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Mayor: Fiscal Year 2024 budget reflects resiliency of Detroit's economy, keeps promise to retirees, makes investments in public safety and beautification, provides tax relief

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MAYOR'S OFFICE

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- **Mayor Mike Duggan delivers his Proposed FY2024 Budget and FY2024-2027 Four-Year Financial Plan to the Detroit City Council**
- **Keeping promise to retirees, City to make first legacy pension payment of \$149 million next year supported by \$57 million from Retiree Protection Fund and nearly \$19 million from foundations under the "Grand Bargain"**
- **Resilience in Detroit's economy and revenues stem from growing tax base, economic development, and opportunity for Detroiters**
- **Revenues up \$107 million over last year's budget due to strength of income tax**

The City of Detroit's budget reflects our resilient economy and revenues, and we are now prepared to keep our promise to retirees while making investments, says Mayor Mike Duggan as he presented his proposed Fiscal Year 2024 Budget and Fiscal Year 2024-2027 Four-Year Plan to City Council today. This also marks the ninth consecutive year of a balanced budget since exiting bankruptcy in 2014.

For ten years, the Plan of Adjustment (POA) let us pause pension payments to improve City services, invest in our community, and improve the quality of life for Detroiters. There were doubts that Detroit could accomplish these goals and be prepared for the 2024 "legacy pension cliff" post-bankruptcy. But over the last nine years, working together with fiscal discipline and planning including challenges of a pandemic, we have grown our revenues and reserves building up a \$473.4 million Retiree Protection Fund in preparation for the start of legacy pension payments.

Next fiscal year, Detroit will make its first legacy pension payment of \$149 million of which \$57 million will come from the Retiree Protection Fund and \$19 million from the Grand Bargain.

Resilience in our economy and in our revenues, stems from Mayor Duggan and the City Council working together growing our tax base and delivering economic opportunity and improving quality of life for Detroiters. Ten years ago, income tax revenues were \$254 million, and the POA projected \$313 million by FY24. Now, we are projecting \$393 million in FY24, more than double the POA projected growth. With economic risks ahead, we must continue our commitment to long-term fiscal stability and growth.

This proposed budget totals \$2.6 billion across all City funds and \$1.3 billion for the General Fund. It increases our Rainy Day Fund to \$150 million, to ensure we can withstand a downturn. It provides property tax relief, by reducing our debt millage by two mills over two years. Through this budget, we keep our promise to our retirees and sustain services for Detroiters.

This budget is balanced, despite pressure to keep up with current services and competitive wages. The General Fund budget grows by \$164 million over last year's budget, supported by \$107 million in revenue growth and \$57 million from the Retiree Protection Fund. Over \$150 million of our budget growth represents past promises kept and sustaining City services, including:

- Debt Service and Legacy Pensions \$67.6 million
- Police officer pay raises approved last fall \$26 million over base budget
- Fire Department transition to merged fire fighter/emergency medical services roles \$18 million
- Scheduled pay raises for all City employees \$13 million
- Replacing DDOT fare losses and federal relief \$11 million
- Facilities, Fleet, Technology, and other operations inflation \$14.5 million

After following through on past promises, the budget has limited capacity for new recurring spending. The remaining \$14 million (1.2%) in budget growth supports the following:

- Workforce Investments in multiple areas of the City's workforce reserve for more competitive wage rates: \$7 million
- Unified Greenway Partnership operations and maintenance: \$3.5 million
- Animal Care Expansion for new facility opening this year: \$1.6 million
- Behavioral Health and Public Health staff: \$1 million
- Project Clean Slate for 1,000 more expungements: \$0.6 million
- New team to drive neighborhood economic development: \$0.5 million

Earlier this week, City Council approved \$156.5 million in supplemental appropriations from last year's \$230 million surplus to accelerate targeted one-time investments, including \$86 million in mostly neighborhood-level capital improvements, such as accelerated park improvements, blight remediation, dangerous tree removal and sidewalk replacement, while \$70 million will be used to add support for the city's retiree protection plan and risk management fund.

This budget proposed using the remaining surplus to continue delivering Beauty, Safety, and Opportunity for Detroiters:

- Public Safety Fleet and Equipment: \$13.5 million
- Emergency Demolitions: \$13.3 million
- Freeway Cleanup: \$6 million
- Alley Cleanup: \$5 million
- Vacant Property Grounds Maintenance: \$2.6 million
- Commercial Corridor and Graffiti Cleanup: \$2.4 million
- Parks Amenities and Greenway Equipment: \$2 million
- Affordable Housing Development and Preservation Fund: \$1.8 million
- Neighborhood Planning Studies: \$1.4 million

I'm extremely proud of the work of our Chief Financial Officer and our department heads to have the discipline to still provide vital services within our available budget during the challenging past two years," said Mayor Mike Duggan. "Their efforts have kept the City out of state financial oversight while making sure residents still could rely on City government during this pandemic. Now, we are in a position to again invest in our employees, retirees and neighborhoods."

"The FY24 budget has been 10 years in the making. Its foundation is the commitment and tenacity shown by City Council and the Mayor. It has helped to build an economic base that has allowed the City to weather a pandemic, to assure services to City residents that protects and improves their opportunities, and to assure financial stability needed to honor promises to both City retirees and residents. Despite the risk of a projected mild national recession, these past efforts have allowed the presentation of the 10th year of a balance budget and will protect the City from those risks," said Rising.

City Council will hold Budget hearings for departments starting Wednesday, March 8, which are open to the public.

The Proposed Budget is for Fiscal Year 2023-2024, which starts July 1, 2023, and ends June 30, 2024. It was informed by multiple rounds of Public Engagement, including the Annual Public Budget Meetings in October, Community Budget Priorities Forums held with each City Council District in October and comments submitted to the yourbudget@detroitmi.gov inbox.

[FY 2024 Mayor's Proposed Budget Presentation to City Council](#)