



Highlights of IBO's May 2025 Executive Budget Analysis

Hello Council Member,

In the face of economic uncertainty, IBO encourages the City Council and the Adams administration to weigh the merits of allocating funds across two options as the budget is negotiated:

- Add to the City's reserves
- Prepay next year's expenses

Strengthening reserves provides more ability to address future shocks and requires the city to address cost overruns in the out years. Pre-payment offsets existing costs, but it does not address the root causes of those costs and offers only short-term solutions.



SCAN ME

IBO Areas of Savings

- Spending on asylum seeker services are projected to be lower.
- Unfilled City staff vacancies (approximately 5% of the City's authorize headcount is not filled)

IBO Areas of Spending

See Table on next page.

- Uniformed Overtime Costs
- Department of Education Due Process Cases
- CityFHEPS Rental Assistance
- Cash Assistance
- Homeless Shelter Costs (Non-Asylum Seekers)

Federal Impacts to The City Budget

Amid shifting fiscal priorities currently being debated in Washington, it is unclear how changes to federal funding will impact City and State finances. It is also unknown how the State will respond in allocating its own tax dollars to the City if federal dollars are cut. Federal and State funding in the Executive Budget should be viewed as placeholders rather than firm funding commitments.

IBO Estimates of Funding Need in Addition Budgeted Amounts in Major Areas

Dollars in Millions

City Agency	Budget Area	Fiscal Year					
		2026			2027		
		OMB Budgeted Amount	IBO Estimated Addition	IBO Estimated Total	OMB Budgeted Amount	IBO Estimated Addition	IBO Estimated Total
Departments of Police, Fire, Correction, and Sanitation	Uniformed overtime costs	\$1,183	\$653	\$1,836	\$1,197	\$280	\$1,477
Department of Education	Due Process Cases	935	258	1,193	1,005	188	1,193
Human Resources Administration	CityFHEPS Rental Assistance	633	639	1,272	616	657	1,273
	Cash Assistance	875	597	1,472	1,255	247	1,502
Department of Homeless Services	Shelter Costs (Non-Asylum Seekers)	1,180	211	\$1,391	1,186	149	1,335

SOURCE: IBO; OMB

NOTES: Due process cases, formerly known as “Carter Cases,” refer to when parents place their students with disabilities in private schools and seek reimbursement from the Department of Education. CityFHEPS estimates are based on continuing 2025 levels of voucher service and cash assistance estimates are based on maintaining the budget at 2025 levels.

New York City Independent Budget Office

New York City Economic Landscape

After experiencing growth in recent years, IBO’s estimates provide an outlook of where employment across sectors and tax revenues could be in a relatively stagnant economic scenario. IBO’s April 2025 local economic model is premised on:

- Substantially slower job growth
- Personal income remains stable
- Employment growth will be weakest in lower-wage sectors
- Heightening trade activity responding to volatile markets will boost capital gains

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