

The City of New York  
Preliminary Budget  
Fiscal Year 2020

Bill de Blasio, Mayor

Office of Management and Budget  
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# Financial Plan Summary

# **THE FISCAL YEAR 2020 PRELIMINARY BUDGET**

**PRELIMINARY**

# On the Horizon

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THE WALL STREET JOURNAL Dec. 12, 2018 6:01 a.m. ET

## Many U.S. Financial Officers Think a Recession Will Hit Next Year

Almost half of U.S. chief financial officers believe a recession will strike the U.S. economy by the end of 2019

THE WALL STREET JOURNAL Jan. 24, 2019 11:00 a.m. ET

## Los Angeles and Other Cities Stash Money to Prepare for a Recession

Local officials are feeding their rainy-day funds, hoping to ride out the next slump

The New York Times Jan. 29, 2019

*Trump Says the Economy Is Unstoppable.  
Most Economists Say Otherwise.*

NEW YORK POST February 4, 2019 | 3:05pm

**Cuomo announces income tax  
revenues have dropped by \$2.3B**

POLITICO 02/05/2019 07:20 AM EST

**State budget gets \$2.3 billion trickier**

# Possible Economic Slowdown

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- The recovery is in its **116<sup>th</sup>** month
  - Second longest since post-WWII expansion
- Leading economists forecast that the economy will slow
  - Volatile markets
    - December 2018 saw the biggest monthly decline in stocks since the financial crisis
  - Threat of foreign trade conflicts
  - Weakening housing markets

# Revenue

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## Tax Revenue Is Coming In At A Slower Pace Than Last Year

- In FY18 we saw one-time revenue growth related to changes in tax policy
- We now already project Personal Income Tax revenue to be **\$935 million** less than last year

# Risks from Albany

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- The State Budget includes nearly **\$600 million** in cuts and cost shifts to New York City in FY20, including:
  - **\$300 million**: education funding
  - **\$125 million**: financial assistance to families in need (TANF)
  - **\$59 million**: vital health services for vulnerable New Yorkers
  - **\$13 million**: keep at-risk youth out of foster care and detention
- The State announced a **\$2.3 billion** shortfall in their current year's Income Tax Revenue and **\$1.6 billion** projected next year

# Risks from Washington

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- **Economic uncertainty due to:**
  - Threat of another government shutdown
  - Market volatility
  - Trade policy
- **If no agreement is reached by February 15<sup>th</sup>, New Yorkers could start to lose up to \$500 million a month beginning in May**
  - Including \$100 million a month cost to City government



# What Does This Mean?

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- Instituting the first **PEG** under this administration
- Expanding the Partial Hiring Freeze
- Will require **\$750 million** more in savings by April

# **FY 2020 PRELIMINARY BUDGET**

**THE FY 2020 PRELIMINARY BUDGET IS \$92.2 BILLION**

# Overall Growth Since June

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**Budget growth since June is primarily related to:**

- **Labor agreements**
- **Education investments:**
  - 3-K
  - Special Education
  - Mandatory charter costs

# Savings

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- **\$1 billion** in savings across FY19 and FY20 in the Preliminary Budget
  - Total of **\$1.6 billion** of savings in FY19 and FY20 since June
- This is in addition to healthcare savings of **\$1.6 billion** in FY20 and **\$1.9 billion** in FY21 and every year after

# Reserves

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- **\$1.25 billion** each year of the financial plan
  - General Reserve: **\$1.0 billion**
  - Capital Stabilization Reserve: **\$250 million**
    - This reserve was created by this Administration
- **Retiree Health Benefits Trust Fund: \$4.5 billion**
  - **\$3.6 billion** added as a result of actions taken by this Administration

# **STRATEGIC INVESTMENTS**

# **KEEPING NEW YORKERS SAFE**



# Keeping New Yorkers Safe

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## Accelerate NYPD Crisis Intervention Training

- By the end of 2021, we will train all officers most likely to interact with people dealing with mental health crises
- Training includes de-escalation techniques and related education
- **\$5.3 million** in FY20

**GUARANTEERING AN  
AFFORDABLE NEW YORK**

# Guaranteeing an Affordable New York

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## NYC Care

- Guaranteed healthcare access for 600,000 uninsured New Yorkers
- **\$25 million in FY20**, ramping up to **\$100 million by FY22**
- Launches in summer 2019 in the Bronx and citywide in 2021

## NYC's Public Option

- Increase enrollment in MetroPlus – the City's public option
- Improved access to care, including mental health services

# Guaranteeing an Affordable New York

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## Fair Fares

- In partnership with Speaker Johnson and the City Council, we're continuing our commitment to help low-income New Yorkers with their transportation costs
- **\$106 million** in FY20

**HELPING EVERY CHILD REACH  
THEIR POTENTIAL**

# Helping Every Child Reach Their Potential

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## Expanding 3-K Into New Districts in the Bronx and Brooklyn

- **\$25 million** investment creates **1,900** new 3-K seats
  - **20,000** 3-year-olds will start this fall
- **Brings the citywide total to 14 districts by September 2020**
  - Includes the **10 highest-need districts** in the city

# **STRENGTHENING OUR INFRASTRUCTURE**

# Strengthening Our Infrastructure

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## Getting New Yorkers Around Faster

- **\$2.7 million annually to speed buses up 25% by December 2020**
- **Prioritize buses at 300 additional intersections per year to improve traffic flow**



# **CAPITAL BUDGET**

# Ten-Year Capital Strategy

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**Our Preliminary Ten-Year Capital Strategy is \$104.1 billion**

- **Build affordable housing**
- **Repair roads and bridges**
- **Safer streets for pedestrians and cyclists**
- **Maintain clean water**
- **Expand school capacity**
- **Prevent damage from climate change and severe weather**

# REVENUE AND EXPENSE CHANGES

# February 2019 Financial Plan

	City Funds (\$ in Millions)				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Gap to be Closed - November 2018 Financial Plan</b>	\$ ---	(\$3,179)	(\$3,535)	(\$3,361)	(\$3,318)
<b>Revenue Changes:</b>					
Tax Revenues	\$227	\$564	\$5	\$434	\$34
Non-Tax Revenues	377	(6)	(12)	(13)	(23)
<b>Total Revenue Changes</b>	<b>\$604</b>	<b>\$558</b>	<b>(\$7)</b>	<b>\$421</b>	<b>\$11</b>
<b>Expense Changes:</b>					
Agency Expense Changes	\$199	\$300	\$238	\$263	\$270
Citywide Savings Program	(770)	(271)	(264)	(264)	(281)
General Reserve (FY19 from \$1.125B to \$300M)	(825)	---	---	---	---
Capital Stabilization Reserve	(250)	---	---	---	---
Re-estimate of Prior Years' Expenses and Receivables	(400)	---	---	---	---
<b>Total Expense Changes</b>	<b>(\$2,046)</b>	<b>\$29</b>	<b>(\$26)</b>	<b>(\$1)</b>	<b>(\$11)</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$2,650</b>	<b>(\$2,650)</b>	<b>(\$3,516)</b>	<b>(\$2,939)</b>	<b>(\$3,296)</b>
FY 2019 Prepayment of FY 2020 Expenses	(2,650)	2,650	---	---	---
<b>Gap to be Closed - February 2019 Financial Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,516)</b>	<b>(\$2,939)</b>	<b>(\$3,296)</b>

# Five Year Financial Plan Revenue and Expenditures

## City Funds

REVENUES	(\$ in Millions)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Taxes</b>					
General Property Tax	\$27,865	\$29,529	\$30,909	\$32,150	\$33,110
Other Taxes	31,759	32,389	33,138	34,059	35,064
Tax Audit Revenue	1,057	998	721	721	721
<b>Subtotal: Taxes</b>	<b>\$60,681</b>	<b>\$62,916</b>	<b>\$64,768</b>	<b>\$66,930</b>	<b>\$68,895</b>
Miscellaneous Revenues	7,633	6,799	6,772	6,747	6,735
Unrestricted Intergovernmental Aid	151	---	---	---	---
Less: Intra-City Revenue	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
Disallowances Against Categorical Grants	91	(15)	(15)	(15)	(15)
<b>Total City Funds</b>	<b>\$66,402</b>	<b>\$67,906</b>	<b>\$69,729</b>	<b>\$71,868</b>	<b>\$73,823</b>
<b>EXPENDITURES</b>					
Personal Service <sup>1</sup>	\$37,981	\$40,239	\$42,006	\$42,585	\$44,005
Other Than Personal Service <sup>1</sup>	23,033	22,492	22,575	22,875	23,013
Debt Service <sup>1,2</sup>	6,495	7,094	7,414	8,097	8,851
FY 2018 Budget Stabilization and Discretionary Transfers <sup>1</sup>	(4,576)	---	---	---	---
FY 2019 Budget Stabilization <sup>2</sup>	3,169	(3,169)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
<b>Total Expenditures</b>	<b>\$66,402</b>	<b>\$67,906</b>	<b>\$73,245</b>	<b>\$74,807</b>	<b>\$77,119</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,516)</b>	<b>(\$2,939)</b>	<b>(\$3,296)</b>

<sup>1</sup> Fiscal Year 2018 Budget Stabilization and Discretionary Transfers total \$4.576 billion, including GO of \$1.902 billion, TFA-FTS of \$2.174 billion, Retiree Health Benefits of \$300 million and subsidies of \$200 million.

<sup>2</sup> Fiscal Year 2019 Budget Stabilization totals \$3.169 billion, including GO of \$850 million and TFA-FTS of \$2.319 billion.

# Five Year Financial Plan Revenue and Expenditures

## All Funds

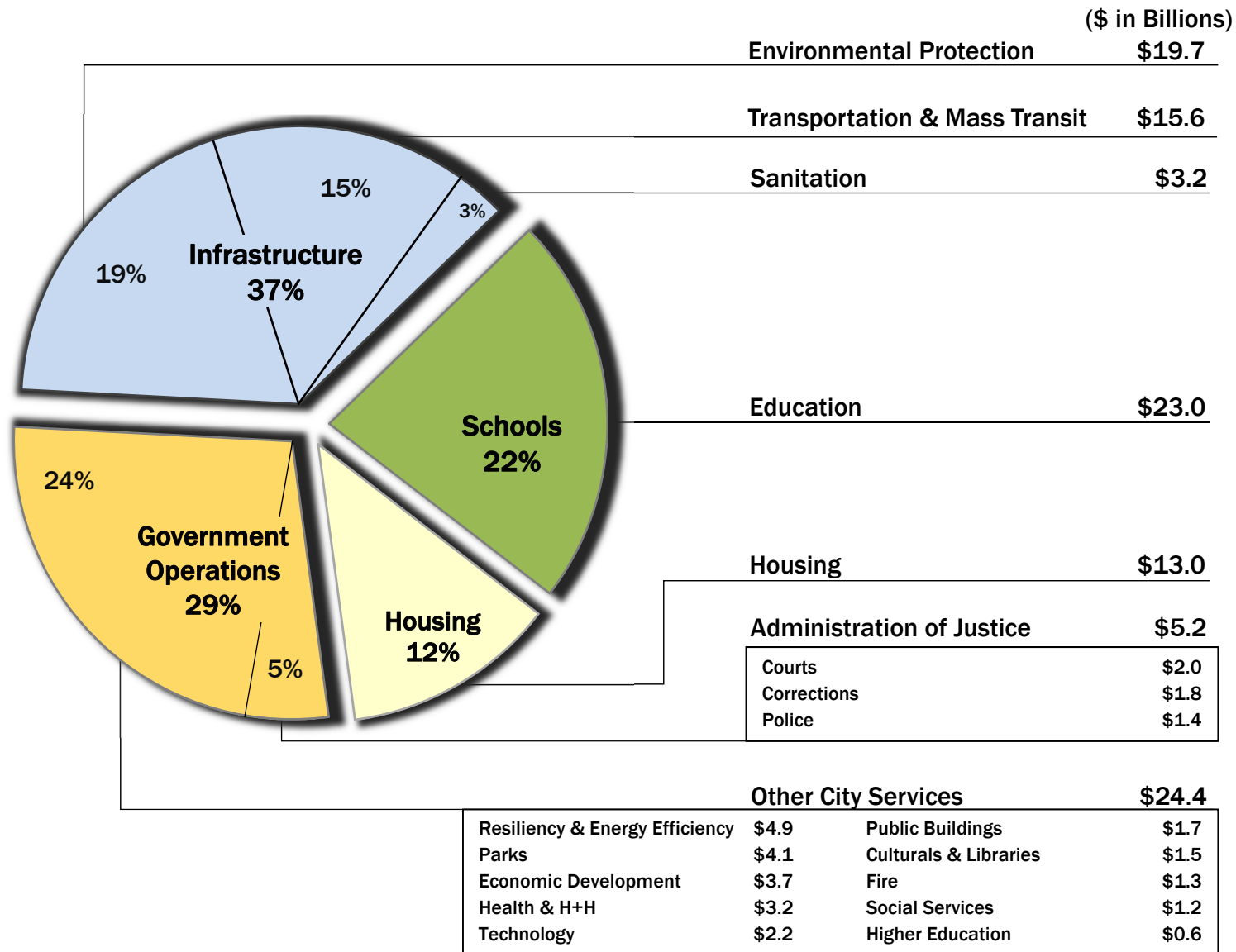
REVENUES	(\$ in Millions)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Taxes</b>					
General Property Tax	\$27,865	\$29,529	\$30,909	\$32,150	\$33,110
Other Taxes	31,759	32,389	33,138	34,059	35,064
Tax Audit Revenue	1,057	998	721	721	721
<b>Subtotal: Taxes</b>	<b>\$60,681</b>	<b>\$62,916</b>	<b>\$64,768</b>	<b>\$66,930</b>	<b>\$68,895</b>
Miscellaneous Revenues	7,633	6,799	6,772	6,747	6,735
Unrestricted Intergovernmental Aid	151	---	---	---	---
Less: Intra-City Revenue	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
Disallowances Against Categorical Grants	91	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$66,402</b>	<b>\$67,906</b>	<b>\$69,729</b>	<b>\$71,868</b>	<b>\$73,823</b>
Other Categorical Grants	1,198	926	868	862	862
Inter-Fund Revenues	690	661	662	661	661
Federal Categorical Grants	8,471	7,327	7,205	7,133	7,120
State Categorical Grants	15,258	15,390	15,837	16,305	16,353
<b>Total Revenues</b>	<b>\$92,019</b>	<b>\$92,210</b>	<b>\$94,301</b>	<b>\$96,829</b>	<b>\$98,819</b>
<b>EXPENDITURES</b>					
<b>Personal Service</b>					
Salaries and Wages	\$29,016	\$30,240	\$31,258	\$31,115	\$31,642
Pensions	9,850	9,951	10,418	10,864	11,070
Fringe Benefits <sup>1</sup>	10,643	11,536	12,028	12,705	13,385
<b>Subtotal: Personal Service</b>	<b>\$49,509</b>	<b>\$51,727</b>	<b>\$53,704</b>	<b>\$54,684</b>	<b>\$56,097</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915
Public Assistance	1,595	1,617	1,617	1,617	1,617
All Other <sup>1</sup>	31,524	29,319	29,469	29,759	29,942
<b>Subtotal: Other Than Personal Service</b>	<b>\$39,034</b>	<b>\$36,851</b>	<b>\$37,001</b>	<b>\$37,291</b>	<b>\$37,474</b>
Debt Service <sup>1,2</sup>	6,737	7,345	7,658	8,337	9,086
FY 2018 Budget Stabilization and Discretionary Transfers <sup>1</sup>	(4,576)	---	---	---	---
FY 2019 Budget Stabilization <sup>2</sup>	3,169	(3,169)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Less: Intra-City Expenses	(2,154)	(1,794)	(1,796)	(1,794)	(1,792)
<b>Total Expenditures</b>	<b>\$92,019</b>	<b>\$92,210</b>	<b>\$97,817</b>	<b>\$99,768</b>	<b>\$102,115</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$3,516)</b>	<b>(\$2,939)</b>	<b>(\$3,296)</b>

<sup>1</sup> Fiscal Year 2018 Budget Stabilization and Discretionary Transfers total \$4.576 billion, including GO of \$1.902 billion, TFA-FTS of \$2.174 billion, Retiree Health Benefits of \$300 million and subsidies of \$200 million.

<sup>2</sup> Fiscal Year 2019 Budget Stabilization totals \$3.169 billion, including GO of \$850 million and TFA-FTS of \$2.319 billion.

# **PRELIMINARY TEN-YEAR CAPITAL STRATEGY**

# The Preliminary 2020–2029 Ten-Year Capital Strategy Totals \$104.1 Billion in All Funds





# Debt Service as a Percentage of Tax Revenues

