THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

Testimony of New York City Comptroller Brad Lander
New York City Council Finance Committee
Comments on New York City's FY 2025 Executive Budget and 5-year Financial Plan

May 22, 2024

Good morning, Speaker Adams, Chair Brannan, members of the Finance Committee and the City Council. Thank you for having me here today to talk about the FY 2025 Executive Budget. With me is Francesco Brindisi, Executive Deputy Comptroller for Budget and Finance, and Krista Olson, Deputy Comptroller for Budget.

The $111.6 billion FY 2025 Executive Budget reflects a modestly stronger fiscal position for the City than the Preliminary Budget. It includes a combined $2.3 billion increase in projected tax revenues for this year and next, and the FY 2025 gap is manageable even with the cancellation of the third round of PEGs that the Mayor had announced last fall, and with the restoration of funding for some of the cuts to the Department of Education and the NYPD.

While these more positive indicators are heartening, my Office continues to project substantial outyear gaps which will take careful planning, honest budgeting, and strong fiscal management to close.

The Economic Picture and NYC's Financial Outlook

New York City's economy has been reasonably strong and is expected to continue growing at a moderate pace. The number of private sector jobs in the city is higher now than before the pandemic started and the proportion of New Yorkers that are employed is higher than it has ever been before.

However, most of the new jobs added in the past year have been in just a few relatively lower-wage industries—namely, health care, social services, and food services. Job growth has stagnated in some of the higher-wage service industries that are key to New York City's economy–and tax revenues–such as finance, technology, and professional services. The lack of momentum, combined with an anticipated cooling off of economic growth nationally, suggests that the city's economic activity will grow at a slower pace over the next few years. As members of this Council know all too well, residential rents are near record highs at an average of $3,500 per month and rising – a sign of continued attractiveness but far too high for so many families in neighborhoods all across our city and a deterrent for job growth. The slumping commercial real estate market caused by the shift to remote and hybrid work continues to be a serious challenge, but thus far the "doomsday" scenario that many have worried about during the last few years has not materialized.

The stronger economy enabled OMB to restore some of the cuts that had previously been announced to cultural institutions, schools, and the NYPD, and to put downpayments on some chronically underbudgeted costs and fiscal cliffs. But the funds, including additional support from the State, only partially cover the true needs. Important education programs funded with expiring federal stimulus dollars have been maintained, but in some cases only for one year. While more realistic funding was provided for the CityFHEPS program as currently implemented, we estimate an additional $500 million will actually be spent in each year of the plan. And, of course, while the April Financial Plan did not further reduce essential city services, cuts to critical services and institutions remain.

The Administration reported gaps of $5.5 billion in FY 2026, rising to $5.7 billion by FY 2028 in the Financial Plan. However, with more accurate estimates for the true costs of services underbudgeted by OMB, my Office sees revised gaps of $2.6 billion in FY 2025 (2.3 percent of total revenues) growing to approximately $8.5 billion in FY 2026 and out (about 7 and a half percent of total annual revenues).

Beyond the relatively more predictable costs of traditional areas of underbudgeting, there are three fiscal risks that are more uncertain: the cost of providing services to asylum seekers, the cost of implementing the State's class size mandate, and the cost of the expansion of rental assistance.

My Office expects that the costs associated with asylum seekers will be lower than budgeted in FY 2025 by $1.32 billion. This is mainly due to a lower projection of households in shelter, which extends the relatively stable trend established in 2024. The projection is subject to an unusual degree of uncertainty due to the unknown trajectory of border crossings and arrivals in New York City, to the uncertainty of federal policy over time, especially given the upcoming election, and to recent changes to City policies, including the haphazard implementation of shelter time-limits which lacks promised case management to help families establish themselves. Further, expenses have been unnecessarily high because of the over-use of emergency procurement without adequate cost controls, as my Office has repeatedly documented, and the slow pivot to competitive procurement.

In FY 2026 and FY 2027, however, my Office estimates additional City funds will be necessary to cover costs if future State budgets will not include the $1 billion in annual aid assumed by the City. In FY 2028 the Financial Plan does not include any expenses for asylum seekers while my Office projects a risk of $3.19 billion, which could be offset by future State aid.

Implementation of the class size mandate is not fully funded in the current budget; we estimate that fully funding it would cost an additional $467 million in FY 2026, $933 million in FY 2027 and $1.40 billion in FY 2028, which we have factored into our re-estimate.

Our re-estimate of expenditures, however, does not include the cost of expanding the rental assistance program as legislated by the City Council, given the uncertainty of pending litigation. However, both the Administration's and the Council's fiscal estimates indicate significant potential impacts.

With those adjustments, my Office projects a surplus of $341 million in FY 2024, and gaps of $1.27 billion in FY 2025, $9.17 billion in FY 2026, $10.61 billion in FY 2027, and $13.00 billion in FY 2028.

Protecting Opportunities for New Yorkers

Despite the threat of substantial gaps in future fiscal years, the Executive Budget did make some positive moves to restore core services; but additional investment is still required.

The Department of Education's budget was under threat with the imminent expiration of federal COVID-19 stimulus aid. The Financial Plan provided a substantial, if partial, reprieve with over $500 million in combined local and state funding for many important services. The plan includes funding in each fiscal year for coordinators for Students in Temporary Housing, mental health support, Pre-K special education, and community schools. However, other critical programs such as arts education, Summer Rising, and the

Learning to Work program, are only funded for the coming year. And the restorative justice program saw no reprieve and still faces a shortfall of $8 million. I encourage the Mayor to fulfill his commitment to provide ongoing, annual support for all of these programs.

Similarly, while this budget restored $92 million for expiring COVID-19 funds for 3K in FY 2025, a fiscal cliff remains in the outyears, and the restoration does not address larger cuts of $170 million that were made to early childhood education, including both 3K and UPK, and Early Learn programs for infants and toddlers. In addition, the DOE must strengthen its outreach efforts to ensure that all families know of the City's commitment to provide a 3K seat to every family that wants one. The City should also make good on its prior commitment to pay early childhood education workers in community-based organizations at the same level as their public school peers.

Funding for Promise NYC, the City's nascent child care program for children whose immigration status disqualifies them from other federal or state child care subsidies, is already insufficient to serve the many children in need, and not yet included in next year's budget at all. I support the Council's request to provide ongoing funding for Promise NYC at the higher level of $25 million.

Students with disabilities must be able to attend schools in their own neighborhood; family members and staff with disabilities should have access as well. With two thirds of schools in NYC still inaccessible, the City should increase its capital commitment by $450 million over the next five years to make more schools fully accessible.

CUNY, New York's best driver of economic mobility has borne successive rounds of cuts over the last few years, totaling over $95 million in FY 2025, in addition to annual reductions tied to tuition reimbursement as student enrollment continues to decline. In addition to restoring baselined PEGS, the City should expand critical programs like ASAP|ACE and Reconnect, that keep students on track to initiate and complete their higher education goals.

And while providing only small fiscal relief, cuts to libraries and cultural programs leave an outsized impact on the students, immigrants, and many others they serve. Libraries face a $40 million cut next year when two successive years of PEGs go into effect. And despite some recent restorations, $8 million in cuts remain to the Cultural Institutions Group and the Cultural Development Fund, which support over a thousand organizations every year. I was also concerned to see that cultural institutions are not seeing any City funding for compensation increases for their staff, even while City staff are now essentially all under contract for multi-year cost of living adjustments, and many human service organizations received at least some funding in their contracts to provide salary increases in light of ongoing inflation.

The Executive Budget appropriately included an update to the City's Capital Commitment Plan with increases for the School Construction Authority and the borough-based jails program following State budget legislation that raised the City's capacity to incur capital debt by $14 billion over two years.

The City should now also increase capital funding for the critical housing development programs called for in the Council's budget response. An additional capital investment of $2.5 billion over the next five years will fund the construction and preservation of affordable community-controlled homes, providing stability and equity-building opportunities for low-income and working-class New Yorkers. This is especially crucial now, as the housing legislation passed by the State failed to provide opportunities for real affordable housing solutions – New York City can lead by example here.

As part of the Executive Budget, OMB also extended the restoration of the Water Authority's rental payments to the City to FYs 2026-2028, and it is now included in all five fiscal years for a total of $1.44 billion, with the revenue accruing to the General Fund. The FY 2024 and FY 2025 rental payments, which had been included in the Preliminary Budget, contributed more than one third to the proposed 8.5 percent increase in FY 2025 water rates.

While these resources are covering essential services in the City budget, the proposed rate structure is regressive, falling on the backs of low-income homeowners and renters. The water rate structure should be reformed to provide relief for low-income New Yorkers and sound enforcement mechanisms. In addition, in the face of the climate crisis – as highlighted in my Office's investigation on flash flood preparedness, which found the City woefully underprepared for extreme rainfall events – the City should dedicate these resources to address our urgent stormwater management and sewer maintenance needs, and also consider instituting a stormwater fee to ensure costs are equitably shared.

A Stronger Fiscal Framework

While we should be ambitious in our capital program to make the infrastructure investments that are necessary for our city's long-term thriving, we must manage responsibly. The expanded debt capacity should be accompanied by a policy that ensures debt service remains below the long-standing threshold of 15 percent of tax revenues. And the City needs a comprehensive, accurate assessment of infrastructure needs to better inform the City's capital planning and spending decisions.

The City's budget should accurately reflect the City's known expenses and hold agencies accountable when budgets, like that of uniformed overtime, are exceeded year after year. Strategic investments in areas like special education services may cost money in the short run but will ultimately improve student outcomes and reduce the $1 billion in annual spending on special education Carter cases. And instead of cutting core services, the City's fiscal health and the lives of New Yorkers would be better served by planning and implementing long-term efficiency measures in each financial plan that gradually build over time and reduce waste, not service delivery. Outside fiscal monitors, the Council, and the public should be able to evaluate the success and impact of savings initiatives over time through greater visibility into where and how reductions are made.

Finally, and perhaps predictably, I continue to advocate for a formula-based approach to contributing to our long-term reserves, which are still far from sufficient to see us through the length of an average recession. My Office has offered a thoughtful approach for such a formula, and I urge the Council and the Administration to adopt it, or something similar.

Stronger fiscal management is not contrary to deeper investment in programs that create opportunities and address severe affordability challenges facing working class New Yorkers. Quite the opposite, it helps us to preserve and target resources to where they are most needed, so that New York City can remain a place of opportunity for New Yorkers at all income levels, and the city can continue to grow and flourish in the years ahead.

Thank you.

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Comments on New York City's Executive Budget

for Fiscal Year 2025 and Financial Plan for Fiscal Years 2024 - 2028

BUREAU OF BUDGET

MAY 2024

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The Mayor's FY 2025 $111.62 billion Executive Budget reflects a modestly stronger fiscal position than the financial plan updates that preceded it this fiscal year. It includes a combined $2.33 billion increase in forecasted tax revenues for this year and next. The Office of the New York City Comptroller projects a manageable FY 2025 gap, even with the cancellation of the third round of the Program to Eliminate the Gap (PEG) that the Mayor had announced last fall, and the restoration of some cuts to the Department of Education (DOE) and the NYPD. While these more positive indicators are heartening, the Comptroller's Office continues to project substantial outyear gaps, which will take careful planning, honest budgeting, and strong fiscal management to close.

The New York City economy has been reasonably strong and is expected to continue growing at a moderate pace. The number of private sector jobs in the city is higher now than before the pandemic started, and the proportion of New Yorkers that are employed is higher than ever before. Most of the new jobs added in the past year, however, have been in just a few relatively lower-wage industries—health care, social services, and food services. Job growth has stagnated in some of the higher-wage service industries that are key to New York City's economy–and tax revenues–such as finance, technology, and professional services. The lack of momentum, combined with an anticipated cooling off of economic growth nationally, suggests that the city's economic activity will grow at a slower pace over the next few years.

Most of the Mayor's increase in projected tax revenues over the five-year April Financial Plan period comes from upward revisions to the City's income taxes (business and personal) and real-estate transaction taxes. Despite sustained high interest rates, corporate profits have outpaced previous estimates and total wages in the city continue to grow. The Mayor's Office of Management and Budget (OMB) projects this growth will continue into FY 2025, along with a rebound in real estate sales as interest rates are expected to decline. The Comptroller's Office forecasts somewhat higher tax revenues than the Mayor, largely due to higher forecasted property and sales taxes, offset by lower estimates of the City's business income and real estate transaction taxes.

The April Financial Plan uses these higher revenues to partially fund some longstanding chronically underbudgeted costs. For example, it accounts more realistically for the cost of the City's rental assistance programs adding a net amount of about $480 million in funding annually in FY 2025 and forward. However, the cost of rental assistance is growing, and budgeted amounts drop sequentially in FY 2025 and FY 2026. The Comptroller's Office estimates about $500 million more will need to be needed each year to continue the programs as currently implemented. In other areas, underbudgeting is worsening. For instance, due to the rapid growth in public assistance recipients, a realistic budget should also add $500 million in FY 2025 expenses.

Overall, the Comptroller's Office estimates that the April Financial Plan does not account for billions in expenditures the City has shown little capacity to manage, (overtime and special education Carter cases) and others on which it has limited control (such as rental assistance, public assistance, and others). These funding drops are neither justified nor reasonable.

In addition, the City is facing the remaining DOE fiscal cliffs (permanent programs funded with temporary COVID-19 aid), higher pension costs due to changes made in the State budget, and other costs. The City used more than $300 million in increased State aid to continue many of the education programs currently funded with time limited Federal COVID aid over the life of the financial plan. Yet, other such stimulus-funded education programs are extended into FY 2025 alone, leaving a $365 million fiscal cliff beginning in FY 2026.

The Administration reported gaps of $5.45 billion in FY 2026, rising to $5.75 billion by FY 2028 in the April Plan. However, with more accurate estimates for the true costs of services underbudgeted by OMB, the Comptroller's Office sees revised gaps of $2.59 billion in FY 2025 (2.3 percent of total revenues) growing to an average of about $8.50 billion in FY 2026 and out (7.4 percent of total revenues). For FY 2024, this Office projects a surplus of $449 million. Beyond the more predictable costs of traditional underbudgeting, however, there are three more uncertain fiscal risks not included in these restated gaps: the cost of providing services to asylum seekers, the cost of implementing the State's unfunded class size mandate, and the cost of the expansion of rental assistance.

The Comptroller's Office expects that the costs associated with asylum seekers will be lower than budgeted in FY 2025 by $1.32 billion. This is mainly due to a lower projection of the number of households in shelter, which extends the relatively stable trend established in FY 2024. The projection is subject to an unusual degree of uncertainty due to the unknown trajectory of border crossings and arrivals in New York City, to the uncertainty of Federal policy over time, especially given the upcoming election, and to recent changes to City policies. This includes the haphazard implementation of shelter time-limits. Further, expenses have been unnecessarily high because of the over-use of emergency procurement without adequate cost controls, as this Office has repeatedly documented, and the slow pivot to competitive procurement.

In FY 2026 and FY 2027, however, this Office estimates additional City funds will be necessary to cover costs if future State budgets do not include the $1 billion in annual aid assumed by the City. In FY 2028 the financial plan does not include expenses for asylum seekers resulting in a risk of $3.19 billion, which could be partially offset by future State aid.

Implementation of the class size mandate is not fully funded in the current budget; and funding it represents a risk to City expenses of $467 million in FY 2026, $933 million in FY 2027, and $1.40 billion in FY 2028. The Comptroller's Office is not including in this report a risk from the expansion of the City's rental assistance programs to households at risk of eviction given the uncertainty of pending litigation. However, both the Administration's and the City Council's fiscal estimates indicate significant potential impacts.

With these adjustments based on asylum seeker spending and the class size mandate, the Comptroller's Office projects a surplus of $341 million in FY 2024, and gaps of $1.27 billion in FY 2025, $9.17 billion in FY 2026, $10.61 billion in FY 2027, and $13.00 billion in FY 2028.

The April Financial Plan does not include a significant savings plan, contrary to what was announced in September 2023. PEG savings total $670 million over FY 2024 and FY 2025, primarily through reduced cost estimates for asylum seeker services. The savings total includes the restoration of two

Police Academy classes for FY 2025 that were eliminated in November, and of subsidies that had been previously reduced for some of the city's cultural groups. Prior cuts to the City University of New York (CUNY) and the City's libraries remain, however. While providing only small fiscal relief, their cuts leave an outsized impact on those they serve.

The April Financial Plan also extends the restoration of the Water Authority's rental payments to the City to FYs 2026 – 2028, and it is now included in all five fiscal years for a total of $1.44 billion, with the revenue accruing to the General Fund. The FY 2024 and FY 2025 rental payments, which had been included in the Preliminary Budget, contributed more than one third to the proposed 8.5 percent increase in FY 2025 water rates. While these resources are covering essential services in the City budget, the proposed rate structure is regressive. The water rate structure should be reformed to provide relief for low-income homeowners and renters and contain sound enforcement mechanisms. In addition, in the face of the climate crisis—as highlighted in the Comptroller's Office's investigation on flash flood preparedness—the City should dedicate these resources to address urgent stormwater management and sewer maintenance needs, and consider instituting a stormwater fee to ensure costs are equitably shared.

The April Financial Plan also included an update to the City's Capital Commitment Plan. New York State budget legislation raised the City's capacity to incur capital debt by $14 billion by the start of FY 2026. This growth in capacity is reflected in increases in planned capital spending. The updated FY 2024 – FY 2028 Capital Commitment Plan totals $97.66 billion, an increase of $9.2 billion compared to the Plan released in January. Over the full 10-year planning period from FY 2024 through FY 2033, authorized commitments total $169.86 billion, a $13.07 billion increase over the January Plan. The additional commitments fully reflect the School Construction Authority's (SCA) FY 2025 – FY 2029 capital plan (but do not yet include the $2 billion to meet the class size mandate recently required by State legislation) and partially fund the additional cost of borough-based jails. After these changes, the Comptroller's Office estimates that the City's indebtedness will remain below the Constitutional debt limit and that debt service will remain below 15 percent of tax revenues, the City's policy threshold to assess the affordability of debt.

While this Office applauds these critical capital additions as keeping vital promises to New Yorkers, it continues to advocate for deeper capital investments in programs targeting housing affordability.

The City should be ambitious in its capital program to make necessary infrastructure investments, but it must manage responsibly. The expanded debt capacity should be accompanied by a policy that ensures debt service remains below 15 percent of tax revenues. The City's budget should accurately reflect known expenses and hold agencies accountable when budgets, like that of uniformed overtime, are routinely exceeded. This Office also continues to recommend establishing a formula for deposits in the City's long-term reserves.

Strong fiscal management is not contrary to deeper investment in programs that create opportunities and address severe affordability challenges facing working class New Yorkers. Quite the opposite, it helps preserve and target resources to where they are most needed, so that New York City can remain a place of opportunity for those of all income levels, and the city can continue to grow and flourish in the years ahead.

Table 1. FY 2024 – FY 2028 April Financial Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	$32,914	$33,826	$34,430	$35,456	$36,136	$3,222	9.8%
Other Taxes	39,886	41,995	42,526	44,283	45,889	6,003	15.1%
Tax Audit Revenues	847	773	773	773	773	(74)	(8.7%)
Subtotal: Taxes	**$73,647**	**$76,594**	**$77,729**	**$80,512**	**$82,798**	**$9,151**	**12.4%**
Miscellaneous Revenues	8,644	8,126	7,997	7,949	7,984	(660)	(7.6%)
Unrestricted Intergovernmental Aid	17	0	0	0	0	(17)	(100.0%)
Less: Intra-City Revenues	(2,293)	(1,952)	(1,934)	(1,931)	(1,931)	362	(15.8%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$80,000**	**$82,753**	**$83,777**	**$86,515**	**$88,836**	**$8,836**	**11.0%**
Other Categorical Grants	1,151	1,106	1,104	1,104	1,104	(47)	(4.1%)
Inter-Fund Revenues	747	761	770	770	770	23	3.1%
Federal Categorical Grants	12,734	7,855	7,212	7,147	7,225	(5,509)	(43.3%)
State Categorical Grants	19,910	19,147	18,892	18,953	18,105	(1,805)	(9.1%)
Total Revenues	**$114,542**	**$111,622**	**$111,755**	**$114,489**	**$116,040**	**$1,498**	**1.3%**
Expenditures							
Personal Service							
Salaries and Wages	$32,689	$32,721	$33,732	$34,749	$35,709	$3,020	9.2%
Pensions	9,355	10,379	10,801	10,926	11,867	2,512	26.9%
Fringe Benefits	13,310	14,139	14,876	15,452	16,060	2,750	20.7%
Subtotal-PS	**$55,354**	**$57,239**	**$59,409**	**$61,127**	**$63,636**	**$8,282**	**15.0%**
Other Than Personal Service							
Medical Assistance	$6,176	$6,743	$6,583	$6,733	$6,883	$707	11.4%
Public Assistance	2,467	1,650	1,650	2,000	2,463	(4)	(0.2%)
All Other	46,860	42,191	41,112	40,945	38,843	(8,017)	(17.1%)
Subtotal-OTPS	**$55,503**	**$50,584**	**$49,345**	**$49,678**	**$48,189**	**($7,314)**	**(13.2%)**
Debt Service							
Principal	$4,139	$4,105	$4,236	$4,378	$4,478	$339	8.2%
Interest & Offsets	3,330	4,134	4,702	5,239	5,963	$2,634	79.1%
Subtotal Debt Service	**$7,469**	**$8,239**	**$8,938**	**$9,617**	**$10,441**	**$2,973**	**39.8%**

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028	
						Dollar	Percent
FY 2023 BSA and Discretionary Transfers	($5,479)	$0	$0	$0	$0	$5,479	(100.0%)
FY 2024 BSA	$3,938	($3,938)	$0	$0	$0	($3,938)	(100.0%)
Capital Stabilization Reserve	$0	$250	$250	$250	$250	$250	N/A
General Reserve	$50	$1,200	$1,200	$1,200	$1,200	$1,150	N/A
Less: Intra-City Expenses	(2,293)	(1,952)	(1,934)	(1,931)	(1,931)	362	(15.8%)
Total Expenditures	**$114,542**	**$111,622**	**$117,208**	**$119,941**	**$121,785**	**$7,244**	**6.3%**
Gap to be Closed	**$0**	**$0**	**($5,453)**	**($5,452)**	**($5,745)**	**($5,746)**	**N/A**

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding. Excludes TSASC debt service costs of $76 million in FY 2024, $76 million in FY 2025, $69 million in FYs 2026-2027, and $68 million in FY 2028, which are paid outside of the City debt service budget (099).

Table 2. Plan-to-Plan Changes, April 2024 Plan vs. January 2024 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
Taxes:					
General Property Tax	$95	$498	$452	$516	$564
Other Taxes	424	1,151	409	375	531
Tax Audit Revenues	100	0	0	0	0
Subtotal: Taxes	**$619**	**$1,649**	**$861**	**$891**	**$1,095**
Miscellaneous Revenues	23	26	290	303	347
Unrestricted Intergovernmental Aid	0	0	0	0	0
Less: Intra-City Revenues	(23)	45	67	67	66
Disallowances Against Categorical Grants	0	0	0	0	0
Subtotal: City-Funds	**$619**	**$1,720**	**$1,218**	**$1,261**	**$1,508**
Other Categorical Grants	(120)	20	23	24	24
Inter-Fund Revenues	19	32	33	32	32
Federal Categorical Grants	249	114	(3)	(18)	(24)
State Categorical Grants	(329)	296	1,296	1,295	296
Total Revenues	**$438**	**$2,181**	**$2,567**	**$2,594**	**$1,836**
Expenditures					
Personal Service					
Salaries and Wages	($277)	($17)	($216)	($320)	($330)

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Pensions	0	0	0	0	0
Fringe Benefits	8	183	169	173	175
Subtotal-PS	**($269)**	**$166**	**($47)**	**($147)**	**($155)**
Other Than Personal Service					
Medical Assistance	($439)	$289	$0	$0	$0
Public Assistance	0	0	0	0	0
All Other	1,194	1,778	2,773	2,880	1,451
Subtotal-OTPS	**$755**	**$2,067**	**$2,773**	**$2,880**	**$1,451**
Debt Service					
Principal	$0	($5)	$43	$27	$29
Interest & Offsets	(184)	67	34	101	147
Subtotal Debt Service	**($184)**	**$62**	**$77**	**$128**	**$176**
FY 2023 BSA and Discretionary Transfers	$0	$0	$0	$0	$0
FY 2024 BSA	$159	($159)	$0	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0	$0
General Reserve	$0	$0	$0	$0	$0
Less: Intra-City Expenses	($23)	$45	$67	$67	$66
Total Expenditures	**$438**	**$2,181**	**$2,870**	**$2,928**	**$1,538**
Gap to be Closed	**$0**	**$0**	**($303)**	**($334)**	**$298**

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

Table 3. Plan-to-Plan Changes, April 2024 Plan vs. June 2023 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027
Revenues				
Taxes:				
General Property Tax	$209	$1,460	$1,797	$2,218
Other Taxes	2,173	2,248	1,408	1,321
Tax Audit Revenues	126	52	52	52
Subtotal: Taxes	**$2,508**	**$3,760**	**$3,257**	**$3,591**
Miscellaneous Revenues	836	508	440	436
Unrestricted Intergovernmental Aid	17	0	0	0
Less: Intra-City Revenues	(303)	28	49	49

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$3,058**	**$4,296**	**$3,746**	**$4,076**
Other Categorical Grants	69	31	33	34
Inter-Fund Revenues	27	36	38	38
Federal Categorical Grants	2,415	38	157	120
State Categorical Grants	1,859	1,433	1,415	1,413
Total Revenues	**$7,428**	**$5,834**	**$5,389**	**$5,681**
Expenditures				
Personal Service				
Salaries and Wages	($309)	($1,025)	($1,412)	($1,615)
Pensions	($287)	($44)	($84)	($141)
Fringe Benefits	($17)	($34)	($71)	($111)
Subtotal-PS	**($613)**	**($1,103)**	**($1,567)**	**($1,867)**
Other Than Personal Service				
Medical Assistance	($604)	$144	($145)	($145)
Public Assistance	$817	$0	$0	$0
All Other	$5,863	$5,625	$5,739	$5,277
Subtotal-OTPS	**$6,076**	**$5,769**	**$5,594**	**$5,132**
Debt Service				
Principal	$0	($24)	$86	$45
Interest & Offsets	(270)	23	(155)	(126)
Subtotal Debt Service	**($270)**	**($1)**	**($69)**	**($81)**
FY 2023 BSA and Discretionary Transfers	$0	$0	$0	$0
FY 2024 BSA	$3,938	($3,938)	$0	$0
Capital Stabilization Reserve	($250)	$0	$0	$0
General Reserve	($1,150)	$0	$0	$0
Less: Intra-City Expenses	($303)	$28	$49	$49
Total Expenditures	**$7,428**	**$755**	**$4,007**	**$3,233**
Gap to be Closed	**$0**	**$5,079**	**$1,382**	**$2,448**

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

Table 4. Comptroller's Re-estimates of the April 2024 Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
City Stated Gap	**$0**	**$0**	**($5,453)**	**($5,452)**	**($5,745)**
Revenue Differences					
Tax Revenue Differences	**$255**	**$502**	**$393**	**$182**	**$505**
Property Tax	82	168	45	361	720
Personal Income Tax/PTET	(54)	152	199	(27)	(70)
Business Taxes	57	(133)	(175)	(517)	(484)
Sales Tax	0	183	106	180	165
Real Estate Related Taxes	38	(120)	(41)	(90)	(79)
Audit & All Other Taxes	132	252	259	275	253
Non-Tax Revenue Differences	**$32**	**$120**	**$134**	**$108**	**$98**
Subtotal Revenues	***$287***	***$622***	***$527***	***$290***	***$603***
Expenditure Differences					
Underbudgeting	**($266)**	**($2,807)**	**($2,732)**	**($2,444)**	**($2,353)**
Overtime	(266)	(734)	(480)	(430)	(430)
Rental Assistance	0	(450)	(500)	(500)	(500)
Shelter Capacity - Non Asylum Seeker	0	(350)	(350)	(350)	(350)
Prevailing Wage for Shelter Security Guards	0	(50)	(50)	(50)	(50)
Public Assistance	0	(500)	(500)	(150)	0
Contributions to MTA	0	(143)	(268)	(450)	(529)
DOE Carter Cases	0	(540)	(410)	(340)	(340)
DOE Custodial Costs	0	0	(154)	(154)	(154)
DOE Charter Leases	0	(40)	(20)	(20)	0
Fiscal Cliffs	**0**	**(87)**	**(365)**	**(365)**	**(365)**
Pension Changes	**0**	**(165)**	**(161)**	**(172)**	**(186)**
Foster Care Reimbursement Rate	**0**	**0**	**(118)**	**(118)**	**(118)**
Temporary and Professional Services	**0**	**(130)**	**0**	**0**	**0**
DOE Medicaid Revenue Shortfall	**(60)**	**(60)**	**(60)**	**(60)**	**(60)**
Health Insurance Stabilization Fund - Reimbursement	**(112)**	**0**	**0**	**0**	**0**
Collective Bargaining Agreements	**0**	**(117)**	**(166)**	**(176)**	**(193)**
Full-Time Personnel Service Accrual Savings	**600**	**150**	**0**	**0**	**0**
Subtotal Expenditures	***$162***	***($3,215)***	***($3,601)***	***($3,336)***	***($3,275)***
Total Comptroller Re-estimates	**$449**	**($2,593)**	**($3,074)**	**($3,046)**	**($2,672)**
Restated (Gap)/Surplus	**$449**	**($2,593)**	**($8,527)**	**($8,498)**	**($8,417)**
Longer Term Risks					
Asylum Seekers Expenses	(108)	1,325	(176)	(1,176)	(3,185)
Class Size Mandate	0	0	(467)	(933)	(1,400)
Restated (Gap)/Surplus with Longer Term Risks	**$341**	**($1,268)**	**($9,170)**	**($10,607)**	**($13,002)**

Source: Office of the New York City Comptroller

II. The City's Economic Outlook

Final data on U.S. Real GDP showed a 3.4 percent annual rate of growth in Q4 of 2023, completing a strong six months where the economy grew faster than 4 percent. Combined with recently strong growth in payrolls at the national level—which have increased by an average of more than 250,000 in the five months ending in April—the current position of the U.S. economy is stronger than was anticipated in the Office of the New York City Comptroller's report in March, when an economic slowdown at the national level was believed to have already commenced at the end of 2023.

This stronger-than-expected growth in late-2023 has prompted the Office of the New York City Comptroller to revise its current forecast for U.S. Real GDP to a 2.6 percent average annual growth in calendar year 2024, up from a prior forecast of 1.9 percent growth. The Mayor's Office of Management and Budget (OMB) has similarly revised its GDP forecast in 2024 to 2.5 percent, up from 1.5 percent.

Despite strong growth in 2023 and an economy considered by most to be at or near full employment, with the U.S. unemployment rate at 3.9 percent, the outlook maintains an expectation of a slowdown in U.S. economic growth for the remainder of 2024. There have been preliminary signs of this slowing, with the advance estimate of Q1 2024 Real GDP rising only at a 1.6 percent annual rate, April payroll growth slowing to 175,000, and both job openings and total separations declining. The Office of the New York City Comptroller's U.S. GDP forecast for 2025 through 2028 remains at or slightly below its previous levels, with an average annual growth rate of 2.0 percent through those years.

New York City's economy continues to face unique challenges, with the city's highest paying sectors continuing to restructure and show few signs that they are ready to increase their payrolls soon. With Federal Reserve policy likely to keep interest rates near their current level until late in this year, the Comptroller's outlook for the city's job and wage base remains one of modest growth.

Economic Forecast, 2024-2028

NYC Employment

NYC employment is forecast to grow modestly at an average annual rate of 1.0 percent in 2024 – 2028. Relatedly, the forecast for total wages and salaries in NYC calls for 3.9 percent annual growth. This employment growth forecast is significantly lower than the average annual employment growth of 4.9 percent during the last two post-pandemic recovery years (2022 – 2023), and below the annual growth of 2.3 percent in the five years preceding the pandemic (2015 – 2019). Total wages grew by 5.0 percent per year in both the pre-pandemic period and the last two post-pandemic years. In its Executive Budget, OMB projects a faster annual growth rate of employment and wages over the five-year period than the Comptroller's at 1.5 percent and 4.4 percent, respectively.

The Comptroller's outlook for moderate growth in NYC payrolls and total wages derives from a somewhat muted medium-term outlook for job growth in the city's key office-based industry sectors—i.e., the financial, information, and professional services industries. These industries pay wages well above other sectors in the city, on average, and often sell their services to customers outside of the city. Their growth in prior decades added money that was partially spent in the city on local-demand industries such as food, entertainment, retail, health care, and construction—spurring growth in these additional sectors.

While office-based employment in NYC grew at an average annual rate of 2.6 percent in the five years preceding the pandemic, growth since that time has averaged only 0.9 percent annually. And, by December 2023, NYC office-based employment had fallen by 19,500 (-1.3 percent) versus one year prior. Some of the employment losses were related to film and television industry strikes, and some of these jobs are expected to return in 2024 because of the end of such strikes. But there have also been job reductions within other parts of the information industry including publishing, broadcasting, and web-related employers. The financial industry has shown very little job growth recently and includes payroll declines in the subsector related to securities and other investments. Finally, professional and business services jobs in NYC have declined overall, with notably larger drops in legal services and advertising. The context of these payroll cuts amidst a strong national economy suggests that they are not merely cyclical and may be unlikely to reverse quickly.

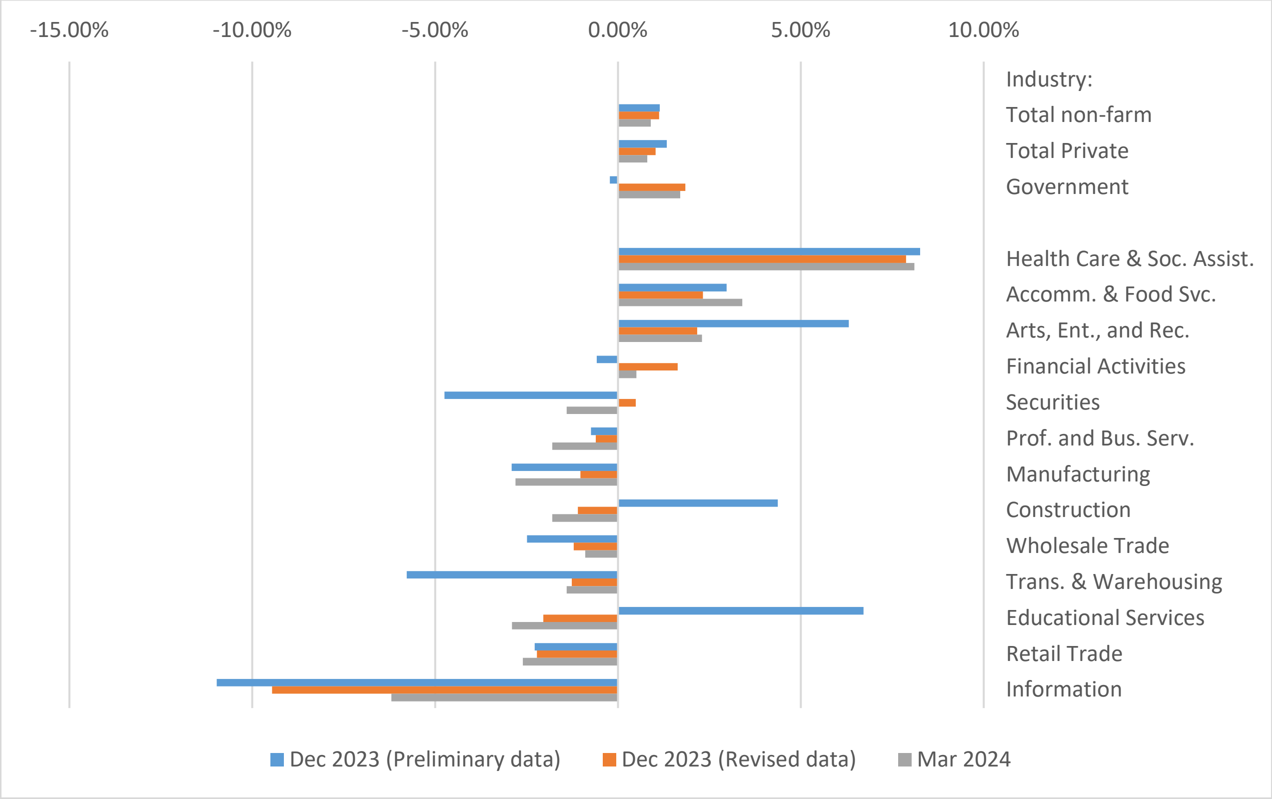
By far the strongest industry source of 2023 private sector job growth in NYC was in the lower-average-wage sector of Health Care and Social Assistance (+71,000 jobs or 8.0 percent). Without this industry, NYC private sector jobs would have declined by 10,000. Job growth in the health care sector is primarily driven by growing demand from the local population, including growth in the availability of governmental (Medicaid) funding.

There are multiple reasons to expect the recently high growth rates in the Health Care and Social Assistance industry to slow. As noted last year in a prior report, NY State Medicaid enrollment in NYC is undergoing a decline this year because of the expiration of the COVID-19 pandemic-related emergency measures. This should somewhat soften the demand for the Medicaid-funded Consumer Directed Personal Assistance Program (CDPAP) services that have been a likely driver of much recent job growth in the sector. The Mayor notes in his Executive Budget message that State lawmakers are likely to reform CDPAP. Indeed, one such measure was passed in the NY State FY 2025 Enacted Budget legislation, which consolidated the program's fiscal intermediaries (entities that formally employ the service providers) into one statewide entity (see Part HH of the Health and Mental Hygiene budget bill), with OMB projecting slowing growth in home health jobs as a result. NYC has also experienced a population decline since 2020, as is discussed below. The current outlook is not for continued population loss, but it may be several years until NYC surpasses its prior peak in population.

Within the context of modest growth in 2024 – 2028, the Comptroller estimates that NYC payrolls will expand by 70,000 in 2024 (measured Q4-to-Q4), up from 34,000 additions projected in the March report. This is a result of three factors. First, the outlook for U.S. economic growth has improved, as was noted above, and this bolsters local growth prospects. Second, while the annual benchmark revision of NYC employment slightly lowered the overall count of jobs, the trajectory of job growth was stronger in 2023, especially in the Information and Securities sectors—with the former shedding fewer jobs than previously thought and the latter showing a slight gain in employment, rather than a loss. Finally, early reports on payroll gains through the first quarter of 2024 already show a gain of nearly 28,000 jobs since December 2023, indicating that job growth is not decelerating as quickly as the Comptroller's prior estimates expected. The data continued to show a disproportionate concentration of job gains among low-wage sectors, with Health Services and Accommodation and Food Services growing by 25,000 jobs.

Chart 1 shows how the annual revisions in payroll data changed the 2023 picture by sector. It also shows the most recent year-over-year growth rates based on preliminary data through March.

Chart 1. 12-Month Percent Change in Employment, by Sector



Source: NY State Department of Labor

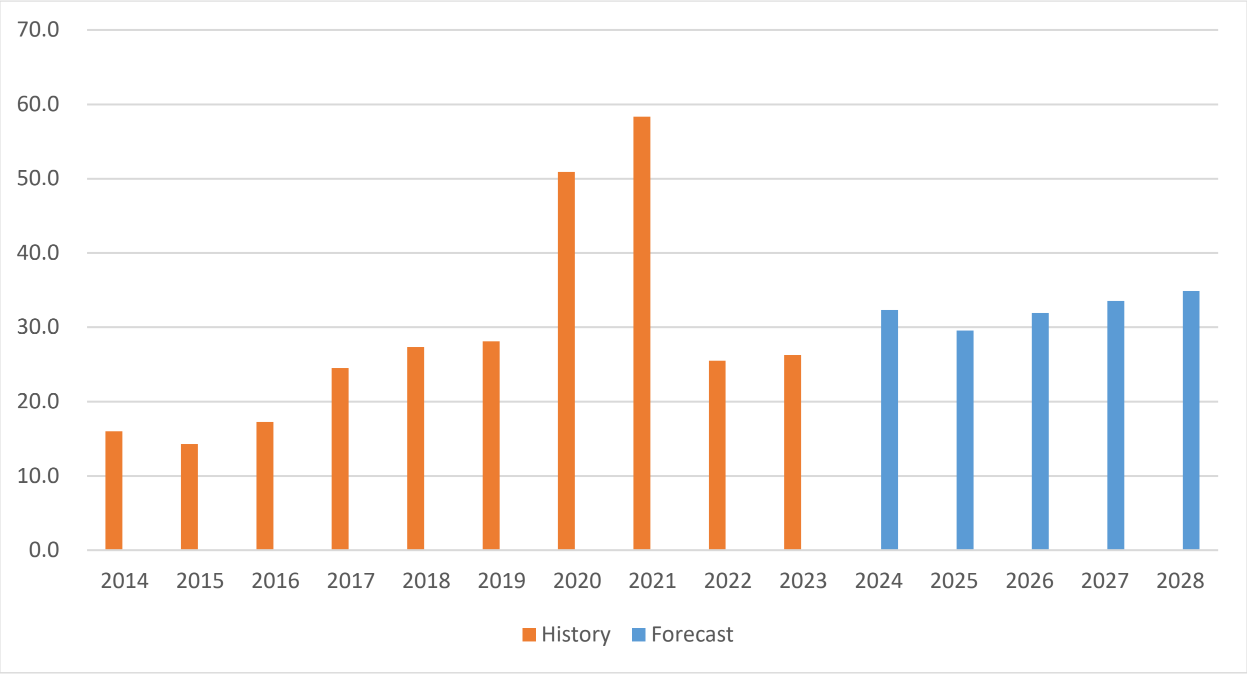
Wall Street Profits and Bonuses

Full-year profits of New York Stock Exchange member firms increased slightly in 2023, reaching $26.3 billion, up from $25.5 billion in 2022 (see Chart 2). However, compared to the 2019, 2023 profits were down roughly 6.4 percent and down 22 percent when adjusted for inflation.

But despite a tepid 2023, the Comptroller's Office expects Securities industries profits to rebound in 2024, growing by $6.0 billion (23.0 percent) amidst strong growth in the equity values and a recovery in debt underwriting, and an apparent rebound in loan underwriting and mergers and acquisition activity. The S&P 500 index is nearly 25 percent higher than it was at the end of October 2023. And the largest banks have reported surprisingly strong growth in Q1 2024 on their net income on investment banking activities—between 16 percent and 35 percent versus Q1 2023 at Goldman Sachs, JPMorgan Chase, Bank of America, Morgan Stanley, and Citigroup. Multiple banks cited higher levels of equity and debt issuance underwriting as well as increased M&A dealmaking.

With a slowing U.S. economy and growing global uncertainties, the longer-term outlook for Wall Street profits is less optimistic, with the Comptroller's forecast falling in 2025 and rising moderately thereafter.

Chart 2. Pre-Tax Profits of NYSE Member Firms ($ Billions)



Source: Intercontinental Exchange and Office of the New York City Comptroller

Economic Forecast

Table 5 summarizes both OMB's and the Comptroller's forecasts for selected U.S. and NYC economic measures.

Table 5. Forecast of Selected Economic Indicators, Calendar Years 2023 to 2028

		2023	2024	2025	2026	2027	2028
U.S. Economy							
Real GDP, (Constant $, % Change)	Comptroller	2.5%	2.6%	1.6%	1.9%	2.2%	2.3%
	Mayor	2.5%	2.5%	1.4%	1.7%	1.8%	1.8%
Payroll Jobs, (% Change)	Comptroller	2.3%	1.6%	0.6%	0.3%	0.3%	0.3%
	Mayor	2.3%	1.4%	0.1%	0.0%	0.3%	0.4%
Fed Funds Rate, (Percent)	Comptroller	5.0%	5.2%	4.3%	3.3%	2.9%	2.8%
	Mayor	5.0%	5.1%	3.7%	2.7%	2.6%	2.6%
10-Year Treasury Notes, (Percent)	Comptroller	4.0%	4.2%	4.1%	4.0%	4.0%	4.0%
	Mayor	4.0%	3.9%	3.5%	3.3%	3.2%	3.2%
Consumer Price Index, (% Change)	Comptroller	4.1%	2.9%	2.4%	2.3%	2.2%	2.2%
	Mayor	4.1%	3.0%	2.1%	2.7%	2.5%	2.3%
NYC Economy							
Payroll Jobs, (Change in Thousands, Q4/Q4)	Comptroller	70.0	69.7	47.1	43.5	45.9	48.6
	Mayor	67.2	73.9	89.2	78.1	69.8	73.8
Total Wage Earnings, (% Change)	Comptroller	4.3%	4.3%	4.2%	3.7%	3.7%	3.8%
	Mayor	3.3%	4.2%	5.1%	4.4%	3.7%	4.5%
Consumer Price Index, NY area, (% Change)	Comptroller	3.7%	3.0%	2.6%	2.5%	2.4%	2.4%
	Mayor	3.8%	1.9%	1.6%	2.1%	2.2%	2.1%
Wall Street Profits, ($ Billions)	Comptroller	26.3	32.3	29.6	31.9	33.6	34.9
	Mayor	26.3	24.8	25.9	20.4	22.0	26.1
Securities Bonus Pool, ($ Billions)	Comptroller	33.9	33.7	30.8	31.6	32.0	32.0
	Mayor	32.8	35.2	38.2	39.0	39.8	41.0
Total Asking Rental Rate, Manhattan Offices (% Change)	Comptroller	1.7%	1.8%	0.5%	0.9%	2.4%	2.5%
	Mayor	2.7%	(1.4%)	(0.7%)	0.3%	0.1%	0.0%
Total Vacancy Rate, Manhattan Offices	Comptroller	22.4%	23.4%	23.3%	23.0%	22.6%	22.2%
	Mayor	22.0%	22.7%	22.3%	21.6%	21.0%	20.3%

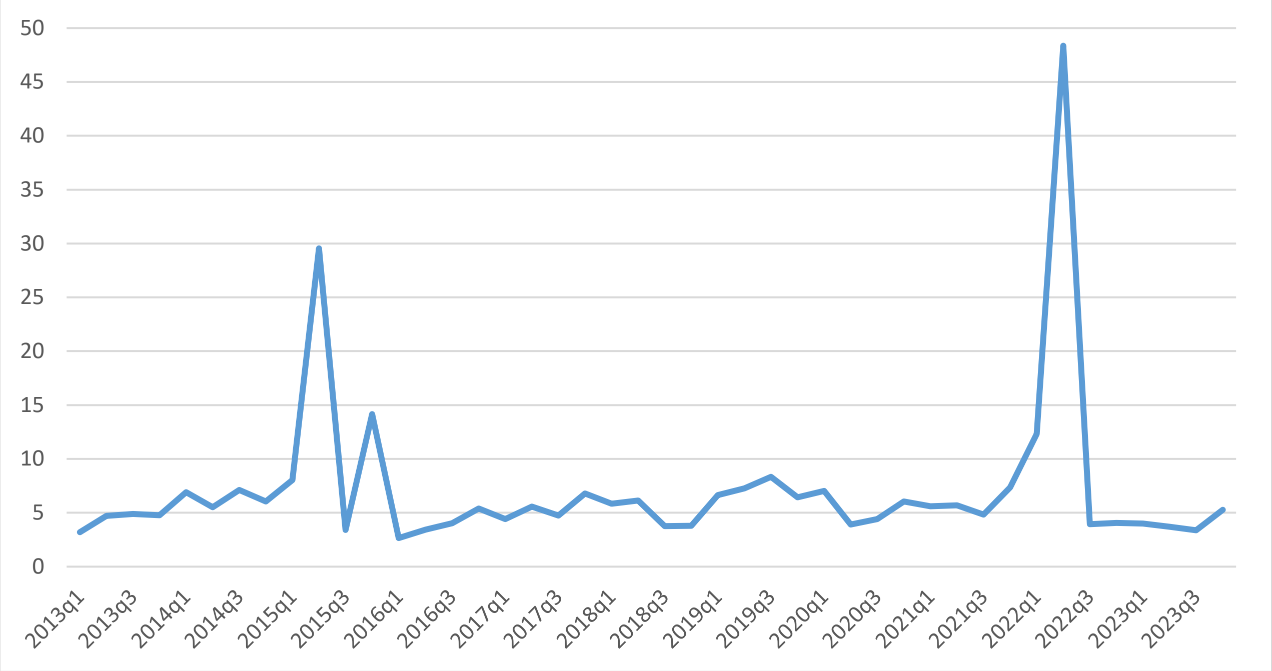
Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

NYC Housing Market

The NYC Comptroller's Office has recently published three reports about housing in NYC. The first highlights the unique aspects of the NYC rental market and demonstrates how the city's rent regulation structure maintains relative affordability for many, but not all, renters. The tight housing market for hopeful new NYC residents—or even for those who need or wish to move within the city—prompted the second report. This report focuses on how housing supply has lagged economic growth for many years and that, despite recent population decline, there is a great need for accelerated production of housing at all income levels. The third report examines NYC's home purchase market and finds that home ownership is not the place to find any relief from the city's tight rental market.

The tax exemption for residential construction available under the Affordable New York program (§421-a(16) of the Real Property Tax Law – RPTL), expired on June 15, 2022. As shown in Chart 3, the expiration lead to a rush to start new developments, as it did before the expiration of Affordable New York's predecessor (§421-a(1-15)) in 2015.[3] In the report on the FY 2025 Preliminary Budget, this Office established a baseline permitting activity of approximately 5,900 units per quarter between 2017 and the first quarter of 2020. Had permits proceeded at the baseline pace in 2022 and 2023, a total of 47,200 units would have been permitted. The actual number as of the 2023 Q4 data was instead 85,000, suggesting that 37,800 permitted units (roughly 1.5 years of baseline permitted units) in excess of the baseline remained at the end of 2023. The extension of the construction deadline for Affordable New York and the introduction of a new tax exemption program in the FY 2025 State budget (discussed in Section III of this report) are likely to sustain the pace of construction and permitting activity going forward.

Chart 3. Permitted Housing Units in New Buildings ('000s)



Source: NYC DCP, Office of the New York City Comptroller

Since late 2021, several commercial buildings have filed permits for conversion or partial conversion to residential use. The projects in Table 6 include all those with at least 100 additional units, filed in 2020 or after, classified as alterations, and that are not being converted to hotel, other Class B multiple dwelling, or known to become homeless shelters.

Table 6. Filings of Large Residential Conversions as of 2023Q4 Data.

Address	Date filed	Date permitted	Status	Units
160 Water St. (Pearl House)	16-Nov-21	24-Aug-22	Completed	592
330 W. 42nd St.	29-Mar-22		Filed	224
1751 Park Avenue	14-Jun-22		Filed	110
90 John Street	21-Oct-22	6-Mar-23	Permitted	114
371 7th Ave.	28-Oct-22		Filed	611
55 Broad St.	28-Oct-22	2-Nov-23	Permitted	586
17 Battery Pl.	2-Nov-22	13-Jun-23	Permitted	184
25 Water St.	3-Nov-22	10-Apr-23	Permitted	1,163

Address	Date filed	Date permitted	Status	Units
650 1st Ave.	3-Nov-22	18-May-23	Permitted	111
353 W. 57th St.	18-Jan-23		Filed	345
440 W. 57th St.	20-Mar-23		Filed	206
Total				**4,246**

Source: NYC DCP, Office of the New York City Comptroller

Additional conversions are being planned for 222 Broadway (600-800 rental units), 750 3rd Avenue (540 rental units), and the Flatiron Building (luxury condominiums). A recently traded office building at 80 Pine Street (previously occupied by AIG and renovated as recently as 2021) could also be a target for conversion, while a prime candidate like 175 Water Street (previously AIG's headquarters) is under renovation and received tax benefits under the M-CORE Program.

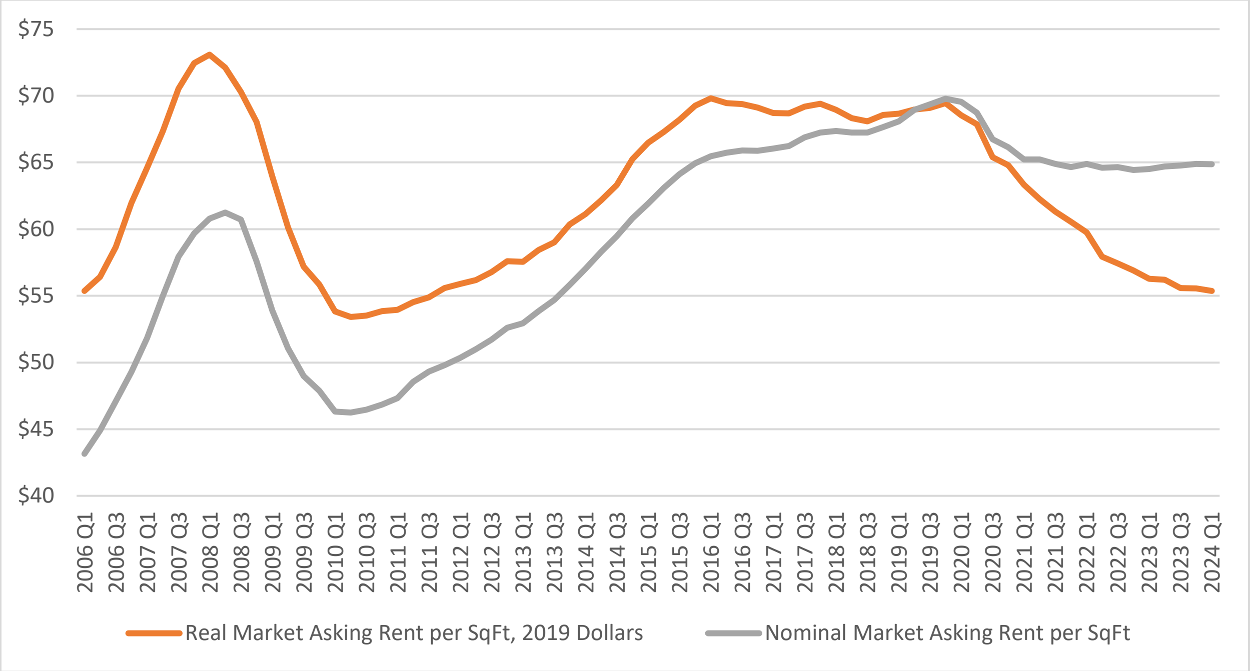
A new property tax exemption for the conversion of commercial space to residential was created in the FY 2025 NY Enacted State Budget legislation (see section III of this report). The tax exemption requires that a fraction of the residential units become income-restricted in perpetuity. The new program should expand conversions to submarkets where property values have not dropped as much as they have in the Financial District, where most of the permitted projects are located. However, this means that the tax exemption is likely over-subsidizing income-restricted units in the Financial District. Developments with permit dates after December 31, 2022 can apply for the new tax exemption.

NYC Office Market

While the post-2020 rise in vacancy in NYC office real estate with its accompanying drop in office rental rates seemingly tell a simple story of demand reduced by remote and hybrid work, the NYC Comptroller's May Spotlight on the office market suggests a more complicated picture. While vacancy rates are up across all categories of office properties, the period has also included the delivery of a significant amount of new office inventory at the most expensive and desirable end of the market. Total occupied space in the highest-grade office buildings has actually increased during this period even though the rate of occupancy—which includes newly delivered space in its denominator—has dropped.

Office rents have remained mostly flat in nominal terms since 2021, but, as seen in Chart 4, they have continued to fall in inflation-adjusted terms. The outlook is for nominal rents to rise slightly in the next few years, but real rents will continue to decline. Only in 2027 and 2028 are rental rates projected to grow at the inflation rate and begin to emerge from their descent in real terms. But with the pipeline of new office construction soon to run dry—CoStar expects net deliveries (less demolitions) to turn negative by mid-2025 and to stay there indefinitely—the city is expected to approach a time where demand at lower prices will start to fill both newer and older buildings and upward pressure on rents will resume.

Chart 4. NYC Office Market Nominal and Real Rent per Square Foot



Source: CoStar, Bureau of Labor Statistics, Office of the New York City Comptroller

Tourism

The number of visitors to NYC continued to rise in 2023, by nearly 10 percent, but remained below its pre-pandemic level from 2019, according to NYC Tourism + Conventions. The outlook is for more gradual growth in the coming years now that the post-pandemic recovery is complete. Leisure travel is expected to surpass its pre-pandemic level as soon as next year, but business travel may take longer to reach its prior highs as remote conferencing has seemingly displaced a segment of in-person meetings.

For the 12-months ending in March 2024, the average NYC hotel occupancy rate was 83.1 percent, about 4 percentage points above March 2023 but 4 percentage points below levels in 2019. Average daily room rates have continued to rise and stood at $324 for the 12-months ending March 2024, up from $265 pre-pandemic, a 22 percent increase that has outpaced inflation. The outlook is for room rates to continue to rise faster than inflation in the next few years, as rooms under construction currently number less than 4,000, the lowest level experienced since 2011. [1]

NYC's Broadway theaters' gross revenue for the 2023-24 season is running slightly below 2022-2023 (-3.1 percent), although total attendance is close to the same as last year, at 11.7 million

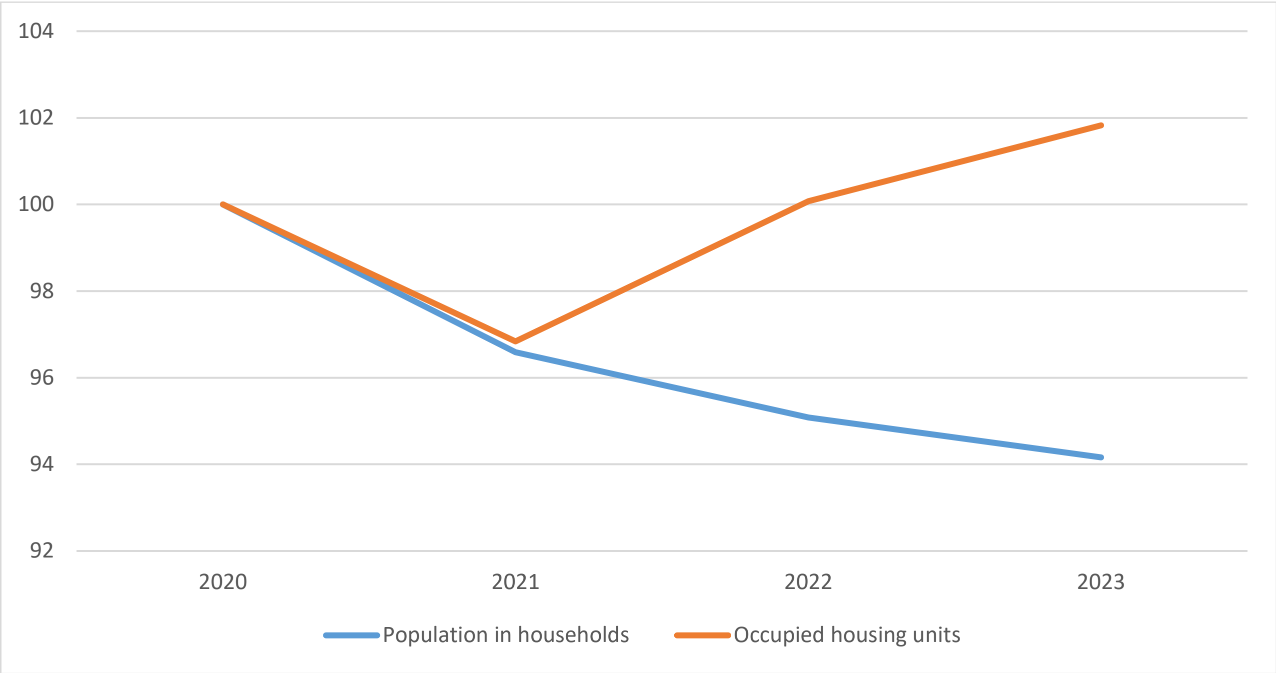
[1] Data on occupancy, room rates, and rooms under construction from CoStar.

through the first week in May.[2] And both attendance and revenues picked up in April and have nearly recovered to 2019 pre-pandemic levels.

NYC Population and Demographics

The annual Census population estimates released in March showed New York City lost 78,000 residents between 2022 and 2023. One aspect of recent Census estimates is that while population in households (excluding group quarters such as shelters, dorms, jails, and others) has been declining, the estimates of occupied housing units have increased in 2022 and 2023, as shown in Chart 5. This means that estimated average household size has decreased and is one of the contributing factors for the tightness of the housing market.

Chart 5. NYC Household Population and Occupied Housing Units (2020 = 100)

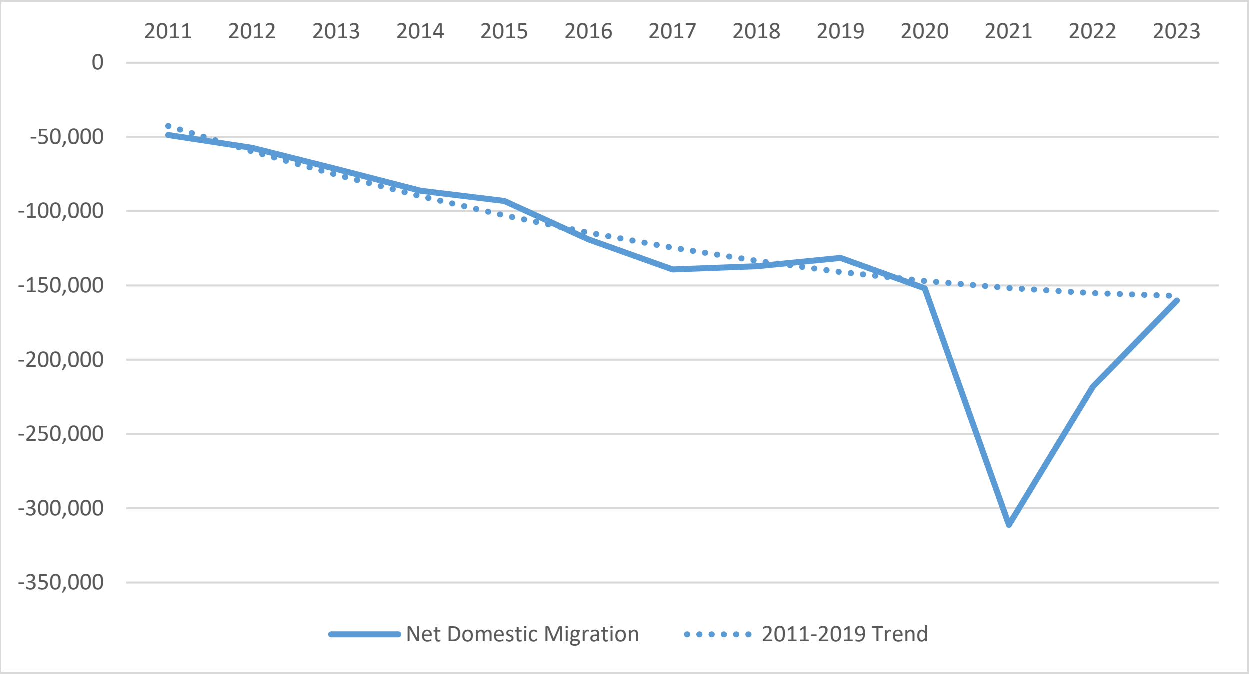


Source: Census Bureau 2020 Census, Census Population Estimates 2023 Vintage, 2021 and 2022 American Community Survey, 2023 Housing and Vacancy Survey, NYC Department of City Planning (Table 3), Office of the New York City Comptroller

As well-known, NYC has historically had a negative domestic migration balance. The balance narrowed substantially in the aftermath of the Great Recession but widened over the 2010s before spiking during the pandemic. Chart 6 shows that the domestic migration balance has returned to levels consistent with the pre-pandemic trend. In other words, remained elevated in 2023 but returned to levels consistent with its prior to the pandemic.

[2] Data from The Broadway League.

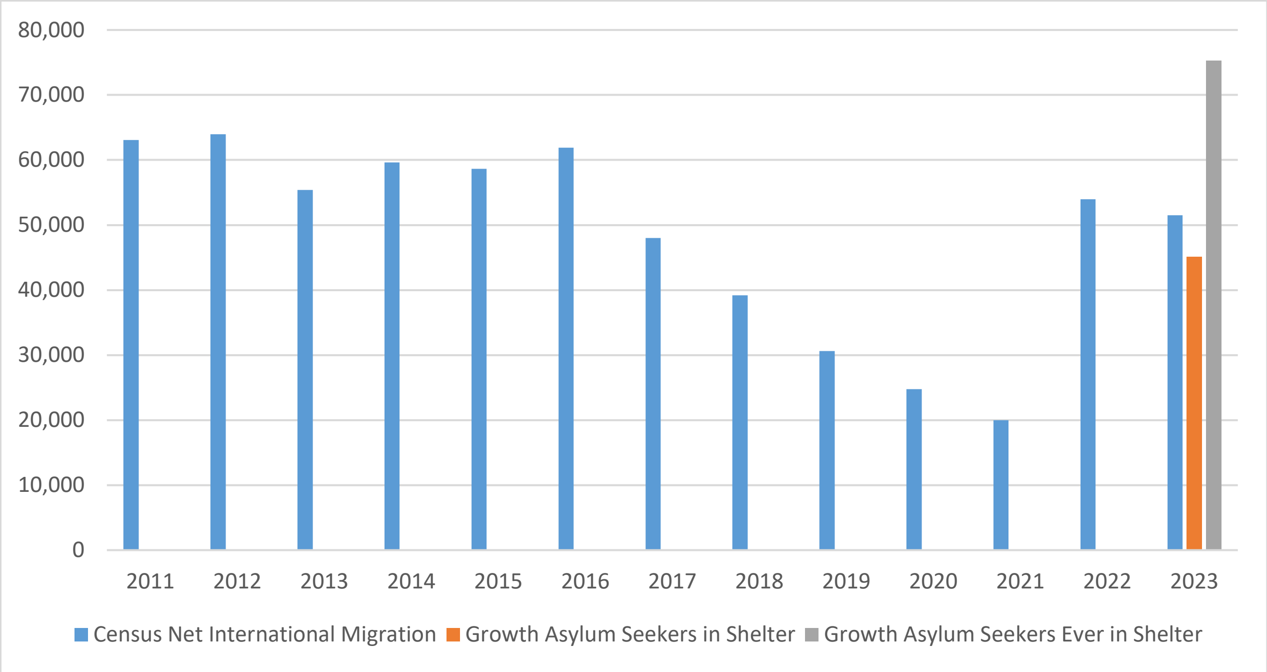
Chart 6. NYC Net Domestic Migration vs. Pre-Pandemic Trend



Source: Census Population Estimates 2020 and 2023 Vintage, Office of the New York City Comptroller

Chart 7 shows the balance of international migration. The balance has historically been positive but declining since 2016 due to federal immigration policies and then the pandemic. The Census data for 2023 shows net international migration of 51,500, little changed from 2022. However, this is an underestimate that does not take into account the arrival of asylum seekers. As initially remarked by the Department of City Planning, the Census Bureau's estimate of population in group quarters, which includes homeless shelters, remained essentially unchanged between 2022 and 2023. To give a sense of the undercount, Chart 7 includes the change in the number of asylum seekers in shelter between 2022 and 2023 (45,100) as well as the total number of asylum seekers receiving shelter at some point over the same period (75,300).

Chart 7. Net International Migration and Asylum Seekers Inflow



Source: Census Population Estimates 2020 and 2023 Vintage, Mayor's Office, Office of the New York City Comptroller. The growth in asylum seekers is the change between the week of 8/31/2022 (earliest available to this office) and the week of 7/2/2023 to keep with the Census convention of population estimates as of July 1st

Risks to the NYC Economy

The commercial property market continues to be a source of uncertainty in the NYC economy, with ongoing weakness in the office leasing market. Higher-for-longer interest rates from a Federal Reserve wary of stubborn inflationary signs could further strain property owners leading to increased mortgage defaults. This could, in turn, threaten certain local financial institutions that could be expected to respond with tightened credit conditions.

The continued high cost of housing in NYC could drive more potential job seekers to other, less expensive locations. And with today's flexibility of remote work reducing many of the advantages of locating in a dense central business district such as Manhattan, this could gradually induce employers to relocate to other locations.

III. The FY 2025 Executive Budget and April Financial Plan

The FY 2025 Executive Budget and April Financial Plan, as presented by the Mayor, totals $114.54 billion in FY 2024 and $111.62 billion in FY 2025. In the outyears, expenditures are budgeted to grow to $117.21 billion in FY 2026, $119.94 billion in FY 2027, and $121.78 billion in FY 2028, while revenues increase more slowly. This results in OMB projected gaps totaling $5.45 billion in FY 2026 and FY 2027, and $5.74 billion in FY 2028.

The City increased its projections of both revenues and expenditures in each year of the Plan period compared with the financial plan released in January. For FY 2024 and FY 2025, this resulted in a combined $2.62 billion increase. On the revenue side, growth is largely the result of higher forecasted tax revenues in each year of the Plan period, along with additional subsidies from New York State for education beginning in FY 2025 and the City's assumption of $1 billion more in State aid for asylum seeker costs in each of FY 2026 and FY 2027.

On the expenditure side, some of the largest changes over the five-year plan period include: the baselining of some (but not all) of the education programs currently funded with time limited Federal Covid aid; more realistically (but still not fully) budgeting for the City's rental assistance programs; and increasing planned spending for asylum seeker costs in the out years, among other changes.

Unlike the two financial plans that preceded it this fiscal year (released in November and January), the April Plan did not include a large Program to Eliminate the Gap (PEG). Overall, PEG savings taken in the April Plan total $670 million over FY 2024 and FY 2025. This includes the restoration of two Police Academy classes for FY 2025 and reinstating subsidies that had been previously cut for some of the city's cultural groups. The largest savings taken in the April Plan is a $586 million reduction in budgeted asylum seeker costs in this fiscal year and next.

As described in more detail in the following sections, the Comptroller's Office restates City gaps and surpluses based on its own estimates of City-funded revenues and expenditures. The Comptroller's Office presents these restated gaps and surpluses with and without two sets of less certain, and largely longer-term, costs: this Office's projection of asylum seeker costs and the estimated impact of the State's unfunded mandate to reduce class size. Excluding these costs, the Comptroller's Office projects additional resources of $449 million in FY 2024, and a $2.59 billion gap in FY 2025 (2.3 percent of total revenues). The Comptroller's Office projects larger outyear gaps of $8.53 billion in FY 2026, $8.50 billion in FY 2027, and $8.42 billion in FY 2028 (averaging 7.4 percent of annual total revenues).

Because the Comptroller's Office projects that asylum seeker costs will be less than currently budgeted in FY 2025, including this re-estimate decreases the restated gap to $1.27 billion (1.1 percent of total revenues). Including these costs increases gaps in the outyears, however, to $9.17 billion in FY 2026, $10.61 billion in FY 2027, and $13.00 billion in FY 2028, representing

8.2 percent of total projected revenues in FY 2026, growing to 11.1 percent of total revenues in FY 2028.

FY 2024 Changes Since the January Plan

The FY 2024 budget included in the April Plan is a $438 million increase from the budget released in January. This is the result of $619 million more in anticipated City-funded revenues and $249 million in additional Federal grants, offset by a $329 million reduction in State funding, largely due to the City's revision in anticipated funding for services to asylum seekers, and a $120 million reduction in Other Categorical funding. Most of the increase in City-funded revenues compared to the January Plan comes from upward revisions to the City's business income taxes ($213 million), real estate transaction taxes ($160 million), property tax ($95 million), and tax audit revenue ($100 million).

As shown in Table 7, City-funded expenditures increased by a net $460 million. This includes $858 million in new agency expenditures, offset by $684 million in PEG savings, and a $170 million reduction in the City's labor reserve due to a re-estimate of funding required for contract settlements for the remainder of the fiscal year. While the City reduced its overall budget for asylum seeker costs by $461 million as part of the PEG, because of the reduction in State aid for these costs, the City increased its own funding by close to the same amount, for a net decrease of about $15 million. The largest new agency expenditures in FY 2024 include $397 million for shelter costs at the Department of Homeless Services (DHS), and $248 million in budgeted overtime spending– two costs that the Comptroller's Office has previously highlighted as underbudgeted. The City also increased its reserve for judgements and claims by $150 million due to higher-than-expected settlements related to a class action lawsuit against the Department of Correction (DOC). These and other increases, were offset by decreases in other areas, including a $289 million reduction in Medicaid costs due to the rolling of payments from FY 2024 to FY 2025 and $128 million in tuition reimbursement to the City University of New York (CUNY) due to lower-than-budgeted enrollment.

Lastly, the City added $159 million in surplus FY 2024 resources to the Budget Stabilization Account to pre-pay FY 2025 debt service and close that year's budget gap.

FY 2025 Changes Since the January Plan

The FY 2025 Executive Budget reflects an increase of $2.18 billion from the Preliminary Budget. This is the result of $1.72 billion more in anticipated City-funded revenues, $296 million in additional State grants, and $114 million in Federal funding, along with smaller increases in Other Categorical and Interfund Agreements funding.

Most of the increase in City-funded revenues comes from a $1.65 billion upward revision of tax revenues, which are concentrated in three main taxes – the City's business income taxes

($768 million increase), property taxes ($498 million) and the personal income/pass-through entity taxes ($256 million). As to non-City sources, the increase in State grants is largely the result of additional school-based formula aid ($316 million), which is being used to baseline a variety of Department of Education (DOE) programs currently funded with time-limited Federal COVID-19 aid. (See the Education section of this report for more details.) This increase is offset somewhat by a decline in expected State social services funding. About half the increase in Federal funding in FY 2025 is COVID-19 aid, mostly rolled from FY 2024.

As shown in Table 7, City-funded expenditures increased by a net $1.88 billion in FY 2025. This includes $1.83 billion in agency spending and other adjustments, $70 million in restorations of previously planned PEGs, and $41 million due to the State budget changes that shifted costs to the City. These additions are somewhat offset by $64 million in PEG savings, almost exclusively from a $125 million reduction in expected asylum seeker costs, offset by an increase in debt service costs (which OMB classifies as a negative PEG).

Of the new agency City-funded spending in FY 2025, the largest overall increase is for the Department of Social Services ($908 million), including $615 million added for rental assistance—a cost that the Comptroller's Office has highlighted as being substantially underbudgeted, and $289 million rolled from FY 2024 to FY 2025 for Medicaid costs. A total of $429 million was added to the DOE including $198 million, in FY 2025 only, for programs previously funded with expiring Federal COVID aid (in addition to the programs funded with State support) and $154 million for school cleaning, among other changes. In addition, centrally budgeted healthcare costs were increased by $90 million annually beginning in FY 2025. (See the Health Insurance section for details).

Table 7. Changes to FY 2024 City-Funds Estimates from the January FY 2025 Plan

($ in millions)	FY 2024	FY 2025
Gap to be Closed – January Plan	$0	$0
Revenues		
Tax Revenues	$619	$1,686
Non-Tax Revenues	0	77
Water Rental Payment	0	(6)
State Budget Impact	0	(38)
Total Revenue Changes	$619	$1,719

($ in millions)	FY 2024	FY 2025
Expenditures		
Agency Expenditures	$858	$1,831
PEG Restorations	7	70
Savings from PEG	(40)	(1)
Savings for Asylum Seeker Expenses PEG	(461)	(125)
Reduction in State Funding assumption for Asylum Seeker Expenses	449	0
State Budget Impact	0	41
Debt Service (PEG)	(183)	62
Labor Reserve	(170)	0
Total Expenditure Changes	$460	$1,878
Gap To Be Closed Before Prepayments	$159	($159)
FY 2024 Prepayment of FY 2025 Debt Service	($159)	$159
Gap to be Closed – April Plan	**$0**	**$0**

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

(No?) Program to Eliminate the Gap (PEG)

In September 2023, OMB sent a letter to City agencies announcing a savings program in an effort to close projected budget gaps. The letter notified them of three upcoming Program to Eliminate the Gap (PEG) exercises, each aiming to reduce agency City-funded spending by 5 percent: one in the November Plan, one in January, and one in April. The November Plan PEG saw nearly all agencies reduce their City-funded budget. The January Plan PEG was smaller and included cuts to the asylum seeker budget, exemptions for select agencies, and limited savings restorations (6 percent of total November reductions).

Then, on February 21st the Mayor announced that the planned third round of PEG initiatives would be canceled (except for asylum seeker-related PEGs), and hiring and OTPS spending restrictions would be eased – all items initially included in the September savings letter.[3] (For more details on

[3] https://www.nyc.gov/office-of-the-mayor/news/135-24/mayor-adams-cancellation-next-round-agency-spending-cuts-result-strong

the hiring freeze see the Headcount section and for OTPS restrictions see the Expenditure Analysis section of this report.)

As a result, the April 2024 Financial Plan includes a relatively small savings program of $684 million in FY 2024 (primarily lower costs for asylum seekers totaling $461 million) and $63 million in FY 2025 (asylum seeker savings of $125 million and other smaller spending reductions were offset by debt service increases). The April Plan also reversed almost $80 million of prior savings initiatives across FY 2024 and FY 2025 – the majority ($62.4 million) for the restoration of two NYPD academy classes (for a total restoration of three of the five classes initially cut in November). In the outyears, the PEG largely comprises changes to the City's debt service budget, which in fact increase City expenditures in each year, despite being categorized as PEG initiatives by OMB. For more information on the capital commitment plan and debt service costs, see the Capital Budget and Financing Program section of this report.

Cuts Across Plans

Even with a small April savings program, the November, January, and April Plan PEGs total $3.59 billion for the ongoing fiscal year and $3.66 billion in FY 2025.[4] Many agencies are also facing cuts that have accumulated from previous financial plans, including prior fiscal years. The sections below shed light on select areas where the fiscal benefit of savings is often low (due to small incremental adjustments in each Plan) and service provision is adversely affected over time.

Focusing on Culture

Department of Cultural Affairs (DCLA)

DCLA provides funding for the City's major cultural institutions and funds projects for many smaller organizations. The agency also helps New Yorkers access culture regardless of background or financial status. Across the current budget cycle (November 2023 Plan to April 2024 Plan), DCLA has received $13.5 million in FY 2024 PEG reductions, and faces $8 million in cuts per year in FY 2025 and the outyears. These totals are net of $7.4 million in restorations in FY 2024 and $7.6 million in FY 2025 and forward, which were included in the April Plan.

The cuts include decreasing the operating subsidy of the Cultural Institutions Group (CIGs), 34 cultural organizations that – in addition to being located on City land – receive financial support from the City on an ongoing basis.[5] CIG cuts total $5.8 million in FY 2024, $6.5 million in FY 2025, and $6.6 million in each of the out years. Since the start of the Adams Administration, CIG subsidies

[4] A comprehensive table of PEG initiatives through the January Plan is available on page 40 of the *Comptroller's Comments on New York City's Preliminary Budget*: Comments on New York City's Preliminary Budget for Fiscal Year 2025 and Financial Plan for Fiscal Years 2024 – 2028 : Office of the New York City Comptroller Brad Lander (nyc.gov)

[5] Cultural Institutions Group (CIG) - DCLA (nyc.gov)

have been reduced by $2 million in FY 2023, $9.9 million in FY 2024, $8.4 million in FY 2025, and $8.6 million in FY 2026 and out.

Also included is a reduction to DCLA's Cultural Development Fund: a $2.6 million FY 2024 reduction and a $1.4 million baselined reduction from FY 2025 onwards (after accounting for April restorations). The program distributed $52.2 million in its latest annual funding round in February.[6] Of the 1,031 organizations that received funding in 2024, 942 received grants totaling under $100,000 in funding – the vast majority small organizations.[7]

NYC Libraries

The City provides operations, energy, and capital dollars to each of its library systems. While libraries were not subject to PEGs in January, operating subsidies were reduced in the November Plan ($23.6 million in FY 2024, $22 million in FY 2025, and $22.3 million in the out years) resulting in the elimination of seven-day service. The April Plan did not restore any library funding, although the Mayor signaled that restorations would be part of Administration negotiations with the City Council before the final budget is adopted.[8] Libraries also face previously baselined subsidy cuts of $20.5 million per fiscal year (introduced in the November 2022 Plan) starting in FY 2025 – as only the FY 2024 amount was restored in last year's budget negotiations. When combined with cuts from the current budget cycle, libraries face a $42.5 million reduction per year starting in FY 2025.[9] Even if the Administration does restore funding cut during this budget cycle at Adoption, it is unlikely to include any baselined reductions implemented in plans prior to November 2023.

Education

CUNY

This Office recently released a Spotlight demonstrating the local economic benefits of CUNY, its students, and staff. As noted there, in the City's Preliminary Budget released in January, the Mayor proposed cutting CUNY's budget by $20 million per fiscal year as part of the citywide PEG. Combined with earlier PEG programs of the Adams Administration, CUNY now faces $95 million in baselined PEG cuts per fiscal year compared with funds budgeted in January 2022. The April Plan did not restore any funding for the system. Additionally, while not part of the PEG program, CUNY is also facing tuition reimbursement reductions of $128 million in FY 2024 due to lower enrollment and thus lower tuition revenue than planned, as noted above.

Early Childhood Education

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[6] PR-2024-2-21-FY24-Cultural-Development-Fund-Distributes-52-million-to-more-than-1000-arts-nonprofits (nyc.gov)

[7] FY24 CDF grantees.xlsx (nyc.gov)

[8] Mayor Adams calls library funding cuts part of 'negotiation' (nypost.com)

[9] Libraries receive additional annual subsidy funding ($15.7 million in FY 2024) from the City Council that is not baselined, leading to a potential funding gap of at least $58.2 million in FY 2025.

On the other end of the education spectrum are some of NYC's youngest. In November 2022, the Administration adjusted the universal 3K budget (previously expanded using temporary Federal stimulus funds). What would have been a significant increase in FY 2024 and then a steep drop (of $393 million) from FY 2025 to FY 2026 was flattened out by reducing the FY 2024 and FY 2025 budgets. In June 2023, the City reduced the 3K budget further for FY 2025 leaving the fiscal cliff of $93 million beginning in FY 2025 (which has now been funded but for one year only in the April Plan).

The April Plan also includes $170 million in PEG savings for early childhood education programs that were added in the November and January plans. This includes an unallocated $116 million annual reduction for the City's 3K and UPK programs beginning in FY and an annual $54 million cut to the City's Early Learn programs for infants and toddlers.

Cuts and Impacts in Other Areas

In addition to culture and education, numerous other areas are still facing PEG reductions from earlier Financial Plans this year. A few are highlighted below.

Human Service Agencies

- Funding was reduced for the Administration for Childrens Services' (ACS) prevention services programs (cuts of $760,000 in FY 2025 growing to $3 million by FY 2028) and *Close to Home* (baselined savings of $6.8 million in FY 2025 and out) based on re-estimates due to underutilization of the programs, according to OMB.
- The Department for the Aging (DFTA) reduced Older Adult Center spending by $18.9 million in FY 2024, $2.2 million in each FYs 2025 and 2026, and $15.7 million in FYs 2027 and 2028
- The Department of Homeless Services (DHS) closed drop-in centers at a savings of at least $3 million per fiscal year and seeks additional $5.5 million in FY 2025 and FY 2026 savings by utilizing existing medical care at centers
- The Department of Youth and Community Development (DYCD) reduced FY 2024 spending by $20.6 million in programs including *Advance and Earn*, *Summer Youth Employment* Metrocards, and the *Precision Employment Initiative* (facing an additional $10.3 million in FY 2024 cuts from the January Plan).

Parks

- A number of community programs (community gardening for at-risk youth, the NYC SPARX project for girls in technology, swim safety, trail formalization, and tree risk management) that were originally delayed for one year in the November Plan were then cancelled outright in the January Plan at a savings of $10.9 million per fiscal year.

Comptroller’s Office’s Re-estimates

The Comptroller’s Office restates the City’s projected gaps and surpluses based on its own estimates of revenues and expenditures. As shown in Table 8, the Comptroller’s Office restates this gap with and without two more uncertain expenditure costs—this Office’s re-estimate of asylum seeker costs and the impact of the State’s unfunded mandate to reduce class size.

Projecting the number of asylum seekers arriving in the City, and the cost of providing services to them, is challenging. On the one hand, their population dropped at the beginning of 2024 and has remained relatively stable since March, breaking historical trends, and adding uncertainty to the future path. Furthermore, little data is made available by the Administration on the actual costs of providing shelter and services, making an independent projection impossible. In addition, there is still much uncertainty about the cost of implementing the State’s unfunded mandate to reduce class size in City schools, which will begin to affect the City budget in FY 2026.

Excluding these two costs, the Comptroller’s Office projects that FY 2024 will end with a surplus of $449 million. For FY 2025, while OMB projects a balanced budget, the Comptroller’s Office projects a gap of $2.59 billion (2.3 percent of total projected revenues). The Comptroller’s Office is projecting higher gaps than OMB in each outyear. For FY 2026, the Office projects a gap of $8.53 billion, $8.50 billion in FY 2027, and $8.42 billion in FY 2028 (averaging 7.3 percent of total revenues).

Including this Office’s re-estimate of asylum seeker costs *reduces* the restated gap in FY 2025 to $1.27 billion (1.1 percent of total revenues), as the City has yet to reflect downward trends in arrivals in its estimates. In FY 2024, the Office expects the City will receive $108 million less in Federal funding than currently budgeted, increasing City costs slightly. In the outyears, however, including asylum seeker re-estimates and the class size mandate costs increases restated gaps to $9.17 billion in FY 2026, growing to $13.00 billion in FY 2028 (8.2 percent of total revenues increasing to 11.1 percent, respectively). These estimates assume that in those years the number of asylum seekers in City shelter remain at the Comptroller’s Office’s FY 2025 projected levels.

Table 8. Comptroller’s Re-estimates of the April 2024 Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
City Stated Gap	**$0**	**$0**	**($5,453)**	**($5,452)**	**($5,745)**
Revenues Differences					
Tax Revenues Differences	**$255**	**$502**	**$393**	**$182**	**$505**
Property Tax	82	168	45	361	720
Personal Income Tax/PTET	(54)	152	199	(27)	(70)
Business Taxes	57	(133)	(175)	(517)	(484)
Sales Tax	0	183	106	180	165

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Real Estate Related Taxes	38	(120)	(41)	(90)	(79)
Audit & All Other Taxes	132	252	259	275	253
Non-Tax Revenues Differences	**$32**	**$120**	**$134**	**$108**	**$98**
Subtotal Revenues	***$287***	***$622***	***$527***	***$290***	***$603***
Expenditures Differences					
Underbudgeting	**($266)**	**($2,807)**	**($2,732)**	**($2,444)**	**($2,353)**
Overtime	(266)	(734)	(480)	(430)	(430)
Rental Assistance	0	(450)	(500)	(500)	(500)
Shelter Capacity - Non-Asylum Seeker	0	(350)	(350)	(350)	(350)
Prevailing Wage for Shelter Security Guards	0	(50)	(50)	(50)	(50)
Public Assistance	0	(500)	(500)	(150)	0
Contributions to MTA	0	(143)	(268)	(450)	(529)
DOE Carter Cases	0	(540)	(410)	(340)	(340)
DOE Custodial Costs	0	0	(154)	(154)	(154)
DOE Charter Leases	0	(40)	(20)	(20)	0
Fiscal Cliffs	**0**	**(87)**	**(365)**	**(365)**	**(365)**
Pension Changes	**0**	**(165)**	**(161)**	**(172)**	**(186)**
Foster Care Reimbursement Rate	**0**	**0**	**(118)**	**(118)**	**(118)**
Temporary and Professional Services	**0**	**(130)**	**0**	**0**	**0**
DOE Medicaid Revenue Shortfall	**(60)**	**(60)**	**(60)**	**(60)**	**(60)**
Health Insurance Stabilization Fund - Reimbursement	**(112)**	**0**	**0**	**0**	**0**
Collective Bargaining Agreements	**0**	**(117)**	**(166)**	**(176)**	**(193)**
Full-Time Personnel Service Accrual Savings	**600**	**150**	**0**	**0**	**0**
Subtotal Expenditures	***$162***	***($3,215)***	***($3,601)***	***($3,336)***	***($3,275)***
Total Comptroller Re-estimates	**$449**	**($2,593)**	**($3,074)**	**($3,046)**	**($2,672)**
Restated (Gap)/Surplus	**$449**	**($2,593)**	**($8,527)**	**($8,498)**	**($8,417)**
Longer Term Risks					
Asylum Seekers Expenses	(108)	1,325	(176)	(1,176)	(3,185)
Class Size Mandate	0	0	(467)	(933)	(1,400)
Restated (Gap)/Surplus with Longer Term Risks	**$341**	**($1,269)**	**($9,170)**	**($10,607)**	**($13,002)**

Source: Office of the New York City Comptroller

Revenue Differences

The Comptroller's Office estimates that City-funded revenues, including tax and non-tax revenues, will exceed OMB's projections in each year of the Plan – by $287 million in FY 2024, $622 million in FY 2025, $527 million in FY 2026, $290 million in FY 2027, and $603 million in FY 2028.

The Comptroller's Office forecast of tax revenues somewhat exceeds OMB's in each year of the plan period, as shown in Table 8. For FY 2024, the Comptroller's Office's total tax forecast is $255 million more than OMB's, largely due to higher estimates property tax revenue ($82 million more) and audit income ($100 million more). In FY 2025, the Comptroller's Office projects $502 million more in total tax revenue. In fiscal years FY 2026 through FY 2028, the Comptroller's Office projects more tax revenue than OMB by $393 million, $182 million, and $505 million, respectively.

The Comptroller's Office estimates that miscellaneous revenues, which include fines, fees, interest, and other income, will come in higher in each other year of the Plan period. The Comptroller's Office projects miscellaneous income will exceed the current budgeted amounts by $32 million in FY 2024, $120 million in FY 2025, and $134 million in FY 2026 before falling to about $108 million annually in FY 2027 and $98 million FY 2028, due to the Comptroller's higher forecast of fines and interest income.

Expenditures Differences

The largest cumulative driver of the different expenditure estimates between OMB and the Comptroller's Office are chronically underbudgeted costs. These are costs that can be reasonably anticipated and are tied to ongoing programs with established spending patterns, but instead of being included in the Financial Plan, they are added in through modifications over the course of the ongoing fiscal year. For FY 2024, many of these costs underbudgeted at adoption have now been corrected. However, overall, the Comptroller's Office estimates that funding needs due to chronic underbudgeting remain large, totaling $266 million in FY 2024, $2.81 billion in FY 2025 and averaging $2.51 billion annually in the outyears.

As shown in Table 8 and described in more detail in subsequent sections of this report, chronically underbudgeted cost—for which the Comptroller's Office estimates additional funding will be necessary in FY 2025 and forward—include: overtime, special education Carter Cases, public assistance costs, shelter costs for non-Asylum seekers, funding for charter school leases, DOE custodial costs, and subsidies to the Metropolitan Transportation Authority (MTA). While the Administration added substantial funding for City's rental assistance voucher programs in the April Plan, funding amounts in FY 2025 and the outyears are still below anticipated spending levels, resulting in a need of $450 million in FY 2025 and $500 million annually thereafter.

Similarly, while the Administration added baseline funding using State assistance for many of the long-term DOE programs currently paid for with expiring Federal COVID aid, there are a handful of programs that are funded with City funds only in FY 2025. The Comptroller's Office estimates that

$365 million in City funding will be necessary in FY 2026 through FY 2028 to pay for these fiscal cliffs.

Other expenditure re-estimates include increased pension costs due to changes made to pension rules in the State budget, but not yet reflected in the City budget; higher than budgeted spending on temporary and professional services in FY 2025; and increased funding for foster care costs. Additionally, for FY 2024, the Comptroller's Office projects that the City will not receive a $112 million budgeted payment from the Health Insurance Stabilization Fund to offset health insurance costs for City employees and that an equal amount of City-funds will be required to offset the revenue.

As previously mentioned, there are two large, but less certain risks that lead the Comptroller to have higher expenditure estimates than OMB in the outyears of the Plan period – the cost of services to asylum seekers and the State's unfunded mandate to reduce Class size. For asylum seekers, the Comptroller's Office estimates that the City has $1.32 billion more than necessary budgeted for these costs, creating an offset. In the outyears, however, the Comptroller's Office, estimates more funding than currently budgeted will be required. Greater details on these estimates can be found in the *City Services to People Seeking Asylum* section of this report.

The Comptroller's Office's higher expenditure estimates also include the impact of the State's unfunded mandate that the City reduce class sizes, the impact of which has yet to be included in the City budget. Greater details on these estimates can be found in the Department of Education section of this report.

One area where the Comptroller's Office estimates that the City will spend *less* than currently budgeted is non-overtime personnel spending. Given actual expenditures thus far this fiscal year, the Comptroller's Office projects that PS costs will total $600 million less than currently budgeted for FY 2024 and $150 million less for FY 2025. See the Headcount section of this report for more details.

Revenue Analysis

The Mayor's April 2024 Plan revises expected City-funded revenues (tax and miscellaneous revenues) upward by $642 million in FY 2024, $1.68 billion in FY 2025, $1.15 billion in FY 2026, $1.19 billion in FY 2027, and $1.44 billion in FY 2028 compared to the January 2024 Plan. The FY 2024 revision reflects total tax collections that have exceeded OMB's forecast in the January 2024 Cash Plan by $462 million as of March 2024: mostly from property taxes and audits of business taxes returns. The increase to revenues from FY 2025 to FY 2028 are primarily due to revisions to the property and business taxes and the City's decision to collect the rental payments from the Water Board. The Mayor forecasts that City-funded revenues would be $82.29 billion in FY 2024, $84.72 billion in FY 2025, $85.73 billion in FY 2026, $88.46 billion in FY 2027 and $90.78 billion in in FY 2028. The Comptroller's Office estimates that revenues will be above the April Financial Plan projections by $287 million in FY 2024, $622 million in FY 2025, $527 million in FY 2026, $290 million in FY 2027, and $603 million in FY 2028.

Table 9 shows FY 2024 tax collections through March 2024 and full-year estimates in the April 2024 Plan. Collections through March declined by 1.0 percent, driven by drops in PIT/PTET, real estate transaction taxes, and audits. The April Plan projects tax revenues to increase by 0.3 percent in FY 2024, with PIT/PTET regaining some of the ground lost in the first 9 months of the fiscal year and a recovery in the real estate transaction taxes. The Comptroller estimates that total tax revenues in FY 2024 will increase by 0.6 percent.

Table 9. FY 2024 Collections through March versus April 2024 Plan

	Year to Date Tax Collections			Total Tax Collections			
($ in millions)	FY 2023	FY 2024	Y/Y Growth	FY 2023	FY 2024 Executive Plan	Change	Y/Y Growth
Property Tax	$30,669	$31,934	4.1%	$31,507	$32,786	$1,279	4.1%
PIT & PTET	12,762	10,942	(14.3%)	17,183	16,001	(1,182)	(6.9%)
Business Taxes	5,728	6,305	10.1%	8,519	9,069	550	6.5%
Sales Tax	7,075	7,393	4.5%	9,540	9,967	427	4.5%
Real Estate Transaction Taxes	1,722	1,292	(25.0%)	2,175	1,728	(447)	(20.5%)
All Other Taxes	2,183	2,035	(6.8%)	3,176	3,249	73	2.3%
Audits	1,069	684	(36.0%)	1,337	847	(490)	(36.7%)
Total Including Audits	**$61,209**	**$60,585**	**(1.0%)**	**$73,437**	**$73,647**	**$210**	**0.3%**

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

Table 10. compares the Comptroller's and OMB's forecast of tax revenue growth. Table 11. compares tax revenue levels. Table 12. shows the Comptroller's re-estimates as risks (negative) and offsets (positive) relative to the Financial Plan forecast.

Table 10. Comparison of Tax Revenue Projections: Growth Rates

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FYs 2024—2028 Annual Average Growth
Property						
Comptroller	4.3%	3.0%	1.4%	3.9%	2.9%	2.8%
Mayor	4.0%	2.8%	1.8%	3.0%	1.9%	2.4%
PIT/PTET						

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FYs 2024—2028 Annual Average Growth
Comptroller	(7.2%)	9.3%	1.4%	4.0%	3.8%	4.6%
Mayor	(6.9%)	8.0%	1.1%	5.3%	4.0%	4.6%
Business						
Comptroller	7.1%	(0.9%)	(4.3%)	(2.4%)	2.5%	(1.3%)
Mayor	6.5%	1.2%	(3.7%)	1.5%	2.0%	0.2%
Sales						
Comptroller	4.5%	5.9%	3.5%	4.5%	4.1%	4.5%
Mayor	4.5%	4.1%	4.3%	3.8%	4.3%	4.1%
Real Estate-Related						
Comptroller	(18.8%)	4.5%	10.8%	6.7%	5.7%	6.9%
Mayor	(20.5%)	13.8%	6.2%	8.9%	5.0%	8.4%
All Other						
Comptroller	3.8%	3.1%	3.7%	3.3%	2.1%	3.0%
Mayor	2.7%	2.5%	3.5%	2.9%	2.8%	2.9%
Audits						
Comptroller	(29.2%)	2.7%	0.0%	0.0%	0.0%	0.7%
Mayor	(36.7%)	(8.7%)	0.0%	0.0%	0.0%	(2.3%)
Total Tax						
Comptroller	0.6%	4.3%	1.3%	3.3%	3.2%	3.0%
Mayor	0.3%	4.0%	1.5%	3.6%	2.8%	3.0%

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

Table 11. Comparison of Tax Revenue Projections: Levels

($ in millions)		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Property Tax	Comptroller	$32,996	$33,994	$34,475	$35,817	$36,856
	Mayor	32,914	33,826	34,430	35,456	36,136
PIT/PTET	**Comptroller**	15,947	17,436	17,673	18,374	19,067
	Mayor	16,001	17,284	17,474	18,401	19,137
Business Taxes	**Comptroller**	9,126	9,043	8,657	8,447	8,655

($ in millions)		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	Mayor	9,069	9,176	8,832	8,964	9,139
Sales Taxes	**Comptroller**	9,967	10,554	10,928	11,418	11,891
	Mayor	9,967	10,371	10,822	11,238	11,726
Real Estate-Related Tax	**Comptroller**	1,766	1,846	2,046	2,183	2,307
	Mayor	1,728	1,966	2,087	2,273	2,386
Other	**Comptroller**	3,153	3,250	3,370	3,482	3,554
	Mayor	3,121	3,198	3,311	3,407	3,501
Audits	**Comptroller**	947	973	973	973	973
	Mayor	847	773	773	773	773
Total	**Comptroller**	**$73,902**	**$77,096**	**$78,122**	**$80,694**	**$83,303**
	Mayor	**$73,647**	**$76,594**	**$77,729**	**$80,512**	**$82,798**

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

Table 12. Tax Revenues Risks and Offsets

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Property Tax	$82	$168	$45	$361	$720
PIT/PTET	($54)	$152	$199	($27)	($70)
Business taxes	$57	($133)	($175)	($517)	($484)
Sales Tax	$0	$183	$106	$180	$165
Real Estate-Related	$38	($120)	($41)	($90)	($79)
Other	$32	$52	$59	$75	$53
Audits	$100	$200	$200	$200	$200
Total	$255	$502	$393	$182	$505

Source: Office of the New York City Comptroller

Real Property Tax

The Comptroller projects that property tax revenue for FY 2024 will total $33.0 billion, an increase of $216 million since our March forecast, primarily due to a reduction in the delinquency rate estimate, the restoration of exempted properties on the tax roll, the reduction in the allowance for J-51 abatement, and residual payments to the city for prior lien sales.

The Comptroller projects FY 2025 property tax revenue of $33.99 billion, an increase of 3.0 percent from the current fiscal year. Revenue is expected to grow at an average annual rate of 2.7 percent through 2028, when property tax collections are expected to reach $36.86 billion.

The Comptroller's property tax forecast exceeds OMB's by $82 million in 2024, $168 million in 2025, $45 million in 2026, $361 million in 2027 and $720 million in 2028. For FY 2024 and FY 2025, the differences are due to the forecast of the reserve components of the property tax (cancellations, refunds, delinquencies, and others). The differences in FY 2026 and beyond are primarily the result of the Comptroller's higher levy growth of 2.7 percent versus OMB's 2.4 percent.

Property Tax Delinquencies

Table 13. shows delinquency rates as of March FY21 through FY24 for the July, October, and January bills. The table reports rates for Class 1 (mostly made of 1-3 family homes), Class 2 (multifamily buildings), and Class 4 (commercial buildings), with a breakdown for the largest sub-categories within Class 2 and Class 4. Class 3 is excluded because the delinquency rate is not significant. The table updates the results previously published in the February 2024 Economic Newsletter.

The overall FY 2024 delinquency rate as of March was 2.73 percent ($851.6 million), 19 basis points above a comparable period in FY 2023. The property types with the highest annual increase in the delinquency rate in FY 2024 are residential condominiums (50 basis points), hotels (70 basis points), and commercial condominiums (91 basis points). The category with the largest decline was elevator apartments (-57 basis points).

The property types with the highest increase between FY 2021 and FY 2024 are walk-up apartments (85 basis points) and elevator apartments (48 basis points). The category with the largest decline is hotels (-2 percentage points).

Table 13. Delinquency Rates as of March of Each Fiscal Year

	FY 2021	FY 2022	FY 2023	FY 2024
Class 1	3.66%	3.27%	3.65%	3.67%
Class 2	2.66%	2.33%	3.09%	3.09%
Walk-up apartments	*3.76%*	*3.56%*	*4.45%*	*4.61%*
Elevator apartments	*1.79%*	*1.37%*	*2.84%*	*2.27%*
Condominiums	*4.56%*	*4.01%*	*4.15%*	*4.65%*
Cooperatives	*0.91%*	*0.63%*	*0.77%*	*0.84%*
Class 4	2.96%	2.30%	2.20%	2.68%
Hotels	*6.94%*	*6.72%*	*4.18%*	*4.88%*

	FY 2021	FY 2022	FY 2023	FY 2024
Store buildings	*4.01%*	*3.35%*	*3.18%*	*3.59%*
Office buildings	*0.84%*	*0.60%*	*0.59%*	*0.83%*
Condominiums	*2.74%*	*2.31%*	*2.05%*	*2.96%*
All classes	**2.72%**	**2.25%**	**2.54%**	**2.73%**

Source: NYC DOF, Office of the New York City Comptroller

As delinquency rates decline over the course of the fiscal year, the Office revised its estimate of the final delinquency rate to 2.3 percent (a 20-basis point reduction of the previous projection). As negotiations for re-authorizing the City's property tax enforcement program appear to be underway, the forecast assumes that it is reauthorized in FY 2025 and that the delinquency rate drops to 2.0 percent.

Personal Income Tax and Pass-Through Entity Tax

NYC OMB's FY 2024 PIT forecast published in April remained unchanged from January. However, actual PIT collections in the month of April were more than $450 million below their January projection,[10] due mainly to the issuance of $703 million in refunds versus an expectation of $264 million. Part of the shortfall is due to faster processing of tax returns: 37.3 percent of the April refunds and 41.3 percent of their value were paid in just the last four business days. NY State, and Yonkers saw comparable accelerations. Refund activity in May has slowed, through May 10th running about $160 million below the May 2023 total through the same date, providing a partial offset to the April increase.

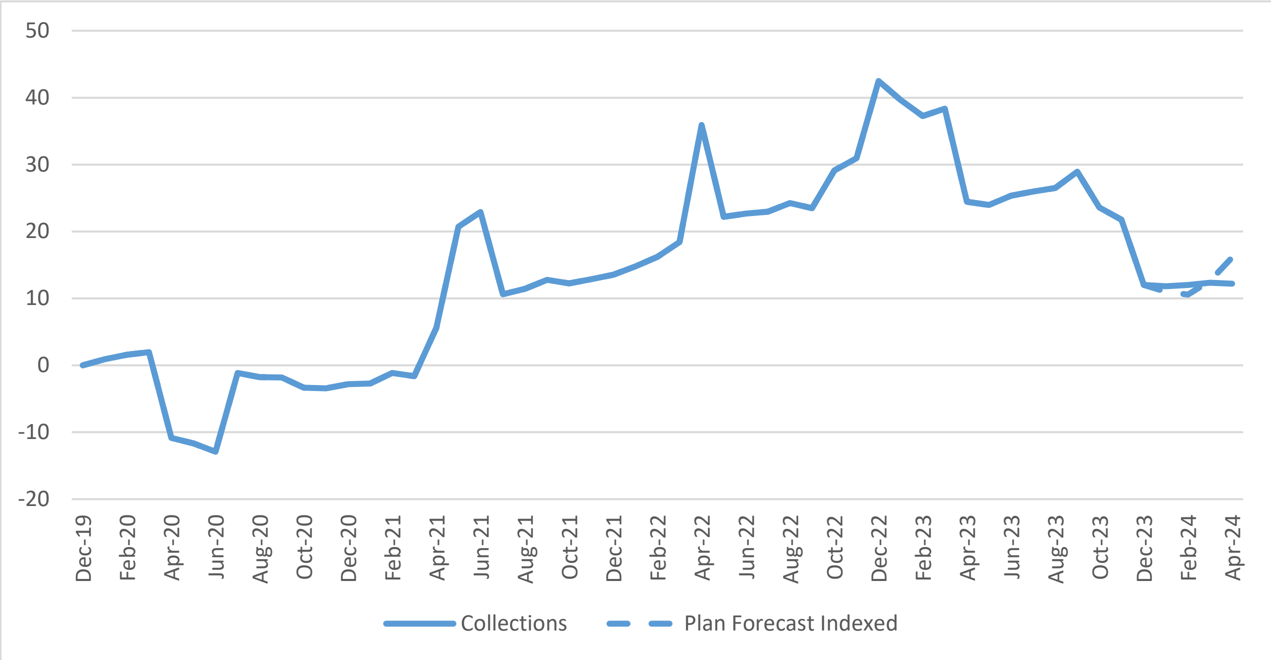
Besides processing speed, however, OMB and the Office of the Comptroller expected refunds to decline from the levels seen in 2023 which reflected the double payment of PTET and PIT on 2022 income. The opposite has been the case: between January and May 3, 2024, the City issued nearly $1.5 billion in refunds, only $32 million shy of the amount paid out from January through the entire month of May 2023.

Chart 8 shows the 12-month rolling sum of NYC PIT and PTET collections. For the 12 months ending in April 2024, the index was 12.2 percent higher than in December 2019.11 The new data show that the index did not rebound in April 2024. In its forecast published in early March, the Office of the Comptroller estimated FY 2024 PIT and PTET revenues to exceed budgeted amounts by approximately $400 million. Following the April data, the estimate was revised downward by $450 million.

[10] April PIT and PTET data are preliminary. Collections are gross of NYC audits and NYS processing fees.

[11] As explained in the June and November 2023 Economic Newsletters, the creation of PTET introduced significant distortions in the timing of tax payments.

Chart 8. NYC PIT and PTET Tax Collections, 12-month Rolling Sum Indexed to December 2019



Source: NY State Department of Taxation and Revenue and Office of the New York City Comptroller

The Office of the NYC Comptroller's forecast for PIT and PTET in 2025 has been revised upward by $537 million (3.2 percent) as a result of an increased employment and wage growth assumption through calendar year 2024, a higher level of U.S. GDP emanating from a delay in the predicted economy-wide slowing, and an expectation that at least some of the unexpectedly low payments and high refunds in April 2024 will be made up for in higher City/State offsets in the fall when late-filing tax returns are fully processed. PIT and PTET revenue levels in 2026-2028 were also revised upward by an average of 1.6 percent, an effect of a higher baseline assumption for employment, wages, and U.S. GDP heading into these years, although the annual growth rates in each of these years were revised downward (3.0 percent per year, down from 3.7 percent). Table 14 summarizes the PIT+PTET differences and the Comptroller's revisions.

Table 14. PIT and PTET Combined Revenue Forecast, Fiscal Years 2024-2028

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Comptroller - May 2024	$17,183	$15,947	$17,436	$17,673	$18,374	$19,067
Percent change	*2.9%*	*(7.2%)*	*9.3%*	*1.4%*	*4.0%*	*3.8%*

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
OMB - April 2024	17,183	16,001	17,284	17,474	18,401	19,137
Percent change	*2.9%*	*(6.9%)*	*8.0%*	*1.1%*	*5.3%*	*4.0%*
Difference (Offset/Risk)	-	(54)	152	199	(27)	(70)
Percent of OMB forecast		*(0.3%)*	*0.9%*	*1.1%*	*(0.1%)*	*(0.4%)*
Comptroller - March 2024	17,183	16,398	16,899	17,317	18,074	18,847
Percent change	*2.9%*	*(4.6%)*	*3.1%*	*2.5%*	*4.4%*	*4.3%*
Revision: Difference from Comptroller March	-	(451)	537	357	300	219
Percent of Comptroller March forecast		*(2.8%)*	*3.2%*	*2.1%*	*1.7%*	*1.2%*

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

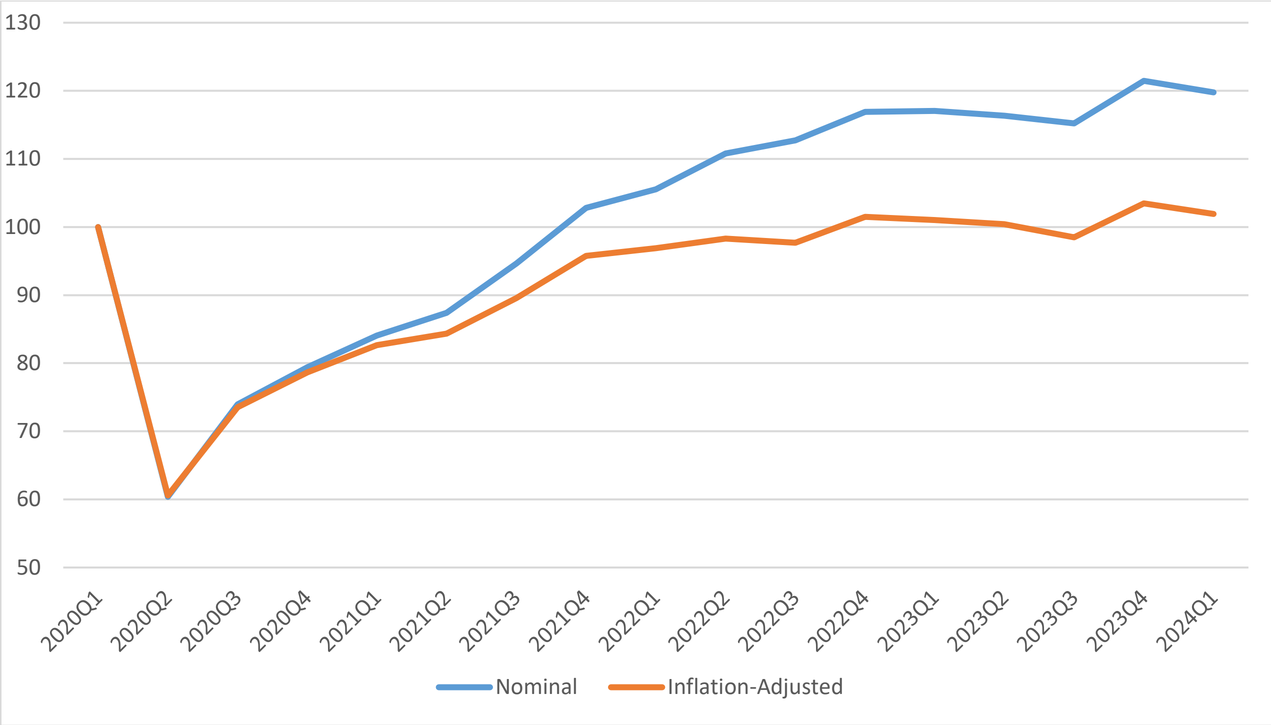
Sales Tax

Taxable sales in NYC were $56.4 billion in the first quarter of 2024 (not seasonally adjusted)[12] or 19.8 percent above the last reading before the start of the pandemic, as shown in Chart 9. Adjusted for inflation,[13] taxable sales were 1.9 percent higher than right before the start of the pandemic.

[12] The data are published by the NYS Department of Taxation and Finance and are subject to revision. The first quarter covers December-February, the second quarter March-May, etc.

[13] Inflation adjustment uses NYC metro area CPI less shelter (not seasonally adjusted).

Chart 9. NYC Taxable Sales: Nominal vs Inflation-Adjusted (2020Q1 = 100)



Source: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Office of the New York City Comptroller

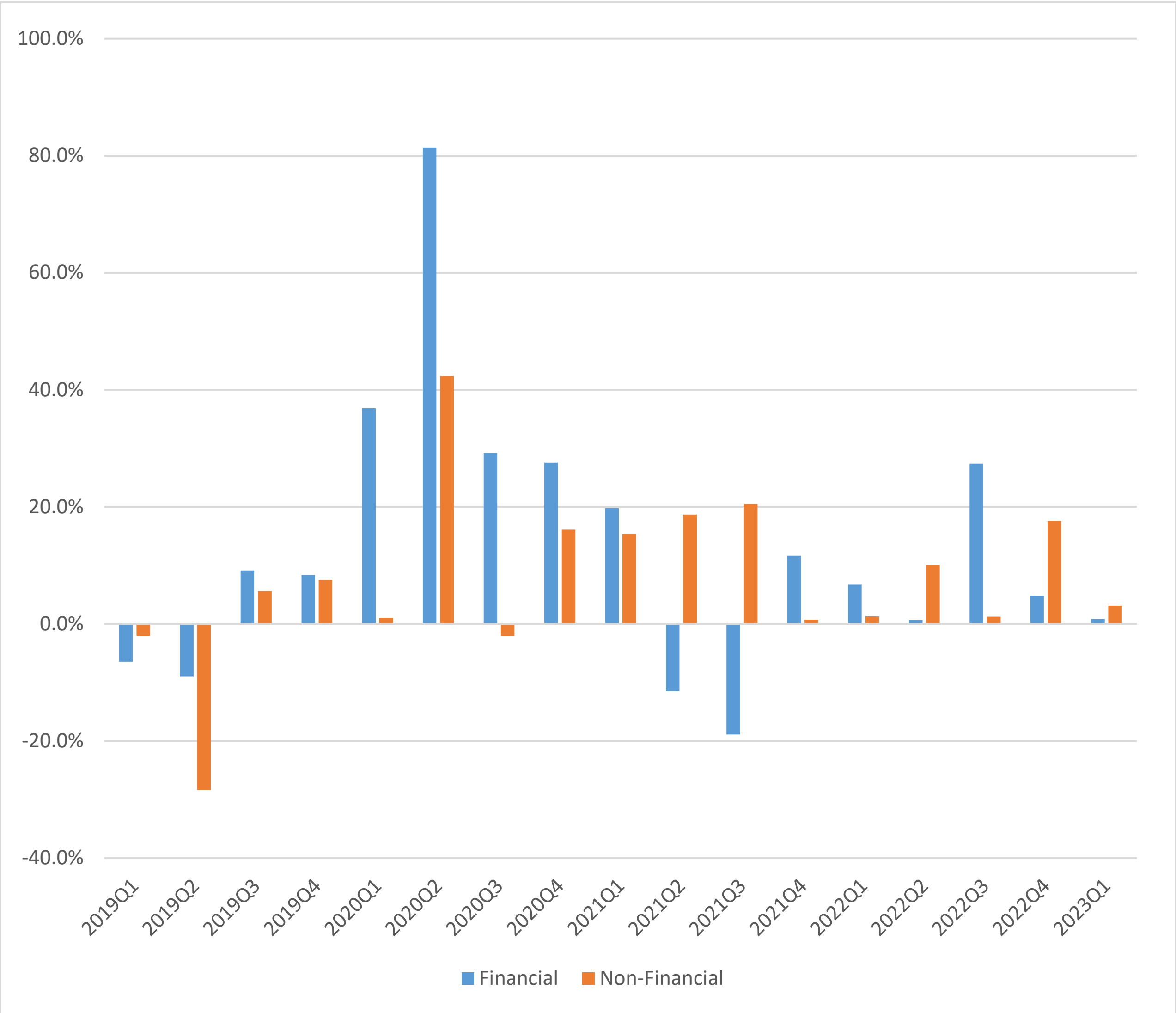
The City collected $7.08 billion in sales tax in the first nine months of FY 2024, a 4.5 percent increase relative to the first nine months of FY 2023. The Comptroller projects FY 2024 sales tax revenues of $9.97 billion, for a growth rate of 4.5 percent. Revenues are projected to increase by 4.5 percent per year on average, reaching $11.89 billion in FY 2028. These rates of growth are reflecting the NYC wage base, which is forecast to grow by a 3.9 percent annual average together with a strong forecast growth in equity market valuations in 2024 that are sustained into future years. The Comptroller's forecast exceeds the April Financial Plan assumptions by $183.0 million in FY 2025, $106.0 million in FY 2026, $180 million in FY 2027 and $165 million in FY 2028. The forecast incorporates the NYS extension of the sales tax intercept directed toward the Distressed Provider Assistance Account.

Business Income Taxes

In the first three quarters of FY 2024, NYC net business income tax collections (including the Business Corporation Tax, the General Corporation Tax, the Unincorporated Business Tax, and the remainder of the Banking Corporation Tax) were 10.1 percent above the same three quarters in the prior fiscal year. Growth has been strongest for corporations, whose net tax collections rose by 12.0 percent, while collections from unincorporated business rose 5.5 percent.

Chart 10 shows the year-over-year growth in net tax payments by both financial and non-financial businesses in NYC. For six straight quarters, both financial and non-financial business have paid more in taxes than in the same quarter one year prior. And collections in FY 2024 are on pace to be 50 percent above FY 2019. But while payments have not receded, there has been a narrowing of the four-quarter gain in the most recent quarter.

Chart 10. NYC Business Income Tax Payments (Percent Change Year-Over-Year)



Source: New York City Department of Finance

In its April Plan, OMB increased its forecast of business taxes in FY 2024 by $213 million, in FY 2025 by $768 million, and by an average of $435 million in each year of FY 2026- FY 2028. The FY 2024 change was primarily in response to fiscal year-to-date collections, which were 12.0 percent above

FY 2023 and already about $200 million above OMB's prior Plan forecast through February. Subsequent to OMB's forecast, March 2024 collections—the month in which most quarterly payments are made—came in 12.1 percent above the prior year, continuing the elevated levels established in prior months of FY 2024. OMB's increases to collections in FY 2025 and thereafter are a result of a rise in their expectations of corporate profitability nationally, embedded within their economic assumptions.

While the Comptroller's Office estimates that profitability is currently strong—especially for securities industry firms recently, as noted above—a decline in future profitability at the national level and for NYC corporations overall is expected beginning later this year and into 2025. U.S. corporate profits before tax rose by nearly 50 percent in 2020-2022, nearly reaching a 12 percent share of the U.S. economy (i.e., GDP)—which matches the level achieved once in 2006, and before that in 1951. Some of the causes for such profitability growth were unique to the pandemic itself and the fiscal and monetary stimulus that accompanied it and were thus temporary in nature. The Comptroller's economic outlook is for U.S. corporate profits to decline in 2025 and 2026 as they move away from their current level, still above 11 percent, and closer to a historic norm as a share of GDP (with 1990-2019 averaging 8.3 percent).

As seen in Table 15, the forecasted decline in profits results in projected business tax revenues for Fiscal Years 2025-2028 that are below the 2024 forecast. (OMB also projects a decline in business tax revenue to occur in FY 2026, but their overall expected decline is not as large and their forecasted business tax revenue in FY 2027 and FY 2028 exceeds the Comptroller's by roughly one-half billion dollars in each year.) Note also that the Comptroller's forecast has been revised upward, especially in FY 2025 but also in each subsequent year, because of recent collections and economic data indicating that the anticipated fall in profitability has not commenced. If it does decline as predicted, it will be starting from a higher level.

Table 15. Business Income Taxes Forecast, Fiscal Years 2024-2028

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Comptroller – May 2024						
Business Income Taxes	$8,521	$9,126	$9,043	$8,657	$8,447	$8,655
Percent Change		*7.1%*	*(0.9%)*	*(4.3%)*	*(2.4%)*	*2.5%*
OMB – April 2024						
Business Income Taxes	8,521	9,069	9,176	8,832	8,964	9,139
Percent Change		*6.4%*	*1.2%*	*(3.7%)*	*1.5%*	*2.0%*
Comptroller difference from OMB		57	(133)	(175)	(517)	(484)
Comptroller — March 2024						
Total Business Income Tax	8,521	8,764	8,313	7,985	8,019	8,319

($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Percent Change		*2.9%*	*(5.1%)*	*(4.0%)*	*0.4%*	*3.7%*
Revision: Difference from Comptroller March	$ –	$362	$730	$672	$428	$336

Source: Office of the New York City Comptroller; Mayor's Office of Management and Budget

Real Estate Transaction Taxes and Other Taxes

NYC collects taxes based on the value of two types of real estate-related transactions: (i) the real property transfer tax (RPTT) applies to the sale or transfer of a controlling interest in real property; and (ii) the mortgage recording tax (MRT) is charged on mortgages for most categories of real property—including mortgage refinancings but excluding mortgages on cooperative apartments. As of March 2024, the City collected $1.29 billion from transaction taxes, a drop of 25.0 percent from the same period in FY 2023.

The Comptroller forecasts that total real-estate transaction taxes collection will be $1.77 billion in FY 2024 ($1.16 billion in RPTT and $608.0 million in MRT), an 18.8 percent decrease from FY 2023. This is a $120.0 million upward revision from the March forecast, due to higher than anticipated collections so far in the fiscal year. The Comptroller is forecasting collections of $1.85 billion in FY 2025, $2.05 billion in FY 2026, $2.18 billion in FY 2027, and $2.31 billion in FY 2028.

For all other taxes, the Comptroller forecasts collections of $3.15 billion in FY 2024, $3.25 billion in FY 2025, $3.37 billion in FY 2026, $3.48 billion in FY 2027, and $3.55 billion in FY 2028. The Comptroller's forecast of the hotel occupancy tax drives revenues above the Financial Plan assumptions by $32.0 million in FY 2024, $52.0 million in FY 2025, $59.0 million in FY 2026, $75.0 million in FY 2027, and $53.0 million in FY 2028. The City collected $518.0 million in hotel occupancy tax in the 9 months of FY 2024, a 10.1 percent increase relative to the first 9 months of FY 2023.

Risks to the Tax Revenues Forecast

There is continued uncertainty about future income and valuations for commercial property in NYC. Further declines in property values would negatively impact City tax revenues via lower real estate transaction taxes and the Real Property Tax. Bankruptcies and financial strains developing from a prolonged commercial real estate slump could also create downstream effects on business income taxes.

Further population loss in NYC, especially among higher-earning workers in office-related occupations, is a risk to multiple sources of revenue, especially the Personal Income Tax base. The rapid change in location of work flexibility in office settings creates the possibility of sustained net outmigration driven by high relative costs of living in NYC, especially housing and childcare.

Miscellaneous Revenues

In the April Plan, OMB left its FY 2024 net miscellaneous revenue projection unchanged from the January Plan forecast at $6.35 billion, a 6.4 percent increase over the previous year. As Table 16 shows, the Plan increases miscellaneous revenue projections in the outyears by $71 million in FY 2025, $357 million in FY 2026, $370 million in FY 2027, and $413 million in FY 2028.[14]

Table 16. Changes in Miscellaneous Revenue Estimates, January 2024 Plan vs. April 2024 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Licenses, Permits & Franchises	$16	$6	$7	$6	$7
Interest Income	0	0	0	0	0
Charges for Services	(88)	2	2	2	2
Water and Sewer Charges	(38)	64	349	362	406
Rental Income	25	(3)	(1)	(1)	(1)
Fines and Forfeitures	54	2	0	0	0
Other Miscellaneous	31	0	0	1	(1)
Total	**$0**	**$71**	**$357**	**$370**	**$413**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Adjustments to the current fiscal year forecast reflect a decrease in charges for services totaling $88 million driven primarily by lower tuition revenue due to lower-than-budgeted enrollment in CUNY colleges (a $128 million reduction), and a decrease of $38 million in water and sewer charges. These are offset by anticipated increases in other revenue categories including fine revenue, which increased by $54 million in FY 2024 in line with the Comptroller's projection in its March report on the January Plan.

For FY 2025 and beyond, changes stem mainly from upward adjustments to anticipated revenues from water and sewer charges. In the January Financial Plan, the City reflected rental payments from the Water Board worth $145 million in FY 2024 and $295 million in FY 2025. The April Plan reduces the FY 2025 rental payment by $6 million but reflects additional rental payments of $313 million in FY 2026, $325 million in FY 2027, and $369 million in FY 2028 for a combined $1.44 billion in rental payments over FY's 2024-2028.

[14] Miscellaneous revenue analysis excludes intra-City revenues.

In addition to receiving reimbursement from the Water Board for the operation and maintenance of the City's water and sewer systems, the agreement between the City and the Water Board allows the City to request an additional rental payment each fiscal year in an amount not to exceed the greater of: (a) the principal and interest payable on general obligation bonds issued by The City for water and sewer purposes or (b) 15 percent of principal and interest payable on the bonds of the Authority.[15] The City did not require a rental payment in FY's 2017-2019 and FYs 2022 – 2023. On May 3rd, the Water Board recommended a rate increase of 8.5 percent effective July 1st, 2024, the highest percentage rate increase since FY 2011. Of the total increase, 3.1 percent was due to City's collection of the rental payment in FY 2024 and FY 2025. Higher debt service from the capital program also contributed 3.1 percent.

Table 17 shows the City's January projections for all categories of miscellaneous revenues over the Plan period. Total miscellaneous revenue is expected to grow by 6.4 percent in FY 2024 to $6.35 billion following a 17.5 percent growth in FY 2023. Although the current Plan increases miscellaneous revenue projections for FY 2025 and the outyears, total miscellaneous revenue is forecast to decline steadily throughout the Plan period and average $6.08 billion in FYs 2025-2028. The lower projections are mostly driven by a projected decline in non-recurring revenues and interest income, as Federal-Funds rates are expected to gradually fall throughout the Plan period.

Table 17. Miscellaneous Revenue Forecast, April 2024 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Licenses, Permits & Franchises	$703	$718	$724	$704	$707
Interest Income	633	379	265	225	226
Charges for Services	951	1,026	1,030	1,031	1,031
Water and Sewer Charges	2,027	2,234	2,232	2,242	2,287
Rental Income	283	260	260	260	260
Fines and Forfeitures	1,318	1,234	1,228	1,234	1,224
Other Miscellaneous	436	323	324	322	318
Total	**$6,351**	**$6,174**	**$6,063**	**$6,018**	**$6,053**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

The Comptroller's Office expects total miscellaneous revenue will be above OMB's forecast by $32 million in FY 2024, $120 million in FY 2025, $134 million in FY 2026, $108 million in FY 2027 and $98 million in FY 2028. While the City raised its FY 2024 fine revenue projection by a combined

[15] See the lease agreement between the City and the NYC Water Board.

$140 million since budget adoption, the Comptroller's Office anticipates fine revenues could be higher than the City's current projection by $32 million in the current fiscal year, $20 million in FY 2025, and $15 million in each of FYs 2026 – 2028. These offsets are mainly attributable to higher projections for camera fines and Department of Buildings (DOB) penalties. In addition, based on the Comptroller's forecast of short-term interest rates and the City's cash balance in the outyears, the Office projects interest income will be above the OMB's current projections by $100 million in FY 2025, $119 million in FY 2026, $93 million in FY 2027, and $83 million in FY 2028.

Federal and State Aid

The April Financial Plan projects total categorical Federal and State aid of $32.64 billion in FY 2024, supporting about 29 percent of the City's expenditure budget. Compared with the January Plan, the City has reflected a net decrease of $80 billion in the current year consisting of an increase of $249 million in Federal aid and a decline of $329 million in State grants. The lower State aid assumption is largely driven by the City's continued revision of State assistance for asylum seekers spending.

The increased Federal aid in FY 2024 is mainly concentrated in education grants, totaling $244 million of the total Federal aid increases recognized in the April Plan. The additional education grants include $131 million in Title I grant for economically disadvantaged students, $45 million in residual American Rescue Plan (ARP) education funding, and $30 million in homeless student assistance and $25 million in school meal subsidy. The remainder of the Federal aid increase is mainly scattered across various agencies such as Police, Fire, Housing and Preservation, partly offset by lower re-estimates of Epidemiology and Laboratory Capacity grants.

The April Plan revisions bring total Federal COVID assistance anticipated by the City to $4.36 billion in FY 2024-FY 2028 (including unrestricted aid for prior-year FEMA reimbursement), as shown in Table 18. Together with grants already recognized in FY 2020 through FY 2023, tallied at about $22 billion, overall COVID assistance is expected to reach a total of $26.4 billion. The largest components comprising this figure are FEMA reimbursement currently estimated at $7.24 billion, American Rescue Plan- Coronavirus Response and Relief Supplemental Appropriations Act (ARP-CRRSA) education grants totaling $6.94 billion and ARP-State and Local Fiscal Recovery Fund (SLRF) grants of $5.88 billion. Federal COVID assistance is expected to decline precipitously after the current year as ARP education grants will expire and fall by $2 billion. After which, COVID funding sources would drop further by FY 2026 as ARP SLFRF grants would also come to an end after FY 2025.

Table 18. Projected Federal COVID Assistance-April 2024 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
ARP SLFRF	$1,058.9	$475.4	$0.0	$0.0	$0.0	$1,534.3
ARP Education	2,039.2	0.0	0.0	0.0	0.0	2,039.2
FEMA	9.2	1.1	1.1	0.1	0.1	18.4
Epidemiology and Laboratory Capacity Grants	181.5	45.3	3.6	2.6	0.0	233.1
All Other	352.8	84.6	41.3	31.4	31.4	541.3
Total	**$3,641.6**	**$606.4**	**$46.0**	**$34.1**	**$31.5**	**$4,359.6**

Source: Mayor's Office of Management and Budget.

As for budgeted aid from Albany, State aid in the April Plan largely drops in FY 2024 because of the changes in the City's recognition of asylum seeker aid, a downward revision of $475 million. This decline is partially offset by increases in the State Family Homelessness and Eviction Protection Supplement (FHEPS) of $32 million; recognition of education aid including $32 million in Foundation Aid and additional funding for charter leases of $52 million; and $29 million in State school building aid. Changes in FY 2025 State aid were used to largely offset the expiration of Federal COVID-19 assistance including: $74 million to maintain mental health services in schools, $27 million for the Public Schools Athletic League, $17 million towards coordinators for students in temporary housing, $17 million for dyslexia programming, $10 million for bilingual education, $48 million in community schools funding and an additional $8 million to replace community schools cuts from a prior City plan. The April Plan also reflects the City's expectation of an additional $1 billion in State aid for asylum seekers in FYs 2026 and 2027.

State Enacted Budget

A $237 billion State budget was passed on April 20th, three weeks after the April 1st deadline but still earlier than last year's May enactment. The *Mayor's Message* included with the City's April Plan states that the State Enacted Budget addresses all of the City's top priorities: funding for newly arrived migrants, increased bonding authority, extension of mayoral control over public schools, housing reform, and various local safety and enforcement provisions.

Local Impacts

To the extent that this Office can track State budget impacts before the release of the actual State Enacted Budget Financial Plan (legally due 30 days after the signing of the last budget bill), impacts for City FYs 2024 and 2025 are included in Table 19 below.

Positive impacts for the City are largely captured in the State's aid for asylum seekers and education funding. A significant portion of the State's $2.4 billion increase for newly arrived migrants flows directly to New York City. Foundation Aid to the City, the primary vehicle for the State's share of school funding, was increased by $466 million year to year. This was higher than the Governor's initial proposal in January, but lower than the City originally expected (the Governor proposed an inflation factor increase of 2.3 percent in the Executive Budget; ultimately the legislation came in at 2.8 percent). The State Enacted Budget also includes $1 million for a Rockefeller Institute study on Foundation Aid formula updates.

The largest cost impact for the City is Tier 6 pension reform that will increase City contributions for its employee pensions due to an updated formula that averages three years of salary instead of five when determining payment amounts (see Pensions section for more detail). Also, the extension of the sales tax intercept for distressed hospitals through 2027 will reduce the City's sales tax receipts by $37.5 million in City fiscal year 2025, $150 million in each of City fiscal years 2026 and 2027, and $112.5 million in City fiscal year 2028.

Table 19. Impact of FY 2025 State Enacted Budget

($ in millions)	FY 2024	FY 2025	Two-year
School Formula-based Aids	**$0**	**$633**	**$633**
Increased Foundation Aid	$0	$466	$466
Other Formula Aid	$0	$167	$167
Positive Spending Impacts	**$818**	**$881**	**$1,699**
Additional Aid for Asylum Seekers	$818	$881	$1,699
Negative Spending Impacts	**$0**	**($232)**	**($232)**
TANF and FFFS Child Welfare Threshold Increase	$0	($5)	($5)
Insulin Copay Cost Sharing Removal	$0	($1)	($1)
Creation of Prenatal Care Leave Program	$0	($8)	($8)
Tier 6 Pension FAS Shift from 5 to 3 Years	$0	($163)	($163)
Other Pension Impacts	$0	($2)	($2)
30 Minute Parental Accommodation	$0	($53)	($53)
Revenue Impacts	**$1**	**($9)**	**($8)**
Repeal and Replace Cannabis Potency Tax	$0.5	$7	$7
Extend Itemized Deduction Limit on High Income Filers Five	$0	$20	$20
Provide for Filing of Amended Sales Tax Returns	$0	$2	$2
Extend Sales Tax Intercept for Distressed Providers	$0	($38)	($38)

($ in millions)	FY 2024	FY 2025	Two-year
Total Net Impact	**$819**	**$1,273**	**$2,092**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Impacts from the State Enacted budget were generally not reflected in the City's Financial Plan (most will be part of the Adopted Budget release), save for a few key items: a portion of the State's Foundation Aid for education; the negative revenue impact from the extension of the sales tax intercept for distressed hospitals; and $41 million in expense impacts in various areas starting in FY 2025. State asylum seeker contributions were already reflected in the City's budget in the Preliminary Plan – April Plan updates include a downward revision in FY 2024 State revenue in this area (discussed below) and adds (not yet confirmed by the State) of $1 billion in each of FYs 2026 and 2027.

In addition to the impacts on the City's expense budget, the Enacted State Budget raised the City's capacity to incur debt. Budget legislation increases the amount of Transitional Finance Authority Future Tax Secured (TFA FTS) debt that is not subject to the City's debt limit by a total of $14 billion over the next two fiscal years. On July 1, 2024, the amount not subject to the limit increases by $8 billion to $21.5 billion, and on July 1, 2025, it increases by an additional $6 billion to $27.5 billion. As part of the budget legislation, the State also required that $2 billion in City capital be added for classroom construction above the School Construction Authority's (SCA) current capital plan to help the City meet the State's mandate to reduced class size. While the April Plan added $6.8 billion to fully fund the SCA's current plan as proposed in February, it did not include this additional $2 billion mandate. For more details see the Capital Budget and Financing Program section of this report.

Asylum Seeker Aid in the State Enacted Budget: What Flows Through the City?

The State Enacted Budget's aid for newly arrived migrants was unchanged from the Governor's Executive Budget proposal: an overall increase in aid of $2.4 billion (to a total commitment to-date of $4.4 billion). Not all of this aid will flow through New York City's government. Table 20 breaks out the entirety of the $4.4 billion that the State has committed for asylum seekers, more than $3 billion of which flows directly to the City government.

Aid for asylum seeker costs included in the City's April Plan was approximately $450 million below what the City budgeted for FY 2024 in January. This was partly due to different accounting of the cost of Safety Net benefits: the City does not categorize the expense as a cost of services to asylum seekers, which are largely shelter. Rather, Safety Net spending and associated State aid are already included in the public assistance budget. As a result, while the State counts Safety Net aid as part of the $2.4 billion, it is not an offset for the City. Furthermore, OMB is also only including a portion of the smaller Other Services category case until further clarification from the State.

Table 20. Total State Funding for Asylum Seekers, as of the State Executive Budget

Purpose of funding ($ in millions)	Flows through City Budget	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Total (SFY 2023 – SFY 2026)
Shelter Reimbursement	Y	$0	$741	$885	$530	$2,156
Safety Net Assistance[16]	Y	0	26	67	67	$160
National Guard	N	27	162	262	0	$451
Health care	N	0	149	162	15	$326
Voluntary Relocation	N	0	30	5	5	$40
Floyd Bennett Field/Creedmoor/Randall's Is.	(Both)	0	89	724	146	$959
Other Services (Case Management, Legal, Application Assistance)	(Both)	0	98	106	10	$214
Flow through NYC Total (estimated)		**$0**	**$929**	**$1,717**	**$753**	**$3,399**
State Expenses Total (estimated)		**$27**	**$366**	**$494**	**$20**	**$907**
Total		**$27**	**$1,295**	**$2,211**	**$773**	**$4,306**

Source: NYS Division of Budget, Office of the New York City Comptroller

Note: Amounts in State Fiscal Years as provided in the State's Executive Budget released in January. An updated table is not available at this time because the State Enacted Budget's details have not yet been released, however the State's Enacted budget did not include significant changes in asylum seeker funding.

Additional State Actions with Ramifications for NYC

- A two-year extension of Mayoral control/accountability over NYC schools, with caveats:
  - The Chair of the Panel for Education Policy must be selected from candidates proposed by the Assembly Speaker; Senate Majority Leader, and Board of Regents Chancellor; and
  - The City must maintain education funding levels for the coming year at the same level or greater levels as the prior year.
- Housing legislation:
  - A limited version of Good Cause Eviction protections for tenants;

[16] In May 2023, the State Office of Temporary and Disability Assistance expanded access to the Safety Net Assistance program to certain categories of non-citizens, including applicants for asylum and Temporary Protected Status. Additional details: https://otda.ny.gov/policy/gis/2023/23DC039.pdf.

- Removal of a state cap on floor area ratios (FAR) that will allow for residential building at higher than the current limit of 12 times lot size in specific zoning districts pending planned City zoning amendments or for projects sponsored by the Empire State Development Corporation, and where the zoning districts mandate minimum affordability percentage that are equal to or exceed the City's Mandatory Inclusionary Housing program;
- A pilot for legalizing basement apartments in 15 NYC community districts;
- A deadline extension of the 421-a(16) tax break, a new program to exempt new residential developments (Affordable Neighborhoods for New Yorkers - ANNY), and the Affordable Housing from Commercial Conversions (AHCC) tax credit, which are discussed in the inset following this section.

* Sammy's Law, allowing NYC to lower the local speed limit from 25 to 20 miles per hour and lower in slow speed zones.
* Enhanced enforcement of illegal cannabis retailers allowing local law enforcement to padlock unlicensed dispensaries; $40 million in Statewide funding for retail crime that includes a $3,000 tax credit for business owners who upgrade security systems.
* $52 million for engineering and design funding of the Interborough Express; $16 million for the planning of the Second Avenue Subway's westward expansion along 125th Street.
* Legislation allowing movie theaters to obtain liquor licenses.

A Closer Look at Residential Real Estate Tax Exemptions in the State Enacted Budget

The Education, Labor and Family Assistance (ELFA) State budget bill (S8306-C/A8806-C) introduced new housing property tax programs to the Real Property Tax Law (RPTL) for the conversion of commercial buildings (Part R of ELFA) and new construction (Part U of ELFA). Part T of the ELFA bill extended the construction deadline to qualify for tax benefits under the expired Affordable New York program. Below are summaries of the main provisions.

Affordable Neighborhoods for New Yorkers (ANNY, §485-x of RPTL). This program replaces 421-a(16) "Affordable New York" which expired on June 15, 2022. New construction if started between June 15, 2022 and June 15, 2034 and completed no later than June 15, 2038 is eligible for the tax benefits. Table 21 provides a summary of eligibility requirements and exemptions for rental buildings. Income restrictions extend in perpetuity.

Table 21. Income Restrictions and Tax Exemptions for Rental Buildings

Building size	Income Restricted %	Average AMI %	Exemption Length and %
6-10 units in Manhattan	**20%**	**80%**	**25 yrs 100% / 10yrs 20%**
6-10 units outside of Manhattan, up 12,500 sf residential area	**N/A if 50% units subject to rent stabilization**		**10 yrs 100%**
11-99 units	**20%**	**80%**	**25 yrs 100% / 10yrs 20%**
100+ units	**25%**	**80%**	**35 yrs 100%**
150+ units zones A & B	**25%**	**60%**	**40 yrs 100%**

Source: Office of the New York City Comptroller

Zone A is comprised of Manhattan below 96th Street and Department of City Planning Neighborhood Tabulation Areas (NTAs) BK0101-BK0104 (Greenpoint and Williamsburg) and QN0201 (Long Island City and Hunters Point). Zone B is comprised of NTAs BK0201-0204 (Brooklyn Heights to Clinton Hill), BK0601-0602 and BK0801 (Carroll Gardens, Cobble Hill, Gowanus, Red Hook, Park Slope, and Prospect Heights), QN0102 (Queensbridge, Ravenswood, and Dutch Kills) and QN0105 (Old Astoria and Hallets Point). Developments with more than 150 units in Zones A and B, and all projects with more than 100 units are subject to specific construction labor standards. The completion deadline is three years, except for developments with 150+ units in Zone A that have five years to complete construction. All developments have a 100 percent property tax exemption during construction and pay property tax on the assessed value in the year before construction start ("mini tax"), except for 150+ unit projects in Zones A and B during the construction period.

Homeownership developments outside of Manhattan are eligible for a 20-year property tax exemption (14 years at 100 percent, 6 years at 25 percent) as long as their average assessed value is not higher than $89 per square foot upon first assessment after completion. This roughly corresponds to $1,000 in sales value per square foot. Assessed value above $89 per square foot is not exempted. The owners of the units are only required to agree in writing to maintain their primary residence at the unit for five years.

Extension of Affordable New York Completion Deadline. ELFA Part T extended by five years the completion deadline for eligibility for the expired 421-a(16) program. The amendment provides that developers electing options[1] A, B, D, E, and F qualify for 421-a(16) exemptions if they complete construction by June 15, 2031. Developers electing options C and G, which require to set- asides of 30 percent of units for renters earning up to 130 percent of Area Median Income (AMI), remain eligible for 421-a(16) exemptions if they complete construction by June 15, 2026. Before the passage of Part T, a longer completion deadline was allowed under Empire State Development's Gowanus Neighborhood Mixed Income Housing Development Program, which mirrors 421-a(16) exemptions. The program is currently closed to new applications. As of February 2024, 18 projects (5,374 total units) were approved for the program.

Affordable Housing from Commercial Conversions (AHCC, §467-m of RPTL). This tax exemption is available for the conversion of non-residential buildings to rental buildings, with the exception of hotels and other class B multiple dwellings. Eligible projects need to reserve 25 percent of the rental units to renters with income up to 80 percent of AMI, on average. Developers are required to reserve 5 percent of the units to renters with income up to 40 percent of AMI, cannot choose more than three AMI bands, none of which can exceed 100 percent of AMI. Income restrictions extend in perpetuity.

The program is retroactive and benefits longer for early applicants. Conversions receiving a permit between December 31, 2022 and June 30, 2026 receive the full exemption for 30 years followed by five years of phase out. The length of the full exemption is reduced by five years for conversions permitted between July 1, 2026 and June 30, 2028, and by 10 years for conversions permitted between July 1, 2028 and June 30, 3031. Conversions need to be completed by the end of 2039. The full tax exemption is 90 percent for conversions in Manhattan South of 96th Street and 65 percent elsewhere.

Expenditure Analysis

Total fund expenditures for FY 2024, as presented in the April Plan are a 5.2 percent increase over FY 2023 actual expenditures. Expenditures in both years, however, reflect the impact of prepayments, which shift spending between fiscal years, as well as adjustments for prior year payables in the current year. Net of these adjustments, as well as $50 million in reserve funds budgeted in this year, FY 2024 expenditures total $116.43 billion. This is an increase of 5.9 percent from the similarly adjusted FY 2023 actual expenditures of $109.98 billion. In FY 2025, expenditures—adjusted for prepayments and reserves— are budgeted to total $114.11 billion, a $2.32 billion (2.0 percent) decline compared with FY 2024.

Adjusting for these costs in each year provides a more accurate measure of the growth of City expenditures over time. Notably, the prepayment budgeted in FY 2024 of FY 2025 expenses as of the April Plan is less than the prepayment made in FY 2023 of FY 2024 expenses meaning the City is budgeted to spend more this year than it will earn.

The increase in budgeted spending in FY 2024 compared with FY 2023 is driven by a 12.2 percent increase in planned OTPS spending (excluding debt service). Excluding asylum seeker spending in both years, the growth in the OTPS budget falls to 7.7 percent over FY 2023, with most of the increase in contracted services. Debt service costs are budgeted to increase 0.1 percent in FY 2024 compared with FY 2023 actuals, while personnel services spending is budgeted to grow by 1.0 percent.

The growth in OTPS spending in FY 2024 comes despite a freeze on spending on certain OTPS categories as part of the series of PEGs beginning in September. While the freeze was lifted for some spending categories in March, it remains in effect for most of the impacted areas, including all consulting contracts, IT-related expenditures over $250,000, advertising, and travel costs. Overall, the freeze impacted about 10 percent of OTPS spending currently budgeted in FY 2024, excluding asylum seeker costs. Actual and budgeted spending in the impacted categories as of the end of April are about 12 percent below actual and budgeted at the same time last year, again excluding asylum seeker costs in both years.

As for FY 2025 compared with the current year, expenditures—adjusted for prepayments and reserves—decline compared with FY 2024, as shown in Table 22. This decline is driven by a $3.04 billion drop in Federal COVID-19 aid and stimulus funding. Netting out the spending supported by COVID-19 stimulus funds in both years, expenditures grow slightly, by 0.8 percent. Personnel costs in FY 2025 are budgeted to grow by 3.9 percent in FY 2025, largely driven by an 11.1 percent increase in pension costs. This is before the impact of the State legislation that will increase pension costs beginning next year, however. With this change included, pension growth is 12.9 percent over FY 2024 costs. (See the Pensions section of this report for more details.) OTPS costs are budgeted to decline, however, as described in the Re-Estimates section in this report, the Comptroller's Office estimates that OTPS costs are underbudgeted, and that actual FY 2025 OTPS costs will be higher than currently reflected in the Financial Plan.

After FY 2025, expenditures are budgeted to grow at an annual rate of 3.0 percent from FY 2025 through FY 2028. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 3.6 percent from FY 2025 through FY 2028, and debt service costs, which are projected to increase at an annual rate of 8.2 percent from FY 2025 through FY 2028. Spending on OTPS costs is budgeted to decline at an annual rate of 1.6 percent.

Table 22. FY 2024 – FY 2028 Expenditure Growth, Adjusted for Prepayments and Reserves

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Growth FYs 2024-2028	Annual Growth
Personal Service							
Salaries and Wages	$32,317	$32,419	$33,402	$34,418	$35,379	9.50%	2.30%
Pensions	9,243	10,267	10,689	10,814	11,755	27.20%	6.20%
Health Insurance	8,483	9,150	9,698	10,093	10,509	23.90%	5.50%
Other Fringe Benefits	4,744	4,904	5,090	5,273	5,465	15.20%	3.60%
Subtotal-PS	**$54,786**	**$56,740**	**$58,880**	**$60,598**	**$63,107**	**15.20%**	**3.60%**
Other Than Personal Service							
Medicaid	$6,176	$6,743	$6,583	$6,733	$6,883	11.40%	2.70%
Public Assistance	2,467	1,650	1,650	2,000	2,463	-0.10%	0.00%
Judgments and Claims	1,300	877	823	840	862	-33.60%	-9.70%
Contractual Services	26,682	22,624	23,841	23,245	21,032	-21.20%	-5.80%
Other OTPS	17,554	17,237	15,042	15,459	15,546	-11.40%	-3.00%
Subtotal-OTPS	**$54,177**	**$49,132**	**$47,939**	**$48,277**	**$46,787**	**-13.60%**	**-3.60%**
Debt Service	**$7,470**	**$8,239**	**$8,938**	**$9,617**	**$10,441**	**39.80%**	**8.70%**
Expenditures Excluding Reserves	**$116,433**	**$114,110**	**$115,758**	**$118,491**	**$120,335**	**3.40%**	**0.80%**
BSA and Discretionary Transfers	($1,541)	($3,938)					
Prior Year Payable Adjustment	-400						
General Reserve	50	1,200	1,200	1,200	1,200		
Capital Stabilization Reserve	0	250	250	250	250		
Total Expenditures	**$114,542**	**$111,622**	**$117,208**	**$119,941**	**$121,785**	**6.30%**	**1.50%**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Intra-City adjustments are reflected in each of their respective expense categories. Excludes TSASC debt service costs of $76 million in FY 2024, $76 million in FY 2025, and $69 million in FYs 2026-2027, which are paid outside of the City debt service budget (099).

Headcount

The April Plan, as shown in Table 23, projects total full-time authorized headcount of 301,338 for FY 2024, with the number of authorized full-time employees declining by more than 2,500 positions each year in both FYs 2025 and 2026, to 298,813 and 296,175 respectively, and settling at 296,120 in FY 2028. The overall year-over-year decline is driven primarily by lower projections of full-time pedagogical and civilian employees. Authorized pedagogical headcount is budgeted to decline by 2 percent to 127,658 by FY 2028, and civilian headcount is also budgeted to decrease by 2 percent to 107,603 by FY 2028. Uniformed authorized full-time headcount is projected to decline by less than 1 percent over the plan period and is primarily driven by reductions in Department of Sanitation (DSNY) authorized headcount from a previous financial plan.

Table 23. Total Funded Full-Time Year-End Headcount, April 2024 Financial Plan

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	% Change FY 2024 – FY 2028
Pedagogical						
Dept. of Education	126,077	125,188	123,369	123,369	123,369	(2.1%)
City University	4,289	4,289	4,289	4,289	4,289	0.0%
Subtotal	**130,366**	**129,477**	**127,658**	**127,658**	**127,658**	**(2.1%)**
Uniformed						
Police	35,051	35,001	35,001	35,001	35,001	(0.1%)
Fire	10,952	10,952	10,952	10,952	10,952	0.0%
Correction	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	7,978	7,844	7,846	7,846	7,846	(1.7%)
Subtotal	**61,041**	**60,857**	**60,859**	**60,859**	**60,859**	**(0.3%)**
Civilian						
Dept. of Education	12,587	12,827	12,280	12,280	12,280	**(2.4%)**
City University	1,735	1,735	1,735	1,735	1,735	**0.0%**
Police	14,152	13,843	13,843	13,843	13,843	**(2.2%)**
Fire	6,301	6,225	6,225	6,225	6,225	**(1.2%)**
Correction	1,727	1,724	1,720	1,721	1,719	**(0.5%)**
Sanitation	1,743	1,632	1,632	1,632	1,632	**(6.4%)**
Admin. for Children's Services	7,080	7,025	7,024	7,024	7,024	**(0.8%)**
Social Services	12,148	12,018	11,985	11,985	11,985	**(1.3%)**
Homeless Services	1,972	1,903	1,885	1,885	1,885	**(4.4%)**
Health and Mental Hygiene	5,963	5,644	5,535	5,527	5,508	**(7.6%)**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	% Change FY 2024 – FY 2028
Finance	1,983	1,983	1,983	1,983	1,983	**0.0%**
Transportation	5,762	5,803	5,802	5,802	5,802	**0.7%**
Parks and Recreation	4,512	4,107	4,192	4,191	4,191	**(7.1%)**
All Other Civilians	32,266	32,010	31,817	31,795	31,791	**(1.5%)**
Subtotal	**109,931**	**108,479**	**107,658**	**107,628**	**107,603**	**(2.1%)**
TOTAL	**301,338**	**298,813**	**296,175**	**296,145**	**296,120**	**(1.7%)**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Compared with the January Financial Plan, the April Financial Plan's total full-time authorized headcount rose by 499 positions in FY 2024 and by 700 positions in FY 2025. Over 60 percent of these positions are newly funded. Agencies accounting for these positions include:

- Fire Department to cover additional ambulance tours and for civilian staffing throughout the department (70 in FY 2024 and 193 in FY 2025);
- Campaign Finance Board to administer the campaign finance systems during the upcoming election cycle (126 in FY 2025);
- Department of Finance to expand the Sheriff's electronic monitoring program (51 in FYs 2024 and 2025);
- Department of Buildings to support compliance with Local Law 97 decarbonization targets (36 in FY 2025);
- Department of Youth and Community Development for the Job Connection Program, connecting youth at risk of gun violence with career readiness and green job placement programs (28 in FY 2025);
- Law Department's Tort Division (25 in FYs 2024 and 2025); and
- Department of Sanitation for its Waste Containerization program beginning in Fall 2024 (17 in FY 2025).

The remaining additional positions are from headcount adjustments made by OMB, and are funded by Federal, State, or other categorical grants now recognized in this financial plan. The two largest additions to note are:

- An addition of 205 civilian positions (115 Traffic Enforcement Agents and 90 other civilian positions) in the Police Department in FY 2024 only, and
- An addition of 120 federally funded positions in the Office of Emergency Management in FY 2025 only.

Table 24. Full-Time Headcount Changes, April 2024 Financial Plan vs. January 2024 Financial Plan

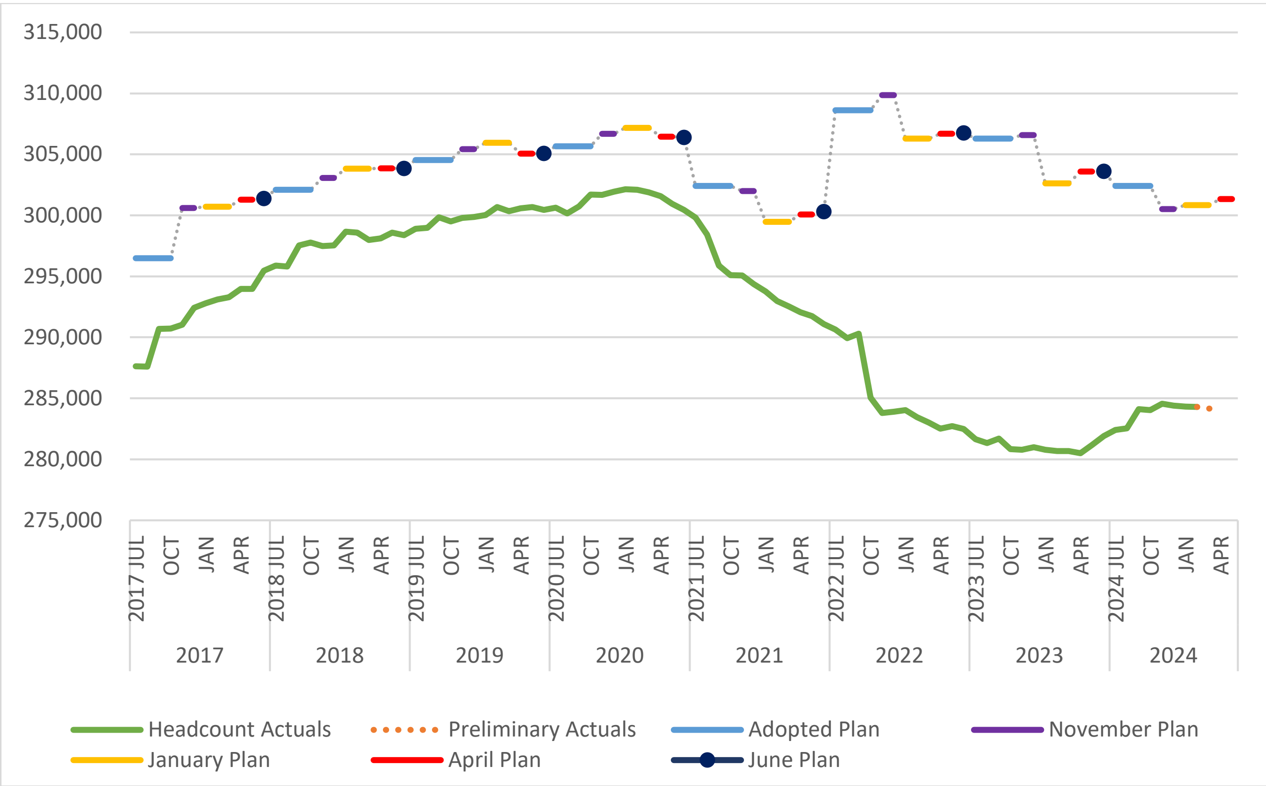
	FY 2024	FY 2025	FY 2026	FY 2027
Pedagogical				
Dept. of Education	0	0	0	0
City University	0	0	0	0
Subtotal	**0**	**0**	**0**	**0**
Uniformed				
Police	0	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	12	12	12
Subtotal	**0**	**12**	**12**	**12**
Civilian				
Dept. of Education	0	(1)	(1)	(1)
City University	0	0	0	0
Police	205	0	0	0
Fire	71	193	193	193
Correction	(1)	(3)	(2)	(1)
Sanitation	0	5	5	5
Admin. for Children's Services	0	0	0	0
Social Services	21	20	2	2
Homeless Services	52	(2)	(2)	(2)
Health and Mental Hygiene	32	27	25	21
Finance	51	51	51	51
Transportation	0	(11)	(11)	(11)
Parks and Recreation	0	0	0	0
All Other Civilians	68	409	168	157
Subtotal	**499**	**688**	**428**	**414**
TOTAL	**499**	**700**	**440**	**426**
% CHANGE	**0.2%**	**0.2%**	**0.1%**	**0.1%**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In terms of actual full-time headcount, the City's full-time workforce is at 284,042 positions as of April 2024, a decrease of 527 positions since its recent peak of 284,569 in November 2023 following increased hiring efforts citywide. This is likely the result of the hiring freezes implemented in October 2023. In late February 2024, the Administration announced the cancellation of the next round of spending cuts and a relaxation of the freeze. City agencies moved from a nearly full hiring freeze to a 2-for-1 model, where one employee can be hired for every two that leave or retire. This Office will continue to monitor staffing levels and note any rebounds in hiring.

The City's vacancy rate remains high by historical standards at 5.7 percent as of April's preliminary data. As Chart 11 shows, the City's workforce is still well below authorized hiring levels. Based on actual spending thus far this year, the Comptroller's Office projects that full-time salaries are about $600 million less than budgeted by the City in FY 2024 and about $150 million in FY 2025, including fringe costs.

Chart 11. Full-Time Headcount, Actual vs Plan, FY 2017—FY 2024



Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Plan values are assigned to specific months - July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment is preliminary for March through April FY 2024; they are derived from initial payroll results and have not yet been published by OMB.

Overtime

Overtime expenditures are budgeted at $1.53 billion in the FY 2025 Executive Budget, 31 percent lower than the City's current estimate of $2.21 billion for FY 2024. The planned spending for FY 2024 overtime has increased by $248 million since the January Plan, for a total increase of $860 million or 64 percent when compared to the FY 2024 Adopted Budget projection, including an increase of $720 million for uniformed employees ($216 million since January update). The increase to the FY 2024 overtime estimate resulted from adjustments for wage increases and the use of overtime for day-to-day operations at the City's agencies. Although the City recently eased its hiring freeze, higher than normal vacancy rates have exerted upward pressure on overtime usage for FY 2024. At this time, the Comptroller's Office estimates that FY 2024 overtime spending will be even higher at $2.47 billion, for a total additional need of $266 million. However, with renewed efforts to hire employees and the restoration of two NYPD classes for FY 2025, the Comptroller's Office projects a decline in FY 2025 overall overtime cost to $2.27 billion, exceeding the Executive Budget projections by $734 million as shown in Table 25.

Table 25. Projected Overtime Spending, FY 2024 and FY 2025

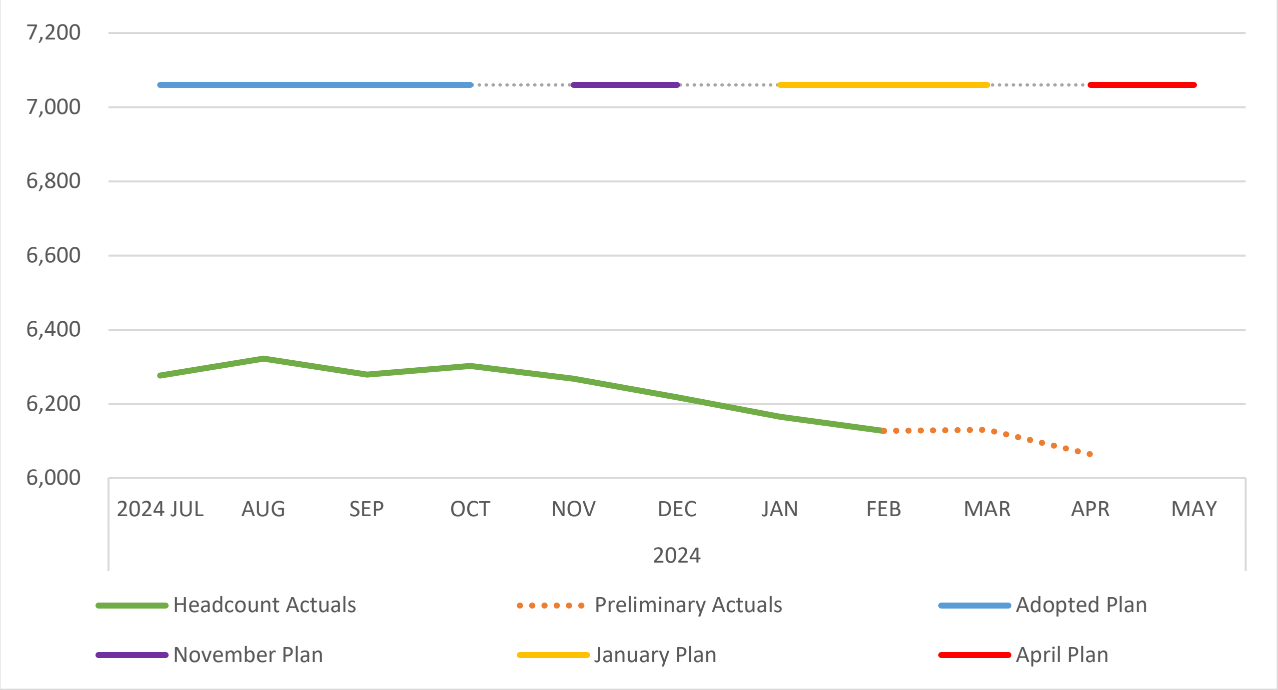
($ in millions)	FY 2024 Adopted Budget	FY 2024 April Plan	FY 2024 Comptroller Projection	FY 2024 Gap Decrease/ (Increase)	FY 2025 Executive Budget	FY 2025 Comptrolle r Projection	FY 2025 Gap Decrease/ (Increase)
Uniformed							
Police	$437	$834	$900	($66)	$477	$950	($473)
Fire	251	443	443	0	381	381	0
Correction	126	250	250	0	128	200	(72)
Sanitation	136	142	142	0	111	111	0
Total Uniformed	**$949**	**$1,669**	**$1,735**	**($66)**	**$1,097**	**$1,642**	**($545)**
Civilian							
Police-Civilian	80	$127	$127	0	$87	$100	($13)
Social Services	25	23	110	(87)	42	75	(33)
All Other Agencies	293	387	500	(113)	307	450	(143)
Total Civilians	**$398**	**$537**	**$737**	**($200)**	**$436**	**$625**	**($189)**
TOTAL CITY	**$1,348**	**$2,206**	**$2,472**	**($266)**	**$1,533**	**$2,267**	**($734)**

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

For FY 2025, most of the additional funding estimated for overtime by the Comptroller's Office is for uniformed overtime spending, specifically at the NYPD and DOC. The Comptroller's Office projects that NYPD FY 2025 overtime spending will be approximately $950 million, $473 million higher than budgeted. The FY 2025 budget reflects the City's proposal to cancel two incoming NYPD classes for that fiscal year, down from the original plan to cancel four incoming classes for FY 2025 (two incoming classes were restored in the FY 2025 Executive Budget). This action will have a positive effect on the usage of overtime, resulting in lower overtime costs of $900 million for FY 2026 and $850 million in each of FYs 2027 and 2028. For FY 2024, the department is on target to spend $900 million for uniformed overtime in FY 2024, about $66 million more than currently budget and $79 million more than the FY 2023 overtime cost ($821 million).[17]

DOC faces ongoing challenges in hiring uniformed staff. As shown in Chart 12, the department has not been able to hire up close to the authorized level for uniformed employees and has a vacancy rate of 14 percent at the end of April 2024. The department is on target to spend $250 million for uniformed overtime in FY 2024, about $20 million lower than the FY 2023 overtime cost. If DOC is successful in hiring uniformed employees, overtime costs will be lower for FYs 2025 through 2028. At this time, the Comptroller's Office is projecting uniformed overtime costs of $200 milllion annually for FYs 2025 through 2028, $72 million more than budgeted in each year.

Chart 12. DOC Full-Time Uniformed Headcount, Actual vs. Plan FY 2024



Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

Note: Plan values are assigned to specific months - July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment is preliminary for March through April FY 2024; they are derived from initial payroll results and have not yet been published by OMB.

Spending for civilian overtime has averaged about $61 million a month for FY 2024 and is on target to be about $737 million for the fiscal year. The average cost per month is slightly lower than the

[17] The FY 2023 cost includes $118 million, of which $62 million was reimbursed by the State, in overtime spending for the Subway Safety Program implemented that fiscal year. The City has spent $68 million on Transit Safety for the first half of FY 2024.

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FY 2023 average monthly cost of $63 million. With an increase in civilian employees over the fiscal year, the reliance on overtime usage has somewhat declined. However, certain agencies, such as the Department of Social Services (DSS) and the Department of Homeless Services (DHS) continue to utilize higher than normal overtime to meet the agencies' needs to serve the increasing asylum seeker population in New York City. DSS spent $96 million for overtime cost in FY 2023 up from $85 million in FY 2022 and DSS is on target to spend $110 million for overtime in FY 2024. DHS spent $26 million for overtime cost in FY 2023 up from $20 million in FY 2022. DHS is on target to spend about $28 million for FY 2024. Despite the increase to the City's workforce level, continuing demands will exert upward pressure on overtime usage. The Comptroller's Office projects civilian overtime cost for FY 2025 at $625 million, $189 million more than currently budgeted.

Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancy rates in particular areas or titles. Since FY 2019, agencies have consistently spent upwards of $1 billion on these services (excluding spending on asylum seeker and COVID related costs). The April Plan increased funding for these services in FY 2024 by $129 million from $1.12 billion in the January Plan to $1.3 billion (all funds or a $399 million increase since adoption). As of April 2024, the City has committed to spend $1.2 billion of that total. Funding for these services, however, sharply falls to $894 million in FY 2025, and then slowly ramping down to $792 million in FY 2028.

Historically, the City underbudgets these expenses in the Adopted Budget and then adjusts spending during the fiscal year. Over the past several years, the total addition to April Plans since Adoption averages about $370 million. It is likely that agencies will still require these services at a similar level in FY 2025, which the Comptroller's Office estimates would require an additional $132 million in City funds. The City could reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

Health Insurance

Employees and retirees' pay-as-you-go health insurance cost in the FY 2025 Executive Budget is $9.15 billion, $1.17 billion higher than the budgeted amount of $7.98 billion for FY 2024. The FY 2024 estimate is net of a $500 million prepayment in FY 2023 for retirees' health care. After adjusting for this prepayment, the FY 2025 budgeted amount is $667 million higher than the FY 2024 forecast. As shown in Table 26, health insurance costs are then projected to increase at an average annual rate of 4.7 percent to $9.7 billion in FY 2026, $10.09 billion in FY 2027, and $10.51 billion in FY 2028. Compared to the January Plan, the budgeted amounts for health insurance remained relatively flat for FY 2024 and increased by $161 million in FY 2025 and approximately $155 million in each of FY 2026 through FY 2028.

Table 26. Projected Pay-As-You-Go Health Expenditures

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Department of Education	$2,894	$3,153	$3,409	$3,497	$3,533
CUNY	126	139	140	148	152
All Other	4,964	5,857	6,150	6,448	6,825
Sub-total	7,983	9,150	9,698	10,093	10,509
FY 2024 Retiree Health Prepayment	500				
PAYGO Health Insurance Costs	$8,483	$9,150	$9,698	$10,093	$10,509

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: All Other includes all active employees as well as retirees.

The projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 7.7 percent in FY 2025, 5.5 percent in FY 2026, 5.25 percent in FY 2027, and 6.25 percent in FY 2028. The finalization of the Health Insurance Plan of Greater New York (HIP) rate for FY 2025 resulted in a 1.95 percent increase to health insurance premium rate over the previous assumed rate increase of 5.75 percent. This resulted in additional cost to the City of $90 million annually beginning in FY 2025.[18]

There were no changes to the FY 2026 through FY 2028 rate increases for active employees and pre-Medicare retirees. These rates are lower than the assumed increases to the rates used in calculating the City's Other Postemployment Benefits Valuation (OPEB) liability as of June 30, 2023. The OPEB calculation assumes increases to the premium rates of 6.75 percent in FY 2026, 6.5 percent in FY 2027, and 6.25 percent in FY 2028. There is some level of uncertainty since the City is currently reviewing responses to a Negotiated Acquisition request released in the Fall of 2022 and expects to negotiate more favorable health insurance costs with the health care provider chosen to provide health services for active employees and pre-Medicare retirees.

The projected increases for senior care health insurance premium rates remained unchanged at 4.7 percent in FY 2025 and in FY 2026 and by 4.6 percent in FY 2027 and in FY 2028.[19]

[18] The City's Administrative Code governs health care provisions and requires the City to pay health insurance premiums no higher than the HIP rate.

[19] The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

The New York State Supreme Court Appellate Division recently heard oral arguments on the City's plan to switch to a Medicare Advantage Plan for retirees. This was in response to an appeal filed by the City against the permanent injunction issued by the Court in August 2023. A decision is now being awaited. The implementation of the Medicare Advantage Plan would result in lower health care costs of $600 million annually, which will then be deposited into the Health Insurance Stabilization Fund.[20] The proposed switch to a Medicare Advantage Plan was challenged in court by retirees claiming that the plan would not offer the same quality of benefits to members. Citing a low balance in the Health Insurance Stabilization Fund, the City and Municipal Labor Committee, an organization of labor unions that controls the fund, agreed to forgo $112 million budgeted payments from the fund to the City's general fund beginning FY 2023. However, the April Plan still reflects this payment. As such, the Comptroller's Office increases its estimates of City-fund expenditures by $112 million in FY 2024 to reflect that this offset is not likely to be received this year.

Pensions

The FY 2025 Executive Budget projects pension expenditures of $10.27 billion, just over $1 billion higher than the current FY 2024 estimate of $9.24 billion. Pension contributions are then projected to grow to $10.69 billion in FY 2026, $10.81 billion in FY 2027, and $11.75 billion in FY 2028. The current projections incorporate adjustments to reflect collective bargaining agreements and the financial impact of the FY 2023 investment gain of 7.98 percent and the FY 2022 investment loss of 8.65 percent.

The projections also include funding of approximately $6 million in each of FY 2024 and FY 2025 and $27 million annually in the outyears for various pension bills enacted at the end of 2023. These costs include $21 million in each of FY 2026 through FY 2028 to fund automatic enrollment of eligible existing and incoming members to the Board of Education Retirement System (BERS) with the choice to opt-out within 90 days. The projections, however, do not include funding for additional pension bills recently enacted with the passage of the State's budget. These bills are projected to cost the City $165 million in FY 2025, $161 million in FY 2026, $172 million in FY 2027, and $186 million in FY 2028. The additional cost stems primarily from the enactment of legislation reducing the number of years from five to three in calculating the final average salary to determine pension benefits for TIER 3 and TIER 6 members of the New York City Retirement Systems (NYCRS). This modification will result in a higher final average salary for members and is projected to cost

[20] The Health Insurance Fund created in the mid 1980's paid the difference between the GHI and HIP health insurance premiums, essentially protecting employees and retirees from paying more to be covered by GHI. Currently, the City contributes $35 million to the fund annually. For several fiscal years, the GHI premium was lower than the HIP premium leading to a higher than anticipated balance in the fund. Over time, the City and unions were able to draw from the fund balance to offset wage increases and other benefits for employees. In recent years, however, GHI health insurance premiums have been about equal or higher than HIP premiums. This has led to a reduction in the balance of the fund and the likelihood that the fund will not be able to meet obligations in coming fiscal years.

the City $163 million in FY 2025, falling slightly to $158 million in FY 2026 before growing to $183 million by FY 2028.

The pension investment earnings for FY 2024 will impact pension contributions beginning in FY 2026. Following the end of each fiscal year, the City's Office of the Actuary measures the investment returns earned by the pension funds and compares them to the returns that would have been generated if investment earnings has equaled the Actuarial Interest Rate (AIR). [21] The Financial Plan projections assume pension investments will earn the AIR of 7 percent each year. Through March 31, 2024, audited figures indicate that pension investments have earned 8.5 percent for the fiscal year. A one percent return above or below the AIR of 7 percent will decrease/increase pension cost to the City by approximately $52 million in FY 2026 growing to $182 million by FY 2028.

Department of Education

The April Plan shows a net increase of $434 million in the Department of Education (DOE) budget for the current year. For FY 2024, the DOE budget now totals $32.92 billion net of intra-city funds, an increase of nearly 5 percent from actual FY 2023 spending of $31.42 billion, as shown in Table 27. Compared to the January Plan, the increased funding in the current year includes $85 million for charter school leases, $50 million for pupil transportation, $41 million for collective bargaining transfers, partly offset by $76 million in fuel and energy savings. Moreover, re-estimates of Federal and State aid provide a boost of $313 million in FY 2024, mainly from higher assumptions of $131 million in Title I funding, $45 million in ARP education grants, $30 million in homeless student assistance, and $32 million in Foundation Aid.

Table 27. Department of Education Funding Detail-April 2024 Plan

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total DOE Funding*	**$32,921.9**	**$32,208.3**	**$33,061.9**	**$34,103.5**	**$34,839.4**
City Funds	$14,922.5	$16,493.1	$17,446.8	$18,488.3	$19,224.2
State Funds	13,153.1	13,362.8	13,362.8	13,362.8	13,362.8
Federal Funds	4,614.5	2,193.0	2,093.0	2,093.0	2,093.0
Other Categorical	231.7	159.4	159.4	159.4	159.4

[21] Returns above or below the AIR for a given fiscal year are phased into the Actuarial Asset Value over a five-year period in accordance with the Actuary's Actuarial Asset Valuation Methodology (AAVM).

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
April Plan Changes	**$433.7**	**$744.9**	**$375.4**	**$381.5**	**$381.5**
Year-to-Year Changes	**N/A**	**($713.6)**	**$853.6**	**$1,041.6**	**$735.9**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget
Note: *Net of intra-city funds

For the FY 2025 Executive Budget, the City has reflected additional funding of $745 million for DOE, raising its budget to $32.21 billion from $31.46 billion in the January Plan. The majority of this increase are State and City funds allocations totaling $514 million for the continuation of various initiatives supported by Federal stimulus education grants in FY 2024. Comprising this total is the recognition of $316 million in Foundation Aid and additional City funds of $198 million. Initiatives supported by the State funds include mental health services ($74 million), Pre-K special education ($56 million), community schools ($56 million), Student Pathways ($53 million), PSAL ($27 million), Literacy and Dyslexia program ($17 million), and bilingual education ($17 million). Funding for these initiatives has been fully extended in the plan through FY 2028. Meanwhile, the City funds increase would maintain funding mainly for 3K ($92 million), arts education ($41 million), Learning to Work program ($31 million), and Project Pivot ($15 million). However, unlike the State-funded programs, these allocations are reflected in FY 2025 only, leaving these initiatives (or at least the stimulus-funded share) unfunded in FY 2026 to FY 2028. Rounding out the remainder of the FY 2025 increases are $47 million in collective transfers and $154 million in custodial costs.

The FY 2025 Executive Budget also has not fully captured education aid increases from the recently enacted State Budget. The aforementioned $316 million in Foundation Aid represents only slightly more than half of the formula school aids approved for the City. The DOE budget will likely recognize an additional $276 million in State funding once the formula aids are fully accounted for, consisting of $182 million in Foundation Aid and $94 million in net all other aids.

Despite the additional funding provided in the April Plan, significant additional needs remain in the DOE budget with emphasis towards the latter years. As shown in Table 28, risks to the DOE budget are estimated at $60 million in the current year and $727 million in FY 2025, before expanding to a range of $1.48 billion in FY 2026 to $2.32 billion in FY 2028. For Carter Cases, the April Plan shows baseline funding of $1.19 billion in the current year declining to a range between $646 million and $846 million annually in FY 2025-FY 2028, leading to projected shortfalls of $540 million in FY 2025, $410 million in FY 2026, and $340 million annually in FY 2027 and FY 2028. The Department has also overestimated Medicaid reimbursement for special education related services, mainly for speech and occupational/physical therapy, that will likely result in annual needs of $60 million in FY 2024 – FY 2028.

Table 28. Projected Education-Related Risks-April 2024 Plan

$ in millions (Negative numbers indicate risks to the Financial Plan and increase the gap)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Carter Cases	$0	($540)	($410)	($340)	($340)
Class Size Reduction Mandate	0	0	(467)	(933)	(1,400)
DOE Medicaid Revenue	(60)	(60)	(60)	(60)	(60)
Summer Rising	0	0	(80)	(80)	(80)
DOE Contracted Nursing	0	(87)	(87)	(87)	(87)
Stimulus-funded Programs	0	0	(198)	(198)	(198)
Charter Leases	0	(40)	(20)	(20)	0
Custodial Costs	0	0	(154)	(154)	(154)
Total Education-Related Risks	**($60)**	**($727)**	**($1,476)**	**($1,872)**	**($2,319)**

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding.

Further, while the City is not required to continue programmatic spending currently supported by Federal ARP education grants, the April Plan has provided significant funding towards this end—an indication that these initiatives will likely remain in place over the longer term. Given this scenario, the City will need to provide $80 million annually for the continuation of Summer Rising beginning in FY 2026, $87 million for contracted nurses each year starting in FY 2025, as well as $198 million annually in FY 2026-FY 2028 to support stimulus initiatives funded only through FY 2025 under the April Plan changes. The Department has also underbudgeted costs for charter leases and custodial services by a combined $40 million to $174 million annually, as spending in these areas will likely be higher than currently assumed.

Finally, the April Plan does not include funding to address the State's class size reduction mandate. The law requires New York City, the only school district in the State subject to this mandate, to phase in smaller class size caps over a five-year period and achieve full compliance by September 2028. The State has given no indication that it would provide the City with any additional funding specifically for the implementation of this law. Based on the latest DOE estimates, the implementation cost could range between $1.4 billion and $1.9 billion annually when fully phased in. The City is currently meeting the FY 2025 target of 40 percent compliance but will require additional resources beginning in FY 2026. Using the lower end of the cost estimate, the new mandate could lead to DOE budget risks of at least $467 million in FY 2026 and $933 million in FY 2027, and $1.4 billion annually by FY 2028 upon full implementation.

According to DOE, the lower estimate would provide funding to schools strictly based on their respective need to create new classes. As such, the majority of the funding would be reserved for schools that are significantly noncompliant with the class size caps, which comprise 60 percent of overall number of schools, or about 1,000 schools. Low-need schools, defined as having fewer students living in poverty,[22] are disproportionately included in the group of schools that would receive additional funding because classrooms in high-need schools (higher proportion of students in poverty) are more likely to already be in compliance with the mandate. The higher cost estimate ($1.9 billion) represents a more inclusive funding approach through Fair Student Funding (FSF), whereby the per-student funding amount would be increased across all schools to support a higher teacher to student ratio. Under this approach, even students who are in classes that already comply with the class size caps would receive some degree of additional funding. At this point, it is unclear what modifications would be needed in the FSF methodology to accommodate the delivery of the new funding to schools to ensure that the increased funding would go towards lower class sizes, given that the purpose of FSF funding is to maximize flexibility at the school-level.

In addition, under both approaches, the DOE assumes certain flexibility with regard to teachers being able to teach outside their licensed subject areas on a very limited extent. The law may allow such exemptions provided the DOE can come to an agreement with the United Federation of Teachers. The DOE currently projects that up to 12,000 teachers will need to be hired to fully address the mandate. Failing to reach agreement on these exemptions could significantly increase the number of new teachers needed and hence higher cost estimates.

Moreover, the hiring of teachers on such a large scale over the next three years could pose significant logistical challenges to the implementation schedule prescribed by the law. The Department has already signaled it will step up ongoing staffing and recruitment efforts to meet the staffing needs, such as providing greater support to ease the school-level hiring process, reducing teacher attritions, strengthening the pipeline of candidates from existing staff of paraprofessionals and teacher aides, and recruiting from national and local universities as well as through alternative certification programs such as NYC Teaching Fellows. If the DOE is unable to hire the needed teachers at the pace required, the financial impact could be lower than anticipated initially (though financial penalties at the State level may then be triggered). In addition, it could be difficult to prevent teachers from moving significantly between schools as vacancies open up at low-need schools, reversing the progress made at higher-need schools.

City Services for People Seeking Asylum

As of May 5, 2024, more than 195,700 asylum seekers have gone through the New York City emergency shelter system, with 65,600 currently in shelter. The City's response has changed with the growth of the population: starting with emergency shelters provided through the Department of Homeless Services (DHS) and then, beginning in October 2022, adding NYC Health and Hospitals

[22] A school's economic need is defined by its Economic Need Index (ENI), which determines the likelihood that students at the school are in poverty. See Diversity in NYC Public Schools for more information.

(H+H) Humanitarian Emergency Response and Relief Centers (HERRCs). Over time, other City agencies – including NYC Housing Preservation and Development (HPD), NYC Emergency Management (NYCEM) and the Department of Youth and Community Development (DYCD) – have begun providing shelter. As of May 5, 2024, there were 219 emergency shelters for asylum seekers across these agencies. From November 2022 (when this information first became available) to November 2023, the number of emergency shelters increased from 59 to 211, an increase of 152. With the City implementing time limits through the second half of 2023, the growth of the population has slowed, and the number of shelters has also grown at a slower rate. For additional details, visit the Comptroller's Office Online Hub for Asylum Seeker Service Provision.

Overview of Financial Plan Changes

Compared to the June 2023 Financial Plan, the total amount budgeted for services for these new arrivals increased by nearly $10 billion in the November Plan, and then fell by $730 million in the January Plan. From the January to April Plan, the budget increased by $2.4 billion due to additions in the outyears.

Table 29. Budgeted Amounts by Financial Plan (All Funds)

Plan ($ in millions)	FY 2023 (Actuals for November, January, and April Plans)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Adopted 2023	$1,454	$2,905	$1,003	$0	$0	$0	**$5,362**
November 2023	$1,474	$4,720	$6,102	$2,000	$1,000	$0	**$15,296**
January 2024	$1,474	$4,219	$4,873	$2,500	$1,500	$0	**$14,566**
April 2024	$1,474	$3,756	$4,748	$4,000	$3,000	$0	**$16,978**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

The April Financial Plan allocates $3.76 billion in FY 2024, a decrease of $475 million, and $4.75 billion in FY 2025, a decrease of $125 million. FY 2026 and FY 2027 were each increased by $1.5 billion to $4.00 billion and $3.00 billion, respectively. The Plan currently has no funding for asylum seeker services allocated in FY 2028.

Table 30. Funding for Asylum Seekers (FY 2023 Actuals and Executive Budget)

($ in millions)	FY 2023 Actuals	FY 2024	FY 2025	FY 2026	FY 2027	Total
City	$1,036	$2,287	$3,436	$3,000	$2,000	$11,759
State	438	1,312	1,312	1,000	1,000	5,062
Federal	-	157	-	-	-	157
Total	**$1,474**	**$3,756**	**$4,748**	**$4,000**	**$3,000**	**$16,985**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

CITY FUNDS

Compared with the FY 2024 Preliminary Plan, the City-funded portion of the budget decreased by $15 million in FY 2024 and $125 million in FY 2025, and increased by $500 million in each of FY 2026 and FY 2027. As noted earlier in this report, PEG savings in 2024 were offset by lower-than-anticipated State aid. City funds now total more than $10.7 billion over the Financial Plan ($11.8 billion when including FY 2023 actual spending).

STATE AID

The State's FY 2025 Enacted Budget was passed on April 20, 2024. It commits $2.4 billion in further support for asylum seekers, most of which will flow through the City's budget. While this amount did not change from the Governor's proposed Executive Budget, it was lower than OMB's assumption of $1.76 billion for FY 2024 in the January Preliminary Plan. Therefore, the City reduced State funding by $450 million in the City's Executive Budget, backfilling with City-funds as noted above.[23]

FEDERAL AID

The FY 2025 Executive Plan includes $157 million in Federal Emergency Management Administration (FEMA) funding in FY 2024 - $1.8 million more than the Preliminary Plan. Of this budgeted amount, $48.9 million is from the Emergency Food and Shelter Program (EFSP), and $108 million from the Shelter and Services Program (SSP). As of April 30, 2024, the City has received only the $48.9 million in EFSP funding.

As noted in our last report, the SSP program has many stringent reimbursement requirements. While the Federal government has signaled it will waive a cap on hotel spending, other

[23] Note that in its prior report, the Comptroller's Office had counted State funding for Safety Net as part of the funding for asylum seeker services; however, these funds are already accounted for as part of the City's cash assistance budget.

documentation hurdles remain. [24] The Comptroller's Office continues to include the $108 million that the City has not yet received from this program as a risk, which City funds may need to cover.

AGENCY BUDGETS

The majority of newly arrived migrants in City shelter are in shelters managed by DHS, H+H, and HPD: 82 percent of all asylum seeker funding is contained within these agencies' budgets. The distribution of funding across City agencies did not change much in the Executive Plan, with DHS's FY 2024 asylum seeker related budget decreasing by $256 million, from $1.32 billion in the Preliminary Plan to $1.1 billion in the Executive Budget. H+H's FY 2024 budget decreased less, from $1.7 billion to $1.6 billion, suggesting that – at least currently – the City is continuing to rely more heavily on H+H-managed HERRCs.

Table 31. Asylum Seeker Budget by Agency

Agency	Final FY 2023	FY 2024 Exec	FY 2025 Exec	FY 2026 Exec	FY 2027 Exec
	Actuals	Forecast			
H+H	$469	$1,578	$1,705	$0	$0
DHS	764	1,106	1,728	4,000	3,000
HPD	33	424	564	0	0
DCAS	38	344	458	0	0
NYCEM	89	144	136	0	0
OTI	31	81	90	0	0
All Other	48	78	68	0	0
Total	**$1,474**	**$3,756**	**$4,748**	**$4,000**	**$3,000**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget
Note: Intra-City removed from All Other.

ACTUAL EXPENDITURES

Through the first 10 months of the fiscal year, the City has spent $2.6 billion on services for asylum seekers out of $3.1 billion committed over the same period.

In monthly reports to the City Council, the Administration indicated spending $3.16 billion from July through April. [25] This amount cannot be verified in the City's Financial Management System.

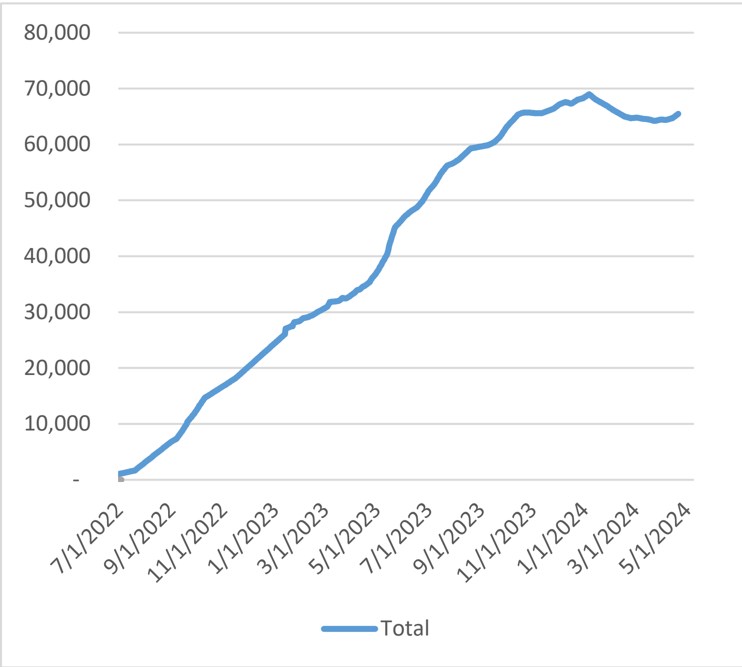
[24] https://www.nydailynews.com/2024/03/14/nyc-finally-unlocks-rest-of-over-100m-in-federal-migrant-aid-after-months-of-paperwork-delays/

[25] https://council.nyc.gov/budget/wp-content/uploads/sites/54/2024/05/Asylum-Seekers-Report-April-2024.pdf

Population: Trends and Projections

The Comptroller's Office utilizes demographic updates from City Hall and the City Council's Asylum Seeker Terms and Conditions to develop projections of the census of people seeking asylum staying in City-managed shelters. Chart 13 shows the historical growth of asylum seekers in emergency shelters since the start of FY 2023 (July 1, 2022).

Chart 13. Asylum Seekers in Emergency Shelters (Individuals)



Following a series of increasingly stringent time limits imposed on single adults and adult families beginning in July 2023, the Administration issued 60-day time limits to families with children in non-DHS shelters beginning in October 2023. These notices began maturing on January 9th with families forced to vacate their rooms and leave or reapply for shelter, precipitating a temporary decline in the shelter census. Families with children in non-DHS facilities can reapply once their notices come due, while families with children in DHS facilities have generally been able to remain in the same shelter for as long as needed. See the Comptroller's report on its recent investigation into the implementation of this rule.

On March 15, 2024, the Adams Administration entered into a stipulation of settlement agreement with the Legal Aid Society and the Coalition for the Homeless regarding the City's Right to Shelter law, as it applies to single adults.[26] Those seeking an extension of their stay must prove they have a disability or extenuating circumstances. Single adults who do not have extenuating circumstances must depart shelter when their notice matures. Another part of the stipulation requires the closure of waiting rooms or overflow sites, locations where asylum seekers were forced to wait in line for a new shelter assignment.[27] The more recent uptick in the census is likely due in part to those individuals being brought back into shelter.

[26] Under the stipulation, newly arrived single adults 23 and older will be granted a shelter stay for 30 days, and newly arrived single adults between 18 and 23 will be granted a shelter stay for 60 days.

[27] https://www.curbed.com/article/nyc-migrants-shelter-stories-st-brigid-church-reticketing.html

POPULATION PROJECTIONS

Since this population began coming to NYC in the spring of 2022, the changes to the in-shelter population and rate of arrival have fluctuated. These irregular trends make projections difficult, with forecasts further complicated by federal immigration policies, recent changes to the City's time-limit rules, and any further policy changes at the Federal, State, or City levels of government.

In its *State of the City's Economy and Finances* report released on December 15, 2023, the Comptroller's Office projected that households would grow by 28 per day. These estimates were not reevaluated for the FY 2024 Preliminary Plan due to the changing policy environment at the time. Since then, the City has entered into a stipulation of the settlement agreement with Legal Aid Society and the Coalition for the Homeless mentioned above, further changing City policies around shelter limits for single adults.

From January 1, 2024, through April 28, 2024, the average daily change in households has been a decline of six households per day. However, this change was uneven: the beginning of the calendar year had large decreases, followed by small increases in March, and large increases in April. The table below highlights these trends.

Table 32. Average Daily Household Change by Month[28]

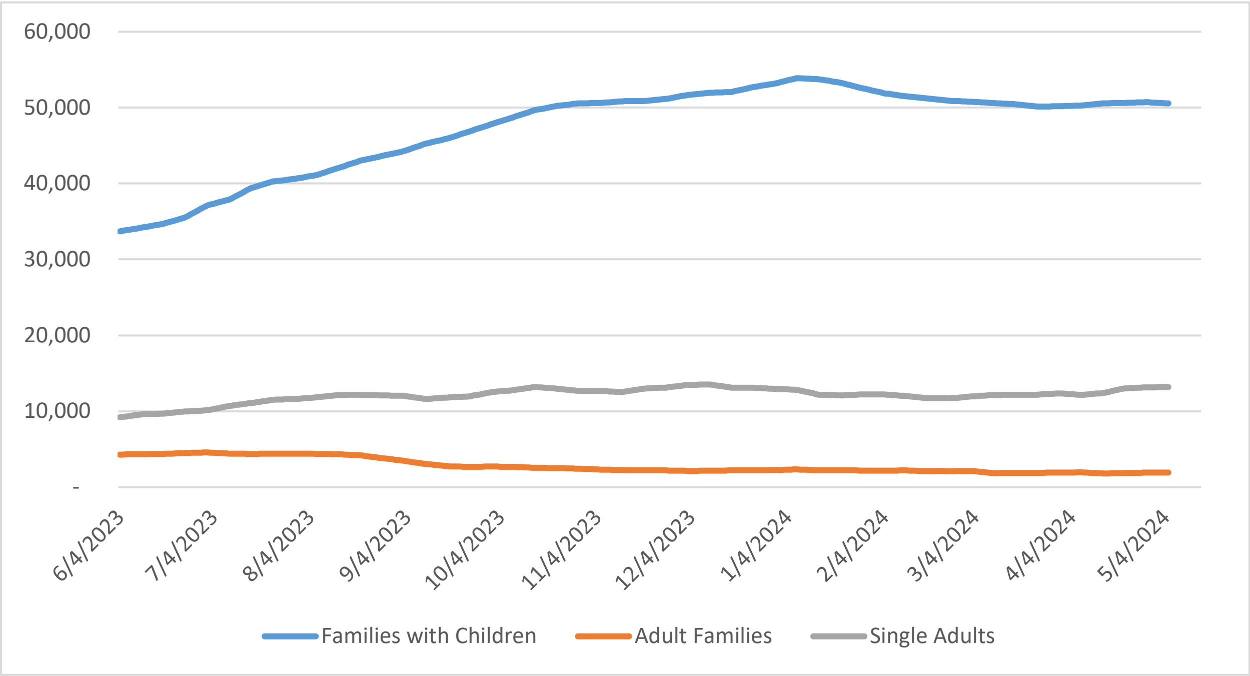
	January	February	March	April	Jan 1 – April 28 Average Change
Average Daily Household Change	(32)	(27)	6	34	(6)

Source: Office of the New York City Comptroller

And, because the City's policies are different depending on whether individuals are single adults, or in families with or without children (and for families with children, whether or not they live in DHS shelter or not), the census trends also vary.

[28] Census data is provided and available on weekly basis. While the Comptroller's Office uses the *median* daily change for its projections, the *average* change represents a more robust measurement for the shorter time period of one month.

Chart 14. Asylum Seeker Population by Family Composition (Individuals)

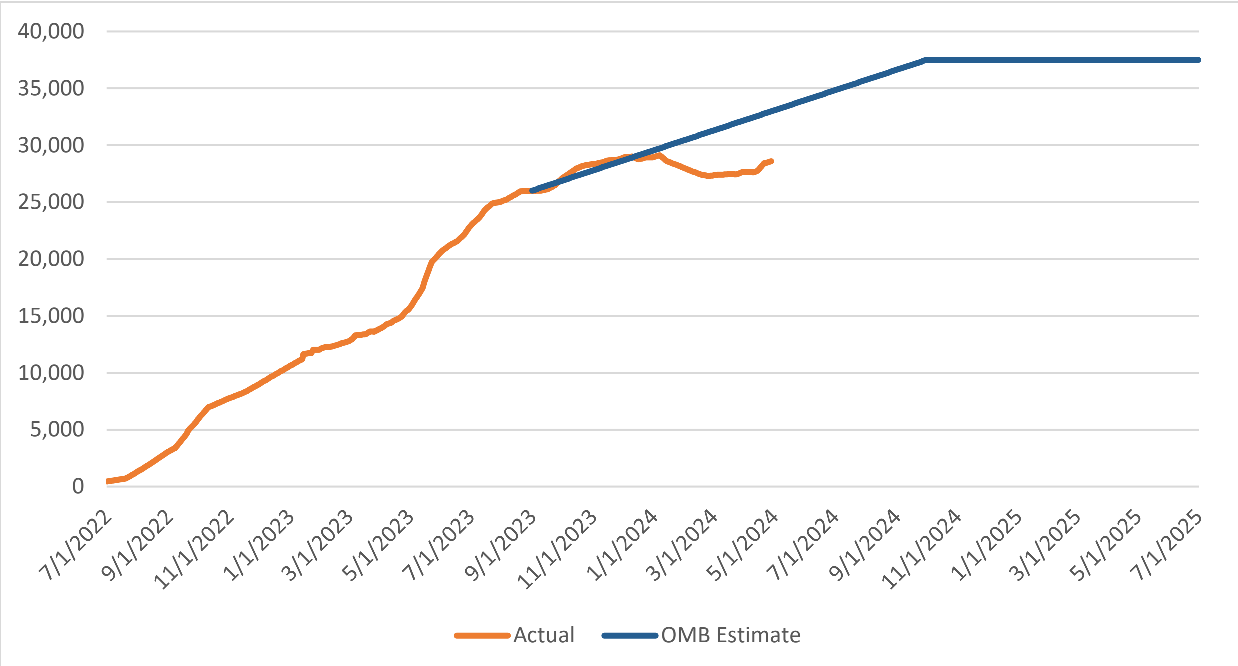


Source: Office of the New York City Comptroller

Notably, the shelter census of individuals who are in families with children increased significantly since June 4th, 2023 (when these data initially became available to the Office of the Comptroller), before peaking in January prior to the maturing of the first time limits. Single adults peaked in December 2023, but have begun to increase recently as the City is now prohibited from keeping large numbers of newly arrived migrants from waiting for shelter. However, the more stringent criteria to obtain extensions to the time limit have not yet been fully enforced. Finally, the adult family census has declined since the summer.

Following the release of the 2025 Executive Budget, the Administration stated it is not altering its population projections set before the Preliminary Plan. However, the number of households in City-managed emergency shelters on April 28, 2024, was well below the Administration's projections: approximately 28,600, or 4,200 fewer households than OMB's estimate of 32,800.

Chart 15. Actual Asylum Seeker Shelter Census and December Projections (Households)

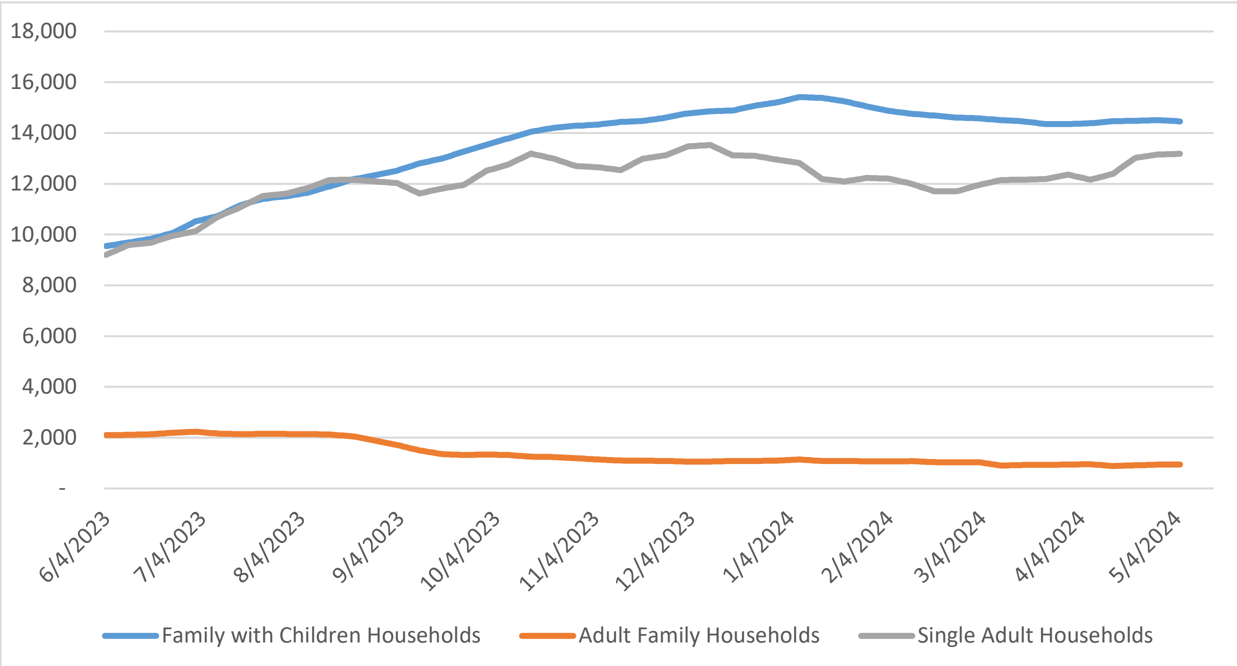


Source: Office of the New York City Comptroller

Given this trend and its significant financial implications, the Comptroller's Office has updated its projection, though acknowledges the uncertainty due to the changing policy landscape and the scarcity of information shared by the Administration. The Comptroller's Office updated its projections using the shelter census from February 1, 2024, through April 28, 2024. This period was chosen to capture the 60-day notices issued to families with children in non-DHS facilities expiring, but not the immediate, one-time decline following the initial expirations on January 9th. This date range also begins to capture the impact of changes to single adult 30 and 60-day notices from the Legal Aid agreement stipulation which went into effect on April 8th.

Chart 16 shows the trends as households. (The number of households, along with the per diem rate per household are the two main drivers for the financial projections).

Chart 16. Asylum Seeker Population by Family Composition (Households)

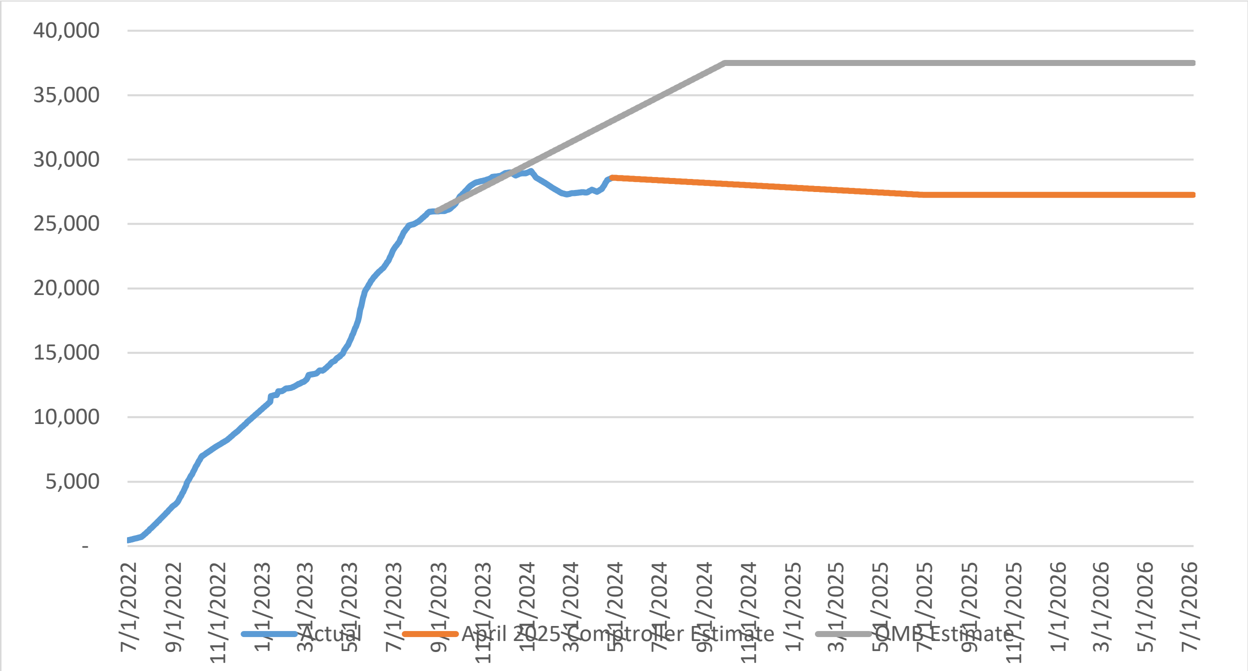


Source: Office of the New York City Comptroller

The Comptroller's Office developed separate projections for each type of family household using the median daily change. These changes net to a decrease of 2.3 households per day, which the Office applies through FY 2025 to estimate the future population census. The census projection is held flat for FYs 2026 through 2028, because of the broad uncertainty around long term policy and other factors driving immigration.

This projection revises previous estimates downward, below OMB's assumptions for the current Financial Plan.

Chart 17. Updated Projection of Asylum Seeker Shelter Census (Households)



Source: Office of the New York City Comptroller

Per Diem Costs

The total amount spent, including housing and start-up services (constructing and outfitting buildings to make them legally habitable to new arrivals and migrants) as well as supplies, IT costs, medical care, and food, divided by the number of shelter nights provided for the same period, yields the household per diem, or the daily cost of services provided per household.

For the April Plan, OMB did not revise its FY 2024 target per diem of $383, which was released in August. Instead, it states that in recent months the per diem has fallen and is nearing the FY 2025 target per diem of $352. Information provided in the asylum seeker report to the City Council also shows a decline in the cumulative per diem (calculated from July 1, 2022 to current). [29]

Based on recent changes in population and spending, the Comptroller's Office calculated a projected FY 2024 per diem of $372. Continuing current trends, a further 10 percent reduction is applied to FY 2025 for a projected per diem of $335. This is then reduced to $315 in the outyears. The Comptroller's Office estimates that this per diem may be the floor for the daily rate for emergency shelter provision. While this per diem is higher than the average non-emergency DHS shelter rates, those shelters typically have much longer leases or be located in City-owned

[29] The Comptroller's Office is no longer using the cumulative per diem as it includes outdated spending patterns from FY 2023 with limited usefulness for calculating upcoming monthly per diems.

property. The $315 daily rate assumes the average emergency hotel rate combined with the typical cost of DHS services, adjusted for cost-of-living increases.

Again, there is little visibility into the components and trajectory of the per diem cost, making any scenario uncertain.

Alternative Estimate of Total Cost

Combining the population and cost components provides a full fiscal estimate of anticipated total spending. The projected scenario in Table 33 assumes a daily decrease of 2.3 households through June 30, 2025, then holds the population flat at 27,600 households. This population change is combined with the annual per diems described above.

Table 33. Comptroller's Office Asylum Seeker Cost Projections

($ in millions)	FY 2023 Actuals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total	$1,474	$3,756	$3,423	$3,176	$3,176	$3,185

Source: Office of the New York City Comptroller

Comptroller's Estimate Against the City's Financial Plan

The Comptroller's Office estimates a total cost of $3.76 billion in FY 2024, in line with the City's estimate. For FY 2025, the Comptroller's Office estimates $3.42 billion compared to the Administration's $4.75 billion. Table 34 compares the Comptroller's projections with OMB's in the April Financial Plan and Table 35 shows the risks and offsets against the Plan.

Table 34. Comparison of Comptroller's Estimate against the Executive 2024 Financial Plan

($ in millions)	FY 2023 Actuals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
OMB	$1,474	$3,756	$4,748	$4,000	$3,000	$0
Comptroller (Median)	$1,474	$3,756	$3,423	$3,176	$3,176	$3,185

Table 35. Comptroller's Expenditure Differences

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
City	$108	($1,325)	$176	$1,176	$3,185
State	-	-	(1,000)	(1,000)	-
Federal	(108)	-	-	-	-
Total	**$0**	**$1,325**	**($824)**	**176**	**$3,185**

Source: Office of the New York City Comptroller

Note: Positive City amounts increase the gap.

Other Social Services

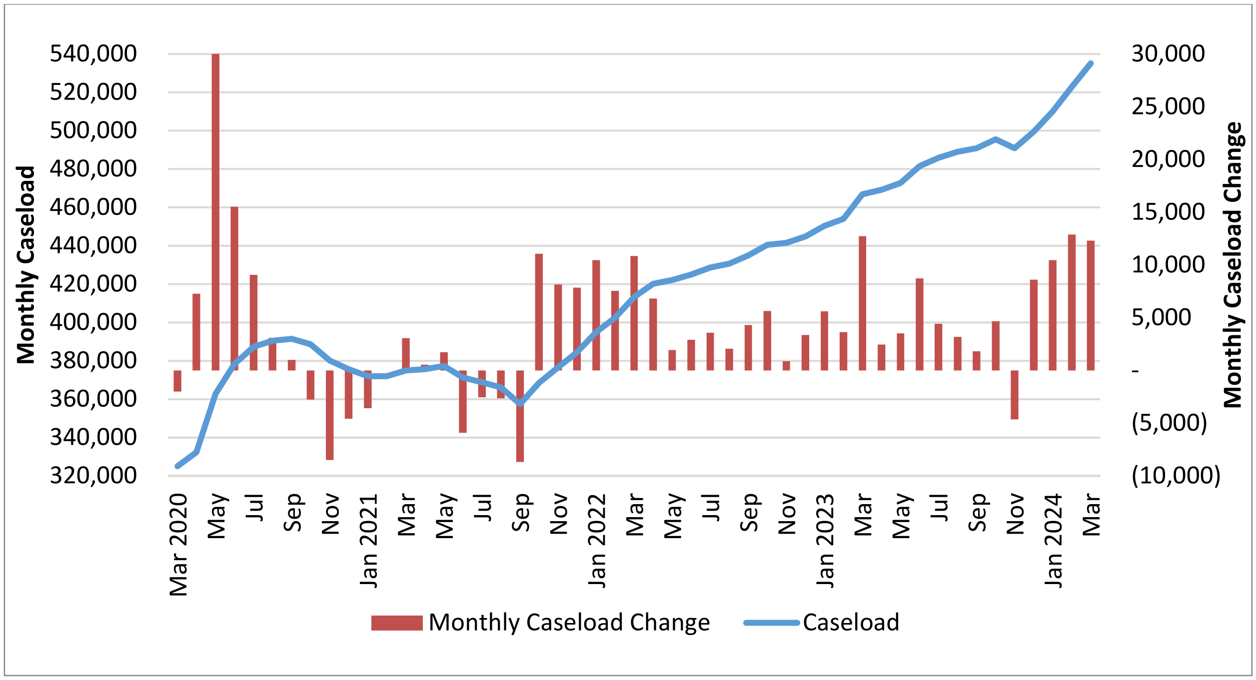
Public Assistance

Through March, the City's public assistance caseload has averaged 502,230 recipients per month thus far in FY 2024. Over the same July-March span in the prior year, during which caseload averaged 443,600, caseload in the current year reflects an increase of more than 13 percent. As shown in Chart 18, since the end of the Federal Pandemic Unemployment Compensation program in September 2021, which provided supplemental unemployment benefits dating back to the early phase of the COVID outbreak, the public assistance caseload experienced a steady rise in the ensuing years.

According to HRA, between September 2021 and March 2024, there was a 96 percent increase in the average number of applicants per month compared to June 2021 (the final month in FY 2021). For applications received between September 2021 and February 2024, the most recent month for which complete data is available, the average monthly case acceptance rate increased to 41 percent from 35 percent in June 2021.

In recent months, the pace of caseload growth has accelerated. This is likely attributable to a 2023 rule change by the Governor to allow asylum seekers meeting certain requirements to start drawing Safety Net Assistance payments. The State Office of Temporary and Disability Assistance indicates that as much as 10 percent of the State's migrant population could qualify for this supplemental benefit. However, the impact of this incremental population is difficult to pinpoint since the City currently does not separately track these individuals in its caseload reports.

Chart 18. Public Assistance Caseload and Monthly Changes March 2020-March 2024



Source: NYC Department of Social Services

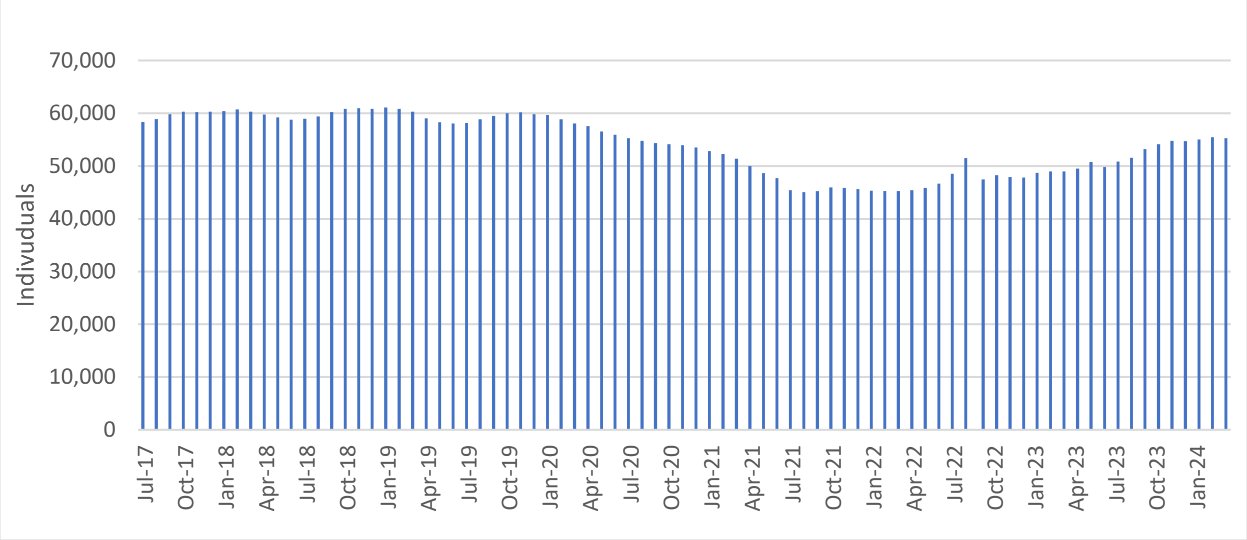
The City's projections of baseline grants expenditures remain unchanged in the April Plan, which is estimated at $2.29 billion in FY 2024, $1.48 billion annually in FY 2025 and FY 2026, $1.83 billion in FY 2027, and $2.30 billion in FY 2028. The continued surge in both caseload and grant expenditures will likely push spending to higher levels and remain there for the foreseeable future, resulting in annual City-fund needs of $500 million in FY 2025 and FY 2026, and $150 million in FY 2027.

Homeless Services (Excluding Asylum Seeker Costs)

While the arrival of households seeking asylum has overwhelmingly driven the increases in the census in City shelters, the number of households who are not seeking asylum in Department of Homeless Services (DHS) shelters, which operates most but not all City shelters, has also been growing over the past year, as shown in Chart 19.[30] The total number of individuals in DHS shelters—not classified by the City as being in households seeking asylum—has increased from an average of 48,965 in March 2023 to 55,254 in March 2024– a 13 percent increase.

[30] The Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services also operate shelters for households not seeking asylum.

Chart 19. DHS Census, Individuals in Households Not Seeking Asylum July 2017- March 2024



Source: NYC Department of Homeless Services

Note: In September 2022, the Administration began releasing the DHS census with individuals classified as in asylum seeker or non-asylum seekers. Individuals classified as asylum seekers are excluded from this chart.

The April Plan added $312 million in City funding for new DHS shelter capacity in FY 2024, including $245 million for adult shelter and $66 million for family shelter. In addition, the City increased its own funding for family shelter by $85 million to replace previously budgeted Federal funds with City funds. (Family shelter costs are funded based on a households' public assistance status and can be shared among the City, State and Federal funds. Single adult shelter is primarily City-funded). As shown in Table 36, in the outyears, funds for DHS adult and family shelter operations, excluding funds budgeted for shelter individuals seeking asylum, are currently budgeted below both FY 2023 actual spending and FY 2024 budgeted amounts.

Table 36. Department of Homeless Services Budget, Excluding Asylum Seeker Costs

Budget Function ($ in millions)	Actual FY 2023	Budget FY 2024	Budget FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028
Adult Shelter Administration & Support	$10	$12	$8	$8	$8	$8
Adult Shelter Intake and Placement	13	13	13	14	14	14
Adult Shelter Operations	1,107	1,237	793	789	791	792
Family Shelter Administration & Support	6	13	14	14	14	14
Family Shelter Intake and Placement	36	37	38	39	39	39
Family Shelter Operations	1,095	1,253	1,046	1,043	1,048	1,055
General Administration	194	(116)	4	34	61	61

Budget Function ($ in millions)	Actual FY 2023	Budget FY 2024	Budget FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028
Outreach, Drop-in and Reception Services	311	328	296	284	290	289
Rental Assistance and Housing Placement	5	8	0	0	0	0
Total	**$2,776**	**$2,786**	**$2,212**	**$2,225**	**$2,264**	**$2,272**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum. This exclusion causes a negative total in the General Administration category as asylum seeker funding is included in this category, as well as financial plan savings holding codes.

The outyear funding drop off is largely the result of chronic underbudgeting for shelter costs. A small part of the decline in funding is due to PEG savings, introduced in the November Plan for FY 2025 and out. The DHS budget was reduced by $31.7 million in FY 2025, $30.1 million in FY 2026 and $24.6 million in FY 2027 based on anticipated savings from placements into permanent housing through a new State-funded rental assistance program, the Special Housing Assistance Resource or SHARE, that targets families and individuals, prioritizing those who have been in shelter the longest.

However, based on the shelter census growth over the past year, current funding levels, as well as the historic breakdown of City/State/Federal funding, the Comptroller's Office estimates that an additional $350 million in City-funds is needed for DHS non-asylum related shelter capacity costs in FY 2025 through FY 2028. This includes $250 million for adult single adult shelter and $100 million for family shelter. The Comptroller's Office also estimates $50 million in City-funds is also needed in FY 2025 and the outyears to pay prevailing wages to DHS security guards.

Rental Assistance

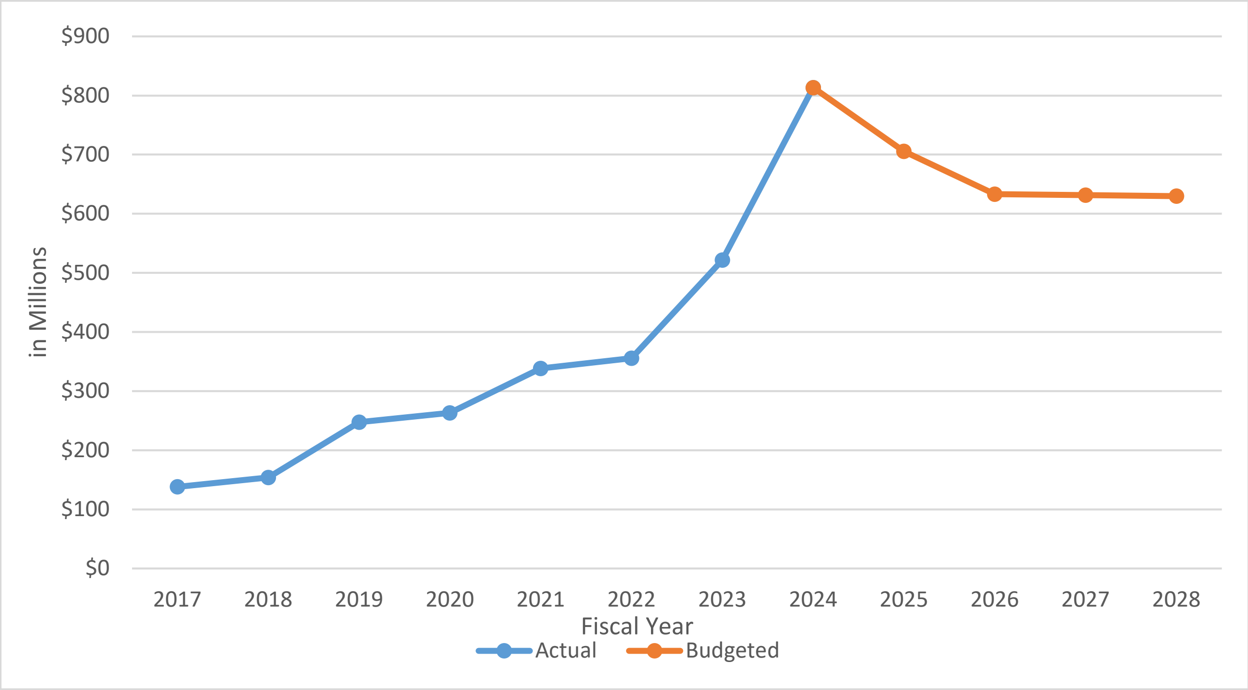
Within the Department of Social Services (DSS), the Human Resources Administration (HRA) administers most New York City's rental assistance programs. HRA oversees multiple rental assistance programs, including legacy programs such as the Living in Communities program (LINC), the Special Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have mostly been replaced by the Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).

Spending on the City's rental assistance programs administered through HRA has been rising rapidly in recent years—from $356 million in FY 2022, to $522 million in FY 2023, to $813 million currently budgeted for FY 2024.[31] The April Plan increased rental assistance costs in the outyears by a net $535 million in FY 2025 and by $461 million annually from FY 2026 through FY 2028. This includes the addition of $615 million in City funds for FY 2025 for CityFHEPS, offset by a $32 million

[31] (Funding for HRA's rental assistance programs is split between the City, State and Federal governments, with FY 2024 costs budgeted at 71 percent City funded, 26 percent Federally funded, largely with limited COVID-19 funds, and 3 percent State funded.)

reduction in City funds as part of a PEG announced last January but budgeted to a holding code, as well as a $47 million reduction in State and Federal funding for rental assistance costs. In the outyears, the CityFHEPS budget was increased by $540 million in City funds, but this was also offset by the $32 million PEG and $47 million reduction in non-City funding. As shown in Chart 20, funding for HRA's rental assistance programs now total $706 million in FY 2025, falling to just over $630 million in FY 2026 through FY 2028.

Chart 20. Rental Assistance Spending, Actual and Budgeted, Fiscal Year 2017 - FY 2028

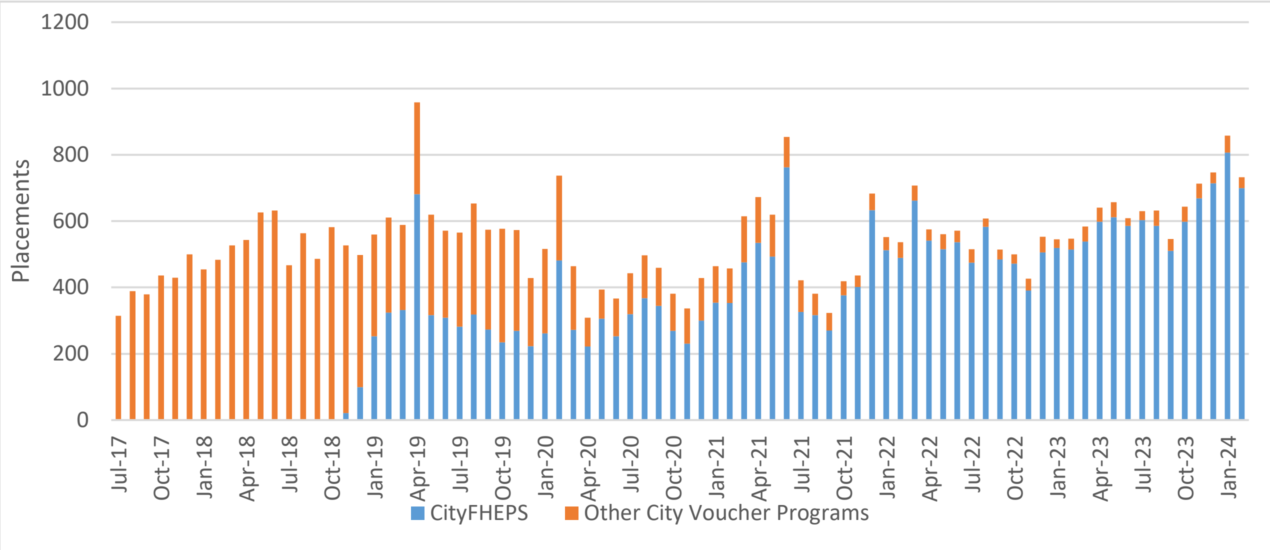


Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Includes spending on City FHEPS, as well as other programs such as SOTA, CFEPS, FHEPS B, LINC, HOME TBRA, and SEPS.

Growth of the program follows earlier reforms that increased payment standards and expanded eligibility. In addition, in June 2023 the City eliminated a rule that households in City shelters must remain for 30 days before becoming eligible for the City's housing voucher programs. This past fall, a rule change also allowed vouchers to be used outside New York City. As shown in Chart 21, new placements in permanent housing from DHS shelters using City vouchers have grown rapidly over the past year. Overall, in the first eight months of FY 2024, cumulative new placements were up 30.8 percent compared to the same period last year.

Chart 21. Monthly Housing Placements from DHS Shelter Through HRA-Administered Vouchers July 2017 – February 2024



Source: NYC Department of Social Services
Note: Other local voucher programs include SOTA, CFEPS, FHEPS B, LINC and SEPS.

Despite the addition of funds in the April Plan, funding for the program in FY 2025 and the outyears still declines compared to FY 2024 budgeted amounts. As currently implemented and based on monthly spending growth over the past several years related to rent increases and the continued growth in new placements, the Comptroller's Office estimates that rental assistance costs could reach about $1.1 billion in FY 2025 – about $450 million more than budgeted in FY 2025, all City-funded, and $500 million more than currently budgeted in the outyears. The Office baselines this cost across the outyears of the Financial Plan period in its re-estimate of City costs.

While the City has eliminated the 30-day rule, the Administration has not acted on other legislation passed by the City Council over the Mayor's veto that would, among other things, expand program eligibility for households at-risk of eviction, but who are not currently in shelter. The Mayor vetoed the rental assistance bills citing cost concerns—estimating that expanding the eligibility rules would increase City costs by $17.3 billion over five years and that the expansion to more households at risk of eviction would make it more difficult for households in shelter to find housing. The City Council estimates a cost of $10.6 billion over the first five fiscal years of implementation, an estimate that, unlike the Mayor's, includes a partial implementation in the first fiscal year and $2.1 billion in projected shelter savings. Because of ongoing litigation over the implementation of the program changes, the Comptroller's Office does not yet include an estimate of the expanded costs of the program in its re-estimate of costs.[32]

[32] Full Package of Rental Voucher Laws Not on Mayor's Agenda, Despite Veto Override - CityLimits

NYC Health and Hospitals

In the April Plan update, the City projects NYC Health + Hospitals (H+H; formerly the Health and Hospitals Corporation) will end the current fiscal year with a cash balance of $760 million. The estimate represents a modest decline of $55 million from the previous projection in January, mainly owing to shifting assumptions among Supplemental Medicaid, fee-for-service and managed care revenues, partly offset by reduced assumptions of Strategic Initiatives, resulting in a net reduction in projected income from $69 million to $14 million in the April Plan.

The City projects the H+H budget would remain above $12 billion in both FY 2025 and FY 2026, propped up by funding assumptions for Asylum Seekers of $1.31 billion and $1.39 billion respectively. Thereafter, the H+H budget would drift to $11 billion or below over the remainder of the Plan mainly due to the discontinuation of these funds after FY 2025. Over the initial part of the Plan, H+H estimates it will close out FY 2025 and FY 2026 with cash balances of $823 million and $750 million respectively, which would build on or retain the ending cash balance from the current year. To achieve these projections, H+H would need to rely on Strategic Initiatives totaling $1.89 billion to $2.08 billion in these years, significantly higher than planned revenue and savings of $1.69 billion in the current year.

The higher Strategic Plan assumptions are mainly comprised of increases in Federal and State charity care and Supplemental Medicaid revenues. To this end, the April Plan currently assumes significant declines in Disproportionate Share Hospital (DSH) reimbursement under H+H's Supplemental Medicaid revenue assumptions. In March, Congress once again delayed the implementation of DSH revenue cuts originally enacted as part of the Affordable Care Act. The latest delay pushes the starting date out to January 2025. Thus far, no DSH revenue reduction has yet materialized as the Federal government has delayed implementation on more than several occasions. Hence, there is good likelihood that the upcoming round of cuts could be deferred again, alleviating the need to generate greater Strategic revenues and savings over the next two years.

In addition, spending projections in the April Plan do not assume assistance from the City for wage increases for nurses that are above the pattern the City established in its contract settlement with DC 37 last year. The increase stems from an arbitration award granted to the New York State Nurses Association (NYSNA) to establish parity with private sector nurses. The cost above the wage pattern is projected to range roughly between $120 million in FY 2025 and $190 million in FY 2028. H+H will likely bear the responsibility for the entire cost above the pattern in FY 2024. However, assuming the City will provide direct support (traditionally the case) or indirect support through other measures in the future, it could further improve H+H's financial outlook in the outyears of the Plan.

Metropolitan Transportation Authority

The City provides annual operating subsidies to the Metropolitan Transportation Authority (MTA). This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway. These subsidies are intended to cover either a portion or all the difference between the agency's operating expenses and its revenue from fares. The April Plan effectively maintained the funds budgeted for the MTA's operating subsidies at $1.47 billion for FY 2024. These subsidies include $440 million budgeted for Access-A-Ride paratransit subsidies, $527 million for the MTA Bus Company, $48 million for the Staten Island Railway, and $453 million in other subsidies. Funding, however, continues to be underbudgeted in FY 2025 and the outyears, with total budgeted operating subsidies falling to $1.37 billion in FY 2025, and $1.21 billion in FY 2026 and $1.23 billion in FY 2027 and FY 2028. The Comptroller's Office estimates an additional $143 million will be necessary for these subsidies in FY 2025, with the need growing significantly to $529 million by FY 2028.

The City also funds the MTA through its Fair Fares program. Fair Fares, administered through the Department of Social Services, provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers. The program is available to over 1,000,000 eligible New Yorkers. The City's Financial Plan maintains the $95 million annual cost for the program. Current enrollment still hovers around 30 percent of the eligible population, though the MTA and DSS have coordinated sign up events throughout the boroughs to encourage riders to apply.[33] As of April 30, 2024, $56 million, or 58 percent of the budget, had been committed. This Office will continue to monitor both expenses against the budget and the enrollment rate.

[33] 2024_pmmr.pdf (nyc.gov)

IV. Capital Budget and Financing Program

The New York State FY 2025 Enacted Budget increased the City's capacity to incur debt to finance capital by $14 billion, facilitating capital investments for the City. As previously discussed, on July 1, 2024, the amount of Transitional Finance Authority Future Tax Secured Debt (TFA FTS) not subject to City's constitutional debt limit increases by $8 billion to $21.5 billion, and on July 1, 2025, it increases by an additional $6 billion to $27.5 billion. As part of the budget legislation, the State also required that $2 billion in City capital be added to the City's capital program above the School Construction Authority's current capital plan need for classroom construction to meet the State's mandate to decrease class size. Although an additional $2 billion for this purpose is not yet reflected in the April Plan, the overall size of the City's capital program increased compared with the January Plan.

Capital Commitment Plan, FY 2024 – FY 2028

All-Funds Commitments

The FY 2024 – FY 2028 April 2024 Capital Plan totals $97.66 billion in all-funds authorized planned commitments, an increase of $9.2 billion (10.4 percent) compared to the January 2024 Capital Plan over the same period. City-funds authorized commitments make up $93.41 billion, or 95.6 percent, of the total authorized commitments. In each year of the Plan, the City sets a "reserve for unattained commitments," which assumes that projects will move more slowly than reflected in the plan, and therefore some authorized commitments will be pushed outside the plan's five-year window. The result is lower target commitment amounts, which, according to OMB, reflect more realistic contract registration achievement rates. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $88.11 billion, as shown in Table 37. The City-funds planned commitments drop to $83.85 billion.

FY 2024 authorized commitments comprise 21 percent, or $20.53 billion, of the all-funds authorized commitments scheduled of the five-year plan total. When adjusted for the reserve for unattained commitments, the share drops to 19 percent in FY 2024. In the outyears of the Plan, authorized commitments increase to $21.67 billion in FY 2025, then drop to $19.17 billion in FY 2026, to $17.40 billion in FY 2027, and $18.89 billion in FY 2028, resulting in an average of $19.53 billion per year over the five-year period.

Table 37. FY 2024 – FY 2028 April 2024 Plan Capital Commitments, All-Funds

($ in millions) Project Category	FY 2024 – FY 2028 April 2024 Commitment Plan	Share of Total	Change from January 2024 Plan
Education and CUNY	$19,255	19.7%	$6,914
Housing and Economic Development	16,609	17.0%	177
Environmental Protection	16,558	17.0%	720
Administration of Justice	12,692	13.0%	1,518
Dept. of Transportation and Mass Transit	12,317	12.6%	(1,009)
Resiliency & Energy Efficiency, Technology, and Equipment	6,092	6.2%	1,000
Parks Department	3,818	3.9%	(63)
Hospitals	2,396	2.5%	105
Other City Operations and Facilities	7,923	8.1%	(165)
Total Authorized Commitments	**$97,661**	**100.0%**	**$9,197**
Reserve for Unattained Commitments	**($9,551)**	**N/A**	**($1,738)**
Total Net of Reserve for Unattained Commitments	**$88,110**	**N/A**	**$7,459**

Source: Mayor's Office of Management and Budget, FY 2024 – FY 2028 April 2024 Capital Commitment Plan

Note: Numbers may not add due to rounding.

Over 79 percent of the April 2024 Capital Plan is in the five program areas of Education and CUNY Housing and Economic Development, Environmental Protection (DEP), the Administration of Justice, Department of Transportation (DOT) and Mass Transit, and as shown in Table 37. Education and CUNY lead the way at 19.7 percent of total planned commitments, as the administration aligned the City's DOE Capital Plan with the SCA's FY 2025 – 2029 Capital Plan. This is followed by Housing and Economic Development at 17.0 percent, Environmental Protection at 17.0 percent, Administration of Justice at 13.0 percent, and DOT and Mass Transit at 12.6 percent of the total Plan.

The $9.2 billion all-funds increase over the FY 2024 – FY 2028 period compared to the Preliminary Capital Commitment Plan released in January is comprised of numerous increases and decreases. Twenty-two project types had increases of $11.21 billion, 15 project types with decreases summing to $2.01 billion, and two project types with no change. Over 91 percent of the increases, or $10.27 billion, are from five project types, which include DOE related capital projects ($6.83 billion), the Department of Correction ($1.81 billion), Citywide Equipment, Resiliency and Sustainability projects ($884 million), Water Supply projects ($417 million), and HPD projects ($323 million).

The large increase to DOE over FY 2024-FY 2028 reflects the April 2024 Capital Plan's full funding of the separately published SCA FY 2025-FY 2029 Five-Year Plan. The April Plan does not include the additional $2 billion in increased spending beyond what is already included in the SCA plan to help meet the class size mandate ($4.13 billion), as newly required in the State budget legislation increasing debt capacity.

The $1.81 billion increase in the Department of Correction is comprised of increases to the Borough Based Jails (BBJ) projects in the Bronx and Queens. Planned commitments for the Manhattan jail project were unchanged compared with January 2024. (The total increase in the April 2024 Plan for the Bronx and Queens BBJ projects is $3.96 billion, including $2.14 billion in FY 2029 and FY 2030, outside the five-year plan window. Of the $2.14 billion in the outyears, $1.11 billion was reallocated from a lump sum code in the DOC Capital Plan and $1.03 billion is new in April.)

The April Plan also included the City's first Climate Budget, in which the City will now report annually on how its capital budget aligns with long-term climate goals for sustainability and resiliency. According to the report, the April Plan includes $1.15 billion in new or reallocated climate investments over FY 2024 through FY 2028, $1.06 billion of which is for the acceleration of funds for energy efficiency and electrification work in city facilities. (This $1.06 billion increase is offset somewhat by decreases in citywide computer equipment related projects over the same period for an $884 million net increase for Citywide Equipment, Resiliency and Sustainability projects is over the Plan period.)

Changes to the April FY 2024-FY 2033 Capital Commitment Projections

The City, once again in April 2024, adjusted its interim Ten-Year Capital Program estimates for the period FY 2024 – FY 2033.[34] OMB projects that capital commitments will sum to $169.86 billion over the 10-year period, an increase of $13.07 billion, or 8.3 percent, from the January 2024 Capital Plan estimates over the same 10-year period as shown in Table 38.

Four agencies, the DOE ($8.71 billion), the Department of Correction (DOC) ($2.83 billion), DEP ($782 million), and DOT ($388 million) comprise 97 percent of the projected increase over the 10-year period. Within the DOE, the main ten-year plan category drivers of the increase include $4.17 billion for system expansion projects (including $2.0 billion for new schools), $1.50 billion for emergency, inspection, and miscellaneous projects, $1.40 billion for educational enhancement projects, and other changes. For the DOC, an increase of $3.96 billion is driven by the reforecast of the Bronx and Queens BBJ projects, offset by a $1.13 billion decrease to a holding code for other DOC projects, including $1.11 billion previously earmarked for the BBJ projects. Within DEP, increases to the third water tunnel project ($415 million), water pollution control upgrade projects ($188 million), and water meter replacement initiatives ($173 million) account for almost all of the DEP increase. For the DOT, the $388 million change is driven largely by the $328 million estimated increase for primary street reconstruction projects.

[34] NYC OMB issues Preliminary and Final Ten-Year Capital Strategies in January and April of each odd-numbered calendar year.

Table 38. FY 2024 – FY 2033 Estimated Capital Plan Commitments, Change from September 2023 Plan Condition

($ in millions) All Funds	January 2024 Plan	$ Changes from January 2024 Plan over FY 2024 – FY 2028	$ Changes from January 2024 Plan over FY 2029 – FY 2033	$ Changes from January 2024 Plan over FY 2024 — FY 2033	Percent Change over the entire FY 2024 — FY 2033 Period
DOE	$18,413	$6,829	$1,876	$8,705	47.3%
Correction	10,836	1,814	1,016	2,830	26.1%
Dept. of Environmental Protection	28,934	720	63	782	2.7%
Dept. of Transportation	26,075	(1,008)	1,396	388	1.5%
Business Services / EDC	5,764	(147)	328	182	3.2%
HPD	19,654	323	(205)	118	0.6%
Dept. of Information Tech and Tele.	1,024	116	0	116	11.4%
H + H	3,876	105	(86)	18	0.5%
Dept. of Parks and Recreation	8,337	(63)	81	18	0.2%
CUNY	1,350	85	(76)	8	0.6%
Cultural Affairs	1,715	143	(136)	7	0.4%
Brooklyn Public Library	459	(27)	31	4	0.9%
Dept. of Health and Mental Health	736	56	(52)	4	0.5%
Dept. of Sanitation	3,378	(268)	272	3	0.1%
Housing Authority	4,708	1	-	1	0.0%
New York Public Library	377	51	(50)	1	0.2%
Police Dept.	1,406	12	(11)	1	0.0%
Research Libraries	22	1	(1)	-	0.0%
Homeless Services	733	(22)	22	-	0.0%

($ in millions) All Funds	January 2024 Plan	$ Changes from January 2024 Plan over FY 2024 – FY 2028	$ Changes from January 2024 Plan over FY 2029 – FY 2033	$ Changes from January 2024 Plan over FY 2024 — FY 2033	Percent Change over the entire FY 2024 — FY 2033 Period
Dept. for the Aging	93	3	(3)	-	0.0%
MTA Bus	80	-	-	-	0.0%
NYC Transit	2,072	-	-	-	0.0%
Admin. for Children's Services	569	1	(1)	(0)	0.0%
Queens Public Library	569	15	(16)	(0)	(0.1%)
Fire Dept.	1,917	(45)	44	(1)	(0.1%)
Human Resources Admin.	594	(7)	2	(5)	(0.9%)
Dept. of Citywide Admin. Services	13,102	511	(621)	(110)	(0.8%)
TOTAL	**$156,793**	**$9,197**	**$3,872**	**$13,069**	**8.3%**

Source: Mayor's Office of Management and Budget, FY 2024 – FY 2028 April 2024 Capital Commitment Plan

Financing Program

Total projected borrowing in the April 2024 Financial Plan sums to $70.65 billion, an increase of just under $5 billion from the January 2024 Plan condition. Over the Plan period FY 2024 – FY 2028, the total estimated average annual borrowing is $14.13 billion, $996 million per year higher than in January 2024. When excluding the New York City Water Authority (NYW), the combined annual average for General Obligation (GO) and TFA-FTS borrowing drops to $12.05 billion, or about $900 million per year higher than in the January 2024 Plan.

TFA-FTS borrowing, with an increase of $3.89 billion, accounts for over three-quarters of the increase. This is followed by increases of $590 million for GO bonds and $503 million for NYW. Debt service for NYW is paid with water and sewer user fees, and thus does not place a burden on the City's general fund.

The increase in borrowing is consistent with the $8.7 billion increase in City authorized capital commitments in the April 2024 Commitment Plan over FY 2024 - FY 2028, which result in higher capital cash flow needs over FY 2024 – FY 2028 from the January 2024 Plan capital cash flow estimates.

Table 39. April 2024 Financial Plan Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FY 2024 – FY 2028	Percent of Total	Change from January 2024	Percent of Total Change
General Obligation Bonds	$27,915	39.5%	$590	11.9%
TFA FTS Bonds	32,330	45.8%	3,885	78.0%
NYC Water Finance Authority (NYW)	10,404	14.7%	503	10.1%
TFA BARBs	0	0.0%	0	0.0%
Total	**$70,649**		**$4,978**	**100.0%**

Source: Mayor's Office of Management and Budget, FY 2025 Executive Plan, April 2024

Debt Service

As shown in Table 40, debt service, net of prepayments, in the April 2024 Plan totals $7.55 billion in FY 2024, $8.32 billion in FY 2025, $9.01 billion in FY 2026, $9.69 billion in FY 2027, and $10.51 billion in FY 2028.[35] These amounts represent a decrease from the January 2024 Financial Plan of $183 million in FY 2024, followed by increases of $62 million in FY 2025, $77 million in FY 2026, $128 million in FY 2027, and $176 million in FY 2028 for a total increase of $261 million over the Plan period.

From FY 2024 through 2028, total debt service is expected to increase by $2.96 billion, or by 39.3 percent. In addition, these estimates for debt-service represent an estimated annual average percent increase of 8.6 percent. As always, these projections exclude debt service of the NYW, which is backed by water and sewer user fees, and the debt service of TFA Building Aid Revenue Bonds (BARBs) which is supported by State building aid.

The net $261 million increase from the January 2024 Plan over FY 2024 – FY 2028 is comprised of $343 million in GO savings, lease-purchase debt-service savings of $23 million, offset by $627 million of estimated TFA-FTS increased debt-service costs. GO debt-service reductions over the five-year period stem largely from $139 million in lowered variable rate support and other fees, along with $130 million in estimated lower variable rate interest costs. On the TFA side, the increases are driven by higher projected borrowing amounts of $3.89 billion over the five-year period, which result in higher cumulative debt service costs of $760 million over the FY 2024 – FY 2028 period, offset by $133 million of other TFA baseline savings, $79 million of which is from higher debt-service fund earnings on bond proceed balances in FY 2024.

[35] Includes GO, conduit debt, TFA-FTS bonds, and TSASC.

Table 40. April 2024 Financial Plan Debt Service Estimates

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FY 2024 – FY 2028	Average Annual Growth
GO	$4,247	$4,458	$4,628	$4,804	$5,180	$933	5.1%
TFA FTS	3,124	3,661	4,191	4,695	5,149	2,025	13.3%
Lease-Purchase	99	120	119	118	112	13	3.3%
TSASC, Inc.	76	76	69	69	68	(8)	(2.7%)
Total	**$7,546**	**$8,315**	**$9,007**	**$9,686**	**$10,509**	**$2,963**	**8.6%**
CHANGE FROM JANUARY 2024	**($183)**	**$62**	**$77**	**$128**	**$176**	**$261**	**N/A**

Source: Mayor's Office of Management and Budget, FY 2025 Executive and April 2024 Financial Plan, April 2024

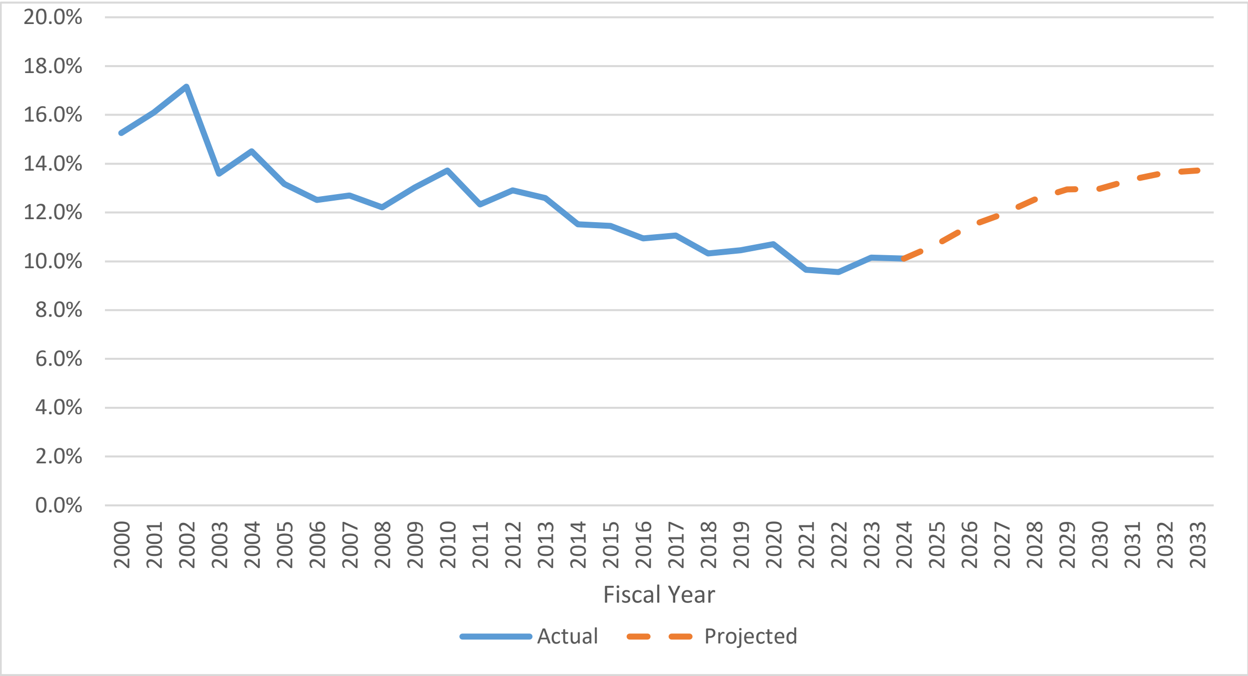
Note: Debt service is adjusted for prepayments. Amounts do not include TFA BARBs. Numbers may not add due to rounding.

Debt Affordability

As previously described, the New York State Fiscal 2025 Enacted Budget increased the amount of TFA FTS debt not subject to the City's debt limit by a total of $14 billion over the next two fiscal years. While the State has raised the City's overall capacity to incur debt, another different but critical measure is whether the service on the debt remains affordable. One key measure of this affordability is debt service as a share of local tax revenue. The City has established a 15 percent policy limit for this ratio, which is a widely accepted benchmark, often cited by the rating agencies and various monitors of the City's budget.

The Office of the Comptroller estimates debt service as a share of local tax revenues to be 10.1 percent for FY 2024, 10.7 percent in FY 2025, 11.4 percent in FY 2026, 11.9 percent in FY 2027, and 12.5 percent in FY 2028, as of the April Plan, as shown in Chart 22. The nearly two and a half percentage point rise in the ratio is due to disparate growth rates between debt service and local tax revenues. From FY 2024 to FY 2028, debt service, excluding TSASC, grows at an annual rate of 8.73 percent compared to local tax revenue growth of 3.04 percent. Thus, even with the increase in commitments in the April Plan, the Office of the Comptroller projects debt service as a share of tax revenue ratio will remain below the 15 percent through fiscal year 2033. However, if tax revenue growth averages only 2 percent per year, instead of the assumed 4 percent growth in FY 2028 through 2033, debt service as a percent of tax revenue would exceed 15 percent by FY 2033.

Chart 22. NYC Debt Service as a Share of Tax Revenues



Source: Office of the New York City Comptroller, Annual Comprehensive l Financial Reports, FY 1992 – FY 2023 and the Mayor's Office of Management and Budget, FY 2024 April Plan and FY 2025 Executive Budget.

As shown on Table 41, as of the April Plan, the Comptroller's Office estimates that the General Debt Limit will grow from $131.64 billion in FY 2024 to $151.91 billion by FY 2028, an increase of 15.4 percent. Total indebtedness is estimated to grow from $106.7 billion in FY 2024 to $133.4 billion by FY 2028, an increase of 25.1 percent. As a result, the remaining debt margin is forecast to decrease from about $25 billion to $18.5 billion by FY 2028. By FY 2028, the remaining debt margin is $4.1 billion lower than OMB largely attributable to OMB's higher estimate of the General Debt Limit.

Table 41. Forecast of Fiscal Year-End Debt Margin, FY 2024 – FY 2028– April 2024 Capital Plan

End of Fiscal Year - June 30th ($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
General Debt Limit	$131,643	$136,478	$139,260	$146,851	$151,915
Debt Applicable to Limit:					
Net GO Bonds Outstanding	41,723	44,271	47,591	51,573	55,666
Estimated TFA Bonds Above Statutory Limit	36,390	34,237	32,179	36,261	40,340
Adjustments:					

End of Fiscal Year - June 30th ($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Excluded Funded Debt- (Water Supply Revenue Code 851 and School Exclusion Adjustment)	(17)	(12)	(10)	(7)	(2)
Contract Liability, Land, and Other Liabilities	28,584	30,463	33,957	35,755	37,424
Total Indebtedness	**$106,680**	**$108,959**	**$113,718**	**$123,582**	**$133,428**
Remaining Legal Debt Margin	**$24,963**	**$27,519**	**$25,542**	**$23,269**	**$18,487**
Percent of Debt Limit Remaining	19.0%	20.2%	18.3%	15.8%	12.2%
Percent of Limit Exhausted	81.0%	79.8%	81.7%	84.2%	87.8%
OMB Debt Affordability Statement - Remaining Margin	**N/A**	**$27,958**	**$30,457**	**$26,748**	**$22,603**
Comptroller Estimate-Remaining Margin	**$24,963**	**$27,519**	**$25,542**	**$23,269**	**$18,487**
Difference	**N/A**	**($439)**	**($4,915)**	**($3,479)**	**($4,116)**

Source: Office of the New York City Comptroller and select Capital Plan information from the April 2024 Capital Commitment Plan

Note: The total amount of TFA Bonds not subject to the City's debt limit increases from $13.5 billion to $21.5 billion beginning July 1, 2024, and to $27.5 billion beginning on July 1, 2025. Numbers may not add due to rounding.

Impact of Additional Needs

In response to the Mayor's and Governor's proposals to increase the City's debt-incurring power, the Comptroller's Office released a study in March that examined the impact on the City's 15 percent debt affordability policy threshold as a result of increased borrowing. The report identified an estimated $17 billion of capital projects, not reflected in the City's January 2024 Capital Plan, related to fully funding the School Construction Authority's (SCA) most recent capital plan, reflecting additional needs for the borough-based jails projects, and the Brooklyn-Queens Expressway. Additional capital commitments estimated for these three projects were $8.6 billion, $4.6 billion, and $3.8 billion, respectively. This was prior to the State budget's requirement that the City increase the SCA funding for new classroom capacity by $2 billion.

The April Plan increased the funding for the SCA and added some funding to the borough-based jails projects. However, $2 billion is necessary to fulfill the additional funding requirement for schools, an estimated $1.7 billion is still needed for borough-based jails, and the entire estimated $3.8 billion need for the Brooklyn-Queens Expressway remains to be added. Should these amounts be included in the Plan, the Office of the Comptroller projects that the City still has enough debt-incurring power to absorb the commitments. However, the margin is very close and small declines in property values could mean that the City would not have sufficient debt-incurring power to cover the existing and additional commitments.

Current revenue estimates also project debt issuance related to the additional commitments will not cause debt service to exceed 15 percent of tax revenues through fiscal year 2033. However, as described above if tax revenue growth slows to only 2 percent per year, the addition of commitments related to those projects and corresponding debt issuance could result in debt service exceeding 15 percent of tax revenue as early as fiscal year 2032.

V. Appendix

Table A1. April 2024 Financial Plan Revenue Detail

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028 Dollars	Change FYs 2024 – 2028 Percent	Annual Percent Change
Taxes:								
Real Property	$32,914	$33,826	$34,430	$35,456	$36,136	$3,222	9.8%	2.4%
Personal Income Tax and Pass-Through Entity Tax	16,001	17,284	17,474	18,401	19,137	$3,136	19.6%	4.6%
General Corporation Tax	6,439	6,507	6,074	6,136	6,246	(193)	(3.0%)	(0.8%)
Unincorporated Business Tax	2,630	2,669	2,758	2,828	2,893	263	10.0%	2.4%
Sales and Use Tax	9,967	10,371	10,822	11,238	11,726	1,759	17.6%	4.1%
Real Property Transfer Tax	1,150	1,279	1,316	1,389	1,459	309	26.9%	6.1%
Mortgage Recording Tax	578	687	771	884	927	349	60.4%	12.5%
Commercial Rent	915	939	955	969	980	65	7.1%	1.7%
Utility	400	420	462	492	495	95	23.8%	5.5%
Hotel	713	743	764	783	836	123	17.3%	4.1%
Cigarette	14	13	12	12	12	(2)	(14.3%)	(3.8%)
All Other	1,074	1,073	1,098	1,123	1,148	74	6.9%	1.7%
Cannabis Tax	5	10	20	28	30	25	500.0%	56.5%
Tax Audit Revenue	847	773	773	773	773	(74)	(8.7%)	(2.3%)
Total Taxes	**$73,647**	**$76,594**	**$77,729**	**$80,512**	**$82,798**	**$9,151**	**12.4%**	**3.0%**
Miscellaneous Revenue:								
Licenses, Franchises, etc.	$703	$718	$724	$704	$707	$4	0.6%	0.1%
Interest Income	633	379	265	225	226	(407)	(64.3%)	(22.7%)
Charges for Services	951	1,026	1,030	1,031	1,031	80	8.4%	2.0%
Water and Sewer Charges	2,027	2,234	2,232	2,242	2,287	260	12.8%	3.1%
Rental Income	283	260	260	260	260	(23)	(8.1%)	(2.1%)
Fines and Forfeitures	1,318	1,234	1,228	1,234	1,224	(94)	(7.1%)	(1.8%)
Miscellaneous	436	323	324	322	318	(118)	(27.1%)	(7.6%)
Intra-City Revenue	2,293	1,952	1,934	1,931	1,931	(362)	(15.8%)	(4.2%)
Total Miscellaneous Revenue	**$8,644**	**$8,126**	**$7,997**	**$7,949**	**$7,984**	**($660)**	**(7.6%)**	**(2.0%)**

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028 Dollars	Change FYs 2024 – 2028 Percent	Annual Percent Change
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	$17	$0	$0	$0	$0	($17)	(100.0%)	(100.0%)
Total Unrestricted Intergovernmental Aid	**$17**	**$0**	**$0**	**$0**	**$0**	**($17)**	**(100.0%)**	**(100.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,293)**	**($1,952)**	**($1,934)**	**($1,931)**	**($1,931)**	**$362**	**(15.8%)**	**(4.2%)**
TOTAL CITY-FUNDS	**$80,000**	**$82,753**	**$83,777**	**$86,515**	**$88,836**	**$8,836**	**11.0%**	**2.7%**
Other Categorical Grants	**$1,151**	**$1,106**	**$1,104**	**$1,104**	**$1,104**	**($47)**	**(4.1%)**	**(1.0%)**
Inter-Fund Agreements	**$747**	**$761**	**$770**	**$770**	**$770**	**$23**	**3.1%**	**0.8%**
Federal Categorical Grants:								
Community Development	$383	$280	$257	$242	$241	($142)	(37.1%)	(10.9%)
Social Services	4,358	3,480	3,474	3,473	3,588	(770)	(17.7%)	(4.7%)
Education	4,240	1,965	1,965	1,965	1,965	(2,275)	(53.7%)	(17.5%)
Other	3,753	2,130	1,516	1,467	1,431	(2,322)	(61.9%)	(21.4%)
Total Federal Grants	**$12,734**	**$7,855**	**$7,212**	**$7,147**	**$7,225**	**($5,509)**	**(43.3%)**	**(13.2%)**
State Categorical Grants:								
Social Services	$3,860	$3,217	$2,701	$2,699	$1,985	($1,875)	(48.6%)	(15.3%)
Education	13,145	13,355	13,355	13,355	13,355	210	1.6%	0.4%
Higher Education	273	272	273	273	273	0	0.0%	0.0%
Department of Health and Mental Hygiene	694	675	677	677	677	(17)	(2.4%)	(0.6%)
Other	1,938	1,628	1,886	1,949	1,815	(123)	(6.3%)	(1.6%)
Total State Grants	$19,910	$19,147	$18,892	$18,953	$18,105	($1,805)	(9.1%)	(2.3%)

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028		Annual Percent Change
						Dollars	Percent	
TOTAL REVENUES	**$114,542**	**$111,622**	**$111,755**	**$114,489**	**$116,040**	**$1,498**	**1.3%**	**0.3%**

Note: Numbers may not add due to rounding

Table A2. April 2024 Financial Plan Expenditure Detail

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028		Annual Percent Change
						Dollars	Percent	
Mayoralty	$182	$165	$166	$164	$164	($18)	(10.1%)	(2.6%)
Board of Elections	273	146	147	147	147	(127)	(46.3%)	(14.4%)
Campaign Finance Board	62	103	13	13	13	(49)	(78.4%)	(31.9%)
Office of the Actuary	8	7	8	8	8	(0)	(5.1%)	(1.3%)
President, Borough of Manhattan	6	6	6	6	6	(1)	(9.9%)	(2.6%)
President, Borough of Bronx	7	7	6	6	6	(0)	(5.5%)	(1.4%)
President, Borough of Brooklyn	7	8	7	7	7	(1)	(7.7%)	(2.0%)
President, Borough of Queens	7	7	6	6	6	(1)	(18.2%)	(4.9%)
President, Borough of Staten Island	5	5	5	5	5	(0)	(4.3%)	(1.1%)
Office of the Comptroller	120	123	125	125	125	5	4.2%	1.0%
Dept. of Emergency Management	226	199	41	35	34	(192)	(84.8%)	(37.5%)
Office of Administrative Tax Appeals	6	6	6	6	6	0	3.8%	0.9%
Law Dept.	315	250	246	247	247	(68)	(21.6%)	(5.9%)
Dept. of City Planning	52	49	44	45	45	(8)	(14.5%)	(3.8%)
Dept. of Investigation	53	45	43	43	43	(10)	(18.6%)	(5.0%)
NY Public Library — Research	32	30	31	31	31	(1)	(3.3%)	(0.8%)
New York Public Library	165	155	158	158	158	(7)	(4.2%)	(1.1%)
Brooklyn Public Library	126	118	121	121	121	(5)	(4.0%)	(1.0%)
Queens Borough Public Library	130	122	124	124	124	($6)	(4.3%)	(1.1%)
Dept. of Education	32,922	32,208	33,062	34,103	34,839	1,917	5.8%	1.4%
City University	1,248	1,224	1,223	1,240	1,257	9	0.7%	0.2%

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028 Dollars	Change FYs 2024 – 2028 Percent	Annual Percent Change
Civilian Complaint Review Board	26	26	26	26	26	(0)	(0.8%)	(0.2%)
Police Dept.	6,274	5,577	5,839	5,942	5,940	(333)	(5.3%)	(1.4%)
Fire Dept.	2,760	2,571	2,594	2,582	2,577	(183)	(6.6%)	(1.7%)
Dept. of Veterans' Services	5	5	5	5	5	0	2.3%	0.6%
Admin. for Children Services	3,308	2,728	2,718	2,724	2,722	(586)	(17.7%)	(4.8%)
Dept. of Social Services	12,447	11,683	11,393	11,892	12,503	56	0.4%	0.1%
Dept. of Homeless Services	3,884	3,933	6,217	5,257	2,265	(1,618)	(41.7%)	(12.6%)
Dept. of Correction	1,248	1,049	1,063	1,069	1,209	(39)	(3.1%)	(0.8%)
Board of Correction	3	3	4	4	4	0	5.3%	1.3%
Citywide Pension Contributions	9,243	10,267	10,689	10,814	11,755	2,512	27.2%	6.2%
Miscellaneous	14,403	14,429	14,874	15,843	17,205	2,801	19.5%	4.5%
Debt Service	4,345	4,578	4,747	4,922	5,293	948	21.8%	5.1%
TFA Debt Service	3,124	3,661	4,191	4,695	5,149	2,024	64.8%	13.3%
FY 2023 BSA and Discretionary Transfers	(5,479)	0	0	0	0	5,479	(100.0%)	(100.0%)
FY 2024 BSA	3,938	(3,938)	0	0	0	(3,938)	(100.0%)	(100.0%)
Public Advocate	5	5	5	5	5	0	1.4%	0.3%
City Council	105	106	92	92	92	(13)	(12.6%)	(3.3%)
City Clerk	6	6	6	6	6	(0)	(3.6%)	(0.9%)
Dept. for the Aging	506	493	421	415	415	(92)	(18.1%)	(4.9%)
Dept. of Cultural Affairs	223	152	153	153	153	(69)	(31.1%)	(8.9%)
Financial Info. Serv. Agency	124	116	117	117	117	(7)	(6.0%)	(1.5%)
Office of Criminal Justice	17	726	704	714	714	696	3980.3%	152.7%
Office of Payroll Admin.	17	15	16	16	16	(1)	(4.9%)	(1.2%)
Independent Budget Office	8	8	8	8	8	(0)	(3.4%)	(0.9%)

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028		Annual Percent Change
						Dollars	Percent	
Equal Employment Practices	1	1	1	1	1	0	5.1%	1.2%
Civil Service Commission	1	1	1	1	1	0	0.9%	0.2%
Landmarks Preservation Commission	9	8	8	8	8	(1)	(7.1%)	(1.8%)
Taxi & Limousine Commission	61	60	58	58	58	(3)	(5.6%)	(1.4%)
Office of Racial Equity	3	6	6	6	6	3	100.7%	19.0%
Commission on Racial Equity	1	2	2	2	2	1	88.5%	17.2%
Commission on Human Rights	13	14	14	14	14	1	6.7%	1.6%
Youth & Community Development	1,196	1,039	1,050	1,081	1,093	(103)	(8.7%)	(2.2%)
Conflicts of Interest Board	3	3	3	3	3	(0)	(1.8%)	(0.5%)
Office of Collective Bargaining	3	3	3	3	3	0	4.5%	1.1%
Community Boards (All)	22	22	22	22	22	(0)	(1.9%)	(0.5%)
Dept. of Probation	103	104	101	101	102	(2)	(1.8%)	(0.5%)
Dept. Small Business Services	320	208	151	148	149	(171)	(53.4%)	(17.4%)
Housing Preservation & Development	1,953	1,840	1,294	1,305	1,308	(645)	(33.0%)	(9.5%)
Dept. of Buildings	193	211	191	188	188	(5)	(2.7%)	(0.7%)
Dept. of Health & Mental Hygiene	2,677	2,146	2,080	2,085	2,076	(601)	(22.5%)	(6.2%)
NYC Health + Hospitals	3,036	2,963	1,378	1,439	1,485	(1,551)	(51.1%)	(16.4%)
Office of Administrative Trials & Hearings	67	69	71	72	72	5	6.8%	1.7%
Dept. of Environmental Protection	1,671	1,673	1,636	1,630	1,630	(41)	(2.4%)	(0.6%)
Dept. of Sanitation	1,975	1,878	1,904	1,953	1,962	(13)	(0.6%)	(0.2%)

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028 Dollars	Change FYs 2024 – 2028 Percent	Annual Percent Change
Business Integrity Commission	9	9	9	9	9	(1)	(5.6%)	(1.4%)
Dept. of Finance	353	342	347	348	348	(5)	(1.4%)	(0.4%)
Dept. of Transportation	1,444	1,444	1,435	1,421	1,408	(36)	(2.5%)	(0.6%)
Dept. of Parks and Recreation	573	583	591	592	592	19	3.3%	0.8%
Dept. of Design & Construction	174	179	159	159	159	(15)	(8.7%)	(2.2%)
Dept. of Citywide Admin. Services	988	1,084	600	591	589	(399)	(40.4%)	(12.1%)
D.O.I.T.T.	796	672	536	531	531	(265)	(33.3%)	(9.6%)
Dept. of Record & Info. Services	15	15	15	15	15	(0)	(1.8%)	(0.5%)
Dept. of Consumer & Worker Protection	64	59	64	63	63	(1)	(1.7%)	(0.4%)
District Attorney - N.Y.	199	171	175	176	177	(22)	(11.1%)	(2.9%)
District Attorney – Bronx	123	120	124	124	124	0	0.4%	0.1%
District Attorney – Kings	168	148	151	151	152	(16)	(9.7%)	(2.5%)
District Attorney –Queens	114	103	106	106	106	(8)	(6.6%)	(1.7%)
District Attorney – Richmond	32	25	26	26	26	(7)	(20.1%)	(5.5%)
Office of Prosec. & Special Narc.	31	31	32	32	32	1	3.3%	0.8%
Public Administrator - N.Y.	1	1	1	1	1	0	9.9%	2.4%
Public Administrator - Bronx	1	1	1	1	1	0	7.1%	1.7%
Public Administrator - Brooklyn	1	1	1	1	1	0	8.7%	2.1%
Public Administrator - Queens	1	1	1	1	1	0	7.3%	1.8%
Public Administrator - Richmond	1	1	1	1	1	0	2.7%	0.7%
Prior Payable Adjustment	(400)	0	0	0	0	400	(100.0%)	(100.0%)
General Reserve	50	1,200	1,200	1,200	1,200	1,150	2300.0%	121.3%

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2024 – 2028 Dollars	Change FYs 2024 – 2028 Percent	Annual Percent Change
Energy Adjustment	0	0	83	120	172	172	N/A	N/A
Lease Adjustment	0	0	52	106	161	161	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURES	**$114,542**	**$111,622**	**$117,208**	**$119,941**	**$121,785**	**$7,243**	**6.3%**	**1.5%**

Note: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-City expenditures.

Acknowledgements

The Comptroller wishes to thank the entire Budget Bureau for their contributions to this report, as well as Archer Hutchinson for design and layout. The Comptroller is particularly grateful to Peter Flynn, Assistant Budget Chief, for his years of keeping a close watch over the City's capital budget and for all his work in his 27 years at the Office of the New York City Comptroller.

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Testimony of Louisa Chafee, Director, New York City Independent Budget Office
On IBO's Analysis of the 2025 Executive Budget and Financial Plan
To The New York City Council Committee on Finance
Wednesday, May 22, 2024

Good morning, Speaker Adams, Chair Brannan, and members of the Finance Committee. I am Louisa Chafee, Director of the New York City Independent Budget Office (IBO). I am here today with my colleagues, Sarah Parker and Sarita Subramanian, IBO's Senior Research and Strategy Officers. We appreciate the opportunity to testify today.

Recently, IBO has published three reports on this budget: Analysis of the 2025 Executive Budget and Financial Plan; IBO's asylum seeker cost projections; and Details on IBO's Economic and Revenue Forecasts. We brought copies of each for you today.

Here are the critical highlights:

- IBO forecasts a $5.1 billion surplus in the current year, $1.1 billion higher than the Administration's expected surplus of $3.9 billion. (All years refer to City fiscal years.) The Administration anticipates this year's budget to be $116.8 billion.
- IBO projects that 2025 will also end with a surplus, estimated at $1.1 billion. The Administration anticipates next year's budget to be $113.6 billion.
- Starting in 2026, IBO projects larger budget gaps than the Administration: $6.2 billion in 2026, $7.9 billion in 2027, and $6.0 billion in 2028. IBO's higher gap estimate in 2027 is in part due to the Administration's budgeting of $1.0 billion in State funding for asylum seekers that the State has yet to commit to; IBO's estimate reflects a more cautious assumption that such costs many need to be covered by City funds.
- IBO anticipates out-year gaps can be addressed over the course of the coming years, as a $6.2 billion gap for 2026 represents 5.5% of IBO's projected total revenues. The Administration has closed gaps of similar magnitude in the recent past. In the past five years, the Administration's stated out-year gaps at the Executive Budget peaked at 5.3% of revenues, still well below the challenging times of the early- to mid-2000s, when the Administration's outyear gaps peaked at about 9.1% of revenues.

Both the Administration and IBO present a surplus in the current year but differ on the size of the projected surplus. The Council now has the opportunity to consider these findings in relationship to the fiscal and policy choices being proposed by the Administration in this Executive Budget.

Funding Restorations and New Additions:

- For 2025, $64 million was added to reinstate two New York Police Department classes that had previously been eliminated, with additional funds through the plan period.
- The Administration added $514 million in 2025 to fund Department of Education programs previously funded by Federal Covid-19 aid. This addition, of both State and City funding, will plug some, though not all, of the existing gap.
- Similarly, the Administration is proposing to add $741 million in new funding intended to increase wages for the employees of human service organizations under contract with the City.
- After the Executive Budget was published, the Administration announced the addition of $50 million for childcare as part of the Childcare Quality and Innovation Initiative for New York City.
- Previous financial plans cut funding across early childhood programs. In the Executive Budget, the Administration added $92 million to the 3-K budget in 2025 to close the Federal stimulus

fund gap, although that gap remains in the outyears. To bring funding for 3-K and pre-K expansion up to previously budgeted levels, an additional $351 million in 2025 would be needed. Similarly, the gap for the subsidized childcare budget is $136 million.

Program to Eliminate the Gap (PEG)

After two rounds of 5% agency cuts through PEGs, the Administration cancelled the final 5% PEG that had been announced last fall. While some PEGs recognize administrative efficiencies, other PEGs cut programs that provide services to New Yorkers. Certain restorations of previous PEG reductions have occurred while others remain, and new funding cuts were added, including:

- Libraries are projected to be cut by $24 million in 2024 and $22 million in every year thereafter.
- Older adult centers are targeted for cuts totaling $19 million in 2024 and $2 million in 2025.
- Despite partial restorations for cultural organizations, some significant cuts remain: $13 million for the Cultural Development Fund and Cultural Institutions Group for 2024, and $8 million for 2025.
- Similarly, despite some restorations for programs serving justice-involved individuals, cuts of $32 million in 2025 and $18 million in 2026 also remain.
- The Department of Sanitation's delayed expansion of the City's composting program currently accounts for planned PEGs of $2.4 million annually for 2024 and 2025, delaying curbside organics collection in the Bronx and Staten Island from April 2024 to October 2024.
- The information technology (IT) system and related staffing that currently supports such essential parts of the procurement process as requests for proposals processing and invoice payments is set to be cut by $3.9 million in 2024 and $2.5 million every year after. This IT system is critical to vendors that deal with the City, including nonprofit service providers, minority- and/or women-owned businesses and other small businesses.

Totaling these programmatic PEGs, including cuts to early childhood from previous plans, the Administration's still-planned PEG cuts include $232.2 million in 2024 and $238.9 million in 2025—far smaller than the surplus amounts that the Administration and IBO have estimated for the current year.

Budgeting Practices

As the Council considers its next steps, IBO notes that there are areas of the budget that are notably characterized by a lack of transparency.

Overbudgeting: Areas where budgeted amounts are larger than current spending trends indicate are necessary, yielding savings.

- The Administration has a $55 billion budget for 2024 citywide staffing costs in the Executive Budget. Looking at payroll data, spending on citywide personal services (PS) costs has been far lower than budgeted. Annual PS spending, especially towards the end of the fiscal year, is a relatively predictable area of the budget. IBO estimates that City staffing costs are currently overbudgeted by at least $1.2 billion ($789 million in City funds), an area of substantial savings.

- Since May 2023, IBO has estimated lower costs for asylum seekers compared with the Administration. In the latest update last week, IBO estimates $3.0 billion less in City spending on asylum seekers across 2025 and 2026.

Underbudgeting: Areas where there is a trend of adding funds over the course of the year to pay for programs expected to continue.

- Uniformed agency overtime for Police, Fire, Sanitation, and Correction: IBO estimates an additional $605 million in 2025 for personnel services for Police, Sanitation, and Correction—largely for uniformed overtime.
- Carter Cases: Through Carter Cases, families of students with disabilities can enroll them in private schools and seek tuition payment from the City if they can show that public schools cannot meet their needs. IBO estimates an additional $424 million is needed for 2025.
- Major changes to the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) with multi-year costs: For the first time since it was created in 2019, the Administration has included at least $578 million for the program annually. But that is still not enough. IBO estimates additional needs of $32 million in 2024 and $144 million in 2025 to fund current spending levels—without including funds for expansion.

IBO recognizes that expenditures sometimes come in higher or lower than can be practically foreseen, and therefore mid-year adjustments to the Expense Budget are necessary. However, other areas which reflect long-standing, well-known programs that are expected to continue, are more foreseeable. Therefore, such expenses should be more accurately projected at the outset of the fiscal year. IBO strongly recommends the Council consider pressing the Administration to produce more accurate fiscal estimates, especially for longstanding and well-understood programs and costs.

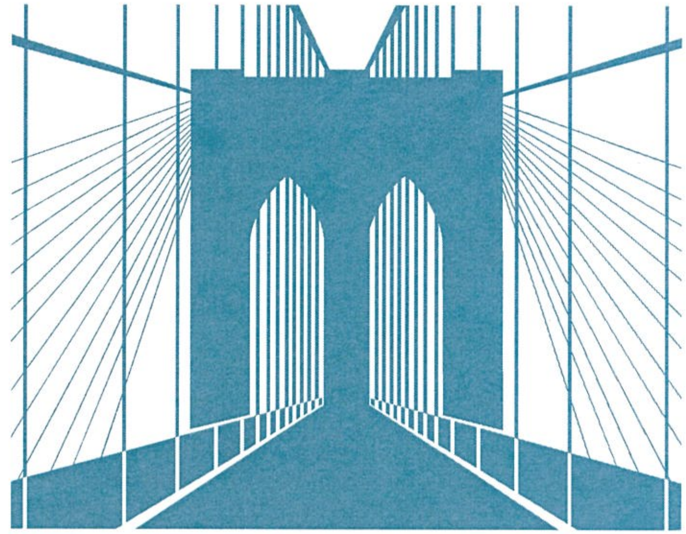
Fiscal Outlook and the Economy:

- As expected, the Administration's tax forecast for 2024 and 2025 has increased substantially over the course of the past three financial plans to meet the levels that IBO has consistently projected all year. IBO estimates that City tax revenue will grow by an annual average of 3.0%, growing from $73.6 billion in 2024 to $85.2 billion in 2028. This growth is expected to be driven by property, personal income, and business income taxes. IBO's tax revenue forecast is based on an economic forecast marked by continued, but slower, growth.
- IBO's May 2024 forecast projects that the economy is still on the path to a soft landing, where inflation approaches the Federal Reserve's target level without causing a recession, although on a more delayed timeframe than previously expected. However, despite a generally positive macroeconomic outlook, the City's economy is at risk of becoming constrained by the size of the labor force.
- IBO forecasts the City will add over 91,000 jobs in 2024 before gradually moderating in the future years as the labor market tightens. Job gains in the leisure and hospitality, professional services, and health care and human services sectors will continue to spur the local economy.

In sum, IBO's findings indicate that there are areas where budget savings may enable the Council to achieve a balanced budget without fundamentally compromising critical City services.

IBO is happy to answer any questions and provide further details as needed. Thank you for the opportunity to testify today.

Analysis of the 2025 Executive Budget and Financial Plan by the Independent Budget Office



May 15, 2024

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IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.

In accordance with its New York City Charter mandate to enhance official and public understanding of the budgetary process and budget documents, the Independent Budget Office (IBO) presents highlights of its economic and revenue forecasts and re-estimates of expenses across the 2025 Executive Budget and Financial Plan. IBO analyzes historical spending trends and forecasts future changes to calculate spending compared with expenses presented in the Adams Administration's Executive Budget (re-estimate).

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Key Findings

IBO Anticipates Budget Surpluses Exceeding the Administration's Projections in 2024 and 2025

The higher 2024 surplus results from IBO's forecast of approximately $129 million more in anticipated tax revenues and about $1.0 billion less in City spending than presented in the Executive Budget financial plan. With similar net tax and spending estimates as the Administration for 2025, using the 2024 surplus to pre-pay 2025 expenditures, IBO anticipates 2025 to also end with a surplus of around $1.1 billion.

IBO Estimates Larger Gaps than Administration Starting in 2026

IBO's projected gaps for 2026 ($6.2 billion) and 2028 ($6.0 billion) are well within the range that the City has closed in the past. IBO estimates a slightly larger gap of $7.9 billion in 2027 in part due to the Administration's budgeted $1.0 billion in State funding for asylum seekers that the State has yet to commit to, which IBO estimates will be covered by City funds.

Despite Inflation and Interest Rate Headwinds, Local Economy Continues on Path of Growth

Although down from its mid-2022 peak, inflation remains above target levels, resulting in the continued elevation of interest rates. Nevertheless, the national economy has shown resilience, as has the local economy. IBO projects continued strong local employment growth with over 91,000 new jobs added locally in 2024. The number of new jobs is expected to gradually slow as the labor market tightens.

IBO Forecasts Higher Tax Revenues Than Administration Starting in 2026

After the Administration revised its tax revenue forecasts upwards over the course of the fiscal year—up $1.9 billion in 2024 and $3.3 billion in 2025 compared with the November Plan forecast—the Administration's estimates for total tax revenue in 2024 and 2025 are now very similar to IBO's forecast. Starting in 2026, continued local economic gains lead to an IBO tax revenue forecast which anticipates stronger growth than the Administration, particularly for the personal income and sales taxes.

Savings in 2024 Mainly From Lower Citywide Staffing Costs, With Lower Expected Spending on Asylum Seeker Costs In 2025 and 2026

Nearly $800 million of IBO's $1.0 billion estimate of lower spending in 2024 stems from its expectation of lower spending on Citywide staffing, based on year-to-date payroll trends. Across 2025 and 2026, IBO estimates almost $3.2 billion ($3.0 billion City funds) less in spending on asylum seekers than what is reflected in the Administration's estimates.

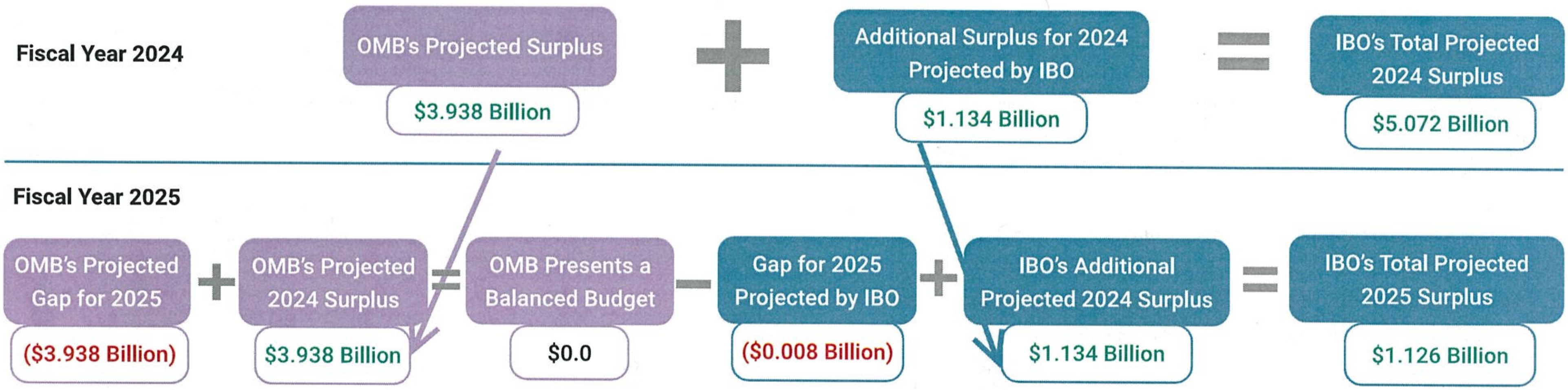
IBO Estimates More Funding Needed for Staffing Costs in Several Uniformed Departments, Housing Vouchers, and Department of Education (DOE)

IBO anticipates substantially more funding will be needed, more than $605 million (all City funds) in 2025 for personnel costs across the uniformed agencies of Police, Sanitation, and Correction, largely to cover overtime costs. IBO estimates an additional $651 million will be needed from 2025 through 2027 to fully fund the current spending levels for the City Fighting Homeless and Eviction Prevention Supplement (CityFHEPS) housing rental voucher program. To fund DOE programs previously funded by Federal Covid-19 aid, IBO estimates an additional $187 million will be needed in 2025 and $505 million in each of the following years.

Partial Restorations for Some Program to Eliminate the Gap (PEG) Budget Reductions While Other Reductions Remain or New in Executive Budget

After two rounds of 5% agency cuts through a PEG, the Administration cancelled the final 5% PEG that had been announced last fall. The Executive Budget restored funding from prior PEGs, including two police officer academy classes for spring and fall 2024, funding for cultural institutions, and funding for some programs serving justice-involved individuals. However, previous cuts to libraries, older adult centers, and early childhood programs remain in place. Other areas were subject to new PEGs, such as funding to process City contracts which support the provision of human services.

Projected Surpluses for 2024 and 2025: IBO Compared With the Administration's Office of Management and Budget (OMB)



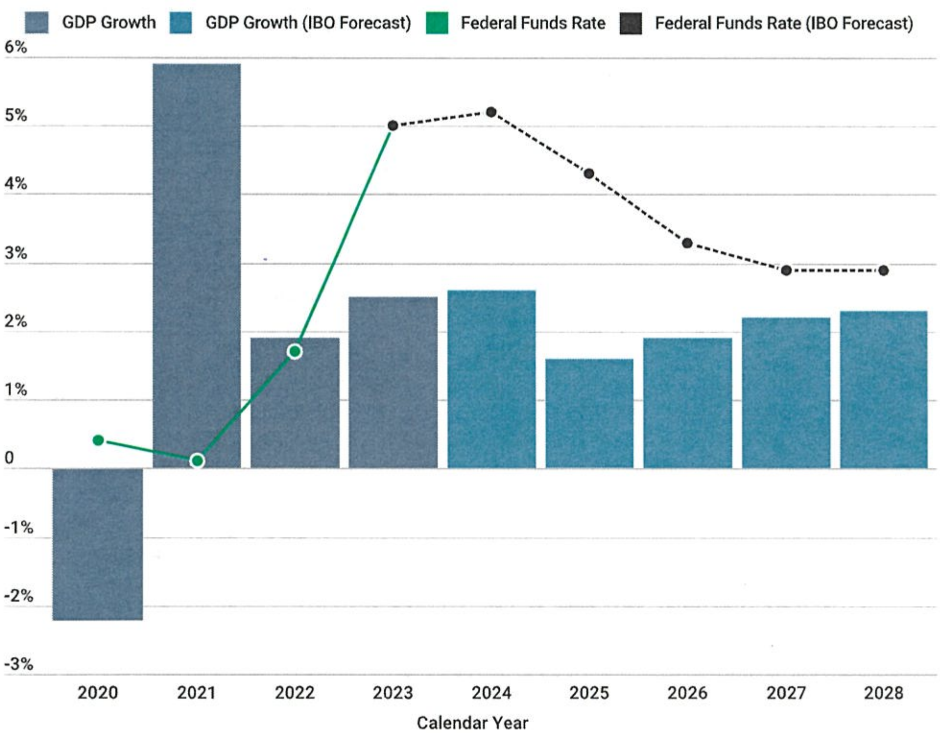
Both the Administration and IBO project operating surpluses in the 2024 budget, though their projections differ. The Administration presents its 2025 budget using its expected operating surplus ($3.9 billion) for "budget stabilization," prepaying expenses that will be incurred in 2025 to produce a balanced budget, as required by law. IBO projects a $5.1 billion operating surplus in 2024—$1.1 billion more than the Administration estimates—and IBO also expects that it will be applied as a prepayment of 2025 expenses. Alternatively, the Administration could apply the 2024 surplus to a reserve account, most typically to the Revenue Stabilization Fund (commonly referred to as the Rainy Day Fund) or the Retiree Health Benefits Trust. IBO estimates a minimal gap for next year—$8 million. When combined with IBO's anticipated additional surplus for 2024, IBO projects a budget surplus of $1.1 billion in 2025.

IBO estimates budget gaps of $6.2 billion in 2026, growing to $7.9 billion in 2027, and then $6.0 billion in 2028. IBO's larger gap estimate in 2027 is in partially due to the Administration having budgeted $1 billion in State funding for asylum seeker costs without a State commitment, resulting in IBO's projection for additional City funds. In contrast, the Administration presents budget gaps of $5.5 billion in both 2026 and 2027, growing to $5.7 billion in 2028.

Additional details on IBO's budget surplus and gap estimates across the Financial Plan can be found in the Supplemental Tables in this report.

Despite Elevated Inflation and Interest Rates, the U.S. Economy Is Projected to Continue Growing

IBO Forecasts of Real GDP Growth and Federal Funds Rate



SOURCE: IBO Economic Forecast
NOTES: GDP is an overall measure of the size of the country's economy. Real GDP reflects economic growth adjusted for underlying inflation.

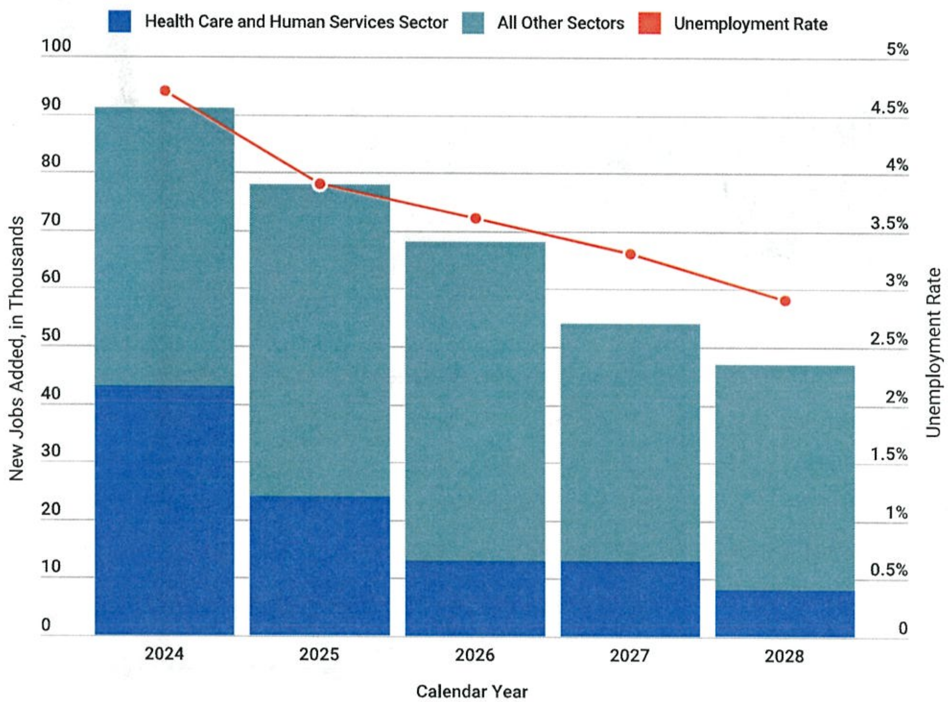
- Inflation, which peaked at an annualized rate of nearly 9 percent in mid-2022, has continued a path of general decline—albeit not as quickly as previously hoped. The Federal Reserve still is expected to begin decreasing interest rates later this year.

- Despite the relatively high interest rate environment, solid growth in the nation's real gross domestic product (GDP) is expected to continue. IBO's forecast of the City's economy is predicated on the expectation of slightly slower national economic growth in 2025, followed by a return to near 2% annual increases of real GDP in the years that follow. IBO's estimate of GDP growth is higher than the Administration's projections across the financial plan.

Additional details on IBO's economic forecast can be found in the supplemental tables in this report, and additional discussion will be provided in a forthcoming report to be issued in May 2024.

IBO's Forecast for New York City Total Employment Growth Gradually Slowing As Labor Market Tightens

As Jobs Are Added Each Year, Unemployment Rate Expected to Decrease



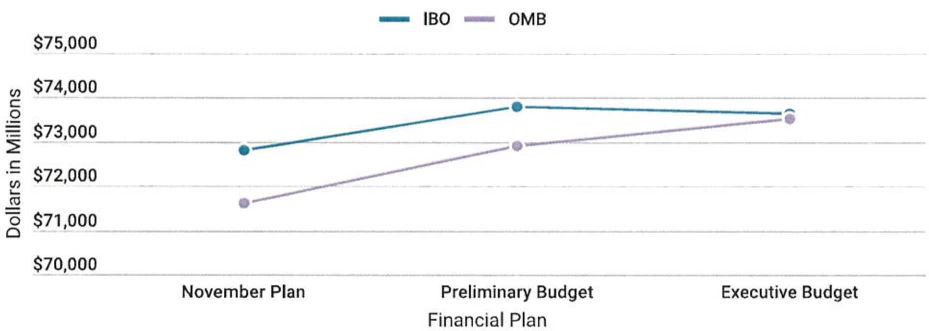
SOURCE: IBO Economic Forecast
NOTE: Job gains are measured on a Q4-to-Q4 basis. Health Care and Human Services sector refers to the Bureau of Labor Statistics Health Care and Social Assistance sector.

- The City reached 100% of pre-pandemic employment earlier this year. IBO projects continued strong local employment growth with over 91,000 new jobs added in 2024, as measured from the last quarter of 2023 to the last quarter of 2024.
- IBO forecasts the number of new jobs added each year to slow as the labor market tightens. The gradual decline of the City's population and an aging population leaving or close to leaving the work force contribute to a tighter labor market and a decrease in the unemployment rate through 2028. IBO's forecasts of local job growth are lower than the Administration's estimates starting in 2025.
- The heath care and human services sector has provided a large portion of new jobs in recent years, mainly concentrated in the ambulatory care subsector, which includes personal care and home health aides. IBO anticipates that after multiple years of substantial growth, this sector will level out and contribute to a smaller portion of new jobs added in future years.

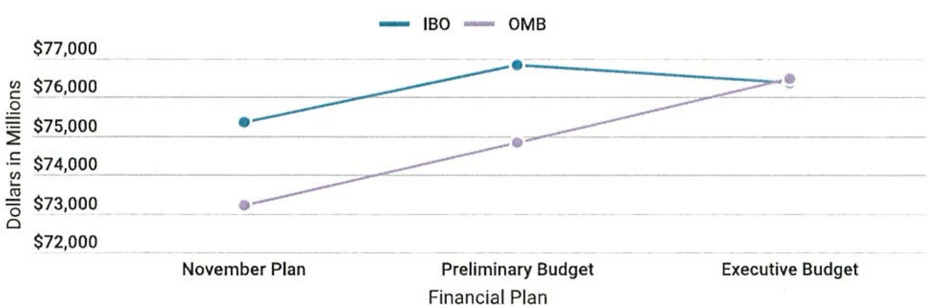
IBO and Administration Have Similar Tax Revenue Estimates for 2024 and 2025

Administration Increases Estimates Across Financial Plans

2024 City Tax Revenue Forecasts



2025 City Tax Revenue Forecasts



SOURCE: IBO and OMB Tax Revenue Forecasts

Total City Tax Revenue Forecasts: IBO Compared With OMB

Dollars in Millions

	Fiscal Year	IBO	OMB	Difference
Actual	2023	$73,299	$73,299	
Forecast	2024	$73,648	$73,519	$129
	2025	$76,363	$76,468	($105)
	2026	$78,779	$77,605	$1,174
	2027	$81,936	$80,390	$1,545
	2028	$85,157	$82,678	$2,479

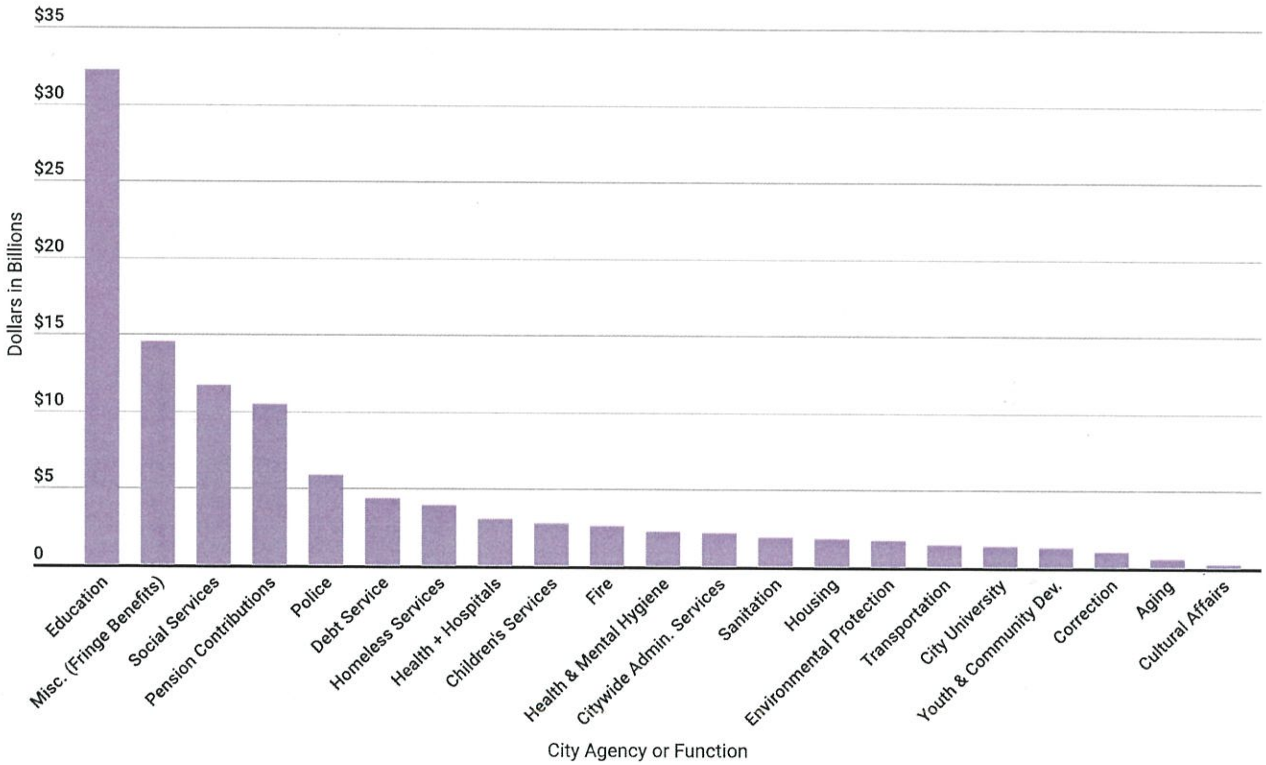
SOURCE: IBO and OMB Tax Revenue Forecasts
NOTE: Forecasts differences may not add up to precise total due to rounding. Forecast totals exclude STAR.

- For 2025, IBO forecasts $76.4 billion in tax revenue. In the following three years, tax revenue is projected to increase at an average annual rate of 3.7%.
- IBO estimates stronger tax revenue growth than the Administration starting in 2026, in part driven by IBO's higher average annual growth rates in property, personal income, and business taxes.

Additional details on IBO's revenue forecast can be found in the supplemental tables in this report, and additional discussion will be provided in a forthcoming report to be issued in May 2024.

The Administration's 2025 Expense Budget

Departments of Education, Social Services, and Police, Along with Central Costs, Account for 69% of the 2025 Expense Budget

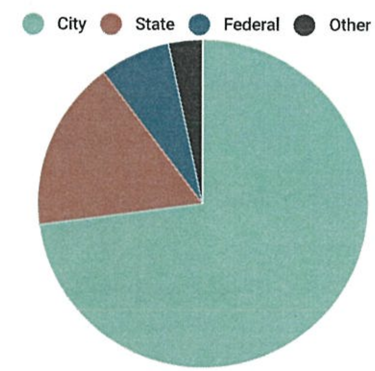


SOURCE: OMB Financial Plan Expense, Fiscal Years 2024-2028
NOTES: Chart includes city agencies with 2025 budgets over $1 billion and all human services agencies regardless of budget. These agencies represent 94% of the total 2025 budget.

The Departments of Education, Social Services, and Police, along with centrally-budgeted costs such as fringe benefits, pension costs, and debt service, have the largest budgets, in line with past years. In the 2025 Executive Budget, they comprise more than two-thirds of the City's total Expense Budget.

City Funds Comprise Almost Three-Quarters of 2025 Executive Budget

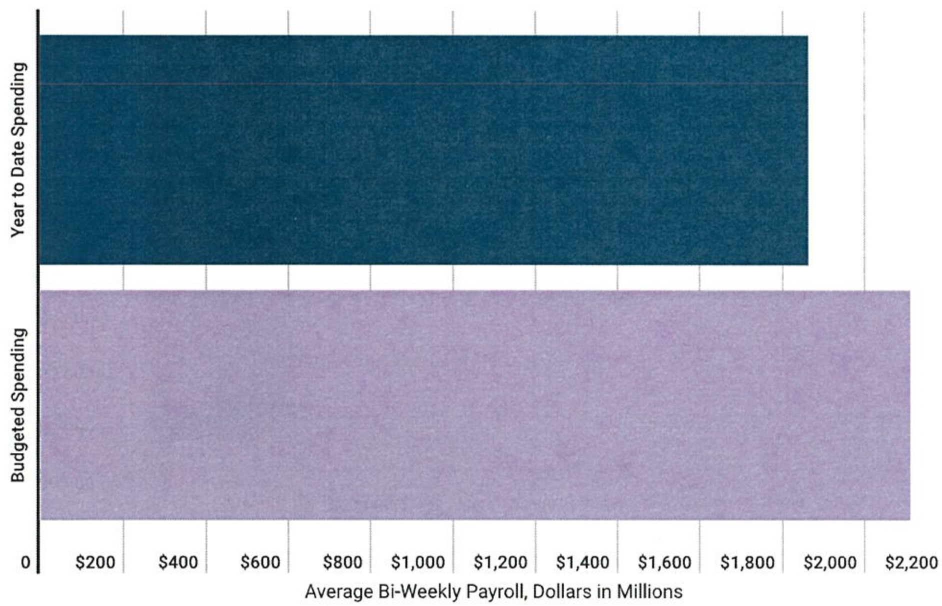
Dollars in Billions



SOURCE: OMB Financial Plan Expense, Fiscal Years 2024-2028
NOTES: Other includes intra-city funds, capital inter-fund agreements, and categorical grants.

IBO Estimates Lower Citywide Staffing Costs Are Largest Source of Savings in Current Year

Budgeted Citywide Personal Services (PS) Costs Higher Than Actual Spending Seen This Year

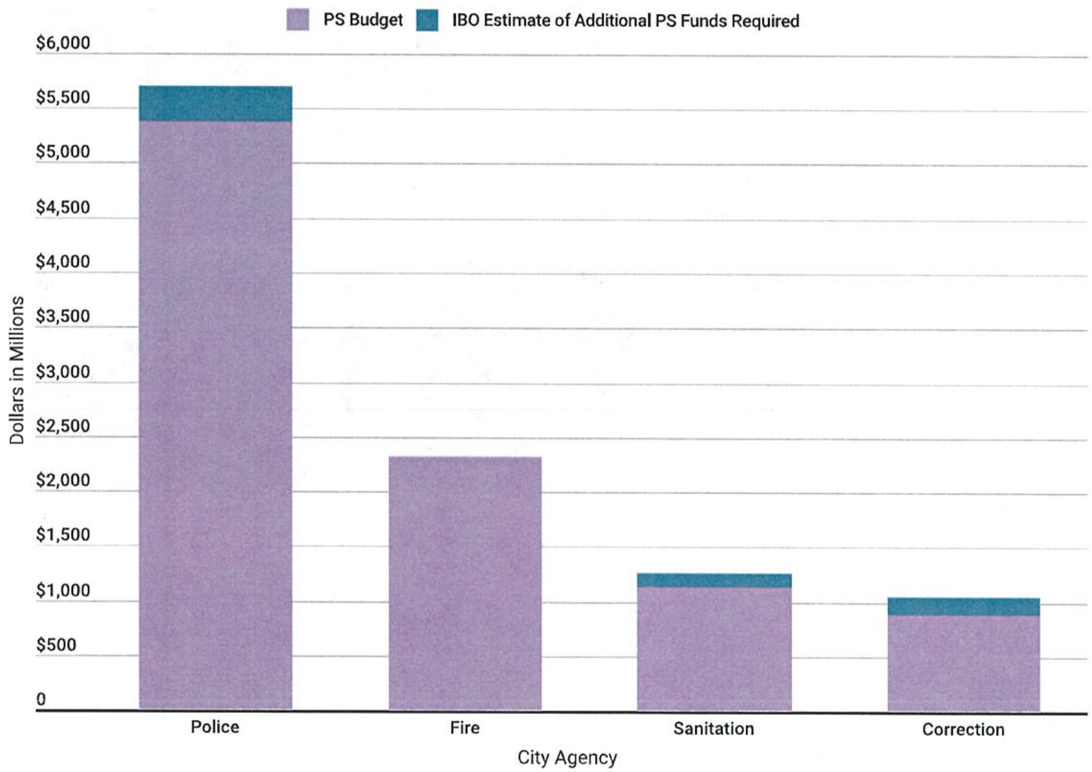


SOURCE: IBO analysis of Financial Management Systems data
NOTE: Year to Date Spending reflects Citywide payrolls through May 10, 2024.

- Citywide staffing costs in 2024 are budgeted at $54.9 billio, averaging to $2.1 billion per bi-weekly pay period. Through early May, staffing costs, referred to as personal services, have averaged around $1.9 billion per pay period.
- With four pay periods left to the fiscal year, and notable differences between budgeted and actual spending to date, IBO anticipates City PS costs are an area of substantial savings. Annual PS spending, especially towards the end of the fiscal year, is a relatively predictable area of the budget.
- IBO forecasts total 2024 Citywide PS savings of at least $1.1 billion for staff in non-uniformed positions and another $63 million in uniformed positions, for annual estimated savings of $1.2 billion ($789 million in City funds). This is IBO's single largest re-estimate of spending for 2024.
- IBO's PS savings estimates incorporate recent payroll data, cautiously anticipate an uptick in spending for the remaining pay periods, and factor in known one-time other personnel costs such as payments to the Retiree Health Benefits Trust.

More Than $600 Million Needed for Staffing Costs Across Uniformed Agencies in 2025

IBO Estimates Additional Funds Will Be Needed For Most 2025 Uniformed Agency Personal Services (PS) Budgets



SOURCE: IBO analysis of OMB data

$9.7 Billion

Uniformed Agencies—the Departments of Police, Fire, Sanitation, and Correction—have staffing budgets that total $9.7 billion in 2025, $1.1 billion of which is budgeted for overtime costs.

$605 Million

Collectively, IBO estimates the Police, Correction, and Sanitation Departments will need an additional $605 million in 2025 to cover underbudgeted staffing costs, referred to as personal services. For this additional funding, IBO estimates $593 million would be for uniformed overtime.

Personal Services

Of the total $605 million, IBO estimates that $325 million will be spent for Police, $159 million for Correction, and $121 million for Sanitation.

Fire Department

IBO found the Fire Department's 2025 budget to be in line with 2024 spending trends and does not estimate additional PS funding for 2025 will be needed, provided current trends continue into next year.

IBO Predicts Lower Spending on Asylum Seekers Than the Administration

Difference Between Administration And IBO for Asylum Seekers

Dollars in Millions

Funding Source	Fiscal Year 2025	2026	2027
City	($1,997)	($965)	$1,000
State	$0	($322)	($1,000)
Federal	$0	$0	$0
Difference from OMB Total	($1,997)	($1,287)	$0

SOURCE: IBO analysis of OMB and State budget data

IBO factored in the middle-cost scenario for predicted lower spending on asylum seekers (see May 2024 report for more details). IBO estimates asylum seeker costs at $2.8 billion for 2025 and $2.7 billion for 2026. In other words, the differences of $2.0 billion in 2025 and $1.3 billion in 2026 represent the differences between the Administration's estimates and IBO's middle-cost scenario estimates.

State Funding

$1.0 Billion

The 2025 Enacted State Budget included $1.0 billion to reimburse the City for costs related to asylum seekers incurred from March 2022 through March 2024. The State is to reimburse the City by 29 cents for every $1 spent.

$1.7 Billion

As of March 31, the City has submitted $1.7 billion in claims to the State, to be reimbursed at 29% for $497 million. The City also received $500 million in advance payments. Under the present State deadline, the City has until August 15, 2024 to submit the remaining $1.75 billion in claims to receive the full $1.0 billion promised by the State.

$322 Million

In 2026, IBO estimates that the City will receive $322 million less in State funds marked for asylum seekers based on the Enacted State budget and IBO's estimated total costs for asylum seekers.

$1.0 Billion

In the Executive Budget, the Administration has added $1.0 billion in State funds in 2027 for asylum seekers. However, since this funding is not included in the 2025 Enacted State Budget, this is a risk for the City budget.

Federal Funding

$49 Million

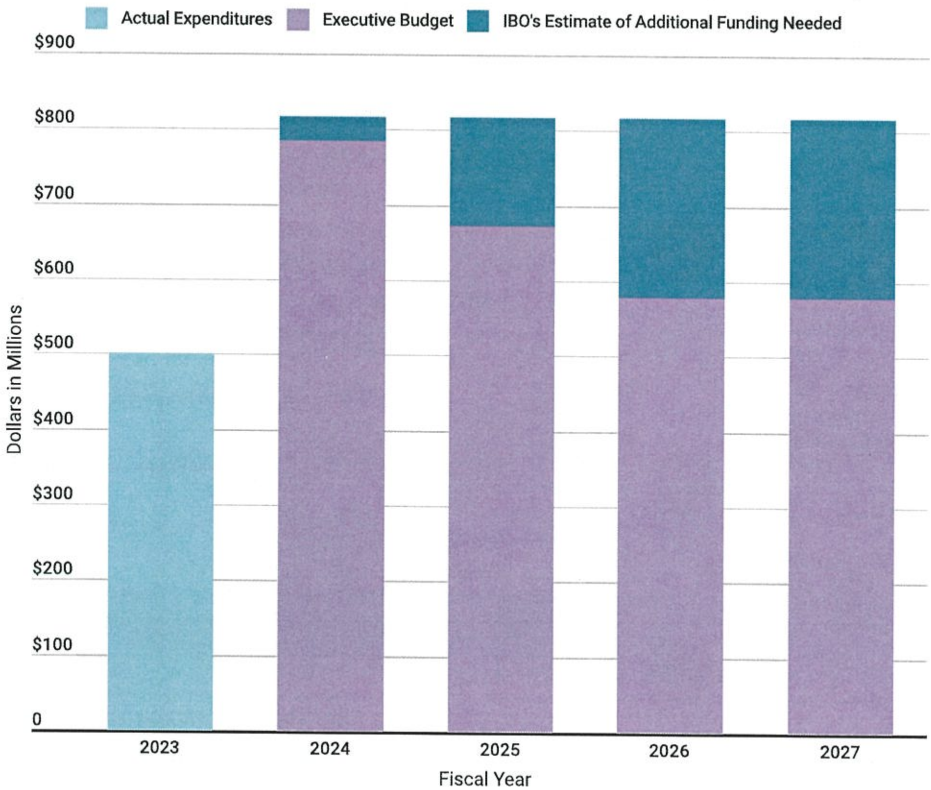
The City has received $49 million of $156 million designated for the City from the Federal Emergency Management Agency, with an additional $1 million for immunization expenses.

$107 Million

The City has until January 2026 to submit claims for the remaining $107 million for costs incurred through September 2025.

Administration Now Funds CityFHEPS Program in All Years of Financial Plan

IBO Estimates More Funding Needed to Support Program at Current Levels



SOURCE: IBO analysis of OMB data
NOTE: Funding estimates reflect size of current program and do not include any potential future expansions of CityFHEPS. Actual expenditures for 2023 include funding in CityFHEPS and other housing voucher-related budget codes.

- For the first time since it was created in 2019, the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) program is funded for all years of the financial plan. Previously, CityFHEPS had largely been funded one year at a time.
- The Administration budgeted CityFHEPS at $673 million in 2025, comprising $597 million in City funds, $75 million in Federal Covid stimulus funding, and $1 million in other State and Federal funds.
- In 2026 and 2027, the Administration budgeted the program at $578 million each year, comprising $577 million in City funds and $1 million in State and Federal funds.
- Based on historic spending rates at this point in the budget cycle, IBO estimates that the City will spend an additional $32 million in 2024, for a total of $816 million. However, IBO projects that an increase in spending in this area will be more than offset by surpluses in other parts of the Human Resources Administration's (HRA's) budget. IBO expects future years to require at least as much funding to continue to the program at its current level, necessitating additional funding in each year of the financial plan. This does not include any costs associated with expanding the program.

Executive Budget Increases for Department of Education Are Insufficient to Continue Programs Previously Supported by Stimulus Funds

IBO Estimates for Department of Education Budget

For 2024 through 2028, IBO estimates $4.6 billion in additional City funds will be needed for the Department of Education (DOE). This comprises estimated additional spending for:

- Charter school tuition costs, implementation of the State class size law, Carter Cases, and less-than-anticipated Medicaid revenue. In total, IBO estimates an additional $118 million for 2024, $584 million for 2025, $670 million for 2026, and $758 million each year for 2027 and 2028 for these needs.
- Maintenance of recurring programs previously supported by Federal stimulus funds. IBO estimates an additional $187 million will be needed in 2025 and $505 million annually starting in 2026, even with the Administration's addition of City and State funding. (See table for further details.)

The State budget also included a two-year extension of mayoral control and additional stipulations for capital (see slide 15 for more details).

Dollars in Millions

Programs Receiving Federal Stimulus Aid	New Funds Added in the Executive Budget		IBO Estimate for Additional Funds Still Needed	
	2025	2026-2028 (in each year)	2025	2026-2028 (in each year)
Federal Stimulus Gaps Funded by State Aid	**$316**	**$316**	**$4**	**$49**
Mental Health Staff	$74	$74		$5
Community School Expansion	56	56		
Special Education Pre-K	56	56		40
Pathways Expansion	53	53		
Public Schools Athletic League Expansion	27	27		
Literacy and Dyslexia	17	17		
Students in Temporary Housing Coordinators	17	17		
Bilingual Education	10	10	3	3
Translation Services	6	6	1	1
Federal Stimulus Gaps Funded by City Funds	**$198**	**$0**	**$0**	**$278**
3-K Funding	$92			$92
Summer Rising	-			80
Arts Funding	41			41
Learning to Work	31			31
Project Pivot	15			15
Affinity Groups	10			10
New Visions Data Platform	9			9
Additional Federal Stimulus Gaps for Restorative Justice Expansion, Contracted Nursing, Digital Learning, Gifted and Talented Expansion, Parent and Family Engagement, and others	0	0	183	178
TOTAL	**$514**	**$316**	**$187**	**$505**

SOURCE: IBO analysis of 2025 Executive Budget and previous financial plans, and communications with DOE.
NOTE: The Preliminary Budget included an additional $80 million for Summer Rising in 2025.

Executive Budget Included Limited Restorations To Previous Program to Eliminate the Gap (PEG) Cuts and Added Funds in Related Areas

The Administration required agencies to reduce City-funded spending by 10% across the November and January Financial Plans through a PEG program. The Executive Budget partially restores some previously announced budget reductions, while leaving others in place.

Partial Restorations and Additions

- The largest restoration of prior PEGs for 2025 adds back in $63 million in funding, with additional funds through the plan period, for the two police officer academy classes planned for July and October 2024.
- Of the $20 million in PEGs to cultural institutions in 2024, $7 million was restored to the Cultural Institutions Group (CIG), leaving in place $6 million in cuts to the CIG and $7 million to the Cultural Development Fund grant program. In 2025 and the outyears, reductions to cultural organizations were restored by half: in each year, about $8 million was restored while $8 million in PEGs remains.
- Alternatives to incarceration and re-entry services, which serve justice-involved individuals, were partially restored for 2025 only, totaling $10 million. Reductions from November and January of almost $27 million annually for the programs remain in the outyears.
- The Executive Budget also added funds across 13 City agencies for Cost of Living Adjustments for nonprofit contracts that support human services programs. For the years of the financial plan, a total of $741 million was added: $80 million in 2025, $163 million in 2026, and $248 million for each year in 2027 and 2028.
- Note that the Executive Budget does not reflect the $100 million recently announced funds for childcare, half of which will be provided by Robin Hood, as part of the Administration's Childcare Quality and Innovation Initiative for New York City.

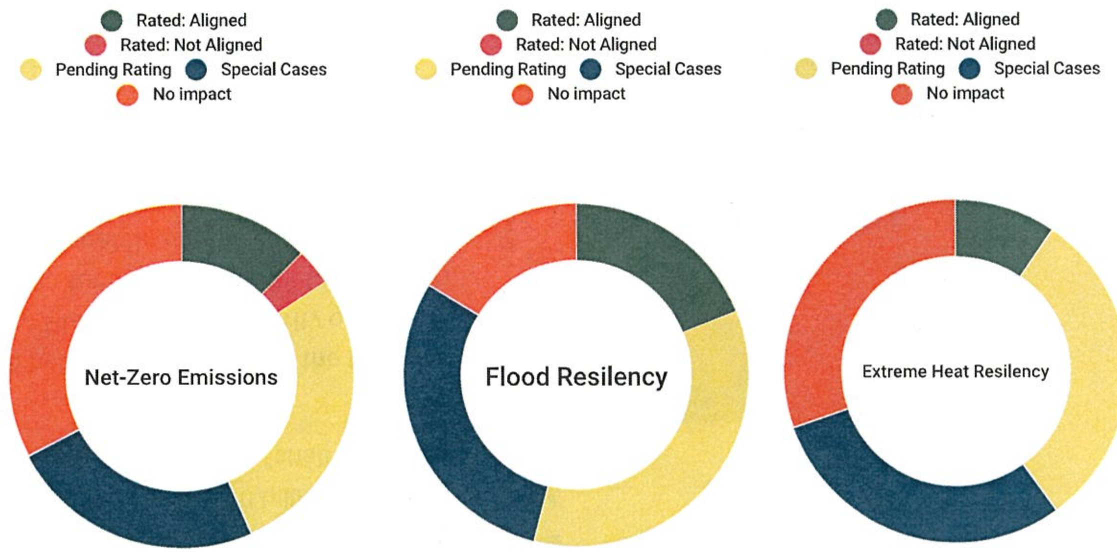
PEGs Remaining in Place

- Prior PEG cuts to crime victim services, mentorship programs, supervised release, and other criminal justice programs that span the Office of Criminal Justice and the Department of Probation, totaling $32 million in 2025 and about $18 million beginning in 2026.
- PEGs for libraries, $24 million for 2024 and $22 million annually thereafter, which resulted in the elimination of Sunday services.
- Reductions in two areas where the City largely contracts with nonprofit organizations for the provision of human services include older adult centers and DOE early childhood programs. PEGs from the two previous financial plans for older adult centers total $19 million in 2024, $2 million annually in 2025 and 2026, and over $15 million in 2027 and 2028. Funding for DOE early childhood programs was reduced by $170 million annually for 2025 through 2028, although additional funds were added to the Federal stimulus gap for pre-K and 3-K for 2025 only.

Climate Budgeting Evaluates Capital Budget Alignment With City's Environmental Goals

- As part of the 2025 Executive Budget, the Administration released New York City Climate Budgeting, a new report for the City which evaluates how City capital investments move the City towards long-term environmental goals:
  - Net-Zero Emissions
  - Flood Resiliency
  - Extreme Heat Resiliency
- In this first report, only a small portion of the capital budget was rated against these three climate priorities. The remaining capital dollars were marked as pending a rating, a special case that cannot be rated, or having no relationship to the climate priorities. With future Climate Budgets, the Administration has indicated its intent to rate a greater percentage of City capital investments.
- The Administration's current rating process only analyzed the $98 billion 2024-2028 Capital Commitment Plan, rather than the entire $170 billion Ten-Year Capital Strategy

2024-2028 Capital Commitment Plan Investments Evaluated for Meeting Environmental Goals



SOURCE: IBO analysis of New York City Climate Budgeting data

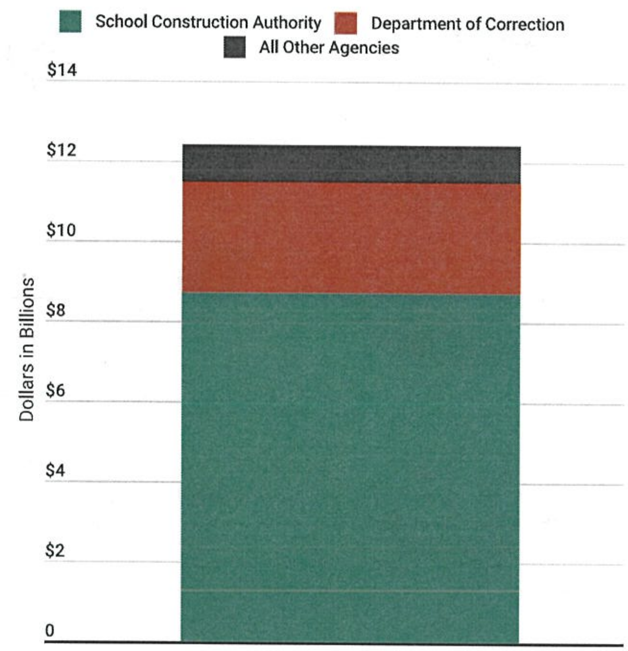
Rated: Sufficient information to determine if the capital project is aligned or not aligned with each of the three climate priorities: net-zero emissions, flood resiliency, extreme heat resiliency.
Pending Rating: Climate information needed to rate is not available. Project may be in early planning stages.
Special Cases: Typically, City-funded projects completed by non-City entities—mainly public authorities—with insufficient information to rate.
No Impact: Projects that were determined to have no potential impact on the climate priorities.

Executive Budget Includes Additional Capital Funds Based on Increase in City's Capacity to Incur Debt in State Budget

- The City sought to add $18.5 billion to New York City Transitional Finance Authority's (TFA) statutory limit, which is exempt from the State Constitutional debt limit, and was previously set at $13.5 billion.
- As part of the 2025 Enacted State Budget, the State increased TFA's statutory debt issuing limit by $14.0 billion over two fiscal years, an additional $8.0 billion in 2024 and $6.0 billion in 2025. The law authorizing this additional debt capacity for TFA stipulates that the City "shall increase planned spending on classroom construction by $2.0 billion."
- With this expanded borrowing capacity, the City added $12.5 billion in funds across the ten-year plan window as part of Executive Budget Capital Commitment Plan. The vast majority of this went towards the School Construction Authority ($8.7 billion) to fund its 2025-2029 Capital Plan and the Department of Correction ($2.8 billion) to address additional funding needs for the construction of borough-based jails.

IBO plans to publish a separate analysis of items included in the 2025 Enacted State Budget that are expected to have notable impacts for New York City. These include: the creation of the Affordable Neighborhoods tax exemption program for new construction residential housing (485-x), tenant protections under good cause eviction, zoning reforms, local enforcement of unlicensed cannabis shops, changes to Tier 6 of the City's pension system, and changes in education aid, among others.

Most New Funding Added in Executive Budget Ten-Year Capital Plan Earmarked for School Construction Authority and Department of Correction



SOURCE: IBO analysis of OMB's Capital Commitment Plan

IBO Total Revenue and Expenditure Projections: Fiscal Years 2024-2028

Dollars in Millions

	Prior Year Actuals	Projected					Average Annual Change
	2023	2024	2025	2026	2027	2028	2023-2028
Total Revenue, Less Intra-City	$108,478	$114,300	$111,629	$112,746	$115,178	$118,662	1.8%
Taxes	73,299	73,648	76,363	78,779	81,936	85,157	3.0%
Other City & Interfund Revenue (Less Intra-City)	7,250	7,201	7,045	6,942	6,896	6,929	(0.9%)
State, Federal, and Other	27,929	33,452	28,220	27,025	26,346	26,576	(1.0%)
Total Expenditures	$106,527	113,166	111,637	118,977	123,034	124,637	3.2%
IBO Additional Operating Surplus/(Gap)		$1,134	($8)	($6,231)	($7,856)	($5,975)	
IBO Prepayment Adjustment 2024/2025		($1,134)	$1,134	-	-	-	
IBO Surplus/(Gap) Projections		$0	$1,126	($6,231)	($7,856)	($5,975)	
Adjustments for Prepayments and Non-Recurring Expenses							
Net Prepayments	$636	$1,541	$3,938	$0	$0	$0	
General Fund Reserves	-	50	1,450	1,450	1,450	1,450	
Other Adjustments	-	(400)	-	191	337	(500)	
Total Expenditures Incurred in Fiscal Year	$107,163	$115,057	$114,125	$117,336	$121,247	$125,587	3.2%
City-Funded Expenditures Incurred in Fiscal Year	$82,835	$83,499	90,018	88,600	91,855	$94,272	2.6%

SOURCES: IBO; OMB

NOTES: Figures may not add up to precise total due to rounding. Net prepayments include payments of debt service. Total Expenditures Incurred in Fiscal Year is the sum of Total Expenditures and Net Prepayments, less General Fund Reserves and Other Adjustments. Total Expenditures Incurred removes the effect of prepayments and other adjustments to present the total expenditures incurred in a given fiscal year, rather than the cash paid for expenditures.

April 2024 Economic Forecasts

IBO Compared with OMB

	Calendar Year				
	2024	2025	2026	2027	2028
National Economy					
Real GDP Growth					
IBO	2.6	1.6	1.9	2.2	2.3
OMB	2.5	1.4	1.7	1.8	1.8
Inflation Rate					
IBO	2.9	2.4	2.3	2.2	2.2
OMB	3	2.1	2.7	2.5	2.3
Personal Income Growth					
IBO	4.9	4.2	4.3	4.4	4.6
OMB	5	5.2	5	4.8	4.6
Unemployment Rate					
IBO	4.1	4	4	4	4
OMB	3.9	4.2	4.5	4.5	4.4
10-Year Treasury Bond Rate					
IBO	4.2	4.1	4	4	4
OMB	3.9	3.5	3.3	3.2	3.2
Federal Funds Rate					
IBO	5.2	4.3	3.3	2.9	2.8
OMB	5.1	3.7	2.7	2.6	2.6

	Calendar Year				
	2024	2025	2026	2027	2028
New York City Economy					
Nonfarm New Jobs (thousands)					
IBO (Q4 to Q4)	91.1	78.4	68.1	54.1	46.9
OMB (Q4 to Q4)	73.9	89.2	78.1	69.8	73.8
Nonfarm Employment Growth					
IBO (Q4 to Q4)	1.9	1.6	1.4	1.1	0.9
OMB (Q4 to Q4)	1.6	1.9	1.6	1.4	1.5
Inflation Rate (CPI-U-NY)					
IBO	3.1	2.7	2.6	2.4	2.4
OMB	1.9	1.6	2.1	2.2	2.1
Personal Income ($ billions)					
IBO	797.8	832.3	874.3	913.6	951.4
OMB	721.2	761.2	801.4	841.6	883.1
Personal Income Growth					
IBO	3.3	4.3	5	4.5	4.1
OMB	4.5	5.6	5.3	5	4.9
Manhattan Office Rents ($/sq.ft)					
IBO	80.4	79.9	80.1	80.4	80.6
OMB	80.1	79.6	79.8	79.9	79.9

SOURCES: IBO; OMB

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, Federal Funds Rate, and Manhattan Office Rents. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal. IBO and OMB measure New York City personal income differently, making data and forecasts not directly compareable.

IBO Revenue Projections

IBO Revenue Projections Fiscal Years 2024-2028

Dollars in Millions

	2023 Actuals	Projection 2024	2025	2026	2027	2028	Average Actual Change
City Tax Revenue							
Property	$31,507	$32,754	$33,597	$34,350	$35,633	$36,817	3%
Personal Income	17,183	$15,792	$17,033	$17,687	$18,683	$19,834	3%
General Sales	9,540	$10,045	$10,378	$10,802	$11,173	$11,540	4%
Corporate Taxes	5,974	$6,525	$6,397	$6,413	$6,513	$6,758	2%
Unincorporated Business	2,545	$2,748	$2,818	$2,917	$3,016	$3,122	4%
Real Property Transfer	1,277	$1,182	$1,342	$1,510	$1,603	$1,636	5%
Mortgage Recording	898	$639	$768	$923	$1,034	$1,103	4%
Commercial Rent	910	$910	$925	$952	$969	$978	1%
Utility	420	$400	$420	$462	$492	$495	3%
Hotel Occupancy	645	$715	$740	$775	$802	$831	5%
Cannabis	1	$3	$12	$30	$36	$37	117%
Other Taxes and Audits	2,400	1,935	1,933	1,957	1,982	2,007	(4%)
Total City Taxes	$73,299	$73,648	$76,363	$78,779	$81,936	$85,157	3%

	2023 Actuals	Projection 2024	2025	2026	2027	2028	Average Actual Change
Other Revenue							
STaR Reimbursement	$138	$128	$126	$124	$122	$120	(3%)
Miscellaneous Revenue	8,589	8,531	8,156	8,071	8,025	8,059	(1%)
Unrestricted Intergovernmental Aid	186	17	-	-	-	-	n/a
Disallowances	(13)	(15)	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	$8,900	$8,661	$8,267	$8,180	$8,132	$8,164	(2%)
TOTAL CITY-FUNDED REVENUE	$82,199	$82,309	$84,630	$86,959	$90,067	$93,321	3%
State Categorical Grants	$17,070	$19,725	$19,131	$18,544	$17,924	$18,089	1%
Federal Categorical Grants	9,974	$12,579	$7,969	$7,363	$7,305	$7,370	(6%)
Other Categorical Aid	885	$1,148	$1,119	$1,118	$1,117	$1,117	5%
SUB-TOTAL REVENUE	$110,128	$115,760	$112,850	$113,984	$116,414	$119,898	2%
Interfund Revenue	699	734	761	770	770	770	2%
Intra-City Revenue	$2,348	$2,194	$1,982	$2,008	$2,006	$2,006	(3%)
TOTAL REVENUE, Less Intra-City	$108,478	$114,300	$111,629	$112,746	$115,178	$118,662	2%

SOURCES: IBO; OMB

NOTES: Figures may not add to precise total due to rounding. Corporate taxes comprise three separate taxes: the business corporation tax for C corporations, the general corporation tax, and the banking corporation tax for S corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax enacted in 2022.

IBO Revenue Projections

City Tax Projections Fiscal Years 2024 - 2028 IBO Compared With OMB

Dollars in Millions

	Fiscal Year				
	2024	2025	2026	2027	2028
Property					
IBO	$32,754	$33,597	$34,350	$35,633	$36,817
OMB	32,786	33,700	34,306	35,334	36,016
Personal Income					
IBO	15,792	17,033	17,687	18,683	19,834
OMB	16,001	17,284	17,474	18,401	19,137
General Sales					
IBO	10,045	10,378	10,802	11,173	11,540
OMB	9,967	10,371	10,822	11,238	11,726
Corporate Taxes					
IBO	6,525	6,397	6,413	6,513	6,758
OMB	6,439	6,507	6,074	6,136	6,246
Unincorporated Business Taxes					
IBO	2,748	2,818	2,917	3,016	3,122
OMB	2,630	2,669	2,758	2,828	2,893
Mortgage Recording and Real Property Transfer					
IBO	1,821	2,110	2,433	2,637	2,739
OMB	1,728	1,966	2,087	2,273	2,386

	Fiscal Year				
	2024	2025	2026	2027	2028
Hotel Occupancy					
IBO	715	740	775	802	831
OMB	713	743	764	783	836
Cannabis					
IBO	3	12	30	36	37
OMB	5	10	20	28	30
Other Taxes & Audit					
IBO	3,245	3,278	3,371	3,443	3,480
OMB	3,250	3,218	3,300	3,369	3,408
Total Tax Revenue					
IBO	73,648	76,363	78,779	81,936	85,157
OMB	73,519	76,468	77,605	80,390	82,678

SOURCES: IBO; OMB

NOTES: Figures may not add to precise total due to rounding. Corporate taxes comprise three separate taxes: the business corporation tax for C corporations, the general corporation tax, and the banking corporation tax for S corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax enacted in 2022.

IBO Expenditure Projections Fiscal Years 2024-2028

Dollars in Millions

		Financial Plan					
	2023 Actuals	2024	2025	2026	2027	2028	Average Actual Change
Operational Expenditures							
Agency Expenditures	$75,828	$84,673	$81,067	$82,413	$84,555	$82,924	1.8%
Labor Reserve	$2,568	$744	$1,405	$1,492	$1,863	$2,538	N/A
Total Operational Expenditures	$78,395	$85,417	$82,472	$83,905	$86,418	$85,463	1.7%
Other Expenditures							
Fringe Benefits	$12,506	$12,810	$14,139	$14,876	$15,452	$16,060	5.1%
Debt Service	$7,080	$6,429	$4,301	$8,938	$9,617	$10,441	8.1%
Pensions	$9,711	$9,355	$10,379	$10,801	$10,926	$11,867	4.1%
Judgments and Claims	1,183	1,300	877	823	840	862	(6.1%)
Subtotal Recurring Expenses	$108,876	$115,310	$112,169	$119,344	$123,253	$124,694	2.8%
General Reserve	$0	$50	$1,200	$1,200	$1,200	$1,200	N/A
Capital Stabilization Reserve	$0	$0	$250	$250	$250	$250	N/A
Retiree Health Benefit Trust	$0	$0	$0	$0	$0	$0	N/A
Rainy Day Fund Deposit	$0	$0	$0	$0	$0	$0	N/A
Other Adjustments	$0	-$400	$0	$191	$337	$500	N/A
Subtotal Non-Recurring Expenses	$0	$50	$1,450	$1,641	$1,787	$1,950	N/A
Intra-City Expenditures	$2,348	$2,194	$1,982	$2,008	$2,006	$2,006	N/A
TOTAL EXPENDITURES, Less Intra-City	$106,527	$113,166	$111,637	$118,977	$123,034	$124,637	3.2%

SOURCES: IBO; OMB

NOTES: Figures may not add up to precise total due to rounding. Other non-recurring adjustments include reserve funds, energy, lease, and non-labor inflation adjustments. Debt service growth is unadjusted for prepayments of current year expenses with resources from the prior year. Fringe benefits include the cost of health benefits covered by the Reitree Health Benefit Trust.

Spending Differences Between IBO and the Administration: Items That Affect the Gap

Dollars in Millions

	2024	2025	2026	2027	2028
Gaps as Estimated in the Executive Budget	**$0**	**$0**	**($5,453)**	**($5,452)**	**($5,745)**
Revenue					
Total City Taxes	$129	($105)	$1,174	$1,545	$2,479
Miscellaneous Revenue	($15)	$ -	$ -	$ -	$75
TOTAL REVENUE - CITY	**$114**	**($105)**	**$1,174**	**$1,545**	**$2,479**
Expenditures-City Funded					
Asylum Seekers	($7)	$1,997	$965	($1,000)	$ -
City-wide Personal Services	$798	$561	$ -	$ -	$ -
Youth and Aging	($20)	($385)	($376)	($376)	($376)
General Government	$63	($59)	($483)	($486)	($386)
Public Safety and Judicial	$121	($484)	($144)	($138)	$2
Education	($118)	($771)	($1,175)	($1,263)	($1,263)
Social Services and Homeless Services	$293	($514)	($538)	($535)	($535)
Environmental Protection and Sanitation	($62)	($240)	($228)	($193)	($193)
Transportation Services	($29)	($27)	($27)	($28)	($28)
Parks, Recreation, and Cultural Activities	($9)	($30)	($31)	($31)	($31)
Housing and Buildings	($11)	$48	$85	$101	$101
TOTAL EXPENDITURES - CITY	**$1,020**	**$97**	**($1,952)**	**($3,950)**	**($2,710)**
TOTAL IBO PRICING DIFFERENCES	**$1,134**	**($8)**	**($778)**	**($2,405)**	**($231)**
IBO Prepayment Adjustment 2023/2024	($1,134)	$1,134	$ -	$ -	$ -
IBO SURPLUS / (GAP) PROJECTIONS	**-**	**$1,126**	**($6,231)**	**($7,857)**	**($5,976)**

SOURCES: IBO; OMB

NOTES: Figures may not add up to precise total due to rounding. Negative pricing differences (in parentheses) widen the gaps, while positive pricing differences narrow the gaps. The categorization of agencies in IBO's chart generally mirrors the presentation of agencies in the Comptroller's Annual Comprehensive Financial Report.

This report was supervised by Louisa Chafee, Sarah Parker, Sarita Subramanian, Taina Guarda, and Logan Clark with report production by Tara V. Swanson.
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Please direct any inquiries on this report to press@ibo.nyc.gov

NYC Department of Finance

The Department of Finance
Fiscal 2025 Executive Budget Hearing Testimony

I. Introduction

Good afternoon, Chair Brannan, members of the Finance Committee, and members of the City Council.

My name is Preston Niblack, and I am the commissioner of the New York City Department of Finance. Thank you for the opportunity to testify today.

I'm joined by the department's first deputy commissioner, Jeffrey Shear, and our chief financial officer and deputy commissioner for administration and planning, Jacqueline James. I am grateful for their presence and support today and everyday.

II. Accomplishments

When I testified before the committee in March, I told you about some of DOF's most important recent accomplishments, including the redesign of our website, our new online Property Information Portal, renewed engagement with tax practitioners, and a record number of outreach events related to the annual notice of property value.

I am pleased to share additional good news resulting from our legislative efforts at the state level. The state budget included two items that we had actively supported: First, enhancing our ability to prevent, prosecute, and rectify deed fraud, and second, giving us the authority to inspect, fine, and close illicit cannabis shops.

As you know, Sheriff Miranda is leading a multi-agency enforcement action to shut down illegal smoke and cannabis shops across the five boroughs. Operation Padlock to Protect has hit the ground running. In its first few weeks, the operation has already sealed 175 stores.

These are priorities of the Adams administration, and their achievement will mean a safer New York for everyone.

III. FY 2025 budget

Turning now to our budget for the coming year.

The department's fiscal year 2025 budget is $347.1 million, up $6.1 million from the adopted fiscal year 2024 budget. This increase is largely due to the implementation of collective bargaining increases. The budget includes $191.1 million in personal services funding to support an authorized headcount of 1,983.

The proposed budget will allow us to continue the great work the entire DOF team has been doing, as well as to take on new initiatives led by this administration.

IV. Customer service updates

Customer service remains the Department of Finance's primary focus. Perhaps no agency in city government serves the public in as many ways as we do. If you own a home, start a business, or receive a parking ticket, you are, or soon will be, a Department of Finance customer. We are responsible for collecting the revenue that makes the city run—and we are committed to doing so in a friendly and professional manner.

I would like to highlight three customer service initiatives that will deliver concrete results for our customers in fiscal year 2025.

First, we have modernized our business tax and collections system to make it easier for people to pay what they owe and get help when they need it. Customers can now enroll in payment plans for ECB and parking violations debt online, as well as sign up for automatic payment deductions, which should help people stay current with their payment plans.

To supplement the new system and provide more options for customers, we have deployed a chatbot for business tax, Environmental Control Board, and parking debt in our eServices portal. Our users started taking advantage of the chatbot, who we call Linda, right away. Linda helps customers find what they need, which in turn reduces calls to the Collections Division, leading to better and faster customer service.

The second item I would like to highlight is a suite of improvements in the area of property tax exemptions.

As you know, the Department of Finance administers personal tax exemptions that significantly reduce the cost of housing for vulnerable New Yorkers. These include the Senior Citizen Homeowners' Exemption (SCHE) and the Disabled Homeowners' Exemption (DHE), which serve nearly 51,000 and 2,600 residents respectively. Additionally, the Rent Freeze Program serves nearly 61,000 households, with nearly 50,000 receiving the Senior Citizen Rent Increase Exemption (SCRIE) and 11,000 receiving the Disability Rent Increase Exemption (DRIE).

We are continuously seeking to help New Yorkers apply and qualify for these benefits. As you will recall, last year we got legislation enacted in Albany to greatly simplify the income definition used to determine eligibility for all four senior and disabled benefits.

Beginning last December, we reached out to over 19,000 households to encourage them to apply or reapply, and due to these efforts, 3,200 new property owners will receive senior citizen or disability exemptions in the upcoming tax year.

One of our goals this year was that any homeowner who submitted a completed application by the March 15th deadline would see their exemption on their first quarter statement of account in June. By introducing automated processing enhancements, and through the hard work of our Personal Exemptions Administration team, I'm pleased to report that we achieved our goal and that every homeowner whose application was approved will see their exemption on their June tax bill.

If I may, I want to take a moment to introduce to you the Personal Exemptions Administration team, led by Assistant Commissioner Pierre Dejean. Their hard work and dedication to their mission are what make it possible for us to achieve results like this so that tens of thousands of New Yorkers can continue to afford to stay in their homes.

The third customer service item I would like to mention is our continued outreach to New Yorkers in all five boroughs.

Led by our Assistant Commissioner Jackie Gold, our External Affairs team continues to reach more New Yorkers in their communities than ever before. This year alone, the DOF outreach team has conducted or taken part in 226 events, including the Mayor's town halls and councilmember district events. If you or any of your colleagues are interested in having us attend an event in the district, please let us know.

V. Plans for the coming year

Over the coming year, we will continue to make improvements and lead initiatives to meet our agency mandate. Our work will continue to be guided by principles of fairness, equity, and respect for our customers.

We are making changes in our Parking Violations Bureau to make disputing a ticket easier and fairer for drivers. We're tackling the problem of tickets issued to motorists whose license plates have been stolen or lost, by allowing the Office of the Parking Summons Advocate to represent vehicle owners who receive multiple tickets against lost or stolen plates.

We continue to expand digital access to apply for and manage personal exemptions, including the Veterans, Clergy and STAR programs.

And we are moving full steam ahead on what will be a legacy initiative for Mayor Adams and this Council, the long-awaited reform of our property tax system.

Many of our initiatives will require your support, and we look forward to working with the Council on these and other projects.

VI. Closing

To conclude, the Department of Finance remains dedicated to delivering top-tier customer service to all New Yorkers.

Every time I come here, I struggle to keep my testimony brief. That's because at every monthly check-in I have with our business units, and in each weekly memo from the divisions, a project is brought to my attention that highlights the DOF team's tireless commitment to improving our interactions with customers and performing our key functions more efficiently and effectively.

While I wish I had the time to present more of these initiatives, and the people behind them, to you, suffice it to say I am very proud of the agency I represent. I hope your experiences with DOF, and those of your constituents, reflect our continued dedication. We appreciate your ongoing support and are grateful for our continued collaboration.

We welcome any opportunity to assist with the needs of your constituents—our door is always open.

Thank you for allowing me to testify today. I'll be happy to address any questions you may have.

Mayor's Office of Management and Budget

TESTIMONY OF JACQUES JIHA, Ph.D.
BUDGET DIRECTOR

Fiscal Year 2025 Executive Budget Hearing Testimony

May 22, 2024

Good morning, Speaker Adams, Chair Brannan, and members of the Finance Committee and City Council. Thank you for the opportunity to testify here today about the Fiscal Year 2025 Executive Budget.

I am Jacques Jiha, Director of the New York City Mayor's Office of Management and Budget. I am joined by Senior Deputy Directors Tara Boirard and Latonia McKinney.

We faced unprecedented challenges over this budget cycle, including the need to spend billions of dollars to house and care for asylum-seekers with almost no help from the federal government. Federal stimulus dollars that had been used to fund long-term programs are expiring and creating budget cliffs.

In the spring of 2022, increasingly large numbers of asylum-seekers began arriving in New York City. By July 1, 2023, we were housing, feeding, and caring for about 52,000 migrants, and 84,000 had come through our intake system. As of last week, we have 65,800 migrants in our care, and more than 198,500 have gone through our intake system.

Our initial cost forecast, which was reflected in the FY24 Adopted Budget, was $2.9 billion in FY24 and $1 billion in FY25.

Amazingly at that time many monitors said our cost estimates were too high. What we ultimately learned was that they were too low.

By mid-summer the data confirmed the alarming trend. Arrivals surged well past our initial estimates, pushing costs significantly above our forecast.

Accordingly, in early August 2023 we announced an update to our cost forecast, increasing it to $4.7 billion in FY24 and 6.1 billion in FY25. On top of the $1.45 billion already spent in FY23, this brought total projected cost to $12.25 billion over just three fiscal years.

Because we had to reflect the updated forecast in the November Financial Plan, the FY25 gap, which was $5.1 billion and within historic norms at Adoption, grew to an astonishing $10 billion.

To balance the budget and protect the city's fiscal outlook, we had to act quickly, take matters into our own hands, and make the best use of the limited tools at our disposal. We could not simply hope and pray that federal aid would arrive, or that the economy would bail us out. This was a risk we could not afford to take.

Accordingly, as I discussed with the council in meetings and at hearings, we made a series of tough, but necessary, decisions to stabilize the city's finances as early as possible. This included announcing the implementation of three 5% agency PEGs in November, January, and April, and freezing hiring and OTPS spending.

Further, the mayor asked us to develop a plan to reduce asylum-seeker expenses, which had grown to an unsustainable level. In response, the administration implemented policies to accelerate exits from the city's care and reduce household per diem costs. Our goal was to reduce migrant-related expenses by 20% in the Preliminary Budget and an additional 10% in the Executive Budget.

The measures we took, along with better-than-expected revenue from a resilient economy, allowed us to keep both FY24 and FY25 balanced and to stabilize the fiscal outlook by reducing our out-year gaps to manageable levels.

The Executive Budget highlights the importance of our early planning efforts and reflects the work we have done throughout the budget cycle to stabilize the city's finances and outlook. Even though we still face challenges ahead, we are in a better place than we were just last fall.

The FY25 budget remains balanced at $111.6 billion. Outyear gaps are manageable and within historic norms at $5.5 billion in FY26, $5.5 billion in FY27, and $5.7B in FY28.

Because we were on stronger ground, the mayor cancelled the agency PEG in this plan. He also relaxed the hiring and OTPS freezes.

However, we still achieved nearly $750 million of additional savings in FY24 and FY25, driven by nearly $600 million in asylum-seeker cost reductions. This brings total migrant-related savings to $2.3 billion over the two fiscal years, a nearly 30% reduction, and has reduced the cost forecast to $10 billion over three fiscal years.

Total PEG savings over the two fiscal years across the November, January, and April plans are a record level of $7.5 billion, before accounting for restorations.

We also benefitted from a resilient economy that has shown tremendous strength, despite the Federal Reserve's contractionary monetary policies. Between March of 2022 and July of 2023, the Federal Reserve raised its benchmark rate 11 times to slow down the economy and cool inflation. As a result, most economists predicted a recession in the second half of 2023. Instead, the economy grew by 3% in the second half of 2023, resulting in a growth of 2.5% for that year. The stronger economy generated additional tax revenues, which are reflected in the plan. Consequently, in the Executive Budget, we revised upward our tax-revenue forecast by an additional $619 million in FY24 and $1.7 billion in FY25.

Put simply, because of our prudent management, we have stabilized the city's finances without raising taxes, laying off employees, significantly disrupting services, and drawing down our reserves, which remain at a near record of $8.2 billion.

It is important to note that none of this would have been possible if we had relied on revenues alone to bail us out – we **had to** achieve agency savings and lower migrant costs. As we planned in real time, we also could not make risky bets about the country's economic trajectory. We could not gamble with the city's future.

By managing the city's resources efficiently and effectively, we not only freed up resources to fund the migrant crisis and balance the budget, **but also** funded many of the critical long-term educational programs that had been supported with expiring federal stimulus. This is a major accomplishment; we can all agree that these programs should not vanish because federal dollars expire later this year.

In this plan, we protected $514 million of stimulus funded DOE programs. This includes $92 million for the citywide Pre-K expansion, $74 million for mental health support in schools, $56 million for special education 3-K, $53 million for Pathways, $41 million for arts in schools, and so much more.

In addition to the operational cliffs that are funded in the Preliminary Budget, we added $614 million in FY25 and $540 million annually thereafter to fund the CityFHEPS voucher program.

Achieving a stable fiscal outlook also allowed us to restore nearly $80 million in PEGs in this plan that were taken earlier in the fiscal year. While important, the restorations we did in the January and April plans represent less than 4% of the savings we achieved over FY24 and FY25 in this cycle.

In this plan we restored the July and October police classes that had been cancelled as part of the November PEG. With the restoration of the April class in January, all

2024 classes are now funded, which puts more officers on the street to protect the public.

We also restored funding for the Cultural Development Fund, which distributes grants to more than one thousand arts groups citywide, and the Cultural Institutions Group.

Supporting upstream solutions to gun violence is an important part of Mayor Adams's strategy to keep the city a safe place to live, work, and raise a family.

In this plan we funded Job Connections, a program that will connect 500 young New Yorkers at risk of gun violence with career readiness and green job placement. We also supported an expansion of the Crisis Management System and added resources for the Neighborhood Safety Alliance.

To further the administration's commitment to early childhood education, we have expanded our outreach efforts to make sure that parents are aware of available 3-K and Pre-K seats in their communities. We also added funding to increase access to special education Pre-K.

In support of the mayor's mission to make the city more livable for working-class people, the Executive Budget funds the country's largest medical debt relief program, which will eliminate $2 billion in medical debt for qualified low-income and severely debt-burdened New Yorkers. The plan also includes additional funding for M/WBE and community hiring efforts, and grants for Small Business Improvement Districts and merchant associations in low- to moderate-income communities.

Making the city more livable includes doing our part to reduce greenhouse gas emissions and protect New Yorkers from the impacts of climate change. To help get this done, OMB has launched Climate Budgeting – making us the first big city in the country to review every investment we make through a climate lens.

This new tool is now embedded in the budget decision-making process and will help make our city cleaner and greener over generations to come. And not only are we leading in the U.S., but we have also joined an elite group of global cities that have implemented climate budgeting, including London, Mumbai, and Oslo.

Before I conclude, it is important to reiterate that we are not out of the woods just yet. The economy is showing signs of weakness. We are already seeing a slowdown in GDP and job growth. Economic growth slowed to 1.6% in the first quarter and national employment growth has also decelerated to 175,000 in April from a monthly average of 250,000 in 2023. Similarly, the city's employment picture has slowed, with the city losing 1,000 jobs in April. Also, inflation remains stubbornly above the Fed's target of 2%.

Federal Reserve's interest-rate policies are likely to remain unchanged in the near term, which will continue to negatively impact residential real estate markets. While commercial office vacancies are expected to peak this year, they are projected to remain high throughout the financial plan. These factors will likely limit property tax revenue growth going forward, which is the city's single largest source of tax revenue.

Geo-political events and potential supply-chain disruptions also remain a major risk to the world economy.

Further, April tax collections are about $200 million below what is anticipated in the Executive Budget, largely driven by growth of personal-income-tax refunds. We are carefully monitoring this situation to see if it is just an anomaly.

In summary, we must remain cautious at adoption and beyond, and stay committed to strong fiscal management, which includes a focus on spending control and making the best use of limited taxpayer dollars.

Mindful of these concerns, I look forward to working with the council to adopt a budget that meets our joint priorities, is fiscally responsible, and keeps the city safe and clean, and a good place to live, work, and raise a family.

Thank you.

NYLPI
JUSTICE THROUGH COMMUNITY POWER

Testimony of Justin Wood
Director of Policy at New York Lawyers for the Public Interest
New York City Council Committee on Finance
Hearing on the FY24 Executive Budget
May 22, 2024

Thank you, Chair Brannan and Finance Committee members for the opportunity to comment on the proposed FY2025 Executive Budget.

As you know, the Independent Budget Office (IBO) recently released an end of year analysis showing that the City will end up with a budget surplus of about $1.1 billion following multiple cuts to vital public services, understaffing of agencies that serve as our city's social safety net and economic engine, and severe under-invest in proven solutions to systemic inequality and the monumental challenge of the climate crisis.

We thank Speaker Adams and the City Council for recognizing the immediate and long-term harms of the Mayor's austerity programs, and for proposing restorations and expansions of vital social and economic programs and infrastructure investments that will make our communities more equitable, sustainable, and healthy.

To this end, we are pleased to offer the following priorities to advance health justice, environmental justice, and disability justice in New York City:

1. Fully fund the City Council's Immigrant Health Initiative.

Since 2017, NYLPI has been privileged to be a part of the City Council's Immigrant Health Initiative. We use this funding to provide free immigration representation, holistic wrap-around services, comprehensive health screenings, and legal advocacy for undocumented New Yorkers.

The improved access to health insurance has had life-changing and often life-saving effects on the lives of our clients, often results in cost savings for the City and State and our safety net health care system, and strengthens our economy when people are able to resume work and productive lives.

In 2023, we were able to provide immigration and health screenings to 143 seriously ill people in the community and in detention. We provided direct legal representation for over 60 cases. We obtained state-funded healthcare for more than 30 previously uninsured immigrants. IHI funding also allowed NYLPI to advocate on behalf of over 20 clients who, even with our support in becoming eligible for state-funded healthcare, needed further advocacy with healthcare administration entities to ensure their enrollment. In addition, NYLPI conducted trainings on immigrant access to healthcare to frontline caseworkers, community-based organizations and legal service providers who serve immigrant communities throughout the city.

Our specific programs include:

A) Transplant Equity: Informed by our client experiences, NYLPI has been working to advance Transplant Equity since 2015 for immigrant New Yorkers. Based on misinformation, healthcare inaccessibility, and mistreatment of immigrant patients, many people in need of kidney transplants are denied necessary, lifesaving healthcare furthering racial/ethnic disparities in healthcare. With the support of IHI funding, NYLPI has been advancing this work through direct representation, advocacy, legislative efforts, trainings, and research. In 2021, we launched our pilot Transplant Justice Pipeline with the kidney transplant program at SUNY Downstate Medical Center. This program has trained hundreds of health care and legal services providers, including health providers at Montefiore Medical Center, the Bronx Health Collective, Bellevue, and Kings County Dialysis Centers. As a result, seven NYLPI clients received kidney transplants in 2023. This is a significant increase in the annual number of kidney transplants for noncitizens in New York.

We are grateful to Council Members Narcisse, Hanif, Schulman, and Louis for sponsoring legislation that would establish an Office of Organ Transplant Equity within the Department of Health and Mental Hygiene (DOHMH) to provide information and coordinate services for people seeking transplants. We encourage the Council to adopt this legislation to enhance equitable access to vital medical care for all New Yorkers.

B) UndocuCare: With the support of IHI funding, NYLPI's UndocuCare TGNCI+ program strives to ensure that immigrant New Yorkers who are transgender, gender-nonconforming, intersex (TGNCI), or living with HIV can obtain and sustain access to gender-affirming healthcare, HIV care, and housing through immigration legal advocacy. In the last fiscal year, the TGNCI+ project served 24 trans, gender non-conforming, intersex, or HIV-positive immigrant New Yorkers in their defensive asylum proceedings to prevent their deportation. We have a strong track record securing asylum for these clients, including three clients who won asylum in 2023 and one already in 2024. Furthermore, NYLPI staff represented several more people in their affirmative immigration cases with the goal of sustaining access to vital healthcare.

C) Health in Detention: The IHI funding also supports NYLPI's work seeking to improve access to healthcare in immigration detention facilities. For NYC residents held in detention, NYLPI provides crucial and urgent advocacy to improve health care and advocate for release. Through the funding provided by the Immigrant Health Initiative, we have built and continue to support our volunteer Medical Providers Network (MPN), now with over 250 medical professionals, available to perform reviews and consultations for people in detention in support of advocacy efforts. In 2023, NYLPI connected more than 50 people in detention to volunteer doctors. Many of these requests come from attorneys with the City Council-funded New York Immigrant Family Unity Project (NYIFUP) and help secure the release of their clients from immigration detention. We represent two individuals who have sued ICE and local counties for medical neglect while detained and have fielded requests from other advocates to assess the viability of legal claims on behalf of immigrants denied access to medical care while detained in ICE custody. We conduct this work in coordination with organizing efforts to shut down local detention centers.

2. **Fully implement Organics Recycling, Waste Equity, and Commercial Waste Zones Programs**

The administration's decision to close community composting programs and lay off composting workers is unacceptable and undermines our city's efforts to reduce waste and climate emissions and to educate millions of New Yorkers on the importance of diverting organic waste from landfills – both in our homes, and in our workplaces and businesses.
The Adams Administration's decision to close community composting programs and lay off composting workers is unacceptable and undermines our city's efforts to reduce waste and climate emissions and to educate millions of New Yorkers on the importance of diverting organic waste from landfills – both in our homes, and in our workplaces and businesses.

These program closures come just as a new waste characterization study shows that for the first time in recent history, recycling rates have actually declined to just 20% over the past several years – a serious blow to the City and State's climate and equity goals given that the waste sector is now thought to account for as much as 12% of statewide greenhouse gas emissions, and that polluting solid waste transfer stations and truck infrastructure remain concentrated in a few overburdened communities of color and low-income communities in our City.

While the Executive Budget includes $16.9 million for construction and renovation of transfer stations "in accordance with the City's Solid Waste Management Plan," DSNY has not announced a plan to begin accepting commercial waste at existing municipal marine and rail transfer stations, nor to convert a Manhattan marine transfer station to a commercial waste facility, which are among the commitments of the nearly expired 2006 Solid Waste Management Plan (SWMP). We urge that the FY2025 budget include funds to operate these transfer facilities during hours when they can accept commercial waste, thereby eliminating unnecessary diesel truck miles by private carters traveling from dense commercial districts to private transfer stations clustered in a few communities overburdened by waste facilities and other truck-intensive infrastructure. We commend the members of the Council Sanitation Committee for advancing Intro 55 of 2024 which would mandate a plan to accept commercial waste at these transfer stations by 20 and call on the Council to pass the bill as soon as possible.

Finally, we are concerned about reductions in enforcement programs in the proposed executive budget, when DSNY is preparing to implement the first of twenty commercial waste zones mandated by Local Law 199 of 2019. Robust enforcement of DSNY and Business Integrity Commission laws is critical to public health and safety and will need to be part of an all-out comprehensive effort to turn around declining citywide diversion rates. We especially highlight the critical importance of enforcing safety regulations, labor standards, and recycling rules in the commercial waste industry just as another New Yorker has been killed by a private sanitation truck reported to be illegally reversing down a one-way street. The highest safety and labor and environmental standards must be a pillar of the forthcoming Commercial Waste Zones system mandated by Local Law 199 of 2019.

3. Utilize the proposed allocations for B-HEARD to fund the CCIT-NYC non-police mental health crisis response system.

NYLPI remains deeply concerned about the City's dangerous and illegal practices relating to the involuntary removal of individuals perceived to have mental illness diagnoses for psychiatric evaluation. We also oppose the Behavioral Health Emergency Assistance Response Division ("B-HEARD") Program, a deeply flawed pilot that diverts resources desperately needed for non-police response to mental health crisis into a program that continues the criminalization of disability. For example:

- In FY23, about 79% of all mental health calls in B-HEARD precincts were still directed to the NYPD, and B-HEARD responded to only about 21% of total mental health calls in the pilot area. The City anticipates continuing to have about 50% of all mental health calls directed to the NYPD.
- All mental health calls continue to go through 911, which is under the NYPD's jurisdiction.
All mental health calls continue to go through 911, which is under the NYPD's jurisdiction.
- The program is run by the NYPD, the Fire Department and other City agencies, with NO role whatsoever for community organizations.
- The crisis response teams are composed of emergency medical technicians (EMTs) who are City employees (from the Fire Department) who are deeply enmeshed in the current police-led response system and are not trusted by peers. Moreover, B-HEARD has NO requirement to hire peers.
- The training of the teams does NOT require a trauma-informed framework, need NOT be experiential, and need NOT use skilled instructors who are peers or even care providers.
- The anticipated response time for crisis calls could be as long as half an hour, and when last reported averaged over fifteen minutes, which is not even remotely comparable to the City's response times for other emergencies of 8 to 11 minutes.
- The pilot operates only sixteen hours a day, with no outcome/effectiveness metrics and no oversight mechanism.

We urge that the FY25 budget instead include full funding for a truly non-police model of the sort proposed by Correct Crisis Intervention Today – NYC (CCIT-NYC) that, unlike B-HEARD, will:

- use the federal 988 hotline rather than the police-run 911 system;
- engage community members and individuals with lived mental health experience in its design, implementation, and oversight of crisis response — most crucially as members of the crisis response teams;
- include an independent EMT in the response team;
- run by culturally competent community organizations;
- train the teams using a trauma-informed framework, offer experiential learning, and be led by skilled peer instructors;
- be available 24/7; and
- have a response time comparable to that of other crises.

Notably, The CCIT-NYC model is based on the CAHOOTS model, which has operated for nearly 35 years without any serious injuries to individuals served or to staff, and has been adopted by cities across the country, including Los Angeles, San Francisco, Albuquerque, Denver, and New Haven.

4. Target New Dept. of Buildings staff to effective and affordable Local Law 97 implementation.

Local Law 97 of 2019 remains New York City's most ambitious and essential program to reduce greenhouse gas emissions from buildings, to make immediate public health improvements by reducing fossil fuel combustion in buildings, and to create thousands of high-quality local green jobs.

We appreciate the inclusion of $4 million for 36 new positions at the Department of Buildings in the proposed executive budget to implement and enforce Local Law 97. Yet 20 of the positions are for new "energy auditors," technical positions which we already understand may be hard to recruit given the civil service law and pay scale. Only two of the new positions are associated with outreach and assistance.

At this early juncture of Local Law 97 enforcement, the Council can help ensure that these funds are used to maximize the likelihood of compliance by helping to ensure that new DOB positions are focused on assisting owners on the front end of the compliance period. We have no clarity on what MOCEJ is doing as to outreach or assistance, nor have we been able to obtain any data from MOCEJ or elsewhere to learn about how owners are being assisted, or if the assistance being provided is meaningful and effective.

We remain seriously concerned that far too many building owners are opting to risk violations and fines rather than investing in compliance strategies such as energy efficiency and electrification, likely because it seems too expensive or logistically challenging. Pursuant to Local Law 97, owners could avoid penalties if they plan and design their electrification work in good faith. It is imperative that adequate mechanisms and staff be put in place now to assist owners to meaningfully plan compliance with Local Law 97, which will enable them to seek financial assistance from federal, state or city funds becoming widely available later this year. We hope that the final FY2025 Budget will clarify exactly which government entities will provide owners with planning and design assistance, and that such assistance be precisely tailored to achieving Local Law 97 compliant emissions reductions and energy savings as effectively as possible.

We thank you for the opportunity to submit testimony and look forward to working with Speaker Adams and the members of this Council to implement a budget that reverses the austerity cuts of the last two years, and advances our shared vision for a more equitable, sustainable, and healthy New York City.

Yours,

Justin Wood
Director of Policy
New York Lawyers for the Public Interest
Jwood@nylpi.org (###) ###-####

About New York Lawyers for the Public Interest

Founded more than 45 years ago by leaders of the bar, New York Lawyers for the Public Interest (NYLPI) is a community-driven civil rights organization that pursues justice for all New Yorkers. NYLPI works toward a New York where all people can thrive in their communities, with quality healthcare and housing, safe jobs, good schools, and healthy neighborhoods. In our vision, all New Yorkers live with dignity and independence, with the *resources they need to succeed. NYLPI seeks lasting change through litigation, community organizing, policy advocacy, pro bono service, and education.*

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NYIC

New York City Council
Committee on Finance

NEW YORK CITY COUNCIL FISCAL YEAR 2025
EXECUTIVE BUDGET HEARING

Testimony of the New York Immigration Coalition
May 22, 2024

Good morning. My name is Taina Wagnac and I am the Senior Manager of State and Local Policy at the New York Immigration Coalition, an umbrella policy and advocacy organization that works statewide with over 200 immigrant-serving member and partner organizations. Thank you to Speaker Adams, Chair Brannan, and the members of the City Council for convening this hearing and allowing us the opportunity to testify.

While we acknowledge that some partial restorations have been made in the Executive Budget, these efforts have been haphazard at best. The Administration's piecemeal approach to reinstating funding has created inconsistencies and inefficiencies that undermine the very purpose of the city's programs. Public libraries and adult literacy programs are essential pillars of our community, and partial, sporadic funding is insufficient to meet their needs and the needs of those who rely on them. These cuts are not just numbers on a spreadsheet; they represent a profound disservice to the lifeblood of our communities

The Administration's FY25 Executive Budget devastatingly failed to restore $58.3M in PEG cuts to the city's three public library systems. With these cuts, many library branches would have to cut Sunday hours and delay reopening of renovated branches as well as reduce spending on maintenance, materials and programming. Public libraries are more than just buildings filled with books; they are sanctuaries of knowledge, hubs of community interaction, and gateways to opportunities. For many, they are the only source of free internet access, a critical resource in today's digital age. Libraries offer safe spaces for children to learn and grow, for job seekers to find employment, and for individuals to access critical information and services.

The Administration must invest adequate funding to ensure that the city's high schools are well prepared to teach and support young adults in getting an education so that they may fully integrate into our communities and economy. Recently arrived immigrant youth who are 14-21 years old have no time to waste as they must learn English and meet their graduation requirements before they turn 21.

We must ensure that NYC's high schools are well prepared to teach and support these youth so that they get an education and can fully integrate into our communities and economy. Recently arrived immigrant youth who are 14-21 years old have no time to waste as they must learn English and meet their graduation requirements before they turn 21.

Cutting funding to public libraries undermines our commitment to education and equal opportunity. It disproportionately affects those who rely on these resources the most—students from low-income families, the unemployed, and the elderly. When we deny access to these resources, we widen the gap between the haves and the have-nots, pushing our most vulnerable citizens further into the margins.

Similarly, the cuts to adult literacy programs are a grave misstep. Literacy is not just a basic skill; it is a foundational element of personal and professional development. Adult literacy programs empower individuals to improve their lives, gain meaningful employment, and participate fully in society. By cutting these programs, we are not just saving money—we are stripping away the tools that people need to lift themselves out of poverty and become self-sufficient.

The implications of not restoring funding for these key programs are dire. We risk creating a cycle of disadvantage that will affect generations to come. Children who grow up without access to libraries are less likely to develop strong reading skills and a love of learning. Adults who cannot access literacy programs are less likely to find stable employment and contribute to the economy. The social and economic costs of these cuts far outweigh any short-term budget savings.

The NYIC strongly urges the City Council to stand in solidarity with their communities and fully restore the funding and programs that support them so that they can uplift our city. We must:

- **Fully restore funding at $5M to maintain the citywide Community Interpreter Bank (NYC Interpreter Bank) and continue the development of language services worker cooperatives (Interpreter Co-ops)** for indigenous African, Asian and Latin American languages. interpreter co-ops connect trained, professional interpreters to city agencies and city-run providers, while enabling immigrant New Yorkers to pursue careers as language services professionals.

- **Invest $800,000 to increase the number of high schools well-prepared to serve recently arrived asylum-seeker and immigrant youth**. This includes $300K for the new English Language Learner programs at six transfer high schools to ensure that they have the resources they need to effectively serve ELLs. It also includes $500K to deliver comprehensive school and educator development by experts in educating older newcomer ELLs to ten high schools to build their capacity to serve immigrant youth.

- **Allocate $4M to expand the successful Linking Immigrant Families to Early Childhood Education (LIFE) Project citywide** to ensure underserved immigrant families have a real opportunity to enroll in Pre-K and 3K programs.

- **Invest $4M in the Immigrant Family Communications and Outreach Initiative** to support the Office of Language Access and Marketing and Communications at NYCPS to help immigrant families with varying levels of literacy and access to digital media get important school-related information.

- **Baseline $74M to ensure school social workers are available to support the needs of newcomer asylum seekers and all students.** Even with this funding, there is only one school social worker for every 435 students enrolled in NYCPS.

- **Invest $25M to expand the Promise NYC program** to provide child care to immigrants who are not eligible for other forms of child care.

- **Renew $4M for Adult Literacy Funding** to address the immense, inequitable gap in digital literacy, systems navigation skills and access to information. Less than 4% of immigrant parents have access to adult literacy programs that help them navigate family-stabilizing systems like healthcare and education.

- **Renew and expand the Adult Literacy Pilot Program from $2.5M to $5M** to address growing needs for additional services, fully fund teacher salaries, and increase program sustainability.

- **Baseline $21.8 million for DYCD Adult Literacy programs to restore cuts and maintain service levels.**

- **Renew and expand the funding for Access Health NYC at $4M so CBOs and community health centers that were on the frontlines pandemic response can continue to educate the communities** about health access, coverage, and rights, specifically our newcomers and asylum seekers.

- **Fully renew funding for critical outreach programs for immigrants, including the Access Health Initiative and the Key to the City Initiative**, which help connect thousands of immigrant New Yorkers to critical services.

- **Fully restore funding to 3-K and Pre-K programs**, the only free early childhood education and care available to many immigrant families. These programs are linked to higher academic outcomes, less engagement with the criminal justice system, and higher ultimate financial stability for children who go through these programs.

- **Expand the Promise NYC child care voucher program to at least $20M** in order to continue providing child care to the youngest immigrant children who are not eligible for other forms of child care vouchers.

- **Pass Int. 210 to put an end to the Mayor's Limits on Shelter Stays and defend New York City's Right to Shelter** which has provided stability and safety for vulnerable New Yorkers in their journey towards self-sufficiency.

- **Fight back against the Mayor's 30- and 60-day shelter rule by allocating adequate funding in the budget to expand the CityFHEPS voucher program.** Long-time New Yorkers have been dealing with the NYC shelter system's broken policies long before asylum seekers started arriving in 2022. This administration has been stubbornly resistant to the comprehensive housing solutions passed by the City Council, which are more cost-effective, humane, and recognize the need to transition people into permanent housing through the CityFHEPS program. A housing voucher costs just $50 to $72 per night for families living in a 2-bedroom apartment, depending on the program. Meanwhile, New York City is spending on average $383 – or five times the amount of a housing voucher – to shelter households in emergency hotels.

- **Restore funding for professional development and technical assistance for DYCD-funded adult literacy programs** that was decoupled from the funding for the programs themselves in FY24. This change has resulted in the field's technical assistance provider, the Literacy Assistance Center (LAC), losing $334,000 in Expansion funding, which represented over 60 percent of its DYCD funding dedicated to supporting community-based adult literacy programs.

New York City has long prided itself on being a city of vibrancy, diversity, and endless opportunity — a city that calls itself the capital of the world. And New Yorkers have long understood that our status as a beacon and safe haven for the global community is why we have, and continue to be, a cultural and financial leader on the national and international stage. To put it succinctly, our city is key to making our state, and country, great — and immigrants are key to making New York City great.

While we understand the need to be fiscally prudent, we cannot continue to allow unnecessarily conservative budget forecasting and unjustified funding cuts to threaten New York's most vibrant, and vulnerable, communities. In order to meet the overwhelming and unmet needs of New Yorkers, whether they've been here 30 years or 30 days, we must act strategically — not reactionarily.

So far, the Adams administration has cut costs without consideration, or care, of the long term effects on current New Yorkers and the future of our city. We call on you to end this practice today. Now is the time to ensure that our investments are protected, our people are taken care of, and that we maintain the services that allow all New Yorkers to thrive.

Thank you for the opportunity to testify.

Submitted by:
Taina B Wagnac
Senior Manager of State and Local Policy
New York Immigration Coalition

I am submitting testimony about urgent funding needed to address the migrant/asylum seeker crisis. Right now, communities are trying to welcome an influx of migrants and asylum seekers without ANY additional resources from city agencies.

In the face of this crisis, budgets are being cut. How does that make sense?

I live in Clinton Hill near two mega migrant shelters, the Hall Street HERCC and the Ryerson Shelter.

For context, last June, New York Health and Hospitals leased a block of industrial office space and converted it into a massive congregate shelter where 3,200 single men are now warehoused.

On neighboring Ryerson street, DHS leased a hotel that is housing 1,000 more individuals.

I want to stress that I don't believe the city can provide enough resources for a community to integrate this concentration of people in need – over 4,000 migrants/asylum seekers

Nonetheless, until the city does what is right and closes mega shelters and creates smaller, more humane shelters across the five boroughs, at a minimum you should provide additional resources to avert the complete humanitarian disaster that is unfolding under your leadership with shelters of this size.

We need more resources for Parks – where thousands of migrants and asylum seekers are congregating because shelters don't provide them space on site. Our Parks attendants and regional manager Tanise Palmer say they can't keep the park safe and clean for our children to use.

We need more resources for Sanitation to support the mountains of trash piling up. Our District Superintendent Lou Devito says his funding has been cut and he's relying on community volunteers to pick up the slack.

We need more resources for schools and school teachers who are trying to educate children — including new Americans — and are struggling to keep up with classroom sizes and language constraints.

Our neighborhood is a vibrant and welcoming community that has been growing and thriving. It is now in jeopardy due to governmental and agency mismanagement and negligence. The city is moving from the emergency phase – just getting asylum seekers beds – to the implementation phase of creating humanitarian long-term solutions.

Cutting budgets from this crisis is ludicrous. We are ground zero of the city's mismanagement of the migrant crisis and we must demand better in NYC.

Irene Nielson

Emergency : Action Needed to Address Migrant Crisis
I am writing to urgently draw attention to the bleak situation thrust in our community, as we struggle with the massive transient stream of migrants and asylum seekers with meagerly funds and resources from city agencies. This catastrophe demands immediate action, yet budgets are being slashed—a verdict-determination that threatens the well-being of our neighborhood and all of NYC.

In Clinton Hill, we are facing the overwhelming and overpowering challenge of accommodating two mega migrant shelters—the Hall Street HERCC and the Ryerson Shelter. These facilities house over 4,000 individuals, stretching our community's capacity to its limits.

The Hall Street HERCC, once industrial office space, now warehouses 3,200 single men. Nearby, the Ryerson Shelter, a leased hotel, shelters an additional 1,000 individuals. This concentration of supply, need is unsustainable for our community and migrants in warehouse shelter such as 47 Hall and the Reyerson shelter .

It is impossible to sustain such a system and expect our neighborhood to integrate such an overpowering influx of people without funding.

We need a new paradigm that aligns with an authentic humanitarian effort in creating situations that provides for the interest of community, smaller shelters ,jobs and needed tools for asylum seekers accepted; getting humanely situated in a new country…

We are voices of our community demanding to be heard and seeking the city takes action to close these mega shelters and establish smaller, more humane alternatives across the five boroughs, immediate steps must be taken to prevent a complete humanitarian disaster throughout the five boroughs.

Our parks, already struggling to accommodate thousands of migrants and asylum seekers, lacking resources and cannot ensure safety and cleanliness for our children. Parks attendants and regional managers, like Tanise Palmer, attest to this urgent need.

Sanitation services are overwhelmed by the mountains of trash piling up in our neighborhood. District Superintendent Lou Devito reports that funding cuts have left them reliant on community volunteers to maintain even basic cleanliness.

Schools and teachers, tasked with educating a diverse student body, including new Americans, are struggling to cope with overcrowded classrooms and language barriers. Without additional resources, their ability to provide quality education is severely compromised.

The NYPD, under the leadership of Assistant Chief Commanding Officer Scott Henderson, is doing their best to manage the situation. However, the task of safeguarding thousands of traumatized new residents cycling through our neighborhood every 30 days is overwhelming.

We the residents of Hall Street have worked through group commitment in building our vibrant and welcoming community that is now in jeopardy due to governmental mismanagement and negligence. As we transition from the emergency phase to long-term solutions, it is imperative to redesign shelter to have smaller number of asylum seekers, and that budgets are not slashed. We are ground zero for the city's mishandling of the migrant crisis, and we demand immediate action.

Mary Chang

To whom it may concern,

I am submitting testimony about urgent funding needed to address the migrant/asylum seeker crisis. Right now, communities are trying to welcome an influx of migrants and asylum seekers without ANY additional resources from city agencies.

In the face of this crisis, budgets are being cut. How does that make sense?

I live in Clinton Hill near two mega migrant shelters, the Hall Street HERCC and the Ryerson Shelter.

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Nonetheless, until the city does what is right and closes mega shelters and creates smaller, more humane shelters across the five boroughs, at a minimum you should provide additional resources to avert the complete humanitarian disaster that is unfolding under your leadership with shelters of this size.

We need more resources for Parks – where thousands of migrants and asylum seekers are congregating because shelters don't provide them space on site. Our Parks attendants and regional manager Tanise Palmer say they can't keep the park safe and clean for our children to use.

We need more resources for Sanitation to support the mountains of trash piling up. Our District Superintendent Lou Devito says his funding has been cut and he's relying on community volunteers to pick up the slack.

We need more resources for schools and school teachers who are trying to educate children — including new Americans — and are struggling to keep up with classroom sizes and language constraints.

We need more resources for NYPD. Assistant Chief Commanding Officer Scott Henderson is graciously deploying more of his precious resources to our neighborhood. But safeguarding thousands of traumatized new residents who are cycling through our neighborhood every 30 days is a Herculean task.

Our neighborhood is a vibrant and welcoming community that has been growing and thriving. It is now in jeopardy due to governmental and agency mismanagement and negligence. The city is moving from the emergency phase – just getting asylum seekers beds – to the implementation phase of creating humanitarian long-term solutions.

Cutting budgets from this crisis is ludicrous. We are ground zero of the city's mismanagement of the migrant crisis and we must demand better!

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

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Name: Commissioner Preston Niblack

Address: ________

I represent: DOF

Address: ________

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Name: Deputy Commissioner Jacqueline James

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I represent: DOF

Address: ________

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(PLEASE PRINT)

Name: Sarita Subramanian
Address: 110 William St, 14th Fl, NY NY 10038
I represent: NYC Independent Budget Office
Address: 110 William St, 14th Fl, NY NY 10038

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Name: Sarah Parker
Address: 110 William St, 14th Fl, NY, NY 10038
I represent: NYC Independent Budget office
Address: 110 William St, 14th Fl, NY, NY 10038

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Name: Louisa Chafee
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I represent: NYC Independent Budget office
Address: 110 William St, 14th Fl, NY NY 10038

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Name: FRANCESCO BRINDISI
Address: 1 CENTRE ST.
I represent: CITY COMPTROLLER
Address: 1 CENTRE ST.

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Name: BRAD LANDER
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I represent: CITY COMPTROLLER
Address: 1 CENTRE ST.

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Name: KRISTA OLSON
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I represent: CITY COMPTROLLER
Address: 1 CENTRE ST.

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Appearance Card

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Date: ________

(PLEASE PRINT)

Name: Budget Director Jacques Jiha
Address: ________
I represent: OMB
Address: ________

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Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Deputy Director Latonia Mckinney
Address: ________
I represent: OMB
Address: ________

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Appearance Card

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☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Deputy Director Tara Boirard
Address: ________
I represent: OMB
Address: ________

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