CBC Statement on the New York City FY 2021 Preliminary Budget

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New York, NY – January 16, 2020 - Citizens Budget Commission (CBC) President Andrew Rein issued this statement on the New York City Preliminary Budget for Fiscal Year 2021 on behalf of CBC:

“The budget presented today holds the line on new spending programs, which is a welcome and positive change. However, it misses the opportunity to further improve the City’s preparedness for looming risks— including potential cuts in State aid or weaknesses in the economy.

After growing more than 6 percent annually in fiscal years 2018 and 2019, city-funded spending growth is projected to slow to 4.0 percent in fiscal year 2020 and 1.7 percent in fiscal year 2021. There are no new spending programs presented, and the citywide savings plan is estimated to generate enough savings to offset agency expense increases, which are both positive developments. Nevertheless, the fiscal year 2021 savings amount to only 0.4 percent of city-funded expenditures; greater agency efforts are needed to increase efficiency.

Greater spending restraint would allow the city to bolster its fiscal position. In November New Yorkers voted resoundingly for the creation of a “Rainy Day Fund;” yet this budget does not include any additional contributions to reserves the City already has.
Formidable budget gaps faced by the State of New York may lead to cuts in State aid that could impact City finances and services, and present a significant risk to the City budget that makes spending restraint particularly important in the current budget process. In the last two years, between $1.5 billion and $2.0 billion has been added to the budget between the Preliminary Budget and the Adopted Budget. The City Council should follow the Mayor’s lead in holding the line on new spending initiatives, and new revenues should be deposited in the City’s reserves.

Finally, it should be noted the City is recognizing savings in pension costs stemming from changes to the accounting of Tax Deferred Annuity (TDA) funds offered to city educators. CBC has written extensively about the expensive guarantees provided to TDA funds and the risks they present to the pension funds and taxpayers, and is concerned about these potential changes. CBC will examine the details of these changes in coming weeks."