

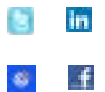
# Taking New York City Down a PEG: IBO Estimate of the Impact of The Mayor's Program to Eliminate The Gap (PEG) on New Yorkers



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# Executive Summary

Citing major out-year budget gap projections, in September of 2023, the Mayor's Office of Management and Budget (OMB) called for a Program to Eliminate the Gap (PEG), consisting of a series of three 5 percent reductions in city funding for agency budgets, beginning with 5 percent in the November Plan starting in 2024. (All years refer to City fiscal years.)

In the November plan, OMB included a \$7.6 billion PEG, with \$1.7 billion in reductions to city funding for this fiscal year and at least \$1.9 billion reductions to city funding in each of the three following years. Among the reductions included in the PEGs are the cancellation of a police officer academy class, and cuts to the City's early childhood program, its annual operating subsidy for public libraries and grants to cultural institutions, and various job training programs across multiple agencies.

In this report, IBO has identified groups of proposed PEGs, valued at \$2.3 billion, that have the potential to substantially impact the life experiences of New Yorkers. Based on the data available in the November Plan, IBO is not able to make detailed determinations concerning the operational implementation of the proposed reductions. Rather, we are identifying reductions in specific categories that could have impacts on the lived experiences of the City's residents.

Among the \$2.3 billion in PEGs so identified, we found that:

- The cuts collectively could impact several vulnerable populations across the City, including public school students (particularly in early childhood), individuals requiring mental health support, individuals experiencing family violence, individuals who are justice-involved, and juvenile justice-involved youth.
- The PEGs also affect systems that provide critical services to many New Yorkers, like cultural organizations and public libraries.
- Reductions to Public Safety total \$915 million over the plan period, including the cancellation of a full police officer academy class and eliminating vacant civilian positions—about half of which are school safety agents.
- Across the Department of Education and the Department of Youth and Community Development, there were \$545 million in reductions from 2024 through 2027 including for: early childhood programs, Community Schools (which contract with community-based organizations to provide wrap-around services), summer programs including paid youth employment, and afterschool programs.
- Cuts to alternative to incarceration programs funded by the Office of Criminal Justice, in part to reduce the jail population in preparation for the City closing the jails on Rikers Island and transitioning to borough-based jails with lower capacity, are included in \$414 million in reductions to individuals who are justice-involved.
- Additional PEGs that affect life experiences of New Yorkers include cuts to: job training and workforce development programs (including the Job Training Program for park cleaning), the environment (reduced litter basket service in outer-boroughs), programming for older adults and children, and transportation-related services (including ferry service).

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## Introduction

Citing major out-year budget gap projections, the Mayor’s Office of Management and Budget (OMB) called for a Program to Eliminate the Gap (PEG), consisting of a series of three 5 percent reductions in city funding for agency budgets, beginning with 5 percent in the November Plan starting in 2024 and including all years of the financial plan.<sup>1</sup> (All years refer to City fiscal years.) OMB is planning for the additional two 5 percent reductions in city funding to be included in the Preliminary and Executive budgets this fiscal year—due in January and April, respectively.

Generally, PEG reductions can provide opportunities for agencies and the administration to identify ways to increase efficiencies, which can be achieved in several ways. To reduce expenditures or increase revenues, the administration can: eliminate redundancies across agencies and thus lower spending; recognize areas with lower-than-expected spending; identify ways to raise revenue, sometimes by optimizing reimbursements from state or federal sources; or recognize lower than expected costs for debt service. Some reductions, however, can result in service reductions by scaling back programs, or recognizing savings from services that were intended to be provided but will not be for a variety of reasons.

In the November plan, OMB included a \$7.6 billion PEG, with \$1.7 billion in reductions to city funding for this fiscal year and at least \$1.9 billion reductions to city funding in each of the three following years. For 2024, almost 60 percent of the total PEGs were taken collectively by three agencies: Department of Education (\$547 million, 32 percent); Department of Social Services (\$322 million, 19 percent); and Police Department (\$132 million, 8 percent).

To put the PEGs in the context of the Independent Budget Office’s (IBO) independent economic forecast and re-estimates of City revenues and expenses across the financial plan years in the Fiscal Outlook Report, IBO projects that—with the PEGs in place—the City will end 2024 with an additional \$3.6 billion surplus beyond what has already been identified by OMB. To keep the 2024 budget balanced, IBO anticipates that the surplus will be applied as a prepayment against 2025 expenses. Factoring in prepayments, IBO forecasts a \$1.8 billion shortfall in 2025. Alternatively, any surplus may be used to cover increased spending in the current year. IBO’s projected gaps widen to \$7.3 billion in 2026 and \$6.7 billion in 2027. While the budget deficits in 2026 and 2027 are substantial, the gap in 2025 is not dissimilar to gaps the City has addressed in recent years.

## Impacts of PEGs on Budgeted City Headcount

The PEG cuts remove approximately 11,000 budgeted full-time positions over the plan period: roughly 2,400 in 2024 and about 2,900 in each out-year. The largest headcount reductions are in the Departments of Education, Police, Fire, Parks and Recreation, and Sanitation. More than half of the reductions are related to existing vacancies—the elimination of unfilled positions. The largest share (28 percent) of the vacancy reductions in 2024 are cuts occurring in the Department of Education (DOE), with a \$80 million reduction in 2024 and \$69 million reductions each year for 2025 through 2027. Of the 680 eliminated positions in 2024, 622 are in DOE regional/district offices and central administration and the remaining are in other areas of DOE (with 432 positions eliminated in each year for 2025 through 2027). The remainder of the PEG cuts primarily relate to the hiring freeze, the termination of 190 uniformed Fire Department staff unable to fulfill job requirements, and delays in the commencement or expansion of certain public programs.

Some of these headcount reductions are offset by increases for new needs and other budget adjustments. Ultimately, the citywide budgeted full-time headcount for 2024 would decrease from 302,402 as of the Adopted Budget for 2024 (June 30, 2023) to 300,516 as of the November Plan, a net drop of 1,886 (0.6 percent).

## Impacts of PEGs on Life Experiences of New Yorkers

Many of the proposed reductions included in the PEGs would have real impacts on New Yorkers, including the cancellation of a police officer academy class, and reductions to: the City’s early childhood program; the City’s annual operating subsidy for public libraries and grants to cultural institutions, and job training programs across multiple agencies. IBO also identified a subset of PEGs that have the potential to substantially impact the life experiences of New Yorkers. In this report, IBO is not making determinations about operational implementation of the proposed reductions, but rather identifying reductions that could have impacts on the lived experiences of the City’s residents.

The remainder of this analysis provides details on the \$2.3 billion in PEGs, collectively referred to as “Human Impact PEGs.” By IBO’s estimate, roughly 30 percent of the PEGs would fall into this category. The PEGs IBO identified impact several vulnerable populations across the City, including public school students (particularly in early childhood), individuals requiring mental health support, individuals experiencing family violence, individuals who are justice-involved, and juvenile justice-involved youth. The PEGs also affect systems that provide critical services to many New Yorkers, like cultural organizations and public libraries.

The categories that IBO identified that account for the largest shares of Human Impact PEGs over the four years of the plan include: Public Safety (\$915 million, 40 percent); Student and Youth Services (\$545 million, 24 percent); Reductions that Affect Individuals Who are Justice-Involved (\$414 million, 18 percent); Arts, Cultural Affairs, and Libraries (\$128 million, 6 percent); and Job Training and Workforce Development (\$110 million, 5 percent). Additionally, IBO recognizes that several of the PEGs included in the analysis reflect what the administration identifies as “re-estimates” —areas where budgeted funds exceeded actual expenditures. This could indicate services that could have been delivered but were not, or it could indicate that services were able to be delivered more efficiently. Such re-estimates account for \$182 million (about 8 percent of the \$2.3 billion in this analysis).

**Public Safety and Civilian Staffing Reductions for Police and Fire Departments.** The largest PEG in the New York Police Department (NYPD) is the cancellation of a full police officer academy class. This cancellation results in \$42 million in direct savings in 2024, \$289 million in 2025, and \$229 million in 2026

### IBO Categorized About 30 Percent of the PEGs in the November Plan as Human Impact PEGs

*Dollars in millions*

Category of Reduction	2024	2025	2026	2027	TOTAL
Public Safety	(\$50)	(\$338)	(\$261)	(\$266)	(\$915)
Student and Youth Services	(36)	(169)	(170)	(170)	(545)
Reductions that Affect Individuals Who are Justice-Involved	(36)	(123)	(128)	(127)	(414)
Arts, Cultural Affairs, and Libraries	(34)	(31)	(31)	(31)	(128)
Job Training and Workforce Development	(14)	(31)	(32)	(32)	(110)
Environment	(12)	(23)	(19)	\$20	(74)
Older Adult Programming	-	-	-	(13)	(13)
Additional Reductions to Administration for Children’s Services	(2)	(11)	(11)	(11)	(34)
Re-estimates of Planned Expenditures for Programs in 2024	(12)	(6)	(7)	(7)	(31)
Delayed Expansions	(9)	(3)	(3)	(3)	(18)
Transportation-related Reductions	(6)	(1)	(1)	(1)	(9)
Reducing Potentially Redundant Services Across Agencies	(1)	(1)	(1)	(1)	(5)
<b>TOTAL</b>	<b>(\$213)</b>	<b>(\$738)</b>	<b>(\$664)</b>	<b>(\$682)</b>	<b>(\$2,296)</b>

SOURCE: IBO analysis of New York City Office of Management and Budget data

*New York City Independent Budget Office*

and 2027. There also are related savings in uniforms and other than personal services purchases (OTPS, commonly referred to as goods or items purchased) related to this class cancellation. Additionally, NYPD would eliminate 647 vacant civilian positions, about half of which (including 322 school safety agents) are in the school safety division. Although school safety agents are NYPD employees, they are paid for by the Department of Education (DOE). The savings recognized by the DOE reflect a 1 percent reduction in the DOE school safety budget in 2024, a 5 percent reduction in 2025, and a 2 percent reduction in 2026. The Fire Department similarly has a civilian hiring freeze that will result in 266 unfilled civilian positions being eliminated by 2025, saving \$6 million in 2024 increasing to \$18 million each year in 2026 and 2027.

**Student and Youth Services.** Reductions in DOE that are related to direct services to public school students are to early childhood programs, the Community Schools program (which contracts with community-based organizations to provide wrap-around services in high-poverty schools), and citywide special education district schools. The largest reduction is a reduction of \$120 million for early childhood programs in DOE in each year for 2025 through 2027. This reduction includes \$82 million that has been cut from Universal Pre-K and 3-K programs, and \$38 million that has been cut from EarlyLearn and Head Start programs. The Pre-K and 3-K reduction reflects a realignment of funding to enrollment, as there has been slower growth than expected—30 percent lower enrollment than what DOE had budgeted for previously, according to OMB. Compared with the overall budget, this reflects a 5 percent reduction to 3-K and UPK programs and an 8 percent reduction to Early Learn and Head Start programs. The Community Schools program will be reduced by \$10 million in 2024 and \$8 million each year from 2025 through 2027. Because funding for Community Schools is budgeted in a category that aggregates other initiatives within the DOE budget, IBO is unable to pinpoint the percentage of the reduction in the budget for Community Schools. See IBO's recent report [Budget Building Blocks: Units of Appropriation](#) for more details on how programmatic funding is supposed to be allocated. Finally, the citywide special education district, District 75, will be reduced by \$3 million in 2024 through 2027 for lower-than-expected spending in personal services.

The reductions in 2024 for DYCD amount to \$23 million and are largely due to less than expected expenditures for several youth employment programs, including Metrocards for Summer Youth Employment (for summer 2023), paid internships, and skills trainings. A smaller portion (\$2 million in 2024 which increases to almost \$7 million in each out-year) is due to the administration reducing slots for COMPASS, an afterschool program in New York City Housing Authority facilities—910 slots in 2024 and over 3,500 slots annually for 2025 through 2027 (a 4 percent reduction from almost 92,000 slots). Reductions to the Summer Rising program in 2025 through 2027 of \$20 million each year (1.5 percent of the budget) account for the largest out-year reductions. The cut will result in reduced program hours for Summer Rising for middle schoolers for summer 2024 and on Fridays, for which the administration cites low utilization. Finally, there are reductions of over \$10 million annually in 2025 through 2027 for two areas: less than anticipated spending on youth workforce wages and reductions in services provided through the Office of Neighborhood Safety programs. DYCD has less than anticipated spending on youth workforce wages, totaling over \$5 million in annual savings in 2025 through 2027. According to OMB, this is projected savings from youth participant wages from the Summer Youth Employment and the Work, Learn, and Grow programs (summer and school-year youth workforce programs, respectively) based on historical participation rates. Since youth participants on average do not work all of their available hours, there is a surplus that is the target of the PEG, with a reduction of \$821,000 in 2024. Reductions of \$5.5 million annually in 2025 through 2027 are the result of a reduction to legal services, recreational events, youth service coordination, and technical assistance provided by the Office of Neighborhood Safety, which promotes safety awareness and crime prevention.

**Arts, Cultural Affairs, and Libraries.** The Department of Cultural Affairs (DCLA) and the City's libraries are faced with baselined reductions (reductions that are sustained throughout the plan period) to existing operating subsidies. Both areas are often prime targets during times of budget cuts, and thus often become

a focus of negotiations between City Council and the Mayor during the budget adoption process. In total, reductions to arts, cultural affairs, and libraries amount to about \$34 million in 2024 and \$31 million in each year for 2025, 2026, and 2027.

DCLA funds cultural organizations citywide through two main programs: the Cultural Institutions Group (CIG) and the Cultural Development Fund (CDF). Collectively, CIG subsidies and CDF grants have been reduced by about \$8 million in each year of the plan period. CUNY Cultural Corps, a program funded by DCLA that matches CUNY students with paid internships at arts nonprofits, was also paused for 2024, for a one-year reduction of \$570,000. These cuts amount in total to 4 percent of DCLA's budget in 2024 as of the Adopted Budget and 5 percent in the out-years.

Operating subsidy reductions for the City's public libraries are \$24 million in 2024 and \$22 million each in 2025, 2026, and 2027. These PEGs represent a 5 percent budget decrease across all plan years. Library systems report that they need to close branches on Sundays, as well as reduce spending on materials, programming, and building maintenance. Funding for artists through the Mayor's Office of Media and Entertainment also sustained baselined reductions of \$1.1 million in each plan year, which is from the Office of Technology and Innovation budget.

**Environment.** IBO estimates about \$12 million in PEGs in the November Plan would result in savings related to programs addressing the environment for 2024. That amount increases to roughly \$23 million in 2025 and then falls to about \$20 million in 2026 and 2027 annually.

The largest PEGs in this area are in Department of Sanitation (DSNY). While the Adams Administration has sought to expand municipal organic waste collection—including recent borough-wide collection for Brooklyn—the November plan included reductions for DSNY's composting program. Savings of \$5 million in 2024, \$7 million in 2025, and \$3.5 million in 2026 and 2027 would be achieved by delaying organics collection for the Bronx and Staten Island until October 2024, and eliminating city funding for community composting programs. Community composting is the precursor to residential pickup service, as organic waste is collected at the City's greenmarkets. IBO's October 2021 report found that large-scale organics collection can be environmentally beneficial and cost-effective by increasing participation to reduce per-ton collection costs and reducing processing costs. However, because organics funding is often targeted during times of budget cuts, delays in its expansion make it less likely that the program can reach its full potential in the near term. Here as well, because funding for the organics program is aggregated in large categorical budget lines that include a variety of other initiatives within the DSNY budget, IBO is unable to accurately identify the specific reduction in the total budget for organics. See IBO's recent report [Budget Building Blocks: Units of Appropriation](#) for more details on how programmatic funding is supposed to be allocated.

DSNY reduced funding for litter basket service, saving over \$5 million each year from 2025 through 2027. Litter baskets are for pedestrians to dispose of light garbage, as opposed to household or commercial garbage. DSNY reduced the number of litter baskets in the outer-boroughs (Brooklyn, Bronx, Queens, and Staten Island) and residential areas, with the level of service staying the same for the remaining baskets. Funding was also reduced for the Get Stuff Clean initiative, saving over \$5 million each year from 2025 through 2027. This initiative has the goal of expanding camera enforcement for dumping trash, regularly cleaning highway on- and off- ramps, rat mitigation, and regular cleaning of "No Man's Land" areas. Additional funds are also included for cleaning vacant lots and the areas around them. Finally, reduced funding for SAFE Disposal events, which provide residents opportunities to responsibly dispose of environmentally harmful household products, will save just over \$1 million each year.

Funding was also reduced in the November Plan for the Mayor's Office of Climate and Environmental Justice (MOCEJ) totaling \$5 million in 2024, \$3.7 million in 2025, and \$3.5 million each year for 2026 and 2027. Most



of the reductions (\$4 million in 2024, \$2.7 million in 2025, and \$2.5 million annually in 2026 and 2027) are for funding re-estimates for programs and reports within MOCEJ. The remaining cuts of \$1 million each year were made to GreenNYC—a marketing program budgeted within the Small Business Services Department designed to incentivize New Yorkers to engage in more environmentally friendly behavior, such as reducing emissions, recycling, and reducing trash.

**Re-estimates of Planned Expenditures for Programs in 2024.** Several of the PEGs for 2024 result from re-estimates of areas where budgeted amounts have exceeded actual spending for a variety of reasons, which could imply that some services have not been provided as originally planned. There was a \$10 million reduction (11 percent) in the Administration for Children’s Services (ACS) for evaluations and services for special education for children due to the decline in the number of children requiring services, according to ACS. Additional reductions of \$5 million are also included in each year for 2025 through 2027. In Health + Hospitals, there was a \$1 million cut for the Mental Health Service Corps (a 9 percent reduction in the program budget). MHSC is a workforce development program that aims to train a diverse pool of early career social workers and provide placements for them at sites across the five boroughs. A \$688,000 reduction to the Department of Social Services (DSS) is included for the End Domestic and Gender-Based Violence (ENDGBV), and for the Family Violence and Respect First initiatives. The reductions impact only the 2024 services, as funds for the out-years are to be replaced by state funds. The Family Violence initiative provides support for individuals experiencing family violence under contract with community-based organizations, and Respect First is intended to provide services such as training and intervention for abusive partners.

**Additional Reductions to Administration for Children’s Services.** Within ACS, additional PEG reductions affect two juvenile justice programs, Close to Home and Raise the Age, and child welfare preventive services capacity. In the juvenile justice system, youth in custody are either in detention, awaiting resolution of their case, or in a placement, serving their sentence. Close to Home is a community-based residential program designed for young people charged with misdemeanors or low-level felonies found to need out-of-home placement. Based on the decrease in the number of young people in Close to Home placement, with less than 40 percent of beds currently in use, the administration reduced the program’s budget by \$6.8 million each year in 2025, 2026, and 2027. Additionally, there was a reduction of \$310,000 in each of the four years of the plan resulting from planned “insourcing” some Close to Home contract oversight, rather than contracting with outside providers. Older youth charged with felonies do not go into Close to Home placements, but instead go into specialized facilities run by ACS for age-appropriate supervision and services, based on the 2017 New York State legislation “Raise the Age” that ended the prosecution of 16- and 17-year olds as adults. The budget for Raise the Age was reduced by \$2 million in each of the four years due to unused funds. Although the Raise the Age population of youth in secure detention continues to rise (by 38 percent from September 2022 to September 2023), placements for these youth would be served in state facilities rather than those run by the City, and the City’s contribution to these state facilities did not receive a PEG. Finally, the budget for preventive slots (programs aimed at addressing child abuse and neglect) was reduced by \$1.6 million in each year for 2025, 2026, and 2027 due to lower utilization—there has been a 16 percent decline in new preventive cases from October 2021 to October 2023.

**Older Adult Programming.** In the Department for the Aging (DFTA), there are PEGs for prior year revenue and Older Adult Centers (OACs, formerly called senior centers), however only the amount for 2027 results in a reduction to the budget. The city savings total almost \$15 million in 2024, and over \$13 million each year for 2025 and 2026 due to the use of either state or federal funds to replace city funds. In 2024, the City is swapping in State money through the In-Home Service program, and then in 2025 and 2026, the City is swapping in federal money through the Title XX Social Services Block Grant and Title III Part E under the federal Older Americans Act. In 2027, OMB has not yet found any corresponding State or federal money to swap for city funds. As a result, OMB claims that it is planning on working with DFTA and other stakeholders to make the OAC network more streamlined and efficient over the coming three years prior to 2027.

**Reductions that Affect Individuals Who are Justice-Involved.** This November Plan PEG program includes cuts to alternative to incarceration (ATI) programs funded by the Office of Criminal Justice (OCJ), in part to reduce the jail population in preparation for the City closing the jails on Rikers Island and transitioning to borough-based jails with lower capacity. In 2025 and each of the out-years, more than \$34 million was cut from OCJ, based on lower-than-anticipated spending on contracts for alternatives to incarceration, re-entry services, and supervised release, due to purported underutilization and the ability to reallocate some surplus funding. The OCJ budgets for these programs collectively total about \$200 million each year, so these reductions represent a 17 percent cut overall. Should these reductions lead to more individuals held in jail rather than diverted to ATIs, the number of people incarcerated in Department of Correction (DOC) facilities would increase while DOC is anticipating a lower-than-authorized uniformed headcount into the coming years.

To meet its PEG targets, DOC is primarily relying on accrual savings from both uniformed and civilian vacancies. DOC anticipates uniformed headcount will be lower than budgeted by an average of 979 positions in 2024, 1,451 in 2025, 1,435 in 2026, and 1,313 in 2027. In each of the respective fiscal years, these reductions amount to PEGs of \$32 million, \$75 million, \$89 million, and \$88 million. The agency expects to save an additional \$8.5 million in 2025 due to an average of 317 civilian vacancies during the hiring freeze, but it projects those positions will be filled in the years beyond. These cuts represent 3 percent of DOC's budget in 2024 and between 7 and 8 percent in each of the out-years.

The Department of Probation (DOP) also saw cuts to its programs. The Next STEPS program—which provided mentorship, cognitive behavioral therapy, and stipends to young men as part of the Mayor's Action Plan for Neighborhood Safety—was eliminated in its entirety, a reduction of \$2.2 million in 2024 and \$2.7 million in the out-years. DOP's Arches program, another mentorship program for young men, saw a \$1 million reduction in all plan years, attributed to a historical surplus. The agency's PEGs also included less than anticipated PS and OTPS spending, together totaling \$1.5 million in FY24 and about \$1 million in the out-years. Altogether, the DOP budget is reduced by 5 percent in all plan years.

**Job Training and Workforce Development.** The largest reductions within the DSS budget are for the Job Training Program (JTP) program, which yields staff for the Parks Opportunity Program. JTP participants are part-time employees for six months and their salaries are partially subsidized by the Cash Assistance program under the federally funded Temporary Aid for Needy Families (TANF). As a result of this subsidy participants in the program are paid through the Human Resources Administration/DSS. JTP participants assist with the maintenance of city parks, facilities, and open spaces and in addition to pay, receive additional workforce development supports. In the November Plan, the JTP was halved in size and the administration indicates that it plans instead to leverage existing staff within the Parks Department and Department of Sanitation (DSNY). JTP funding was cut by \$14 million in 2024, and almost \$30 million in each out-year. Additional reductions in state and federal funds that would help support the program are also included in the November Plan. There is also a reduction of 509 full-time equivalent budgeted positions (used for part-time employees) in the Parks Department for 2024—from 3,288 to 2,779—compared with the Adopted Budget from June, at least in part due to the reduction of this program.

Another smaller reduction to the DSS budget (about \$535,000 for each year of the plan period) includes a re-estimate for the Young Men's Initiative, a citywide effort to reduce disparities for Black and Latino men in the areas of education, employment, health, and justice.

Finally, reductions of \$1 million to \$2 million annually are planned for SBS's Workforce One Career Centers, often a target in times of budget cuts. OMB expects to cover the reductions for 2025 through 2027 with federal funds that will be identified in the Preliminary Budget.

**Delayed Expansions.** Three PEGs stemmed from delays in planned program expansions in Department of Parks and Recreation (DPR), the Fire Department (FDNY), and Department of Consumer and Worker Protection (DCWP), totaling \$8.7 million in 2024 with \$3.1 million in reductions in each of the out-years. In DPR, \$5 million would be cut in 2024 as a result of a one-year delay in the swim safety expansion, which provides free swimming lessons for residents of all ages and lifeguard training for teens. Similarly, FDNY would recognize about \$2 million in savings in each year of the plan period from the delayed expansion of the Behavioral Health Emergency Assistance Response Division (B-HEARD) program, a program to address mental health crises with health professionals, rather than relying solely on police officers to respond to such events. Currently, B-HEARD operates in 31 (out of 77) police precincts for 16 hours a day, seven days a week. There are still official plans to expand Citywide and to 24 hours a day eventually, but the timing is currently unclear.<sup>2</sup> And while the \$1.4 million cancelled expansion to DCWP's Annual Tax Season Initiative does not result in a reduction of existing services, it does reduce the potential for more low- and moderate-income New Yorkers to receive free high-quality tax preparation services for 2024 through 2027. The program also enables more New Yorker to take advantage of various tax credits, particularly the Earned Income Tax Credit, where low- to moderate-wage earners are eligible to reduce their taxes.

**Transportation-Related Reductions.** IBO identified three PEGs in three different agencies that are related to transportation for New Yorkers and may affect services. First, SBS reduced funding for the Trust for Governor's Island (TGI), which will result in reduced ferry service in three of the summer months from Brooklyn on the weekends—providing service only in July and August (although the ferry operated by New York City's Economic Development Corporation will still run). That reduction, along with contract savings during the low season, will save \$501,000 in 2024 and more than \$850,000 annually in 2025 through 2027. Second, DSS is recognizing \$3.8 million in 2024 for less than anticipated spending for client carfare expenses due to the return of mandatory work requirements. Since more people are working, fewer are also qualifying for the subsidized transit benefit via Cash Assistance, thereby reducing utilization of this program. Third, the New York City Taxi and Limousine Commission's budget has been reduced by \$1.7 million in 2024 for fewer than anticipated requests for the Medallion Relief Program, which provides debt relief for eligible medallion owners. While OMB says the reduction will not impact the fund's capacity, it is possible that some eligible medallion owners did not apply as expected.

**Reducing Potentially Redundant Services Across Agencies.** There are two areas in the Mayor's Office, funded in the DSS budget, in which OMB has identified efficiencies—evaluations within the Office of Economic Opportunity and two programs within the Mayor's Office of Immigrant Affairs—since similar services are provided by other agencies. One program provides resources for English Language Learners and teachers (We Speak NYC), and another provides immigration legal services (Rapid Response Legal Collective).

## Conclusion

While the \$2.3 billion in PEGs analyzed in this report represent a relatively small portion of the total \$7.6 billion in PEGs over the four years of the plan, they have the potential to impact many New Yorkers. Some PEGs, such as those to arts and cultural institutions, libraries, and organics, have historically been offered by Mayoral administration during challenging budget times—with such cuts thereafter being restored by the time the budget is adopted by the City Council in June. Other PEGs, such as those to early childhood programs and the Young Men's Initiative, are reductions that have been sustained in several recent-year budget plans, resulting in a substantial reductions in services to New Yorkers relative to when these programs were initially established. With the Mayor's announcement for future rounds of PEGs to come in January and April, before the 2025 budget is adopted in June, IBO will continue to monitor future reductions, or perhaps restorations of programs, in the coming months.

## Endnotes

<sup>1</sup>The 5 percent PEG target for mayoral agencies was calculated based on budgeted city tax levy funds, excluding amounts associated with fringe benefits, debt service payments for agency capital spending, and costs associated with asylum seekers. Mayoral agencies were required to submit PEG proposals that met the 5 percent threshold set by OMB. However, OMB ultimately has discretion on whether a PEG initiative proposed by an agency will be reflected in the financial plan.

<sup>2</sup> More information on BHEARD can be found [here](#).

# IBO