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FOR IMMEDIATE RELEASE: September 6, 2022, 10:00 AM

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**TRANSCRIPT: MAYOR ERIC ADAMS DELIVERS REMARKS AT NEW YORK
STATE FINANCIAL CONTROL BOARD MEETING**

Mayor Eric Adams: Good morning as well. And I want to acknowledge the presence and thank a good friend, state Comptroller Tom DiNapoli, Comptroller Brad Lander — city comptroller, and the private members, Secretary of State Rossana Rosado, Steven Cohen, and my longtime friend William Thompson. I want to thank you all. I want to thank the City Council for their partnership and the members of my team who are here with me today, both First Deputy Mayor Lorraine Grillo and Budget Director Jacques Jiha.

The adopted plan follows the guidepost I set down in January. This includes promoting the city's economic recovery, building and maintaining budget reserves, achieving budget savings, using resources efficiently and lifting New Yorkers and working families. The bottom line is that we are boosting the recovery and increasing resiliencies like never before.

If we were to start with last year, fiscal year 2022 ended with a \$6.1 billion surplus that we used to prepay current year expenses. As in the past, we used the gap closing strategy to balance the \$101.1 billion fiscal year 2023 adopted budget. Our out year gaps are manageable, falling below the 20 year average as a percentage of city funds spending. Cautiously estimating, revenue is the cornerstone of our fiscal management strategy and protects the recovery by ensuring that we responsibly meet needs as they arise. At adoption, we adjusted our fiscal year 2023 revenue forecast upwards to reflect a \$1.5 billion in additional tax revenue. This growth was driven by the impact of record level of Wall Street activity in 2021 on personal income taxes. We use these additional revenues to prepay expenses and reduce the current fiscal year budget year gap. They also were the key to strengthening our reserves. Our planning must recognize that we face uncertainty, and I just really want to emphasize that. We face uncertainty in the future.

I agree with my friends here today that building and maintaining budget reserves as a buffer against the unexpected is a critical priority. So at adoption, we partnered with the City Council to increase reserves by \$2 billion, which is the largest single contribution to reserves in the city's history. There is now \$1.9 billion in the rainy-day fund, \$4.5 billion in the retiree health benefits trust, and \$1.6 billion in the general reserves as well as \$250 million in the capital stabilization reserve. The \$8.3 billion we have set aside and reserved is a record level and exceeds 10% of city's funds revenue for the first time, which is a benchmark recognized by rating agencies and fiscal monitors.

On top of building and maintaining reserves, we have remained committed to reducing headcount and achieving savings. Through our strict headcount and attrition management, we have reduced employee headcount to just under 304,000. This is 23,000 lower than the city's peak in September 2019. As I have made clear, I will keep pushing city government to be more efficient and use taxpayers' dollars wisely.

In this budget cycle, we set aside additional resources to defray the cost of upcoming labor negotiations. By adding nearly \$4.7 billion to the labor reserve across the financial plan, we have now funded 1.25 percent annual wage increase for city employees. Now, we are clear that this is the beginning, not an ending. However, while we are committed to paying fair wages, we will not make deals that the city cannot afford.

Further, as financial conditions have changed dramatically since the height of the pandemic, we have removed unallocated labor savings from the financial plan outyears. While this grows out years gaps, it more truly reflects the current financial condition that we are facing. On top of strong fiscal management, to fully recover we must make the city safer and cleaner and help members of our community who were disproportionately impacted by the pandemic.

We're trying to bring New Yorkers back to this important level. We don't want to go back to the way it was. We want to take it to the place where it should be, a place where everyone across the five boroughs has opportunity and would thrive and prosper. To get this done, we made commitments to subway safety, expanded summer jobs and enrichment opportunities for youth, and are connecting even more at-risk New Yorkers with green jobs. Recognizing the importance of our human and legal services providers we were on the front lines during the pandemic — they were on the front lines during the pandemic, we baselined a contract adjustment. To help working families, we worked with the governor — and I want to thank you, governor, and the state lawmakers — to expand the New York City Earned Income tax revenue and credit and provided incentives for employers and property owners to create more childcare options citywide. And because vital public spaces are so important to the recovery, we made significant investments to keep our streets and parks cleaner, safer, and more inviting. These investments were made possible by our commitment to achieving budget savings and the prudent use of additional revenues.

To conclude, I'm proud to say that the city has met all requirements imposed by the Financial Emergency Act and that our financial plan advances the recovery, is fiscally responsible, and builds a stronger and more resilient New York. Rating agencies support our approach. In May, Fitch Ratings singled out our commitment to building and maintaining record levels of reserves and upgraded the city's ratings from stable to positive for the first time in more than a decade. And our economy continues to strengthen creating jobs at a quick pace. We have now recovered more than 80 percent of jobs lost in the height of the pandemic and expect a full recovery within two years.

So I want to thank you for this opportunity to speak with you today and for the important work for the city and the people of this city and the future. Thank you very much. Thank you, governor.

(Other members of the board speak.)

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Governor Kathy Hochul: ... Mayor Adams, would you like to respond to these comments? You just got a nice compliment.

Mayor Adams: We have — and I thank you comptroller, as a person who has been here watching these challenging economic times. And the uncertainties are real, and I think what is paramount, sometimes New Yorkers don't realize when they have navigated difficult waters. This governor has had to deal with everything from the pandemic to monkeypox, to polio, to crime, the economic uncertainties. And in spite of that, the uniqueness of having a relationship where a governor and the mayor like each other and we're willing to work with each other — because that's the only way we are going to get through this for New Yorkers and the city and the state to be united.

And the comptroller touched on it — we have to be clear — we are entering uncertain waters. And if we are not together, then New Yorkers are going to be impacted. And we are going to be forthright, honest, transparent. We're going to let New Yorkers know what we are facing and some of the difficult moments that we have, but we are going to get through this. We are resilient, we're New Yorkers. 2001 — we focused on 9/11. I focus on 9/12. We got up. And when New Yorkers got up, the country got up and we are here again. And I'm confident that we're going to get up again. Thank you.

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