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**Report to the Committee on
Finance on the Fiscal 2024
Executive Plan and the Fiscal 2024
Executive Capital Commitment**

May 23, 2023



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Introduction

On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) with a proposed budget for the City of \$106.7 billion in Fiscal 2024.

The Council has held numerous agency-specific budget hearings since the beginning of the month, concluded by a hearing in which the Committee on Finance will hear testimony from the Office of Management and Budget (OMB) regarding the Executive Financial Plan. This report provides a summary of the five-year Executive Plan, including the ways in which the budget and outyear gaps have increased compared to the Preliminary Plan released earlier this year. Also included is an overview of the revenue budget and the City’s reserves, a review of the fiscal impact of the enacted state budget, a summary of the expense changes introduced in the Plan, and a review of the Capital Commitment Plan.

Chart 1: Preliminary Plan Fiscal 2024 Budget Changes in Executive Plan Fiscal 2024 Budget



Financial Plan Overview

The Executive Financial Plan includes budgeted spending of \$108.9 billion in Fiscal 2023 and \$106.7 billion in Fiscal 2024. These reflect relatively increases of \$2.5 billion and \$4 billion over the Preliminary Plan estimates of \$106.4 billion and \$102.7 billion respectively. The main driver of these increases is the cost of labor settlements, based on patterns set by recently settled contracts with two of the City’s largest unions¹, and increased costs related to the continued influx of asylum seekers.

Despite these increases, both years remain balanced as required by the City’s Charter. Part of that balance is achieved through the use of prior year surplus that have been rolled forward, with a net of \$3.1 billion of prior resources used to balance Fiscal 2023 and \$3.0 billion used to balance Fiscal 2024.

Costs associated with the labor settlements are also incorporated into the outyears of the plan, though revenues do not keep pace with those adjustments. As a result, the gaps in the outyears have grown from what was presented in the Preliminary Plan.

¹ DC 37 and the Police Benevolent Association (PBA)

Table 1 presents anticipated revenues and expenditures from Fiscal 2023 to Fiscal 2027, as well as the average annual percentage change in each category.

	FY23	FY24	FY25	FY26	FY27	Average Annual Change
REVENUES						
Taxes	\$71,088	\$71,139	\$72,834	\$74,472	\$76,921	2.0%
Miscellaneous Revenues	8,251	7,793	7,624	7,562	7,518	(2.3%)
Unrestricted Intergovernmental Aid	297	-	-	-	-	
Less: Intra-City and Disallowances	(2,376)	(2,011)	(2,002)	(2,004)	(2,001)	(4.0%)
Subtotal, City Funds	\$77,260	\$76,921	\$78,456	\$80,030	\$82,438	1.6%
State Aid	18,113	17,555	17,540	17,304	17,367	(1.0%)
Federal Aid	11,721	10,411	8,060	7,052	7,026	(11.7%)
Other Categorical Grants	1,109	1,082	1,075	1,070	1,070	(0.9%)
Capital Funds (IFA)	706	720	725	732	732	0.9%
TOTAL REVENUES	\$108,909	\$106,689	\$105,856	\$106,188	\$108,633	(0.1%)
EXPENDITURES						
Personal Services	\$55,250	\$55,595	\$58,363	\$60,881	\$62,886	3.3%
Other Than Personal Services (OTPS)	51,505	46,860	43,960	42,764	43,535	(4.0%)
Debt Service	7,544	7,815	8,266	9,034	9,725	6.6%
General Reserve	50	1,200	1,200	1,200	1,200	575.0%
Capital Stabilization Reserve	-	250	250	250	250	
Less: Intra-City	(2,361)	(1,996)	(1,987)	(1,989)	(1,986)	(4.0%)
Spending Before Adjustments	\$111,988	\$109,724	\$110,052	\$112,140	\$115,610	0.8%
Surplus Roll Adjustment (Net)	(\$3,079)	(\$3,035)				
TOTAL EXPENDITURES	\$108,909	\$106,689	\$110,052	\$112,140	\$115,610	1.5%
Gap to be Closed	-	-	(\$4,196)	(\$5,952)	(\$6,977)	

The Executive Plan includes budget gaps in the outyears of \$4.2 billion in Fiscal 2025 growing to \$7.0 billion in Fiscal 2027. Budget gaps are a function of revenues not keeping pace with projected expenditures. Total revenues in the Executive Plan are expected to decline between Fiscal 2023 and 2024 and grow only mildly over the life of the plan. Because of the decline between the first two years of the Plan period, average annual revenue growth is negative. This is despite tax revenues, which make up roughly two-thirds of the City's budget projected to grow by an average of 2 percent annually. The negative growth across the Plan Period is primarily the result of projected declines in Federal categorical aid, plus more modest declines in State Aid and Miscellaneous City Revenues. To some extent, these declines are a result of OMB's cautious budgeting practice. OMB generally does not recognize all expected Federal revenue until closer to the beginning of, or in the middle of a fiscal year. For example, in Fiscal 2023 at adoption the budget included \$9.3 billion in Federal aid. The current Plan includes \$11.7 billion of Federal aid for Fiscal 2023 – an increase of 26 percent from adoption.

To a certain degree, this cautious forecast in Federal aid is also reflected in the projected 4.0 percent average annual decrease in OTPS spending in the plan; OMB does not assume certain costs until it is more certain that the Federal funding source that underpins them will be recognized. As with the Federal aid projections on the revenue side, the \$51.5 billion in Fiscal 2023 OTPS spending is markedly higher than the \$45.9 billion projected at budget adoption.

Driving the increases in expenditures are the costs of personal services (PS) which are expected to grow at an annual average of 3.3 percent across the Plan period, and debt service costs, which grow at an annual average of 6.6 percent. This results in total expenditures growing by an annual average of 0.8 percent. Because expenditures are increasing at a faster rate than revenues the outyears of the Executive Plan have budget gaps. However, these outyear gaps reflect certain assumptions that might mean that the gaps are not fully an accurate reflection of the City’s fiscal state.

Maintaining Budget Balance

The Executive Plan presents updates to the Preliminary Plan, in which Fiscals 2023 and 2024 were balanced. Table 2 displays city-funds² revenue and expenditure changes for the five-year plan period between the Executive and Preliminary Plans and demonstrates how OMB maintained budget balance in Fiscals 2023 and 2024.

	FY23	FY24	FY25	FY26	FY27
Gap to be closed – January 2023 Financial Plan	\$0	\$0	(\$3,166)	(\$5,011)	(\$6,469)
Revenue Changes					
Tax Revenues	\$2,086	\$2,238	\$2,203	\$2,420	\$3,802
Non-Tax Revenues	118	98	78	77	63
Unrestricted Aid	37	-	-	-	-
PEG - Revenue	9	98	91	93	90
Total Revenue Changes	\$2,250	\$2,434	\$2,372	\$2,590	\$3,955
Expense Changes					
Agency Expense Changes	\$815	\$959	\$473	\$507	\$558
Asylum Seekers	962	1,738	710	-	-
Federal Funding Adjustment	-	(130)	132	-	-
Labor Reserves	2,288	1,684	3,103	4,020	4,839
PEG - Expense	(417)	(863)	(927)	(926)	(892)
Debt Service	(111)	(86)	(89)	(70)	(42)
General Reserve	(1,505)	-	-	-	-
Capital Stabilization Fund	(250)	-	-	-	-
Prior Payables	(400)	-	-	-	-
Total Expense Changes	\$1,382	\$3,302	\$3,402	\$3,531	\$4,463
(Gap)/Surplus	\$868	(\$868)	(\$4,196)	(\$5,952)	(\$6,977)
FY23 Prepayment	(\$868)	\$868	-	-	-
Gap to be closed - April 2023 Financial Plan	\$0	\$0	(\$4,196)	(\$5,952)	(\$6,977)

As of the Preliminary Plan, both Fiscal 2023 and Fiscal 2024 were balanced, as required by the Charter. However, OMB has recognized additional spending in the Executive Plan, including additional agency spending of \$815 million in Fiscal 2023 and \$959 million in Fiscal 2024, which create budget gaps. Other additional costs in the Executive Plan such as \$2.7 billion in asylum seekers needs (\$962 million in Fiscal 2023 and \$863 million in Fiscal 2024) and the nearly \$4 billion increase in labor reserve (\$2.3 billion in Fiscal 2023 and \$1.7 billion in Fiscal 2024) further increase this gap.

To maintain the Charter mandated budget balance, the Administration recognized additional resources. Excluding new revenues from PEGs, the City increased its revenue estimates for Fiscal 2023 by \$2.2 billion and \$2.3 billion in Fiscal 2024, a combined revenue increase of \$4.7 billion in the first

² State, Federal and Other Categorical aid is contingent upon qualifying expenditures, which means that spending backed by these funding sources can never push the budget out of balance. Therefore, in considering how the City is able to maintain its budget balance, it is easier to look only at City fund revenues and expenditures.

two years of the Plan Period. For both years, most of the additional revenue is the result of the Administration’s higher tax forecast compared to the Preliminary Plan. The Administration also increased non-tax revenues by \$118 million in Fiscal 2023 and \$98 million in Fiscal 2024. The Executive Plan also recognizes an additional \$37 million in unrestricted aid for Fiscal 2023.

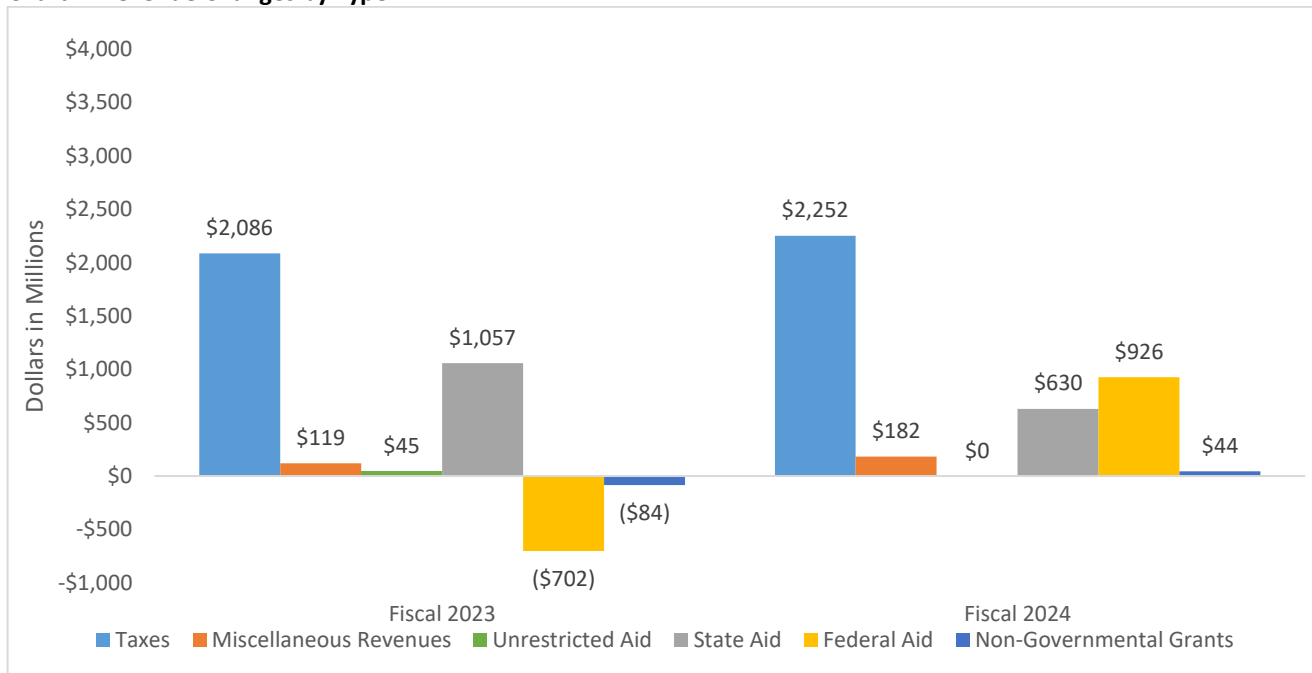
In addition to the realization of revenue, the Administration was able to reduce agency spending by \$417 million in Fiscal 2023 and \$864 million in Fiscal 2024 through the initiation of a PEG. The Executive Plan also includes debt service savings of \$111 million in Fiscal 2023 and \$86 million in Fiscal 2024. The Administration made an accounting change, bringing down prior year payables by \$400 million. All of these additional resources, along with the drawdown of \$1.5 billion in the general reserve \$250 million in the capital stabilization reserve helped close the new gap for Fiscal 2023 and Fiscal 2024.

After all these actions, the Fiscal 2023 Budget in the Executive Plan ends with a \$868 million surplus which the Administration used to prepay for Fiscal 2024 expenses.

Revenue Budget

In the Executive Plan, revenues for Fiscal 2023 total \$108.9 billion, 2.4 percent higher than projected in the Preliminary Plan, and as noted above, almost all changes came from the recognition of additional tax revenue. Total revenue for Fiscal 2024 is also 3.9 percent above what was estimated in the Preliminary Plan.

Chart 2: Revenue Changes by Type



Source: OMB, “April 2023 Financial Plan, Fiscal Years 2023-2027”

The Executive Plan recognizes an additional \$2.1 billion of city tax revenue in Fiscal 2023 above the forecast in the Preliminary Plan. The increase is driven by higher estimates for personal income tax, business taxes, sales tax, and real property tax. The plan also recognizes \$479 million in tax audits, mostly from \$481 million in bank tax audits. Similarly, the plan recognizes \$2.3 billion in additional city tax revenue in Fiscal 2024. This increase is due to higher estimates for business taxes, sales tax, personal income tax and real property tax.

The Executive Plan includes an additional \$119 million of miscellaneous revenue in Fiscal 2023. This is comprised mostly of fines and forfeitures and interest income, specifically parking violation fines and overnight interest income. This increase is partially offset by some technical adjustments to align budget expenditures associated with tuition and fees with projected collections. The Executive Plan also includes an additional \$182 million in miscellaneous revenue in Fiscal 2024. This increase is comprised mostly of additional water and sewer charges, specifically \$24 million moved from Fiscal 2023 to Fiscal 2024 for contracts related to Delaware Aqueduct shutdown.

The Plan assumes \$702 million less in Fiscal 2023 in revenue from the Federal Government compared to the Preliminary Plan. This decrease in revenue from Federal grants in Fiscal 2023 is due to the drawdown of asylum seeker support which is moved into Fiscal 2024. The Executive Plan assumes \$926.2 million additional revenue from the Federal Government in Fiscal 2024. Most of this additional aid would go to H+H for asylum seekers support.

The Executive Plan also includes an additional \$1.1 billion in Fiscal 2023 and \$630 million of State revenue. Most of the additional revenue from State grants is aid for asylum seekers.

Tax Revenue Forecast

This section will discuss changes made by OMB to its tax revenue forecast in the Executive Plan. As part of its charter mandated oversight responsibilities, the City Council also undertakes a tax revenue forecast, that forecast, entitled “Slow Growth in a Resilient Economy: The Finance Division Economic and Tax Revenue Forecast”, is published concurrently with this document.

The Administration did not make any changes to the major taxes (real property tax and income tax) in the Preliminary Plan. However, in the Executive Plan, the Administration raised their tax forecast closer to what the Council projected during Preliminary.

For Fiscal 2023, the Administration forecasts total tax revenues of \$71.0 billion, an increase of \$2.1 billion relative to the Preliminary Plan. In Fiscal 2024, the Administration forecasts total tax revenue to increase by \$2.3 billion to \$71.1 billion. The Administration increased the real property tax (RPT) revenue forecast compared to the Preliminary Plan by \$155 million in Fiscal 2023 and \$398 million in Fiscal 2024. The increase for Fiscal 2023 is due to higher-than-expected collections of \$235 million from the current year’s levy, which is partially offset by an \$80 million reduction due to absence of the lien sale. The increased RPT revenue in Fiscal 2024 originates from changes in OMB’s assessment projections.

The Executive Plan includes an increase in the Administration’s forecast of revenues from the income-related taxes compared to the Preliminary Plan. The current Plan includes an additional \$657 million of projected revenues from the Personal Income (PIT) and Pass-Through Entity Taxes in Fiscal 2023 and \$399 million in Fiscal 2024. Similarly, the Executive Plan includes increased revenue projections for the two business taxes – Business Corporation and Unincorporated Business Taxes – by \$181 million in Fiscal 2023 and \$169 million in Fiscal 2024. For Fiscal 2023, the Administration attributes its upward adjustment of income-related revenues to stronger-than-expected collections so far this year.

Despite the increased forecast, the Administration expects income-related tax to experience year-over-year declines in Fiscal 2023 and Fiscal 2024. PIT will fall by 4.5 percent and 4.4 percent in Fiscal 2023 and Fiscal 2024, respectively. Total revenues from the two business taxes will also drop by 4.7 percent in Fiscal 2023 and 1.5 percent in Fiscal 2024.

The Administration expects PIT revenues to rebound in the outyears, with collections from the tax growing at an average rate of 5.2 percent annually. The business taxes will also rebound in the outyears, albeit at a lackluster annual average rate of three-tenths of a percent.

The Administration also updated their sales tax revenue forecast and added \$331 million in 2023 and \$506 million in 2024 relative to the Preliminary Plan. Sales tax is expected to grow 10.7 percent in 2023 as a result of tight labor markets, tourism, and higher prices. Growth is expected to slow down to 3.3 percent in 2024 due to price inflation slowing down and consumption easing up. Sales tax revenue growth is expected to average 5.1 percent from 2025 through 2027.

The Administration also made minor changes to their forecast of other taxes such as hotel and utility and to transfer taxes. Tax audit revenue increased in the Executive Plan by \$479 million in Fiscal 2023. This change is to reflect January's \$481 million in bank tax audits.

State Budget Overview

The State budget was not enacted until after the release of the City's Executive Plan. As a result, the Executive Plan does not fully account for State budget changes. Major changes in the City's Executive Plan are summarized below along with changes included in the Executed State Budget that are not included in the Executive Plan.

Additional Funding

- **Asylum Seekers** - The City will be reimbursed for 29 percent of expenditures up to \$1.0 billion incurred between April 1, 2022 and April 21, 2024 for short-term shelter services costs and costs associated with humanitarian emergency response and relief centers.
- **School Aid** – The State budget currently includes an additional \$300 million above what is included in the City's Fiscal Executive Budget. The State budget increases Foundation Aid to the City by \$569 million, or 6.36 percent from the prior year to a total of \$9.5 billion.
- **Emergency Rental Assistance Program (ERAP)** – The State budget includes \$35 million specifically allocated for COVID rental arrears costs for residents of NYCHA. In addition, the budget includes \$356 million for rental arrears costs statewide, of which New York City may receive a portion.

Additional Costs

- **MTA Paratransit Cost Shift** – For Fiscals 2024 and 2025, the City is required to cover 80 percent of the cost of MTA's paratransit operations. This total will not exceed the sum of 50 percent of the cost of the operating expenses and \$165 million for the twelve-month periods ending on June 30, 2024 and June 30, 2025. These costs are not included in the Executive Plan.
- **Charter Schools** – The Enacted State Budget authorizes the re-issuance of 14 delinquent (Zombie) charters. The City could incur some additional costs in lease payments and per pupil costs based on enrollment for these re-issued charter schools in the outyears as these get established or expand by grade-level.
- **Federal Medicaid Assistance Percentage (FMAP)** - The Enacted Budget eliminated the State's passing of Federal Medicaid Assistance Percentage (FMAP) savings to local governments. It is estimated that this would cost the City \$129 million in Fiscal 2024 growing to \$343 million annually. This reduction is not assumed in the Executive Plan.

- **Payroll Mobility Tax** – The Enacted State Budget includes an increase of the payroll mobility tax on the City as an employer from .34 percent to .6 percent. This is estimated to cost the City an additional \$60 million annually.
- **Biotech Tax Credit** – Provides the City authority to issue an additional tax credit for businesses in the biotech industry. Allows for an aggregate of \$3 million to be issued to biotech firms annually.

Reserves

In the Executive Plan, the Administration made its typical changes to the City's various reserves and other accounts used to stockpile prior year resources: drawing down in-year reserves while bolstering the budget stabilization account. However, the City is still utilizing an outsized portion of prior year resources to balance the current fiscal year, despite keeping certain reserve accounts at levels higher than in recent years. The City recognized an abnormally large windfall of \$2.9 billion in additional tax revenues between last year's Executive Plan and Adoption, which fueled a dramatic increase to the various reserve accounts. Absent another late spring surprise, it is likely that the City will be closing out Fiscal 2023 with less in accumulated reserves and related resources than it did in Fiscal 2022.

Table 3: Reserves & Other Budgetary Surpluses by Fiscal Year, at Different Plans

<i>Dollars in Millions</i>	Fiscal 2022		Fiscal 2023			Fiscal 2024
	April '22	Close	Adoption	Jan. '23	April '23	April '23
Retiree Health Benefit Trust (RHBT)	\$ 3,800	\$ 4,584	\$ 4,584	\$ 4,584	\$ 4,584	\$ 4,584
Rainy Day Fund (RDF)	1,200	1,948	1,948	1,948	1,948	1,948
General Reserve	50	-	1,555	1,555	50	1,200
Capital Stabilization Reserve	-	-	250	250	-	250
Subtotal Reserves	\$ 5,050	\$ 6,532	\$ 8,337	\$ 8,337	\$ 6,582	\$ 7,982
BSA & Discretionary Transfers	\$ 5,272	\$ 6,144	\$ -	\$ 2,166	\$ 3,035	\$ -
TOTAL Reserves + Other Resources	\$ 10,322	\$ 12,676	\$ 8,337	\$ 10,503	\$ 9,617	\$ 7,982

The Executive Plan assumes the City's reserves to total roughly \$8 billion in Fiscal 2024, a slight decline from the \$8.3 billion that was in the Preliminary Plan, though that was a measure of Fiscal 2023's reserve levels (not including the BSA).

No changes were made in the Executive Plan to the City's two main accounts used as multi-year reserves: the Rainy Day Fund (RDF) and the Retirees' Health Benefit Trust (RHBT). Having only being created in Fiscal 2021, the RDF now has deposits totaling nearly \$2 billion, unchanged from the beginning of the fiscal year. The RHBT was ostensibly created to help the City begin to address its rather large OPEB (Other Post Employment Benefits) liabilities but has essentially been used as another de facto multi-year reserve account. The balance of the RHBT remains unchanged at roughly \$4.6 billion.

The most notable change to reserves is the drawdown by \$1.755 billion of the two in-year reserves in the Executive Plan: the General Reserve and the Capital Stabilization Reserve. This leaves only \$50 million in the General Reserve and nothing in the Capital Stabilization Reserve in Fiscal 2023; levels that are typical for this time of year. The remaining years of the Plan Period each have in-year reserve levels of \$1.45 billion with \$1.2 billion in the General Reserve.

While not technically a reserve³, the City's budget stabilization account has long been used by the City as a way to stockpile fiscal surpluses. Tracking the health of this account has long been difficult as the City's cautious budgeting practice often shows it to be largely drawn down at the beginning of a fiscal year, before being refilled as the City identifies additional resources. The City rolled about \$6.1 billion in prior year resources into Fiscal 2023 through this account and is currently estimating to roll about \$3 billion of that forward into Fiscal 2024. This means that the City is drawing on \$3.1 billion in prior year resources to keep the Fiscal 2023 budget balanced.

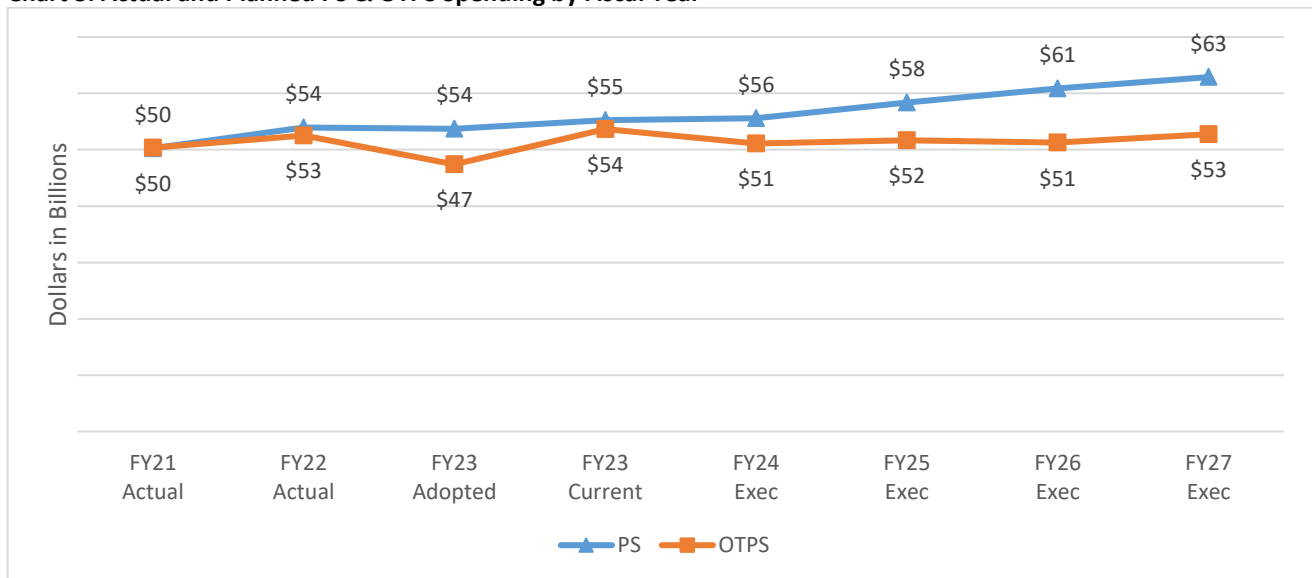
Expenditures

The Fiscal 2023 budget totals \$108.9 billion, while the Fiscal 2024 budget totals \$106.7 billion. By the last year of the plan period, Fiscal 2027, planned expenditures total \$115.6 billion, representing an increase of 6.1 percent over the five-year plan period. This increase is the result of the inclusion of collective bargaining agreements and the increase in aid for asylum seekers. The Fiscal 2023 budget in the Executive Plan is \$2.5 billion greater than in the Preliminary Plan, while the Fiscal 2024 budget increases by \$4 billion. Each of the outyears increase as well, by \$3.7 billion in Fiscal 2025 and in Fiscal 2026, and \$4.7 billion in Fiscal 2027.

Personal and Other than Personal Services

The Executive Plan includes \$52.5 billion in Fiscal 2023 for Personal Services (PS) spending, comprising 52.7 percent of the total budget, and \$47.2 billion in Other Than Personal Services (OTPS) spending, comprising 47.3 percent of the total budget. PS funding increases at an average annual growth rate of 0.9 percent over the Plan period. PS cost increases are the primary contributor to expenditure growth in the outyears. OTPS funding decreases by \$4.6 billion, or 9.0 percent, between Fiscal 2023 and Fiscal 2024. This decrease is primarily due to the fact that Fiscal 2023 OTPS expenditures include \$3 billion of prepayments of Fiscal 2024 expenses.

Chart 3: Actual and Planned PS & OTPS Spending by Fiscal Year

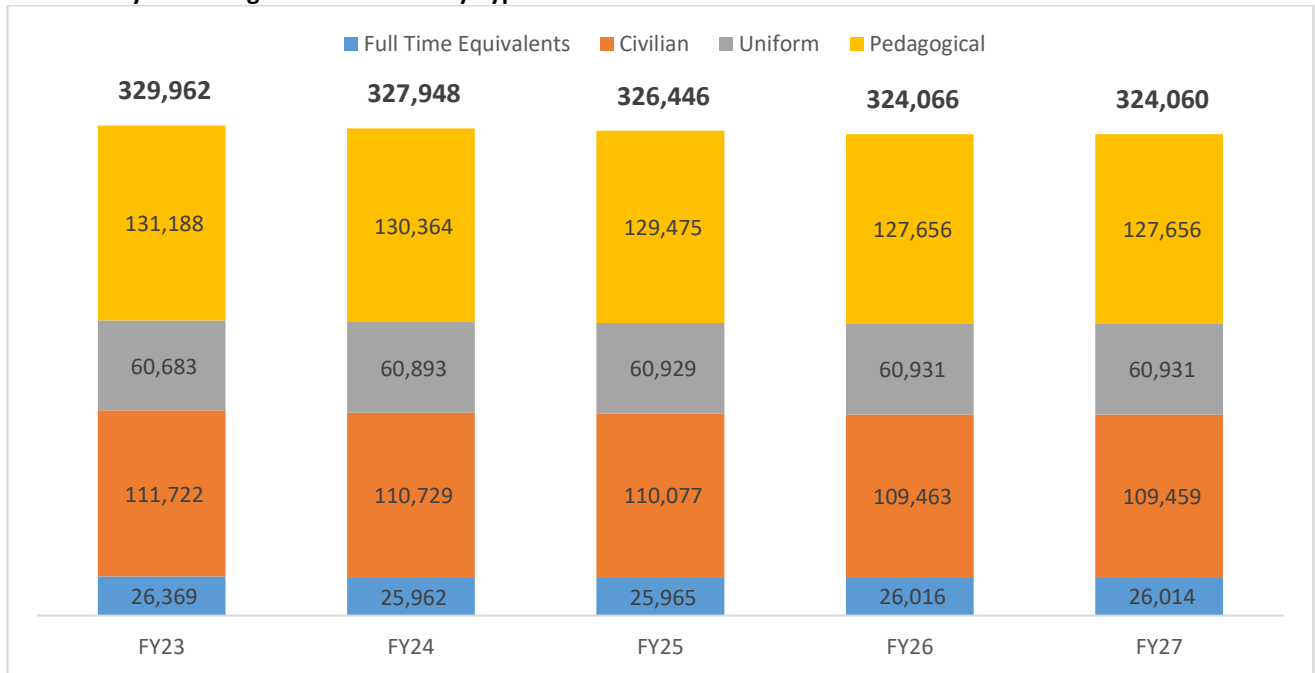


³ Unlike reserves, which represent funds uncommitted to any specific use, the BSA is used to prepay certain expenses, most often debt service. Therefore, those funds are not immediately available for other purposes. However, since the resources in the BSA represent funds generated in prior years, it serves a very similar function of helping pile up fiscal resources in good times that can be used in more difficult fiscal environments.

Citywide Headcount

The Fiscal 2024 Citywide budgeted headcount totals 327,948 in the Executive Plan. The total headcount consists of 130,364 pedagogical positions (making up 39.8 percent of the total), 110,729 civilian positions (33.8 percent), 60,893 uniform positions (18.6 percent), and 25,962 full-time equivalents (7.9 percent). The City’s current Fiscal 2023 budgeted headcount is 329,962, as shown in Chart 4.

Chart 4: Citywide Budgeted Headcount by Type



Labor Settlements

The Executive Plan includes an additional \$15.9 Billion added across the Plan Period for the cost of labor settlements based on the collective bargaining pattern. Table 4 summarizes the funding included in the Executive Plan by fiscal year.

Table 4: Labor Settlements (\$ in Millions)

FY23	FY24	FY25	FY26	FY27
\$2,288.0	\$1,684.0	\$3,103.0	\$4,020.0	\$4,839.0

- Funds in addition to the 1.25 percent already in the labor reserve for contract settlements.
- DC37's settlement set the pattern for non-uniformed: 3 percent wage increases in the first four years of the contract period, 3.25 percent increase in the fifth year of the contract period.
- The total cost of the settlement for DC37 over the plan period is \$3.1 billion: \$561.2 million in FY23, \$433.7 million in FY24, \$602.2 million in FY25, \$761.7 million in FY26, and \$771.7 million in FY27.
- Once other unions settle their contracts the funds to cover the increased costs will be shifted into the agencies' budgets.

Asylum Seekers

In April 2022, the Department of Homeless Services (DHS) first noticed an uptick in new shelter applicants who identified as asylum seekers. Many of the new applicants had crossed the United

States-Mexico border, with the largest percentage of individuals fleeing Venezuela. As the number of new asylum seekers arriving in the City continued to climb over the ensuing months, it became necessary for the Administration to implement an inter-agency response. Due to the rapid influx of asylum seekers, the need for shelter exceeded the number of shelter vacancies in the DHS system. To meet the demand and the City's legal mandate to provide shelter, the DHS began opening emergency hotel shelter sites, operated by contracted providers, in the summer of 2022. In the fall of 2022, as the asylum seeker population ballooned, the City opened the first of eight Humanitarian Emergency Response and Relief Centers (HERRCs), operated jointly by New York City Health + Hospitals (H+H) and New York City Emergency Management (NYCEM), to house asylum seekers. In spring 2023, a new HERRC location opened in Brooklyn operated by the City's Department of Housing Preservation and Development (HPD).

The November 2022 Financial Plan (November Plan) included an additional \$1.0 billion of federal funding in Fiscal 2023, allocated across several agencies, for costs related to the City's response to the asylum seeker crisis. No adjustments were made to the total amount budgeted in the Preliminary Plan, but some minor adjustments were made across agencies. In the Executive Plan, several changes were made to the amount budgeted for response efforts and to the funding source. The Executive Plan includes an additional \$400.0 million in Fiscal 2023, \$2.9 billion in Fiscal 2024, and \$1.0 billion in Fiscal 2025 for the costs related to asylum seekers. No funding has been budgeted in Fiscal 2026 or beyond. Additionally, the \$1.0 billion in federal funding originally added in Fiscal 2023 was swapped for a combination of State and City funding. In the Executive Plan, funding budgeted for Fiscal 2023 is comprised of 68.7 percent City funds and 31.3 percent State funds; funding budgeted for Fiscal 2024 is comprised of 59.9 percent City, 19.4 percent State, and 20.7 percent federal; and funding budgeted for Fiscal 2025 is comprised of 71.0 percent City and 29.0 percent State. A breakdown of the funding budgeted by fiscal year, broken down by financial plan, agency, and funding source, is detailed in Table 5.

Agency	Fiscal 2023 Budget		Fiscal 2024	Fiscal 2025
	Preliminary Plan	Executive Plan	Executive Plan	Executive Plan
Funding, by Agency, Budgeted for the Asylum Seeker Response Effort				
Department of Homeless Services	\$577,292	\$704,967	\$1,786,332	\$607,197
Health + Hospitals	302,650	500,000	748,000	258,000
NYC Emergency Management	50,000	76,700	160,000	55,000
NYC Office of Technology and Innovation	30,000	25,000	30,000	10,000
Human Resources Administration	22,708	25,033	28,668	18,803
Department of Citywide Administrative Services	10,000	34,300	0	0
Housing Preservation and Development	6,650	32,000	147,000	51,000
Department of Health and Mental Hygiene	700	1,700	0	0
Department of Design and Construction	0	300	0	0
Total	\$1,000,000	\$1,400,000	\$2,900,000	\$1,000,000
Funding by Source				
City	\$0	\$962,000	\$1,738,000	\$710,000
State	0	438,000	562,000	290,000
Federal	1,000,000	0	600,000	0
Total	\$1,000,000	\$1,400,000	\$2,900,000	\$1,000,000

Source: The Office of Management and Budget

While the Executive Plan assumes the receipt of \$600 million of federal funds for the costs related to the asylum seeker response in Fiscal 2024, the City has not received confirmation of an award of federal funding approaching this level. Currently only \$8 million from Federal Emergency Management Agency (FEMA) has been confirmed for the City's expenses incurred prior to October 1, 2022.⁴ In the omnibus federal spending bill passed in December 2022, Congress appropriated \$800 million in funding, for this federal fiscal year, through FEMA to address the asylum seekers crisis nationwide. The Executive Plan assumes that the City will receive 75 percent of the entirety of the \$800 million in federal funding. Although it was initially indicated that the City would receive a substantial share of this funding, it is still not certain how much of it the City will receive.⁵ FEMA recently awarded the first \$330 million tranche of this funding. On May 5, 2023, it was announced that the City was awarded just \$30.5 million (8.7 percent) of the first tranche.⁶ Given this award amount, even if all FEMA funding that remains in the current federal fiscal year was allocated to the City, the City would not be awarded the \$600 million of federal funds in the City budget. At a March 6, 2023 Council hearing with the New York City Office of Management and Budget (OMB) on the Preliminary Plan, OMB's Director indicated that the City is not anticipating the receipt of any additional federal funds in Fiscal 2023, which is why the funding source was adjusted for that year.⁷ Through the end of March 2023, the City spent \$817.0 million in Fiscal 2023 on costs related to the asylum seeker crisis.⁸ Of this amount, 56.7 percent, or \$463 million, was spent by DHS and HRA on emergency shelter and support services, and 32.9 percent, or \$269 million, was spent by H+H on HERRCs.

As of May 10, 2023, over 65,000 asylum seekers had been processed through the City's intake system for asylum seekers since spring 2022. Over 39,400 asylum seekers are currently staying in one of the 130 emergency hotel shelters managed by DHS or the eight HERRCs operated by NYCEM, H+H, and HPD.⁹ According to DHS, as of May 2, 2023, 27,560 asylum seekers are residing in DHS-operated shelters (with the remainder residing in HERRCs). Since February 11, 2022, when the overall DHS census was 45,054, the shelter population has grown by over 34,000 (76.3 percent) in just over one year.¹⁰

The Enacted Fiscal 2024 State Executive Budget included \$1.0 billion in funding to address the asylum seeker crisis in the City over State Fiscals 2024 and 2025. These funds will flow directly to the City for reimbursement of 29 percent of the City's emergency shelter expenses. Reimbursement is applicable to eligible costs incurred between April 1, 2022, and March 31, 2024. In order to access the entire amount, based on the reimbursement rate the City would have to spend over \$3.4 billion on approved costs. The State budget was adopted after the release of the City's Executive Plan, but the City still assumed the receipt of the \$1.0 billion. The State funding added in the Executive Plan for Fiscal 2025

⁴ City & State, "New York has done its share," Eric Adams says on migrant crisis", January 4, 2023, see:

<https://www.cityandstateny.com/politics/2023/01/new-york-has-done-its-share-eric-adams-says-migrantcrisis/381464/>.

⁵ Politico, "Federal spending bill to include \$800M in grants for cities dealing with migrant crisis", December 20, 2022, see:

https://www.politico.com/news/2022/12/20/omnibus-spending-bill-migrants-00074785?oref=csny_firstreadtonight_nl.

⁶ AMNY, "NYC to get \$30.5M in federal migrant crisis funds, far less than \$350M Adams admin requested", May 5, 2023, see:

<https://www.amny.com/news/nyc-to-get-30-5m-in-federal-migrant-crisis-funds-far-less-than-350m-adams-admin-requested/>.

⁷ New York Post, "Eric Adams knows Biden won't help pay NYC's \$4B migrant tab: official," March 6, 2023, see:

<https://nypost.com/2023/03/06/no-more-migrant-aid-coming-to-nyc-from-biden-in-fiscal-year/>.

⁸ According to information provided in email communications with the New York City Office of Management and Budget on April 11, 2023.

⁹ Department of Social Services, Email Newsletter, "NYC DSS Weekly Partners Bulletin 5.11.23," May 10, 2023.

¹⁰ Department of Homeless Services, "Daily Report", May 15, 2023, see:

<https://www.nyc.gov/assets/dhs/downloads/pdf/dailyreport.pdf>.

has not been confirmed by or appropriated by the State. The Administration has indicated it is assuming the cost sharing between the City and State would continue.

Executive Plan Changes

The Executive Plan includes expense changes that increase the Fiscal 2023 budget by \$2.5 billion, and the Fiscal 2024 budget by \$4.0 billion. Agency new needs, which include new programs or expansions to existing programs, total \$1.3 billion in Fiscal 2023 and \$455 million in Fiscal 2024. Other adjustments (excluding debt service), which include technical cost adjustments to programs and the recognition of non-City funding, total \$947 million in Fiscal 2023 and \$5.5 billion in Fiscal 2024.

The Executive Plan accounts for the prepayment of an additional \$868 million of Fiscal 2024 expenses with Fiscal 2023 resources, in addition to the \$2.2 billion already planned to be prepaid in the prior financial plan. The Executive Plan includes expense savings from a PEG, of \$447 million in Fiscal 2023 and \$978 million in Fiscal 2024, including some non-city savings.

New Needs

The Executive Plan includes \$2.6 billion in new needs across Fiscals 2023 through 2027. The Executive Plan includes \$1.8 billion in new needs across Fiscal 2023 and Fiscal 2024 alone. In comparison, the new needs package included in the Preliminary Plan totaled \$412 million across the five-year plan period, with \$291 million in Fiscal 2023 and approximately \$30 million in Fiscal 2024 and each of the outyears. Notable new needs are listed in Table 6.

All Funds	FY23	FY24	FY25	FY26	FY27
Fiscal 2024 Preliminary Plan	\$106,388	\$102,655	\$106,320	\$108,438	\$110,985
New Needs Total	\$1,302	\$455	\$286	\$255	\$260
Cash Assistance Funding Re-estimate	280	0	0	0	0
PS Adjustment	215	1	1	1	1
Shelter Cost Re-estimate	200	0	0	0	0
CityFHEPS Rental Assistance	160	0	0	0	0
Information Technology	58	0	0	0	0
Child Care	57	0	0	0	0
State Mandate	47	0	0	0	0
PS Misalignment	39	0	0	0	0
OTPS Adjustment	36	2	0	0	1
Mpox Response	33	0	0	0	0
Domain Awareness System and Mobility	28	0	0	0	0
Subway Safety Plan Re-estimate	22	0	0	0	0
Security and Janitorial Services	18	0	0	0	0
MyCity	17	19	6	6	6
Article 10 Adjustment	14	0	0	0	0
FEMA City Match	11	0	0	0	0
All Other New Needs	65	433	278	248	252
Other Adjustments (without Debt Service Prepayment)	\$947	\$5,519	\$4,564	\$4,547	\$5,405
Debt Service Prepayment	\$868	(\$868)	\$0	\$0	\$0
PEGS	(\$447)	(\$978)	(\$1,031)	(\$1,008)	(\$948)
Less Intra-City Funding	(\$148)	(\$94)	(\$86)	(\$93)	(\$91)
FY24 Exec Plan	\$108,910	\$106,689	\$110,052	\$112,139	\$115,611

Some of the new needs added in the Executive Plan include:

- **Cash Assistance Benefit Payments.** The Executive Plan includes an additional \$279.9 million in Fiscal 2023 for HRA, comprised of \$166.1 million in City funds, \$82.6 million in State funds, and \$31.2 million in federal funds, to support the increased need for benefit payments to cash assistance clients. HRA's cash assistance caseload continues to be higher than it was before the onset of the pandemic.
- **Personal Services (PS) Adjustments.** The Executive Plan includes an additional \$215.4 million for Personal Service Adjustments in Fiscal 2023 and \$1.0 million in the out-years. This includes \$112.0 million for the Department of Correction (DOC), \$28.6 million in Fiscal 2023 for the Fire Department (FDNY), \$43.5 million for the Police Department, \$31.0 million for the Department of Sanitation (DSNY) related to increased overtime costs.
- **Non-Asylum Seeker Shelter Services.** The Executive Plan includes an additional \$200 million in City funds in Fiscal 2023 for DHS to support the increased need for shelter services. This funding relates to an increase in the non-asylum seeker shelter census across all shelter populations, rising shelter operating costs, and the higher cost of newer shelter locations as they start operating. An additional \$60 million in State and federal funding is added as an other adjustment, as detailed below in the other adjustment section, relating to families with children shelters, which are typically funded with a blend of City, State, and federal revenue sources.
- **CityFHEPS.** The Executive Plan includes an additional \$160.0 million in City funds in Fiscal 2023 for HRA to meet the demand for the City's rental assistance vouchers, which are known as City Family Homelessness and Eviction Prevention Supplement (CityFHEPS). This is one of several one-time additions made for Fiscal 2023 over the course of the last several financial plans. HRA's Fiscal 2023 budget for rental assistance programs currently totals \$699.6 million, but the baseline budget decreases to \$133.4 million in Fiscal 2024 and in the outyears, not accounting for the historical level of usage.
- **Information Technology.** The Executive Plan includes an additional \$50.9 million in Fiscal 2023 relating to the ongoing maintenance of HRA's information technology systems and \$7.5 million in Fiscal 2023 relating to the ongoing maintenance of DHS' information technology systems for a total of \$58.5 million. The HRA funding is comprised of \$33.8 million in City funds, \$10.7 million in federal funding, and \$6.4 million in State funding. The DHS funding is comprised of \$7.0 million in City funds and \$529,410 in federal funding.
- **Child Care.** The Executive Plan includes an additional \$56.8 million in Fiscal 2023 as a result of the 2022 State Market Rate increase for Child Care providers. The Administration for Children's Services (ACS) reports that they have approximately 4,000 providers who are in the process of applying for the higher rate. The agency is aware that this funding is for Fiscal 2023 only and is working with the Office of Management and Budget (OMB) to secure funding for the outyears.
- **Foster Care.** The Executive Plan includes an additional \$47.2 million in Fiscal 2023, resulting from the statewide settlement increasing the Foster Parent Stipends and Adoption Subsidies. ACS is now required to reimburse foster parents at 100 percent. In addition, according to OMB, the Maximum State Aid Rates (MSAR) were also increased. This funding reflects the additional

cost of the new rates. The agency is aware this funding is for Fiscal 2023 only and is working with OMB on securing funding for the outyears.

- **Personal Services (PS) Misalignment.** The Executive Plan includes an additional \$39.0 million in City funds in Fiscal 2023 to fund a shortfall in HRA's PS budget. The agency has more headcount that is ineligible for State and federal reimbursement than in prior years, increasing the required City share of overall PS costs.
- **Other Than Personal Services (OTPS) Adjustment.** The Executive Plan includes an additional \$36.4 million for OTPS Adjustments in Fiscal 2023, \$1.7 million in Fiscal 2024, \$120,000 in Fiscal 2025-2026 and \$658,580 in Fiscal 2027. For the Fire Department, this includes \$19.0 million in Fiscal 2023 to match current year spending levels to anticipated spending levels for auto parts and telecommunication services.
- **Mpox Response.** The Executive Plan includes \$33.0 million in Fiscal 2023 in the Department of Health and Mental Hygiene's budget to combat the Mpox epidemic, in relation to the public health emergency from last summer. This includes \$3.0 million in PS funding and \$30.0 million in OTPS funding for testing, vaccination, and outreach services.
- **Domain Awareness System and Mobility.** The Executive Plan includes an additional \$27.6 million in City funds in Fiscal 2023 in the Police Department's budget. \$14.6 million of these funds are for the Domain Awareness System contract and \$13.0 million is for data plans for officer smartphones and tablets in patrol vehicles. This adjustment is made each year and the system centralizes information gathered from closed circuit television (CCTV), license plate readers (LPR) and ShotSpotter systems.
- **Subway Safety Plan Re-estimate.** On February 18, 2022, the Mayor released the "Subway Safety Plan" outlining the City's strategy to address street homelessness and safety on public transit. The plan included health services and outreach, as well as new drop-in centers, safe haven beds, and stabilization beds. The Fiscal 2023 Executive Plan includes an additional \$171.3 million in DHS' baseline, starting in Fiscal 2023, to support the Subway Safety Plan. In the Fiscal 2024 Executive Plan, \$22 million of additional City funds are included for Fiscal 2023 for additional outreach services under the Subway Safety Plan. This includes response to 311 requests and transportation services for end-of-line outreach that bus individuals from the transit system to DHS shelters. The Administration is monitoring spending and the long-term planning for the Subway Safety Plan to determine if a baseline increase is necessary.
- **Security and Cleaning Contracts.** The Executive Plan includes an additional \$17.9 million in Fiscal 2023 for HRA, comprised of \$15.9 million in City funds, \$1.4 million in federal funding, and \$658,622 in State funding, to fund a shortfall in security and cleaning contracts. The costs under these contracts have increased due to prevailing wage requirements.
- **COVID-19 Isolation Hotels.** The Executive Plan includes an additional \$11.1 million in City funds for Fiscal 2023 in DHS for the required ten percent local matching share for Federal Emergency Management Agency (FEMA) funding. The FEMA funding was allocated for COVID-19 isolation hotels, which are used to provide shelter for clients with COVID-19, with COVID-19 exposure who need to quarantine, and for those with reasonable accommodations. DHS currently operates 12 isolation hotels. As detailed below in the other adjustment section, additional FEMA funding is also added in the Executive Plan for these sites in Fiscal 2023. Notably, when the public health emergency ends on May 11th, the City will no longer be

eligible to receive FEMA funding for the COVID-19 isolation hotels and is currently in the process of ramping down their operation and working on a plan for the clients impacted.

Other Adjustments

The Executive Plan includes other adjustments, which include technical cost adjustments to City programs and the recognition of non-City funding. These changes total \$20.9 billion across the five-year plan period, with \$6.5 billion of the adjustments in Fiscal 2023 and Fiscal 2024. In comparison, the Fiscal 2024 Preliminary Plan included \$1.1 billion of adjustments across the five-year plan period, with increases of \$823 million in Fiscal 2023 and \$124 million in Fiscal 2024.

Some of the other adjustments added in the Executive Plan include:

- **Collective Bargaining Pattern Increment.** The Executive Plan includes an additional \$2.3 billion in Fiscal 2023, \$1.7 billion in Fiscal 2024, \$3.1 billion in Fiscal 2025, \$4.1 billion in Fiscal 2026 and \$4.8 billion in Fiscal 2027 for the costs associated with the collective bargaining pattern increment set by recent settlements with two of the City's largest unions: DC 37 and the Police Benevolent Association (PBA). These funds are in addition to the funds already set aside in the City's Labor Reserve for the estimated cost of these settlements.
- **DC 37 Collective Bargaining Agreement** The Executive Plan transfers funding from the centralized Labor Reserve into various agency budgets to account for wage increases for DC 37 members, totaling \$621.0 million in Fiscal 2023, \$487.8 million in Fiscal 2024, \$672.3 million in Fiscal 2025, \$847.6 million in Fiscal 2026, and \$857.2 million in Fiscal 2027. These totals include all funding sources. The largest additions are detailed in Table 7.

Table 7: Other Adjustments for DC 37 Collective Bargaining Agreement, by Agency

Dollars in Millions

Agency	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
Health + Hospitals	\$163	\$102	\$155	\$199	\$209
Department of Education	104	78	104	131	131
Human Resources Administration	39	35	46	58	58
Administration for Children's Services	37	34	45	57	57
Police Department	40	30	40	50	50
Department of Health and Mental Hygiene	33	30	40	50	50
Department of Parks and Recreation	34	29	39	48	48
Department of Environmental Protection	20	19	25	31	31
Department of Transportation	13	12	17	21	21
Housing Preservation and Development	10	9	13	16	16
Department of Information Technology and Telecommunication	9	9	12	15	15
New York Public Library	8	7	9	11	11
Department of Finance	7	7	9	11	11
Department of Homeless Services	7	6	8	11	11
Department of Design and Construction	6	6	8	11	11
Other Agencies	90	76	102	128	128
Total	\$621	\$488	\$672	\$848	\$857

- **Debt Service Prepayment.** The Executive Plan includes an increase of \$868.4 million in Fiscal 2023 and a decrease in Fiscal 2024 of the same amount for the Budget Stabilization Account (BSA) / Roll. This is further discussed in the Reserves and Budget Structure section of the report.

- Asylum Seeker Response.** The Executive Plan includes \$400 million in Fiscal 2023, \$2.9 billion in Fiscal 2024, and \$1 billion in Fiscal 2025, across multiple agencies to support the City’s asylum seeker response. As of the Preliminary Plan, a total of \$1 billion was budgeted for Fiscal 2023 only for the City’s response. The Executive Plan includes several adjustments to this funding which constitute a net increase of \$400 million for Fiscal 2023. The additional funding added in the Executive Plan is detailed, by agency, in Table 8. The additional funding allocated in Fiscals 2024 and 2025 is detailed in the asylum seeker section of this report, along with a discussion of adjustments made to funding sources for Fiscal 2023.

Agency	FY23
Department of Homeless Services	\$127,675
Health + Hospitals	197,350
NYC Emergency Management	26,700
NYC Office of Technology and Innovation	(5,000)
Human Resources Administration	2,325
Department of Citywide Administrative Services	24,300
Housing Preservation and Development	25,350
Department of Health and Mental Hygiene	1,000
Department of Design and Construction	300
Total	\$400,000

- Office of Neighborhood Safety (ONS).** The Executive Plan includes \$184.9 million in additional funding in Fiscal 2024 and \$130.9 million in the out-years, due to the Administration’s movement of this program from the Mayor’s Office of Criminal Justice (MOCJ) to DYCD. As part of the Mayors Action Plan (MAP) for Neighborhood Safety (ONS) to address the root causes of crime and the implementation of community driven solutions to public safety. This includes MAP, Crisis Management System (CMS), Atlas and Precision Employment Initiative (PEI), and only supports funding for contract awards.
- Enhanced Transit Overtime.** The Executive Plan includes \$62.0 million in State funding for Fiscal 2023 to support uniformed overtime costs at the Police Department. These funds are associated with the Subway Safety program announced by the Governor and Mayor to deploy additional officers throughout the subway system. There was an expected increase in overtime costs and the Governor agreed to supplement funding for those related costs.
- Traffic Management Center (TMC) Grant Put-Up.** The Executive Plan includes \$16.4 million in Fiscal 2023 and \$5.5 million in Fiscal 2024 in Department of Transportation’s budget for a federal grant used to support the Traffic Management Center.
- Rikers Island (RI) Emergency Work.** The Executive Plan includes \$13.2 million in Fiscal 2023 in expense funding in Department of Design and Construction’s budget for Rikers Island since projects associated with Rikers Island are not capital eligible.
- Early Intervention Services.** The Executive Plan includes \$11.0 million in Fiscal 2023 in the budget for the Department of Health and Mental Hygiene for a support grant for Early Intervention services.
- Urban Area Security Initiative (UASI).** The Executive Plan includes \$39.9 million of Federal funds in Fiscal 2023 for the UASI grant for the Police Department. There were multiple adjustments for the UASI grant from previous Fiscal years the largest being a rollover from Fiscal 2022 of \$33.6 million. This grant funding supports counterterrorism efforts including funding for the Domain Awareness System.

- **Healthcare Bonus Payment.** The Executive Plan includes \$27.1 million in Fiscal 2023 for Healthcare Bonus Payment. The program allows for the payment of bonuses to recruit, retain, and reward health care and mental hygiene workers meeting certain eligibility requirements.
- **COVID-19 Isolation Hotels.** In addition to the \$11.1 million in City funding, previously detailed in the new needs section, the Executive Plan also includes an additional \$33.6 million in federal funding from FEMA for COVID-19 isolation hotels for DHS.
- **Hurrell- Herring Settlement Adjustment.** The Plan includes a one-time funding of \$19.0 million in Fiscal 2023 for the Hurrell - Herring grant from the State Office of Indigent Services for the remaining quarter of Fiscal 2023 until the new grant starts in Fiscal 2024. The Hurrell - Herring Settlement, approved in March 2015, requires New York State and the five defendant counties to improve the delivery of public defense services in four key areas: Counsel at Arraignment; Caseload Relief; Initiatives to Improve the Quality of Indigent Defense; and Eligibility Standards for Representation. Under the terms of the Settlement, the State is obligated to fund these initiatives.

Program to Eliminate the Gap (PEG)

The Executive Plan PEG includes actions that provide additional resources to balance the budget either through City-funds expenditure reductions or increased agency revenue. PEGs introduced in the Executive Plan total \$4.8 billion across the five-year plan period. The PEG program introduced in the Fiscal 2024 Preliminary Plan totaled \$2.2 billion across the five-year plan period.

Table 9: Citywide PEG Totals Since Adoption (City funds), \$ in Millions

	FY23	FY24	FY25	FY26	FY27
November	\$916.0	\$1,614.1	\$1,516.6	\$1,498.8	\$1,081.6
January	\$210.5	\$340.6	\$373.1	\$396.0	\$903.4
April	\$536.7	\$1,046.8	\$1,107.0	\$1,089.0	\$1,024.3
Total	\$1,663.3	\$3,001.4	\$2,996.7	\$2,983.7	\$3,009.2

The total value in Fiscal 2023 and Fiscal 2024 of the three PEGs instituted since adoption is \$4.7 billion.

- \$3.6 billion (76.6 percent) of Fiscal 2023 and Fiscal 2024 PEG value is the result of reduction in agency city-funds expenditures.
- \$645.7 million (13.8 percent) of Fiscal 2023 and Fiscal 2024 PEG value is derived from increased agency revenues.
- \$450.2 million (9.6 percent) of Fiscal 2023 and Fiscal 2024 PEG value result of decreased debt service costs.

Table 10: Program to Eliminate the Gap (PEG) Citywide PEG Totals Since Adoption (City funds)

Dollars in Thousands

Agency	FY23	FY24	FY25	FY26	FY27
DOE	\$175,821	\$1,124,820	\$945,974	\$955,448	\$957,612
CUNY	18,483	41,330	41,306	41,334	41,363
HRA	217,232	90,172	81,112	83,194	83,194
H+H	214,094	35,216	37,100	35,646	35,646
DoHMH	55,599	85,238	90,040	88,947	88,947
ACS	132,887	75,262	75,265	75,221	75,221
DHS	2,202	33,590	153,190	153,190	155,490
DFTA	18,620	28,676	27,239	27,232	27,232
DYCD	27,940	48,828	48,556	48,535	48,535
NYPD	73,081	316,211	287,565	259,472	213,880
FDNY	59,610	96,212	94,422	92,010	91,010
DOC	64,348	125,795	125,400	125,400	125,400
DSNY	71,868	58,146	60,374	64,317	64,863
DOT	32,008	88,002	87,468	89,706	89,715
HPD	24,723	31,616	33,505	30,196	22,924

Human Resources Administration (HRA) and Department of Homeless Services (DHS)

- Employment Services (\$20.8 million reduction in Fiscal 2023 for HRA).** Since the onset of the pandemic, mandatory work requirements for cash assistance clients have been suspended. These requirements were set to resume on May 11, 2023, when the public health emergency ended, but HRA is working with State partners to request a waiver to delay the resumption date. While work requirements have not been mandatory for some time now, HRA has been offering employment services on a voluntary basis to clients. The Executive Plan includes \$20.8 million in savings in Fiscal 2024 for HRA, from anticipated underspending on employment services contracts, comprised of \$8.6 million in City funding, \$11.2 million in federal funding, and \$985,715 in State funding. Even if HRA is not able to obtain the waiver it is seeking, it anticipates that the resumption of work requirements will happen gradually over a period of time and thus spending in Fiscal 2024 will be below the baseline budget in that year.
- Federal Fringe Benefit Rate Adjustment (\$18.5 million baseline decrease starting in Fiscal 2025 for HRA).** The Executive Plan reflects \$18.5 million in baselined City fund savings starting in Fiscal 2025 for HRA. The savings relate to additional federal revenue the City will receive from an increase in the allowable federal fringe benefit rate. Such savings for Fiscals 2023 and 2024 were previously included in the November 2022 Financial Plan. There is no net impact to HRA’s budget from the combination of the PEG and an Other Adjustment, which was reflected to add the fringe funding to HRA's budget as it is typically funded in the City's Miscellaneous budget.
- Contracted Provider Funding Reduction (\$36.2 million reduction in Fiscal 2024 and in the outyears for DHS, \$3.0 million reduction in Fiscal 2024 and in the outyears for HRA).** The Executive Plan includes a baseline reduction of \$36.2 million for DHS, starting in Fiscal 2024, comprised of \$29.1 million in City funding, \$5.7 million in federal funding, and \$1.4 million in State funding. Savings will be generated from a 2.5 percent net reduction to shelter provider contract rates. The Executive Plan includes a baseline reduction of \$3.0 million in City funding starting in Fiscal 2024 for HRA. For the DHS PEG, this will impact contracted shelter providers. It has not yet been determined which HRA providers will be impacted but the

agency indicated that contracts in the Domestic Violence Services and HIV and AIDS Services program areas are not being considered. Providers will be required to identify five percent in savings on their contracts and will be permitted to reinvest half of that, or 2.5 percent, toward staff retention costs. DHS and HRA will develop and issue guidance for providers detailing how the initiative would work. The agency has observed that many shelter providers are not spending down all of the PS costs allowed in contracts and providers want flexibility to increase salaries. While providers will be permitted to choose where to take the savings in their respective contracts, this proposal may force them to eliminate vacant positions to increase salaries for existing positions.

New York Police Department (NYPD)

- **School Safety Division Personal Services Savings (\$21.8 million in Fiscal 2024, \$16.3 million in Fiscal 2025, \$10.9 million in Fiscal 2026 and \$10.1 million in Fiscal 2027).** Due to less than anticipated PS spending for School Safety Agents, the Department projects savings of \$21.8 million in Fiscal 2024, \$16.3 million in Fiscal 2025, \$10.9 million in Fiscal 2026 and \$10.1 million in Fiscal 2027. As of April, the Department has 598 vacant School Safety Agent positions.
- **Uniformed Personal Services Savings (\$90.1 million in Fiscal 2024, \$112.3 million in Fiscal 2025, \$100.7 million in Fiscal 2026 and \$110.8 million in Fiscal 2027).** Due to less than anticipated PS spending for uniformed positions the Executive Plan includes savings of \$90.1 million in Fiscal 2024, \$112.3 million in Fiscal 2025, \$100.7 million in Fiscal 2026 and \$110.8 million in Fiscal 2027. As of April, the Department has 1,249 vacant uniformed positions.
- **Parking Summons Issuance (\$30 million of additional revenue in Fiscal 2024 and the outyears).** The Executive Plan includes increased revenue projections of \$30 million in Fiscal 2024 and the outyears for parking summonses due to anticipated hiring of Traffic Enforcement Agents and historical productivity

Department of Sanitation (DSNY)

- **Snow Removal (\$45.0 million reduction in Fiscal 2023).** Due to funding re-estimates, the Executive Plan includes a \$45 million decrease for snow removal costs in Fiscal 2023. This action reflects an updated estimated cost of snow removal this year based on low snow totals.

Department of Housing Preservation and Development (HPD)

- **Supportive Housing Rental Assistance Re-Estimate (\$20.5 million across Plan: \$500,000 reduction in Fiscal 2023, \$5.2 million in Fiscal 2024, \$8.2 million in Fiscal 2025, \$6.4 million in Fiscal 2026, and \$300,000 in Fiscal 2027).** The PEG continues a progression of budget reductions to NYC 15/15 supportive housing rental assistance, which is attributed to a mix of underperformance and underspending. To reflect slower-than-expected project timelines and longer wait times until lease up, the November 2022 Plan removed a total of \$14.7 million across Fiscal 2023-2026. The Executive Plan PEG removes \$20.5 million more across the Plan, with reductions to Fiscal 2023 NYC 15/15 rental assistance funding of \$17.5 million, with \$32.7 million in Fiscal 2024, \$46.2 million in Fiscal 2025, \$58.8 million in Fiscal 2026, and \$66.0 million in Fiscal 2027. The budget increases over time to reflect the compounding effect of paying rental subsidies for a greater number of supportive housing units.

HPD only serves congregate supportive housing, and its goal is to create 650 units per year through Fiscal 2028. The Department believes it is on track to produce the units, including in

Fiscal 2024. The new estimate takes into account the number of ground-up new construction projects in progress, and actual production timelines to final lease up. Tenants are also paying a larger share of rent than was originally anticipated. HPD has created 9,900 supportive housing units since 2014, including 3,600 NYC 15/15 congregate units. The citywide NYC 15/15 goal is 15,000 units over 15 years, however over 60,000 New Yorkers may benefit from supportive housing. It is estimated that four out of every five people found eligible for supportive housing have to remain in the shelter or on the street because of the lack of available units.

- **NYCHA Funding Swap (\$31.6 million expense-for-capital swap over Plan: \$7.9 million in Fiscals 2024 and 2025, and \$7.8 million in Fiscals 2026 and 2027).** This PEG swaps expense funds for the repair and rehabilitation of vacant NYCHA units with capital funding, generating \$31.6 million of City expense savings over the plan period. The swap creates short-term cost savings from a recognition that the scopes of work of units in the vacant unit readiness program are so substantial that the capital budget can be used to fund repairs. It adds long-term capital debt service costs. No programmatic impact is expected.

Department of Education

- **Fringe Adjustment. (\$305.6 million reduction in Fiscal 2024, \$337.6 million reduction in Fiscal 2025, \$348.8 million reduction in Fiscal 2026, and \$350.4 million reduction in Fiscal 2027)** The DOE reduced the fringe costs that were not tied to any positions but over-estimated at adoption. **Absent Teacher Reserve. (\$10.0 million reduction baselined from Fiscal 2024 to Fiscal 2027)** The DOE saved \$10.0 million in the next fiscal year and the outyears by removing funding for teachers from the reserve that were either hired by schools or retired.

Higher Education

- **Fringe Savings. (\$11.8 million reduction in Fiscal 2024 and the outyears)** The Executive Plan includes a reduction of \$11.8 million in City Funds for Fiscal 2024 and in each of the outyears of the plan period for reduced expenditures on fringe benefits. Because of CUNY's high vacancy rate and the elimination of number of vacancies as part of prior PEGs, CUNY has a lower headcount than originally budgeted. This PEG initiative reduces CUNY's planned expenditure on related fringe expenses because of the lower headcounts.

Department of Transportation

- **Traffic & Streets Operations. (\$23.4 million in Fiscal 2024, \$19.6 million in Fiscal 2025, \$18.1 million in Fiscal 2026, and \$20.1 million in Fiscal 2027).** The Executive Plan includes savings in each year of the plan period related to less than expected spending on traffic and streets operations.

Other changes include

- **ACS** - \$33.2 million: including \$10 million reduction of fringe benefits; \$7.1 million re-estimate based on decreased census and spending for Office of Children and Family Services placement.
- **DOC** - \$47.4 million: including \$17 million for insourcing of contracted services; \$30.4 million for less than anticipated personal service spending due to vacancies.

Capital

The capital program is presented in the Executive Capital Commitment Plan for Fiscal 2023-2027 (Commitment Plan) and the Fiscal 2024 Executive Capital Budget.

Commitments for Fiscal 2023 through 2027 as presented in the Commitment Plan total \$96.5 billion, \$1.4 billion greater than the total for the same period presented in the Preliminary Capital Commitment Plan released in February. The commitment plan is relatively evenly dispersed with approximately 19 percent of the entire planned expenditure in the current year, 25 percent in Fiscal 2024, and 20 percent, 18 percent, and 17 percent in Fiscal 2025 through Fiscal 2027.

Chart 5: FY23 - FY27 Capital Commitment Plan, Preliminary vs. Executive

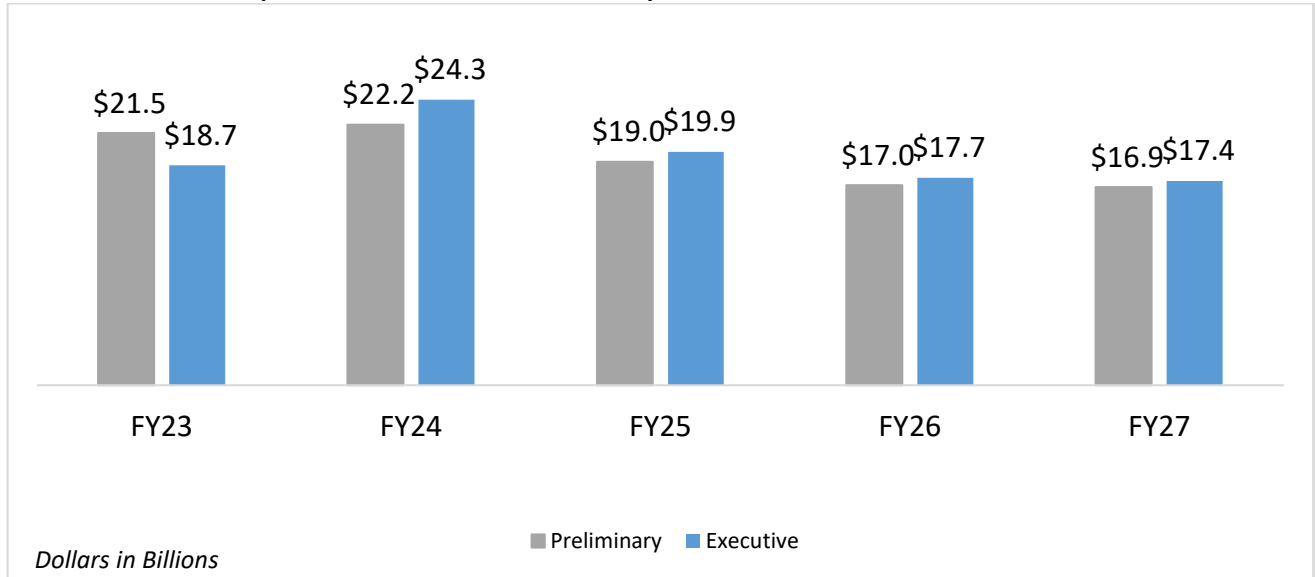
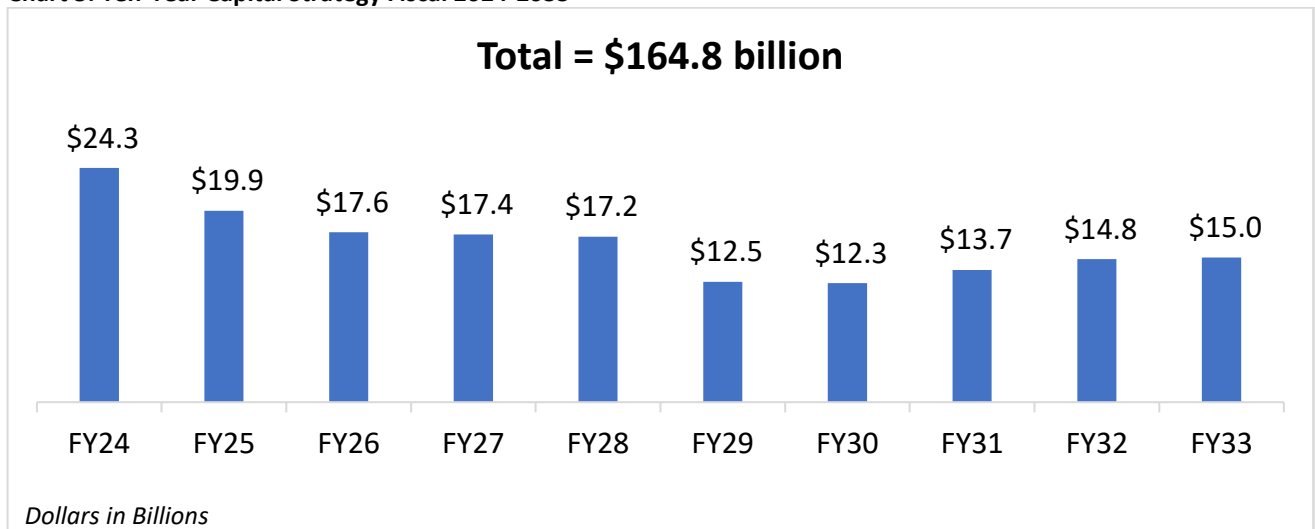


Chart 5: Ten-Year Capital Strategy Fiscal 2024-2033



Capital Financing Plan

New York City issues bonds to fund its capital program. The Executive Plan estimates the City will undertake \$62.7 billion in long-term borrowing in Fiscals 2023 through 2027 to finance the City's

many capital needs. The current plan is \$400 million greater than the Preliminary Financial Plan.¹¹ The Executive Plan includes the issuance of an estimated \$27 billion of General Obligation (GO) bonds, \$26.9 billion in bonds of the New York City Transitional Finance Authority (TFA), and \$8.9 billion of borrowing by the New York City Municipal Water Finance Authority (NYW), for which NYW pays its own debt service through dedicated water and sewer fees. A summary of the financing plan is shown in Table 11.

The City's borrowing strategy is a function of numerous factors, including but not limited to the conditions of the financial market, the economic fallout geopolitical or the continue persistence of inflation, the City's project schedule, and cash flow considerations. The financing plan does not directly align with the Ten-Year Strategy or the Commitment Plan, as it more closely follows the City's actual capital expenditures in any given year.

Table 11: Summary of Capital Financing Plan - Executive Financial Plan					
<i>Dollars in Millions</i>					
	FY23	FY24	FY25	FY26	FY27
Financing Plan					
General Obligation Bonds	\$3,915	\$4,820	\$5,650	\$6,050	\$6,530
Transitional Finance Authority Bonds ⁽¹⁾	3,800	4,820	5,650	6,050	6,530
Water Authority Bonds	1,163	1,557	1,849	2,054	2,270
Total	\$8,878	\$11,197	\$13,149	\$14,154	\$15,330
Debt Outstanding					
GO Bonds	\$40,310	\$42,620	\$45,778	\$49,308	\$53,368
TFA Bonds ⁽¹⁾	45,627	48,813	52,791	56,988	61,213
Other Debt ⁽²⁾	1,869	1,772	1,673	1,580	1,483
Total	\$87,806	\$93,205	\$100,242	\$107,876	\$116,064
Water Authority Bonds	32,104	33,101	34,471	36,009	37,802
Debt Financing Burden (excludes Water Debt)					
Debt Outstanding/NYC Personal Income	12.2%	12.5%	12.9%	13.2%	13.6%
Source: OMB Executive Plan 2024-2027					
1) TFA Bonds do not include Building Aid Revenue Bonds issued for education capital purposes which are secured by Building Aid revenues from the State					
2) Includes Conduit Debt and the Tobacco Settlement Asset Securitization Corporation (TSASC).					

The City's debt issuance remains below the City's constitutional debt limit of \$127.4 billion, which is forecasted to grow sufficiently to accommodate new borrowing in the Capital Financing Plan. The debt limit is projected to grow from \$127.4 billion in Fiscal 2023 to \$145.5 billion in Fiscal 2026, for an average annual growth rate of 4.5 percent. Over the same period, total indebtedness against the limit is projected to grow at an annual rate of 11.5 percent, reaching \$119.1 billion by Fiscal 2026.

The City's bonds continue to be well received by the markets, and all of the issuers financing the city capital program have maintained credit ratings in the AA category or better by Moody's, S&P, and Fitch, as indicated in Table 12. Following the economic uncertainty caused by the onset of COVID-19, the credit ratings assigned to the issuers financing most of the City's capital program came under pressure. Since then, all the ratings have returned to the levels that prevailed before the onset of COVID-19 except for the Moody's and Fitch ratings on the City General Obligation credit. Moreover, Fitch Ratings upgrade the city bond rating to AA from AA- on February 18th, 2023.² The upward credit rating revision reflects strong fiscal management and higher reserve levels which has placed the city

¹¹ April 2024-2027 Executive Financial Plan, Office of Management and Budget: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nyc.gov/assets/omb/downloads/pdf/mm4-23.pdf

in a significantly stronger position to weather future economic storms. On the other hand, outlooks for NYW and bonds issued on behalf of NYW by EFC have remained stable throughout the years.

Table 12: Bond Rating

Rating Agency	GO	TFA Future Tax Secured (FTS) Senior	TFA FTS Subordinate	TFA BARBs	NYW First	NYW Second
S&P	AA	AAA	AAA	AA	AAA	AA+
Moody's	Aa2	Aaa	Aa1	Aa2	Aa1	Aa1
Fitch	AA	AAA	AAA	AA	AA+	AA+

Debt Service

The City's borrowing is paid through debt service which show up in the City's expense budget. The Executive Plan projects Fiscal 2023 debt service to be \$7.6 billion in Fiscal 2023, with \$4.2 billion servicing GO debt and \$3.3 billion servicing TFA debt. Debt service costs grow by 3.5 percent to \$7.9 billion in Fiscal 2024, before growing more rapidly at an average rate of 7.5 percent in the outyears to \$9.7 billion by Fiscal 2027.

Table 13: Annual Debt Service Cost – Fiscal 2024 Executive Financial Plan

(\$ in Millions, Before Prepayments)

	FY23	FY24	FY25	FY26	FY27
G.O. Bonds	\$4,157	\$4,400	\$4,573	\$4,826	\$5,031
T.F.A. Bonds	3,259	3,294	3,573	4,089	4,576
TSASC Bonds	76	76	76	69	69
Conduit Debt	128	121	120	119	118
TOTAL City Debt Service	\$7,620	\$7,892	\$8,342	\$9,103	\$9,794
Water Authority Bonds	\$1,640	\$1,938	\$2,016	\$2,164	\$2,243

Source: OMB Fiscal 2024 Executive Financial Plan

While these increases may appear troubling, it should be noted that to some extent the increasing debt service costs are a function of the City's cautious budgeting practice where revenues tend to be under-forecast, while overly pessimistic interest rate assumptions push up debt service costs. Once correcting for these intentional biases, the City's debt service growth is likely to be more modest.

This cautious budgeting practice has resulted in debt service costs serving as a routine source of expense savings for the City. . To that end, OMB reported in the Executive Plan debt services savings of \$110 million in Fiscal 2023 and \$85 million in Fiscal 2024. Coupled with savings from the Preliminary and November Plans, Fiscal 2023 and Fiscal 2024 debt service costs are down from adoption by about \$195 million and \$225 million respectively.

However, as U.S. annual inflation rate continue to be higher than pre-pandemic, identifying debt service saving may be more uncertain moving forward as the spread between OMB's assumed interest rates and the actuals will have shrunk.