

The City of New York  
Preliminary Budget  
Fiscal Year 2025

Eric Adams, Mayor

Mayor's Office of Management and Budget  
Jacques Jiha, Ph.D., Director

# Financial Plan Summary

# THE FISCAL YEAR 2025 PRELIMINARY BUDGET

**WE HAVE STABILIZED OUR CITY'S FISCAL OUTLOOK  
THROUGH CAREFUL PLANNING AND STEADY MANAGEMENT**

# The FY25 Budget Cycle Roadmap

---

- Early in the budget cycle, we made tough calls about spending and savings to balance the budget, like implementing a hiring freeze and a PEG program
- Advanced planning, targeted savings and unexpected strength in the economy helped keep FY24 balanced and closed the \$7.1B FY25 budget gap without layoffs, tax hikes, or major disruption to services

# Executive Budget PEG Savings Plan

---

- **Last September, we announced the need for PEG savings plans in the November Plan Update and the Preliminary and Executive Budgets**
- **Because the city's fiscal picture has now stabilized, if we receive sufficient funding from the state, we can cancel the Executive Budget PEG**

**REDUCING ASYLUM SEEKER COSTS WILL  
DECREASE PRESSURE ON THE BUDGET**

# BENDING THE COST CURVE

# Bending the Cost Curve: Helping Migrants Take the Next Steps in Their Journeys

---

- The city continues to experience an extremely high influx and the number of migrants in our care continues to increase
- However, daily growth of the number of migrants in our care has slowed by nearly 60% since the introduction of 30- and 60-day notices combined with intensified case management services to help households exit shelter

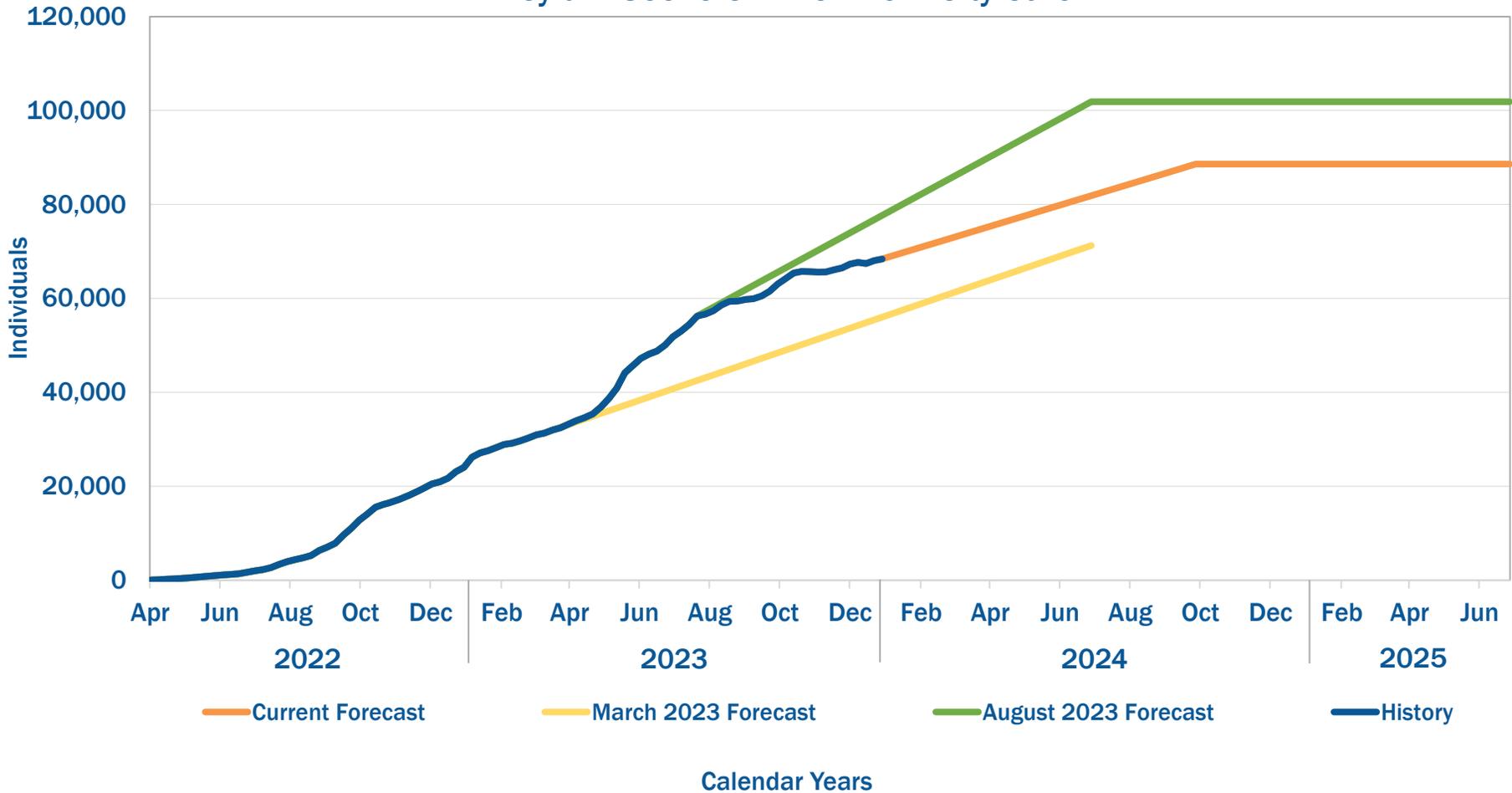
# Bending the Cost Curve: Lowering Per-Diem Household Costs

---

- Implementing efficiencies in the service and staffing models at our Humanitarian Emergency Response and Relief Centers (HERRCs)
- Renegotiating rates and rebidding for services in shelters currently relying on for-profit vendors
- Transitioning from costlier HERRCs to a non-profit shelter model

# New Policies Stabilize the Number of Asylum Seekers in the City's Care at a Level Below the Previous Forecast

Asylum Seekers in New York City Care



Source: NYC OMB

# Reducing the Length of Shelter Stays and Per Diem Costs Will Generate \$1.7B in Savings Over Just Two Fiscal Years

City Fiscal Year	August Cost Forecast (\$B)	Preliminary Budget Updated Cost Forecast (\$B)	Savings
2023	\$1.45B	\$1.45B	–
2024	\$4.7B	\$4.2B	(\$500M)
2025	\$6.1B	\$4.9B	(\$1.2B)
<b>TOTAL</b>	<b>\$12.25B</b>	<b>\$10.6B</b>	<b>(\$1.7B)</b>

# Fighting Back Against the Unlawful Transportation of Migrants to NYC

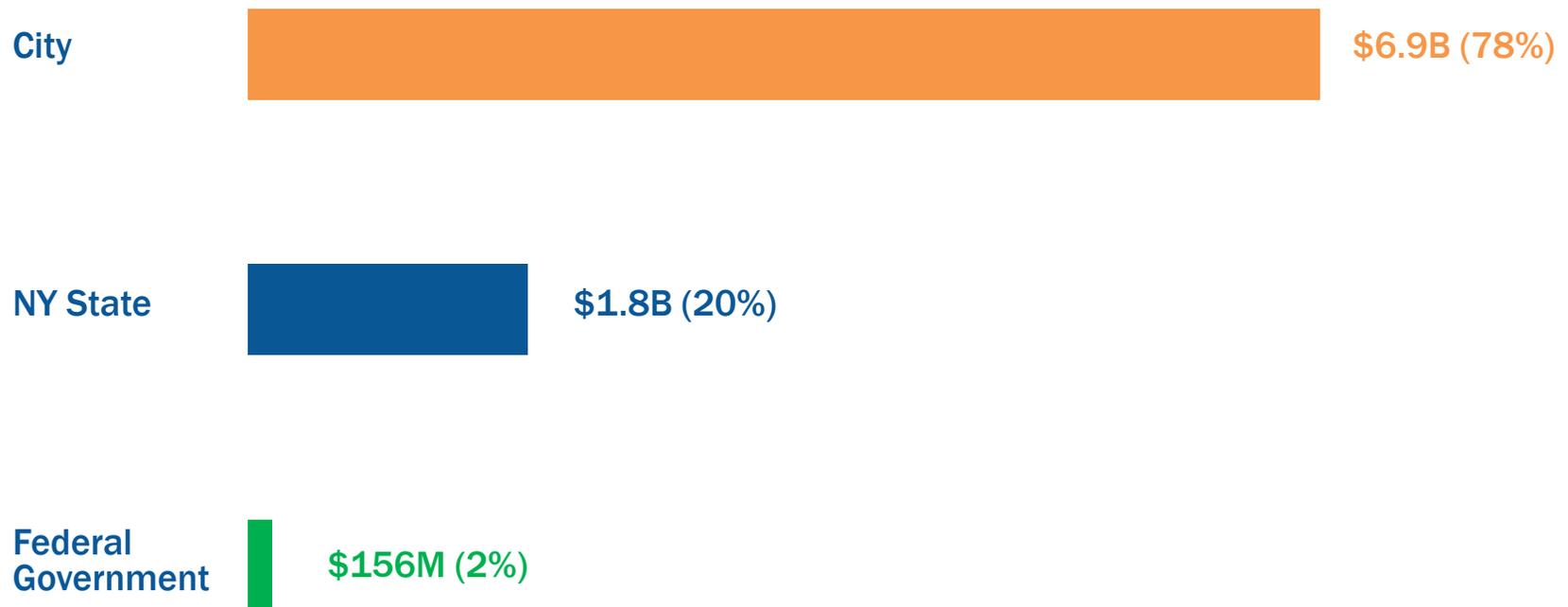
---

- **The Mayor issued Executive Order 538 on December 27, 2023**
  - Mandates coordination from charter bus companies transporting migrants to NYC
  - Protects the safety and well-being of both migrants and city staff receiving them
  - Violation is a class B misdemeanor and buses may be impounded
- **The NYC Commissioner of Social Services filed a lawsuit on January 4, 2024, to recover \$708M in costs from transportation companies busing migrants from Texas to NYC in bad faith and in violation of NY State law**
- **Migrants should not be used as political pawns to overwhelm our social services system**

# New York City Has Made 78% of the Asylum Seeker Funding Commitments

---

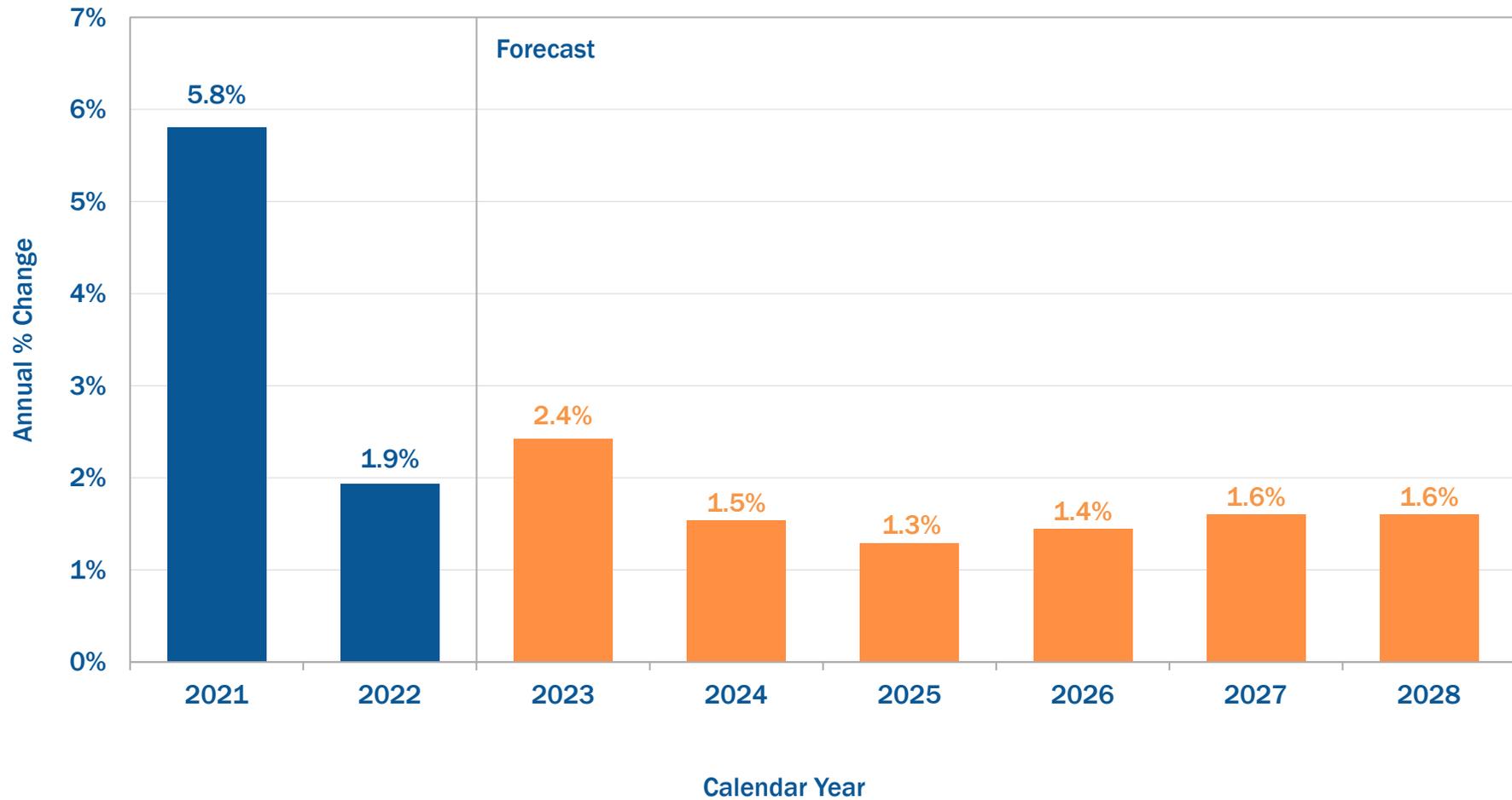
Funding Commitments by Source as of January 11, 2023  
(FY23-FY25)



**THE NATIONAL AND LOCAL ECONOMIES  
ARE SLOWING IN UPCOMING YEARS**

# U.S. Economy Was Stronger Than Expected in 2023 but Will Slow in 2024

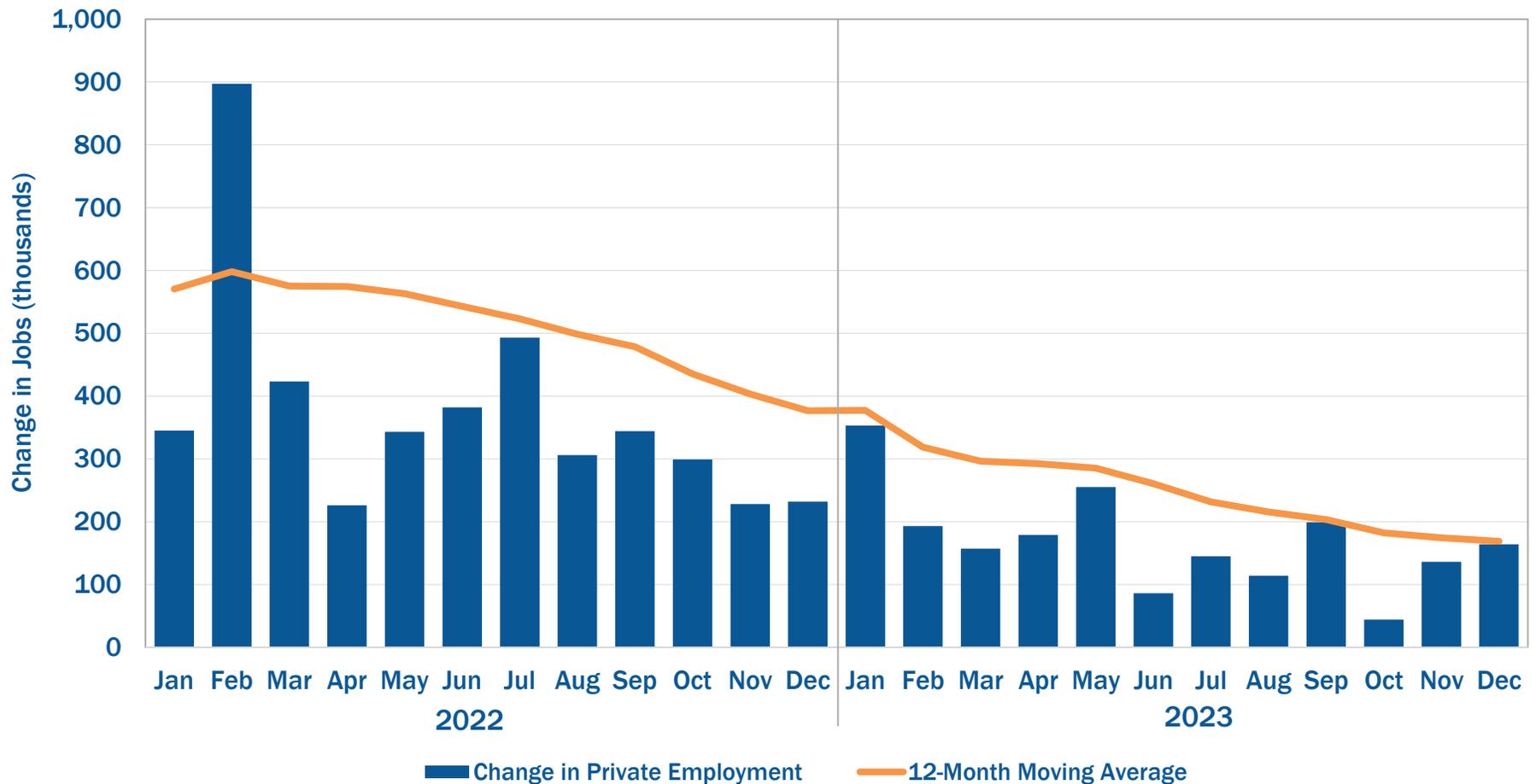
U.S Real GDP Growth



Source: U.S. Bureau of Economic Analysis, NYC OMB

# U.S. Job Growth was Stronger Than Expected Though the Pace is Slowing

## Monthly Change in U.S. Private Employment

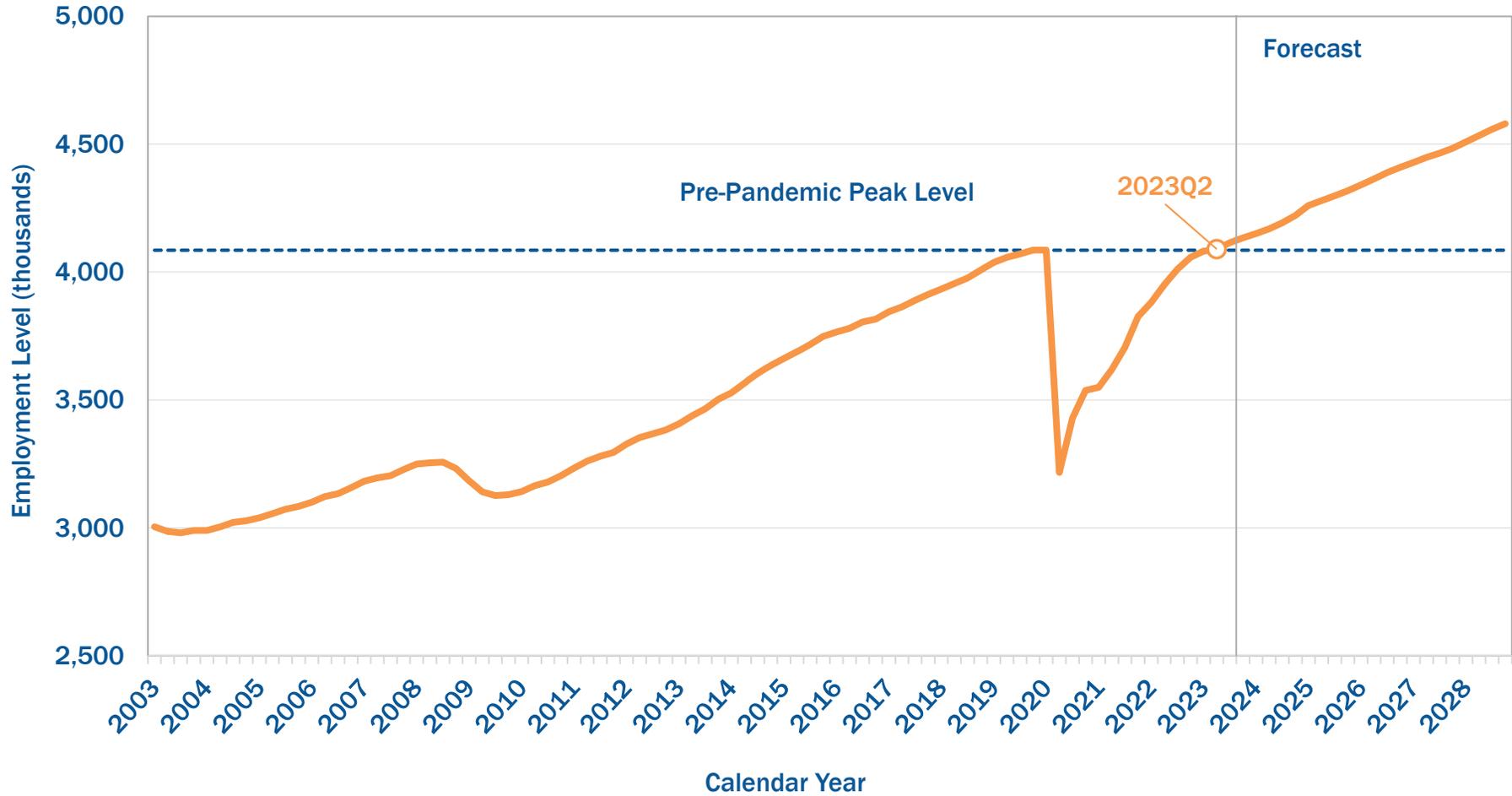


Source: U.S. Bureau of Labor Statistics

**THOUGH NYC'S ECONOMY HAS BEEN  
STRONG – WE FACE HEADWINDS**

# NYC Now Has a Record Level of Private Jobs

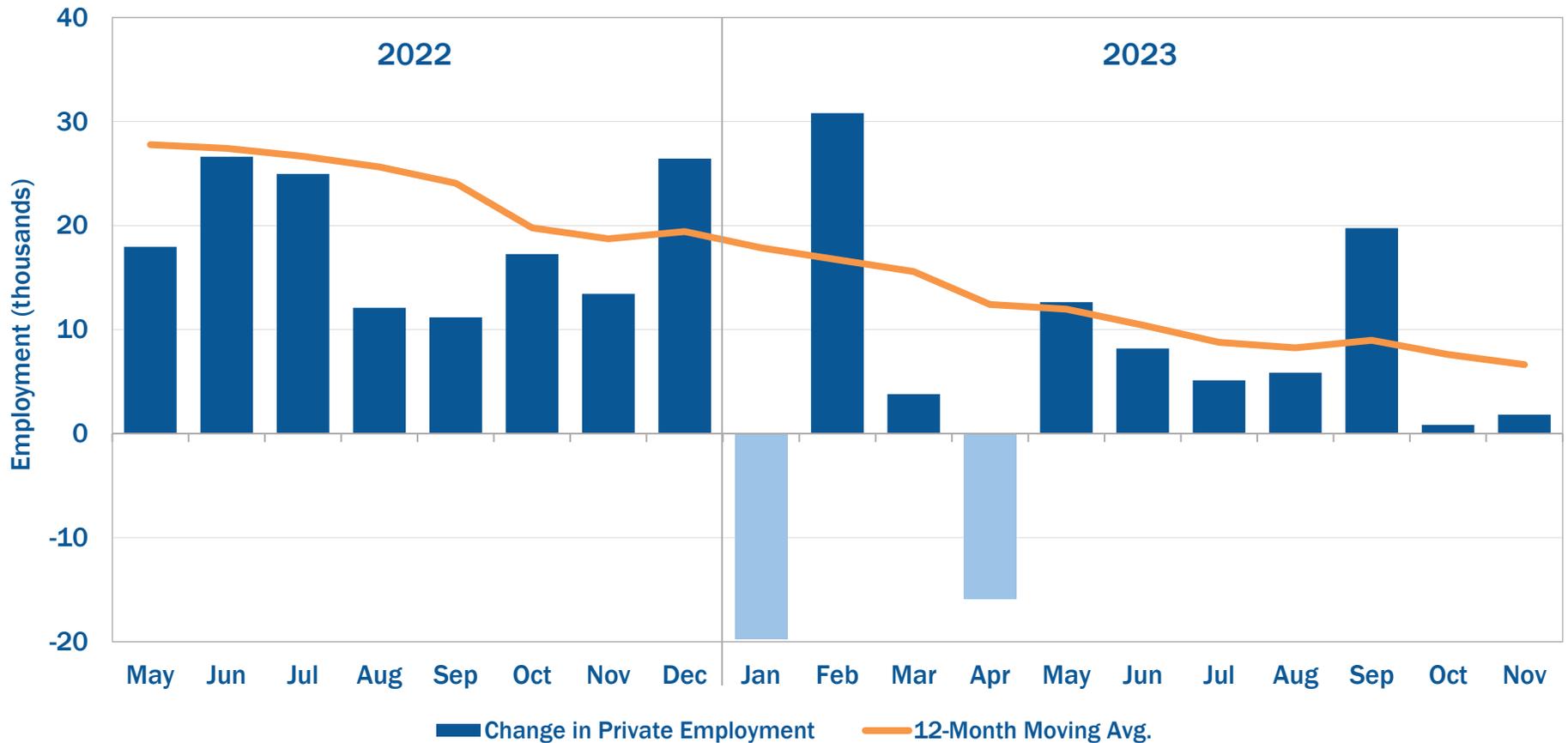
## NYC Private Employment



Source: NY Department of Labor, NYC OMB

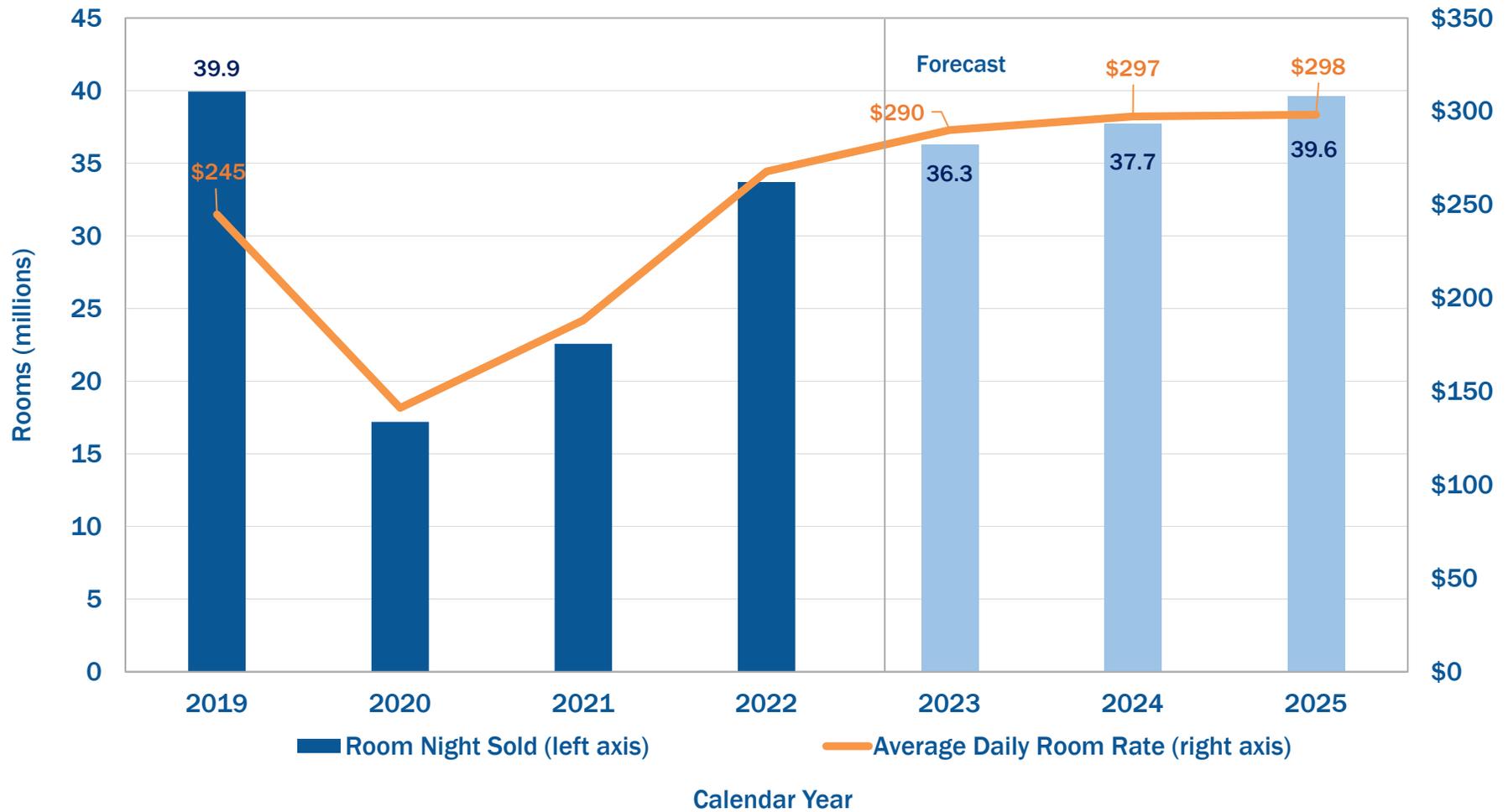
# NYC Private Employment Gains Have Slowed

Monthly Change in NYC Private Employment



Source: NY Department of Labor, NYC OMB

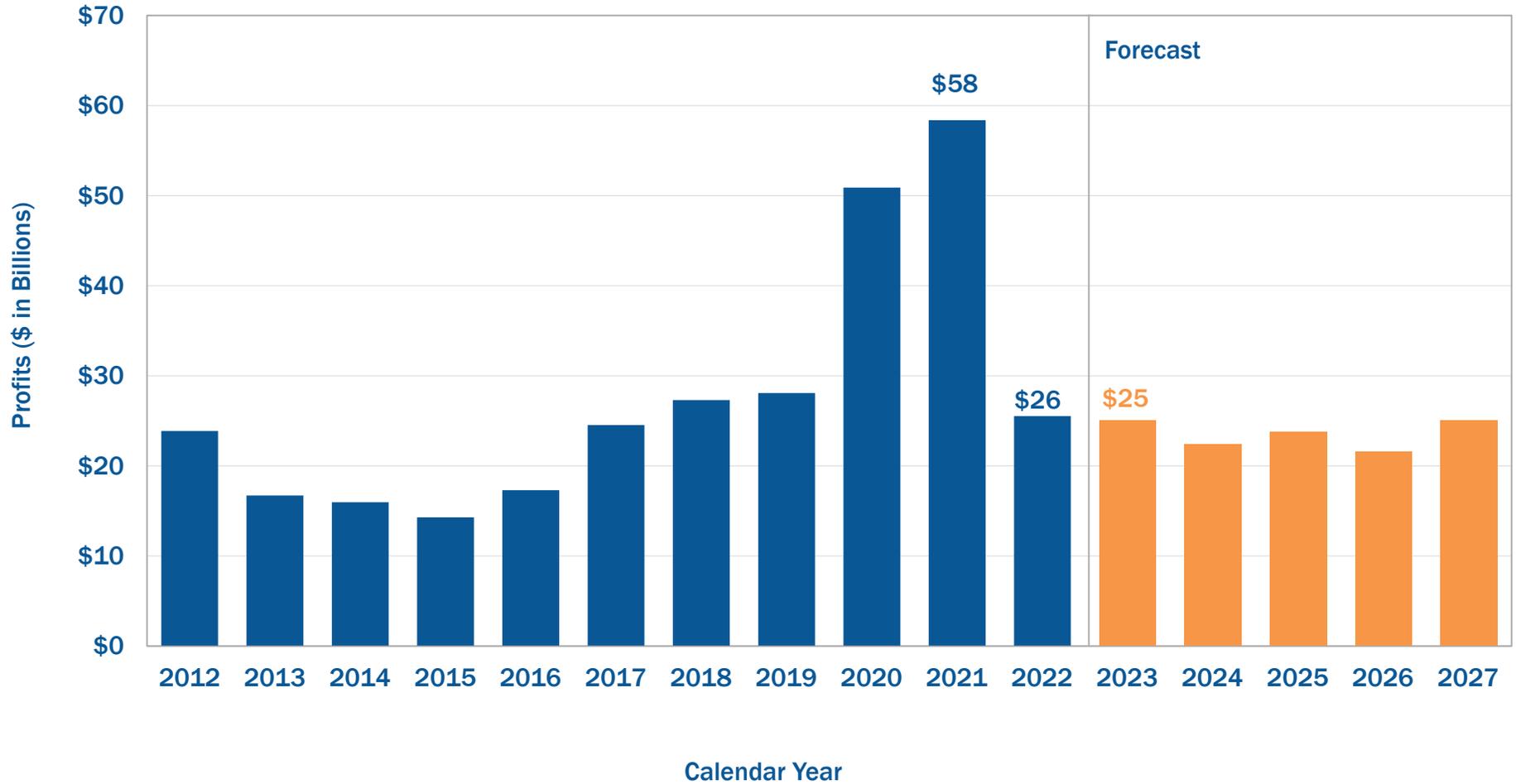
# Hotel Demand Has Almost Fully Recovered



Source: OMB forecast based on Costar Data

# Wall Street Remains Profitable

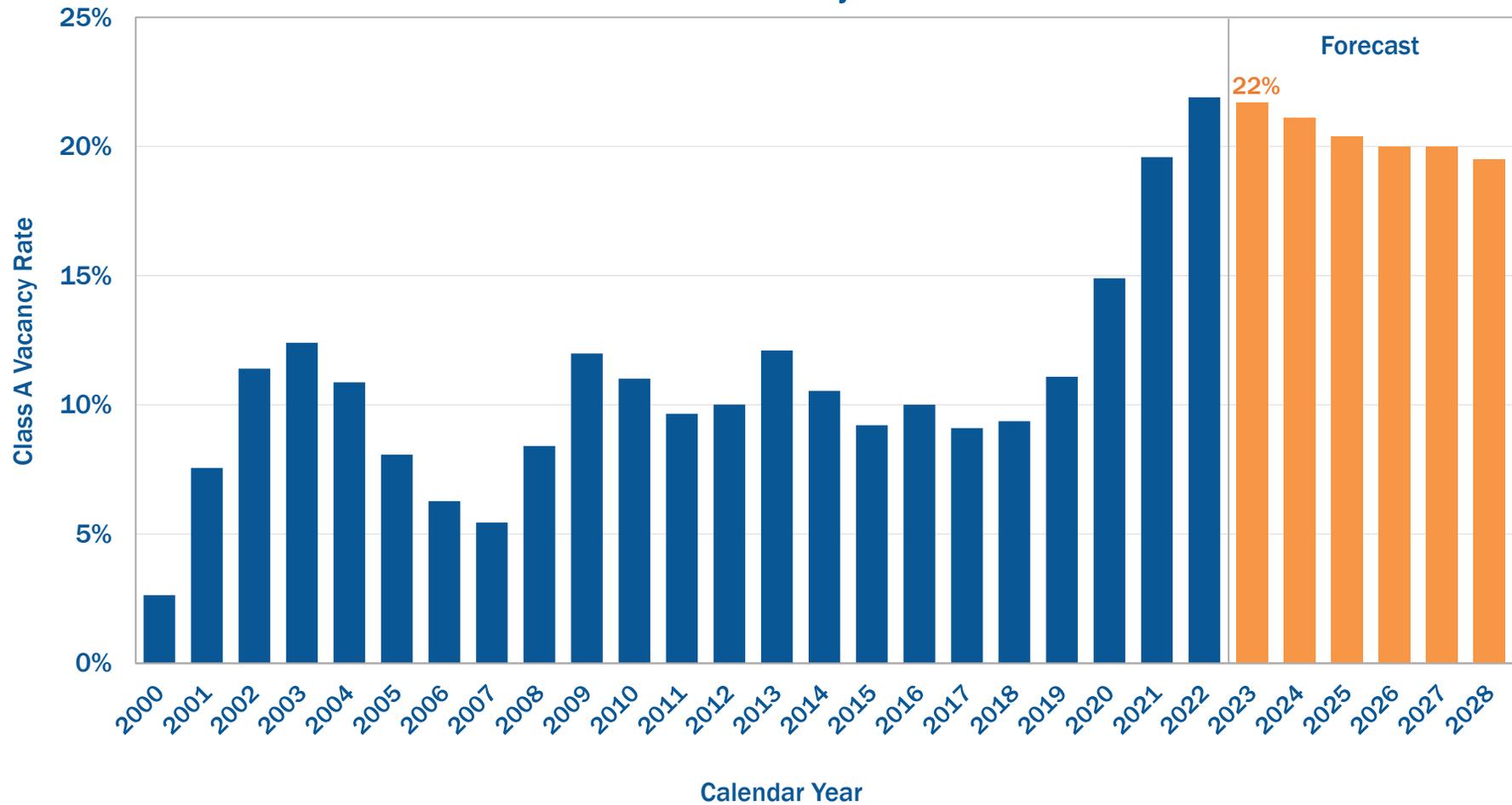
NYSE Member Firm Profits



Source: ICE-NYSE, NYC OMB

# Commercial Office Vacancy Rates Remain High Through the Forecast

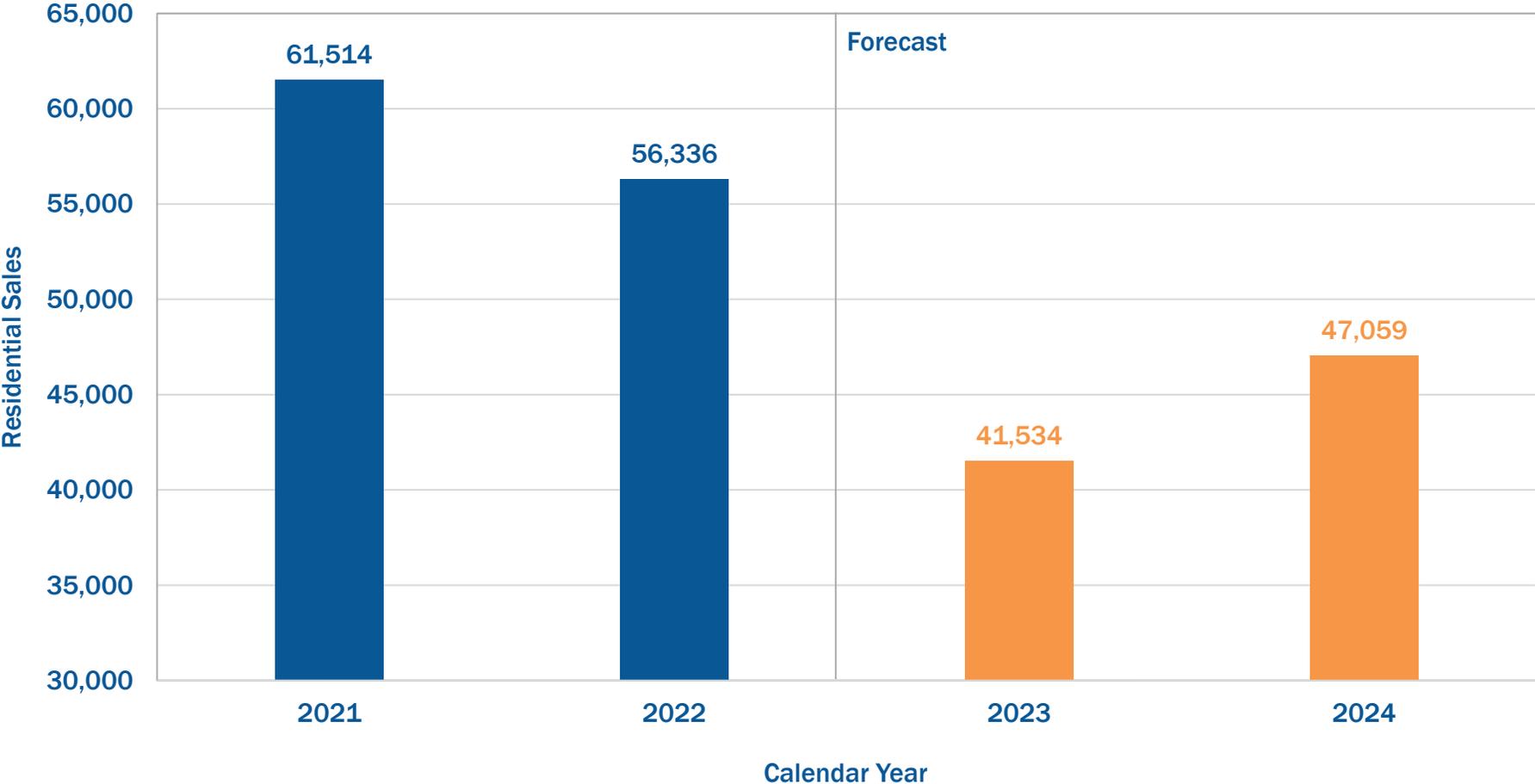
Office Vacancy Rate



Source: Cushman & Wakefield, NYC OMB

# Housing Market Activity Fell by Nearly One-Third in 2023 as Interest Rates Rose

Total Residential Sales



Source: NYC Department of Finance & NYC OMB. Includes cooperatives, condos and 1-3 family homes

# What Does This Mean for the City?

---

- Growth in 2023 generated better-than-expected revenues, but we cannot rely on revenue growth alone to resolve our current challenges
- We will stay focused on strong fiscal management by achieving savings and closely monitoring spending

# THE FY25 PRELIMINARY BUDGET

# The Fiscal Year 2025 Preliminary Budget Is Balanced at \$109.4B

---

- We closed the FY25 budget gap without additional federal aid or a tax increase through a PEG on agency and asylum seeker spending, and by recognizing better-than-expected revenues
- We also utilized annual reserves – a customary practice at this point in the budget cycle
- Outyear gaps are reduced to:
  - FY26: \$5.2B
  - FY27: \$5.1B
  - FY28: \$6.0B

# Revenues Were Revised Upwards in Light of Better-Than-Expected Economic Growth

---

- Tax revenue has been revised up by \$1.3B in FY24 and \$1.6B in FY25 compared with the November 2023 Financial Plan
  - This is due to better than anticipated economic performance in 2023
  - We used these additional revenues to help remain balanced in FY24 and close the FY25 gap
- Tax revenue growth is expected to remain slow in upcoming fiscal years as the local economy cools

# 99% of the Agency PEG Savings Over FY24 and FY25 Had No Impact on Services

---

- NYPD, FDNY, and DSNY were not required to submit PEG savings because additional budget cuts could impact public safety, health, and cleanliness
- Every other agency met their PEG target
- After reviewing PEG submissions, we determined that some agencies could only meet their target by reducing services
  - We adjusted targets for DOE, DSS, DYCD, and DFTA to minimize service disruptions
  - Held ALL public libraries harmless
- We minimized service reductions, and did not lay off a single employee or raise taxes

# The PEG Generated Savings of Almost \$3.1B Over FY24 and FY25

---

- This includes \$1.7B in asylum seeker cost savings over the two fiscal years
- Total PEG savings since June is nearly \$6.6B over FY24 and FY25 – a record level

# FY25 Budget Reserves are at a Near Record Level

---

- Budget Reserves are \$8.2B, a near record level
  - General Reserve: \$1.2B
  - Rainy Day Fund: \$1.96B
  - Retiree Health Benefits Trust: \$4.8B
  - Capital Stabilization Reserve: \$250M

# Restoring PEGs to Agencies That Support Our Children and Keep New York Safe and Clean with Asylum Seeker Savings

---

- **We restored nearly \$200M of PEG savings in FY24 and FY25**
  - **NYPD:** reinstate the April 2024 academy class of 600 Police Officers who will be on the street in October
  - **FDNY:** return a fifth firefighter at 20 engine companies and maintain 190 firefighters on payroll who are not expected to be able to return to full-duty status
  - **DSNY:** restore service for 23,000 litter baskets across the city
  - **Parks:** restore the Parks Opportunity Program that provides paid work experience cleaning and greening parks throughout NYC
  - **DOE:** funding for 170 Community Schools

# REDUCING RISK AND INCREASING TRANSPARENCY

# Addressing Cliffs and Funding Critical Needs

---

- **DOE**

- Charter schools (\$33M in FY25 growing to \$729M in FY28)
- Pupil transportation (\$265M in FY25 increasing to \$536M in FY28)
- Carter Cases (\$100M in FY24 ramping up to \$400M in FY28)
- Support Summer Rising with city funds instead of expiring COVID stimulus (\$80M in FY25)

- **DSS**

- Cash assistance program needs (\$468M in FY24)
- CityFHEPS rental assistance (\$442M in FY24)

# Mitigating the City's Asylum Seeker Costs and Reflecting More Accurate Outyear Needs

---

- We have updated the asylum seeker assistance we expect to receive from the state in FY24 and FY25
  - This reduces the city's share of costs
- We also added \$500M in city funds to FY26 and FY27

# REVENUE AND EXPENSE CHANGES

# January 2024 Financial Plan

## City Funds - (\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
<b>Gap to be Closed - November 2023 Financial Plan</b>	\$---	(\$7,110)	(\$6,463)	(\$6,385)	(\$6,879)
<b>REVENUE CHANGES:</b>					
Tax Revenues	\$1,297	\$1,632	\$1,910	\$2,165	\$1,666
Non-Tax Revenues	152	58	43	37	37
Water Rental Payment	145	295	---	---	---
PEG - Revenue	69	20	20	20	20
<b>Total Revenue Changes</b>	<b>\$1,663</b>	<b>\$2,005</b>	<b>\$1,973</b>	<b>\$2,222</b>	<b>\$1,723</b>
<b>EXPENSE CHANGES:</b>					
Agency Expense Changes	\$2,484	\$446	\$621	\$949	\$1,396
PEG - Expense	(637)	(524)	(559)	(567)	(521)
PEG - Restorations	66	129	133	135	140
PEG - Asylum Seekers	(515)	(1,229)	---	---	---
Asylum Seekers	(750)	(750)	500	500	---
Pensions	(273)	6	27	27	27
Debt Service	(48)	(47)	(62)	(90)	(155)
General Reserve	(1,150)	---	---	---	---
Capital Stabilization Fund	(250)	---	---	---	---
Prior Payables	(400)	---	---	---	---
<b>Total Expense Changes</b>	<b>(\$1,473)</b>	<b>(\$1,969)</b>	<b>\$660</b>	<b>\$954</b>	<b>\$887</b>
<b>Gap to be Closed Before Prepayments</b>	<b>\$3,136</b>	<b>(\$3,136)</b>	<b>(\$5,150)</b>	<b>(\$5,117)</b>	<b>(\$6,043)</b>
FY 2024 Prepayment	(\$3,136)	\$3,136	\$---	\$---	\$---
<b>Gap to be Closed - January 2024 Financial Plan</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$5,150)</b>	<b>(\$5,117)</b>	<b>(\$6,043)</b>
<b>Total Asylum Seeker Plan</b>					
City Funds	\$2,302	\$3,561	\$2,500	\$1,500	\$---
State Funds	1,761	1,312	---	---	---
Federal Funds	156	---	---	---	---
<b>Total</b>	<b>\$4,219</b>	<b>\$4,873</b>	<b>\$2,500</b>	<b>\$1,500</b>	<b>\$---</b>

# Five Year Financial Plan Revenue And Expenditures

## City Funds - (\$ in Millions)

REVENUES	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Taxes</b>					
General Property Tax	\$32,691	\$33,202	\$33,854	\$34,818	\$35,452
Other Taxes	39,590	40,970	42,241	44,030	45,478
Tax Audit Revenue	747	773	773	773	773
<b>Subtotal: Taxes</b>	<b>\$73,028</b>	<b>\$74,945</b>	<b>\$76,868</b>	<b>\$79,621</b>	<b>\$81,703</b>
Miscellaneous Revenues	8,621	8,100	7,707	7,646	7,637
Unrestricted Intergovernmental Aid	17	---	---	---	---
Less: Intra-City Revenue	(2,270)	(1,997)	(2,001)	(1,998)	(1,997)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
<b>Total City Funds</b>	<b>\$79,381</b>	<b>\$81,033</b>	<b>\$82,559</b>	<b>\$85,254</b>	<b>\$87,328</b>
<b>EXPENDITURES</b>					
Personal Service <sup>(1)</sup>	\$41,968	\$44,154	\$46,634	\$48,466	\$50,984
Other Than Personal Service	31,547	31,179	30,905	31,101	30,784
Debt Service <sup>(1),(2)</sup>	7,516	8,029	8,720	9,354	10,153
FY 2023 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(5,479)	---	---	---	---
FY 2024 Budget Stabilization <sup>(2)</sup>	3,779	(3,779)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
<b>Total Expenditures</b>	<b>\$79,381</b>	<b>\$81,033</b>	<b>\$87,709</b>	<b>\$90,371</b>	<b>\$93,371</b>
<b>Gap To Be Closed</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$5,150)</b>	<b>(\$5,117)</b>	<b>(\$6,043)</b>

<sup>(1)</sup> Fiscal Year 2023 Budget Stabilization and Discretionary Transfers total \$5.479 billion, including GO of \$2.812 billion, TFA-FTS of \$2.167 billion, and Retiree Health Benefits of \$500 million.

<sup>(2)</sup> Fiscal Year 2024 Budget Stabilization total \$3.779 billion, including GO of \$1.336 billion and TFA-FTS of \$2.443 billion.

# Five Year Financial Plan Revenue And Expenditures

## All Funds - (\$ in Millions)

REVENUES	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Taxes</b>					
General Property Tax	\$32,691	\$33,202	\$33,854	\$34,818	\$35,452
Other Taxes	39,590	40,970	42,241	44,030	45,478
Tax Audit Revenue	747	773	773	773	773
<b>Subtotal: Taxes</b>	<b>\$73,028</b>	<b>\$74,945</b>	<b>\$76,868</b>	<b>\$79,621</b>	<b>\$81,703</b>
Miscellaneous Revenues	8,621	8,100	7,707	7,646	7,637
Unrestricted Intergovernmental Aid	17	---	---	---	---
Less: Intra-City Revenue	(2,270)	(1,997)	(2,001)	(1,998)	(1,997)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
<b>Subtotal: City Funds</b>	<b>\$79,381</b>	<b>\$81,033</b>	<b>\$82,559</b>	<b>\$85,254</b>	<b>\$87,328</b>
Other Categorical Grants	1,271	1,086	1,081	1,080	1,080
Inter-Fund Revenues	728	729	737	738	738
Federal Categorical Grants	12,485	7,741	7,215	7,165	7,249
State Categorical Grants	20,239	18,852	17,596	17,658	17,809
<b>Total Revenues</b>	<b>\$114,104</b>	<b>\$109,441</b>	<b>\$109,188</b>	<b>\$111,895</b>	<b>\$114,204</b>
<b>EXPENDITURES</b>					
<b>Personal Service</b>					
Salaries and Wages	\$32,966	\$32,738	\$33,948	\$35,069	\$36,039
Pensions	9,355	10,379	10,801	10,926	11,867
Fringe Benefits <sup>(1)</sup>	13,302	13,956	14,707	15,279	15,885
<b>Subtotal: Personal Service</b>	<b>\$55,623</b>	<b>\$57,073</b>	<b>\$59,456</b>	<b>\$61,274</b>	<b>\$63,791</b>
<b>Other Than Personal Service</b>					
Medical Assistance	\$6,615	\$6,454	\$6,583	\$6,733	\$6,883
Public Assistance	2,467	1,650	1,650	2,000	2,463
All Other	45,666	40,413	38,339	38,065	37,392
<b>Subtotal: Other Than Personal Service</b>	<b>\$54,748</b>	<b>\$48,517</b>	<b>\$46,572</b>	<b>\$46,798</b>	<b>\$46,738</b>
Debt Service <sup>(1),(2)</sup>	7,653	8,177	8,861	9,488	10,265
FY 2023 Budget Stabilization and Discretionary Transfers <sup>(1)</sup>	(5,479)	---	---	---	---
FY 2024 Budget Stabilization <sup>(2)</sup>	3,779	(3,779)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,270)	(1,997)	(2,001)	(1,998)	(1,997)
<b>Total Expenditures</b>	<b>\$114,104</b>	<b>\$109,441</b>	<b>\$114,338</b>	<b>\$117,012</b>	<b>\$120,247</b>
<b>Gap To Be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>(\$5,150)</b>	<b>(\$5,117)</b>	<b>(\$6,043)</b>

<sup>(1)</sup> Fiscal Year 2023 Budget Stabilization and Discretionary Transfers total \$5.479 billion, including GO of \$2.812 billion, TFA-FTS of \$2.167 billion, and Retiree Health Benefits of \$500 million.

<sup>(2)</sup> Fiscal Year 2024 Budget Stabilization total \$3.779 billion, including GO of \$1.336 billion and TFA-FTS of \$2.443 billion.

BUDGET  
V  
**#GETSTUFFDONE!**