



NEW YORK CITY COMPTROLLER  
**BRAD LANDER**

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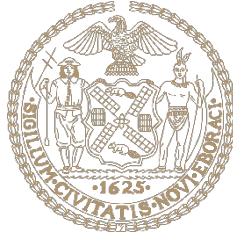
# Comments on New York City's Fiscal Year 2026 Adopted Budget

BUREAU OF BUDGET

**August 13, 2025**







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# I. Executive Summary

Just days after the City's FY 2026 budget was adopted, President Trump signed into law the Federal budget reconciliation bill, legislation that will have significant adverse consequences for the New York City economy, the State and City budgets, as well as for health care, food assistance and other benefits provided to New Yorkers. Less than one month later, the Federal government sued New York City over its sanctuary city laws—threatening to undermine the principles that undergird this immigrant city. And just over two months after budget adoption, after many fits and starts, the Trump Administration implemented sweeping tariffs on dozens of U.S. trade partners.

Yet, the Adopted Budget and June Financial Plan fail to prepare the City for these and other actions from Washington. They add nothing to the City's rainy day fund or its general reserve, two actions repeatedly called for by this Office and others that could help mitigate a possible recession or drastic Federal funding cuts.

Overall, the \$115.91 billion Adopted Budget for FY 2026 is an \$842 million increase over the Executive Budget released in May (\$302 million increase in City funding). While some important needs were addressed, including adding over \$50 million for immigrant legal services, \$2 million to keep additional library branches open seven days a week, and \$10 million for infant and toddler childcare programs—the Adopted Budget does not do nearly enough to protect New York City from the harms and threats of the Trump Administration.

While much of the worst of the cuts included in the reconciliation bill are delayed until after the 2026 Midterm elections, New York State has reported that due to the Medicaid changes included in the bill alone, the State will face a \$750 million shortfall this fiscal year, increasing to \$3 billion in New York State FY 2027 which the State might seek to pass onto the backs of municipalities, and especially New York City. The mandatory spending cuts in the reconciliation bill could be augmented by proposed reductions to discretionary spending outlined in the Trump Administration's FY 2026 Budget Request to Congress, as well as through the Administration's numerous unilateral attempts to terminate, pause, and rescind many Federal grants already awarded (including the \$80 million from the FEMA Shelter and Services program which was approved, paid, and then clawed back, and is still in litigation). The Trump Administration has also added restrictive language to contract renewals to reflect terms imposed by executive orders and policy changes, and is expected to release new guidance for Federal audits, particularly the annual Single Audit. Both could impact future Federal funding.

Federal funding cuts, along with the Trump Administration's immigration and trade policies threaten to worsen the U.S. and New York City economies. The Office of the New York City Comptroller projects slow economic growth over the next year nationally and for the city, with the possibility of a mild recession on the horizon. The likelihood and depth of a recession largely depends upon the extent to which the Trump Administration implements its new tariffs. This Office's baseline economic forecast, like the Mayor's Office of Management and Budget's (OMB's) included in the adopted budget, assumes that tariffs do not rise to levels above 20 percent for more than a short period of time. However, the Comptroller's Office's forecast also includes a "mild recession" scenario for City

revenues based on alternative economic assumptions with high tariffs continuing for at least the remainder of 2025.

In its baseline scenario, the Comptroller's Office projects City fund revenues (including tax and non-tax revenues) will be slightly lower than OMB's projections in FY 2026 (by \$159 million). In the outyears, this Office's forecasted revenues surpass OMB's annually – by \$1.34 billion in FY 2027, \$1.95 billion in FY 2028, and \$3.03 billion in FY 2029. Under its mild economic recession scenario, the Comptroller's Office's tax revenue forecast drops by \$2.28 billion in FY 2026, \$ 2.04 billion in FY 2027, and \$264 million in FY 2028, before rebounding in FY 2029 compared to this Office's baseline forecast.

In response to the recession risk—and based on a previously-proposed formula—the Comptroller's Office called on the Adams Administration to make a deposit into the City's rainy day fund in FY 2025, which ended on June 30<sup>th</sup>. Based on that formula and updated FY 2025 revenue projections, the Comptroller's Office estimates the City should have made a \$1.38 billion deposit into the fund. The rainy day fund currently holds \$1.96 billion, far less than what would be needed, on average, over the length of a recession. Yet no deposit was included in the June Financial Plan. This Office also called on the Administration to increase the City's general reserve in FY 2026 by \$1 billion to protect against the most immediate impacts of Federal budget cuts. Again, nothing was included. The June Financial Plan also lacks any savings plan. As this Office has repeatedly recommended, regular efficiency reviews and long-term savings planning are necessary for responsible fiscal management even in the best of times.

Instead, the Adopted Budget and June Financial Plan continue the City's practice of underestimating expenditures, which distorts the size of the City's budget and its gaps. The Comptroller's Office estimates that the June Plan does not account for an average of \$5.15 billion annually in net City-funded expenditures over the plan years.

Many of the additional expenditures are for chronically underbudgeted costs, which are costs that can be reasonably anticipated but are not budgeted for appropriately, plan after plan. These include overtime, public assistance and shelter costs, special education due process cases, and rental assistance, among others. The Comptroller's Office estimates an additional \$1 billion will be necessary to fund the City's rental assistance programs in FY 2026. This estimate does not include the impact of expanding rental assistance to more households at-risk of eviction and other changes that were passed by the City Council over the Mayor's veto in 2023 but have yet to be implemented. The Adams Administration was sued to implement the changes and recently lost in appellate court. It is unclear whether the Administration will appeal. Both the City Council and the Adams Administration, however, estimate that these changes would increase costs dramatically, ranging from \$10.2 billion to \$17.3 billion over five years, respectively.

In addition to areas of chronic underbudgeting, the Comptroller's Office estimates additional City funding will be required for early education and childcare programs, including Pre-K and 3-K, and for the City's childcare vouchers, in order to continue the programs at current levels. The City will also need to add funding beginning in FY 2027 to hire more teachers to fully implement the State's mandate to reduce class sizes in City schools.

The June plan also does not reflect major recent changes related to the cost of health insurance for the City's employees and pre-Medicare retirees. The health insurance projection included in the FY 2026 Adopted Budget reflects an increase of 5.5 percent compared to the FY 2025 rate for the Health Insurance Plan of Greater New York (HIP-HMO). However, the State's final approved premium rate increase of 12.2 percent will increase budgeted health insurance costs by an additional \$539 million in FY 2026, growing to \$646 million by FY 2029. In early June, the Mayor announced the replacement of the City's second premium-free plan offered to employees with a fully self-funded plan, which is projected to save the City \$1 billion annually. The new plan is expected to start on January 1, 2026. Although details on the projected savings are not yet available, they may help replenish the now depleted Health Insurance Stabilization Fund (HISF). The Adams Administration recently announced it would no longer pursue a switch for Medicare-eligible retirees from a Medicare supplemental plan to Medicare Advantage, which was expected to provide \$600 million in annual savings to be deposited into the HISF.

Beginning in FY 2027, this Office estimates the City will also have to increase its own spending for administrative costs for the Federal Supplemental Nutrition Assistance Program (SNAP). Changes included in the Federal reconciliation bill reduce the Federal match for these costs from 50 percent to 25 percent beginning in Federal FY 2027, increasing City costs by an estimated \$75 million in City FY 2027 and increasing to approximately \$100 million in future years. This does not include possible impacts from the bill's introduction of cost-sharing with states based on payment error rates beginning in Federal FY 2028, for which NY State could receive waivers for up to two years.

The Comptroller's Office estimates that the cost of providing services to asylum seekers will be somewhat *less* than currently budgeted by OMB, but recognizes the risk of losing \$37 million in Federal funding currently budgeted to cover some of these costs in FY 2026. (This is part of a \$118 million grant the Federal government has terminated; \$80 million of which was taken directly out of the City's bank accounts in February as noted above). This results in estimated City fund savings of \$44 million in FY 2026, \$559 million in FY 2027, \$64 million in FY 2028 and \$159 million in FY 2029.

This Office's higher expenditure estimates are somewhat offset by lower pension contributions. The City's pension funds' combined investment return of 10.3 percent achieved in FY 2025 is well above the 7 percent return assumed in the budget. These returns will allow the City to lower its pension contributions by an estimated \$191 million in FY 2027, \$436 million in FY 2028, and \$668 million in FY 2029.

Taking these revenue and expenditure re-estimates together, the Comptroller's Office restates the City gap estimates. In the baseline economic forecast, the Office estimates the City will end FY 2026 with a gap of \$4.22 billion (3.6 percent of total revenues), growing to \$8.83 billion in FY 2027, \$9.95 billion in FY 2028 and \$8.54 billion in FY 2029 (averaging 7.5 percent of total revenues in the outyears). All are higher than OMB's gap estimates.

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. With rainy day fund withdrawals of \$980 million in this fiscal year and next, gaps would increase to \$5.52 billion (+\$1.30 billion over the baseline scenario) and \$9.89 billion (+\$1.06 billion) in FY 2026 and FY 2027,



respectively. Gaps in FY 2028 and FY 2029 would be closer to the baseline scenario, totaling \$10.22 billion and \$8.22 billion, respectively.

In addition to the expense budget, the FY 2026 Capital Budget adopted in June shows a \$2.30 billion increase over the Executive Capital Budget. Of the increase, \$1.0 billion was added for transit-related projects as part of the Enacted State Budget's mandate that the City contribute \$3.0 billion to the Metropolitan Transportation Authority's (MTA) FY 2025-FY 2029 Capital Plan. (The State Budget also increased the amount of debt outstanding excluded from the Constitutional debt limit by \$3.0 billion to accommodate this mandated increase.)

New York City begins FY 2026 facing unprecedented risks to Federal funding flowing through its budget and going to its public hospitals, public housing, subways and transit systems, nonprofits, and people. These risks are compounded by the possibility of recession, also driven by Federal policy. The City must prepare now. The strategies outlined in this Office's [fiscal framework](#), such as mandating regular efficiency and savings planning, and the adoption of a rainy-day fund policy can help protect the city in the months and years ahead.

**Table 1. FY 2026 – FY 2029 June Financial Plan**

					Change FYs 2026 –2029	
(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Dollar	Percent
<b>Revenues</b>						
<b>Taxes:</b>						
General Property Tax	\$35,266	\$36,627	\$37,704	\$38,816	\$3,550	10.1%
Other Taxes	45,248	45,423	46,997	48,706	3,458	7.6%
Tax Audit Revenues	809	779	779	779	(30)	(3.7%)
<b>Subtotal: Taxes</b>	<b>\$81,323</b>	<b>\$82,829</b>	<b>\$85,480</b>	<b>\$88,301</b>	<b>\$6,978</b>	<b>8.6%</b>
Miscellaneous	8,103	7,935	7,957	8,011	(92)	(1.1%)
Unrestricted Intergovernmental Aid	0	0	0	0	0	N/A
Less: Intra-City Revenues	(1,884)	(1,856)	(1,847)	(1,847)	37	(2.0%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
<b>Subtotal: City-Funds</b>	<b>\$87,527</b>	<b>\$88,893</b>	<b>\$91,575</b>	<b>\$94,450</b>	<b>\$6,923</b>	<b>7.9%</b>
Other Categorical	1,125	1,120	1,116	1,114	(11)	(1.0%)
Inter-Fund Revenues	805	795	796	799	(6)	(0.7%)
Federal Categorical Grants	7,470	7,237	7,284	7,344	(126)	(1.7%)
State Categorical Grants	18,980	18,859	18,993	19,145	165	0.9%
<b>Total Revenues</b>	<b>\$115,907</b>	<b>\$116,904</b>	<b>\$119,764</b>	<b>\$122,852</b>	<b>\$6,945</b>	<b>6.0%</b>
<b>Expenditures</b>						
<b>Personal Service (PS):</b>						
Salaries and Wages	\$34,632	\$35,530	\$36,471	\$37,266	\$2,634	7.6%
Pensions	10,479	11,081	11,873	11,513	1,034	9.9%
Fringe Benefits	14,899	15,446	16,058	16,699	1,800	12.1%
<b>Subtotal: PS</b>	<b>\$60,010</b>	<b>\$62,057</b>	<b>\$64,402</b>	<b>\$65,478</b>	<b>\$5,468</b>	<b>9.1%</b>
<b>Other Than Personal Service (OTPS):</b>						
Medical Assistance	\$6,583	\$6,733	\$6,883	\$7,033	\$450	6.8%
Public Assistance	1,650	2,000	2,463	2,905	1,255	76.1%
All Other	43,224	42,018	41,998	42,403	(821)	(1.9%)
<b>Subtotal: OTPS</b>	<b>\$51,457</b>	<b>\$50,751</b>	<b>\$51,344</b>	<b>\$52,341</b>	<b>\$884</b>	<b>1.7%</b>
<b>Debt Service</b>	<b>\$8,661</b>	<b>\$9,546</b>	<b>\$10,518</b>	<b>\$11,394</b>	<b>\$2,733</b>	<b>31.6%</b>
FY 2025 BSA	(\$3,787)	\$0	\$0	\$0	\$3,787	(100.0%)
Capital Stabilization Reserve	\$250	\$250	\$250	\$250	\$0	0.0%
General Reserve	\$1,200	\$1,200	\$1,200	\$1,200	\$0	0.0%
Less: Intra-City	(1,884)	(1,856)	(1,847)	(1,847)	\$37	(2.0%)
<b>Total Expenditures</b>	<b>\$115,907</b>	<b>\$121,948</b>	<b>\$125,867</b>	<b>\$128,816</b>	<b>\$12,909</b>	<b>11.1%</b>
<b>Gap to be Closed</b>	<b>\$0</b>	<b>(\$5,044)</b>	<b>(\$6,103)</b>	<b>(\$5,964)</b>	<b>(\$5,964)</b>	<b>N/A</b>

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, June 2025 Plan vs. May 2025 Plan**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Revenues</b>					
<b>Taxes:</b>					
General Property Tax	\$173	(\$199)	(\$61)	(\$61)	(\$61)
Other Taxes	90	508	0	0	0
Tax Audit Revenues	45	0	0	0	0
<b>Subtotal: Taxes</b>	<b>\$308</b>	<b>\$309</b>	<b>(\$61)</b>	<b>(\$61)</b>	<b>(\$61)</b>
Miscellaneous Revenues	158	(7)	(7)	(19)	(1)
Unrestricted Intergovernmental Aid	30	0	0	0	0
Less: Intra-City Revenues	(60)	0	0	0	0
Disallowances Against Categorical Grants	0	0	0	0	0
<b>Subtotal: City-Funds</b>	<b>\$436</b>	<b>\$302</b>	<b>(\$68)</b>	<b>(\$80)</b>	<b>(\$62)</b>
Other Categorical Grants	(167)	0	0	0	0
Inter-Fund Revenues	0	8	0	0	0
Federal Categorical Grants	523	27	7	6	6
State Categorical Grants	199	505	379	368	369
<b>Total Revenues</b>	<b>\$991</b>	<b>\$842</b>	<b>\$318</b>	<b>\$294</b>	<b>\$313</b>
<b>Expenditures</b>					
<b>Personal Service (PS):</b>					
Salaries and Wages	(\$110)	\$229	\$208	\$206	\$206
Pensions	(4)	9	12	37	46
Fringe Benefits	(262)	115	102	104	104
<b>Subtotal: PS</b>	<b>(\$376)</b>	<b>\$353</b>	<b>\$322</b>	<b>\$347</b>	<b>\$356</b>
<b>Other Than Personal Service (OTPS):</b>					
Medical Assistance	\$0	\$0	\$0	\$0	\$0
Public Assistance	0	0	0	0	0
All Other	650	1,406	447	264	280
<b>Subtotal: OTPS</b>	<b>\$650</b>	<b>\$1,406</b>	<b>\$447</b>	<b>\$264</b>	<b>\$280</b>
<b>Debt Service</b>	<b>(\$30)</b>	<b>(\$80)</b>	<b>(\$37)</b>	<b>(\$25)</b>	<b>(\$25)</b>
FY 2024 BSA	\$0	\$0	\$0	\$0	\$0
FY 2025 BSA	\$837	(\$837)	\$0	\$0	\$0
Capital Stabilization Reserve	\$0	\$0	\$0	\$0	\$0
General Reserve	(\$30)	\$0	\$0	\$0	\$0
Less: Intra-City Expenses	(\$60)	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$991</b>	<b>\$842</b>	<b>\$732</b>	<b>\$586</b>	<b>\$611</b>
<b>Gap to be Closed</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$414)</b>	<b>(\$292)</b>	<b>(\$298)</b>

Source: Mayor's Office of Management and Budget

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

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

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
<b>Revenues</b>				
<b>Taxes:</b>				
General Property Tax	\$434	\$522	\$847	\$1,234
Other Taxes	2,771	2,722	1,140	1,108
Tax Audit Revenues	97	36	6	6
<b>Subtotal: Taxes</b>	<b>\$3,302</b>	<b>\$3,280</b>	<b>\$1,993</b>	<b>\$2,348</b>
Miscellaneous Revenues	794	123	5	(8)
Unrestricted Intergovernmental Aid	52	0	0	0
Less: Intra-City Revenues	(293)	48	72	81
Disallowances Against Categorical Grants	19	0	0	0
<b>Subtotal: City-Funds</b>	<b>\$3,874</b>	<b>\$3,451</b>	<b>\$2,070</b>	<b>\$2,421</b>
Other Categorical Grants	(161)	20	15	12
Inter-Fund Revenues	30	34	23	24
Federal Categorical Grants	3,118	219	86	58
State Categorical Grants	1,489	(134)	(276)	355
<b>Total Revenues</b>	<b>\$8,350</b>	<b>\$3,590</b>	<b>\$1,918</b>	<b>\$2,870</b>
<b>Expenditures</b>				
<b>Personal Service (PS):</b>				
Salaries and Wages	\$231	\$765	\$671	\$658
Pensions	(317)	(614)	(196)	(439)
Fringe Benefits	(438)	46	15	19
<b>Subtotal: PS</b>	<b>(\$524)</b>	<b>\$197</b>	<b>\$490</b>	<b>\$238</b>
<b>Other Than Personal Service (OTPS):</b>				
Medical Assistance	(\$363)	\$0	\$0	\$0
Public Assistance	998	0	0	0
All Other	6,620	1,855	867	2,097
<b>Subtotal: OTPS</b>	<b>\$7,255</b>	<b>\$1,855</b>	<b>\$867</b>	<b>\$2,097</b>
<b>Debt Service</b>	<b>(\$445)</b>	<b>(\$226)</b>	<b>(\$59)</b>	<b>\$88</b>
FY 2024 BSA	\$0	\$0	\$0	\$0
FY 2025 BSA	\$3,787	(\$3,787)	\$0	\$0
Capital Stabilization Reserve	(\$250)	\$0	\$0	\$0
General Reserve	(\$1,180)	\$0	\$0	\$0
Less: Intra-City Expenses	(\$293)	\$48	\$72	\$81
<b>Total Expenditures</b>	<b>\$8,350</b>	<b>(\$1,913)</b>	<b>\$1,370</b>	<b>\$2,504</b>
<b>Gap to be Closed</b>	<b>\$0</b>	<b>\$5,503</b>	<b>\$548</b>	<b>\$366</b>

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, Baseline Scenario

Positive numbers decrease the gap, and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029
<b>City Stated Gap</b>	<b>\$0</b>	<b>(\$5,044)</b>	<b>(\$6,103)</b>	<b>(\$5,964)</b>
<b>Revenues</b>				
<b>Tax Revenues:</b>	<b>(185)</b>	<b>1,322</b>	<b>1,920</b>	<b>3,007</b>
Property Tax	56	(32)	253	494
Personal Income Tax/PTET	71	725	633	1,105
Business Income Taxes	(631)	32	305	306
Sales Tax	(30)	109	224	523
Real Estate-Transaction Taxes	151	198	204	256
Tax Audits & All Other Taxes	198	290	301	323
<b>Non-Tax Revenues</b>	<b>26</b>	<b>20</b>	<b>29</b>	<b>23</b>
<b>Subtotal Revenues</b>	<b>(\$159)</b>	<b>\$1,342</b>	<b>\$1,949</b>	<b>\$3,030</b>
<b>Expenditures</b>				
<b>Underbudgeting:</b>	<b>(3,938)</b>	<b>(3,969)</b>	<b>(3,771)</b>	<b>(3,787)</b>
Rental Assistance	(1,000)	(1,100)	(1,100)	(1,100)
Overtime	(911)	(690)	(690)	(690)
Shelter Capacity, Non-Asylum Seeker	(575)	(720)	(720)	(720)
Public Assistance	(569)	(219)	0	0
Contributions to MTA	(404)	(613)	(661)	(677)
DOE Due Process (Carter) Cases	(401)	(331)	(331)	(331)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(38)	(37)	0	0
Temporary and Professional Services	(40)	(105)	(115)	(115)
<b>Fiscal Cliffs - Federal COVID 19 Aid</b>	<b>(80)</b>	<b>(223)</b>	<b>(223)</b>	<b>(223)</b>
<b>Health Insurance Stabilization Fund Payments</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>
<b>Health Insurance Rate Increase</b>	<b>(539)</b>	<b>(568)</b>	<b>(607)</b>	<b>(646)</b>
<b>Federal SNAP Administration Funding Cut</b>	<b>0</b>	<b>(75)</b>	<b>(100)</b>	<b>(100)</b>
<b>New State Budget Impact - Child Care Vouchers</b>	<b>0</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>
<b>New State Budget Impact - NYC H + H Payments</b>	<b>(57)</b>	<b>(57)</b>	<b>(57)</b>	<b>(57)</b>
<b>New State Budget Impact - MTA Contribution Debt Service</b>	<b>(3)</b>	<b>(16)</b>	<b>(41)</b>	<b>(74)</b>
<b>Foster Care Reimbursement Rate</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
<b>DOE Pre-K and 3-K</b>	<b>(173)</b>	<b>(226)</b>	<b>(225)</b>	<b>(225)</b>
<b>Promise NYC</b>	<b>0</b>	<b>(25)</b>	<b>(25)</b>	<b>(25)</b>
<b>DOE LV Order</b>	<b>0</b>	<b>(52)</b>	<b>(52)</b>	<b>(52)</b>
<b>Pension Returns</b>	<b>0</b>	<b>191</b>	<b>436</b>	<b>668</b>
<b>Personnel Services Accrual</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Prior Year Payable Adjustment</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Asylum Seekers Expenses</b>	<b>44</b>	<b>559</b>	<b>64</b>	<b>159</b>
<b>Class Size Mandate</b>	<b>0</b>	<b>(401)</b>	<b>(936)</b>	<b>(977)</b>
<b>Subtotal Expenditures</b>	<b>(\$4,058)</b>	<b>(\$5,124)</b>	<b>(\$5,799)</b>	<b>(\$5,601)</b>
<b>Total Comptroller Re-estimates</b>	<b>(\$4,217)</b>	<b>(\$3,782)</b>	<b>(\$3,850)</b>	<b>(\$2,571)</b>
<b>Restated (Gap)/Surplus</b>	<b>(\$4,217)</b>	<b>(\$8,826)</b>	<b>(\$9,953)</b>	<b>(\$8,535)</b>

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 2026	FY 2027	FY 2028	FY 2029
<b>Restated (Gap)/Surplus No Recession</b>	<b>(\$4,217)</b>	<b>(\$8,826)</b>	<b>(\$9,953)</b>	<b>(\$8,535)</b>
Mild Recession Tax Revenue Risk	(2,280)	(2,041)	(264)	317
Revenue from the Revenue Stabilization Fund	980	980	0	0
<b>Restated (Gap)/Surplus with Recession Risk</b>	<b>(\$5,517)</b>	<b>(\$9,887)</b>	<b>(\$10,217)</b>	<b>(\$8,218)</b>

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding

## II. The City's Economic Outlook

U.S. economic activity is showing signs of weakness, with low consumer and business confidence restraining spending, hiring, and investment amidst economic uncertainty. Recent estimates of U.S. jobs and GDP growth show that the economy has slowed in the first half of 2025 and remains at risk to slip into recession in late 2025 without rapid changes to trade and monetary policies. U.S. economic growth in the first half of this year has been a disappointing 1.2 percent (looking at each of the quarterly rates is misleading because of a big shift in import timing in expectation of imminent tariffs). Recently revised payroll estimates show very slow growth beginning in May 2025. Meanwhile, consumer price inflation has shown only small signs of response to tariff-related changes thus far, although these effects may grow in future months as import inventories begin to wane and increased costs work their way through supply chains.

Until recently, financial markets and economic forecasters seemed more optimistic than they did in April. Several bilateral trade agreements that settled on 15 percent tariffs at least promised stability and certainty, at a cost but perhaps not a trade-halting one. But this may be now shifting again, with a negative signal in early August which showed Trump's willingness to follow through on many of the higher tariff rates combined with new, clear signs of his desire to pressure previously independent monetary policy and statistical authorities.

The Trump Administration's trade policies, combined with its dramatic budget cutbacks and immigration enforcement, threaten to worsen the U.S. economy if not scaled back within this year. This uncertain situation has been around for a [few months](#) and therefore New York City's economic outlook remains as it has been since this spring: positive but slow growth is likely with significant risk of a national recession, albeit a mild one. The elevated possibility of recession is driven foremost by the unknown size and duration of import tariffs to be implemented in the near future, which creates a difficult environment for business planning, investment, and hiring.

In NYC, job growth has been sluggish, but there also have been no telltale surges in layoffs or unemployment. Health care has been the city's only source of any meaningful job growth and is still making up for slightly declining payrolls in most other sectors.

### The U.S. and NYC Economies

The current outlook for the U.S. and NYC economies comes with a backdrop of uncertainty around Federal policy and the reactions to it by various economic actors. Economic risks emanate from the extent and permanence of import tariffs, increased deportations and policies to reduce legal immigrant visas, and the now enacted Federal spending cuts in health care, food assistance, and many other grants to state and local governments.

### Economic Risks from U.S. Trade Policy

The Trump Administration has in recent weeks reignited uncertainty over trade policy, announcing new or refashioned tariffs with most beginning in August. Since the start of Trump's second term, a

byzantine [array](#) of import tariffs have been announced, implemented, delayed, threatened, and cancelled, with presumably many still the subject of ongoing bilateral negotiations and internal government deliberations. The applicable tariffs include *ad valorem* rate variations based sometimes on the country of origin, at other times on the product category, and in certain cases on the material composition of the imported goods. A few countries have already imposed their own tariffs on U.S. exports as a countermeasure, while others have threatened to do so. Some countries have negotiated trade agreements that have lowered their rates, usually to 15 percent. But at the same time, a newly announced 40 percent tariff is imposed on goods deemed to be transshipped to avoid a higher tariff rate. The extent of the U.S. tariffs, their complexity, the confusing way they are being introduced, and likely retaliations affecting U.S. exports all contribute as risks to the health and growth of the U.S. economy.

According to the [Yale Budget Lab](#), the average effective tariff<sup>1</sup> on all imported goods in the U.S. was 1.6 percent in 2016, prior to Trump assuming office for his first term; 2.4 percent in 2024, prior to Trump's second term; and [7.8 percent](#) in the second quarter of 2025. Current tariffs announced and slated to take effect by mid-August add up to an estimated effective rate of 18.3 percent,<sup>2</sup> the highest rate since 1910. Altogether, the full value of the announced tariffs by late August are of a magnitude equivalent to 3 percent of GDP.

A full pass-through of tariffs onto prices may not be realized right away and is likely to unfurl over a period of several months. Businesses often do not want to rapidly increase their prices to compensate for their own cost shocks, out of fear that this could drive their buyers to alternatives. This would be especially true where, as is the case now, there is much uncertainty around the size of the future tariffs and how long they will last. Importers also have existing inventories, some of which have been amassed in anticipation of impending higher tariffs. Looking ahead, the direct effect of tariffs on price levels may also be difficult to see clearly amidst monetary policy moves, exchange rate fluctuations, and a possible economic recession.

With some tariffs in place, but not yet the highest ones promised in August, the inflation rate ticked upward in June, when U.S. core inflation, which excludes food and energy prices, was 2.8 percent on an annual basis. The report showed early signs of the effect of new levies, with prices on some of the most tariff-exposed goods—e.g. apparel and appliances—showing high monthly growth rates.

It remains to be seen whether the Trump Administration will follow through and keep many of these tariffs in place, or whether they will all be reduced through bilateral negotiations. Since April, nine trade agreements have been announced, in most cases imposing a floor rate of 15 percent. Should an effective tariff rate above 15 percent remain in place for more than a few months, substantial economic disruptions would be much more likely as U.S. consumers, producers sourcing foreign inputs, and exporters adjust to new costs. These disruptions may push the U.S. economy into

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<sup>1</sup> The effective tariff rate on imported goods is a weighted average of the multiple tariff rates that apply to imported goods based on their country of origin and type of goods. The weights used correspond to the value of goods imported by country and type in a recent prior period (e.g., in 2024) relative to the value of all U.S. goods imports.

<sup>2</sup> This rate is calculated before substitution toward imports with lower tariff rates. Substitution lowers the estimated effective tariff rate to 17.3 percent.



a recession, although a mild one, presuming the Federal Reserve responds with counter-cyclical monetary policy and the U.S. government does not further increase economic uncertainty.

Like the economic forecast used in the Mayor’s Adopted Budget, the Office of the New York City Comptroller’s baseline economic forecast assumes that the tariffs do not remain at such an elevated level for more than a few months. Effective tariff rates are expected to start falling in late 2025 and to be down to 5 percent by the end of 2026. However, the Comptroller’s forecast also adds an explicit below-the-line “mild recession” scenario for City revenues, based on a set of alternative economic assumptions where the tariffs remain above or near 20 percent for at least the remainder of 2025. Under this scenario, U.S. GDP declines at a 1 percent annual rate in the fourth quarter of 2025 and the first quarter of 2026.

New York City’s top employing sectors appear to be less directly affected by tariffs, as the city’s employment is more than 90 percent in services not directly related to goods production or trade. However, the indirect effects of a national recession—its impact on financial markets, wholesale and retail trade, personal income growth, and the profitability of NYC businesses—result in declines in NYC employment, a sharp slowdown in total income, and an erosion of the City’s tax base.

## Economic Risks from the Federal Budget and Immigration Policies

Both the national and NYC economies are vulnerable to risks deriving from the large cuts in Federal spending enacted by Congress in early July. As detailed later in this report, cuts to Federal payments to states for public health insurance and Supplemental Nutrition Assistance Program (SNAP) as well as termination of several other Federal grants will have a direct impact on funding available to NY State and NYC for many of their publicly sponsored programs. Private sector hospitals, New York City Health + Hospitals (H+H), and other healthcare providers will also be negatively impacted by reduced revenues from the publicly insured patients that represent more than half of all New Yorkers. Other states and localities will also be similarly affected, although most may not experience as large a loss as is expected for [New York](#). If local institutions and individuals experience loss in income or non-cash benefits because of the cuts, this will also constrain local consumer spending, employment, and economic security.

The budget reconciliation bill also includes big individual income tax cuts that greatly exceed the cost savings of the spending cuts, amounting to a large increase in projected Federal deficits. While tax reductions ordinarily would have a stimulative short-term impact on the economy, most of the tax cuts are merely extending prior “temporary” measures that do not add much to Americans’ disposable incomes versus what is currently in place. At the same time, higher deficits will exert upward pressure on longer-term interest rates, increasing the cost of business investment and household borrowing. Higher long-term interest rates could also increase the cost of NYC’s borrowing for capital improvements.

Federal immigration and immigration enforcement policies introduce a double risk to the U.S. workforce in general and especially to NYC’s—potentially reducing the number that are currently working here and slowing the flow of new immigrants. These effects would arise from both explicit

policies to reduce the number of present immigrants and from the diminished attractiveness of the U.S. as a place in which to migrate. Foreign-born workers constitute [18 percent](#) of the U.S. labor force and [43 percent](#) of the New York City labor force. As highlighted in the Comptroller's Office's [April Spotlight](#), New York City's immigrants represent a majority of the workforce in important economic sectors, most notably in Construction and Accommodation & Food Services. They also hold a solid majority of NYC jobs in certain large [occupational](#) categories, e.g. nursing & home health aides, janitors, and drivers. NYC immigrants constitute a significant share of many higher-wage occupations including financial analysts and several science and technology related occupations. [One-third](#) of NYC immigrants have a bachelor's degree or higher. Famous as a longstanding port of entry to the U.S., New York City has always [depended](#) on net international migration to counterbalance its persistent net domestic outmigration. While unlikely to occur all at once as an economic shock, the erosion of the level and flow of immigrants into NYC would have a deleterious long-term effect on the city's economic growth.

## NYC Employment Trends

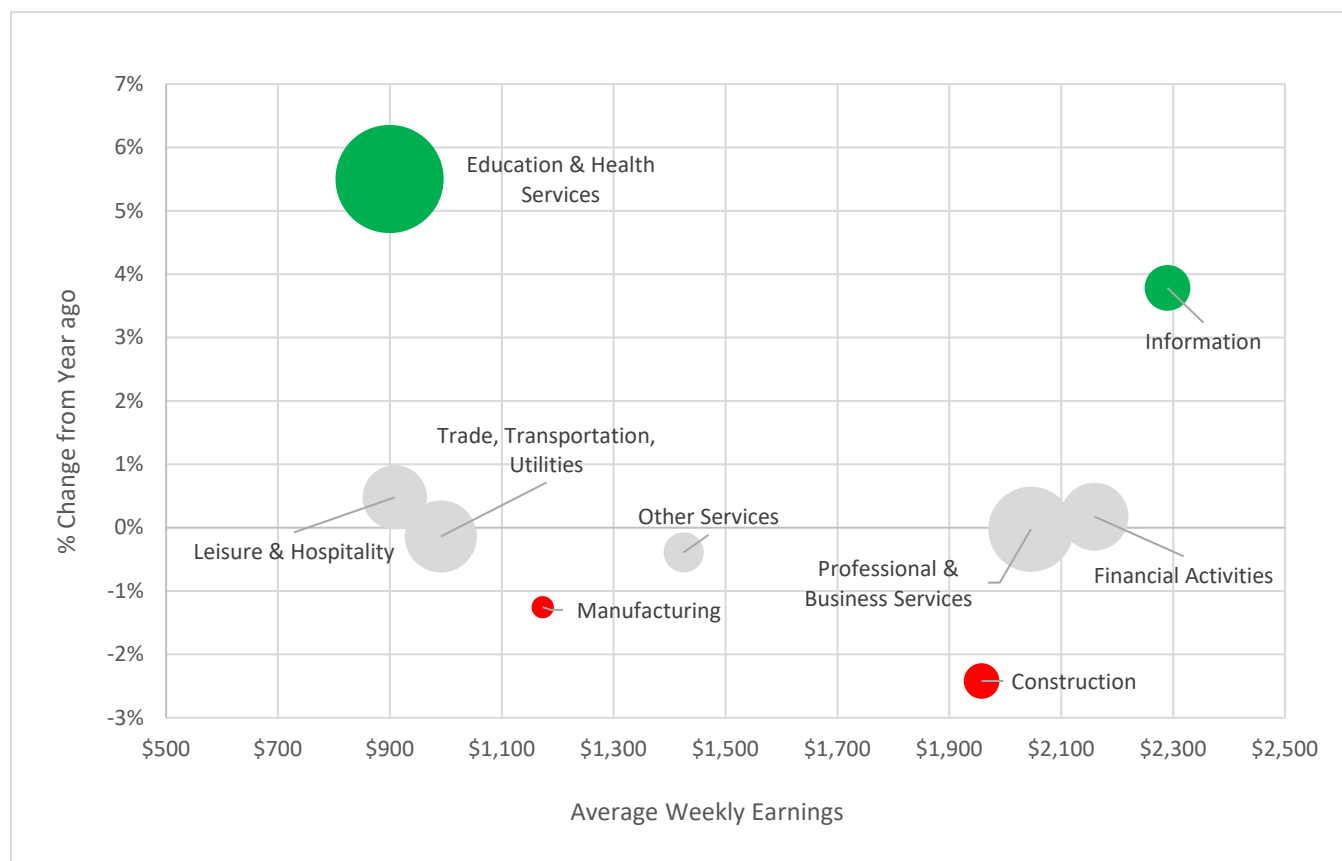
Employment levels have grown little through the first six months of 2025. In terms of total payroll counts, continued growth in the health sector has been slower than 2024 but has nonetheless been responsible for counterbalancing slight declines this year in the higher-wage sectors of finance and professional and business services. If the national economy averts a recession, the near-term outlook is for a moderate increase in employment growth in the remainder of the year, with the higher-wage sectors reversing their recent decline. Longer term, employment growth is expected to be positive but slower in 2026 in response to slow economic growth overall, with somewhat stronger growth in 2027 through 2029. The Comptroller's economic assumptions remain as in the Office's [May report](#).

Chart 1 shows how NYC job growth over the past 12 months has been almost exclusively in the relatively low-wage Education & Health sector. As has been noted previously, a large proportion of these added jobs have been in home-based health and social assistance services. The outlook for job growth in the Education & Health sector is less strong. Federal cutbacks to funding for Medicaid and New York's Essential Plan will directly reduce spending throughout the health industry—and especially in the home health subsector that particularly relies upon the Medicaid program. NYC's health sector employs large numbers of immigrants, particularly as nurses and home health aides. New immigration and visa enforcement policies that slow the flow of noncitizens into NYC or limit the ability for noncitizens to remain in their jobs could also make it difficult for healthcare providers to hire the workforce needed. The possibility of reduced Federal grants to higher educational institutions—and, importantly, the uncertainty around these grants—may also result in reduced hiring.

Despite a potential drag on employment in the Education & Health sector, the outlook is nevertheless that the city's payrolls overall will still grow slowly in 2025 and 2026, with some of the higher-wage sectors showing more life. The Information sector suffered job losses in 2023 and stagnated through most of 2024 but has shown recent signs of rebounding. After stalling for two years, NYC's Professional & Business Services sector is also expected to gain jobs, as is the financial sector, buoyed by continued high profitability.

As previously discussed, should the Trump Administration not scale back its announced tariff policies, the likelihood of a U.S. recession increases as soon as the second half of 2025. If a mild recession materializes, NYC payrolls are expected to fall by more than 1 percent by the end of the year and to rebound beginning in late 2026.

**Chart 1. June 2024 to June 2025 Change in Employment by Sector, Based on 2024 Average Weekly Earnings**

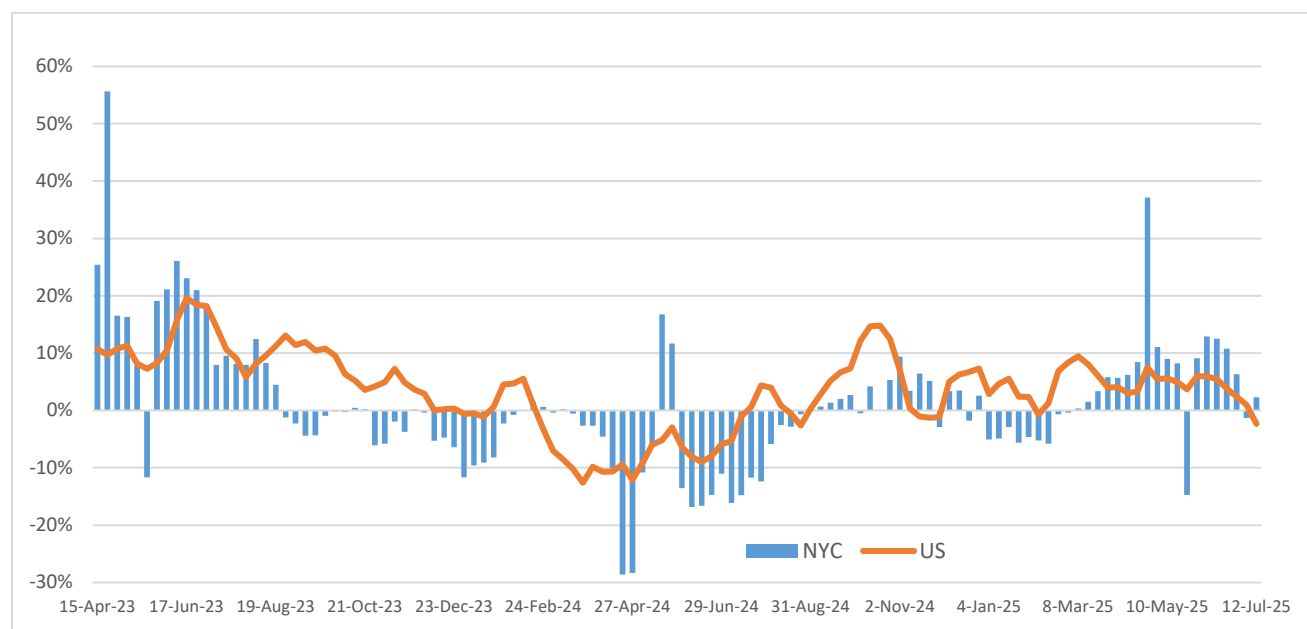


Source: NY State Department of Labor

Fortunately, NYC's current labor market appears stable, if lackluster, and not in recession. Average employment in the second quarter of 2025 was 26,000 (0.5 percent) above the fourth quarter of 2024.<sup>3</sup> Chart 2 shows recent initial unemployment claims for the nation and the city. Rising claims are frequently an early warning for a negative swing in the business cycle, but there has not been any upward trend.

<sup>3</sup> Seasonally adjustments are based on Current Employment Statistics (NY State Department of Labor) and published by NYC Office of Management and Budget.

**Chart 2. Initial Jobless Claims, Percent Change from Year Earlier (based on 4-week moving average)**



Source: NY State Department of Labor

## Strong Wall Street profits amidst high volume of trading

In 2024, full-year profits for the NYC securities industry were up 89 percent over the prior year, as measured by the NYSE member firm earnings [reports](#). The [first quarter of 2025](#) saw the industry continue its strong run, posting \$15.0 billion in quarterly profits, a 20 percent gain over the prior year and its second strongest quarter ever (after the first quarter of 2021). Second quarter [earnings statements](#) from several of the largest investment banks also indicate continued strength in the industry, which is profiting from trading fees earned at a time of high market [volatility](#). Uncertainty about Federal policies has been high since the beginning of Trump’s second term, and market volatility spiked dramatically in April after the announcement of steep “reciprocal” tariffs.

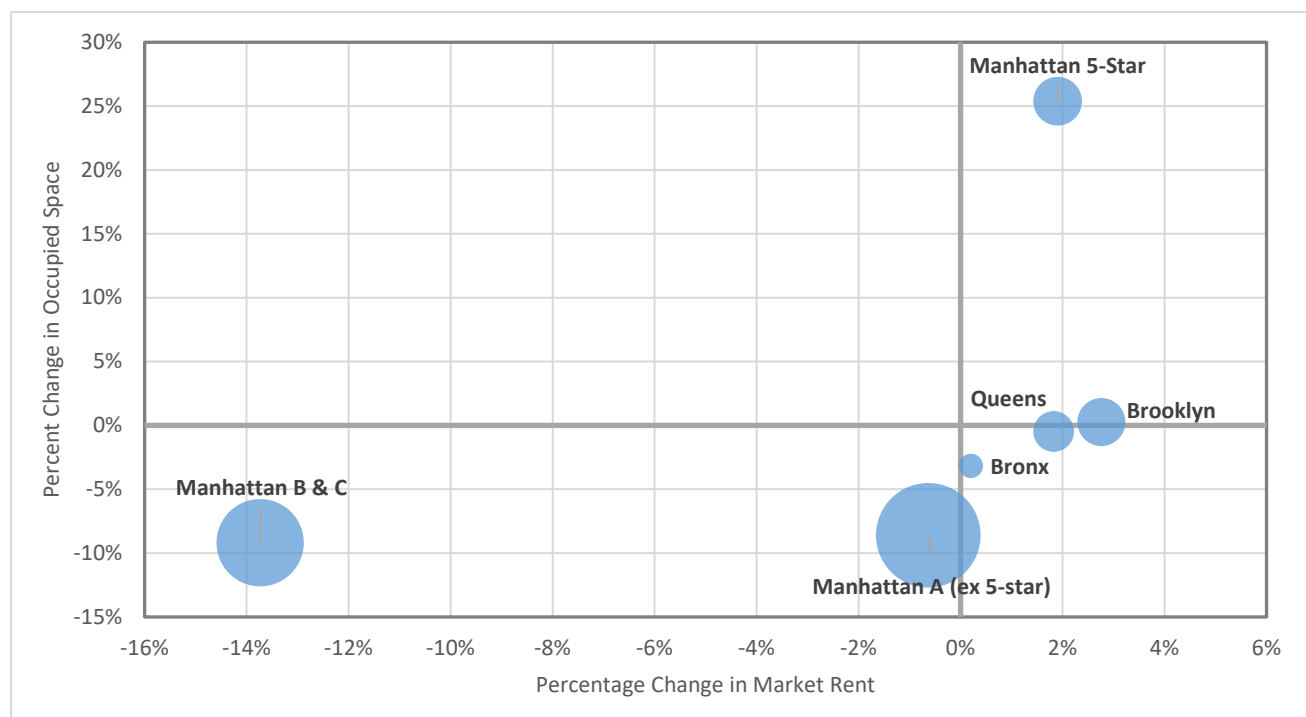
## Real Estate

New York City’s office market has shown signs of improvement over the past year, but the pickup has not been broad-based. Chart 3 below shows how conditions have changed for various segments of the office market since the start of the pandemic (data are not seasonally adjusted), with each one represented by a bubble reflecting its size. The market for top tier (“5-star”) buildings in Manhattan has been strong, with market rents up slightly and the volume of occupied space up 25 percent. The second highest tier of space in Manhattan, Class A excluding 5-star, has not done as well: rents are little changed, and the volume of occupied space is down 8 percent. The weakest segment has been the market for Class B & C buildings in Manhattan, with rents down 14 percent and occupied space down 9 percent. These two segments combined, depicted by the two largest bubbles in the chart below, represent about three-quarters of citywide office space. Finally, office markets in the outer



boroughs, which are relatively small and largely Class B & C, have held up reasonably well, with rents up slightly and little change in occupied space.

**Chart 3. Change in Office Rental Market Segments, from Year End-2019 to Mid-2025**



Source: CoStar

Note: Size of bubble represents size of market segment in square feet.

Placer.ai, which tracks office visits based on cell phone locations, estimates that office attendance stood at just 5 percent below pre-pandemic levels in June, versus a nationwide shortfall of roughly 27 percent. This represents a strong rebound in NYC’s “return to office” metric. New York continues to outpace the other major cities tracked by Placer.ai in terms of the office attendance rebound.

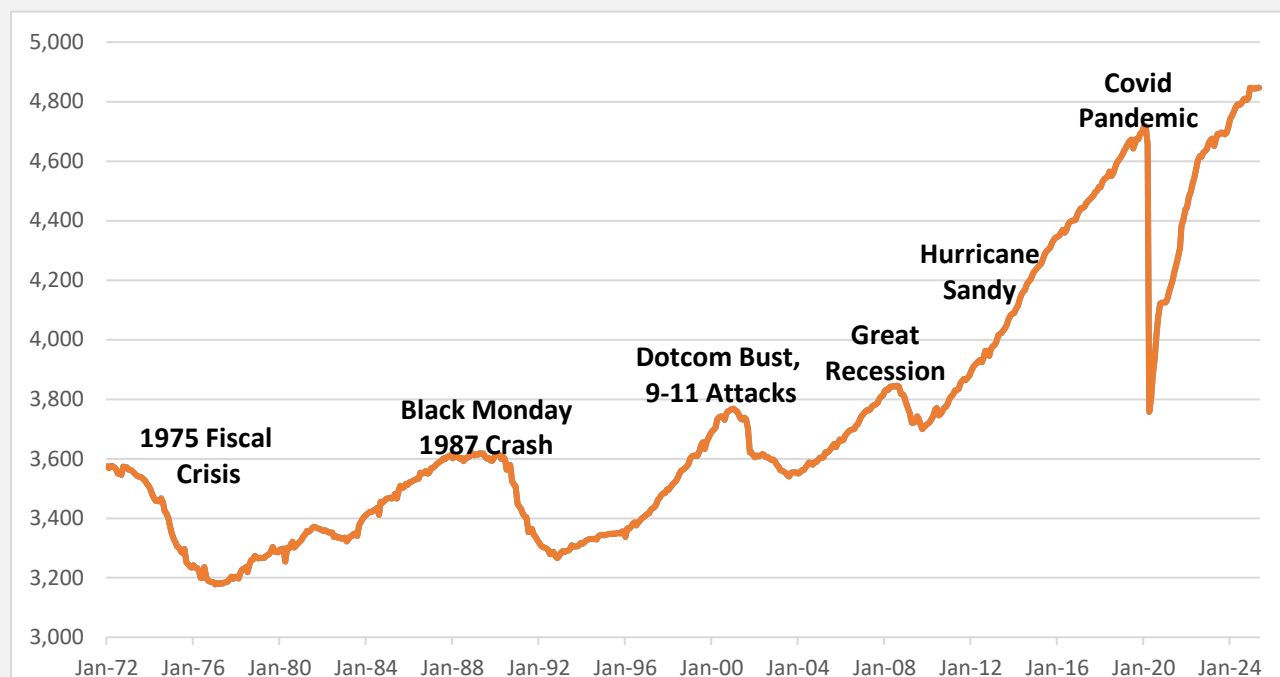
The home sales market has been fairly sluggish: according to StreetEasy data based on repeat sales, as of mid-2025, sales prices were up just 2 percent from a year earlier in Queens and Brooklyn, and were essentially flat across the rest of the city. Relative to pre-pandemic peaks in the spring of 2019 (a 6-year interval), home prices in Queens and Brooklyn are up only 1 percent, while in Manhattan, prices are down roughly 6 percent.

The residential rental market, in contrast, has been increasingly tight, with market rents up 5 percent over the past 12 months and up 25 percent since the onset of the pandemic. Affordability, or lack thereof, has been a major issue in both the purchase and rental markets. Historically, low vacancy rates and high home prices and market rents are clear indications of a housing shortage.

## New York City's Resilience

Given all the challenges, constraints, and economic shocks that New York City has faced, it is a wonder that it has continued to grow and, in many ways, improve over time—and has continued to dominate all other U.S. cities on so many dimensions. Over the past six decades (and more), New York has undergone a number of intense boom-bust cycles, often precipitated by a confluence of specific events—the 1970s fiscal crisis, the 1987 stock market crash, 9-11, and most recently the COVID pandemic. While some of these ensuing busts were severe and lasted a number of years, New York City always came back stronger, as shown in Chart 4. The city's resilience stems from its unique advantages—its wide array of amenities that come from its extraordinarily large, diverse population and high density. More recently, the explosion in remote work had led some to predict a secular decline in demand to reside in New York. Given the steep rise in rents and historically low residential vacancy rates, this has clearly not transpired. Rather, quite the opposite has occurred: demand to reside in New York has expanded briskly, whereas the housing supply has not kept pace with demand. In effect, the limited supply of housing has emerged as the greatest, long-term threat to the city's capacity to grow and prosper—a constraint articulated in greater detail in this Office's [July Spotlight](#) report.

**Chart 4. NYC Employment Cycles: Thousands of Payroll Jobs in NYC**



Source: NYS Department of Labor and Office of the New York City Comptroller

## Tourism has fully returned to NYC but the outlook for the 2<sup>nd</sup> half has dimmed

Tourism in New York City had rebounded strongly by 2024, with 64.5 million visitors—just below the 2019 record of 66.6 million—according to NYC Tourism & Conventions. International visitors, who typically stay longer and spend more, made up 20 percent of total visits, matching the pre-pandemic share. While overall tourism indicators like Broadway attendance and hotel occupancy rates remain strong, international visitation has shown some signs of softening due to escalating global trade tensions and heightened safety concerns, reflecting a perceived hostile environment for visitors. Though tourism overall has held up well throughout the first half of 2025, it is expected to weaken in the second half of the year. The latest forecast from NY Tourism & Conventions is for the overall number of visitors to NYC in 2025 to roughly match 2024 levels, with a 6 percent drop in foreign tourists largely offset by a rise in domestic visitors. Because domestic visitors, many of whom are day-trippers rather than overnight guests, tend not to stay as long or spend nearly as much as international tourists, this forecast would be consistent with some weakening in tourism activity. Despite the weaker outlook and downside risks for the remainder of 2025, longer-term prospects remain moderately optimistic unless the economy enters a recession.

## Risks to the NYC Economy

As described above, the risk of U.S. recession driven by high and lasting tariffs and a trade war would bring about significant declines in financial markets and NYC's employment, wholesale and retail trade spending, and business profits. Also, if President Trump seeks to influence monetary policy more vigorously, this would erode confidence in the central bank's independence and further diminish the U.S.'s standing as the premier reserve currency—creating a costly impact on long-term interest rates that could reduce investment and growth for several years.

The response to Federal spending cuts also poses a medium-term risk to several of the city's important economic sectors including health care and education. And the prospect of immigration enforcement substantially reducing NYC's immigrant population and inflow is also a significant risk in NYC industries that have traditionally employed many immigrants.

These risks are in addition to those ongoing ones that predate this Trump Administration. NYC's future growth prospects depend crucially on the gradual recovery of precarious market for office space and on meaningful growth in the housing stock in the city and its suburbs. Economic or policy barriers to the health of the city's real estate sectors will have a detrimental impact on NYC's economic growth.

## III. The FY 2026 Adopted Budget

### Overview of the FY 2026 Adopted Budget

The Adopted Budget for FY 2026 totals \$115.91 billion. Just over a quarter of the total budget (\$31.18 billion or 26.9 percent) is allocated for education spending, which includes funding the Department of Education (DOE) and the City University of New York (CUNY), followed by \$19.26 billion for the City's social service agencies (16.6 percent).<sup>4</sup> Other agency spending comprises 28.6 percent of the budget (\$33.15 billion). Spending on fringe benefits and pensions for City employees and retirees account for another 21.7 percent of the budget (\$25.17 billion). Debt service costs to pay for the City's capital program account for 4.2 percent (\$4.87 billion). Budgeted payments for judgments and claims comprise 0.7 percent (\$823 million).

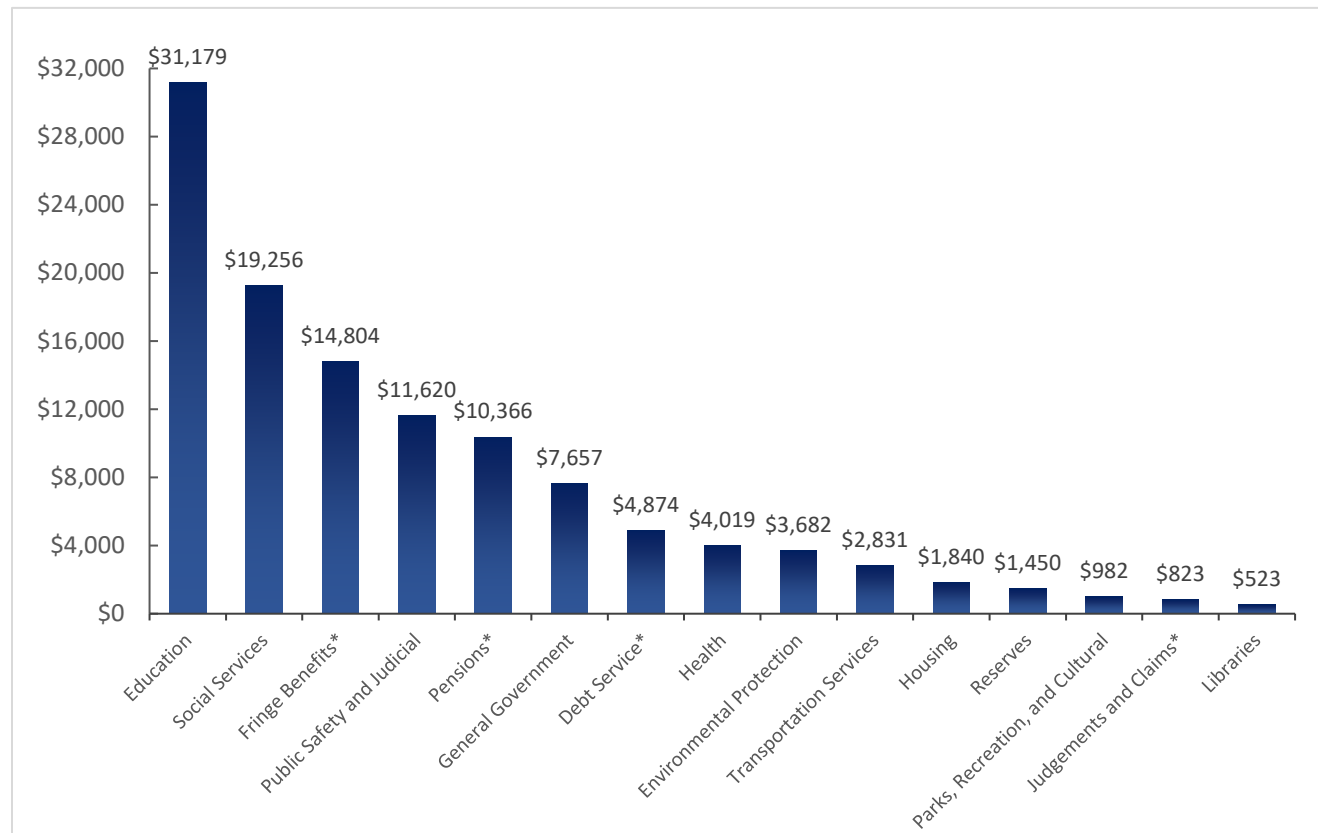
The Adopted Budget also includes a general reserve of \$1.20 billion and a capital stabilization reserve of \$250 million, together these account for 1.3 percent of the budget. These reserves are typically spent down as the fiscal year progresses. Chart 5 shows the allocation of the FY 2026 budget by service areas and centrally budgeted expenditures, such as fringe benefits, debt service, and pension contributions.

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<sup>4</sup> Spending on Department of Education and City University of New York fringe benefits, which are typically reflected within each agencies' respective budget have been included in the fringe benefits category. Social services agencies include the departments of Social Services, Homeless Services, Aging, and the Administration of Children's Services. All totals are net intracity funding.



**Chart 5. FY 2026 Budget by Service Areas & Centrally Budgeted Expenditures, in Millions**



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

Note:\* Denotes centrally budgeted expenditures. Spending on Department of Education and City University of New York fringe benefits, which are reflected within each agencies' respective budgets, have been included in the fringe benefits category.

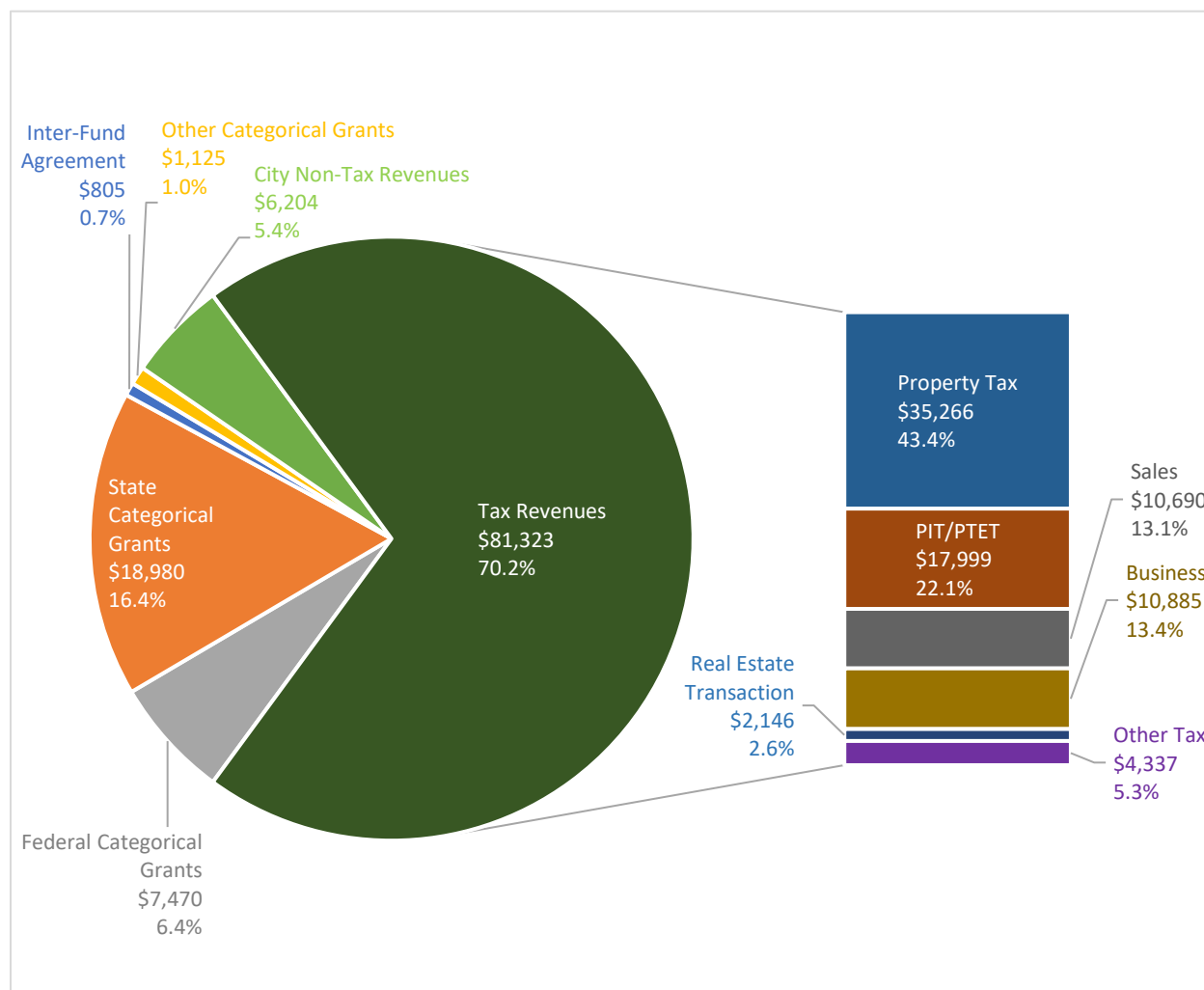
Most spending (75.5 percent) is supported by City-funded revenues. Tax revenues, which OMB forecasts to total \$81.32 billion, account for the bulk of City-generated revenues, as shown in Chart 6. Real property taxes and personal income taxes account for about two-thirds of projected tax revenues, with the property tax totaling \$35.27 billion<sup>5</sup> (43.4 percent of tax revenues), followed by \$18.00 billion in Personal Income Tax (PIT) and the closely related Pass Through Entity Tax or PTET (22.1 percent of revenues).<sup>6</sup> Non-tax City revenues, including interest income, charges for services, and revenues from licenses, permits, and franchises are projected to comprise 5.4 percent (\$6.20 billion) of total FY 2026 revenues (net intracity transfers). The Comptroller's Office provides its own—slightly lower—estimates of FY 2026 City-funded revenues in the [Comptroller's Office's Re-Estimates](#) section of this report.

<sup>5</sup> Property tax revenues are inclusive of the NY State reimbursement of STAR exemptions.

<sup>6</sup> In response to limits put on deductions of State and Local Taxes (SALT) payments in the 2017 Tax Cuts and Jobs Act, the State enacted legislation that allows partnerships and S corporations (known as pass-through entities) to pay City and State entity-level taxes. PTETs are optional taxes that do not replace the pre-existing income taxes (the General Corporation Tax on S corporations and the Unincorporated Business Tax). Unlike state and local PIT, PTET payments can be fully deducted from the federal individual income tax.

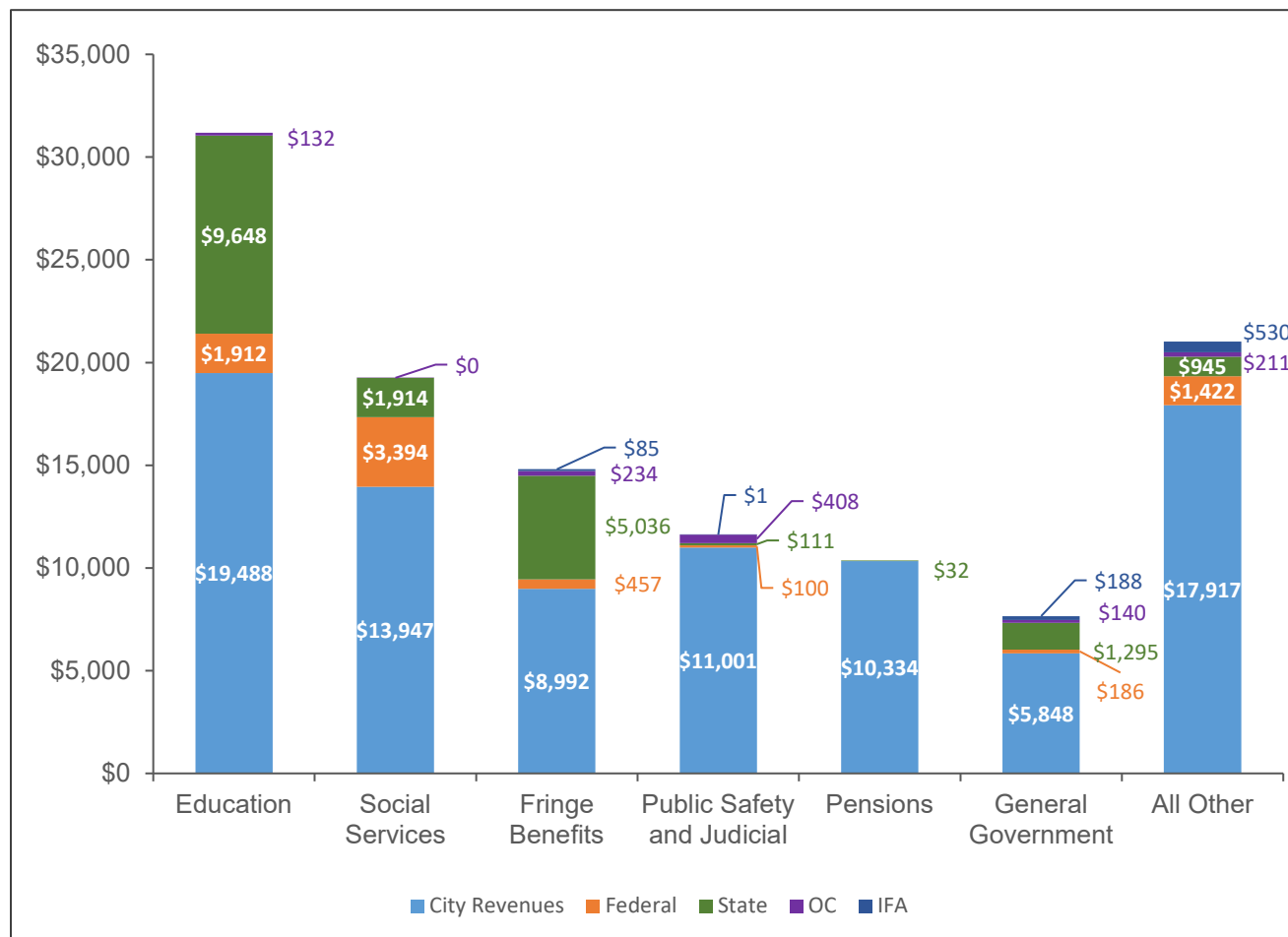
State categorical grants are forecast to be \$18.98 billion, or 16.4 percent of total FY 2026 projected revenues. Federal grants account for another \$7.47 billion, or 6.4 percent, of FY 2026 projected revenues. Notably, the City traditionally recognizes additional Federal revenue during the fiscal year. However, as described in the [Federal Funding Risks](#) section of this report, actions by the Trump Administration and Congress will likely negatively impact this funding. Other categorical grants and inter-fund agreement (IFA) revenues comprise the remaining City revenues (about 1 percent each). IFA revenues are reimbursements from the Capital Projects Fund to the General Fund for costs related to the execution of capital projects. Chart 7 shows the funding allocation among the different service areas of the budget.

**Chart 6. Funding Sources, FY 2026 Adopted Budget, in Millions**



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

**Chart 7. Funding Allocation by Service Area and Centrally Budgeted Expenditures for FY 2026, in Millions**



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

## Changes from the FY 2026 Executive Budget

The \$115.91 billion FY 2026 Adopted Budget is an \$842 million increase over the Executive Budget released in May. City-funded revenue estimates increased by \$302 million. The City raised its tax forecast by \$309 million, which was offset slightly by a \$7 million decrease in non-tax City-funded revenues. The increase in tax revenues is primarily due to higher forecasted Personal Income and Pass-Through Entity Tax revenues or PIT/PTET (\$315 million increase) and higher forecasted business income taxes (\$149 million increase), that are partially offset by lower property taxes (\$199 million decrease). The decrease in property tax revenues includes a \$61 million baseline reduction in shelter rent for Mitchell-Lama buildings enacted as part of the State Budget, with the remainder due to a reduction in the levy reflected in the FY 2026 final roll.

State categorical aid increased by \$506 million, largely driven by a net \$340 million increase in education aid. Formula-based education aid was increased in the State's Enacted Budget but only

partially reflected in the City’s Executive Budget. The increase in State aid also includes a \$102 million increase in budgeted State asylum seeker aid. Budgeted Federal aid increased by \$27 million compared to the Executive Budget.

In the June Financial Plan, released with the FY 2026 Adopted Budget, the Mayor’s Office of Management and Budget (OMB) also increased its FY 2025 revenue projections by \$991 million. The largest increase is to Federal categorical aid (+\$524 million), more than half of which is from an increase of \$280 million in the Child Care Block Grant for child care vouchers. City-funded revenue projections increased by \$435 million. This includes \$308 million in additional tax revenues, \$97 million in non-tax revenues, and \$30 million in unrestricted aid. The largest tax revenue revision was a \$181 million increase in PIT/PTET revenues, followed by a \$173 million increase in property taxes. These and other smaller increases were offset by a \$173 million decrease in projected business income tax revenues. State Categorical grants increased by \$199 million. The increase in City-funded revenues in FY 2025, along with some expense savings, allowed the City to increase its prepayment of FY 2026 debt service by \$837 million, freeing up FY 2026 resources for other expenditures.

As for expenditures, City-funded spending for FY 2026 reflects an increase of \$1.14 billion compared with the Executive Budget, as shown in Table 6 and as described in more detail in the following sections. Revisions to agency expenditures for FY 2026 total \$813 million. City Council Initiatives account for another \$609 million of the increase, and \$270 million are due to changes required by the State’s Enacted Budget. These additions are partially offset by lower than previously budgeted City-funded costs for asylum seekers (\$250 million), a reduction of funds in the City’s labor reserve (\$210 million), as well as savings on projected debt service (\$80 million) and other smaller savings.

**Table 6. Changes to FY 2025 and FY 2026 City Funds Estimates from May 2025 Plan**

(\$ in millions)	FY 2025	FY 2026
<b>Gap to be Closed – May Plan</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenues:</b>		
<b>Tax Revenues</b>	\$308	\$370
State Budget Impact	0	(61)
Non-Tax Revenues	97	(7)
Unrestricted Aid	30	0
<b>Total Revenue Changes</b>	<b>\$435</b>	<b>\$302</b>
<b>Expenditures:</b>		
Agency Expenditures	\$6	\$813
City Council Initiatives	0	609
State Budget Impact	0	270
Services for Asylum Seeker Expense Reductions	(113)	(250)
Labor Reserve Re-estimate	(165)	(210)
Debt Service Savings	(28)	(80)
Pensions	(5)	(8)
Projected OTPS and PS Savings	(67)	(5)
General Reserve	(30)	0

(\$ in millions)	FY 2025	FY 2026
<b>Total Expenditure Changes</b>	<b>(\$402)</b>	<b>\$1,139</b>
<b>Surplus / (Gap) To Be Closed Before Prepayments</b>	<b>\$837</b>	<b>(\$837)</b>
<b>FY 2025 Prepayment of FY 2026 Debt Service</b>	<b>(\$837)</b>	<b>\$837</b>
<b>Gap to be Closed – June Plan</b>	<b>\$0</b>	<b>\$0</b>

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

Notes: There are about \$76 million in Agency Expenditures that are also included in the City Council Schedule C as City Council Initiatives. These are items agreed upon by the Council and the Mayor and funded on a one-year basis.

## Changes to City-Funded Agency Expenditures

The greatest additions to City-funded agency expenditures in the Adopted Budget for FY 2026 compared to the Executive Budget are to the Department of Education (DOE), where City-funded expenditures increased by \$260 million. (Unless mentioned, all totals in this section include State budget impacts but exclude City Council Initiatives, which are described in more detail in the following section.) This includes: \$128 million in hold harmless funding for schools that would otherwise see budget cuts because of reduced enrollment; a net \$71 million for Pre-K costs, \$70 million of which is for special education Pre-K; \$25 million to implement the “Bell to Bell” ban on cellular devices mandated by the Enacted State Budget, and \$10 million for the newly announced infant and child care pilot for children two-years old and under. Notably, the funding for the child care pilot was added to the same unit of appropriation in the DOE budget that funds Head Start and the City’s existing Infant and Toddler Program (for many years called EarlyLearn, which already serves children in this age group). The new funding appears to bring funding back on par with FY 2024 levels for the existing Infant and Toddler program. All this funding, apart from \$3 million for Pre-K, was added for FY 2026 only.

An additional \$20 million in City funds was also added in FY 2026 to help fund the hiring of 3,700 new teachers and 100 new principals to comply with the State’s class size mandate (\$150 million was added for this purpose in the May Plan). In addition to the City funds, \$241 million in State aid was also added to help fund these new teachers in the Adopted Budget—for a total of \$411 million added over the two plans for FY 2026. State funds in the same amount were also added for this purpose in FY 2027 and out (for a total of \$441 million added for the outyears including \$200 million in City funds added in the May Plan).

Other notable City-funded increases include \$229 million for child care vouchers at the Administration of Children’s Services (ACS). This is the result of an Enacted State Budget mandate that increased the City’s required contribution toward child care vouchers. This additional funding is baselined at \$266 million in FY 2027 through FY 2029.

A total of \$160 million was added to the Department of Homeless Services (DHS) budget for non-asylum seeker shelter costs (for FY 2026 only). This includes \$10 million for intake and \$150 million for single adult shelter services for households not classified as seeking asylum. (As discussed in a subsequent section, funding for asylum seeker costs was revised down in the Adopted Budget.) The City also added \$100 million for rental assistance costs in FY 2026 only. As discussed in the [Comptroller’s Re-Estimates](#) section despite these increases, additional City funding is required for shelter costs at DHS and rental assistance.

Funding for immigration legal services administered through the Department of Social Services (DSS) increased by \$55 million, including City Council Initiative funding. In addition, \$16.5 million was added for pro-bono attorneys to assist unaccompanied minor immigrants in removal proceedings, again including some funding through City Council Initiatives. General operating subsidies for the City's libraries increased by \$15 million compared with the Executive Budget, and another \$2 million was added for seven-day service at 11 libraries. Except for \$10 million for shelter intake, which was baselined through FY 2027, all the aforementioned increases are for FY 2026 only.

## City Council Initiatives

The Adopted Budget includes \$609 million in new City-funding through City Council Initiatives.<sup>7</sup> Through discretionary funding the Council supports non-profit organizations to meet a variety of local needs. Of the funds added (all for FY 2026 only) \$191 million flows through the Department of Youth and Community Development's (DYCD) budget, followed by \$77 million through the Department of Health and Mental Hygiene (DOHMH), \$60 million through DSS, \$54 million through the Department of Cultural Affairs (DCLA), and \$46 million through the Department for the Aging (DFTA), with the remainder split among other agencies.

## Asylum Seeker Costs

OMB reduced City-funded asylum seeker costs by \$250 million in FY 2026. This is the result of a \$150 million overall reduction in costs and a swap of about \$100 million in previously budgeted City funding with State funding. The State has not increased funding to the City (which is expected to total \$3.25 billion from FY 2023-FY 2026). However, the City will write down a portion of a prior year receivable for State revenue in FY 2023 during the FY 2025 year-end close process, which lowers revenues in FY 2025 but frees the funds up for use in FY 2026. The funding breakdown for FY 2026 now stands at \$1.16 billion City-funded, \$103 million State-funded, and \$37 million Federal-funded, for a total of \$1.30 billion budgeted for FY 2026. Overall costs for FY 2025 are projected to total \$3.09 billion, \$103 million less than budgeted in the May Plan (a \$96 million decrease in City funding and a \$7 million decrease in State funds). Budgeted amounts for the outyears remain unchanged since the May Plan, at \$1.20 billion in FY 2027 and \$500 million in each FY 2028 and FY 2029 (all City funds). As described in the [Comptroller's Office's Re-Estimates](#) section, this Office projects somewhat lower costs than are currently reflected in the June Financial Plan and that the City will not receive Federal funds as currently budgeted.

## Labor Reserve

OMB reduced funding held in the City's labor reserve for FY 2026 by \$210 million in the Adopted Budget (along with some allocations to agencies), for a total of \$673 million now budgeted for FY 2026. The re-

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<sup>7</sup> There is an additional \$78 million included in the City Council's Schedule C as City Council Initiatives that are classified in City budget documents, and in this report, as Agency Expenditures. These are items agreed upon by the Council and the Mayor and funded on a one-year basis. In addition, some initiatives included in Schedule C City Council Initiatives were funded in the Executive Budget.



estimate is due to lower than budgeted headcount and lower prevailing wage settlements, according to OMB. Totals for FY 2027 through FY 2029 are \$1.14 billion, \$1.81 billion, and \$2.44 billion, respectively. Contracts for several major unions representing the City workforce will expire in FY 2026, including the Police Benevolent Association (PBA) and the Uniformed Firefighters Association (UFA).<sup>8</sup> Both contracts expire on July 31, 2025. The contract for District Council 37, the City's largest municipal labor union, expires in November 2026 (FY 2027). According to OMB, the labor reserve contains sufficient funding to pay for 1.25 percent wage increases. Any raises negotiated above that amount would require an addition of funds to the City's labor reserve.

## Pensions

The Adopted Budget projects total pension expenditures of \$10.37 billion for FY 2026, \$9 million more than reflected in the Executive Budget.<sup>9</sup> This net increase is the result of several actions. The State Enacted Budget included provisions that increased the City's pension costs. It restored 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 million in FY 2026 and higher in the out years. It removed a Social Security Disability requirement for eligibility of ordinary disability retirement for Tier 3 members of the Fire Pension Fund, at a cost of \$400,000 in FY 2026 and rising slightly over time. It also increased the salaries used to calculate pension benefits for NYPD Detectives, Sergeants, and Lieutenants – with expected costs of \$4 million beginning in FY 2027 and rising over time. The combination of this legislation increased pension costs in FY 2026 by \$17 million, growing to \$32 million in FY 2029. In addition, in FY 2028 and FY 2029 the City added funding to address the size of the City's headcount (\$21 million annually). These increases are offset by some other reductions in costs for net increases of \$9 million in FY 2026, growing to \$46 million in FY 2029.

As described in the Comptroller's Office's Re-Estimates section of this report, pension investment returns were higher than budgeted for FY 2025. Pension investment returns above the Actuarial Interest Rate (AIR) of 7 percent allow the City to lower future pension contributions with a lag.<sup>10</sup> The combined FY 2025 returns averaged 10.3 percent. This will allow the City to decrease its pension contribution by \$191 million in FY 2027, \$436 million in FY 2028, and \$668 million in FY 2029.

## Debt Service

In addition to a \$837 million increase to the prepayment of FY 2026 debt service costs in FY 2025, projected debt service costs in FY 2026 decreased by \$80 million from the FY 2026 Executive Budget. The change comprises a \$15 million decrease in debt service on General Obligation (GO) bonds, which

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<sup>8</sup> The City, in June 2023, announced a five-year contract agreement with the Uniformed Officers Coalition representing eleven unions, including UFA. The agreement conformed to the economic pattern established by PBA and paved the way for each union to further discuss issues specific to their group, such as benefits, recruitment, and retention issues. Although the UFA's contract is expected to expire at the end of July, unit bargaining is still ongoing.

<sup>9</sup> Net of intra-city transfers.

<sup>10</sup> Investment returns above or below the AIR for a given fiscal year are phased in over a five-year period beginning the second fiscal year following the given fiscal year and amortized over 15 years.

is driven entirely by a reduction in floating rate support costs, and a \$65 million reduction in Transitional Financing Authority (TFA) debt service. TFA savings stem from additional State Building Aid and lower than projected debt service costs due to a refunding.

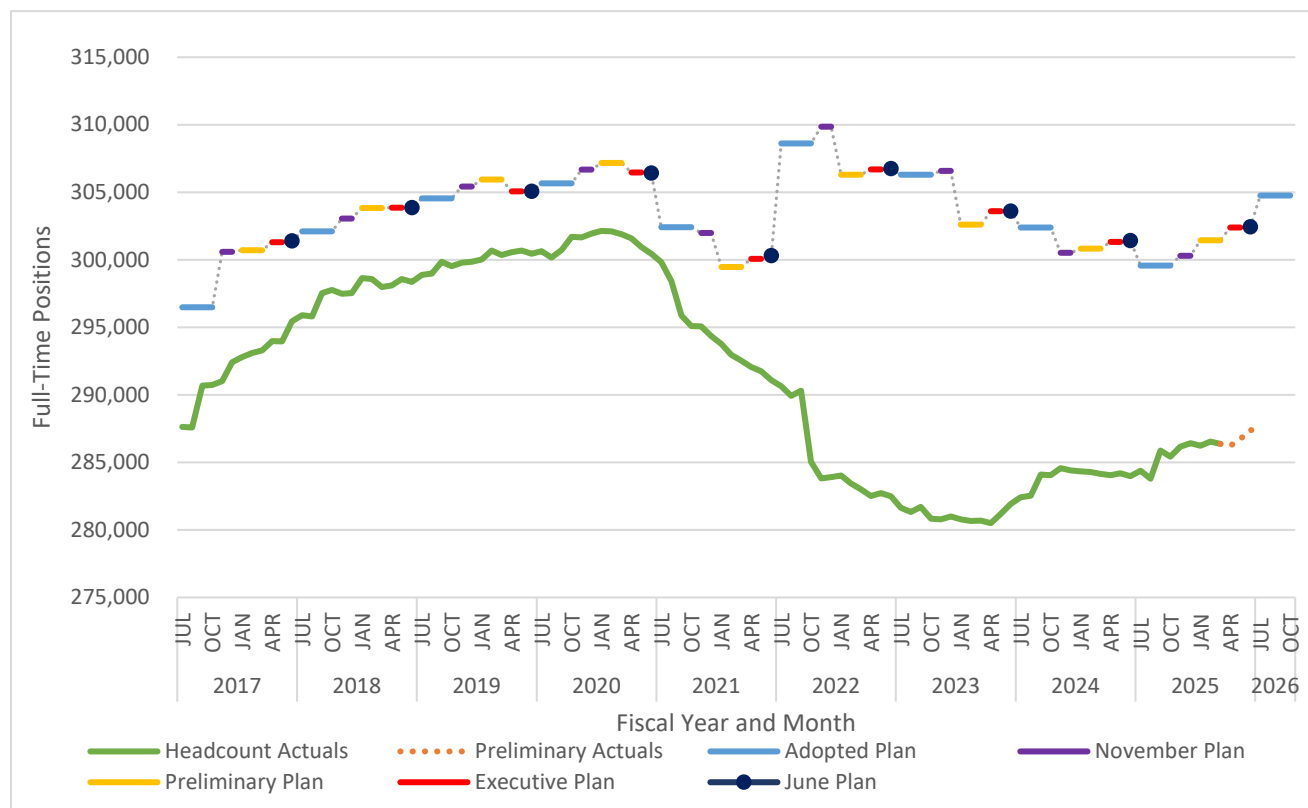
## Changes to the City's Total Full-Time Headcount

The Adopted Budget projects total full-time authorized headcount for FY 2026 at 304,752, with the number of authorized full-time positions declining by more than 1,300 positions in FY 2027 to 303,435 and settling at 303,372 in FY 2029. Compared with the Executive FY 2026 Financial Plan, the authorized headcount for FY 2026 increased by 4,592 positions. Most of the new positions are for the DOE (4,284 positions) to hire more teachers to comply with the State's class size mandate. DHS received 109 new positions to support shelter intake.

The City's full-time workforce was at 287,102 as of July 2025, with a vacancy rate of 5.8 percent against the FY 2026 Adopted Budget. This is a slight increase of 364 employees from May. Please see the [NYC Agency Staffing Dashboard](#) for more details by agency.

If the City's 2-for-1 hiring freeze remains in effect, lower-than-authorized headcount is expected to persist for the rest of FY 2026. (Under this rule, one employee can be hired for every two that leave or retire.) As described in the [Comptroller's Office's Re-Estimates](#) section, this Office projects that non-overtime salary and wage costs, including some fringe savings, will total about \$600 million less than currently budgeted by OMB for FY 2026.

**Chart 8. Full-Time Headcount, Actual vs Plan, FY 2017 – FY 2026**



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

Note: Plan values are assigned to specific months—July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment are preliminary for May through July of FY 2026; they are derived from initial payroll results and have not yet been published by OMB.

## Capital Budget Changes

The FY 2026 Adopted Capital Budget totals \$24.28 billion, an increase of \$2.30 billion compared with the FY 2026 Executive Budget. Of the increase, \$1.0 billion was added for transit-related projects as part of the Enacted State Budget's mandate that the City contribute \$3.0 billion to the Metropolitan Transportation Authority's (MTA) FY 2025-FY 2029 Capital Plan. (The State Budget also increased the amount of TFA debt excluded from the Constitutional debt limit by \$3 billion to accommodate its mandated increase.) Other changes include \$328 million for education projects, \$279 million for cultural institution projects, and \$232 million for parks projects. The City's Adopted Capital Commitment Plan, typically released in September, will provide additional details on planned capital spending.

## FY 2026 Budget Compared with FY 2025 Modified Budget

As shown in Table 7, total revenues in the FY 2026 Adopted Budget are \$4.88 billion less than the final modified for FY 2025 budget, a drop of 4.0 percent. The decline is primarily due to less Federal and State categorical aid budgeted compared with FY 2025, which is partially offset by higher projected tax revenues in FY 2026. About one-third of the \$3.57 billion drop in Federal aid stems from the wind down of COVID assistance from the various Federal relief packages. While reductions in Federal aid are likely given actions by the Trump Administration and Congress, the City typically does not fully recognize grant revenue in the budget at the onset of the fiscal year, which accounts for much of the year-over-year decline currently reflected in the budget. The \$1.95 billion decline in State aid year-over-year is largely driven by less asylum seeker aid expected in FY 2026 than FY 2025.

OMB forecasts that tax revenues will grow by \$973 million in FY 2026 compared with FY 2025, a 1.2 percent increase. This is largely due to higher forecasted property tax receipts and business income taxes offset by a decline in PIT/PTET revenue. OMB forecasts property tax revenue will grow by \$552 million (1.6 percent). Business income tax revenue is projected to grow by \$414 million (4.0 percent), PIT/PTET is budgeted to decline by \$411 million (2.2 percent).

**Table 7. Revenues Comparison, Final Modified FY 2025 vs Adopted FY 2026**

(\$ in millions)	FY 2025	FY 2026	Dollar Change	Percent Change
<b>Taxes:</b>				
General Property Tax	\$34,714	\$35,266	\$552	1.6%
Other Taxes	44,766	45,248	482	1.1%
Tax Audit Revenues	870	809	(61)	(7.0%)
Subtotal: Taxes	\$80,350	\$81,323	\$973	1.2%
Miscellaneous Revenues	\$8,917	\$8,103	(\$814)	(9.1%)
Unrestricted Intergovernmental Aid	52	0	(52)	(100.0%)
Less: Intra-City Revenues	(2,246)	(1,884)	362	(16.1%)
Disallowances Against Categorical Grants	4	(15)	(19)	(475.0%)
<b>Subtotal: City Funds</b>	<b>\$87,077</b>	<b>\$87,527</b>	<b>\$450</b>	<b>0.5%</b>
<b>Other Categorical Grants</b>	946	1,125	179	18.9%
<b>Inter-Fund Revenues</b>	792	805	13	1.6%
<b>Federal Categorical Grants</b>	11,040	7,470	(3,570)	(32.3%)
<b>State Categorical Grants</b>	20,927	18,980	(1,947)	(9.3%)
<b>Subtotal: Non-City Funds</b>	<b>\$33,705</b>	<b>\$28,380</b>	<b>(\$5,325)</b>	<b>(15.8%)</b>
<b>Total Revenues</b>	<b>\$120,782</b>	<b>\$115,907</b>	<b>(\$4,875)</b>	<b>(4.0%)</b>

Source: Office of the New York City Comptroller

Note: Totals may not add due to rounding.

Expenditures—as presented in the FY 2026 Adopted Budget—reflect the impact of prepayments, which shift spending between fiscal years. Similarly, the FY 2025 final modified budget is impacted by FY 2024 and FY 2025 prepayments. Total prepayments for FY 2026 now made in FY 2025 are \$3.79 billion, all for debt service costs. This is less than FY 2025’s prepayment of FY 2024’s costs of \$4.40 billion, meaning the City is projecting year-end expenditures will exceed revenues by approximately \$610 million for FY 2025 (final numbers will be available in October when the Comptroller’s Office publishes the City’s financial statements).

As shown in Table 8, after netting out prepayments and reserves, total expenditures for FY 2026 are budgeted to total \$118.24 billion, a decrease of \$3.94 billion or 3.2 percent compared with the similarly adjusted FY 2025 total. This decline is due to a \$8.13 billion budgeted reduction in other than personnel services (OTPS spending), offset by a \$3.15 billion increase in personnel services (PS) spending, and a \$1.04 billion increase in debt service costs. Most of the decline in OTPS costs comes from lower budgeted spending for contractual services in FY 2026 than FY 2025—which are budgeted to fall by \$4.55 billion. While some of the decline in OTPS spending is due to lower projected asylum seeker costs in FY 2026, as outlined in the [Comptroller’s Office’s Re-Estimates](#) section of this report, the Comptroller’s Office projects that many City-funded OTPS costs reflected in the projected year-over-year decrease are underbudgeted and that actual FY 2026 costs will be far greater than currently planned.

On the PS side, most of the \$3.15 billion in higher costs in FY 2026 compared with FY 2025 comes from increased spending on salaries and wages (\$1.49 billion) and health insurance costs (\$821 million). As detailed in the [Comptroller's Re-Estimates](#) section of this report, health insurance costs in FY 2026 (and onward) are expected to be even higher than currently budgeted, however. The increase from FY 2025 to FY 2026 reflects a premium increase of 5.5 percent for active and pre-Medicare retirees. The New York State Department of Financial Services (DFS), however, approved a 12.2 percent increase. This is expected to increase health insurance costs in FY 2026 by \$539 million compared to what is included in the Adopted budget.

**Table 8. FY 2026 Expenditures vs. FY 2025 Expenditures Adjusted for Prepayments**

(\$ in millions)	FY 2025	FY 2026	Dollar Change	Percent Change
<b>Personal Service (PS):</b>				
Salaries and Wages	\$32,808	\$34,299	\$1,492	4.5%
Pensions	9,917	10,366	449	4.5%
Health Insurance	8,908	9,730	821	9.2%
Other Fringe Benefits	4,695	5,082	387	8.2%
<b>Subtotal: PS</b>	<b>\$56,328</b>	<b>\$59,477</b>	<b>\$3,149</b>	<b>5.6%</b>
<b>Other Than Personal Service (OTPS):</b>				
Medicaid	\$6,380	\$6,583	\$203	3.2%
Public Assistance	2,648	1,650	(998)	(37.7%)
Judgments and Claims	1,081	823	(258)	(23.9%)
Contractual Services	28,653	24,106	(4,547)	(15.9%)
Other OTPS	19,473	16,943	(2,530)	(13.0%)
<b>Subtotal: OTPS</b>	<b>\$58,236</b>	<b>\$50,105</b>	<b>(\$8,130)</b>	<b>(14.0%)</b>
<b>Debt Service</b>	<b>\$7,624</b>	<b>\$8,661</b>	<b>\$1,037</b>	<b>13.6%</b>
<b>Total Adjusted Expenditures, Excluding Reserves</b>	<b>\$122,188</b>	<b>\$118,244</b>	<b>(\$3,944)</b>	<b>(3.2%)</b>
Prior Year Payable Adjustment	(\$816)	\$0	\$816	
BSA and Discretionary Transfers	(\$610)	(\$3,787)	(\$3,177)	
General Reserve	\$20	\$1,200	\$1,180	
Capital Stabilization Reserve	\$0	\$250	\$250	
<b>Total Expenditures</b>	<b>\$120,782</b>	<b>\$115,907</b>	<b>(\$4,875)</b>	<b>(4.0%)</b>

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

Note: Excludes contractual services for debt service and Medicaid

## The Outyears

While the FY 2026 budget is balanced, as required by law, the June 2025 Plan presents budget gaps of \$5.04 billion in FY 2027, \$6.10 billion in FY 2028, and \$5.96 billion in FY 2029. Projected gaps have increased since the May Financial Plan: by \$414 million in FY 2027, \$292 million in FY 2028, and \$298 million in FY 2029.



Total revenues are projected to grow at an average annual rate of 2.0 percent from \$115.91 billion in FY 2026 to \$122.85 billion in FY 2029. Tax revenues are projected by OMB to grow at an average annual rate of 2.8 percent. State categorical aid is budgeted to grow only slightly over the plan period at an average annual rate of 0.3 percent from \$18.98 billion in FY 2026 to \$19.15 billion in FY 2029, while Federal categorical aid is budgeted to decline from \$7.47 billion to \$7.34 billion (an average annual decrease of 0.6 percent).

**Table 9. FY 2026-FY 2029 Revenue Growth**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Growth FYs 2026-2029	Annual Growth
<b>Taxes:</b>						
General Property Tax	\$35,266	\$36,627	\$37,704	\$38,816	10.1%	3.2%
Non-Property Tax	46,057	46,202	47,776	49,485	7.4%	2.4%
<b>Subtotal: Tax Revenues</b>	<b>\$81,323</b>	<b>\$82,829</b>	<b>\$85,480</b>	<b>\$88,301</b>	<b>8.6%</b>	<b>2.8%</b>
Non-Tax Revenues	6,204	6,064	6,095	6,149	(0.9%)	(0.3%)
<b>Subtotal: City-Funds</b>	<b>\$87,527</b>	<b>\$88,893</b>	<b>\$91,575</b>	<b>\$94,450</b>	<b>7.9%</b>	<b>2.6%</b>
Federal Categorical Grants	7,470	7,237	7,284	7,344	(1.7%)	(0.6%)
State Categorical Grants	18,980	18,859	18,993	19,145	0.9%	0.3%
Other Categorical Grants	1,125	1,120	1,116	1,114	(1.0%)	(0.3%)
Inter-Fund Revenues	805	795	796	799	(0.7%)	(0.2%)
<b>Subtotal: Non-City-Funds</b>	<b>\$28,380</b>	<b>\$28,011</b>	<b>\$28,189</b>	<b>\$28,402</b>	<b>0.1%</b>	<b>0.0%</b>
<b>Total</b>	<b>\$115,907</b>	<b>\$116,904</b>	<b>\$119,764</b>	<b>\$122,852</b>	<b>6.0%</b>	<b>2.0%</b>

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

Expenditures, as budgeted, are projected to grow at an annual average rate of 3.6 percent from FY 2026 through FY 2029 to \$128.82 billion. As previously discussed, however, FY 2026 expenditures are reduced by pre-payments of debt service in FY 2025. After adjusting for prepayments, growth in expenditures before reserves is lower at 2.5 percent, although it still outpaces revenue growth. As shown in Table 10, most of the growth in spending over the Plan period comes from PS-related costs, including salaries and wages, pension, and health insurance. PS costs are budgeted to grow at an annual average rate of 3.0 percent while OTPS costs are budgeted to grow by 0.6 percent from FY 2026 to FY 2029. However, as previously mentioned and further outlined in the [Comptroller's Re-Estimates](#) section of this report, many costs are underbudgeted and actual costs will be higher than currently reflected.

**Table 10. FY 2026-FY 2029 Expenditure Growth, Adjusted for Prepayments and Reserves**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Growth FYs 2026 -2029	Annual Growth
<b>Personal Service (PS):</b>						
Salaries and Wages	\$34,299	\$35,197	\$36,139	\$36,934	7.7%	2.5%
Pensions	10,366	10,969	11,761	11,401	10.0%	3.2%
Health Insurance	9,730	10,109	10,526	10,972	12.8%	4.1%
Other Fringe Benefits	5,082	5,250	5,445	5,640	11.0%	3.5%
<b>Subtotal: PS</b>	<b>\$59,477</b>	<b>\$61,524</b>	<b>\$63,871</b>	<b>\$64,947</b>	<b>9.1%</b>	<b>3.0%</b>
<b>Other Than Personal Service (OTPS):</b>						
Medicaid	\$6,583	\$6,733	\$6,883	\$7,033	6.8%	2.2%
Public Assistance	1,650	2,000	2,463	2,905	76.0%	20.7%
Judgments and Claims	823	840	862	891	8.2%	2.7%
Contractual Services	24,106	23,521	22,909	23,091	(4.2%)	(1.4%)
Other OTPS	16,943	16,333	16,909	17,105	1.0%	0.3%
<b>Subtotal: OTPS</b>	<b>\$50,105</b>	<b>\$49,428</b>	<b>\$50,027</b>	<b>\$51,024</b>	<b>1.9%</b>	<b>0.6%</b>
<b>Debt Service</b>	<b>\$8,661</b>	<b>\$9,546</b>	<b>\$10,518</b>	<b>\$11,394</b>	<b>31.6%</b>	<b>9.6%</b>
<b>Total Adjusted Expenditures, Excluding Reserves</b>	<b>\$118,244</b>	<b>\$120,498</b>	<b>\$124,417</b>	<b>\$127,366</b>	<b>7.7%</b>	<b>2.5%</b>
BSA and Discretionary Transfers	(\$3,787)					
General Reserve	1,200	1,200	1,200	1,200		
Capital Stabilization Reserve	250	250	250	250		
<b>Total Expenditures</b>	<b>\$115,907</b>	<b>\$121,948</b>	<b>\$125,867</b>	<b>\$128,816</b>	<b>11.1%</b>	<b>3.6%</b>

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, 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).

## Federal Funding Risks

Federal aid in the FY 2026 Adopted Budget totals \$7.47 billion or 6.4 percent of the City's operating budget. While this is a decline from the projection of \$11.04 billion for FY 2025, it is not a reflection of cuts to Federal aid. The City typically recognizes additional grant revenue during the ongoing fiscal year. (The difference between the fiscal years also reflects the wind down of Federal COVID relief aid, the majority of which ends in FY 2025). Federal funding for capital projects totals \$3.61 billion or 3.3 percent of May 2025 City's Capital Commitment Plan of FY 2025 through FY 2029. Over half of planned Federal capital funding is for Hurricane Sandy-related resiliency projects. Federal aid—whether currently reflected in the City's budget or not—however, remains under tremendous threat.

Risks to federal aid (which are ignored in the Adopted Budget and the financial plan) come from multiple fronts, including mandatory spending cuts made through the budget reconciliation bill signed into law by President Trump on July 4, proposed reductions to discretionary spending outlined in the

Trump Administration’s FY 2026 Budget Request to Congress, as well as through the Trump Administration’s numerous executive orders and unilateral attempts to terminate, pause, and rescind many Federal grants already awarded. The Trump Administration has also begun adding restrictive language to contract renewals and Federal audits due to new terms imposed by executive orders and policy changes that could also impact future Federal funding. For example, in July, New York State joined 20 other states in a lawsuit over the Trump’s Administration [policy](#) barring certain immigrants from many Federal health and social services programs. These changes require States (and localities) to verify recipients’ lawful status for programs previously available to all, such as soup kitchens, Head Start, or mental health clinics, or risk losing Federal funding.<sup>11</sup> A stay of enforcement of the policies was ordered by the U.S. District Court for the District of Rhode Island through September 3, 2025.<sup>12</sup> These risks are in addition to the economic impacts outlined in the New York City Economy section of this report.

Additionally, 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. Many of the cuts proposed will not only impact the City budget but the budget of the city’s public hospital system New York City Health + Hospitals (H+H), the New York City Housing Authority (NYCHA), non-profits, universities and colleges, and New Yorkers directly.

## Federal Budget Reconciliation Bill

On July 4, President Trump signed into law the budget reconciliation bill, which had been passed by the Senate and then the House. This bill will have significant impacts on the New York City economy, the State and City’s budgets, and residents. However, some of its worst impacts are delayed until after the midterm elections of 2026. In its [July Newsletter](#), this Office detailed many of the local impacts in addition to those described here, which primarily focus on cuts to the Medicaid and the Supplemental Nutrition Assistance Program (SNAP), that are likely to directly impact the budgets of the State and H+H, and which could be passed onto the City.

## Medicaid and the Essential Plan

- The final bill contains considerable cuts and eligibility changes to Medicaid and the Affordable Care Act (ACA). The State budget director has [stated](#) that the State is facing a \$750 million shortfall in the current fiscal year due to Medicaid cuts and an estimated \$3 billion gap in State FY 2027. In total, New York State estimates that it will face a combined \$13.5 billion in reduced Federal funding and increased costs each year due to these changes to Medicaid and the ACA, once fully implemented. This estimate was based on the House of Representatives first draft of the reconciliation bill, and it remains the latest comprehensive assessment released by the State. NYC’s congressional districts’ share of that fiscal impact is estimated to be \$7.9 billion.

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<sup>11</sup> [State of New York et al. v. United States Department of Justice et al. Complaint 2025.pdf](#)

<sup>12</sup> [State of New York et. al. v United States Department of Justice et al. Stipulation 2025.pdf](#)

The reconciliation bill includes the work requirements of the House-passed version for adults ages 19 to 64 but further limits the caretaking version to children ages 13 and under. This requirement begins December 2026.

- Many lawfully present immigrants who are currently enrolled in the NY State Essential Plan are made ineligible for coverage. The [State Department of Health](#) estimates that 303,123 current Essential Plan enrollees in NYC Congressional Districts will move to State-only funded Medicaid (effective January 2026), and 134,114 individuals will lose coverage entirely (effective January 2027). The estimated statewide fiscal impact of this change alone is over \$10 billion due to the reduction in Federal funding and increased State cost.
- The final bill includes a provision to limit the rate at which certain states (those that expanded Medicaid eligibility as part of the ACA) can tax providers to fund Medicaid. NY will lose its recently approved Managed Care Organization Tax a year early, originally worth \$3.7 billion over two years, and may need to reduce some of its long-standing provider tax rates beginning in 2030 depending on how certain provisions are interpreted.
- H+H will face increases in uncompensated care and lower reimbursement due to the above changes. In addition, unlike the original House-passed version, the final bill did not defer significant cuts to Disproportionate Share Hospital (DSH) payments which have been delayed previously each year since the passage of the ACA. In NY, these cuts fall first on H+H and could reduce their federal funding by approximately \$622 million a year if not addressed in subsequent legislation. These cuts are already included in H+H's cash plan.
- The final bill also included limits on [State Directed Payments](#), reducing payments to hospitals (which currently can equal average commercial rates) by 10 percent a year until they reach the Medicare rate. These payments are a mechanism that NY and other states have used to help H+H and other safety net hospitals address gaps between low Medicaid rates and uncompensated care and their actual cost of care. H+H has a pending proposal currently under review by the Center for Medicare and Medicaid Services (CMS) which, if approved, would still benefit the system until the reductions to the payments enacted in the legislation kick in, beginning in 2028.

## Supplemental Nutrition Assistance Program and Other Cuts

The final reconciliation includes State cost-sharing provisions for SNAP, which are tied to a State's payment error rate. The final bill eliminates the minimum State share if the error rates are less than 6 percent and caps the State share at 15 percent if the error rate is above 10 percent. This is a slightly moderated version of the cost-sharing than what was included in the House-passed version.

In its effort to appease Alaska Senator Lisa Murkowski, the final version includes an up to two-year delay for states with higher payment errors. States with a payment error rate of 13.34 percent or above in Federal Fiscal Years 2025 and/or 2026 will delay cost sharing by one or two years. New York State is currently within the threshold to receive the waiver but will have to maintain its [2024 error rate](#) at roughly the same level or higher for FYs 2025 and 2026 to receive the exemption. Without the exemption, the cost-sharing will begin in Federal Fiscal Year 2028.

Cost-sharing takes place at the State level, so the City’s fiscal impact would be determined by how the State allocates the cost – either by absorbing it within the State budget, passing the cost on to localities, or changing the program in such a way that reduces costs by passing the reduction on to beneficiaries. This Office estimates the maximum fiscal impact of a 15 percent cost share, if passed directly to the City’s budget, to be roughly \$750 million.

The Federal matching for SNAP administrative costs is also reduced in the bill from 50 percent to 25 percent beginning in Federal Fiscal Year 2027. The City currently receives about \$200 million in Federal funding for SNAP program administration and is expected to lose funding of approximately \$75 million in FY 2027, increasing to \$100 million in FY 2028 the first full City fiscal year with the cut. The reconciliation bill also ends the SNAP-Ed program at the end of this federal fiscal year, which funds a \$2.2 million program run by the City’s Department of Health and Mental Hygiene.

Other changes impact eligibility, which is restricted to U.S. citizens and lawful permanent residents under the bill and removed for refugees, asylees, and certain other categories of immigrants who have not obtained lawful permanent resident status. The bill also expands work requirements. Beneficiaries up to age 64 will be required to meet work requirements (this was previously 54). The definition of a dependent child was narrowed to those under 14 years of age (previously 17), so that now those with dependents aged 14 to 17 will also be subject to work requirements, and protections currently in place for veterans, individuals experiencing homelessness, and youth aging out of foster care were removed. Future benefits were capped at the growth rate of inflation, regardless of whether food prices increase faster, which could effectively reduce benefits.

The bill also canceled Federal funding for capital projects under the Federal “Access and Equity” program. The reconciliation bill rescinded any unobligated portion of the grant. The Federal government had awarded the City \$117.7 million in funding as part of the grant for the QueensWay project to build a linear park along an abandoned railway in Forest Park. As of the May Capital Commitment Plan, \$117.7 million in Federal capital commitments were planned for FY 2026. Of that total \$5.8 million has been obligated by the Federal government, meaning \$111.9 million is likely no longer available.

## Terminations to Federal Grants

Overall, the City has received about two dozen notices of funding pauses, cancellations, or terminations from the Trump Administration, some of which have either been rescinded or found to have little or no impact on City funding by OMB. According to OMB, the potential funding loss to the City due to these terminations (some of which are being challenged in court) totals about \$644 million from FY 2025 through FY 2027. This includes capital (\$346 million) and expense (\$298 million) funding. Of the expense funding, \$125 million flows to the New York City Housing Authority, which operates outside the City budget. As previously mentioned, some of the largest terminations of Federal funding announced thus far impacting City programs include:

- Grants through the FEMA Building Resilient Infrastructure and Communities (BRIC) program. OMB estimates this termination impacts \$330 million in funding awarded for City capital

projects, although little had been reflected in the City's capital commitment plan.<sup>13</sup> On August 5<sup>th</sup>, a Federal judge granted a preliminary injunction blocking the Trump Administration from removing the funds while a court case against the Trump Administration progresses.<sup>14</sup>

- 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 no new funding will be allocated to the program after the CY 2026 allocation, which is expected to result in an early termination of the program. Final allocations for HPD and NYCHA combined are expected to total \$127 million for CY 2025 and \$156 million in CY 2026. As of early July, about 7,500 New Yorkers were receiving rental assistance through the program which was begun as part of Federal COVID relief efforts.<sup>15</sup> OMB estimates a funding loss of \$53 million annually for HPD and a \$125 million loss annually for NYCHA. The exact date of when funds will be fully exhausted is unclear at this time due to the nature of the program, but HPD and NYCHA estimate that existing allocations will likely support the program through all of City FY 2026 and the beginning of FY 2027. NYCHA recently [announced](#) it would provide rental assistance to the households set to lose assistance due to the change, but will stop issuing Section 8 vouchers to households on its waiting list to do so. HPD, however, does not have the same access to additional Section 8 vouchers but has [said](#) it plans to pull together other resources, including State housing aid, to help keep impacted households housed.
- The FEMA Shelter and Services Program through which the City was awarded funds to reimburse some of the costs of services to asylum seekers. 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 and \$37 million budgeted for FY 2026. While OMB only includes \$118 million in its estimate of potential funding loss, in its letter to the City, the Federal government noted it would review for termination all funds awarded. This puts all the \$188 million at risk.
- Other grant terminations include funding for an Environmental Protection Agency (EPA) air conditioner recovery program, and a grant through the EPA clean vehicles program.
- Additionally, \$110 million 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 was terminated in March. Following litigation, the

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<sup>13</sup> [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](#)

<sup>14</sup> [Judge blocks reallocation of billions meant for disaster mitigation | AP News](#)

<sup>15</sup> [Emergency Housing Voucher \(EHV\) Data Dashboard | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)



terminations were rescinded and the grant funding restored for now; though litigation is ongoing.<sup>16</sup>

## Trump Discretionary Budget

In addition to the budget reconciliation bill, the Trump Administration’s released its more detailed FY 2026 discretionary budget request in late May, providing more detail than its preliminary or “skinny budget” released earlier that month. If substantially implemented by Congress— this could also have devastating effects on the City. This White House discretionary budget proposal is not binding but demonstrates its priorities to Congress, which is charged with passing the budget. Unlike mandatory spending, which continues based on existing laws, discretionary spending levels must be approved by Congress each fiscal year to fund government agencies and programs.

Some of the biggest cuts in the Trump budget proposal with the greatest potential impact of the City are to the Department of Housing and Urban Development (HUD). The proposal reduces the agency’s budget by 44 percent. Sweeping cuts to housing programs would be particularly damaging to New York City. The Trump Administration proposes transforming the Housing Tenant-Based Voucher Program (commonly referred to as Section 8), public housing subsidies, and other programs into a single block grant program.<sup>17</sup> It would also put two-year cap 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.<sup>18</sup> Other housing impacts include eliminating the Community Development Block Grant (CDBG) program, the Low-Income Home Energy Assistance Program (LIHEAP), and the HOME Investment Partnership, for which the City has budgeted \$239 million, \$39 million, \$15 million, respectively in expense funding in FY 2026.<sup>19</sup> Other funding for New York City education, health, and social service programs would also be cut under the Trump discretionary budget.

Both the House and the Senate have begun marking up discretionary appropriations bills, although much remains to be done. Notably, both the Senate’s and the House’s draft Transportation, Housing and Urban Development (THUD) spending bills *do not* include the deep cuts outlined in the Trump budget request for HUD, leaving most of its funding intact. The Senate bill increases overall HUD funding compared to FFY 2025 levels, while the House bill decreases it slightly.<sup>20</sup> Congress must pass a discretionary budget or a stopgap spending measure before the September 30 deadline to avert a shutdown.

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<sup>16</sup> [Memorandum and Order, State of Colorado et al, v U.S. Department of Health and Human Services](#)

<sup>17</sup> 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.

<sup>18</sup> Housing Choice Voucher (HCV) Data Dashboard | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

<sup>19</sup> Totals exclude disaster relief and COVID-related funding. LIHEAP is funding through the Department of Health and Human Services, which also faces significant budget cuts in the Trump proposal.

<sup>20</sup> [National Low Income Housing Corporation's \(NLIHC\) Analysis of Senate Appropriations Committee FY 2026 Spending Bill for HUD Programs](#).



The Comptroller's Office has proposed increasing the City's general reserve in FY 2026 to help protect the City against these Federal cuts. While neither the City nor the State can cover these reductions, a general reserve increase would help soften the impact until longer-term solutions are reached.

## Reserves

In addition to the general reserve and the capital stabilization reserve, which are included within the expense budget, the City has access to about \$1.96 billion in long-term reserves available in its rainy-day fund, the Revenue Stabilization Fund (RSF). 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 tax forecast, a deposit should have been made according to the formula in FY 2025—although none has been budgeted. Based on the formula, and the Comptroller's Office's FY 2025 revenue projections, the City should have deposited \$1.38 billion into the RSF in FY 2025 (\$1.32 billion based on its recession forecast). No minimum deposit would be required in FY 2026, based on this Office's tax revenue forecast.

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 (this Office's mild recession scenario shows four declines), 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 \$4.01 billion under the mild recession scenario. However, as previously stated only \$1.96 billion is currently available.

The City also has \$5.0 billion in the Retiree Health Benefits Trust. While it historically has been used as such, the RHBT is not a true rainy-day fund as it was intended to cover the long-term liability deriving from retiree health care benefits.

## IV. Comptroller's Office's Re-Estimates

The Comptroller's Office restates the City's projected gaps based on its estimates of City fund revenues and expenditures. As shown in Table 11, under its baseline, no recession economic forecast, the Office estimates the City will end FY 2026 with a gap of \$4.22 billion, growing to \$8.83 billion in FY 2027, \$9.95 billion in FY 2028 and totaling \$8.54 billion in FY 2029.

If a mild recession were to occur, the Comptroller's Office estimated gaps would increase, although withdrawals from the rainy day fund would reduce the impact in FY 2026 and FY 2027. With rainy day fund withdrawals of \$980 million in this fiscal year and next, gaps would increase to \$5.52 billion (+ \$1.30 billion) and \$9.89 billion (+\$1.06 billion) in FY 2026 and FY 2027, respectively. Gaps in FY 2028 and FY 2029 would be closer to the no recession scenario, totaling \$10.22 billion and \$8.22 billion, respectively.

### Revenues

Based on the no recession forecast, the Comptroller's Office estimates that City fund revenues, including tax and non-tax revenues, will be slightly lower than OMB's projections in FY 2026 (by \$159 million). In the outyears, this Office's forecasted revenue surpasses OMB's annually – by \$1.34 billion in FY 2027, \$1.95 billion in FY 2028, and \$3.03 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 differences in tax revenue estimates. In FY 2026, this Office projects that tax revenues will total \$185 million less than OMB. In the outyears, this Office's tax revenue forecast is higher, by \$1.32 billion in FY 2027, \$1.92 billion in FY 2028, and \$3.01 billion in FY 2029.

Under the mild recession scenario, total tax revenues are lower than this Office's baseline forecast by \$2.28 billion in FY 2026, \$2.04 billion in FY 2027, and \$264 million in FY 2028. Total tax revenues are above the no recession scenario in FY 2029 by \$317 million.

### Property Taxes

For FY 2026, the Comptroller's Office forecasts property tax revenues to rise to \$35.32 billion, an increase of 1.8 percent over FY 2025 projected revenues. This estimate is essentially unchanged compared with the Comptroller's May forecast. The Comptroller's Office increased its property tax forecast in the outyears compared with May by \$101 million, \$79 million, and \$24 million, respectively. This results in total projected property tax revenues reaching \$39.31 billion in FY 2029, an average annual growth rate of 3.6 percent from FY 2026 through FY 2029.

OMB lowered its property tax forecast for FY 2026 in Adopted Budget to \$35.27 billion, a reduction of \$199 million compared with its May forecast. This is the result of a \$61 million baseline reduction

in shelter rent for Mitchell-Lama buildings enacted as part of the State Budget (which the Comptroller's Office accounted for in its May estimates) and a \$139 million reduction in collections due to a reduction in the levy following the release of the FY 2026 final roll.

The Comptroller's Office estimates property tax collections will exceed OMB's projections by \$56 million in FY 2026. In FY 2027, this Office projects somewhat lower property tax revenues compared to OMB (\$32 million less). In FY 2028 and FY 2029 the Comptroller's Office forecast exceeds OMB's again by \$253 million and \$494 million difference, respectively. In FY 2026 the difference is primarily due to variations in reserve estimates (including delinquency rates, refunds, and prior year collections). In the outyears, differences are attributable to a combination of levy and reserve components.

The Comptroller's Office did not formulate separate forecasts for the no recession and mild recession scenarios. This is because the New York City's property tax system includes built-in stabilizers that mitigate revenue fluctuations.

## Non-Property Taxes

The Comptroller's Office estimates that non-property taxes will total \$45.82 billion in FY 2026, an increase of just 0.4 percent over projected FY 2025 revenues, under the no recession scenario. This is a net difference of \$42 million compared to its May forecast, primarily the result of slightly higher PIT/PTET and sales tax collections, offset by lower anticipated business income tax recipients. General corporation taxes came in significantly weaker in June, which led to a revision of the FY 2025 estimate and reset the baseline—resulting in a downward revision of \$129 million for FY 2026. Without a recession, the Comptroller's Office projects non-property tax growth at an annual average rate of 4.3 percent from FY 2026 through FY 2029.

Under its no recession scenario, the Comptroller's non-property tax revenue forecast in FY 2026 is \$241 million lower than OMB's. This is largely due to lower forecasted business income taxes (-\$631 million), offset somewhat by a higher than real estate transaction tax forecast (+\$151 million), and tax audit revenue (+\$164 million). In the outyears, the Comptroller's Office non-property tax forecast exceeds OMB's by \$1.35 billion in FY 2027, \$1.67 billion in FY 2028, and \$2.51 billion in FY 2029. This is the result of higher projections for each major tax source, with the greatest difference over the period coming from this Office's higher forecasted PIT/PTET revenues, with the primary driver being stronger estimates for Wall Street profits and securities bonuses compared with OMB.

Under this Office's recession scenario, however, projected non-property tax revenues fall by \$2.28 billion in FY 2026, \$2.04 billion in FY 2027, and \$264 million in FY 2028. Tax revenues are above the no recession scenario in FY 2029 by \$317 million. The decline in FY 2026 and FY 2027 is primarily the result of lower PIT/PTET, business income and sales tax receipts.

This projected decline would primarily be driven by falling corporate profits as consumers spend less, combined with reduced Wall Street earnings that would impact business tax collections. The recession would create a domino effect: stagnant wages, job losses in hospitality and retail, and falling stock market returns would lower sales tax revenue while also reducing the business profits that generate

corporate taxes. As Wall Street cuts bonuses and consumer spending drops, NYC's economy would slow, especially in the financial and service sectors.

**Table 11. Comptroller's Office Restated Gaps, Baseline Scenario**

Positive numbers decrease the gap, and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029
<b>City Stated Gap</b>	<b>\$0</b>	<b>(\$5,044)</b>	<b>(\$6,103)</b>	<b>(\$5,964)</b>
<b>Revenue</b>				
<b>Tax Revenues:</b>	<b>(185)</b>	<b>1,322</b>	<b>1,920</b>	<b>3,007</b>
Property Tax	56	(32)	253	494
Personal Income Tax/PTET	71	725	633	1,105
Business Income Taxes	(631)	32	305	306
Sales Tax	(30)	109	224	523
Real Estate-Transaction Taxes	151	198	204	256
Tax Audits & All Other Taxes	198	290	301	323
<b>Non-Tax Revenues</b>	<b>26</b>	<b>20</b>	<b>29</b>	<b>23</b>
<b>Subtotal Revenues</b>	<b>(\$159)</b>	<b>\$1,342</b>	<b>\$1,949</b>	<b>\$3,030</b>
<b>Expenditures</b>				
<b>Underbudgeting:</b>	<b>(3,938)</b>	<b>(3,969)</b>	<b>(3,771)</b>	<b>(3,787)</b>
Rental Assistance	(1,000)	(1,100)	(1,100)	(1,100)
Overtime	(911)	(690)	(690)	(690)
Shelter Capacity, Non-Asylum Seeker	(575)	(720)	(720)	(720)
Public Assistance	(569)	(219)	0	0
Contributions to MTA	(404)	(613)	(661)	(677)
DOE Due Process (Carter) Cases	(401)	(331)	(331)	(331)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(38)	(37)	0	0
Temporary and Professional Services	(40)	(105)	(115)	(115)
<b>Fiscal Cliffs - Federal COVID 19 Aid</b>	<b>(80)</b>	<b>(223)</b>	<b>(223)</b>	<b>(223)</b>
<b>Health Insurance Stabilization Fund Payments</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>
<b>Health Insurance Rate Increase</b>	<b>(539)</b>	<b>(568)</b>	<b>(607)</b>	<b>(646)</b>
<b>Federal SNAP Administration Funding Cut</b>	<b>0</b>	<b>(75)</b>	<b>(100)</b>	<b>(100)</b>
<b>New State Budget Impact - Child Care Vouchers</b>	<b>0</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>
<b>New State Budget Impact - NYC H + H Payments</b>	<b>(57)</b>	<b>(57)</b>	<b>(57)</b>	<b>(57)</b>
<b>New State Budget Impact - MTA Contribution Debt Service</b>	<b>(3)</b>	<b>(16)</b>	<b>(41)</b>	<b>(74)</b>
<b>Foster Care Reimbursement Rate</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
<b>DOE Pre-K and 3-K</b>	<b>(173)</b>	<b>(226)</b>	<b>(225)</b>	<b>(225)</b>
<b>Promise NYC</b>	<b>0</b>	<b>(25)</b>	<b>(25)</b>	<b>(25)</b>
<b>DOE LV Order</b>	<b>0</b>	<b>(52)</b>	<b>(52)</b>	<b>(52)</b>
<b>Pension Returns</b>	<b>0</b>	<b>191</b>	<b>436</b>	<b>668</b>
<b>Personnel Services Accrual</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Prior Year Payable Adjustment</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Asylum Seekers Expenses</b>	<b>44</b>	<b>559</b>	<b>64</b>	<b>159</b>
<b>Class Size Mandate</b>	<b>0</b>	<b>(401)</b>	<b>(936)</b>	<b>(977)</b>
<b>Subtotal Expenditures</b>	<b>(\$4,058)</b>	<b>(\$5,124)</b>	<b>(\$5,799)</b>	<b>(\$5,601)</b>

	FY 2026	FY 2027	FY 2028	FY 2029
<b>Total Comptroller Re-estimates</b>	<b>(\$4,217)</b>	<b>(\$3,782)</b>	<b>(\$3,850)</b>	<b>(\$2,571)</b>
<b>Restated (Gap)/Surplus</b>	<b>(\$4,217)</b>	<b>(\$8,826)</b>	<b>(\$9,953)</b>	<b>(\$8,535)</b>

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding

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

Positive numbers decrease the gap, and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029
<b>Restated (Gap)/Surplus No Recession</b>	<b>(\$4,217)</b>	<b>(\$8,826)</b>	<b>(\$9,953)</b>	<b>(\$8,535)</b>
Mild Recession Tax Revenue Risk	(2,280)	(2,041)	(264)	317
Revenue from the Revenue Stabilization Fund	980	980	0	0
<b>Restated (Gap)/Surplus with Recession Risk</b>	<b>(\$5,517)</b>	<b>(\$9,887)</b>	<b>(\$10,217)</b>	<b>(\$8,218)</b>

Source: Office of the New York City Comptroller

Note: Numbers may not add to totals due to rounding

## Expenditures

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 \$4.06 billion in FY 2026, \$5.12 billion in FY 2027, \$5.80 billion in FY 2028, and \$5.60 billion in FY 2029.

## Chronic Underbudgeting

The largest collective source of the expenditure differences between OMB and the Comptroller's Office are structurally, unreasonably, and inappropriately underbudgeted costs. These are costs that can be expected to be incurred and that are tied to ongoing programs with established spending patterns. However, instead of being included in the Financial Plan, the costs are recognized incrementally when budget modifications are presented. This Office estimates \$3.94 billion in chronically underbudgeted costs in FY 2026, and an average of about \$3.84 billion annually in the outyears.

As shown in Table 11, in FY 2026 the largest difference in estimates is City funding for rental assistance. The Comptroller's Office estimates an additional \$1.0 billion will be required to fund the City's rental assistance programs administered by DSS in FY 2026.<sup>21</sup> The cost of these programs have been growing in recent years following reforms to increase payment standards and expand eligibility: since the start of FY 2022 liquidations for rental assistance have grown at an average monthly rate of nearly 4 percent with a total of \$1.35 billion budgeted for FY 2025—up from \$356 million spent on these programs in FY 2022. The Adams Administration recently announced proposed reforms to lower

<sup>21</sup> Includes Department of Social Services rental assistance spending on CityFHEPS, the largest program, as well as other programs such as the Rental Supplement Program, FEPS-Like Prevention Subsidy, FHEPS A, FHEPS B, Living in Communities programs, HOME Tenant-Based Voucher Program, Rental Supplement Program, Pathway Home, Special Housing Resource, and the Single Exit and Prevention Supplement.

costs, including requiring some households entering their sixth year of program eligibility who have earned income to pay 40 percent of their income in rent, an increase from 30 percent during the first five years of program eligibility.<sup>22</sup> Assuming that the monthly growth rate halves during FY 2026, rental assistance costs could exceed \$1.76 billion.<sup>23</sup> In contrast, the FY 2026 budget only includes funding for \$761 million, and even less is included in the outyears.<sup>24</sup>

Notably, this re-estimate of costs does not include the impact of expanding the City's rental assistance programs to households at-risk of eviction. In 2023, the City Council passed legislation over the Mayor's veto that would substantially expand eligibility to the CityFHEPS rental assistance program. However, citing cost concerns, the Administration did not implement most of the legislative changes and was sued by the Legal Aid Society; the City Council intervened in the suit. Last year, a judge struck down the suit, ruling that the City Council lacked the authority to expand eligibility for the program.<sup>25</sup> On July 10, however, an appellate court reversed the lower court's ruling, and the City was directed to implement the Local Laws. In order to move forward, the City must submit the changes to the program in a package to the State Office of Temporary and Disability Assistance (OTDA) for assessment.<sup>26</sup> It is unclear if the Adams Administration will appeal the most recent ruling.<sup>27</sup> Given the uncertainty tied to expansion, the Comptroller's Office does not yet include a risk from the CityFHEPS expansion of the program in its re-estimates. However, estimates prepared by both the City Council and the Adams Administration when the bills were passed show the cost would be substantial. According to the Adams Administration, expanding the eligibility rules would increase City costs by \$17.2 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.<sup>28</sup> The City Council estimated the cost of the package of laws over five years at \$10.6 billion.<sup>29</sup>

Following rental assistance, the next largest underbudgeted cost is overtime, which the Comptroller's Office estimates will reach \$2.58 billion in FY 2026, \$911 million more than included in the Adopted Budget. Most of the additional spending (\$588 million) is projected for uniformed Police overtime costs, which this Office estimates will reach \$1.10 billion in FY 2026, slightly higher than this Office's estimate of \$1.0 billion for FY 2025.

Several DOE costs, such as special education Due Process Cases (formerly Carter Cases) and charter school leases are also underbudgeted, by \$401 million and \$38 million, respectively for FY 2026. The cost of public assistance, homeless shelters (outside the costs for asylum seekers), costs for temporary and professional services, and subsidies for the Metropolitan Transportation Authority (MTA) are also projected to be higher than currently budgeted.

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<sup>22</sup> [CityFHEPS and Pathway Home Rule Amendments – NYC Rules](#)

<sup>23</sup> These costs include all rental assistance programs included in the DSS budget. Spending is primarily for the CityFHEPS program but also includes legacy programs and the Federal HOME Tenant-Based Rental Assistance Program.

<sup>24</sup> Budgeted amounts for FY 2026 include \$740 million in City funds, \$3.5 million in Federal funds, and \$17.4 million in State funds.

<sup>25</sup> NYC judge blocks measures to expand rental assistance eligibility, siding with Mayor Adams - Gothamist

<sup>26</sup> [LAS Secures Ruling to Force Implementation of Housing Voucher Reform, Expansion - The Legal Aid Society](#)

<sup>27</sup> [New York Must Move Forward With Housing Voucher Expansion, Court Rules - The New York Times](#)

<sup>28</sup> Mayor Adams must implement controversial and costly City Council housing voucher plan, NY court rules

<sup>29</sup> The New York City Council - File #: Int 0878-2023

## Health Insurance

The FY 2026 Adopted Budget does not reflect major changes recently announced related to the cost of the City's health insurance for its employees and retirees, leading to underestimates of these costs in FY 2026 and out. The City currently 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), which is the City's largest health insurance plan for its employees. According to its administrative code, the City budgets for health insurance at the HIP-HMO rate.

The FY 2026 health insurance projection for active employees and pre-Medicare retirees in the June Plan reflects an increase of 5.5 percent to the health insurance premium rate compared to FY 2025. However, Emblem Health, citing continued steep increases in healthcare costs, sought approval from the New York State Department of Financial Services (DFS) last September of a 12.7 percent 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 12.2 percent. This rate increase has still not been reflected in the City budget. OMB estimates it will result in higher than budgeted health insurance costs of approximately \$539 million for FY 2026, \$568 million for FY 2027, \$607 million for FY 2028, and \$646 million for FY 2029.

Additionally, on June 2<sup>nd</sup>, the Mayor [announced](#) the selection of EmblemHealth/United Healthcare to replace GHI-CBP (a minimum-premium plan) with a fully self-funded plan. The new plan is expected to start on January 1, 2026, and will continue to be premium-free. According to the announcement, the change is projected to save the City \$1 billion annually. According to OMB, the savings are largely derived from being self-funded, which eliminates profit margin costs and is expected to lower administrative expenses. OMB also expects improved network provider discounts. Details on the premium costs for the plan, however, have not yet been announced.

The Comptroller's Office also projects that the City will not receive \$112 million in transfers currently budgeted from the Health Insurance Stabilization Fund (HISF). Due to the depletion of resources, the City has not received this transfer since FY 2023. (The FY 2025 transfer was removed in the June Plan). The HISF was created in the mid 1980's to equalize the GHI-CBP and HIP-HMO health insurance premiums. (See this Office's recent [fiscal note](#) for more details on the Fund). Because the City is required to pay health insurance premiums at the HIP-HMO rate, when the GHI-CBP plan premiums are lower than HIP-HMO premiums, the City makes "equalization payments" equal to the difference into the HISF. Conversely If the GHI-CBP premiums are higher than the HIP-HMO, the HISF pays the difference.

For several fiscal years, the GHI-CBP premium was lower than the HIP-HMO 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 in the Fiscal Note). In recent years, however, GHI-CBP premiums have been about equal or higher than HIP-HMO premiums, leading to a structural deficit and a depletion of available resources in the fund.

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 the HISF. This change was challenged by retirees in court. On June 18, the Court of Appeals ruled in favor of the City; however, days later the Adams Administration announced despite the Court's ruling it would not move ahead with the plan. Given the announcement of the new self-funded plan, the future of the HISF is uncertain.

## Fiscal Cliffs

The Comptroller's Office estimates the City faces fiscal cliffs that result from using temporary Federal COVID-19 aid, the majority of which expired last 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 through 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, such as Summer Rising, as well as food assistance programs at DSS.

## Pension Costs

Pension investment returns above the Actuarial Interest Rate (AIR) of 7 percent included in the Financial Plan allow the City to decrease its contributions to fund pension costs. The combined FY 2025 pension returns averaged 10.3 percent. This will allow the City to decrease its pension costs by an estimated \$191 million in FY 2027, \$436 million in FY 2028, and \$668 million in FY 2029.

## Asylum Seekers

The Comptroller's Office estimates that the cost of providing shelter and services to asylum seekers will total \$1.22 billion in FY 2026, \$641 million in FY 2027, \$436 million in FY 2028, and \$341 million in FY 2029. This is somewhat less than currently budgeted by OMB, which included \$1.30 billion in FY 2026, \$1.20 billion in FY 2027, and \$500 million annually in FY 2028 and FY 2029 in the June Financial Plan. This results in total differences in estimates of \$81 million in FY 2026, \$559 million in FY 2027, \$64 million in FY 2028 and \$159 million in FY 2029.

The Comptroller's Office's lower estimate compared to OMB is primarily due to a greater projected decline in the number of households in shelter. For example, OMB projects 8,300 households in shelter at the end of FY 2026, while the Comptroller's Office projects 7,102 (as of June 29, 2025, there were an estimated 14,860 households classified as asylum seekers in City shelter). The Comptroller's Office also projects a somewhat higher per diem rate (\$336 vs. \$326) for these services compared to OMB in FY 2026. OMB has removed the 10 percent contingency for FY 2026 that was included in previous forecasts, this is due to the City closing a majority of the large and costly sites. Please see the [Comptroller's Office's Comments on the New York City FY 2026 Executive Budget](#) for more details on the Comptroller's Office's projections.

While the Comptroller's Office's spending estimates are \$81 million less in FY 2026, the Office also views the \$37 million in budgeted FEMA Shelter and Services Aid as a risk, as previously described,

netting to a \$44 million offset against OMB’s estimate. The Comptroller’s Office assumes State funding for FY 2026 will be consistent with the \$103 million budgeted in the June Plan, made possible due to the previously mentioned expected write down of State funds in FY 2023. 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.

## Class Size Mandate

The Comptroller’s Office’s higher expenditure estimates also include the impact of the State’s requirement that the City reduce class sizes. 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 the [DOE Class Size Report for 2024-2025](#) released in June, the Comptroller’s Office estimates that an additional 13,363 teachers will need to be hired at full implementation. Following additions made in the Executive and Adopted budgets to fund new positions, the Comptroller’s Office projects that the City has adequate funding to fulfill the mandate in FY 2026. However, additional funding is still required in the outyears as the mandate reaches full implementation. The needs total \$401 million in FY 2027, increasing to \$936 million in FY 2028, and to \$977 million in FY 2029.

## Early Childhood Education and Child Care

The Adopted Budget includes \$1.74 billion for 3-K and Pre-K costs collectively in FY 2026, a net \$71 million increase over the May Plan.<sup>30</sup> For FY 2027 and out, the Plan budgets \$1.68 billion per year for 3-K and Pre-K programs. The FY 2026 increase is primarily due to \$70 million in additional Pre-K special education expansion added for FY 2026 only, creating a new special education Pre-K funding gap from FY 2027 onwards.

The baseline levels budgeted for DOE’s 3-K and Pre-K programs (excluding the special education expansion first introduced in FY 2025) remain below FY 2024 actual spending of \$1.78 billion, as shown in Table 13. (FY 2025 spending is on track to at least match the FY 2024 level when expenditures are finalized.) Excluding the City’s Pre-K special education expansion, Pre-K and 3-K costs combined are budgeted to total \$1.61 billion in FY 2026 and \$1.63 billion in FY 2027 and out. This results in a shortfall of \$173 million in FY 2026, and about \$155 million per out-year of the plan for baseline universal 3-K and Pre-K programming compared to actual FY 2024 costs. In addition, due to the increase in funding added for special education in FY 2026 only, the Comptroller’s Office estimates an additional \$70 million will be necessary for these costs in FY 2027 through FY 2029. This results in total shortfalls of about \$225 million for Pre-K and 3-K collectively in those years.

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<sup>30</sup> 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.

**Table 1313. DOE 3-K and Pre-K Shortfall Detail, June 2025 Plan**

\$ in millions	Actual				Budget			
Program	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3-K	\$569	\$709	\$781	\$768	\$743	\$745	\$745	\$745
Pre-K	999	975	1,002	1,034	1,013	1,028	1,029	1,029
3-K/Pre-K Shared PEG	0	0	0	(91)	(41)	(91)	(91)	(91)
<b>Total DOE 3-K &amp; Pre-K</b>	<b>\$1,568</b>	<b>\$1,684</b>	<b>\$1,783</b>	<b>\$1,710</b>	<b>\$1,735</b>	<b>\$1,682</b>	<b>\$1,683</b>	<b>\$1,683</b>
Less Pre-K Special Education Expansion				(\$55)	(\$125)	(\$55)	(\$55)	(\$55)
<b>Total 3-K &amp; Pre-K Funding, Less Special Education Expansion</b>				<b>\$1,655</b>	<b>\$1,610</b>	<b>\$1,627</b>	<b>\$1,628</b>	<b>\$1,628</b>
<b>Funding Needed to Maintain FY 2024 Baseline Programming</b>				\$128	\$173	\$156	\$155	\$155
<b>Funding Needed to Maintain Special Education Expansion</b>						\$70	\$70	\$70
<b>Total 3-K &amp; Pre-K Funds Needed</b>					<b>\$173</b>	<b>\$226</b>	<b>\$225</b>	<b>\$225</b>

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

Note: 3-K and Pre-K spending is defined as total expenditures included in DOE unit of appropriations (U/As) 407 and 408. However due to additions made in the Adopted Budget FY 2026 also includes \$20 million in two U/As: \$13.6 million in U/A 415 (school support PS) and \$6.4 million in U/A 461 (fringe).

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 the May Plan added funding in FY 2026, nothing was added in FY 2027 through FY 2029.

Lastly, the Comptroller's Office estimates that \$350 million in additional funding will be necessary to sustain spending for child care vouchers administered by ACS under the Child Care Block Grant (CCBG) in FY 2027 through FY 2029. CCBG funding is administered by New York State but is largely funded by the Federal Child Care and Development Fund.<sup>31</sup> As of the June Plan, funding for the program in FY 2025 is projected to total \$1.47 billion (including \$1.27 billion in Federal funds, \$118 million in City funds, and \$75 million in State funds).

After FY 2025, however, budgeted funding drops to a total of \$775 million in FY 2026 and \$772 million in the outyears (\$380 million in Federal funding, \$381 million in City funding, and \$13 million in State funding in FY 2026 with similar amounts in the outyears). The higher City funding beginning in FY 2026 is due to the State Enacted Budget's mandate that the City increase its contribution rate. Still, the Plan does not include all anticipated State and Federal funding. According to the State's Office of Family

<sup>31</sup> CCBG is combined State and Federal funding but coded as Federal in the City's budget.

Services August 2025 [allocation memo](#), New York City's allocation of CCBG funds for Federal Fiscal Year 2026 totals \$1.11 billion, bringing funding to \$1.50 billion in FY 2026. The Comptroller's Office assumes that this base allocation will continue in the outyears (combined with an anticipated baseline of \$75 million in State child welfare funding as budgeted at the end of FY 2025). In addition, the State Enacted Budget includes an additional \$350 million for the City to help fund anticipated growth in its voucher program, though only for one year. Once this addition is included, it brings FY 2026 projected funding to about \$1.85 billion. Because additional State funding was provided for only one year, it results in an ongoing \$350 million need in FY 2027 to FY 2029 to preserve spending levels.

## Other FY 2026 Enacted State Budget Impacts

There are several other areas where the State Enacted Budget will increase City costs that are not yet reflected in the budget. These include 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 \$57 million in FY 2026 and the outyears. As previously discussed, the State Budget also includes a \$3.0 billion capital commitment from the City toward the MTA's FY 2025-FY 2029 Capital Plan, of which \$1 billion was included in the Adopted Capital Budget, although the exact commitment schedule is not yet clear. Assuming \$1 billion is committed in FY 2026, and the remainder divided evenly in FY 2027 through FY 2029, the Comptroller's Office estimates debt service will increase slightly during the plan by \$3 million in FY 2026, \$16 million in FY 2027, \$41 million in FY 2028, and \$74 million in FY 2029, with most of the impact in future years.

## SNAP Administration Federal Funding Cut

As described in the Federal Funding Risks section, Federal matching for SNAP administrative costs are reduced in the budget reconciliation bill from 50 percent to 25 percent beginning in Federal Fiscal Year 2027. While the City budget impact of many of the changes made in the bill are not yet known because they first flow through New York State, this cut will directly impact New York City. Under the current match, the City receives about \$200 million in Federal funding for SNAP administration. The change goes into effect in Federal FY 2027, which begins three months into the City's FY 2027. Thus, the Comptroller's Office estimates the City will have to increase its own spending on program administration by approximately \$75 million in FY 2027, increasing to \$100 million in FY 2028, the first full City fiscal year with the cut.

## Other Expenditure Re-Estimates

One area where the Comptroller's Office estimates slightly lower costs than OMB for FY 2026 is non-overtime, personnel spending. The Comptroller's Office estimates about \$600 million less than currently budgeted will be spent on non-overtime salary and wage costs in FY 2026, including some fringe savings. This assumes that actual headcount grows at about the same rate it increased over FY 2025 (about 1 percent, excluding the DOE which is expected to hire at a greater rate due to the hiring required to fulfill the class size mandate). If hiring increases above this rate, for example if the

two-for-one hiring limit is ended, savings would decrease. This estimate includes \$800 million in full-time salary and fringe savings offset by \$200 million in additional costs for unsalaried staff.

The Comptroller's Office also includes projected offsets of \$400 million annually in expected adjustments to prior year payables, which the City typically recognizes during the fiscal year.

# V. Appendix

Table A1. June 2025 Financial Plan Revenue Detail

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026-2029		Annual Percent Change
					Dollars	Percent	
<b>Taxes:</b>							
Real Property	\$35,266	\$36,627	\$37,704	\$38,816	\$3,550	10.1%	3.2%
Personal Income Tax and Pass-Through Entity Tax	17,999	18,280	19,179	19,983	1,984	11.0%	3.5%
General Corporation Tax	7,466	6,946	6,963	7,155	(311)	(4.2%)	(1.4%)
Unincorporated Business Tax	3,419	3,328	3,388	3,462	43	1.3%	0.4%
Sales and Use Tax	10,690	11,041	11,484	11,911	1,221	11.4%	3.7%
Real Property Transfer Tax	1,334	1,392	1,453	1,516	182	13.6%	4.4%
Mortgage Recording Tax	812	861	914	961	149	18.3%	5.8%
Commercial Rent	951	966	979	992	41	4.3%	1.4%
Utility	477	526	499	531	54	11.3%	3.6%
Hotel	811	811	838	866	55	6.8%	2.2%
Cigarette	12	12	12	12	0	0.0%	0.0%
All Other	1,254	1,229	1,254	1,280	26	2.1%	0.7%
Cannabis Tax	23	31	34	37	14	60.9%	17.2%
Tax Audit Revenue	809	779	779	779	(30)	(3.7%)	(1.3%)
<b>Total Taxes</b>	<b>\$81,323</b>	<b>\$82,829</b>	<b>\$85,480</b>	<b>\$88,301</b>	<b>\$6,978</b>	<b>8.6%</b>	<b>2.8%</b>
<b>Miscellaneous Revenue:</b>							
Licenses, Franchises, etc.	\$722	\$708	\$710	\$712	(\$10)	(1.4%)	(0.5%)
Interest Income	350	281	270	272	(78)	(22.3%)	(8.1%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026-2029		Annual Percent Change
					Dollars	Percent	
Charges for Services	1,038	1,038	1,039	1,038	0	0.0%	0.0%
Water and Sewer Charges	2,324	2,274	2,325	2,357	33	1.4%	0.5%
Rental Income	258	260	260	260	2	0.8%	0.3%
Fines and Forfeitures	1,238	1,235	1,226	1,228	(10)	(0.8%)	(0.3%)
Miscellaneous	289	283	280	297	8	2.8%	0.9%
Intra-City Revenue	1,884	1,856	1,847	1,847	(37)	(2.0%)	(0.7%)
<b>Total Miscellaneous Revenue</b>	<b>\$8,103</b>	<b>\$7,935</b>	<b>\$7,957</b>	<b>\$8,011</b>	<b>(\$92)</b>	<b>(1.1%)</b>	<b>(0.4%)</b>
Reserve for Disallowance of Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%	0.0%
<b>Less: Intra-City Revenue</b>	<b>(\$1,884)</b>	<b>(\$1,856)</b>	<b>(\$1,847)</b>	<b>(\$1,847)</b>	<b>\$37</b>	<b>(2.0%)</b>	<b>(0.7%)</b>
<b>TOTAL CITY-FUNDS</b>	<b>\$87,527</b>	<b>\$88,893</b>	<b>\$91,575</b>	<b>\$94,450</b>	<b>\$6,923</b>	<b>7.9%</b>	<b>2.6%</b>
<b>Other Categorical Grants</b>	<b>\$1,125</b>	<b>\$1,120</b>	<b>\$1,116</b>	<b>\$1,114</b>	<b>(\$11)</b>	<b>1.0%</b>	<b>(0.3%)</b>
<b>Inter-Fund Agreements</b>	<b>\$805</b>	<b>\$795</b>	<b>\$796</b>	<b>\$799</b>	<b>(\$6)</b>	<b>(0.7%)</b>	<b>(0.2%)</b>
<b>Federal Categorical Grants:</b>							
Community Development	\$303	\$247	\$242	\$242	(\$61)	(20.1%)	(7.2%)
Social Services	3,561	3,552	3,662	3,758	197	5.5%	1.8%
Education	1,965	1,965	1,965	1,965	0	0.0%	0.0%
Other	1,641	1,473	1,415	1,379	(262)	(16.0%)	(5.6%)
<b>Total Federal Grants</b>	<b>\$7,470</b>	<b>\$7,237</b>	<b>\$7,284</b>	<b>\$7,344</b>	<b>(\$126)</b>	<b>(1.7%)</b>	<b>(0.6%)</b>
<b>State Categorical Grants:</b>							
Social Services	\$2,070	\$1,960	\$2,046	\$2,129	\$59	2.9%	0.9%
Education	14,154	14,152	14,152	14,152	(2)	(0.0%)	(0.0%)



(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026-2029		Annual Percent Change
					Dollars	Percent	
Higher Education	304	304	304	304	0	0.0%	0.0%
Department of Health and Mental Hygiene	652	652	652	652	0	0.0%	0.0%
Other	1,800	1,791	1,839	1,908	108	6.0%	2.0%
<b>Total State Grants</b>	<b>\$18,980</b>	<b>\$18,859</b>	<b>\$18,993</b>	<b>\$19,145</b>	<b>\$165</b>	<b>0.9%</b>	<b>0.3%</b>
<b>TOTAL REVENUE</b>	<b>\$115,907</b>	<b>\$116,904</b>	<b>\$119,764</b>	<b>\$122,852</b>	<b>\$6,945</b>	<b>6.0%</b>	<b>2.0%</b>

Note: Numbers may not add due to rounding.

**Table A2. June 2025 Financial Plan Expenditure Detail**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 - 2029		Annual Percent Change
					Dollars	Percent	
Mayoralty	\$189	\$181	\$179	\$177	(\$12)	(6.2%)	(2.1%)
Board of Elections	147	147	147	147	0	0.0%	0.0%
Campaign Finance Board	109	13	13	13	(96)	(87.7%)	(50.2%)
Office of the Actuary	8	8	8	8	0	0.0%	0.0%
President, Borough of Manhattan	6	6	6	6	(0)	(7.2%)	(2.4%)
President, Borough of Bronx	7	6	6	6	(1)	(7.9%)	(2.7%)
President, Borough of Brooklyn	8	7	7	7	(1)	(11.2%)	(3.9%)
President, Borough of Queens	7	6	6	6	(1)	(13.9%)	(4.9%)
President, Borough of Staten Island	5	5	5	5	(0)	(5.7%)	(1.9%)
Office of the Comptroller	127	128	128	128	1	0.7%	0.2%
Dept. of Emergency Management	81	43	39	39	(42)	(51.5%)	(21.4%)
Office of Administrative Tax Appeals	6	6	6	6	0	0.2%	0.1%
Law Dept.	272	273	273	273	1	0.4%	0.1%
Dept. of City Planning	57	50	49	47	(10)	(17.1%)	(6.1%)
Dept. of Investigation	50	48	45	45	(5)	(10.7%)	(3.7%)
NY Public Library - Research	38	36	36	36	(2)	(6.2%)	(2.1%)
New York Public Library	191	178	178	178	(12)	(6.5%)	(2.2%)
Brooklyn Public Library	145	136	136	136	(9)	(6.2%)	(2.1%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 - 2029		Annual Percent Change
					Dollars	Percent	
Queens Borough Public Library	150	140	140	140	(10)	(6.4%)	(2.2%)
Dept. of Education	34,989	35,440	36,178	36,579	1,590	4.5%	1.5%
City University	1,513	1,469	1,497	1,517	5	0.3%	0.1%
Civilian Complaint Review Board	29	29	29	29	0	0.1%	0.0%
Police Dept.	5,996	6,153	6,139	6,127	131	2.2%	0.7%
Fire Dept.	2,621	2,592	2,576	2,568	(53)	(2.0%)	(0.7%)
Dept. of Veterans' Services	7	6	6	6	(1)	(9.5%)	(3.3%)
Admin. for Children Services	3,135	3,123	3,122	3,122	(14)	(0.4%)	(0.1%)
Dept. of Social Services	11,970	11,989	12,601	13,161	1,191	9.9%	3.2%
Dept. of Homeless Services	3,547	3,694	2,997	2,996	(551)	(15.5%)	(5.5%)
Dept. of Correction	1,212	1,260	1,382	1,382	169	14.0%	4.4%
Board of Correction	4	4	4	4	(0)	(2.1%)	(0.7%)
Citywide Pension Contributions	10,366	10,969	11,761	11,401	1,035	10.0%	3.2%
Miscellaneous	14,242	15,258	16,446	17,803	3,562	25.0%	7.7%
G.O. and Lease Debt-Debt Service	4,736	5,053	5,527	5,977	1,242	26.2%	8.1%
T.F.A. Debt Service	3,925	4,493	4,991	5,417	1,491	38.0%	11.3%
FY 2025 BSA	(3,787)	0	0	0	3,787	(100.0%)	(100.0%)
Public Advocate	6	6	6	6	0	0.0%	0.0%
City Council	115	96	96	96	(19)	(16.9%)	(6.0%)
City Clerk	9	6	6	6	(3)	(32.7%)	(12.4%)
Dept. for the Aging	605	538	538	538	(67)	(11.1%)	(3.9%)
Dept. of Cultural Affairs	300	215	215	215	(84)	(28.2%)	(10.4%)
Financial Info. Serv. Agency	123	123	123	123	(0)	(0.3%)	(0.1%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 - 2029		Annual Percent Change
					Dollars	Percent	
Office of Criminal Justice	868	838	835	835	(33)	(3.8%)	(1.3%)
Office of Payroll Admin.	18	18	18	18	(0)	(0.0%)	(0.0%)
Independent Budget Office	8	9	8	8	(0)	(2.9%)	(1.0%)
Equal Employment Practices Comm.	2	2	2	2	0	0.1%	0.0%
Civil Service Commission	1	1	1	1	0	0.0%	0.0%
Landmarks Preservation Comm.	8	8	8	8	0	0.0%	0.0%
Taxi & Limousine Commission	58	58	58	58	(0)	(0.4%)	(0.1%)
Office of Racial Equity	7	6	6	6	(2)	(22.7%)	(8.2%)
Commission on Racial Equity	5	5	3	3	(2)	(41.4%)	(16.3%)
Commission on Human Rights	15	14	14	14	(1)	(7.2%)	(2.4%)
Youth & Community Development	1,512	1,556	1,598	1,598	85	5.6%	1.8%
Conflicts of Interest Board	3	3	3	3	0	0.0%	0.0%
Office of Collective Bargaining	3	3	3	3	0	0.0%	0.0%
Community Boards (All)	22	22	22	22	(0)	(1.5%)	(0.5%)
Dept. of Probation	109	109	110	110	0	0.4%	0.1%
Dept. Small Business Services	276	171	167	167	(109)	(39.4%)	(15.4%)
Housing Preservation & Development	1,609	1,433	1,455	1,480	(129)	(8.0%)	(2.7%)
Dept. of Buildings	231	209	206	206	(25)	(10.7%)	(3.7%)
Dept. of Health & Mental Hygiene	2,433	2,201	2,195	2,195	(238)	(9.8%)	(3.4%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 - 2029		Annual Percent Change
					Dollars	Percent	
Health + Hospitals	1,586	1,591	1,640	1,640	54	3.4%	1.1%
Office of Administrative Trials & Hearings	81	79	79	79	(2)	(2.2%)	(0.7%)
Dept. of Environmental Protection	1,751	1,676	1,673	1,671	(80)	(4.5%)	(1.5%)
Dept. of Sanitation	1,979	2,029	2,048	2,053	74	3.8%	1.2%
Business Integrity Commission	9	9	9	9	0	0.0%	0.0%
Dept. of Finance	366	362	362	364	(2)	(0.5%)	(0.2%)
Dept. of Transportation	1,500	1,476	1,463	1,467	(33)	(2.2%)	(0.7%)
Dept. of Parks and Recreation	687	652	652	652	(36)	(5.2%)	(1.8%)
Dept. of Design & Construction	164	163	163	163	(1)	(0.6%)	(0.2%)
Dept. of Citywide Admin. Services	721	635	632	633	(88)	(12.2%)	(4.2%)
D.O.I.T.T.	686	536	536	536	(150)	(21.8%)	(7.9%)
Dept. of Record & Info. Services	15	15	15	15	0	0.1%	0.0%
Dept. of Consumer & Worker Protection	71	70	73	74	2	3.4%	1.1%
District Attorney - N.Y.	179	180	180	180	1	0.6%	0.2%
District Attorney - Bronx	128	128	129	129	1	0.7%	0.2%
District Attorney - Kings	158	158	158	159	1	0.5%	0.2%
District Attorney - Queens	108	108	108	108	0	0.2%	0.1%
District Attorney - Richmond	27	27	27	27	(0)	(0.5%)	(0.2%)
Office of Prosec. & Spec. Narc.	32	32	32	32	0	0.1%	0.0%

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 - 2029		Annual Percent Change
					Dollars	Percent	
Public Administrator - N.Y.	1	1	1	1	0	0.6%	0.2%
Public Administrator - Bronx	1	1	1	1	0	0.8%	0.3%
Public Administrator - Brooklyn	1	1	1	1	0	0.6%	0.2%
Public Administrator - Queens	1	1	1	1	0	1.0%	0.3%
Public Administrator - Richmond	1	1	1	1	(0)	(2.7%)	(0.9%)
General Reserve	1,200	1,200	1,200	1,200	0	0.0%	0.0%
Energy Adjustment	0	113	104	78	78	N/A	N/A
Lease Adjustment	0	53	108	165	165	N/A	N/A
OTPS Inflation Adjustment	0	56	111	167	167	N/A	N/A
<b>TOTAL EXPENDITURE</b>	<b>\$115,907</b>	<b>\$121,948</b>	<b>\$125,867</b>	<b>\$128,816</b>	<b>\$12,908</b>	<b>11.1%</b>	<b>3.6%</b>

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

**Table A3. Total Funded Full-Time Year-End Headcount, June 2025  
Financial Plan**

	Actual Headcount as of 6/30/25	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2025 – FY 2029
<b>Pedagogical:</b>							
Dept. of Education	120,720	125,188	127,314	127,219	127,225	127,225	1.6%
City University	4,201	4,289	4,289	4,289	4,289	4,289	0.0%
<b>Subtotal</b>	<b>124,921</b>	<b>129,477</b>	<b>131,603</b>	<b>131,508</b>	<b>131,514</b>	<b>131,514</b>	<b>1.6%</b>
<b>Uniformed:</b>							
Police	33,614	35,025	34,975	34,975	34,975	34,975	(0.1%)
Fire	11,123	10,952	11,294	11,294	11,294	11,294	3.1%
Correction	5,777	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	8,170	7,955	7,957	7,957	7,957	7,957	0.0%
<b>Subtotal</b>	<b>58,684</b>	<b>60,992</b>	<b>61,286</b>	<b>61,286</b>	<b>61,286</b>	<b>61,286</b>	<b>0.5%</b>
<b>Civilian:</b>							
Dept. of Education	13,522	12,910	12,756	12,338	12,338	12,338	(4.4%)
City University	1,464	1,739	1,735	1,735	1,735	1,735	(0.2%)
Police	12,690	14,319	13,875	13,875	13,875	13,875	(3.1%)
Fire	6,398	6,291	6,316	6,316	6,316	6,284	(0.1%)
Correction	1,513	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	6,449	7,027	7,026	7,026	7,026	7,026	(0.0%)
Social Services	10,820	12,175	12,329	12,156	12,156	12,156	(0.2%)
Homeless Services	1,729	1,997	1,933	1,898	1,897	1,897	(5.0%)
Health and Mental Hygiene	5,440	6,032	5,931	5,739	5,708	5,704	(5.4%)
Finance	1,718	1,990	1,998	2,004	2,007	2,007	0.9%
Transportation	5,257	5,860	5,875	5,887	5,905	5,919	1.0%
Parks and Recreation	4,571	4,972	5,034	5,020	5,020	5,020	1.0%
All Other Civilians	30,596	33,267	33,649	33,240	33,240	33,211	(0.2%)
<b>Subtotal</b>	<b>103,817</b>	<b>111,961</b>	<b>111,863</b>	<b>110,641</b>	<b>110,623</b>	<b>110,572</b>	<b>(1.2%)</b>
<b>TOTAL</b>	<b>287,422</b>	<b>302,430</b>	<b>304,752</b>	<b>303,435</b>	<b>303,423</b>	<b>303,372</b>	<b>0.3%</b>

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



**Table A4. Full-Time Headcount Changes, June 2025 Financial Plan vs. May 2025 Financial Plan**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Pedagogical:</b>					
Dept. of Education	0	3,913	3,800	3,800	3,800
City University	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>3,913</b>	<b>3,800</b>	<b>3,800</b>	<b>3,800</b>
<b>Uniformed:</b>					
Police	(26)	(26)	(26)	(26)	(26)
Fire	(1)	0	0	0	0
Correction	0	0	0	0	0
Sanitation	0	0	0	0	0
<b>Subtotal</b>	<b>(27)</b>	<b>(26)</b>	<b>(26)</b>	<b>(26)</b>	<b>(26)</b>
<b>Civilian:</b>					
Dept. of Education	0	371	21	21	21
City University	0	0	0	0	0
Police	50	0	0	0	0
Fire	1	0	0	0	0
Correction	0	0	0	0	0
Sanitation	0	0	0	0	0
Admin. for Children's Services	0	0	0	0	0
Social Services	0	23	0	0	0
Homeless Services	2	109	109	109	109
Health and Mental Hygiene	(3)	7	7	7	7
Finance	0	0	0	0	0
Transportation	15	8	28	45	60
Parks and Recreation	0	13	0	0	0
All Other Civilians	9	174	156	156	155
<b>Subtotal</b>	<b>74</b>	<b>705</b>	<b>321</b>	<b>338</b>	<b>352</b>
<b>TOTAL</b>	<b>47</b>	<b>4,592</b>	<b>4,095</b>	<b>4,112</b>	<b>4,126</b>

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

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