



BLOG | CITY BUDGET

Budgeting in a Time of Pandemic

City-Funded Spending Is Flat in FY2021

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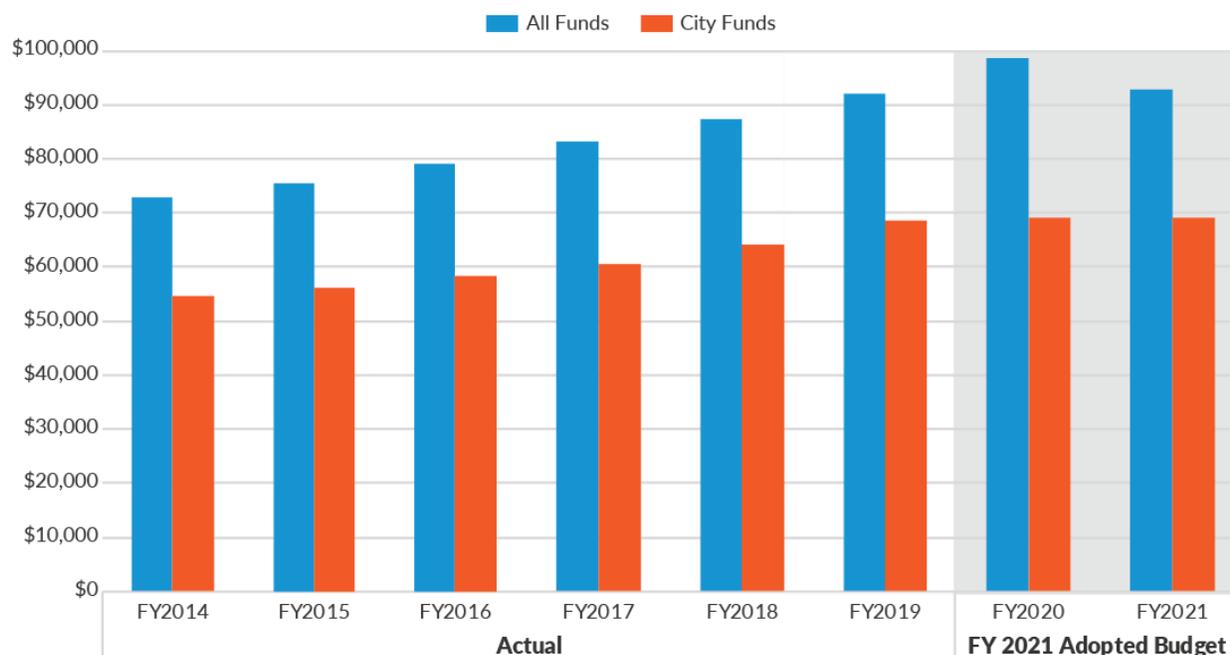
New York City leaders adopted an \$88.2 billion budget for fiscal year 2021 in the midst of the worst economic and fiscal crisis in generations. Adjusted for prepayments and withdrawals from the Retiree Health Benefits Trust, the size of the total budget will decline from \$98.5 billion in fiscal year 2020 to \$92.8 billion in fiscal year 2021, due to a decrease in federal aid, which was particularly high in fiscal year 2020 to address the pandemic response.¹ On the other hand, adjusted city-funded spending will remain essentially flat in fiscal year 2021, with growth of just 0.1 percent. (See Figure 1). Adjusting for inflation, City-funded spending in fiscal year 2021 will be about \$2 billion more than in fiscal year 2018.²

Keeping spending at this level relies on two key assumptions:

1. That the City will successfully negotiate \$1 billion in recurring savings with municipal labor unions. To date there are no details about how these savings may be achieved; however, the Mayor has said failure to reach the savings target may result in layoffs of 22,000 employees starting in October;³ and
2. Reductions approved as part of agency savings programs—notably a \$350 million reduction in overtime at the New York City Police Department—are successfully implemented.

Adopting the budget was just the first step; negotiating and managing the changes necessary to achieve the assumed savings is the next big, important step forward.

Figure 1: NYC Adjusted Spending, FY 2014 - FY 2021
(dollars in millions)



Note: Expenditures adjusted by CBC staff to exclude interfund agreements and the General Reserve, and to adjust for deposits to and withdrawals from the Retiree Health Benefits Trust and for the impact of the prepayments (known as the "surplus roll") between years.

Sources: City of New York, Office of Management and Budget, *Adopted Budget: Fiscal Year 2021: Financial Plan* (June 30, 2020); and Office of the New York City Comptroller, *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019* (October 31, 2019), and fiscal year 2014 to 2018 editions.

By Ana Champany and Maria Doulis

Footnotes

1. Expenditures adjusted by CBC staff to exclude interfund agreements and the General Reserve, and to adjust for deposits to and withdrawals from the Retiree Health Benefits Trust and for the impact of the prepayments (known as the "surplus roll") between years.
2. Inflation is calculated by CBC staff as the average percent change in CPI-U for the New York City region using: Bureau of Labor Statistics, "CPI for All Urban Consumers (CPI-U), Series CUURS12ASA0, All items in New York-Newark-Jersey City, NY-NJ-PA" (accessed June 11, 2020), <http://data.bls.gov/cgi-bin/dsrv?cu>; and City of New York, Office of Management and Budget, *Fiscal Year 2021: Executive Budget: Message of the Mayor* (April 16, 2020), <https://www1.nyc.gov/assets/omb/downloads/pdf/mm4-20.pdf>.
3. CBC's report *Hard Choices That Can Balance New York City's Budget* demonstrates that attrition, increased productivity, and negotiated fringe benefit changes could achieve savings without layoffs.