

# NYC Spending Balloons Under Bill de Blasio's Administration

*4-traders*

By Mara Gay

Under Bill de Blasio, the first Democratic mayor of New York City in more than two decades, the city has added more than 25,000 employees and spending has increased by nearly 20%.

Since he took office in 2014, Mr. de Blasio has made preschool free for all children, an initiative that costs the city about \$300 million a year. He has added nearly 1,300 police officers at an annual cost of \$75 million. He spent more than \$300 million to launch citywide ferry service and \$4 million to create a new agency to work with veterans.

"Our economy is strong and we can afford to help New Yorkers who need it most," the mayor told *The Wall Street Journal* in a recent emailed statement. "Making those investments is not only moral, but it will help keep our economy strong and our city the greatest in the world."

City spending has risen by nearly 20%, to roughly \$61.3 billion this year from about \$51.2 billion in fiscal year 2014, the last budget negotiated by former Mayor Michael Bloomberg. The rise is roughly four times the rate of inflation for the same period.

Mr. de Blasio, who was re-elected on Nov. 7, has been able to spend freely because city tax revenues have risen sharply during the past four years as well, outpacing the budget increases amid a booming economy. But the heavy spending means city finances could be pinched in the future, especially if the economy contracts.

"We believe we can afford it," said Dean Fuleihan, the mayor's budget director. "We make sure we have reserves in place to protect us. At the same time, we have significant needs we need to address in the city."

The city's overall budget has risen from \$72.7 billion in November 2013, Mr. Bloomberg's final months in office, to nearly \$86 billion last month. Mr. Fuleihan noted that the city has increased its general-reserve fund to \$1.2 billion from roughly \$300 million when Mr. de Blasio took office.

Nicole Gelinias, a senior fellow at the Manhattan Institute, a conservative think tank, studies the city budget and has expressed concerns about the increase in fixed costs that come from hiring thousands of workers. In the event of a downturn, she believes layoffs would be inevitable.

"I wouldn't be quite so hubristic about it," Ms. Gelinias said. "There could be a time when we wish we had this money back."

Carol Kellermann, president of the Citizens Budget Commission, a watchdog group, said the mayor isn't building enough reserves in the face of likely cuts in federal aid and the constant threat of an economic slowdown. "We are very concerned and have been," she said. "The mayor is not showing any interest in additional fiscal discipline to address these factors."

Mr. de Blasio has never made any secret of his desire to expand government. He ran for office in 2013 promising to address rising income inequality. He is a liberal Democrat who believes in the ability of government to improve peoples' lives. "I believe we have a responsibility to do more for people who have less," he said.

Of the top 10 agencies that grew the most during the past four years under Mr. de Blasio, half oversee programs to fight poverty and build affordable housing. De Blasio administration officials say that is the right approach for a wealthy city that is still home to a large number of people living in poverty, where even middle-income residents struggle to find affordable housing.

Spending on the city's homeless-services agency roughly has doubled, to \$888 million in Mr. de Blasio's first four years in office. City spending on the child-welfare agency is up 17%, to more than \$1 billion this year from \$874.5 million under Mr. Bloomberg. Spending on its cash-strapped hospital system has grown to \$485.5 million this year, a more than 500% increase from four years ago.

For James Anthony Brown, a Navy veteran who has struggled with bouts of homelessness, those investments may have made a difference.

Mr. Brown, 58 years old, was living in a homeless shelter near the East River when he got help from a man named Tommy Lloyd -- a specialist with the newly created Department of Veterans' Services -- and things began to turn around.

"He took me out on housing interviews, he made sure I stayed employed, he gave me words of wisdom," Mr. Brown said. Before long, Mr. Brown moved into an apartment not far from the Bronx Zoo.

Despite increased spending on poverty programs under Mr. de Blasio, education and police continue to make up two of the largest agency expenditures, as they did under Mr. Bloomberg.

City spending on the Department of Education, which oversees the largest school district in the country and makes up nearly 20% of the total city budget, rose to \$11.6 billion this year from \$9.3 billion four years ago.

Spending on the New York Police Department grew by a fifth, to \$5.2 billion this year from \$4.3 billion under Mr. Bloomberg. The NYPD makes up more than 8% of the budget in a city that has seen record drops in crime for two decades.

Asked at what point spending becomes unsustainable, Mr. Fuleihan said city budget officials are "making that evaluation on a constant basis."

"There's no magic number," he said.

Ratings agencies have agreed. Fitch Ratings and Moody's Investors Service regularly have published reports praising the mayor's handling of the city budget during the past four years, while sounding gentle notes of caution about increases in pension costs.

Underlying their analysis, they say, is a confidence in budget controls that have been in place since the city's fiscal crisis in the late 1970s.

The ratings agencies say New York City enjoys unusual advantages that make its economy more resilient than most because of its status as a global tourist destination, and its massive and diverse tax base.

"It's a growing city and so we would expect the budget to grow," said Amy Laskey, a managing director at Fitch. "That in and of itself is not a concern."

While the city is thriving, it isn't invincible, said Gerald Benjamin, a political scientist at the State University of New York at New Paltz. "New York City is exceptional, but the question is, how exceptional? We don't know."

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