IBO’s Fiscal Outlook Webinar:

Key Findings From Our Latest Economic Forecast & Review of the November Financial Plan

January 20, 2022
Overview

- In addition to human losses, pandemic led to enormous economic shocks.
- Nearly 2 years ago IBO anticipated a fiscal shock, too.
  - Projected large deficits requiring budget actions to address.
- Better than expected tax revenue & $13 billion in federal assistance have left city budget in much better shape.
- IBO estimates budget surplus in 2022 and modest gaps in 2023-2025.
- Fiscal foundation may be less solid than it looks.
- Uncertainties abound.
NYC Continues to Lag US Employment Recovery
Sectors Differ in Job Losses and Expected Recovery

- Professional Services
- Education
- Financial Activities
- Transportation
- Trade
- Leisure and Hospitality

Thousands of Jobs

-200 -150 -100 -50 0 50 100

2020 2021 2022 2023 2024 2025
Bright Spots:
NYC Personal Income Grew During Pandemic Thanks to Transfer Payments
Bright Spots: Another Good Year on Wall Street

Quarterly Net Operating Revenues, Net Interest Expenses, and Profits of New York Stock Exchange Member Firms
IBO Forecasts Tax Revenue to Decline in 2022, Rebound in 2023 Through 2025

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Property</th>
<th>Personal Income</th>
<th>Business</th>
<th>General Sales</th>
<th>Other Taxes and Audits</th>
<th>Property Transfer Taxes</th>
<th>Hotel Occupancy</th>
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<tbody>
<tr>
<td>2021 Actual</td>
<td>$30,000</td>
<td>$20,000</td>
<td>$10,000</td>
<td>$5,000</td>
<td>$2,000</td>
<td>$1,000</td>
<td>$5,000</td>
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<tr>
<td>2022 Forecast</td>
<td>$28,000</td>
<td>$18,000</td>
<td>$12,000</td>
<td>$4,000</td>
<td>$2,000</td>
<td>$1,000</td>
<td>$6,000</td>
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<td>2023 Forecast</td>
<td>$26,000</td>
<td>$16,000</td>
<td>$14,000</td>
<td>$3,000</td>
<td>$2,000</td>
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<td>2024 Forecast</td>
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<td>$14,000</td>
<td>$16,000</td>
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<td>$1,000</td>
<td>$8,000</td>
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<tr>
<td>2025 Forecast</td>
<td>$22,000</td>
<td>$12,000</td>
<td>$18,000</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$1,000</td>
<td>$9,000</td>
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</table>
Total Revenues Grow Greatly in 2022 Thanks to Receipt of Federal Relief

![Graph showing revenue growth from 2021 to 2025]

- **2021 (Actual)**: $98.2 Billion
- **2022**: $104.4 Billion
- **2023**: $100.1 Billion
- **2024**: $102.1 Billion
- **2025**: $103.4 Billion
Federal Relief Primarily Used for Education and Revenue Replacement

Dollars in millions

- $7,582.6
- $2,541.0
- $748.5
- $607.5
- $551.3
- $380.0
- $5.9 Billion
  - Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Education/Higher Education Funds
- $4.8 Billion
  - American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds
- $2.4 Billion
  - ARPA Education/Higher Education Funds
Non-City Funded Expenditures Drive Growth in 2022
## Projected Budget Gaps and Surpluses: IBO and OMB

*Dollars in millions*

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tbody>
<tr>
<td>OMB Gap Projections</td>
<td>-</td>
<td>($2,882)</td>
<td>($2,731)</td>
<td>($2,140)</td>
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<tr>
<td>Unallocated Planned Labor Savings</td>
<td>-</td>
<td>(500)</td>
<td>(500)</td>
<td>(500)</td>
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<td>Reestimated OMB Gap</td>
<td>-</td>
<td>($3,382)</td>
<td>($3,231)</td>
<td>(2,640)</td>
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<td>IBO Revenue Differences</td>
<td>$1,539</td>
<td>$1,541</td>
<td>$1,812</td>
<td>$1,761</td>
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<td>IBO Expenditures Differences</td>
<td>(601)</td>
<td>(479)</td>
<td>(209)</td>
<td>(164)</td>
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<tr>
<td>Total IBO Pricing Differences</td>
<td>$938</td>
<td>$1,062</td>
<td>$1,603</td>
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<td>IBO Prepayment Adjustment</td>
<td>(938)</td>
<td>938</td>
<td>-</td>
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<td>IBO Surplus/Gap Projections</td>
<td>-</td>
<td>($1,382)</td>
<td>($1,628)</td>
<td>($1,043)</td>
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Pressure Points

- Course of the Pandemic
- Demand for Office and Retail Space
- Replacing Federal Funds
- Municipal Labor Contracts
A Forecast in Uncertain Times: Modest Budget Shortfalls Projected, But Risks To Outlook Increase as Infections Surge

Understanding the Budget

A Guide to the Capital Budget

New York City Fiscal History

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