

The City of New York  
Preliminary Budget  
Fiscal Year 2022

Bill de Blasio, Mayor

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

---

# Financial Plan Summary

**THE FISCAL YEAR 2022 PRELIMINARY BUDGET:  
PUTTING NYC ON PATH TO RECOVERY**

# Pre-COVID: NYC IN STRONG ECONOMIC SHAPE

---

As recent as February:

- The economy and job market continued to expand
- Tourism at a record level
  - NYC welcomed **67 million** visitors in 2019
- Tax revenues were strong
- Unemployment less than **4.0%**

# COVID-19 HIT OUR BUDGET HARD

---

- **New:** since the beginning of the pandemic, tax revenue for three years, FY20-22, has decreased by **\$10.5 billion**
- **\$5.9 billion** of unexpected, critical COVID-19 spending
- Unemployment hit over **20%** and remains at over **12.1%**
- Nearly **500,000** additional New Yorkers still unemployed since COVID hit

# NEW REVENUE LOSS: PROPERTY TAXES

---

- **New \$1.5 billion** revenue decline
  - Driven by **\$2.5 billion** decline in property tax revenue
- **Rich Got Richer:** New loss partially offset by increase from income taxes
- **Now closing a \$5.25 billion** gap in this budget
  - Previously: **\$3.75 billion** budget gap in November

# WHAT WE HAVE TO DO

---

- Put NYC on **path to recovery**
- Close larger **budget gap**
- **MAKE SURE: Always** put working people first

# INVESTING IN RECOVERY

---

- New investments in **what matters most:**
  - COVID response
  - Closing the COVID Achievement Gap in our schools
  - Strengthening essential services strained by pandemic

# INVESTING IN RECOVERY

---

- **STOP COVID** with Test & Trace Corps and NYC Vaccine for All campaign: **\$200M** in FY21
- **HELP STUDENTS** with social and emotional learning: **\$35M** in FY22
- **70,000 slots** for Summer Youth Employment: **\$132M** in FY22
- **CARE FOR KIDS** with Learning Bridges: **\$62M** in FY21
- **PREVENT HUNGER** with GetFood NYC: **\$52M** in FY21
- **BROADBAND EQUITY** with expanding WiFi in shelters: **\$14M** in FY21, **\$3M** in FY22
- **KEEP HELP LINES OPEN** with expanded 311 capacity: **\$10M** in FY21



# OUR BUDGET PLAN TO CLOSE THE GAP

---

- Strong Fiscal Management
  - Aggressive \$1.3 billion PEG program with agencies
- Strict attrition and hiring management
  - 3-out / 1-in. That's the rule
- FIGHT for a REAL stimulus
  - Direct local aid is a MUST
  - Best way to speed the recovery
- STOP state cuts

# MAKING TOUGH CHOICES

---

- New **\$1.3 billion** in PEG savings over FY21 and FY22
  - That **includes my office**: 13% cut compared to last year at Prelim
- **\$2.2 billion** in Citywide savings across FY21 and FY22 in the Preliminary Budget
- Total of **\$3.6 billion** of savings in FY21 and FY22 since June

# NOTABLE PEGS

---

- Fair Student Funding: **\$150 million** in FY22
  - Does not impact the ~800 schools at the floor
  - Funding restored if receive federal stimulus or money owed from state
- Delay of 3K expansion: **\$44 million** in FY22

# STRICT RULES: HIRING AND ATTRITION

---

- Hiring Rule: We now have a **3-to-1 hiring plan**
- Since Jan 2020: reduced headcount by **7,000**
- Now in this plan: Reduce headcount by **5,000 MORE**
  - Saves **\$349 million** over Fiscal Years 2021 and 2022
- Total: **12,000 headcount** reduction

# CONTINUED LABOR SAVINGS

---

- Plan contains labor savings
  - \$1 billion in FY22
- Need continued savings from our labor partners

# STRONGER PENSION SYSTEM

---

- New proposal from City Actuary:
  - Add savings now
  - Reduce long-term risk
- Will save **\$430 million** in FY21 and **\$300 million** in FY22

# RISK: STATE CUTS

---

- State may try to cut aid to localities by up to **\$8 billion**
  - This will mean up to **\$4 billion** in cuts to NYC
- **INSTEAD** State should tax the wealthy!
  - During pandemic: **120 NY billionaires** grew their net worth by **\$77 billion**
  - Averts cuts to localities, supports working families
- We will **FIGHT CUTS** that hurt New Yorkers, especially
  - Cuts to their **kids' schools**
  - Cuts to their **health care**

# RISK: WAITING ON STATE FOR OUR FED \$\$

---

- Last federal COVID relief package: **\$4 billion** in K-12 education to NYS
  - Our share: **\$2.3 billion**
- Our students, our schools need **EVERY PENNY!**
  - Substantial reopening costs
  - Must invest to close COVID Achievement Gap
  - Restore painful cuts we have had to make
- Also, must **prevent supplantation**



# BREAKING: LIEN REAUTHORIZATION AGREEMENT

---

- We have an agreement after working with City Council and advocates:
  - Fair payment plans for middle-income homeowners
  - Ensures homeowners impacted by COVID are protected
  - 1 year Reauthorization; Task Force to explore more changes
  - Increasing the threshold for eligibility
  - \$1 million for grassroots orgs to do outreach
- \$1 billion a year at stake
- Deal protects City services while making deepest reforms EVER
- Will continue to go through Council process and pass by end of month

# PROTECTING HOMEOWNERS

---

- Keeping our commitment to **not raise property tax rates**
- Low-income homeowners hit hard
  - Following State Law, assessed value of **1-3 family homes increased during hard times**
- **PROPOSAL: Use stimulus funds to create new rebate to help them out**
  - Help families who **own and live in a 1-3 family home with a market value of less than \$500,000**
  - Only possible with **fed stimulus funds to help up to 293,000 families**

**THE FISCAL YEAR 2022 PRELIMINARY BUDGET  
IS \$92.28 BILLION**

# SUMMARY: BALANCED BUDGET

---

- In November the FY22 Gap was **\$3.75 billion**
  - Since then, we've lost **\$1.5 billion in revenue**
  - Bringing total Gap to **\$5.25 billion**
- Gap Closing Summary actions include:
  - **\$5.25 billion** in combined savings actions to address the gap (agency PEG program, pension, reduction in expenses, debt service, and increased revenue, labor savings)

# **CAPITAL BUDGET**

# TEN-YEAR CAPITAL STRATEGY

---

- Our Preliminary Ten-Year Capital Strategy is **\$118.8 billion**
- Build **affordable housing**
- **Safer streets** for pedestrians and cyclists
- Repair **roads and bridges**
- Maintain **clean water**
- Prevent damage from **climate change** and severe weather

# A NEW REALITY IN WASHINGTON D.C.

---

- **Good news!** Leader Schumer says President-elect Biden **already helping NYC**
  - He will announce tonight to lift FEMA's reimbursement rate from 75% to 100%
  - NYC will recover **\$1 billion**
- President-elect Biden + Dem Majorities: The fight for direct local aid is **in good hands**
  - Must **GO BIG**, move quickly and prioritize

# RECOVERY

---

- **This budget puts us on a path to recovery**
- **We can build a fairer, more just and equitable NYC for all**
- **Need support of the federal and state governments**



# **REVENUE AND EXPENSE CHANGES**

# JANUARY 2021 FINANCIAL PLAN

## CITY FUNDS - (\$ IN MILLIONS)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<b>Gap to be Closed - November 2020 Financial Plan</b>	\$---	(\$3,752)	(\$2,966)	(\$3,102)	(\$4,949)
<b><u>Revenue Changes:</u></b>					
Tax Revenues	\$1,419	(\$1,784)	(\$1,899)	(\$1,238)	\$596
Tax Audits	250	200	---	---	---
Non-Tax Revenues	(10)	(28)	(28)	(28)	(29)
Savings Program - Revenue	15	30	40	40	40
Health + Hospitals Reimbursement	212	---	---	---	---
<b>Total Revenue Changes</b>	<b>\$1,886</b>	<b>(\$1,582)</b>	<b>(\$1,887)</b>	<b>(\$1,226)</b>	<b>\$607</b>
<b><u>Expense Changes:</u></b>					
Agency Expense Changes	\$704	\$181	\$67	\$80	\$84
Savings Program - Expense	(270)	(718)	(203)	(204)	(186)
Hiring and Attrition Management	(57)	(292)	(351)	(357)	(364)
Debt Service	(215)	(326)	14	(4)	(34)
Medicaid Reimbursement	(100)	---	---	---	---
Pensions	(430)	(304)	(69)	350	436
General Reserve	(50)	(900)	---	---	---
Capital Stabilization Reserve	---	(250)	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(421)	---	---	---	---
<b>Total Expense Changes</b>	<b>(\$839)</b>	<b>(\$2,609)</b>	<b>(\$542)</b>	<b>(\$135)</b>	<b>(\$64)</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$2,725</b>	<b>(\$2,725)</b>	<b>(\$4,311)</b>	<b>(\$4,193)</b>	<b>(\$4,278)</b>
FY 2021 Prepayment of FY 2022 Expenses	(2,725)	2,725	---	---	---
<b>Gap to be Closed - January 2021 Financial Plan</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$4,311)</b>	<b>(\$4,193)</b>	<b>(\$4,278)</b>

# FIVE YEAR FINANCIAL PLAN REVENUE AND EXPENDITURES

## ALL FUNDS - (\$ IN MILLIONS)

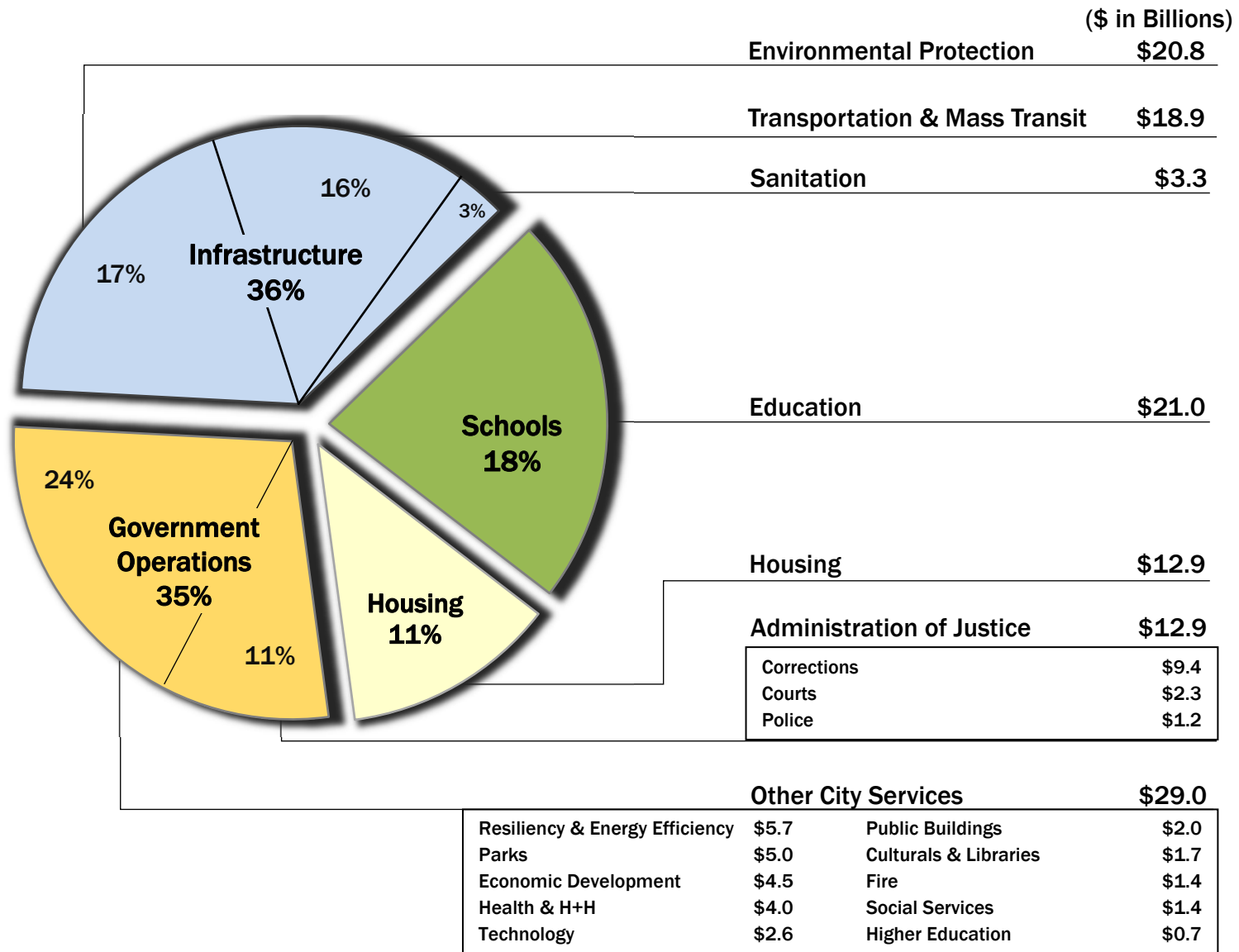
REVENUES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Taxes</b>					
General Property Tax	\$30,691	\$29,370	\$30,042	\$30,471	\$30,881
Other Taxes	29,197	31,901	34,041	35,552	36,976
Tax Audit Revenue	1,171	921	721	721	721
<b>Subtotal: Taxes</b>	<b>\$61,059</b>	<b>\$62,192</b>	<b>\$64,804</b>	<b>\$66,744</b>	<b>\$68,578</b>
Miscellaneous Revenues	7,265	6,790	6,777	6,777	6,775
Unrestricted Intergovernmental Aid	---	---	---	---	---
Less: Intra-City Revenue	(2,061)	(1,811)	(1,807)	(1,806)	(1,806)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$66,248</b>	<b>\$67,156</b>	<b>\$69,759</b>	<b>\$71,700</b>	<b>\$73,532</b>
Other Categorical Grants	1,133	1,020	988	986	985
Inter-Fund Revenues	695	706	656	656	656
Federal Categorical Grants	11,866	7,076	6,946	6,929	6,924
State Categorical Grants	15,111	16,327	16,765	16,814	16,814
<b>Total Revenues</b>	<b>\$95,053</b>	<b>\$92,285</b>	<b>\$95,114</b>	<b>\$97,085</b>	<b>\$98,911</b>
<b>EXPENDITURES</b>					
<b>Personal Service</b>					
Salaries and Wages	\$29,179	\$29,684	\$30,017	\$30,288	\$30,751
Pensions	9,503	10,263	10,468	10,660	10,597
Fringe Benefits	11,130	11,579	12,242	13,045	13,819
Retiree Health Benefits Trust	(1,600)	---	---	---	---
<b>Subtotal: Personal Service</b>	<b>\$48,212</b>	<b>\$51,526</b>	<b>\$52,727</b>	<b>\$53,993</b>	<b>\$55,167</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$5,553	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,611	1,651	1,650	1,650	1,650
All Other	35,692	30,904	31,207	31,454	31,634
<b>Subtotal: Other Than Personal Service</b>	<b>\$42,856</b>	<b>\$38,470</b>	<b>\$38,772</b>	<b>\$39,019</b>	<b>\$39,199</b>
Debt Service <sup>1,2</sup>	6,457	7,358	8,483	8,822	9,379
FY 2020 Budget Stabilization <sup>1</sup>	(3,819)	---	---	---	---
FY 2021 Budget Stabilization <sup>2</sup>	3,358	(3,358)	---	---	---
Capital Stabilization Reserve	---	---	250	250	250
General Reserve	50	100	1,000	1,000	1,000
Less: Intra-City Expenses	(2,061)	(1,811)	(1,807)	(1,806)	(1,806)
<b>Total Expenditures</b>	<b>\$95,053</b>	<b>\$92,285</b>	<b>\$99,425</b>	<b>\$101,278</b>	<b>\$103,189</b>
<b>Gap To Be Closed</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$4,311)</b>	<b>(\$4,193)</b>	<b>(\$4,278)</b>

<sup>1</sup> Fiscal Year 2020 Budget Stabilization totals \$3.819 billion, including GO of \$1.269 billion and TFA-FTS of \$2.550 billion.

<sup>2</sup> Fiscal Year 2021 Budget Stabilization totals \$3.358 billion, including GO of \$676 million and TFA-FTS of \$2.682 billion.

# **PRELIMINARY TEN-YEAR CAPITAL STRATEGY**

# THE PRELIMINARY 2022–2031 TEN-YEAR CAPITAL STRATEGY TOTALS \$118.8 BILLION IN ALL FUNDS



# DEBT SERVICE AS A PERCENTAGE OF TAX REVENUES

