



Citizens Budget Commission Releases Strategies to Address New York City’s Fiscal Crisis—Without Resorting to Borrowing or Layoffs

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New York, NY – June 10, 2020 - The Citizens Budget Commission (CBC) today [released a report](#) outlining the hard choices New York City’s leaders should make to close the fiscal year 2021 budget gap and significantly reduce outyear budget gaps. By making these hard choices now, the City can balance its budget, preserve essential services, and prioritize New Yorkers who are most in need, while avoiding borrowing, layoffs, and the most counterproductive tax increases. While the federal government should provide additional aid as in past recessions, City leaders can and should act now to reduce expenditures, collaborate with municipal labor unions to improve efficiency and reduce benefit costs, and implement a small, temporary tax increase to balance the budget.

“If the City’s leaders are willing to make the right and reasonable hard choices, they can balance the budget without asking future generations to pay for today’s bills or resorting to layoffs,” said Andrew Rein, President of the Citizens Budget Commission. “New York should receive but cannot wait around for a large federal aid package. It swiftly should reduce spending, shrink the workforce through attrition, and collaborate with labor to identify and implement savings. This strategy can close next year’s projected budget gap and rightly leaves borrowing as a last resort, only to be considered if the economy worsens and additional spending cuts ultimately become too great.”

Multiple strategies and approaches can be used including:

- Expenditure Reductions
 - Reduce the workforce by roughly 9,000 positions—still leaving the workforce larger than the peak before the last recession
 - Reducing civilian headcount through attrition by 7,326 through fiscal year 2022 would save \$364 million in fiscal year 2021 and \$750 million when fully implemented.
 - Reducing the police force by 1,174 over two years through attrition and adjustment of classes of police recruits would save \$57 million in fiscal year 2021 and \$100 million when fully implemented.
 - A reduction of 500 Department of Education administrative positions by fiscal year 2022 would save about \$60 million annually when fully implemented.
 - Other options for targeted savings, including requiring some health insurance premium-sharing and changes to work rules, are detailed in the full report.
- Temporary Two-Year Property Tax Increase, starting in July 2021 with expected economic recovery
 - A 2 percent increase in the average rate, from 12.283 percent to 12.529 percent, implemented effective July 1, 2021 through June 30, 2023 would generate \$690 million in fiscal year 2022. The average homeowner would pay \$143 more in fiscal year 2022.
- Assets Sales
 - The City should assess the possibility of selling parking lots and underutilized buildings with the aim of generating \$50 million in fiscal year 2021.
- Reserves
 - The general reserve of \$1 billion in fiscal years 2022 to 2024 should be reduced to \$250 million, releasing \$750 million per year for gap closing.

To read the full report on the CBC strategy for the New York City budget click [here](#).