

The City of New York
Executive Budget
Fiscal Year 2019

Bill de Blasio, Mayor

Mayor's Office of Management and Budget
Melanie Hartzog, Director

Budget Summary

THE FISCAL YEAR 2019 EXECUTIVE BUDGET

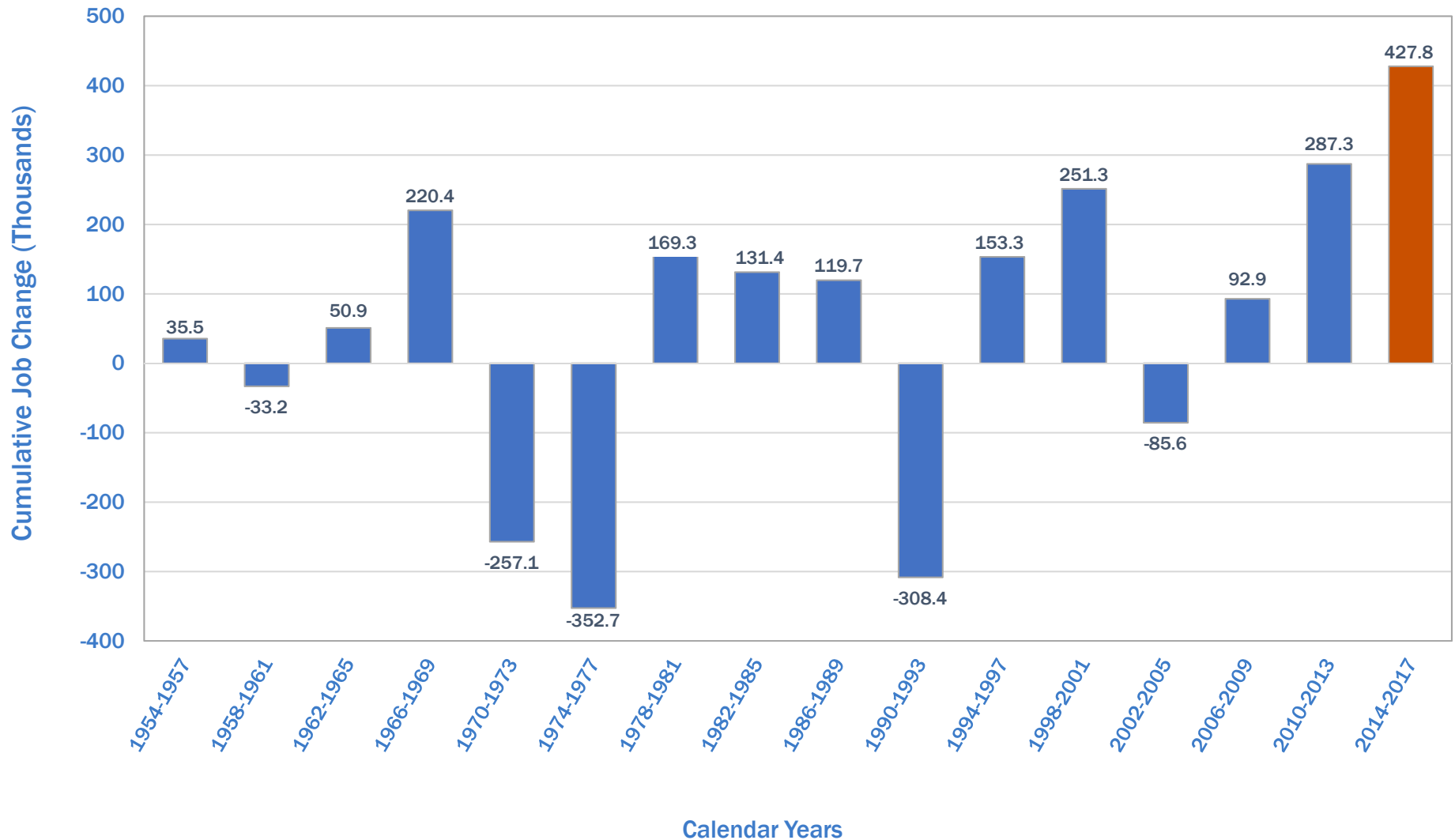
**MAKING NEW YORK
THE FAIREST BIG CITY IN AMERICA**

NEW YORK CITY'S RESILIENT ECONOMY

New York City's Resilient Economy

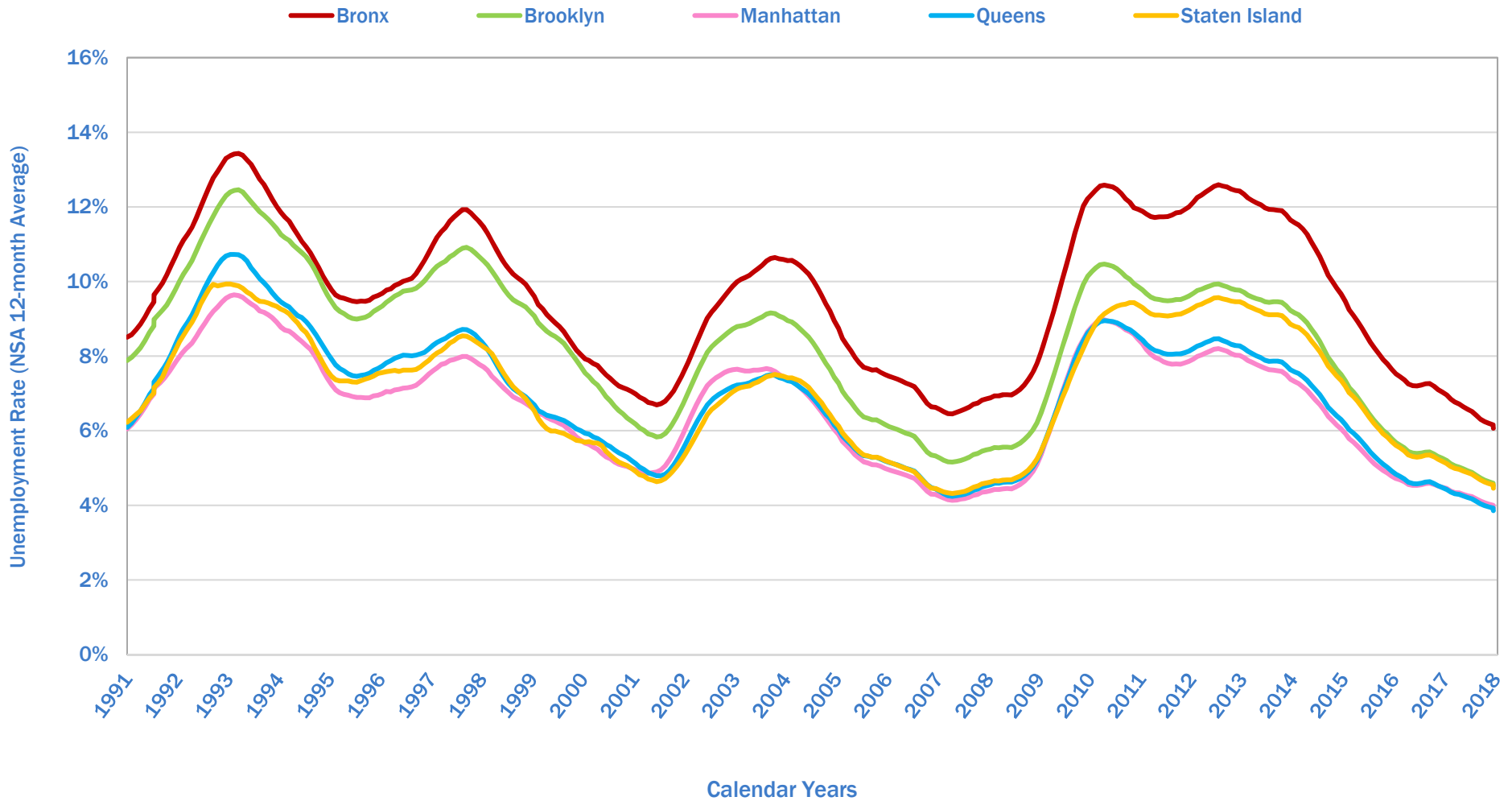
- Record high population
 - Record **8.62 million** today
 - On track for **9.0 million by 2030**
- Record high tourism
 - **62.8 million** visitors last year
- More jobs than ever before

New York City Added **427,800** Jobs in the Last Four Years – More Gains in One Term Than Any Other Administration



Source: NYS Department of Labor, NYC OMB.

Borough-Level Unemployment Rates are at Record Lows in 2018



Source: NYS Department of Labor, NYC OMB.

THE FY 2019 EXECUTIVE BUDGET IS \$89.06 BILLION

Strong Financial Management

- **FY18 and FY19 Executive Budget Agency Savings of \$754 million** including:
 - **\$123 million** in partial hiring freezes and delays
 - **\$49 million** from reductions in 1,000 vacancies across City agencies
- **\$2.1 billion** total savings since last year's Adopted Budget
- **\$1.3 billion** of healthcare savings in FY19 and every year thereafter

Strong Financial Management

- General Reserve: **\$1 billion** per year over four years
- Capital Stabilization Reserve: **\$250 million** a year over four years
 - 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

Revenue

- **Significant one-time increase in personal income tax revenue driven by:**
 - 1) **Tax law changes**
 - 2) **Stock market gains in 2017**
 - 3) **Wall Street bonus growth**

HITS FROM ALBANY

Hits from Albany

- The State Budget cuts or shifts over **\$530 million** in FY19

\$254 million: Subway Action Plan Payment

\$140 million: School Aid shortfall

\$108 million: Raise the Age unfunded mandate

\$31 million: Annual cut to Close to Home

25% of new City funds in this budget cover a cut or cost shift from Albany

Hits from Albany

- **Cuts and Cost Shifts Averted:**
 - **\$144 million:** Charter schools
 - **\$129 million:** Child Welfare Services
 - **\$65 million:** Special Education

THREATS FROM WASHINGTON

Threats from Washington

- **The 2017 Republican tax law:**
 - **Favors the wealthy**
 - **Balloons the federal budget deficit**
 - **Eliminates possibility of federal infrastructure investments**

Economic Risks

- **Second longest** US economic expansion may be close to an end
- **Now in 106th month** – average expansion is **60 months**
- **Volatile financial markets**

THE PATH FORWARD

EQUITY AND EXCELLENCE IN EVERY SCHOOL

Equity and Excellence

- Raise the Fair Student Funding (FSF) floor to **90% citywide**; and an average of **93% citywide**
- Increase equity for more than **850 schools**
 - Every borough, every school district
- **\$125 million** investment in FY19
 - On top of \$230 million already invested over past four years

Equity and Excellence

- **Universal Literacy:** every child reading at grade level by 3rd grade
- **\$30.5 million** investment for next school year will:
 - Double after-school reading programs for students in shelters
 - Provide enhanced training for teachers of English language learners and students with developmental disabilities
 - Hire more full-time literacy coaches at the lowest performing schools

MAKING THE SAFEST BIG CITY EVEN SAFER

Making the Safest Big City Even Safer

- **\$103 million** in capital to install over 3,000 permanent security barriers
 - Will be placed in highest trafficked areas throughout the city
 - Will protect **millions** of pedestrians

Making the Safest Big City Even Safer

- **Cyber Command – \$41 million investment will:**
 - Defend against cyber-threats
 - Enhance around-the-clock response capacity across the city
 - Implement the latest technology in cybersecurity on computers and electronic devices across city agencies

Making the Safest Big City Even Safer

- **\$1.9 million** investment to deepen our commitment to the Cure Violence Program, **including:**
 - A mobile trauma response unit in every borough in January 2019

**REVERSING DECADES OF NEGLECT
IN PUBLIC HOUSING**

Reversing Decades of Neglect in Public Housing

- **\$20 million** investment over FY19 and FY20
- NYCHA eliminating approximately **50,000** work order backlog
- Repairs to apartments and common areas, such as plastering and carpentry

**MAKING NEW YORK
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REVENUE AND EXPENSE CHANGES

Changes Since the February 2018 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>
Gap to be Closed – February 2018 Financial Plan	\$ ---	\$ ---	(\$2,185)	(\$1,468)	(\$1,745)
Revenue Changes:					
Tax Revenues	\$973	\$77	\$126	\$180	\$872
Non-Tax Revenues	55	1	(128)	(253)	(103)
Total Revenue Changes	\$1,028	\$78	(\$2)	(\$73)	\$769
Expense Changes:					
Agency Expense Changes	\$537	\$946	\$747	\$759	\$713
Enacted State Budget	(1)	531	295	296	292
Citywide Savings Program	(368)	(386)	(158)	(228)	(218)
Pensions	42	55	145	489	491
General Reserve (Decrease FY18 from \$300M to \$50M)	(250)	---	---	---	---
Total Expense Changes	(\$40)	\$1,146	\$1,029	\$1,316	\$1,278
Gap to be Closed Before Prepayments	\$1,068	(\$1,068)	(\$3,216)	(\$2,857)	(\$2,254)
FY 2018 Prepayment of FY 2019 Expenses (\$2.6B to \$3.7B)	(1,068)	1,068	---	---	---
Gap to be Closed – April 2018 Financial Plan	\$ ---	\$ ---	(\$3,216)	(\$2,857)	(\$2,254)

Five Year Financial Plan Revenues and Expenditures

City Funds

(\$ in Millions)

Revenues	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Taxes					
General Property Tax	\$26,194	\$27,789	\$29,295	\$30,711	\$31,702
Other Taxes	30,774	31,231	32,333	33,330	34,072
Tax Audit Revenue	1,299	1,056	721	721	721
Subtotal: Taxes	\$58,267	\$60,076	\$62,349	\$64,762	\$66,495
Miscellaneous Revenues	7,128	6,789	6,830	6,735	6,714
Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,208)	(1,824)	(1,770)	(1,774)	(1,774)
Disallowances Against Categorical Grants	85	(15)	(15)	(15)	(15)
Total City Funds	\$63,272	\$65,026	\$67,394	\$69,708	\$71,420
Expenditures					
Personal Service ⁽¹⁾	\$35,399	\$38,052	\$39,829	\$41,338	\$41,486
Other Than Personal Service ⁽¹⁾	22,383	22,671	22,272	22,318	22,571
Debt Service ^{(1),(2)}	5,968	6,705	7,259	7,659	8,367
FY 2017 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(4,180)	---	---	---	---
FY 2018 Budget Stabilization ⁽²⁾	3,652	(3,652)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,000	1,000	1,000	1,000
Total Expenditures	\$63,272	\$65,026	\$70,610	\$72,565	\$73,674
Gap To Be Closed	\$ ---	\$ ---	(\$3,216)	(\$2,857)	(\$2,254)

⁽¹⁾ 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.

⁽²⁾ Fiscal Year 2018 Budget Stabilization totals \$3.652 billion, including GO of \$1.652 billion and TFA-PIT of \$2.0 billion.

Five Year Financial Plan Revenues and Expenditures

All Funds

(\$ in Millions)

Revenues	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Taxes					
General Property Tax	\$26,194	\$27,789	\$29,295	\$30,711	\$31,702
Other Taxes	30,774	31,231	32,333	33,330	34,072
Tax Audit Revenue	1,299	1,056	721	721	721
Subtotal: Taxes	\$58,267	\$60,076	\$62,349	\$64,762	\$66,495
Miscellaneous Revenues	7,128	6,789	6,830	6,735	6,714
Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,208)	(1,824)	(1,770)	(1,774)	(1,774)
Disallowances Against Categorical Grants	85	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$63,272	\$65,026	\$67,394	\$69,708	\$71,420
Other Categorical Grants	1,088	879	871	866	861
Inter-Fund Revenues	646	682	641	638	638
Federal Categorical Grants	8,799	7,507	7,127	7,106	7,089
State Categorical Grants	14,865	14,969	15,299	15,760	16,243
Total Revenues	\$88,670	\$89,063	\$91,332	\$94,078	\$96,251
Expenditures					
Personal Service					
Salaries and Wages	\$27,146	\$28,717	\$29,611	\$30,359	\$30,060
Pensions	9,632	9,852	9,903	10,162	10,367
Fringe Benefits ⁽¹⁾	9,989	10,733	11,647	12,418	13,098
Subtotal: Personal Service	\$46,767	\$49,302	\$51,161	\$52,939	\$53,525
Other Than Personal Service					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,583	1,605	1,617	1,617	1,617
All Other ⁽¹⁾	30,860	29,505	28,864	29,085	29,364
Subtotal: Other Than Personal Service	\$38,358	\$37,025	\$36,396	\$36,617	\$36,896
Debt Service ^{(1),(2)}	6,231	6,962	7,511	7,903	8,608
FY 2017 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(4,180)	---	---	---	---
FY 2018 Budget Stabilization ⁽²⁾	3,652	(3,652)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,000	1,000	1,000	1,000
Less: Intra-City Expenses	(2,208)	(1,824)	(1,770)	(1,774)	(1,774)
Total Expenditures	\$88,670	\$89,063	\$94,548	\$96,935	\$98,505
Gap To Be Closed	\$ ---	\$ ---	(\$3,216)	(\$2,857)	(\$2,254)

⁽¹⁾ 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 contributions in bond refunding of \$1.1 million and subsidies of \$300 million.

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FY 2019 Executive Five-Year Capital Commitment Plan

Totals \$82.0 Billion in All Funds

