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De Blasio, New York City Council Agree on \$82.1 Billion Budget

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By Henry Goldman

- Spending for fiscal 2017 focuses on health and social programs
- NYC's spending will have increased 24% by 2020 under de Blasio

New York Mayor Bill de Blasio and the City Council agreed on an \$82.1 billion budget for fiscal 2017 that spends hundreds of millions of dollars to bail out money-losing public hospitals and fund social programs for jails, the homeless, immigrants and unemployed youth.

The deal for the year that starts July 1, sealed Wednesday with a handshake between de Blasio and Council Speaker Melissa Mark-Viverito at City Hall, ended weeks of negotiations. The mayor acceded to council members' demands that he increase funding for youth summer jobs, libraries, district attorneys' staff and anti-hunger programs.

"This budget is not only on time – it's the earliest agreement since 2001, because the administration and Council worked together to produce tangible, timely results for New Yorkers," de Blasio said.

An economy that has produced record numbers of jobs and unprecedented amounts of revenue provided the funds to pay for the new programs. The city's four-year spending plan envisions a budget growing to more than \$90 billion by 2020, representing a 24 percent increase in the seven years since de Blasio assumed office in 2014. Most of the expenses result from increased wages and benefits for city employees who had been working under expired contracts when de Blasio took office.

De Blasio's predecessor, former Mayor Michael Bloomberg, increased the city budget by about 44 percent during his first seven years in office through 2009, mostly spent on education and higher teacher salaries, according to an analysis by the Citizens Budget Commission, a business-supported public-finance monitor.

The biggest new spending item in this year's budget is a \$700 million boost in funding the city's beleaguered system of 11 public hospitals, community clinics, assisted living facilities and home-health care that serves 1.2 million residents, mostly uninsured or on Medicaid.

The added hospital funds represent a planned 53 percent spending increase on the system from 2014 through 2020. Even with the additional subsidy, the system faces a \$2 billion deficit by the end of the decade that can't be closed without federal and state aid, the mayor has said.



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The added spending on social programs also reflects the priorities of a mayor and council that each describe themselves as champions of the poor.

“Whether you are young person who will gain their first paid work experience through the expanded \$42 million dollar Summer and Year Round Youth Employment Programs; an undocumented New Yorker who will have access to free, comprehensive legal assistance and adult literacy services; or a struggling parent who will have an easier time putting food on the table with help from the Emergency Food Assistance Program, this is a budget for everyone,” Mark-Viverito said.

Citizens Budget Commission President Carol Kellermann said the spending increases on such programs can't be sustained in the event the economy slows.

“Sooner or later we're going to hit a decline and what happens then?” Kellermann said. “In a time of fragile growth it's easy to say yes to everybody ,but all these costs get base-lined into future budgets and nobody wants future layoffs, reduced spending. They're not very good about cutting.”

The current budget contains no new taxes and salts away more than \$5 billion in reserves, including \$500 million to pay debt service in the event interest rates rise, and a \$3.7 billion trust to cover future health-care costs.