

The City of New York
Executive Budget
Fiscal Year 2024

Eric Adams, Mayor

Mayor's Office of Management and Budget
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Financial Plan Summary

THE FISCAL YEAR 2024 EXECUTIVE BUDGET

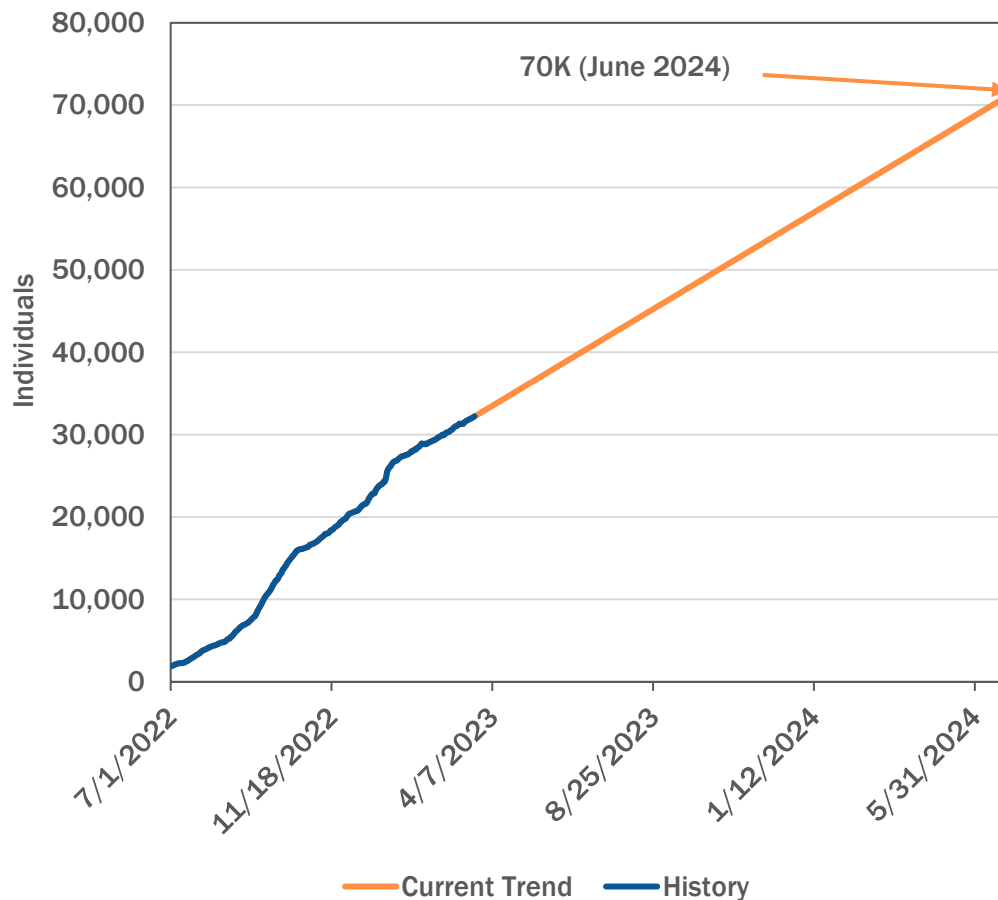
Executive Budget Actions

- **The \$106.7B FY24 Executive Budget:**
 - Remains balanced despite substantial challenges mainly by achieving savings, applying reserves, and adding new revenue over FY23 and FY24
 - Reflects tough choices and demonstrates strong fiscal management
 - Makes investments in public health and safety, jobs and education, and boosts equity and prosperity

**\$4.3B IN ASYLUM SEEKER COSTS THREATENS
OUR ABILITY TO FUND SERVICES**

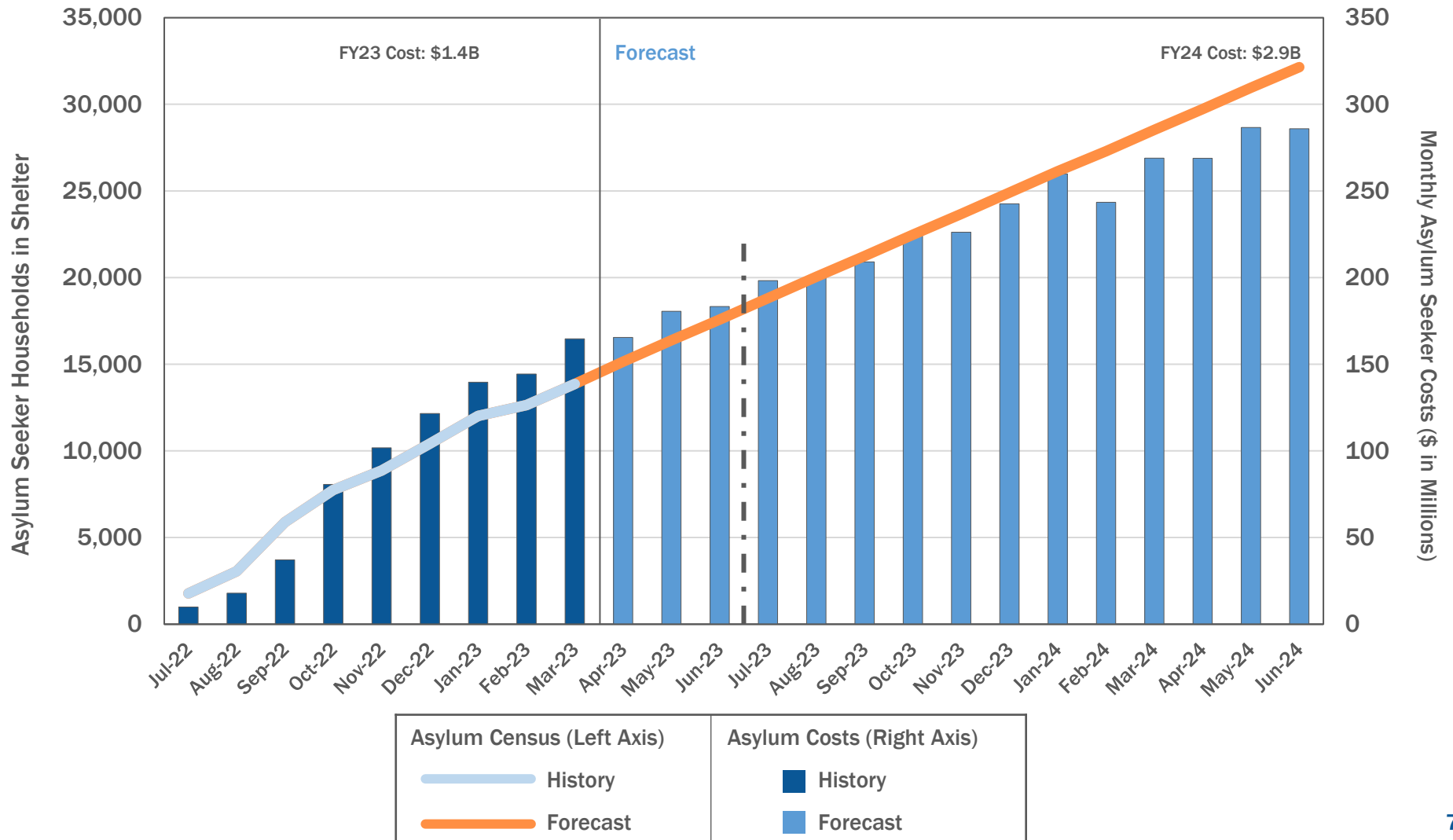
We Will Be Caring for an Estimated 70K Asylum Seekers by June 2024

Total Asylum Seeker Individuals in Shelter
(DHS + HERRCs)



- Though we are continuing New York's tradition of welcoming and helping immigrants, it has become unduly expensive to care for the asylum seekers
- Based on current growth trends, we will be caring for 70,000 asylum seekers by June 2024 – double the current population

\$4.3B In Asylum Seeker Costs By July 2024



State and Federal Aid is Needed

- Under the **most optimistic circumstances**, we assumed that 37% of the \$4.3B in costs would be covered by promised state and federal aid
 - Federal: \$800M to be shared by localities **nationwide**
 - State proposal: 29% of costs incurred over two years, capped at \$1.0B
- We need real help to minimize service disruptions

ADDITIONAL COSTS AND THREATS

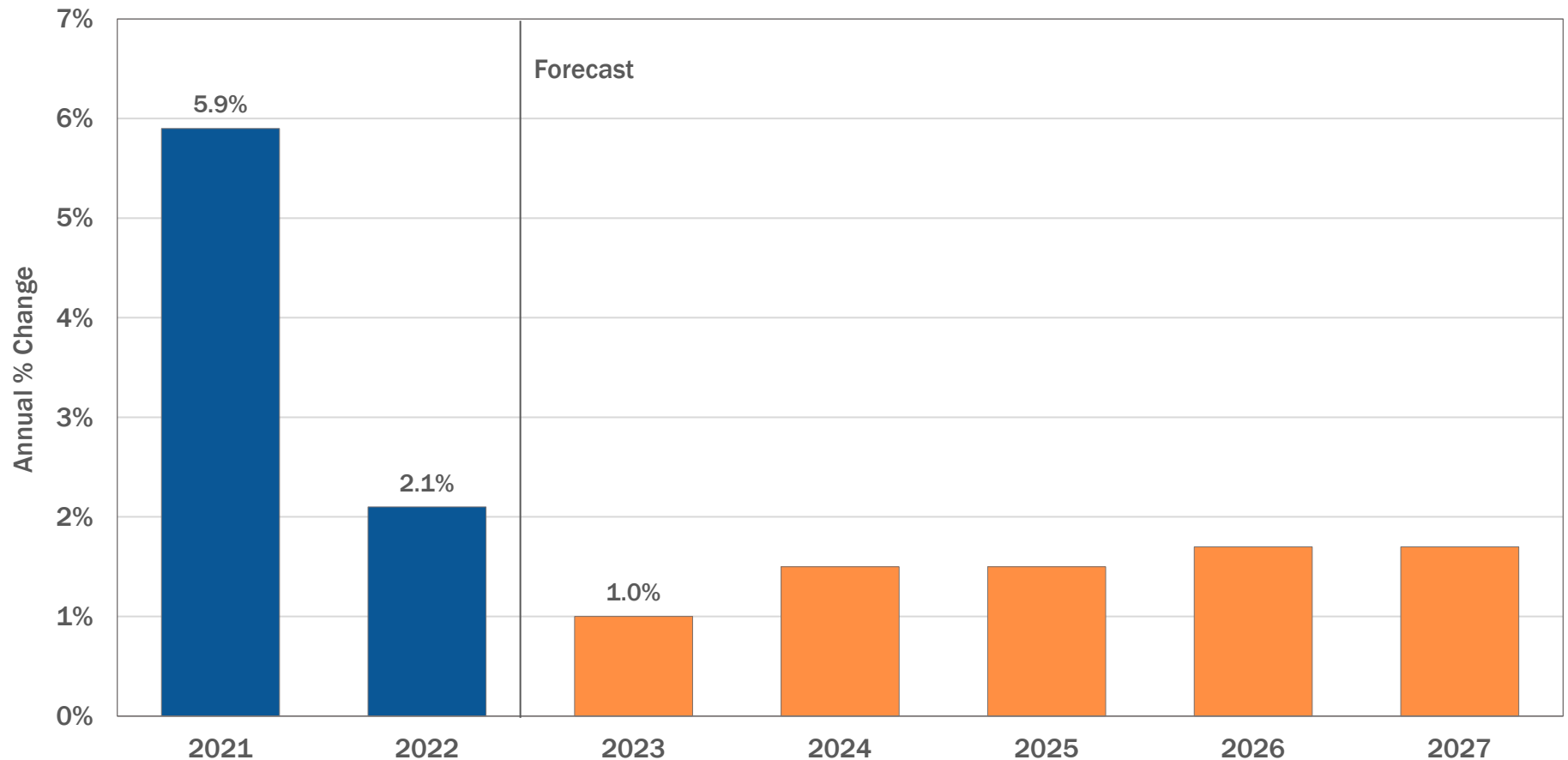
Gap Widening Costs and Budget Threats

- **We added \$16.0B across the financial plan to fund labor settlements with the city workforce**
 - This is on top of funding already in the Labor Reserve
 - Includes \$2.3B in FY23 and \$1.7B in FY24
 - Puts more money in the pockets of working families and helps us recruit and retain employees, but increases gaps
- **\$1.0B in Potential Annual State Budget Cuts and Cost Shifts**
 - \$530M more annually to the MTA on top of our current \$2.4B yearly contribution
 - \$340M annual cut to the city's Medicaid matching funds

**ON TOP OF FISCAL CHALLENGES –
THE NATIONAL ECONOMY AND OUR TAX REVENUE
GROWTH ARE SLOWING**

U.S. Economic Growth is Decelerating

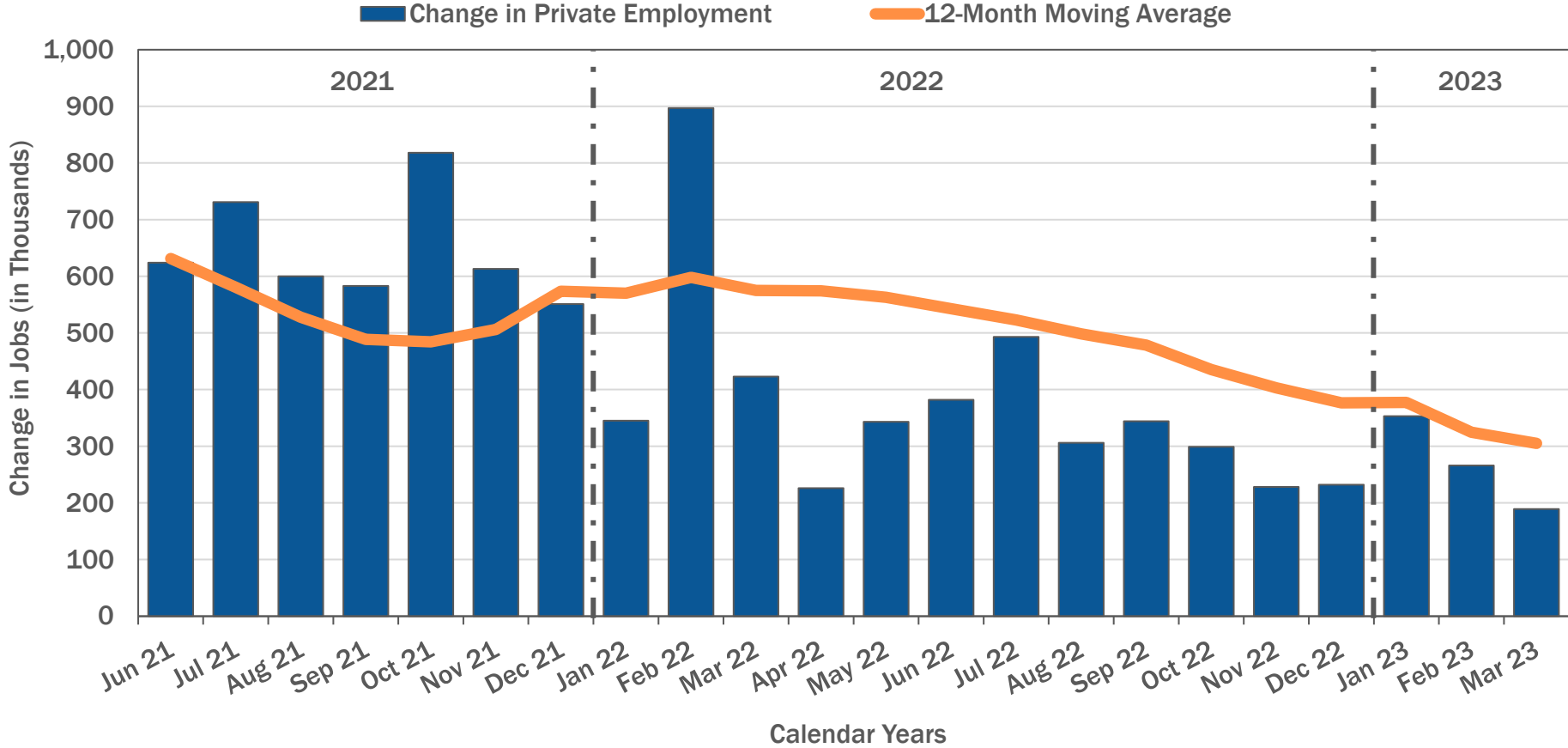
U.S. Real GDP Growth



Source: U.S. Bureau of Economic Analysis, NYC OMB

The Pace of U.S. Job Growth is Slowing

Monthly Change in U.S. Private Employment



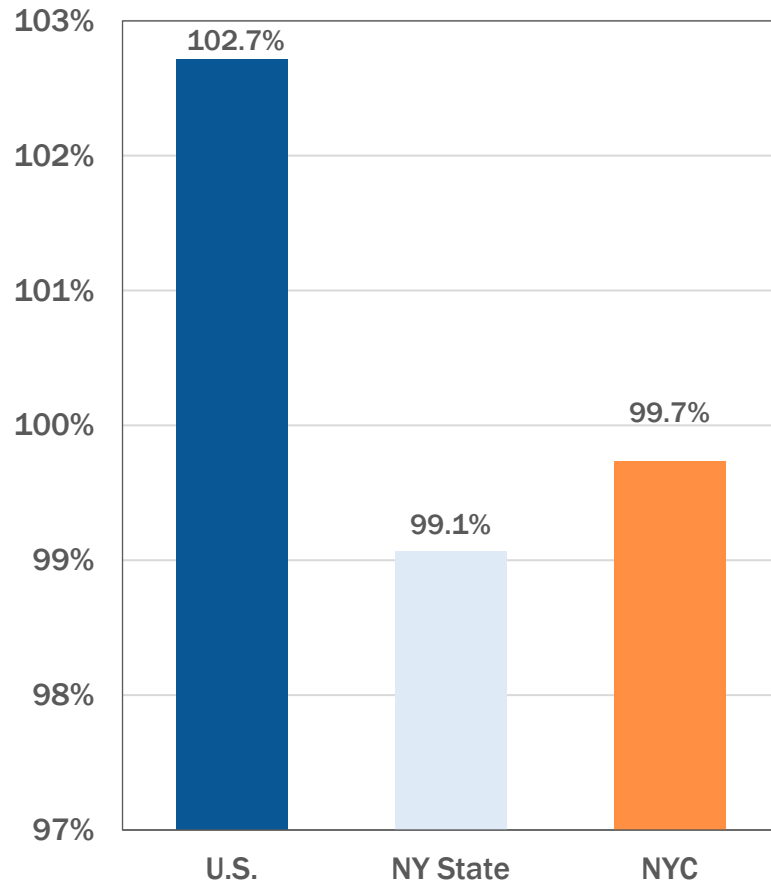
Source: U.S. Bureau of Labor Statistics

**OVERALL THE LOCAL
ECONOMY REMAINS STRONG**

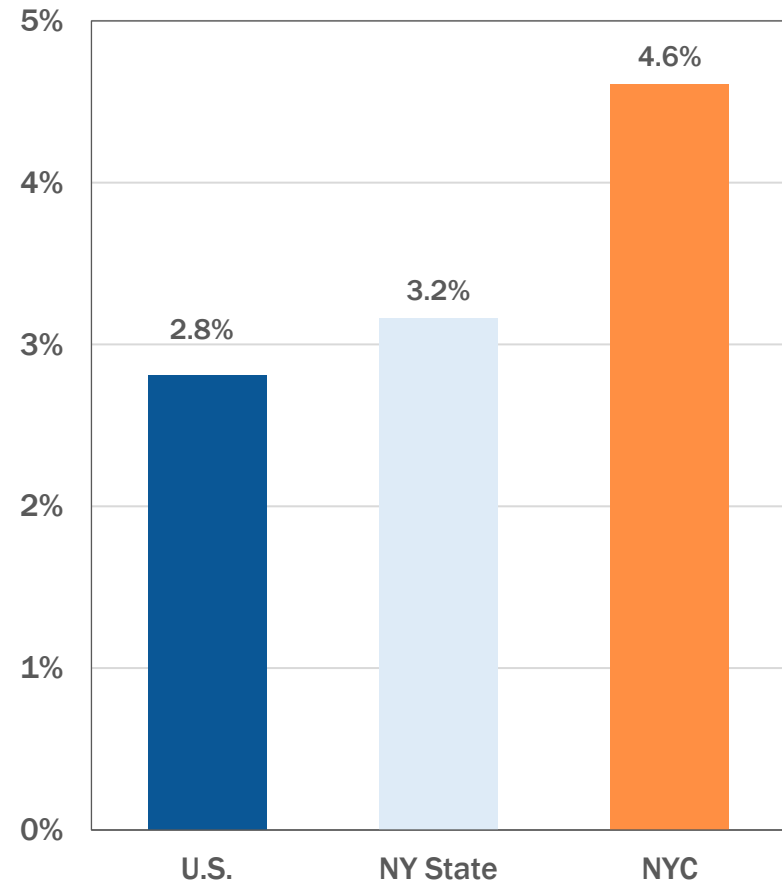
LOCAL ECONOMY: STRENGTHS

NYC Employment Growth Continues to Outpace New York State and the U.S.

Private Sector Jobs
March 2023 as a % of Feb 2020

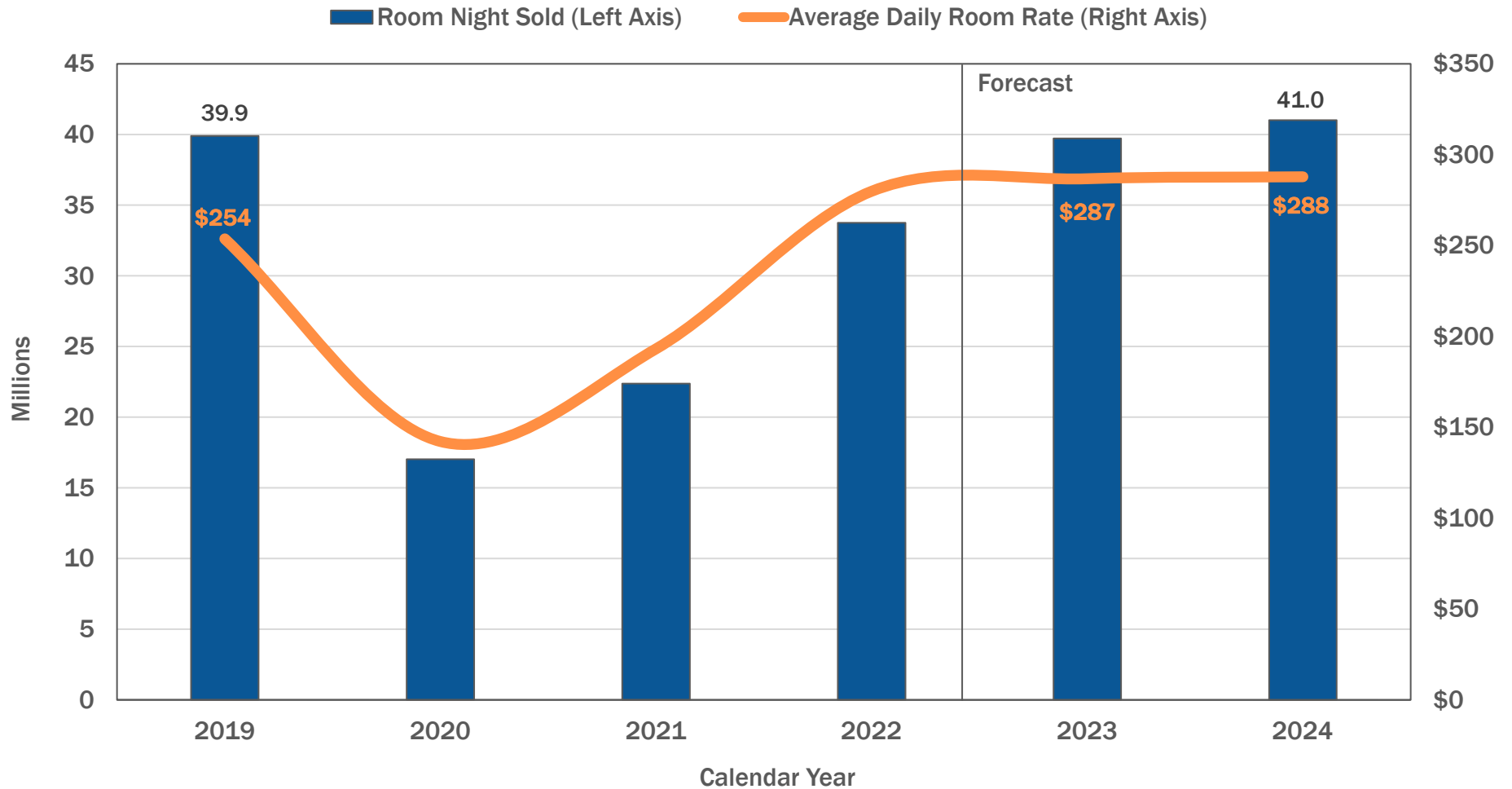


Annual Private Employment Growth
March 2023



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

Hotels will Fully Recover this Year as Tourism Rebounds

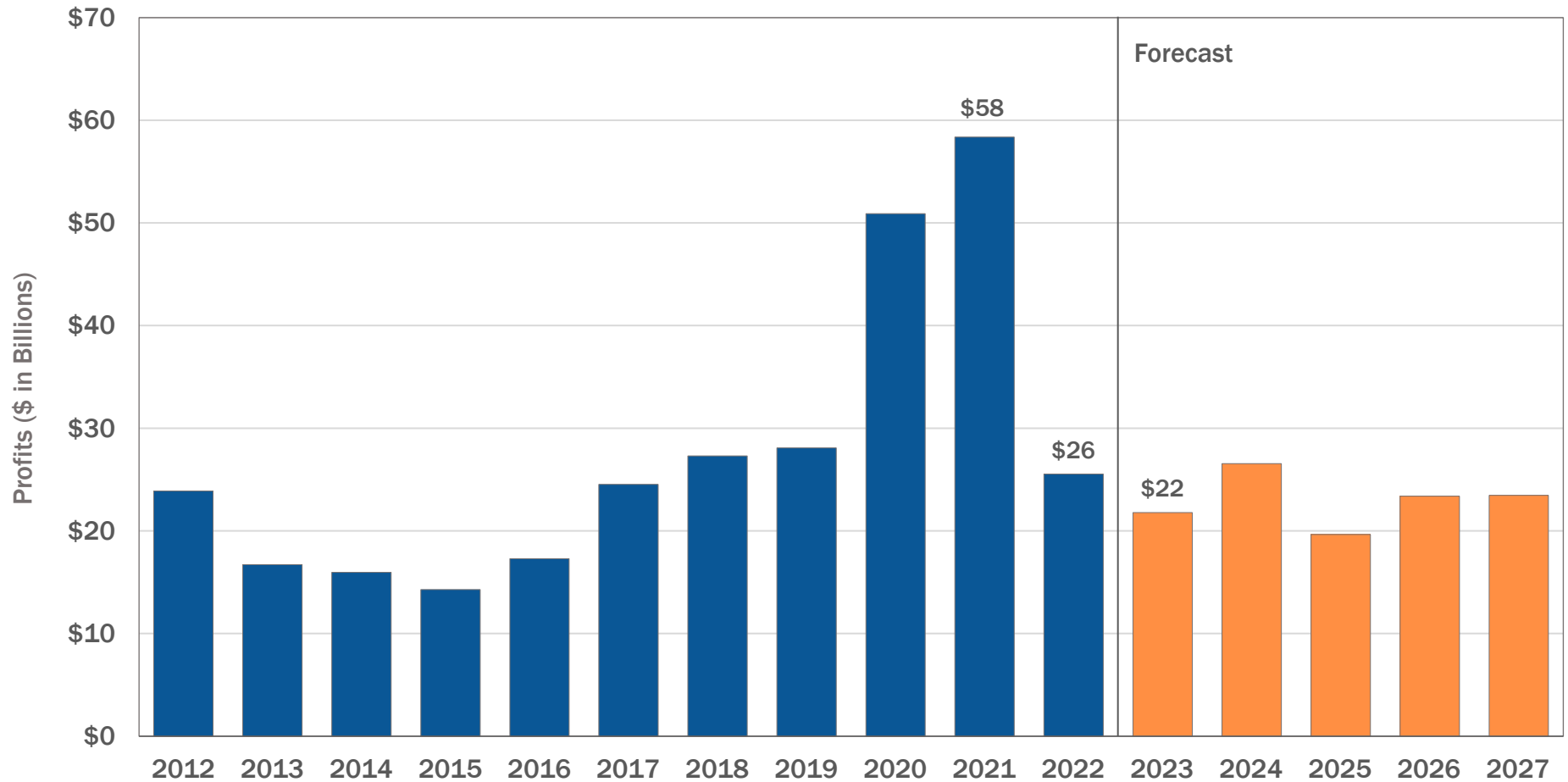


Source: OMB forecast based on NYC & Company and Costar Data

LOCAL ECONOMY: CHALLENGES

Wall Street Profits Have Dropped 50% Since Peaking in 2021

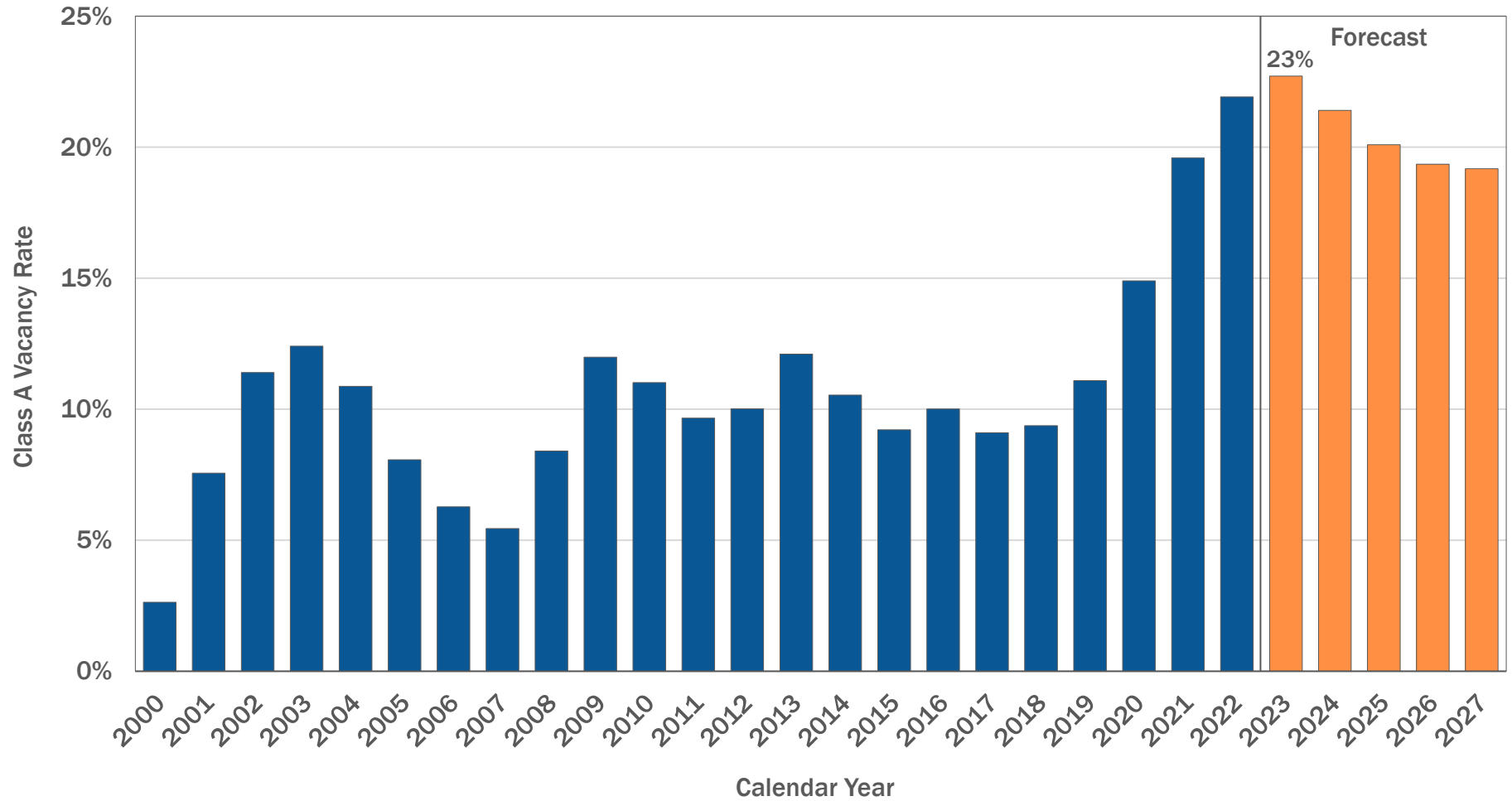
NYSE Member Firm Profits



Source: ICE-NYSE, NYC OMB

Commercial Office Vacancy Rates Remain High

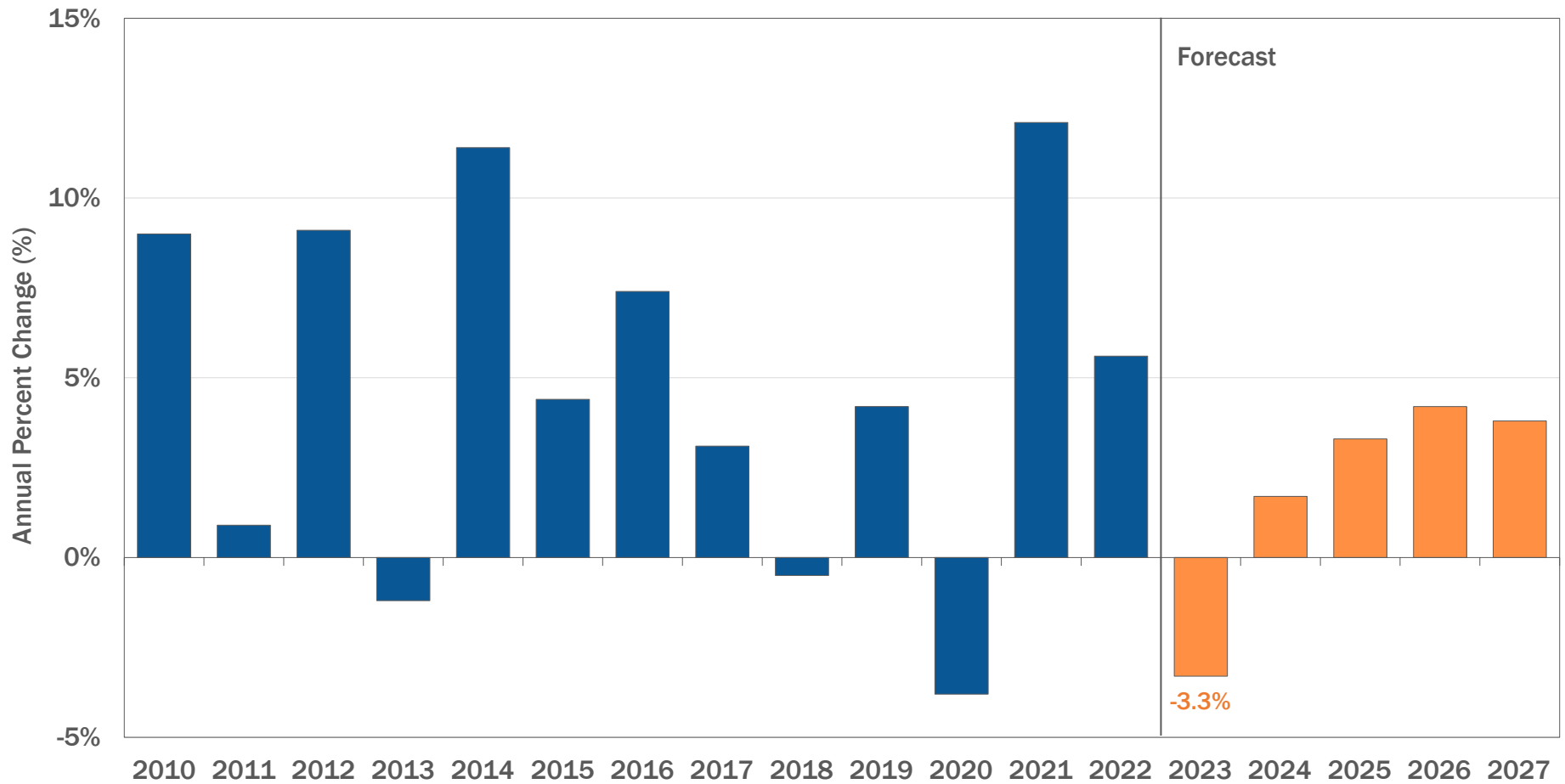
Office Vacancy Rate



Source: Cushman & Wakefield, NYC OMB

Average Home Prices are Projected to Decline

NYC Home Price Growth
Average of Single Family, Condo, and Co-Op Prices



Source: NYC Department of Finance & NYC OMB

WHAT DOES THIS MEAN?

The Executive Budget Challenge: Balancing with Over \$10B in Added Costs

- We faced more than \$10.0B in additional costs over just FY23 and FY24
 - \$4.3B in asylum seeker costs
 - \$4.0B to provide fair wages to our workforce labor settlements
 - \$1.8B to fund agency expense changes

Balancing: NYC's Strong Economy and Making Tough Choices

- To remain balanced in FY23 and FY24 we:
 - Achieved PEG savings
 - Recognized better than expected revenue based on continued strength of the local economy
 - Assumed a total of \$1.6B in state and federal asylum seeker assistance
 - Utilized annual current fiscal year reserves as we have in the past
- By taking these steps we balanced the budget, reflected costs for labor agreements and asylum seekers, and made investments that lift working people and keep New York City safe and clean
- All without service reductions, layoffs, or raising taxes

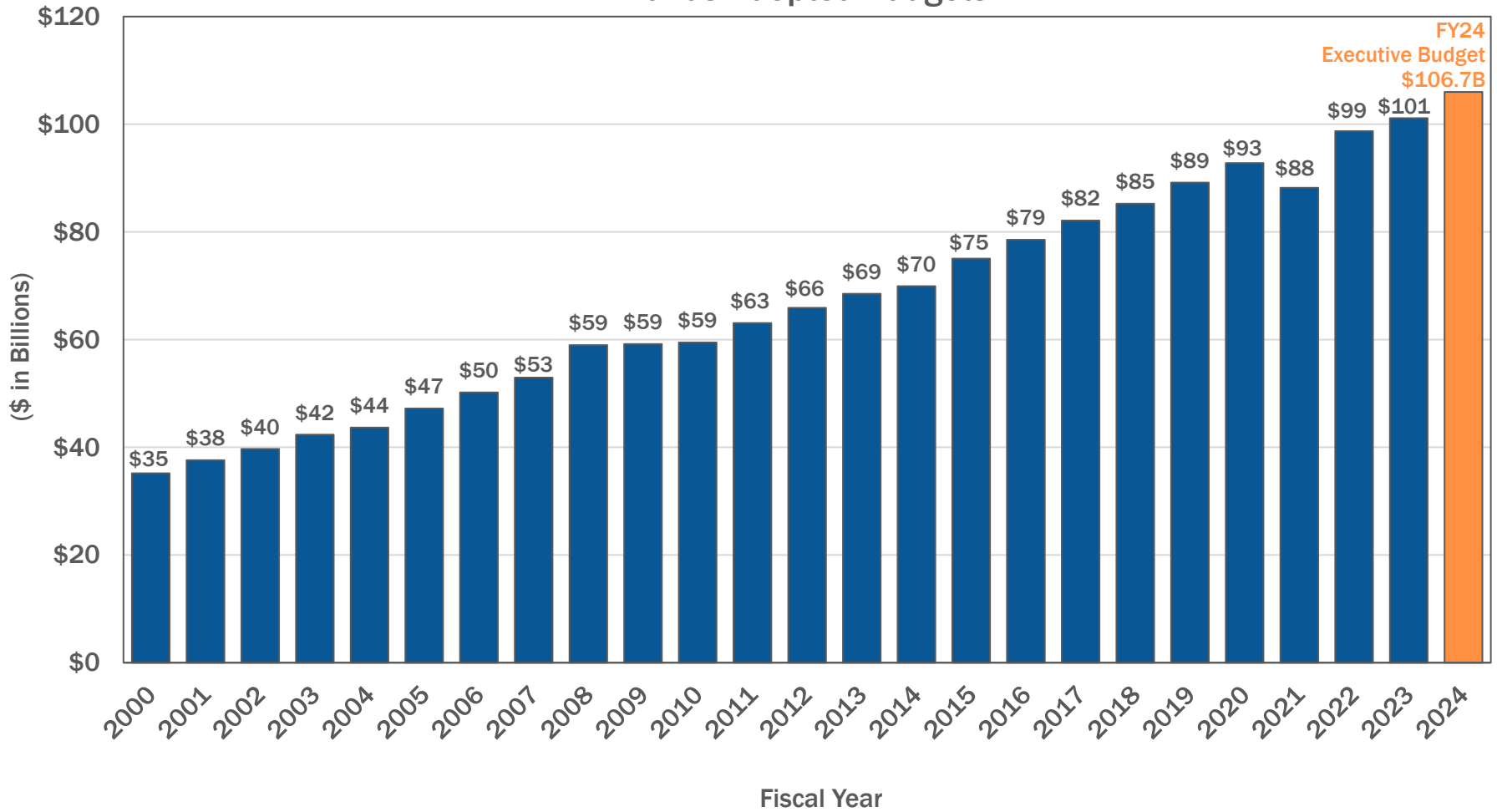
THE FY24 EXECUTIVE BUDGET

The Fiscal Year 2024 Executive Budget is \$106.7 Billion

- **FY23 and FY24 remain balanced**
- **Outyear gaps:**
 - **FY25: \$4.2B**
 - **FY26: \$6.0B**
 - **FY27: \$7.0B**

The City Budget Continues to Grow over Time

All Funds Adopted Budgets



Strong Local Economic Growth Generated Additional Revenues

- **Compared with the Preliminary Budget:**
 - Tax revenues were revised up by \$2.1B in FY23 and \$2.3B in FY24
 - Driven by growth in personal income, business, and sales taxes due to the strength of the local economy
- **Outyear tax revenue growth remains slow as the national and local economies cool**

Taking Savings - Not Cutting Services

- **Every agency hit their Program to Eliminate the Gap (PEG) target**
- **After reviewing PEG submissions we determined that some agencies could only meet their target by reducing services**
 - **We adjusted targets for agencies that submitted PEGs which jeopardized public safety and health, or critical services, including: FDNY, DSNY, Parks, Homeless Services, HRA, and DYCD**
 - **Libraries and the Department of Cultural Affairs were exempted to avoid service reductions**
- **No service reductions, layoffs, or cuts to school budgets and classrooms**

The PEG was a Success

- **\$1.6B achieved over FY23 and FY24**
- **Total savings achieved since last June is almost \$4.7B over the two years**

FY24 Budget Reserves are at a Near Historic Level

- **Budget Reserves are at near-record level of \$8.0B**
 - General Reserve: \$1.2B
 - Rainy Day Fund: \$2.0B
 - Retiree Health Benefits Trust: \$4.58B
 - Capital Stabilization Reserve: \$250M

INVESTING IN WORKING PEOPLE

PROVIDING CARE TO NEW YORKERS

Deepening Resources for New Yorkers Facing Mental Health Challenges

- **Baseline funding and continue the expansion of the Behavioral Health Emergency Assistance Response Division (B-HEARD) program into the remainder of the Bronx as well as additional high-need neighborhoods in other boroughs (\$27M)**
 - **The Bronx will be the first borough fully covered by B-HEARD**
 - **The B-HEARD pilot program sends H+H mental health professionals and FDNY EMS EMTs to non-violent 911 mental health calls instead of the traditional NYPD and EMS response**
- **Mental health services for children in family shelters via telehealth as part of the Housing Blueprint (\$1M)**

Deepening Resources for New Yorkers Facing Mental Health Challenges

- **Launch the School Tele-Mental Health program that gives high school students access to telehealth services (\$9M)**
- **Increase the capacity of clubhouses that provide peer-led support in high-need areas citywide (\$2M)**
- **Develop a Mental Health Digital Access Hub in collaboration with New York State to consolidate and streamline how New Yorkers with serious mental illness access services (\$1M)**

LIFTING WORKING FAMILIES

Connecting New Yorkers with the Resources they Need to Thrive

- Help more New Yorkers claim the Earned Income Tax Credit and other tax benefits by expanding the NYC Free Tax Preparation program (\$1.6M)
- Increase outreach to New Yorkers about cash assistance, SNAP (food assistance), Medicaid, and more with NYC Benefits (\$5.3M)
- Add more attorneys and specialists to CCHR's Source of Income Unit as part of the Housing Blueprint to fight discrimination against New Yorkers who rely on government-funded housing vouchers (\$1.3M)

Connecting New Yorkers with the Resources they Need to Thrive

- Expand free broadband access from 129 to 202 NYCHA developments through the Big Apple Connect program (\$8.7M)
- Add Childcare, Workforce, and Business Portals, and increase the capabilities of the MyCity Platform (\$19.3M)
- Support for the Mayor's Office for People with Disabilities plan to promote workforce development (\$1.2M)

**EDUCATION IS THE PATHWAY TO
FAMILY-SUSTAINING JOBS**

Preparing Our Youth for a Successful Future

- Prepare New Yorkers for next-generation jobs by integrating climate education in schools through educator training, workshops, and related programming (\$2.1M PlaNYC investment)
- Provide in-depth culinary training for school food workers and help incorporate food education into existing curriculum (\$6.6M)
- Fund Shelter-Based Community Coordinators to help students and their families in shelters connect with services and support so they can continue their education (\$3.3M)

Giving CUNY Students the Tools They Need to Get Ahead

- **Support for CUNY Inclusive Economy Initiative programs which connect students with industry experts and advisors who will give career and academic advice, help secure internships, and increase job opportunities (\$4.8M)**
- **Fund and expand the CUNY Reconnect program that helps students who left CUNY because of extenuating circumstances return and earn their degree (\$5.8M)**
- **The Medgar Evers College Brooklyn Recovery Corps connects 200 students a year with non-profits and small businesses in Brooklyn to work on projects that spur economic recovery and growth (\$1.0M)**

CREATING A JUST AND MORE EQUITABLE NYC

Promoting Equity and Inclusion

- Establish the charter mandated Office of Racial Equity which will coordinate citywide racial equity planning, analyze measures to achieve racial equity, and house the Taskforce on Racial Inclusion and Equity (\$2.0M)
- Create the charter mandated Commission on Racial Equity which will propose equity priorities and issue statements and reports on the city's racial equity plans (\$1.3M)

PLaNYC: GETTING SUSTAINABILITY DONE

Protecting New Yorkers from Climate Threats and Building the Green Economy

- **FY24 PlaNYC Investments:**

- Citywide curbside organics program (\$23.2M)

- Tree Climber and Pruner Apprentice Program (\$3.3M)

- Tree Risk Management Program (\$2.7M)

- Trail Formalization (\$2.4M)

- Citywide Shoreline Resilience Standards Development (\$1.5M)

- Solar and Electrification Program for Low-Income Homeowners (\$1.0M)

- Indoor Temperature Policy Pathways Study (\$500K)

- NYC Plant Powered Carbon Challenge (\$200K)

TEN-YEAR CAPITAL STRATEGY AND INVESTMENTS

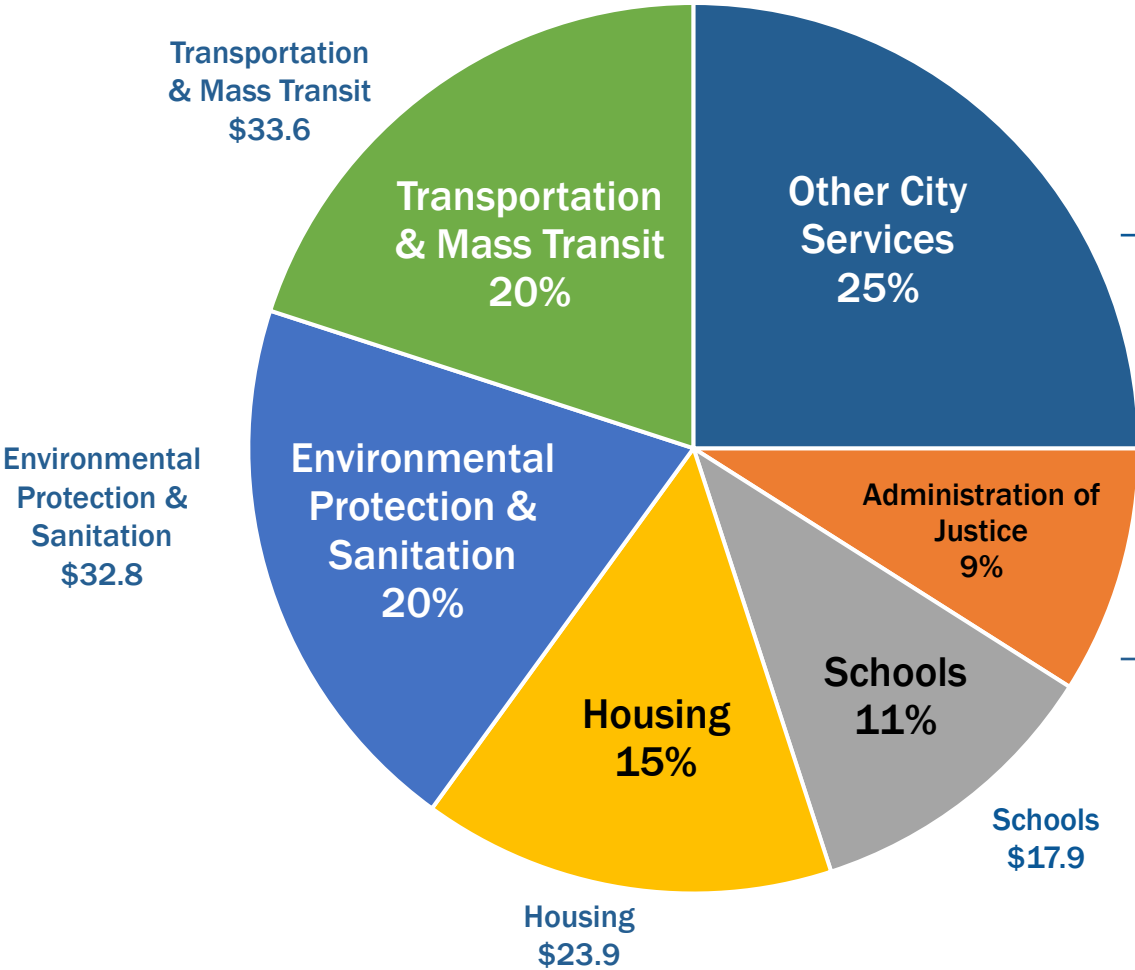
The City's Ten-Year Infrastructure Plan and Investment Highlights

- The Ten-Year Capital Strategy is \$164.8B
- The plan connects capital investment with strategic priorities and includes funding to:
 - Add 158 collection trucks to the DSNY fleet to implement the citywide curbside organics program announced at the State of the City (\$76M)
 - Partner with CUNY to redevelop the Brookdale Campus and create the Science Park and Research Campus (SPARC) Kips Bay to generate economic impact, create 10,000 jobs, and help establish the city as a global leader in life sciences and public health (\$551M)
 - Upgrade almost 90 school cafeterias citywide with improved serving stations, furniture, food display equipment, and more, bringing total cafeteria renovations by this administration to almost 200 (\$50M)

Executive Ten-Year Capital Strategy 2024 - 2033

Totals \$164.8 Billion in All Funds

\$ in Billions



Other City Services

Parks	\$8.9
Resiliency & Energy Efficiency	\$6.5
Economic Development	\$6.2
Health & H+H	\$4.8
Technology	\$3.6
Culturals & Libraries	\$3.0
Public Buildings	\$2.8
Fire	\$2.1
Social Services	\$2.1
Higher Education	\$1.5
Total:	\$41.5

Administration of Justice

Correction	\$10.7
Courts	\$2.9
Police	\$1.5
Total:	\$15.1

REVENUE AND EXPENSE CHANGES

April 2023 Financial Plan

City Funds - (\$ in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Gap to be Closed - January 2023 Financial Plan	\$---	\$---	(\$3,166)	(\$5,011)	(\$6,469)
REVENUE CHANGES:					
Tax Revenues	\$2,086	\$2,238	\$2,203	\$2,420	\$3,802
Non-Tax Revenues	118	98	78	77	63
Unrestricted Aid	37	---	---	---	---
PEG - Revenue	9	98	91	93	90
Total Revenue Changes	\$2,250	\$2,434	\$2,372	\$2,590	\$3,955
EXPENSE CHANGES:					
Agency Expense Changes	\$815	\$959	\$473	\$507	\$558
Asylum Seekers	962	1,738	710	---	---
Federal Funding Adjustment	---	(130)	132	---	---
Labor Reserves	2,288	1,684	3,103	4,020	4,839
PEG - Expense	(417)	(863)	(927)	(926)	(892)
Debt Service	(111)	(86)	(89)	(70)	(42)
General Reserve	(1,505)	---	---	---	---
Capital Stabilization Fund	(250)	---	---	---	---
Prior Payables	(400)	---	---	---	---
Total Expense Changes	\$1,382	\$3,302	\$3,402	\$3,531	\$4,463
Gap to be Closed Before Prepayments	\$868	(\$868)	(\$4,196)	(\$5,952)	(\$6,977)
FY 2023 Prepayment	(\$868)	\$868	\$---	\$---	\$---
Gap to be Closed - April 2023 Financial Plan	\$---	\$---	(\$4,196)	(\$5,952)	(\$6,977)
Asylum Seekers - City	\$962	\$1,738	\$710	\$---	\$---
Asylum Seekers - State	438	562	290	---	---
Asylum Seekers - Fed	---	600	---	---	---
Total	\$1,400	\$2,900	\$1,000	\$---	\$---

Five Year Financial Plan Revenue And Expenditures

City Funds - (\$ in Millions)

REVENUES	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Taxes					
General Property Tax	\$31,432	\$32,269	\$32,232	\$32,501	\$33,108
Other Taxes	38,456	38,149	39,881	41,250	43,092
Tax Audit Revenue	1,200	721	721	721	721
Subtotal: Taxes	\$71,088	\$71,139	\$72,834	\$74,472	\$76,921
Miscellaneous Revenues	8,251	7,793	7,624	7,562	7,518
Unrestricted Intergovernmental Aid	297	---	---	---	---
Less: Intra-City Revenue	(2,361)	(1,996)	(1,987)	(1,989)	(1,986)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$77,260	\$76,921	\$78,456	\$80,030	\$82,438
EXPENDITURES					
Personal Service ⁽¹⁾	\$42,338	\$42,672	\$45,225	\$48,235	\$50,254
Other Than Personal Service	30,574	28,171	27,858	27,404	28,120
Debt Service ^{(1), (2)}	7,377	7,663	8,119	8,893	9,591
FY 2022 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(6,114)	---	---	---	---
FY 2023 Budget Stabilization ⁽²⁾	3,035	(3,035)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
Total Expenditures	\$77,260	\$76,921	\$82,652	\$85,982	\$89,415
Gap To Be Closed	\$--	\$--	(\$4,196)	(\$5,952)	(\$6,977)

⁽¹⁾ Fiscal Year 2022 Budget Stabilization and Discretionary Transfers total \$6.114 billion, including GO of \$3.318 billion, TFA-FTS of \$1.964 billion, lease debt service of \$40 million and Retiree Health Benefits of \$792 million.

⁽²⁾ Fiscal Year 2023 Budget Stabilization total \$3.035 billion, including GO of \$868 million and TFA-FTS of \$2.167 billion.

Five Year Financial Plan Revenue And Expenditures

All Funds - (\$ in Millions)

REVENUES	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Taxes					
General Property Tax	\$31,432	\$32,269	\$32,232	\$32,501	\$33,108
Other Taxes	38,456	38,149	39,881	41,250	43,092
Tax Audit Revenue	1,200	721	721	721	721
Subtotal: Taxes	\$71,088	\$71,139	\$72,834	\$74,472	\$76,921
Miscellaneous Revenues	8,251	7,793	7,624	7,562	7,518
Unrestricted Intergovernmental Aid	297	---	---	---	---
Less: Intra-City Revenue	(2,361)	(1,996)	(1,987)	(1,989)	(1,986)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$77,260	\$76,921	\$78,456	\$80,030	\$82,438
Other Categorical Grants	1,109	1,082	1,075	1,070	1,070
Inter-Fund Revenues	706	720	725	732	732
Federal Categorical Grants	11,721	10,411	8,060	7,052	7,026
State Categorical Grants	18,113	17,555	17,540	17,304	17,367
Total Revenues	\$108,909	\$106,689	\$105,856	\$106,188	\$108,633
EXPENDITURES					
Personal Service					
Salaries and Wages	\$33,461	\$32,661	\$33,793	\$35,090	\$36,297
Pensions	9,414	9,634	10,415	10,878	11,060
Fringe Benefits ⁽¹⁾	12,375	13,300	14,155	14,913	15,529
Subtotal: Personal Service	\$55,250	\$55,595	\$58,363	\$60,881	\$62,886
Other Than Personal Service					
Medical Assistance	\$6,297	\$6,651	\$6,385	\$6,385	\$6,535
Public Assistance	1,970	1,650	1,650	1,650	2,000
All Other	43,238	38,559	35,925	34,729	35,000
Subtotal: Other Than Personal Service	\$51,505	\$46,860	\$43,960	\$42,764	\$43,535
Debt Service ^{(1), (2)}	7,544	7,815	8,266	9,034	9,725
FY 2022 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(6,114)	---	---	---	---
FY 2023 Budget Stabilization ⁽²⁾	3,035	(3,035)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,361)	(1,996)	(1,987)	(1,989)	(1,986)
Total Expenditures	\$108,909	\$106,689	\$110,052	\$112,140	\$115,610
Gap To Be Closed	\$--	\$--	(\$4,196)	(\$5,952)	(\$6,977)

⁽¹⁾ Fiscal Year 2022 Budget Stabilization and Discretionary Transfers total \$6.114 billion, including GO of \$3.318 billion, TFA-FTS of \$1.964 billion, lease debt service of \$40 million and Retiree Health Benefits of \$792 million.

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#GETSTUFFDONE!