

November 2023

Budget Building Blocks: Units of Appropriation

What are Units of Appropriation?

On an annual basis, through the budget adoption process, City Council legally authorizes—or appropriates—all spending for the City’s upcoming fiscal year. The authorized spending is broken down into units of appropriation (commonly referred to as U/As) that are allocated to the City’s various agencies to support government operations and programs. U/As are the most granular level of detail approved in the budget resolutions. The City’s Charter states that: “Each proposed unit of appropriation shall represent the amount requested for personal service or for other than personal service for a particular program, purpose, activity or institution...” In practice, the structure of the City’s budget has never fully reflected the notion that each U/A would represent a discrete purpose or program, as opposed to a set of programs.

The language of the City Charter allows for U/As that are broader than a particular program or purpose if City Council has adopted a resolution “setting forth the names, and a statement of the programmatic objectives, of each program, purpose, activity or institution to be included in such a single unit of appropriation.”¹ Where U/As encompass more than one program or purpose, City Council’s adoption of resolutions to delineate programs and purposes within that U/A has not been consistently reflected in practice.

How do Units of Appropriation Fit into the Budget Negotiation Process?

City Council adopts the expense and capital budgets in the form of resolutions prior to the start of a new fiscal year.² The roles the Mayor and City Council play in the budget negotiation and adoption process create an inherent tension around the size and number of U/As. Fewer and larger U/As, reflecting combinations of many programs, purposes and activities, allow the Mayor more flexibility in administering the budget. They provide significantly more discretion for the executive branch of city government to shift how funds are spent. In contrast, a greater number of U/As that are each tied to a specific program or purpose allows City Council to more effectively exercise its oversight role by providing for greater transparency on how funds are spent and requiring more accountability from the Mayor. By keeping U/As as granular as possible, City Council benefits from the Charter’s restriction on how funds may be moved. This ensures that, once the Council adopts the budget, large shifts in the budget do not occur without its consent. A larger number of U/As containing smaller amounts of funding translates to greater City Council control over substantive changes to spending after budget adoption. Similarly, constituencies that support particular programs look to the U/As to provide the granular level of detail they need in order to advocate for funding of the programs and policies they support.

Can the Dollar Amounts in a Unit of Appropriation Change After Budget Adoption?

Once City Council has approved a budget, the Mayor is permitted to shift no more than five percent of funding up or down from individual U/As within an agency.³ If an agency needs to move more funding than what is allowed within the five percent limit, or if funding is shifted from one agency to another, the Mayor must seek an approved budget modification from City Council, which typically occurs with the release of the City's quarterly financial plans. This may require the Mayor to obtain City Council approval of a budget modification, even when the Mayor and the agencies view the changes as routine adjustments

Has the Number of Units of Appropriation Changed Over Time?

The number and purposes of U/As are not fixed and do change over time. As of the adoption of the fiscal year 2024 budget, there were 690 U/As in use. In its budget resolutions, City Council regularly provides for the creation of additional U/As, providing for further subdivision and transparency to agency budgets. City Council announced the addition of 18 new U/As reflecting council priorities at the adoption of the 2023 budget and 11 new U/As at the adoption of the 2024 budget.⁴

Endnotes

¹Units of appropriation are defined in the New York City Charter, Chapter 6, Section 100(c).

²The New York City fiscal year begins on July 1st of the prior calendar year and ends on June 30th of the current year—that is, fiscal year 2024 runs from July 1, 2023 through June 30, 2024.

³The City Charter specifies that the Mayor may make changes less than 5 percent, or \$50,000 (whichever is greater), to units of appropriation within an agency without requiring City Council approval. See New York City Charter, Chapter 6, Section 107(b).

⁴ See City Council press releases for Adoption of [2023](#) and [2024](#) budgets for further details.