

The City of New York
Executive Budget
Fiscal Year 2025

Eric Adams, Mayor

Mayor's Office of Management and Budget
Jacques Jiha, Ph.D., Director

Financial Plan
Summary

THE FISCAL YEAR 2025 EXECUTIVE BUDGET

PROTECT PUBLIC SAFETY

REBUILD OUR ECONOMY

**MAKE THE CITY MORE LIVABLE FOR
WORKING-CLASS PEOPLE**

Making Our Voice Heard in Albany

- **State Budget Highlights:**

- New incentives to build affordable housing in NYC
- Authority to shut down unlicensed smoke shops
- Resources to fight retail theft
- Increase in the city's capacity to finance, build, and maintain infrastructure like roads, bridges, schools, hospital, and more
- 2-year extension of mayoral accountability

Overcoming Challenges so That We Can Invest in Working-Class New Yorkers

- We have faced historic challenges - an unprecedented budget gap, stimulus cliffs, and skyrocketing asylum seeker costs
- We stabilized the budget and our fiscal outlook through strong fiscal management, PEGs, and with better-than-expected revenue

We Did Not Stabilize the Budget on the Backs of New Yorkers

- **No tax hikes, no major service cuts, no layoffs**
- **While we still face challenges, we are now in a stronger place and can reinvest in public safety, early childhood education, and programs that improve the quality of life for working-class people**

We Have Closed Budget Cliffs to Protect Critical Services

- **Previously using temporary stimulus funds to support long-term programs created cliffs**
- **To protect critical services, we are now using city and state resources to fund DOE stimulus cliffs**
- **We plan to continue closing cliffs in upcoming financial plans**

We Are Managing an Unprecedented Humanitarian Crisis

- We have fed, housed, and cared for more than **192,000** asylum seekers since spring 2022 and are still currently caring for more than **65,000** migrants now
- The city has spent **\$4.3 billion** since spring 2022
- Asylum seeker costs will be almost **\$10 billion** over FY 23-25
- The federal government must do more to help
 - The federal government has allocated just **\$196 million**, while New York State has made a direct commitment of **\$3.1 billion**

We Have Met Our Commitment to Reduce City-Funded Asylum Seeker Costs

- In the Executive Budget, we reduced asylum seeker costs by **\$586 million over FY24 and FY25**
- This is in addition to the **\$1.7 billion** we achieved in the Preliminary Budget over FY24 and FY25
- These reductions meet the goal of reducing asylum seeker spending by approximately **30%** over the two fiscal years

We are Protecting \$514 Million in Key Education Programs That Were Funded With Stimulus Dollars

- Citywide 3-K expansion (\$92M, FY25)
- Mental health supports in schools (\$74M, FY25+)
- Special education Pre-K (\$56M, FY25+)
- Community Schools (\$56M, FY25+)
- Pathways program (\$53M, FY25+)
- Arts in schools (\$41M, FY25)
- Learn to Work (\$31M, FY25)
- Public Schools Athletic League (\$27 million, FY25+)
- Literacy and dyslexia programs (\$17M, FY25+)
- 100 Students in Temporary Housing Coordinators (\$17M, FY25+)
- Bilingual education (\$10 million, FY25+)
- Project Pivot (\$15M, FY25)
- Affinity Groups (\$10M, FY25)
- New Visions Data Platform data portal (\$9M, FY25)
- Translation and interpretation services (\$6M FY25+)

Keeping New Yorkers Safe and Bettering Our Community by Using Savings to Restore PEGs

- Strong fiscal management and better than expected revenues allowed us to restore nearly \$80 million of PEG initiatives in FY24 and FY25
- Putting 1,200 more police officers on the streets by adding the July and October NYPD classes
 - All 2024 NYPD classes are now fully funded, which adds 2,400 new police recruits on the streets within a year
- Department of Cultural Affairs funding
 - Supporting the Cultural Institutions Group and the Cultural Development Fund

ALTHOUGH THE NATIONAL AND LOCAL ECONOMIES REMAIN STRONG, THERE ARE REASONS TO REMAIN CAUTIOUS

National Economic Indicators are Mixed

- **National Economy:** Economic growth is expected to remain at 2.5% in 2024 before slowing to 1.4% in 2025
- **Jobs:** The U.S. labor market continues to show remarkable resilience, but the pace has been decelerating
- **Corporate Profits:** Will be stronger than previously expected, growing 10.5% in 2024
- **Inflation:** Grew more than expected to 3.5% since March 2023 as high prices persist

The City's Strong Recovery Continues

- **Jobs:** NYC has 4.72 million public and private jobs — more total jobs than ever before in our city's history
 - We regained the nearly 1 million jobs lost during the pandemic, a year earlier than previously expected
 - 300,000 jobs have been created during this administration — more than 46 states over the same time
 - The pace of job growth slows through the financial plan
- **Wall Street:** Remains profitable and expects to earn \$25 billion in profits in 2024 and remains on par with last year
- **Tourism:** NYC hosted more than 62 million visitors in 2023 and will surpass the pre-pandemic record by 2025, and hotel demand has averaged about 90% of pre-pandemic levels over the past year
- **Housing:** Housing market activity fell by nearly 1/3 in 2023 as interest rates rose, though it is expected to recover slowly as mortgage rates fall
- **Commercial Office Vacancies:** The vacancy rate is expected to peak at nearly 23% this year, then decline slowly through the financial plan

What Does This Mean for Our City?

- The administration's actions have boosted job growth
- The nation avoided a downturn which led to better-than-expected revenues in FY24 and a stronger economic outlook in FY25
- However, due to weakness in the commercial real estate market and the slowing pace of job growth, tax revenue growth will slow in upcoming years
- In order to live within our means, we must stay focused on strong fiscal management

THE FY25 EXECUTIVE BUDGET

The Fiscal Year 2025 Executive Budget Is Balanced at \$111.6 Billion

- FY24 and FY25 remain balanced
- We balanced the budget without increasing taxes or receiving additional federal aid by recognizing better than expected revenues and taking a PEG on asylum seeker costs
- Outyear gaps are:
 - FY26: \$5.5 billion
 - FY27: \$5.5 billion
 - FY28: \$5.7 billion

Revenues Were Revised Upwards in Light of Better-Than-Expected Economic Growth

- Tax revenue has been revised up by \$619 million in FY24 and \$1.7 billion in FY25, compared with the Preliminary Budget
 - This is due to better than anticipated economic performance in 2023 and a better outlook in 2024
- Tax revenue growth is expected to remain slow in upcoming fiscal years as the local economy cools

Total Savings Over FY24 and FY25 Since Adoption is \$7.2 Billion

- Due to record level of savings achieved in FY24 and FY25 since June, and better-than-anticipated tax revenue, there is no agency PEG savings program in the Executive Budget
- Savings over FY24 and FY25 includes \$2.3 billion in asylum seeker PEG savings
 - Preliminary Budget: \$1.7 billion
 - Executive Budget: \$586 million
- Expense savings in this plan totals \$41 million over the two years, which is driven by underspending and has no impact on service delivery

FY25 Budget Reserves Remain at a Near Record Level

- **Budget Reserves are \$8.2 billion — a near record level**
 - **General Reserve: \$1.2 billion**
 - **Rainy Day Fund: \$1.96 billion**
 - **Retiree Health Benefits Trust: \$4.8 billion**
 - **Capital Stabilization Reserve: \$250 million**

CLIMATE BUDGETING

NYC is the First Big City in the U.S. to Implement Climate Budgeting

- Climate impact will now be one of the factors we must balance when allocating our limited resources
- Climate Budgeting is a decision-making process to assess how our investments impact our ability to achieve NYC's ambitious climate goals
- This will help make our city cleaner and greener over generations to come
- We will seek to elevate environmental justice and improve the quality of life for all New Yorkers
- We are joining other global leaders who have implemented climate budgeting, including London, Mumbai, and Oslo

**FY25 INVESTMENTS:
KEEPING NEW YORKERS SAFE
AND INVESTING IN
WORKING-CLASS NEW YORKERS**

Keeping New Yorkers Safe

- **Funding for the Job Connections initiative, which will connect 500 young New Yorkers at risk of gun violence with career readiness and green job placement programs (\$16.9 million)**
- **Expanding the Crisis Management System to support additional Cure Violence coverage areas and additional mental health services in gun violence safety precincts (\$8.6 million)**
- **Supporting the Neighborhood Safety Alliance, which fosters collaboration between communities, actors, law enforcement agencies, and city services to reduce gun violence in six additional precincts (\$2.5 million)**

Access to Quality Pre-K and 3-K for Every Child

- **Increasing the availability of in-school early childhood education classes and services for students with special needs (\$25 million)**
- **Maximizing enrollment in early childhood education programming and helping parents connect with Pre-K and 3-K seats with an extensive media outreach effort (\$3.5 million)**

**EVERY CHILD WHO WANTS A SEAT
WILL HAVE ACCESS TO ONE**

Putting More Money in Working People's Pockets

- Investing in stable housing for the most vulnerable New Yorkers by funding the CityFHEPS programs in the baseline (\$615 million)
- Wiping out \$2 billion in medical debt for qualified low-income and severely debt-burdened New Yorkers with the country's largest medical debt relief program (\$6 million)
- Ensuring eligible New Yorkers are aware of and have easier and efficient access to available supportive city programs via the NYC Benefits Access Initiative (\$4.6 million)
- Help unemployed New Yorkers connect with job opportunities and career support in the city's public workforce through the Jobs NYC Employment Sprint (\$1 million)

Addressing Long-Ignored Economic Injustice

- Making M/WBE and community hiring more effective and efficient (\$5.5 million)
- Helping low- to moderate-income communities with grants for new Small Business Improvement Districts and merchant associations (\$5.3 million)
- Establishing the NYC Future Fund that will make loans to BIPOC businesses (\$2 million)
 - This is the successor to the Small Business Loan Fund

REVENUE AND EXPENSE CHANGES

April 2024 Financial Plan

City Funds - (\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Gap to be Closed - January 2024 Financial Plan	\$ ---	\$ ---	(\$5,150)	(\$5,117)	(\$6,043)
REVENUE CHANGES:					
Tax Revenues	\$619	\$1,686	\$1,011	\$1,041	\$1,207
Non-Tax Revenues	---	77	45	45	45
Water Rental Payment	---	(6)	313	325	369
State Budget Impact	---	(38)	(150)	(150)	(113)
Total Revenue Changes	\$619	\$1,719	\$1,219	\$1,261	\$1,508
EXPENSE CHANGES:					
Agency Expense Changes	\$858	\$1,831	\$822	\$843	\$908
PEG - Expense	(40)	(1)	(2)	(2)	(2)
PEG - Restorations	7	70	84	86	87
PEG - Asylum Seekers	(461)	(125)	---	---	---
Asylum Seekers	449	---	500	500	---
State Budget Impact	---	41	41	41	41
Labor Reserves	(170)	---	---	---	---
Debt Service	(183)	62	77	128	176
Total Expense Changes	\$460	\$1,878	\$1,522	\$1,596	\$1,210
Gap to be Closed Before Prepayments	\$159	(\$159)	(\$5,453)	(\$5,452)	(\$5,745)
FY 2024 Prepayment	(\$159)	\$159	\$ ---	\$ ---	\$ ---
Gap to be Closed - April 2024 Financial Plan	\$ ---	\$ ---	(\$5,453)	(\$5,452)	(\$5,745)
Total Asylum Seekers Plan					
City Funds	\$2,287	\$3,436	\$3,000	\$2,000	\$ ---
State Funds	1,312	1,312	1,000	1,000	---
Federal Funds	157	---	---	---	---
Total	\$3,756	\$4,748	\$4,000	\$3,000	\$ ---

Five Year Financial Plan Revenue And Expenditures

City Funds - (\$ in Millions)

REVENUES	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Taxes					
General Property Tax	\$32,786	\$33,700	\$34,306	\$35,334	\$36,016
Other Taxes	40,014	42,121	42,650	44,405	46,009
Tax Audit Revenue	847	773	773	773	773
Subtotal: Taxes	\$73,647	\$76,594	\$77,729	\$80,512	\$82,798
Miscellaneous Revenues	8,644	8,126	7,997	7,949	7,984
Unrestricted Intergovernmental Aid	17	---	---	---	---
Less: Intra-City Revenue	(2,293)	(1,952)	(1,934)	(1,931)	(1,931)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$80,000	\$82,753	\$83,777	\$86,515	\$88,836
EXPENDITURES					
Personal Service ⁽¹⁾	\$42,098	\$44,288	\$46,583	\$48,317	\$50,829
Other Than Personal Service	32,061	32,861	32,400	32,717	31,973
Debt Service ^{(1),(2)}	7,332	8,092	8,797	9,483	10,329
FY 2023 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(5,479)	---	---	---	---
FY 2024 Budget Stabilization ⁽²⁾	3,938	(3,938)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
Total Expenditures	\$80,000	\$82,753	\$89,230	\$91,967	\$94,581
Gap To Be Closed	\$ ---	\$ ---	(\$5,453)	(\$5,452)	(\$5,745)

⁽¹⁾ Fiscal Year 2023 Budget Stabilization and Discretionary Transfers total \$5.479 billion, including GO of \$2.812 billion, TFA-FTS of \$2.167 billion, and Retiree Health Benefits of \$500 million.

⁽²⁾ Fiscal Year 2024 Budget Stabilization total \$3.938 billion, including GO of \$1.495 billion and TFA-FTS of \$2.443 billion.

Five Year Financial Plan Revenue And Expenditures

All Funds - (\$ in Millions)

REVENUES	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Taxes					
General Property Tax	\$32,786	\$33,700	\$34,306	\$35,334	\$36,016
Other Taxes	40,014	42,121	42,650	44,405	46,009
Tax Audit Revenue	847	773	773	773	773
Subtotal: Taxes	\$73,647	\$76,594	\$77,729	\$80,512	\$82,798
Miscellaneous Revenues	8,644	8,126	7,997	7,949	7,984
Unrestricted Intergovernmental Aid	17	---	---	---	---
Less: Intra-City Revenue	(2,293)	(1,952)	(1,934)	(1,931)	(1,931)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$80,000	\$82,753	\$83,777	\$86,515	\$88,836
Other Categorical Grants	1,151	1,106	1,104	1,104	1,104
Inter-Fund Revenues	747	761	770	770	770
Federal Categorical Grants	12,734	7,855	7,212	7,147	7,225
State Categorical Grants	19,910	19,147	18,892	18,953	18,105
Total Revenues	\$114,542	\$111,622	\$111,755	\$114,489	\$116,040
EXPENDITURES					
Personal Service					
Salaries and Wages	\$32,689	\$32,721	\$33,732	\$34,749	\$35,709
Pensions	9,355	10,379	10,801	10,926	11,867
Fringe Benefits ⁽¹⁾	13,310	14,139	14,876	15,452	16,060
Subtotal: Personal Service	\$55,354	\$57,239	\$59,409	\$61,127	\$63,636
Other Than Personal Service					
Medical Assistance	\$6,176	\$6,743	\$6,583	\$6,733	\$6,883
Public Assistance	2,467	1,650	1,650	2,000	2,463
All Other	46,860	42,191	41,112	40,945	38,843
Subtotal: Other Than Personal Service	\$55,503	\$50,584	\$49,345	\$49,678	\$48,189
Debt Service ^{(1),(2)}	7,469	8,239	8,938	9,617	10,441
FY 2023 Budget Stabilization and Discretionary Transfers ⁽¹⁾	(5,479)	---	---	---	---
FY 2024 Budget Stabilization ⁽²⁾	3,938	(3,938)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	50	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,293)	(1,952)	(1,934)	(1,931)	(1,931)
Total Expenditures	\$114,542	\$111,622	\$117,208	\$119,941	\$121,785
Gap To Be Closed	\$ ---	\$ ---	(\$5,453)	(\$5,452)	(\$5,745)

⁽¹⁾ Fiscal Year 2023 Budget Stabilization and Discretionary Transfers total \$5.479 billion, including GO of \$2.812 billion, TFA-FTS of \$2.167 billion, and Retiree Health Benefits of \$500 million.

⁽²⁾ Fiscal Year 2024 Budget Stabilization total \$3.938 billion, including GO of \$1.495 billion and TFA-FTS of \$2.443 billion.

BUDGET
^
#GET STUFF DONE!