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**MAYOR ERIC ADAMS RELEASES PRELIMINARY BUDGET FOR FISCAL YEAR
2023**

\$98.5 Billion Preliminary Budget Reduces Spending by More Than \$2 Billion, Increases Budget Reserves to Over \$6 Billion

Preliminary Budget Prioritizes Childcare, Cash in Pockets of Working People, Public Safety, Fiscal Management

NEW YORK – New York City Mayor Eric Adams today presented New York City’s \$98.5 billion [Preliminary Budget for Fiscal Year \(FY\) 2023](#). Mayor Adams’ first budget reduces the FY23 budget by \$2.3 billion and — by prioritizing public safety, implementing a successful Program to Eliminate the Gap (PEG), exercising caution in response to mixed economic signals, and reducing budgeted city headcount — serves as the foundation for his commitment to “Get Stuff Done” for New Yorkers. This budget also makes historic investments to support public safety, young New Yorkers, childcare, and working families.

“After two years of struggle, we are on the brink of a recovery that offers us a once-in-a-generation opportunity to make real change on a grand scale,” said **Mayor Adams**. “I made a commitment to New Yorkers to spend taxpayer dollars more wisely, while making the upstream investments necessary to ensure a robust recovery — and this administration’s first Preliminary Budget achieves exactly that. We are cutting spending, making government run more efficiently, investing in public safety, and providing much-needed help to working families across our city. The steps we are taking together will make New York a safer, more just, and more prosperous city for all.”

New spending of \$536 million in FY22 and \$926 million in FY23 in this budget is wholly offset by nearly \$2 billion achieved within the PEG. FY22 tax revenues reflect a \$1.6 billion increase over the November Plan, driven by better-than-expected personal and business income taxes, sales taxes, and transaction taxes. Tax revenue growth of \$726 million in FY23 over the November Plan is due to higher-than-expected property tax values.

SIMULTANEOUSLY INCREASING PUBLIC SAFETY AND JUSTICE:

This budget advances Mayor Adams' Blueprint to End Gun Violence to reduce crime across the five boroughs. Until increasing levels of gun violence ends, New York will not be the best city in the world to raise a family, open a business, or visit. This will delay the city's recovery and, therefore, New Yorkers' prosperity.

The Adams administration is using the New York Police Department's existing resources more efficiently to redeploy officers to subway platforms and onto trains and create Neighborhood Safety Teams, anti-gun squads focused on reducing gun violence around the city.

To support the Blueprint to End Gun Violence and give young New Yorkers a platform for success, the administration has added 30,000 Summer Youth Employment Program (SYEP) slots — increasing summer job opportunities to 100,000. This increase not only marks the first time the program will be funded annually, but also represents the largest number of jobs made available by SYEP in the program's 60-year history.

The Adams administration has also baselined funding for Fair Futures, which provides young New Yorkers who are aging out of foster care with mentoring, tutoring, and more.

CLOSING THE FY23 \$2.9 BILLION BUDGET GAP:

By exercising caution and fiscal discipline, the Adams administration closed a nearly \$3 billion budget gap in the face of a city economy slowed by COVID-19's Omicron variant, as well as threats to the recovery posed by record office vacancy rates and job recovery, and return-to-office growth rate that lags the pace set by the state and the nation.

In light of the budget gap and economic headwinds, Mayor Adams implemented a PEG in the Preliminary Budget that achieved a nearly \$2 billion cut in spending, and which exceeds the target of three percent set for city-funded agency budgets — with limited exceptions — over FY22 and FY23. These funds were instrumental in closing the FY23 budget gap.

As part of the PEG, the Adams administration reduced the budgeted city headcount by 3,200 in FY22 and 7,000 in FY23 by eliminating vacancies and without laying off a single employee.

Going forward, achieving savings and efficiency will be a hallmark of Adams administration budgets.

In support of fiscal discipline and planning for the future, Mayor Adams also increased budget reserves to a total of \$6.1 billion — more than \$1 billion more than the FY22 level, and the highest level achieved in city history. There is now \$1 billion in the General Reserve, \$1 billion in the Rainy Day Fund, \$3.8 billion in the Retiree Health Benefits Trust, and \$250 million in the Capital Stabilization Fund. And to accurately reflect the city's budget condition, the administration has removed \$500 million in unidentified labor savings from the FY23 budget and future plan years.

INVESTING IN THE FUTURE FOR NEW YORKERS:

In the FY23 preliminary budget, the Adams administration has focused its new investments on lifting the lives of working families and giving young New Yorkers a platform for success. As such, the FY23 budget:

- Puts more money in families' pockets by expanding the New York City Earned Income Tax credit (to \$250 million in FY23),
- Baselining the funding for 100,000 summer jobs for city youth, including 90,000 in the SYEP (\$79 million in FY23 for a total baselined investment of \$236 million),
- Helping low-income New Yorkers afford Metro Cards by guaranteeing annual funding for the Fair Fares program (\$75 million in FY23),
- Conducting comprehensive health screenings, regular home visits, and referral services for first-time moms in the 33 neighborhoods hit hardest by COVID-19 with the New Family Home Visits program (\$30 million in FY23),
- Creating more childcare space with a property tax abatement for property owners who retrofit property (\$25 million in FY23),
- Helping parents get back to work with tax credits for businesses that provide free or subsidized childcare (\$25 million in FY23),
- Preparing youth for aging out of foster care with mentoring, tutoring, and other important services with Fair Futures (\$13.5 million in FY23), and
- Reducing maternal deaths and childbirth complications and provide care coordination to high-risk patients with Maternal Medical Home and Obstetric Simulation Training (\$3 million in FY23), among other things.

Remarks, as prepared, are below:

Good afternoon, New York.

This is a transformative time for our city.

Thanks to the heroic efforts of our frontline workers, our scientists, and our citizens, we have survived a global pandemic and an economic crisis that has threatened decades of progress.

Now, after two years of struggle, we are on the brink of a recovery that offers us a once-in-a-generation opportunity to make real change on a grand scale.

This is an opportunity to rethink our priorities. An opportunity to address longstanding problems and implement new solutions. An opportunity to change the way we work and the way we live, the way we educate our children and take care of our people.

Everywhere I go in this city, I feel that energy. Change is here, and New Yorkers are ready for it.

New York has always been a city of the future, and today, we are here to plan for that future.

It means building a city where safety and justice go hand in hand.

A city where our children can play, breathe, and thrive. Where education embraces the whole child and supports our families.

A city where we embrace the progress being made in new forms of energy, transit, and commerce.

A city of abundance, with jobs, housing, and health care for all.

This is the city New Yorkers want and deserve. And it is all possible if we are good managers of taxpayer dollars and properly oversee the city's budget.

So, before I unveil the first budget of this administration, I want to make a commitment to New Yorkers about how we will handle the people's finances and Get Stuff Done.

New Yorkers are realists. We want the truth, and we can handle it.

Rest assured, my administration will give the people straight talk about the decisions we've made, including the how and the why.

We're also committed to accountability. I use this word often. As they say, the buck stops here. Because without accountability, nothing will change.

My administration is laser-focused on fiscal discipline.

We are not spending our money. We are spending your money.

And we will make decisions that invest in our city and benefit all New Yorkers. Fiscal discipline will be a hallmark of my administration.

As I have said before, we will be radically practical. Our approach to problem solving will involve common sense and real-world solutions that achieve tangible results for the people of New York City.

Success will be measured by how much we accomplish, not how much we spend.

First, the good news: Despite the massive shocks to our system in the past two years, our city enters Fiscal Year 2023 with the largest budget reserve in history: \$6.1 billion.

This is the result of effective planning and judicious management, and New Yorkers can be confident that we have the resources for recovery, as well as for any uncertainties that may lie ahead of us.

My administration will continue the work of safeguarding the public trust and the public purse.

We have already implemented a successful savings of almost \$2 billion through our PEG, or Program to Eliminate the Gap.

This will result in a budget under \$100 billion for Fiscal Year 2023, a significant savings from previous years.

The Fiscal Year 2023 Preliminary Budget is \$98.5 billion. It is balanced with manageable out-year gaps of \$2.7 billion in Fiscal Year 2024, \$2.2 billion in Fiscal Year 2025, and \$3 billion in Fiscal Year 2026.

This successful management of our resources will allow us to invest in our most valuable resource: our people.

We will invest in all New Yorkers — prioritizing equity, safety, and justice. Most importantly, we will devote resources to upstream solutions, not only downstream demands.

Our city will see and feel these changes immediately.

Before we outline our plan for this coming year, I want to talk about the major challenges we're facing at this moment.

There are three significant issues that will affect the budget and our financial stability.

First, public safety: Every New Yorker is rightly concerned about rising crime and other threats to our quality of life.

Second, we face real economic uncertainty, because the city's recovery has been uneven, and the economy is sending mixed signals.

Third, decades of inefficiency and wasteful spending have prevented New Yorkers, especially the most at-risk, from getting the critical services they need, expect, and have paid for.

We have crafted the Preliminary Budget with these challenges in mind.

As I have said, reducing crime is a prerequisite to prosperity and recovery.

Our city's economy is picking up steam, but that recovery will be delayed if New Yorkers do not feel safe in our city.

That is why every single action we are taking places public safety and justice at the center of the decision-making process.

New Yorkers are rightfully concerned about rising crime in our city. My administration is already taking action, with more street patrols, greater enforcement, and expanded community involvement.

As always, we will have public safety and justice, and invest in preventative programs and effective policing.

But the initial focus must remain on reducing crime and confronting gun violence.

A few weeks ago, my administration released “The Blueprint to End Gun Violence,” a multidisciplinary approach to addressing the epidemic of gun violence.

The NYPD is our first line of defense against gun violence. We will make new efforts to strengthen and reinforce it, while continuing our mission to involve the community.

We have already started, putting more officers on patrol and enhancing our existing Public Safety Units with new Neighborhood Safety Teams, which will focus on gun violence.

And we will invest in longer-term preventions as well: fixing our broken schools, supporting unhoused New Yorkers, improving access to mental health services, and improving our laws.

We are going to involve every community, every precinct, and our state and federal partners.

This is foundational to our success and the number one priority of my administration.

We are also focused on how financial conditions across the country and in the five boroughs impact our financial strength and stability.

Our national and local economies have suffered greatly over the past two years, but recovery is in sight.

Life-saving vaccines have significantly reduced the impact of the virus and the length and depth of variant surges. There are positive signs that the national economy is rebounding, but the recovery is not distributed evenly.

Corporate profits are up, and 84 percent of the jobs lost across the country during the pandemic have been recovered.

That said, inflation is rising, which may trigger Federal Reserve actions.

New Yorkers, however, continue to see mixed signals.

Some sectors of the city’s economy have flourished over the past two years.

Wall Street profits hit record levels in 2020 and 2021, though they are forecast to drop to more typical levels through 2026.

Likewise, Wall Street bonuses hit almost \$37 billion, their highest level ever, in 2020 and are forecast to be nearly \$6 billion more in 2021.

Wall Street's strong performance, along with the Federal Reserve stimulus payments, drove New Yorkers' income to just over \$700 billion last year.

While residential real estate sales faltered during the pandemic, they began to rebound strongly in 2021. Notice that the chart shows just over 37,000 sales in 2020 and 45,000 in the first three quarters of 2021 alone.

These positive indicators are encouraging, but we must bear in mind that the recovery has not reached all New Yorkers.

New York City's job recovery was slowed substantially by the subsequent waves of the pandemic and continues to trail gains made by the state and country.

We have recovered just 55 percent of the 933,000 jobs lost at the height of the pandemic. This lags behind the state, which has recovered 63 percent, with the U.S. at 84 percent.

This contributes to an unemployment rate of 8.8 percent, down from 20 percent at the peak of the first wave but still much higher than the state and country overall.

Unfortunately, we do not expect to regain our pre-pandemic level of jobs until 2025.

Most of our job loss was in the service sector. These hard-working New Yorkers suffered disproportionately during the pandemic and are still feeling the effects of the long-term economic challenge.

On top of slowing our jobs recovery, the Omicron surge put the brakes on the return to office progress.

By mid-November of last year, we were seeing real progress in the fight against COVID. Vaccination rates were increasing, while infection rates, hospitalizations, and deaths were in sharp decline.

Optimism took hold, and employers began planning to phase out remote work and return their workforce to their offices.

At the same time, retail businesses were reopening, restaurants were beginning to rebound, and it seemed that we might be easing into a post-COVID environment.

The Omicron surge quickly dashed those hopes, as shown in this chart.

Return-to-office progress peaked at over 35 percent in early December, crashed dramatically to just over 10 percent by January, and still has not recovered.

And take a look at the white line on the chart: It shows that workers in other cities are returning to their offices at a faster rate.

When employees don't return to work, they don't eat lunch at a nearby restaurant, shop at a local store, or take their clothes to the dry cleaners. Our business districts suffer, and it slows the recovery.

Because of continued remote work, office vacancy rates are at 20 percent, a 40-year high.

This represents more than 83 million square feet of space. Imagine nearly every office building in downtown Manhattan — empty.

The question now is: What conclusions do we draw from these indicators, and how do they impact the budget and our planning?

Let's look at the positives first.

We're all rooting for the nation to succeed. A healthy economy, strong corporate profits, and overall jobs recovery can only benefit New York City.

We are encouraged that residential real estate sales are bouncing back and will add to our bottom line.

Better than expected Wall Street activity and growth in residential real estate helped fuel a \$1.6 billion increase in Fiscal Year 2022 tax revenue projections over November. These revenues helped close the Fiscal Year 2023 budget gap.

They also fund critical ongoing needs related to public safety, healthcare, and education, and help strengthen the social safety net that many New Yorkers rely on to meet their basic daily needs.

I'll turn now to the negatives.

The Omicron surge slowed our recovery. High office vacancy rates hamper property tax growth, our single largest revenue source.

In addition, job recovery is lagging. The unemployment rate remains high, despite dropping by half since the peak of the pandemic. This hurts everyday New Yorkers, leaving them in danger of falling farther behind.

Though the signals are mixed, our pathway is clear. We must proceed with caution and act as good managers of the city's resources.

Facing economic headwinds, we have taken swift action.

Ten days into my administration, I implemented a PEG, Program to Eliminate the Gap.

With limited exceptions, agencies were instructed to cut three percent of both their Fiscal Year 2022 and 2023 city-funded budgets.

In less than six weeks, agencies found new ways to reduce spending and adjust funding to meet realistic program costs.

The program was a success. We achieved almost \$2 billion over Fiscal Years 2022 and 2023. This includes \$1.1 billion in 2023 that was applied to closing that fiscal year's nearly \$3 billion budget gap.

And this is not the end — we will keep pushing agencies to tighten their belts and make the most of the city's resources.

Cautious fiscal planning includes setting aside funds that serve as a hedge against the unexpected.

We have increased reserve levels by \$1.1 billion compared with Fiscal Year 2022. At \$6.1 billion, Fiscal Year 2023's reserve levels are the highest in city history.

As you can see, that includes \$1 billion in the General Reserve, \$1 billion in the Rainy Day Fund, \$3.8 billion in the Retiree Health Benefits Fund, and \$250 million in the Capital Stabilization Fund.

As I mentioned earlier, fiscal discipline will be key to my administration's success.

We must push back against government waste and inefficiency. As we build back from two years of uncertainty and trauma, we must ensure our finances promote growth and resilience for the long term.

This administration has been focused on efficiency since day one.

This effort is being led by Chief Efficiency Officer Melanie LaRocca, who will oversee cost-cutting and restructuring measures citywide.

We are striving for efficiencies everywhere, which allow us to make better choices. For example, it will allow the NYPD to shift resources towards critical initiatives like the Neighborhood Safety Teams, which will be focused on getting guns off the street.

I also signed an executive order to consolidate all city technology agencies under a single authority. This will streamline their operations and foster interagency cooperation. Chief Technology Officer Matthew C. Fraser will lead the newly created Office of Technology and Innovation.

We have also consolidated multiple city agencies into the new Mayor's Office of Climate and Environmental Justice, led by Executive Director Kizzy Charles-Guzman. This new office will

provide an integrated approach to sustainability, as our city faces increasing risks from the effects of climate change.

There is much more to come. By implementing the PEG, we have created efficiencies via the budget process.

Agencies took a hard look at processes and procedures and came up with innovative ways of getting stuff done with fewer resources.

In connection with the PEG, we also asked agencies to right-size their budgeted headcount by removing vacant positions from their books. This was also a success.

In the Preliminary Budget, we reduced budgeted headcount through the PEG by 3,200 in Fiscal Year 2022 and 7,000 in Fiscal Year 2023.

I want to emphasize that we did this without laying off a single city employee.

This wise management of our resources is allowing us to make historic investments in equity, in justice, and in safety. We're putting money in the pockets of working people.

As I mentioned in my testimony to Albany, working families have fallen farther behind over the last two years and need our support.

We must raise the Earned Income Tax Credit, which has remained at the same rate for two decades. This will help low- to moderate-income families put food on the table and keep a roof over their heads. But we need help from our partners in Albany to get this done.

We need to make it easier to raise a family in this city.

I know personally how difficult it is to balance caring for children with holding down a job. To help New Yorkers get back to work — and stay at work — we will offer property owners a tax abatement to build childcare facilities. This will also address the problem of childcare deserts across the city.

My administration will also give tax credits to those in the business community who provide free or subsidized childcare.

Though Albany must approve of these actions in this year's state budget, we have already taken action. These investments are fully funded in our budget and financial plan.

The path to an equitable recovery runs through our public transit system. Getting to work, the doctor, or school shouldn't depend on your income. So today we are providing annual baselined funding for Fair Fares to help low-income New Yorkers afford Metro Cards.

In addition to supporting our families and children, we must expand opportunities for young people who are preparing for their futures.

That means jobs, teaching, and training.

Young New Yorkers must have meaningful opportunities and be given a platform for success.

This is especially true of our at-risk youth. Young people who age out of the foster care program are more likely to be arrested, drop out of school, or experience homelessness.

To give them a chance to succeed, we are increasing funding for mentoring and tutoring our foster children, as well as providing other critical services now and in the future.

With the 30,000 slots we are adding to the Summer Youth Employment Program, 100,000 youth will have meaningful work and something positive to put on their resume or college application.

This is not a one-year expansion. We are baselining this program to protect SYEP as a summer institution, creating 30,000 additional youth jobs this year and carrying this forward into the future.

We must also support our mothers and young families right from the start.

That is why we're now providing annual funding to important programs that support moms, future moms, and infants. These include programs that coordinate maternity care for patients who need specialized medical care during pregnancy and extra support during those first few months of a baby's life.

We will strengthen the neighborhoods hardest hit by the pandemic. Now there is annual funding for New Family Home Visits. First-time moms will be connected with services and get regular caretaker visits that include household child safety checks.

We will continue to make investments in our mothers, young families, youth, and all other New Yorkers who need help.

Before I conclude, I'd like to turn to our \$100 billion Preliminary Capital Plan.

This city is known for our ambitious infrastructure projects. We have built and maintained world-class bridges, acres of beautiful parkland, and miles of roadway.

We have also funded water and sewer systems that have been critical to the city's growth.

Like the expense budget, the capital plan must be efficient. In this Preliminary Capital Plan, we moved nearly \$4 billion to out-years of the plan to make it more realistic.

In the face of economic headwinds, we must be cautious. Our future is only certain if we take the right steps now, like building reserves and preserving resources.

New York City's future will be built on a strong foundation of fiscal discipline and wise investment.

With this Preliminary Budget, we have taken the very first steps to turn our city around. The best city in the world will be even better if we focus on the basics.

New Yorkers and visitors must be safe on our streets, in our subways and schools, and in their homes.

Government must work for the people and use taxpayer funds efficiently.

Above all, New Yorkers must feel confident and optimistic that their city is working for them and looking out for their future.

Every step my administration takes will bring us closer to this goal.

As I stated earlier, our city is facing a transformative moment.

We must do more than get back to normal. We must build a better city in the process.

The steps we take together will make New York a safer, more just, and more prosperous city.

Together, we will do more than Get Stuff Done.

And as New York City goes, so does our nation.

The American Dream has always started in New York City, and this moment is no exception.

Together, we will embark on an urban renaissance unlike anything we have seen in our lifetimes.

A renaissance that will light the way and lead the nation.

Together, we will rise as one city, the greatest in the world: New York City.

Thank you.

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