

The City of New York
Preliminary Budget
Fiscal Year 2021

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Financial Plan Summary

THE FISCAL YEAR 2021 PRELIMINARY BUDGET

This Year: A New Reality

- In years past we have warned about State budget risks
- This year: State has **\$6 billion** budget gap – biggest this Administration has ever seen
 - State Medicaid deficit is **\$4 billion**
- Could mean significant cuts to localities
- In NYC, Health + Hospitals would bear the brunt of these cuts
 - Must protect NYC's most vulnerable
 - Must look to cost savings and reforms before cuts

Threatening Years of Progress

- New Yorkers see an improved Health + Hospitals
 - Appointment wait time is down
 - More patients now have a primary care doctor
 - The system has helped thousands more New Yorkers secure health insurance
 - Expanded access to expert medical care
- Health + Hospitals has achieved ambitious financial goals
 - Closed over **\$1 billion** of the budget gap
 - Meeting Transformation Plan revenue and expense targets
 - Reduced non-frontline headcount
 - Collection and billing have improved

Lives Changed by Health + Hospitals

- **New Yorkers rely on Health + Hospitals:**
 - Pediatric care
 - Mammogram screening
 - Long-term psychiatric treatment
- **We will fight cuts that threaten the health and safety of New Yorkers**
- **Reforms and savings are the critical solutions; not cuts**
 - Prepared to work with State on changes to their Medicaid program

Demands From MTA

- MTA demands more from our taxpayers without addressing root cause of the problem
 - \$3 billion to the MTA capital plan
 - \$100 million more annually for Access-A-Ride
- New York City government, residents, visitors, and workforce already contribute nearly 70% of the MTA's annual resources

FY 2021 PRELIMINARY BUDGET

THE FY 2021 PRELIMINARY BUDGET IS \$95.3 BILLION

Budget Growth Since June 2019

- Budget growth since June is primarily related to:
 - Labor settlements and benefits = **\$1.6 billion**
 - Account for nearly **2/3** of budget growth
 - **80%** of our workforce is under contract
 - Education mandates = **\$256 million**
 - Special education
 - Charter school costs
 - Debt service = **\$270 million**
 - Criminal Justice mandates = **\$175 million**
 - Discovery and Bail reform
 - 1,000 headcount across multiple agencies
- These are ongoing needs we must fund
- New investments are offset by savings

Savings

- **\$714 million** in savings across FY20 and FY21 in the Preliminary Budget
 - Total of almost **\$1.2 billion** of savings in FY20 and FY21 since June
- This is in addition to health care savings of **\$1.6 billion** in FY20 and **\$1.9 billion** in FY21 and every year after

Reserves

- **\$1.25 billion** a year over four years
 - General Reserve: **\$1.0 billion**
 - Capital Stabilization Reserve: **\$250 million**
- **\$4.68 billion** in the Retiree Health Benefits Trust Fund

CRITICAL INVESTMENTS

Public Safety

- **Vision Zero**

- Adding **\$98 million** in capital funds to improve street safety for 4th Avenue in Brooklyn

- **Wages and benefits for our uniform workforce**

- Recently announced establishment of a uniformed bargaining pattern
- Almost **80%** of the City workforce is now under contract
- **\$147 million** over Fiscal Years 2020-21

Resiliency

- Significant progress in 2019 includes:
 - Lower Manhattan Coastal Resiliency
 - East Side Coastal Resiliency
 - Staten Island Levee Project
- Rockaway Beach Resiliency Improvements
 - Part of U.S. Army Corps of Engineers larger **\$590 million** beach and bayside resiliency project
 - Reconstruction of beach pathways and removal of aged jetties
 - Additional **\$33 million** in capital over Fiscal Years 2020-21

CONCLUSION

REVENUE AND EXPENSE CHANGES

January 2020 Financial Plan

	City Funds (\$ in Millions)				
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Gap to be Closed - November 2019 Financial Plan	\$ ---	(\$3,015)	(\$2,951)	(\$3,197)	(\$3,283)
Revenue Changes:					
Tax Revenues	\$449	\$593	\$387	\$491	\$684
Non-Tax Revenues	76	59	52	52	52
Total Revenue Changes	\$525	\$652	\$439	\$543	\$736
Expense Changes:					
Agency Expense Changes	\$441	\$243	\$220	\$352	\$464
Citywide Savings Program	(456)	(258)	(183)	(203)	(235)
Pensions	(134)	(174)	(116)	(117)	(117)
General Reserve (FY20 from \$1.15B to \$300M)	(850)	---	---	---	---
Capital Stabilization Reserve	(250)	---	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
Total Expense Changes	(\$1,649)	(\$189)	(\$79)	\$32	\$112
Gap to be Closed Before Prepayments	\$2,174	(\$2,174)	(\$2,433)	(\$2,686)	(\$2,659)
FY 2020 Prepayment of FY 2021 Expenses	(2,174)	2,174	---	---	---
Gap to be Closed - January 2020 Financial Plan	\$ ---	\$ ---	(\$2,433)	(\$2,686)	(\$2,659)

Five Year Financial Plan Revenue and Expenditures

City Funds

REVENUES	(\$ in Millions)				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Taxes					
General Property Tax	\$29,672	\$31,015	\$32,271	\$33,251	\$33,958
Other Taxes	33,681	33,678	34,623	35,638	36,636
Tax Audit Revenue	999	921	721	721	721
Subtotal: Taxes	\$64,352	\$65,614	\$67,615	\$69,610	\$71,315
Miscellaneous Revenues	7,547	7,086	7,079	7,096	7,097
Unrestricted Intergovernmental Aid	111	---	---	---	---
Less: Intra-City Revenue	(2,126)	(1,852)	(1,844)	(1,842)	(1,842)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$69,869	\$70,833	\$72,835	\$74,849	\$76,555
EXPENDITURES					
Personal Service	\$39,562	\$40,952	\$41,743	\$43,120	\$44,147
Other Than Personal Service ¹	24,744	24,077	24,336	24,473	24,651
Debt Service ^{1,2}	6,761	7,277	7,939	8,692	9,166
FY 2019 Budget Stabilization and Discretionary Transfers ¹	(4,221)	---	---	---	---
FY 2020 Budget Stabilization ²	2,723	(2,723)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Total Expenditures	\$69,869	\$70,833	\$75,268	\$77,535	\$79,214
Gap To Be Closed	\$ ---	\$ ---	(\$2,433)	(\$2,686)	(\$2,659)

¹ Fiscal Year 2019 Budget Stabilization and Discretionary Transfers totals \$4.221 billion, including GO of \$1.702 billion, TFA-FTS of \$2.319 billion and subsidies of \$200 million.

² Fiscal Year 2020 Budget Stabilization totals \$2.723 billion, including GO of \$173 million and TFA-FTS of \$2.550 billion.

Five Year Financial Plan Revenue and Expenditures

All Funds

REVENUES	(\$ in Millions)				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Taxes					
General Property Tax	\$29,672	\$31,015	\$32,271	\$33,251	\$33,958
Other Taxes	33,681	33,678	34,623	35,638	36,636
Tax Audit Revenue	999	921	721	721	721
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Miscellaneous Revenues	7,547	7,086	7,079	7,096	7,097
Unrestricted Intergovernmental Aid	111	---	---	---	---
Less: Intra-City Revenue	(2,126)	(1,852)	(1,844)	(1,842)	(1,842)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$69,869	\$70,833	\$72,835	\$74,849	\$76,555
Other Categorical Grants	1,006	874	864	863	861
Inter-Fund Revenues	719	676	676	676	676
Federal Categorical Grants	8,158	7,113	7,010	6,976	6,971
State Categorical Grants	15,674	15,803	16,263	16,720	16,769
Total Revenues	\$95,426	\$95,299	\$97,648	\$100,084	\$101,832
EXPENDITURES					
Personal Service					
Salaries and Wages	\$30,112	\$30,943	\$30,821	\$31,728	\$32,291
Pensions	9,832	9,939	10,422	10,458	10,112
Fringe Benefits	11,362	11,802	12,607	13,416	14,227
Subtotal: Personal Service	\$51,306	\$52,684	\$53,850	\$55,602	\$56,630
Other Than Personal Service					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,641	1,651	1,651	1,650	1,650
All Other ¹	32,904	30,874	31,101	31,289	31,522
Subtotal: Other Than Personal Service	\$40,460	\$38,440	\$38,667	\$38,854	\$39,087
Debt Service ^{1,2}	6,984	7,500	8,158	8,906	9,366
FY 2019 Budget Stabilization and Discretionary Transfers ¹	(4,221)	---	---	---	---
FY 2020 Budget Stabilization ²	2,723	(2,723)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Less: Intra-City Expenses	(2,126)	(1,852)	(1,844)	(1,842)	(1,842)
Total Expenditures	\$95,426	\$95,299	\$100,081	\$102,770	\$104,491
Gap To Be Closed	\$ ---	\$ ---	(\$2,433)	(\$2,686)	(\$2,659)

¹ Fiscal Year 2019 Budget Stabilization and Discretionary Transfers totals \$4.221 billion, including GO of \$1.702 billion, TFA-FTS of \$2.319 billion and subsidies of \$200 million.

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