
IBO's Fiscal Outlook Webinar:

**Key Findings From Our Latest Economic
Forecast & Review of the
November Financial Plan**

January 20, 2022



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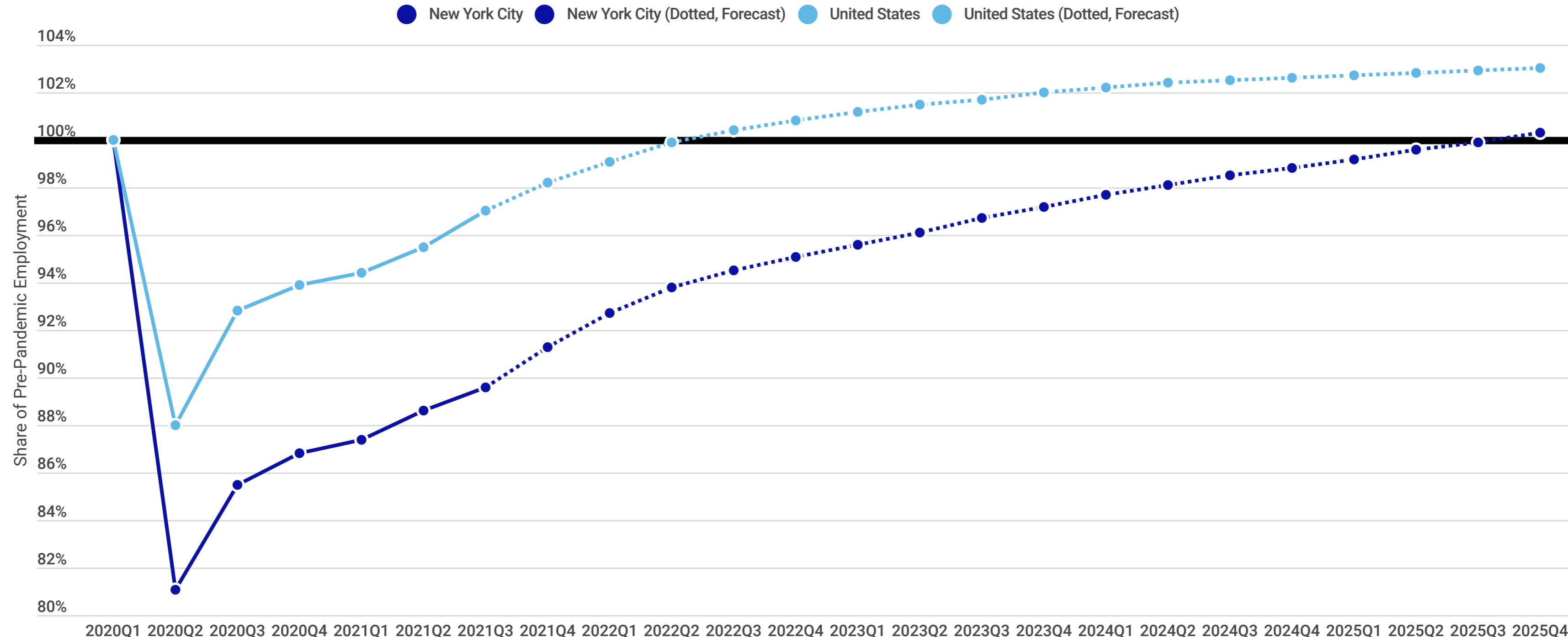
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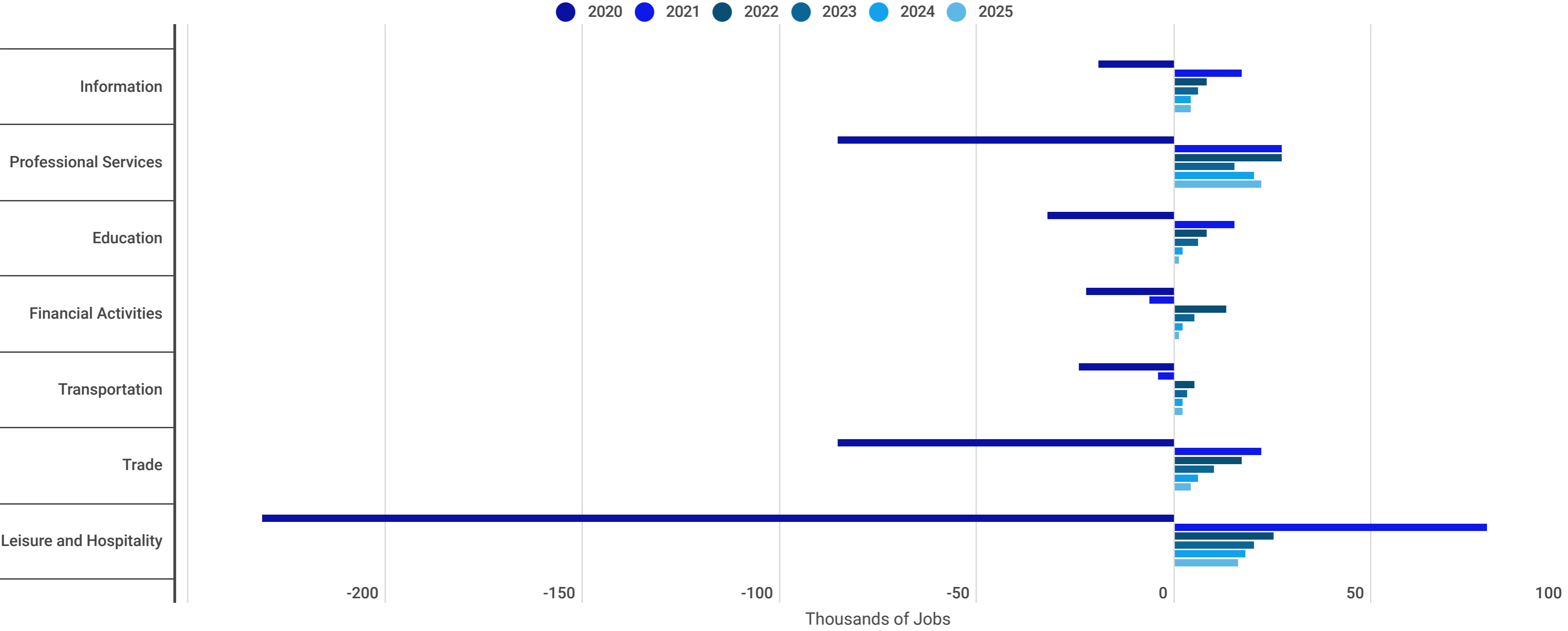
Overview

- In addition to human losses, pandemic led to enormous economic shocks
- Nearly 2 years ago IBO anticipated a fiscal shock, too
Projected large deficits requiring budget actions to address
- Better than expected tax revenue & \$13 billion in federal assistance have left city budget in much better shape
- IBO estimates budget surplus in 2022 and modest gaps in 2023-2025
- Fiscal foundation may be less solid than it looks
- Uncertainties abound

NYC Continues to Lag US Employment Recovery

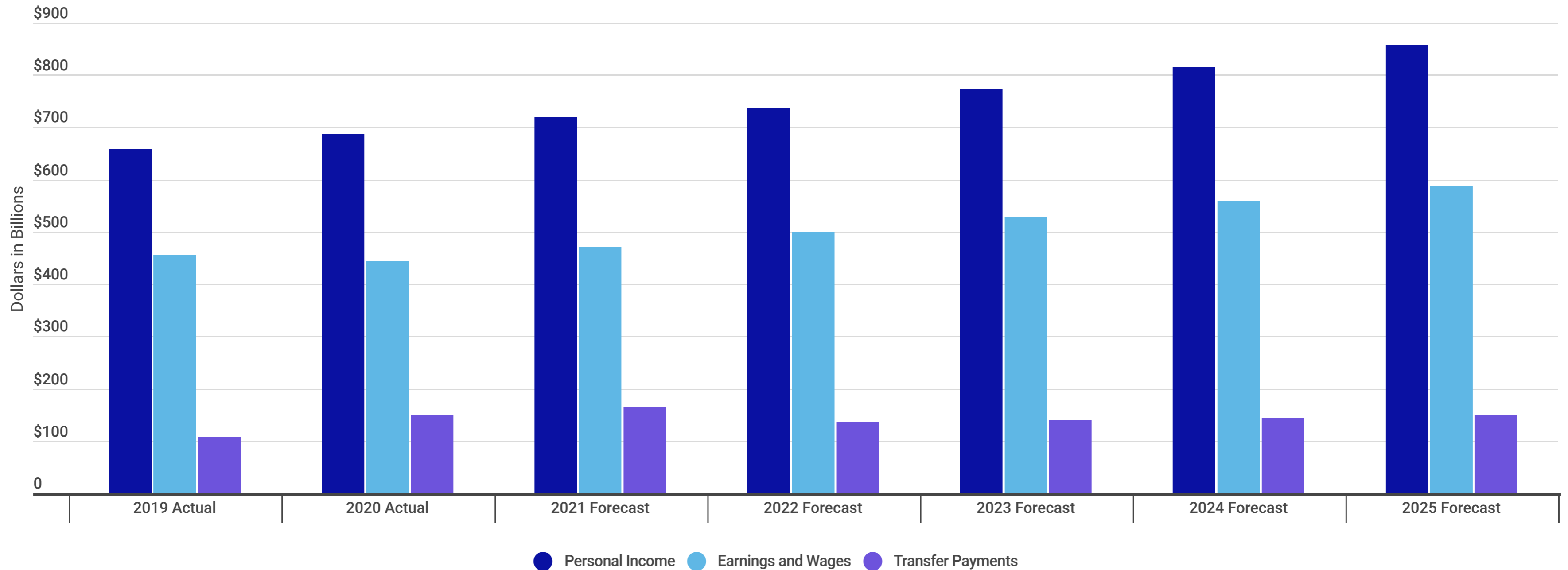


Sectors Differ in Job Losses and Expected Recovery



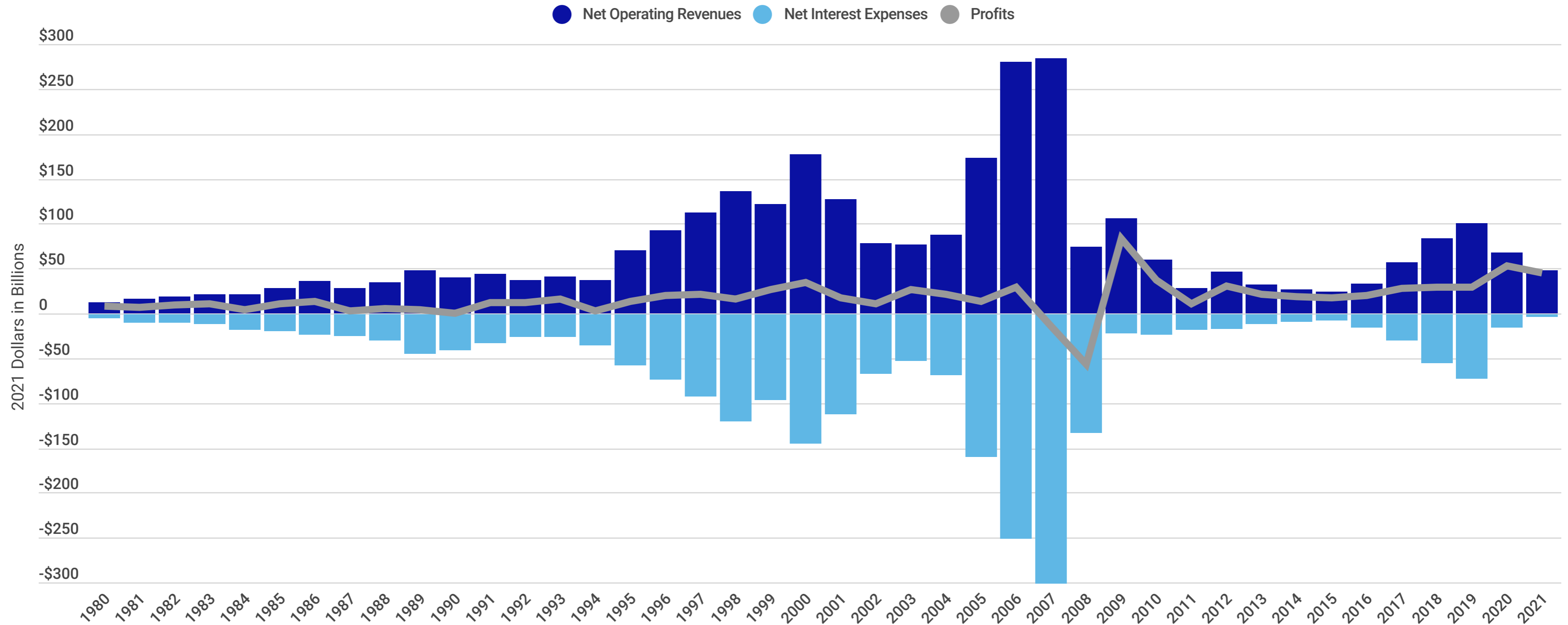
Bright Spots:

NYC Personal Income Grew During Pandemic Thanks to Transfer Payments

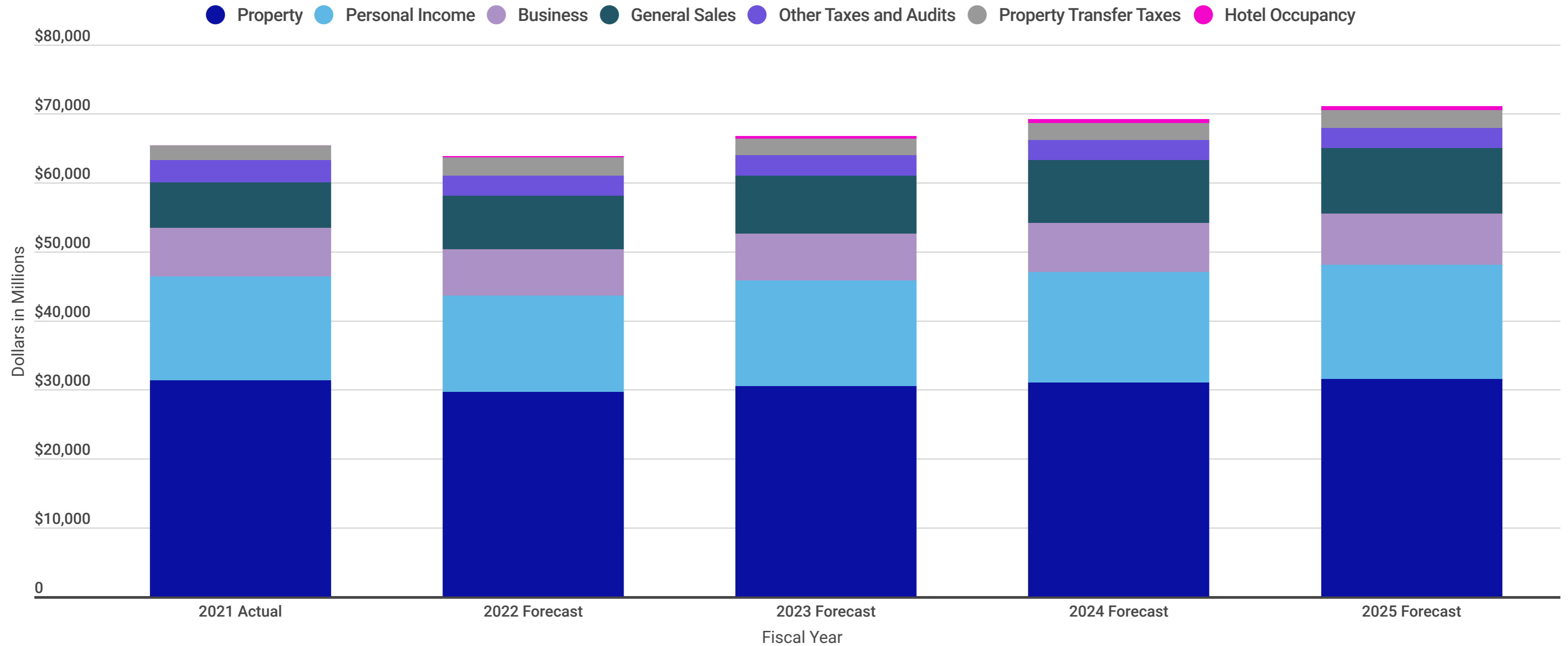


Bright Spots: Another Good Year on Wall Street

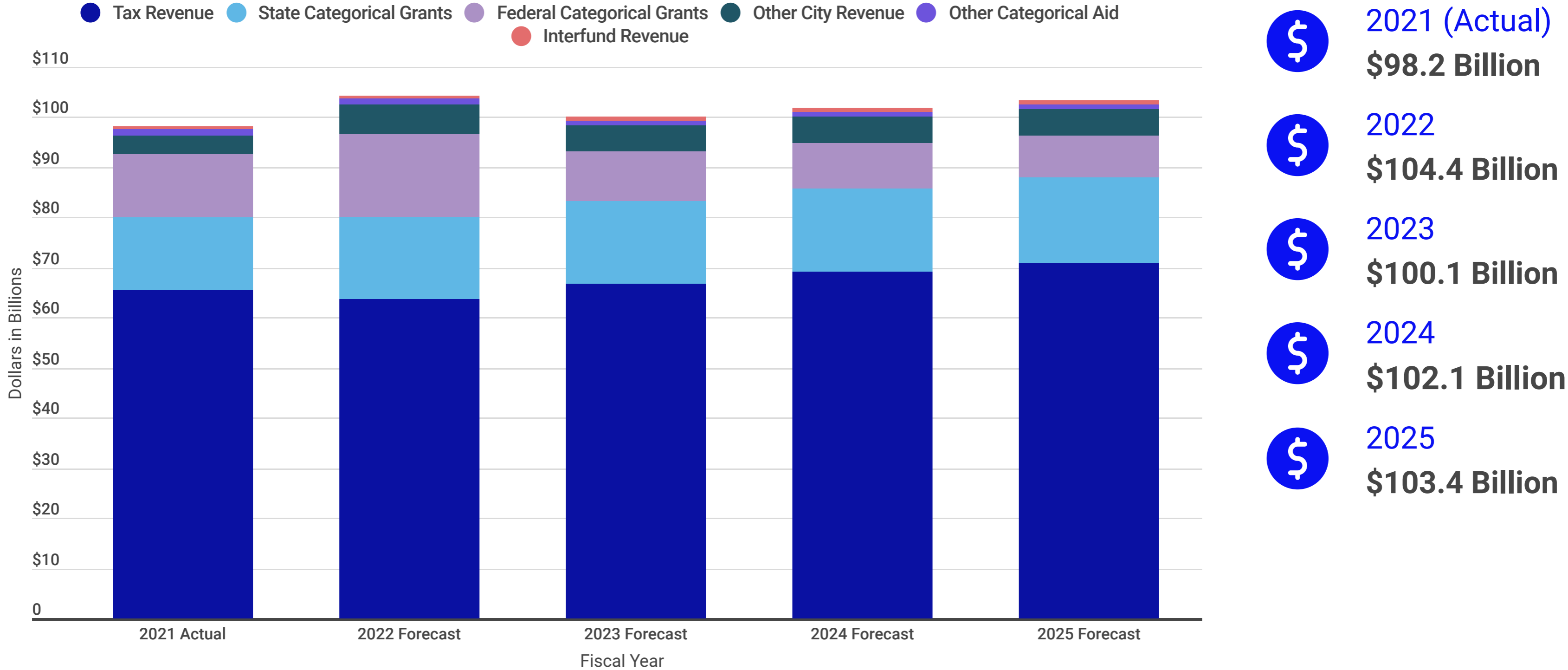
Quarterly Net Operating Revenues, Net Interest Expenses, and Profits of New York Stock Exchange Member Firms



IBO Forecasts Tax Revenue to Decline in 2022, Rebound in 2023 Through 2025



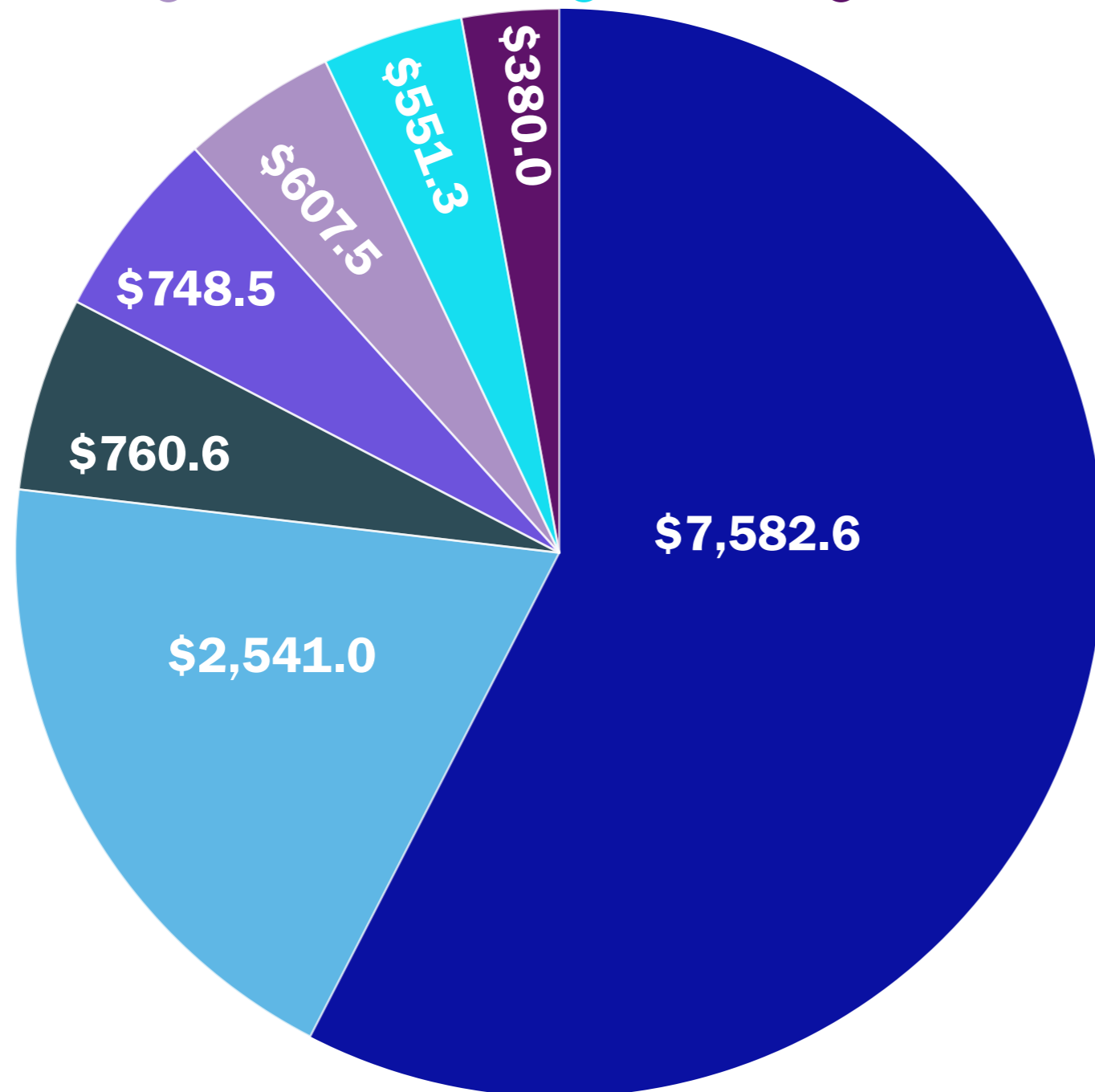
Total Revenues Grow Greatly in 2022 Thanks to Receipt of Federal Relief



Federal Relief Primarily Used for Education and Revenue Replacement

Dollars in millions

● Education / Higher Education ● Revenue Replacement ● Health ● Economic Development
● Housing/Homeless Services ● Social Services ● Other



\$2.4 Billion

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Education/Higher Education Funds



\$5.9 Billion

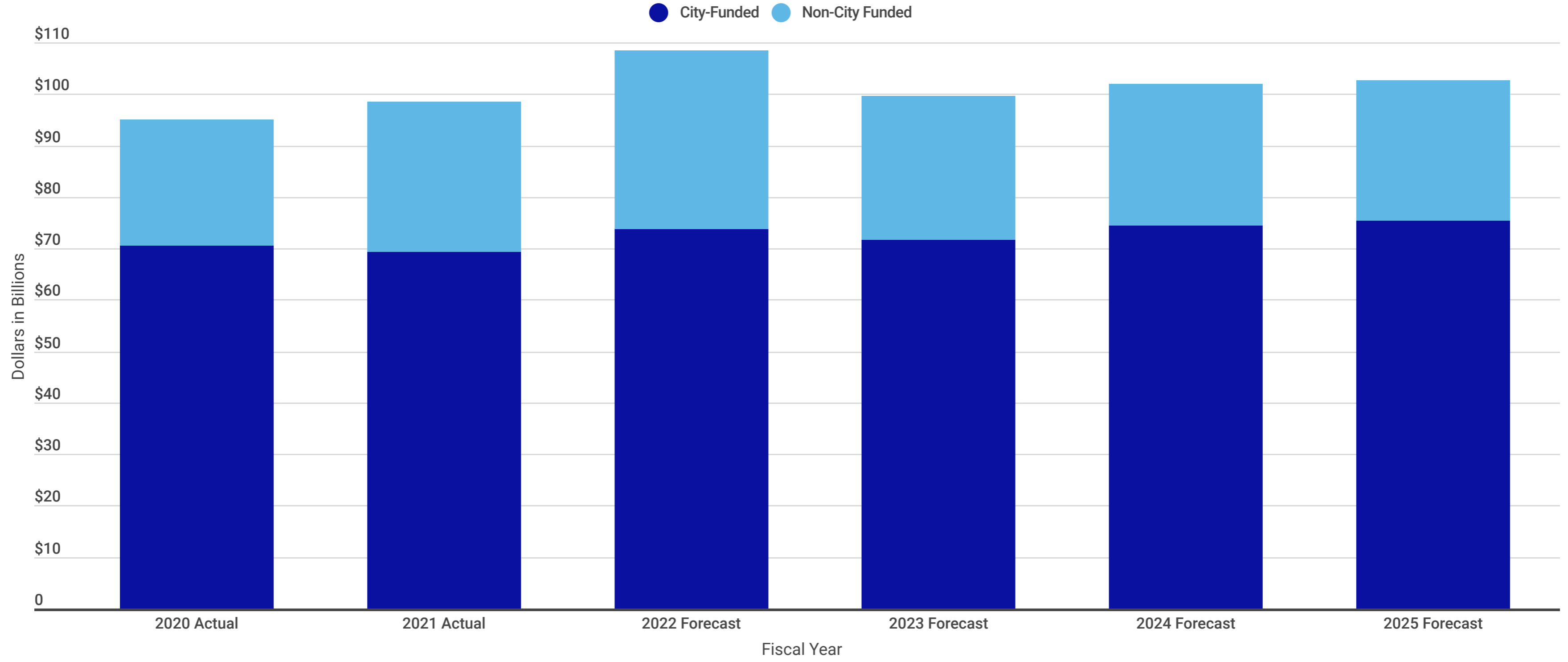
American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds



\$4.8 Billion

ARPA Education/Higher Education Funds

Non-City Funded Expenditures Drive Growth in 2022



Projected Budget Gaps and Surpluses: IBO and OMB

Dollars in millions

	2022	2023	2024	2025
OMB Gap Projections	-	(\$2,882)	(\$2,731)	(\$2,140)
Unallocated Planned Labor Savings	-	(500)	(500)	(500)
Reestimated OMB Gap	-	(\$3,382)	(\$3,231)	(2,640)
IBO Revenue Differences	\$1,539	\$1,541	\$1,812	\$1,761
IBO Expenditures Differences	(601)	(479)	(209)	(164)
Total IBO Pricing Differences	\$938	\$1,062	\$1,603	\$1,597
IBO Prepayment Adjustment	(938)	938	-	-
IBO Surplus/Gap Projections	-	(\$1,382)	(\$1,628)	(\$1,043)

Pressure Points

- Course of the Pandemic
- Demand for Office and Retail Space
- Replacing Federal Funds
- Municipal Labor Contracts

New York City Independent Budget Office Resources

- **A Forecast in Uncertain Times: Modest Budget Shortfalls Projected, But Risks To Outlook Increase as Infections Surge**
- **Understanding the Budget**
- **A Guide to the Capital Budget**
- **New York City Fiscal History**
- **Contact IBO: iboenews@ibo.nyc.ny.us**