

* MEMOS
 Graph
 1996-98
 projections

FIRST STEPS IN REVENUE ESTIMATING

1. Expenditure Analysis in Current Dollars

- a. You are a fiscal analyst in the city's budget office. Complete the current-dollar portion of Table 4.4 analyzing the Health Department's expenditures; use the available data in Table 4.1.
- b. Write a memo from you (as a fiscal analyst) to the budget director explaining the trends.



2. Expenditure Analysis in Constant Dollars

- a. In this exercise, you will complete the rest of the spreadsheet in Table 4.4, conducting the same analysis you did above, only you will convert all the dollars to constant dollars. This exercise allows you to adjust a

paragraph

TABLE 4.4

Trend Analysis: New York City's Investment in Health Expenditures, FY 1996 to FY 2007 (in \$ thousands)

Departments	Current dollars			Percent of total	Percent change	Actual FY 1998	Percent of total change
	Actual FY 1996	Actual FY 1997	Actual FY 1998				
Health	\$419,308	\$420,275	\$472,030	22.9	0.2	\$472,030	
Mental Health	319,275	345,284	396,095	17.5	8.1	396,095	
Hospitals (HHC)	1,090,173	682,924	684,601	59.6	-37.4	684,601	
Total health	\$1,828,756	\$1,448,483	\$1,552,726	100.0	-20.8	\$1,552,726	
Total health as percentage of New York City's expenditures				5.7	4.3		
Reference group							
New York City's expenditures	\$32,066,586	\$33,736,152	\$34,923,250		5.2	\$34,923,250	

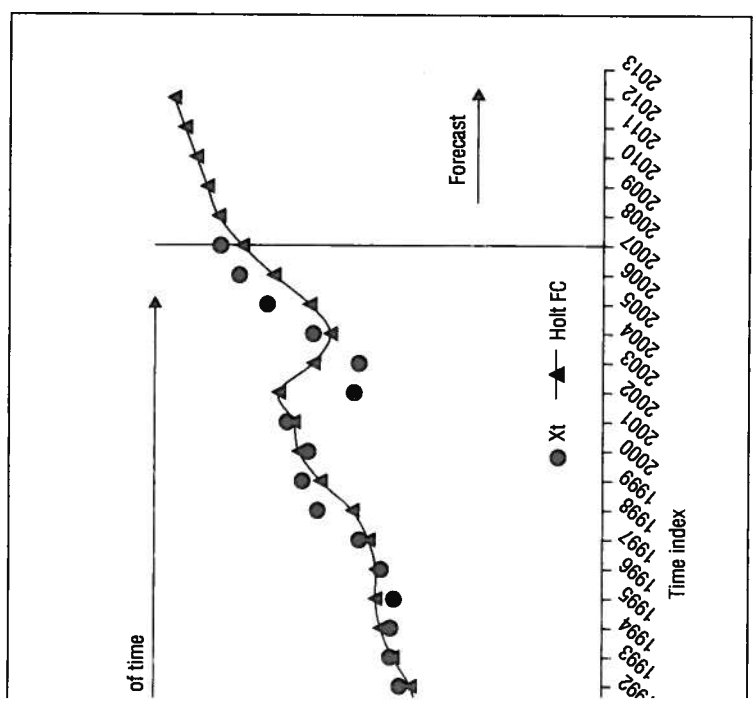
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estimate percentage total

Constant or real dollars (controlling for inflation)

Dept. of Health	\$576,580	\$564,714		22.9	29.0		-2.1
Dept. of Mental Health	439,027	463,950		17.5	23.8		5.7
Hospitals (HHC)	1,499,070	917,629		59.6	47.1		-38.8
Total health	\$2,514,676	\$1,946,293		100.0	100.0		-22.6
Total health as percentage of New York City's expenditures				5.7	4.3		
Reference group							
New York City's expenditures	\$44,093,957	\$45,330,485					2.8
Consumer Price Index				166.9	170.8		

estimate
 Percentage
 Change



cause of the large incident near the end of the series, these likely large impact on forecast accuracy, and so it is likely RMSE. Nevertheless, it is worthwhile examining the effect articularly, if ME is large.

e have examined trend analysis using historical data and sting concepts, learned how to make an XY graph in Excel, iph for outliers, and learned how to make a forecast using smoothing. We learned to use RMSE and ME to select α and forecasts before we know the output of the forecast model.

irst two exercises in this section, use the tables provided