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## NYC Revenue Projections: From Cautiously Conservative to Unreasonably Pessimistic

The City’s recent revenue projections have shifted from cautiously conservative to unreasonably pessimistic — leading to billions of dollars in unjustified annual budget cuts. Over the past decade, City Hall has typically estimated revenue around 6 percent lower than actual receipts. However, more recently the City has begun projecting revenue around 12 percent lower than actual receipts.

As we reach the close of fiscal year 2024, City revenue is on track to exceed preliminary projections by nearly \$12 billion, and will likely produce an end of year surplus of about \$4 billion. We expect this pattern of excessive revenue underestimation to be reflected in the next City budget. As such, there is no sound fiscal rationale for maintaining the City’s harmful budget cuts. Instead, the City should use its robust revenue to fully fund the critical programs facing unnecessary cuts and expiring federal funding — including 3-K, libraries and additional social services and education programs.

- The City’s pessimistic preliminary budget projections for FY2024 led to \$2.6 billion in recurring annual cuts over the course of FY24.
- The City’s strong revenues would allow it to reverse cuts to programs and services. Reversing cuts to library services would cost approximately \$50 million; restoring funding for citywide 3-K and early childhood programs would cost around \$350 million; and filling the City’s 16,000 vacancies would cost \$1-1.5 billion.
- The City now anticipates FY2024 revenue will be \$114.5 billion — nearly \$12 billion (11.6 percent) higher than its preliminary estimate. The City is on track to have a surplus for the end of fiscal year 2024 of around \$4 billion.
- While the City has reversed \$70 million in PEGs and committed \$500 million in new education funding, it has the resources to fully reverse the remaining PEGs.
- Conservative revenue estimates have long been a feature of the City’s budget process. However, revenue estimates have become significantly more pessimistic in recent years.

Year	Prelim Budget Estimate	Actual Revenue	Dollar Increase	% Increase
<b>FY18</b>	\$84.7	\$90.6	\$5.9	7.0%
<b>FY19</b>	\$88.7	\$95.0	\$6.4	7.2%
<b>FY20</b>	\$92.2	\$98.2	\$6.0	6.5%
<b>FY21</b>	\$95.3	\$104.2	\$8.9	9.3%
<b>FY22</b>	\$92.3	\$109.7	\$17.5	18.9%*
<b>FY23</b>	\$98.5	\$110.9	\$12.4	12.6%
<b>FY24</b>	\$102.7	\$114.5	\$11.9	11.6%
<b>FY25</b>	Prelim Estimate: \$109.4 Exec Estimate: \$111.6	—	—	—

\*Covid-era surplus due to stronger-than-expected economic recovery and federal relief funding

