



Summary of the New York City Financial Plan December 2000

What is New York City's Financial Plan?

The Financial Plan is a multi-year plan for how New York City expects to spend its budget to run the government and deliver city services. The Financial Plan is a blueprint for....

- how the city government spends money.
What activities are funded? How much does it spend for education, sanitation, public safety?
- how the city government pays for its activities.
How much revenue does it raise through different kinds of taxes, fees for services, or aid from the New York State and federal governments?
- balancing the city's budget.
The city runs surpluses when revenues are greater than spending. Conversely, gaps are projected when spending is expected to exceed revenues. The city can raise revenues or cut spending to balance its budget. Sometimes, however, the city has used a surplus in one year to close a gap in a future year.

The Mayor releases a financial plan four times each fiscal year (the city's fiscal year runs from July 1st to June 30th). These four plans are commonly referred to as the *Adopted Plan* (June), *November Plan*, *January Plan*, and *Executive Plan* (April).

The first Financial Plan of each fiscal year reflects the city's anticipated revenue and spending based on the *Adopted Budget*. Subsequent plans build on the previous financial plan and reflect adjustments in anticipated spending and revenues that occur during the fiscal year.

The Financial Plan for 2001-2004

The city has released two Financial Plans this fiscal year: the *Adopted Plan* and the *November Plan*. Summary tables and highlights of both Financial Plans—including planned spending, revenue and prospective budget gaps or surpluses—are provided below. [A version of these tables in Excel 97 format is also available.](#) Summaries of the city's *January Plan* and *Executive Plan* updates will be added to IBO's website as they are released.

The main changes included in the city's *November Plan* are summarized below. The *November Plan*, updating the *Adopted Plan*, reports that ...

- ❖ The city's financial outlook for 2001 continues to be strong, with a \$1.3 billion surplus anticipated for this fiscal year (ending June 30, 2001)—an increase of \$347 million over what was initially projected in the *Adopted Plan*.
- ❖ The budget gap (difference between revenues and expenditures) for 2002 continues to be significant (\$2.5 billion), but is a \$172 million decrease from what was initially projected in the *Adopted Plan*. The projected gaps for 2003 and 2004 (\$3.0 billion each year) have increased by \$312 million and \$360 million, respectively, since adoption.
- ❖ **Revenues**
 - ◆ Projected 2001 tax revenues have increased by \$420 million since the budget was adopted—largely due to increased revenues in the personal income tax (\$175 million), general corporation tax (\$110 million), and sales tax (\$92 million). The plan also anticipates smaller increases in tax revenues for 2002 through 2004.
 - ◆ The city trimmed back the package of tax cuts proposed in June. Among other changes, a smaller than originally proposed reduction in the city's personal income tax surcharge will take effect in January 2001. As a result, the *November Plan* reports that the city will retain \$315 million in tax revenues that the *Adopted Plan* anticipated would have been lost to tax cuts. Slightly smaller adjustments (under \$300 million) are also reflected in each year 2002 through 2004. In addition, the tax program calls for gradual elimination of the commercial rent tax, extension of the coop-condo abatement, and a package of economic development incentives for the boroughs outside of Manhattan and north of 96th Street.

❖ **Expenditures**

- ◆ Pension costs increased by \$132 million in 2001, rising to \$468 million by 2004, as a result of state legislation providing new automatic cost of living adjustments for most retired city employees.
- ◆ Overtime needs identified within the Police Department resulted in a spending increase of \$115 million for 2001.
- ◆ As a result of rising fuel costs nationwide, the *November Plan* includes an additional \$49 million for these expenses in 2001 and for each year in the plan period.
- ◆ The city anticipates that inpatient hospital and pharmaceutical Medicaid expenses will be higher than initially projected and have increased Medicaid expenditures by \$65 million in 2001, growing to \$102 million by 2004.
- ◆ Federal aid anticipated in the *Adopted Plan* for Medicaid expenses will not be realized as planned, resulting in an increase in city expenditures of \$75 million in 2001 and each year through the plan period.

For further information about this document, contact Frank Posillico, IBO Deputy Director, at (212) 442-0222 or by email at FrankP@ibo.nyc.ny.us.

Independent Budget Office

Ronnie Lowenstein, Director

110 William Street 14th Floor

New York, New York 10038

Phone # (212) 442-0632

Fax # (212) 442-0350

www.ibo.nyc.ny.us

The mission of the Independent Budget Office is to provide non-partisan budgetary, economic, and policy analysis for the residents of New York City and their elected officials, and to increase New Yorkers' understanding of and participation in the budget process.

Adopted 2001 Financial Plan - June 30, 2000

(dollars in 000's)

	adopted 2001	2002	estimate 2003	2004
Revenues:				
Taxes:				
Property	\$8,022,368	\$8,467,000	\$8,916,000	\$9,365,000
Personal Income	4,838,728	4,705,133	4,922,492	5,112,859
General Sales	3,364,000	3,445,000	3,558,000	3,671,000
Business Income:				
General Corporation Tax	1,498,000	1,418,000	1,468,000	1,492,000
Unincorporated Business Tax	745,000	745,000	795,000	851,000
Banking Corporation Tax	398,000	418,000	430,000	449,000
Real-Estate Related:				
Commercial Rent Tax	351,000	370,000	390,000	411,000
Real Property Transfer Tax	461,000	459,000	506,000	542,000
Mortgage Recording Tax	364,000	356,000	392,000	417,000
Other Taxes (including audits & PEG's)	<u>1,357,235</u>	<u>1,382,735</u>	<u>1,396,435</u>	<u>1,414,335</u>
Total Taxes	21,399,331	21,765,868	22,773,927	23,725,194
Tax Reduction Program	(418,000)	(735,000)	(877,000)	(1,137,000)
StaR Reimbursement	489,900	701,000	726,000	750,000
All Other Revenues:				
Miscellaneous Revenues	3,095,462	2,972,154	2,777,953	2,682,879
Unrestricted Intergovernmental Aid	564,323	564,323	564,323	564,323
Other Categorical Grants	353,961	364,191	356,538	347,344
Inter-fund Revenues	289,610	284,472	284,472	284,472
Disallowances	(15,000)	(15,000)	(15,000)	(15,000)
State Categorical Aid	7,531,982	7,624,689	7,676,168	7,696,970
Federal Categorical Aid	<u>4,322,228</u>	<u>3,957,639</u>	<u>3,902,351</u>	<u>3,889,642</u>
Total Revenues	<u>\$37,613,797</u>	<u>\$37,484,336</u>	<u>\$38,169,732</u>	<u>\$38,788,824</u>
Expenditures:				
Health / Social Services:				
Social Services	\$5,397,533	\$5,458,564	\$5,547,297	\$5,718,483
Admin. For Children's Services	2,233,082	2,214,887	2,240,665	2,242,190
Health / Mental Health	1,127,465	1,064,863	1,065,283	1,065,705
Health and Hospitals Corporation	715,008	735,352	755,198	776,661
Homeless Services	448,754	448,636	449,431	449,431
Education:				
Board of Education	10,972,518	11,029,438	11,125,003	11,189,652
CUNY	426,182	426,687	426,806	426,806
Uniformed Services:				
Police	3,077,508	3,033,805	3,062,407	3,082,744
Fire	1,065,661	1,064,894	1,064,690	1,064,690
Corrections	864,709	892,301	892,059	892,077
Sanitation	972,656	1,003,158	1,015,298	1,015,123
Debt Service	1,277,245	3,133,346	3,379,340	3,856,589
Labor Reserve	153,840	557,898	593,482	573,482
All Other	<u>8,881,636</u>	<u>9,056,864</u>	<u>9,256,362</u>	<u>9,108,057</u>
Total Expenditures	<u>\$37,613,797</u>	<u>\$40,120,693</u>	<u>\$40,873,321</u>	<u>\$41,461,690</u>
Gap to be Closed	<u>\$-</u>	<u>\$(2,636,357)</u>	<u>\$(2,703,589)</u>	<u>\$(2,672,866)</u>

SOURCE: June 30, 2000 - New York City Financial Plan 2001 - 2004

NOTE: Expenditures and miscellaneous revenues have been adjusted to exclude intra-city expenditures and revenues respectively.

November 2001 Financial Plan - November 17, 2000

(dollars in 000's)

	nov. 17 plan 2001	2002	estimate 2003	2004
Revenues:				
Taxes:				
Property	\$8,062,000	\$8,467,000	\$8,916,000	\$9,365,000
Personal Income	5,014,173	4,729,182	4,963,153	5,167,990
General Sales	3,456,000	3,445,000	3,558,000	3,671,000
Business Income:				
General Corporation Tax	1,608,000	1,418,000	1,468,000	1,492,000
Unincorporated Business Tax	765,000	745,000	795,000	851,000
Banking Corporation Tax	398,000	418,000	430,000	449,000
Real-Estate Related:				
Commercial Rent Tax	351,000	370,000	390,000	411,000
Real Property Transfer Tax	454,000	459,000	506,000	542,000
Mortgage Recording Tax	354,000	356,000	392,000	417,000
Other Taxes (including audits & PEG's)	<u>1,359,424</u>	<u>1,383,635</u>	<u>1,397,435</u>	<u>1,415,835</u>
<i>Total Taxes</i>	21,821,597	21,790,817	22,815,588	23,781,825
Tax Reduction Program	(103,000)	(469,000)	(597,000)	(846,000)
StaR Reimbursement	489,900	701,000	726,000	750,000
All Other Revenues:				
Miscellaneous Revenues	3,161,487	2,979,006	2,779,930	2,686,810
Unrestricted Intergovernmental Aid	564,323	564,323	564,323	564,323
Other Categorical Grants	364,610	361,220	352,037	345,502
Inter-fund Revenues	290,632	284,473	284,473	284,473
Disallowances	(15,000)	(15,000)	(15,000)	(15,000)
State Categorical Aid	7,582,217	7,635,803	7,683,212	7,702,558
Federal Categorical Aid	<u>4,369,027</u>	<u>3,852,516</u>	<u>3,795,188</u>	<u>3,782,383</u>
Total Revenues	\$38,525,793	\$37,685,158	\$38,388,751	\$39,036,874
Expenditures:				
Health / Social Services:				
Social Services	\$5,481,658	\$5,533,094	\$5,637,297	\$5,820,483
Admin. For Children's Services	2,218,191	2,176,919	2,202,697	2,204,222
Health / Mental Health	1,169,110	1,070,592	1,070,960	1,071,286
Health and Hospitals Corporation	715,013	735,352	755,198	776,661
Homeless Services	460,014	456,100	456,896	456,896
Education:				
Board of Education	10,953,611	11,029,438	11,125,003	11,189,652
CUNY	425,006	425,378	425,497	425,497
Uniformed Services:				
Police	3,226,835	3,028,090	3,056,692	3,077,029
Fire	1,063,974	1,066,194	1,065,990	1,065,990
Corrections	845,444	892,301	892,059	892,077
Sanitation	954,485	984,999	1,005,073	1,004,831
Debt Service	1,670,662	2,793,537	3,413,470	3,863,172
Labor Reserve	145,338	549,396	581,086	557,192
All Other	<u>9,196,452</u>	<u>9,407,991</u>	<u>9,716,636</u>	<u>9,664,601</u>
Total Expenditures	\$38,525,793	\$40,149,381	\$41,404,554	\$42,069,589
Gap to be Closed	\$-	\$(2,464,223)	\$(3,015,803)	\$(3,032,715)

SOURCE: November 17, 2000 - New York City Financial Plan 2001 - 2004

NOTE: Expenditures and miscellaneous revenues have been adjusted to exclude intra-city expenditures and revenues respectively.