

The City of New York
Preliminary Budget
Fiscal Year 2024

Eric Adams, Mayor

Mayor's Office of Management and Budget
Jacques Jiha, Ph.D., Director

Financial Plan Summary

THE FISCAL YEAR 2024 PRELIMINARY BUDGET

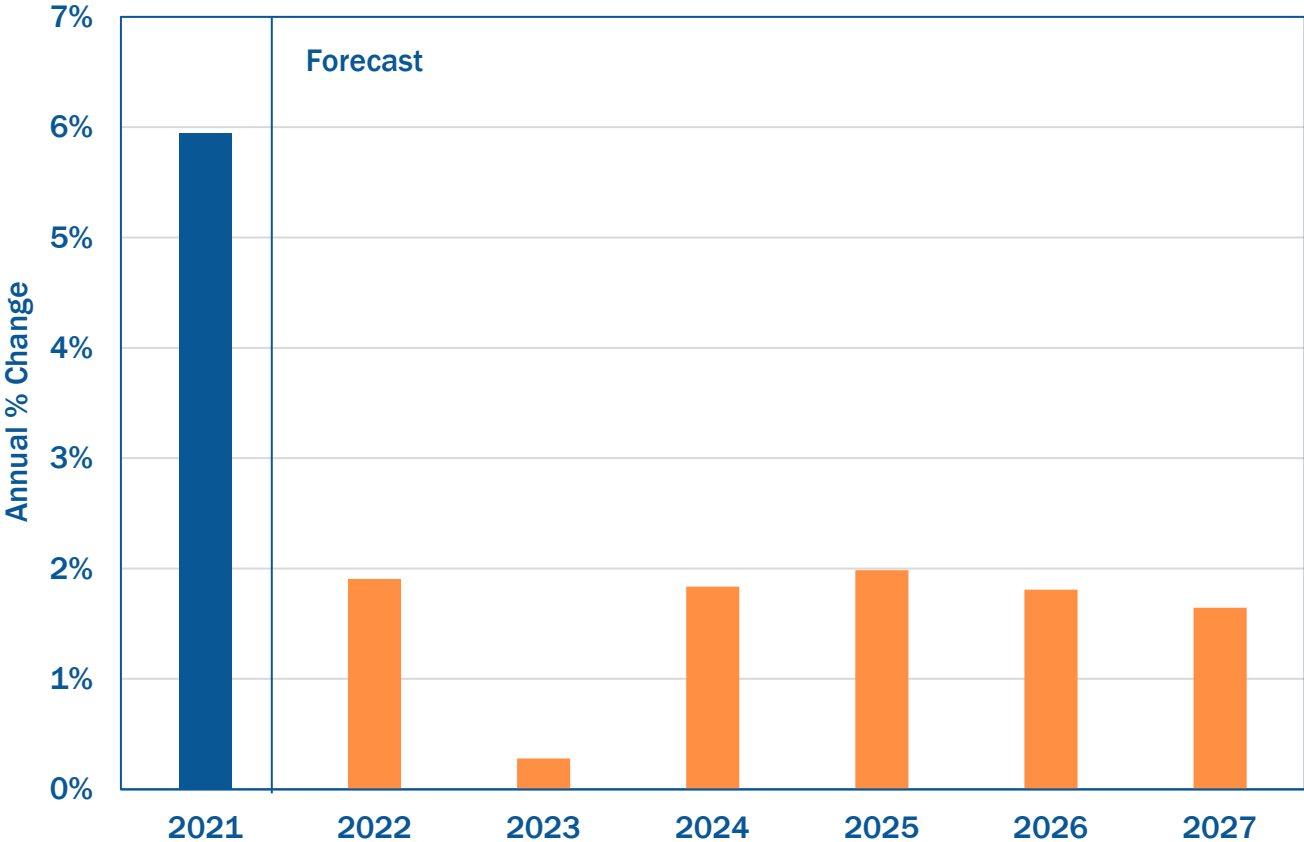
**THE CITY HAS MADE A
STRONG RECOVERY THOUGH
WE STILL FACE CHALLENGES**

The Preliminary Budget Keeps Us on the Path to Success and Ensures our Resilience

- Continues the administration's disciplined fiscal approach
- Protects our limited resources and safeguards the recovery
- Invests in everyday New Yorkers with a focus on promoting equity, affordability, and keeping the city safe and clean

The National Economy is Weakening

U.S. Real GDP Growth

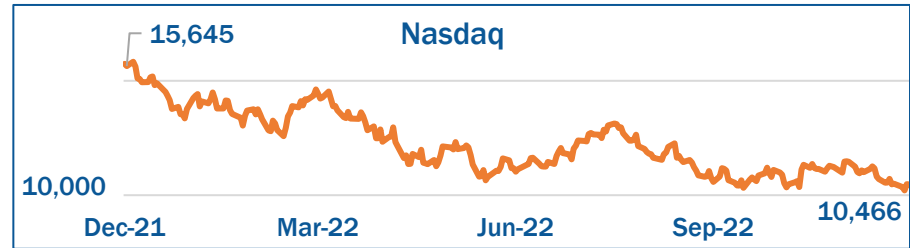


- The U.S. economy continues to slow as the Federal Reserve increases interest rates to combat inflation

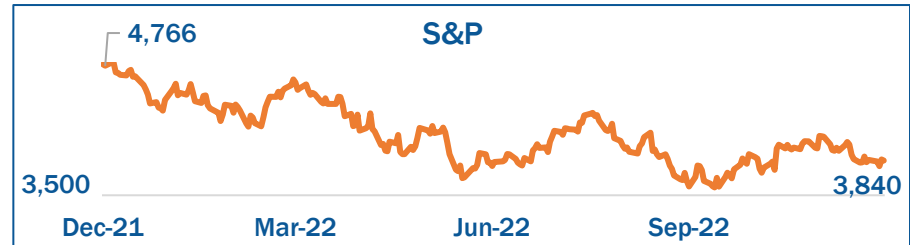
Source: U.S. Bureau of Economic Analysis, NYC OMB

Markets Declined in 2022

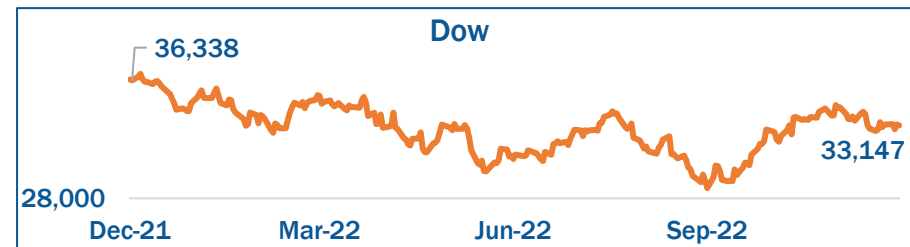
NASDAQ ↓ **33.1%**



S&P ↓ **19.4%**

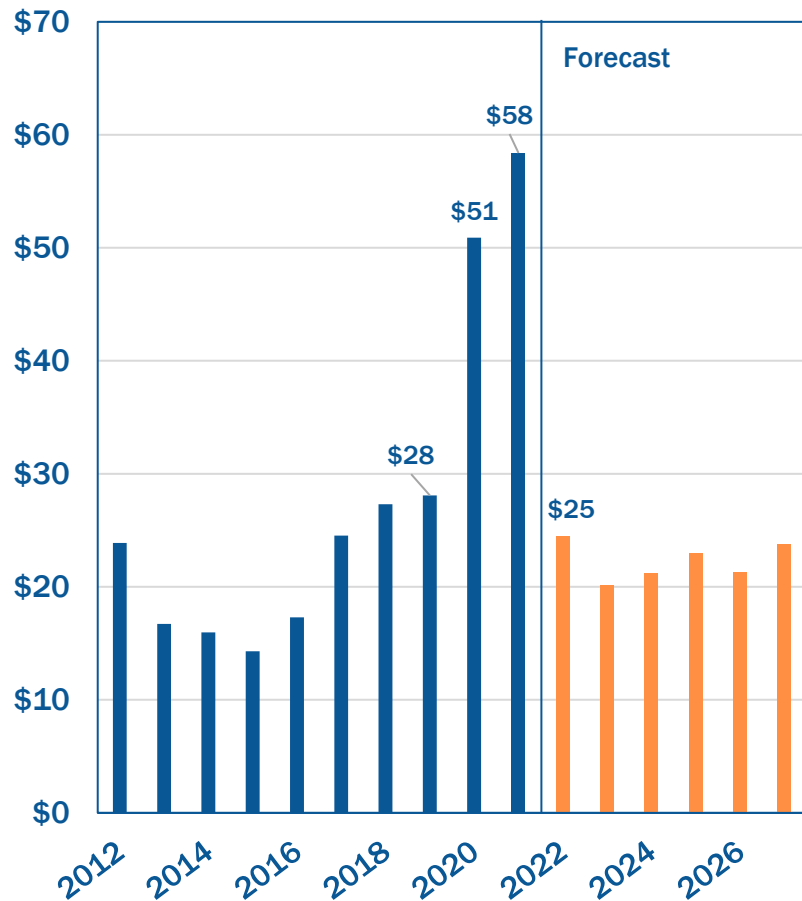


DOW ↓ **8.8%**



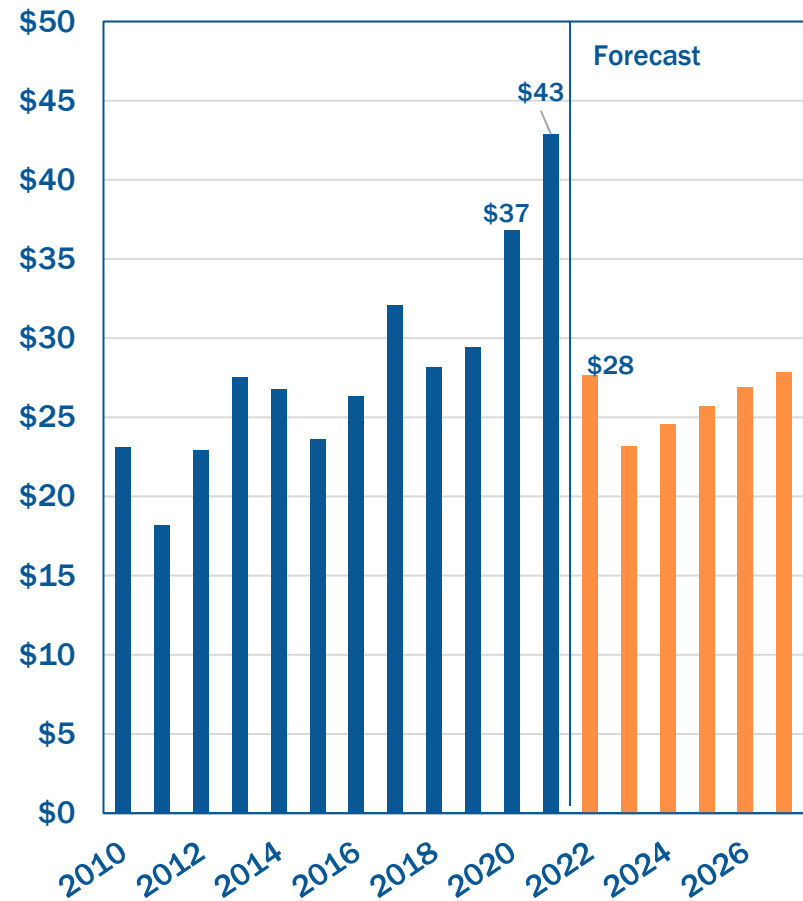
Wall Street Profits and Bonuses Have Dropped After Record Performance in 2020 and 2021

NYSE Member Firm Profits (\$ in Billions)



Source: ICE-NYSE, NYC OMB

Securities Industry Bonus Pool (\$ in Billions)

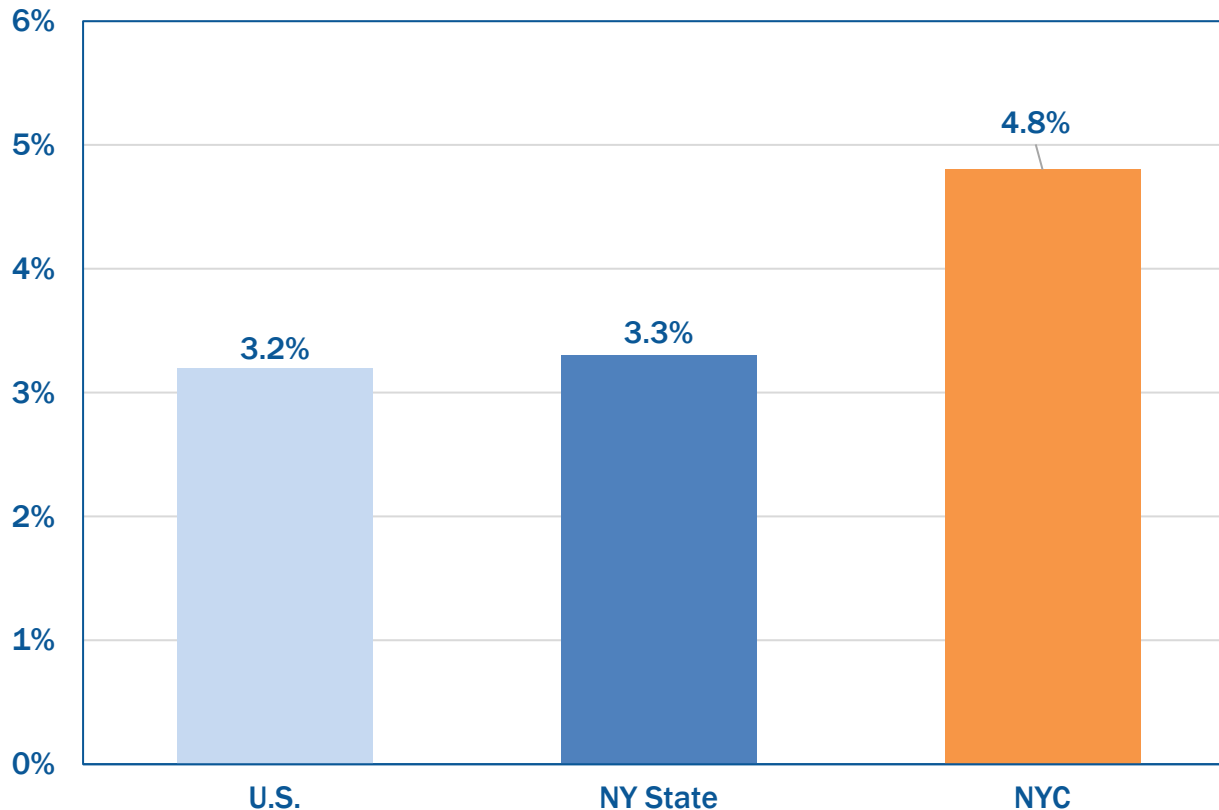


Source: NY Department of Labor, NYC OMB

**THE NEW YORK CITY ECONOMY IS
SENDING MIXED SIGNALS**

City Job Growth Has Outpaced the State and U.S.

Job Growth Over the Past 12 Months

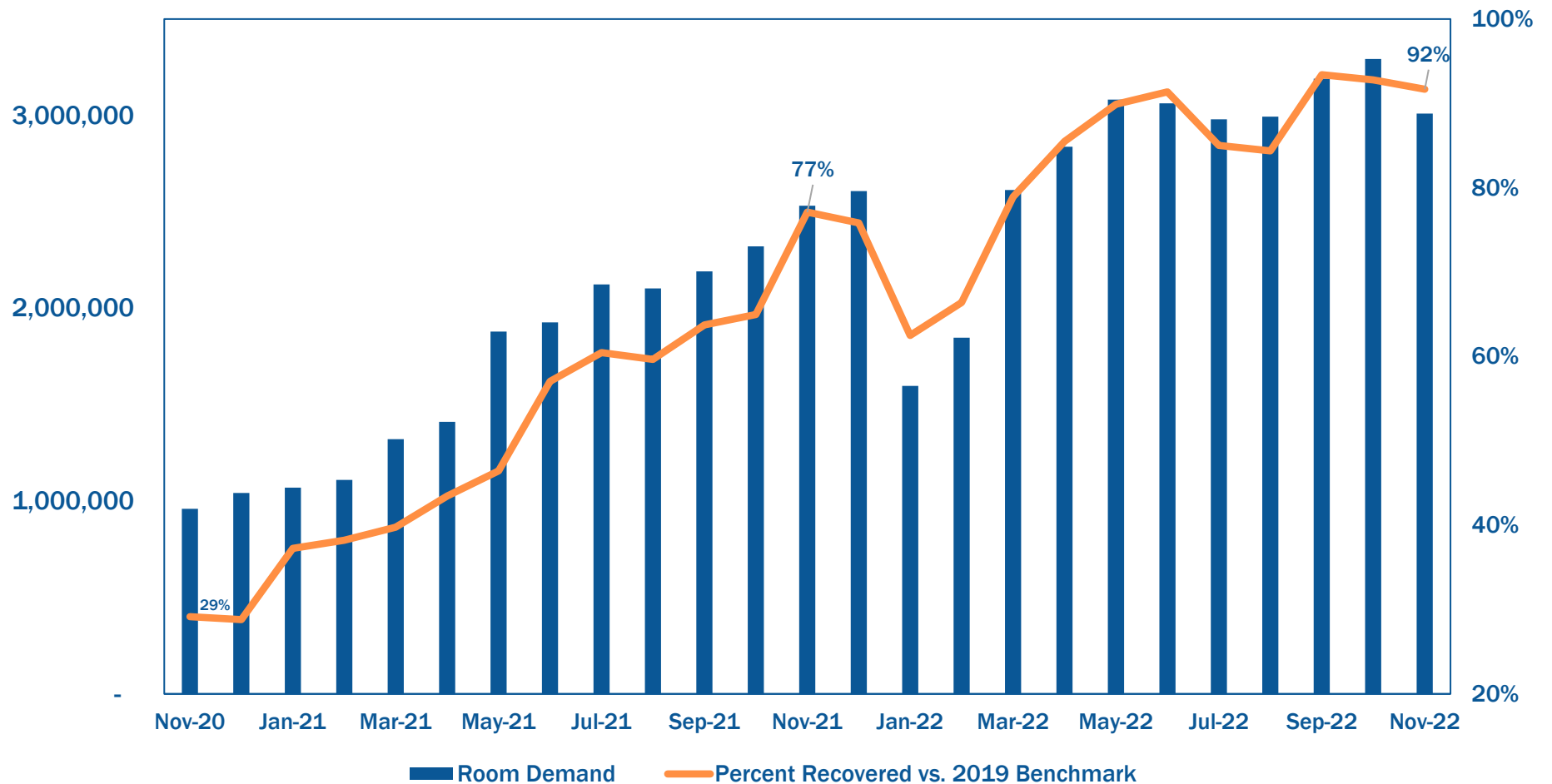


- The New York City economy added 189,000 jobs since the start of the Adams administration
- Over the past 12 months, the city's employment growth of 4.8% has outpaced New York State (3.3%) and the U.S. (3.2%)
- 88% of New York City jobs lost during the pandemic have been recovered, outpacing the state for the first time
- Despite the strength of our job recovery, gains have largely slowed over the past five months as the economy has weakened

Note: Job gains from May 2020 through November 2022 as share of March and April 2020 losses

Tourism Has Made a Strong Comeback

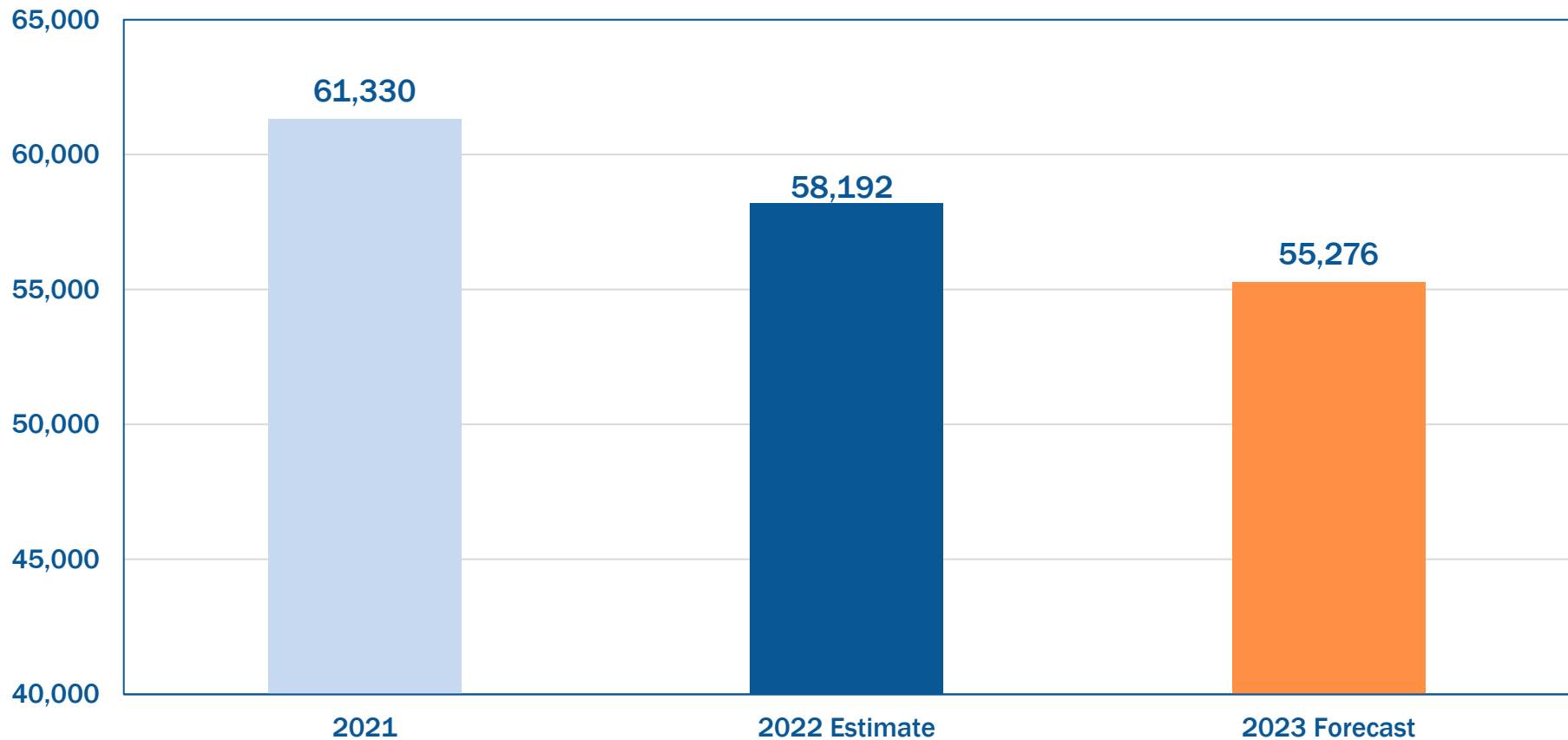
Monthly Room Demand & % Recovered vs. 2019 Benchmark



Source: NYC & Company

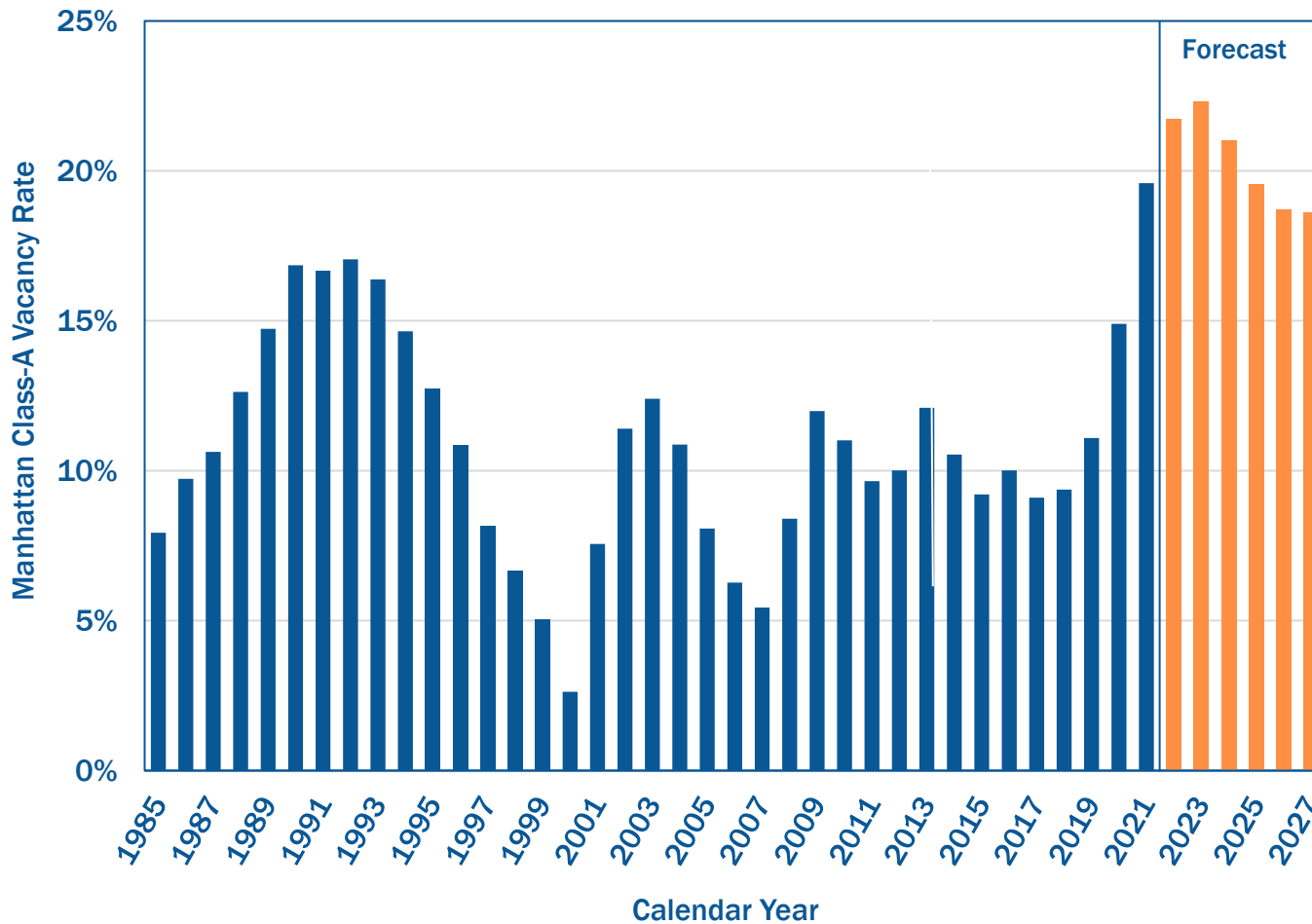
Real Estate Sales Have Slowed

Residential Real Estate Sales (# Coop, Condo & 1-3 Family Sales)



Source: NYC Department of Finance & NYC OMB

Office Vacancy Rates Remain at a Record High



- The slow pace of return to office increases vacancies and weakens the commercial office market
- Property Tax is New York City's single largest tax revenue source
- Office buildings account for 21% of annual Property Tax levy

Source: Cushman & Wakefield, NYC OMB

We Face Substantial Fiscal Challenges

- **Asylum seeker costs: at least \$1B in FY23 alone, and more if the current arrival trend persists**
 - We have housed, fed, and cared for nearly 40,000 asylum seekers and more are on the way
 - The federal government allocated \$785M to be shared nationally with only a fraction earmarked for New York City
 - However – New York City’s share will not cover FY23 costs and spending will extend into upcoming fiscal years
- **Cost of settling expired labor contracts: billions of dollars across the financial plan**
- **Additional rising health care costs**
- **Federal stimulus funds continue to decline and sunset in FY25**

What Does This Mean for the City's Budget?

- The city will have fewer resources as tax revenue growth slows
- At the same time, we face substantial growing costs and unfunded needs
- As a result, we must be extremely careful in how we use our limited resources

The Fiscal Year 2024 Preliminary Budget is \$102.7 Billion

- FY23 and FY24 are balanced
- Outyear gaps:
 - FY25: \$3.2B
 - FY26: \$5.0B
 - FY27: \$6.5B

Increased Revenue Helped Balance the Budget

- Continued momentum from the post pandemic recovery drove growth in city revenues over the previous forecast:
 - FY23: \$1.7B
 - FY24: \$738M
- We used FY23 revenue and savings to balance FY24

Savings Overview

- The Preliminary Budget adds \$551M in savings over FY23 and FY24
- This brings total savings over the November Financial Plan Update and Preliminary Budget to \$3B in those years, and almost \$5.8B in Fiscal Years 2025-2027

Vacancy Reduction Initiative Savings

- The Vacancy Reduction Initiative lowered vacant agency positions by 50% - more than 4,300 annually
 - FY23: 4,319 vacancies/\$181M in savings
 - FY24: 4,309 vacancies/\$350M in savings
- Promotes efficiency, generates annual savings, and has no impact on service delivery or health and safety
- About 23,000 vacancies remain citywide, leaving agencies more than enough room in their budgets to hire for critical positions

Conserving Limited City Resources

- Agency new needs are either paid for with savings or self-funded with existing agency resources
- This safeguards the recovery and funds core needs

Budget Reserves are at a Record Level

- The Preliminary Budget maintains a record \$8.3B in reserves:
 - General Reserve: \$1.6B
 - Rainy Day Fund: \$1.9B
 - Retiree Health Benefits Trust: \$4.5B
 - Capital Stabilization Fund: \$250M

**INVESTING IN NEW YORKERS:
FISCAL YEAR 2024 INVESTMENT HIGHLIGHTS**

Tackling the Housing Crisis

- Support for “Housing our Neighbors” affordable housing initiatives, including funding to assist low-income prospective homeowners with down payments, expanding enforcement against tenant harassment, and more
- Cutting red tape to make it easier and quicker to develop affordable housing and meet the ambitious goals in the "Get Stuff Built" program

Making Government Work Better for New Yorkers

- Department of Buildings will develop, standardize, and implement a citywide building code for alteration of existing residential and commercial buildings

Creating a Cleaner and Greener City

- **Hiring Chief Decarbonization Officers across multiple agencies to elevate and streamline greenhouse gas emission reductions in agency operations**
- **Building a cleaner, safer, and more welcoming city by expanding the Rat Reduction Initiative**

PRELIMINARY TEN-YEAR CAPITAL STRATEGY

The City's Ten-Year Infrastructure Plan

- The Preliminary Ten-Year Capital Strategy is \$159.3B
- The plan connects capital investment with strategic priorities and includes funding to:
 - Build and preserve affordable housing
 - Protect the city from the impact of severe weather events and climate change
 - Build and upgrade health care facilities, schools, parks, and public facilities
 - Make streets safer for cyclists and pedestrians
 - Keep our water supply clean

Investing in Communities, Schools, and Open Spaces

- Transforming the Willets Point community and creating jobs with a \$153M investment as part of a public-private partnership that builds 2,500 affordable homes, a soccer stadium, 40,000 square feet of public open space, and a hotel
- Enhancing security measures to protect students at all Department of Education schools with a \$47.5M investment on top of \$30M in existing capital funding
- Reconstructing and upgrading the Riverside Park Soldiers' and Sailors' Monument and plaza (\$62.3M)

Prioritizing Safe Streets and Improving Transportation

- Funding high-priority street reconstruction projects related to Vision Zero, the Streets Plan, and more across all five boroughs, including Select Bus Service in South Brooklyn and Safe Routes to School in the Bronx and Staten Island (\$228M)
- Doubling signal installation to 200 annually and making related upgrades (\$77M)
- Making repairs and upgrades to marine infrastructure in Staten Island and Manhattan, including piers and barges (\$46M)

Protecting the Environment

- **Accelerating projects tied to meeting greenhouse gas reduction targets set by Local Law 97 (\$259M)**
 - **Combat climate change and create healthier learning environments through electrification of boilers at 2 DOE facilities, and building management system upgrades at 4 CUNY campuses**
 - **Energy upgrades at 7 DSNY garages to begin transitioning away from fossil fuel burning equipment**

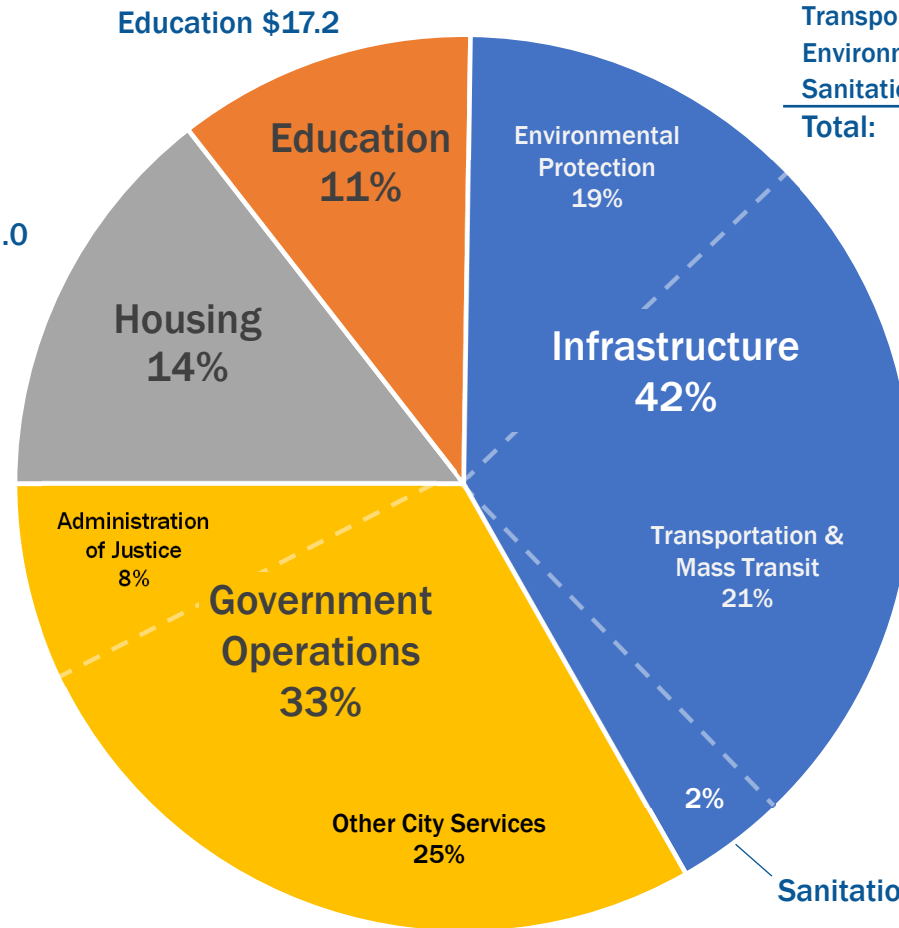
Preliminary Ten-Year Capital Strategy 2024-2033

Totals \$159.3 Billion in All Funds

\$ in Billions

Infrastructure:

Transportation & Mass Transit	\$33.3
Environmental Protection	\$29.0
Sanitation	\$3.8
Total:	\$66.1



Government Operations:

Administration of Justice	
Correction	\$9.0
Courts	\$2.9
Police	\$1.5
Total:	\$13.4

Other City Services

Parks	\$8.8
Resiliency & Energy Efficiency	\$6.3
Economic Development	\$6.1
Health & H+H	\$4.4
Technology	\$3.5
Culturals & Libraries	\$2.8
Public Buildings	\$2.6
Fire	\$2.1
Social Services	\$2.0
Higher Education	\$1.0
Total:	\$39.6

REVENUE AND EXPENSE CHANGES

January 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 - November 2022 Financial Plan	\$ ---	(\$2,890)	(\$4,580)	(\$5,915)	(\$8,461)
<u>Revenue Changes:</u>					
Tax Revenues	1,253	501	545	521	1,588
PEG - Revenue	66	2	2	2	2
Non-Tax Revenues	368	235	100	17	22
Total Revenue Changes	\$1,687	\$738	\$647	\$540	\$1,612
<u>Expense Changes:</u>					
Agency Expense Changes	445	39	29	30	31
PEG - Expense	(144)	(285)	(291)	(295)	(299)
Federal Funding Swap	(75)	(390)	(425)	---	---
Debt Service	(1)	(54)	(80)	(99)	(112)
Total Expense Changes	\$225	(\$690)	(\$767)	(\$364)	(\$380)
Gap to be Closed Before Prepayments	\$1,462	(\$1,462)	(\$3,166)	(\$5,011)	(\$6,469)
FY 2023 Prepayment	(1,462)	1,462	---	---	---
Gap to be Closed - January 2023 Financial Plan	\$ ---	\$ ---	(\$3,166)	(\$5,011)	(\$6,469)

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	\$31,277	\$31,871	\$32,006	\$32,018	\$32,018
Other Taxes	37,004	36,296	37,891	39,299	40,366
Tax Audit Revenue	721	721	721	721	721
Subtotal: Taxes	\$69,002	\$68,888	\$70,618	\$72,038	\$73,105
Miscellaneous Revenues	7,983	7,516	7,381	7,312	7,289
Unrestricted Intergovernmental Aid	252	---	---	---	---
Less: Intra-City Revenue	(2,213)	(1,902)	(1,900)	(1,896)	(1,896)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$75,009	\$74,487	\$76,084	\$77,439	\$78,483
EXPENDITURES					
Personal Service ⁽¹⁾	\$40,464	\$41,428	\$43,060	\$45,156	\$46,321
Other Than Personal Service	29,200	26,026	26,532	26,880	27,549
Debt Service ^{(1),(2)}	7,488	7,749	8,208	8,964	9,632
FY 2022 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(6,114)	---	---	---	---
FY 2023 Budget Stabilization ⁽²⁾	2,166	(2,166)	---	---	---
Capital Stabilization Reserve	250	250	250	250	250
General Reserve	1,555	1,200	1,200	1,200	1,200
Total Expenditures	\$75,009	\$74,487	\$79,250	\$82,450	\$84,952
Gap To Be Closed	\$ ---	\$ ---	(\$3,166)	(\$5,011)	(\$6,469)

⁽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 totals \$2.166 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	\$31,277	\$31,871	\$32,006	\$32,018	\$32,018
Other Taxes	37,004	36,296	37,891	39,299	40,366
Tax Audit Revenue	721	721	721	721	721
Subtotal: Taxes	\$69,002	\$68,888	\$70,618	\$72,038	\$73,105
Miscellaneous Revenues	7,983	7,516	7,381	7,312	7,289
Unrestricted Intergovernmental Aid	252	---	---	---	---
Less: Intra-City Revenue	(2,213)	(1,902)	(1,900)	(1,896)	(1,896)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$75,009	\$74,487	\$76,084	\$77,439	\$78,483
Other Categorical Grants	1,172	1,060	1,057	1,055	1,054
Inter-Fund Revenues	726	698	699	699	699
Federal Categorical Grants	12,424	9,485	8,151	7,017	6,999
State Categorical Grants	17,057	16,925	17,163	17,217	17,281
Total Revenues	\$ 106,388	\$ 102,655	\$ 103,154	\$ 103,427	\$ 104,516
EXPENDITURES					
Personal Service					
Salaries and Wages	\$31,497	\$31,492	\$31,937	\$32,625	\$33,323
Pensions	9,414	9,563	9,783	9,951	9,799
Fringe Benefits ⁽¹⁾	12,535	13,501	14,379	15,119	15,726
Subtotal: Personal Service	\$53,446	\$54,556	\$56,099	\$57,695	\$58,848
Other Than Personal Service					
Medical Assistance	\$6,564	\$6,385	\$6,385	\$6,385	\$6,535
Public Assistance	1,650	1,650	1,650	1,650	2,000
All Other	41,430	34,781	34,280	34,049	34,281
Subtotal: Other Than Personal Service	\$49,644	\$42,816	\$42,315	\$42,084	\$42,816
Debt Service ^{(1),(2)}	7,654	7,901	8,356	9,105	9,767
FY 2022 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(6,114)	---	---	---	---
FY 2023 Budget Stabilization ⁽²⁾	2,166	(2,166)	---	---	---
Capital Stabilization Reserve	250	250	250	250	250
General Reserve	1,555	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,213)	(1,902)	(1,900)	(1,896)	(1,896)
Total Expenditures	\$ 106,388	\$ 102,655	\$ 106,320	\$ 108,438	\$ 110,985
Gap To Be Closed	\$ ---	\$ ---	(\$3,166)	(\$5,011)	(\$6,469)

⁽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 totals \$2.166 billion.

#GETSTUFFDONE!