



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
212-442-0632 • press@ibo.nyc.gov
ibo.nyc.gov

MESSAGE FROM THE DIRECTOR

In 2024-2025, the Independent Budget Office (IBO) is proud to celebrate the 35th anniversary of the major City Charter revision in 1989. This process resulted in the creation of IBO as an independent, nonpartisan source of information and analysis to help New Yorkers understand their City's budget. As part of that celebration, IBO has examined the Charter provisions that have framed its work over the course of the 35 years, with a view toward ensuring that IBO uses these tools effectively in communicating its analysis to the New York City public.

IBO has focused particular attention on the three agency reports mandated by the Charter. IBO is directed to publish a report analyzing the Administration's November estimates of revenues and expenditures by no later than February 1st of each year, and to publish a detailed analysis of the Mayor's Preliminary Budget and Executive Budget by no later than March 15th and May 15th, respectively. IBO typically releases its November plan analysis in December, and its Preliminary Budget analysis during February. In both instances, IBO chooses to publish somewhat earlier than the due dates. This provides access to the analysis for City Council members and the public to consider as they formulate responses to the Administration's budget proposals.

IBO has generally included in its Preliminary Budget analyses a discussion of alternative funding allocations, typically framed as IBO's "repricing" of Administration proposals. This year, IBO presents an additional report that focuses on the Charter language directing IBO to identify "alternative allocations [that] will meet major city needs and effect balanced growth and development in the city." Together with IBO's previously-issued December 2024 [report](#) on revenues and economic trends, this report is issued in accordance with the City Charter's February 1st due date. As in prior years, IBO plans to issue a more detailed analysis of the Mayor's Office of Management and Budget's Preliminary Budget and Financial Plan in February, well in advance of the City Charter's March 15th due date.

IBO invites comments from the public on this new report format. Reach out to IBO at press@ibo.nyc.gov if you have feedback.

A handwritten signature in black ink, reading "Louisa Chafee".

Louisa Chafee, Director



Alternative Allocations for The City Budget

Chapter 10 Section 237 of the New York City Charter states:

Report of independent budget office on revenues and expenditures... Such report shall also include a discussion of city budget priorities, including alternative ways of allocating the total amount of appropriations, expenditures and commitments for such fiscal year among major programs or functional categories taking into account how such alternative allocations will meet major city needs and effect balanced growth and development in the city.

Background

The Adams Administration released the City's January 2025 Financial Plan on January 16, 2025. While this year's budget does not yet indicate an expectation of major budget cuts or revenue swings, this stands in some contrast to last year. During 2024, the Administration made significant spending cuts across multiple years of the City's financial plan, citing extraordinary circumstances—the stated expectation of far lower revenues and significantly rising expenses.¹ Most of those circumstances did not materialize, but in various areas of the City's budget, some of those reductions remain in place.

In this report, IBO first identifies an area of substantial over-budgeting in the City's November expense budget—proposed appropriations which IBO estimates will not actually be needed for the stated purpose. IBO then provides examples of alternative allocations that may be considered for those over-budgeted funds, including one or more: 1) increases to the City's reserves; 2) investments in program areas that remain impacted by budget reductions from last year that were not reversed; and 3) additional programs in areas of City need. In all instances, these options reflect alternative ways of allocating budget funding to address "major City needs and effect balanced growth and development in the City."

Spending On City Employees Lower Than Budgeted

The City regularly budgets funding to cover the cost of staffing at full capacity. The planned City employee staffing level at each agency is referred to as "agency headcount." Many agencies, however, are not fully staffed up over the course of the fiscal year. Positions that are vacant for part or all of the year represent funding that is budgeted but ultimately unspent.

The City recorded a low of 280,000 employees in April 2023. Since then, citywide headcount has rebounded to around 286,000 staff as of the November 2024 Financial Plan. Budgeted headcount, however, remains set at around 301,000 for the current year, despite little indication of concrete plans being made at agencies

to staff up to that level. Some disparity between budgeted and actual headcount is inevitable and prudent. It makes sense for agency personnel spending to initially be based on the headcount level the agency is actually taking steps to achieve.

However, at the scale that is reflected in the November Plan—budgeted amounts considerably above the levels for which actual hiring is occurring—this practice has become a mechanism for the Administration to hold funds in reserve without having to reveal what the actual plan is for spending such funds. As IBO documented in its previous reporting on the [2024 Executive Budget](#), personnel costs had been funded in the City budget to the tune of as much as \$2.1 billion per bi-weekly pay cycle.

Based on City hiring at the time of the November Plan, IBO estimated that the net savings on employee salaries and related healthcare costs stemming from such over-budgeted headcounts total at least \$600 million for 2025.²

Alternative Allocations to Meet City Needs and Promote Balanced Growth and Development

OPTION 1: Increase Rainy-Day Fund to Promote Balanced Growth

New York City faces much uncertainty around the future direction of the national and local economy. The new Federal administration has also already called for major funding changes, and has taken steps in the short-term to potentially disrupt and delay the distribution of previously appropriated federal funds. As of the writing of this report, it remains unclear how and when these actions will impact the City's revenue stream. In this context, the City may need to use some or all of such excess funds to supplement the Revenue Stabilization Fund (also known as the "Rainy-Day Fund"). Funds held within the Revenue Stabilization Fund are not designated for a specific purpose and the Fund is the only reserve within the City's budget that is legally structured to be carried over from year to year. The Revenue Stabilization Fund allows the City to set aside current surplus dollars for later use during a period of economic downturn when revenues decrease, a purpose that clearly aligns with the goal of promoting continued balanced growth.

OPTION 2: Restoration of Prior Budget Reductions to Meet Areas of Major City Needs

Last year, IBO reported on the Administration's multiple rounds of the Program to Eliminate the Gap (PEG), the citywide savings program. IBO identified reductions that were likely to affect the lived experiences of the City's residents, workers, and visitors. (See IBO reports: [November 2023 PEGs](#), [January 2024 PEGs](#), and [April 2024 Executive Budget](#)). In some instances, PEG reductions may represent opportunities to implement efficiencies without material cuts to public services. Some of the cuts, however, resulted in service reductions as programs were scaled back. While many of these budget cuts were restored in budget negotiations, some remained for 2025 and future years.

Figure 1 presents an overview of PEG budget reductions that remain in place for 2025 and future years, broken out by agency and program area. Funding reductions from last year's PEG savings program are outlined in the table below with narrative descriptions following:

AGING—Older Adult Centers—Meals, activities, and social services provided to older adults at sites run through the Department of Aging. Social activities for older adults is an important aspect of addressing loneliness and maintaining [mental health](#). The population of adults age 60 and older has slowly risen. Older adults now comprise 22% of the New York City population, up from 20% five years ago.³

EDUCATION—Early Childhood—The Department of Education's pre-K and 3-K program and the subsidized childcare program. The cost of childcare is often [cited](#) as a major burden for household budgets. In August 2024, Mayor Adams [announced](#) a plan to make childcare more affordable to "address longstanding systemic issues." Notwithstanding that announced plan, these reductions were only partially reversed in the budget.

Figure 1

Programs with Last Year's PEG Reductions Still in Place for 2025

Dollars in Millions

Department	Program Areas	Current Year: 2025		Future Years: Net Cut Remaining		
		Total Cuts Over Last Year	Net Cut Remaining	2026	2027	2028
Programs Serving Vulnerable New Yorkers						
Aging	Older adult centers	\$2.24	\$1.14	\$2.24	\$15.72	\$15.72
Education	Early childhood programs (Pre-K, 3-K & subsidized childcare)	170.00	145.00	170.00	170.00	170.00
Fire and Health & Hospitals	B-HEARD (crisis response)	6.72	6.72	6.72	6.72	6.72
Health & Hospitals	Mental Health Service Corps and street health outreach	5.54	5.54	5.54	5.54	5.54
Mayor's Office of Criminal Justice	Justice-involved individuals and crime victim services	40.80	28.67	40.38	40.38	40.38
Probation	Young adult mentoring	8.01	8.01	7.78	7.78	7.78
Social Services	Mayor's Office of Immigrant Affairs	0.56	0.56	0.56	0.56	0.56
Youth & Community Development	After-school programming and youth workforce development	19.96	19.96	19.96	19.96	19.96
Programs Promoting Sustainable Environment						
Environment	Mayor's Office of Climate & Environmental Justice	\$2.70	\$2.70	\$2.49	\$2.49	\$2.49
Parks & Recreation	PlaNYC programs, community gardens, and hiring freezes	19.16	19.16	19.16	19.16	19.16
Sanitation	"Get Stuff Clean" and community composting	10.26	6.16	8.97	9.16	9.16

SOURCE: IBO analysis of Mayor's Office of Management and Budget data

New York City Independent Budget Office

(A prior IBO [report](#) details these budget changes through January 2024).

HEALTH & HOSPITALS and FIRE—Mental Health Services—The Health + Hospitals Mental Health Service Corps (MHSC), Street Health Outreach and Wellness (SHOW), and B-HEARD initiatives. Funding was reduced for MHSC, a workforce development program for early career social workers. The Administration phased out the subway component of SHOW, which offers mental and physical healthcare to unsheltered New Yorkers.

The City also paused the expansion of the B-HEARD program, impacting the Health and Hospitals and Fire Department budgets. B-HEARD shifts crisis response from police to health professionals. Positive outcomes have [resulted](#) when community-based responders are dispatched to individuals in crisis in place of law enforcement. The mental health needs of New Yorkers—particular those who are unsheltered—have gained more attention recently.

MAYOR'S OFFICE OF CRIMINAL JUSTICE and PROBATION—Programs for Justice-Involved Individuals—Criminal justice programs to support victims and justice-involved individuals. These programs include crime

victim services, mentorship programs, and supervised release, and are run through the Mayor’s Office of Criminal Justice and the Department of Probation. Mentorship programs have been found to [reduce recidivism](#), particularly for at risk-youth. Reducing the number of justice-involved individuals is important as the City moves to close Rikers Island, as it is legally required as it transitions to a borough-based jail system.

SOCIAL SERVICES—Mayor’s Office of Immigrant Affairs—Rapid Response Legal Collective. The Rapid Response Legal Collective provides legal assistance to those detained, or at imminent risk of detention and deportation. A 2015 [national study](#) found that immigrants with legal representation were 5.5 times more likely to avoid deportation than those who went unrepresented. Rapid Response is one of several key immigration legal services programs funded by the City—such as the Immigrant Opportunity Initiatives program—that may offer immigrants a greater opportunity to ensure that their legal rights are enforced. An IBO [report](#) from May 2024 estimated the potential fiscal impact from new arrivals receiving legal work authorizations, which could affect the local labor market.

YOUTH AND COMMUNITY DEVELOPMENT—Youth Afterschool and Workforce Development—The Department of Youth and Community Development’s COMPASS afterschool program, Summer Youth Employment Program and Advance and Earn career development program. Funding reductions removed participation slots from COMPASS, reduced the wages paid to students through Summer Youth Employment, and halted the planned expansion of Advance and Learn. Afterschool programs have been [found](#) to improve school attendance and academic performance. These programs support the Administration’s goals to make New York City an attractive place to raise children, and the [FutureReadyNYC](#) initiative to provide career-connected mentorships to students.

ENVIRONMENTAL PROTECTION—Environmental Sustainability—Home Solar Accelerator, urban farming, and building resiliency to climate threats. The Home Solar Accelerator provides technical assistance to homeowners financing and installing solar panels. Funding reductions hit Department of Environmental Protection programs that promote climate-based urban agriculture and food production and long-term building sustainability retrofits. These cuts remained in place as the Administration announced its new [climate budgeting](#) process to prioritize environmental sustainability for capital project spending, and as the City announced a goal to promote the creation of “[green collar](#)” jobs. State and local spending to promote environmental sustainability will be even more important if Federal dollars in this area are halted.

PARKS AND RECREATION—Park Maintenance and Programming—The “PlaNYC” program includes several services that were eliminated: swim safety, trail formalization, and tree risk management. In addition, over 100 unfilled positions were subject to a hiring freeze. Finally, the Parks Department eliminated a community garden program for at-risk youth. The need for swim safety was highlighted in 2024 when the City saw [7 drownings](#) at public City beaches, the highest in five years. Recent wildfires in Brooklyn’s Prospect Park, coupled with [reports](#) of tree limbs injuring or killing people, point to the need for improved parks maintenance.

DEPARTMENT OF SANITATION – Waste Management—“Get Stuff Clean” initiative and Community Composting. The Department of Sanitation’s Get Stuff Clean initiative aims to clean public spaces and mitigate rat infestations. Funding for it was partially restored for 2025 only. With citywide curbside composting now available, the Administration eliminated Community Composting, which funded organizations to collect organic material at City greenmarkets. Clean lots and reducing organic material in the waste stream are two strategies cited in [citywide efforts](#) to reduce rats.

OPTION 3: Additional Alternative Allocations to Meet Needs and Promote Balanced Growth

IBO has highlighted potential alternative allocations that would add funds to the Revenue Stabilization Fund, or to programs and services impacted by lower budgets resulting from PEG budget reductions last year. The City could do some combination of these two. These two options, however, by no means represent

an exhaustive list. A third option would be to use additional funds to bolster existing funding for important areas that impact New Yorkers in ways that promote sustainable growth and development in ways that positively impact the City.

IBO has reported several other areas of City spending that could warrant renewed attention:

HOMELESS SERVICES—Homeless Shelters—Presently, the City has almost 37,000 households comprising more than 84,000 individuals living in its homeless shelter system.⁴ The number of shelter residents has grown, particularly as the City phases out operating a separate shelter system for newly arrived asylum seekers. The City’s share of shelter funding has also increased over time, as documented most recently in IBO’s March 2023 [report](#). Currently, DHS has \$2.6 billion budgeted for homeless shelter intake, operations, and administration, 71% of which is City funds. This includes an addition of \$554 million in City funds to the recent Preliminary Budget to cover rising shelter expenses in 2025. Additional shelter days—either more residents, longer stays, or higher per diem costs—will put pressure on the City’s budget.

HUMAN RESOURCES ADMINISTRATION—Food Pantries and Soup Kitchens—The Community Food Connection program is a network of more than 500 food pantries and soup kitchens citywide. IBO [found](#) that the number of individuals served has more than doubled since early 2020 after the onset of the COVID-19 pandemic, reaching more than 8 million in the last quarter of 2024. To meet the need, funding doubled from with an infusion of federal pandemic relief funds through the American Rescue Plan Act. Similar levels of funding have been sustained through 2025 with City funds, at \$58 million. Considering that the total New York City population is 8.3million, and approximately 1.3 million experience food insecurity, the data suggest that a portion of New Yorkers rely on food pantries and soup kitchens for multiple meals.⁵ With the potential for reduced federal aid for safety net programs and increased food insecurity, there will likely be greater need for food pantries and soup kitchens.

CITY UNIVERSITY OF NEW YORK—Supporting Low-income Students—The City University of New York (CUNY) has remained an important public, more affordable option for higher education—particularly for New York City public school students. In 2022, 75% of the more than 60,000 students who graduated from a New York City public school enrolled the following fall at CUNY. A 2021 [report](#) from the City Comptroller’s Office highlighted the economic importance of CUNY on graduates’ employment and earnings. Furthermore, a 2020 [national study](#) by the Brookings Institute found that multiple CUNY schools were in the top 10 for improving intergenerational social and economic mobility.

CUNY’s community colleges, which are funded in the City budget, offer students two-year associates degrees and opportunities to transfer to the four-year colleges for bachelor degrees. The Accelerated Study in Associate Programs (ASAP) is a signature CUNY program renowned for having the largest effect on graduation rates and is a model that is being replicated in other systems. ASAP provides financial, academic, and personal support to students to help them stay on track to graduate.

CUNY community colleges are currently budgeted at \$1.39 billion, but overall community college budgets have not kept up with inflation. In 2020, CUNY community colleges were funded at \$1.62 billion, adjusted to today’s dollars. Presently, 71% of CUNY’s community college budget is City funds. (Nearly all of the City’s support for CUNY goes to community colleges.) This is a higher share than seen in past years—the City’s share recently has been as low as 59% in 2022. Enrollment declines since the COVID-19 pandemic have contributed to the [budget reductions](#) and [staffing cuts](#), but [recent increases](#) in enrollment suggest that trend may be reversing.

Conclusion

In this report, IBO presents an array of programs where excess funds from City personnel costs can be allocated to serve vulnerable populations, promote environmental sustainability, and meet City needs to promote balanced growth. The City's budget sustains many programs and services that residents, workers, and visitors to New York City rely on—areas worth examining as decision-makers determine how best to meet major city needs and promote balanced growth and development.

Uncertainty about future economic downturns and funding losses may be a reason to prioritize the need to direct available funding into the City's main reserve account. Other areas of the City's budget may benefit from bolstered funding, both to restore program funds that were recently cut, or to address areas where likely additional funding could serve communities at risk and boost economic prosperity citywide.

Endnotes

¹Years in this report refer to City fiscal years.

²For 2025, IBO estimated \$1.6 billion in headcount budgeting savings from staffing vacancies. IBO also identified \$1.0 billion in anticipated underbudgeting for staffing in certain City departments mostly related to overtime costs. Together, this totaled net staffing savings of \$600 million. IBO headcount savings factors in staffing and fringe costs. IBO forecasts staffing costs by incorporating year-to-date spending trends, which are then compared with budgeted costs. Fringe costs factor in monthly payments, or historic per capita contributions to various funds. Staffing growth rates are not assumed within the model as those effects are difficult to predict, but IBO is monitoring City headcount closely. Historical actual spending for uniform services forms the basis for estimated additional overtime costs.

³U.S Census Bureau American Community Survey 2019-2023 and 2014-2018 Five-Year Estimates.

⁴Totals reflect the daily report dated January 27, 2025. These totals represent households and individuals in Department of Homeless Services shelters, and does not include those served through domestic violence or youth shelters run by other City departments.

⁵Citywide population estimate is from the U.S Census Bureau American Community Survey 2019-2023 Five-Year Estimates.