

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



February 15, 2024

IBO

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

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Key Findings



Current Year Surplus: \$2.8 Billion More Than the Adams Administration's (Administration's) Estimate

This higher surplus results from IBO's forecast of approximately \$900 million more in anticipated tax revenues in 2024 than the Administration's estimates, coupled with IBO's estimate that City-funded spending will total about \$1.9 billion less than presented in the Preliminary Budget financial plan.



\$3.3 Billion Surplus Expected in 2025 with Proportionally Minimal Outyear Gaps

The surplus is driven by IBO's forecast of \$2.0 billion more in anticipated tax revenues than the Administration's estimate and the use of this year's \$2.8 billion surplus to prepay some of next year's expenses but is tempered by IBO's estimates of \$1.5 billion in additional spending over the Administration's projections. Although the outyear budgets are not balanced, IBO's projected gaps are well within the range that the City has closed in the past. The City could roll forward some of the 2025 projected surplus to help close the gap in 2026.



New York City Continues to Add Jobs, But Slowing Growth For Local Economy and Tax Revenues

Just over 77,000 jobs were added in 2023, in keeping with IBO's forecast over the past year. The City has now nearly reached 100% of its pre-pandemic job peak, but still lags behind the national economy. IBO forecasts more than 90,000 jobs will be added in 2024. IBO expects the local economy to continue to show growth but at a slowing rate through 2028, a trend largely mirrored in IBO's tax revenue forecasts.



Lower Spending Expected for City Workforce, Asylum Seeker Costs, and Charter School Enrollment

IBO expects spending to come in notably lower than Preliminary Budget levels in two areas: \$1.6 billion less in salary and fringe spending resulting from civilian, non-pedagogical vacancies in 2024 and \$2.4 billion less in asylum seeker costs than what is reflected in the Administration's estimates across 2024 and 2025. IBO also forecasts lower charter school enrollment than the Administration, estimating \$91 million in savings from 2026 through 2027 for charter school tuition costs.



More Current Year and Out-Year Funding Needed for Housing Vouchers, Personnel Costs at Uniformed Agencies, and Department of Education (DOE)

IBO anticipates substantially more funding will be needed, about \$700 million annually starting in 2025, to match planned 2024 spending levels for the City Fighting Homeless and Eviction Prevention Supplement (CityFHEPS) housing rental voucher program. IBO also expects additional funds will be needed for personnel costs in the City's four uniformed agencies: Correction, Fire, Police and Sanitation Departments—\$143 million in 2024 and \$765 million in 2025—largely to cover overtime costs for both uniformed and civilian staff. IBO estimates an additional \$490 million for 2025 and \$655 million each year for 2026 through 2028 to fund DOE programs previously funded by federal Covid-19 aid.



Despite a Second Round of Reductions to Agency Budgets Included in the Preliminary Budget, the 2024 Budget Has Increased by 7% Since the Adopted Budget in June

In September 2023, the Mayor's Office of Management and Budget (OMB) directed agencies to reduce budgets by 5% in each of the three subsequent financial plans—released in November, January, and April—in a Program to Eliminate the Gap (PEG). On top of the first PEG reductions in the November Plan, the Preliminary Budget included a second PEG reduction totaling \$934 million for 2024 and \$1.8 billion in 2025. For 2024, those reductions were more than offset by restorations of the first PEGs and increases elsewhere in the budget, yielding a net increase of over \$7 billion (7%) compared with the Adopted budget. For 2025, restorations and other budget changes did not offset PEG reductions, netting a \$1.4 billion reduction (1%) compared with the Adopted budget.

IBO Projections Demonstrate the Fiscal Health of the City

- IBO's anticipated budget surplus for 2024 is \$2.8 billion more than the surplus projected by the Administration. Because the current year budget must be balanced, historically any surplus in the current year is used to pay in advance known expenses that will happen next year. This is referred to as a prepayment adjustment.
- IBO also anticipates a \$492 million surplus in 2025. If the current year surplus of \$2.8 billion is applied to 2025 expenses through a pre-payment adjustment, when combined with the 2025 surplus, it would yield a total surplus estimate of \$3.3 billion in 2025.
- IBO estimates City tax revenues will grow at a 3.1% average annual rate while City-funded expenditures will grow at 2.5%. IBO forecasts similarly sized deficits to the Administration from 2026 through 2028.

IBO Total Revenue and Expenditure Projections Fiscal Years 2023-2028

Dollars in Millions

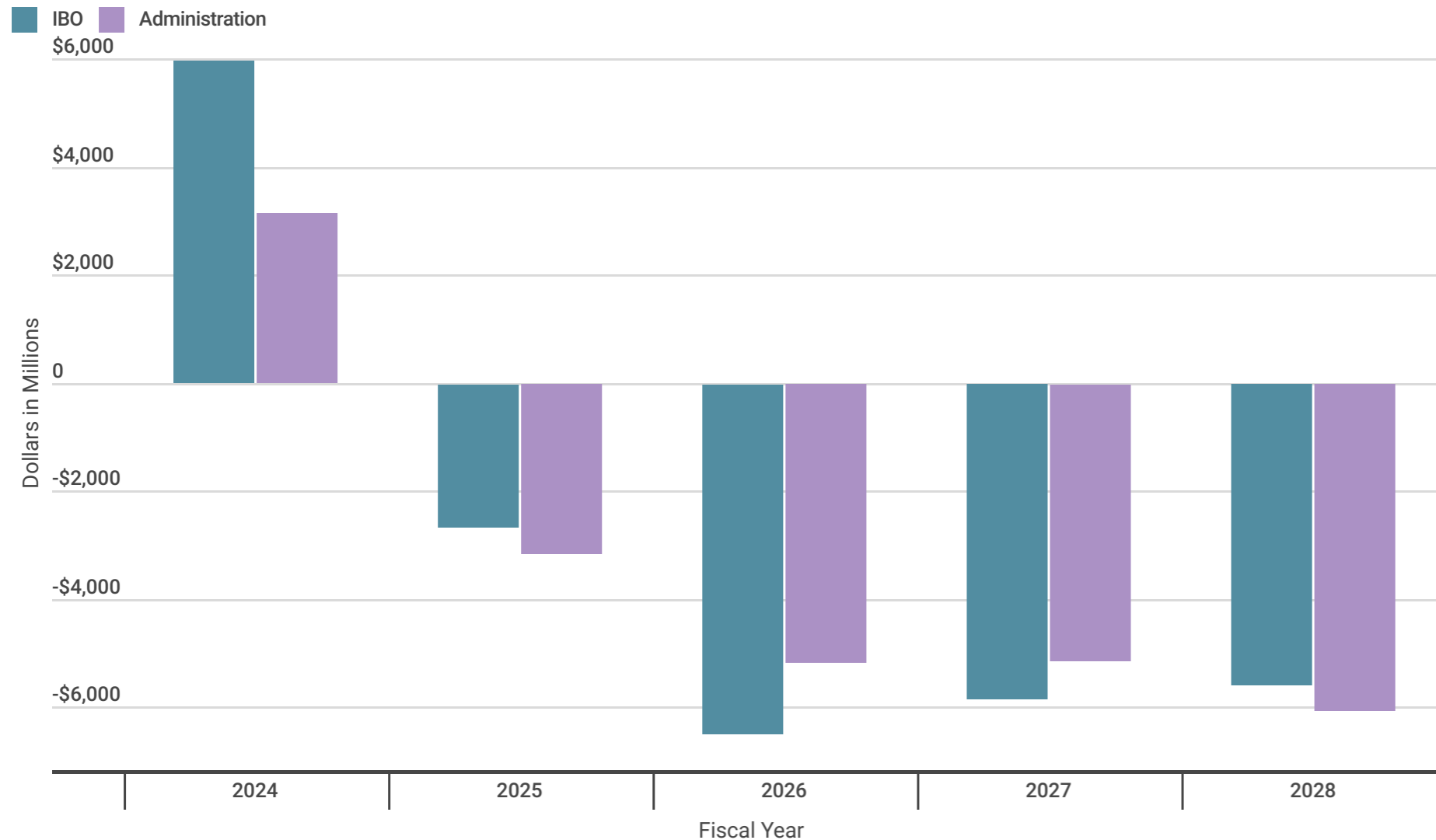
	Prior Year Actuals	Projected					Average Annual Change
	2023	2024	2025	2026	2027	2028	2023-2028
Total Revenue, Less Intra-City	\$108,478	\$114,386	\$111,608	\$111,374	\$114,702	\$118,077	1.7%
Taxes	73,299	73,810	76,829	78,770	82,146	85,299	3.1%
Other City & Interfund Revenue (Less Intra-City)	7,250	7,183	6,945	6,553	6,494	6,482	(2.2%)
State, Federal, and Other	27,929	33,393	27,833	26,051	26,062	26,296	(1.2%)
Total Expenditures	\$106,527	111,558	111,116	117,842	120,523	123,646	3.0%
IBO Additional Operating Surplus/(Deficit)		\$2,827	\$492	(\$6,468)	(\$5,822)	(\$5,569)	
IBO Prepayment Adjustment 2024/2025		(\$2,827)	\$2,827	-	-	-	
IBO Surplus/(Gap) Projections		\$0	\$3,319	(\$6,468)	(\$5,822)	(\$5,569)	
Adjustments for Prepayments and Non-Recurring Expenses							
Net Prepayments	\$636	\$1,700	\$3,779	\$0	\$0	\$0	
General Fund Reserves	-	50	1,450	1,450	1,450	1,450	
Other Adjustments	-	-	56	265	416	(554)	
Total Expenditures Incurred in Fiscal Year	107,163	\$113,208	\$113,389	\$116,128	\$118,657	124,543	3.1%
City-Funded Expenditures Incurred in Fiscal Year	\$82,835	\$84,300	90,332	88,307	91,771	93,942	2.5%

SOURCES: IBO; OMB

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

IBO Anticipates Larger Surplus in 2024 Than the Administration, Reducing Fiscal Pressures

Projected Gaps and Surpluses Before Prepayments

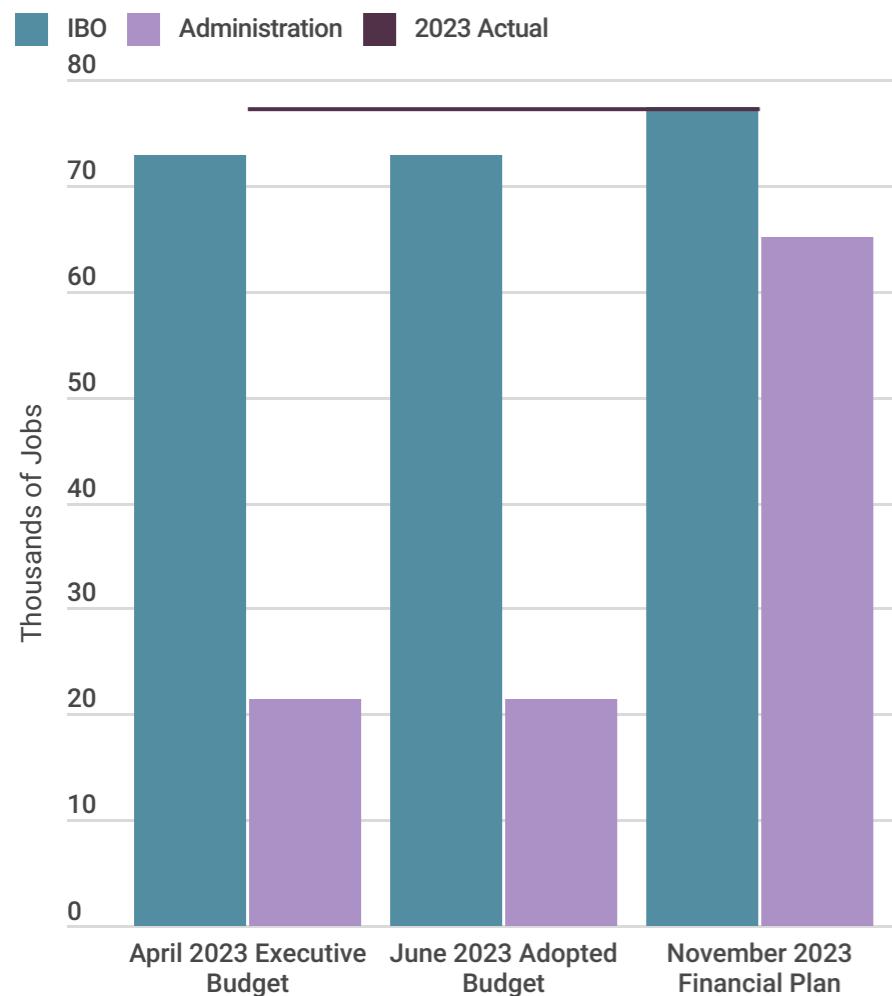


- This chart presents the Administration’s surplus or deficit projections before any pre-payment adjustments are applied, to show the difference between IBO’s and the Administration’s budget projections. (The Administration’s budget is balanced—as legally required—for fiscal years 2024 and 2025.)
- In the published financial plan, the Administration’s projected surplus in 2024 is applied to 2025, helping to balance the budget in both years. IBO projects a greater surplus in 2024, and a small surplus in 2025. When taken with projected prepayments, IBO forecasts an additional \$3.3 billion in available City resources between 2024 and 2025.
- IBO anticipates a larger deficit than was reported in 2026, but if 2025 has more than a \$3 billion surplus, this deficit is well within the range the City has closed in the past.

SOURCES: IBO; OMB

IBO Projects Positive Job Gains In Local Economic Forecast

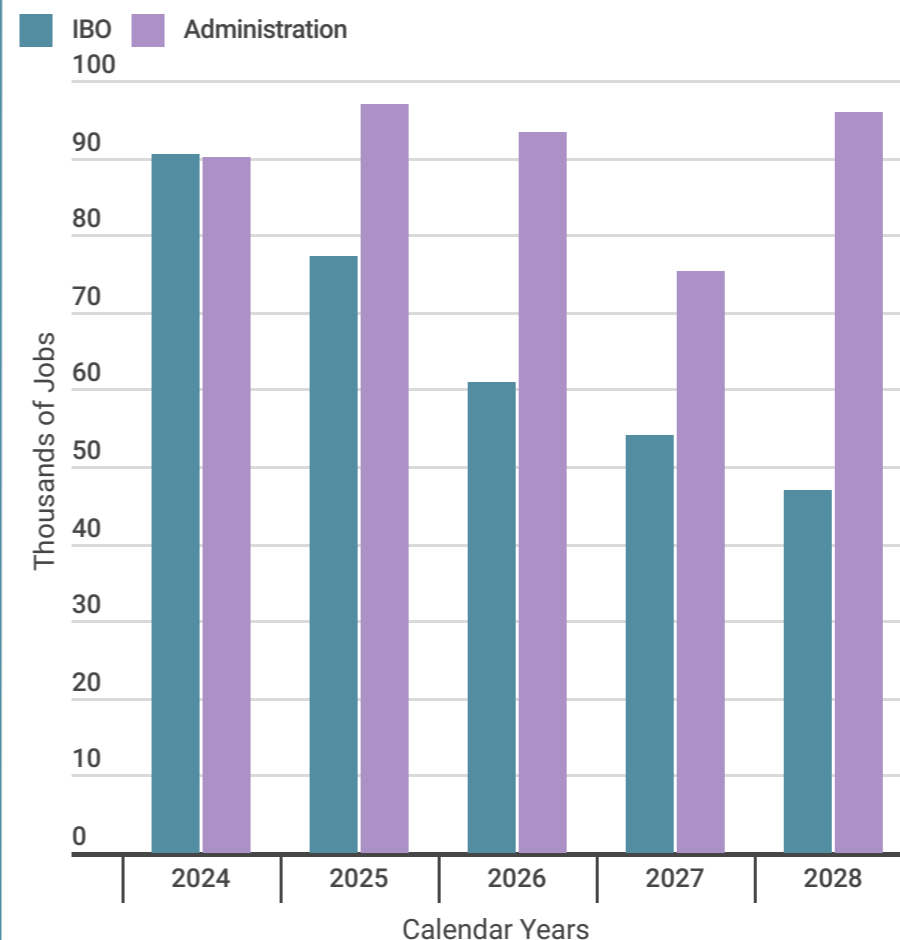
Total New Jobs Added in 2023 in Line With IBO's Forecasted Growth Projections Over Past Year



New York City ended 2023 with a gain of 77,100 jobs. The City has now nearly reached 100% of its pre-pandemic peak, but the City lags behind the national economy's employment recovery.

2024-2028 Projections

IBO Projects Slowing Total Employment Growth While The Administration Forecasts Sustained Job Growth



IBO projects that an additional 90,500 jobs will be added in the City in 2024, before gradually moderating in the future years as the post-pandemic boom fades.

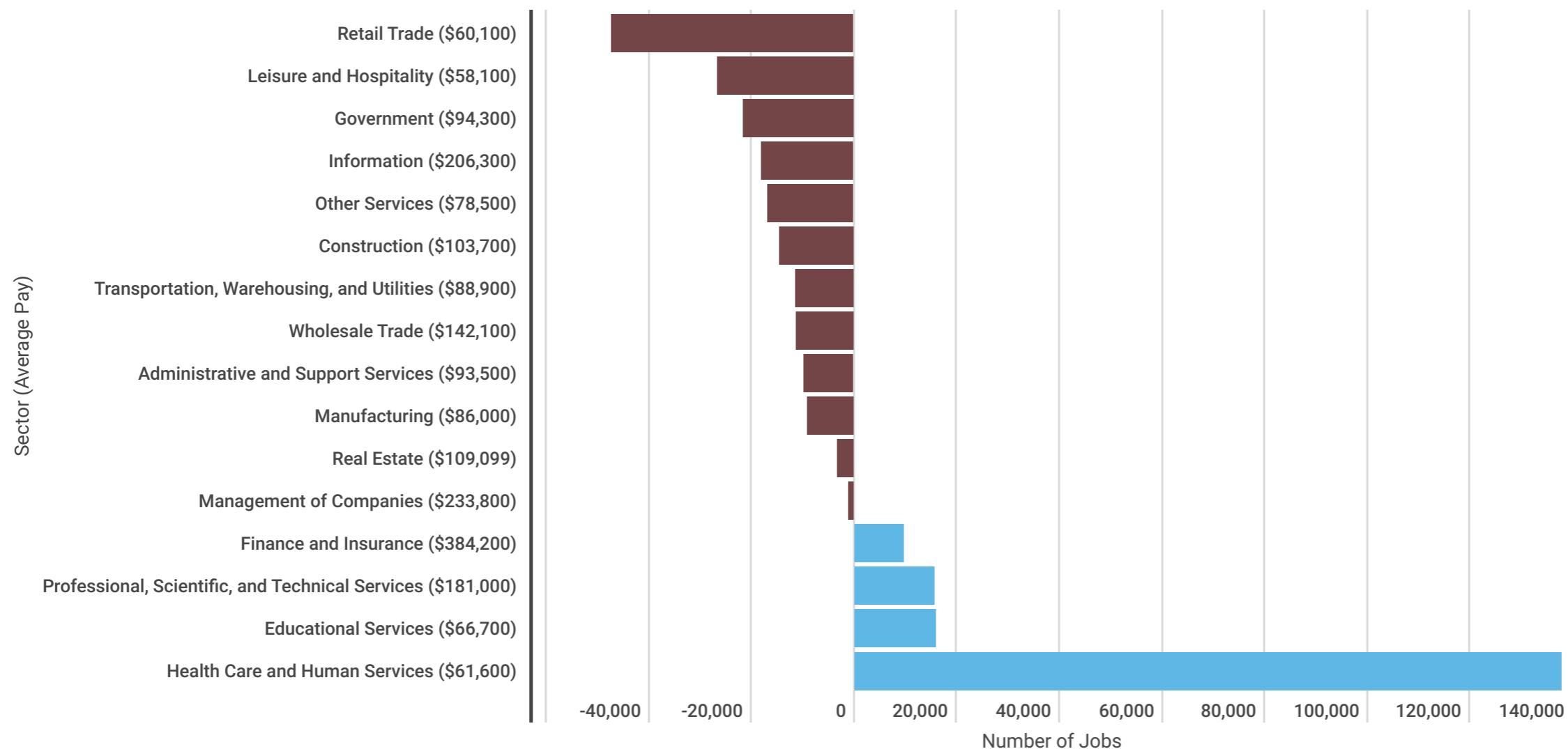
Additional details on IBO's economic forecast can be found in the [supplemental tables](#) in this report, and additional discussion will be provided in a forthcoming report to be issued in February 2024.

SOURCES: IBO and OMB Economic Forecasts

NOTE: Job gains measured Q4-Q4.

Many Sectors Remain Below Pre-Pandemic Employment Levels While Health Care and Human Services Sector Surges

Difference from Pre-pandemic (February 2020) Employment to December 2023



- The sector that has gained the most jobs since the pandemic (nearly 138,000) is the Health Care and Human Services industry. Most of that growth is concentrated in the low-wage ambulatory care subsector, which includes home health aides.
- Other sectors that have surpassed pre-pandemic levels include some of the highest-wage industries in the City—particularly the finance and insurance sector and professional, scientific, and technical services—which helps to sustain growth in the City’s aggregate wages and personal income.
- Conversely, employment in many low-wage industries continues to trail well behind pre-pandemic levels, notably retail trade and leisure and hospitality.

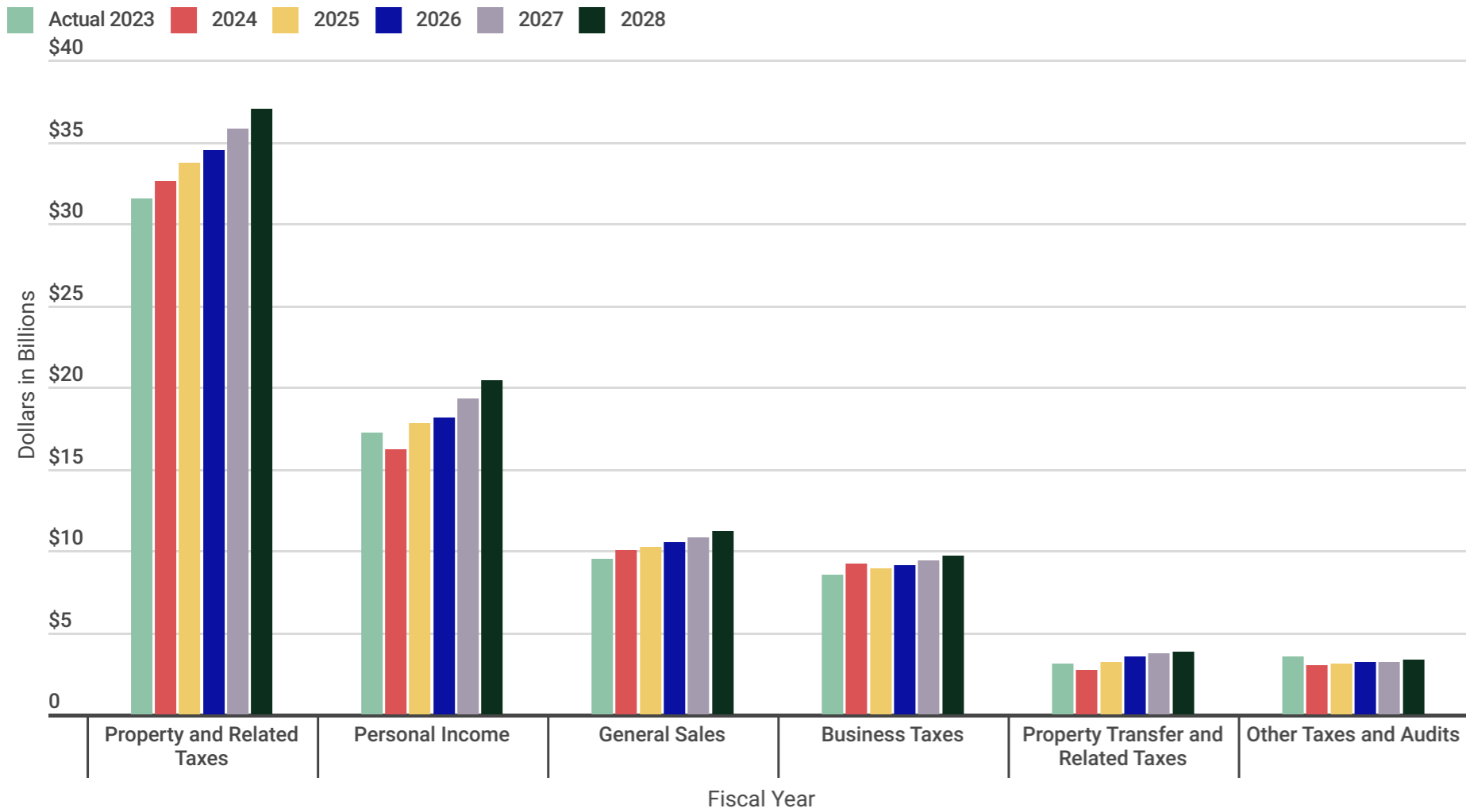
SOURCE: New York State Department of Labor, IBO Seasonal Adjustment

NOTE: Health Care and Human Services sector refers to the Bureau of Labor Statistics Health Care and Social Assistance sector.

Property Taxes Expected to Drive Growth in Tax Revenue

Personal Income, General Sales, and Business Taxes Show Moderate Growth In Keeping With Local Economic Forecast

IBO City Tax Revenue Forecast by Tax Type



IBO City Tax Revenue Forecast

Dollars in Millions

	Fiscal Year	Total City Tax Revenue	Annual Average Change
Actual	2023	\$73,299	
	2024	\$73,810	0.7%
Forecast	2025	\$76,829	4.1%
	2026	\$78,770	2.5%
	2027	\$82,146	4.3%
	2028	\$85,299	3.8%

- IBO estimates that City tax revenue will make up 69% of overall 2025 revenue, with stronger growth anticipated in 2025 and 2027.
- Property taxes are projected to increase by an annual average of 3.2%.
- Although projected revenue from the personal income tax forecast for 2024 is \$1.0 billion lower than collections in 2023, the decrease largely results from a lower estimate of [Pass-Through Entity Tax](#) (PTET) collections and an accounting adjustment between the City and the State, rather than weaker economic growth in the current year.

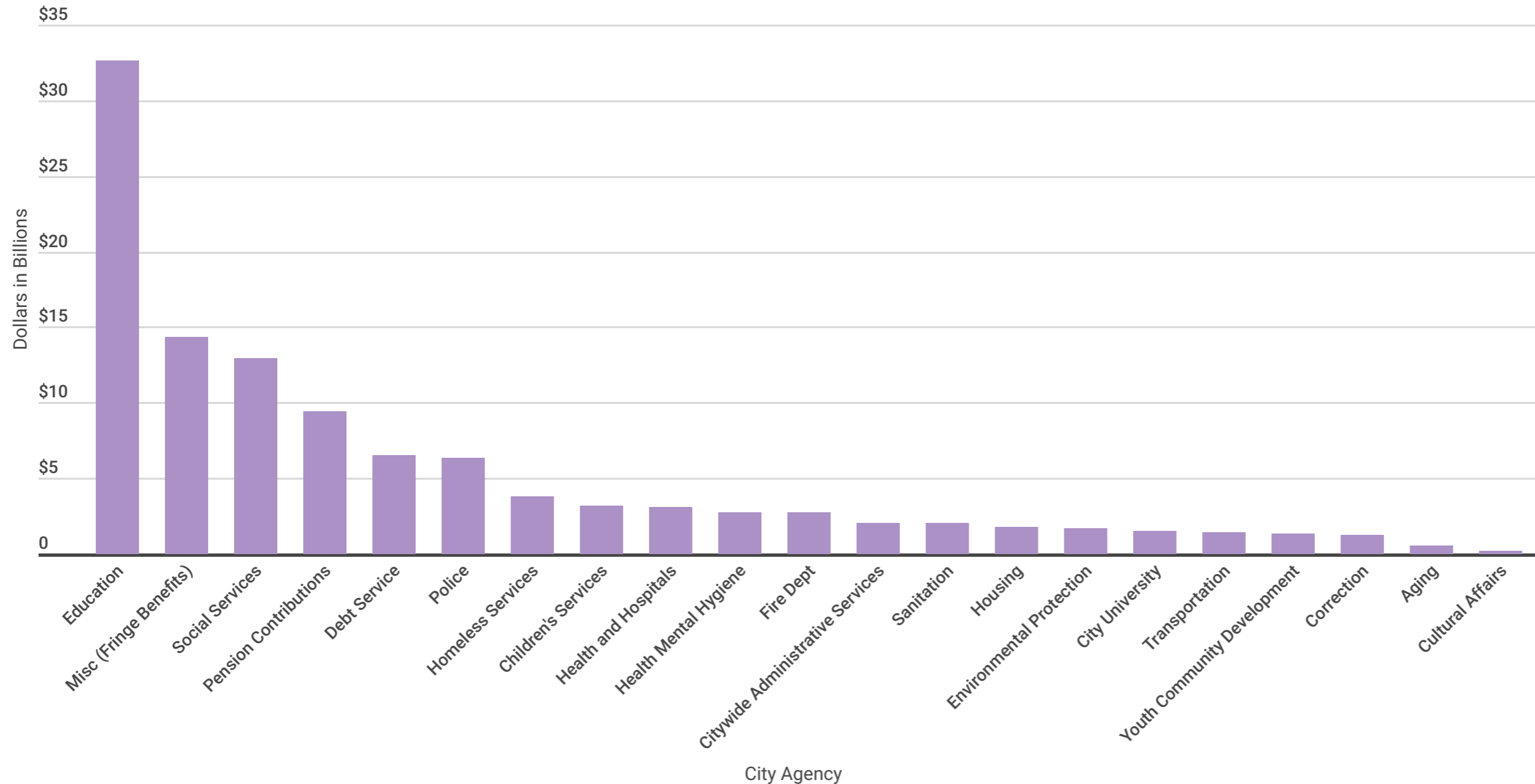
SOURCE: IBO January 2024 Revenue Forecast

NOTES: Property transfer and related taxes refers to the real property transfer, mortgage recording, and commercial rent taxes. Business taxes refers to corporate and unincorporated business taxes. Other taxes refers to utility, hotel occupancy, cannabis, and other tax and audit revenues.

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

Administration's Expense Budget

Departments of Education and Social Services, Along With Central Costs, Comprise 65% of the 2024 Expense Budget



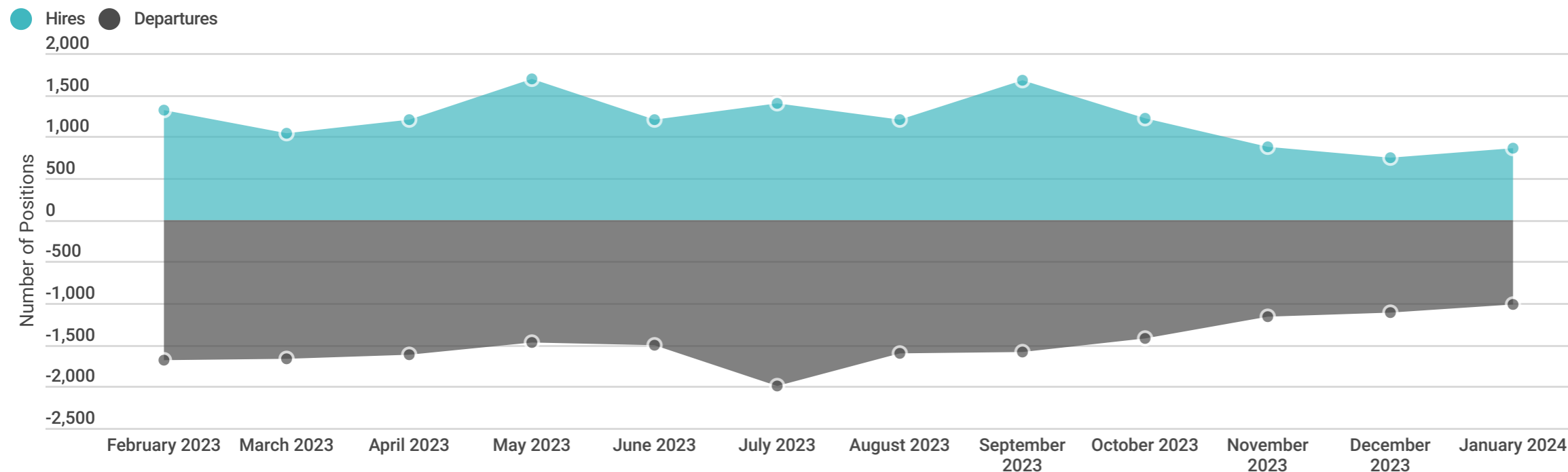
Department of Education, Department of Social Services, and centrally-budgeted costs such as fringe benefits, pension costs, and debt service, have the largest budgets by agency, in line with past years. As of the Preliminary Budget, they comprise nearly two-thirds of the City's total expense budget.

SOURCE: OMB

NOTE: Chart includes agencies with 2024 budgets over \$1 billion and all human services agencies regardless of budget. These agencies comprise 95 percent of the total 2024 budget.

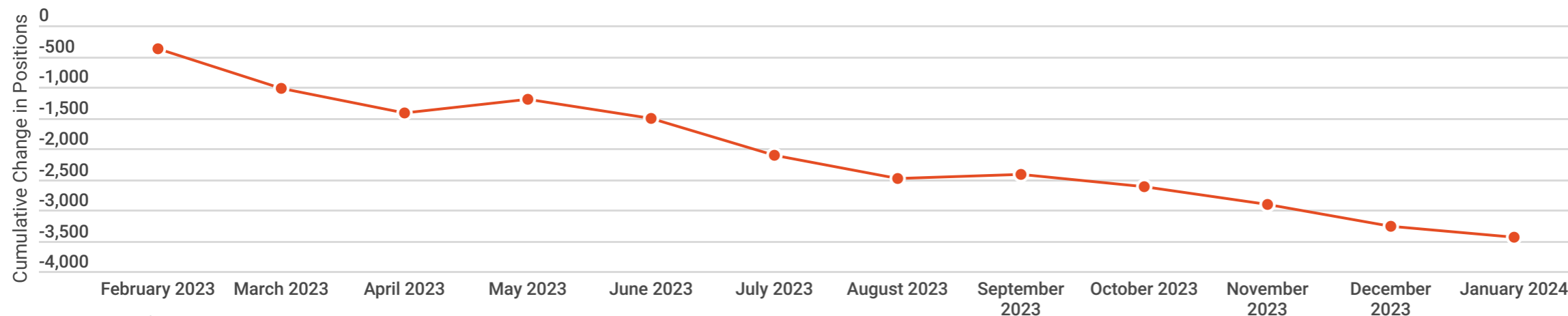
Net Reductions in City's Civilian Workforce Have Generated Savings

City Hires Compared With Departures: Civilian, Non-Pedagogical Positions



- In the past 12 months, there has been a net decline in civilian, non-pedagogical positions.
- IBO forecasts that an additional \$1.6 billion in salary and fringe savings will result from vacancies in 2024.
- The hiring freeze ordered by the Administration in the fall of 2023 has not had an appreciable effect on active City headcount.

Cumulative Change



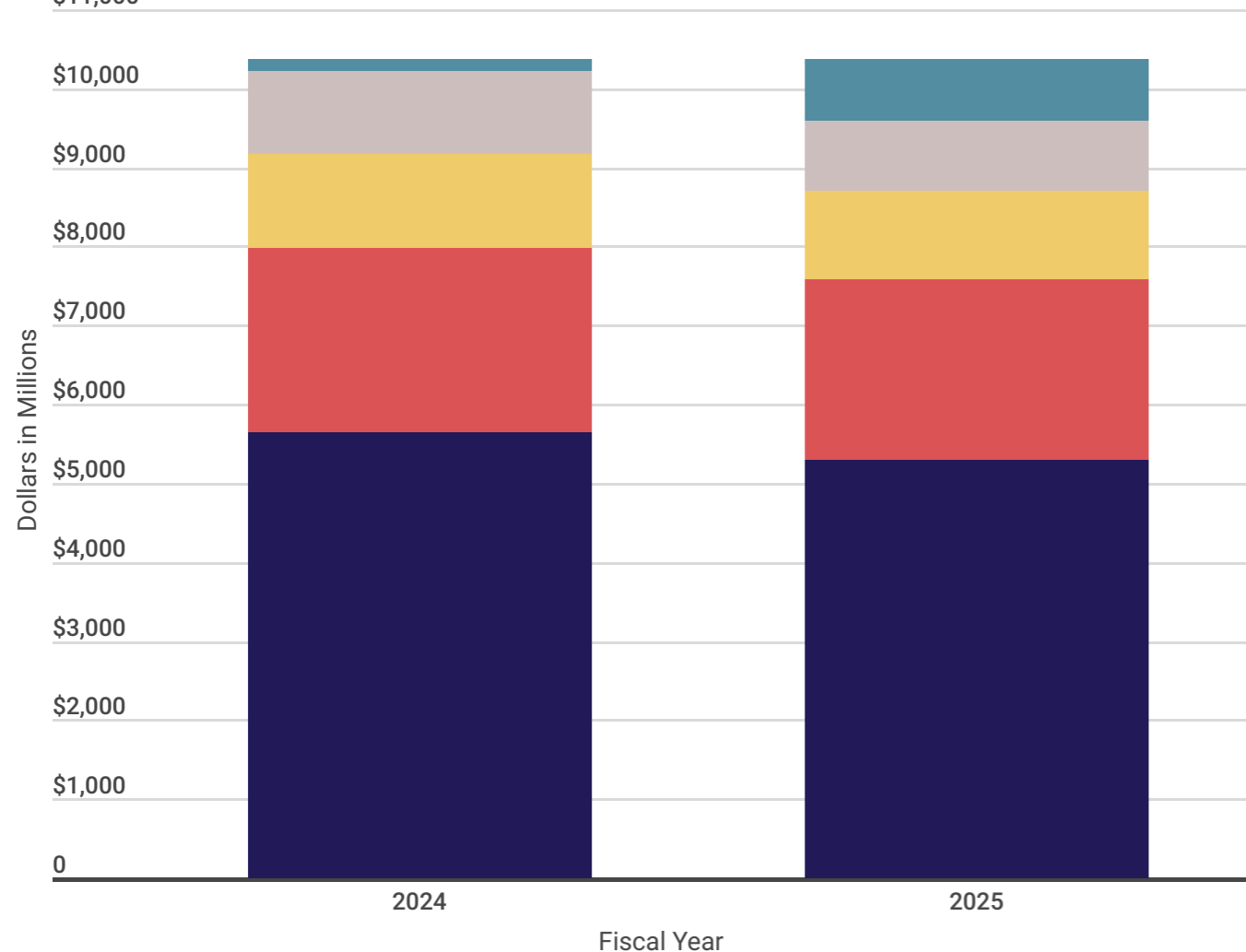
SOURCE: IBO analysis of City Human Resource Management System data

IBO Expects Higher Costs for Overtime in Uniformed Agencies

IBO Estimates an Additional \$143 Million Needed In 2024, Rising to \$765 Million in 2025

Uniformed Agency Personal Services

■ Police Department PS Budget
 ■ Fire Department PS Budget
 ■ Department of Sanitation PS Budget
■ Department of Correction PS Budget
 ■ IBO Estimated Additional PS Funds Required



- IBO estimates that across the four uniformed agencies (Correction, Fire, Police and Sanitation Departments), the City will need to spend an additional \$143 million in staffing costs, referred to as personal services (PS), in 2024. IBO’s estimate includes costs for both civilian and uniformed PS.
- The City currently has budgeted \$622 million less in PS costs in 2025 than in 2024 across these four agencies. IBO estimates that the City will actually spend \$765 million more than budgeted in 2025.
- These increased costs are almost exclusively for civilian and uniformed overtime.
- For 2026 through 2028, IBO estimates that the City will need between \$309 and \$460 million more annually for PS costs in the four uniformed agencies.

SOURCE: IBO analysis of OMB data

IBO Predicts Lower Spending on Asylum Seekers Than the Administration

IBO Compared With Administration: Asylum Seeker Spending

Dollars in Billions

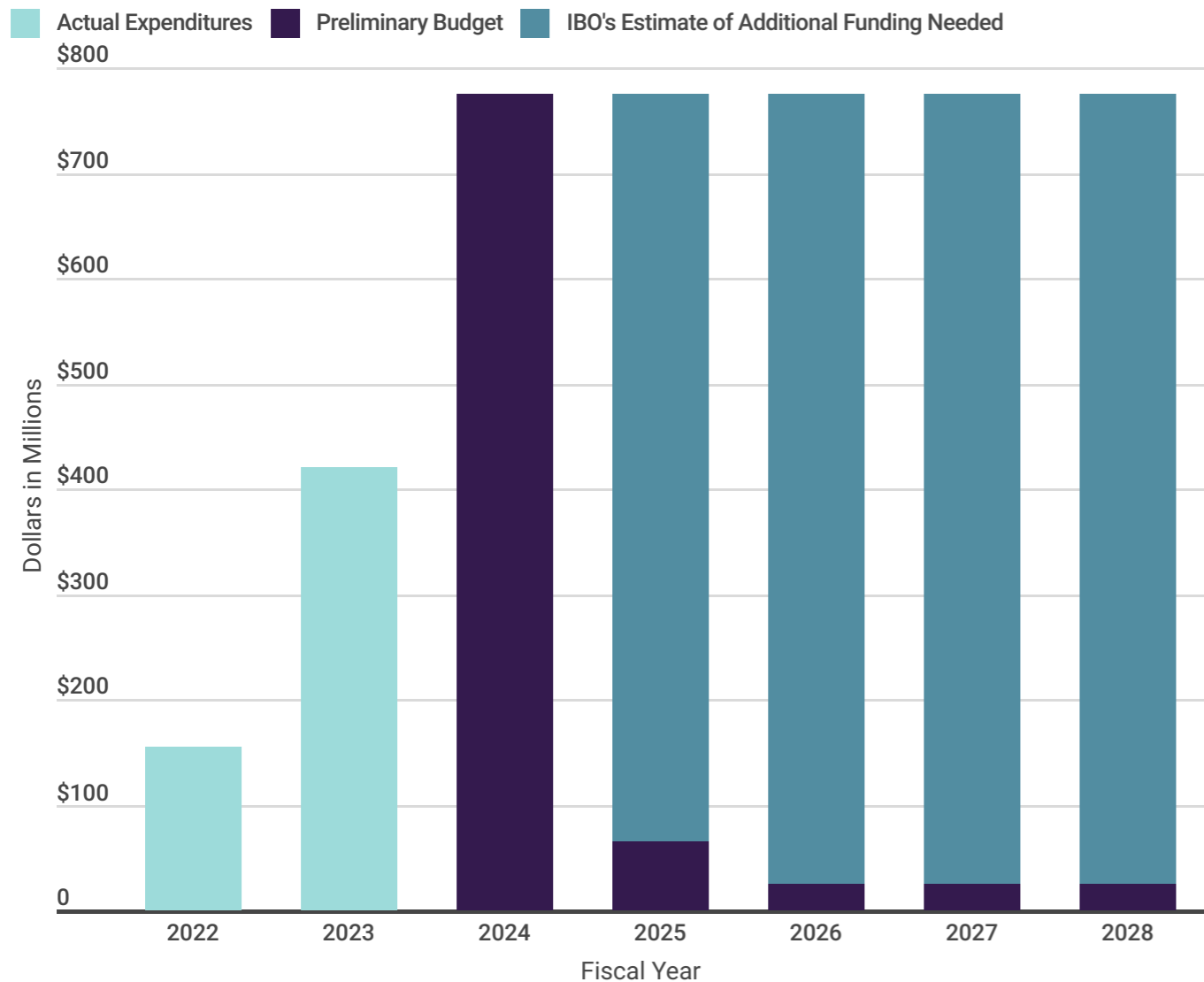
	Fiscal Year		Two-Year Total
	2024	2025	
Administration's November Plan	\$4.7	\$6.1	\$10.8
Administration's Preliminary Budget	\$4.2	\$4.9	\$9.1
IBO Cost Estimate	\$3.6	\$3.1	\$6.7
IBO Compared With Administration: November Plan	(\$1.2)	(\$2.9)	(\$4.1)
IBO Compared With Administration: Preliminary Budget	(\$0.7)	(\$1.7)	(\$2.4)

SOURCE: IBO analysis of OMB data

- In [December](#), IBO estimated three scenarios for the total costs of asylum seekers based on cost and growth trends from the past summer.
- In the Preliminary Budget, the City reduced the asylum seeker services budget from 2024 through 2027 by 19% based on its estimates of lower per diem payment rates and service reductions. This reduces the gap between IBO's \$6.7 billion estimate for 2024 and 2025 and Administration's Preliminary Budget estimate of \$9.1 billion.
- The City also recognized significant increases in expected State funding in 2024 and 2025, helping to reduce the City's share of the overall asylum seeker services budget by about 36%.

Administration's Budget for CityFHEPS Significantly Understates Costs

IBO Estimates \$700 Million More Needed Each Year From 2025 Through 2028 to Match 2024 Funding Levels



SOURCE: IBO analysis of OMB data

- City Fighting Homelessness & Eviction Prevention Supplement ([CityFHEPS](#)) is currently the primary City-funded rental assistance program and is one of the ways that individuals and families can receive subsidized housing. It is administered by the Department of Social Services (DSS).
- In the Preliminary Budget, the Administration added \$442 million in funding for CityFHEPS in 2024. This is in keeping with past budgeting trends [reported](#) by IBO, where the Administration has added funding as each current year progresses to meet program costs while leaving future years underbudgeted.
- CityFHEPS funds leases for 5-year periods, so future years can be expected to continue at least at similar funding levels to 2024.
- IBO's estimate assumes that the Administration will continue to spend at the current 2024 levels for CityFHEPS, and does not account for potential program growth that may result from recently passed City Council legislation.

IBO Re-Estimates for the DOE Budget

Over the 2024 to 2028 financial plan, IBO estimates \$4.8 billion in additional City funds will be needed for DOE expenditures. There were notable changes in the following areas:



Programs Funded With Federal Covid-19 Aid

With the expiration of federal Covid-19 aid, IBO estimates an additional \$490 million for 2025 and \$655 million annually from 2026 through 2028 to fund existing programs that are expected to continue, such as preschool special education, mental health supports, and contracted nurses.



Summer Rising

Launched in Summer 2021 (funded in the 2022 City fiscal year), [Summer Rising](#) is a summer program for academic and social-emotional support, as well as recreational activities. The City added \$80 million to the Summer Rising budget for 2025 to cover the shortfall of expiring federal Covid-19 aid; that gap remains, however, in subsequent years.



Charter School Per Student Costs

The Administration's estimate for charter school student enrollment growth now outpaces IBO's projections in 2026 and in 2027. IBO estimates \$3 million in savings for 2026 and an \$88 million in savings in 2027 for charter school tuition costs.



State Class Size Law

To comply with the State class size law, IBO estimates additional funding for teachers will be needed: \$214 million in 2026, \$427 million in 2027, and \$427 million in 2028. The [class size law](#), passed in 2022, limits the number of students per classroom in New York City and prioritizes schools serving populations with higher-poverty levels. See IBO's previous [report](#) for more details.

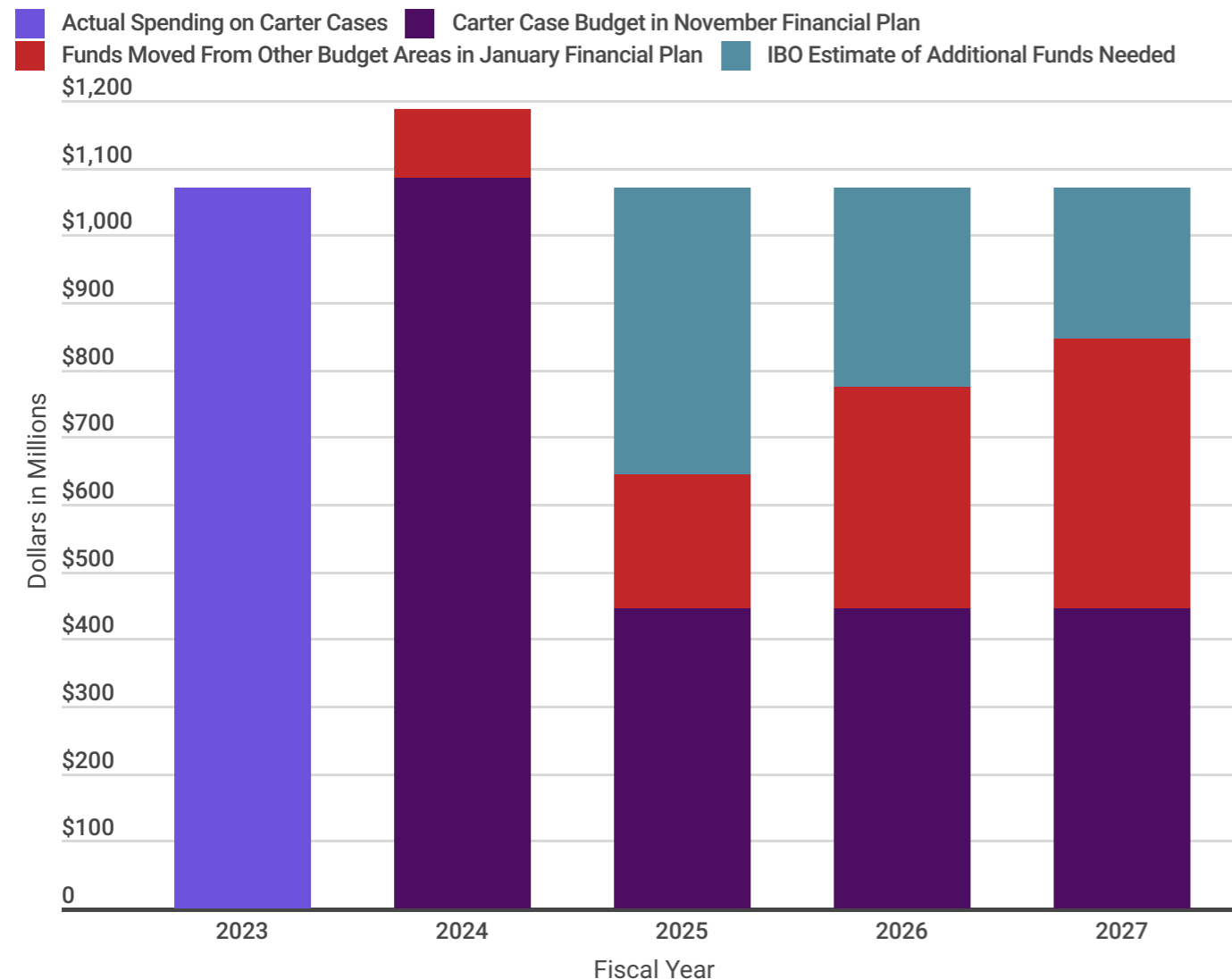


Pupil Transportation

The Preliminary Budget adds \$265 million in 2025, growing to \$536 million in 2028 for pupil transportation, citing increasing costs for special education busing. Because of this revision by the Administration, IBO's estimates no longer reflect additional needs for transportation.

Preliminary Budget Reflects Large Shifts for Carter Cases From Other DOE Areas

Preliminary Budget Reallocated Historically Unspent Funds from Other Budget Codes Toward Carter Cases, But IBO Estimates Not Enough



- Carter Cases are instances where families seek payment of private school tuition from the City after demonstrating that the public schools cannot meet a child’s special education needs.
- IBO estimates the City will need to add an additional \$424 million in 2025, \$294 million in 2026, and \$224 in 2027, to match prior year spending trends for Carter Cases.
- Even after the transfer of funds from other DOE budget areas to Carter Cases, remaining program budgets reflect historical—and in some cases even higher—spending trends.

The Carter Case Budget Grew Through Reductions in Other DOE Budget Areas

Dollars in Millions

Budget Area* Reduced to Additionally Fund Carter Cases	Change in Funds			
	2024	2025	2026	2027
Fringe Benefits	\$0	\$0	(\$30)	(\$100)
Special Education Classroom Instruction	0	(100)	(200)	(200)
Contract Schools (In-State)	(87)	(87)	(87)	(87)
Contract Schools (Out of State)	(5)	(5)	(5)	(5)
Blind and Deaf Schools	(8)	(8)	(8)	(8)

*This terminology comes directly from OMB Budget codes.

SOURCE: IBO analysis of OMB data

NOTE: The 2024 November Plan does not include Fiscal Year 2028. IBO assumes the Administration’s budgeted amount for 2027 will continue in 2028 and that \$224 million more will be required.

Notwithstanding Multiple PEGs, City Budget Has Increased 7% in 2024 to \$116 Billion

- In a [Program to Eliminate the Gap](#) (PEG) announced in September 2023, the Administration directed agencies to reduce City-funded spending by 15%, requiring 5% reductions over the next three financial plans—the November Plan, Preliminary Budget, and Executive Budget.
- Both the November and January Financial Plans included PEGs to identify budgetary savings. The January plan also featured a limited restoration of some initiatives that had been cut in November.
- The “Other” columns include “New Needs” increases (budget increases typically related to new initiatives) and “Other Adjustments” (negative or positive adjustments that are not classified as either a PEG or New Need).
- Despite two rounds of PEGs, the 2024 budget has increased by 7% since the Adopted Budget from June 2023. The out-year budgets have not changed more than approximately 1% since budget adoption.

Administration Budgets and Adjustments Since June Adopted Budget

Dollars in Millions

Decrease Increase

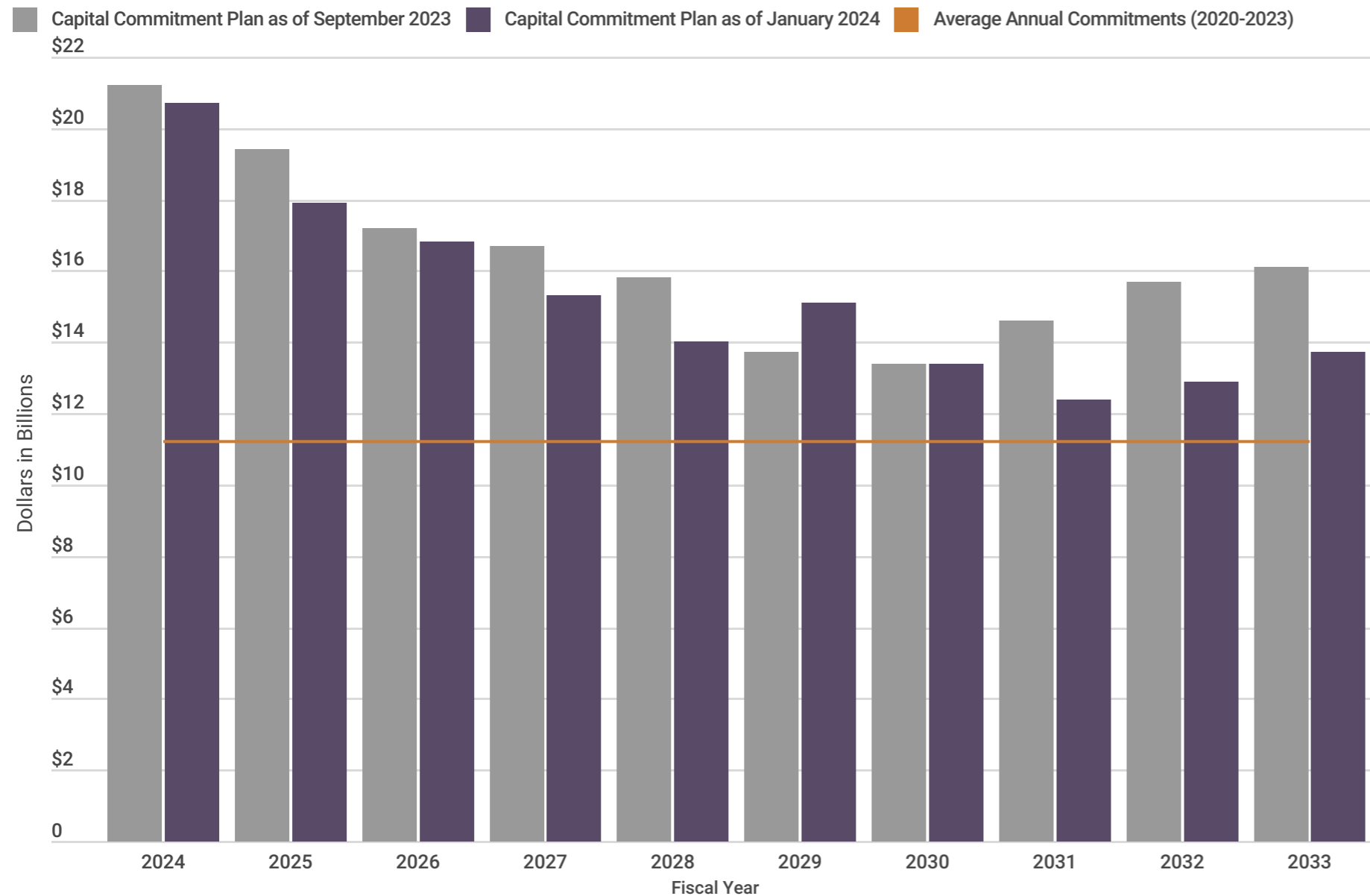
Budget Fiscal Year	Adopted Budget	First PEG	November Other	November Plan	Second PEG	Restoration of First Peg	Preliminary Budget Other	Preliminary Budget	Total Adjustments	Percent Change
2024	\$109,105	(\$1,239)	\$4,824	\$112,690	(\$934)	\$66	\$4,553	\$116,375	\$7,270	7%
2025	112,846	(1,836)	4,638	115,648	(1,772)	129	(2,567)	111,439	(1,407)	(1%)
2026	115,184	(1,785)	2,128	115,527	(589)	133	1,268	116,340	1,156	1%
2027	118,689	(1,840)	1,065	117,914	(630)	135	1,591	119,011	322	0%

SOURCE: IBO analysis of OMB data

PEGs, restorations, and other adjustments have impacted agency budgets to varying degrees. Additional discussion of PEGs including agencies with noteworthy PEGs from both plans, restorations, and new PEGs will be featured in a forthcoming report to be issued in February 2024.

Preliminary Budget Reduced the Ten-Year Capital Spending Plan By 7%

\$11.6 Billion Cut in City Funds From 10-Year Capital Plan But IBO Finds Funding Levels Remain Above Past Average Annual Commitments

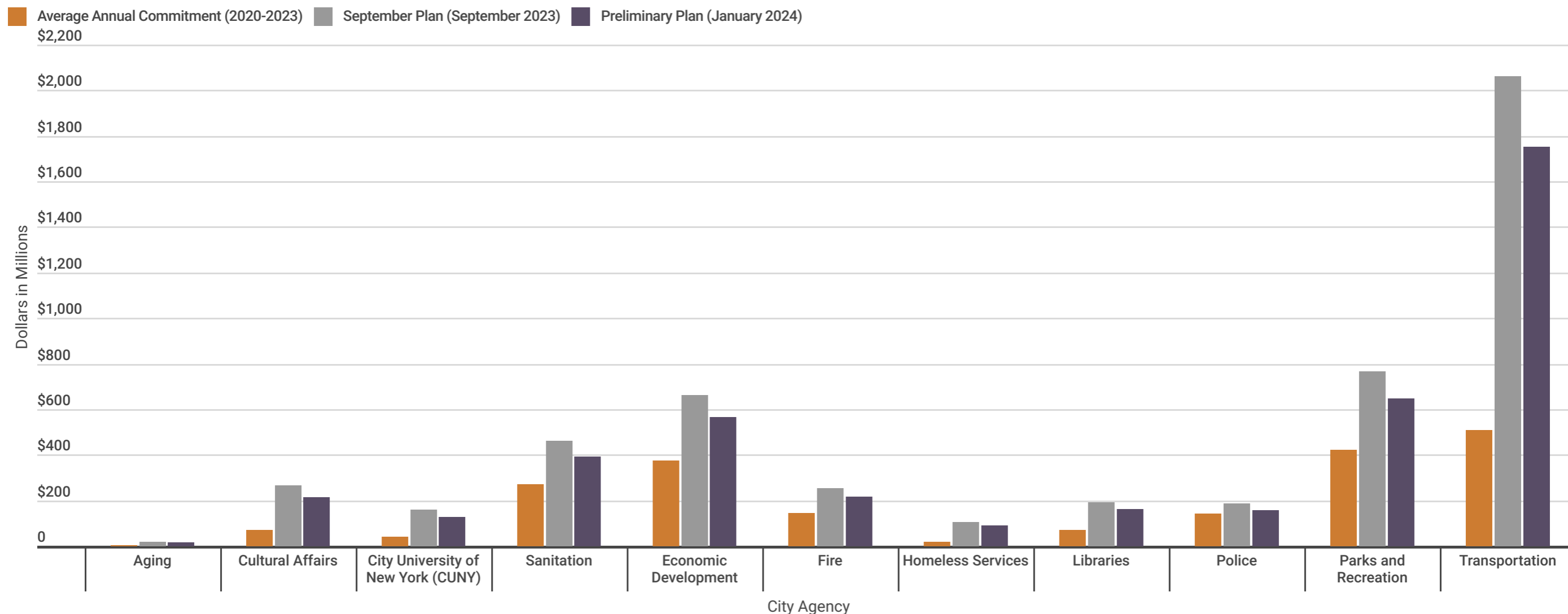


- The Preliminary Budget Capital Commitment Plan totals \$152 billion in City funds from proceeds of bond issuance across the ten-year plan window.
- This represents an \$11.6 billion (7%) reduction from the Adopted Budget Capital Commitment Plan. The lowest year of planned Capital spending is \$12.4 billion in 2031.
- The City's annual capital commitment over the past four fiscal years averages \$11.2 billion. Capital commitments refer to the dollar values of awarded contracts for capital projects.
- These reductions suggest that while there is sufficient funding to continue work at present spending levels, downward changes may impact individual City agencies in uneven ways.
- The City is limited by New York State on how much it can borrow for capital projects, which the Administration has cited as the underlying reason for the decreases in the Preliminary Budget Capital Commitment Plan.

SOURCE: IBO analysis of OMB's Capital Commitment Plans

Capital Commitment Plan Reductions Occurred in Agencies With Both Large and Small Capital Budgets

\$11.6 Billion in City Funds Cut from 10-Year Capital Plan But Funding Levels Remain Above Past Average Annual Commitments



SOURCE: IBO analysis of Office of Management and Budget's Capital Commitment Plans

NOTE: Libraries includes Brooklyn, New York, Queens, and the Research Library systems.

January 2024 Economic Forecasts

IBO Compared With OMB

	Calendar Year					
	2023 Actuals	2024	2025	2026	2027	2028
National Economy						
Real GDP Growth						
IBO	2.4	1.9	1.6	2.1	2.3	2.4
OMB	2.4	1.5	1.3	1.4	1.6	1.6
Inflation Rate						
IBO	4.1	2.7	2.4	2.3	2.2	2.2
OMB	4.1	2.6	2.0	2.5	2.2	2.2
Personal Income Growth						
IBO	5.2	4.4	4.2	4.4	4.5	4.6
OMB	5.2	5.1	5.0	4.5	4.5	4.4
Unemployment Rate						
IBO	3.6	3.9	4.1	4.0	4.0	3.9
OMB	3.6	4.0	4.3	4.5	4.5	4.4
10-Year Treasury Bond Rate						
IBO	4.0	4.2	4.1	4.0	4.0	4.0
OMB	4.0	3.9	3.4	3.2	3.2	3.2
Federal Funds Rate						
IBO	5.0	4.9	4.0	3.2	3.0	2.8
OMB	5.0	5.1	3.8	2.7	2.6	2.6

	Calendar Year					
	2023 Actuals	2024	2025	2026	2027	2028
New York City Economy						
Nonfarm New Jobs (thousands)						
IBO (Q4 to Q4)	77.1	90.5	77.3	60.9	54.1	46.9
OMB (Q4 to Q4)	80.5	90.0	96.9	93.3	75.3	95.9
Nonfarm Employment Growth						
IBO (Q4 to Q4)	1.7	1.9	1.6	1.3	1.1	0.9
OMB (Q4 to Q4)	1.7	1.9	2.0	1.9	1.5	1.9
Inflation Rate (CPI-U-NY)						
IBO	3.8	3.0	2.6	2.5	2.4	2.5
OMB	3.8	1.8	1.6	2.2	2.2	2.1
Personal Income (\$ billions)						
IBO	772.6	805.7	842.2	885.8	927.4	967.7
OMB	691.9	724.2	763.7	799.1	837.4	877.9
Personal Income Growth						
IBO	5.4	4.3	4.5	5.2	4.7	4.3
OMB	4.1	4.7	5.5	4.6	4.8	4.8
Manhattan Office Rents (\$/sq.ft)						
IBO	79.8	79.6	79.2	78.9	78.8	78.7
OMB	79.8	80.6	81.0	81.5	82.3	83.8

SOURCES: IBO; OMB

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, Federal Funds Rate, and Manhattan Office Rents. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal.

IBO Revenue Projections Fiscal Years 2024-2028

Dollars in Millions

	2023 Actuals	Financial Plan					Average Actual Change
		2024	2025	2026	2027	2028	
City Tax Revenue							
Property	\$31,507	\$32,633	\$33,699	\$34,500	\$35,784	\$36,964	3%
Personal Income	17,183	16,161	17,755	18,054	19,297	20,418	4%
General Sales	9,540	10,028	10,228	10,474	10,796	11,155	3%
Corporate Taxes	5,974	6,497	6,113	6,184	6,355	6,560	2%
Unincorporated Business	2,545	2,725	2,806	2,908	3,015	3,154	4%
Real Property Transfer	1,277	1,172	1,378	1,540	1,612	1,648	5%
Mortgage Recording	898	658	834	981	1,079	1,146	5%
Commercial Rent	910	909	941	957	969	978	1%
Utility	420	404	420	443	453	458	2%
Hotel Occupancy	645	705	734	766	790	818	5%
Cannabis	1	10	15	34	41	45	126%
Other Taxes and Audits	2,400	1,908	1,906	1,930	1,955	1,955	(4%)
Total City Taxes	\$73,299	\$73,810	\$76,829	\$78,770	\$82,146	\$85,299	3%

Table, continued	2023 Actuals	Financial Plan					Average Actual Change
		2024	2025	2026	2027	2028	
Other Revenue							
STaR Reimbursement	\$138	\$128	\$126	\$124	\$122	\$120	(3%)
Miscellaneous Revenue	8,589	8,611	8,107	7,713	7,652	7,641	(2%)
Unrestricted Intergovernmental Aid	186	17	-	-	-	-	n/a
Disallowances	(13)	(15)	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	\$8,900	\$8,741	\$8,218	\$7,822	\$7,759	\$7,746	(3%)
TOTAL CITY-FUNDED REVENUE	\$82,199	\$82,551	\$85,047	\$86,592	\$89,905	\$93,045	3%
State Categorical Grants	\$17,070	\$19,929	\$18,946	\$17,690	\$17,751	\$17,903	1%
Federal Categorical Grants	9,974	12,197	7,788	7,266	7,217	7,300	(6%)
Other Categorical Aid	885	1,268	1,099	1,094	1,093	1,093	4%
SUB-TOTAL REVENUE	\$110,128	\$115,944	\$112,880	\$112,643	\$115,967	\$119,342	2%
Interfund Revenue	\$699	\$700	\$729	\$737	\$738	\$738	1%
---Intra-City Revenue	\$2,348	\$2,258	\$2,002	\$2,006	\$2,003	\$2,002	(3%)
TOTAL REVENUE, Less Intra-City	\$108,478	\$114,386	\$111,608	\$111,374	\$114,702	\$118,077	2%

SOURCES: IBO; OMB

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

IBO Expenditure Projections Fiscal Years 2024-2028

Dollars in Millions

	2023 Actuals	Financial Plan					Average Actual Change
		2024	2025	2026	2027	2028	
Operational Expenditures							
Agency Expenditures	\$81,222	82,757	80,154	80,812	81,516	81,470	0.1%
Labor Reserve	2,568	1,235	1,848	2,129	2,610	3,295	n/a
Total Operational Expenditures	\$83,790	\$83,992	\$82,002	\$82,941	\$84,126	\$84,765	0.1%
Other Expenditures							
Fringe Benefits	\$7,774	\$12,802	\$13,956	\$14,707	\$15,279	\$15,885	15.4%
Debt Service	7,115	6,453	4,398	8,861	9,488	10,265	7.6%
Pensions	8,988	9,355	10,379	10,801	10,926	11,867	5.7%
Judgments and Claims	1,209	1,165	877	823	840	862	(6.5%)
Subtotal Recurring Expenses	\$108,876	\$113,767	\$111,612	\$118,134	\$120,660	\$123,645	2.6%
General Reserve	-	50	1,200	1,200	1,200	1,200	n/a
Capital Stabilization Reserve	-	-	250	250	250	250	n/a
Retiree Health Benefit Trust	-	-	-	-	-	-	n/a
Rainy Day Fund Deposit	-	-	-	-	-	-	n/a
Other Adjustments	-	-	56	265	416	554	n/a
Subtotal Non-Recurring Expenses	-	\$50	\$1,506	\$1,715	\$1,866	\$2,004	n/a
Intra-City Expenditures	\$2,348	\$2,258	\$2,002	\$2,006	\$2,003	\$2,002	n/a
TOTAL EXPENDITURES, Less Intra-City	\$106,527	\$111,558	\$111,116	\$117,842	\$120,523	\$123,646	2.6%

SOURCES: IBO; OMB

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

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

Dollars in Millions

	2024	2025	2026	2027	2028
Gaps as Estimated in the Executive Budget	\$0	\$0	(\$5,150)	(\$5,117)	(\$6,043)
Revenue					
Total City Taxes	\$909	\$2,010	\$2,026	\$2,647	\$3,716
Miscellaneous Revenue	\$2	\$2	\$2	\$2	\$5
TOTAL REVENUE - CITY	\$911	\$2,012	\$2,028	\$2,648	\$3,716
Expenditures-City Funded					
Asylum Seekers	\$677	\$1,711	\$0	\$0	\$0
City-wide Personal Services	1,663	0	0	0	0
Debt Service	0	0	0	0	0
Youth and Aging	(20)	(278)	(285)	(266)	(266)
General Government	25	(65)	(130)	(133)	(98)
Public Safety and Judicial	(215)	(769)	(488)	(386)	(247)
Education	(65)	(998)	(1,223)	(1,282)	(1,282)
City University	0	0	0	0	0
Social Services, Homeless Services, Aging	(178)	(876)	(924)	(960)	(960)
Environmental Protection and Sanitation	52	(168)	(225)	(261)	(324)
Transportation Services	2	0	0	0	0
Parks, Recreation, and Cultural Activities	(15)	(22)	(21)	(21)	(21)
Housing and Buildings	(11)	(55)	(48)	(45)	(45)
Libraries	0	0	0	0	0
Health	0	0	0	0	0
TOTAL EXPENDITURES - CITY	\$1,917	(\$1,520)	(\$3,345)	(\$3,353)	(\$3,241)

Table, continued	2024	2025	2026	2027	2028
TOTAL EXPENDITURES - CITY	\$1,917	(\$1,520)	(\$3,345)	(\$3,353)	(\$3,241)
TOTAL IBO PRICING DIFFERENCES	\$2,827	\$492	(\$1,317)	(\$704)	\$474
IBO Prepayment Adjustment 2023/2024	(\$2,827)	\$2,827	\$0	\$0	\$0
IBO SURPLUS / (GAP) PROJECTIONS	\$0	\$3,319	(\$6,467)	(\$5,821)	(\$5,569)

SOURCES: IBO; OMB

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

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