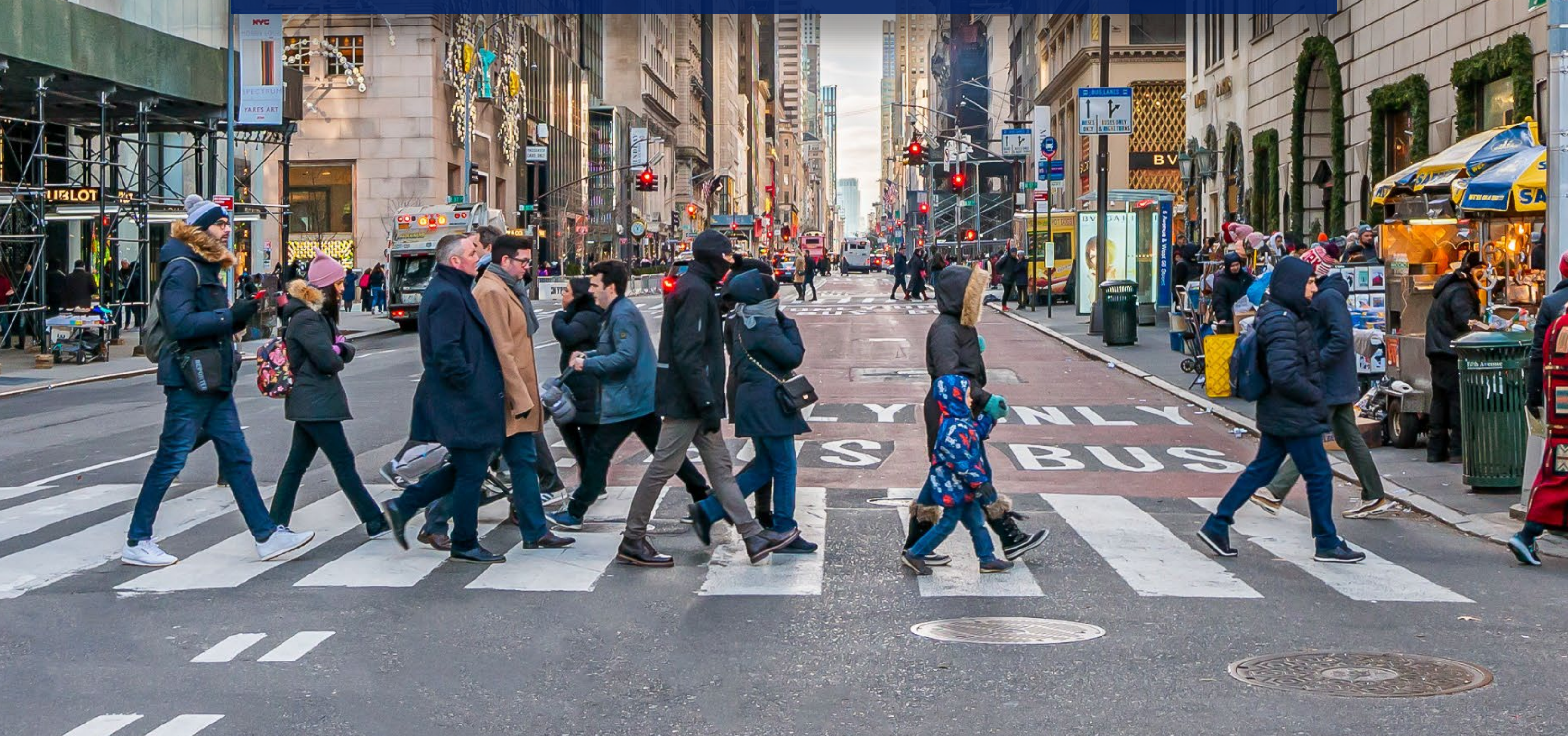
sect

NEW YORK CITY COMPTROLLER
BRAD LANDER

The State of the City's Economy and Finances

BUREAU OF BUDGET

DECEMBER 2024



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I. Executive Summary

The state of New York City's economy and finances is stronger than many would have predicted four years ago when the city was approaching the first holiday season of the COVID-19 pandemic and the last presidential transition. Over the last several years, New York City has climbed out from the economic downturn and disruption caused by the pandemic. The city's labor participation rate has reached a record high, with city employment above its pre-pandemic level. This year, the commercial real estate sector has finally begun to show signs not only of stabilization, but recovery. Tourism to the city has rebounded strongly, and Broadway attendance just surpassed pre-pandemic levels this fall.

Of course, not all indicators are positive. The city's population has declined over the past three years, and although there are reasons to believe that the drop may be somewhat overstated, it is a genuinely concerning trend. The City's housing market remains exceedingly tight, with housing affordability a top issue for New Yorkers.

But just as the city's economy has seemingly regained much of its pre-COVID altitude, new storm clouds have emerged that threaten its continued ascent—the policy changes outlined by the incoming Trump administration. If substantially brought to bear, these policies would reverse recent growth and imperil the very fabric of New York City. The broad expansion of import tariffs would be borne by U.S. firms and consumers, increasing inflation and raising prices. While tax cuts could offset price increases, these would likely be targeted at corporations and higher-income earners. What's more, the restrictive immigration policies proposed, coupled with the mass deportations being threatened, would reduce the city's labor supply and tax base, exacerbate the city's population decline, and upend the lives of many in this immigrant city.

In addition to the threats to the economy, the incoming Trump administration has presaged a stark reduction in Federal spending. As this Office highlighted in its recent report, NYC's Federal Funding: Outlook Under Trump, the Federal government provides over $100 billion collectively to New York City government, its related entities, and directly to New Yorkers and other organizations each year. This includes $9.55 billion in Federal categorical aid currently included in the City's operating budget (about 8.3 percent of the city's current $115.03 billion budget). These funds support affordable housing programs, public education, healthcare, infrastructure, and touch the lives of every New Yorker. While not all is at risk, any reduction in this aid would put pressure on the City's finances.

The extent to which these proposals will be implemented is still far from certain. Therefore, the Office of the New York City Comptroller does not yet reflect them in its economic outlook, but they remain the largest risk to this Office's otherwise relatively positive economic forecast.

Based on the current strength of the national and local economies, before the start of the Trump administration, the Comptroller's Office forecasts that New York City tax revenues will grow this fiscal year by a strong 6.1 percent. This is followed by more moderate growth, averaging

2.9 percent per year through FY 2028. This tax growth is greater than that presented by the Mayor's Office of Management and Budget (OMB) in its November Financial Plan.

Overall, the November Plan presented relatively modest revenue and spending updates to the financial plan released in June. The Comptroller's Office's tax forecast is significantly higher than the one published last summer, however. This is primarily due to continued growth in business income tax collections, and an improved outlook for the U.S. economy, local industries, financial markets, and financial sector profits.

Based on its forecast of revenues and expenses, the Comptroller's Office projects surplus resources of $1.39 billion in FY 2025 compared to the Mayor's November Financial Plan. This is the result of $1.50 billion more in projected City fund revenues than OMB, offset by this Office's higher net expenditure estimates of $110 million in FY 2025.

The financial plan presented by OMB continues to fail to account for an average of about $3 billion annually in chronically underbudgeted costs (including overtime, rental assistance, and special education Carter Cases). However, these costs are largely offset in FY 2025 by the Comptroller's Office's estimate that City funding for services to asylum seekers is currently *overbudgeted* by $1.35 billion.

The number of asylum seekers in City shelters has declined steadily over the past year, as the Biden administration tightened border crossing controls. The Comptroller's Office projects this will continue, particularly under the incoming Trump administration and their threats of mass deportation. While OMB reflected year-to-date savings in its November Plan update (a $435 million City funds reduction), it has yet to extend these savings over the full fiscal year or future years. The Comptroller's Office estimates these costs are also overbudgeted in FY 2026 and FY 2027 but are underbudgeted in FY 2028.

At the end of FY 2023, estimated expenditures on asylum seeker services totaled $1.47 billion. Of this amount, only $989 million had been spent (liquidated) as of October 2024. The Department of Social Services (DSS) has notified the Comptroller's Office that a portion of the Department of Homeless Services (DHS) unliquidated asylum seeker expenses for FY 2023 had already been recorded in non-asylum seeker-related budget codes. Reconciliation of $462 million in DHS and New York City Health + Hospitals accrued expenses is ongoing. Under the City's accrual method of budgeting, when prior-year expenses are taken down they are recognized as savings in the current year. This Office estimates that savings of up to $462 million in prior-year expenses may be recognized in FY 2025.

For FY 2026, the Comptroller's Office projects the City faces a budget gap of $5.79 billion (5.1 percent of total revenues). Once the FY 2025 surplus, along with funds currently held in budgeted reserves for this year are applied to prepay FY 2026 costs as they typically are, the gap shrinks to $2.95 billion (2.6 percent of revenues). The Comptroller's Office projects larger gaps in FY 2027 and FY 2028, totaling $6.79 billion (5.8 percent of revenues) and $8.60 billion (7.2 percent of revenues), respectively. One contributor to the higher gap estimates in FY 2026 through FY 2028 is the cost to implement the State's mandate to reduce class sizes in city schools. This must be fully phased in by FY 2028. At full implementation, this Office estimates it will cost the City an additional $1.24 billion.

Unlike recent plans, the City's November budget update did not include a Program to Eliminate the Gap (PEG). Some savings were recognized over the financial plan period—including reduced costs for pensions, largely due to higher than anticipated returns on the City's pension investments, lower debt service costs, and the aforementioned savings on asylum seeker services in FY 2025. The Comptroller continues to believe strongly that the City should establish a transparent policy of regular efficiency and long-term savings planning as part of the annual budget process, regardless of whether there is fiscal tightening projected on the horizon. This is particularly true when facing the tax revenue risks and potential loss of Federal aid presented by the incoming Trump Administration. As this Office has previously advocated, this type of long-term and thoughtful planning will allow the City to make smarter, less reactive, and often less painful choices when faced with budget constraints.

The City also did not include deposits into its rainy-day fund (the Revenue Stabilization Fund or RSF) in its budget for FY 2025. The City currently holds $1.96 billion in the RSF. The Comptroller's Office continues to urge the adoption of rules to determine the fund's target size, deposits, and withdrawals. This Office has proposed a formula for deposits, which is 50 percent of the growth of non-property taxes over the historic trend. If this Office's current revenue forecast is met, according to the formula, the City should deposit $797 million into the RSF in FY 2025. This would reduce this Office's projected FY 2025 surplus available to prepay FY 2026 costs from $1.39 billion to $591 million**.** Based on OMB's lower revenue projections, the City should make a $14 million deposit in FY 2025. The City also has access to $5.04 billion in the Retiree Health Benefit Trust, which is not technically a rainy-day fund, but has been used as such in the past.

The City's Adopted Capital Commitment Plan for FY 2025 through FY 2028, released in September, totals $86.67 billion in all-funds authorized commitments. This is an increase of $9.55 billion from the Capital plan released in April. The largest increases over the four-year period are for education/CUNY projects ($3.10 billion) and housing and economic development projects ($3.10 billion). While the size of the City's capital program increased overall, it still requires the further funding for other City projects, including the construction of the city's borough-based jails. Also, since the Adopted Capital Commitment Plan was released, $4 billion in new capital commitments, including $1 billion from the State, have been promised as part of the recent agreement reached between the City Council and the Adams administration on the *City of Yes* housing plan. This includes $2 billion for housing programs and $2 billion for infrastructure projects. The City Council's passage marks an important step in addressing the City's housing affordability crisis, although much work remains to be done.

While the Comptroller's Office current outlook for the City's economy and its finances reflects stronger growth than projected just four months ago; the risks to that forecast are also much greater than previously anticipated. The new fiscal framework that this Office has advocated for, including efficient but equitable budgeting, careful capital planning, and sensible policies to accumulate and deploy reserves, could help soften revenue losses brought on by some policy changes made by the incoming Trump administration. However, if its proposals are fully brought to bear the repercussions will be wide and far reaching, impacting the lives of all New Yorkers.

Table 1. FY 2025 – FY 2028 November Financial Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 –2028 Dollar	Change FYs 2025 –2028 Percent
Revenues						
Taxes:						
General Property Tax	$34,339	$34,744	$35,780	$36,470	$2,131	6.2%
Other Taxes	42,137	42,526	44,283	45,889	3,752	8.9%
Tax Audit Revenues	773	773	773	773	0	0.0%
Subtotal: Taxes	**$77,249**	**$78,043**	**$80,836**	**$83,132**	**$5,883**	**7.6%**
Miscellaneous Revenues	8,178	7,850	7,793	7,828	(350)	(4.3%)
Unrestricted Intergovernmental Aid	14	0	0	0	(14)	(100.0%)
Less: Intra-City Revenues	(1,967)	(1,807)	(1,796)	(1,791)	176	(8.9%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$83,459**	**$84,071**	**$86,818**	**$89,154**	**$5,695**	**6.8%**
Other Categorical Grants	1,168	1,116	1,111	1,109	(59)	(5.1%)
Inter-Fund Revenues	765	774	775	775	10	1.3%
Federal Categorical Grants	9,548	7,337	7,180	7,240	(2,308)	(24.2%)
State Categorical Grants	20,089	19,152	19,171	18,667	(1,422)	(7.1%)
Total Revenues	**$115,029**	**$112,450**	**$115,055**	**$116,945**	**$1,916**	**1.7%**
Expenditures						
Personal Service						
Salaries and Wages	$33,046	$33,931	$34,947	$35,889	$2,843	8.6%
Pensions	10,068	10,848	10,913	11,756	1,688	16.8%
Fringe Benefits	14,145	14,855	15,433	16,041	1,896	13.4%
Subtotal-PS	**$57,259**	**$59,634**	**$61,293**	**$63,686**	**$6,427**	**11.2%**
Other Than Personal Service						
Medical Assistance	$6,743	$6,583	$6,733	$6,883	$140	2.1%
Public Assistance	2,570	1,650	2,000	2,463	(107)	(4.2%)
All Other	45,348	41,649	41,367	40,093	(5,255)	(11.6%)
Subtotal-OTPS	**$54,661**	**$49,882**	**$50,100**	**$49,439**	**($5,222)**	**(9.6%)**
Debt Service						
Principal	$4,066	$4,228	$4,424	$4,509	$443	10.9%
Interest & Offsets	3,861	4,616	5,156	5,988	2,127	55.1%
Subtotal Debt Service	**$7,927**	**$8,844**	**$9,580**	**$10,497**	**$2,570**	**32.4%**
FY 2024 BSA and Discretionary Transfers	($4,397)	$0	$0	$0	$4,397	(100.0%)
FY 2025 BSA	$96	($96)	$0	$0	($96)	(100.0%)
Capital Stabilization Reserve	$250	$250	$250	$250	$0	0.0%
General Reserve	$1,200	$1,200	$1,200	$1,200	$0	0.0%
Less: Intra-City Expenses	($1,967)	($1,807)	($1,796)	($1,791)	$176	(8.9%)
Total Expenditures	**$115,029**	**$117,907**	**$120,627**	**$123,281**	**$8,252**	**7.2%**
Gap to be Closed	**$0**	**($5,457)**	**($5,572)**	**($6,336)**	**($6,336)**	**N/A**

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding. The debt service line excludes TSASC Inc. debt service, which is paid with tobacco settlement revenues, as well as Transitional Finance Authority Building Aid Revenue Bonds (TFA BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City's Miscellaneous budget spending (098).

Table 2. Plan-to-Plan Changes, November 2024 Plan vs. June 2024 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Revenues				
Taxes:				
General Property Tax	$59	$0	$0	$0
Other Taxes	142	0	0	0
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$201**	**$0**	**$0**	**$0**
Miscellaneous Revenues	55	(130)	(137)	(137)
Unrestricted Intergovernmental Aid	14	0	0	0
Less: Intra-City Revenues	(14)	125	132	137
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$256**	**($5)**	**($5)**	**$0**
Other Categorical Grants	61	11	6	5
Inter-Fund Revenues	3	3	3	3
Federal Categorical Grants	1,626	86	29	14
State Categorical Grants	651	38	36	29
Total Revenues	**$2,597**	**$133**	**$69**	**$51**
Expenditures				
Personal Service				
Salaries and Wages	$147	$64	$88	$76
Pensions	(279)	(245)	(364)	(556)
Fringe Benefits	11	2	2	2
Subtotal-PS	**($121)**	**($179)**	**($274)**	**($478)**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	920	0	0	0
All Other	1,858	280	216	192
Subtotal-OTPS	**$2,778**	**$280**	**$216**	**$192**
Debt Service				
Principal	($39)	($38)	$14	($2)
Interest & Offsets	(103)	(6)	(38)	70
Subtotal Debt Service	**($142)**	**($44)**	**($24)**	**$68**
FY 2024 BSA and Discretionary Transfers	$0	$0	$0	$0
FY 2025 BSA	$96	($96)	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0
General Reserve	$0	$0	$0	$0
Less: Intra-City Expenses	($14)	$125	$132	$137
Total Expenditures	**$2,597**	**$86**	**$50**	**($81)**
Gap to be Closed	**$0**	**$47**	**$19**	**$132**

Source: Mayor's Office of Management and Budget

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

Table 3. Comptroller's Office Restated Gaps and Surpluses

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

	FY 2025	FY 2026	FY 2027	FY 2028
City Stated Gap	**$0**	**($5,457)**	**($5,572)**	**($6,336)**
Revenues Differences				
Tax Revenues Differences	**1,472**	**2,000**	**1,866**	**2,560**
Property Tax	(94)	(228)	131	684
Personal Income Tax/PTET	558	354	(48)	(21)
Business Taxes	830	1,485	1,383	1,480
Sales Tax	(6)	(8)	12	47
Real Estate Related Taxes	(16)	178	147	148
Audit & All Other Taxes	200	219	241	222
Non-Tax Revenues Differences	**26**	**53**	**48**	**48**
Subtotal Revenues	***$1,498***	***$2,053***	***$1,915***	***$2,608***
Expenditures Differences				
Underbudgeting	**(2,625)**	**(3,275)**	**(3,060)**	**(2,896)**
Overtime	(933)	(675)	(675)	(675)
Rental Assistance	(520)	(750)	(750)	(750)
Shelter Capacity, Non-Asylum Seeker	(400)	(400)	(400)	(400)
Prevailing Wage for Shelter Security Guards	(50)	(50)	(50)	(50)
Public Assistance	(70)	(540)	(190)	0
Contributions to MTA	(204)	(298)	(478)	(539)
DOE Carter Cases	(388)	(258)	(188)	(188)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(60)	(40)	(35)	0
Temporary and Professional Services	0	(110)	(140)	(140)
Fiscal Cliffs	**(43)**	**(498)**	**(498)**	**(498)**
Foster Care Reimbursement Rate	**(118)**	**(118)**	**(118)**	**(118)**
DOE Medicaid Revenue Shortfall	**(20)**	**(20)**	**(20)**	**(20)**
DOE LV Order	**0**	**0**	**(52)**	**(52)**
Health Insurance Stabilization Fund Reimbursement	**(112)**	**0**	**0**	**0**
Labor Reserve Residual	**100**	**0**	**0**	**0**
Personnel Services Savings	**500**	**0**	**0**	**0**
Prior Year Payable Adjustment - Asylum Seeker	**462**	**0**	**0**	**0**
Prior Year Payable Adjustment - Other	**400**	**400**	**400**	**400**
Subtotal Expenditures	***($1,456)***	***($3,511)***	***($3,348)***	***($3,184)***
Total Comptroller Re-estimates	**$42**	**($1,458)**	**($1,434)**	**($576)**
Restated (Gap)/Surplus	**$42**	**($6,915)**	**($7,006)**	**($6,912)**
Longer Term Risks/Offsets				
Asylum Seekers Expenses	1,346	1,292	899	(448)
Class Size Mandate	0	(168)	(687)	(1,238)
Restated (Gap)/Surplus with Longer Term Risks/Offsets	**$1,388**	**($5,791)**	**($6,794)**	**($8,598)**
Budgeted Reserves	1,450			
Projected Roll (Surplus + Budgeted Reserves)	**($2,838)**	**$2,838**		
Restated (Gap) with Projected FY 2025 Roll		**($2,953)**		

Source: Office of the New York City Comptroller

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

II. The State of the City's Economy

Economic Conditions and Forecast, 2024 – 2028

As of late 2024 and before incorporating future policies enacted under the Trump administration, the outlook is for the U.S. economy to continue to experience stable growth, aided by a re-established low inflation environment and the ongoing, gradual easing of monetary policy. This favorable backdrop for economic growth in the nation and in New York City could be disrupted by the announced drastic changes in international trade and immigration policies.

U.S. inflation has moderated to manageable levels and is expected to descend further as slower-to-change prices catch up to recent moderated growth. The Federal Reserve appears intent on a steady reduction of interest rates over the next two years, which should relieve some of the pressures holding back growth in key industries, such as housing and financial services. The U.S. economy has expanded at a healthy pace overall in 2024, with consumer spending and forward-looking consumer confidence measures improving in recent months.

For its part, the New York City economy has shown continued growth in 2024, although such growth has not been evenly spread across industry sectors. Key sectors important to the city's economy and tax bases—including securities, professional services, the information industry, and construction—have experienced payroll declines over the past year while job growth has been confined to a limited number of mostly lower-wage industries. But a strong national economic picture, an expectation of lowered rates of inflation, and reduced interest rates should allow key NYC industries to begin to grow once again. In the six months ending in October 2024, advanced notices of intended layoffs reported to NY State are down by more than 50 percent of their October 2023 level. This year's passage of construction-related tax incentives and the approval of the *City of Yes for Housing Opportunity* proposals for growing NYC's housing stock, are expected to help restart residential real estate construction and ease prices in residential rental markets. Meanwhile, battered commercial real estate markets are finally showing signs that their bottom has been reached.

Nationally, the economy is expected to grow by 2.3 percent in 2025, stronger than the 1.6 percent that was last forecast in May, according to the Office of the New York City Comptroller's forecast. Short-term interest rates are projected to decline more rapidly over the next few years, reaching 3 percent by early 2026, while inflation remains near targeted levels. Average wages and overall employment levels in New York City are estimated to have been stronger than had been forecast in 2024. The financial sector, particularly Wall Street, has seen a sharp uptick in profits this year and stands to gain from increased transaction volume accompanying lower interest rates and the overall health of the U.S. economy. The office real estate market appears finally out of its bottom, and rental rates are forecast to grow gradually, and vacancy rates expected to start falling, as the expected moderate growth in demand exceeds a rapidly decelerating growth in supply.

Table 4. Forecast of Selected Economic Indicators, Calendar Year Averages, 2024 to 2028

		2024	2025	2026	2027	2028
U.S. Economy						
Real GDP, (Constant $, % Change)	Comptroller	2.7%	2.3%	2.1%	2.1%	2.3%
	Mayor	2.5%	1.4%	1.7%	1.8%	1.8%
Payroll Jobs, (% Change)	Comptroller	1.6%	0.9%	0.5%	0.4%	0.4%
	Mayor	1.4%	0.1%	0.0%	0.3%	0.4%
Fed Funds Rate, (Percent)	Comptroller	5.13	3.91	3.05	2.96	2.96
	Mayor	5.12	3.69	2.67	2.63	2.63
10-Year Treasury Notes, (Percent)	Comptroller	4.15	4.11	4.13	4.14	4.13
	Mayor	3.91	3.46	3.28	3.20	3.18
Consumer Price Index (% Change)	Comptroller	2.9%	2.4%	2.5%	2.3%	2.3%
	Mayor	3.0%	2.1%	2.7%	2.5%	2.3%
NYC Economy						
Payroll Jobs, (Change In Annual Average, Thousands)	Comptroller	78.1	88.0	65.1	53.2	51.4
	Mayor	71.3	74.7	80.3	71.0	73.4
Total Wage Earnings (% Change)	Comptroller	6.4%	5.0%	4.4%	3.9%	3.8%
	Mayor	4.2%	5.1%	4.4%	3.7%	4.5%
Consumer Price Index, NY area (% Change)	Comptroller	3.6%	3.0%	2.7%	2.6%	2.5%
	Mayor	1.9%	1.6%	2.1%	2.2%	2.1%
Wall Street Profits ($ Billions)	Comptroller	41.7	29.6	33.4	36.0	37.0
	Mayor	24.8	25.9	20.4	22.0	26.1
Asking Rental Rate, Primary Market Manhattan Offices (% Change)	Comptroller	1.0%	1.5%	2.2%	2.1%	2.3%
	Mayor	(1.4%)	(0.7%)	0.3%	0.1%	0.0%
Vacancy Rate, Primary Market Manhattan Offices	Comptroller	23.5%	23.3%	22.7%	22.2%	21.8%
	Mayor	22.7%	22.3%	21.6%	21.0%	20.3%

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

Note: The Mayor's economic assumptions are from the FY2024 Executive Budget (April 2024), which remain the basis for the November Financial Plan tax revenues projection.

The election of Donald Trump as U.S. President and the securing of Republican majorities in both houses of Congress pose the risk of significant policy changes impacting both national economic conditions and sectors of the NYC local economy. Among the policy changes advocated are significantly more restrictive trade policies, increased enforcement of immigration laws and the reduction of legal immigration, and the mass deportation of undocumented immigrants. If enacted to a meaningful degree, these policies would likely reignite inflation at both the national and local levels via tariff-induced price increases and foreseeable labor shortages. The policies would likely raise construction costs in New York City, further delaying needed growth in the local housing stock. Higher costs would also be experienced in other city industries that rely on a significant immigrant component in their labor force—such as health care, food services, and hospitality.

The U.S. economy is strong, and its outlook improved for 2025

The Bureau of Economic Analysis' annual revisions to U.S. GDP and national income data (published in September) increased understanding of the overall strength of the U.S. economy and the extent of its post-pandemic recovery. GDP was revised up starting in 2019, with the largest changes being upward revisions in 2021 through 2023, for a cumulative total gain of 1.3 percent in real GDP through the second quarter of 2024. Based on the latest real GDP estimates, third quarter 2024 U.S. GDP was 12.2 percent above its level five years before in 2019 (2.3 percent average annual growth). This five-year U.S. growth is significantly larger than what was forecast for 2020-2024 by both the Office of the New York City Comptroller and the Mayor in their final forecasts before knowledge of the coming pandemic.[1]

U.S. inflation has been declining, and at this point it remains above the Fed's inflation target of 2 percent only because of stubbornly high growth in the costs of housing. Core PCE inflation, which removes volatile food and energy prices and is the Fed's main inflation target, rose 2.8 percent over the 12 months ending in October 2024. If also removing housing costs, the 12-month inflation rate drops to 2.3 percent. While not volatile (like food and energy), the costs of rental and owner-occupied housing respond to general price inflation on its inputs with a significant lag and are currently being elevated by supply shortages. Housing inflation may remain elevated for some time and will impede the descent of core inflation to the Fed's target.

Inflation's decline has motivated the Federal Reserve to begin lowering short-term interest rates. Table 5 shows how the FOMC members' projections of the U.S. economy and policy path have changed over the past year. Economic growth in 2024 has been faster than they projected, but inflation has remained as predicted. And the path downward for the Federal Funds Rate has begun sooner than they had anticipated and will remain ahead of schedule through next year.

[1] At that time, the Comptroller's Office expected five-year cumulative real GDP growth, 2020 to 2024, of 8.7 percent while the mayor expected 9.5 percent.

Table 5. FOMC Members Median Economic Projections, September 2023 and 2024

		September 2023	September 2024	Difference
2024	GDP growth	1.5%	2.0%	0.5%
	Unemployment rate	4.1%	4.4%	0.3%
	Core PCE inflation	2.6%	2.6%	0.0%
	Federal Funds rate	5.1%	4.4%	(0.7%)
2025	GDP growth	1.8%	2.0%	0.2%
	Unemployment rate	4.1%	4.4%	0.3%
	Core PCE inflation	2.3%	2.2%	(0.1%)
	Federal Funds rate	3.9%	3.4%	(0.5%)

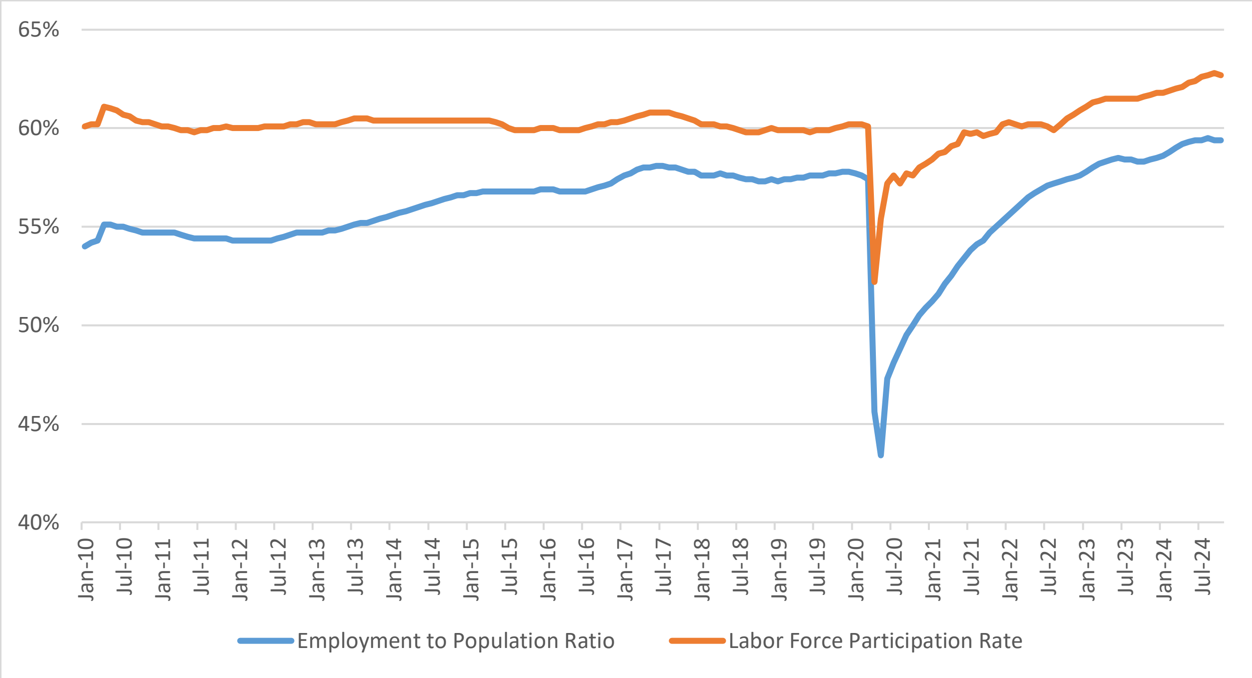
Source: Federal Reserve Board of Governors, Summary of Economic Projections.

Labor Markets: NYC seeing record high labor force participation

New York City's resident employment-population ratio has climbed to a record high level, averaging 59.4 percent for the three months ending in October 2024, as measured by the NY State Department of Labor's Local Area Unemployment Statistics and shown in Chart 1. Following a similar pattern, and also achieving a record high, the three-month average labor force participation was 62.7 percent. These high levels are reflecting the fact that NYC resident employment fell only by 3.9 percent from October 2019 to October 2024, while the city's adult population fell by 5.8 percent.[2]

[2] U.S. Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS).

Chart 1. NYC Labor Force Participation and Employment-Population Ratio



Source: Local Area Unemployment Statistics, NY State Department of Labor

The rising employment population ratio since 2019 has coincided with a gain of 223,000 payroll jobs in the Health Care and Social Assistance sector between the monthly average in 2019 and October 2024—slightly more than double the total job gain for all industries in the New York City. Health care and social assistance jobs are held by two groups that are more likely to enter and exit the labor force based on labor market conditions:[3] (i) relatively lower-wage workers (industry average earnings in 2023 were $62,000 versus $114,000 for all NYC industries);[4] and (ii) women, who have historically staffed the industry at a 3-to-1 ratio to men.[5] As a result, labor force participation among NYC women has risen from 52.8 percent in 2019 to 56.0 percent in the third quarter of 2024 (as seen in Chart 2 based on 4-quarter moving averages), while male participation at 66.4 percent is slightly below its 2019 level of 67.5 percent.

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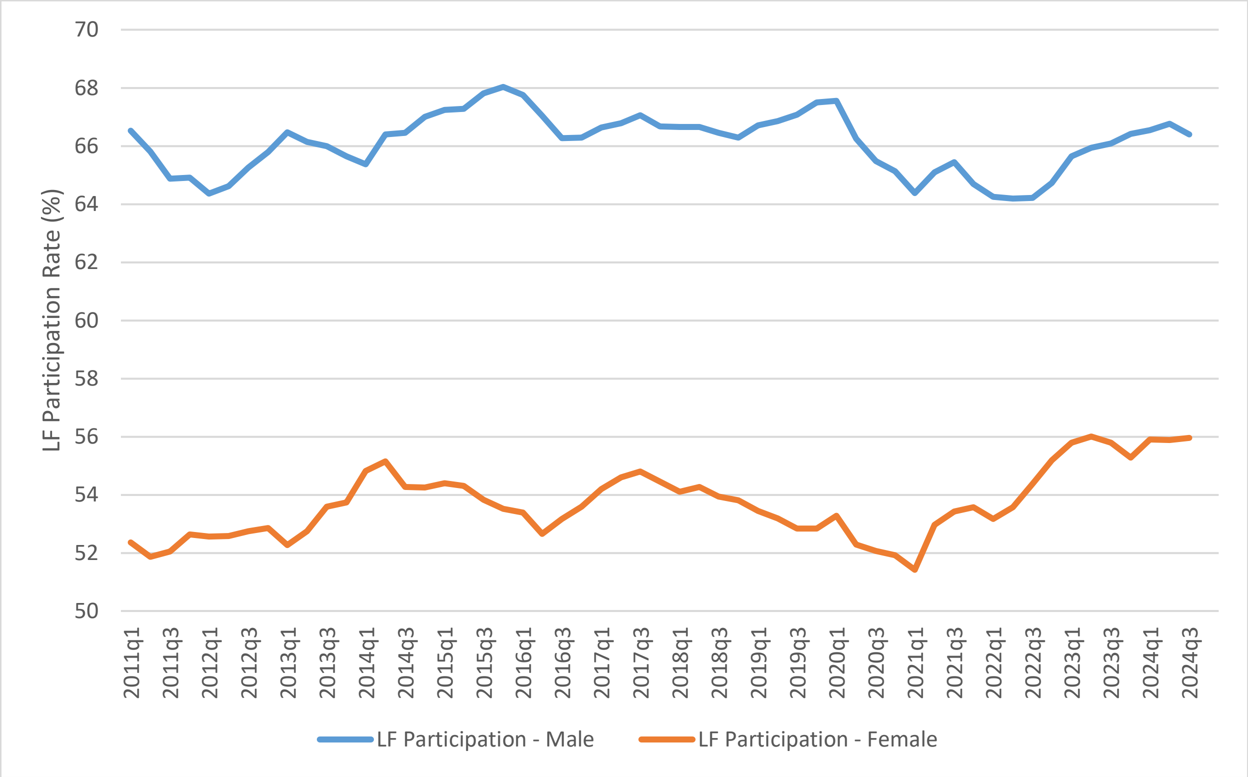
[3] See Jared Bernstein and Keith Bentele. Got Work? The Highly Responsive Labor Supply of Low-Income, Prime-Age Workers | Center on Budget and Policy Priorities, Center for Budget and Policy Priorities, December 2019.

[4] Quarterly Survey of Employment and Wages, NY State Department of Labor.

[5] Office of the New York City Comptroller Brad Lander, New York City's Frontline Workers.

Chart 2. NYC Labor Force Participation Rates, by Sex, 4-quarter Moving Averages



Source: Current Population Survey.

Also consistent with the health care and social assistance expansion is an observed larger increase in the prime-age employment-population ratio among those New Yorkers without post-secondary education, rising from 61.4 percent in 2019 to 64.1 percent in 2023 (Table 6).

Table 6. Prime-Age Employment-Population Ratio by Education, 2019-2023

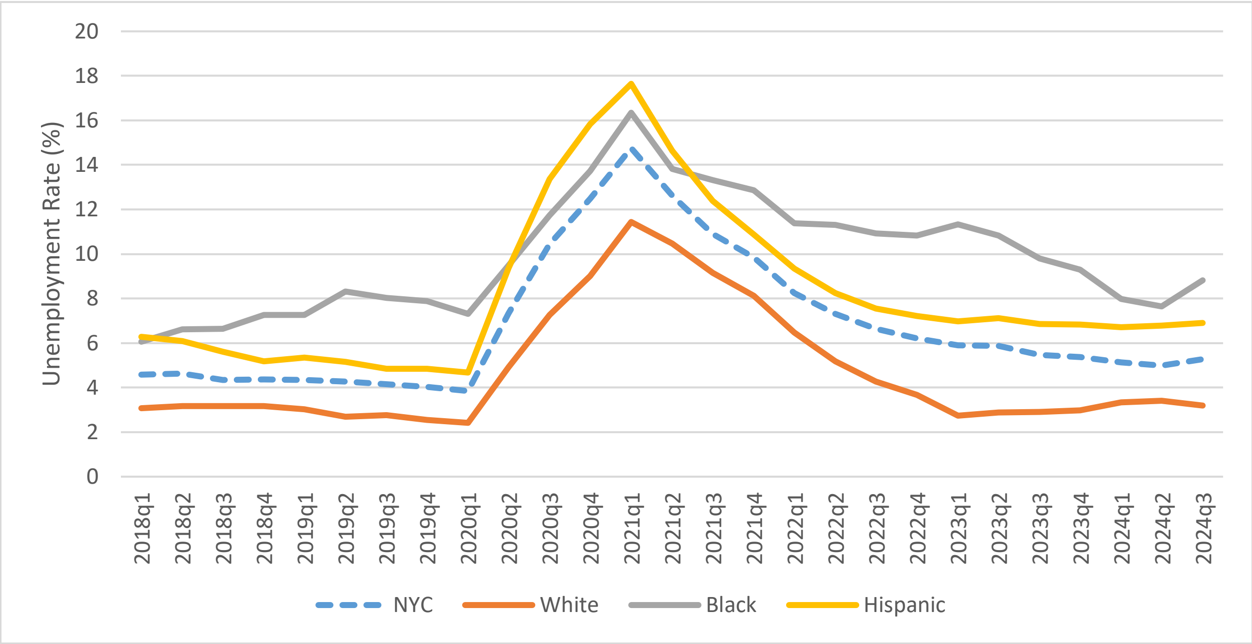
Year	High School or Less	Some College	Bachelor's or Higher
2019	61.4	76.0	89.1
2020	55.1	67.1	84.1
2021	55.8	64.7	84.5
2022	60.2	72.2	88.3
2023	64.1	74.0	88.3

Source: American Community Survey, U.S. Bureau of the Census

New York City's (seasonally unadjusted) unemployment rate was 5.4 percent in October 2024, down 0.1 percentage point from October 2023. New York City's unemployment rate remains higher than the U.S. rate of 4.1 percent, with the Bronx and Brooklyn experiencing the two highest unemployment rates among all counties in NY state at 6.9 percent and 5.7 percent, respectively. Queens, Manhattan, and Staten Island all have unemployment rates below 5.0 percent.

In NYC, as in the nation, unemployment rates among Black residents have persistently been higher than those for white residents. By early 2023, the racial unemployment gap between Black and white New Yorkers peaked at more than 8.5 percent, with Black unemployment above 11 percent while white employment was under 3 percent. As seen in Chart 3, this gap has narrowed over the past year, as rates of unemployment among Black NYC residents has declined. In the four quarters ending in Q3 2024, Black unemployment was 8.8 percent—5.6 percentage points higher than white unemployment in the city.

Chart 3. NYC Unemployment Rates, by race, 4-quarter Moving Averages



Source: Current Population Survey.

NYC Employment Growth by Sector

In 2024, employment growth in New York City was stagnant in all but two private industry sectors—Education & Health and Leisure & Hospitality, as seen in Table 7. Over 95,000 jobs are projected to be gained in 2024 by these two industries alone, more than offsetting roughly 17,000 net jobs lost in all other sectors.

Table 7. Employment Growth by Sector in New York City, 2022-2028

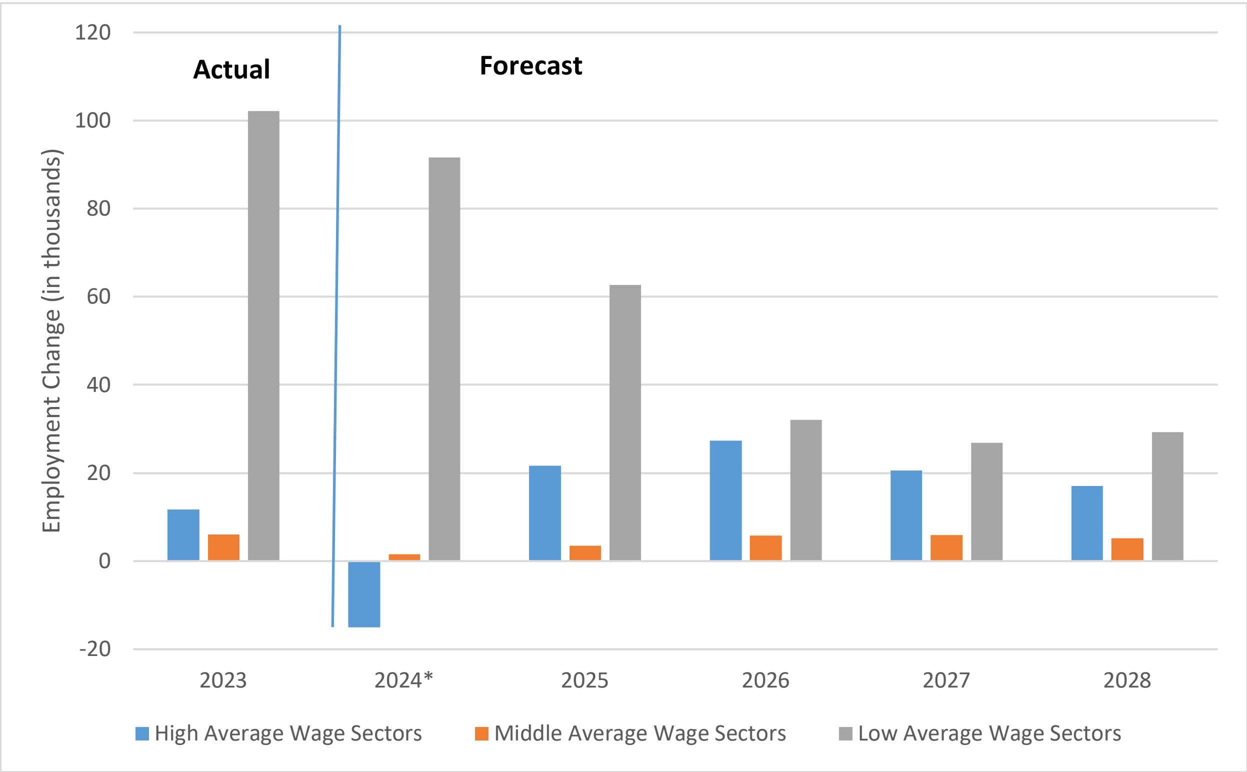
	2023 Average		Change in Average Employment (in thousands)						
			Actual			Forecast			
	Employment	Wage	2022	2023	2024*	2025	2026	2027	2028
Financial Activities	481,131	$289,830	21.7	14.3	1.1	8.6	8.3	5.2	2.6
Information	214,168	$193,535	17.5	(15.2)	(10.1)	3.5	5.8	2.5	1.9
Professional & Business Services	749,769	$144,640	64.3	12.6	(6.0)	9.6	13.2	12.8	12.5
Total: High Wage Sectors	**1,445,068**	**$200,227**	**103.5**	**11.7**	**(15.0)**	**21.7**	**27.3**	**20.5**	**17.0**
Wholesale Trade	122,492	$120,640	7.6	0.0	0.6	1.8	1.2	0.8	0.3
Government	557,335	$96,189	(5.7)	4.2	9.1	2.7	2.5	1.8	1.5
Construction	140,140	$93,363	2.0	0.1	(8.0)	(4.0)	0.5	2.6	3.4
Transportation & Utilities	145,827	$82,009	12.6	1.8	1.1	3.6	3.1	2.3	1.6
Manufacturing	56,841	$73,847	3.2	(0.1)	(1.3)	(0.6)	(1.5)	(1.6)	(1.6)
Total: Middle Wage Sectors	**1,022,635**	**$95,467**	**19.7**	**6.0**	**1.5**	**3.5**	**5.8**	**5.9**	**5.2**
Education & Health	1,100,239	$65,853	63.9	66.4	80.1	47.9	23.0	18.0	17.8
Other Services	164,460	$64,601	10.1	4.0	1.3	3.2	2.3	2.1	2.1
Retail Trade	301,565	$56,208	14.4	(0.6)	(5.2)	2.7	2.9	2.2	2.1
Leisure & Hospitality	431,227	$56,086	96.2	32.4	15.4	8.9	3.8	4.5	7.3
Total: Low Wage Sectors	**1,997,491**	**$62,185**	**184.6**	**102.2**	**91.6**	**62.7**	**32.0**	**26.8**	**29.3**
Total NYC Employment	**4,485,695**	**114,294**	**307.7**	**119.9**	**78.1**	**88.0**	**65.1**	**53.2**	**51.4**

Source: Quarterly Survey of Employment and Wages (NY State Department of Labor), Mayor's Office of Management and Budget (for seasonally adjusted employment by sector), Office of the New York City Comptroller

Note: *2024 change is derived from three quarters of preliminary actual data and one forecast quarter.

The two fast-growing sectors are also among the lowest average wage industries in the city. And, as can be seen in Chart 4, low wage industries have dominated job growth for the past two years. Over the next few years, growth in these lower wage sectors is forecast to diminish somewhat but remain the largest contributor to city job growth. High wage sectors—which coincide with the industries most oriented toward office work and include finance, information, and professional services—are expected to reverse their recent downward trends and resume moderate growth beginning in 2025. In between are the mostly unionized middle wage industries, where falling construction employment and longer-term downward trends in manufacturing and wholesale jobs are offsetting modest growth in government and transportation.

Chart 4. Change in Employment by Sector Average Wage Level, 2023-2028



Source: Quarterly Survey of Employment and Wages (NY State Department of Labor), Mayor's Office of Management and Budget, Office of the New York City Comptroller

Note: *2024 change is derived from three quarters of preliminary actual data and one forecast quarter.

Job growth in the Health & Social Assistance sector has stood as the primary reason for NYC payroll expansion in the past two years. The 65,000 jobs added in the sector from January through October 2024 are nearly all of the total 70,000 jobs added citywide. And through the full year of 2023 (December-to-December), the sector accounted for 72,000 additional jobs while 1,000 jobs were lost in all other sectors combined.

Two subsectors within the Health Care & Social Assistance sector stand out as responsible for much of this growth—Home Health Care Services and Individual and Family Social Assistance Services together account for more than half of the year-over-year growth in the sector over the twelve months ending October 2024. These two subsectors, which both mostly provide home-based services, are the lowest in average wage among their industry, with 2023 average wages of $31,861 and $36,688 respectively (compared to $59,908 average wages in the industry as a whole).

Growth in home-based health and social assistance services has been significantly fueled by growth in the Consumer Directed Personal Assistance Program (CDPAP) paid by State Medicaid funds. This program allows those in need of home health and assistance services to designate a relative or friend as their caregiver, employed through a private intermediary. State-level efforts to curb accelerating Medicaid cost growth is expected to eventually slow the growth of this program. This year, the State enacted a change, effective April 1, 2025, to require CDPAP providers to work through a single intermediary chosen by the State, and its subcontractors, instead of working through more than 900 intermediaries currently providing such services statewide. It is expected that further measures may follow if this effort fails to achieve the targeted cost savings.

Employment in the Leisure & Hospitality industry also has been growing in 2024, up by almost 19,000 jobs in the 10 months through October. This growth is likely attributable to the tail-end of the post-pandemic recovery of the sector, which was especially hard hit by widespread COVID-19 related closures and limitations. With the additional jobs gained this year, industry employment stands at 97.1 percent of its level on the eve of the pandemic in February 2020. Growth in this industry is now most likely to slow, as its recovery appears nearly complete. Table 8 shows annual taxable sales totals for New York City restaurants and other eating places, starting prior to the pandemic. After taking a sharp hit in 2020 and 2021, sales partially rebounded in 2022 and 2023. But after adjusting for local inflation in the price of food outside the home, taxable sales declined slightly, by 0.5 percent, for the 12 months ending August 2024.

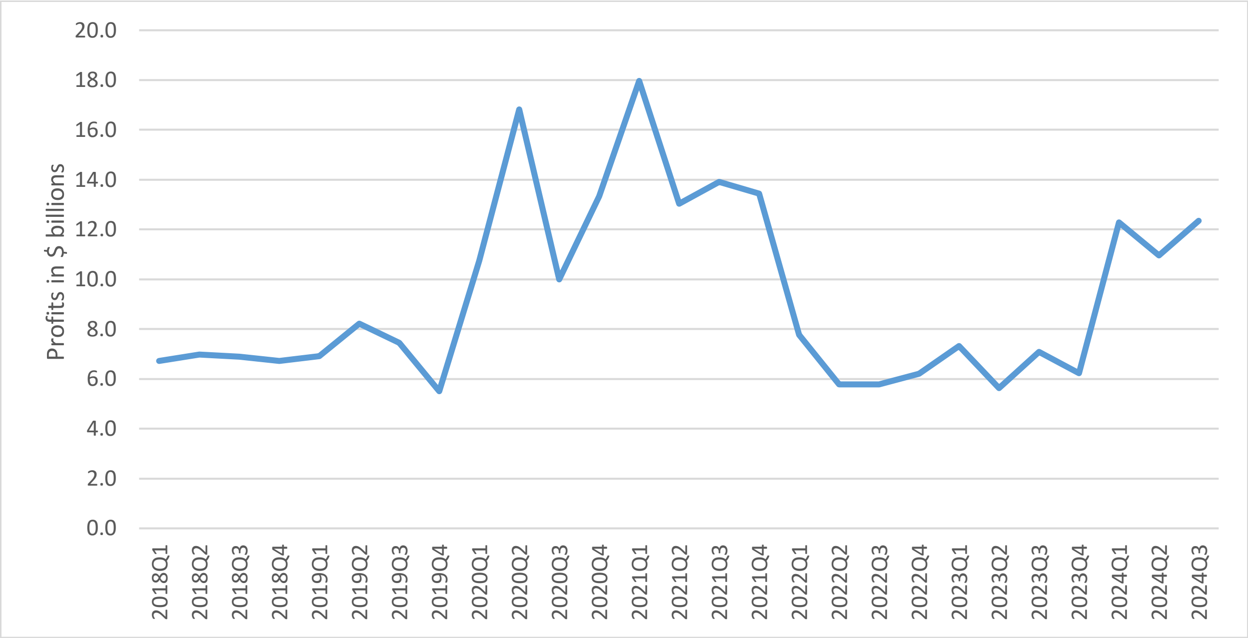
Table 8. NYC Taxable Sales at Restaurants and Other Eating Places, 2018-2024

	Sep2018 -Aug 2019	Sep 2019-Aug 2020	Sep 2020-Aug 2021	Sep 2021-Aug 2022	Sep 2022-Aug 2023	Sep 2023-Aug 2024
Taxable Sales at restaurants & other eating places (current dollars)	22,333	15,643	14,514	22,204	25,847	26,904
% change		(30.0%)	(7.2%)	53.0%	16.4%	4.1%
NYC metro price index growth of food away from home		3.1%	4.6%	6.9%	6.8%	4.7%
Taxable Sales at restaurants & other eating places (constant 2019 dollars)	22,550	15,322	13,596	19,451	21,211	21,096
% change		(32.1%)	(11.3%)	43.1%	9.0%	(0.5%)

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

The NYC financial sector lost 7,100 net jobs (-1.4 percent) through the first 10 months of 2024. Its highest-paying subsector—the Wall Street securities industry—is responsible for more than all this decline with payrolls declining by 8,500 jobs (-4.3 percent) in the same period. Commercial banking jobs rose slightly, by 1,700 through October. Wall Street job losses represent a response to a sharp change in profitability which occurred beginning in 2022, as can be seen in Chart 5. After very strong profits in 2020 and 2021, the NYC securities industry added more than 18,000 jobs through 2022 and the first half of 2023. But sharply lower profits in 2022 and 2023 have led the industry to pare back the payrolls that had recently grown so quickly. But net income is higher again in 2024—up 77.6 percent year-over-year in the first three quarters. This profitability, together with an improved outlook for lending, lead to an improved outlook for job growth in the sector going forward.

Chart 5. Wall Street Profits: Pre-Tax Profits of NYSE Member Firms



Source: Intercontinental Exchange, Inc.

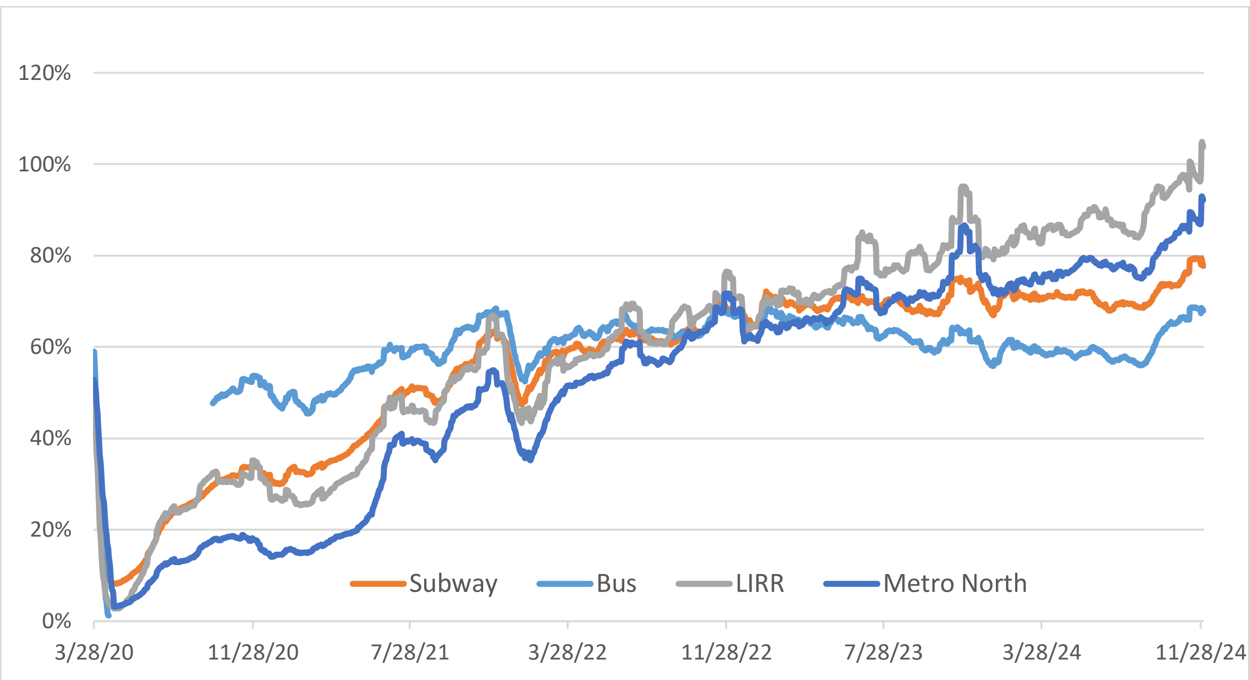
Employment in New York City's information sector, which includes a variety of both content providers and technology-related employers, declined by 9,600 in the first 10 months of 2024. This comes just after the industry shed nearly 16,000 jobs in 2023. Part of the 2023 job loss was attributable to strikes in the film and television industry. But while the strikes were settled in late 2023, NYC jobs in these industries do not appear to have returned, on net. In the motion picture and sound recording subsector, average employment in the 12 months ending in October 2024 was 37,800, down by nearly 18,000 (more than 30 percent) from two years prior, in 2022. NYC layoffs in internet content industries are part of a nationwide trend—fast growth in hiring through 2022 was eventually reversed after industry profits receded. With profitability back up, especially in 2024, and a lower interest rate environment the wave of layoffs is likely to subside and the outlook is for the industry to resume employment growth.

Commercial Real Estate: Gradual rebound in office market continuing

NYC's commercial real estate market, which had shown signs of stabilizing in 2023, began to recover in 2024. The citywide office availability rate has fallen from a cyclical high of 24.3 percent at mid-year to 23.4 percent in November. All of the decline has been driven by Manhattan, as availability rates have been flat in the outer boroughs. While the recovery has been led by higher-end office buildings, availability rates have been steady to down slightly for Class B and C buildings across the city.

Market rents have also begun to recover across all market segments; market rents at the high end of the market (5-star properties) have fully rebounded to pre-pandemic levels, but otherwise rents remain well below that threshold. A major driver of the rebound in demand for space has evidently been office attendance. Placer AI estimates that office visits were just 14 percent below pre-COVID levels in New York City as of October 2024, topping the list of major U.S. cities. Another sign of increased office attendance, reflecting changes in commuting patterns, is transit ridership shown in Chart 6 below. After running about 30 percent below comparable pre-COVID levels throughout 2023 and much of 2024, subway ridership began to trend up in September and continued to climb in October and November. There have been similar upturns in commuter rail and bus ridership.

Chart 6. MTA Ridership Relative to Comparable Pre-Pandemic Day, 28-Day Moving Average



Source: MTA, Office of the New York City Comptroller

On the supply side, new office construction starts have been scant, though an estimated 3.2 million square feet of office space—amounting to about 0.6 percent of the total supply—are still under construction. Most new supply coming online in the next few years is expected to be offset by demolitions and residential conversions. Also, some of the city's older, less desirable office buildings have been renovated and upgraded—a trend that is expected to continue.

More broadly, the Comptroller's Office's outlook for office real estate expects that the recovery in the office market will continue at a gradual pace, as overall demand grows modestly and supply holds steady, while the mix gradually adjusts to align more closely with the types of space most in demand. As noted in our May 2024 Spotlight report, a combination of sluggish demand for lower-tier office space and incentive programs has prompted developers to upgrade some of the less desirable office buildings and convert others to residential use. One such program is the "Manhattan Commercial Revitalization Program" (M-CORE), which is designed to encourage renovation and upgrading of office space to bring it more in line with demand, by subsidizing the renovation of office space with more generous tax breaks. The program received 11 applications in its first round and two buildings are receiving tax incentives. The second, less successful round of applications closed in April of 2024 and projects are expected to be brought for approval in early 2025. The next section expands on office-to-residential conversion incentives.

Residential Real Estate: Efforts to ease the housing shortage

The home sales market has been sluggish over the course of 2024. Selling prices overall have edged down since the beginning of the year and are slightly below pre-pandemic levels, with declines in Manhattan offsetting moderate price increases in the outer boroughs. While mortgage rates have receded somewhat from their late-2023 levels, they remain near 20-year highs, evidently hindering affordability.

The city's apartment rental market has been fairly stable but exceptionally tight. The inventory of available units has been relatively steady at a low level, and rents running roughly 3.5 percent above year-earlier levels. Compared with the onset of the pandemic in early 2020, average hourly wages are up roughly 19 percent, while rents are up 22 percent.

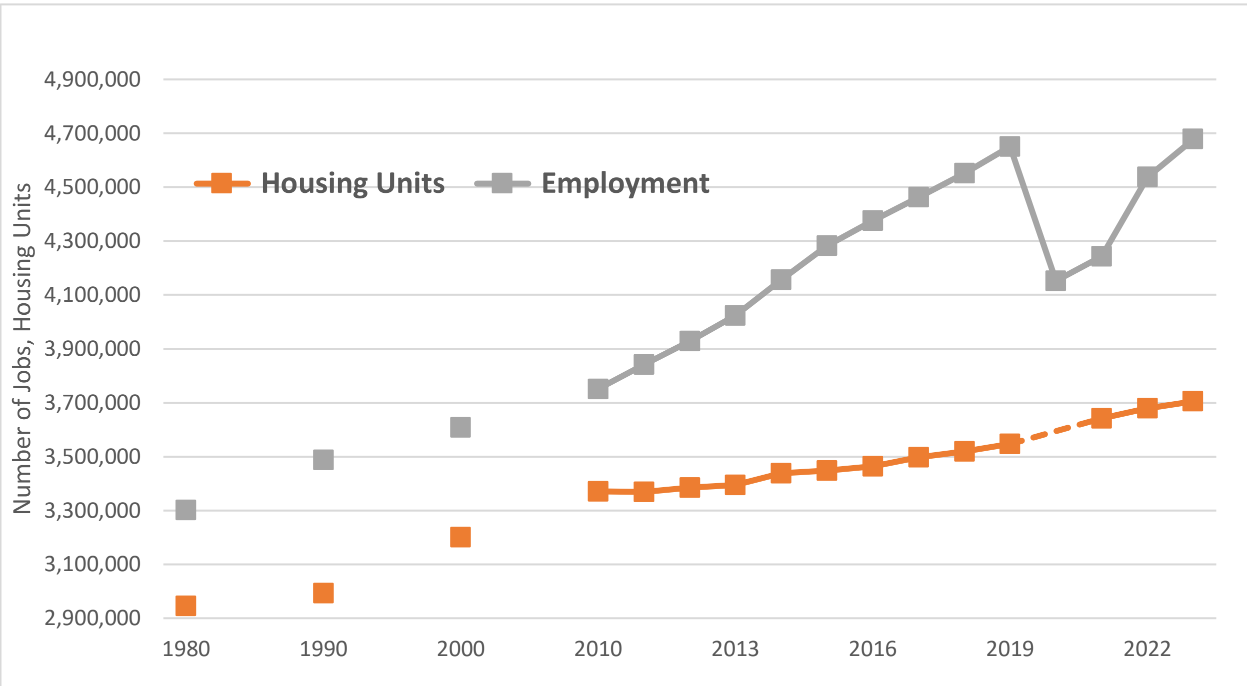
Due to the expiration of the 421-a program, there were 61,600 new units permitted in the first half of 2022, generating an overhang that remained around 17,000 units as of the second quarter of 2024. Since the third quarter of 2022, permits for new buildings have stabilized at a relatively low annual pace around 15,000 residential units. Specifically, the average quarterly number of new units permitted between the third quarter of 2022 and the second quarter of 2024 was 3,900 or 64.6 percent of the average permit activity between the first quarter of 2017 and the start of the pandemic in the first quarter of 2020. On an annual basis, this is a drop of 8,500 new residential units.

Based on data for units permitted between 2016 and 2019, it takes nearly three years on average to complete buildings with more than 10 units, which account for most of the new production. Due to its size and to the high interest rates environment, the glut of new permitted units will likely be completed on a longer timeline but still qualify for 421-a tax benefits after the extension of the completion timeline in the State budget passed in April. While the number of new units completed has risen to nearly 30,000 on an annual basis as of the second quarter of 2024, the drop in new permits will represent a headwind to the volume of completions starting in the next few quarters.

The State budget also launched a new tax program (485-x) to replace the expired 421-a, and its impact on permits will become evident in future permit data releases.

While it seems clear that the city faces a severe housing shortage, there are various ways to gauge the magnitude of that shortfall. In its [February 2024 Spotlight report](), the Comptroller's Office compared long-term trends in the housing stock with long-term trends in jobs. Between 2010 and 2023, employment grew by 25 percent, while the number of housing units expanded by just 10 percent. In order for the housing supply to have kept pace with job creation over this period, an additional 500,000 housing units would have needed to be added.

Chart 7. Trends in Payroll Employment & Housing Units, NYC



Source: NY Department of Labor, U.S. Census Bureau (Census 1980,1990,2000; ACS 2010-2022); Housing & Vacancy Survey 2023

That report also highlighted the finding in the 2023 Housing & Vacancy Survey (HVS) that both the number and proportion of rental housing units that were vacant and available fell to historic lows—1.4 percent and 33,210 units, respectively. A number of initiatives have been undertaken to address this housing crisis.

On December 5th, the City Council passed a modified version of the *City of Yes for Housing Opportunity* plan to promote housing production across the five boroughs. This modified version aims to create 80,000 new housing units and includes reforms to parking requirements, changes to accessory dwelling unit permissions, and new rules to facilitate commercial to residential conversion activity and promote new transit-oriented development. The agreement on the *City of Yes* plan includes $5 billion in new expenditures for programs and capital investments outlined in the Council's *City for All* housing plan. This includes $1 billion in State funds that were pledged in the most recent round of legislative negotiations in November.

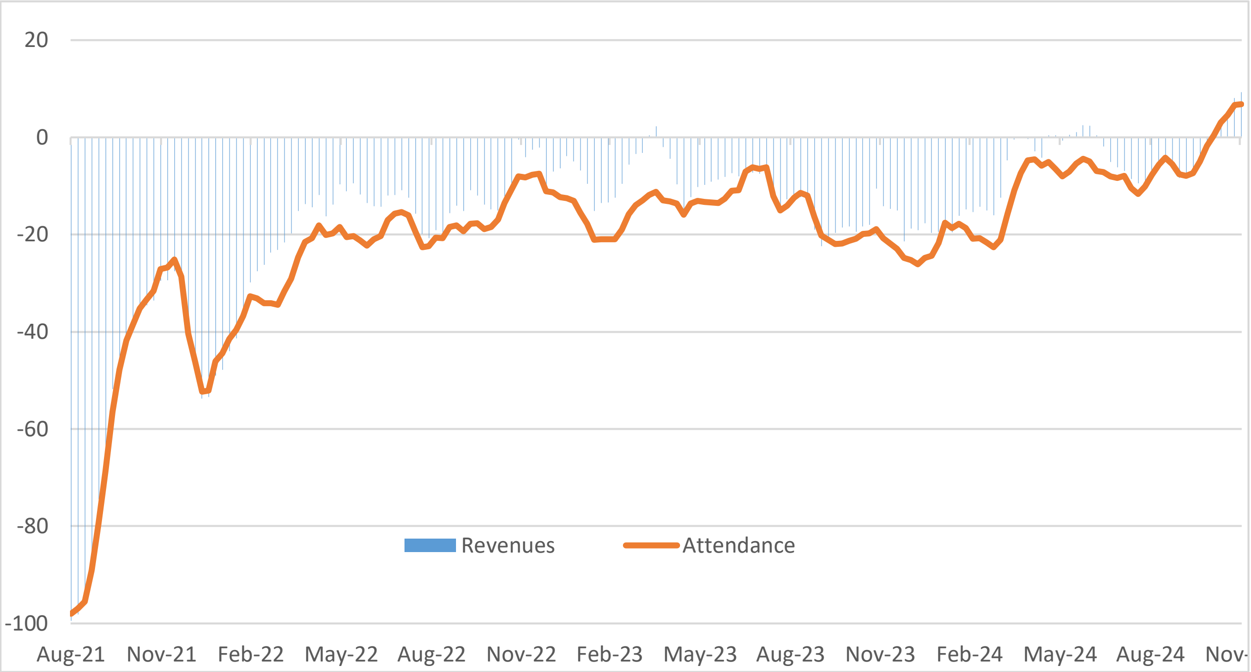
A key component of this initiative is the 467-M program, which offers long-term property tax abatements to developers that convert qualifying lower-tier office buildings to rental apartment buildings, in which a certain proportion are dedicated as affordable. This is somewhat similar to the city's long-expired 421-g program, except that it expands to a much broader geographic area. In recent years, most of the major office-to-residential conversions have been in the Financial District (Lower Manhattan).

Tourism rebound expected to continue

Tourism, which was perhaps the city's sector that was hardest hit by the pandemic, has rebounded strongly. The city's overall hotel occupancy rate climbed to 91 percent in October 2024—the highest level since October 2018. Room rates have also rebounded strongly and, even after adjusting for inflation, are modestly above pre-pandemic levels. Meanwhile, the inventory (supply) of hotel accommodations has been limited. The total number of available hotel rooms in the city, which tumbled early in the pandemic, has fully recovered but is only up 3 percent from pre-COVID levels.

Broadway theatres have also seen a strong rebound. For most of 2024, revenues were roughly on par with comparable pre-COVID levels, and attendance was running about 5-10 percent below. But a strong upward trend in October and November has thrust both measures well above comparable 2019 levels, with attendance up nearly 7 percent and revenues up more than 9 percent, as shown in Chart 8 below.

Chart 8. Broadway Theater Attendance & Revenues, Percent Above/ Below Comparable Week in 2019 Season (4-Week Moving Average)



Source: The Broadway League

Population and Income

According to the Census Bureau's 2020 enumeration, New York City had 8.8 million residents in April of 2020. Subsequent estimates from the Census Bureau's Population Estimates Program (PEP) showed population losses through 2023 totaling nearly 550,000.[6] Table 9 summarizes the data from the 2020 enumeration and the Census Bureau's annual American Community Survey (ACS), which provides additional socio-economic characteristics and is parametrized to match PEP's total population estimates. It shows three main points:

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[6] The 2020 enumeration's 8.804 million estimate was substantially higher than the 2020 PEP estimate of 8.253 million. The Census Bureau re-estimates population totals by interpolating data from the decennial enumerations. A methodology paper is available here. As of the time of writing, 2010-2020 intercensal estimates have not yet been released. Intercensal re-estimates do not revise the components of population change.

In the absence of Census Bureau estimates, the Bureau of Economic Analysis (BEA) uses the Census Bureau's methodology for its personal income statistics. A similar exercise is conducted by the Cornell Program on Applied Demographics (see Cornell Population Center 2023 County and Economic Development Regions Population Estimates, p.37). These estimates show that the NYC population peaked in 2018, declining very slightly in 2019 before the large pandemic-induced drops that followed.

1. The estimate of occupied housing units in New York City in 2023 exceeded the 2020 enumeration by 24,300.[7]
2. Over the same time period, the estimate of population in housing units dropped by roughly 540,000. This equates to a drop of average household size from 2.55 to 2.37 (-7.0 percent), mostly concentrated in 2022. If confirmed, this would be the lowest level and likely fastest drop on record.
3. The estimate of population in group quarters increased by about 8,000 between 2022 and 2023 despite the steep increase of asylum seekers in City shelters. This implies that the total NYC population is higher than estimated by the Census Bureau and may have actually increased between 2022 and 2023, as shown further below.

Table 9. Housing Units and Population Estimates 2020-2023

Year	Occupied Housing Units (Ths.)	Vacancy Rate	Population in Housing Units (Ths.)	Average Household Size	Population in Group Quarters (Ths.)	Total Population (Ths.)
2020	3,370	6.9%	8,585	2.55	219	8,804
2021	3,264	10.4%	8,282	2.54	187	8,469
2022	3,373	8.3%	8,131	2.41	207	8,337
2023	3,395	8.4%	8,043	2.37	215	8,258

Source: Census Bureau 2020 Enumeration and American Community Survey, Office of the New York City Comptroller analysis. Because the American Community Survey is parametrized to PEP totals and is never updated for revisions, pre- and post-2020 totals extracted from survey data are not comparable. Homeless shelters are part of noninstitutional group quarters, which also include student dorms, nursing homes, and other types of accommodation. Household Composition and the Decline in the Number of Children

The number of occupied housing units increased between 2020 and 2023 by 24,200. At the same time, the estimated distribution of household types changed significantly. Table 10 shows that the number of households with children (married, cohabiting, and single parent households with children up to age 17) decreased by approximately 70,500. The decline was only partially compensated by the increase of married or cohabiting couples.

The driving force behind the growth in the number of occupied units was the 100,400 increase in the number of householders living alone, well in excess of the decrease in the number of householders living with relatives or nonrelatives (e.g., roommates). This shift is evidence of the increase in the demand for residential space in the aftermath of the pandemic.

[7] The 2023 Housing and Vacancy Survey (HVS), also conducted by the Census Bureau, showed an even higher increase of approximately 61,500 occupied units. The HVS also shows a significantly larger decrease in vacant units available for rent, which results in a rental vacancy rate of 1.4 percent. Instead, the 2023 ACS estimates the rental vacancy rate at 2.9 percent. The rental vacancy rate from the two surveys was almost identical in 2017 and 2021 and it is not clear what drove the discrepancy in 2023.

Table 10. NYC Households by Type 2020-2023 (‘000s)

Year	2020	2023	Change 2020-2023	% Change 2020-2023
Married or cohabiting with children	533.6	510.5	(23.1)	(4.3%)
Single parent	273.3	225.8	(47.5)	(17.4%)
Married or cohabiting w/out children	832.0	892.1	60.1	7.2%
Living alone	1,075.0	1,175.4	100.4	9.3%
Householder living with relatives	478.5	446.0	(32.5)	(6.8%)
Householder living with nonrelatives	178.1	144.9	(33.2)	(18.6%)
Total	3,370.4	3,394.8	24.3	0.7%

Source: Census Bureau 2020 Enumeration and American Community Survey, Office of the New York City Comptroller analysis.

Shifts in household composition point to a decline in the number of children living in New York City. This is validated by school enrollment data. Table 11 shows enrollment for school years 2019-2020 through 2023-2024 for public, charter, and non-public schools. Population data are from the 2020 enumeration and the 2023 Population Estimates Program (PEP). Because the Census data show a deeper decline in children aged 0 to 4, the estimate of 4-years-old and Pre-K enrollment are presented separately from 5-to-18 years old and K-12 enrollment. In both cases, the Census Bureau estimates are consistent with school enrollment data.

Table 11. Population Estimates and K-12 School Enrollment (‘000s)

	2020	2023	Change	% Change
Population aged 4	106	91	(15)	(14.1%)
Pre-K enrollment	94	80	(14)	(15.2%)
Population aged 5-18	1,377	1,278	(99)	(7.2%)
K-12 enrollment	1,273	1,179	(94)	(7.4%)

Source: NYS Education Department, NYC Department of Education, Census Bureau 2020 enumeration and 2023 PEP, Office of the New York City Comptroller analysis. Enrollment data for school year 2019-2020 is matched to Census data for 2020. Enrollment data for school year 2023-2024 is matched to Census data for 2023.

The Census Bureau estimates that the population 0-3 was 19.3 percent lower in 2023 than in 2020, which points to continued downward pressure on enrollment as new cohorts enter school age. The decline could be offset by the children of asylum seekers that remain in New York City. This appears to be confirmed by the preliminary 2024-2025 public school enrollment data records a relatively mild annual 0.7 percent decline in K-5 enrollment, while total K-12 enrollment was flat.

Domestic Migration

The change in population is the sum of its natural increase (births minus deaths) and migration, which is broken down between domestic and international. For New York City, domestic migration shows a net outflow of population, and it is typically the largest component of population change. Table 12 summarizes net domestic migration from three sources: the Census Bureau's PEP (which is based on IRS and Medicare records) and ACS, and IRS' county-to-county changes in tax filing address. The estimates point to domestic outmigration peaking during the pandemic and abating afterward, with the ACS data showing smaller outflows than PEP data.

Table 12. Net Domestic Migration of People (in thousands)

Year	PEP	ACS	IRS
2020	(151.9)	N/A.	(230.0)
2021	(311.2)	(264.8)	(238.1)
2022	(218.3)	(181.6)	(177.7)
2023	(160.0)	(118.1)	N/A

Source: Census Bureau American Community Survey, Internal Revenue Service, Office of the New York City Comptroller analysis

The composition of domestic migration flows also shifted. Table 13 shows the number of household heads moving in and out of NYC, as reported in the ACS. The net outflow dropped from 90,500 households in 2021 to 39,400 in 2023. However, the outflow became increasingly concentrated among Black and Hispanic household heads and among families with children. The median income of incoming households exceeded that of outgoing ones in 2022 and, by a larger margin, in 2023. This marked a return to a more typical pre-pandemic pattern.

Table 13. Net Domestic Migration of Households (in thousands)

	2021	2022	2023
Net Migration	(90.5)	(57.6)	(39.4)
White Household Head (HH)	(37.6)	(10.0)	(3.9)
Black or Hispanic HH	(39.0)	(38.6)	(29.4)
Asian and Other HH	(13.9)	(8.9)	(6.1)
With children	(40.1)	(34.7)	(21.7)
Married/cohabiting, no children	(35.2)	(21.5)	(12.3)
Others	(15.1)	(1.4)	(5.4)
Median income of households (Thousands of 2023 dollars)			
Incoming	$94.5	$100.5	$121.0

	2021	2022	2023
Outgoing	$108.1	$93.7	$94.0

Source: Office of the New York City Comptroller analysis of American Community Survey data. Households reporting zero income are excluded from the estimates. The inflation adjustment uses the Bureau of Labor Statistics' R-CPI-U-RS series, per Census Bureau documentation

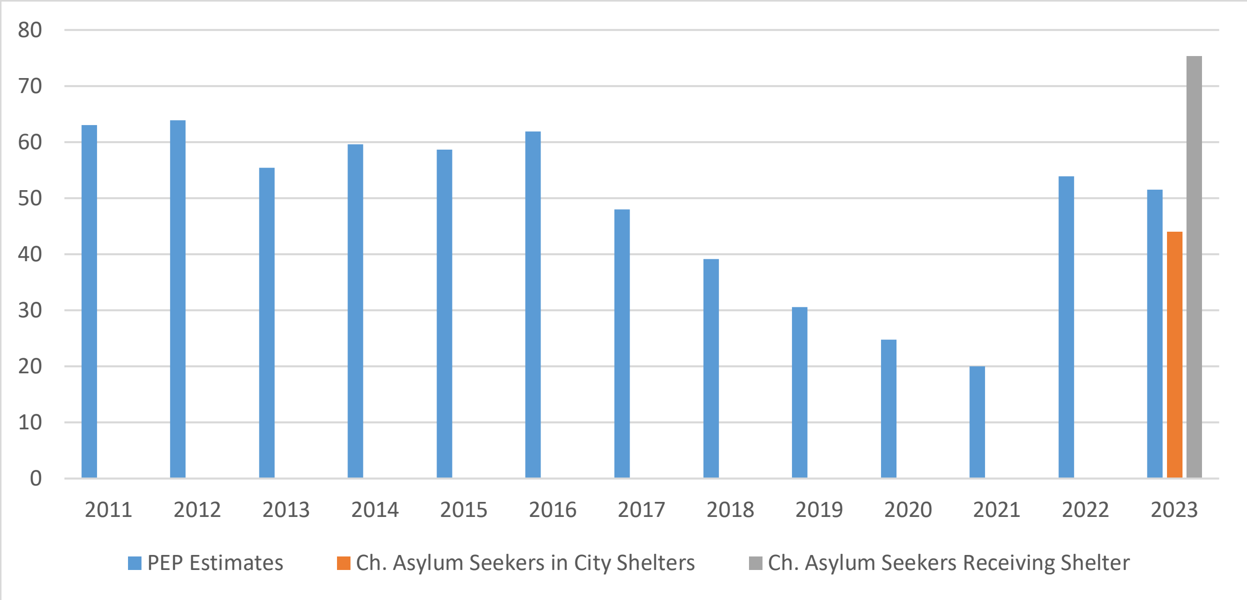
International Migration

Chart 9 shows net international migration from PEP estimates. The data highlights four distinct periods: 1) between 2011 and 2016 the yearly net inflow averaged 60,400 individuals; 2) the inflow dropped to 30,600 by 2019, due to the restrictive policies instituted during the first Trump administration; 3) the inflow dropped further during the pandemic in 2020 and 2021; and 4) international migration rebounded above 50,000 in 2022 and 2023.

However, PEP estimates that the population in group quarters increased by less than 1,200 in 2023 and ACS estimates a change in noninstitutional group quarters (the subset that includes homeless shelters) of 7,700. Chart 9 shows that between the end of August 2022 (when the data available to the Comptroller's Office starts) and the first week of July 2023 (the reference period of PEP estimates), the number of asylum seekers in City shelters grew by 44,000 and the number of individuals who at any point received shelter grew by 75,300. Given that not all the asylum seekers necessarily received shelter and that those exiting shelter may have remained in New York City, it is reasonable to conclude that the official statistics overstate the 2023 population decline.[8]

[8] International migration is the component of population change that is more prone to measurement error. The main source of PEP estimates is the ACS, both for total flows and their geographical distribution. Because ACS data are lagged, in any given year PEP estimates are based on the previous year's survey results. This might help explain why the 2023 PEP data underestimates international migration to NYC. Changes to international migration estimates can be substantial. In 2018, PEP started using a different ACS variable for the estimates, causing a nearly 200,000 downward revision of the NYC population (see our May 2023 Newsletter and the NYC Department of City Planning analysis of 2018 Census estimates).

Chart 9. Net International Migration (in thousands)



Source: Census Bureau PEP, NYC Mayor's Office, Office of the New York City Comptroller analysis. The change in the number of asylum seekers in shelter exclude 1,200 individuals that were sheltered outside of New York City

Likely Undocumented Immigrants in NYC

The ACS data can be used to infer the number of likely undocumented immigrants among NYC residents.[9] Excluding individuals in group quarters, likely undocumented residents represented 4.9 percent of the population in 2021-2023 (approximately 400,000 individuals), down from 8.0 percent in 2011-2013. NYC's share of the likely undocumented population residing in its metropolitan area fell from 49.5 percent to 43.9 percent over the same period.

In 2021-2023, labor force participation among likely undocumented immigrants was 80.6 percent, significantly higher than the 63.4 percent for the rest of the population. The unemployment rate was 5.4 percent (vs. 8.2 percent for the rest of the labor force) and wage income also represented 5.4 percent of the NYC total. Two sectors (Food Services and Drinking Places and Construction) represented nearly 30 percent of employment among likely undocumented New Yorkers.

[9] The methodology is based on a series of criteria regarding the year of arrival, country of origin, occupation, receipt of public benefits, and others that, if met, exclude respondents from the count of likely undocumented foreign-born survey respondents. The analysis uses IPUMS USA data [Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. (2024) IPUMS USA: Version 15.0. Minneapolis, MN.] because they contain additional imputed variables not available in standard Census Bureau releases. The Mayor's Office of Immigrant Affairs also provides estimates of the undocumented population in its annual report. The estimates are broadly comparable to those reported here. Though not specifically for NYC, other sources of estimates are the Center for Migration Studies, Pew Charitable Trust, American Immigration Council, and Borjas G.J. (2017) "The Earnings of Undocumented Immigrants", *NBER Working Paper* 23236.

Population Projections and the Potential Impact of the Incoming Trump Administration

The NYC Department of City Planning (DCP) published its last set of population projections in 2013. By 2020, these projections had been exceeded both in terms of total population (8.8 million in the 2020 enumeration vs. 8.6 million projected) and housing units (3.6 million in the 2020 enumeration vs. 3.5 million projected). The DCP forecast called for a total population of 9.0 million and 3.7 million total housing units by 2040. Another set of projections published in 2018 by the Cornell Program on Applied Demographics, estimated a total population of 9.5 million by 2040.[10]

As previously discussed, since 2020, the New York City population has dropped while the number of occupied housing units as well as their total number increased (the latter reaching 3.7 million already in 2023). The key question is when and under what conditions the New York City population can be expected to start growing again.

ACS estimates show three main changes in the composition of the New York City population from 2017-2019 to 2021-2023. The first is a decline in the share of children (-1.3 percentage points). The second is a decline in the share of people aged 20-29 (-1.6 percentage points). The third is an increase in the share of people aged 60 or above (+2.3 percentage points). These shifts, if confirmed by future data, mean that the natural balance (birth minus deaths) may not recover quickly from the average of 30,700 in 2021-2023, and likely not regain the 61,800 average from 2011-2019.

Net international migration had a similar average of 60,400 from 2011 to 2016, but it dropped to 39,300 in 2017-2019 during the first Trump term. With constraints on the natural balance and international migration during Trump's second term, it appears that, based on the data currently available, population growth in New York City may hinge upon substantially narrowing the net domestic outflow, perhaps to less than half of the 160,000 estimated by PEP in 2023. While domestic outmigration was below 80,000 in the aftermath of the Great Recession, the state of housing affordability in New York City limits the prospects of a quick decrease toward those levels.

Personal Income

Total personal income of NYC residents grew by 5.7 percent in nominal terms in 2023, essentially on par with the 5.8 percent growth rate of income by place of work (which includes the earnings of commuters). The new statistics published by the BEA also show that total income of NYC residents did not fall in nominal terms in any year during or after the pandemic. This was attributable to the combination of federal pandemic assistance programs in 2020 and 2021, and

[10] The challenges facing the demographic profile of New York City may be exemplified by the Cornell program's newly published population projections for New York State: the new data show population declines in all scenarios through 2050.

to the continued economic recovery in 2022 and 2023. The end of the Federal stimulus meant that total income only grew 1.1 percent in nominal terms in 2022, just as inflation hit its highest level, dragging total personal income down by 4.7 percent in real terms.

Between 2019 and 2023 total income by place of work and by place of residence grew in real terms by 3.3 percent and 2.5 percent, respectively. If confirmed in future data releases, this is a particularly strong result given the spike in outmigration experienced during the pandemic. In the 2023 data release, BEA revised downward its estimate of the share of income accruing to commuters in 2020 and especially in 2022, lifting personal income above previously published levels. Nonetheless the fraction of net earnings by place of work accruing to commuters in 2023 was 30.5 percent, barely below the 2021 peak of 30.6 percent. Using data going back to 1969, the fraction had been above 30 percent only in 2007-2008, at the peak of the housing bubble and the start of the financial crisis.

Because population is estimated to have dropped by 6.4 percent since 2019, personal income per capita increased 9.5 percent in real terms over the period. However, because government transfers dropped and income from capital sources (dividends, interest, and rent) increased, the distribution of income became more unequal.

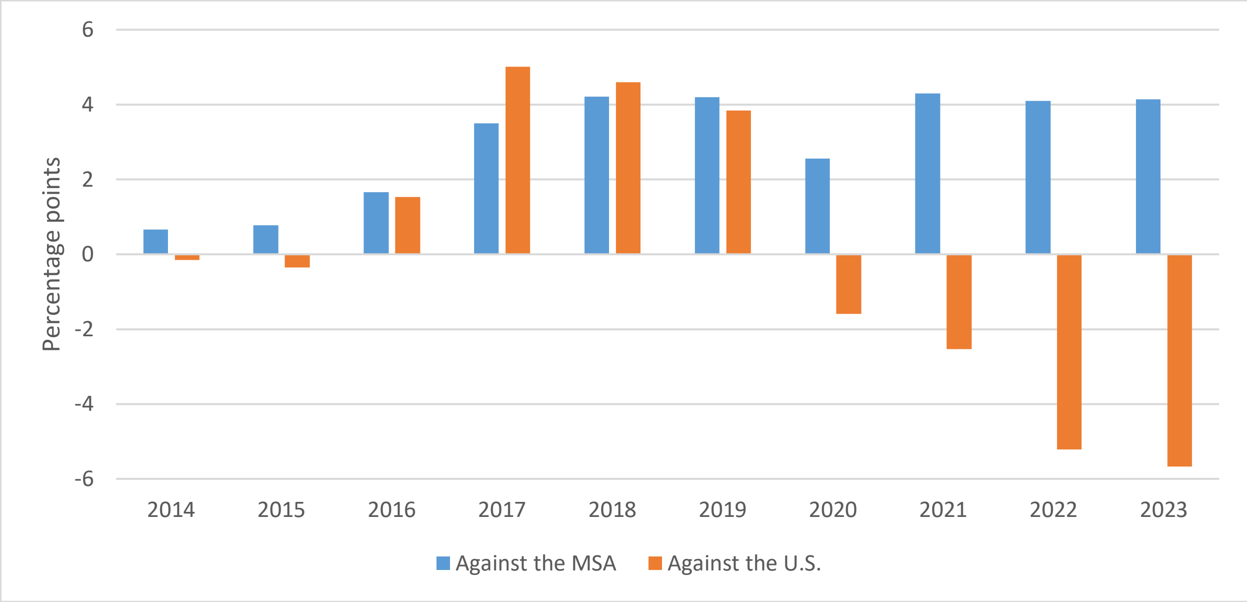
Table 14. Growth Rates of Personal Income

		2020	2021	2022	2023	2019-2023
By Place of Work	Nominal	2.6%	8.6%	1.4%	5.8%	19.6%
	Real	0.9%	5.1%	(4.4%)	1.9%	3.3%
By Place of Residence	Nominal	3.6%	7.1%	1.1%	5.7%	18.7%
	Real	1.9%	3.7%	(4.7%)	1.8%	2.5%
Per Capita	Nominal	4.6%	10.7%	2.6%	6.7%	26.8%
	Real	2.8%	7.1%	(3.3%)	2.8%	9.5%

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Office the New York City Comptroller analysis

In 2023, New York City's personal income by place of work was 60.6 percent higher than in 2013. Chart 10 shows how its growth from 2014 and 2023 compares to its metropolitan area and to the nation. The first observation is that the pandemic does not appear to have fundamentally altered the economic role that New York City plays in the metropolitan area: with the exception of 2020, income by place of work has been roughly four percentage points higher in New York City since the late 2010s. However, since the start of the pandemic New York City lost ground relative to the nation: in 2023 the growth differential was -5.7 percent, a sharp reversal from the +3.8 percent in 2019.

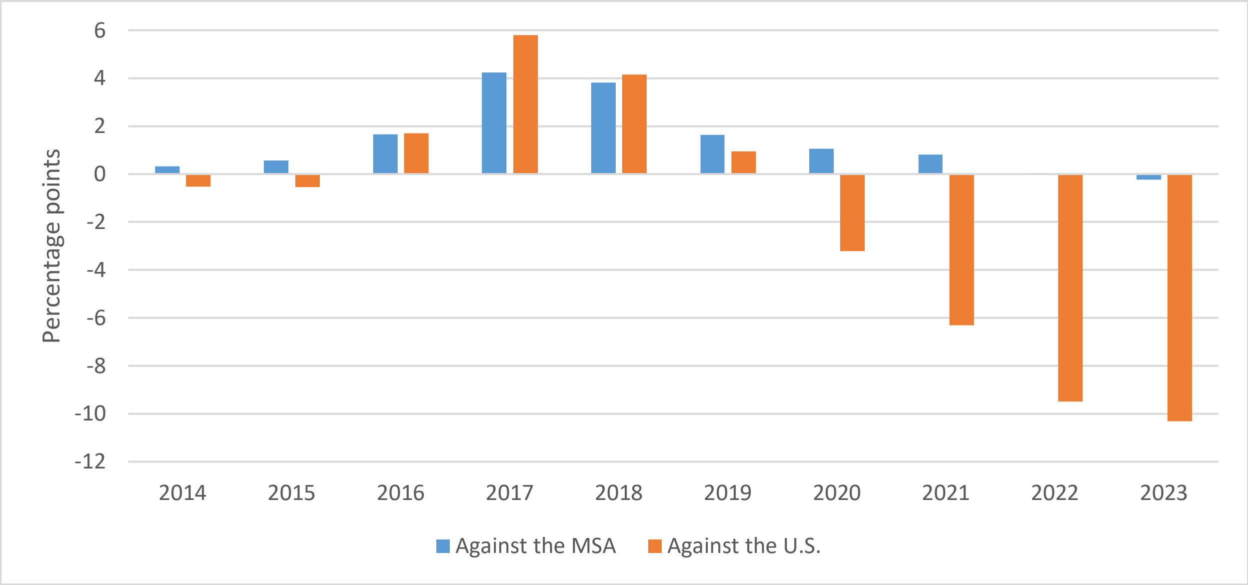
Chart 10. Growth Differential of Personal Income by Place of Work 2014-2023



Source: Bureau of Economic Analysis, Office the New York City Comptroller analysis.

Chart 11 below repeats the exercise for income by place of residence. Between 2017 and 2023, the fraction of earnings accruing to commuters grew from 26.4 percent to 30.5 percent. As a result, by 2022 the total income of New York City residents had fallen back to the same rate of the metropolitan area. For the same reason, the differential against the nation also worsened to -10.3 percentage points.

Chart 11. Growth Differential of Personal Income by Place of Residence 2014-2023



Source: Bureau of Economic Analysis, Office the New York City Comptroller analysis.

Risks to the Economic Forecast

The largest current risk to the continued decline of inflation and interest rates comes from the possibility of Federal government policy changes—most importantly through a broad expansion of import tariffs and the rapid reduction of a segment of the domestic labor force via new immigration enforcement and restrictions. Lower taxes and a larger budget deficit could also keep interest higher than expected. While fiscal and monetary policies could soften some of the negative impacts of these shocks on the economy, it is not certain that the Federal government or the Fed will take the steps needed to do so.

The tariffs imposed during the first Trump administration starting in 2018, which fell most heavily on Chinese imports, have been shown to have been fully borne by U.S. firms and consumers.[11] One likely reason for this is that even though the U.S. is the largest customer for China's exports, it still only accounts for 16 percent of such exports, and Chinese producers may more profitably divert their supply to other countries rather than lower prices. The full economic impact of a new round of tariffs, followed by foreign retaliation and, predictably, the creation of compensation programs is not foreseeable at this time. But even if tariffs improve U.S. terms of trade and some production is shifted to this country, the prices on trade-restricted goods and services would still

[11] See Fajgelbaum P. and Khandelwal A. The Economic Impacts of the US-China Trade War. *Annual Review of Economics*, August 2022.

be expected to increase, even if not dollar-for-dollar.[12] And while price increases from tariffs are one-time changes—and therefore would not be the direct cause of ongoing price inflation after an initial period of rising prices—they pose a risk for rekindling inflationary expectations, which would lead to higher inflation for a longer period of time.

A reduction in the flow of immigrants to the U.S. and increased deportations of those already here without documentation would constrain U.S. labor supply, lower economic growth, and increase inflation through higher labor costs. Under Trump's second term, net immigration flows could likely return to the 0.7 million average annual number in 2017-2019, as compared to above 3 million in 2023 and 2024.[13] Mass deportations would drive net immigration further below the 0.7 million level and shrink the labor force.

Economic and Fiscal Research: 2024 In Review

In 2024, the economics and fiscal teams at the Office of the New York City Comptroller devoted considerable attention to issues of affordability, starting with three reports on the residential rental market, homeownership, and housing supply, and continuing with a review of publicly-supported child care programs. The inclusiveness of the New York City economy was explored from three vantage points: the labor market conditions of disabled New Yorkers, CUNY's crucial economic role as an engine of social mobility, and, jointly with the Federal Reserve Bank of New York, the state of household debt among New York City residents. Two more reports refreshed previous analyses of the New York City's creative economy and of its office market. The monthly Economic and Fiscal Outlook newsletter provided timely summaries of key data releases. The research on asylum seekers was included in the Office's comprehensive landing page and is particularly useful given the opacity of the cost data provided by the Adams' Administration (of particular note was the analysis of per diem hotel and service costs).

Since the November election, the focus shifted to the risks posed to New York City by the incoming Trump administration. The first post-election assessment of economic and fiscal risks was included in the Protecting New York City report, which was followed by an exhaustive overview of federal transfers to New York City's governmental entities and residents, which total more than $100 billion yearly.

A different type of affordability, that of the City's debt, rose to prominence when the City requested and obtained from the State legislators additional debt capacity. The How Much Is Enough? report found that the increase was both reasonably sized and affordable under the City's metrics. The report was accompanied by a debt affordability study and by an analysis and critique of the methodology used by the New York State Office of Real Property Tax Services to

[12] The evidence from the 2018-2019 trade war show that economic impacts were on balance negative. See Autor D., Beck A., Dorn D., and Hanson G. Help for the Heartland? The Employment and Electoral Effects of the Trump Tariffs in the United States, August 2024.

[13] Congressional Budget Office, The Demographic Outlook: 2024 to 2054, January 2024.

calculate the City's constitutional debt limit. These research efforts culminated in a revamped edition of the City Charter-mandated Annual Report on Capital Debt and Obligations for FY 2025.

Two government management topics were explored in detail. First, was the City's fiscal framework, which will ring in its 50th anniversary in 2025. The report A Stronger Fiscal Framework for New York City contains a package of pragmatic proposals ranging from the accumulation and use of rainy-day and debt service reserves, to mechanisms making long-term savings and government efficiency programs achievable, to the overhaul of capital planning and budgeting on the basis of honest state-of-good-repair assessments, to the rigorous redesign of the contracting process to make sure that the City's vendors are paid on time. The report also calls for finally ending the "emergency" in the Financial Emergency Act and making its key provisions permanent in State law.

The second management topic was the City's staffing crisis, which the Comptroller's Office's Policy Bureau highlighted as early as 2022. This led to the creation of a staffing dashboard that provides detailed and up-to-date information on budgeted and actual headcounts at all City agencies. It is not often that a dashboard is called a "sea change" and made into a case study, but such is the need of simple, accessible, and transparent management tools for local governments. In 2024, the Comptroller's Office launched two other resources: the Policy Bureau's NYC Government performance dashboard which provides data and analysis in a far more timely fashion than the Mayor's Management Report and the Workers' Rights Bureau's employer violations dashboard, the first-ever tool to track and analyze workplace violations across City, State, and Federal agencies.

Finally, in 2024 the Comptroller's Office launched a new series of occasional papers that are more technical in nature called fiscal notes. The first note was dedicated to an explanation of the new strategic asset allocation for the City's pension funds (courtesy of the Bureau of Asset Management). Two more fiscal notes were dedicated to the tax assessment of cooperative and condominium buildings and to the implications of lowering the tax assessment ratio for Class 1 buildings (mostly comprised of 1-3 family homes). Finally, the work on economic development policy issues led to the evaluation of the Food Retail Expansion to Support Health (FRESH) program.

In addition, the Office also published its analyses of and comments on each of the Mayor's financial plan updates, as well as quarterly reports on and forecasts of the City's cash balances.

III. The State of the City's Finances

The City's Financial Position

The Annual Comprehensive Financial Report (ACFR) for FY 2024 shows that the City government's financial position remained largely stable over the last fiscal year, but it presents vulnerabilities in the governmental fund balances that need to be addressed. The City's long-term reserves, discussed more in detail below, totaled $7.0 billion or 9.4 percent of total General Fund tax revenues at the end of FY 2024. This is far from the 16.0 percent proposed by the Office of the Comptroller.

The outlook for General Fund tax revenues is more positive than previously estimated by the Office of the Comptroller. Based on the strength and the expected path of the national and local economy before the start of the second Trump administration, tax revenues are forecast to grow by 6.1 percent ($4.55 billion) in FY 2025, followed by more moderate increases averaging 2.9 percent per year through FY 2028. The forecast does not price in the potential effects of economic policies announced but not yet fully delineated by the Trump administration. As previously discussed, such policies could increase inflation, restrict labor supply, and negatively affect economic conditions in New York City.

On the operating expenditure side, the financial plan continues to be marred by systematic underestimation of costs that are largely outside of the City's control. In the Office of the Comptroller's assessment, underbudgeting and other expenditure risks in FY 2025 are outweighed by higher tax revenues and sharply lower projected spending on asylum seekers due to an estimated decline in the population housed in City shelters. The projected FY 2025 surplus is $1.35 billion. From FY 2026 through FY 2028, however, the Comptroller's Office projects that City-funded expenditures will exceed its revenues resulting in gaps growing from 5.1 percent of total revenues in FY 2026 to 7.2 percent in FY 2028, all of which are higher than the gaps presented by OMB in the November Financial Plan. The larger gaps are due to a combination of factors including the chronic underbudgeting of certain expenditures, unfunded mandates from the State, including its mandate to reduce class sizes in city schools, and the expiration of Federal pandemic stimulus.

Just as the Trump Administration poses a significant threat to the City's economy, it may represent a greater and more direct threat to Federal aid, which is currently budgeted to total $9.55 billion or 8.3 percent of the City's expense budget for FY 2025. This aid helps fund cash assistance, education, housing, childcare, and other services. It is in addition to funding provided directly to related City entities, including the New York Housing Authority (NYCHA), the City University of New York (CUNY), the city's public hospital system (NYC H+H), among others. The Office of the Comptroller's report Protecting New York City contains a first assessment of policies that may be implemented during the second Trump administration. A more thorough analysis of Federal aid is available in the Office of the Comptroller's December 2024 Spotlight.

In the following section of the report, the Comptroller's Office first explores the City's financial position at the end of FY 2024. This is followed by an analysis of the City's November Financial Plan for FY 2025 through FY 2028.

The FY 2024 Government-Wide Financial Statements

The government-wide statements are the *Statement of Net Position* and the *Statement of Activities*. The government-wide statements measure the flow of economic resources used by the government and report its assets, liabilities, revenues, expenses, and gains and losses. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The *Statement of Fiduciary Net Position* measures the flow of economic resources and uses the accrual basis of accounting for the pension funds, other employee benefits trust funds (deferred compensation plans and the Other Postemployment Benefits Plan or OPEB), and the Custodial Fund (miscellaneous assets held by the City).

The FY 2024 Statement of Net Position for governmental activities shows a deficit of $198.10 billion. The Statement of Activities shows that the net position dropped by $6.88 billion in FY 2024. Table 15 breaks down the main components and has several takeaways.

First, nearly half of the FY 2024 deficit is due to a **net OPEB liability** of $98.27 billion, marking an increase of $3.25 billion from FY 2023. The OPEB liability is the present value of retiree health benefits obligations ($103.30 billion) minus the balance of the Retiree Health Benefit Trust (RHBT) fund ($5.04 billion). RHBT's investment policy only allows investment in cash and cash-equivalent assets. Therefore, future obligations are discounted based on the Municipal Bond 20-Year Index Rate, whose fluctuations can generate large changes in the OPEB liability depending on economic and market conditions.

The RHBT is an off-budget fund created by City legislation in 2006 for the "exclusive purpose of funding the health and welfare benefits (other than those paid through the Management Benefits Fund) of retired city employees and their dependents." However, the City has no obligation to fund future costs and the RHBT is essentially a conduit for funding health benefits to current retirees on a pay-as-you-go (PAYGO) basis. There are two exceptions to strict PAYGO funding:

1. The prepayment of the following year's PAYGO costs: these funds remain in the RHBT balance temporarily as they, like the prepayment of debt service, cover projected budget gaps.
2. The appropriation of funds that are meant to remain in the RHBT balance for more than one fiscal year. These funds are not meant to be invested to pay for future obligations and, while the RHBT is not technically a rainy-day fund, it has been used as such in the past. Because no prepayment of PAYGO costs was made at budget adoption, the total FY 2024 balance of $5.04 billion equals the amount of "long-term" reserves held in RHBT.

Next, contributing to the City's FY 2024 deficit is the City's **net pension liability,** which in FY 2024 totaled $35.67 billion, marking a $4.49 billion decline from FY 2023. The City's portion of total pension liability in FY 2024 was $246.23 billion and the corresponding fiduciary net position was $210.57 billion, for a funding ratio of 85.5 percent (+2.6 percentage points from FY 2023). Unlike OPEB, the Unfunded Accrued Liability (UAL) is amortized based on a formula set in state law and the City has made all required contributions, which are scheduled to end in FY 2032. Future pension obligations are discounted at the statutory Actuarial Interest Rate (AIR) of 7.0 percent, which is comparable with the 5-year, 7-year, and 10-year actual rate of return.[14]

Even if pension and OPEB liability were fully funded, the net position would have showed a deficit of $68.3 billion. Net liability totaling $37.87 billion derives from a variety of factors: the mismatch between asset depreciation (for financial reporting) and the amortization of the corresponding bonds, debt issued for assets owned by other entities (for instance, the MTA and NYC Health + Hospitals), and the premium earned on bond issuances.[15] Deferred inflows and outflows and other long-term liabilities (judgement and claims, vacation and sick leave, and others) subtracted $30.46 billion from the net position.

Table 15. The FY 2024 Net Position and Change in Net Position of Governmental Activities

($ in billions)	FY 2024 Amount	Change from FY 2023
Net OPEB liability	($98.27)	($3.25)
Net pension liability	($35.67)	$4.49
Assets depreciating faster than debt amortization, debt backing assets owned by other entities, and bond premium	($37.87)	($5.38)
Balance of deferred inflows and outflows	($13.57)	$0.00
Other	($12.71)	($2.74)
Total	**($198.10)**	**($6.88)**

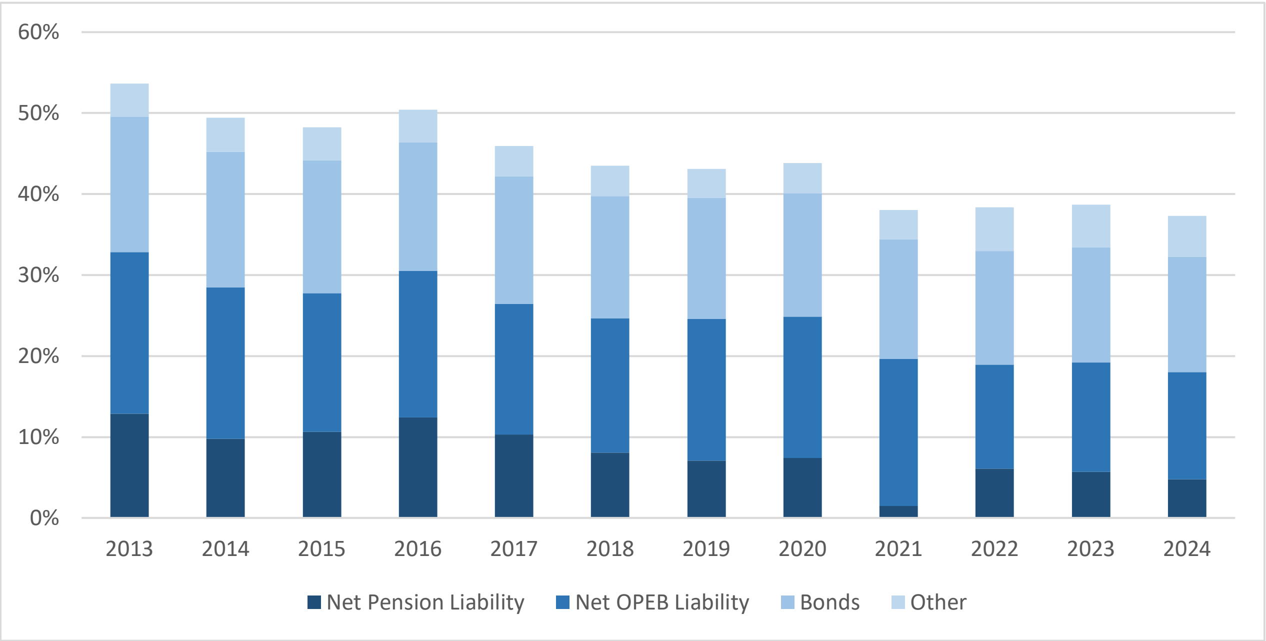
Source: Office of the New York City Comptroller

[14] The City Charter (chapter 5, section 96) requires the Office of the Comptroller to select, with the approval of the City's Audit Committee, an independent actuary to perform a biennial audit of the "financial soundness and probity of the actuarial assumptions" used to determine pension contributions. This year's audit, which is being finalized, confirmed the appropriateness of the 7.0 percent AIR assumption.

[15] The City generally sells premium coupon bonds, meaning the purchase price is greater than par due to the bond's coupon being higher than current market interest rates. Between Fiscal Year 2020 and Fiscal Year 2024 the City earned a premium of 9.39 percent on the new money par issued. The amount of premium earned is reported as a liability for accounting purposes.

The net position of Governmental Activities can be in large part explained by the size of long-term liabilities, which totaled $277.59 billion in FY 2024. This was a level close to the average of $282.03 billion since FY 2021 but lower than the average of $317.73 billion from FY 2013 to FY 2020 (amounts are in FY 2024 dollars).[16] Chart 12 reports the components of long-term liabilities broken down by main category as a share of total personal income of New York City residents between FY 2013 and FY 2024. The long-term decline shown in the chart is driven both by personal income growth outpacing the growth of long-term liabilities (60.2 percent vs. 11.3 percent in nominal terms) and by the reduction of the net pension liability. The fluctuations of the OPEB liability are determined both by the cost of health benefits and by interest rates in the municipal bonds market. Periods of decreasing rates (e.g. FY 2021) determine an increase in OPEB liability while the opposite is true during periods of rapidly increasing rates (e.g., FY 2022).

Chart 12. Long-Term Liabilities as a Percentage of Personal Income



Source: Bureau of Economic Analysis, Office of the New York City Comptroller. The ratio to personal income is obtained by dividing values for Fiscal Year ‘t’ by personal income in calendar year ‘t-1’. Personal income data is by place of residence. Ratios for personal income by place of residence would be lower but the City does not in general tax non-residents’ income earned from work in New York City. Data refer to the Primary Government to ensure consistency with pre-FY 2017 ACFR statements that did not separate out business-type activities.

[16] Before FY 2013 the net pension liability was reported to be less than $1.0 billion, rendering historical data not comparable. The change in accounting treatment coincided with NY State legislation passed in 2013 setting the schedule for the amortization of the unfunded pension liability. The amortization is set to end in FY 2032.

The deterioration in the net position in FY 2024 compared with FY 2023 was due to two main reasons:

1. The value of bonds outstanding issued to finance capital projects increased by $5.82 billion while the value of capital assets increased by less than $200 million, driven by deletions of equipment and infrastructure assets to correct for some of the additions in FY 2023.
2. The balance held in governmental funds worsened by $2.12 billion. This was mainly due to bond issuance not keeping pace with capital expenditures (a decrease in the Capital Projects Fund balance of $1.15 billion) and to a lower general fund surplus which translated in lower prepayment of debt service. These factors are discussed further below.

It should be noted that the change in net position is affected by the implementation of Governmental Accounting Standards Board (GASB) statements, by restatements, and by economic expenses (for instance, depreciation and the change in long-term liabilities). As a result, the economic flows in the government-wide statements are not to be interpreted as revenue and expenses in the operating budget.

The FY 2024 Governmental Fund Balances

The *Governmental funds statements* measure the flow of financial resources and generally only include current resources and liabilities. These funds use the modified accrual basis of accounting: revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures. For instance, tax revenues are generally considered available and are in full (e.g., taxes on businesses) or in part (the other tax revenues) accrued to the previous fiscal year if received by the month of August. Revenues from categorical and other grants are generally considered available if expected to be received within one year after the fiscal year-end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, pensions, post-employment benefits other than pensions and certain other estimated liabilities, which are recorded only when payment is due.

The **General Fund** is the City's operating fund, and it accounts for essentially all the City's tax revenues and operating grants, as well as for the expenditures and transfers appropriated in the budget. The City is required to balance its operating budget according to Generally Accepted Accounting Principles (GAAP) by the NY State Financial Emergency Act (FEA), section 8. This means that the City must budget using the modified accrual basis of accounting rather than the cash or modified cash basis adopted by all other state and local governments.

While the General Fund is deservedly the focus of intense scrutiny over the budget cycle, its end-of-year balance is only important for the size of its surplus exclusive of restricted fund activities. When all its components are considered, the General Fund surplus dropped from $8.32 billion in FY 2022 to $4.40 billion in FY2024. In particular:

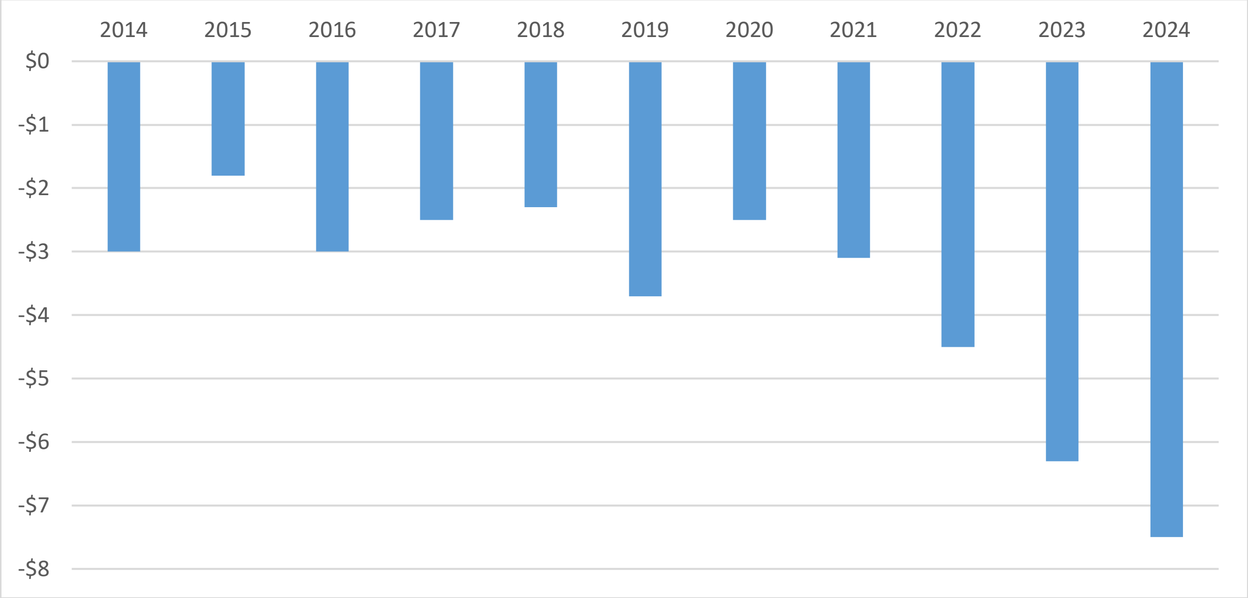
1. The surplus covers the budget stabilization account and discretionary transfers: the prepayment of future costs to cover projected budget gaps. The amount of prepayments fell from $6.11 billion in FY 2022 to $4.40 billion in FY 2024. Other things equal, a declining budget stabilization amount means that the City is incurring an operating deficit.

2. Deposits into the long-term balance of RHBT and planned deposits in the City's rainy-day fund (the Revenue Stabilization Fund, which equals the "committed" General Fund balance) are also paid from the General Fund surplus but reported separately as expenses. The last deposits took place in FY 2022 and totaled $2.20 billion.

3. As mentioned above, the City is required to balance its budget according to GAAP. The last component of the General Fund surplus is a residual, usually around $5 million (the "reported" surplus), which satisfies the balance requirement.

The **Capital Projects Fund** accounts for revenues (generally, bond proceeds and capital grants) and spending tied to capital assets. Revenues are mainly proceeds from the sale of General Obligation (GO), Transitional Finance Authority (TFA), and Water Authority Bonds. Chart 13 shows that the balance of the Capital Projects Fund is structurally negative. This is because this fund is not required to remain in balance and because the reimbursement of capital expenditures with bond proceeds or grants takes time. The Comptroller's Office's Annual Report on Capital Debt and Obligations shows how the City has increased the amount of capital commitments in the past few years, which translated in the rapid growth in capital expenditures. The accelerating deficit of the Capital Projects Fund shows that revenues have not kept pace with expenditures.

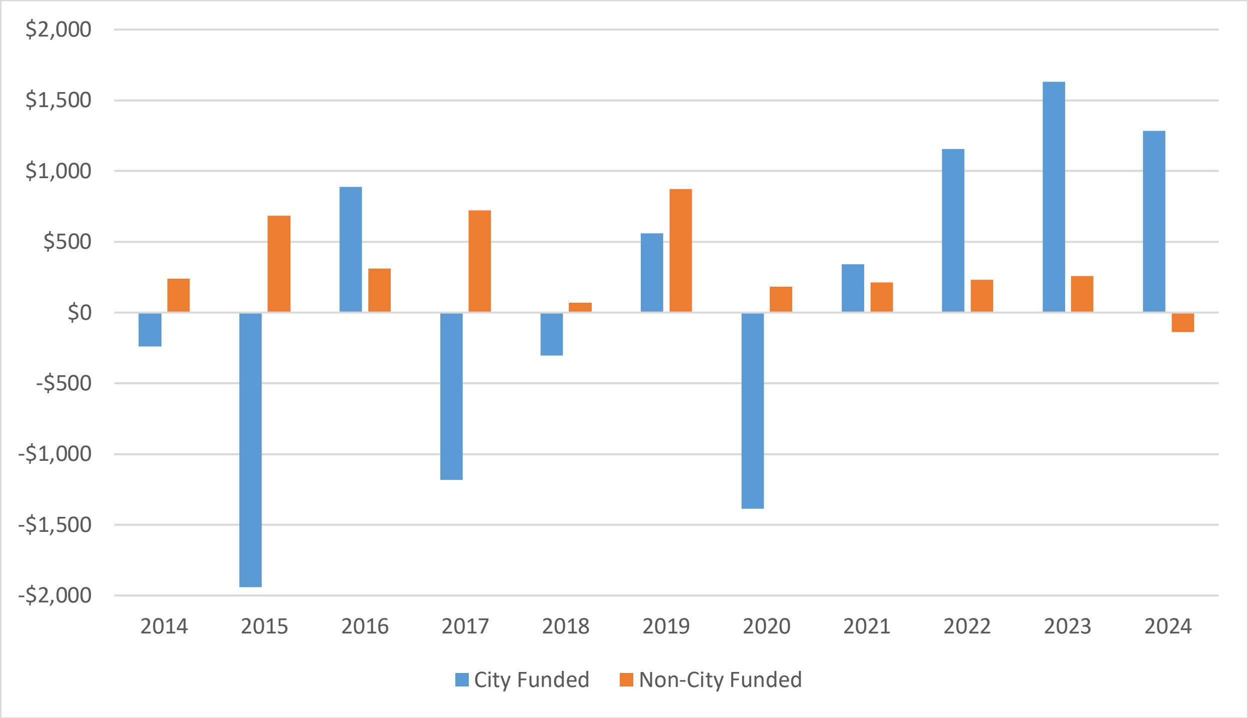
Chart 13. Capital Projects Fund Deficit ($ in billions)



Source: Office of the New York City Comptroller

Most of the funding for capital projects derives from bond proceeds (93.3 percent on average from FY 2020 to FY 2024), with the remainder attributable to State, Federal, and private capital grants. Given the relative size of the funding streams, most of the deficit of the Capital Projects Fund is attributable to fluctuations in City-funded expenditures and revenues, as shown in Chart 14. Of note, is the temporary pause in capital spending at the beginning of the pandemic, which lowered the Capital Projects Fund deficit by $1.20 billion. Since then, bond issuance fell behind City-funded expenditures. Starting in the second half of FY 2024, the City significantly increased the size of its bond sales with the aim of reducing the Capital Projects Fund deficit. Despite their smaller size, non-City funded expenditures also show a funding gap. This gap might also need to be covered by bond proceeds.

Chart 14. Capital Projects Fund Revenue Gaps ($ in millions)



Source: Office of the New York City Comptroller

The **General Debt Service Fund**, also required by the FEA in [section 9-A](#) is used to pay GO debt service and is administered and maintained by the NY State Comptroller. Property Tax revenues are first deposited to fund debt service and then disbursed to the General Fund. Among the remaining **Nonmajor Governmental Funds**, TFA performs a similar function by intercepting Personal Income Tax revenues (and, potentially, Sales Tax revenues) to fund debt service on its bonds before releasing the residual to the General Fund. As mentioned above in the discussion of the General Fund surplus, when the budget is adopted the General Debt Service Fund and TFA may receive transfers for the payment of future debt service in excess of what is legally required.

The decrease in General Fund surplus in FY 2023 and FY 2024 and the lack of deposits in the Revenue Stabilization Fund have compounded the worsening deficit of the Capital Projects Fund. As a result, the total governmental funds balance dropped by $2.02 billion in FY 2023 and by $2.12 billion in FY 2024.

Earlier this year, Moody's Investors Services updated the factors that could lead to an upgrade or a downgrade of the City's GO bonds rating. More recently, Moody's explicitly tied the TFA bonds rating to the GO rating, potentially magnifying the effect of the GO criteria. Among the factors that could lead to a downgrade are "further declines in GAAP-basis available fund balance." While a decline took place in FY 2024, as mentioned earlier, the City has increased the size of its bond issuances starting in the Spring of 2024 with the objective of reducing the Capital Projects Fund balance.

Fitch Ratings also updated its factors for upgrades and downgrades but the FY 2024 financial results do not appear to reflect on them. Of note, however, is the weakening of the share of available reserves (which in Fitch Ratings' definition include the General Reserve, the Capital Stabilization Reserve, the Revenue Stabilization Fund, the balance of RHBT, the budget stabilization account, and discretionary transfers) over General Fund spending, which dropped from 12.7 percent in FY 2022 to 10.1 percent in FY 2024, according to Office of the Comptroller calculations. This is due to the lack of deposits in the long-term reserves and to the decline in General Fund surplus over the period.

The November 2024 Financial Plan, FY 2025 – FY 2028

On November 20th, OMB released its first quarter update to the FY 2025 Adopted Budget and June FY 2026 – FY 2028 Financial Plan, known as the November Plan. Overall, the November Plan reflects relatively modest changes compared with the FY 2025 Adopted Budget and June Financial Plan.

For FY 2025, OMB increased its projected revenues for FY 2025 by $2.60 billion (2.3 percent) to $115.03 billion. The overwhelming majority of this revenue increase comes from revisions to estimates of Federal and State categorical aid. Federal categorical aid increased by $1.63 billion compared with the Adopted Budget, driven mainly by the recognition of about $460 million in Federal COVID-19 aid (including $297 million rolled from FY 2024), the addition of $321 million in funding for childcare vouchers, and $257 million for cash assistance. (See this Office's recent report, NYC's Federal Funding: Outlook Under Trump, for overview of the City's Federal aid, as well as threats to it due to the incoming Trump Administration.) Funding from State categorical grants increased by $651 million compared with the Adopted Budget, spread over a variety of costs, the largest being a $196 million addition for cash assistance.

City-fund revenues projected for FY 2025 in the November Plan are $256 million more than projected in the Adopted Budget, for a total of $83.46 billion. This includes the addition of

$201 million in forecasted tax revenues, primarily from collections of business income taxes ($152 million), and $55 million more in non-tax revenues, largely due to higher estimates of interest income.

On the spending side, City-fund agency expenditures in FY 2025 increased by $1.22 billion compared with the Adopted Budget, as shown in Table 16. This includes additions for some chronically underbudgeted costs—including $468 million for public assistance costs, $159 million for special education Carter cases, and $115 million for the City's rental assistance programs. Notably, only the additional funding for Carter Cases is included in each year of the financial plan period, and—as detailed in the next section of this report—the Comptroller's Office estimates that costs remain significantly under-estimated in each of these areas. The November Plan also includes the restoration of two police academy classes ($139 million increase in FY 2025) cut as part of the City's Program to Eliminate the Gap (PEG) one year ago, when five police academy class were slated to be eliminated between FY 2024 and FY 2025. All classes were restored.

The spending increases for FY 2025 are offset by reductions in other previously budgeted costs. However, unlike most recent financial plans, the November Plan does not include a PEG. The largest source of savings for FY 2025 is a $435 million reduction in funds budgeted for asylum seeker costs due to a lower census than previously projected (see the Services to Asylum Seekers section for greater detail). This is followed by a $279 million reduction in pension costs due to the release of funds previously held in reserve for potential changes in pension contributions resulting from the Comptroller's Office's biennial actuarial audit, $181 million less in projected debt service costs, and $168 million in unallocated cost reductions ($42 million for personnel services and $126 million for other than personnel services). The remaining $96 million in FY 2025 projected City revenues above Adopted Budget projections is used to prepay FY 2026 debt service costs, offsetting a small fraction of the projected $5.55 billion gap (now $5.46 billion) in that year.

For FY 2027 and FY 2028, gaps as projected by OMB total $5.57 billion ($20 million less than in the June Plan) and $6.34 billion ($133 million less than June).

Table 16. Changes to FY 2025 and FY 2026 City-Funds Estimates from June 2024 Plan

($ in millions)	FY 2025	FY 2026
Gap to be Closed – Adopted Plan	**$0**	**($5,503)**
Revenues		
Tax Revenues	$201	$0
Non-Tax Revenues	55	(5)
Total Revenue Changes	**$256**	**($5)**
Expenditures		
Agency Expenditures	$1,224	$376
Services to People Seeking Asylum Savings	(435)	(59)

($ in millions)	FY 2025	FY 2026
Debt Service Savings	(181)	(27)
Pension Savings	(279)	(245)
Unallocated PS and OTPS Savings	(168)	
Total Expenditure Changes	**$160**	**$45**
Surplus / (Gap) To Be Closed Before Prepayments	**$96**	**($5,553)**
FY 2025 Prepayment of FY 2026 Debt Service	($96)	$96
Gap to be Closed – November Plan	**$0**	**($5,457)**

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller
Note: Non-tax includes change in Miscellaneous revenues ($41 million) and Unrestricted Aid ($14 million).

The Comptroller's Office's Restated Gaps and Surpluses

The Comptroller's Office restates the City's projected gaps and surpluses based on its own estimates of City-fund revenues and expenditures. As shown in Table 17, the Comptroller's Office restates this gap with and without two more uncertain costs: its re-estimates of future year spending for asylum seekers and the cost of the State's mandate to reduce class sizes, which remains not fully funded in FY 2026 through FY 2028.

Excluding these two estimates, the Comptroller's Office projects that FY 2025 will end with a small surplus of $42 million. The Comptroller's Office projects higher gaps than OMB in each outyear. For FY 2026, the Office projects a gap of $6.92 billion, $7.01 billion in FY 2027, and $6.91 billion in FY 2028 (averaging 5.9 percent of total revenues).

Including this Office's re-estimate of future asylum seeker costs *reduces* City-funded expenditures in FY 2025 through FY 2027. This results in a surplus projection of $1.39 billion for FY 2025. In FY 2026 and FY 2027, when both the asylum seeker re-estimate (savings) and the class size mandate (additional cost) are included, the restated gaps decline, totaling $5.79 billion and $6.79 billion respectively (5.1 percent and 5.8 percent of revenues, respectively). In FY 2028, when the class size mandate is to be fully phased in and asylum seeker costs are projected to be *higher* than currently budgeted, this Office projects a larger gap of $8.60 billion (7.2 percent of total revenues).

Table 17. Comptroller's Offices Restated Gaps and Surpluses

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

	FY 2025	FY 2026	FY 2027	FY 2028
City Stated Gap	**$0**	**($5,457)**	**($5,572)**	**($6,336)**
Revenues Differences				
Tax Revenues Differences	**1,472**	**2,000**	**1,866**	**2,560**
Property Tax	(94)	(228)	131	684
Personal Income Tax/PTET	558	354	(48)	(21)
Business Taxes	830	1,485	1,383	1,480
Sales Tax	(6)	(8)	12	47
Real Estate Related Taxes	(16)	178	147	148
Audit & All Other Taxes	200	219	241	222
Non-Tax Revenues Differences	**26**	**53**	**48**	**48**
Subtotal Revenues	***$1,498***	***$2,053***	***$1,915***	***$2,608***
Expenditures Differences				
Underbudgeting	**(2,625)**	**(3,275)**	**(3,060)**	**(2,896)**
Overtime	(933)	(675)	(675)	(675)
Rental Assistance	(520)	(750)	(750)	(750)
Shelter Capacity, Non-Asylum Seeker	(400)	(400)	(400)	(400)
Prevailing Wage for Shelter Security Guards	(50)	(50)	(50)	(50)
Public Assistance	(70)	(540)	(190)	0
Contributions to MTA	(204)	(298)	(478)	(539)
DOE Carter Cases	(388)	(258)	(188)	(188)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(60)	(40)	(35)	0
Temporary and Professional Services	0	(110)	(140)	(140)
Fiscal Cliffs	**(43)**	**(498)**	**(498)**	**(498)**
Foster Care Reimbursement Rate	**(118)**	**(118)**	**(118)**	**(118)**
DOE Medicaid Revenue Shortfall	**(20)**	**(20)**	**(20)**	**(20)**
DOE LV Order	**0**	**0**	**(52)**	**(52)**
Health Insurance Stabilization Fund Reimbursement	**(112)**	**0**	**0**	**0**
Labor Reserve Residual	**100**	**0**	**0**	**0**
Personnel Services Savings	**500**	**0**	**0**	**0**
Prior Year Payable Adjustment - Asylum Seeker	**462**	**0**	**0**	**0**
Prior Year Payable Adjustment - Other	**400**	**400**	**400**	**400**
Subtotal Expenditures	***($1,456)***	***($3,511)***	***($3,348)***	***($3,184)***
Total Comptroller Re-estimates	**$42**	**($1,458)**	**($1,434)**	**($576)**
Restated (Gap)/Surplus	**$42**	**($6,915)**	**($7,006)**	**($6,912)**
Longer Term Risks/Offsets				
Asylum Seekers Expenses	1,346	1,292	899	(448)
Class Size Mandate	0	(168)	(687)	(1,238)
Restated (Gap)/Surplus with Longer Term Risks/Offsets	**$1,388**	**($5,791)**	**($6,794)**	**($8,598)**
Budgeted Reserves	1,450			
Projected Roll (Surplus + Budgeted Reserves)	**($2,838)**	**$2,838**		
Restated (Gap) with Projected FY 2025 Roll		**($2,953)**		

Source: Office of the New York City Comptroller

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

Revenue Differences

The Comptroller's Office estimates that City-funded revenues, including tax and non-tax revenues, will surpass OMB's projections in each year of the Plan – by $1.50 billion in FY 2025, $2.05 billion in FY 2026, $1.92 billion in FY 2027, and $2.61 billion in FY 2028.

As show in Table 17, the majority of the difference between the Comptroller's Office's revenue projections and OMB's come from higher forecasted tax revenue. For FY 2025, the Comptroller's Office's total tax forecast is $1.47 billion more than OMB's, with the difference growing to $2.00 billion in FY 2026, $1.87 billion in FY 2027 and $2.56 billion in FY 2028. In each year, the majority of the difference comes from a higher projection of business income taxes, which is discussed in more detail in the Revenue Analysis section of this report.

The Comptroller's Office also estimates that miscellaneous revenues, which include fines, fees, interest, and other income, will come in higher in each year of the Plan period. The Comptroller's Office projects miscellaneous income will exceed the current budgeted amounts by $26 million in FY 2025, $53 million in FY 2026, $48 million in FY 2027 and $48 million in FY 2028, due to the Comptroller's higher forecast of fines and interest income.

Expenditure Differences

The Comptroller's Office projects that expenditures will be greater than budgeted by OMB in each year of the financial plan. Excluding this Office's re-estimates of future year asylum seeker costs and of the class size mandate, the Comptroller's Office projects that net City-funded expenditures will be greater than budgeted by $1.46 billion in FY 2025, $3.51 billion in FY 2026, $3.35 billion in FY 2027, and $3.18 billion in FY 2028.

Including the re-estimates of future costs related to asylum seekers and the class size mandate results in lower expenditure differences compared with OMB in FY 2025 through FY 2027, as this Office estimates asylum seeker costs will come in less than budgeted in those years. With these costs, net expenditure differences with OMB total $110 million in FY 2025, $2.39 billion in F 2026, $3.14 billion in FY 2027, and $4.87 billion in FY 2028.

The largest driver of the difference in expenditure estimates between OMB and the Comptroller's Office are chronically underbudgeted costs. These are costs that are tied to ongoing programs with established spending patterns that can be reasonably anticipated, but instead of being included in the Financial Plan, they are added in through modifications over the course of the ongoing fiscal year. The Comptroller's Office estimates that funding needs total $2.63 billion in FY 2025, $3.28 billion in FY 2026, $3.06 billion in FY 2027 and $2.90 billion in FY 2028. As shown in Table 17 and described in more detail in subsequent sections of this report, underbudgeted costs include overtime, special education Carter Cases, public assistance costs, rental assistance costs, shelter costs for non-Asylum seekers, funding for charter school leases, subsidies to the Metropolitan Transportation Authority (MTA) and others.

In addition to chronically underbudgeted costs, the Comptroller's Office estimates the City faces fiscal cliffs that result from funding long-term programs with Federal COVID-19 aid, the majority of which expires this fiscal year. While the City added funding to cover many of the longer-term programs previously paid for by this aid (largely at the DOE), some programs have only been funded in FY 2025. The Comptroller's Office estimates $43 million is necessary to fund Federal COVID-19-related fiscal cliffs in FY 2025, growing to $498 million in the outyears. These include several DOE programs, such as Summer Rising, as well as food assistance programs at the Department of Social Services (DSS) and the Department for the Aging (DFTA).

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 full impact of which has yet to be included in the City budget. The Comptroller's Office estimates that $168 million will be required in FY 2026 growing to $1.24 billion at full implementation in FY 2028. Greater details on these estimates can be found in the Department of Education section of this report.

There are several areas where the Comptroller's Office estimates that costs will come in *less* than currently budgeted. The largest of these is the cost associated with services to people seeking asylum. The census of this population in shelter has declined over the past year, and the Comptroller's Office projects an even steeper decline over the financial plan period based on the lower rate of border crossings experienced during the first Trump administration. While there is still much uncertainty surrounding these estimates, the Comptroller's Office projects that the City has $1.35 billion more than necessary budgeted for these costs in FY 2025 (all City funds). In FY 2026, this Office projects that the City has $2.03 billion more budgeted than necessary of which $1.29 billion is City savings and in FY 2027, $1.90 billion more than needed of which $899 million is City fund savings. In FY 2028, however, the Comptroller's Office estimates $448 million more in City funds than currently budgeted will be required.

The City may have to lower FY 2023 spending estimates by up to $462 million as part of the reconciliation of spending of asylum seeker-related expenses accrued at the end of the year. Under the City's accrual method of budgeting, downward adjustments of prior-year payables are shown as savings in the current year.

The Comptroller's Office also estimates that the City will spend less than currently budgeted on non-overtime personnel spending. Given actual expenditures thus far this fiscal year, the Comptroller's Office projects that spending on salaries and wages will total $500 million less than currently budgeted for FY 2025 and that spending from the City's labor reserve will be $100 million less than budgeted. See the Headcount and Labor sections of this report for more detail. Lastly, the Comptroller's Office projects $400 million in offsets each year of the financial plan period based on the historic pattern of adjustments made to prior payable amounts, in addition to those described above.

Revenue Analysis

The November Plan revises expected City-funded revenues (tax and miscellaneous revenues) upward by $242 million in FY 2025, down by $5.0 million in FY 2026 and FY 2027, and leaves the FY 2028 revenues unchanged compared to the June Plan. The FY 2025 revision reflects total tax collections that have exceeded OMB's forecast in the June Cash Plan for real property and business taxes. The Mayor's forecasts that City-funded revenues will total $83.46 billion in FY 2025, $84.09 billion in FY 2026, $86.33 billion in FY 2027, and $89.17 billion in in FY 2028. The Comptroller's Office estimates that revenues will be above the November Plan projections by $1.50 billion in FY 2025, $2.05 million in FY 2026, $1.92 billion in FY 2027, and $2.61 billion in FY 2028 primarily due to the Comptroller's higher revenue forecast for business income taxes. The Comptroller's Office expects business income taxes will exceed OMB's estimates by $830 million in FY 2025, $1.49 billion in FY 2026, $1.38 billion in FY 2027 and $1.48 billion in FY 2028.

Table 18 shows FY 2024 tax collections through October 2024 and full-year estimates in the November 2024 Plan. Collections through October increased by 5.1 percent, driven by increases in PIT/PTET and business taxes. The November Plan projects tax revenues to increase by 4.1 percent in FY 2025, with property taxes and PIT/PTET increasing the most. The Comptroller, on the other hand, estimates that total tax revenues in FY 2025 will increase by 6.1 percent compared to FY 2024.

Table 18. FY 2025 Up to October Collections and the Mayor's 2024 Plan

Year to Date Tax Collections				Total Tax Collections			
	FY 2024	FY 2025	Y/Y Growth	FY 2024	FY 2025 November Plan	Change	Y/Y Growth
Real Property Tax	$17,115,237	$17,750,999	3.7%	$32,987	$34,339	$1,352	4.10%
PIT & PTET	4,460,917	5,052,563	13.3%	15,671	17,284	1,613	10.30%
Business Income Taxes	1,856,370	1,964,467	5.80%	9,675	9,328	(347)	(3.60%)
Sales Tax	3,131,658	3,204,961	2.30%	9,914	10,349	435	4.40%
Real Estate Transaction Taxes	626,558	652,559	4.10%	1,727	1,927	200	11.60%
Other Taxes	657,346	716,864	8.9%	3,234	3,249	17	0.5%
Audits	160,832	99,778	(38.0%)	968	773	(195)	(20.1%)
Total Including Audits	**$28,008,918**	**$29,442,193**	**5.1%**	**$74,177**	**$77,249**	**$3,072**	**4.1%**

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

Table 19 compares the Comptroller's and OMB's forecast of tax revenue growth. Table 20 compares tax revenue levels. Table 21 shows the Comptroller's re-estimates as risks (negative) and offsets (positive) relative to the Financial Plan forecast.

Table 19. Comparison of Tax Revenue Projections: Growth Rates

	FY 2025	FY 2026	FY 2027	FY 2028	FYs 2025—2028 Annual Average Growth
Property					
Comptroller	3.8%	0.8%	4.0%	3.5%	**3.0%**
Mayor	4.1%	1.2%	3.0%	1.9%	**2.5%**
PIT/PTET					
Comptroller	13.9%	(0.1%)	2.9%	4.2%	**5.1%**
Mayor	10.3%	1.1%	5.3%	4.0%	**5.1%**
Business					
Comptroller	5.0%	1.6%	0.3%	2.6%	**2.4%**
Mayor	(3.6%)	(5.3%)	1.5%	2.0%	**(1.4%)**
Sales					
Comptroller	4.3%	4.6%	4.0%	4.6%	**4.4%**
Mayor	4.4%	4.6%	3.8%	4.3%	**4.3%**
Real Estate- Related					
Comptroller	10.7%	18.5%	6.8%	4.7%	**10.1%**
Mayor	11.6%	8.3%	8.9%	5.0%	**8.4%**
All Other					
Comptroller	0.5%	2.5%	3.5%	2.2%	**2.2%**
Mayor	0.5%	1.9%	2.9%	2.8%	**2.0%**
Audits					
Comptroller	0.5%	0.0%	0.0%	0.0%	**0.1%**
Mayor	(20.2%)	0.0%	0.0%	0.0%	**(5.5%)**
Total Tax					
Comptroller	6.1%	1.7%	3.3%	3.6%	**3.7%**
Mayor	4.1%	1.0%	3.6%	2.8%	**2.9%**

Source: Office of the New Yok City Comptroller, Mayor’s Office of Management and Budget

Table 20. Comparison of Tax Revenue Projections: Levels

($ in millions)		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Property Tax	**Comptroller**	$32,987	$34,245	$34,516	$35,911	$37,154
	Mayor	32,987	34,339	34,744	35,780	36,470
PIT/PTET	**Comptroller**	15,671	17,842	17,828	18,353	19,116
	Mayor	15,671	17,284	17,474	18,401	19,137
Business Income Taxes	**Comptroller**	9,675	10,158	10,317	10,347	10,619
	Mayor	9,675	9,328	8,832	8,964	9,139
Sales Taxes	**Comptroller**	9,914	10,343	10,814	11,250	11,773
	Mayor	9,914	10,349	10,822	11,238	11,726
Real Estate-Related Tax	**Comptroller**	1,727	1,911	2,265	2,420	2,534
	Mayor	1,727	1,927	2,087	2,273	2,386
Other	**Comptroller**	3,234	3,249	3,330	3,448	3,523
	Mayor	3,234	3,249	3,311	3,407	3,501
Audits	**Comptroller**	968	973	973	973	973
	Mayor	968	773	773	773	773
Total	**Comptroller**	**$74,177**	**$78,721**	**$80,043**	**$82,702**	**$85,692**
	Mayor	**$74,177**	**$77,249**	**$78,043**	**$80,836**	**$83,132**

Source: Office of the New Yok City Comptroller, Mayor’s Office of Management and Budget

Table 21. Tax Revenue Projection Differences

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Property Tax	($94)	($228)	$131	$684
PIT/PTET	558	354	(48)	(21)
Business Income Taxes	830	1,485	1,383	1,480
Sales Tax	(6)	(8)	12	47
Real Estate-Related	(16)	178	147	148
Other	0	19	41	22
Audits	200	200	200	200
Total	**$1,472**	**$2,000**	**$1,866**	**$2,560**

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

Real Property Tax

The City collected $32.99 billion in property taxes in FY 2024. This was 4.2 percent growth over FY 2023. The Comptroller's Office projects property tax revenue of $34.25 billion in FY 2025, an increase of 3.8 percent over the FY 2024 revenue. Revenues are projected to slow, growing at an average annual rate of only 2.8 percent through FY 2028, when property tax collections are expected to reach $37.15 billion. The Comptroller's Office's property tax forecast is below OMB's by $94 million in FY 2025, $228 million in FY 2026, and exceeds OMB's by $131 million in FY 2027, and by $684 million in FY 2028. For FY 2025, the differences between the Comptroller's and OMB's forecasts are due to the estimates of the tax reserve components, specifically cancellations, refunds, and delinquencies. The differences in FY 2026, FY 2027 and FY 2028 are primarily the result of the Comptroller's Office's levy growth forecast of 2.9 percent annually from FY 2026 to FY 2028 versus OMB's 2.4 percent. The levy forecast is based on the final assessment roll for FY 2025 and will be updated after the publication of the tentative assessment roll for FY 2026 in January.

Personal Income Tax and Pass-Through Entity Tax

In FY 2024, combined revenue from Personal Income Tax (PIT) and the related Pass-Through Entity Tax (PTET) fell by 8.8 percent. Table 22 shows the categories of tax collections for each fiscal year.

Table 22. PIT and PTET Collections, FY 2024 versus FY 2023

($ in millions)	FY 2023	FY 2024	Difference	% Change
PIT				
Withholding	$11,464	$12,090	$626	5.50%
Installment Payments	1,337	1,109	(228)	(17.10%)
Extension Payments	882	996	114	12.90%
Final Returns	666	550	(116)	(17.40%)
Offsets	2,069	1,024	(1,045)	(50.50%)
Assessments	412	366	(46)	(11.20%)
Charges	(80)	(83)	(3)	3.80%
City Audits	40	39	(1)	(2.00%)
Refunds	(1,955)	(2,039)	(84)	4.30%
Total	**$14,835**	**$14,052**	**($783)**	**(5.30%)**
PTET				
Total	**$2,387**	**$1,657**	**($730)**	**(30.60%)**
PIT+PTET				
Total w/ Audits	**$17,222**	**$15,709**	**($1,513)**	**(8.80%)**
Total w/o Audits	**$17,182**	**$15,670**	**($1,512)**	**(8.80%)**

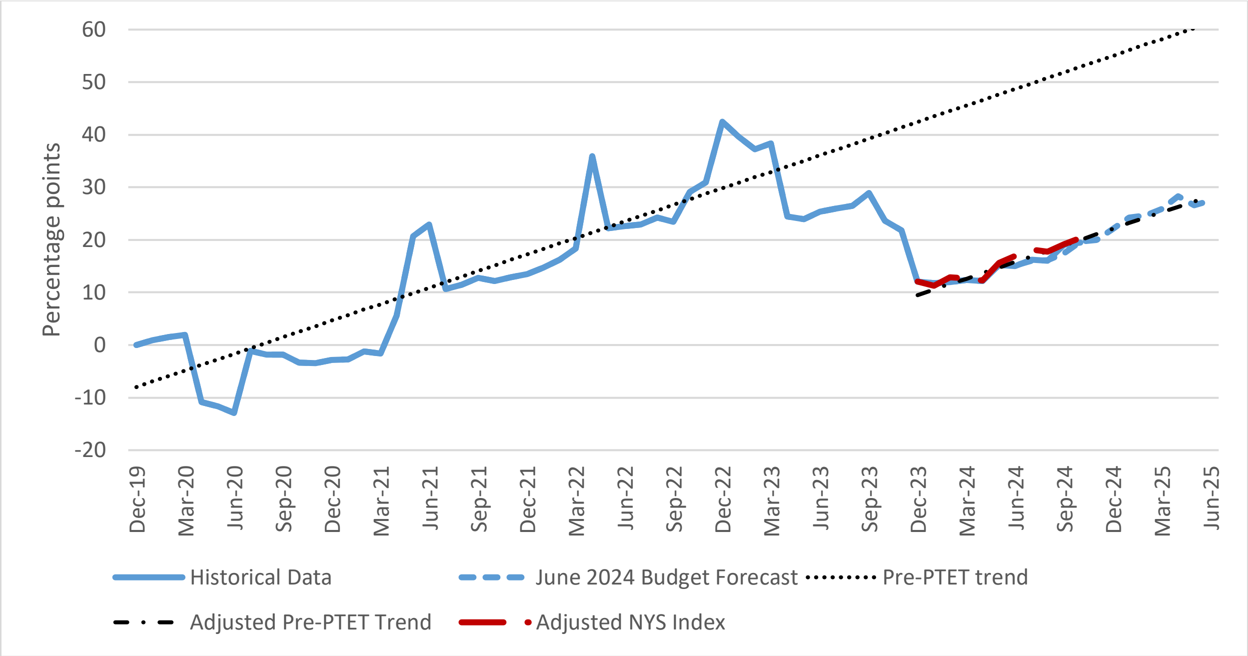
Source: Office of the New Yok City Comptroller, Mayor's Office of Management and Budget

The FY 2024 decline was the result of two factors. First, FY 2023 collections were inflated by unusually large financial income realized in tax year 2021, with income tax collections often arriving to the City with a significant lag from the income realization. Taxable capital gains among NYC taxpayers were $101 billion in 2021, as compared to $46 billion in tax year 2022. Second, the introduction of the PTET in December 2022 shifted extra revenue into FY 2023, a large part of which came out of FY 2024. The NYC and NY State PTET are optional taxes paid by partnerships and S-corporations (including LLCs treated as S-corporations for tax purposes) that are credited in full against Personal Income Tax (PIT) liabilities by its partners or shareholders. The purpose of the taxes is to allow the taxpayer to reduce their federal income tax liability by pre-paying their state and local income taxes at the entity level, which avoids the current limitation on deducting such tax payments from their federal taxable individual income. The City introduced this elective tax in December 2022, while New York State had created it one year prior. This introduction and the adjustment to it—by both taxpayers and the State tax authority—led to some unusual timing of City tax collections though FY 2024, despite the fact that the structure itself should not change total State or City income tax liabilities.

After the volatility experienced since the start of the pandemic, PIT and PTET have finally normalized and resumed trend growth. Chart 15 shows 12-month collections indexed to December 2019 against the trend established before the start of NYC PTET and the FY 2025 Adopted Budget forecast. There are three main takeaways:

- As of October 2024, 12-month collections are 19.5 percentage points above December 2019 levels. This is essentially in line with the growth of the NYC metro area consumer price index.
- After the decline of 2022 tax liability (mostly collected in FY 2023) and the correction of overpayments which took place in the first half of FY 2024, collections have resumed growth at the speed, if not the level, established before the first NYC PTET payment in December 2022 (in the chart, this is shown by the "adjusted" pre-PTET trend).
- Tax collections through October 2024 are in line both with the June budget projection (which was not updated in November) and with the growth in the index of NY State PIT and PTET collections, also appropriately adjusted. In other words, while the index of NY State collections is higher than the City's (16.2 percentage points higher on average since December 2023), it is growing at the same speed. As discussed further below, the Comptroller's Office's forecast calls for PIT and PTET revenues to accelerate above the current trend by the end of FY 2025.

Chart 15. PIT and PTET 12-Month Collections Indexed to December 2019



Source: NYS Department of Taxation and Finance, Mayor's Office of Management and Budget, Office of the New York City Comptroller analysis.

Table 23 shows PIT and PTET collections for FY 2025 to-date and compares these with last fiscal year. Withholding and estimated tax installments are both up strongly, and overall PIT revenue is 9.1 percent above FY 2024. PTET revenues have been significantly buffeted by a "distribution offsets" paid by the State to the City. These offsets are usually related to accounting reconciliations made after returns are processed by the State and a determination is made that revenues previously estimated to belong to the State are in fact the City's.

Table 23. PIT and PTET Collections, FY 2025 to-date versus FY 2024

($ in millions)	FY 2024	FY 2025	Difference	% Change
PIT (through November)				
Withholding	$4,398	$4,733	$335	7.60%
Installment Payments	288	388	100	34.70%
Extension Payments	0	0	0	N/A
Final Returns	128	119	(9)	(6.80%)
Offsets	355	481	126	35.40%
Assessments	71	86	15	20.70%
Charges	(40)	(44)	(4)	8.80%
City Audits	11	10	(1)	(8.90%)
Refunds	(300)	(417)	(117)	38.90%
Total	**$4,910**	**$5,356**	**$446**	**9.10%**
PTET (through October)				
Payments & Assessments	399	443	44	11.00%
Refunds	(150)	(152)	(2)	1.00%
Distribution Offset	77	356	279	362.50%
Total	**326**	**695**	**369**	**113.10%**
PIT+PTET				
Total	**$5,236**	**$6,050**	**$814**	**15.60%**

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

With strong growth in collections thus far in FY 2025, and an improved outlook for the U.S. economy, NYC resident earnings, and financial market valuations in 2024 and 2025, the Comptroller's Office's forecast for combined PIT and PTET in FY 2025 has increased by $406 million and is expected to exceed FY 2024 by 13.9 percent.

The Mayor recently proposed a new tax program starting in tax year 2025 that would fully abate the PIT liability remaining after the application of tax credits for families with dependents and

Adjusted Gross Income up to 150 percent of the federal poverty threshold. The tax benefit would gradually phase out for families with income exceeding 150 percent of the poverty threshold by up to $5,000. OMB estimates the program would cost approximately $63 million starting in FY 2026 and affect 187,000 filers (582,000 individuals). It is not known whether the proposal calls for an ongoing conformity to the federal poverty threshold. The enactment of the tax program requires state legislation.

Sales Tax

Total sales tax collected in FY 2024 was $9.91 billion, an increase of 3.9 percent over the FY 2023 collections. This Office projects FY 2025 sales tax revenue of $10.3 billion, an increase of 4.3 percent over FY 2024 collections. Through October, FY 2025 total sales collections were 2.3 percent higher than at the same time in FY 2024. The Comptroller is forecasting a robust economic outlook for FY 2025, and collections are expected to be stronger for the rest of FY 2025. Revenues are projected to reach $11.77 billion by FY 2028. The sales tax revenue forecast is primarily driven by the expectation of total wage growth of 4.6 percent per year, on average, over the Financial Plan. The Comptroller's Office's forecast is below OMB's by $6 million in FY 2025, $8 million in FY 2026, and exceeds it by $12 million in FY 2027 and $47 million in FY 2028.

Business Income Taxes

NYC's business income taxes (BIT) consist of taxes on net income of corporations (including pass-through entities) and unincorporated businesses. They have been a strongly rising revenue source for the City since 2021, and collections to-date in calendar year 2024 indicate that strong growth is expected for at least one more fiscal year.

Table 24 shows the recent history of BIT liabilities by industry. The financial sector, which accounts for nearly 40 percent of the total, grew by 8.7 percent in tax year 2023 and is responsible for much of the continued rise in overall liability. Other large sectors, such as services, trade, and information had slower growth in tax liability in 2023, but notably did not decline from the high levels achieved in the prior two tax years. Among the smaller business income tax base sectors, manufacturing showed a large increase for the second straight year, while real estate continued a sharp downward trend.

Table 24. Business Income Tax Liability Growth, by Sector, Tax Years 2020-2023

Sector	2020	2021	2022*	2023*	Share of Total 2023 BIT Liability
Finance & Insurance	6.2%	30.4%	3.8%	8.7%	39.5%

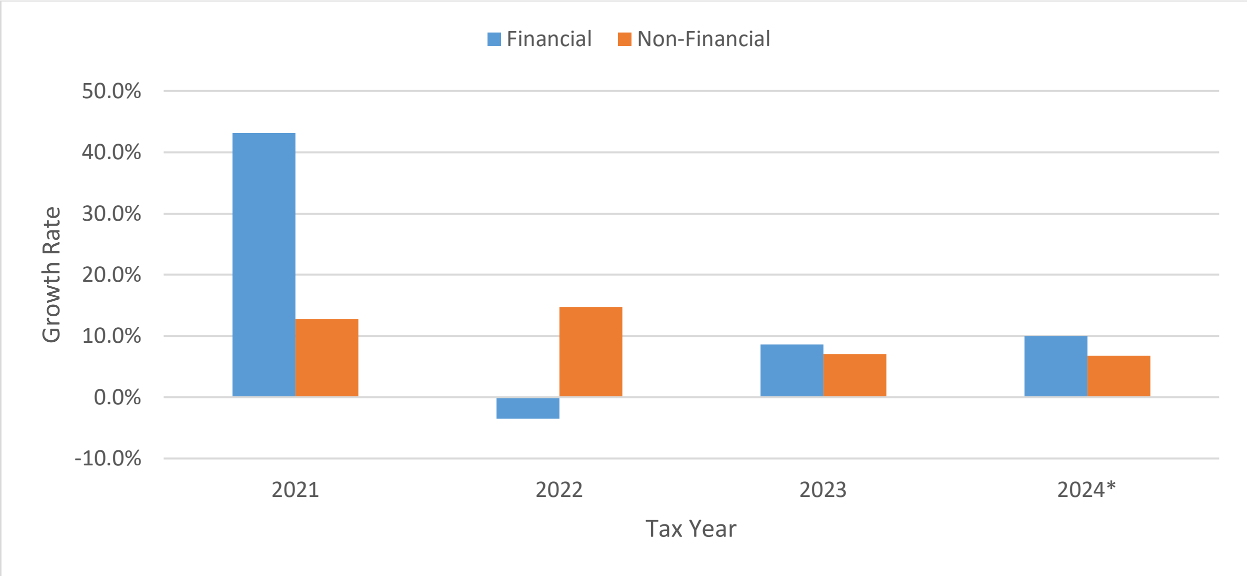
Sector	2020	2021	2022*	2023*	Share of Total 2023 BIT Liability
Services	(16.5%)	26.2%	9.7%	1.9%	28.4%
Trade	(7.6%)	39.9%	10.2%	2.9%	9.1%
Information	(33.0%)	35.7%	29.5%	3.7%	8.0%
Manufacturing	8.5%	1.4%	31.2%	28.5%	5.3%
Real Estate	(22.7%)	39.9%	(7.5%)	(19.4%)	4.6%
Other Industries	(1.8%)	4.1%	6.0%	15.6%	5.1%
All	**(8.3%)**	**28.1%**	**8.2%**	**5.2%**	**100.0%**

Source: NYC Department of Finance, Office of the New York City Comptroller.

*Liability totals in 2022 and 2023 are not final, as complete final returns have not yet been filed. The growth shown is estimated based on an adjustment to preliminary liability totals, by type of tax, using the average ratio of preliminary to final liabilities from 2017-2021.

Recent payments data for calendar year 2024 indicate that BIT liabilities continue to grow steadily. Chart 16 shows the growth in BIT net payments by calendar year through September 2024. Net payments generally reflect the direction of liability changes, although they may be increased or decreased based on prior-year liability adjustments and do not include tax refunds paid. As shown in Chart 16, BIT net payments from the financial sector have been up by 10.0 percent in calendar year 2024, an increase from 8.6 percent growth in the prior year. Non-financial payments are up 6.8 percent, slightly lower than their 2023 growth.

Chart 16. Net Payments of Business Income Tax, Calendar Years 2021-2024



Source: NYC Department of Finance and Office of the New York City Comptroller.

*Growth in net payments in 2024 based on year-to-date through September.

New York City's FY 2025 collections of BIT to-date—which includes September and October 2024 corporate and unincorporated tax payments less refunds—were $1.96 billion, up 5.8 percent from the same period in FY 2024. OMB has most recently projected a 3.6 percent decline in FY 2025 BIT, which implies a large correction in the remainder of the fiscal year. In contrast, the Comptroller's Office's forecast for FY 2025 projects a 5.0 percent increase in BIT over the prior year. This increase is a significant upward revision, adding $1.12 billion to the Comptroller's prior forecast published in August 2024. The revision reflects an adjustment to continued growth in BIT collections, and an improved outlook for the U.S. economy, local industries, financial markets, and financial sector profits.

New York City's BIT collections grew rapidly over the past five years and in FY 2024 they exceeded 2019 by more than 55 percent. This growth, though similar to the growth experienced in corporate profits nationally, has exceeded U.S. nominal GDP growth, which is up 35 percent over the past five years. This growth rate is not sustainable long-term and, as a result, the outlook is for growth in the business profits tax base to decelerate in FY 2026 through FY 2028—growing at an average of 1.5 percent per year, slower than forecast U.S. nominal GDP growth of 4.4 percent per year. Overall, the Comptroller's Office's forecast for BIT collections in FY 2026 through FY 2028 was revised upward by an average of $1.84 billion per year. OMB's current forecast calls for sequential declines of BIT collections in FY 2025 and FY 2026, and averages $1.45 billion below the Comptroller's in FY 2026 through FY 2028.

Real Estate Transaction Taxes and Other Taxes

The City 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. The city collected $1.73 billion in transaction taxes in FY 2024—$1.13 billion in RPTT and $597 million in MRT. This is a 20.6 percent decrease from FY 2023 collections. The combination of higher mortgage rates and home prices contributed to a 17.0 percent decrease in real estate sales in FY 2024. The Comptroller's Office forecasts that total transaction taxes collection will be $1.91 billion in FY 2025—$1.21 billion in RPTT and $706 million in MRT, a 11.6 percent increase from FY 2024. This is mainly due to the expectation of a 6.0 percent increase in transactions in FY 2025. The forecast calls for an average revenue growth of 9.9 percent through FY 2028, when collections are expected to reach $2.53 billion.

Total visitors to New York City continue to increase after the pandemic lows. Per the most recent NYC Travel + Tourism Outlook, total visitors to NYC are forecasted to increase from 65 million in 2024 to 68 million in 2025.[17] International visitation is forecasted to increase by 11.2 percent in 2025 to reach 14.7 million visitors. In FY 2024, the City collected $706 million in Hotel Occupancy tax (a 9.6 percent increase from FY 2023) and the Comptroller's forecast calls for collections of $751 million in FY 2025 (a 6.4 percent increase from FY 2024). The Hotel Occupancy Tax is expected to grow by 4.5 percent annually during the rest of the Plan years and reach $858 million by FY 2028.

For all other taxes, the Comptroller's Office forecasts collections of $2.50 billion in FY 2025, $2.55 billion in FY 2026, $2.62 billion in FY 2027, and $2.67 billion in FY 2028.

Risks to the Tax Revenues Forecast

New York City's personal income tax and business income tax bases are both sensitive to shifts in U.S. economic growth and the strength of financial markets and are thus at risk from the economic dangers of proposed Trump Administration policies, which have been noted above. Beyond tariffs and immigration, federal tax policy changes could have repercussions on the City's tax base. The increase or elimination of the State and Local Tax (SALT) deduction would increase disposable income and improve New York City's competitiveness, potentially representing an upside for local revenues. The expectation of more permissive regulation under the incoming Trump administration, could increase the stream of mergers and acquisitions and initial public offerings, providing a boost to financial sector earnings.

The final property tax delinquency rate was 2.2 percent in FY 2024, its highest rate in the last five fiscal years, mainly due to the suspension of the tax lien program that increases the incentive to

[17] See the September 2024 NYC Travel & Tourism Outlook.

pay. For FY 2025, notices have been sent to property owners that are behind in their property tax payments. However, as of November 2024, the delinquency rate (which declines over the course of an ongoing fiscal year) is at 3.3 percent, the same as November 2023, indicating that delinquency rates haven't yet gone down despite the notices. The Comptroller's Office is currently expecting a final delinquency rate of 2.0 percent for FY 2025, so if current delinquency rates fail to improve over last fiscal year's rates, this would result in lower property tax than forecast.

Risks related to unknown future real estate market values, both commercial and residential, affect transaction taxes and property taxes in the longer run. While commercial real estate has shown tentative signs of modest improvement, the extent of change and disruption to this sector leaves many uncertainties going forward. And despite the Federal Reserve telegraphing a policy of rate reduction going forward, mortgage rates have remained elevated after an initial decrease—with higher rates potentially impacting both residential and commercial values.

Miscellaneous Revenues

The November Plan increases the FY 2025 miscellaneous revenue estimate by a net $41 million to $6.21 billion, below the $6.40 billion collected in the previous fiscal year.[18] The revision does not include new PEG initiatives and mainly reflects higher projections for interest income and "other miscellaneous" sources, and lower projections for charges for services and water and sewer charges, as shown on Table 25. Projected interest income from investments of cash balances, debt service accounts, and other funds increased by $88 million to $468 million in FY 2025. However, this represents a $228 million, or 33 percent decline, from FY 2024. The lower FY 2025 estimate compared to FY 2024 is due to the Federal Reserve cuts in short-term interest rates and lower year-to-date cash balances. Interest income projections for the outyears of the Plan are unchanged from the June estimates, declining steadily as short-term interest rates are expected to decrease further through FY 2028.

Table 25. Changes in FY 2025 Miscellaneous Revenue Estimates, June 2024 Plan vs. November 2024 Plan

($ in millions)	June	November	Change
Licenses, Permits & Franchises	$719	$723	$4
Interest Income	380	468	88
Charges for Services	1,026	989	(37)
Water and Sewer Charges	2,234	2,208	(26)

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

($ in millions)	June	November	Change
Rental Income	260	260	0
Fines and Forfeitures	1,234	1,235	1
Other Miscellaneous	317	328	11
Total	**$6,170**	**$6,211**	**$41**

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

Revenue projections for licenses, permits and franchises increased by $4 million reflecting an increase in projected revenue from filing fees, and a one-time $2 million in forfeited security deposits associated with the now repealed Sidewalk Café Program. Revenue projection for the "other miscellaneous" category, which comprises mostly non-recurring revenues, also increased by $11 million due to accrued interest income from fiduciary accounts that was released by the Comptroller's Office.

Charges for services declined by $37 million, driven mainly by reduced tuition revenue caused by lower student enrollment at CUNY. Additionally, water and sewer revenue reimbursement from the Water Board budgeted for FY 2025 decreased by $26 million. These revenue declines are matched by corresponding expense reductions.

Table 26 shows the City's November Plan projections for all categories of miscellaneous revenues. The Plan projects a 3.0 percent decline in FY 2025 miscellaneous revenue to $6.21 billion, followed by a 2.7 percent decline in FY 2026 to $6.04 billion. These reductions reflect anticipated decline in interest income, fines and forfeitures, and one-time payments in FY 2025 and FY 2026. For FY 2027 and FY 2028 total miscellaneous revenue is expected to stabilize at around $6.0 billion.

Table 26. Miscellaneous Revenue Forecast, November 2024 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Licenses, Permits & Franchises	$723	$727	$707	$710
Interest Income	468	265	225	226
Charges for Services	989	1,032	1,032	1,033
Water and Sewer Charges	2,208	2,224	2,234	2,284
Rental Income	260	260	261	260
Fines and Forfeitures	1,235	1,229	1,235	1,225
Other Miscellaneous	328	306	303	299
Total	**$6,211**	**$6,043**	**$5,997**	**$6,037**

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

The Comptroller's Office anticipates total miscellaneous revenue will exceed OMB's current forecast by $26 million in FY 2025, $53 million in FY 2026, $48 million in FY 2027 and $48 million in FY 2028.

The Comptroller's Office expects revenues from fines could be above the City's forecast by $38 million in FYs 2025 and $15 million in each of FYs 2026-2028 due to higher projections for camera fines and late filing/no permit penalties at the Department of Buildings (DOB). In addition, based on projected short-term interest rates and the Comptroller's cash balance forecast, the Office anticipates interest income will exceed OMB's current projections by $55 million in FY 2026, $51 million in FY 2027, and $50 million in FY 2028.

The Comptroller's Office projects miscellaneous revenues from tobacco settlements will be less than currently reflected in the financial plan. This is due to the recent security agreement that TSASC Inc. entered with Bank of New York Mellon on December 9th. TSASC, Inc. was created as a financing entity to issue and sell bonds to fund a portion of the City's capital program that are secured by tobacco settlement revenues. TSASC has drawn down its Subordinate Liquidity Reserve Account to make debt service payments due on December 1, 2024, leaving a balance of approximately $2.2 million. This result is consistent with the FY 2025 TSASC budget forecasting an inability to support its subordinate debt service requirements starting June 1, 2025. The City will now allow more funding from the unpledged tobacco settlement revenues to cover these debt service costs. This reduces this funding in the City's miscellaneous budget by $12.0 million in FY 2025, $16.9 million in FY 2026, $17.7 million in FY 2027, and $17.2 million in FY 2028.

Federal and State Aid

The November Plan projects total categorical Federal and State aid of $29.64 billion in FY 2025, supporting nearly 26 percent of the City's expenditure budget. Of that aid, $20.09 or 17.4 percent is budgeted to come from the State and $9.55 billion or 8.3 percent from the Federal government. The incoming Trump Administration has made reducing Federal spending over the next four years a top priority. As discussed in this Office's recent report, NYC's Federal Funding: Outlook Under Trump , the Federal government provides over $100 billion to New York City's governmental entities, residents and organizations, including the $9.55 billion currently budgeted in operating support. How the Trump policy changes impact New York City's direct Federal aid, as well as Federal funding for related entities such as NYCHA, the MTA, CUNY, and NYC H+H, and to New Yorkers remains to be seen.

Compared with the Adopted Budget, the November Plan reflects a net increase of $2.28 billion in the current year consisting of increases of $1.63 billion in Federal aid and $651 million in State grants. The increased Federal aid in FY 2025 reflected in the November Plan includes significant revenues that have been rolled over from FY 2024, comprising about $547 million of the total. More than one-third, or $613 million, of the additional FY 2025 grants is reflected in the social services area, including $321 million in Child Care Block Grant and $257 million for cash assistance. Funding for the Department of Health and Mental Hygiene (DOHMH) also increases by $264 million mostly from COVID-related support for Epidemiology and Laboratory Capacity grants ($108 million) and immunization/vaccine initiatives ($56 million). Federal assistance for the Department of Housing Preservation and Development (HPD) shows an increase of about $200 million that mainly consists of $152 million for the Federal COVID stimulus funded HOME-American Rescue Plan (ARP) program providing homelessness assistance through HPD and NYCHA and $40 million for the Section 8 voucher program. In addition, the November Plan also recognizes an additional $158 million in prior series of Homeland Security Grants and $82 million in Community Development Block Grant in FY 2025.

The November Plan changes raise total Federal COVID assistance anticipated by the City to $1.23 billion in FY 2025 through FY 2028, as shown in Table 27. Combined with grants already recognized in FY 2020 through FY 2024, tallied at about $25.48 billion, overall COVID assistance is expected to reach a total of $26.71 billion. The largest components comprising this figure are FEMA reimbursement currently estimated at $7.25 billion, ARP-CRRSA education grants totaling $6.94 billion (expired in FY 2024) and ARP-SLFRF grants of $5.88 billion (which expire this fiscal year).

Table 27. Projected Federal COVID Assistance-November 2024 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Total
ARP SLFRF	$548.9	$0.0	$0.0	$0.0	$548.9
FEMA	4.6	0.8	0.1	0.1	5.6
Epidemiology and Laboratory Capacity Grants	153.1	5.1	4.0	0.0	162.2
All Other	359.5	58.4	47.3	47.3	512.6
Total	**$1,066.1**	**$64.4**	**$51.4**	**$47.4**	**$1,229.4**

Source: Mayor's Office of Management and Budget

The $651 million increase in State aid for FY 2025 in the November Plan compared with the Adopted Budget includes $247 million more for social service programs, $79 million for education, $39 million for DOHMH, and $286 million for other programs. The largest single programmatic increase is the addition of $196 million for cash assistance costs.

Over the remainder of the Plan period, total Federal and State grants are projected to fall sequentially to $26.49 billion in FY 2026 and $26.35 billion in FY 2027 before reaching $25.91 billion in FY 2028, mirroring declines in Federal COVID grants and, to a lesser degree, support for asylum seekers in the latter years of the Plan. Moreover, the City normally includes a growth assumption in its State education aid estimates. In the November Plan, however, State education aid would actually remain flat over the outyears. As a result, overall State aid is expected to hover at about $19.2 billion in FY 2026 and FY 2027, before falling to $18.7 billion in FY 2028 due to declining assumptions of social services aid.

Expenditure Analysis

General fund expenditures of $115.03 billion for FY 2025, as presented in the November Plan are a 1.2 percent increase over FY 2024 actual general fund expenditures of $113.72 billion.[19] 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 addition, FY 2025 includes $1.20 billion in the General Reserve and $250 million in the Capital Stabilization Reserve, both of which were spent down at the close of FY 2024. Net of these adjustments, FY 2025 expenditures total $117.88 billion. This is an increase of 1.6 percent from the similarly adjusted FY 2024 actual expenditures of $116.02 billion. Adjusting for these costs provides a more accurate measure of the growth of City expenditures over time.

The increase in budgeted spending in FY 2025 compared with FY 2024 is driven by a 3.8 percent ($2.05 billion) increase in planned spending on personnel services. More than one third of this increase comes from rising pension costs (see the Pensions section of this report for more details). Other than personnel services (OTPS) costs, excluding debt service, are projected to fall slightly in the November Plan compared with FY 2024 actuals, by $773 million or 1.4 percent. However, as noted in The Comptroller's Office's Restated Gaps and Surpluses section, most costs that this Office identifies as underbudgeted are OTPS costs, meaning actual OTPS costs for FY 2025 will likely be higher than currently budgeted. Debt service costs, adjusted for prepayments, are expected to grow by 7.9 percent.

In FY 2026, expenditures—adjusted for prepayments and reserves—total $116.54 billion, a $1.33 billion (1.1 percent) decline compared with FY 2025, as shown in Table 28. Again, this is driven by lower budgeted OTPS costs compared with FY 2025, offset somewhat by higher projected debt service costs and personnel costs. However, as previously mentioned many OTPS costs are chronically underbudgeted and actual costs for FY 2026 will also likely be higher than currently budgeted. The increase in personnel costs in FY 2026 is largely driven by 2.6 percent growth in salaries and wages ($864 million) and 7.8 percent growth ($780 million) in pension costs. In addition, Federal COVID aid included in the budget drops from $1.07 billion in FY 2025 to $64 million in FY 2026.

After FY 2026, expenditures are budgeted to grow at an annual rate of 2.2 percent from FY 2026 through FY 2028. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 3.4 percent from FY 2026 through FY 2028, and debt service costs, which are projected to increase at an annual rate of 8.9 percent from FY 2026 through FY 2028. Spending on OTPS costs is projected to decline at an annual rate of 0.4 percent.

[19] FY 2024 actuals include $742 million in transfers to the capital fund through Interfund Agreements, as detailed in Schedule G6 of the FY 2024 Annual Comprehensive Financial Report.

Table 28. FY 2025 — FY 2028 Expenditure Growth, Adjusted for Prepayments and Reserves

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Growth FYs 25-28	Annual Growth
Personal Service						
Salaries and Wages	$32,735	$33,599	$34,614	$35,557	8.6%	2.8%
Pensions	9,955	10,736	10,801	11,643	17.0%	5.4%
Health Insurance	9,139	9,676	10,069	10,484	14.7%	4.7%
Other Fringe Benefits	4,920	5,092	5,277	5,471	11.2%	3.6%
Subtotal-PS	**$56,750**	**$59,103**	**$60,762**	**$63,156**	**11.3%**	**3.6%**
Other Than Personal Service						
Medicaid	$6,743	$6,583	$6,733	$6,883	2.1%	0.7%
Public Assistance	2,570	1,650	2,000	2,463	(4.2%)	(1.4%)
Judgments and Claims	877	823	840	862	(1.7%)	(0.6%)
Contractual Services	24,674	24,209	23,566	21,328	(13.6%)	(4.7%)
Other OTPS	18,339	15,342	15,697	16,640	(9.3%)	(3.2%)
Subtotal-OTPS	**$53,203**	**$48,607**	**$48,835**	**$48,177**	**(9.4%)**	**(3.3%)**
Debt Service	**$7,927**	**$8,844**	**$9,580**	**$10,497**	**32.4%**	**9.8%**
Expenditures Excluding Reserves Only	**$117,880**	**$116,554**	**$119,177**	**$121,831**	**3.4%**	**1.1%**
BSA and Discretionary Transfers	($4,301)	($96)				
General Reserve	1,200	1,200	1,200	1,200		
Capital Stabilization Reserve	250	250	250	250		
Total Expenditures	**$115,029**	**$117,907**	**$120,627**	**$123,281**	**7.2%**	**2.3%**

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. The debt Service line excludes TSASC Inc. debt service, which is paid with Federal tobacco settlement revenues, as well as TFA Building Aid Revenue Bonds (BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City's Miscellaneous budget spending (098).

Headcount

As shown in Table 29, the November Plan projects total full-time authorized headcount of 300,299 for FY 2025, with the number of budgeted full-time employees declining by more than 3,200 positions in FY 2026 to 297,023 and settling at 296,862 by FY 2028. The overall year-over-year decline in headcount is driven primarily by lower projections of pedagogical and civilian employees. Pedagogical headcount is budgeted to decline by 1.4 percent (1,819 positions) to 127,658 in FY 2026, where it remains for the rest of the Plan period. All the decline is slated for the Department of Education. This is despite the State's mandate to reduce class sizes in city schools, which is being phased in with full implementation by FY 2028. The Comptroller's Office estimates that the City will need to hire 13,737 more teachers to comply with the law by FY 2028 (see the Department of Education section of this report for more details).

Civilian headcount is budgeted to decrease by 1.4 percent to 108,345 by FY 2028. Uniformed 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.

Table 29. Total Funded Full-Time Year-End Headcount, November 2024 Financial Plan

	FY 2025	FY 2026	FY 2027	FY 2028	Percent Change FY 2025 – FY 2028
Pedagogical					
Dept. of Education	125,188	123,369	123,369	123,369	(1.5%)
City University	4,289	4,289	4,289	4,289	0.0%
Subtotal	**129,477**	**127,658**	**127,658**	**127,658**	**(1.4%)**
Uniformed					
Police	35,001	35,001	35,001	35,001	0.0%
Fire	10,952	10,952	10,952	10,952	0.0%
Correction	7,060	7,060	7,060	7,060	0.0%
Sanitation	7,955	7,846	7,846	7,846	(1.4%)
Subtotal	**60,968**	**60,859**	**60,859**	**60,859**	**(0.2%)**
Civilian					
Dept. of Education	12,895	12,348	12,280	12,280	(4.8%)
City University	1,735	1,735	1,735	1,735	0.0%
Police	13,883	13,875	13,875	13,875	(0.1%)
Fire	6,226	6,225	6,225	6,225	(0.0%)
Correction	1,751	1,746	1,747	1,745	(0.3%)
Sanitation	1,632	1,632	1,632	1,632	0.0%
Admin. for Children's Services	7,028	7,027	7,027	7,027	(0.0%)
Social Services	12,159	11,991	11,991	11,991	(1.4%)
Homeless Services	1,918	1,885	1,885	1,885	(1.7%)
Health and Mental Hygiene	5,872	5,617	5,603	5,572	(5.1%)
Finance	1,994	1,993	1,993	1,993	(0.1%)
Transportation	5,828	5,814	5,814	5,814	(0.2%)

	FY 2025	FY 2026	FY 2027	FY 2028	Percent Change FY 2025 – FY 2028
Parks and Recreation	4,502	4,536	4,535	4,535	0.7%
All Other Civilians	32,431	32,082	32,045	32,036	(1.2%)
Subtotal	**109,854**	**108,506**	**108,387**	**108,345**	**(1.4%)**
TOTAL	**300,299**	**297,023**	**296,904**	**296,862**	**(1.1%)**

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

Compared with the Adopted FY 2025 Budget and June Financial Plan, total full-time authorized headcount rose by 733 positions in FY 2025. Of those, 254 positions (35 percent) are new positions with associated City fund increases. The remaining 479 positions (65 percent) result from headcount adjustments made by OMB based on the recognition of Federal, State and other categorical grants. The agencies accounting for most of the new 254 positions include:

- the Department of Buildings (91) to support compliance with Local Laws 97 and 152, and to staff the new proactive enforcement unit that will inspect buildings in disrepair;
- the Department of Education (68) related to the settlement of L.V. vs NYC DOE under which the court ordered the DOE to more expeditiously implement special education hearing orders;
- the Department of Correction (28) to staff NYC outposted therapeutic housing units at Bellevue Hospital; and
- the Office of Administrative Trials and Hearings (22) and Department of Finance (11) to staff "Operation Padlock to Protect" in shuttering unlicensed cannabis shops.

Of the 479 positions due to headcount adjustments made by OMB, the three largest additions to note are in:

- the Department of Health and Mental Hygiene (208);
- NYC Emergency Management (59); and
- the Department of Parks and Recreation (52).

Table 30. Full-Time Headcount Changes, November 2024 Financial Plan vs. June 2024 Financial Plan

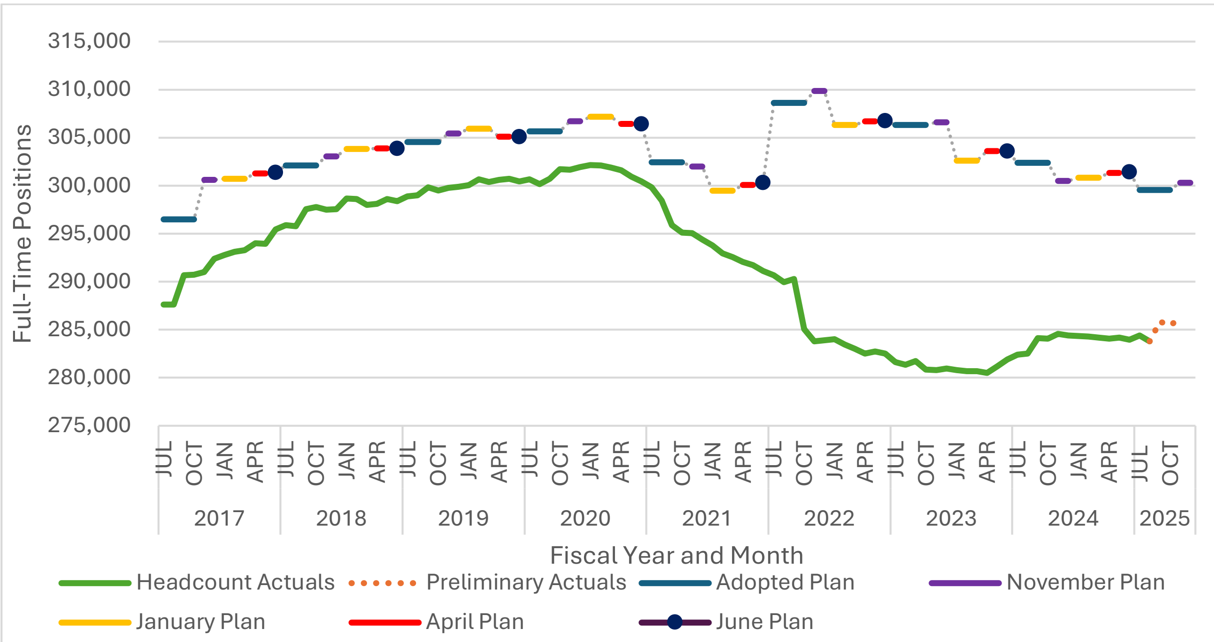
	FY 2025	FY 2026	FY 2027	FY 2028
Pedagogical				
Dept. of Education	0	0	0	0
City University	0	0	0	0
Subtotal	**0**	**0**	**0**	**0**
Uniformed				
Police	0	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	0	0	0
Subtotal	**0**	**0**	**0**	**0**
Civilian				
Dept. of Education	68	68	0	0
City University	0	0	0	0
Police	8	0	0	0
Fire	1	0	0	0
Correction	28	27	27	27
Sanitation	0	0	0	0
Admin. for Children's Services	0	0	0	0
Social Services	28	0	0	0
Homeless Services	0	0	0	0
Health and Mental Hygiene	208	67	61	49
Finance	11	10	10	10
Transportation	21	8	8	8
Parks and Recreation	52	1	1	1
All Other Civilians	308	189	174	169
Subtotal	**733**	**370**	**281**	**264**
TOTAL	**733**	**370**	**281**	**264**
Percent change	**0.2%**	**0.1%**	**0.1%**	**0.1%**

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

Actual full-time headcount has increased slightly since the end of the FY 2024. As of November 30, 2024, the City's actual workforce is at 286,159, a net increase of over 2,100 employees since June 30, 2024 (0.8 percent). The growth is primarily with the Department of Education, Parks and Recreation, and the District Attorney offices. During this time, the City's vacancy rate dropped below 5 percent, the first time since the beginning of FY 2022. For more details by agency, please visit the NYC Agency Staffing Dashboard.

A 2-for-1 hiring freeze remains in effect for city agencies. As such, lower-than-budgeted headcount is expected to persist for the remainder of FY 2025. The Comptroller's Office projects that non-overtime salary and wage costs, including some fringe savings, will total about $500 million less than currently budgeted by the OMB for FY 2025. This includes $700 million in full-time salary and fringe savings offset by $200 million in additional costs for unsalaried staff, based on the pace of spending in the first quarter of the fiscal year. This Office will continue to monitor the impact of future PEGs, the continuation of the hiring freeze, and the number of vacancies on the City's capacity to provide core services.

Chart 17. Full-Time Headcount, Actual vs Plan, FY 2017 — FY 2025



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 are preliminary for September through November of FY 2025; they are derived from initial payroll results and have not yet been published by OMB.

Overtime

The November Plan includes $1.58 billion for FY 2025 overtime expenditures, an increase of about $8 million when compared to the FY 2025 Adopted Budget. There was a net reduction of $7 million to the uniformed overtime forecast, primarily due to a reduction of $9 million to the Department of Sanitation's uniformed overtime estimate. The reduction to the uniformed overtime budget was more than offset by an increase of $15 million for civilian overtime. Even with this increase, the Comptroller's Office projects civilian overtime cost for FY 2025 at $695 million, $242 million more than currently budgeted as shown in Table 31.

Table 31. Actual Overtime Spending FY 2024 and Projected Spending FY 2025

($ in millions)	FY 2024 Actuals	FY 2025 Adopted Budget	FY 2025 November Plan	FY 2025 Comptroller Projection	FY 2025 Additional Need
Uniformed					
Police	$955	$477	$478	$1,000	($522)
Fire	451	381	380	425	(45)
Correction	255	128	131	255	(124)
Sanitation	140	142	133	133	0
Total Uniformed	**$1,801**	**$1,129**	**$1,122**	**$1,813**	**($691)**
Civilian					
Police-Civilian	$137	$87	$88	$130	($42)
Social Services	109	42	40	65	(25)
All Other Agencies	553	309	325	500	(175)
Total Civilians	**$799**	**$438**	**$453**	**$695**	**($242)**
Total City	**$2,600**	**$1,567**	**$1,575**	**$2,508**	**($933)**

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

Civilian overtime costs have increased steadily over the last three fiscal years from $660 million in FY 2022 to $799 million in FY 2024. However, with a slight uptick in hiring of civilian employees and the stabilizing of the asylum-seeker population, overtime costs for certain agencies are expected to be lower than the actual costs in FY 2024. For example, the Department of Social Services (DSS) spent $109 million for overtime cost in FY 2024, an average cost of $9 million monthly, up from $85 million in FY 2022. The Department of Homeless Services (DHS) spent $29 million, an average cost of $2.4 million monthly, for overtime cost in FY 2024 up from $20 million in FY 2022. Over the first four months of FY 2025, DSS has spent $20 million on overtime usage compared to $32 million spent over the same period in FY 2024. DHS has spent $6 million year-to-date compared to just about $9 million for that period in FY 2024. Overall, year-to-date overtime spending for civilians has averaged $54 million monthly for FY 2025 compared to $57 million during the same period in FY 2024.

The City faces a higher risk to the budget from expected uniformed overtime spending for FY 2025, specifically at the NYPD and DOC. The Comptroller’s Office projects that NYPD is on track to spend approximately $1 billion on uniformed overtime in FY 2025, $522 million more than currently budgeted and slightly higher than the $955 million it spent last year. The November Plan restores the hiring of two incoming Police classes in FY 2025, that had been slated to be cut in last year's round of PEGs. It is possible that this action will have a positive effect on the usage of overtime and may result in lower overtime costs in the outyears. However, in its Overtime Overview: A Deep Dive into NYPD Uniformed Overtime Costs, the Comptroller's Office found that historically overtime at NYPD did not necessarily decrease as actual headcount increased, and it is unclear whether future costs will follow these historic patterns.

DOC faces ongoing challenges in hiring uniformed staff, resulting in higher overtime cost for the department. DOC's uniformed overtime cost peaked at $270 million in FY 2023 before declining to $255 million in FY 2024. However, uniformed headcount has declined from 5,954 as of June 30, 2024 to 5,820 as of November 30, 2024. At this time, the Comptroller's Office expects DOC's uniformed overtime spending to be similar to the FY 2024 level or even higher unless the department is able to increase uniformed staff for the remaining months in FY 2025.

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 November Plan increased funding for these services in FY 2025 by $412 million from $910 million in the Adopted Budget Plan to $1.32 billion. Funding for these services, however, falls to $914 million in FY 2026, and then slowly ramps down to $860 million in FY 2028.

Historically, the City conservatively budgets these expenses in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in the outyears. Therefore, the Comptroller's Office estimates it would require an additional $110 million in City funds in FY 2026, growing to $140 million in FYs 2027 and 2028. The City could reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

Health Insurance

The November Plan projects employees' and retirees' pay-as-you-go health insurance costs of $9.14 billion for FY 2025, $382 million higher than the FY 2024 costs of $8.76 billion. Higher health insurance costs are mainly driven by the increase in health insurance premium rates and expected headcount levels. The FY 2025 premium rate increase for actives and pre-Medicare retirees is 7.7 percent compared to an average of 6.35 percent for FY 2023 and FY 2024. The senior care rate, which remained flat in FY 2023 and increased by 3.48 percent in FY 2024, has increased further by 4.86 percent for FY 2025. [20]

Health insurance costs are then projected to increase at annual rate of 4.7 percent annually to $9.68 billion in FY 2026, to $10.07 billion in FY 2027 and to $10.49 billion in FY 2028. The projections reflect $1.3 billion in annual savings from the 2014 Health Savings Agreement and $600 million annually from the 2018 Health Savings Agreement. The outyear projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 5.50 percent in FY 2026, 5.25 percent in FY 2027 and 6.25 percent in FY 2028. Premium rates for senior care health insurance are projected to increase by 4.7 percent in FY 2026, and by 4.6 percent in both FY 2027 and in FY 2028. When compared to the FY 2025 Adopted budget, annual health insurance projections remained about the same increasing by an average by $3 million for each fiscal year.

Table 32. Projected Pay-As-You-Go Health Expenditures

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Department of Education	$3,163	$3,411	$3,497	$3,533
CUNY	139	140	148	152
All Other	5,837	6,125	6,425	6,800
PAYGO Health Insurance Costs	**$9,139**	**$9,676**	**$10,069**	**$10,485**

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.

Little progress has been made on the City's plan to switch to a Medicare Advantage Plan for retirees. 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. [21] This action was challenged in court by retirees claiming that the plan would not offer the same quality of benefits to members. The New York State Supreme Court issued a permanent injunction against the implementation of the Plan, which was upheld by the Appellate Division of the State Supreme Court. The City petitioned the Court of Appeals requesting permission to appeal the decision and is currently awaiting a ruling.

[20] 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.

[21] 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.

Due to the 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 in budgeted payments from the fund to the City's general fund beginning FY 2023. However, the FY 2025 budget still reflects this payment. As such, the Comptroller's Office increases its estimates of City-fund expenditures by $112 million for this fiscal year to reflect that this offset is not likely to be received this year.

Pensions

The November Plan projects pension contributions of $9.96 billion for FY 2025. Contributions are then expected to increase at an annual rate of 5.4 percent to $11.64 billion by FY 2028, as shown in Table 33. When compared to the FY 2025 Adopted Budget and June Financial Plan, pension contributions estimates were lowered by $279 million in FY 2025, $245 million in FY 2026, $364 million in FY 2027, and $556 million in FY 2028. The outyear reductions represent the phasing in of additional investment earning above the Actuarial Interest Rate Assumption of 7 percent. Pension investments experienced a combined investment gain of 10 percent on market value for FY 2024.

Table 33. Changes to City Pension Contributions

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Five Actuarial Systems	$9,793	$10,361	$10,532	$11,555
Other Systems & Reserves	553	732	745	756
Less: Intra City-Expense	(112)	(112)	(112)	(112)
Net Pension Expense Adopted Budget.	**10,234**	**10,981**	**11,165**	**12,199**
FY 2024 Investment Gains above AIR	0	(159)	(364)	(556)
Reversal Actuarial Audit Reserve	(279)	0	0	0
Headcount Adjustments	0	(86)	0	0
Net Pension Expense November Plan	**$9,955**	**$10,736**	**$10,801**	**$11,643**

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

The City further removed funding previously reserved in FY 2025 to offset costs from any potential changes to actuarial assumptions. Pursuant to Chapter 5, Section 96 of the New York City Charter, the Comptroller's Office engaged Milliman, Inc., to conduct two consecutive biennial independent actuarial audits of the pension systems. Milliman is in the process of concluding the second audit and will shortly release final reports commenting on the appropriateness of the actuarial assumptions used by the Office of the Actuary (OA) to calculate contributions to the city pension funds. The City's Chief Actuary will then review the recommendations put forward by the auditor and decide if any of the recommendations should be implemented. The Financial Plan previously included a deposit of $279 million in each of FY 2025 through FY 2028 for any additional costs that may arise from changes to the underlying assumptions.

Labor

The labor reserve maintained within the Financial Plan contains funding to cover anticipated expenses for collective bargaining agreements to be negotiated, funding to be transferred to agencies' budgets for contracts that are ratified, and to fund a 1.25 percent wage increase for all employees for the next round of collective bargaining. The City has negotiated and reached agreements with unions representing 97 percent of employees under the current collective bargaining round. The current balance in the labor reserve is $968 million in FY 2025, $1.14 billion in FY 2026, $1.43 billion in FY 2027, and $2.11 billion in FY 2028.

The funding held in the labor reserve is usually estimated based on headcount level at a certain date. For example, funding estimated for the current collective bargaining round was based on headcount data as of December 31, 2020. After an agreement is negotiated and ratified, the City then transfers funding to the agencies impacted based on the terms of the contract and current headcount. As such, funds previously reserved may be lower or higher than the actual cost of the contract. The November Plan reflects transfers to agencies' budgets of $119 million in FY 2025, $147 million in FY 2026, $191 million in FY 2027 and $175 million in FY 2028 for recently ratified contracts.

The City, in October, announced an agreement with District Council 37 (DC 37) and the Day Care Council of New York covering employees of non-profit child care organizations that contract with the Department of Education. The agreement, which was recently ratified by the workers, grants compounded wage increases of 16.21 percent. The labor reserve includes funding for this contract, and the amounts will be transferred to the DOE's budget in the January Plan.

In recent months, the City lowered the fiscal year balances in the labor reserve after updating cost estimates for ratified contracts. For FY 2024, the balance was lowered in the April Plan by $170 million and later by $250 million at the fiscal year close. While the FY 2025 balance was lowered by $150 million at budget adoption last June, it is possible that there is room for the City to further lower the FY 2025 balance by about $100 million.

Department of Education

The November Plan projects a $32.98 billion budget for the Department of Education (DOE) in the current year (excluding intra-city funds), reflecting a net increase of $310 million since Adoption, as shown in Table 34.

Table 34. Department of Education Funding Detail-November 2024 Plan

$ in millions	FY 2025	FY 2026	FY 2027	FY 2028
Total DOE Funding*	**$32,983.1**	**$33,339.8**	**$34,329.6**	**$35,065.6**
City Funds	$16,892.0	$17,552.2	$18,541.9	$19,277.9
State Funds	13,617.5	13,535.3	13,535.3	13,535.3
Federal Funds	2,305.3	2,093.0	2,093.0	2,093.0
Other Categorical	168.3	159.4	159.4	159.4
November Plan	$309.8	$74.4	$22.6	$22.7
Year-to-Year Changes		$356.8	$989.8	$735.9

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

Note: *Net of intra-city funds

The November Plan provides $360 million to cover a host of new needs. Among the major needs addressed are $159 million in baseline funding for special education Carter Cases and $145 million in FY 2025 only for continued support of contract nursing ($65 million) and technology spending ($80 million), both initiatives formerly covered by stimulus funds in FY 2024. The City also extends L.V. Order funding by $52 million in FY 2025 and FY 2026 to expedite the provision of special education services ordered by the court.

These increases are partly offset by a net decline of $50 million stemming from various DOE budget adjustments. The largest adjustment involves the funding transfer of the School's Out New York City (SONYC) program to the Department of Youth and Community Development, reducing the DOE budget by $136 million in FY 2025 and $137 million annually in FY 2026 through FY 2028. The SONYC transfer is partly offset by the roll of $79 million in Smart School Bond Act revenue into the current year. Also, within the overall adjustments, the City has opted to utilize an additional $112 million in Federal ARP SLFRF funds to replace tax levy support for custodial services costs, with net zero impact on the DOE budget.

Over the outyears, the DOE budget is expected to rise in FY 2026 to $33.34 billion, reflecting a year-to-year increase of about $357 million. City funds are projected to grow by $660 million, while Federal and State support are expected to fall by a combined $295 million. Over the remainder of the plan, funding for the Department would reach $34.33 billion in FY 2027 and $35.07 billion in FY 2028, reflecting exclusively City funds growth of $990 million and $736 million, respectively.

The Department faces a significant number of risks over the course of the November Plan, as shown in Table 35, totaling $468 million in the current year and expanding to a range of between $1.10 billion in FY 2026 and $2.11 billion in FY 2028. While the November Plan has provided additional funding for Carter Cases, significant baseline shortfalls remain unaddressed. Since FY 2016, spending for Carter Cases has nearly quadrupled from $312 million to $1.19 billion recognized in FY 2024. To maintain baseline funding similar to FY 2024 spending, the City will need to increase Carter Cases funding by $388 million in FY 2025, $258 million in FY 2026, and $188 million annually in FY 2027 and FY 2028. Similarly, the November Plan has addressed costs arising from the L.V. Court Order in FY 2025 and FY 2026 only, leaving unfunded needs of $52 million annually in the final two years of the Plan. Moreover, the Department continues to overestimate Medicaid reimbursement for special education related services, mainly for speech and occupational/physical therapy services, that will likely result in annual shortfall of $20 million in FY 2025 through FY 2028. The DOE has also underbudgeted costs for charter leases and custodial services by a combined $60 million to $194 million annually, as spending in these areas will likely exceed current projections.

Table 35. Projected Education-Related Risks in the November 2024 Financial Plan

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

	FY 2025	FY 2026	FY 2027	FY 2028
Carter Cases	($388)	($258)	($188)	($188)
Class Size Reduction Mandate	0	(168)	(687)	(1,238)
DOE Medicaid Revenue	(20)	(20)	(20)	(20)
L.V. Order	0	0	(52)	(52)
Summer Rising	0	(80)	(80)	(80)
Stimulus-funded Programs	0	(375)	(375)	(375)
Charter Leases	(60)	(40)	(35)	0
Custodial Costs	0	(154)	(154)	(154)
Total Education-Related Risks	**($468)**	**($1,095)**	**($1,591)**	**($2,107)**

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

The Department may also need to provide funding for the continuation of core instructional and support initiatives due to the expiration of Federal stimulus grants. Aside from funding needed for the Summer Rising program beginning next year, a host of programmatic needs previously supported by Federal funds remain unfunded in FY 2026 through FY 2028. Unless the City develops a plan to phase out these initiatives over time, additional funding of up to $375 million annually will be needed in the outyears. Chief among these are $93 million for 3K programmatic costs, $65 million for contract nurses, $80 million for technology spending, $41 million for Arts education, and $31 million for the Learning to Work program.

Finally, the November Plan does not include funding for implementation of the State's class size reduction mandate. New York City, the only school district in the State subject to this mandate, would need to phase in smaller class size caps over a five-year period and achieve full compliance by September 2028. Based on analysis of the latest class size data for November 2024, the implementation costs could total between $1.24 billion and $1.38 billion annually when fully phased in. Given these estimates, the new mandate could lead to DOE budget risks of at least $168 million in FY 2026 and $687 million in FY 2027, and $1.24 billion annually by FY 2028 upon full implementation. The lower projected risks, compared to previous estimates, mainly take into account a moderate decline in the number of general education students in the kindergarten to 5th grade category and a larger number of classes reported in the November data. The projections also factor in the assumption that the Department will maintain the same level of additional funding currently set aside for class size initiatives, totaling $182 million in FY 2025.

City Services for People Seeking Asylum

As of December 1, 2024, more than 225,000 asylum seekers received services from the City's emergency shelter system and 56,000 were in shelter. The population of asylum seekers in City-managed facilities peaked in January 2024, at approximately 69,000 individuals, and over the year, has steadily declined to the current population, a 19 percent reduction. The City has responded to changes in the census since mid-2022, when the City first began to stand up emergency shelters, which were managed initially by the Department of Homeless Services (DHS). The City then added NYC Health and Hospitals (H+H) Humanitarian Emergency Response and Relief Centers (HERRCs) and, over time, other City agencies—Housing Preservation and Development (HPD), NYC Emergency Management (NYCEM) and the Department of Youth and Community Development (DYCD)—began providing shelter. As the population has declined more recently, the City has announced recent and upcoming site closures, including the HERRCs at Randall's Island and Floyd Bennett Field.[22] [23] On the eve of a new Presidential administration that has made curbing immigration one of its top priorities, New York City's asylum seeker response looks very different than it did a year ago.

Budget Impacts Included in the November Plan

The FY 2025 Adopted Budget and June 2024 Financial Plan allocated $4.75 billion in FY 2025, and $4.0 billion in FY 2026 to support shelter, rent, supplies, services, administrative, food, and medical costs for asylum seekers. The November Plan reduces overall planned expenditures to $4.37 billion in FY 2025, a total decrease of $375 million (City-fund savings are greater at approximately $435 million because $60 million in previously planned City-funded costs are now expected to be Federally funded). OMB reduced its anticipated spending to reflect lower than budgeted year-to-date expenditures, but otherwise kept its population and spending projections unchanged. For FY 2026, the Plan adds $58.5 million in Federal funds and reduces City funds by the same amount, with the total remaining at $4.0 billion, with no changes to the FY 2027 and FY 2028 amounts of $3.0 billion and $850 million, respectively.

[22] https://nypost.com/2024/11/24/us-news/nyc-shutters-2-more-migrant-shelters-thanks-to-resettlement-efforts/

[23] Mayor Adams Announces Additional Shelter Closures, Including Floyd Bennett Field, as Migrant Shelter | City of New York

Table 36. Funding for Asylum Seekers (FY 2023 and FY 2024 Actuals and November Financial Plan)

($ in millions)	FY 2023 Actuals	FY 2024 Actuals	FY 2025	FY 2026	FY 2027	FY 2028	Total
City	$1,036	$2,323	$2,996	$2,941	$2,000	$500	$11,796
State	438	1,310	1,317	1,000	1,000	350	5,415
Federal	-	120	60	59	-		238
Total	**$1,474**	**$3,752**	**$4,373**	**$4,000**	**$3,000**	**$850**	**$17,449**

Source: Mayor's Office of Management and Budget**.** As discussed further below, "actuals" represent information currently in the Financial Management System, which is still preliminary as accrued costs are still subject to change.

CITY FUNDS

Compared with the June 2024 Financial Plan, the City-funded portion of the budget decreased by $494 million across the Plan ($435 million in FY 2025 primarily due to fewer asylum seekers in shelter, and $59 million in FY 2026 due to additional Federal aid). City funds now total more than $8.4 billion over the Financial Plan ($11.8 billion when including FY 2023 and FY 2024 actual spending).

STATE AID

The total amount of State aid from State FY (SFY) 2023 to SFY 2026 is $4.16 billion, unchanged in the SFY 2025 mid-year budget update. An additional amount of $160 million covers the cost of expanding Safety Net assistance to asylum seekers who apply for (rather than obtain) job permits. The State has budgeted $3.1 billion for direct reimbursements to the City. The remainder of the funds covers costs the State pays for directly, e.g., the National Guard and Medicaid estimated at $1.0 billion. The City is budgeting $1.32 billion in State aid in FY 2025 for shelter reimbursement and other site support as well as dedicated aid for shelters at Randall's Island, Creedmoor and Floyd Bennett Field, for which the state assumed all or most costs. The aid also covers some costs for case management, legal services, application assistance, and voluntary relocation.

OMB did not adjust State funding in the November Plan, despite decreasing total expected spending for FY 2025, and maintains its placeholders for State funding in the outyears of the Plan. The State may reduce its reimbursement of FY 2025 below its committed amount, in keeping with the Governor's earlier pledge to pay for only one-third of the expenses. The State's current commitments of aid extend only through SFY 2025; the Comptroller's Office considers the City's expectation of State funding in FY 2026 through FY 2028 to be an expense risk in the outyears. The Comptroller's Office will monitor upcoming changes in the upcoming State Budget.

Overall, as of November 25th, 2024, the City has received $1.08 billion in State funding for Asylum Seekers.

FEDERAL AID

The November Plan adds approximately $118 million in Federal Emergency Management Administration (FEMA) funding under the Shelter and Services Program (SSP), $59.3 million in FY 2025, and $58.5 million in FY 2026. The City previously had no Federal funds budgeted in either fiscal year. The June 2024 Financial Plan included $157 million for FY 2024, which was reduced to $119.6 million at the fiscal close, for a total anticipated federal amount of $237.6 million. As of November 25th, 2024, the City has received $74.4 million in federal funding for all years ($25.5 million for SSP, and $49 million for EFSP).

The Comptroller's Office has identified $226.3 million in SSP and EFSP funding that has been awarded to the City, $12 million less than the planned amount. [24] [25] [26] [27] As noted in prior reports, the SSP program has stringent reimbursement requirements, but the receipt of an initial payment suggests that some of the documentation hurdles have been addressed between the City and FEMA.[28] While the Comptroller's Office is considering only the $12 million over the awarded amount as an expense risk for FY 2026, it will monitor payments over the coming year and whether the incoming Trump administration chooses to follow a stricter interpretation of the documentation requirements.

AGENCY BUDGETS

The majority of newly arrived migrants in City shelter are in sites managed by DHS, H+H, and HPD. Correspondingly, 82 percent of all asylum seeker funding is in these agencies' budgets in FY 2025. The distribution of funding across City agencies did not change significantly in the November Plan, with DHS's FY 2025 asylum seeker-related budget decreasing by $218 million, from $1.69 billion in the Adopted Budget to $1.47 billion in the November Plan; H+H's FY 2025 budget decreased by $107 million, from $1.72 billion to $1.61 billion; and HPD's decreased by $46 million from $564 million to $519 million.

While a corresponding operational shift of the population to DHS facilities has not been formally announced, it is anticipated in order to allow the City to begin managing the population more efficiently.[29] More new arrivals have stayed in DHS-managed facilities than any other agency, and

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[24] https://www.fema.gov/grants/preparedness/shelter-services-program/fy23-awards

[25] https://www.fema.gov/grants/preparedness/shelter-services-program/fy24-awards/ssp-a

[26] https://www.fema.gov/grants/preparedness/shelter-services-program/fy24-awards/ssp-c

[27] https://www.fema.gov/grants/emergency-food-and-shelter-program/humanitarian-awards

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

[29] City Hall Moves to Wind Down Separate Shelter System for Migrants | THE CITY — NYC News

as of December 1, 2024, DHS housed 51 percent of all asylum seekers in City-managed shelter. Notably, the only agency with any asylum seeker-related funding in FY 2026 and out is DHS.

Table 37. Asylum Seeker Budget by Agency

Agency	Final FY 2023	Final FY 2024	FY 2025 November	FY 2026 November	FY 2027 November	FY 2028 November
	Actuals		Plan			
H+H	$469	$1,525	$1,614	$0	$0	$0
DHS	764	1,194	1,474	4,000	3,000	850
HPD	33	413	519	0	0	0
DCAS	38	294	463	0	0	0
NYCEM	89	111	79	0	0	0
OTI	31	93	90	0	0	0
All Other	48	121	135	0	0	0
Total	**$1,474**	**$3,752**	**$4,374**	**$4,000**	**$3,000**	**$850**

Source: Mayor's Office of Management and Budget

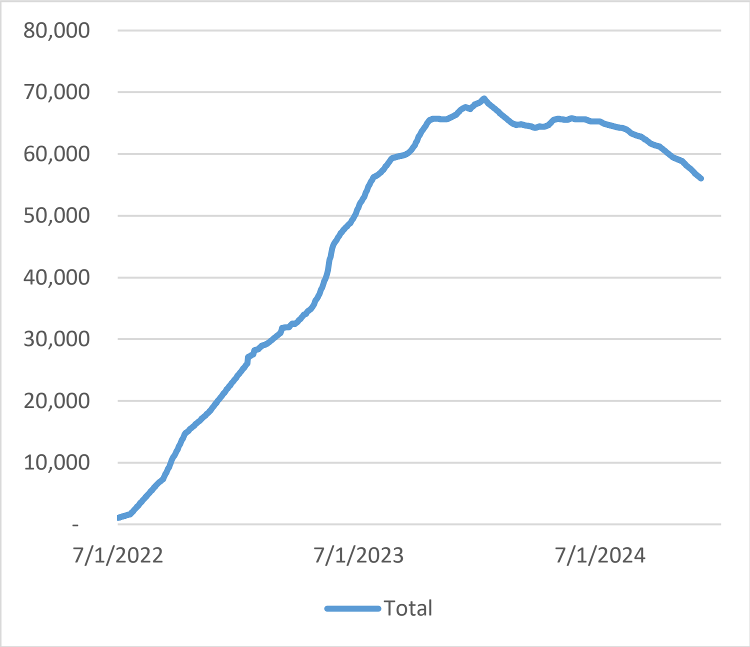
ACTUAL EXPENDITURES THUS FAR IN FY 2025

Through the first four months of FY 2025, the City has liquidated $1.18 billion on services for asylum seekers, with a total $2.17 billion committed over the same period. Average monthly liquidations were less than $300 million, compared with the $396 million assumption in the Adopted Budget. The lower trajectory motivated the $376 million reduction in spending included in the November Plan, with additional savings expected in the remainder of the year to be reflected in future updates. November liquidations were $191.3 million, in line with the lower trend.

Population: Trends and Projections

The Comptroller’s Office uses historical data received from City Hall and reports delivered to the City Council (as agreed to Terms and Conditions for budget adoption) to develop projections of the census of asylum seekers staying in City-managed shelters. Chart 18 below shows the number of asylum seekers in the City’s emergency shelters from the start of FY 2023 (July 1, 2022) through December 1, 2024. The chart shows the number of individuals in the City’s emergency shelter system, which increased rapidly through 2023, and has since steadily declined. Accordingly, the City has been closing shelter sites; the number of shelters has decreased from 215 in early July to 205 on December 1, 2024, with an additional 25 sites expected to close before mid-January.[30]

Chart 18. Individuals in Emergency Shelters



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

The City imposed time limits on shelter stays for single adults and adult families beginning in July 2023, and subsequently applied them to all types of families outside of DHS facilities.[31] In August 2024, NY State granted the City permission to issue 60-day time limits for families in DHS shelters, which the City has not yet implemented. In November 2024, the Administration announced that families with children in kindergarten through sixth grade could remain in the same shelter, regardless of managing agency, following their second 60-day notice.[32]

Chart 19 shows that beginning in late Winter 2024, exits from shelter have generally outpaced entries. But while exits have remained approximately constant in absolute number since July, entries have continued to decline.

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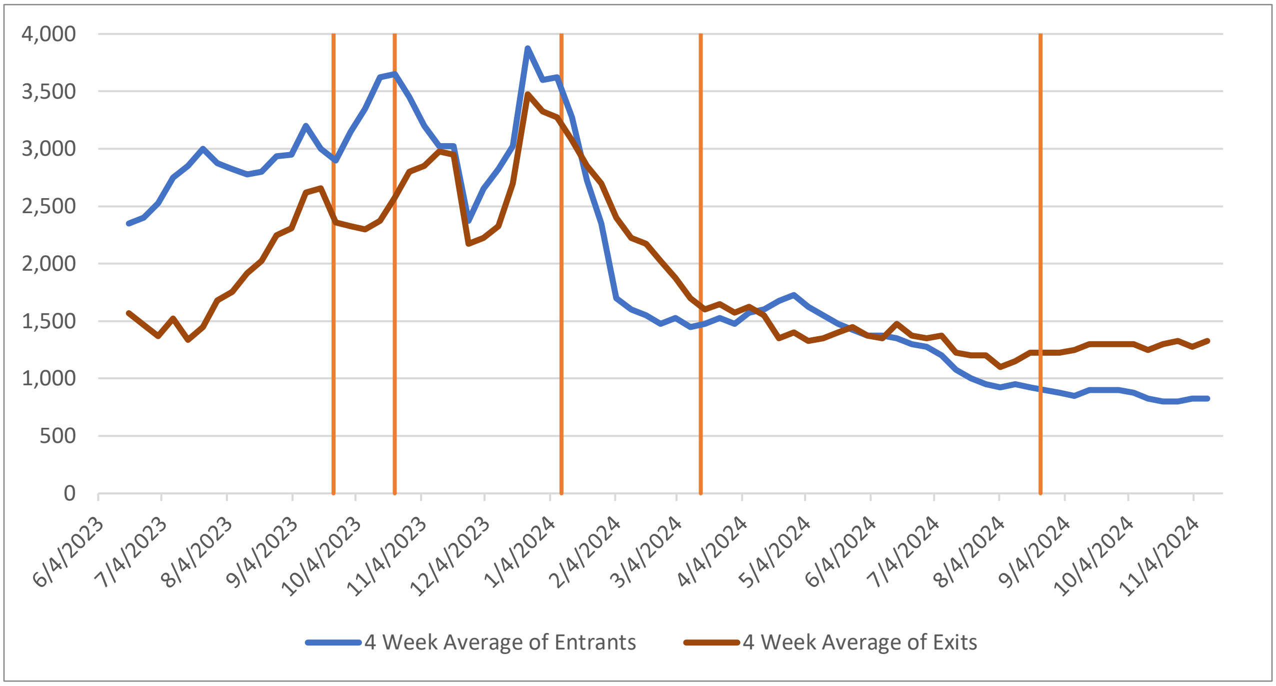
[30] Mayor Adams Announces Additional Shelter Closures, Including Floyd Bennett Field, as Migrant Shelter | City of New York

[31] Mayor Adams Announces Agreement With The Legal Aid Society In Callahan 'Right To Shelter' Mediation, | City of New York

[32] Mayor Adams Issues Orders to Further Save Taxpayer Dollars and Help Migrants Take Next Steps in Jour | City of New York

Chart 19. Asylum Seeker Entrants and Exits by Week (Individuals)

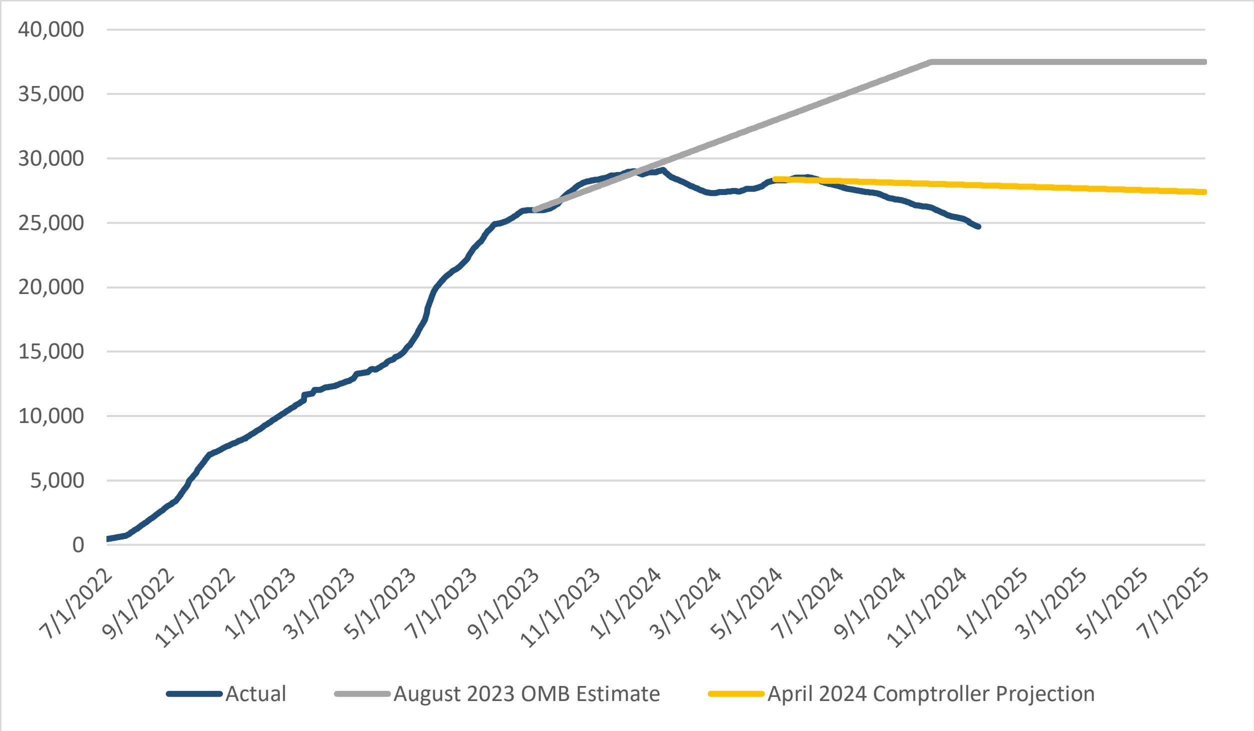


Source: New York City Mayor's Office, New York City Office of the Comptroller

Note: Vertical lines indicate important dates for shelter notices. From left to right: line 1 is the first expiration of SA and AF 60-day notices, line 2 is the first expiration of SA and AF 30-day notices, line 3 is the first expiration of FWC 60-day notices, line 4 is the SA time limit revision, and line 5 is the announcement of DHS shelter notices.

Actual data is significantly lower than the projections formulated by OMB in August 2023, when the last published forecast of asylum seekers in City shelters was formulated. In its *Comments on the FY 2025 Executive Budget* report released in May 2024, the Comptroller's Office projected that households would decrease by 2.3 households per day. Chart 20 shows that the number of households in City shelters on December 1st, 2024, was nearly 13,500 below OMB's projection and 3,800 below the Comptroller's Office's.

Chart 20. Actual Asylum Seeker Shelter Census, August 2023 OMB projections, April 2024 Comptroller projection (Households)



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

UPDATED PROJECTIONS

The Comptroller's Office is updating its projections both to reflect current trends and anticipate how entrants and exits may change in the future. While the time limits discussed above likely contributed to an initial increase in the number of people leaving shelter, crossings at the national border are a large driver of entries in the City's shelters.[33]

After policy changes introduced by the Biden Administration in June 2024, the number of people crossing the southern border has decreased significantly, from more than 900,000 for the first five months of 2024, to 550,000 for the following five months through October. Over the same period, the number of entries in NYC shelters dropped from 36,300 to 21,000; NYC entries were around 4.0 and 3.8 percent of southwest border encounters for the same time periods.[34] [35]

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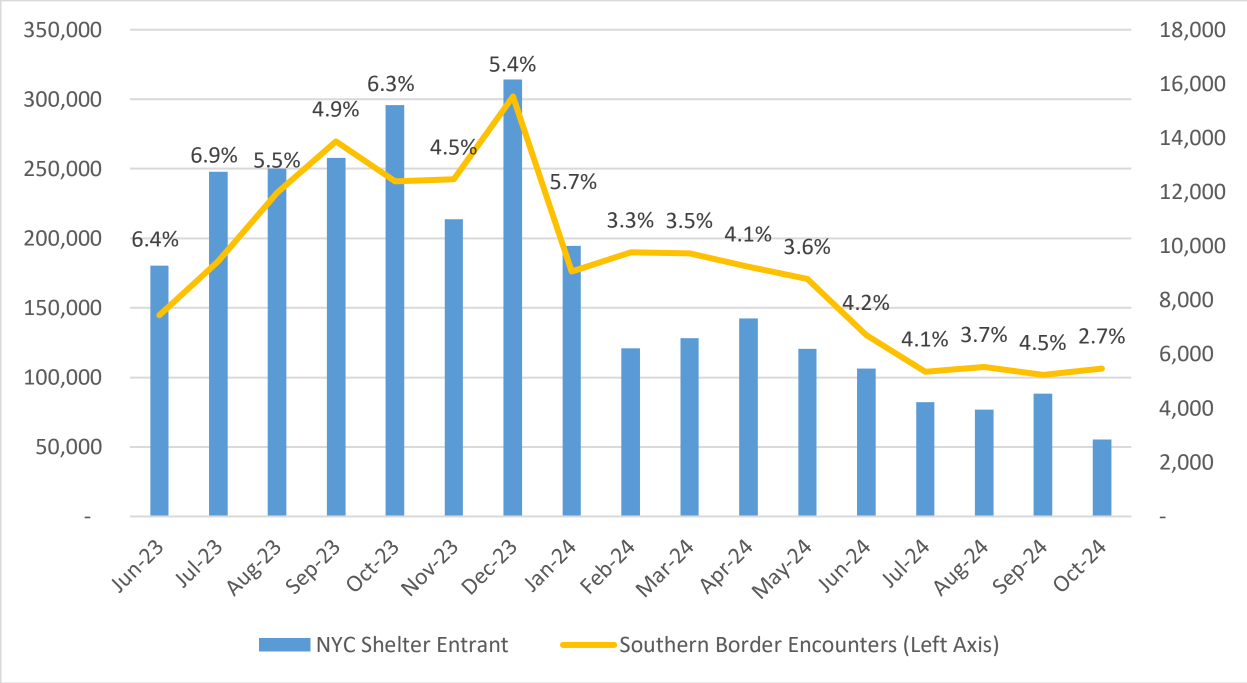
[33] Encounters are the sum of U.S. Border Patrol (USBP) Title 8 apprehensions, Office of Field Operations (OFO) Title 8 inadmissibles, and noncitizens processed for expulsions under Title 42 authority by USBP or OFO. [Glossary | OHSS - Office of Homeland Security Statistics]

[34] https://www.whitehouse.gov/briefing-room/statements-releases/2024/06/04/fact-sheet-president-biden-announces-new-actions-to-secure-the-border/

[35] NYC entrants from January through May were more than 36,300, or four percent of southwest border encounters.

Chart 21. Southern Border Encounters and NYC Emergency Shelter Entrances



Source: US Customs and Border Patrol, New York City Mayor's Office
Note: Percentages shown are NYC shelter entrants divided by southern border encounters. Data shown since June 4, 2023. Figures shown use interpolation from data provided weekly.

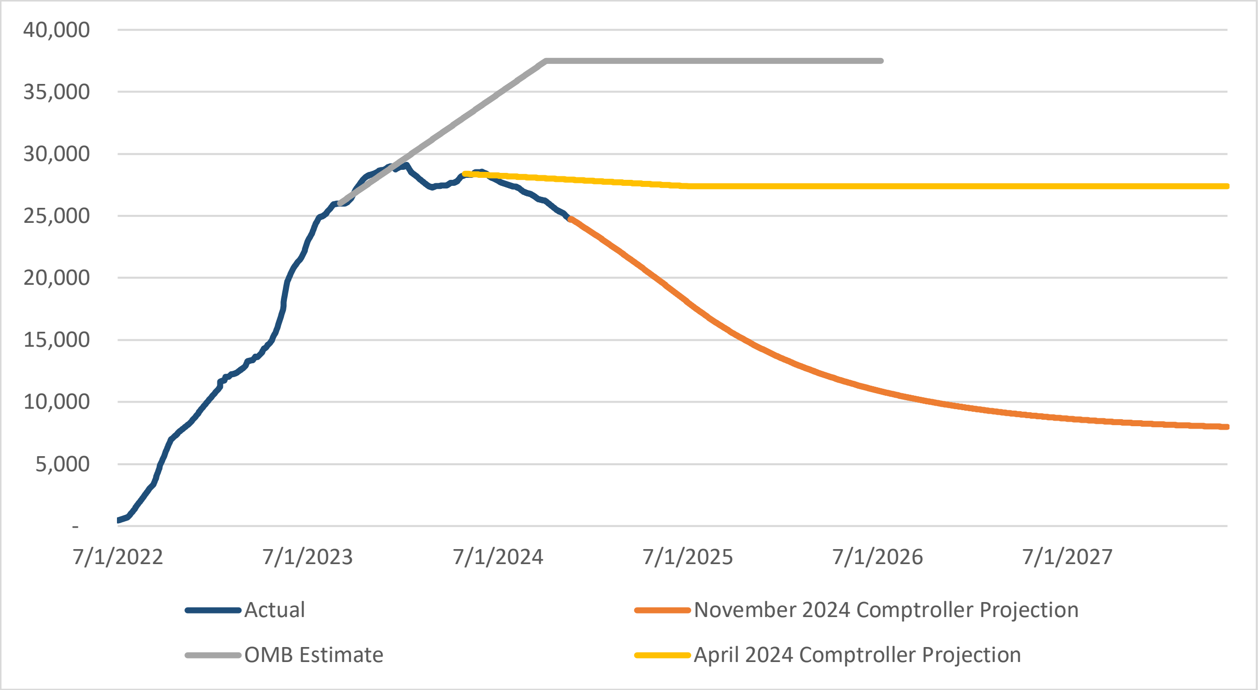
Given the recent reduction in southern border encounters over the last year and its impact on NYC shelter entrants, the Comptroller's Office looked at encounters over the last eight years to understand the possible implications of southern border policy on future shelter trends under the new Trump administration.

If future border crossings were to return to the average observed during the first Trump administration and if 3.8 percent of the individuals continued to enter NYC shelters, the inflow would drop to 382 per week, down from the approximately 510 in October 2024. The Comptroller's Office projects a linear decline to 382 entries per week over the fiscal year. This translates into a decline from 51 new households per day in mid-November 2024 to 24 new households by the end of FY 2025.

Exits from NYC shelters peaked after the institution of time limits and have remained relatively steady in recent months. The Comptroller's Office projections assume that the daily exit rate of 0.3 percent observed between September 1 and November 17 will continue to hold over the forecast horizon. The more rapid decrease in entrances, however, contributes to an overall population decline that grows through FY 2025, from 27 households per day in November to 33 households per day in late June. The census decline then slows in FY 2026, to a daily change of 10 households per day by the end of the fiscal year. Chart 21 shows the new projection of the number of households in City shelters through the end of FY 2028.

The Comptroller's Office projection is based on entry and exit rates derived from historical data and are subject to considerable uncertainty. Severely restrictive immigration policies have been singled out as the first priority of the incoming Trump administration and Congress.[36] In addition, the threat and implementation of mass deportations and the announced collaboration of federal authorities with the Mayoral administration are likely to alter historical trends in ways that cannot be at this time forecasted.[37] [38]

Chart 22. Updated Projection of Asylum Seeker Shelter Census, OMB August 2023 Projection and December 2024 Comptroller Projection (Households)



Source: New York City Mayor's Office, New York City Office of the 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

[36] See Wall Street Journal (December 3, 2024) "*Senate Republicans Aim to Tackle Border First, Taxes Later*"; Politico (December 3, 2024) "*Thune Plans Sweeping Bill on the Border, Defense, and Energy in Trump's First 30 Days*."

[37] https://thehill.com/homenews/state-watch/5021179-thomas-homan-eric-adams-call-deportation-new-york-city/

[38] https://www.cbsnews.com/news/tom-homan-greg-abbott-texas-border-visit/

costs, medical care, and food, divided by the number of shelter nights provided for the same period yields the daily cost of services provided per household (the "per diem").

In the November Plan, OMB did not revise its FY 2025 per diem assumption of $352. Instead, OMB stated that savings in this Plan are driven by underspending year to date, stemming from the difference in the actual shelter census and the projected shelter census. Information provided in the asylum seeker report to the City Council also shows that the cumulative per diem (spending from July 1, 2022 to date) is $373. It is not possible for the Office of the Comptroller to independently verify these figures.[39] [40]

Using the year-end FY 2024 reported actuals of $3.75 billion, the Comptroller's Office calculates a per diem of $373, similar to OMB's reported per diem levels. The Comptroller's Office assumes per diem costs should decrease as the City shifts away from emergency contracting to competitive procurement. Applying a 5 percent reduction to the calculated FY 2024 per diem of $373 yields an estimated FY 2025 per diem of $354. This amount is then reduced again by 5 percent in FY 2026 for a per diem of $336. In FY 2027 and FY 2028 the Comptroller's Office uses $315, which the Office estimates as the floor for the daily rate for emergency shelter provision as the City moves to DHS-managed emergency shelters. (See the Comptroller's Analysis of hotel and shelter rates for a further discussion.)

Comptroller's Estimate Against the City's Financial Plan

Combining the population and cost components provides a full fiscal estimate of anticipated total cost. The Comptroller's Office estimates a total cost of $3.03 billion in FY 2025, declining to $948 million in FY 2028. As shown in Table 38, this results in a lower total cost than currently budgeted by OMB in FY 2025 through FY 2027, by $1.35 billion, $2.30 billion and $1.90 billion, respectively, but a higher estimate in FY 2028 ($98 million in increased costs).

Table 38. Comparison of Comptroller's Estimate against the November 2024 Financial Plan

($ in Millions)	FY 2025	FY 2026	FY 2027	FY 2028
OMB	$4,373	$4,000	$3,000	$850
Comptroller	$3,027	$1,696	$1,101	$948
Difference (OMB-Comptroller)	**$1,346**	**$2,304**	**$1,899**	**($98)**

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

[39] 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.

[40] Asylum-Seekers-Report-October-2024-002.pdf

Table 38 presents the difference between the Comptroller's Office's cost estimates compared to OMB's by funding source. Of the $1.35 billion in lower estimated costs for FY 2025, the Comptroller's Office projects that all the savings will be City-fund savings. The Comptroller's Office assumes State funding for FY 2025 will be consistent with the State's budgeted commitments in the SFY25 Mid-Year Budget Update and thus there will be no reduction in State aid even if total costs come in lower than originally projected.

However, the State has not committed to funding any of asylum seeker costs in FY 2026 through FY 2028. Despite this, OMB has included State funding in those years, totaling $1.0 billion in FY 2026, $1.0 billion in FY 2027, and $350 million in FY 2028. Because of the lack of the commitment from the State, the Comptroller's Office assumes there will be no State funding in those years. The Comptroller's Office also assumes that Federal funds budgeted for FY 2026 will be $12 million less than currently budgeted as described above, reflecting published FEMA awards. These decreases in State and Federal funds reduce the overall savings accruing to the City from the lower overall projected costs in FY 2026 and FY 2027, to $1.29 billion and $899 million, respectively. In FY 2028, the Comptroller's Office projects total asylum seeker costs will be $98 million *more* than budgeted by the City, and because the Comptroller's Office projects the City will not receive State funding that year, City-funded costs increase by $448 million.

Table 39. Comptroller's Expenditure Differences by Funding Source

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Total	**$1,346**	**$2,304**	**$1,899**	**($98)**
State	$0	($1,000)	($1,000)	($350)
Federal	$0	($12)	$0	$0
City	$1,346	$1,292	$899	($448)

Source: New York City Office of the Comptroller

Adjustments to Asylum Seeker Costs in Prior Fiscal Years

In addition to these savings in FY 2025, the ongoing reconciliation of accrual documents may reflect up to $462 million in savings from FY 2023 estimated spending.

Over the past two fiscal years liquidations (cash paid) for asylum seeker expenses have not kept pace with commitments. According to the City's Financial Management System, total FY 2023 commitments for asylum seeker expenses were $1.47 billion as of the close of that fiscal year. However, only $988.5 million had been liquidated as of October 2024, leaving open payables of $482 million across 10 agencies, primarily at DHS with $381 million open in November and H+H with $89 million.

DSS has notified the Comptroller's Office that a portion of the DHS unliquidated asylum seeker expenses for FY 2023 had been recorded in non-asylum seeker budget codes.

Under the City's accrual method of budgeting, when prior year expenses are taken down in a closed fiscal year they are recognized as savings in the current year. Together, the potential adjustment of H+H and DHS FY 2023 payables may reduce FY 2025 expenditures by up to $462 million.

As for FY 2024, $3.19 billion was liquidated and $3.77 billion committed, with open payables of $580 million as of October 20. The Comptroller's Office continues to monitor these costs.

Other Social Services

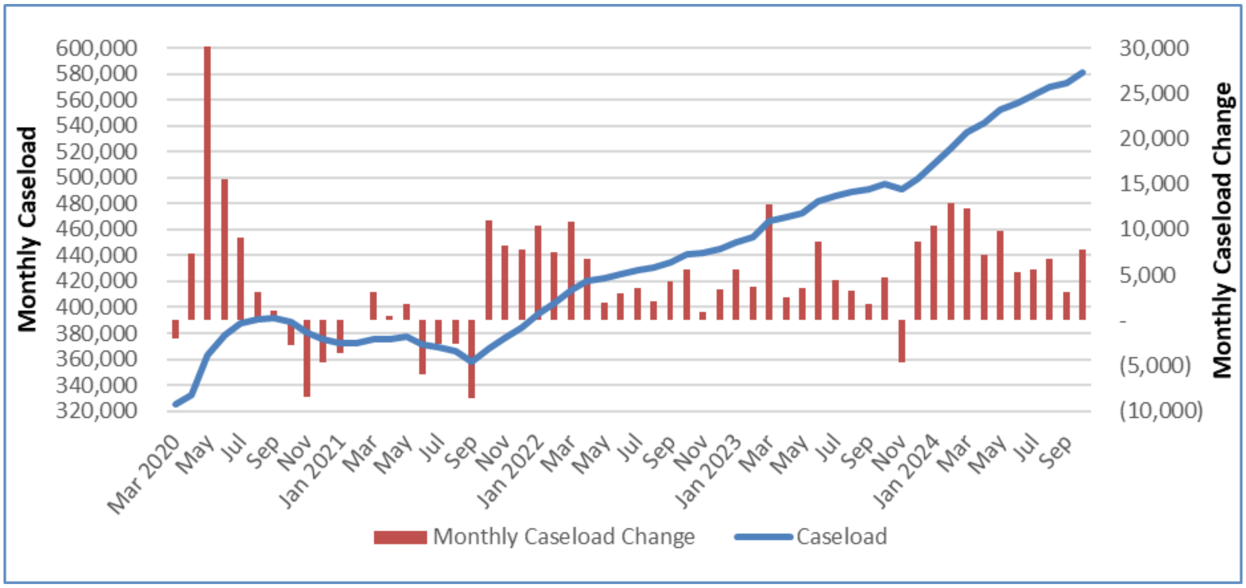
Public Assistance

Through October, the City's public assistance caseload has averaged 571,790 recipients per month thus far in FY 2025. Over the same July-October span in the prior year, the caseload averaged 490,379. The caseload average in the current fiscal year represents a 17 percent increase, or 81,411 recipients, over the same period in FY 2024. As shown in Chart 23, 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 has experienced a steady rise in the ensuing years.

According to the Human Resources Administration, between September 2021 and October 2024, there was a 103 percent increase in the average number of applicants per month compared to the final month (June) in FY 2021. For applications received between September 2021 and September 2024, the most recent month for which complete data is available, the average monthly case acceptance rate increased to 40 percent from 35 percent in June 2021.

However, over the past 12 months, the pace of caseload growth has accelerated significantly. 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 previously indicated that as much as 10 percent of the State's asylum seeker 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. Also, in July, the City resumed work requirements for cash assistance recipients, which had been suspended since the early days of the pandemic. It is unclear if the resumption of this mandate has had any noticeable effect in slowing down the growth in caseload and spending.

Chart 23. Public Assistance Caseload and Monthly Changes March 2020-October 2024



Source: NYC Department of Social Services

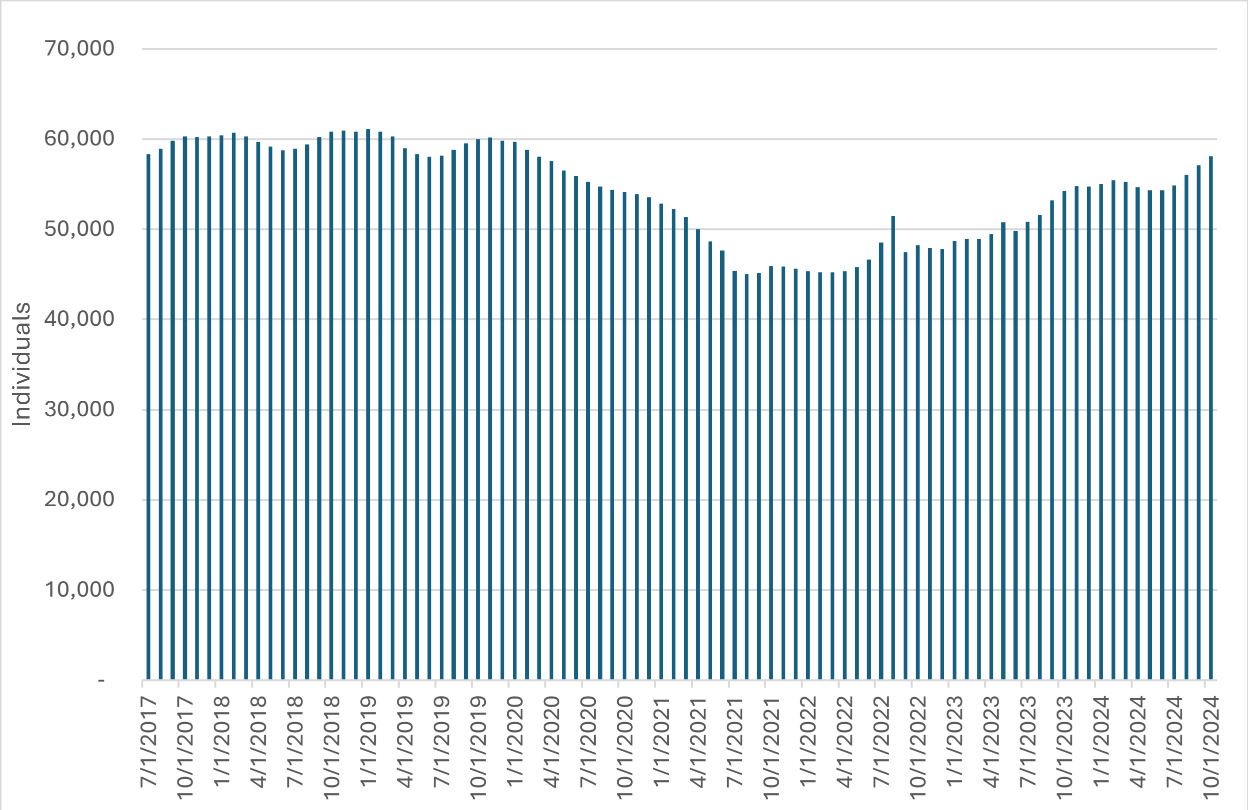
In the November Plan, the City raised its projection of baseline grant expenditures to $2.40 billion in FY 2025, reflecting an increase of $920 million since Adoption. However, outyear projections remain unchanged at $1.48 billion in FY 2026, $1.83 billion in FY 2027, and $2.30 billion in FY 2028. The continued surge in both caseload and grant expenditures will likely push spending to higher levels than currently anticipated in the public assistance budget and remain there for the foreseeable future, resulting in annual risks of $70 million in FY 2025, $540 million in FY 2026, and $190 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 staying in shelters operated by the Department of Homeless Services (DHS), which administers most but not all City shelters, has also been growing, as shown in Chart 19.[41] 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 54,114 in October 2023 to 58,108 in October 2024. This is a 7.4 percent increase.

[41] 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 24. DHS Census, Individuals in Households Not Seeking Asylum July 2017- October 2024



Source: New York City 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.

As shown in Table 40, funds for DHS costs, excluding funds budgeted for shelter for families and individuals seeking asylum, are currently budgeted at lower amounts in FY 2025 and the outyears than FY 2024 actual spending, however. The City has historically underbudgeted shelter costs, instead adding funding as needed during the fiscal year.

DHS operates two separate shelter systems, one for families and one for single adults. Based on the shelter census growth over the year thus far, as well as the historic breakdown of City/State/Federal funding for each type of shelter, the Comptroller's Office estimates that family shelter costs for DHS-run, non-asylum related shelters will reach $1.14 billion in FY 2025, requiring the addition of about $20 million in City-funding FY 2025. This office baselines this cost through FY 2028. The Comptroller's Office estimates that single adult costs will reach $1.26 billion in FY 2025, about $430 million more than budgeted and that all the additional funds will be City funds. Again, these costs are baselined in the outyears. Included in these estimates, is $50 million in City-funds needed in FY 2025 and the outyears to pay prevailing wages to DHS security guards.

Table 40. Department of Homeless Services Budget as of the November 2024 Plan, Excluding Asylum Seeker Costs

BUDGET FUNCTION NAME (in millions)	Actual FY 2024	Budget FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028
Adult Shelter	**$1,204**	**$826**	**$812**	**$814**	**$815**
Adult Shelter Administration & Support	10	9	9	9	9
Adult Shelter Intake and Placement	13	14	14	14	14
Adult Shelter Operations	1,182	803	790	791	793
Family Shelter	**1,082**	**1,102**	**1,098**	**1,103**	**1,110**
Family Shelter Administration & Support	7	15	15	15	15
Family Shelter Intake and Placement	39	39	39	39	39
Family Shelter Operations	1,037	1,048	1,044	1,049	1,056
General Administration	**78**	**-5**	**29**	**56**	**56**
Outreach, Drop-in and Reception Services	**334**	**299**	**284**	**290**	**290**
Total	**$2,698**	**$2,221**	**$2,223**	**$2,262**	**$2,271**

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 Two budget functions each with less than $1 million are included in the Total line but not listed, "Prevention and Aftercare" and "Rental Assistance and Housing Placement".

Rental Assistance

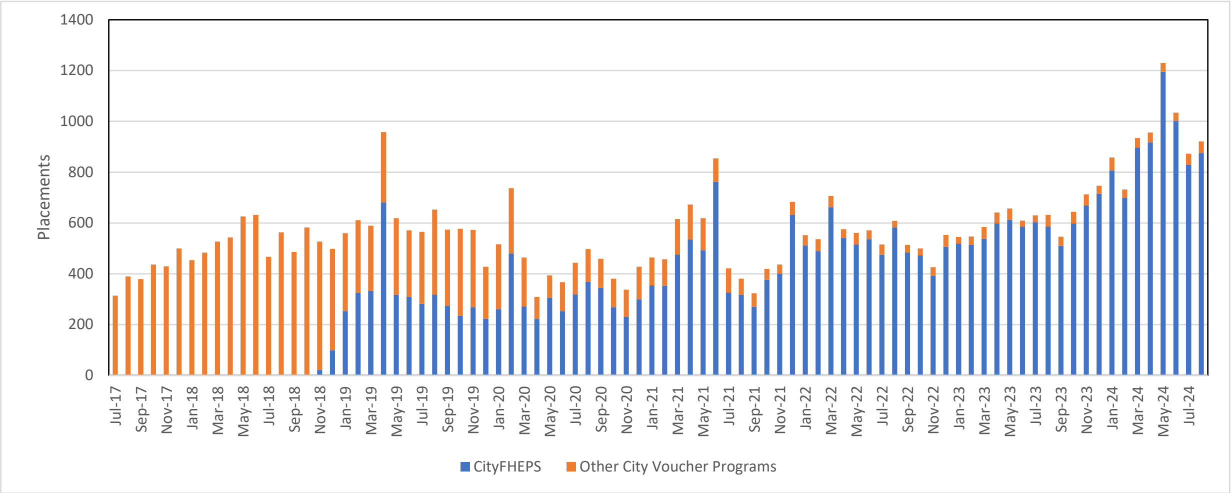
The Department of Social Services (DSS) oversees multiple rental assistance programs, including the City's main local voucher program, Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).[42] It also administers other programs such as the federally funded HOME Tenant-Based Voucher Program, the State funded Special Housing Resource (SHARE), the City/State/Federally funded Rental Supplement Program, as well as legacy programs such as the Living in Communities program (LINC), the Single Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have largely been replaced by CityFHEPS.

Total spending on the City's rental assistance programs administered through DSS has been rising rapidly in recent years—from $356 million in FY 2022, to $522 million in FY 2023, to $879 million in FY 2024, as shown in Chart 26.[43] This growth follows program reforms in FY 2022 that increased payment standards and expanded eligibility for the CityFHEPS program. 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 vouchers. As shown in Chart 25, new placements in permanent housing from DHS shelters using City vouchers have grown rapidly over the past year. For example, in the first two months of FY 2025, new monthly placements from DHS-shelter using DSS- administered vouchers averaged 897 compared with 631 over the first two months of FY 2024, an increase of 42 percent. (Placements data from DSS is only available through August 2024).

[42] The New York City Housing Authority (NYCHA) and the Department of Housing Preservation and Development (HPD) each operate separate Federal Section 8 Housing Choice Voucher Programs. Both agencies' federal programs are excluded from this section. NYCHA's Section 8 funds are administered outside of the City's budget

[43] Funding for DSS's rental assistance programs is split between the City, State and Federal governments, although the majority is City-funded.

Chart 25. Monthly Housing Placements from DHS Shelter Through HRA-Administered Vouchers July 2017 – August 2024



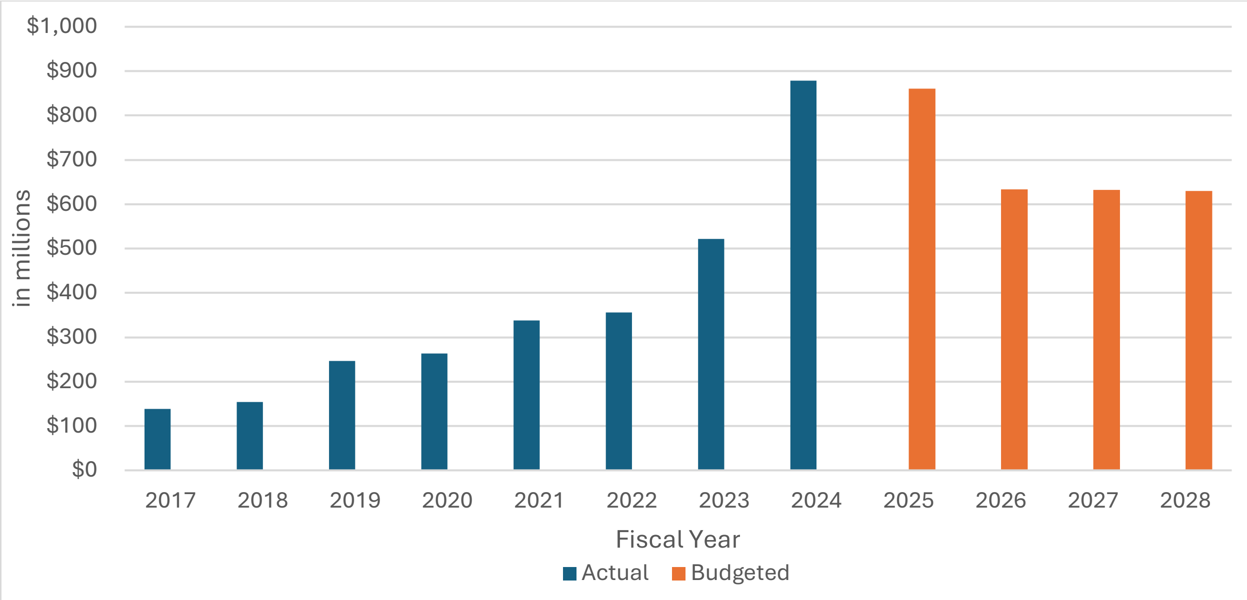
Source: NYC Department of Social Services

Note: Other local voucher programs include SOTA, CFEPS, FHEPS B, LINC and SEPS. HOME vouchers are not included.

As placements and payment standards have increased, so have costs. Since the start of FY 2022 monthly liquidations for HRA's rental assistance costs have grown at an average rate of about 4 percent. Compared with last year alone, liquidations in the first quarter of FY 2025 are more than twice what they were during the same period in FY 2024 ($288 million versus $127 million, respectively). The November Plan increases funding at DSS for rental assistance costs compared with the Adopted Budget by $155 million to $861 million for FY 2025. This includes the addition of $115 million in City funding and $40 million of State funding. According to OMB, the City funds increase is part of a $215 million increase across FY 2025 and FY 2026 agreed upon between the City Council and the Mayor as part of its approval of the *City of Yes* zoning modifications, passed by the City Council on December 5th. The remaining $100 million for FY 2026 is expected to be added in an upcoming financial plan. The *City of Yes* agreement also included $187 million to provide vouchers to house New Yorkers who have been in the shelter system over 10 years in rehabilitated or new affordable housing, which will also be added in future plans.

Even with this addition in the November Plan, funding for DSS's rental assistance programs still falls slightly compared to FY 2024, as shown in Chart 26. DSS's rental assistance budget declines even further to about $630 million annually in FY 2026 through FY 2028. If spending continues to grow during the remainder of FY 2025 at the 4 percent monthly rate seen on average since FY 2022, the cost of rental assistance HRA's rental assistance programs (as currently implemented) would total $1.38 billion – requiring another $520 million in City funding in FY 2025 and $750 million in each outyear if costs then remain at that level.

Chart 26. Rental Assistance Spending, Actual and Budgeted, FY 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.

While the City has eliminated the rule that households must remain in shelter for 30-days before becoming eligible for housing vouchers, 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 estimated 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. The Administration was sued to implement the policy[44]. In early August, a State Supreme Court judge struck down the lawsuit, which is currently on appeal. [45] 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.

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[44] DocumentDisplayServlet

[45] https://legalaidnyc.org/wp-content/uploads/2024/10/Legal-Aid-Files-Appeal-to-Force-Adams-Administration-to-Fully-Implement-CityFHEPS-Reform-and-Expansion-Laws-.pdf

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 November Plan budgeted $1.37 billion for the MTA's operating subsidies for FY 2025. These subsidies include $340 million budgeted for Access-A-Ride paratransit subsidies, $475 million for the MTA Bus Company, $45 million for the Staten Island Railway, and $506 million in other subsidies. Funding, however, continues to be underbudgeted in FY 2026 and forward, with total budgeted operating subsidies falling to $1.21 billion in FY 2026, and $1.23 billion in FY 2027 and FY 2028. The Comptroller's Office estimates an additional $204 million will be necessary for these subsidies in FY 2025, with the need growing significantly to $539 million by FY 2028. This is a result of an expanding operating deficit at MTA Bus Company, as federal relief funds terminate, and would require additional City contributions to close the gap.

Reserves

In addition to the general reserve and the capital stabilization reserve, which are included within the expense budget and are currently budgeted for a total of $1.45 billion annually, the City has access to about $1.96 billion in long-term reserves available in its rainy-day fund, the Revenue Stabilization Fund (RSF).

There are currently no rules governing deposits into or withdrawals out of the RSF. The Comptroller's Office has advocated for the adoption of a rainy-day fund policy, including proposing a formula for annual minimum deposits. The proposal calls for depositing at least 50 percent of the difference between current year growth of City's non-property tax revenue and its average growth rate in the previous six-years (when positive). Because non-property taxes fell in FY 2024, mainly due to lower PIT/PTET collections, a minimum deposit was not required in FY 2024. Non-property tax revenues are expected to rebound in FY 2025. Based on the Comptroller's Office's current tax forecast, a deposit should be made according to the formula in FY 2025—although none has been budgeted. Based on the formula, should the Comptroller's Office's revenue assumptions be met, the City should deposit $797 million into the RSF in FY 2025. Based on OMB's lower revenue projections, the City should make a $14 million deposit into the RSF in FY 2025. The City could also draw down the $5.04 billion balance in the Retiree Health Benefits Trust, as explained earlier in the report.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2025 – FY 2028

All-Funds Commitments

The FY 2025 – FY 2028 Adopted Capital Commitment Plan (Adopted FY 2025 CCP), released in September 2024, totals $86.67 billion in all-funds authorized commitments. This is an increase of $9.55 billion from the April FY 2024 – FY 2028 Capital Commitment Plan (Executive FY 2025 CCP), over the same period. City-funds authorized commitments make up $83.04 billion, or 95.8 percent of total authorized commitments. After adjusting for the reserve for unattained capital commitments, which represents the OMB's estimate of the difference between authorized commitments and the amount that the City has the capacity to commit, all-funds planned commitments drop to $76.85 billion (also known as the "target commitment" amount). City-funds authorized commitments decline to $73.22 billion after adjusting for the reserve for unattained capital commitments.

Table 41. Executive FY 2025 to Adopted FY 2025 Capital Commitment Plan (All-Funds, Authorized) Comparison, by Fiscal Year ($M)

Plan ($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Total
Executive FY 2025 CCP	$21,672	$19,171	$17,398	$18,888	$77,128
Adopted FY 2025 CCP	27,574	21,417	18,165	19,520	86,675
Difference	**$5,902**	**$2,246**	**$767**	**$632**	**$9,547**

Source: Mayor's Office of Management and Budget, Executive FY 2025 CCP and Adopted FY 2025 CCP

Authorized commitments in the Adopted FY 2025 CCP somewhat return to the City's previous tendency to front load, with 31.8 percent of the commitments planned for the first year of the plan. However, when adjusted for the reserve for unattained capital commitments, the plan is no longer front-loaded, with 25.5 percent of commitments planned for year one.

Like the prior year Adopted FY 2024 CCP, over three-quarters of the Adopted FY 2025 CCP is in five program areas: Education/CUNY, Housing and Economic Development, Environmental Protection, Administration of Justice, and Transportation projects. See Table 42 for more detail.

Of the $9.55 billion dollar increase since the April Executive CCP, 64.9 percent is attributed to increases in Education/CUNY and Housing & Economic Development planned capital commitments. Education/CUNY increased by $3.10 billion. This is driven by a $2 billion increase in planned capital commitments between FY 2025 and FY 2028, spread evenly across those years, to comply with the Enacted New York State Budget's mandate that the City increase funding for the School Construction Authority by that amount to accommodate the class size mandate. Housing and Economic Development projects increased by $3.10 billion, due to the City's increased commitment to NYCHA and a variety of low- and middle-income HPD affordable housing development loan programs, new economic development projects including the redevelopment of the recently acquired Brooklyn Marine Terminal in Red Hook, Brooklyn, and the construction of an offshore wind facility at the South Brooklyn Marine Terminal. All capital project category types, listed in Table 42, saw an increase in total planned commitments over the plan period.

Since the release of the Adopted CCP, on December 5th, the City Council passed a modified version of the *City of Yes for Housing Opportunity* plan, which aims to create 80,000 new housing units. As part of the agreement, the Administration has agreed to $5 billion in new investments on infrastructure and affordable housing, including approximately $4 billion in capital investments and $1 billion in expense. Of that capital investment, the City is expected to fund $3 billion with $1 billion coming from the State.

Table 42. FY 2025 – FY 2028 Planned Capital Commitments, All-Funds

($ in millions) Project Category	FY 2025 – FY 2028 Adopted CCP	Percent of Total	Change from April
Education/CUNY	$17,532	20.2%	$3,103
Housing & Economic Development	15,137	17.5%	3,096
Environmental Protection	14,112	16.3%	286
Admin. Of Justice	11,570	13.3%	340
DOT & Mass Transit	9,683	11.2%	34
Other City Operations	7,090	8.2%	905
Resiliency & Energy Efficiency, Technology, and Equipment	5,579	6.4%	864
Parks	3,603	4.2%	431
Hospitals	2,369	2.7%	487
Total Authorized Commitments	**$86,675**	**100.0%**	**$9,547**
Reserve for Unattained Commitments	**($9,821)**	**N/A**	**($3,635)**
Total, Net of Reserve for Unattained Commitments	**$76,854**	**N/A**	**$5,912**

Source: Mayor's Office of Management and Budget, Adopted FY 2025 CCP

Note: Numbers may not add due to rounding

FY 2024 Capital Commitments and Achievement Rate

FY 2024 all-funds actual capital commitments[46] summed to $17.60 billion, or 85.7 percent of the April 2024 CCP's authorized commitments of $20.53 billion (referred to here as the achievement rate). FY 2024 actual commitments were $1.12 billion higher than in FY 2023. Although the achievement rate decreased slightly by 2.3 percentage points, it remains 20.5 percentage points higher than the 10-year average achievement rate (FY 2014 – FY 2023) of 65.2 percent[47]. When compared to the target commitment amount in the April CCP, the achievement rate for FY 2024 increases to 102.5 percent. While the OMB presents an overall target amount for each fiscal year, the reserve for unattained commitments is not broken out by agency; therefore, the agency achievement rates discussed below are based on actual commitments compared with authorized amounts.

Achievement rates for agencies with small capital commitment plans are subject to large swings. This is because small shifts in actual commitments for these agencies can have a disproportionately large impact on how close actuals are to planned amounts. To avoid the great variability in the achievement rates of smaller agencies, the following analysis of achievement rates by agency includes only the 10 agencies with the highest planned commitments for FY 2024 of the 25 listed in Table 43. Actual commitments at these 10 agencies account for 91.2 percent of total actual commitments for FY 2024.

Transit (or the MTA) has the highest achievement rate of 100 percent—in this case, actual commitments match planned commitments to the dollar. The exactness of OMB's planning stems from the MTA and New York City using different fiscal years, with the MTA using calendar year cycles. By the time the Executive FY 2025 plan is released in April, the City will already know exactly how much they owe the MTA.

Aside from small agencies, as defined above, the departments Parks and Recreation, Transportation, and Environmental Protection are the only agencies with achievement rates above 90 percent, at 96.3 percent, 93.1 and 91.5 percent respectively. The Department of Small Business Services/the Economic Development Corporation (EDC) has the lowest achievement rate of 66.1 percent, an improvement of 10.7 percentage points from the previous fiscal year.

The Department of Parks and Recreation had the largest percentage point increase in its achievement rate, at 19.2 percentage points, due to a decrease in planned commitments and an increase in actual commitments relative to FY 2023. Although the Department of Transportation had the highest achievement rate of City agencies for FY 2024, it also had the largest percentage point decrease in its achievement rate of the largest 10 agencies.

[46] FY 2024 actual commitments come from the Office of Management and Budget's June 2024 Year-End Final Monthly Transaction Analysis.

[47] Executive Capital Commitment Plans FY 2014 through FY 2023, Mayor's Office of Management and Budget Year-End Monthly Transaction Analysis Report 2s FY 2014 through FY 2023.

Table 43. FY 2024 Actual and Plan Commitments

Agency Name ($ in millions)	FY 2025 Executive Plan, Planned Commitments for FY 2024	FY 24 Actual Commitments	FY 2024 Achievement Rate	Change in Actual Commitments from FY 2023
Education	$4,745	$3,991	84.1%	($541)
Housing	3,767	3,263	86.6%	1,435
Environmental Protection	2,732	2,501	91.5%	99
Transit (MTA)	1,458	1,458	100.0%	259
Courts	1,419	1,184	83.4%	(114)
Transportation	1,211	1,128	93.1%	(361)
Correction	1,153	983	85.2%	208
Business Services	801	529	66.1%	95
Parks And Recreation	646	622	96.3%	68
NYC Health + Hospitals	514	386	75.1%	(29)
Cultural Affairs	300	268	89.5%	214
Sanitation	283	283	99.9%	(123)
Dept. Of Information Technology & Telecomm	256	191	74.5%	55
Fire	233	175	75.0%	(86)
Police	197	145	73.5%	55
Health and Mental Hygiene	171	115	67.5%	(226)
Human Resources Administration	152	118	77.4%	60
Children's Services	138	37	26.6%	27
New York Public Library	90	68	75.1%	37
Homeless Services	88	33	38.1%	19
City University Of New York	81	33	40.4%	(67)
Brooklyn Public Library	46	41	87.9%	19
Queens Borough Public Library	31	36	115.8%	18
Department For The Aging	13	4	34.3%	(1)
Research Libraries	6	5	86.1%	3
Total	**$20,533**	**$17,597**	**85.7%**	**$1,122**

Source: Mayor's Office of Management and Budget, Executive FY 2025 CCP and Adopted FY 2025 CCP; Mayor's Office of Management and Budget Monthly Transaction Analysis FY 2024 & FY 2023 End of Year, Report 2

Financing Program

Total projected borrowing in the November Plan for FY 2025 – FY 2028 is $4.86 billion more than the June 2024 Financial Plan's estimate. This is the result of a $1.96 billion increase in General Obligation (GO) bond borrowing, $2.46 billion in Transitional Finance Authority (TFA) Future Tax Secured (FTS) bond borrowing, and $435 million in New York City Municipal Water Authority borrowing (NYW) between FY 2025 and FY 2028. Debt service on NYW is paid for through water and sewer service charges set by the NYC Water Board.

The net increase in borrowing arises from higher planned capital commitments in the Adopted FY 2025 CCP than in the Executive FY 2025 CCP, over the same four-year period. Table 44 shows that estimated new borrowing ranges from a low of $14.93 billion in FY 2026 to a high of $16.73 billion in FY 2028. GO and TFA FTS each account for 42.8 percent of total borrowing over the four-year period, with NYW accounting for the remaining 14.4 percent. Consistent with past plans, TFA is not issuing new Building Aid Revenue Bonds (BARBs).

Table 44. Estimated Borrowing and Funding Sources, November 2024 Plan Financing Program

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Total	Change from June 2024 (FY2025-FY2028)	Source as Share of Total
General Obligation Bonds	$6,900	$6,230	$6,920	$7,110	$27,160	$1,960	42.8%
TFA FTS Bonds	6,900	6,230	6,920	7,110	27,160	2,460	42.8%
NYC Water Finance Authority	1,726	2,474	2,452	2,505	9,157	435	14.4%
Total	**$15,526**	**$14,934**	**$16,292**	**$16,725**	**$63,477**	**$4,855**	**100.0%**

Source: Mayor's Office of Management and Budget, FY 2025 November Plan

Debt Service

Debt service, net of prepayments, in the November Plan totals $7.93 billion in FY 2025, $8.84 billion in FY 2026, $9.58 billion in FY 2027, and $10.50 billion in FY 2028.[48] These amounts sum to $142.6 million less than the June 2024 Financial Plan ($133.0 million in City-fund savings). Total debt service net savings consist of $84.1 million in net GO debt service savings (all City funds) and $58.5 million in net TFA FTS debt service savings ($48.8 million in City savings and a $9.7 million in reduction in Federal funding). Changes in the GO debt service budget reflect savings in actual issuance compared with projections, from lower than forecasted interest rates, savings from refunding, and higher interest earnings. These savings are offset somewhat by increased interest costs on the new issuance of variable rate GO bonds. TFA FTS Debt Service savings stem from changes in the estimated retention amount ($58.5 million in savings over FY 2025 through FY 2028). This is offset by a net increase of $9.7 million over the financial plan period in City costs for Build America Bonds (BABs) following the loss of Federal subsidy after the refunding of those bonds.[49]

Over the FY 2025 – FY 2028 plan period, it is estimated that total annual debt service will increase by $2.57 billion, or 32.4 percent. This comes to an average annual increase of 9.8 percent.

Table 45. November 2024 Plan Debt Service Estimates

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	November Plan Total	Change from June 2024	Annual Growth Rate
GO	$4,429	$4,685	$4,910	$5,332	$19,356	($84)	6.4%
TFA FTS	3,378	4,040	4,553	5,052	17,023	(58)	14.4%
Lease-Purchase	120	119	118	112	469	-	(2.2%)
Total	**$7,927**	**$8,844**	**$9,580**	**$10,497**	**$36,848**	**($143)**	**9.8%**
Change from June 2024	(142)	(44)	(24)	68	(143)		

Source: Mayor's Office of Management and Budget, FY 2025 November Plan.

[48] Includes GO, lease purchase debt, and TFA-FTS bonds. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid with tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

[49] In FY 2025, there are $39.1 million in City savings on BAB subsidies. This is due to both the increased revenue from the Federal government that had been expected by FY 2024 and the loss of the Federal subsidy after refunding BABs.

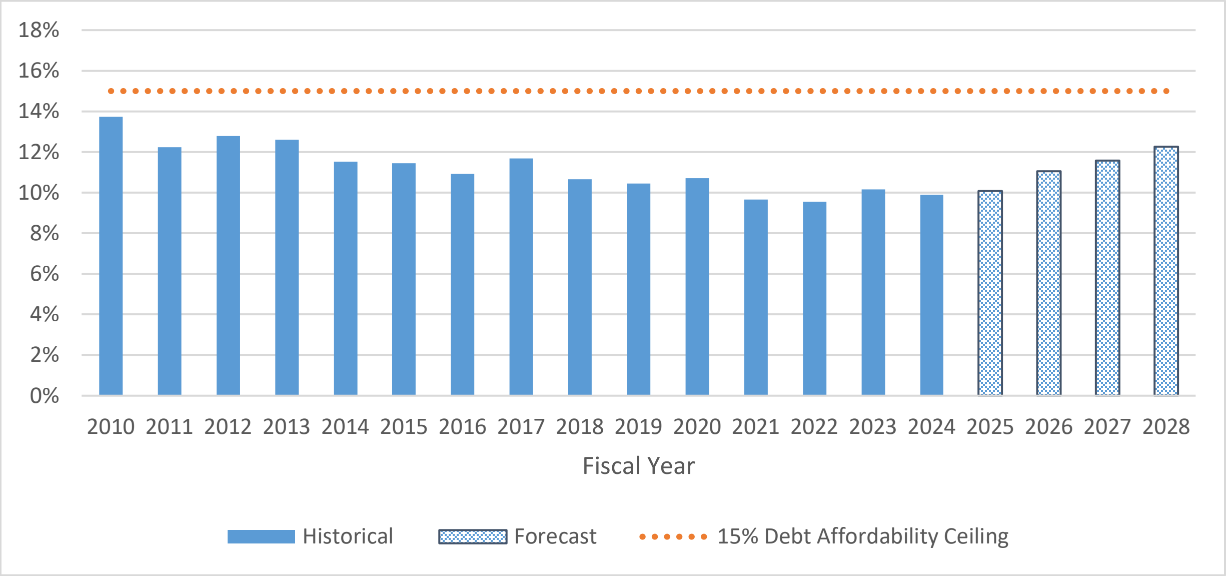
Note: Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc. debt service paid through tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget spending (098).

Debt Affordability

As the City's debt service costs increase so does its burden on the City's expense budget. One key measure to assess debt affordability is debt service as a share of tax revenues. According to the City's Debt Management Policy, as well as a widely accepted benchmark often cited by the rating agencies, the City's debt service costs should not exceed 15 percent of tax revenues.

In FY 2024, debt service was 9.9 percent of tax revenues. Due to forecasted tax revenues rising more slowly than debt service, at 6.1 and 8.0 percent respectively, this measure is expected to increase to 10.1 percent in FY 2025. This trend is anticipated to continue from FY 2025 through FY 2028. Over this period, tax revenues are expected to increase by 2.9 percent and debt service is expected to increase by 9.8 percent, with debt services costs forecast to total 12.2 percent of the Comptroller's Office forecast of tax revenues in FY 2028.[50]

Chart 27. NYC Debt Service as a Percent of Tax Revenues



Source: Office of the New York City Comptroller, Annual Comprehensive Financial Reports, Fiscal Years 2010 — 2024, and Mayor's Office of Management and Budget, FY 2025 November Plan, November 2024.

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[50] The recently released Capital and Debt Obligation (CDO) report and this report have slightly differing totals for debt service as a percentage of tax revenue for two reasons. First, the CDO report uses the Comptroller's projections of tax revenue as of the FY 2025 June Plan and this report uses revenue projections as of the FY 2025 November Plan. Second, the CDO report includes TFA FTS paid for using State Building Aid from the State for historical and projected numbers while this report excludes those costs to be consistent with OMB's debt service budget.

Note: Fiscal Years 2010 - 2024 are actuals. Fiscal Years 2025 - 2028 are based on the Comptroller's Office's forecasts of tax revenue as of the FY 2025 November Financial Plan. Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid through federal tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget spending (098).

Remaining Debt-Incurring Power

The City ended FY 2024 with a debt-incurring power under the Constitutional limit of $25.4 billion. The debt-incurring power rose to $41.0 billion at the beginning of FY 2025 due to i) an increase of the general debt limit, ii) the appropriation of funds for the reimbursement of GO principal and iii) the first tranche of the $14 billion increase in TFA's outstanding debt not subject to the City's debt limit included in the NY State 2024-2025 budget.[51] The Comptroller published an analysis earlier this year that found the increase in the City's debt-incurring power is appropriately sized and affordable.

In an update to the recently published Annual Report on Capital Debt and Obligations for Fiscal Year 2025 the Comptroller's Office, in Table 46 below, incorporates the debt issuance, amortization, and debt service assumptions from the November 2024 Financial Plan, which reflects planned capital spending from the FY 2025 September Capital Commitment Plan. The updated projections show that the remaining debt-incurring power is expected to hit a low point of $8.7 billion in Fiscal Year 2031 before increasing slightly in subsequent years to $11.6 billion at the end of Fiscal Year 2034. As previously discussed, as part of the negotiations for the *City of Yes Housing Opportunity* rezoning, the City agreed to add $3.0 billion in capital investments over time (with another $1 billion coming from the State). While is not known at the time of writing when the investments will take place, they could further reduce the debt-incurring power.

Table 46. Estimate of Remaining Debt-Incurring Power

($ in billions) Fiscal Year	General Debt Limit (a)	Debt Applicable to the Limit (b)	Contractual liability, land, and other liabilities (c)	Total Indebtedness (d) = (b) + (c)	Remaining Debt- Incurring Power (a) - (d)
2025	$136.8	$79.4	$29.9	$109.3	$27.5
2026	$140.0	$81.6	$34.1	$115.7	$24.3
2027	$148.0	$91.0	$35.8	$126.8	$21.2
2028	$153.2	$100.2	$37.3	$137.5	$15.8

51 In April 2024, the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit from $13.5 billion to $21.5 billion, beginning on July 1, 2024, and to $27.5 billion beginning on July 1, 2025.

($ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt- Incurring Power
2029	$160.4	$109.8	$38.7	$148.4	$11.9
2030	$165.9	$119.0	$37.1	$156.1	$9.8
2031	$171.4	$126.9	$35.8	$162.7	$8.7
2032	$177.0	$132.5	$35.0	$167.5	$9.5
2033	$182.7	$136.6	$35.7	$172.3	$10.4
2034	$188.5	$138.5	$38.4	$176.9	$11.6

Note: Estimates do not factor in offsets from the issuance of premium bonds, nor the City's capacity to issue debt that is not counted toward the limit through various entities, both of which alleviate the erosion of the remaining debt-incurring power.

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

V. Appendix

Table A1. November 2024 Financial Plan Revenue Detail

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 - 2028 Dollars	Change FYs 2025 - 2028 Percent	Annual Percent Change
Taxes:							
Real Property	$34,339	$34,744	$35,780	$36,470	$2,131	6.2%	2.0%
Personal Income Tax and Pass-Through Entity Tax	17,284	17,474	18,401	19,137	1,853	10.7%	3.5%
General Corporation Tax	6,608	6,074	6,136	6,246	(362)	(5.5%)	(1.9%)
Unincorporated Business Tax	2,720	2,758	2,828	2,893	173	6.4%	2.1%
Sales and Use Tax	10,349	10,822	11,238	11,726	1,377	13.3%	4.3%
Real Property Transfer Tax	1,225	1,316	1,389	1,459	234	19.1%	6.0%
Mortgage Recording Tax	702	771	884	927	225	32.1%	9.7%
Commercial Rent	939	955	969	980	41	4.4%	1.4%
Utility	421	462	492	495	74	17.6%	5.5%
Hotel	751	764	783	836	85	11.3%	3.6%
Cigarette	13	12	12	12	(1)	(7.7%)	(2.6%)
All Other	1,114	1,098	1,123	1,148	34	3.1%	1.0%
Cannabis Tax	11	20	28	30	19	172.7%	39.7%
Tax Audit Revenue	773	773	773	773	0	0.0%	0.0%
Total Taxes	**$77,249**	**$78,043**	**$80,836**	**$83,132**	**$5,883**	**7.6%**	**2.5%**
Miscellaneous Revenue:							
Licenses, Franchises, etc.	$723	$727	$707	$710	($13)	(1.8%)	(0.6%)
Interest Income	468	265	225	226	(242)	(51.7%)	(21.5%)
Charges for Services	989	1,032	1,032	1,033	44	4.4%	1.5%
Water and Sewer Charges	2,208	2,224	2,234	2,284	76	3.4%	1.1%
Rental Income	260	260	261	260	0	0.0%	0.0%
Fines and Forfeitures	1,235	1,229	1,235	1,225	(10)	(0.8%)	(0.3%)
Miscellaneous	328	306	303	299	(29)	(8.8%)	(3.0%)
Intra-City Revenue	1,967	1,807	1,796	1,791	(176)	(8.9%)	(3.1%)
Total Miscellaneous Revenue	**$8,178**	**$7,850**	**$7,793**	**$7,828**	**($350)**	**(4.3%)**	**(1.4%)**

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 - 2028 Dollars	Percent	Annual Percent Change
Unrestricted Intergovernmental Aid:							
Other Federal and State Aid	**$14**	**$0**	**$0**	**$0**	**($14)**	**(100.0%)**	**(100.0%)**
Total Unrestricted Intergovernmental Aid	**$14**	**$0**	**$0**	**$0**	**($14)**	**(100.0%)**	**(100.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($1,967)**	**($1,807)**	**($1,796)**	**($1,791)**	**$176**	**(8.9%)**	**(3.1%)**
TOTAL CITY-FUNDS	**$83,459**	**$84,071**	**$86,818**	**$89,154**	**$5,695**	**6.8%**	**2.2%**
Other Categorical Grants	**$1,168**	**$1,116**	**$1,111**	**$1,109**	**($59)**	**(5.1%)**	**(1.7%)**
Inter-Fund Agreements	**$765**	**$774**	**$775**	**$775**	**$10**	**1.3%**	**0.4%**
Federal Categorical Grants:							
Community Development	$423	$294	$246	$242	($181)	(42.8%)	(17.0%)
Social Services	4,093	3,493	3,492	3,607	(486)	(11.9%)	(4.1%)
Education	1,965	1,965	1,965	1,965	0	0.0%	0.0%
Other	3,067	1,585	1,477	1,426	(1,641)	(53.5%)	(22.5%)
Total Federal Grants	**$9,548**	**$7,337**	**$7,180**	**$7,240**	**(2,308)**	**(24.2%)**	**(8.8%)**
State Categorical Grants:							
Social Services	$2,902	$2,915	$2,913	$2,349	($553)	(19.1%)	(6.8%)
Education	13,608	13,527	13,527	13,527	(81)	(0.6%)	(0.2%)
Higher Education	280	280	280	280	0	0.0%	0.0%
Department of Health and Mental Hygiene	714	687	687	687	(27)	(3.8%)	(1.3%)
Other	2,585	1,743	1,764	1,824	(761)	(29.4%)	(11.0%)
Total State Grants	**$20,089**	**$19,152**	**$19,171**	**$18,667**	**($1,422)**	**(7.1%)**	**(2.4%)**

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 - 2028		Annual Percent Change
					Dollars	Percent	
TOTAL REVENUES	**$115,029**	**$112,450**	**$115,055**	**$116,945**	**$1,916**	**1.7%**	**0.6%**

Note: Numbers may not add due to rounding.

Table A2. November 2024 Financial Plan Expenditure Detail

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 – 2028 Dollars	Change FYs 2025 – 2028 Percent	Annual Percent Change
Mayoralty	$173	$173	$170	$170	($3)	(1.6%)	(0.6%)
Board of Elections	183	147	147	147	(36)	(19.7%)	(7.0%)
Campaign Finance Board	103	13	13	13	(90)	(87.0%)	(49.3%)
Office of the Actuary	7	8	8	8	0	1.9%	0.6%
President, Borough of Manhattan	6	6	6	6	(0)	(5.4%)	(1.8%)
President, Borough of Bronx	7	6	6	6	(0)	(6.2%)	(2.1%)
President, Borough of Brooklyn	8	7	7	7	(1)	(10.9%)	(3.8%)
President, Borough of Queens	7	6	6	6	(1)	(12.1%)	(4.2%)
President, Borough of Staten Island	5	5	5	5	(0)	(4.5%)	(1.5%)
Office of the Comptroller	123	125	125	125	2	2.0%	0.7%
Dept. of Emergency Management	156	44	38	34	(122)	(78.0%)	(39.6%)
Office of Administrative Tax Appeals	6	6	6	6	0	2.6%	0.9%
Law Dept.	295	246	247	247	(48)	(16.4%)	(5.8%)
Dept. of City Planning	57	44	44	44	(12)	(21.5%)	(7.7%)
Dept. of Investigation	53	47	47	43	(10)	(18.2%)	(6.5%)
NY Public Library — Research	35	34	34	34	(1)	(1.4%)	(0.5%)
New York Public Library	178	175	175	175	(3)	(1.8%)	(0.6%)
Brooklyn Public Library	136	134	134	134	(1)	(1.1%)	(0.4%)
Queens Borough Public Library	140	138	138	138	(2)	(1.7%)	(0.6%)
Dept. of Education	32,983	33,340	34,330	35,066	2,083	6.3%	2.1%
City University	1,269	1,246	1,263	1,281	11	0.9%	0.3%
Civilian Complaint Review Board	28	28	28	28	0	0.3%	0.1%
Police Dept.	5,903	5,869	6,007	6,001	98	1.7%	0.6%
Fire Dept.	2,611	2,593	2,582	2,569	(42)	(1.6%)	(0.5%)

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 – 2028 Dollars	Change FYs 2025 – 2028 Percent	Annual Percent Change
Dept. of Veterans' Services	6	5	5	5	(0)	(8.2%)	(2.8%)
Admin. for Children Services	3,178	2,795	2,801	2,799	(379)	(11.9%)	(4.1%)
Dept. of Social Services	12,928	11,423	11,922	12,534	(394)	(3.1%)	(1.0%)
Dept. of Homeless Services	3,688	6,216	5,255	3,114	(574)	(15.6%)	(5.5%)
Dept. of Correction	1,145	1,199	1,248	1,370	225	19.7%	6.2%
Board of Correction	4	4	4	4	(0)	(7.8%)	(2.7%)
Citywide Pension Contributions	9,955	10,736	10,801	11,643	1,688	17.0%	5.4%
Miscellaneous	14,018	14,476	15,330	16,699	2,681	19.1%	6.0%
Debt Service	4,549	4,804	5,028	5,445	896	19.7%	6.2%
TFA Debt Service	3,378	4,040	4,553	5,052	1,674	49.6%	14.4%
FY 2024 BSA	(4,397)	0	0	0	4,397	(100.0%)	(100.0%)
FY 2025 BSA	96	(96)	0	0	(96)	(100.0%)	(100.0%)
Public Advocate	5	5	5	5	0	1.5%	0.5%
City Council	108	96	96	96	(13)	(11.8%)	(4.1%)
City Clerk	8	6	6	6	(2)	(26.8%)	(9.9%)
Dept. for the Aging	547	426	420	419	(128)	(23.4%)	(8.5%)
Dept. of Cultural Affairs	254	161	161	161	(93)	(36.5%)	(14.0%)
Financial Info. Serv. Agency	116	117	117	117	1	0.4%	0.1%
Office of Criminal Justice	964	784	792	789	(175)	(18.1%)	(6.4%)
Office of Payroll Admin.	16	16	16	16	(0)	(0.3%)	(0.1%)
Independent Budget Office	8	8	8	8	(0)	(5.2%)	(1.8%)
Equal Employment Practices	2	2	2	2	0	2.4%	0.8%
Civil Service Commission	1	1	1	1	0	2.6%	0.8%
Landmarks Preservation Commission	9	8	8	8	(1)	(7.3%)	(2.5%)
Taxi & Limousine Commission	60	58	58	58	(2)	(4.1%)	(1.4%)

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 – 2028 Dollars	Change FYs 2025 – 2028 Percent	Annual Percent Change
Office of Racial Equity	7	6	6	6	(1)	(17.5%)	(6.2%)
Commission on Racial Equity	2	4	4	2	0	8.0%	2.6%
Commission on Human Rights	15	14	14	14	(1)	(5.6%)	(1.9%)
Youth & Community Development	1,399	1,196	1,227	1,235	(164)	(11.7%)	(4.1%)
Conflicts of Interest Board	3	3	3	3	0	3.0%	1.0%
Office of Collective Bargaining	3	3	3	3	0	2.6%	0.9%
Community Boards (All)	22	22	22	22	(1)	(3.2%)	(1.1%)
Dept. of Probation	114	108	109	109	(5)	(4.0%)	(1.4%)
Dept. Small Business Services	282	152	148	150	(133)	(47.0%)	(19.1%)
Housing Preservation & Development	2,231	1,438	1,412	1,411	(820)	(36.7%)	(14.2%)
Dept. of Buildings	219	201	198	197	(22)	(9.9%)	(3.4%)
Dept. of Health & Mental Hygiene	2,537	2,101	2,106	2,095	(442)	(17.4%)	(6.2%)
NYC Health + Hospitals	3,043	1,476	1,552	1,599	(1,444)	(47.5%)	(19.3%)
Office of Administrative Trials & Hearings	74	77	77	77	3	4.3%	1.4%
Dept. of Environmental Protection	1,718	1,638	1,631	1,631	(87)	(5.1%)	(1.7%)
Dept. of Sanitation	1,939	1,922	1,980	1,997	58	3.0%	1.0%
Business Integrity Commission	9	9	9	9	(0)	(1.2%)	(0.4%)
Dept. of Finance	350	353	354	354	5	1.3%	0.4%
Dept. of Transportation	1,464	1,453	1,439	1,427	(37)	(2.6%)	(0.9%)
Dept. of Parks and Recreation	633	616	613	613	(20)	(3.1%)	(1.1%)
Dept. of Design & Construction	198	159	159	159	(39)	(19.6%)	(7.0%)
Dept. of Citywide Admin. Services	1,116	603	594	592	(524)	(47.0%)	(19.1%)
D.O.I.T.T.	731	536	530	529	(201)	(27.5%)	(10.2%)
Dept. of Record & Info. Services	15	15	15	15	(0)	(2.4%)	(0.8%)

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	Change FYs 2025 – 2028 Dollars	Change FYs 2025 – 2028 Percent	Annual Percent Change
Dept. of Consumer & Worker Protection	64	66	65	65	1	1.7%	0.6%
District Attorney - N.Y.	202	176	177	177	(26)	(12.7%)	(4.4%)
District Attorney – Bronx	142	124	124	124	(19)	(13.0%)	(4.5%)
District Attorney – Kings	165	151	152	152	(13)	(7.9%)	(2.7%)
District Attorney – Queens	114	106	106	106	(8)	(7.1%)	(2.4%)
District Attorney - Richmond	29	26	26	26	(3)	(11.2%)	(3.9%)
Office of Prosec. & Special Narc.	31	32	32	32	1	2.2%	0.7%
Public Administrator - N.Y.	1	1	1	1	0	2.0%	0.7%
Public Administrator - Bronx	1	1	1	1	0	2.1%	0.7%
Public Administrator - Brooklyn	1	1	1	1	0	2.1%	0.7%
Public Administrator - Queens	1	1	1	1	0	2.3%	0.8%
Public Administrator - Richmond	1	1	1	1	(0)	(2.2%)	(0.8%)
General Reserve	1,200	1,200	1,200	1,200	0	0.0%	0.0%
Citywide Savings Initiatives	(168)	0	0	0	168	(100.0%)	(100.0%)
Energy Adjustment	0	83	120	172	172	N/A	N/A
Lease Adjustment	0	52	106	161	161	N/A	N/A
OTPS Inflation Adjustment	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURES	**$115,029**	**$117,908**	**$120,627**	**$123,281**	**$8,252**	**7.2%**	**2.3%**

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

Acknowledgements

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