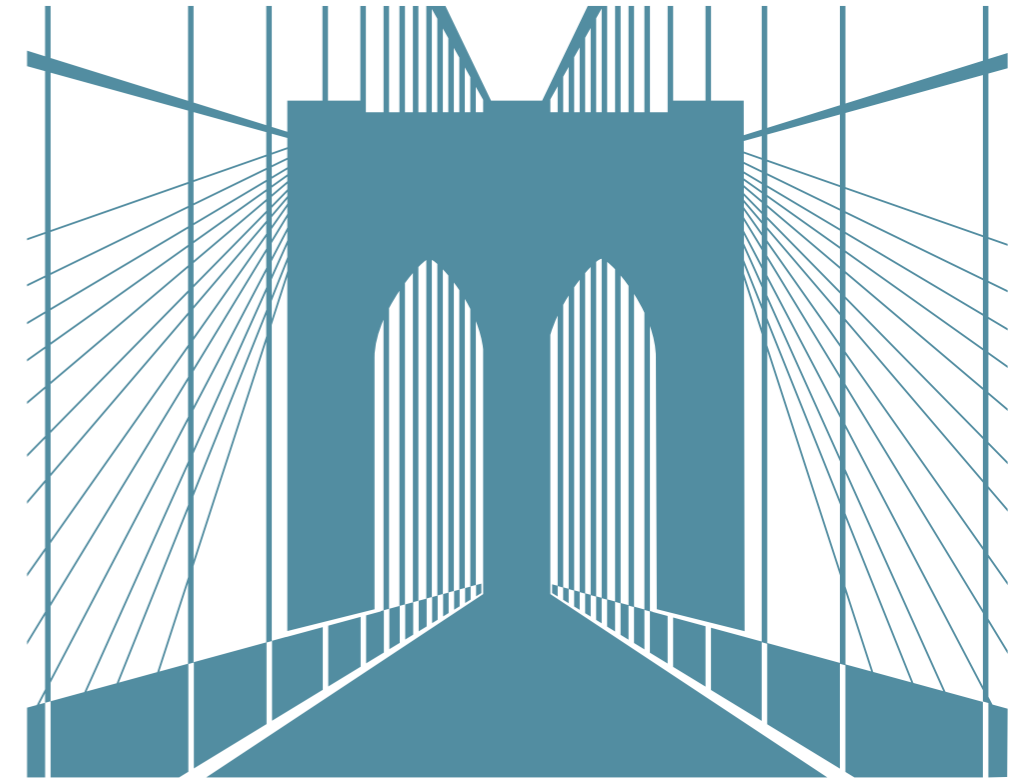


Analysis of the 2025 Executive Budget and Financial Plan by the Independent Budget Office



May 15, 2024



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

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Key Findings



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

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



IBO Estimates Larger Gaps than Administration Starting in 2026

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



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

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



IBO Forecasts Higher Tax Revenues Than Administration Starting in 2026

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



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

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



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

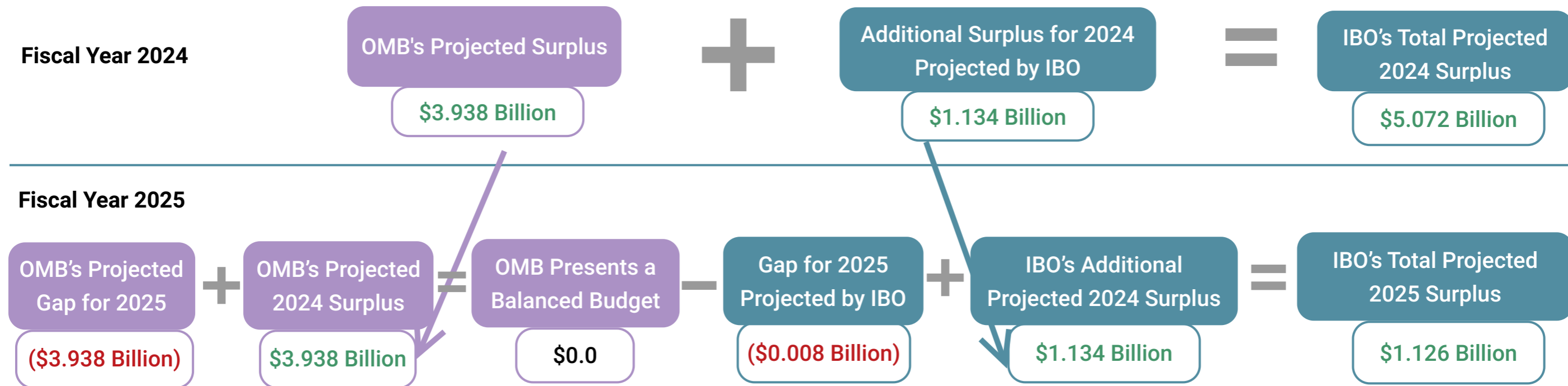
IBO anticipates substantially more funding will be needed, more than \$605 million (all City funds) in 2025 for personnel costs across the uniformed agencies of Police, Sanitation, and Correction, largely to cover overtime costs. IBO estimates an additional \$651 million will be needed from 2025 through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



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

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

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



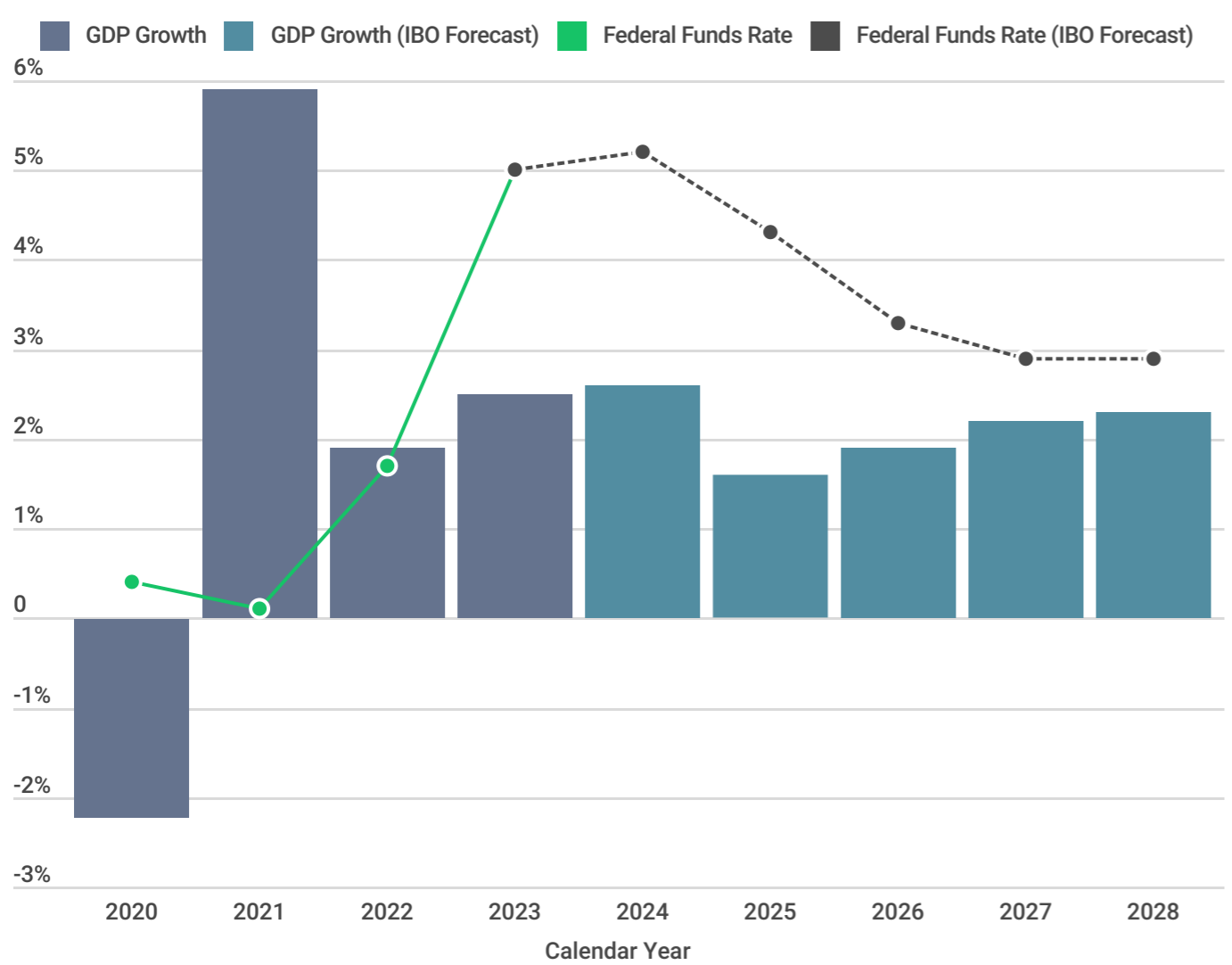
Both the Administration and IBO project operating surpluses in the 2024 budget, though their projections differ. The Administration presents its 2025 budget using its expected operating surplus (\$3.9 billion) for "budget stabilization," prepaying expenses that will be incurred in 2025 to produce a balanced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

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

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

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

IBO Forecasts of Real GDP Growth and Federal Funds Rate



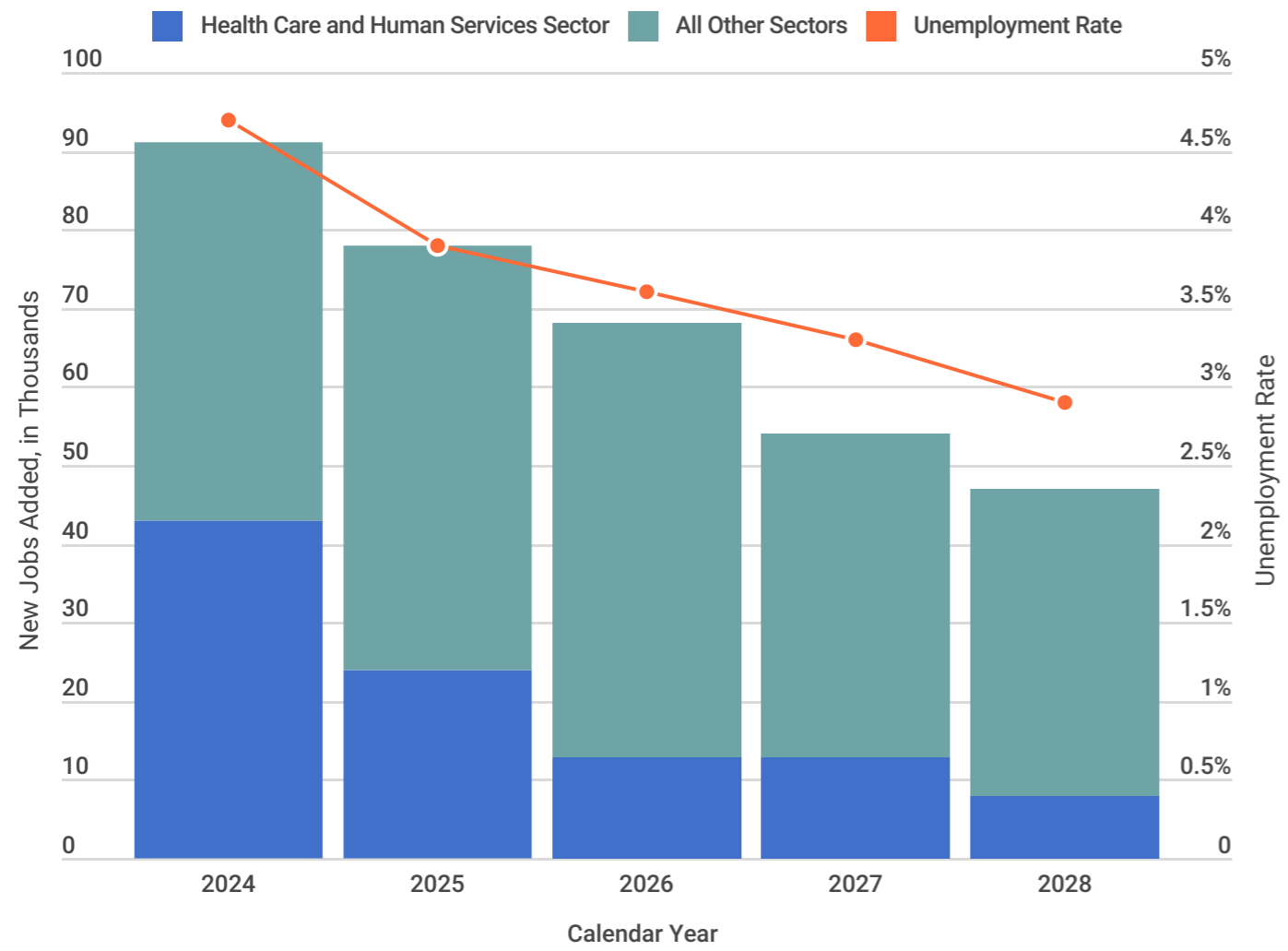
SOURCE: IBO Economic Forecast
 NOTES: GDP is an overall measure of the size of the country's economy. Real GDP reflects economic growth adjusted for underlying inflation.

- Inflation, which peaked at an annualized rate of nearly 9 percent in mid-2022, has continued a path of general decline—albeit not as quickly as previously hoped. The Federal Reserve still is expected to begin decreasing interest rates later this year.
- Despite the relatively high interest rate environment, solid growth in the nation's real gross domestic product (GDP) is expected to continue. IBO's forecast of the City's economy is predicated on the expectation of slightly slower national economic growth in 2025, followed by a return to near 2% annual increases of real GDP in the years that follow. IBO's estimate of GDP growth is higher than the Administration's projections across the financial plan.

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

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

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



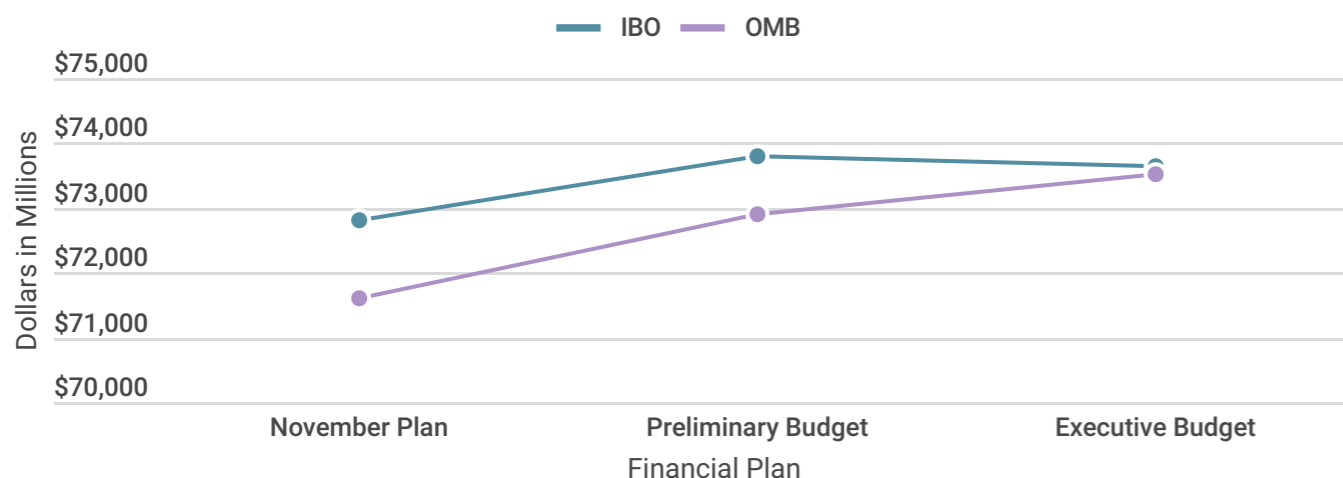
SOURCE: IBO Economic Forecast
 NOTE: Job gains are measured on a Q4-to-Q4 basis. Health Care and Human Services sector refers to the Bureau of Labor Statistics Health Care and Social Assistance sector.

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

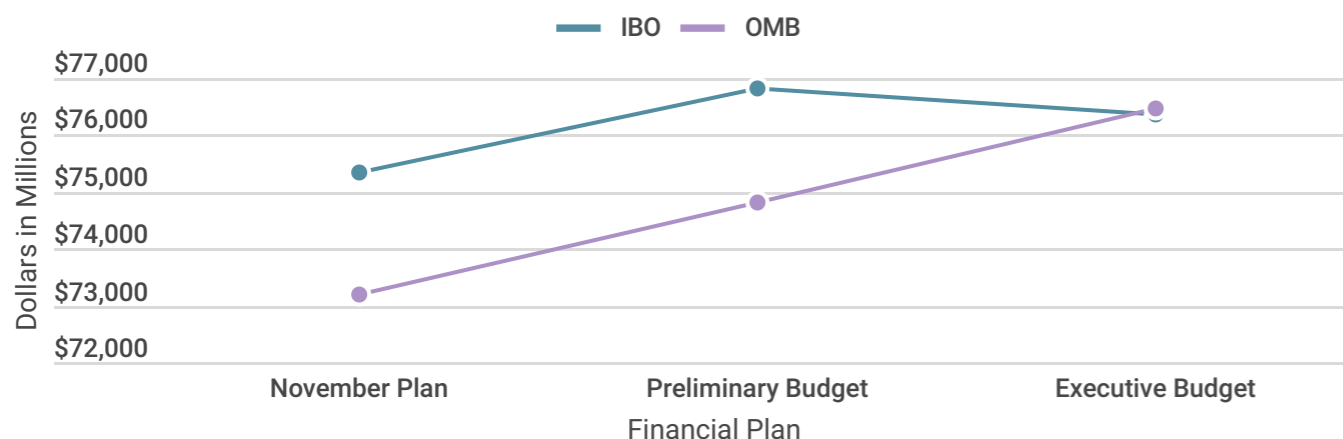
IBO and Administration Have Similar Tax Revenue Estimates for 2024 and 2025

Administration Increases Estimates Across Financial Plans

2024 City Tax Revenue Forecasts



2025 City Tax Revenue Forecasts



SOURCE: IBO and OMB Tax Revenue Forecasts

Total City Tax Revenue Forecasts: IBO Compared With OMB

Dollars in Millions

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

SOURCE: IBO and OMB Tax Revenue Forecasts

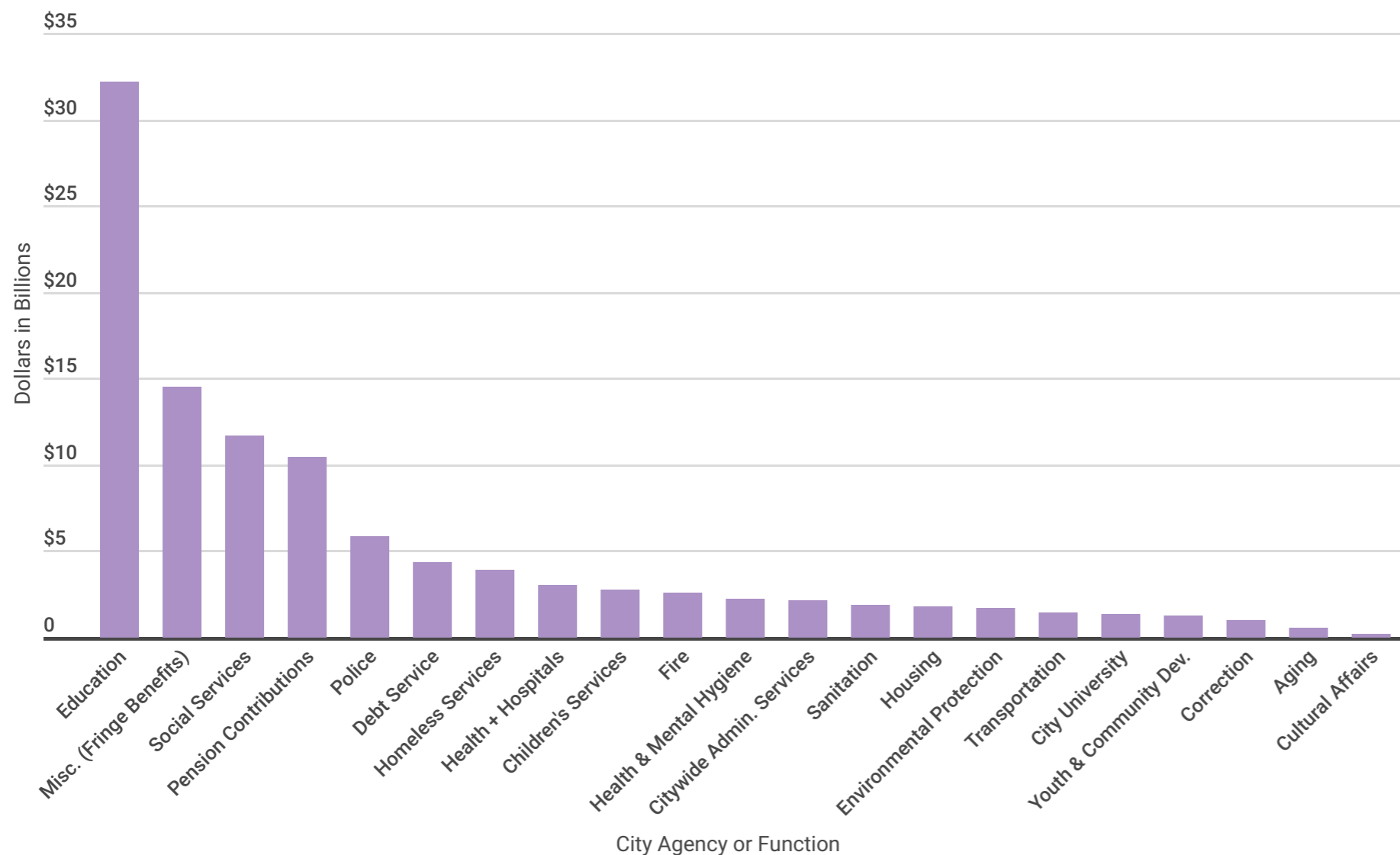
NOTE: Forecasts differences may not add up to precise total due to rounding. Forecast totals exclude STAR.

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

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

The Administration's 2025 Expense Budget

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



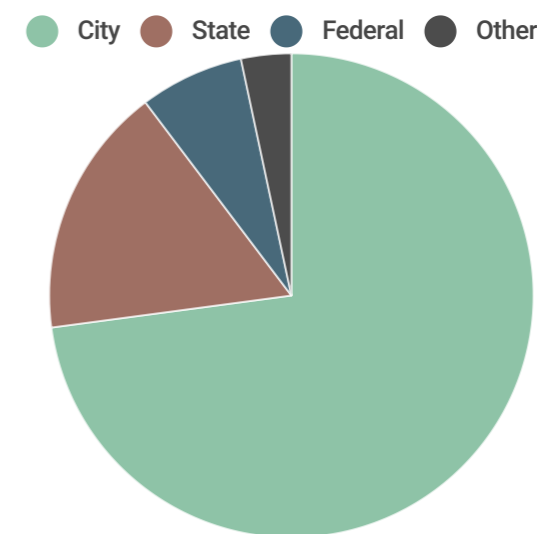
SOURCE: OMB Financial Plan Expense, Fiscal Years 2024-2028

NOTES: Chart includes city agencies with 2025 budgets over \$1 billion and all human services agencies regardless of budget. These agencies represent 94% of the total 2025 budget.

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

City Funds Comprise Almost Three-Quarters of 2025 Executive Budget

Dollars in Billions

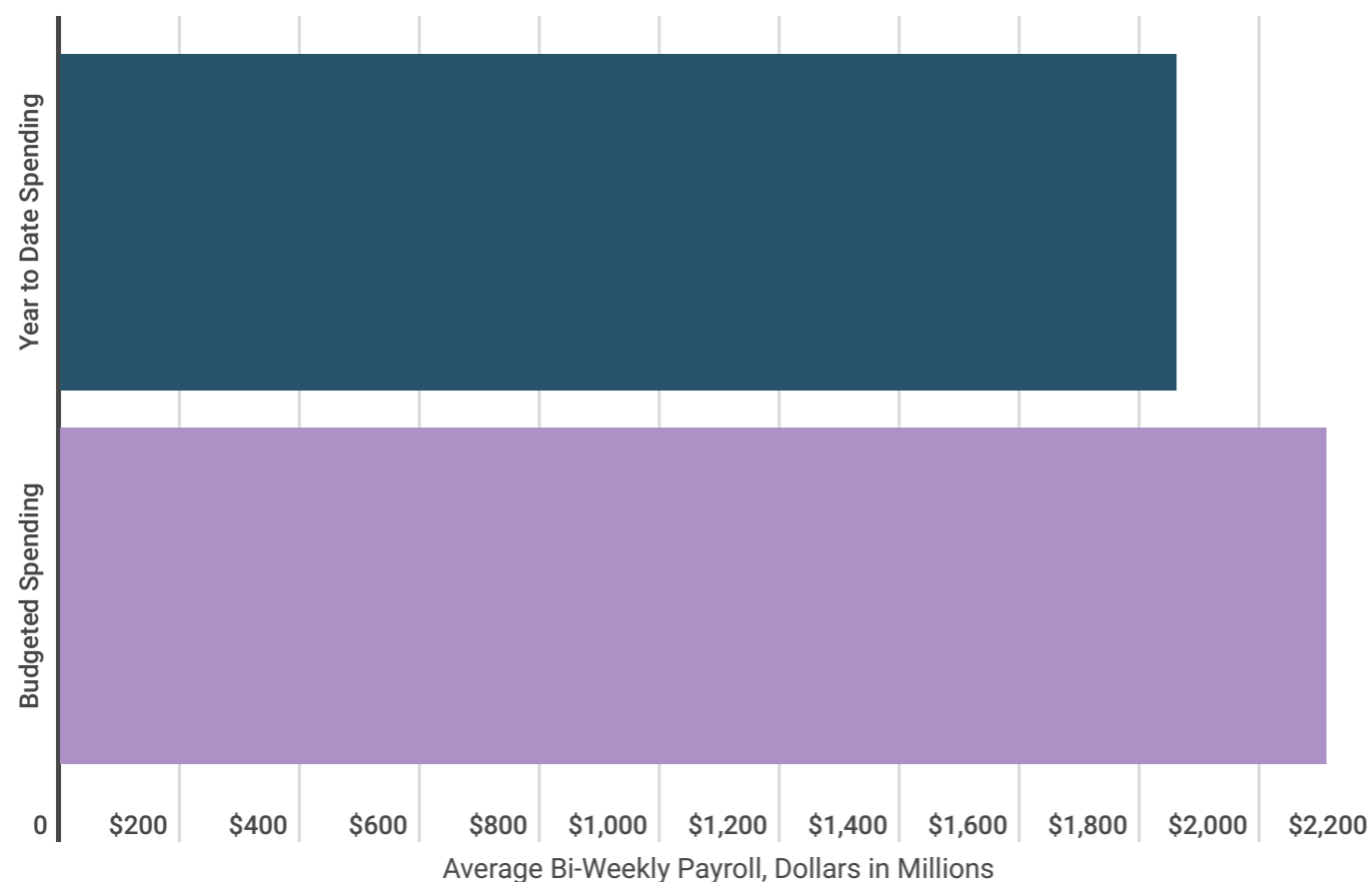


SOURCE: OMB Financial Plan Expense, Fiscal Years 2024-2028

NOTES: Other includes intra-city funds, capital inter-fund agreements, and categorical grants.

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

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



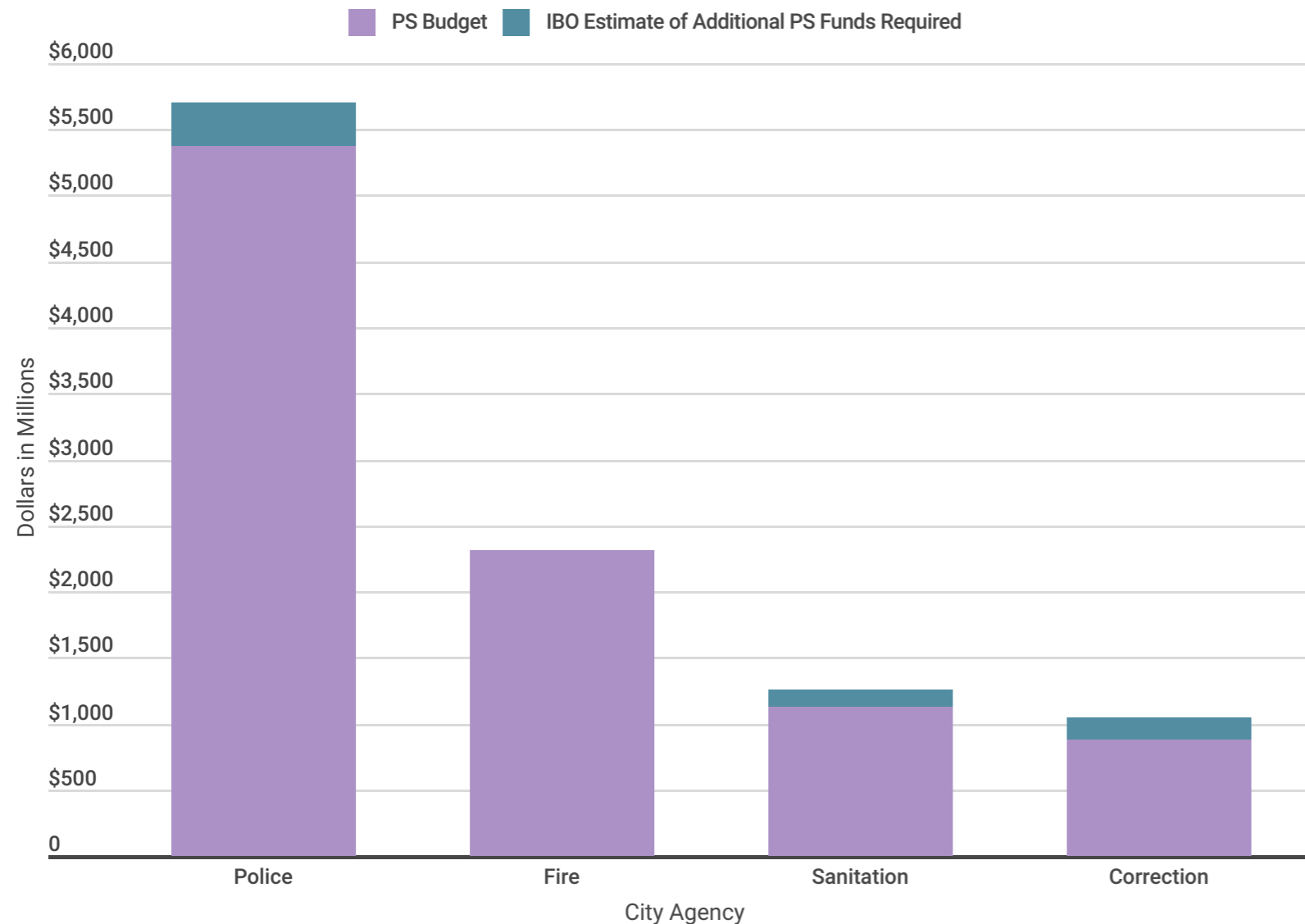
- Citywide staffing costs in 2024 are budgeted at \$54.9 billion, averaging to \$2.1 billion per bi-weekly pay period. Through early May, staffing costs, referred to as personal services, have averaged around \$1.9 billion per pay period.
- With four pay periods left to the fiscal year, and notable differences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

SOURCE: IBO analysis of Financial Management Systems data

NOTE: Year to Date Spending reflects Citywide payrolls through May 10, 2024.

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

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



SOURCE: IBO analysis of OMB data



\$9.7 Billion

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



\$605 Million

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



Personal Services

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



Fire Department

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

IBO Predicts Lower Spending on Asylum Seekers Than the Administration

Difference Between Administration And IBO for Asylum Seekers

Dollars in Millions

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

SOURCE: IBO analysis of OMB and State budget data

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

State Funding



\$1.0 Billion

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



\$1.7 Billion

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



\$322 Million

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



\$1.0 Billion

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

Federal Funding



\$49 Million

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

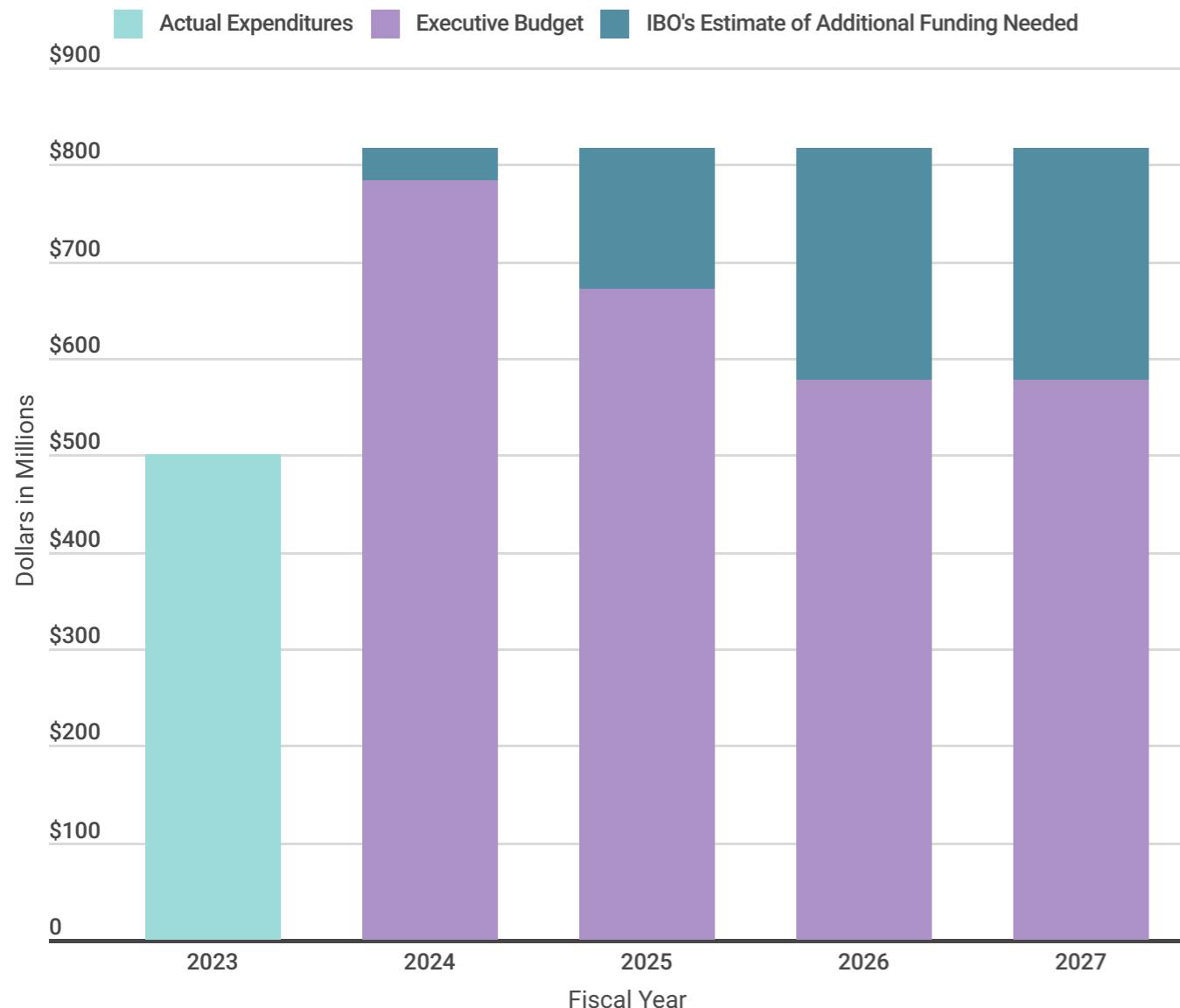


\$107 Million

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

Administration Now Funds CityFHEPS Program in All Years of Budget Plan

IBO Estimates More Funding Needed to Support Program at Current Levels



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

SOURCE: IBO analysis of OMB data

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

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

IBO Estimates for Department of Education Budget

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

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

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

Dollars in Millions

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

SOURCE: IBO analysis of 2025 Executive Budget and previous financial plans, and communications with DOE.

NOTE: The Preliminary Budget included an additional \$80 million for Summer Rising in 2025.

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

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

Partial Restorations and Additions

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

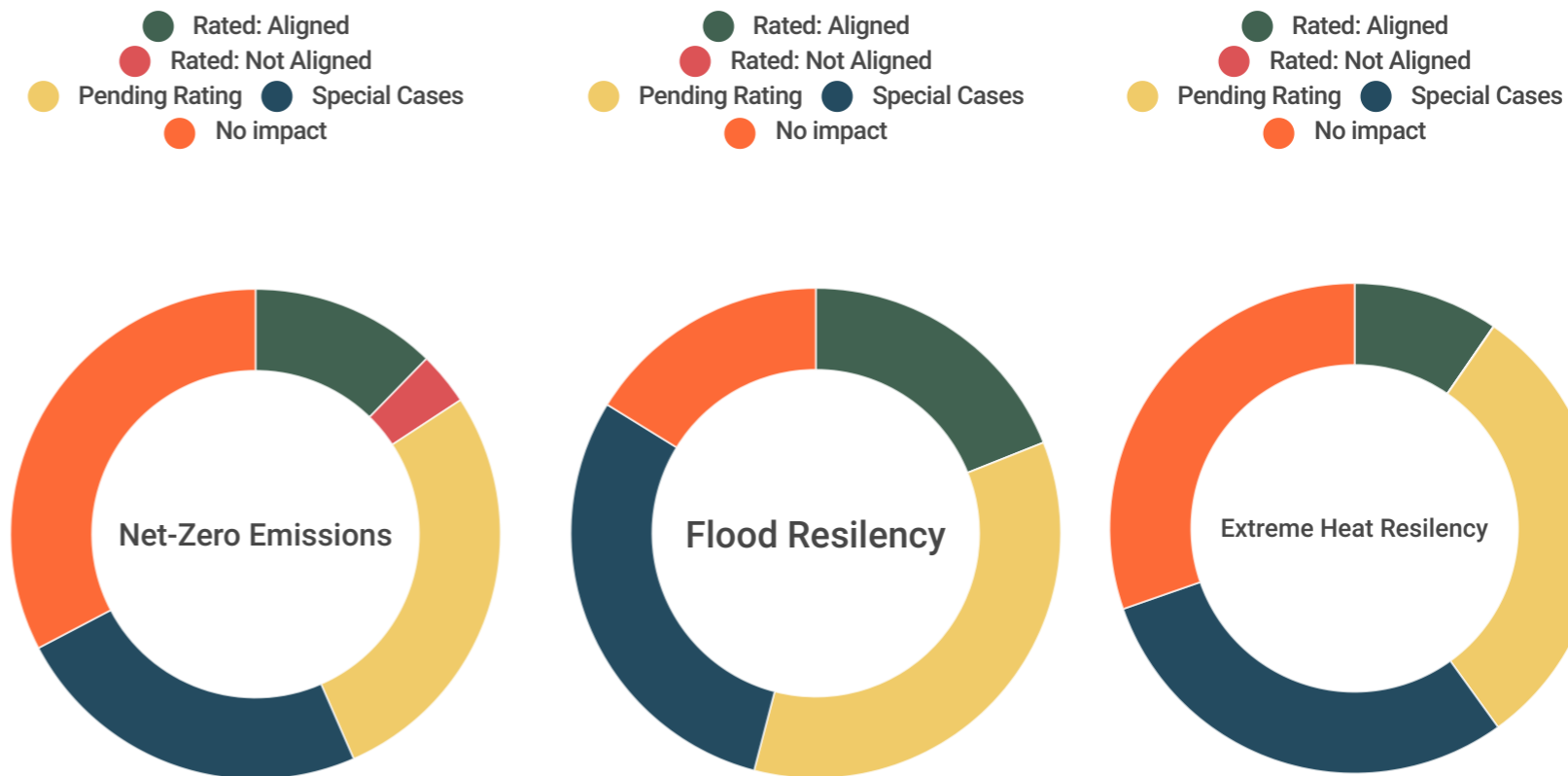
PEGs Remaining in Place

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

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

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

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



SOURCE: IBO analysis of New York City Climate Budgeting data

Rated: Sufficient information to determine if the capital project is aligned or not aligned with each of the three climate priorities: net-zero emissions, flood resiliency, extreme heat resiliency.

Pending Rating: Climate information needed to rate is not available. Project may be in early planning stages.

Special Cases: Typically, City-funded projects completed by non-City entities—mainly public authorities—with insufficient information to rate.

No Impact: Projects that were determined to have no potential impact on the climate priorities.

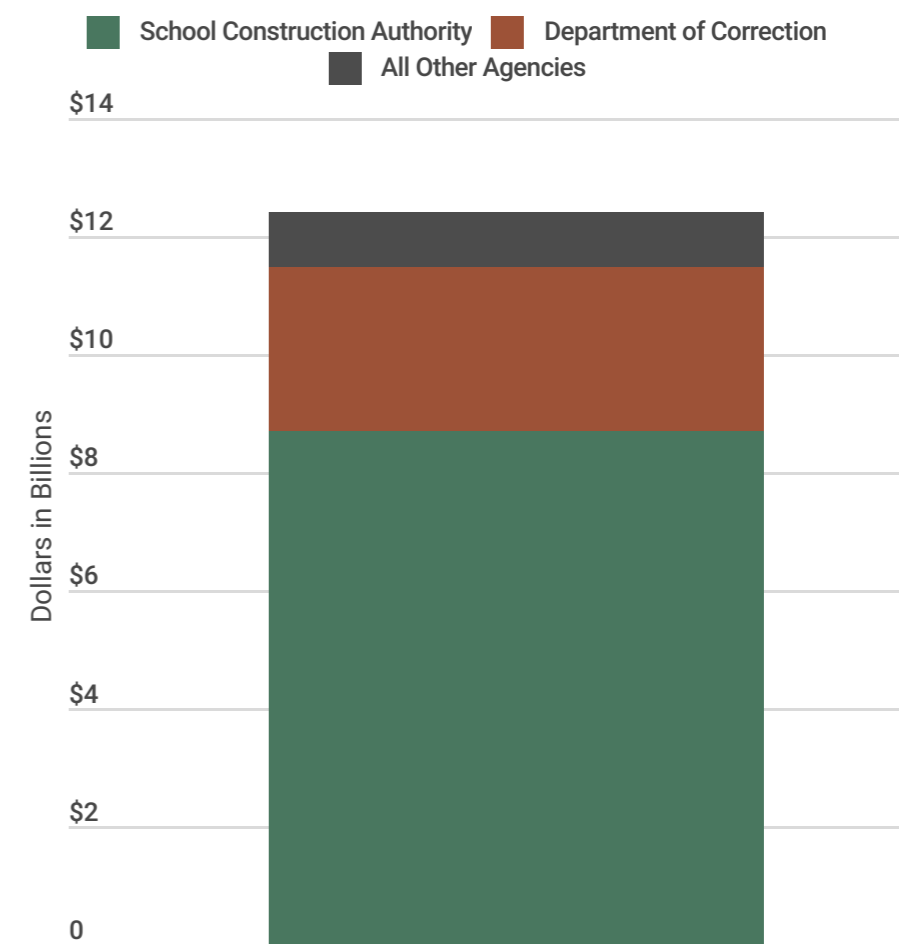
Executive Budget Includes Additional Capital Funds

Based on Increase in City's Capacity to Incur Debt in State Budget

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

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

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



SOURCE: IBO analysis of OMB's Capital Commitment Plan

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

Dollars in Millions

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

SOURCES: IBO; OMB

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

April 2024 Economic Forecasts

IBO Compared with OMB

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

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

SOURCES: IBO; OMB

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

IBO Revenue Projections

IBO Revenue Projections Fiscal Years 2024-2028

Dollars in Millions

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

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

SOURCES: IBO; OMB

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

IBO Revenue Projections

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

Dollars in Millions

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

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

SOURCES: IBO; OMB

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

IBO Expenditure Projections Fiscal Years 2024-2028

Dollars in Millions

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

SOURCES: IBO; OMB

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

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

Dollars in Millions

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

SOURCES: IBO; OMB

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

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