



BLOG | CITY BUDGET

Not Undercover:

The NYC Fiscal Year 2024 Executive Budget for NYPD

May 17, 2023

New York City's Fiscal Year 2024 Executive Budget allocates \$10.8 billion for the New York Police Department (NYPD) in fiscal year 2024, comprised of \$5.1 billion for the agency operating budget and \$5.8 billion in centrally allocated costs, including \$2.9 billion for fringe benefits, \$2.7 billion for pension contributions, and \$208 million for debt service for the department's capital projects.¹ This is approximately \$1.6 billion less than likely will be needed to fund the cost of recent collective bargaining agreements and overtime, which again is underbudgeted.

The Citizens Budget Commission's (CBC's) analysis finds:

- The City-funded NYPD budget is flat between fiscal years 2023 and 2024, with a \$225 million decline in the agency operating budget offset by a \$226 million increase in central costs;
- The fiscal year 2024 budget for State and federal aid is \$277 million lower than fiscal year 2023. The City typically recognizes categorical aid during the fiscal year; it is expected that State and federal aid will ultimately be higher, further increasing the fiscal year 2024 budget;
- The Executive Budget Program to Eliminate the Gap (PEG) is 3.7 percent of City-funded spending, slightly below the City's 4 percent target;
- Due to a hiring delay PEG, the uniformed on-board headcount is expected to be 34,000 in fiscal year 2024, gradually increasing to the authorized level of 35,001 by fiscal year 2027;
- The NYPD budget understates spending in fiscal years 2023 and beyond, as it does not include the recently ratified collective bargaining agreement with the Police Benevolent Association (PBA) and likely underbudgets overtime costs;

- With the ratification of the PBA contract, the City will transfer funds from the central labor reserve to cover the costs in the next financial plan, including substantial retroactive payments as the last contract expired in 2017;
 - The estimated cost for retroactive payments covering fiscal years 2018 through 2023 is approximately \$1.4 billion in wages and around \$900 million for fringe benefits and pension contributions; and
 - The NYPD's fiscal year 2023 overtime budget is currently about \$250 million short. Total overtime spending this year is projected to be \$817 million, 80 percent higher than the adopted budget.
- CBC projects the fiscal year 2024 spending is about \$1.6 billion short;
 - The cost of the PBA agreement is estimated to be approximately \$900 million in fiscal year 2024, with \$550 million for wages and \$350 million for fringe benefits and pensions;
 - Extending that pattern to the remaining uniformed force would cost approximately \$300 million in fiscal year 2024;
 - The fiscal year 2024 overtime budget of \$452 million is likely around \$350 million short based on spending in recent years; however, this may be understated as the increase in wages will further drive-up overtime spending without a reduction in the number of overtime hours.

NYPD Executive Budget PEG Slightly Below 4 Percent Target

The PEG in the Fiscal Year 2024 Executive Budget directed agencies to identify savings equal to 4 percent of their City-funded spending. The NYPD PEG, excluding illusory savings, totaled 3.7 percent of its City-funded spending over fiscal years 2024 to 2027.²

The NYPD PEG savings averaged \$205 million per year. This excludes illusory savings; reported savings of \$4 million for overtime simply offset a simultaneous addition in spending.³ The initiatives' average annual savings were:

- Approximately \$100 million in re-estimated spending on compensation for uniformed personnel;
- Nearly \$39 million by delaying hiring of uniformed personnel in fiscal years 2024 to 2026;
- \$30 million from additional parking summonses being issued;
- \$15 million from re-estimated school safety personnel spending;
- \$14 million by eliminating vacant positions:

- 260 school crossing guard full-time equivalent positions (\$7 million);
 - 133 police cadet full-time equivalent positions (\$4 million); and
 - 29 uniformed positions (\$3 million); and
- \$13 million from revisions of anticipated fringe costs, other than personal service costs, and increase in paid detail reimbursement.

Executive Budget Reduces NYPD City Funding in Fiscal Year 2024 by \$110 Million

The \$157 million in agency City-funded operating budget PEG savings for fiscal year 2024 more than offset City-funded additions, leading to a net reduction of \$110 million from previously planned fiscal year 2024 spending.⁴

The Fiscal Year 2024 Executive Budget added spending in fiscal years 2023 and 2024. For fiscal year 2024, it added \$47 million, comprised of:

- \$30 million for the District Council 37 (DC37) collective bargaining agreement, increasing to \$40 million in fiscal year 2025 and \$50 million in fiscal year 2026; and
- \$17 million for various adjustments related to fringe costs, leases, energy, and other miscellaneous spending.

However, for fiscal year 2023, it added \$112 million, comprised of:

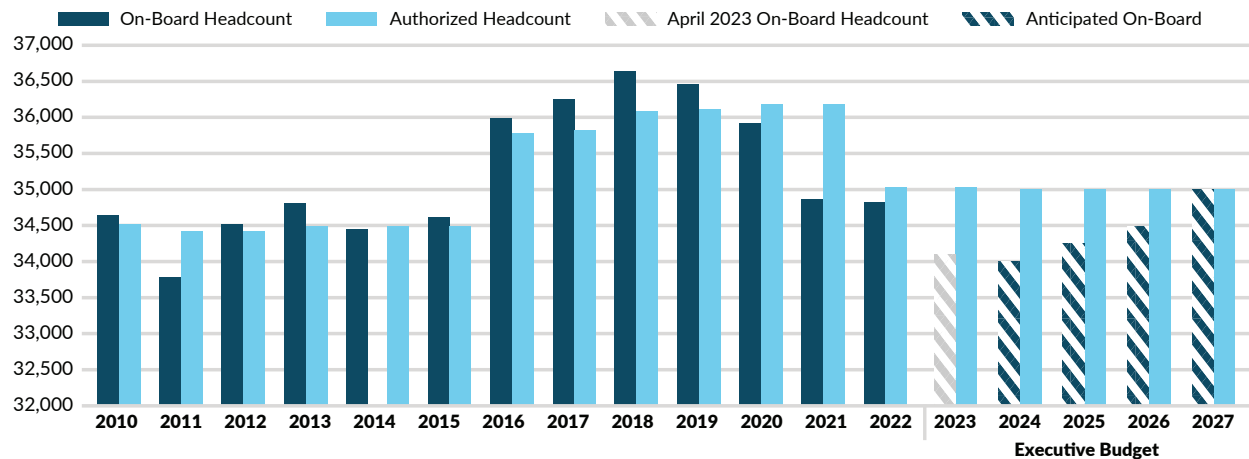
- \$44 million for overtime costs;
- \$40 million for current and retroactive costs associated with the DC37 collective bargaining agreement; and
- \$28 million for the Domain Awareness System and Mobility.

Fiscal Year 2024 NYPD Headcount Decreases by 29 Uniformed Positions; Hiring Delay to Reduce On-Board Uniformed Force Until Fiscal Year 2027

As of January 2023, the NYPD had 34,101 uniformed employees on-board, below its authorized level of 35,030.⁵ The Executive Budget PEG slightly reduced the authorized uniformed headcount for fiscal year 2024 to 35,001, the first uniformed reduction since fiscal year 2021, when the authorized headcount was reduced by 1,247.

Due to the hiring delay PEG, the department anticipates having 34,000 uniformed employees on-board in fiscal year 2024, then increasing the number of on-board uniformed personnel to the fully authorized uniformed headcount of 35,000 by fiscal year 2027. (See Figure 1.)

Figure 1: New York Police Department Authorized and On-Board Uniformed Headcount, FY 2010 - FY 2027



Notes: On-board headcount is as of June 30 of the fiscal year. Anticipated on-board headcount for future years assumes full implementation of the "Hiring Delay" PEG. Nonetheless, the NYPD authorized uniformed headcount remains 35,001 in fiscal years 2024 to 2027.

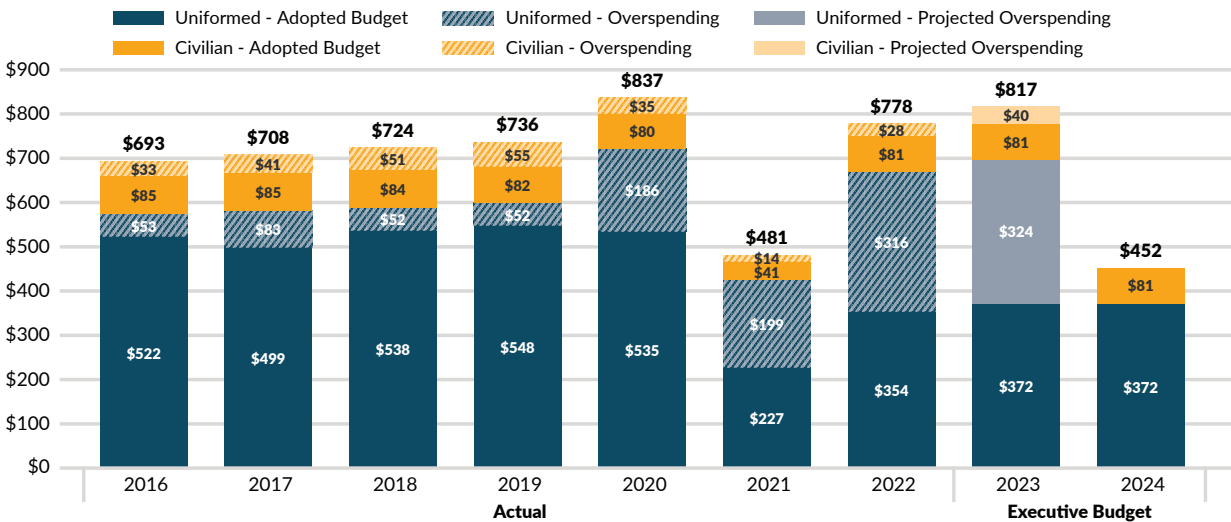
Sources: City of New York, Office of Management and Budget, email to Citizens Budget Commission staff (May 9, 2023); City of New York, Mayor's Office of Management and Budget.

Overtime Spending Set to Exceed Fiscal Year 2023 Adopted Budget by 80 Percent, \$364 Million; Likely Underbudgeted for Fiscal Year 2024

In fiscal year 2023, CBC estimates that the NYPD will spend \$817 million on overtime, exceeding the \$453 million adopted overtime budget by \$364 million, including \$62 million in State funding for transit system overtime. This level of overspending, 80.5 percent, is similar to fiscal years 2021 and 2022, which had actual overtime costs exceeding the adopted budget by 79.1 percent and 79.4 percent, respectively. While modest additions for overtime spending have been made since the adopted budget, the latest modified fiscal year 2023 overtime budget is still around \$250 million below what will be needed by the end of the fiscal year.

The executive budget sets fiscal year 2024 overtime funding at \$452 million, well below historical trends. Budgeted overtime should reflect reasonable expectations given management, policy, and history. Uniformed overtime control efforts have not been substantially successful in the past or in this fiscal year; the fiscal year 2024 budget is unrealistic and likely hundreds of millions of dollars too low.

Figure 2: New York Police Department Overtime Budget and Spending, FY 2016 - FY 2024
(dollars in millions)



Notes: FY 2023 projection based on CBC analysis of Checkbook NYC data for NYPD. Totals may not add due to rounding.

Sources: Office of the New York City Comptroller, *Annual Comprehensive Financial Report of the Comptroller for the Fiscal Year Ended June 30, 2022* (October 27, 2022), and fiscal year 2016 to 2021 editions, <https://comptroller.nyc.gov/reports/annual-comprehensive-financial-reports/>, and "Checkbook NYC Data Feeds" (accessed May 5, 2023); and City of New York, Mayor's Office of Management and Budget, *Adopted Budget: Fiscal Year 2023, Supporting Schedules* (June 16, 2022), www.nyc.gov/assets/omb/downloads/pdf/ss4-23.pdf, and *Executive Budget: Fiscal Year 2024, Supporting Schedules* (April 26, 2023), <https://www.nyc.gov/assets/omb/downloads/pdf/ss4-23.pdf>.

Collective Bargaining Agreements to Increase NYPD Spending by Over \$900 Million in Fiscal Year 2024

The collective bargaining agreement between the City and the PBA will increase spending in fiscal year 2023 and beyond. While the cost of these wage increases is included in the executive budget, they are not yet reflected in the NYPD budget. The City budgeted the additional cost necessary to fully fund both the civilian and uniformed pattern in the central labor reserve, and only shifted the cost of the DC37 agreement to agency budgets, following ratification in March 2023. With the ratification of the PBA agreement on April 24, 2023, the City is expected to transfer the full cost of the PBA agreements from the central labor reserve to NYPD's agency operating budget and relevant central budgets, such as Pensions, in the adopted budget.

CBC estimates that the PBA agreement will raise member compensation by more than \$900 million in fiscal year 2024; \$550 million for higher wages and \$350 million for fringe benefits and pension contributions. The pattern set by this agreement would increase total compensation costs by around \$300 million for the remaining NYPD uniformed personnel for fiscal year 2024.

Additionally, the labor reserve includes more than \$2.3 billion to provide retroactive compensation for PBA members for fiscal years 2018 through 2023, since the new agreement provides raises starting on August 1, 2017.⁶

Conclusion

The executive budget reduced fiscal year 2024 NYPD City-funded spending by \$110 million, due to the combined impact of the latest PEG that exceeded the department's modest increases; meanwhile, the fiscal year 2023 City funds budget increased by \$112 million. Nonetheless, the budgets for fiscal years 2023 and 2024 are understated because neither include yet-to-be-reflected costs for the uniformed collective bargaining pattern and likely lack sufficient overtime funding. These costs will likely add \$1.6 billion to the fiscal year 2024 budget.⁷

Adam Ciampaglio
Senior Research Associate

Ana Champeny
Vice President for Research

Endnotes

- [1] City of New York, Mayor's Office of Management and Budget, *Executive Fiscal Year 2024 Budget: Message of the Mayor*, (April 26, 2023), www.nyc.gov/assets/omb/downloads/pdf/mm4-23.pdf.
- [2] The 4 percent target is based on City funding in fiscal year 2024 as of the January 2023 financial plan; CBC included intra-city funding for school safety since the PEG included school safety savings. City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Preliminary Budget: Financial Plan Expense* (January 12, 2023), <https://www.nyc.gov/assets/omb/downloads/pdf/jan23-fp.pdf>, and City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Executive Budget: Program to Eliminate the Gap* (April 26, 2023), <https://www.nyc.gov/assets/omb/downloads/pdf/peg4-23.pdf>.
- [3] City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Executive Budget: Program to Eliminate the Gap* (April 26, 2023), <https://www.nyc.gov/assets/omb/downloads/pdf/peg4-23.pdf>.
- [4] City of New York, Mayor's Office of Management and Budget, *Fiscal Year 2023 Executive Budget: Financial Plan Reconciliation* (April 26, 2023), <https://www.nyc.gov/assets/omb/downloads/pdf/exec23-fprecon.pdf>.

- [5] City of New York, Mayor's Office of Management and Budget, *Executive Fiscal Year 2024 Budget: Full-Time and Full-Time Equivalent Staffing Levels* (April 26, 2023), www.nyc.gov/assets/omb/downloads/pdf/exec23-stafflevels.pdf, and *January 2023 Full-Time and Full-Time Equivalent Staffing Levels* (January 12, 2023), www.nyc.gov/assets/omb/downloads/pdf/jan23-stafflevels.pdf .
- [6] The distribution schedule of this back pay is not outlined in the PBA agreement. Furthermore, based on when the Fiscal Year 2024 Adopted Budget is passed, this payment could be made in fiscal year 2023 or fiscal year 2024.
- [7] Based on \$350 million for overtime, \$900 million for PBA collective bargaining, and \$300 million for meeting the new pattern for other uniformed employees.