



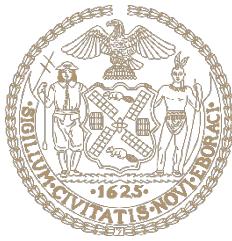
NEW YORK CITY COMPTROLLER
BRAD LANDER

The State of the City's Economy and Finances

BUREAU OF BUDGET

December 15, 2025





Brad Lander

Comptroller

Executive Deputy Comptroller for Budget and Finance

Francesco Brindisi

Deputy Comptroller for Budget

Krista Olson

Senior Director, Budget Oversight

Elizabeth Brown

Chief Economist

Jonathan Siegel

Report Coordinator

Kettly Bastien

Director, Tax Policy & Revenue Analysis

Yaw Owusu-Ansah

Director, Budget Analysis

& Research

Krzysztof Haranczyk

Director, Cash Analysis

Irina Livshits

Director, Economic Research

Jason Bram

Bureau of Budget Staff

Jovanni Ayala

Amber Born

Rosa Charles

Stephen Corson

Nicholas Dodds

Aida Farmand

Michele Griffin

Michael Hecht

Dahong Huang

Jack Kern

Marcia Murphy

Kieran Persaud

Claire Pozniak

Aliyah Sahqani

Bailey Schweitzer

Andre Vasilyev

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I. Executive Summary

Over the past 11 months the Trump Administration has launched a relentless assault on the U.S. and New York City institutions and economies—including unpredictable shifts in trade policy, restrictive and cruel immigration enforcement, deep cuts to health care and social assistance programs, and unilateral attempts to revoke Federal aid. The New York City economy has not escaped unscathed. Growth moderated significantly, and both job creation and separation rates have been low, both likely the result of the past year’s climate of economic uncertainty. The Office of the New York City Comptroller projects that growth will remain sluggish over the next year as employers and financial markets adjust to the Trump Administration’s tariffs.

While economic uncertainty related to trade policy may begin to resolve in the near term, other negative impacts of the Trump Administration’s policies will only intensify. Cuts to Federal spending included in the so-called One Big Beautiful Bill Act (OBBA) are now beginning to impact New Yorkers and will soon begin to take their not-at-all beautiful toll on the State and City budgets. These include drastic changes to food assistance provided through the Supplemental Nutrition Assistance Program (SNAP) following the implementation of expanded work requirements and the imposition of cost-sharing. And in response to the deep cut to Medicaid spending included in OBBBA, New York State has proposed undoing a recent expansion of its Essential Plan, which provides health insurance to people who do not qualify for Medicaid or the Children’s Health Insurance Program. This will increase the number of uninsured in New York City, putting pressure on its system of public hospitals and on the City to support it.

Unfortunately, in many important fiscal ways, the City is unprepared to weather these and other risks coming from Washington, while at the same time it needs to resolve structural imbalances. In its last financial plan update before leaving office, the Adams Administration has left large budget gaps (both budgeted and hidden) and few tools to close them.

The Comptroller’s Office projects a \$2.18 billion budget gap for FY 2026 (1.8 percent of total revenues). This is unusual, as at this time in the fiscal year the projection typically calls for a modest surplus that can be used to prepay the following year’s expenses. Budget gaps in future years could reach \$10.41 billion in FY 2027 (8.8 percent of total revenues), \$13.24 billion in FY 2028 (10.9 percent of total revenues) and \$12.36 billion (9.9 percent of total revenues) in FY 2029.

Over the past years, this Office has observed a recurring pattern of decisions that defer difficult budget choices rather than address them—leaving a challenging fiscal landscape for the next Mayor. For three consecutive years, expenses have outpaced revenues, demonstrated by lower prepayments of future years’ expenses each year. This is partly due to the expiration of Federal pandemic aid and the surge in asylum seekers seeking shelter from the City. However, fiscal strain is starting to mount, as evidenced by the following:

- **One-time cost adjustments.** In FY 2025, the City reduced prior-year payables by significantly more than receivables – producing a one-time savings of \$1.62 billion to balance the FY 2025 budget. Furthermore, DOE changed the accounting treatment of Due Process

(formerly Carter) cases, pushing approximately \$350 million in costs that would have been recorded in FY 2025 into FY 2026, enabling a one-time reduction in costs last fiscal year.

- **Reliance on understated expenses not matched by higher revenues.** The Comptroller's Office estimates that City-funded expenditures are understated by a total of \$3.16 billion in FY 2026 and \$7.04 billion in FY 2027, growing to \$8.58 billion in FY 2029. This Office projects additional City revenues of \$984 million in FY 2026, \$1.33 billion in FY 2027, growing to \$2.52 billion in FY 2029. The additional revenues are not sufficient to cover the additional expenses, even in the more optimistic projection [published by the City Council](#).
- **No real savings or efficiency planning.** The Administration has relied on ad hoc Programs to Eliminate the Gap (PEGs), comprised mainly of short-term savings, budget re-estimates, and personnel accrual savings to balance the budget, although none of these have been included in the most recent financial plans. As this Office has [proposed](#), the City must incorporate ongoing, rigorous and strategic efficiency reviews and long-term savings planning into the budget process.
- **Failure to grow the City's long-term reserves:** The City's long-term reserves have not seen a meaningful increase since the last deposits were made in FY 2022, despite revenue growth that met this Office's [proposed formula](#) for a Rainy Day Fund deposit for the past two fiscal years. This leaves the City vulnerable to the impact of an economic downturn. This Office has continually called for a formula-based approach to deposits into the City's Rainy Day Fund, and we reiterate that call.

Many of the expenditures left out of the City's budget are for chronically underbudgeted costs. These are costs that can be reasonably anticipated but are not budgeted for appropriately, plan after plan, year after year. This Office estimates that additional City funding for chronically underbudgeted costs total \$3.76 billion in FY 2026, approximately \$1 billion more than this Office estimated for FY 2025 at this point last year. Additional funding needed for chronically underbudgeted costs grows to an average of about \$5.63 billion in the outyears. These costs include overtime, public assistance and shelter costs, special education Due Process cases, among others. The largest single underbudgeted cost is for rental assistance, for which the Comptroller's Office estimates an additional \$795 million will be necessary in FY 2026, growing to an additional \$2 billion in FY 2027. This estimate does not include the impact of expanding the CityFHEPS rental assistance program to more households at-risk of eviction and other changes that were passed by the City Council over the Mayor's veto in 2023. These changes have yet to be implemented and are currently the subject of litigation. The Comptroller's Office estimates that the expansion could result in additional costs ranging from around \$6 billion to \$22 billion over the first five years of implementation, net some shelter and other savings, with the large range due to many unknowns about how many and which households may benefit from an expanded program.

The Comptroller's Office restated gaps also include that additional City funding will be required for early education and childcare programs to continue these programs at their current levels. The City will also need to add funding beginning in FY 2027 to hire more teachers to implement the State's mandate to reduce class sizes in City schools, which must be fully implemented in FY 2028.

The November Plan also only partially addresses rising health insurance costs for City employees. Following a rate increase to premiums for the HIP-HMO, one of the two premium-free health plans the City offers its employees, the City increased budgeted funds. However, the increase represents less than a quarter of the likely additional funding required annually. Beginning in January, employees currently covered by the City's other premium free health insurance plan will switch to a new self-funded plan administered by EmblemHealth/United Healthcare (NYCE PPO). OMB estimates that the shift could generate up to \$900 million in annual savings and therefore did not budget additional costs for those employees. However, more resources may have to be diverted toward the long-depleted Health Insurance Stabilization Fund (HISF), at least to pay for its ongoing health benefits obligations. The Comptroller's Office, therefore, includes a risk that health care costs will grow instead at the HIP-HMO rate.

Other spending risks included in this Office's restated gaps come from cuts to Federal funding made by the Trump Administration, including cuts to SNAP administrative funding and Emergency Housing Vouchers, which this Office expects to begin impacting the City budget in FY 2027. These are costs in the near term that the City will likely have to backfill. The impact of other larger cuts, including Medicaid cuts and SNAP cost sharing, will first flow through to the State. It is currently unclear how they will be passed onto localities, so they are not yet included in these estimates, but could pose large risks to the City budget.

Other challenges likely to be faced by the incoming administration early on include negotiating new contracts with the City's labor unions. The Police Benevolent Association (PBA) contract expired at the end of July, and the contract of the City's largest municipal labor union, District Council 37 (DC37), will expire in November 2026.

Prior to the release of the November Plan, the City released its Adopted Capital Commitment Plan (CCP) for FY 2026 through FY 2029 in September. The Plan totals \$93.01 billion in all-funds authorized commitments. This is an increase of \$5.30 billion from the CCP released in May. Notably, the Adopted FY 2026 CCP, over the four-year period, includes an [increase of just \\$1.44 billion](#) of the \$3.0 billion the City is required to contribute to the Metropolitan Transportation Authority's (MTA) Fiscal Year 2025 – 2029 Capital Plan. The New York State FY 2026 Enacted Budget increased the amount of debt outstanding excluded from the Constitutional debt limit by \$3.0 billion to accommodate this mandated increase. While the City also includes a planned \$360 million payment to the MTA in City FY 2030, this leaves \$1.20 billion of required capital commitments unaccounted for in the current CCP. The largest overall change in the CCP was to Housing and Economic Development projects, for which funding increased by \$2.8 billion. This is largely a reflection of the City shifting significant sums of planned commitments to FY 2026 from FY 2032 through FY 2035 to take advantage of OBBBA changes to the tax code that have made more affordable housing projects eligible for the Federal Low-Income Housing Tax Credit.

The Mamdani Administration inherits a challenging fiscal situation even before accounting for the looming risks posed by the Trump Administration, and before undertaking its significant, and much-needed, new initiatives to confront New York City's affordability crisis with investments in child care, transportation, and housing. Transparent, thoughtful, and efficient budgeting is, as always, more important than ever to make sure the City has the resources it needs to meet the challenges that lie ahead.

Table 1. FY 2026 – FY 2029 November Financial Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026 – 2029	
					Dollar	Percent
Revenues						
Taxes:						
General Property Tax	\$35,326	\$36,627	\$37,704	\$38,816	\$3,490	9.9%
Other Taxes	45,606	45,423	46,997	48,706	3,100	6.8%
Tax Audit Revenues	809	779	779	779	(30)	(3.7%)
Subtotal: Taxes	\$81,741	\$82,829	\$85,480	\$88,301	\$6,560	8.0%
Miscellaneous	8,384	8,014	8,045	8,094	(290)	(3.5%)
Unrestricted Intergovernmental Aid	2	0	0	0	(2)	(100.0)
Less: Intra-City Revenues	(2,073)	(1,893)	(1,884)	(1,882)	191	(9.2%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	\$88,039	\$88,935	\$91,626	\$94,498	\$6,459	7.3%
Other Categorical	1,210	1,122	1,117	1,115	(95)	(7.9%)
Inter-Fund Revenues	805	795	796	799	(6)	(0.7%)
Federal Categorical Grants	8,593	7,207	7,228	7,285	(1,308)	(15.2%)
State Categorical Grants	19,586	18,865	19,000	19,149	(437)	(2.2%)
Total Revenues	\$118,233	\$116,924	\$119,767	\$122,846	\$4,613	3.9%
Expenditures						
Personal Service (PS):						
Salaries and Wages	\$34,391	\$35,503	\$36,700	\$37,649	\$3,258	9.5%
Pensions	10,479	10,632	11,510	10,973	494	4.7%
Fringe Benefits	15,046	15,600	16,301	17,044	1,998	13.3%
Subtotal: PS	\$59,916	\$61,735	\$64,511	\$65,666	\$5,750	9.6%
Other Than Personal Service (OTPS):						
Medical Assistance	\$6,258	\$6,733	\$6,883	\$7,033	\$775	12.4%
Public Assistance	1,650	2,000	2,463	2,905	1,255	76.1%
All Other	46,203	42,177	42,143	42,551	(3,652)	(7.9%)
Subtotal: OTPS	\$54,111	\$50,910	\$51,489	\$52,489	(\$1,622)	(3.0%)
Debt Service	\$8,542	\$9,487	\$10,474	\$11,419	\$2,877	33.7%
FY 2025 BSA	(\$3,787)	\$0	\$0	\$0	\$3,787	(100.0%)
FY 2026 BSA	\$74	(\$74)	\$0	\$0	(\$74)	(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	(\$2,073)	(\$1,893)	(\$1,884)	(\$1,882)	\$191	(9.2%)
Total Expenditures	\$118,233	\$121,615	\$126,040	\$129,142	\$10,909	9.2%
Gap to be Closed	\$0	(\$4,691)	(\$6,273)	(\$6,296)	(\$6,296)	N/A

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding. The debt Service line excludes TSASC Inc. debt service, which is paid with 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, November 2025 Plan vs. June 2025 Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Revenues				
Taxes:				
General Property Tax	\$60	\$0	\$0	\$0
Other Taxes	358	0	0	0
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	\$418	\$0	\$0	\$0
Miscellaneous Revenues	281	79	88	83
Unrestricted Intergovernmental Aid	2	0	0	0
Less: Intra-City Revenues	(189)	(37)	(37)	(35)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	\$512	\$42	\$51	\$48
Other Categorical Grants	85	2	1	1
Inter-Fund Revenues	0	0	0	0
Federal Categorical Grants	1,123	(30)	(56)	(59)
State Categorical Grants	606	6	7	4
Total Revenues	\$2,326	\$20	\$3	(\$6)
Expenditures				
Personal Service (PS):				
Salaries and Wages	(\$241)	(\$27)	\$229	\$383
Pensions	0	(449)	(363)	(541)
Fringe Benefits	147	154	243	345
Subtotal: PS	(\$94)	(\$322)	\$109	\$188
Other Than Personal Service (OTPS):				
Medical Assistance	(\$325)	\$0	\$0	\$0
Public Assistance	0	0	0	0
All Other	2,979	159	145	148
Subtotal: OTPS	\$2,654	\$159	\$145	\$148
Debt Service	(\$119)	(\$59)	(\$44)	\$25
FY 2025 BSA	\$0	\$0	\$0	\$0
FY 2026 BSA	\$74	(\$74)	\$0	\$0
Capital Stabilization Reserve	\$0	\$0	\$0	\$0
General Reserve	\$0	\$0	\$0	\$0
Less: Intra-City Expenses	(189)	(37)	(37)	(35)
Total Expenditures	\$2,326	(\$333)	\$173	\$326
Gap to be Closed	\$0	\$353	(\$170)	(\$332)

Source: Mayor's Office of Management and Budget

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

Table 3. Comptroller's Office Restated Gaps

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

	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	\$0	(\$4,691)	(\$6,273)	(\$6,296)
Revenue Differences				
Tax Revenues:	950	1,322	1,538	2,519
Property Tax	75	(84)	204	438
Personal Income Tax/PTET	776	1,030	651	910
Business Income Taxes	(272)	(46)	133	257
Sales Tax	120	138	210	508
Real Estate-Transaction Taxes	98	78	99	135
Tax Audits & All Other Taxes	153	206	241	271
Non-Tax Revenues	34	3	3	0
Subtotal Revenues	\$984	\$1,325	\$1,541	\$2,519
Expenditure Differences				
Underbudgeting:	(3,764)	(5,348)	(5,703)	(5,823)
Rental Assistance	(795)	(2,000)	(2,600)	(2,700)
Overtime	(727)	(559)	(560)	(562)
Shelter Capacity, Non-Asylum Seeker	(630)	(945)	(945)	(945)
Public Assistance	(641)	(276)	(10)	0
Contributions to MTA	(392)	(621)	(673)	(683)
DOE Due Process (Carter) Cases	(558)	(488)	(488)	(488)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(51)	(55)	(13)	(31)
Temporary and Professional Services	130	(100)	(110)	(110)
Foster Care Reimbursement Rate	(100)	(150)	(150)	(150)
Fiscal Cliffs - Federal COVID 19 Aid	(80)	(191)	(191)	(191)
Health Insurance Rate Increase	(409)	(418)	(445)	(475)
DOE Class Size Mandate	0	(501)	(1,038)	(1,078)
DOE Early Childhood Education	(299)	(321)	(319)	(319)
DOE LV Order	0	(52)	(52)	(52)
Child Care Vouchers	(146)	(498)	(498)	(498)
Promise NYC	0	(25)	(25)	(25)
Asylum Seekers Expenses	(186)	159	(352)	(237)
Federal SNAP Administration Funding Cut	0	(75)	(100)	(100)
Federal Emergency Housing Voucher (EHV) Cut	0	(41)	(54)	(54)
EMS Medicaid Revenue Shortfall	(128)	(128)	(128)	(128)
Prior Year Payable Adjustment	400	400	400	400
Budgeted Reserves	1,450	0	0	0
Subtotal Expenditures	(3,162)	(7,039)	(8,505)	(8,580)
Total Comptroller Re-estimates	(2,178)	(5,714)	(6,964)	(6,061)
Restated (Gap)/Surplus	(\$2,178)	(\$10,405)	(\$13,237)	(\$12,357)

Source: Office of the New York City Comptroller

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

II. The State of the City's Economy

Economic Conditions and Forecast, 2025 – 2029

The U.S. economy in 2025 and, by extension, the local New York City economy, has been characterized by a rollercoaster of uncertain expectations in the wake of a steady stream of disruptive policies, actions, and rhetoric emanating from the Federal level. But despite deleterious effects from large and uncertain changes to trade policy, immigration, and a lengthy government shutdown, the U.S. economy has continued to grow through 2025, surpassing most economic forecasters' expectations and apparently avoiding a widely feared recession. New York City's economy has also continued to grow although with an uneven distribution of job growth across industry sectors, with little to no job creation among the city's highest-paying industries.

As of November 2025, U.S. tariffs imposed on imported goods amount to an estimated 16.8 percent of the value of all goods imports, as compared to 2.4 percent at the beginning of the year. With imports accounting for approximately 10 percent of personal consumption expenditures, this translates into a 1.4 percent increase in the price level before accounting for cost-lowering shifts in consumption patterns. The level of tariffs and their distribution across goods and countries of origin have been volatile throughout the year, with numerous political considerations and bilateral negotiations often leading to revised policies. Most recently, the Trump Administration rolled back tariffs on 200 food products including beef, coffee, and ([non-Mexican](#)) tomatoes. A large portion of the tariffs imposed may soon also be removed via legal action, subject to an upcoming Supreme Court decision about whether the President has the Constitutional authority to impose them without Congressional action.

The threat of tariffs igniting inflation has led the Federal Reserve towards greater caution in setting short-term interest rates, waiting until September 2025 to resume its pattern of gradually lowering the target Federal Funds rate, which began in late 2024. December 2025 brought a third consecutive quarter-point cut to the rate, but the Fed's governors are apparently divided in their views and signaled that future cuts are not being teed-up. President Trump appears to desire greater control over monetary policy—to get much more rapid rate cuts, in particular—and he has indicated that his 2026 appointments including the mid-year replacement of the Chairman will be made with that goal in mind.

New York City's economy has grown only modestly in 2025, with several of New York City's industries showing little-to-no growth in their payrolls. At the same time, there have been no major increases in claims for unemployment insurance nor a significant rise in the unemployment rate despite record-high labor force participation. It has been a rather static period—with low rates of job separation but also low job opening rates—both perhaps influenced by the climate of economic uncertainty. Risks loom, including the impact of the Federal One Big Beautiful Budget Act (OBBBA) that will phase-in spending cuts that include reduced funding for Medicaid, student loan subsidies, and Federal Supplemental Nutrition Assistance Program (SNAP) food benefits.

Economic uncertainties related to tariffs are expected to wane, as financial markets and businesses adjust to the tariffs in-place. The outlook is for modest, gradual growth to resume for most of NYC's key industries. Profits in the Securities industry are expected to end 2025 near all-time highs, which is expected to lead to more hiring in the industry in future years. And the market for NYC office space is finally showing signs of solid improvement, suggesting that employers across NYC's highest-paying, office-using sectors are preparing for some expansion. Table 4 shows the Comptroller's and Mayor's Office of Management and Budget's (OMB's) forecasts for several economic indicators for 2025 through 2029.

Table 4. Forecast of Selected Economic Indicators, Calendar Year Averages, 2025 to 2029

U.S. Economy		2025	2026	2027	2028	2029
Real GDP, % Change	Comptroller	1.9%	1.7%	1.7%	2.1%	2.5%
	Mayor	1.9%	2.3%	1.8%	1.6%	1.7%
Corporate Profits Before Tax, % Change	Comptroller	1.1%	5.2%	3.9%	5.8%	4.9%
	Mayor	(2.2%)	(6.6%)	0.8%	0.3%	15.2%
Payroll Jobs, % Change	Comptroller	1.0%	0.3%	0.3%	0.5%	0.7%
	Mayor	0.9%	0.5%	0.5%	0.2%	0.3%
Fed Funds Rate, Percent	Comptroller	4.20	3.26	2.78	2.96	2.93
	Mayor	4.26	3.47	3.13	3.13	3.13
10-Year Treasury Notes, Percent	Comptroller	4.31	4.23	4.31	4.33	4.31
	Mayor	4.33	4.00	3.89	3.91	3.96
Consumer Price Index, % Change	Comptroller	2.8%	3.5%	2.7%	2.1%	1.8%
	Mayor	2.8%	2.6%	2.3%	2.3%	2.1%
NYC Economy		2025	2026	2027	2028	2029
Payroll Jobs, Change In Thousands, Q4-Q4	Comptroller	44.3	43.1	46.5	56.9	66.3
	Mayor	37.7	68.2	77.9	87.7	94.4
Total Wage Earnings, % Change	Comptroller	5.7%	4.4%	3.7%	4.3%	4.7%
	Mayor	6.5%	4.1%	4.0%	4.5%	4.7%
Consumer Price Index, NY area, % Change	Comptroller	3.4%	3.5%	3.0%	2.4%	2.1%
	Mayor	3.5%	3.0%	2.3%	2.2%	2.1%
Wall Street Profits, \$ Billions	Comptroller	59.6	44.6	46.7	50.3	49.7
	Mayor	56.0	37.5	32.7	27.7	28.6
Securities Bonus Pool, \$ Billions	Comptroller	48.8	45.9	47.3	50.7	54.0
	Mayor	44.6	39.6	40.9	41.8	43.4
Asking Rental Rate, Manhattan Offices*, % Change	Comptroller	(0.4%)	3.3%	2.9%	2.8%	2.8%
	Mayor	2.9%	2.0%	1.1%	1.6%	2.4%

U.S. Economy		2025	2026	2027	2028	2029
Total Vacancy Rate, Manhattan Offices*	Comptroller	22.3%	21.3%	20.8%	20.4%	20.0%
	Mayor	20.0%	19.9%	19.1%	18.3%	17.9%

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

Note: *The Mayor's forecast for Manhattan office rental and vacancy rates are for Class A only, while the Comptroller's forecast is for all Manhattan offices.

The U.S. Economy

Large and unstable increases in import tariffs have resulted in uncertainty that is hindering business expansion planning and economic growth. While fears that the disruptions from Federal trade policy and a sharp decrease in net international migration to the U.S. will lead to a recession have subsided, U.S. economic growth has been diminished by uncertainty and, during the first half of 2025, showed little growth outside of unusually high technology-related investment.

The U.S. economy contracted by a seasonally adjusted annual rate of 0.6 percent in the first quarter, although this was largely driven by a surge in imports to build inventories of foreign goods in advance of expected tariffs. In the second quarter, U.S. GDP rebounded with 3.8 percent growth, inflated in part by a sharp pullback in imports. Annualized growth from the second half of 2024 to the first half of 2025 was a tepid 1.1 percent.

But U.S. economic growth has not been broad-based. Much of U.S. economic growth this year can be attributed to a rapid increase in technology investment, likely fueled by development and adoption of artificial intelligence (AI) software and a hardware build-out of AI data centers. Real private fixed investment in information processing equipment and software grew at an annual rate of 22.6 percent in the first half alone, contributing 1.2 percentage points to overall U.S. GDP growth.¹ This investment, driven by an extraordinary, emerging technological development, is masking an otherwise tentative, slowly growing economic picture.

The U.S. labor market has shown signs of cooling, with employment growth of only 684,000 from December 2024 through September 2025, a 0.6 percent annual rate of growth. This growth rate is less than half of that of any year since 2010 (excluding the pandemic year of 2020). The U.S. unemployment rate has been rising through the year and reached 4.4 percent in September—its highest level since October 2021. But at the same time, initial claims for unemployment insurance have remained at the relatively low rate of under 250,000 in almost every week of 2025. Both job openings and job separations have also been at relatively low levels, suggesting less “churning”—in other words, that both businesses and workers are in a holding pattern, with new hiring and layoffs, and possibly the seeking of new jobs being discouraged but without net job reductions.

¹ See U.S. Bureau of Economic Analysis, "Table 5.3.6. Real Private Fixed Investment by Type, Chained Dollars" (accessed Friday, November 21, 2025). Some of this investment may be equipment and software imported during the same period, which reduces the net effect on GDP from these investments, although data for this are unavailable.

Some of the labor market tentativeness could be the result of AI-related uncertainty around future personnel needs. Recent data suggest rates of unemployment for recent college graduates are rising faster than unemployment generally. In September 2025, the unemployment rate for college graduates aged 20-24 was 9.7 percent, a rise of 2.9 percent from September 2024 and higher than any other September in the past 25 years except during the 2020 pandemic. And there have been forward-looking [reports](#) of recently high levels of announced intended layoffs. But many of the announced layoffs are concentrated within the technology sector, where both profitability and market valuations have been growing overall, suggesting these plans are more structural than cyclical.

The narrow base of economic growth, along with depressed hiring activity, helps explain the unusually low levels of consumer confidence in recent months. In November, the Conference Board's Consumer Confidence Index approached an 11-year low and University of Michigan's measure was close to a 45-year low. Business sentiment has also been persistently (and increasingly) weak. The Institute for Supply Management (ISM) survey indexes for both the manufacturing and service sectors have been hovering at or near levels typically associated with a recession.

The U.S. inflation rate fell during the early part of the year but began rising in May with timing that suggests an impact from anticipated and actual import tariffs. The Federal Reserve has indicated its inflation target is 2 percent, as measured by annual growth in the core personal consumption expenditures (PCE) price index.² After declining to 2.6 percent growth over the prior year in April 2025, core PCE inflation has edged up to 2.8 percent by September. The core Consumer Price Index followed a similar pattern, having decelerated to a 2.7 percent pace in April and re-accelerating to 3.0 percent by September.

Table 5 demonstrates how economic growth projections by monetary policymakers have changed over the past year, showing the median forecasts for the Federal Reserve Board members and Federal Reserve Bank Presidents. Growth projections for both 2025 and 2026 fell in the Spring after uncertainty related to trade policy emerged. But forecasts rose this Fall as concerns for economic and market downturns have greatly subsided. Similarly, the "consensus" probability of a recession occurring within a year, as reported by private economic forecasters to the Blue Chip Economic Indicators publication, was 26 percent in December 2024, 47 percent in May 2025, and most recently, 38 percent in November 2025.

Table 5. FOMC Members Median Economic Projections

	Projection for 2025			Projection for 2026		
	Dec 2024	Jun 2025	Sep 2025	Dec 2024	Jun 2025	Sep 2025
GDP growth	2.1%	1.4%	1.6%	2.0%	1.6%	1.8%
Unemployment rate	4.3%	4.5%	4.5%	4.3%	4.5%	4.4%

² A "core" price index excludes food and energy cost, which tend to have more volatile price movements often unrelated to general price inflationary pressures.

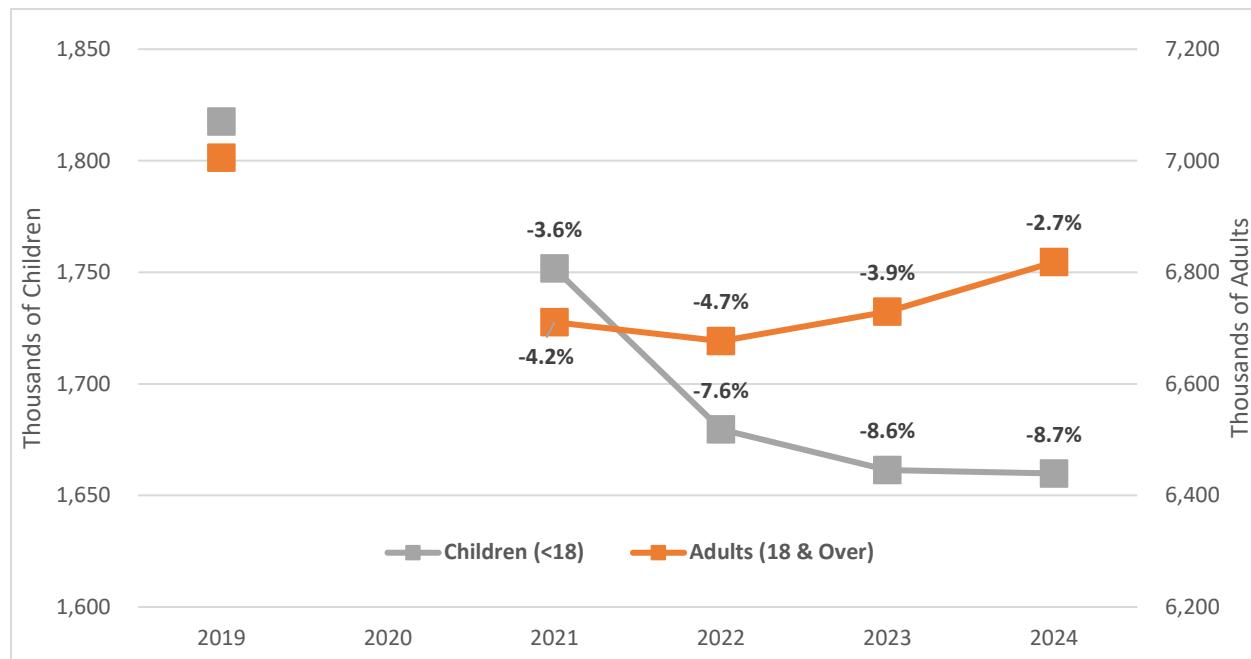
	Projection for 2025			Projection for 2026		
Core PCE inflation	2.5%	3.1%	3.1%	2.2%	2.4%	2.6%
Federal Funds rate	3.9%	3.9%	3.6%	3.4%	3.6%	3.4%

Source: Federal Reserve Board of Governors, Summary of Economic Projections.

NYC's Economy

The sudden and steep 5 percent drop in population during the first year of the Covid pandemic was both caused by and contributed to an historic contraction in the local economy³. By 2022, as the pandemic gradually faded and offices had begun to re-open and bring back workers, many people returned; the population stabilized and began to rebound thereafter. But as shown in Chart 1 below, while the adult population grew increasingly briskly in 2023 and 2024, the population of children continued to fall, reaching levels not seen in many decades.

Chart 1. NYC Estimated Population of Adults & Children, Data Labels Denote Percent Change from 2019



Sources: U.S. Census Bureau, Annual Population Estimates (Total population 2021-2024), U.S. Bureau of Economic Analysis (Total population 2019 from NIPA incorporating Census revisions); American Community Survey (Proportion of children vs adults for all years shown); Moody's economy.com.

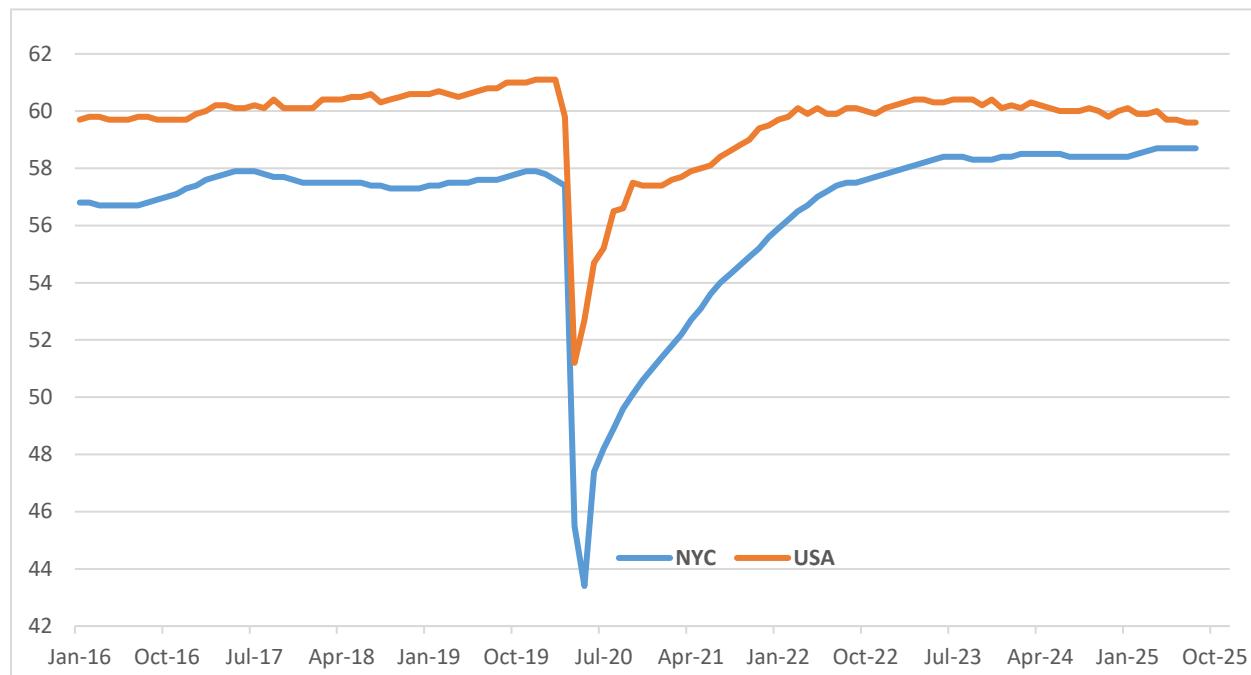
The New York City economy continued to increase its number of jobs in 2025, with income growth buoyed by a strong bonus season on Wall Street early in the year. But while recession has

³ In addition, it is estimated that the Covid pandemic led to “excess” deaths, relative to a typical year, that amounted to roughly 0.3 percent of the population. See Excess Deaths in Mexico City and New York City During the COVID-19 Pandemic, March to August 2020 - PMC

been apparently avoided this year, job growth has been concentrated in government and the Health Care & Social Assistance sector, both of which depend largely on public funding, while remaining stagnant across most other private sectors. Furthermore, a weak outlook for 2026 growth at the national level will impede any quick turnaround for private sector NYC employment. Still, current high profitability, especially on Wall Street, will eventually boost hiring that has been recently restrained amidst uncertainty and restructuring. And a long-awaited turnaround in office leasing suggests that office-using employers are preparing to grow their NYC workforce.

New York City's resident employment-population ratio has maintained its high levels through 2025, averaging 58.7 percent from January through September, an all-time high. These high levels reflect the fact that measured NYC resident employment was essentially unchanged from September 2019 to September 2025, while the city's adult population declined by roughly 2 percent over the same period. This trend contrasts with the national one, where the employment-population ratio has drifted down to 59.7 percent in September 2025—close to a four-year low, down from a post-pandemic peak of 60.4 percent in August 2023, and well below the pre-pandemic peak level of 61.1 percent in February 2020.

Chart 2. NYC and U.S. Employment-Population Ratios

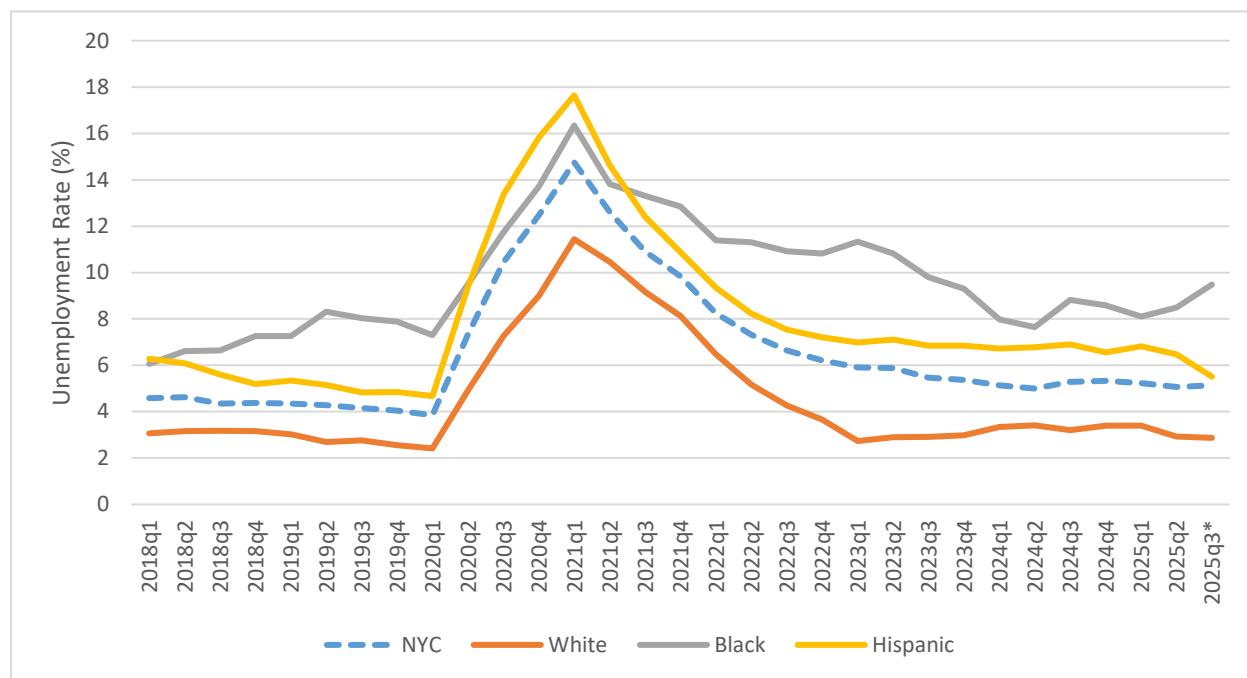


Source: Local Area Unemployment Statistics, NY State Department of Labor; Current Population Survey.

New York City's unemployment rate was 5.1 percent in September 2025, down by 0.4 percentage points from September 2024. New York City's unemployment rate remains higher than the U.S. rate of 4.4 percent, but the rates have been converging over the past year as the U.S. rate has been rising while the city's fell.

More troubling is growing unemployment for Black residents of New York City. Unemployment rates for Black adults in the labor force are generally higher than other racial and ethnic groups in the city, but from 2021 to 2024 had fallen substantially from their pandemic high of approximately 20 percent. Over the past year, the unemployment rate for Black New Yorkers has started to rise again, and over the summer of 2025 (July and August) surged to 15.6 percent, higher than any quarterly rate since 2021⁴. Chart 3 shows 4-quarter averages over time for NYC unemployment rates by race and ethnicity. The data show how the trend for Black unemployment has diverged from trends in both the white and Hispanic rates.

Chart 3. NYC Unemployment Rates by Race and Ethnicity, 4-Quarter Moving Averages



Source: Current Population Survey and Office of the New York City Comptroller.

Note: * Data shown for 2025q3 are for July and August 2025, data for September are not yet available at the time of writing.

Projected NYC Employment Growth by Industry Sector

In 2025, employment growth in New York City was stagnant in all but two industry sectors—Education & Health and Government, as seen in Table 6.

⁴ [DiNapoli: Wall Street Profits Surge Again, Giving New York a Fiscal Boost | Office of the New York State Comptroller](#)

Table 6. Employment and Employment Growth (Q4-Q4) by Sector in New York City, 2023-2029

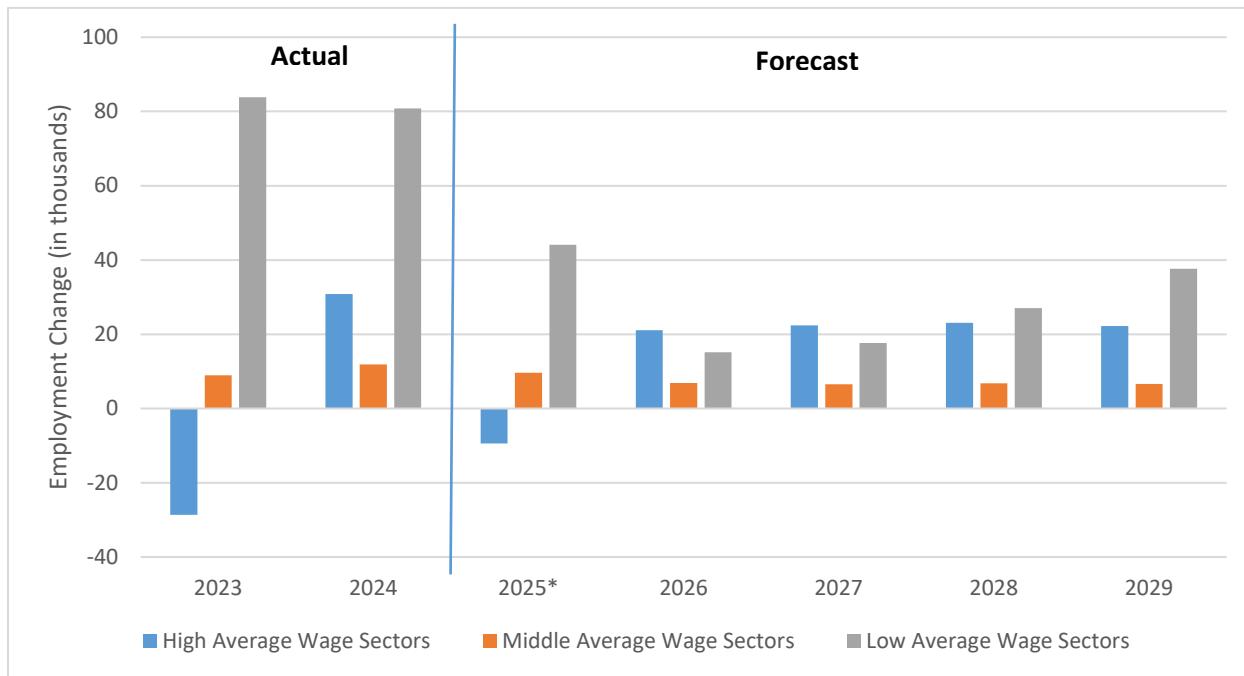
	2024 Average		Q4-Q4 Change in Employment (in thousands)							
	Employment	Wage	Actual		Forecast					
			2023	2024	2025*	2026	2027	2028	2029	
Financial Activities	483,264	\$309,863	4.9	6.9	(0.9)	5.4	4.7	3.9	3.2	
Information	216,299	\$215,222	(23.9)	9.8	(1.2)	5.6	3.5	3.2	2.8	
Professional & Business Services	751,800	\$150,621	(9.7)	14.1	(7.4)	10.1	14.3	15.9	16.2	
Total: High Wage (Office-Using) Sectors	1,451,363	\$213,272	(28.6)	30.8	(9.4)	21.1	22.4	23.1	22.2	
Wholesale Trade	122,323	\$123,866	(0.6)	1.7	(0.6)	1.3	0.5	0.3	(0.2)	
Government	566,581	\$98,865	10.8	8.8	10.2	4.0	2.2	2.3	2.5	
Construction	139,327	\$95,789	(0.2)	(0.5)	(4.4)	0.2	2.5	3.5	3.7	
Transportation & Utilities	189,330	\$79,457	0.8	3.2	4.7	2.9	2.7	2.2	2.1	
Manufacturing	54,366	\$79,411	(1.9)	(1.3)	(0.3)	(1.5)	(1.4)	(1.4)	(1.4)	
Total: Middle Wage Sectors	1,071,927	\$96,904	8.9	11.9	9.6	6.9	6.5	6.8	6.6	
Other Services	166,689	\$67,009	(0.8)	1.9	0.2	0.8	0.9	1.2	1.7	
Education & Health	1,181,796	\$66,675	74.8	77.0	47.1	15.5	11.7	14.5	18.4	
Leisure & Hospitality	442,432	\$57,955	16.1	6.1	(2.4)	(2.9)	4.0	9.7	15.2	
Retail Trade	294,891	\$57,922	(6.3)	(4.1)	(0.8)	1.7	1.0	1.6	2.2	
Total: Low Wage Sectors	1,919,119	\$63,319	83.8	80.8	44.1	15.1	17.6	27.0	37.6	
Total NYC Employment	4,630,616	\$118,274	64.1	123.5	44.3	43.1	46.5	56.9	66.3	

Source: Quarterly Survey of Employment and Wages (NY State Department of Labor), Mayor's Office of Management and Budget, Office of the New York City Comptroller

Note: *2025 change is derived from two quarters of preliminary actual data and two forecast quarters.

The fast-growing Education and Health sector is one of the lowest average wage industries in the city. And, as can be seen in Chart 4, low wage industries have dominated job growth for the past three years. Over the next few years, growth in these lower wage sectors is forecast to diminish somewhat but remain the largest contributor to city job growth. The high wage sectors—which coincide with the industries most oriented toward office work and include Finance, Information, and Professional & Business Services—are expected to reverse their recent downward trends and resume moderate growth.

Chart 4. Change in Employment (Q4 to Q4) by Sector Average Wage Level, 2023-2029



Source: Quarterly Survey of Employment and Wages (NY State Department of Labor), Mayor's Office of Management and Budget, Office of the New York City Comptroller

Note: *2025 change is derived from two quarters of preliminary actual data and two forecast quarters.

Job growth in the Health & Social Assistance sector has stood as the primary driver of NYC payroll expansion in the past three years. And within the sector, the subsectors of Home Health Care Services and Individual & Family Services have been responsible for most of the job growth. From September 2022 to September 2025, these two subsectors grew by a combined 161,000 jobs, 77 percent of the growth of the entire Health & Social Assistance sector. And these two subsectors have among the lowest average wages within the sector, with Home Health Care Services averaging a \$32,000 annual wage in 2024 and Individual & Family Services averaging \$37,000.

Rapid growth in these home-based Health and Social Assistance services has been significantly fueled by growth in the Consumer Directed Personal Assistance Program (CDPAP) paid by State Medicaid funds. This program allows those in need of home health and assistance services to designate a relative or friend as their caregiver, employed through a private intermediary. State-level efforts to curb accelerating Medicaid cost growth are expected to eventually slow the growth of this program. Effective April 1 of this year, the State implemented a requirement that CDPAP providers work through a single intermediary chosen by the State through a Request For Proposals, and their subcontractors, instead of working through more than 900 intermediaries previously providing such services statewide. The change has substantially shaken up the organization of this industry, and this may indeed lead to cost savings, although it has not noticeably curbed job growth in the subsectors to this point.

Employment in the Leisure & Hospitality industry declined slightly, on a seasonally adjusted basis, from December 2024 to September 2025. One of the hardest hit industries during the pandemic, losing nearly 50 percent of its employment in 2020, Leisure and Hospitality saw a steady recovery through 2024 but now faces no employment growth while still at 5 percent below its pre-pandemic peak. Nevertheless, as seen in Table 7, taxable sales at NYC restaurants grew by 5.2 percent over the past year. This growth amounted to 2.1 percent real growth after adjusting for inflation, a slight rebound after flat real growth in the year prior.

Table 7. NYC Taxable Sales at Restaurants and Other Eating Places, 2018-2025

	Sep. 2018-Aug. 2019	Sep. 2019-Aug. 2020	Sep. 2020-Aug. 2021	Sep. 2021-Aug. 2022	Sep. 2022-Aug. 2023	Sep. 2023-Aug. 2024	Sep 2024-Aug 2025
Taxable Sales at restaurants & other eating places (current dollars in millions)	22,333	15,643	14,514	22,218	25,901	27,145	28,544
% change		(30.0%)	(7.2%)	53.1%	16.6%	4.8%	5.2%
NYC metro price index growth of food away from home		3.1%	4.6%	6.9%	6.8%	4.7%	3.0%
Taxable Sales at restaurants & other eating places (constant 2019 dollars in millions)	23,020	15,715	13,846	19,854	21,699	21,731	22,182
% Change		(31.7%)	(11.9%)	43.4%	9.3%	0.1%	2.1%

Source: NY State Department of Taxation and Finance and Office of the New York City Comptroller

Employment contracted slightly in 2025 in the higher-wage, office-using sectors of Finance, Information, and Professional and Business Services.⁵ It does not appear that the shrinking payrolls are the result of cyclical pressures. In general, these industries have been recently profitable, and public companies have shown strong gains in market valuation. Layoffs and reluctance to hire in these sectors are most likely related to restructurings and temporary uncertainties around AI and government policies. A recent upturn in office space leasing suggests that many NYC office-based employers are preparing expansions. The slowing national economy

⁵ The monthly Current Employment Statistics preliminary data show growth in the Information sector in 2025. However, more complete data from the first quarter in the Quarterly Survey of Employment and Wages lead to the expectation that 2025 employment in this sector will soon be revised downward.

may delay this turnaround, but the outlook is for these healthy industries to increase their payrolls beginning in 2026.

The Comptroller's [August Spotlight](#) estimated the extent to which various occupational categories in New York City are already likely to be utilizing AI services. Using data from December 2024 to January 2025 from Anthropic (Claude), New York City occupations were measured according to their degree of overrepresentation, or underrepresentation, in their usage of Claude. The city's six largest occupation groups⁶, representing more than half of all NYC jobs, all used Claude less than the national average usage across all occupations. The most overrepresented groups—particularly Computer and Mathematical; Arts, Design, Entertainment, Sports, Media; and Life, Physical, and Social Science—make up relatively small shares of the local workforce, although they generally pay above-median wages. Educational Instruction and Library occupations are the largest NYC occupational group to be overrepresented in Claude usage. It is important to note, however, that although Business and Financial Operations are slightly underrepresented in their recent AI usage, they are likely to increase usage in the future as AI platforms focus more on enterprise applications. Across all occupations, workers were more likely to collaborate with Claude on tasks rather than automating entire tasks, but this may change as the technology improves. Job posting data from Indeed shows an increase in references to both artificial intelligence and specifically generative AI, indicating that AI usage has already changed the nature of demand for work, and may have an outsized impact on recent graduates entering the workforce.

Wall Street Profits and Bonuses

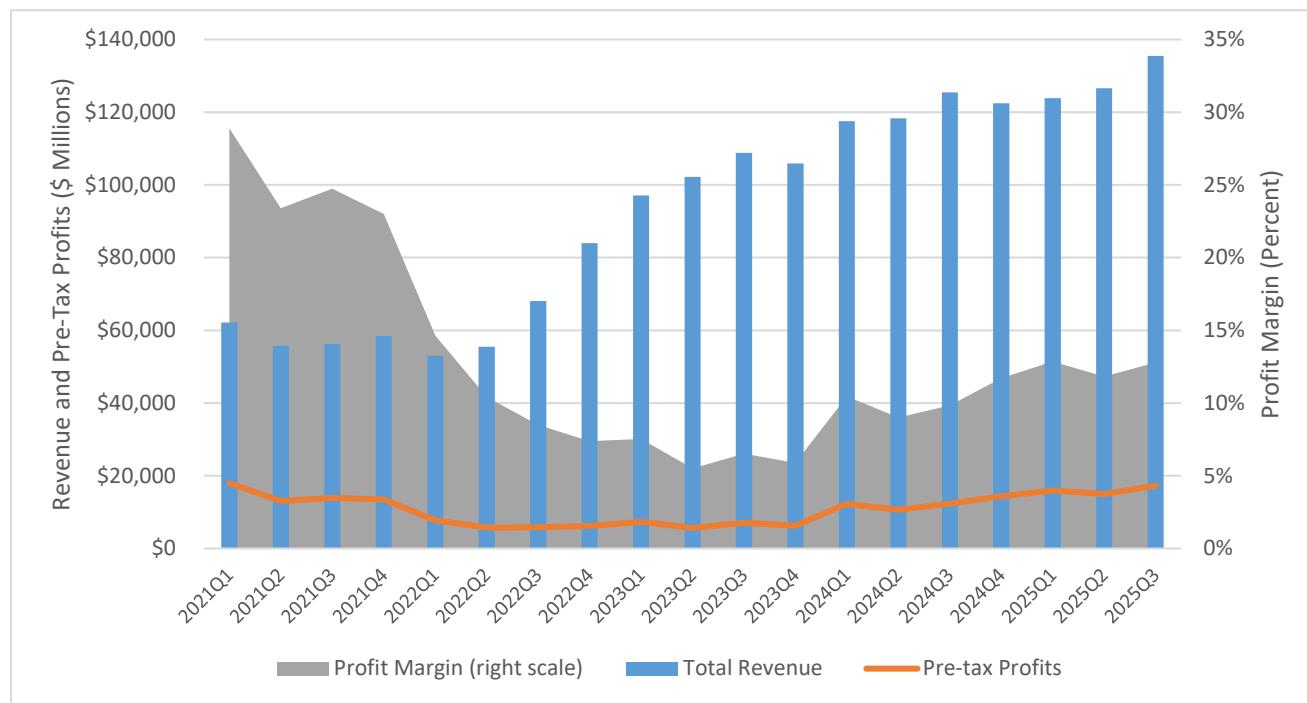
In Q3 2025, New York Stock Exchange member firms reported pre-tax profits of \$17.31 billion, a 40 percent increase from \$12.4 billion in the same quarter of 2024. Total revenues reached \$135.48 billion, up 8 percent year-over-year. Strength across trading, investment banking, and asset management activities drove these results. The quarterly results continue a strong performance trajectory that began in 2024. Through the first three quarters of 2025, NYSE member firms generated \$48.22 billion in pre-tax profits on revenues of \$385.96 billion. This performance puts the industry on pace for one of its strongest years on record.

Understanding this performance requires examining the industry's trajectory over the past several years; Chart 5 illustrates the volatility in securities industry profitability from 2021 through Q3 2025. Total revenues (blue bars) grew steadily from approximately \$60 billion per quarter in 2021 to \$135 billion in Q3 2025, reflecting the impact of higher interest rates on interest income and asset valuations. Pre-tax profits (orange line) followed a different trajectory. Quarterly profits averaged \$14 billion to \$18 billion during the 2021 boom before declining to \$6 billion to \$8 billion during the 2022-2023 period, then recovering to \$12 billion to \$17 billion in 2024-2025.

⁶ Office and Administrative Support, Healthcare Support, Business and Financial Operations, Sales and Related, Management, and Food Preparation and Serving Related occupations.

The profit margin (gray shaded area) highlights this divergence. Margins compressed from approximately 25 percent in 2021 to a trough below 7 percent in 2023 as the Federal Reserve's rate drove interest expenses sharply higher while suppressing fee-generating activities. The 2024-2025 recovery returned margins to the 10 percent to 13 percent range, which remains below the 2021 peak but demonstrates improved operational efficiency.

Chart 5. NYSE Member Firm Revenues, Pre-tax Profits, and Profit Margins, 2021Q1-2025Q3



Source: Intercontinental Exchange, Inc.

Implications for Compensation and Bonuses

This profit recovery directly influences compensation outcomes. Historical patterns demonstrate that bonus pools track closely with overall revenue performance. In 2024, with net revenues of \$243.71 billion, firms maintained a compensation ratio of approximately 42 percent, translating to total compensation expenses near \$100 billion. Within this total, the bonus pool paid in early 2025 for 2024 performance reached a record \$46.09 billion. Pre-tax profits for 2024 totaled \$49.62 billion after deducting all compensation and operating expenses.

Through the first three quarters of 2025, the compensation-to-net revenue ratio remained stable at 40-41 percent, consistent with the 2024 pattern. The Comptroller's Office projects 2025 pre-tax profits for NYSE member firms will reach \$59.61 billion, representing a 20 percent increase over 2024. This projection incorporates actual performance through the first three quarters (\$48.2 billion) and forecasted fourth quarter results based on current market conditions.

The Comptroller's Office's forecast bonus pool for 2025 performance, to be paid in late 2025 and early 2026, is \$49.68 billion, roughly 8 percent higher than the record \$46 billion paid on 2024 performance. Employment levels remaining near the 2024 record of 201,500 securities industry workers in New York City translate into an average bonus of approximately \$247,000 per employee, slightly above the 2024 average of \$244,700.

These compensation levels have direct fiscal implications for New York City. The securities industry generated an estimated \$6.7 billion in revenue for New York City in FY 2025, a 35.1 percent increase over the prior year, and accounted for 8.4 percent of total tax collections. Most of this revenue (68 percent) came from Personal Income Taxes (PIT), with securities industry receipts accounting for 24.3 percent of the city's total PIT collections.⁷

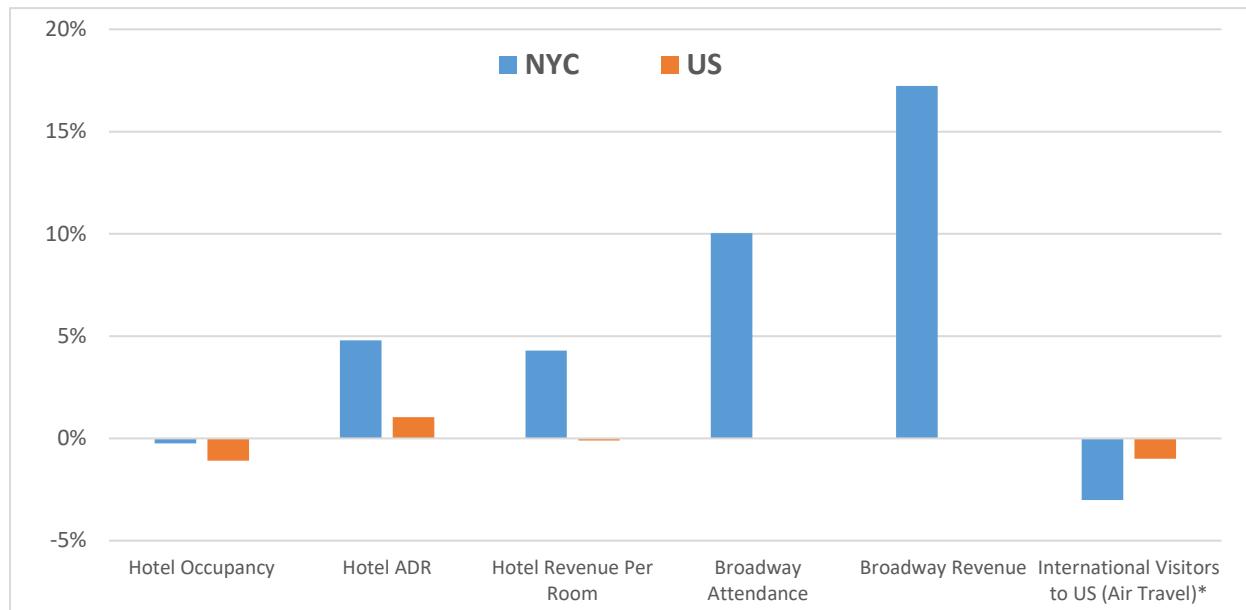
Tourism

Having fully rebounded from the severe pandemic-driven slump, tourism continued to show resilience throughout 2025, despite some strengthening in the dollar and weak consumer confidence—which tend to weigh on foreign and domestic tourism, respectively. Chart 6 below shows how various tourism indicators have changed between 2024 and 2025 (year-to-date). These indicators suggest that tourism has remained solid in New York City thus far in 2025. This is despite an apparent fall in the number of visitors from overseas, especially from Canada where visitors to the U.S. by air and automobile have fallen by 24 percent and 31 percent, respectively, in October 2025 versus the prior year.⁸ The decline in international visitors combined with growth in other tourism measures suggests that there has been some shift toward additional domestic tourism.

⁷ DiNapoli: Wall Street Profits Surge Again, Giving New York a Fiscal Boost | Office of the New York State Comptroller

⁸ Statistics Canada, <https://www150.statcan.gc.ca/n1/daily-quotidien/251112/dq251112b-eng.htm>

Chart 6. Change in Tourism Indicators from 2024 to 2025 (YTD)



Sources: Costar (hotel data); League of Broadway Theatres (Broadway data); International Trade Administration (visitors)

Note: *Based on data from January-August of each year, by point of entry.

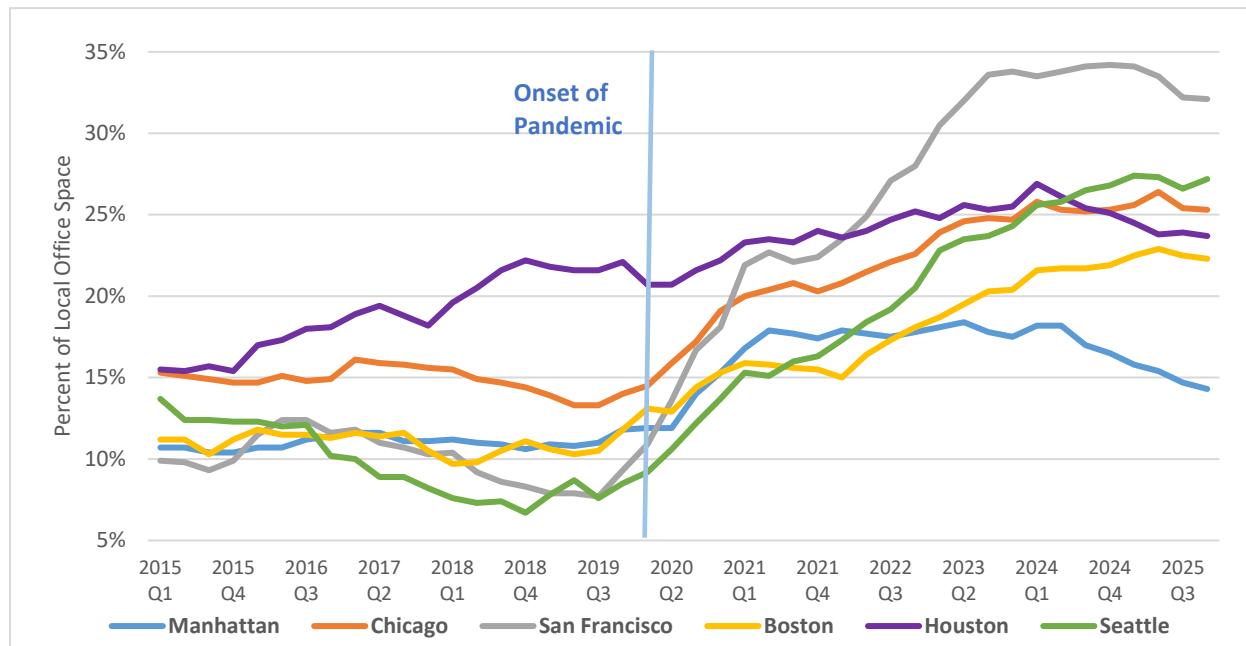
The city's overall hotel occupancy rate stood at just below 90 percent in October 2025—down marginally from a year earlier but otherwise the highest level since 2019. Year-to-date, hotel occupancy across the city has averaged 83.4 percent, just marginally below 2024 levels. However, total revenue per room, year-to-date, is up more than 4 percent, reflecting a similar rise in average room rates—a somewhat stronger performance than nationwide, as shown in Chart 6 above. Even after adjusting for inflation, room rates are modestly above pre-pandemic levels. Meanwhile, the inventory (supply) of hotel accommodations has plateaued. The total number of available hotel rooms in the city, which had tumbled early in the pandemic, had fully rebounded by 2023; in 2024 it had risen by almost 4 percent, but it is up only marginally over the past year.

Broadway theatres have also seen business rebound to around pre-pandemic levels. As of mid-November, attendance was running roughly on par with comparable 2024 levels, while revenues were up nearly 10 percent. While the implied 10 percent rise in average ticket prices over the past year far exceeds general inflation, ticket prices are only up about 11 percent since late 2019, which falls far short of general inflation over that six-year period.

Commercial Real Estate

The [rebound in NYC's office market](#) gained steam over the course of 2025, though there continues to be a sizable overhang of vacant and available space. The citywide office availability rate, which had stood at 17.1 percent (near a pre-pandemic high) at mid-2024, fell to 15.7 by year-end 2024, and decreased further to 13.9 percent as of November 2025. Both in terms of level and trend, New York City's office market has outperformed those of other major central cities, based on Costar data, as shown in Chart 7 below.

Chart 7. Office Availability Rates for Selected Cities CBDs



Source: Costar, Office of the New York City Comptroller

The improvement in the office market had not been all that broad-based until fairly recently. Specifically, up until early-2025, virtually all of the improvement in market conditions had been driven by top tier (5-star) office buildings. In that segment of the market, accounting for roughly 10 percent of the city's office space, mainly in Manhattan's CBD (central business district), new supply was coming on-line but it was being snapped up. The rest of the market, in contrast, remained in the doldrums, with availability and vacancy rates stuck at or near post-pandemic highs and rents down sharply from pre-pandemic levels.

Starting in early 2025, however, leasing began to pick up modestly for these lower-tier properties. This, combined with a slow but steady reduction in supply—driven by a combination of renovations and office-to-residential conversions—led to a gradual downward trend in the availability rate for Class B and C properties citywide, which declined from nearly 14 percent at the end of 2024 to 12.4 percent in November 2025.

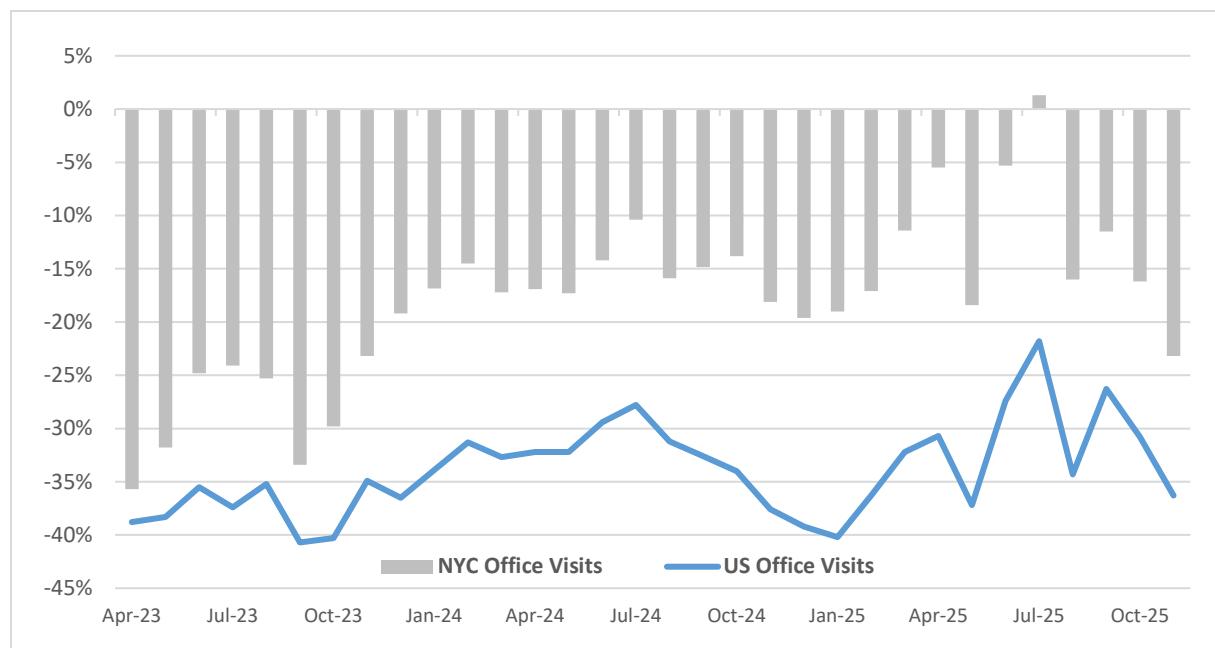
Nevertheless, there are roughly 39 million square feet of Class B and C office space available for lease and slightly over 37 million square feet that are vacant—double the pre-pandemic volume of 18.5 million.

Market rents have also been trending up across all market segments, though sub-prime rents still lag. Market rents at the high end of the market (5-star properties) are about 6 percent above pre-pandemic levels, and market rates for all Class A buildings—a broader group accounting for just over half of all NYC office space—are up 4 percent. In contrast, market rents on Class B and C buildings are still down 4 percent from pre-pandemic levels.

A major driver of the rebound in demand for space has evidently been office attendance. Placer AI estimates that office visits in New York City were roughly 23 percent below pre-COVID levels

in November, as shown in Chart 8 below—second to only Miami, among a list of 11 major U.S. cities.

Chart 8. Office Visits, US vs NYC Percent Change from Same Month in 2019 (Pre-COVID)



Source: Placer.ai

Residential Real Estate

The housing market was characterized by mixed trends during 2025. The purchase market was essentially stagnant, with citywide home prices up just 0.5 percent from a year earlier, as of September, based on estimates from StreetEasy. In contrast, the rental market was increasingly tight, with rents rising nearly 6 percent over the same period. This divergence is even more pronounced when compared with pre-pandemic levels. Over this longer interval of six years, home prices edged down roughly 2 percent, whereas rents surged by an estimated 29 percent. This divergence has likely been driven largely by rising mortgage rates, which reduce home-purchase affordability and thus tend to put downward pressure on prices relative to rents.

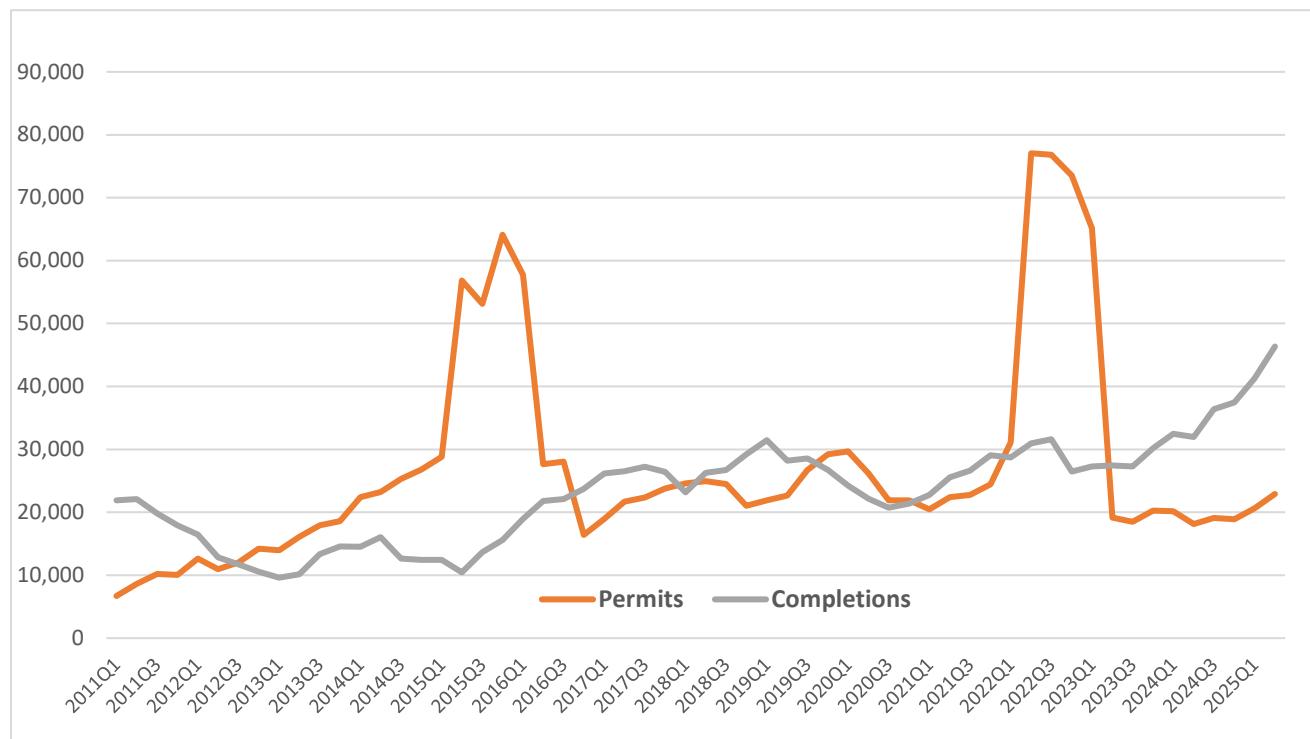
No single expense strains household budgets more than housing. In the wake of a series of policy interventions, there is a general consensus that housing in New York City has become less affordable in recent years, as evidenced by an estimated 1.4 percent citywide vacancy rate, based on the 2023 Housing & Vacancy Survey—the lowest in decades.

The 421-a tax incentive program—long criticized by this Office for its high public cost and limited affordability outcomes—expired and was later replaced by 485-x. While some policymakers had hoped that 485-x would generate a meaningful increase in housing supply, it has thus far fallen short of expectations. One new provision is a [wage requirement that applies to large buildings](#)

(with 100 or more units). In the third quarter of 2025, [it was reported](#) that developers filed 21 permits for buildings with exactly 99 units but very few for larger buildings. Given that the program started taking applications less than a year ago (mid-January 2025), it remains to be seen whether this pattern continues.

Both building permit data and multi-year projections of housing completions since the launch of New York's new property tax incentive for new housing development illustrate how the City is coasting on past momentum rather than generating new activity. As shown in Chart 9 below, when 421-a sunsets occurred in 2015 and again in 2022, the system was flooded with permits because the incentive actually pushed projects forward into the pipeline in time to qualify. Those waves later show up as increases in completions. And when the program was most recently expired, permits collapsed from more than 70,000, to roughly 20,000 a year, while completions have stayed high as the old pipeline was still being built out.

Chart 9. Residential Permits and Completions, 4-Quarter Rolling Sum



Source: NYC Department of City Planning

Residential delivery projections produced by CoStar, which track only multi-family construction, anticipate sluggish housing production between now and 2030, at levels similar to the post-2009 financial crisis period and down more than 50 percent from current levels. Until a credible mechanism to replace that lost volume is put forward, the city will remain locked into a dramatically smaller new housing pipeline with predictable, long-term consequences for rents, supply and affordability.

The resultant weak stream of new housing units has been offset somewhat by an influx of newly converted housing units in obsolete commercial office space, which is accelerated by a potent new tax incentive program, 467-m.

Additionally, there are strong future tailwinds for housing production from both City of Yes for Housing Opportunity and the 2025 Charter Revision Commission. City of Yes eased zoning restrictions to allow more housing in high-opportunity areas, near transit, and through Ancillary Dwelling Units (ADUs) and modest density increases. The charter amendments, which were approved overwhelmingly by voters, further streamline approvals by creating a fast track for affordable housing, establishing an expedited review process for smaller projects, introducing an appeals mechanism for certain rejected affordable proposals, and modernizing the City Map to reduce administrative delays. Taken together, these reforms could establish a more consistent and predictable framework for producing housing across the city, with the potential to substantially increase overall supply.

One challenge as the City looks ahead toward the potential for a multi-year rent freeze in the rent-stabilized housing stock is addressing maintenance, repairs, and capital improvements for the roughly half-million stabilized units that provide stability and long-term affordability to New Yorkers. A [November 2025 report](#) from the Furman Center identifies two segments of the rent stabilized housing stock as particularly facing distress and in need of intervention: 1) legacy rent-stabilized buildings constructed before 1975, with 90 percent or more stabilized units and no subsidy beyond as-of-right tax relief and 2) government-subsidized, income-restricted buildings with 90 percent or more stabilized units and active regulatory agreements that impose income restrictions on most if not all apartments. Meeting these challenges will require a policy intervention that maintains strong tenant protections while ensuring landlords have the financial support necessary to keep these units safe, habitable, and compliant—especially in the event of a rent freeze.

Risks to Economic Forecast

While diminished compared to earlier in 2025, risk remains for a U.S. recession driven by high and lasting tariffs, a trade war, and the surrounding uncertainty of U.S. trade policies. Such a recession would likely precipitate declines in financial markets and NYC's employment, wholesale and retail trade spending, and business profits. Immigration policies also pose a risk. The threat of increased deportations and diminished net international migration could lead to labor shortages in certain industries and segments of the labor market—both nationally and in NYC—which would in turn cause upward pressure on wages and create supply shortages likely to increase inflation.

President Trump has also made clear his intent to influence monetary policy more vigorously, including through the appointment of Fed governors and the Fed Chairman in 2026. In an environment where inflation is increasing and Federal deficits remain high, this could erode confidence in the central bank's independence and further diminish the U.S.'s standing as the premier reserve currency. These developments would lead to detrimental economic

consequences, driving up long-term interest rates to a point that reduces U.S. investment and growth for several years.

Scheduled Federal spending cuts, some of the largest of which are delayed until 2027, also pose a medium-term risk to several of the city's important economic sectors. Cuts to the Medicaid program—including new work requirements for eligibility, restrictions on eligibility for some lawfully present immigrants, and a reduction in the Federal subsidy for prior Medicaid expansions—could have a significant impact on NYC's health care sector. Curtailments to student loan subsidies may also financially harm the city's higher education institutions.

The rapid growth and potentially sweeping impact of artificial intelligence looms as a double-edged risk for NYC. If the technology can quickly achieve what many currently expect, significant disruption to NYC's workforce would be possible. On the flip side, if the hype over AI comes to be seen as premature, financial markets may plummet after having been largely fueled over the past year by the technology's promise. A crash in stock market values and a precipitous decline in private investment in AI software and computer hardware would have a strongly negative impact on the national economy and an even more negative impact on NYC.

As has always been the case, but especially in recent years, NYC's future growth prospects depend crucially on real estate. For the economy to grow longer term, the city must be able to expand its residential population and its job base. Economic or policy barriers to the health of the city's residential housing stock and ongoing commercial estate recovery would have a detrimental impact on growth.

Economic and Fiscal Research: 2025 In Review

In 2025, the economics and fiscal teams at the Office of the New York City Comptroller continued to provide in-depth analysis to help New Yorkers understand the state of the local economy, the City's fiscal health, and emerging risks. Much of the Office's research focused on affordability pressures and on the fiscal implications of rapidly evolving Federal policy.

Monthly Newsletters regularly monitor trends in population, migration, and the shelter population, as well as a timely indicators of the local economy, such as employment by sector, initial jobless claims, office market metrics, transit ridership, hotel occupancy, business & consumer surveys, and inflation. The fiscal section provides timely updates on the City's budget, tax collections, its cash position, Federal funding highlights and deep dives on recent policy decisions, such as the Hudson Yards expansion.

Several Spotlight reports examined the performance of the NYC economy in historical and national context, often with comparisons to other major US cities. Tourism's contribution to the local economy remained strong and the office market showed notable resilience, but challenges remain. Housing supply remains extremely tight, with new production concentrated in a subset of neighborhoods, and with the rest of the metropolitan region adding substantially less housing than the five boroughs. And generational analyses highlighted the growing inequality in the city, and the difficulty of younger generations to purchase their own homes.

[Job quality](#) is a critical issue in NYC with wages, benefits and stability being key indicators to define what makes a “good job”. Our analysis found wide gaps in the incidence of good jobs across different demographic groups. At the same time, the impact of [artificial intelligence](#) on employment has become a looming question, and a separate analysis looked at the potential impact of AI on NYC’s jobs. While several occupations that show significant use are overrepresented in NYC—particularly those with higher wages—other jobs appear somewhat protected so far but tend to have low pay.

Several reports examined consumer protection, with one spotlight examining the use of [alternative financial services](#) and credit access disparities, with a follow-up report providing an overview of the importance of the [Consumer Financial Protection Bureau \(CFPB\)](#) as it was being gutted by the Trump Administration along with recommendations for how New York State and the City can take action to fill some of the gaps left behind. The Office also provided an overview of the brewing crisis in [student loan debt](#), providing historical context and then focusing on recent trends and proposed policy changes.

The Office deepened its work on other Federal risks, including a Spotlight on the [Trump Administration’s tariff policies](#) and potential implications for the NYC economy and the City’s tax revenues. Federal funding cuts remain of high concern, which this Bureau has been monitoring from the beginning of the year. The Bureau released a deep-dive into the intricacies of the [Medicaid and Essential Plan program](#), discovered the [\\$80 million clawback](#) of properly earned and reimbursed federal funding for asylum seeker services, and developed a [Federal funding tracker](#) that helps nonprofits identify Federal funding streams in their city contracts. See the Protecting New Yorkers [landing page](#) for a full review of the Office’s response to the Trump Administration.

At the time of writing, the Bureau has published or finalized nine [Fiscal Notes](#) in 2025. Fiscal Notes are occasional reports that tend to be more technical in nature. Three reports focused on taxes, including analyses of the City’s [personal income tax](#) and [business income taxes](#), and a more topical review of NYC impacts of the [SALT deduction](#) provisions in the house reconciliation bill (parts of which became law in July). The Office also issued two notes on health care costs, one on the cost of [health insurance for City employees](#) and the risks posed to the City’s financial plan and a second on funding [post-employment benefits](#). An analysis of [office-to-residential conversions](#) provided an overview of recent policy changes and a financial analysis of recently completed, ongoing and potential conversions. Finally, the Bureau provided a deep dive into the underlying problems with the City’s [capital data](#) infrastructure and how they inhibit transparency and accountability of the City’s capital investments. One more fiscal note on the critical need to modernize the City’s financial IT is forthcoming. And it may not be all for 2025, as a review of the City’s tobacco securitization bonds and analyses of NYC Industrial Development Agency’s tax incentive policies and the City’s Emergency Medical Services are also nearly final.

Throughout the year, the Office maintained its regular oversight role, releasing comments on the [Preliminary](#), [Executive](#) and [Adopted](#) budgets as well as [quarterly forecasts of the City’s cash balance](#) which after several years at elevated levels is trending down to pre-pandemic levels. The Budget Bureau continues to update the [NYC Agency Staffing Dashboard](#) which allows the public timely access to headcount levels and vacancy rates citywide. In December, the Bureau of Public

Finance released its FY 2025 [Annual Report on Capital Debt and Obligations](#) which evaluates how much debt is outstanding, how much borrowing capacity remains available, and the affordability of debt service.

And while forecasting is always a work in progress, the Bureau will also soon publish the first edition of its tax forecasting methodology.

Finally, for a comprehensive overview, [Accounting for the Term](#) describes the overall contributions and analyses of the entire Office of the NYC Comptroller over the last four years.

III. The State of the City's Finances

The [Annual Comprehensive Financial Report](#) (ACFR) for FY 2025 shows that the City government's financial position remained largely stable over the last fiscal year. Despite the economic and fiscal actions by the policies of the Trump Administration, the City's overall financial picture remained largely unchanged in FY 2025. The City's economy continued to grow, with gains in population, jobs, visitation, and real estate markets.

Although tax revenues grew by 8.3 percent in FY 2025 compared to FY 2024, the City once again deposited only \$5 million into the Revenue Stabilization Fund. This marks the third consecutive year the deposit has been limited to \$5 million. Had the City followed the [formula](#) proposed by this office for deposits into the Revenue Stabilization Fund, the tax revenue growth in FY 2025 would have resulted in a \$1.34 billion addition to the fund. The prepayment of the upcoming year's expenses also declined for the third year in a row, indicating that expenses grew faster than revenues in FY 2025. The City's long-term reserves totaled \$7.19 billion or 9.0 percent of total General Fund tax revenues at the end of the fiscal year. This is far from the 16.0 percent proposed by the Comptroller's Office.

The Comptroller's Office's outlook for future General Fund tax revenues is somewhat more positive than previously projected, although revenue growth is expected to be slow. As detailed in the [Revenue Analysis](#) section of this report, this Office projects that City tax revenues will grow by just 3.0 percent (\$2.38 billion) in FY 2026, followed by even slower growth in FY 2027 (1.8 percent) before rebounding to 3.4 percent growth in FY 2028 and 4.4 percent in FY 2029.

On the operating expenditure side, the City's recently released [November Financial Plan](#) for FY 2026 through FY 2029 continues to be distorted by underestimates of costs. In this Office's assessment, underbudgeting and other expenditure risks result in a projected gap of \$2.18 billion in FY 2026 (1.8 percent of total revenues). From FY 2027 through FY 2029, the Comptroller's Office projects that City-funded expenditures will exceed revenues by even greater amounts and result in gaps well-above the OMB's estimates—totaling \$10.41 billion in FY 2027 (8.8 percent of total revenues), \$13.24 billion in FY 2028 (10.9 percent of total revenues) and \$12.36 billion (9.9 percent of total revenues) in FY 2029. The larger gaps are due to a combination of factors including the chronic underbudgeting of certain expenditures, mandates from the State, including that the City reduce class sizes in public schools, and some Federal government funding cuts.

The City's Financial Position

The FY 2025 Government-Wide Financial Statements

The government-wide statements are the *Statement of Net Position* and the *Statement of Activities*. The government-wide statements measure the flow of economic resources used by the government and report its assets, liabilities, revenues, expenses, and gains and losses.

Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The *Statement of Fiduciary Net Position* measures the flow of economic resources and uses the accrual basis of accounting for the pension funds, other employee benefits trust funds (deferred compensation plans and the Other Postemployment Benefits Plan or OPEB), and the Custodial Fund (miscellaneous assets held by the City).

The government-wide financial statements show a year-end deficit of \$196.09 billion in the Primary Government net position, a \$2.01 billion reduction from the \$198.10 billion deficit at the beginning of FY 2025. The largest component of the deficit is the \$96.44 billion net liability for retiree health care (OPEB), marking a \$1.83 billion decrease from Fiscal Year 2024. The OPEB liability is the present value of the retiree health benefit obligations (\$101.67 billion) minus the balance of the Retiree Health Benefit Trust (RHBT) fund (\$5.23 billion).

The RHBT is an off-budget fund created by [City legislation](#) in 2006 for the “exclusive purpose of funding the health and welfare benefits (other than those paid through the Management Benefits Fund) of retired city employees and their dependents.” However, the City has no obligation to fund future costs and the RHBT is primarily a conduit for funding health benefits to current retirees on a pay-as-you-go (PAYGO) basis. There are two exceptions to strict PAYGO funding:

1. The prepayment of the following year’s PAYGO costs. These funds remain in the RHBT balance temporarily as they, like the prepayment of debt service, cover projected budget gaps.
2. The appropriation of funds that are meant to remain in the RHBT balance for more than one fiscal year. These funds are not meant to be invested to pay for future obligations and, while the RHBT is not technically a rainy-day fund, it has been used as such in the past. Because no prepayment of PAYGO costs was made at budget adoption, the total FY 2025 balance of \$5.23 billion equals the amount of “long-term” reserves held in RHBT.

The next item contributing to the City’s FY 2025 deficit is its net pension liability, which totaled \$27.06 billion at the end of FY 2025. This is a decline of \$8.61 billion from FY 2024 due to strong investment income and the scheduled amortization of the unfunded liability.

Even if the pension and OPEB liabilities were fully funded, the net position would have a deficit of \$72.6 billion. Of this, \$44.5 billion is due to the mismatch between asset depreciation (for financial reporting) and the amortization of the corresponding bonds, debt issued for other entities (for instance the Metropolitan Transportation Authority and NYC Health + Hospitals), and the premium earned on bond issuances. Deferred inflows and outflows and other long-term liabilities (judgments and claims, vacation and sick leave, and others) subtracted another \$28.1 billion from the net position.

Table 8. The FY 2025 Net Position and Change in Net Position of Governmental Activities

(\$ in billions)	FY 2025 Amount	Change from FY 2024
Net OPEB liability	(\$96.44)	\$1.83
Net pension liability	(\$27.06)	\$8.61
Assets depreciating faster than debt amortization, debt backing assets owned by other entities, and bond premium	(\$44.50)	(\$6.60)
Balance of deferred inflows and outflows	(\$17.30)	(\$3.76)
Other	(\$10.80)	\$1.90
Total	(\$196.09)	\$2.01

Source: Office of the New York City Comptroller

Note: Totals may not add due to rounding.

The FY 2025 Governmental Funds Balances

The *Governmental Funds Statements* measure the flow of financial resources and generally only include current resources and liabilities. These funds use the modified accrual basis of accounting: revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures. For instance, tax revenues are generally considered available and are in full (e.g., taxes on businesses) or in part (the other tax revenues) accrued to the previous fiscal year if received by the month of August. Revenues from categorical and other grants are generally considered to be available if expected to be received within one year after the fiscal year end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, pensions, post-employment benefits other than pensions and certain other estimated liabilities, which are recorded only when payment is due.

The **General Fund** is the City's operating fund, and it accounts for essentially all the City's tax revenues and operating grants, as well as for the expenditures and transfers appropriated in the budget. The City is required to balance its operating budget according to Generally Accepted Accounting Principles (GAAP) by the NY State Financial Emergency Act (FEA), [Section 8](#). This means that the City must budget using the modified accrual basis of accounting rather than the cash or modified cash basis adopted by all other state and local governments.

While the General Fund is deservedly the focus of intense scrutiny over the budget cycle, its end-of-year balance is only important for the size of its surplus exclusive of restricted fund activities. When all its components are considered, the General Fund surplus dropped from \$8.32 billion in FY 2022 to \$3.79 billion in FY 2025. In particular:

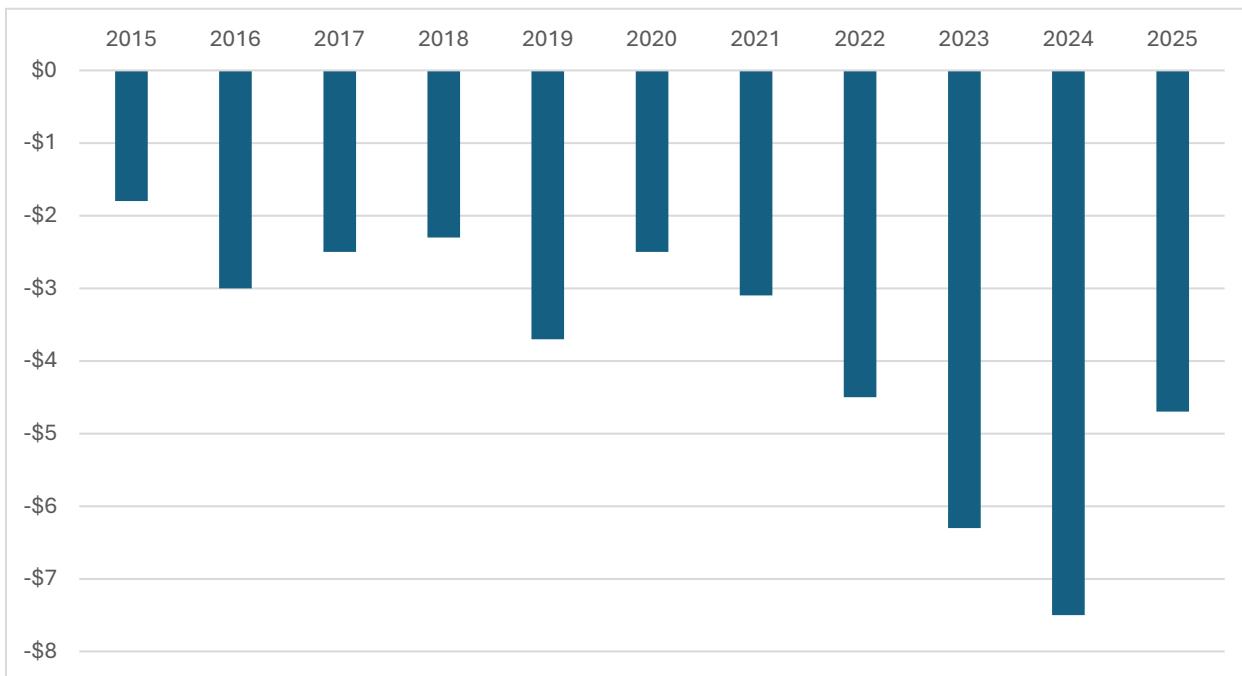
1. The surplus covers the budget stabilization account and discretionary transfers: the prepayment of future costs to cover projected budget gaps. The amount of prepayments fell from \$6.11 billion in FY 2022 to \$3.79 billion in FY 2025. Other things equal, a declining budget stabilization amount means that the City is incurring an operating deficit.
2. As mentioned above, the City is required to balance its budget according to GAAP. The last component of the General Fund surplus is a residual, usually around \$5 million (the “reported” surplus), which satisfies the balance requirement.
3. Deposits into the City’s rainy-day fund (the Revenue Stabilization Fund, which equals the “committed” General Fund balance) are also paid from the General Fund surplus but reported separately as expenses. The last deposits above the \$5 million reported surplus mentioned above took place in FY 2022 and totaled \$1.45 billion.
4. Total revenue and expenditure amounts at the end of the fiscal year include net changes to the estimates of prior-year receivables and payables. Because the City budgets on an accrual rather than a cash basis of accounting, revenue is recognized when it is earned, regardless of when the payment is received. For a variety of reasons, the City may recognize more or less revenue than booked as earned revenue in prior years, and it must account for these changes in the current year. Similarly, the City may also need to adjust spending estimates in prior years as either a cost (prior estimates were too low) or as savings (prior estimates were too high) in the current year. In FY 2025, the City’s net changes in prior years’ receivables and payables were significant. The net change in prior-year receivables reduced FY 2025 revenues by \$1.15 billion, while the net-change in prior-year payables reduced expenditures by an even greater \$2.77 billion. In other words, the adjustment of prior year accruals provided \$1.62 billion in additional resources in FY 2025 that were used to balance the General Fund. This is an unusually high amount compared to historical standards (see Chart 5 of the [November 2023 Spotlight](#) which focused on the determinants of the General Fund balance). About \$400 million of the payable adjustment is due to the correction of the double- and over-counting of FY 2023 asylum seekers expenditures that this Office has detailed in reports dating back to the [2024 Annual State of the Economy and Finances](#).

The **Capital Projects Fund** accounts for revenues (generally, bond proceeds and capital grants) and spending tied to capital assets. Revenues are mainly proceeds from the sale of General Obligation (GO), Transitional Finance Authority (TFA), and Water Authority Bonds. Chart 10 shows that the balance of the Capital Projects Fund is structurally negative. This is because this fund is not required to remain in balance and because the reimbursement of capital expenditures with bond proceeds or grants takes time. In FY 2025 the Capital Projects Fund deficit was reduced by \$2.79 billion.

Between Fiscal Year 2020 and Fiscal Year 2024 the deficit of the Capital Projects Fund, representing capital expenditures paid by the General Fund to be reimbursed by bond proceeds or capital grants, went from \$2.52 billion to \$7.49 billion. The Comptroller’s Office’s [Annual Report on Capital Debt and Obligations](#) shows how the City has increased the amount of capital commitments in the past few years, which translated in the rapid growth in capital expenditures.

To mitigate this growth in this deficit and increase the City's cash balances, the City increased the size of its bond sales over the course of the last fiscal year. As of the end of FY 2025 the deficit totaled \$4.70 billion.

Chart 10. Capital Projects Fund Deficit (\$ in billions)



Source: Office of the New York City Comptroller

The **General Debt Service Fund**, also required by the FEA in section 9-A, is used to pay GO debt service and is administered and maintained by the NY State Comptroller. Property Tax revenues are first deposited to fund debt service and then disbursed to the General Fund after debt service funding requirements are met. Among the remaining **Nonmajor Governmental Funds**, TFA performs a similar function by receiving Personal Income Tax revenues (and, potentially, Sales Tax revenues) to fund debt service on its bonds before releasing the residual to the General Fund. As mentioned above in the discussion of the General Fund surplus, when the budget is adopted the General Debt Service Fund and TFA may receive transfers for the payment of future debt service in excess of what is legally required.

Overall, the decrease in the Capital Projects Fund deficit drove an increase in the *Total Governmental Funds* balance. At the end of FY 2025 the balance totaled \$5.92 billion, an increase of \$2.46 billion in FY 2024. This follows declines of \$2.02 billion in FY 2023 and \$2.12 billion in FY 2024.

The lower Capital Projects Fund deficit increased a metric included by Moody's Ratings in the scorecard for GO bonds, the "available fund balance ratio." Due to the higher bond issuance, the ratio turned from negative in FY 2024 to positive (if just barely) in FY 2025. In the scorecard, the ratio receives a 20 percent weight if positive, and 50 percent if negative. A negative ratio could

have resulted in a wider gap between Moody's Ratings scorecard-indicated outcome and the assigned rating, which currently stands at four notches for GO bonds (from A3 to Aa2). Notably, Moody's Ratings has repeatedly stated that further declines in the available fund balance ratio could be a reason for a downgrade of GO bonds. Moody's Ratings assigns Transitional Finance Authority (TFA) bonds a rating one notch above that of GO bonds, implying that TFA bonds could also be affected. Moody's Ratings credit opinions are available on the Office of the Comptroller website [here](#).

The November 2025 Financial Plan, FY 2026 – FY 2029

On November 17th, OMB released its first quarter update to the FY 2026 Adopted Budget and June FY 2027 – FY 2029 Financial Plan, known as the November Plan. Overall, the November Plan reflects relatively modest changes compared with the FY 2026 Adopted Budget and June Financial Plan.

For FY 2026, OMB increased its projected revenues by \$2.33 billion (2.0 percent) to \$118.23 billion. The overwhelming majority of this revenue increase comes from revisions to estimates of Federal and State categorical aid. Federal categorical aid increased by \$1.12 billion compared with the Adopted Budget, driven mainly by the recognition of about \$438 million in the Child Care Block Grant (CCBG), \$120 million in Community Development Block Grant (CDBG) funding, and \$225 million in COVID-19 aid. (See the [Federal Aid](#) section for more details as well as continued risks to Federal funding due to actions of the Trump Administration.) Funding from State categorical grants increased by \$606 million compared with the Adopted Budget, spread over a variety of costs, including nearly \$154 million for programs at the Mayor's Office of Criminal Justice, \$100 million in expected Asylum Seeker aid (see the [Asylum Seeker](#) section for more details), and \$72 million for the New York City Watershed Program.

City-funded revenues projected for FY 2026 in the November Plan are \$512 million more than projected in the Adopted Budget, for a total of \$88.04 billion. This includes the addition of \$419 million in forecasted tax revenues, primarily from higher projected collections of Personal Income Taxes (\$727 million), partially offset by lower projected revenues from business income taxes (a reduction of \$378 million). The City also raised its forecast of non-tax revenues by \$91 million. (See the [Revenue Analysis](#) section for additional details).

On the spending side, OMB increased City-funded agency expenditures in FY 2026 by \$848 million compared with the Adopted Budget, as shown in Table 9. This includes additions for some chronically underbudgeted costs, including \$400 million for the City's rental assistance programs, \$150 million for shelter costs, and \$50 million for foster care reimbursement costs (all for FY 2026 only). As detailed in the next section of this report, the Comptroller's Office estimates that all of these and other costs remain significantly underestimated in FY 2026 and the outyears.

Table 9. Changes to FY 2026 and FY 2027 City Fund Estimates from June 2025 Plan

(\$ in millions)	FY 2026	FY 2027
Gap to be Closed – Adopted Plan	\$0	(\$5,044)
Revenues		
Tax Revenues	419	0
Non-Tax Revenues	91	42
Unrestricted Aid	2	0
Total Revenue Changes	512	42
Expenditures		
Agency Expenditures	848	244
Health Insurance Rate Increase	118	121
Debt Service Savings	(116)	(53)
Labor Reserve Savings	(200)	(100)
Unallocated PS and OTPS Savings	(212)	0
Pensions	0	(449)
Total Expenditure Changes	438	(237)
Surplus / (Gap) To Be Closed Before Prepayments	74	(4,765)
FY 2026 Prepayment of FY 2027 Debt Service	(74)	74
Gap to be Closed – November Plan	\$0	(\$4,691)

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

OMB also added funding for health insurance costs for City employees and pre-Medicare retirees, totaling \$118 million in FY 2026 growing to \$137 million in FY 2029. This follows a 12.2 percent rate increase to premiums for the Health Insurance Plan of Greater New York HMO Preferred (HIP-HMO). However, this represents less than a quarter of the additional funding required annually. The City currently offers premium-free health insurance plans to its employees and pre-Medicare retirees through two plans, the HIP-HMO and the Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP), which is the City's largest health insurance plan for its employees. The amount added in the November Plan only represents the costs of employees on the HIP-HMO (as well as some other smaller plans) and not those with GHI-CBP.

This is because in January, employees currently covered by GHI will switch to a new self-funded plan administered by EmblemHealth/United Healthcare called NYCE PPO. OMB estimates the switch could result in up to \$900 million in annual savings, primarily from a combination of provider discounts and better plan management. OMB estimates that, should the HIP-HMO rate increase apply to GHI-CBP/NYCE PPO enrollees, health insurance costs could increase by a total expense of \$527 million in FY 2026, growing to \$612 million in FY 2029. This means that \$409 million has not yet been included in the City budget for FY 2026, and additional unbudgeted costs could grow to \$475 million in FY 2029. As detailed in the [Health Insurance](#) section of the

report, any savings derived from the lower CBP costs could accrue to the City's long depleted Health Insurance Stabilization Fund (HISF).

Other spending increases include \$19 million in FY 2026 (rising to \$23 million in the outyears) for a substance use disorder initiative at the Department of Health and Mental Hygiene (DOHMH). NYC Health + Hospitals (H+H) also received \$4 million for the initiative in FY 2026, increasing to \$6 million in the outyears. New City funding to H+H also includes \$12 million in FY 2026 and \$23 million in FY 2027 and out to shift the administration of the Behavioral Health Emergency Assistance Response Division program (B-HEARD), currently jointly operated with the Fire Department, to H+H. (Totals include a \$2 million transfer from Fire Department of New York (FDNY) in FY 2026 and a \$4 million transfer in the outyears.) See the [H+H](#) section for additional details.

Beyond FY 2026, the November Plan funds a phased hiring of additional police officers, beginning with \$18 million added in FY 2027 growing to about \$316 million in FY 2029 to fund headcount increases of 300 additional officers in FY 2027, 2,500 in FY 2028, and 5,000 by FY 2029.

These and other spending increases for FY 2026 are somewhat offset by reductions in other previously budgeted costs. The November Plan does not include a Program to Eliminate the Gap (PEG), although it does include \$212 million in unallocated "projected PS and OTPS savings." This includes \$183 million in other than personnel services savings (OTPS) savings, despite underbudgeting many OTPS costs, and \$29 million in personnel services savings. Debt service costs were reduced by \$116 million.

OMB also reduced funds held in the labor reserve by \$200 million in FY 2026 and \$100 million in FY 2027, mainly due to reduced headcount. Contracts for several major unions representing the City workforce have already expired, including the Police Benevolent Association (PBA) and the Uniformed Firefighters Association (UFA). Both contracts expired 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 into the City's labor reserve.

The remaining \$74 million in FY 2026 projected revenues above Adopted Budget projections is used to prepay FY 2026 debt service costs, offsetting a small fraction of the projected \$5.04 billion gap (now \$4.69 billion) in that year. For FY 2027 and FY 2028, gaps as projected by OMB total \$6.27 billion (\$170 million more than in the June Plan) and \$6.30 billion (\$332 million more than June).

The Comptroller's Office's Restated Gaps and Surpluses

The Comptroller's Office restates the City's projected gaps and surpluses based on its own estimates of City-funded revenues and expenditures. The Comptroller's Office projects a \$2.18 billion gap for FY 2026. In addition, the Comptroller's Office projects higher gaps than OMB

in each outyear. For FY 2027, the Office projects a gap of \$10.41 billion, \$13.24 billion in FY 2028, and \$12.36 billion in FY 2029.

Table 10. Comptroller's Offices Restated Gaps and Surpluses

\$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	\$0	(\$4,691)	(\$6,273)	(\$6,296)
Revenue Differences				
Tax Revenues:	950	1,322	1,538	2,519
Property Tax	75	(84)	204	438
Personal Income Tax/PTET	776	1,030	651	910
Business Income Taxes	(272)	(46)	133	257
Sales Tax	120	138	210	508
Real Estate-Transaction Taxes	98	78	99	135
Tax Audits & All Other Taxes	153	206	241	271
Non-Tax Revenues	34	3	3	0
<i>Subtotal Revenues</i>	\$984	\$1,325	\$1,541	\$2,519
Expenditure Differences				
Underbudgeting:	(3,764)	(5,348)	(5,703)	(5,823)
Rental Assistance	(795)	(2,000)	(2,600)	(2,700)
Overtime	(727)	(559)	(560)	(562)
Shelter Capacity, Non-Asylum Seeker	(630)	(945)	(945)	(945)
Public Assistance	(641)	(276)	(10)	0
Contributions to MTA	(392)	(621)	(673)	(683)
DOE Due Process (Carter) Cases	(558)	(488)	(488)	(488)
DOE Custodial Costs	0	(154)	(154)	(154)
DOE Charter Leases	(51)	(55)	(13)	(31)
Temporary and Professional Services	130	(100)	(110)	(110)
Foster Care Reimbursement Rate	(100)	(150)	(150)	(150)
Fiscal Cliffs - Federal COVID 19 Aid	(80)	(191)	(191)	(191)
Health Insurance Rate Increase	(409)	(418)	(445)	(475)
DOE Class Size Mandate	0	(501)	(1,038)	(1,078)
DOE Early Childhood Education	(299)	(321)	(319)	(319)
DOE LV Order	0	(52)	(52)	(52)
Child Care Vouchers	(146)	(498)	(498)	(498)
Promise NYC	0	(25)	(25)	(25)
Asylum Seekers Expenses	(186)	159	(352)	(237)
Federal SNAP Administration Funding Cut	0	(75)	(100)	(100)
Federal Emergency Housing Voucher (EHV) Cut	0	(41)	(54)	(54)
EMS Medicaid Revenue Shortfall	(128)	(128)	(128)	(128)
Prior Year Payable Adjustment	400	400	400	400
Budgeted Reserves	1,450	0	0	0
<i>Subtotal Expenditures</i>	(3,162)	(7,039)	(8,505)	(8,580)
Total Comptroller Re-estimates	(2,178)	(5,714)	(6,964)	(6,061)

	FY 2026	FY 2027	FY 2028	FY 2029
Restated (Gap)/Surplus	(\$2,178)	(\$10,405)	(\$13,237)	(\$12,357)

Source: Office of the New York City Comptroller

Revenue Differences

The Comptroller's Office estimates that City-funded revenues, including tax and non-tax revenues, will surpass OMB's projections in each year of the Plan – by \$984 million in FY 2026, \$1.33 billion in FY 2027, \$1.54 billion in FY 2028, and \$2.52 billion in FY 2029.

As shown in Table 10, most of the difference between the Comptroller's Office's revenue projections and OMB's comes from higher forecasted tax revenue. For FY 2026, the Comptroller's Office's total tax forecast is \$950 million more than OMB's, with the difference growing to \$1.32 billion in FY 2027, \$1.54 billion in FY 2028 and \$2.52 billion in FY 2029. In each year, the largest difference comes from a higher projection of Personal Income Taxes and the closely related Pass Through Entity Tax (PTET), followed by higher projections of sales tax revenues, which is discussed in more detail in the [Revenue Analysis](#) section of this report. The Comptroller's Office also estimates that miscellaneous revenues, which include fines, fees, interest, and other income, will come in slightly higher in each year of the Financial Plan period.

Expenditure Differences

The Comptroller's Office projects that expenditures will be greater than budgeted by OMB in each year of the Financial Plan by \$3.16 billion in FY 2026, \$7.04 billion in FY 2027, \$8.51 billion in FY 2028, and \$8.58 billion in FY 2029.

The largest driver of the difference in expenditure estimates between OMB and the Comptroller's Office are chronically underbudgeted costs. These are costs that are tied to ongoing programs with established spending patterns that can be reasonably anticipated, but instead of being included in the Financial Plan, they are added in through modifications over the course of the ongoing fiscal year. The Comptroller's Office estimates that funding needs due to chronically underbudgeted costs total \$3.76 billion in FY 2026, \$5.35 billion in FY 2027, \$5.70 billion in FY 2028 and \$5.82 billion in FY 2029, as shown in Table 10 and described in more detail in subsequent sections of this report. The single largest underbudgeted cost is rental assistance for which this Office estimates an additional \$795 million will be required in FY 2026, growing to \$2.0 billion in FY 2027 based on the program as currently implemented. (See the [Rental Assistance](#) section for more details on this cost and how further expansion of the CityFHEPS program that is currently under litigation could increase the need further). Other chronically underbudgeted costs include overtime, special education [Due Process Cases](#) (formerly Carter Cases), [public assistance](#) costs, [shelter costs for non-Asylum seekers](#), funding for charter school leases, foster care costs, subsidies to the [Metropolitan Transportation Authority](#) (MTA) among others.

As previously discussed, the November plan does not fully reflect increases in the health insurance rate for the HIP-HMO, leading to underestimates of these costs in FY 2026 and the outyears. While the City expects savings from its new self-funded NCYE PPO plan set to begin in January, it is likely that any differential between the two plans' rates will go to fund programs paid through the long-depleted Health Insurance Stabilization Fund (HISF). This could result in additional funding needs of \$409 million in FY 2026, growing to \$475 million in FY 2029. See the [Health Insurance](#) section for further details.

As described in the [Services to People Seeking Asylum](#) section of this report, the Comptroller's Office estimates additional City funding will be required for asylum seeker expenses, totaling \$186 million in FY 2026. This is the result of slightly higher projected total expenses (\$61 million) but also assumes that the City will not receive \$125 million in Federal Emergency Management Agency (FEMA) Shelter and Services aid after the Federal government [clawed back](#) funding received under the grant in February of this year. In FY 2027, this Office estimates the City has somewhat overbudgeted expenses resulting in an offset of \$159 million. In FY 2028 and FY 2029, however, additional funding needs return, totaling \$352 million and \$237 million respectively.

The Comptroller's Office's higher expenditure estimates also include the impact of the State's mandate that the City [reduce class sizes](#), the full impact of which has yet to be included in the City budget. The Comptroller's Office estimates that \$501 million will be required in FY 2027, growing to \$1.04 billion at full implementation in FY 2028. Other education-related costs that will require additional funding include the City's early education program such as 3-K and Pre-K. The Comptroller's Office estimates an additional \$299 million for these costs in FY 2026 and about \$320 million in FY 2027 through FY 2029 for both the school day and extended day programs.

Additional City funding will also be necessary to sustain spending for two child care programs administered by the Administration for Children's Services (ACS). The first is for [childcare vouchers](#) largely funded through CCBG in FY 2026 through FY 2029. CCBG funding is administered by New York State but is largely funded by the Federal Child Care and Development Fund. City fund needs for this program total \$146 million in FY 2026, growing to \$498 million in FY 2027 through FY 2029. Funding is also required for the Promise NYC program, a child care program for immigrant children under three who are not eligible for other publicly supported programs. While this program is funded in FY 2026, it is not in the outyears resulting in needs of \$25 million in each year.

The Comptroller's Office estimates the City still faces fiscal cliffs for education programs that result from funding long-term programs with expired Federal COVID-19 aid. While the City added funding to cover many of the longer-term programs previously paid for by this aid, some programs have only been funded in FY 2026. The Comptroller's Office estimates \$80 million is necessary to fund Federal COVID-19-related fiscal cliffs in FY 2026, growing to \$191 million in the outyears. These include several Department of Education (DOE) programs, such as Summer Rising and Learning to Work. See the [Education and Childcare](#) section for details.

Federal budget cuts by the Trump Administration will also result in additional City fund spending not yet reflected in the November Plan. As described in the [Supplemental Nutrition Assistance Program](#) (SNAP) section, the Federal budget reconciliation legislation passed last July made many

changes to the administration and funding of the program. While the full City budget impact is not yet known because many of the changes flow through New York State, the State has already announced that a cut to Federal matching for SNAP administrative costs from 50 percent to 25 percent beginning in Federal FY 2027 will directly impact localities, including 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. 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.

The Comptroller's Office also estimates that the City will need to add its own funding for Federal housing vouchers after the Trump Administration terminated funding for the Emergency Housing Voucher (EHV) program. The Federal program was expected to run through CY 2030, however, the Trump Administration announced last April that no new funding would be allocated to the program after CY 2026. The City has committed to keeping households currently assisted by the program stably housed. Unless another funding source is identified, the Comptroller's Office anticipates needs of \$41 million in FY 2027 growing to \$54 million in FY 2028 through FY 2029.

Although not due to actions from the Trump Administration, the Comptroller's Office has identified other Federal aid currently budgeted that the City will likely not receive, requiring the addition of City funding. The [FDNY Emergency Medical Services](#) (EMS) Bureau collects revenue from Medicare, Medicaid, private insurers, and individuals for medical ambulance transport. In 2020, New York State submitted a request to the Federal government for supplemental payments for publicly owned emergency ambulance providers. The City included the anticipated Federal funding in its financial plan beginning in FY 2021. However, the request has never been approved, increasing the need for City funds each year. The Comptroller's Office expects at least \$128 million currently budgeted in Federal aid will again have to be made up with City funding in FY 2026 through FY 2029.

The Comptroller's Office's projected offsets include the allocation of \$1.45 billion in budgeted reserves in FY 2026 and \$400 million annually in expected adjustments to prior year payables, which the City typically recognizes during the fiscal year.

Revenue Analysis

In April 2025, the Federal government's introduction of a reciprocal tariffs policy increased policy uncertainty and contributed to concerns regarding national economic conditions. Despite these developments, and despite evidence of slowing economic activity, City tax revenues in FY 2025 remained strong. The City collected \$80.3 billion in total taxes, an 8.3 percent increase over FY 2024. The increase reflects a 17.6 percent rise in Personal Income Tax (PIT) and pass-through entity tax (PTET) collections. Real estate transaction taxes increased 17.1 percent, supported by several large commercial transactions. Business-tax performance was mixed: general corporation tax receipts declined slightly (-0.1 percent), while unincorporated business income tax collections increased 21.3 percent, resulting in overall business-tax growth of 6.1 percent.

The Comptroller's Office has updated its forecast for FY 2026 – FY 2029 to incorporate early FY 2026 collection trends and the current national economic outlook. The baseline forecast anticipates below-trend U.S. GDP growth through 2026, moderating employment gains, and ongoing headwinds associated with elevated tariffs, reduced immigration, and constrained Federal fiscal support. While no recession is projected, the national economy is expected to remain soft through at least 2027, with unemployment gradually rising and consumer spending slowing. The Federal Reserve is expected to begin a series of interest-rate reductions in 2026 in response to weakening labor-market conditions. These factors, together with early FY 2026 revenue performance, inform the Comptroller's current tax forecast. Relative to the June 2025 projection, total tax revenues are revised upward by \$1.55 billion in FY 2026 and downward by \$1 million in FY 2027, \$382 million in FY 2028, and \$488 million in FY 2029. The revisions primarily reflect updated expectations for PIT/PTET, business income taxes, and real estate transaction taxes.

For FY 2026, the upward revision is driven largely by a \$1.43 billion increase in PIT/PTET and a \$165 million increase in sales tax, partially offset by reductions in other categories. For FY 2027, revenues are revised down \$1 million, reflecting weaker projections for real estate transaction taxes (-\$120 million), property taxes (-\$52 million), and business income taxes (-\$78 million) and a higher \$305 million upward revision to PIT/PTET. Modest increases in other taxes are offset by lower audit revenues. For FY 2028, the downward revision widens to \$382 million, with reductions across business income taxes (-\$172 million), real estate transaction taxes (-\$105 million), and property taxes (-\$49 million). A \$34 million increase in other taxes and \$18 million in PIT/PTET provides a limited offset but audit revenues remain below the June projection. For FY 2029, the downward revision increases to \$488 million, driven by declines in PIT/PTET (-\$195 million), real estate transaction taxes (-\$121 million), and smaller reductions in sales, business, and property taxes. A \$42 million increase in other taxes partially offsets these decreases.

Table 11. Tax Forecast Revision in December 2025 Vs. Comptroller's Forecast in June 2025

\$ in millions	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	\$79	(\$52)	(\$49)	(\$56)
PIT/PTET	1,432	305	18	(195)
Business Income Taxes	(19)	(78)	(172)	(49)
Sales Tax	165	29	(14)	(15)
Real Estate Transaction Taxes	(54)	(120)	(105)	(121)
Other	14	10	34	42
Audits	(64)	(94)	(94)	(94)
Total	\$1,553	(\$1)	(\$382)	(\$488)

Source: Office of the New York City Comptroller

Comparison with the Financial Plan Projections

The November Plan increases projected City-funded revenues (including tax and miscellaneous revenues but excluding Intra-City Revenue) by \$510 million in FY 2026, \$42 million in FY 2027, \$51 million in FY 2028, and \$48 million in FY 2029, relative to the June 2025 Plan. The FY 2026 upward revision reflects stronger-than-expected Personal Income Tax collections, supported by stable labor-market conditions and resilient financial-market performance. The Plan now projects City-funded revenues of \$88.1 billion in FY 2026, rising to \$94.5 billion in FY 2029.

The Comptroller's Office estimates that tax revenues will exceed the November Plan projections by \$950 million in FY 2026, \$1.32 billion in FY 2027, \$1.54 billion in FY 2028, and \$2.52 billion in FY 2029. The upward revisions are driven primarily by stronger forecasts for PIT/PTET, sales taxes, and real estate-related taxes, with business income tax improvements contributing beginning in FY 2028. In FY 2026, gains in PIT/PTET, sales taxes, and audit revenues more than offset lower business-tax projections. In FY 2027, PIT/PTET accounts for the bulk of the upward revision, outweighing reductions in property and business income taxes. By FY 2028 and FY 2029, the outlook strengthens across nearly all major taxes, including property, sales, and business income taxes, leading to increases of more than \$1.54 billion and \$2.52 billion, respectively. (See table for details by tax category.)

Table 12 presents FY 2026 tax collections through October 2025 alongside full-year projections in the November Plan. Year-to-date collections through October totaled \$31.37 billion, an increase of 6.6 percent over the same period in FY 2025. The growth was broad-based, led by PIT/PTET (up 14.7 percent), real estate transaction taxes (up 23.5 percent), and "Other Taxes" (up 57.5 percent), with additional contributions from audits. The strong growth in "Other Taxes" reflects a reallocation of a Hudson Yards Infrastructure Corporation PILOT payment from the end of FY 2026 to the start of FY 2026, rather than a structural increase in revenue. Business income taxes, however, were down 5.5 percent year-to-date.

The November Plan projects total FY 2026 tax revenues of \$81.74 billion, a 1.8 percent increase over FY 2025. The implied growth rates for November through the end of FY 2026 indicate that PIT/PTET and real estate transaction taxes are expected to slow considerably in the second half of the fiscal year, while business income taxes are projected to recover modestly. Audits, despite strong early-year collections, are expected to decline in the final months.

The Comptroller's Office's estimate for FY 2026 is higher than the November Plan, projecting a 3.0 percent increase in total tax revenues. This estimate reflects the strong year-to-date performance and anticipates that key revenue sources, including PIT/PTET and sales tax, will continue to outperform the Mayor's projections.

Table 12. FY 2026 Up to October Collections and the Mayor's November Plan

	Year to Date Tax Collections			Total Tax Collections				Implied Y/Y Growth Rate November to Fiscal Year-End
	FY 2025	FY 2026	Y/Y Growth	FY 2025	FY 2026 November Plan	Change	Y/Y Growth	
Real Property Tax	\$17,751	\$18,255	2.8%	\$34,757	\$35,326	\$569	1.6%	0.4%
PIT & PTET	5,053	5,797	14.7%	18,423	18,726	303	1.6%	(3.3%)
Business Income Taxes	1,964	1,857	(5.5%)	10,268	10,507	239	2.3%	4.2%
Sales Tax	3,205	3,401	6.1%	10,349	10,705	356	3.4%	2.2%
Real Estate Transaction Taxes	653	806	23.5%	2,022	2,145	123	6.1%	(2.2%)
Other Taxes	716	1,128	57.5%	3,556	3,523	(33)	(0.9%)	(15.7%)
Total non-property Taxes	11,590	12,989	12.1%	44,617	45,606	989	2.2%	(1.2%)
Total Excluding Tax Audits	29,341	31,243	6.5%	79,374	80,932	1,558	2.0%	(0.7%)
Tax Audits	100	128	28.1%	942	809	(133)	(14.1%)	(19.1%)
Total Including Tax Audits	\$29,441	\$31,371	6.55%	\$80,316	\$81,741	\$1,425	1.80%	(0.99%)

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

Table 13 compares the Comptroller's and OMB's forecast of tax revenue growth. Table 14 compares tax revenue levels. Table 15 shows the Comptroller's Office's re-estimates as risks (negative) and offsets (positive) relative to the Financial Plan forecast.

Table 13. Comparison of Tax Revenue Projections: Growth Rates

		FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025-2029 Annual Average Growth
Real Property Tax	Comptroller	1.9%	3.2%	3.7%	3.6%	3.1%
	Mayor	1.6%	3.7%	2.9%	2.9%	2.8%
PIT/PTET	Comptroller	5.9%	(1.0%)	2.7%	5.4%	3.2%

		FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025-2029 Annual Average Growth
	Mayor	1.6%	(2.4%)	4.9%	4.2%	2.1%
Business Income Taxes	Comptroller	(0.3%)	(0.1%)	2.5%	3.7%	1.4%
	Mayor	2.3%	(2.2%)	0.7%	2.6%	0.8%
Sales Tax	Comptroller	4.6%	3.3%	4.6%	6.2%	4.7%
	Mayor	3.4%	3.1%	4.0%	3.7%	3.6%
Real Estate Transaction Taxes	Comptroller	10.9%	3.9%	5.8%	5.9%	6.6%
	Mayor	6.1%	5.0%	5.1%	4.6%	5.2%
Other Taxes	Comptroller	0.6%	2.9%	2.1%	3.5%	2.3%
	Mayor	(0.9%)	1.5%	1.1%	2.8%	1.1%
Tax Audits	Comptroller	(3.5%)	(3.3%)	0.0%	0.0%	(1.7%)
	Mayor	(14.1%)	(3.7%)	0.0%	0.0%	(4.6%)
Total Taxes	Comptroller	3.0%	1.8%	3.4%	4.4%	3.1%
	Mayor	1.8%	1.3%	3.2%	3.3%	2.4%

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

Table 14. Comparison of Tax Revenue Projections: Levels

		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Real Property Tax	Comptroller	\$34,757	\$35,401	\$36,543	\$37,908	\$39,254
	Mayor	34,757	35,326	36,627	37,704	38,816
PIT/PTET	Comptroller	18,422	19,502	19,310	19,830	20,893
	Mayor	18,422	18,726	18,280	19,179	19,983
Business Income Taxes	Comptroller	10,268	10,235	10,228	10,484	10,874
	Mayor	10,268	10,507	10,274	10,351	10,617
Sales Tax	Comptroller	10,349	10,825	11,179	11,694	12,419
	Mayor	10,349	10,705	11,041	11,484	11,911
Real Estate Transaction Taxes	Comptroller	2,022	2,243	2,331	2,466	2,612
	Mayor	2,022	2,145	2,253	2,367	2,477
Other Taxes	Comptroller	3,556	3,576	3,681	3,757	3,889
	Mayor	3,556	3,523	3,575	3,616	3,718
Tax Audits	Comptroller	942	909	879	879	879
	Mayor	942	809	779	779	779
Total Taxes	Comptroller	\$80,315	\$82,691	\$84,150	\$87,018	\$90,820
	Mayor	\$80,315	\$81,741	\$82,829	\$85,480	\$88,301

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

Table 15. Tax Revenue Projection Differences

	FY 2026	FY 2027	FY 2028	FY 2029
Real Property Tax	\$75	(\$84)	\$204	\$438
PIT/PTET	776	1,030	651	910
Business Income Taxes	(272)	(46)	133	257
Sales Tax	120	138	210	508
Real Estate Transaction Taxes	98	78	99	135
Other Taxes	53	106	141	171
Tax Audits	100	100	100	100
Total Taxes	\$950	\$1,321	\$1,538	\$2,519

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

Real Property Tax

The City collected \$34.76 billion in property taxes in FY 2025, an increase of 5.4 percent over FY 2024. The Comptroller's Office projects property tax revenues of \$35.40 billion in FY 2026, up 1.9 percent from FY 2025. Property tax revenues are expected to grow at an average annual rate of 3.6 percent through FY 2029, reaching \$39.25 billion by the end of the period. The Comptroller's Office's property tax forecast differs from the OMB projections in several years. For FY 2026, the Comptroller's Office's forecast is \$75 million above OMB's, primarily due to differences in the estimation of reserve components, including cancellations, refunds, and delinquencies. In FY 2027, the Comptroller's Office's forecast is \$85 million below OMB's, while in FY 2028 and FY 2029, it exceeds OMB's by \$204 million and \$438 million, respectively. In FY 2028 and FY 2029 these differences are mainly the result of the Comptroller's Office's higher property levy forecasts, reflecting stronger projected assessment growth. From FY 2026 to FY 2028, the Comptroller's Office anticipates average annual levy growth of 3.6 percent, compared with OMB's 3.4 percent. This difference is largely driven by expected increases in property assessments across the city, including continued growth in residential and commercial values, which support higher projected revenues.

After passing [Local Law 82 of 2024](#) reinstating the City's authority to conduct its lien sale program for four years, the City Council held a hearing on November 13 on a number of proposals that could significantly change the enforcement of the property tax and water bills, as well as other charges. A summary of the introductions, hearing materials, and fiscal estimates can be found [here](#). A summary of Local Law 82 can be found in the [July 2024 Economic Newsletter](#), and a summary of the first sale taking place under the new authorization can be found in the [September 2025 Economic Newsletter](#).

Three introductions (570-A-2024, 1407-2025, and 1420-2025) would establish a land bank under State law, require the Commissioner of Finance to seek Council approval for each sale of tax liens, and, finally, require the Commissioner to sell liens to the land bank upon its establishment. Two

more introductions (1411-2025 and 1419-2025) would require new notification and reporting requirements.

Personal Income Tax and Pass-Through Entity Tax

Combined collections of PIT and the closely related PTET were \$18.42 billion in FY 2025, an increase of \$2.80 billion (17.9 percent) over the prior fiscal year. This includes strong growth in both withholding collections and other tax installments and settlements. Withholding tax rose by \$1.27 billion (10.5 percent) on the strength of strong growth in total wages, which were up 6.3 percent in calendar year 2024 and are expected to have risen by a similar magnitude in early 2025. Strong bonus payments, estimated to have been up 46 percent for the securities industry in FY 2025 over the prior year, were a part of this increase. Total installments and settlements were up \$1.50 billion (42.0 percent), presumably as the result of very strong capital gains realizations and high profits for sole proprietorships and pass-throughs.

PIT and PTET collections have been strong in the first months of FY 2026. Total PIT + PTET collections through October have increased by 14.7 percent versus the prior year. Close to half of this growth came in the form of a large September 2025 PTET distribution offset of \$683 million (as compared to the September 2024 offset of \$353 million). This offset is related to NY State processing tax returns for prior year liabilities and reconciling the portion collected that is due to NYC. Therefore, receiving such an offset does not reflect a concurrent boom in tax liability. Nevertheless, the additional revenues received thus far in FY 2026, including the offset, combined with a stronger FY 2026 economic and wage growth forecast have led to an upward revision in the Comptroller's forecast for PIT + PTET of \$1.43 billion.

Table 16 compares the Comptroller's Office's and Mayor's forecast for FY 2026 through FY 2029. The Mayor's forecast expects total collections in FY 2026 to increase by only 1.7 percent over the prior year, implicitly expecting a sharp downward turn in collections during the remainder of FY 2026 given the 14.7 percent increase seen through October. To meet their forecast, PIT + PTET collections from November through the end of the fiscal year would need to be 3.3 percent below the same months in FY 2025. This may be a low estimate: although the economic outlook NYC is weak in 2026, payrolls remain stable, Wall Street profits have been high, and both the Comptroller and the Mayor project a strong winter bonus pool. The Comptroller's Office also expects the year-over-year growth in PIT + PTET collections to slow markedly amidst weakening economic growth but estimates an additional \$776 million in collections above the Mayor's FY 2026 forecast. The implied year-over-year growth for November through the end of the fiscal year in the Comptroller's FY 2026 forecast is a modest, but positive 2.3 percent.

Table 16. Personal Income Tax and Pass-Through Entity Tax Forecasts, FYs 2026-2029

	Actual	Forecast			
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller					
Total PIT + PTET	\$18,422	\$19,502	\$19,310	\$19,830	\$20,893
% change	17.7%	5.9%	(1.0%)	2.7%	5.4%
Withholding	13,363	14,128	14,797	15,583	16,471
% change	10.5%	5.7%	4.7%	5.3%	5.7%
Non-withholding PIT + PTET	5,059	5,374	4,513	4,247	4,421
% change	42.0%	6.2%	(16.0%)	(5.9%)	4.1%
Mayor					
Total PIT + PTET	\$18,422	\$18,726	\$18,280	\$19,179	\$19,983
% change	17.7%	1.7%	(2.4%)	4.9%	4.2%
Comptroller Offset (Risk) from Mayor	N/A	\$776	\$1,030	\$651	\$910
% offset (risk)		4.1%	5.6%	3.4%	4.6%

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

Sales Tax

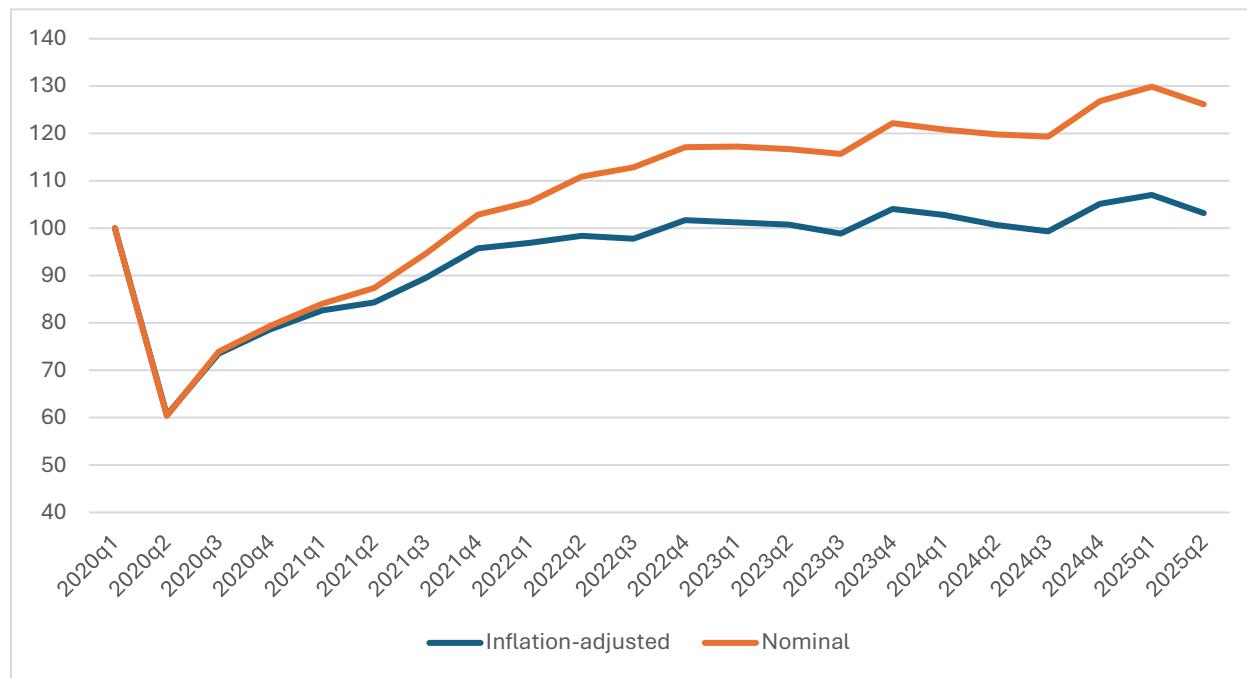
Total sales tax collected in FY 2025 was \$10.35 billion, an increase of 4.4 percent compared with FY 2024 collections. The Comptroller's Office projects FY 2026 sales tax revenue of \$10.83 billion, an increase of 4.6 percent relative to FY 2025. As of October 2025, FY 2026 year-to-date collections were about 6.1 percent higher than collections over the same period in FY 2025. Revenues are projected to reach \$12.42 billion by FY 2029, which would be notably higher than the FY 2025 level.

As shown in Chart 11, since 2022, nominal taxable sales have continued to climb and by 2025Q2 are roughly 30 percent above their level in 2020Q1. In contrast, inflation-adjusted taxable sales are only slightly above their 2020Q1 level and have been roughly flat over the last several quarters. The persistence gap between the nominal and inflation adjusted series indicates that a considerable part of recent growth in sales tax revenue reflects higher prices rather than higher real volumes of taxable spending.

Looking ahead, the Comptroller's Office forecasts that sales tax revenue will grow by an average of 4.7 percent per year between FY 2026 and FY 2029, compared with the FY 2025 base. This

outlook is supported mainly by expected gains in local wages and employment relative to current conditions, which raise disposable income and, in turn, consumer spending on taxable goods and services. Financial market and external factors also matter. Projected strong performance of S&P 500 means household wealth rises, particularly for higher-income residents, and this tends to support discretionary purchases that are subject to sales tax. A weaker US dollar increases the purchasing power of foreign visitors, supporting visitor spending in hotels, retail, and entertainment. Consistent with this, the Comptroller's forecast of hotel tax revenue is \$23 million higher than OMB's in FY 2026 and increasing to \$100 million higher than OMB's by FY 2029.

Chart 11. NYC Taxable Sales: Nominal vs Inflation-Adjusted (2020Q1 = 100)



Source: NYS Department of Taxation and Finance, Bureau of Labor Statistics, Office of the New York City Comptroller

Note: Inflation adjustment uses NYC metro area CPI less shelter (not seasonally adjusted).

Business Income Taxes

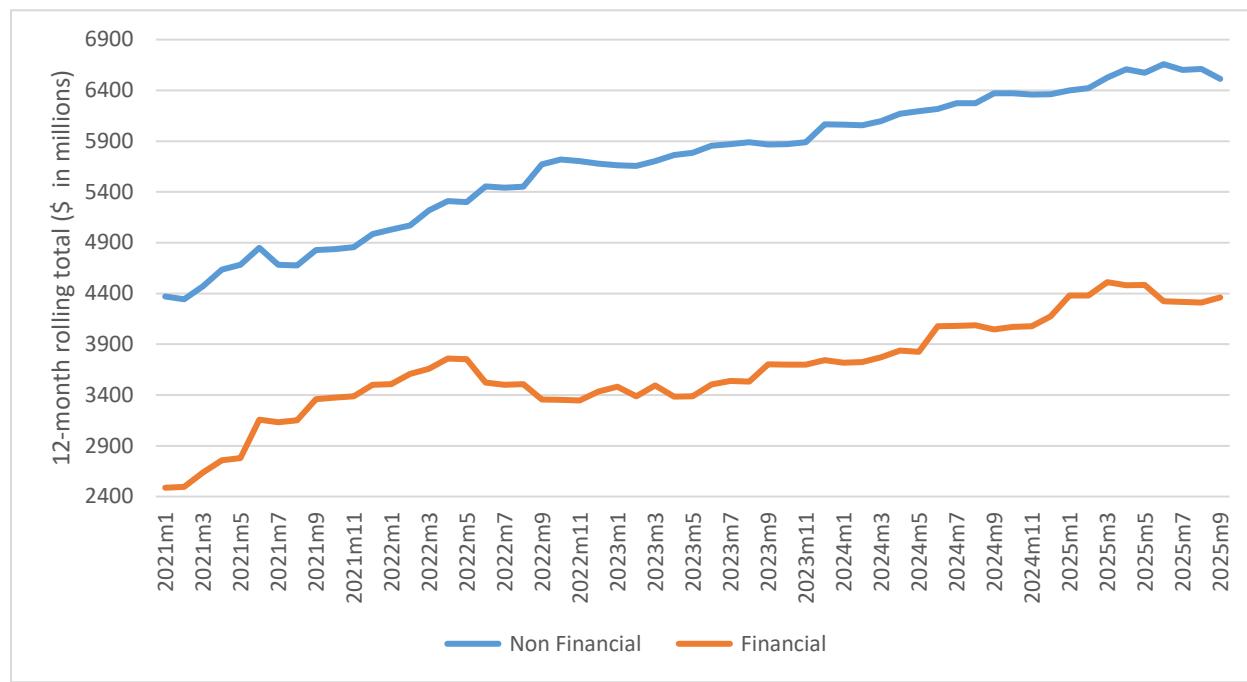
Business income taxes (BIT)—taxes on the net income of corporations, including pass-through entities and unincorporated businesses—totaled \$10.27 billion in FY 2025, an increase of 6.1 percent over FY 2024. This figure marks the continuation of a strong upward trend in BIT since 2021. At the same time, signs of weakness in collections began to appear in the latter part of FY 2024, as growth in monthly collections slowed.

More recent data points to a clearer softening. BIT collections up to October for FY 2026, are about 5.5 percent lower than in the same period of FY 2025. Taken together with the late-FY 2024 slowdown, this shortfall suggests that the strong growth recorded earlier in the COVID-19 pandemic recovery is giving way to a period of weaker revenue performance.

Chart 12 shows 12-month rolling totals of BIT payments for financial and non-financial sectors, using monthly data through September 2025. For each month, the series shows the sum of net BIT payments made over the preceding twelve months, providing a smoothed indicator of underlying tax liabilities. Net payments for non-financial businesses continue to edge higher but have become noticeably flatter, indicating that gains in this portion of the tax base have slowed. Net payments for financial businesses, which rose sharply in 2021–2022, appear broadly flat from late 2024 into 2025. This plateau is consistent with the emerging weakness in collections first observed in late FY 2025 and with the softer results seen in FY 2026 year-to-date.

The Comptroller's Office currently projects a 0.3 percent decline in BIT revenue in FY 2026 relative to FY 2025. This modest decrease is intended to reflect an environment in which persistently high interest rates, the business income tax provisions of the OBBBA, and heightened uncertainty related to tariffs and trade policy are expected to weigh on business income tax receipts. OBBBA is expected to narrow the BIT base over the forecast period, while elevated interest costs and tariff-related uncertainty may be restraining profits and investment in some sectors. The revised outlook is slightly weaker than the August 2025 forecast and incorporates the softer-than-anticipated collections to date together with an updated assessment of these risks to the BIT base.

Chart 12. 12-Month Rolling Net Payments: Financial vs. Non-Financial



Source: New York City Department of Finance

Adjusting NYC BIT Revenue Forecasts for Federal Business Income Tax Provisions

OBBA introduced several Internal Revenue Code (IRC) changes for Federal business income taxes. Some of the provisions flow through to the City's (and State's) BITs and are summarized below, in general terms. With one exception, these OBBBA provisions modify the tax treatment introduced by the Tax Cuts and Jobs Act (TCJA) of 2017. Except where noted, the OBBBA provisions listed below are generally in effect in tax year 2025 and could therefore contribute to the weakness of tax collections shown above. A quick guide to the expensing provisions can be found [here](#).

- Full expensing of domestic research and experimental expenditures (**IRC §174A – reduces NYC BITs**). TCJA provided that expenses for domestic research were to be amortized over five years starting in 2022. OBBBA reverted to the immediate expensing treatment and made it permanent. This provision applies to expenses incurred in tax years beginning after December 31, 2024. A summary is available [here](#).
- Full expensing of qualified production property (**IRC §168(n) – reduces NYC BITs**). This is a new provision that allows immediate expensing for certain nonresidential real property used in manufacturing/production (or “factory-type” space). Qualifying properties need to start construction after January 19, 2025, and before January 1, 2029. Properties need to be placed in service before January 1, 2031.
- Increase of the expensing limit deduction and phase-out threshold for equipment spending and certain real property improvements (**IRC §179 – reduces NYC BITs**). The maximum deduction was increased from \$1 million to \$2.5 million, and the phaseout threshold for the spending cap was increased from \$2.5 million to \$4 million (the deduction fully phases out at \$6.5 million). The OBBBA changes went into effect for tax years starting after December 31, 2025 or property placed in service on or after January 1, 2025.
- Increase of the limitation on the interest paid deduction (**IRC §163(j) – reduces NYC BITs**). TCJA limited the amount of interest paid that could be deducted by businesses with more than \$25 million (indexed for inflation) in gross receipts on average in the previous three years. Starting in 2022 the limitation was calculated, in part, after the addition of depreciation and amortization expenses to taxable income. OBBBA reverted to the pre-2022 calculation by allowing to add back depreciation and amortization and therefore making the limitation less stringent (that is, increasing the deduction amount limit).
- Global Intangible Low-Tax Income (GILTI) became Net CFC Tested Income (NCTI) (**IRC §951A and §250 – increases NYC BCT for tax years beginning after December 31, 2025**). TCJA created GILTI to tax “excess profits” earned abroad by U.S. corporations owning Controlled Foreign Corporations (CFCs). GILTI applied to Net CFC Tested Income (NCTI) that exceeded 10 percent on Qualified Business Asset Investments (QBAI), which was a proxy for the return on tangible assets. OBBBA’s NCTI taxes all net tested income instead. OBBBA set a deduction

on NCTI to 40 percent (down from GILTI's 50 percent). The end result of the new provisions is to increase the amount of foreign income taxed under the City's BCT.

The Comptroller's Office has adjusted the BIT revenue forecast to incorporate estimated net negative revenue impacts from the OBBBA provisions that NYC is expected to comply with, based on current law. State legislation is needed to decouple the State and City tax base from the effects of OBBBA. The revenue impacts are based on the NYC Department of Finance estimates and are further adjusted by the Comptroller's Office to reflect the composition of New York City's business income tax base. Industries are grouped into seven broad categories (finance, real estate, services, information, trade, manufacturing, and other) and the distribution of business income tax liability across categories is taken from DOF's 2021 data. For each Federal provision, national data on where that provision is most heavily used across industries are combined with this NYC industry mix (for example, research spending by industry for §174, bonus depreciation and §179 usage by industry, interest paid by industry for §163(j), and GILTI amounts by industry for §951A). On this basis, the original DOF revenue impacts are scaled by the Comptroller's Office to produce rough, composition-adjusted estimates that are tailored to NYC's industry structure. These estimates reduce the baseline BIT revenue forecast by \$201 million, \$254 million, \$198 million, and \$110 million in FY 2026 through FY 2029, respectively.

Real Estate Transaction Taxes and Other Taxes

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

Despite persistently high mortgage rates, the City collected \$2.02 billion in real estate transaction taxes (RPTT and MRT combined) in FY 2025, an increase of 17.1 percent over FY 2024. The Comptroller projects total transaction tax revenues of \$2.2 billion in FY 2026, comprising \$1.35 billion in RPTT revenues and \$895 million in MRT revenues, reflecting continued, though moderating, improvement in overall market activity. Total taxable real estate sales are expected to reach \$88.1 billion in FY 2026, a 2.4 percent increase from FY 2025. This growth is supported by solid gains in residential sales, which are expected to increase by more than the slight decline in commercial sales, resulting in a net improvement in overall market volume. While high borrowing costs continue to constrain the mortgage market, residential transaction activity is projected to remain resilient, underpinning modest growth in transaction tax revenues. Over the Plan period, the Comptroller projects transaction tax revenues to grow at an average annual rate of 5.2 percent, reaching \$2.6 billion by FY 2029. For each year of the Plan, the Comptroller's forecast exceeds OMB's projections: by \$98 million in FY 2026, \$78 million in FY 2027, \$99 million in FY 2028, and \$135 million in FY 2029. These differences largely reflect the Comptroller's expectations of stronger residential sales and a firmer recovery in overall transaction activity relative to OMB's assumptions.

New York City's tourism sector continues to perform strongly as it recovers from the pandemic-era lows. In 2025, hotel occupancy rates averaged approximately 83.5 percent, and the average daily room rate (ADR) remained elevated at about \$317, reflecting sustained demand. The Comptroller's Office expects hotel accommodation demand to strengthen over the remainder of the fiscal year. Although international visitation is down year-to-date compared with the same period last year, the Office anticipates a gradual improvement in overseas travel in the months ahead. This recovery, together with an uptick in business travel, is expected to support growth in higher-revenue room nights—two segments that are essential to the City's lodging market and overall tourism performance. As a result, Hotel Tax revenues are expected to reach \$841 million in FY 2026, a 9.2 percent increase over FY 2025. Over the remainder of the Financial Plan, hotel tax collections are projected to rise at an average annual rate of 4.7 percent, reaching \$966 million by FY 2029. Continued growth in this sector will depend on several key factors: the strength of international travel, the expansion of convention and business-related activity, and broader improvements in global economic conditions. Sustained momentum in these areas will be essential for supporting high occupancy levels and maintaining elevated room rates throughout the Plan period.

For all other taxes not included in the above categories, the Comptroller forecasts relatively stable collections: \$2.74 billion in FY 2026, \$2.80 billion in FY 2027, \$2.83 billion in FY 2028 and \$2.92 billion in FY 2029.

Risks to the Tax Revenues Forecast

The Comptroller's Office projects modest growth in tax revenues over the Financial Plan period, but several downside risks could affect collections, with the balance of risks tilted to the downside, particularly for FY 2027 through FY 2029. The most significant risk stems from Federal policy-induced volatility. U.S. import tariffs have escalated from 2.4 percent in early 2025 to nearly 17 percent by November, contributing to higher core inflation and business caution. Although the national economy has avoided recession, growth remains narrow and fragile, driven disproportionately by AI-related investment rather than broad-based expansion. Consumer and business confidence remain near multi-year lows despite continued employment gains.

The forecast assumes that tariff-related inflation stabilizes and gradually recedes through 2026. If inflation remains elevated, however, persistent price pressure could delay anticipated Federal Reserve rate cuts, constraining credit-sensitive sectors and dampening transaction tax revenues.

Local labor-market dynamics also pose meaningful risks. Job growth in 2025 concentrated heavily in lower-wage sectors (Education & Health, Government), while high-wage sectors (financial services, information, professional services) showed little growth. Many employers report reduced hiring plans amid uncertainty about tariffs, automation, and AI. If high-wage employment recovery is delayed or fails to materialize, lower wage growth would reduce PIT/PTET collections and could signal deeper structural shifts in the City's economic base.

Business income taxes are showing clear signs of softening, with FY 2026 year-to-date collections down 5.5 percent. Net payments from both financial and non-financial firms have plateaued,

reflecting elevated interest rates, persistent uncertainty, and the narrowing of the tax base under OBBBA. If these pressures broaden into a more sustained slowdown in taxable profits, receipts could fall short of forecast, particularly in FY 2027 and FY 2028. The securities industry remains a particular concern. While 2025 profitability has been exceptionally strong, this sector is highly volatile and sensitive to market corrections, geopolitical shocks, and Federal Reserve actions. Any significant downturn could rapidly reduce trading volumes, investment banking fees, and asset management revenues, impacting personal income, sales, and business income tax collections.

Real estate transaction taxes, while strong in FY 2025 (up 17.1 percent), face headwinds from elevated mortgage rates. Should rates remain high for longer than anticipated, residential refinancing and purchase activity could weaken, reducing RPTT and MRT collections below forecast.

Tourism continues to recover but remains vulnerable to a stronger U.S. dollar, which could restrain foreign visitor spending, and to the slower rebound in business and convention travel. Softer performance would reduce hotel tax revenues and dampen sales tax collections in retail, restaurants, and entertainment.

Despite economic resilience in 2025 and stronger-than-expected FY 2026 year-to-date collections, material downside risks stem from macroeconomic uncertainty, trade tensions, labor market pressures, business profit vulnerability, and real estate challenges. Any combination of these risks materializing could cause revenues to fall meaningfully short of projections.

Miscellaneous Revenues

The November Plan increases the FY 2026 miscellaneous revenue estimate by a net \$92 million to \$6.31 billion, a 5.7 percent decline from the \$6.69 billion collected in FY 2025.⁹ This revision does not introduce any new PEG initiatives. Instead, it primarily reflects higher projections for fine revenues, interest income, and other miscellaneous revenues, offset slightly by lower projections for water and sewer revenues, as shown on Table 17.¹⁰ Projected interest income, derived from the City's investments across various funds, increased by \$21 million to \$371 million in FY 2026. Despite this upward revision, interest income is still expected to fall 42 percent below FY 2025 levels, largely due to the Federal Reserve's cuts to short-term interest rates which reduce City earnings on cash balances. Projections for the outyears of the November Plan continue to trend downward in anticipation of additional rate cuts over the Financial Plan period.

⁹ Miscellaneous revenue analysis excludes intra-City revenues.

¹⁰ Water and sewer revenues are mostly payments from the New York City Water Board for the operation and maintenance of the water delivery and sewer system and are not available for general operating purposes.

Table 17. Changes in FY 2026 Miscellaneous Revenue Estimates, June 2025 Plan vs. November 2025 Plan

(\$ in millions)	June	November	Change
Licenses, Permits & Franchises	\$722	\$726	\$4
Interest Income	350	371	21
Charges for Services	1,038	1,041	3
Water and Sewer Charges	2,234	2,302	(22)
Rental Income	258	258	0
Fines and Forfeitures	1,238	1,278	40
Other Miscellaneous	289	335	46
Total	\$6,219	\$6,311	\$92

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

Revenue projections for licenses, permits, and franchises increased by \$4 million, driven primarily by higher expected revenue from recreational facility permits following an increase in ballfield permit fees. Revenue projections for the “other miscellaneous” category, comprised mostly of non-recurring revenues, rose by \$46 million, reflecting additional refunds of prior-year expenses, prior year warrants, and other one-time revenues.

Projections for fines and forfeitures increased by \$40 million. Expansion of the red-light and bus-lane camera programs is expected to generate an additional \$19.5 million, though much of this revenue will offset the cost of added staffing and resources at the Department of Transportation (DOT). Projections for Environmental Control Board (ECB) fines increased by \$11.3 million, and revenue from late filing/no permit penalties at the Department of Buildings (DOB) rose by \$10 million.

Charges for services increased by a net \$3 million. This reflects a \$50 million decrease in projected City University of New York (CUNY) tuition revenue due to lower student enrollment, which is more than offset by higher projected fee revenues from the Affordable NY Housing Program (\$40 million), and marshal booting fees (\$13.5 million). Water and sewer revenue reimbursement from the Water Board decreased by \$22 million for FY 2026.

Table 18 shows the City’s November Plan projections for all categories of miscellaneous revenues. The Plan projects a 6.7 percent decline in FY 2026 miscellaneous revenue to \$6.31 billion, followed by another 3.0 percent decline in FY 2027 to \$6.12 billion. These reductions reflect continue projected decreases in several miscellaneous revenue categories in FY 2027. For FY 2027 through FY 2028 total miscellaneous revenue is expected to stabilize at around \$6.2 billion.

Table 18. Miscellaneous Revenue Forecast, November 2025 Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Licenses, Permits & Franchises	\$726	\$708	\$710	\$712

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Interest Income	371	271	270	272
Charges for Services	1,041	1,038	1,039	1,038
Water and Sewer Charges	2,302	2,278	2,313	2,338
Rental Income	258	260	260	260
Fines and Forfeitures	1,278	1,283	1,290	1,295
Other Miscellaneous	335	283	279	297
Total	\$6,311	\$6,121	\$6,161	\$6,212

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

The Comptroller's Office anticipates that total miscellaneous revenue will exceed the City's forecast by \$34 million in FY 2026, and by approximately \$3 million in FY 2027 and FY 2028. This is driven primarily by higher-than-expected fine revenues. Specifically, fine revenues are expected to exceed the City's forecast by \$56 million in FY 2026, \$25 million in each of FY 2027 and FY 2028, and \$22 million in FY 2029. These offsets mainly reflect higher projections for camera fines, ECB fines, and late filing/no permit penalties at the DOB. However, this positive trend in fine revenues is partially offset by lower-than-anticipated rental income from extended school use.

In FY 2025, New York City collected far less revenue from extended school use rental than projected. As collections declined, the Comptroller's Office identified a significant risk to the City's FY 2025 estimate. Current FY 2026 collections show that the City's \$36.5 million annual projection is overly optimistic. As a result, the Comptroller estimates that roughly \$22 million in anticipated extended school use revenue is unlikely to materialize. Consequently, the Comptroller identifies a \$22 million annual risk in each year of the Financial Plan period, somewhat offsetting higher fine revenue projections.

Given the current outlook for cash balances and short-term interest rates, the Comptroller's Office concurs with the City's interest income projections for FY 2026 and the outyears. Both the City and the Comptroller anticipate that declining short-term rates over the Financial Plan period will continue to reduce earnings on cash balances, and current projections already incorporate these expectations.

Federal Aid

Federal aid in the November Plan totals \$8.59 billion for FY 2026 or 7.3 percent of the City's operating budget. A total of \$1.12 billion in Federal funding has been recognized since adoption for FY 2026. This includes \$438 million for the CDBG, \$120 million in CDBG, and \$225 million in COVID-19 related funding. Changes to COVID funding encompass additions for the Department of Housing Preservation and Development (HPD) to support the HOME American Rescue Plan Program (HOME ARP) (\$49 million), Federal Emergency Management Agency (FEMA) grants for COVID-19 Emergency Protective Measures (\$70 million) transferred to H+H, and Epidemiology

and Laboratory Capacity Funding (ELC) (\$57 million). These increases are offset by a decrease in Head Start funding (\$44 million in FY 2026 and \$71 million in the outyears) following the DOE's loss of a Head Start grant (see the [Education](#) section for more details). Federal revenue projections fall to \$7.21 billion in FY 2027, with similar amount in the subsequent years.

Risks to Federal Funding

Cuts to Federal aid announced by the Trump Administration are largely unaddressed in the November Plan. As this Office has reported, risks to Federal aid come from multiple fronts, including the mandatory spending cuts made through the budget reconciliation legislation passed over the summer (OBBBA), as well as through the Trump Administration's numerous unilateral attempts to cut, terminate, pause, and rescind many Federal grants already awarded.

The Trump Administration has also been 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, although these attempts are being challenged in court. For example, in September, the Federal Education Department discontinued \$15 million in grant funding for magnet schools after New York City refused to change its transgender student policies to comply with the Trump administration's interpretation of Title IX. The City sued and in mid-November won the use of the \$12.7 million in carryover funds that were being held up to use for the remainder of this school year.

Other programs impacted by Federal funding cuts to date include:

Emergency Housing Voucher Program (EHV): The EHV program, which was started as part of COVID-19 relief efforts, is administered by the HPD and the New York City Housing Authority (NYCHA). It was expected to continue through CY 2030, but the Trump Administration announced no new funding will be allocated to the program after the CY 2026 allocation, resulting in early termination of the program. HPD and NYCHA expect current funding to support vouchers through early FY 2027. As of late November, 7,224 households receive assistance through the program (5,324 through NYCHA and 1,900 through HPD). NYCHA has announced it will 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, yet has also pledged that all households currently supported by these vouchers will receive continued assistance.¹¹ As of the November Plan, \$54 million in Federal funds are budgeted for EHV vouchers in FY 2026 and \$13 million in FY 2027, when Federal funds are expected to be depleted. The City did not include any funding subsequent years. Based on current costs and unless another funding source is identified, the Comptroller's Office estimates an additional \$41 million in City funds will be needed in FY 2027, growing to \$54 million in FY 2029 to support current recipients.

Supplemental Nutrition Assistance Program (SNAP): The Federal budget reconciliation legislation contained considerable changes to the SNAP program, including adding work

¹¹ [NYC to replace thousands of rental vouchers after federal program expires, but at a cost - Gothamist](#)

requirements that went into effect in November. On the funding side, the budget reconciliation added state cost-sharing provisions for SNAP, which are tied to a state's payment error rate. The cost-sharing begins in Federal FY 2028. States with a payment error rate of 13.34 percent or above in Federal FYs 2025 and/or 2026 have cost sharing delayed by one or two years. New York State will have to maintain its [2024 error rate](#) at roughly the same level or higher for FY 2025 and FY 2026 to receive the exemption.

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. OBBBA also reduced the Federal matching for SNAP administrative costs 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. For more details on this program and Federal changes see the [Supplemental Nutrition Assistance Program](#) section of this report.

Continuum of Care (CoC): The Trump Administration announced in November it would cut funding for permanent housing provided under the CoC Program for calendar year 2026. The CoC provides funding to end homelessness nationwide. Approximately 90 percent of funding provided through the CoC historically funds permanent housing. In the recently released Notice of Funding Opportunity (NOFO), however, the Federal Department of Housing and Urban Development (HUD) limited funding for this purpose to only 30 percent of the \$3.9 billion FFY 2025 funding total. On November 25, New York State and a coalition of other states sued the Trump Administration to stop the change.¹²

Last year, the New York City CoC was awarded \$174 million, supporting over 8,000 units of permanent housing. In 2023, the CoC was awarded an additional \$60 million through a special Supplemental NOFO to Address Unsheltered and Rural Homelessness. While most of the funding flows directly to non-profit housing providers, \$48.8 million in CoC funding is currently included in the City's November Financial Plan in FY 2026, \$47 million in FY 2027, and \$42.5 million in FY 2028 and FY 2029. Most of the budgeted funding is for HPD's Project-Based Rental Assistance with Supportive Services program (also known as Shelter Plus Care), which provides project-based rental assistance and supportive services through long term contracts with owners of private apartments. HPD administers the rental assistance under the CoC program, and the project's service provider administers supportive services. Furthermore, because of the timing of the NOFO, some programs may see funding gaps if their contracts expire before renewals are announced. It is currently unclear how the cuts, if implemented, will flow to HPD and to other providers in the City, and whether the City will replace any of the funding to avoid an increase in homelessness.

¹² [Attorney General James Sues Trump Administration to Protect Billions of Dollars to Fight Homelessness](#)

Medicaid and the Essential Plan: OBBBA contained considerable cuts and eligibility changes to Medicaid and the Affordable Care Act (ACA). This includes \$7.5 billion in annual cuts to the Essential Plan.¹³ The Essential Plan is New York's Basic Health Program (BHP). BHPs, created by the ACA, are a health insurance option for people who do not qualify for Medicaid or the Children's Health Insurance Program (CHIP). In response, the State [announced](#) a proposal to undo the recent Essential Plan expansion to individuals between 200 percent and 250 percent of the Federal Poverty Level, potentially eliminating no-cost health insurance for 450,000 individuals. The State has announced a request to the Center for Medicare Services (CMS) to revert to its original BHP framework as of the second half of 2026. This would allow access to that program's [surplus](#) funds of around \$10 billion as of 2023.

The State would use the accumulated surplus (until exhausted) to cover the cost of lawfully present immigrants that OBBBA made ineligible for premium tax credits, whom the State would otherwise be required to cover through State-only funded Medicaid. If approved, this change would enable the State, at least temporarily, to continue to pay hospitals at the Essential Plan rates, which are significantly higher than the Medicaid rates.

Those no longer covered by BHP would either lose coverage entirely or pay for coverage through the ACA Marketplace. Premiums for those plans are [rising](#) in part due to the expectation of the Biden-era expanded tax credits expiring and healthier (lower-cost) recipients choosing to disenroll. The reduction of Federal funding will ultimately lead to increases in uncompensated care for New York State providers, including the City's public hospital system, which will be left to cover the costs of uninsured New Yorkers. See the [New York City Health + Hospitals](#) section for additional details.

State Aid

The November Plan projects total categorical State aid of \$19.59 billion in FY 2026, funding 16.6 percent of the City's expenditure budget. State aid recognized for the fiscal year increased by \$606 million since the Adopted Budget. The largest adjustments include nearly \$154 million across various initiatives at the Mayor's Office of Criminal Justice, \$100 million due to re-estimates of the City's spending for asylum seekers (discussed in detail in the [Asylum Seeker](#) section of this report), \$72 million for the NYC Watershed Program, \$51 million in rental supplement funding, \$37 million for supportive housing, and \$36 million in District Attorney funding citywide for discovery reform implementation. In FYs 2027 and out, net State aid is expected to essentially remain unchanged from levels reported in the June Plan, totaling roughly \$19 billion per fiscal year.

¹³ [Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for As Many New Yorkers As Possible](#)

Expenditure Analysis

Total general fund FY 2026 expenditures as presented in the November Plan are \$118.23 billion. This is a 0.2 percent decline over FY 2025 with actual general fund expenditures of \$118.47 billion.¹⁴ Expenditures in both years, however, reflect the impact of prepayments, which shift spending between fiscal years. In addition, FY 2025 actual expenditures are reduced by re-estimates of prior year payables, which lowers expenses based on revisions made to past year spending estimates and FY 2026 is increased by \$1.45 billion in budgeted reserves that have yet to be allocated. Adjusting for these costs (adding back the impact of prepayments and prior payables, as well as taking out unallocated reserves) provides a more accurate measure of the growth of spending over time. Net these adjustment, FY 2026 spending totals \$120.50 billion, a 1.1 percent decrease over similarly adjusted actual expenditures of \$121.85 billion in FY 2025.

The decline in budgeted spending in FY 2026 compared with FY 2025 is driven by an 8.0 percent (\$4.57 billion) reduction in planned spending on other than personnel services. However, as noted in the [Comptroller's Restated Gaps](#) section, much of the costs that this Office identifies as underbudgeted are OTPS, meaning actual OTPS costs for FY 2026 will likely be higher than currently planned. Spending on personnel services is budgeted to increase by 4.0 percent (\$2.27 billion). Spending on salaries and wages is budgeted to increase by 2.5 percent (\$818 million), pension costs by 4.6 percent (\$451 million), other fringe benefits by 17.0 percent (\$749 million) and health insurance by 2.6 percent (\$249 million). See the [Health Insurance](#) section of this report on the changing landscape of the cost of health insurance for City employees and retirees.

In FY 2027, expenditures—adjusted for prepayments and reserves—total \$120.24 billion, a \$257 million decline compared with FY 2026, as shown in Table 19. Again, this is driven by lower budgeted OTPS costs compared with FY 2025, offset somewhat by higher projected debt service costs and personnel costs. However, as previously mentioned many OTPS costs are chronically underbudgeted and actual costs for FY 2027 will also likely be higher than currently budgeted. The increase in personnel costs in FY 2026 is largely driven by 3.3 percent growth in salaries and wages (\$1.12 billion) and 4.0 percent growth (\$395 million) in health insurance costs.

After FY 2027, expenditures are budgeted to grow at an annual rate of 3.1 percent through FY 2029. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 3.2 percent from FY 2027 through FY 2029, and debt service costs, which are projected to increase at an annual rate of 9.7 percent from FY 2027 through FY 2029. Spending on OTPS costs is projected to grow at an annual rate of 1.6 percent.

¹⁴ This includes transfers to the capital fund through Interfund Agreements, as detailed in Schedule G6 of the FY 2025 Annual Comprehensive Financial Report.

Table 19. 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
Personal Service (PS):						
Salaries and Wages	\$34,047	\$35,168	\$36,367	\$37,317	9.6%	3.1%
Pensions	10,366	10,519	11,398	10,861	4.8%	1.7%
Health Insurance	9,808	10,203	10,692	11,222	14.4%	4.6%
Other Fringe Benefits	5,151	5,311	5,523	5,736	11.4%	3.6%
Subtotal: PS	\$59,373	\$61,202	\$63,980	\$65,136	9.7%	3.1%
Other Than Personal Service (OTPS):						
Medicaid	\$6,258	\$6,733	\$6,883	\$7,033	12.4%	4.0%
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	26,424	23,771	23,179	23,361	(11.6%)	(4.0%)
Other OTPS	17,425	16,205	16,749	16,949	(2.7%)	(0.9%)
Subtotal: OTPS	\$52,580	\$49,549	\$50,137	\$51,138	(2.7%)	(0.9%)
Debt Service	\$8,543	\$9,487	\$10,474	\$11,419	33.7%	10.2%
Expenditures Excluding Reserves Only	\$120,496	\$120,238	\$124,590	\$127,692	6.0%	2.0%
BSA and Discretionary Transfers	(\$3,713)	(\$74)				
General Reserve	1,200	1,200	1,200	1,200		
Capital Stabilization Reserve	250	250	250	250		
Total Expenditures	\$118,233	\$121,614	\$126,040	\$129,142	9.2%	3.0%

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).

Headcount

As shown in Table 20, the November Plan projects total full-time authorized headcount of 305,777 for FY 2026, with the number of authorized full-time employees declining by 1,480 positions in FY 2027 to 304,297, before rising and settling at 309,208 by FY 2029. The 1.1 percent increase over the Plan period is primarily due to increased projections of uniformed headcount at the New York Police Department (NYPD), partially offset by a decline in civilian headcount projections (1.4 percent). Pedagogical authorized headcount remains relatively flat,

despite the additional staffing needs to meet the State's mandate to reduce class sizes in city schools, which is being phased in with full implementation by FY 2028 (see the [Education and Childcare](#) section of this report for more details).

Table 20. Total Funded Full-Time Year-End Headcount, November 2025 Financial Plan

	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2026 – FY 2029
Pedagogical:					
Dept. of Education	127,446	127,219	127,225	127,225	(0.2%)
City University	4,289	4,289	4,289	4,289	0.0%
Subtotal	131,735	131,508	131,514	131,514	(0.2%)
Uniformed:					
Police	35,025	35,275	37,574	40,074	14.4%
Fire	11,294	11,294	11,294	11,294	0.0%
Correction	7,060	7,060	7,060	7,060	0.0%
Sanitation	7,957	7,963	7,963	7,963	0.1%
Subtotal	61,336	61,592	63,891	66,391	8.2%
Civilian:					
Dept. of Education	12,653	12,348	12,348	12,348	(2.4%)
City University	1,739	1,735	1,735	1,735	(0.2%)
Police	13,942	13,899	13,899	13,899	(0.3%)
Fire	6,273	6,272	6,272	6,240	(0.5%)
Correction	1,751	1,746	1,739	1,739	(0.7%)
Sanitation	1,668	1,661	1,661	1,661	(0.4%)
Admin. for Children's Services	7,027	7,026	7,026	7,026	(0.0%)
Social Services	12,322	12,154	12,154	12,154	(1.4%)
Homeless Services	1,992	1,903	1,902	1,902	(4.5%)
Health and Mental Hygiene	6,049	5,829	5,797	5,793	(4.2%)
Finance	2,010	2,016	2,019	2,019	0.4%
Transportation	5,947	5,967	5,985	5,999	0.9%
Parks and Recreation	5,142	5,024	5,024	5,023	(2.3%)
All Other Civilians	34,191	33,617	33,620	33,585	(1.8%)
Subtotal	112,706	111,197	111,181	111,123	(1.4%)
TOTAL	305,777	304,297	306,586	309,028	1.1%

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

Compared with the June Financial Plan, total full-time authorized headcount increased by a total of 1,025 in FY 2026. Of those, 547 positions (53.3 percent) are new positions. The remaining

increase is due to technical headcount adjustments made by OMB. Agencies accounting for new positions include:

- The District Attorney Offices for legal staffing (160);
- DOHMH to support Legionella response, genetic testing services, and substance abuse services (105);
- DOT to staff the expansion of the Automated Enforcement Unit (81); and
- Department of Youth and Community Development (DYCD) for administrative staffing (77).

Projected headcount increases in the outyears by 862 in FY 2027, 3,163 in FY 2028 and 5,656 in FY 2029 compared to June. As previously mentioned, much of this change stems from additional hiring authority at the NYPD, as Mayor Adams promised to expand officer headcount to 40,000 by FY 2029.¹⁵

Table 21. Full-Time Headcount Changes, November 2025 Financial Plan vs. June 2025 Financial Plan

	FY 2026	FY 2027	FY 2028	FY 2029
Pedagogical:				
Dept. of Education	132	0	0	0
City University	0	0	0	0
Subtotal	132	0	0	0
Uniformed:				
Police	50	300	2,599	5,099
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	6	6	6
Subtotal	50	306	2,605	5,105
Civilian:				
Dept. of Education	(103)	10	10	10
City University	4	0	0	0
Police	67	24	24	24
Fire	(43)	(44)	(44)	(44)
Correction	6	0	0	0
Sanitation	7	0	0	0

¹⁵ [City plans to add 5,000 NYPD officers by 2029 amid staffing crisis | amNewYork](#)

	FY 2026	FY 2027	FY 2028	FY 2029
Admin. for Children's Services	1	0	0	0
Social Services	(7)	(2)	(2)	(2)
Homeless Services	59	5	5	5
Health and Mental Hygiene	118	90	89	89
Finance	12	12	12	12
Transportation	72	80	80	80
Parks and Recreation	108	4	4	3
All Other Civilians	542	377	380	374
Subtotal	843	556	558	551
TOTAL	1,025	862	3,163	5,656

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

As of October 31, 2025, the City's actual workforce stands at 291,159. As mentioned in the Office's [November Economic and Fiscal Outlook Newsletter](#), the City's actual full-time headcount has increased by 4,057 staff since July 2025. This is almost four times the net increase seen during the same period last year (an increase of 1,052). Table 22 highlights certain agencies and compares their respective headcount changes in FY 2025 and FY 2026 during the same period. The DOE recorded the largest net increase, adding 2,894 pedagogical staff. The NYPD's actual headcount increased by a net 405, compared to a net decrease of 760 last year. The Department of Parks and Recreation (+256), uniformed Sanitation staff (+257), and the Department of Social Services (+101) also saw notable increases. Compared to last year, DSS and Sanitation both saw growth in their headcount. For detailed agency-level data, please visit the [NYC Agency Staffing Dashboard](#).

Table 22. FY 2025 and FY 2026 Actual Headcount Change between July 31 and October 31

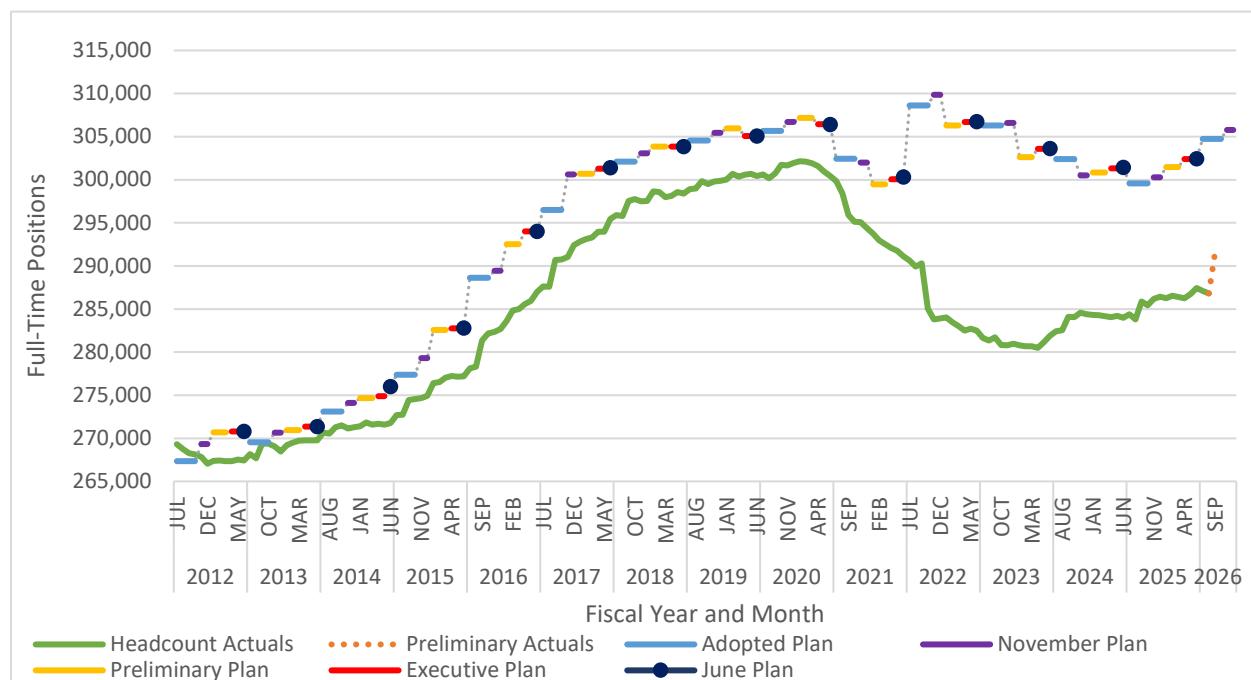
Agency	FY 2026 Headcount Change	FY 2025 Headcount Change	Year over Year Change
Dept. of Education-Pedagogical	2,894	1,106	1,788
Police Dept.-Civilian	102	(197)	299
Police Dept.-Uniform	303	(563)	866
Fire Dept.-Civilian	(96)	(105)	9
Fire Dept.-Uniform	(154)	187	(341)
Dept. of Social Services	101	2	99
Dept. of Homeless Services	(106)	1	(107)
Dept. of Sanitation-Uniform	257	75	182

Agency	FY 2026 Headcount Change	FY 2025 Headcount Change	Year over Year Change
Dept. of Parks and Recreation	256	288	(32)

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

If full-time staffing levels remain around their current levels for the remainder of the fiscal year, the Comptroller's Office projects that non-overtime salary and wage costs for full-time employees, including some fringe savings, will total about \$450 million less than currently budgeted by OMB for FY 2026. However, this savings is projected to be fully offset by about \$450 million in additional costs for unsalaried staff based on the pace of spending in the first four months of the fiscal year.

Chart 13. Full-Time Headcount, Actual vs Plan, FY 2012 — 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 September through October of FY 2026; they are derived from initial payroll results and have not yet been published by OMB.

Overtime

The November Plan includes \$1.70 billion for FY 2026 overtime expenditures, an increase of \$38 million when compared to the FY 2026 Adopted Budget. There was a net increase of \$17 million to the uniformed overtime forecast, primarily due to an increase of \$18 million for the NYPD to reflect grant funding for actual expenditures. Civilian overtime estimates also increased by \$21 million mainly from upwards adjustments for DOHMH of \$11 million and DOT

of \$6 million. Even with the adjustments to the City's overtime budget, the Comptroller's Office projects overtime cost for FY 2026 at \$2.43 billion, \$727 million more than currently budgeted as shown in Table 23.

Table 23. Projected Overtime Spending FY 2026

(\$ in millions)	FY 2026 Adopted Budget	FY 2026 November Plan	FY 2026 Comptroller Projection	FY 2026 Additional Need
Uniformed				
Police	\$512	\$530	\$900	(\$370)
Fire	393	391	391	0
Correction	154	154	300	(146)
Sanitation	153	154	154	0
Total Uniformed	\$1,212	\$1,229	\$1,745	(\$516)
Civilian				
Police-Civilian	\$90	\$92	\$120	(\$28)
Social Services	42	42	65	(23)
All Other Agencies	321	340	500	(160)
Total Civilians	\$453	\$474	\$685	(\$211)
Total City	\$1,665	\$1,703	\$2,430	(\$727)

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

The City spent \$2.71 billion on overtime expenses in FY 2025, \$1 billion higher than the current fiscal year estimate. Last December, the City issued a [Mayoral Directive](#) aimed at curbing uniformed overtime spending which currently accounts for about 70 percent of total overtime expenditures. The directive ordered uniformed agencies to implement procedures aimed at reducing overtime usage. There seems to have been some success in achieving that goal. Even though the City spent \$1.92 billion on uniformed overtime in FY 2025, that cost was 6.8 percent higher than the FY 2024 cost of \$1.80 billion, which was 8.1 percent higher than the FY 2023 cost of \$1.67 billion.

NYPD has achieved success in lowering monthly overtime spending since the implementation of the directive. The agency spent an average of \$70 million monthly on uniformed overtime from January through June of FY 2025, about \$7 million lower than the monthly average for the same period in FY 2024. NYPD has maintained that monthly average for the first four months of FY 2026 and is on target to spend about \$900 million for the current fiscal year. Notwithstanding any unplanned incidents, the department's uniformed overtime spending may be lower than the annual average of \$958 million for FY 2024 and FY 2025.

The NYPD currently categorizes its uniformed overtime spending in several ways, with the largest categories being Events, Investigations, and Transit Safety. See Table 24 for data through FY 2025, the most recent available. NYPD overtime costs spiked in FY 2023 due to heightened concerns about safety in the New York City subway system. As a result, Transit Safety overtime costs reached \$151 million in FY 2023, \$144 million in FY 2024, and \$161 million in FY 2025. The additional expenses associated with programs implemented in FY 2023 and FY 2025 were jointly funded by the City and the State. The City received reimbursements from the State of \$62 million in FY 2023 and \$77 million in FY 2025 to cover these additional costs, including fringe benefits.

Table 24. NYPD Overtime by Category FY 2023 – 2025

Overtime Category	FY 2023	FY 2024	FY 2025
Events	\$160	\$289	\$259
Events – Details	40	40	41
Events – Planned	97	111	116
Events -Unplanned	23	138	102
Investigations	165	174	168
Transit Safety	151	144	161
New Arrest	78	79	82
Crime Reduction	67	77	69
Operation Atlas	21	19	16
Operational	87	80	82
Other	52	49	68
Reimbursable Programs	39	43	42
Total	\$821	\$954	\$947*

Source: New York City Police Department

Notes: *The City spent \$960 million for NYPD uniformed OT in FY 2025, including about \$13 million for collective bargaining paid to employees post-June and not reflected in the above table. Operation Atlas is protecting NYC from the possibility of terrorism. Reimbursable overtime costs are reimbursed by Federal, State and private organizations/groups.

Events are further broken down into three subcategories: Details, Planned Events, and Unplanned Events.

- Details overtime, which has averaged about \$40 million annually over the last three fiscal years, covers expenses related to security for dignitaries, at the NYPD's headquarters, and at locations such as Citi Field and Madison Square Garden.
- Planned events overtime include costs for festivals, street fairs, and high-profile events like the July 4th celebrations, the East Village Halloween Parade, and New Year's Eve festivities. The City typically spends around \$100 million annually on planned overtime, with most of these expenses occurring during the warmer months.

- Unplanned events overtime can fluctuate significantly from year to year. In FY 2023, unplanned overtime costs amounted to \$23 million, including \$7 million spent on security in response to protests following the death of Tyre Nichols. This increased sharply to \$138 million in FY 2024, before declining to \$102 million in FY 2025. Notably, in FY 2024, \$24 million and in FY 2025, \$14 million were spent in response to the asylum seeker crisis. Additionally, \$89 million was spent in FY 2024 and \$53 million in FY 2025 for security related to protests over the Israel/Palestine conflict.

The Department of Correction (DOC), on the other hand, continues to face ongoing challenges in hiring uniformed staff, resulting in higher overtime costs for the department. DOC's uniformed overtime cost was \$307 million in FY 2025, 20 percent higher than the FY 2024 cost of \$255 million. DOC was successful in reducing uniformed overtime costs in FY 2024 from \$270 million in FY 2023; however, this trend reversed in FY 2025. Uniformed headcount level has declined from 5,954 as of June 30, 2024 to 5,777 as of June 30, 2025 and further to 5,619 as of October 31, 2025. At this time, the Comptroller's Office expects DOC's uniformed overtime spending to be similar to the FY 2025 unless the department is able to increase uniformed staff for the remaining months in FY 2026.

Civilian overtime costs have increased steadily for several fiscal years from \$660 million in FY 2022 to \$790 million in FY 2025. Lower civilian headcount levels have negatively impacted overtime usage at City agencies for several fiscal years. However, with an uptick in hiring of civilian employees, it is expected that civilian overtime cost for FY 2026 should be lower than the actual cost in FY 2025. Overall, year-to-date overtime spending through October for civilians has averaged \$56 million monthly for FY 2026 compared to a monthly average of \$67 million in the prior year.

Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancy rates in particular areas or titles. Since FY 2019, agencies have consistently spent upwards of \$1 billion on these services (excluding spending on asylum seeker and COVID-related costs). The November Plan increased funding for these services in FY 2026 by \$341 million from \$1.10 billion to \$1.44 billion. Funding falls sharply to \$1.01 billion in FY 2027, and then slowly ramps down to \$989 million in FY 2029.

The Comptroller's Office estimates the City will commit approximately \$1.20 billion for FY 2026, based on historical trends. This would result in potential City funds savings of \$130 million in the current fiscal year. Historically, the City conservatively budgets in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in the outyears. Therefore, the Comptroller's Office estimates it would require an additional \$100 million in City funds in FY 2027, growing to \$110 million in FY 2028 and FY 2029. The City could reduce its reliance on these services if it raises its authorized headcount in the outyears.

Health Insurance

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. Last June, however, the Mayor announced the selection of EmblemHealth/United Healthcare to replace GHI-CBP (a minimum-premium plan) with a fully self-funded plan (NYCE PPO) effective January 1, 2026. The new plan will continue to be premium-free. OMB expects the new plan to result in health insurance savings up to \$900 million annually, derived from the elimination of profit margin costs, lower administrative expenses, care coordination, and improved network provider discounts.

Despite the projected savings, it is unlikely the City will see *budgetary* savings. First, as specified in the agreement that created the Health Insurance Stabilization Fund or HISF (the 1984-87 Municipal Coalition Economic Agreement, more details on the HISF below), the City pays for health insurance at the HIP-HMO rate for active employees and pre-Medicare retirees. The New York State Department of Financial Services (DFS) approved a final FY 2026 HIP-HMO premium rate increase of 12.2 percent. Budgeted amounts for health insurance previously reflected an expected HIP-HMO premium rate increase for active employees and pre-Medicare retirees of 5.5 percent. The FY 2026 Adopted Budget did not reflect the additional costs resulting from the approved rate estimated by OMB to be \$527 million in FY 2026, \$539 million in FY 2027, \$574 million in FY 2028, and \$612 million in FY 2029.

In the November Plan, the City partially adjusted funding to reflect the additional costs. The Plan added \$118 million in FY 2026, \$121 million in FY 2027, \$129 million in FY 2028, and \$137 million in FY 2029 for HIP-HMO and other non GHI-CBP members, approximately 25 percent of all contracts/members.

The City did not fund the health insurance rate increase for GHI-CBP members—an estimated cost of \$409 million in FY 2026, \$418 million in FY 2027, \$445 million in FY 2028, and \$475 million in FY 2029—due to the upcoming change of health plan for these members. Even if NYCE PPO were to suppress employer health care costs for those currently enrolled in GHI-CBP (as it is implicitly assumed in the November plan), it is likely that the City will need to use the “savings” to fund recurring health benefits that paid out of the HISF and possibly to replenish HISF. For these reasons, the Comptroller’s Office includes in its re-estimates of City gaps a risk that health care costs for GHI-CBP/NYCE PPO enrollees grow at the same rate as HIP-HMO.

The HISF was created in the mid 1980’s to equalize the GHI-CPB 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” to HISF corresponding to the premium differential. Conversely, if the GHI-CPB 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 drew from the fund

balance to offset wage increases and to fund other health benefits for employees (more details on this in the Fiscal Note). In recent years, however, GHI-CBP premiums have been comparable or higher than HIP-HMO premiums, leading to a structural deficit and a depletion of the fund balance. In FY 2024 and FY 2025 the money owed by HISF to the City for the equalization of health premia has not even been recorded in HISF's financials.

When compared to the FY 2026 Adopted Budget, annual health insurance projections were revised upwards by a net of \$79 million in FY 2026, \$94 million in FY 2027, \$166 million in FY 2028, and \$250 million in FY 2029. In addition to funds added for the HIP-HMO rate increase, the City added \$13 million in FY 2026, \$25 million in FY 2027, \$89 million in FY 2028, and \$166 million in FY 2029 for increased headcount. The increases were offset by a reduction of approximately \$53 million annually due to a realignment of health insurance funding for the DOE employees.

Employees' and retirees' pay-as-you-go health insurance costs in the November Plan are now estimated to be \$9.81 billion for FY 2026, \$10.20 billion in FY 2027, \$10.69 billion in FY 2028, and \$11.22 billion in FY 2029 (See Table 25). The projections reflect \$1.3 billion in annual savings from the 2014 Health Savings Agreement and \$600 million annually from the 2018 Health Savings Agreement. The outyear projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 4.90 percent in FY 2027, 6.25 percent in FY 2028 and 6 percent in FY 2029. Premium rates for senior care health insurance are projected to increase by 4.6 percent in FY 2027 and in FY 2028 and by 4.8 percent in FY 2029.¹⁶

Table 25. Projected Pay-As-You-Go Health Expenditures

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Department of Education	\$3,387	\$3,470	\$3,508	\$3,547
CUNY	163	176	179	186
All Other	6,258	6,558	7,005	7,489
PAYGO Health Insurance Costs	\$9,808	\$10,204	\$10,692	\$11,223

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

Note: All Other includes all active employees as well as retirees.

Pensions

The November Plan projects pension contributions of \$10.37 billion for FY 2026. Contributions are then expected to increase at an annual rate of 1.7 percent to \$10.86 billion by FY 2029, as shown in Table 26. When compared to the FY 2026 Adopted Budget, pension contributions estimates were lowered by \$449 million in FY 2027, \$363 million in FY 2028, and \$541 million in FY 2029.

¹⁶The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

Most of the reduction in FY 2027 is due to the removal of \$279 million of funds previously reserved to offset costs from any potential changes to actuarial assumptions. Pursuant to Chapter 96 of the New York City Charter, the Comptroller's Office has engaged Buck Global LLC to conduct two consecutive biennial independent actuarial audits of the pension systems. The company is currently working on the first engagement and is not expected to put forward any recommendations that may result in additional costs until after the completion of the second engagement in FY 2028.

The remainder of the FY 2027 reduction (\$170 million) and all the reductions in FY 2028 and FY 2029 represent the phasing in of additional investment earnings above the Actuarial Interest Rate Assumption of 7 percent.¹⁷ The pension investments experienced a combined investment gain of 10.3 percent on market value for FY 2025.

Table 26. Changes to City Pension Contributions

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Five Actuarial Systems	\$10,356	\$10,511	\$11,283	\$10,895
Other Systems & Reserves	123	570	590	618
Less: Intra City-Expense	(112)	(112)	(112)	(112)
Net Pension Expense Adopted Budget	10,367	10,969	11,761	11,401
FY 2025 Investment Gains above AIR	0	(170)	(365)	(547)
Reversal Actuarial Audit Reserve	0	(279)	0	0
Headcount Adjustments	0	0	2	6
Net Pension Expense November Plan	\$10,366	\$10,519	\$11,398	\$10,861

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

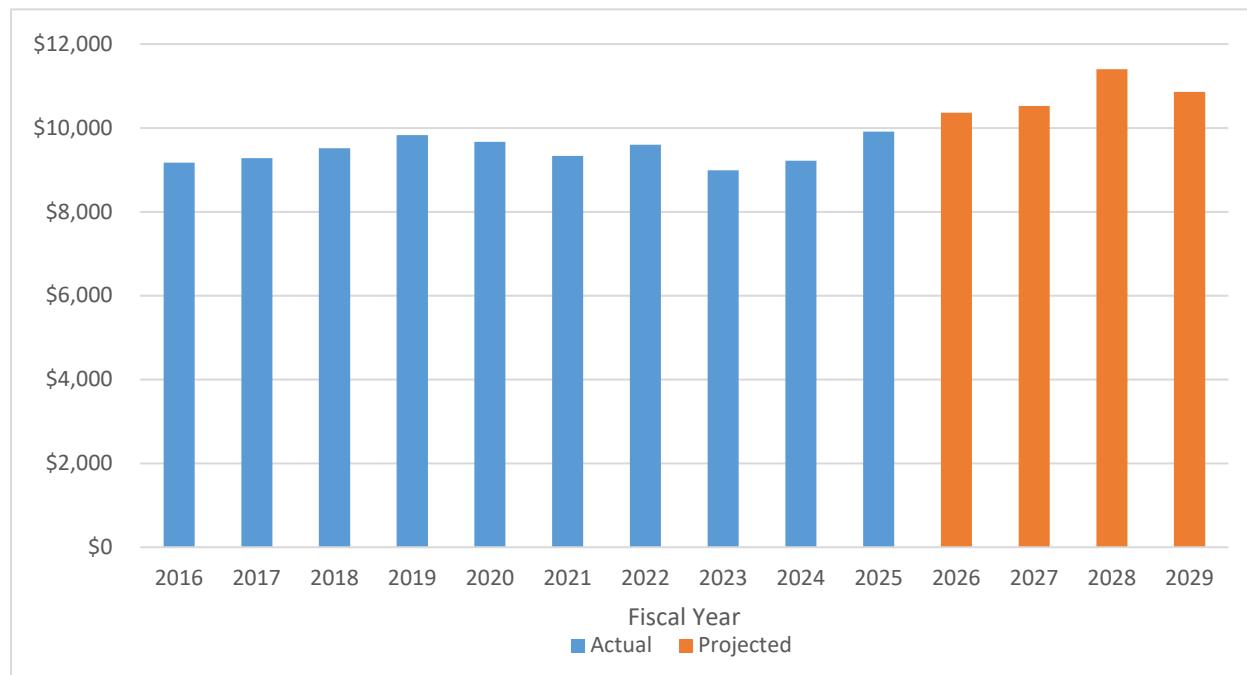
Note: Totals may not add due to rounding.

Pension investments have realized a 10-year annualized average return of 7.7 percent, exceeding the actuarial interest rate assumption target. However, after incorporating wage increases associated with labor contracts and the updating of underlying assumptions used in the calculations of pension expenditures such as mortality improvement tables, pension contributions increased to \$9.8 billion in FY 2019. (See Chart 14.) Revaluing the pension systems' assets to reflect the market value as of June 30, 2019 helped reverse that trend with pension

¹⁷ 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.

expenditures declining to \$9.0 billion by FY 2023.¹⁸ Since then pension contributions have been trending upwards, reflecting the impact of the FY 2022 investment loss of 8.65 percent. The recent three-year annualized average return of 9.4 percent mitigates this trend and will further contribute to reversing this trend by FY 2029.

Chart 14. City Pension Contributions FY 2016 – FY 2029, \$ in millions



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

Education and Child Care

The November Plan projects a \$35.01 billion budget for the DOE in the current year (excluding intra-city funds), reflecting a net increase of \$21 million since Adoption, as shown in Table 27.

Table 27. Department of Education Funding Detail- November 2025 Plan

\$ in millions	FY 2026	FY 2027	FY 2028	FY 2029
Total DOE Funding	\$35,010	\$35,412	\$36,153	\$36,556

¹⁸ Due to the phasing in of investment gains or losses above or below the ARIA, the value of the pension assets, referred to as the actuarial assets, used in determining the required employer contributions do not equal exactly to the market value of assets. The Chief Actuary may choose at a given point in time to revalue the actuarial value of pension assets to equal the market value of assets.

\$ in millions	FY 2026	FY 2027	FY 2028	FY 2029
City Funds	18,621	19,071	19,812	20,215
State Funds	14,160	14,154	14,154	14,154
Federal Funds	2,060	2,029	2,029	2,029
Other Categorical	170	159	159	159
November Plan Changes	21	(28)	(25)	(22)
Year-to-Year Changes		\$403	\$741	\$403

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

Note: Net of intra-city funds

Over the outyears, the DOE budget is expected to rise in FY 2027 to \$35.41 billion, reflecting a year-to-year increase of about \$403 million. City funds are projected to grow by \$451 million, while Federal and State support is expected to fall by a combined \$38 million. Over the remainder of the plan, funding for the department would reach \$36.15 billion in FY 2028 and \$36.56 billion in FY 2029, reflecting exclusively City funds growth of \$1.59 billion over four years.

DOE requires significant City funding over what is included in the November Plan, as shown in Table 28, totaling \$988 million in the current year, growing to \$1.76 billion in FY 2027 and reaching \$2.31 billion in FY 2029. Due to the minimal changes to the DOE budget in the November Plan, many areas of underfunding remain unaddressed from the June Financial Plan. The projected need for school custodial costs, fulfillment of the court order from L.V. v. NYC DOE ("LV Orders"), and the COVID-19 Learning to Work, Summer Rising, and technology fiscal cliffs remain the same as previously forecast by this Office in June, with no new additional funding added in the November Plan.

Table 28. Projected Education-Related Re-estimates in the November 2025 Financial Plan

\$ in millions (Negative numbers indicate risks to the Financial Plan and increase the gap)

	FY 2026	FY 2027	FY 2028	FY 2029
Charter School Leases	(\$51)	(\$55)	(\$13)	(\$31)
Class Size Mandate	0	(501)	(1,038)	(1,078)
COVID-19 Fiscal Cliff – Learning to Work	0	(31)	(31)	(31)
COVID-19 Fiscal Cliff – Technology	(80)	(80)	(80)	(80)
Due Process Cases	(558)	(488)	(488)	(488)

	FY 2026	FY 2027	FY 2028	FY 2029
Early Childhood Education, Extended Day/Year	(34)	(65)	(64)	(64)
Early Childhood Education, School Day/Year	(265)	(256)	(255)	(255)
LV Order	0	(52)	(52)	(52)
School Custodial Costs	0	(154)	(154)	(154)
COVID-19 Summer Rising	0	(80)	(80)	(80)
DOE Total	(\$988)	(\$1,762)	(\$2,255)	(\$2,314)
Promise NYC (ACS)*	\$0	(\$25)	(\$25)	(\$25)
Child Care Vouchers (ACS)*	(\$146)	(\$498)	(\$498)	(\$498)

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

Note: *Promise NYC and child care vouchers are included in this table as early childhood education programs, but sit in ACS's budget.

The DOE continues to underbudget for charter school leases. Actual charter school lease expenditures increased by \$36 million in FY 2023, \$45 million in FY 2024, and \$46 million in FY 2025. Based on this trend, this Office anticipates that the cost of charter leases will continue to grow at a similar rate of \$45 million per year. The November Plan budgets only \$180 million in FY 2026, \$194 million in FY 2027, and \$254 million in FY 2028 and FY 2029 despite actual expenditures of \$301 million in FY 2025. Considering the expected growth in these lease costs, charter school leases remain underfunded by \$51 million in FY 2026, \$55 million in FY 2027, \$13 million in FY 2028, and \$31 million in FY 2029.

The Comptroller's Office's estimate of additional funding needed for Due Process cases (formerly referred to as Carter Cases) has increased since this Office's June report. As of the June Plan, due process expenditures for FY 2025 were projected to be \$1.34 billion. Actual year-end expenditures were about \$200 million lower, at \$1.13 billion. This was due to a change in the accounting treatment that moved the accrual from the year in which educational services were provided to the time of the court order. The new treatment is akin to that of the City's other judgments and claims. The DOE, Office of the Comptroller, and auditors are finalizing the DOE financial statement and appropriate disclosure.

The FY 2025 expenses were, therefore, artificially lower due to this one-time adjustment, with unaccrued costs shifted forward in time. As a point of reference, the expense accrual to FY 2024 was \$371 million, while the expense accrual to FY 2025 was \$12 million. Spending that would have accrued to FY 2025 under the previous accounting treatment will now hit FY 2026, requiring additional budget authority. Based on current year spending trends, the Comptroller's Office estimates FY 2026 expenses will be closer to \$1.49 billion and remain flat, compared to November

Financial Plan levels of \$935 million in FY 2026 and \$1.00 billion in FY 2027 and the outyears. The projected funding shortfall now totals \$558 million in FY 2026 and \$488 million in the outyears.

Class Size Mandate

The November Plan does not include any new funding for implementation of the State's class size reduction mandate. The class size reduction mandate requires all New York City schools to phase in smaller class size caps by the 2027-2028 school year, with targets of 60 percent compliance by September 2025 and 80 percent compliance by September 2026. The [DOE reports on each class's](#) compliance with the mandate three times a year, in November, June, and February.

The cost of meeting the class size mandate in full by September 2027 exceeds the amount of money in the DOE's budget for that purpose. In the May 2025 Plan and the June 2025 Plan combined, the City added \$411 million to fund the hiring of 3,704 new teachers and 105 assistant principals to comply with the State class size mandate target for FY 2026. In FY 2027 through FY 2029, a total of \$441 million was added per year (\$241 million in State funding and \$200 million in City funding) to support these positions.

The DOE successfully hired 7,443 teachers between June 30th and October 31st, 2025, although the school year began with only 3,484 teachers above June 2025 levels due to the attrition of 3,850 teachers. Despite not having fully hired the 3,704 additional teachers, DOE is currently in compliance with the 60 percent target for school year 2025-2026. However, DOE's current compliance rate (around 64 percent by DOE's estimation and around 63 percent by this Office's analysis) does not account for 10,535 classes that have received temporary exemptions to the law due to overcrowding or capital need for space increases. Including those classes, systemwide compliance hovers around 59 percent, slightly below the requirement for FY 2026.

To reach City-wide compliance, the DOE would need funding for 9,237 additional teachers before the 2027-2028 school year. The Comptroller's Office estimates this will cost the City an additional \$501 million in FY 2027 to hire up to 80 percent compliance by September 2026, and an additional \$537 million in FY 2028, for a total of \$1.04 billion for full implementation by the beginning of the 2027-2028 school year. These figures are low estimates using the United Federation of Teachers' (UFTs') minimum pay scales for entry-level teachers. Including incremental salary increases for those 9,237 teachers hired in FY 2027 and FY 2028, the full cost of implementation would rise to \$1.08 billion in FY 2029.

These estimates only include the cost of hiring the teachers necessary to reach 100 percent compliance with the class size mandate. Many schools grapple with a lack of space for additional classrooms. In the [Class Size Financial Impact Statement](#) released on November 15, 2025, the DOE provides an update that the School Construction Authority (SCA) now projects capital costs of \$18 billion dollars to undertake the construction that would be necessary to meet the class size mandate. This projection includes costs for room conversions in existing classrooms, building additions or annexes, and building entirely new schools when necessary. This \$18 billion projection eclipses the \$6.1 billion currently funded for class size construction in the SCA capital plan.

Early Childhood Education

All three- and four-year-olds living in the five boroughs of New York City are eligible for universal and free early childhood education during the school day and year (6 hours and 20 minutes per day, 180 days per year). These services are referred to as “Pre-K for All” for four-year-old students and “3-K for All” for three-year-old students, and together as “School Day/Year” (SDY) programming. The programs are run out of both traditional DOE school buildings and contracted early childhood centers around the City.

Children aged six weeks to four years who meet certain income criteria are eligible for other low-cost or free early childhood education programs that last 10 hours per day and provide services year long. These programs, formerly managed by ACS where they were known as EarlyLearn, are now managed by the DOE and referred to as Extended Day/Year (EDY) programming. These include CCBG funded seats and Head Start Federally funded seats, although the Head Start programming will sunset following this school year. These programs are contracted with early childhood centers or family home-based childcares and are not run out of DOE buildings. Early childhood centers can contract with the DOE for both income-eligible EDY children and non-eligible SDY children and can include children of both income groups in each classroom; so, despite having different funding sources, eligibility requirements, and budget codes, SDY and EDY services are frequently intertwined. ACS also provides childcare vouchers to income-eligible families, as described in the Child Care Voucher section below.

Table 29. DOE Early Childhood Enrollment by Program Type

Program Type	FY 2023	FY 2024	FY 2025
School Day/Year (<i>Pre-K/3-K</i>)	81,268	92,244	89,458
Extended Day/Year (<i>FKA EarlyLearn</i>)	13,341	17,320	13,933
Head Start	3,785	4,084	3,900
Subtotal DOE Enrollment	98,394	113,648	107,291

Source: 2025 Mayor's Management Report

The November Plan includes \$1.67 billion for School Day/Year (3-K and Pre-K) costs collectively in FY 2026, a net \$42 million decline from the June Plan's \$1.72 billion in those budget codes. The decline since June is driven by a revenue adjustment of \$23 million for 3-K services and a \$19 million realignment of preschool special education staffing costs out of the SDY budget codes.¹⁹

¹⁹ The \$172 billion does not include the \$20 million in Pre-K special education fringe costs that we included in June. For consistency's sake only are compared in 407 and 408 in each plan.

The November Plan also includes \$519 million for Extended Day/Year (EDY) early childhood education programming for FY 2026. This includes both funding for EDY contracted services (\$474 million) and lease payments the DOE makes for facilities which are occupied by EDY programs (\$45 million). This \$519 million is a decrease of \$20 million from the June Plan, driven in large part by the DOE's loss of the federal Head Start grant. While the DOE has guaranteed all existing City-contracted Head Start programs will maintain their funding for the current school year, the funding will not be available for continued Head Start services for future school years. In the November Plan, Federal funding for Extended Day/Year services declines by \$44 million in FY 2026 and \$71 million in FY 2027 and out as a reflection of the Head Start grant loss, offset by \$23 million of City funding for FY 2026 only to maintain the seats for this year. The Federal government has awarded additional Head Start funding directly to nonprofit service providers, which compensates for some of the lost NYC DOE Head Start slots going forward.

The baseline levels budgeted for DOE's Early Childhood Education (ECE) programs remain below FY 2025 actual spending of \$1.94 billion for SDY services and \$597 million for EDY services, as shown in Table 30. SDY services combined are budgeted to total \$1.67 billion in FY 2026 and \$1.68 billion in FY 2027 and out. This results in a shortfall of \$265 million in FY 2026 and about \$256 million per outyear of the plan for SDY programming compared to actual FY 2025 costs. EDY services combined are budgeted to total \$519 million in FY 2026, \$462 million in FY 2027, and \$463 million in FY 2028 and out. Even accounting for the sunsetting of Head Start services, this results in an EDY shortfall of \$34 million in FY 2026, \$65 million in FY 2027, and \$64 million in FY 2028 and FY 2029.

Table 30. Early Childhood Education Shortfall Detail, November 2025 Plan, \$ in Millions

Program	Actual FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028	Budget FY 2029
Total SDY Budget	\$1,938	\$1,673	\$1,682	\$1,683	\$1,683
SDY Additional Funding Need		265	256	255	255
Total EDY Budget	597	519	462	463	463
EDY Shortfall from FY 25 Actuals		78	136	135	135
Offset Head Start Program		44	71	71	71
EDY Additional Funding Need		34	65	64	64
Total ECE Funds Needed		\$299	\$321	\$319	\$319

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

Note: SDY spending is defined as total expenditures included in DOE unit of appropriations (U/As) 407 and 408. EDY spending is total expenditures in DOE U/As 409 and 410, plus EarlyLearn Leases in U/A 444, Budget Code 1447.

The Comptroller's Office also identifies \$25 million needed to extend Promise NYC beyond FY 2026. Promise NYC is the City's childcare program for immigrant children under three who are not eligible for other publicly supported programs (see more details on those programs below). It is City-funded and administered by ACS. While the May 2025 Plan added funding in FY 2026, nothing was added in FY 2027 through FY 2029, and that did not change in the November Plan.

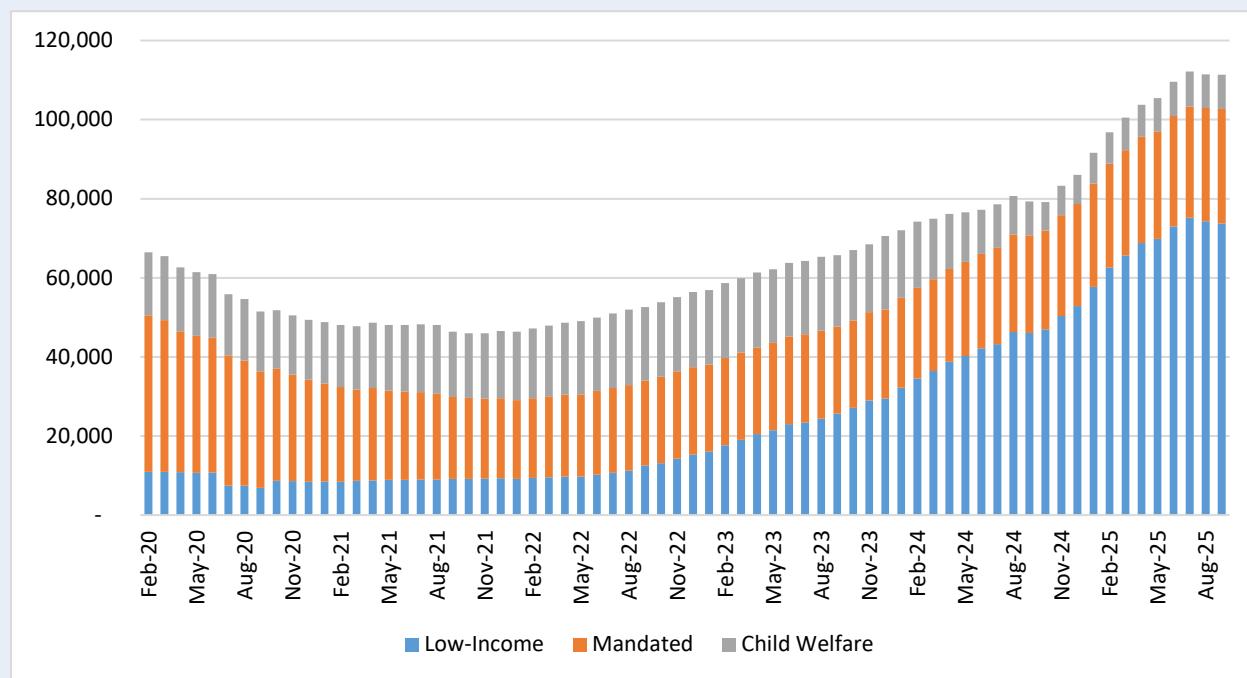
Child Care Vouchers

Vouchers are one of the City's primary mechanisms for subsidizing child care, accounting for well over a billion dollars of annual spending. Families can use vouchers in child care centers or family-based care (typically run out of a provider's home) licensed by the State, for after school programs, or to pay approved relatives, neighbors, or other individuals. There are three types of vouchers: vouchers for families receiving cash assistance (which the City is mandated to provide), child welfare vouchers for families receiving preventive or protective services (child welfare vouchers), and vouchers for families below certain income thresholds established by the State and who meet other eligibility requirements, particularly related to work activities and immigration status (low-income vouchers). Vouchers can generally be used for children from birth to 13 years old. The voucher program is administered by ACS in coordination with DSS for families receiving cash assistance.

Funding comes from a combination of Federal, State, and City sources. The largest single source is the CCBG, primarily made up of the federal Child Care and Development Block Grant and supplemented with State funding each year, and administered by the State Office of Children and Family Services. Because CCBG allocations depend on Federal and State appropriations, eligibility is dictated by Federal and State policies, and voucher availability is dictated by federal and state funding levels.

Prior to COVID-19, roughly 65,000 City-issued child care vouchers were in use, nearly two-thirds by families receiving cash assistance (mandated vouchers). During the COVID-19 pandemic, the use of child care vouchers dropped significantly, to a low of 46,000 in October 2021 and did not recover until 2023. As depicted in Chart 15, overall voucher use has grown nearly continuously since February 2022, but with a markedly different composition: through the end of FY 2025 mandated vouchers increased 39 percent while low-income vouchers have grown 674 percent. Several factors led to this steep recovery and shift: reduced family co-pays beginning in 2022 and expanded income eligibility in 2023 for low-income vouchers and the pause and then resumption of cash assistance work requirements after COVID-19. In addition, the higher State-approved voucher rates implemented in 2024 increased the cost of voucher provision.

Chart 15. Average Monthly Child Care Vouchers by Type (February 2020 to 2025 YTD)



Source: New York City Mayor's Management Report, ACS Flash Indicators (data through end of September 2025)

With the rapid growth of low-income voucher utilization and the resumption in the need for mandated vouchers along with higher per-voucher costs, the City spent \$1.51 billion in FY 2025

and ended the year with monthly utilization nearly 43 percent higher than the prior year. The City requested additional funding as part of the State's FY 2026 budget negotiations to sustain these levels. The State responded by raising the City's maintenance of effort [to \\$328 million](#) and added a one-time \$350 million State funding boost; however, this support is insufficient to meet full demand. Given limited resources, the City began a [waitlist](#) for low-income applicants. As of October, the list included 10,000 families, with no estimated timeline for voucher availability. In recent months (data through the end of September), the actual number of low-income vouchers in use has begun to decline by less than 1 percent per month.

Child Care Voucher Funding and Need

FY 2026

In the June 2025 Financial Plan, the City included \$775 million in child care voucher funding for FY 2026, across Federal, State, and City sources, including City funds of \$380 million (above the maintenance of effort level required by the State). The November 2025 Plan added \$438 million in CCBG funds, bringing recognized funding to \$1.21 billion across sources.

The Comptroller's Office anticipates an additional \$567 million in voucher funding not yet reflected in the Plan, including:

- \$154 million in CCBG to align with the allocation in the [State Office of Children and Family Service's Local Commissioner Memorandum](#);
- the one-time \$350 million State funding addition, as included in the State FY 2026 Enacted Budget; and
- \$62.8 million in State child welfare funding, consistent with prior year levels.

This would bring total expected FY 2026 funding to \$1.78 billion.

The Comptroller's Office estimates FY 2026 expenses of \$1.93 billion, driven by the increasing number of mandated vouchers for families on public assistance and the elevated number of low-income vouchers, which remain high relative to last year despite the waitlist.¹ The Comptroller's Office estimates that overall the City will average nearly 111,000 vouchers for the current fiscal year, a 21.3 percent increase over FY 2025, resulting in a \$146 million shortfall.

Table 31. Child Care Voucher Funding and Estimated Shortfall, FY 2026

(\$ in millions)	FY 2026 (as of June 2025 Plan)	November Plan Additions	FY 2026 (as of November Plan)	Anticipated Additions	Total Anticipated Funding
CCBG*	\$380	\$438	\$818	\$154	\$972
City Tax Levy	381	0	381	0	381
State Child Welfare	13	0	13	63	76

(\$ in millions)	FY 2026 (as of June 2025 Plan)	November Plan Additions	FY 2026 (as of November Plan)	Anticipated Additions	Total Anticipated Funding
One-time State Boost	0	0	0	350	350
Total	\$650	\$438	\$1,212	\$567	\$1,779
Comptroller's Estimated FY 2026 Cost					\$1,925
Shortfall					(\$146)

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

Note: *Includes only the portion of CCBG funding allocated to child care vouchers; approximately \$7 million goes to administration and an additional \$126 million is budgeted for DOE, as described below.

FY 2027 and Out

The outyears of the November Plan include just \$772 million (\$380 million in CCBG, \$379 million in City, and \$12.9 million in State funds) annually for child care vouchers in FY 2027 and out. The Comptroller's Office estimates that the City will continue to require approximately \$1.93 billion per year in child care voucher funding, given current utilization levels and potential future increases in State-approved market rates. While voucher demand may moderate due to the City's recent expansion of universal afterschool and the incoming Administration's commitment to universal child care, the effects of these developments remain uncertain.

Assuming that CCBG and State child welfare funding remain at anticipated FY 2026 levels (\$972 million and \$75.7 million, respectively), the outyears of the financial plan would still require \$350 million to replace the one-time State funding provided in the State FY 2026 budget, and an additional \$148 million to maintain current voucher levels, for a total city-funded shortfall of \$498 million.

DOE and CCBG revenue

Each year, a portion of the City's CCBG allocation is assigned to the DOE to support extended day/year programs at DOE-contracted sites. This revenue flows through ACS as part of the City's overall CCBG allocation but is on top of the funding that is used by the City to fund ACS's child care voucher program. In recent years, DOE CCBG revenue has totaled \$140 million per year; the November plan includes \$126 million for FY 2026 and \$125 million annually in FY 2027 and out.

City Services for People Seeking Asylum

More than 240,400 asylum seekers have passed through the City's intake system as of November 23, 2025, with 31,700 currently in shelter. The population in City-managed facilities peaked in January 2024 at approximately 69,000 individuals. Since then, the in-shelter census has declined by 54 percent. The decline was fastest in early 2025 but has since slowed from weekly reductions of 1.3 percent of the shelter census to 0.6 percent in October 2025. Even at this slower rate, the census is expected to continue decreasing.

Budget Impacts and Funding Included in the 2025 November Plan

Budgeted amounts for asylum-seeker services in the Financial Plan have stabilized following sharp increases and decreases over the past two years that mirrored census trends at the time. The 2026 Adopted Budget and June 2025 Financial Plan allocated \$1.3 billion in FY 2026, \$1.2 billion in FY 2027, and \$500 million in each of FY 2028 and FY 2029 to support shelter, rent, supplies, services, administrative, food, and medical costs for asylum seekers. The November Plan added \$106 million to FY 2026 only, \$104 million of which was State funding – bringing that year's total to \$1.4 billion – with no changes to the outyears. OMB added funding to the current fiscal year because although the census has continued to decline since the Adopted Budget, the pace has been slower than anticipated.

Table 32. Budgeted Amounts by Financial Plan (All Funds), Including FY 2023 — FY 2025 Actuals

Plan	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Adopted June 2023	\$1,454	\$2,905	\$1,003	\$0	N/A	N/A	N/A	\$5,362
November 2023	1,474	4,720	6,102	2,000	1,000	N/A	N/A	15,296
January 2024	1,474	4,219	4,873	2,500	1,500	N/A	N/A	14,566
April 2024	1,474	3,762	4,748	4,000	3,000	N/A	N/A	16,985
Adopted June 2024	1,474	3,791	4,748	4,000	3,000	850	850	17,863
November 2024	1,474	3,752	4,373	4,000	3,000	850	850	17,449
January 2025	1,474	3,752	3,283	2,661	2,601	851	851	15,471
April 2025	1,474	3,752	3,192	1,450	1,200	500	500	12,068
Adopted June 2025	1,474	3,752	3,089	1,303	1,200	500	500	11,817
November 2025	\$1,474	\$3,752	\$3,020	\$1,409	\$1,200	\$500	\$500	\$11,854

Source: Mayor's Office of Management and Budget.

Note: (1) italicized figures represent actual spending; all others are budgeted amounts (2) N/A cells show that the budget for that Fiscal Year was not yet established.

FUNDING SOURCES

CITY FUNDS

City funds allocated for asylum seeker costs total \$1.16 billion in FY 2026 and more than \$3.36 billion over the November Plan. Compared with the June Plan, the City-funded portion of the budget increased by \$1.7 million, entirely in FY 2026. City funds make up all asylum seeker funding after FY 2026: a total of \$2.2 billion from FY 2027 through FY 2029. FY 2028 and FY 2029 amounts are currently placeholder values of \$500 million each.

STATE AID

The New York State Enacted Budget, signed by Governor Hochul on May 9, 2025, did not include additional State aid to support the City's asylum seeker spending. The State Mid-Year Financial Plan Update, released in October 2025, also did not include changes. The City's November Plan, however, added \$104 million in FY 2026 State funding, bringing the state-funded total to \$207.5 million for the fiscal year. The additional FY 2026 funding comes from a takedown of \$196 million in FY 2023 State asylum seeker funds during the FY 2025 year-end close.

The City reflects an estimated \$3.22 billion in State asylum-seeker funding in its plan across all years of the asylum seeker response in New York City. The NY State Office of Temporary and Disability Assistance (OTDA) requires the City to submit claims for approximately two-thirds of the overall amount of State funding. The remaining third supports other parts of the City's budget requiring claims for specific State supported areas, including the asylum sites at Creedmoor, Randall's Island, Floyd Bennett Field; case management, legal services, and some resettlement programs.

As of early December 2025, the City has received nearly \$2.15 billion in State funding for asylum seekers, including advances.

FEDERAL AID

The November Plan includes approximately \$37.4 million of Federal funding in FY 2026, the only remaining Federal funding for asylum seekers in the Plan (unchanged from the FY 2026 Adopted Budget).

OMB anticipates a total of \$238.2 million in Federal aid (lower than the budgeted amount of \$245 million due to a technical issue) for services provided in prior fiscal years and through FY 2026. Of this, \$237.3 million is from FEMA, discussed below, while the remaining \$0.7 million is funded by the Centers for Disease Control (CDC) and used for tuberculosis prevention and immunizations.

FEMA has awarded funding to NYC through two programs: \$49.0 million in Emergency Food and Shelter Program (EFSP) awards, all budgeted in City FY 2024; and \$188.4 million in Shelter and Services Program (SSP) funding, budgeted across three City fiscal years: \$70.6 million in FY 2024, \$87.8 million in FY 2025, and \$30.4 million in FY 2026. These grants support the provision by non-Federal entities of shelter and related activities for non-citizen migrants following their release from Department of Homeland Security custody.^{20 21}

Prior to February 4, 2025, the City had received \$120 million in FEMA funding across all years (\$70.6 million for SSP, and \$49.0 million for EFSP). On February 4, 2025, FEMA paid the City \$80.5 million in Federal FY 2024 SSP grant awards—\$58.5 million for SSP-A (Allocated) grants and \$21.9 million for an SSP-C (Competitive) grant reward in response to City claims for eligible expenses. Shortly after, the FEMA employees involved in the payment were dismissed and the

²⁰ <https://www.fema.gov/grants/shelter-services-program>

²¹ <https://www.fema.gov/grants/emergency-food-and-shelter-program>

Federal government reversed the deposit.²² Subsequently, the City received notice that all SSP awards are under review — that paid funds may be revoked, and pending awards may remain unpaid. The City is currently challenging these actions through litigation. Given these uncertainties, the Comptroller's Office considers the FY 2025 and FY 2026 amounts totaling \$125.2 million (the \$87.8 million accrued and \$37.4 million budgeted in this fiscal year) as a budget risk and will continue to monitor both future payments and potential clawbacks.²³

Table 33. Funding for Asylum Seekers as of the November 2025 Financial Plan (including FY 2023, FY 2024 and FY 2025 Actuals)

(\$ in millions)	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026	FY 2027	FY 2028	FY 2029	Total
City	\$1,232	\$2,323	\$1,477	\$1,412	\$1,200	\$500	\$500	\$8,643
State	245	1,310	1,455	208	0	0	0	\$3,215
Federal	-	120	87.8	37.4	0	0	0	\$244
Total	\$1,474	\$3,752	\$3,020	\$1,657	\$1,200	\$500	\$500	\$12,103

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

AGENCY BUDGETS

All asylum seekers in City shelters are in sites managed by the Department of Homeless Services (DHS), H+H, and HPD – 88 percent of all FY 2026 asylum seeker funding is allocated in these agencies.²⁴ DHS has effectively become the lead agency for asylum seeker response: as of November 23, 2025, 87 percent of asylum seekers are in DHS managed facilities.

The November Plan's net increase of \$106 million included an increase of \$100 million for DHS, \$2.9 million to the Department of Citywide Administrative Services (DCAS), \$1.9 million to DOT, \$1.7 million to DYCD, and two small changes to DOHMH and ACS. The only reduction was less than \$1 million to DSS.

Notably, there were no changes to the second and third largest shelter providers, HPD and H+H, nor any changes to outyear funding. Essentially all outyear funding is allocated to DHS.

²² <https://www.nytimes.com/2025/02/11/nyregion/fema-fired-nyc-migrant-hotels.html>

²³ OMB included a receivable of \$87.8 million in the FY 2025 close. The Comptroller's Office expects the FY 2026 budget will be reduced by \$7 million in a future plan to maintain an overall Federal funding level of \$238.2 million..

²⁴ The remaining 18 percent of funding is for legal, health, oversight, and other support services.

Table 34. Asylum Seeker Budget by Agency: Actuals through FY 2025, FY 2026 and out as of the November 2025 Financial Plan (\$ in millions)

Agency	Final FY 2023	Final FY 2024	Final FY 2025	FY 2026 Nov	FY 2027 Nov	FY 2028 Nov	FY 2029 Nov
Actuals				Budget			
DHS	\$764	\$1,194	\$1,302	\$1,040	\$1,198	\$498	\$498
H+H	469	1,525	874	76	-	-	-
DCAS	38	294	317	77	-	-	-
HPD	33	413	292	128	1	1	1
OTI	31	93	78	50	-	-	-
NYCEM	89	111	43	7	-	-	-
All Other	48	121	113	29	1	1	1
Total	\$1,474	\$3,752	\$3,020	\$1,409	\$1,200	\$500	\$500

Source: Mayor's Office of Management and Budget

YEAR-TO-DATE ACTUAL EXPENDITURES

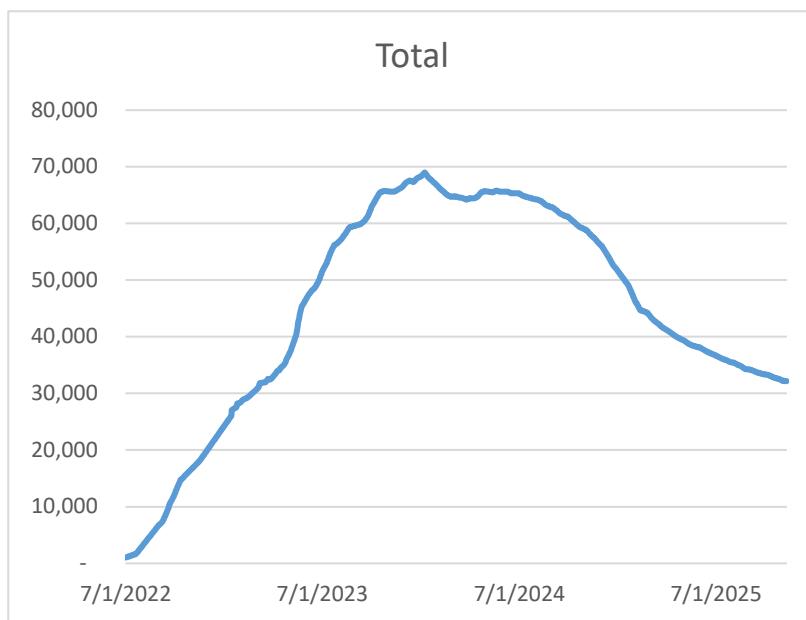
Through the first four months of FY 2026, the City has committed \$1 billion of funding for services to asylum seekers, of which \$605 million has been liquidated (cash outlays). Average FY 2026 monthly liquidations through October 2025 are \$151.1 million. Compared with the same period in FY 2025, the City has committed nearly \$1.2 billion less and liquidated \$573 million less in FY 2026.

In total, from July 1, 2022, through October 30, 2025, the City has liquidated \$7.7 billion in funding. In addition, \$448.3 million in expenses in FY 2023, FY 2024, and FY 2025 have been accrued but not yet liquidated.

Population: Trends and Projections

The Comptroller's Office uses historical data received from City Hall to develop asylum seeker projections. Chart 16 below shows the number of asylum seekers in the City's emergency shelters from the start of FY 2023 (July 1, 2022) through November 12, 2025. The census increased rapidly through 2023, fell steadily in the second half of 2024 and early 2025, and has since decreased at a slowing rate. Accordingly, the City has been closing shelter sites: the number of shelters serving this population has decreased from 213 in late July 2024 to 159 by October 31, 2025. DHS has continued to manage the majority of shelters, with an estimated 156 sites as of October 31, 2025. The three remaining non-DHS sites include The Row, which houses families with children and is expected to close by April 2026, and the Bruckner and Jefferson sites, which serve single adults and will remain open for the time being.

Chart 16. Individuals in Emergency Shelters



Source: New York City Mayor's Office

Border encounters have fallen sharply since the start of the Trump Administration, declining to an average of 10,825 per month from February through October 2025, compared to 142,206 per month over the same period in 2024. Crossings have slowed for several reasons, including Federal policies limiting Temporary Protective Status (TPS), in particular stripping TPS from Venezuelans who received protection under the Biden Administration, increased Immigration and Customs Enforcement (ICE) arrest quotas, the reinstatement

of the Remain in Mexico policy, the implementation of self-deportation stipends, and the late-November 2025 pause on all asylum decisions.^{25 26 27 28 29 30} Consequently, the number of newly arriving asylum seekers entering New York City shelters has also decreased significantly, from an average of 2,720 per month over the six months preceding the Administration (August 2024 – January 2025) to 530 per month since President Trump took office.

²⁵ <https://immigrationpolicy.org/policies/dhs-vacates-temporary-protected-status-tps-for-venezuela/>

²⁶ <https://immigrationpolicy.org/policies/report-ice-directed-to-increase-arrests-to-meet-daily-quotas/>

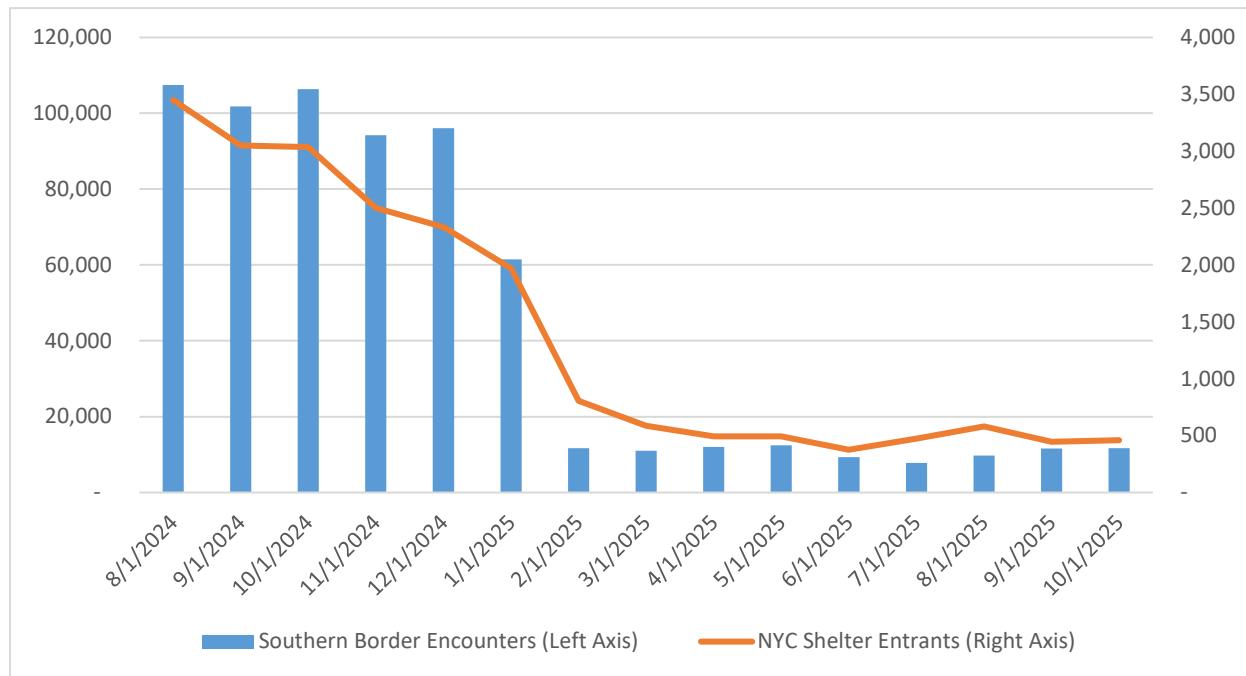
²⁷ <https://www.dhs.gov/news/2025/01/21/dhs-reinstates-migrant-protection-protocols>

²⁸ <https://immigrationpolicy.org/policies/dhs-announces-travel-assistance-and-stipend-for-voluntary-self-deportation/>

²⁹ <https://www.reuters.com/world/us/us-supreme-court-lets-trump-end-deportation-protection-venezuelans-2025-05-19/>

³⁰ <https://www.nytimes.com/2025/11/28/us/politics/trump-affirmative-asylum.html>

Chart 17. Border Encounters and NYC Emergency Shelter Entrances



Source: U.S. Customs and Border Patrol, New York City Mayor's Office

Updated Projections

In November, OMB updated its asylum seeker projection, estimating that the number of households in shelter will decline to 9,862 by the end of FY 2026.

The Comptroller's Office has also updated its projections and refined its methodology to reflect recent trends, modeling future entrance and exit rates separately for two household types: single adults/adult families and families with children. The Comptroller's Office relies on actual census trends from September and October 2025 to project activity moving forward.

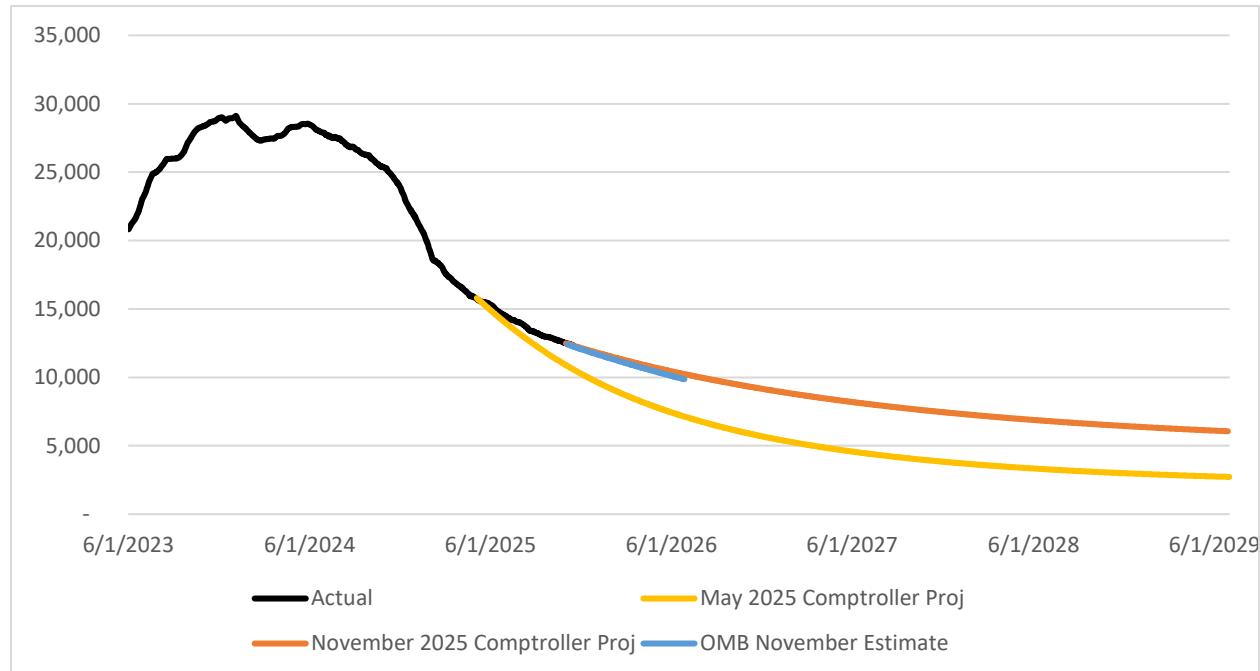
The Comptroller's Office projects entries for families with children will continue at 11.6 individuals (3.35 households) per day over the Financial Plan period. Single adult and adult family entries combined will remain at 3.3 individuals (3 households) per day. These projections are based on the share of national border crossings that enter New York City shelters.

The Comptroller's Office projection also assumes that the daily exit rates for families with children (0.11 percent of the in-shelter population) and single adults/adult families (0.20 percent of the in-shelter population) observed from September 1 through October 31 will continue throughout the forecast horizon. Because single adults and adult families have higher household exit rates than families with children, they are expected to account for a proportionately larger share of total exits.

Under this projection, the household population is expected to decrease by 11 households per day in November 2025, slowing to fewer than eight per day by the end of FY 2026. As the in-

shelter population declines, the absolute number of households exiting shelter will also diminish over time. Compared to the Office's prior projection, the November projection shows a slower decline through FY 2026, driven largely by the lower actual exit rate for families with children (0.11 percent) than this Office projected in April (0.18 percent). Chart 18 summarizes the new projection through the end of FY 2029. With Federal policy likely to remain highly restrictive and antagonistic to immigrants, these projections remain subject to considerable uncertainty.

Chart 18. Updated Projection of Asylum Seeker Shelter Census, OMB November 2025 Projection and November 2025 Comptroller Projection (Households)



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

Per Diem Costs

The total amount spent on housing and related service — including start-up and tear-down services to make facilities legally habitable, supplies, IT costs, medical care, food, security, and transportation — divided by the number of shelter nights provided over the same period yields the cumulative daily cost per household (the “per diem”). According to the asylum seeker report to the City Council, the cumulative per diem from July 1, 2022, through September 2025 is \$371.³¹

The Comptroller’s Office uses actual spending and the in-shelter census to calculate prior-year per diems, and projects per diems for current Financial Plan of \$336 for FY 2026 (compared with OMB estimates of \$326), and \$315 for FY 2027, FY 2028, and FY 2029. The Office estimates

³¹ [Asylum-Seekers-Report-October-2025-1.pdf](#)

\$315 as the floor for the daily rate for emergency shelter provision as the City transitions fully to DHS-managed emergency shelters. A reduction in the per diem is plausible because of the closure of the more expensive non-DHS sites. H+H and HPD sites generally operated under short-term, for-profit vendor contracts with high costs for security and housing, while DHS sites are primarily operated by nonprofits and offer lower-cost options for the remaining asylum seeker population.

Comptroller's Estimate Against the City's Financial Plan

When compared with OMB, the Comptroller's Office's similar population projections combined with higher per diem projections result in a higher total asylum seeker services estimate in the current year. The Comptroller's Office estimates a total cost of \$1.47 billion in FY 2026, declining to \$737 million by FY 2029. The Comptroller's estimate is \$61 million more than OMB's current FY 2026 budget, lower in FY 2027 by \$159 million, and then higher again in FY 2028 and FY 2029 by \$352 million and \$237 million, respectively.

Table 35. Comparison of Comptroller's Estimate Against the November 2025 Financial Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
OMB	\$1,409	\$1,200	\$500	\$500
Comptroller	1,470	1,041	852	737
Difference (OMB - Comptroller)	(\$61)	\$159	(\$352)	(\$237)

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

Table 36 presents the difference between the Comptroller's Office's estimates and OMB's by funding source. As noted previously, the Comptroller's Office assumes FY 2026 FEMA aid is at risk, increasing the need for City funding by \$125 million, from \$37.4 million in FY 2026, and \$87.8 million that was accrued in FY 2025, on top of increased projected expenses. The Comptroller's Office assumes State funding for FY 2026 will be consistent with the State's budgeted commitments. Since no Federal or State funding remains in the City's plan for the outyears, the City will bear the full cost of expenses in those years.

Table 36. Comptroller's Expenditure Difference By Funding Source

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Total	(\$61)	\$159	(\$352)	(\$237)
State	0	0	0	0
Federal	(125)	0	0	0
City	\$186	(\$159)	\$352	\$237

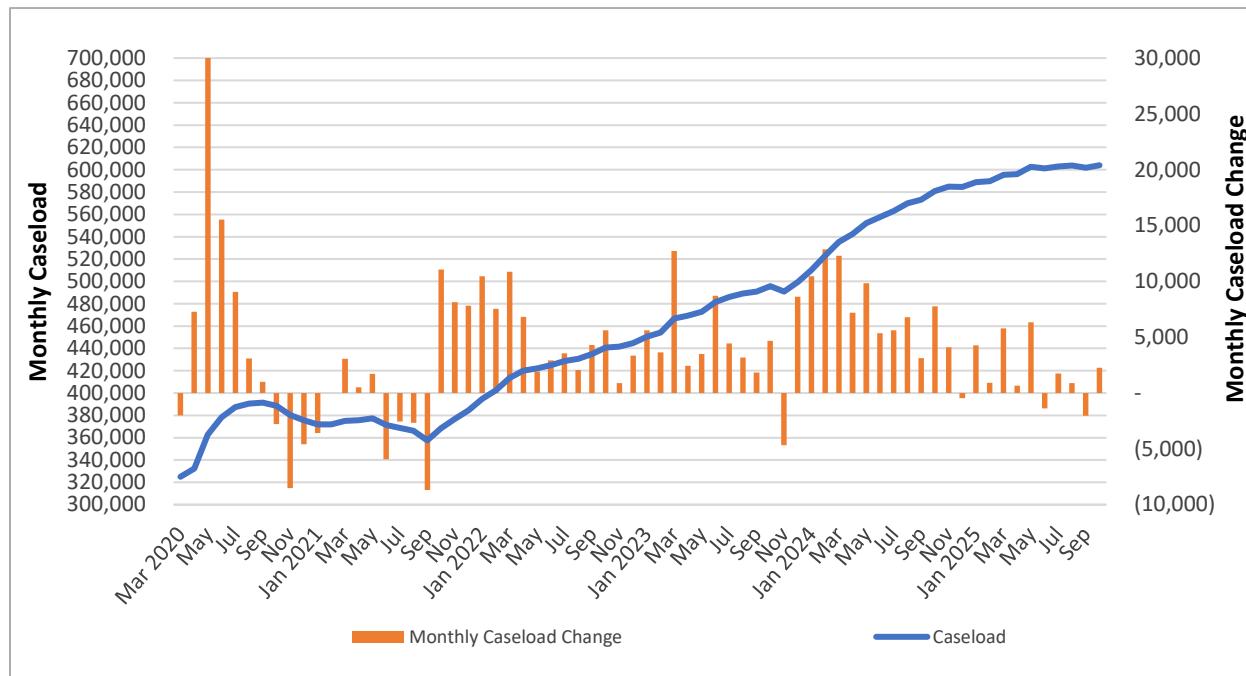
Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

Public Assistance

The City's public assistance caseload totals 604,016 recipients as of October 2025, a 75 percent increase from January 2019, when there were fewer than 345,000 recipients. The sharp rise began in September 2021 with the end of the Federal Pandemic Unemployment Compensation program. Caseload growth moderated in FY 2025 and continues to slow in FY 2026. The caseload grew by 43,570 individuals in FY 2025, down from 76,090 in FY 2024. So far in FY 2026, the caseload has increased by only 2,880, or less than 0.5 percent. This minimal growth in the first four months significantly deviates from recent years, when caseload grew by 2.9 percent during the same period in FY 2024 and 4.2 percent in FY 2025. As of April 28, 2025, public assistance recipients must again meet work requirements, which were reinstated after a five-year hiatus due to the pandemic. According to the Human Resources Administration (HRA), recipients risked losing benefits for noncompliance starting in late summer 2025.

While the monthly growth rate has slowed, applications are still increasing. Monthly applications have steadily increased since 2022, averaging 31,200 in FY 2022, 40,800 in FY 2023, 46,400 in FY 2024, 47,300 in FY 2025, and 48,400 through three months of FY 2026. Application volume has seasonal patterns, often increasing in the summer, and the first three months of FY 2025 had applications of more than 49,500. The average monthly acceptance rate for the first two months of FY 2026 was 38.1 percent, generally consistent with historical rates. The rate peaked at 44.2 percent in FY 2022 before declining to 40.9 percent in FY 2023, 35.5 percent in FY 2024, and rebounding to 37.6 percent in FY 2025.

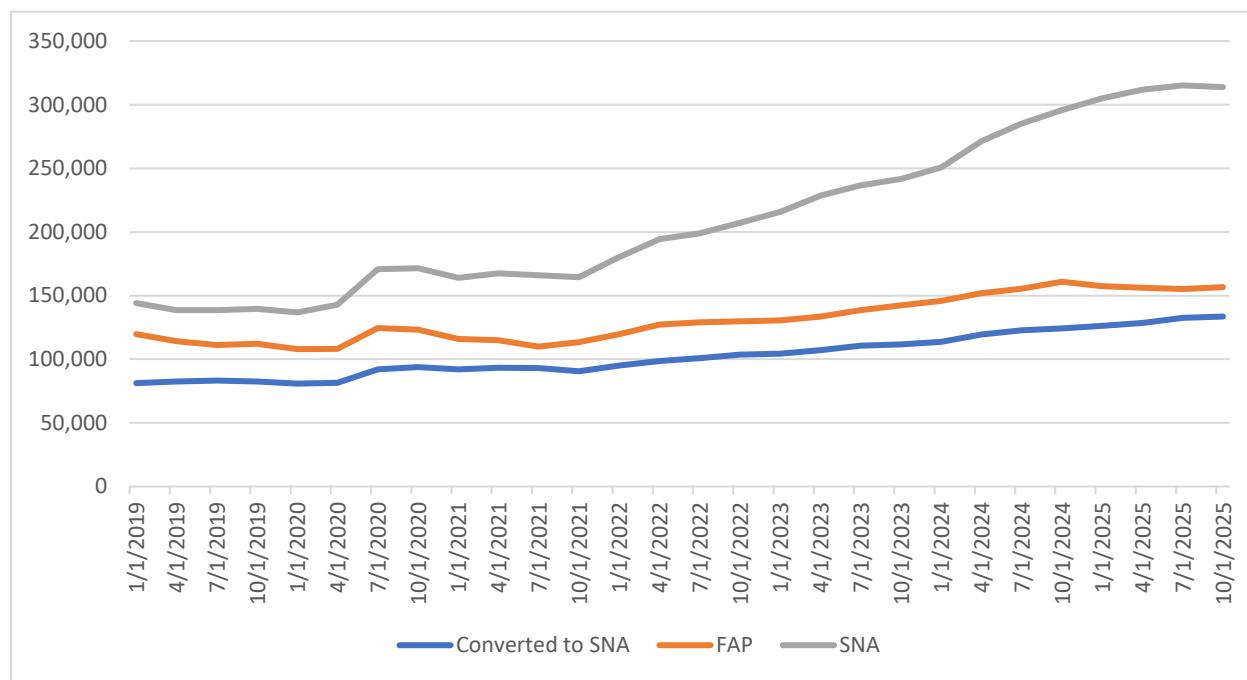
Chart 19. Public Assistance Caseload and Monthly Change, March 2020 - October 2025



Source: NYC Department of Social Services

As shown in Chart 20 below, all major categories of public assistance – Family Assistance (FAP), Safety Net Assistance (SNA), and Converted to SNA (recipients who reached the 60-month FAP limit and were transitioned to SNA) – have increased since 2019, though at varying rates.^{32 33} SNA experienced the largest growth since January 2019, rising by 169,760 recipients, or 118 percent. Converted to SNA increased by over 52,200 recipients (64 percent), and FAP rose by 37,100 recipients (31 percent). According to HRA, the caseload increase is driven by several factors: the City's slow recovery from the COVID-19 pandemic, persistently high unemployment rates among Black and Latino workers, rising living costs, and the expiration of pandemic-era relief programs.³⁴ However, even as the overall caseload continues to rise, the SNA category has begun to decline, marking the first four-month period of decrease since the summer of 2021.

Chart 20. Public Assistance Recipients by Type



Source: NYC Department of Social Services

The City's overall projections of baseline grant expenditures remain unchanged from the FY 2026 Adopted Budget, totaling \$1.65 billion, small changes in FY 2026 decreased city funds by \$15 million and increased State and Federal funds by \$7 million each. Outyear estimates also remain unchanged at \$2 billion in FY 2027, \$2.46 billion in FY 2028, and \$2.9 billion in FY 2029. As the City is responsible for 71 percent of SNA costs compared to 15 percent of FAP costs, the rising share of SNA recipients has had a greater impact on the City's budget in recent years. If the SNA caseload is experiencing a longer-term decline, particularly as the overall caseload growth

³² Information on programs are available <https://otda.ny.gov/programs/temporary-assistance/>

³³ <https://www.nyc.gov/site/hra/about/facts.page>

³⁴ <https://www.thecity.nyc/2024/04/02/safety-net-family-assistance-soars>

slows, the public assistance budget may experience some relief. The Comptroller's Office will continue to monitor changes, but currently expects caseload and city funded grant expenditures to remain at current levels for the foreseeable future. This results in additional City-funded needs of \$641 million in FY 2026, \$276 million in FY 2027, and \$10 million in FY 2028.

Federal Supplemental Nutrition Assistance Program

The Federal Supplemental Nutrition Assistance Program (SNAP) provides financial assistance to low-income families to supplement their grocery expenses. SNAP is a Federally funded program, but states are responsible for day-to-day administration, including ensuring accurate and timely distribution of benefits, and checking eligibility requirements for applicants. In City FY 2025, New York State distributed \$7.8 billion in benefits statewide to nearly 3 million monthly recipients, of which more than \$5 billion went to 1.8 million New York City recipients.

The recent October and November 2025 Federal government shutdown placed SNAP in the spotlight after recipients experienced delays in receiving November 2025 benefits. The Continuing Resolution that resolved the shutdown extended SNAP funding through September 2026. With the Federal government open again, benefit distribution should return to normal beginning in December 2025. New York issued full benefits in November, despite initial guidance to only issue partial benefits.³⁵

However, shutdown impacts were not the only recent change to SNAP: in the summer of 2025 the OBBBA introduced major updates to the program affecting eligibility, cost-sharing, and administrative funding.

First, the Act reduces the Federal match for SNAP administrative costs from 50 percent to 25 percent beginning in Federal FY 2027 (October 1, 2026). The City currently receives roughly \$200 million in Federal funding for SNAP program administration and is expected to lose approximately \$75 million in City FY 2027, increasing to about \$100 million in FY 2028. The Comptroller's Office is including these amounts as risks to the City's Financial Plan. The OBBBA also terminated the SNAP-Ed program as of September 30, 2025, eliminating the \$2.2 million previously received by the City's Department of Health and Mental Hygiene to operate various education initiatives, which must now end or be supported through alternative funding.

Second, in Federal FY 2028 (October 1, 2027) states will be responsible for covering part of SNAP benefit costs for the first time ever (referred to as cost sharing). Cost sharing will depend on a state's error rates when calculating eligibility and payment amounts. States with error rates of 6 to 7.99 percent will pay 5 percent, growing to 15 percent if the error rate is above 10 percent.

The OBBBA includes an up to two-year delay for states with higher payment errors. States with payment error rates of 13.34 percent or above in Federal Fiscal Years 2025 and/or 2026 will be allowed to delay cost sharing by one or two years. New York State's FFY [2024 error rate](#) was more

³⁵ <https://www.nbcnewyork.com/new-york/ny-hochul-agencies-issue-full-snap-benefits-november/6415801/>

than 14 percent, while its preliminary FFY 2025 rate (October 2024 through February 2025) was 12.35 percent, below the exemption threshold.³⁶

Cost-sharing will take place at the state level, so the City's fiscal impact will be determined by how New York State allocates the cost – options include 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.

Third, the OBBBA changed requirements for able bodied adults without dependents (ABAWDs). Recipients in all non-exempt geographic areas must work at least 80 hours per month to receive benefits beyond the first three months, unless they are pregnant, have dependents under the age of 14 (previously under 18), or are older than 64 years of age (previously 54). This removes previous ABAWD exemptions for homeless individuals, veterans and individuals under the age of 24 and former foster care youth. At the same time, the Act increased the waiver threshold for areas designated as high unemployment from at least 20 percent above the national average during the most recent 24-month period to an average unemployment rate of 10 percent.

In November, the United States Department of Agriculture (USDA) prematurely terminated NYC's waiver exempting ABAWDs from existing work requirements to meet the new geographic unemployment rate threshold.³⁷ The exemption was initially slated to continue through February 2026. DSS estimates that there are approximately 100,000 SNAP recipients who were exempted from the previous set of work requirements and an *additional* 130,000 who will likely fall under the expanded requirements, all of whom must now comply. The Urban Justice Center's Safety Net Project, with the City's support, is challenging the rushed waiver termination, stating that the City needs more time to make changes to its eligibility system in order to comply.

Furthermore, while the Federal government was shut down, the USDA submitted a proposal to restrict broad-based categorical eligibility.³⁸ Broad-based categorical eligibility (BBCE) permits residents of participating states to automatically be eligible for SNAP if they receive state-issued non-cash Temporary Assistance for Needy Families (TANF) benefits. New York State is one of 45 States that participate in BBCE, and one of 28 states that uses 200 percent (the highest possible percentage) of the gross income limit of TANF to determine eligibility.³⁹

On October 31, 2025, the USDA released guidance that eliminated eligibility for SNAP for certain immigration groups, including cutting off benefits for refugees and asylum seekers who have green cards or lawful permanent residency. State Attorney General Letitia James is also leading a lawsuit to challenge Trump Administration changes to SNAP, arguing that it is unlawfully stopping benefits to lawful permanent residents.⁴⁰

³⁶ [25DC055 - Summary of SNAP Changes in the One Big Beautiful Bill Act \(H.R.1\)](#)

³⁷ [25DC081 - Reinstatement of the Able-Bodied Adults Without Dependents \(ABAWD\) Time Limit Waiver](#)

³⁸ <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202504&RIN=0584-AF10>

³⁹ <https://www.fns.usda.gov/snap/broad-based-categorical-eligibility>

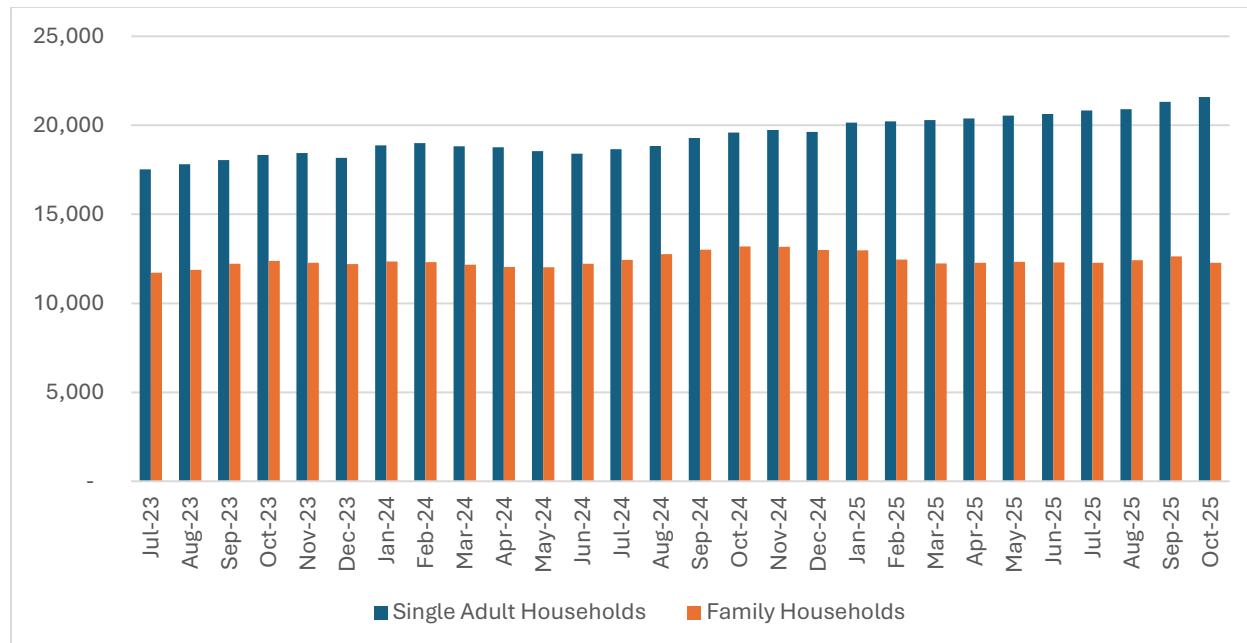
[Attorney General James Sues to Stop Trump Administration's Attempt to Cut Off SNAP Benefits for Permanent Residents](#)

Lastly, USDA Secretary Brooke Rollins announced on December 2, 2025 that within a week the Trump Administration would stop sending Federal administrative SNAP funding to states not compliant with an order to share recipient's personal data, including names and immigration status.⁴¹ Multiple states, including New York, and Washington D.C. have sued the USDA over the request.⁴²

Homeless Services (Excluding Asylum Seeker Costs)

The number of households who are not seeking asylum staying in shelters operated by the DHS, which administers most but not all City shelters, has been growing over the past year. The total number of households in DHS shelters—not classified by the City as seeking asylum—has increased from 32,796 at the end of October 2024 to 33,859 at the end of October 2025 (a 3.2 percent increase). As shown in Chart 21, the growth is due to an increase in the single adult shelter population, which is 10.2 percent higher than it was in October 2024. The number of families in DHS shelter, which includes both families with children and families of related adults, is 7.0 percent lower than when compared with October 2024.

Chart 21. DHS Census, Households Not Seeking Asylum July 2023-October 2025



Source: NYC Department of Homeless Services

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

⁴¹ <https://www.forbes.com/sites/saradorn/2025/12/02/trump-administration-threatens-to-cut-food-stamp-funding-for-some-blue-states/>

⁴² <https://www.npr.org/2025/10/16/nx-s1-5533045/snap-privacy-usda-lawsuit>

As shown in Table 37, total funding for single adult shelter, excluding funds for shelter for families and individuals seeking asylum, is currently budgeted at lower amounts in FY 2026 and the outyears than actual spending in FY 2025. This is despite the addition of \$67 million for adult shelter costs in the November Plan. The Comptroller's Office estimates that if the single adult shelter population continues to grow at the pace seen over the past year, an additional \$380 million will be required to fund these costs (all City funds). Because single adult funding falls even lower in FY 2027, the Comptroller's Office projects an additional \$600 million will be required if costs remain as projected at the FY 2026 level.

The City also added \$141 million in City funds for family shelter as part of a capacity re-estimate in the November Plan for FY 2026. This includes \$83 million in City funds, \$50 million in Federal TANF funding and \$8 million in State funding. The budget for family shelter in FY 2026 now totals \$1.26 billion, including \$521 million in City funds, \$108 million in State funds, and \$628 million in Federal funding. Based on the decline seen in the family shelter census through FY 2026 to date, the Comptroller's Office estimates that the total funding amount included in the November Plan is adequate.⁴³ However, the Comptroller's Office estimates a higher share than currently budgeted will come from City funding.

Funding for family shelter is shared by the City, State, and Federal government based on a household's public assistance status. At the end of FY 2025, the City budgeted that \$569 million in family shelter costs would be covered by Federal TANF revenue, however DHS only recorded \$332 million in TANF revenue as reported in the ACFR. Based on this breakdown of City/State/Federal funding these costs, the Comptroller's Office estimates that an additional \$250 million in City funding will be necessary for DHS family shelter costs in FY 2026 with similar amounts in the outyears. If Federal TANF revenues come in higher at the end of FY 2026 than in FY 2025, this would reduce the City funding need. In total the Comptroller's Office non-asylum related shelter City funding needs of \$630 million for both the single adult and family populations for FY 2026. If shelter costs remain at FY 2026 projected levels, the additional funding required increases to about \$945 million in the outyears.

Table 37. Department of Homeless Services Budget as of the May 2025 Plan, Excluding Asylum Seeker Costs

\$ in millions	Actual FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028	Budget FY 2029
Adult Shelter	\$1,315	\$1,088	\$863	\$863	\$863
Adult Shelter Operations	1,293	1,051	830	831	831
Adult Shelter Intake and Placement	11	24	24	24	24

⁴³ For FY 2026 to date (July through October) the average family shelter census is 4 percent lower than the same period in FY 2025. This is a somewhat smaller decline seen in the October 2024 to October 2025 comparison previously mentioned.

\$ in millions	Actual FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028	Budget FY 2029
Adult Shelter Administration & Support	11	13	9	9	9
Family Shelter	1,243	1,257	1,119	1,127	1,127
Family Shelter Operations	1,197	1,212	1,073	1,082	1,082
Family Shelter Intake and Placement	39	31	31	31	31
Family Shelter Administration & Support	7	14	15	15	15
General Administration	79	60	103	103	103
Outreach, Drop-in and Reception Services	368	428	418	413	412
Prevention and Aftercare	0	0	0	0	0
Rental Assistance and Housing Placement	0	6	0	0	0
Total	\$3,005	\$2,840	\$2,503	\$2,507	\$2,505

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

Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum. Totals may not add due to rounding.

Rental Assistance

DSS oversees multiple rental assistance programs, including the City's main local voucher program, Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).⁴⁴ It also administers other programs including the State funded Special Housing Resource (SHARE), the City/State/Federally funded Rental Supplement Program, the City-funded Pathway Home Program, as well as legacy programs such as the Living in Communities program (LINC), the Single Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have largely been replaced by CityFHEPS.

As of the end of August, there were a total of 60,991 households utilizing CityFHEPS vouchers with an average voucher amount of about \$2,063.⁴⁵ This is approximately 14,000 more vouchers than about a year prior.⁴⁶ New data now required to be released by DSS quarterly shows that

⁴⁴ NYCHA and HPD each operate separate Federal Section 8 Housing Choice Voucher Programs. Both agencies' Federal programs are excluded from this section. NYCHA's Section 8 funds are administered outside the City's budget.

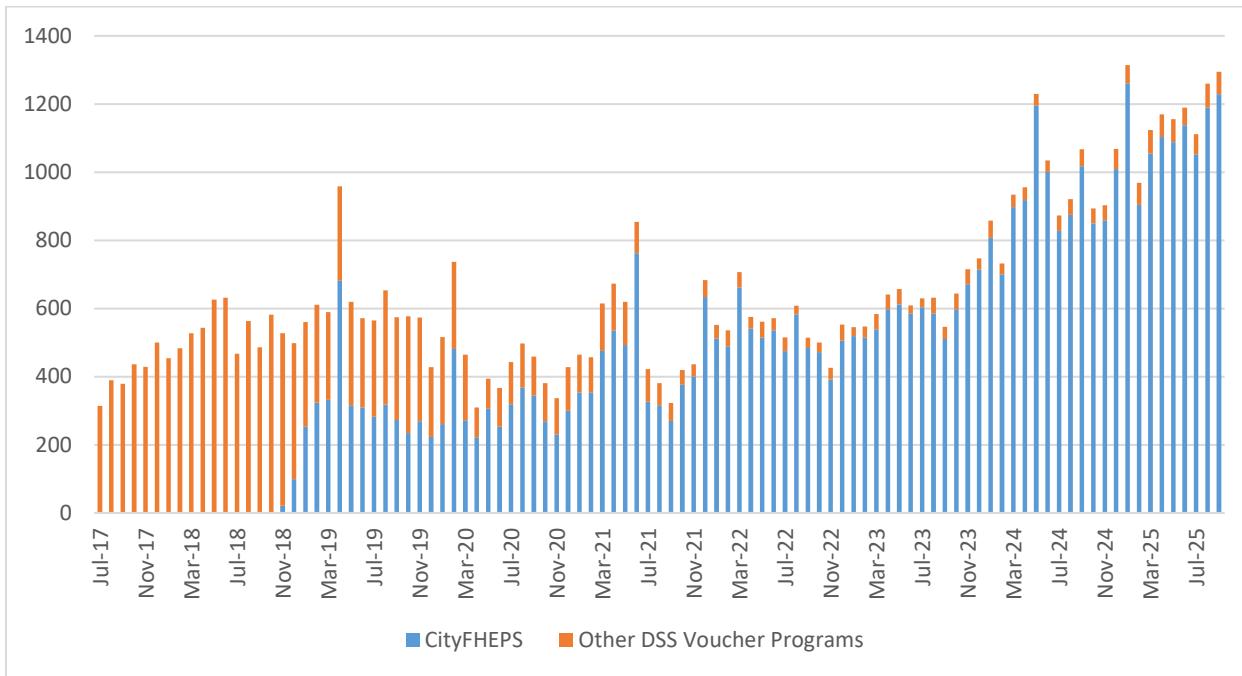
⁴⁵ Average subsidy amounts were provided by household size. DSS was unable to provide an average for all households. This is the average of the subsidies by household size.

⁴⁶ The City reported 47,000 households were supported by CityFHEPS vouchers in September 2024. [N.Y.C. Housing Voucher Program Is 'Plagued With Problems,' Audit Says - The New York Times](#)

from June 2025 through August 2026, the number of households with active CityFHEPS cases increased from 58,723 to 60,991, a growth rate of 1.9 percent over the three months. Approximately 86 percent of new vouchers issued over the past three months were used to help households exit shelter, while the remaining 14 percent were issued to help households remain in their community.

As shown in Chart 22, new placements in permanent housing from DHS shelters using City vouchers, primarily CityFHEPS vouchers, have been growing. In FY 2025, 12,648 households exited shelter using a DSS administered voucher, this includes 11,986 households with a CityFHEPS voucher. This represents a 44.6 percent increase compared with FY 2024. Growth has continued into FY 2026. For example, in the first three months of FY 2026, new monthly placements from DHS-shelter using DSS-administered vouchers averaged 1,222 households compared with 954 over the first three months of FY 2025, an increase of 28.1 percent. (Placement data from DSS is available through September 2025.)

Chart 22. Monthly Housing Placements from DHS Shelter Through DSS-Administered Vouchers July 2017 – September 2025



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

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

Total spending on the City's rental assistance programs administered through DSS has grown substantially—from \$356 million in FY 2022 to \$1.34 billion in FY 2025, as shown in Chart 23.⁴⁷ The November Plan, however, budgets only \$1.21 billion in FY 2026, falling to \$635 million in FY 2029. This includes \$448 million added in the November Plan for FY 2026. Of the addition, \$400 million is City funding and \$51 million is State funding for the Rental Supplement Program. These additions are partially offset by a decrease of \$3 million in Federal funding for the HOME Tenant-Based Rental Assistance (TBRA) program.

The growth in DSS's rental assistance spending follows program reforms in FY 2022 that increased payment standards and some expanded eligibility for the CityFHEPS program. Since the start of FY 2022, monthly spending for DSS's rental assistance has grown at an average rate of just under 4 percent. Compared with last year alone, liquidations through October of FY 2026 are 48 percent higher than they were during the same period in FY 2025 (\$425 million versus \$288 million, respectively).

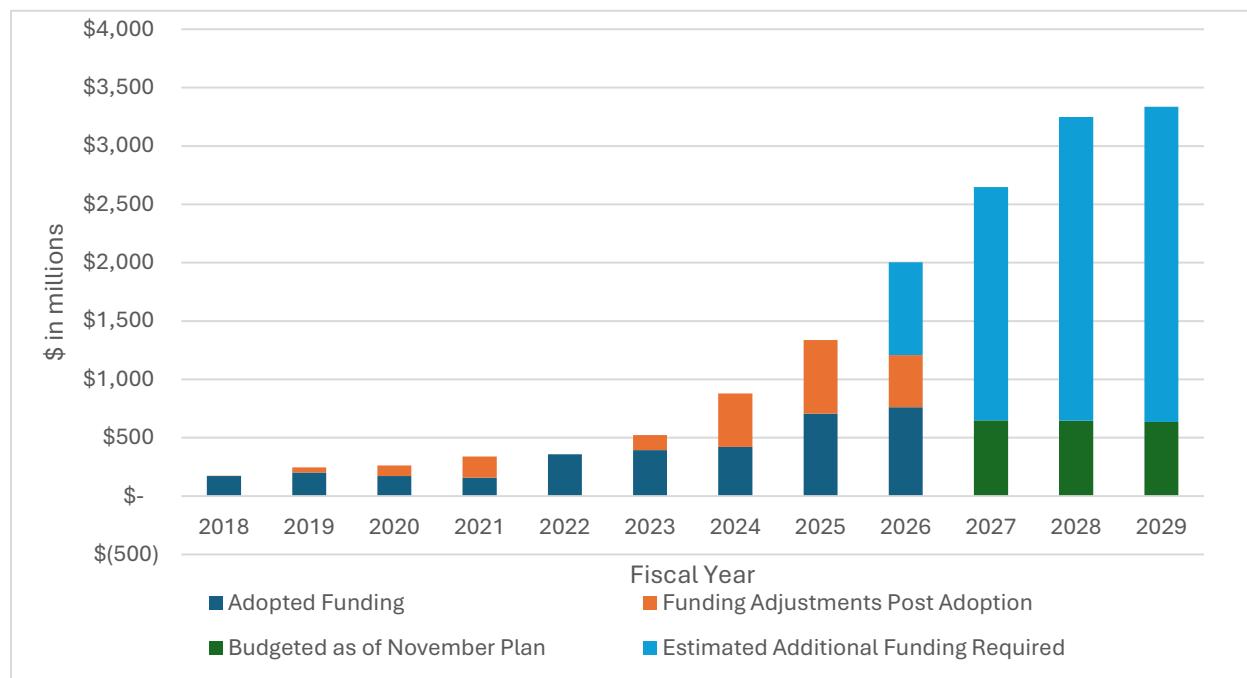
The Adams Administration recently proposed reforms to lower CityFHEPS costs. Under the changes, households entering their sixth year of program eligibility who have employment

⁴⁷ Funding for DSS's rental assistance programs is split between the City, State and Federal governments, although the majority is City funded. For example, for FY 2025 funding is 90 percent City, 3 percent State, and 7 percent Federal. The City share is budgeted to increase to 97 percent in FY 2026 as some Federal funding included in FY 2025 is expiring Federal Covid-19 aid. In that year Federal funding falls to less than 1 percent and State funding remains at 3 percent. ⁴⁸ [§ 10-05 Maximum Monthly Rents](#).

income would be required to pay 40 percent of their income in rent, an increase from 30 percent during the first five years of program eligibility.⁴⁸ However, the City Council passed legislation in October to cap contributions at 30 percent of household income, which was vetoed by the Mayor. On December 4 the City Council overrode Mayor's veto.⁴⁹

Assuming the monthly growth rate remains around 4 percent, costs will reach \$2.00 billion in FY 2026. This would require the addition of \$795 million in FY 2026. Even if the growth slows in FY 2027 to half its current rate, costs could reach \$2.76 billion, requiring the addition of \$2.00 billion in FY 2027. Assuming growth continues to slow, the Comptroller's Office includes risks of \$2.60 billion in FY 2028 and \$2.70 billion in FY 2029.

Chart 23. Rental Assistance Spending, Actual FY 2018-FY 2025 and Projected FY 2026 - FY 2029



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

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

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 by increasing the income threshold for eligibility from 200 percent of the Federal Poverty Level (currently \$53,300 for a three-person household) to 50 percent of Area

⁴⁸ [§ 10-05 Maximum Monthly Rents.](#)

⁴⁹ [NYC Council Overrides Mayor's Veto of Bill Capping Rents for Voucher Holders - City Limits](#)

Median Income (\$72,900 for a three-person household). It would also expand eligibility to tenants who have received a written demand for rent letter from their landlord or have active cases in housing court. Citing cost concerns, the Adams Administration did not implement most of the legislative changes. According to the Adams Administration, expanding the eligibility rules would increase City costs by \$17.2 billion over five years.⁵⁰ The City Council estimated the cost of the package of laws over five years at \$10.6 billion.⁵¹

The Administration was sued by the Legal Aid Society for not implementing the changes; 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.⁵² In July, however, an appellate court reversed the lower court's ruling. The Adams Administration has appealed this ruling. The Mamdani campaign has indicated, however, it would implement the expansion.⁵³ 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.⁵⁴ As detailed in the section below, the Comptroller's Office estimates that the cost of the expansion could cost from \$6.6 billion to \$23.3 billion over the first five years of implementation. Potential shelter savings could result in a net cost of \$5.7 billion to \$22.3 billion over the first five years. Because the implementation of the program expansion is still currently under litigation, the Comptroller's Office does not yet include it in its restated gaps.

Comptroller's Office's Estimates of Expanded CityFHEPS Program

Using data from the Census Bureau's 2023 Housing Vacancy Survey (HVS) on household income and rents, the Comptroller's Office estimates that the potential cost of the CityFHEPS legislation not yet implemented could range from \$6.6 billion to \$23.3 billion over the first five years of implementation. These estimates do not include additional costs for administering a larger CityFHEPS program. The range of estimates depends on the number of households that ultimately receive vouchers, as well as the voucher cost for these households. There are many variables that could impact how many households take part in the program and how much the vouchers cost, including how landlord and tenant behavior might change, the constraints of the city's rental market for units that meet program's rent standards, among others. In addition, funding availability and the ability of DSS to administer a larger program would also impact program implementation.

There is also the potential for City savings from avoided shelter stays and subsequent subsidized housing placement costs from shelter (largely through CityFHEPS) due to fewer evictions, which could bring the net cost down to \$5.7 billion (low estimate) to \$22.3 billion (high estimate) over the first five years implementation. However, the CityFHEPS expansion could reduce apartment

⁵⁰ [Mayor Adams must implement controversial and costly City Council housing voucher plan, NY court rules](#)

⁵¹ [The New York City Council - File #: Int 0878-2023](#)

⁵² [NYC judge blocks measures to expand rental assistance eligibility, siding with Mayor Adams - Gothamist](#)

⁵³ [Tracking where 2025 NYC mayoral candidates stand on policing, transportation and more - Gothamist](#)

⁵⁴ [LAS Secures Ruling to Force Implementation of Housing Voucher Reform, Expansion - The Legal Aid Society](#)

turnover and/or increase competition for available units so that fewer households in shelters can exit, increasing their length of stay and potentially reducing these estimated savings.

CityFHEPS Expansion Cost Estimates

Using the 2023 HVS, the Comptroller's Office examined how many households would be eligible for the program based on their household income level (i.e. have an income of 50 percent AMI or lower), which totaled around 995,500 households. Of those households, 467,851 were rent-burdened (meaning they paid over 30 percent of their income in rent), did not already receive rental assistance through another subsidy program, and their rent was not paid by someone outside their household. This is the base group for the Office's higher estimate of costs (referred to as CityFHEPS income-eligible households). Within that population, 80,783 households reported in the HVS that they missed or made a late rent payment in the last year because they did not have enough money at the time. This subset forms the basis for the Office's low projection of costs.

The HVS also provides detailed data on household rents, which can be used in combination with the household income to estimate voucher costs—if the household is able to use the voucher to remain in their apartment at the current rent. CityFHEPS has maximum payment standards (maximum rents the City will pay) that are based on household and apartment size (number of bedrooms). Using the 2023 CityFHEPS payment standards, the Comptroller's Office estimates that approximately 88 percent of the income-eligible households (and about 95 percent of the households who missed a rent payment) currently live in housing that meets the CityFHEPS payment standard. For households living in eligible housing, the Comptroller's Office estimates their voucher amount based on their income and rents in the 2023 HVS. This Office then uses the average increase in the Federal Fair Market Rents for New York City over the past 10 years (6.8 percent) to increase costs from 2023 to 2026 costs and to project growth in future years.

Based on this data, the average voucher amount for the larger CityFHEPS income- and housing-eligible group is estimated at \$1,053 in 2026. For just those households that missed or paid rent late, the average voucher amount is \$1,017.⁵⁵ These amounts are well below the average amount paid for a current CityFHEPS voucher reported by DSS in October (\$2,063). This is likely because households currently in housing have a combination of higher incomes and lower rents than households exiting shelter with a CityFHEPS voucher.⁵⁶ For households who do not currently live in housing that meets the rent payments standard, this Office uses the current average CityFHEPS voucher amount in its estimates, assuming those households will move into similar vacant apartments. It is possible that, over time, landlords in unregulated apartments would increase

⁵⁵ Voucher costs are based on actual gross rents less 30 percent of tenant income, which is the share paid by the tenant. Based on current CityFHEPS rules, if the tenant share based on this calculation resulted in a contribution that was less than the public assistance maximum shelter allowance, this Office used maximum public assistance shelter allowance based on the household size to calculate the tenant share amount. In instances where a rent is above the maximum payment standard, the rent amount over the standard when combined with the 30 percent tenant share is less than 40 percent of a household's income, the household can rent the apartment.

⁵⁶ The average time a household in the CityFHEPS income-eligible population has rented their apartment, according to the HVS data is eight years.

rents to the maximum fair market rent to maximize the City subsidy. Just under half (44 percent) of the eligible households live in unregulated housing. This would increase the cost of expansion under both scenarios.

If half of the 80,783 households who reported missing a rent payment received a rent-demand letter and a CityFHEPS voucher in the first year of implementation (40,392 households), the Comptroller's Office estimates a cost of \$257 million. (These estimates assume that households receive six months of benefits in their first year, but 12 months in each successive year.) Assuming an equal number of households receive such letters and vouchers annually over the next four years, the total cost over the first five years of implementation would be \$6.6 billion. If households with the highest rents and/or lowest income were first to take part in the program, this would increase average voucher and the low estimate of program expansion costs. These estimates assume that 90 percent of households with a CityFHEPS voucher continue in the following year. Notably, it could be argued that the number of new households that miss rent would decline over time as households receive vouchers. However, it is also possible that an increasing share of rent-burdened households could miss rent to qualify for a CityFHEPS voucher. For these competing reasons, the Comptroller's Office holds the number of new households receiving vouchers annually steady in this estimate at 40,392 but acknowledges the uncertainty around changes in behavior. As shown in Table 38, by the fifth year the total number of households receiving vouchers due to the program changes would be 165,408 (about 35 percent of the total estimated expanded CityFHEPS-eligible population) at a cost of \$2.4 billion. This number of additional vouchers is above the approximately 140,000 Section 8 vouchers currently in use in the City administered by HPD and NYCHA.

Conversely, if all rent-burdened households who meet the program's income threshold were to eventually miss a rent payment, receive a rent-demand letter and a CityFHEPS voucher, the cost estimate is \$23.3 billion over the first five-years of implementation. This assumes that about a third of the total households that live in CityFHEPS-eligible housing newly receive a voucher each year over the first three years of implementation. This allows some time for behaviors to adjust.⁵⁷ For households that meet the income requirements but live in housing that is not eligible for CityFHEPS, this Office assumes it would take five years before all eligible households receive a voucher. As shown in Table 38, in the fifth year the total number of households receiving vouchers due to the program changes would be 417,811 under this estimate (about 90 percent of the total current estimated CityFHEPS eligible population) at a cost of \$7.4 billion.

Savings Estimate

Expanding eligibility to households at-risk of eviction could reduce City shelter costs, offsetting some of the costs of program expansion. According to DSS, prior to the influx of asylum seekers, approximately 10 percent of families entered shelter due to an eviction. Eviction is not a significant driver of single adult homelessness, according to their data. Based on this share and the number of families that entered shelter in FY 2025 (excluding asylum seekers), approximately

⁵⁷ This assumes 90 percent of households that receive a voucher in one year return the next until year four when no new households are added and the estimate of eligible households is held constant.

2,000 entered DHS shelter due to eviction. Using the average cost per day and length of stay by shelter type in FY 2025, the Comptroller's Office estimates sheltering this population cost \$130 million in City funds in FY 2025. If these costs were avoided over the first five years of implementation, the City could save around \$691 million.⁵⁸

The City could also achieve savings by avoiding the cost of placing these households in permanent housing when they exit shelter. According to DSS data, approximately 52 percent of families that exited DSS shelter in FY 2025 did so with a City-funded rental assistance voucher (mainly CityFHEPS). As previously stated, the average cost of a CityFHEPS voucher for a household under current rules is higher than the voucher amount estimated for the newly eligible population. Based on the current average cost of a CityFHEPS voucher, avoiding rehousing these households after a shelter stay could save the City \$225 million over the first five years of implementation (assumes four years of savings as avoided rehousing costs would follow the decline in shelter entries). Taken together, shelter and rehousing savings could total \$916 million over five years. Lower turnover in the rental market due to the expanded CityFHEPS program could, however, reduce shelter exits and therefore increase the length of stay for households already in shelter, which could erode these estimated savings.

Table 38. Comptroller's Office's Estimate of CityFHEPS Expansion Cost, \$ in millions

Low Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Five-Year Cost
Total Households	40,392	76,744	109,461	138,907	165,408	
Cost	\$257	\$768	\$1,296	\$1,841	\$2,405	\$6,567
Shelter and Rehousing Savings	(68)	(158)	(193)	(230)	(268)	(916)
Net Cost	\$189	\$611	\$1,103	\$1,611	\$2,138	\$5,651

High Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Five-Year Cost
Total Households	148,336	281,839	401,992	410,318	417,811	
Cost	\$1,007	\$3,011	\$5,077	\$6,729	\$7,430	\$23,254
Shelter and Rehousing Savings	(68)	(158)	(193)	(230)	(268)	(916)

⁵⁸ Assumes about 5 percent growth in sheltering costs annually based on the average annual growth rate in the cost per day increase seen over the past five fiscal years. In the first year, the Comptroller's Office assumes half a year of savings as program is phased in.

High Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Five-Year Cost
Net Cost	\$938	\$2,853	\$4,884	\$6,500	\$7,162	\$22,338

Source: Office of the New York City Comptroller

Metropolitan Transportation Authority

The City provides annual operating subsidies to the MTA. This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway. These subsidies are intended to cover either a portion of or all the difference between the agency's operating expenses and its revenue from fares. The November Plan includes \$1.42 billion for the MTA's operating subsidies for FY 2026. These subsidies include \$355 million budgeted for Access-A-Ride paratransit subsidies, \$488 million for the MTA Bus Company, \$45 million for the Staten Island Railway, and \$531 million in other subsidies. This is an increase of \$26 million from the Adopted Plan, with \$15 million added to paratransit, and \$11 million added to other subsidies.

However, funding for the MTA continues to be underbudgeted in FY 2026 and forward, with total budgeted operating subsidies falling to \$1.41 billion in FY 2027, and \$1.24 billion in FY 2028 and FY 2029. The Comptroller's Office estimates an additional \$392 million will be necessary for these subsidies in FY 2026, with the need growing to \$683 million in FY 2029 based on the MTA's November Financial Plan update.

There are two main drivers for the additional costs. First, the City chronically underbudgets MTA subsidies based on historical amounts. This is most notable in paratransit subsidies, where the City also has not adequately budgeted its higher contributions mandated by the FY 2026 State Enacted Budget for City FY 2026 and FY 2027. Second, there is an expanding operating deficit at MTA Bus Company, as Federal relief funds expire, which requires additional City contributions to close the gap in the outyears.

The City also funds the MTA through its Fair Fares program. Fair Fares, administered through DSS, provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers. Over 1 million New Yorkers are eligible for the program. The November Plan maintains the budget at \$116 million for FY 2026 and \$96 million in the outyears. Current enrollment still hovers around 30 percent of the eligible population, despite MTA and DSS coordinated sign up events throughout the boroughs to encourage riders to apply. As of October 31, 2025, \$24 million, or only 20 percent of its FY 2026 budget, had been committed. This Office will continue to monitor both expenses against the budget and the enrollment rate.

NYC Health + Hospitals

Transfers from the City budget to NYC Health + Hospitals (H+H), the City's public hospital system and the nation's largest municipal healthcare system, total \$2.11 billion in FY 2026 in the November Plan and decline to approximately \$1.7 billion in FY 2027 and the outyears. The City provides funding to H+H for a range of purposes, including collective bargaining costs,

reimbursements for the provision of correctional health services, reimbursements for shelter and services to asylum seekers, among others. H+H, which operates as a separate entity from the City and budgets on a cash basis, will release its updated cash plan in early 2026.

Compared to the June Plan, budgeted transfers from the City to H+H increased by \$435 million for FY 2026. This is primarily due to a Medicaid Initiative Adjustment, which shifted \$325 million from the City's Medicaid budget (included in the DSS budget) to the City's H+H unrestricted subsidy budget to support operations, as the City and H+H assess future payment needs. In FY 2027 and onward, this funding remains in the City's Medicaid budget, contributing to the drop in transfers to H+H in FY 2027. The November Plan also includes \$70 million in COVID-related FEMA revenue that flows through the City and \$3.8 million for the substance use disorder initiative in the Bronx (largely funded at DOHMH).

In addition to these changes, the November Plan reflects significant changes to the B-HEARD mental health emergency pilot program. The program was launched in the spring of 2021 as a non-police response to mental health emergencies in select areas of the City and is operated by both H+H mental health professionals and FDNY Emergency Medical Technicians (EMTs) and paramedics. The Plan shifts funding from FDNY to H+H (\$2.0 million in FY 2026, growing to \$3.9 million in FY 2027 and forward) and provides an additional \$10 million in FY 2026 and \$18.8 million to FY 2027 and out for H+H to take over full operation of the program in the coming months. B-HEARD funding for H+H now stands at \$24.5 million in FY 2026 and \$35.3 million in FY 2027 and the outyears.

Following a collective bargaining agreement in the summer of 2021, FDNY EMTs and paramedics specially trained for deployment on B-HEARD teams received a 6 percent mental health response pay differential, for which FDNY received \$18.8 million a year. This differential funding (\$18.8 million) remains in the FDNY budget, and FDNY's EMTs assigned to B-HEARD will be redeployed within that agency.⁵⁹

Risks to H+H

This Office has long identified the deleterious impact that cuts to Medicaid would have on the finances of H+H. As described in this Office's [Fiscal Note: Risks for Medicaid and Other NY State Healthcare Programs](#), Medicaid spending makes up more than half of H+H's third-party revenue. The OBBBA contained considerable cuts and eligibility changes to Medicaid and the ACA. In total, New York State estimated that it will face a combined \$13.5 billion in reduced Federal funding and increased costs each year due to these changes.⁶⁰ Since then, the State has proposed to undo the Essential Plan expansion for individuals between 200 percent and 250 percent of the Federal Poverty Level, which would eliminate no-cost health insurance for approximately 450,000 individuals. See the [Federal Aid](#) section for additional details. Any increase in the uninsured

⁵⁹ <https://www.nychealthandhospitals.org/pressrelease/mayor-adams-announces-new-model-to-have-citys-911-mental-health-crisis-response-initiative-b-heard-be-fully-operated-by-nyc-health-hospitals/>

⁶⁰ See the Comptroller's [Comments on New York City's Fiscal Year 2026 Adopted Budget](#) for more detail.

population will put pressure on H+H's finances as H+H's mandate is to serve all patients regardless of ability to pay.

Another major area of concern is the future of Disproportionate Share (DSH) payments, which provide supplemental funding to hospitals that serve large numbers of Medicaid and uninsured patients. Federal cuts to the DSH program, enacted as part of the Affordable Care Act, have been repeatedly deferred by Congress since they were originally scheduled to take effect in 2014. A short-term extension set to expire on January 31, 2026 was included in the November Continuing Resolution. However, without congressional action to completely eliminate DSH Cuts, these harmful cuts loom on the horizon.

The impact of DSH cuts on H+H may be mitigated by the recent approval of its State Directed Payment (SDP) plan. SDPs allow states, within Federal guidelines, to direct Medicaid managed care organizations to pay providers enhanced rates that are more in line with average commercial rates than with base Medicaid rates. These payments have helped buoy hospitals which service a large proportion of Medicaid recipients, given persistently low Medicaid reimbursement levels. Under its approved preprint, H+H may receive directed payments up to a total of \$2.3 billion for the period of April 1, 2024, to March 31, 2025, of which \$1.4 billion is the Federal share. The OBBBA, however, imposes Federal caps on SDPs for the first time, requiring that enhanced rates be reduced annually by 10 percent until they reach 100 percent of Medicare rates in ACA expansion states such as New York. H+H's arrangement is grandfathered, delaying the start of these reductions until January 1, 2028, allowing the system to continue receiving higher reimbursement for several additional years.

Partnership with Maimonides Health

On November 20th, H+H's Board of Directors approved entering negotiations on a potential affiliation and asset-transfer agreement with Maimonides Health, a regional hospital system in south Brooklyn.⁶¹ Under New York State's Safety Net Transformation Program, which provides operational and capital support to financially distressed hospitals, the partnership could receive up to \$2.25 billion in awards over five years (including \$1.5 billion in operational funding and \$500 million in capital for the adoption of EPIC, H+H's electronic health record system and other projects).⁶² Maimonides' payer mix is similar to H+H's, and the hospital system has been operating with a growing deficit since the pandemic. The partnership would, in addition to other benefits, allow Maimonides to leverage H+H's State Directed Payment program which results in higher Medicaid rates.

These changes are contingent on Maimonides formally becoming a part of and operating under H+H. While H+H leadership emphasized that the proposal is not an acquisition, H+H would assume Maimonides' real estate leases and responsibility for capital needs. The State has

⁶¹ [NYC Health + Hospitals Board of Directors Meeting Agenda 11-20-2025](#)

⁶² Governor Hochul Unveils Transformative Investments in Six Safety Net Hospitals and Health Care Partnerships Across New York | Governor Kathy Hochul

committed to covering Maimonides' deficit for five years but anticipates H+H taking full responsibility by 2031.

The proposal has met opposition from members of Maimonides' Board of Trustees, who filed suit and litigation is ongoing.⁶³ Final terms will also require additional approval by the H+H Board of Directors, expected next spring.

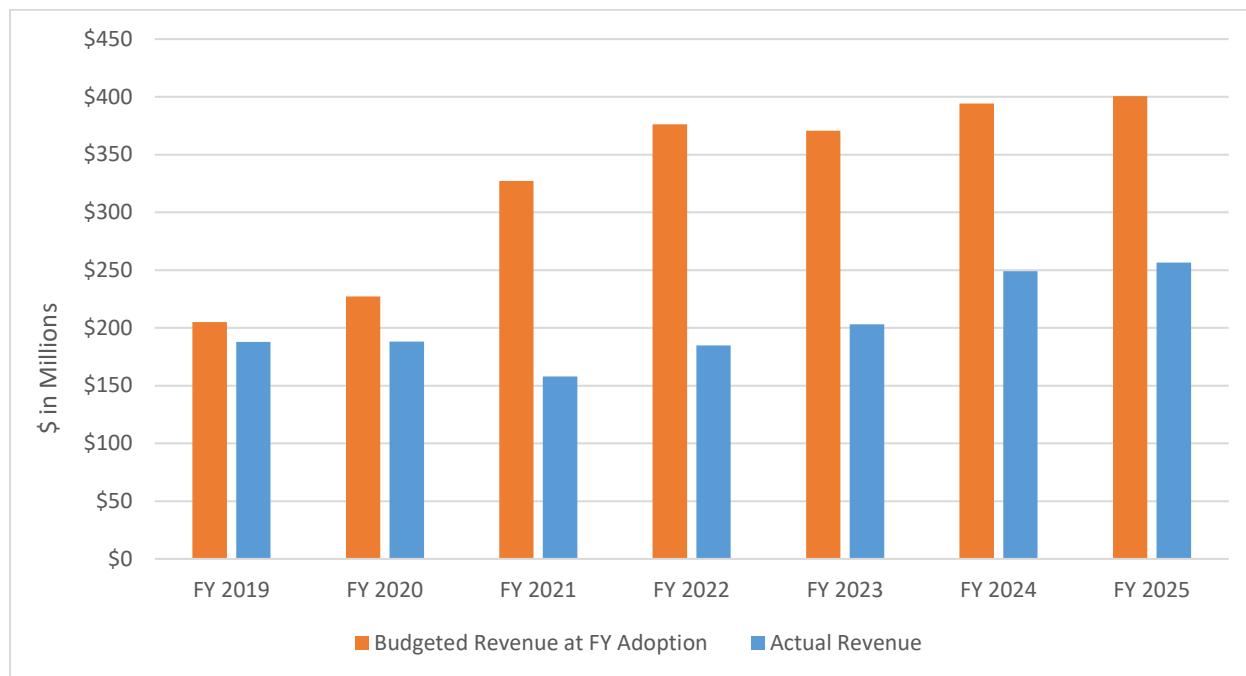
Fire Department Emergency Medical Services Revenue

The FDNY Emergency Medical Services (EMS) Bureau collects revenue from Medicare, Medicaid, private insurers, and individuals for medical ambulance transport. To increase Medicaid reimbursement, the NYS Department of Health submitted a [State Plan Amendment](#) (SPA) to the Centers for Medicare & Medicaid Services (CMS) in December 2020. If approved, this amendment would authorize supplemental payments for publicly owned emergency ambulance providers, enabling them to claim Federal matching funds up to their actual cost of providing services based on "Certified Public Expenditures" (CPE).

In anticipation of the State's request, the FDNY added \$96 million in the FY 2021 Adopted Budget and \$128 million in baselined revenue. However, the CPE request has never been approved. In each subsequent fiscal year since FY 2021, end of year EMS revenue has come in significantly lower than planned by OMB at the time of budget adoption: by \$169 million in FY 2021, \$191 million in FY 2022, \$168 million in FY 2023, \$145 million in FY 2024, and \$144 million in FY 2025. The need for City funds above the CPE allocations suggests that other third-party reimbursements have also fallen below the City's target.

⁶³ [Trustees of Maimonides hospital sue to block NYC takeover | New York Post](#)

Chart 24. EMS Revenue, Budgeted versus Actual



Source: Office of the New York City Comptroller

Given that the State Plan Amendment for CPE was not approved under the Biden Administration and remains pending after four years—now with a more antagonistic CMS—the Comptroller’s Office expects at least \$128 million will again have to be made up with City-tax levy funding.

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 \$1.97 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, no minimum deposit would be required in FY 2026.

The Comptroller’s Office has also proposed rules for withdrawing funds from the RSF. These include allowing withdrawals if there are two consecutive quarters of decline in payroll employment or in case of catastrophic events as, for instance, defined in the legislation for the NYS rainy-day fund. Except in case of catastrophic events, annual withdrawals should be limited to 5 percent of tax revenues in the year before the withdrawals.

The City also has \$5.23 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. Capital Budget and Financing Program

Capital Commitment Plan, FY 2025 – FY 2028

All-Funds Commitments

The FY 2026 – FY 2029 September Capital Commitment Plan (FY 2026 Adopted CCP), released in September 2025, totals \$93.01 billion in all-funds authorized commitments. This is an increase of \$5.30 billion from the May 2025 FY 2025 – FY 2029 Capital Commitment Plan (Executive FY 2026 CCP), over the same period. City-fund authorized commitments make up \$88.79 billion, or 95.5 percent of total authorized commitments. After adjusting for the reserve for unattained capital commitments, which represents OMB's estimate of the difference between authorized commitments and the amount that the City has the capacity to commit, all-funds planned commitments drop to \$82.79 billion (also known as the "target commitment" amount). City-fund authorized commitments, after adjusting for the reserve for unattained capital commitments, decline to \$78.57 billion.

Table 39. Adopted FY 2026 Capital Commitment Plan versus Executive FY 2026 Capital Commitment Plan (All-Funds, Authorized)

Plan (\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2026 - FY 2029 TOTAL
Adopted FY 2026 CCP	\$31,356	\$21,469	\$20,747	\$19,435	\$93,006
City	29,115	20,366	20,351	18,957	88,789
Non-City	2,241	1,103	396	477	4,217
Executive FY 2025 CCP	\$27,056	\$19,611	\$21,247	\$19,789	\$87,702
City	24,663	19,107	20,837	19,268	83,875
Non-City	2,393	504	410	521	3,828
Difference	\$4,300	\$1,858	(\$500)	(\$354)	\$5,303
City	4,452	1,260	(486)	(311)	4,915
Non-City	(152)	598	(15)	(43)	389

Source: Mayor's Office of Management and Budget, Executive FY 2025 CCP and Adopted FY 2026 CCP

Notably, the Adopted FY 2026 CCP, over the four-year period, includes just \$1.44 billion of the \$3.0 billion the City is required to contribute to the MTA's Fiscal Year 2025 – 2029 Capital Plan.

The New York State FY 2026 Enacted Budget increased the amount of debt outstanding excluded from the Constitutional debt limit by \$3.0 billion to accommodate this mandated increase. The City also includes a planned \$360 million payment to the MTA in City FY 2030. This, however, leaves \$1.20 billion of required capital commitments unaccounted for.

The Adopted FY 2026 CCP also does not include adequate capital funding to satisfy the State mandate to reduce class sizes. According to the DOE's Financial Impact Statement released in late November, the DOE is now forecasting class size mandate capital costs to be \$18 billion.⁶⁴ The DOE does not provide a timeline for these capital expenditures. Although the Adopted FY 2026 CCP includes approximately \$16.8 billion for the entire SCA capital plan, the class size mandate is just one part. Because the CCP aggregates planned commitments to the SCA into one line item, the Comptroller's Office cannot ascertain which portion of these planned commitments are attributable to the class size mandate.

The SCA manages a separate capital plan that is then funded through the City's Capital Budget. While imperfect, as the CCP and the SCA capital plan do not typically align, the SCA capital plan shines a brighter light onto planned SCA capital spending. SCA's latest capital plan, also released in November 2025, includes at most \$6.13 billion for class size mandate construction from FY 2025 through FY 2029. This is well below the \$18 billion DOE estimate – however, the SCA Capital Plan is developed with capacity constraints in mind. Performing \$18 billion of work on the one initiative in four years falls well outside this capacity.

Planned commitments for Housing and Economic Development, Education/CUNY, and DOT and Mass Transit projects increased the most since FY 2026 Executive CCP. Housing & Economic Development projects increased by \$2.8 billion or 15.8 percent, the highest out of any category. This is largely a reflection of the City shifting significant sums of planned commitments to FY 2026 from FY 2032 through FY 2035 to take advantage of OBBBA changes to the tax code that have made more affordable housing projects eligible for the Low-Income Housing Tax Credit (LIHTC). The City also shifted \$300 million in funding from the outyears to support new commitments for the rehabilitation and conversion of approximately 2,500 NYCHA public housing units to Section 8 in FY 2026. Spending on Education/CUNY increased by \$1.3 billion, or 7.1 percent. The precise purpose for this increase is unclear as the CCP funds the SCA almost entirely through the one line item. And last, DOT and Mass Transit planned capital commitments increased by 6.0 percent, due primarily to the addition of \$1.44 billion in commitments to the MTA. This was offset somewhat by funds for various DOT projects moving outside the four-year plan window.

In the Comptroller Officer's recent Fiscal Note, [Flying Blind on Billions: How Weak Capital Data Undermines New York City's Infrastructure Investments](#), this Office describes how the City's capital data limits the ability of fiscal monitors to ensure sound capital fiscal management and for the City to better manage its capital program. The lack of detail in the SCA-sponsored and -managed portion of the CCP is just one such example laid out in the report. The fiscal note provides some recommendations on how the City can fix these issues.

⁶⁴ <https://infohub.nyced.org/docs/default-source/default-document-library/financial-impact-statement-11-15-25-final.pdf>

Federal Funding Impact to Capital Program

Federal funding accounts for 3.1 percent of the Adopted FY 2026 CCP, just 0.2 percentage points below its share of the Executive FY 2025 CCP.

The Trump Administration has proposed significant Federal funding cuts to housing and public transportation. While these cuts would impact primarily NYCHA and the MTA—agencies that sit outside New York City government—they nonetheless play a profound role in the lives of millions of New Yorkers. If implemented, the City may have to use some of its capital funds to backfill a reduction in Federal funds.

Among other changes, the OBBBA canceled Federal funding for capital projects under the Federal “Access and Equity” program. The Act 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. The Executive FY 2026 CCP included \$117.7 million in planned Federal capital commitments 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. As a result, the Adopted FY 2026 CCP shifts \$111.9 million from FY 2026 to FY 2030, outside of the Plan’s four-year window.

Table 40. FY 2026 – FY 2029 Planned Capital Commitments, All-Funds

(\$ in millions) Project Category	FY 2026 – FY 2029 Adopted CCP	Share of Total	Change from Executive CCP
Housing & Economic Development	\$17,851	19.2%	\$2,823
Education/CUNY	17,800	19.1%	1,258
Environmental Protection	17,058	18.3%	226
Admin. of Justice	12,282	13.2%	110
DOT & Mass Transit	10,629	11.4%	634
Other City Operations	6,420	6.9%	108
Resiliency & Energy Efficiency, Technology, and Equipment	4,692	5.0%	(20)
Parks	3,743	4.0%	(78)
Hospitals	2,531	2.7%	242
Total Authorized Commitments	\$93,006	N/A	\$5,303
Reserve for Unattained Commitments	\$10,219	N/A	\$3,101
Total, Net of Reserve for Unattained Commitments	\$82,787	N/A	\$2,202

Source: Mayor’s Office of Management and Budget, Executive FY 2025 CCP and Adopted FY 2026 CCP

Note: Numbers may not add due to rounding.

FY 2025 Capital Commitments and Achievement Rate

FY 2025 all-funds actual capital commitments sum to \$18.66 billion, or 80.2 percent of Executive FY 2026 CCP planned commitments of \$23.28 billion for FY 2025 (referred to here as the achievement rate). Compared to FY 2024, actual commitments increased by \$1.06 billion but the achievement rate decreased by 5.5 percentage points.

Despite the decreased achievement rate compared to FY 2024, the measure remains 11.9 percentage points higher than the 10-year average (FY 2015 – FY 2024) of 68.3 percent. The 11.9 percent difference primarily stems from the City more evenly spreading planned commitments across the Executive FY 2026 CCP period compared to historical plans. As previously mentioned, OMB adjusts planned commitments (usually downward) by the reserve for unattained commitments, which are then called “target commitments”. When comparing actual commitment to target commitments included in the Executive FY 2026 CCP, the achievement rate for FY 2025 increases to 93.7 percent. While OMB presents an overall target amount for each fiscal year, the reserve for unattained commitments is not broken out by agency, so a comparison to target commitments is not possible. Therefore, the agency achievement rates discussed below are based on actual commitments compared with planned amounts.

Achievement rates for agencies with small capital commitment plans are subject to large swings. This is because small shifts in actual commitments for these agencies can have a disproportionately large impact on how close actuals are to planned amounts. To avoid the greater variability in the achievement rates of smaller agencies, the following analysis of achievement rates by agency includes only the 10 agencies with the highest planned commitments for FY 2025 of the 25 listed in Table 41. Actual commitments at these 10 agencies account for 92.8 percent of total actual commitments for FY 2025.

The Department of Environmental Protection (DEP), Department of Parks and Recreation (DPR), and the Department of Correction (DOC) all have achievement rates just under 95 percent. DEP and DOC's achievement rates improved by 2.8 percentage points and 9.1 percentage points since FY 2024, respectively. The achievement rate for DPR projects decreased by a modest 1.6 percentage points. As in FY 2024, the Department of Small Business Services/Economic Development Corporation has the lowest achievement rate of 45.2 percent. This is a year-over-year reduction of 21.0 percentage points as planned commitments increased between Executive FY 2025 CCP and actual commitments decreased.

Table 41. FY 2025 Actual versus Planned Commitments as of the FY 2026 Executive Capital Commitment Plan

Agency (\$ in millions)	Executive FY 2026 CCP, Planned Commitments for FY 2025	FY 2025 Actual Commitments	FY 2025 Achievement Rate	Change in Actual Commitments from FY 2024
Dept. of Education	\$4,546	\$3,739	82.3%	(\$251)

Agency (\$ in millions)	Executive FY 2026 CCP, Planned Commitments for FY 2025	FY 2025 Actual Commitments	FY 2025 Achievement Rate	Change in Actual Commitments from FY 2024
Housing Preservation and Development	4,363	3,336	76.5%	73
Dept. Environmental Protection	3,415	3,222	94.3%	721
Dept. of Correction	2,680	2,529	94.3%	1,546
Dept. of Transportation	1,821	1,440	79.1%	312
Dept. of Citywide Admin Servs	1,712	1,432	83.6%	248
Dept. of Small Business Services	859	388	45.2%	(141)
Dept. of Parks and Recreation	706	668	94.7%	46
NYC H+H	541	293	54.2%	-93
Transit Authority	374	277	74.1%	(1,181)
Dept. of Sanitation	333	278	83.3%	-5
Dept. of Cultural Affairs	301	70	23.1%	(199)
Police Department	264	172	65.1%	26
Fire Department	210	160	76.2%	(15)
City University	187	100	53.2%	67
Admin for Children's Services	181	106	58.5%	70
Dept. of Health and Mental Hygiene	170	40	23.4%	(76)
Dept. of Info Tech & Telecomm	154	98	63.7%	(93)
Human Resources Admin	107	68	63.0%	(50)
Brooklyn Public Library	98	101	102.9%	60
Queens Borough Public Library	91	71	78.2%	35
Dept. of Homeless Services	65	45	69.4%	12

Agency (\$ in millions)	Executive FY 2026 CCP, Planned Commitments for FY 2025	FY 2025 Actual Commitments	FY 2025 Achievement Rate	Change in Actual Commitments from FY 2024
New York Public Library	65	27	41.3%	(41)
Dept. for the Aging	23	0	-1.2%	(5)
New York Research Library	8	1	17.0%	(4)
Total	\$23,275	\$18,659	80.2%	\$1,062

Source: Mayor's Office of Management and Budget, Executive FY 2025 CCP

Financing Program

Projected Borrowing

Total projected borrowing in the November Plan is \$69.46 billion, \$1.60 billion more than the June 2025 Financial Plan's estimate. This is the net result of a \$2.73 billion increase in General Obligation (GO) bond borrowing, a \$1.43 billion decrease in Transitional Finance Authority (TFA) Future Tax Secured (FTS) bond borrowing to rebalance the City's debt outstanding across TFA and GO, and a \$293 million increase in New York City Municipal Water Authority borrowing (NYW) between FY 2026 and FY 2029. Debt service on NYW is paid for through water and sewer service charges set by the NYC Water Board.

The net increase in borrowing arises from higher planned capital commitments in the Adopted FY 2026 CCP than the Executive FY 2026 CCP over the same four-year period. Table 42 shows that estimated new borrowing ranges from a low of \$15.53 billion in FY 2026 to a high of \$18.33 billion in FY 2029. GO and TFA account for 45.7 percent and 38.0 percent of total borrowing over the four-year period respectively, with NYW accounting for the remaining 16.3 percent. Consistent with past plans, TFA is not issuing new Building Aid Revenue Bonds (BARBs).

Table 42. Estimated Borrowing and Funding Sources, November Plan Financing Program

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Total	Change from June 2025 Plan*	Source as Share of Total
General Obligation Bonds	\$7,880	\$8,720	\$7,510	\$7,640	\$31,750	\$2,734	45.7%
TFA FTS Bonds	5,215	6,020	7,510	7,640	26,385	(\$1,431)	38.0%

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Total	Change from June 2025 Plan*	Source as Share of Total
NYC Water Finance Authority	2,430	2,697	3,151	3,051	11,329	\$293	16.3%
Total	\$15,525	\$17,437	\$18,171	\$18,331	\$69,464	\$1,596	100.0%

Source: Mayor's Office of Management and Budget, November 2025 Plan

Note: *To calculate the change in Debt Service from the June 2025 Plan, the Comptroller's Office uses the last four years of the five-year plan for accurate comparison

Debt Service

Debt service, net of prepayments, in the November Plan totals \$8.54 billion in FY 2026, \$9.49 billion in FY 2027, \$10.47 billion in FY 2028, and \$11.42 billion in FY 2029.⁶⁵ These amounts sum to \$198 million less than the June Financial Plan, of which \$181 million are captured as City fund savings. Net debt service savings consist of a \$433 million net reduction in TFA FTS debt service offset by a \$235 million net increase in GO debt service.

Much of the increase to GO debt service, and consequently some of the TFA debt service savings, reflect the City's deliberate shift towards issuing a greater percentage of debt for new money purposes in FY 2026 as GO bonds to rebalance debt outstanding across the two debt issuers. The impact of issuing more GO bonds than projected in FY 2026 results in GO debt service increasing by \$283 million relative to projections. This is offset somewhat by \$47 million in savings from GO refundings and other smaller shifts.

Although debt service decreased between plans, over the November Plan period it is estimated that total annual debt service will increase by \$2.88 billion, or 33.7 percent. This is an average annual compounding increase of 10.2 percent.

⁶⁵ Includes GO, lease purchase debt, and TFA-FTS bonds. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC, Inc. debt service paid with tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

Table 43. November 2025 Financial Plan Debt Service Estimates

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	November Plan Total	Change from June 2025 Plan	Annual Growth
GO	\$4,593	\$4,969	\$5,512	\$6,022	\$21,095	\$235	9.4%
TFA FTS	3,839	4,411	4,859	5,285	\$18,393	(433)	11.2%
Lease-Purchase	111	108	103	112	\$435	-	0.3%
Total	\$8,542	\$9,487	\$10,474	\$11,419	\$39,922	(\$198)	10.2%
Change from June 2025 Plan	(119)	(59)	(45)	25	(198)		

Source: Mayor's Office of Management and Budget, November 2025 Plan

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

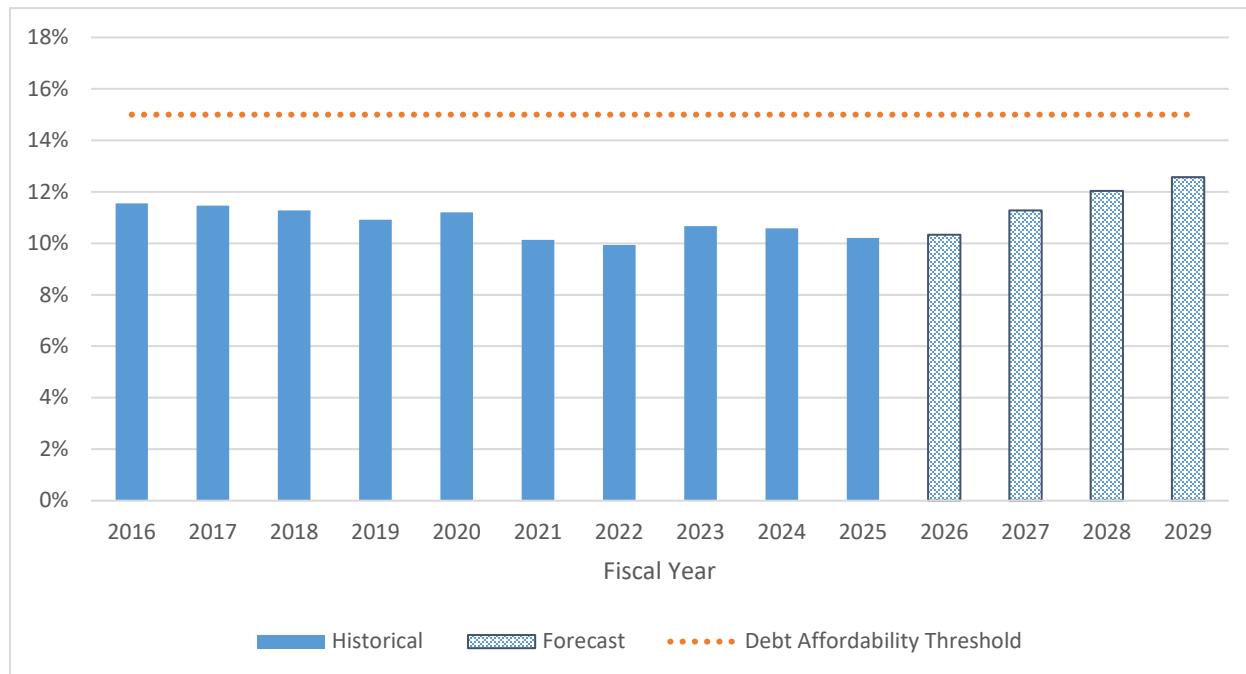
Debt Affordability

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

In FY 2025, debt service was 10.2 percent of tax revenues. Due to forecasted tax revenues rising more slowly than debt service, at 4.2 and 3.0 percent respectively, this measure is expected to rise to 10.3 percent in FY 2026. From FY 2026 through FY 2029, tax revenues are expected to increase by 3.2 percent and debt service by 10.2 percent annually, with debt service costs forecast to reach 12.6 percent of tax revenues in FY 2029.⁶⁶

⁶⁶ The recently released Capital and Debt Obligation report and this report have different amounts for debt service as a share of tax revenue for two reasons. First, the CDO report uses the Comptroller's projections of tax revenue as of the FY 2025 June Plan and this report uses revenue projections as of the FY 2025 November Plan. Second, the CDO report includes TFA FTS paid for using State Building Aid from the State for historical numbers while this report excludes those costs to be consistent with OMB's debt service budget.

Chart 25. NYC Debt Service as a Share of Tax Revenues



Source: Office of the New York City Comptroller, Annual Comprehensive Financial Reports, Fiscal Years 2016 — 2025, and Mayor's Office of Management and Budget, November 2025 Plan.

Note: Fiscal Years 2016 - 2025 are actuals. Fiscal Years 2026 - 2029 are based on the Comptroller's Office's forecasts of tax revenue as of the November 2025 Financial Plan. Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC, Inc. debt service paid through tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

Remaining Debt-Incurring Power

The City ended FY 2025 with remaining debt-incurring power of \$29.1 billion. This rose to \$44.4 billion at the beginning of FY 2026 due to a confluence of several factors:

At the beginning of each fiscal year, the General Debt Limit is recalculated based on the five-year average of the full valuation of real estate in the City. This year, as in most, the General Debt Limit increased, from \$136.8 billion at the end of FY 2025 to \$140.6 billion at the beginning of FY 2026.

As part of the NY State Fiscal Year 2025-2026 budget legislation, the TFA Act was amended again, to increase the TFA FTS statutory exemption by an additional \$3.0 billion beginning July 1, 2025 (in addition to a previously authorized increase of \$6.0 billion beginning on the same date), to a total exemption of \$30.5 billion. Additionally, \$2.4 billion in credit for appropriations for GO principal is applied at the beginning of FY 2026. This reduces debt outstanding by the same amount.

The remaining debt-incurring margin is depleted through the year by the issuance of debt and new contractual commitments that remain unfunded. The remaining debt-incurring power started is projected to decline to \$29.3 billion by June 30, 2026.

In an update to the recently published [Annual Report on Capital Debt and Obligations](#) for FY 2026, the Comptroller's Office in Table 44 below incorporates the debt issuance, amortization, and debt service assumptions from the [November 2025 Financial Plan](#), which reflects planned capital spending from the Adopted FY 2026 CCP. The column "Remaining Debt-Incurring Power" is calculated as of June 30 of the fiscal year corresponding to the table index. The updated projections show that remaining debt-incurring power is expected to hit a low point of \$6.9 billion in Fiscal Year 2033. This is likely a somewhat conservative estimate, however. This is because (as noted above) the Adopted FY 2026 CCP fails to include the full \$3.0 billion State-mandated contribution to the MTA and does not include sufficient commitments to satisfy what the SCA anticipates needing to comply with the class size mandate.

Table 44. Estimate of Remaining Debt-Incurring Power

(\$ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt-Incurring Power
Fiscal Year	(a)	(b)	(c)	(d) = (b) + (c)	(a) - (d)
2026	\$140.6	\$80.3	\$31.0	\$111.3	\$29.3
2027	145.8	90.5	33.4	123.9	21.9
2028	151.8	100.7	35.4	136.1	15.7
2029	158.6	110.9	35.5	146.4	12.2
2030	165.8	120.9	35.5	156.4	9.4
2031	174.7	130.2	35.9	166.1	8.6
2032	180.4	137.8	35.6	173.4	7.1
2033	186.1	143.7	35.5	179.2	6.9
2034	192.0	147.1	37.0	184.0	8.0
2035	198.0	148.8	39.4	188.2	9.8

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

V. Appendix

Table A1. November 2025 Financial Plan Revenue Detail

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026-2029		Annual Percent Change
					Dollars	Percent	
Taxes:							
Real Property	\$35,326	\$36,627	\$37,704	\$38,816	\$3,490	9.9%	3.2%
Personal Income Tax and Pass-Through Entity Tax	18,726	18,280	19,179	19,983	\$1,257	6.7%	2.2%
General Corporation Tax	7,136	6,946	6,963	7,155	\$19	0.3%	0.1%
Unincorporated Business Tax	3,371	3,328	3,388	3,462	\$91	2.7%	0.9%
Sales and Use Tax	10,705	11,041	11,484	11,911	\$1,206	11.3%	3.6%
Real Property Transfer Tax	1,332	1,392	1,453	1,516	\$184	13.8%	4.4%
Mortgage Recording Tax	813	861	914	961	\$148	18.2%	5.7%
Commercial Rent	942	966	979	992	\$50	5.3%	1.7%
Utility	483	526	499	531	\$48	9.9%	3.2%
Hotel	818	811	838	866	\$48	5.9%	1.9%
Cigarette	12	12	12	12	\$0	0.0%	0.0%
All Other	1,246	1,229	1,254	1,280	\$34	2.7%	0.9%
Cannabis Tax	23	31	34	37	\$14	60.9%	17.2%
Tax Audit Revenue	809	779	779	779	(\$30)	(3.7%)	(1.3%)
Total Taxes	\$81,742	\$82,829	\$85,480	\$88,301	\$6,559	8.0%	2.6%
Miscellaneous Revenue:							
Licenses, Franchises, etc.	\$726	\$708	\$710	\$712	(\$14)	(1.9%)	(0.6%)
Interest Income	371	271	270	272	(\$99)	(26.7%)	(9.8%)
Charges for Services	1,041	1,038	1,039	1,038	(\$3)	(0.3%)	(0.1%)
Water and Sewer Charges	2,302	2,278	2,313	2,338	\$36	1.6%	0.5%
Rental Income	258	260	260	260	\$2	0.8%	0.3%
Fines and Forfeitures	1,278	1,283	1,290	1,295	\$17	1.3%	0.4%
Miscellaneous	335	283	279	297	(\$38)	(11.3%)	(3.9%)
Intra-City Revenue	2,073	1,893	1,884	1,882	(\$191)	(9.2%)	(3.2%)
Total Miscellaneous Revenue	\$8,384	\$8,014	\$8,045	\$8,094	(\$290)	(3.5%)	(1.2%)
Unrestricted Intergovernmental Aid:							
Other Federal and State Aid	\$2	\$0	\$0	\$0	(\$2)	(100%)	(100%)
Total Unrestricted Intergovernmental Aid	\$2	\$0	\$0	\$0	(\$2)	(100%)	(100%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2026-2029		Annual Percent Change
					Dollars	Percent	
Reserve for Disallowance of Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%	0.0%
Less: Intra-City Revenue	(\$2,073)	(\$1,893)	(\$1,884)	(\$1,882)	\$191	(9.2%)	(3.2%)
TOTAL CITY-FUNDS	\$88,040	\$88,935	\$91,626	\$94,498	\$6,458	7.3%	2.4%
Other Categorical Grants	\$1,210	\$1,122	\$1,117	\$1,115	(\$95)	(7.9%)	(2.7%)
Inter-Fund Agreements	\$805	\$795	\$796	\$799	(\$6)	(0.7%)	(0.2%)
Federal Categorical Grants:							
Community Development	\$423	\$269	\$249	\$247	(\$176)	(41.6%)	(16.4%)
Social Services	4,108	3,565	3,675	3,771	(\$337)	(8.2%)	(2.8%)
Education	1,927	1,901	1,901	1,900	(\$27)	(1.4%)	(0.5%)
Other	2,135	1,472	1,403	1,367	(\$768)	(36.0%)	(13.8%)
Total Federal Grants	\$8,593	\$7,207	\$7,228	\$7,285	(\$1,308)	(15.2%)	(5.4%)
State Categorical Grants:							
Social Services	\$2,235	\$1,950	\$2,036	\$2,120	(\$115)	(5.1%)	(1.7%)
Education	14,152	14,146	14,146	14,146	(\$6)	(0.0%)	(0.0%)
Higher Education	304	304	304	304	\$0	0.0%	0.0%
Department of Health and Mental Hygiene	742	670	670	670	(\$72)	(9.7%)	(3.3%)
Other	2,153	1,795	1,844	1,909	(\$244)	(11.3%)	(3.9%)
Total State Grants	\$19,586	\$18,865	\$19,000	\$19,149	(\$437)	(2.2%)	(0.7%)
TOTAL REVENUE	\$118,234	\$116,924	\$119,767	\$122,846	\$4,612	3.9%	1.3%

Note: Numbers may not add due to rounding.

Table A2. November 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	\$190	\$181	\$182	\$180	(\$10)	(5.4%)	(1.8%)
Board of Elections	182	147	147	147	(35)	(19.2%)	(6.9%)
Campaign Finance Board	124	13	13	13	(110)	(89.1%)	(52.3%)
Office of the Actuary	8	8	8	8	(0)	(0.8%)	(0.3%)
President, Borough of Manhattan	6	6	6	6	(0)	(7.2%)	(2.5%)
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	88	45	43	42	(46)	(52.4%)	(21.9%)
Office of Administrative Tax Appeals	7	7	7	7	0	0.2%	0.1%
Law Dept.	273	273	273	273	1	0.3%	0.1%
Dept. of City Planning	57	50	50	47	(10)	(16.8%)	(6.0%)
Dept. of Investigation	56	48	45	45	(11)	(19.4%)	(6.9%)
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)	(6.3%)	(2.1%)
Queens Borough Public Library	150	140	140	140	(10)	(6.5%)	(2.2%)
Dept. of Education	35,010	35,413	36,154	36,557	1,547	4.4%	1.5%
City University	1,463	1,470	1,498	1,519	56	3.8%	1.3%
Civilian Complaint Review Board	29	29	29	29	(0)	(0.8%)	(0.3%)
Police Dept.	6,143	6,174	6,318	6,465	323	5.3%	1.7%
Fire Dept.	2,638	2,589	2,572	2,565	(73)	(2.8%)	(0.9%)
Dept. of Veterans' Services	7	6	6	6	(1)	(9.5%)	(3.3%)

						Change FYs 2026 - 2029	
Admin. for Children Services	3,641	3,139	3,137	3,138	(503)	(13.8%)	(4.8%)
Dept. of Social Services	12,138	11,986	12,598	13,157	1,019	8.4%	2.7%
Dept. of Homeless Services	3,872	3,694	2,998	2,997	(876)	(22.6%)	(8.2%)
Dept. of Correction	1,214	1,260	1,382	1,382	168	13.8%	4.4%
Board of Correction	4	4	4	4	(0)	(3.3%)	(1.1%)
Citywide Pension Contributions	10,366	10,519	11,398	10,861	494	4.8%	1.7%
Miscellaneous	14,164	15,262	16,635	18,092	3,928	27.7%	8.5%
G.O. and Lease Debt-Debt Service	4,703	5,077	5,615	6,134	1,431	30.4%	9.3%
T.F.A. Debt Service	3,839	4,411	4,859	5,285	1,446	37.7%	11.2%
FY 2025 BSA	(3,787)	0	0	0	3,787	(100.0%)	(100.0%)
FY 2026 BSA	74	(74)	0	0	(74)	(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	617	548	548	547	(70)	(11.3%)	(3.9%)
Dept. of Cultural Affairs	300	216	216	216	(85)	(28.1%)	(10.4%)
Financial Info. Serv. Agency	123	123	123	123	(0)	(0.3%)	(0.1%)
Office of Criminal Justice	1,030	843	843	845	(184)	(17.9%)	(6.4%)
Office of Payroll Admin.	18	18	18	18	(1)	(4.1%)	(1.4%)
Independent Budget Office	8	8	9	8	(0)	(0.4%)	(0.1%)
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.	9	8	8	8	(1)	(9.1%)	(3.1%)
Taxi & Limousine Commission	62	58	58	58	(4)	(6.6%)	(2.3%)
Office of Racial Equity	7	6	6	6	(1)	(16.3%)	(5.8%)
Commission on Racial Equity	5	5	3	3	(2)	(41.4%)	(16.3%)
Commission on Human Rights	15	14	14	14	(1)	(7.6%)	(2.6%)
Youth & Community Development	1,525	1,579	1,622	1,618	93	6.1%	2.0%
Conflicts of Interest Board	3	3	3	3	0	0.0%	0.0%

						Change FYs 2026 - 2029	
Office of Collective Bargaining	3	3	3	3	0	0.0%	0.0%
Community Boards (All)	23	22	22	22	(1)	(3.5%)	(1.2%)
Dept. of Probation	109	109	110	110	0	0.4%	0.1%
Dept. Small Business Services	293	174	169	169	(124)	(42.4%)	(16.8%)
Housing Preservation & Development	1,828	1,439	1,429	1,454	(374)	(20.4%)	(7.3%)
Dept. of Buildings	231	209	206	206	(25)	(10.9%)	(3.8%)
Dept. of Health & Mental Hygiene	2,660	2,271	2,265	2,265	(395)	(14.8%)	(5.2%)
Health + Hospitals	1,998	1,620	1,669	1,669	(328)	(16.4%)	(5.8%)
Office of Administrative Trials & Hearings	82	80	80	80	(2)	(1.9%)	(0.6%)
Dept. of Environmental Protection	1,883	1,681	1,675	1,673	(210)	(11.1%)	(3.9%)
Dept. of Sanitation	1,994	2,033	2,052	2,057	62	3.1%	1.0%
Business Integrity Commission	9	9	9	9	(0)	(4.6%)	(1.6%)
Dept. of Finance	382	372	374	375	(7)	(1.8%)	(0.6%)
Dept. of Transportation	1,531	1,512	1,516	1,524	(7)	(0.5%)	(0.2%)
Dept. of Parks and Recreation	705	653	653	653	(52)	(7.4%)	(2.5%)
Dept. of Design & Construction	177	163	163	163	(14)	(7.6%)	(2.6%)
Dept. of Citywide Admin. Services	759	642	640	640	(119)	(15.7%)	(5.5%)
D.O.I.T.T.	731	541	539	539	(192)	(26.2%)	(9.6%)
Dept. of Record & Info. Services	16	15	15	15	(0)	(2.8%)	(0.9%)
Dept. of Consumer & Worker Protection	78	70	73	74	(4)	(5.4%)	(1.8%)
District Attorney - N.Y.	205	180	180	180	(25)	(12.3%)	(4.3%)
District Attorney - Bronx	148	142	144	144	(5)	(3.2%)	(1.1%)
District Attorney - Kings	171	163	164	164	(7)	(4.0%)	(1.4%)
District Attorney - Queens	122	108	108	108	(14)	(11.4%)	(3.9%)
District Attorney - Richmond	30	27	27	27	(4)	(11.9%)	(4.1%)
Office of Prosec. & Spec. Narc.	32	32	32	32	0	0.1%	0.0%
Public Administrator - N.Y.	1	1	1	1	0	0.6%	0.2%

						Change FYs 2026 - 2029	
Public Administrator - Bronx	1	1	1	1	(0)	(22.9%)	(8.3%)
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%
Citywide Savings Initiatives	(212)	0	0	0	212	(100.0%)	(100.0%)
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
TOTAL EXPENDITURE	\$118,233	\$121,614	\$126,040	\$129,142	\$10,910	9.2%	3.0%

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

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**NEW YORK CITY COMPTROLLER
BRAD LANDER**

1 Centre Street, New York, NY 10007

www.comptroller.nyc.gov

(212) 669-3916