



Statement on NYC’s FY 2024 Executive Budget PEG Directive

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New York, NY – April 4, 2023 - Citizens Budget Commission (CBC) President Andrew S. Rein released [this statement](#) on behalf of the CBC:

“The City is right to initiate a PEG—a Program to Eliminate the Gap—for the Executive Budget. This action is timely, if not overdue. Any delay increases the chance that the City barrels head first into the impending fiscal wall and has to make massive cuts in the future.

The City’s budget gaps as reported already grow to \$6.5 billion by fiscal year 2027, even without including the [unbudgeted labor contract costs](#), unreimbursed asylum seeker costs, federal fiscal cliffs, under-budgeted overtime, and proposed State mandates to pay more for the MTA and Medicaid.

Stronger revenues and non-rainy day reserves may help reduce the gaps, but they will not fund the \$8.8 billion the City may need this year and next, and pale in comparison to the future gaps that which may well exceed \$14.0 billion by fiscal year 2027. (See Figure.)

The 4 percent PEG will provide savings, but nobody should be under the illusion that it solves the whole problem. Additional actions will be needed. We await the Fiscal Year 2024 Executive Budget, due later this month, to see whether the City proposes other actions, re-estimates its revenue forecast, and the impact of the State budget, which hopefully will be enacted by then.

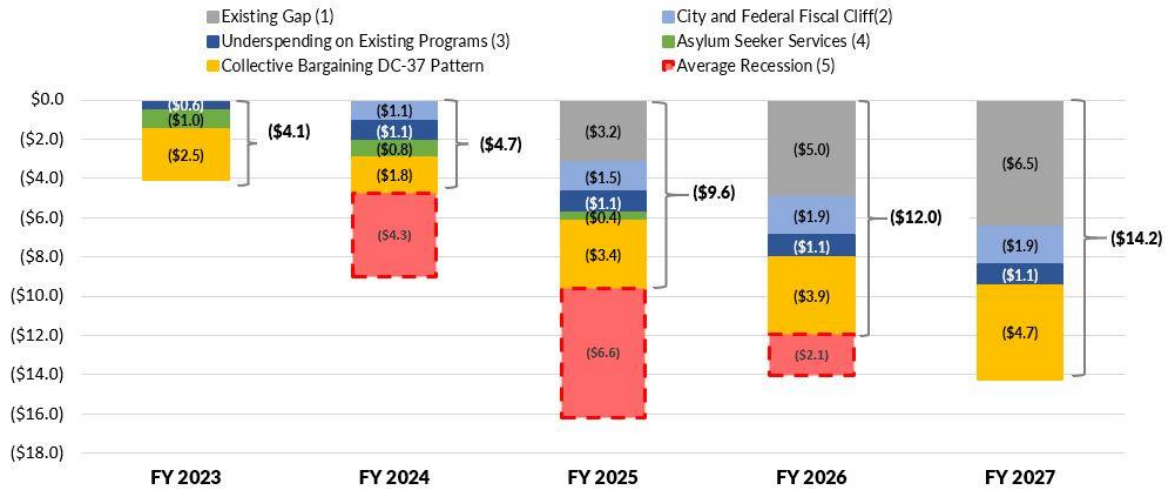
The PEG directive rightly says that savings programs should “(not) include layoffs and should avoid meaningfully impacting services where possible.” Ample vacancies exceeding 23,000 Citywide not only eliminate any need for layoffs, but should allow agencies to meet their savings targets and still hire critical positions.

Furthermore, the best approach to preserving services is to improve operational efficiency, which should be the focus now. While the City unfortunately failed to leverage collective

bargaining negotiations to make work rules and job titles more flexible to increase operating efficiency and reduce ongoing costs, doing so in this PEG will serve all New Yorkers well by preserving services and increasing long-run fiscal stability."

Risks to NYC Budget, FY 2023 - FY 2027

(dollars in billions)



Notes: (1) As of Preliminary FY 2024 Budget; (2) based on Office of the State Comptroller analysis; (3) based on CBC review of fiscal monitor reports; (4) could be lower if federal funds are secured or asylum seeker costs are lower; (5) based on average of the 2001 and 2008 recession.

Sources: City of New York, Office of Management and Budget, *Preliminary Budget: Financial Plan Detail* (January 12, 2023); Office of the State Comptroller, "Identifying Fiscal Cliffs in New York City's Financial Plan (Updated December 20, 2022)," and *Review of the Financial Plan of the City of New York (Report 14-2023)* (December 2022); Office of the New York City Comptroller, *Annual State of the City's Economy and Finances* (December 15, 2022); New York City Independent Budget Office, *Current Year Surplus Projected Despite Slowing Economy, Future Year Challenges Remain* (December 2022); Citizens Budget Commission, *Briefing on the NYC & NYS FY 23 Budget Update* (December 13, 2022).

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The Citizens Budget Commission (CBC) is a nonpartisan, nonprofit think tank and watchdog whose mission is to achieve constructive change in the finances and services of New York City and New York State government. CBC's mission is rooted in serving New Yorkers at large, rather than narrow special interests; preserving public resources, whether financial or human; and focusing on the well-being of future New Yorkers, the most underrepresented group in city and state government.