838	16,251
<b>Total Revenues</b>	<b>\$87,440</b>	<b>\$88,666</b>	<b>\$91,293</b>	<b>\$94,030</b>	<b>\$95,297</b>
<b>Expenditures</b>					
<b>Personal Service</b>					
Salaries and Wages	\$27,273	\$28,571	\$29,394	\$30,037	\$29,677
Pensions	9,590	9,802	9,764	9,678	9,882
Fringe Benefits <sup>(1)</sup>	9,972	10,678	11,556	12,318	12,999
<b>Subtotal: Personal Service</b>	<b>\$46,835</b>	<b>\$49,051</b>	<b>\$50,714</b>	<b>\$52,033</b>	<b>\$52,558</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,594	1,605	1,617	1,617	1,617
All Other <sup>(1)</sup>	30,112	28,097	28,067	28,310	28,641
<b>Subtotal: Other Than Personal Service</b>	<b>\$37,621</b>	<b>\$35,617</b>	<b>\$35,599</b>	<b>\$35,842</b>	<b>\$36,173</b>
Debt Service <sup>(1),(2)</sup>	6,412	7,089	7,664	8,127	8,815
FY 2017 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(4,180)	---	---	---	---
FY 2018 Budget Stabilization <sup>(2)</sup>	2,584	(2,584)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Subtotal</b>	<b>\$89,572</b>	<b>\$90,423</b>	<b>\$95,227</b>	<b>\$97,252</b>	<b>\$98,796</b>
Less: Intra-City Expenses	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)
<b>Total Expenditures</b>	<b>\$87,440</b>	<b>\$88,666</b>	<b>\$93,478</b>	<b>\$95,498</b>	<b>\$97,042</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$2,185)</b>	<b>(\$1,468)</b>	<b>(\$1,745)</b>

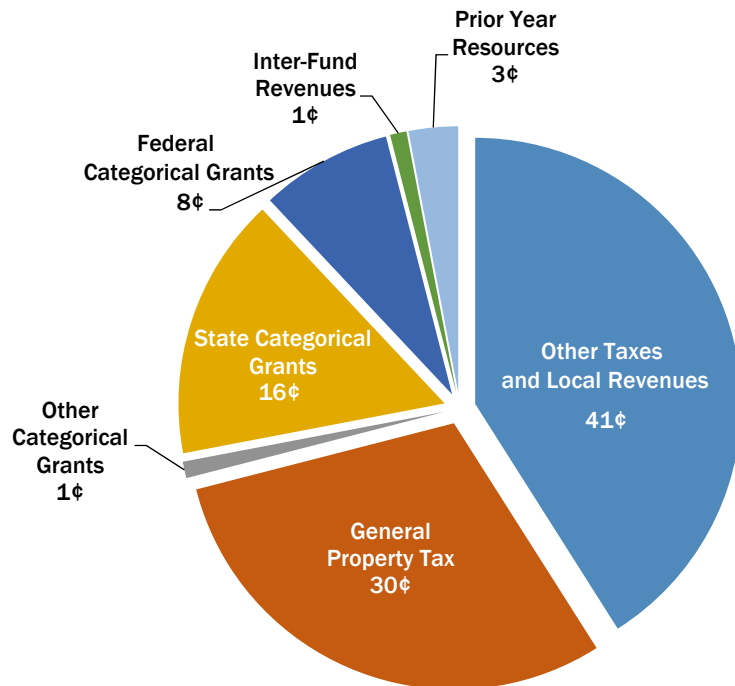
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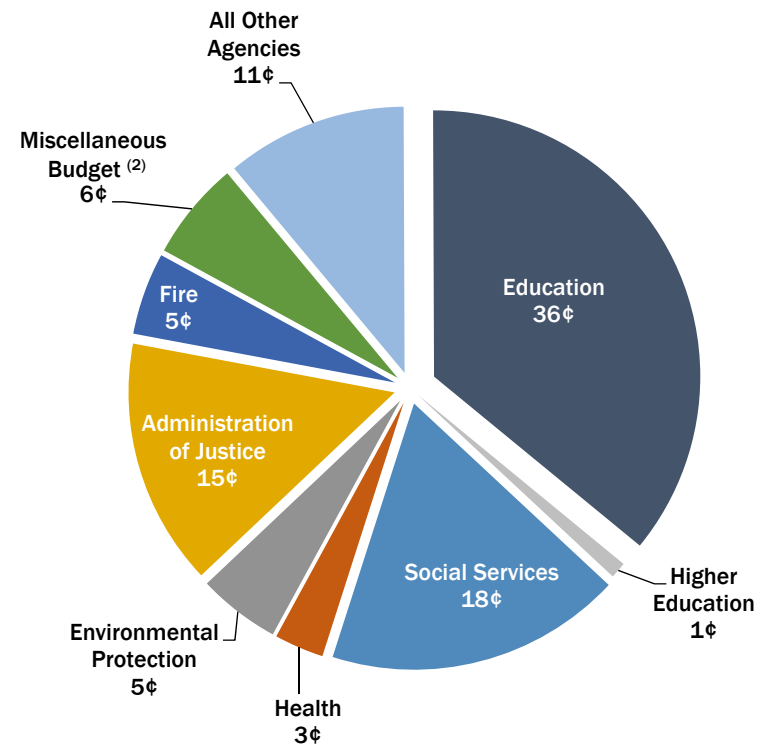


# The 2019 Dollar

## Where the Dollar Comes From



## Where the Dollar Goes To <sup>(1)</sup>



<sup>(1)</sup> Reflects the allocation of Fringe Benefits, Pensions and Debt Service to the agencies. Excludes the impact of prepayments.

<sup>(2)</sup> Includes Labor Reserve, General Reserve, Capital Stabilization Reserve, Judgments and Claims, MTA Subsidies and Other Contractual Services.

