



## Statement on NYC Fiscal Year 2025 Executive Budget

*City's Executive Budget Still Low-Balls Expenditures, Clouding Fiscal Picture Even with Expanding Economy*

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**New York, NY – April 24, 2024** - Citizens Budget Commission (CBC) President Andrew S. Rein released this [statement](#) on behalf of the CBC:

“While an expanding economy brightens the revenue outlook, low-balled expenditures still cloud the City’s fiscal picture. New York City’s Fiscal Year 2025 Executive Budget significantly underbudgets for planned services, leaving New Yorkers without a clear view of the City’s fiscal picture or how it will maintain, expand, or shrink critical programs, given looming gaps. Only real, reasonable estimates will drive smart choices on spending and service priorities.

One clear reality is that future gaps are very large and likely to balloon. The budget reports gaps from \$5.5 billion to \$5.7 billion between fiscal years 2026 and 2028; but these are understated, given the roughly \$2 billion annually in services that are underbudgeted. Compounding the problem may be billions of dollars needed to fund the State’s class size mandate and any expansion of FHEPS housing vouchers.

While the budget may be fiscally stable for the coming year—although further analysis of Fiscal Year 2025 underbudgeting may reveal otherwise—even the clouded estimates cannot hide the danger ahead if spending growth isn’t restrained. The Executive Budget increases City-funded spending by 6.3 percent in Fiscal Year 2025.

Strong revenues are good news. Welcome steps were taken to make the budget projections more accurate by adding recurring spending for mental health in schools, special education 3-K, other education programs, and a portion of the costs of the current-level of FHEPS. Funding effective programs makes sense, and some of the restorations and additions may well be the right priorities. But for these—and other additions or restorations that are called for—something else has to give.

Roughly \$2 billion of planned programs and spending is still underbudgeted in the out-years. Future costs of uniformed overtime, 3-K expansion, overhead payments to non-profit contractors, and approximately \$200 million of FHEPS housing vouchers, for example, still appear low or fall off a cliff.

The Mayor and City Council should base their budget negotiations and decisions on reasonable and realistic spending and revenue estimates.

Their decisions should narrow future budget gaps and break the habit of adding more unaffordable spending.

City leaders should prioritize high-impact programs and shrink or end less effective ones. Doing otherwise wastes precious public dollars and increases the chances of slamming into a looming fiscal wall and needing to decimate the services New Yorkers in the future need most.”

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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, services, and policies 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.