

The City of New York
Preliminary Budget
Fiscal Year 2020

Bill de Blasio, Mayor

Office of Management and Budget
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Financial Plan Summary

THE FISCAL YEAR 2020 PRELIMINARY BUDGET

PRELIMINARY

On the Horizon

THE WALL STREET JOURNAL Dec. 12, 2018 6:01 a.m. ET

Many U.S. Financial Officers Think a Recession Will Hit Next Year

Almost half of U.S. chief financial officers believe a recession will strike the U.S. economy by the end of 2019

THE WALL STREET JOURNAL Jan. 24, 2019 11:00 a.m. ET

Los Angeles and Other Cities Stash Money to Prepare for a Recession

Local officials are feeding their rainy-day funds, hoping to ride out the next slump

The New York Times Jan. 29, 2019

*Trump Says the Economy Is Unstoppable.
Most Economists Say Otherwise.*

NEW YORK POST February 4, 2019 | 3:05pm

**Cuomo announces income tax
revenues have dropped by \$2.3B**

POLITICO 02/05/2019 07:20 AM EST

State budget gets \$2.3 billion trickier

Possible Economic Slowdown

- The recovery is in its **116th** month
 - Second longest since post-WWII expansion
- Leading economists forecast that the economy will slow
 - Volatile markets
 - December 2018 saw the biggest monthly decline in stocks since the financial crisis
 - Threat of foreign trade conflicts
 - Weakening housing markets

Revenue

Tax Revenue Is Coming In At A Slower Pace Than Last Year

- In FY18 we saw one-time revenue growth related to changes in tax policy
- We now already project Personal Income Tax revenue to be **\$935 million** less than last year

Risks from Albany

- The State Budget includes nearly **\$600 million** in cuts and cost shifts to New York City in FY20, including:
 - **\$300 million**: education funding
 - **\$125 million**: financial assistance to families in need (TANF)
 - **\$59 million**: vital health services for vulnerable New Yorkers
 - **\$13 million**: keep at-risk youth out of foster care and detention
- The State announced a **\$2.3 billion** shortfall in their current year's Income Tax Revenue and **\$1.6 billion** projected next year

Risks from Washington

- **Economic uncertainty due to:**
 - Threat of another government shutdown
 - Market volatility
 - Trade policy
- **If no agreement is reached by February 15th, New Yorkers could start to lose up to \$500 million a month beginning in May**
 - Including \$110 million a month cost to City government

What Does This Mean?

- Instituting the first **PEG** under this administration
- Expanding the Partial Hiring Freeze
- Will require **\$750 million** more in savings by April

FY 2020 PRELIMINARY BUDGET

THE FY 2020 PRELIMINARY BUDGET IS \$92.2 BILLION

Overall Growth Since June

Budget growth since June is primarily related to:

- **Labor agreements**
- **Education investments:**
 - 3-K
 - Special Education
 - Mandatory charter costs

Savings

- **\$1 billion** in savings across FY19 and FY20 in the Preliminary Budget
 - Total of **\$1.6 billion** of savings in FY19 and FY20 since June
- This is in addition to healthcare savings of **\$1.6 billion** in FY20 and **\$1.9 billion** in FY21 and every year after

Reserves

- **\$1.25 billion** each year of the financial plan
 - General Reserve: **\$1.0 billion**
 - Capital Stabilization Reserve: **\$250 million**
 - This reserve was created by this Administration
- **Retiree Health Benefits Trust Fund: \$4.5 billion**
 - **\$3.6 billion** added as a result of actions taken by this Administration

STRATEGIC INVESTMENTS

KEEPING NEW YORKERS SAFE

Keeping New Yorkers Safe

Accelerate NYPD Crisis Intervention Training

- By the end of 2021, we will train all officers most likely to interact with people dealing with mental health crises
- Training includes de-escalation techniques and related education
- **\$5.3 million** in FY20

GUARANTEEING AN AFFORDABLE NEW YORK

Guaranteeing an Affordable New York

NYC Care

- **Guaranteed healthcare access for 600,000 uninsured New Yorkers**
- **\$25 million in FY20, ramping up to \$100 million by FY22**
- **Launches in summer 2019 in the Bronx and citywide in 2021**

NYC's Public Option

- **Increase enrollment in MetroPlus – the City's public option**
- **Improved access to care, including mental health services**

Guaranteeing an Affordable New York

Fair Fares

- In partnership with Speaker Johnson and the City Council, we're continuing our commitment to help low-income New Yorkers with their transportation costs
- **\$106 million** in FY20

**HELPING EVERY CHILD REACH
THEIR POTENTIAL**

Helping Every Child Reach Their Potential

Expanding 3-K Into New Districts in the Bronx (D8) and Brooklyn (D32)

- **\$25 million** investment creates **1,900** new 3-K seats
 - **20,000** 3-year-olds will start this fall
- Brings the citywide total to **14 districts** by September 2020
 - Includes the **10 highest-need districts** in the city

STRENGTHENING OUR INFRASTRUCTURE

Strengthening Our Infrastructure

Getting New Yorkers Around Faster

- **\$2.7 million annually to speed buses up 25% by December 2020**
- **Prioritize buses at 300 additional intersections per year to improve traffic flow**

CAPITAL BUDGET

Ten-Year Capital Strategy

Our Preliminary Ten-Year Capital Strategy is \$104.1 billion

- **Build affordable housing**
- **Repair roads and bridges**
- **Safer streets for pedestrians and cyclists**
- **Maintain clean water**
- **Expand school capacity**
- **Prevent damage from climate change and severe weather**

REVENUE AND EXPENSE CHANGES

February 2019 Financial Plan

	City Funds (\$ in Millions)				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Gap to be Closed - November 2018 Financial Plan	\$ ---	(\$3,179)	(\$3,535)	(\$3,361)	(\$3,318)
Revenue Changes:					
Tax Revenues	\$227	\$564	\$5	\$434	\$34
Non-Tax Revenues	377	(6)	(12)	(13)	(23)
Total Revenue Changes	\$604	\$558	(\$7)	\$421	\$11
Expense Changes:					
Agency Expense Changes	\$199	\$300	\$238	\$263	\$270
Citywide Savings Program	(770)	(271)	(264)	(264)	(281)
General Reserve (FY19 from \$1.125B to \$300M)	(825)	---	---	---	---
Capital Stabilization Reserve	(250)	---	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
Total Expense Changes	(\$2,046)	\$29	(\$26)	(\$1)	(\$11)
Gap to be Closed Before Prepayments	\$2,650	(\$2,650)	(\$3,516)	(\$2,939)	(\$3,296)
FY 2019 Prepayment of FY 2020 Expenses	(2,650)	2,650	---	---	---
Gap to be Closed - February 2019 Financial Plan	\$ ---	\$ ---	(\$3,516)	(\$2,939)	(\$3,296)

Five Year Financial Plan Revenue and Expenditures

City Funds

REVENUES	(\$ in Millions)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Taxes					
General Property Tax	\$27,865	\$29,529	\$30,909	\$32,150	\$33,110
Other Taxes	31,759	32,389	33,138	34,059	35,064
Tax Audit Revenue	1,057	998	721	721	721
Subtotal: Taxes	\$60,681	\$62,916	\$64,768	\$66,930	\$68,895
Miscellaneous Revenues	7,633	6,799	6,772	6,747	6,735
Unrestricted Intergovernmental Aid	151	---	---	---	---
Less: Intra-City Revenue	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
Disallowances Against Categorical Grants	91	(15)	(15)	(15)	(15)
Total City Funds	\$66,402	\$67,906	\$69,729	\$71,868	\$73,823
EXPENDITURES					
Personal Service ¹	\$37,981	\$40,239	\$42,006	\$42,585	\$44,005
Other Than Personal Service ¹	23,033	22,492	22,575	22,875	23,013
Debt Service ^{1,2}	6,495	7,094	7,414	8,097	8,851
FY 2018 Budget Stabilization and Discretionary Transfers ¹	(4,576)	---	---	---	---
FY 2019 Budget Stabilization ²	3,169	(3,169)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Total Expenditures	\$66,402	\$67,906	\$73,245	\$74,807	\$77,119
Gap To Be Closed	\$ ---	\$ ---	(\$3,516)	(\$2,939)	(\$3,296)

¹ Fiscal Year 2018 Budget Stabilization and Discretionary Transfers total \$4.576 billion, including GO of \$1.902 billion, TFA-FTS of \$2.174 billion, Retiree Health Benefits of \$300 million and subsidies of \$200 million.

² Fiscal Year 2019 Budget Stabilization totals \$3.169 billion, including GO of \$850 million and TFA-FTS of \$2.319 billion.

Five Year Financial Plan Revenue and Expenditures

All Funds

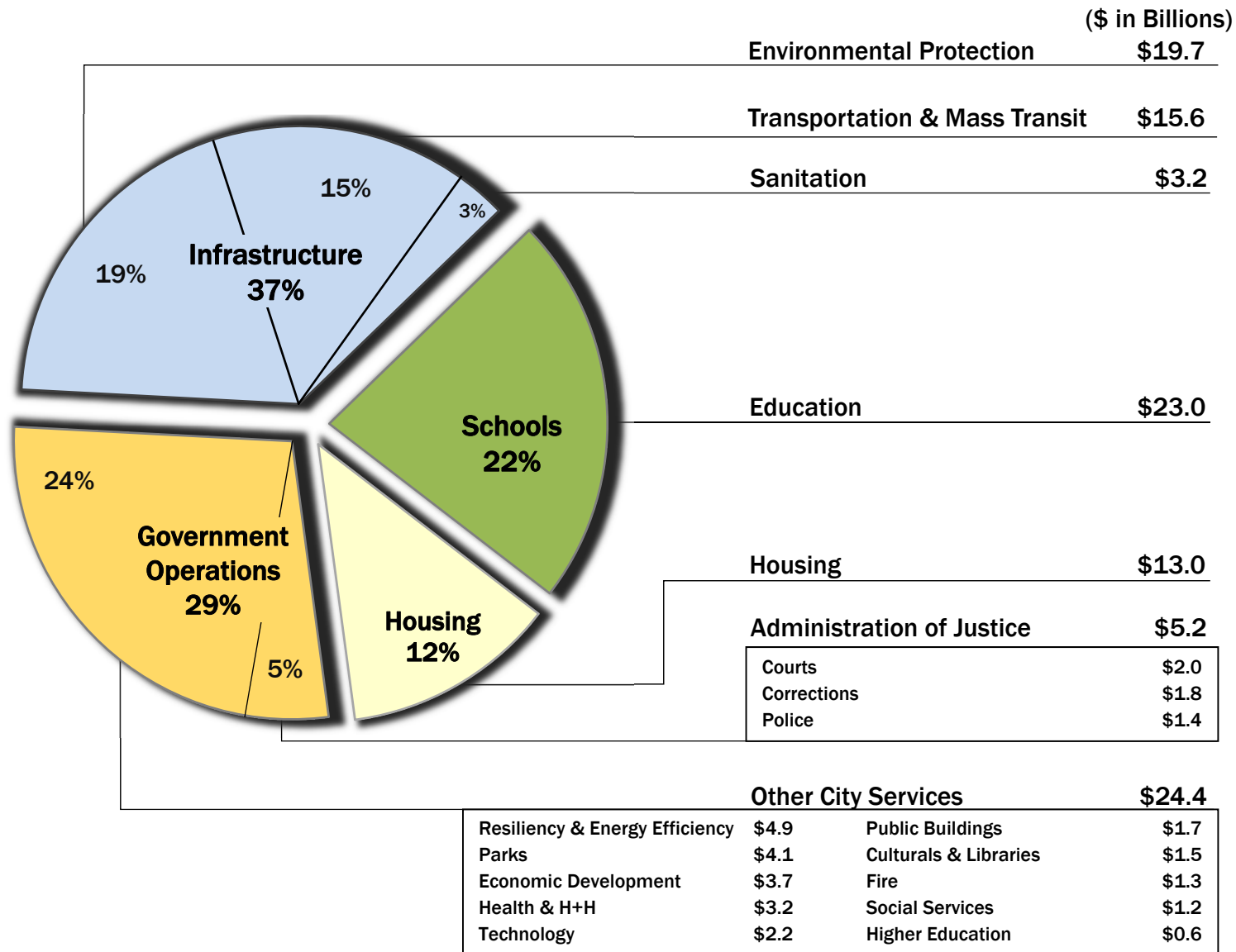
REVENUES	(\$ in Millions)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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Miscellaneous Revenues	7,633	6,799	6,772	6,747	6,735
Unrestricted Intergovernmental Aid	151	---	---	---	---
Less: Intra-City Revenue	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
Disallowances Against Categorical Grants	91	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$66,402	\$67,906	\$69,729	\$71,868	\$73,823
Other Categorical Grants	1,198	926	868	862	862
Inter-Fund Revenues	690	661	662	661	661
Federal Categorical Grants	8,471	7,327	7,205	7,133	7,120
State Categorical Grants	15,258	15,390	15,837	16,305	16,353
Total Revenues	\$92,019	\$92,210	\$94,301	\$96,829	\$98,819
EXPENDITURES					
Personal Service					
Salaries and Wages	\$29,016	\$30,240	\$31,258	\$31,115	\$31,642
Pensions	9,850	9,951	10,418	10,864	11,070
Fringe Benefits ¹	10,643	11,536	12,028	12,705	13,385
Subtotal: Personal Service	\$49,509	\$51,727	\$53,704	\$54,684	\$56,097
Other Than Personal Service					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,595	1,617	1,617	1,617	1,617
All Other ¹	31,524	29,319	29,469	29,759	29,942
Subtotal: Other Than Personal Service	\$39,034	\$36,851	\$37,001	\$37,291	\$37,474
Debt Service ^{1,2}	6,737	7,345	7,658	8,337	9,086
FY 2018 Budget Stabilization and Discretionary Transfers ¹	(4,576)	---	---	---	---
FY 2019 Budget Stabilization ²	3,169	(3,169)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Less: Intra-City Expenses	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
Total Expenditures	\$92,019	\$92,210	\$97,817	\$99,768	\$102,115
Gap To Be Closed	\$ ---	\$ ---	(\$3,516)	(\$2,939)	(\$3,296)

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PRELIMINARY TEN-YEAR CAPITAL STRATEGY

The Preliminary 2020–2029 Ten-Year Capital Strategy Totals \$104.1 Billion in All Funds



Debt Service as a Percentage of Tax Revenues

