

The City of New York
Preliminary Budget
Fiscal Year 2023

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Financial Plan Summary

**THE FISCAL YEAR 2023
PRELIMINARY BUDGET**

#GetStuffDone

My commitment to New Yorkers

- **Straight talk**
- **Accountability**
- **Fiscal discipline**
- **Radically practical**

The Fiscal Year 2023 Preliminary Budget

The FY23 Preliminary Budget is **\$98.5B**

- **Balanced**
- **Manageable outyear \$2.7B in FY24, \$2.2B in FY25, \$3B in FY26**
- **Largest reserves in City history**
- **Successful Program to Eliminate the Gap (PEG)**

Investing in New Yorkers

**Focused on equity, safety &
justice**

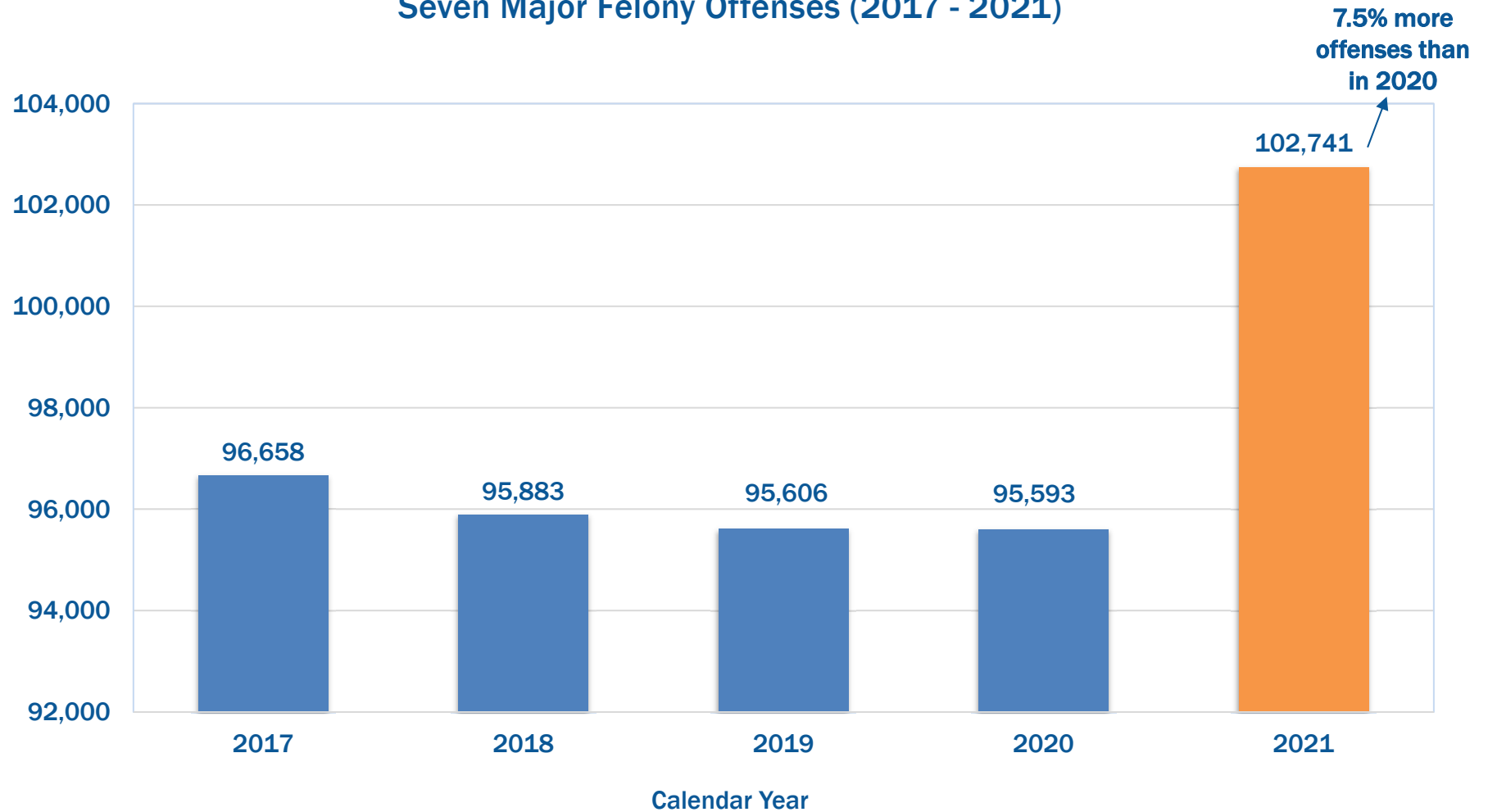
This Budget Gets the Basics Right → *Right Now!*

- **Prioritizes public safety**
- **PEG and cautious planning in response to mixed economic signals**
- **Right-sizing the workforce and shifting resources to promote efficiency**

**REDUCING CRIME IS A PREREQUISITE
TO PROSPERITY AND RECOVERY**

Major and Violent Crime Has Increased

Seven Major Felony Offenses (2017 - 2021)



Source: NYPD

Our Solution: The Blueprint to End Gun Violence

- **Address root causes of violence**
- **Ramp up enforcement**
- **Put more police officers on the street and in the subway**
- **Invest in longer term prevention, like fixing broken schools**
- **Expand access to mental health care, including support for street homeless**

Our Solution: The Blueprint to End Gun Violence

How do we get this done?

- Work with key NYC constituencies
- Deepen coordination with state and federal partners
- We don't always need to spend **more**, we need to spend **right**

THE NATIONAL ECONOMY IS STRONG

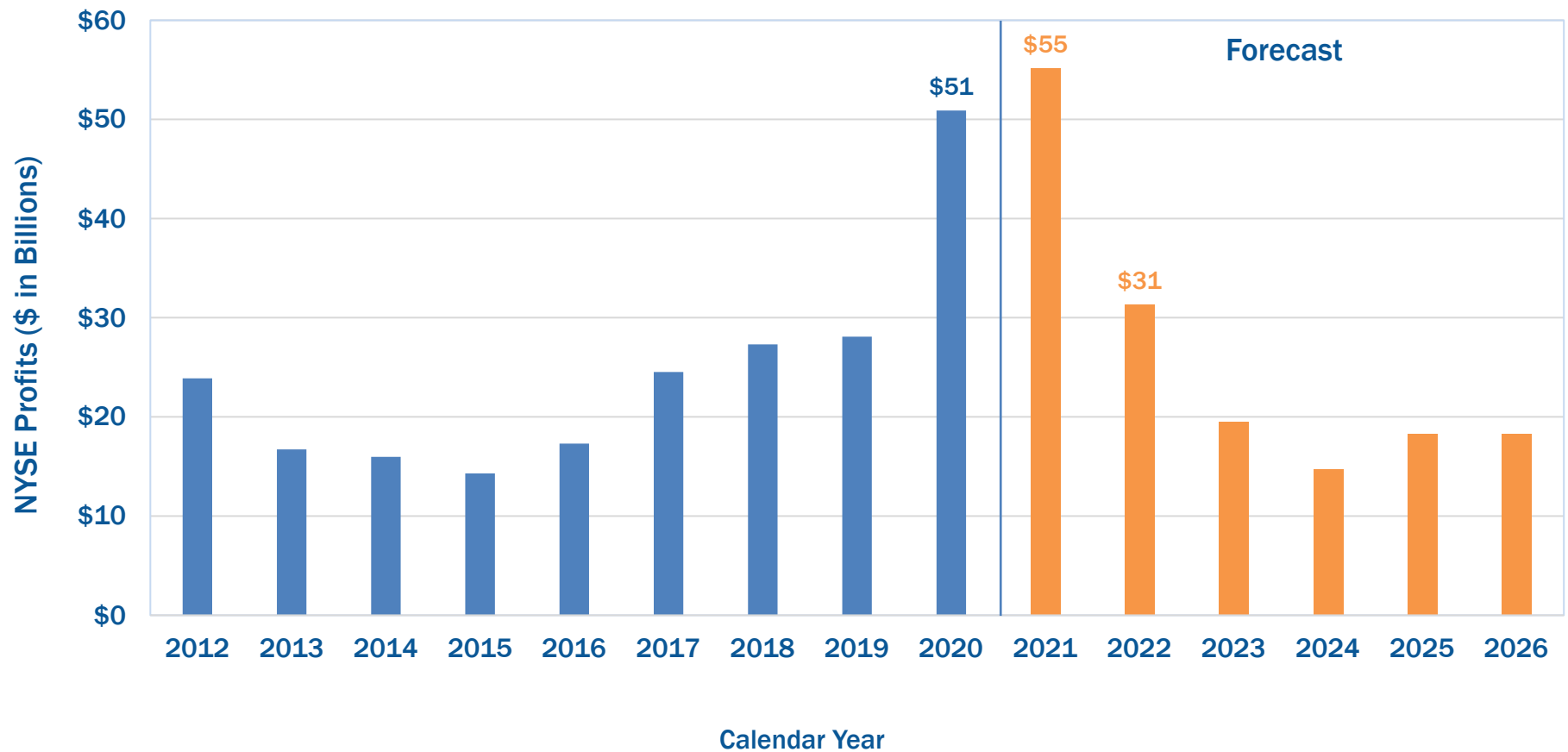
The National Economy Continues to Grow

- The U.S. economy is strong
- Strong pandemic jobs recovery
- Corporate profits are up
- Rising inflation
- The Fed will likely raise interest rates to combat inflationary pressures

**THE NYC ECONOMY IS SENDING
MIXED SIGNALS**

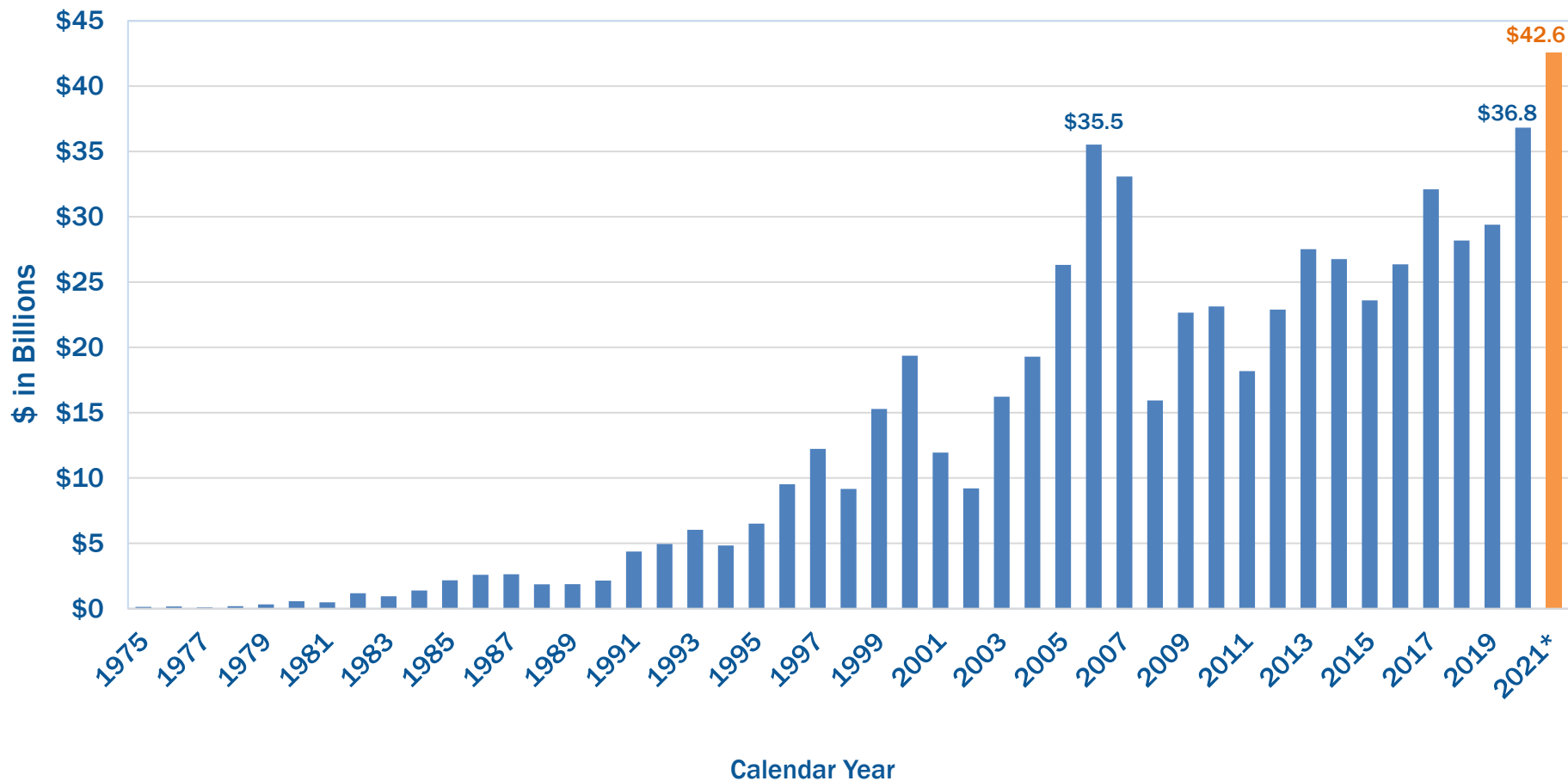
Wall Street Posted Record Profits in 2020 and 2021

NYSE Member Firm Profits



Wall Street Bonuses Hit Record Level

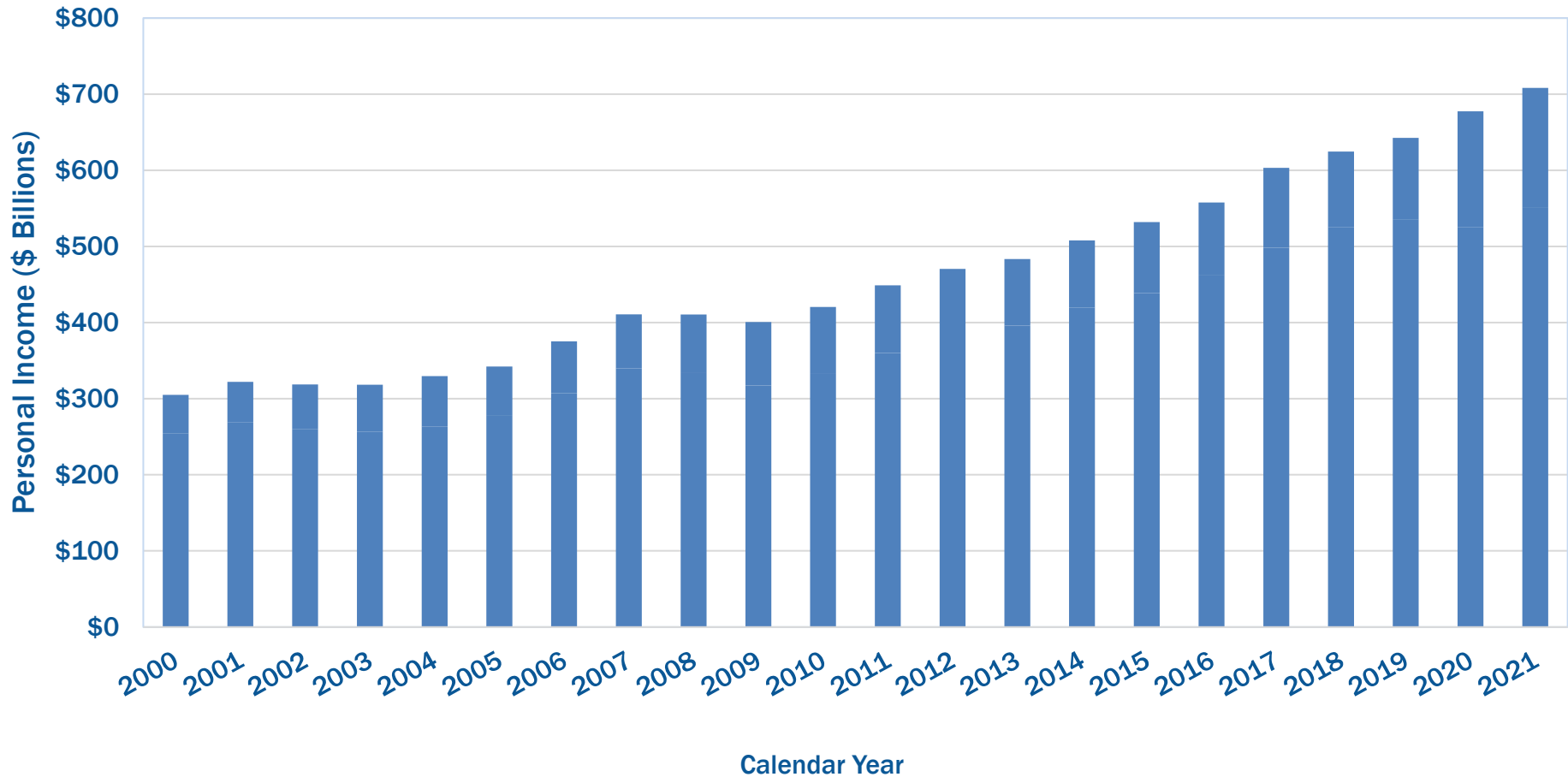
Securities Bonus Pool



* Forecast

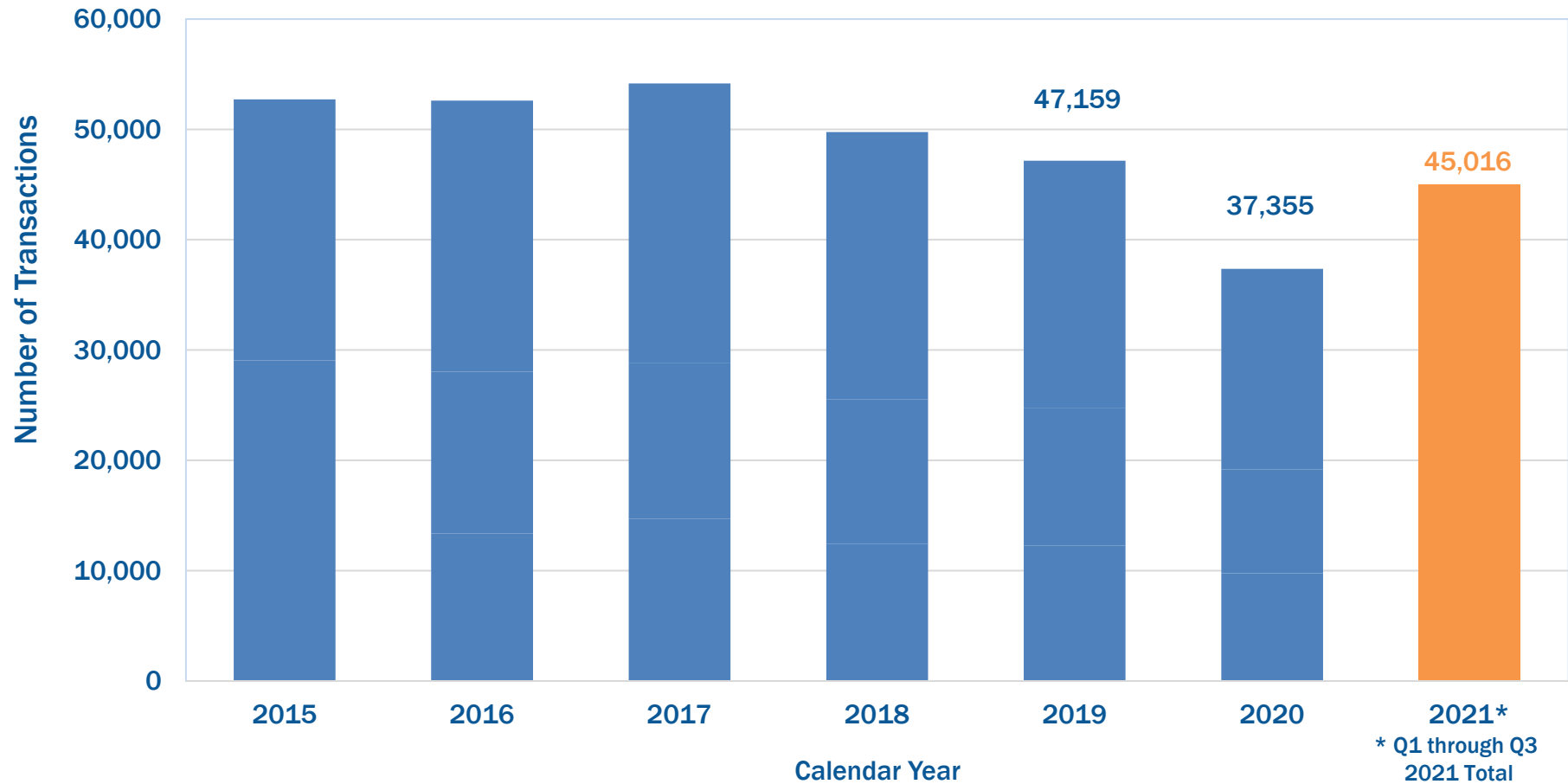
Federal Stimulus and Strong Wall Street Performance Stoked Income Growth

NYC Personal Income



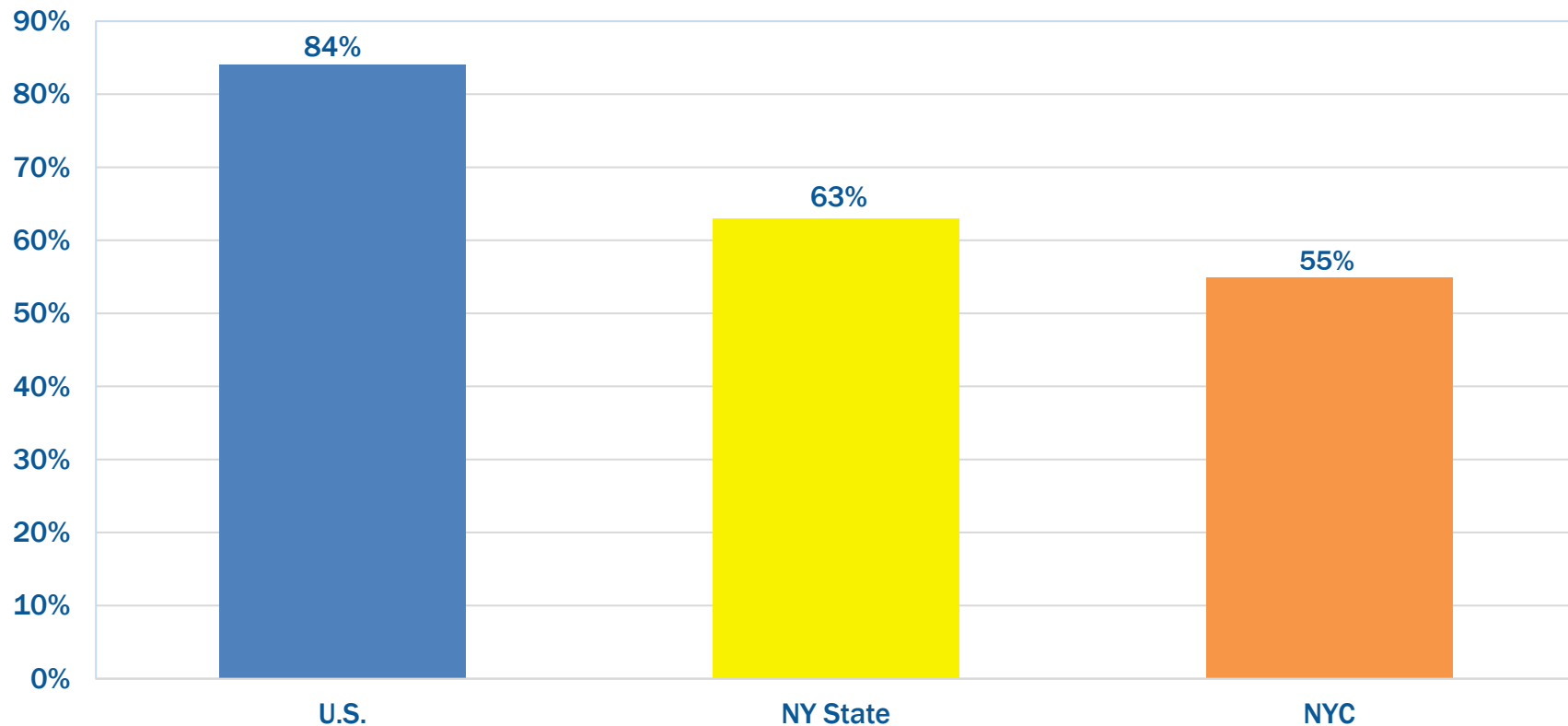
Residential Real Estate Sales are Rebounding

Residential Real Estate Sales Volume



NYC Employment Gains Lag the U.S. and NYS

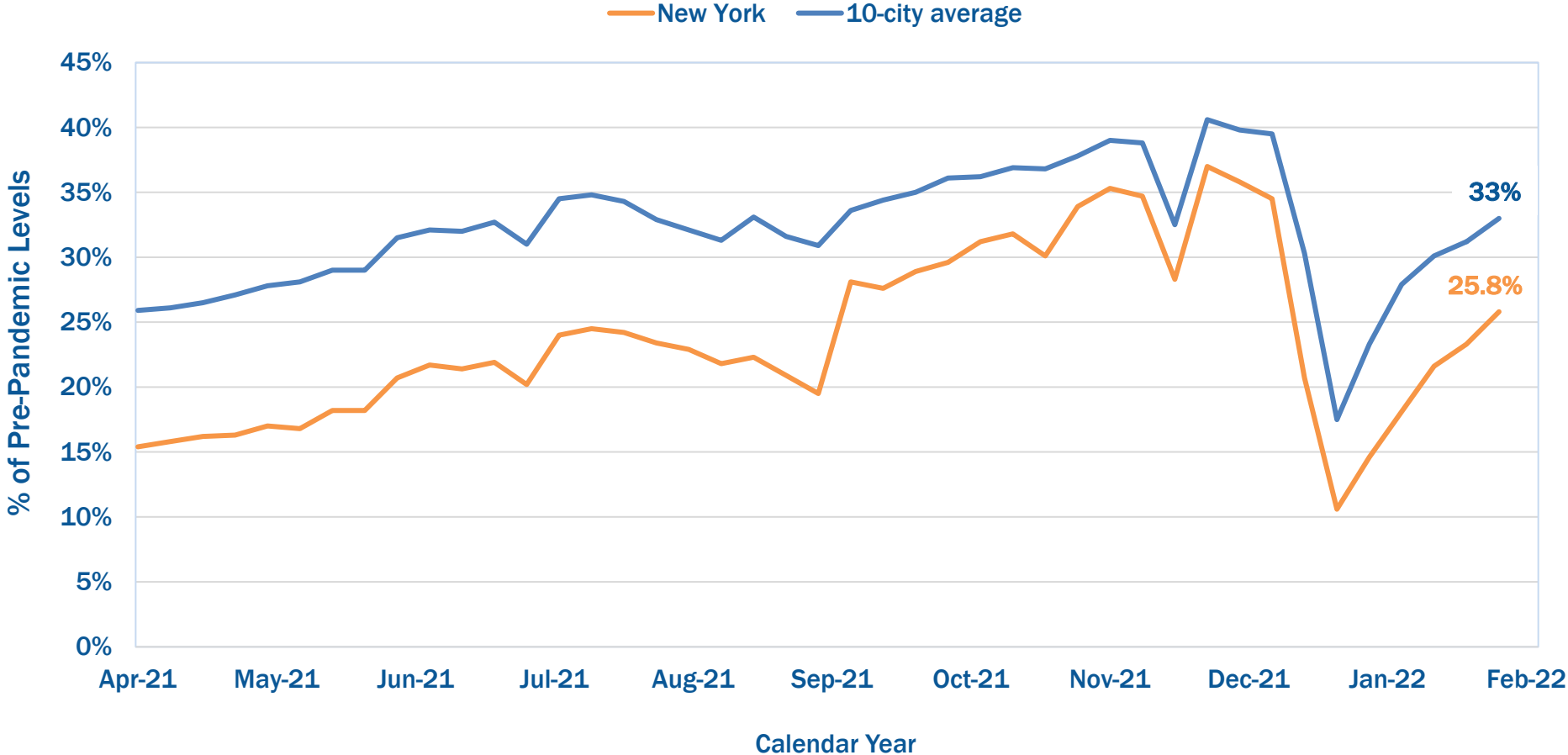
Jobs Recovered as a Percentage of Pandemic Losses



Source: U.S. Bureau of Labor Statistics, NYS Department of Labor, NYC OMB

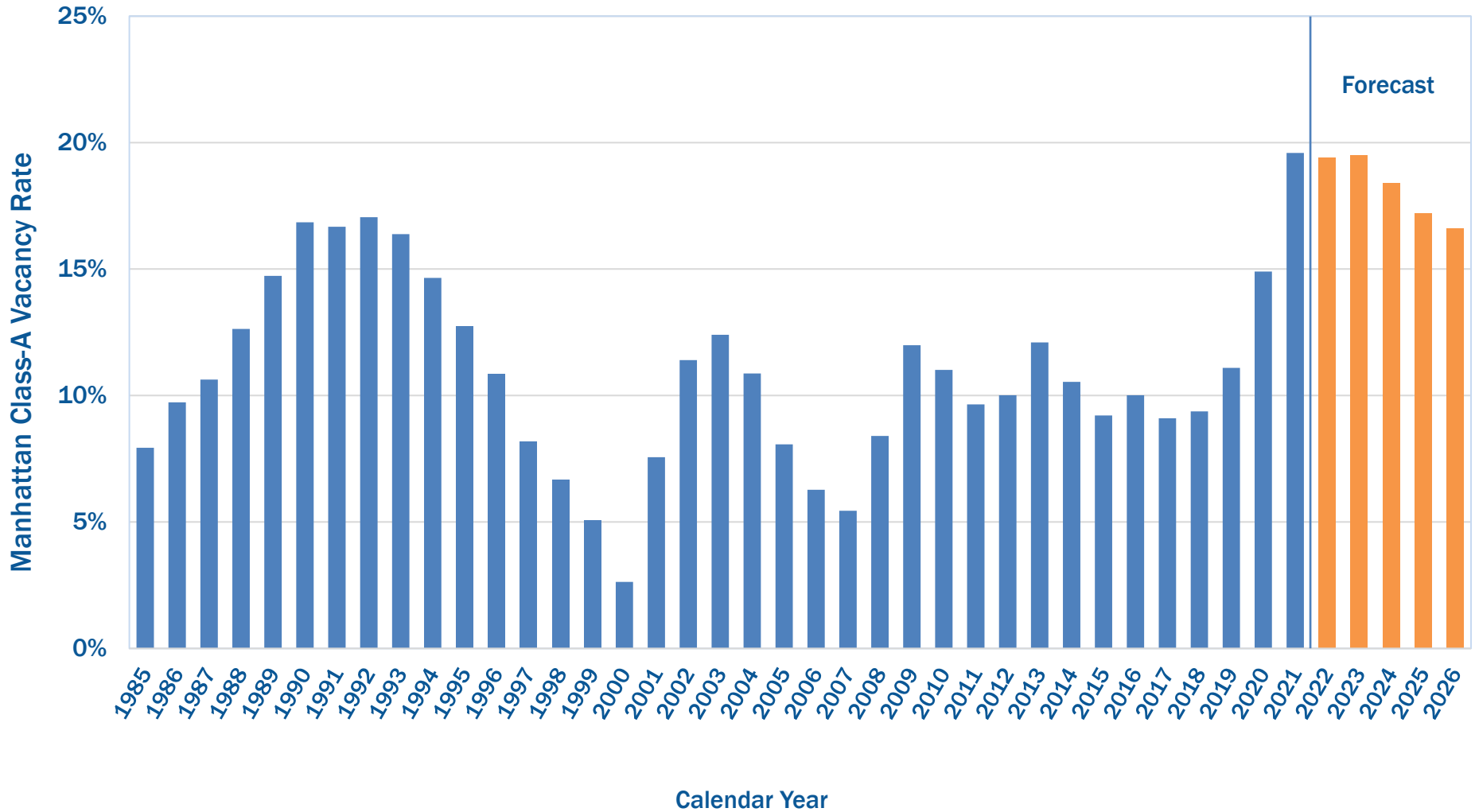
Omicron Slowed NYC's Return to Office Progress

Percentage of Employees Returning to Office



Source: Kastle Back to Work Barometer

Office Vacancy Rates are at an All-Time High



Source: Cushman & Wakefield, NYC OMB

Mixed Signals: What Does This Mean?

Positive

- Wage growth, corporate profits, and Wall Street activity, are all up
- Residential real estate sales are rebounding



- Gains in personal income and business taxes drove growth in tax revenues over the November forecast by **\$1.6B** in FY22
- Helps close budget gaps

Negative

- NYC is slow to recover jobs
- Unemployment rate is high
- Return to office delayed
- High office vacancy rate has weakened commercial real estate markets



- Uncertainty
- Slowing recovery
- Impact on property tax growth
- Too many New Yorkers are falling farther behind

PEG: Saving Taxpayer Dollars and Closing the Budget Gap

The PEG was a success

- Almost \$2B over Fiscal Years 2022 & 2023
 - FY22: \$866M
 - FY23: \$1.1B
- Key to closing the FY23 \$2.9B budget gap
- Achieving efficiencies will be a regular part of the budget process

**FACING MIXED ECONOMIC SIGNALS:
CAUTION AND FISCAL DISCIPLINE**

Building Reserves to a Record Level

- Budget reserves are **\$6.1B**

General Reserve: **\$1B**

Rainy Day Fund: **\$1B**

Retiree Health Benefits Trust: **\$3.8B**

Capital Stabilization Fund: **\$250M**

**MAKING GOVERNMENT WORK BETTER
FOR NEW YORKERS**

Making Government More Efficient

- Promoting efficiency from Day One
 - Efficiency Czar with citywide reach
 - Consolidated technology and climate agencies
- More to come in future plans

Right-Sizing the City's Workforce

- PEG budgeted headcount reductions
 - FY22: 3,200
 - FY23: 7,000
- Without laying off a single employee

INVESTING IN NEW YORKERS

Putting **More Money** in the Pockets of Working Families

Putting more money in families' pockets by expanding the New York City Earned Income Tax Credit

- Much needed help for hard-working low to moderate-income families
- First increase in **over 20 years**

Under our current proposal:

- A single parent with one child who earns \$14,750 receives an additional \$1,200 - **double the current benefit**
- A married couple with two children who earn \$25,000 receives an additional \$1,500 - **over 70 percent more than the current**

Lifting Working Families

- **Creating more childcare space** with a property tax abatement for property owners who retrofit
- **Helping parents get back to work** with tax credits for businesses that provide free or subsidized childcare
- **Annual funding for Fair Fares to help low-income New Yorkers afford Metro Cards**

Investing in the **Blueprint to End Gun Violence**

Helping youth stay on the right path with Fair Futures

- Prepares youth aging out of foster care
- **Baselines program** to ensure continuous service delivery
- Funding for mentoring, tutoring, and other important services

Creating Summer Job Opportunities for Young New Yorkers

Adding 30,000 slots to the Summer Youth Employment Program

- Expands the program to 100,000 baseline city-funded slots
- Every summer – not just a one-year extension!

Healthcare for Moms and Young Families

- **Reducing maternal deaths and childbirth complications with Maternal Medical Home and Obstetric Simulation Training**
 - Care coordination to high-risk patients
 - Training H+H staff for obstetric emergencies
- **Baseline the New Family Home Visits program**
 - Comprehensive screening and referral services for first-time moms in 33 neighborhoods hit hardest by COVID-19
 - Regular home visits from healthcare workers
- **Programs are baselined to ensure continuous service delivery**

FY 2023 Preliminary Capital Plan

- The FY 2022-2026 Preliminary Capital Plan is \$100 billion
- New Capital Investments:
 - **Maintain bridges in a state of good repair:** Rehabilitation of 12 highway bridges (\$1.2B)
 - **Safe wastewater treatment facilities:** North River Wastewater Resource Recovery Facility upgrade (\$299.4M)
 - **Improved facilities for our officers:** Detective Bureau/Special Operations relocation (\$15.2M)
 - **Keep our watershed clean:** Upstate Water Supply Facilities (\$13.9M)
- Redistributed \$3.7 billion in projects from FY22 and FY23 to out-years

The Path Forward

- **Public safety = prosperity**
- **Streamline government**
- **Protect taxpayer dollars**
- **Plan for our future**
- **Stay focused on everyday New Yorkers**

#GetStuffDone

**Together we will make New York City
SAFER, MORE JUST, and MORE
PROSPEROUS.**

REVENUE AND EXPENSE CHANGES

February 2022 Financial Plan

City Funds - (\$ in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Gap to be Closed - November 2021 Financial Plan	\$---	(\$2,882)	(\$2,731)	(\$2,140)	(\$3,929)
Revenue Changes:					
Tax Revenues	1,603	726	501	498	1,591
EITC and Child Care Tax Credit	---	(300)	(300)	(300)	(300)
Non-Tax Revenues	31	43	100	104	85
Unrestricted Aid (ARPA)	294	---	---	---	---
PEG - Revenue	10	14	9	9	9
Total Revenue Changes	\$1,938	\$483	\$310	\$311	\$1,385
Expense Changes:					
Agency Expense Changes	536	926	904	1,021	1,085
PEG - Expense	(829)	(1,060)	(1,035)	(1,039)	(1,050)
Labor Adjustment	---	500	500	500	500
Federal Funding Swap	(60)	---	---	---	---
Debt Service	(27)	(52)	(69)	(77)	(70)
General Reserve	(50)	55	---	---	---
Prior Payables	(400)	---	---	---	---
Total Expense Changes	(\$830)	\$369	\$300	\$405	\$465
Gap to be Closed Before Prepayments	\$2,768	(\$2,768)	(\$2,721)	(\$2,234)	(\$3,009)
FY 2022 Prepayment	(2,768)	2,768	---	---	---
Gap to be Closed - February 2022 Financial Plan	\$---	\$---	(\$2,721)	(\$2,234)	(\$3,009)

Five Year Financial Plan Revenue and Expenditures

City Funds - (\$ in Millions)

REVENUES	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Taxes					
General Property Tax	\$29,408	\$30,890	\$31,149	\$31,326	\$31,388
Other Taxes	33,701	34,261	35,904	37,595	38,626
Tax Audit Revenue	921	721	721	721	721
Subtotal: Taxes	\$64,030	\$65,872	\$67,774	\$69,642	\$70,735
Miscellaneous Revenues	7,250	6,980	7,036	7,065	7,092
Unrestricted Intergovernmental Aid	1,044	---	---	---	---
Less: Intra-City Revenue	(2,153)	(1,850)	(1,848)	(1,838)	(1,838)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$70,156	\$70,987	\$72,947	\$74,854	\$75,974
EXPENDITURES					
Personal Service ⁽¹⁾	\$38,482	\$39,833	\$40,324	\$40,694	\$41,552
Other Than Personal Service	26,722	25,820	25,996	26,502	26,737
Debt Service ^{(1), (2)}	6,577	7,761	8,098	8,642	9,444
FY 2021 Budget Stabilization & Discretionary Transfers ⁽¹⁾	(6,107)	---	---	---	---
FY 2022 Budget Stabilization ⁽²⁾	3,732	(3,732)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	250	1,055	1,000	1,000	1,000
Deposit to the Rainy Day Fund	500	---	---	---	---
Total Expenditures	\$70,156	\$70,987	\$75,668	\$77,088	\$78,983
Gap To Be Closed	\$---	\$---	(\$2,721)	(\$2,234)	(\$3,009)

⁽¹⁾ Fiscal Year 2021 Budget Stabilization and Discretionary Transfers total \$6.107 billion, including GO of \$3.000 billion, TFA-FTS of \$2.682 billion and Retiree Health Benefits of \$425 million.

⁽²⁾ Fiscal Year 2022 Budget Stabilization totals \$3.732 billion, including GO of \$1.768 billion and TFA-FTS of \$1.964 billion.

Five Year Financial Plan Revenue and Expenditures

All Funds - (\$ in Millions)

REVENUES	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Taxes					
General Property Tax	\$29,408	\$30,890	\$31,149	\$31,326	\$31,388
Other Taxes	33,701	34,261	35,904	37,595	38,626
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Subtotal: Taxes	\$64,030	\$65,872	\$67,774	\$69,642	\$70,735
Miscellaneous Revenues	7,250	6,980	7,036	7,065	7,092
Unrestricted Intergovernmental Aid	1,044	---	---	---	---
Less: Intra-City Revenue	(2,153)	(1,850)	(1,848)	(1,838)	(1,838)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$70,156	\$70,987	\$72,947	\$74,854	\$75,974
Other Categorical Grants	1,149	1,013	1,006	1,005	1,001
Inter-Fund Revenues	730	734	732	731	731
Federal Categorical Grants	18,014	9,385	8,644	7,928	6,902
State Categorical Grants	16,490	16,417	16,642	16,888	16,943
Total Revenues	\$106,539	\$98,536	\$99,971	\$101,406	\$101,551
EXPENDITURES					
Personal Service					
Salaries and Wages	\$31,235	\$30,599	\$30,676	\$30,880	\$31,197
Pensions	9,932	9,665	9,048	8,176	7,561
Fringe Benefits ⁽¹⁾	12,298	12,643	13,729	14,683	15,398
Subtotal: Personal Service	\$53,465	\$52,907	\$53,453	\$53,739	\$54,156
Other Than Personal Service					
Medical Assistance	\$6,546	\$6,494	\$6,494	\$6,494	\$6,494
Public Assistance	1,651	1,650	1,650	1,650	1,650
All Other	41,891	33,820	33,428	33,542	33,251
Subtotal: Other Than Personal Service	\$50,088	\$41,964	\$41,572	\$41,686	\$41,395
Debt Service ^{(1),(2)}	6,764	7,942	8,265	8,803	9,597
FY 2021 Budget Stabilization & Discretionary Transfers ⁽¹⁾	(6,107)	---	---	---	---
FY 2022 Budget Stabilization ⁽²⁾	3,732	(3,732)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	250	1,055	1,000	1,000	1,000
Deposit to the Rainy Day Fund	500	---	---	---	---
Less: Intra-City Expenses	(2,153)	(1,850)	(1,848)	(1,838)	(1,838)
Total Expenditures	\$106,539	\$98,536	\$102,692	\$103,640	\$104,560
Gap To Be Closed	\$--	\$--	(\$2,721)	(\$2,234)	(\$3,009)

⁽¹⁾ Fiscal Year 2021 Budget Stabilization and Discretionary Transfers total \$6.107 billion, including GO of \$3.000 billion, TFA-FTS of \$2.682 billion and Retiree Health Benefits of \$425 million.

⁽²⁾ Fiscal Year 2022 Budget Stabilization totals \$3.732 billion, including GO of \$1.768 billion and TFA-FTS of \$1.964 billion.

The 2023 Preliminary Capital Plan for Fiscal Years 2022-2026 Totals \$100.0 Billion in All Funds

