



NEW YORK CITY COMPTROLLER
BRAD LANDER

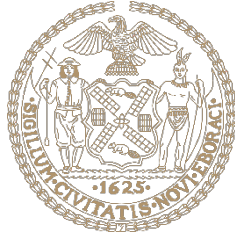
Comments on New York City's Executive Budget

For Fiscal Year 2026 and
Financial Plan for Fiscal Years
2025 - 2029

BUREAU OF BUDGET

MAY 30, 2025





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I. Executive Summary

The threats posed by the Trump Administration to New York City—its people, its economy, and its finances—have only intensified over the past several months. With its dizzying back and forth, and actual implementation of tariffs, the Trump Administration has introduced chaos into the national economy and created extraordinary levels of uncertainty. It has attempted to terminate, pause, or rescind hundreds of millions in Federal grants already awarded to the City through its flurry of executive orders and policy changes. This is even before considering the potential devastation that the Congressional Budget Reconciliation Bill could have on Federal aid flowing not only to the City government, but also to New York State, as well as directly to New Yorkers.

It was in this environment, that the Adams Administration blithely released its self-proclaimed “best budget ever,” with little recognition of the grave reality the City faces from actions in Washington. The Executive Budget and May Financial Plan, while reflecting record-high revenues, adds nothing to the City’s budgeted reserves or to its rainy day fund. When adjusted for pre-payments, spending budgeted for FY 2025 is \$1.45 billion more than projected revenues, continuing a pattern of running a deficit for the third year in a row. The May Plan also reflects larger outyear budget gaps than those projected by the Mayor in January, with no real savings program to address them. At a time when the Mayor should be preparing New York City for a potentially more constrained fiscal reality, the May Plan, in many ways, reflects just the opposite.

In recognition of the risk that Federal policy changes present, the Office of the New York City Comptroller has prepared two new economic and revenue forecasts. The first, and potentially more likely, “no recession scenario” assumes slow growth for the city over the financial plan. Importantly, this forecast assumes that most of the implemented and threatened tariffs are removed, in a semi-permanent manner, during the latter half of 2025. At the same time, however, there is also a substantial risk of an economic recession this year. Therefore, this Office also presents a “mild recession” scenario, which assumes elevated tariffs persist into 2026 and are gradually reduced over the course of next year.

In the no recession scenario, the Comptroller’s Office projects that City fund revenues will exceed the Office of Management and Budget’s (OMB) May Plan estimates by \$292 million in FY 2025, \$108 million in FY 2026, \$1.15 billion in FY 2027, \$1.81 billion in FY 2028, and \$2.95 billion in FY 2029.

Based on this revenue forecast, the [formula](#) proposed by this Office would result in a \$1.46 billion deposit into the City’s rainy day fund (the Revenue Stabilization Fund) this fiscal year. These additional reserves would help address the potential loss of tax revenues if a future recession were to occur. The Comptroller also proposes that the City add \$1 billion to its budgeted general reserve in FY 2026. This reserve would help protect against the immediate impacts of sweeping cuts to Federal funding foreshadowed in the Federal budget bills currently under negotiation.

In the mild recession forecast, the Comptroller's tax revenue forecast would drop by \$225 million this year, \$2.33 billion in FY 2026, \$2.12 billion in FY 2027, \$350 million in FY 2028 before rebounding in FY 2029. Based on this projection, the rainy day fund deposit in FY 2025 should be \$1.34 billion. The fund's balance would total \$3.30 billion after the deposit, and it would be used in FY 2026 and FY 2027.

In either economic scenario, the Comptroller's Office estimates that budget gaps will be larger than those presented by OMB. In the no recession scenario, the Comptroller's Office projects the City will end FY 2025 with a gap of \$1.76 billion (1.5 percent of total revenues), growing to \$5.77 billion in FY 2026 (5.0 percent of total revenues) and totaling \$8.82 billion in FY 2029 (7.0 percent of total revenues). This is the result of higher spending estimates, including a deposit into the rainy day fund in FY 2025, and higher general reserve in FY 2026.

In the recession scenario, the FY 2025 gap would increase modestly by \$112 million to \$1.87 billion. With rainy day fund withdrawals of \$1.65 billion in each of the next two years, gaps would increase to \$6.45 billion (+\$680 million) and \$9.30 billion (+\$465 million) in FY 2026 and FY 2027, respectively. Gaps in FY 2028 and FY 2029 would be closer to the no recession scenario.

OMB continued its practice of unreasonable and inappropriate underbudgeting of known costs in the May Plan—totaling \$4.05 billion in FY 2026 and averaging \$3.60 billion annually in the outyears. These costs include rental assistance, overtime, shelter costs, special education Due Process Cases (formerly referred to as Carter Cases), subsidies to the Metropolitan Transportation Authority (MTA), and others.

The May Plan included some necessary funding for the Department of Education (DOE), although additional needs for many of the costs remain. In total the May Plan added \$860 million to the FY 2026 DOE budget, through a combination of City funds and increased State school aid. Initiatives supported by the increase include: 3-K and Pre-K programming; school nurses; school cleaning; the funding of many but not all Federal COVID aid fiscal cliffs; as well as some funding to hire 3,700 new teachers to meet class size mandates in FY 2026 (more is expected to be added once the City fully incorporates the increase in school aid included in the State Budget). All these additions, apart from school cleaning, are also included in FY 2027 and out. The Comptroller's Office estimates additional funding is still required over the plan period to maintain the 3-K and Pre-K program at current levels, to fund the remaining COVID-19 fiscal cliffs, and to fully implement the class size mandate—the largest of these needs.

One area of particular concern is funding for child care vouchers. In March, the City reported a shortfall of approximately \$1.0 billion in State and Federal funding (which is allocated to the City by the State) to support the program in FY 2026. The Enacted State Budget only appropriated an additional \$350 million for New York City's program, and only for one year. Furthermore, the State increased the City's minimum contribution to \$328 million from \$53 million. Neither the \$275 million increase in the City's minimum contribution, nor the additional \$350 million shortfall in the outyears, are included in the May Plan.

Another notable risk not reflected in the May Plan derives from health insurance costs. City-funded costs could exceed budgeted amounts by at least \$612 million in FY 2025, \$612 million in

FY 2026 and up to \$712 million by FY 2029, according to this Office's estimates. In FY 2025, this is the result of the City foregoing transfers from the Health Insurance Stabilization Fund (HISF) and to funding the premium differential between the two health plans through which the City offers premium-free health insurance) to its employees and pre-Medicare retirees, the Health Insurance Plan of Greater New York (HIP-HMO) and the Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP). In addition to the suspension of transfers from HISF to the general fund, starting in FY 2026 the City will need to fund higher HIP-HMO premia due to a 12.2 percent increase approved by the State Department of Financial Services. This increase far exceeds the 5.5 percent assumption in the budget.

The City's reduced asylum seeker cost estimates by \$92 million in FY 2025, \$1.21 billion in FY 2026, \$1.40 billion in FY 2027, and \$350 million in each FY 2028 and FY 2029. However, City savings in FY 2026 through FY 2029 are smaller, because hoped-for additional State aid was not granted. The City had previously budgeted additional aid of \$1.0 billion in each of FY 2026 and FY 2027, ramping down to \$350 million annually in FY 2028 and FY 2029. The Comptroller's Office estimates that total costs will be even lower than OMB but recognizes the risk of losing \$118 million in currently budgeted Federal aid, \$80 million of which was taken without authorization or notice from the City's bank accounts in February. Overall, this Office estimates the City could achieve additional savings of \$297 million in FY 2025, \$192 million in FY 2026, \$559 million in FY 2027, \$64 million in FY 2028, and \$159 million in FY 2029.

The May Plan included an update of the City's Capital Commitment Plan for FY 2025 through FY 2029 and the City's Ten-Year Capital Strategy for FY 2026 through FY 2035. The five-year commitment plan totals \$110.98 billion in all-funds authorized commitments. This is a decrease of \$2.21 billion from the January release, largely driven by a delay in project timelines. The May Capital Commitment Plan and debt service projections do not reflect the State's mandate, included in its Enacted Budget, that the City contribute \$3 billion to the Metropolitan Transportation Authority's (MTA) 2025-2029 Capital Plan (legislation also increased the City's debt capacity by the same amount). Incorporating these changes, the Comptroller's Office estimates that the City's remaining debt incurring power will total \$26.86 billion at the end of FY 2025 and reach a low point of \$5.41 billion at the end of FY 2031.

The potential impacts of the Trump Administration's policies and the sweeping cuts being proposed to the Federal budget exceed the direct subsidies to the City government, as this Office has [reported](#). They would impact everything from the MTA to public housing, to the city's hospitals. The city's healthcare system is currently under incredible threat under proposed cuts to Medicaid and the Essential Plan that were included in the Budget Reconciliation Bill advanced by the House of Representatives. Together, Medicaid and the Essential Plan provide health insurance to 5.3 million New York City residents and are critical sources of revenue for the City's public hospital system.

Despite these well-known risks, the May Plan lacks even the most basic preparation required to guard against them. The City must act now. It must increase its long-term and budgeted reserves, begin the efficiency planning outlined in this Office's [fiscal framework](#), and be prepared to defend New Yorkers from the looming threats.

Table 1. FY 2025 – FY 2029 May Financial Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 –2029	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	\$34,541	\$35,465	\$36,688	\$37,765	\$38,877	\$4,336	12.6%
Other Taxes	44,676	44,740	45,423	46,997	48,706	4,030	9.0%
Tax Audit Revenues	825	809	779	779	779	(46)	(5.6%)
Subtotal: Taxes	\$80,042	\$81,014	\$82,890	\$85,541	\$88,362	\$8,320	10.4%
Miscellaneous	8,759	8,110	7,942	7,976	8,012	(747)	(8.5%)
Unrestricted							
Intergovernmental Aid	22	0	0	0	0	(22)	(100.0%)
Less: Intra-City Revenues	(2,186)	(1,884)	(1,856)	(1,847)	(1,847)	339	(15.5%)
Disallowances Against Categorical Grants	4	(15)	(15)	(15)	(15)	(19)	(475.0%)
Subtotal: City-Funds	\$86,641	\$87,225	\$88,961	\$91,655	\$94,512	\$7,871	9.1%
Other Categorical	1,113	1,125	1,120	1,116	1,114	1	0.1%
Inter-Fund Revenues	792	797	795	796	799	7	0.9%
Federal Categorical Grants	10,517	7,443	7,230	7,278	7,338	(3,179)	(30.2%)
State Categorical Grants	20,728	18,475	18,480	18,625	18,776	(1,952)	(9.4%)
Total Revenues	\$119,791	\$115,065	\$116,586	\$119,470	\$122,539	\$2,748	2.3%
Expenditures							
Personal Service:							
Salaries and Wages	\$33,240	\$34,403	\$35,322	\$36,265	\$37,060	\$3,820	11.5%
Pensions	10,034	10,470	11,069	11,836	11,467	1,433	14.3%
Fringe Benefits	13,958	14,784	15,344	15,954	16,595	2,637	18.9%
Subtotal: PS	\$57,232	\$59,657	\$61,735	\$64,055	\$65,122	\$7,890	13.8%
Other Than Personal Service:							
Medical Assistance	\$6,380	\$6,583	\$6,733	\$6,883	\$7,033	\$653	10.2%
Public Assistance	2,648	1,650	2,000	2,463	2,905	257	9.7%
All Other	49,460	41,818	41,571	41,734	42,123	(7,337)	(14.8%)
Subtotal: OTPS	\$58,488	\$50,051	\$50,304	\$51,080	\$52,061	(\$6,427)	(11.0%)
Debt Service	\$7,654	\$8,741	\$9,583	\$10,543	\$11,419	\$3,765	49.2%
FY 2024 BSA	(\$4,397)	\$0	\$0	\$0	\$0	\$4,397	(100.0%)
FY 2025 BSA	\$2,950	(\$2,950)	\$0	\$0	\$0	(\$2,950)	(100.0%)
Capital Stabilization Reserve	\$0	\$250	\$250	\$250	\$250	\$250	N/A
General Reserve	\$50	\$1,200	\$1,200	\$1,200	\$1,200	\$1,150	N/A
Less: Intra-City	(2,186)	(1,884)	(1,856)	(1,847)	(1,847)	339	(15.5%)
Total Expenditures	\$119,791	\$115,065	\$121,216	\$125,281	\$128,205	\$8,414	7.0%
Gap to be Closed	\$0	\$0	(\$4,630)	(\$5,811)	(\$5,666)	(\$5,666)	N/A

Source: Mayor’s Office of Management and Budget

Note: Numbers may not add to totals due to rounding. The debt Service line excludes TSASC Inc. debt service, which is paid with Federal tobacco settlement revenues, as well as TFA Building Aid Revenue Bonds (BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City’s Miscellaneous budget spending (098).

Table 2. Plan -to- Plan Changes, May 2025 Plan vs. January 2025 Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues					
Taxes:					
General Property Tax	\$202	\$512	\$745	\$996	\$1,278
Other Taxes	1,428	445	106	132	(233)
Tax Audit Revenues	52	36	6	6	6
Subtotal: Taxes	\$1,682	\$993	\$857	\$1,134	\$1,051
Miscellaneous Revenues	431	209	105	110	113
Unrestricted Intergovernmental Aid	6	0	0	0	0
Less: Intra-City Revenues	(128)	(76)	(60)	(56)	(56)
Disallowances Against Categorical Grants	19	0	0	0	0
Subtotal: City-Funds	\$2,010	\$1,126	\$902	\$1,188	\$1,108
Other Categorical Grants	(73)	9	9	7	6
Inter-Fund Revenues	26	20	17	18	21
Federal Categorical Grants	828	72	40	34	33
State Categorical Grants	508	(686)	(705)	(55)	(67)
Total Revenues	\$3,299	\$541	\$263	\$1,192	\$1,101
Expenditures					
Personal Service:					
Salaries and Wages	\$406	\$384	\$366	\$368	\$372
Pensions	(37)	(104)	142	66	155
Fringe Benefits	(64)	96	80	79	80
Subtotal: PS	\$305	\$376	\$588	\$513	\$607
Other Than Personal Service:					
Medical Assistance	(\$363)	\$0	\$0	\$0	\$0
Public Assistance	78	0	0	0	0
All Other	3,007	922	104	1,132	1,113
Subtotal: OTPS	\$2,722	\$922	\$104	\$1,132	\$1,113
Debt Service	(\$206)	(\$75)	\$14	\$33	\$22
FY 2024 BSA	\$0	\$0	\$0	\$0	\$0
FY 2025 BSA	\$606	(\$606)	\$0	\$0	\$0
Capital Stabilization Reserve	\$0	\$0	\$0	\$0	\$0
General Reserve	\$0	\$0	\$0	\$0	\$0
Less: Intra-City Expenses	(\$128)	(\$76)	(\$60)	(\$56)	(\$56)
Total Expenditures	\$3,299	\$541	\$646	\$1,622	\$1,686
Gap to be Closed	\$0	\$0	(\$383)	(\$430)	(\$585)

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

Table 3. Plan -to- Plan Changes, May 2025 Plan vs. June 2024 Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Revenues				
Taxes:				
General Property Tax	\$261	\$721	\$908	\$1,295
Other Taxes	2,681	2,214	1,140	1,108
Tax Audit Revenues	52	36	6	6
Subtotal: Taxes	\$2,994	\$2,971	\$2,054	\$2,409
Miscellaneous Revenues	636	130	12	11
Unrestricted Intergovernmental Aid	22	0	0	0
Less: Intra-City Revenues	(233)	48	72	81
Disallowances Against Categorical Grants	19	0	0	0
Subtotal: City-Funds	\$3,438	\$3,149	\$2,138	\$2,501
Other Categorical Grants	6	20	15	12
Inter-Fund Revenues	30	26	23	24
Federal Categorical Grants	2,595	192	79	52
State Categorical Grants	1,290	(639)	(655)	(13)
Total Revenues	\$7,359	\$2,748	\$1,600	\$2,576
Expenditures				
Personal Service:				
Salaries and Wages	\$341	\$536	\$463	\$452
Pensions	(313)	(623)	(208)	(476)
Fringe Benefits	(176)	(69)	(87)	(85)
Subtotal: PS	(\$148)	(\$156)	\$168	(\$109)
Other Than Personal Service:				
Medical Assistance	(\$363)	\$0	\$0	\$0
Public Assistance	998	0	0	0
All Other	5,970	449	420	1,833
Subtotal: OTPS	\$6,605	\$449	\$420	\$1,833
Debt Service	(\$415)	(\$146)	(\$22)	\$113
FY 2024 BSA	\$0	\$0	\$0	\$0
FY 2025 BSA	\$2,950	(\$2,950)	\$0	\$0
Capital Stabilization Reserve	(\$250)	\$0	\$0	\$0
General Reserve	(\$1,150)	\$0	\$0	\$0
Less: Intra-City Expenses	(233)	\$48	\$72	\$81
Total Expenditures	\$7,359	(\$2,755)	\$638	\$1,918
Gap to be Closed	\$0	\$5,503	\$962	\$658

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

Table 4. Comptroller's Office Restated Gaps, No Recession Scenario

Positive numbers decrease the gap and negative numbers increase the gap

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	\$0	\$0	(\$4,630)	(\$5,811)	(\$5,666)
Revenues Differences					
Tax Revenues:	\$292	\$82	\$1,131	\$1,779	\$2,927
Property Tax	2	(143)	(194)	113	409
Personal Income Tax/PTET	218	285	616	545	1,026
Business Income Taxes	(105)	(353)	165	446	451
Sales Tax	(20)	(84)	56	170	462
Real Estate-Transaction Taxes	31	151	198	204	256
Tax Audits & All Other Taxes	166	226	290	301	323
Non-Tax Revenues	0	26	20	29	23
Subtotal Revenues	\$292	\$108	\$1,151	\$1,808	\$2,950
Expenditures Differences					
Underbudgeting:	(\$339)	(\$4,048)	(\$3,831)	(\$3,480)	(\$3,474)
Overtime	(367)	(875)	(690)	(690)	(690)
Rental Assistance	0	(1,150)	(1,150)	(1,150)	(1,150)
Shelter Capacity, Non-Asylum Seeker	0	(730)	(730)	(730)	(730)
Public Assistance	28	(569)	(219)	0	0
Contributions to MTA	0	(290)	(470)	(365)	(359)
DOE Due Process (Carter) Cases	0	(351)	(281)	(281)	(281)
DOE Custodial Costs	0	0	(154)	(154)	(154)
DOE Charter Leases	0	(38)	(37)	0	0
Temporary and Professional Services	0	(45)	(100)	(110)	(110)
Fiscal Cliffs - Federal COVID 19 Aid	0	(80)	(223)	(223)	(223)
New State Budget Impact – Pensions	0	(17)	(22)	(27)	(32)
New State Budget Impact - Child Care Vouchers	0	(275)	(625)	(625)	(625)
New State Budget Impact - NYC H + H Payments	(14)	(57)	(57)	(57)	(57)
New State Budget Impact – Debt Service on MTA Capital Contribution	0	(2)	(11)	(30)	(61)
Foster Care Reimbursement Rate	0	(200)	(200)	(200)	(200)
DOE Pre-K and 3-K	(128)	(174)	(159)	(158)	(158)
Promise NYC	0	0	(25)	(25)	(25)
DOE LV Order	0	0	(52)	(52)	(52)
Health Insurance Stabilization Fund Payments	(612)	(112)	(112)	(112)	(112)
Health Insurance Rate Increase	0	(500)	(530)	(560)	(600)

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personnel Services Savings	200	0	0	0	0
Prior Year Payable Adjustment	0	400	400	400	400
Asylum Seekers Expenses	297	192	559	64	159
Class Size Mandate	0	0	(467)	(1,006)	(1,047)
<i>Subtotal Expenditures</i>	<i>(\$596)</i>	<i>(\$4,873)</i>	<i>(\$5,355)</i>	<i>(\$6,091)</i>	<i>(\$6,107)</i>
Total Comptroller Re-estimates	(\$304)	(\$4,765)	(\$4,204)	(\$4,283)	(\$3,157)
Restated (Gap)/Surplus No Recession	(\$304)	(\$4,765)	(\$8,834)	(\$10,094)	(\$8,823)
Protecting New York City General Reserve Increase	0	(\$1,000)	0	0	0
Deposit into the Revenue Stabilization Fund	(\$1,455)	0	0	0	0
Restated (Gap)/Surplus with Reserve Increases	(\$1,759)	(\$5,765)	(\$8,834)	(\$10,094)	(\$8,823)

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding

Table 5. Comptroller's Office Restated Gaps, Mild Recession Scenario

Positive numbers decrease the gap and negative numbers increase the gap

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Restated (Gap)/Surplus No Recession	(\$304)	(\$4,765)	(\$8,834)	(\$10,094)	(\$8,823)
Protecting New York City General Reserve Increase	0	(1,000)	0	0	0
Mild Recession Tax Revenue Risk	(225)	(2,331)	(2,116)	(350)	232
Deposit into the Revenue Stabilization Fund	(1,342)	0	0	0	0
Revenue from the Revenue Stabilization Fund	0	1,651	1,651	0	0
Restated (Gap)/Surplus with Recession Risk	(\$1,871)	(\$6,445)	(\$9,299)	(\$10,444)	(\$8,591)

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding

II. The City's Economic Outlook

New York City's economy remained stable through the early months of 2025, without significant job loss but also without measurable private sector growth outside of the Health Care and Social Assistance Sector. But dramatic changes to Federal policies regarding trade, immigration, and government spending hang over the economy like a dangling sword and the economic outlook has deteriorated nationally and locally, when compared to the cautiously optimistic outlooks that prevailed towards the end of last year. Substantial uncertainty remains around both the ultimate extent of such policy changes and the timeframe in which they will remain in effect. These developments and the uncertainty around them have the potential to have meaningful, mostly negative consequences for the U.S. and New York City economies.

It is difficult to project one likely path for the economy amidst such a policy fog. In the middle of the distribution of forecast possibilities is an outlook for slow but non-recessionary growth for both the U.S. and New York City. The Office of the New York City Comptroller designates this as its "no recession" forecast. Notably, this forecast assumes that most of the implemented and threatened tariffs are removed, in a semi-permanent manner, during the latter half of 2025. At the same time, there is also a substantial risk of an economic recession this year, especially if high tariff levels (or the threat of them) remain into next year. For this reason, the Office of the New York City Comptroller presents a second, "mild recession" projection, which assumes elevated tariffs persist into 2026 and are gradually reduced over the course of next year. This alternative scenario, although currently not quite as likely as the first, also has a significant probability of occurrence.

The National Economy

To this date, the U.S. economy has not shown any strong signs of how it will react to the tariffs imposed by the Trump Administration. A recent estimate showing that real GDP declined by 0.3 percent in the first quarter of 2025 was mostly caused by a sharp acceleration of U.S. imports (which lower GDP) ahead of the looming tariffs. This temporarily larger trade imbalance was singularly responsible for turning the GDP growth rate from a positive number to a negative one. U.S. job growth has continued through April and there has been no meaningful spike seen in claims for unemployment insurance. Inflation has also appeared moderate thus far in 2025, although any brewing inflationary pressures have been tempered by a short-term decline in energy prices. And early April's equity market sell-off has been largely soothed by a recovery as untenable tariff increases were rolled back over the subsequent weeks.

But there is a sense that the U.S. economy could be standing at a precipice, with still great uncertainty about whether it will be pushed off. The most significant and broad worldwide tariffs were announced in early April but then mostly paused for 90 days, reducing them to 10 percent for all countries except China. A May 11 trade agreement with China has, for now, lowered the once prohibitive tariff rate—145 percent during April—to 30 percent. Other tariffs currently in effect include more targeted 25-percent levies on worldwide steel and aluminum imports,

foreign cars and auto parts (now partially mitigated by limited rebates), and goods from Canada and Mexico that do not comply with USMCA requirements regarding the origin of the import's materials. A recent court ruling at the end of May, which declared many of these tariffs illegal, has added to the uncertainty.

The strong possibility of large changes to Federal government spending also poses a threat to the health of the U.S. economy in the near term. The Budget Reconciliation legislation currently being advanced by congressional Republicans—a.k.a. “One Big Beautiful” bill—eliminates \$1.5 trillion in Federal spending (over 10 years) while extending most of the tax cuts enacted in the Tax Cuts and Jobs Act (TCJA) of 2017. The proposed spending cuts fall mostly on Federal support for state Medicaid and food assistance programs, subsidies for student loans, and clean energy incentives. Taken by themselves, or along with additional spending cuts announced by the Trump Administration, these measures would have a contractionary effect on the U.S. economy. And while the extension of most TCJA tax cuts would be more economically stimulative in the short term than the alternative of not extending them, they are not new tax reductions and therefore may be expected to have limited stimulative effect dynamically.

At this time, it appears possible that the Trump Administration will make nominal “deals” with foreign trading partners that result in the cancellation or significant reduction of standing tariffs before July. But if this does not occur, the stock market could drop again and the economy will also begin to experience, more acutely, the deleterious effects emanating from the disruption of the world trade system. This dichotomy helps to explain why most economic forecasters are currently projecting slow growth but not a recession, while also projecting significant probability for a recession. In the May Blue Chip survey of economic forecasters, the median forecasts of U.S. Real GDP are 1.2 percent for 2025 and 1.3 percent for 2026. At the same time, the median forecaster places a 47 percent probability of a recession occurring within the next twelve months (compared with 27 percent last November).

Table 6 shows how the economic forecasts made for 2025 last Fall have deteriorated this Spring. It is notable that these calendar year 2025 economic forecast revisions have not been guided by observed negative economic indicators, but rather by the extremity of policies that are just beginning to be put in effect and the uncertainty of how long they will remain.

Table 6. Forecast Revisions for Economic Indicators Since Last Fall

Indicator	Forecaster	Calendar Year 2025		
		Forecast during Fall 2024	Forecast during Spring 2025	Change
Real GDP Growth	Mayor ¹	2.1%	1.9%	(0.2%)
	NYC Comptroller ²	2.3%	1.3%	(1.0%)
	Federal Reserve Median ³	2.0%	1.7%	(0.3%)
	Blue Chip Consensus Median ⁴	2.1%	1.2%	(0.9%)
Inflation Rate	Mayor (CPI)	2.0%	3.2%	1.2%
	NYC Comptroller (CPI)	2.4%	3.3%	0.9%
	Federal Reserve Median (PCE)	2.2%	2.7%	0.5%
	Blue Chip Consensus (CPI)	2.3%	3.2%	0.9%
Short-Term Interest Rate	Mayor (Fed Funds Rate)	3.8%	4.3%	0.5%
	NYC Comptroller (Fed Funds Rate)	3.9%	4.1%	0.2%
	Federal Reserve Median (Fed Funds Rate)	3.4%	3.9%	0.5%
	Blue Chip Consensus (3m T-bill)	3.7%	4.1%	0.4%

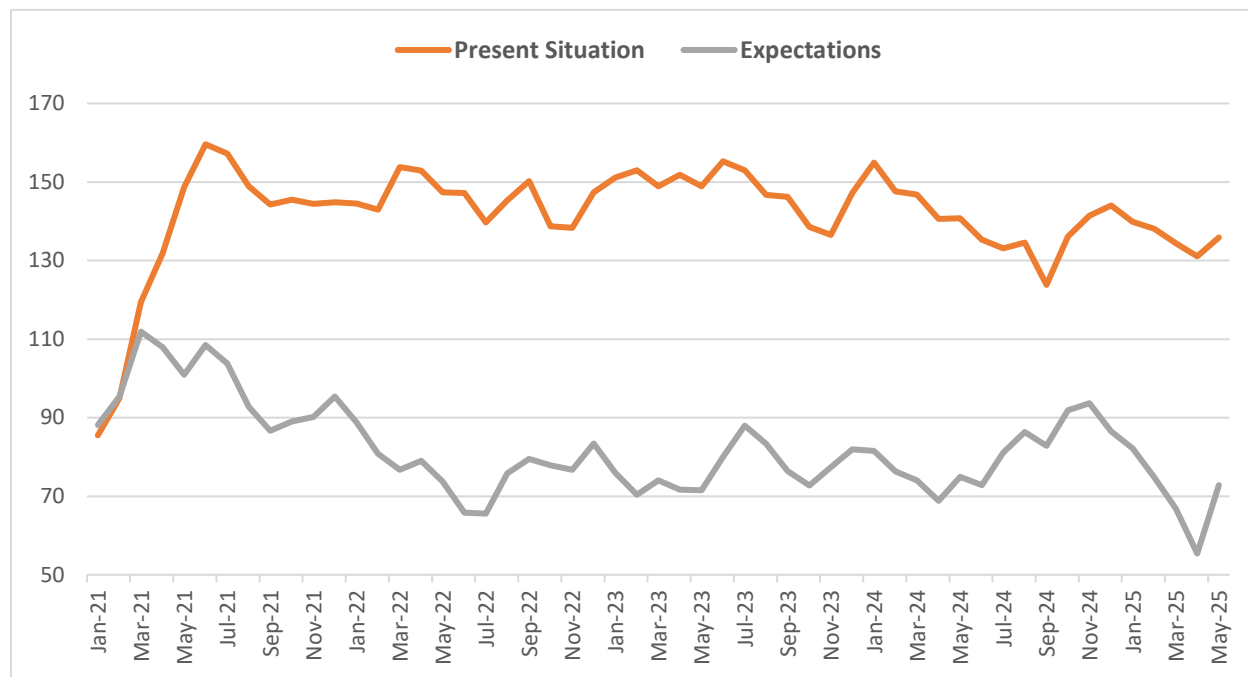
Sources: ¹ Mayor’s Office of Management and Budget, November 2024 Financial Plan & May 2025 Executive Budget

² Office of the New York City Comptroller, State of the City’s Economy and Finances (December 2024) & May 2025 assumptions

³ Federal Reserve Summary of Economic Projections, September 2024 & March 2025 ⁴ Blue Chip Economic Indicators®, November 2024 & May 2025

While hard data regarding the U.S. economy have been mostly solid this year thus far, there have been indications that they may be turning for the worse. Consumer sentiment measures have fallen sharply in early 2025, and the Conference Board’s separate indices for the confidence in consumers’ present situation and their expectations suggest that the latter has dropped more than the former, though both measures rebounded somewhat in May (Chart 1). Companies across many industries—including automakers, retailers, airlines, and fast food restaurants—have [recently](#) withdrawn, revised, or added warnings to their financial guidance in the past several weeks. Ports that usually receive significant shares of shipments from China, such as Long Beach and Los Angeles, have [reported](#) large expected drops in second quarter cargo traffic.

Chart 1. U.S. Consumer Confidence: Present Situation Versus Expectations (Index 1985=100, SA)



Source: The Conference Board, Moody's economy.com

These sorts of forward-looking indicators do not always correctly anticipate economic growth or decline. But there remains a strong potential that tariffs and the substantial uncertainty around what they will be in the future will cause shortages on both supply chains and retail shelves within the next few months. This sort of economic shock can rapidly spread to many other parts of the economy through price level increases, layoffs, cancelled expansions, and weak consumer spending.

The Comptroller's Office expects that the U.S. will eventually back away from most of its recently imposed tariffs, although those on China are perhaps the exception and will likely remain indefinitely. Hopefully, this process will be done in a way that restores some degree of confidence in the predictability of future policy. But much less certain is the speed at which this expected tariff retrenchment occurs. The principal difference between the Comptroller's no recession and its mild recession scenarios is that, in the latter, most tariffs remain in force throughout 2025 and into much of 2026 before beginning to peel back.

Table 7 shows the Comptroller's U.S. economic assumptions for both the no recession and mild recession scenarios, alongside the Mayor's assumptions of the same indicators.

Table 7. Forecast of Selected U.S. Economic Indicators, Calendar Years 2024 to 2029

U.S. Economic Indicator	Forecast	2024 (Actual)	2025	2026	2027	2028	2029
Real GDP, % change	No Recession Scenario	2.8%	1.3%	1.4%	2.3%	2.4%	2.4%
	Mild Recession Scenario		0.5%	0.4%	3.0%	3.0%	2.7%
	Mayor		1.9%	1.9%	1.6%	1.8%	1.7%
Corporate Profits Before Tax, % change	No Recession Scenario	11.4%	(1.6%)	4.0%	5.0%	6.8%	4.0%
	Mild Recession Scenario		(4.9%)	2.3%	8.2%	7.4%	3.8%
	Mayor		1.8%	1.6%	0.4%	0.5%	1.0%
Payroll Jobs, % change	No Recession Scenario	1.3%	0.9%	0.0%	0.2%	0.5%	0.7%
	Mild Recession Scenario		(0.8%)	(0.8%)	2.1%	0.7%	0.7%
	Mayor		1.0%	0.3%	0.1%	0.2%	0.4%
Fed Funds Rate, Percent	No Recession Scenario	5.15	4.14	3.21	2.96	2.96	2.93
	Mild Recession Scenario		3.94	2.19	2.08	2.92	2.93
	Mayor		4.30	3.70	3.10	3.10	3.10
10-Year Treasury Notes, Percent	No Recession Scenario	4.21	4.19	4.22	4.31	4.28	4.21
	Mild Recession Scenario		4.09	3.78	4.13	4.22	4.17
	Mayor		4.38	4.08	3.90	3.89	3.90
Consumer Price Index, % change	No Recession Scenario	3.0%	3.3%	2.9%	1.8%	1.9%	1.9%
	Mild Recession Scenario		3.2%	2.0%	1.8%	2.0%	2.0%
	Mayor		3.2%	2.6%	2.0%	2.0%	2.0%

Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

The Mayor’s U.S. economic forecasts are generally more optimistic than the Comptroller’s in calendar years 2025 and 2026, with the Mayor’s outlook for real GDP growth exceeding the

Comptroller’s no recession projection by 0.5-0.6 percent in each year. But in later years, 2027 through 2029, the Mayor expects significantly slower growth than the Comptroller does in either scenario. Forecasts for growth in U.S employment and corporate profits also follow a similar pattern. Both the Comptroller and the Mayor project that inflation will rise slightly in 2025 but that it will not remain elevated for a prolonged period. This is in part due to the Federal Reserve pausing their previously expected rate cuts, leaving short-term rates higher for longer in 2025 in the wake of the inflationary concerns emanating from the new trade policies. The Comptroller’s no recession scenario projects the Federal Funds Rate to remain stable until late 2025, when the Fed is expected to resume its gradual lowering of rates. Declining predicted rates of inflation in 2026 and beyond are the result of a weakened economy and the assumed lack of further tariff-related price shocks. Even in the mild recession scenario, where the 2025 tariffs remain in place for at least a year, the price-inflating impulses from the tariffs are more than offset by the deflationary energies of the recession.

The New York City Economy

Heading into the recent economic uncertainty, New York City’s economy appears to have been in reasonably good shape. Revised job growth figures now show that New York City’s payrolls grew by 113,000 (2.4 percent, NSA) from the fourth quarter of 2023 to the fourth quarter of 2024. The revised figures also show that New York City’s highest-paying sectors—Financial Activities, Professional & Business Services, and Information—added a total of 31,000 jobs in 2024 despite previous preliminary reports having indicated job loss in these sectors. While preliminary payroll counts estimates appear flat in early 2025, on a seasonally adjusted basis, there has not yet been any meaningful signs of job loss. Long in the doldrums, Manhattan office leasing posted a strong first quarter in 2025—up 32 percent versus one year prior according to CoStar, nearly matching the highest first quarter leasing in the past 10 years (in 2018). Wall Street profits nearly doubled in 2024 versus the prior year, and the securities industry bonus pool appears to have increased by about 34 percent, to a new record high.

To be sure, there are still signs indicating caution about New York City’s economic growth prospects. The lower paying and largely publicly funded Health Care & Social Services sector still accounted for more than 60 percent of the city’s total gain in jobs in 2024, with policy-driven efforts underway this year that would seek to curb such spending growth. Pricing and occupancy rates in office real estate outside of the most valuable spaces remained at dismally low levels. And despite starting to rebound gradually in the past two years, New York City’s population estimates stood at about 360,000 fewer people (4.1 percent) than in 2019.

The new Federal policies relating to import tariffs and immigration enforcement, and the uncertainty around the policies, will have a negative impact on New York City’s economy for at least the next two or three years. The extent of the economic damage to New York City will depend on the duration of the new tariff regime, the degree to which foreign trading partners respond with their own trade barriers, and the speed with which financial markets and investment decisionmakers regain confidence in U.S. policy stability.

Table 8 summarizes the Comptroller’s U.S. economic assumptions for both the no recession and mild recession scenarios, alongside the Mayor’s assumptions for the same indicators.

Table 8. Forecast of NYC Economic Indicators, Calendar Years 2024 to 2029

NYC Economic Indicator	Forecast	2024	2025	2026	2027	2028	2029
Payroll Jobs, (Change In Thousands, Q4-Q4)	No Recession Scenario	126.1	63.9	36.8	51.4	60.1	66.8
	Mild Recession Scenario		(58.9)	76.6	113.1	65.0	66.5
	Mayor		58.2	79.2	84.3	86.8	97.3
Total Wage Earnings (% Change)	No Recession Scenario	6.4%	5.2%	3.7%	3.9%	4.1%	4.4%
	Mild Recession Scenario		3.4%	1.9%	5.9%	4.6%	4.6%
	Mayor		5.4%	2.9%	4.0%	4.2%	4.2%
Wall Street Profits (\$ Billions)	No Recession Scenario	49.9	32.9	33.1	36.7	35.2	35.5
	Mild Recession Scenario		30.4	28.7	33.2	33.8	34.8
	Mayor		33.8	23.0	24.3	22.8	25.9
Securities Bonus Pool (\$ Billions)	No Recession Scenario	47.5 ^a	42.8	44.3	46.6	49.8	53.4
	Mild Recession Scenario		35.7	38.1	42.9	48.5	52.2
	Mayor		36.9	35.8	37.0	38.2	39.2
Total Asking Rental Rate, Manhattan Offices (% Change)	No Recession Scenario	0.8%	(0.9%)	3.2%	3.0%	2.8%	2.8%
	Mild Recession Scenario		(1.1%)	1.8%	2.3%	2.9%	2.9%
	Mayor (Class A only) ^b	0.8%	0.7%	0.2%	0.3%	1.0%	0.5%
Total Vacancy Rate, Manhattan Offices	No Recession Scenario	23.5%	22.3%	21.6%	21.2%	20.7%	20.3%
	Mild Recession Scenario		22.5%	22.3%	21.8%	21.1%	20.6%
	Mayor (Class A only) ^b	22.0%	21.3%	20.8%	19.7%	18.9%	18.1%

Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

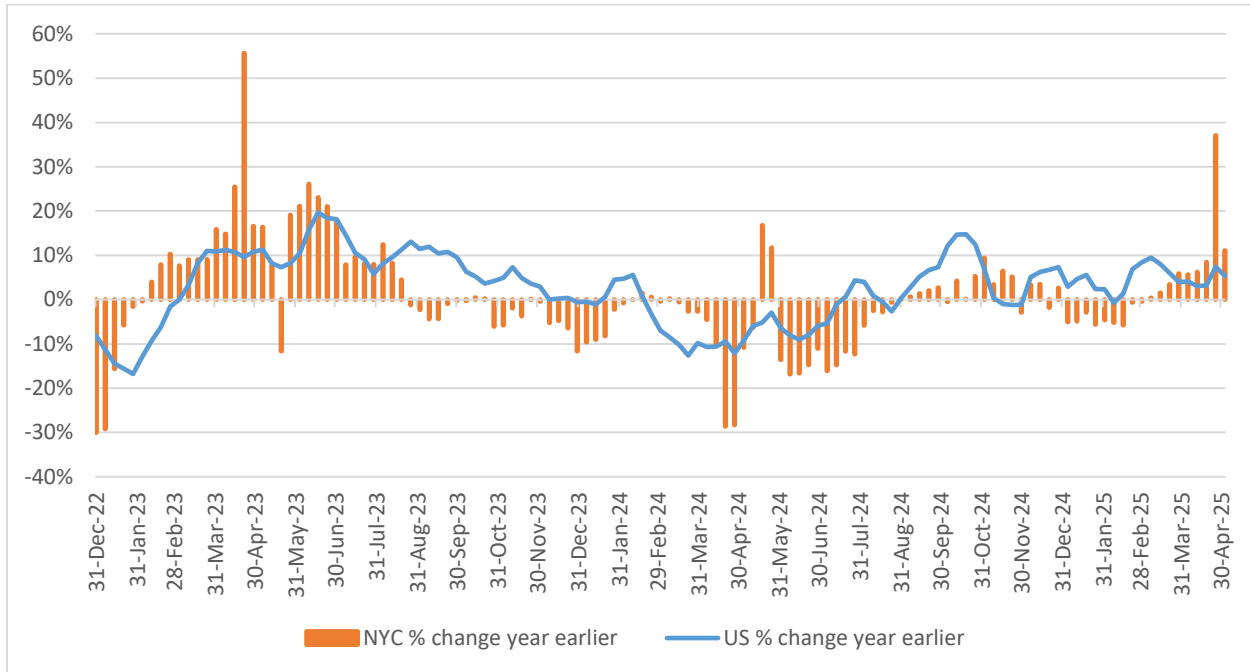
Note: a/ Estimate by [Office of the New York State Comptroller](#), based on personal income tax withholding data. b/ Office forecasts shown for the Mayor are for Class A only while those for the Comptroller are for all classes.

NYC Employment

The most recent data on New York City’s employment situation indicate stability. A meaningful data revision to the city’s payroll job-count estimates, published in March, somewhat altered understanding of the nature of employment growth in 2024. Prior data had suggested that only two relatively lower-paying sectors (Health Care & Social Assistance and Leisure & Hospitality) had accounted for more than all the private-sector jobs added during 2024. Higher-paying sectors (Financial Activities, Information, and Professional & Business Services) appeared to have all shed jobs. In its annual benchmark revisions, published in March, the NY State Department of Labor significantly increased its estimates of job growth in the three higher-paying sectors, for a gain of 31,000 jobs. The total number of jobs added across all sectors in the city also was revised upward by 27,000.

Thus far there have not been significant signs of declining employment in New York City. Employment reports for January through March show that employment has been flat overall, on a seasonally adjusted basis. Initial claims for unemployment insurance have been rising gradually since February, but they remain quite low. As can be seen in Chart 2, there was one recent week where initial claims spiked in NYC, but this appears to have been an [idiosyncratic event](#) as the surrounding weeks, before and after, did not show anything similar.

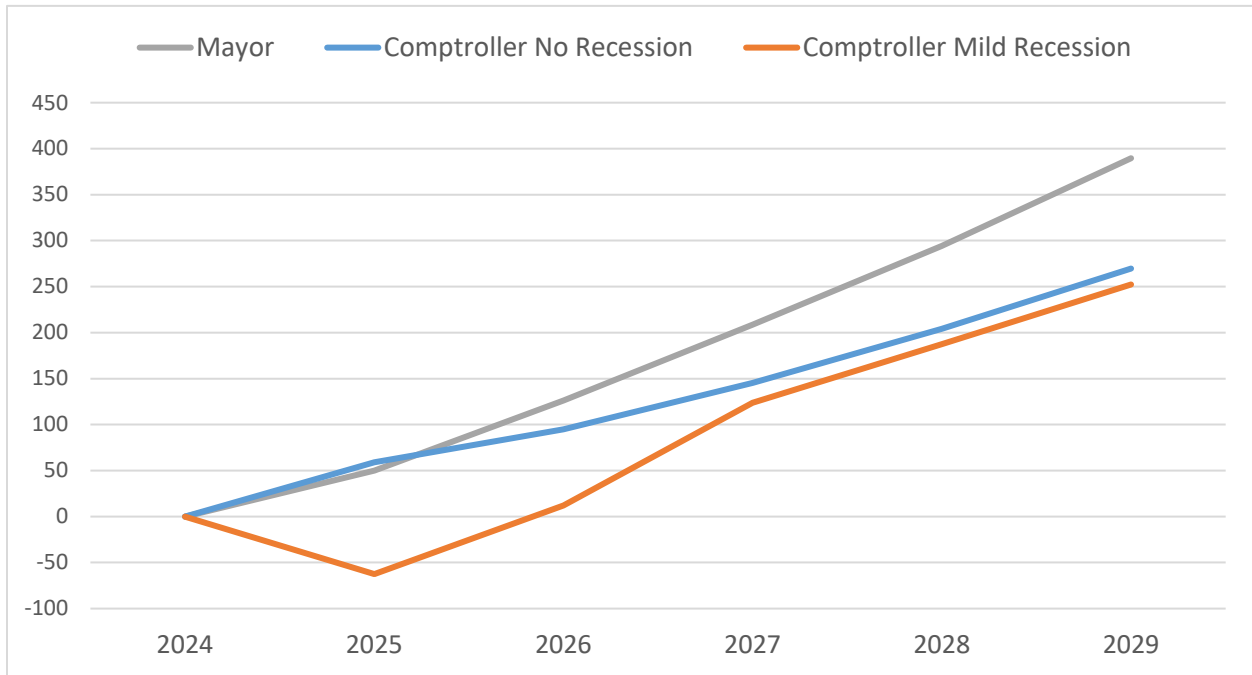
Chart 2. Initial Jobless Claims, Percent change from year earlier, 4-week moving average



Source: New York State Department of Labor

Recent developments regarding tariffs, the state of the national economy, immigration enforcement, and financial markets altered the employment outlook in a negative direction. Slower expected U.S. economic growth and heightened uncertainty in the no recession scenario reduces expected NYC employment growth. And declines in U.S. GDP and even more significant uncertainty in the mild recession scenario leads to employment loss in NYC. Chart 3 shows the cumulative private sector employment growth projections for the Mayor’s Executive Budget baseline and each of the Comptroller’s scenario projections. In the Comptroller’s no recession scenario, job growth is slow but relatively steady, with an average annual gain of 54,000 private sector jobs through 2029. This is slower than the job growth projected by the Mayor, which averages 78,000 jobs for the same period. For the mild recession scenario, the Comptroller projects a loss of 62,000 private sector jobs by the fourth quarter of 2025 (as compared to the prior Q4). Job counts are expected to recover by the end of 2026, but the mild recession scenario does not come close to catching up to the no recession scenario trend until the end of 2027.

Chart 3. Cumulative NYC Private Sector Job Growth Forecasts, Q4 2025-2029 (Thousands)



Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

Chart 4 below compares the projections by the Mayor and the Comptroller, in each scenario, by broad industry classifications. The uncertainty of tariff policies and the threat of a retaliatory trade war is expected to inhibit expansionary hiring in 2025 by NYC’s relatively high-paying office-based sectors—Financial Activities, Information, and Professional & Business Services. In the mild recession scenario, this is felt further as a loss of 62,000 private sector jobs from Q4 2024 to Q4 2025. In the following year, job growth is expected to resume in these sectors, although for the mild recession scenario the recovery would only be partial. NYC’s Leisure & Hospitality sector is also sensitive to deteriorating economic circumstances, especially due to the expected reductions in international tourist visits that trade and immigration tensions are likely to prompt. Even in the no recession scenario, Leisure & Hospitality employment is projected to decline modestly in both 2025 and 2026, paralleling the nationwide forecast for this sector. In contrast to the Comptroller’s forecast, the Mayor expects less of a slowdown in job growth in 2025 and 2026, with continued growth through 2029 in both the Leisure & Hospitality and Professional & Business Services sectors. These two industries account for most of the difference between the Mayor’s and the Comptroller’s projection of private sector jobs added through 2029.

Chart 4. Two-Year Net Job Gain (Loss), 2024 Q4 to 2026 Q4, by Industry Group



Source: NY State Department of Labor, Mayor’s Office of Management and Budget, Office of the New York City Comptroller

It is particularly difficult to predict job growth in the Education & Health sector at this time. The sector has been the largest engine of job growth in NYC for the past three years, adding more than 200,000 jobs during 2022-2024. A large portion of the net jobs added have been in the home care subsectors, a large part of which is presumed to be financed by Medicaid funds through the NY State’s Consumer Directed Personal Assistance Program (CDPAP). The State has passed a law designed to put greater control on the growth of spending in the program by requiring registration through a single intermediary. Early reporting and data, including a more than 40 percent rise year-over-year in initial claims for unemployment insurance in the local industry, suggests that the policy may be already reducing the numbers of registered home health aides. But it is currently hard to know whether temporary administrative hiccups from the CDPAP program alterations are responsible for most of the friction.

Wall Street Profits and Bonuses

New York Stock Exchange member firms showed strong profit growth in Q4 2024, with pre-tax profits reaching \$14.3 billion, a 129.7 percent increase over Q4 2023's \$6.2 billion. This quarter capped a strong year where annual pre-tax profits nearly doubled to \$49.6 billion, representing an 88.9 percent increase from 2023's \$26.3 billion. When compared historically using inflation adjustments, 2024's profits show a substantial recovery from the relatively weak 2022-2023 period (when inflation-adjusted profits were approximately \$27 billion each year), though still below the peaks of 2020 (\$61.6 billion) and 2021 (\$67.7 billion). Analysis of the 2000-2024 data

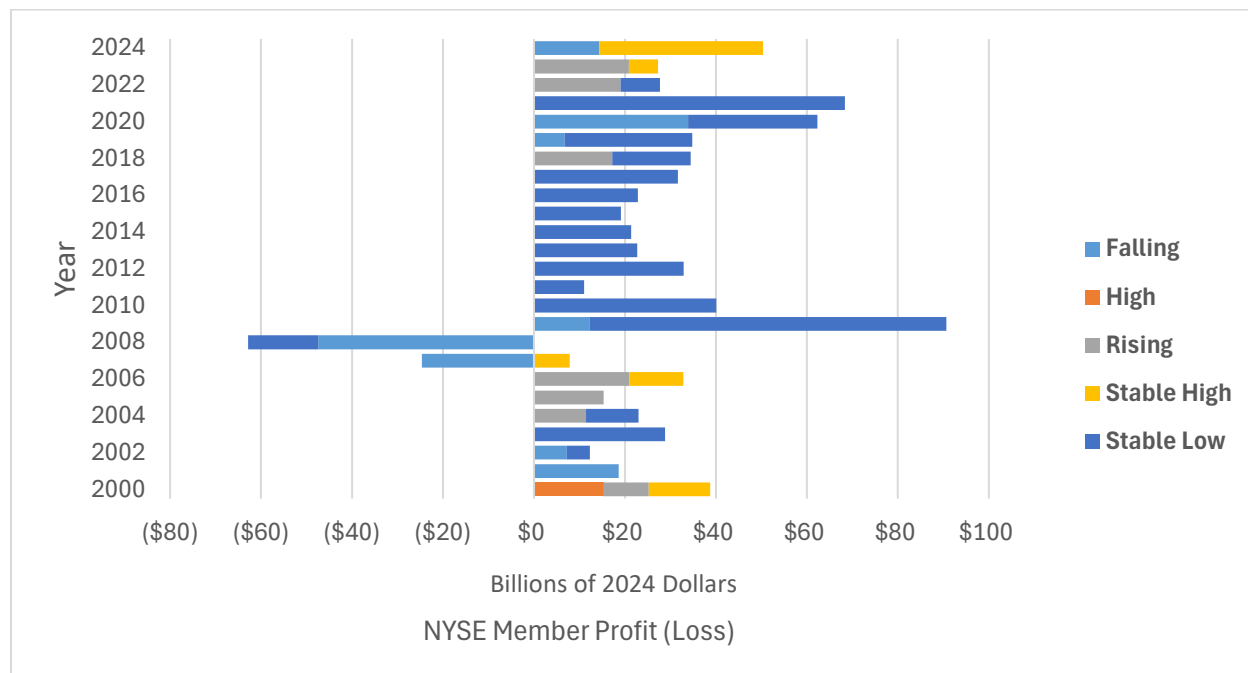
reveals a relationship between the Effective Federal Funds Rate (EFFR) and NYSE member firm profitability. As shown in Chart 5, each horizontal bar represents annual profits, with segments color-coded to show quarterly interest rate conditions. For instance, for 2024, three segments (Q1-Q3) appear in yellow, indicating "Stable High" interest rate environments, while the fourth segment (Q4) is colored blue, representing a "Falling" rate environment. The length of each segment corresponds to the profit amount for that quarter, with longer segments indicating higher profits.

NYSE member firm profits increased significantly in 2024 as the EFFR decreased from 5.26 percent to 4.65 percent. Similar patterns appear during 2020-2021 when the EFFR remained very low (0.06 percent -0.09 percent) and in 2009 following decreases after the financial crisis. Financial firms often perform better during low or falling rate periods, partially because their borrowing costs decrease more than their lending income. However, this relationship is complex. Low interest rates typically occur during periods of slow economic growth, which can reduce other revenue sources and partially offset the benefits of cheaper borrowing.

While individual quarters with falling rates can show strong profits, periods of rapidly transitioning interest rate environments, such as 2022-2023 (when the EFFR rose from 0.12 percent to 5.33 percent) and 2007-2008, have historically corresponded with decreased profit margins for member firms. Since 2000, NYSE member firms have generated an average of \$6.96 billion in quarterly profits during stable interest rate environments, outperforming non-stable environments which produced \$4.12 billion on average, demonstrating that market predictability generally corresponds with stronger financial performance for NYSE member firms.

Looking ahead to 2025, NYSE member firms face a mixed monetary policy and interest rate environment. While the Federal Reserve influences market conditions through its policy tools, the resulting effective rates in the market will also depend on various factors. These include the current administration's economic policies, particularly regarding tariffs and fiscal deficits that create conflicting pressures, which correspond with higher market rates versus potential growth headwinds that often accompany lower market rates. This market uncertainty could create volatility in NYSE member firm profits during 2025, with quarterly results potentially underperforming 2024's strong showing.

Chart 5. EFR Environments and NYSE Member Firm Profits (Inflation-Adjusted)



Source: Intercontinental Exchange, Office of the New York City Comptroller.

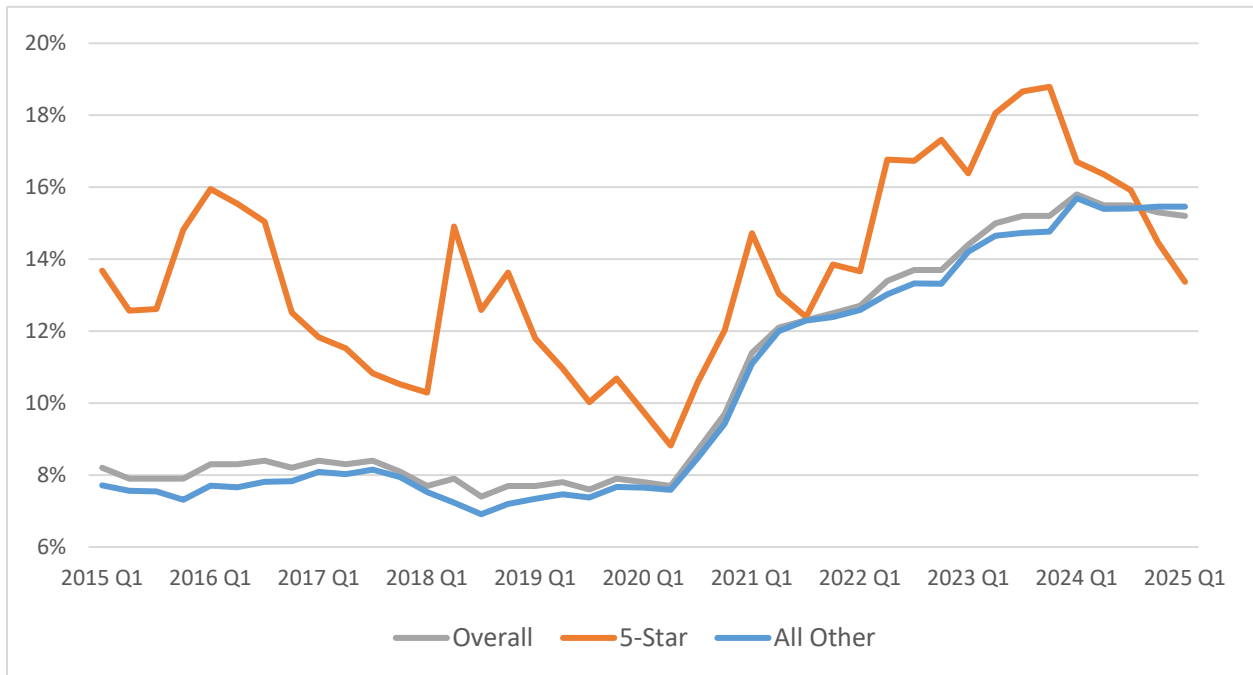
Notes: Colors represent rate environments as follows: "Rising Rates" (gray, quarters with increases exceeding 0.25 percentage points), "Falling Rates" (light blue, quarters with decreases exceeding 0.25 percentage points), "Stable High Rates" (yellow, rates at or above 3 percent with minimal change), "Stable Low Rates" (dark blue, rates below 3 percent with minimal change), and "High Rates" (orange, representing peak rate periods).

Real Estate

New York City's office market overall has shown signs of recovering, although much of the market remains in a deep slump. In Manhattan south of 59th Street, the vacancy rate in commercial office buildings has retreated from its early-2024 peak but is still nearly twice as high as it was in the years leading up to the pandemic. The amount of vacant space is also roughly double (more than 32 million square feet higher) what it was 10 years ago. And the inflation-adjusted sales price per square foot has dropped by almost 45 percent to \$650. Given an average office lease length of 88 months, these 10-year trends (shown in Charts 6-8 below) are critical to understanding the past and future trajectory of New York City's commercial office market.

Chart 6 shows vacancy rates for office buildings in Manhattan's Central Business District (south of 59th Street), broken out by top-tier (5-star) buildings versus all other office properties. Over the past decade, most of the new commercial development has been at the high end of the market, where the total inventory has expanded by more than 50 percent. Because new space takes time to fill, vacancy rates for 5-star buildings had been considerably higher than for other buildings. However, over the past year, all the improvement in the market has been at the high end—despite an increase in supply—whereas the rest of the market has languished.

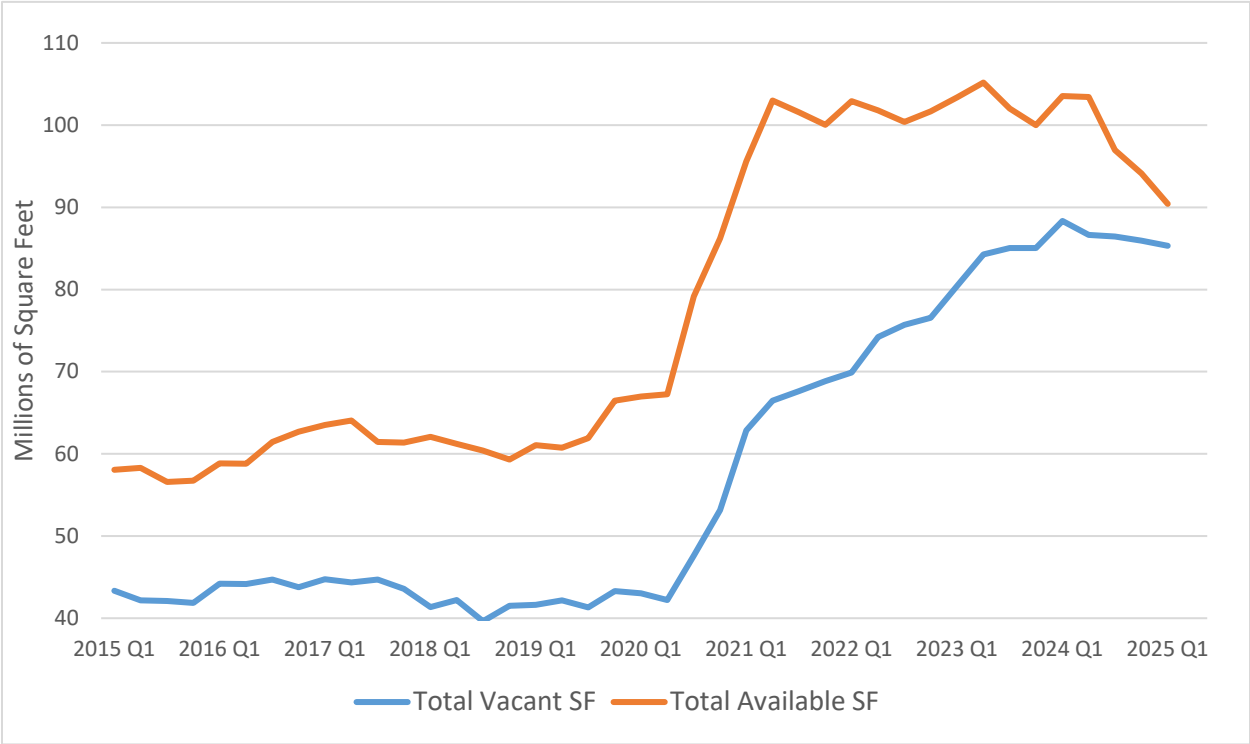
Chart 6. 10-Year Trends in Office Vacancy Rates, Manhattan South of 59th Street, for Top-Tier vs Other Buildings



Source: CoStar, Office of the New York City Comptroller

The total volume of vacant office space has more than doubled over the past decade, as shown in Chart 7 below, and the amount of available space has risen by roughly 50 percent. While availability rates have receded over the past year, almost all this improvement has been for 5-star properties. As has been the case for vacancy rates, shown above, availability rates for other (lower-tier) office space have not improved significantly.

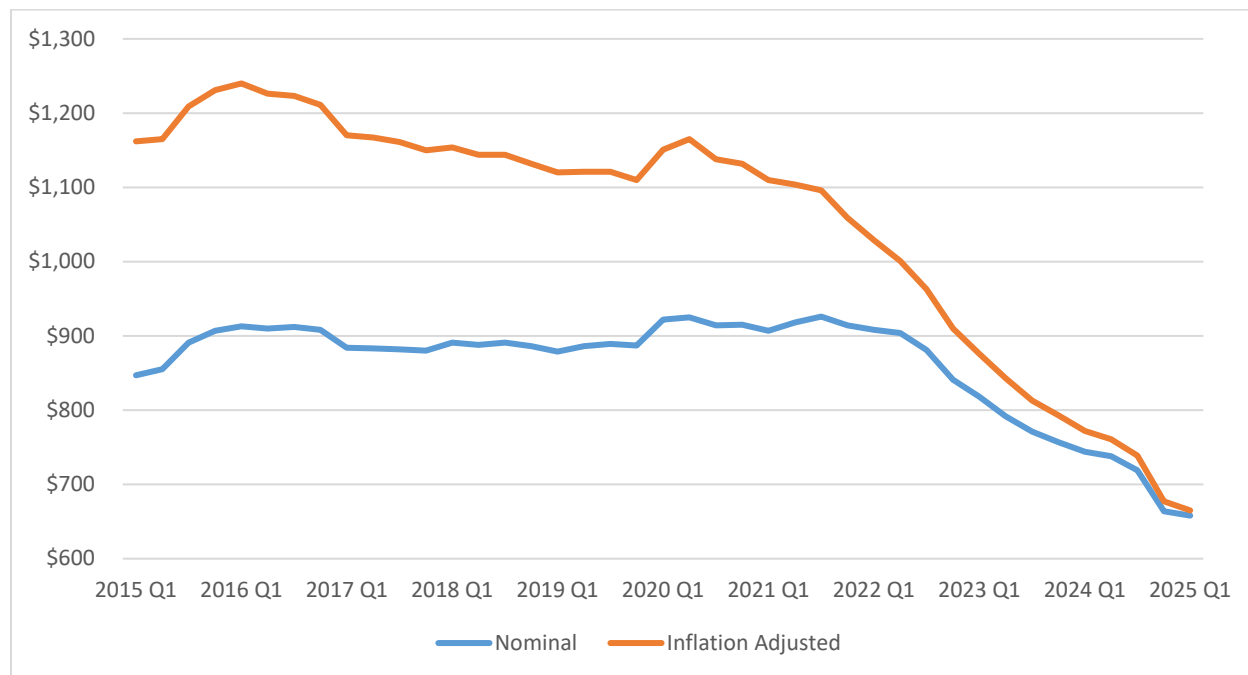
Chart 7. 10-Year Trends in Vacant & Available Space in Manhattan South of 59th Street



Source: CoStar, Office of the New York City Comptroller

As mentioned earlier, the most worrisome shift in the office market since the pandemic has been the steep decline in sales prices. Prior to the pandemic, selling prices for office buildings in Manhattan’s CBD were fairly steady, averaging around \$900 per square foot. Since the pandemic, however, with more people working remotely, demand for office space receding, and vacancy rates stubbornly high, market sales prices have tumbled more than 25 percent. But after adjusting for inflation, the trend looks far more striking—as shown in Chart 8 below, real (inflation-adjusted) market selling prices have fallen from \$1,150 to roughly \$660 since the onset of the pandemic—a more than 40 percent drop.

Chart 8. 10-Year Trends in Average Sales Price Per Square Foot in Manhattan South of 59th Street, Nominal & Inflation Adjusted



Source: CoStar, Bureau of Labor Statistics, Office of the New York City Comptroller

The City and the State are starting to take action to stabilize the market through the 467-m property tax incentive program. This new and temporary property tax exemption has been designed to incentivize the conversion of obsolete office spaces to apartments—a prospect addressed below in the context of the housing market.

If the dollar weakens and interest rates decline, there is reason to believe that foreign investment in the city’s office stock, including a recent \$517 million foreign investment in One Vanderbilt, may increase in the near term – especially among trophy properties.

But the outlook for prices largely depends on leasing market fundamentals, as measured by vacancy and availability rates and rents. Given the diminishing availability of top-tier office space, along with conversions and renovations to lower-quality buildings, overall demand and supply should continue to converge—at least in the no recession scenario. Should the economy slip into recession, however, that convergence is likely to take considerably longer.

In contrast with the slack commercial real estate market, the residential market, especially the rental market, has been extremely tight. A substantial housing shortage developed over the two decades leading up to the pandemic, as apartment construction activity had not kept up with brisk job growth. While the deep swoon in employment early in the pandemic temporarily alleviated this housing shortage, the ensuing rebound, coupled with increased demand for home office space—as remote and hybrid work became prevalent—led to an even more severe shortage. The average market rent city-wide is estimated to be up 4.5 percent over the past year and about 25 percent above the already elevated levels seen at the onset of the pandemic. This

represents a significant decline in affordability, since average hourly wage earnings rose by only 11 percent over the same 5-year period. The *City of Yes initiative*—in particular, the 467-m incentive program discussed earlier—is expected to help boost the supply of both affordable and market-rate rental housing, while also reducing some of the slack in the office market.

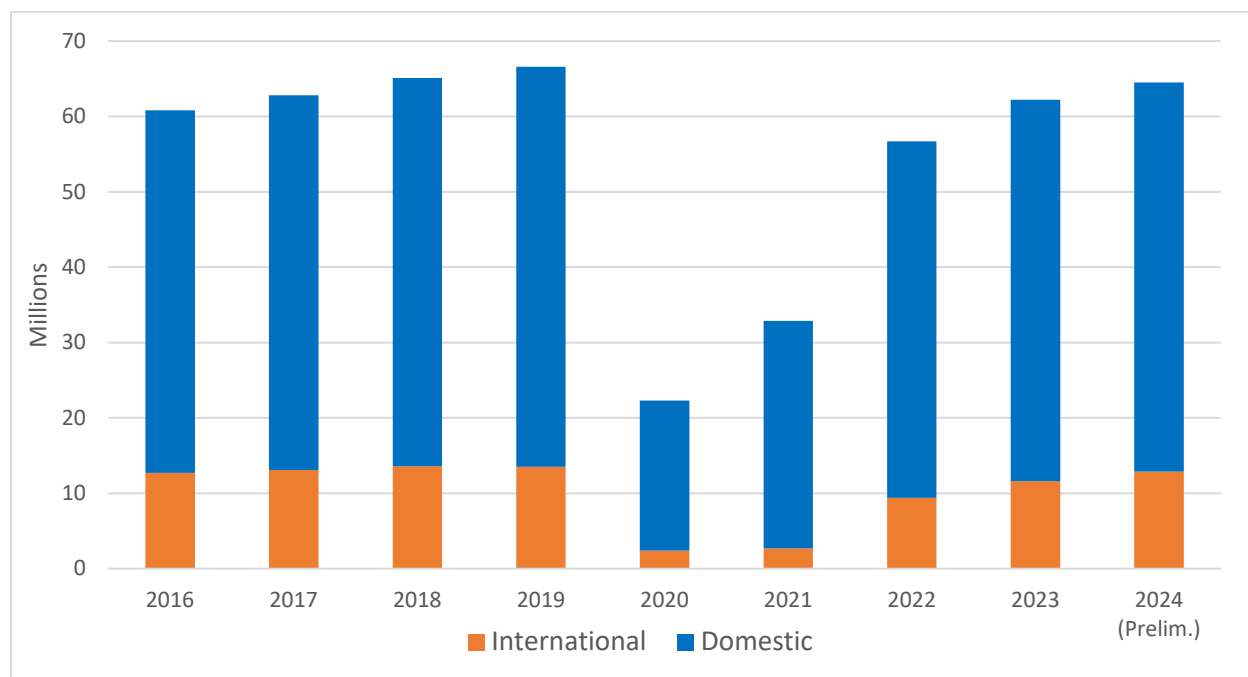
The home sales market has not been quite as tight, with market prices up only marginally over the past year and roughly on par with pre-pandemic levels. Yet homeownership affordability has been adversely affected by the rise in mortgage rates over the past few years; while mortgage rates have edged down over the past year, they are still considerably higher than they were throughout the 2010s.

While the outlook for housing affordability will depend on a number of variables, such as mortgage rates and wage growth, the main driver will be the volume of new housing supply—that is, residential construction and conversions. A brisk expansion in the housing supply would not only provide some relief to the city’s existing population but would also remove what is probably the greatest constraint on growth.

Tourism

After a deep slump in the wake of the pandemic, tourism had just about fully rebounded by 2024. As shown in Chart 9 below, the total number of tourist visitations to New York City, as estimated by [NYC Tourism & Conventions](#), reached 64.5 million last year—just shy of the record 66.6 million in 2019 and a remarkable rebound from the depressed level of 22.3 million in 2020 (much of which came at the start of that year). Moreover, the share of international visitations also rebounded to roughly its pre-pandemic norm of about 20 percent. This metric is important because international tourists tend to stay longer and spend considerably more on a trip than domestic visitors. Total visitor spending was estimated at \$51 billion in 2024—up roughly 6 percent from 2023—not including indirect (multiplier) effects.

Chart 9. Annual Tourist Visitations to New York City, 2016-2024



Source: New York City Tourism & Conventions

The city’s robust tourism activity continued into early 2025 by most measures. As of April, both hotel occupancy rates and average room rates were roughly on par with a year earlier, and Broadway theater attendance and revenues were up strongly from 2024 levels and running well ahead of comparable pre-pandemic levels for the first time.

Looking ahead, however, increased and proposed restrictions on trade and travel have dimmed the outlook. Insofar as hotel occupancy and revenues go, [Costar](#)’s baseline projection shows daily REVPAR (revenue per available room) leveling off at around \$275 through Autumn 2026 and the total number of hotel rooms also holding steady (at around 139,000) over the same period. Thus, overall revenue is expected to be essentially flat over this horizon, adding up to about \$13.9 billion for the full year 2026. In the outyears, it is reasonable to assume revenue growing at a roughly 3 percent annual rate.

If, however, there were to be a recession lasting from mid-2025 through the end of the year, we estimate that REVPAR would decline steadily through mid-2026, with a gradual recovery beginning in November 2026. This would translate into a shortfall in hotel revenues—relative to the baseline projection—maxing out at \$4 billion in 2027 and then narrowing, as shown in Table 9 below. While total visitor spending was not explicitly modeled, it is reasonable to assume similar percentage changes to the changes in hotel revenues shown below.

Table 9. Hotel Revenues (Billions of \$) and Percent Change from Prior Calendar Year

	Hotel Revenues (Billions of \$) and % Change from Prior Year			
	No Recession Scenario		Recession Scenario	
2024	\$12.826		\$12.826	
2025	\$13.635	6.3%	\$12.656	(1.3%)
2026	\$13.858	1.6%	\$10.338	(18.3%)
2027	\$14.274	3.0%	\$10.436	0.9%
2028	\$14.702	3.0%	\$11.741	12.5%

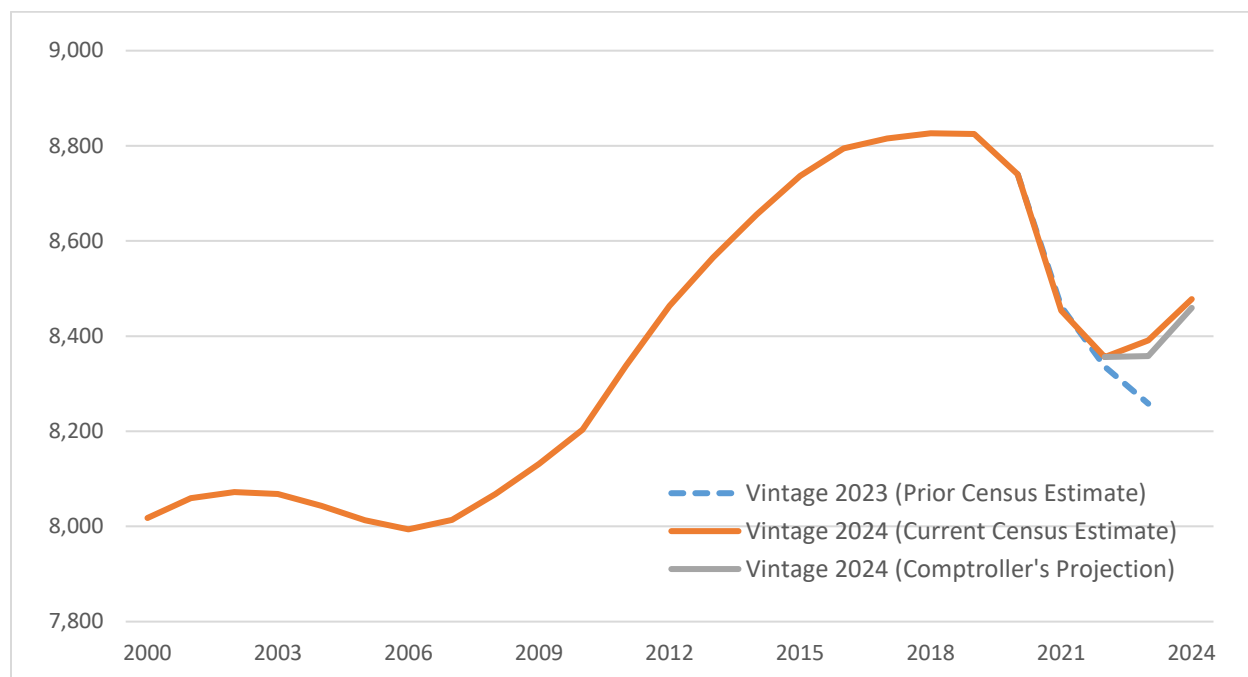
Sources: Costar; Office of the New York City Comptroller (Recession Scenario)

The latest projections made by NYC Tourism & Conventions and Tourism Economics appear to fall somewhere between the two scenarios. Despite the strong start to the year, the outlook is that the number of visitors to the city will decline slightly for the full year 2025, driven by a 6 percent drop-off in international visitations. This would have a disproportionately negative effect on overall visitor spending, as well as hotel metrics, though likely not as steep as in the “recession scenario” above.

NYC Population and Demographics

The Census Bureau released two sets of population data in March: the 2024 vintage of annual population estimates and the revision of total population for 2011-2019 based on 2010 and 2020 decennial enumeration results (these are called “intercensal” estimates). The data are shown in Chart 10. As the Comptroller’s Office previously [expected](#), based on NY State data released last year, NYC’s total population in NYC grew in 2023 and accelerated in 2024. This was due to the combined effect of: (i) lower outmigration toward the rest of the U.S., and (ii) an upward revision to the estimates of international migration that better captures the inflow of asylum seekers. NYC’s population was about 360,000 lower than before the pandemic, a marked improvement from previous estimates.

Chart 10. NYC Population, 2000-2024, in Thousands



Source: Bureau of the Census and Office of the New York City Comptroller

As discussed in a recent Comptroller’s Office [Spotlight](#), the Trump Administration’s immigration policies and its constraints on international migration are likely to reduce New York City’s population, unless domestic outmigration also falls significantly. Both the no recession and the mild recession scenarios assume that annual net international migration into the US slows to 500,000. The Spotlight includes an estimate that New York City has on average received between 5 percent and 7 percent of the U.S. net inflow, which means that net international migration to New York City could fall to between 25,000 (as it did in 2020) and 34,000 (as it averaged in 2018 and 2019, during the first Trump term). And, as is further elaborated in the Spotlight, averting population decline in NYC with these levels of net international migration would require net domestic migration at levels that are rare, and only last seen in the aftermath of the Great Recession in 2009-2014.

Risks to the NYC Economy

The elevated probability of a U.S. recession, as detailed above, remains the principal risk for the New York City economy. Such a recession, if it arrives, may prove much more severe than what has been modelled in the mild recession scenario. Factors that would exacerbate such severity include: (i) a “trade war” with meaningful moves by trading partner countries to counter U.S. tariffs with their own trade barriers; (ii) an unwillingness of the Federal Reserve to loosen monetary policy in the wake of economic downturn, out of concern for inflationary momentum or in response to perceived political threats to its policy independence; and, (iii) a greater-than-anticipated drop in business investment and expansionary planning amidst ongoing heightened uncertainty over future conditions. Navigating through a recession often requires coordinated

fiscal and monetary efforts, which may prove difficult in the current U.S. political environment. There are also risks associated with inflation and long-term interest rates—particularly if they pick up alongside a recession or substantial slowdown in growth. Normally, long-term rates serve as a counter-cyclical force, receding during periods of economic weakness and softening the blow. But if rates rise due to inflation and deficit concerns, that could further weaken interest-sensitive sectors of the economy and reduce GDP more broadly.

For New York City, in particular, efforts by the Trump Administration and the Republican Congress to reduce Federal spending pose risks to several of the city's important economic sectors. As mentioned, the Budget Reconciliation legislation currently moving through Congress would curtail Federal spending on Medicaid and substantially limit eligibility for the largely Federally funded Essential Plan. These programs currently insure roughly 5 million New York City residents, accounting for approximately 60 percent of the city's population, providing substantial reimbursement to many of the city's hospitals and healthcare providers. New York State faces potential cuts and cost shifts totaling \$13.5 billion dollars; neither the State nor City can backstop such a funding decrease, which would ultimately result in service reductions and job losses. New York City also is home to many academic medical centers and universities that are at risk of severely diminished Federal funding for their scientific and medical research. Other large, proposed cuts to food assistance, housing vouchers and other Federal programs would have reverberating impacts on the city's nonprofit and real estate sectors.

These aforementioned risks are in addition to ongoing risks to the New York City economy that did not begin with the policies of the Trump Administration. The health of the local economy remains highly dependent on the maintenance of a strong presence of office workers in its central business districts, principally in Manhattan. The office market, a crucial cog that has been weakened over the past five years, is in need of recovery, the path of which is less than certain. The continuing high cost of securing housing in the city and its suburbs is a perpetual barrier to economic expansion in NYC, and feasible policy-based efforts to remedy the situations may not prove adequate for alleviating the problem.

III. The FY 2026 Executive Budget and May Financial Plan

The FY 2026 Executive Budget and May 2025 Financial Plan present budgets of \$119.79 billion for FY 2025 and \$115.07 billion for FY 2026. In the outyears, expenditures are budgeted to grow from \$121.22 billion in FY 2027, to \$125.28 billion in FY 2028, and reach \$128.21 billion in FY 2029, outpacing the Mayor’s Office of Management and Budget’s (OMB) projected revenue growth over the period. This leads to gaps, as presented by OMB, of \$4.63 billion in FY 2027, \$5.81 billion in FY 2028, and \$5.67 billion in FY 2029—all higher than those presented in the January Plan.

Despite the threats posed by the Trump Administration to the economy, as well as to the \$10.52 billion of Federal funds included in the City’s operating budget, the May Plan does not increase any of the City’s reserves. In response to the deep cuts to Federal spending being pursued by the Trump Administration and by Congress, the Office of the New York City Comptroller has proposed adding \$1 billion to the City’s general reserve fund in FY 2026 to help protect New Yorkers from the most immediate impacts of potential reduced aid. In addition, this Office estimates that the City should make a deposit into its rainy day fund (the Revenue Stabilization Fund or RSF) in FY 2025 to help protect against revenue losses in a recession.

As described in the preceding section, the Comptroller’s Office has modeled both “no recession” and “mild recession” economic scenarios and the resulting tax revenues. In the first scenario, this Office’s [proposed formula](#) for minimum deposits into the RSF indicates that the City should deposit \$1.46 billion in FY 2025. In the recession scenario, where tax revenues grow slightly less in FY 2025, the deposit falls to \$1.34 billion. These amounts equal 50 percent of the growth of non-property taxes in FY 2025 above their previous six-year average growth rate.

Based on its estimates of revenues, expenditures, and reserve increases, as described in more detail in the following sections, the Comptroller’s Office restates the City’s gaps and surpluses. In the no recession scenario, the City will end FY 2025 with a gap of \$1.76 billion (1.5 percent of total revenues), growing to \$5.77 billion in FY 2026 (5.0 percent of total revenues) and totaling \$8.82 billion in FY 2029 (7.0 percent of total revenues).

If a mild recession were to occur, the Comptroller’s Office estimates that tax revenues would be lower by \$225 million this year, \$2.33 billion in FY 2026, \$2.12 billion in FY 2027, and \$350 million in FY 2028 before rebounding in FY 2029. To offset the losses in FY 2026 and FY 2027, the City could withdraw funds from the RSF. While State law rules for withdrawals are very lax, the Comptroller’s Office has proposed allowing withdrawals in the case of two consecutive quarterly declines in payroll employment (the mild recession scenario shows four declines).¹ According to this Office’s proposal, except in case of catastrophic events, annual withdrawals should be limited

¹ Withdrawals should also be allowed in case of emergencies as for instance defined in the legislation for the New York State rainy-day fund. See Chapter 56 of the Laws of New York, article 6, §92-CC.

to 5 percent of tax revenues in the year before the withdrawal (up to \$4.00 billion, in the recession scenario). If a deposit were to be made in FY 2025 according to the formula described above under the recession scenario, the fund would have a \$3.30 billion balance at the end of FY 2025, which is split evenly in FY 2026 and FY 2027 to re-estimate the gaps.

With the deposit into the fund in FY 2025, and withdrawals in FY 2026 and FY 2027, gaps would increase to \$1.87 billion in FY 2025 (1.6 percent of total revenues), grow to \$6.45 billion in FY 2026 (5.7 percent of total revenues) and total \$8.59 billion in FY 2029 (6.8 percent of total revenues).

Changes in the Financial Plan Since January

FY 2025 Budget

The FY 2025 budget in the May Plan reflects an increase of \$3.30 billion over the City's January Plan. This is primarily the result of \$2.01 billion more in projected City fund revenues with smaller increases in Federal and State grant revenues of \$828 million and \$507 million, respectively.

The majority of the increase in City fund revenues comes from a \$1.68 billion upward revision to the City's tax revenue projections. This is largely due to higher projected Personal Income Taxes/Pass-Through Entity Tax revenue, which increased by \$821 million compared to the January Plan. OMB's estimate of business income tax revenue increased by \$381 million, with smaller changes over the City's other tax sources. See more details in the [Revenue Analysis](#) section of this report.

As for City-funded expenditures, as shown in Table 10, the largest change compared to the January Plan comes from the addition of \$2.32 billion in agency expenditures. Of this, more than half (\$1.21 billion) are for costs that the Comptroller's Office has previously identified as chronically underbudgeted. These are costs that can be reasonably anticipated and are tied to ongoing programs with established spending patterns, but instead of being included in the Financial Plan, they are funded incrementally over the course of the ongoing fiscal year. The budget includes additional City funding for uniformed overtime (nearly \$550 million), special education Carter Cases (now called Due Process cases, \$206 million), cash assistance (\$129 million), and rental assistance programs administered by the Department of Social Services (\$190 million, including \$177 million for CityFHEPS). Other funding for underbudgeted costs includes \$100 million for shelter costs (excluding asylum seekers) in Department of Homeless Services (DHS) shelters and \$50 million to pay prevailing wages to shelter security guards. Other additions include \$150 million for judgments and claims costs, and \$145 million for emergency medical services at the Fire Department.

Expenditure reductions somewhat offset the additional costs. The largest decrease in planned City fund spending is for asylum seeker costs, which were reduced by \$300 million. Two thirds of this amount is due to budgeted increases in State and Federal aid. (More details can be found in the Services to Asylum Seekers section of this report). OMB also included \$108 million in

unidentified personnel services and other than personnel services savings in the May Plan. Lastly, OMB increased its re-estimate of payables and receivables from prior years by \$266 million, resulting in savings of the same amount. Under the City’s accrual method of accounting, re-estimates of past years’ spending are reflected in the current year. If costs are lower than originally reflected, they are recognized as savings, if they are higher, they are an additional cost. Typically, OMB only budgets for net savings from prior-year accruals of \$400 million. In FY 2025 it has already budgeted more than double the amount (\$816 million). In part, this is the outcome of double-counting \$289 million of FY 2023 asylum seekers expenses in non-asylum seekers budget codes and other write-downs that this office has reported since [last December](#).

These actions allowed the City to add \$606 billion to the Budget Stabilization Account to prepay FY 2026 debt service costs and help balance the budget for FY 2026. A total of \$50 million remains in budgeted reserves for the year.

Table 10. Changes to FY 2025 and FY 2026 City Funds Estimates from January 2025 Plan

(\$ in millions)	FY 2025	FY 2026
Gap to be Closed – January Plan	\$0	\$0
Revenues:		
Tax Revenues	\$1,682	\$993
Non-Tax Revenues	303	133
Unrestricted Aid	6	0
Disallowances	19	0
Total Revenue Changes	\$2,010	\$1,126
Expenditures:		
Agency Expenditures	\$2,320	\$1,779
PEG Restorations	0	141
State Budget Impact	0	166
Services for Asylum Seeker Expense Reductions	(300)	(190)
Debt Service Savings	(206)	(60)
Pensions	(36)	(104)
Unallocated PS and OTPS Savings	(108)	0
Re-estimate of Prior Payables and Receivables	(266)	0
Total Expenditure Changes	\$1,404	\$1,732

(\$ in millions)	FY 2025	FY 2026
Surplus / (Gap) To Be Closed Before Prepayments	\$606	(\$606)
FY 2025 Prepayment of FY 2026 Debt Service	(\$606)	\$606
Gap to be Closed – May Plan	\$0	\$0

Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

FY 2026 Budget

Total revenues (all funds) in the Executive Budget for FY 2026 are \$541 million higher than projected in the January Plan. This is the result of a \$1.13 billion increase in forecasted City fund revenues—largely due to \$512 million more in projected property tax revenues—and a \$73 million increase in Federal aid, offset by a net \$686 million decrease in State aid. The decline in budgeted State revenues is the result of the City removing \$1 billion of hoped-for aid for asylum seeker costs, offset by the addition of \$287 million in State Education aid, and other smaller additions.

With the \$606 million added to prepay next year’s expenses, total City fund expenditures in the Executive Budget for FY 2026 increased by a net \$1.73 billion. The largest City fund additions are for the Department of Education (DOE) with a total of \$573 million. This includes \$194 million (baselined) for school nurse costs, \$150 million to help fund the hiring of 3,700 teachers necessary to meet the State class size mandate for FY 2026 (growing to \$200 million in FY 2027 and out), and \$154 million for school cleaning (FY 2026 only). In addition, a total of \$197 million was added in FY 2026 for the DOE’s 3-K and Pre-K programs. This includes \$30 million in City funds and \$167 million in State funds. (More details on these changes can be found in the [Education](#) section of this report). Other City-funded additions for FY 2026 include \$165 million for paratransit subsidies to the MTA mandated by the State Enacted Budget. The City also restored \$141 million in cuts made to the FY 2026 budget as part of prior Programs to Eliminate the Gap (PEG). The largest restoration is \$96 million (baselined) to the City University of New York (CUNY), followed by \$23 million for senior centers at the Department of the Aging (DFTA), which increases to \$38 million in FY 2027 and out.

These City fund increases were offset by \$164 million in combined debt service and pension savings, as well as a \$190 million reduction of City-funded asylum seeker costs. Overall, the City reduced total expected costs for services to this population by \$1.21 billion in FY 2026 (from \$2.66 billion estimated in January to \$1.45 billion). However, because the State Enacted Budget did not provide the \$1 billion in aid that the City had previously hoped to receive, and because the City moved \$21 million in expected Federal fund from FY 2026 to FY 2025, the net savings to the City total only \$190 million.

Comptroller's Office's Restated Gaps/Surpluses

The Comptroller's Office restates the City's projected gaps and surpluses based on its estimates of City fund revenues and expenditures, as well as its proposed increases to and withdrawals from the City's reserves. As shown in Table 11, under the no recession scenario, the Office estimates the City will end FY 2025 with a gap of \$1.76 billion, growing to \$5.77 billion in FY 2026 and totaling \$8.82 billion in FY 2029. These totals include the impact of the Comptroller's Office's proposals to make a \$1.46 billion deposit in the rainy day fund in FY 2025 and to increase the general reserve by \$1.0 billion in FY 2026.

If a mild recession were to occur, the Comptroller's Office estimates gaps would increase, although withdrawals from the rainy day fund would reduce the impact in FY 2026 and FY 2027. As shown in Table 11, under the recession scenario, the FY 2025 gap would increase modestly by \$112 million to \$1.87 billion. This includes a \$1.34 billion deposit into the rainy day fund in FY 2025. With rainy day fund withdrawals of \$1.65 billion in each of the next two years, gaps would increase to \$6.45 billion (+\$680 million) and \$9.30 billion (+\$465 million) in FY 2026 and FY 2027, respectively. Gaps in FY 2028 and FY 2029 would be closer to the no recession scenario, totaling \$10.44 billion and \$8.59 billion, respectively.

Table 11. Comptroller's Office's Restated Gaps, No Recession Scenario

Positive numbers decrease the gap and negative numbers increase the gap

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	\$0	\$0	(\$4,630)	(\$5,811)	(\$5,666)
Revenues Differences					
Tax Revenues:	\$292	\$82	\$1,131	\$1,779	\$2,927
Property Tax	2	(143)	(194)	113	409
Personal Income Tax/PTET	218	285	616	545	1,026
Business Income Taxes	(105)	(353)	165	446	451
Sales Tax	(20)	(84)	56	170	462
Real Estate-Transaction Taxes	31	151	198	204	256
Tax Audits & All Other Taxes	166	226	290	301	323
Non-Tax Revenues	0	26	20	29	23
Subtotal Revenues	\$292	\$108	\$1,151	\$1,808	\$2,950
Expenditures Differences					
Underbudgeting:	(\$339)	(\$4,048)	(\$3,831)	(\$3,480)	(\$3,474)
Overtime	(367)	(875)	(690)	(690)	(690)
Rental Assistance	0	(1,150)	(1,150)	(1,150)	(1,150)
Shelter Capacity, Non-Asylum Seeker	0	(730)	(730)	(730)	(730)

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Public Assistance	28	(569)	(219)	0	0
Contributions to MTA	0	(290)	(470)	(365)	(359)
DOE Due Process (Carter) Cases	0	(351)	(281)	(281)	(281)
DOE Custodial Costs	0	0	(154)	(154)	(154)
DOE Charter Leases	0	(38)	(37)	0	0
Temporary and Professional Services	0	(45)	(100)	(110)	(110)
Fiscal Cliffs - Federal COVID 19 Aid	0	(80)	(223)	(223)	(223)
New State Budget Impact – Pensions	0	(17)	(22)	(27)	(32)
New State Budget Impact - Child Care Vouchers	0	(275)	(625)	(625)	(625)
New State Budget Impact - NYC H + H Payments	(14)	(57)	(57)	(57)	(57)
New State Budget Impact – Debt Service on MTA Capital Contribution	0	(2)	(11)	(30)	(61)
Foster Care Reimbursement Rate	0	(200)	(200)	(200)	(200)
DOE Pre-K and 3-K	(128)	(174)	(159)	(158)	(158)
Promise NYC	0	0	(25)	(25)	(25)
DOE LV Order	0	0	(52)	(52)	(52)
Health Insurance Stabilization Fund Payments	(612)	(112)	(112)	(112)	(112)
Health Insurance Rate Increase	0	(500)	(530)	(560)	(600)
Personnel Services Savings	200	0	0	0	0
Prior Year Payable Adjustment	0	400	400	400	400
Asylum Seekers Expenses	297	192	559	64	159
Class Size Mandate	0	0	(467)	(1,006)	(1,047)
<i>Subtotal Expenditures</i>	<i>(\$596)</i>	<i>(\$4,873)</i>	<i>(\$5,355)</i>	<i>(\$6,091)</i>	<i>(\$6,107)</i>
Total Comptroller Re-estimates	(\$304)	(\$4,765)	(\$4,204)	(\$4,283)	(\$3,157)
Restated (Gap)/Surplus	(\$304)	(\$4,765)	(\$8,834)	(\$10,094)	(\$8,823)
Protecting New York City General Reserve Increase	0	(\$1,000)	0	0	0
Deposit into the Revenue Stabilization Fund	(\$1,455)	0	0	0	0
Restated (Gap)/Surplus with Reserve Increases	(\$1,759)	(\$5,765)	(\$8,834)	(\$10,094)	(\$8,823)

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding.

Table 12. Comptroller’s Office’s Restated Gaps, Mild Recession Scenario

Positive numbers decrease the gap and negative numbers increase the gap

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Restated (Gap)/Surplus No Recession	(\$304)	(\$4,765)	(\$8,834)	(\$10,094)	(\$8,823)
Protecting New York City General Reserve Increase	0	(1,000)	0	0	0
Mild Recession Tax Revenue Risk	(225)	(2,331)	(2,116)	(350)	232
Deposit into the Revenue Stabilization Fund	(1,342)	0	0	0	0
Revenue from the Revenue Stabilization Fund	0	1,651	1,651	0	0
Restated (Gap)/Surplus with Recession Risk	(\$1,871)	(\$6,445)	(\$9,299)	(\$10,444)	(\$8,591)

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding.

Revenue Differences

Based on the no recession forecast, the Comptroller’s Office estimates that City fund revenues, including tax and non-tax revenues, will surpass OMB’s projections in each year of the Plan – by \$292 million in FY 2025, \$108 million in FY 2026, \$1.15 billion in FY 2027, \$1.81 billion in FY 2028, and \$2.95 billion in FY 2029.

As shown in Table 11, much of the difference between the Comptroller’s Office’s no recession revenue projections and OMB derives from higher forecasted tax revenue. For FY 2025, the Comptroller’s Office’s total tax forecast is \$292 million more than OMB’s, with the difference falling to \$82 million in FY 2026, before increasing to \$1.13 billion in FY 2027, \$1.78 billion in FY 2028, and \$2.93 billion in FY 2029. The difference in FY 2025 is due to higher projections of Personal Income Tax and audit revenues.

Under the mild recession scenario, total tax revenues are lower by \$225 million in FY 2025, \$2.33 billion in FY 2026, \$2.12 billion in FY 2027, and \$350 million in FY 2028. Total tax revenues are above the no recession scenario in FY 2029 by \$232 million. For more detail see the [Revenue Analysis](#) section of this report.

Expenditure Differences

The Comptroller’s Office projects that expenditures will be greater than budgeted by OMB in each year of the financial plan. Net City-funded expenditures will be greater than budgeted by \$596 million in FY 2025, \$4.87 billion in FY 2026, \$5.36 billion in FY 2027, \$6.09 billion in FY 2028, and \$6.11 billion in FY 2029. (Totals exclude this Office’s proposed reserve increases.)

The largest cumulative driver of the difference are a number of structurally, unreasonably, and inappropriately underbudgeted costs. For FY 2025, many of the costs underbudgeted in June 2024 have been funded, as needed, to balance the current-year budget. However, overall, the Comptroller’s Office estimates that funding needs due to unreasonable and inappropriate cost

projections remain large, totaling \$339 million in FY 2025, \$4.05 billion in FY 2026, and averaging \$3.60 billion annually in the outyears. As shown in Table 11 and described in more detail in subsequent sections of this report, underbudgeted costs include rental assistance, overtime, shelter costs for non-asylum seekers, special education Due Process Cases (formerly referred to as Carter Cases), subsidies to the Metropolitan Transportation Authority (MTA), and others.

City-funded health insurance costs will exceed budgeted amounts by at least \$612 million in FY 2025, \$612 million in FY 2026 and growing to \$712 million in FY 2029, according to this Office's estimates. In FY 2025, this is exclusively the result of the City foregoing transfers from the Health Insurance Stabilization Fund (HISF) to pay for health insurance costs, due to insufficient resources in the fund. In FY 2026 and beyond, \$112 million is due to forgoing HISF transfers with the remainder due to higher health insurance premiums than budgeted. For more details, see the [Health Insurance](#) section of this report.

The Comptroller's Office's higher expenditure estimates also include the impact of the State's mandate that the City reduce class sizes, the full impact of which has yet to be included in the City budget. The Comptroller's Office estimates that \$467 million will be required in FY 2027, increasing to \$1.01 billion at full implementation in FY 2028, and growing to \$1.05 billion in FY 2029. The Comptroller's Office also estimates needs of \$128 million in FY 2025, growing to \$184 million in FY 2027 and out to continue the City's early childhood education programs, including 3-K and Pre-K, and the Promise NYC program, at recent levels.

In addition, the SFY 2026 State Budget set a new required City contribution of \$328 million toward child care vouchers under the Child Care Development Block Grant. After netting out the current amount of the City's required contribution, this provision adds \$275 million in baseline costs starting in FY 2026. While the State provided \$350 million for childcare vouchers in FY 2026, funds were appropriated for that year only. Thus, an additional \$350 million will be required in FY 2027 and out (for a total need of \$625 million for child care vouchers in those years). Greater details on these estimates can be found in the [Education](#) section of this report.

There are several other areas where the State Enacted Budget will increase City costs. These include pension changes (\$17 million in FY 2026 rising to \$32 million in FY 2029) and the State's elimination of its share of the Indigent Care Pool (ICP) payments to H+H. The elimination of these payments also triggers the loss of Federal funds. To keep H+H whole, the City would need to provide \$14 million in FY 2025 and \$57 million going forward. The State Budget also includes a \$3.0 billion capital commitment from the City toward the MTA FY 2025 through FY 2029 capital plan. Based on an assumption of the actual issuance schedule, the Comptroller's Office estimates debt service will increase slightly during the plan by approximately \$300,000 in FY 2025, \$2.4 million in FY 2026, \$11 million in FY 2027, \$30 million in FY 2028, and \$61 million in FY 2029, with most of the impact in future years. See the [Capital Budget and Financing Program](#) for more details.

The Comptroller's Office also estimates the City faces fiscal cliffs that result from using temporary Federal COVID-19 aid, the majority of which expires this fiscal year, to fund long-term programs. While the City added funding to cover many of the longer-term programs previously paid for by

this aid, some programs have only been funded in FY 2025. The Comptroller’s Office estimates \$80 million is necessary in FY 2026, growing to \$223 million in each of the outyears. These cliffs affect several DOE programs, as well as food assistance programs at DSS.

There are several areas where the Comptroller’s Office estimates that costs will come in less than currently budgeted. This includes the costs associated with services to people seeking asylum. The Comptroller’s Office estimates net City fund savings of \$297 million in FY 2025, \$192 million in FY 2026, \$559 million in FY 2027, \$64 million FY 2028, and \$159 million in FY 2029. Greater details on these estimates can be found in the [City Services to People Seeking Asylum](#) section of this report.

The Comptroller’s Office also estimates that the City will spend less than currently budgeted on non-overtime personnel spending. Given actual expenditures and current headcount levels thus far this fiscal year, the Comptroller’s Office projects that spending on salaries and wages will total \$200 million less than budgeted for FY 2025. See the [Headcount](#) section of this report for more detail.

Revenue Analysis

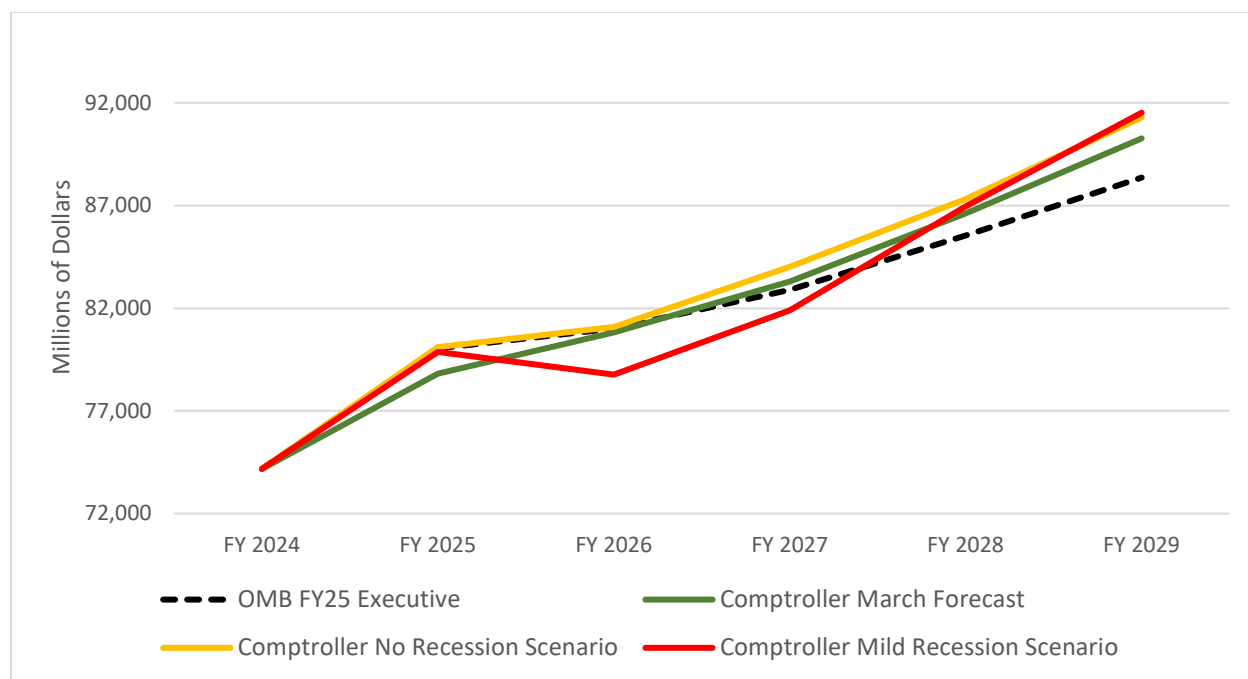
Macroeconomic uncertainties stemming from the Trump Administration’s erratic implementation of tariff policies have introduced a range of potential economic scenarios that would affect revenue during the plan years. The Comptroller’s Office prepared two sets of revenue forecasts: one assuming no recession occurs and another a mild recession (as outlined in the Economics section of this report). In the no recession scenario, the Comptroller’s Office has revised its tax revenue projections upward by \$1.5 billion in FY 2025, \$217.0 million in FY 2026, \$727.0 million in FY 2027, \$694.0 million in FY 2028, and \$1.0 billion in FY 2029 relative to the Comptroller’s March 2025 forecast. These increases reflect updated forecasts for property, personal income, business, and real estate transaction taxes.

The upward revision in property tax in FY 2025 revenue is primarily driven by a revised estimate of properties expected to be removed from the tax rolls. Higher expectations for business income, personal income, and real-estate transaction tax collections account for approximately 75 percent of the FY 2025 revision to total City’s tax revenue and are the result of two factors. First, stronger-than-anticipated collections have occurred this spring for each of these taxes, relative to the March 2025 forecast. Second, revisions to New York City payroll employment counts in 2024 have increased the number of jobs in New York City, particularly in high-wage sectors. Under the no recession scenario, total revenues are projected to reach \$80.33 billion in FY 2025, \$81.10 billion in FY 2026, \$84.02 billion in FY 2027, \$87.32 billion in FY 2028, and \$91.28 billion in FY 2029.

Chart 11 below compares forecasted tax revenues under each scenario to the projections in the May Plan and the Comptroller’s March 2025 forecast. Additional detail on forecast revenues for the mild recession scenario is included in each respective tax section. The Comptroller’s no recession outlook anticipates slow but steady growth, with most tariffs imposed in early 2025 expected to be scaled back by mid-year, supporting moderate tax revenue gains. Conversely,

under the mild recession scenario, in which elevated tariffs persist for longer, tax revenue would be below the no recession scenario by \$225 million in FY 2025, \$2.33 billion in FY 2026, \$2.11 billion in FY 2027, and \$350 million in FY 2028. This is due to reduced consumer spending, weaker corporate profits, weaker wage growth, weaker capital gains and a downturn in real estate activity. Revenues are expected to recover in FY 2029 as tariffs are gradually lifted and economic conditions stabilize.

Chart 11. Projected Total Tax Revenue in Mild Recession vs. Non-Recession Scenarios



Source: Mayor's Office of Management and Budget, Office of New York City Comptroller

Comparison with the Financial Plan Projections

The May Plan increases projected City-funded revenues (including tax and miscellaneous revenues but excluding Intra-City Revenue) by \$1.99 billion in FY 2025, \$1.13 billion in FY 2026, \$902 million in FY 2027, \$1.22 billion in FY 2028, and \$1.11 billion in FY 2029, compared to the January 2025 Financial Plan. Their upward revision for FY 2025 primarily reflects stronger-than-expected tax collections to date, particularly in personal income, real estate transactions, and business taxes. Labor market conditions have supported wage growth, and financial markets performed well before the volatility brought by tariff policies—contributing to strong bonuses in the securities industry and higher non-wage income. Through April 2025, total tax collections for FY 2025 exceeded the OMB's January Plan expectations by approximately \$1.4 billion. OMB now projects City-funded revenues of \$86.64 billion in FY 2025, \$87.22 billion in FY 2026, \$88.96 billion in FY 2027, \$91.66 billion in FY 2028, and \$94.51 billion in FY 2029.

Table 13 shows FY 2025 tax collections through April 2025 and full-year estimates in the May Plan. Collections through April increased by 8.6 percent over the prior fiscal year, driven by increases in PIT/PTET, business income taxes, other taxes, and real estate transaction taxes. The May Plan projects tax revenues to increase by 7.4 percent in FY 2025, with the property tax and PIT/PTET increasing the most in terms of dollar amount. The Comptroller, on the other hand, estimates that in the no recession scenario total tax revenues in FY 2025 will increase by 8.0 percent compared to FY 2024.

Table 13. FY 2025 Up to April Collections and the Mayor’s May FY 2025 Plan

	Year to Date Tax Collections			Total Tax Collections			
	FY 2024	FY 2025	Y/Y Growth	FY 2024	FY 2025 May Plan	Change	Y/Y Growth
Property Tax	\$32,884	\$34,370	4.5%	\$32,987	\$34,541	\$1,554	4.71%
PIT+PTET	13,052	15,711	20.4%	15,671	18,229	2,558	16.3%
Business Income Taxes	7,315	8,116	11.0%	9,675	10,644	969	10.0%
Sales Tax	8,126	8,400	3.4%	9,914	10,288	374	3.8%
Real Estate Transaction Taxes	1,421	1,696	19.3%	1,727	2,070	343	19.9%
Other Taxes	1,990	2,174	9.2%	3,220	3,432	212	6.6%
Total Non-Property	32,032	36,205	13.0%	40,219	44,676	4,457	11.1%
Total Excluding Audits	64,789	70,467	8.8%	73,206	79,217	6,011	8.21%
Audits	754	709	(6.0%)	1,337	825	(512)	(38.3%)
Total Including Audits	\$65,543	\$71,177	8.6%	\$74,543	\$80,042	\$5,499	7.4%

Source: Mayor’s Office of Management and Budget, Office of New York City Comptroller

In the no recession scenario, the Comptroller’s Office projects that City-fund revenues will exceed the May Plan estimates by \$292 million in FY 2025, \$108 million in FY 2026, \$1.15 billion in FY 2027, \$1.81 billion in FY 2028, and \$2.95 billion in FY 2029. In FY 2025, the difference is primarily from the Comptroller’s higher PIT/PTET revenue forecast. In FY 2026 and beyond, the differences are driven by higher personal income, real estate-related, and business taxes. The Comptroller’s Office anticipates that Personal Income Tax revenues alone will surpass the Mayor’s forecast by \$218 million in FY 2025, \$285 million in FY 2026, \$616 million in FY 2027, \$545 million in FY 2028, and \$1.03 billion in FY 2029.

Real Property Tax

The Comptroller’s Office projects FY 2025 property tax revenue to total \$34.54 billion, an increase of \$297 million from the March forecast. This revision is primarily due to a lower estimate of properties expected to be removed from the tax rolls, as well as adjustments related to the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE) programs, reductions in the allowances for the J-51 and Lower Manhattan abatement programs and an increase to proceeds from lien sales. For FY 2026, the Comptroller’s Office forecasts property tax revenue of \$35.32 billion, representing a 2.3 percent increase over FY 2025. Property tax revenue is expected to grow at an average annual rate of 3.6 percent, reaching \$39.29 billion by FY 2029. Compared to OMB, the Comptroller’s Office’s property tax forecast is \$1.8 million higher in FY 2025, \$143 million lower in FY 2026, and \$194 million lower in FY 2027. However, it exceeds OMB’s projections by \$113 million in FY 2028 and \$409 million in FY 2029. The variance in FY 2025 is primarily due to differing assumptions regarding the reserve components of the property tax, such as cancellations, refunds, and delinquencies. In FY 2026 and beyond, the differences reflect a combination of varying reserve component estimates (including the reduction in shelter rent for Mitchell-Lama buildings legislated as part of the NY State budget for FY 2026) and differing levy forecasts.

The Office of the Comptroller did not formulate separate forecasts for the no recession and mild recession scenarios. The New York City’s property tax system includes built-in stabilizers that mitigate revenue fluctuations, and the forecast is based on the tentative assessment roll released in January. For Class 1 properties (primarily one-, two-, and three-family homes), a 6 percent cap on annual assessment increases keeps most assessed values well below the target 6 percent assessment ratio. As a result, moderate declines in market value during a mild recession are unlikely to significantly impact revenue from these properties. For Class 2 (rental apartments, condominiums, and cooperatives) and Class 4 (commercial properties), assessment increases are phased in over five years, meaning prior increases continue to bolster assessments during any given fiscal year.

Table 14 compares the Comptroller’s Office no recession scenario forecast for real property tax to the Mayor’s forecast.

Table 14. Comptroller No Recession Scenario and OMB Forecasts, Real Property Tax, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller’s Office - No Recession Scenario					
Net Collections	\$34,543	\$35,323	\$36,494	\$37,878	\$39,286
Growth rate	4.70%	2.30%	3.30%	3.80%	3.70%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OMB					
Net Collections	\$34,541	\$35,465	\$36,688	\$37,765	\$38,877
Growth rate	4.70%	2.70%	3.40%	2.90%	2.90%
Offset/Risk (Comptroller - OMB)	\$2	(\$143)	(\$194)	\$113	\$409

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Property Tax Delinquencies and Liens Sales

Table 15 presents delinquency rates from March of FY 2022 through FY 2025 for the July, October, and January property tax bills. The table includes data for Class 1 properties (primarily 1-3 family homes), Class 2 (multifamily buildings), and Class 4 (commercial buildings), with further breakdowns for the largest sub-categories within Classes 2 and 4. Class 3 is excluded due to its insignificant delinquency rate.

As of March 2025, the overall property tax delinquency rate was 2.7 percent, representing \$892 million in unpaid taxes—1 basis point higher than the same period in FY 2024. Property types with the most notable year-over-year increases in delinquency include elevator apartments (+101 basis points), office properties (+22 basis points), and retail stores (+13 basis points). In contrast, hotels experienced the largest decline in delinquency, decreasing by 176 basis points. This notable improvement likely reflects the recovery in tourism and business travel, alongside higher occupancy rates and stronger revenue per available room (RevPAR) metrics compared to the pandemic-era lows.

Following the enactment of Local Law 82 on July 30, 2024, the New York City Department of Finance (DOF) has scheduled the first lien sales for June 2nd, 2025. In preparation, 90-, 60-, 30, and 10-day notices have been sent to property owners with outstanding property tax balances. However, property owners still have several options to avoid inclusion in the sale:

1. Pay their outstanding property taxes in full.
2. Apply for the Property Tax and Interest Deferral (PT AID) program.
3. Apply for any property tax exemptions they may be eligible for.
4. Enroll in the lien sale exit program.

Despite the impending sale, the delinquency rate in March 2025 has not declined significantly from the same period in the previous fiscal year, as most of the payments tend to take place closer to the sale date. Historically, delinquency rates tend to fall as the fiscal year progresses. The Comptroller projects a final delinquency rate of 2.0 percent by the end of FY 2025.

Table 15. Delinquency Rates as of March of Each Fiscal Year

	FY 2022	FY 2023	FY 2024	FY 2025
Class 1	3.27%	3.65%	3.67%	3.32%
Class 2	2.33%	3.09%	3.09%	3.27%
<i>Walk-up apartments</i>	3.56%	4.45%	4.61%	4.62%
<i>Elevator apartments</i>	1.37%	2.84%	2.27%	3.28%
<i>Condominiums</i>	4.01%	4.15%	4.65%	4.01%
<i>Cooperatives</i>	0.63%	0.77%	0.84%	0.83%
Class 4	2.30%	2.20%	2.68%	2.67%
<i>Hotels</i>	6.72%	4.18%	4.88%	3.12%
<i>Store buildings</i>	3.35%	3.18%	3.59%	3.72%
<i>Office</i>	0.60%	0.59%	0.83%	1.05%
<i>Condominiums</i>	2.31%	2.05%	2.96%	2.78%
All classes	2.25%	2.54%	2.73%	2.74%

Source: NYC Department of Finance (DOF)

Note: Numbers may not add to totals due to rounding.

Personal Income Tax and Pass-Through Entity Tax

FY 2025 revenues for New York City’s Personal Income Tax (PIT) and the closely related Pass-Through Entity Tax (PTET) have greatly exceeded projections made prior to the start of the fiscal year. In June 2024, the Mayor projected \$17.28 billion in FY 2025 revenue for the two taxes while the Comptroller projected \$17.43 billion. The \$15.70 billion in PIT and PTET collected through April 2025 exceed by \$860 million the Mayor’s expectations from last June.

As the month for annual return filing, April is especially important for gauging PIT collections. Total April 2025 PIT collections for the City were nearly \$670 million, or 31 percent, above those collected in April 2024. This unexpectedly large increase—what budget prognosticators sometimes label an “April surprise”—pushed City PIT and PTET combined collections for FY 2025 to-date to \$2.65 billion (20 percent) above the prior fiscal year.

As seen in Table 16, collection gains in April were led by strong estimated payments, which include extension payments, up by \$315 million (29 percent). Final return payments were also \$140 million (44 percent) higher than the prior year. Refunds, which reduce revenue, were only slightly higher than last year. Increased tax withholding in April was partially a result of where business days fell in the calendar but nonetheless represents solid growth even after accounting for this.

Table 16. April 2025 Personal Income Tax and Pass-Through Entity Tax Collections

\$ in Millions	NYC April Collections				NYC Collections Fiscal Year to Date Thru April			
	FY 2025	FY 2024	change	% chg.	FY 2025	FY 2024	change	% chg.
Tax Withholding	\$1,118	\$947	\$171	18%	\$11,417	\$10,171	\$1,246	12%
Estimated Tax Payments	1,387	1,072	315	29%	2,304	1,799	505	28%
Final Return Payments	457	317	140	44%	653	509	144	28%
State/City Offsets	512	462	50	11%	1,134	875	259	30%
Refunds	(720)	(704)	(17)	2%	(1,971)	(1,739)	(232)	13%
Other	55	42	13	30%	216	176	40	23%
Sub-Total PIT	\$2,808	\$2,137	\$671	31%	\$13,753	\$11,791	\$1,963	17%
PTET	\$0	(\$23)	\$23	(101%)	\$1,951	\$1,260	\$690	55%
Total PIT + PTET	\$2,808	\$2,114	\$694	33%	\$15,704	\$13,051	\$2,653	20%

Source: NY State Department of Taxation and Finance

OMB increased its estimate of FY 2025 combined PIT and PTET revenues by \$821 million in the May Plan. OMB is attributing the strong April tax settlement growth, which was well above its prior expectations, to mostly transitory sources of increased 2024 liability—capital gains and bonuses, both of which it expects to decline in the 2025 tax liability year. Adding just \$63 million to prior forecast for PIT and PTET collections in FY 2026, OMB now projects a revenue decline of \$545 million (3.0 percent) next fiscal year. In the January Plan, OMB projected a \$278 million (1.6 percent) increase in FY 2026. OMB notes an expectation for much slower wage growth amidst a worsening labor market, in addition to lower securities industry bonuses, and projects

FY 2026 withholding growth to be a scant 0.5 percent. OMB’s combined estimated PIT and PTET payments are projected to fall by \$831 million in FY 2026, a 17 percent decline.²

Despite lowered expectations for economic growth, the Comptroller’s Office’s no recession scenario projects more PIT/PTET revenue than previously expected in each fiscal year. While high bonuses and capital gains were likely responsible for a significant part of the high April 2025 tax settlement payments, income growth has appeared to be strong all around this year, including in its steady components such as earnings outside of the bonus months. Furthermore, the annual benchmark statistical revisions to NYC employment counts also raised the estimate of total private employment in the city in December 2024 by 54,000, a 1.1 percent upward adjustment. Much of the revision accumulated during the 2024 calendar year and a majority of the added jobs were in NYC’s higher wage sectors, Information (+24,000) and Professional and Business Services (+18,000).

Table 17 shows compares the Comptroller’s no recession scenario forecast for PIT and PTET to the OMB’s forecast.

Table 17. Comptroller No Recession Scenario and OMB Forecasts, PIT and PTET, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller’s Office - No Recession Scenario					
Net Collections	\$18,477	\$17,969	\$18,896	\$19,724	\$21,009
Growth rate	17.7%	(2.7%)	5.2%	4.4%	6.5%
OMB					
Net Collections	\$18,229	\$17,684	\$18,280	\$19,179	\$19,983
Growth rate	16.5%	(3.0%)	3.4%	4.9%	4.2%
Offset/Risk (Comptroller - OMB)	\$218	\$285	\$616	\$545	\$1,026

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

In the mild recession scenario, nominal wage growth slows (with inflation-adjusted real wages falling) in late 2025, while capital gains and business income drop. FY 2026 PIT/PTET revenue declines by 6.1 percent from the prior fiscal year. The mild recession scenario reduces PIT/PTET

² Estimated tax payments for PIT and PTET are essentially one-to-one substitutes to the individuals eligible to utilize the PTET. The Mayor’s forecasts still currently expect PTET to disappear with the sunseting of the federal SALT deduction limitation after 2025.

revenue by a total of \$1.80 billion across FY 2025 through FY 2027, as compared to the no recession scenario.

Table 18. Comptroller Mild Recession Scenario Forecast, PIT and PTET, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Mild Recession Scenario	\$18,405	\$17,067	\$18,041	\$19,764	\$21,303
Growth Rate	17.40%	(7.30%)	5.70%	9.60%	7.80%
No Recession Scenario	\$18,447	\$17,969	\$18,896	\$19,724	\$21,009
Mild Recession Risk (Mild Recession - No Recession)	(\$42)	(\$902)	(\$855)	\$41	\$294

Source: Office of the New York City Comptroller

Sales Tax

The Comptroller's Office projects FY 2025 sales tax revenue of \$10.27 billion in the no recession scenario, representing a 3.6 percent increase over FY 2024, with collections through April tracking 3.4 percent higher than the same period last year. This revenue growth closely parallels the current New York City metro area inflation rate of 3.9 percent (April 2025 vs April 2024), suggesting that increases reflect inflation-driven price adjustments rather than real economic expansion or shifts in consumption patterns.

In the no recession scenario, revenues are expected to grow annually by 4.8 percent on average from FY 2025 through FY 2029, ultimately reaching \$12.37 billion by the end of the forecast period. The Comptroller's forecast for this scenario differs from OMB's, coming in \$20.0 million lower in FY 2025 and \$84.0 million lower in FY 2026, before exceeding OMB's projections by \$56.0 million in FY 2027, \$170.0 million in FY 2028, and \$462.0 million in FY 2029. This growing divergence reflects differing assumptions about economic growth in the outer years. Table 19 compares the Comptroller's no recession scenario forecast for sales tax to OMB's forecast.

Table 19. Comptroller No Recession Scenario and OMB Forecasts, Sales Tax, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller's Office - No Recession Scenario					
Net Collections	\$10,268	\$10,606	\$11,097	\$11,654	\$12,373

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Growth rate	3.6%	3.3%	4.6%	5.0%	6.2%
OMB					
Net Collections	\$10,288	\$10,690	\$11,041	\$11,484	\$11,911
Growth rate	3.8%	3.9%	3.3%	4.0%	3.7%
Offset/Risk (Comptroller -OMB)	(\$20)	(\$84)	\$56	\$170	\$462

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Under the Comptroller's mild recession scenario, the impact in FY 2025 would be modest, with collections reduced by \$67 million compared to the no recession scenario. The full impact emerges in FY 2026, when collections drop by \$649 million (6.1 percent below the no recession scenario). This decline would primarily stem from stagnant NYC wage growth, contracting leisure and hospitality employment, and lower S&P 500 returns.

By FY 2027, though still \$292 million below the no recession scenario, collections would grow 8.5 percent year-over-year as key economic indicators begin to recover. Collections would then surpass the no recession scenario by \$26 million in FY 2028 and \$152 million in FY 2029. This "overshooting" reflects a pattern of economic correction following contractions, where periods of suppressed consumer activity are followed by increased spending as confidence returns and household finances stabilize.

Table 20. Comptroller Mild Recession Scenario Forecast, Sales Taxes, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Mild Recession Scenario	\$10,201	\$9,957	\$10,805	\$11,680	\$12,525
Growth Rate	2.8%	(2.4%)	8.5%	8.1%	7.2%
No Recession Scenario	\$10,268	\$10,606	\$11,097	\$11,654	\$12,373
Mild Recession Risk (Mild Recession - No Recession)	(\$67)	(\$649)	(\$292)	\$26	\$152

Source: Office of the New York City Comptroller

Business Income Taxes

New York City business income tax revenues show solid growth through the first three quarters of FY 2025, with combined business income taxes increasing 11 percent year-over-year as shown in the latest April data. Combined General Corporation Taxes (GCT) and Unincorporated Business Taxes (UBT) collections reached \$8.11 billion fiscal year-to-date, representing a substantial \$794.5 million increase compared to the same period in FY 2024. This extends the trend following a four-year period (FY 2021-2024) when these taxes grew at an average annual rate of 10.5 percent. Recent collections have been strengthened by resilient corporate profits despite high interest rates and inflation threats that were previously expected to weigh more heavily on business performance.

The Comptroller's no recession scenario analysis projects collections of \$10.54 billion for FY 2025, anticipating continued but moderating growth, with business profits largely maintaining their resilience through fiscal year-end despite emerging economic headwinds and weaker business outlook conditions. April 2025 collections reveal a nuanced picture, with GCT totaling \$645 million, down 5.3 percent (\$36 million) from April 2024, while UBT collections reached \$395 million, representing a robust 20.0 percent increase (\$66 million) year-over-year. The Comptroller's analysis anticipates a softening GCT performance heading into June. Despite this anticipated weakness and the monthly GCT decline in April, the fiscal year-to-date GCT collections remain strong at \$5.46 billion, up 5.7 percent from the previous year. Financial sector performance will remain a significant driver of tax collections, with an anticipated gradual normalization of Wall Street profits from recent peaks.

Table 21. April 2025 Business Income Tax Collections

(\$ in millions)	NYC April Collections				NYC Collections Fiscal Year to Date Thru April			
	FY 2025	FY 2024	change	% chg.	FY 2025	FY 2024	change	% chg.
General Corporation Taxes	\$645	\$681	(\$36)	(5.3%)	\$5,459	\$5,163	\$295	5.7%
Unincorporated Business Taxes	\$395	\$329	\$66	20.0%	\$2,655	\$2,156	\$499	23.1%
GCT+UBT	\$1,039	\$1,010	\$30	3.0%	\$8,114	\$7,319	\$794	10.9%

Source: New York City Department of Finance

The Comptroller's no recession scenario forecast projects business income tax collections of \$10.54 billion for FY 2025, increasing to \$11.07 billion by FY 2029. This represents an upward revision of \$341 million from the Comptroller's March forecast, which projected \$10.20 billion for FY 2025. With fiscal year-to-date collections through April already at \$8.11 billion, the remaining \$2.43 billion target for the final months of FY 2025 appears achievable given current

trends. The Comptroller's forecast is now \$105 million lower than OMB's in FY 2025 and \$353 million lower in FY 2026. The Comptroller's no recession forecast exceeds OMB's projections in FYs 2027-2029. Table 22 compares the Comptroller's no recession scenario forecasts to OMB's forecast.

Table 22. Comptroller No Recession Scenario and OMB Forecasts, Business Taxes, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller's Office - No Recession Scenario					
Net Collections	\$10,539	\$10,383	\$10,439	\$10,797	\$11,068
Growth rate	8.9%	(1.5%)	0.5%	3.4%	2.5%
OMB					
Net Collections	\$10,644	\$10,736	\$10,274	\$10,351	\$10,617
Growth rate	10.0%	0.9%	(4.3%)	0.7%	2.6%
Offset/Risk (Comptroller - OMB)	(\$105)	(\$353)	\$165	\$446	\$451

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In the mild recession scenario, the economic contraction would reduce business tax collections by approximately \$73 million in FY 2025, with more significant impacts of \$433 million and \$568 million in FY 2026 and FY 2027, respectively. Under this scenario, business tax collections would decline by 4.9 percent in FY 2026 and a further 0.8 percent in FY 2027, before recovering with 7.5 percent growth in FY 2028. This projected decline would primarily be driven by compression in corporate profits as consumer spending weakens, coupled with pullback in Wall Street profits. NYC economic growth would likely stagnate or contract slightly, especially in sectors that contribute disproportionately to business tax revenue.

Table 23. Comptroller Mild Recession Scenario Forecast, Business Income Taxes, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Mild Recession Scenario	\$10,466	\$9,950	\$9,871	\$10,608	\$11,006
Growth Rate	7.6%	(4.9%)	(0.8%)	7.5%	3.8%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
No Recession Scenario	\$10,539	\$10,383	\$10,439	\$10,797	\$11,068
Mild Recession Risk (Mild Recession - No Recession)	(\$73)	(\$433)	(\$568)	(\$189)	(\$62)

Source: Office of the New York City Comptroller

Real Estate Transaction Taxes and Other Taxes

New York City collects taxes on two primary types of real estate-related transactions: (1) Real Property Transfer Tax (RPTT) – applied to the sale or transfer of a controlling interest in real property; (2) Mortgage Recording Tax (MRT) – charged on most real estate mortgages, including refinancings, but excluding cooperative apartments.

Despite persistently high mortgage rates, transaction tax collections are forecasted to rise significantly. The Comptroller’s Office projects \$2.10 billion in total transaction tax revenue for FY 2025, comprising \$1.31 billion from RPTT and \$787 million from MRT—a 21.7 percent increase over FY 2024. This represents an upward revision of \$138 million, in the no recession scenario, from the March 2025 forecast, largely due to stronger-than-anticipated real estate activity. This growth reflects a modest rebound in the real estate market, where total property sales are expected to reach \$87.45 billion in FY 2025, a 5.2 percent increase from FY 2024. The Comptroller’s Office projects an average annual growth rate of 6.8 percent in transaction tax revenues over the plan period, with collections reaching \$2.73 billion by FY 2029. For all the plan years the Comptroller’s forecast is above OMB’s forecast by \$31 million in FY 2025, \$151 million in FY 2026, \$198 million in FY 2027, \$204 million in FY 2028, and \$256 million in FY 2029. Table 24 compares the Comptroller’s no recession scenario forecast for real estate transaction taxes to OMB’s forecast.

Table 24. Comptroller No Recession Scenario and OMB Forecasts, Real Estate Transaction Taxes, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller’s Office - No Recession Scenario					
Net Collections	\$2,101	\$2,297	\$2,451	\$2,571	\$2,733
Growth rate	21.7%	9.3%	6.7%	4.9%	6.3%
OMB					
Net Collections	\$2,070	\$2,146	\$2,253	\$2,367	\$2,477

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Growth rate	19.9%	3.7%	5.0%	5.1%	4.6%
Offset/Risk (Comptroller - OMB)	\$31	\$151	\$198	\$204	\$256

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In the mild recession scenario, total real estate sales are lower by \$1.30 billion in FY 2025, \$10.86 billion in FY 2026, \$6.26 billion in FY 2027, \$2.88 billion in FY 2028 and \$3.25 billion in FY 2029. Office rents and employment are also projected to fall. In this scenario, transaction tax revenues are projected to be below the no recession scenario by \$20 million in FY 2025, \$232 million in FY 2026, \$177 million in FY 2027, \$80 million in FY 2028, and \$81 million in FY 2029.

Table 25. Comptroller Mild Recession Scenario Forecast, Real Estate Transaction Taxes, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Mild Recession Scenario	\$2,081	\$2,065	\$2,274	\$2,491	\$2,652
Growth Rate	20.5%	(0.8%)	10.1%	9.5%	6.5%
No Recession Scenario	\$2,101	\$2,297	\$2,451	\$2,571	\$2,733
Mild Recession Risk (Mild Recession - No Recession)	(\$20)	(\$232)	(\$177)	(\$80)	(\$81)

Source: Office of the New York City Comptroller

The New York City's tourism sector continues to recover steadily from pandemic-related declines. Hotel occupancy has remained above 80 percent since 2023, with the average daily room rate exceeding \$320, reflecting both high demand and strong pricing power. In the no recession scenario, the Comptroller forecasts increasing demand for hotel accommodation, especially from international and business travelers, which are crucial segments for high-revenue stays. Accordingly, Hotel Tax revenues are expected to reach \$755 million in FY 2025, a 6.9 percent increase from FY 2024. Over the remainder of the Plan, hotel tax collections are projected to grow at an average annual rate of 4.6 percent, reaching \$904 million by FY 2029. Continued growth in this sector will depend on sustained international travel, expansion of business travel and convention activity, and improvements in global economic conditions. Table 26 compares the Comptroller's no recession scenario forecast for the Hotel Tax to OMB's forecast.

Table 26. Comptroller No Recession Scenario and OMB Forecasts, Hotel Tax, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller's Office - No Recession Scenario					
Net Collections	\$755	\$814	\$858	\$875	\$904
Growth rate	6.9%	7.8%	5.4%	2.0%	3.3%
OMB					
Net Collections	\$755	\$783	\$811	\$838	\$866
Growth rate	6.9%	3.7%	3.6%	3.3%	3.3%
Offset/Risk (Comptroller - OMB)	\$0	\$31	\$47	\$37	\$38

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In the mild recession scenario, the Comptroller's Office expects lower international and business travel. In this scenario, projected hotel tax revenues are projected to be below the no recession scenario by \$23 million in FY 2025, \$110 million in FY 2026, \$216 million in FY 2027, \$138 million in FY 2028, and \$61 million in FY 2029.

Table 27. Comptroller Recession Scenario Forecast, Hotel Tax, FYs 2025-2029

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Mild Recession Scenario	\$732	\$704	\$642	\$737	\$843
Growth Rate	3.7%	(3.8%)	(8.8%)	14.8%	14.4%
No Recession Scenario	\$755	\$814	\$858	\$875	\$904
Mild Recession Risk (Mild Recession - No Recession)	(\$23)	(\$110)	(\$216)	(\$138)	(\$61)

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

For all other taxes not included in the above categories, the Comptroller's Office forecasts relatively stable collections for the no recession scenario: \$3.46 billion in FY 2025, \$3.55 billion in FY 2026, \$3.7 billion in FY 2027, \$3.72 billion in FY 2028 and \$3.85 billion in FY 2029. There would be relatively minor changes in the mild recession scenario. Based on historical patterns and total

collections of audits as of April 2025, the Comptroller’s Office expects audits to be \$148 million above OMB’s forecast for FY 2025.

Table 28 compares each of the Comptroller’s alternative scenarios and OMB’s forecast of tax revenue growth. Table 29 compares tax revenue levels. Table 30 shows the Comptroller’s no recession re-estimates as offsets or risks (negative) relative to the Financial Plan forecast. Table 30 also shows the additional effect of the mild recession scenario, as compared to the no recession scenario.

Table 28. Comparison of Tax Revenue Projections: Growth Rates

Tax	Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025-2029 Avg Annual
Property Tax	Comptroller	4.7%	2.3%	3.3%	3.8%	3.7%	4.5%
	Mayor	4.7%	2.7%	3.4%	2.9%	2.9%	4.2%
PIT/PTET	Comptroller - No Recession	17.7%	(2.6%)	5.2%	4.4%	6.5%	6.0%
	Comptroller - Mild Recession	17.4%	(7.3%)	5.7%	9.6%	7.8%	6.3%
	Mayor	16.3%	(3.0%)	3.4%	4.9%	4.2%	6.3%
Business Income Taxes	Comptroller - No Recession	8.9%	(1.5%)	0.5%	3.4%	2.5%	3.4%
	Comptroller - Mild Recession	8.2%	(4.9%)	(0.8%)	7.5%	3.8%	3.3%
	Mayor	10.0%	0.9%	(4.3%)	0.7%	2.6%	2.3%
Sales Taxes	Comptroller - No Recession	3.6%	3.3%	4.6%	5.0%	6.2%	5.7%
	Comptroller - Mild Recession	2.9%	(2.4%)	8.5%	8.1%	7.2%	6.0%
	Mayor	3.8%	3.9%	3.3%	4.0%	3.7%	4.7%
Real Estate Transaction Taxes	Comptroller - No Recession	21.7%	9.3%	6.7%	4.9%	6.3%	12.2%
	Comptroller - Mild Recession	20.5%	(0.8%)	10.1%	9.5%	6.5%	11.3%
	Mayor	19.9%	3.7%	5.0%	5.1%	4.6%	9.4%
Other Taxes	Comptroller - No Recession	7.1%	2.4%	3.5%	1.4%	3.3%	4.4%
	Comptroller - Mild Recession	6.4%	(0.3%)	0.5%	3.7%	5.6%	3.9%
	Mayor	6.5%	1.1%	2.6%	1.1%	2.8%	3.5%
Audits	Comptroller	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%
	Mayor	(14.8%)	(1.9%)	(3.7%)	0.0%	0.0%	(5.3%)

Tax	Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025-2029 Avg Annual
Total	Comptroller - No Recession	8.3%	1.2%	3.6%	3.9%	4.5%	4.2%
	Comptroller - Mild Recession	8.0%	(1.4%)	4.0%	6.2%	5.2%	4.3%
	Mayor	7.9%	1.2%	2.3%	3.2%	3.3%	3.6%

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Table 29. Comparison of Tax Revenue Projections: Levels

Tax	Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	Comptroller	\$34,543	\$35,323	\$36,494	\$37,878	\$39,286
	Mayor	34,541	35,465	36,688	37,765	38,877
PIT/PTET	Comptroller - No Recession	18,447	17,969	18,896	19,724	21,009
	Comptroller - Mild Recession	18,405	17,067	18,041	19,764	21,303
	Mayor	18,229	17,684	18,280	19,179	19,983
Business Income Taxes	Comptroller - No Recession	10,539	10,383	10,439	10,797	11,068
	Comptroller - Mild Recession	10,466	9,950	9,871	10,608	11,006
	Mayor	10,644	10,736	10,274	10,351	10,617
Sales Taxes	Comptroller - No Recession	10,268	10,606	11,097	11,654	12,373
	Comptroller - Mild Recession	10,201	9,957	10,805	11,680	12,525
	Mayor	10,288	10,690	11,041	11,484	11,911
Real Estate Transaction Taxes	Comptroller - No Recession	2,101	2,297	2,451	2,571	2,733
	Comptroller - Mild Recession	2,081	2,065	2,274	2,491	2,652
	Mayor	2,070	2,146	2,253	2,367	2,477
Other Taxes	Comptroller - No Recession	3,463	3,546	3,671	3,723	3,847
	Comptroller - Mild Recession	3,440	3,431	3,447	3,575	3,776
	Mayor	3,445	3,484	3,575	3,616	3,718
Audits	Comptroller	973	973	973	973	973
	Mayor	825	809	779	779	779
Total	Comptroller - No Recession	\$80,334	\$81,096	\$84,021	\$87,319	\$91,288

Tax	Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Comptroller - Mild Recession	\$80,109	\$78,766	\$81,905	\$86,969	\$91,520
	Mayor	\$80,042	\$81,014	\$82,890	\$85,541	\$88,362

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Table 30. Tax Revenues Risks and Offsets

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller (No Recession) - Difference from Mayor					
Property Tax	\$2	(\$143)	(\$194)	\$113	\$409
PIT/PTET	218	285	616	545	1,026
Business Income Taxes	(105)	(353)	165	446	451
Sales Tax	(20)	(84)	56	170	462
Real Estate Transaction Taxes	31	151	198	204	256
Other	18	62	96	107	129
Audits	148	164	194	194	194
Total	\$292	\$82	\$1,131	\$1,778	\$2,926
Comptroller (Mild Recession) - Difference from Comptroller (No Recession)					
PIT/PTET	(\$42)	(\$902)	(\$855)	\$41	\$294
Business Income Taxes	(73)	(433)	(568)	(189)	(62)
Sales Tax	(67)	(649)	(292)	26	152
Real Estate Transaction Taxes	(20)	(232)	(177)	(80)	(81)
Other	(23)	(115)	(224)	(148)	(71)
Total	(\$225)	(\$2,331)	(\$2,116)	(\$350)	\$232

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Risk to the Tax Revenues Forecast

The Comptroller's Office, in its no recession forecast, projects continued growth in tax revenues across most major categories, but several downside risks could impact collections over the

Financial Plan period. Although the FY 2025 property tax delinquency rate is expected to decline, persistently high delinquencies among Class 2 rental properties, offices, and retail properties may signal deeper structural stress in the real estate market. If the May 2025 lien sale fails to significantly reduce outstanding balances, property tax revenues could fall short of projections.

The primary risk to City tax revenue sources stems from uncertainty surrounding the Trump Administration’s tariff policies. Sales tax revenue could be sharply diminished if high and unpredictable tariffs reduce consumer spending as a result of lowered consumer confidence, reduced purchasing power, and potential supply chain disruptions. Business income taxes, buoyed by strong corporate profits, are vulnerable if trade tensions escalate. Tariff-related cost increases could shrink profit margins, reducing corporate and unincorporated business tax collections. Financial sector volatility driven by global market uncertainty could further depress business tax receipts. Real estate transactions and hotel taxes are also exposed to broader economic volatility. Higher interest rates and uncertainty around international travel could hinder the projected recovery in property sales and tourism.

In summary, while the no recession forecast reflects cautious optimism, elevated risks are present from macroeconomic uncertainty, real estate vulnerabilities, and potential Federal trade policy disruptions under the Trump Administration that could significantly impact revenue projections. Some, but not all, of these risks are captured in the revenue estimates shown for the mild recession scenario.

Miscellaneous Revenues

In the May Plan, the miscellaneous revenue projection for FY 2025 increased by a net \$303 million compared to the January Plan, to \$6.57 billion. This is a 2.7 percent growth over the previous year.³ The revision since January reflects higher projections across all classes of miscellaneous revenue, including interest income, charges for services, rental income, fine revenues, and other miscellaneous sources. Table 31 details the changes in the FY 2025 miscellaneous revenue projections since the January Plan.⁴

Table 31. Changes in FY 2025 Miscellaneous Revenue Estimates, January 2025 Plan vs. May 2025 Plan

	FY 2025 January Forecast	FY 2025 May Forecast	Change
Licenses, Permits & Franchises	\$723	\$724	\$1
Interest Income	510	566	56

³ Miscellaneous revenue analysis excludes intra-City revenues.

⁴ Most water and sewer revenues represent reimbursements from the Water Board for the operation and maintenance of the City’s water and sewer infrastructure and are not available for general operating purposes.

	FY 2025 January Forecast	FY 2025 May Forecast	Change
Charges for Services	1,008	1,033	25
Water and Sewer Charges	2,207	2,214	7
Rental Income	259	278	19
Fines and Forfeitures	1,244	1,391	147
Other Miscellaneous	319	367	48
Total	\$6,270	\$6,573	\$303

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Projected interest income from the City’s investments in various funds increased by \$56 million, reaching a total of \$566 million for FY 2025. Investment income declined by 19.0 percent from FY 2024 due to lower short-term rates. Interest income is expected to continue declining throughout the Plan period, as further rate cuts are anticipated, eventually stabilizing between \$270 million and \$272 million in FYs 2028 and 2029, respectively.

Projections for charges for services rose by a net \$25 million. This revision reflects a \$50 million decrease in projected tuition revenue from CUNY colleges, which is more than offset by higher projected revenues from fire insurance and inspection fees (\$37 million), fees related to the Affordable NY Housing Program and Section 421-a (\$26 million), and other miscellaneous sources. The projected increase in fire insurance revenue reflects higher fire insurance premiums, driven by several factors including repair and replacement costs, growing climate-related disaster risks, and increased litigation. In New York City, a 2 percent fire insurance fee is levied on premiums written by out-of-state insurers for fire coverage; as premiums rise, the associated fee revenue increases proportionally.

Revenues from fines and forfeitures increased by \$147 million, reflecting higher-than-expected collections. The growth is primarily attributable to a \$51 million increase in camera fines, a \$34 million increase in permit-related penalties from the Department of Buildings (DOB), a \$22 million increase in fines issued by the Environmental Control Board (ECB), and a \$22.5 million increase in parking fine revenues. Projections for “other miscellaneous” revenues—which consist largely of non-recurring items—increased by \$48 million, primarily due to prior-year warrant and refunds and miscellaneous reimbursements.

The May Plan projects a 5.3 percent decline in FY 2026 miscellaneous revenues to \$6.23 billion, followed by a further 2.2 percent decrease to \$6.09 billion in FY 2027, as shown in Table 32. These declines are primarily driven by anticipated lower projected interest income, fines and forfeitures, and non-recurring revenues classified under “other miscellaneous”.

Table 32. Miscellaneous Revenue Forecast, May 2025 Plan

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Licenses, Permits & Franchises	\$724	\$728	\$708	\$710	\$712
Interest Income	566	350	281	270	272
Charges for Services	1,033	1,038	1,038	1,039	1,038
Water and Sewer Charges	2,214	2,322	2,275	2,326	2,358
Rental Income	278	260	260	260	260
Fines and Forfeitures	1,391	1,236	1,235	1,226	1,228
Other Miscellaneous	367	292	289	298	297
Total	\$6,573	\$6,226	\$6,086	\$6,129	\$6,165

SOURCE: Office of the New York City Comptroller, Mayor’s Office of Management and Budget.

The Comptroller’s Office projects modest offsets to these declines. Revenues from fines are expected to exceed the City’s forecast by \$20 million annually from FY 2026 through FY 2028, and by \$15 million in FY 2029, reflecting slightly higher revenue projections from camera fines and late filing/no-permit penalties assessed by the Department of Buildings (DOB).⁵ In addition, based on projected short-term interest rates and the Comptroller’s cash balance forecast, the Office anticipates interest income will slightly exceed the City’s current outyear projections—by \$6 million in FY 2026, \$9 million in FY 2028, and \$8 million in FY 2029. The Comptroller’s Office does not project any offsets for miscellaneous revenue in FY 2025.

Federal Aid

The May Plan projects Federal categorical aid at \$10.52 billion (or 8.8 percent of the total expenditure budget) in FY 2025 and \$7.44 billion (6.5 percent of the budget) in FY 2026. In the outyears, Federal aid averages \$7.28 billion annually. Much of the decline after FY 2025 follows the expiration of most Federal COVID-19 grants this year, with this aid falling by \$1.23 billion between this fiscal year and next (as shown in Table 33).

Compared with the January Plan, budgeted Federal aid increased by \$1.0 billion over the course of the plan period. In FY 2025 and FY 2026 Federal aid increased by \$828 million and \$73 million respectively. Several factors contributed to the increase in FY 2025. The Plan recognized

⁵ The recent New York State budget agreement authorizes the MTA to install speed cameras on its bridges and tunnels—including the Verrazzano, RFK, and Queens-Midtown Tunnel. Fines collected through this program will be split 80/20, with 80 percent going to the state’s Triborough Bridge and Tunnel Authority and 20 percent to the City of New York. The budget also expands automated enforcement for overweight trucks, allowing the city to install weight sensors on bridges such as the Queensboro and Greenpoint Avenue bridges.

additional revenue of \$212 million in Federal Emergency Management Agency (FEMA) grants for COVID-19 Emergency Protective Measures, \$218 million in various Federal education grants, \$292 million in the Child Care Block Grant (CCBG),⁶ and \$102 million for the Section 8 Housing voucher program, partially offset by a \$102 million reduction in Federal foster care funds.

Despite these increases since January, Federal aid remains under tremendous threat. The Trump Administration, through a flurry of executive orders and other policy changes, has attempted to terminate, pause, and rescind many Federal grants. These actions are being challenged in court. If found enforceable, their implementation could greatly impact the City's Federal funding.

Overall, the City has received nearly two dozen notices of funding pauses or terminations, some of which have either been rescinded or found to have little or no impact on City funding by OMB. Many of the cuts are being challenged and none are reflected in the May Plan. In addition, because it is the City's practice not to fully recognize grant revenue in the budget until it has been received, some cuts—while having a programmatic impact—may never be completely reflected in the City budget.

Some of the largest terminations or pauses of Federal funding announced thus far impacting City programs include:

- The Emergency Housing Voucher Program (EHV) administered by the Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA). The program was expected to continue through calendar year 2030, but the Trump Administration announced that the program would be ending early. Final allocations for HPD and NYCHA combined are expected to total \$167 million for CY 2025 and \$156 million in CY 2026. As of mid-May, about 7,600 New Yorkers were receiving rental assistance through the program which was begun as part of Federal COVID relief efforts.⁷
- Funding through two COVID-related health grants, the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)-Building and Strengthening Epidemiology grant and the Laboratory and Health Information Systems Capacity in State and Local Health Departments grant. This funding flows to the City's Department of Health and Mental Hygiene (DOHMH) and the terminations are estimated to impact over \$110 million of funds remaining to be spent.
- The FEMA Shelter and Services Program through which the City was awarded funds to reimburse some of the costs of services to asylum seekers. Without authorization or notice, in February, the Federal government took \$80 million already approved and disbursed from the City's bank accounts. The City was awarded a total of \$188 million through this program, including another \$71 million in funds already disbursed. In its

⁶ The Child Care Block Grant is a mix of Federal and State funding but is coded as Federal in the City's budget. The State contributes its funding on top of what is allocated by the Federal government.

⁷ [Emergency Housing Voucher \(EHV\) Data Dashboard | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

letter to the City, the Federal government noted it would review for termination all funds awarded, even those already disbursed, putting all the funds at risk.

- Grants through the FEMA Building Resilient Infrastructure and Communities (BRIC) program. The Governor’s Office estimates this termination impacts nearly \$300 million in funding awarded for City capital projects (although relatively little had been reflected in the City’s capital commitment plan).⁸
- The Continuum of Care program provides funding through the City budget, as well as directly to non-profits, for services to address homelessness. The FY 2024 Federal allocation to New York City, including funding to nonprofits, totals \$173 million. In March, the Federal Department of Housing and Urban Development (HUD) issued grant agreements for the program that include new conditions that require grantees to follow the Trump Administration’s Executive Orders targeting DEI, reproductive care, and others.
- Other grant terminations include funding for AmeriCorps, an Environmental Protection Agency (EPA) air conditioner recovery program, and a grant for the Landmarks Preservation Commission.

In addition to the terminations already announced, the FY 2026 Discretionary Budget Request released by the Trump Administration in early May—if substantially implemented by Congress—could have devastating effects on the City. This discretionary budget—often referred to the “skinny budget”—is released prior to a full request. The President’s Discretionary Budget does not constrain Congress but clarifies the White House’ priorities.

The Trump Administration’s proposal to cut Federal housing programs included in the discretionary budget request would be particularly harmful to New York City. It would transform the Federal Housing Choice Voucher Program (commonly referred to as Section 8), public housing subsidies, and other programs into a single, reduced, block grant program.⁹ It would also put two-year time limits on Section 8 housing, which currently provides housing to more than 137,000 households in New York City at an annual cost of more than \$2 billion.¹⁰ Other housing impacts include eliminating the Community Development Block Grant (CDBG) program and the Low-Income Home Energy Assistance Program (LIHEAP), for which the City has budgeted to receive \$266 million, and \$70 million, respectively in FY 2025 among other cuts.

Funding for New York City education, health, and social service programs would also be cut under the Trump discretionary budget. For example, the proposal consolidates more than a dozen competitive education and formula grant programs into a new formula grant, which could impact about \$229 million in current New York City education funding. The proposal would also

⁸ [By the Numbers: Governor Hochul Updates New Yorkers on the Devastating Impact of Federal Cuts on Infrastructure and Community Resilience Projects Throughout New York | Governor Kathy Hochul](#)

⁹ A block grant is a Federal grant provided typically to state governments for broad purposes and allows for an increased amount of flexibility in use.

¹⁰ Housing Choice Voucher (HCV) Data Dashboard | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

consolidate funding from Health Resources and Services Administration (HRSA), including Ryan White HIV/AIDS programming.

The biggest likely threat, however, is the Federal Budget Reconciliation Bill, which may be enacted in early July (an increase of the U.S. debt limit, which is included in the bill, [needs to pass by August](#) to avoid a default). While the final contents of the Reconciliation Bill are still uncertain, the version passed recently in the House would greatly impact New York City. As previously mentioned, the current version significantly curtails Federal spending on Medicaid and substantially limits eligibility for the largely Federally funded Essential Plan. Under the bill, New York State faces potential health-related cuts and cost shifts totaling \$13.5 billion dollars; neither the State nor City can backstop such a funding decrease. As described in the [NYC Health + Hospitals](#) section of this report, Medicaid and the Essential Plan are crucial funding sources for the city’s public hospital system. The House’s Reconciliation Bill also includes cuts and cost shifts for the Supplemental Nutrition Assistance Program (SNAP) from the Federal government to states, moving potentially up to 25 percent of New York State’s benefit costs to the State.¹¹ Approximately 1.8 million New York City residents alone receive SNAP benefits.¹² The bill would also expand or add work requirements for SNAP and Medicaid, respectively.

As discussed in this Office’s report, [NYC’s Federal Funding: Outlook Under Trump](#), the Federal government provides over \$100 billion to New York City’s governmental entities, residents and organizations annually, of which the funding included in the City’s budget is just a small share. How the Trump policy changes, and Congressional action will impact New York City’s direct Federal aid more broadly, as well as Federal funding for related entities such as NYCHA, the MTA, CUNY, and NYC H+H, and to New Yorkers remains to be seen.

Table 33. Projected Federal COVID Assistance-May 2025 Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
ARP SLFRF	\$548.9	\$0.0	\$0.0	\$0.0	\$0.0	\$548.9
FEMA	216.8	1.5	-	-	-	218.3
Epidemiology and Laboratory Capacity Grants	142.3	12.9	4.0	-	-	159.1
All Other	387.2	52.6	47.4	47.4	27.4	561.9
Total	\$1,295.3	\$66.9	\$51.3	\$47.4	\$27.4	\$1,488.3

Source: Mayor’s Office of Management and Budget

¹¹ [SNAP changes proposed in GOP’s ‘big, beautiful bill.’ Here’s what to know](#)

¹² [2024-2029 Federal Farm Bill](#)

State Aid

State funds account for \$20.73 billion, or 17.3 percent of the total expenditure budget in FY 2025. In FY 2026 State aid is projected to total \$18.48 billion (16.1 percent). State aid remains flat over the outyears and is budgeted to total \$18.48 billion, \$18.63 billion, and \$18.78 billion from FY 2027 through FY 2029, respectively.

Compared with the January Plan, budgeted State aid decreased by a net \$1.0 billion over the course of the plan period. In FY 2025, State aid is budgeted to increase by a net \$508 million. This includes the addition of \$187 million in asylum seeker aid, \$57 million for child care vouchers, and \$46 million for cash assistance costs, among other changes. In FY 2026, however, budgeted amounts fall by \$686 million. This is largely due to a \$1.0 billion reduction in hoped-for State aid for asylum seeker costs that was not included in the State's Enacted Budget. (For additional information on the City's provision of migrant services, see the [Services to People Seeking Asylum](#) section of this report.) The reduction was offset by a baselined \$287 million increase in education Foundation Aid. Similar adjustments were made in FY 2027, resulting in a reduction of \$705 million compared with the January Plan. In FY 2028 and FY 2029, the declines in State aid total \$55 million and \$67 million, respectively. In these years, the City planned on only \$350 million in State asylum seeker aid, which has also been removed from the budget in the May Plan, largely offset by the baselined \$287 million in increased Foundation Aid.

State Enacted Budget

The \$254.34 billion State Enacted Budget was signed by Governor Kathy Hochul on May 9, 2025, more than a month after the April 1 start of the State's fiscal year. The Enacted Budget includes \$8 billion to pay off COVID-19-era unemployment funding debt to the Federal government (\$6.20 billion) and bolster the State's unemployment trust (\$1.80 billion) allowing New York to raise unemployment benefit rates up to \$869 per week from their current \$504 cap set in 2019.

The State budget also includes many significant proposals from the Governor's January budget submission that will directly affect New York City residents but will not have a direct impact on the City's municipal budget. Among these are one-time stimulus checks up to \$400 for those who qualify; a raise in the State's child tax credit; and lower personal income tax rates in the first five of the State's nine brackets.

Due to the State budget's late release, very little of its impact is included in the City's May Plan. The City did reflect \$165 million from the extension of the City's increased contribution to MTA paratransit costs and \$1.4 million in after 4 p.m. student transportation (funds to bus students home from school after normal school hours). Notably, the City baselined the paratransit increase (as reflected in the State Executive Budget) but the Enacted Budget sunsets it in FY 2027. The City only baselined \$287 million of the increase in Foundation Aid, as explained below.

City Impacts

State Enacted Budget financial tables will not be released until 30 days after the Governor's signing of the last budgetary bill. As a result, Table 34 below only reports preliminary impacts for City FY 2025 and FY 2026.

Foundation Aid

Most of the increase in State aid to New York City is Foundation Aid, the primary vehicle for the State's share of school funding. Foundation Aid for the City increased by \$539 million from last year's State Enacted Budget, to \$10.46 billion for the 2025-2026 school year.¹³ After factoring in the \$287 million that the City included in the May Plan, the City will have an additional \$233 million in Foundation Aid available for the school year.

The amount of Foundation Aid was nearly \$55 million lower than the Governor's initial proposal in January, partially due to a finalized revamp in the Foundation Aid distribution formula for the first time since it went into effect in 2007. And while Foundation Aid for the City increases 5.4 percent year over year (from \$9.92 billion this school year to \$10.46 billion for next school year) the total amount of aid is at least \$314 million below what New York City would have received under the old formula. Statewide, Foundation Aid increased by 5.7 percent year over year.

Updates to the Foundation Aid formula¹⁴ include the replacement of 2000 census data with a three-year average Small Area Income and Poverty Estimate (SAIPE); a switch from free school lunch measures to a broader economic disadvantage weight; a guaranteed 2 percent minimum annual State funding increase; and a boost in the weight for English Language Learners, from 50 percent to 53 percent. Beginning with the 2026-2027 school year, New York City's regional cost index will also be decoupled from Westchester County's for the purposes of calculating Foundation Aid. Outside of Foundation Aid, state school formula aid for New York City increased by \$138 million year over year.

Child Care Assistance Program

The Child Care Block Grant program has grown sharply in recent years due to expanded State eligibility standards and the rising costs of day care. The resumption of work requirements for public assistance recipients is expected to increase participation further. To fund benefits in New York City, the State added \$350 million in aid for State Fiscal Year (SFY) 2026 only, and it also imposed a minimum local contribution of \$328 million.¹⁵ This amount of funding may still fall short of estimated need, even after factoring in the City's increased \$328 million mandatory contribution. After netting out the current amount of City's contribution, this provision adds

¹³ [2025-2026 NY State School Aid Runs, pages 73-74.](#)

¹⁴ [Education, Labor, and Family Assistance \(ELFA\) Bill, Part A.](#)

¹⁵ [Aid to Localities Bill, page 469.](#)

\$275 million in baseline City costs starting in FY 2026. And, unless other funds are appropriated the City will need to fund at least an additional \$350 million for these costs in FY 2027 and out.

NYPD Subway Deployment

Another initiative will also require additional City funding: the Governor’s plan to deploy police officers on overnight subways is budgeted for \$77 million from the State in overtime support but also comes with a requirement that the City match this amount in its budget.¹⁶

MTA

The City was required to contribute \$3 billion to the MTA’s FY 2025-FY 2029 Capital Plan through its own bond issuance. To avoid eroding the City’s debt capacity, the Enacted Budget legislation increased the Transitional Finance Authority’s amount of outstanding debt not subject to the Constitutional debt limit by the same amount.¹⁷ As mentioned above, the State also extended a requirement that the City contribute 80 percent of the MTA’s paratransit program costs through 2027, estimated to cost the City an additional \$165 million in FY 2026.¹⁸ Additional information is included in the [Metropolitan Transportation Authority](#) and [Capital Budget and Financing Program](#) sections of this report.

Other Impacts

The Enacted Budget discontinues funding for H+H by reducing the public hospital Indigent Care Pool (\$14.2 million in FY 2025 and \$56.7 million expected as a cost in FY 2026).¹⁹ The State’s discontinuation of this funding also triggers the loss of Federal funds for a total estimated impact of \$28 million in FY 2025 and \$113 million in FY 2026 if State funding is not replaced. This is further discussed in the [NYC Health + Hospitals](#) section of this report.

The implementation of the school cell phone ban²⁰ will cost \$25 million for the acquisition of storage systems, according to OMB estimates.

Legislation pertaining to pension benefits increases the City’s contributions.²¹ The budget restores the 20-year service retirement pension to 50 percent of final average salary for Tier 3 members of the NYPD at a cost of \$16.3 million in FY 2026 and higher in the out years. It also increases the salaries used to calculate pension benefits for NYPD Detectives, Sergeants, and Lieutenants – with expected costs of \$3.7 million beginning in FY 2027 and rising over time. Lastly, the legislation removes a Social Security Disability requirement for eligibility of ordinary disability retirement for Tier 3 members of the Fire Pension Fund, at \$400,000 in FY 2026 and also slightly rising over time.

¹⁶ [Ibid., page 138.](#)

¹⁷ [Public Protection and General Government \(PPGG\) Bill, Part R.](#)

¹⁸ [Transportation, Economic Development, and Environmental Conservation \(TED\) Bill, Part L.](#)

¹⁹ [Health and Mental Hygiene \(HMH\) Bill, Part D.](#)

²⁰ [ELFA, Part C.](#)

²¹ [PPGG, Parts SS, UU, XX.](#)

On the revenue side, the shelter rent tax (a component of the City’s Real Property Tax) rate was decreased from 10 percent to 5 percent.²² This is expected to decrease revenues by \$61 million starting in FY 2026, according to OMB estimates. The budget also enacted the Mayor’s “axe the tax” personal income tax program.²³ The program implements a tax credit for low-income filers and is expected by OMB to reduce revenues by \$63 million starting in FY 2026. This Office previously estimated that the actual revenue reduction could be as much as 25 percent lower (see the Personal Income Tax and Pass-Through Entity Tax section of the [report on the Preliminary Budget](#)).

Table 34 summarizes the preliminary impacts discussed above.

Table 34. Preliminary Impact of the FY 2026 State Enacted Budget

(\$ in millions)	FY 2025	FY 2026	Two-year Total
School Formula-based Aids:	\$0	\$676	\$676
Increase Foundation Aid	\$0	\$539	\$539
Other Formula Aid	\$0	\$138	\$138
Positive Spending Impacts:	\$24	\$422	\$446
Increase Child Care Assistance Payments	\$0	\$350	\$350
NYPD Subway Deployment	\$19	\$58	\$77
Enhance Subway Outreach	\$5	\$14	\$19
Negative Spending Impacts:	(\$33)	(\$599)	(\$632)
Increase Maintenance of Effort Payment for Child Care	\$0	(\$275)	(\$275)
Extend Increased NYC Share of Paratransit Costs	\$0	(\$165)	(\$165)
NYC Share of NYPD Subway Deployment	(\$19)	(\$58)	(\$77)
Discontinue Public Hospital Indigent Care Pool Payments	(\$14)	(\$57)	(\$71)
School Cellphone Ban	\$0	(\$25)	(\$25)

²² [ELFA, Part L.](#)

²³ [Revenue Bill, Part W.](#)

(\$ in millions)	FY 2025	FY 2026	Two-year Total
20-year full NYPD Pension	\$0	(\$16)	(\$16)
Increase NYC Contribution to MTA Capital Plan*	(\$0.3)	(\$2.4)	(\$3)
Increased Salary Averages for NYPD Detectives, Sergeants, Lieutenants	\$0	\$0	\$0
Fire Pension Disability Reform	\$0	(\$0)	(\$0)
After 4 p.m. Transportation	\$0	(\$1)	(\$1)
Revenue Impacts:	\$0	(\$124)	(\$124)
Low Income Tax Elimination	\$0	(\$63)	(\$63)
Shelter Rent Tax Reduction	\$0	(\$61)	(\$61)
Total Net Impact	(\$9)	\$375	\$366

Source: NYS Division of Budget, Office of the New York City Comptroller

Note: *This is the estimated increase in debt service costs based on \$100 million in capital commitments in FY 2025 and \$400 million in commitments in FY 2026, as projected in the State Executive Budget, with the remainder of the \$3 billion in commitments taking place in the outyears of the financial plan. The capital funding to the MTA flows through the City's capital budget.

Other State Actions

Other items in the State Enacted Budget that are New York City focused but do not directly impact the City's Financial Plan include:

- The Payroll Mobility Tax to fund the MTA was raised from 0.60 percent to 0.895 percent for businesses with payrolls over \$2.5 million.²⁴ City government is not subject to these increased rates.
- The budget provides \$2 billion in funding for direct stimulus payments to qualifying New Yorkers. However, the final legislation is smaller than the Governor's Executive Budget proposal: \$400 for joint households making \$150,000 and under; \$300 checks for households making \$150,001 to \$300,000; \$200 for single filers making under \$75,000; and \$150 for single filers \$75,001 to \$150,000.²⁵
- 2026 state personal income tax rates were reduced by 0.1 percent (1/10th of a percent) for every income band below \$323,000 for joint filers. Simultaneously, the budget

²⁴ [Revenue, Part VV.](#)

²⁵ [Ibid, Part A.](#)

included an extension of the temporary high income tax rates on those making over \$1,077,550 through 2032.²⁶

- The State's maximum child tax credit was raised to \$1,000 for each child three years or younger, and to \$500 for children older than three and younger than 17.²⁷
- The New York City Musical and Theatrical Production Tax Credit, scheduled to expire this year, was extended through 2027. Funding for the credit has been raised from \$300 million to \$400 million.²⁸
- The Enacted Budget provides \$50 million in annual statewide funding for a Housing Access Voucher Program (HAVP) pilot for families that are homeless or at risk of homelessness.²⁹
- Medicaid spending is up \$4 billion in the budget. Much of the increase is bolstered by the State's newly implemented MCO tax, which the State expected to generate \$3.70 billion in additional revenue over two years. However, a proposed rule change issued by the Federal Centers for Medicare & Medicaid Services appears to limit New York's revenue to \$1.80 billion or less.³⁰
- Article VII legislation includes expanding eligibility for involuntary treatment, including for individuals who are at risk of harm due to inability to meet basic needs including food, medical care, and shelter.³¹
- A \$1 billion capital commitment over five years from the state to support the City of Yes Housing Plan, with funding for the affordable housing construction (\$500 million), development of Mitchell-Lama (\$120 million) properties and NYCHA (\$225 million) properties.³²
- Reform of legal discovery laws that allows for more judicial discretion in determining prosecutorial due diligence when handing requested evidence over to defense attorneys under a speedy trial standard. Cases will still be automatically dismissed if speedy trial standards are not met.³³
- Part F of the Revenue bill enacts a ban on private equity bids for single- or two-family homes during the first 75 days on market.³⁴
- Statewide climate change initiatives are supported with an additional \$1 billion including \$200 million going to thermal energy networks on CUNY and SUNY campuses,

²⁶ [Ibid, Part B.](#)

²⁷ [Ibid, Part C.](#)

²⁸ [Ibid, Part L.](#)

²⁹ [ELFA, Part HH.](#)

³⁰ [Feds Move To Close Medicaid's 'MCO Tax' Loophole, Spelling Trouble for New York - Empire Center for Public Policy](#)

³¹ [HMH, Part EE.](#)

³² [Capital Projects Bill, page 468.](#)

³³ [PPGG, Part B.](#)

³⁴ [Revenue, Part F.](#)

\$200 million for renewable grid upgrades, \$100 million for electrifying school bus infrastructure, and \$50 million for green schools' initiatives.³⁵

- The budget includes \$8.5 million for \$1,800 payments to individuals on public assistance who give birth.³⁶

Expenditure Analysis

Total expenditures for FY 2025 as presented in the May Plan are \$119.79 billion. This total, however, reflects the impact of prepayments, which shift spending between fiscal years. In addition, expenditures are reduced by re-estimates of prior year payables, which lower current year expenses based on revisions made to past year spending estimates, and spending is increased by \$50 million in budgeted reserves that have yet to be allocated. Adjusting for these costs (adding back the impact of prepayments and prior payables, as well as taking out unallocated reserves) provides a more accurate measure of spending in the current year. Adjusted FY 2025 spending is \$122.00 billion, \$2.21 billion more than revenues budgeted in the May Plan.

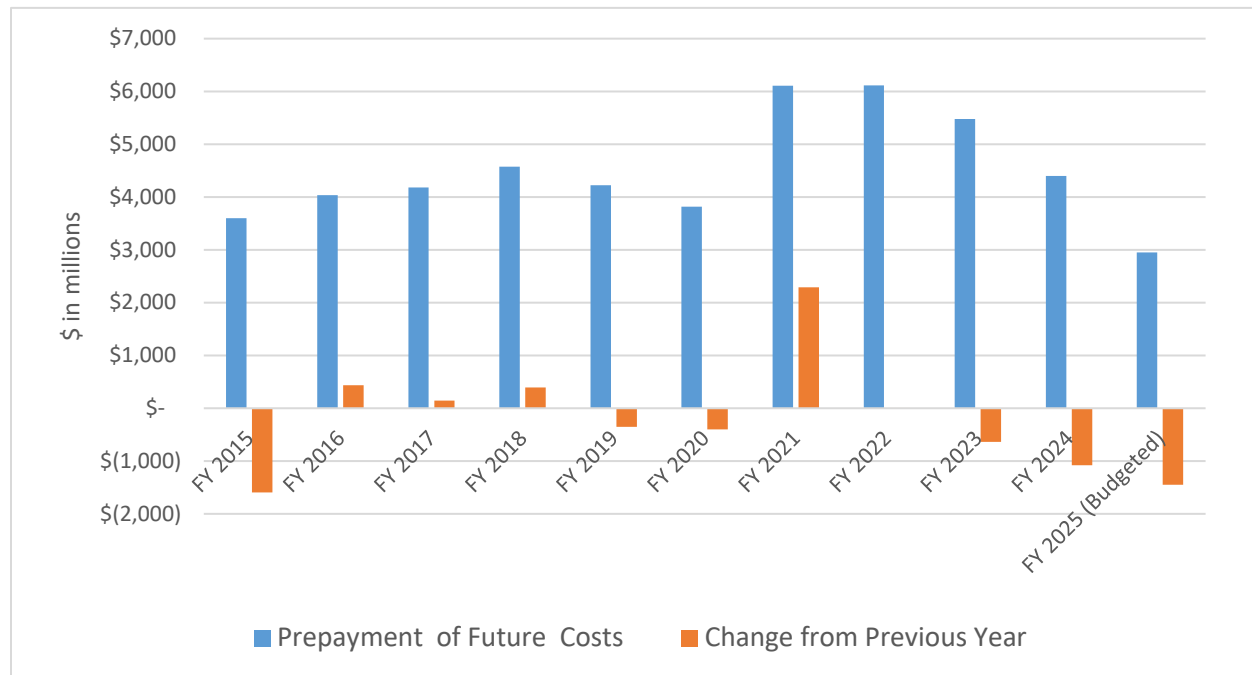
The City prepays expenses for the upcoming year to help close future year gaps (often referred to as the budget roll). The roll prepays a portion of the following year's debt service, but has also included the prepayment of pay-as-you-go retiree health benefits costs, as well as others. As shown in Chart 12, for the third year in a row, the budget roll is projected to decline compared to the prior year. In FY 2024, the City prepaid \$4.40 billion of FY 2025 debt service costs, with a prepayment of \$2.95 billion of FY 2026 costs included in the May Plan. This means expenditures are budgeted to exceed revenues by the difference (\$1.45 billion) for this year.

In addition, OMB includes savings of \$816 million in adjustments for prior year payables in the May plan for FY 2025. As previously described, this reduces current year spending based on re-estimates of spending in closed fiscal years. After adding the \$816 million adjustment back in and netting out the unallocated reserves, this increases the FY 2025 spending deficit compared with revenues to \$2.21 billion, although adjustments to FY 2025 spending or revenues made in future years would impact this estimate.

³⁵ [Capital Projects, page 1224.](#)

³⁶ [ELFA, Part Q.](#)

Chart 12. Prepayment of Future Year Costs Has Been Declining in Recent Years



Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

In FY 2026, expenditures—also adjusted for the impact of prepayments and budgeted reserves—total \$116.57 billion. (There are no adjustments for prior payables currently budgeted for FY 2026). This is \$1.50 billion less than budgeted revenues. Compared to FY 2025 adjusted expenditures, FY 2026 spending is budgeted to decline by \$5.44 billion (4.5 percent). As shown in Table 35, this is driven by lower budgeted OTPS costs, offset somewhat by higher budgeted PS and debt service costs. However, as outlined in the [Comptroller's Restated Surpluses and Gaps](#) section, many OTPS (and PS costs) are underbudgeted and actual costs in FY 2026 will be higher than currently reflected. The increase in PS costs included in the budget is largely driven by a \$1.15 billion (3.5 percent) increase in salaries and wages and a \$630 million (7.0 percent) increase in health insurance costs.

Table 35. FY 2025-FY 2029 Expenditure Growth, Adjusted for Prepayments and Reserves

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Growth FYs 2025-2029	Annual Growth
Personal Service:							
Salaries and Wages	\$32,919	\$34,067	\$34,988	\$35,932	\$36,728	11.6%	2.8%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Growth FYs 2025-2029	Annual Growth
Pensions	9,922	10,357	10,957	11,724	11,355	14.4%	3.4%
Health Insurance	9,021	9,651	10,041	10,458	10,902	20.8%	4.8%
Other Fringe Benefits	4,851	5,046	5,215	5,411	5,605	15.6%	3.7%
Subtotal: PS	\$56,713	\$59,122	\$61,202	\$63,524	\$64,591	13.9%	3.3%
Other Than Personal Service:							
Medicaid	\$6,380	\$6,583	\$6,733	\$6,883	\$7,033	10.2%	2.5%
Public Assistance	2,648	1,650	2,000	2,463	2,905	9.7%	2.3%
Judgments and Claims	1,031	823	840	862	891	(13.6%)	(3.6%)
Contractual Services	28,333	23,066	23,123	22,517	22,699	(19.9%)	(5.4%)
Other OTPS	19,245	16,580	16,284	17,037	17,219	(10.5%)	(2.7%)
Subtotal: OTPS	\$57,637	\$48,702	\$48,980	\$49,763	\$50,746	(12.0%)	(3.1%)
Debt Service	\$7,654	\$8,741	\$9,583	\$10,543	\$11,419	49.2%	10.5%
Expenditures Excluding Reserves Only	\$122,004	\$116,565	\$119,766	\$123,830	\$126,756	3.9%	1.0%
BSA and Discretionary Transfers	(\$1,447)	(\$2,950)					
Prior Year Payable Adjustment	(\$816)						
General Reserve	50	1,200	1,200	1,200	1,200		

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Growth FYs 2025-2029	Annual Growth
Capital Stabilization Reserve	0	250	250	250	250		
Total Expenditures	\$119,791	\$115,065	\$121,216	\$125,280	\$128,206	7.0%	1.7%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Intra-City adjustments are reflected in each of their respective expense categories. The debt Service line excludes TSASC Inc. debt service, which is paid with Federal tobacco settlement revenues, as well as TFA Building Aid Revenue Bonds (BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City’s Miscellaneous budget spending (098).

In the outyears, expenditures are budgeted to grow at an annual rate of 2.8 percent from FY 2026 through FY 2029. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 3.0 percent (\$5.47 billion) from FY 2026 through FY 2029. Debt service costs are projected to increase at an annual rate of 9.3 percent (\$2.68 billion) and spending on OTPS costs is budgeted to grow at annual rate of 1.4 percent (\$2.04 billion).

Headcount

As shown in Table 36, the May Plan projects total full-time authorized headcount of 302,383 for FY 2025, with the number of budgeted full-time employees declining by more than 2,200 positions in FY 2026 to 300,160 and settling at 299,246 by FY 2029. The overall year-over-year decline in headcount is driven primarily by lower authorized levels of pedagogical and civilian employees.

Pedagogical headcount is budgeted to decline by 1.4 percent (1,787 positions) to 127,690 in FY 2026; all within the DOE. This is despite the addition of funds in FY 2026 and forward to support the hiring of 3,700 new teachers by the start of the 2025-2026 school next September to help meet the State’s mandate to reduce class sizes in city schools, which is being phased in with full implementation by FY 2028 (see the [Department of Education](#) section of this report for more details). The addition to the DOE’s pedagogical headcount is not reflected as a change in the May Plan. The DOE’s current authorized pedagogical headcount is already above actual levels. New funding is included, however, because the number of authorized positions included for agencies can at times become misaligned with funding in their personnel service budget, meaning funding may not support the exact number of positions included.

Civilian headcount is budgeted to decrease by 1.5 percent to 110,220 by FY 2029. Uniformed full-time headcount is projected to increase by less than 1 percent over the plan period, and is primarily driven by additional headcount in the Fire Department.

**Table 36. Total Funded Full-Time Year-End Headcount, May 2025
Financial Plan**

	Actual Headcount as of 4/30/25	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2025 – FY 2029
Pedagogical:							
Dept. of Education	120,307	125,188	123,401	123,419	123,425	123,425	(1.4%)
City University	4,192	4,289	4,289	4,289	4,289	4,289	0.0%
Subtotal	124,499	129,477	127,690	127,708	127,714	127,714	(1.4%)
Uniformed:							
Police	33,413	35,051	35,001	35,001	35,001	35,001	(0.1%)
Fire	10,862	10,953	11,294	11,294	11,294	11,294	3.1%
Correction	5,724	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	8,140	7,955	7,957	7,957	7,957	7,957	0.0%
Subtotal	58,139	61,019	61,312	61,312	61,312	61,312	0.5%
Civilian:							
Dept. of Education	13,418	12,910	12,385	12,317	12,317	12,317	(4.6%)
City University	1,458	1,739	1,735	1,735	1,735	1,735	(0.2%)
Police	12,761	14,269	13,875	13,875	13,875	13,875	(2.8%)
Fire	6,413	6,290	6,316	6,316	6,316	6,284	(0.1%)
Correction	1,508	1,750	1,745	1,746	1,739	1,739	(0.6%)
Sanitation	1,650	1,632	1,661	1,661	1,661	1,661	1.8%
Admin. for Children’s Services	6,425	7,027	7,026	7,026	7,026	7,026	(0.0%)
Social Services	10,854	12,175	12,306	12,156	12,156	12,156	(0.2%)
Homeless Services	1,750	1,995	1,824	1,789	1,788	1,788	(10.4%)

	Actual Headcount as of 4/30/25	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2025 – FY 2029
Health and Mental Hygiene	5,407	6,035	5,924	5,732	5,701	5,697	(5.6%)
Finance	1,705	1,990	1,998	2,004	2,007	2,007	0.9%
Transportation	5,222	5,845	5,867	5,859	5,860	5,859	0.2%
Parks and Recreation	4,604	4,972	5,021	5,020	5,020	5,020	1.0%
All Other Civilians	30,416	33,258	33,475	33,084	33,084	33,056	(0.6%)
Subtotal	103,591	111,887	111,158	110,320	110,285	110,220	(1.5%)
TOTAL	286,229	302,383	300,160	299,340	299,311	299,246	(1.0%)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Compared with the January Financial Plan, total full-time authorized headcount increased by a total of 926 in FY 2025, 2,179 in FY 2026, and an average of over 1,400 in the outyears. Of those, 145 positions (15.7 percent) in FY 2025 and 1,718 positions in FY 2026 (78.8 percent) are new positions. The remainder of the increase is due to technical headcount adjustments made by OMB, a restoration of positions cut in a previous Program to Eliminate the Gap (PEG), and transfers between agencies. Agencies accounting for new positions include:

- Fire Department for fire prevention civilian staffing and increased firefighter staffing (58 in FY 2025 and 435 in FY 2026);
- Campaign Finance Board to administer the campaign finance systems during the upcoming election cycle (171 in FY 2026 only);
- Department of Social Services to administer the Shelter to Housing Action Plan, NYC Benefits, and Community Food Connection initiatives (155 in FY 2026 only); and
- Department of Health and Mental Hygiene to support health initiatives (100 in FY 2026 only).

The agencies accounting for the remaining increase include:

- City Council, recognizing part-time positions as full-time employees (510 positions);
- Office of Emergency Management for Federally funded positions (110 in FY 2026 only);
- Department of Social Services, transferring positions from the Department of Homeless Services as part of a Housing Restructuring initiative (102 in FY 2026); and

- Department of Sanitation, restoring previously cut positions for Lot Cleaning, Park Perimeter and Greenway Basket Service, Precision Cleaning and Targeted Neighborhood Cleaning initiatives (111 in FY 2026).

On May 13, 2025, a federal judge ordered that Rikers Island be placed under a Federal receivership. A remediation manager, who would collaborate with the DOC commissioner, would be appointed to effect all necessary changes, including the hiring and deployment of DOC staff “to ensure effective coverage in Rikers Island housing areas”.³⁷ It is still unknown how this change will affect DOC’s headcount plan. The DOC’s vacancy rate stands at 17.9 percent, with its total uniform and civilian actual headcount decreasing by 216 (or 2.9 percent) since June 30, 2024.

Table 37. Full-Time Headcount Changes, May 2025 Financial Plan vs. January 2025 Financial Plan

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pedagogical:					
Dept. of Education	0	32	50	56	56
City University	0	0	0	0	0
Subtotal	0	32	50	56	56
Uniformed:					
Police	0	0	0	0	0
Fire	1	342	342	342	342
Correction	0	0	0	0	0
Sanitation	0	111	111	111	111
Subtotal	1	453	453	453	453
Civilian:					
Dept. of Education	0	37	37	37	37
City University	4	0	0	0	0
Police	113	0	0	0	0
Fire	64	91	91	91	91
Correction	(1)	(1)	(1)	(6)	(6)
Sanitation	0	29	29	29	29
Admin. for Children’s Services	(1)	(1)	(1)	(1)	(1)
Social Services	2	263	102	102	102
Homeless Services	72	(66)	(101)	(102)	(102)

³⁷ Rikers Island goes into Federal receivership as judge appoints manager to oversee city jail, end civil rights abuses | amNewYork

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Health and Mental Hygiene	51	208	35	35	35
Finance	(4)	5	11	14	14
Transportation	(2)	16	8	7	6
Parks and Recreation	17	38	38	38	38
All Other Civilians	610	1,075	696	693	690
Subtotal	925	1,694	944	937	933
TOTAL	926	2,179	1,447	1,446	1,442
Percent change	0.3%	0.7%	0.5%	0.5%	0.5%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Since the end of FY 2024, the City's actual full-time headcount has grown slightly. As of April 30, 2025, the workforce stands at 286,229—a net increase of over 2,200 employees (0.8 percent) compared to June 30, 2024. The current citywide vacancy rate, based on the May Plan, is 5.34 percent. The Department of Education recorded the largest net increase, adding 2,140 pedagogical and 366 civilian staff. The Parks Department also grew by 328 full-time staff as it ramped up hiring of city park workers and other civilian staff. The number of full-time City Council staff rose due to a collective bargaining agreement that reclassified certain titles as full-time.

These gains were partially offset by declines at other agencies due to retirements and attrition. The NYPD experienced the largest decrease, with net reductions of 477 civilian and 399 uniformed staff. The Department of Correction continues to face net attrition, with a net reduction of 230 correction officers since June 30, 2024. The Department of Social Services, the Department of Homeless Services, and the Department of Housing Preservation and Development—each of which saw headcount gains in FY 2024—are now experiencing ongoing declines in FY 2025. (Notably, HPD had previously exceeded pre-pandemic staffing levels.) For detailed agency-level data, please visit the [NYC Agency Staffing Dashboard](#).

Table 38. Agencies with Largest Net Changes in Full-Time Headcount

Agency Name	Net Change since 6/30/2024	% Change	Vacancy Rate (May Plan)
Agencies with Largest Net Full-Time Actual Employee Increase			
DOE – Pedagogical	2,140	1.8%	3.9%
DOE – Civilian	366	2.8%	(3.9%)
District Attorneys & Spec. Narcotics	344	6.7%	(9.3%)
Parks & Recreation	328	7.7%	7.4%

Agency Name	Net Change since 6/30/2024	% Change	Vacancy Rate (May Plan)
City Council	319	70.3%	18.2%
Fire – Uniform	210	2.0%	0.8%
Agencies with Largest Net Full-Time Actual Employee Decrease			
Police – Civilian	(477)	(3.6%)	10.6%
Police – Uniform	(399)	(1.2%)	4.7%
Correction - Uniform	(230)	(3.9%)	18.9%
Department of Social Services	(149)	(1.4%)	10.9%
Sanitation – Civilian	(90)	(5.2%)	(1.1%)
Environmental Protection	(52)	(0.9%)	13.3%
Department of Homeless Services	(47)	(2.6%)	12.3%
Housing Preservation and Development	(45)	(1.9%)	13.8%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: A positive vacancy rate demonstrates fewer actual employees than authorized. A negative vacancy rate demonstrates a greater number of actual employees than authorized.

Lower-than-authorized headcount is expected to persist for the rest of FY 2025, as a 2-for-1 hiring freeze remains in effect. The Comptroller’s Office projects that non-overtime salary and wage costs, including some fringe savings, will total about \$200 million less than currently budgeted by OMB for FY 2025. This includes \$400 million in full-time salary and fringe savings offset by \$200 million in additional costs for unsalaried staff, based on the pace of spending in the past 10 months of the fiscal year.

Table 39. Projected Overtime Spending, FY 2025 and FY 2026

(\$ in millions)	FY 2025 Adopted Budget	FY 2025 May Plan Overtime	FY 2025 Comptroller's Projection	FY 2025 Estimated Gap	FY 2026 Executive Budget Overtime	FY 2026 Comptroller's Projection	FY 2026 Estimated Gap
Uniformed:							
Police	\$477	\$866	\$1,100	(\$234)	\$488	\$1,100	(\$612)
Subway Safety Reimbursement	N/A	0	(19)	19	0	(58)	58
Fire	381	490	490	0	393	393	0
Correction	128	291	291	0	154	250	(96)
Sanitation	142	155	155	0	149	149	0
Total Uniformed	\$1,129	\$1,802	\$2,017	(\$215)	\$1,184	\$1,834	(\$650)
Civilian:							
Police-Civilian	\$87	\$137	\$137	\$0	\$90	\$130	(\$40)
Social Services	42	43	65	(22)	42	50	(8)
All Other Agencies	309	420	550	(130)	323	500	(177)
Total Civilians	\$438	\$600	\$752	(\$152)	\$455	\$680	(\$225)
Total City	\$1,567	\$2,402	\$2,769	(\$367)	\$1,639	\$2,514	(\$875)

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: State reimbursement for overtime costs may include reimbursement for associated fringes, which are paid centrally and not through the NYPD budget. Numbers may not add due to rounding.

The City has increased the projection of overtime expenditures for FY 2025 by \$674 million since the January Plan, and by a total of \$835 million since the FY 2025 budget adoption. The adjustment reflects year-to-date spending adjustments, mainly from an upward revision to the uniformed overtime budget of \$673 million since Adoption (\$558 million since the January Plan). The growth since Adoption includes a net increase of \$389 million for uniformed overtime at NYPD, \$108 million for uniformed overtime at FDNY and \$163 million for uniformed overtime at DOC. Civilian overtime projections increased by \$162 million.

Beginning in FY 2023, overtime usage accelerated at the NYPD in response to the growing concern of safety in the New York City subway system. Subway safety programs were implemented by the City and the State in FY 2023 and again in FY 2025 to address this issue. These programs

resulted in several hundred officers being deployed to provide additional security within the system. The NYPD spent \$151 million in FY 2023 and \$144 million in FY 2024 for transit safety overtime and is on target to spend a similar amount in FY 2025. Transit safety overtime cost through December of FY 2025 ([the most recent data available](#)) was about \$70 million. The current initiative is projected to cost about \$154 million, including costs for fringe benefits, to be jointly covered by the City and the State. The State's FY 2026 Budget includes \$19.3 million and \$57.8 million for NYPD subway deployment for the City FY 2025 and FY 2026 budgets, respectively. In FY 2023, \$62 million was reimbursed by the State for overtime costs associated with transit safety. The May Plan includes \$866 million in FY 2025 for NYPD uniformed overtime, \$215 million less than the Comptroller's Office projection and net of the State's contribution for FY 2025. With the likelihood that the subway safety program will continue into FY 2026, NYPD uniformed overtime is projected to remain at the level of \$1.1 billion, requiring the addition of \$612 million to the FY 2026 budget, including the expected \$57.8 million reimbursement from the State.

NYPD has demonstrated some level of success in response to the [Mayoral Directive](#) released by the City last December. The directive tasked uniformed agencies to reduce excessive overtime spending by implementing additional procedures, such as tracking monthly overtime spending and requiring overtime usage to be approved by authorized employees. The goal is to use overtime only when warranted and appropriate. When compared to FY 2024, NYPD monthly uniformed overtime cost, including additional spending for transit safety, was lower for January through April, averaging \$57 million compared to \$66 million for FY 2024. FY 2025 spending for those months was \$228 million compared to \$262 million last fiscal year.

With the additions made in the May Plan, the City has adequately budgeted for FY 2025 uniformed overtime spending at the DOC. The Department has spent \$236 million on uniformed overtime through April 2025 and is on target to spend about \$291 million, as budgeted, for the fiscal year. This will be about \$36 million over the actual uniformed overtime cost of \$255 million for FY 2024. The challenges faced by the Department in recruiting correction officers require the use of overtime to meet operational needs. The uniformed headcount level, which was 5,954 on June 30, 2024, declined to 5,724 as of April 30, 2025. The FY 2026 budgeted amount of \$154 million for uniformed overtime is overly optimistic. The Department now faces the challenge of increasing the uniformed headcount level to 7,060 by the end of FY 2026. DOC uniformed overtime may be at least \$250 million for FY 2026, \$96 million higher than budgeted.

The Comptroller's Office projects civilian overtime costs of \$752 million for FY 2025 and \$680 million for FY 2026, posing risks of \$152 million to the FY 2025 budget and \$225 million to the FY 2026 budget. The City spent \$799 million for civilian overtime in FY 2024. However, with the slight uptick in civilian hiring, agencies may rely less on overtime for operational needs.

Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancy rates in particular areas or titles. Since FY 2019, agencies have consistently spent upwards of \$1 billion on these services (excluding spending on asylum seeker and COVID-related costs). The May Plan increased funding for these services in FY 2025 by \$53 million from \$1.42 billion in the January Plan to \$1.47 billion. Funding for these services, however, sharply falls to \$1.08 billion in FY 2026, and then slowly ramps down to \$959 million in FY 2029.

Historically, the City conservatively budgets these expenses in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in the outyears. Therefore, the Comptroller’s Office estimates it would require an additional \$45 million in City funds in FY 2026, growing to \$110 million in FY 2028 and FY 2029. The City could reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

Health Insurance

The City has budgeted \$9.65 billion in the FY 2026 Executive Budget for employees and retirees’ pay-as-you-go health insurance cost, \$630 million or 7.0 percent higher than the budgeted amount of \$9.02 billion for FY 2025. As shown in Table 40, health insurance costs are then projected to increase at an average annual rate of 4.1 percent to \$10.04 billion in FY 2027, \$10.46 billion in FY 2028, and \$10.9 billion in FY 2029. Compared to the January Plan, the budgeted amounts for health insurance remained relatively flat, declining by \$54 million for FY 2025 and increasing on average by \$49 million in each of FY 2026 through FY 2029.

Table 40. Projected Pay-As-You-Go Health Expenditures, May Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Department of Education	\$3,033	\$3,324	\$3,411	\$3,447	\$3,483
CUNY	139	161	174	177	184
All Other	5,849	6,166	6,457	6,835	7,236
Total PAYGO Health Insurance Costs	\$9,021	\$9,651	\$10,042	\$10,458	\$10,903

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: All Other includes all active employees as well as retirees. Numbers may not add due to rounding.

Underlying the projections are annual increases to the health insurance premium rates for actives and pre-Medicare retirees of 5.5 percent in FY 2026, 5.25 percent in FY 2027, 6.25 percent in FY 2028 and 6.0 percent in FY 2029. The senior care health insurance premium rates are projected to increase by 4.7 percent in FY 2026, 4.6 percent in FY 2027 and in FY 2028 and 4.8 percent in FY 2029.³⁸ The assumed FYs 2028 through 2029 increase to the premium rates for actives and pre-Medicare retirees and the FY 2029 increase to the senior care rate are the reported healthcare cost trend rates in the [June 30, 2024, GASB 74/75 Report for the City of New York and the New York City Health Benefits Program](#) as prepared by the New York City Office of the Actuary.

There are several issues surrounding the City's health insurance coverage for employees and retirees that will likely increase health insurance spending for FY 2025 through FY 2029.

Increase to Health Insurance Premium Rates Above Budgeted Amounts

The City offers premium-free health insurance plans to its employees and pre-Medicare retirees through two Emblem Health companies: the Health Insurance Plan of Greater New York HMO Preferred (HIP-HMO) and the Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP). According to its administrative code the City pays for health insurance at the HIP-HMO rate. As noted above, the FY 2026 health insurance projection for actives and pre-Medicare retirees in the May Plan reflects an increase of 5.5 percent to the health insurance premium rate. However, Emblem Health, citing continued steep increases in healthcare costs, submitted paperwork to the New York State Department of Financial Services (DFS) last September seeking approval of a 12.7 increase to the HIP-HMO premium. The City protested Emblem's request as being unjustified and excessive. However, DFS approved a final premium rate increase of 12.18 percent, which will result in FY 2026 premium rates for active employees and pre-Medicare retirees of \$1,120.14 monthly for an individual and \$2,744.33 monthly for a family.³⁹ This will result in higher than budgeted health insurance costs of approximately \$500 million for FY 2026, \$530 million for FY 2027, \$560 million for FY 2028, and \$600 million for FY 2029.

Health Insurance Stabilization Fund (HISF) and Medicare Advantage

While most of the increased costs projected by the Comptroller's Office for FY 2026 and beyond are due to a rate increase, the increase in health insurance costs projected in FY 2025 is due to the low balance in the Health Insurance Stabilization Fund (HISF). The HISF was created in the mid 1980's to equalize the GHI-CBP and HIP-HMO health insurance premiums, essentially protecting employees and retirees from paying more to be covered by GHI. Because the City is

³⁸ The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

³⁹ The City's Administrative Code governs health care provisions and requires the City to pay health insurance premiums no higher than the HIP rate.

required to pay health insurance premiums at the HIP-HMO rate, if GHI-CBP plan premiums are lower than HIP-HMO premiums, the City makes “equalization payments” equal to the difference into the HISF. If the GHI premiums are higher than the HIP-HMO, the HISF pays the difference.

For several fiscal years, the GHI premium was lower than the HIP premium. This led to a higher than anticipated balance in the fund. Over time, the City and unions were able to draw from the fund balance to offset wage increases and other benefits for employees (more details on this below). In recent years, however, GHI-CBP premiums have been about equal or higher than HIP-HMO premiums. This has led to a reduction in the balance of the fund. At the end of April, the balance in the fund totaled \$876 million — \$875 million in the required reserves for the health insurer to cover incurred but not yet reported claims — leaving just under \$1 million reserved to meet the HISF’s other obligations. Other than funding the cost difference when the GHI-CBP rate is higher than the HIP rate, the HISF funds the cost of specialty drugs and certain mental health and welfare fund benefits for City employees and retirees.

In FY 2021, the City and the Municipal Labor Committee (MLC), an umbrella group representing the City municipal unions, proposed the implementation of a Medicare Advantage Plan for City retirees. The goal of this plan was to switch retirees from existing Medicare supplemental insurance plans to the Medicare Advantage Plan and deposit the estimated reduction in health care costs of \$600 million annually into HISF. This would provide a new, ongoing revenue source for the HISF. Retirees challenged the proposed switch in court claiming that the plan would not offer the same quality of benefits to members. After several legal arguments in court, the New York State Court of Appeals, last December, issued a decision that the City must continue to pay the entire cost of health insurance – up to the cap – of all plans offered to retirees. The ruling did not address whether the City is required to offer any specific plan. However, the Court of Appeals has agreed to hear the City’s appeal on a different case where the City is seeking to discontinue the existing plans and enroll retirees in the Medicare Advantage Plan. Arguments on this case were heard in mid-May.

For FY 2025, at the very least, however, it is unlikely that the HISF will be able to cover the cost difference between the GHI-CBP rate and the HIP-HMO rate, estimated to be about \$500 million.⁴⁰ In addition, the City and the MLC agreed to forgo annual \$112 million budgeted payments from the HISF to the City’s general fund, although these payments are still reflected in the budget. The Comptroller’s Office increases its estimates of City fund expenditures by at least \$612 million in FY 2025 to reflect that these offsets will not likely be received this year.

The new GHI rate for FY 2026 has not yet been released, and the City is currently reviewing responses to a Negotiated Acquisition request released in the Fall of 2022 seeking to re-negotiate the CBP plan (currently GHI). This is expected to result in the negotiation of more favorable health insurance costs with the health insurance provider chosen to provide health services for active

⁴⁰ FY 2025 HIP Individual monthly rate - \$998.55 compared to GHI Individual monthly rate of \$1,072.33. FY 2025 HIP Family monthly rate - \$2,446.47 compared to GHI Family monthly rate of \$2,818.15.

employees and pre-Medicare retirees, which could mitigate some of the risks/uncertainties around future year health insurance costs and the future of the HISF.

Therefore, the Comptroller's Office does not yet include additional equalization payments in its re-estimate of future health insurance costs, however, this Office expects that at the very least the \$112 million in budgeted payments from the HISF will not take place in FY 2026 through FY 2029.

Municipal Labor Committee (MLC) Court Filing

The MLC recently petitioned the New York State Supreme Court requesting that the court stop the City from proceeding with arbitration to resolve unrealized annual savings agreed to in past health care agreements. The current health insurance projections reflect savings agreed to between the City and the MLC. The FY 2014 Health Savings Agreement resulted in savings of \$400 million in FY 2015, \$700 million in FY 2016, \$1 billion in FY 2017, and \$1.3 billion in FY 2018 and beyond. The FY 2018 Health Savings Agreement resulted in savings of \$200 million in FY 2019, \$300 million in FY 2020, and \$600 million in FY 2021 and beyond.

According to court filings, the MLC has indicated that if there were any issues with that organization failing to work towards identifying and agreeing to savings methods, these issues were to be referred to the chief arbitrator for resolution. The MLC contends that the issues behind the City's request for arbitration are the diminishing balance of the HISF and the potential failure of being able to switch retirees to Medicare Advantage Program.

Pensions

The FY 2026 Executive Budget projects pension expenditures of \$10.36 billion, \$435 million higher than the current FY 2025 estimate of \$9.92 billion. Pension contributions are then projected to grow at an annual rate of 3.1 percent to \$10.96 billion in FY 2027, \$11.72 billion in FY 2028, and decline slightly to \$11.35 billion in FY 2029. When compared to the January Plan, the current projections declined by \$36 million in FY 2025 and by \$104 million in FY 2026. There were net increases to the projections of \$143 million in FY 2027, \$66 million in FY 2028, and \$155 million in FY 2029. The changes for FY 2026 through FY 2029 reflect the updated estimates provided by the Office of the Actuary to account for:

- Updated membership census data as of June 30, 2024
- Adjustments to reflect collective bargaining agreements
- Recognition of the FY 2024 investment gain of 10 percent
- Impact of recent legislation, including the reduction to the number of years – from five years to three years - used to calculate the Final Average Salary for certain TIER 3 and TIER 6 members of the New York City Retirement Systems (NYCRS).

Table 41. Changes to City Pension Contributions

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Five Actuarial Systems	\$9,794	\$10,361	\$10,532	\$11,555	\$11,461
Other Systems & Reserves	277	213	394	214	(150)
Less: Intra City-Expense	(112)	(112)	(112)	(112)	(112)
Net Pension Expense January Plan	9,959	10,462	10,814	11,657	11,199
Valuation Update	(31)	(104)	140	55	145
Other	(5)	0	3	12	10
Total Pension Expense, May Plan	\$9,923	\$10,358	\$10,957	\$11,724	\$11,354

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

The pension investment earnings for FY 2025 will impact pension contributions beginning in FY 2027. Following the end of each fiscal year, the City’s Office of the Actuary measures the investment returns earned by the pension funds and compares them to the returns that would have been generated if investment earnings equaled the Actuarial Interest Rate (AIR).⁴¹ The Financial Plan projections assume pension investments will earn the AIR of 7 percent each year. Through March 31, 2025, audited figures indicate that pension investments have earned 4.2 percent for the fiscal year. A one percent return above or below the AIR of 7 percent will decrease/increase pension cost to the City by approximately \$58 million in FY 2027 growing to \$201 million by FY 2029.

The pension projections do not include funding for several pension bills recently enacted with the passage of the State’s budget. (See summary of bills below.) As shown in Table 42, these bills are projected to cost the City \$16.7 million in FY 2026, \$21.5 million in FY 2027, \$26.8 million in FY 2028, and \$32 million in FY 2029.

- Tier 3 POLICE members who retire with at least 20 years of service are now eligible to receive an annual benefit that is equal to 50 percent of Final Average Salary (FAS). Currently, members who retire with at least 20 years of service receive an annual benefit of 42 percent of FAS, increasing to 50 percent of FAS after 22 years of service.

⁴¹ Returns above or below the AIR for a given fiscal year are phased into the Actuarial Asset Value over a five-year period in accordance with the Actuary’s Actuarial Asset Valuation Methodology (AAVM).

- Allow Tier 3 FIRE members with at least five years of credited service to be eligible for an Ordinary Disability Retirement (ODR) benefit, irrespective of Social Security Disability benefit (SSDI). Currently, these members are only eligible for an ODR benefit if they are also approved for primary SSDI benefit.
- The final two years of applicable salary used for calculating pension benefits of detectives, sergeants, and lieutenants with at least twenty-five years of NYPD service and have worked three years in such title shall be increased as follows:
 - 5 percent for members with at least 25 years of service, 10 percent for members with at least 30 years of service, and 15 percent for members with at least 35 years of service, multiplied by
 - The highest grade of pay under the applicable collective bargaining agreement of the rank in which the member retires.

Table 42. Increase to City Pension Contributions Due to State Budget

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Restore 20 years service retirement maximum benefit to Tier 3 POLICE Members	\$0	\$16.3	\$17.4	\$18.7	\$20.0
Tier 3 FIRE Members - Remove the Social Security Disability requirement for eligibility of Ordinary Disability Retirement	0	0.4	0.4	0.5	0.5
POLICE Members – Increase salary used to determine pension benefits for Detectives, Sergeants, Lieutenants	0	0	3.7	7.6	11.5
Total Net Pension Impact	\$0	\$16.7	\$21.5	\$26.8	\$32.0

Source: Office of the New York City Comptroller, New York Enacted State Budget

Education and Child Care

The May Plan projects a \$34.07 billion budget for the Department of Education (DOE, also known as New York City Public Schools) for the current year, reflecting a net increase of \$501 million since the January Plan, as shown in Table 43. The higher projections include a net \$179 million increase in City fund costs, as well as the recognition of additional Federal and State aid. The increase in Federal aid comes mainly from re-estimates of Federal Title I funding (\$141 million), IDEA funding (\$53 million), and the Child Care and Development Block Grant (\$15 million). The largest single source of State funds is an increase in State Charter School Lease Aid (\$32 million). Programs receiving City-funded increases in FY 2025 include \$206 million for special education

Carter Cases (now called Due Process cases), \$18 million for Individualized Education Services Support (IESP), and \$6 million to fund the City’s indirect rate increase for non-profit providers.

Table 43. Department of Education Funding Detail-May 2025 Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total DOE Funding	\$34,074	\$34,351	\$35,098	\$35,836	\$36,236
City Funds	\$17,602	\$18,277	\$19,023	\$19,761	\$20,161
State Funds	13,733	13,822	13,822	13,822	13,822
Federal Funds	2,538	2,093	2,093	2,093	2,093
Other Categorical Funds	200	159	159	159	159
May Plan Changes	\$501	\$860	\$723	\$724	\$724
Year-to-Year Changes	N/A	\$278	\$746	\$738	\$400

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Total is net of intra-city funds.

In FY 2026, the City reflects additional funding of \$860 million for the DOE, increasing its budget to \$34.35 billion from \$33.49 billion in the January Plan. The increase comes exclusively from City (\$573 million) and State (\$287 million) funding, with all the additional State aid from higher estimates of Foundation Aid. Initiatives supported by the FY 2026 increases include \$197 million for 3-K and Pre-K programming, \$194 million for school nurses, \$154 million for school cleaning, \$150 million to support the hiring of 3,700 teachers to address the State’s mandate to reduce class sizes, and \$107 million to fund programs that had been funded with expired Federal COVID-19 aid, among other changes. The Federal COVID-19 fiscal cliffs that are now funded include arts programming (\$41 million), Project Pivot (\$15 million), teacher recruitment (\$10 million), and Affinity Organizations Contract funding (\$10 million), among others.

The May Plan has not fully captured education aid increases from the recently Enacted State Budget. The aforementioned \$287 million increase in Foundation Aid represents only a part of the formula school aid increase of \$676 million (\$539 million in Foundation Aid), approved for the City. The DOE budget will likely recognize an additional \$381 million in State funding at budget adoption once the formula aids are fully accounted for, consisting of \$233 million in Foundation Aid and \$148 million in net all other aids.

Early Childhood Education and Child Care

The May Plan allocates a combined \$1.71 billion for the City’s 3-K and Pre-K programs in FY 2025. The 3-K and Pre-K budget drops to \$1.66 billion in FY 2026 and settles at \$1.68 billion for FY 2027

through FY 2029.⁴² Despite being two separate programs, spending on 3-K and Pre-K must be examined together because in financial plans released last year OMB reduced planned spending for the programs in FY 2025 through FY 2029 through a collective PEG, without allocating the cuts to budget codes specific to either 3-K or Pre-K.

The FY 2025 spending allocated to Pre-K and 3-K budget codes increased by \$75 million compared to the January Plan. This was the result of reallocating funds from elsewhere in the DOE budget to the 3-K and Pre-K budget codes.⁴³ The May Plan also increases Pre-K and 3-K spending compared to the January Plan by \$197 million in FY 2026 and \$192 million in FY 2027 through FY 2029 (of these additions, \$25 million reduces the amount in the shared PEG budget code discussed above, from \$116 million in the January Plan to \$91 million in the May Plan). Additions include \$55 million for the Pre-K special education expansion in each year from FY 2026 through FY 2029 as the program was previously only funded through FY 2025. Despite these additions, however, the DOE early education budget remains below FY 2024 actual spending in each year of the financial plan period. As shown in Table 44, the DOE spent \$1.78 billion combined on 3-K and Pre-K in FY 2024, the last complete fiscal year. Based on year-to-date spending through April 2025 – and after excluding the special education expansion, which was not yet funded in FY 2024 – the City is on track to spend around \$1.78 billion again in FY 2025. This projected spending indicates a \$128 million gap against the current year baseline budget (excluding the special education expansion) of \$1.66 billion. For FY 2026 the gap grows to \$174 million and stabilizes at nearly \$160 million in FY 2027 and out.

Table 44. DOE 3-K and Pre-K Shortfall Detail, May 2025 Plan

(\$ in millions)	Actual			Budget				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3-K	\$569	\$709	\$781	\$768	\$744	\$745	\$745	\$745
Pre-K	999	975	1,002	1,034	1,011	1,025	1,026	1,026
3-K/Pre-K Shared PEG	0	0	0	(91)	(91)	(91)	(91)	(91)
Total 3-K & Pre-K Budget	\$1,568	\$1,684	\$1,783	\$1,710	\$1,664	\$1,679	\$1,680	\$1,680
Budgeted Less Pre-K Special Education Expansion				(55)	(55)	(55)	(55)	(55)

⁴² 3-K and Pre-K spending is defined as total expenditures included in DOE unit of appropriations (U/As) 407 and 408.

⁴³ This includes \$15 million moved from a fringe benefit budget code and \$10 million from a code funding special education Pre-K tuition costs outside the Pre-K and 3-K Budget. As described in this Office's Spotlight the vast majority of funding special education services site outside the Pre-K and 3-K budget.

(\$ in millions)	Actual			Budget				
3-K/Pre K Baseline				\$1,655	\$1,609	\$1,624	\$1,625	\$1,625
Funding Needed to Maintain FY 2024 Baseline Programming				(\$128)	(\$174)	(\$159)	(\$158)	(\$158)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

In addition to the above gaps in funding for early childhood education, the Comptroller’s Office also identifies \$25 million needed to extend Promise NYC beyond FY 2026. Promise NYC is the City’s child care program for immigrant children under three who are not eligible for other publicly supported programs. It is City-funded and administered by the Administration for Children’s Services (ACS). While funding was added in FY 2026 in the May Plan, funding has not been added in FY 2027 through FY 2029.

ACS’s revenue budget also includes Child Care Block Grant (CCBG) funding for child care vouchers and early education for low-income New Yorkers. CCBG funding is administered by New York State but has historically come largely from the Federal Child Care and Development Fund. As described in the Comptroller’s September Spotlight on Publicly Supported Child Care Programs, in the past the State’s *annual* allocation to the City remained relatively flat at around \$525 million but because of underutilization during the pandemic years, the City had over \$590 million in unutilized “rollover” CCBG funds heading into FY 2024. The City closed FY 2024 with \$831 million total utilized for CCBG, leaving approximately \$343 million of the rollover funding for FY 2025. In the November 2024 Financial Plan, OMB increased the FY 2025 budget by \$321 million, from \$513 million to \$834 million, using much of this remaining rollover. In the May Plan, an additional \$292 million in CCBG funding was added (along with \$57 million in State child welfare services funding and \$5 million in City funding) to support \$1.18 billion in ACS’s total child care expenditures. In FY 2026, however, ACS’s child care budget totals just \$546 million and declines to \$507 million in the outyears.⁴⁴

The State had previously indicated that once the rollover was used, the City’s CCBG allocation would be increased. The initial Governor’s Executive Budget proposal of \$1 billion would have provided less than needed for the City to maintain enrollment of current families and meet the needs of families on public assistance newly required to meet work requirements as of April 28, 2025. The State Enacted Budget allocated an additional \$350 million for New York City on top of the Executive Budget proposal, for SFY 2026 only. However, the increase is contingent upon a higher mandatory maintenance of effort contribution from the City: rising from \$53 million to \$328 million in Federal Fiscal Year (FFY) 2026. This results in a \$275 million additional City-funded need in City FY 2026 and going forward (the difference between the previous mandate of \$53 million and the new mandate of \$328 million that kicks in on October 1, 2025).

⁴⁴ This includes Administration of Children’s Services (ACS) budget codes 4703 and 8703.

Combined, the Comptroller’s Office estimates that these additions less the rollover should bring the City’s FY 2026 budget to \$1.6 billion, significantly higher than the FY 2025 modified budget. The City has stated that the amount needed may exceed even these projections for several reasons: 1) the higher income eligibility threshold for low-income child care vouchers which continues to fuel demand, 2) the higher market rate implemented in October 2024 that has increased the cost per voucher, and 3) the reinstated work requirements for families on public assistance.

Because the State’s \$350 million contribution increase is for SFY 2026 only, unless additional funds are appropriated, the City’s costs will increase by at least \$625 million in FY 2027 and out for this program.

Other DOE Re-estimates

The DOE faces other significant shortfalls, as shown in Table 45. While the May Plan added \$206 million for special education Due Process Cases (formerly known as Carter Cases), significant shortfalls in FY 2026 and the outyears remain. Budgeted amounts for these costs now total \$1.29 billion in FY 2025—more than four times the amount spent on these cases in FY 2016. To maintain baseline funding as projected for FY 2025, the City will need to increase Due Process Case funding by \$351 million in FY 2026 and \$281 million in each of the outyears. The DOE has also underbudgeted custodial costs by \$154 million in FY 2027 through FY 2029, as well charter school lease costs by \$38 million in FY 2026 and \$37 million in FY 2028.

The May Plan added funding to fill previously identified gaps, including baselining increased costs for school nurses at \$194 million in FY 2026 through FY 2029. As mentioned earlier, the May Plan also added a significant amount of funding (\$107 million annually) to baseline costs previously funded through expired Federal COVID-19 aid from FY 2026 through FY 2029. Three programs remain at least partially unfunded throughout the entire financial plan period: The Learning to Work program still faces a fiscal cliff in FY 2027 through FY 2029 (\$31 million annually); funding for technology faces an \$80 million cliff starting in FY 2026 and out; and the Summer Rising program faces a gap of \$80 million from FY 2027 through FY 2029.

Table 45. Projected DOE and Childcare Related Gaps -May 2025 Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Due Process Cases (FKA Carter Cases)	\$0	(\$351)	(\$281)	(\$281)	(\$281)
Class Size Mandate	0	0	(467)	(1,006)	(1,047)
3-K/ UPK	(128)	(174)	(159)	(158)	(158)
COVID-19 Fiscal Cliff-Summer Rising	0	0	(80)	(80)	(80)
COVID-19 Fiscal Cliff - Technology	0	(80)	(80)	(80)	(80)

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
COVID-19 Fiscal Cliff - Learning to Work	0	0	(31)	(31)	(31)
Charter School Leases	0	(38)	(37)	0	0
School Custodial Costs	0	0	(154)	(154)	(154)
LV Order	0	0	(52)	(52)	(52)
Total DOE	(\$128)	(\$643)	(\$1,341)	(\$1,842)	(\$1,883)
PromiseNYC*	\$0	\$0	(\$25)	(\$25)	(\$25)
Child Care Vouchers*	\$0	(\$275)	(\$625)	(\$625)	(\$625)

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Negative numbers indicate risks to the Financial Plan and increase the budget gap. Numbers may not add to totals due to rounding. *PromiseNYC and Child Care Vouchers are administered by ACS and are not part of the DOE budget. Stimulus funds were previously used to partially fund 3-K as well as School Nurses.

Finally, while the May Plan includes new funding to support the hiring of 3,700 new teachers to implement the State's class size reduction mandate, the Comptroller's Office estimates that additional funding will be necessary in FY 2027 through FY 2029.

Under the mandate, New York City is required to phase in smaller class size caps over a five-year period: the City must meet the mandate at 60 percent of schools by September 2025 and reach full compliance by September 2028. Based on analysis of the latest class size data from February 2025, the Comptroller's Office estimates that the City would need to hire 13,457 teachers by FY 2028. This would cost between \$1.20 billion and \$1.35 billion annually (including fringe costs) when fully phased in, depending on teacher experience levels. Additional costs are estimated to reach \$1.25 billion in FY 2029.⁴⁵

While the City recently announced it was hiring 3,700 teachers and 100 assistant principals, the funding added in the May Plan does not adequately support this number of staff. The City only added \$150 million in FY 2026, growing to \$200 million in FY 2027 – whereas the Comptroller's Office estimates the cost of 3,700 teachers alone to be between \$388 million and \$425 million (again depending on experience), with additional funding needed for the assistant principals.

According to OMB, the additional State Foundation Aid, announced as part of the Enacted State Budget and not yet included in the City's budget, will be utilized to help fund the remaining cost at budget adoption in June. The need will be supplemented with City funds if necessary. With these adjustments, the Comptroller's Office estimates that FY 2026 class size mandate requirements are adequately funded, but additional need is estimated at \$467 million in FY 2027, \$1.01 billion by FY 2028, and \$1.05 billion in FY 2029.

⁴⁵ Estimates included projected raises of 3 percent for pedagogical staff in FY 2028 and FY 2029.

In combination with the early childhood education needs described above, DOE gaps total \$128 million in the current year, \$643 million in FY 2026, \$1.34 billion in FY 2027, \$1.84 billion in FY 2028 and \$1.89 billion in FY 2029.

As previously mentioned, cuts to Federal education funding would put increased pressure on the City's schools. In FY 2025 Federal funding is budgeted to comprise 7 percent of the DOE budget (\$2.54 billion). This includes Federal education funding as well as Federal food programs through the Free and Reduced Lunch Program. The Trump Administration's budget proposal did not reduce Title 1 funding which provides support to schools with a high percentage of low-income students, and accounts for about one-third of DOE's federal funding. However, Trump's budget did include cuts that, if passed, could reduce and consolidate other programs that provide the DOE with \$229 million in aid this fiscal year.

City Services for People Seeking Asylum

As of May 4, 2025, more than 235,800 asylum seekers have passed through the City's intake system with 39,200 currently in shelter. The population of asylum seekers in City-managed facilities peaked in January 2024, at approximately 69,000 individuals. Since then, the in-shelter population has declined by 43 percent and is expected to continue decreasing due to a variety of factors discussed below.

Budget Impacts and Funding Included in the May Plan

The FY 2025 Adopted Budget and June 2024 Financial Plan allocated \$4.75 billion in FY 2025, and \$4.0 billion in FY 2026 to support shelter, rent, supplies, services, administration, food, and medical costs for asylum seekers. The three subsequent financial plans have reduced overall planned expenditures to \$3.19 billion in FY 2025—a total decrease of \$1.56 billion since the budget was adopted in June and \$2.91 billion from the peak budgeted amount in November 2023. Compared to the Preliminary Plan released in January, the May Plan decreased the FY 2025 budget for asylum seekers by \$92 million and the outyear budget by a total of \$3.3 billion: \$1.2 billion in FY 2026, \$1.4 billion in FY 2027, and \$350 million in each FY 2028 and FY 2029. Overall expenditures decrease from \$3.19 billion in FY 2025 to placeholder amounts of \$500 million in FY 2028 and FY 2029, largely driven by the expectation of continued declines in the census.

Table 46. Budgeted Amounts by Financial Plans (All Funds) (including FY 2023 and FY 2024 Actuals)

Plan	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Adopted June 2023	\$1,454	\$2,905	\$1,003	\$0	N/A	N/A	N/A	\$5,362
November 2023	<i>\$1,474</i>	\$4,720	\$6,102	\$2,000	\$1,000	N/A	N/A	\$15,296
January 2024	<i>\$1,474</i>	\$4,219	\$4,873	\$2,500	\$1,500	N/A	N/A	\$14,566
April 2024	<i>\$1,474</i>	\$3,762	\$4,748	\$4,000	\$3,000	N/A	N/A	\$16,985
Adopted June 2024	<i>\$1,474</i>	\$3,791	\$4,748	\$4,000	\$3,000	\$850	\$850	\$17,863
November 2024	<i>\$1,474</i>	\$3,752	\$4,373	\$4,000	\$3,000	\$850	\$850	\$17,449
January 2025	<i>\$1,474</i>	\$3,752	\$3,283	\$2,661	\$2,601	\$851	\$851	\$15,471
April 2025	<i>\$1,474</i>	\$3,752	\$3,192	\$1,450	\$1,200	\$500	\$500	\$12,068

Source: Mayor's Office of Management and Budget.

Note: Italicized figures represent actual spending; all others are budgeted amounts. N/A cells show that the budget for that Fiscal Year was not yet established.

FUNDING SOURCES

CITY FUNDS

City funds allocated for asylum seeker costs are \$1.61 billion in FY 2025 and total more than \$5.2 billion over the May Financial Plan (\$8.6 billion when including FY 2023 and FY 2024 actual and accrued spending). Compared with the January Plan, the City-funded portion of the budget decreased by \$892 million across the Plan period, reflecting lower census projections. City funds decrease by \$300 million in FY 2025, \$190 million in FY 2026, \$400 million in FY 2027, and \$511,000 in each of FY 2028 and FY 2029. Given the overall reduction in total spending outlined above, City funds would have been expected to decline by more, but savings were offset by reductions in the City's estimates of State funding.

STATE AID

The New York State Enacted Budget, signed by Governor Hochul on May 9, 2025, did not include the additional State aid for the City's asylum seeker spending which had been anticipated by the City in previous Financial Plans.

In the May Plan, the City increased FY 2025 State funding by \$187 million to \$1.5 billion, but reduced essentially all remaining State aid—nearly \$1 billion in each of FY 2026 and FY 2027 and \$350 million in each of FY 2028 and FY 2029. Beginning in FY 2026, there is only \$1 million in State support for asylum seekers flowing through the City’s budget. The State cited a steep drop in weekly arrivals and more than \$2 billion in State funding that the City has yet to draw down as reasons for decreased funding.⁴⁶ This is the first time since the creation of the emergency shelter system the State is not supporting a meaningful portion of the City’s asylum seeker response.

The FY 2025 funding supports shelter reimbursement and other site support, as well as aid for shelters that have since closed, including Randall’s Island, Creedmoor, and Floyd Bennett Field, for which the State assumed all or most costs. This aid also covers some costs for case management, legal services, application assistance, and voluntary relocation. Partially funded by State aid, the Asylum Application Help Center is set to close by June 30. Since its opening in 2023, the center has assisted with more than 100,000 asylum applications.

As of May 14, 2025, the City has received \$1.26 billion in State funding for asylum seekers, including advances. \$1.99 billion remains outstanding to reach the budgeted State reimbursement of \$3.25 billion through FY 2025.

The NY State Office of Temporary and Disability Assistance (OTDA) reimbursement process requires the City to submit draft claims for review, sample, and approval before formal submission. The State’s original \$1 billion allocation was capped at 29 percent reimbursement of City expenses. As a result, the City submitted nearly \$3.5 billion in eligible expenditures for review to fully draw down the available funds. The State’s second allocation of \$1.1 billion streamlined the process by removing the 29 percent cap, allowing reimbursement of 100 percent of eligible sheltering costs.

The State advanced the full \$1 billion from the first allocation due to the prolonged review process. For the second allocation, OMB has submitted draft claims for the entire \$1.1 billion, with the State advancing \$250 million. Together, this \$1.25 billion in advances makes up the vast majority of the City’s \$1.26 billion in receipts to date.

Of the \$1.99 billion still outstanding to be paid, \$910 million has been submitted in draft claims, pending review and approval by the State. About \$1 billion of the remaining \$1.08 billion for Randall’s Island, Creedmoor, and Floyd Bennett Field HERRCs and other discrete services requires additional coordination and approval with the State before claims can be submitted. According to OMB, the City is coordinating with the State to finalize contracts and claiming processes before submitting claims for those costs.

FEDERAL AID

The May Plan moves approximately \$21 million of Federal funding from FY 2026 to FY 2025, while the total Federal funding across both fiscal years remains approximately the same at \$119 million.

⁴⁶ [New York Helped Thousands of Migrants With Legal Issues. That's Ending. - The New York Times](#)

Combined with FY 2024 prior year funding of \$120 million, OMB anticipates a total of \$238 million in Federal aid. Of this funding, \$237.5 million is from the Federal Emergency Management Administration (FEMA) outlined below while the remaining \$0.7 million is funded by the CDC and used for tuberculosis prevention and immunizations. However, as previously described this funding remains at risk.

FEMA has awarded funding to New York City through two programs: \$49 million in Emergency Food and Shelter Program (EFSP) awards, all budgeted in City FY 2024; and \$188 million in Shelter and Services Program (SSP) funding, budgeted across three City fiscal years: \$70.6 million in FY 2024, \$80.5 million in FY 2025, and \$37.4 million in FY 2026. These grants support the provision by non-Federal entities of shelter and related activities for non-citizen migrants following their release from Department of Homeland Security custody. The grant is intended to support the eligible population in a safe and humane way.^{47 48}

Prior to February 4, 2025, the City received \$120 million in FEMA funding across all years (\$70.6 million for SSP, and \$49.0 million for EFSP). On February 4, 2025, FEMA paid the City \$80.5 million in Federal FY 2024 SSP grant awards—\$58.5 million for SSP-A (Allocated) grants and \$21.9 million for an SSP-C (Competitive) grant reward. These payments were in response to claims filed by the City for eligible expenses under the grant. Following funding disbursement to the City, the FEMA employees involved in the payment were dismissed and the federal government reversed the deposit.⁴⁹ Subsequently, the City has received notice that all SSP awards are under review — paid funds may be revoked, and other funds may remain unpaid. All of these actions are under litigation by the City. As a result, the Comptroller’s Office is including the remaining \$118 million in FEMA funding that the City has not yet received as a budget risk and will continue to monitor future payments and claw backs.

⁴⁷ <https://www.fema.gov/grants/shelter-services-program><https://www.fema.gov/grants/shelter-services-program>

⁴⁸ <https://www.fema.gov/grants/emergency-food-and-shelter-program>

⁴⁹ <https://www.nytimes.com/2025/02/11/nyregion/fema-fired-nyc-migrant-hotels.html>

Table 47. Funding for Asylum Seekers as of the May 2025 Financial Plan (including FY 2023 and FY 2024 Actuals)

(\$ in millions)	FY 2023 Actuals	FY 2024 Actuals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
City	\$1,036	\$2,323	\$1,607	\$1,412	\$1,200	\$500	\$500	\$8,577
State	438	1,310	1,504	1	0	0	0	3,253
Federal	-	120	81	37	0	0	0	238
Total	\$1,474	\$3,752	\$3,192	\$1,450	\$1,200	\$500	\$500	\$12,068

Source: Mayor's Office of Management and Budget. As discussed further below, "actuals" represent amounts currently in the City's Financial Management System, which is still preliminary as accrued costs are subject to change. Figures may not add due to rounding.

AGENCY BUDGETS

All newly arrived migrants in City shelters are in sites managed by DHS, H+H, and HPD, and 82 percent of all FY 2025 asylum seeker funding is allocated in these agencies.⁵⁰ DHS has effectively become the lead agency for asylum seeker response: as of May 4, 2025, 75 percent of asylum seekers are in a DHS managed facility.

Overall funding changes among City agencies were relatively modest in the May Plan for FY 2025, with a net decrease of \$92 million compared to the January Plan. The changes included an increase of \$147 million for DHS, and \$25 million for DOHMH, offset by a combined decrease of \$263 million across other City agencies, including reductions of \$160 million for H+H, \$82 million for DCAS, and \$18 million for HPD.

In FY 2026 funding in the May Plan was reduced in nearly every agency, for a total decrease of \$1.2 billion: primarily through reductions to H+H (\$589 million), DHS (\$240 million), DCAS (\$234 million), and HPD (\$141 million). In the outyears, the DHS budget was further reduced by \$1.4 billion in FY 2027, and \$351 million in both FY 2028 and FY 2029. Nearly all funding in FY 2027 and out is in the DHS budget, signaling a likely shift of the asylum seeker system to DHS's larger shelter system.

Notably, funding in H+H (as well as the agency's asylum census) has decreased significantly over recent financial plans. In the May Plan, the H+H FY 2025 and FY 2026 budget was reduced by 41 percent (\$749 million across both years), and the number of people in H+H shelters from February 9 to May 5 has decreased by 66 percent (9,760 individuals).

⁵⁰ The remaining 18 percent of funding is for legal, health, oversight, and other support services.

Table 48. Asylum Seeker Budget by Agency: Actuals through FY 2024, FY 2025 and out as of the May 2025 Financial Plan

(\$ in millions)	Actual		Plan				
Agency	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
DHS	\$764	\$1,194	\$1,337	\$995	\$1,199	\$499	\$499
H+H	469	1,525	986	108	0	0	0
DCAS	38	294	321	96	-	-	-
HPD	33	413	286	109	-	-	-
OTI	31	93	90	73	-	-	-
NYCEM	89	111	53	37	-	-	-
All Other	48	121	119	32	1	1	1
Total	\$1,474	\$3,752	\$3,192	\$1,450	\$1,200	\$500	\$500

Source: Mayor's Office of Management and Budget

YEAR-TO-DATE ACTUAL EXPENDITURES

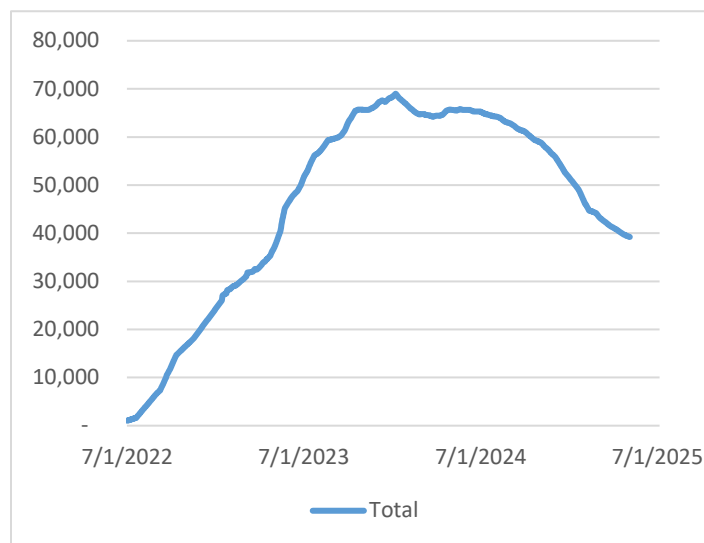
Through the first 10 months of FY 2025, the City has committed \$2.77 billion of funding for services to asylum seekers with \$2.14 billion of that amount liquidated (cash outlays). Average FY 2025 monthly liquidations through April are \$213.8 million. Compared to the first 10 months of FY 2024, in FY 2025 the City has committed \$327 million less and liquidated \$298 million less.

In total, from July 1, 2022, through April 30, 2025, the City has liquidated \$6.96 billion in funding. Additionally, there are \$386 million in FY 2023 and FY 2024 expenses that have been accrued but not yet liquidated.

Population: Trends and Projections

The Comptroller's Office uses historical data received from City Hall and from reports delivered to the City Council to develop asylum seeker projections. Chart 14 below shows the number of asylum seekers in the City's emergency shelters from the start of FY 2023 (July 1, 2022) through May 4, 2025. The census increased rapidly through 2023, fell steadily in 2024, and continues to decline in 2025. Accordingly, the City has been closing shelter sites: the number of shelters has decreased from 215 in early July 2024 to 171 by May 4, 2025, with more sites to be closed in the coming months. Scheduled closures include the Roosevelt Hotel, which provided shelter for more than 3,000 individuals per day in 2024, and Austell Place, which houses more than 1,050 individuals as of May 2025.

Chart 14. Individuals in Emergency Shelters



Source: New York City Mayor’s Office, Office of the New York City Comptroller

In response to the rising census, the City began imposing time limits on shelter stays in 2023 — first only for single adults, then expanding to families in non-DHS facilities, and finally implementing restrictions on all groups.^{51 52} These policies led to an initial increase in shelter exits and a peaking of the overall census in January 2024.

Separately, through a June 2024 Presidential proclamation, the Biden Administration significantly restricted the ability for noncitizens to enter the United States through the southern border. During the eight months prior to the policy change (October 2023 – May

2024) more than 1.69 million individuals (211,400 per month) crossed the southern border. Under the new policy, that figure decreased to 802,000 (100,200 per month) for the following eight months (June 2024 – January 2025), a 53 percent reduction.⁵³ This restriction resulted in a reduced number of arrivals to New York City.

The first few months of the Trump Administration have had an even more significant impact on Federal immigration policy, further reducing southern border crossings dramatically. The February through April 2025 average of 11,587 individuals represents a 94 percent decrease from the same period in 2024. Border crossings have slowed for several reasons, including federal policies limiting Temporary Protective Status (TPS), increased Immigration and Customs Enforcement (ICE) arrest quotas, the reinstatement of the Remain in Mexico policy, stripping TPS from Venezuelans that had it granted under President Biden, and the implementation of self-deportation stipends.^{54 55 56 57 58} Consequently, the number of New York City entries has also

⁵¹ [Mayor Adams Announces Agreement With The Legal Aid Society In Callahan ‘Right To Shelter’ Mediation.](#) | City of New York

⁵² [Mayor Adams Issues Orders to Further Save Taxpayer Dollars and Help Migrants Take Next Steps in Jour](#) | City of New York

⁵³ Encounters are the sum of U.S. Border Patrol (USBP) Title 8 apprehensions, Office of Field Operations (OFO) Title 8 inadmissibles, and noncitizens processed for expulsions under Title 42 authority by USBP or OFO. [Glossary | OHSS - Office of Homeland Security Statistics](#)

⁵⁴ <https://immpolicytracking.org/policies/dhs-vacates-temporary-protected-status-tps-for-venezuela/>

⁵⁵ <https://immpolicytracking.org/policies/report-ice-directed-to-increase-arrests-to-meet-daily-quotas/>

⁵⁶ <https://immpolicytracking.org/policies/dhs-reinstates-migrant-protection-protocols/>

⁵⁷ [DHS announces travel assistance and stipend for voluntary self-deportation](#) | Immigration Policy Tracking Project

⁵⁸ [US Supreme Court lets Trump end deportation protection for Venezuelans](#) | Reuters

decreased significantly since President Trump took office, from nearly 1,970 in January 2025 to less than 600 in March 2025.

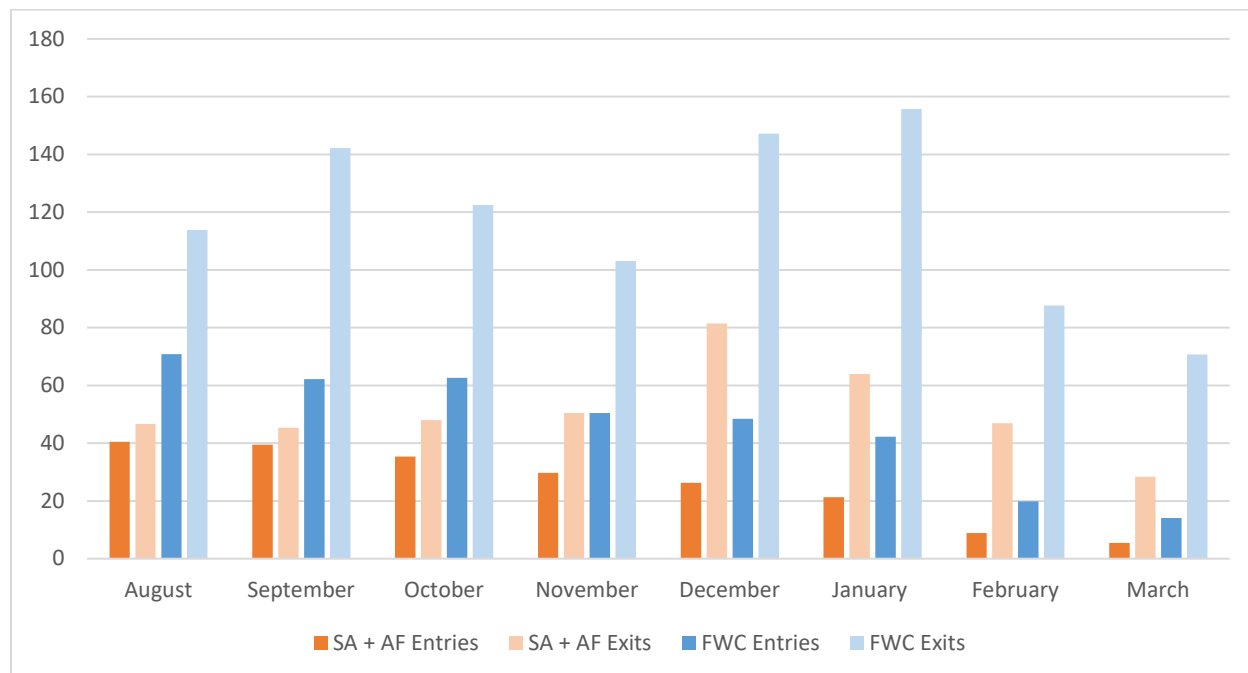
Chart 15. Southern Border Encounters and NYC Shelter Entries



Source: U.S. Customs and Border Patrol, New York City Council Terms and Conditions

The increased pressure of City-imposed time limits and a more active presence of ICE in New York, combined with reduced shelter entrances, has led to an ongoing decline in the shelter population. The number of exits continues to significantly outpace entries to NYC shelter and both arrivals and exits are occurring at lower rates than earlier in the fiscal year, for all types of families.

Chart 16. Daily Average Asylum Seeker Entries and Exits by Month by Household Type (Individuals)



Source: New York City Council Terms and Conditions

UPDATED PROJECTIONS

In April, OMB updated its asylum seeker projection, estimating that the number of households in shelter will decline to 13,736 at the end of FY 2025, and 7,830 by the end of FY 2026.

The Comptroller's Office has also updated its projection and refined its methodology to reflect recent trends. This projection anticipates future entrance and exit rates by two household types: single adults/adult families and families with children since, as shown above in Chart 16, these household types behave differently.⁵⁹ These updates rely on actual census trends for the seven weeks from February 10 through March 30, 2025.

The Comptroller's Office projects entries for families with children will fall from more than 4.5 households per day as of May 2025 (more than 16 individuals) to approximately 2.1 households per day (7.4 individuals) by early October 2025. Single adults and adult families will decrease from 5.8 households per day (6.5 individuals) to 3.8 households per day

⁵⁹ February 10-March 30: FWC = 860 departures for approximately 483,000 households shelter nights, SA + AF = approximately 1,500 departures for 381,000 household shelter nights.

(4.2 individuals), by the end of May 2025. Combined, outyear entries will average 6.4 households per day (11.6 individuals).⁶⁰

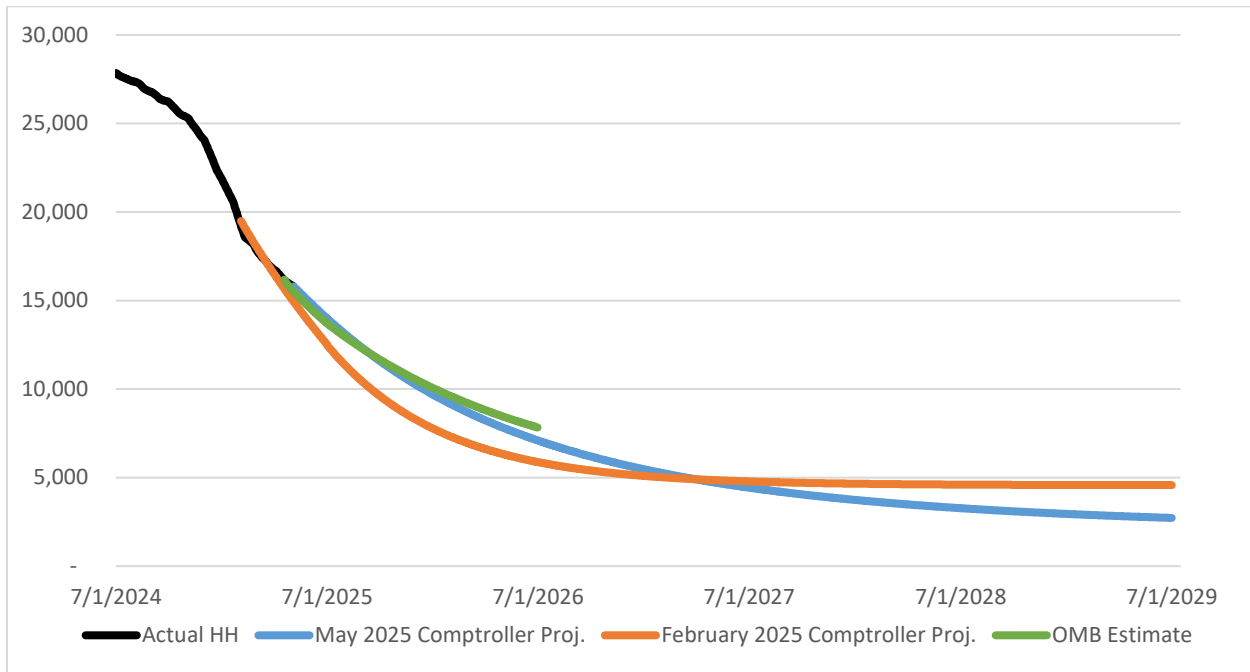
The Comptroller's Office projection assumes that the daily exit rate for families with children (0.18 percent of the in-shelter population) and single adults/adult families (0.39 percent of the in-shelter population) seen from February 10 through March 30 will continue to hold over the forecast horizon. Combined with fewer entries, the overall population is expected to decline through FY 2025: from 32 fewer households per day in early May to 11 households per day by late June 2026. Over time, the absolute number of households exiting shelter is expected to decline as exits are a factor of the decreasing overall population. Accordingly, the decline continues to slow in the outyears. Chart 17 summarizes the new projection through the end of FY 2029.

Single adults and adult families have higher household exit rates than families with children, resulting in a larger share of exits earlier in the projection timeline. Compared to the prior projection, the May projection decreases slower through FY 2026 from the lower exit rate for families with children. Due to the sharp decline in border crossings, baseline entry trends are expected to be lower than the February Projection, and the outyear total household figure is lower.

With Federal policy likely to remain highly antagonistic to immigrants and the local response uncertain, these projections are subject to considerable uncertainty.

⁶⁰ The projection uses 11,363 border crossings (an average of 385 per day) observed in the first two months of President Trump's second term as the basis for estimating city entrants. Applying historical trends (August 2024 – March 2025), assumes that 0.82 percent of these entrants are SA, 0.27 percent are AF, and 1.92 percent are FWC, resulting in a total of 3.0 percent of southern border crossings entering NYC.

Chart 17. Updated Projections of Asylum Seeker Shelter Census: OMB May 2025 Projection and Comptroller May 2025 Projection (Households)



Source: New York City Mayor’s Office, New York City Council, New York City Office of the Comptroller

Per Diem Costs

The total amount spent, including housing and start-up services (constructing and outfitting buildings to make them legally habitable to new arrivals) as well as supplies, IT costs, medical care, and food, divided by the number of shelter nights provided for the same period yields the cumulative daily cost of services provided per household (the “per diem”). Information provided in the asylum seeker report to the City Council shows that the cumulative per diem (spending from July 1, 2022, through February 2025) is \$371.⁶¹

In prior budget reports, the per diem projections are explored in depth. The Comptroller’s Office uses actual spending based on the in-shelter population to calculate prior year per diems, and estimates projected per diems of \$336 in FY 2026, and \$315 in FY 2027, FY 2028, and FY 2029. The Office estimates \$315 as the floor for the daily rate for emergency shelter provision as the City moves to DHS-managed emergency shelters.⁶²

As noted in the *Population: Trends and Projections* section, the City has been closing many emergency sites as the population in shelter decreases. The sites that will be closed, according

⁶¹ <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2025/04/Asylum-Seekers-Report-March-2025.pdf>

⁶² <https://comptroller.nyc.gov/reports/comparing-per-diem-hotel-and-service-costs-for-shelter-for-asylum-seekers/>

to recent announcements, are non-DHS sites that have been run by private contractors and are more expensive than those managed by DHS and run by non-profits. The closures should result in a long-term reduction in the per diem rate.

Comptroller’s Estimate Against the City’s Financial Plan

The Comptroller’s Office’s lower population and cost projections yield a lower total asylum seeker services estimate than OMB’s. The Comptroller’s Office estimates a total cost of \$2.81 billion in FY 2025, declining to \$341 million by FY 2029. As shown in Table 49, this estimate is \$378 million less than OMB’s current FY 2025 budget and \$1.39 billion less over the entire financial plan.

With only a few months remaining in FY 2025, the Comptroller’s Office bases its cost estimate for the current year on actual monthly spending to date rather than the projected asylum seeker population. This approach accounts for the lag between declines in the projected census and the realization of cost savings that depend on site closures. Based on year-to-date asylum seeker spending reported in the City Council’s Terms and Conditions of \$2.32 billion and anticipated average monthly spending for the remaining months, the Comptroller’s Office estimates FY 2025 spending at \$2.81 billion, an offset of \$378 million against the May Plan, as shown in Table 49.

The Comptroller’s estimates for FY 2026 and out reflect the census projection and per diem rates outlined earlier.

Table 49. Comparison of Comptroller’s Total Expenditure Estimate against the May 2025 Financial Plan

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OMB	\$3,192	\$1,450	\$1,200	\$500	\$500
Comptroller	\$2,814	\$1,221	\$641	\$436	\$341
Difference (OMB-Comptroller)	\$378	\$229	\$559	\$64	\$159

Source: New York City Mayor’s Office of Management and Budget, New York City Office of the Comptroller

Table 50 presents the difference between the Comptroller’s Office’s cost estimates and OMB’s by funding source. As noted previously, the Comptroller’s Office assumes FEMA aid in both FY 2025 and FY 2026 is at risk. This reduces the savings the City accrues from lower projected costs to \$297 million and \$192 million, respectively. The Comptroller’s Office assumes State funding for FY 2025 will be consistent with the State’s budgeted commitments, even though total costs are projected to come in lower. Since no federal or State funding remain in the City’s plan for the outyears, the City will accrue the full savings from reduced expenditures.

Table 50. Comptroller’s Expenditure Differences by Funding Source

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total	\$378	\$229	\$559	\$64	\$159
State	\$0	\$0	\$0	\$0	\$0
Federal	(\$80)	(\$37)	\$0	\$0	\$0
City	\$297	\$192	\$559	\$64	\$159

Source: New York City Office of the Comptroller.

Note: Numbers may not add to totals due to rounding.

Adjustments to Asylum Seeker Costs in Prior Fiscal Years

Since this Office’s report on the [Preliminary Budget](#), the City has made some progress making necessary adjustments to prior-year asylum seeker costs. As this Office has previously reported, liquidations for asylum seeker costs in prior years did not keep pace with commitments. This resulted in large open payable amounts, particularly for FY 2023. At the end of FY 2023, the City committed \$1.47 billion in asylum seeker costs as of February 2025; however, the City had only liquidated \$995 million, leaving an open payable amount of \$479 million across 10 agencies, but primarily at DHS with an open payable of \$380 million and at H+H with an open payable of \$89 million.

This was largely due to the City recording approximately \$289 million of FY 2023 asylum seeker spending in *non-asylum* seeker budget codes at DHS, while also opening a payable in the *asylum seeker* budget codes in anticipation of the same costs. As part of an ongoing process to reconcile this, \$289 million in liquidations have since been moved out of the DHS non-asylum seeker codes and into the asylum seeker ones with a commensurate write-down (reduction) of non-asylum seeker DHS costs. As previously described, this adjustment of prior year payables results in savings in the current year and contributes to the City’s higher-than-typical prior year payable amount included as of the May Plan (\$816 million compared to \$400 million typically budgeted at this point in the fiscal year).

With this adjustment, as well as other liquidations against the asylum seeker commitments at DHS and other agencies, total FY 2023 asylum seeker liquidations increased to \$1.30 billion, as of the end of April. Of the increased liquidations, \$292 million are in DHS asylum seeker codes. This results in a current total asylum seeker open payable of \$153 million.

Of the \$153 million open payable, \$72 million remains for DHS asylum seeker costs and another \$73 million is for H+H costs. It is unclear how much more of the DHS costs that remain in the asylum seeker codes will be liquidated and how much might be written down. As for the H+H open payable, according to OMB, the City owes H+H an additional \$24 million to cover its

estimated expenditure of \$420 million, which would reduce the payable to \$50 million which should be written down at fiscal close.

As for FY 2024 costs, of the \$3.75 billion committed at the end of the fiscal year, \$3.52 billion has been liquidated. Liquidations increased by \$173 million since January, driven primarily by additional liquidations of \$156 million for H+H.

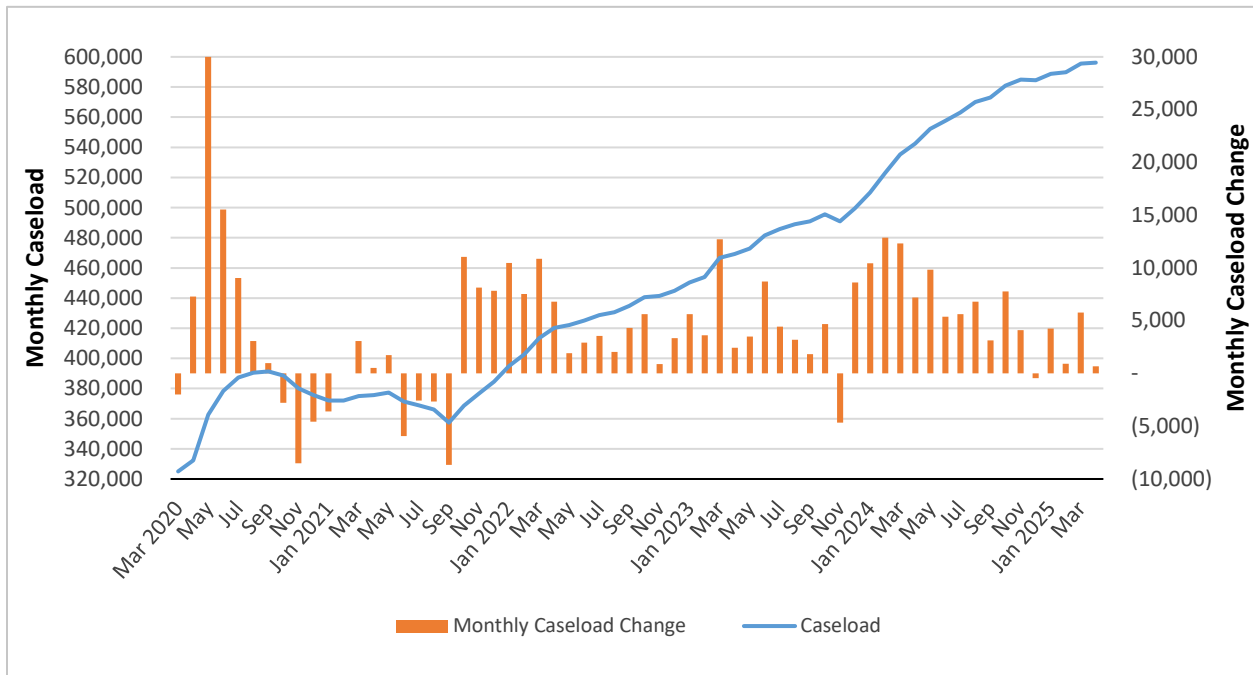
Other Social Services

Public Assistance

The City's public assistance caseload has grown to 596,181 recipients as of April 2025, an increase of 73 percent from January 2019 when there were less than 345,000 recipients. The sharp increase began in September 2021 with the end of the Federal Pandemic Unemployment Compensation program. While the month over month increase seems to have slowed in FY 2025, the current fiscal year to date's average caseload has maintained long-term trends and increased by 15 percent over the same July-April span in FY 2024.

The number of monthly applications has steadily increased over this time period, averaging 31,200 in FY 2022, 40,800 in FY 2023, 46,400 in FY 2024, and 47,500 through March of FY 2025, a slowing of the year over year increase from 31 percent in FY 2023 to only 2 percent in FY 2025 YTD over FY 2024. The average monthly acceptance rate for FY 2025 YTD is 37 percent, which is generally consistent with historical rates. This rate peaked at 44 percent in FY 2022 before declining to 41 percent in FY 2023 and 35.5 percent in FY 2024.

**Chart 18. Public Assistance Caseload and Monthly Changes
March 2020-April 2025**



Source: NYC Department of Social Services

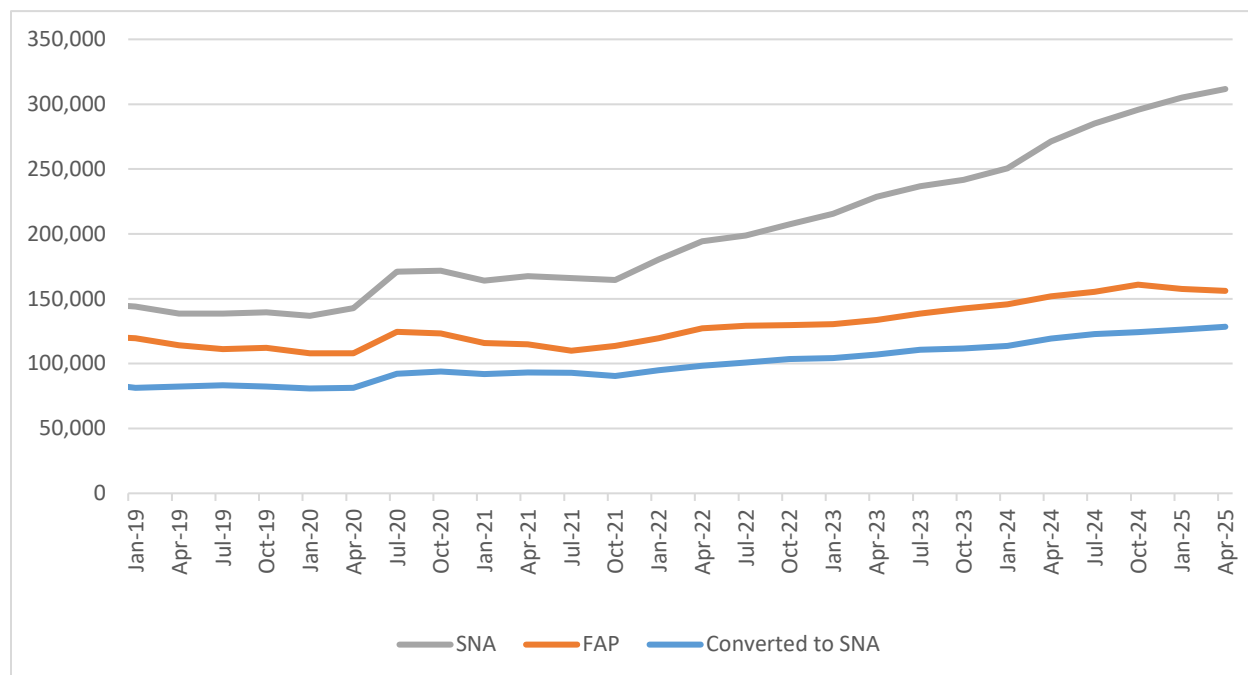
All major categories of public assistance – Family Assistance (FAP), Safety Net Assistance (SNA), and Converted to SNA (recipients who reached the 60-month FAP limit and were transitioned to SNA) – have seen increases, though at varying rates.^{63 64} SNA experienced the largest growth, rising by 167,600 recipients, or 116 percent. Converted to SNA increased by over 47,000 recipients (58 percent), and FAP rose by 36,500 recipients (31 percent). According to the City’s Human Resources Administration (HRA), which administers these benefits, the caseload increase is driven by several factors: the City’s slow recovery from the COVID-19 pandemic, persistently high unemployment rates among Black and Latino workers, rising living costs, and the expiration of pandemic-era relief programs.⁶⁵

⁶³Information on programs are available <https://otda.ny.gov/programs/temporary-assistance/>

⁶⁴ <https://www.nyc.gov/site/hra/about/facts.page>

⁶⁵ <https://www.thecity.nyc/2024/04/02/safety-net-family-assistance-soars>

Chart 19. Public Assistance Recipients by Type



Source: NYC Department of Social Services

The City’s projections of baseline grant expenditures increased by \$78 million compared to the Preliminary Plan, now totaling \$2.48 billion. Outyear estimates remain unchanged at \$1.48 billion in FY 2026, \$1.83 billion in FY 2027, \$2.30 billion in FY 2028, and \$2.7 billion in FY 2029. Notably, the City is responsible for 71 percent of SNA costs and 15 percent of FAP costs. As a result, the rising share of SNA recipients has a greater long-term impact on the City’s budget. The Comptroller’s Office expects caseload and City-funded grant expenditures to remain at current levels for the foreseeable future, resulting in an offset of \$28 million in FY 2025, and annual risks of \$569 million in FY 2026 and \$219 million in FY 2027.

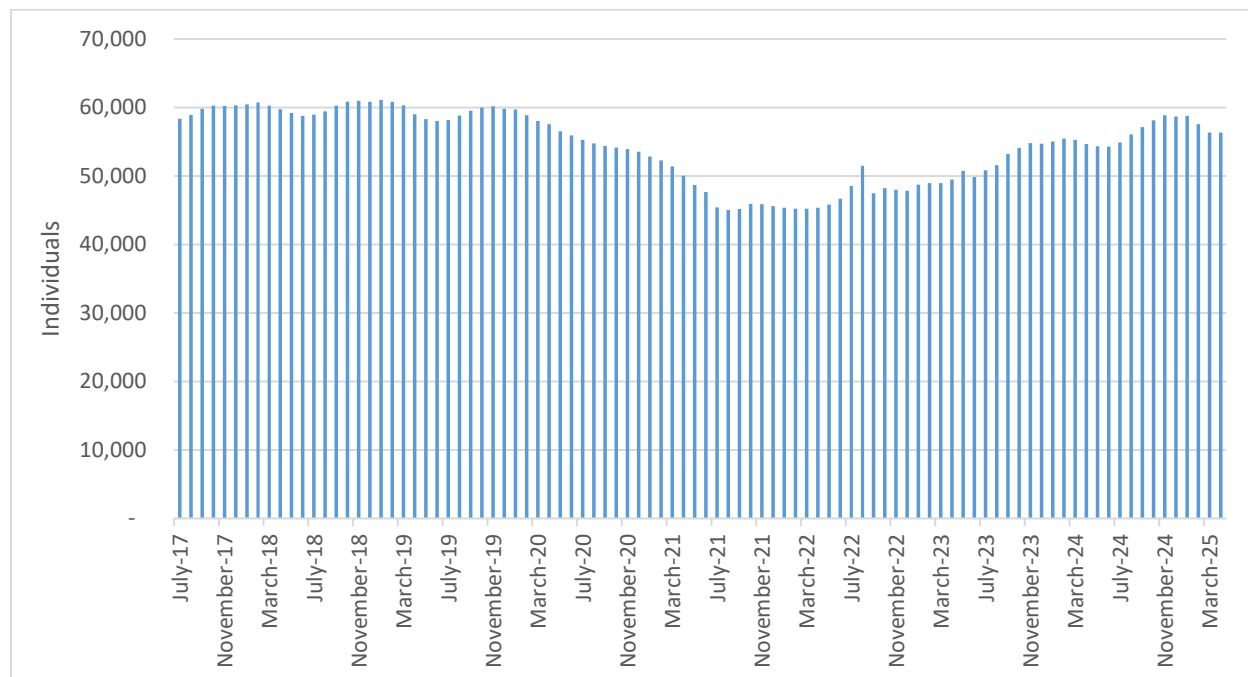
As of April 28, public assistance recipients must meet work requirements, which were reinstated after a five year pause from the pandemic. HRA officials stated recipients won’t risk losing benefits until later this summer.⁶⁶ Enforcement of these requirements may decrease caseloads, and ultimately alleviate budgetary growth, by deterring applications or decreasing how long recipients remain in the program.

Homeless Services (Excluding Asylum Seeker Costs)

The number of households who are not seeking asylum staying in shelters operated by the DHS, which administers most but not all City shelters, has been growing over the past two fiscal

years.⁶⁷ The total number of individuals in DHS shelters—not classified by the City as being in households seeking asylum—has increased from an average of 49,482 in April 2023, to an average of 54,685 in April 2024, to 56,334 in April 2025 as shown in Chart 20.

Chart 20. DHS Census, Individuals in Households Not Seeking Asylum July 2017- April 2025



Source: NYC Department of Homeless Services

Note: In September 2022, the Administration began releasing the DHS census with individuals classified as asylum seekers or non-asylum seekers. Individuals classified as asylum seekers are excluded from this chart.

The May Plan added \$218 million to fund DHS non-asylum seeker costs in FY 2025, of that \$179 million is City funding. This includes \$100 million as part of the re-estimate of shelter costs and \$50 million to cover the cost of paying prevailing wages to security guards. As shown in Table 51, however, total funds for DHS costs, excluding funds budgeted for shelter for families and individuals seeking asylum, are currently budgeted at far lower amounts in FY 2026 and the outyears. The City historically underbudgets shelter costs, instead adding funding as needed during the fiscal year, as was done in the May Plan.

If the shelter census remains at its current projected level and is based on the historic breakdown of City/State/Federal funding for each type of shelter cost, the Comptroller’s Office estimates that an additional \$730 million in City funds will be necessary for DHS non-asylum related shelter

⁶⁷ The Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services also operate shelters for households not seeking asylum.

costs in FY 2026 and the outyears. This includes \$430 million for adult shelter and \$300 million for family shelter. This Office baselines these costs in the outyears.

Table 51. Department of Homeless Services Budget as of the May 2025 Plan, Excluding Asylum Seeker Costs

\$ in millions	Actual	Budget	Budget	Budget	Budget	Budget
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Adult Shelter:	\$1,204	\$1,347	\$852	\$853	\$854	\$854
Adult Shelter Administration & Support	10	12	9	9	9	9
Adult Shelter Intake and Placement	13	14	14	14	14	14
Adult Shelter Operations	1,182	1,321	829	830	831	831
Family Shelter:	\$1,082	\$1,338	\$1,114	\$1,118	\$1,127	\$1,127
Family Shelter Administration & Support	7	11	15	15	15	15
Family Shelter Intake and Placement	39	39	31	31	31	31
Family Shelter Operations	1,037	1,288	1,068	1,073	1,081	1,081
General Administration	\$78	(\$7)	\$63	\$103	\$103	\$103
Outreach, Drop-in and Reception Services	\$334	\$384	\$423	\$418	\$413	\$412
Rental Assistance and Housing Placement	\$0	\$8	\$0.04	\$0.04	\$0.04	\$0.04
Total	\$2,698	\$3,070	\$2,452	\$2,493	\$2,496	\$2,495

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum. This exclusion causes a negative total in the General Administration category as asylum seeker funding is included in this category, as well as financial plan savings holding codes. Totals may not add due to rounding.

Rental Assistance

The Department of Social Services (DSS) oversees multiple rental assistance programs, including the City’s main local voucher program, Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).⁶⁸ It also administers other programs including the largely Federally

⁶⁸ The New York City Housing Authority (NYCHA) and the Department of Housing Preservation and Development (HPD) each operate separate Federal Section 8 Housing Choice Voucher Programs. Both agencies’ Federal programs are excluded from this section. NYCHA’s Section 8 funds are administered outside the City’s budget.

funded HOME Tenant-Based Voucher Program, the State funded Special Housing Resource (SHARE), the City/State/Federally funded Rental Supplement Program, the City-funded Pathway Home Program, as well as legacy programs such as the Living in Communities program (LINC), the Single Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have largely been replaced by CityFHEPS.

Total spending on the City's rental assistance programs administered through DSS has been rising rapidly in recent years—from \$356 million in FY 2022, to \$522 million in FY 2023, to \$879 million in FY 2024, as shown in Chart 22.⁶⁹ The May Plan budgets \$1.36 billion in FY 2025, an increase of \$181 million since the Preliminary Budget. This includes a \$190 million increase in City funds, offset by a \$9 million reduction in State funds for the SHARE program. Much of the City fund addition is for the CityFHEPS program (\$177 million) as well as \$14 million added for project-based assistance. Only \$20 million in funding was added in the May plan for FY 2026, including \$18 million for project-based assistance and \$2 million in State funds for SHARE. Thus, budgeted amounts fall dramatically after FY 2025, totaling \$661 million in FY 2026 (less than half of what is budgeted for the current year) and falling to \$638 million in FY 2029. The growth in DSS's rental assistance program costs follows program reforms in FY 2022 that increased payment standards and expanded eligibility for the CityFHEPS program.

The Adams Administration, however, has not acted on legislation passed by the City Council over the Mayor's veto that would, among other things, expand program eligibility for households at-risk of eviction, but who are not currently in shelter. The Mayor vetoed the rental assistance bills citing cost concerns.⁷⁰ The Adams Administration was sued by the Legal Aid Society to implement the policy. In August, a State Supreme Court judge struck down the lawsuit, which the Legal Aid Society is currently appealing.⁷¹

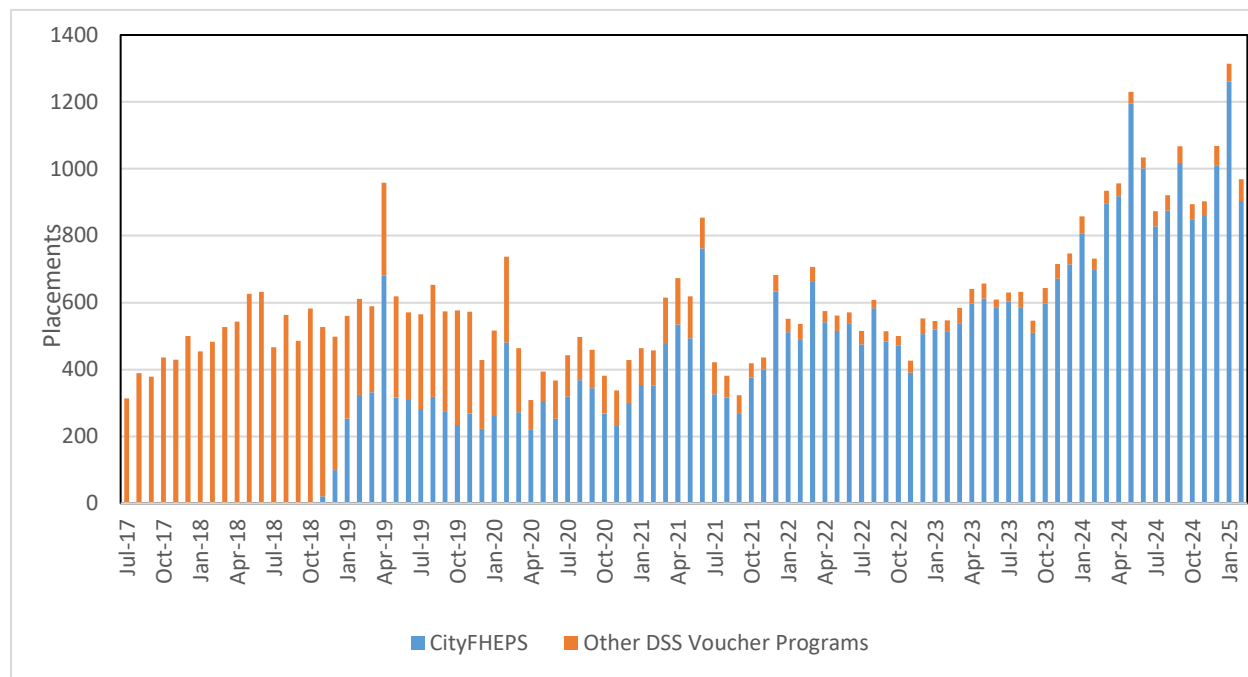
As shown in Chart 21, new placements in permanent housing from DHS shelters using City vouchers have continued to grow over the past year. For example, in the first eight months of FY 2025, new monthly placements from DHS-shelter using DSS-administered vouchers averaged 1,001 households compared with 688 over the first eight months of FY 2024, an increase of 46 percent. (Placement data from DSS is available through February 2025.)

⁶⁹ Funding for DSS's rental assistance programs is split between the City, State and Federal governments, although the majority is City funded. For example, for FY 2025 funding is 90 percent City, 3 percent State, and 7 percent Federal. The City share is budgeted to increase to 97 percent in FY 2026 as some Federal funding included in FY 2025 is expiring Federal Covid-19 aid. In that year Federal funding falls to less than 1 percent and State funding remains at 3 percent. ⁷⁰According to the Adams Administration expanding the eligibility rules would increase City costs by \$17.3 billion over five years and that the expansion to more households at risk of eviction would make it more difficult for households in shelter to find housing. The City Council estimated a cost of \$10.6 billion over the first five fiscal years of implementation, an estimate that, unlike the Mayor's, includes partial implementation in the first fiscal year and \$2.1 billion in projected shelter savings.

⁷⁰According to the Adams Administration expanding the eligibility rules would increase City costs by \$17.3 billion over five years and that the expansion to more households at risk of eviction would make it more difficult for households in shelter to find housing. The City Council estimated a cost of \$10.6 billion over the first five fiscal years of implementation, an estimate that, unlike the Mayor's, includes partial implementation in the first fiscal year and \$2.1 billion in projected shelter savings.

⁷¹ <https://legalaidnyc.org/wp-content/uploads/2024/10/Legal-Aid-Files-Appeal-to-Force-Adams-Administration-to-Fully-Implement-CityFHEPS-Reform-and-Expansion-Laws-.pdf>

Chart 21. Monthly Housing Placements from DHS Shelter Through DSS-Administered Vouchers July 2017 – February 2025



Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Other local voucher programs include SOTA, CFEPS, FHEPS B, LINC and SEPS. HOME TBRA vouchers are not included.

Since the start of FY 2022 monthly spending for HRA’s rental assistance costs have grown at an average rate of about 4 percent. Compared with last year alone, liquidations through April of FY 2025 are 55 percent higher than they were during the same period in FY 2024 (\$947 million versus \$611 million, respectively).

The Adams Administration recently announced proposed reforms to lower costs. According to proposed rule changes, households entering their sixth year of program eligibility who have employment income would be required to pay 40 percent of their income in rent, an increase from 30 percent during the first five years of program eligibility.⁷² The CityFHEPS program is intended to be a five-year subsidy, although certain households are eligible to continue in the program if DSS finds good cause. In testimony early this year, the DSS Commissioner reported that no household who applied for a good cause extension and that met the criteria had been denied due to time limits.⁷³ In addition, the City is also proposing that if a household is eligible for Federal or State housing benefits that they are required to apply for them and accept them if offered. The proposed rule changes were announced as part of a package that also creates a pilot

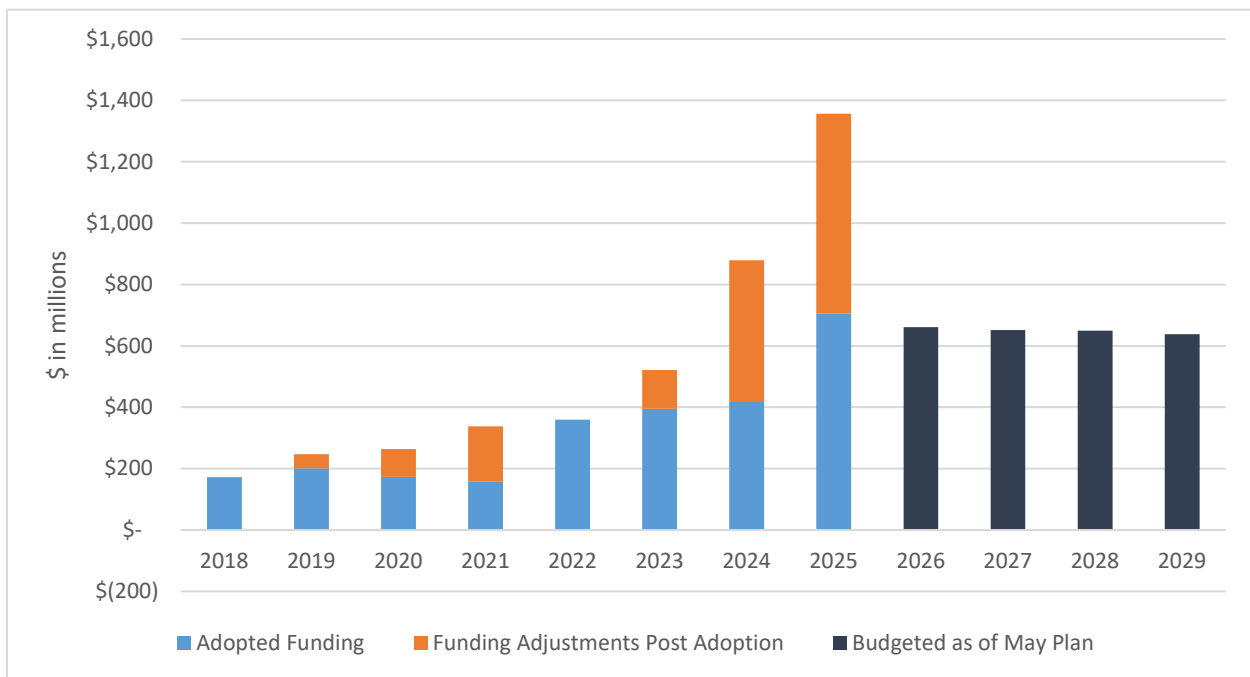
⁷² [CityFHEPS Pathway Home Rule Change CRIB final \(3\).pdf](#)

⁷³ New York City Council General Welfare Committee Hearing, January 27, 2025. [Oversight – Administration of CityFHEPS](#).

program to provide City rental assistance to soon-to-be parents applying for emergency shelter. This program was funded in the Preliminary Budget at \$8.5 million in FY 2026 forward.

If spending continues to grow during the remainder of FY 2025 at the 4 percent monthly rate seen on average since FY 2022, the cost of rental assistance DSS's rental assistance programs (as currently implemented) would total about \$1.33 billion, in line with current funding levels. Even if the monthly expenditures slow and increase by half the growth rate observed since FY 2022, costs would exceed \$1.80 billion in FY 2026. This would require the addition of \$1.15 billion in FY 2026, which this Office baselines through FY 2029 in its re-estimates of City costs.

Chart 21. Rental Assistance Spending, Actual FY 2018-FY 2024 and Budgeted FY 2025 - FY 2029



Source: NYC Department of Social Services

Notes: Includes Department of Social Services rental assistance spending on CityFHEPS, as well as other programs such as SOTA, CFEPS, FHEPS B, LINC programs, HOME TBRA, Rental Supplement Program, Pathway Home, and SEPS. Actual spending in FY 2022 was \$3 million less than the amount budgeted at adoption for that year.

Cuts to Federal housing programs may put additional pressure on the City's rental assistance costs. As previously mentioned, the Trump Administration has announced it was ending early the Emergency Housing Voucher program that is currently providing housing assistance to about 7,600 New York City households. This is in addition to the Trump Administration's budget request that proposes transforming the Federal Section 8 program into a block grant program with two-year time limits. If implemented this would also put housing in jeopardy for the more than 137,000 households with rental assistance through the Section 8 program in New York City.

NYC Health and Hospitals

Funding for NYC Health and Hospitals (H+H), the City’s public hospital system, totals \$3.42 billion in FY 2025 in the May Plan, an increase of \$709 million from the January Plan. This includes a \$4.1 million allocation to fund a Medical Malpractice Contract cost increase, as well as a Medicaid Initiative Adjustment, and additional COVID Federal funding, discussed later in the section. For FY 2026, the May Plan added \$3.6 million for the H+H component of the City’s Mental Health Continuum in FY 2026 and reduced funding budgeted for asylum seeker services, for a total FY 2026 allocation of \$1.70 billion. (These totals do not include payments the City makes as part of its Medicaid budget that ultimately flow to H+H.) The year-over-year drop is due to a lower unrestricted subsidy amount (described in more detail below) and is associated with lower budgeted expenditures for asylum seeker shelter and services.

Compared to the January Plan, budgeted transfers from the City to H+H increased by \$709 million in FY 2025. This is primarily due to a Medicaid Initiative Adjustment, which shifted \$614 million from the City’s Medicaid budget (included in the DSS budget) to the City’s H+H unrestricted subsidy budget. The funding had been intended to fund the local share of additional Medicaid supplemental payments for H+H, but because no further Medicaid supplemental payments are expected for FY 2025, the funds were transferred to the H+H subsidy instead, supporting its cash position.⁷⁴ In FY 2026 and onward this funding is still reflected in the City’s Medicaid budget, contributing to the drop in funds included in the H+H transfers from FY 2025 to FY 2026. There is also an increase of \$212 million in COVID Federal funding in FY 2025, compared with the January Plan. The May Plan also allocates \$4.1 million in new funding to fund a Medical Malpractice Contract cost increase in FY 2025. These FY 2025 increases are partially offset by a \$160 million reduction of asylum seeker expenses. In FY 2026, City budgeted transfers to H+H decreased by \$579 million compared to the January Plan, mostly due to a reallocation of asylum seekers spending to DHS (\$539 million). Further details are discussed in the [City Services for People Seeking Asylum](#) section of this report.

In its May Cash Plan, H+H projects total FY 2025 cash revenues of \$13.47 billion.⁷⁵ More than half of this total derives from third-party revenue sources, including Medicaid (\$2.98 billion), Medicare (\$1.90 billion), other managed care (\$1.42 billion), and Supplemental Medicaid (\$749 million). Supplemental Medicaid payments are additional payments beyond reimbursement for services provided to Medicaid enrollees. These include Disproportionate Share Hospital (DSH) payments (\$239 million), which provide hospitals that serve large number of Medicaid and uninsured individuals additional funding, and other supplemental programs (\$511 million). Cuts to the DSH program, enacted as part of the Affordable Care Act, have been deferred by Congress year after year. In March they were postponed again through September

⁷⁴ In prior fiscal years, the City had moved funds planned for the H+H subsidy to its Medicaid budget to fund the conversion of H+H Upper Payment Limit (UPL) payments to Medicaid rate add-ons, a form of supplemental Medicaid. This was to allow H+H to receive more stable and higher UPL payments. The change in the May Plan moves some of the funding back to the City’s H+H subsidy budget for this fiscal year. For more details see the Independent Budget Office 2022 report [“A Life Line? An Examination of City Operating Support To New York City Health + Hospital.”](#)

⁷⁵ H+H budgets on a cash basis, while the City’s financial plan follows Generally Accepted Accounting Principles (GAAP).

2025. H+H's Plan also includes transfers from the City (as described above), grants, and other revenues totaling \$4.92 billion, as well as Strategic Initiatives meant to generate additional revenues in the amount of \$1.50 billion. FY 2025 expenses are forecast at \$13.46 billion.

Compared to its January Cash Plan, revenues are forecast to be \$162 million higher. This is the result of the increase in City transfers, offset somewhat by lower expected supplemental Medicaid revenue, as described above. FY 2025 expenses increase by \$257 million, fully offsetting the increase in revenue. The Plan estimates that it will end FY 2025 with a cash balance of \$598 million, \$95 million less than its January Cash Plan.

For FY 2026, H+H's cash revenue budget totals \$12.07 billion and expenditures are budgeted at \$12.09 billion. Compared to its January Cash Plan, revenues are lower by \$520 million, due to reduced City funding of asylum seekers spending. Expenses are also lower by \$283 million. H+H projects it will close out FY 2026 with a cash balance of \$575 million, \$331 million less than the January Cash Plan. From FY 2027 through FY 2029, H+H projects expenditures will exceed revenues leading to decreasing cash balances at the end of each fiscal year, with a cash balance of \$44.2 million projected for the end of FY 2029.

Changes passed in the State Budget are expected to reduce H+H revenues in FY 2025 and out. The State discontinued its share of the Indigent Care Pool (ICP) payments to H+H, which triggers the loss of an equal amount of Federal funds. This will result in a total cut to H+H of \$28 million in FY 2025 and \$113 million going forward, unless the City were to replace the State aid. The ICP payments were planned to be substituted by an alternative mechanism to enhance the hospital system's Medicaid payments (known as State Directed Payments), for which New York State is awaiting Federal approval. At this time, it is unclear that such approval will be granted, putting the funding at risk. Lastly, the State budget also included language that eliminated the ICP voluntary Upper Payment Limit (UPL) swap. This mechanism enables up to \$339 million of DSH funding to H+H each year.

As described above, Medicaid and supplemental Medicaid payments are the most significant source of H+H's revenue, making the hospital system incredibly vulnerable to cuts and changes being proposed as part of the Federal Budget Reconciliation process and to Centers for Medicare & Medicaid Services (CMS) decisions. For example, CMS has proposed a rule change that would eliminate the NYS's newly implemented Managed Care Organization tax, which the State's Enacted Budget relies on to pay for increased reimbursement rates for hospitals and other healthcare providers.

One change proposed in the Congressional Reconciliation package is a provision that would exclude lawfully present immigrants from accessing New York's Essential Plan, a Federally subsidized health insurance plan through the Affordable Care Act. If approved, New York State would not only lose billions in federal funds but also would have to provide Medicaid coverage to many of those same immigrants, mandated by the State constitution and at full cost to the State. Notably, Medicaid reimbursement rates are lower than Essential Plan rates resulting in lost revenue for H+H. Other proposed eligibility changes and reductions in matching funds would also likely affect H+H's expected reimbursement. Work requirements would put more patients at risk

of losing health insurance. The unreimbursed costs for care of these and other patients made uninsured by the Reconciliation Bill would be borne primarily by H+H and other safety net hospitals. As detailed in this Office's [Fiscal Note](#), NYC's healthcare system received over \$56 billion in FY 2024 to pay for care of Medicaid and Essential Plan members in combined State and Federal funds.

Metropolitan Transportation Authority

The City provides annual operating subsidies to the Metropolitan Transportation Authority (MTA). This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway. These subsidies are intended to cover either a portion or all the difference between the agency's operating expenses and its revenue from fares. The May Plan includes \$1.60 billion for the MTA's operating subsidies for FY 2025. These subsidies include \$505 million budgeted for Access-A-Ride paratransit subsidies, \$528 million for the MTA Bus Company, \$64 million for the Staten Island Railway, and \$509 million in other subsidies.

In anticipation of the State's Enacted Budget, the May Plan includes the budget impact of increased MTA paratransit funding obligations, adding \$165 million in FY 2026 and out. This follows Governor Hochul's proposal in the State's FY 2026 Executive Budget, making permanent the city's increased share of paratransit expenses (either 80 percent of net expenditures or 50 percent of net expenditures plus \$165 million, whichever is lower). However, the State's Enacted Budget includes an extension of the additional contributions only through FY 2027. This results in an overestimate of MTA paratransit funding in FY 2028 and FY 2029 by \$165 million.

Overall, however, funding for the MTA continues to be underbudgeted in FY 2026 and forward, with total budgeted operating subsidies falling to \$1.39 billion in FY 2026, and \$1.41 billion in FY 2027 through FY 2029. The Comptroller's Office estimates an additional \$290 million will be necessary for these subsidies in FY 2026, with the need growing to \$470 million in FY 2027, before declining slightly to \$359 million by FY 2029.

There are two main drivers for the additional costs. First, the City chronically underbudgets MTA subsidies based on historical amounts. Second, there is an expanding operating deficit at MTA Bus Company, as Federal relief funds expire, which requires additional City contributions to close the gap in the outyears. The lower re-estimates by FY 2029 reflect the difference between the May Plan and Enacted State Budget, lessening the impact in FY 2028 and 2029 by \$165 million, but not fully offsetting the aforementioned MTA Bus and other underbudgeted subsidy costs.

The City also funds the MTA through its Fair Fares program. Fair Fares, administered through the Department of Social Services, provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers. The program is available to over 1,000,000 eligible New Yorkers. The May Plan adds \$20 million of spending authority in FY 2026 only, raising the budget to \$116 million, and maintains the \$96 million annual cost for the program in the outyears. Current enrollment still hovers around 30 percent of the eligible population, as the MTA and DSS coordinated sign up events throughout the boroughs to encourage riders to apply. As of April 30, 2025, \$59 million, or only 50 percent of its \$117 million

FY 2025 budget, had been committed. This Office will continue to monitor both expenses against the budget and the enrollment rate.

Funding to the MTA, and in particular to its capital program, is under significant threat from actions of the Trump Administration. In February, the Trump Administration terminated its approval of the Central Business District Tolling Program (known as congestion pricing) and ordered the MTA to “cease the collection of tolls” by March 21, 2025. In response, the MTA filed a Federal lawsuit and noted that it will not end the Tolling Program unless otherwise ordered by a court. With the March deadline and others established by the U.S. Department of Transportation (USDOT) having since passed, the USDOT indicated that it may “implement compliance actions,” which could entail withholding Congressionally appropriated funds, to force the MTA to end congestion pricing.⁷⁶ However, a Federal judge recently issued a temporary restraining order blocking the Trump Administration from withholding funds through June 9, 2025.⁷⁷ In another case, the Trump Administration threatened to withhold funding unless the MTA could provide a detailed list of the efforts to reduce crime in the city’s subway and bus system.⁷⁸ The MTA’s capital program relies heavily on Federal funding—its 2025-2029 Capital Plan anticipates over \$14 billion in Federal formula, flexible, and competitive grants. If Federal funds are rescinded, the City may be called upon to contribute more than its current \$3 billion contribution to the MTA’s capital plan, which is described in detail in the [Capital Budget and Financing Program](#) section of this report.

Reserves

The City’s budgeted reserves that remain for FY 2025 total \$50 million in the general reserve. Funds in the general reserve and the capital stabilization reserve total \$1.45 billion in FY 2026 and forward. As previously described, the Comptroller’s Office proposes a \$1.0 billion increase to the general reserve in FY 2026 to help protect New York City programs from the potential cuts to Federal aid proposed by the Trump Administration.

In addition, the City has access to about \$1.96 billion in long-term reserves available in the Revenue Stabilization Fund (RSF), its rainy-day fund. As previously described, there are currently no rules governing deposits into or withdrawals out of the RSF. The Comptroller’s Office has [advocated](#) for the adoption of a rainy-day fund policy, including [proposing](#) a formula for annual minimum deposits. The proposal calls for depositing at least 50 percent of the difference between current year growth of City’s non-property tax revenue and its average growth rate in the previous six-years (when positive). Based on the Comptroller’s Office’s no recession tax forecast, a deposit should be made according to the formula in FY 2025—although none has been budgeted. Based on the formula, should the Comptroller’s Office’s revenue assumptions be met,

⁷⁶ [As 3rd Trump NYC congestion pricing deadline passes with MTA tolling intact, feds threaten action](#) 05/21/2025

⁷⁷ Judge Temporarily Blocks Trump Administration From Ending NYC Congestion Pricing - The New York Times 05/28/2025

⁷⁸ [U.S. Threatens to Cut Off M.T.A. Funds Over Subway Safety - The New York Times](#) 03/18/2025

the City should deposit \$1.46 billion into the RSF in FY 2025. Under this Office's recession forecast, the deposit falls to \$1.34 billion.

The Comptroller's Office has also proposed rules for withdrawing funds from the RSF. These include allowing withdrawals if there are two consecutive quarters of decline in payroll employment, or in case of catastrophic events as, for instance, defined in the legislation for the NYS rainy-day fund. Except in case of catastrophic events, annual withdrawals should be limited to 5 percent of tax revenues in the year before the withdrawals. Based on these rules, the City could withdraw a total of \$4.00 billion beginning in FY 2026. If a deposit is made in FY 2025 based on this Office's recession tax revenue scenario, this would result in a total RSF balance of \$3.30 billion that could be drawn down beginning in FY 2026.

The City also has a \$5.04 billion balance in the Retiree Health Benefits Trust (RHBT). However, this is not a true rainy day fund. The RHBT is an off-budget fund created by [City legislation](#) in 2006 for the purpose of funding the health and welfare benefits (other than those paid through the Management Benefits Fund) of retired city employees and their dependents. The City has drawn down the balance of RHBT by contributing into it less than the annual (pay-as-you-go) cost the health benefits.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2025- FY 2029

All-Funds Commitments

The FY 2025 – FY 2029 May Capital Commitment Plan (May FY 2025 CCP) totals \$110.98 billion in all-funds authorized commitments, a \$2.21 billion decrease (2.0 percent) compared to the January FY 2025 CCP over the same fiscal years. City fund authorized commitments make up \$105.81 billion of the total authorized commitments. In each year of the Plan, the City sets a “reserve for unattained commitments,” which assumes that some projects will move more slowly and therefore be pushed outside the Plan’s five-year window. The result is lower “target” commitments. After adjusting for the reserve for unattained commitments, all-funds target commitments total \$100.50 billion, as shown in Table 53, and City-funded commitments decline to \$95.33 billion.

Authorized commitments under the Plan average \$22.20 billion annually over five years, starting with \$23.28 billion (21.0 percent of the Plan) in FY 2025 and peaking at \$27.06 billion in FY 2026. Commitments then decline to \$19.61 billion in FY 2027, \$21.25 billion in FY 2028, and \$19.79 billion in FY 2029.

Table 52. FY 2025-FY 2029 Authorized Capital Commitments, All Funds

(\$ in millions)						FY 2025 – FY 2029 Total
Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
January FY 2025 CCP	\$24,674	\$24,803	\$20,076	\$22,124	\$21,510	\$113,186
City	23,285	23,508	19,529	21,556	21,241	109,118
Non-City	1,390	1,295	547	568	269	4,068
May FY 2025 CCP	\$23,275	\$27,056	\$19,611	\$21,247	\$19,789	\$110,977
City	21,938	24,663	19,107	20,836	19,268	105,812
Non-City	1,337	2,393	504	410	521	5,164
Difference	(\$1,400)	\$2,253	(\$465)	(\$877)	(\$1,721)	(\$2,210)
City	(1,347)	1,155	(422)	(719)	(1,973)	(3,306)

(\$ in millions)						
Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025 – FY 2029 Total
Non-City	(53)	1,098	(43)	(157)	251	1,096

Source: Mayor’s Office of Management and Budget, January FY 2025 CCP and May FY 2025 CCP

Note: Numbers may not add due to rounding.

Like the previous capital commitment plan, around 80 percent of the May FY 2025 CCP is in five program areas: Education/CUNY, Housing and Economic Development, Environmental Protection, Administration of Justice, and Transportation projects. (See Table 53 for more details.)

The net \$2.21 billion decrease since the January FY 2025 CCP is largely driven by capital project timelines being shifted outside the five-year plan.

DOT and Mass Transit-related projects account for the largest share of the decrease, with a net reduction of \$1.67 billion in planned commitments (75.4 percent of the total net decrease). This is driven by planned commitments shifting out a few years for several large bridge repair and replacement projects, and roadway safety projects. These include: \$582 million for repairs to the lower roadway on the Queensboro Bridge, \$200 million for reconstruction of the failing Grand Street Bridge, \$180 million for replacement of the Shore Road Bridge, \$106 million to reconstruct and improve safety along Lower Grand Concourse, and \$67 million to improve cycling infrastructure on Willis Avenue. There is no change in the total funding for these projects over a 10-year period.

Other City Operations-related projects account for 35.3 percent of the decrease, or a net decrease of \$780 million. Like DOT and Mass Transit, the decrease stems from the City shifting planned capital commitments outside of the plan period.

The modest \$208 million increase in Environmental Protection over the five-year plan period belies the significant project-level changes that occur over the same period. A total of \$1.74 billion in planned commitments for the Newtown Creek CSO Storage Tunnel is shifted outside the plan period and spread across FY 2030, FY 2031, and FY 2032. Similarly, \$223 million is shifted outside the plan period for sewers and water mains near JFK in Queens, and \$133 million for sewers and water mains in Southeast Queens, among others. As above, there is no change in the total funding for these projects over a 10-year period. These shifts are more than offset by increases to a wide number of projects over the five-year plan period.

The Housing and Economic Development category had the largest increase, of \$737 million, over the plan period. Some of this increase is explained by the City shifting funds that were once outside the five-year plan window into it – resulting in no net increase over a longer 10-year period. In particular, a \$305 million increase in planned commitments for Section 8 conversions during the plan period represents already planned commitments shifting to an earlier timeline. That said, there were some notable and genuine increases in capital commitments over the plan period. The Hunts Point Produce Market is set to receive \$469 million in additional capital

commitments, \$340 million of this increase is to come from the Federal government through a combination of grants and Federal infrastructure financing/loans.

Like the January FY 2025 CCP, the May FY 2025 CCP does not include City capital commitments for the MTA 2025 – 2029 capital plan. The SFY 2026 New York State Budget, which was not enacted until after the release of the May Plan, calls for the City to contribute \$3 billion to the \$68.4 billion MTA 2025 – 2029 capital plan. This is identical to what was included in the Governor’s SFY 2026 Executive Budget. The State budget fully funds the MTA 2025-2029 capital plan with an increase to the payroll mobility tax (PMT) and a call for the MTA to achieve an additional \$3 billion in savings.

Table 53. FY 2025 – FY 2029 Planned Capital Commitments, All-Funds

(\$ in millions) Project Category	FY 2025 – FY 2029 May CCP	Percent of CCP Total	Change from Adopted
DOT & Mass Transit	\$12,191	11.0%	(\$1,666)
Other City Operations	8,229	7.4	(780)
Resiliency & Energy Efficiency, Technology, and Equipment	6,180	5.6	(395)
Parks	4,527	4.1	(443)
Admin. Of Justice	15,248	13.7	(216)
Education/CUNY	21,274	19.2	121
Environmental Protection	20,247	18.2	208
Hospitals	2,831	2.6	225
Housing & Economic Development	20,249	18.2	737
Total Authorized Commitments	\$110,977	N/A	(\$2,210)
Reserve for Unattained Commitments	\$10,477	N/A	(\$1,993)
Total, Net of Reserve for Unattained Commitments	\$100,500	N/A	(\$2,537)

Source: Mayor’s Office of Management and Budget, May FY 2025 CCP

Note: Numbers may not add due to rounding.

Federal funding accounts for 3.3 percent of the May FY 2025 CCP, up slightly from 2.4 percent in the January FY 2025 CCP. Over half, or 52.0 percent, of planned Federal funding is for Hurricane Sandy-related resiliency projects. Hospital projects are set to receive by far the largest share of Sandy-related funding (36.8 percent), resulting in this category also receiving the largest share of its funding from Federal funds (24.5 percent).

The Federal funding picture changes substantially when Sandy projects are excluded. DOT & Mass Transit projects receive the most non-Sandy Federal funding (41.3 percent) followed by Housing and Economic Development projects (38.7 percent). Hospital projects fall to 0.1 percent.

Although NYCHA is a Federal public housing agency and sits outside of the City’s budget, the City has contributed an increasing share of its capital budget towards NYCHA in recent years—with actual commitments increased from \$103 million in FY 2021, to \$1.30 billion in FY 2024 (this is inclusive of NYCHA commitments reflected in HPD’s capital program). Deep HUD cuts proposed by the Trump Administration that would consolidate Federal housing programs, including Section 8 and public housing funding, would harm NYCHA’s ability to fund its already inadequate capital program and the City may be pushed to contribute more if these cuts are enacted.

Ten-Year Capital Strategy

The City is required by Sections 215 and 234 of the City Charter to issue a Ten-Year Capital Strategy (TYCS) every odd calendar year. The TYCS for FY 2026 – FY 2035 (May FY 2026 TYCS) totals \$173.41 billion. A total of \$168.96 billion comes from City funds and \$4.45 billion from non-City funds. This is an increase of \$3.45 billion, or 2.0 percent, from the Preliminary Ten-Year Capital Strategy (PTYCS) published in January 2025, as shown in Table 54. The TYCS increased by \$2.73 billion, or 1.6 percent, in City funds and increased by \$722 million, or 19.4 percent, in non-City funds. The TYCS is supported almost exclusively by City General Obligation (GO), Transitional Finance Authority (TFA), and New York Water Finance Authority financing, accounting for 97.4 percent of the total, as shown in Table 55.

Changes to the TYCS

Like the January FY 2026 PTYCS, the May FY 2026 TYCS is frontloaded with 50.6 percent of estimated commitments planned within the first four years. The largest categories, which align with the categories used in the CCP analysis above, are Environmental Protection, DOT & Mass Transit, Housing & Economic Development, and Education/CUNY.

The categories that increased the most since the January FY 2026 PTYCS are Housing & Economic Development by \$855 million and Other City Operations by \$725 million. The Housing & Economic Development increase is driven by increases to EDC-led redevelopment projects. The largest of these are the additional \$500 million in planned commitments to redevelop the Hunts Point Produce to accommodate sea level rise and changes to mobility patterns and \$350 million to redesign 5th Ave in Manhattan to provide more space for pedestrians. The increase to Other City Operations is due to small changes across a significant number of projects. There are no notable decreases in planned commitments across the TYCS period as all decreases are relatively minor in magnitude.

Table 54. January 2025 Preliminary Ten-Year Capital Strategy vs. May 2025 Ten-Year Capital Strategy

(\$ in millions)	January 2025 Capital Strategy City Funds	January 2025 Capital Strategy All Funds	May 2025 Capital Strategy City Funds	May 2025 Capital Strategy All Funds	Change in City Funds	Change in All Funds
Housing & Economic Development	\$29,868	\$30,413	\$30,207	\$31,267	\$339	\$855
Other City Operations	11,948	12,114	12,599	12,839	651	725
Resiliency & Energy Efficiency, Technology, and Equipment	7,581	7,596	8,039	8,054	458	458
Parks	9,410	10,013	9,766	10,383	356	370
DOT & Mass Transit	30,821	32,075	31,045	32,434	223	359
Hospitals	2,998	3,647	3,307	3,958	309	311
Education/CUNY	24,901	24,901	25,157	25,157	256	256
Admin. Of Justice	15,896	15,921	16,032	16,060	136	140
Environmental Protection	32,804	33,275	32,806	33,252	1	(22)
Total	\$166,228	\$169,954	\$168,957	\$173,405	\$2,729	\$3,451

Source: January 2025 Preliminary Ten-Year Capital Strategy and May 2025 Ten-Year Capital Strategy

Service and Lifecycle View of the TYCS

Projects included in the TYCS are classified into one of 11 service categories that group similar programmatic projects together, and one of three “lifecycle” categories, as shown in Table 55. The lifecycle categories are state of good repair (SOGR), which involves maintaining and repairing facilities and infrastructure; program expansion, which involves adding new or expanding current facilities and infrastructure; and programmatic replacement, which involves replacing facilities or equipment.

The largest five of 11 service categories are Road and Bridge Works (\$29.77 billion), Educational Facilities (\$25.09 billion), Housing (\$24.70 billion), Public Buildings and Facilities (\$24.31 billion),

and Stormwater and Wastewater Management (\$22.88 billion), which account for 73.1 percent of total planned commitments.

While no service category increased substantially since the January FY 2026 PTYCS, Community Facilities and Economic Development did the most by \$748 million and \$666 million, respectively. The increase to Community Facilities is driven by improvements and reconstruction to various City-owned facilities. The change to economic development is detailed in the section above.

As for lifecycle categories, overall 50.1 percent fall of projects funded in the TYCS are state of good repair projects, 25.8 percent are program expansion, and 24.1 percent are programmatic replacement.

Table 55. FY 2026 – FY 2035 Ten-Year Capital Strategy Major Capital Commitments by Service Category and Life-Cycle Classifications

(\$ in millions) Service Category	State of Good Repair	Program Expansion	Programmatic Replacement	Total	Percent of Total
Road and Bridge Works	\$29,766	\$ -	\$ -	\$29,766	17.2%
Educational Facilities	15,756	9,334	-	25,090	14.5%
Housing	12,000	12,695	-	24,695	14.2%
Public Buildings and Facilities	9,480	510	14,317	24,307	14.0%
Stormwater and Wastewater Management	1,198	8,582	13,099	22,880	13.2%
Equipment & Technology	1,635	-	10,243	11,878	6.8%
Parks and Open Spaces	9,302	891	-	10,192	5.9%
Water Supply and Treatment	104	6,185	2,894	9,183	5.3%
Community Facilities	7,602	32	138	7,772	4.5%
Economic Development	-	6,572	-	6,572	3.8%
Mass Transit	-	-	1,069	1,069	0.6%
Total	\$86,843	\$44,801	\$41,760	\$173,405	100%

(\$ in millions) Service Category	State of Good Repair	Program Expansion	Programmatic Replacement	Total	Percent of Total
Percent of Total	50.1%	25.8%	24.1%	100.0%	

Source: May 2025 Ten-Year Capital Strategy

TYCS by Funding Source

The vast majority, or 97.4 percent, of total funding is planned to come from the City—the remaining 2.6 percent is planned to be funded by State (0.6 percent), Federal (1.9 percent), and private (0.1 percent) sources.

Environmental Protection projects are funded almost entirely by the Water Authority, which issues its own bonds supported by the fees it collects from customers. Outside of that category, all are funded almost exclusively with General Obligation (GO) and Transitional Finance Authority (TFA) bonds, with debt service paid by City tax revenue.

Table 56. Funding of the FY 2026 – FY 2035 Ten-Year Capital Strategy, May 2025

(\$ in millions) Agency/Project Type	Tax-Supported	Water Authority Funded	Non-City Funded	Total Funded
Environmental Protection	\$ -	\$32,806	\$447	\$33,252
DOT & Mass Transit	31,045	-	1,389	32,434
Housing & Economic Development	30,207	-	1,061	31,267
Education/CUNY	25,157	-	0	25,157
Admin. Of Justice	16,032	-	28	16,060
Other City Operations	12,599	-	240	12,839
Parks	9,766	-	617	10,383
Resiliency & Energy Efficiency, Technology, and Equipment	8,039	-	14	8,054

(\$ in millions) Agency/Project Type	Tax-Supported	Water Authority Funded	Non-City Funded	Total Funded
Hospitals	3,307	-	651	3,958
Total	\$136,151	\$32,806	\$4,448	\$173,405
Percent of Total Funding	78.5%	18.9%	2.6%	100.0%

Source: May 2025 Ten-Year Capital Strategy

Note: Numbers may not add due to rounding.

Financing Program

Total projected borrowing in the May Plan for FY 2025 – FY 2029 is \$84.80 billion. This is \$1.51 billion more than was projected over the same period in the January Plan. This is the result of a \$1.26 billion increase in General Obligation (GO) borrowing and a \$256 million increase in Transitional Finance Authority Future Tax Secured (TFA FTS) borrowing, offset by a small \$2 million decrease in New York City Municipal Water Authority (NYW) issuance. Debt service on NYW is paid for through water and sewer service charges set by the NYC Water Board.

The net increase in borrowing arises from higher than forecasted capital liquidations during the plan period. A capital commitment occurs when a contract is registered with the Comptroller’s Office; spending pursuant to the capital contract occurs over time in the form of capital liquidations. Therefore, capital liquidations lag capital commitments. This explains why, between the January Plan for FY 2025-2029 and the May Plan for FY 2025 – 2029, planned capital liquidations increase while planned capital commitments decrease. In particular, the outsize 2025 debt issuance resulted from additional financing to cover capital liquidations from the prior year.

As shown in Table 57, new issuance is projected to total \$17.73 billion in FY 2025, and then to fall to \$15.20 billion in FY 2026 before increasing to a high of \$17.97 billion in FY 2029. GO and TFA FTS account for 43 percent and 42 percent of total borrowing over the five-year period, respectively, with NYW accounting for the remaining 15 percent.

**Table 57. Estimated Borrowing and Funding Sources, May 2025
Financial Plan Financing Program**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total	Change from January FY 2025 (FY2025-FY2029)	Source as Share of Total
General Obligation Bonds	\$7,650	\$7,200	\$7,000	\$7,316	\$7,500	\$36,666	\$1,256	43%
TFA FTS Bonds	7,850	6,000	7,000	7,316	7,500	35,666	256	42
NYC Water Finance Authority	2,229	2,000	2,577	2,692	2,967	12,465	(2)	15
Total	\$17,729	\$15,200	\$16,577	\$17,324	\$17,967	\$84,797	\$1,510	100%
Change from the January FY 2025 Plan	2,202	167	(56)	(226)	(577)	1,510		

Source: Mayor's Office of Management and Budget, January FY 2025 Plan, May FY 2025 Plan

Debt Service

Debt service, net of prepayments, in the May Plan totals \$7.65 billion in FY 2025, \$8.74 billion in FY 2026, \$9.58 billion in FY 2027, \$10.54 billion in FY 2028, and \$11.42 billion in FY 2029.⁷⁹ Total estimated debt service decreased by \$212 million and the City-funded portion decreased by \$151 million relative to the January Plan over the plan period.

The change in total debt service consists of a \$65.1 million increase in net all-funds GO debt service costs (\$64.9 million increase in the City-funded portion), \$254 million net decrease in TFA FTS debt service (\$192 million in City savings), and a \$23 million decrease in lease debt costs (all City savings). Changes in the City-funded portion of the GO debt service budget reflect the greater

⁷⁹Includes GO, lease purchase debt, and TFA-FTS bonds. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid with Federal tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).⁸⁰ The SFY 2026 Executive State Budget included estimates of \$100 million in capital planned for FY 2025 and \$400 million for FY 2026. To estimate debt service and debt capacity impacts, this Offices distributes the remaining \$2.5 billion evenly across FY 2027 through FY 2029.

GO bond issuance to support increases in capital spending. These costs are offset by GO refundings, lower refunding support costs, and a lower-than-forecasted interest rate for variable rate bonds in FY 2025. Savings to City-funded TFA FTS debt service costs arise from a decrease in the estimated retention amount.

As previously mentioned, the May Plan does not include the \$3 billion contribution to the MTA capital plan that was part of the State Budget. When the \$3 billion MTA contribution is included and distributed across FY 2025 through FY 2029,⁸⁰ the Comptroller’s Office estimates debt service will increase slightly during the plan, with most of the impact in future years. Over the plan period this Office estimates debt service will increase by approximately \$2 million in FY 2026, \$11 million in FY 2027, \$30 million in FY 2028, and \$61 million in FY 2029.

Table 58. May 2025 Financial Plan Debt Service Estimates

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	May Plan Total	Change from January 2025	Annual Growth Rate
GO	\$4,332	\$4,640	\$4,945	\$5,424	\$5,865	\$25,206	\$65	7.9%
TFA FTS	3,231	3,990	4,530	5,016	5,442	22,209	(254)	13.9%
Lease-Purchase	91	111	108	103	112	525	(23)	5.5%
Total	\$7,654	\$8,741	\$9,583	\$10,543	\$11,419	\$47,941	(\$212)	10.5%
Change from January FY 2025	(206)	(75)	14	33	22	(212)		

Source: Mayor’s Office of Management and Budget, FY 2025 January Plan, FY 2025 May Plan; TSASC Fiscal Year 2025 Budget and Five-Year Plan (Cash Basis)

Note: Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid through federal tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City’s Miscellaneous budget (098).

Debt Affordability

As the City’s debt service costs increase so does its burden on the City’s expense budget. One key measure to assess debt affordability is debt service as a share of tax revenues. According to the City’s [Debt Management Policy](#), as well as a widely accepted benchmark often cited by the rating agencies, the City’s debt service costs should not exceed 15 percent of tax revenues.

In FY 2024, debt service was 9.9 percent of tax revenues. Below the Comptroller’s Office outlines debt affordability forecasts under two scenarios. The first shows the Comptroller’s estimates of debt affordability under the no recession scenario, while the second shows debt affordability

⁸⁰ The SFY 2026 Executive State Budget included estimates of \$100 million in capital planned for FY 2025 and \$400 million for FY 2026. To estimate debt service and debt capacity impacts, this Office distributes the remaining \$2.5 billion evenly across FY 2027 through FY 2029.

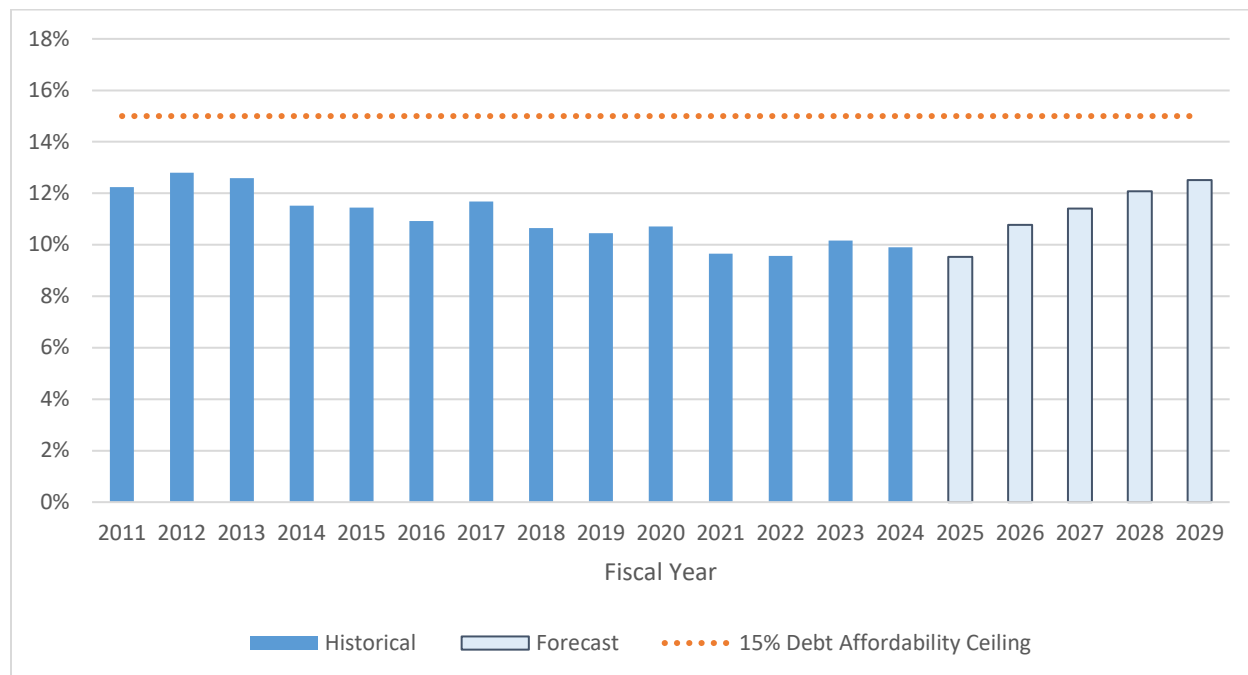
under the impact of a mild recession due to the Trump Administration's policies (as explained in greater detail in Revenue Analysis section of this report). These estimates are then updated to include the City's \$3 billion contribution to the MTA that was included in the State's SFY 2026 Budget but not in the May FY 2025 CCP.

Under the no recession scenario, due to forecasted tax revenues rising faster than debt service, (at 8.3 and 4.2 percent respectively), debt service as a percent of tax revenues is expected to decrease to 9.5 percent in FY 2025. It is anticipated that this decrease will be short-lived, as debt service is expected to rise 30.6 percent compared to a 12.6 percent rise in revenues from FY 2026 through FY 2029. In FY 2029, debt service is forecasted to reach 12.5 percent, still comfortably below the 15 percent debt affordability threshold.

Under the Comptroller Office's mild recession scenario tax revenues are lower in FY 2025 through FY 2028. This results in debt service as a share of tax revenue rising only slightly, by an average of 0.1 percentage points over the five year plan period. By FY 2029, tax revenue is forecasted close to the no recession scenario. As a result, debt affordability in FY 2029 is identical under both scenarios.

When the \$3 billion MTA contribution is included average debt service as a share of tax revenues across the plan period increases by a very small 0.2 percentage points under both the no recession and recession scenarios.

Chart 22. NYC Debt Service as a Share of Tax Revenues, No Recession Tax Forecast



Source: Office of the New York City Comptroller, Annual Comprehensive Financial Reports, Fiscal Years 2010 — 2024, and Mayor’s Office of Management and Budget, FY 2025 January Plan

Notes: Fiscal Years 2010 - 2024 are actuals. Fiscal Years 2025 - 2029 are based on the Comptroller’s Office’s forecasts of tax revenue as of the FY 2025 May Financial Plan. Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid through federal tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City’s Miscellaneous budget (098).

Remaining Debt-Incurring Power

The City ended FY 2024 with a remaining debt-incurring power under the Constitutional limit of \$25.54 billion. The remaining debt-incurring power rose to \$41.0 billion at the beginning of FY 2025. This was in part due to the first tranche of the \$14 billion increase in TFA’s outstanding debt not subject to the City’s debt limit included in the New York State Enacted 2024-2025 budget. The Comptroller’s Office published an [analysis](#) in March 2024 that found the increase in the City’s debt-incurring power was reasonably sized, would enable the City to meet the additional capital needs, and would keep debt service below the City’s 15 percent policy threshold.

Table 59 below provides an update to the Comptroller’s estimate of the City’s Remaining Debt-Incurring Power. The estimate incorporates the debt issuance, amortization, and debt service assumptions from the May Plan, which reflects planned capital spending from the May CCP. It also includes the \$3 billion increase to TFA outstanding debt not subject to the debt limit, which will take effect on July 1, 2025, to accommodate the City’s planned \$3 billion contribution to the

MTA.⁸¹ Since this MTA contribution is not included in the City’s May FY 2025 CCP, however, the Comptroller’s base projections do not include this amount. The updated base projections show that the remaining debt-incurring power is expected to hit a low point of \$8.33 billion in Fiscal Year 2032, before increasing in subsequent years to \$12.26 billion at the end of FY 2035.

When the \$3 billion in increased commitments towards the MTA are incorporated, and subsequent borrowing is taken into account, the Comptroller’s Office estimates the City’s remaining debt incurring power will decrease slightly in FY 2025 to \$26.86 billion and reach a low of \$5.41 billion in FY 2031. The City’s estimated debt incurring power is then set to increase in subsequent years, hitting \$9.47 billion in FY 2035.

Table 59. Estimate of Remaining Debt-Incurring Power

(\$ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt-Incurring Power
Fiscal Year	(a)	(b)	(c)	(d) = (b) + (c)	(a) - (d)
2025	\$136.8	\$81.1	\$28.7	\$109.8	\$27.0
2026	140.6	81.0	31.7	112.7	27.9
2027	147.0	90.5	33.7	124.2	22.8
2028	153.0	100.2	36.0	136.2	16.8
2029	160.2	109.9	36.6	146.5	13.7
2030	167.3	119.7	37.0	156.7	10.6
2031	172.8	128.5	36.0	164.5	8.4
2032	178.5	135.2	35.0	170.2	8.3
2033	184.2	140.2	35.4	175.6	8.6
2034	190.1	142.8	37.2	180.0	10.1
2035	196.2	144.0	39.9	183.9	12.3

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

⁸¹ <https://nyassembly.gov/2025budget/bills2025/enacted/A3005C.pdf>

V. Appendix

Table A1. May 2025 Financial Plan Revenue Detail

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Taxes:								
Real Property	\$34,541	\$35,465	\$36,688	\$37,765	\$38,877	\$4,336	12.6%	3.0%
Personal Income Tax and Pass-Through Entity Tax	18,229	17,684	18,280	19,179	19,983	\$1,754	9.6%	2.3%
General Corporation Tax	7,311	7,466	6,946	6,963	7,155	(156)	(2.1%)	(0.5%)
Unincorporated Business Tax	3,333	3,270	3,328	3,388	3,462	129	3.9%	1.0%
Sales and Use Tax	10,288	10,690	11,041	11,484	11,911	1,623	15.8%	3.7%
Real Property Transfer Tax	1,300	1,334	1,392	1,453	1,516	216	16.6%	3.9%
Mortgage Recording Tax	770	812	861	914	961	191	24.8%	5.7%
Commercial Rent	931	951	966	979	992	61	6.6%	1.6%
Utility	445	457	526	499	531	86	19.3%	4.5%
Hotel	755	783	811	838	866	111	14.7%	3.5%
Cigarette	13	12	12	12	12	(1)	(7.7%)	(2.0%)
All Other	1,283	1,254	1,229	1,254	1,280	(3)	(0.2%)	(0.1%)
Cannabis Tax	19	27	31	34	37	18	94.7%	18.1%
Tax Audit Revenue	824	809	779	779	779	(45)	(5.5%)	(1.4%)
Total Taxes	\$80,042	\$81,014	\$82,890	\$85,541	\$88,362	\$8,320	10.4%	2.5%
Miscellaneous Revenue:								
Licenses, Franchises, etc.	\$724	\$728	\$708	\$710	\$712	(\$12)	(1.7%)	(0.4%)
Interest Income	566	350	281	270	272	(294)	(51.9%)	(16.7%)
Charges for Services	1,033	1,038	1,038	1,039	1,038	5	0.5%	0.1%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Water and Sewer Charges	2,214	2,322	2,275	2,326	2,358	144	6.5%	1.6%
Rental Income	278	260	260	260	260	(18)	(6.5%)	(1.7%)
Fines and Forfeitures	1,391	1,236	1,235	1,226	1,228	(163)	(11.7%)	(3.1%)
Miscellaneous	367	292	289	298	297	(70)	(19.1%)	(5.2%)
Intra-City Revenue	2,186	1,884	1,856	1,847	1,847	(339)	(15.5%)	(4.1%)
Total Miscellaneous Revenue	\$8,759	\$8,110	\$7,942	\$7,976	\$8,012	(\$747)	(8.5%)	(2.2%)
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	\$22	\$0	\$0	\$0	\$0	(\$22)	(100.0%)	(100.0%)
Total Unrestricted Intergovernmental Aid	\$22	\$0	\$0	\$0	\$0	(\$22)	(100.0%)	(100.0%)
Reserve for Disallowance of Categorical Grants	\$4	(\$15)	(\$15)	(\$15)	(\$15)	(\$19)	(475.0%)	(475.0%)
Less: Intra-City Revenue	(\$2,186)	(\$1,884)	(\$1,856)	(\$1,847)	(\$1,847)	\$339	(15.5%)	(4.1%)
TOTAL CITY-FUNDS	\$86,641	\$87,225	\$88,961	\$91,655	\$94,512	\$7,871	9.1%	2.2%
Other Categorical Grants	\$1,113	\$1,125	\$1,120	\$1,116	\$1,114	\$1	0.1%	0.0%
Inter-Fund Agreements	\$792	\$797	\$795	\$796	\$799	\$7	0.9%	0.2%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Federal Categorical Grants:								
Community Development	\$427	\$300	\$247	\$242	\$242	(\$185)	(43.3%)	(13.2%)
Social Services	4,309	3,556	3,546	3,656	3,752	(557)	(12.9%)	(3.4%)
Education	2,183	1,965	1,965	1,965	1,965	(218)	(10.0%)	(2.6%)
Other	3,598	1,622	1,472	1,415	1,379	(2,219)	(61.7%)	(21.3%)
Total Federal Grants	\$10,517	\$7,443	\$7,230	\$7,278	\$7,338	(\$3,179)	(30.2%)	(8.6%)
State Categorical Grants:								
Social Services	\$3,442	\$1,964	\$1,954	\$2,040	\$2,123	(\$1,319)	(38.3%)	(11.4%)
Education	13,725	13,814	13,814	13,814	13,814	89	0.7%	0.2%
Higher Education	280	280	280	280	280	0	0.0%	0.0%
Department of Health and Mental Hygiene	795	652	652	652	652	(143)	(18.0%)	(4.8%)
Other	2,486	1,765	1,779	1,839	1,907	(579)	(23.3%)	(6.4%)
Total State Grants	\$20,728	\$18,475	\$18,480	\$18,625	\$18,776	(\$1,952)	(9.4%)	(2.4%)
TOTAL REVENUES	\$119,791	\$115,065	\$116,586	\$119,470	\$122,539	\$2,748	2.3%	0.6%

Note: Numbers may not add due to rounding.

Table A2. May 2025 Financial Plan Expenditure Detail

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Mayoralty	\$174	\$186	\$176	\$176	\$174	(\$1)	(0.3%)	(0.1%)
Board of Elections	286	147	147	147	147	(139)	(48.6%)	(15.3%)
Campaign Finance Board	154	109	13	13	13	(141)	(91.3%)	(45.6%)
Office of the Actuary	7	8	8	8	8	0	1.7%	0.4%
President, Borough of Manhattan	6	6	6	6	6	(1)	(11.7%)	(3.1%)
President, Borough of Bronx	7	7	6	6	6	(1)	(12.6%)	(3.3%)
President, Borough of Brooklyn	8	8	7	7	7	(1)	(17.0%)	(4.5%)
President, Borough of Queens	7	7	6	6	6	(1)	(18.3%)	(4.9%)
President, Borough of Staten Island	6	5	5	5	5	(1)	(11.1%)	(2.9%)
Office of the Comptroller	126	127	128	128	128	2	1.9%	0.5%
Dept. of Emergency Management	134	109	42	38	38	(96)	(71.4%)	(26.9%)
Office of Administrative Tax Appeals	6	6	6	6	6	0	2.6%	0.7%
Law Dept.	334	255	255	255	255	(79)	(23.6%)	(6.5%)
Dept. of City Planning	58	53	50	49	47	(11)	(19.3%)	(5.2%)
Dept. of Investigation	58	50	48	45	45	(13)	(22.4%)	(6.1%)

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
NY Public Library - Research	35	36	35	35	35	(0)	(1.0%)	(0.2%)
New York Public Library	179	181	176	176	176	(3)	(1.7%)	(0.4%)
Brooklyn Public Library	136	138	134	134	134	(2)	(1.4%)	(0.4%)
Queens Borough Public Library	140	142	138	138	138	(3)	(1.9%)	(0.5%)
Dept. of Education	34,074	34,351	35,098	35,836	36,236	2,162	6.3%	1.6%
City University	1,289	1,442	1,445	1,472	1,480	191	14.8%	3.5%
Civilian Complaint Review Board	28	29	29	29	29	1	3.8%	0.9%
Police Dept.	6,534	5,862	6,013	6,008	6,008	(526)	(8.1%)	(2.1%)
Fire Dept.	2,897	2,620	2,592	2,575	2,568	(329)	(11.4%)	(3.0%)
Dept. of Veterans' Services	6	6	5	5	5	(0)	(7.7%)	(2.0%)
Admin. for Children Services	3,710	2,904	2,858	2,856	2,856	(854)	(23.0%)	(6.3%)
Dept. of Social Services	13,411	11,735	11,967	12,579	13,138	(272)	(2.0%)	(0.5%)
Dept. of Homeless Services	4,399	3,440	3,685	2,988	2,987	(1,412)	(32.1%)	(9.2%)
Dept. of Correction	1,337	1,212	1,260	1,381	1,381	44	3.3%	0.8%
Board of Correction	4	4	4	4	4	0	3.1%	0.8%
Citywide Pension Contributions	9,922	10,357	10,957	11,724	11,355	1,432	14.4%	3.4%
Miscellaneous	13,679	14,567	15,409	16,768	18,116	4,437	32.4%	7.3%
Debt Service	4,423	4,751	5,053	5,527	5,977	1,555	35.2%	7.8%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
T.F.A. Debt Service	3,231	3,990	4,530	5,016	5,442	2,210	68.4%	13.9%
FY 2024 BSA	(4,397)	0	0	0	0	4,397	(100.0%)	(100.0%)
FY 2025 BSA	2,950	(2,950)	0	0	0	(2,950)	(100.0%)	(100.0%)
Public Advocate	6	6	6	6	6	(0)	(6.2%)	(1.6%)
City Council	108	115	96	96	96	(13)	(11.8%)	(3.1%)
City Clerk	8	6	6	6	6	(2)	(26.8%)	(7.5%)
Dept. for the Aging	569	554	534	533	533	(36)	(6.4%)	(1.6%)
Dept. of Cultural Affairs	255	215	215	215	215	(40)	(15.7%)	(4.2%)
Financial Info. Serv. Agency	122	123	123	123	123	1	0.8%	0.2%
Office of Criminal Justice	981	845	838	835	835	(146)	(14.9%)	(4.0%)
Office of Payroll Admin.	18	18	18	18	18	(0)	(2.5%)	(0.6%)
Independent Budget Office	8	8	8	8	8	(0)	(3.5%)	(0.9%)
Equal Employment Practices Comm.	2	2	2	2	2	0	2.4%	0.6%
Civil Service Commission	1	1	1	1	1	0	2.5%	0.6%
Landmarks Preservation Comm.	9	8	8	8	8	(1)	(7.6%)	(2.0%)
Taxi & Limousine Commission	61	58	58	58	58	(3)	(4.5%)	(1.1%)
Office of Racial Equity	6	9	6	6	6	(0)	(1.4%)	(0.3%)
Commission on Racial Equity	2	5	5	3	3	0	21.0%	4.9%
Commission on Human Rights	15	15	14	14	14	(0)	(2.5%)	(0.6%)

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Youth & Community Development	1,406	1,302	1,556	1,598	1,597	192	13.6%	3.2%
Conflicts of Interest Board	3	3	3	3	3	0	0.1%	0.0%
Office of Collective Bargaining	3	3	3	3	3	0	2.6%	0.6%
Community Boards (All)	22	22	22	22	22	(1)	(2.3%)	(0.6%)
Dept. of Probation	112	109	109	110	110	(2)	(1.7%)	(0.4%)
Dept. Small Business Services	327	225	166	167	167	(160)	(49.0%)	(15.5%)
Housing Preservation & Development	2,133	1,555	1,425	1,444	1,467	(666)	(31.2%)	(8.9%)
Dept. of Buildings	200	227	208	205	205	5	2.7%	0.7%
Dept. of Health & Mental Hygiene	2,833	2,306	2,196	2,190	2,190	(643)	(22.7%)	(6.2%)
Health + Hospitals	3,272	1,616	1,590	1,639	1,640	(1,632)	(49.9%)	(15.9%)
Office of Administrative Trials & Hearings	75	81	79	79	79	4	4.8%	1.2%
Dept. of Environmental Protection	1,738	1,740	1,674	1,673	1,671	(67)	(3.8%)	(1.0%)
Dept. of Sanitation	2,018	1,964	2,029	2,048	2,053	35	1.7%	0.4%
Business Integrity Commission	9	9	9	9	9	(0)	(1.0%)	(0.3%)
Dept. of Finance	356	360	361	362	364	8	2.4%	0.6%
Dept. of Transportation	1,534	1,497	1,471	1,458	1,460	(74)	(4.8%)	(1.2%)

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Dept. of Parks and Recreation	660	667	652	652	652	(8)	(1.2%)	(0.3%)
Dept. of Design & Construction	175	164	163	163	163	(11)	(6.5%)	(1.7%)
Dept. of Citywide Admin. Services	996	715	611	609	609	(387)	(38.9%)	(11.6%)
D.O.I.T.T.	773	708	536	536	536	(237)	(30.6%)	(8.7%)
Dept. of Record & Info. Services	15	15	15	15	15	0	0.2%	0.0%
Dept. of Consumer & Worker Protection	64	71	70	74	74	10	15.4%	3.6%
District Attorney - N.Y.	214	176	177	177	177	(37)	(17.3%)	(4.6%)
District Attorney - Bronx	144	124	124	124	124	(20)	(13.9%)	(3.7%)
District Attorney - Kings	175	152	152	152	152	(23)	(13.4%)	(3.5%)
District Attorney - Queens	128	106	106	106	106	(22)	(17.0%)	(4.6%)
District Attorney - Richmond	31	26	26	26	26	(5)	(16.3%)	(4.4%)
Office of Prosec. & Spec. Narc.	32	32	32	32	32	(0)	(0.7%)	(0.2%)
Public Administrator - N.Y.	1	1	1	1	1	0	2.0%	0.5%
Public Administrator - Bronx	1	1	1	1	1	0	2.1%	0.5%
Public Administrator - Brooklyn	1	1	1	1	1	0	2.1%	0.5%
Public Administrator - Queens	1	1	1	1	1	0	2.3%	0.6%

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029		Annual Percent Change
						Dollars	Percent	
Public Administrator - Richmond	1	1	1	1	1	(0)	(2.2%)	(0.6%)
Prior Payable Adjustment	(816)	0	0	0	0	816	(100.0%)	(100.0%)
General Reserve	50	1,200	1,200	1,200	1,200	1,150	2300.0%	121.3%
Citywide Savings Initiatives	(424)	0	0	0	0	424	(100.0%)	(100.0%)
Energy Adjustment	0	0	113	104	78	78	N/A	N/A
Lease Adjustment	0	0	53	108	165	165	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURE	\$119,791	\$115,065	\$121,216	\$125,280	\$128,206	\$8,415	7.0%	1.7%

Note: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-City expenditures.

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