



## CBC Statement on the NYC Preliminary Budget for FY 2022

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**New York, NY – January 14, 2021** - Citizens Budget Commission (CBC) President Andrew S. Rein released this statement on the New York City Preliminary Budget for Fiscal Year 2022:

"The Preliminary Budget for Fiscal Year 2022 shows the devastating impact the pandemic continues to have on New York City's residents and economy. The projected precipitous decline in property taxes is historic. It demonstrates the current challenges faced by residents and businesses, and strongly signals the long-term risks and hard road to recovery faced by key sectors and industries.

Achieving fiscal stability will be essential for building a strong foundation for economic recovery. Unfortunately, nearly one year into the fiscal crisis, the City still has not substantially embarked on the significant restructuring and spending restraint needed to stabilize its long-run finances. City-funded spending will increase 3.2 percent between fiscal year 2021 and fiscal year 2022. While the Preliminary Budget includes a program-to-eliminate the gap (or "PEG"), it is too small and appears to disproportionately target program reductions, instead of improving productivity or modifying employee benefits, both of which would minimize pain to New Yorkers at large. Furthermore, the plan lacks sufficient recurring savings to reduce future budget gaps meaningfully. The fiscal year 2023 gap is \$4.3 billion and is likely understated by \$1 billion of labor savings that the Administration has thus far failed to achieve. A stronger partial hiring freeze is a good step; headcount reductions are needed and should be made permanent.

The future is fraught with risks from the economy and the fiscally stressed State budget that may increase budget gaps tremendously. Today's good news on federal reimbursement of pandemic expenditures will prevent some counterproductive cuts in education; however, even

greater amounts of federal aid, which are likely forthcoming, will not be sufficient to fix the entire multiyear fiscal shortfall. The City should be taking aggressive steps now to rein in spending by increasing efficiency, prioritizing programs for the most vulnerable, and collaborating with labor to change costly work rules and reduce the cost of benefits for City workers.”