



## **CBC Statement on the November 2020 Quarterly Modification to the Financial Plan for Fiscal Years 2021-2024**

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**New York, NY – November 23, 2020** - Citizens Budget Commission (CBC)  
President Andrew Rein released this statement on the New York City November 2020 Quarterly Modification to the Financial Plan for Fiscal Years 2021-2024:

"New York City is in the midst of a fiscal crisis and should be managing its budget accordingly. The City should both meet the needs of New Yorkers today, and ensure the City emerges from this crisis a strong, stable, and desirable place to live, work, and visit. This budget does not meet the moment. The City's November 2020 Quarterly Modification should have included the significant recurring savings needed to stabilize the City's finances in the long run. Instead, the Administration's Savings Program relies primarily on non-recurring debt service savings, continues to include yet-to-be-negotiated labor savings despite no substantive progress to date, and does not reduce the City's headcount year-over-year.

While optimism for significant federal aid is well founded, the belief that a federal bailout will banish the City's budget problems belies both history and the severity of the crisis facing the City, the State, and the Metropolitan Transportation Authority. Federal aid is needed and may be significant. Still, even if substantial, federal aid will only be a bridge and that bridge must land on a stable shore.

Spending should be restrained to a level that is sustainable when the economy recovers and federal aid is depleted. Delaying action to restrain spending will hamper the City's ability to help those most in need and position New York for strong growth coming out of the pandemic and recession.

The November 2020 Financial Plan's Savings Program is relatively small and front-loaded, with the vast majority attributable to debt service savings from refunding in fiscal years 2021 and 2022. Roughly 60 percent of the annual savings do not recur, and the fiscal year 2023 savings

is just 0.35 percent of City-funded spending. Furthermore, the Financial Plan continues to include \$1 billion in annual labor savings in fiscal years 2022 to 2024, which the de Blasio Administration has made no progress achieving over the last five months.

The City needs to close the \$3.8 billion fiscal year 2022 budget gap in the Preliminary Budget for Fiscal Year 2022, due in January 2021. The Mayor should immediately ask each agency to identify significant recurring savings, with a focus on improving long run efficiency, for potential inclusion in the Preliminary Budget. Furthermore, attrition and the hiring freeze should be used to reduce the City's headcount over the full term of the four-year financial plan. Finally, the City should continue to work with labor to identify efficiencies and align employee benefit contributions to those of other public agencies."