Review of the Financial Plan of the City of New York

Report 12-2025

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller
Rahul Jain, Deputy Comptroller

August 2024

Message from the Comptroller

August 2024

New York City's finances continue to benefit from better-than-projected revenues and savings generated through initiatives launched in response to its financial challenges. There is also greater clarity over a number of known fiscal questions, including collective bargaining costs. Despite an improving economic outlook, the City elected not to bolster its budgetary flexibility, including reserves and contingencies, a missed opportunity.

While some of the fiscal challenges facing the City are not in its direct control including the continued influx of asylum seekers, elevated demand for City programs and potential federal and State actions, preparation and transparency remain paramount to navigating future uncertainty. It is also necessary for the federal government to take concrete steps to alleviate spending pressures from the influx of asylum seekers, including a matching share of funding and a long-term comprehensive strategy to manage the population.

Operationally, the City must balance fiscal management with its operational needs to ensure it can continue to encourage employment and business growth, enhancing its economic and tax revenue base. A key challenge the City has had to contend with is a significant staffing decline during the pandemic that may have affected some services. Staffing is expected to grow as a result of the City's improved fiscal outlook but will still take time to be fully remedied. Recent budget actions have highlighted concerns over the impact that service deterioration could have on supporting the City's most vulnerable residents and maintaining quality of life.

Greater communication to the public of the City's efforts to manage performance and adjust its programming and staffing needs is welcome and will serve it well if the economic outlook weakens or if new spending challenges emerge. Ultimately, future economic growth in the City, and thereby the State, relies on providing services that enhance affordability and opportunity for all New Yorkers.

Thomas P. DiNapoli
State Comptroller

Contents

I. Executive Summary

On June 30, 2024, New York City adopted a balanced budget for fiscal year (FY) 2025, amounting to $116.8 billion, inclusive of prepayments of expenses made in FY 2024. The trajectory of FY 2024 followed a similar trend to the City's budgets since the COVID-19 pandemic began — stronger-than-projected revenues and newly-created savings measures allowed the City to fund substantial unanticipated spending generated during the fiscal year. However, challenges that arose, and choices made, in FY 2024 indicate the City still faces a number of fiscal pressures entering FY 2025, which threaten the difficult balance it has maintained during recent fiscal turbulence.

City-fund revenue in FY 2024 is estimated to be $80.4 billion, $3.4 billion higher (4.5 percent) than anticipated at budget adoption last year. Better-than-projected revenue collections were partly due to conservative budgetary projections. The City initially expected city-fund revenue to decline in FY 2024 by nearly 3 percent, led by a decline in business and personal income taxes which did not occur. In contrast, the City expects city-fund revenues to rise by 3.5 percent in FY 2025 and assumes growth in business and personal income taxes. The Office of the State Comptroller (OSC) has assessed these projections are reasonable, barring unforeseen economic events (including a recession), but that this revenue upside is likely to be smaller than it has been in recent years.

Unanticipated revenue has been critical in recent years for the City to maintain pace with spending, which continues to grow. Limited revenue upside brings the City's spending trends into greater focus. FY 2024 portended continued pressure on City spending, even as the City took prudent steps to address a number of risks raised by OSC at budget adoption last year. Most notably, the City announced in August 2023 that nearly $10 billion in additional spending was needed to manage the asylum seeker influx through FY 2027. The City also funded the majority of charter school risks and added some funding for rental assistance budgetary risks.

In September 2023, in response to updated cost projections for managing the asylum seeker influx, the City initiated what would have been the largest Program to Eliminate the Gap (FY 2024 PEG) on record, three rounds of savings of 5 percent in November, January and April. The City ultimately undertook the first round, but tapered the January round and canceled the April round, owing to better-than-projected revenues and savings initiatives that leveraged new policies specifically targeting the costs of managing the asylum seeker influx.

Excluding restorations, the City identified savings of over $15 billion through FY 2028 from the PEG, with about one-third coming from efficiencies and another two-fifths from expense reestimates. Nearly 10 percent was initially planned to come from service reductions, however about half of the initially planned savings associated with service cuts were restored, illustrating the popularity of these services. Some of these restorations were for educational programs that were initiated with one-time funding, highlighting budgetary pressures made from choices to add recurring programming from non-recurring funding sources during the pandemic. Moreover, a number of PEG initiatives were broad-based measures to reduce headcount that had increased in the years prior to the pandemic, and actual full-time headcount has declined to levels last seen in FY 2016. This has raised concerns by the City Council over the City's ability to provide services effectively.

These actions and concerns suggest continued pressure to spend on discretionary programming at a time when the portion of spending the City has less control over, such as educational contractual obligations, Metropolitan Transportation Authority (MTA) subsidies, and social service entitlements, remain underbudgeted in the coming fiscal years. The City has added on average, $5.8 billion in two-year spending over what it anticipated at adoption in each of the last three fiscal years, much of which has been for underbudgeted items which are funded by unanticipated revenue realized during the fiscal year. These spending increases are a departure from relative stability in the expense budget prior to the pandemic. This trend may continue in FY 2025 given current funding levels in the adopted budget.

The City's stated out-year gaps now total $17.6 billion from FY 2026 to FY 2028, $2.25 billion less than the three-year gap total reported as of the FY 2024 Adopted Plan (see Figure 1). Measured as a share of City fund revenues, the remaining out-year gaps average 6.8 percent, lower than the 8.2 percent reflected last June. Existing contingencies (totaling $1.45 billion in each fiscal year) could be used to narrow the gaps to an average of 5.1 percent of revenues.

These levels do not represent significant change from budget gaps that the City has managed to close in prior years. However, OSC anticipates budgetary risks which remain from unbudgeted or underbudgeted items noted earlier, in addition to smaller spending risks, are expected to add nearly $2.2 billion in budget risks in FY 2025, rising to nearly $7.1 billion by FY 2028.

Net of OSC's expectation that the City will collect slightly more than anticipated revenues in each of the out-years, OSC anticipates that the City is facing budget gaps of nearly $2.3 billion in FY 2025, $8.5 billion in FY 2026, nearly $10 billion in FY 2027 and $12.8 billion in FY 2028 (see Figure 2).

The potential for limited revenue upside amid continued spending pressure is also notable given two other fiscal outcomes in FY 2024. First, despite a continuation of better-than-projected revenues in FY 2024, the City generated a smaller prepayment for FY 2025, known as the surplus roll. The surplus roll, which was $6.1 billion entering FY 2023, is estimated at $4.4 billion entering FY 2025, marking the second year of the City expending more than it realized in revenue generated in that year. In addition, despite the substantially higher-than-anticipated revenue in FY 2024, the City chose not to make any discretionary deposits into its rainy-day fund (RDF), leaving the RDF at just under $2 billion and a smaller share of projected FY 2025 expenses than it has been in the prior two years (see Figure 3).

Amid a shrinking buffer to achieve budget balance by most measures—including the size of the surplus roll, more limited revenue upside and substantial spending risks—budgeting fully for known expenses and identifying new sources of savings is necessary barring stronger revenue collections. The City should continue to manage programs to identify efficiencies that will allow the City to maintain service levels while slowing growth in associated costs. Finding efficiencies that do not hurt service while saving money may take time; preparing now for potential revenue or spending volatility will put the City on better footing should the need to take quick action arise. This approach can also be used to reduce the likelihood of raising taxes further, which could slow economic growth and hurt the City's affordability, a major point of concern. Agreement over ways to build, and if necessary, use, its reserve funds would also indicate proactive budget management that will leave the City better prepared for unanticipated outcomes.

FIGURE 1
New York City Financial Plan
(in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
Taxes					
General Property Tax	$ 32,870	$ 34,164	$ 34,630	$ 35,668	$ 36,360
Other Taxes	40,028	42,111	42,640	44,395	45,999
Tax Audit Revenue	947	773	773	773	773
Subtotal: Taxes	$ 73,845	$ 77,048	$ 78,043	$ 80,836	$ 83,132
Miscellaneous Revenues	8,894	8,123	7,980	7,930	7,965
Unrestricted Intergovernmental Aid	32	- - -	- - -	- - -	- - -
Less: Intra-City Revenue	(2,383)	(1,953)	(1,932)	(1,928)	(1,928)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	$ 80,373	$ 83,203	$ 84,076	$ 86,823	$ 89,154
Other Categorical Grants	1,044	1,107	1,105	1,105	1,104
Inter-Fund Revenues	747	762	771	772	772
Federal Categorical Grants	12,899	7,922	7,251	7,151	7,226
State Categorical Grants	20,019	19,438	19,114	19,135	18,638
Total Revenues	**$ 115,082**	**$ 112,432**	**$ 112,317**	**$ 114,986**	**$ 116,894**
Expenditures					
Personal Service					
Salaries and Wages	$ 32,682	$ 32,899	$ 33,867	$ 34,849	$ 35,813
Pensions	9,335	10,347	11,093	11,277	12,312
Fringe Benefits	13,065	14,134	14,853	15,431	16,039
Subtotal: Personal Service	$ 55,082	$ 57,380	$ 59,813	$ 61,567	$ 64,164
Other Than Personal Service					
Medical Assistance	6,326	6,743	6,583	6,733	6,883
Public Assistance	2,467	1,650	1,650	2,000	2,463
All Other	47,306	43,490	41,369	41,151	39,901
Subtotal: Other Than Personal Service	$ 56,099	$ 51,883	$ 49,602	$ 49,884	$ 49,247
Debt Service	7,346	8,069	8,887	9,605	10,430
FY 2023 Budget Stabilization & Discretionary Transfers	(5,479)	- - -	- - -	- - -	- - -
FY 2024 Budget Stabilization	4,397	(4,397)	- - -	- - -	- - -
Capital Stabilization Reserve	- - -	250	250	250	250
General Reserve	20	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,383)	(1,953)	(1,932)	(1,928)	(1,928)
Total Expenditures	**$ 115,082**	**$ 112,432**	**$ 117,820**	**$ 120,578**	**$ 123,363**
Gap to be Closed	**$ - - -**	**$ - - -**	**$ (5,503)**	**$ (5,592)**	**$ (6,469)**

Source: NYC Office of Management and Budget

FIGURE 2
OSC Risk Assessment of the New York City Financial Plan (in millions)

	Better/(Worse)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Gaps Per NYC Financial Plan	**$ - - -**	**$ - - -**	**$ (5,503)**	**$ (5,592)**	**$ (6,469)**
Revenues					
Tax Revenue	$ 275	$ (155)	$ 520	$ 315	$ 685
Miscellaneous Revenue	- - -	50	50	50	50
Subtotal Revenue	**$ 275**	**$ (105)**	**$ 570**	**$ 365**	**$ 735**
Expenditures					
Variable Rate Debt Service Savings	- - -	50	- - -	- - -	- - -
Debt Refunding	- - -	89	89	89	89
Payroll Savings	500	- - -	- - -	- - -	- - -
Pension Contributions	- - -	- - -	157	357	547
Operating Subsidies to the MTA	- - -	(176)	(295)	(463)	(509)
Health Insurance	- - -	(112)	(112)	(112)	(112)
Social Services	- - -	(1,621)	(1694)	(1,441)	(1,197)
Uniformed Agency Overtime	(47)	(759)	(759)	(749)	(752)
Department of Education (Summarized)	- - -	(676)	(1,174)	(1,635)	(2,190)
Early Intervention	- - -	(65)	(76)	(76)	(76)
School Health (Article 6) Programs	- - -	(36)	(36)	(36)	(36)
DOHMH School Nurses	- - -	(28)	(28)	(28)	(28)
Supportive Housing	- - -	(20)	(20)	(20)	(20)
DYCD Summer Rising	- - -	- - -	(20)	(20)	(20)
Public Health Corps	- - -	(13)	(45)	(45)	(45)
Meal Program for Youth Rate Increase	- - -	(4)	(4)	(4)	(4)
Residual Services for Asylum Seekers	- - -	1,187	439	(561)	(2,721)
Subtotal Expenditures[1]	**$ 453**	**$ (2,184)**	**$ (3,578)**	**$ (4,744)**	**$ (7,074)**
OSC Risk Assessment	**$ 728**	**$ (2,289)**	**$ (3,008)**	**$ (4,379)**	**$ (6,339)**
Potential Gaps Per OSC[2,3,4]	**$ 728**	**$ (2,289)**	**$ (8,511)**	**$(9,971)**	**$(12,808)**

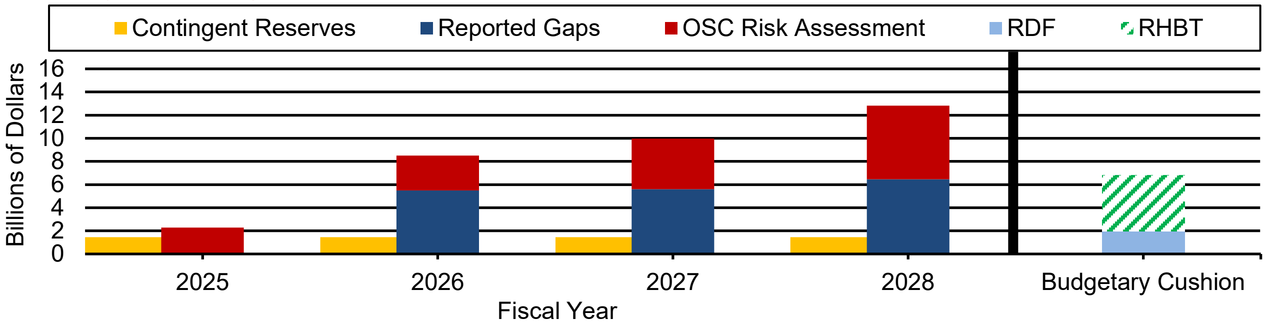
1 See the Expenditure Trends: Social Services section and the Semi-Autonomous Entities: Department of Education section for details on the financial plan risks at those agencies.

2 June Plan gaps are inclusive of a general reserve of $20 million in FY 2024 and $1.2 billion in each of fiscal years 2025 through 2028. In addition, the Capital Stabilization Reserve has a balance of $250 million in each of fiscal years 2025 through 2028. The April Plan also includes reserves of about $279 million beginning in FY 2025 to fund potential changes to planned pension contributions from future actuarial audit recommendations.

3 State law requires surplus resources accumulated by the City to be deposited into its Revenue Stabilization Fund. As of FY 2023, the balance held in the rainy-day fund is nearly $2 billion. These resources would be available to help balance the budget if there were a compelling fiscal need.

4 See the Social Services: Asylum Services section for details on OSC's assessment of potential costs and anticipated offsets from federal and State assistance.

FIGURE 3
OSC Adjusted Budget Gaps



Note: The RDF is the Rainy-Day Fund and the RHBT is the Retiree Health Benefits Trust. In addition to the contingency reserves funded in each year of the plan period, the City maintains an additional budgetary cushion through balance sheet reserves recorded as of June 30, 2023, which may be used to help close future budget gaps.
Sources: NYC Office of Management and Budget; OSC analysis

II. Economic Trends

National Economy

While the national economy continues to grow, the pace has begun to slow across a number of economic indicators. Gross domestic product (GDP) grew by 2.8 percent on an annualized basis in the second quarter of 2024, stronger than the 1.4 percent in the prior quarter, as consumer spending continued to drive growth.

Employment has also slowed from the beginning of 2023, averaging 226,000 new jobs per month over the first six months of 2024 compared to 289,000 during the same period last year. The slowdown was more prominent during the second quarter than the first quarter. In July 2024, the nation added 114,000 jobs. At the same time, unemployment rose to 4.3 percent, bringing to question whether the Federal Reserve has waited too long to begin cutting rates. Wage growth moderated to 3.6 percent (seasonally adjusted) after remaining well above 4 percent for much of last year, but is still outpacing consumer price growth, which was up 3 percent as of June 2024.

In July 2024, the Federal Reserve decided to keep the federal funds rate range unchanged at 5.25 percent to 5.5 percent in an effort to continue to tamp down inflation. In June, the Federal Reserve updated its economic projections to reflect only one federal funds rate cut this year, down from its prior projection of three rate cuts. Leading consensus economic forecasts now expect to see only one rate decrease this year, and not until the fourth quarter.[5] Incoming data will continue to influence the Federal Reserve's timing of policy implementation. The City does not usually update its economic forecast during the June Plan and still expects the Federal Reserve to cut rates three times this year.

City Economy

In June 2024, City employment reached 4.76 million jobs (seasonally adjusted). Many sectors have fully recovered their pandemic job losses, including the securities industry. The industry's performance is expected to continue to match pre-pandemic levels, reaching approximately $25 billion this year. Taxable income for the first quarter of 2024 was $12.3 billion, up 67.7 percent year-over-year and the highest level of quarterly profit since the fourth quarter of 2021.

However, certain sectors such as retail and wholesale trade, construction, other services, leisure and hospitality and government have not fully recovered their pandemic job losses and may continue to face challenges. In fact, employment in retail trade and construction remained well below pre-pandemic levels as of the first six months of 2024 (see Figure 4).

Employment in higher-paying sectors such as the information and professional and business services sectors performed well later in the pandemic following earlier layoffs during the first two years. However, employment in the sectors is down year-over-year in the first half of 2024, a trend that could further slow growth in personal income and consumption.

In addition to a change in employment trends, the City continues to face challenges in the commercial real estate sector. With still high vacancy rates, commercial real estate poses a risk to tax revenues, though not all parts of the sector are struggling (for further analysis see OSC's Office Real Estate report). Additionally, geopolitical conflict continues to threaten global supply chains, and thereby, price stability and productivity locally and beyond.

5 "U.S. Executive Summary," S&P Global, June 13, 2024.

FIGURE 4
Average Monthly Employment by Industry in New York City, First Six Months of Each Year

	2019	2023	2024	Percent Change, 2019 to 2023	Percent Change, 2023 to 2024	Percent Change, 2019 to 2024
Mining, Logging and Construction	68.7	57.6	56.0	-16.2%	-2.8%	-18.5%
Manufacturing	140.6	131.4	130.4	-6.5%	-0.7%	-7.2%
Wholesale Trade	146.2	148.7	149.4	1.7%	0.5%	2.2%
Retail Trade	159.6	142.4	135.5	-10.8%	-4.9%	-15.1%
Transportation, Warehousing, and Utilities	195.1	181.0	181.5	-7.2%	0.3%	-7.0%
Information	217.0	230.3	216.0	6.1%	-6.2%	-0.5%
Financial Activities	346.2	306.6	298.7	-11.4%	-2.6%	-13.7%
Professional and Business Services	463.7	427.7	441.2	-7.8%	3.2%	-4.8%
Private Education and Health Services	481.3	497.3	498.8	3.3%	0.3%	3.6%
Leisure and Hospitality	583.9	564.2	572.6	-3.4%	1.5%	-1.9%
Other Services	763.2	799.0	788.3	4.7%	-1.3%	3.3%
Government	1,051.8	1,167.4	1,239.8	11.0%	6.2%	17.9%
Total Nonfarm	4,617.3	4,653.6	4,708.1	0.8%	1.2%	2.0%

Note: Totals may not add due to rounding.
Sources: New York State Department of Labor, Current Employment Statistics; OSC analysis

III. Changes Since the June 2023 Plan

In June 2023, the City projected a balanced budget for FY 2024 and budget gaps of $5.1 billion in FY 2025, $6.8 billion in FY 2026 and $7.9 billion in FY 2027. One year later, the June 2024 Plan reports a balanced budget for FY 2025, due in part to $4.4 billion in surplus funds in FY 2024 that will be used for FY 2025 expenses. Budget gaps in fiscal years 2026 and 2027 were reduced to $5.5 billion and $5.6 billion, respectively (see Figure 5). The FY 2028 gap, which the City first reported as $6 billion in January 2024, is now $6.5 billion, mostly reflecting a $500 million increase in the estimated city-funded cost for asylum seekers.

The June Plan included relatively minor adjustments, generating an additional $459 million in surplus funds in FY 2024 from increased revenue projections and a slight expansion of the PEG, primarily from debt service savings. These resources, further bolstered by higher property tax revenue projections, helped fund another round of new agency needs, state-mandated costs, and City Council initiatives in FY 2025. The budget gaps in fiscal years 2026 and 2027 were increased slightly (see [OSC's previous reports on past plans]() for details).

Since the April Plan, the City further increased tax revenue projections by $198 million in FY 2024, $454 million in FY 2025, and by an average of $319 million in each of the following two years. The update to FY 2024 included a reduction to the estimate for personal income tax revenue, more than offset by business and other taxes. Increases to the projections for FY 2025 onward were almost entirely driven by an improved outlook in property tax revenue. Non-tax revenue projections were increased by $174 million in FY 2024, driven in large part by interest income and fines and fees.

The June Plan included some updates to the FY 2024 PEG, increasing expected savings by $229 million in FY 2024, $170 million in FY 2025, and not much in each year thereafter, largely driven by debt service. These savings were partially reduced as the City rescinded $70 million in savings in FY 2025 and $37 million in each of fiscal years 2026 and 2027, with a focus on restoring funds for education and library and cultural services.

The City did not make significant changes to asylum seeker estimates in the June Plan through FY 2027, increasing the city-funded impact in FY 2024 by $42 million in FY 2024 and decreasing it by $5 million in FY 2025. However, the City recognized additional costs of $850 million in FY 2028, $350 million (41 percent) of which is expected to be covered by the State. The State's share of funding in FY 2028 would exceed the average expected share in fiscal years 2025 through 2027 (26 percent).

Funding for new agency needs largely addressed residual near-term needs, adding $240 million in FY 2024, $360 million in FY 2025, and $51 million annually thereafter. Added funds in FY 2024 were primarily for a Medicaid adjustment at the Department of Social Services (DSS, $150 million) as well as adjustments for personnel costs at various agencies ($49 million). Needs in FY 2025 included nonrecurring funds to maintain certain recurring programs at the Department of Education (DOE, $155 million) and at other agencies ($152 million). Much of this one-time funding contributed to or created new fiscal cliffs (see OSC's Identifying Fiscal Cliffs in New York City's Financial Plan tool for details).

Other adjustments include $545 million in funding for City Council initiatives, with $260 million for the social services agencies

FIGURE 5
Financial Plan Reconciliation — City Funds
June 2024 Plan vs. June 2023 Plan
(in millions)

	Better/(Worse)			
	FY 2024	FY 2025	FY 2026	FY 2027
Projected Gaps Per June 2023 Plan	**$ - - -**	**$ (5,079)**	**$ (6,836)**	**$ (7,900)**
Updated Tax Estimates				
Business Taxes	1,625	1,431	1,106	1,138
Personal Income Taxes	709	1,159	752	645
General Property Taxes	293	1,924	2,121	2,552
Sales Taxes	195	51	(83)	(114)
Hotel Taxes	47	34	30	21
Real Estate Transaction Taxes	(465)	(409)	(409)	(394)
Other Taxes	68	(36)	(6)	7
Audits	200	- - -	- - -	- - -
Subtotal	**2,672**	**4,154**	**3,511**	**3,855**
Other Revenue Reestimates	**583**	**462**	**406**	**405**
Total Revenue Reestimates	**3,255**	**4,616**	**3,918**	**4,260**
Contingent Reserves	**1,430**	**- - -**	**- - -**	**- - -**
Program to Eliminate the Gap (PEG)				
Agency Savings	2,539	2,501	2,414	2,425
Restorations	(73)	(269)	(254)	(258)
Debt Service	380	170	120	93
Subtotal	**2,846**	**2,402**	**2,280**	**2,260**
New Agency Needs	**(5,027)**	**(2,372)**	**(1,595)**	**(1,944)**
Asylum Seeker Costs				
Total Costs	(1,862)	(5,100)	(4,000)	(3,000)
Asylum Seeker Cost Savings (PEG)	976	1,354	- - -	- - -
State Aid	745	1,027	1,000	1,000
Federal Aid	22	- - -	- - -	- - -
Subtotal	**(120)**	**(2,719)**	**(3,000)**	**(2,000)**
Updated Estimates				
City Council Initiatives	- - -	(545)	- - -	- - -
Pension Contributions	294	240	(47)	(37)
Federal Stimulus Swaps	240	(228)	- - -	- - -
Other Federal Funding Shift	250	- - -	- - -	- - -
Prior Years' Expenses	400	- - -	- - -	- - -
Labor Reserve Reestimate	170	150	- - -	- - -
Medicaid Transfer	289	(289)	- - -	- - -
State Budget Impact	- - -	(180)	(176)	(189)
All Other	368	(393)	(46)	(42)
Subtotal	**2,011**	**(1,245)**	**(270)**	**(267)**
Total Expense Reestimates	**1,143**	**(3,934)**	**(2,585)**	**(1,952)**
Net Change	**4,397**	**682**	**1,333**	**2,308**
Gaps to Be Closed Before Prepayment	**$ 4,397**	**$ (4,397)**	**$ (5,503)**	**$ (5,592)**
FY 2024 Prepayment of FY 2025 Expenses	(4,397)	4,397	- - -	- - -
Gaps to Be Closed Per June 2024 Plan	**$ - - -**	**$ - - -**	**$ (5,503)**	**$ (5,592)**

Note: Columns may not add due to rounding. Other revenue re-estimates exclude savings initiatives, which are reflected in the "Agency Savings" category.
Sources: NYC Office of Management and Budget; OSC analysis

alone. The City also added $139 million in FY 2025, growing to $148 million by FY 2027 in net funding for state-mandated initiatives, mostly for increased pension benefits. Separately, estimated pension contributions were revised downward by $20 million and $197 million in fiscal years 2024 and 2025, respectively, but were increased by $131 million and $178 million in each of the following two years. Other updates include a $30 million drawdown of the FY 2024 general reserve and a $150 million reduction to the labor reserve in FY 2025.

The City's stated out-year gaps now total $17.6 billion over the three years including FY 2028, $2.25 billion less than the three-year gap total reported as of the FY 2024 Adopted Plan ($19.8 billion). Measured as a share of City fund revenues, the remaining out-year gaps average 6.8 percent, lower than the 8.2 percent reflected last June. Existing contingencies (totaling $1.45 billion in each fiscal year) could be used to narrow the gaps to an average of 5.1 percent of revenues.

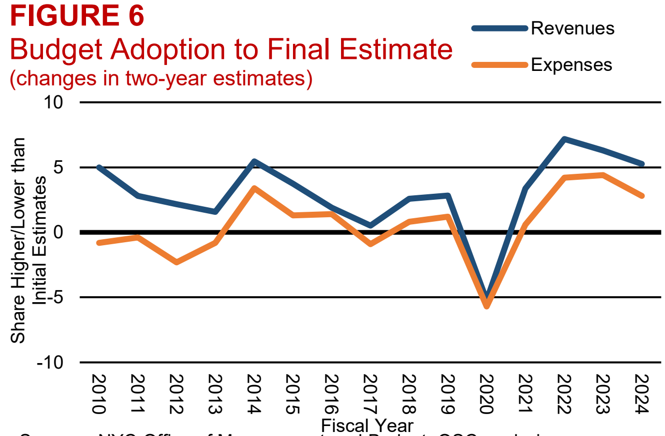
Budgetary Trends

Since last June, the City increased its revenue projections for fiscal years 2024 and 2025 by a combined $8.2 billion ($3.4 billion in FY 2024 and $4.7 billion in FY 2025). This was an increase of 5.3 percent from initial projections, less than the June-to-June changes in each of the previous two budget cycles (6.3 percent and 7.2 percent, respectively). However, prior to the June 2020 Plan, which was heavily distorted by the fiscal response to the onset of the pandemic, the 10-year average for revenue changes as a share of their initial projection was 2.8 percent (see Figure 6). A return to the historical trend would suggest less revenue upside in the future for the City.

Similarly, combined planned expenses in fiscal years 2024 and 2025 increased by $4.5 billion ($464 million in FY 2024 and $4.1 billion in FY 2025), 2.8 percent higher than projected last June and significantly exceeding the pre-pandemic 10-year average in expense revisions (0.3 percent). While the upward revision in FY 2024 was less than the changes in each of the previous two budget cycles, 4.4 percent and 4.2 percent, respectively, the revision was offset by $2.3 billion in asylum-seeker savings in fiscal years 2024 and 2025 as part of the PEG. Expenses would have increased by $6.9 billion excluding those revisions (4.2 percent), which would have been the largest nominal intra-year change on record.

In the three years since the economic disruption caused by the pandemic, changes in estimates for both revenues and expenses have been more volatile when compared to previous years. This uncertainty has created a budgeting environment in which the City is funding a number of programs by relying on better-than-projected revenues. These instances can create issues for agencies' budgetary planning and in some cases, operational implementation. Some examples of this are highlighted in OSC's Identifying Fiscal Cliffs tool.

FIGURE 6
Budget Adoption to Final Estimate
(changes in two-year estimates)



Sources: NYC Office of Management and Budget; OSC analysis

IV. State and Federal Actions

State Budget

On April 20, 2024, the State Legislature adopted the budget for State fiscal year (SFY) 2025, which began on April 1. On a net basis, OSC estimates that the State budget will have a positive fiscal impact to the City of $818 million in FY 2024 and $1.4 billion in FY 2025 (see Figure 7). The June Plan incorporates most of this budget impact and assumes the City will receive $19.4 billion in total State categorical aid in FY 2025.

The largest positive funding impact for the City in the State budget was for asylum seeker costs; however funding is also included for higher-than-anticipated school aid, safety net assistance and revenue actions. The City has also budgeted $1 billion in State aid for each of FY 2026 and FY 2027, and $350 million in FY 2028 for asylum seekers but receipt of these funds requires additional appropriations by the State. OSC does not apply a budget risk for these funds given recent State support at the assumed cost-sharing levels.

The Enacted State Budget also included proposals with a negative financial impact which the City estimates could increase its costs by $218 million in FY 2025, $326 million in FY 2026, $339 million in FY 2027 and $315 million in FY 2028. As described in OSC's report on the April Plan, the City is required to increase funding for pension benefits, funding for distressed hospitals, family services, insulin and paid leave for its employees.

The State budget contains other actions that will impact the City or its residents, but do not have a direct quantifiable impact on its operating budget, as described more fully in OSC's report on the April Plan, including to enable City housing initiatives, expand its debt capacity and extend mayoral control of schools.

FIGURE 7
Enacted State Budget Impact on New York City
(in millions) Better/(Worse)

	FY 2024	FY 2025
Asylum Seekers	$ 817	$ 940
School Aid	- - -	597
Safety Net Assistance	- - -	67
Revenue Actions	1	29
Tier 6 Pensions	- - -	(163)
Sales Tax Intercept	- - -	(38)
Post 4 p.m. School Buses	- - -	(6)
Family Services	- - -	(5)
Other Changes	- - -	(6)
Total	**$ 818**	**$ 1,415**

Note: OSC estimate. Totals might not add due to rounding.
Sources: NYS Division of the Budget; OSC analysis

In addition, to meet the State class size mandate, the City is required to increase planned spending for classroom construction by $2 billion over and above the planned capital spending detailed in the February 2024 School Construction Authority capital plan. This additional $2 billion has been added to the capital budget but the additional debt service from the new spending is not included in the June Plan.

Finally, the City has identified other initiatives in the State budget that are applied statewide, but may have an impact on the City's budget and are not yet quantifiable, including for cannabis enforcement and possible higher health insurance costs from a tax on managed care organization providers.

Federal Actions

The June Plan assumes that total federal receipts for the operating budget continue to wind down after peaking in FY 2022 ($15.2 billion), from an average of $11.5 billion in fiscal years 2023 and 2024 to $7.9 billion in FY 2025. Receipts decline to about $7.2 billion starting in FY 2026 as the City draws down the balance of pandemic relief aid.

Pandemic Relief

Through FY 2023, the City realized a total of $22 billion in federal aid, including unrestricted aid, to respond to the impacts of COVID-19. Of this amount, more than $19 billion has been claimed or collected to date. The June Plan assumes pandemic aid totaled $3.6 billion in FY 2024 (mostly for education and general fiscal relief) and will decline sharply in subsequent years as the stimulus program reaches its conclusion (see OSC's [May 2024 report on the City's financial plan] for details).

Federal Budget

In March 2024, the President unveiled his budget proposal for federal fiscal year (FFY) 2025, which begins on October 1, 2024. The budget request includes $1.67 trillion in discretionary spending. If the proposal is approved as proposed, the City anticipates level or modest changes in funding for most programs of interest.

The City continues to work with its federal and State funding partners to identify additional resources to help offset the ongoing and significant local share of costs associated with the influx of asylum seekers. While the FFY 2024 budget does include additional funding for this purpose for nonfederal entities, $38.9 million of which the City has already received, such funding will cover only a small portion of the City's asylum expenses (see the Expenditure Trends: Asylum Services section for details). The June Plan anticipates the City realized just $157 million in federal aid in FY 2024 for this purpose, and no funding is assumed in subsequent years.

According to June 2024 estimates from the Congressional Budget Office, the federal budget deficit in FFY 2024, adjusted for payment timing, is estimated at $2 trillion (7 percent of GDP).

Concerns over the deficit have led to calls for additional deficit-reduction actions, including discretionary spending caps to limit the growth in federal spending such as grants to the States and local governments, reforms to safety net programs (e.g., Medicaid and direct assistance for nutrition), and revenue raisers such as increased tax rates for high earners or businesses. The potential impact of such deficit-reduction actions, if any, on the City's financial plan will depend on the outcome of budget negotiations, which are unknown at this time but could be protracted.

Should negotiations stall and if no stop-gap measures are approved by October 1, 2024, a federal government shutdown could occur. The City states that a federal shutdown would have broad, negative effects on the City's economy (i.e., reduced receipts in federal funds, which are used to help pay for services like food nutrition and education).

V. Program to Eliminate the Gap

In the Fall of 2023, the City planned for a three-round PEG with spending reductions reaching nearly 15 percent of city-funded spending annually starting in FY 2024 to help manage the impact of the asylum seeker influx.

Since then, the City unveiled the first two rounds of the savings program which included significant reductions to planned agency spending. Favorable fiscal developments in FY 2024 (including higher revenues and lower-than-expected asylum costs), however, permitted the City to cancel the third round and to rescind a portion of the spending reductions (see OSC's April Plan report for details).

The June Plan includes a relatively small update to the savings program, incorporating an additional $229 million of savings in FY 2024, $170 million in FY 2025, with small amounts in subsequent years, mainly from lower debt service. The City also announced additional restorations, mostly for operating subsidies for libraries and cultural institutions.

The PEG is now expected to generate $7.6 billion over two years through FY 2025, and an average of more than $2.2 billion annually in subsequent years (see Figure 8), still among the largest savings programs on record.

So far, $1.1 billion over five years in agency funding has been restored, mostly for the planned service reductions. Most of the initiatives remaining in the PEG appear to be within the City's control to implement. Should additional resources be identified in FY 2025, however, the City could make additional restorations to help mitigate the adverse impact of the remaining service reduction.

FIGURE 8
FY 2024 Program to Eliminate the Gap
(in millions)

	Positions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Agency Actions							
Efficiencies	(3,146)	$ 689	$ 1,032	$ 1,027	$ 1,035	$ 1,036	$ 4,819
Expense Reestimates	(78)	869	843	824	845	693	4,074
Revenue Reestimates	2	897	242	240	221	202	1,801
Service Reduction	(189)	84	384	324	324	357	1,473
Agency Subtotal	**(3,411)**	**2,539**	**2,501**	**2,414**	**2,425**	**2,288**	**12,167**
Asylum Services	- - -	976	1,354	- - -	- - -	- - -	2,330
Debt Service	**- - -**	**380**	**170**	**120**	**93**	**126**	**889**
Total Savings	**(3,411)**	**$ 3,895**	**$ 4,025**	**$ 2,534**	**$ 2,518**	**$ 2,414**	**$ 15,386**
Restorations							
Service Reduction	159	(48)	(188)	(178)	(181)	(187)	(782)
Efficiencies	201	(25)	(74)	(74)	(74)	(75)	(321)
Expense Reestimates	- - -	- - -	(8)	(3)	(3)	(3)	(16)
Restorations Subtotal	**360**	**(73)**	**(269)**	**(254)**	**(258)**	**(265)**	**(1,120)**
Net Savings	**(3,051)**	**$ 3,822**	**$ 3,756**	**$ 2,280**	**$ 2,260**	**$ 2,150**	**$ 14,267**

Note: Totals may not add due to rounding. Changes in headcount are as of June 30, 2025.
Sources: NYC Office of Management and Budget; OSC analysis

VI. Revenue Trends

The June Plan expects total revenues, which include locally generated revenues (i.e., City funds) and federal and State categorical aid, to reach $112.4 billion in FY 2025, $809 million higher than the April Plan forecast and $6.6 billion higher than at budget adoption last year.

Even though the June Plan increased the FY 2025 forecast, the City still expects a $2.7 billion (2.3 percent) decline from FY 2024, mostly due to the winding down of federal pandemic aid. During this period, the expected $5.6 billion decline in federal and State grants will more than offset the $2.8 billion increase in City funds.

The June Plan increased the FY 2025 forecast for City fund revenues by $450 million from the April Plan, and by $4.7 billion from budget adoption to a record high of $83.2 billion, accounting for 74 percent of total revenues (see Figure 9). Tax collections account for 93 percent of City fund revenues; miscellaneous revenues account for 7 percent. As the City economy continues to normalize from the pandemic's impact, the total increase to the FY 2025 forecast for City funds revenue over the entirety of the fiscal year may be much smaller than realized in the recent past.

The FY 2024 City funds forecast is now $3.4 billion higher than the forecast from the beginning of the fiscal year, the fourth year in a row in which City funds will end the fiscal year at least $3 billion higher than at budget adoption. With better-than-expected tax collections in the first 11 months of FY 2024, the June Plan increased the FY 2024 forecast for tax collections from the April Plan by $198 million to $73.8 billion.

Year-to-date collections (including audits) through the first 11 months were $66 million higher than expected in the April Plan, led by business taxes. Year-to-date tax collections are 0.3 percent higher ($209 million) than collections over the same period last year, as increases in property, sales and business taxes have been mostly offset by declines in the personal income tax (PIT) and real estate transactions taxes, due to the timing of certain PIT payments and higher interest rates.

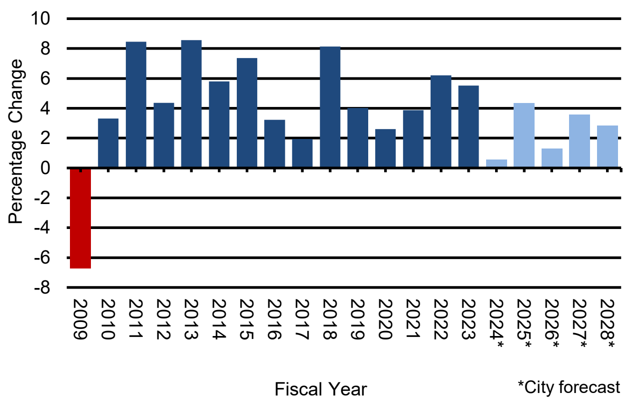
FIGURE 9
Trends in City Fund Revenues
(in millions)

	FY 2024	FY 2025	Annual Growth	FY 2026	FY 2027	FY 2028	Average Three-Year Growth Rate
General Property Tax	$32,870	$34,164	3.9%	$34,630	$35,668	$36,360	2.1%
Personal Income Tax	15,652	17,284	10.4%	17,474	18,401	19,137	3.5%
Sales Tax	9,967	10,371	4.1%	10,822	11,238	11,726	4.2%
Business Taxes	9,345	9,176	-1.8%	8,832	8,964	9,139	-0.1%
Real Estate Transaction Taxes	1,731	1,966	13.6%	2,087	2,273	2,386	6.7%
Other Taxes	3,333	3,314	-0.6%	3,425	3,519	3,611	2.9%
Tax Audits	947	773	-18.4%	773	773	773	0.0%
Subtotal: Taxes	**$73,845**	**$77,048**	**4.3%**	**$78,043**	**$80,836**	**$83,132**	**2.6%**
Miscellaneous Revenues	6,511	6,170	-5.2%	6,048	6,002	6,037	-0.7%
Unrestricted Intergov. Aid	32	- - -	-100%	- - -	- - -	- - -	N/A
Grant Disallowances	(15)	(15)	0.0%	(15)	(15)	(15)	0.0%
Total	**$80,373**	**$83,203**	**3.5%**	**$84,076**	**$86,823**	**$89,154**	**2.3%**

Note: Personal Income Tax includes the Pass-Through Entity Tax.
Sources: NYC Office of Management and Budget; OSC analysis

The June Plan estimates that total tax collections increased by 0.6 percent in FY 2024, which would be the smallest increase since FY 2009. However, the City had forecast a 2.5 percent decline from budget adoption, providing better revenue than anticipated (see Figure 10). The City projected a decline in tax revenue at budget adoption for each of the last two fiscal years.

FIGURE 10
Annual Percent Change in Tax Revenues



Note: Includes revenue from tax audits.
Sources: NYC Office of Management and Budget; OSC analysis

For fiscal year 2025, the property tax forecast was the only major tax source that the June Plan adjusted. Reflecting a stronger-than-expected final property tax assessment roll, the June Plan increased the FY 2025 forecast for total tax collections by $454 million to $77 billion. The City now expects tax collections to increase by 4.3 percent in FY 2025.

The increase reflects, in part, the City's assumption that the Federal Reserve will begin cutting the federal funds rate in the first half of FY 2025. As the City does not usually update its economic forecast in the June Plan, it still expects the Federal Reserve to cut rates three times this year. The City also expects lower interest rates to fuel a rebound and growth in real estate transactions taxes. Additionally, the City attributes a rebound in PIT to strength in equity markets, and elevated business taxes to stronger-than-expected corporate profitability. As a result, growth in non-property tax collections is expected to outpace that of property tax collections in FY 2025.

In fiscal years 2026 through 2028, even as federal and State grants are expected to decline, total revenues are forecast to increase by an annual average of 1.3 percent. During this period, City funds are expected to have an average growth of 2.3 percent, higher than in the out-years of the two previous budget adoptions but much slower than the annual average growth of 4.7 percent in the five years before the pandemic.

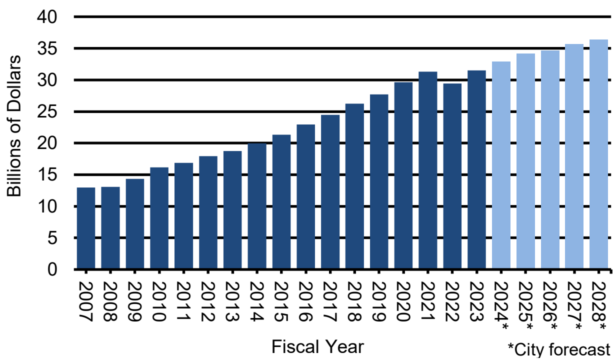
The only major tax source the City updated for fiscal years 2026 through 2028 was property tax revenues. Still, the June Plan increased the tax collections forecast from the April Plan by an annual average of $324 million in fiscal years 2026 through 2028. As a result, during this period, tax collections are expected to increase at an annual average of 2.6 percent, reflecting steady economic growth. Non-property tax collections are expected to increase at an annual average of 2.9 percent during the out-years, faster than property tax collections (2.1 percent). The relatively slow rate of growth in property tax collections reflects continued uncertainty in the commercial real estate market.

OSC estimates tax collections will likely be higher than the City's forecast by $275 million in FY 2024 and lower by $155 million in FY 2025. In the out-years of the plan, OSC believes collections will exceed the forecast by an annual average of approximately $510 million, on the strength of the final property tax assessment roll. OSC expects miscellaneous revenues to be higher by $50 million in each of FY 2025 through FY 2028.

General Property Tax

In the June Plan, the City increased its forecast for FY 2025 property tax collections by $464 million compared to the April Plan due to a strong final property tax assessment roll released in May. Collections are now expected to reach $34.2 billion, an increase of 3.9 percent from the prior fiscal year and the highest level on record (see Figure 11). The City also increased expected collections in FY 2024 by $84 million on the strength of year-to-date collections. Even with this increase, OSC believes the City is still underestimating final FY 24 collections by $130 million.

FIGURE 11
Property Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

The FY 25 property tax levy was bolstered by an unexpected increase in Class 3 property valuations (driven by assessments of special franchise properties conducted by the State Department of Taxation and Finance). Total taxable values on the final roll increased by 4.3 percent from the prior fiscal year, driving the increase to expected collections (for additional details on the assessment rolls, see OSC's April Plan report).

The City also revised expected collections upward by a combined $1 billion for fiscal years 2026 through 2028 to account for the new baseline in FY 2025. OSC believes that even with this adjustment, the City is still underestimating property tax collections in fiscal years 2025 to 2028 by a combined $660 million.

Despite the increases, the forecast still expects annual growth in collections to slow significantly over the plan horizon. The June Plan forecast shows compound annual growth of 2.1 percent from fiscal years 2025 to 2028. Even with a major decline in FY 2022, property tax revenues grew at an average compound rate of 4.9 percent annually over the previous 10 years (fiscal years 2015 to 2024).

Residential property prices remain near record highs, and the median home sale price in the New York metropolitan area was up 11.4 percent in May from the year prior.[6] Demand for housing is expected to sustain residential property assessment growth over the plan horizon. The City expects average annual growth in billable values for fiscal years 2026 through 2028 of 3.6 percent and 1.9 percent for Class 1 and Class 2 properties, respectively.

However, commercial real estate values continue to struggle in the wake of the pandemic. Office vacancy rates increased to a new record high of 23.6 percent in the second quarter of 2024, more than double the pre-pandemic level,[7] though market conditions vary significantly by neighborhood and property class (for further analysis see OSC's Office Real Estate report). Continuing vacancies and potential residential conversions (if they take advantage of property tax incentives) may impact collections in the coming years. Despite these challenges, taxable

[6] Zillow, "Median Sale Price (Smooth & Seasonally Adjusted, All Homes, Monthly)" for New York, NY MSA, https://www.zillow.com/research/data/.

[7] Cushman & Wakefield, "MarketBeat Manhattan Office Q2 2024," https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/new-york-city-area-marketbeats.

Class 4 commercial property values increased by 2.3 percent on the final roll. The City expects Class 4 properties to continue to grow at an average annual rate of 2.3 percent over the plan horizon, a reasonable expectation given the final roll.

After an increase in delinquencies in recent years, the City reauthorized the lien sale program as part of the adopted budget. The City had allowed the program to expire in the wake of the pandemic due to criticisms that homeowners could lose their properties easily and that it disproportionately affected low-income owners. The new authorization has modifications to address these issues, including an "easy exit" option from the sale, as well as an option to turn a building over to a "qualified preservation purchaser" who would lease the property back to owners and allow them to recoup their equity.[8] The lien sale program is expected to generate $87 million in revenue annually in fiscal years 2025 to 2028.

Personal Income Tax

The June Plan decreased the FY 2024 forecast by $349 million from the April Plan for total PIT, including the Pass-Through Entity Tax (PTET), but left the forecast for the rest of the plan period unchanged (see OSC's June 2023 Plan report for details).[9] Even with the adjustment, collections are expected to be $709 million more than the forecast at budget adoption last year.

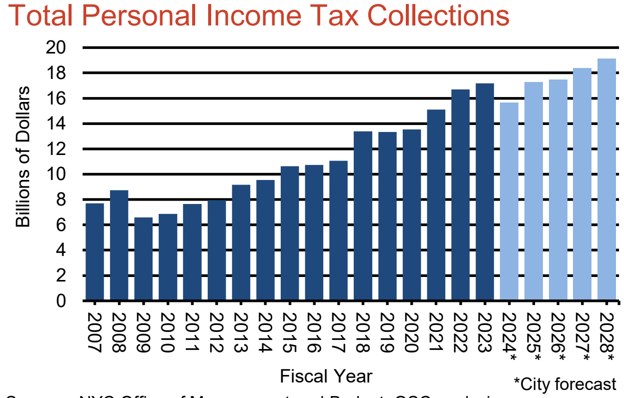
The June Plan's downward adjustment reflects lower-than-expected collections in the last quarter of the fiscal year. Year-to-date collections through May were $279 million below the April Plan forecast and were 9.7 percent lower than the same period last year. As a result, the June Plan now expects total PIT to decline by 8.9 percent in FY 2024 to $15.7 billion (see Figure 12).

The June Plan adjustment was mostly due to the non-withholding components of PIT. The June Plan decreased the combined forecast for non-withholding components by $336 million in FY 2024. These components are now expected to decrease by 37.8 percent in FY 2024. The decline reflects the City's assumption of stock and real estate markets negatively impacting capital gains (the largest non-wage component). The effects of the implementation of the PTET also contributed to the decline (for more information on PTET, see OSC's May 2024 Plan report).

Collections from withholding (i.e., the amount of tax taken from employee paychecks) increased by 5.5 percent in FY 2024, reflecting job and wage growth.

Since the total PIT forecast in the out-years stayed the same even though the baseline in FY 2024 was lowered, the June Plan now expects collections to increase by 10.4 percent to reach $17.3 billion in FY 2025, faster than the forecast of 8 percent from the April Plan. The initial growth assumed by the City reflects

FIGURE 12
Total Personal Income Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

8 Kathryn Brenzel, "City Revives Tax Lien Sale," *The Real Deal*, July 2 2024.

9 The SFY 2022-23 Enacted Budget created the PTET for the City which went into effect in FY 2023. When combined with PIT, the PTET is expected to be revenue neutral for the City. See OSC's June 2023 Plan report.

continued economic growth and a normalization of the timing of the PTET.

The June Plan did not adjust the forecast of the PIT components in the out-years either. As a result, withholding collections are now expected to increase by 5.5 percent in FY 2025 to reach $12.8 billion, reflecting the City's assumption of slower job growth but an increase in bonuses.

The June Plan projects the non-withholding components to increase by 27.3 percent in FY 2025, higher than the 16.3 percent increase from the April Plan. This growth is partly due to the timing of the PTET deflating FY 2024 collections, but it also reflects the City's assumption of lower interest rates leading to growth in capital gains.

For fiscal years 2026 through 2028, the City projects total PIT collections to increase by an annual average of 3.5 percent, reflecting the City's assumption of a return to moderate economic growth in the out-years. However, this rate of growth would still be slower than average annual growth (6.9 percent) in fiscal years 2015 through 2019. The growth in the out-years is led entirely by withholding as its average annual growth is projected at 4.7 percent during this period, while that of non-withholding components is expected to decline by 0.3 percent.

The uncertainties associated with the PTET have made it more difficult to forecast collections, which is evident from the large difference in the April and June Plan forecasts. OSC expects collections will miss the City's FY 2024 forecast by $25 million and by $250 million in FY 2025 as the FY 2024 base was lowered. As non-withholding components rise amid a projected decline in interest rates in FY 2026 and beyond, OSC projects PIT collections will be $350 million higher in FY 2026, $250 million higher in FY 2027 and $450 million higher in FY 2028.

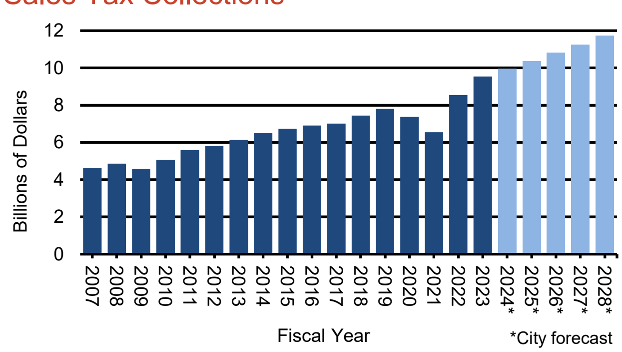
Sales Tax

The June Plan made no changes to the April Plan sales tax collections forecast. The City expects sales tax collections to grow 4 percent in FY 2025, reaching $10.4 billion amid modest gains in wages and tourism visitor spending is expected to reach pre-pandemic levels (see Figure 13).

U.S. retail sales in June 2024 were slightly up from May 2024, excluding auto dealers and parts, which experienced technological issues in June. According to the latest Beige Book, consumer spending in the New York district (which includes parts of New Jersey and Connecticut and all of New York State) remains solid and was up slightly from the prior period with tourism being steady as well. However, consumers are altering some buying habits, including responding to higher prices by purchasing lower quantities or alternative products that are cheaper.[10]

OSC estimates that collections in FY 2025 and FY 2026 will be $100 million less annually from the City's June Plan due to slowing consumer spending and retail sales. In FY 2027 and FY 2028 sales tax collections will be $50 million less annually as growth rates average pre-pandemic levels.

FIGURE 13
Sales Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

[10] New York Federal Reserve *Beige Book,* July 2024.

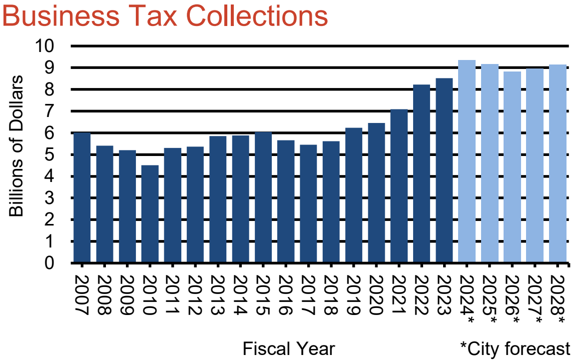
Business Taxes

The June Plan's FY 2024 business tax forecast is $276 million higher than the April Plan as collections continue to see stronger-than-expected growth. As a result, business taxes are now projected to grow by 9.7 percent to a record high of $9.3 billion in FY 2024, surpassing FY 2023 by $826 million (see Figure 14).

The upward adjustment in FY 2024 is attributable to business corporation taxes, which constitute more than two-thirds of total business tax collections and are driven primarily by the profits of New York Stock Exchange member firms. Business corporation tax collections through June have grown by 13.6 percent, compared to the same period last year. Growth can be attributed to consistent strength in the finance sector, specifically the commercial banking industry, which grew 15 percent through May, outweighing the less than 1 percent growth in the non-finance sector.

Unincorporated business taxes (UBT), which make up the remainder of total business tax collections, saw a year-over-year increase of 9.7 percent through June 2024. The City made an upward adjustment of $61 million in FY 2024, and now expects collections to grow 5.7 percent. The increase can be attributed to growth in the non-finance sectors, specifically the service sector which makes up over 50 percent of UBT net payments. The service sector saw an 18.3 percent increase through May compared to the same period last year. The finance sector firms that pay UBT, such as hedge funds, constitute 36 percent of UBT net payments and declined 1 percent during the same period. The City expects continued decline in the finance sector during the final quarter of FY 2024.

FIGURE 14
Business Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

The City made no adjustments to the FY 2025 forecast, but now expects a year-over-year decline in business tax collections by 1.8 percent due to a higher base in FY 2024, after initially assuming business tax collections would grow entering the fiscal year. Business corporation taxes are expected to decline 2.2 percent and unincorporated taxes are expected to decline 0.8 percent. The City also made no adjustments to the out-years forecast from the previous plan beginning in FY 2026.

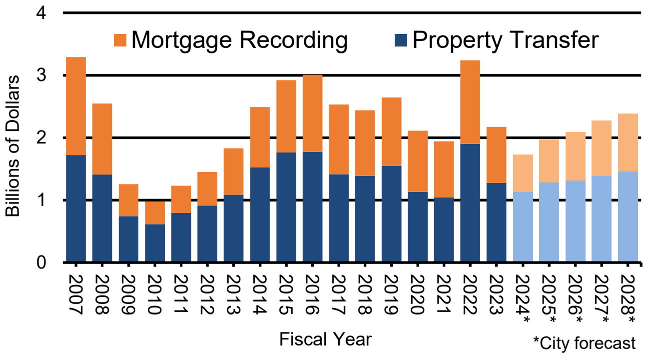
OSC estimates tax collections will exceed the City's forecast by $170 million in FY 2024 and reach $9.5 billion. In FY 2025, OSC estimates collections will decrease by 3.3 percent, higher than the decline assumed by the City. OSC projects business taxes will be 2 percent higher, on average, than the June Plan projections for each of the out-years.

Real Estate Transaction Taxes

The June Plan makes no changes to expected transaction tax collections in FY 2025. Collections are forecast to be almost $2 billion, up 13.6 percent from the previous fiscal year and the first increase since FY 2022 (see Figure 15). The City made a slight adjustment to FY 2024, increasing expected collections by $3 million.

Residential transaction activity has slowed as increases to the federal funds target rate took effect. In 2023, mortgage rates rose to their highest levels in 20 years, reaching 7.8 percent

FIGURE 15
Real Estate Transaction Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

in late October. Rates have since declined but remained near 7 percent as of late June. As a result, total residential sales in New York City for the first half of 2024 are down by 7.4 percent compared to the prior fiscal year, and by 41.2 percent compared to the same period in 2022.[11]

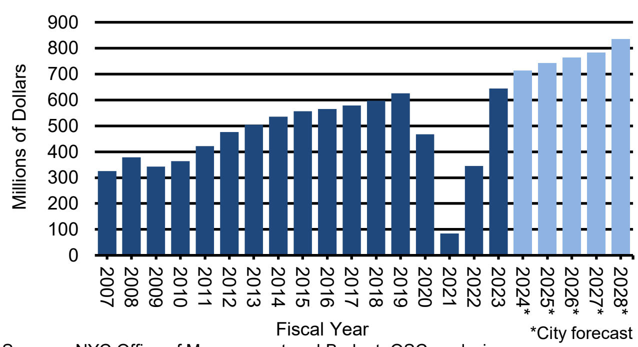
While there is some disagreement on timing, economic forecasts largely expect to see federal funds target rate cuts begin later this year.[12] The City therefore anticipates that real estate transaction taxes will begin a recovery in FY 2025, on the expectation that pent-up demand will cause a surge in transactions when rates do begin to fall. Transaction taxes are forecast to grow 6.7 percent annually for fiscal years 2026 to 2028. OSC notes these projections are reasonable given the declines experienced over the last two fiscal years and recent transaction activity, and makes no adjustments.

Hotel Tax

The June Plan made no changes to the [April Plan.](#) The City expects hotel tax collections to grow 4.2 percent and reach $743 million in FY 2025 as [tourism visitor numbers](#) are expected to reach pre-pandemic levels and room rates and occupancy continue to rise (see Figure 16).

According to NYC Tourism + Conventions (the City's official tourism agency), the City is expected to reach a record 68.1 million visitors (53.4 million domestic and 14.7 million international) in 2025 surpassing pre-pandemic levels for the first time. Due to emergency shelter usage, there has been a reduction in hotel inventory, increasing demand for the existing room inventory. Among the current hotel inventory there are 121,500 active rooms, with 6,400 rooms to be completed in 2025, making the total number of active rooms 128,000.[13] In June 2024, New York City hotel occupancy remained relatively strong (87.8 percent) with average daily room rates up 4.4 percentage points to $317.91 from June 2023. The City hotel market had the highest hotel occupancy, average daily room rate, and revenue per available room among the top 25 U.S. hotel markets in June 2024.

FIGURE 16
Hotel Tax Revenues



Sources: NYC Office of Management and Budget; OSC analysis

[11] For January through June 2024; NYC Department of Finance Automated City Register Information System (ACRIS) preliminary data. These figures may moderate with subsequent data revisions.

[12] "U.S. Executive Summary," S&P Global, July 11, 2024.

[13] New York City Tourism + Conventions, *NYC Travel & Tourism Outlook*, April 2024, https://assets.ctfassets.net/1aemqu6a6t65/2Y8QEeyL0WPqNNSp2PF4tb/9b70f80ef38b5121b90bf151e1005880/2024_Travel___Tourism_Outlook_April-jm.pdf.

OSC estimates that collections in FY 2025 will be $15 million higher than the City's June Plan forecast as tourism, hotel demand and hotel room rates are expected to rise slightly faster than the City's assumptions. In fiscal years 2026 to 2028, OSC projects collections will average a little over $36 million higher annually than the June Plan forecast as future sporting and entertainment events and celebrations will likely draw more tourists into the area.

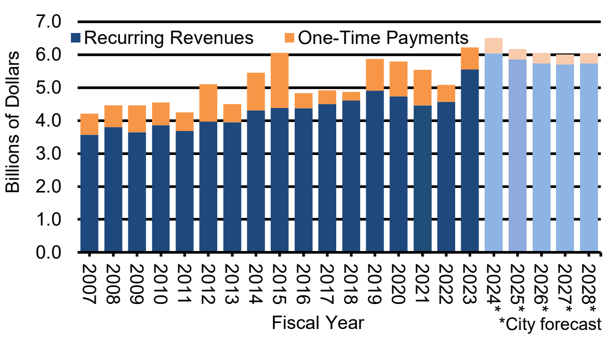
Miscellaneous Revenues

Miscellaneous revenues, consisting of recurring revenues and one-time payments have been strong in FY 2024 as interest income and one-time payments have fueled recent growth.

The June Plan expects miscellaneous revenues in FY 2025 to decline 5.2 percent to $6.2 billion (see Figure 17). For a majority of miscellaneous revenues there were no significant changes for the out-years except for one-time payments which were taken down an average $15.5 million starting in FY 2025 from the April Plan.

OSC believes recurring miscellaneous revenues could be $50 million higher in FY 2025 as interest rate declines may be implemented later in FY 2025 than the City anticipates.

FIGURE 17
Total Miscellaneous Revenues



Sources: NYC Office of Management and Budget; OSC analysis

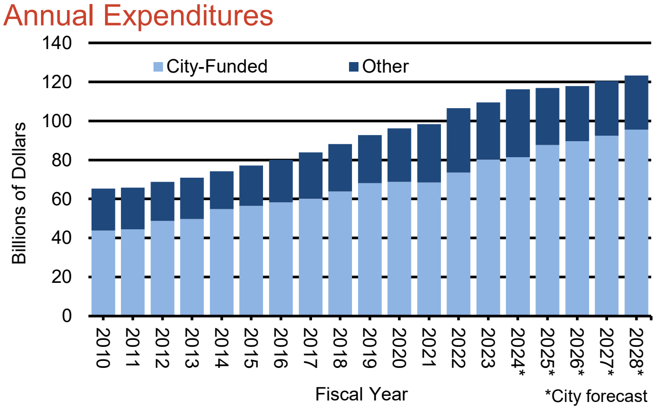
VII. Expenditure Trends

Citywide expenditures are projected to reach $116.8 billion in FY 2025, after adjusting for surplus transfers, which obscure total expenditures (see Figure 18). The portion of citywide spending funded with locally generated revenue (i.e., City funds) is estimated at $87.6 billion. About 25 percent, nearly $29.2 billion, of total spending is funded with other sources, mostly federal and State grants.

The June Plan anticipates city-funded spending rose slowly in FY 2024 (by 1.6 percent) and would accelerate in FY 2025 by 5.3 percent, adjusted for savings from overestimating prior-years' expenses. The growth in FY 2025 is driven by labor costs, asylum services, debt service and a backfill of temporary stimulus aid with City funds for education.

The growth in the out-years is forecast to pick up slightly to an average of 3 percent through FY 2028, assuming there would be a wind down of asylum seeker spending and a slow growth in the local share of Medicaid, as well as a decline in other non-personnel costs in FY 2026 (see discussion on fiscal cliffs below), followed by slow growth in subsequent years. By comparison, this projected growth rate would be less than the average growth rate of more than 4 percent annually over the past decade. The impact of projected wage increases consistent with the pattern established for the 2021-2026 round of bargaining on labor costs, debt service, and health insurance costs are expected to be the largest cost drivers through the balance of the financial plan period.

FIGURE 18
Annual Expenditures



Note: Adjusted for surplus transfers and debt defeasances. City forecast includes budgeted reserves beginning in FY 2024.
Sources: NYC Office of Management and Budget; OSC analysis

As many of these fixed costs rise, the City's financial plan anticipates a decline, or flat, discretionary spending at a number of agencies, including Police, Fire, Correction, Transportation, Environmental Protection, Social Services, Homeless Services, and Health and Mental Hygiene. The City's ability to fund increases at these agencies for discretionary programs will be impacted by the trajectory of spending on fixed costs (see Appendix A for details).

Expenditure Risks and Offsets

During FY 2024, the City included funding to address a significant portion of budgetary risks identified by OSC in previous reports on the City's financial plan. However, some sizable risks and fiscal uncertainties remain. Based on the current trend for the daily census as well as City-reported per diem rates, OSC projects that costs for asylum services could be lower by $1.2 billion in FY 2025, $439 million in FY 2026, but higher by $561 million in FY 2027, and $2.7 billion in FY 2028 (see the Expenditure Trends: Asylum Services section for details).

The June Plan includes funding exceeding $600 million in each year of the financial plan period for the City's rental assistance programs. Based on current trends for the CityFHEPS program, however, OSC projects that these costs could be higher than planned by $350 million in FY 2025, and average $424 million annually during fiscal years 2026 through 2028 (see the Expenditure Trends: Rental Assistance section for details).

The City could also incur additional operating costs at the DOE, rising from $672 million in FY 2025 to nearly $2.3 billion by FY 2028, including funding to meet the state-imposed mandate to reduce class sizes.

OSC has identified other relatively large but historically manageable risks fueled by underbudgeting for mandated operating subsidies for public transit, social services and overtime costs. For example, absent any alternatives, it appears unlikely that the City's public assistance spending will decline in FY 2025, given the recent growth in enrollment, which is now at its highest level since October 2000.

Alternatively, the City projects its annual debt service based on conservative assumptions. As in prior years, OSC anticipates that actual spending will be lower than planned. However, the amount of savings will depend upon the City's borrowing needs and the prevailing interest rates in the municipal debt market, which can be difficult to predict. In total, the expenditure risks identified by OSC, net of offsets, are estimated to total nearly $2.2 billion in FY 2025, rising to nearly $7.1 billion by FY 2028.

The City may also incur higher-than-planned discretionary costs for local initiatives funded in FY 2025 but assumed to not recur, which may increase future costs or result in service disruption (see OSC's "Fiscal Cliffs" Tool for details). The City also funded a number of discretionary City Council initiatives in FY 2025 ($547 million) but the June Plan does not yet include funding for these in subsequent years, as such costs are subject to annual negotiation between the Mayor and the City Council.

The City has some lead time to address its larger out-year risks and has implemented substantial gap-closing programs in the past, including this year, to generate savings averaging more than $2.2 billion annually over fiscal years 2026 through 2028 (see the Program to Eliminate the Gap section for details). June Plan expenditure trends are shown in Figure 19 and discussed below.

Full-Time Staffing Levels

In May 2024, OSC issued a 2024 update on the November 2022 report on the City's staffing

FIGURE 19

Trends in City-Funded Spending in June 2024 Financial Plan

(in millions)

	FY 2024	FY 2025	Annual Growth	FY 2026	FY 2027	FY 2028	Average Three-Year Growth Rate
Salaries and Wages	$21,733	$22,586	**3.9%**	$23,688	$24,695	$25,653	**4.3%**
Pension Contributions	9,191	10,203	**11.0%**	10,948	11,133	12,167	**6.0%**
Debt Service	7,209	7,922	**9.9%**	8,746	9,471	10,318	**9.2%**
Medicaid	6,224	6,641	**6.7%**	6,481	6,631	6,781	**0.7%**
Health Insurance	7,053	7,416	**5.1%**	7,931	8,318	8,733	**5.6%**
Other Fringe Benefits	3,927	3,979	**1.3%**	4,186	4,376	4,568	**4.7%**
Energy	926	1,068	**15.3%**	1,142	1,175	1,221	**4.6%**
Judgments and Claims	1,175	737	**-37.2%**	683	700	722	**-0.7%**
Public Assistance	974	875	**-10.2%**	875	1,225	1,485	**19.3%**
Services for Asylum Seekers	2,327	3,431	**47.4%**	3,000	2,000	500	**-47.4%**
Residual OTPS	21,096	21,292	**0.9%**	20,450	21,240	22,024	**1.1%**
Subtotal	**$81,835**	**$86,150**	**5.3%**	**$88,129**	**$90,965**	**$94,173**	**3.0%**
General Reserve	20	1,200	**NA**	1,200	1,200	1,200	**0.0%**
Capital Stabilization Reserve	- - -	250	**NA**	250	250	250	**0.0%**
Prior-Year's Expenses	(400)	- - -	**NA**	- - -	- - -	- - -	**0.0%**
Total	**$81,455**	**$87,600**	**7.5%**	**$89,579**	**$92,415**	**$95,623**	**3.0%**

Note: Totals may not add due to rounding. Spending is adjusted for surplus transfers.

Sources: NYC Office of Management and Budget; OSC analysis

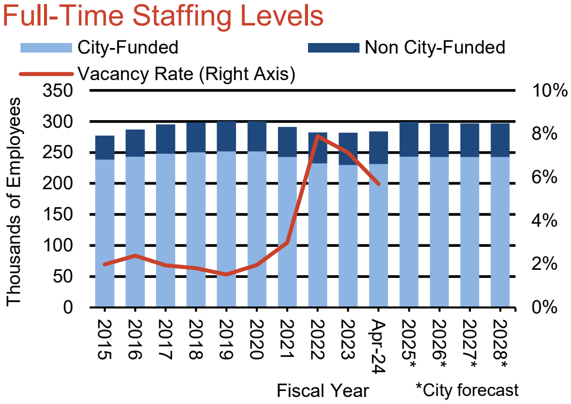
trends, including an analysis of employee attrition, agency division vacancy rates, hiring efforts and overtime.

OSC found that overall attrition has declined to near pre-pandemic levels and the City has made significant progress to accelerate recruitment efforts, but some agency divisions continue to experience elevated turnover, and/or relatively high vacancy rates. These trends, coupled with a rebound in service demand since FY 2021, corresponds with a sharp rise in overtime as a share of payroll for certain functions.

The City's full-time workforce is expected to increase for the first time year-over-year since the COVID-19 pandemic. Staffing increased to 284,042 employees as of April 2024 (see Figure 20). Based on recent attrition data, OSC anticipates that staffing will remain between 283,000 and 285,500 by June 30, 2024, the first increase since FY 2020.

The June Plan assumes staffing will increase from current levels by 5.5 percent to 299,566 employees by June 30, 2025, a small reduction since June 2020 (see Appendix B for details).

FIGURE 20
Full-Time Staffing Levels



Note: FY 2024 is shown as year-to-date actuals for April 2024.
Sources: NYC Office of Management and Budget; OSC analysis

Since the beginning of FY 2024, the City lowered its forecast of personal service spending in that year by more than $1 billion as part of the PEG. Based on preliminary year-end spending, OSC estimates that the City realized an additional $500 million in payroll savings in FY 2024.

In recognition of the intersection of fiscal and operational challenges associated with staffing levels, OSC has expanded on the Mayor's Management Report presentation with the launch of an Agency Services Monitoring Tool.

Collective Bargaining

As of August 2024, nearly the entire unionized workforce (about 96 percent) had reached new labor agreements with the City for the 2021-2026 round of bargaining. The City, which has a long history of pattern bargaining, assumes that the terms of the collective bargaining agreement ratified by the members of District Council 37 (DC 37) in March 2023 and the Police Benevolent Association (PBA) in April 2023 will apply to all other relevant civilian and uniformed unions.

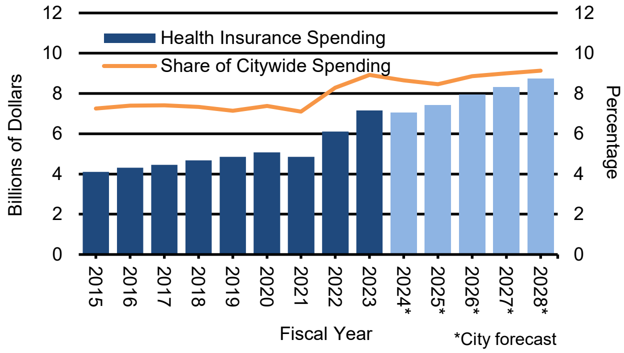
The June Plan includes reserves in each year of the financial plan period to fund anticipated labor costs for all the settled contracts based on the DC 37 and PBA framework and assumes pattern-conforming agreements will be reached with the remainder of the City's workforce.[14]

Health Insurance

The June Plan assumes that city-funded health insurance costs are projected to reach $7.4 billion in FY 2025 and rise to nearly $8.7 billion by FY 2028 (see Figure 21), 22 percent more than in FY 2023. Comparatively, city-funded spending would rise by 19.2 percent during the same five-year period

[14] The civilian pattern established under the DC 37 agreement provides for base wage increases totaling 16.21 percent compounded over five years beginning the day after the expiration of the previous civilian contract. The uniformed pattern established under the PBA agreement provides for base wage increases totaling 18.98 percent compounded over five years (including 0.21 percent in funding for entry and early tenure pay).

FIGURE 21
Health Insurance Costs
City-Funded



Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

through FY 2028. The June Plan assumes that health insurance costs, as a share of city-funded spending, would rise to an estimated 9.1 percent by FY 2028, which would be the highest share since at least FY 2010.

As noted in [recent reports on the City's financial plan](), spending could be higher, however, in the event that the City is unable to find additional resources to refortify the Health Insurance Stabilization Fund (HISF) or identify other alternatives to mitigate the excess costs of the GHI Comprehensive Benefits Plan, including cost-saving proposals currently being negotiated between the City and the Municipal Labor Committee (MLC).

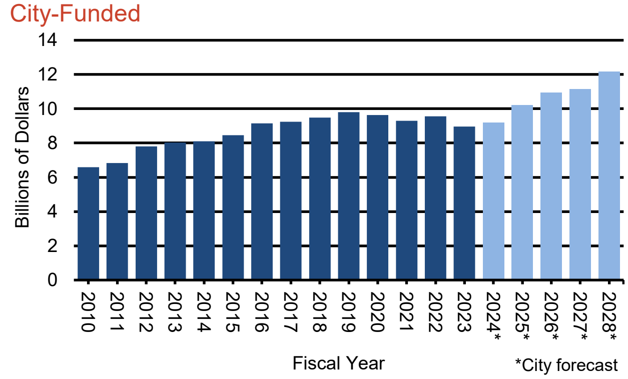
The City has written down its nongovernmental revenue from the HISF in each of the past two years through FY 2024. Until (or unless) a resolution is achieved, OSC also considers the receipt of $191 million annually from the HISF beginning in FY 2025, for reimbursement of a portion of the City's health benefit costs, to be uncertain.

The reimbursement from the HISF consists of a $112 million annual payment guaranteed by the HISF pursuant to a 2009 agreement between the City and the MLC (funded through modifications to the City's health benefits program), as well as payments to cover a supplement to the City's per capita contributions to the union-administered supplemental welfare funds (estimated to total $79 million annually, equated to $165 per active employee and retiree), which pay for benefits such as dental and vision care. However the City and the MLC also agreed to suspend the associated supplemental contribution to the welfare funds in FY 2023. The suspension remained in effect for FY 2024 and could be extended for each fiscal year that the HISF does not have sufficient reserves to provide for the reimbursement. While the suspension of a portion of the City's welfare fund contributions will partially offset the fiscal impact of the potential reduction in nongovernmental revenue, the City could still incur higher-than-planned city-funded health insurance costs of $112 million annually starting in FY 2025.

Pension Contributions

The City's pension contributions reflect actuarial estimates of the City's five major retirement systems prepared by the Office of the Actuary. They also include adjustments prepared by the NYC Office of Management and Budget to reflect new or anticipated changes (e.g., revisions to planned headcount), including an annual reserve beginning in FY 2025 to fund potential changes from any future actuarial audit recommendations.

FIGURE 22
Pension Contributions
City-Funded



Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

The June Plan assumes pension contributions totaled $9.2 billion in FY 2024, and then rise each year to reach nearly $12.2 billion by FY 2028 (see Figure 22).

The pension systems have earned, on average, 7.5 percent on their investments during fiscal years 2012 through 2023, compared to the expected annual gain of 7 percent. Based on a preliminary review, the City Comptroller reports the City's pension systems gained, on average, about 10 percent on their investments through June 30, 2024. As a result, the City could reduce its planned pension contributions by $157 million in FY 2026, $357 million in FY 2027, and by $547 million in FY 2028.

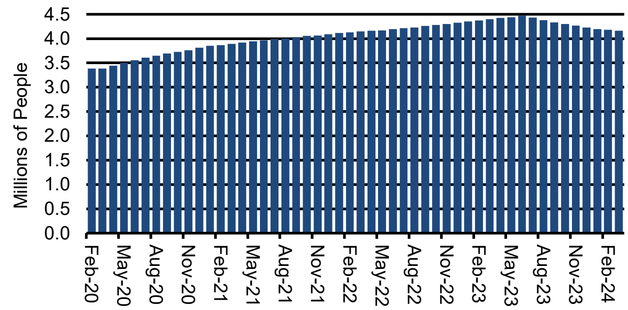
As discussed further in OSC's February 2024 report on the City's financial plan, the June Plan maintains $279 million annually beginning in FY 2025 to fund potential changes to planned pension contributions from actuarial audit recommendations.

Medicaid

In March 2024, 4.2 million New York City residents were enrolled in Medicaid, which provides health insurance to low-income children and adults (see Figure 23). Enrollment had declined by almost 310,000 from June 2023, when it had reached a historic high of 4.5 million. Recently elevated levels were due to policies implemented during the COVID-19 public health emergency (PHE). For further discussion of Medicaid enrollment trends before and after the PHE and the associated federal legislation, see OSC's November Plan report for details.

The June Plan assumes that the city-funded cost of Medicaid will total $6.2 billion in FY 2024, an increase of $150 million compared to the April Plan due to costs incurred by a State claw back of Medicaid savings that were realized in FY 2023 and will rise to $6.6 billion in FY 2025,

FIGURE 23
NYC Medicaid Enrollments



Note: Enrollment totals for a month may be updated in subsequent months to reflect retroactive enrollments and/or disenrollments.
Sources: NYS Department of Health; OSC analysis

$6.5 billion in FY 2026, $6.6 billion in FY 2027 and $6.8 billion in FY 2028.

Escalating Medicaid costs continue to be an area of focus for the State which may take further measures to reduce the increasing financial burden by passing costs along to local governments. See OSC's April Plan Report for a discussion of the SFY 2025 enacted budget that extended a City sales tax intercept dedicated to distressed hospitals.

Social Services

The June Plan allocates $16.6 billion in total funds to the DSS and Department of Homeless Services (DHS) in FY 2024, a combined 14 percent of the City's budget. After excluding asylum seeker expenses, this represents an increase of $1.5 billion from FY 2023, due largely to higher demand for safety net programs such as public assistance, rental assistance, medical assistance, and non-asylum shelter operations (see OSC's April Plan report).

Despite this trend, the City anticipates total funds spending for these agencies, excluding asylum seekers, will decline by $1.4 billion, from FY 2024 to FY 2025. While the City projects Medicaid will increase from FY 2024 to FY 2025, the overall net decline is anticipated largely due to the expiration of one-time funding added in

FY 2024 to address a growing, recurring demand for other safety net services. It is unlikely that planned FY 2025 funding will be commensurate with projected demand, particularly for public and rental assistance.

Due to the combination of these potential risk factors, OSC has identified budgetary risks for DSS and DHS that total nearly $1.4 billion in FY 2025 excluding asylum services, and average $1.2 billion annually from FY 2026 to FY 2028 (see Figure 24). OSC also identifies additional risks pertaining to foster care costs at the Administration for Children's Services (ACS), including a State requirement that local social service districts pay 100 percent of the rates to reimburse the cost of foster care, with the State increasing the rates to be paid. The requirement could increase the City's costs by $118 million annually beginning in FY 2025.

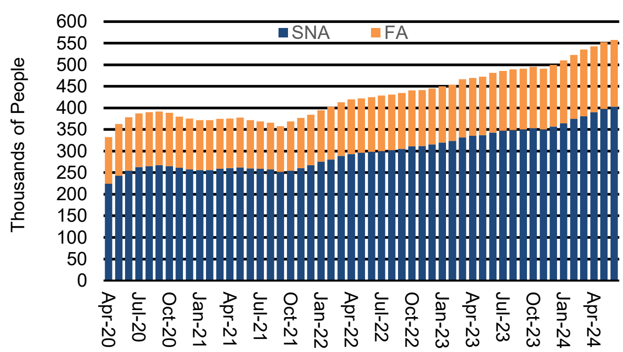
Public Assistance

The June Plan did not revise public assistance estimates from the April Plan. Total spending for Family Assistance (FA) and Safety Net Assistance (SNA) is assumed at $2.5 billion in FY 2024, $1.7 billion in FY 2025 and FY 2026, $2 billion in FY 2027 and $2.5 billion in FY 2028.

However, public assistance caseloads continue to rise. Total caseloads reached 557,570 in June 2024 (see Figure 25) — the highest level since October 2000. See OSC's April Plan report for details.

The City had suspended work requirements for public assistance recipients during the pandemic, but recently announced that it would resume sanctions on cases when recipients fail to meet work requirements beginning July 28, 2024. While this may ultimately reduce caseloads, it is unclear when the impact would begin to take effect.

FIGURE 25
Public Assistance Recipients



Sources: NYC Human Resources Administration; OSC analysis

FIGURE 24
Social Services Non-Asylum Risk Assessment
(in millions)

	Better/(Worse)				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
DSS Risks					
Public Assistance	- - -	(500)	(500)	(246)	- - -
Rental Assistance	- - -	(350)	(423)	(424)	(426)
DHS Risks					
Non-Asylum Shelter Services	- - -	(390)	(390)	(390)	(390)
Emergency Assistance to Families	- - -	(134)	(134)	(134)	(134)
ACS Risks					
Foster Care – State Budget Rate Increase	- - -	(118)	(118)	(118)	(118)
Expiration of Foster Care (Title IV-E)	- - -	(129)	(129)	(129)	(129)
Total Social Services Risks	- - -	**($1,621)**	**($1,694)**	**($1,441)**	**($1,197)**

Sources: NYC Office of Management and Budget; OSC analysis

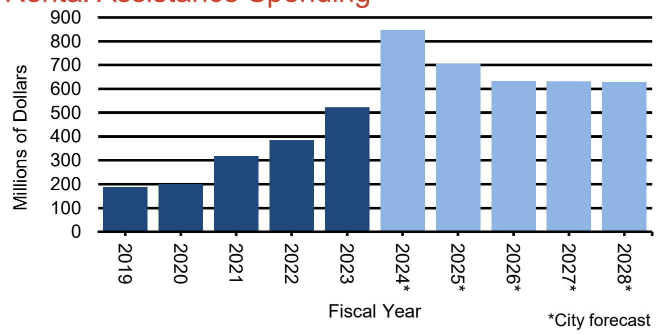
Using current trends, OSC estimates a city-funded risk of approximately $500 million annually in FY 2025 and FY 2026, before dropping to $246 million in FY 2027, driven largely by the planned drop in funding from FY 2024 levels in fiscal years 2025 through 2027. The risk calculation also incorporates additional spending for Safety Net Assistance to asylum seekers in FY 2025 and FY 2026 based on assumed growth in the State Financial Plan. The estimate does not yet reflect the potential impact of restarting work requirements, which could ultimately lower associated costs.

Rental Assistance

The June Plan maintains the increases to funding for rental assistance from the April Plan, of $615 million in FY 2025 and $540 million annually thereafter. However, despite these increases, funding still declines from the FY 2024 level, by $142 million in FY 2025 and by an average of $217 million annually from FY 2026 to FY 2028, which OSC anticipates is unlikely given recent trends. The plan also does not address the fiscal impact of legislation which would substantially expand eligibility for the CityFHEPS voucher program. Despite enactment in July 2023, DSS did not implement the expansion authorized by the legislation within 180 days of enactment, leading tenant advocates to file a class-action lawsuit.

On August 1st, a State Supreme Court judge ruled in favor of the City, stating that the entity which passed the legislation – the City Council – lacked the authority to enact the expansion, which resides with the State, and DSS as the local social services district acting as an agent of the State. The City Council has indicated that it will pursue an appeal. OSC had previously calculated the cost of expansion but is now using current trends in eviction data to approximate pre-pandemic levels of demand for the

FIGURE 26
Rental Assistance Spending



Note: FY 2019 through 2022 figures are final budget numbers presented in the June Plan; FY 2023 is based on actual spending. The City passed legislation in May 2021 to raise the value of CityFHEPS rental vouchers to Section 8 levels.
Sources: NYC Office of Management and Budget; OSC analysis

CityFHEPS program in FY 2025. There were 15,595 evictions carried out in FY 2024, compared to 20,433 in FY 2019. Assuming that evictions in FY 2025 return to FY 2019 levels, this would represent an increase of 31 percent from FY 2024. If this growth were applied to FY 2024 expenditures, OSC projects expenses of just under $1.1 billion in FY 2025. When compared to the budget, this would mean a risk of $350 million in FY 2025 and an annual average of $424 million from FY 2026 to FY 2028 (see Figure 26).

Non-Asylum Shelter Services

The number of individuals in DHS shelters declined during the pandemic, but the census has grown since the moratorium on residential evictions expired in January 2022 (see Figure 27). In June 2024, the non-asylum population in DHS shelters averaged 54,309, compared to 45,343 in January 2022. The June Plan assumes spending $2.3 billion for adult and family shelter operations in FY 2024, an increase of $146 million from FY 2023. However, the combined Other Than Personal Service budgets for these services drops by $505 million from FY 2024 to FY 2025, due largely to the expiration of one-time funds that were added in FY 2024 to address higher costs for non-asylum shelters and higher wages for shelter security guards, per legislation that was passed in 2021.

OSC projects a risk of $390 million in FY 2025, representing the estimated City funds portion of the decline. This number could be higher if the shelter population continues to grow. While still below pre-pandemic levels, the non-asylum census grew by an average monthly rate of 0.7 percent in FY 2024.

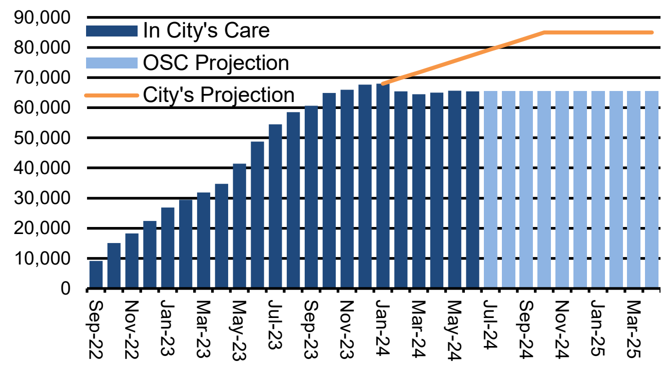
Asylum Services

Through July 7, the City reports that over 207,400 asylum seekers have come through its intake system since spring 2022, and that more than 64,900 of these individuals remain in the City's care, creating a substantial financial burden.

The June Plan made minimal changes to assumptions in the April Plan for asylum seeker spending through FY 2027 (see OSC's April Plan report for details). However, the June Plan added $850 million in FY 2028, of which $500 million is City funds. In total, the June Plan assumes asylum seeker spending of $3.8 billion in FY 2024, $4.7 billion in FY 2025, $4 billion in FY 2026, $3 billion in FY 2027, and $850 million in FY 2028. The City assumes it will absorb 69 percent of the cumulative cost, with the State funding an estimated 30 percent, and the federal government contributing about 1 percent. However, in FY 2028, the City projects State aid will make up 41 percent of what's been budgeted for the year, higher than what the State has committed previously, with the City funding the remaining 59 percent.

The population of asylum seekers in the City's care has stabilized in recent months and has grown slower than anticipated in the City's projections (see Figure 28). Therefore, the population is well below what was assumed in the April Plan. Additionally, the President issued an executive order on June 4, 2024, to temporarily suspend the processing of most

FIGURE 28
Asylum Seekers: In City's Care vs. Projected



Sources: NYC Mayor's Office of Management and Budget, Office of the NYC Comptroller; OSC analysis

asylum claims at the southern U.S. border. Although the impact of the executive order on the City's intake system is not yet clear, OSC estimates possible savings of nearly $1.2 billion in FY 2025 if the population remains stable and costs are contained to the budgeted per diem of $352 per household. Out-year costs are estimated to be lower by $439 million in FY 2026, but higher by $561 million in FY 2027 and $2.7 billion in FY 2028 due to drops in funding in the out-years.

Overtime

The June 2024 Plan assumes citywide overtime in FY 2024 is totaled $2.3 billion. However, actual expenses recorded through June totaled $2.6 billion, which is $167 million more than costs in FY 2023 and a new record high. The increase was primarily driven by unanticipated growth in the demand for services, further fueled by higher wages from collective bargaining.

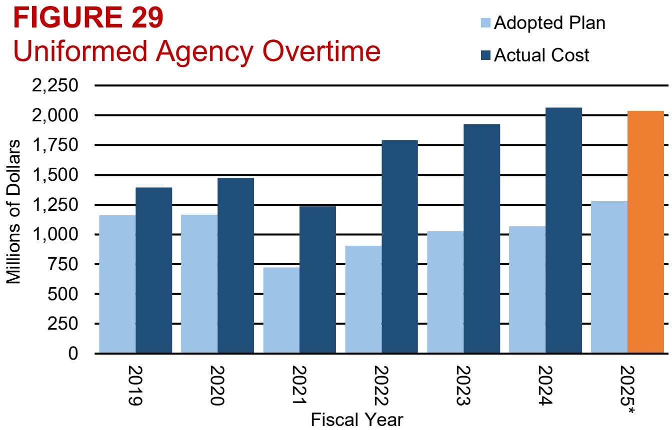
FY 2024 overtime at the uniformed agencies totaled $2.1 billion, $142 million more than last fiscal year. Uniformed agencies' share of total overtime citywide was 80 percent, remaining consistent with the historical trend. While the Police Department and Fire Department exceeded prior year costs by $140 million and

$30 million, respectively, the cumulative increase was partially offset by year-over-year reductions at the Department of Correction ($12 million) and the Department of Sanitation ($15 million).

Historically, the uniformed agencies have cumulatively required significant additional funding throughout the budget year to align their overtime estimates with actual spending by year-end (see Figure 29). Since budget adoption, the City added $947 million in overtime funds for FY 2024 (including $98 million in the June 2024 Plan), more than half of which was for the Police Department. Much of the need at the Police Department was driven by unplanned events and crime reduction deployments, such as protests and transit safety.

OSC projects that uniformed agency overtime will total at least $2 billion in FY 2025 and each year thereafter. However, the budget for each year starting in FY 2025 only includes $1.28 billion for this purpose (about $740 million less than the FY 2024 budget). OSC anticipates the City will likely have to add $750 million or more in each year to fund unanticipated costs.

FIGURE 29
Uniformed Agency Overtime



Sources: NYC Financial Management System; OSC analysis *Projected

VIII. Debt Service and Capital Spending

The June Plan assumes that city-funded debt service will grow by a compound annual growth rate (CAGR) of 9.2 percent from $7.9 billion in FY 2025 to $10.3 billion in FY 2028 (see Figure 30). City-funded debt service is expected to grow faster over the period of FY 2025 through FY 2028 than either city-funded expenditures (4.8 percent) or revenues (2.5 percent). The City's debt burden, total debt service as a percentage of tax revenue, is expected to increase from 10.5 percent in FY 2025 to 12.6 percent in FY 2028.

The City has a history of using conservative interest rate assumptions and has generally not reached target capital commitments in recent years, leading costs to lag the City's projections, creating some financial plan savings.

Debt service expenditures are lower than the April Plan projections by $244.5 million for the period FY 2025 through FY 2028 due to lower Transitional Finance Authority (TFA) issuance in FY 2025 and the use of State Building Aid to help reduce TFA debt service.

In July, after the June plan was released, the City refunded approximately $2.8 billion of TFA bonds with a total debt service savings of approximately $263 million, spread evenly across fiscal years 2025 through 2028. In addition, later in the month, the City also refunded $1.2 billion in general obligation (GO) bonds. This will provide the City with an additional $90.5 million in savings spread evenly across fiscal years 2025 through 2028.

As noted in the economy section, consensus forecasts anticipate two quarter-point interest rate reductions by the Federal Reserve in calendar year 2024. Given the City's conservative interest rate assumptions, OSC is estimating that the City could achieve $50 million in variable rate savings in FY 2025.

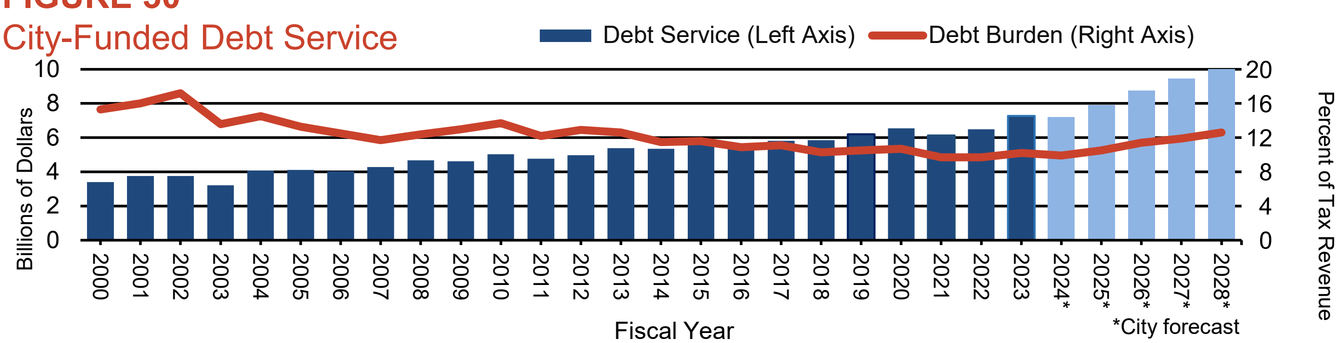
While the City has not yet updated the capital commitment plan for the June Plan, they do provide changes to the Executive Plan from the City Council, the Mayor and the Borough Presidents. For the period FY 2025 through FY 2028, the net increase in capital commitments is $5.2 billion (see Figure 31).

FIGURE 31
Capital Commitment Plan Change Since April 2024
(in millions)

City Agency	Commitment Change 2025-2028	Amount Rescinded	Net Change
Education	$2,255.7	$ - - -	$2,255.7
Housing Preservation	2,031.5	(5.0)	2,026.5
Parks	413.8	(21.9)	391.9
Cultural Affairs	223.8	(23.0)	200.8
Health & Hospitals	92.7	- - -	92.7
All Other	413.7	(138.4)	275.3
Total	**$5,431.2**	**$(188.3)**	**$5,242.9**

Note: Totals may not add due to rounding.
Sources: NYC Office of Management and Budget; City Comptroller, OSC analysis

FIGURE 30
City-Funded Debt Service



Note: Debt service has been adjusted for prepayments and defeasances.
Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

None of the additional debt service related to this additional capital spending is included in the June Plan.

The City agency with the largest increase in commitments is the DOE with an increase of $2.2 billion. The largest component of the increase is for the “Eighth Five-Year Educational Facilities Capital Plan,” adding $2 billion as required by State law to be used toward achieving class size targets. The Department of Housing Preservation and Development (HPD) is adding $2 billion in planned capital commitments comprised of various developmental projects, including $660 million across FY 2025 and FY 2026 in the HPD capital budget for the New York City Housing Authority’s (NYCHA) Permanent Affordability Community Together and Public Housing Trust projects. The Department of Cultural Affairs is increasing planned capital commitments by $191.5 million, with funds going to various non-profits. NYC Health + Hospitals (H+H) received an increase of $92 million to upgrade facilities and equipment.

Based on preliminary figures, the City estimates it will commit $16.2 billion in total capital commitments in FY 2024, the second straight fiscal year surpassing $16 billion, with city-funded capital commitments exceeding $15.6 billion in both years.

IX. Semi-Autonomous Entities

Department of Education

The City's adopted budget allocates just over $40 billion to the DOE in FY 2025, including centrally administered costs, such as pensions. This amounts to 35.6 percent of the City's total budget and is a $154 million increase over projected spending in FY 2024, despite a decline of $2.4 billion in federal aid. The City expects to fund $22.9 billion (57.4 percent) of DOE's FY 2025 budget (an increase of over 11.3 percent from $20.6 billion in FY 2024), with the remainder funded by the State (36.8 percent), the federal government, and other sources.

By the end of the plan period in FY 2028, the City expects DOE's total allocation budget to reach over $44 billion. Nearly $2.5 billion of the $4.1 billion increase will support operating costs such as staffing ($950 million), charter schools ($800 million), and pupil transportation ($320 million). The planned increase is entirely supported by City funds, which are expected to account for 61.3 percent of DOE's budget by FY 2028. While the plan does not include potential increases to State or federal aid, it also does not account for a number of existing risks and fiscal cliffs that will require the City to add funds if service levels are to remain undiminished. Additionally, under State law, the City is subject to a maintenance of effort requirement that makes it difficult to reduce city-funded education spending.

The adopted budget adds $423 million in new needs and other adjustments in FY 2025, but less than half of that amount is funded in the out-years. Recurring spending added is nearly entirely funded by $182 million in previously unrecognized State education aid, and will be distributed to schools using the State's Contracts for Excellence guidelines; while the whole amount is eligible for use addressing the State's pending class size mandate, $137 million of it must be earmarked by schools for that cause. A further $20 million was added in each year of the plan to improve cafeteria offerings in schools.

The Plan also provides one-time funding in FY 2025 of $75 million of City funds for early childhood programs and another $75 million to hold schools harmless against enrollment declines that could otherwise decrease formula-based funding to individual schools. A further $70 million worth of City funds will be directed toward a collection of fiscal cliffs that resulted from the expiration of federal pandemic aid, but only in FY 2025. However, $280 million worth of federally-funded fiscal cliffs remain in FY 2025, including support for mental health, the Pathways program, and restoring educational programming reduced at the beginning of the pandemic.

FIGURE 32

Risks to the Department of Education Budget in the June Plan
(in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Class Size Reduction Compliance	- - -	- - -	$(322)	$(861)	$(1,437)
Carter Cases	- - -	(540)	(410)	(340)	(340)
School Cleaning	- - -	- - -	(154)	(154)	(154)
3-K	- - -	- - -	(92)	(92)	(92)
Contracted Nursing	- - -	(87)	(87)	(87)	(87)
Summer Rising	- - -	- - -	(80)	(80)	(80)
Charter School Lease Costs	- - -	(49)	(29)	(21)	- - -
Total	**- - -**	**$(676)**	**$(1,174)**	**$(1,635)**	**$(2,190)**

Sources: NYC Office of Management and Budget; NYC Department of Education; OSC analysis

A number of other longstanding risks remain unaddressed in the June Plan (see Figure 32, prior page). These include the majority of the cost of the class size mandate, as well as significant spending on federally-mandated special education services (Carter cases), school cleaning services, charter school spending and other programs. For more details, see OSDC's previous financial plan reports and report on the City's contract spending.

Metropolitan Transportation Authority

The MTA released its latest financial plan in July, which forecasted balanced budgets through 2026 but a $428 million budget gap in 2027 and a $469 million gap in 2028.

Subway and bus fare revenue is expected to be $811 million lower through 2027 as ridership is not increasing as quickly as expected in the MTA's February Plan, which the MTA attributes to continued fare evasion. The MTA also expects its real estate tax-related collections to be $790 million lower than forecast in February through 2027. The MTA's July Plan still assumes 4 percent increases in fares and tolls in both 2025 and 2027.

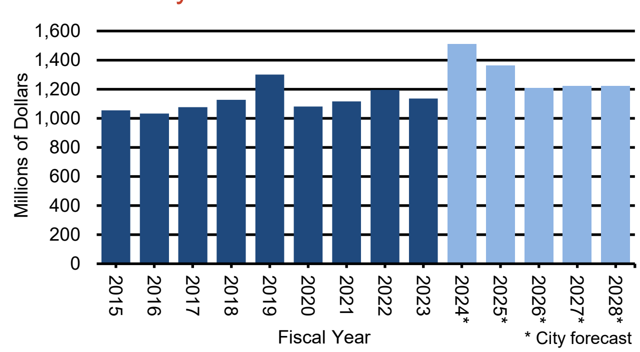
The July Plan also included a presentation of risks associated with the pause of congestion pricing which, in the absence of an alternative funding source, has opened a $16.5 billion funding gap in the MTA's 2020-2024 capital program when matching federal funds are counted. The MTA estimates that the operating budget impact of the pause — if another funding source is not identified — could be more than $600 million by 2027, mostly from accelerating debt issuance backed by the operating budget and increased bus maintenance.

The MTA is scheduled to release its proposed 2025-2029 capital program by October 1, 2024. OSC recently released a report that looked at funding questions that could impact the current and next capital program. The City provided $3 billion (5 percent of total funding) for the MTA's 2020-2024 capital program and $2.7 billion (8 percent of total funding) for the 2015-2019 program and will likely be required to make contributions to the 2025-2029 capital program.

In terms of budgetary impact to the City, the June Plan continues a practice of not accounting for all of the potential costs related to City funding for MTA services such as paratransit, MTA buses and the Staten Island Railway. See OSC's report on the City's January Plan for more discussion of these risks. OSC projects potential spending risks to the City of $176 million in FY 2025, rising to $509 million in FY 2028, as a result of these unbudgeted items. As shown in Figure 33, aid to the MTA is budgeted to drop from $1.5 billion in FY 2024 to $1.2 billion starting in FY 2026, even as the MTA assumes the City's unbudgeted costs will continue to grow.

The City also has elected to fund an expanded Fair Fares program, which provides discounted fares to low-income riders. The June Plan increased funding in FY 2025 by $21 million to expand Fair Fares eligibility to riders with income no higher than 145 percent of the federal poverty level (up from 120 percent). Funding in the out-years was not included, creating a new fiscal cliff for the City that will need to be remedied if the City continues the program after June 2025.

FIGURE 33
New York City Direct Aid to the MTA



Sources: NYC Office of Management and Budget; OSC analysis

NYC Health + Hospitals

On May 6, 2024, the City released the H+H FY 2025 executive cash financial plan (May Plan). H+H adjusted its plan to account for increased personnel costs, updates to its strategic initiatives and SFY 2025 budget impact. For these financial plan updates and adjustments made to the receipt of supplemental Medicaid funding in the City's plan see OSC's report on the April 2024 Plan; for major financial and other issues confronting H+H, see OSC's issue brief.

The City's June Plan contains adjustments that are not reflected in the H+H May Plan and will minimally impact its bottom line. The June Plan reduces City funding by $35 million in FY 2024 and increases State funding by $2 million in FY 2024 and $16 million in FY 2025 to reimburse H+H for its participation in the City's asylum seeker response. These costs are fully covered according to a memorandum of understanding with the City. The June Plan also adds City funds to cover the full costs of recent collective bargaining arrangements.

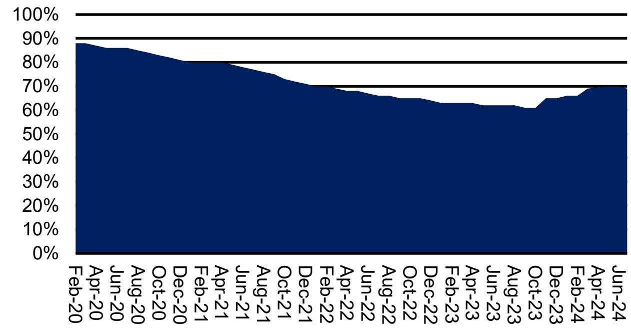
Beginning in SFY 2026, State Medicaid spending is projected to exceed the allowable global cap indexed amount and it is expected that the State will develop actions to reduce costs. H+H relies on significant revenue from the Medicaid program (nearly 70 percent of patient care revenue) and any future programmatic or reimbursement changes imposed could impact its financial condition.

New York City Housing Authority

NYCHA continues to manage a substantial decline in its rent collection rate, which dropped from 88 percent in February 2020, before the onset of the pandemic, to 61 percent in October 2023 (see Figure 34). Starting in November 2023, collections began increasing because of NYCHA applying the proceeds of State aid for tenant arrears to its rental accounts, with collections reaching 69 percent in March 2024 and staying at about that level through June

FIGURE 34

NYCHA's Rent Collection Rate



Sources: New York City Housing Authority; OSC analysis

2024, a reversal of a trend that accelerated at the onset of the pandemic. Through June 30, 2024, the cumulative rent arrears balance is roughly $466 million across 67,000 households, as compared to $125 million on December 31, 2019.

Additionally, NYCHA is expected to receive $150 million of federal American Rescue Plan funds from the City which can be applied to tenant arrears. (See OSC's April Plan report for details on NYCHA's proposed financial plan.) According to press accounts, NYCHA has begun to accelerate evictions of tenants with large rent arrears, evicting 62 households in the first quarter of 2024 which was more than the number of evictions in all of 2023.

The City's June Plan includes a $407 million subsidy to NYCHA for FY 2025, an increase of $132 million from the April Plan, of which $61 million is for federally-funded resilience expenses and $43 million for collective bargaining costs.

Of the $407 million in funding, the city-funded portion makes up $303 million, or 74 percent, with the balance funded from federal monies, including Community Development Block Grant–Disaster Recovery (CDBG-DR) funds (22 percent), CDBG funds (3 percent), and a small amount of Other Categorical funding (less than 1 percent).

The June Plan appropriated an additional $51 million across FY 2025 and FY 2026 for NYCHA capital projects as well as an additional $660 million across FY 2025 and FY 2026 in the HPD capital budget for NYCHA Permanent Affordability Community Together and Public Housing Trust projects.

IX. Other Issues

Credit Rating

The city-funded portion of the City's capital program is financed through general obligation (GO) bonds secured by the City's full faith and credit, and Future Tax Secured bonds issued by the Transitional Finance Authority (TFA)secured by personal income tax and (if needed) sales tax revenues.

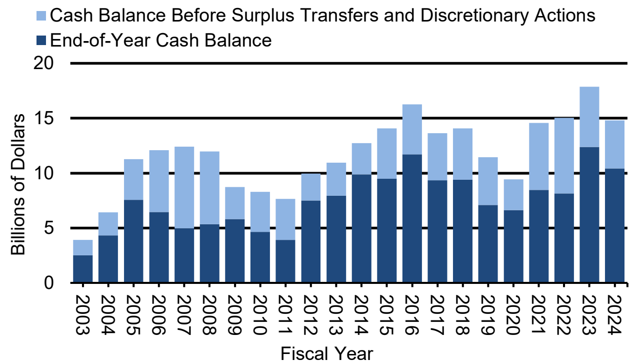
In FY 2024, none of the other major credit rating agencies made changes to ratings or outlooks on the City's GO or TFA debt (see last year's report for adjustments to ratings or outlooks in FY 2023). These agencies also maintained their rating and outlook on debt issued by the New York City Municipal Water Finance Authority. However, Hudson Yards Infrastructure Corporation did receive an upgrade to "AA" from "AA minus" in September 2023 on their bonds. S&P Global noted, "The upgrade reflects progress and ongoing development at Hudson Yards that has led to increased payments in lieu of (real estate) taxes (PILOTs), which are now more than sufficient to cover debt service payments …"

The rating level in the AA and AAA categories suggests the City's creditworthiness remains strong, enabling continued access to the credit markets to meet its financing needs at relatively low interest rates. The various agencies noted that its ratings on the City's credits could be downgraded should the City experience slower revenue growth, widening budget gaps, or the erosion of reserves.

Cash Flow

The City has not needed to borrow to meet its short-term cash needs since FY 2004. In the year since the City achieved a new record year-end cash balance in FY 2023, the City's year-end balance has moderated slightly, attributed to accelerated spending on payroll to implement recent collective bargaining agreements, the cost

FIGURE 35
Year-End Cash Balance



Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

of asylum services, and on public assistance. While the City's year-end cash balance has declined to $14.8 billion as of the end of FY 2024 ($10.4 billion excluding discretionary actions), it is still relatively high compared to prior years (see Figure 35). The City's cash balance includes the nearly $2 billion rainy-day fund (formally known as the Revenue Stabilization Fund). Given the amount of cash on hand, the City does not anticipate borrowing to meet its cash flow needs during the financial plan period.

The City's year-end cash levels could continue to moderate over the plan period as the City closes its payables for prior-year services, which have grown in recent years. The City estimates its adjustments for future cash outflows (inclusive of accrued expenses for the current fiscal year) will total $26.9 billion, compared to future projected cash inflows of nearly $23.3 billion.

Budgetary Flexibility

In the event of a recession, rising debt service, an emergency, or other unplanned costs, the City may draw from several sources of budgetary flexibility to help maintain fiscal balance. These sources include the City's Rainy-Day Fund (RDF), as well as contingencies budgeted in the financial plan (the General Reserve and the

Capital Stabilization Reserve). In past years, the City has also drawn down assets held in the Retiree Health Benefits Trust (RHBT) to help close its budget gaps. Such drawdowns provided short-term fiscal relief, but also reduced in those years the amount set aside to pay the projected future costs of post-employment retirement benefits other than pensions (OPEBs), deferring costs to future taxpayers for past employee service.

Below are highlights of the City's budgetary cushion of $8.2 billion (10 percent of city-funded spending in FY 2025, excluding contingent reserves), which may be utilized to help close future budget gaps.

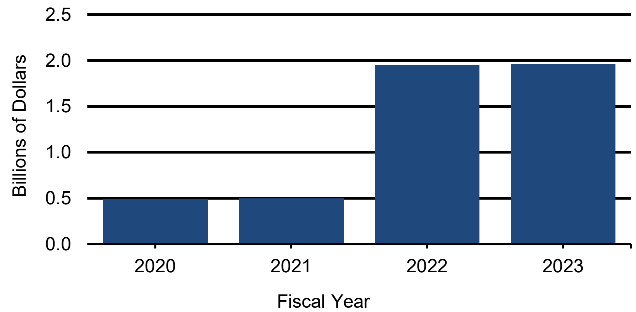
Annual Budgeted Reserves

The June Plan includes a general reserve of $1.2 billion and a Capital Stabilization Reserve of $250 million in each year beginning in FY 2025, which OSC also refers to as contingent reserves. When combined, the FY 2025 contingent reserves represent 1.8 percent of planned city-funded spending. While slightly lower than the share of spending set aside for the Adopted FY 2024 budget one year ago (1.9 percent), the City's contingent reserves for FY 2025 are still relatively high for this point in the budget cycle. If not needed for other purposes, these reserves may be used to help maintain budget balance and narrow the City's out-year budget gaps.

Rainy-Day Fund

As of June 30, 2023, the balance held in the RDF stood at $1.96 billion, virtually unchanged from one year ago. State law requires surplus resources accumulated by the City to be deposited into the RDF at year-end. The City recorded a post-June surplus of $5 million in the FY 2023 close, which was deposited into the RDF, but made no discretionary transfers into the fund (see Figure 36).

FIGURE 36
Rainy-Day Fund Year-End Balance



Note: The City's General Fund balance was classified as nonspendable prior to FY 2020, as there was no legal mechanism to draw down the resources then.
Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

The City is not required to deposit into the RDF any scheduled prepayments made before June 30 (i.e., budget stabilization and discretionary transfers) that it uses to help balance the budget. In each of the four most recent fiscal years through FY 2024, for example, the City transferred, on average, $5.5 billion to the next fiscal year by prepaying certain expenses. In FY 2024, the City did not make any discretionary transfers to the RDF before June 30, marking the second year in a row where it elected not to do so.

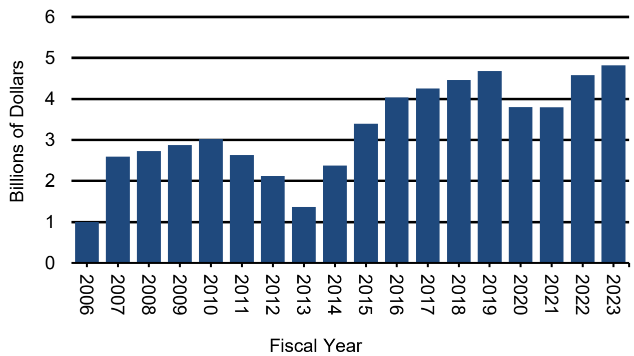
The City does not have a published policy defining the purpose of the fund, the target level of reserves, or a formula for deposits or replenishment after a drawdown, as is common among other large U.S. cities. In November 2021, OSC's report, [Strengthening New York City's Rainy-Day Fund](), recommended that the City consider certain best practices adopted by these other cities to help strengthen its reserve policy.

Retiree Health Benefits Trust

The balance held in the RHBT, which is used to fund the cost of OPEBs, stood at $4.8 billion at the end of FY 2023 (excluding prepayments; see Figure 37), the highest level on record. The growth in FY 2023 reflects a sharp increase in investment earnings. The June Plan does not assume any discretionary transfers to the RHBT over the financial plan period.

FIGURE 37

Retiree Health Benefits Trust Year-End Balance



Note: Adjusted for prepayments.
Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

Post-Employment Benefits

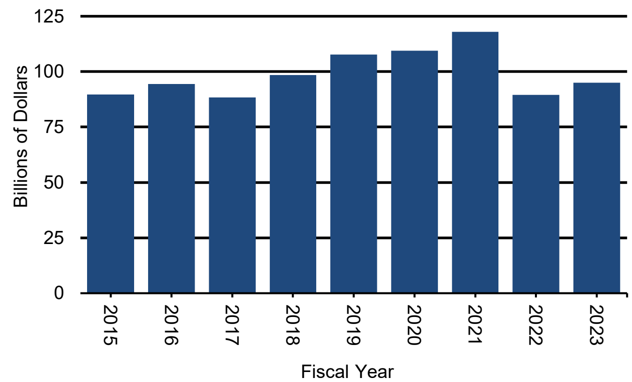
The City's unfunded liability for OPEBs, such as retiree health care, rose by $5.5 billion to $95 billion in FY 2023 (see Figure 38). The increase is driven mainly by the cost attributed to employee services provided in that year and interest expense on the unfunded liability.

However, in the fall of 2023, the City actuary reported that if the City had implemented a new Medicare Advantage plan as scheduled the unfunded liability reported as of June 30, 2023, would decrease by approximately $18 billion (equal to almost one-fifth of the unfunded liability of $95 billion).

As of FY 2023, the City had set aside enough resources in the RHBT to fund 5.3 percent of its total OPEB liability. The City, like many employers, does not fund its OPEB liability on an actuarial basis but rather pays the annual cost of benefits to current retirees on a pay-as-you-go (PAYGO) basis. OPEB costs, on a PAYGO basis, are projected to rise from $3.2 billion in FY 2023 to $4.1 billion in FY 2028, an increase of 27.4 percent in five years.

FIGURE 38

Unfunded OPEB Liability



Sources: NYC Actuary; OSC analysis

Prior Years' Expenses

At the end of each fiscal year, the City estimates the amount of expenses that have been incurred but not yet paid (payables), and the amount of revenues earned but not yet received (receivables). The City generally makes conservative estimates because an unfunded liability has a budgetary impact in the current fiscal year.

Between fiscal years 2013 through 2023, the City realized an average benefit of $288 million annually from overestimating prior years' payables and from underestimating prior years' receivables. The City realized a net benefit of $344 million in FY 2023, mostly from an overestimation of prior-year expenses for contractual services, offset in part by a write-down of federal and State aid concentrated at the social services agencies (e.g., federal aid from the Temporary Assistance for Needy Families program and State grants for child welfare services).

Appendix A: City-Funded Agency Spending Trends

(Agency totals exclude asylum seeker funds)
(Dollars in millions)

	Final June Plan		FY 2025 June Plan					FY19-FY 23 CAGR	FY24-FY 28 CAGR
	FY 2019	FY 2023 (adj.)	FY 2024 (adj.)	FY 2025 (adj.)	FY 2026 (adj.)	FY 2027 (adj.)	FY 2028		
Agency Expense									
Uniformed Forces									
Police	5,321	5,771	6,088	5,566	5,824	5,931	5,936	2.1%	-0.6%
Fire	1,855	2,255	2,388	2,114	2,151	2,149	2,144	5.0%	-2.6%
Correction	1,368	1,347	1,241	1,047	1,062	1,068	1,208	-0.4%	-0.7%
Sanitation	1,746	1,891	1,552	1,731	1,915	1,973	1,990	2.0%	6.4%
Subtotal	**10,290**	**11,264**	**11,269**	**10,458**	**10,953**	**11,121**	**11,279**	**2.3%**	**0.0%**
Health and Welfare									
Social Services	7,729	8,880	9,017	9,413	9,126	9,627	10,037	3.5%	2.7%
Homeless Services	1,339	1,905	2,020	1,416	1,428	1,467	1,476	9.2%	-7.6%
Health and Mental Hygiene	860	1,213	1,111	1,129	1,123	1,129	1,123	9.0%	0.3%
Children's Services	1,069	1,056	990	875	850	857	856	-0.3%	-3.6%
All Other	1,810	2,212	2,805	2,881	2,690	2,802	2,861	5.2%	0.5%
Subtotal	**12,806**	**15,267**	**15,942**	**15,713**	**15,216**	**15,883**	**16,353**	**4.5%**	**0.6%**
Education[15]									
Education	13,590	14,487	14,929	16,782	17,478	18,519	19,255	1.6%	6.6%
City University	858	875	850	1,008	937	954	971	0.5%	3.4%
Subtotal	**14,448**	**15,363**	**15,779**	**17,790**	**18,415**	**19,474**	**20,227**	**1.5%**	**6.4%**
Other Agencies									
Environmental Protection	1,222	1,535	1,567	1,615	1,574	1,568	1,568	5.9%	0.0%
Transportation	616	874	857	887	899	898	889	9.2%	0.9%
Parks and Recreation	432	500	517	553	545	546	546	3.7%	1.4%
Citywide Admin Services	331	455	460	448	416	409	407	8.3%	-3.5%
Housing Pres. and Dev.	242	359	458	505	520	547	554	10.3%	4.9%
All Other	3,179	4,221	4,005	4,035	3,612	3,613	3,615	7.3%	-2.5%
Subtotal	**6,022**	**7,945**	**7,865**	**8,044**	**7,566**	**7,580**	**7,579**	**7.2%**	**-0.9%**
Elected Officials	**709**	**891**	**948**	**967**	**968**	**968**	**969**	**5.9%**	**0.5%**
General Reserve	**20**	**20**	**20**	**1,200**	**1,200**	**1,200**	**1,200**	**0%**	**178%**
Agency Total	**44,295**	**50,751**	**51,823**	**54,173**	**54,318**	**56,226**	**57,607**	**3.5%**	**2.7%**
Other Expense									
Pension Contributions	9,801	8,964	9,191	10,203	10,948	11,133	12,167	-2.2%	7.3%
Miscellaneous[16]	7,661	12,013	10,804	11,871	12,375	13,248	14,531	11.9%	7.7%
Debt Service	6,155	6,972	6,627	3,525	8,746	9,471	10,317	3.2%	11.7%
All Other	(400)	(400)	(400)	- - -	191	337	500		
Subtotal	**23,217**	**27,549**	**26,222**	**25,599**	**32,261**	**34,189**	**37,515**	**4.4%**	**9.4%**
Total Expenditures	**67,512**	**78,300**	**78,045**	**79,772**	**86,579**	**90,415**	**95,122**	**3.8%**	**5.1%**
Asylum Seekers City Funds	**- - -**	**1,012**	**2,327**	**3,431**	**3,000**	**2,000**	**500**		
Total City Funds	**67,512**	**79,312**	**80,373**	**83,203**	**89,579**	**92,415**	**95,622**	**4.1%**	**4.4%**

Note: Columns may not add due to rounding.
Sources: NYC Office of Management and Budget

[15] The Department of Education and City University plan numbers include fringe benefits.
[16] Adjusted to exclude Criminal Justice and Indigent Defense contracts that were previously budgeted in Miscellaneous (FY 2019 – FY 2024). Criminal Justice and Indigent Defense contracts are included under "All Other" agency expense.

Appendix B: Full-Time Staffing Levels

(Number of full-time employees)

	Actual	Actual	Forecast	June Plan	Variance – Better/(Worse) April 2024 Actual to June 2025 Forecast		
	June 2020	April 2024	June 2024	June 2025	City Funds	Non-City Funds	Total Funds
Public Safety	**85,806**	**77,668**	**81,239**	**80,951**	**3,359**	**(76)**	**3,283**
Police Uniformed	35,910	33,666	35,051	35,001	1,335	- - -	1,335
Civilian	15,519	13,187	14,152	13,875	868	(180)	688
Fire Uniformed	11,047	10,791	10,952	10,952	156	5	161
Civilian	6,366	6,378	6,301	6,225	(133)	(20)	(153)
Correction Uniformed	9,237	6,064	7,060	7,060	997	(1)	996
Civilian	1,741	1,501	1,727	1,723	217	5	222
District Attys. & Prosec.	4,843	5,157	4,850	5,002	(182)	27	(155)
Probation	1,116	899	1,113	1,081	94	88	182
Board of Correction	27	25	33	32	7	- - -	7
Health & Welfare	**27,878**	**25,468**	**28,078**	**27,657**	**1,040**	**1,149**	**2,189**
Social Services	12,330	11,042	12,138	12,131	183	906	1,089
Children's Services	7,039	6,441	7,080	7,028	471	116	587
Health & Mental Hygiene	5,530	5,335	5,975	5,664	249	80	329
Homeless Services	2,119	1,810	1,972	1,918	129	(21)	108
Other	860	840	913	916	8	68	76
Environment & Infra.	**26,365**	**26,237**	**27,548**	**27,331**	**(138)**	**1,232**	**1,094**
Sanitation Uniformed	7,755	8,225	7,978	7,955	(270)	- - -	(270)
Civilian	2,107	1,775	1,743	1,632	(154)	11	(143)
Transportation	5,120	5,220	5,762	5,807	200	387	587
Parks & Recreation	4,236	4,317	4,551	4,450	54	79	133
Environmental Protection	5,891	5,608	6,327	6,304	24	672	696
Other	1,256	1,092	1,187	1,183	8	83	91
General Government	**12,634**	**11,412**	**12,726**	**12,452**	**908**	**132**	**1,040**
Finance	1,996	1,634	1,983	1,983	337	12	349
Law	1,713	1,425	1,548	1,429	1	3	4
Citywide Admin. Svcs.	2,403	2,027	2,397	2,394	279	88	367
Taxi & Limo. Comm'n.	584	412	559	555	143	- - -	143
Investigations	361	278	315	283	5	- - -	5
Board of Elections	682	696	517	517	(179)	- - -	(179)
Info. Tech. & Telecomm.	1,673	1,499	1,574	1,527	52	(24)	28
Other	3,222	3,441	3,833	3,764	270	53	323
Housing	**4,088**	**3,960**	**4,323**	**4,336**	**259**	**117**	**376**
Buildings	1,676	1,539	1,622	1,643	104	- - -	104
Housing Preservation	2,412	2,421	2,701	2,693	155	117	272
Dept. of Education	**134,684**	**131,039**	**138,664**	**138,015**	**5,708**	**1,268**	**6,976**
Pedagogues	121,077	117,996	126,077	125,188	5,819	1,373	7,192
Non-Pedagogues	13,607	13,043	12,587	12,827	(111)	(105)	(216)
City University of NY	**6,288**	**5,703**	**6,024**	**6,024**	**321**	**- - -**	**321**
Pedagogues	4,545	4,209	4,289	4,289	80	- - -	80
Non-Pedagogues	1,743	1,494	1,735	1,735	241	- - -	241
Elected Officials	**2,703**	**2,555**	**2,822**	**2,800**	**178**	**67**	**245**
Total	**300,446**	**284,042**	**301,424**	**299,566**	**11,635**	**3,889**	**15,524**

Sources: NYC Office of Management and Budget; OSC analysis

Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236

(518) 474-4015

osc.ny.gov

Prepared by the Office of the State Deputy Comptroller for the City of New York