



BLOG | CITY BUDGET

Big Budget

NYC's Adopted FY 2023 Budget—Spending and Growth

June 27, 2022

New York City's Adopted Budget total expenditures for Fiscal Year 2023 are \$101.1 billion on paper, however, actual spending obligations are \$104.7 billion, excluding reserves and adjusted for prepayment of fiscal year 2023 obligations in fiscal year 2022 and other factors. While a helpful fiscal management tool, the City's routine practice of prepaying bills to "roll" money from one year to the next distorts spending obligations in a given year and trends over time. Once adjusted, the Adopted Budget's City Funds spending next year is \$77.6 billion, a \$5.5 billion (7.7 percent) increase over fiscal year 2022 and \$1.9 billion more than the Executive Budget. (See Appendix for explanation of adjustments).

The Fiscal Year 2023 Budget Totals \$104.7 Billion

- All Funds fiscal year 2023 budget obligations total \$104.7 billion, after adjusting for prepayments, deposits into reserves and other accounting changes. (See Table 1);
 - Including funds in the General and Capital Stabilization Reserves, which are included in the Adopted Budget's reporter \$101.1 billion total, increases this to \$106.5 billion;¹
- City Funds fiscal year 2023 budget obligations total \$77.6 billion, after adjustments; and
 - Including funds in the General and Capital Stabilization Reserves, which are included in the Adopted Budget's reported total, increases this to \$79.4 billion.

Table 1: NYC Fiscal Year 2023 Adopted Budget, Adjusted, and Compared to FY 2022
(dollars in millions)

| | FY 2022 (June 2022) | FY 2023 (June 2022) | Percent Change |
|--|-------------------------------|-------------------------------|-----------------------|
| Reported Expenditures | \$111,560 | \$101,124 | -9.4% |
| plus prepayment of expenses with prior year funds | \$6,107 | \$6,114 | |
| less prepayment of future year expenses with current funds | (\$6,114) | | |
| less deposit to Rainy Day Fund | (\$1,450) | | |
| less deposit to Retiree Health Benefit Trust (RHBT) | (\$750) | | |
| less General and Capital Stabilization Reserves | (\$20) | (\$1,805) | |
| less Interfund Agreements | (\$655) | (\$736) | |
| All Funds Expenditures, Adjusted | \$108,678 | \$104,697 | -3.7% |
| less Federal Categorical Grants | (\$19,140) | (\$9,284) | |
| less State Categorical Grants | (\$16,483) | (\$16,752) | |
| less Other Categorical Grants | (\$942) | (\$1,029) | |
| City Funds Expenditures, Adjusted | \$72,113 | \$77,632 | 7.7% |

Source: Source: City of New York, Mayor's Office of Management and Budget, Fiscal Year 2023 Adopted Budget: Financial Plan (June 14, 2022), <https://www1.nyc.gov/assets/omb/downloads/pdf/fp6-22.pdf>.

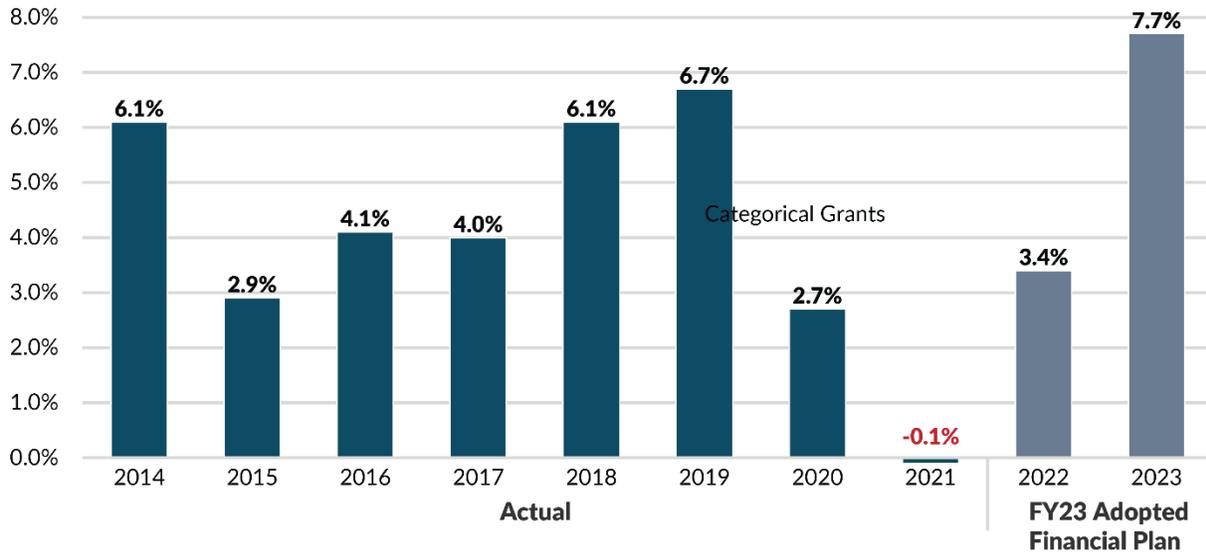
Fiscal Year 2023 City Funded Spending Increases 7.7 Percent from Fiscal Year 2022

- After adjustments, City Funds spending increases 7.7 percent (or \$5.5 billion) from \$72.1 billion in fiscal year 2022 to \$77.6 billion in fiscal year 2023;
- The 7.7 percent year-over-year increase in City-funded spending is the highest growth rate in the past decade. (See Figure 1);
- This growth rate is partly due to federal COVID aid providing fiscal relief in fiscal year 2022, offsetting City Funds in that year;
 - Adjusting fiscal year 2022 spending for federal fiscal relief, likely between \$500 million and \$1 billion, would reduce the growth rate to between 6.2 percent and 6.9 percent, the second highest in the past decade.

Fiscal Year 2023 All Funds Spending Decreases 3.7 percent from Fiscal Year 2022

- After adjustments, fiscal year 2023 All Funds spending decreases 3.7 percent (\$4.0 billion) from \$108.7 billion in fiscal year 2022 to \$104.7 billion in fiscal year 2023 due to a decline in federal COVID-related funds;
- Federal aid declines \$9.9 billion from fiscal year 2022 to fiscal year 2023.

Figure 1: NYC Adjusted City Funds Growth Rates, FY 2014 - FY 2023



Sources: City of New York, Mayor’s Office of Management and Budget, *Fiscal Year 2023 Adopted Budget: Financial Plan* (June 14, 2022), <https://www1.nyc.gov/assets/omb/downloads/pdf/fp6-22.pdf>; and Office of the New York City Comptroller, *Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021* (October 29, 2021), and fiscal year 2014 to 2020 editions, <https://comptroller.nyc.gov/reports/annual-comprehensive-financial-reports/>

\$1.8 Billion in Spending was Added in the Adopted Budget for Fiscal Year 2023

- After adjustments, the fiscal year 2023 budget increased \$1.8 billion (1.8 percent), from \$102.9 billion in the Executive Budget to \$104.7 billion in the Adopted Budget. (See Table 2);
- This increase is larger than for the unadjusted figures because additional fiscal year 2022 revenue is allowing the City to prepay \$842 million more of fiscal year 2023 expenditures than previously projected; and
- City Funds spending increased \$1.9 billion (2.5 percent), from \$75.7 billion in the Executive Budget to \$77.6 billion in the Adopted Budget.

Table 2: NYC Fiscal Year 2023 Executive and Adopted Budgets, Adjusted

(dollars in millions)

| | FY 2023 Executive (April 2022) | FY 2023 Adopted (June 2022) | Percent Change |
|---|--|---------------------------------------|-----------------------|
| Reported Expenditures | \$99,653 | \$101,124 | 1.5% |
| plus FY 2022 prepayment of FY 2023 Expenses | \$5,272 | \$6,114 | |
| less General Reserve and Capital Stabilization Reserves | (\$1,305) | (\$1,805) | |
| less Interfund Agreements | (\$735) | (\$736) | |
| All-Funds Expenditures, Adjusted | \$102,885 | \$104,697 | 1.8% |
| less Federal Categorical Grants | (\$9,356) | (\$9,284) | |
| less State Categorical Grants | (\$16,757) | (\$16,752) | |
| less Other Categorical Grants | (\$1,029) | (\$1,029) | |
| City Funds Expenditures, Adjusted | \$75,743 | \$77,632 | 2.5% |

Source: City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Adopted Budget: Financial Plan* (June 14, 2022), <https://www1.nyc.gov/assets/omb/downloads/pdf/fp6-22.pdf>; and *Fiscal Year 2023 Executive Budget: Message of the Mayor* (April 26, 2022), <https://www1.nyc.gov/assets/omb/downloads/pdf/mm4-22.pdf>.

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APPENDIX

Explanation of Adjustments to NYC Spending Growth

Table 1 shows the necessary adjustments and how fiscal year 2023 spending obligations compare to current projections for fiscal year 2022.

1. Increase expenditures by \$6.1 billion in both fiscal year 2022 and 2023 to add back obligations that were prepaid in the prior year with available funds;
2. Reduce expenditures by \$6.1 billion in fiscal year 2022 for fiscal year 2023 expenditures that were prepaid;
3. Decrease fiscal year 2022 expenditures by \$1,450 million—the deposit to the Rainy Day Fund. The City essentially is depositing these funds to a saving account, not spending them;
4. Decrease fiscal year 2022 expenditures by \$750 million—the deposit to the Retiree Health Benefits Trust (RHBT). The City essentially is depositing these funds to an account for future liabilities, not spending them;

5. Decrease expenditures by \$20 million in fiscal year 2022 and \$1,805 million in fiscal year 2023 to reflect the funds in the General Reserve and Capital Stabilization Reserve, which effectively is a budgeted contingency fund, and unless allocated to a specific purpose may be “rolled” into the following year; and
6. Subtract \$655 million and \$736 million in fiscal years 2022 and 2023, respectively for Interfund Agreements, which represents spending on capital projects that are not funded by operating budget revenues, but rather by a transfer from the capital projects fund.

Table 2 shows the necessary adjustments and how fiscal year 2023 spending obligations in the Adopted Budget compare to fiscal year 2023 spending obligations at the Executive Budget.

1. Increase expenditures by \$5.3 billion and \$6.1 billion in the Executive and Adopted budgets for fiscal year 2023 to add back obligations that were prepaid in fiscal year 2022 with available funds;
2. Decrease expenditures by \$1,305 million in Executive Budget and \$1,805 million in the Adopted Budget to reflect the funds in the General Reserve and Capital Stabilization Reserve, which effectively is a budgeted contingency fund, and unless allocated to a specific purpose may be “rolled” into the following year; and
3. Subtract \$735 million and \$736 million in the Executive and Adopted Budgets, respectively, for Interfund Agreements, which represents spending on capital projects that are not funded by operating budget revenues, but rather by a transfer from the capital projects fund.

ENDNOTES

- [1] It also is helpful to adjust for deposits to reserves, which are different than spending that supports City services and, when included, can give the impression that spending on services is growing faster or slower than reality.