

**Snapshot:**

# **Key Findings From IBO's Latest Economic Forecast & Review of the Mayor's 2024 Preliminary Budget and Financial Plan**

**February 9, 2023**



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## Key Findings

### Current Year Surplus: \$2.8 Billion More Than Mayor's Estimate

IBO projects that the city will end fiscal year 2023 with a \$4.9 billion surplus, \$2.8 billion more than the surplus projected by the Office of Management and Budget (OMB) in the Preliminary Budget. This higher surplus is the result of IBO's forecast of \$1.8 billion more in anticipated tax revenues in 2023 than OMB, coupled with IBO's estimate that city-funded spending will total about \$1.0 billion less than budgeted in the Preliminary Budget. IBO projects that the city will underspend on personal services costs, offset somewhat by increased estimates of city-funded costs in other areas of the budget, including for the [Department of Education, overtime at the uniform agencies,](#) and for [costs related to asylum seekers.](#)

### Surplus in FY 2024, and Manageable Outyear Gaps

IBO assumes the city will prepay some of next year's expenses with this year's surplus, resulting in a surplus of \$2.6 billion in fiscal year 2024. After 2024, IBO projects gaps of \$2.8 billion, \$3.9 billion, and \$2.9 billion in fiscal years 2025, 2026 and 2027, respectively. These gaps, while not insubstantial, are well within the range the city has closed in the past. The city could also roll forward some of its 2024 projected surplus to help close the gap in 2025.

### Slowing Tax Revenue Growth in the Near Term

Led by strong growth in revenue from property, sales, and hotel taxes, IBO forecasts \$70.6 billion in total tax revenue this fiscal year, \$1.2 billion (1.7 percent) greater than 2022 collections. However, slower economic growth, higher interest rates, and the end of Wall Street's bull market in calendar year 2022 have generated declines in the forecasts of business income, personal income, and property transfer taxes. Further decreases in business and personal income taxes are expected next fiscal year, and with the projection of only modest property tax growth, IBO's forecast of total tax revenue in 2024 is \$69.7 billion, 1.3 percent less than 2023 revenue. After 2024, the tax revenue forecast increases at an average annual rate of 3.8 percent through 2027—a modest growth rate in comparison to typical annual growth during the last economic expansion.

### Slowing Employment Forecast

IBO estimates that the city ended 2022 with a net gain of 212,300 jobs, bringing employment back to 97.6 percent of its pre-pandemic level. Given the broader economic slowdown nationwide, however, we project that local employment growth will slow substantially, to an annual gain of 45,700 jobs for 2023. Compared with our December outlook, [employment growth](#) in the leisure and hospitality industry has improved while we project a stalling of

## Slowing Employment Forecast (*continued*)

current-year growth for the information and finance sectors. We forecast growth will double to 93,000 jobs in 2024, before moderating to an average gain of 67,300 jobs each year from 2025 to 2027.

## Asylum Seeker Shelter Costs Grow, State Proposes Some Relief

IBO estimates the bulk of city spending on asylum seekers to be [ongoing shelter costs](#), which we project will total at least \$609 million in 2023 and \$852 million in 2024. The state Executive Budget proposes 29 percent reimbursement for asylum seeker shelter costs, up to \$1 billion, over two years. With the city's allocation of federal asylum seeker aid unknown, IBO assumes that the city and state will cover many of these costs. Based on the state's proposal, IBO estimates city spending on shelter for asylum seekers will total \$432 million and \$605 million for this year and next, respectively. An influx of asylum seekers beyond our current shelter census forecast would increase this estimate, as would any reduction in proposed state funding. Federal aid would reduce the city cost.

## Vacancy Reduction Brings Savings; City Workforce Shrinking

The number of [full-time municipal employees](#) has fallen since the pandemic began from 301,000 in January 2020 to just under 281,000 in November 2022. IBO estimates personnel services costs to be less than those currently budgeted by approximately \$1.4 billion in 2023, primarily as a result of the lower number of active workers. As part of the Program to Eliminate the Gap (PEG) included in the Preliminary Budget, the administration enacted a 50 percent vacancy reduction, which is estimated to save the city \$145 million in 2023 and \$285 million in 2024. While the city has seen reduced costs due to the decline of active headcount, there is concern that these reductions have left some agencies unable to meet key performance targets.

## Pressure Points & Downside Risks

### State Budget Proposals Add Pressure to City

While the governor included some relief to the city in her Executive Budget (released after the Mayor's Preliminary Budget) through the proposal to help fund the shelter stays of asylum seekers, there were also several proposals that would put increased pressure on the city budget. Most notably was a proposal to increase the city's contribution to the MTA by approximately \$500 million more annually. With public transit ridership stalled at two-thirds of pre-pandemic levels, the MTA continues to face large annual operating deficits—totaling \$11.4 billion over the next four years, by the authority's latest projections. The city's increased subsidy would consist of greater contributions to paratransit costs, increasing contributions for MTA farecards for city students, and increased payroll tax offsets. The governor proposed \$300 million in one-time state aid to the MTA and an increase in the MTA-dedicated payroll tax in the MTA's service area; the city, Long Island, and parts of the Hudson Valley.

The governor also proposed ending Affordable Care Act (ACA) savings that Health + Hospitals (H+H), the city's public hospital system, has been receiving. These ACA Enhanced Federal Medicaid Assistance Percentage (eFMAP) payments have been flowing to localities, including New York City since 2015, which the city has passed on to H+H. This change would shift \$124 million in 2023 and \$343 million in 2024 onward in federal funding away from the city to the state, according to state estimates. This could increase pressure for the city to support H+H.

### Labor Negotiations

Likely, the largest risk to IBO's forecast is unsettled labor contracts. Nearly all city employees are working under expired labor contracts with negotiations between the unions and the city ongoing. According to the OMB, there is enough funding in the city's labor reserve for annual 1.25 percent wage increases. Actual increases are expected to be higher, given both the pattern in the most recent civilian contract settlements, which included three annual increases of 2.0 percent, 2.25 percent, and 3.0 percent, along with inflation averaging 8 percent during calendar year 2022. As of the Preliminary Budget, IBO estimates, for example that just a 1 percent raise would cost approximately \$362 million in fiscal year 2024, if all new labor contracts were to commence on the first day of fiscal year 2024.

### Debt Ceiling Brinkmanship and the Threat of Default

Congressional brinkmanship over federal spending and increasing the nation's debt ceiling in recent weeks has raised the threat of a national default. While lack of Congressional action has not yet resulted in a default, renewed threats to not raise the debt ceiling as a budget negotiation tactic have economic consequences. The nation's credit rating could be downgraded, driving up interest rates. Investors' confidence in financial markets would also likely be badly shaken, causing stock prices to tumble, which would slash personal savings. Moreover, U.S. debt would no longer be

## Debt Ceiling Brinkmanship and the Threat of Default

*(continued)*

regarded as one of the safest investments available to foreign investors, and global disruptions to finance could spread the recession to countries across the globe.

### NYCHA

The New York City Housing Authority's (NYCHA) 2023 operating budget shows deficits in each year of the plan. A driver of those deficits is the precipitous fall in tenant rental revenue. NYCHA's rent collection rate fell to 65 percent as of December 2022, and the authority estimates it is owed nearly half a billion dollars in unpaid back rent since 2019. In 2023, NYCHA will draw \$65 million from its reserves, leaving just \$145 million—less than one month's expenses—remaining. At a board meeting from December, NYCHA warned that without additional funding or an improvement in its rent collection, the authority will curtail property repairs and cut spending in 2024. NYCHA's capital needs are immense, standing currently at \$40 billion. While the PACT program and newly created Housing Preservation Trust will hopefully reduce NYCHA's capital needs, the timeline for these programs stretches years into the future. In the meantime, the city may need to provide additional subsidy to keep NYCHA limping along.

# Revenue and Expenditure Projections

Dollars in millions

City tax revenues and city-funded expenditures grow at roughly the same rate by 2.4 percent and 2.5 percent, respectively, from fiscal years 2022-2027.

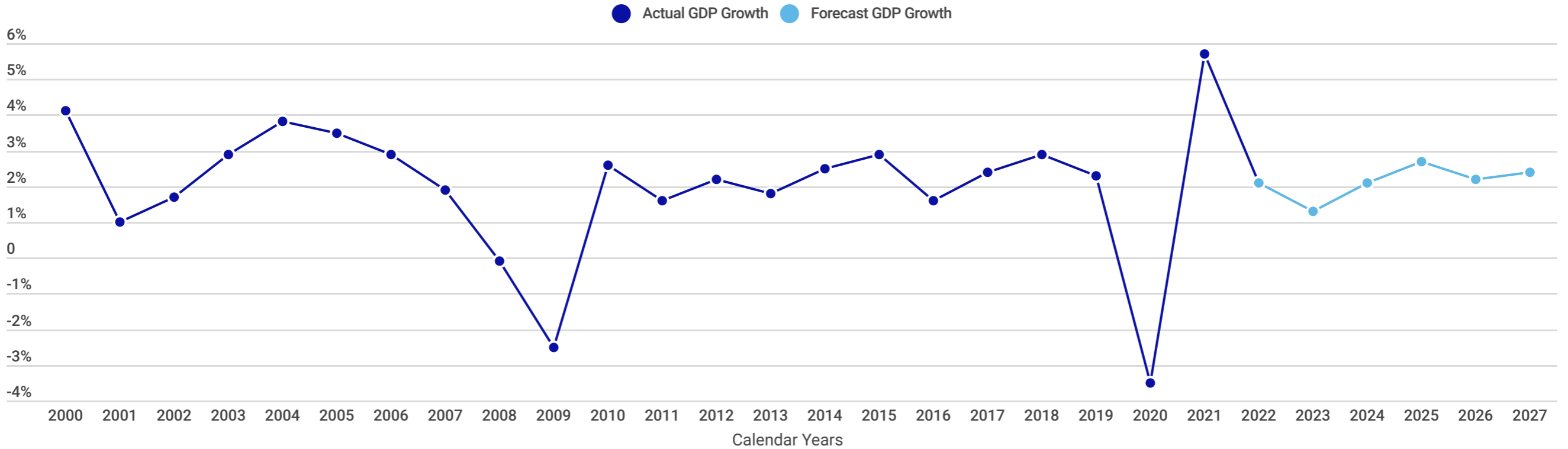
	Actuals	Plan					Average Change
	2022	2023	2024	2025	2026	2027	2022-2027
<b>Total Revenue</b>	\$107,450	\$107,502	\$104,250	\$105,073	\$106,283	\$109,772	0.4%
Total Taxes	69,450	70,609	69,669	72,172	74,532	78,021	2.4%
<b>Total Expenditures</b>	\$104,360	104,740	104,424	107,829	110,168	112,630	1.5%
<b>IBO Revenue Less Expenditures</b>	n/a	\$2,762	(\$174)	(\$2,756)	(\$3,885)	(\$2,858)	
IBO Prepayment Adjustment 2022/2023	n/a	(\$2,762)	\$2,762	-	-	-	
<b>IBO Surplus/(Gap) Projections</b>		\$0	\$2,588	(\$2,756)	(\$3,885)	(\$2,858)	
<b>Adjustments for Prepayments and Non-Recurring Expenses</b>							
Net Prepayments	(\$7)	\$3,948	\$2,166	\$0	\$0	\$0	
Annually Budgeted Reserve Funds	-	1,805	1,450	1,450	1,450	1,450	
Other Adjustments	-	-	53	150	343	455	
<b>Total Expenditures (net of adjustments)</b>	\$104,352	\$110,493	\$108,093	\$109,429	\$111,961	\$114,535	1.9%
<b>City-Funded Expenditures (net of adjustments)</b>	\$77,376	\$84,728	\$80,984	\$81,280	\$83,761	\$87,339	2.5%

NOTES: Figures may not add due to rounding. Net prepayments include payments of debt service. Positive adjustments for prepayments add to the total expenditures, negative adjustments reduce total expenditures.

# U.S. Real Gross Domestic Product Growth

IBO forecasts that real gross domestic product will increase by 1.3 percent in calendar year 2023, following the 5.7 percent economic recovery of the economy in 2021 and the projected 2.1 percent growth in 2022. The current forecasts of U.S. economic growth this year and next are far lower than forecasts IBO made a year ago.

Annual Real Gross Domestic Product Growth, With IBO Forecast



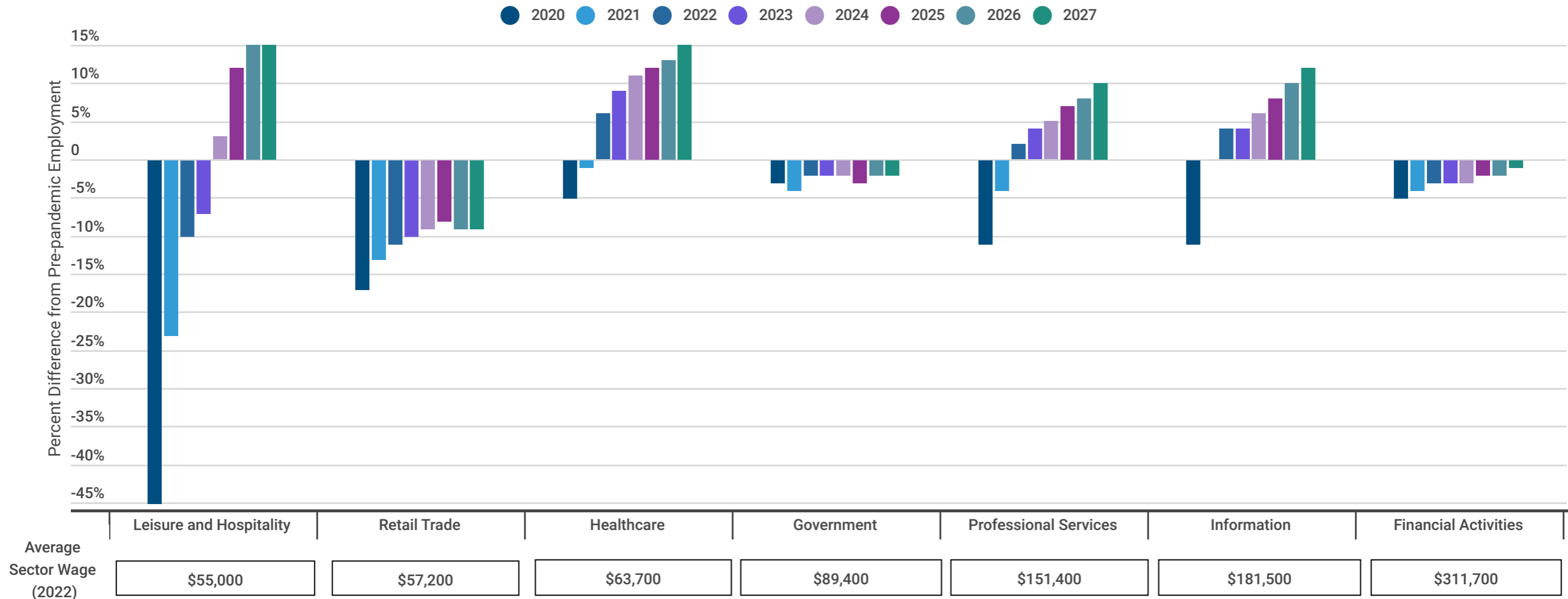
Comparison of IBO Gross Domestic Product Growth Forecasts

	2021 (Actual)	2022 (Projected)	2023	2024	2025	2026	2027
January 2023 Forecast	5.7%	2.1%	1.3%	2.1%	2.7%	2.7%	2.4%
January 2022 Forecast	5.7%	4.1%	3.1%	2.9%	2.5%	2.2%	n/a



# Lower-Wage Sectors Hit Hardest by Pandemic, But Recovery in Higher-Wage Sectors Stalling in 2023

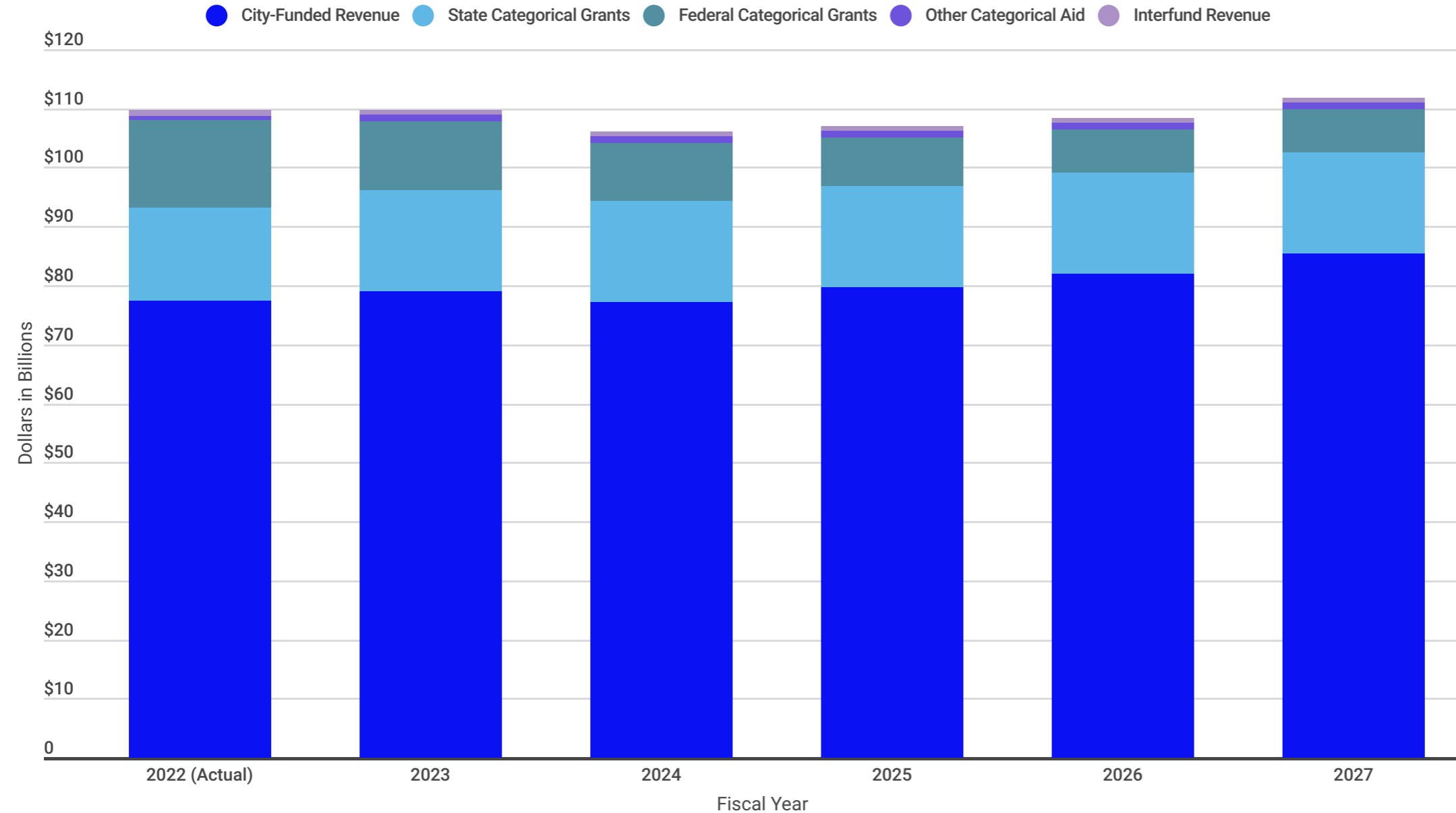
IBO's outlook for New York City employment in the leisure and hospitality sector—which suffered the heaviest pandemic losses—has continued to improve. However, two of the highest-wage sectors in the city economy show signs of weakness. Information, which had the quickest recovery of any sector from its initial pandemic losses, is projected to remain essentially flat in 2023. Financial activities, including the securities industry, is projected to decline this year, before minimal growth resumes.








SOURCES: Bureau of Labor Statistics; IBO Employment Forecast

# Total Revenue: All Sources

To see specific revenue categories, click the categories you do not want to see in the legend.



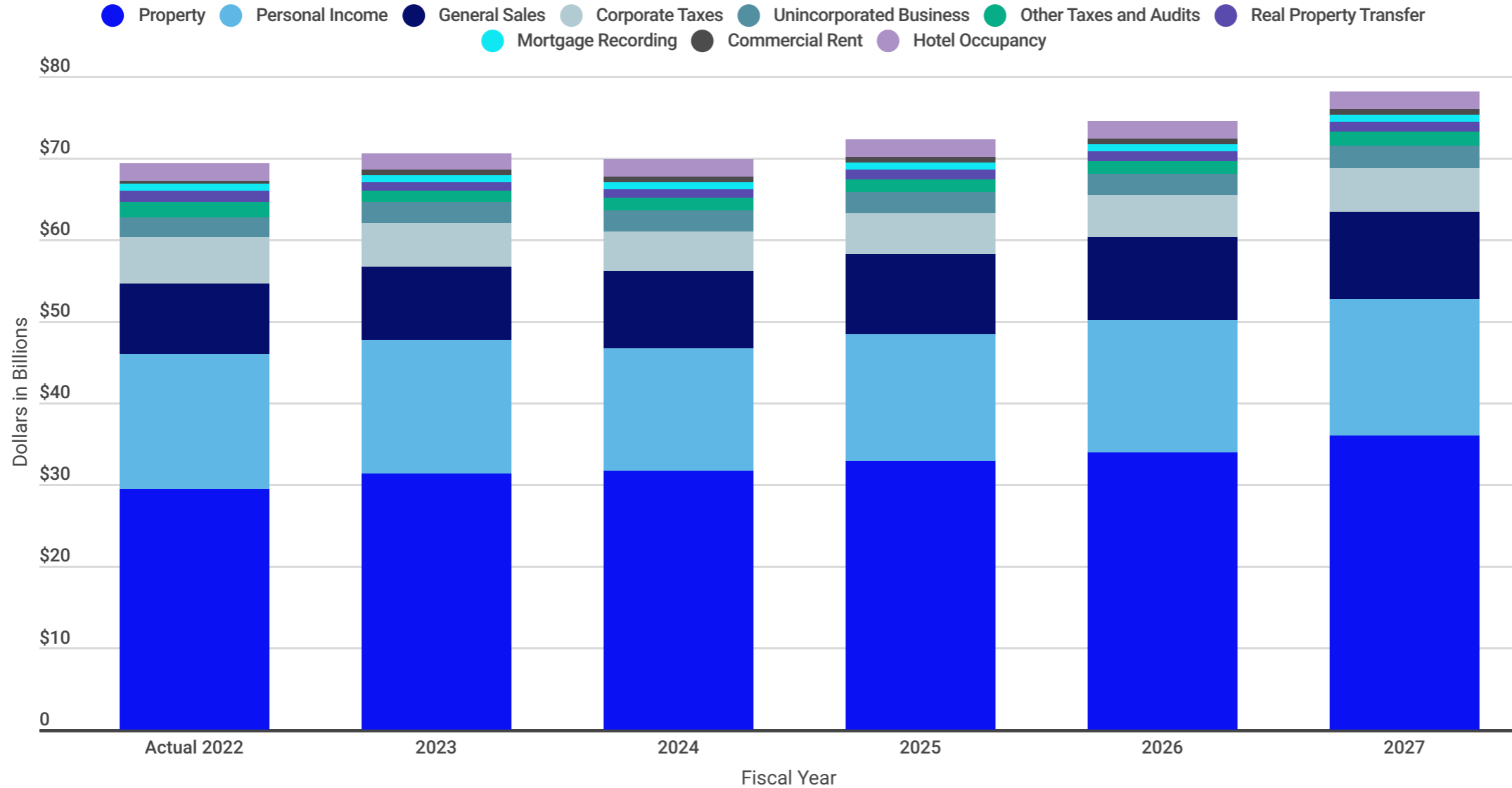
### Year-Over-Year Growth

- 
**2022-2023**  
0.0%
- 
**2023-2024**  
-3.0%
- 
**2024-2025**  
0.8%
- 
**2025-2026**  
1.2%
- 
**2026-2027**  
3.3%

# Projected Revenue by Tax

IBO forecasts that total tax revenue will decline in 2024, largely due to declines in the personal income and business taxes.

To see specific taxes, click the categories you do not want to see in the legend.

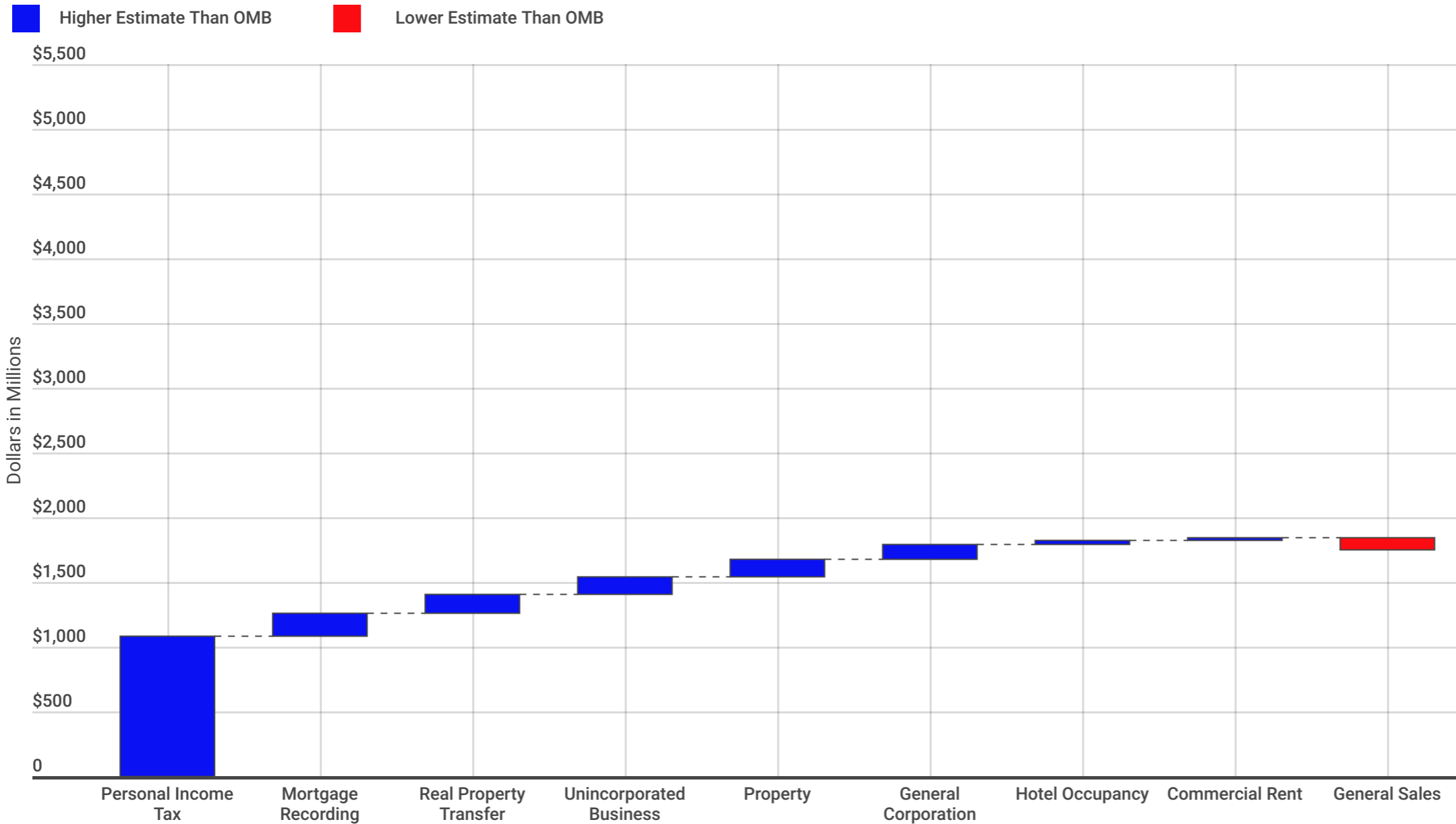


## Year-Over-Year Growth

- ↑ **2022-2023**  
1.7%
- ↓ **2023-2024**  
-1.3%
- ↑ **2024-2025**  
3.6%
- ↑ **2025-2026**  
3.3%
- ↑ **2025-2026**  
4.7%

NOTE: Personal Income Tax includes PTET collections.

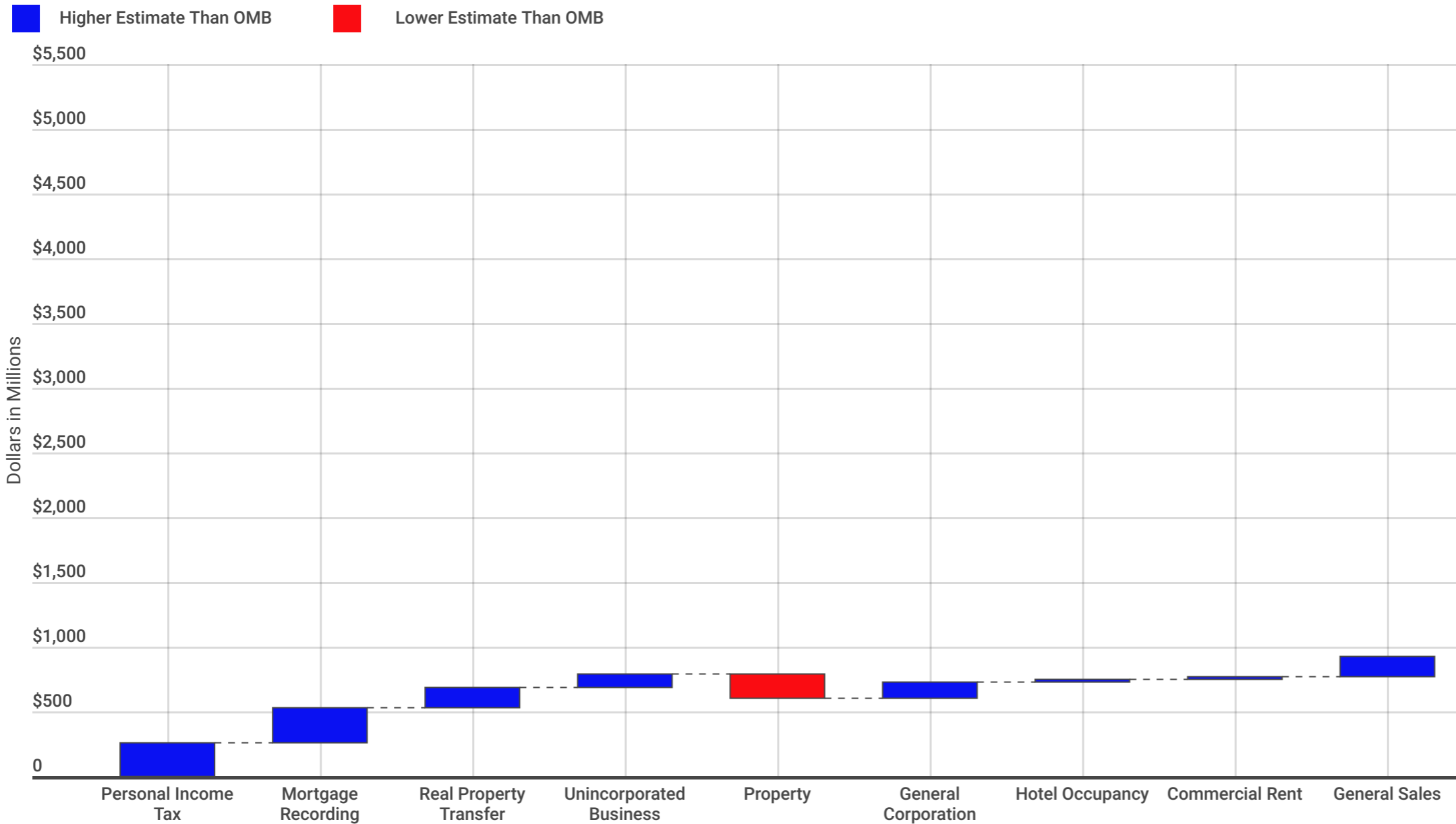
# Differences in Tax Revenue Forecasts Between IBO and OMB by Year and Tax: 2023



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2023	\$1,752
2024	\$923
2025	\$1,695
2026	\$2,631
2027	\$5,054

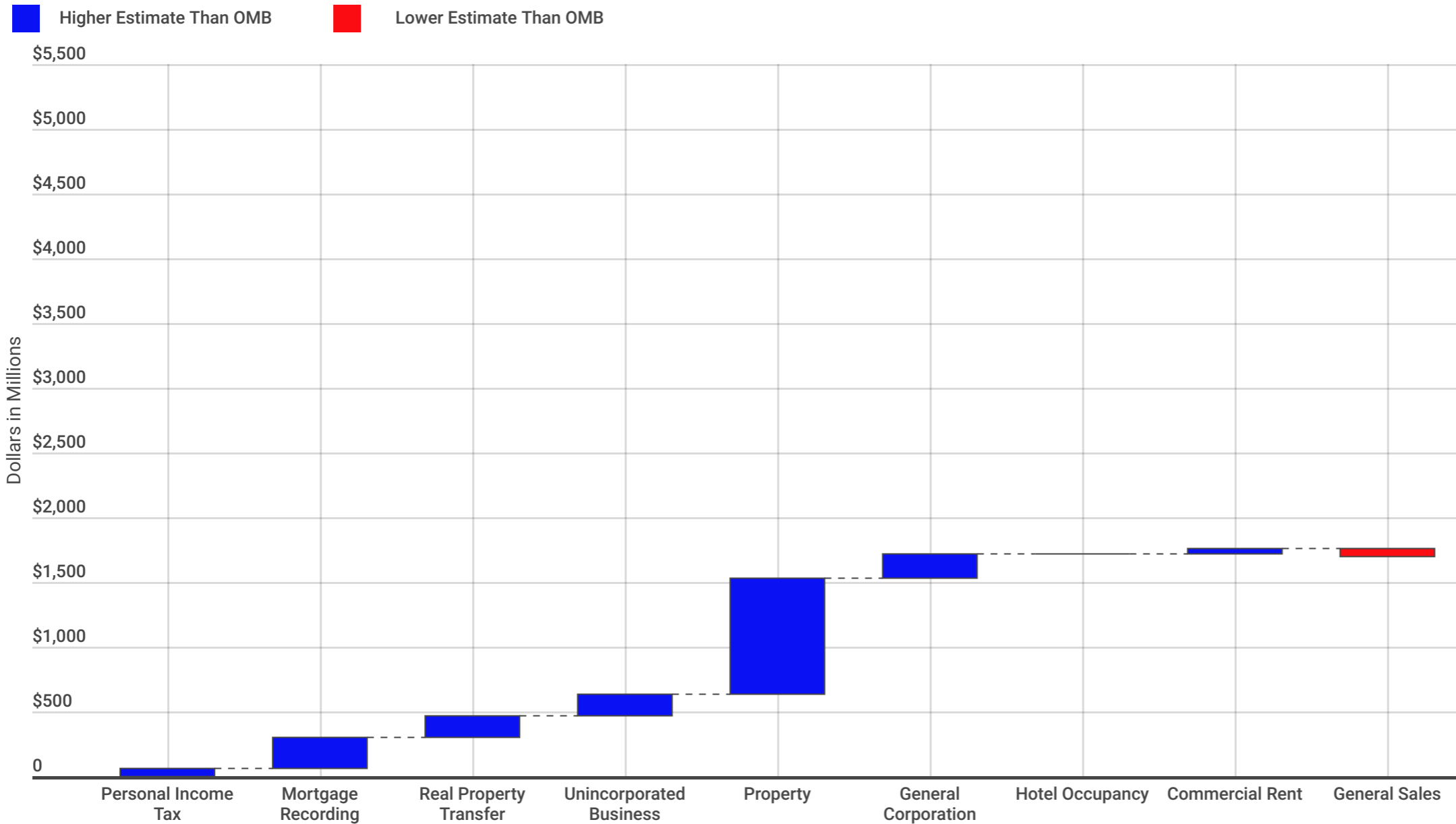
# Differences in Tax Revenue Forecasts Between IBO and OMB by Year and Tax: 2024



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2023	\$1,752
2024	\$923
2025	\$1,695
2026	\$2,631
2027	\$5,054

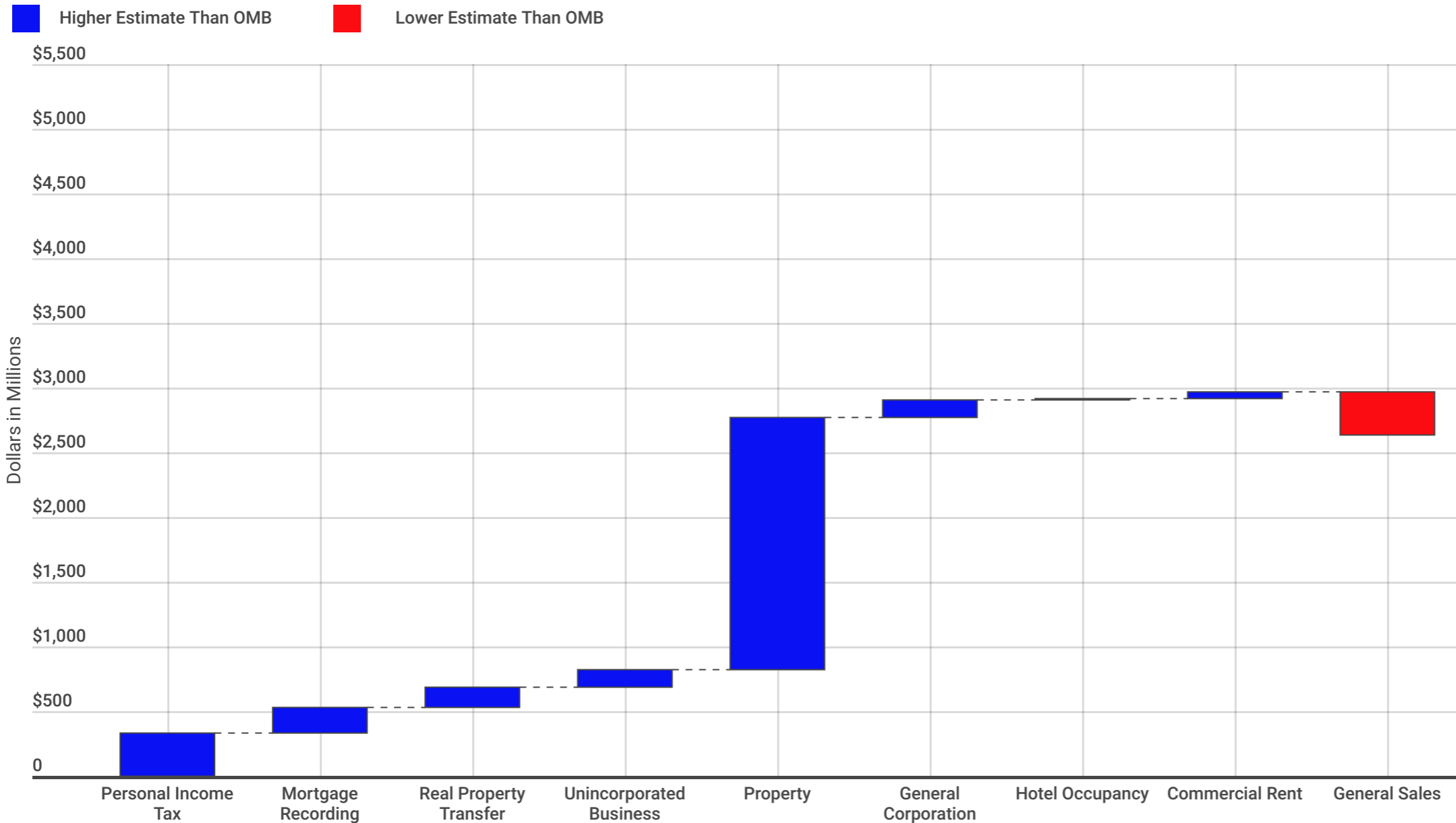
# Differences in Tax Revenue Forecasts Between IBO and OMB by Year and Tax: 2025



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2023	\$1,752
2024	\$923
2025	\$1,695
2026	\$2,631
2027	\$5,054

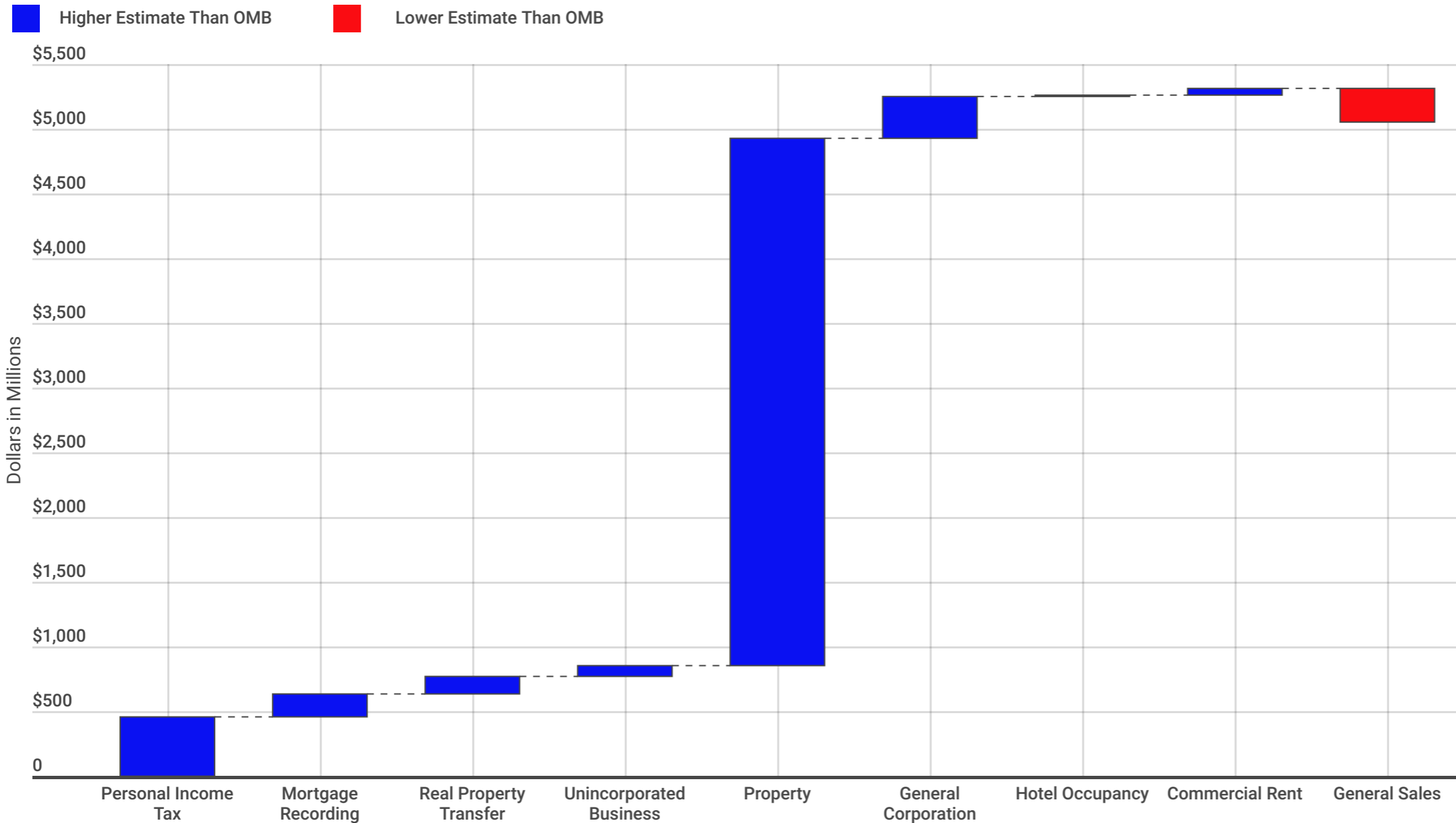
# Differences in Tax Revenue Forecasts Between IBO and OMB by Year and Tax: 2026



IBO's Total Tax Estimate Exceeds OMB's in Each Year

Fiscal Year	IBO Estimate of Additional Revenue, in millions
2023	\$1,752
2024	\$923
2025	\$1,695
2026	\$2,631
2027	\$5,054

# Differences in Tax Revenue Forecasts Between IBO and OMB by Year and Tax: 2027



IBO's Total Tax Estimate Exceeds OMB's in Each Year

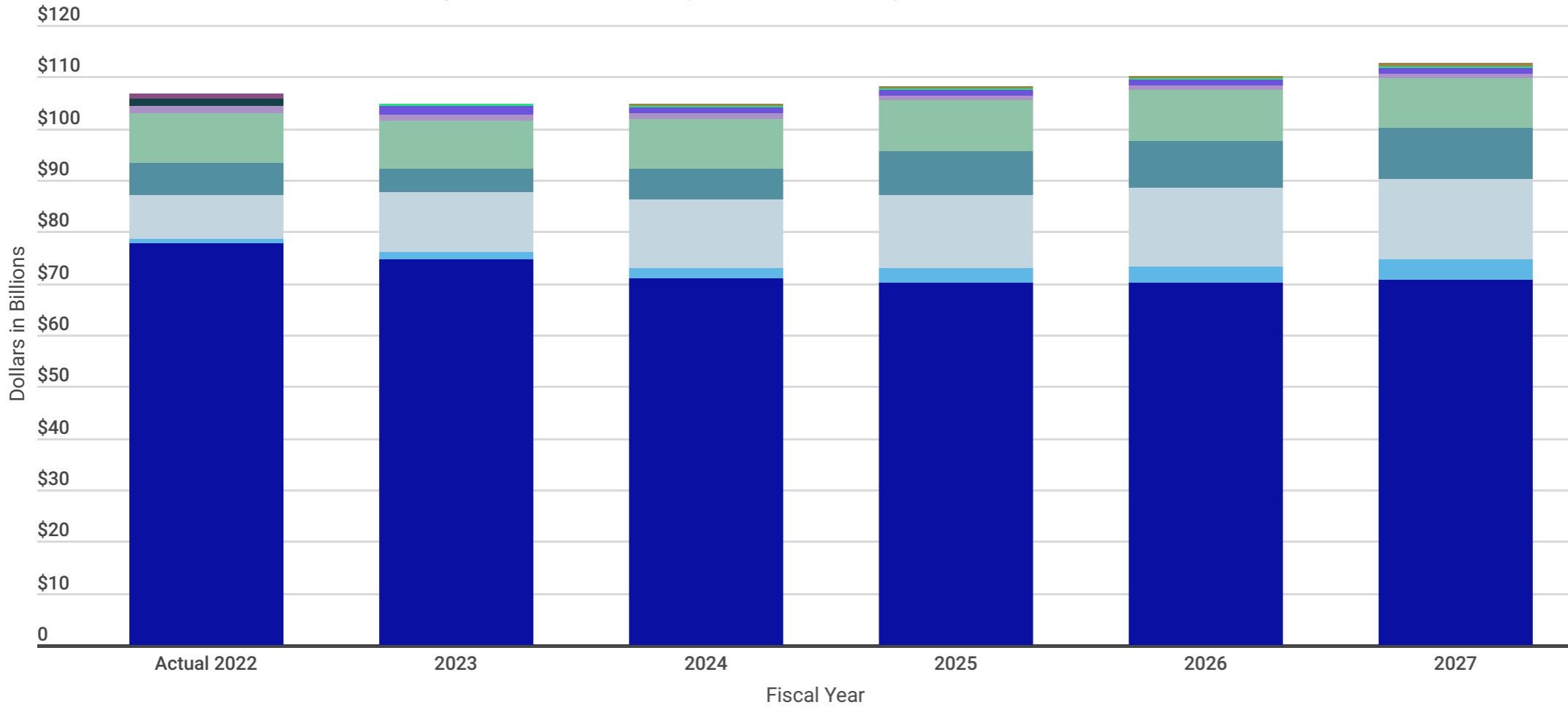
Fiscal Year	IBO Estimate of Additional Revenue, in millions
2023	\$1,752
2024	\$923
2025	\$1,695
2026	\$2,631
2027	\$5,054



# Total IBO-Estimated City Expenditures

IBO projects that based on the mayor's Preliminary Budget, along with our own spending re-estimates, city spending from all revenue sources will total \$104.7 billion in 2023, with a similar amount (\$104.5 billion) projected for 2024. Over the next several years, IBO projects spending to grow, reaching \$112.7 billion in 2027. All expenditure growth results from centralized spending—debt service, fringe benefits (particularly health insurance costs), pensions, and the labor reserve—rather than spending by individual agencies.

- Agency Expenditures
- Labor Reserve
- Fringe Benefits
- Debt Service
- Pensions
- Judgments and Claims
- General Reserve
- Capital Stabilization Reserve
- Rainy Day Fund Deposit
- Other Adjustments
- Retiree Health Benefit Trust



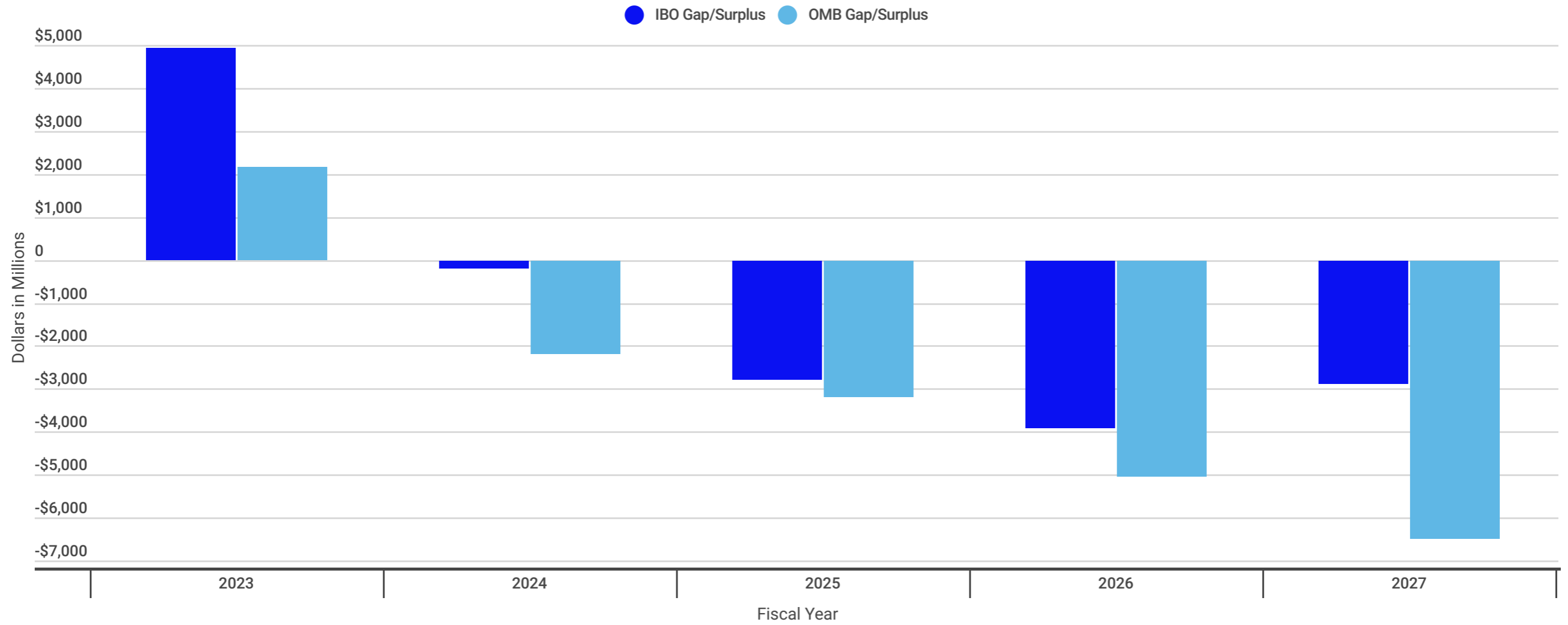
### Year-Over-Year Growth

- ↓ **2022-2023**  
(0.4%)
- ↓ **2023-2024**  
(0.1%)
- ↑ **2024-2025**  
3.3%
- ↑ **2025-2026**  
1.9%
- ↑ **2026-2027**  
2.3%

NOTES: Agency expenditures are less intra-city expenditures. Other 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. Figures may not add due to rounding.

# Gaps and Surpluses Before Prepayments: IBO v. OMB

OMB's budget is balanced for fiscal years 2023 and 2024. This chart presents OMB's surplus/gap numbers before pre-payment adjustments are applied to show the difference between IBO and OMB projections. In the Preliminary Budget, OMB's projected surplus in 2023 is applied to 2024, helping to balance the budget both years. IBO projects a greater surplus in 2023 and a smaller pre-adjustment gap in 2024 than OMB, respectively.



# DOE Needs Additional City Funding to Continue Programs Funded with Covid Aid, For Carter Cases, & More

IBO estimates the Department of Education (DOE) will require an additional \$306 million in city funds in 2023 compared with what the mayor has budgeted. This increases to \$905 million in 2024, \$1.2 billion in 2025, and \$1.5 billion in 2026 and forward.

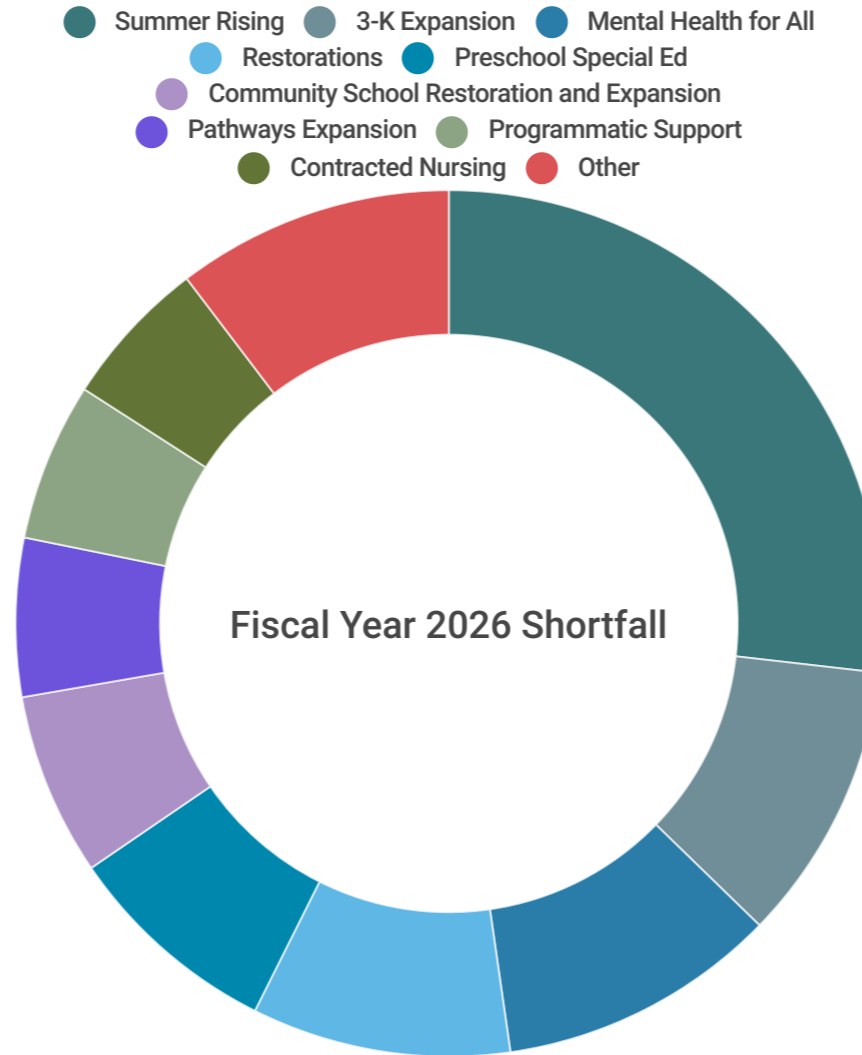
**Federal Aid Expiring:** The largest need for additional city funding in the latter years of the financial plan comes from the drop off in federal Covid-19 aid. IBO estimates the DOE will require \$5 million in 2023, growing to \$881 million in 2026 and forward to fund ongoing programs funded by this aid.

**Carter Cases:** Through Carter Cases, families of students with disabilities can enroll them in private schools and seek tuition payment from the city if they can show that public schools cannot meet their needs. City spending on Carter Cases has been growing rapidly, reaching \$918 million in 2022. IBO estimates \$252 million in additional city funds are needed in 2023, growing to \$472 million in 2024 and forward to match recent spending.

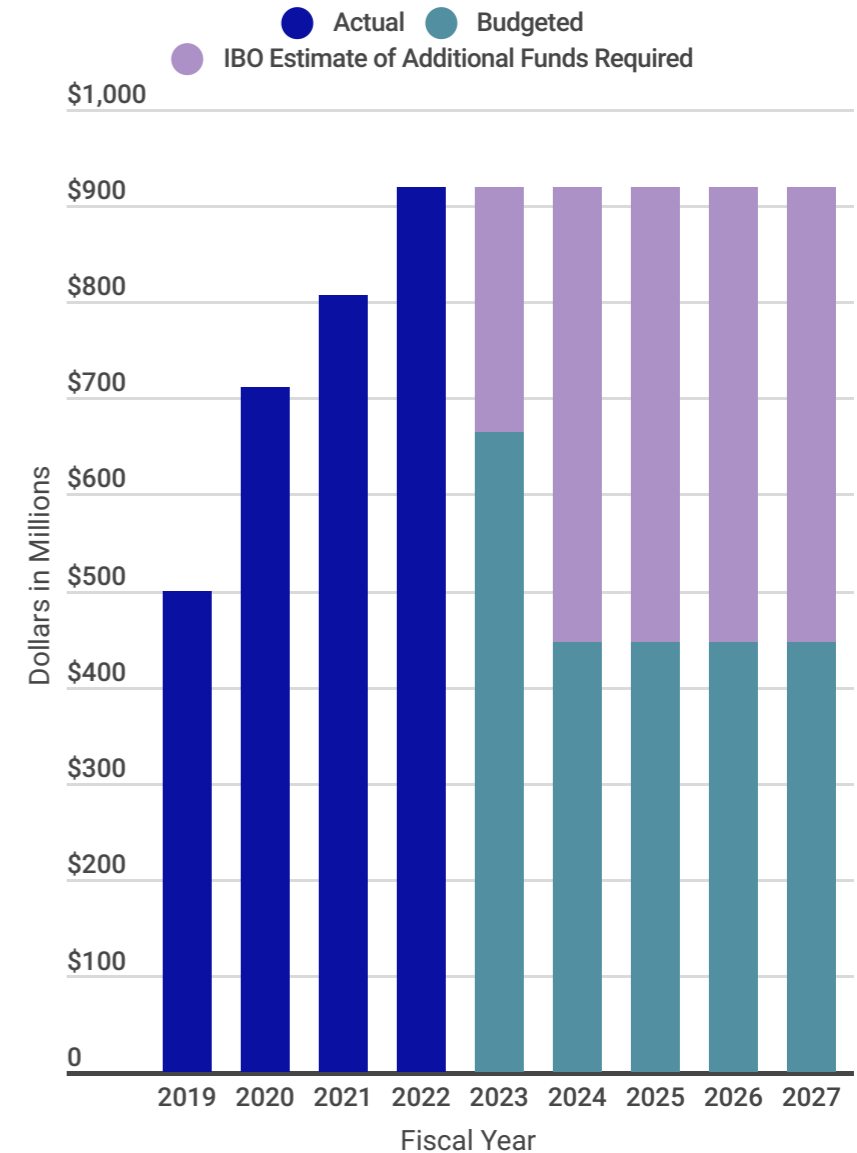
**Other Costs:** IBO estimates additional city funding is needed for charter schools. The DOE does not project enrollment growth for charters. Based on IBO's own enrollment projections, IBO anticipates the DOE will require \$29 million in 2023, \$127 million in 2024, and \$61 million in 2025, and \$92 million in 2026 and forward. Lastly, IBO projects \$20 million in city funds are needed in each year for transportation expenses that the city has budgeted with federal Medicaid funds, but IBO expects the city will have to fund instead.

## DOE Requires \$881 Million in FY 2026 & Beyond To Maintain Programs Funded with Federal Covid Relief

Dollars in millions



## DOE Requires Additional Funds For Carter Cases



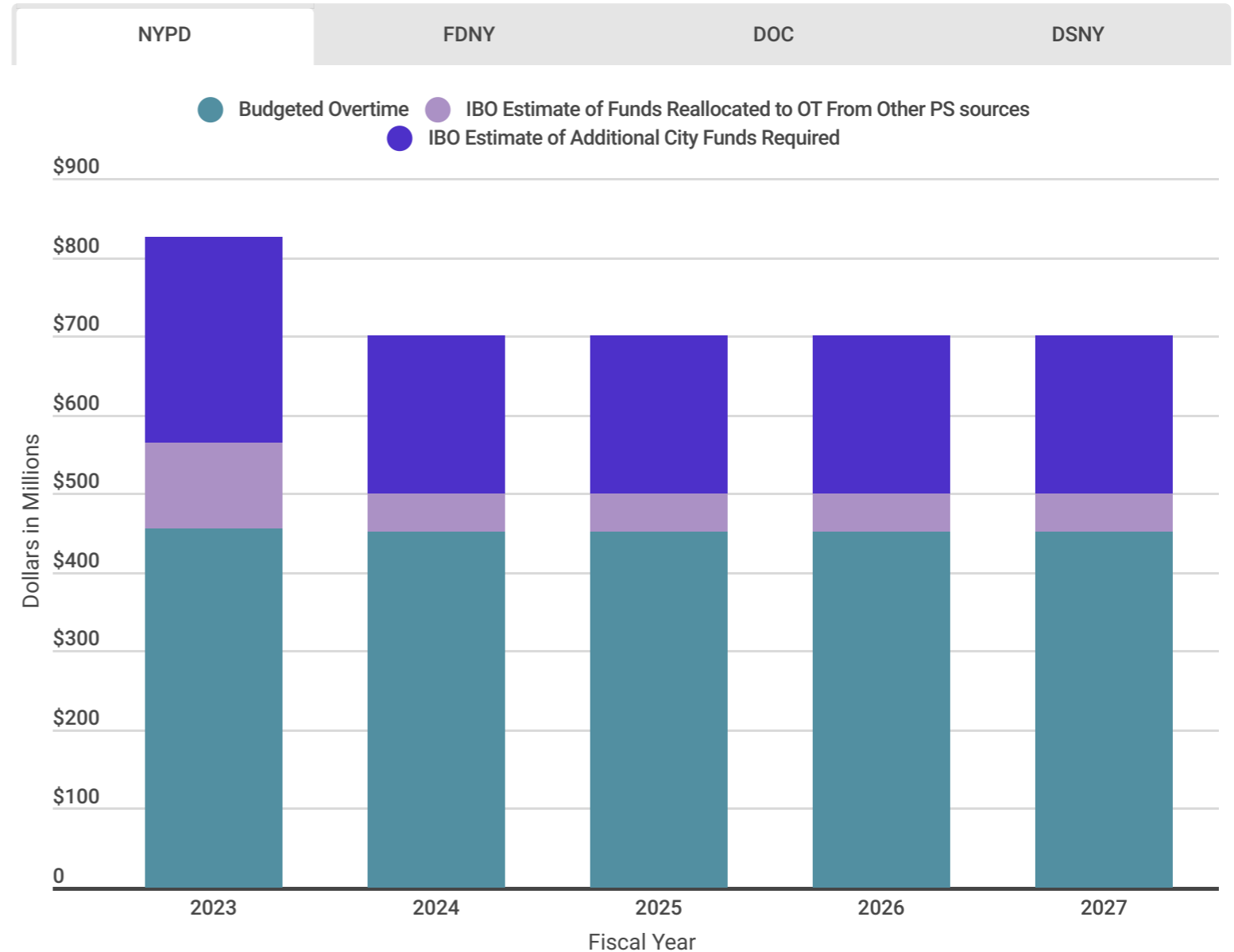
# IBO Estimates Higher Than Budgeted Overtime Costs, Driving Up Spending for NYPD, FDNY, DOC, DSNY

**Police Department:** IBO estimates NYPD is on pace to spend \$825 million on overtime in 2023, \$369 million more than is currently budgeted. About \$109 million of the additional overtime funding needed is offset by underspending in other areas of the NYPD personal services budget. This results in a \$260 million need for additional city funds for NYPD in 2023. Similar trends are seen in the outyears of the plan.

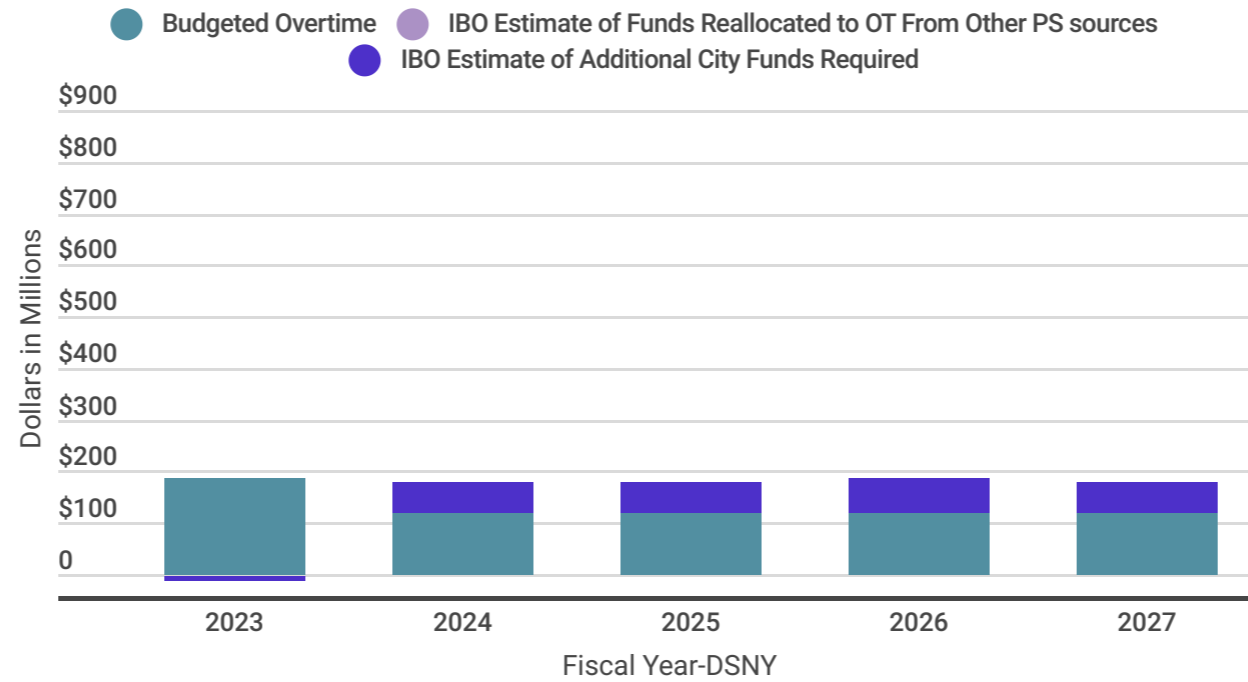
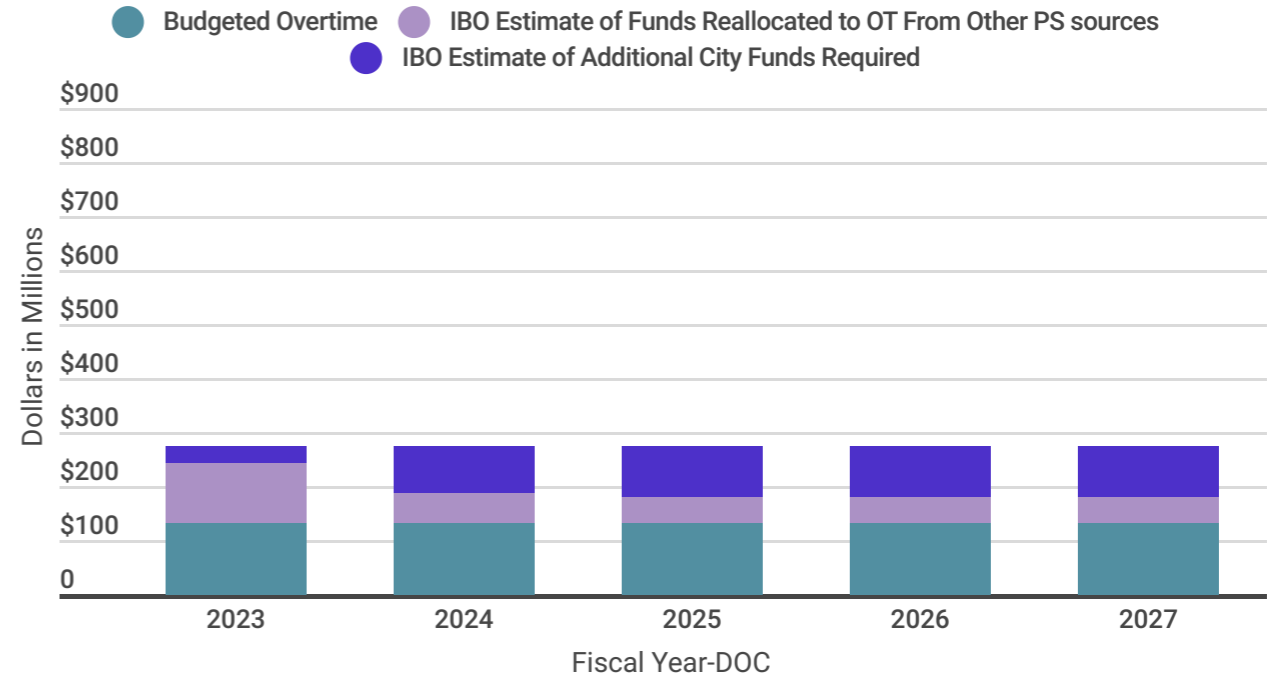
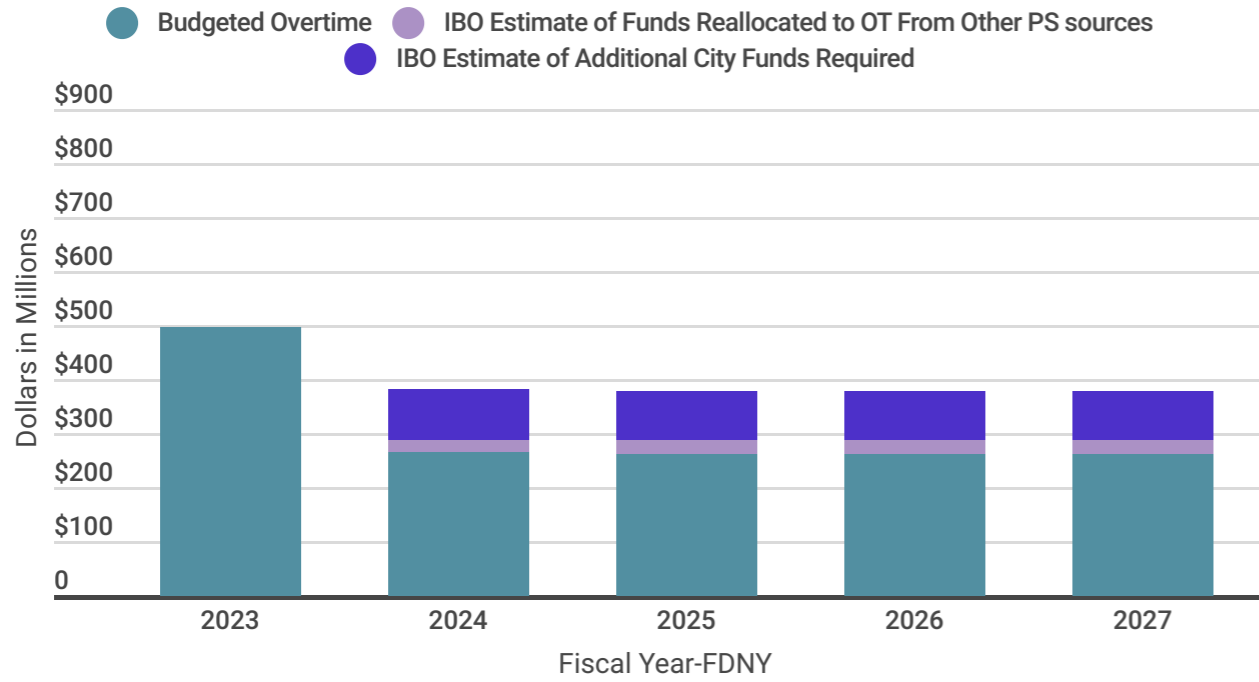
**Fire Department:** In the preliminary budget the mayor increased FDNY overtime funding to \$495 million. Future year budget amounts were not increased. IBO estimates FDNY will require \$115 million more for overtime than currently budgeted in 2024 and beyond. Like the NYPD, some of the additional funding (\$25 million) can be reallocated from other parts of the FDNY budget due to underspending, resulting in a need of about \$90 million in city funds each year for 2024 and forward.

**Department of Correction:** IBO estimates DOC will spend \$274 million overtime in 2023, \$141 million over the current budget. Some of the additional funding needed for overtime in the current year is offset by underspending in other areas of the DOC personal services budget, resulting in a \$31 million need for additional city funds for DOC in 2023. Similar trends are seen in the outyears of the plan.

**Sanitation Department:** The preliminary budget includes \$184 million for overtime costs for DSNY in 2023, falling to about \$120 million in 2024 and beyond. For 2023, IBO estimates DSNY overtime spending is slightly overbudgeted and will come closer to \$177 million, based on spending to date. However, IBO estimates that the agency will require about \$58 million in 2024 & forward to bring overtime budgeted amounts up to historic levels.



NOTE: Overtime costs include uniform and civilian costs.



## IBO Estimate of Additional City Funds Necessary to Cover Asylum Seeker Costs

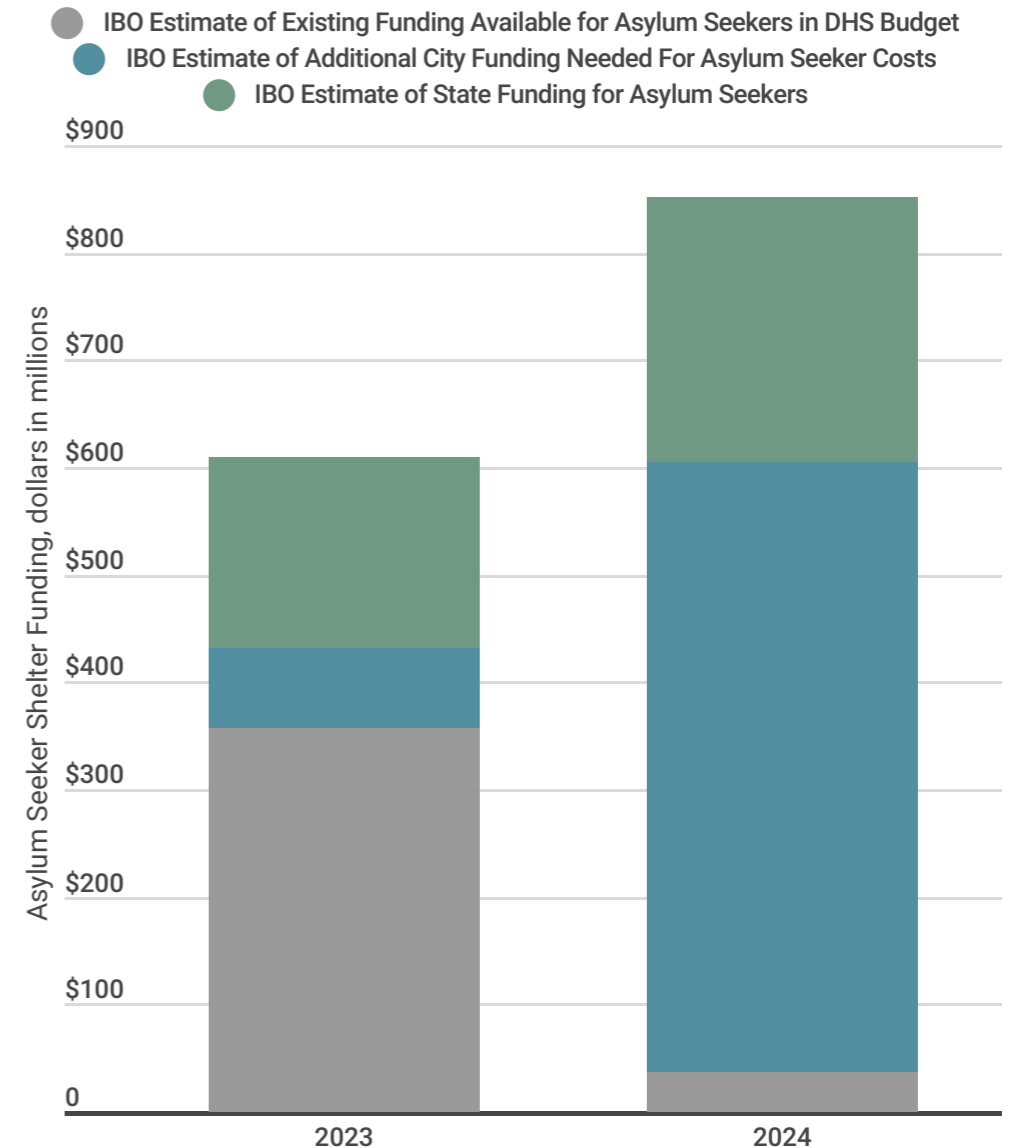
Since spring 2022, more than 40,000 asylum-seeking individuals and families are estimated to have arrived in New York City. The city budgeted \$1 billion in federal funding in 2023 to reimburse the city for costs of providing services to this population. The federal government has only authorized \$800 million for asylum seeker expenses nationally, and the share that will come to New York City remains unknown. The recently announced state Executive Budget included funding to reimburse New York City for 29 percent of the costs associated with providing shelter services to asylum seekers, up to \$1 billion in reimbursements over two years. Without specifics on the city’s federal allocation, IBO assumes that the city and state will cover many of these costs.

**Shelter Costs:** IBO estimates that the bulk of costs incurred by the city for asylum seekers relates to the ongoing provision of shelter, whether in a Department of Homeless Services (DHS)-run facility or a Humanitarian Emergency Response and Relief Center (HERRC). Based on the rate of recent asylum seeker arrivals, IBO estimates the cost to provide shelter to asylum seekers will total at least \$609 million in 2023 and \$852 million in 2024. (Note, our estimates do not include the costs of constructing purpose-built shelters or HERRCs, such as the cost of weatherizing the Brooklyn Cruise Terminal.)

Assuming 29 percent cost-sharing with the state, IBO estimates city spending on sheltering asylum seekers will total \$432 million in 2023 and \$605 million in 2024. Particularly for 2023, we estimate a portion of the city’s asylum seeker shelter costs can be covered with funding in the current DHS budget. Thus, IBO estimates an additional \$75 million in city funds will be needed to cover asylum seeker shelter costs in 2023, and an additional \$567 million in 2024. An influx of asylum seekers beyond our current forecast would increase this estimate, as would a reduction in the proposed state funding. Conversely, any federal reimbursement that does come would reduce city costs.

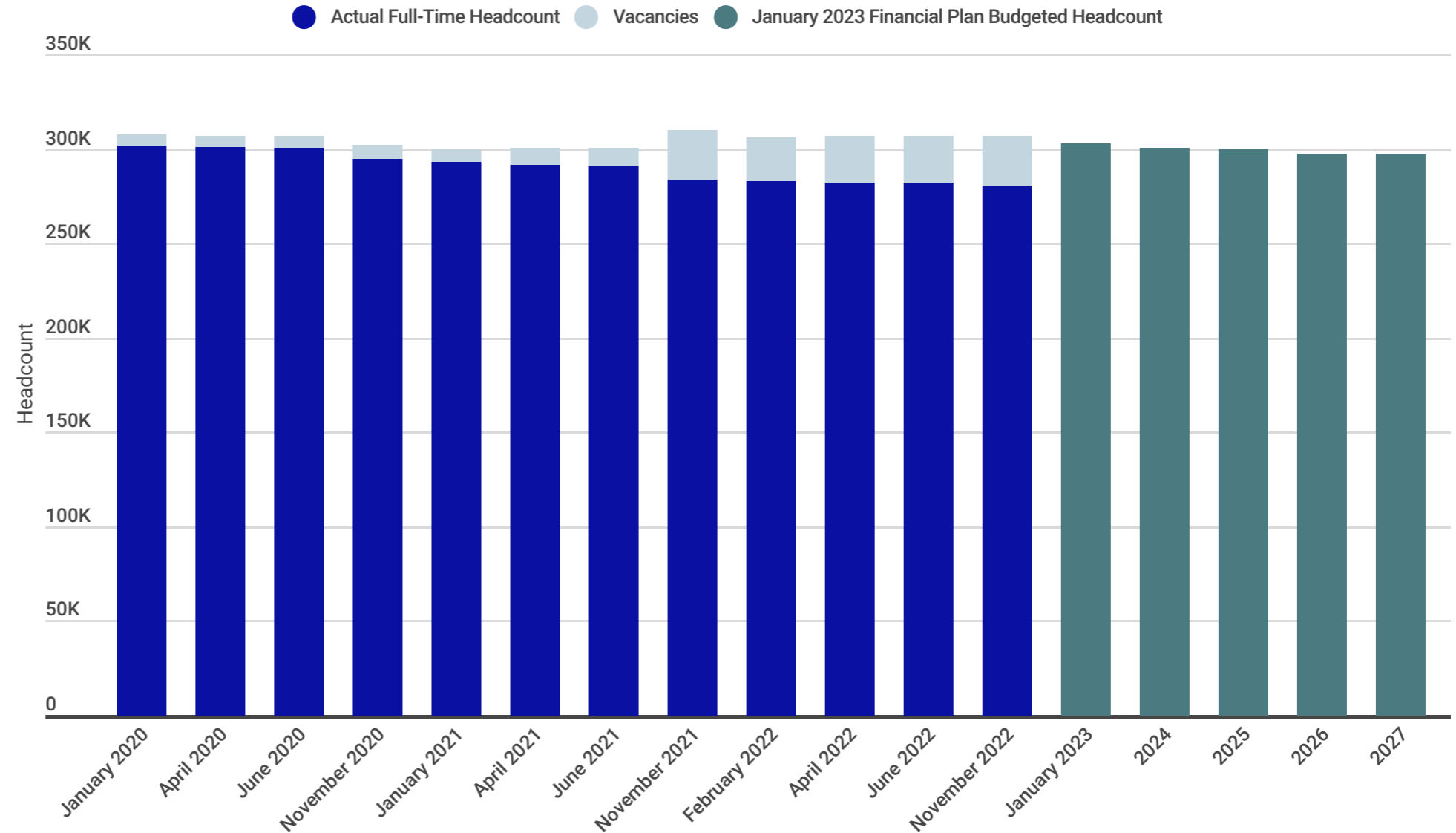
**Other Costs:** The city is incurring other costs for asylum seeker services: healthcare, IT and communications support, and legal assistance, among others. The city has \$120 million—all federal funds—for non-shelter costs in agency budgets, and \$303 million—all federal funds—planned for H+H, the city’s public hospital system, which has its own budget separate from the city’s. IBO estimates, without federal support, city agencies will need to cover these expenses with \$120 million in additional city funding, and costs through H+H will be borne by H+H and indirectly by Medicaid and insurers.

### IBO Projects Asylum Seeker Shelter Costs Will Require Additional City Funding This Year and Next



# Vacancy Reduction Adds Downward Pressure to Declining Municipal Headcount Since Pandemic Began

The number of full-time municipal employees has fallen since the start of the pandemic from 301,000 in January 2020 to just under 281,000 in November 2022, increasing the number of municipal vacancies over the past two years. However, as part of the city's cost saving initiative, known as the Program to Eliminate the Gap, or PEG, the city eliminated 3,670 vacant city-funded full-time positions, 484 capitably-funded positions, and 165 non-city-funded positions in 2023. The PEG is estimated to save the city \$145 million in 2023, and \$1.2 billion total in the outyears. These decreases are offset by some minor increases in vacant positions. This equates to a net decrease of just under 4,000 positions throughout the financial plan period



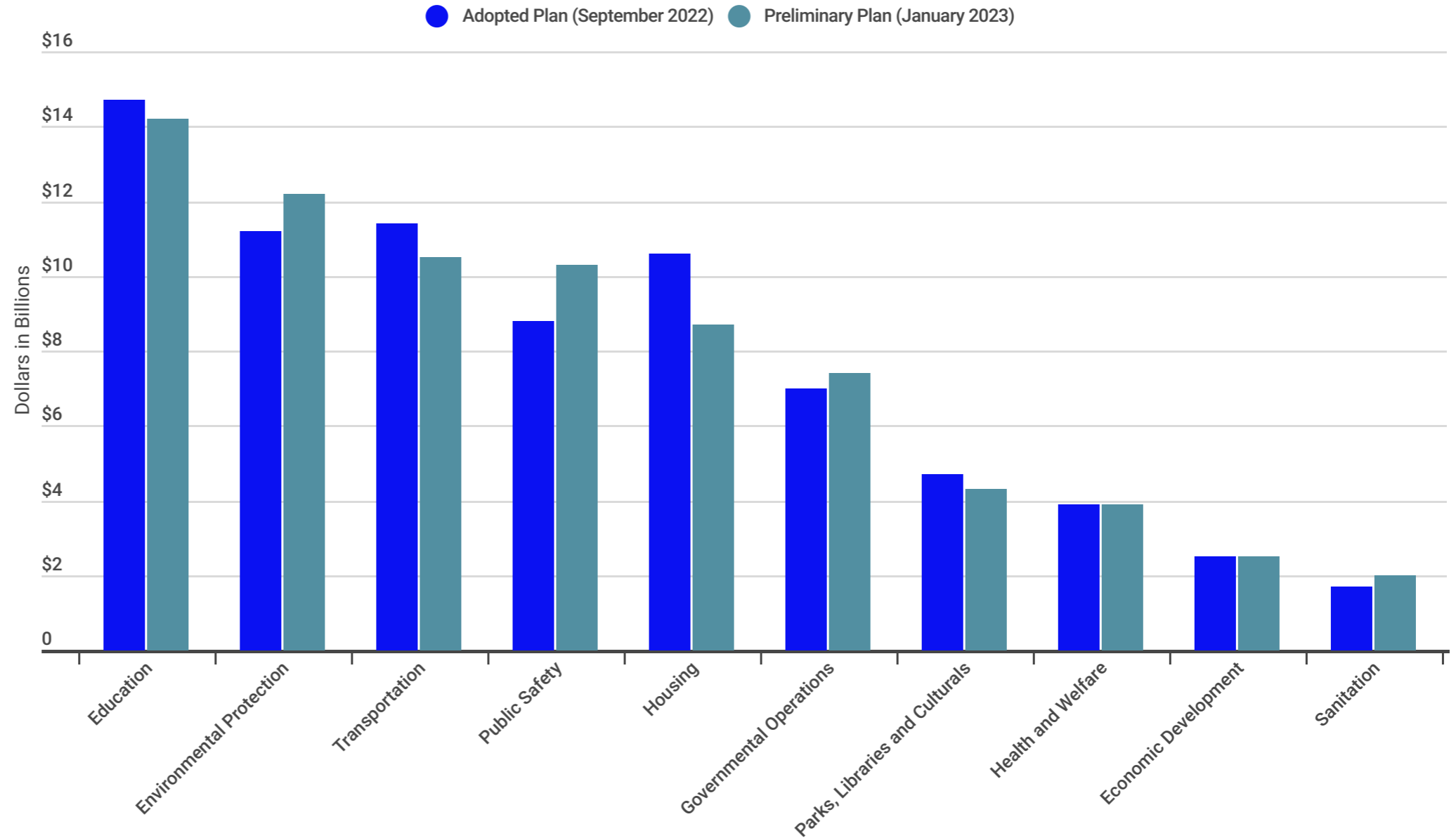
SOURCE: Mayor's Office of Management and Budget

NOTES: Budgeted Headcount is as of June 30th in the fiscal year of each financial plan's release. For example, June 2021 represents the planned headcount for 6/30/2021, while November 2021 is the planned headcount for 6/30/2022. The actual headcount is the full-time citywide headcount as of the month each financial plan was published. Vacancies are the difference between budgeted and actual headcount. Data is presented by the month of the release of the city's quarterly financial plan updates

# Comparing City Capital Plans for Fiscal Years 2023-2026

The Capital Commitment Plan released with the Preliminary Budget contains \$76.1 billion in planned capital commitments over the next four fiscal years (2023-2026), slightly less (\$119 million) than what was planned over the same four years when the capital budget was adopted in September.

The largest changes since September include \$981 million *more* for environmental protection projects over the next four and \$1.1 billion *less* for transportation projects. The city regularly includes planned capital commitments in excess of what they actually spend. From fiscal year 2019 through fiscal year 2022, the city committed \$42.7 billion, with an average annual commitment of \$10.7 billion.





# IBO Revenue Estimates

Dollars in millions

	Actual	Plan					Average Change
	2022	2023	2024	2025	2026	2027	2022 - 2027
<b>TAX REVENUES</b>							
Property	\$29,436	\$31,411	\$31,677	\$32,895	\$33,967	\$36,094	4%
Personal Income	16,697	16,368	15,103	15,523	16,202	16,730	0%
General Sales	8,544	9,040	9,414	9,806	10,214	10,674	5%
Corporate	5,682	5,289	4,913	5,094	5,090	5,307	(1%)
[object Object]	2,547	2,455	2,470	2,595	2,649	2,703	1%
Real Property Transfer	1,903	1,397	1,454	1,544	1,626	1,671	(3%)
Mortgage Recording	1,336	1,105	1,125	1,153	1,164	1,193	(2%)
Commercial Rent	876	882	891	908	918	918	1%
Utility	396	379	395	403	418	418	1%
Hotel Occupancy	345	621	665	691	723	752	17%
Cigarette	20	18	17	16	16	16	(4%)
Other Taxes and Audits	1,669	1,644	1,544	1,544	1,544	1,544	(2%)
<b>Total Taxes</b>	<b>\$69,450</b>	<b>\$70,609</b>	<b>\$69,669</b>	<b>\$72,172</b>	<b>\$74,532</b>	<b>\$78,021</b>	<b>2%</b>
<b>OTHER REVENUE</b>							
STaR Reimbursement	\$146	\$144	\$142	\$140	\$138	\$138	(1%)
Miscellaneous Revenue	7,323	\$7,984	\$7,518	\$7,383	\$7,314	\$7,291	
Unrestricted Intergovernmental Aid	498	252	-	-	-	-	n/a
Disallowances	(35)	(15)	(15)	(15)	(15)	(15)	n/a
<b>Total Other Revenue</b>	<b>\$7,933</b>	<b>\$8,365</b>	<b>\$7,645</b>	<b>\$7,508</b>	<b>\$7,437</b>	<b>\$7,414</b>	<b>(1%)</b>

NOTES: 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 includes PTET collections. Figures may not add due to rounding.

# IBO Revenue Estimates

Dollars in millions

	Actual	Plan					Average Change
	2022	2023	2024	2025	2026	2027	2022 - 2027
<b>OTHER REVENUE</b>							
STaR Reimbursement	\$146	\$144	\$142	\$140	\$138	\$138	(1%)
Miscellaneous Revenue	7,323	\$7,984	\$7,518	\$7,383	\$7,314	\$7,291	
Unrestricted Intergovernmental Aid	498	252	-	-	-	-	n/a
Disallowances	(35)	(15)	(15)	(15)	(15)	(15)	n/a
<b>Total Other Revenue</b>	<b>\$7,933</b>	<b>\$8,365</b>	<b>\$7,645</b>	<b>\$7,508</b>	<b>\$7,437</b>	<b>\$7,414</b>	<b>(1%)</b>
<b>TOTAL CITY-FUNDED REVENUE</b>	<b>\$77,383</b>	<b>\$78,975</b>	<b>\$77,314</b>	<b>\$79,680</b>	<b>\$81,969</b>	<b>\$85,435</b>	<b>2%</b>
State Categorical Grants	\$15,847	\$17,272	\$17,258	\$17,211	\$17,264	\$17,327	2%
Federal Categorical Grants	\$15,047	\$11,574	\$9,848	\$8,348	\$7,215	\$7,194	(14%)
Other Categorical Grants	\$737	\$1,191	\$1,102	\$1,102	\$1,100	\$1,081	8%
<b>Subtotal Revenue</b>	<b>\$109,015</b>	<b>\$109,032</b>	<b>\$105,522</b>	<b>\$106,342</b>	<b>\$107,548</b>	<b>\$111,036</b>	<b>0%</b>
Interfund Revenue	\$655	\$726	\$700	\$701	\$701	\$701	1%
Less: Intra-City Revenue	(\$2,220)	(\$2,256)	(\$1,972)	(\$1,970)	(\$1,966)	(\$1,965)	(2%)
<b>TOTAL REVENUE</b>	<b>\$107,450</b>	<b>\$107,502</b>	<b>\$104,250</b>	<b>\$105,073</b>	<b>\$106,283</b>	<b>\$109,771</b>	<b>0%</b>

NOTES: 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 includes PTET collections. Figures may not add due to rounding.

# IBO Expenditure Estimates

Dollars in millions

	Actual						Average Change
	2022	2023	2024	2025	2026	2027	2023 - 2027
<b>Operational Expenses</b>							
Agency Expenditures	\$77,713	\$77,027	\$72,937	\$72,251	\$72,121	\$72,683	(1.4%)
Labor Reserve	933	1,385	1,908	2,554	3,223	3,875	n/a
<b>Total Operational Expenditures</b>	<b>\$78,646</b>	<b>\$78,412</b>	<b>\$74,845</b>	<b>\$74,805</b>	<b>\$75,344</b>	<b>\$76,559</b>	<b>(1.3%)</b>
<b>Other Expenditures</b>							
Fringe Benefits	\$8,557	\$11,743	\$13,500	\$14,379	\$15,119	\$15,726	7.6%
Debt Service	6,294	4,423	5,819	8,356	9,105	9,767	21.9%
Pensions	9,599	9,414	9,563	9,783	9,951	9,799	1.0%
Judgments and Claims	1,242	1,199	1,165	877	823	840	(8.5%)
<b>Subtotal Recurring Expenses</b>	<b>\$104,337</b>	<b>\$105,191</b>	<b>\$104,892</b>	<b>\$108,199</b>	<b>\$110,341</b>	<b>\$112,691</b>	
General Reserve	-	\$1,555	\$1,200	\$1,200	\$1,200	\$1,200	n/a
Capital Stabilization Reserve	-	250	250	250	250	250	n/a
Retiree Health Benefit Trust	792	-	-	-	-	-	n/a
Rainy Day Fund Deposit	1,450	-	-	-	-	-	n/a
Other Adjustments	-	-	53	150	343	455	n/a
<b>Subtotal Non-Recurring Expenses</b>	<b>\$2,242</b>	<b>\$1,805</b>	<b>\$1,503</b>	<b>\$1,600</b>	<b>\$1,793</b>	<b>\$1,905</b>	<b>n/a</b>
Less: Intra-City Expenditures	\$2,242	\$1,805	\$1,503	\$1,600	\$1,793	\$1,905	n/a
<b>TOTAL EXPENDITURES</b>	<b>\$104,360</b>	<b>\$104,740</b>	<b>\$104,424</b>	<b>\$107,829</b>	<b>\$110,168</b>	<b>\$112,630</b>	<b>1.8%</b>

NOTES: 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. Figures may not add due to rounding.

# Pricing Differences Between IBO and the Adams Administration

## Items That Affect the Gap

Dollars in millions

	2023	2024	2025	2026	2027
<b>Gaps as Estimated by the Mayor</b>	-	-	(\$3,166)	(\$5,011)	(\$6,469)
<b>Revenue</b>					
Taxes	\$1,751	\$922	\$1,694	\$2,631	\$5,054
Other City Revenue	1	2	2	2	2
<b>TOTAL REVENUE - CITY</b>	<b>\$1,752</b>	<b>\$924</b>	<b>\$1,696</b>	<b>\$2,633</b>	<b>\$5,056</b>
<b>Expenditures-City Funded</b>					
General Personal Services	\$1,685	\$1,665	\$1,644	\$1,645	\$1,678
Debt Service	75	(85)	-	-	-
General Government	(43)	(305)	(323)	(339)	(289)
Public Safety and Judicial	(341)	(379)	(389)	(384)	(389)
Education	(306)	(905)	(1,231)	(1,456)	(1,456)
City University	-	-	-	-	-
Social Services, Homeless Services, Aging	25	(800)	(685)	(641)	(641)
Environmental Protection and Sanitation	(46)	(128)	(142)	(170)	(187)
Transportation Services	-	-	-	-	-
Parks, Recreation, and Cultural Activities	(14)	(25)	(25)	(25)	(25)
Housing and Buildings	18	-	-	-	-
Health	-	(68)	(68)	(68)	(68)
<b>TOTAL EXPENDITURES - CITY</b>	<b>\$1,053</b>	<b>(\$1,028)</b>	<b>(\$1,217)</b>	<b>(\$1,438)</b>	<b>\$1,376)</b>
<b>TOTAL IBO PRICING DIFFERENCES</b>	<b>\$2,805</b>	<b>(\$104)</b>	<b>\$479</b>	<b>\$1,196</b>	<b>\$3,679</b>
IBO Prepayment Adjustment 2023/2024	(\$2,805)	\$2,805	\$0	\$0	\$0

## IBO Versus Mayor's Office of Management and Budget Economic Forecasts: NYC

	2022	2023	2024	2025	2026	2027
<b>New York City Economy</b>						
<b>Nonfarm New Jobs (thousands)</b>						
IBO (Q4 to Q4)	212.3	45.7	93.0	88.3	63.9	49.8
OMB (Q4 to Q4)	201.1	29.9	102.4	108.9	77.6	85.0
<b>Nonfarm Employment Growth</b>						
IBO (Q4 to Q4)	4.9	1.0	2.0	1.9	1.3	1.0
OMB (Q4 to Q4)	4.6	0.7	2.2	2.3	1.6	1.7
<b>Inflation Rate (CPI-U-NY)</b>						
IBO	6.1	3.8	2.5	2.3	2.3	2.3
OMB	6.0	3.1	1.9	1.7	1.6	1.6
<b>Personal Income (\$ billions)</b>						
IBO	726.7	765.3	800.1	838.4	881.4	921.5
OMB	705.1	722.5	757.5	793.7	830.0	870.2
<b>Personal Income Growth</b>						
IBO	0.6	5.3	4.5	4.8	5.1	4.6
OMB	-0.3	2.5	4.8	4.8	4.6	4.8
<b>Manhattan Office Rents (\$/sq.ft)</b>						
IBO	77.4	77.8	78.1	78.3	78.8	79.3
OMB	78.2	76.0	76.5	78.0	79.6	81.6

SOURCES: IBO; Mayor's Office of Management and Budget

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Note 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 Versus Mayor's Office of Management and Budget Economic Forecasts: National

	2022	2023	2024	2025	2026	2027
<b>Natioanl Economy</b>						
<b>Real GDP Growth</b>						
IBO	2.1	1.3	2.1	2.7	2.7	2.4
OMB	1.9	0.3	1.8	2.0	1.8	1.6
<b>Inflation Rate</b>						
IBO	8.0	4.0	2.4	2.1	2.1	2.1
OMB	8.1	4.0	2.3	2.2	2.2	2.2
<b>Personal Income Growth</b>						
IBO	2.0	4.9	4.7	4.6	4.7	4.4
OMB	2.1	4.5	4.6	4.8	4.5	4.5
<b>Unemployment Rate</b>						
IBO	3.6	3.9	4.0	3.8	4.0	4.1
OMB	3.7	4.6	5.0	4.6	4.4	4.4
<b>10-Year Treasury Note Rate</b>						
IBO	3.0	4.2	4.0	3.8	4.0	4.0
OMB	3.0	3.6	3.3	3.2	3.2	3.2
<b>Federal Funds Rate</b>						
IBO	1.7	4.8	4.2	3.2	2.5	2.5
OMB	1.7	4.8	4.3	3.0	2.6	2.6

SOURCES: IBO; Mayor's Office of Management and Budget

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Note 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 Reserves Forecast

	Fiscal Year 2023	Fiscal Years 2024-2027
<b>General Fund Reserves</b>		
General Reserve	\$1,555	\$1,200
Capital Stabilization Reserve	250	250
<b>Subtotal—General Reserve Funds</b>	<b>\$1,805</b>	<b>\$1,450</b>
<b>Reserve Fund Balances as of January Plan Release</b>		
Revenue Stabilization Fund (Rainy Day Fund)		\$1,950
Retiree Health Benefit Trust		4,600
<b>Subtotal—Reserve Fund Balances</b>		<b>\$6,550</b>