



Statement on the New York City Fiscal Year 2025 Preliminary Budget

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New York, NY – January 16, 2024 - Citizens Budget Commission (CBC) President Andrew S. Rein released this [statement](#) on behalf of the CBC:

“While Mayor Adams leveraged strong revenues and wisely implemented two rounds of PEG savings to balance the Preliminary Budget, many more hard choices are still needed to stave off a fiscal reckoning.

Future budget gaps ranging from \$5 to \$6 billion understate the magnitude of the City’s remaining fiscal problem. While this budget starts to increase transparency and accuracy by including some previously omitted funding for ongoing programs—a welcome and important start—it continues to underbudget overtime and still does not fund or explicitly end many recurring programs that are not budgeted in the future—perpetuating large fiscal cliffs.

The mid-year addition of nearly \$2.5 billion in fiscal year 2024 spending is the direct result of these fiscal cliffs and underbudgeting. The City may well repeat this cycle next year; fiscal year 2025 lacks funding for significant recurring programs, such as the FHEPS housing voucher program, which has relatively little funding in fiscal year 2025, despite the current (non-expanded) program costing upward of \$800 million in the current year.

The City has made a start but should do much more to transparently budget for the projected costs of all programs, or explicitly shrink or sunset them.

While the budget includes the November 2023 and January 2024 PEGs, adjusted fiscal year 2025 City-funded spending still increases 2.9 percent (\$2.3 billion) from fiscal year 2024, and is 21.5 percent (\$15.0 billion) higher than in fiscal year 2020.

Reduced spending on asylum seekers and migrants provides significant resources to close the gap. The City should detail the sources of these savings and the underlying projections, so that New Yorkers understand what services are being provided, for how long, and to how many households.

The January round of agency PEG savings is substantially smaller than in the November round—just \$1.2 billion in fiscal years 2024 and 2025, compared to \$3.5 billion (the net savings of the November PEG, after restorations). A preliminary review suggests agencies relied on underspending, re-estimates, and funding shifts.

The Preliminary Budget begins the negotiations whose outcome will have a major impact on New York's and New Yorkers' future. Some public officials, advocates, and others will point to the savings plans and strong revenue already announced to avoid the necessary additional hard choices. That would not be wise. More is needed to align recurring expenditures for all programs and close outyear gaps, including the fiscal cliffs. The City should further restrain spending by prioritizing programs and increasing efficiency, and all who are interested in a strong future New York should engage and support this effort.

We look forward to examining the budget in greater detail in the coming weeks."

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About Citizens Budget Commission

The Citizens Budget Commission (CBC) is a nonpartisan, nonprofit think tank and watchdog whose mission is to achieve constructive change in the finances and services of New York City and New York State government. CBC's mission is rooted in serving New Yorkers at large, rather than narrow special interests; preserving public resources, whether financial or human; and focusing on the well-being of future New Yorkers, the most underrepresented group in city and state government.