



THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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Report Highlights the Uncertainties From Potential Changes At the Federal Level That Complicate Efforts to Assess Future Economic and Budget Positions

IBO's November 2024 Estimates for Revenues and Surplus Similar to the Administration's Estimates

December 18, 2024 - The Independent Budget Office (IBO) has completed its review of the Adams Administration's 2025 November Budget and Financial Plan. (All years refer to City fiscal years.) IBO's [budget overview report](#) presents IBO's economic and revenue forecasts, and using current and historical spending trends, IBO also presents its re-estimates of City expenditures. IBO recognizes that there are many open questions regarding future policies at the federal level, which have important and direct impacts for the State and City. But without sufficient details for floated ideas, IBO does not yet factor these into its economic and budget projections.

To provide additional context on its economic and tax revenue projections, IBO is simultaneously releasing its [forecast report](#) as a supplementary compendium. This report provides discussion on IBO's projections for the overall size of the economy (GDP), wages and job sector growth, as well as taxes on property and real estate-related transactions, personal income, sales, and businesses.

The economic and tax revenue forecast report also includes thoughts on how changes in federal tariff policy, immigration policy and income tax code policy, along with a State policy on the management of home health care aides, have the potential to impact the City's economy and tax revenues. IBO will be closely reporting on these areas in future economic and tax revenue forecasts.

Main takeaways from IBO's budget overview and forecast:

- IBO and the Administration's tax revenue estimates are similar, with IBO projecting slightly less tax revenue in 2025 (\$107 million) and slightly more for 2026 (\$773 million).

- IBO predicts a higher gap between revenues and expenditures for 2026—which must be closed by January 2025—of \$6.2 billion as compared with the Administration’s gap of \$5.5 billion.
- IBO highlights tariffs, tax policy, immigration and government restructuring as federal policies that may impact the overall health of the City’s budget and economy.
- IBO’s re-estimates of City expenditures lead to either increases or decreases in projected City spending. Major areas of re-estimates include: public safety (primarily to cover additional funding expected for uniformed position overtime); educational expenses related to paying for special education services, class size mandates, and areas that had previously been funded by federal COVID-19 aid; vacancies in Citywide staff positions; funds for cash assistance and rental assistance vouchers; and services related to asylum seekers.
- NYC’s economy has been stabilizing post-pandemic, although the current trajectory does not yet factor in the above-mentioned federal risks. Various sectors are regaining stability and areas of growth among lower-wage jobs are slowing into a more sustainable pattern. The labor market, however, continues to be constrained due to an aging population and overall population decline. More details are available throughout both reports.