



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
(212) 442-0632 • FAX (212) 442-0350 • EMAIL: iboenews@ibo.nyc.ny.us
<http://www.ibo.nyc.ny.us>

FOR IMMEDIATE RELEASE
March 26, 2014

Contact: Doug Turetsky
212-442-0629/917-513-7488

IBO Releases New Report on Mayor's Budget Plan:
A Positive Fiscal Picture, Clouded by Possible Cost of Settling Expired Labor Contracts

Report Link: <http://bitly.com/1ePLF1w>

The New York City Independent Budget Office today released its review and analysis of the Mayor's Preliminary Budget for 2015 and Financial Plan Through 2018. The report presents details of IBO's latest economic forecast and projections of tax revenues and expenditures based on the Mayor's budget plan, which were first outlined in testimony to the City Council earlier this month. IBO estimates the city will end the current year with a surplus of \$2.0 billion, \$244 million more than the Mayor expects. Under the assumption that the entire surplus is used to prepay some of next year's expenses, IBO estimates that 2015 will end with a surplus of \$1.2 billion.

"IBO's revenue and spending projections under the Mayor's plan present an unusually positive fiscal outlook," said IBO Director Ronnie Lowenstein. "But the issue of settling expired labor contracts with every municipal union clouds the entire budget discussion and could markedly darken the city's fiscal picture," she added.

Although a number of sections contained in the report were released over the past few weeks in order to contribute to the public discussion of key budget topics in a timely manner and as relevant hearings were underway at the City Council, there are also important new sections being released today. These new sections provide key insights and analysis of the Mayor's budget plan along with a more detailed description of our economic forecast than provided in the testimony earlier this month. Among the new details and reviews presented today:

- There has been no growth in inflation-adjusted wages and salaries in the city from 2010 through 2013, which have stagnated at an average of about \$82,000.
- More than \$900 million has been added to the city's new Capital Commitment Plan, with nearly 60 percent of the new funds added for parks department projects. The commitment plan now totals \$38.6 billion for fiscal years 2014-2017.
- While the de Blasio Administration projects that debt service will grow by nearly 20 percent next year, this increase may be overstated. For example, the budget plan assumes short-term borrowing next year and each subsequent year at an annual cost of \$74 million, yet the city has not borrowed short-term since 2004.

The report also includes an analysis of budget balance on an operating basis under the Mayor's budget plan—reversing the use of the budget surpluses to prepay expenses in the upcoming year

and instead assigning expenditures to the year in which they were due. In addition, the report presents an explanation of how the Retiree Health Benefits Trust works.

The 51-page report is available on IBO's website at [LINK](#). For a free, printed copy, call 212-442-0632.