

SNAPSHOT:

Key Findings From IBO's Review of the Mayor's Preliminary Budget for 2021

February 5, 2020



New York City
Independent Budget Office
Ronnie Lowenstein, Director

110 William Street
New York, NY 10038
Tel: 212-442-0632

iboenews@ibo.nyc.ny.us
www.ibo.nyc.ny.us

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Key Findings



\$2.66 billion

IBO projects a fiscal year 2020 surplus of \$2.66 billion—\$65 million less than the de Blasio Administration. We estimate a surplus of \$240 million in 2021 and a shortfall of \$1.7 billion in 2022.



95,700

After the city added an average of 95,700 jobs annually in 2015-2019, we project a sharp decline in job growth over the next two years, with slower growth across all private-sector industries.



5.0%

IBO forecasts tax revenue growth of 5.0 percent this year, slowing to increases of 2.6 percent and 3.4 percent over the next two years.



\$644 million

IBO's forecast of tax revenue exceeds the de Blasio Administration's by \$210 million this year, rising to \$644 million in 2021 and \$906 million in 2022.



3.7% v. 2.5%

IBO projects that tax revenues will increase more rapidly than city-funded expenditures from 2019 through 2024.



\$216 million

IBO projects that the city's cost of providing shelter for the homeless will be \$216 million more in 2021 than budgeted by the de Blasio Administration.



\$50 Million

The Campaign Finance Board will need an estimated \$50 million more than budgeted over two years to cover the cost of matching funds for the 2021 election.

Revenue and Expenditure Projections

Dollars in millions

IBO projects the fiscal year 2020 surplus will total \$2.66 billion, \$65 million less than expected by OMB.

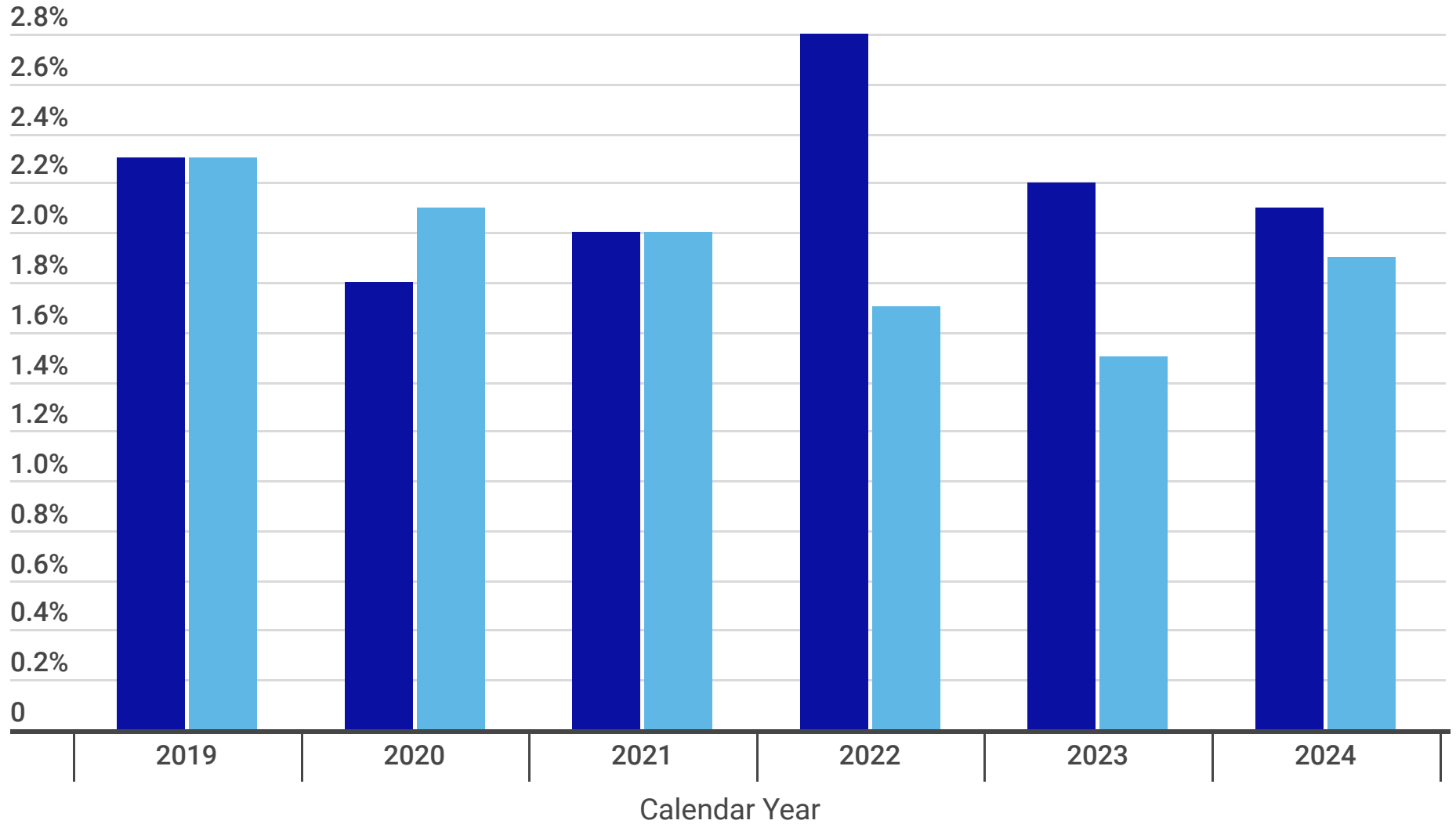
		Plan						
	Actuals 2019	2020	2021	2022	2023	2024	Average Change 2019- 2024	
Total Revenue	\$92,436	\$95,779	\$96,444	\$99,028	\$101,655	\$104,627	2.5%	
Total Taxes	61,312	64,399	66,091	68,356	70,574	73,500	3.7%	
Total Expenditures	\$91,779	95,843	96,204	100,769	103,269	104,875	2.7%	
IBO Revenue Less Expenditures		(\$65)	\$240	(\$1,741)	(\$1,614)	(\$247)		
IBO Surplus/(Gap) Projections		\$2,658	\$240	(\$1,741)	(\$1,614)	(\$247)		
Adjustments for Prepayments and Nonrecurring Expenses								
Net Prepayments	(\$355)	(\$1,563)	(\$2,658)	\$0	\$0	\$0		
Reserve Funds	-	300	1,250	1,250	1,250	1,250		
Other Adjustments	-	(400)	31	130	257	393		
Total Expenditures (net of adjustments)	\$92,786	\$97,506	\$97,581	\$99,389	\$101,762	\$103,232	2.2%	
City-Funded Expenditures (net of adjustments)	\$68,633	\$71,809	\$72,638	\$74,126	\$76,107	\$77,529	2.5%	

IBO's Summary Table

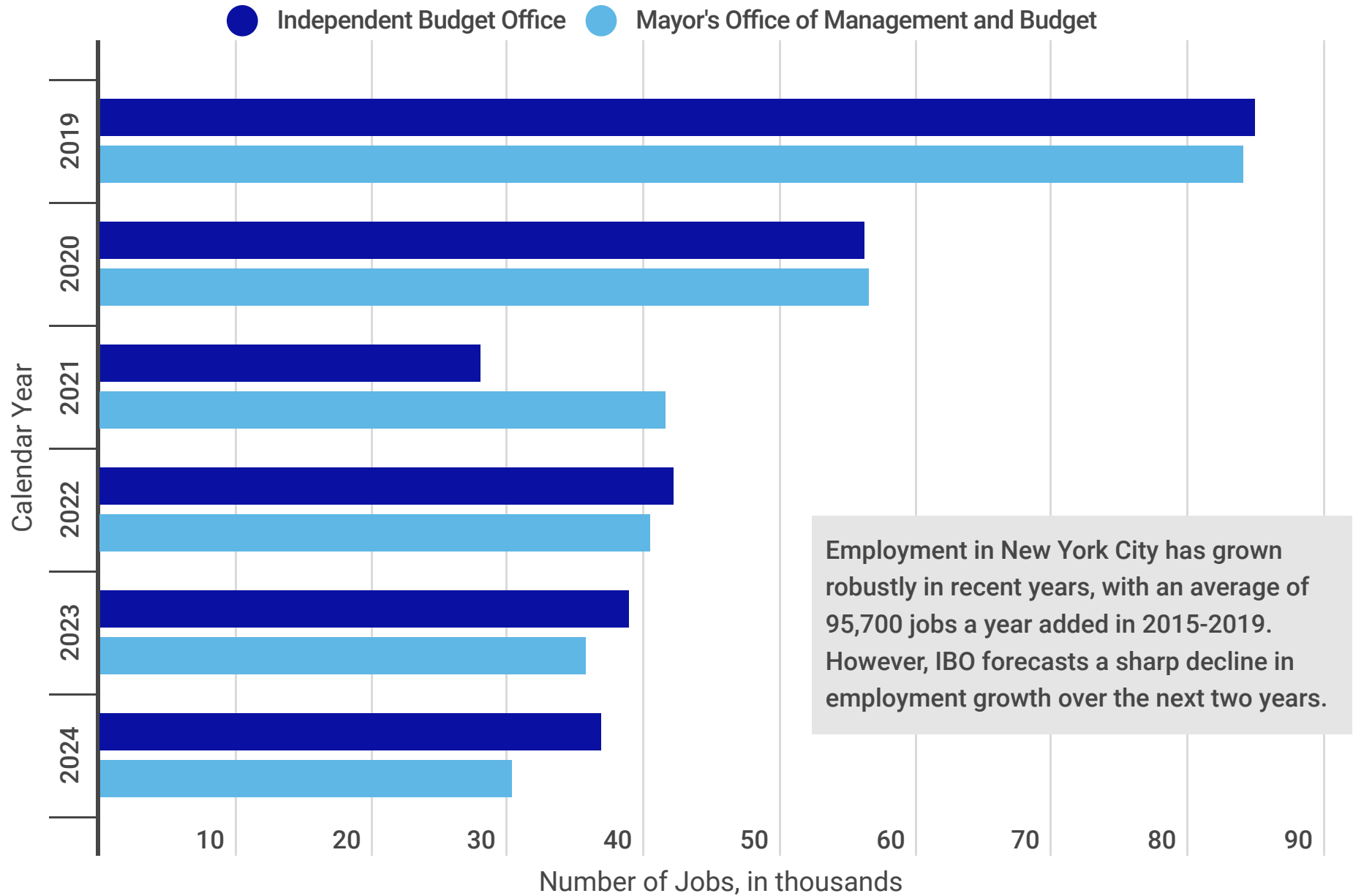
U.S. Real Gross Domestic Product Growth: IBO and OMB

IBO expects U.S. economic growth to slow in 2020 before strengthening in 2021 and 2022.

● Independent Budget Office ● Mayor's Office of Management and Budget

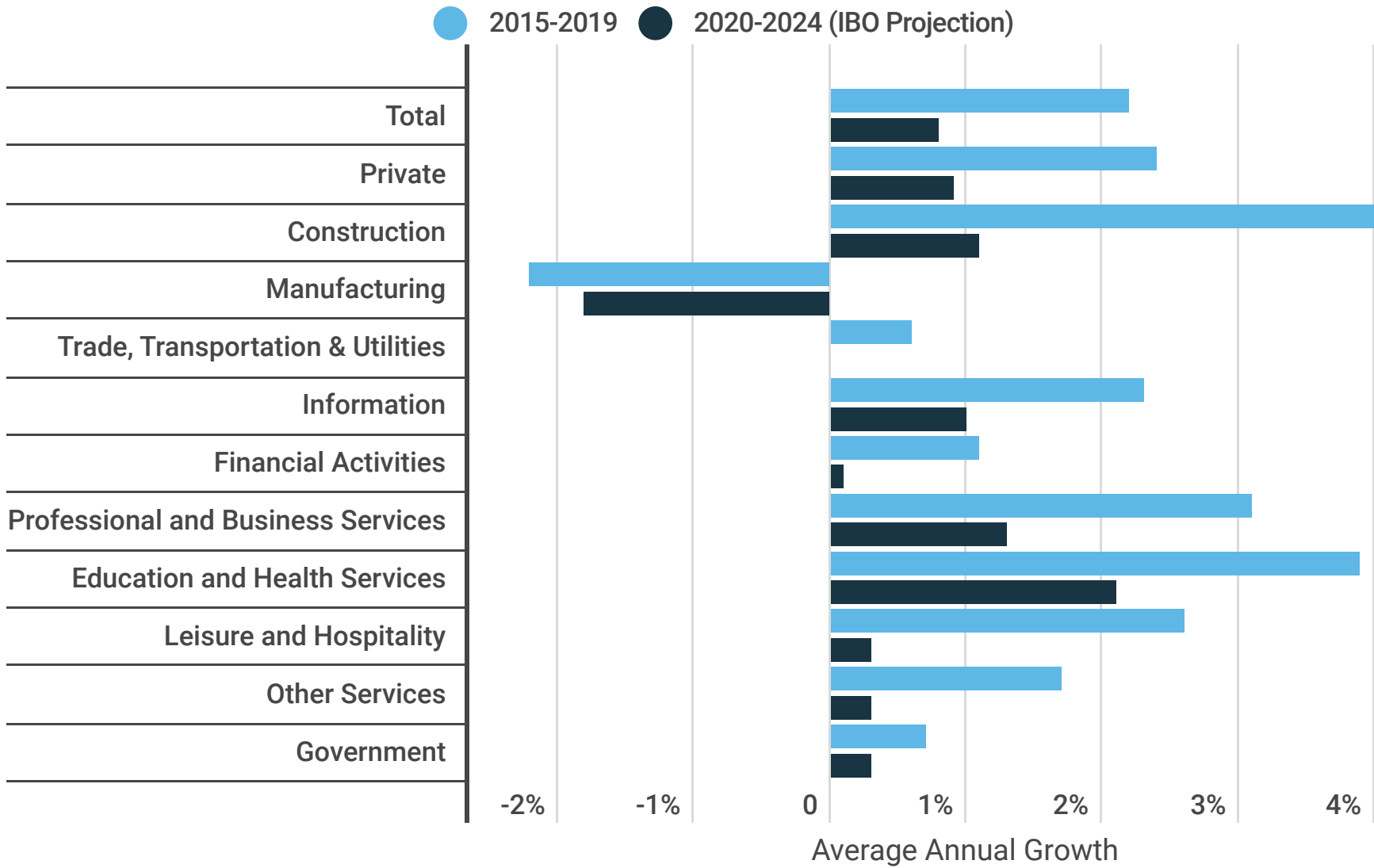


Employment Growth in New York City: IBO and OMB



Average Annual Growth in New York City Employment by Industry

IBO projects slower employment growth across all private-sector industries.

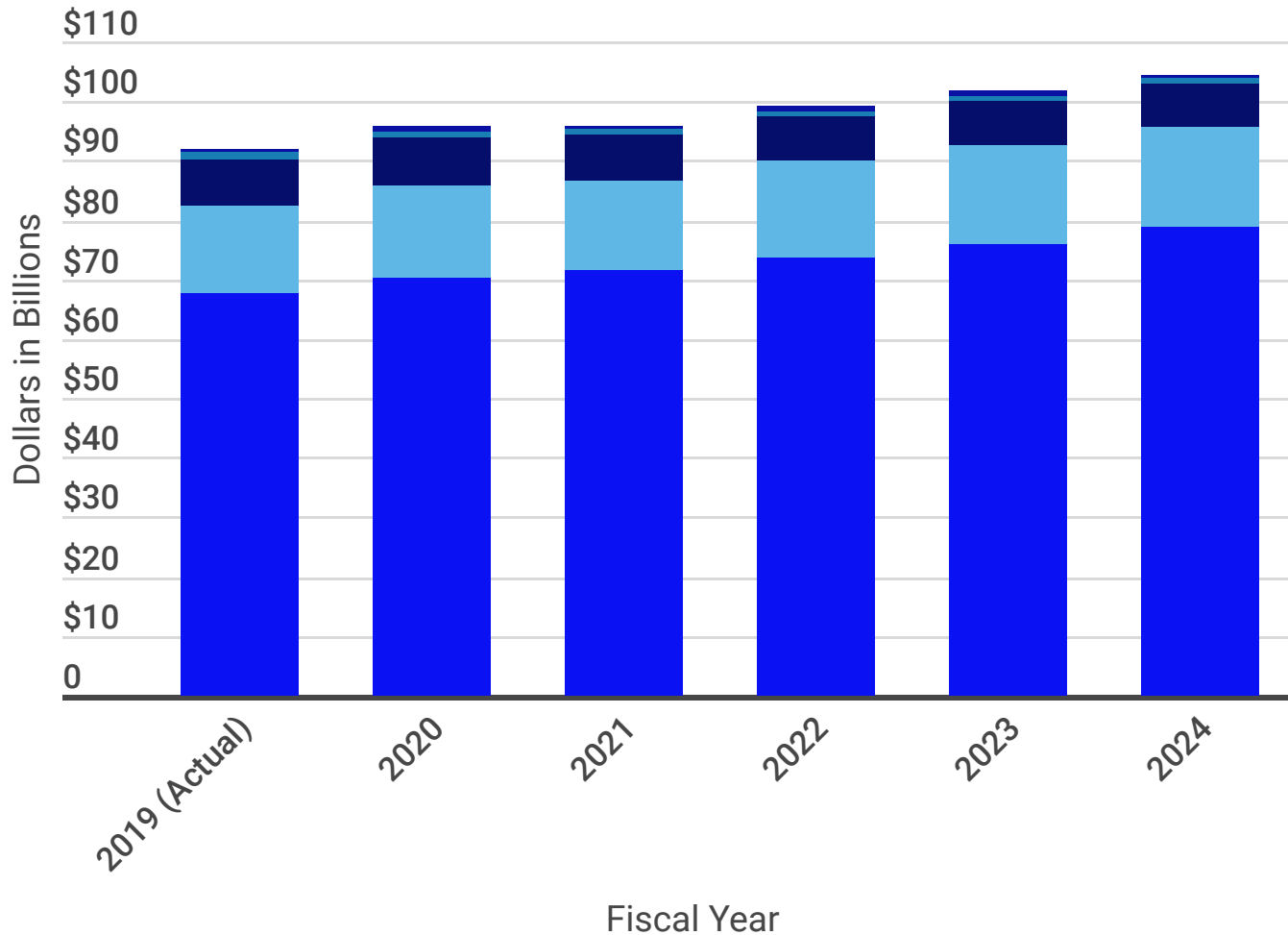


Total City Revenue

To see specific revenue categories, click the categories you do not want to see in the legend.

<
2020-2024
v
>

- City-Funded Revenue
- State Categorical Grants
- Federal Categorical Grants
- Other Categorical Aid
- Interfund Revenue



Year-Over-Year Growth

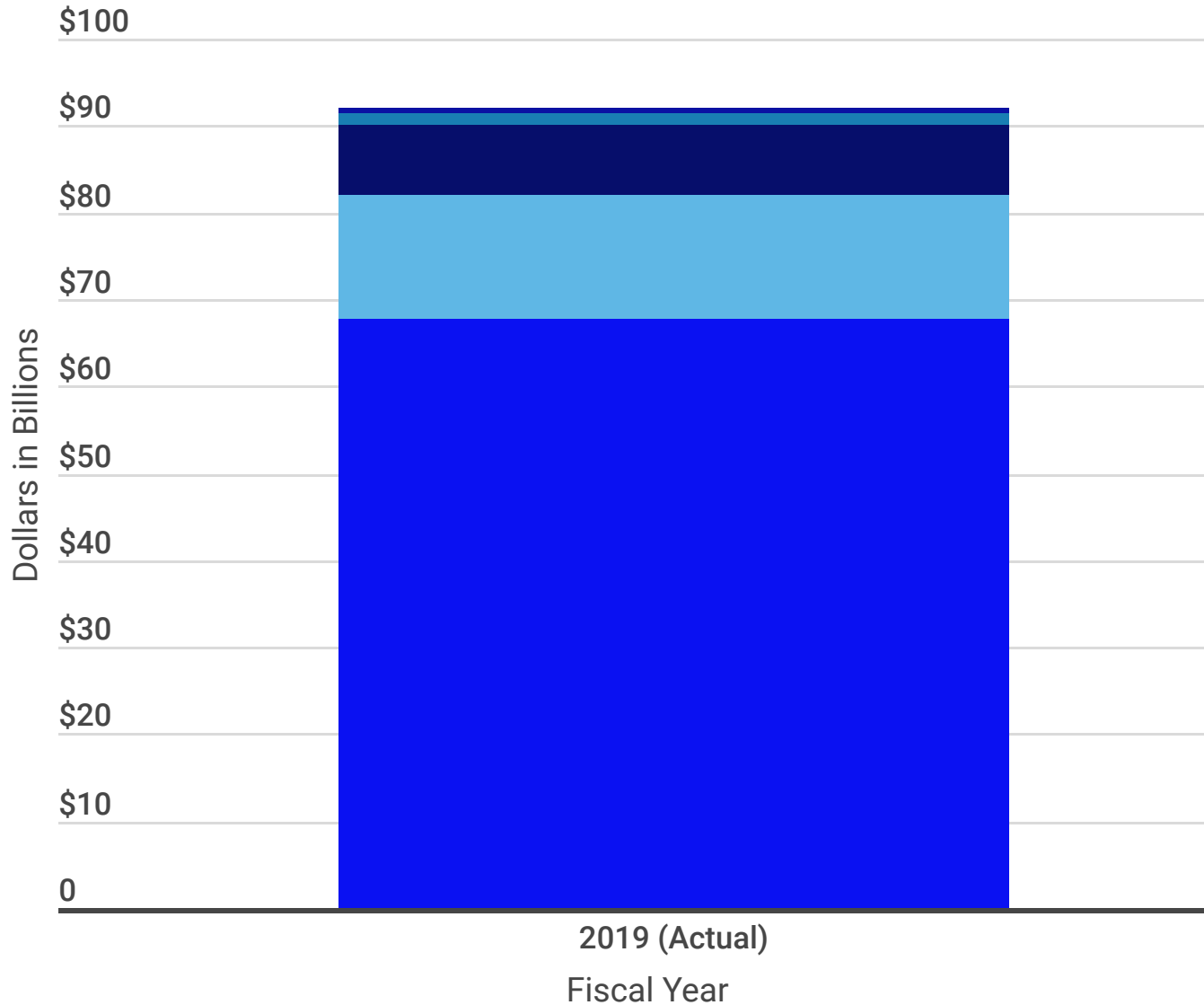
- ↑
2019-2020
3.6%
- ↑
2020-2021
0.7%
- ↑
2021-2022
2.7%
- ↑
2022-2023
2.7%
- ↑
2023-2024
2.9%

IBO's Revenue Forecast

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Year-Over-Year Growth



2019-2020

3.6%



2020-2021

0.7%



2021-2022

2.7%



2022-2023

2.7%



2023-2024

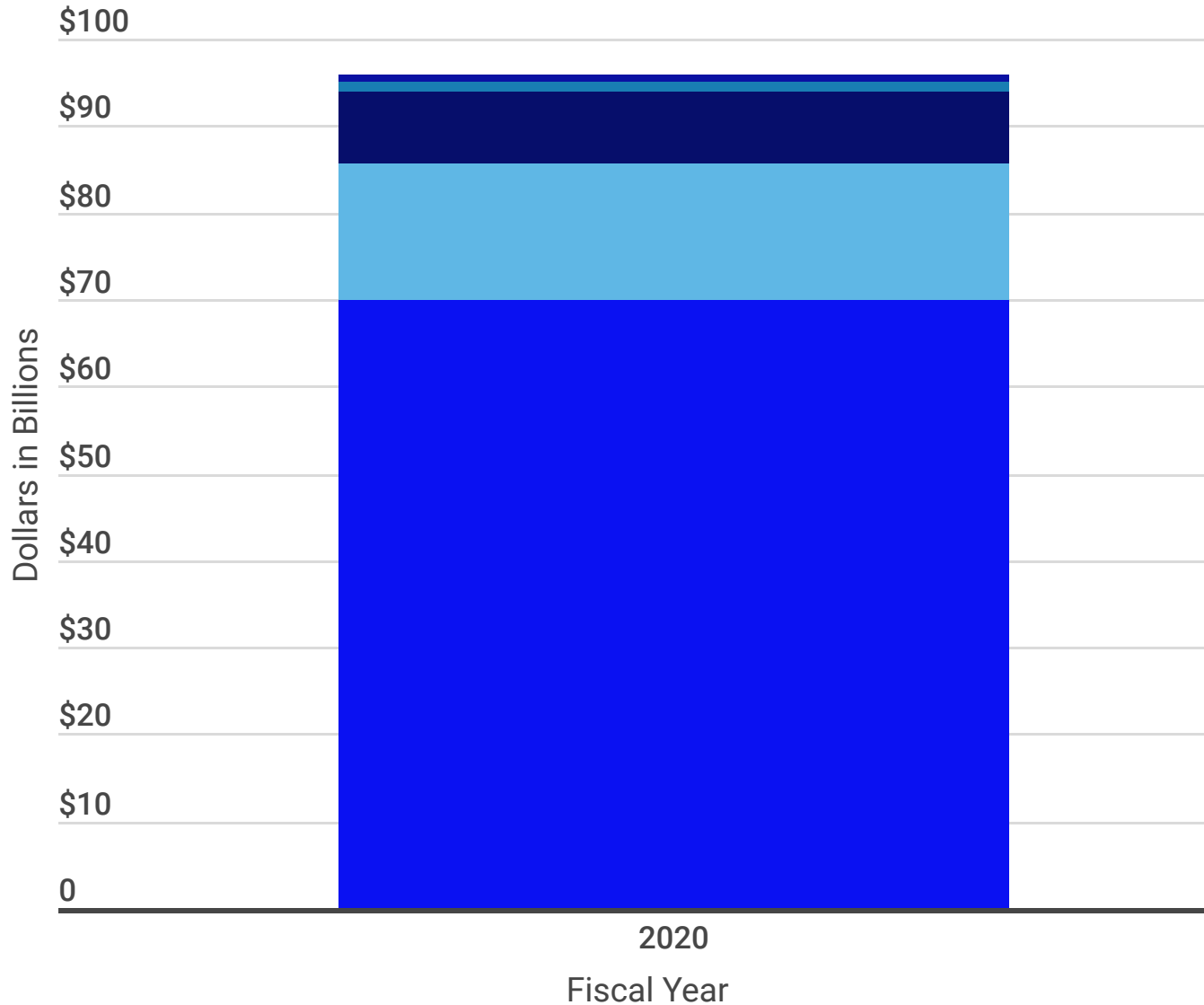
2.9%

IBO's Revenue Forecast

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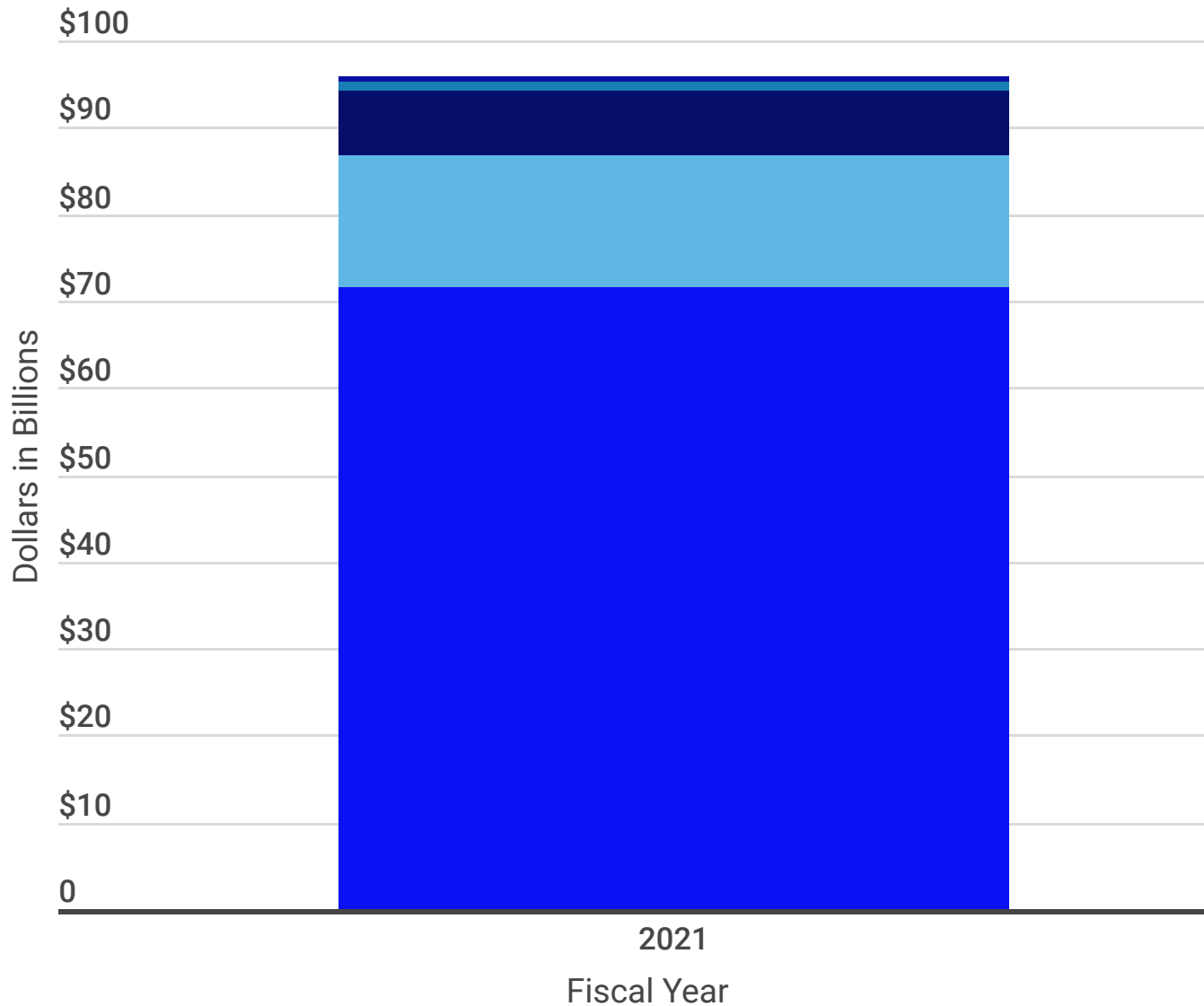
- ↑ 2019-2020: 3.6%
- ↑ 2020-2021: 0.7%
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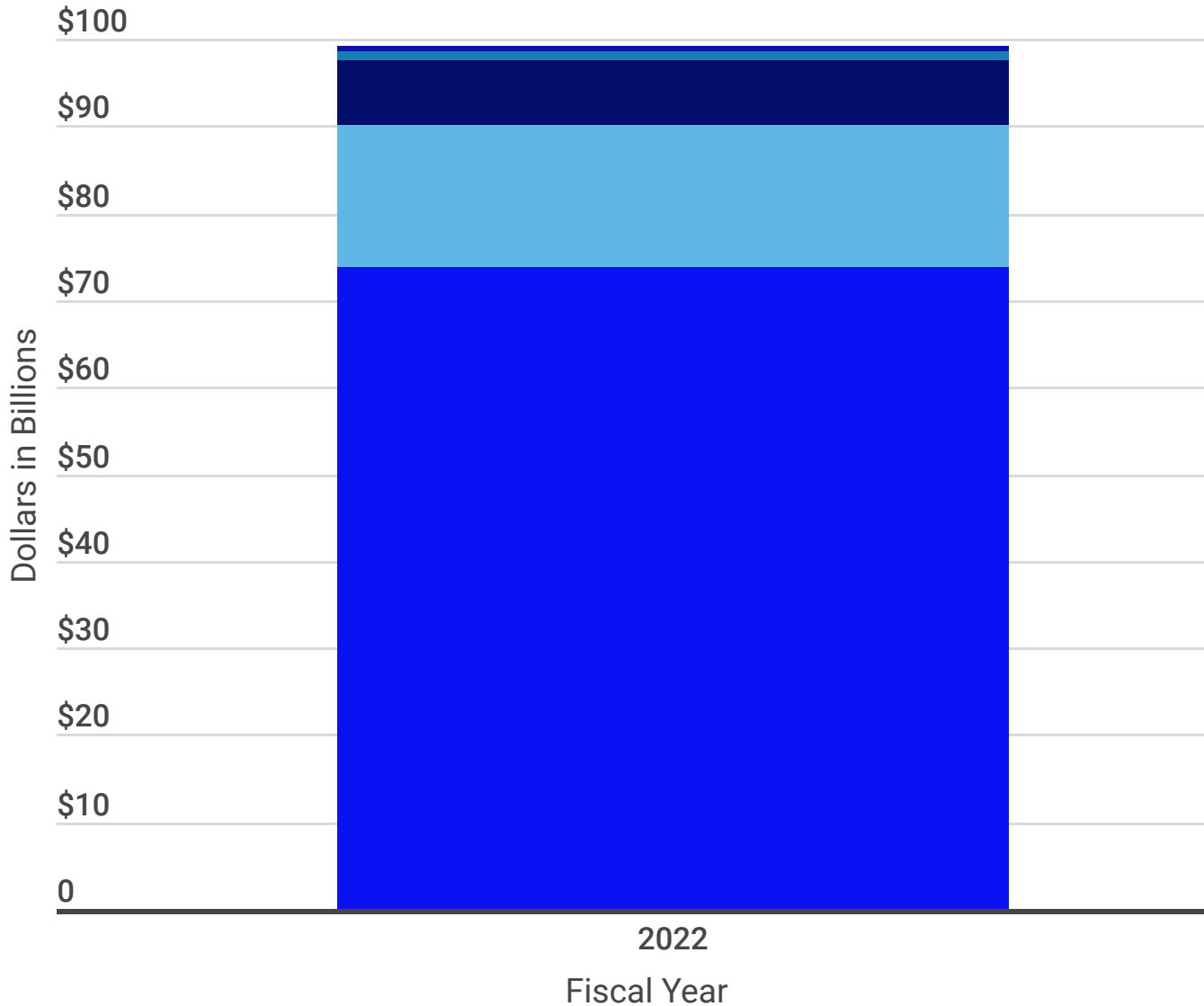
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Year-Over-Year Growth

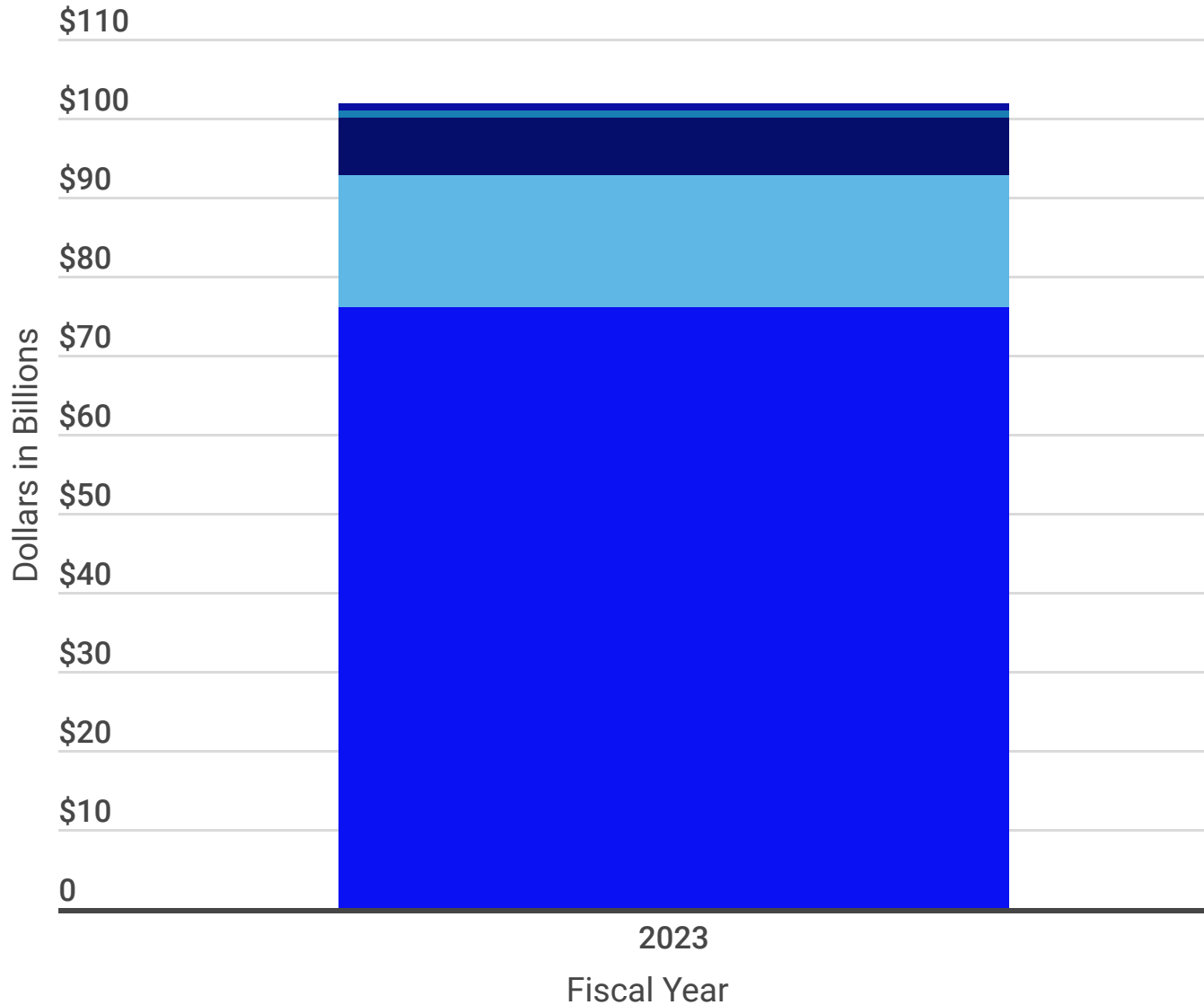
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Year-Over-Year Growth

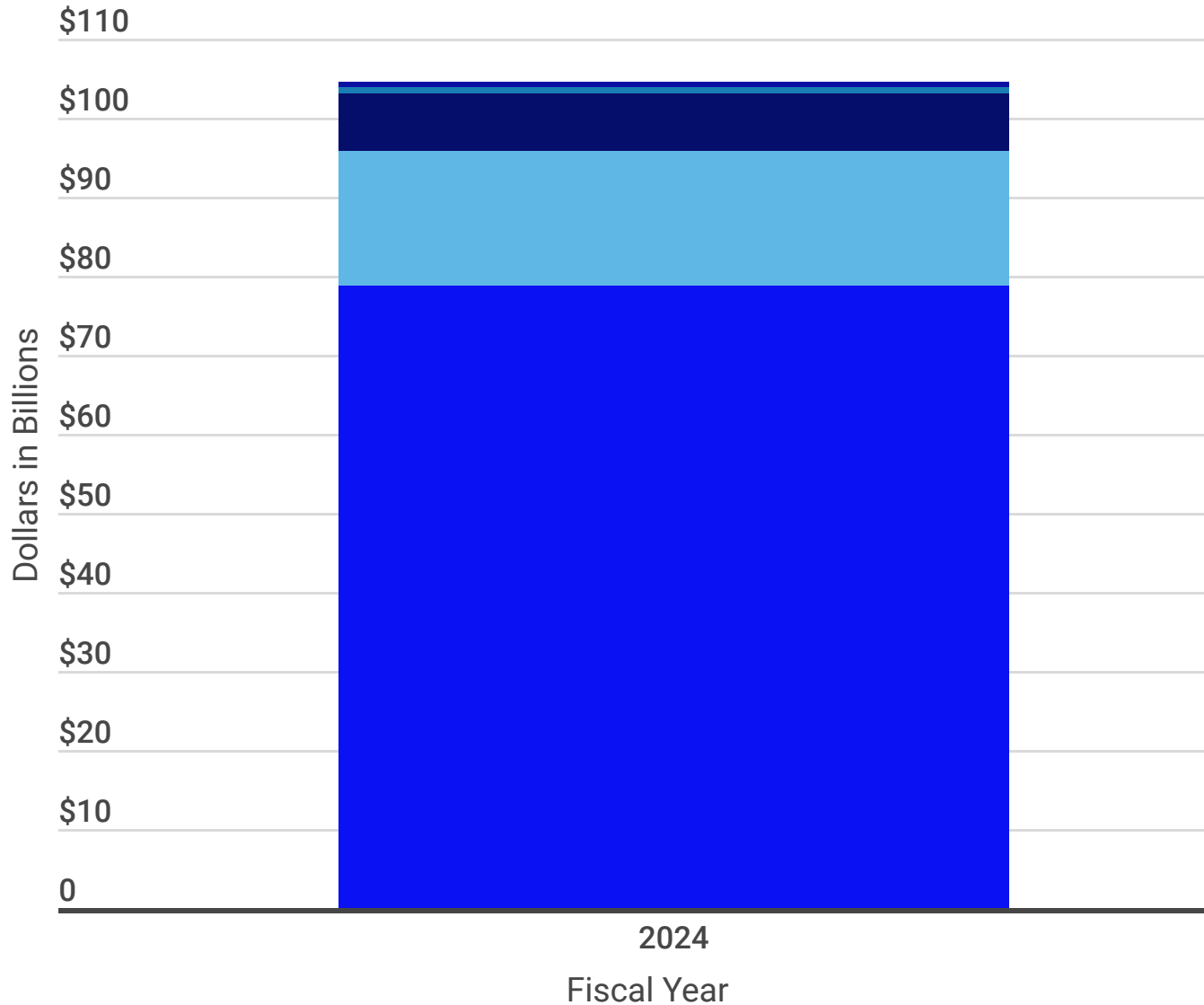
- 2019-2020: 3.6%
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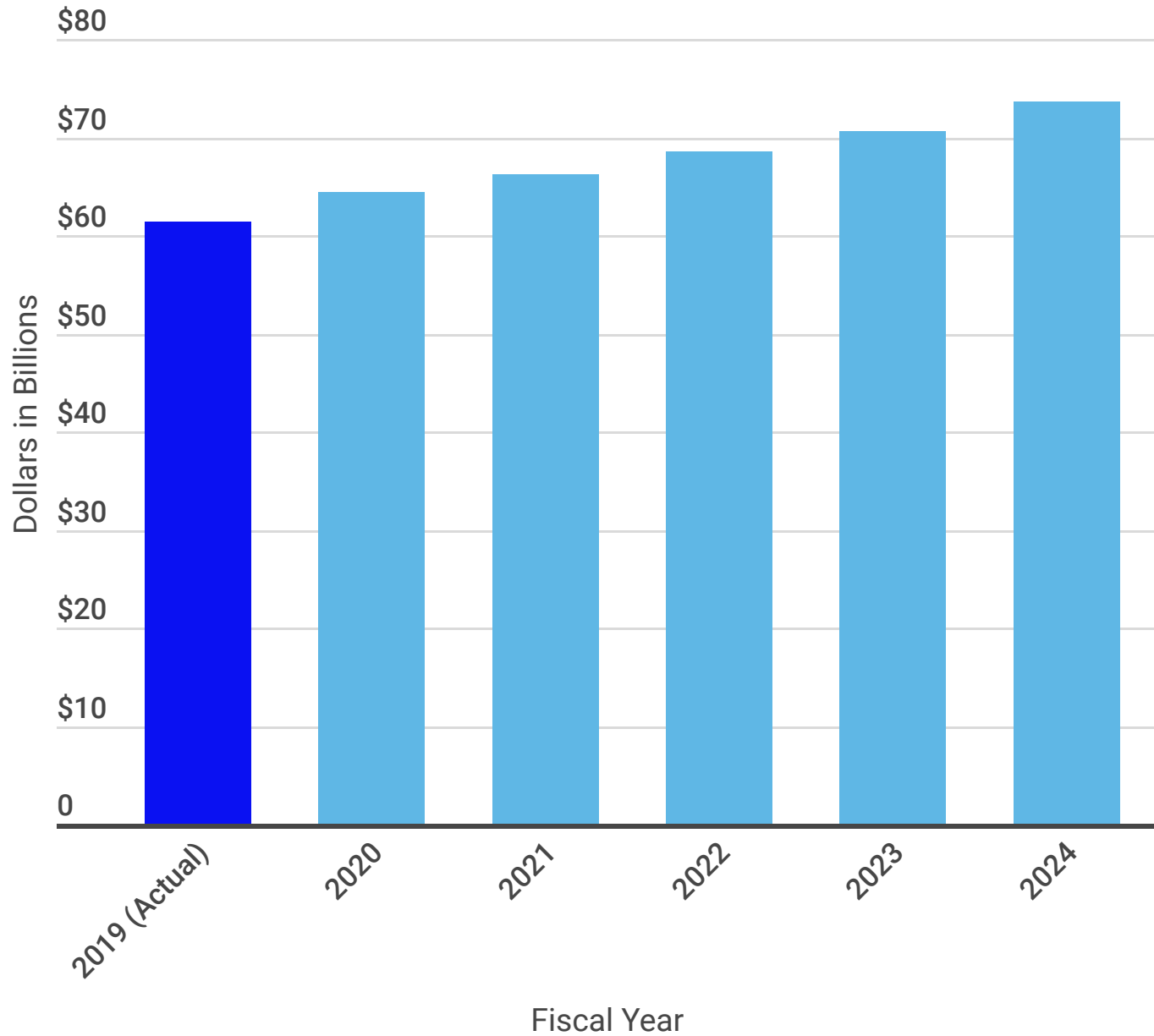


Year-Over-Year Growth

- 2019-2020: 3.6%
- 2020-2021: 0.7%
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IBO's Revenue Forecast

City Tax Revenue



Year-Over-Year Growth

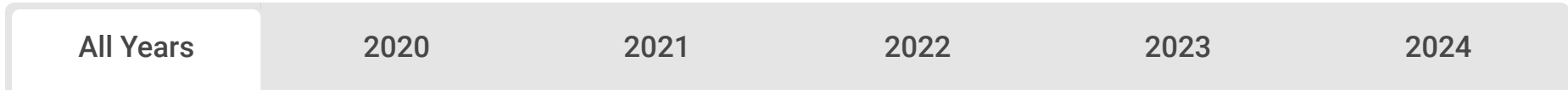
- 2019-2020: 5.0%
- 2020-2021: 2.6%
- 2021-2022: 3.4%
- 2022-2023: 3.2%
- 2023-2024: 4.1%

IBO's Revenue Forecast

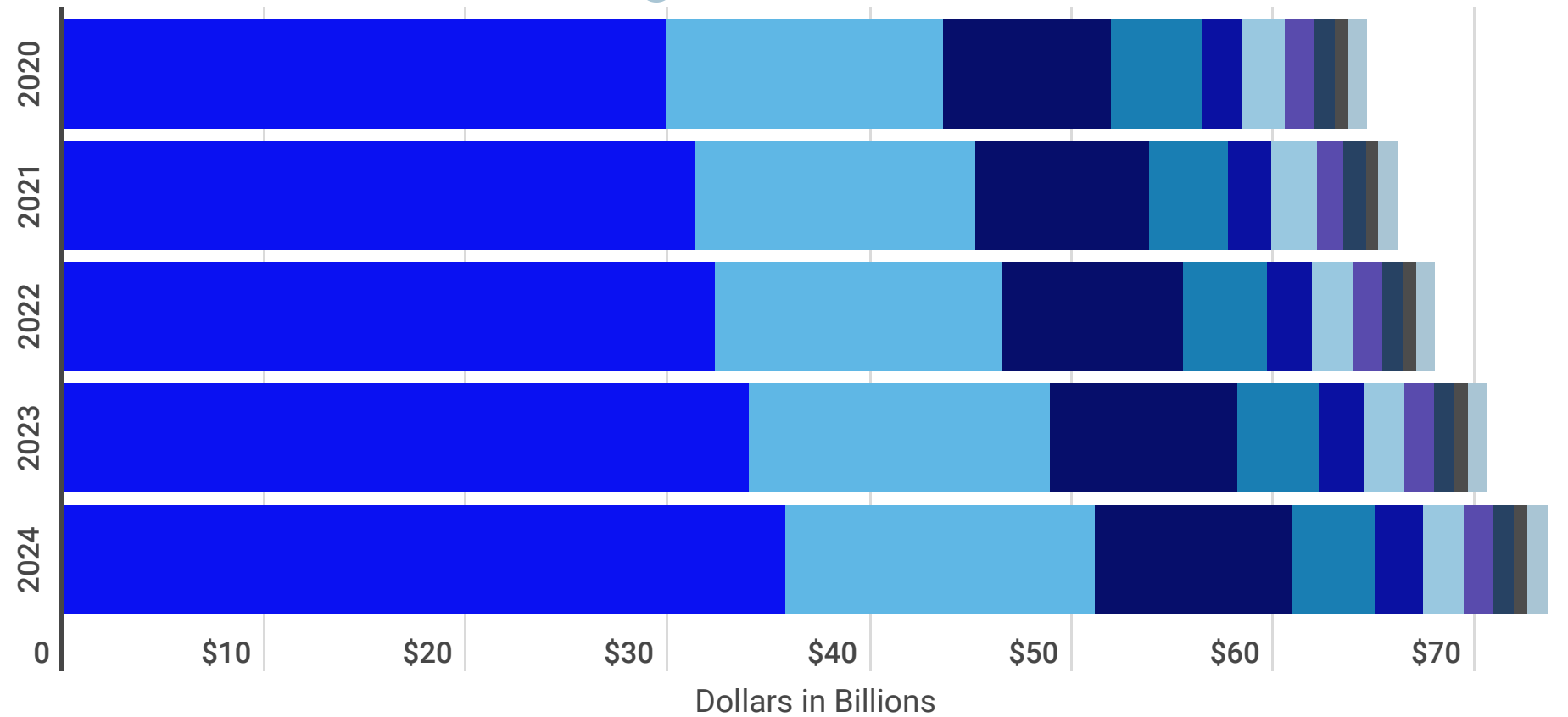
Projected Revenue by Tax

To see specific taxes, click the categories you do not want to see in the legend.

The city's property tax continues to drive growth in city tax revenues.



- Property
- Personal Income
- General Sales
- General Corporation
- Unincorporated Business
- Other Taxes and Audits
- Real Property Transfer
- Mortgage Recording
- Hotel Occupancy
- Commercial Rent

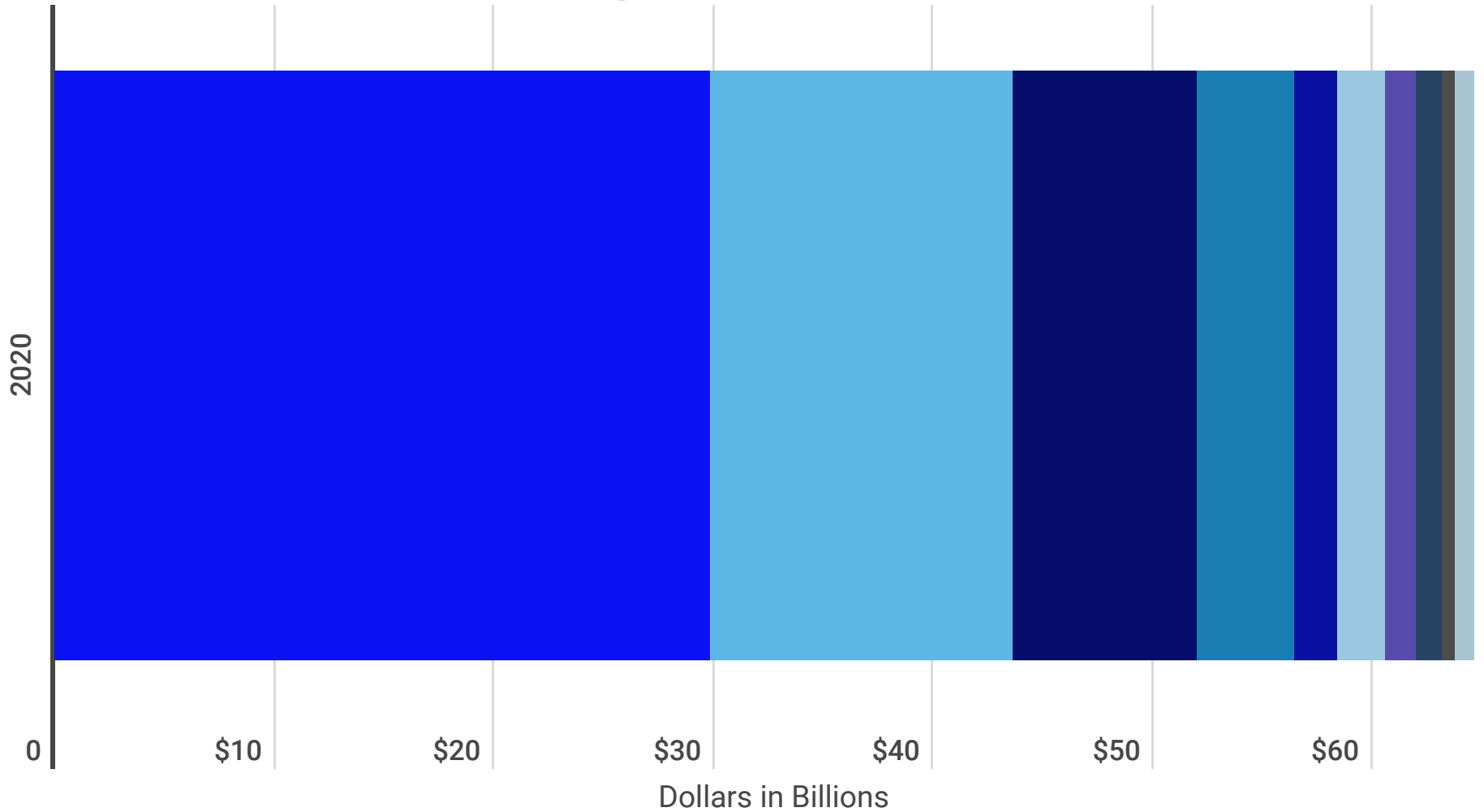


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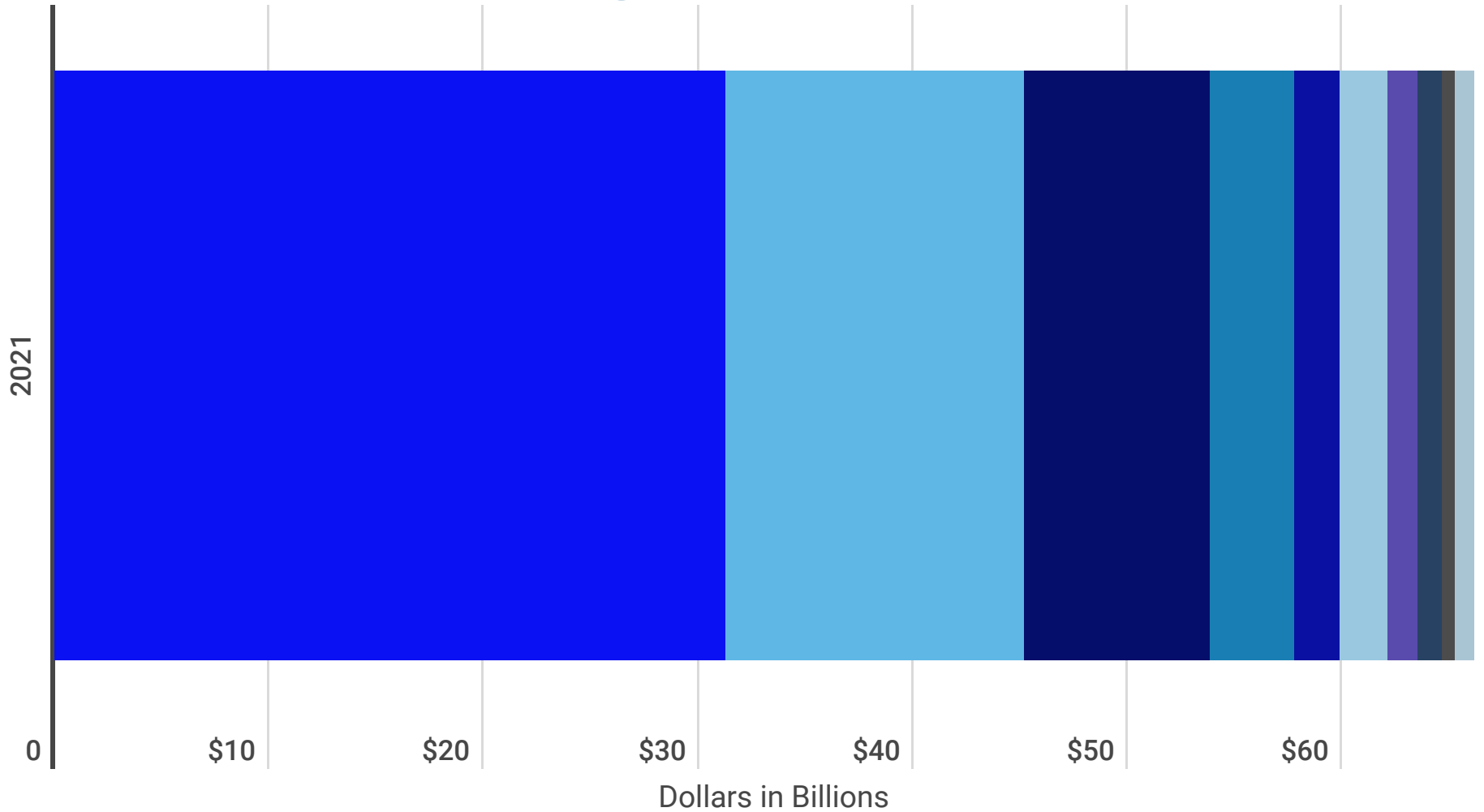


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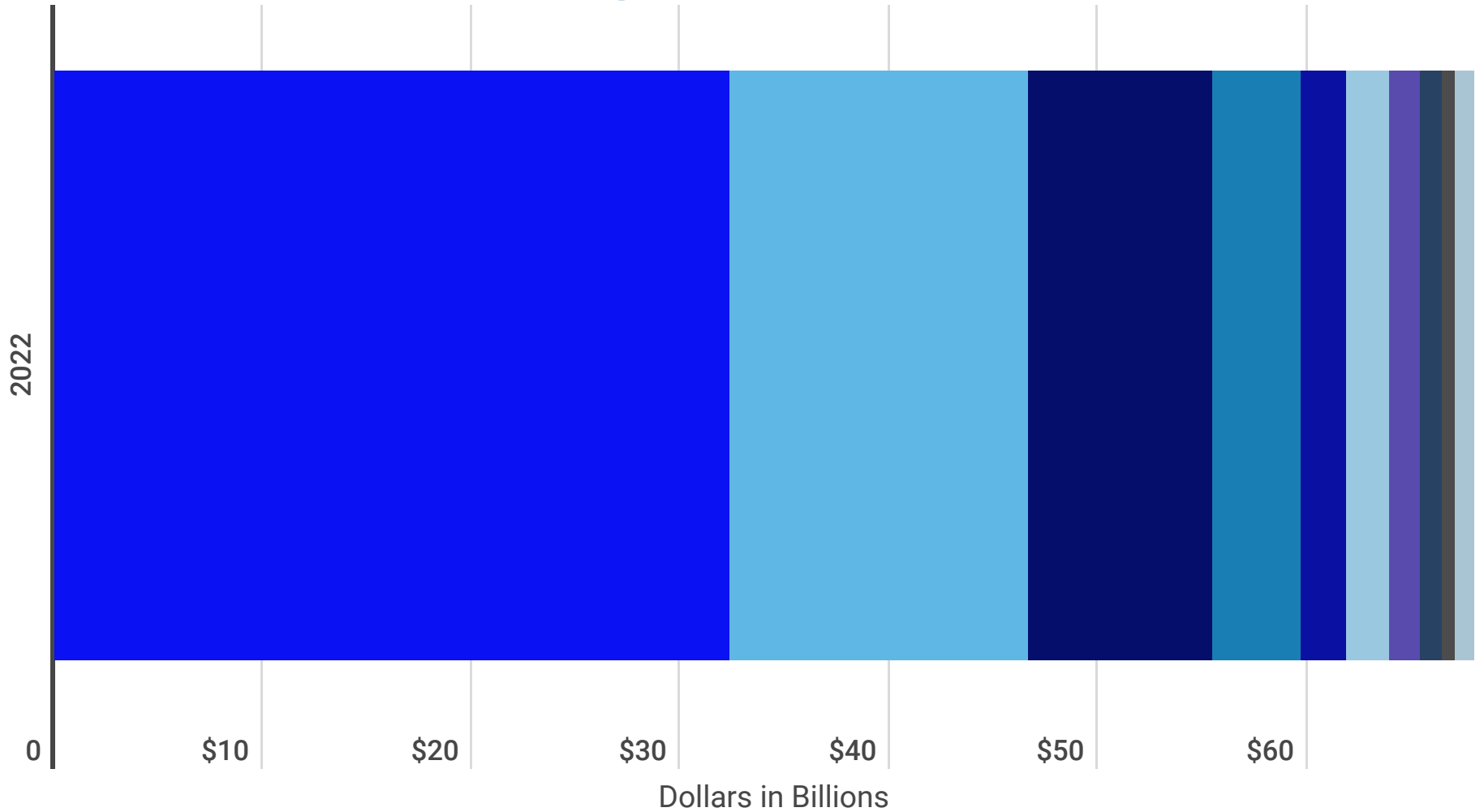


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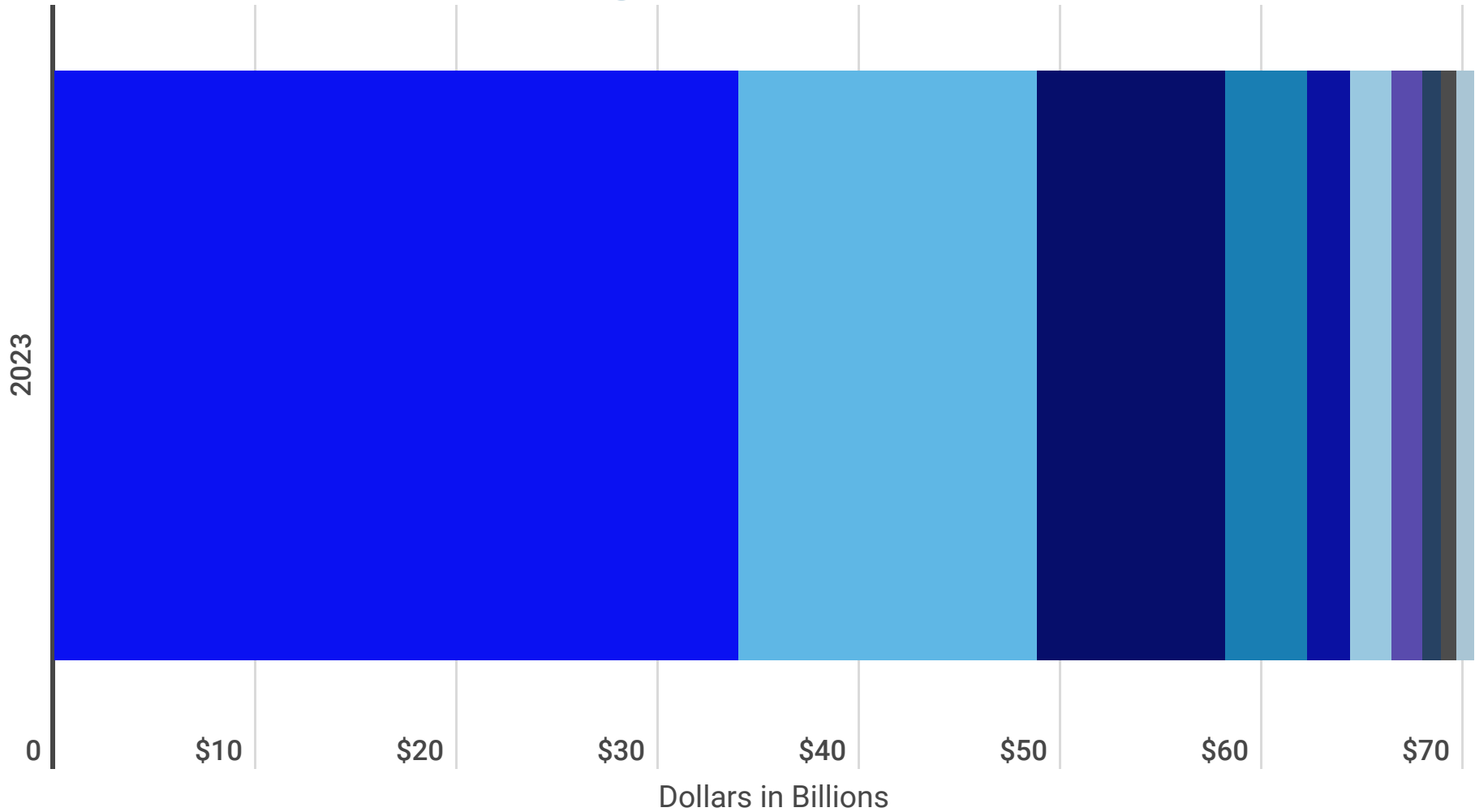


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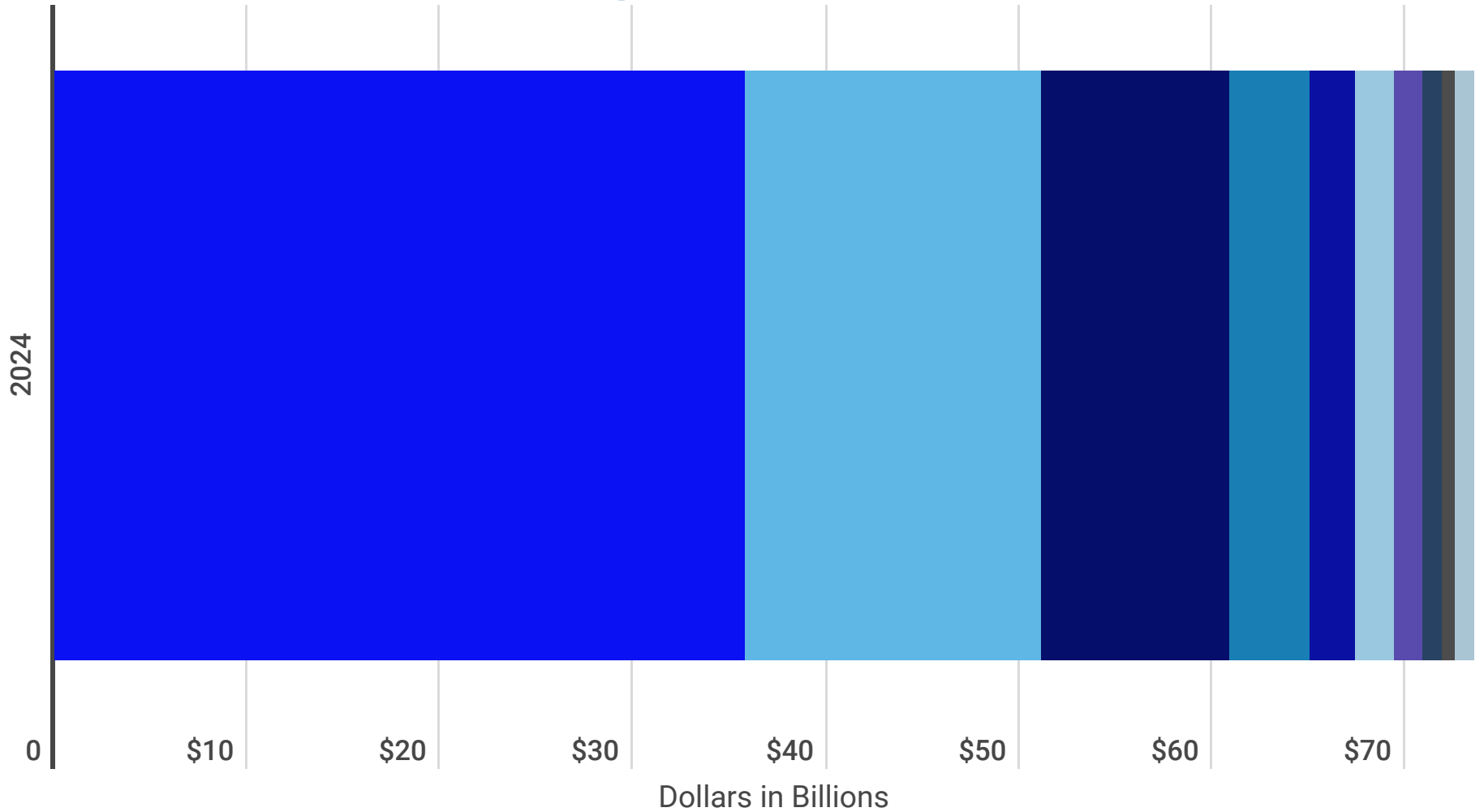


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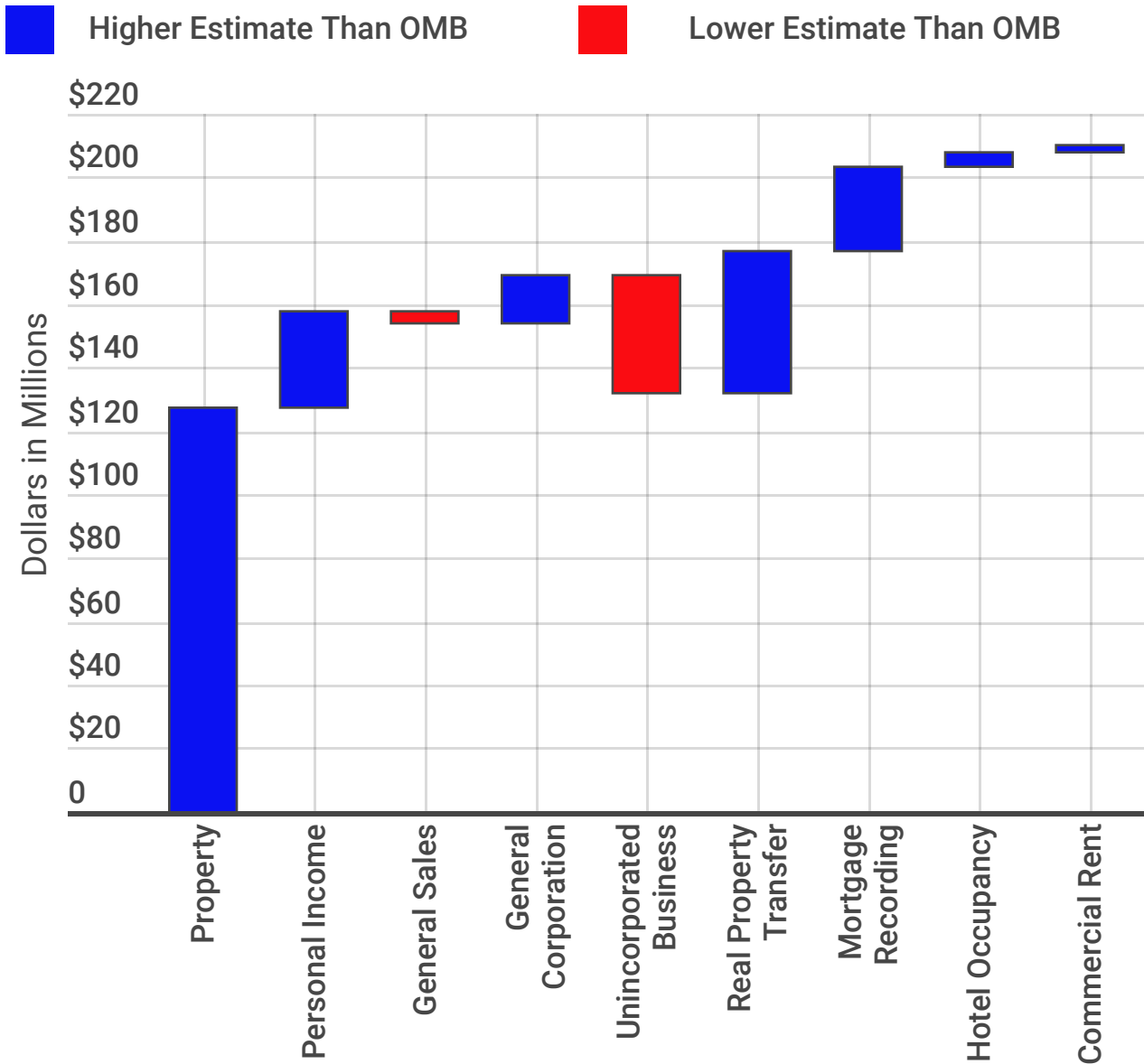
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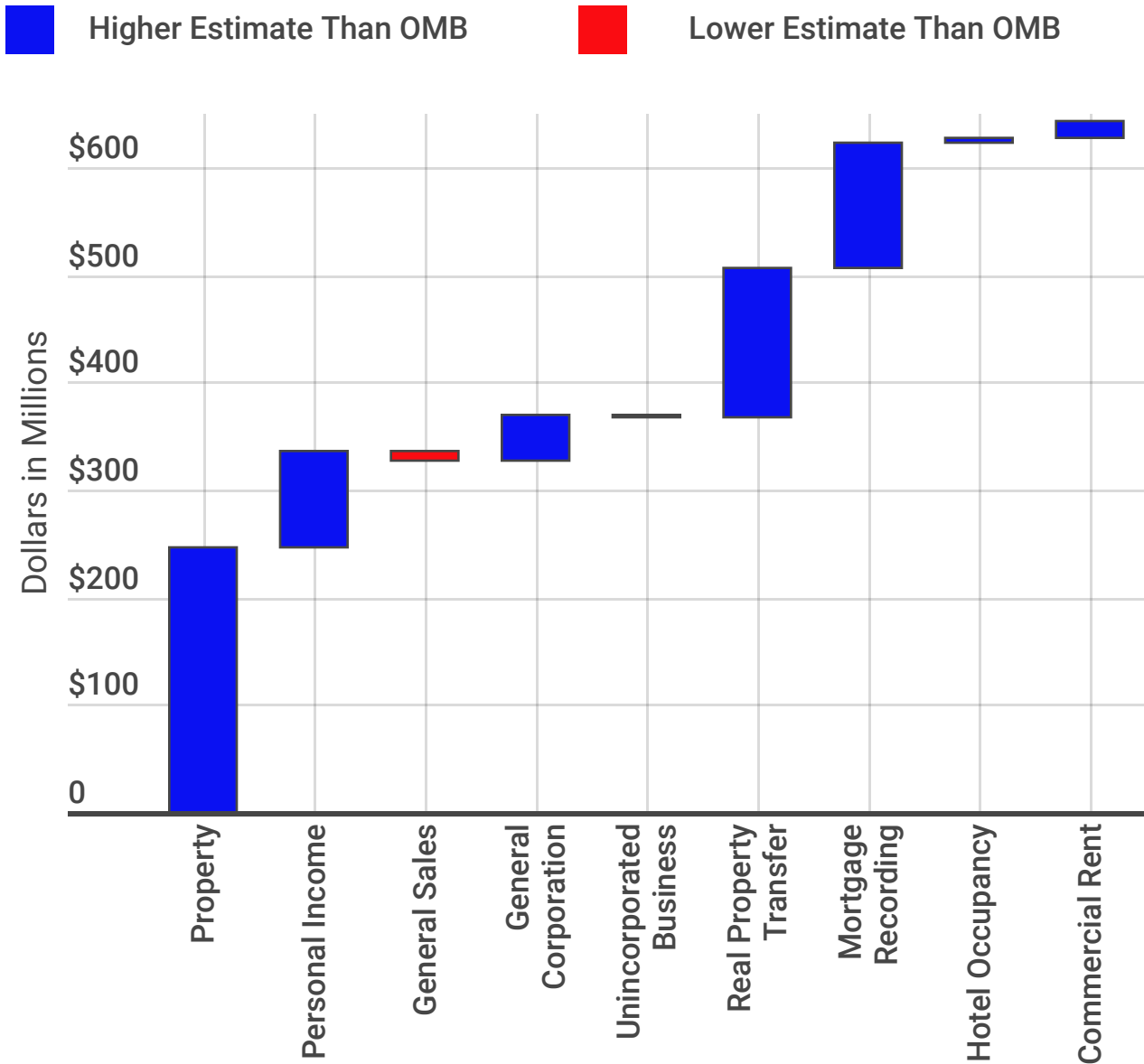
Difference in Tax Revenue Forecast by Year and Tax-2020



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2020	\$210
2021	\$644
2022	\$906
2023	\$1,127
2024	\$2,345

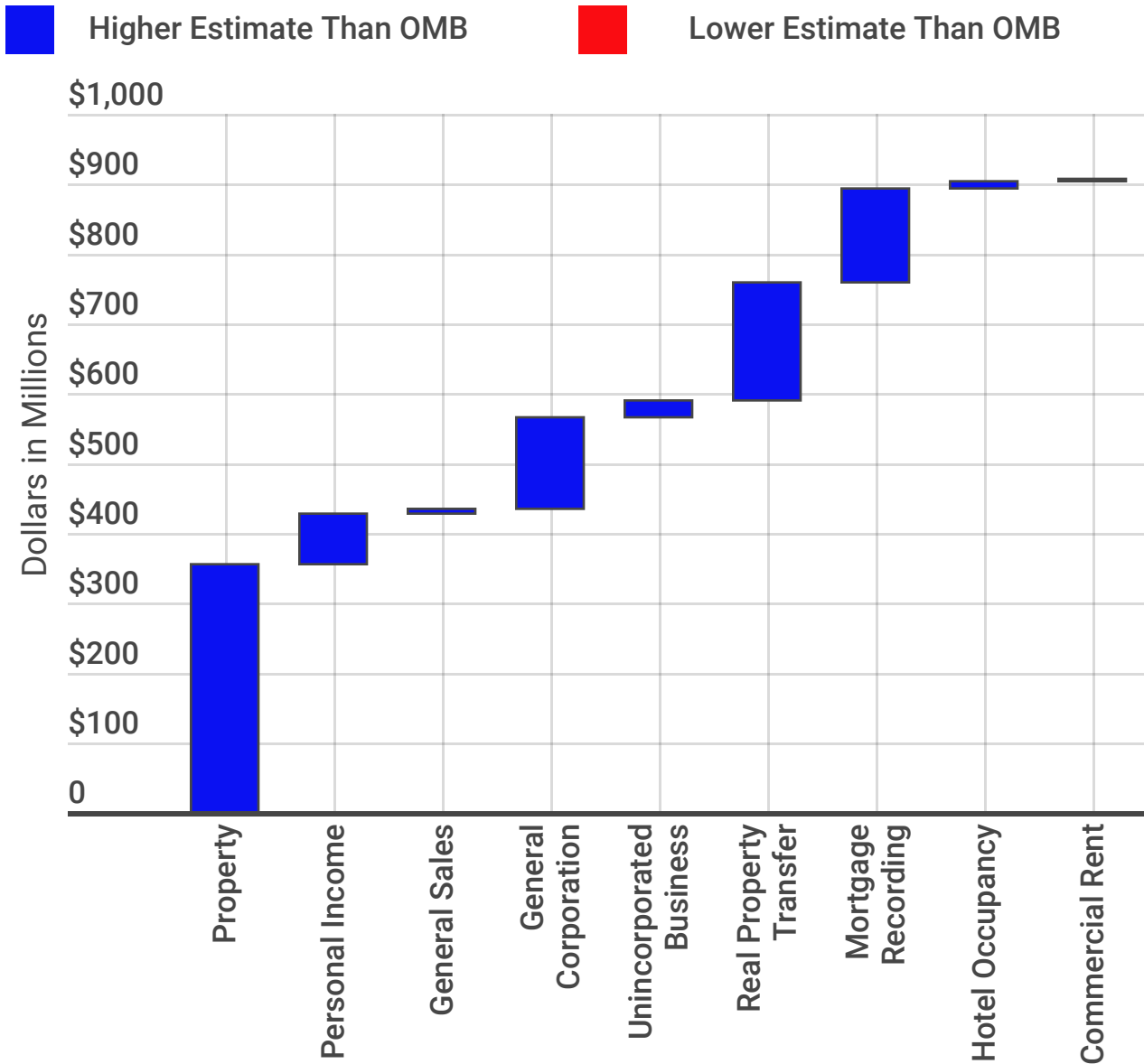
Difference in Tax Revenue Forecast by Year and Tax-2021



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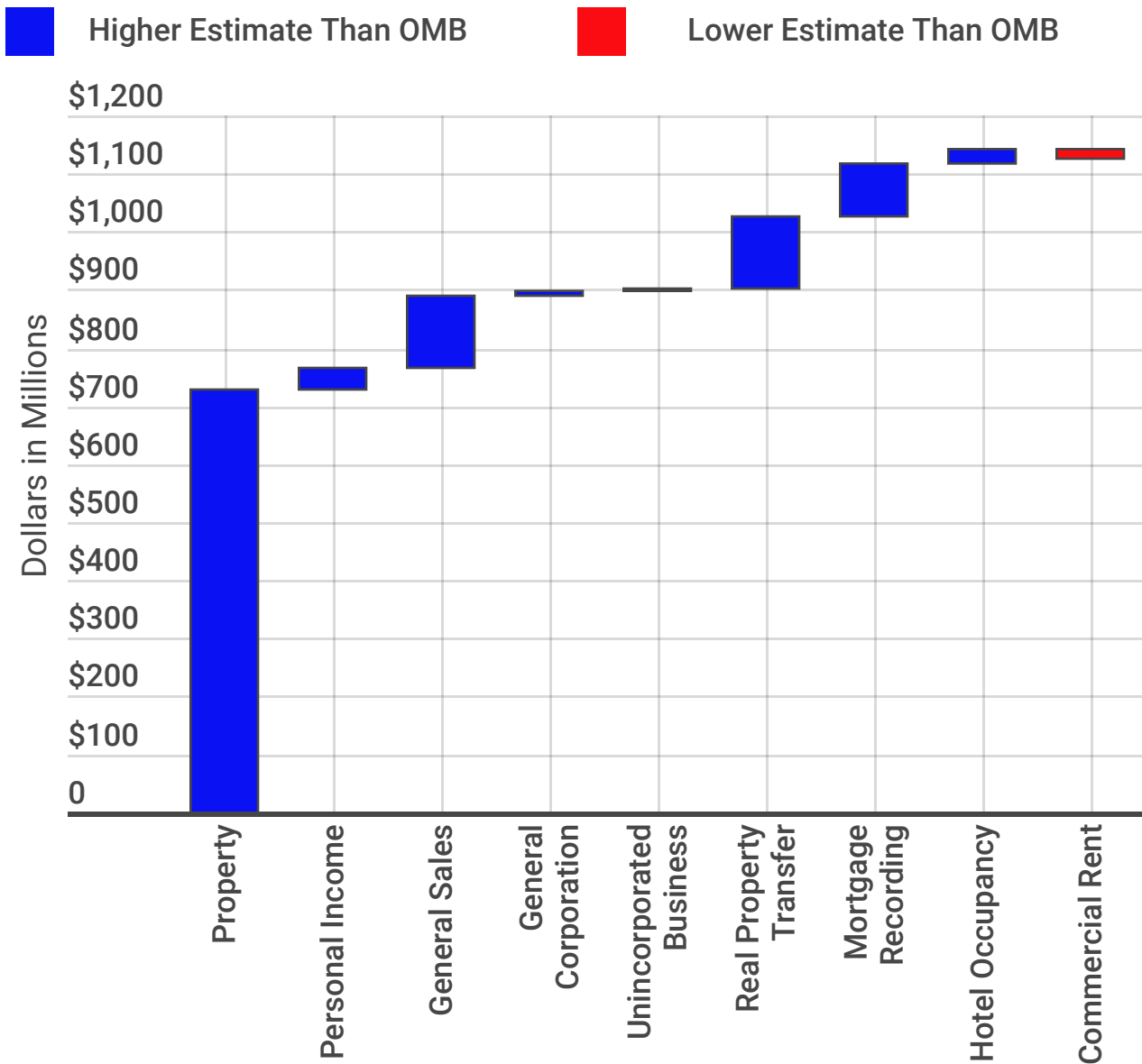
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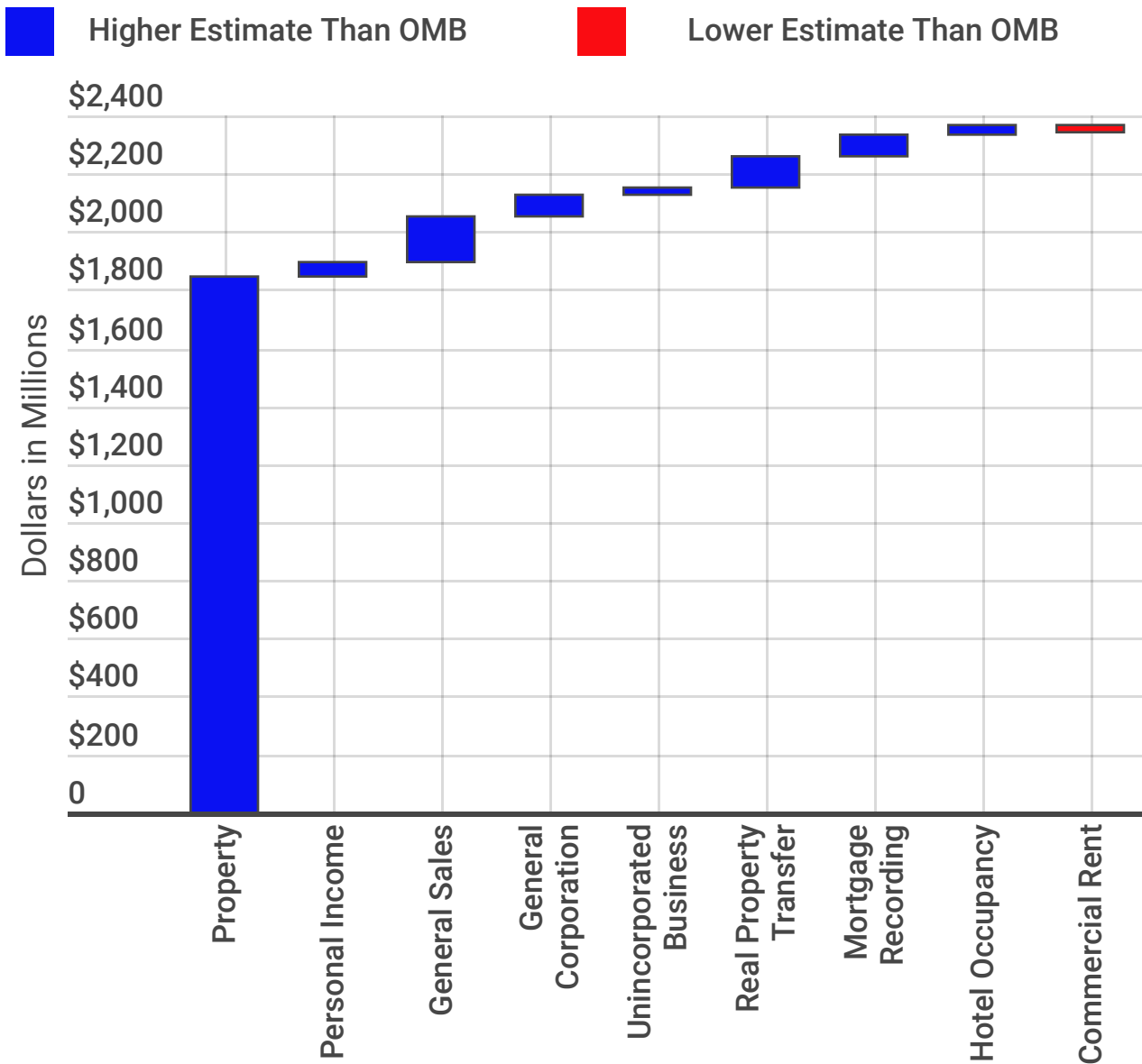
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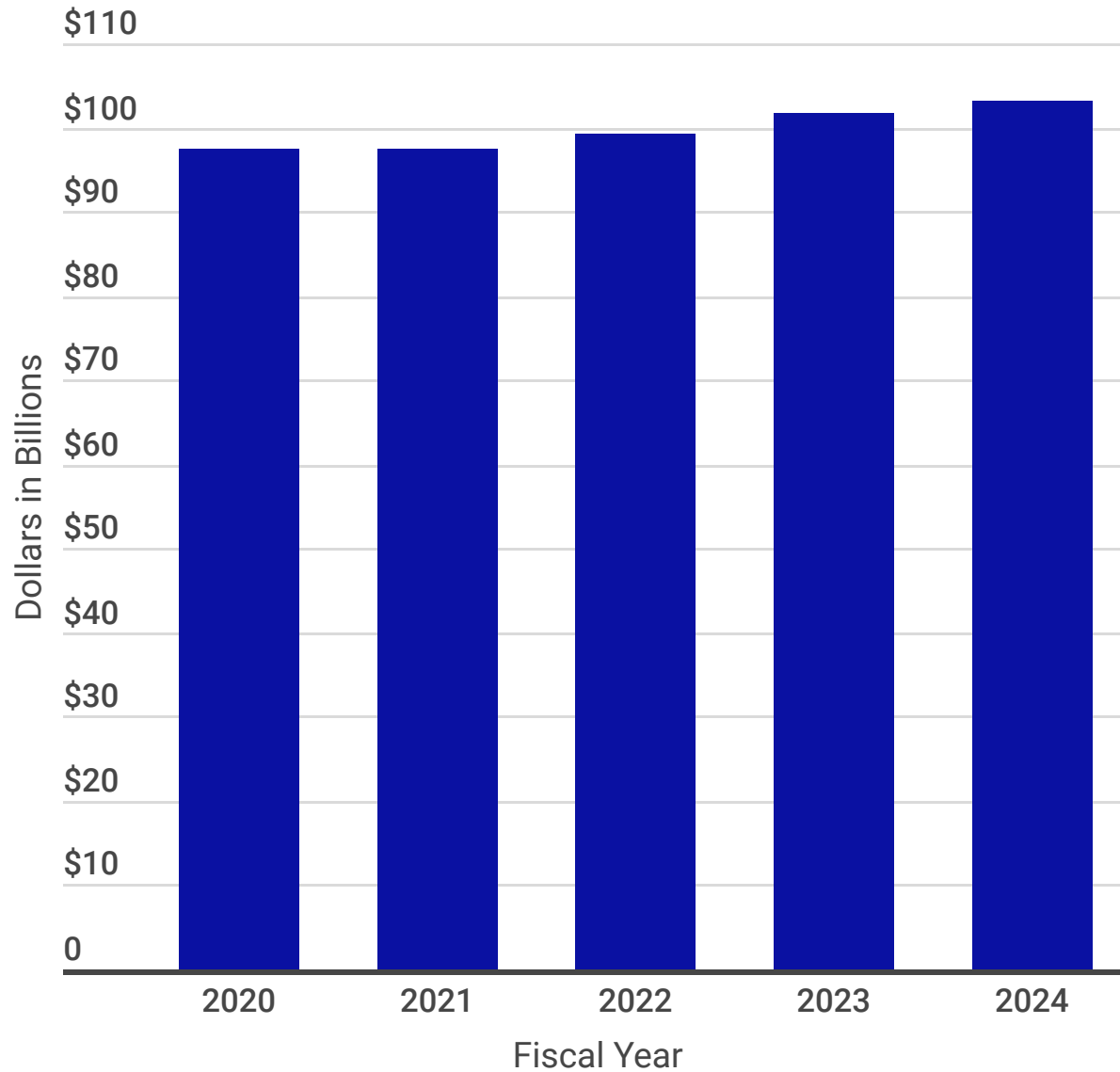


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Total City Expenditures

Adjusted for prepayments and nonrecurring expenses

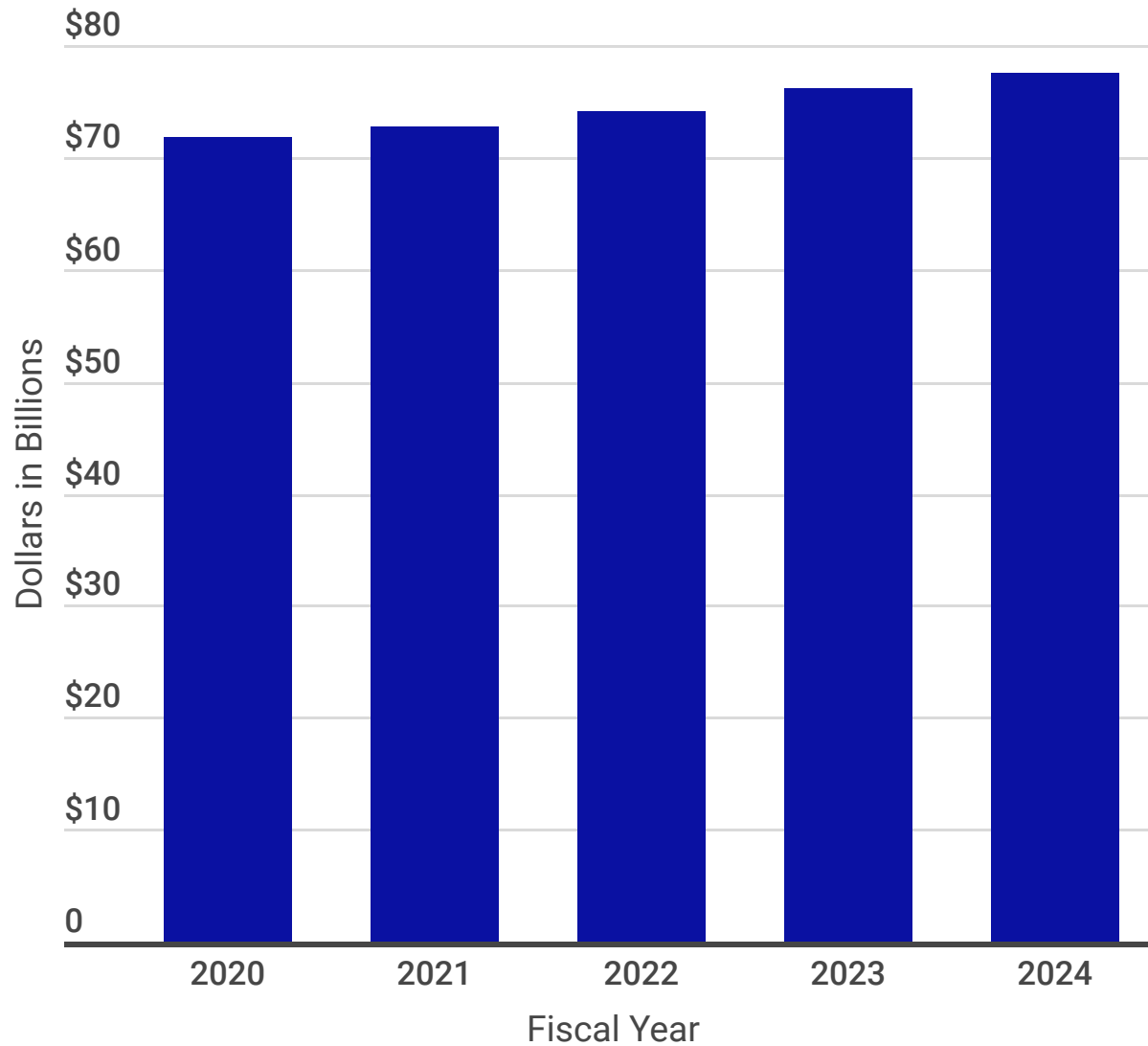


Fiscal Year	Percent Change
2020-2021	0.1%
2021-2022	1.9%
2022-2023	2.4%
2023-2024	1.4%

City-Funded Expenditures

Adjusted for prepayments and nonrecurring expenses

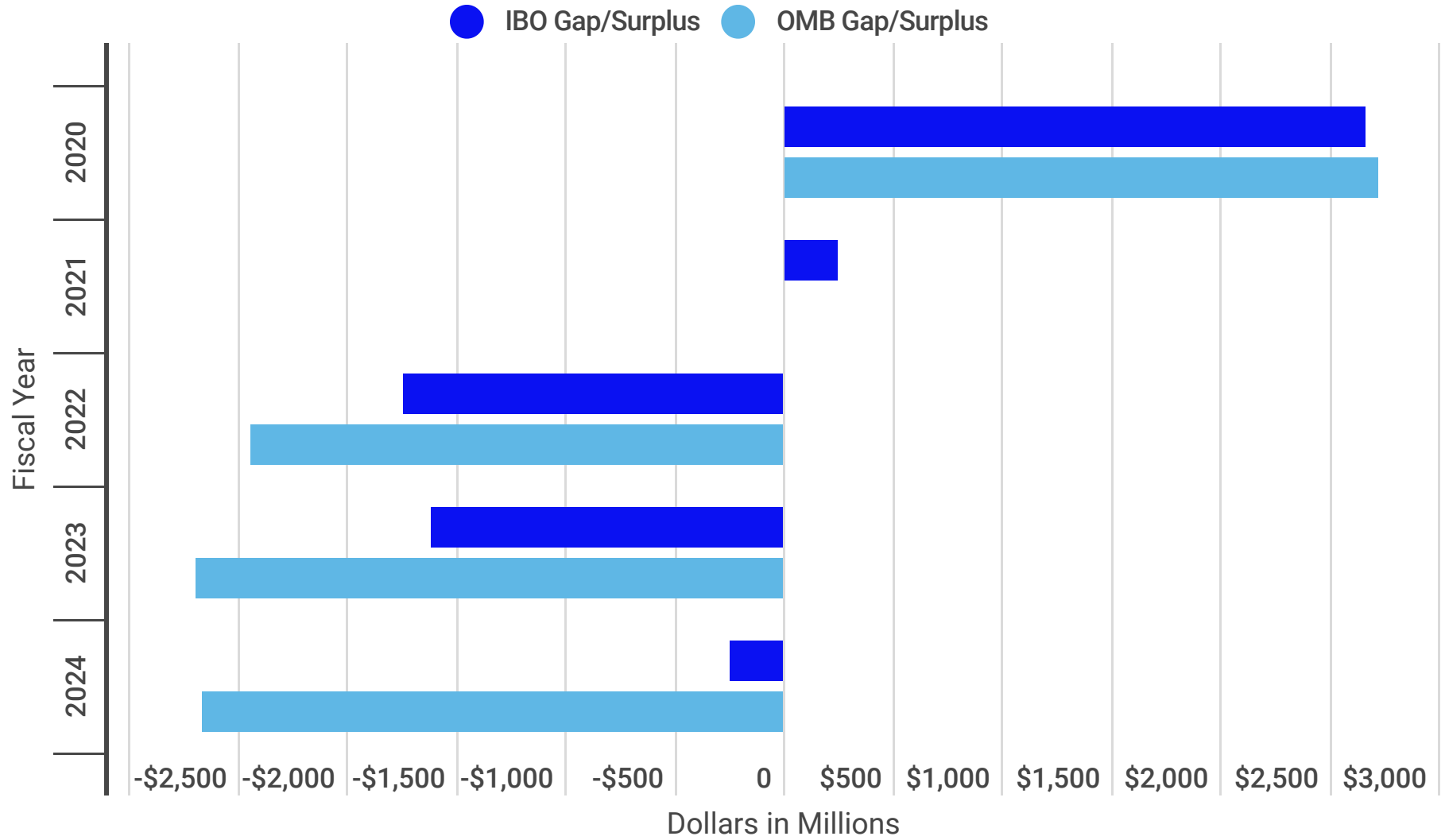
IBO projects that city-funded expenditures will grow slower than tax revenues over the 2020-2024 plan period.



Fiscal Year	Percent Change
2020-2021	1.2%
2021-2022	2.0%
2022-2023	2.7%
2023-2024	1.9%

Budget Gaps and Surpluses: IBO and OMB

IBO forecasts that 2020 will end with a surplus of \$2.66 billion, which is \$65 million below OMB's estimate. We also project a modest \$240 million surplus for 2021.



IBO's Gap/Surplus

IBO's Estimate of the Cost of Sheltering the Homeless

IBO projects that growing numbers of single adults will continue to drive increases in total shelter costs even as the family homeless population declines.

Fiscal Year 2021

Shelter Costs

Total Shelter Population



\$2.0 billion

Total Projected Costs



\$215.5 million

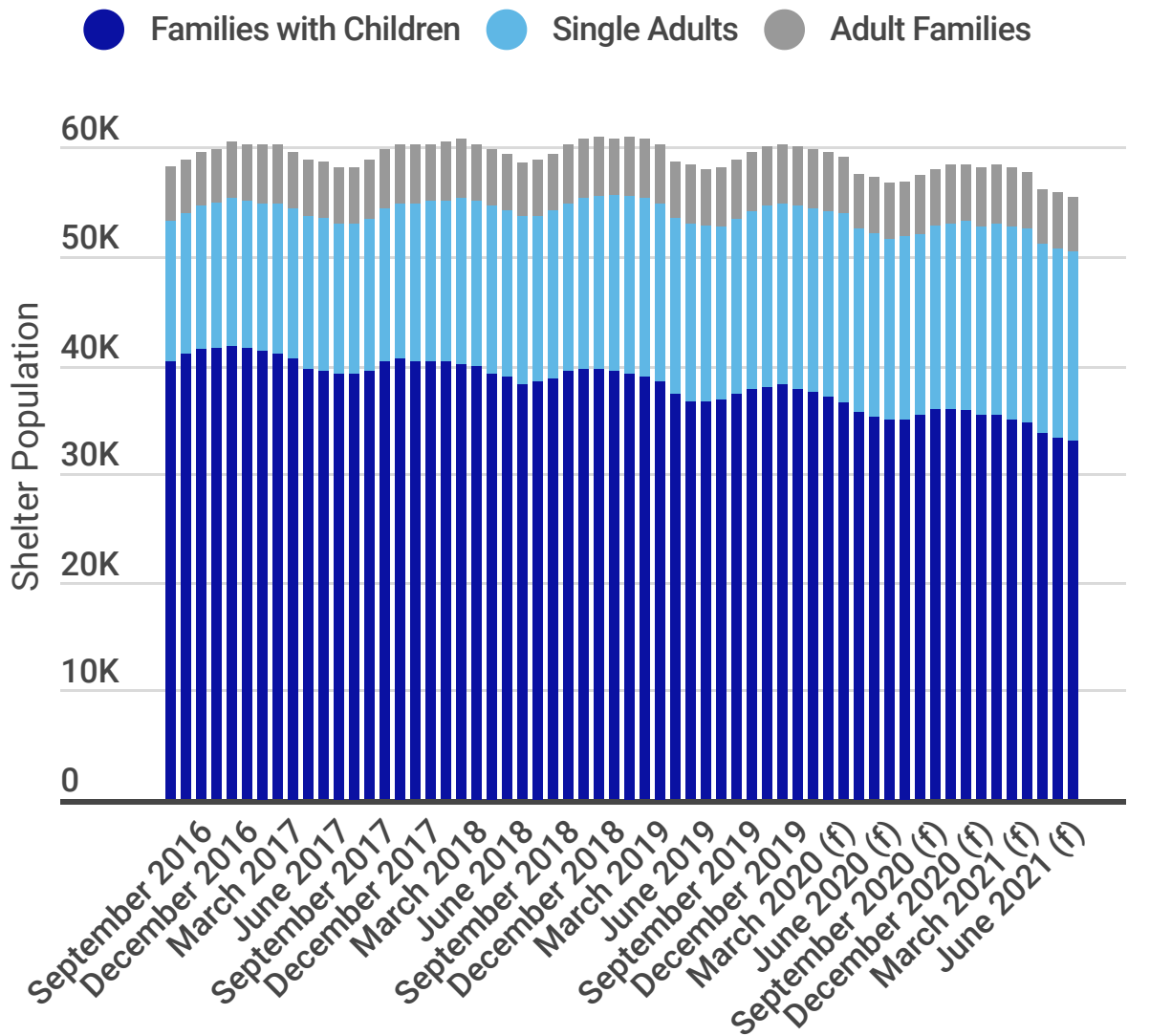
Increase in City Funds



\$16.1 million

Decrease in State & Federal Funds

< Total Shelter Population >



NOTE: (f) indicates a forecast.

IBO's Estimate of the Cost of Sheltering the Homeless

IBO projects that growing numbers of single adults will continue to drive increases in total shelter costs even as the family homeless population declines.

Fiscal Year 2021

Shelter Costs



\$997.2 million

Projected Costs



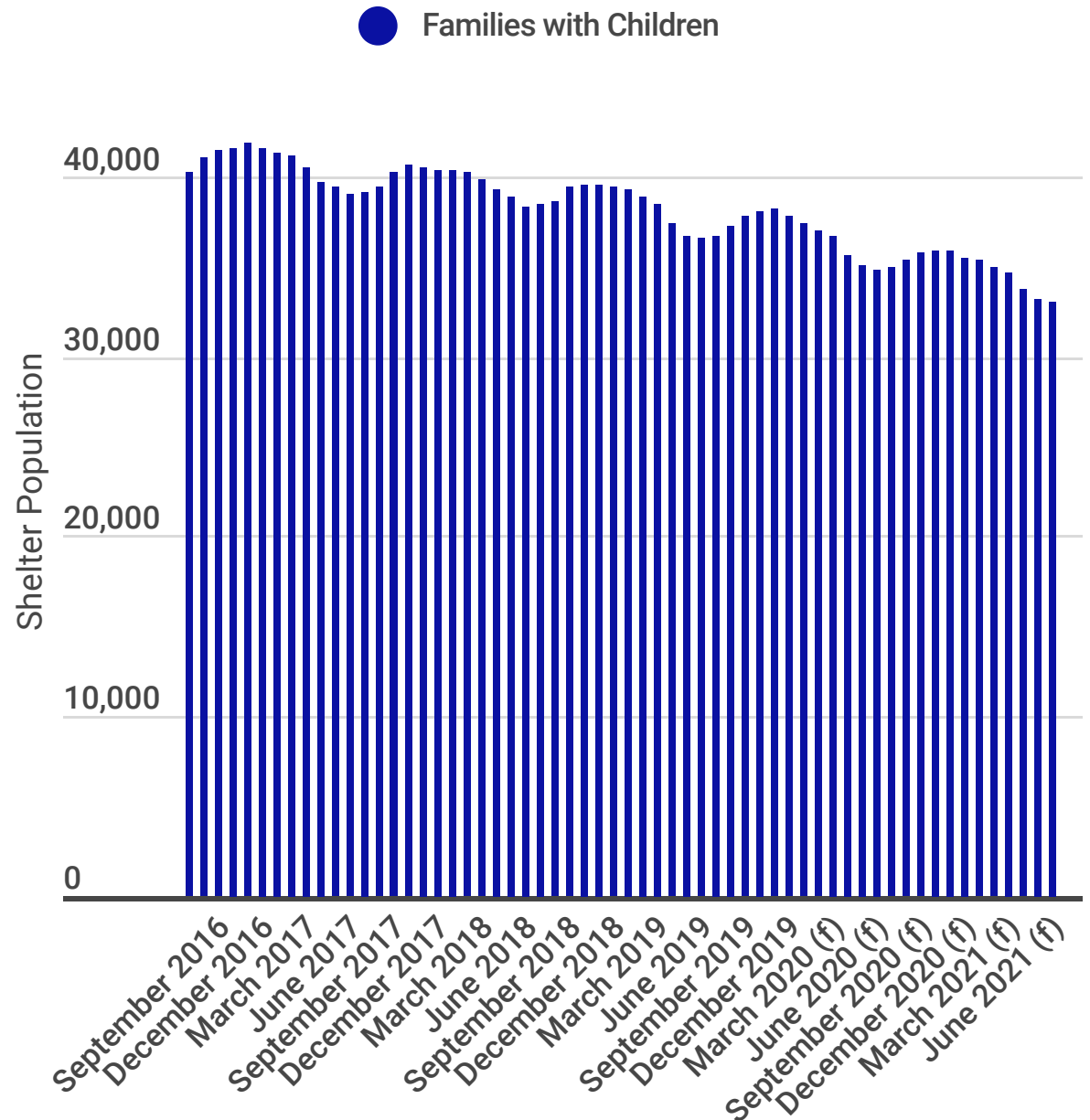
\$9.7 million

Increase in City Funds



\$27.7 million

Decrease in State & Federal Funds



NOTE: (f) indicates a forecast.

IBO's Estimate of the Cost of Sheltering the Homeless

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Fiscal Year 2021

Shelter Costs



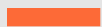
\$821.5 million

Projected Costs



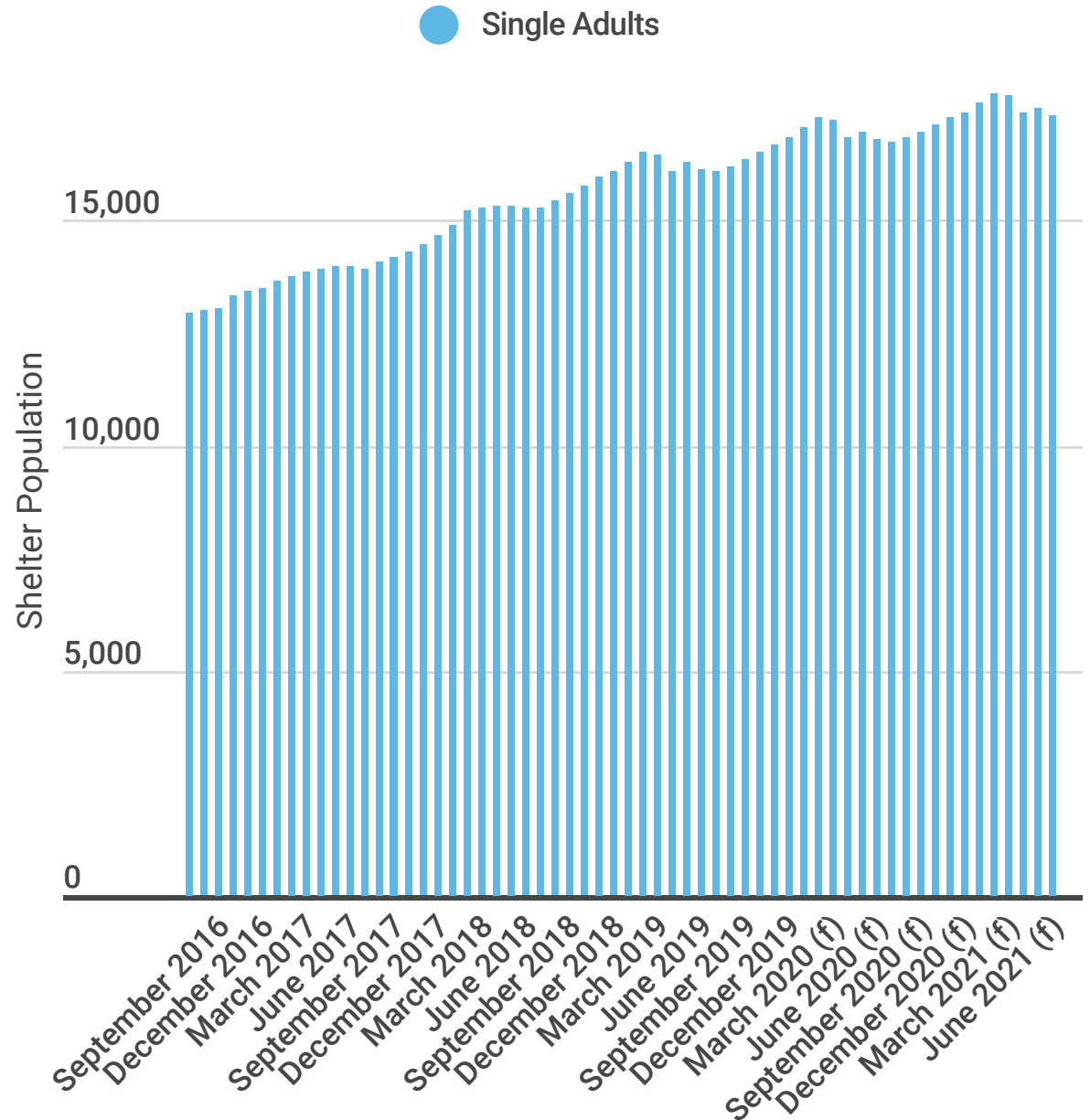
\$177.3 million

Increase in City Funds



\$0

No Change in State & Federal Funds



NOTE: (f) indicates a forecast.

IBO's Estimate of the Cost of Sheltering the Homeless

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Fiscal Year 2021

Shelter Costs



\$163.5 million

Projected Costs



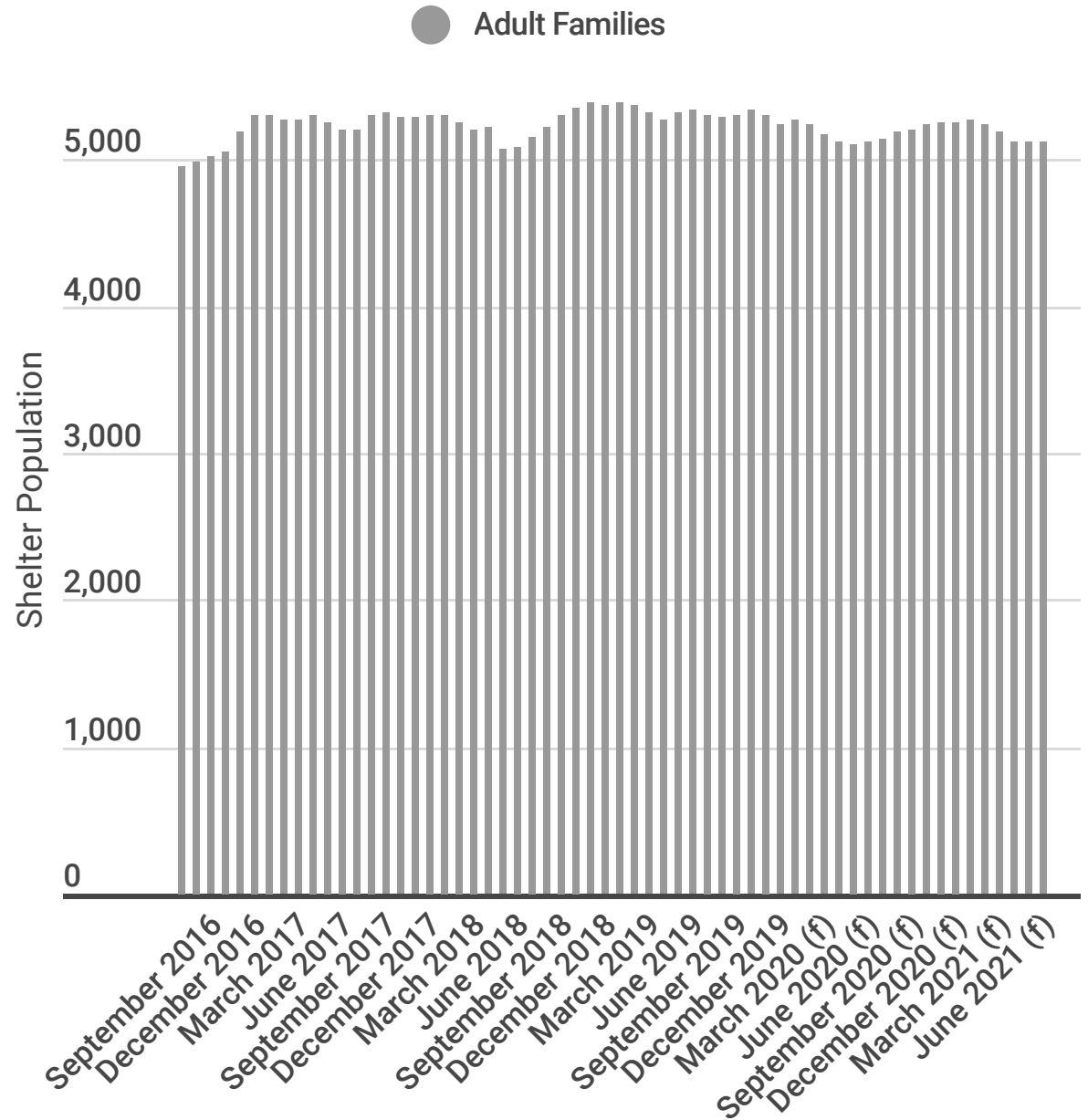
\$28.6 million

Increase in City Funds



\$11.6 million

Increase in State & Federal Funds



NOTE: (f) indicates a forecast.

IBO's Estimate of the Cost of Publicly Financing City Elections

The Campaign Finance Board budget contains a placeholder amount for campaign matching funds. Based on historical patterns and the recently increased match, we have projected the total cost.

Program Costs

< 2021 ▾ >



\$31 million

IBO Projected Costs



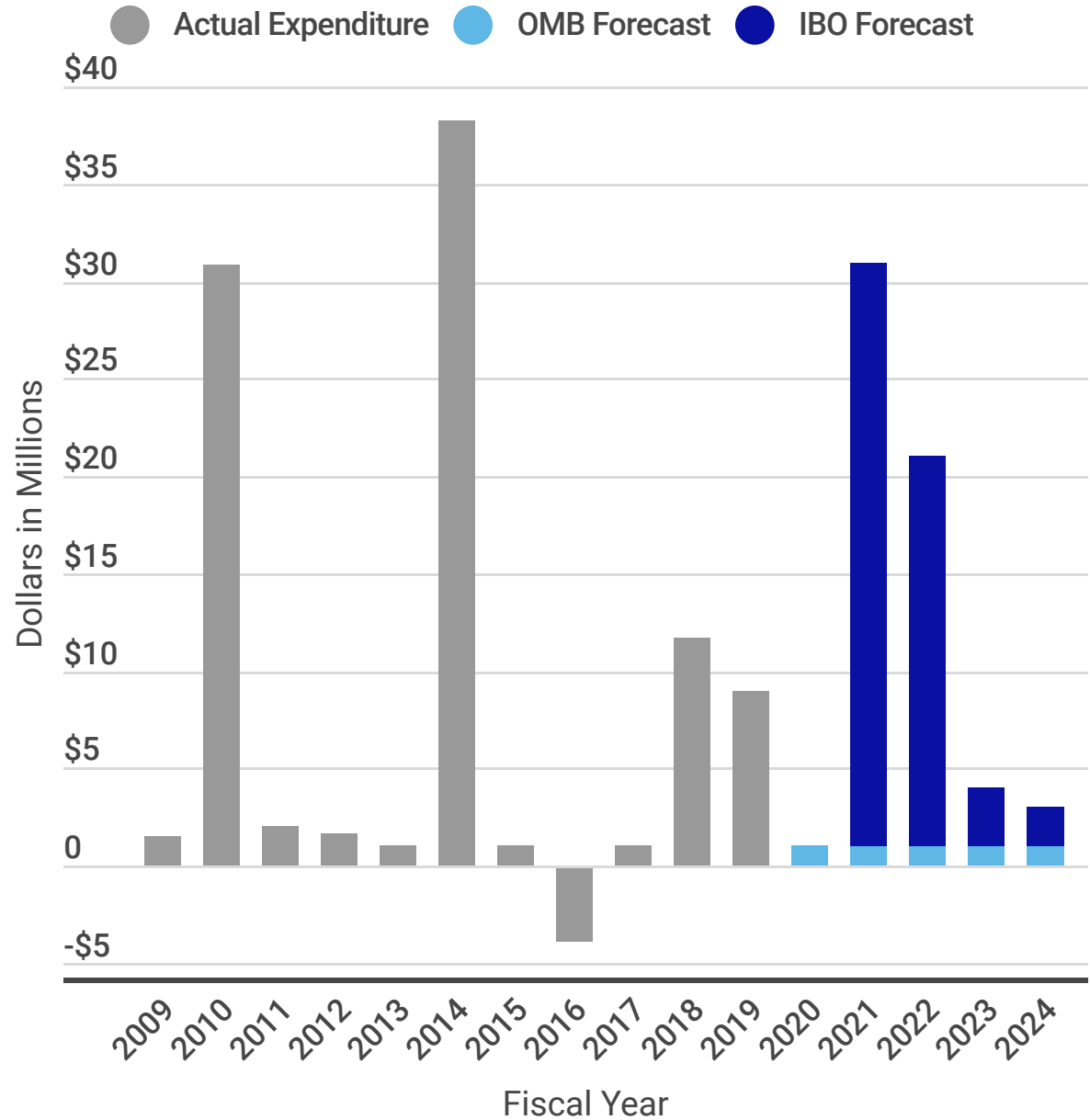
\$1 million

OMB Projected Costs



\$30 million

IBO Projects Higher Spending than OMB



IBO's Estimate of the Cost of Publicly Financing City Elections

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Program Costs-2022



\$21 million

IBO Projected Costs



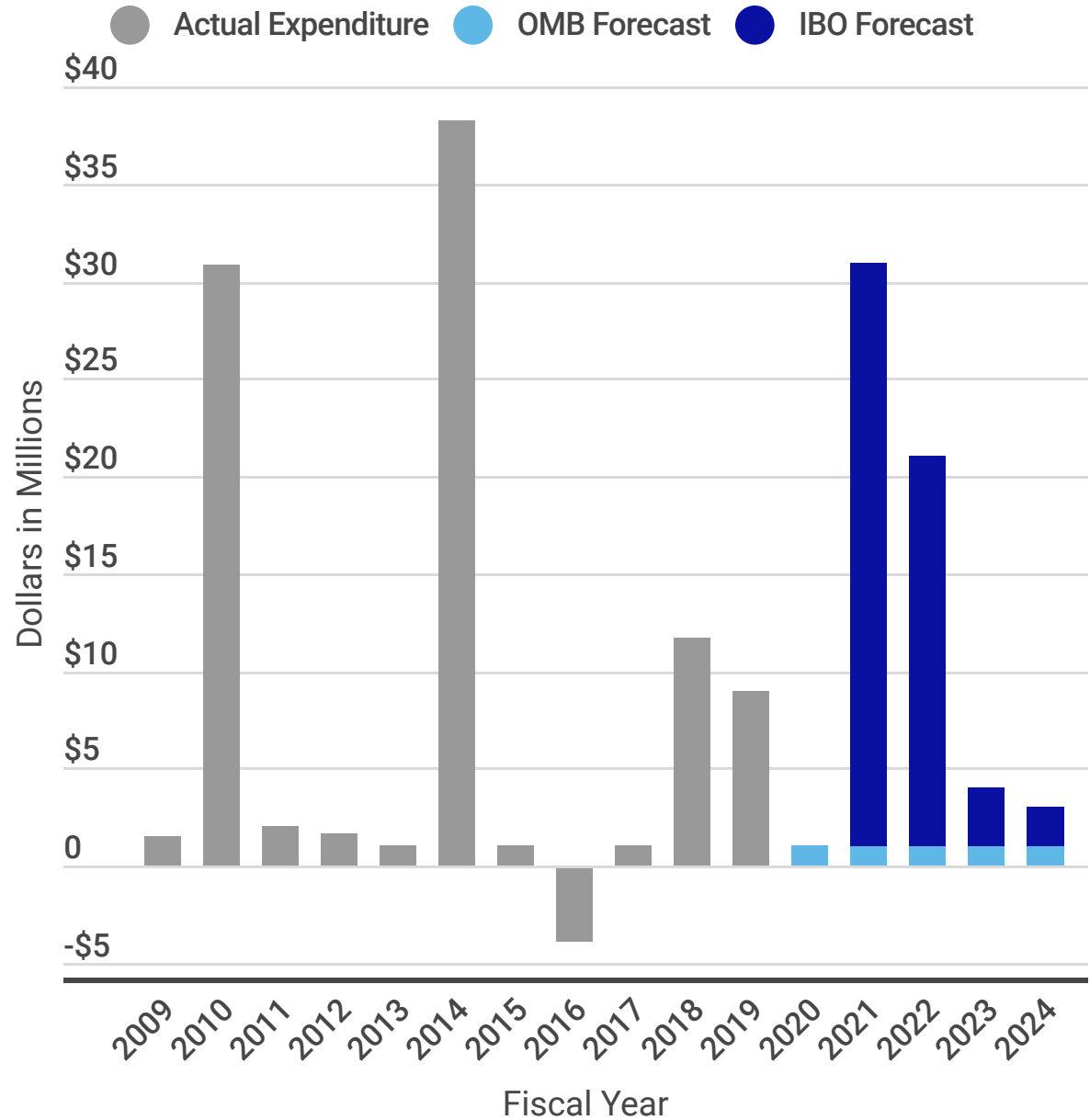
\$1 million

OMB Projected Costs



\$20 million

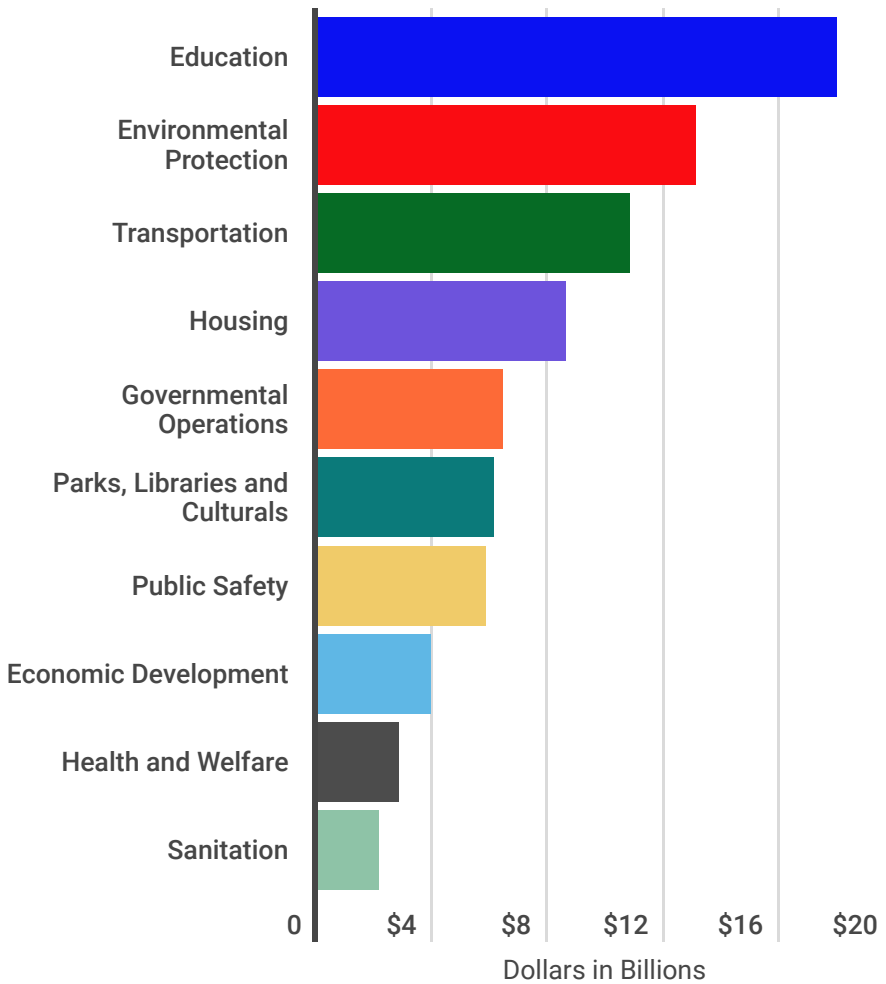
IBO Projects Higher Spending than OMB



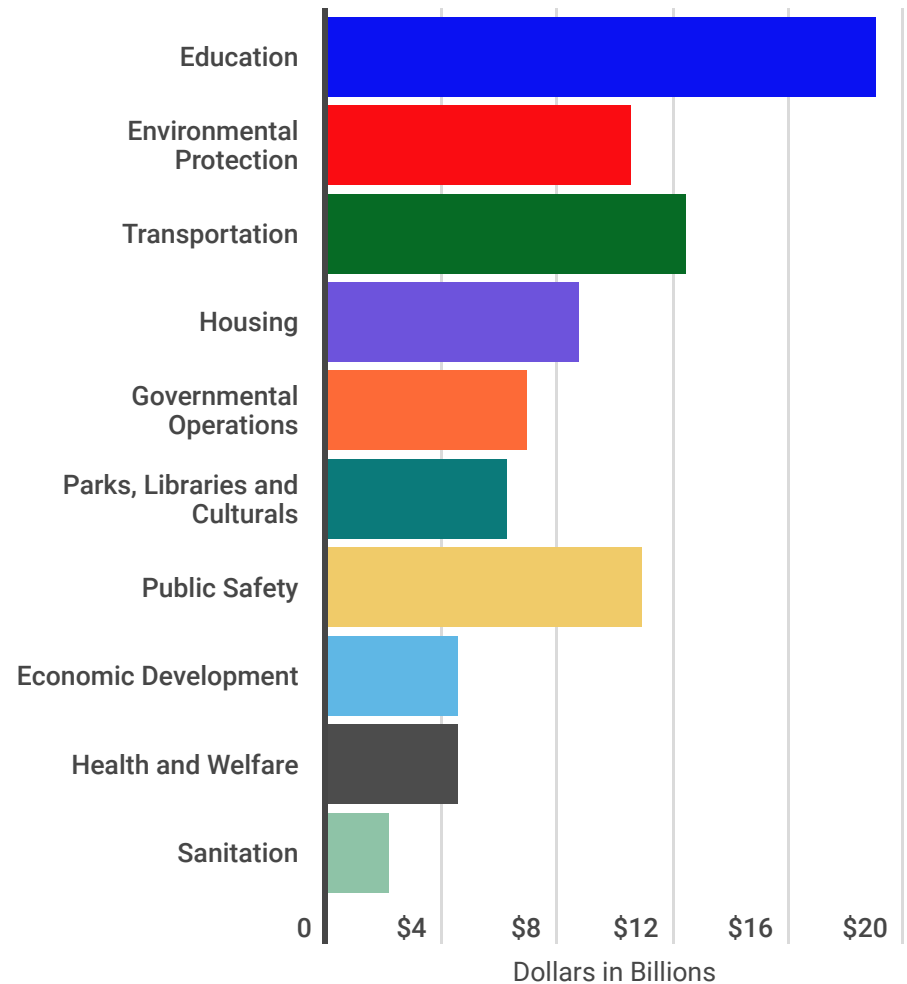
Comparing City Capital Plans

The current four-year capital commitment plan is \$1.8 billion greater than a year ago. The cost of closing Rikers Island and opening new jails is driving the increase in planned commitments for public safety.

2019-2023 Capital Plan



2020-2024 Capital Plan



Capital Budget

IBO Revenue Estimates-Part 1

Dollars in millions

		Plan						
	2019 Actual	2020	2021	2022	2023	2024	Average Change	2019- 2024
TAX REVENUES								
Property	\$27,703	\$29,799	\$31,262	\$32,627	\$33,979	\$35,803		5.3%
Personal Income	13,344	13,765	13,902	14,372	14,852	15,380		2.9%
General Sales	7,810	8,350	8,609	8,931	9,330	9,673		4.4%
Corporate	4,200	4,338	4,041	4,183	4,111	4,159		-0.2%
Unincorporated Business	2,029	1,956	2,071	2,155	2,198	2,283		2.4%
Real Property Transfer	1,547	1,381	1,436	1,485	1,479	1,504		-0.6%
Mortgage Recording	1,097	1,067	1,049	1,039	1,021	1,033		-1.2%
Utility	369	379	400	412	419	434		3.3%
Hotel Occupancy	625	643	647	660	681	703		2.4%
Commercial Rent	907	882	913	933	946	971		1.4%
Cigarette	29	29	28	27	26	25		-3.2%
Other Taxes and Audits	1,651	1,810	1,733	1,532	1,532	1,532		-1.5%
Total Taxes	\$61,312	\$64,399	\$66,091	\$68,356	\$70,574	\$73,500		3.7%

Appendix

IBO Revenue Estimates-Part 2

Dollars in millions

		Plan					
	2019 Actual	2020	2021	2022	2023	2024	Average Change 2019-2024
OTHER REVENUE							
STaR Reimbursement	\$181	\$163	\$167	\$165	\$163	\$161	-2.3%
Miscellaneous Revenue	8,220	7,550	7,110	7,103	7,120	7,121	-2.8%
Unrestricted Intergovernmental Aid	151	111	-	-	-	-	n/a
Disallowances	113	(15)	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	\$8,664	\$7,809	\$7,262	\$7,253	\$7,268	\$7,267	-3.5%
Less: Intracity Revenue	(\$2,222)	(\$2,126)	(\$1,852)	(\$1,844)	(\$1,842)	(\$1,842)	
TOTAL CITY-FUNDED REVENUE	\$67,754	\$70,082	\$71,501	\$73,765	\$76,000	\$78,925	3.1%
State Categorical Grants	\$14,970	\$15,636	\$15,829	\$16,289	\$16,746	\$16,830	2.4%
Federal Categorical Grants	7,719	8,280	7,470	7,339	7,276	7,241	-1.3%
Other Categorical Aid	1,340	1,061	968	959	958	955	-6.5%
Interfund Revenue	652	719	676	676	676	676	0.7%
TOTAL REVENUE	\$92,436	\$95,779	\$96,444	\$99,028	\$101,655	\$104,627	2.5%

Appendix

IBO Expenditure Re-estimates

Dollars in millions

	2020	2021	2022	2023	2024
Debt Service	\$39	\$28	\$ -	\$ -	\$ -
Fringe Benefits:					
Health Insurance - Education	(99)	(47)	39	155	247
Health Insurance - City University	(1)	(2)	20	17	13
Health Insurance - All Other Agencies	92	43	164	247	307
Public Assistance	20	21	21	20	20
Education	(96)	(63)	(74)	(144)	(173)
Fire	(50)	(50)	(50)	(50)	(50)
Police	(75)	(50)	(50)	(50)	(50)
Homeless Services	(124)	(216)	(216)	(216)	(216)
Parks	(12)	(15)	(15)	(15)	(15)
Sanitation	33	5	(6)	(30)	(30)
Housing	(4)	(6)	(6)	(6)	(6)
Campaign Finance Board	-	(30)	(20)	(3)	(2)
Small Business Services	-	(45)	(45)	(4)	(4)
TOTAL	(\$277)	(\$427)	(\$238)	(\$79)	\$42

NOTE: Negative pricing differences (in parentheses) widen the gaps, while positive pricing differences narrow the gaps.