



Statement on the New York City Fiscal Year 2024 Executive Budget

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New York, NY – April 26, 2023 - Citizens Budget Commission (CBC) President Andrew S. Rein released [this statement](#) on behalf of the CBC:

“The Executive Budget lays bare the stark and potentially dark fiscal reality facing New York City. With budget gaps widening despite billions of dollars of additional revenues, the City should immediately start to prioritize essential programs, increase its operational efficiency, speed up critical hiring, and shrink lower impact programs. Absent these actions, the likely alternative is to substantially cut services in the next year or two.

Next year’s budget is balanced with \$4.7 billion in additional revenues that come over two years, a Program to Eliminate the Gap (PEG) that prunes low hanging fruit, and bill prepayments. However, the Executive Budget shows the following years’ gaps are large and growing, from \$4.2 billion in fiscal year 2025 to \$7.0 billion by fiscal year 2027.

The real problems are even larger. Adding the costs of underbudgeted programs and continuing programs funded with one-time federal COVID and City money—the fiscal cliffs—reveals the future shortfalls are extremely large—\$6.8 billion in fiscal year 2025 and \$10.0 billion by fiscal year 2027.

The Administration’s effort to shore up fiscal stability with an agency PEG saves roughly \$900 million annually, but this pales in comparison to the pre-existing multi-billion-dollar budget gaps, and 82 percent of the PEG savings is offset by new spending. Also, the PEG is mainly comprised of spending re-estimates and includes uniformed overtime savings that will not be achieved. Amazingly, despite the City already having 23,000 vacancies, this budget adds new positions. The City should be shifting existing vacancies to where they are needed, not adding new positions.

Previous assertions that extra revenues eliminate the need to restrain spending should be muted by the persistence of huge gaps even after the City significantly increased its revenue estimates. Unfortunately, the budget does not direct any of the higher revenue to the Rainy Day Fund, a missed opportunity to prepare further for very real downside risks. Furthermore,

there are real risks to fiscal year 2024 balance, including the budget's reliance on \$600 million in federal aid for asylum seekers and various items the State budget that is still not finalized.

The budget leaves most of the fiscal cliffs in place. The budget does not fund around \$1.0 billion in existing City-funded programs in fiscal year 2024, including City Family Homelessness and Eviction Prevention Supplement (FHEPS) vouchers (now expected to cost \$400 million this year), prevailing wages for shelter security (\$41 million), additional Department of Sanitation litter basket collection (\$22 million), or MetroCards for the Summer Youth Employment Program (\$11 million).

While top-line numbers may leave the impression cuts hold the line on spending, this is not the case. Fiscal year 2023 spending is bolstered one time with extraordinarily high revenues from the 2021 record year on Wall Street and non-recurring federal COVID aid. Also, \$2.2 billion in fiscal year 2023 programmatic spending is not included in the fiscal year 2024 budget.

Spending more now is seductive but shortsighted. The Executive Budget leaves large future gaps and \$400 million or more in City Council initiatives are typically added in the adoption process. The City's leaders should not pretend the City can have and do it all.

Undisciplined management and a spending spree will set the city back, not propel it forward. Focused priorities, managed well, are critical to a bright future. Increasing efficiency is challenging and takes time; however, the City should make every effort it can immediately and include additional savings in the Adopted Budget."