NEW YORK CITY COMPTROLLER
BRAD LANDER

# Comments on New York City's Preliminary Budget

## for Fiscal Year 2025 and Financial Plan for Fiscal Years 2024 - 2028

BUREAU OF BUDGET

**MARCH 2024**

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# I. Executive Summary

New York City's "budget dance" can be hard to follow – and over the past few months, a few extra twists, turns, and two-steps have made it even more so. To get a clear sense of the City's fiscal picture, it is helpful to consider the timeline of budget events beginning in June 2023, when the FY 2024 Budget was adopted. At that time, the FY 2024 Budget was balanced, and the FY 2025 gap was projected at $5.08 billion. Since then, the Mayor's Office of Management and Budget (OMB) has increased its estimate of City-funded revenues in FY 2024 and FY 2025 by $4.71 billion, essentially closing this gap.[1]

However, things are more complicated than that. First, as the Comptroller's Office reported at the time, many predictable expenditures were underbudgeted in the Adopted Budget, including rental assistance, special education Carter Cases, and overtime. This pattern of underbudgeting expenses, despite knowing that these costs will be incurred, has become a habitual part of the City's budgeting; but it is not a good practice. A more accurate reflection of those items at the time added $3.97 billion in expenditures over the two fiscal years, according to this Office.

Meanwhile, City Hall's projections of the costs of services to asylum seekers have swung wildly. In the budget adopted in June 2023, those costs were budgeted at $2.91 billion in FY 2024 and $1.0 billion in FY 2025. Then, in August, just two months later (outside of the normal budget schedule) OMB raised its projection of asylum seeker costs by $6.91 billion to a total of $10.82 billion over the two years, a whopping 177 percent increase.

Following that announcement, in September the Mayor announced that to fund these new asylum seeker costs, City agencies would be required to identify Program to Eliminate the Gap (PEG) savings of 5 percent in all three upcoming financial plans (November, January, and April), for a total of nearly 15 percent. In addition, OMB announced a freeze on hiring and certain other-than-personnel-spending (OTPS).

Shortly after—on the heels of reflecting the higher asylum seeker costs in the November Plan—OMB announced that the January PEG would be partly met with a 20 percent reduction in City-funded spending for the asylum seeker service costs that they had just raised.

In the Preliminary Budget, asylum seeker costs are now estimated at $9.09 billion over FY 2024 and 2025. The City-funded portion is now down to $5.86 billion, with budgeted State aid increased to $3.07 billion, and still minimal Federal support. OMB has indicated that an additional reduction of 10 percent in City-funded costs will be budgeted in April, bringing the anticipated City spending over two years to $5.28 billion. These dramatic variations make it difficult to accept projections with confidence.

[1] Excludes additional City-funded revenue credited to the Program to Eliminate the Gap (PEG).

The asylum seeker cost reductions are attributed to the implementation of shelter exit policies and lower per diem costs. In this and in parallel reports, the Office of the Comptroller analyzes potential cost savings that could be achieved through better contract terms and competitive bids. However, as most of the budgeted reduction in per diem costs comes from spending at H+H, which is not a City agency, it cannot be independently verified and tracked by the Comptroller, the other fiscal monitors, and the City Council. Even the level of spending that has already occurred, as reported by the Administration to the City Council, cannot be reconciled in the City's own Financial Management System. For these reasons, the Comptroller renews the request to re-institute recurring PEG monitoring meetings between OMB and budget monitors.

In January, leading up to his presentation of the Preliminary Budget, the Mayor announced the restoration of a small portion of the November PEGs. More recently, he canceled the previously announced third round of PEGs, as well as the relaxation of the hiring and OTPS freeze. However, shortsighted PEGs remain: this Office has identified concerning cuts to CUNY, public libraries, and alternatives-to-incarceration programs. Overall, PEGs are projected to reduce the gaps in FY 2024 and FY 2025 by $6.58 billion. Other routine adjustments have provided more than $2 billion in additional resources.

While the January Plan uses some of these and other additional resources to fund a portion of the previously underbudgeted costs, the Office of the Comptroller estimates that the Financial Plan does not account for $4.01 billion in underbudgeted expenses in FY 2024 and FY 2025 combined.[2] Additional revenues and lower personnel costs could offset underbudgeting by the end of the fiscal year, but a significant portion is likely to remain unaddressed. In previous years, resources to cover underbudgeting and new needs became available as the City raised its tax revenue projections but, short of the economy regaining its pre-pandemic growth trend, this outcome is uncertain.

OMB's overall tax forecast is now more closely aligned with the Comptroller's Office's. The Comptroller's Office expects more modest job growth in coming years than OMB. Payroll growth in New York City has mostly been occurring in lower-paying sectors, such as health services. In the higher-paying service industries, there have been employment reductions that are expected to last at least a few years. NYC's limited housing supply, particularly at affordable levels, acts as a constraint on population and job growth.

With that history and context, the Comptroller's Office projects that the City will end the current fiscal year in June with a small surplus of $214 million. However, where OMB projects a balanced FY 2025 budget, the Comptroller's Office projects a gap of $3.30 billion in FY 2025 (3.0 percent of total revenues).

In the longer term, structural underbudgeting, as well as some other expenditure re-estimates, are compounded by two significant risks: the unpredictability of spending for asylum seekers mentioned above, and the State's mandate to reduce class size, which remains unbudgeted.

[2] While the City added some funding since adoption for underbudgeted costs, other estimates of underbudgeting have increased, as described in detail in this report.

Because of these uncertainties, as well as the lack of transparency and data on the costs of services to asylum seekers, the Comptroller's Office restates the City's gaps and surpluses both with and without these two costs.

Excluding these costs, the Comptroller's Office projects gaps of $8.58 billion in FY 2026 (7.9 percent of total revenues) and a comparable $8.61 billion in FY 2028 (7.5 percent of total revenues). Including estimates of asylum seeker costs and class size mandate increases, the restated gaps grow to $10.54 billion in FY 2026 (9.6 percent of total revenues) and reach $13.50 billion in FY 2028 (11.7 percent of total revenues).

Closing these gaps will require strong fiscal management, which should include reining in the ballooning costs of uniformed overtime and special education Carter Cases, and making agencies responsible for claim and settlement payouts, as already recommended in the Comptroller's Office analysis of collisions. As this Office has advocated for before, the City's fiscal health would be better served by planning and implementing efficiency and cost savings in each budget modification to achieve structural and long-term results without cutting core services. The Office also continues to recommend establishing a formula for deposits in the City's long-term reserves, which still do not have sufficient funding to weather the length of an average recession.

The Preliminary Budget also included an update to the City's Capital Commitment Plan totaling $88.46 billion from FY 2024 through FY 2028, a decrease of $5.88 billion (6 percent) compared to the September Capital Plan over the same fiscal years, and a decrease of $11.6 billion over a 10-year horizon. The Plan does not reflect needs for the School Construction Authority, borough-based jails, and the portion of the Brooklyn-Queens Expressway owned by the City, which may require an increase in debt-incurring capacity, as was included by the Governor in the State FY 2025 Executive Budget. A detailed analysis of these issues is forthcoming shortly.Nor does the Plan include sufficient funding to adequately expand the City's affordable housing stock. As this Office regularly highlights, housing affordability remains one of the most critical issues facing New Yorkers and should be prioritized in the capital plan. These investments in housing, infrastructure, and schools are critical to allowing New York City to continue to be a place where New Yorkers of diverse income backgrounds can live, work, and thrive.

## Table 1. FY 2024 – FY 2028 January Financial Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollar | Change FYs 2024 – 2028 Percent |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Taxes: | | | | | | | |
| General Property Tax | $32,819 | $33,328 | $33,978 | $34,940 | $35,572 | $2,753 | 8.4% |
| Other Taxes | 39,462 | 40,844 | 42,117 | 43,908 | 45,358 | 5,896 | 14.9% |
| Tax Audit Revenues | 747 | 773 | 773 | 773 | 773 | 26 | 3.5% |
| **Subtotal: Taxes** | **$73,028** | **$74,945** | **$76,868** | **$79,621** | **$81,703** | **$8,675** | **11.9%** |
| Miscellaneous Revenues | 8,621 | 8,100 | 7,707 | 7,646 | 7,637 | (984) | (11.4%) |
| Unrestricted Intergovernmental Aid | 17 | 0 | 0 | 0 | 0 | (17) | N/A |
| Less: Intra-City Revenues | (2,270) | (1,997) | (2,001) | (1,998) | (1,997) | 273 | (12.0%) |
| Disallowances Against Categorical Grants | (15) | (15) | (15) | (15) | (15) | 0 | 0.0% |
| **Subtotal: City-Funds** | **$79,381** | **$81,033** | **$82,559** | **$85,254** | **$87,328** | **$7,947** | **10.0%** |
| Other Categorical Grants | 1,271 | 1,086 | 1,081 | 1,080 | 1,080 | (191) | (15.0%) |
| Inter-Fund Revenues | 728 | 729 | 737 | 738 | 738 | 10 | 1.4% |
| Federal Categorical Grants | 12,485 | 7,741 | 7,215 | 7,165 | 7,249 | (5,236) | (41.9%) |
| State Categorical Grants | 20,239 | 18,852 | 17,596 | 17,658 | 17,809 | (2,430) | (12.0%) |
| **Total Revenues** | **$114,104** | **$109,441** | **$109,188** | **$111,895** | **$114,204** | **$100** | **0.1%** |
| | | | | | | | |
| **Expenditures** | | | | | | | |
| Personal Service | | | | | | | |
| Salaries and Wages | $32,966 | $32,738 | $33,948 | $35,069 | $36,039 | $3,073 | 9.3% |
| Pensions | 9,355 | 10,379 | 10,801 | 10,926 | 11,867 | 2,512 | 26.9% |
| Fringe Benefits | 13,302 | 13,956 | 14,707 | 15,279 | 15,885 | 2,583 | 19.4% |
| **Subtotal-PS** | **$55,623** | **$57,073** | **$59,456** | **$61,274** | **$63,791** | **$8,168** | **14.7%** |
| Other Than Personal Service | | | | | | | |
| Medical Assistance | $6,615 | $6,454 | $6,583 | $6,733 | $6,883 | $268 | 4.1% |
| Public Assistance | 2,467 | 1,650 | 1,650 | 2,000 | 2,463 | (4) | (0.2%) |
| All Other | 45,666 | 40,413 | 38,339 | 38,065 | 37,392 | (8,274) | (18.1%) |
| **Subtotal-OTPS** | **$54,748** | **$48,517** | **$46,572** | **$46,798** | **$46,738** | **($8,010)** | **(14.6%)** |
| Debt Service | | | | | | | |
| Principal | $4,139 | $4,110 | $4,193 | $4,351 | $4,449 | $310 | 7.5% |
| Interest & Offsets | 3,514 | 4,067 | 4,668 | 5,137 | 5,816 | 2,302 | 65.5% |
| **Subtotal Debt Service** | **$7,653** | **$8,177** | **$8,861** | **$9,488** | **$10,265** | **$2,612** | **34.1%** |
| FY 2023 BSA and Discretionary Transfers | ($5,479) | $0 | $0 | $0 | $0 | $5,479 | (100.0%) |
| FY 2024 BSA | $3,779 | ($3,779) | $0 | $0 | $0 | ($3,779) | (100.0%) |
| Capital Stabilization Reserve | $0 | $250 | $250 | $250 | $250 | $250 | N/A |
| General Reserve | $50 | $1,200 | $1,200 | $1,200 | $1,200 | $1,150 | N/A |
| Less: Intra-City Expenses | (2,270) | (1,997) | (2,001) | (1,998) | (1,997) | $273 | (12.0%) |
| **Total Expenditures** | **$114,104** | **$109,441** | **$114,338** | **$117,012** | **$120,247** | **$6,143** | **5.4%** |
| | | | | | | | |
| **Gap to be Closed** | **$0** | **$0** | **($5,150)** | **($5,117)** | **($6,043)** | **($6,043)** | **N/A** |

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding. Excludes TSASC debt service costs of $76 million in FY 2024, $76 million in FY 2025, $69 million in FYs 2026-2027, and $68 million in FY 2028, which are paid outside of the City debt service budget (099).

## Table 2. Plan-to-Plan Changes, January 2024 Plan vs. November 2023 Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| General Property Tax | $110 | $534 | $910 | $1,218 |
| Other Taxes | 1,187 | 1,097 | 999 | 946 |
| Tax Audit Revenues | 0 | 0 | 0 | 0 |
| **Subtotal: Taxes** | **$1,297** | **$1,631** | **$1,909** | **$2,164** |
| Miscellaneous Revenues | 444 | 444 | 134 | 128 |
| Unrestricted Intergovernmental Aid | 17 | 0 | 0 | 0 |
| Less: Intra-City Revenues | (95) | (70) | (70) | (70) |
| Disallowances Against Categorical Grants | 0 | 0 | 0 | 0 |
| **Subtotal: City-Funds** | **$1,663** | **$2,005** | **$1,973** | **$2,222** |
| Other Categorical Grants | 43 | (1) | (1) | (2) |
| Inter-Fund Revenues | 5 | 1 | 2 | 2 |
| Federal Categorical Grants | 626 | 66 | 73 | 65 |
| State Categorical Grants | 1,252 | 759 | 7 | 7 |
| **Total Revenues** | **$3,589** | **$2,830** | **$2,054** | **$2,294** |
| | | | | |
| **Expenditures** | | | | |
| Personal Service | | | | |
| Salaries and Wages | $457 | $13 | ($182) | ($192) |
| Pensions | (274) | 5 | 27 | 27 |
| Fringe Benefits | 25 | 5 | (18) | (84) |
| **Subtotal-PS** | **$208** | **$23** | **($173)** | **($249)** |
| Other Than Personal Service | | | | |
| Medical Assistance | ($145) | ($145) | ($145) | ($145) |
| Public Assistance | 821 | 8 | 8 | 8 |
| All Other | 1,112 | (913) | 1,184 | 1,573 |
| **Subtotal-OTPS** | **$1,788** | **($1,050)** | **$1,047** | **$1,436** |
| Debt Service | | | | |
| Principal | $0 | ($61) | ($25) | ($54) |
| Interest & Offsets | (48) | 14 | (37) | (36) |
| **Subtotal Debt Service** | **($48)** | **($47)** | **($62)** | **($90)** |
| FY 2023 BSA and Discretionary Transfers | $0 | $0 | $0 | $0 |
| FY 2024 BSA | $3,136 | ($3,136) | $0 | $0 |
| Capital Stabilization Reserve | ($250) | $0 | $0 | $0 |
| General Reserve | ($1,150) | $0 | $0 | $0 |
| Less: Intra-City Expenses | ($95) | ($70) | ($70) | ($70) |
| **Total Expenditures** | **$3,589** | **($4,281)** | **$742** | **$1,027** |
| | | | | |
| **Gap to be Closed** | **$0** | **$7,110** | **$1,312** | **$1,267** |

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

## Table 3. Plan-to-Plan Changes, January 2024 Plan vs. June 2023 Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| General Property Tax | $114 | $962 | $1,345 | $1,702 |
| Other Taxes | 1,749 | 1,097 | 999 | 946 |
| Tax Audit Revenues | 26 | 52 | 52 | 52 |
| **Subtotal: Taxes** | **$1,889** | **$2,111** | **$2,396** | **$2,700** |
| Miscellaneous Revenues | 813 | 482 | 150 | 133 |
| Unrestricted Intergovernmental Aid | 17 | 0 | 0 | 0 |
| Less: Intra-City Revenues | (280) | (17) | (18) | (18) |
| Disallowances Against Categorical Grants | 0 | 0 | 0 | 0 |
| **Subtotal: City-Funds** | **$2,439** | **$2,576** | **$2,528** | **$2,815** |
| Other Categorical Grants | 189 | 11 | 10 | 10 |
| Inter-Fund Revenues | 8 | 4 | 5 | 6 |
| Federal Categorical Grants | 2,166 | (76) | 160 | 138 |
| State Categorical Grants | 2,188 | 1,138 | 119 | 118 |
| **Total Revenues** | **$6,990** | **$3,653** | **$2,822** | **$3,087** |
| | | | | |
| **Expenditures** | | | | |
| Personal Service | | | | |
| Salaries and Wages | ($32) | ($1,008) | ($1,196) | ($1,295) |
| Pensions | (287) | (44) | (84) | (141) |
| Fringe Benefits | (25) | (217) | (240) | (284) |
| **Subtotal-PS** | **($344)** | **($1,269)** | **($1,520)** | **($1,720)** |
| Other Than Personal Service | | | | |
| Medical Assistance | ($165) | ($145) | ($145) | ($145) |
| Public Assistance | 817 | 0 | 0 | 0 |
| All Other | 4,669 | 3,847 | 2,966 | 2,397 |
| **Subtotal-OTPS** | **$5,321** | **$3,702** | **$2,821** | **$2,252** |
| Debt Service | | | | |
| Principal | $0 | ($19) | $43 | $18 |
| Interest & Offsets | (87) | (44) | (189) | (228) |
| **Subtotal Debt Service** | **($87)** | **($63)** | **($146)** | **($210)** |
| FY 2023 BSA and Discretionary Transfers | $0 | $0 | $0 | $0 |
| FY 2024 BSA | $3,779 | ($3,779) | $0 | $0 |
| Capital Stabilization Reserve | ($250) | $0 | $0 | $0 |
| General Reserve | ($1,150) | $0 | $0 | $0 |
| Less: Intra-City Expenses | ($280) | ($17) | ($18) | ($18) |
| **Total Expenditures** | **$6,990** | **($1,426)** | **$1,137** | **$304** |
| | | | | |
| **Gap to be Closed** | **$0** | **$5,078** | **$1,685** | **$2,783** |

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

## Table 4. Comptroller's Re-estimates of the January 2024 Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **City Stated Gap** | **$0** | **$0** | **($5,150)** | **($5,117)** | **($6,043)** |
| **Revenues Differences** | | | | | |
| **Tax Revenues Differences** | **$583** | **$372** | **($102)** | **($29)** | **$644** |
| Property Tax | (39) | 465 | 292 | 645 | 1,026 |
| Personal Income Tax/PTET | 397 | (129) | (82) | (327) | (290) |
| Business Taxes | (92) | (95) | (429) | (501) | (376) |
| Sales Tax | 21 | 94 | 85 | 155 | 208 |
| Real Estate Transaction Taxes | 78 | (186) | (201) | (225) | (127) |
| Audit & All Other Taxes | 218 | 223 | 233 | 224 | 203 |
| **Non-Tax Revenues Differences** | **$35** | **$110** | **$134** | **$108** | **$98** |
| ***Subtotal Revenues*** | ***$618*** | ***$482*** | ***$32*** | ***$79*** | ***$742*** |
| **Expenditures Differences** | | | | | |
| **Underbudgeting** | **($862)** | **($3,145)** | **($2,753)** | **($2,590)** | **($2,569)** |
| Overtime | (512) | (737) | (350) | (350) | (350) |
| Carter Cases | 0 | (540) | (410) | (340) | (340) |
| Rental Assistance | 0 | (950) | (950) | (950) | (950) |
| Contributions to MTA | 0 | (143) | (268) | (450) | (529) |
| Shelter Capacity (Non-Asylum Seeker) | (350) | (350) | (350) | (350) | (350) |
| Prevailing Wage for Shelter Security | 0 | (50) | (50) | (50) | (50) |
| Public Assistance | 0 | (375) | (375) | (100) | 0 |
| **Fiscal Cliffs - DOE COVID Aid** | **0** | **(287)** | **(367)** | **(367)** | **(367)** |
| **Foster Care Reimbursement Rate** | **0** | **(118)** | **(118)** | **(118)** | **(118)** |
| **Temporary and Professional Services** | **0** | **(200)** | **0** | **0** | **0** |
| **Collective Bargaining Agreements** | **(70)** | **(117)** | **(166)** | **(176)** | **(193)** |
| **DOE Medicaid Revenue Shortfall** | **(60)** | **(60)** | **(60)** | **(60)** | **(60)** |
| **Health Insurance Stabilization Fund - Reimbursement** | **(112)** | **0** | **0** | **0** | **0** |
| **Full-Time PS Accrual Savings** | **700** | **150** | **0** | **0** | **0** |
| ***Subtotal Expenditures*** | ***($404)*** | ***($3,777)*** | ***($3,464)*** | ***($3,311)*** | ***($3,307)*** |
| **Total Comptroller Re-estimates** | **$214** | **($3,295)** | **($3,432)** | **($3,232)** | **($2,565)** |
| **Restated (Gap)/Surplus** | **$214** | **($3,295)** | **($8,582)** | **($8,349)** | **($8,608)** |
| **Longer Term Expenditure Risks** | | | | | |
| **Asylum Seekers Expenses** | **$123** | **$627** | **($1,491)** | **($1,992)** | **($3,492)** |
| **Class Size Mandate** | **0** | **0** | **(467)** | **(933)** | **(1,400)** |
| **Restated (Gap)/Surplus with Longer Term Risks** | **$337** | **($2,668)** | **($10,540)** | **($11,274)** | **($13,500)** |

Source: Office of the New York City Comptroller

# II. The City's Economic Outlook

Contrary to the expectations of many economic forecasters one year ago, 2023 was a year of continued strong overall economic growth in the United States. According to the latest data from the Bureau of Economic Analysis, U.S. real gross domestic product (GDP) grew at an annual rate of 3.3 percent in the fourth quarter of 2023 for a cumulative rise of 3.1 percent from the fourth quarter of 2022 (and 2.4 percent growth measured over each calendar year's average real GDP). But even with such growth, inflation rates declined significantly in 2023, with CPI core inflation—which excludes volatile food and energy prices—at 3.9 percent for the 12 months ended in December, down from rates above 6 percent as recently as late 2022. With the U.S. economy having by now fully recovered from the pandemic in most activities and having weathered a rapid contraction in monetary policy while continuing to grow at a good clip, the outlook is continued growth at a slower rate.

New York City's economy faces perhaps some more difficult challenges than the nation at large, as the city's highest paying sectors have been undergoing some job-reducing restructuring over the past year. And while the job cutting trend could be ending soon, these industries may not be in a big rush to start increasing their payrolls. Similar to the national economy, the outlook for the city's job and wage base is that it will continue to grow, but at a slow pace.

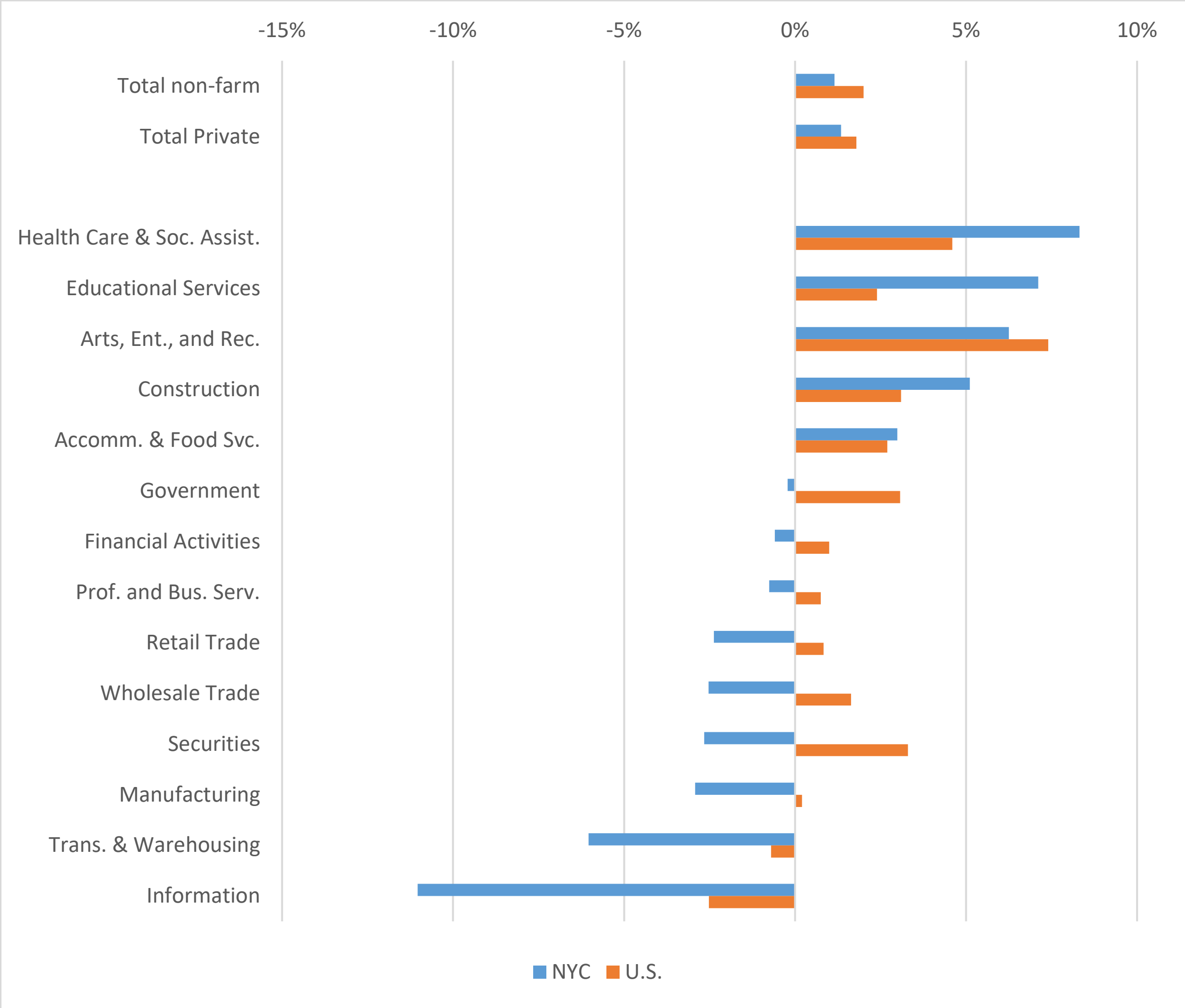
## New York City's Economy

### NYC Employment

Total employment growth in NYC slowed in 2023, rising only by 53,600 jobs (1.1 percent) in the 12 months ending December 2023 after having gained 218,600 jobs in 2022 and 302,900 in 2021. Much of this difference is attributable to the post-pandemic recovery nearing its conclusion before the start of 2023 in most industries. More troubling is that there was a lack of job growth in NYC's highest-wage industries, all of which export services to other parts of the country and the world. The biggest engine of job growth in 2023, **Education and Health**, is not likely to continue its torrid pace in coming years. And 2023 growth in **Construction and Leisure** and **Hospitality** was a continuation of a post-pandemic recovery that may soon be slowing.

Without any clear industries ready to lead the city to widespread employment growth, the Office of the Comptroller projects only a modest increase for 2024, 33,900 jobs gained as measured in the fourth quarter of each year (Q4/Q4). For 2025-2028, an average annual Q4/Q4 gain of 47,000 is projected. In comparison, OMB has forecast greater employment gains for both 2024 and beyond, with an average annual gain of 90,000 jobs (Q4/Q4) for 2024-2028.

## Chart 1. Percent Change in Employment by Sector, NYC vs U.S., 12 Months Ending December 2023




Source: Bureau of Labor Statistics

NYC lost jobs in its three highest-paying industries in 2023—most notably information, but also financial and professional & business services. And, while many of the causes for these job losses are not expected to continue into 2024 and later years, the near-term outlook for these sectors overall is for slow employment growth.

The **Information** industry in NYC saw a notable decrease in its payrolls in 2023, falling by more than 26,000 jobs in the 12 months ending December 2023, an 11.0 percent decline, as shown in Table 5. The drop is attributed to two distinct factors: (i) labor strikes that caused significant temporary shutdowns in the NYC film and television industries; and (ii) an industry-wide paring-back of payrolls at technology and web-related companies.

The dual strikes by film and television writers and performers, both of which began in the spring of 2023, were responsible for at least half of the decline in the sector's jobs at its low point in August

2023, when there were 12,000 fewer jobs (22 percent) in the NYC motion picture industry than 12 months prior, with additional losses in other industry categories including media streaming services. Both strikes settled by November 2023, and there are early indications that the industry is getting back to work—measured payroll counts for the film industry rose in December 2023 and were less than 7,000 jobs short (13 percent) of 2022, and beneficiaries of unemployment insurance from the NYC Information industry fell by 51 percent between the end of August and the end of December. It may take yet a few months for the motion picture sub-sector to fully ramp-up to its prior level and for this to show up in the payroll employment data.

But while film and television-related jobs are returning, staffing rollbacks in technology and web-related industries in NYC have continued to stifle payrolls for the **Information** sector overall. NYC publishing industries, which include software and internet-based publishers, are down 7,000 jobs (9 percent) year-over-year as of December. And while more detailed data are not yet available, there has been a nearly 10,000 job decline (21 percent) over 12 months across the NYC sub-industry categories that include data processing services, web search portals, and other information services. These cuts are part of a nationwide retrenchment within the technology industry, which has continued to pare back its payrolls after having grown rapidly during the pandemic years. The initial impetus for these industry cuts appeared to be cyclical, with declining profits and stock prices in 2022, and negative impacts from rising interest rates on the growth-oriented companies in the sector. But now, with stock prices and earnings mostly going up, continued job cuts in the sector could foreshadow a structural change for the industry.

## Table 5. 12-Month Change in Employment, NYC Information Industry and Sub-Industries

| | August 2023 | | December 2023 | |
|---|---|---|---|---|
| | 12-Month Payroll Change (thousands) | Percent Change | 12-Month Payroll Change (thousands) | Percent Change |
| **Information** | **(28.7)** | **(12.0%)** | **(26.3)** | **(11.0%)** |
| Motion Picture and Sound Recording Industries | (12.1) | (22.1%) | (6.7) | (12.7%) |
| Publishing Industries | (6.2) | (8.1%) | (6.8) | (9.0%) |
| Broadcasting and Content Providers | (4.7) | (9.3%) | (3.4) | (6.9%) |
| Telecommunications | (0.4) | (2.5%) | 0.2 | 1.2% |
| Other (including Web Search Portals and All Other Information Services; Data Processing and Related Services; Libraries and Archives) | (5.3) | (12.5%) | (9.6) | (21.0%) |

Source: NY State Department of Labor, Current Employment Survey

The Comptroller's Office projects Information sector jobs in the film and television industries to fully return in 2024, while technology company job cuts will continue, and the sector's job count overall will remain below its end-of-2022 level. The Office's net projection is that the sector will gain 5,500 jobs during 2024 (2.5 percent), as measured by the fourth-quarter levels (Q4/Q4). For 2025-2028, job growth in the sector is projected to be 1.5 percent per year. OMB projects a higher 4.2 percent gain for the sector in 2024 (Q4/Q4), with 2.7 percent average annual growth in later years through 2028.

The **Finance, Insurance, and Real Estate** sector in NYC lost about 3,000 jobs in the 12 months ending December 2023, a 0.6 percent decline. The main culprit was the high-paying securities industry sub-sector of Investment Banking and Securities Intermediation, which shed 6,100 jobs (6.0 percent). Jobs in this sub-industry paid an average annual salary of $495,000 in 2022. The size of the securities industry's workforce in NYC is highly dependent on profitability in the sector, which has been volatile—in the year ending December 2022, the investment banking and securities sub-sector had added 4,600 jobs.

Recent earnings performance on Wall Street has been mixed, but better overall. Rising interest rates curtailed dealmaking for much of 2023, but the year finished with very strong growth in equity prices. In the first half of 2023, profits before tax at NYSE member firms were down 4.3 percent from the prior year, but the third quarter came in strong with a 22.4 percent gain over the same quarter in 2022.

The Comptroller's Office expects that payroll losses in the **Finance, Insurance, and Real Estate** sector will come to an end in early 2024 and that the sector will gradually regain jobs amidst declining interest rates. In 2024, an increase of 5,300 jobs (1.1 percent) is projected for the industry, with similar growth in 2025-2028 (1.3 percent per year). The securities sub-sector is projected to grow somewhat faster than the rest of the sector, accounting for about half of the growth in the financial industry in each forecast year.

Jobs in the **Professional and Business Services** sector also declined in 2023, by 5,900 (0.7 percent) for the 12 months ending in December. This drop goes counter to the national trend, which saw employment in the sector increase by 0.6 percent over the year. The largest declines came from employment services (down 6,700 jobs), accounting services (3,900) and computer systems design (3,500). Some of these job losses may be in auxiliary services that are closely related to cutbacks in the information and financial industries and the strikes in the film and television industry, all mentioned above. But the sub-industry pattern of job losses also suggests that NYC may be losing part of its employment share in back-office service functions that require less in-person client-facing access. Jobs in consulting (+3,900) and legal services (+2,600) both went the other way.

The Comptroller's Office projects that jobs in this sector will grow by 2,400 (0.3 percent, Q4/Q4) in 2024, and will grow at a 0.8 percent annual average pace in 2025-2028. OMB projects much faster growth for Professional and Business Services, with a 28,700 (3.7 percent) gain in 2024 and 2.0 percent annual growth in 2025-2028.

Significant growth in the **Private Education and Health Services** sector in NYC continued in 2023, growing by 91,800 (7.9 percent) in the 12 months ending December 2023. Most prominent among the sub-sectors was growth in home health care services with a 36,200 gain (14.0 percent) and individual and family services (+12,900 or 6.8 percent). There was also a notable increase in employment at private colleges, universities, and professional schools (+17,000, 10.5 percent), which may be related to rebounding enrollment post-pandemic.

Home-based health and social assistance jobs are being fueled in part by an ongoing aging of the population in NYC, with the number of New Yorkers aged 65 and older increasing by 44,000 (3.3 percent) between April 1, 2020 and July 1, 2022 despite overall population decline in the city, according to the Census Bureau. The elderly share of NYC's population increased from 15.3 percent to 16.7 percent during that period. A significant factor contributing to employment growth in home-based health care services has been the pandemic period's expansion of Medicaid eligibility, which was discussed in the Comptroller's [State of the City's Economy and Finances] report. Medicaid-funded home health services have been growing rapidly for several years, especially through the Consumer Directed Personal Assistance Program (CDPAP)—which allows individuals to become certified to provide home-based care for their relatives and friends. The number of NYC residents eligible for Medicaid increased by nearly 1.1 million between March 2020 and June 2023, as pandemic emergency provisions removed the requirement for annual recertification of eligibility. With the emergency period having ended in May 2023, the Medicaid-eligible count has been falling and is predicted to continue to fall through May 2024.

The Comptroller's Office projects continued growth in employment in the education and health sector in 2024, but at a diminished rate. In 2024, payrolls are projected to increase by 15,100 (1.3 percent, Q4/Q4), with 2.0 percent average annual growth in 2025-2028. OMB also projects a slowing of growth in the sector in 2024 (0.7 percent, Q4/Q4), but a higher 2.7 percent average growth in 2025-2028.

NYC's **Construction** industry added 7,500 jobs (5.1 percent), continuing its post-pandemic recovery, and growing even faster than upward national trends. Looking forward, increased financing costs and troubled demand conditions for commercial real estate may limit continued growth in the sector, but a housing shortage and a need to renovate or replace space in a transition toward clean energy—including Federal tax incentives created by the Inflation Reduction Act and the mandates of NYC's Local Law 97—should prevent the industry from contracting. The Comptroller's Office projects construction jobs to increase by 0.5 percent in 2024 (Q4/Q4) and at an average annual rate of 0.2 percent in 2025-2028.

Also catching back up to pre-pandemic levels is NYC's **Leisure and Hospitality** sector, up 15,500 (3.6 percent) over the 12 months ending December 2023. Both tourism and local demand for in-person dining and entertainment have been close to their pre-pandemic level for several months by now. And although jobs in the sector still lag the February 2020 level by 22,000, the rate of growth should be slowing in 2024. This Office projects this sector will add 4,500 jobs in 2024 (1.0 percent, Q4/Q4), with 0.9 percent growth per year 2025-2028. OMB projects much faster growth in the sector, with 27,900 jobs (6.2 percent) added in 2024 and an average annual growth of 3.0 percent in 2025-2028.

Both **Retail** and **Wholesale Trade** lost jobs in NYC in 2023, the former dropping by 7,200 (2.3 percent) and the latter by 3,300 (2.5 percent). Both industries face longer-run downward momentum that predated the pandemic. The pandemic likely accelerated these trends somewhat permanently, where increased online purchasing and more centralized distribution disfavors NYC-located retailers and wholesalers, on balance. The Office of the Comptroller projects continued declines in these sectors in 2024, with modest growth in retail only in 2025-2028.

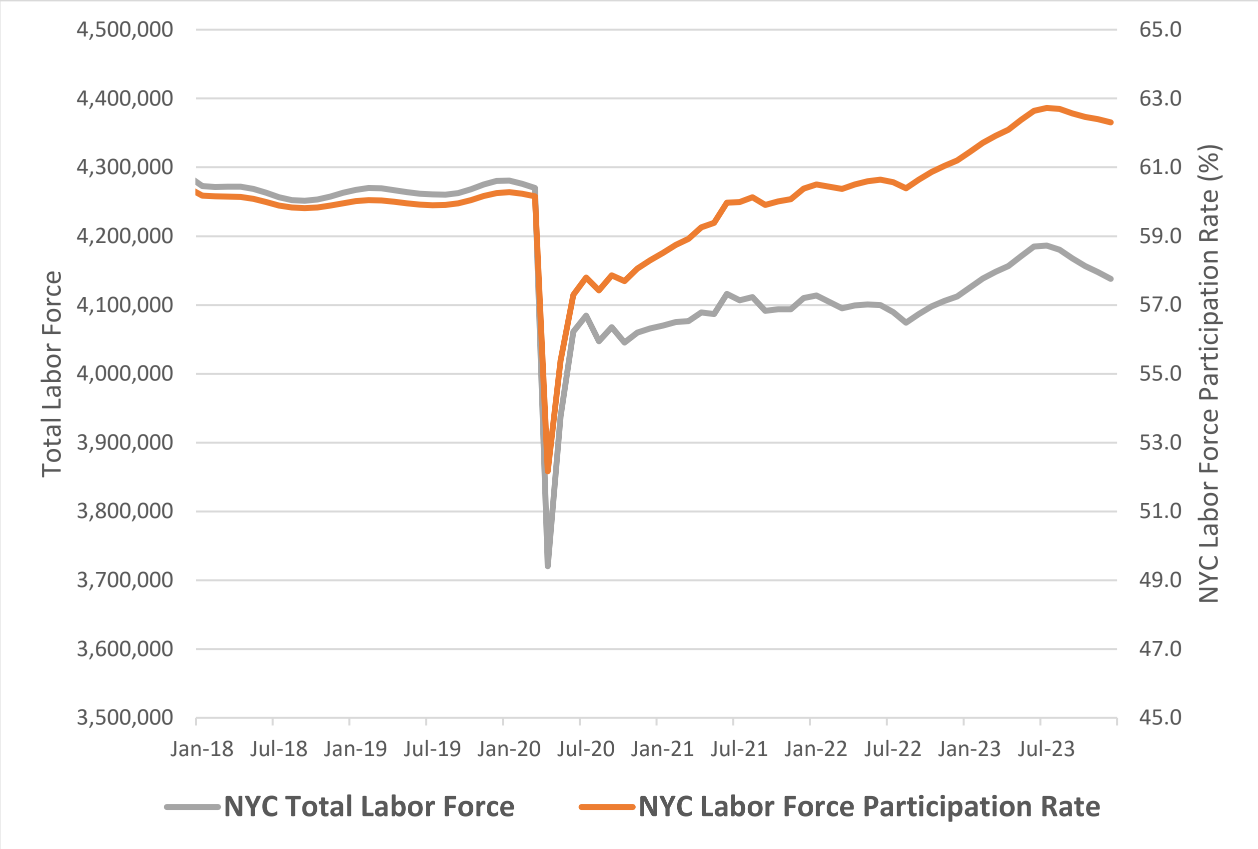
Later this spring, the Bureau of Labor Statistics and the NY Department of Labor will revise historical 2022 and 2023 employment counts as part of its annual benchmarking to administrative data from the unemployment insurance system. It is possible to predict the expected revisions based on data reported from the Quarterly Survey of Employment and Wages, which is also based on the administrative data. 2023 employment levels in NYC overall are expected to be revised up modestly, while late 2022 levels are expected to be revised down slightly, resulting in somewhat higher year-over-year growth for 2023. The upward revision mostly accrues to Transportation & Warehousing and Management of Companies & Enterprises, some of which will be offset by a downward revision to Construction.

## NYC Labor Force and Unemployment

The labor force participation rate in NYC stood at record high levels throughout 2023, ending the year at 62.3 percent, 1.1 percentage points above one year prior and 2.0 percentage points above December 2019. Labor force participation by men in NYC averaged 66.4 percent in 2023, just 0.1 percentage point below its 2010-2019 average. Meanwhile, 55.3 percent labor force participation by NYC women in 2023 exceeded its 2010-2019 average by 1.9 percentage points. Nationally, as well, women's rates of labor force participation have more fully recovered than men's, although rates for both genders remain below their 2019 levels. Historically, women's labor force participation rates have varied more than men's and can be influenced by several factors including labor market conditions. It remains to be seen whether there has been any permanent change in labor supply related to an increased availability of remote and hybrid work.

Despite higher participation rates, the size of NYC's resident labor force remains below its pre-pandemic level, as can be seen in Chart 2. This seeming contradiction is the result of the NYC population declining during the years since the beginning of the pandemic. Note also that labor force data are subject to revision based on annual benchmarking to other data sources, which are calculated in March.

## Chart 2. NYC Labor Force and Participation Rate, 2018-2023 (seasonally adjusted)

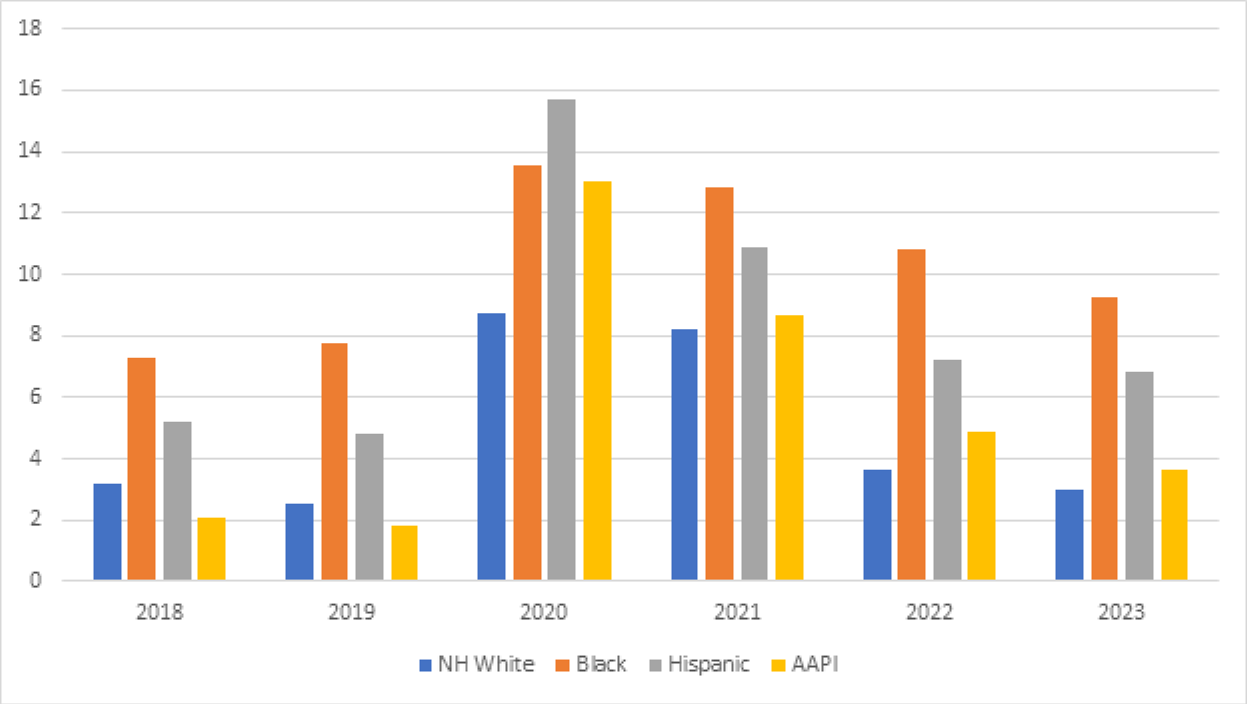



Source: NY State Department of Labor

As has been the case since the start of the pandemic, NYC's 5.3 percent average **unemployment rate** in 2023 was substantially higher than the U.S. national unemployment rate of 3.6 percent. And while the 2023 average was somewhat lower than in 2022 (5.6 percent), the NYC unemployment rate has not seen significant changes since late 2022 and failed to narrow the gap with the national rate.

Looking at unemployment by race and ethnicity groups, each group continued their overall decline from 2020 peaks, as shown in Chart 3. The biggest decline was among Black New Yorkers (-1.6 percentage points) followed by Asian American and Pacific Islander (-1.2), non-Hispanic whites (-0.7) and Hispanic (-0.4).

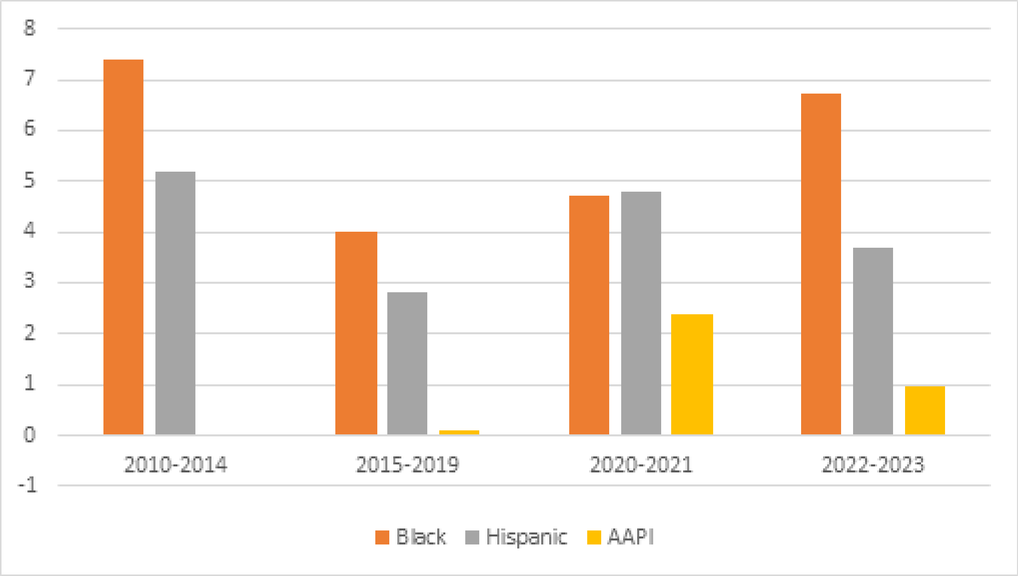
## Chart 3. Unemployment Rate by Race and Ethnicity




Source: IPUMS CPS, Office of the New York City Comptroller

Despite the gain in 2023, the difference between the unemployment rate of Blacks and non-Hispanic white New Yorkers was 6.7 percentage points, on average, in 2022-2023, as shown in Chart 4. Furthermore, over the same period, the differential widened for Blacks while it fell for Hispanics and Asian Americans and Pacific Islanders. Since the pandemic, the unemployment rate has remained above non-Hispanic white New Yorkers for all other groups.

### Chart 4. Average Unemployment Rate Differentials Relative to Non-Hispanic White




Source: IPUMS CPS, Office of the New York City Comptroller

## Economic Forecast

Table 6 summarizes both OMB's and the Comptroller's forecasts for selected U.S. and NYC economic measures.

### Table 6. Forecast of Selected Economic Indicators, Calendar Years 2023 to 2028

| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|
| **U.S. Economy** | | | | | | | |
| Real GDP, (Constant $, % Change) | Comptroller | 2.4% | 1.9% | 1.6% | 2.1% | 2.3% | 2.4% |
| | Mayor | 2.4% | 1.5% | 1.3% | 1.4% | 1.6% | 1.6% |
| Payroll Jobs, (% Change) | Comptroller | 2.3% | 1.0% | 0.4% | 0.3% | 0.3% | 0.3% |
| | Mayor | 2.3% | 0.8% | 0.1% | 0.2% | 0.3% | 0.5% |
| Fed Funds Rate, (Percent) | Comptroller | 5.0% | 4.9% | 4.0% | 3.2% | 3.0% | 2.8% |
| | Mayor | 5.0% | 5.1% | 3.8% | 2.7% | 2.6% | 2.6% |
| 10-Year Treasury Notes, (Percent) | Comptroller | 4.0% | 4.2% | 4.1% | 4.0% | 4.0% | 4.0% |
| | Mayor | 4.0% | 3.9% | 3.4% | 3.2% | 3.2% | 3.2% |
| Consumer Price Index, | Comptroller | 4.1% | 2.7% | 2.4% | 2.3% | 2.2% | 2.2% |

| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|
| (% Change) | Mayor | 4.1% | 2.6% | 2.0% | 2.5% | 2.2% | 2.2% |
| **NYC Economy** | | | | | | | |
| Payroll Jobs, (Change in Thousands, Q4/Q4) | Comptroller | 77.6 | 33.9 | 36.8 | 45.3 | 50.4 | 54.9 |
| | Mayor | 80.5 | 90.0 | 96.9 | 93.3 | 75.3 | 95.9 |
| Total Wage Earnings, (% Change) | Comptroller | 4.6% | 3.9% | 3.6% | 3.5% | 3.6% | 3.7% |
| | Mayor | 3.6% | 3.8% | 5.3% | 4.1% | 3.9% | 4.7% |
| Consumer Price Index, NY area, (% Change) | Comptroller | 3.8% | 3.0% | 2.6% | 2.5% | 2.4% | 2.5% |
| | Mayor | 3.8% | 1.8% | 1.6% | 2.2% | 2.2% | 2.1% |
| Wall Street Profits, ($ Billions) | Comptroller | 25.0 | 21.5 | 20.1 | 22.2 | 23.6 | 22.9 |
| | Mayor | 25.1 | 22.4 | 23.8 | 21.6 | 25.1 | 21.1 |
| Securities Bonus Pool, ($ Billions) | Comptroller | 33.8 | 35.6 | 34.3 | 34.4 | 33.9 | 32.7 |
| | Mayor | 31.5 | 33.2 | 36.0 | 37.3 | 38.5 | 39.5 |
| Total Asking Rental Rate, Manhattan Offices (% Change) | Comptroller | 1.1% | 2.3% | 0.8% | 0.5% | 2.1% | 2.5% |
| | Mayor | 1.0% | 0.9% | 0.6% | 0.6% | 0.9% | 1.9% |
| Total Vacancy Rate, Manhattan Offices | Comptroller | 22.4% | 23.4% | 23.3% | 23.0% | 22.6% | 22.2% |
| | Mayor | 21.7% | 21.1% | 20.4% | 20.0% | 20.0% | 19.5% |

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

At the national level, OMB has significantly increased its economic growth forecast in its FY 2025 Preliminary Budget and January Plan. OMB's previous published economic growth forecast was included in the April 2023 Executive Budget when OMB, like many other economic forecasters, expected very slow annual real growth of 1.0 percent in calendar year 2023 and payroll jobs declining in 2024 and 2025. With 2023 having ended much stronger economically for the U.S., OMB has revised each of these forecasts upward with GDP growth at 1.5 percent in 2024, 1.3 percent in 2025, and 1.4 percent in 2026, and correspondingly weak job growth. OMB has also increased its Fed Funds interest rate forecast by 50 basis points (0.5 percent) for 2024.

The Comptroller's U.S. forecast has only small changes from those in its December report, which had considered all economic data available up until that time. The Comptroller's real GDP growth forecast for 2024 has been revised up to 1.9 percent (from 1.7 percent), a result of stronger-than-expected GDP growth reports for the fourth quarter of 2023.

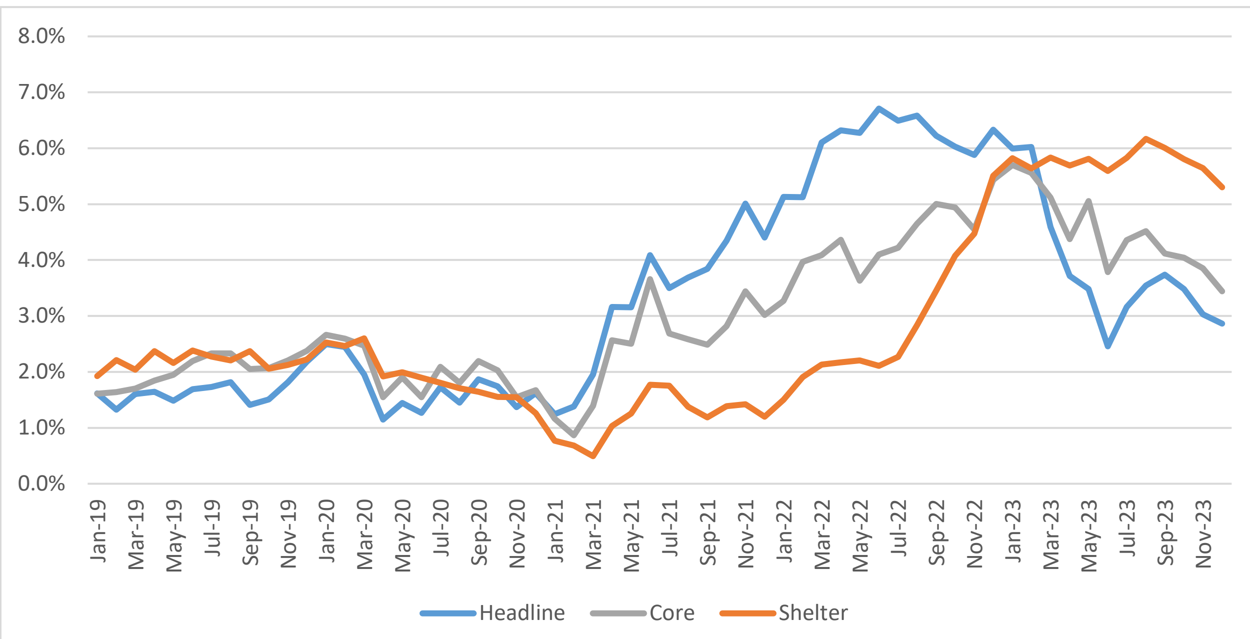
In response to preliminary actual employment counts, OMB revised its NYC payrolls number upward by nearly 60,000 jobs in the fourth quarter of 2023, for a total gain of 80,500 jobs over the Fourth Quarter of 2022. OMB carries over most of the job gains into 2024, although the Q4/Q4 payroll growth was revised down by nearly 24,000. OMB also increased its job growth forecast in 2025 by 34,000, in 2026 by 14,000, and in 2027 by 5,000 (all Q4/Q4).

The Comptroller's forecast for NYC employment growth in 2024 (Q4/Q4) was revised upward to 33,900 jobs in 2024 (from 29,100 previously). The largest contributor to this revision was a reassessment of recent job growth trends in the Leisure and Hospitality sector, which showed significant growth in late 2023, growing by more than 12,000 jobs over the last six months. The Comptroller's forecast for job growth in 2025-2027 was also revised upward, principally because of a higher estimates of projected job growth in the health care sector using the latest available data.

## Prices and Inflation

The New York City area rate of inflation declined substantially in 2023, with a 2.9 percent 12-month change for headline inflation (i.e., prices for all items) and 3.4 percent for core inflation (i.e., all items excluding food and energy). As seen in Chart 5, these rates compare with 6.3 percent headline and 5.4 percent core inflation one year prior. The price of shelter—which includes the cost of renting a home, the rental-equivalent cost of owning a home, and the cost of lodging away from home—rose by a much faster 5.3 percent in the 12 months ending in December.

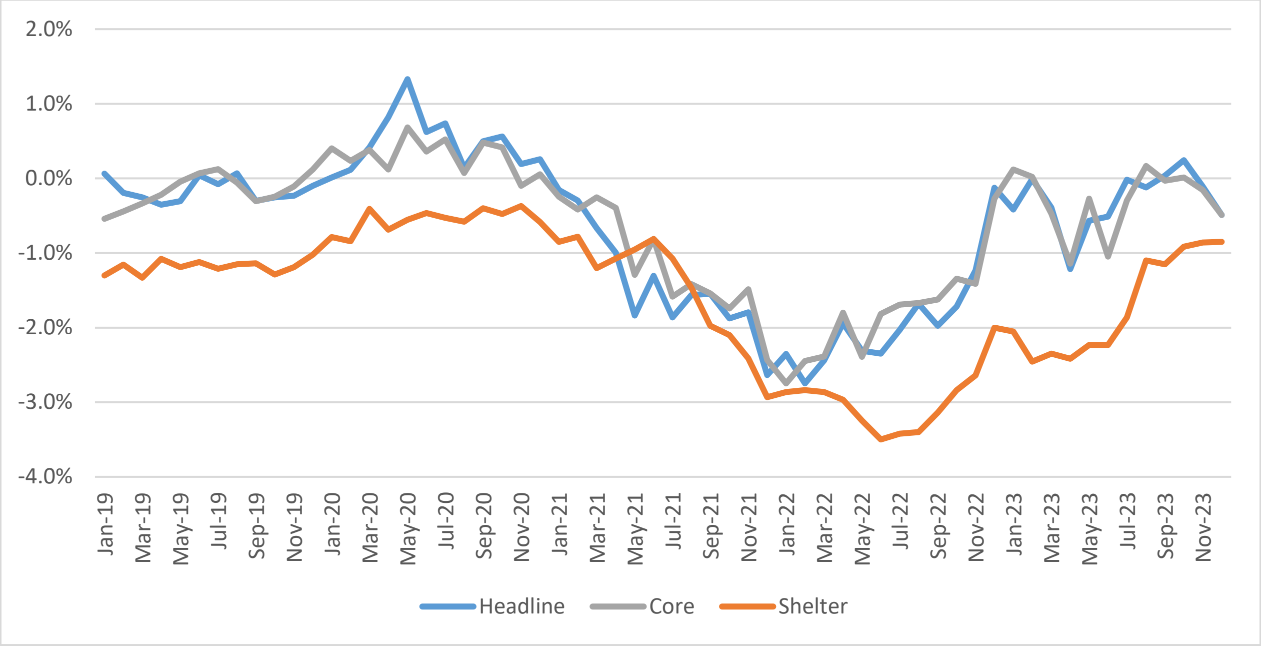
### Chart 5. NYC-area CPI Inflation (12-month Percent Change)




Source: Bureau of Labor Statistics

In comparing NYC area inflation to the U.S. nationwide average, the gap between the two that existed in 2021-2022 has mostly dissipated. As seen in Chart 6, headline and core inflation in the New York area lagged U.S. inflation by more than 2 percentage points in 2022. This was in part due to shelter cost inflation lagging U.S. shelter price growth by more than 3 percent during that year. More recently, NY area shelter costs have begun to catch up to national rates of cost inflation.

## Chart 6. NYC-U.S. Inflation Differential

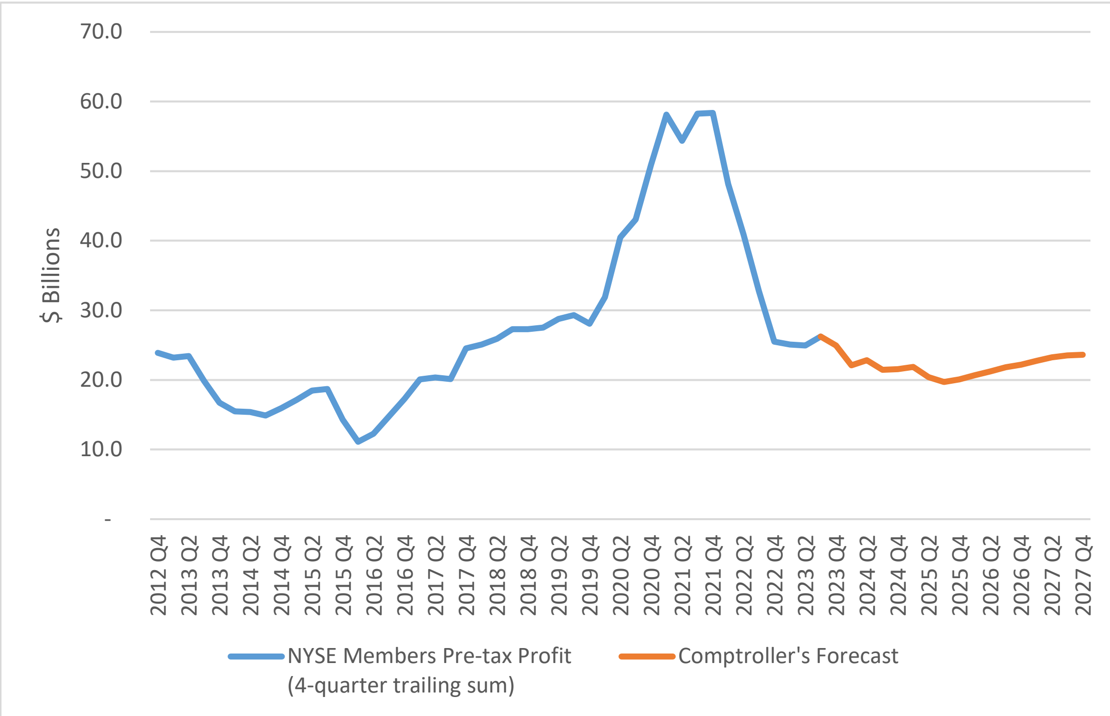



Source: Bureau of Labor Statistics

## Wall Street

Profits of Wall Street securities firms have continued their retreat from the lofty levels in 2020 through mid-2022. Member firms of the New York Stock Exchange (NYSE) earned $26.24 billion pre-tax net income in the four quarters ending in 2023-Q3, 10 percent below their 2019 level but higher than all years before 2018 in data going back to 2012. As can be seen in Chart 7, the Comptroller's forecast calls for Wall Street profits to remain near their current level in 2024-2028.

## Chart 7. Pre-Tax Wall Street Profits




Source: Intercontinental Exchange; Office of the New York City Comptroller

## Housing markets have steadied, as sales market lags

New York City's apartment rental market has remained stable in recent months: asking rents have been steady since November 2023, while the inventory of available rentals has followed a normal seasonal pattern and is up slightly from a year ago. This, of course, follows the extraordinary pandemic period in which the median asking rent fell substantially from $2,900 in early 2020 to $2,500 in the Spring of 2021; then surged 40 percent between late 2021 and the Summer of 2023, reaching a high of nearly 3,800; and then retreating slightly to $3,500 in November 2023, where it has remained since. Thus, the citywide median asking rent began 2024 up about 20 percent from its pre-pandemic level—roughly matching overall inflation over this span—with the Bronx and Brooklyn seeing somewhat steeper increases than the other boroughs. The swings in asking rents during the pandemic understate the true volatility of actual rents because landlords were offering widespread concessions in 2020 and 2021; however, over the past year, concessions have generally returned to pre-pandemic levels.

The city's co-op, condo, townhouse, and single-family home market has been more restrained, likely due in large part to the escalation in mortgage rates: based on StreetEasy's repeat-sales index, citywide prices are little changed over the past year and also roughly on par with pre-pandemic levels. However, the inventory of homes on the market has been persistently lean, and asking prices have edged up in recent months.

## Housing supply falls short

Overall, the city's housing supply has not kept up with demand. From 2010 to 2022, city-wide employment grew by 23 percent, while the number of housing units expanded by just 9 percent. Even in recent years, during which the pandemic led to declines in the number of both jobs and residents, demand has outstripped supply. An analysis of local household data from the 2021 and 2022 American Community Surveys and the 2020 Census reveals an unusual divergence: even as the population declined by roughly 5 percent, the number of households actually edged up, as shown in Table 7 below. Moreover, most of this divergence occurred in 2022 when the average household size (i.e. number of people per household) fell from 2.54 to 2.41. This decline represents an acceleration in a trend of gradually declining household size that pre-dated the pandemic. The recently released initial findings from the latest Housing and Vacancy Survey show that in 2023 the number of occupied units continued to rise, reaching 3.432 million (a gain of nearly 59,000 from the 2022 ACS estimate). At the same time, the number of vacant units for any reason dropped to 273,000 (a decline of 33,000 from the 2022 ACS estimate), for an overall vacancy rate of 7.4 percent.[3]

### Table 7. Population estimates from ACS and the 2020 Decennial Census.

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Residents in households | 8,585,462 | 8,282,225 | 8,130,564 |
| Occupied units | 3,370,448 | 3,263,895 | 3,373,039 |
| Persons per household | 2.55 | 2.54 | 2.41 |
| Vacant units (for any reason) | 248,187 | 378,036 | 306,024 |
| **Overall vacancy rate** | **6.9%** | **10.4%** | **8.3%** |

Source: Census Bureau, NYC Department of City Planning, Office of the New York City Comptroller. The overall vacancy rate is the ratio of vacant units for any reason divided by the total number of housing units (occupied plus vacant).

To better understand this downward trend in household size, a look at the changing composition of households sheds some light. Table 8 below summarizes the changes in the share of households by type. In 2022, households with children (both married/cohabiting and single parents) represented as smaller share of the total due to an absolute decline in their number. On the other

[3] The Housing and Vacancy Survey (HVS) net rental vacancy rate refers to vacant units available to be rented divided by the number of renter occupied units plus vacant units available to be rented. This rate was 4.1 percent in the 2020 Census, 4.5 percent in 2021 ACS and 2021 HVS, 3.2 percent in 2022 ACS, and 1.4 percent in 2023 HVS. The large decline in the 2023 HVS rental vacancy rate was principally driven by a large decline in vacant units available for rent from nearly 75,000 in 2022 ACS to 33,200 in 2023 HVS.

hand, singles and married/cohabiting couples without children grew in both number and share, driving the decline in average household size.

## Table 8. Household Types (Shares of Total)

| | 2019 | 2022 | Change 2019-2022 |
|---|---|---|---|
| Married or cohabiting with children | 16.4% | 15.6% | (0.9%) |
| Married or cohabiting w/out children | 25.6% | 26.3% | 0.7% |
| Single parent | 7.0% | 6.5% | (0.5%) |
| Single female | 19.1% | 19.6% | 0.5% |
| Single male | 13.9% | 14.5% | 0.6% |
| Householder w/out children, living with relatives | 13.3% | 13.0% | (0.3%) |
| Householder w/o children, living w/ nonrelatives | 4.6% | 4.5% | 0.0% |

Source: Census Bureau, Office of the New York City Comptroller.

Another likely contributor to this trend—and its acceleration during and after the pandemic—is higher demand for space pushed by remote and hybrid work. Among new renters (those that moved into a rental apartment within the 12 months before being surveyed), the number of rooms per person in 2021-2022 rose 8.4 percent relative to the average in 2017-2019. The increase stood at 10.9 percent for households where the householder reported working from home.[4] At the same time, the share of households where the householder worked from home went from 4.2 percent in 2017-2019 to 31.5 percent in 2021-2022, driving the overall trend.

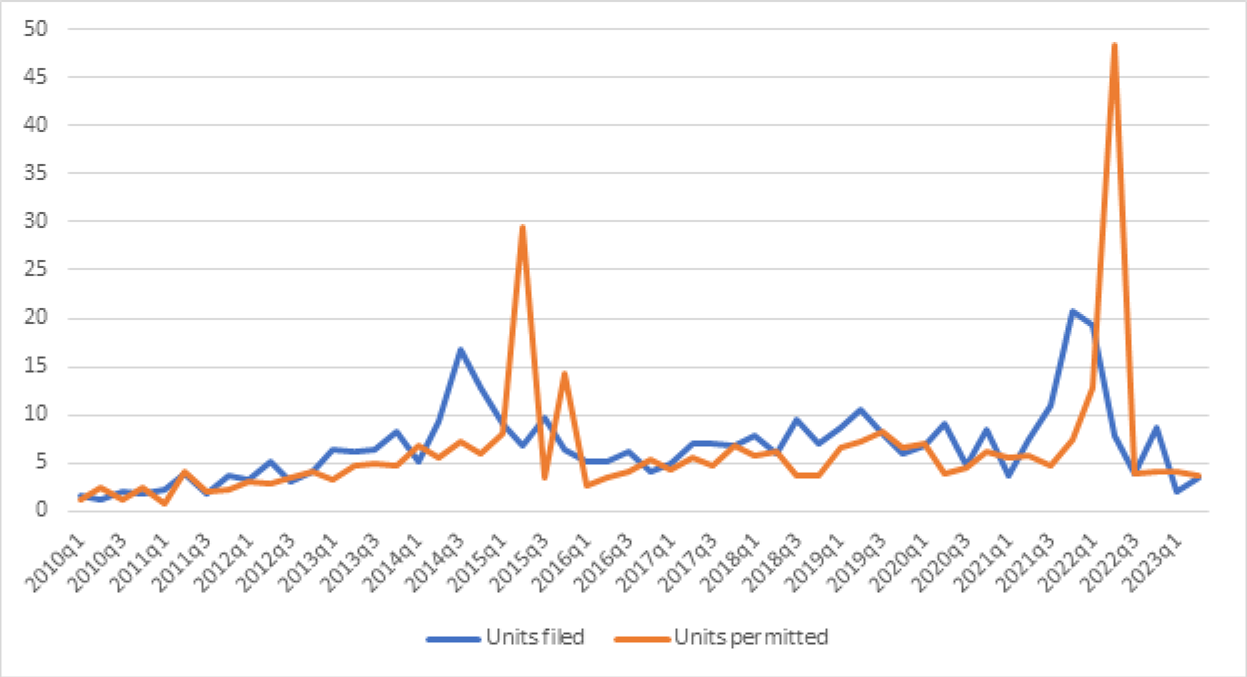
As happened in the past, residential permitting activity spiked before the expiration of the 421-a tax exemption for new multifamily buildings and dropped afterwards. Chart 8 below shows the number of residential units filed and permitted for construction in new buildings since the first quarter of 2010. Filings precede construction permits and are generally less likely to result in completed buildings. Both filed and permitted units show spikes around the expiration of the 421-a tax incentive.[5] Because some of the projects filed or permitted were simply pulled forward in time to qualify for the tax benefit, activity dropped after the expirations of the program. Economic fundamentals for real estate development deteriorated in 2022 and 2023 due to the rapid rise in

[4] Work from home status is derived the survey question is: "how did this person usually get to work last week?" New renters exclude a small fraction of households that reported occupying a unit without payment of rent.

[5] The data are published by the NYC Department of City Planning (DCP) and are derived from Department of Buildings (DOB) filings. The version currently available includes permits filed up to the second quarter of 2023. Since the switchover to DOB NOW in early 2020, permits data from the Census Bureau Building Permits Survey (which can be queried here) has significantly undercounted the number of permitted units in NYC. The 2015 surge in permits was driven by the sunset of the 421-a(1-15) program (the expiration date was extended to December in legislation passed in June of that year, driving two peaks in permits). The 2022 surge was driven by the sunset of the e 421-a(16) program in June of that year.

interest rates and tighter credit conditions (particularly in the aftermath of the collapse of Silicon Valley Bank and Signature Bank in 2023),[6] further compounding the decline in permits.

## Chart 8. Filed and Permitted Housing Units in New Buildings ('000s)




Source: New York City Department of City Planning, Office of the New York City Comptroller.

Chart 9 below compares average quarterly permitting activity in 2022Q3-2023Q2 to the pre-pandemic baseline established in 2017Q1-2020Q1. Relative to the baseline, the number of units filed was 61.2 percent of the baseline while the number of units permitted was 66.9 percent of the baseline.[7] Filing activity was elevated in the fourth quarter of 2023 due to a number of large developments (including, for instance, Willets Point and Hallets North) but subsided afterward.

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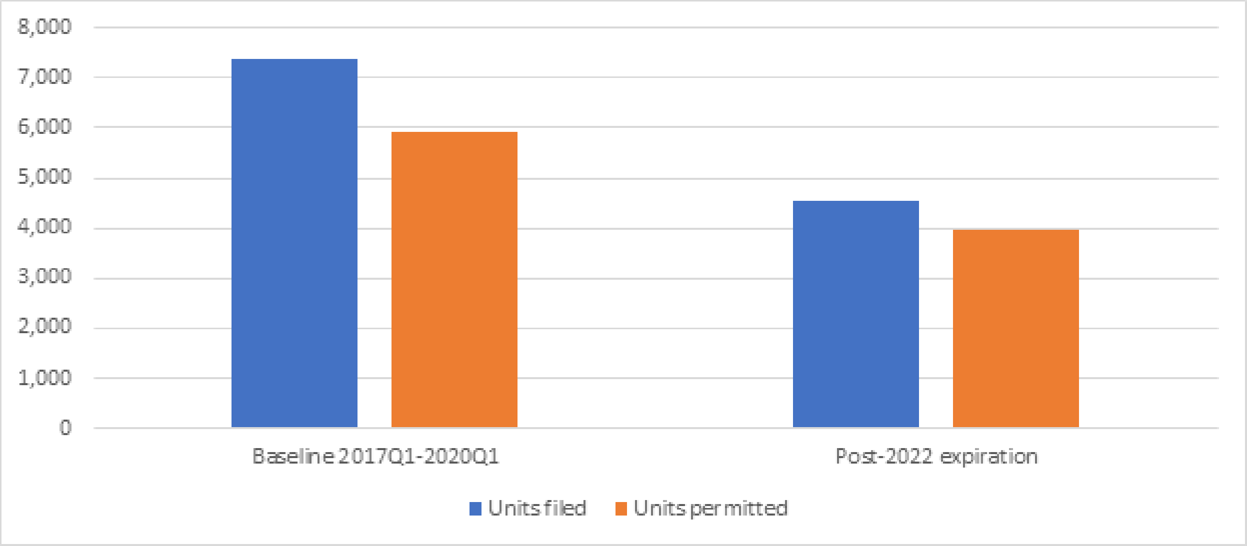
[6] See Slok T., Agarwal J., and Shah R. (2024) *Outlook for US Regional Banks*, Apollo Global Management, p.54.

[7] These percentages could be biased upward because the baseline excludes projects for which permits were filed but were subsequently abandoned, and were therefore dropped from the dataset.

## Chart 9. Average Quarterly Permitting Activity




Source: New York City Department of City Planning, Office of the New York City Comptroller.

Since late 2021, several commercial buildings have filed permits for conversion or partial conversion to residential. The projects in Table 9 include all those with at least 100 units proposed, filed in 2020 or after, classified as alteration projects, and without residential units at the time of filing. Among these projects, progress on 371 7th Avenue (the Stewart Hotel) and 440 West 57th Street (the Watson Hotel) may be on hold as they have been contracted by the City to provide shelter to asylum seekers.

## Table 9. Filings of Large Conversions to Residential

| Address | Date Filed | Status as of 2023Q2 | Units |
|---|---|---|---|
| 160 Water St. | 16-Nov-21 | Permitted for Construction | 592 |
| 330 W. 42nd St. | 29-Mar-22 | Filed Application | 224 |
| 1751 Park Avenue | 14-Jun-22 | Filed Application | 110 |
| 371 7th Ave. | 28-Oct-22 | Filed Application | 615 |
| 55 Broad St. | 28-Oct-22 | Approved Application | 571 |
| 25 Water St. | 3-Nov-22 | Permitted for Construction | 1,263 |
| 650 1st Ave. | 3-Nov-22 | Permitted for Construction | 111 |
| 353 W. 57th St. | 18-Jan-23 | Filed Application | 403 |
| 440 W. 57th St. | 20-Mar-23 | Filed Application | 206 |
| **Total** | | | **4,095** |

Source: New York City Department of City Planning, Office of the New York City Comptroller.

# Office market sluggish but stable

The seismic shift toward remote work driven by the pandemic continues to weigh on the office market, but there are signs that conditions have stabilized. While office vacancy rates have continued to drift upward thus far in 2024, market rents appear to have largely stabilized, running roughly on par with early 2023. Relative to pre-pandemic levels, however, there have been some sizable divergences across segments of the market, based on CoStar data: rents for Class B & C office space in Manhattan are down almost 14 percent, whereas rents for Class A space are down just 5 percent; outside Manhattan, office rents are down just 1 percent from pre-pandemic levels.

Underlying the sluggish demand for office space is attendance, at least during part of the week. One source of daily office attendance estimates is Kastle Systems, which provides some commercial office buildings with security technology—the data compare current entry card with pre-pandemic levels in the New York City metro area. The data suggest that average weekly attendance is now slightly more than half of what it was pre-pandemic. However, an estimate of visits to buildings from the Real Estate Board of New York based on cell phone location data and drawn from a larger sample of NYC buildings, suggests that average weekday visitation stood at 67 percent of pre-pandemic levels in December 2023. Both data sources are highest midweek (Tuesday-Thursday), somewhat lower on Mondays, and considerably lower on Fridays. Finally, weekday subway ridership appears to have stabilized at about 32 percent below comparable pre-pandemic levels—somewhat lower on Fridays and slightly higher the rest of the week.

On the supply side, trends are also mixed. In Manhattan, substantially less new office space is expected to be delivered to the market in 2024 (2M SF) than in 2023 (4M SF)—virtually all Class A. However, in the outer boroughs, more office space is projected to be delivered this year (1.6M SF) than in 2023 (1.4M SF)—almost entirely in Brooklyn. It is worth noting that the property sales market for office buildings has struggled, due to a combination of depressed rents, higher costs, and tighter credit. After adjusting for inflation, even Class A rents are down well over 20 percent, while commercial mortgage rates, as well as other costs, have risen considerably.

Key risks in the office market are tied to debt refinancing and the cycle of lease renewals, which could accelerate the drop in values for underperforming office buildings.

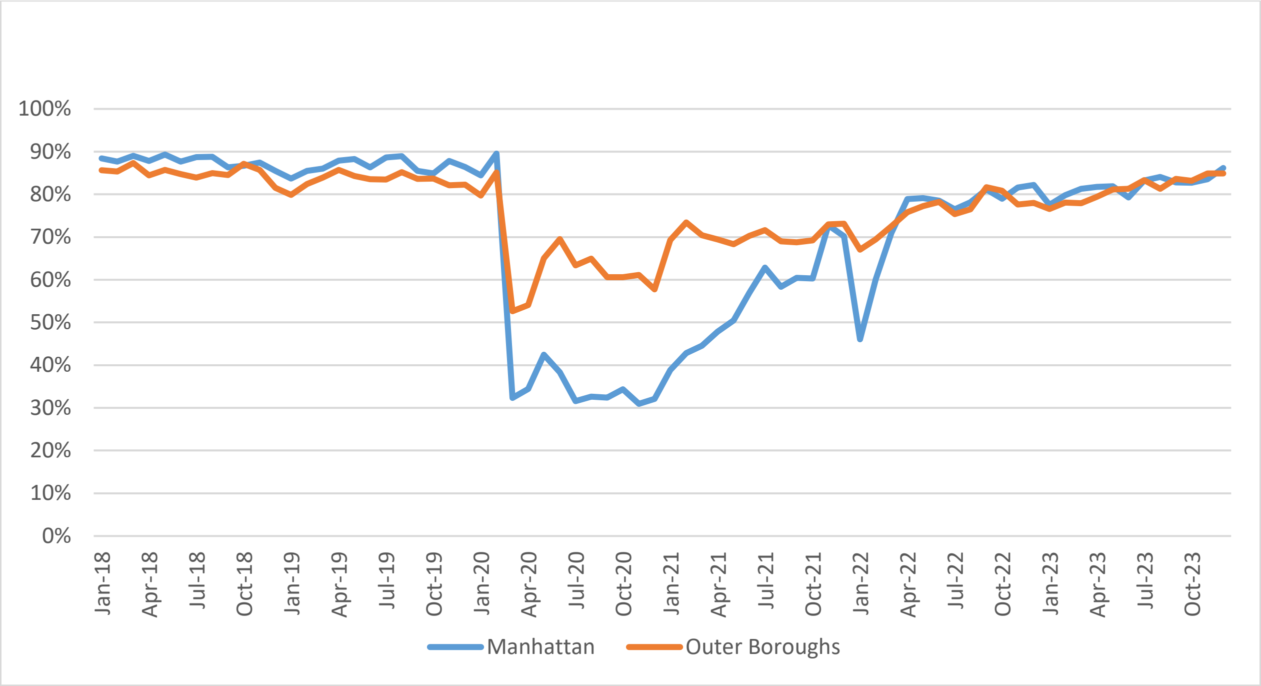
## Retail space market appears to have bottomed; Manhattan lags

The market for retail space across the city, especially in Manhattan, was hit hard by the pandemic and remains sluggish, though there are signs that it has bottomed. While retail vacancy rates are at multi-year highs across the city, rents have climbed slowly but steadily in the outer boroughs and are roughly 5 percent above pre-pandemic levels. In Manhattan, rents remain 5 percent below early 2020 levels but have stabilized in recent months.

## Tourism

Tourism has largely rebounded from its moribund state during the early part of the pandemic. As shown in Chart 10, hotel occupancy rates are back to near pre-pandemic levels not only in Manhattan but in the outer boroughs as well. Even more notably, room rates are 35 percent higher than before the pandemic and up 8 percent over the past 12 months, with Manhattan and the outer boroughs both tracking closely. While a handful of hotels have been taken offline to shelter asylum-seekers and the homeless, the overall supply of hotel rooms across the city has actually expanded modestly on net.

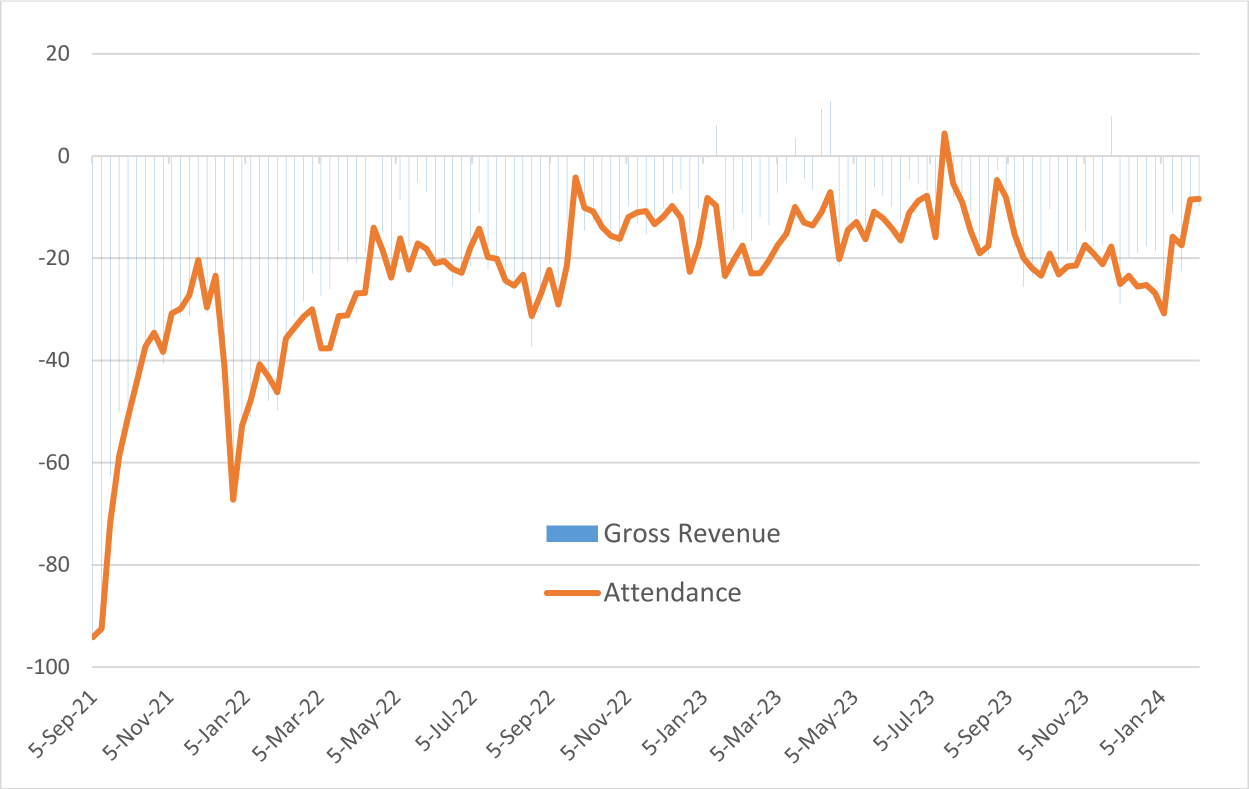
## Chart 10. Hotel Occupancy Rates: Manhattan & Outer Boroughs Seasonally Adjusted




Source: CoStar

Business at Broadway theatres has also picked up in early 2024, relative to pre-pandemic seasonal patterns. As shown in Chart 11 below, attendance and revenues were both running about 10 percent below comparable pre-pandemic levels as of early February—better than in December and early January but roughly in line with relative trends during most of 2023. The resurgence in tourism is also boosting retail and restaurant business somewhat, contributing to consistently stronger than projected sales tax revenues.

## Chart 11. Broadway Theater Attendance & Revenues Percent Above/Below Comparable Week in 2018-2019 & 2019-2020 Seasons



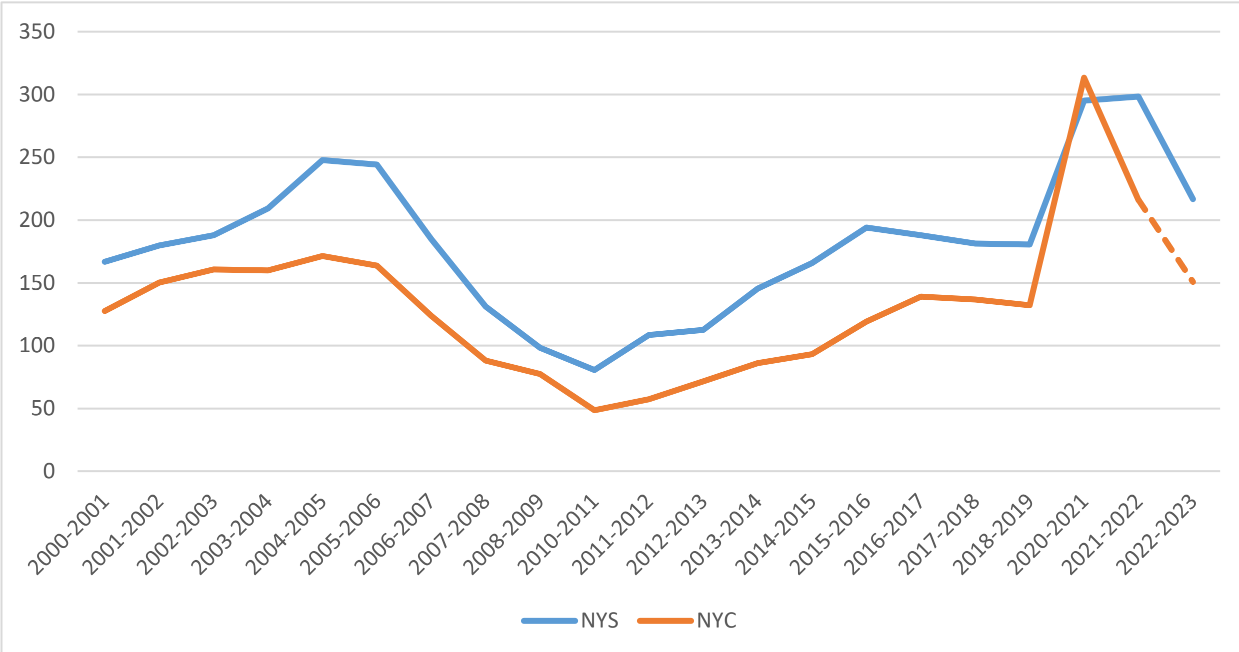

Source: Broadway League

## NYC Population and Migration

The Census Bureau released the 2023 vintage of population estimates for U.S. states. An analysis by the Empire Center shows that, in 2023, NYS population losses slowed but were still the largest in the nation.

Chart 12 shows the relationship between NYS and NYC net domestic outmigration. Naturally, the migration flows track each other relatively closely. Between 2020 and 2021, outmigration from NYC was higher than for NYS as a whole but the relationship between the two returned to normal in 2021-2022. Based on the 2023 NYS data, NYC net domestic outmigration could settle around 150,000. This would be an elevated level, though not unprecedented by historical standards. NYC 2023 population estimates will be published in March of 2024.

## Chart 12. NYS and NYC Net Domestic Outmigration ('000s of individuals)




Source: Census Bureau Population and Housing Unit Estimates, Office of the New York City Comptroller.

Note: Outflows for 2000-2019 are from the 2009 and 2019 Census data vintages. 2020-2022 NYC estimates are from the 2022 data vintage. 2020-2023 NYS estimates are from the 2023 data vintage. 2022-2023 NYC estimate derived from a regression of log NYS outflow on log NYC outflow with dummy variables for 2001-2003 (the aftermath of 9/11) and 2020-2021 (COVID-19 pandemic).

# Downside (and Upside) Risks to the NYC Economy

A variety of forces have the potential to move the local economy off its projected path—on both the downside and the upside. First and foremost, given the somewhat precarious state of the commercial property market, ongoing weakness in the office leasing market could increasingly weigh on property values—particularly if long-term interest rates rise or if short-term rates do not decline significantly. There is, therefore, some risk that owners could default on mortgages, in turn, threatening some financial institutions and possibly leading to tightening credit conditions. Commercial real estate loans are concentrated among regional banks[8] and the recent volatility surrounding NY Community Bank, who acquired parts of Signature Bank's portfolio, and has a large portfolio of loans to NYC-area multi-family buildings, could reverberate more broadly in the coming months.

[8] See Slok T., Agarwal J., and Shah R. (2024) *Outlook for US Regional Banks*, Apollo Global Management, p.8.

Another risk would be a significant drop in the financial markets. While strong growth in the city's tech sector has made the local economy somewhat less dependent on Wall Street, it is still a key sector. A significant decline in the stock market would likely take a toll on both employment and earnings in New York City's key Securities industry—which has already weakened somewhat—potentially leading to broader job losses and weaker tax revenues. Finally, the high cost of housing may constrain the economy, as potential job seekers opt for less pricey locales.

On the upside, both the nation and local economies have demonstrated that they can grow reasonably well in the current interest rate environment, suggesting that these rates may not be quite as restrictive as previously assumed. In this case, especially given the combination of sturdy economic growth and declining inflation of late, it is possible that even a modest decline in short-term rates could spur a pickup in growth without spurring inflation. Moreover, the city's glut of office space and reduced commercial rents may turn out to be a blessing, creating additional potential capacity for the city's economy to attract new and expanding employers and thus to grow.

# III. The FY 2025 Preliminary Budget and January Financial Plan

The FY 2025 Preliminary Budget and January Financial Plan presents budgets of $114.10 billion in FY 2024 and $109.44 billion in FY 2025. In the outyears, expenditures are budgeted to grow from $114.34 billion in FY 2026 to $120.25 billion in FY 2028, and the Financial Plan reports gaps of $5.15 billion increasing to $6.04 billion, respectively. Changes since the Mayor's November Financial Plan update, which projected a $7.11 billion budget gap in FY 2025 and large outyear gaps, are substantial. They include: an upward revision of tax and other City-funded revenues in each year of the Financial Plan period; a $4.5 billion Program to Eliminate the Gap (PEG) covering all five years of the Plan,[9] including a reduction of spending on budgeted asylum seeker costs this year and next; the addition of new agency needs; and the funding of some—but by no means all—of the chronically and demonstrably underbudgeted items. The Comptroller estimates that the underbudgeted amount that remains outstanding totals $862 million in FY 2024 and $3.15 billion in FY 2025. The additional City-funded revenues and PEG savings, in combination with the drawdown of most of FY 2024's budgeted reserves and other adjustments, allowed the City to increase its prepayment of FY 2025 expenses. The January Plan also reflects increased projections of State aid and, to a lesser extent, Federal funding.

As described in more detail in the following sections, the Comptroller's Office restates City gaps and surpluses based on its own estimates of City-funded revenues and expenditures. The Comptroller's Office presents these restated gaps and surpluses with and without two sets of less certain, and largely longer-term risks – this Office's re-estimate of asylum seeker costs and the impact of the State's unfunded mandate to reduce class size. Excluding these risks, the Comptroller's Office projects additional resources of $214 million in FY 2024, but a $3.30 billion gap for FY 2025 (3.0 percent of total revenues). Outyear gaps total $8.58 billion in FY 2026, $8.35 billion in FY 2027, and $8.61 billion in FY 2028 (an average of 7.6 percent of annual revenues).

Including this Office's re-estimate of asylum seeker costs and an estimate of the class size mandate increases the restated gaps beginning in FY 2026. In FY 2024 and FY 2025, the re-estimates of asylum seekers costs instead provide an offset, and this Office does not project that additional funds to cover the phase-in costs of the class size mandate will be necessary until FY 2026. Including these costs, the Comptroller's Office projects a gap of $10.54 billion in FY 2026, $11.27 billion in FY 2027, and $13.50 billion in FY 2028, representing 9.6 percent of total projected revenues in FY 2026, growing 11.7 percent of total revenues in FY 2028, if asylum seeker expenses remain elevated at projected FY 2025 levels.

[9] The $4.5 billion Program to Eliminate the Gap total is net $604 million in restorations of previously planned initiatives.

# Changes Since the November Plan

## FY 2024 Budget

The FY 2024 Budget in the January Plan reflects an increase of $3.59 billion from the November estimates. This is the result of $1.66 billion more in anticipated City-funded revenues, $1.25 billion in additional State grants, and $626 million in Federal funding.

The majority of the increase in City-funded revenues comes from upward revisions for nearly all the City's major tax sources, resulting in a net increase of $1.30 billion in forecasted tax revenues compared with the November Plan. The largest increases were a $953 million increase in business income taxes, $655 million in Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) revenue, and $114 million in property tax revenues, offset by lower real-estate transaction taxes ($515 million reduction). Projections for non-tax revenue, such as interest income, fines, and fees also increased. The City is also requesting a $145 million rental payment from the City's Water Board, which was not previously included in the Financial Plan (see more details in the *Revenue Analysis* section of this report.)

As for non-City sources, the largest single source of the increase in State funding ($750 million of the $1.25 billion) reflects greater anticipated aid to help cover the costs of services for people seeking asylum in the City. For Federal funds, most of the increase ($524 million) is for funding for social service grants, including childcare vouchers and cash assistance.

In terms of City-funded expenditures, as shown in Table 10, the largest change compared to the November Plan comes from the addition of $2.48 billion in agency expenditures. These include $489 million for public assistance grants, $425 million to fund the City's rental assistance voucher programs, $445 million in overtime costs, and $142 million in subsidies for the Metropolitan Transportation Authority (MTA)—all costs that the Comptroller's Office has previously highlighted as chronically underbudgeted. These, and other additions, are offset by $1.21 billion in new FY 2024 PEG expense initiatives, which include $515 million in savings related to asylum-seeker costs based on lower projected daily arrivals and lower per-diem shelter costs. The City also reduced its planned asylum seeker costs by $750 million in FY 2024 due to greater expected aid from the State. PEG savings are offset by the restoration of $65.8 million of previous savings initiatives.

The combination of increased revenue projections and these spending actions—along with adjustments for prior year payables that reduced current year costs by $400 million and the drawdown of nearly all its budgeted reserves ($1.40 billion)—allowed the City to add $3.14 billion in surplus FY 2024 resources to the Budget Stabilization Account to pre-pay FY 2025 debt service costs. Another $50 million remains in budgeted reserves for the year, which will likely be allocated in future plans.

## Table 10. Changes to FY 2024 and FY 2025 City-Fund Estimates from the November Plan

| ($ in millions) | FY 2024 | FY 2025 |
|---|---|---|
| **Gap to be Closed – November Plan** | **$0** | **($7,110)** |
| | | |
| **Revenues** | | |
| Tax Revenues | $1,297 | $1,632 |
| Non-Tax Revenues | 152 | 58 |
| Water Rental Payment | 145 | 295 |
| PEG-Revenue | 69 | 20 |
| **Total Revenue Changes** | **$1,663** | **$2,005** |
| | | |
| **Expenditures** | | |
| Agency Expenditures | $2,484 | $446 |
| PEG Restorations | 66 | 129 |
| Savings from PEG | (685) | (571) |
| Savings for Asylum Seeker Expenses PEG | (515) | (1,229) |
| Funding Switch Services to People Seeking Asylum | (750) | (750) |
| Drawdown of Budgeted Reserves | (1,400) | 0 |
| Prior Year Payables | (400) | 0 |
| Pension | (273) | 6 |
| **Total Expenditure Changes** | **($1,473)** | **($1,969)** |
| | | |
| **Gap To Be Closed Before Prepayments** | **$3,136** | **($3,136)** |
| **FY 2024 Prepayment of FY 2025 Debt Service** | **($3,136)** | **$3,136** |
| **Gap to be Closed – January Plan** | **$0** | **$0** |

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

# FY 2025 Budget

Total revenues (all funds) in the Preliminary Budget for FY 2025 are $2.83 billion higher than projected in the November Plan. Total expenditures (all funds) are $4.28 billion lower, primarily the result of the increase in the prepayment of debt service costs with FY 2024 resources and $1.80 billion in new planned PEG expense savings (including a $1.23 billion reduction in asylum seeker costs), as shown in Table 10. The combination of these higher revenues and lower expenditures closed the $7.11 billion gap projected by OMB for FY 2025 in November.

The increase in revenues is primarily the result of $2.00 billion in City-funded revenues, including $1.63 billion in additional tax revenues, driven by increased projections of the PIT/PTET ($903 million), business income taxes ($663 million) and property taxes ($542 million), offset by a $567 million reduction in real estate transaction taxes. Non-tax revenues, including revenues from PEGs, increased by $373 million. Budgeted State aid increased by $759 million, due to $750 million more in expected asylum seeker assistance. Budgeted Federal funding increased by $66 million.

City-funded agency expenditures increased by a net $446 million in FY 2025. The reversal of planned PEGs increased planned City-fund expenditures by $129 million. These additions were more than offset by the reduction of debt service costs due to the increased prepayment and new PEG savings.

The new City-funded agency expenditures in FY 2025 are largely for Department of Education (DOE) programs, including funding (or partial funding) several chronically underbudgeted programs, such as pupil transportation ($265 million) and charter school funding ($33 million), costs which are now included in every year of the Financial Plan. Funding was also added for special education Carter Cases ($200 million) and for Summer Rising ($80 million), the latter which had been facing a fiscal cliff as the Federal COVID relief that currently supports the program expires this year. As outlined in the Comptroller's Re-estimates section, funding for Summer Rising has not been added past FY 2025, and Carter Cases, while funded at a higher level than in previous plans, remains underbudgeted in FY 2025 and out.

# Program to Eliminate the Gap (PEG)

The January Plan includes a $4.50 billion PEG over the five years of the Financial Plan: $1.20 billion of savings in FY 2024, $1.69 billion in FY 2025, $507 million in FY 2026, $542 million in FY 2027, and $556 million in FY 2028. These amounts include the Administration's restoration of select PEGs from the November Plan, totaling $65.8 million in FY 2024, $129 million in FY 2025, $133 million in FY 2026, $135 million in FY 2027, and $140 million in FY 2028.

The January PEG is the second of three planned rounds of PEGs announced by OMB in early September, each of which were to reduce City-funded spending by 5 percent. OMB also implemented a hiring freeze effective October 1 and a freeze on certain other than personnel services, effective September 15th. The first PEG, included in the November Plan, totaled $7.56 billion over four years (FY 2028 is not added to the City's financial plan until January, with savings from that year now included, the November PEG totals $9.44 billion over five years).

The Administration has subsequently announced that the Executive Budget will *not* include an additional PEG, apart from a 10 percent planned reduction in asylum seeker costs. It also announced an easing of the OTPS spending freeze and of the hiring freeze, now permitting one hire per two separations.[10]

Beyond noting where there are explicit restorations made in the Financial Plans, it remains difficult to properly evaluate many of the City's PEGs without a monitoring system that tracks planned PEGs and their rates of success. The Administration should use a transparent program-affiliated budget structure instead of locating savings initiatives in generic "financial plan savings" codes that are difficult to reconcile and measure against programmatic performance.

In the table below, the Comptroller's Office categorized total PEG savings from the November 2023 and January 2024 Plans into debt service savings, expense re-estimates, possible program impact, PS savings, revenue, asylum seeker costs, and restorations. For an overview of the Administration's proposed savings efforts for the budget cycle and for a detailed discussion of the November Plan PEG refer to the Comptroller's December 2023 *Annual State of the City's Economy and Finances*. (Not included in the table, but of importance to particular agencies is the continued impact of earlier rounds of PEG exercises in 2022 and 2023). Nearly two-thirds ($2.89 billion) of savings are concentrated in FYs 2024 and 2025 – primarily due to large reductions in the City's asylum seeker spending estimates ($515 million in FY 2024 and $1.23 billion in FY 2025).

## Table 11. PEGs Under Comptroller's Office Categories

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **January 2024 Financial Plan** | | | | | |
| Debt Service | ($48) | ($47) | ($62) | ($90) | ($155) |
| Expense Re-Estimate | ($139) | ($218) | ($236) | ($246) | ($247) |
| Possible Program Impact | ($28) | ($99) | ($100) | ($97) | ($100) |
| PS Savings | ($176) | ($129) | ($139) | ($143) | ($95) |
| Revenue | ($362) | ($97) | ($103) | ($100) | ($98) |
| Asylum Seekers | ($515) | ($1,229) | $0 | $0 | $0 |
| *Restoration* | $66 | $129 | $133 | $135 | $140 |
| January 2024 Financial Plan Total | **($1,203)** | **($1,691)** | **($507)** | **($542)** | **($556)** |
| **November 2023 Financial Plan** | | | | | |
| Debt Service | ($24) | ($15) | ($84) | ($119) | ($136) |
| Expense Re-Estimate | ($283) | ($418) | ($416) | ($415) | ($409) |

[10] NYC migrant spending further cut to spare other city services, Mayor Adams says - Gothamist

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| Possible Program Impact | ($134) | ($325) | ($315) | ($324) | ($327) |
| PS Savings | ($720) | ($1,010) | ($903) | ($914) | ($847) |
| Revenue | ($552) | ($204) | ($200) | ($182) | ($162) |
| November 2023 Financial Plan Total | **($1,713)** | **($1,972)** | **($1,917)** | **($1,955)** | **($1,880)** |
| **Total PEG Impact November 2023 and January 2024** | | | | | |
| | **($2,916)** | **($3,663)** | **($2,424)** | **($2,497)** | **($2,436)** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Revenue PEGS are reflected here as negative amounts as they reduce projected budget gaps, whether by increasing revenue or offsetting City spending through the use of other-funds revenue.

## PEG Restorations

Restorations of cuts from the November 2023 Plan totaled $604 million in the January Plan, representing 6 percent of the total funding reduced in November. Six agencies received restorations and two of those agencies (the Fire and Police departments) were further exempt from the January Plan PEG.

The most significant restorations included:

- A $10 million restoration in funding for Community Schools in the DOE budget. This funding was only restored for FY 2024; in FY 2025 and beyond cuts of $8 million per year remain.
- The Police Department's (NYPD) April uniformed academy class was restored. This reversal totals $15.2 million in FY 2024, $52.8 million in FY 2025, $54.5 million in FY 2026, $55.7 million in FY 2027, and $56.8 million in FY 2028. This represents funding for only one of the five academy classes that were cut in November.
- Restorations of job training programs:
    - Department of Social Services (DSS) reversals ($13.9 million in FY 2024, $28.8 million in FY 2025, $29.6 million in FY 2026, $29.8 million in FY 2027, and $29.7 million in FY 2028) tied to job training programs in partnership with the Parks and Sanitation Departments (DSNY).
    - DSNY street cleaning job training program restorations of $1.8 million in FY 2024, $3.9 million in FY 2025, and $4.1 million in FY 2026 and out.
- A total of 270 fulltime positions were restored in two agencies: 190 in the FDNY connected to a reversal in termination of uniformed employees assigned to light duty; and 80 in DSNY tied to restorations in litter basket service. Additionally, the restoration of the Parks jobs training program administered with the DSS resulted in the restoration of 678 full-time equivalent positions in FY 2024.

Just as important in the Mayor's proposed budget are the areas that did not receive restorations: nearly 94 percent of the November Plan savings total was *not* restored in the Administration's latest budget. Readers can refer to the *Annual State of the City's Economy and Finances* to compare the larger November savings to what was restored in January.

## PEG Impacts

Overall, the January PEG is less than half the size of the November PEG; it becomes even smaller after accounting for asylum seeker costs savings (which make up roughly 70 percent of the total FY 2025 savings alone in the January Plan). Most of the savings are in FY 2024 and FY 2025, and the majority are not baselined savings: $1.25 billion of the savings in FY 2025 are one-time savings with no outyear impact.

The January PEG has smaller proportional savings from personnel service reductions and actions that this Office has classified as having possible program impacts compared with the November PEG, as shown in Table 12. The share of savings from revenue actions and expense re-estimates remained relatively consistent.

### Table 12. Categories as Percent of PEG Total*, November and January

| Category | November Plan | January Plan |
|---|---|---|
| Debt Service | 4% | 8% |
| Expense Re-Estimate | 21% | 21% |
| Possible Program Impact | 15% | 8% |
| PS Savings | 47% | 13% |
| Revenue | 14% | 15% |
| *Asylum Seeker* | *N/A* | 34% |
| **Total** | **100%** | **100%** |

Source: Office of the New York City Comptroller

Note: Excludes Restorations.

As shown in Table 12, reductions related to funding for services for asylum seekers is the largest component of the January Plan PEG actions. The Administration anticipates a lower census and a reduction in the cost of contracts, primarily those associated with Humanitarian Emergency Response and Relief Centers (HERRCs). As such, the bulk of the savings is in previously planned transfers to NYC Health + Hospitals (H+H), the primary provider of HERRC shelters, with smaller amounts in other agencies' budgets. Agencies with asylum seeker PEG savings include:

- H+H: $455.8 million in FY 2024 and $1 billion in FY 2025
- Office of Emergency Management (OEM): $45.6 million in FY 2025

- Department of Homeless Services (DHS): $58.9 million in FY 2024 and $78.9 million in FY 2025
- Housing Preservation and Development (HPD): $98.9 million in FY 2025

In addition, there are other areas that face additional risks from PEG initiatives some of which may impact service.

- The City's libraries—despite being held harmless during this round of cuts—remain without seven-day service as a result of November Plan reductions that totaled roughly $22 million per fiscal year, beginning in FY 2024. In addition, because the June 2023 Adopted Budget only restored funding for FY 2024, libraries also face a recurring $20.5 million reduction from last year's PEG program, for a cumulative annual cut of at least $42.5 million beginning in FY 2025.

- CUNY is facing cuts of $20 million per fiscal year in the January Plan. New York City's public university system now confronts a cumulative $95 million of PEGs per fiscal year since January 2022. CUNY non-fulltime staff positions decreased by 400 full-time equivalents.

- The Department of Parks and Recreation's one-year delays in hiring across programs (Swim Safety, multiple PlaNYC initiatives, NYC SPARX) included in the November Plan were expanded into program eliminations in the January PEG, totaling $10.9 million per fiscal year and eliminating 119 positions.

- At the Department of Cultural Affairs funding for the Cultural Development Fund was reduced ($4.2 million in FY 2024, and $2 million in each subsequent year), as were operating subsidies for the Cultural Institutions Group ($7.5 million in FY 2024 and about $5.5 million in FY 2025 and out). These same programs were cut in November ($8.4 million in FY 2024, $8 million in FY 2025 and out).
- Citing efficiencies and unused seats, the DOE reduced its early childhood education seats at a savings of $50 million annually beginning in FY 2025.
- The Office of Criminal Justice is proposing savings in crime victim services, criminal justice OTPS spending, and re-entry services.
- H+H is reducing funding on the City's B-HEARD mental health response program by $6.7 million in FY 2024 and $5 million in FY 2025 and out due to the delay of the program's expansion following FDNY cuts in November.
- The Department of Probation is eliminating a behavioral health unit citing redundancies in the program – 11 positions are to be cut with savings of $1.3 million for each year of the Plan.
- Human services:

- At DSS, despite the job training restorations, there are new savings initiatives that may result in service reductions, including insourcing of contracts and cost offsets (generating $11.1 million in savings across the plan) and transferring Jobs Plus participants ($2.2 million in FY 2025 and out)
- The Department for the Aging continues Older Adult Center reductions (cut by $13.5 million in FYs 2027 and 2028 in November). While the agency emphasizes that this round of efficiency savings ($18.9 million in FY 2024 and $2.2 million in FY 2025 and out) will not result in service impacts, current participation levels at these centers have been increasing.
- DYCD included a re-estimate savings for the Precision Employment Initiative (connecting at-risk individuals with green jobs) for $10.3 million in FY 2024, and program accruals from less than anticipated spending across various areas of work.

Although PS savings overall are lower than in November, full-time City-funded headcount is still reduced by 268 positions in FY 2025 (538 offset by 270 restorations). The Parks Department removed 375 positions, followed by DOB with 90 reductions. The baselined number of reductions stands at 203 in FY 2026, and 213 in FYs 2027 and 2028. (For more details see the Headcount section of this report).

The Debt Service savings includes a reduction in anticipated debt service resulting from reductions to the City's Capital Commitment Plan, further outlined in the Capital Budget and Financing section.

## Comptroller's Office's Re-estimates

The Comptroller's Office restates the City's projected gaps and surpluses based on its own estimates of revenues and expenditures. As shown in Table 13, the Comptroller's Office restates this gap with and without two more uncertain expenditure risks – this Office's re-estimate of asylum seeker costs and the impact of the State's unfunded mandate to reduce class size.

Projecting the number of asylum seekers arriving in the City, and the cost of providing services to them, is challenging. This uncertainty is compounded by the little data made available by the Administration on the actual costs of providing shelter and services. This Office, therefore, cannot validate the assumptions behind the declining daily shelter cost assumptions used in the Financial Plan. This lack of data also makes it difficult to provide independent projections of cost. In addition, there is much uncertainty about the cost of fully implementing the State's unfunded mandate to reduce class size in City schools.

Excluding these two costs, the Comptroller's Office projects that FY 2024 will end with a surplus of $214 million. For FY 2025, while OMB projects a balanced budget, the Comptroller's Office projects a gap of $3.30 billion (3.0 percent of total projected revenues). The Comptroller's Office is projecting higher gaps than OMB in each outyear. For FY 2026, the Office projects a $8.58 billion gap growing to $8.61 billion in FY 2028 (7.5 percent of total revenues).

Including this Office's re-estimate of asylum seeker costs and an estimate of the class size mandate increases the restated gaps starting in FY 2026. In FY 2024 and FY 2025, the re-estimates of asylum seekers costs provide instead an offset. Overall, the Comptroller's Office's FY 2024 surplus increases slightly in FY 2024 to $337 million and the FY 2025 gap shrinks to $2.67 billion (2.4 percent of total revenues). Outyear gaps are significantly higher: growing to $10.54 billion in FY 2026 (9.6 percent of revenues) and reaching $13.50 billion in FY 2028 (11.7 percent of revenues). These estimates assume that in those years the number of asylum seekers in City shelter remain at the Comptroller's Office's FY 2025 projected levels.

## Table 13. Comptroller's Re-estimates of the January 2024 Plan

$ in millions, positive numbers decrease the gap and negative numbers increase the gap

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **City Stated Gap** | **$0** | **$0** | **($5,150)** | **($5,117)** | **($6,043)** |
| **Revenues Differences** | | | | | |
| **Tax Revenues Differences** | **$583** | **$372** | **($102)** | **($29)** | **$644** |
| Property Tax | (39) | 465 | 292 | 645 | 1,026 |
| Personal Income Tax/PTET | 397 | (129) | (82) | (327) | (290) |
| Business Taxes | (92) | (95) | (429) | (501) | (376) |
| Sales Tax | 21 | 94 | 85 | 155 | 208 |
| Real Estate Transaction Taxes | 78 | (186) | (201) | (225) | (127) |
| Audit & All Other Taxes | 218 | 223 | 233 | 224 | 203 |
| **Non-Tax Revenues Differences** | **$35** | **$110** | **$134** | **$108** | **$98** |
| ***Subtotal Revenues*** | ***$618*** | ***$482*** | ***$32*** | ***$79*** | ***$742*** |
| **Expenditures Differences** | | | | | |
| **Underbudgeting** | **($862)** | **($3,145)** | **($2,753)** | **($2,590)** | **($2,569)** |
| Overtime | (512) | (737) | (350) | (350) | (350) |
| Carter Cases | 0 | (540) | (410) | (340) | (340) |
| Rental Assistance | 0 | (950) | (950) | (950) | (950) |
| Contributions to MTA | 0 | (143) | (268) | (450) | (529) |
| Shelter Capacity (Non-Asylum Seeker) | (350) | (350) | (350) | (350) | (350) |
| Prevailing Wage for Shelter Security | 0 | (50) | (50) | (50) | (50) |
| Public Assistance | 0 | (375) | (375) | (100) | 0 |
| **Fiscal Cliffs - DOE COVID Aid** | **0** | **(287)** | **(367)** | **(367)** | **(367)** |
| **Foster Care Reimbursement Rate** | **0** | **(118)** | **(118)** | **(118)** | **(118)** |
| **Temporary and Professional Services** | **0** | **(200)** | **0** | **0** | **0** |
| **Collective Bargaining Agreements** | **(70)** | **(117)** | **(166)** | **(176)** | **(193)** |
| **DOE Medicaid Revenue Shortfall** | **(60)** | **(60)** | **(60)** | **(60)** | **(60)** |
| **Health Insurance Stabilization Fund - Reimbursement** | **(112)** | **0** | **0** | **0** | **0** |
| **Full-Time PS Accrual Savings** | **700** | **150** | **0** | **0** | **0** |
| ***Subtotal Expenditures*** | ***($404)*** | ***($3,777)*** | ***($3,464)*** | ***($3,311)*** | ***($3,307)*** |
| **Total Comptroller Re-estimates** | **$214** | **($3,295)** | **($3,432)** | **($3,232)** | **($2,565)** |

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **Restated (Gap)/Surplus** | **$214** | **($3,295)** | **($8,582)** | **($8,349)** | **($8,608)** |
| **Longer Term Expenditure Risks** | | | | | |
| **Asylum Seekers Expenses** | **$123** | **$627** | **($1,491)** | **($1,992)** | **($3,492)** |
| **Class Size Mandate** | **0** | **0** | **(467)** | **(933)** | **(1,400)** |
| **Restated (Gap)/Surplus with Longer Term Risks** | **$337** | **($2,668)** | **($10,540)** | **($11,274)** | **($13,500)** |

Source: Office of the New York City Comptroller

## Revenue Differences

The Comptroller's Office estimates that City-funded revenues, including tax and non-tax revenues, will exceed OMB's projections in each year of the Plan – by $618 million in FY 2024, $482 million in FY 2025, before falling to $32 million in FY 2026 and $79 million in FY 2027, and growing to $742 million in FY 2028.

As previously discussed, OMB raised its tax revenue forecast in each year of the Plan, considerably narrowing the differences with the Comptroller's Office's tax projections. For FY 2024 and FY 2025, the Comptroller's Office forecast continues to exceed OMB's. In FY 2026 and FY 2027, however, that trend is reversed, and OMB's total tax projections are slightly higher than this Office's, as shown in Table 13 before the Comptroller's Office's forecast exceeds it again in FY 2028.

For FY 2024, the Comptroller's Office's total tax forecast is $583 million more than OMB's, largely due to higher estimates of PIT/PTET ($397 million more) and audit income ($200 million more). This is offset by lower estimates of property taxes ($39 million less) and business taxes ($92 million less). In FY 2025, the Comptroller's Office projects $372 million more in total tax revenues—primarily the result of higher forecasts of property tax ($465 million more) and audit revenue ($200 million), offset by lower projections of business income ($95 million), PIT/PTET ($129 million), and real estate related taxes ($186 million). In each of the outyears, the Comptroller's Office forecasts *higher* property tax, sales tax, and audit revenue, offset by *lower* projections than OMB for PIT/PTET, business income taxes, and real estate related taxes. Overall, the Comptroller's Office projects $102 million less total tax revenues in FY 2026, $29 million less in FY 2027, and FY $644 million *more* in FY 2028.

The Comptroller's Office estimates that miscellaneous revenues, which include fines, fees, interest, and other income, will come in higher in each other year of the Plan period. The Comptroller's Office projects miscellaneous income will exceed the current budgeted amounts by $35 million in FY 2024, $110 million in FY 2025, $134 million in FY 2026 before falling to about $100 million annually in FY 2027 and FY 2028, due to the Comptroller's higher forecast of fines and interest income.

## Expenditures Differences

The largest cumulative driver of the different expenditure estimates between OMB and the Comptroller's Office are chronically underbudgeted costs. These are costs that can be reasonably anticipated, are tied to ongoing programs with established spending patterns, or cannot be reduced or otherwise controlled, but instead of being included in the Financial Plan are added in through modifications over the course of the ongoing fiscal year. Overall, the Comptroller's Office estimates that funding needs due to chronic underbudgeting total $862 million in FY 2024, $3.15 billion in FY 2025, and average $2.64 billion annually in the outyears. For FY 2024, many of the erroneous cost assumptions at the time of budget adoption have now been corrected, but funding needs remain in the current and future years for overtime costs ($512 million for FY 2024, growing to $737 million in FY 2025) and non-asylum seeker-related shelter costs ($350 million in each year of the Plan period).

As shown in Table 13 and described in more detail in subsequent sections of this report, other chronically underbudgeted costs for which the Comptroller's Office estimates additional funding will be necessary in FY 2025 and forward include: special education Carter Cases, the City's rental assistance voucher program (as currently implemented), public assistance costs, and subsidies to the Metropolitan Transportation Authority (MTA).

The Comptroller's Office also estimates that City funding will be necessary to pay for fiscal cliffs created using time limited Federal COVID aid that is funding Department of Education programs that are expected to continue past the aid's expiration. The total need due to these cliffs is $287 million beginning in FY 2025 growing to $367 million through the rest of the Plan period. This includes funding for Summer Rising, contracted nursing, and other programs.

Other areas where the Comptroller's Office estimates higher costs than OMB include spending on temporary and professional services ($200 million in FY 2025), as well as collective bargaining costs above what is included in the City's labor reserve. These latter costs result from an arbitration award with the New York State Nurses Association this summer for pay raises for the City's public sector nurses. While some funding was provided in the January Plan to cover the agreement terms for nurses working in correction health services at H+H, the full amount of the arbitration award was not. The Comptroller's Office estimates that the City could pay $70 million in FY 2024 growing to $193 million in FY 2028 if it were to fund the remaining wage increases at H+H. Additionally, for FY 2024, the Comptroller's Office projects that the City will not receive a $112 million budgeted payment from the Health Insurance Stabilization Fund to offset health insurance costs for City employees and that an equal amount of City-funds will be required to offset the revenue. (For more details see the *Health Insurance* section of this report.)

As previously mentioned, there are two large, but less certain risks that lead the Comptroller to have higher expenditure estimates than OMB in the out years of the Plan period – the cost of services to asylum seekers and the State's unfunded mandate to reduce Class size.

Based on changes made in the January Plan, as well as a 10 percent reduction in Asylum Seeker costs announced to be part of the upcoming Executive Budget, the Comptroller's Office estimates that expenditures for services for asylum seekers are over-budgeted in FY 2024 and FY 2025, by $123 million and $627 million, respectively. Budgeted spending in FYs 2026 through FY 2028, however, falls dramatically (from $4.87 billion in FY 2025 to $2.50 billion in FY 2026, $1.5 billion in FY 2027 and no funds budgeted in FY 2028). The Comptroller's Office estimates that an additional

$1.49 billion will be required in FY 2026, $1.99 billion in FY 2027, and $3.49 billion in FY 2028 for these costs. Greater details on these estimates can be found in the *City Services to People Seeking Asylum* section of this report.

Additionally, the Comptroller's Office's higher expenditure estimates include the impact of the State's unfunded mandate that the City reduce class sizes. While the DOE has estimated that this will cost $467 million beginning in FY 2026, growing to at least $1.40 billion in FY 2028, this cost has yet to be reflected in the City budget.

There is one area that the Comptroller's Office estimates that the City will spend *less* than currently budgeted – non-overtime PS costs. Despite the reductions to PS costs included in the City's PEGs, the City full-time vacancy rate remains relatively high by historical standards at 5.5 percent. Given the City's hiring freeze and actual spending thus far this fiscal year, the Comptroller's Office projects that PS costs will total $700 million less than currently budgeted for FY 2024 and $150 million less for FY 2025. See the *Headcount* section of this report for more details.

# Revenue Analysis

The projection of City-funded revenues (tax and miscellaneous revenues) was revised upward in the January Plan by $1.66 billion in FY 2024, $2.00 billion in FY 2025, $1.97 billion in FY 2026, and $2.22 billion in FY 2027. The Comptroller's Office estimates that these revenues will be above the Financial Plan projections by $618 million in FY 2024, $482 million in FY 2025, $32 million in FY 2026, $79 million in FY 2027, and $742 million in FY 2028.

Table 14 shows FY 2024 tax collections through December 2023 and full-year estimates in the January Plan. Collections through December declined by 2.0 percent, driven by PIT/PTET and real estate transaction taxes. The January Plan projects tax revenues to decline by 0.6 percent in FY 2024, with PIT/PTET regaining some of the ground lost in the first half of the fiscal year and a decline of tax audits revenues to unusually low levels. The Comptroller estimates that total tax revenues in FY 2024 will increase by 0.2 percent.

## Table 14. FY 2024 Up to December Collections and the Mayor's January 2024 Plan

| | Year-to-Date Tax Collections | | | Total Tax Collections | | | |
|---|---|---|---|---|---|---|---|
| ($ in millions) | FY 2023 | FY 2024 | Year-Over-Year Growth | FY 2023 | FY 2024 January Plan | Change | Year-Over-Year Growth |
| Property Tax | $24,921 | $25,892 | 3.9% | $31,507 | $32,691 | $1,184 | 3.8% |
| PIT & PTET | 8,532 | 6,669 | (21.8%) | 17,183 | 16,001 | (1,182) | (6.9%) |
| Business Taxes | 3,316 | 3,658 | 10.3% | 8,519 | 8,856 | 337 | 4.0% |
| Sales Tax | 4,682 | 4,917 | 5.0% | 9,540 | 9,926 | 386 | 4.0% |
| Total Transaction Taxes | 1,286 | 872 | (32.2%) | 2,175 | 1,568 | (607) | (27.9%) |
| All Other Taxes | 1,389 | 1,236 | (11.0%) | 3,176 | 3,239 | 63 | 2.0% |
| Audits | 347 | 341 | (1.7%) | 1,337 | 747 | (590) | (44.1%) |
| **Total Including Audits** | **$44,472** | **$43,584** | **(2.0%)** | **$73,437** | **$73,028** | **($408)** | **(0.6%)** |

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

Table 15 compares the Comptroller's and OMB's forecast of tax revenue growth. Table 16 compares tax revenue levels. Table 17 shows the Comptroller's re-estimates as risks (subtractions) and offsets (additions) relative to the Financial Plan forecast.

## Table 15. Comparison of Tax Revenue Projections: Growth Rates

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FYs 2024—2028 Annual Average Growth |
|---|---|---|---|---|---|---|
| **Property** | | | | | | |
| Comptroller | 3.6% | 3.1% | 1.4% | 3.8% | 2.8% | 2.8% |
| Mayor | 3.7% | 1.6% | 2.0% | 2.8% | 1.8% | 2.0% |
| **PIT/PTET** | | | | | | |
| Comptroller | (4.6%) | 3.1% | 2.5% | 4.4% | 4.3% | 3.5% |
| Mayor | (6.9%) | 6.4% | 2.2% | 5.8% | 4.0% | 4.6% |
| **Business** | | | | | | |

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FYs 2024—2028 Annual Average Growth |
|---|---|---|---|---|---|---|
| Comptroller | 2.9% | (5.1%) | (3.9%) | 0.4% | 3.7% | (1.3%) |
| Mayor | 4.0% | (5.1%) | 0.1% | 1.3% | 2.1% | (0.5%) |
| **Sales** | | | | | | |
| Comptroller | 4.3% | 5.6% | 5.3% | 4.4% | 4.4% | 4.9% |
| Mayor | 4.0% | 4.9% | 5.4% | 3.8% | 4.0% | 4.5% |
| **Real Estate- Related** | | | | | | |
| Comptroller | (24.3%) | (1.5%) | 13.3% | 9.2% | 7.0% | 6.9% |
| Mayor | (27.9%) | 15.3% | 12.8% | 9.5% | 1.9% | 9.7% |
| **All Other** | | | | | | |
| Comptroller | 3.0% | 2.7% | 3.5% | 2.0% | 0.8% | 2.2% |
| Mayor | 2.4% | 2.6% | 3.2% | 2.2% | 1.4% | 2.3% |
| **Audits** | | | | | | |
| Comptroller | (29.2%) | 2.7% | 0.0% | 0.0% | 0.0% | 0.7% |
| Mayor | (44.1%) | 3.5% | 0.0% | 0.0% | 0.0% | 0.9% |
| **Total Tax** | | | | | | |
| Comptroller | 0.2% | 2.3% | 1.9% | 3.7% | 3.5% | 2.8% |
| Mayor | (0.6%) | 2.6% | 2.6% | 3.6% | 2.6% | 2.8% |

## Table 16. Comparison of Tax Revenue Projections: Levels

| | | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|---|
| **Property** | **Comptroller** | **$32,780** | **$33,793** | **$34,270** | **$35,585** | **$36,598** |
| | Mayor | 32,819 | 33,328 | 33,978 | 34,940 | 35,572 |
| **PIT/PTET** | **Comptroller** | 16,398 | 16,899 | 17,317 | 18,074 | 18,847 |
| | Mayor | 16,001 | 17,028 | 17,399 | 18,401 | 19,137 |
| **Business Taxes** | **Comptroller** | 8,764 | 8,313 | 7,985 | 8,019 | 8,319 |
| | Mayor | 8,856 | 8,408 | 8,414 | 8,520 | 8,695 |
| **Sales Taxes** | **Comptroller** | 9,947 | 10,502 | 11,057 | 11,543 | 12,046 |
| | Mayor | 9,926 | 10,408 | 10,972 | 11,388 | 11,838 |
| **Real Estate-Related** | **Comptroller** | 1,646 | 1,622 | 1,838 | 2,007 | 2,147 |
| | Mayor | 1,568 | 1,808 | 2,039 | 2,232 | 2,274 |

| | | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|---|
| **Other** | **Comptroller** | 3,129 | 3,215 | 3,326 | 3,391 | 3,417 |
| | Mayor | 3,111 | 3,192 | 3,293 | 3,367 | 3,414 |
| **Audits** | **Comptroller** | 947 | 973 | 973 | 973 | 973 |
| | Mayor | 747 | 773 | 773 | 773 | 773 |
| **Total** | **Comptroller** | **$73,611** | **$75,317** | **$76,766** | **$79,593** | **$82,347** |
| | **Mayor** | **$73,028** | **$74,945** | **$76,868** | **$79,621** | **$81,703** |

### Table 17. Tax Revenues Risks and Offsets

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| Property Tax | ($39) | $465 | $292 | $645 | $1,026 |
| PIT/PTET | 397 | (129) | (82) | (327) | (290) |
| Business taxes | (92) | (95) | (429) | (501) | (376) |
| Sales Tax | 21 | 94 | 85 | 155 | 208 |
| Real Estate-Related | 78 | (186) | (201) | (225) | (127) |
| Other | 18 | 23 | 33 | 24 | 3 |
| Audits | 200 | 200 | 200 | 200 | 200 |
| **Total** | **$583** | **$372** | **($102)** | **($28)** | **$644** |

## Real Property Tax

The Comptroller’s forecast of real property tax (RPT) revenue for FY 2024 is $32.78 billion, an increase of 3.6 percent over FY 2023. As of December 2023, total RPT collections were $25.89 billion, 3.9 percent above the same period in FY 2023. The Department of Finance (DOF) released the tentative FY 2025 assessment roll in January 2024 and based on these tentative property values, the Comptroller forecasts that the RPT revenue in FY 2025 will be $33.79 billion, an increase of 3.1 percent over FY 2024. Revenue growth in FY 2025 is primarily due to an increase in the values of Class 2 and Class 4 properties.

**Tentative Assessment Roll for FY 2025**. In the tentative roll, the market value for all properties citywide increased $1.49 trillion, 0.7 percent above the final FY 2024 roll. Class 2 and Class 4 properties saw the biggest increase in market value, totaling $18.77 billion and $13.87 billion, respectively. Growth in Class 2 was mainly due to rental properties in Manhattan and Brooklyn. The market value of Class 4 properties is above the level in FY 2021, the last pre-pandemic roll.

The market value for Class 1 decreased by $25.65 billion or 3.4 percent, below the final FY 2024 roll. This is the biggest drop since the 5.0 percent decline in FY 2010, in the aftermath of the housing bubble and great recession. This is a significant correction given that market values continued to increase during the pandemic and averaged a yearly growth rate of 4.9 percent from FY 2020 to FY 2024. Tentative market values are directionally consistent with the change in median sales price of single-family homes sold outside Manhattan (the majority of Class 1 properties), which increased by 10.0 percent in 2021 and 6.9 percent in 2022 but dropped by 1.0 percent in 2023.

Despite the drop in market values, the taxable assessed value for Class 1 increased by 4.7 percent, leading to higher tax bills. This is because assessed value caps phase in market value appreciation very slowly and one year of decline is not sufficient to offset the gains accumulated in previous years.[11]

The total taxable assessed value in the tentative roll is $298.86 billion, an increase of 4.2 percent over the FY 2024 final roll. Class 2 and Class 4 properties saw the biggest increase in taxable assessed values totaling $5.04 billion and $4.48 billion, respectively. The taxable assessed value for Class 4 is finally above the FY 2021 roll (the last completed before the pandemic) but will likely be reduced in the final roll.

Property owners are given a period to request for review or appeal their tentative assessments before the final roll is published in May. The Comptroller estimates that final market value and taxable assessed value will be $1.48 billion (0.0 percent growth) and $296.74 billion (3.4 percent growth), respectively. The projected final taxable assessed values for $25.98 billion (growth of 4.0 percent) for Class 1, $115.48 billion (+4.1 percent) for Class 2, $24.1 billion (+9.6 percent) for Class 3, and $131.19 billion (+1.7 percent) for Class 4.

**Revenue Revisions**. The Comptroller revised the revenue forecast downward in FY 2024 by $68.9 million principally due to higher delinquency rates and the lack of reauthorization of the tax lien sale program, partially offset by an expected decrease in cancellations. Due to the higher-than-expected assessed values in the FY 2025 tentative roll, collections were revised upward by $693 million in FY 2025, $776 million in FY 2026 and $720 million in FY 2027.

**Comptroller vs. OMB Revenue.** The Comptroller's property tax revenue forecast for FY 2024 is $39.2 million below the Financial Plan forecast in FY 2024 but above it by $465 million in FY 2025, $292 million in FY 2026, $645 million in FY 2027 and $1.03 billion in FY 2028. The Comptroller is forecasting an average levy growth of 2.8 percent from FY 2025 to FY 2028 while OMB is forecasting average growth of 2.3 percent.

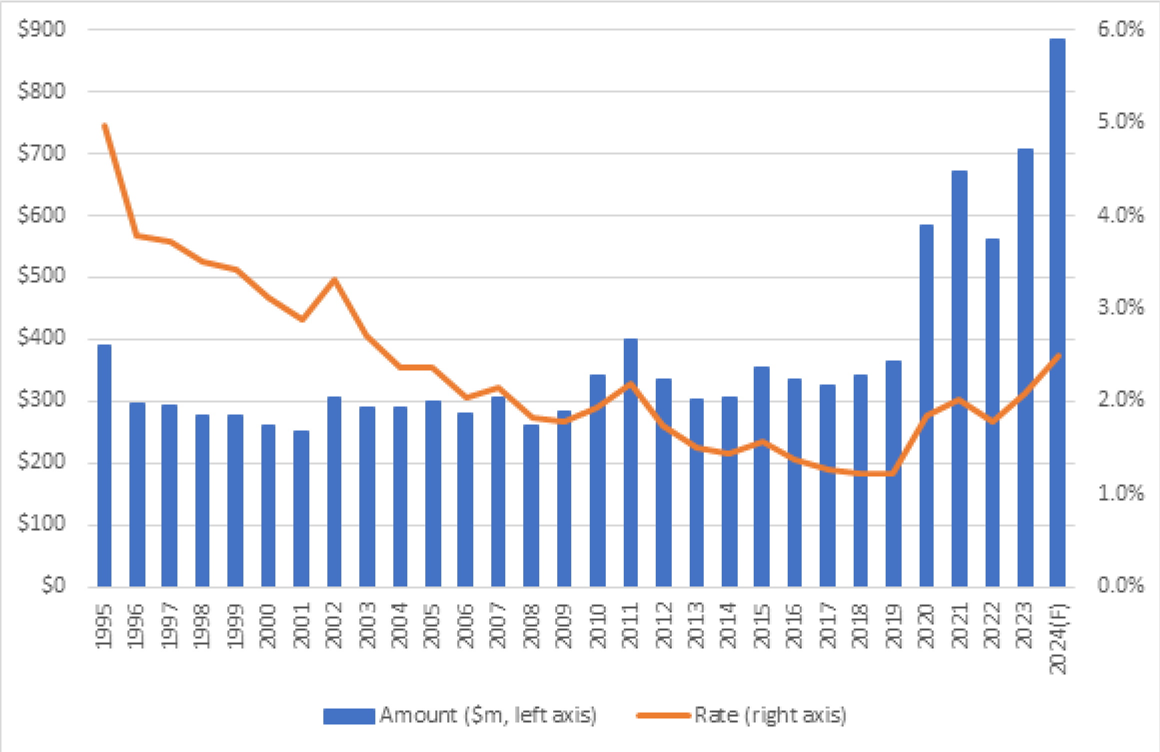
**RPT Delinquency Rates.** Chart 13 shows the RPT delinquency rate as of fiscal year-end over the past 30 years, starting from its peak in FY 1995 through OMB's current forecast for FY 2024. The delinquency rate is calculated as the share of outstanding charges for a given fiscal year over the

[11] Assessed values for Class 1 properties can only increase by 6.0 percent a year from their previous values and 20.0 percent over five years. The ratio of assessed value to the market value is capped at 6.0 percent in any given fiscal year. Most of Class 1 properties have assessment ratio below the targeted assessment ratio of 6.0 percent; the median assessment ratio for Class 1 properties on the FY 2024 final roll is 4.1 percent.

total levy for that year (net of STAR exemptions). Each percentage point of the FY 2024 levy represents approximately $350 million in uncollected RPT.

The chart shows that the long declining trend that started in FY 1996 ended in FY 2019 with the delinquency rate bottoming out at 1.2 percent. Between FY 2020 and FY 2023, the delinquency rate averaged 1.9 percent and it is projected by OMB and the Office of the Comptroller to reach 2.5 percent at the end of FY 2024 ($884 million). The chart also shows the amount delinquent; since FY 2019 both the levy and the rate have increased, resulting in significantly higher delinquent amounts.

## Chart 13. Property Tax Delinquent Amount and Delinquency Rate (FY-End)




Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller.

To substantiate the FY 2024 increase, Table 18 shows delinquency rates as of December FY 2021 through FY 2024 for the July and October bills.[12] The table reports rates for Class 1, Class 2, and Class 4, with a breakdown for the largest sub-categories within Class 2 and Class 4. Class 3 is excluded because the delinquency rate is not significant. In the FY 2024 column, numbers in red represent rates that are either higher than in FY 2021 or had a higher change between FY 2023 and

[12] Depending on the assessed value of their parcel, owners are billed on a semi-annual basis if the assessed value is above $250,000. All other parcels are billed quarterly. The data in Table 18 refers to the first semi-annual bill and the first two quarterly bills.

FY 2024 than the total for all classes (a little more than 3 tenths of a percentage point). While delinquency rates typically decline over the course of the year (for instance, the FY 2023 rate settled at 2.1 percent), the mid-year rates provide a good directional estimate. As of December, the FY 2024 delinquent amount for first two tax bills was $466 million.

The data shows that the increase in delinquency rates in FY 2024 is widespread: all entries are higher than in FY 2023. The change was larger among rental buildings within Class 2 and hotels and commercial condominiums within Class 4. The subcategories in red had outstanding charges of $175 million or 37.6 percent of total delinquent amounts. While not highlighted in red, Class 1 and Class 2 condominiums combined represented a comparable fraction (37.0 percent) of total delinquent amounts.

## Table 18. Delinquency Rates as of December of Each Fiscal Year

| | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---|---|---|---|---|
| **Class 1** | **4.07%** | **3.58%** | **3.83%** | **3.89%** |
| **Class 2** | **2.76%** | **2.30%** | **2.80%** | **3.18%** |
| Walk-up apartments | 3.66% | 3.39% | 3.90% | 4.39% |
| Elevator apartments | 1.61% | 1.16% | 1.98% | 2.54% |
| Condominiums | 5.24% | 4.29% | 4.74% | 4.90% |
| Cooperatives | 1.13% | 0.82% | 0.85% | 1.04% |
| **Class 4** | **2.61%** | **2.15%** | **2.01%** | **2.50%** |
| Hotels | 5.04% | 5.97% | 3.51% | 5.04% |
| Store buildings | 3.56% | 3.08% | 2.94% | 3.21% |
| Office | 0.45% | 0.54% | 0.52% | 0.78% |
| Condominiums | 2.28% | 2.22% | 1.94% | 2.38% |
| **All classes** | **2.71%** | **2.32%** | **2.44%** | **2.76%** |

Source: NYC DOF

# Personal Income Tax and Pass-Through Entity Tax

Table 19 reports PIT and PTET tax collections for calendar years 2019 through 2023.[13] The table shows that total collections dropped to $15.4 billion in 2023 after peaking at $19.6 billion in 2022. In 2023, collections were 1.3 percent below 2021 and 12 percent higher than 2019.

[13] Totals include NYC audits and are gross of NYS processing fees.

Withholdings grew 4.3 percent in 2023 and were 17.8 percent above 2019. The growth in withholdings is consistent with data from the Quarterly Census of Employment and Wages (QCEW), showing that total wages for jobs located in NYC (regardless of place of residence) grew 20.9 percent between the first half of 2019 and the first half of 2023. Over the same period, withholdings grew 19.0 percent despite increased outmigration from NYC to the metropolitan area.

Non-withholding collections dropped to $3.7 billion in 2023, 55.7 percent below the previous year. As shown in previous publications,[14] 2022 collections were inflated by several distortions that were corrected over the course of 2023, exaggerating the drop in collections relative to the change in tax liability. Despite this, non-withholding collections in 2023 were only slightly below 2019 levels.

## Table 19. PIT and PTET Tax Collections by Calendar Year

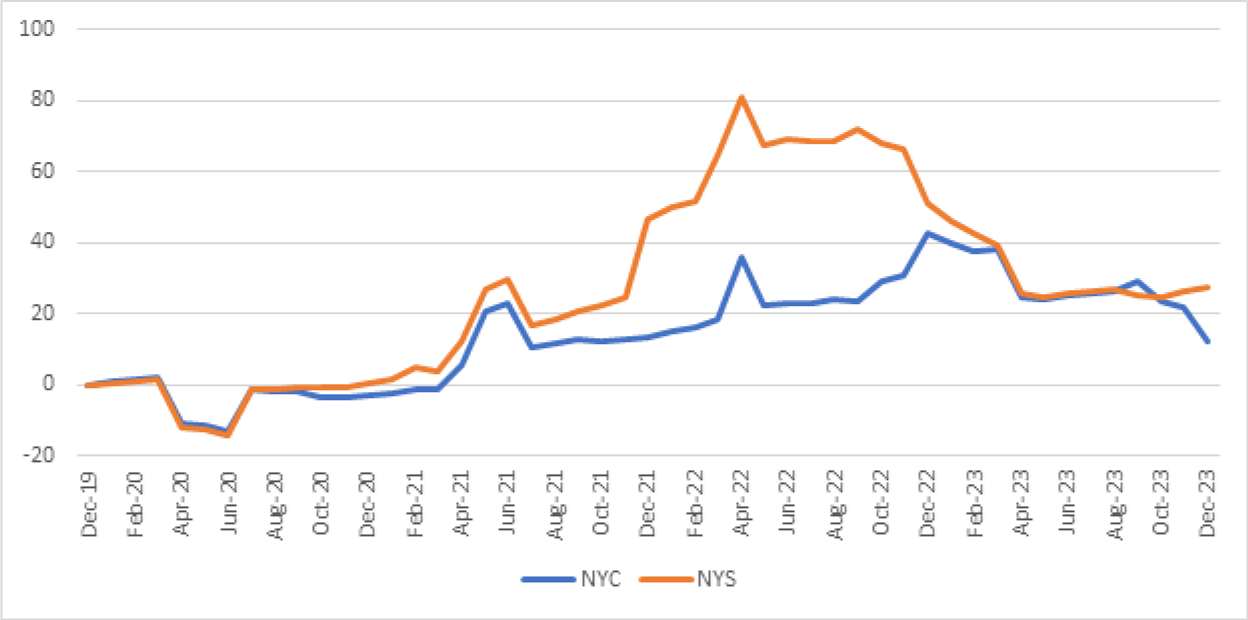
| ($ in billions) | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Withholdings (PIT) | $9.9 | $9.7 | $10.3 | $11.2 | $11.7 |
| Non-withholdings (PIT + PTET) | $3.8 | $3.6 | $5.3 | $8.4 | $3.7 |
| **Total** | **$13.8** | **$13.4** | **$15.6** | **$19.6** | **$15.4** |

Source: NYS Department of Taxation and Finance, Office of the New York City Comptroller.

Chart 14 shows the 12-month rolling sum of PIT and PTET collections in NYC and NYS, indexed to December 2019. As mentioned above, at the end of 2023, NYC's rolling sum was 12 percent higher than in 2019. The effect of collection anomalies due to the creation of NYC PTET is evident in the run-up in October-December 2022 and the steep decline in October-December 2023. The index for NYS jumped earlier and faster than for NYC because of the earlier creation of NYS PTET and because of the introduction of higher tax rates on high-income earners. The two indices have started to diverge again as NYC collections normalize while NYS collections remain elevated due to the higher tax rates. The Office of the Comptroller expects NYC collections to regain ground in March and April when final returns and extension filings for PTET and PIT are due.

[14] See the June and October 2023 Economic Newsletter published by this Office.

## Chart 14. PIT and PTET Tax Collections in NYC and NYS (12-month Rolling Sum Indexed to December 2019, percentage points)




Source: NYS Department of Taxation and Finance, Office of the NYS Comptroller, Office of the New York City Comptroller.

Table 20 shows combined PIT and PTET tax collections for FY 2024 through January 2024 and compares them to the same months in FY 2023. PIT withholdings are up 7.0 percent versus the prior fiscal year. This reflects the strong job gains in NYC that occurred late in calendar year 2022 and into early 2023, and is now fully reflected in FY 2024 data, even though more recently job gains slowed considerably. It also was supported by wage increases driven by the elevated inflation, which only began to decline in late calendar year 2022.

Non-withholding PIT and PTET tax collections in FY 2024 to-date are $2.36 billion below the same period in FY 2023, a 59.7 percent decline. However, the introduction of the PTET in December 2022 complicates the comparison of non-withholding collections across the two years because PTET payments made in its initial months, for tax year 2022, were essentially overpayments that would all be returned to taxpayers via PIT (or PTET) refunds or lower tax due on PIT final returns. Some of these returned funds affected net PIT collections later in FY 2023 via lower extension and final return payments as well as larger refunds. It also seems clear that some of the effect of the overpayment spilled into FY 2024, with larger refunds and smaller return payments for late filers and a significant reduction in City/State offsets—with the latter payments being made by New York State to true-up collections due to the City after processing final tax returns.

The Comptroller's Office expects that the gap in non-withholding collections versus last year will narrow over the rest of the FY 2024 as the flow of higher refunds and negative City/State offsets related to tax year 2022 is likely coming to an end. Meanwhile, tax year 2023 extension and final return payments due in April should be higher, and refunds lower, without the presence of PTET overpayments as in the prior year and due to higher liability.

Looking only at estimated tax installment payments that were not part of the PTET overpayment, combined PIT and PTET payments in FY 2024 to-date exceed those made in the prior year by $622.0 million, a strong 54.7 percent increase.

## Table 20. Combined PIT and PTET Collections, FY 2024 to-Date Versus FY 2023

| ($ in millions) | FY 2023 through January | FY 2024 through January | Difference | Percent Change |
|---|---|---|---|---|
| **PIT+PTET** | | | | |
| **Withholding** | $6,350 | $6,791 | $441 | 7.0% |
| **Non-Withholding** | 3,945 | 1,590 | (2,356) | (59.7%) |
| **Installment Payments & Assessments** | 2,890 | 1,761 | (1,129) | (39.1%) |
| **Tax Year 2022 PTET (Dec 22-Jan 23)** | 1,751 | 0 | (1,751) | (100.0%) |
| **Other Installments & Assessments** | 1,138 | 1,761 | 622 | 54.7% |
| **Final Returns less Refunds** | (61) | (411) | (350) | 577.2% |
| **City/State Offsets & State Charges** | 1,116 | 240 | (876) | (78.5%) |
| **Total[15]** | **$10,295** | **$8,381** | **($1,914)** | **(18.6%)** |

Source: NYS Department of Taxation and Finance; Office of the New York City Comptroller

Table 21 below shows the combined PIT and PTET forecast over the Financial Plan. The Comptroller's Office expects FY 2024 total revenue from the two taxes to be $777 million lower than in FY 2023 (4.5 percent), while OMB expects a decline of 6.8 percent, despite having increased the FY 2024 forecast by $655 in the January Plan. In FY 2025, the Comptroller projects combined PIT and PTET to grow by 3.1 percent, for total $129 million (0.8 percent) below the Financial Plan. In each of the fiscal years 2025-2028, OMB has forecast higher combined PIT and PTET revenue than the Comptroller—however, these differences are less than 2 percent of total PIT and PTET revenue. OMB's higher PIT projections after FY 2024 reflect the expectation for greater job growth in NYC, as was noted in the economic section above.

The Comptroller's forecast for combined PIT and PTET in FY 2024 has been revised upward from the December projection, adding $115 million (0.7 percent). The principal cause of this revision was the strong collections observed for estimated tax in January and PTET installments in December. As already noted above, combined installment payments for the fiscal year are up by more than 50 percent versus the prior year after disregarding the PTET overpayments made in

[15] Excludes City audits.

December 2022 and January 2023. Only small revisions were made to the Comptroller's forecasts for fiscal years 2025-2028.

It should be noted that there remains uncertainty in these PIT forecasts resulting from the significant year-to-year fluctuations in the City/State offsets. These offsets, which have declined by nearly $900 million so far in FY 2024 (as seen in Table 20, above), are somewhat opaque reconciliation payments made by the State to the City after processing PIT returns. This drop in offsets could be a result of the newly implemented PTET and thus expected to return to its historical patterns after this fiscal year. Future forecasts will evaluate whether or not these offset declines appear to be lasting and, if not, this will result in an increased PIT revenue forecast.

### Table 21. PIT + PTET Forecast, Fiscal Years 2024-2028

| ($ in millions) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|---|
| Comptroller Forecast | $17,175 | $16,398 | $16,899 | $17,317 | $18,074 | $18,847 |
| Percent Change | *2.9%* | *(5%)* | *3.1%* | *2.5%* | *4.4%* | *4.3%* |
| OMB Forecast | $17,175 | $16,001 | $17,028 | $17,399 | $18,401 | $19,137 |
| Percent Change | *2.9%* | *(6.8%)* | *6.4%* | *2.2%* | *5.8%* | *4.0%* |
| Difference (Offset/Risk) | $- | $397 | ($129) | ($82) | ($327) | ($290) |
| Percent Change | | *2.5%* | *(0.8%)* | *(0.5%)* | *(1.8%)* | *(1.5%)* |
| | | | | | | |
| Comptroller Forecast (Dec. 2023) | $17,175 | $16,284 | $16,902 | $17,350 | $18,131 | $18,873 |
| Percent Change | *2.9%* | *(5.2%)* | *3.8%* | *2.7%* | *4.5%* | *4.1%* |
| Comptroller Revision | $- | $115 | ($3) | ($33) | ($57) | ($26) |
| Percent Change | | *0.7%* | *0.0%* | *(0.2%)* | *(0.3%)* | *(0.1%)* |

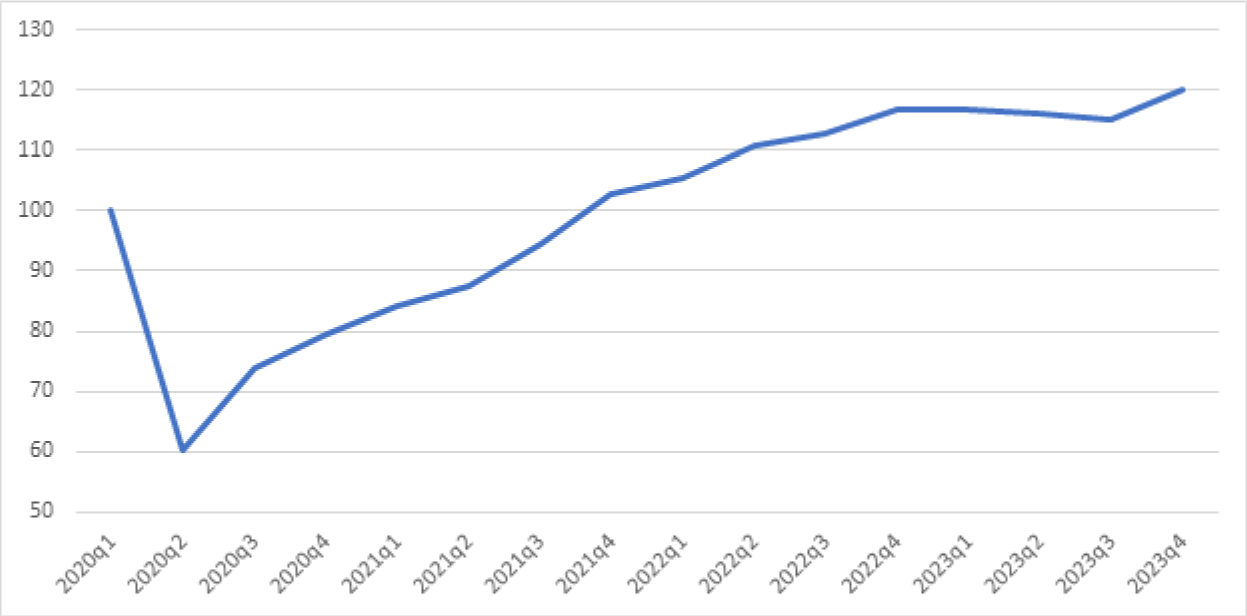
Source: Office of the New York City Comptroller; NYC Office of Management and Budget

## Sales Tax

Taxable sales in New York City reached $56.5 billion in the fourth quarter of 2023 (not seasonally adjusted)[16] or 20 percent above the last reading before the start of the pandemic, as shown in Chart 15. Future data revisions could add approximately 2 percentage points to the index.

[16] The data are published by the NYS Department of Taxation and Finance. The first quarter covers December-February, the second quarter March-May, etc.

## Chart 15. NYC Taxable Sales Indexed to 2020 Q1




Source: NYS Department of Taxation and Finance, Office of the New York City Comptroller.

Table 22 shows inflation-adjusted total taxable sales in the fourth quarter of 2023 and, for a pre-pandemic comparison, the fourth quarter of 2019. The table shows that inflation-adjusted total sales in 2023Q4 were $1.4 billion above the comparable quarter in 2019, an increase of 2.6 percent before data revisions. Taxable sales in retail, accommodation and food services (especially for restaurants and drinking places), construction and manufacturing were below their 2019 levels. But even though inflation-adjusted overall sales have risen above pre-pandemic levels, they still lag their pre-pandemic growth trend, with the exception of online retail and utilities & information (which includes software publishers, wireless telecommunication carriers, and other internet-focused services).

## Table 22. Inflation-Adjusted Taxable Sales

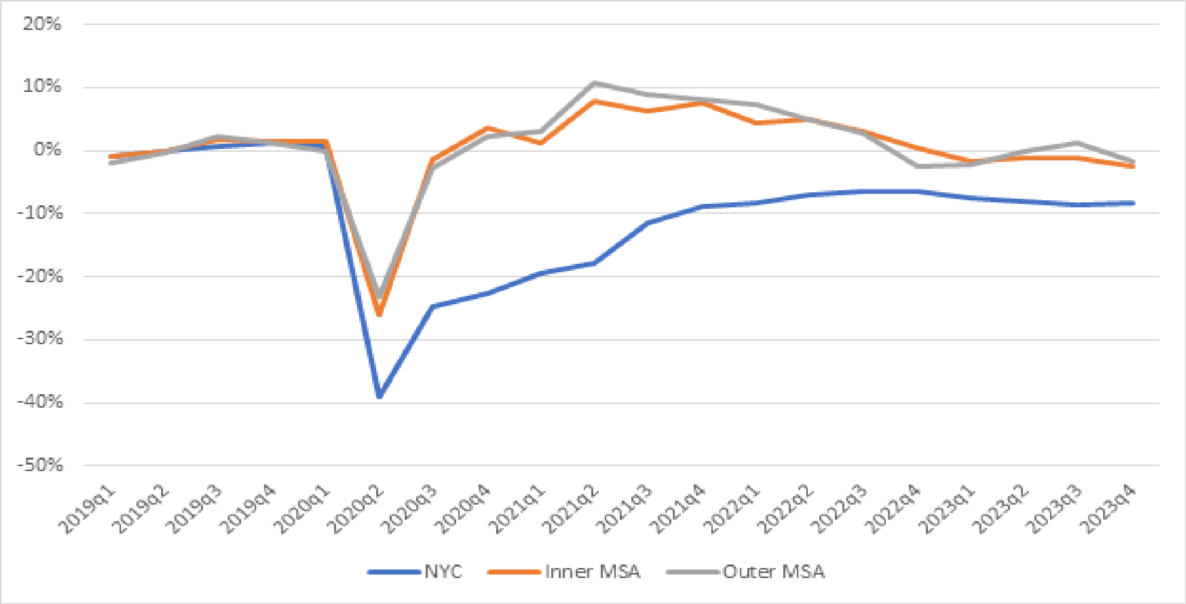
| | Levels | | | | Relative to pre-pandemic trend | |
|---|---|---|---|---|---|---|
| | 2023q4 ($b) | 2019q4 ($b) | Change ($b) | Percent Change | Difference ($b) | Percent Difference |
| Total taxable sales | $56.5 | $55.1 | $1.4 | 2.6% | ($5.1) | (8.3%) |
| Retail | $17.0 | $17.1 | ($0.1) | (0.4%) | ($0.9) | (4.8%) |
| Online retail | $3.4 | $2.3 | $1.0 | 44.4% | $1.1 | 47.3% |
| Accommodation and food services | $10.9 | $11.3 | ($0.5) | (4.1%) | ($2.2) | (17.0%) |
| Restaurants and drinking places | $7.0 | $7.7 | ($0.7) | (9.1%) | ($1.8) | (20.2%) |

| | Levels | | | | Relative to pre-pandemic trend | |
|---|---|---|---|---|---|---|
| | 2023q4 ($b) | 2019q4 ($b) | Change ($b) | Percent Change | Difference ($b) | Percent Difference |
| Transportation | $1.7 | $1.5 | $0.2 | 12.4% | ($0.3) | (14.6%) |
| Construction | $1.6 | $1.7 | ($0.2) | (9.3%) | ($0.5) | (24.1%) |
| Utilities & Information | $8.2 | $7.2 | $1.0 | 14.0% | $1.0 | 14.4% |
| Manufacturing | $2.4 | $2.5 | ($0.1) | (4.7%) | ($0.4) | (13.1%) |
| Other | $14.9 | $13.8 | $1.0 | 7.4% | ($2.0) | (11.6%) |

Source: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Office of the New York City Comptroller. Inflation adjustment uses NY metro area CPI less shelter (not seasonally adjusted). Inflation adjustment for restaurants and drinking places uses NY metro area food away from home CPI (not seasonally adjusted).

As shown in Chart 16, the gap between inflation-adjusted taxable sales in NYC and their pre-pandemic trend stabilized around 8 percent in 2023. This is in contrast with NYS counties in the metropolitan area where taxable sales exceeded the pre-pandemic trends in 2021 and 2022 but have gradually converged back to them in 2023.

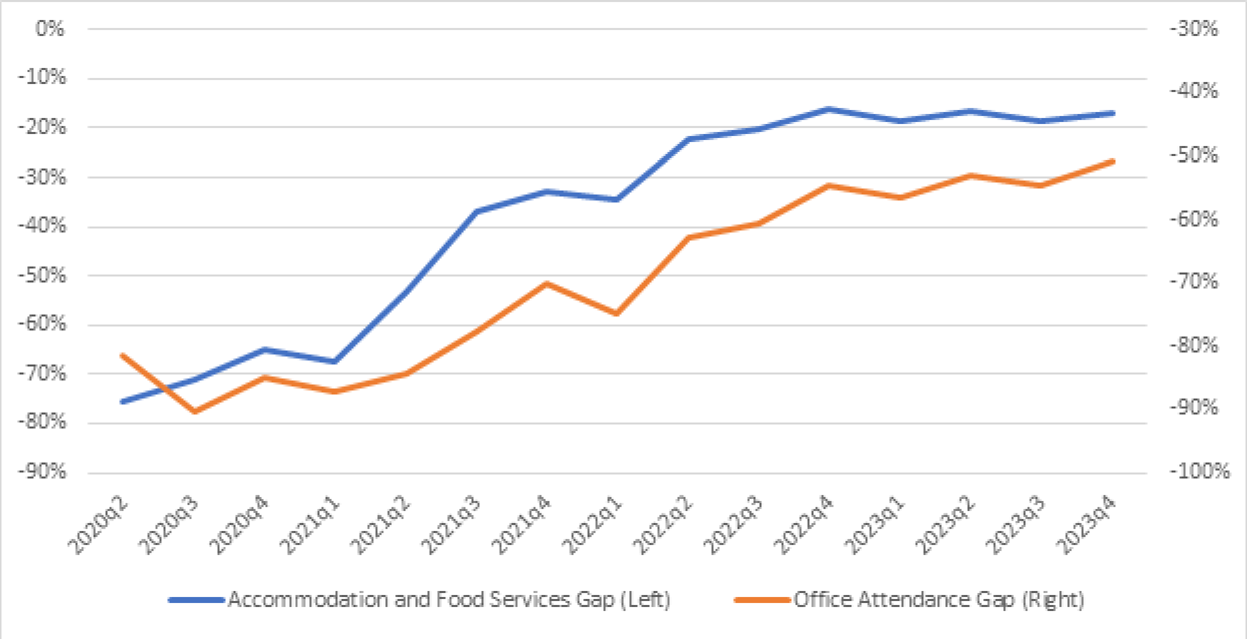
## Chart 16. Inflation-adjusted Taxable Sales Percentage Gap from Pre-pandemic Trend




Source: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Office of the New York City Comptroller

As shown in Chart 17, the gap of inflation-adjusted taxable sales in Accommodation and Food Services relative to their pre-pandemic trend correlates closely with the gap in office attendance, as reported in card swipe data for the NY metro area available from Kastle Systems.

## Chart 17. Accommodation and Food Services Inflation-adjusted Taxable Sales Trend Gap and Office Attendance Gap




Source: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Kastle Systems, Office of the New York City Comptroller.

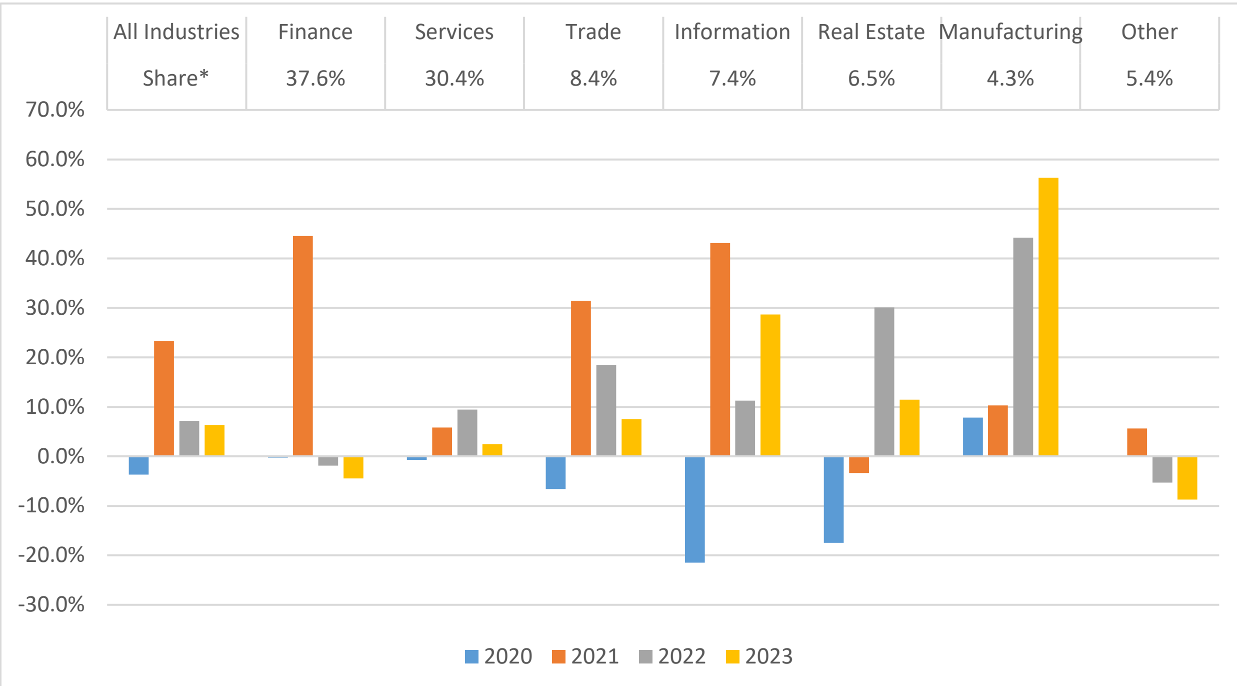
The City collected $4.92 billion in Sales Tax in the first half of FY 2024, a 5.0 percent increase relative to the first half of FY 2023. The Comptroller projects FY 2024 Sales Tax revenues of $9.95 billion, for a growth rate of 4.3 percent. Revenues are projected to increase by 4.9 percent per year on average, reaching $12.05 billion in FY 2028. The Comptroller's forecast exceeds financial plan assumptions by $21 million in FY 2024, $94 million in FY 2025, $85 million in FY 2026, $155 million in FY 2027 and $208 million in FY 2028. The forecast does not incorporate the NYS Executive FY 2025 Budget proposed extension of the Sales Tax intercept directed toward the Distressed Provider Assistance Account. Should the extension be enacted, projected tax revenues would decrease by $37.5 million in FY 2025, $150 million in FY 2026 and FY 2027, and $112.5 million in FY 2028.

## Business Income Taxes

In the first half of the FY 2024, net collections of business income tax—which include the Business Corporation Tax, the General Corporation Tax, the Unincorporated Business Tax, and the remainder of the Banking Corporation Tax—have grown by 10.3 percent over the same period in the prior year. Solid growth has occurred from both corporations, which rose 9.2 percent, and unincorporated businesses, rising 13.7 percent including a 25.3 percent jump in December.

As shown in Chart 18, business tax payments by financial corporations grew by 8.6 percent in calendar year 2023 after having declined in the previous calendar year. As the financial sector alone pays close to 40 percent of all business income tax, this growth was the largest contributor to 6.0 percent growth in business income tax payments overall in 2023.

## Chart 18. Total Business Income Tax Payments, Percent Change from Prior Calendar Year, by Industry




Source: NYC DOF
Note: *Average share of total business income tax payments for all sectors, CYs 2020-2023

As can be seen in Table 23, the Office of the Comptroller has updated the forecast for business taxes for FY 2024, increasing projected revenues by $770 million (9.6 percent) as a result of higher-than-expected collections in December that confirmed the positive trends already established by strong September collections. Projections were also revised up for FY 2025 ($568 million) and FY 2026 ($145 million) because of the new information contained in the collections. In the Financial Plan, tax revenues were revised up by a hefty $953 million in FY 2024 and more than $700 million in each year FYs 2025-2028. The Comptroller's projections are similar to those in the Financial Plan in FY 2024 and FY 2025 but fall below afterwards by an average of $435 million per year.

## Table 23. Business Income Taxes Forecast, Fiscal Years 2024-2028

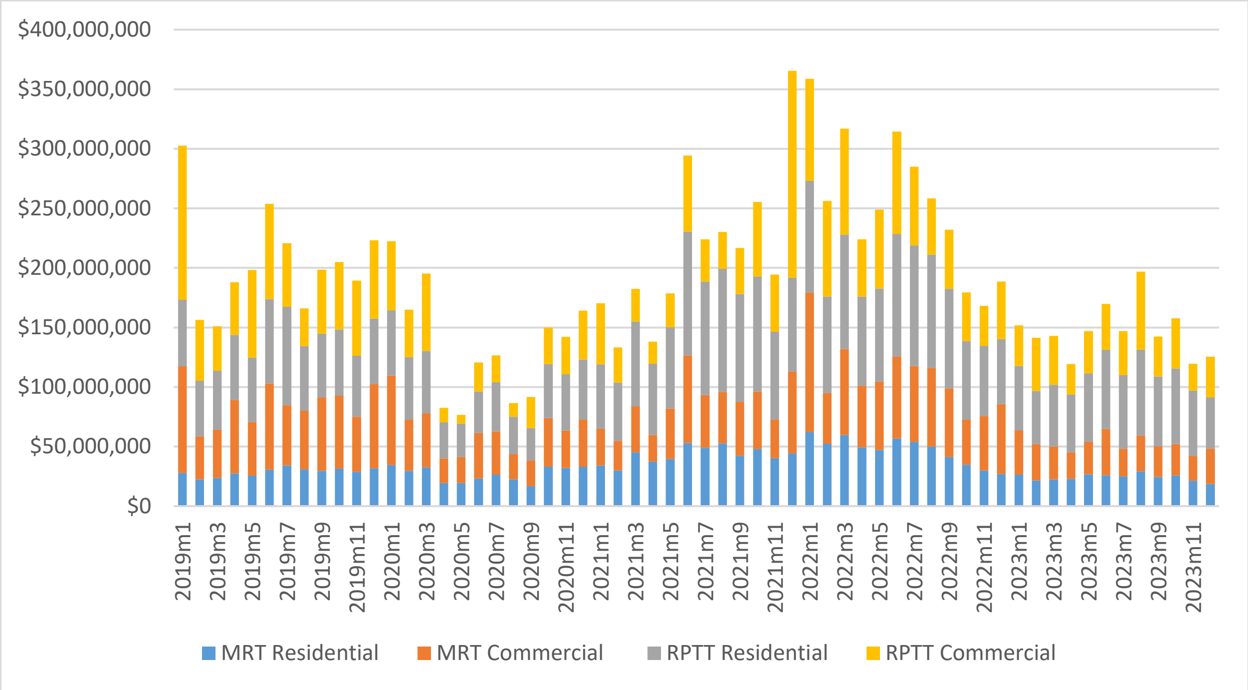
| ($ in millions) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|---|
| **Comptroller – March 2024** | | | | | | |
| Total Business Income Tax | 8,521 | 8,764 | 8,313 | 7,985 | 8,019 | 8,319 |
| Percent Change | | *2.9%* | *(5.1%)* | *(4.0%)* | *0.4%* | *3.7%* |
| **OMB – January 2024** | | | | | | |
| Total Business Income Tax | 8,521 | 8,856 | 8,408 | 8,414 | 8,520 | 8,695 |
| Percent Change | | *3.9%* | *(5.1%)* | *0.1%* | *1.3%* | *2.1%* |
| Comptroller difference from OMB | - | (92) | (95) | (429) | (501) | (376) |
| **Comptroller — December 2023** | | | | | | |
| Total Business Income Tax | 8,521 | 7,994 | 7,745 | 7,840 | 8,181 | 8,581 |
| Percent Change | | *(6.2%)* | *(3.1%)* | *1.2%* | *4.4%* | *4.9%* |
| Revision: Difference from Comptroller December | - | 770 | 568 | 145 | (162) | (262) |

Source: Office of the New York City Comptroller; NYC Office of Management and Budget

# Real Estate Transaction Taxes and Other Taxes

NYC collects taxes based on the value of two types of real estate-related transactions: (i) the real property transfer tax (RPTT) applies to the sale or transfer of a controlling interest in real property; and (ii) the mortgage recording tax (MRT) is charged on mortgages for most categories of real property—including mortgage refinancings but excluding mortgages on cooperative apartments. As of December 2023, the City collected $871.9 million from transaction taxes, a drop of 32.2 percent from the same period in FY 2023. Chart 19 shows that collections in 2023 fell to levels not seen since the first months of the pandemic.

## Chart 19. Real Estate Transaction Tax Collections January 2019 to December 2023




Source: NYC DOF, Office of the New York City Comptroller

The Comptroller forecasts that total transaction taxes collection will be $1.65 billion in FY 2024 ($1.10 billion in RPTT and $543 million in MRT), a 24.3 percent decrease from FY 2023. This is a $45.0 million downward revision from the December forecast, due to lower than anticipated collections so far in the fiscal year. The decline is primarily driven by the impact of high mortgage rates on residential transactions and refinancings and continued weakness in the investment market. The Comptroller is forecasting collections of $1.62 billion in FY 2025, $1.84 billion in FY 2026, $2.01 billion in FY 2027, and $2.15 billion in FY 2028.

For all other taxes, the Comptroller forecasts collections of $3.13 billion in FY 2024, $3.22 billion in FY 2025, $3.33 billion in FY 2026, $3.39 billion in FY 2027, and $3.42 billion in FY 2028. The Comptroller's forecast of the hotel tax drives revenues above the Financial Plan by $18.0 million in FY 2024, $23.0 million in FY 2025, $33.0 million in FY 2026, $24.0 million in FY 2027, and $3.0 million in FY 2028. The City collected $378.5 million in hotel occupancy tax in the first half of FY 2024, a 10.4 percent increase relative to the first half of FY 2023.

# Risks to the Tax Revenues Forecast

There is uncertainty around the future value of commercial property in NYC. Changing work patterns in the aftermath of the COVID-19 pandemic and, to a lesser extent, higher interest rates and tightened lending standards, have had an impact on the sales volume and values of office and retail properties. If property values fall further—or remain low indefinitely—this would also have a negative impact on local lenders and other sectors of the local economy. Under such a deterioration, City tax revenues could be adversely affected through real estate transaction taxes, business taxes, and, over a longer run, the property tax.

Despite higher interest rates and inflation, consumers have not yet slowed down their consumption. This was made possible because of robust job and wage growth. However, there is evidence that consumers may have also financed part of their consumption by borrowing as shown in the most recently released Quarterly Report on Household Debt and Credit.[17] Credit Card balances increased by 6 percent in 2023Q4 from 2023Q3. The report also demonstrated that consumers are under stress as shown by the percentage of credit card balance that transitioned into seriously delinquent (over 90 days delinquent) increasing to 6.4 percent in 2023Q3, the highest since 2012Q1. The Comptroller's Sales Tax forecast assumes that consumers would continue to consume at the pace they are on currently, as such, any decrease in consumption will lower the Sales Tax forecast.

## Miscellaneous Revenues

In the January Financial Plan, the City raised its FY 2024 miscellaneous revenue projection by a net $349 million, to $6.35 billion, a 6.4 percent increase over the previous year. The revision includes approximately $52 million in PEG initiatives and mainly reflects higher projections for interest income, water and sewer charges, and fine revenues. Table 24 shows the changes in the FY 2024 miscellaneous revenue projections since the November Plan.[18]

### Table 24. Changes in FY 2024 Miscellaneous Revenue Estimates, November 2023 Plan vs. January 2024 Plan

| ($ in millions) | Actual FY 2023 | FY 2024 November Forecast | FY 2024 January Forecast | Change FY 2024 |
|---|---|---|---|---|
| **Licenses, Permits & Franchises** | $763 | $696 | $687 | ($9) |
| **Interest Income** | 508 | 511 | 633 | 122 |
| **Charges for Services** | 848 | 1,039 | 1,039 | 0 |
| **Water and Sewer Charges** | 1,710 | 1,887 | 2,065 | 178 |

17 https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2023Q4

18 Miscellaneous revenue analysis excludes intra-City revenues.

| ($ in millions) | Actual FY 2023 | FY 2024 November Forecast | FY 2024 January Forecast | Change FY 2024 |
|---|---|---|---|---|
| **Rental Income** | 266 | 258 | 258 | 0 |
| **Fines and Forfeitures** | 1,455 | 1,226 | 1,264 | 38 |
| **Other Miscellaneous** | 417 | 385 | 405 | 20 |
| **Total** | **$5,968** | **$6,002** | **$6,351** | **$349** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Miscellaneous revenue collections totaled $3.91 billion during the first half of FY 2024, an increase of 6.7 percent from the same period in FY 2023. This was mainly driven by higher collections from interest income and water and sewer revenues. The January Plan increases water and sewer revenue projections by $178 million in FY 2024, $330 million in FY 2025 and about $42 million in FYs 2026 – 2028. While most of water and sewer revenues represent reimbursement from the Water Board for the operation and maintenance of the City's water and sewer infrastructure, the agreement between the City and the Water Board allows the City to request an additional rental payment each fiscal year. The January Plan includes $145 million in FY 2024 and $295 million in FY 2025 in rental payments from the Water Board.[19]

Projections for interest income increased by another $122 million in FY 2024 and $29 million in FY 2025 following increases in the November Plan of $75 million and $32 million respectively in FYs 2024 – 2025. These revisions are attributable to higher projected Federal-Funds rates as well as the City's projected cash balances in FY 2024 and the outyears. Total interest income projections decline steadily over the Plan period from $633 million in FY 2024 to $226 million in FY 2028, as short-term interest rates are expected to decline.

Projections for fines and forfeitures increased by $38 million in FY 2024, $12 million in FY 2025 and a combined $27 million in FYs 2026 – 2028. These revisions stem mainly from higher projections for camera fines. The forecast for "other miscellaneous" which are mostly non-recurring revenues, increased by $20 million in FY 2024. The adjustment primarily reflects additional settlement payments and FICA refund payments.

Table 25 shows the City's January projections for all categories of miscellaneous revenues. Total miscellaneous revenue is expected to grow by 6.4 percent in FY 2024 following a 17.5 percent growth in FY 2023. Miscellaneous revenue is projected to decline steadily throughout the Plan period and average $5.77 billion in FY's 2025 – 2028. The lower projections are mostly driven by a

[19] The agreement between the City and the Water Board allows the City to request an additional rental payment each fiscal year in an amount not to exceed the greater of: (a) the principal and interest payable on general obligation bonds issued by The City for water and sewer purposes or (b) 15 percent of principal and interest payable on the bonds of the Authority.

decline in water and sewer revenues and interest income as Federal-Funds rates are expected to gradually fall throughout the Plan period.

### Table 25. Miscellaneous Revenue Forecast, January 2024 Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| Licenses, Permits & Franchises | $687 | $712 | $717 | $698 | $700 |
| Interest Income | 633 | 379 | 265 | 225 | 226 |
| Charges for Services | 1,039 | 1,024 | 1,028 | 1,029 | 1,029 |
| Water and Sewer Charges | 2,065 | 2,170 | 1,883 | 1,880 | 1,881 |
| Rental Income | 258 | 263 | 261 | 261 | 261 |
| Fines and Forfeitures | 1,264 | 1,232 | 1,228 | 1,234 | 1,224 |
| Other Miscellaneous | 405 | 323 | 324 | 321 | 319 |
| **Total** | **$6,351** | **$6,103** | **$5,706** | **$5,648** | **$5,640** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

The Comptroller's Office expects total miscellaneous revenue will be above the City's forecast by $35 million in FY 2024, $110 million in FY 2025, $134 million in FY 2026, $108 million in FY 2027 and $98 million in FY 2028. While the City raised FY 2024 fine revenue projection by a combined $86 million since budget adoption, the Comptroller's Office anticipates fine revenues could be higher than the City's projection by $35 million in the current fiscal year, $20 million in FY 2025, and $15 million in each of FYs 2026 – 2028. These offsets are mainly attributable to higher projections for camera fines and Department of Buildings (DOB) penalties. In addition, based on the Comptroller's forecast of short-term interest rates and cash balance in the outyears, the Office projects interest income will be above the City's current projections by $90 million in FY 2025, $119 million in FY 2026, $93 million in FY 2027, and $83 million in FY 2028.

## Federal and State Aid

The January Financial Plan projects total categorical Federal and State aid of $32.72 billion in FY 2024, supporting nearly 29 percent of the City's expenditure budget. Compared with the November Plan, the City has reflected a net increase of $1.88 billion in the current year consisting of increases of $626 million in Federal aid and $1.25 billion in State grants.

The increased Federal aid in FY 2024 is mainly concentrated in social services grants, totaling $524 million or more than 80 percent of the Federal aid increases recognized in the January Plan. The additional social services grants include $253 million from the child care block grant, $158 million for cash assistance spending re-estimates, and $31 million in prior year Temporary Assistance for Needy Families grants. The remainder of the Federal aid increase is mainly scattered across various agencies such as Small Business Services, Mayoralty, Health and Mental Hygiene and the Fire Department.

The January Plan revisions brings total Federal COVID-19 assistance anticipated by the City to $4.31 billion in FY 2024 – FY 2028 (including unrestricted aid for prior year FEMA reimbursement), as shown in Table 26. Together with grants already recognized in FY 2020 through FY 2023, tallied at about $22 billion, overall COVID-19 assistance is expected to reach a total of $26.34 billion. The largest components comprising this figure are: FEMA reimbursement currently estimated at $7.24 billion, ARP-CRRSA education grants totaling $6.89 billion, and ARP-SLFRF grants of $5.88 billion. Federal COVID-19 assistance is expected to decline precipitously after the current year as ARP education grants will expire and fall by nearly $2 billion. After which, these funding sources would drop further by FY 2026 as ARP SLFRF grants would also come to an end after FY 2025.

## Table 26. Projected Federal COVID Assistance, January 2024 Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Total |
|---|---|---|---|---|---|---|
| ARP SLFRF | $1,060.6 | $475.4 | $0.0 | $0.0 | $0.0 | $1,536.0 |
| ARP Education | 1,993.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1,993.7 |
| FEMA | 15.9 | 1.0 | 1.0 | 0.0 | 0.0 | 17.9 |
| Epidemiology and Laboratory Capacity Grants | 220.6 | 0.2 | 0.0 | 0.0 | 0.0 | 220.8 |
| All Other | 362.7 | 74.6 | 41.3 | 31.3 | 31.3 | 541.2 |
| **Total** | **$3,653.6** | **$551.1** | **$42.3** | **$31.3** | **$31.3** | **$4,309.7** |

Source: Mayor’s Office of Management and Budget

State grant revenue changes totaled $2.01 billion over FYs 2024 and 2025, largely due to increases in asylum seeker funding (roughly 75 percent of the total increase). A $750 million addition in state funding for asylum seekers was included in both fiscal years, for a total of $1.50 billion. Other notable changes included $190 million in cash assistance re-estimates under the Department of Social Services in FY 2024; $190 million in prior year revenue claimed by the Administration for Children’s Services, including funding for state child welfare services ($176 million); and $35.9 million in reductions for school health services affiliated with the Public Health Works program at the Department of Health and Mental Hygiene.

Over the remainder of the Plan, total Federal and State grants are projected to fall sequentially to $26.59 billion in FY 2025, $24.81 billion in FY 2026, and $24.82 billion in FY 2027, before reaching $25.06 billion in FY 2028, reflecting declines in both Federal COVID-19 grants and Federal and State support for asylum seekers in the latter years of the Plan. Moreover, the January Plan maintains flat projections of formula school aids from the State, which normally drive the growth in State aid estimates in the outyears. Without school aid growth as offsets in the City's projections, overall State aid is expected to fall from about $20.24 billion in FY 2024 to $17.81 billion in FY 2028.

## State Executive Budget

Governor Kathy Hochul released the State Executive Budget on January 16th. The proposed budget for State Fiscal Year (SFY) 2025 (April 1, 2024 to March 31, 2025, different than the City's fiscal year) totals $232.7 billion for the year. The State anticipates ending SFY 2024 with a $2.2 billion general fund surplus, which will be used to prepay FY 2025 expenses ($1.7 billion) and set aside $500 million for future one-time asylum seeker costs.

The SFY 2025 proposed State budget has an unusually large impact on the City's finances ($2 billion over City FYs 2024 and 2025) due to increased State support for asylum seekers – $1.7 billion of which is new funding flowing directly through the City's budget.

While school aid increases year to year, a revamped Foundation Aid formula – which changes the inflation factor from the last year of inflation to a 10-year average – would result in the City receiving $132 million less than expected this fiscal year.

Other positive impacts include revenue actions that permanently expand the itemized deduction limit on high income earners ($20 million in FY 2025), and updates to taxes on vacation rental properties to bring them in line with the traditional hospitality sector ($10 million in FY 2025).

Negative impacts are primarily concentrated in the extension of the distressed hospitals sales tax intercept (due to expire in March 2025) through March 2028 ($37.5 million in FY 2025 due to the different timing of the State and City budgets, and $150 million per year moving forward).

### Table 27. Potential Impact of Proposed FY 2025 State Budget

| ($ in millions) | FY 2024 | FY 2025 | Two-year |
|---|---|---|---|
| **School Formula-based Aids** | **($2)** | **$298** | **$296** |
| Increase Foundation Aid | $31 | $253 | **$285** |
| Other Formula Aid | ($33) | $44 | **$12** |
| | | | |
| **Positive Spending Impacts** | **$820** | **$895** | **$1,716** |
| **Additional Aid for Asylum Seekers** | $818 | $881 | **$1,699** |
| **Discontinue EI Group Session Billing, Teletherapy Reimbursement, Support for Consecutive Sessions** | $0.6 | $9 | **$10** |
| **Domestic Violence Prevention DA Funds** | $1.4 | $6 | **$7** |
| **Fatal Fire Reduction** | TBD | TBD | **TBD** |
| | | | |

| ($ in millions) | FY 2024 | FY 2025 | Two-year |
|---|---|---|---|
| **Negative Spending Impacts** | **$0** | **($45)** | **($44)** |
| **Increase In-Person EI Rates by Five Percent** | **($0.3)** | ($2) | **($2)** |
| **TANF and FFFS Child Welfare Threshold Increase** | $0.5 | ($5.1) | **($5)** |
| **Extend Sales Tax Intercept for Distressed Providers (Extended through March 2028; annual impact of $150 million starting in FY 2026)** | $0 | ($38) | **($38)** |
| | | | |
| **Revenue Impacts** | **$1** | **$39** | **$39** |
| Repeal and Replace Cannabis Potency Tax | $0.5 | $7 | **$7** |
| Permanently Extend Itemized Deduction Limit on Hight | $0 | $20 | **$20** |
| Update Tax Law to Include Vacation Rental Industry | $0 | $10 | **$10** |
| Provide for Filing of Amended Sales Tax Returns | $0 | $2 | **$2** |
| | | | |
| **Total Net Impact** | **$819** | **$1,188** | **$2,007** |

Source: NYS Division of Budget, Office of the New York City Comptroller

## Asylum Seeker Assistance

Before the release of the State Executive Budget, the State provided $1.9 billion in funding for services to asylum seekers. The State Executive Budget proposes a further $2.4 billion in aid. Not all of this funding flows through the City's budget as the State's calculation includes services provided directly by the State, such as National Guard costs and Medicaid expenses. Of the $4.3 billion in total State funding toward the migrant crisis, more than $3 billion is estimated to directly reimburse the City for costs.

## Table 28. Total State Funding for Asylum Seekers, as of the State Executive Budget

| Purpose of funding ($ in millions) | Flows through City Budget | SFY 2023 | SFY 2024 | SFY 2025 | SFY 2026 | Total (FY 2023 — FY 2026) |
|---|---|---|---|---|---|---|
| Shelter Reimbursement | Y | $0 | $741 | $885 | $530 | $2,156 |
| Safety Net Assistance[20] | Y | 0 | 26 | 67 | 67 | $160 |
| National Guard | N | 27 | 162 | 262 | 0 | $451 |
| Health care | N | 0 | 149 | 162 | 15 | $326 |
| Voluntary Relocation | N | 0 | 30 | 5 | 5 | $40 |
| Floyd Bennett Field/Creedmoor/Randall's Is. | (Both) | 0 | 89 | 724 | 146 | $959 |
| Other Services (Case Management, Legal, Application Assistance) | (Both) | 0 | 98 | 106 | 10 | $214 |
| **Flow through NYC Total (estimated)** | | **$0** | **$929** | **$1,717** | **$753** | **$3,399** |
| **State Expenses Total (estimated)** | | **$27** | **$366** | **$494** | **$20** | **$907** |
| **Total** | | **$27** | **$1,295** | **$2,211** | **$773** | **$4,306** |

Source: NYS Division of Budget, Office of the New York City Comptroller

## Other State Actions

Other proposed actions in the State Executive Budget that are New York City focused but do not directly impact the City's Financial Plan include:

- $45 million for the design funding of the Interborough Express transit project between Bay Ridge, Brooklyn and Jackson Heights, Queens
- $16 million for a feasibility study and preliminary engineering work for the Second Avenue Subway's westward expansion along 125th Street
- Legislation allowing the City to lower speed limits to 20 miles per hour and 10 miles per hour in school zones and other traffic calming impacted areas
- Legislation extending Mayoral control of City public schools, due to expire in June of this year, by four years to 2028
- Increasing the maximum floor area ratio to allow for additional housing through increased density; increasing local tax incentives for office-to-residential conversions; allowing the City to craft legislation legalizing basement apartments; and creating new residential

20 In May 2023, the State Office of Temporary and Disability Assistance expanded access to the Safety Net Assistance program to certain categories of non-citizens, including applicants for asylum and Temporary Protected Status. Additional details: https://otda.ny.gov/policy/gis/2023/23DC039.pdf.

construction tax incentives (485-x program) and extending completion deadlines for 421- A program projects after the program's expiration last year

- Increasing the amount of New York City's Transitional Finance Authority borrowing excluded from the debt limit from $13.5 billion to $19.5 billion in (City) FY 2025 and $25.5 billion in FY 2026, for a total of $12 billion over two years.

# Expenditure Analysis

Total fund expenditures for FY 2024 as presented in the January Plan are a 5 percent increase over FY 2023 actual expenditures. Expenditures in both years, however, reflect the impact of prepayments, which shift spending between fiscal years, as well as adjustments for prior year payables in the current year. Net of these adjustments, as well as $50 million in reserve funds budgeted in this year, FY 2024 expenditures total $116.15 billion. This is an increase of 6 percent from the similarly adjusted FY 2023 actual expenditures of $109.98 billion. Adjusting for these costs provides a more accurate measure of the growth of City expenditures over time.

The increase in budgeted spending in FY 2024 compared with FY 2023 is driven by an 11 percent increase in planned OTPS spending (excluding debt service). Excluding asylum seeker spending in both years, the growth in the OTPS budget falls to 6 percent over FY 2023 – nearly half due to higher planned expenditures on public assistance and Medicaid costs. This growth in OTPS spending comes despite a freeze on spending in certain OTPS categories since September, implemented as part of the PEG. The savings initiative impacts about 10 percent of OTPS costs. Spending in the impacted categories as of the end of January, again excluding asylum seeker costs in both years is about 22 percent below actuals at the same time last year. OMB, however, has announced easing of this freeze as of March 2024. Debt service costs are budgeted to increase by 3 percent in FY 2024 compared with FY 2023 actuals, while personnel services spending is budgeted to grow by 1.5 percent.

In FY 2025, expenditures—adjusted for prepayments and reserves—total $111.77 billion, a $4.38 billion (4 percent) decline compared with FY 2024, as shown in Table 29. As previously described, this decline is driven by a $3.1 billion drop in Federal COVID-19 aid and stimulus funding. Netting out the spending supported by COVID-19 stimulus funds, expenditures are budgeted to decline by 1 percent, driven by lower budgeted contract costs compared with FY 2024, offset somewhat by higher projected pension and debt service costs.

After FY 2025, expenditures are budgeted to grow at an annual rate of 2 percent from FY 2025 through FY 2028. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 4 percent from FY 2025 through FY 2028, and debt service costs, which are projected to increase at an annual rate of 8 percent from FY 2025 through FY 2028. Spending on OTPS costs is projected to decline at an annual rate of 1.0 percent. However, as detailed in the Re-Estimates section in this report, the Comptroller's Office estimates that many OTPS costs causing the decrease in the year-over-year comparison are underbudgeted, and that actual FY 2025 and outyear costs will be higher than currently reflected in the Financial Plan.

## Table 29. FY 2024 – FY 2028 Expenditure Growth, Adjusted for Prepayments and Reserves

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Growth FYs 2024-2028 | Annual Growth |
|---|---|---|---|---|---|---|---|
| **Personal Service** | | | | | | | |
| Salaries and Wages | $32,576 | $32,380 | $33,561 | $34,681 | $35,652 | 9.4% | 2.3% |
| Pensions | 9,243 | 10,267 | 10,689 | 10,814 | 11,755 | 27.2% | 6.2% |
| Health Insurance | 8,488 | 8,989 | 9,544 | 9,938 | 10,353 | 22.0% | 5.1% |
| Other Fringe Benefits | 4,731 | 4,882 | 5,076 | 5,255 | 5,446 | 15.1% | 3.6% |
| **Subtotal-PS** | **$55,037** | **$56,518** | **$58,870** | **$60,688** | **$63,205** | **14.8%** | **3.5%** |
| | | | | | | | |
| **Other Than Personal Service** | | | | | | | |
| Medicaid | $6,615 | $6,454 | $6,583 | $6,733 | $6,883 | 4.0% | 1.0% |
| Public Assistance | 2,467 | 1,650 | 1,650 | 2,000 | 2,463 | (0.1%) | (0.0%) |
| Judgments and Claims | 1,165 | 877 | 823 | 840 | 862 | (25.9%) | (7.2%) |
| Contractual Services | 25,049 | 22,033 | 22,417 | 21,829 | 20,823 | (16.9%) | (4.5%) |
| Other OTPS | 18,169 | 16,061 | 13,685 | 13,984 | 14,295 | (21.3%) | (5.8%) |
| **Subtotal-OTPS** | **$53,464** | **$47,076** | **$45,158** | **$45,387** | **$45,327** | **(15.2%)** | **(4.0%)** |
| | | | | | | | |
| **Debt Service** | **$7,653** | **$8,177** | **$8,861** | **$9,488** | **$10,265** | **34.1%** | **7.6%** |
| | | | | | | | |
| **Expenditures Excluding Reserves Only** | **$116,154** | **$111,770** | **$112,889** | **$115,563** | **$118,797** | **2.4%** | **0.6%** |
| BSA and Discretionary Transfers | ($1,700) | ($3,779) | | | | | |
| Prior Year Payable Adjustment | (400) | | | | | | |
| General Reserve | 50 | 1,200 | 1,200 | 1,200 | 1,200 | | |
| Capital Stabilization Reserve | 0 | 250 | 250 | 250 | 250 | | |
| **Total Expenditures** | **$114,104** | **$109,441** | **$114,339** | **$117,013** | **$120,247** | **5.4%** | **1.3%** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Intra-City adjustments are reflected in each of their respective expense categories.

# Headcount

The January Plan, as shown in Table 30, projects total full-time authorized headcount of 300,839 for FY 2024, with the number of budgeted full-time employees declining by more than 2,300 positions each year in both FYs 2025 and 2026, to 298,113 and 295,735 respectively, and settling at 295,717 in FY 2028. The overall year-over-year decline is driven primarily by lower projections of full-time pedagogical and civilian employees. Pedagogical headcount is budgeted to decline by 2 percent to 127,658 by FY 2028, and civilian headcount is also budgeted to decrease by 2 percent to 107,212 by FY 2028. Uniformed full-time headcount is projected to decline by less than 1 percent over the plan period and is primarily driven by reductions in Department of Sanitation (DSNY) authorized headcount.

## Table 30. Total Funded Full-Time Year-End Headcount, January 2024 Financial Plan

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Percent Change FY 2024 – FY 2028 |
|---|---|---|---|---|---|---|
| **Pedagogical** | | | | | | |
| Dept. of Education | 126,077 | 125,188 | 123,369 | 123,369 | 123,369 | (2.1%) |
| City University | 4,289 | 4,289 | 4,289 | 4,289 | 4,289 | 0.0% |
| **Subtotal** | **130,366** | **129,477** | **127,658** | **127,658** | **127,658** | **(2.1%)** |
| | | | | | | |
| **Uniformed** | | | | | | |
| Police | 35,051 | 35,001 | 35,001 | 35,001 | 35,001 | (0.1%) |
| Fire | 10,952 | 10,952 | 10,952 | 10,952 | 10,952 | 0.0% |
| Correction | 7,060 | 7,060 | 7,060 | 7,060 | 7,060 | 0.0% |
| Sanitation | 7,978 | 7,832 | 7,834 | 7,834 | 7,834 | (1.8%) |
| **Subtotal** | **61,041** | **60,845** | **60,847** | **60,847** | **60,847** | **(0.3%)** |
| | | | | | | |
| **Civilian** | | | | | | |
| Dept. of Education | 12,587 | 12,828 | 12,281 | 12,281 | 12,281 | (2.4%) |
| City University | 1,735 | 1,735 | 1,735 | 1,735 | 1,735 | 0.0% |
| Police | 13,947 | 13,843 | 13,843 | 13,843 | 13,843 | (0.7%) |
| Fire | 6,230 | 6,032 | 6,032 | 6,032 | 6,032 | (3.2%) |
| Correction | 1,728 | 1,727 | 1,722 | 1,722 | 1,722 | (0.3%) |
| Sanitation | 1,743 | 1,627 | 1,627 | 1,627 | 1,627 | (6.7%) |
| Admin. for Children's Services | 7,080 | 7,025 | 7,024 | 7,024 | 7,024 | (0.8%) |
| Social Services | 12,127 | 11,998 | 11,983 | 11,983 | 11,983 | (1.2%) |
| Homeless Services | 1,920 | 1,905 | 1,887 | 1,887 | 1,887 | (1.7%) |
| Health and Mental Hygiene | 5,931 | 5,617 | 5,510 | 5,506 | 5,506 | (7.2%) |
| Finance | 1,932 | 1,932 | 1,932 | 1,932 | 1,932 | 0.0% |
| Transportation | 5,762 | 5,814 | 5,813 | 5,813 | 5,813 | 0.9% |
| Parks and Recreation | 4,510 | 4,101 | 4,186 | 4,186 | 4,186 | (7.2%) |
| All Other Civilians | 32,200 | 31,607 | 31,655 | 31,643 | 31,641 | (1.7%) |
| **Subtotal** | **109,432** | **107,791** | **107,230** | **107,214** | **107,212** | **(2.0%)** |
| | | | | | | |

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Percent Change FY 2024 – FY 2028 |
|---|---|---|---|---|---|---|
| **TOTAL** | **300,839** | **298,113** | **295,735** | **295,719** | **295,717** | **(1.7%)** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Compared with the November Financial Plan, total full-time headcount in FY 2024 rose by 323 positions, mostly as a result of new positions. These new needs included:

- 94 positions for the Department of Education related to the settlement of L.V. vs NYC DOE under which the court ordered that the DOE to more expeditiously implement special education hearing orders;
- 66 positions for FDNY for additional Ambulance Tours; and
- 54 positions for the Taxi & Limousine Commission for additional Inspectors.

OMB restored previous cuts of 190 positions in FDNY for Long Term Light Duty Staff and 80 positions in DSNY for litter basket service, accounting for less than 10 percent of total positions cut in the November Plan. (Notably, the restoration of this year's new class of NYPD officers does not impact headcount, as OMB did not reduce the authorized headcount when it made the cut in the November Plan.)

However, additional vacancy and hiring freeze reductions were included in this Plan, shown in Table 32. Headcount in the Department of Parks and Recreation was reduced by 375 full-time positions in FY 2025: 256 positions related to the hiring freeze and 119 positions due to the elimination of Parks programs created as part of PlaNYC, including swim safety and tree risk management programs. (While full-time headcount at the Parks department was reduced in the Plan, the restoration of a jobs training program administered with the Department of Social Services that was cut in the November PEG resulted in the restoration of 678 full-time equivalent positions in FY 2024.) The Department of Buildings, which held an almost 13 percent vacancy rate as of January 2024 against the November Headcount Plan, was reduced by 137 full-time positions in FY 2024 and 90 in FY 2025 and the outyears as part of a vacancy reduction. The agency now has an authorized full-time headcount of 1,647 as of the January Headcount Plan, and a vacancy rate of 6 percent.

Given the new PEG cuts, full-time headcount in FY 2025 and the outyears are comparatively lower than the November Plan, depicted in Table 31. As shown in Table 32 the cumulative impact of the two rounds of PEGs since adoption has resulted in the reduction of 2,385 full-time position in FY 2024 and 3,131 full-time positions in FY 2025.

## Table 31. Full-Time Headcount Changes, January 2024 Financial Plan vs. November 2023 Financial Plan

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|
| **Pedagogical** | | | | |
| Dept. of Education | 2 | 2 | 2 | 2 |
| City University | 0 | 0 | 0 | 0 |
| **Subtotal** | **2** | **2** | **2** | **2** |
| | | | | |
| **Uniformed** | | | | |
| Police | 0 | 0 | 0 | 0 |
| Fire | 190 | 190 | 190 | 190 |
| Correction | 0 | 0 | 0 | 0 |
| Sanitation | 0 | 80 | 80 | 80 |
| **Subtotal** | **190** | **270** | **270** | **270** |
| | | | | |
| **Civilian** | | | | |
| Dept. of Education | 92 | 92 | 92 | 92 |
| City University | 0 | 0 | 0 | 0 |
| Police | 3 | 0 | 0 | 0 |
| Fire | 66 | 0 | 0 | 0 |
| Correction | 0 | 0 | 0 | 0 |
| Sanitation | 0 | 0 | 0 | 0 |
| Admin. for Children's Services | 0 | (20) | (20) | (20) |
| Social Services | (11) | (11) | (11) | (11) |
| Homeless Services | 0 | 0 | 0 | 0 |
| Health and Mental Hygiene | (4) | (14) | (65) | (65) |
| Finance | 0 | 0 | 0 | 0 |
| Transportation | 0 | (24) | (28) | (28) |
| Parks and Recreation | 18 | (375) | (227) | (227) |
| All Other Civilians | (33) | (42) | (78) | (88) |
| **Subtotal** | **131** | **(394)** | **(337)** | **(347)** |
| | | | | |
| **TOTAL** | **323** | **(122)** | **(65)** | **(75)** |
| **PERCENT CHANGE** | **0.1%** | **(0.0%)** | **(0.0%)** | **(0.0%)** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

## Table 32. Cumulative PEG Impacts on Full-Time Headcount

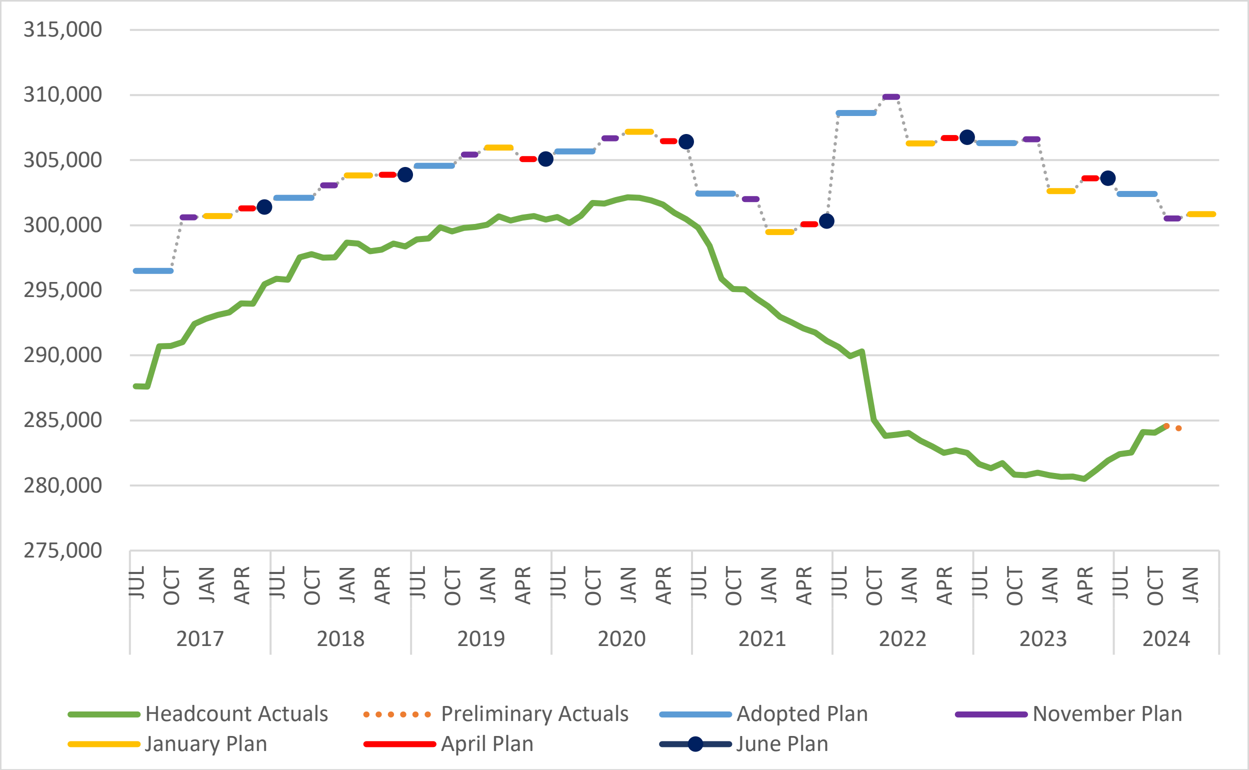
| | FY 2024 | | | | FY 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| Agency | Nov PEG Reduction | Jan PEG Restoration | Additional Jan PEG Reduction | Total Net Reduction | Nov PEG Reduction | Jan PEG Restoration | Additional Jan PEG Reduction | Total Net Reduction |
| Education | (680) | - | - | (680) | (432) | - | - | (432) |
| Police | (647) | - | - | (647) | (647) | - | - | (647) |
| Fire | (361) | 190 | - | (171) | (476) | 190 | - | (286) |
| Parks | (308) | - | - | (308) | (284) | - | (375) | (659) |
| Sanitation | (205) | - | - | (205) | (583) | 80 | - | (503) |
| Technology & Innovation | (107) | - | - | (107) | (154) | - | - | (154) |
| Buildings | (62) | - | (137) | (199) | (117) | - | (90) | (207) |
| Other Agencies | (26) | - | (42) | (68) | (180) | - | (63) | (243) |
| **Total** | **(2,396)** | **190** | **(179)** | **(2,385)** | **(2,873)** | **270** | **(528)** | **(3,131)** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In terms of actual full-time headcount, following an uptick in the number of full-time employees over the spring and summer (growing from 280,502 in April 2023 to 284,569 in November 2023), growth in the City's full-time workforce has slowed and is currently trending downwards slightly as of January 2024 (284,330 positions), likely the result of the hiring freezes announced in late September.

Despite the reduction in budgeted headcount taken as part of the PEG, the City's vacancy rate remains high by historical standards at 5.5 percent as of January's preliminary data. As Chart 20 shows, the City's workforce is still well below authorized hiring levels. Due to the current hiring freeze, the lower-than-budgeted headcount is expected to persist for the remainder of FY 2024 and into FY 2025. Based on the current vacancy rate, the Comptroller's Office projects that full-time salaries total about $700 million less than budgeted by the City in FY 2024 and about $150 million in FY 2025, including fringe costs.

## Chart 20. Full-Time Headcount, Actual vs Plan, FY 2017 – FY 2024




Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Plan values are assigned to specific months - July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment is preliminary for December and January FY 2024; they are derived from initial payroll results and have not yet published by OMB.

# Overtime

The FY 2025 Preliminary Budget and January Plan includes $1.53 billion for overtime expenditures, 22 percent lower than the $1.96 billion currently budgeted for FY 2024. Based on the current overtime spending trend, both FY 2024 and FY 2025 overtime costs will likely exceed the Plan's budget. As shown in Table 33, the Comptroller's Office expects overtime expenditures to exceed the Plan projections by $512 million in FY 2024 and $737 million in FY 2025.

## Table 33. Projected Overtime Spending, FY 2024 and FY 2025

| ($ in millions) | FY 2024 Adopted Budget | FY 2024 January Plan Overtime | FY 2024 Comptroller's Projection | FY 2024 Additional Funding Required | FY 2025 Preliminary Budget Overtime | FY 2025 Comptroller's Projection | FY 2025 Additional Funding Required |
|---|---|---|---|---|---|---|---|
| **Uniformed** | | | | | | | |
| Police | $437 | $676 | $925 | ($249) | $477 | $950 | ($473) |
| Fire | 251 | 419 | 419 | 0 | 382 | 382 | (0) |
| Correction | 126 | 217 | 250 | (33) | 128 | 200 | (72) |
| Sanitation | 136 | 141 | 141 | 0 | 111 | 111 | 0 |
| **Total Uniformed** | **$950** | **$1,453** | **$1,735** | **($282)** | **$1,098** | **$1,643** | **($545)** |
| **Civilian** | | | | | | | |
| Police-Civilian | $80 | $113 | $125 | ($12) | $86 | $100 | ($14) |
| Social Services | 25 | 25 | 110 | (85) | 42 | 75 | (33) |
| All Other Agencies | 293 | 367 | 500 | (133) | 305 | 450 | (145) |
| **Total Civilians** | **$398** | **$505** | **$735** | **($230)** | **$433** | **$625** | **($192)** |
| | | | | | | | |
| **Total City** | **$1,348** | **$1,958** | **$2,470** | **($512)** | **$1,531** | **$2,268** | **($737)** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

The City's projection of overtime expenditures for FY 2024 increased by $445 million since the November Plan, for a total increase of $611 million since the FY 2024 budget adoption, reflecting year-to-date spending adjustments and collective bargaining increases. Most of the increase since adoption, $601 million, resulted from upward revisions to the overtime budget for uniformed agencies, including $503 million budgeted for uniformed overtime spending. This includes a net increase of $239 million for uniformed overtime at NYPD, $168 million for uniformed overtime at FDNY, $91 million for uniformed overtime at DOC, and $5 million for uniformed overtime at DSNY. Civilian overtime spending projections were increased by $98 million for employees at NYPD, FDNY, and DOC.

Uniformed overtime usage at NYPD and DOC continues to be higher than expected. NYPD's uniformed overtime cost has increased on average by 3.6 percent annually from $590 million in FY 2018 to $703 million in FY 2023.[21] For FY 2024, the City has spent $461 million through December on NYPD's uniformed overtime, $109 million more than spent for the same period in FY 2023, and is on target to spend about $925 million for the year. Uniformed overtime costs at the NYPD will be further strained by the City's proposal to cancel four incoming NYPD classes in FY 2025. (This is down from the plan to cancel five classes in November, including one class that

[21] The FY 2023 cost excludes $1,118 million, of which $62 million was reimbursed by the State, in overtime spending for the Subway Safety Program implemented that fiscal year.

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was planned for the end of this fiscal year which was restored in the January Plan.) The Comptroller's Office projects uniformed overtime to total $950 million next year, $473 million more than currently budgeted for FY 2025, as shown in Table 33. As the City begins to hire new NYPD officers in FY 2026, NYPD uniformed overtime cost is expected to decline to $900 million in FY 2026, $850 million in FY 2027, and $800 million in FY 2028. Based on current budgeted amounts however, the Comptroller's Offices estimates that an additional $412 million will be required in FY 2026 to fully fund these costs, and about $350 million in each of FYs 2027 and 2028.

DOC's uniformed overtime cost has increased on average by 6.4 percent annually from $198 million in FY 2018 to $270 million in FY 2023. For FY 2024, the department has spent an average of $20 million monthly for uniformed overtime through December, slightly lower than an average of $22 million spent over the same period in FY 2023. The Comptroller's Office projects uniformed overtime spending of $250 million for FY 2024, which is $33 million more than currently budgeted. DOC's challenges in hiring uniformed staff exert upward pressure on the use of overtime. If the agency is successful in increasing uniformed headcount levels, overtime cost will be lower for FY 2025. The Comptroller's Office is projecting uniformed overtime cost of $200 million annually for FYs 2025 through 2028 at DOC, $72 million more than currently budgeted in each year.

The City spent $750 million for civilian overtime in FY 2023, 15 percent higher than the civilian overtime cost for FY 2022. Lower headcount levels at most City agencies have resulted in increased spending for civilian overtime over the last two fiscal years. Despite the current hiring freeze, primarily for civilians, several agencies were able to increase headcount levels towards the end of FY 2023 and early FY 2024, resulting in a vacancy rate of 5.5 percent currently, compared to about 8 percent in October 2022. The Comptroller's Office projects civilian overtime to decline to $735 million for FY 2024 and $625 million for FY 2025.

## Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancy rates in particular areas or titles. Since FY 2019, agencies have consistently spent upwards of $1 billion on these services. The Preliminary Plan increased funding for these services in FY 2024 by $51 million from $1.12 billion in the November Plan to $1.17 billion all funds, a $271 million increase since adoption. As of January 2024, the City has committed to spend $1.0 billion, a decrease of $87.3 million or 8.0 percent compared to the same time period last fiscal year (some but not all of these categories of spending are included in the City's PEG OTPS freeze). Funding for these services falls sharply to $732 million in FY 2025, and then slowly ramps down to $702 million in FY 2028.

Historically, the City conservatively budgets these expenses in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in FY 2025, which could require additional City funds of $200 million in the FY 2025 budget, by the Comptroller's Office's re-estimate. The City may reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

## Health Insurance

The FY 2025 Preliminary Budget projects employees' and retirees' pay-as-you-go health insurance costs of $8.99 billion for FY 2025. This projection is approximately $1 billion higher than the budgeted cost of $7.99 billion for FY 2024. The FY 2024 budgeted cost reflects a FY 2023 prepayment of $500 million for FY 2024 retiree health insurance. After adjusting for this action, the FY 2024 health insurance cost is expected to be $8.49 billion; FY 2025 health insurance costs are 6 percent or $500 million higher than the adjusted FY 2024 costs.

Health insurance costs are then projected to increase at an annual rate of 4.8 percent annually to $9.54 billion in FY 2026, to $9.94 billion in FY 2027, and to $10.35 billion in FY 2028 as shown in Table 34. The projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 5.75 percent in FY 2025, 5.5 percent in FY 2026 and 5.25 percent in FY 2027, and 5 percent in FY 2028. Premium rates for senior care health insurance are projected to increase by 4.7 percent in FY 2025 and in FY 2026 and by 4.6 percent in FY 2027 and in FY 2028.[22]

### Table 34.Projected Pay-As-You-Go Health Expenditures

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| Department of Education | $2,898 | $3,130 | $3,390 | $3,478 | $3,514 |
| CUNY | 126 | 139 | 139 | 148 | 152 |
| All Other | 4,963 | 5,720 | 6,014 | 6,312 | 6,688 |
| Sub-total | 7,988 | 8,989 | 9,544 | 9,938 | 10,354 |
| FY 2024 Retiree Health Prepayment | 500 | | | | |
| **PAYGO Health Insurance Costs** | **$8,488** | **$8,989** | **$9,544** | **$9,938** | **$10,354** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: All Other includes all active employees as well as retirees. FY 2024 is adjusted for FY 2023 prepayments

As mentioned in the Comptroller's Office report, The State of the City's Economy and Finances, the assumed increases for FYs 2025 through 2028 premium rates for active employees and pre-Medicare retirees are lower than the assumed increases to the rates used in calculating the City's Other Postemployment Benefits Valuation (OPEB) liability as of June 30, 2023. The OPEB calculation

[22] The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

assumes increases to the premium rates of 7.0 percent in FY 2025, 6.75 percent in FY 2026, 6.5 percent in FY 2027, and 6.25 percent in FY 2028. The City is currently reviewing responses to a Negotiated Acquisition request released in the Fall of 2022 to provide health services for active employees and pre-Medicare retirees. This poses a level of uncertainty in projecting the assumed rates of increases to health insurance premiums at this time since the City expects to negotiate more favorable health insurance costs with the health care provider chosen.

The current projections of health insurance costs reflect $1.3 billion in annual savings from the 2014 Health Savings Agreement and $600 million annually from the 2018 Health Savings Agreement. However, despite these savings, health insurance expenditures increased from $5.32 billion in FY 2014 to $8.46 billion in FY 2023, driven mainly by premium rate increases. As shown in Table 35, FY 2024 monthly health insurance premium rates for active employees and pre-Medicare retirees are projected to be just over 27 percent higher than the rates in FY 2019. The monthly Senior Care rate, on the other hand, remained somewhat stable and is projected to be 6.2 percent higher in FY 2024 when compared to the rate in FY 2019.

## Table 35. Monthly Health Insurance Premiums

| | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024* | Change FY 2019-FY 2024 |
|---|---|---|---|---|---|---|---|
| Individual | $727.97 | $753.40 | $776.01 | $819.68 | $871.42 | $927.10 | 27.4% |
| Family | $1,783.60 | $1,845.83 | $1,901.23 | $2,008.22 | $2,134.99 | $2,271.42 | 27.4% |
| Senior Care | $187.24 | $185.90 | $191.63 | $192.08 | $192.11 | $198.80 | 6.2% |

Sources: The City of New York, Annual Comprehensive Financial Reports of the Comptroller for Fiscal Years 2019 – 2023, Mayor's Office of Management and Budget

Note: *FY 2024 is projected.

## Medicare Advantage

The City's plan to switch to a Medicare Advantage Plan for retirees has stalled. In 2021, the City and the Municipal Labor Committee agreed to the implementation of a Medicare Advantage Plan that would result in lower health care costs of $600 million annually. The annual savings were then to be deposited into the Health Insurance Stabilization Fund (HISF). The HISF was created in the mid-1980's to pay the difference between the health insurance premiums of the City's two health insurance options at the time, GHI and HIP, essentially protecting employees and retirees from paying more to be covered by GHI. Currently, the City contributes $35 million to the fund annually. For several fiscal years, the GHI premium was lower than the HIP premium, leading to a higher than anticipated balance in the fund. The decision on how to use these funds is made jointly by the City's Office of Labor Relations and the Municipal Labor Committee (MLC), which represents the City's unions. Over time, the City and unions were able to draw from the fund balance to offset wage increases (as transfers to the City) and other benefits for employees (through transfers to the unions' welfare funds). In more recent years, however, GHI health insurance premiums have been about equal or higher than HIP premiums. This has led to a reduction in the balance of the fund.

The switch to a Medicare Advantage Plan was proposed to create a funding source for the HISF; however, it was challenged in court by retirees claiming that the plan would not offer the same quality of benefits to members. In August, the New York State Supreme Court issued a permanent injunction against the implementation of the Plan. The City then filed an appeal against the permanent injunction and is awaiting a decision by the Appellate Division of the State Supreme Court.

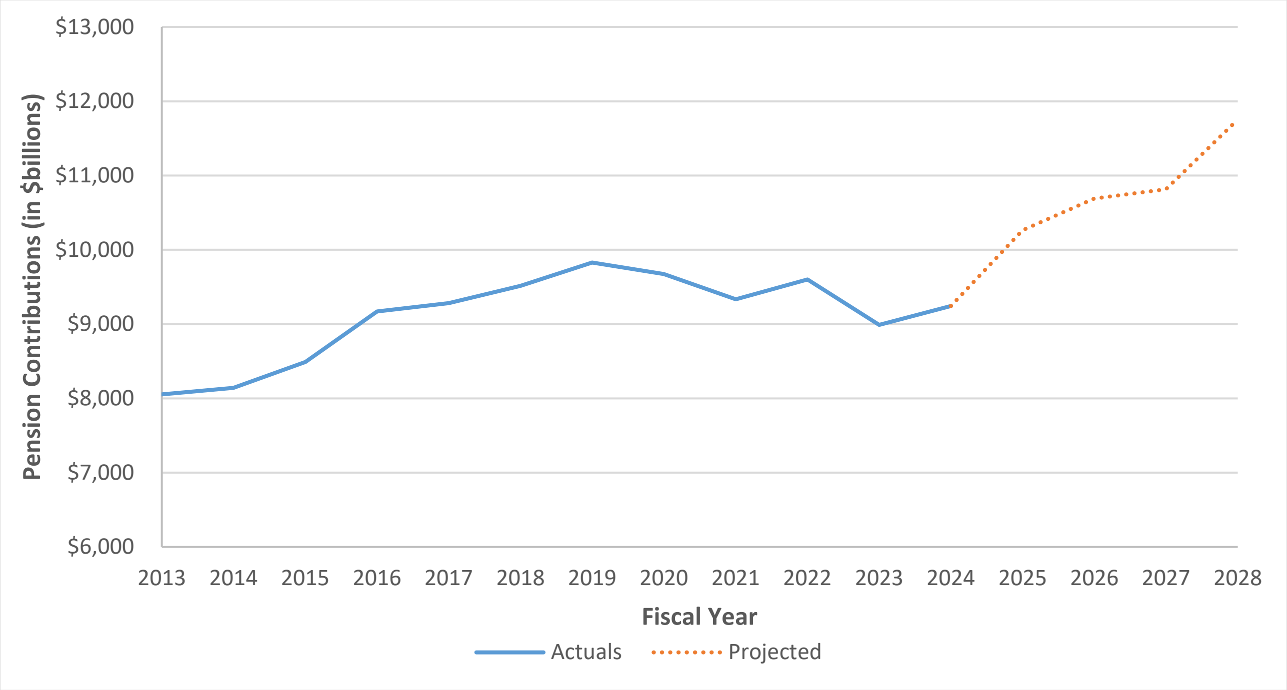
The delay in implementation of the Medicare Advantage Plan has thus delayed the deposits into the HISF, and in effect to the City and to the unions' welfare funds. As of January 31, the balance of the HISF was $899 million in total, including $69 million in the fund's short-term reserves. This is down from $1.33 billion at the end of FY 2020, of which $714 million was in the short-term reserves. The HISF consists of the long-term reserve and the short-term reserve. The long-term funds are reserved to cover outstanding contractual obligations. Because of the low balance of the short-term fund, the City and the Municipal Labor Committee agreed, beginning in FY 2023, to forgo its payments of $112 million to the City, as well as $79 million budgeted to go to the union welfare funds. However, the January Financial Plan still reflects the payment to the City. As such, and as previously described, the Comptroller's Office increased City-funded healthcare costs by $112 million in FY 2024 to reflect that this offset is not likely to be received this fiscal year.

## Pensions

The FY 2025 Preliminary Budget includes $10.27 billion for pension expenditures, a net increase of $1.02 billion from the FY 2024 estimate of $9.24 billion. Pension contributions are then projected to increase at an average annual rate of 4.6 percent to $10.69 billion in FY 2026, $10.81 billion in FY 2027, and $11.75 billion in FY 2028. The increase to the projections mainly reflects the impact of the additional cost resulting from recent collective bargaining agreements and the loss to the systems due to the FY 2022 combined investment loss of 8.65 percent on market value. (Investment gains or losses above or below the actuarial interest rate assumption or AIRA of 7 percent will decrease or increase pension expenditures by similar amounts beginning the second fiscal year following the given fiscal year returns.) As a result, contributions were increased by $861 million in FY 2024, $1.97 billion in FY 2025, $3.02 billion in FY 2026, $3.99 billion in FY 2027, and $4.91 billion in FY 2028. For FY 2023, however, the systems experienced a combined *investment gain* of 7.98 percent on market value, offsetting contributions somewhat by $49 million in FY 2025, $109 million in FY 2026, $166 million in FY 2027, and $220 million in FY 2028.

Since FY 2013, pension investments realized average returns of approximately 8 percent annually. Pension costs, however, increased steadily between FY 2013 and FY 2019 from $8.05 billion to $9.83 billion after incorporating the costs associated with labor contracts and the updating of underlying assumptions used in the calculations of pension expenditures. (See Chart 21.) Revaluing the pension systems' assets to reflect the market value as of June 30, 2019 helped reverse that trend with pension expenditures declining to $9.33 billion in FY 2021. FY 2021 combined investment gains of 25.8 percent partially offset contributions for FY 2023 with annual cost declining to $8.99 billion. After increasing just slightly in FY 2024, pensions expenditures are trending upward in FYs 2025 through FY 2028 reflecting the impact of the FY 2022 investment loss (offset somewhat by the FY 2023 gains) and the costs associated with recent labor contracts.

## Chart 21. Pension Contributions FY 2013 – FY 2028




Source: Annual Comprehensive Financial Report of the Comptroller and Mayor's Office of Management and Budget

Compared to the November Plan, projections for pension expenditures declined in FY 2024 by $274 million and increased $6 million in FY 2025 and $27 million annually in FYs 2026 and 2027. Previously, the City included in its budget $279 million annually to fund any additional costs that may arise from changes to the underlying assumptions used to calculate annual pension contributions. Pursuant to Chapter 96 of the New York City Charter, the Comptroller's Office has engaged Milliman, Inc., to conduct two consecutive biennial actuarial audits of the pension systems. Milliman is currently working on this project and is expected to release final reports in early Spring. Since it is unlikely that recommendations for changes that may result in additional costs will be implemented this fiscal year, the City has removed that funding from the FY 2024 budget. Offsetting this action was additional funding of about $6 million reserved in FY 2024 to fund various pension bills recently enacted. This funding was also reserved in each of FYs 2025 through 2028 in addition to approximately $21 million in each of FYs 2026 through 2028 to fund automatic enrollment of members to the Board of Education Retirement System (BERS). This bill provides for automatic enrollment into BERS for eligible existing and incoming members with the choice to opt-out within 90 days.

## Department of Education

The January Plan reflects a net increase of $213 million in the Department of Education (DOE) budget for the current year. For FY 2024, the DOE budget now totals $32.49 billion net of intra-city funds, an increase of $1.07 billion from actual FY 2023 spending of $31.42 billion, as shown in Table 36. Compared to the November Plan, the increased funding in the current year includes $87 million for contracted nurses, $68 million for collective bargaining transfers, $22 million for school cleaning costs and $25 million for additional personnel to comply with a recent court order stemming from the L.V. vs NYC DOE lawsuit. As a result of the case ruling, a total of 94 positions (mainly comprising of community coordinators, education analysts and other administrative personnel) would be added to help improve the management of the Department's special education administrative orders.

### Table 36. Department of Education Funding Detail-January 2024 Plan

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **Total DOE Funding*** | **$32,488.2** | **$31,463.4** | **$32,686.5** | **$33,722.0** | **$34,457.9** |
| | | | | | |
| City Funds | $14,821.5 | $16,063.8 | $17,387.0 | $18,422.5 | $19,158.3 |
| State Funds | 13,119.4 | 13,046.8 | 13,046.8 | 13,046.8 | 13,046.8 |
| Federal Funds | 4,335.1 | 2,193.4 | 2,093.4 | 2,093.4 | 2,093.4 |
| Other Categorical | 212.1 | 159.4 | 159.4 | 159.4 | 159.4 |
| | | | | | |
| **January Plan Changes** | **$213.0** | **$407.8** | **$607.8** | **$981.5** | **$1,378.8** |
| **Year-to-Year Changes** | | **($1,024.8)** | **$1,223.1** | **$1,035.5** | **$735.9** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget
Note: *Net of intra-city funds.

For FY 2025, funding for DOE has risen by $408 million exclusively in City funds. The Preliminary Budget addresses several major needs in areas that had been traditionally underfunded beyond the current year. The largest among these is charter school tuition, for which the City had anticipated shortfalls beginning in FY 2025 that would grow significantly through the latter years of the Plan due to lack of dedicated State funding for the program. The January Modification has provided additional charter schools funding of $33 million in FY 2025, $213 million in FY 2026, $443 million in FY 2027, and $729 million in FY 2028. The Plan also provides a significant boost to the Department's pupil transportation budget, raising funding by $265 million to $536 million annually in FY 2025 through FY 2028. In addition, the City has also reallocated resources within the DOE budget that raises funding for Carter Cases by $200 million in FY 2025, $330 million in FY 2026 and $400 million yearly in FY 2027 and FY 2028. The sources include funding previously allocated for special education school district spending, special education contract school payments, and fringe benefits. Moreover, the January Plan also includes funding for another year of Summer Rising at $80 million in FY 2025 only.

Rounding out the remainder of the January Plan changes are extensions of LV Order expenditures at $32 million annually and collective bargaining transfers ranging between $99 million and $192 million each year. The Plan also includes additional PEG savings of up to $111 million yearly from early childhood efficiencies ($50 million) and OTPS efficiencies ($52 million to $61 million each year). Combined with the November Plan savings, the DOE would face PEG actions totaling over $700 million in each of FY 2025 through FY 2028.

The Preliminary Budget also does not capture education aid increases from the State Executive Budget, which coincided with the release of the City's Financial Plan. Compared with City estimates, the proposed State budget would provide about $298 million more in formula-based school aids in FY 2025. Foundation Aid, the largest component of school aids, would come in $253 million higher than budgeted in the January Financial Plan. However, as noted previously in the State Executive Budget section, the City would likely have received an additional $130 million more in Foundation Aid in FY 2025 were it not for a proposed change in the inflation formula. In other aids, total building aid is proposed at more than $100 million above the City's assumption, partly offset by a net decline from remaining aids mainly attributable to lower-than-expected transportation aid.

While the January Plan funding increases have reduced the level of risks in the DOE budget, significant risks, including the impact of unfunded mandates and underbudgeting remain, especially towards the latter part of the Plan. As shown in Table 37, the Comptroller's Office's estimates that the additional City funds required for the DOE budget total $60 million in the current year and $887 million in FY 2025, before expanding to a range of $1.30 billion in FY 2026 to $2.17 billion in FY 2028. For Carter Cases, the January Plan has established a baseline of $1.19 billion in the current year, which in comparison would leave outyear funding levels short by $540 million in FY 2025, $410 million in FY 2026, and $340 million annually in FY 2027 and FY 2028. The Department has also overestimated Medicaid reimbursement for special education related services, mainly for speech and occupational/physical therapy, that will likely result in annual need of $60 million in FY 2024 – FY 2028.

## Table 37. Projected Education-Related Risks in the January 2024 Financial Plan

$ in millions (Negative numbers indicate risks to the Financial Plan and increase the gap)

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| Carter Cases | $0 | ($540) | ($410) | ($340) | ($340) |
| Class Size Reduction Mandate | 0 | 0 | (467) | (933) | (1,400) |
| DOE Medicaid Revenue | (60) | (60) | (60) | (60) | (60) |
| Summer Rising | 0 | 0 | (80) | (80) | (80) |
| DOE Contracted Nursing | 0 | (87) | (87) | (87) | (87) |
| Other Stimulus-funded Programs | 0 | (200) | (200) | (200) | (200) |
| **Total Education-Related Risks** | **($60)** | **($887)** | **($1,304)** | **($1,700)** | **($2,167)** |

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding.

Further, while the City is not required to continue programmatic spending supported by Federal ARP education grants beyond the current year, it is likely that some initiatives will remain in place in some form, at least over the near term, even with the expiration of Federal stimulus funds. Chief among these are $80 million annually for the continuation of Summer Rising beginning in FY 2026 and $87 million for school nursing each year starting in FY 2025. Moreover, the City may need to provide up to $200 million annually for ongoing support of a mix of other initiatives currently funded by these grants, which could include 3K expansion and various special education, mental health and community school programs unless these initiatives can be abruptly curtailed.

Lastly, the January Plan does not include funding for the State's class size reduction mandate. The law requires the City to phase in smaller class size caps over a five-year period and achieve full compliance by September 2028. Based on the latest DOE estimates, the new mandate could lead to phase-in costs of $467 million in FY 2026 and $933 million in FY 2027 before reaching at least $1.4 billion and up to $1.9 billion annually by FY 2028 upon full implementation.

# City Services for People Seeking Asylum

As of February 18th, more than 178,600 asylum seekers have gone through the New York City emergency shelter system, with 65,000 currently in shelter. The City initially responded with emergency shelters provided through the Department of Homeless Services (DHS) and then, beginning in October 2022, added NYC Health and Hospitals (H+H) Humanitarian Emergency Response and Relief Centers (HERRCs). Over time, other City agencies – including NYC Housing Preservation and Development (HPD), NYC Emergency Management (NYCEM) and the Department of Youth and Community Development (DYCD) – began providing shelter. As of February 18th, 2024, the City has opened 216 emergency shelters for asylum seekers across these agencies, an increase of 120 shelters, compared to February 15th, 2023. For additional updates, visit the Comptroller's resource hub Accounting for Asylum Seekers.

## Budget Impacts Included in the January Financial Plan

The January 2024 Financial Plan allocates $4.2 billion in FY 2024 and $4.9 billion in FY 2025 for asylum support services. FY 2026 and FY 2027 (previously funded with lower "placeholder" amounts) were increased by $500 million each year to $2.5 billion and $1.5 billion, respectively. The Plan currently has no funding allocated in FY 2028. Overall, the January 2024 Financial Plan's asylum seekers-related budget is $730 million lower than the November Plan.

## Table 38. Asylum Seeker Funding, January 2024 Financial Plan

| ($ in millions) | FY 2023 Actuals | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Total |
|---|---|---|---|---|---|---|---|
| **City** | $1,036 | $2,302 | $3,561 | $2,500 | $1,500 | $- | $10,899 |
| **State** | 438 | 1,761 | 1,312 | | | - | 3,511 |
| **Federal** | | 156 | | | | - | 156 |
| **Total** | **$1,474** | **$4,219** | **$4,873** | **$2,500** | **$1,500** | $- | **$14,566** |

Source: New York City Office of Management and Budget

Total funding in FY 2024 decreased by $501 million (City funding was reduced from $3.56 billion to $2.3 billion, State funding increased from $1.0 billion to $1.76 billion, and Federal funding increased from $145 million to $156 million). Total funding in FY 2025 decreased by $1.23 billion (City funding fell from $5.54 billion to $3.56 billion and State increased by $750 million, from $562 million to $1.3 billion). As discussed below, most of the January Plan reductions occurred in H+H's budget: $445 million of the $501 million reduction (89 percent) in FY 2024 and $1 billion of the $1.23 billion reduction (82 percent) in FY 2025.

*STATE AID*

As described earlier, the FY 2025 New York State Executive Budget proposes an additional $2.4 billion in funding to support the asylum seeker response – bringing the total to be paid over State Fiscal Years 2023 – 2026 to $4.3 billion, of which approximately $3.4 billion would flow directly through the City's budget. This amount is $112 million less than the January 2024 Financial Plan's estimated State aid, which the Comptroller's Office includes as a risk for FY 2025.

## Table 39. Comparison of the January Plan vs Comptroller's Projection of State Aid for Asylum Seekers

| State Executive Budget | | | | | |
|---|---|---|---|---|---|
| | CFY 2023 | CFY 2024 | CFY 2025 | CFY 2023 to CFY 2025 | SFY 2023 – SFY 2026 |
| **City Preliminary Plan State Estimate** | $438 | $1,761 | $1,312 | **$3,511** | **$3,399** |
| **City Preliminary Plan Total Estimate** | $1,474 | $4,219 | $4,873 | **$10,566** | **$10,566** |
| **State as Percent of Total** | 29.70% | 41.70% | 26.90% | **33.20%** | **32.20%** |

Source: NYS Division of Budget, Mayor's Office of Management and Budget, Office of the New York City Comptroller

### *FEDERAL AID*

The January Plan includes $156 million in Federal Emergency Management Administration (FEMA) funding in FY 2024 – $10.5 million more than in the November Plan. Of this budgeted amount, $48.9 million is from the Emergency Food and Shelter Program (EFSP), and $106.9 million from the Shelter and Services Program (SSP). To date, the City has received only the $48.9 million in EFSP funding.

The SSP program has stringent reimbursement requirements, including that the eligible municipality provide identification data (e.g., Alien Registration Numbers, names, dates of birth, etc.) and limit services to within 45 days following release from U.S. Department of Homeland Security. Additionally, hotel and motel costs cannot exceed five percent of overall reimbursement requests, with shelter per diems capped at $12.50. NYC OMB requested that FEMA waive or relax these requirements in July 2023. Subsequently, the Comptroller's Office, together with Chicago's Budget Director, also urged flexibility.[23] [24] No action has been taken by the Federal government to date and, without changes, it is uncertain whether the City will receive the SSP funds. Therefore, the Comptroller is including $106.9 million of funding from this program as a risk which City funds may need to cover.

### *CITY FUNDING*

Compared to the November Plan, the City-funded portion of the budget decreased by $2.24 billion in the Plan period, with significant decreases of $1.27 billion in FY 2024, $1.98 billion in FY 2025, and additions of $500 million in each FY 2026 and FY 2027. The City funds reduction was due to the increase in State funding anticipated in this Plan and overall decreases in the estimate of asylum

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[23] https://comptroller.nyc.gov/newsroom/chief-fiscal-officers-of-major-u-s-cities-urge-dhs-flexibility-in-federal-funding-for-asylum-seekers/

[24] In previous application letters for ESFP-H funding, including a letter dated March 29, 2023, OMB requested waivers for requirements relating to identification information.

seeker spending. City funds now total $9.9 billion over the Financial Plan ($10.9 billion when including FY 2023 actual spending).

*AGENCY BUDGETS*

## Table 40. Asylum Seeker Budget by Agency

| Agency | FY 2023 Final | FY 2024 Preliminary | FY 2025 Preliminary | FY 2026 Preliminary | FY 2027 Preliminary |
|---|---|---|---|---|---|
| **$ in millions** | **Actuals** | **Forecast** | | | |
| **H+H** | $469 | $1,729 | $1,816 | $0 | $0 |
| **DHS** | 764 | 1,362 | 1,784 | 2,500 | 1,500 |
| **HPD** | 33 | 432 | 572 | 0 | 0 |
| **DCAS** | 38 | 380 | 403 | 0 | 0 |
| **NYCEM** | 89 | 160 | 141 | 0 | 0 |
| **DOITT** | 31 | 81 | 90 | 0 | 0 |
| **DSS** | 15 | 29 | 33 | 0 | 0 |
| **All Other** | 33 | 64 | 34 | 0 | 0 |
| **Total** | **$1,474** | **$4,237** | **$4,873** | **$2,500** | **$1,500** |

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

Asylum seeker costs are concentrated within three agencies, H+H, DHS, and HPD, with 85 percent of funds from FY 2023 through FY 2025 flowing through their budgets. As of February 18th, 2024, more than 97 percent of asylum seekers were in shelters managed by these agencies.

*ACTUAL EXPENDITURES*

Through the first seven months of the fiscal year, the City has spent $1.37 billion on asylum related items out of $2.01 billion committed over the same period.

In monthly reports to the City Council, the Administration indicated spending $1.97 billion from July through December.[25] This amount is not in the City's Financial Management System and cannot be verified.

[25] Asylum-Seekers-Report-December-2023.pdf (nyc.gov)

## Overview of Financial Plan Changes

Compared to the June 2023 Financial Plan, the total amount budgeted for asylum seekers increased by nearly $10 billion in the November Plan, and then fell by $730 million in the January Plan. The significant jump from June to November was announced in August, following a period of high growth of asylum seekers in City-funded shelter over the summer. Subsequently, the Administration implemented new policies to time limit shelter stays for certain groups of asylum seekers. Since then, the census growth has slowed; the Administration reduced its budgeted amounts in the January Plan and more recently, announced an additional 10 percent reduction for the yet-to-be released Executive Budget.

### Table 41. Budgeted Amounts by Financial Plan (All Funds)

| Plans ($ in millions) | FY 2023 (Actuals for November and January Plans) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Total |
|---|---|---|---|---|---|---|---|
| Adopted 2023 | $1,454 | $2,905 | $1,003 | $0 | $0 | $0 | **$5,362** |
| November 2023 | $1,474 | $4,720 | $6,102 | $2,000 | $1,000 | $0 | **$15,296** |
| January 2024 | $1,474 | $4,219 | $4,873 | $2,500 | $1,500 | $0 | **$14,566** |

Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

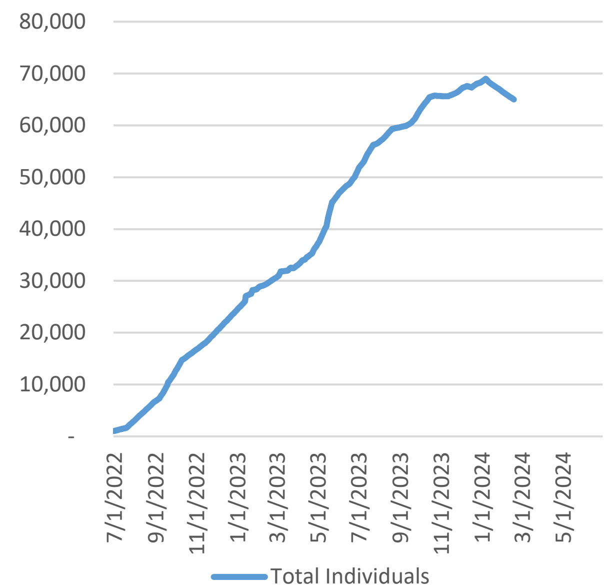
As discussed earlier, PEG savings for asylum seeker programs total $501 million in FY 2024, and $1.23 billion in FY 2025.[26] OMB provided two underlying rationales for reducing the asylum related budget: 1) a slower pace of growth in the census compared to previous periods and anticipated slower growth for the future and, 2) planned cost reduction measures undertaken by the Administration.

## Population: Trends and Projections

Chart 22 shows the total number of individuals (as opposed to households) in City- funded shelters since July 1, 2022. Following a period of particularly steep growth in May and June 2023, the Administration began issuing leave notices to individual asylum seekers without children staying in City shelters in July. Initially, the notices required asylum seekers in non-DHS shelters to leave after 60 days; in September, this was reduced to 30 days. This policy was further expanded to emergency shelters managed by DHS in November.

[26] Included in these savings are a 10 percent savings offset, as a loss factor for the reduction given uncertainty with cost savings and census trends.

## Chart 22. Individuals in Asylum Seeker Shelter




Source: Office of the New York City Comptroller

In October, 60-day time limits were announced for families with children in non-DHS shelters. These notices began maturing on January 9th with families forced to vacate their rooms and leave or reapply for shelter. Asylum seekers can reapply for shelter but must begin the process again, with no guarantee of an immediate placement.

After the implementation of the Administration's 60- and 30-day leave notices, the rate of increase in the population slowed to 71 individuals per day (from September 1 – December 31), compared to 185 individuals per day over the prior 120-day period. In January 2024, the census began to drop for the first time since July 2022. As of February 18th, the number of asylum seekers was 65,000, a decrease of 4,000 from the peak of 69,000 on January 7th, 2024. Note, however, that these numbers do not include asylum seekers who are awaiting placement, sometimes for days, and who can number in the thousands.[27]

*SHELTER ENTRIES AND EXITS*

The number of asylum seekers staying in City-funded shelters is driven by the number of asylum seekers coming to NYC who request shelter (and more recently, the number who reapply after their term limits expire) and the number that leave shelter on any given day and do not return.[28] The City does not control the number of asylum seekers coming to NYC, but its policies have begun to impact how long they stay and how many households leave, and may also deter them from entering or re-entering shelter. Other policies beyond the time limits that may deter asylum seekers from entering or remaining in shelter include curfews, congregate tents in remote locations, and extended waiting periods to receive a placement.[29]

As shown in Chart 23, the number of shelter entries has usually been greater than the number of exits, particularly in the period up until mid-November. Since then, they have been tracking more closely, with exits outpacing entrances in recent weeks. Both entries and exits show a steep decline

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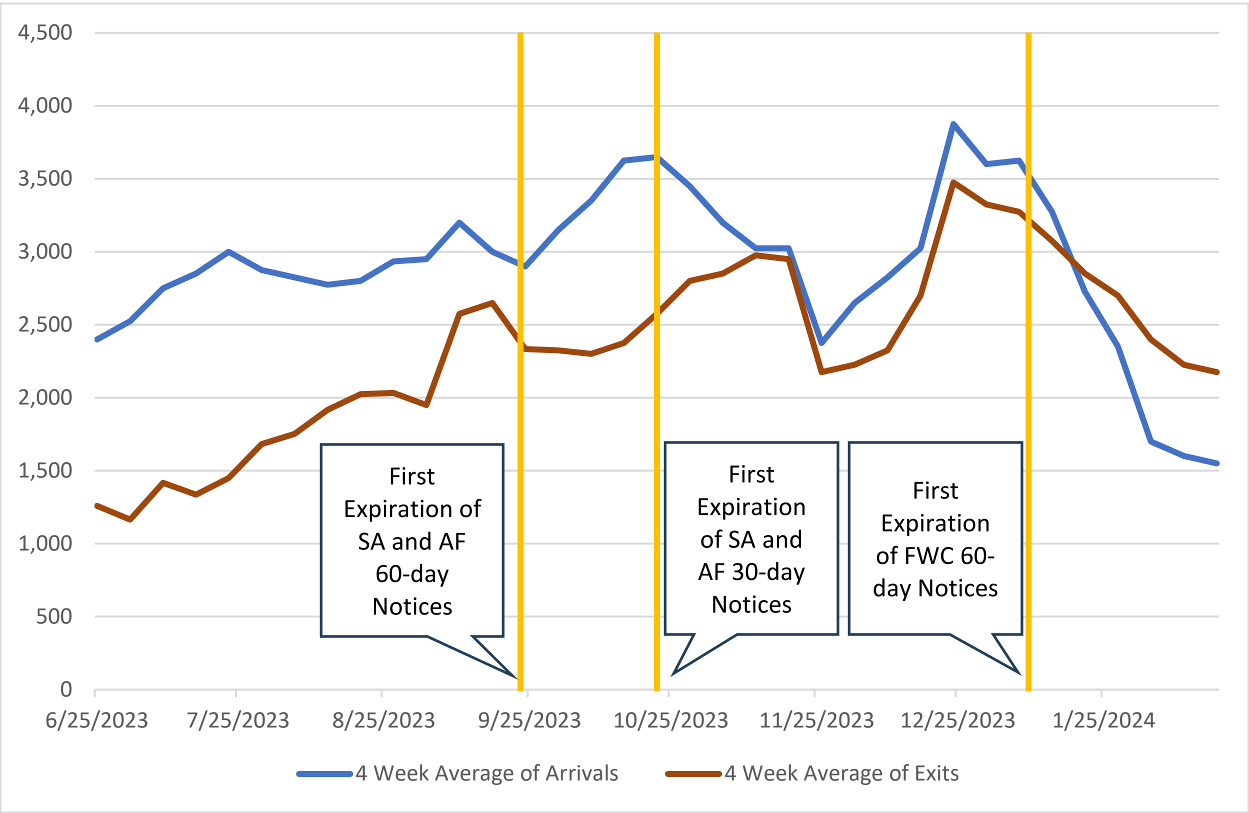
[27] https://www.msn.com/en-us/news/us/thousands-of-asylum-seekers-wait-in-lines-to-be-placed-back-into-new-york-city-shelters/ar-AA1mxdmn; The Line at St. Brigid Where NYC Migrants Must Wait (curbed.com)

[28] The number of entries and exits in any given week is impacted by the wait times and timing of when asylum seekers leave shelter and, if applicable, receive a new placement.

[29] https://ny1.com/nyc/manhattan/news/2023/11/29/migrants-wait-in-cold-hoping-for-housing-extension; https://abc7ny.com/migrant-crisis-asylum-seeker-shelter-curfew-nyc/14412347/

around the time the family time limit notices expired. The peak in exits could be related to the absolute number of notices that would have been given out all at the same time, when the policy was first announced. Since then, leave notices have been distributed more evenly over time. However, the drop in net census noted above appears to be driven more by a decline in entries than an increase in exits. Approximately 10,000 individuals arrived in January 2024, less than any other month in the fiscal year. This may be due to the more discouraging policies implemented by the Administration or could be due to recent reductions of crossings at the border.[30]

## Chart 23. Four Week Average of Asylum Seeker Entries and Exits




Source: New York City Mayor's Office, Office of the New York City Comptroller

Notes: The figures above are based on calculations performed by the Comptroller's Office. Averages reflect the prior four weeks of entries and exits.

Exits, while beginning to drop in absolute numbers, remain relatively high as a proportion of the census population. Table 42 shows exits as a proportion of the in-shelter population (those that began the month in shelter, plus those that arrived over the course of the month) over the last

[30] https://www.nytimes.com/2024/02/13/us/politics/illegal-border-crossings-january.html

seven months. Exits as a share of in-shelter population increased following the implementation of leave notices in July (and their subsequent revisions and expansions over the following months).

## Table 42. Asylum Seeker Monthly Exits from Shelter

| FY 2024 Month | In Shelter + Monthly Arrivals | Monthly Exits | Exits as a Percent of In Shelter + Monthly Arrivals |
|---|---|---|---|
| July | 64,311 | 6,944 | 10.80% |
| August | 59,714 | 10,109 | 16.93% |
| September | 62,843 | 10,417 | 16.58% |
| October | 65,900 | 11,716 | 17.78% |
| November | 66,844 | 11,349 | 16.98% |
| December | 68,414 | 14,731 | 21.53% |
| January | 66,700 | 10,000 | 16.19% |

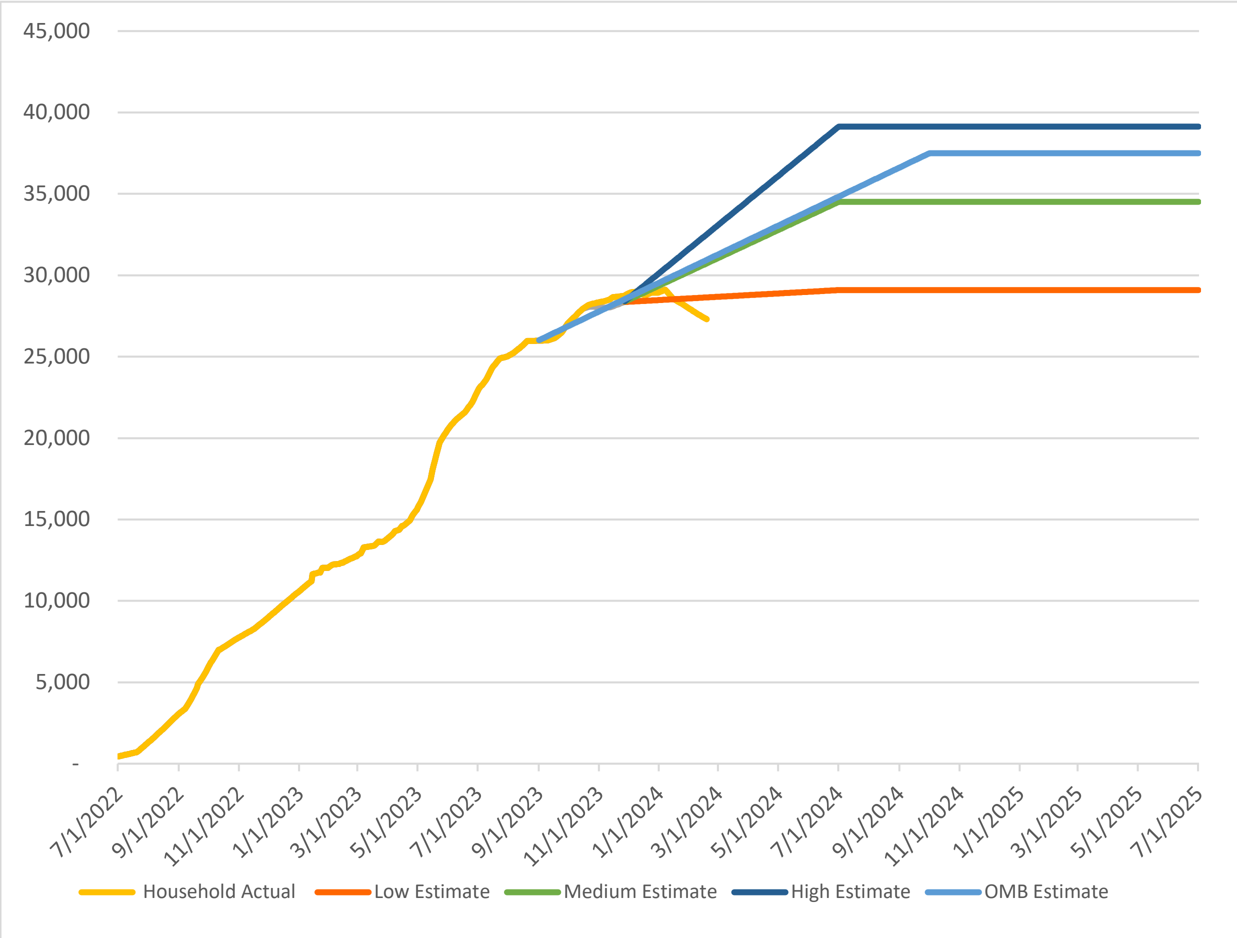
Source: New York City Mayor's Office, Office of the New York City Comptroller

*HOUSEHOLD PROJECTIONS*

The Administration provides the Comptroller's Office with the number of individuals in shelter. The Comptroller's Office then estimates the number of households using the average household size provided in the monthly asylum seeker report to the City Council because per diem costs are provided based on households, which more directly drive the financial impact. During FY 2023 (July 1, 2022 – June 30, 2023), the average daily growth in households was 61, before beginning to slow after the institution of the time limits. OMB's projections in the November Plan assumed growth of 55 households a day. The Comptroller's 2023 *Annual State of the City's Economy and Finances* published in December, recalculated expected costs using the period of August 1st to November 26th and assumed growth would continue at 28 households per day through the end of FY 2024 and then flatten. The report also included a lower and higher growth estimate. In the January Plan OMB reduced its daily growth projections to 29 households.

Chart 24 shows how the more recent trend compares to both the OMB and Comptroller projections. The most recent trend has averaged a daily household *decrease* of 43 from January 8th to February 4th and is now lower than the Comptroller's low growth scenario, which projected household growth of 3 households per day beginning on November 27th.

## Chart 24. Actual Asylum Seeker Census and Projections (Household)




Source: New York City Mayor's Office, Office of the New York City Comptroller

Note: The November Household estimate represents the number of households estimated in the 2023 Annual State of the City's Economy and Finances Report. Since that publication, more recent household information became available and actual households have been updated for that time period.

Should they persist, the recent trends indicate the potential of further cost reductions. However, given the uncertainty and volatility of entries at the U.S. border, and the large variation of arrivals in NYC over the last year and a half, the Comptroller's Office is not changing its growth projections at this time.

## Per Diem Costs

The other driver in projecting the overall cost of providing asylum seeker services is the daily cost per household. The Comptroller's Office is reliant upon what the Administration includes in the asylum seeker report to the City Council, which provides a calculated, year-to-date per diem each month. The figure includes all asylum-related spending through the prior month, divided by the number of shelter nights through the same date. This cumulative per diem rose for the first four months of the fiscal year, then plateaued. Note that these calculations are based on the reported year-to-date spend of $1.97 billion, not the liquidated or committed amounts in the City's Financial Management System.

## Table 43. Cumulative Per Diem by Month since July 2022

| July 2023 | August 2023 | September 2023 | October 2023 | November 2023 | December 2023 | January 2024 |
|---|---|---|---|---|---|---|
| $383 | $387 | $394 | $396 | $396 | $393 | $395 |

Source: New York City Council as reported by the Office of Management and Budget; Per diem amount reflects the cumulative, average per diem year-to-date reported in each month's Term and Conditions Report.

The January Plan's savings assume a reduction in the aggregate average per diem from $395 from July 2022 through January 2024, to $386 for all of FY 2024, and $352 in FY 2025. The Administration plans to achieve the reduction in the cost of services by:

a. Transitioning some HERRC sites to nonprofit management at less expensive rates;
b. Rebidding and renegotiating contracts for HERRC sites;
c. Rightsizing HERRC services through staffing efficiencies and service model improvements.

The Administration did not itemize any of the specific changes to be made beyond this general guidance.

The Comptroller's Office reviewed available DHS and H+H contracts to understand the feasibility of PEG savings.

*DHS SAVINGS*

DHS manages contracts that house 32,440 individuals as of February 18th, 2024, accounting for 50 percent of asylum seekers currently in City-funded shelter. DHS has procured 162 emergency shelters in former hotels through a combination of nonprofit service providers and a hotel contract administered by the Hotel Association of NYC (HANYC). While a small number of the nonprofit providers subcontract directly with a hotel provider, most of the registered contracts are for services only and the hotel rooms are procured separately via the HANYC contract.

A Comptroller's Office analysis of 54 registered DHS contract budgets showed that the average per diem *excluding rent* was $172. Table 44 shows a break-down of commonly used categories. The highest value for a particular provider was $421, more than double the average.

## Table 44. FY 2024 DHS Service Contract Per Diems (Excluding Rent)

| Category | Average |
|---|---|
| **PS** | **$72** |
| Administration | 10 |
| Counseling | 15 |
| Fringe | 15 |
| PS Other | 125 |
| **OTPS** | **$106** |
| Security | 50 |
| Food | 30 |
| Admin Overhead/indirect rate | 18 |
| Client Supplies/Furniture | 6 |
| OTPS Other | 53 |
| **Total** | **$172** |

Source: Office of the New York City Comptroller

Note: The contracts analyzed are a subset of the registered DHS contracts and were chosen based on availability to the Comptroller's Office, additional contracts will be analyzed when available.

A deeper dive into the HANYC contracted hotels shows some variation in hotel room rates, or rent. The below table shows the average room rates by borough (plus the city of Yonkers). The majority of HANYC per diems are $135 or less.

## Table 45. HANYC Contracted Hotel Per Diems

| Borough | Shelters per Borough | Average Daily Rental Per Diem |
|---|---|---|
| Bronx | 17 | $141 |
| Brooklyn | 30 | $140 |
| Manhattan | 18 | $187 |
| Queens | 49 | $153 |
| Staten Island | 4 | $136 |
| Yonkers | 1 | $175 |
| **Total** | **119** | **$156** |

Source: New York City Mayor's Office, Office of the New York City Comptroller

The combined DHS per diem, for those sites following this model, is approximately $328. While specific high-cost providers should be looked at more closely, the overall opportunity for savings within DHS-operated shelters appears small given that these sites are already well below the aggregate average of $395.

*H+H Related Savings*

NYC Health and Hospitals (H+H) manages contracts that house 23,750 individuals as of February 18, 2024, accounting for 37 percent of asylum seekers currently in City-funded shelters. H+H's model for providing services in HERRCs differs from the DHS model in that it procures contracts for particular types of services (e.g., food, staffing and site management, case management, laundry, security) that are then used across multiple sites. Initially, H+H used some existing for-profit vendors such as DocGo and Sodexo to stand up the HERRCs quickly in October 2022 under their emergency procurement rules.

More recently, H+H has begun to issue competitive RFPs, and recently awarded contracts for case management, food and laundry services through this process (in some cases to nonprofits such as the International Rescue Committee). The Comptroller's Office does not approve or register H+H contracts (H+H is a public benefit corporation and not subject to the same oversight rules as Mayoral agencies). Because of both the way the various contracts are layered across shelters and the lack of direct access to review the contract terms, the Comptroller's Office cannot conduct the same per diem analysis by site as done for DHS. However, the following review confirms that HERRC costs are typically higher than DHS run-shelters and there is opportunity for reductions.

*Converting HERRC Sites to Non-profit Management*

OMB has proposed converting some HERRCs to nonprofit management, similar to the model used by DHS and described above. As reported to the City Council, H+H spent $857 million through the first six months of the fiscal year and provided a total of 1.7 million shelter nights, resulting in a calculated per diem of $502.[31] To hypothesize what the cost would be if the equivalent DHS rate (also calculated from the monthly asylum seeker report to the City Council) of $354 were applied to HERRCs for FY 2024 instead: the total spent would be $602 million, a savings of $255 million. The analysis of registered contracts arrived at an estimate of $328 per diem for DHS, indicating that savings could be even greater. While it is unlikely that all of the HERRCs will lend themselves to this model (since some of them are larger congregate sites, for example), there are likely savings opportunities if hotel-based HERRCs were run by nonprofit operators.

*Rent*

Several of the HERRCS are operated in hotels throughout the City, including the Holiday Inn Financial District, the Row, the Watson, and the Walcott, with rental rates ranging from $185 to $200 per night. These sites provide shelter for around 4,100 individuals, an annualized cost of approximately $285.3 million in rental support. These hotels are located in Manhattan and their rates fall within the range of the Manhattan hotels contracted by HANYC.

The City has begun to wind down the use of several of hotels, such as the Walcott, as the census has declined (despite people waiting for several days, or even weeks, for a placement).

*Staffing*

The Comptroller's Office recently released a [report](report) analyzing several of the City's major emergency staffing contracts for asylum seeker services. A deep dive into SLSCO LP, the staffing vendor for The Row hotel suggests that the City paid 2.5 times the equivalent rate of hiring new City employees. The analysis is based on nine months of invoice data under the contract running from October 2022 to October 2023. Annualized savings would total approximately $50 million.

The analysis of DocGo information indicates a cost of 1.7 times the rate of hiring new City employees for social work, case management, and security services.

*Food*

Food is another area where costs vary across providers and agencies. The City Council's Oversight and Investigation Division performed an analysis comparing food contracts at various agencies[32] including per diems of $25 by H+H provider LIC COM, $22 by HPD provider Garner, and $10.56 by DHS provider Whitsons. Assuming the cost is $25 per day at all H+H sites, the City could have saved over a full year $16.9 million at the Garner rate or $81 million at the Whitsons rate. Notably, H+H started negotiating contracts for calendar year 2024 at an average per diem of $14.40.[33]

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[31] Asylum-Seekers-Report-December-2023.pdf (nyc.gov)

[32] https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=6371939&GUID=286DF567-515D-4E16-858F-0BC65A3E9726&Options=&Search=

[33] https://hhinternet.blob.core.windows.net/uploads/2024/01/202401-finance.pdf

In February 2024, the Administration announced a pilot program partnering with the company Mobility Capital Finance to provide asylum seekers with prepaid cards to help purchase food, beginning with 500 asylum seeking families. While claiming that estimated savings could be $7.2 million by eliminating wasted food, the new contract is embedded with costly administrative fees.[34]

## Comptroller's Estimates Against the Financial Plan

In its December report, the Comptroller's Office published financial estimates using a mid-level growth scenario and a lower per diem trajectory. Table 46 compares those assumptions with the January 2024 Financial Plan projection.

### Table 46. Comparison of Comptroller's Assumptions Against the January 2024 Financial Plans

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **Daily Household Growth Rate** | | | | | |
| Comptroller | 28 (Nov-June) | 0 | **0** | **0** | **0** |
| Administration | 29 (Dec – June) | 29 until Oct 2024, then 0 | N/A | N/A | N/A |
| **Average Household Per Diem Cost** | | | | | |
| Comptroller | $396 | $356 | $317 | $289 | $289 |
| Administration | $386 | $352 | N/A | N/A | N/A |

Source: New York City Mayor's Office, Mayor's Office of Management and Budget, Office of the New York City Comptroller

As noted, since the release of the Preliminary Plan, the Administration stated it would reduce the City funded portions for FYs 2024 and 2025 by another 10 percent, or $586 million across the two years. The Comptroller's Office has incorporated this savings into its re-estimate.

[34] https://nypost.com/2024/02/02/metro/nyc-to-hand-out-prepaid-credit-cards-to-migrant-families-for-food/

## Table 47. Comparison of Comptroller's Estimates against the January 2024 Financial Plan and Estimate of OMB's Executive Plan

| ($ in millions) | FY 2024 | | | | FY 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | City | State | Fed | Total | City | State | Fed | Total |
| Comptroller w/ 10% reduction | $2,212 | $1,761 | $49 | **$4,022** | $2,821 | $1,312 | $0 | **$4,133** |
| OMB Jan Plan | $2,302 | $1,761 | $156 | **$4,219** | $3,561 | $1,312 | $0 | **$4,873** |
| Estimate of OMB's Exec Plan | $2,072 | $1,761 | $156 | **$3,989** | $3,205 | $1,312 | $0 | **$4,517** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Because the per diem cost cannot be tracked and verified independently, current spending levels cannot be validated, and because the cost reductions have just started implementation or are still being planned, the Office of the Comptroller is not changing its assumptions this report, beyond including the recently announced 10 percent savings.

## Table 48. Comptroller's Expenditure Differences

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---|---|---|---|---|
| **City** | $230 | $739 | ($1,491) | ($1,992) | ($3,492) |
| **State** | 0 | (112) | - | - | |
| **Federal** | (107) | | | | |
| **Estimated City (Risk) Offset** | $123 | $627 | ($1,491) | ($1,992) | ($3,492) |

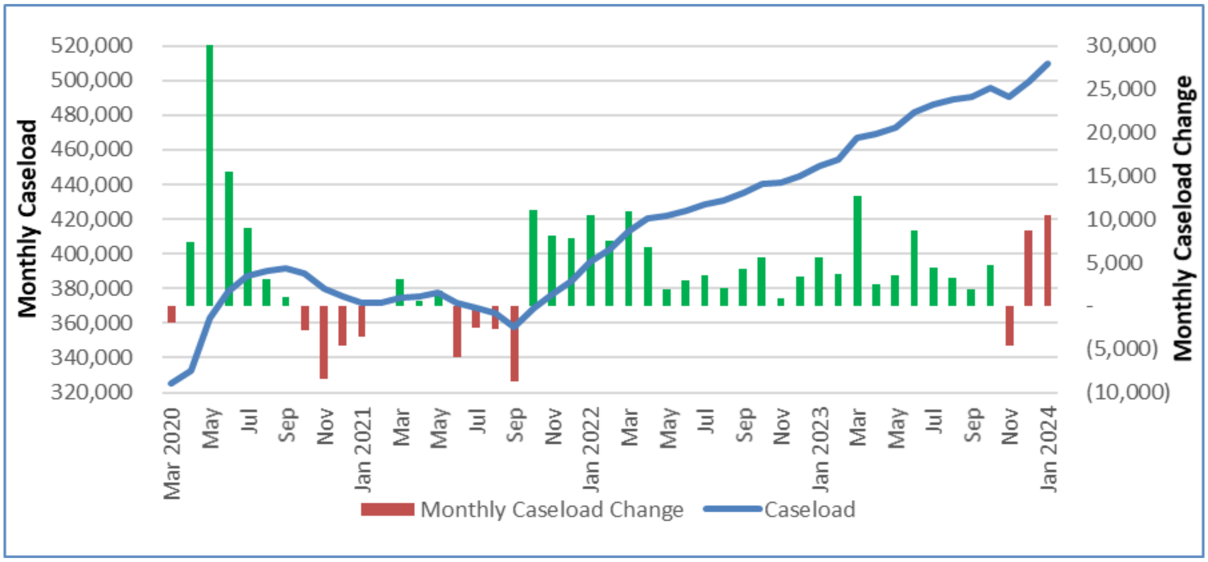
Source: Office of the New York City Comptroller

# Other Social Services

## Public Assistance

Through January, the City's public assistance caseload has averaged 494,573 recipients per month thus far in FY 2024. Compared to the same July-January span in the prior year, when monthly caseload averaged 438,793, the FY 2024 average represents an increase of about 13 percent. The ongoing rise in caseload came on the heels of the end of the Federal Pandemic Unemployment Compensation program in September 2021, which provided supplemental unemployment benefits dating back to the early phase of the COVID outbreak, as shown in Chart 25. In addition, the State Office of Temporary and Disability Assistance indicates that about 10 percent of the State's migrant population could qualify for Safety Net Assistance payments under a 2023 rule change by the Governor to allow asylum seekers meeting certain requirements to draw this supplemental benefit. However, the impact of this incremental population is difficult to pinpoint since the City currently does not track these individuals separately in its caseload reports.

## Chart 25. Public Assistance Caseload and Monthly Changes March 2020-January 2024




Source: NYC Department of Social Services

According to HRA, between September 2021 and October 2023, there was a 90 percent increase in the average number of applicants per month compared to the final month in FY 2021. For applications received between September 2021 and August 2023, the most recent month for which complete data is available, the average monthly case acceptance rate increased to 42 percent from 35 percent in June 2021.

Compared to the November Plan, the January Plan has increased estimates for public assistance baseline grants (income support) expenditures in FY 2024 by over $816 million, including $489 million in City funds, to a total of $2.29 billion. However, projected spending in FY 2025 and FY 2026 remains unchanged at $1.48 billion annually. Then, in the final two years of the Plan, spending is expected to reach $1.83 billion in FY 2027 and $2.29 billion in FY 2028. Given the continued surge in both caseload and grant expenditures, spending will likely stabilize at higher levels for the foreseeable future, in which case the City could face annual shortfalls of $375 million in FY 2025 and FY 2026, and $100 million in FY 2027.

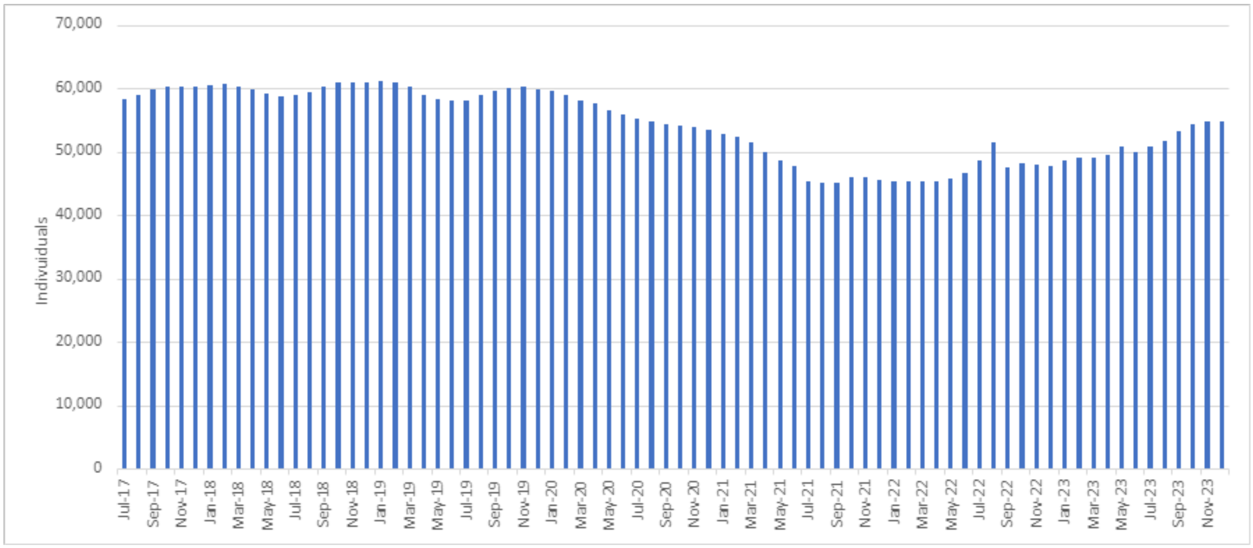
## Homeless Services (Excluding Asylum Seeker Costs)

While the arrival of households seeking asylum has overwhelmingly driven the increases in the census in City shelters, the number of households who are not seeking asylum in Department of Homeless Services (DHS) shelters, which operates most but not all City shelters, has also been growing over the past year, as shown in Chart 26.[35] The total number of individuals in DHS

[35] The Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services also operate shelters for households not seeking asylum.

shelters—not classified by the City as being in households seeking asylum—has increased from 47,832 in December 2022 to 54,729 in December 2023– a 14 percent increase.

## Chart 26. DHS Census, Individuals in Households Not Seeking Asylum July 2017- December 2023




Source: NYC Department of Homeless Services

Note: In September 2022, the Administration began releasing the DHS census with individuals classified as in asylum seeker or non-asylum seekers. Individuals classified as asylum seekers are excluded from this chart.

The January Plan added some funds for DHS costs in FY 2024, including $63.5 million to pay prevailing wages for shelter security ($50 million in City funds, $10.9 million in Federal funding, and $2.5 million in State funding) and $16 million (all City funds) for the Subway Safety Plan, which provides outreach services on the City's subway system. However, as shown in Table 49, funds for DHS adult shelter operations, excluding funds budgeted for shelter individuals seeking asylum, is currently budgeted at a lower amount in FY 2024 and the outyears than actual spending in FY 2023. For family shelter, budgeted funds are only slightly higher than FY 2023, and this is largely due to the addition of funds for shelter security. In the outyears, funding for family shelter operations falls below actual FY 2023 spending.

This drop off is largely the result of chronic underbudgeting for shelter costs. A small part of the decline in funding is due to PEG savings, introduced in the November Plan for FY 2025 and out. The DHS budget was reduced by $31.7 million in FY 2025, $30.1 million in FY 2026 and $24.6 million in FY 2027 based on anticipated savings from placements into permanent housing through a new State-funded rental assistance program, the Special Housing Assistance Resource or SHARE, that targets families and individuals, prioritizing those who have been in shelter the longest.

Based on the shelter census growth over the past year, current funding levels, as well as the historic breakdown of City/State/Federal funding, the Comptroller's Office projects that an additional

$350 million in City-funds is needed for DHS non-asylum related shelter capacity costs in FY 2024 through FY 2028. This includes $250 million for adult single adult shelter and $100 million for family shelter. (Family shelter costs are funded based on a households' public assistance status and can be shared among the City, State and Federal funds. Single adult shelter is primarily City-funded). The Comptroller's Office estimates $50 million in City-funds is also needed in FY 2025 and the outyears to pay prevailing wages to DHS security guards, as funds were added only for FY 2024 in the January Plan.

## Table 49. Department of Homeless Services Budget, Excluding Asylum Seeker Costs

| Budget Function ($ in millions) | Actual FY 2023 | Budget FY 2024 | Budget FY 2025 | Budget FY 2026 | Budget FY 2027 | Budget FY 2028 |
|---|---|---|---|---|---|---|
| Adult Shelter Administration & Support | $10 | $12 | $8 | $8 | $8 | $8 |
| Adult Shelter Intake and Placement | 13 | 13 | 13 | 14 | 14 | 14 |
| Adult Shelter Operations | 1,107 | 840 | 794 | 790 | 791 | 793 |
| Family Shelter Administration & Support | 6 | 13 | 14 | 14 | 14 | 14 |
| Family Shelter Intake and Placement | 36 | 37 | 37 | 38 | 38 | 38 |
| Family Shelter Operations | 1,095 | 1,099 | 1,047 | 1,044 | 1,049 | 1,056 |
| General Administration | 194 | 78 | (30) | (30) | (31) | (31) |
| Outreach, Drop-in and Reception Services | 311 | 322 | 296 | 284 | 290 | 289 |
| Rental Assistance and Housing Placement | 5 | 8 | 0 | 0 | 0 | 0 |
| **Total** | **$2,776** | **$2,423** | **$2,179** | **$2,163** | **$2,173** | **$2,182** |

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum.

## Rental Assistance

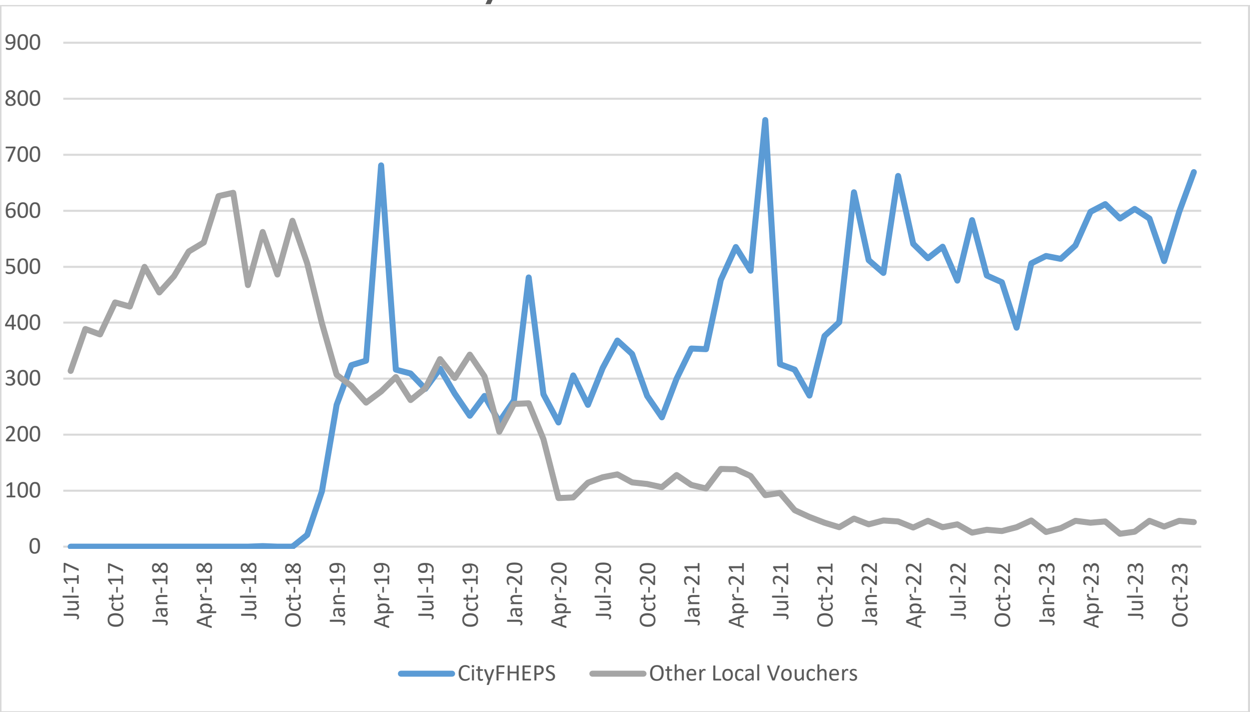
Within the Department of Social Services (DSS), the Human Resources Administration (HRA) administers the majority of New York City's rental assistance programs. HRA oversees multiple rental assistance programs, including legacy programs such as the Living in Communities program (LINC), the Special Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have mostly been replaced by the Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).

Spending on the City's rental assistance programs has been rising rapidly from $356 million in FY 2022 to $522 million in FY 2023, to $849 million currently budgeted for FY 2024.[36] This includes

[36] (Funding for HRA's rental assistance programs is split between the City, State and Federal governments, with FY 2024 costs budgeted at 71 percent City funded, 26 percent Federally funded, largely with limited COVID-19 funds, and 3 percent State funded.)

$425 million added to FY 2024 in the January Plan. Growth of the program follows earlier reforms that increased payment standards and expanded eligibility. In addition, in June 2023 the City eliminated a rule that households in City shelters must remain for 30-days before becoming eligible for the City's housing voucher programs. As shown in Chart 27, new placements in permanent housing from DHS shelters using City vouchers have grown in recent months, following a slight decline at the beginning of the fiscal year. Overall, in the first five months of FY 2024, cumulative new placements are up 23 percent compared to the same period last year.

## Chart 27. Housing Placements from DHS Shelter Through HRA-Administered Vouchers July 2017 – November 2023




Source: NYC Department of Social Services
Note: Other local voucher programs include SOTA, CFEPS, FHEPS B, LINC, HOME TBRA, and SEPS.

Despite the growth, funding for the program falls dramatically to about $171 million in FY 2025 and the outyears. The January Plan also included a savings initiative in the PEG to reduce HRA spending on rental assistance programs through efficiencies brought about by the introduction of a new landlord-agency portal system, which is expected to save $16.5 million in FY 2025 and $20 million in the outyears. However, these savings were taken in holding codes for HRA and do not reduce funding for the rental assistance budget, likely because future year costs are so far below current year projections.

As currently implemented, and based on monthly spending growth over the past several years, as well as the continued growth in new placements, the Comptroller's Office estimates that rental assistance costs could reach about $1.1 billion in FY 2025 – about $950 million more than budgeted, all City-funded. The Office baselines this cost across the outyears of the Financial Plan period in its re-estimate of City costs.

While the City has eliminated the 30-day rule, the Administration has not acted on other legislation passed by the City Council over the Mayor's veto that would, among other things, expand program eligibility for households at-risk of eviction, but who are not currently in shelter. The Mayor vetoed the rental assistance bills citing cost concerns—estimating that expanding the eligibility rules would increase City costs by $17.3 billion over five years and that the expansion to more households at risk of eviction would make it more difficult for households in shelter to find housing. The City Council estimates a cost of $10.6 billion over the first five fiscal years of implementation, an estimate that, unlike the Mayor's, includes a partial implementation in the first fiscal year and $2.1 billion in projected shelter savings. Because the Comptroller's Office anticipates litigation and other delays over the implementation of the program changes, it does not yet include an estimate of the expanded costs of the program in its re-estimate of costs.[37]

## Metropolitan Transportation Authority

The City provides annual operating subsidies to the Metropolitan Transportation Authority (MTA). This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway. These subsidies are intended to cover either a portion or all the difference between the agency's operating expenses and its revenue from fares. The January Plan increased the funds budgeted for the MTA's operating subsidies by $142 million for a total $1.46 billion budgeted for FY 2024. These subsidies include $440 million budgeted for Access-A-Ride paratransit subsidies, $510 million for the MTA Bus Company, $48 million for the Staten Island Railway, and $458 million in other subsidies. Funding, however, continues to be underbudgeted in FY 2025 and the outyears, with total budgeted operating subsidies falling to $1.37 billion in FY 2025, and $1.21 billion in FY 2026 through FY 2028. The Comptroller's Office estimates an additional $143 million will be necessary for these subsidies in FY 2025, with the need growing significantly to $529 million by FY 2028.

The City also funds the MTA through its Fair Fares program. Fair Fares, administered through the Department of Social Services, provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers. The program is available to over 1,000,000 eligible New Yorkers. The City's Financial Plan baselines $95 million annually for the cost of the program. Enrollment to the program hovers around 30 percent of the eligible population, although total enrollment is up compared with last year.[38] As of January 31, 2024, $55 million, or 57 percent of the budget, had been committed. This Office will continue to monitor both expenses against the budget and the enrollment rate.

[37] Full Package of Rental Voucher Laws Not on Mayor's Agenda, Despite Veto Override - CityLimits

[38] FY 2024 Preliminary Mayor's Management Report. 2024_pmmr.pdf (nyc.gov)

# IV. Capital Budget and Financing Program

## Capital Commitment Plan, FY 2024 – FY 2028

### All-Funds Commitments

The FY 2024 – FY 2028 January 2024 Capital Plan totals $88.46 billion in all-funds authorized planned commitments, a decrease of $5.88 billion (6 percent) compared to the September 2023 Capital Plan over the same fiscal years. City-funds authorized commitments make up $84.73 billion, or 96 percent, of the total authorized commitments. In each year of the Plan, the City sets a "reserve for unattained commitments," which assumes that projects will move slower than reflected in the plan, and therefore some authorized commitments will be pushed outside the plan's four-year window. The result is lower target commitment amounts. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $80.65 billion, as shown in Table 50. The City-funds planned commitments after adjusting for the reserve for unattained commitments drop to $76.92 billion.

FY 2024 (authorized) commitments comprise 25 percent, or $21.74 billion, of the all-funds authorized commitments scheduled of the five-year plan total. When adjusted for the reserve for unattained commitments, the share drops to 19 percent in FY 2024. In the outyears of the Plan, authorized commitments decrease to $19.04 billion in FY 2025, to $17.33 billion in FY 2026, to $15.69 billion in FY 2027, and $14.66 billion in FY 2028, resulting in an average of $17.69 billion per year over the five-year period.

#### Table 50. FY 2024 – FY 2028 Planned Capital Commitments, All-Funds

| ($ in millions)<br>Project Category | FY 2024 – FY 2028 January 2024 Commitment Plan | Share of Total | Change from September 2023 Plan |
|---|---|---|---|
| Housing and Economic Development | $16,432 | 18.6% | ($470) |
| Environmental Protection | 15,838 | 17.9% | (31) |
| Dept. of Transportation and Mass Transit | 13,326 | 15.1% | (1,901) |
| Education and CUNY | 12,341 | 14.0% | (229) |
| Administration of Justice | 11,174 | 12.6% | (324) |
| Resiliency & Energy Efficiency, Technology, and Equipment | 5,091 | 5.8% | (612) |
| Parks Department | 3,882 | 4.4% | (650) |
| Hospitals | 2,291 | 2.6% | (313) |
| Other City Operations and Facilities | 8,088 | 9.1% | (1,354) |
| **Total Authorized Commitments** | **$88,463** | **100.0%** | **($5,884)** |

| ($ in millions)<br>Project Category | FY 2024 – FY 2028 January 2024 Commitment Plan | Share of Total | Change from September 2023 Plan |
|---|---|---|---|
| **Reserve for Unattained Commitments** | **($7,813)** | **N/A** | **$854** |
| **Total Net of Reserve for Unattained Commitments** | **$80,650** | **N/A** | **($5,030)** |

Source: Mayor's Office of Management and Budget, FY 2024 – FY 2028 January 2024 Capital Commitment Plan
Note: Numbers may not add due to rounding.

Over 78 percent of the January Capital Plan is in the five program areas of Housing and Economic Development, Environmental Protection (DEP), Education and CUNY, Dept. of Transportation (DOT) and Mass Transit, and the Administration of Justice as shown in Table 50. Housing and Economic Development projects lead the way at 18.6 percent of the Plan's five-year total, followed by Environmental Protection at 17.9 percent, DOT and Mass Transit at 15.1 percent, Education and CUNY at 14.0 percent, Administration of Justice at 12.6 percent.

The $5.88 billion all-funds decrease over the FY 2024 – FY 2028 period compared to the Adopted Capital Commitment Plan released in September is comprised of numerous increases and decreases. Over 50 percent of the reductions, or $3.23 billion, are from five project types, which include highway and street reconstruction ($950 million) highway bridges ($656 million), the Parks Department ($650 million), resiliency, technology, and equipment projects ($516 million), and economic development related projects ($460 million).

The remaining net decreases of about $2.65 billion over the same period are comprised of decreases to 25 other project types for a total of $3.09 billion, offset by $437 million of increases in six other project types.

## A Look at FY 2024-FY 2033 Capital Commitments

Although not a true Ten-Year Capital Strategy, which is released every other odd calendar year and provides descriptions of guiding principles, an overview of spending, investment priorities, program detail by agency, and the Financing program that will fund the Strategy, OMB has produced capital commitment estimates for the period FY 2024 – FY 2033. OMB projects that capital commitments will sum to $156.79 billion over the 10-year period, or a decrease of $11.62 billion, or 7.0 percent, from the September 2023 estimates over the same 10-year period. The DOE, DOC, DEP, City-funded NYC Transit projects, HPD and City-funded Housing Authority projects were excluded from this recent reduction/redistribution exercise. Six other agencies account for $10.25 billion, or 88 percent of the forecast decrease. These agencies include DOT with a $5.46 billion decrease, followed by decreases of $1.98 billion for Department of Citywide Administrative Services, $952 million decrease for the Parks Department, $865 million decrease for Small Business Services/EDC, a $532 million decrease for H + H projects, and a $459 million decrease for the DSNY as shown in Table 51.

Within DOT, the main drivers of the decrease include $4.15 billion for the highway bridges category, and $1.11 billion of reduced highway and street reconstruction projects. The DCAS decrease is driven by $775 million in reductions to resiliency, sustainability and energy efficiency projects along with decreases of $350 million for computer and eligible software related capital projects. The Parks Department decrease is driven by a $813 million decrease in park improvement projects citywide. The Small Business Services/EDC decrease is largely due to $743 million of reductions in two budget lines entitled "Acquisition, Site development, construction and reconstruction, citywide and Modernization, construction, Piers, citywide". H+H has $529 million of decreases in hospital improvement related projects, citywide. The DSNY has reductions of $247 million for garage and other facility improvements along with a $162 million decrease in collection truck and equipment purchases.

## Table 51. FY 2024 – FY 2033 Estimated Capital Plan Commitments, Change from September 2023 Plan Condition

| ($ in millions) All Funds | January 2024 Plan | $ Changes from September 2023 Plan over FY 2024 – FY 2028 | $ Changes from September 2023 Plan over FY 2029 – FY 2033 | $ Changes from September 2023 Plan over the FY 2024 — FY 2033 | Percent Change over the entire FY 2024 — FY 2033 Period |
|---|---|---|---|---|---|
| Dept. of Transportation | $26,075 | ($1,901) | ($3,562) | ($5,464) | (17%) |
| Dept. of Citywide Admin. Services | 13,102 | (1,030) | (947) | (1,977) | (13%) |
| Dept. of Parks and Recreation | 8,337 | (650) | (302) | (952) | (10%) |
| Business Services / EDC | 5,764 | (460) | (404) | (865) | (13%) |
| H + H | 3,876 | (313) | (220) | (532) | (12%) |
| Dept. of Sanitation | 3,378 | (318) | (141) | (459) | (12%) |
| Fire Dept. | 1,917 | (188) | (72) | (260) | (12%) |
| Police Dept. | 1,406 | (121) | (100) | (221) | (14%) |
| Dept. of Information Tech and Tele. | 1,024 | (96) | (68) | (164) | (14%) |
| Cultural Affairs | 1,715 | (270) | 118 | (152) | (8%) |
| CUNY | 1,350 | (228) | 79 | (148) | (10%) |
| Homeless Services | 733 | (72) | (23) | (96) | (12%) |
| Dept. of Health and Mental Health | 736 | (19) | (74) | (93) | (11%) |

| ($ in millions)<br><br>All Funds | January 2024 Plan | $ Changes from September 2023 Plan over FY 2024 – FY 2028 | $ Changes from September 2023 Plan over FY 2029 – FY 2033 | $ Changes from September 2023 Plan over the FY 2024 — FY 2033 | Percent Change over the entire FY 2024 — FY 2033 Period |
|---|---|---|---|---|---|
| Admin. for Children's Services | 569 | 34 | (105) | (71) | (11%) |
| Brooklyn Public Library | 459 | (42) | (5) | (47) | (9%) |
| New York Public Library | 377 | (56) | 13 | (43) | (10%) |
| Queens Public Library | 569 | (83) | 51 | (32) | (5%) |
| Human Resources Admin. | 594 | (4) | (28) | (31) | (5%) |
| Housing Authority | 4,708 | (9) | - | (9) | 0% |
| Dept. for the Aging | 93 | (8) | 5 | (3) | (3%) |
| Research Libraries | 22 | (1) | (1) | (3) | (10%) |
| DOE | 18,413 | (1) | - | (1) | 0% |
| Correction | 10,836 | (16) | 16 | - | 0% |
| NYC Transit | 2,152 | - | - | - | 0% |
| HPD | 19,654 | - | - | - | 0% |
| Dept. of Environmental Protection | 28,934 | (31) | 36 | 5 | 0% |
| **TOTAL** | **$156,793** | **($5,884)** | **($5,735)** | **($11,619)** | **(7%)** |

# Financing Program

Total projected borrowing in the January Plan for FY 2024 through FY 2028 is $1.92 billion less than the November 2023 Financial Plan's estimate as shown in Table 52. This is a result of decreases of $950 million in General Obligation (GO) borrowing, $950 million in Transitional Finance Authority (TFA) Future Tax Secured (FTS) borrowing, and an $18 million decrease in New York City Municipal Water Finance Authority (NYW) borrowing over the period. The debt service on NYW bonds is paid for through charges for water and sewer service set and billed by the NYC Water Board.

The reduction in overall borrowing is consistent with lower capital commitments shown in the January 2024 Commitment Plan over the period, which result in lower capital cash flow needs over FY 2024 – FY 2028 from the November 2023 estimates. Estimated total borrowing ranges from

$11.15 billion in FY 2024 to $14.40 billion in FY 2028, with an annual average of $13.13 billion over the period, down from $13.52 billion per year in the November 2023 Financial Plan. Excluding NYW borrowing, the GO/TFA borrowing averages are $11.15 billion per year in the January 2024 Plan over FY 2024 – FY 2028 compared with $11.53 billion per year in the November 2023 Financial Plan.

### Table 52. January 2024 Financial Plan Financing Program

| ($ in millions) | Estimated Borrowing and Funding Sources FY 2024 – FY 2028 | Change from November 2023 | Percent of Total |
|---|---|---|---|
| **General Obligation Bonds** | $27,325 | ($950) | 41.6% |
| **TFA FTS Bonds** | 28,445 | (950) | 43.3% |
| **NYC Water Finance Authority (NYW)** | 9,901 | (18) | 15.1% |
| **TFA BARBs** | 0 | 0 | 0.0% |
| **Total** | **$65,671** | **($1,918)** | **100.0%** |

Source: Mayor's Office of Management and Budget, FY 2024 January Plan, January 2024

## Debt Service

As shown in Table 53, debt service, net of prepayments, in the January 2024 Plan totals $7.73 billion in FY 2024, $8.25 billion in FY 2025, $8.93 billion in FY 2026, $9.56 billion in FY 2027, and $10.33 billion in FY 2028.[39] These amounts represent decreases from the November 2023 Financial Plan of $48 million in FY 2024, $47 million in FY 2025, $62 million in FY 2026, $90 million in FY 2027, and $155 million in FY 2028 for a total decrease of $404 million over the Plan period.

From FY 2024 through 2028, total debt service is expected to increase by $2.60 billion, or by 33.7 percent. In addition, these estimates for debt-service represent an estimated annual average percent increase of 7.5 percent. As always, these projections exclude debt service of the NYW, which is backed by water and sewer user fees, and the debt service of TFA BARBs which is supported by State building aid.

The $404 million decrease from the November 2023 Plan over FY 2024 – FY 2028 is comprised of $69 million in GO savings, and $335 million of estimated TFA-FTS savings. GO debt-service reductions over the five-year period stem from the decrease in estimated borrowing amounts over FY 2025-FY 2027, which produced savings of $69 million over the financial plan period. On the TFA side, savings over FY 2024 – FY 2028 are driven by refunding savings of $187 million over the period, and $82 million of savings from the impact of reduced borrowing over the FY 2025 –

[39] Includes GO, conduit debt, TFA-FTS bonds, and TSASC.

FY 2027 period, along with $66 million of baseline decreases from increased building aid revenue, which is used to offset TFA debt service in FY 2028.

## Table 53. January 2024 Financial Plan Debt Service Estimates

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FY 2024 – FY 2028 | Average Annual Growth |
|---|---|---|---|---|---|---|---|
| GO | $4,305 | $4,499 | $4,719 | $4,891 | $5,247 | $942 | 5.1% |
| TFA FTS | 3,227 | 3,557 | 4,023 | 4,479 | 4,906 | 1,679 | 11.0% |
| Lease-Purchase | 121 | 120 | 119 | 118 | 112 | (9) | (1.9%) |
| TSASC, Inc. | 76 | 76 | 69 | 69 | 68 | (8) | (2.7%) |
| **Total** | **$7,729** | **$8,252** | **$8,930** | **$9,557** | **$10,333** | **$2,604** | **7.5%** |
| •**CHANGE FROM NOVEMBER 2023** | **($48)** | **($47)** | **($62)** | **($90)** | **($155)** | **($404)** | **N/A** |

Source: Mayor's Office of Management and Budget, FY 2024 January 2024 Financial Plan, January 2024
Note: Debt service is adjusted for prepayments. Amounts do not include TFA BARBs.

## Debt Affordability

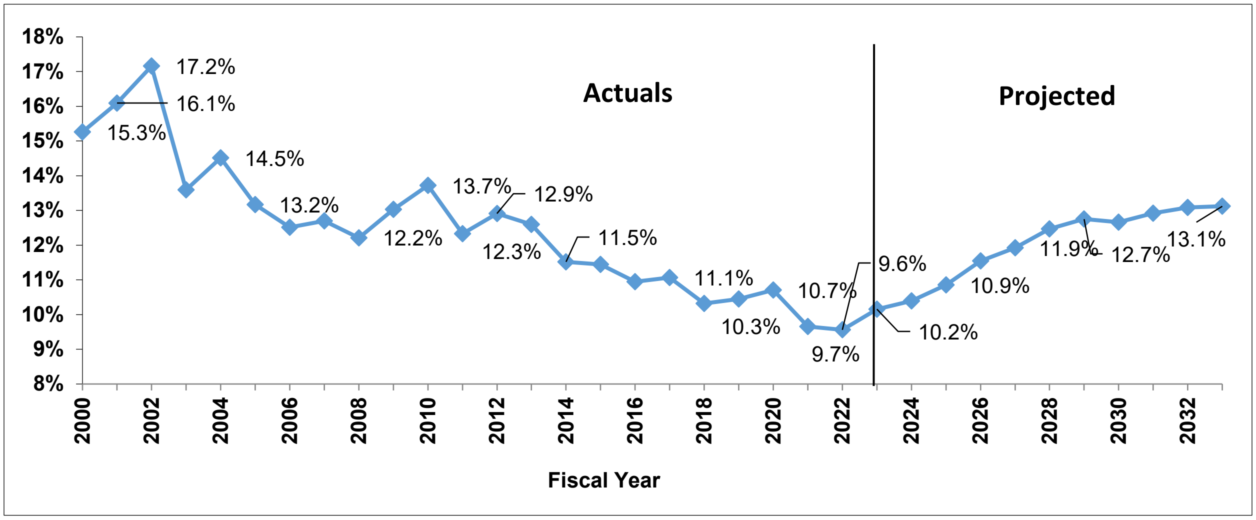
Debt affordability continues to be an important topic for the City and is discussed in detail in the Office's most recent Annual Capital and Debt Obligation report. Debt service as a share of local tax revenues and as a share of total-funds revenues are widely used measures of debt affordability.[40] In FY 2022, the City's debt service was a historic low at 9.6 percent of local tax revenues, increasing to 10.2 percent in FY 2023. The Comptroller's Office projects debt service as a share of its forecast of tax revenues, under the current Plan, will increase to 10.4 percent in FY 2024, 10.9 percent in FY 2025, 11.5 percent in FY 2026, 11.9 percent in FY 2027, 12.5 percent in FY 2028 and reach an estimated 13.1 percent by FY 2033, as shown in Chart 28. The growth in the ratio from FY 2024 to FY 2028 is driven by the disparity in debt service and tax revenue growth. Debt service is estimated to grow by 7.6 percent per year through FY 2028, with tax revenue growth at only 2.8 percent. However, at 12.5 percent in FY 2028, the ratio is still well below the 15 percent affordability threshold.

Similarly, debt service as a percent of total revenues climbs over the FYs 2024 – 2028 Plan period with estimated debt service-to-total revenues ratios of 6.8 percent in FY 2024, 7.5 percent in FY 2025, 8.2 percent in FY 2026, 8.5 percent in FY 2027, and 9.0 percent in FY 2028 as shown in Chart 29. Once again, the debt service-to-total revenue growth disparities drives the ratio increase

[40] Debt service in this discussion is adjusted to exclude prepayments and excludes TSASC debt service.

with debt service growth, including TSASC, at 7.5 percent per annum over the Financial Plan, and total revenues remaining virtually the same in FY 2024 and FY 2028.

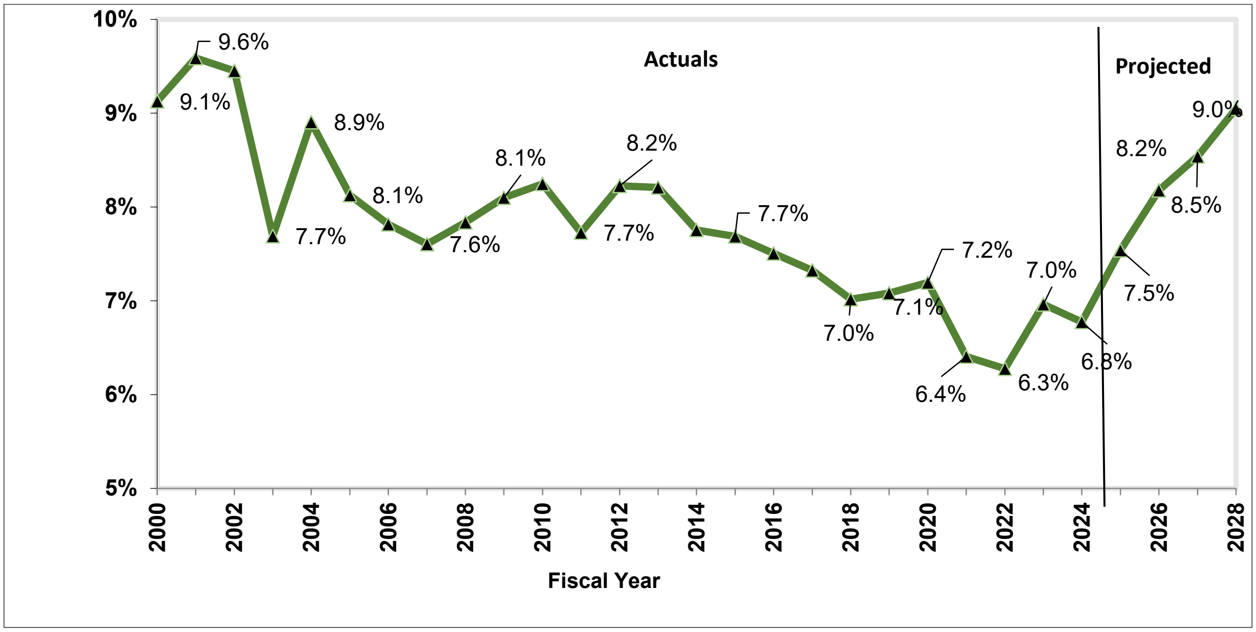
## Chart 28. NYC Debt Service as a Percent of Tax Revenues




Source: Office of the New York City Comptroller, Annual Comprehensive Financial Reports of the Comptroller, FY 2000 – FY 2023 and Mayor's Office of Management and Budget, FY 2024 January Plan, January 2024

Note: Tax revenue estimates are based on the Comptroller's Office's forecast of tax revenues.

## Chart 29. NYC Debt Service as a Percent of Total Revenues




Source: Office of the New York City Comptroller, Annual Comprehensive Financial Reports of the Comptroller, FY 2000 – FY 2023 and Mayor's Office of Management and Budget, FY 2024 January Plan, January 2024.

The Governor's Executive Budget proposes an increase in the City's legal capacity to incur debt outside the City's debt limit by $12 billion, phased over two years. While this increase is reasonable to ensure that the City is able to fund its critical capital projects, it should be accompanied by a City policy that ensures that debt service remains below the long-standing threshold of 15 percent of tax revenues.

# V. Appendix

## Table A1. January 2024 Financial Plan Revenue Detail

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| **Taxes:** | | | | | | | | |
| Real Property | $32,819 | $33,328 | $33,978 | $34,940 | $35,572 | $2,753 | 8.4% | 2.0% |
| Personal Income Tax and Pass-Through Entity Tax | 16,001 | 17,028 | 17,399 | 18,401 | 19,137 | 3,136 | 19.6% | 4.6% |
| General Corporation Tax | 6,252 | 5,797 | 5,730 | 5,747 | 5,799 | (453) | (7.2%) | (1.9%) |
| Unincorporated Business Tax | 2,604 | 2,611 | 2,684 | 2,773 | 2,896 | 292 | 11.2% | 2.7% |
| Sales and Use Tax | 9,926 | 10,408 | 10,972 | 11,388 | 11,838 | 1,912 | 19.3% | 4.5% |
| Real Property Transfer Tax | 1,056 | 1,190 | 1,301 | 1,378 | 1,404 | 348 | 33.0% | 7.4% |
| Mortgage Recording Tax | 512 | 618 | 738 | 854 | 870 | 358 | 69.9% | 14.2% |
| Commercial Rent | 915 | 939 | 955 | 969 | 980 | 65 | 7.1% | 1.7% |
| Utility | 404 | 420 | 443 | 453 | 458 | 54 | 13.4% | 3.2% |
| Hotel | 697 | 727 | 755 | 772 | 801 | 104 | 14.9% | 3.5% |
| Cigarette | 14 | 13 | 12 | 12 | 12 | (2) | (14.3%) | (3.8%) |
| All Other | 1,074 | 1,073 | 1,098 | 1,123 | 1,123 | 49 | 4.6% | 1.1% |
| Cannabis Tax | 7 | 20 | 30 | 38 | 40 | 33 | 471.4% | 54.6% |
| Tax Audit Revenue | 747 | 773 | 773 | 773 | 773 | 26 | 3.5% | 0.9% |
| **Total Taxes** | **$73,028** | **$74,945** | **$76,868** | **$79,621** | **$81,703** | **$8,675** | **11.9%** | **2.8%** |
| | | | | | | | | |
| **Miscellaneous Revenue:** | | | | | | | | |
| Licenses, Franchises, etc. | $687 | $712 | $717 | $698 | $700 | $13 | 1.9% | 0.5% |
| Interest Income | 633 | 379 | 265 | 225 | 226 | (407) | (64.3%) | (22.7%) |
| Charges for Services | 1,039 | 1,024 | 1,028 | 1,029 | 1,029 | (10) | (1.0%) | (0.2%) |
| Water and Sewer Charges | 2,065 | 2,170 | 1,883 | 1,880 | 1,881 | (184) | (8.9%) | (2.3%) |
| Rental Income | 258 | 263 | 261 | 261 | 261 | 3 | 1.2% | 0.3% |
| Fines and Forfeitures | 1,264 | 1,232 | 1,228 | 1,234 | 1,224 | (40) | (3.2%) | (0.8%) |
| Miscellaneous | 405 | 323 | 324 | 321 | 319 | (86) | (21.2%) | (5.8%) |
| Intra-City Revenue | 2,270 | 1,997 | 2,001 | 1,998 | 1,997 | (273) | (12.0%) | (3.2%) |
| **Total Miscellaneous Revenue** | **$8,621** | **$8,100** | **$7,707** | **$7,646** | **$7,637** | **($984)** | **(11.4%)** | **(3.0%)** |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| **Unrestricted Intergovernmental Aid:** | | | | | | | | |
| Other Federal and State Aid | $17 | $0 | $0 | $0 | $0 | ($17) | (100.0%) | (100.0%) |
| **Total Unrestricted Intergovernmental Aid** | **$17** | **$0** | **$0** | **$0** | **$0** | **($17)** | **(100.0%)** | **(100.0%)** |
| | | | | | | | | |
| **Reserve for Disallowance of Categorical Grants** | **($15)** | **($15)** | **($15)** | **($15)** | **($15)** | **$0** | **0.0%** | **0.0%** |
| | | | | | | | | |
| **Less: Intra-City Revenue** | **($2,270)** | **($1,997)** | **($2,001)** | **($1,998)** | **($1,997)** | **$273** | **(12.0%)** | **(3.2%)** |
| | | | | | | | | |
| **TOTAL CITY-FUNDS** | **$79,381** | **$81,033** | **$82,559** | **$85,254** | **$87,328** | **$7,947** | **10.0%** | **2.4%** |
| | | | | | | | | |
| **Other Categorical Grants** | **$1,271** | **$1,086** | **$1,081** | **$1,080** | **$1,080** | **($191)** | **(15.0%)** | **(4.0%)** |
| | | | | | | | | |
| **Inter-Fund Agreements** | **$728** | **$729** | **$737** | **$738** | **$738** | **$10** | **1.4%** | **0.3%** |
| | | | | | | | | |
| **Federal Categorical Grants:** | | | | | | | | |
| Community Development | $324 | $246 | $246 | $240 | $240 | ($84) | (25.9%) | (7.2%) |
| Social Services | 4,462 | 3,506 | 3,500 | 3,498 | 3,613 | (849) | (19.0%) | (5.1%) |
| Education | 3,997 | 1,965 | 1,965 | 1,965 | 1,965 | (2,032) | (50.8%) | (16.3%) |
| Other | 3,702 | 2,024 | 1,504 | 1,462 | 1,431 | (2,271) | (61.3%) | (21.2%) |
| **Total Federal Grants** | **$12,485** | **$7,741** | **$7,215** | **$7,165** | **$7,249** | **($5,236)** | **(41.9%)** | **(12.7%)** |
| | | | | | | | | |
| **State Categorical Grants:** | | | | | | | | |
| Social Services | $4,293 | $3,245 | $1,927 | $1,925 | $2,011 | ($2,282) | (53.2%) | (17.3%) |
| Education | 13,111 | 13,039 | 13,039 | 13,039 | 13,039 | (72) | (0.5%) | (0.1%) |
| Higher Education | 273 | 273 | 273 | 273 | 273 | 0 | 0.0% | 0.0% |
| Department of Health and Mental Hygiene | 671 | 672 | 673 | 673 | 672 | 1 | 0.1% | 0.0% |
| Other | 1,891 | 1,623 | 1,684 | 1,748 | 1,814 | (77) | (4.1%) | (1.0%) |
| **Total State Grants** | **$20,239** | **$18,852** | **$17,596** | **$17,658** | **$17,809** | **($2,430)** | **(12.0%)** | **(3.1%)** |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **TOTAL REVENUES** | **$114,104** | **$109,441** | **$109,188** | **$111,895** | **$114,204** | **$100** | **0.1%** | **0.0%** |

Note: Numbers may not add due to rounding.

## Table A2. January 2024 Financial Plan Expenditure Detail

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 | | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Dollars | Percent | |
| Mayoralty | $169 | $152 | $151 | $148 | $148 | ($20) | (12.1%) | (3.2%) |
| Board of Elections | 266 | 145 | 146 | 146 | 146 | (120) | (45.1%) | (13.9%) |
| Campaign Finance Board | 66 | 11 | 12 | 12 | 12 | (54) | (82.5%) | (35.3%) |
| Office of the Actuary | 7 | 7 | 7 | 7 | 7 | 0 | 1.2% | 0.3% |
| President, Borough of Manhattan | 6 | 5 | 5 | 5 | 5 | (1) | (10.8%) | (2.8%) |
| President, Borough of Bronx | 7 | 6 | 6 | 6 | 6 | (0) | (5.9%) | (1.5%) |
| President, Borough of Brooklyn | 7 | 7 | 7 | 7 | 7 | (1) | (7.3%) | (1.9%) |
| President, Borough of Queens | 7 | 5 | 6 | 6 | 6 | (1) | (19.3%) | (5.2%) |
| President, Borough of Staten Island | 5 | 5 | 5 | 5 | 5 | (0) | (4.0%) | (1.0%) |
| Office of the Comptroller | 116 | 118 | 119 | 119 | 119 | 3 | 2.7% | 0.7% |
| Dept. of Emergency Management | 234 | 176 | 35 | 31 | 31 | (203) | (86.9%) | (39.8%) |
| Office of Administrative Tax Appeals | 6 | 6 | 6 | 6 | 6 | 0 | 2.3% | 0.6% |
| Law Dept. | 278 | 216 | 225 | 227 | 227 | (51) | (18.5%) | (5.0%) |
| Dept. of City Planning | 50 | 44 | 43 | 43 | 43 | (6) | (13.0%) | (3.4%) |
| Dept. of Investigation | 46 | 40 | 38 | 38 | 38 | (8) | (18.3%) | (4.9%) |
| NY Public Library — Research | 32 | 30 | 31 | 31 | 31 | (1) | (4.3%) | (1.1%) |
| New York Public Library | 166 | 155 | 158 | 158 | 158 | (8) | (4.7%) | (1.2%) |
| Brooklyn Public Library | 124 | 116 | 118 | 118 | 118 | (6) | (5.1%) | (1.3%) |
| Queens Borough Public Library | 129 | 120 | 122 | 122 | 122 | (7) | (5.3%) | (1.4%) |
| Dept. of Education | 32,488 | 31,463 | 32,687 | 33,722 | 34,458 | 1,970 | 6.1% | 1.5% |
| City University | 1,379 | 1,223 | 1,224 | 1,241 | 1,258 | (121) | (8.7%) | (2.3%) |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| Civilian Complaint Review Board | 25 | 23 | 23 | 23 | 23 | (2) | (6.2%) | (1.6%) |
| Police Dept. | 6,037 | 5,505 | 5,748 | 5,846 | 5,844 | (194) | (3.2%) | (0.8%) |
| Fire Dept. | 2,682 | 2,526 | 2,564 | 2,557 | 2,552 | (129) | (4.8%) | (1.2%) |
| Dept. of Veterans' Services | 5 | 5 | 5 | 5 | 5 | (0) | (0.5%) | (0.1%) |
| Admin. for Children Services | 3,241 | 2,712 | 2,692 | 2,690 | 2,688 | (553) | (17.1%) | (4.6%) |
| Dept. of Social Services | 12,857 | 10,810 | 10,882 | 11,371 | 11,983 | (875) | (6.8%) | (1.7%) |
| Dept. of Homeless Services | 3,778 | 3,957 | 4,656 | 3,666 | 2,175 | (1,603) | (42.4%) | (12.9%) |
| Dept. of Correction | 1,210 | 1,045 | 1,058 | 1,063 | 1,204 | (7) | (0.6%) | (0.1%) |
| Board of Correction | 3 | 3 | 3 | 3 | 3 | 0 | 3.1% | 0.8% |
| Citywide Pension Contributions | 9,243 | 10,267 | 10,689 | 10,814 | 11,755 | 2,512 | 27.2% | 6.2% |
| Miscellaneous | 14,667 | 14,743 | 15,354 | 16,408 | 17,746 | 3,080 | 21.0% | 4.9% |
| Debt Service | 4,426 | 4,619 | 4,838 | 5,009 | 5,359 | 933 | 21.1% | 4.9% |
| TFA Debt Service | 3,227 | 3,557 | 4,023 | 4,479 | 4,906 | 1,679 | 52.0% | 11.0% |
| FY 2023 BSA and Discretionary Transfers | (5,479) | 0 | 0 | 0 | 0 | 5,479 | (100.0%) | (100.0%) |
| FY 2024 BSA | 3,779 | (3,779) | 0 | 0 | 0 | (3,779) | (100.0%) | (100.0%) |
| Public Advocate | 5 | 5 | 5 | 5 | 5 | 0 | 0.2% | 0.1% |
| City Council | 100 | 85 | 85 | 85 | 85 | (15) | (15.0%) | (4.0%) |
| City Clerk | 6 | 5 | 5 | 5 | 5 | (0) | (3.6%) | (0.9%) |
| Dept. for the Aging | 504 | 485 | 404 | 390 | 390 | (114) | (22.6%) | (6.2%) |
| Dept. of Cultural Affairs | 221 | 145 | 146 | 146 | 146 | (75) | (34.0%) | (9.9%) |
| Financial Info. Serv. Agency | 117 | 112 | 113 | 113 | 113 | (4) | (3.2%) | (0.8%) |
| Office of Criminal Justice | 57 | 657 | 642 | 642 | 642 | 585 | 1029.6% | 83.3% |
| Office of Payroll Admin. | 16 | 15 | 15 | 15 | 15 | (0) | (3.1%) | (0.8%) |
| Independent Budget Office | 7 | 7 | 7 | 6 | 6 | (1) | (7.8%) | (2.0%) |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| Equal Employment Practices | 1 | 1 | 1 | 1 | 1 | 0 | 3.6% | 0.9% |
| Civil Service Commission | 1 | 1 | 1 | 1 | 1 | (0) | (3.0%) | (0.8%) |
| Landmarks Preservation Commission | 8 | 7 | 7 | 7 | 7 | (1) | (10.7%) | (2.8%) |
| Taxi & Limousine Commission | 61 | 59 | 57 | 57 | 57 | (4) | (7.1%) | (1.8%) |
| Office of Racial Equity | 4 | 5 | 5 | 5 | 5 | 1 | 36.8% | 8.2% |
| Commission on Racial Equity | 1 | 2 | 2 | 2 | 2 | 1 | 89.6% | 17.3% |
| Commission on Human Rights | 13 | 14 | 14 | 13 | 13 | 0 | 1.6% | 0.4% |
| Youth & Community Development | 1,192 | 987 | 975 | 979 | 979 | (213) | (17.8%) | (4.8%) |
| Conflicts of Interest Board | 2 | 2 | 2 | 2 | 2 | (0) | (0.4%) | (0.1%) |
| Office of Collective Bargaining | 2 | 2 | 2 | 2 | 2 | 0 | 0.2% | 0.0% |
| Community Boards (All) | 21 | 20 | 21 | 21 | 21 | (1) | (3.1%) | (0.8%) |
| Dept. of Probation | 102 | 99 | 99 | 99 | 100 | (2) | (2.4%) | (0.6%) |
| Dept. Small Business Services | 323 | 172 | 142 | 141 | 141 | (182) | (56.2%) | (18.7%) |
| Housing Preservation & Development | 1,808 | 1,784 | 1,241 | 1,253 | 1,254 | (554) | (30.6%) | (8.7%) |
| Dept. of Buildings | 205 | 179 | 177 | 177 | 177 | (27) | (13.2%) | (3.5%) |
| Dept. of Health & Mental Hygiene | 2,692 | 2,058 | 2,036 | 2,037 | 2,037 | (655) | (24.3%) | (6.7%) |
| NYC Health + Hospitals | 2,957 | 2,982 | 1,245 | 1,295 | 1,334 | (1,622) | (54.9%) | (18.0%) |
| Office of Administrative Trials & Hearings | 63 | 59 | 61 | 61 | 61 | (2) | (2.6%) | (0.7%) |
| Dept. of Environmental Protection | 1,715 | 1,606 | 1,606 | 1,601 | 1,601 | (114) | (6.6%) | (1.7%) |
| Dept. of Sanitation | 1,988 | 1,873 | 1,901 | 1,949 | 1,958 | (30) | (1.5%) | (0.4%) |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 Dollars | Change FYs 2024 – 2028 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| Business Integrity Commission | 8 | 8 | 8 | 8 | 8 | (0) | (3.0%) | (0.8%) |
| Dept. of Finance | 348 | 335 | 339 | 340 | 340 | (8) | (2.4%) | (0.6%) |
| Dept. of Transportation | 1,410 | 1,400 | 1,388 | 1,374 | 1,361 | (49) | (3.5%) | (0.9%) |
| Dept. of Parks and Recreation | 558 | 523 | 530 | 530 | 530 | (28) | (5.0%) | (1.3%) |
| Dept. of Design & Construction | 186 | 173 | 154 | 154 | 154 | (31) | (16.9%) | (4.5%) |
| Dept. of Citywide Admin. Services | 1,027 | 989 | 589 | 582 | 581 | (446) | (43.4%) | (13.3%) |
| D.O.I.T.T. | 743 | 644 | 519 | 514 | 514 | (228) | (30.8%) | (8.8%) |
| Dept. of Record & Info. Services | 15 | 15 | 15 | 15 | 15 | (0) | (2.3%) | (0.6%) |
| Dept. of Consumer & Worker Protection | 63 | 58 | 61 | 61 | 61 | (1) | (2.3%) | (0.6%) |
| District Attorney - N.Y. | 186 | 160 | 162 | 163 | 163 | (22) | (12.0%) | (3.1%) |
| District Attorney – Bronx | 111 | 114 | 116 | 116 | 116 | 5 | 4.7% | 1.2% |
| District Attorney – Kings | 154 | 138 | 139 | 140 | 140 | (14) | (9.0%) | (2.3%) |
| District Attorney –Queens | 107 | 96 | 97 | 97 | 97 | (10) | (9.4%) | (2.4%) |
| District Attorney – Richmond | 28 | 24 | 24 | 24 | 24 | (3) | (12.4%) | (3.3%) |
| Office of Prosec. & Special Narc. | 29 | 29 | 29 | 29 | 29 | 0 | 1.2% | 0.3% |
| Public Administrator - N.Y. | 1 | 1 | 1 | 1 | 1 | 0 | 5.3% | 1.3% |
| Public Administrator - Bronx | 1 | 1 | 1 | 1 | 1 | 0 | 2.9% | 0.7% |
| Public Administrator - Brooklyn | 1 | 1 | 1 | 1 | 1 | 0 | 5.4% | 1.3% |
| Public Administrator - Queens | 1 | 1 | 1 | 1 | 1 | 0 | 2.6% | 0.7% |
| Public Administrator - Richmond | 1 | 1 | 1 | 1 | 1 | (0) | (3.9%) | (1.0%) |
| Prior Payable Adjustment | (400) | 0 | 0 | 0 | 0 | 400 | (100.0%) | (100.0%) |
| General Reserve | 50 | 1,200 | 1,200 | 1,200 | 1,200 | 1,150 | 2300.0% | 121.3% |

| ($ in millions) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Change FYs 2024 – 2028 | | Annual Percent Change |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Dollars | Percent | |
| Energy Adjustment | 0 | 9 | 114 | 160 | 191 | 191 | N/A | N/A |
| Lease Adjustment | 0 | 47 | 95 | 145 | 196 | 196 | N/A | N/A |
| OTPS Inflation Adjustment | 0 | 0 | 56 | 111 | 167 | 167 | N/A | N/A |
| **TOTAL EXPENDITURES** | **$114,104** | **$109,441** | **$114,339** | **$117,013** | **$120,247** | **$6,143** | **5.4%** | **1.3%** |

Note: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-City expenditures.

## Acknowledgements

The Comptroller wishes to thank the entire Bureau of Budget for their contributions to this report. He is also grateful to Archer Hutchinson for the design and layout.

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