



# THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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## **IBO PEG Analysis Outlines FY25 PEGS, Funding Restorations, and Headcount Reductions and their Impact on City Services**

**February 27, 2024** – The New York City Independent Budget Office (IBO) is publishing its analysis of the Mayor’s Program to Eliminate the Gap (PEGs). This report outlines deficit reduction efforts across various City agencies, examining the impacts these PEGs may have on City programs, services, and operational efficacy.

Although the Preliminary Budget includes a net increase of 7% to the 2024 budget from Adoption, the reductions in some key areas may pose challenges in the City’s ability to deliver critical services to New Yorkers. Specific areas that IBO has been monitoring include those that have received PEGs in both rounds and that largely contract with nonprofit organizations for service provision: cultural affairs, Department of Education early childhood programs, justice-involved individuals, and older adult centers.

IBO’s [PEG Analysis](#) found that:

- Despite two rounds of PEGs, the total 2024 budget has increased by \$7 billion, or 7%, (\$2.4 billion—3%—in City funds including a prepayment for 2025 expenses) since the Adopted Budget from June 2023.
- Areas that received cuts in both plans include those that largely contract with nonprofit organizations for the provision of human services: Department of Education early childhood programs, programs for justice-involved individuals (including criminal justice contracts, re-entry services, and mentorship programs), and older adult centers.
- The Community Schools PEG of \$10 million for 2024 and \$8 million annually from 2025 to 2027 was fully restored only for 2024, with the rest of the PEGs remaining for subsequent years.
- The Department of Buildings reduced vacancies by 137 positions, leading to an \$11 million budget reduction. The Department of Parks and Recreation reduced vacancies by 375 positions, resulting in approximately \$9 million in savings annually from 2025 to 2028. Such headcount

PEGs are potentially concerning given the staffing and service concerns IBO highlighted in recent [City Council testimony on the Mayor's Management Report](#).

- The 5% PEG from the November Plan that led the Libraries to end Sunday services was not reversed. While cuts to the Libraries are often part of budget negotiations between the administration and City Council, negotiations do not guarantee that PEGs will be restored. Last year, a similar cut was restored in the Adopted Budget, but without addressing the 2023 funding shortfall.
- The DOE's early childhood programs faced a \$120 million PEG reduction annually from 2025 to 2027 in the November Plan, which was increased by an additional \$50 million annually from 2025 to 2028 in the Preliminary Budget.
- The overall budget for asylum seekers was reduced by 11% in 2024 and 20% in 2025 in the Preliminary Budget. The City's share of costs decreased by 36% over 2024 and 2025, with the state's share of costs increasing by 74% in 2024 and 133% in 2025, compared with the November Plan.
- The Department of Correction's overtime budget for 2024 had a net increase of \$103 million (78%) in the January Plan, despite a \$58 million PEG. An additional \$161 million was allocated to uniformed and civilian overtime, offsetting the PEG. The total DOC budget for 2024 increased by \$80 million from November to Preliminary Plans but decreased for 2025 through 2027.



#### **New York City Independent Budget Office**

The New York City Independent Budget Office (IBO) is authorized under the New York City Charter to provide nonpartisan budgetary, economic, and policy analysis for the residents of New York City and their elected officials. IBO helps to increase New Yorkers' understanding of and participation in the budget process.