NEW YORK CITY COMPTROLLER
BRAD LANDER

Comments on New York City's Preliminary Budget

for Fiscal Year 2026 and Financial Plan for Fiscal Years 2025 – 2029

BUREAU OF BUDGET

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I. Executive Summary

The FY 2026 Preliminary Budget and January Financial Plan were released before Donald Trump's inauguration, at a time of great uncertainty about the impact of the incoming Trump Administration on the City budget—including the extent to which the new Administration would pursue its proposed Federal spending cuts and enact its economic and restrictive immigration policies. While much remains unclear, in the weeks since the budget's release, the threats to New York City have intensified dramatically. The Trump Administration has attempted to freeze all Federal aid, and even reversed the transfer of $80 million in Federal funds already received by the City to reimburse it for asylum seeker costs. The House of Representatives voted for a budget bill that would likely result in massive cuts to Medicaid and other programs on which cities and states – including New York – rely heavily. The Trump Administration has begun implementing broad import tariffs. It remains to be seen how trade policy will change in the next months and years.

The financial plan presented by the Mayor in January, however, does nothing to prepare the City or its budget for the actions of the Trump Administration. While the Mayor's Office of Management and Budget (OMB) increased its tax revenue forecast by a cumulative $3.09 billion (2 percent) over this fiscal year and next, it did not include a deposit into the City's rainy day fund, as would be required under the policy proposed by this Office. The financial plan also continues the charade of chronically underbudgeting known costs by an average of $3.75 billion annually from FY 2026 through FY 2029, which misrepresents the size of the City budget and understates its gaps. Transparent budgeting and careful fiscal planning are crucial—now more than ever—so that stakeholders can fully understand the City's fiscal condition and ensure that risks are adequately addressed.

To help protect New Yorkers from the most immediate effects of potential cuts to Federal aid, the Office of the New York City Comptroller proposes adding $1 billion to the City's general reserve fund in FY 2026. While the City would be unable to replace all the Federal funding currently budgeted—as of the January Plan direct Federal aid totals $9.69 billion or 8.3 percent of the City's FY 2025 revenues—this would ensure that the City has funding available for critical programs until longer-term solutions could be reached. In addition, the Comptroller's Office estimates that the City should deposit $847 million into its rainy day fund (the Revenue Stabilization Fund) in FY 2025. This amount is based on the formula previously proposed by the Comptroller's Office, which calls for the deposit into the fund of 50 percent of the growth of non-property taxes above its six-year average. Additional resources in the rainy day fund would help address the potential loss of tax revenues if a recession were to result from the Trump Administration's economic policies.

The State Executive Budget, as amended in late February at the request of the Mayor, includes a proposal to change the amortization schedule for three of the City's five pension systems' unfunded accrued liabilities. This would extend the time it takes for the systems' obligations to reach the status of fully funded from FY 2032 to FY 2044. As a result, the City's contributions would decrease in the short term and increase in the longer term, resulting in an estimated

$4.2 billion in cumulative savings over the financial plan period, with a total decline in city contributions of $8.6 billion in FY 2025 – FY 2032 and an increase of $13.8 billion in FY 2033 – FY 2044. Such a change should only be considered as an emergency plan in case Federal spending cuts significantly harm the City's budget. This is particularly salient considering the Governor's recent proposal to increase the State's oversight of the Adams Administration amid concerns of undue influence by the Trump Administration. Furthermore, in light of significant long-term obligations for health care for municipal employees, and especially retirees, a change of such magnitude and duration to the City's long-term liabilities should only be considered in the context of dedicating resources to those obligations.

The Comptroller's Office has adjusted its economic and revenue assumptions to incorporate an initial assessment of Trump's proposed economic policies, although much remains unclear. These adjustments include an increase in expected inflation and interest rates and a deceleration of economic growth. The new U.S. economic outlook leads to a slightly less benign outlook for NYC revenue streams in FY 2025 and FY 2026 for personal income, business income, and sales taxes.

Overall, the Comptroller's Office forecasts that City fund revenues, including tax and miscellaneous revenues, will exceed OMB's estimates by $488 million in FY 2025, and $870 million in FY 2026, with the difference growing to nearly $3 billion in FY 2029. This is primarily due to this Office's higher Personal Income and Pass-Through Entity Tax projections in FY 2025. In FY 2026 through FY 2029, the differences are largely due to a combination of higher real property, personal income, and business income taxes.

The difference in City revenues is more than offset by this Office's higher projections of City-funded expenditures. As previously mentioned, the financial plan does not account for an average of $3.75 billion annually in chronically underbudgeted costs—costs that are tied to ongoing programs with established spending patterns that are not realistically budgeted. These include uniformed overtime, rental assistance, special education Carter Cases, and public assistance, among others. In addition, the Comptroller's Office estimates that nearly $400 million in additional spending will be necessary annually in FY 2026 through FY 2029 to maintain recent service levels for the City's early education programs, including Pre-K, 3K, Special Education seats, and Promise NYC (with about $200 million required to fully fund Pre-K and 3K in FY 2025). Additional spending will also be required to implement the State's mandate to reduce class sizes in city schools, at an additional cost of $168 million in FY 2026 growing to $1.42 billion by FY 2029.

One area where the Comptroller's Office estimates that City-funded spending will be *less* than currently budgeted is for services to asylum seekers, by $472 million in FY 2025, $589 million FY 2026, and $1.0 billion in FY 2027. OMB reduced its estimates for these costs in the January Plan by a total of $2.83 billion over the plan period. Based on recent trends and fewer expected border crossings in the future, the Comptroller's Office projects an even steeper decline in this population in City shelters than OMB. While this Office estimates total spending will be less than budgeted, it also projects that State and Federal aid for these costs will be less than currently assumed by OMB. After the reversal in February of $80 million in Federal aid already received by the City, the Comptroller's Office assumes no additional Federal aid will be provided to reimburse these costs, although the budget includes $60 million in this year and $59 million in next. As for the State, the Executive Budget does not include additional funding for these services, although the City budget includes State aid through FY 2029. The loss of Federal and State aid reduces the City-funded savings resulting from the smaller population.

Taking the expenditure and revenue re-estimates together, the Comptroller's Office projects higher budget gaps than OMB, totaling $1.48 billion in FY 2025 (1.3 percent of total revenues), increasing to $4.46 billion in FY 2026 (3.9 percent of total revenues), and $7.81 billion in FY 2029 (6.3 percent of total revenues). These gap estimates include the additional deposits called for by the Comptroller's Office into the rainy day fund and the increase in the general reserve.

Like the November budget update, the January Plan does not include a Program to Eliminate the Gap (PEG). The Comptroller's Office continues to advocate that the City should establish, as part of the budget process, a transparent policy of regular efficiency reviews and long-term savings planning. This is particularly true when facing the potential loss of Federal aid and the economic risks posed by the Trump Administration's policies.

The January Plan also included an update of the City's Capital Commitment Plan for FY 2025 through FY 2029 and the City's Preliminary Ten-Year Capital Strategy for FY 2026 through FY 2035. The five-year commitment plan totals $113.19 billion in all-funds authorized commitments. This is an increase of $7.47 billion from the Capital plan released in September. The largest net increases over the five-year plan period are for environmental protection-related projects ($2.91 billion), driven largely by increased funding for the Newtown Creek Combined Sewage Overflow storage tunnel. Housing projects increased by $1.0 billion over FY 2025 through FY 2029, as part of the agreement late last fall to pass the *City of Yes for Housing Opportunity*. Planned commitments at the Department of Housing Preservation and Development increased by a net $825 million, part of the *City of Yes* agreement, and planned capital commitments for the New York City Housing Authority (NYCHA) increased by $186 million, including $175 million related to the *City of Yes*. The *City of Yes* agreement also called for $2 billion in infrastructure projects. According to OMB, the *City of Yes* infrastructure investment is spread over 28 projects at the City's Department of Environmental Protection ($1.59 billion), the Department of Transportation ($243 million), the Parks Department ($151 million), and the Department of Sanitation ($0.1 million), although much of this funding is outside the capital plan's five-year window.

The January Capital Commitment Plan does not include proposed increased capital commitments for the Metropolitan Transportation Authority's (MTA) 2025-2029 capital plan. The State Executive Budget, released after the January Plan, proposed a City contribution of $3.0 billion to the MTA's plan. The State identified a total of $32.7 billion in base funding to support the $68.4 billion MTA plan, leaving a $35.7 billion gap, even when congestion pricing revenues are included. The MTA's plan is under further pressure due to great uncertainty regarding the amount of Federal funding the MTA will receive from the Trump Administration and the fate of the congestion pricing program. The already identified additional needs for the MTA's 2025-2029 capital plan and the evolving risks to Federal aid could result in larger impacts on the City's operating expenses and capital commitments.

The State Executive Budget also included a proposal to raise the amount of debt excluded from the debt limit by a commensurate $3.0 billion, thereby limiting the impact of the increased contribution on the City's debt capacity. As of the January Plan, the Comptroller's Office estimates that the City's remaining debt incurring power will total $27.5 billion at the end of FY 2025 and reach a low point of $4.7 billion at the end of FY 2031. If enacted, the greater debt capacity proposed in the Executive Budget would be in addition to the $14 billion increase to the City capacity approved as part of last year's State budget, for a total of $17 billion in additional capacity by the start of FY 2026.

As this Office has previously reported, the potential impacts of the Trump Administration on the New York City fiscal condition are far greater than the direct subsidies to the City government – possibly affecting everything from the MTA, to public housing, to the City's public hospitals, and more. Yet the January Plan lacks the transparency and preparation required to begin to protect the City from the potential impacts of the Trump Administration's far-reaching policy proposals. The City must boost its long-term and budgeted reserves, begin the efficiency planning outlined in this Office's new fiscal framework, and engage in transparent budgeting, so that it is equipped to protect New Yorkers this year, and in the years ahead.

Table 1. FY 2025 – FY 2029 January Financial Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 –2029	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	$34,339	$34,953	$35,943	$36,769	$37,599	$3,260	9.5%
Other Taxes	43,248	44,295	45,317	46,865	48,939	5,691	13.2%
Tax Audit Revenues	773	773	773	773	773	0	0.0%
Subtotal: Taxes	**$78,360**	**$80,021**	**$82,033**	**$84,407**	**$87,311**	**$8,951**	**11.4%**
Miscellaneous Revenues	8,328	7,901	7,837	7,866	7,899	(429)	(5.2%)
Unrestricted Intergovernmental Aid	16	0	0	0	0	(16)	(100.0%)
Less: Intra-City Revenues	(2,058)	(1,808)	(1,796)	(1,791)	(1,791)	267	(13.0%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$84,631**	**$86,099**	**$88,059**	**$90,467**	**$93,404**	**$8,773**	**10.4%**
Other Categorical Grants	1,186	1,116	1,111	1,109	1,108	(78)	(6.6%)
Inter-Fund Revenues	766	777	778	778	778	12	1.6%
Federal Categorical Grants	9,689	7,371	7,190	7,244	7,305	(2,384)	(24.6%)
State Categorical Grants	20,220	19,161	19,185	18,680	18,843	(1,377)	(6.8%)
Total Revenues	**$116,492**	**$114,524**	**$116,323**	**$118,278**	**$121,438**	**$4,946**	**4.2%**
Expenditures							
Personal Service							
Salaries and Wages	$32,834	$34,019	$34,956	$35,897	$36,688	$3,854	11.7%
Pensions	10,071	10,574	10,927	11,770	11,312	1,241	12.3%
Fringe Benefits	14,022	14,688	15,264	15,875	16,515	2,493	17.8%
Subtotal-PS	**$56,927**	**$59,281**	**$61,147**	**$63,542**	**$64,515**	**$7,588**	**13.3%**
Other Than Personal Service							
Medical Assistance	$6,743	$6,583	$6,733	$6,883	$7,033	$290	4.3%
Public Assistance	2,570	1,650	2,000	2,463	2,905	335	13.0%
All Other	46,453	40,896	41,467	40,602	41,010	(5,443)	(11.7%)
Subtotal-OTPS	**$55,766**	**$49,129**	**$50,200**	**$49,948**	**$50,948**	**($4,818)**	**(8.6%)**
Debt Service	$7,860	$8,816	$9,569	$10,510	$11,397	$3,538	45.0%
FY 2024 BSA and Discretionary Transfers	($4,397)	$0	$0	$0	$0	$4,397	(100.0%)
FY 2025 BSA	$2,344	($2,344)	$0	$0	$0	($2,344)	(100.0%)
Capital Stabilization Reserve	$0	$250	$250	$250	$250	$250	N/A
General Reserve	$50	$1,200	$1,200	$1,200	$1,200	$1,150	N/A
Less: Intra-City Expenses	($2,058)	($1,808)	($1,796)	($1,791)	($1,791)	$267	(13.0%)
Total Expenditures	**$116,492**	**$114,524**	**$120,570**	**$123,659**	**$126,519**	**$10,028**	**8.6%**
Gap to be Closed	**$0**	**$0**	**($4,247)**	**($5,381)**	**($5,081)**	**($5,081)**	**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, January 2025 Plan vs. November 2024 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Revenues				
Taxes:				
General Property Tax	$0	$209	$163	$299
Other Taxes	1,111	1,769	1,034	976
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$1,111**	**$1,978**	**$1,197**	**$1,275**
Miscellaneous Revenues	150	51	44	38
Unrestricted Intergovernmental Aid	2	0	0	0
Less: Intra-City Revenues	(91)	(1)	0	0
Disallowances Against Categorical	0	0	0	0
Subtotal: City-Funds	**$1,172**	**$2,028**	**$1,241**	**$1,313**
Other Categorical Grants	18	0	0	0
Inter-Fund Revenues	1	3	3	3
Federal Categorical Grants	141	34	10	4
State Categorical Grants	131	9	14	13
Total Revenues	**$1,463**	**$2,074**	**$1,268**	**$1,333**
Expenditures				
Personal Service				
Salaries and Wages	($212)	$88	$9	$8
Pensions	3	(274)	14	14
Fringe Benefits	(123)	(167)	(169)	(166)
Subtotal-PS	**($332)**	**($353)**	**($146)**	**($144)**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	0	0	0	0
All Other	1,105	(753)	100	509
Subtotal-OTPS	**$1,105**	**($753)**	**$100**	**$509**
Debt Service	($67)	($28)	($11)	$13
FY 2024 BSA and Discretionary Transfers	$0	$0	$0	$0
FY 2025 BSA	$2,248	($2,248)	$0	$0
Capital Stabilization Reserve	($250)	$0	$0	$0
General Reserve	($1,150)	$0	$0	$0
Less: Intra-City Expenses	($91)	($1)	$0	$0
Total Expenditures	**$1,463**	**($3,383)**	**($57)**	**$378**
Gap to be Closed	**$0**	**$5,457**	**$1,325**	**$955**

Source: Mayor’s Office of Management and Budget

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

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

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Revenues				
Taxes:				
General Property Tax	$59	$209	$163	$299
Other Taxes	1,253	1,769	1,034	976
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$1,312**	**$1,978**	**$1,197**	**$1,275**
Miscellaneous Revenues	205	(79)	(93)	(99)
Unrestricted Intergovernmental Aid	16	0	0	0
Less: Intra-City Revenues	(105)	124	132	137
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$1,428**	**$2,023**	**$1,236**	**$1,313**
Other Categorical Grants	79	11	6	5
Inter-Fund Revenues	4	6	6	6
Federal Categorical Grants	1,767	120	39	18
State Categorical Grants	782	47	50	42
Total Revenues	**$4,060**	**$2,207**	**$1,337**	**$1,384**
Expenditures				
Personal Service				
Salaries and Wages	(65)	152	97	84
Pensions	(276)	(519)	(350)	(542)
Fringe Benefits	(112)	(165)	(167)	(164)
Subtotal-PS	**($453)**	**($532)**	**($420)**	**($622)**
Other Than Personal Service				
Medical Assistance	0	0	0	0
Public Assistance	920	0	0	0
All Other	2,963	(473)	316	701
Subtotal-OTPS	**$3,883**	**($473)**	**$316**	**$701**
Debt Service	**($209)**	**($71)**	**($36)**	**$80**
FY 2024 BSA and Discretionary Transfers	$0	$0	$0	$0
FY 2025 BSA	$2,344	($2,344)	$0	$0
Capital Stabilization Reserve	($250)	$0	$0	$0
General Reserve	($1,150)	$0	$0	$0
Less: Intra-City Expenses	($105)	$124	$132	$137
Total Expenditures	**$4,060**	**($3,296)**	**($8)**	**$296**
Gap to be Closed	**$0**	**$5,503**	**$1,345**	**$1,088**

Source: Mayor's Office of Management and Budget

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

Table 4. Comptroller's Office Restated Gaps and Surpluses

Positive numbers decrease the gap and negative numbers increase the gap

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	**$0**	**$0**	**($4,247)**	**($5,381)**	**($5,081)**
Revenues Differences					
Tax Revenues Differences	**461**	**805**	**1,261**	**2,218**	**2,958**
Property Tax	(94)	317	510	1,028	1,639
Personal Income Tax/PTET	377	312	(4)	141	248
Business Income Taxes	(65)	(210)	264	483	222
Sales Tax	6	65	91	124	379
Real Estate-Transaction Taxes	21	75	122	141	153
Tax Audits & All Other Taxes	216	246	278	301	317
Non-Tax Revenues Differences	**27**	**65**	**15**	**15**	**15**
Subtotal Revenues	***$488***	***$870***	***$1,276***	***$2,233***	***$2,973***
Expenditures Differences					
Underbudgeting	**(1,434)**	**(4,179)**	**(3,720)**	**(3,551)**	**(3,544)**
Overtime	(1,091)	(994)	(750)	(750)	(750)
Rental Assistance	(150)	(1,150)	(1,150)	(1,150)	(1,150)
Shelter Capacity, Non-Asylum Seeker	0	(600)	(600)	(600)	(600)
Prevailing Wage for Shelter Security Guards	0	(50)	(50)	(50)	(50)
Public Assistance	(80)	(550)	(200)	0	0
Contributions to MTA	0	(298)	(478)	(539)	(532)
DOE Carter Cases	(113)	(258)	(188)	(188)	(188)
DOE Custodial Costs	0	(154)	(154)	(154)	(154)
DOE Charter Leases	0	(40)	(35)	0	0
Temporary and Professional Services	0	(85)	(115)	(120)	(120)
Fiscal Cliffs - Federal COVID 19 Aid	**(43)**	**(244)**	**(355)**	**(355)**	**(355)**
Foster Care Reimbursement Rate	**0**	**(138)**	**(138)**	**(138)**	**(138)**
DOE Pre-K and 3-K	**(203)**	**(316)**	**(296)**	**(295)**	**(295)**
DOE Early Childhood Special Education	**0**	**(55)**	**(55)**	**(55)**	**(55)**
Promise NYC	**0**	**(25)**	**(25)**	**(25)**	**(25)**
DOE School Nurses	**0**	**(194)**	**(194)**	**(194)**	**(194)**
DOE LV Order	**0**	**0**	**(52)**	**(52)**	**(52)**
Health Insurance Stabilization Fund Payments	**(612)**	**0**	**0**	**0**	**0**
Personnel Services Savings	**400**	**0**	**0**	**0**	**0**
Prior Year Payable Adjustment	**296**	**400**	**400**	**400**	**400**
Longer Term Risks/Offsets	**472**	**421**	**318**	**(1,276)**	**(1,442)**
Asylum Seekers Expenses	472	589	1,005	(38)	(27)
Class Size Mandate	0	(168)	(687)	(1,238)	(1,415)
Subtotal Expenditures	***($1,124)***	***($4,330)***	***($4,117)***	***($5,541)***	***($5,700)***
Total Comptroller Re-estimates	**($637)**	**($3,460)**	**($2,841)**	**($3,308)**	**($2,727)**
Restated (Gap)/Surplus	**($637)**	**($3,460)**	**($7,088)**	**($8,689)**	**($7,808)**
Deposit into the Revenue Stabilization Fund	($847)	0	0	0	0
Protecting New York City General Reserve Increase	0	($1,000)	0	0	0
Restated (Gap)/Surplus with Reserve Increases	**($1,484)**	**($4,460)**	**($7,088)**	**($8,689)**	**($7,808)**

Source: Office of the New York City Comptroller

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

II. The City’s Economic Outlook

New York City has been on a path of stable, if moderate, economic growth. While employment has been essentially flat outside the Health & Social Assistance sector, there are some signs of an incipient pickup in the local economy. Layoff announcements have receded substantially, the office market has strengthened, transit ridership has trended up, and tourism has been strong. However, before delving into these recent local trends, the Office of the New York City Comptroller focuses on the risks that have taken center stage—uncertainty around the national economic and policy outlook.

New risks to U.S. economy from Federal policy

The Office of the New York City Comptroller’s economic assumptions have incorporated some adjustment to the U.S. economic outlook as a consequence of the election. These changes—which include an upward shift in expected future U.S. inflation and interest rates with a downward shift in GDP growth—were based on expectations for the direction of national economic policies to be undertaken by the Trump Administration as he came into office. These projections do not explicitly assume a specific scenario regarding these policies because of the remaining uncertainty of the extent of their implementation and their sustainability.

There are three policy areas of current special relevance to the U.S. economic outlook—international trade, immigration, and fiscal balance. All these policy areas contain risks of inflationary pressure and for declines in U.S. output and real wages.

In its first six weeks after taking office, the Trump Administration implemented broadly applicable tariffs on goods imported into the U.S. from its three largest trading partners—Canada, Mexico, and China—which together accounted for 42 percent of U.S. goods imports in 2024.[1] As of early March, a 25 percent tariff has been imposed on Canadian and Mexican goods while a 20 percent cumulative tariff increase has been applied to Chinese goods. In addition, the recent restoration of 25 percent tariffs on steel and aluminum apply to all such imports. Significant uncertainty remains about whether, and for how long, tariffs will be sustained on the goods from these countries and potentially many other (or all other) countries—the Administration has proposed similar tariffs on EU imports and suggested tariffs on imports from all sources.

Any policies imposing substantial tariffs on a meaningful share of U.S. imports are nearly certain to raise prices paid by U.S. businesses for their inputs and U.S. consumers for final goods. The impact of tariffs on prices may be partially mitigated by several factors including appreciation of the U.S. dollar, reductions in foreign producer and domestic importer profits, substitution toward domestic (and non-tariffed foreign) goods, and global supply chain alterations. However,

[1] See U.S. Bureau of Economic Analysis, “U.S. International Trade in Goods and Services December and Annual 2024,” news release (February 5, 2025), https://www.bea.gov/sites/default/files/2025-02/trad1224.pdf.

empirical evidence suggests that after the wave of tariffs introduced during the first Trump Administration, import taxes were nearly fully passed on to U.S. purchasers as price increases.[2] And, while a new tariff is a one-time change in cost, the response of prices has been shown to adjust more gradually over a period of many months.[3] This extended effect has the potential to raise U.S. inflationary pressure over a prolonged period and could have an impact on inflation expectations—thereby increasing inflationary pressure by even more than the extent of the tariff. Finally, if these new trade policies prompt an escalating "trade war" of retaliatory tariffs and restrictions—China and Canada have already announced new tariffs on U.S. imports—many of these economic risks would be amplified.

The indirect effects of tariffs and their accompanying price increases are also most likely to negatively impact the U.S. economic growth and real wages in the near term. A cautious Federal Reserve will want to keep interest rates higher this year and next to counter tariff-induced inflationary pressures, slowing growth prospects overall. Appreciation of the U.S. dollar—in response to the tariff's lowering of import demand—could also hurt U.S. exports as they become relatively more expensive abroad. Tariff proponents often argue that tariffs will incentivize increasing domestic manufacturing in the longer term. However, those who operate within global supply chains, and rely on imported inputs from tariffed countries, may find their higher costs leave them at a competitive disadvantage in the U.S. and abroad. In addition to the inflationary risks, economic growth could also be adversely affected if retaliatory tariffs lead to a reduction in U.S. exports.

The Trump Administration has also initiated a pivot in U.S. immigration policies expected to reduce both legal and illegal immigration. This, in combination with an increase in workplace enforcement and deportations of undocumented immigrants, should result in negative labor supply shocks. The resulting labor shortages will not be spread evenly across the U.S. labor force, but rather concentrated in certain locales and within certain industry sectors, which will lead to a greater intensity of economic disruption.

Federal tax cuts that are currently being discussed would need to be financed by steep spending cuts and/or deficits. President Trump and the Congressional majority intend to extend expiring individual tax reductions from the Tax Cut and Jobs Act (TCJA) and also add new reductions in both corporate and individual income taxes. While the Trump Administration may argue that the cuts could be financed by the tariff revenue and spending cuts, this would probably require tariffs at a level higher than what is currently being discussed. An extension of the TCJA's tax provisions alone is estimated to cost $4.6 trillion[4] over 10 years, while the initially proposed tariff of 25 percent on Canada and Mexico, and 10 percent on China, is projected to raise $1.2 trillion

[2] See: Amiti, M., Redding, S. J., & Weinstein, D. E. (2019). The Impact of the 2018 Tariffs on Prices and Welfare. The Journal of Economic Perspectives, 33(4), 187–210. https://www.jstor.org/stable/26796842; and,

Pablo D Fajgelbaum, Pinelopi K Goldberg, Patrick J Kennedy, Amit K Khandelwal, The Return to Protectionism, The Quarterly Journal of Economics, Volume 135, Issue 1, February 2020, Pages 1–55, https://doi.org/10.1093/qje/qjz036.

[3] Amiti et al (2019).

[4] Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues | Congressional Budget Office (2024).

over the same period.[5] The House Budget Resolution, passed in late February, calls for $2 trillion of mandatory spending cuts over 10 years. If included in the final Reconciliation, substantial spending cuts, particularly to programs that support lower-income Americans, could reduce consumer spending and slow economic growth.

Furthermore, even if Federal spending cuts are fully offset fiscally by tax cuts, reductions in Federal purchases and transfers to state and local governments and individuals would likely have the effect of a net fiscal contraction. This results from the higher propensity for corporations and higher-income taxpayers to save their tax cuts, resulting in a lower macroeconomic multiplier than occurs with direct spending by Federal, state, and local governments, and transfers to middle and lower-income individuals.

The Comptroller's Office expects the Federal Reserve to pursue a more restrictive monetary policy in 2025, in large part because of inflationary concerns related to Federal policies. The Comptroller's Office's forecast of the Federal Funds Rate averages 4.24 in 2025 (up from 3.91) and 3.41 in 2026 (from 3.05). This Office has also revised the inflation rate forecast upward in 2026 (by 0.3 percentage points) and in 2027 (0.2 percentage points). See Table 5 for the Comptroller's Office and OMB (Mayoral) economic forecasts.

Higher expected interest rates and the potential labor force declines associated with new immigration controls and enforcement are responsible for a downward revision to the Comptroller's Office's forecast for real GDP growth in 2026 (1.7 percent, down from 2.1 percent) and 2027 (1.9 percent, down from 2.1 percent). Given recent developments in international trade policy, this forecast may be overly optimistic.

Risks to NYC economy from Federal policy

The risks to the New York City economy emanating from potential new policies at the Federal level include further delays in the improvement of job growth across several of the city's higher-paying sectors—such as finance, information, and professional services—amidst higher-projections for interest rates and a slow-growing national economy. Growth in these sectors would also be hampered by the threat of reductions to the H1-B visa program for specialty workers, which could create the incentive for more globalized employers to focus their staff expansions on other countries rather than New York City.

The local sector most vulnerable to new tariffs and immigration policies is the construction industry, which currently relies on imports for a meaningful percent of its material inputs and employs a large number of immigrants including many who are undocumented. Nationally, the residential construction industry imports 7 percent of its input goods.[6] And in NYC, immigrants account for 63 percent of the construction industry workforce, with about one-in-five of those

[5] T25-0016 – Impose Additional Tariffs on Imported Goods From China, Canada, and Mexico | Tax Policy Center (2025)

[6] How Tariffs Impact the Home Building Industry | NAHB

workers estimated to be undocumented.[7] Much needed residential construction in NYC will also be hampered by interest rates remaining higher, as finance costs are a significant factor in the decision to build—both for short-term borrowing while projects are underway and longer-term mortgage rates faced by potential buyers.

For decades, New York City has relied upon net positive international migration for growth in both resident population and jobs. Famously a city of immigrants, 38 percent (3.1 million) of the city's residents are foreign-born, more than double the nationwide proportion of 14 percent. However, likely undocumented immigrants accounted for an estimated 5 percent of the population (about 400,000) in 2023, versus 3.5 percent nationwide.[8] Since Spring 2022, more than 230,900 migrants have come to NYC. In January 2024, over 69,000 individuals were residing in City shelters and were likely not included in the 2023 official population statistics. In part due to changes in border policy beginning last summer, and more recently since the election, that number of migrants has decreased to 46,000 and is expected to decline further, as discussed later in this report.

Immigration restrictions and the possibility of increased deportations could also have a large impact on the labor force available across many other NYC sectors with high concentrations of both documented and undocumented immigrants. Among those employed in NYC's restaurant and food services sector, 60 percent are foreign-born of which 21 percent are estimated to be undocumented. Foreign-born workers are also overrepresented among health care workers, especially in home health care and hospitals, as well as in housekeeping and janitorial occupations, retail, and taxi drivers.[9] Future labor shortages for these occupations will both exacerbate local price inflation for services and could cause difficulties for local business profitability that may lead to economic decline in certain sectors.

The Mayor's Office of Management and Budget (OMB) did not explicitly assume the implementation of any of these Trump Administration trade or immigration policies in their economic forecast, as they were released in mid-January. That forecast does, however, include some of the effects of the anticipation of such policies on the part of other actors in the U.S. economy, e.g. by the Fed in its rate setting (they have raised their Federal Funds Rate expectations) and by reactions in the financial markets (they also raise their 10-year Treasury bond rate forecast).

[7] See the 2023 Annual Report from the Mayor's Office of Immigrant Affairs, https://www.nyc.gov/assets/immigrants/downloads/pdf/MOIA-Annual-Report-2023_Final.pdf

[8] ibid

[9] See Mayor's Office of Immigrant Affairs (2023) and High-Growth Occupations Reliant on Undocumented Immigrant Workers in New York State - The Center for Migration Studies of New York (2024).

Economic Forecast

Table 5 summarizes both OMB's and the Comptroller's forecasts for selected U.S. and NYC economic measures.

Table 5. Forecast of Selected Economic Indicators, Calendar Years 2024 to 2029

		2024	2025	2026	2027	2028	2029
U.S. Economy							
Real GDP, (Constant $, % Change)	Comptroller	2.8%	2.2%	1.7%	1.9%	2.2%	2.3%
	Mayor	2.7%	2.0%	2.0%	1.8%	1.9%	1.9%
Payroll Jobs, (% Change)	Comptroller	1.6%	1.0%	0.5%	0.3%	0.3%	0.4%
	Mayor	1.6%	0.8%	0.3%	0.1%	0.2%	0.5%
Fed Funds Rate, (Percent)	Comptroller	5.15	4.24	3.41	2.96	2.96	2.93
	Mayor	5.1	4	3.7	3.1	3.1	3.1
10-Year Treasury Notes, (Percent)	Comptroller	4.21	4.36	4.29	4.24	4.2	4.16
	Mayor	4.2	3.9	4	3.5	3.5	3.5
Consumer Price Index (% Change)	Comptroller	2.9%	2.4%	2.8%	2.5%	2.2%	2.1%
	Mayor	2.9%	2.1%	2.4%	2.4%	2.0%	2.3%
NYC Economy							
Payroll Jobs, (Change In Thousands, Q4-Q4)	Comptroller	85.3	73.8	50.2	46.7	48.9	50.5
	Mayor	84.1	67.3	73.5	72.9	91.3	86.8
Total Wage Earnings (% Change)	Comptroller	6.0%	4.9%	4.7%	3.8%	3.2%	3.4%
	Mayor	5.4%	4.6%	4.4%	3.4%	4.0%	4.0%
Consumer Price Index, NY area (% Change)	Comptroller	3.6%	3.2%	3.0%	2.7%	2.5%	2.4%
	Mayor	3.6%	2.5%	1.8%	1.6%	1.4%	1.3%
Wall Street Profits ($ Billions)	Comptroller	44	36.6	32.3	32.5	34.1	34.5
	Mayor	47.8	40.5	26.3	25.3	24.3	25.1

		2024	2025	2026	2027	2028	2029
Securities Bonus Pool ($ Billions)	Comptroller	43.7	41.6	39.2	39.1	39.5	39.4
	Mayor	40.8	43.5	39.4	40.7	41.9	43.5
Total Asking Rental Rate, Manhattan Offices (% Change)	Comptroller	0.8%	1.2%	3.7%	3.3%	2.8%	2.7%
	Mayor	0.7%	0.5%	0.6%	0.3%	0.9%	0.4%
Total Vacancy Rate, Manhattan Offices	Comptroller	23.5%	23.0%	22.4%	21.9%	21.5%	21.2%
	Mayor	22.7%	21.9%	20.9%	19.9%	19.0%	18.3%

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

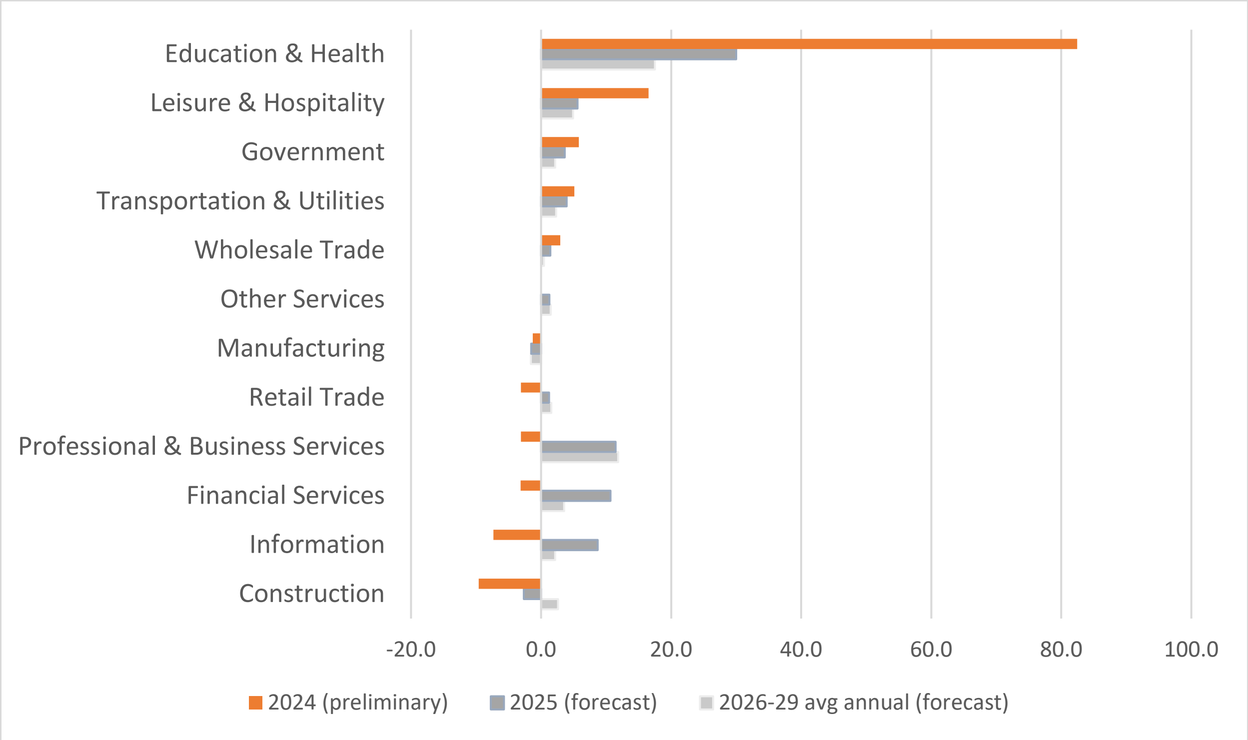
Note: *Forecasts shown for the Mayor are for the "Primary" office asking rental rates and vacancy rates, which is just for class A Manhattan offices. The Comptroller's rental rates and vacancy rates are for all Manhattan office classes.

New York City's Economy

NYC Employment

Total employment growth in NYC for the full year of 2024 appeared healthy, rising by 85,300 jobs from the fourth quarter of 2023 to the fourth quarter of 2024 (1.8 percent). But, as has been well-noted in prior reports, the city's job growth was far from uniform and was concentrated primarily in Education & Health Care (up 82,400 Q4 to Q4) and Leisure & Hospitality (up 16,500). These two sectors are among the city's lowest paying based on average wages. Meanwhile, NYC's higher paying sectors—i.e., Financial Activities, Information, and Professional & Business Services—suffered a combined loss of about 13,600 jobs (0.9 percent). Chart 1 shows the change in jobs, by sector, over 2024, plus the Comptroller's Office's forecast for later years.

Chart 1. Change in NYC Employment by Sector (Q4-Q4) in 2024 and Comptroller's Forecast for 2025-2029, in Thousands



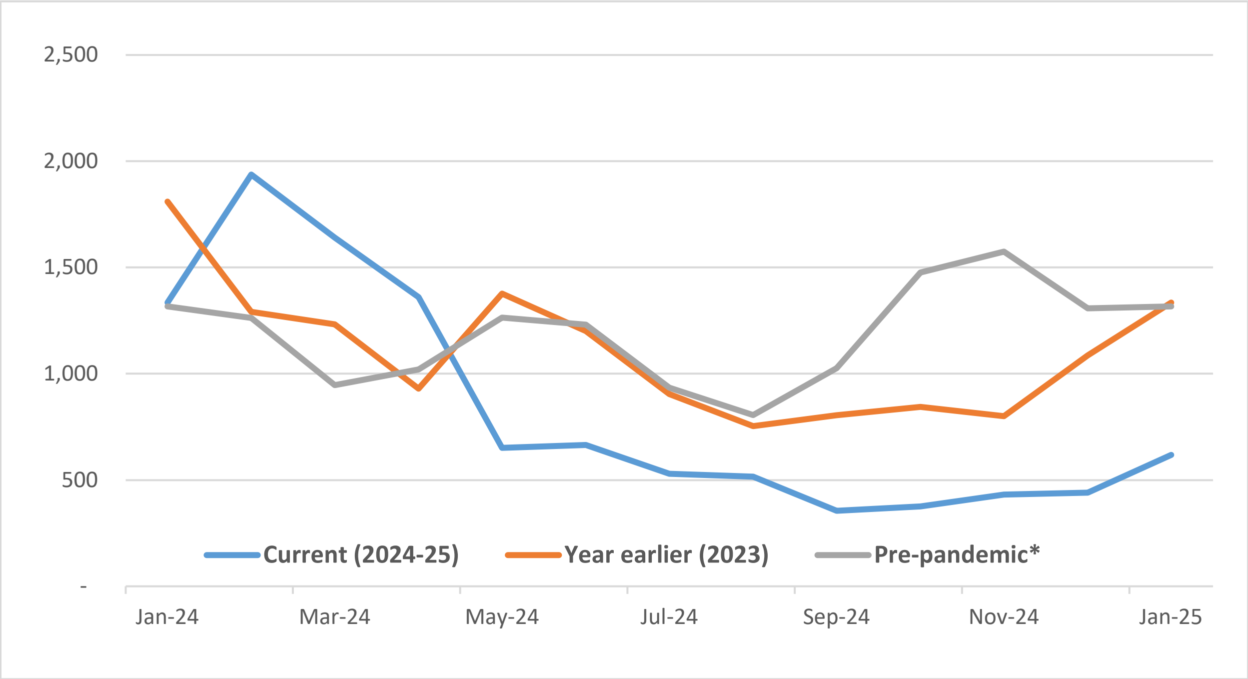
Source: NY State Department of Labor, and Office of the New York City Comptroller

Jobs in NYC's film and television industry, which declined precipitously in 2023 during the dual writers and performers strikes, were expected to bounce back in 2024 to pre-strike levels. Instead, Motion Picture & Sound Recording sub-industry employment in the city fell by 4,600 (12.4 percent) from the fourth quarter of 2023 to the fourth quarter of 2024. There were also declines in Broadcasting & Content Provider Employment, as well as at Radio and Television Broadcasting Stations. Permit data for on-location film, television, and commercial shoots were down 22 percent in 2024 through November as compared to the last pre-strike year in 2022.[10]

But despite a year of modest payroll downsizing, the outlook remains one of modest growth for NYC's higher-paying, office-oriented industries. Chart 2 shows the number of city-wide employees included in layoff announcements each month, as required under the WARN (Worker Adjustment & Retraining Notification) Act. These data provide a leading indicator of future layoffs; a 3-month moving average is shown to smooth out some of the volatility. Layoff announcements have been subdued and well below comparable levels in both 2023 and pre-pandemic (2017-19), and breaking with seasonal patterns.

[10] Gothamist (December 5, 2024) NYC's film industry is still 'totally dead' a year after the strikes — at least for some

Chart 2. WARN Notices, Number of NYC Employees Affected, 3-Month Moving Average



Source: NY Department of Labor; Office of the New York City Comptroller Note: *Average for the three years leading up to the pandemic (2017, 2018, 2019)

As noted in prior reports, ongoing rapid job growth in the Education & Health Care sector has been fueled in part by the aging of the population in NYC, but also the pandemic period's expansion of Medicaid eligibility and growth in the use of Medicaid-funded home health services. Demand for these services has been especially growing through the Consumer Directed Personal Assistance Program (CDPAP), which allows individuals to become certified to provide home-based care for their relatives and friends. But NYC Medicaid enrollment peaked at 4.50 million in June 2023, at the end of the pandemic emergency enrollment provisions, and has steadily fallen in each subsequent month. Enrollment was 4.04 million as of November 2024.[11] NY State has also started to tackle the rising costs of the CDPAP program and is in the process of consolidating the management and payment of these services from over 600 fiscal intermediaries to a single intermediary in April 2025. As a result, the Comptroller's forecast expects Q4-to-Q4 growth of 30,000 jobs in 2025 in the Education & Health sectors, down from 82,400 in 2024 and 65,900 in 2023.

[11] NYS Medicaid Enrollment Databook

NYC Labor Force and Unemployment

New York City's unemployment rate ended 2024 averaging 5.4 percent in the fourth quarter (seasonally adjusted), its highest level since the second quarter of 2022. The labor force participation rate and the employment-population ratio also remained at record high levels.

In contrast with most parts of the country, NYC's labor force participation rate has been on a long-term upward trend for several decades, with the main drivers behind this being increased participation of women and a rising average age of retirement. But growth in the measure has not been uniform; and in the years 2017 to 2020, up until the pandemic, participation rates were generally flat, both in New York City and the nation. However, New York City's rate has resumed an upward trend and reached a record high in 2024. The U.S. labor force participation rate has recovered to near its pre-pandemic level but has not shown a similar acceleration above that rate. One hypothesis is that the expansion of locational flexibility in the workplace, through hybrid and remote work, has contributed to an acceleration of the willingness to seek employment. Another hypothesis for the rise in NYC's rate is that the opportunity to be employed as a home health caregiver (through CDPAP) has drawn more people into the workforce. Both these hypotheses suggest that the recent rise in labor force participation is unlikely to continue.

Table 6 uses micro-level data from the Current Population Survey[12] to further examine labor force participation by subgroups within NYC, comparing full-year average rates for 2019 and 2024. Female labor force participation rose by 3.1 percent in the five-year span while male participation declined. Participation gains were also concentrated within prime working age categories, rather than among the oldest and youngest age resident categories.

Table 6. NYC Labor Force Participation Rates by Sex and Age, 2019 and 2024 (Percent)

	2019	2024	Change
All NYC Residents (16+)	59.7	60.6	0.9
By Sex			
Male	67.5	65.7	(1.8)
Female	52.8	56.0	3.1
By Age			
Age 15-24	44.4	43.0	(1.4)
Age 25-34	80.0	82.6	2.6
Age 35-54	78.7	82.5	3.8
Age 55+	38.2	38.6	0.3

Source: Bureau of Labor Statistics, Current Population Survey

[12] Note that the micro-level data from the CPS are, in aggregate, somewhat lower than the NYC labor force data from the monthly Local Area Unemployment Statistics estimate, which uses a model that incorporates other information.

Inflation

The inflation rate across the New York metro region has subsided somewhat, though as of January 2025 it remained a full point higher than the national rate on a 12-month basis—4.0 percent versus 3.0 percent, respectively, as measured by the CPI (Consumer Price Index). The core inflation rate, excluding food and energy, was 4.4 percent locally over the same period—again, roughly a point above the nationwide rate of 3.3 percent. Housing rent in the New York City's metro region has continued to be a major contributor to local inflation, rising by 5.5 percent.

Housing

The home sales market remained stable in Manhattan in late 2024, but it has picked up modestly in Brooklyn and Queens, with market prices up 2 percent to 4 percent from a year earlier. Citywide, selling prices have rebounded to their pre-pandemic levels.

The rental market remained tight in late 2024, with December market rents up 3-4 percent from a year earlier across all five boroughs. In contrast with home selling prices—which are barely higher than their level at the end of 2019—citywide listed market rents are up roughly 20 percent, on average.[13]

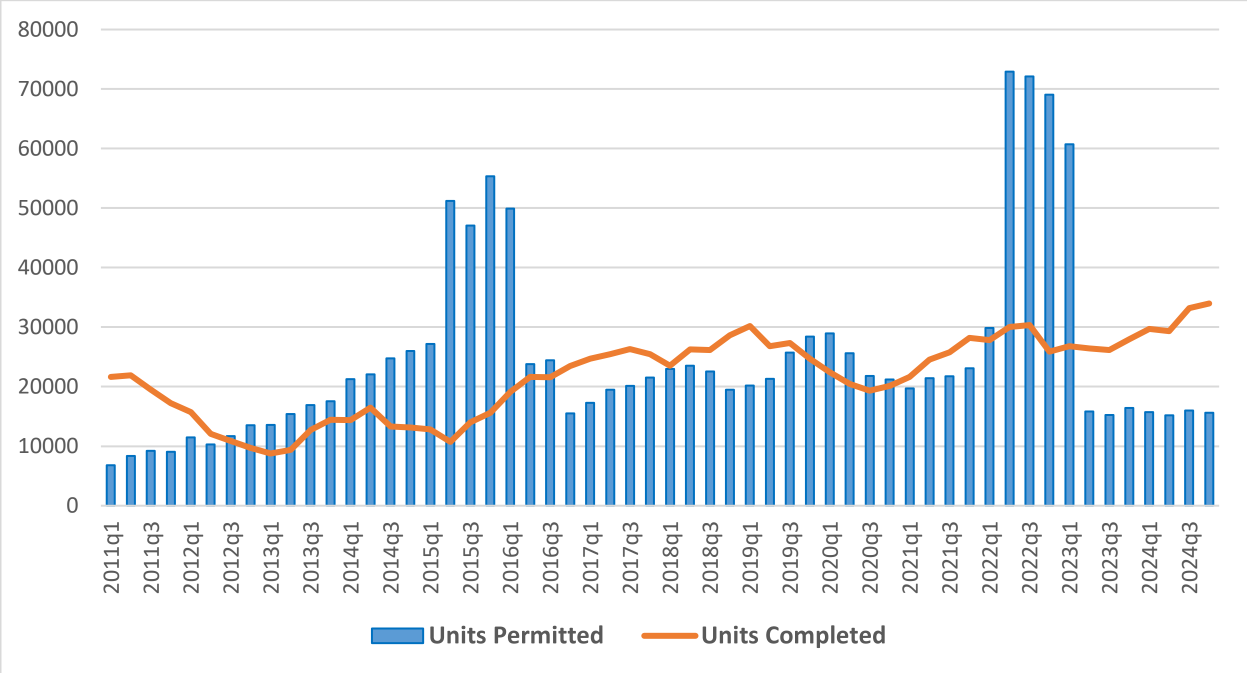
If there is to be an alleviation of the tightness in NYC's rental housing market, it may need to include significant new construction and office-to-residential conversions. The Department of City Planning provided updated data on building permits through mid-2024. Chart 3 shows the number of residential units permitted and the number completed in new buildings, as a 4-quarter rolling sum. Over the latest period, permitted units in new buildings totaled 15,600—a level that has been fairly steady since the expiration of the 421-a tax program in June 2022. In contrast, completions totaled 34,000, more than double the number of permitted units. This is due to the overhang of permits in the months leading to the expiration of 421-a (a similar spike can be seen around the expiration of a previous iteration of the program in 2015).

Interest rates that are lower than what prevailed in recent years and the extension of the completion deadline to qualify for 421-a tax benefits should support completions in the near term. The State's new 485-x tax benefit program for multifamily construction as well as the 467-M tax incentive for office-to-residential conversion may also help. Over the longer term, the *City of Yes for Housing Opportunity*—a City zoning text amendment to promote housing production across the five boroughs—aims to generate 80,000 new housing units over the next ten years. It includes reforms to parking requirements, changes to accessory dwelling unit permissions, and new rules to facilitate commercial to residential conversion activity and promote new transit-oriented development. However, as previously noted, new Federal policies may hit construction

[13] Sales price and rent data from StreetEasy.com.

costs with a triple-whammy of tariffed inputs, diminished labor force availability from immigration controls, and higher interest rates as the Fed fights inflationary pressures.

Chart 3. Number of Units in New Buildings, 4-Quarter Rolling Sum



Source: NYC Department of City Planning and Office of the New York City Comptroller

Office Market

The city's office market has continued to gradually improve since last spring. Although vacancy rates have remained elevated near their pandemic peaks, office availability rates (a leading indicator of vacancies) declined to a 4-year low in January 2025, and market rents have advanced to their highest level since mid-2020.[14] It should be noted, however, that almost all the improvement took place at the high end of the market—so-called 5-star properties, which account for about 10 percent of all office space. Across the rest of the market, both availability rates and vacancy rates have remained elevated.

The Comptroller's Office's forecast projects total office vacancy rates in Manhattan to remain at levels that are historically high compared to the pre-pandemic period, declining only very slightly over the next five years. Office rents are expected to continue to rise slightly in 2025, but at less than the rate of general price inflation—a decline in real dollars. Beginning in 2026, office rents are expected to grow by an average of 3.1 percent per year through 2029, slightly faster than inflation, as available space is further absorbed and the pipeline of new office space begins to dry

[14] According to data from CoStar.

up. OMB similarly projects that vacancy rates have already crested and will decline gradually. However, they project slower growth in market rents, with average growth of 0.5 percent from 2025 through 2029, a decline in real dollar terms.

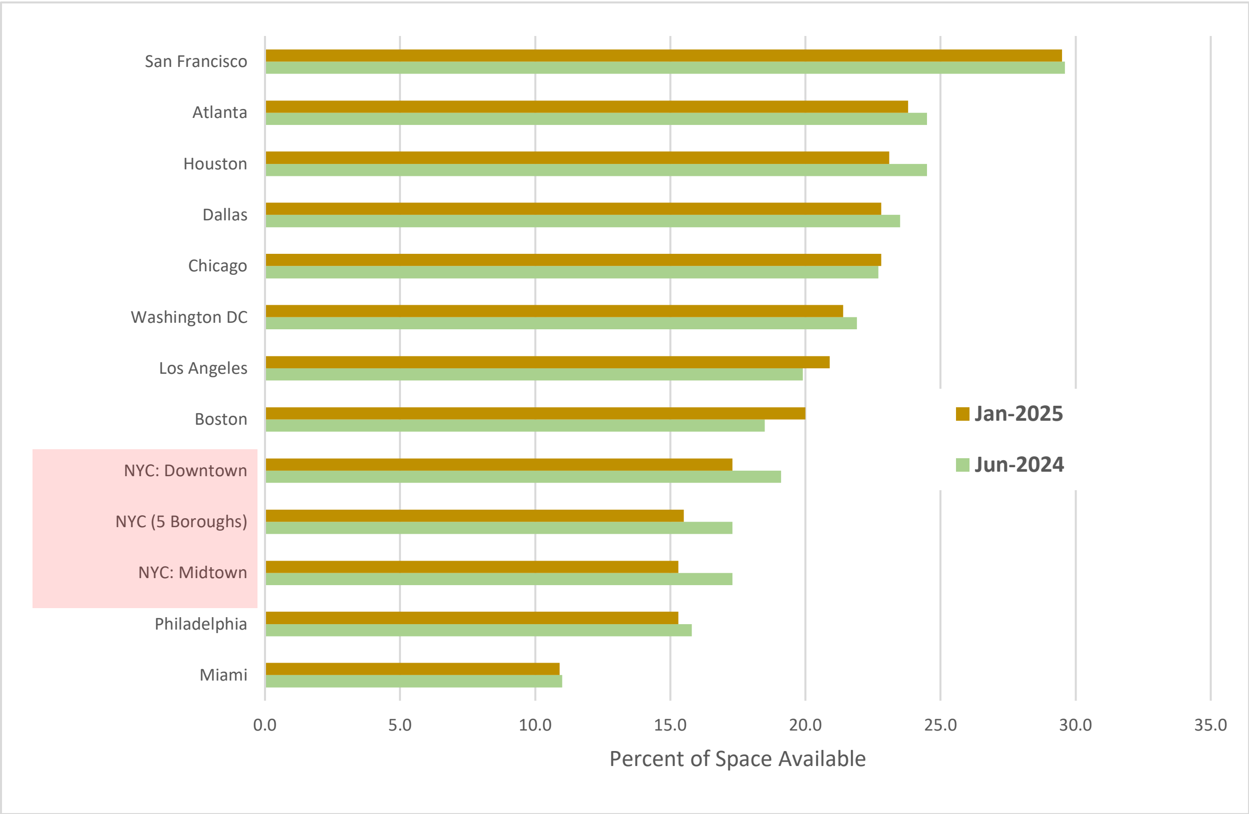
Few developers have been interested in office construction amidst the market conditions of the past five years. Net office space deliveries—which subtract demolitions and office-to-residential conversions—are projected to turn negative by 2026 and remain so through at least 2029.[15] Office-to-residential conversions in NYC are expected to grow in number in the wake of the 467-m tax incentive, adopted in late 2024, and designed to incentivize such projects. Several prominent conversions have already begun in both the Financial District and Midtown, with media reports that several more are expected soon.[16] Even without any significant increase in office space demand over the next several years, the combination of few new office building projects and an increase in conversions should set the NYC office market up for a slow, but likely, recovery.

While still currently in a difficult position, New York City's office market appears to have fared relatively well when compared to other major U.S. hubs. Based on Costar office availability rates, of the cities shown in Chart 4 below, only Miami and Philadelphia were faring better as of January 2025. Moreover, Downtown and Midtown Manhattan have seen bigger declines than any of these other cities since mid-2024.

[15] Expected deliveries data from Costar.

[16] See 6sqft.com (2025) Nation's largest office-to-residential conversion starts leasing for 1,300 apartments in FiDi

Chart 4. Office Vacancy Rates for Selected Urban Hubs



Source: Costar, Office of the New York City Comptroller

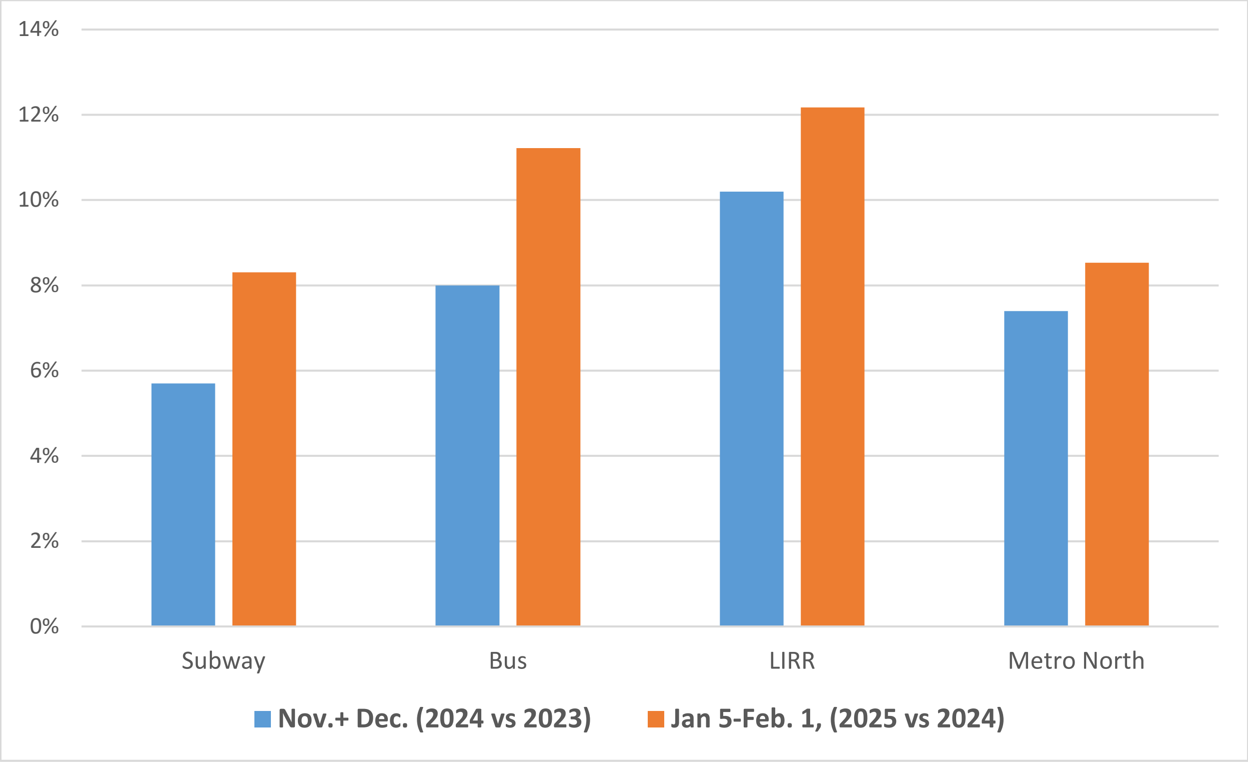
Transportation and Congestion Pricing

On January 5th, New York City's congestion pricing took effect for vehicles entering Manhattan's Central Business District (CBD). While it is still somewhat early to assess its sustained effects on traffic and transit ridership, some preliminary statistics are available.

Vehicle travel times across various routes into and through the congestion relief zone (CRZ) have declined, to varying degrees, with detailed real-time statistics available at this congestion price tracking site. Transit ridership also appears to have gotten a boost. Over the first four weeks of congestion pricing, transit ridership was up roughly 10 percent from the same period a year earlier—with subway ridership up 8.3 percent and bus ridership up more than 11 percent, as shown in Chart 5 below.

But some of this observed ridership increase is reflecting an upward trend in transit use that pre-dated the congestion charges. To isolate the estimated effect of congestion pricing, Chart 5 compares the 2024 to 2025 percent change for the January 5 – February 1 (4-week) period with the 2023 to 2024 percent change for the November-December period. These data suggest that the launch of congestion pricing was associated with a roughly 3-percentage point increase in subway and bus ridership, a 2-percentage point increase in LIRR ridership, and a smaller increase in Metro North ridership. However, since a sizable share of subway, bus, and commuter rail rides are completed well outside the congestion zone, these city-wide percentage increases likely understate the true effect of the new charge—particularly for buses. More detailed updates on ridership by line and entry station should eventually provide a more accurate estimate of the impact.

Chart 5. Percent Change in Transit Ridership from a Year Earlier, Pre- versus Post-Congestion Pricing



Source: MTA; Office of the New York City Comptroller

Tourism

Tourism, which was arguably the city's sector hardest hit by the pandemic, has rebounded strongly.

The city's overall hotel occupancy rate in 2024 was 85.1 percent, up from 82.2 percent in 2023 and edging closer to its last pre-pandemic level of 86.9 percent in 2019. Room rates have also increased strongly, with the 2024 average daily rate (ADR) at $337, up from $322 (4.7 percent) in 2023. Even after adjusting for inflation, the ADR in 2024 was above its pre-pandemic level in 2019 by 3.3 percent.

Broadway theater attendance has also improved. After running modestly below pre-Covid levels for most of 2024, attendance trended up strongly and steadily and by the 4th quarter of last year was running roughly on par with its 2019 levels. Box office revenues have also climbed and are running slightly higher than pre-pandemic levels in nominal terms, but still well below 2019 after adjusting for inflation.

Risks to the NYC Economy

As indicated above, New York City's economy is vulnerable to risks originating with the possible major policy shifts by the Federal government. Much will be determined by the degree to which the Trump Administration implements its intended policies regarding tariffs, immigration restrictions, mass deportations, and tax cuts. Also crucial will be the response of other countries to U.S. trade policy and the monetary policy responses of the Federal Reserve.

For now, the Comptroller's economic forecast does not assume that the Trump Administration will be able to fully implement each of their stated policy objectives. Rather, the assumptions reflect the possibility of a variety of policy outcomes. Indeed, policy changes may end up being much more severe and the impact on many economic variables—interest rates, GDP, inflation, labor force, financial market values, and more—may be more acute. Given the quantity and degree of policy changes that are being attempted at this moment, downside risks are high.

In addition, the City's economy continues to face broader, underlying risks. In particular, the high cost of housing and ongoing housing supply shortages could be a limiting factor on growth. Affordability of housing, child care and other basic needs remains a concern, as it can lead to labor shortages and stifle growth in the population, tax base, and vibrancy of the city. The Trump Administration's policies may well exacerbate these concerns.

III. The FY 2026 Preliminary Budget and January Financial Plan

The FY 2026 Preliminary Budget and January 2025 Financial Plan present budgets of $116.49 billion for FY 2025 and $114.52 billion for FY 2026. In the outyears of the financial plan, expenditures are budgeted to grow from $120.57 billion in FY 2027, to $123.66 billion in FY 2028, and reach $126.52 billion in FY 2029, outpacing OMB's projected revenue growth over the period. This leads to gaps, as presented by OMB, of $4.25 billion in FY 2027, $5.38 billion in FY 2028, and $5.08 billion in FY 2029.

OMB's gap estimates do not take into account the reductions in Federal funding being pursued by the Trump Administration. Given recent judicial action to reverse the Federal funding freeze, it is unclear if and how these cuts would be implemented. The budget reconciliation bill recently passed by the House of Representatives calls for reducing mandatory spending by $2.0 trillion over 10 years. As described in this Office's recent report on Federal funding, aid from Washington is critical not only to the City's budget but also to many related entities, and New Yorkers at large. Any cut to this funding presents a significant risk to the City's finances.

To help protect New Yorkers from the most immediate effects of potential cuts to Federal aid, the Comptroller's Office proposes adding $1 billion to the City's general reserve fund in FY 2026. While the City would be unable to replace all the Federal funding currently budgeted, this would ensure that the City has funding available for critical programs until longer-term solutions could be reached. In addition, the Comptroller's Office estimates that the City should deposit $847 million into its rainy day fund (the Revenue Stabilization Fund) in FY 2025. This amount is based on the formula previously proposed by the Comptroller's Office that calls for the deposit into the fund of 50 percent of the growth of non-property taxes above its six-year average. Additional resources in the fund would help address the potential loss of tax revenues if a recession were to result from the Trump Administration's economic policies.

The Comptroller's Office restates the City's projected gaps based on its own estimates of revenue and expenditures, as described in more detail in the following sections. This Office estimates the City will end FY 2025 with a gap of $1.48 billion (1.3 percent of total revenues), growing to $4.46 billion in FY 2026 (3.9 percent of total revenues) and totaling to $7.81 billion in FY 2029 (6.3 percent of total revenues). These totals include the impact of the Comptroller's Office's proposals to increase reserve amounts.

Changes Since the November Financial Plan

FY 2025 Budget

The FY 2025 budget in the January Plan, as presented by the Mayor, reflects an increase of $1.46 billion over the City's November Financial Plan update. This is primarily the result of $1.17 billion more in projected City fund revenues with smaller increases in Federal and State grant revenues of $141 million and $131 million, respectively.

The majority of the increase in City fund revenues comes from a $1.11 billion upward revision to the City's tax revenue projections, which brings OMB's estimate closer in line with this Office's. Most of the tax revenue increase comes from higher projected business income taxes, which increased by $935 million compared to the November Plan. OMB's estimate of Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) revenue increased by $124 million, with smaller changes over the City's other tax sources. See more details in the Revenue Analysis section of this report.

As for City-funded expenditures, as shown in Table 7, the largest change compared to the November Plan comes from the addition of $2.55 billion in agency expenditures. Of this increase, nearly two-thirds ($1.64 billion) are for costs that the Comptroller's Office had previously identified as chronically underbudgeted in the November Plan. These include the addition of $554 million for homeless shelter costs for households who are not asylum seekers, $325 million for rental assistance costs, $275 million for special education Carter Cases, $241 million for subsidies to the Metropolitan Transportation Authority (MTA), $153 million for overtime costs, and $87 million for charter school leases. In addition, funding increased for school nurses at the Department of Education or DOE ($129 million) and for school health programs through the Department of Mental Health and Hygiene or DOHMH ($96 million). Notably, all these increases are for FY 2025 only. Additional funding for rental assistance in FY 2026 and the outyears is for a new pilot program to provide housing vouchers for expectant parents applying for shelter ($8.5 million annually). Funding for ongoing programs drops dramatically over this period. (See the Rental Assistance section of this report for more details.) The largest increase for FY 2025 that spans the entire financial plan period is a $72 million increase (growing to $79 million) for homeless street outreach services.

These, and other additions to agency expenditures, are more than offset by reductions in other expenditures, the allocation of budgeted reserves, and adjustments to prior payable amounts. The largest decrease in planned spending is to the budget for asylum seeker costs, which was taken down by $1.09 billion in FY 2025, the result of a slowdown in arrivals and a reduced shelter census for this population. OMB also included $148 million in unspecified personnel services and other than personnel services savings in the January Plan. These actions, along with adjustments for prior payables that reduced current year costs by $550 million and the drawdown of nearly all of its budgeted reserves ($1.40 billion), allowed the City to add $2.25 billion to the Budget Stabilization Account to prepay FY 2026 debt service costs and help balance the budget for that year. Another $50 million remains in budgeted reserves for the year, which will be allocated in future plans.

While the Preliminary Budget did not include a PEG, cuts to critical programs made in past financial plans remain. For example, CUNY faces $95 million in reductions per fiscal year from cuts made since the February 2022 Plan. And, as described in the Education section of this report, planned reductions and insufficient budgeting leave the City's 3-K and Pre-K FY 2026 budget more than $400 million below what is needed to maintain recent service levels.

Table 7. Changes to FY 2025 and FY 2026 City Funds Estimates from November 2024 Plan

($ in millions)	FY 2025	FY 2026
Gap to be Closed – November Plan	**$0**	**($5,457)**
Revenues		
Tax Revenues	$1,111	$2,041
Axe the Tax	0	(63)
Non-Tax Revenues	62	50
Total Revenue Changes	**$1,173**	**$2,028**
Expenditures		
Agency Expenditures	$2,550	$508
Services for Asylum Seeker Expense Reductions	(1,090)	(1,340)
Debt Service Savings	(40)	(19)
Pensions	3	(274)
Unallocated PS and OTPS Savings	(148)	(56)
Labor Reserve Re-estimate	(400)	0
Budgeted Reserve Takedown	(1,400)	0
Re-estimate of Prior Payables and Receivables	(550)	0
Total Expenditure Changes	**($1,075)**	**($1,181)**
Surplus / (Gap) To Be Closed Before Prepayments	**$2,248**	**($2,248)**
FY 2025 Prepayment of FY 2026 Debt Service	($2,248)	$2,248
Gap to be Closed – January Plan	**$0**	**$0**

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

Note: Non-tax includes change in Miscellaneous revenues ($60 million) and Unrestricted Aid ($2 million) in FY 2025 and is all Miscellaneous revenues in FY 2026.

FY 2026 Budget

Total revenues (all funds) in the Preliminary Budget for FY 2026 are $2.07 billion higher than projected in the November Plan. Total expenditures (all funds) are $3.83 billion lower, primarily the result of the $2.25 billion increase in the prepayment of debt service costs in FY 2025 and a

$1.34 billion reduction in planned expenditures for asylum seekers. The combination of these higher projected revenues and lower expenditures closed the $5.46 billion gap projected by OMB for FY 2026 in November.

Like FY 2025, most of the increase in projected revenues comes from an upward revision to the forecast of the City's business income taxes ($1.58 billion). Overall, the City's total tax forecast increased by a net $1.98 billion compared with November. This includes a $63 million reduction in projected personal income tax revenue due to the Adams Administration's "Axe the Tax for the Working Class" proposal, which would eliminate the personal income tax for filers with dependents with income below a set threshold. State legislation for the change, which is required, was included in the proposed State budget. The January Plan was released about a week before the Governor's Executive Budget; thus, most proposals are not yet reflected in the Plan, although the Axe the Tax proposal was. (See the State Executive Budget section for more details).

There were only slight increases in the projections of the City's other revenue sources, including a $34 million increase in Federal grants and $9 million increase in State funding.

The Preliminary Budget for FY 2026 added less City funds for new spending compared to additions made for FY 2025. Increases includes some funding to sustain DOE programs previously funded with COVID aid, such as $80 million for Summer Rising and $31 million for the Learning to Work program (funds were not added in the outyears for these programs). As outlined in the Comptroller's Restated Gaps and Surpluses Section, other programs previously funded with COVID aid remain unfunded in FY 2026 and out. In addition to the $71 million in funding for street outreach and sheltering previously mentioned, the City added $44 million in FY 2026 (with similar amounts in the outyears) for an expansion of the City's Safe Haven program, among other smaller changes.

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 fund revenues and expenditures, as well as its proposed increases to the City's reserves. As shown in Table 8, the Comptroller's Office projects a gap of $1.48 billion (1.3 percent of total revenues) for FY 2025. Projected gaps increase to $4.46 billion in FY 2026, (3.9 percent of total revenues), $7.09 billion in FY 2027, $8.69 billion in FY 2028, and fall slightly to $7.81 billion in FY 2029 (averaging 6.5 percent of total revenues).

Table 8. Comptroller's Offices Restated Gaps and Surpluses

Positive numbers decrease the gap and negative numbers increase the gap

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gap	**$0**	**$0**	**($4,247)**	**($5,381)**	**($5,081)**
Revenues Differences					
Tax Revenues Differences	**461**	**805**	**1,261**	**2,218**	**2,958**
Property Tax	(94)	317	510	1,028	1,639
Personal Income Tax/PTET	377	312	(4)	141	248
Business Income Taxes	(65)	(210)	264	483	222
Sales Tax	6	65	91	124	379
Real Estate-Transaction Taxes	21	75	122	141	153
Tax Audits & All Other Taxes	216	246	278	301	317
Non-Tax Revenues Differences	**27**	**65**	**15**	**15**	**15**
Subtotal Revenues	***$488***	***$870***	***$1,276***	***$2,233***	***$2,973***
Expenditures Differences					
Underbudgeting	**(1,434)**	**(4,179)**	**(3,720)**	**(3,551)**	**(3,544)**
Overtime	(1,091)	(994)	(750)	(750)	(750)
Rental Assistance	(150)	(1,150)	(1,150)	(1,150)	(1,150)
Shelter Capacity, Non-Asylum Seeker	0	(600)	(600)	(600)	(600)
Prevailing Wage for Shelter Security Guards	0	(50)	(50)	(50)	(50)
Public Assistance	(80)	(550)	(200)	0	0
Contributions to MTA	0	(298)	(478)	(539)	(532)
DOE Carter Cases	(113)	(258)	(188)	(188)	(188)
DOE Custodial Costs	0	(154)	(154)	(154)	(154)
DOE Charter Leases	0	(40)	(35)	0	0
Temporary and Professional Services	0	(85)	(115)	(120)	(120)
Fiscal Cliffs - Federal COVID 19 Aid	**(43)**	**(244)**	**(355)**	**(355)**	**(355)**
Foster Care Reimbursement Rate	**0**	**(138)**	**(138)**	**(138)**	**(138)**
DOE Pre-K and 3-K	**(203)**	**(316)**	**(296)**	**(295)**	**(295)**
DOE Early Childhood Special Education	**0**	**(55)**	**(55)**	**(55)**	**(55)**
Promise NYC	**0**	**(25)**	**(25)**	**(25)**	**(25)**
DOE School Nurses	**0**	**(194)**	**(194)**	**(194)**	**(194)**
DOE LV Order	**0**	**0**	**(52)**	**(52)**	**(52)**
Health Insurance Stabilization Fund Payments	**(612)**	**0**	**0**	**0**	**0**
Personnel Services Savings	**400**	**0**	**0**	**0**	**0**
Prior Year Payable Adjustment	**296**	**400**	**400**	**400**	**400**
Longer Term Risks/Offsets	**472**	**421**	**318**	**(1,276)**	**(1,442)**
Asylum Seekers Expenses	472	589	1,005	(38)	(27)
Class Size Mandate	0	(168)	(687)	(1,238)	(1,415)
Subtotal Expenditures	***($1,124)***	***($4,330)***	***($4,117)***	***($5,541)***	***($5,700)***
Total Comptroller Re-estimates	**($637)**	**($3,460)**	**($2,841)**	**($3,308)**	**($2,727)**
Restated (Gap)/Surplus	**($637)**	**($3,460)**	**($7,088)**	**($8,689)**	**($7,808)**
Deposit into the Revenue Stabilization Fund	($847)	0	0	0	0
Protecting New York City General Reserve Increase	0	($1,000)	0	0	0
Restated (Gap)/Surplus with Reserve Increases	**($1,484)**	**($4,460)**	**($7,088)**	**($8,689)**	**($7,808)**

Source: Office of the New York City Comptroller

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

Revenue Differences

The Comptroller's Office estimates that City fund revenues, including tax and non-tax revenues, will surpass OMB's projections in each year of the Plan – by $488 million in FY 2025, $870 million in FY 2026, $1.28 billion in FY 2027, $2.23 billion in FY 2028, and $2.97 billion in FY 2029.

As shown in Table 8, much of the difference between the Comptroller's Office's revenue projections and OMB's come from higher forecasted tax revenue. For FY 2025, the Comptroller's Office's total tax forecast is $461 million more than OMB's, with the difference growing to $805 million in FY 2026, $1.26 billion in FY 2027, $2.22 billion in FY 2028, and $2.96 billion in FY 2029. In FY 2025, the majority of the difference comes from a higher projection of the Personal Income Tax and the Pass-Through Entity Tax. For FY 2026 and the outyears, this Office's higher forecast of property taxes accounts for the largest share of the total difference compared with OMB. For more detail see the Revenue Analysis section of this report.

Expenditure Differences

The Comptroller's Office projects that expenditures will be greater than budgeted by OMB in each year of the financial plan. Net City-funded expenditures will be greater than budgeted by $1.12 billion in FY 2025, $4.33 billion in FY 2026, $4.12 billion in FY 2027, $5.54 billion in FY 2028, and $5.70 billion in FY 2029. (Totals exclude proposed reserve increases.)

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 trued up incrementally and usually only for the current fiscal year. The Comptroller's Office estimates that funding needs total $1.43 billion in FY 2025, $4.18 billion in FY 2026, $3.72 billion in FY 2027, $3.55 billion in FY 2028 and $3.54 billion in FY 2029. As shown in Table 8 and described in more detail in subsequent sections of this report, underbudgeted costs include overtime, special education Carter Cases, public assistance costs, rental assistance, shelter costs for non-Asylum seekers, funding for charter school leases, subsidies to the Metropolitan Transportation Authority (MTA), and others.

In addition to these costs, the Comptroller's Office estimates the City faces fiscal cliffs that result from using temporary Federal COVID-19 aid, the majority of which expires this fiscal year, to fund long-term programs. While the City added funding to cover many of the longer-term programs previously paid for by this aid (largely at the DOE), some programs have only been funded in FY 2025. The Comptroller's Office estimates $43 million is necessary to fund Federal COVID-19-related fiscal cliffs in FY 2025, growing to $244 million in FY 2026, and $355 million in each of the outyears. These include several DOE programs, as well as food assistance programs at the Department of Social Services (DSS) and the Department for the Aging (DFTA).

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 $168 million will be required in FY 2026, increasing to $1.24 billion at full implementation in FY 2028, and growing to $1.42 billion in FY 2029. The Comptroller's Office also estimates needs of $203 million in FY 2025 growing to $396 million in FY 2026 to continue the City's early childhood education programs, including 3-K and Pre-K (including dedicated Special Education seats), and the Promise NYC program, at recent levels. Greater details on these estimates can be found in the Education section of this report.

City funded health insurance costs will exceed budgeted amounts by $612 million in FY 2025, according to this Office's estimates. This is the result of the City foregoing transfers from the Health Insurance Stabilization Fund (HISF) to pay for health insurance costs, due to insufficient resources in the fund. For more details see the Health Insurance section of this report.

There are several areas where the Comptroller's Office estimates that costs will come in less than currently budgeted. The largest of these is the costs associated with services to people seeking asylum. The census of this population in City-managed shelter has declined over the past year, and the Comptroller's Office projects an even steeper decline over the financial plan period based on recent trends and fewer border crossings in the future. While this Office estimates total spending will be less than budgeted, it also projects that State and Federal aid will be less than currently budgeted. After the revocation in February of $80 million in Federal aid received earlier in FY 2025, the Comptroller's Office assumes no additional Federal aid will be provided to reimburse these costs. As for the State, the City budget includes aid in FY 2026 through FY 2029, however, the State Executive Budget does not include any additional aid. The loss of Federal and State aid reduces the savings deriving from the smaller population. The Comptroller's Office estimates net City fund savings of $472 million in FY 2025, $589 million in FY 2026, and $1.01 billion in FY 2027. In FY 2028 and FY 2029, this Office estimates the City-funded costs will be slightly higher than is currently budgeted, by $38 million and $27 million, respectively. Greater details on these estimates can be found in the City Services to People Seeking Asylum section of this report.

The Comptroller's Office also estimates that the City will spend less than currently budgeted on non-overtime personnel spending. Given actual expenditures and current headcount levels thus far this fiscal year, the Comptroller's Office projects that spending on salaries and wages will total $400 million less than budgeted for FY 2025. See the Headcount section of this report for more detail.

The Comptroller's Office projects a $296 million offset in FY 2025 due to adjustments made to prior payable amounts and $400 million in offsets each year thereafter. These adjustments reflect lower than expected spending in prior years, which are shown as savings in the current year. Typically, OMB recognizes payable adjustment savings of $400 million in the January Plan. The Comptroller's Office estimates the adjustment will be greater this year, by $446 million, due to an expected write down related to asylum seeker costs. The January Plan included a prior payable adjustment of $550 million for FY 2025, leaving $296 million still to be recognized this year.

Revenue Analysis

Compared to the estimates published last December, the Comptroller's Office revised its tax revenue forecast by $100 million in FY 2025, $783 million in FY 2026, $591 million in FY 2027 and $932 million in FY 2028. As shown in Table 9, these changes are primarily due to the Comptroller's Office's revised forecast of the real property tax. The revision to the property tax forecast is due to the increase in property values in the recently released FY 2026 tentative roll. The $49 million decrease in the sales tax revenue in FY 2025 forecast is due to a weaker collection of sales tax revenue as of December 2024. Revisions to Other Taxes are due to changes in the Comptroller's Office's forecast for hotel, utility and various small taxes categories.

Table 9. Tax Forecast Revision Comptroller's January 2025 vs. Previous Forecast in December 2024

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028
Property Tax	$0	$754	$541	$642
PIT/PTET	($57)	$105	($21)	$94
Business Income Taxes	$40	($120)	($107)	$20
Sales Tax	($49)	$2	$39	$35
Real Estate-Transaction Taxes	$52	($120)	($78)	($65)
Other Taxes	$114	$162	$217	$206
Tax Audits	$0	$0	$0	$0
Total	**$100**	**$783**	**$591**	**$932**

Source: Office of the New York City Comptroller

Comparison with the Financial Plan Projections

The January Plan revises expected City fund revenues (tax and miscellaneous revenues, excluding Intra-City Revenue) upward by $1.17 billion in FY 2025, $2.03 billion in FY 2026, $1.24 billion in 2027, and $1.31 billion in FY 2028 compared to the November 2024 Financial Plan. The revisions to the FY 2025 estimates reflect stronger collections to date than what was expected in the November Plan, especially, for real property, personal income and business income taxes. As of December 2024, total tax collections for FY 2025 have outpaced OMB's November 2024 cash plan by about $775 million. The revisions for FY 2026 to FY 2028 revenues reflect the increase in the taxable billable assessed value on the released FY 2026 property tax roll and improved economic outlook for the City. The Mayor forecasts that City fund revenues will be $84.6 billion in FY 2025, $86.1 billion in FY 2026, $88.1 billion in FY 2027, $90.5 billion in FY 2028 and $93.4 billion in FY 2029.

The Comptroller's Office estimates that revenues will be above the January Financial Plan projections by $488 million in FY 2025, $870 million in FY 2026, $1.28 billion in FY 2027, $2.23 billion in FY 2028 and $2.97 billion in FY 2029, primarily due to the Comptroller's higher revenue forecast for personal income tax in FY 2025 and a combination of higher property, personal income, real estate-related and business taxes for FY 2026 through FY 2029. The Comptroller's Office expects property taxes will exceed OMB's forecast by $317 million in FY 2026, $510 million in FY 2027, $1.03 billion in FY 2028, and $1.64 billion in FY 2029.

Table 10 shows FY 2025 tax collections through December 2024 and full-year estimates in the January 2025 Plan. Collections through December increased by 7.0 percent, driven by increases in PIT/PTET and real estate transaction taxes. The January Plan projects tax revenues to increase by 5.6 percent in FY 2025, with property taxes and PIT/PTET increasing the most. The Comptroller, on the other hand, estimates that total tax revenues in FY 2025 will increase by 6.3 percent compared to FY 2024.

Table 10. FY 2025 Up to December Collections and the Mayor's January FY 2025 Plan

	Year-to-Date Tax Collections			Total Tax Collections			
($ in millions)	FY 2024	FY 2025	Y/Y Growth	FY 2024	FY 2025 January Plan	Change	Y/Y Growth
Property Tax	$25,892	$27,258	5.3%	$32,987	$34,339	$1,352	4.1%
PIT & PTET	6,669	7,780	16.7%	15,671	17,408	1,737	11.1%
Business Income Taxes	3,658	3,899	6.6%	9,675	10,263	588	6.1%
Sales Tax	4,917	5,062	2.9%	9,914	10,288	374	3.8%
Real Estate-Transaction Taxes	871,874	989,000	13.4%	1,727	1,942	215	12.4%
Other Taxes	1,239	1,356	9.4%	3,232	3,347	115	3.6%
Tax Audits	341	295	(13.5%)	968	773	(195)	(20.1%)
Total Including Audits	**$43,586**	**$46,638**	**7.0%**	**$74,177**	**$78,360**	**$4,183**	**5.6%**

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

Table 11 compares the Comptroller's and OMB's forecast of tax revenue growth. Table 12 compares tax revenue levels. Table 13 shows the Comptroller's re-estimates as risks (negative) and offsets (positive) relative to the Financial Plan forecast.

Table 11. Comparison of Tax Revenue Projections: Growth Rates

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025-2029 Annual Average Growth
Property Tax						
Comptroller	3.8%	3.0%	3.4%	3.7%	3.8%	4.4%
Mayor	4.1%	1.8%	2.8%	2.3%	2.3%	3.3%
PIT/PTET						
Comptroller	13.5%	0.8%	2.2%	4.8%	5.0%	6.5%
Mayor	11.1%	1.2%	4.1%	4.0%	4.5%	6.2%
Business Income Taxes						
Comptroller	5.4%	0.0%	0.4%	3.9%	3.4%	3.3%
Mayor	6.1%	1.4%	(4.1%)	1.8%	6.2%	2.7%
Sales Tax						
Comptroller	3.8%	5.1%	4.4%	4.6%	5.5%	4.5%
Mayor	3.8%	4.5%	4.2%	4.3%	3.3%	5.1%
Real Estate-Transaction Taxes						
Comptroller	13.7%	9.3%	9.2%	5.4%	4.7%	9.3%
Mayor	12.5%	6.6%	7.2%	4.9%	4.5%	8.9%
All Other Taxes						
Comptroller	4.0%	3.8%	5.0%	1.7%	3.1%	3.6%
Mayor	3.5%	3.0%	4.1%	1.1%	2.7%	3.6%
Tax Audits						
Comptroller	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%
Mayor	(20.2%)	0.0%	0.0%	0.0%	0.0%	(5.5%)
Total						
Comptroller	6.3%	2.5%	3.1%	4.0%	4.2%	4.0%
Mayor	5.6%	2.1%	2.5%	2.9%	3.4%	4.2%

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

Table 12. Comparison of Tax Revenue Projections: Levels

($ in millions)		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	Comptroller	$34,245	$35,270	$36,453	$37,797	$39,238
	Mayor	34,339	34,953	35,943	36,769	37,599
PIT/PTET	Comptroller	17,785	17,933	18,332	19,210	20,171
	Mayor	17,408	17,621	18,336	19,069	19,923
Business Income Taxes	Comptroller	10,198	10,197	10,240	10,639	11,004
	Mayor	10,263	10,407	9,976	10,156	10,782
Sales Tax	Comptroller	10,294	10,816	11,289	11,808	12,454
	Mayor	10,288	10,751	11,198	11,684	12,075
Real Estate-Transaction Taxes	Comptroller	1,963	2,145	2,342	2,469	2,585
	Mayor	1,942	2,070	2,220	2,328	2,432
Other Taxes	Comptroller	3,363	3,492	3,665	3,729	3,844
	Mayor	3,347	3,446	3,587	3,628	3,727
Tax Audits	Comptroller	973	973	973	973	973
	Mayor	773	773	773	773	773
Total	**Comptroller**	**$78,821**	**$80,826**	**$83,294**	**$86,624**	**$90,269**
	Mayor	**$78,360**	**$80,021**	**$82,033**	**$84,407**	**$87,311**

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

Table 13. Tax Revenues Re-Estimates

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	($94)	$317	$510	$1,028	$1,639
PIT/PTET	$377	$312	($4)	$141	$248
Business Income Taxes	($65)	($210)	$264	$483	$222
Sales Tax	$6	$65	$91	$124	$379
Real Estate-Transaction Taxes	$21	$75	$122	$141	$153
Other Taxes	$16	$46	$78	$101	$117
Tax Audits	$200	$200	$200	$200	$200
Total	**$461**	**$805**	**$1,261**	**$2,217**	**$2,958**

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

Real Property Tax

The Comptroller's Office's forecast of property tax revenue for FY 2025 is $34.25 billion, an increase of 3.8 percent from FY 2024. As of December 2024, total collections for property tax were $27.26 billion. The Department of Finance released the FY 2026 tentative assessment roll in January 2025, and based on new assessed values, the Comptroller's Office forecasts $35.27 billion in property tax for FY 2026, an increase of $1.03 billion from FY 2025 or 3.0 percent. This new FY 2026 revenue forecast is $754 million more than this Office's previous revenue forecast in December 2024. The bigger revision reflects higher growth in Class 2 properties (condominiums, cooperatives and rental buildings) and Class 4 properties (offices, retail, hotels and other commercial) than forecasted in December.

FY 2026 Tentative Assessment Roll

The total market value on the FY 2026 tentative roll increased by 5.7 percent to a total of $1.58 trillion from the FY 2025 final roll. Of the $84.87 billion increase in value, Class 1 properties (one-to-three family homes) increased by $43.15 billion or 50.8 percent of the total increase. On a percentage basis, Class 2 properties increased the most by 7.3 percent from the FY 2025 final roll. Total billable assessed value on the tentative roll increased by 3.9 percent from the FY 2025 final roll to $311.21 billion. Of the increase, $5.56 billion or 47.2 percent was due to Class 2 properties. Due to assessment growth caps set in state legislation, the taxable billable assessed value of Class 1 properties only represented 12.0 percent of the aggregate increase.

On the final FY 2026 property tax roll, the Comptroller's Offices estimates that total market value will be $1.57 billion, an increase of 5.2 percent from FY 2025. The final taxable billable assessed value is estimated to be $308.77 billion, a 3.1 percent increase from FY 2025.

FY 2027 to FY 2029 Revenue Outlook

Property tax revenues are projected to increase, growing at an average annual rate of 3.6 percent through FY 2029, when property tax collections are expected to reach $39.24 billion.

The Comptroller's Office's property tax forecast is below OMB's by $93.6 million in FY 2025 and exceeds it by $317 million in FY 2026, $510 million in FY 2027, $1.03 billion in FY 2028 and $1.64 billion in FY 2029. For FY 2025, the differences between the Comptroller's and OMB's revenue forecasts are due to differences in the estimates of the reserve components: cancellations, refunds, and delinquencies. The differences in FY 2026 and FY 2029 are primarily the result of the Comptroller's Office's higher tax levy forecast. The Comptroller's Office is forecasting an average levy growth of 3.5 percent from FY 2025 to FY 2029 while OMB is forecasting an average levy growth of 2.5 percent during this period.

Personal Income Tax and Pass-Through Entity Tax

FY 2025 year-to-date collections of Personal Income Tax (PIT) and the Pass-Through Entity Tax (PTET), through January, grew by $1.28 billion (16.5 percent) over the same months of the prior fiscal year. As can be seen in the first three columns of Table 14, this year-over-year growth includes large contributions from withholding (up 9.3 percent), estimated tax payments (up 26.4 percent), and PTET (up 50.7 percent). The rise in withholding is reflecting strong 2024 gains in total wage and salary income, which the Comptroller's Office has projected to be 6.0 percent growth. The most recent quarter of data from the Quarterly Survey of Income and Wages show NYC employment total wages have grown 6.2 percent year-over-year in the second quarter of 2024.

Recent withholding collections also imply a significant increase this winter in bonus incentive payments. Bonuses in NYC are most heavily concentrated in the months December through March, especially in the financial sector which is responsible for much of their year-to-year variability. Collections through the early part of February indicate that winter bonuses this year are increasing by nearly 25 percent over last year's season.

Table 14 shows OMB's PIT and PTET forecasts from the January Plan as well as a calculation of the implicit OMB forecast for the remainder of FY 2025, by revenue stream. The fiscal year totals forecast by OMB imply sharp slowdowns in growth of collections from withholding and estimated tax, and a year-over-year decline in other net payments—which include return payments made during the April tax season and State/City offsets paid after return processing. This forecast implies an expectation that tax payment growth through the first part of the fiscal year included more overpayment relative to the prior fiscal year, and that much of this overpayment will result in lower receipts during tax time in April. OMB has noted their expectation that the increase in PTET payments in the first half of 2024 will result in a continuation of depressed tax settlement payments, asserting that taxpayers eligible for PTET credits have chosen to overpay their taxes in 2024, to be balanced by lower return and extension payments and larger refunds in the spring.

Table 14. Implicit OMB forecast for PIT/PTET growth in Rest-of-Year (ROY), FY 2025

($ in millions)	YTD Actual Collections			Current OMB Forecast			
	FY 2025 thru Jan 2025	FY 2024 thru Jan 2025	YTD Growth	Plan FY 2025	Implied FY 2025 ROY	Actual FY 2024 ROY	Forecast Growth ROY
Withholding	$7,423	$6,791	9.3%	$12,874	$5,451	$5,299	2.9%
Estimated	$889	$703	26.4%	$2,339	$1,450	$1,403	3.4%
Refunds (lowers revenue)	$557	$392	42.0%	$2,187	$1,630	$1,647	(1.0%)
Other*	$723	$431	67.9%	$1,993	$1,270	$1,433	(11.3%)
Net PIT**	$8,478	$7,532	12.6%	$15,019	$6,541	$6,487	0.8%

($ in millions)	YTD Actual Collections			Current OMB Forecast			
	FY 2025 thru Jan 2025	FY 2024 thru Jan 2025	YTD Growth	Plan FY 2025	Implied FY 2025 ROY	Actual FY 2024 ROY	Forecast Growth ROY
PTET	$1,295	$860	50.7%	$2,389	$1,094	$779	40.3%
Total Non-Withholding	$2,350	$1,601	46.8%	$4,534	$2,184	$1,968	11.0%
Net PIT w/ PTET**	**$9,773**	**$8,392**	**16.5%**	**$17,408**	**$7,635**	**$7,267**	**5.1%**

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

Note: * Includes return payments, assessments, State/City offsets, and charges. ** Excludes City audits.

In contrast, the Comptroller's Office's forecast interprets much of the increase seen in both estimated tax payments and PTET payments to be reflecting higher expected PIT tax liabilities, driven by strong capital gains and business income realized by NYC taxpayers and also passed through to taxpayers through partnerships and S-corporations. Taxpayers and their accountants should have, by late 2024, already understood the PTET well enough to make adjustments to their estimated tax payments to avoid wide overpayments. As noted in the Comptroller's Annual State of the City's Economy and Finances , combined PIT and PTET tax revenue for NYC has been growing in tandem with NY State tax revenue since the beginning of 2024, having gotten past the adjustment period associated with the introduction of NYC PTET and the earlier introduction of NY State PTET.

In part because of this different outlook for tax reconciliation payments, the Comptroller's forecast for combined PIT/PTET revenues in FY 2025 exceeds OMB's Financial Plan by $377 million. In FY 2026, the Comptroller's Office expects $312 million more in PIT/PTET. Table 15 compares the Comptroller and OMB estimates for combined PIT and PTET during the forecast period.

Table 15. Comptroller and OMB Forecasts, PIT and PTET, FYs 2025-2029

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Avg FYs 2025-2029
			Comptroller's Office			
Withholding	$12,814	$13,500	$14,149	$14,761	$15,403	
Annual growth rate	6.0%	5.4%	4.8%	4.3%	4.4%	5.0%
Non-Withholding (including PTET)	$4,970	$4,433	$4,183	$4,449	$4,768	
Annual growth rate	39.5%	(10.8%)	(5.6%)	6.4%	7.2%	6.0%
Net Collections	$17,785	$17,933	$18,332	$19,210	$20,171	
Annual growth rate	13.6%	0.8%	2.2%	4.8%	5.0%	5.2%
			OMB			
Withholding	12,874	13,448	13,976	14,591	15,264	

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Avg FYs 2025-2029
Annual growth rate	6.5%	4.5%	3.9%	4.4%	4.6%	4.8%
Non-Withholding (including PTET)	$4,534	$4,236	$4,425	$4,546	$4,729	
Annual growth rate	27.3%	(6.6%)	4.5%	2.7%	4.0%	5.8%
Net Collections	$17,408	$17,684	$18,401	$19,137	$19,993	
Annual growth rate	11.2%	1.6%	4.1%	4.0%	4.5%	5.0%
Offset/Risk (Comptroller - OMB)	**$377**	**$312**	**($4)**	**$141**	**$248**	

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

Even though still below the Comptroller's forecast in FY 2025 and FY 2026, OMB's most recent Financial Plan did include an upward revision to expected PIT/PTET revenue in each of those years, as compared to their November Plan. Projected revenue increased by $124 million in FY 2025, and $210 million in FY 2026. Since December, the Comptroller has lowered the FY 2025 forecast for total PIT/PTET by $57 million and increased the FY 2026 forecast by $105 million.

In December, Mayor Adams proposed a new tax credit named "Axe the Tax for the Working Class," to eliminate all NYC tax liability for taxpayers with at least one dependent and income below a certain threshold. The threshold suggested by the Mayor at the time was 150 percent of the Federal Poverty Threshold—which is set annually by the U.S. Department of Health and Human Services. Such a tax change requires NY State legislation, and a similar tax change was proposed as part of the FY 2026 NY State Budget.[17] However, rather than tie the tax credits to poverty levels, the legislation creates a set of thresholds for tax year 2025, based on filing status and the number of dependents. Subsequent years are to be indexed annually by the change in the U.S. overall consumer price index from the prior year.

The Comptroller's Office has noted that the income thresholds specified in the proposed legislation for tax year 2025 were based on the poverty level guidelines for *calendar year 2023*, which are expected to be more than 5 percent below what the poverty level guidelines will be in *calendar year 2025*. As a result, the full tax credit will not be available all the way up to 150 percent of the poverty level, but rather to about 143 percent of such level in tax year 2025. This difference will result in fewer taxpayers benefitting from the credits (potentially up to 20 percent fewer) and a smaller than projected revenue loss (potentially up to 25 percent smaller).

[17] Revenue Bill, FY 2026 NYS Executive Budget Legislation, Part W Legislation | FY 2026 New York State Executive Budget

Sales Tax

The Comptroller's Office projects FY 2025 sales tax revenue of $10.3 billion, an increase of 3.8 percent over FY 2024. Revenues are expected to grow on average by 4.9 percent for the rest of the Plan years from FY 2026 to FY 2029, when collections are expected to reach $12.45 billion. As of December 2024, FY 2025 sales tax collections were about 2.9 percent higher than at the same time in FY 2024. The Comptroller's Office is forecasting robust total wage and S&P500 growth for FY 2025 compared to FY 2024, and expects collections to be stronger for the rest of the FY 2025. The Comptroller's Offices forecast is higher than OMB's by $6.0 million in FY 2025, $65 million in FY 2026, $91 million in FY 2027, $124 million in FY 2028, and $379 million in FY 2029.

Business Income Taxes

In the first half of FY 2025, net collections of business income taxes (BIT)—which include the Business Corporation Tax, the General Corporation Tax, the Unincorporated Business Tax, and the Banking Corporation Tax—grew by 5.8 percent over the same period in the prior year. Taxes on corporations rose 5.2 percent while the unincorporated business tax increased 7.7 percent. This year's rise follows a period of extraordinary growth in business tax collections with an annual average growth of 10.5 percent during the prior four fiscal years, 2021 to 2024.

In the January Plan, OMB significantly increased its forecast of business income taxes, bringing their estimates close to the Comptroller's Office. For FY 2025, OMB increased the total BIT estimate by $935 million in FY 2025, $1.58 billion in FY 2026, $1.01 billion in FY 2027, and $1.02 billion in FY 2028. The Comptroller's Office's forecast was revised by relatively less, from December 2024, up $40 million in FY 2025, down $120 million in FY 2026, down $106 million in FY 2027, and up $21 million in FY 2028. As can be seen in Table 16, the Comptroller's Office's forecast is now somewhat lower than OMB's in FY 2026, and higher in FY 2027-FY 2029.

The Comptroller's Office expects BIT growth to slow, but to maintain its currently high level in FY 2026 and beyond. Corporate and other business profits are the base of these taxes, and high growth rates in BIT collections have tracked recent profit growth nationally that has outpaced growth in other income in the economy. There is a cyclical pattern to profits when compared to the rest of the economy, and relative growth is not sustainable indefinitely. The Comptroller's economic forecast expects declining U.S. corporate profits in 2025 and 2026, as well as declining Wall Street profits in the local economy.

Table 16. Comptroller and OMB Forecasts, Business Income Tax, FYs 2025-2029

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Comptroller's Office Forecast						
Total Business Income Tax	$9,675	$10,198	$10,197	$10,240	$10,639	$11,004
% change		5.4%	0.0%	0.4%	3.9%	3.4%
Comptroller Revision: Difference from December 2024		40	(120)	(106)	21	N/A
OMB Forecast						
Total Business Income Tax	$9,675	$10,263	$10,407	$9,976	$10,156	$10,782
% change		6.1%	1.4%	(4.1%)	1.8%	6.2%
OMB Revision: Difference from November 2024		935	1,575	1,012	1,017	N/A
Offset (Risk): Comptroller - OMB January 2025		**($65)**	**($210)**	**$264**	**$483**	**$222**

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

Real Estate-Transaction Taxes and Other Taxes

NYC collects taxes based on the value of two types of real estate-related transactions: (i) the real property transfer tax (RPTT) applies to the sale or transfer of a controlling interest in real property; and (ii) the mortgage recording tax (MRT) is charged on mortgages for most categories of real property—including mortgage refinancings but excluding mortgages on cooperative apartments. The Comptroller forecasts that collection of total transaction taxes will be $1.96 billion in FY 2025—$1.20 billion in RPTT and $766 million in MRT, a 13.7 percent increase from FY 2024. The Comptroller forecast an average growth of 7.1 percent for the Plan years, with transaction taxes expected to increase to $2.59 billion by FY 2029. The elevated mortgage rate and high home prices have depressed real estate transactions in the City. Average monthly property sales decreased from $9.14 billion on average in 2022 to $6.97 billion in 2024.

Total visitors to New York City continue to increase after the pandemic lows. Per the most recent NYC Travel & Tourism report, the City welcomed 64.3 million travelers in 2024, close to the pre-pandemic record. Total visitors to NYC are forecasted to increase to 67.6 million in 2025.[18] The Hotel Tax is expected to grow to $761 million in FY 2025, a 7.8 percent increase from FY 2024. The Hotel Tax is expected to grow by 4.7 percent annually on average during the rest of the Plan years and reach $914.0 million by FY 2029.

For all other taxes, the Comptroller forecasts collections of $3.36 billion in FY 2025, $3.49 billion in FY 2026, $3.67 billion in FY 2027, $3.73 billion in FY 2028, and $3.8 billion in FY 2029.

Risks to the Tax Revenues Forecast

As noted above, Federal policies regarding tariffs, immigration, and fiscal policy pose a risk to U.S. economic performance and to financial markets. Intended Federal immigration and deportation policies pose meaningful population and workforce risks to NYC. Dramatically increased tariffs also create risks from their disruptive effect on existing business operations and consumer patterns. Federal spending cuts that reduce the number of NYC Federal workers—which number nearly 50,000 currently—may also spill over to NYC contractors and non-profits. And reductions in the Federal grants flowing to the City and State, in the Medicaid program and elsewhere, would require fiscal contraction. All these potential changes create risks for NYC's economy and consumer sentiment and thereby pose downside risks to New York City's personal income tax, business income tax, and sales tax bases.

At the same time, some Federal tax policy changes could have a positive impact on the same City tax bases. The increase or elimination of the State And Local Tax (SALT) deduction would increase NYC disposable income and potentially improve New York City's competitiveness, an upside for local revenues. The expectation of more permissive regulation under the incoming Trump administration may increase the stream of mergers and acquisitions and initial public offerings, thereby providing a boost to financial sector earnings.

Future real estate market values, both commercial and residential, affect transaction taxes and property taxes in the longer run. Commercial real estate is apparently at the beginning of a recovery phase, but a sharp increase in interest rates in response to tariff-induced inflationary expectations could disrupt and delay the pace of such a recovery.

The final property tax delinquency rate was 2.17 percent in FY 2024, its highest rate in the last five fiscal years. The property tax enforcement program (the tax lien sale program) was reinstated in FY 2025, and should result in a lower final delinquency rate at the close of the fiscal year. However, despite this, the delinquency rate as of January 2025 was 3.82 percent, slightly above the 3.61 percent in seen in January of 2024 and well above the 1.69 percent rate in FY 2019, the

18 https://www.business.nyctourism.com/press-media/press-releases/value-family-press-release-spring-2025

full fiscal year before the pandemic. The Comptroller's Office is currently expecting a final delinquency rate of 1.98 percent for FY 2025. But if current delinquency rates fail to decline faster than last fiscal year's rates, FY 2025 property tax collections will be lower than forecast.

Miscellaneous Revenues

In the January Plan, the City raised its FY 2025 miscellaneous revenue projection by a net $59 million, to $6.27 billion, a 2.1 percent decrease compared to the previous fiscal year.[19] The revision primarily reflects higher projections for interest income, charges for services, and fine revenues. These increases were partially offset by a downward adjustment in the "other miscellaneous" category and slight decreases in projected rental income and water and sewer charges. Overall, miscellaneous revenue collections totaled $4.29 billion during the first half of FY 2025, an increase of 9.7 percent over the same period in FY 2024. Table 17 details the changes in the FY 2025 miscellaneous revenue projections since the November Plan.

Table 17. Changes in FY 2025 Miscellaneous Revenue Estimates, November 2024 Plan vs. January 2025 Plan

($ in millions)	Actual FY 2024	FY 2025 November Forecast	FY 2025 January Forecast	Change FY 2025
Licenses, Permits & Franchises	$717	$723	$723	$0
Interest Income	696	468	510	42
Charges for Services	899	989	1,008	19
Water and Sewer Charges	1,953	2,208	2,207	(1)
Rental Income	283	260	259	(1)
Fines and Forfeitures	1,367	1,235	1,244	9
Other Miscellaneous	489	328	319	(9)
Total	**$6,403**	**$6,211**	**$6,270**	**$59**

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

Projected interest income, derived from the City's short-term investments, increased by $42 million, following an $88 million increase in the November Plan, bringing the total to $510 million for FY 2025. However, this forecast represents a 26.7 percent decline from FY 2024. The lower year-over-year projection is largely due to the Federal Reserve cuts in short-term interest rates. Outyear projections for total interest income decline steadily throughout the Plan period in anticipation of further rate cuts.

[19] Miscellaneous revenue analysis excludes intra-City revenues.

Projection for charges for services increased by $19 million, largely driven by a $15 million rise in fee revenues from the NY Housing Program and a $3.6 million increase in marshal booting fees. Revenues from fines and forfeitures rose by $9 million, primarily due to an $8.5 million increase in fine revenues from the red-light camera program. These increases were partially offset by a $9 million downward adjustment in "other miscellaneous" revenues. The lower projection mainly reflects an $11.8 million reduction in tobacco settlement revenues, after their diversion toward debt service of TSASC bonds. This decrease is partially offset by a $4 million increase in revenues from recouped fees associated with the Economic Development Corporation (EDC)-administered COVID program.

The January Financial Plan projects a 2.1 percent decline in FY 2025 miscellaneous revenues to $6.27 billion, followed by a further 2.8 percent decline to $6.09 billion in FY 2026, as shown in Table 18. These reductions are primarily attributable to anticipated declines in interest income, fines and forfeitures, and tobacco settlement revenues through FY 2027, which are reflected in the "other miscellaneous" category. As discussed in this Office's [December 2024 State of the Economy and Finance](), a security agreement recently entered into by TSASC Inc provides that the unpledged tobacco settlement revenues (TSRs) are available to make up any shortfall in the funding of debt service payments. Given the execution of this agreement and the current forecast of TSRs, the January Financial Plan reflects reduced tobacco settlement revenues in the City's miscellaneous budget through FY 2027. In the January Financial Plan, the City accounted for these reductions by lowering tobacco settlement revenue projections by $11.8 million in FY 2025, $13.1 million in FY 2026, and $12.4 million in FY 2027.

Table 18. Miscellaneous Revenue Forecast, January 2025 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Licenses, Permits & Franchises	$723	$727	$707	$710	$712
Interest Income	510	329	288	270	272
Charges for Services	1,008	1,031	1,032	1,032	1,032
Water and Sewer Charges	2,207	2,224	2,235	2,285	2,315
Rental Income	259	260	260	260	260
Fines and Forfeitures	1,244	1,230	1,230	1,220	1,220
Other Miscellaneous	319	292	289	298	297
Total	**$6,270**	**$6,093**	**$6,041**	**$6,075**	**$6,108**

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

The Comptroller's Office anticipates total miscellaneous revenue will exceed the City's forecast by $26.5 million in FY 2025, $65.0 million in FY 2026, and $15 million in each of FYs 2027 through 2029.

The Comptroller expects revenues from fines could be above the City's forecast by $39.5 million in FYs 2025 and $15 million in each of FY's 2026-2029. These offsets are mainly attributable to higher projections for camera fines, and late filing/no permit penalties at the Department of Buildings (DOB). In addition, based on projected short-term interest rates and the Comptroller's Office's cash balance forecast, the Office anticipates interest income will exceed the City's current projections by $50 million in FY 2026. The Comptroller's Office also identifies a risk of $13 million in rental income in the current fiscal year. The risk stems from a shortfall in DOE rental revenues from extended school use requested by outside organizations for the use of school buildings beyond regular school hours.

Federal and State Aid

The January Plan projects total categorical Federal and State aid of $29.91 billion in FY 2025, which supports nearly 26 percent of the City's expenditure budget. Federal funds account for $9.69 billion (or 8.3 percent of the total expenditure budget), and State funds account for $20.22 billion, or 17.4 percent. FY 2026 Federal and State aid is projected to total $26.53 billion, supporting 23.1 percent of the City's expenses. Federal funds account for $7.37 billion (6.4 percent) and State funds account for $19.16 billion (16.7 percent). The Trump Administration has made cutting Federal spending over the next four years a top priority. Just last month, the Administration reversed $80 million of Federal reimbursements already received by the City directly from its bank account. The Federal budget reconciliation bill passed by the House of Representatives in late-February calls for spending cuts worth $2 trillion over 10 years. As discussed in this Office's report, NYC's Federal Funding: Outlook Under Trump, the Federal government provides over $100 billion to New York City's governmental entities, residents and organizations, including the $9.69 billion currently budgeted in operating support for FY 2025. How the Trump policy changes will impact New York City's direct Federal aid more broadly, as well as Federal funding for related entities such as NYCHA, the MTA, CUNY, and NYC H+H, and to New Yorkers remains to be seen.

Compared with the November Plan, the January Plan reflects modest revenue increases of $272 million in FY 2025 and $43 million in FY 2026. Federal aid increased by $141 million and $34 million, while State aid rose by $131 million and $9.2 million respectively. Almost half of the Federal aid increase is for the Police Department, recognizing various security grants ($67 million). Federal assistance for the Department of Housing Preservation and Development (HPD) increased by about $26 million, mainly the recognition of funds for the Section 8 voucher program.

The January Plan increased total Federal COVID assistance anticipated by the City to $1.28 billion in FY 2025 through FY 2029, as shown in Table 19. Combined with grants already recognized in FY 2020 through FY 2024, tallied at about $25.48 billion, overall COVID assistance is expected to reach a total of $26.79 billion. The largest components comprising this figure are FEMA reimbursement currently estimated at $7.75 billion, ARP-CRRSA education grants totaling $6.94 billion (expired in FY 2024) and ARP-SLFRF grants of $5.88 billion (which expire this fiscal year).

Table 19. Projected Federal COVID Assistance-January 2024 Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
ARP SLFRF	$548.9	$ -	$ -	$ -	$ -	$548.9
FEMA	4.6	1.5	-	-	-	6.1
Epidemiology and Laboratory Capacity Grants	153.0	5.2	4.0	-	-	162.2
All Other	382.4	58.4	47.3	47.3	27.3	562.8
Total	**$1,088.9**	**$65.2**	**$51.3**	**$47.3**	**$27.3**	**$1,280.0**

Source: Mayor's Office of Management and Budget

State grant revenue changes totaled $140 million over FYs 2025 and 2026, due to $59 million in adjustments for charter leases and supplemental tuition, $53 million for social service programs, and $39 million for other programs. This is partially offset by a net decrease of $11 million for DOHMH, related to Public Health Works.

Over the remainder of the Plan period, total Federal and State grants are projected to fall to $26.53 billion in FY 2026, $26.38 billion in FY 2027, $25.92 in FY 2028, before reaching $26.15 billion in FY 2029. The overall decline mirrors downward trends in Federal COVID grants and, to a lesser degree, support for asylum seekers in the latter years of the Plan. The City normally includes a growth assumption in its State education aid estimates. In the January Plan, like in the November Plan, State education aid is forecasted to remain flat over the outyears. Overall State aid is expected to hover around $19.2 billion in FY 2026 and FY 2027, falling to $18.7 billion in FY 2028, and increasing slightly to $18.8 in FY 2029. The growth from FY 2028 to FY 2029 is due to additional anticipated TFA Building Aid.

Medicaid is the single largest program included in the State's budget, with all funds spending expected to total $115 billion in State FY 2026. The program provides coverage to over 4 million NYC residents. Including other publicly supported health care programs – the Essential Plan, Child Health Plus and the Quality Health Plan – that number grows to over 5 million, over 60 percent of the city's overall population. More information on these health programs and what's at risk under the Trump administration can be found in the Comptroller's Risks for Medicaid and Other NY State Healthcare Programs.

State Executive Budget

Governor Kathy Hochul released a $252 billion State Executive Budget Proposal for SFY 2026 on January 21st. The State anticipates a $3.5 billion surplus to end SFY 2025 and a $1.8 billion projected surplus for SFY 2026, opting to utilize the funds to support new initiatives, including $3 billion in refund stimulus checks to eligible New Yorkers.

The Governor's budget includes other significant proposals that will directly affect New York City residents but will not have a direct impact on the City's budget. Along with stimulus checks of $500 for joint filers making $300,000 or less and $300 for single filers making $150,000 or less (based on the 2023 tax year), the Governor plans to raise the State's child tax credit, and lower taxes in the first five of the State's nine tax brackets (lowering state taxes for single filers making up to $215,400 and joint filers making up to $323,200).

The SFY 2026 State budget as proposed by the Governor is expected to have a small positive impact of $117 million on the City's finances – mostly driven by increased education formula aid of $703 million, including $594 million in Foundation Aid, the State's primary vehicle for local educational funding. The Foundation Aid figures are based on the Governor's legislative language to modify the Foundation Aid disbursement formula, primarily through the following changes: guaranteeing that each district receives at least a 2 percent increase in aid annually, replacing the 2000 Census poverty rate with the most recent three year average of the Small Area Income and Poverty Estimates rate, eliminating the free and reduced-price lunch data as a poverty measure in favor of economically disadvantaged metrics, and increasing the maximum state sharing ratio for disadvantaged areas.

Other positive impacts include $18.5 million for expanded welcome centers for mobile outreach teams to connect with unhoused individuals within five NYC subway stations, an increase in youth sports and development programming ($12.5 million) and increases in 18-b assigned counsel reimbursement rates ($45 million).

Offsetting these increases are various costs to the City, including making permanent a previously temporary increase of the City's contribution to the MTA's paratransit program, estimated to cost the City an additional $165 million per year starting in FY 2026. The budget also included a proposal for the City to contribute $3 billion to the MTA's FY 2025 to FY 2029 Capital Program, estimated by the State to cost the City $500 million in FY 2026. Although included in the State's estimate of local cost impacts, the City's contribution to the MTA's capital program will not come directly from the City's general fund, as the City's capital contributions are funded through bond proceeds. The Governor's budget also included a proposal to increase the amount of City debt not subject to its statutory debt limit by $3 billion to allow the City to raise funds for the proposed MTA capital contribution. (See more details in the Capital Budget and Financing Program of this report.)

As previously described, the State budget legislation also includes a proposal to eliminate NYC income taxes for taxpayers with dependents making under a specified eligibility threshold specified in the Adams Administration's "Axe the Tax" proposal.

Negative impacts also include a discontinuation of the public hospital indigent care pool ($70.9 million) and changes to the State's Early Intervention program ($25 million after accounting for $6.9 million in positive impacts).

One initiative will have mixed impacts: the cost of the Governor's plan to deploy police officers on overnight subways is to be shared between the City and the State, with the State contributing

$77 million in overtime support, and the City required to match this amount in its budget if approved. (See the Overtime section of this report for more details.)

Table 20 provides a list of potential impacts. Impacts are subject to change when the State Budget is enacted in the spring.

Table 20. Potential Impact of Proposed FY 2026 State Budget

($ in millions)	FY 2025	FY 2026	Two-year Total
School Formula-based Aids	**$0**	**$703**	**$703**
Increase Foundation Aid	0	593.6	594
Other Formula Aid	0	109.1	109
Positive Spending Impacts	**$42**	**$141**	**$183**
Increase Youth Sports and Development Programming	2.5	10.0	12.5
Enhance Subway Outreach	4.6	13.9	18.5
Increase Runaway Homeless Youth Programming	0.5	1.8	2.3
Early Intervention Program Changes	1.4	5.5	6.9
Assisted Outpatient Treatment Oversight and Enhance	1.7	6.9	8.6
Increase CHIPS/Aid for Touring Routes	3.0	9.5	12.5
Increase 18-b Reimbursement Rate	9.0	36.0	45.0
NYPD Subway Deployment	19.3	57.8	77.1
Negative Spending Impacts	**($0)**	**($45)**	**($45)**
Discontinue Public Hospital Indigent Care Pool Payments	(14.2)	(56.7)	(70.9)
Early Intervention Changes	(6.5)	(25.4)	(31.9)
BABY Allowance to New Families on Public Assistance		(1.7)	(1.7)
Increase NYC Contribution to MTA Capital Plan	(100)	(400)	(500)
Permanently Increase NYC Share of Paratransit Costs		(165)	(165)
Total Net Impact	**($79)**	**$195**	**$117**

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

Asylum Seeker Assistance

The Governor's budget proposed no additional funding for asylum seekers. The State has provided $4.3 billion in funding for these costs. More than $3.1 billion is estimated to directly reimburse the City's budget, covering roughly a third of all costs incurred by the City. The remainder covers costs borne directly by the State including the National Guard and Medicaid. For additional information, see the City Services for People Seeking Asylum section of this report.

Other State Actions

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

- Granting New York City wider purview over City agency use of Construction-Manager Build and Progressive Design-Build procurement that allow for streamlined capital completion.
- Authorizing New York City to provide tax credits to out-of-state businesses that move to eligible commercial buildings in the city from out-of-state via the Relocation Assistance Credit per Employee program; as well as extending the Relocation and Employment Assistance business credit program through 2030. Additionally, the Governor proposes extending and modifying the film tax credit through 2036 and extending the NYC Musical and Theatrical Production credit for two years.
- Expanding the State temporary personal income tax high income surcharge to 2032, which adds a tax surcharge of 0.5 to 2 percent on incomes over $5 million.
- Ability for the City to create a partial property tax exemption for households with up to 80 percent of Area Median Income (AMI) for primary residence properties sold or leased by a governmental entity, nonprofit housing organization, or land bank.
- Reduction of shelter rent taxes for Mitchell-Lama properties, from a cap of 10 percent to a cap of 5 percent.
- Extending and amending the NYC Industrial and Commercial Abatement Program through 2030: adding eligibility for Governors Island, excluding parking and self-storage facilities from the benefit.
- Article VII legislation expanding eligibility for involuntary treatment, including for individuals who are at risk of harm due to inability to meet basic needs including food, medical care, and shelter. Also enhancing Kendra's Law for assisted outpatient treatment for individuals with assessed dangerousness and past treatment noncompliance.
- A $1 billion commitment over five years to support the *City of Yes* Housing Plan, with funding for the development of Mitchell-Lama properties and NYCHA properties. Also $25 million for capital improvements at NYCHA.
- $18.8 million in funding to cover tuition and expenses for adults aged 25-55 pursuing associate degrees in areas of high need including education, nursing, engineering, and technology.

- $8.5 million statewide to provide $100 per month support benefits throughout pregnancy and $1,200 at birth to individuals on public assistance. Also $9.5 million for postpartum boxes for individuals enrolled in Medicaid.
- Prohibiting New York City from allowing motor vehicles from stopping, standing, or parking within 20 feet of a crosswalk near elementary schools; authorizing NYC to establish maximum speed limits in bike lanes and paths; Re-classifying class three bikes with electric assist that weigh 100 pounds or more (a small share of existing bikes within this class) as mopeds – requiring registration, license, and staying out of bike lanes.
- Reform of legal discovery laws: eliminates incentive to delay discovery challenges that could result in the technical dismissal of cases. Prosecutors would face a less onerous demand to meet strict document deadlines and defense attorneys would be more limited in when they can request dismissal based on evidence violations.
- Authorizing New York City to collect a surcharge on construction activity that blocks pedestrian plazas, sidewalks, and streets.

A Summary of the State's NYCERS, NYCTRS, and BERS UAL Re-Amortization Legislation

Section FF of the Public Protection and General Government Article VII budget bill, provides for the re-amortization of the Unfunded Accrued Liability (UAL) of NYC Employees' Retirement System (NYCERS), NYC Teachers Retirement System (NYCTRS), and Board of Education Retirement System (BERS). The legislation was added at the Mayor's request as part of the State budget bills 30-day amendments. All pension boards, including those of the Police and Fire funds, were briefed on the re-amortization proposal in November but have not, at the time of writing, voted on it. Early drafts of the legislation included all five pension funds, but the version in the State budget bill excludes Police and Fire.

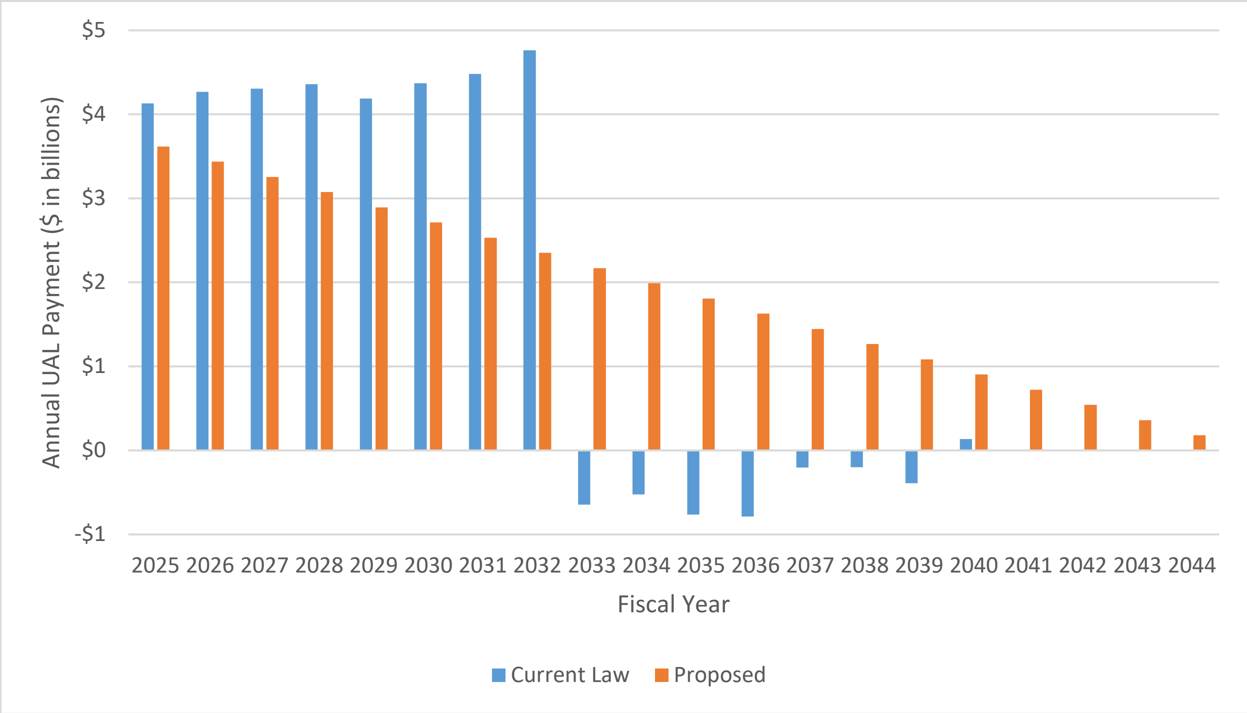
Under State law enacted in 2013, the City and other obligors are required to make payments to amortize the initial UAL, appropriately modified over time to take into account changes in actuarial assumptions and investment returns. As a result of the legislation, the City's net pension liability has been steadily declining since FY 2013, both in absolute terms and as a percentage of personal income, as can be seen in this Office's December 2024 State of the Economy and Finance (Chart 12). The amortization of the initial UAL ends in FY 2032, when the pension systems would be fully funded.

A crucial feature of the current amortization formula is that the initial UAL base payment increases by 3 percent each year. This was meant to keep UAL base payments at an approximately constant share of total payroll cost (assuming the latter would also grow at 3 percent). The implication of the formula, however, is a "contribution cliff": a sharp reduction in contributions in FY 2033. In addition, the cliff is made larger by a credit accumulated by the systems over time, such that they would be more than 100 percent funded in FY 2032 and contributions would turn negative in FY 2033 and onward. Under the current formula, UAL contributions for the three systems would drop by $5.4 billion between FY 2032 and FY 2033. The drop amounts to $8.2

billion if Police and Fire funds were added to the calculation because the same amortization formula applies across all pension funds.

The proposed legislation re-amortizes the UAL for the three systems on a straight line over 20 years starting in FY 2025, therefore moving the date of 100 percent funding from FY 2032 to FY 2044. The change would deliver a total of $11.0 billion in lower contributions in the short term (FY 2025 to FY 2032) in exchange for $17.5 billion in higher total contributions later (FY 2033 to FY 2044). Chart 6 shows UAL payments under current law and under the proposed schedule.

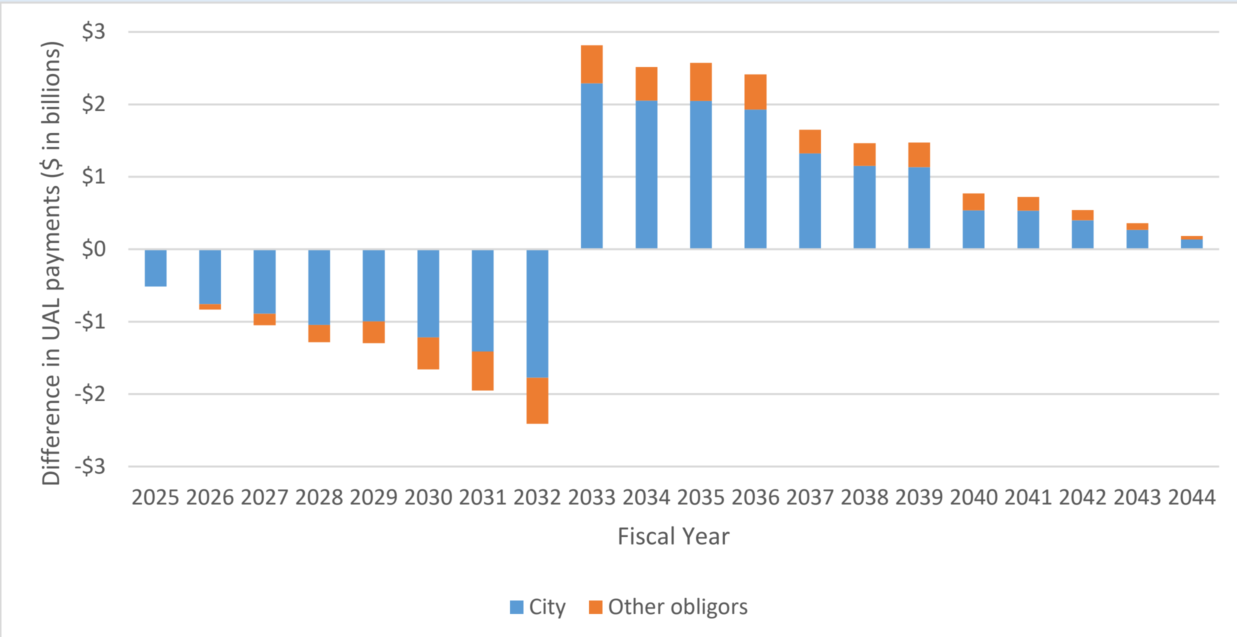
Chart 6. UAL Payments for NYCERS, NYCTRS, and BERS



Source: Office of the NYC Actuary.

In nominal terms, the cumulative contribution increase in the second part of the amortization schedule exceeds the cumulative amount of savings in the first. However, the re-amortization is neutral in present value terms. Chart 7 shows the change in contributions for the City and other obligors. The operating budget impact for the City would be a decline of contributions of approximately $4.2 billion over the financial plan period. Total City contributions are expected to decline by $8.6 billion in FY 2025 – FY 2032 and increase by a total of $13.8 billion in FY 2033 – FY 2044.

Chart 7. Difference in UAL Payments for the City and Other Obligors



Source: Office of the NYC Actuary. The City's contributions going forward are estimated using the City's FY 2024 share.

The gradually declining schedule of contributions in the proposed legislation allows to stabilize total contributions to the three systems through FY 2044 (assuming investment returns meet, as they have on average for the past ten years, the 7 percent assumption), but other amortization schedules are possible to smooth out the contribution cliff. The legislation also includes some technical changes to streamline actuarial calculations and gives the NYC Actuary discretion to re-amortize the UALs of NYCERS, NYCTRS, and BERS if certain "mathematical inconsistencies" were to be realized.

Such a change to the amortization schedule should only be considered as an emergency plan in case Federal spending cuts significantly harm the City's budget. Furthermore, in light of significant long-term obligations for health care for municipal employees, and especially retirees, a change of such magnitude and duration to the City's long-term obligations should only be considered in the context of dedicating resources to those obligations.

Expenditure Analysis

Total expenditures of $116.49 billion for FY 2025, as presented in the January Plan, are a 2.4 percent increase over FY 2024 actual expenditures of $113.72 billion[20]. Expenditures in both years, however, reflect the impact of prepayments, which shift spending between fiscal years, as well as adjustments to prior payables, which lower expenses based on revisions made to past spending. In addition, FY 2025 includes $50 million in budgeted reserves. After accounting for these items, FY 2025 expenditures total $119.05 billion. This is a 2.6 percent increase over the similarly adjusted FY 2024 expenditures of $116.02 billion. Adjusting for these costs provides a more accurate measure of the growth of City expenditures over time.

The increase in budgeted spending in FY 2025 compared with FY 2024 is driven by a 3.1 percent increase in personnel services (PS) costs. More than one-third of this increase comes from pension costs (see the Pensions section of this report for more details). Other than personnel services (OTPS), excluding debt service, are budgeted to increase by 1.5 percent. Debt service costs are budgeted to grow by 7.0 percent.

In FY 2026 expenditures—adjusted for prepayments and reserves—total $115.42 billion, a $3.63 billion decline (3.0 percent) compared with FY 2025, as shown in Table 21. This is driven by a lower OTPS costs, offset by somewhat higher PS and debt service costs. However, outlined in the Comptroller's Restated Gaps section, many OTPS costs are underbudgeted and actual costs for FY 2026 will likely be higher than currently reflected. The increase in PS costs is largely driven by 3.6 percent growth in salaries and wages ($1.18 billion) and 5.8 percent growth in health insurance costs ($522 million).

In the outyears, expenditures are expected to grow at an annual rate of 2.7 percent from FY 2026 through FY 2029. This growth is driven by PS costs, which are projected to grow at an annual rate of 2.9 percent over the period ($5.24 billion), followed by debt service costs, which are projected to grow at an annual rate of 8.9 percent ($2.58 billion), and OTPS costs (1.3 percent annual growth or $1.83 billion).

[20] FY 2024 actuals include $742 million in transfers to the capital fund through Interfund Agreements, as detailed in Schedule G6 of the FY 2024 Annual Comprehensive Financial Report.

Table 21. FY 2025-FY 2029 Expenditure Growth, Adjusted for Prepayments and Reserves

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Growth	Annual
Personal Service							
Salaries and Wages	$32,515	$33,687	$34,623	$35,566	$36,357	11.8%	2.8%
Pensions	9,958	10,462	10,815	11,657	11,200	12.5%	3.0%
Health Insurance	9,075	9,598	9,993	10,410	10,854	19.6%	4.6%
Other Fringe Benefits	4,861	5,004	5,186	5,379	5,574	14.7%	3.5%
Subtotal-PS	$56,409	$58,750	$60,616	$63,013	$63,985	13.4%	3.2%
Other Than Personal							
Medicaid	$6,743	$6,583	$6,733	$6,883	$7,033	4.3%	1.1%
Public Assistance	2,570	1,650	2,000	2,463	2,905	13.0%	3.1%
Judgments and Claims	877	823	840	862	891	1.5%	0.4%
Contractual Services	26,601	21,948	23,616	21,795	21,963	(17.4%)	(4.7%)
Other OTPS	17,984	16,847	15,745	16,682	16,895	(6.1%)	(1.5%)
Subtotal-OTPS	$54,776	$47,852	$48,934	$48,686	$49,686	(9.3%)	(2.4%)
Debt Service	$7,860	$8,816	$9,569	$10,510	$11,397	45.0%	9.7%
Expenditures Excluding Reserves Only	$119,045	$115,418	$119,120	$122,209	$125,069	5.1%	1.2%
BSA and Discretionary Transfers	(2,053)	(2,344)					
Prior Year Payable	(550)						
General Reserve	50	1,200	1,200	1,200	1,200		
Capital Stabilization Reserve	0	250	250	250	250		
Total Expenditures	**$116,492**	**$114,524**	**$120,570**	**$123,659**	**$126,519**	**8.6%**	**2.1%**

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

Note: Intra-City adjustments are reflected in each of their respective expense categories. The debt Service line excludes TSASC Inc. debt service, which is paid with 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).

Headcount

As shown in Table 22, the January Plan projects total full-time authorized headcount of 301,457 for FY 2025, with the number of budgeted full-time employees declining by more than 3,400 positions in FY 2026 to 297,981 and settling at 297,804 by FY 2029. The overall year-over-year decline in headcount is driven primarily by lower authorized levels of pedagogical and civilian employees. Pedagogical headcount is budgeted to decline by 1.4 percent (1,819 positions) to 127,658 in FY 2026, where it remains for the rest of the Plan period; all within the Department of Education. This is despite the State's mandate to reduce class sizes in city schools, which is being phased in with full implementation by FY 2028. The Comptroller's Office estimates that the City will need to hire 13,737 more teachers to comply with the law by FY 2028 (see the Department of Education section of this report for more details).

Civilian headcount is budgeted to decrease by 1.5 percent to 109,287 by FY 2029. Uniformed full-time headcount is projected to decline by less than 1 percent over the plan period, and is primarily driven by reductions in Department of Sanitation (DSNY) authorized headcount made in last fiscal year's plans. No Sanitation uniform reductions were made in the November 2024 or January 2025 Plans.

Table 22. Total Funded Full-Time Year-End Headcount, January 2025 Financial Plan

	Actual Headcount as of 1/31/25	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2025 – FY 2029
Pedagogical							
Dept. of Education	119,995	125,188	123,369	123,369	123,369	123,369	(1.5%)
City University	4,192	4,289	4,289	4,289	4,289	4,289	0.0%
Subtotal	**124,187**	**129,477**	**127,658**	**127,658**	**127,658**	**127,658**	**(1.4%)**
Uniformed							
Police	33,498	35,051	35,001	35,001	35,001	35,001	(0.1%)
Fire	11,022	10,952	10,952	10,952	10,952	10,952	0.0%
Correction	5,879	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	8,276	7,955	7,846	7,846	7,846	7,846	(1.4%)
Subtotal	**58,675**	**61,018**	**60,859**	**60,859**	**60,859**	**60,859**	**(0.3%)**
Civilian							
Dept. of Education	13,261	12,910	12,348	12,280	12,280	12,280	(4.9%)
City University	1,468	1,735	1,735	1,735	1,735	1,735	0.0%
Police	12,859	14,156	13,875	13,875	13,875	13,875	(2.0%)
Fire	6,312	6,226	6,225	6,225	6,225	6,193	(0.5%)
Correction	1,507	1,751	1,746	1,747	1,745	1,745	(0.3%)
Sanitation	1,669	1,632	1,632	1,632	1,632	1,632	0.0%
Admin. for Children's Services	6,436	7,028	7,027	7,027	7,027	7,027	(0.0%)

	Actual Headcount as of 1/31/25	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Percent Change FY 2025 – FY 2029
Social Services	10,955	12,173	12,043	12,054	12,054	12,054	(1.0%)
Homeless Services	1,763	1,923	1,890	1,890	1,890	1,890	(1.7%)
Health and Mental Hygiene	5,393	5,984	5,716	5,697	5,666	5,662	(5.4%)
Finance	1,623	1,994	1,993	1,993	1,993	1,993	(0.1%)
Transportation	5,221	5,847	5,851	5,851	5,853	5,853	0.1%
Parks and Recreation	4,569	4,955	4,983	4,982	4,982	4,982	0.5%
All Other Civilians	30,344	32,648	32,400	32,388	32,391	32,366	(0.9%)
Subtotal	**103,380**	**110,962**	**109,464**	**109,376**	**109,348**	**109,287**	**(1.5%)**
TOTAL	**286,242**	**301,457**	**297,981**	**297,893**	**297,865**	**297,804**	**(1.2%)**

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

Compared with the November Financial Plan, total full-time authorized headcount rose by a total of 1,158 in FY 2025, 958 in FY 2026, and an average of 990 in the outyears. Of those added in FY 2025, 538 positions (46 percent) and 786 positions in FY 2026 (82 percent) are new positions. The remaining positions result from headcount adjustments made by OMB based on the recognition of Federal, State and other categorical grants. The agencies accounting for most of the increase include:

- the Department of Parks and Recreation (453 in FY 2025 and 447 in FY 2026), related to expansion of Second Shift Cleaning, staffing for the Shirley Chisholm Recreation Center, Swim Safety Expansion, rat mitigation around tree beds, and headcount adjustments;
- the Department of Health and Mental Hygiene (112 in FY 2025 and 99 in FY 2026) for staffing to address additional case load, and headcount adjustments;
- the Department of Housing Preservation and Development (29 in FY 2025 and 77 in FY 2026) for staffing for various areas of the agency, including code enforcement, compliance, preservation and development capacities; and,
- the Department of Buildings (6 in FY 2025 and 66 in FY 2026) for staffing to support basement legalization efforts, and development and enforcement.

Table 23. Full-Time Headcount Changes, January 2025 Financial Plan vs. November 2024 Financial Plan

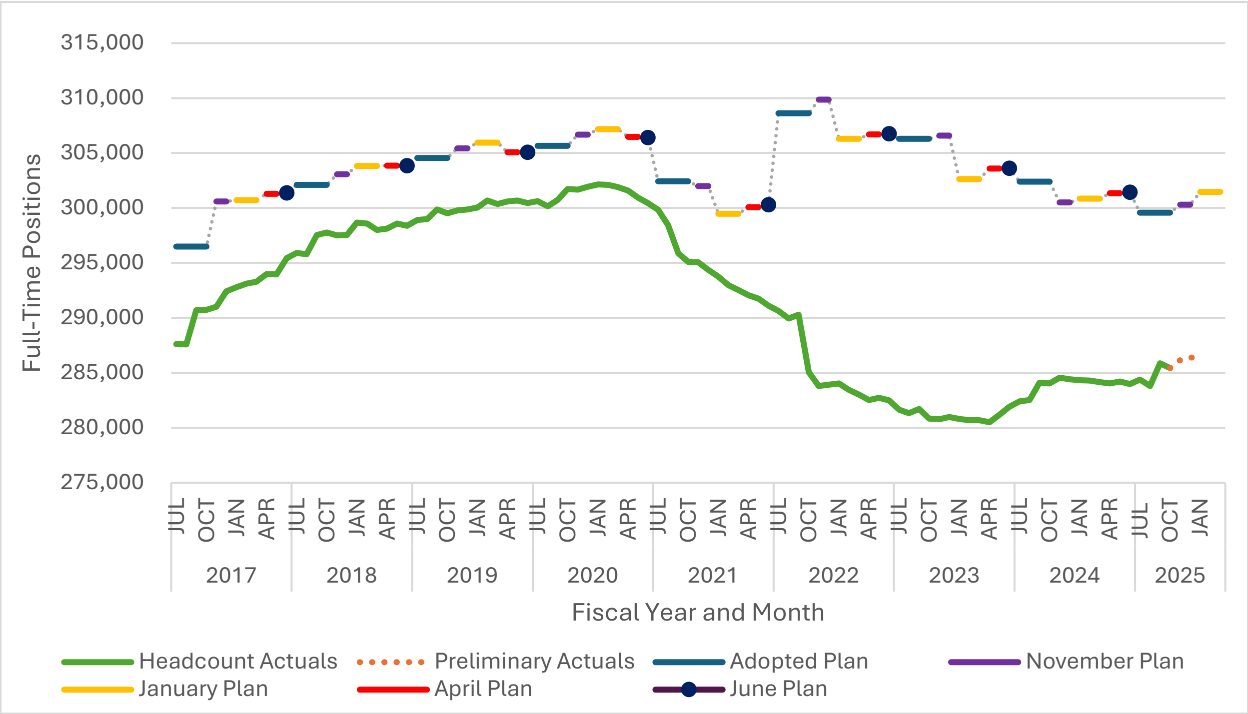
	FY 2025	FY 2026	FY 2027	FY 2028
Pedagogical				
Dept. of Education	0	0	0	0
City University	0	0	0	0
Subtotal	**0**	**0**	**0**	**0**
Uniformed				
Police	50	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	0	0	0
Subtotal	**50**	**0**	**0**	**0**
Civilian				
Dept. of Education	15	0	0	0
City University	0	0	0	0
Police	273	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	0	0	0
Admin. for Children’s Services	0	0	0	0
Social Services	14	52	63	63
Homeless Services	5	5	5	5
Health and Mental Hygiene	112	99	94	94
Finance	0	0	0	0
Transportation	19	37	37	39
Parks and Recreation	453	447	447	447
All Other Civilians	217	318	343	355
Subtotal	**1,108**	**958**	**989**	**1,003**
TOTAL	**1,158**	**958**	**989**	**1,003**
Percent change	**0.4%**	**0.3%**	**0.3%**	**0.3%**

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

Actual full-time headcount has increased slightly since the end of the FY 2024. As of January 31, 2025, the City’s actual workforce is at 286,242, a net increase of over 2,200 employees since June 30, 2024 (0.8 percent). The growth is primarily with the Department of Education, Parks and Recreation, offset by declines in the Police Department. For more details by agency, please visit the NYC Agency Staffing Dashboard.

Lower-than-budgeted headcount is expected to persist for the remainder of FY 2025. The Comptroller's Office projects that non-overtime salary and wage costs, including some fringe savings, will total about $400 million less than currently budgeted by the OMB for FY 2025. This includes $600 million in full-time salary and fringe savings offset by $200 million in additional costs for unsalaried staff, based on the pace of spending in the past seven months of the fiscal year.

Chart 8. Full-Time Headcount, Actual vs Plan, FY 2017 — FY 2025



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 November through January of FY 2025; they are derived from initial payroll results and have not yet been published by OMB.

Overtime

The City has budgeted $1.59 billion in the FY 2026 Preliminary Budget for overtime expenditures, 8 percent lower than the $1.73 billion currently estimated for FY 2025. Based on the current overtime spending trend, both FY 2025 and FY 2026 overtime costs will likely exceed the budgeted amounts. As shown in Table 24, the Comptroller's Office expects overtime expenditures to exceed projections by $1.09 billion in FY 2025 and $994 million in FY 2026.

Table 24. Projected Overtime Spending, FY 2025 and FY 2026

($ in millions)	FY 2025 Adopted Budget	FY 2025 January Plan Overtime	FY 2025 Comptroller's Projection	FY 2025 Estimated Gap	FY 2026 Preliminary Budget Overtime	FY 2026 Comptroller's Projection	FY 2026 Estimated Gap
Uniformed							
Police	$477	$595	$1,200	($605)	$488	$1,200	($712)
Subway Safety Reimbursement	N/A	0	(19)	19	0	(58)	58
Fire	381	385	480	(95)	393	393	0
Correction	128	131	280	(149)	154	250	(96)
Sanitation	142	133	133	0	120	120	0
Total Uniformed	**$1,129**	**$1,244**	**$2,074**	**($830)**	**$1,155**	**$1,905**	**($750)**
Civilian							
Police-Civilian	$87	$90	$130	($40)	$90	$130	($40)
Social Services	42	40	65	(25)	39	50	(11)
All Other Agencies	309	354	550	(196)	307	500	(193)
Total Civilians	**$438**	**$484**	**$745**	**($261)**	**$436**	**$680**	**($244)**
Total City	**$1,567**	**$1,728**	**$2,819**	**($1,091)**	**$1,591**	**$2,585**	**($994)**

Note: State reimbursement for overtime costs may include reimbursement for associated fringe, which is paid centrally and not through the NYPD budget.

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

The City's projection of overtime expenditures for FY 2025 increased by $153 million since the November Plan, for a total increase of $161 million since the FY 2025 budget adoption, reflecting year-to-date spending adjustments. The increase since adoption resulted mainly from an upward revision to the overtime budget for uniformed agencies of $115 million. This includes a net increase of $118 million for uniformed overtime at NYPD, $3 million for uniformed overtime at

FDNY and $3 million for uniformed overtime at DOC. Offsetting the increase to the uniformed overtime budget was a reduction of $9 million at DSNY. Civilian overtime spending projections were increased by $46 million.

With the growing concern of safety in the New York City subway system, the City and the State have recently implemented an initiative deploying several hundred officers to provide additional security within the system. Similar to the subway safety program implemented in FY 2023, officers will work an additional 5,000 hours a day providing security in addition to 300 officers patrolling the trains nightly from 9 pm to 5 am. This initiative, which initially is expected to last for six months, is projected to cost about $154 million, including costs for fringe benefits, to be jointly covered by the City and the State. The State's FY 2026 Executive Budget includes $19.3 million and $57.8 million for NYPD subway deployment for the City FYs 2025 and 2026 budgets, respectively.

The City has spent $578 million through January for NYPD uniformed overtime spending. With the implementation of the subway safety program, the Comptroller's Office now expects that NYPD uniformed overtime spending may be about $1.2 billion for FY 2025, just over 25 percent more than FY 2024 spending of $955 million. With only $595 million funded in the January Plan, the Comptroller's Office estimates $605 million will need to be added for NYPD uniformed overtime this fiscal year, or $586 million in City funds after accounting for the State contribution for this year. With the likelihood that the subway safety program will continue into FY 2026, NYPD uniformed overtime is projected to be at least $1.2 billion next year, requiring the addition of $654 million to the FY 2026 budget, including the expected $57.8 million reimbursement from the State.

The Comptroller's Office also projects that civilian overtime at the NYPD will be more than currently budgeted. This Office projects civilian overtime will reach $130 million in FY 2025 and in FY 2026, $40 million more than budgeted for FYs 2025 and 2026.

The City spent $255 million for DOC's uniformed overtime in FY 2024, $15 million lower than FY 2023 overtime expenses of $270 million. In recent fiscal years, DOC relied on overtime usage because of the challenges faced in recruiting correction officers. This remains an issue for the department. The uniformed headcount level, which was 5,954 on June 30, 2024, declined to 5,879 as of January 31, 2025. Through January 2025, $163 million was spent for uniformed overtime and the department is on track to spend $280 million for FY 2025, $149 million higher than budgeted.

In late December, the City released a Mayoral Directive aimed at reducing excessive overtime spending at the City's uniformed agencies. An identical directive was issued in September 2023, to no visible effect. The agencies are tasked with implementing additional procedures, such as tracking monthly overtime spending and requiring overtime usage to be approved by authorized employees. The goal is to use overtime only when warranted and appropriate. Together with City Hall, OMB will oversee overtime expenses at the uniformed agencies. These offices shall work with the agencies to implement and monitor actions and procedures to reduce overtime usage. The NYPD has since started issuing quarterly overtime reports on their website, however, it is unclear at this time if overtime costs will be reduced. The Comptroller's Office will reflect and comment on this initiative once reductions are reflected in actual spending trends.

The Comptroller's Office projects civilian overtime cost of $745 million for FY 2025 and $680 million for FY 2026, requiring the addition of $261 million to the FY 2025 budget and $244 million to the FY 2026 budget. (This includes NYPD civilian overtime previously mentioned). The City spent $799 million for civilian overtime in FY 2024. However, with the recent uptick in civilian hiring, it is likely that the agencies will rely less on overtime for operational needs.

Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancy rates in particular areas or titles. Since FY 2019, agencies have consistently spent upwards of $1 billion on these services (excluding spending on asylum seeker and COVID-related costs). The January Plan increased funding for these services in FY 2025 by $95 million from $1.32 billion in the November Plan to $1.42 billion. Funding for these services, however, sharply falls to $986 million in FY 2026, and then slowly ramps down to $918 million in FY 2029.

Historically, the City conservatively budgets these expenses in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in the outyears. Therefore, the Comptroller's Office estimates it would require an additional $85 million in City funds in FY 2026, growing to $120 million in FY 2028 and FY 2029. The City could reduce its reliance on these services if it hires up to its authorized headcount in the outyears.

Health Insurance

The FY 2026 Preliminary Budget projects employees' and retirees' pay-as-you-go health insurance costs of $9.59 billion for FY 2026, about 5.8 percent or $522 million higher than the budgeted cost of $9.08 billion for FY 2025. Health insurance costs are then projected to increase at an annual rate of 4.2 percent annually to $9.99 billion in FY 2027, to $10.41 billion in FY 2028, and to $10.86 billion in FY 2029 as shown in Table 25. The projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 5.5 percent in FY 2026, 5.25 percent in FY 2027, 6.25 percent in FY 2028 and 6 percent in FY 2029. Premium rates for senior care health insurance are projected to increase by 4.7 percent in FY 2026, 4.6 percent in FY 2027 and in FY 2028, and 4.5 percent in FY 2029.[21]

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

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

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Department of Education	$3,088	$3,311	$3,397	$3,433	$3,469
CUNY	139	140	148	152	159
All Other	5,848	6,147	6,448	6,826	7,227
Sub-total	9,075	9,598	9,993	10,410	10,855
FY 2024 Retiree Health Prepayment	0				
PAYGO Health Insurance Costs	**$9,075**	**$9,598**	**$9,993**	**$10,410**	**$10,855**

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.

In FY 2024, the City spent $8.26 billion for employees' and retirees' health care costs, approximately 15 percent of that fiscal year's personnel services expenditures.[22] The expected FY 2025 through FY 2029 costs may be even higher than projected due to the uncertainties surrounding the City's healthcare budget.

The City has made no progress in its effort to switch retirees to a Medicare Advantage Plan. According to the Administration, the implementation of this initiative would have resulted in lower health care costs for retirees of an estimated $600 million annually. Retirees challenged

Thus far the courts have ruled in favor of the retirees. In December 2024, the New York Court of Appeals issued a decision that the City must continue to pay the entire cost of health insurance—up to the statutory cap—of all plans offered to retirees. The ruling did not address, however, whether the City is required to offer any specific plan. The Court of Appeals has agreed to hear the City's appeal on a different case where the City is seeking to discontinue the existing Medicare supplemental insurance plans and automatically enroll the City retirees in the Medicare Advantage plan.

The projected savings from the switch to Medicare Advantage were earmarked to be deposited into the Health Insurance Stabilization Fund (HISF). The HISF was created in the mid 1980's through an agreement with the City and the Municipal Labor Committee (MLC), a coalition of labor unions representing municipal workers. As stated in the City's administrative code, the City pays for health insurance based on the HIP rate. If GHI premiums are lower than the HIP premiums, the City makes "equalization payments" equal to the difference) into HISF. If the GHI premiums are higher, the HISF pays the difference.

[22] The FY 2024 cost does not include $500 million prepaid in FY 2023 for retirees' health care and is net of $70 million in intra-City expenditures.

For several fiscal years, the GHI premium was lower than the HIP premium leading to equalization payments into the fund. This resulted in a higher than anticipated balance in the fund. Over time, the City and unions were able to draw from the fund balance to offset wage increases and other benefits for employees. However, in more recent years, GHI health insurance premiums have been about equal or higher than HIP premiums (see Table 26). This rate difference has led to a depletion of resources and structural deficit for the HISF. The balance of the HISF totaled $845 million at the end of FY 2024.[23] However, of the $845 million, $844 million were in required reserves for the health insurer to cover incurred but not yet reported claims, and less than $1 million were disposable.

The City has written down revenues expected from the HISF from equalization payments to cover the now higher GHI premiums over the past several years. And it is unlikely that the estimated equalization payment of $500 million will be transferred to the City for FY 2025, due to the disposable fund's low balance. Additionally, beginning in FY 2023, the City agreed to forgo $112 million budgeted in "health benefit reimbursements" payments from the HSIF to the City's general fund agreed to as part of past labor negotiations. However, the City's budget still reflects this payment. As a result of the unlikely transfers from the fund (for both for the equalization payment and for the health benefit reimbursements), the Comptroller's Office increases its estimates of City-funded healthcare costs by $612 million in its re-estimate of City costs in FY 2025.

The City is currently reviewing responses to a Negotiated Acquisition request released in the Fall of 2022 to provide health benefits to employees and pre-Medicare retirees. It expects to negotiate more favorable health insurance costs with the health care provider chosen, which could lower projected healthcare costs in FY 2026 and future years.

[23] Totals include the ending balances of the long term and short-term funds, as reported in the Annual Comprehensive Financial Report (ACFR) for FY 2020 and FY 2024.

Table 26. HIP/GHI Monthly Health Insurance Premiums

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
HIP – Individual	$753.40	$776.01	$819.68	$871.42	$927.13	$998.55
HIP – Family	$1,845.83	$1,901.23	$2,008.22	$2,134.99	$2,271.46	$2,446.47
GHI – Individual	$710.74	$775.66	$854.44	$917.92	$998.60	$1,072.33
GHI – Family	$1,866.41	$2,035.61	$2,242.05	$2,409.11	$2,620.46	$2,818.15

Source: Office of the New York City Comptroller, ACFR (FYs 2020 – 2024), Office of Management and Budget – FY 2025

Pensions

The City's estimates of pension expenditures are projected to increase at an annual rate of 2.3 percent from FY 2026 and FY 2029 from $10.46 billion to $11.2 billion. The FY 2026 projected cost is $503 million higher than the current FY 2025 estimate of $9.96 billion. The annual increase in pension projections mainly reflects the impact of the additional cost resulting from the last round of collective bargaining agreements and the loss to the systems due to the FY 2022 combined investment loss of 8.65 percent on market value. (Investment gains or losses above or below the actuarial interest rate assumption or AIRA of 7 percent will decrease or increase pension expenditures by similar amounts beginning the second fiscal year following the given fiscal year returns). As a result, contributions were increased by $861 million in FY 2024, $1.97 billion in FY 2025, $3.02 billion in FY 2026, $3.99 billion in FY 2027, and $4.91 billion in FY 2028 and in FY 2029. For FY 2023 and FY 2024, however, the systems experienced a combined *investment gain* of 7.98 percent and 10 percent on market value, respectively, offsetting contributions somewhat by $49 million in FY 2025, $268 million in FY 2026, $530 million in FY 2027, $776 million in FY 2028, and $1.0 billion in FY 2029.

Table 27. Changes to City Pension Contributions

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pension Expense November Plan	**$9,956**	**$10,736**	**$10,801**	**$11,643**	**$11,185**
Actuarial Audit Reversal	0	(279)	0	0	0
Pension Bills	5	5	5	5	5
All Other	(2)	0	8	9	10
Net Change	3	(274)	13	14	15
Pension Expense January Plan	**$9,959**	**$10,462**	**$10,814**	**$11,657**	**$11,200**

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

Compared to the November Plan, projections for pension expenditures increased by $3 million in FY 2025, declined by $274 million in FY 2026 and increased by approximately $14 million annually in FY 2027 through FY 2029. The FY 2026 reduction is mainly from a reversal of the $279 million previously budgeted to fund any additional costs that may arise from changes to the underlying assumptions used to calculate annual pension contributions. Milliman, Inc., was engaged by the Comptroller's Office, pursuant to Chapter 96 of the New York City Charter, to conduct two consecutive biennial actuarial audits of the pension systems. Milliman has completed the project and recently released final reports. The City's Chief Actuary is currently reviewing recommendations put forward by Milliman. It is, however, unlikely that recommendations for changes will result in additional costs in FY 2026.

This action was minimally offset for FY 2026 by $5 million reserved annually in the pension budget for recently enacted legislation. About $2.3 million of that amount was reserved for a new law that will allow United Federation of Teachers (UFT) members enrolled in the Board of Education Retirement System (BERS) to transfer into the Teachers' Retirement System (TRS).

Education

The January Plan budgets $33.57 billion for the Department of Education (DOE) in the current fiscal year (excluding intra-city funds), reflecting a net increase of $590 million since the November Plan, as shown in Table 28. Among the major needs addressed for FY 2025 are $275 million added for special education Carter Cases, $129 million for continued support of contracted school nurses, and $87 million for Charter school leases. Notably, funding was not increased for these programs in future years.

For FY 2026, funding for DOE increased by $151 million compared with the November Plan. This includes an additional $31 million for the Learning to Work program and $80 million to maintain Summer Rising, two programs that had previously been funded with Federal Covid-related aid. As discussed in more detail below, funding for these programs was not included for the outyears.

Table 28. Department of Education Funding Detail-January Plan in millions

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total DOE Funding	**$33,573**	**$33,491**	**$34,375**	**$35,112**	**$35,512**
City Funds	$17,423	$17,703	$18,587	$19,324	$19,724
State Funds	$13,677	$13,535	$13,535	$13,535	$13,535
Federal Funds	$2,305	$2,093	$2,093	$2,093	$2,093
Other Categorical	$168	$159	$159	$159	$159
January Plan Changes	**$590**	**$151**	**$45**	**$46**	**$46**
Year-to-Year Changes		**($82)**	**$884**	**$737**	**$400**

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

Note: Net of intra-city funds

Compared to FY 2025, the DOE budget drops in FY 2026 to $33.49 billion, reflecting a year-to-year decline of $82 million. Over the remainder of the plan, funding for the Department totals $34.37 billion in FY 2027, $35.11 billion in FY 2028, and $35.51 billion in FY 2029. FY 2028 and FY 2029 estimates reflect year-over-year City fund increases of $737 million and $400 million, respectively.

The January Plan does not reflect proposed education aid increases from the State Executive Budget, which was released after the City's Financial Plan. Compared with City estimates, the proposed State budget would provide about $703 million more in formula-based school aids in FY 2026. If enacted at the proposed level, Foundation Aid, the largest component of school aids, would come in $583 million higher than budgeted in the January Financial Plan.

Early Childhood Education

The January Plan allocates a combined $1.64 billion for the City's 3-K and Pre-K programs in FY 2025. This includes $55 million for an expansion of special education services added during last year's budget cycle for FY 2025 only. The 3-K and Pre-K budget drops to $1.47 billion in FY 2026 and settles at $1.49 billion for FY 2027 through FY 2029. Despite being two separate programs, spending on 3-K and Pre-K must be examined together because in financial plans released last year OMB reduced planned spending for the programs in FY 2025 through FY 2029 collectively through a PEG, without allocating the cuts to budget codes specific to either 3-K or Pre-K. The remaining savings in the Financial Plan reduce the budget by $91 million for FY 2025 and $116 million in FYs 2026 and out. [24]

The DOE spent $1.78 billion on 3-K and Pre-K in FY 2024, $100 million more than in FY 2023 and $120 million more than budgeted in the FY 2025 adopted budget (June 2024). Based on year-to-date spending through January 2025, excluding the special education expansion, the City is on track to spend $1.78 billion again in FY 2025. This projected spending level indicates a $203 million gap against the current year baseline budget of $1.58 billion. Against the FY 2026 Preliminary Budget, the gap to fund these programs grows to $316 million.

Because the special education expansion was only included in FY 2025, an additional $55 million is also required in FY 2026 through FY 2029 to continue these services.

[24] See the Comptroller's Office's Comments on the FY 2025 Adopted Budget for more details.

Table 29. Early Childhood Education Funding Shortfall Detail-January 2025 Plan

($ in millions)	Actuals			Budgeted as of January 2025 Plan				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3-K	$569	$709	$781	$739	$629	$633	$633	$633
Pre-K	999	975	1,002	933	953	970	971	971
3-K / Pre-K Shared PEG	N/A	N/A	N/A	(91)	(116)	(116)	(116)	(116)
3-K/Pre-K Baseline	**$1,568**	**$1,684**	**$1,783**	**$1,580**	**$1,467**	**$1,487**	**$1,488**	**$1,488**
Special Education Expansion (FY 25 only)				55				
Total 3-K/Pre-K in Financial Plan				**$1,635**	**$1,467**	**$1,487**	**$1,488**	**$1,488**
Spending Needed to Maintain FY 24 Programming				**($203)**	**($316)**	**($296)**	**($295)**	**($295)**
Continuation of Special Education Expansion					**($55)**	**($55)**	**($55)**	**($55)**

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

Note: Numbers may not add to totals due to rounding. The FY 2025 Pre-K budget is adjusted down by $55 million to account for overlap with the special education expansion funding.

In addition to the above gaps in funding for early childhood education, the Comptroller's Office also identifies $25 million needed to extend Promise NYC. Promise NYC is the City's child care program for immigrant children under three who are not eligible for other publicly-supported programs; it is City funded and administered by the Administration for Children Services (ACS).

ACS's revenue budget also includes the Child Care Block Grant (CCBG) to fund child care vouchers and early education for low-income New Yorkers. CCBG funding is administered by New York State but comes largely from the federal Child Care and Development Fund. As described in the Comptroller's August Spotlight on [Publicly Supported Child Care Programs](), the State's *annual* allocation to the City has remained relatively flat, around $525 million. Because of underutilization during the pandemic years, the City had over $590 million in unutilized "rollover" CCGB funds heading into FY 2024. The City closed FY 2024 with $831 million, leaving approximately $343 million of rollover funds remaining. In the November 2024 Financial Plan, OMB increased the FY 2025 budget by $321 million, from $513 million to $834 million, using much of the rollover, but outyear budgets remain at $513 million. The State has previously indicated that once the rollover was used, the City's CCBG allocation will be increased. ACS has reportedly stated that State funding levels are not adequate to meet the growing need.[25] However, the State Office of Children and Family Services has indicated that local districts should continue to enroll new families. The Comptroller's Office is monitoring this potential risk, as additional City resources would be needed to maintain child care support at current levels if the City's CCBG allocation is not increased sufficiently.

Other DOE Re-Estimates

The DOE faces other significant City-fund shortfalls, shown in Table 30 below. While the January Plan has provided additional funding for special education Carter Cases in FY 2025, significant outyear shortfalls remain unaddressed. Since FY 2016, spending for Carter Cases has nearly quadrupled from $312 million to $1.19 billion in FY 2024. To maintain baseline funding similar to FY 2024 spending, the City will need to increase Carter Cases funding by $113 million in FY 2025, $258 million in FY 2026, and $188 million annually in FY 2027, FY 2028, and FY 2029. The DOE has also underbudgeted costs for charter leases by $40 million in FY 2026 and $35 million in FY 2027 and custodial services by $154 million annually from FY 2026 onwards – as spending in these areas will likely exceed current projections.

The Department may also need to provide funding for the continuation of core instructional and support initiatives due to the expiration of Federal stimulus grants. Aside from funding needed for the Summer Rising program beginning in FY 2027, a host of programmatic needs previously supported by Federal funds remain unfunded in FY 2026 through FY 2029. Unless the City develops a plan to phase out these initiatives over time, additional funding of up to $232 million annually will be needed in the outyears. Chief among these is $80 million for technology spending, $41 million for Arts education, and $31 million for the Learning to Work program. (Funding for Learning to Work will be required in FY 2027 through FY 2029, as it was added for FY 2026 in the January Plan.)

While $65 million was added in November and $129 million in January for school nurses, the outyears have not been addressed. This adds an annual additional risk of $194 million for FY 2026 through FY 2029.

Finally, the January Plan does not include funding for implementation of the State's class size reduction mandate. New York City, the only school district in the State subject to this mandate, is required to phase in smaller class size caps over a five-year period and achieve full compliance by September 2028. Based on analysis of the latest class size data for November 2024, the implementation costs could total between $1.24 billion and $1.38 billion annually when fully phased in. Given these estimates, the mandate leads to DOE budget risks of at least $168 million in FY 2026 and $687 million in FY 2027, and $1.24 billion by FY 2028 upon full implementation. Additional costs are estimated to reach $1.42 billion in FY 2029, based on the 1.125 percent

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[25] Rock, Julia. "Thousands of NYC Parents Are About to Lose Child Care Assistance." February 28, 2025. EXCLUSIVE: Thousands of NYC Parents Are About to… | New York Focus

contractual raise for pedagogical staff assumed in the City's labor reserve. The projections also factor in the assumption that the Department will maintain the same level of additional funding currently set aside for class size initiatives, totaling $182 million in Contracts for Excellence funds in FY 2025.

In combination with the Early Childhood Education needs described above, the DOE gaps total $316 million in the current year, $ 1.39 billion in FY 2026, $1.97 billion in FY 2027, $2.49 billion in FY 2028 and $2.67 billion in FY 2029.

Table 30. Projected Education-Related Re-estimates in the January 2025 Financial Plan

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3-K/ Pre-K	($203)	($316)	($296)	($295)	($295)
Special Education	-	(55)	(55)	(55)	(55)
Carter Cases	(113)	(258)	(188)	(188)	(188)
DOE Charter Leases	-	(40)	(35)	-	-
DOE Custodial Costs	-	(154)	(154)	(154)	(154)
Summer Rising	-	-	(80)	(80)	(80)
DOE Stimulus-Funded Programs	-	(201)	(232)	(232)	(232)
School Nurses	-	(194)	(194)	(194)	(194)
Class Size Mandate	-	(168)	(687)	(1,238)	(1,415)
LV Order	-	-	(52)	(52)	(52)
Total DOE	**($316)**	**($1,386)**	**($1,973)**	**($2,488)**	**($2,665)**
Promise NYC*	***$0***	***($25)***	***($25)***	***($25)***	***($25)***

Note: Negative numbers indicate risks to the Financial Plan and increase the gap. Numbers may not add to totals due to rounding. **Promise NYC is a child care initiative for children who do not qualify for other programs administered by ACS. It is not part of the DOE budget. Stimulus funds were previously used to partially fund 3-K as well as School Nurses.

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

City Services for People Seeking Asylum

As of February 16, 2025, more than 231,700 asylum seekers have received services through the City's emergency shelter system with 44,500 currently in shelter. The population of asylum seekers in City-managed facilities peaked in January 2024, at approximately 69,000 individuals and declined by 36 percent to its current level. The population is expected to decline significantly in the coming months.

Budget Impacts Included in the Preliminary Budget

The FY 2025 Adopted Budget and June 2024 Financial Plan allocated $4.75 billion in FY 2025, and $4.0 billion in FY 2026 to support shelter, rent, supplies, services, administrative, food, and medical costs for asylum seekers. The November 2024 Plan reduced budgeted amounts for asylum-related services, and the January Plan further reduced overall planned expenditures to $3.28 billion in FY 2025 – a total decrease of $1.47 billion since the budget was adopted in June, and $1.1 billion since the November Plan.

OMB updated its census and per diem projections in the January Plan for the first time in 12 months. For FY 2026 and FY 2027, the Plan decreased the amount budgeted for asylum seeker costs by $1.34 billion and $399 million, respectively, entirely in City-funded costs. The Plan makes minimal changes to the outyears, with additions of approximately $500,000 in FY 2028 and FY 2029. This is the first Financial Plan including FY 2029, with baselined funds of $851 million (the same as FY 2028).

Table 31. Funding for Asylum Seekers (FY 2023 and FY 2024 Actuals, as of the January 2025 Financial Plan)

($ in millions)	FY 2023 Actuals	FY 2024 Actuals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
City	$1,036	$2,323	$1,907	$1,602	$1,601	$501	$501	$9,470
State	438	1,310	1,317	1,000	1,000	350	350	$5,764
Federal	-	120	60	59	-	-	-	$238
Total	**$1,474**	**$3,752**	**$3,283**	**$2,661**	**$2,601**	**$851**	**$851**	**$15,471**

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

YEAR-TO-DATE ACTUAL EXPENDITURES

Through the first seven months of FY 2025, the City has liquidated (cash outlays) $1.72 billion in funding for services to asylum seekers, with a total of $2.58 billion committed. The average FY 2025 monthly liquidations through January are $246 million.

In total, from July 1, 2022 through January 31, 2025 the City has liquidated $6.07 billion. In addition, there are $883 million in FY 2023 and FY 2024 expenses that have been accrued but not yet liquidated.

CITY FUNDS

Compared with the November 2024 Financial Plan, the City-funded portion of the budget decreased by $2.83 billion across the financial plan period to reflect lower census projections. City funds decreased by $1.1 billion in FY 2025, $1.34 billion in FY 2026, $399 million in FY 2027, and increased by $500,000 each in each of FY 2028 and FY 2029. City funds allocated for asylum seeker costs now total more than $6.1 billion over the financial plan ($9.5 billion when including FY 2023 and FY 2024 actual and accrued spending).

STATE AID

The Governor's Executive Budget Proposal released in January does not include additional State aid for the City's asylum seekers spending. Of the $4.16 billion budgeted so far by the State, $3.1 billion is dedicated to direct reimbursements to the City. The majority of the remaining funds cover $1 billion in direct State costs, including the National Guard and Medicaid. An additional $160 million covers the cost of expanding Safety Net assistance to broader categories of immigrants based on their application status.[26]

The City has budgeted $1.32 billion in State aid in FY 2025 for shelter reimbursement and other site support, as well as dedicated aid for shelters at Randall's Island, Creedmoor and Floyd Bennett Field, for which the state assumes all or most costs. Although Floyd Bennett Field and, Randall's Island HERRCs have closed, and Creedmoor is slated to close by June, the Adams Administration has indicated that the State will continue covering costs for equivalent care incurred at other sites across the City.[27] [28] This aid also covers some costs for case management, legal services, application assistance, and voluntary relocation.

According to this Office's estimates, the $3.1 billion in State funding is accounted for across the City's actual and budgeted spending from FY 2023 through FY 2025. Despite no additional funding in the State's FY 2026 budget, the City's financial plan assumes continued State funding in its budget: $1 billion in FY 2026, $1 billion in FY 2027 and $350 million in each of FY 2028 and FY 2029. On February 4th, 2025, Governor Hochul indicated that the Governor does not intend to provide additional funding for asylum seekers.[29]

Due to the above, the Comptroller's Office considers the City's expectation of State funding in FY 2026 through FY 2029 a risk. The Comptroller's Office will continue to monitor negotiations in the leadup to the 2026 Enacted State Budget for any changes in this area.

As of February 6, 2025, the City has received $1.26 billion in State funding for asylum seekers, including advances. From information available to the Comptroller's Office through the City's

[26] 23TA/DC039 - Non-citizens Recognized as Permanently Residing Under Color of Law (PRUCOL) for Safety Net Assistance (SNA) Eligibility

[27] https://www.nyc.gov/office-of-the-mayor/news/912-24/mayor-adams-additional-shelter-closures-including-floyd-bennett-field-migrant

[28] https://www.nyc.gov/office-of-the-mayor/news/912-24/mayor-adams-additional-shelter-closures-including-floyd-bennett-field-migrant

[29] https://www.nydailynews.com/2025/02/04/nyc-mayor-adams-presses-albany-for-more-migrant-funding-gov-hochul-says-no/

Financial Management System, for FY 2023 and FY 2024, the City has $1.51 billion in unbilled receivables and $234 million in realized receivables.

FEDERAL AID

Federal funding in the January Plan remains unchanged from November and includes $60 million in FY 2025 and $59 million in FY 2026. Combined with FY 2024 prior year funding of $120 million, the Mayor's Office anticipates a total of $238.2 million. Of this funding, $237.3 million is from the Federal Emergency Management Administration (FEMA) and the remaining funds are 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, $59.3 million in FY 2025, and $58.5 million in FY 2026. These grants support the provision by non-Federal entities of shelter and related activities for noncitizen migrants following their release from the Department of Homeland Security. The grant is intended to support the eligible population in a safe and humane way.[30] [31]

Prior to the end of January 2025, the City had received $120 million in FEMA funding for all years ($70.6 million for SSP, and $49.0 million for EFSP). On February 4th, FEMA paid the City $80.5 million for Federal FY 2024 SSP grant awards - $58.5 million for SSP-A (Allocated) grants and $21.9 million for an SSP-C (Competitive) grant reward. These payments were in response to claims filed by the City for eligible expenses under the grant. Following the disbursement, the FEMA employees involved in the payment were dismissed and the Federal government reversed the deposit.[32] As a result of the payment reversal, the Comptroller's Office is including all FEMA funding that the City has not yet received as a risk ($118 million). The Comptroller's Office will continue to monitor future payments.

AGENCY BUDGETS

The majority of newly arrived migrants in City shelter are in sites managed by DHS, H+H, and HPD, and 80 percent of all FY 2025 asylum seeker funding is allocated in these agencies. While funding decreased across nearly all City agencies in FY 2025, FY 2026 saw both a decline and a shift in resources, with funds reallocated from DHS to other agencies.

In the January Plan, the FY 2025 budget decreased by $1.1 billion, with 89 percent of the reductions concentrated in H+H ($468 million), DHS ($283 million), and HPD ($214 million). For FY 2026, the overall budget decreased by a net amount of $1.34 billion. The DHS budget went

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[30] https://www.fema.gov/grants/shelter-services-programhttps://www.fema.gov/grants/shelter-services-program

[31] https://www.fema.gov/grants/emergency-food-and-shelter-program

[32] https://www.nytimes.com/2025/02/11/nyregion/fema-fired-nyc-migrant-hotels.html

down by $2.76 billion in FY 2026, but nearly half of these funds were reallocated to other agencies, including H+H ($697 million), DCAS ($330 million), and HPD ($250 million). As a result, nearly all agencies except DHS saw increased funding in FY 2026. In FY 2027, the DHS budget was further reduced by $400 million, while DSS received a baseline increase of approximately $1 million for administrative support to DHS-managed asylum seeker services.

Media reports indicated an operational move of the population to DHS facilities, but with the distribution of funds *away* from DHS in FY 2026, it is unclear if the shift will occur.[33] DHS has housed a growing proportion of asylum seekers in City shelters in recent months, from 49 percent of the total population in early October 2024, to 59 percent by late January 2025.

Table 32. Asylum Seeker Budget by Agency

Agency	Final FY 2023	Final FY 2024	FY 2025 Prelim	FY 2026 Prelim	FY 2027 Prelim	FY 2028 Prelim	FY 2029 Prelim
	Actuals		Forecast				
DHS	$764	$1,194	$1,190	$1,235	$2,600	$850	$850
H+H	469	1,525	1,146	697	0	0	0
DCAS	38	294	407	330	0	0	0
HPD	33	413	305	250	0	0	0
OTI	31	93	90	73	0	0	0
NYCEM	89	111	54	45	0	0	0
All Other	48	121	91	32	1	1	1
Total	**$1,474**	**$3,752**	**$3,283**	**$2,661**	**$2,601**	**$851**	**$851**

Source: Mayor's Office of Management and Budget

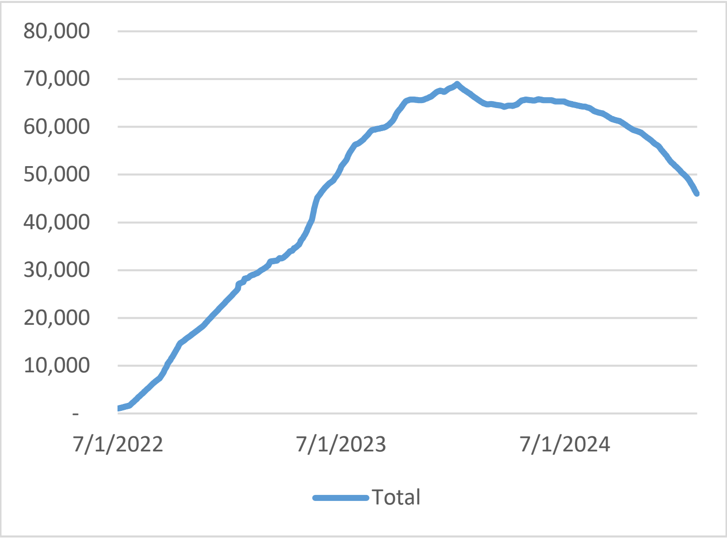
Population: Trends and Projections

The Comptroller's Office uses historical data received from City Hall and from reports delivered to the City Council to develop projections of the census of asylum seekers staying in City-managed shelters. Chart 9 below shows the number of asylum seekers in the City's emergency shelters from the start of FY 2023 (July 1, 2022) through February 2 2025. The census increased rapidly through 2023, fell steadily in 2024, and accelerated its decline in 2025. Accordingly, the City has been closing shelter sites: the number of shelters has decreased from 215 in early July 2024 to 184 on February 2, 2025, with more sites to be closed in the coming months. The sites slated to be closed are some of the largest in the City, including the Roosevelt Hotel, which was the second largest shelter this year, and the welcome center for asylum seeker arrivals since its opening in

[33] City Hall Moves to Wind Down Separate Shelter System for Migrants | THE CITY — NYC News

early 2022.[34] Other large closures include Austell Place and the Ryerson, which each housed more than 1,000 and 800 single adults, respectively, toward the end of 2024.

Chart 9. Individuals in Emergency Shelters



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

In response to the rising census, the City began imposing time limits on shelter stays. First, the City imposed time limits for single adults and adult families beginning in July 2023, and subsequently applied them to all types of families outside of DHS facilities.[35] In August 2024, New York State granted the City permission to issue 60-day time limits to families in DHS shelters, which the City has not yet implemented. In November 2024, the Adams Administration announced that families with children in kindergarten through sixth grade could remain in the same shelter, regardless of managing agency, following their second 60-day notice.[36] These policies led to an initial increase in shelter exits.

In June 2024, the Biden Administration issued Presidential Proclamation 10773, which significantly restricted the ability for noncitizens to enter the United States through the southern border.[37] During the eight months prior to the policy change (October 2023 – May 2024) more than 1.69 million individuals crossed the southern border, decreasing to 802,000 for the eight months after (June 2024 – January 2025), a 53 percent reduction.[38] Over the same period, the number of NYC asylum seeker shelter entries dropped from 78,690 to 30,010, a 62 percent reduction. NYC shelter entries were around 4.7 and 3.7 percent of southwest border encounters for the same time periods.[39]

[34] Mayor Adams Announces Forthcoming Closure of Roosevelt Hotel Asylum Seeker Humanitarian Relief and A | City of New York

[35] Mayor Adams Announces Agreement With The Legal Aid Society In Callahan 'Right To Shelter' Mediation, | City of New York

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

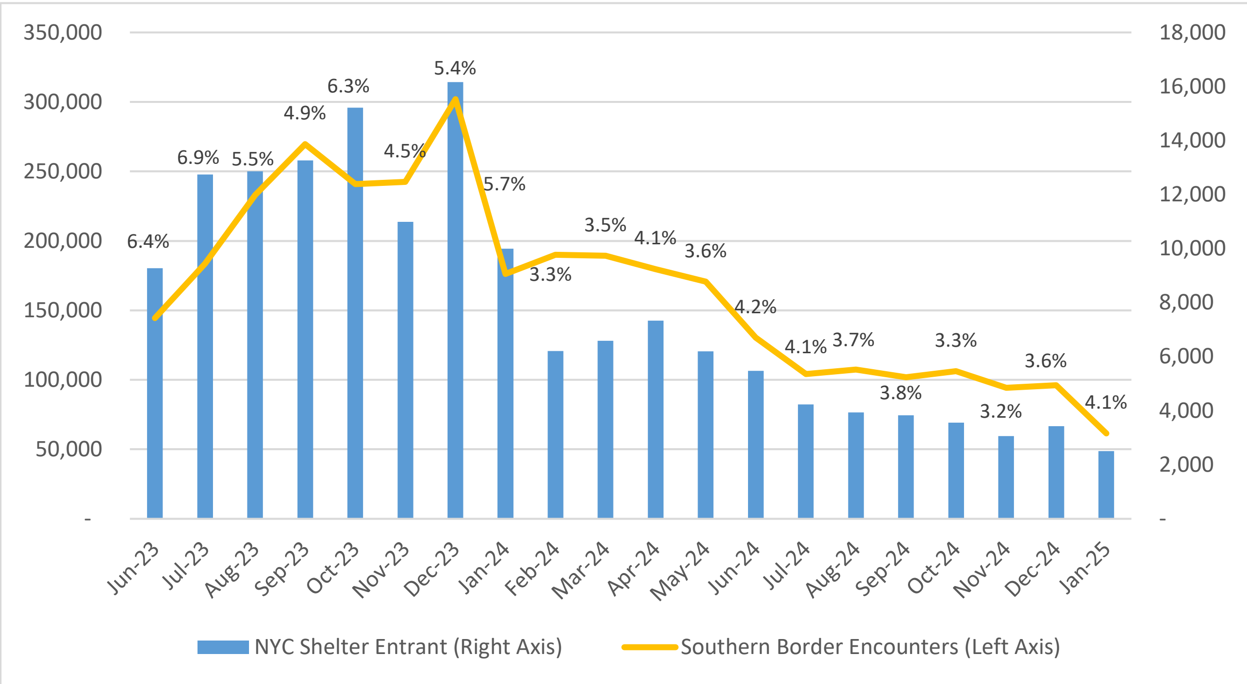
[37] https://www.federalregister.gov/documents/2024/10/02/2024-22942/amending-proclamation-10773

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

[39] https://www.whitehouse.gov/briefing-room/statements-releases/2024/06/04/fact-sheet-president-biden-announces-new-actions-to-secure-the-border/

The first few weeks of the Trump administration have proven to be an even greater whirlwind for immigration policy, with a deluge of executive orders restricting Temporary Protective Status (TPS) for Venezuelans, increasing Immigration and Customs Enforcement (ICE) arrest quotas, reinstating the Remain in Mexico policy, among additional restrictive policies. [40] [41] [42]

Chart 10. Southern Border Encounters and NYC Emergency Shelter Entrances



Source: *US Customs and Border Patrol, New York City Mayor's Office*

Note: Percentages shown are NYC shelter entrants divided by southern border encounters. Data shown since June 4, 2023. Figures shown use interpolation from data provided weekly.

Chart 11 shows how exits from shelter have continued to outpace entries, with the gap increasing steadily since November 2024, and highlights important changes from the City and Federal governments.

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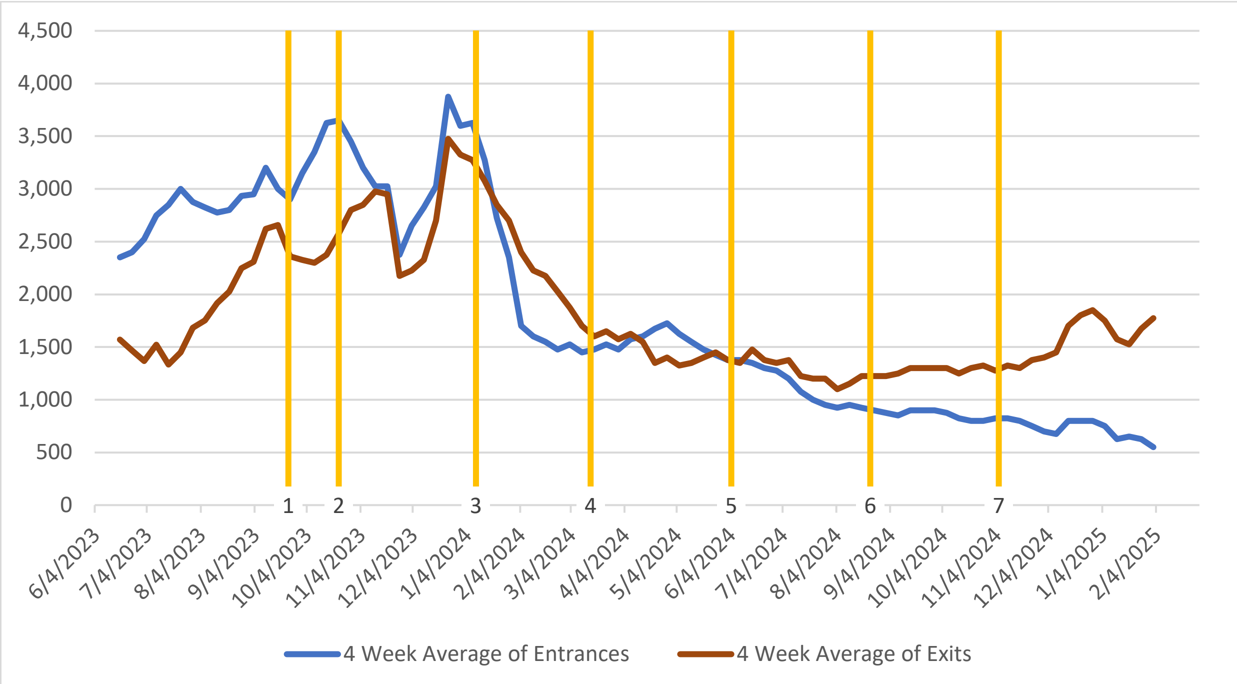
[40] https://immpolicytracking.org/policies/dhs-vacates-temporary-protected-status-tps-for-venezuela/

[41] https://immpolicytracking.org/policies/report-ice-directed-to-increase-arrests-to-meet-daily-quotas/

[42] https://immpolicytracking.org/policies/dhs-reinstates-migrant-protection-protocols/

Chart 11. Asylum Seeker Entrants and Exits by Week (Individuals)



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

Note: Vertical lines indicate important dates for shelter notices. From left to right: line 1 is the first expiration of SA and AF 60-day notices, line 2 is the first expiration of SA and AF 30-day notices, line 3 is the first expiration of FWC 60-day notices, line 4 is the SA time limit revision, line 5 is the Executive Order from the Biden Administration that restricted asylum eligibility and other items, line 6 is the announcement of DHS shelter notices, and line 7 is the presidential election.

UPDATED PROJECTIONS

In January, OMB released its first updated projections since August 2023. These projections follow a similar method to those in the Comptroller's Office's Annual State of the City's Economy and Finances Report 2024, where entrants and exits were calculated separately, with the former largely driven by changes at the border. Overall, OMB projects the number of families in shelter will decline to 18,861 at the end of FY 2025. Notably, this estimate has already been surpassed; there were approximately 18,675 households in shelter as of February 16, 2025.

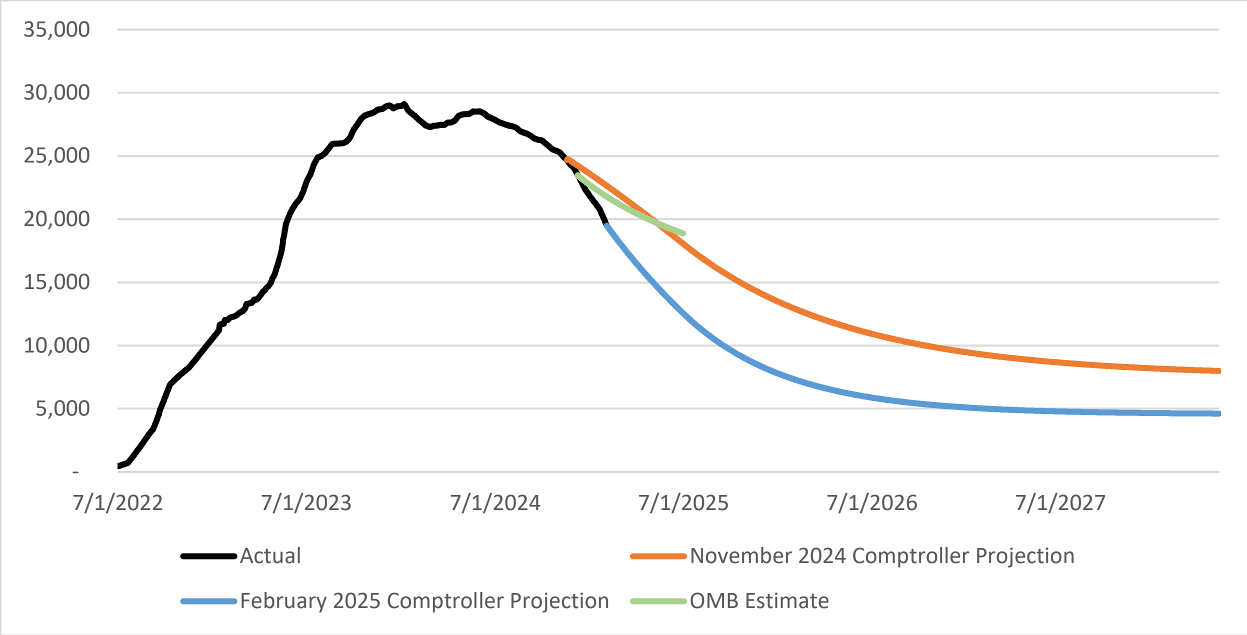
The Comptroller's Office has updated its projection to reflect recent trends and anticipate future entrance and exit rates. These updates rely on actual census trends through February 2, 2025; the in-shelter projection decreases much faster than the Office's December 2024 projections.

Following the same methodology utilized in its Annual State of the City's Economy and Finances Report 2024, but with updated information the Comptroller's Office projects a decrease of asylum seekers entrants in the City's shelter system from 40 new households per day seen in late-January 2025 to 23 new households by the end of FY 2025.[43] Exits from NYC shelters peaked after the institution of time limits, decreased and stabilized through most of 2024, and have increased again since late 2024. The Comptroller's Office projections assume that the daily exit rate of 0.49 percent observed between December 2 and February 2 will continue to hold over the forecast horizon. Combined with fewer entrances, the overall population is expected to decline through FY 2025 but at a gradually lower rate: from 56 households per day in late early February to 39 households per day by late June. Over time, the absolute number of households exiting shelter will decline as exits are a factor of the (decreasing) overall population. Accordingly, the decline slows in FY 2026, to a daily change of less than 7 households per day by the end of the fiscal year. Chart 12 summarizes the new projection through the end of FY 2029.

This projection is highly sensitive to current exit trends. Over the three weeks from January 19 to February 2, 4,000 asylum seekers have left shelters run by the City. From February 2nd to February 16th, the number of asylum seekers in shelter decreased by 1,500 — 300 less than what the Comptroller's Office anticipated. With Federal policy likely to remain highly antagonistic to immigrants and the local response uncertain, these numbers are likely to continue to fluctuate.

[43] The projection calculates inflow under the assumption that if future border crossings were to return to the average observed during the first Trump Administration (even before applying updated Federal policy impacts) and if 3.7 percent of the individuals continued to enter NYC shelters, the inflow would drop to 372 individuals per week, or 53 per day (approximately 23 households).

Chart 12. Updated Projection of Asylum Seeker Shelter Census, OMB January 2025 Projection and February 2025 Comptroller Projection (Households)



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

Per Diem Costs

The total amount spent, including housing and start-up services (constructing and outfitting buildings to make them legally habitable to new arrivals and migrants) as well as supplies, IT costs, medical care, and food, divided by the number of shelter nights provided for the same period yields the cumulative daily cost of services provided per household (the "per diem").

Using the year-end FY 2024 reported actuals of $3.75 billion, the Comptroller's Office calculates a per diem of $373, similar to OMB's reported per diem levels for that fiscal year. The Comptroller's Office assumes per diem costs should decrease as the City shifts away from emergency contracting to competitive procurement and start-up costs are no longer needed. Applying a 5 percent reduction to the calculated FY 2024 per diem of $373 yields an estimated FY 2025 per diem of $354. This is similar to OMB's FY 2025 per diem assumption of $352. Information provided in the asylum seeker report to the City Council shows that the cumulative per diem (spending from July 1, 2022, through December 2024) is $370. It is not possible for the Office of the Comptroller to independently verify these figures.[44] [45]

[44] The Comptroller's Office is no longer using the cumulative per diem as it includes outdated spending patterns from FY 2023 with limited usefulness for calculating upcoming monthly per diems.

[45] Asylum-Seekers-Report-January-2025.pdf

The Comptroller's FY 2025 projection amount is reduced again by 5 percent in FY 2026 for a per diem of $336. In FY 2027, FY 2028, and FY 2029 the Comptroller's Office uses a per diem of $315, which the Office estimates as the floor for the daily rate for emergency shelter provision as the City moves to DHS-managed emergency shelters. (See the Comptroller's Analysis of hotel and shelter rates for a further discussion.)

Given the declining population and the already lower per diem target, additional cost reductions will be achieved through site closures. The Comptroller's Office will continue to monitor and assess site closures.

Comptroller's Estimate Against the City's Financial Plan

The Comptroller's Office lower population and cost projections yield a lower total asylum seeker services estimate than OMB. The Comptroller's Office estimates a total cost of $2.75 billion in FY 2025, declining to $527 million by FY 2029. As shown in Table 33, this is $531 million less than currently budgeted by OMB in FY 2025 and $4.8 billion less over the financial plan.

Table 33. Comparison of Comptroller's Estimate against the January 2025 Financial Plan

($ in Millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OMB	$3,283	$2,661	$2,601	$851	$851
Comptroller	$2,753	$1,013	$595	$538	$527
Difference (OMB-Comptroller)	**$531**	**$1,648**	**$2,005**	**$312**	**$323**

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

Table 34 presents the difference between the Comptroller's Office's cost estimates and OMB's by funding source. All of the estimated lower cost in FY 2025 is City-fund savings, resulting in an offset of $531 million. The Comptroller's Office assumes State funding for FY 2025 will be consistent with the State's budgeted commitments, even if total costs come in lower than initially projected.

However, the State has not committed to funding any asylum seeker costs in City FY 2026 through FY 2029. Despite this, OMB has included State funding in those years: $1.0 billion in FY 2026, $1.0 billion in FY 2027, and $350 million in FY 2028, and FY 2029. The Comptroller's Office assumes that State aid in those years as well as FEMA aid in FY 2025 and FY 2026 are risks to the financial plan. The decrease in State funds reduces the overall savings the City accrues from lower overall projected costs in FY 2026 and FY 2027, to $648 million and $1 billion, respectively; with FY 2028 and FY 2029 amounts totaling $38 million and $27 million.

Table 34. Comptroller's Expenditure Differences by Funding Source

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total	**$531**	**$1,648**	**$2,005**	**$312**	**$323**
State	$0	($1,000)	($1,000)	($350)	($350)
Federal	($60)	($59)	$0	$0	$0
City	$472	$589	$1,005	($38)	($27)

Source: New York City Office of the Comptroller

Adjustments to Asylum Seeker Costs in Prior Fiscal Years

In addition to these savings in FY 2025, the ongoing reconciliation of accrual documents may reflect up to $446 million in savings from FY 2023 estimated spending. Over the past two fiscal years liquidations (cash paid) for asylum seeker expenses have not kept pace with commitments. According to the City's Financial Management System, total FY 2023 commitments for asylum seeker expenses were $1.47 billion as of the close of that fiscal year. However, only $994.6 million had been liquidated as of February 2025, leaving open payables of $479 million across 10 agencies, primarily at DHS with $380 million open in February and H+H with $89 million (although another $16 million is expected to be liquidated shortly). Of the $380 million in DHS accrued expenses, $289 million was recorded and liquidated in other DHS budget codes. The reconciliation of these expenses will increase the liquidated amounts for asylum seekers by $289 million and reduce other DHS expenses by the same amount. As of late February, another $17 million of the DHS open accrual is expected to be written down in the asylum seeker codes. The validity of the remainder of DHS and H+H accrued expenses is being monitored closely by the Office of the Comptroller.

The reconciliation of FY 2023 DHS expenses necessitates a comparable write-down in accrual documents. Under the City's accrual method of budgeting, when prior year expenses are taken down in a closed fiscal year they are recognized as savings in the current year. Together, the potential adjustment of H+H and DHS FY 2023 payables may reduce FY 2025 expenditures by up to $446 million, including the $289 million adjustment to DHS non- asylum seeker costs and up to a $157 million reduction associated with asylum seeker costs.

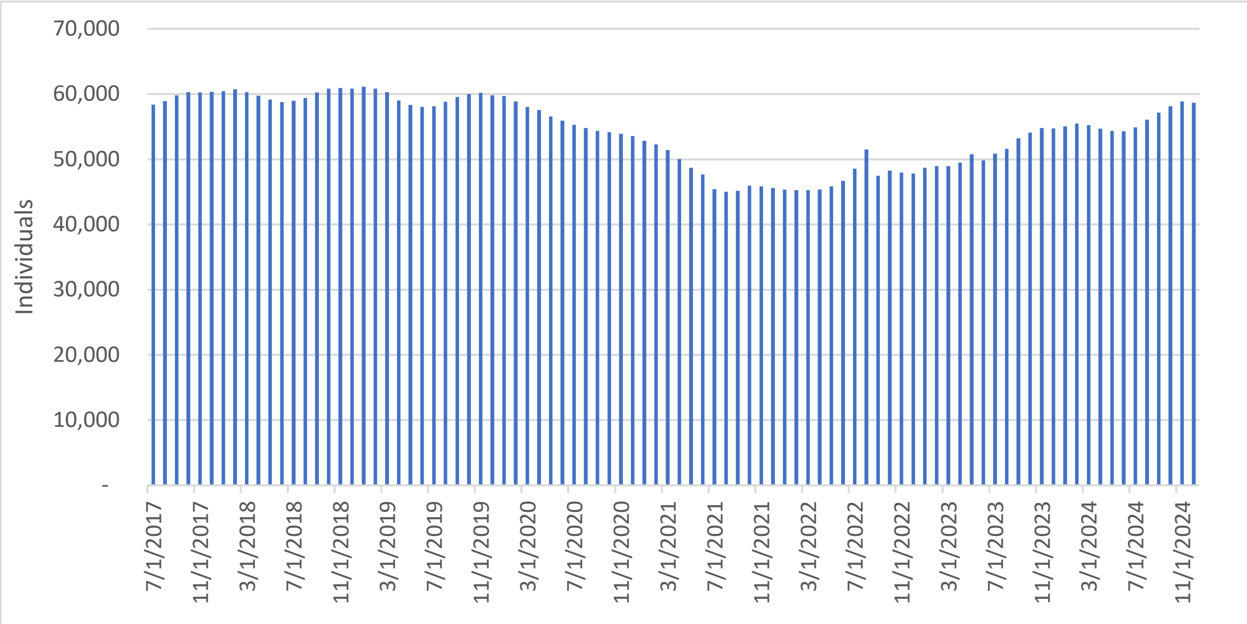
As for FY 2024, $3.35 billion was liquidated and $3.75 billion committed, with open payables of $405 million as of February 2025. The Comptroller's Office is monitoring the validity of these accruals as well.

Other Social Services

Homeless Services (Excluding Asylum Seeker Costs)

The number of households who are not seeking asylum staying in shelters operated by the DHS, which administers most but not all City shelters, has been growing over the past two fiscal years.[46] The total number of individuals in DHS shelters—not classified by the City as being in households seeking asylum—has increased from an average of 47,823 in December 2023, to an average of 54,729 in December 2023, to 58,686 in December 2024 as shown in Chart 13.

Chart 13. DHS Census, Individuals in Households Not Seeking Asylum July 2017- December 2024



Source: NYC Department of Homeless Services

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

The January Plan added a net $554 million in City funds for non-asylum seeker-related shelter costs in FY 2025. DHS operates two separate shelter systems, one for families and one for single adults. The January Plan addition includes $529 million for FY 2025 adult shelter costs and $192 million for family shelter costs. These additions are offset by $167 million in unallocated shelter savings, for a total net addition to the DHS budget for shelter costs of $554 million. The Comptroller's Office estimates this is an adequate amount based on the shelter census growth

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

thus far this fiscal year. As shown in Table 35, funds for DHS costs, excluding funds budgeted for shelter for families and individuals seeking asylum, are currently budgeted at far lower amounts in FY 2026 and the outyears, however. The City historically underbudgets shelter costs, instead adding funding as needed during the fiscal year, as was done in the January Plan.

If the shelter census remains at its current projected level and based on the historic breakdown of City/State/Federal funding for each type of shelter cost, the Comptroller's Office estimates that an additional $650 million in City funds will be necessary for DHS non-asylum related shelter costs in FY 2026. This includes $550 million for adult shelter and $100 million for family shelter. This Office baselines these costs in the outyears. Included in these estimates, is $50 million in City funds needed in FY 2026 and the outyears to pay prevailing wages to DHS security guards.

In addition to the funds for shelter costs, the January Plan included additional funding for DHS outreach and drop-in services, including street outreach ($72 million in FY 2025 growing to $79 million in FY 2029) and safe haven beds (an average of $45 million annually from FY 2026 through FY2029).

Table 35. Department of Homeless Services Budget as of the January 2025 Plan, Excluding Asylum Seeker Costs

Budget Function Name ($ in millions)	Actual FY 2024	Budget FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028	Budget FY 2029
Adult Shelter	**$1,204**	**$1,355**	**$813**	**$814**	**$815**	**$815**
Adult Shelter Administration & Support	10	9	9	9	9	9
Adult Shelter Intake and Placement	13	14	14	14	14	14
Adult Shelter Operations	1,182	1,332	791	792	792	792
Family Shelter	**$1,082**	**$1,294**	**$1,096**	**$1,101**	**$1,110**	**$1,110**
Family Shelter Administration & Support	7	11	15	15	15	15
Family Shelter Intake and Placement	39	39	39	39	39	39
Family Shelter Operations	1,037	1,244	1,042	1,047	1,056	1,056
General Administration	$78	($171)	$29	$56	$56	$56
Outreach, Drop-in & Reception Services	$334	$375	$405	$418	$413	$412
Total	**$2,698**	**$2,852**	**$2,344**	**$2,390**	**$2,394**	**$2,393**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget
Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum. This exclusion causes a negative total in the General Administration category as asylum seeker funding is included in this category, as well as financial plan savings holding codes. Two budget functions each with less than $1 million are included in the Total line but not listed, "Prevention and Aftercare" and "Rental Assistance and Housing Placement". Totals may not add due to rounding.

Rental Assistance

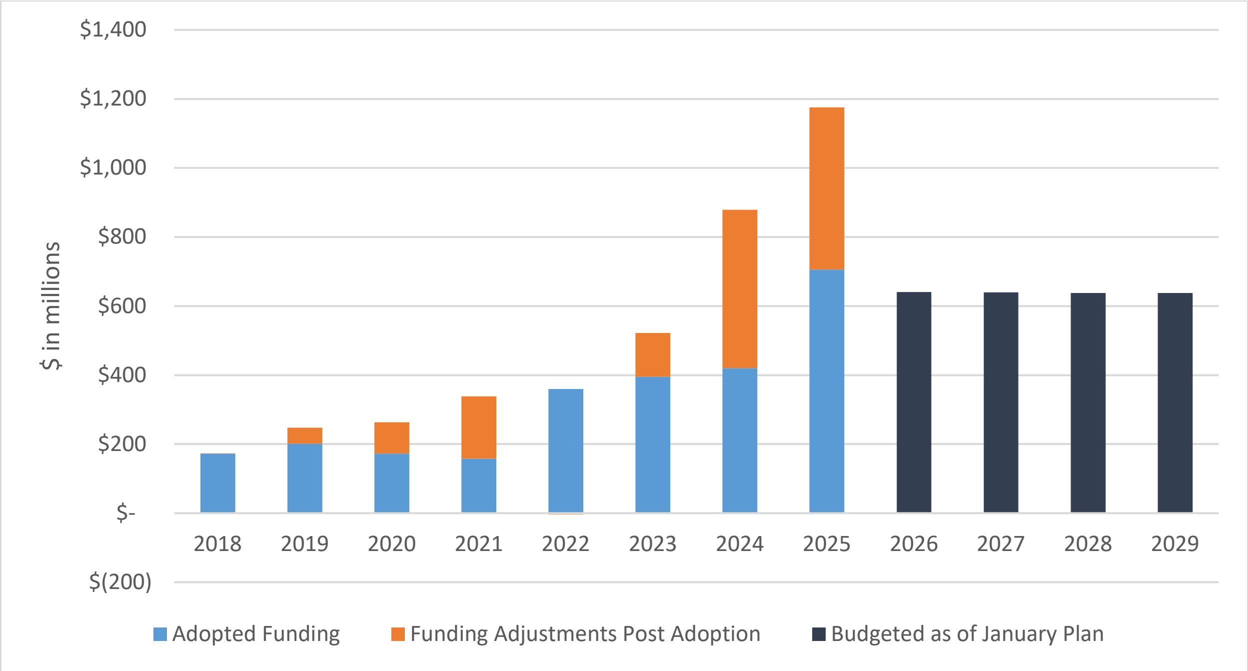
The Department of Social Services (DSS) oversees multiple rental assistance programs, including the City's main local voucher program, Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS).[47] It also administers other programs such as the federally funded HOME Tenant-Based Voucher Program, the State funded Special Housing Resource (SHARE), the City/State/Federally funded Rental Supplement Program, as well as legacy programs such as the Living in Communities program (LINC), the Single Exit and Prevention Supplement (SEPS), and the Family Eviction Prevention Supplement (CITYFEPS), which have largely been replaced by CityFHEPS.

Total spending on the City's rental assistance voucher programs administered through DSS has been rising rapidly in recent years—from $356 million in FY 2022, to $522 million in FY 2023, to $879 million in FY 2024, as shown in Chart 14.[48] This growth follows program reforms in FY 2022 that increased payment standards and expanded eligibility for the CityFHEPS program. In addition, in June 2023 the City eliminated a rule that households in City shelters must remain for 30 days before becoming eligible for the City's housing vouchers. As shown in Chart 15, new placements in permanent housing from DHS shelters using City vouchers have grown rapidly over the past year. For example, in the first five months of FY 2025, new monthly placements from DHS-shelter using DSS-administered vouchers averaged 932 compared with 633 over the first five months of FY 2024, an increase of 47 percent. (Placements data from DSS is only available through November 2024).

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

[48] Funding for DSS's rental assistance programs is split between the City, State and Federal governments, although the majority is City funded.

Chart 14. Rental Assistance Spending, Actual FY 2018-FY 2024 and Budgeted FY 2025 - FY 2029



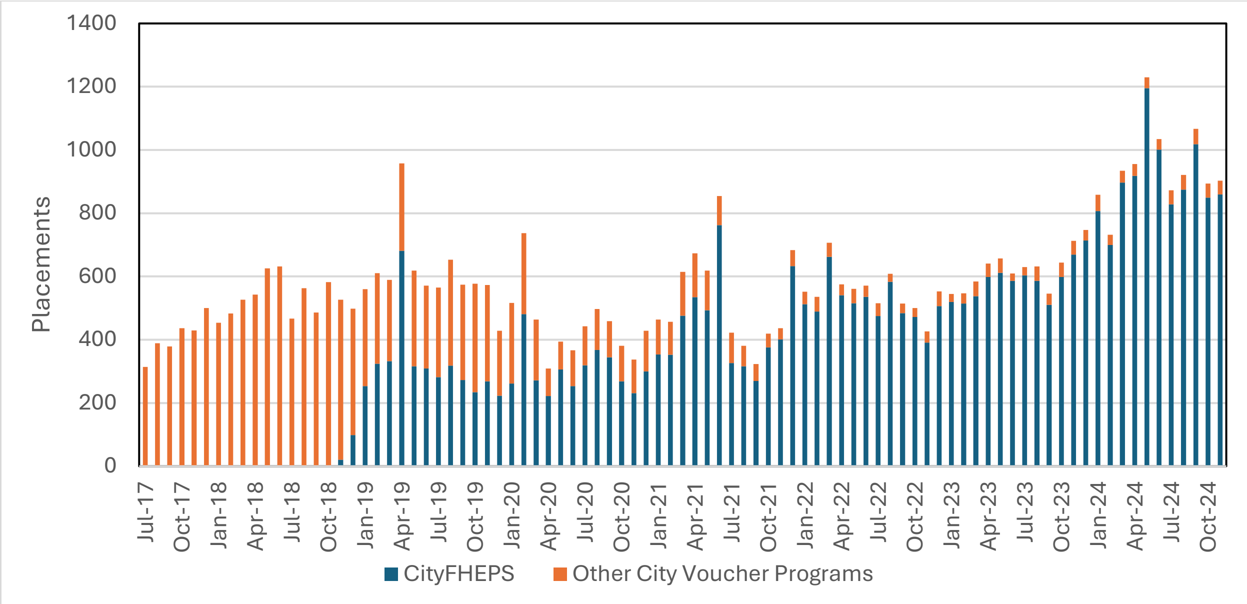
Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

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.

As placements and payment standards have increased, so have costs. Since the start of FY 2022 monthly liquidations for HRA's rental assistance costs have grown at an average rate of about 4 percent. Compared with last year alone, liquidations through January of FY 2025 are nearly 60 percent higher than what they were during the same period in FY 2024 ($600 million versus $381 million, respectively). The January Plan increases funding at DSS for rental assistance costs compared with the November Plan by $325 million to $1.18 billion for FY 2025. Funding drops off in FY 2026 and the outyears, however, averaging about $640 million in each year. This includes $8.5 million added in the January Plan to fund a new pilot program to connect soon-to-be parents applying for shelter with rental assistance beginning in FY 2026. However, additional funding was not added to fund the baseline programs in those years.

If spending continues to grow during the remainder of FY 2025 at the 4 percent monthly rate seen on average since FY 2022, the cost of rental assistance HRA's rental assistance programs (as currently implemented) would exceed $1.30 billion – requiring another $150 million in City funding in FY 2025. Even if the monthly expenditures slow and increase by half the growth rate observed since FY 2022, costs would total nearly $1.80 billion in FY 2026. This would require the addition of $1.15 billion in FY 2026, which this Office baselines through FY 2029 in its re-estimates of City costs.

Chart 15. Monthly Housing Placements from DHS Shelter Through DSS-Administered Vouchers July 2017 – November 2024



Source: NYC Department of Social Services
Note: Other local voucher programs include SOTA, CFEPS, FHEPS B, LINC and SEPS. HOME TBRA vouchers are not included.

While the City has eliminated the rule that households must remain in shelter for 30-days before becoming eligible for housing vouchers, the Administration has not acted on other legislation passed by the City Council over the Mayor's veto that would, among other things, expand program eligibility for households at-risk of eviction, but who are not currently in shelter. The Mayor vetoed the rental assistance bills citing cost concerns—estimating that expanding the eligibility rules would increase City costs by $17.3 billion over five years and that the expansion to more households at risk of eviction would make it more difficult for households in shelter to find housing. The City Council estimated a cost of $10.6 billion over the first five fiscal years of implementation, an estimate that, unlike the Mayor's, includes a partial implementation in the first fiscal year and $2.1 billion in projected shelter savings. The Administration was sued by the Legal Aid Society to implement the policy. In early August, a State Supreme Court judge struck down a lawsuit, which the Legal Aid Society is currently appealing. [49] Because of ongoing litigation over the implementation of the program changes, the Comptroller's Office does not yet include an estimate of the expanded costs of the program in its re-estimate of costs.

Public Assistance

Through January, the City's public assistance caseload has averaged 577,932 recipients per month thus far in FY 2025. Over the same July-January span in the prior year, the caseload

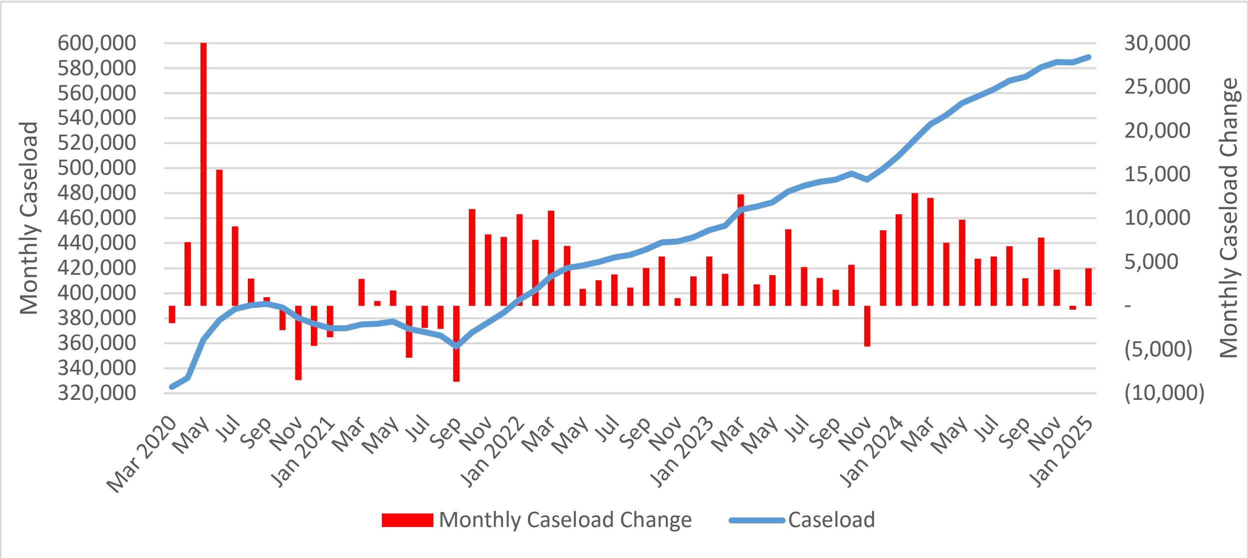
[49] https://legalaidnyc.org/wp-content/uploads/2024/10/Legal-Aid-Files-Appeal-to-Force-Adams-Administration-to-Fully-Implement-CityFHEPS-Reform-and-Expansion-Laws-.pdf

averaged 494,573. The caseload average in the current fiscal year represents a 17 percent increase, or 83,359 recipients, over the same period in FY 2024. As shown in Chart 16, since the end of the Federal Pandemic Unemployment Compensation program in September 2021, which provided supplemental unemployment benefits dating back to the early phase of the Covid outbreak, the public assistance caseload experienced a steady rise in the ensuing years.

According to the Department of Social Services, between September 2021 and January 2025 (most current month), there was a 105 percent increase in the average number of applicants per month compared to the final month in FY 2021. For applications received between September 2021 and December 2024, the most recent month for which complete data is available, the average monthly case acceptance rate increased to 40 percent from 35 percent in June 2021.

Over the past 12 months, the monthly caseload has grown significantly. This could be attributable to a 2023 rule change by the Governor to allow asylum seekers meeting certain requirements to start drawing Safety Net Assistance payments. The State Office of Temporary and Disability Assistance previously indicated that as much as 10 percent of the State's asylum seeker population could qualify for this supplemental benefit. However, the impact of this incremental population is difficult to pinpoint since the City currently does not separately track these individuals in its caseload reports.

Chart 16. Public Assistance Caseload and Monthly Changes March 2020-January 2025



Source: NYC Department of Social Services

The City's projections of baseline grant expenditures remain unchanged in the January Plan, which is estimated at $2.40 billion for FY 2025 and $1.48 billion in FY 2026. Outyear projections remain unchanged for FY 2027 at $1.83 billion and FY 2028 at $2.30 billion; new in this plan, FY 2029 projections are higher at $2.74 billion. The continued growth in both caseload and grant expenditures will likely push spending to higher levels than currently budgeted for public assistance in the first three years of the financial plan, resulting in additional City fund costs of $80 million in FY 2025, $550 million in FY 2026, and $200 million in FY 2027.

Metropolitan Transportation Authority

The City provides annual operating subsidies to the Metropolitan Transportation Authority (MTA). This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway. These subsidies are intended to cover either a portion of or all the difference between the agency's operating expenses and its revenue from fares. The January Plan budgets $1.6 billion for the MTA's operating subsidies for FY 2025, an increase of $233 million from the November Plan. These subsidies include $505 million budgeted for Access-A-Ride paratransit subsidies, $507 million for the MTA Bus Company, $64 million for the Staten Island Railway, and $522 million in other subsidies. Funding, however, continues to be underbudgeted in FY 2026 and forward, with total budgeted operating subsidies falling to $1.21 billion in FY 2026, and $1.23 billion in FY 2027 through FY 2029. The Comptroller's Office estimates an additional $298 million will be necessary for these subsidies in FY 2026, with the need growing significantly to $532 million by FY 2029. Contributing to the increase over the financial plan period are growing subsidies required for the MTA Bus Company, the result of the termination of Federal relief funds, requiring additional City contributions to close the gap.

In addition, in the State's FY 2026 Executive Budget, Governor Hochul proposed making permanent the City's increased share of paratransit expenses. If included in the Enacted Budget this would increase City fund expenditures by $165 million beginning in FY 2026. The proposal calls for the City to contribute either 80 percent of net expenditures or 50 percent of net expenditures plus $165 million, whichever is lower. Without the change the City would be expected to contribute 50 percent of net expenditures.

Along with increasing the City's operating subsidies for paratransit costs, the State Executive Budget included a proposal for the City to contribute $3 billion in capital funding to MTA for its FY 2025 to FY 2029 Capital Plan. See the Capital Budget and Financing Program section of this report for more details.

New York City Health + Hospitals

New York City Health + Hospitals (H+H) is the largest municipal healthcare system in the United States. The January Plan includes City transfers to H+H of $2.71 billion in FY 2025 and $2.28 billion in FY 2026, then declining to $1.72 billion in FY 2029, to cover a variety of costs. These include collective bargaining, reimbursements for the provision of correctional health services, and in FY 2025 and FY 2026, reimbursements for shelter and services to asylum seekers, among other costs.[50] Compared to the November Plan, budgeted transfers from the City to H+H were reduced by $436 million in FY 2025, primarily due to lower projected spending on services for asylum seekers. In FY 2026, budgeted transfers increased by $723 million, mainly due to a $697 million reallocation of asylum seekers spending from the DHS budget to H+H, as discussed in the City Services for People Seeking Asylum section of this report. The City added $6 million in FY 2026 and $13 million in the outyears to fund the "Bridge to Home" program, which is to offer supportive housing environments for homeless patients with serious mental illnesses who are cleared for discharge. H+H is expected to begin the program in FY 2026 and be fully operational with 100 beds by FY 2027.[51]

In its January Cash Plan, H+H projects total FY 2025 cash revenues of $13.31 billion.[52] More than half of this total derives from third-party revenue sources, including Medicaid ($3.07 billion), Medicare ($1.85 billion), other managed care ($1.40 billion), and Supplemental Medicaid ($1.30 billion). Supplemental Medicaid payments are additional payments beyond reimbursement for services provided to Medicaid enrollees. These include Disproportionate Share Hospital (DSH) payments ($303 million), which provide hospitals that serve large number of Medicaid and uninsured individuals additional funding, and other supplemental programs ($995 million). Cuts to the DSH program were enacted as part of the Affordable Care Act. However, they have been deferred year after year, most recently as part of the Continuing Resolution passed in late December to avert the government shutdown, but only until April 2025. H+H's Plan assumes that these cuts will take place in FY 2025 and forward. H+H's Plan also includes revenues for City services (as described above), grants, and other revenues totaling $4.08 billion, as well as Strategic Initiatives meant to generate additional revenues in the amount of $1.61 billion. FY 2025 expenses are forecast at $13.20 billion. The Plan estimates that it will end FY 2025 with a cash balance of $693 million.

For FY 2026, H+H's revenue budget totals $12.59 billion and expenditures are budgeted at $12.38 billion. H+H estimates it will close out FY 2026 with a cash balance of $907 million. To achieve this projection, H+H would need to rely on additional revenue earned from Strategic Initiatives totaling $2.27 billion in FY 2026, significantly higher than the $1.61 billion projected for FY 2025. From FY 2027 through FY 2029, H+H projects expenditures will exceed revenues leading to decreasing cash balances at the end of each fiscal year, with a cash balance of just $17.6 million projected for the end of FY 2029.

As described in this Office's Fiscal Note: Risks for Medicaid and Other NY State Healthcare Programs, Medicaid spending, which makes up more than half of H+H's third-party revenue, could face large cuts due to Federal policies under the Trump Administration and the Republican Congress. In particular, the House Budget Resolution, passed in late February, directs the Energy

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[50] These totals do not include payments the City makes as part of its Medicaid budget that flow to H+H. This includes the City share of Disproportionate Share (DSH) and Upper Limit (UPL) transactions that fall outside of the City's Medicaid cap.

[51] https://www.nyc.gov/office-of-the-mayor/news/026-25/mayor-adams-takes-unprecedented-action-curb-street-homelessness-support-people-severe#/0

[52] H+H budgets on a cash basis, while the City's financial plan follows Generally Accepted Accounting Principles (GAAP).

and Commerce Committee to find a minimum of $880 billion in cuts over 10 years, which are expected to largely come from the Medicaid program.

At the State level, the Governor's Executive Budget proposes to discontinue the State share of the Indigent Care Pool (ICP) payments to H+H due to an alternative mechanism to enhance Medicaid payments (known as State Directed Payments) that is pending Federal approval and, if approved, would supplant the need for ICP payments. If the Governor's proposal is passed without the commensurate Federal approval (which seems unlikely in the current environment), H+H, or the City on its behalf, would face a reduction of $28 million in FY 2025 and $113 million in FY 2026, according to OMB. Lastly, the State's Executive Budget also includes language that would eliminate the ICP voluntary Upper Payment Level (UPL) swap. This mechanism enables up to $339 million of DSH funding to H+H each year, which could now be at risk if included in the enacted budget, according to OMB.

Reserves

The City's budgeted reserves that remain for FY 2025 total $50 million in the general reserve, as $1.15 billion of the previously budgeted total, and all of the $250 million in the capital stabilization reserve, were allocated to costs in the January Plan. Funds in these reserves total $1.45 billion in FY 2026 and forward. As previously described, the Comptroller's Office proposes a $1 billion increase to the general reserve in FY 2026 to help protect New York City programs from the potential cuts to Federal proposed by the Trump Administration.

In addition, the City has access to about $1.96 billion in long-term reserves available in the Revenue Stabilization Fund (RSF), its rainy-day fund. 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 current tax forecast, a deposit should be made according to the formula in FY 2025—although none has been budgeted. Based on the formula, should the Comptroller's Office's revenue assumptions be met, the City should deposit $847 million into the RSF in FY 2025. Based on OMB's somewhat lower revenue projections, the City should make a $570 million deposit into the RSF in FY 2025. No deposit it currently projected for FY 2026, according to the formula.

The City could also draw down the $5.04 billion balance in the Retiree Health Benefits Trust (RHBT). The RHBT is an off-budget fund created by City legislation in 2006 for the purpose of funding the health and welfare benefits (other than those paid through the Management Benefits Fund) of retired city employees and their dependents. The City has drawn down surplus funds beyond the health and welfare obligations in the past.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2025 – FY 2029

All-Funds Commitments

The FY 2025 – FY 2029 January Capital Commitment Plan (January FY 2025 CCP) totals $113.19 billion in all-funds authorized commitments, a $7.47 billion, or a 7.1 percent increase compared to the FY 2025 September CCP (Adopted FY 2025 CCP) over the same fiscal years. City-fund authorized commitments make up $109.12 billion of the total authorized commitments. In each year of the Plan, the City sets a "reserve for unattained commitments," which assumes that some projects will move more slowly than reflected in the Plan, and therefore be pushed outside its five-year window. The result is lower "target" commitments. After adjusting for the reserve for unattained commitments, all-funds target commitments drop to $101.90 billion, as shown in Table 36, and City-fund commitments decline to $97.83 billion.

The Plan is spread fairly evenly across the five-year period, with $24.67 billion or 21.8 percent of the all-funds authorized commitments planned for FY 2025. When adjusted for the reserve for unattained commitments, this share decreases to 19.1 percent. In FY 2026 authorized commitments increase slightly to $24.80 billion. In the outyears, authorized commitments fall somewhat to $20.08 billion in FY 2027, $22.12 billion in FY 2028, and $21.51 billion. This is an average of $22.64 billion over the Plan period.

Table 36. FY 2025-FY 2029 Authorized Capital Commitments, All Funds

Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FYs 2025 – 2029 Total
September (Adopted) FY 2025 CCP	**$27,574**	**$21,417**	**$18,165**	**$19,520**	**$19,041**	**$105,715**
City	25,979	20,607	17,629	18,826	18,865	101,906
Non-City	1,595	809	536	693	176	3,810
January FY 2025 CCP	**$24,674**	**$24,803**	**$20,076**	**$22,124**	**$21,510**	**$113,186**
City	23,285	23,508	19,529	21,556	21,241	109,118
Non-City	1,390	1,295	547	568	269	4,068
Difference	**($2,900)**	**$3,386**	**$1,911**	**$2,604**	**$2,469**	**$7,471**
City	(2,694)	2,901	1,900	2,729	2,376	7,212
Non-City	(206)	485	11	(125)	93	259

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

Note: Numbers may not add due to rounding

Like the previous capital commitment plan, just under 80 percent of the January FY 2025 CCP is in five program areas: Education/CUNY, Housing and Economic Development, Environmental Protection, Administration of Justice, and Transportation projects. Environmental Protection, Housing and Economic Development, and Administration of Justice account for 80 percent of the total net increase in planned commitments. See Table 37 for more detail.

Of the net $7.47 billion increase since the Adopted FY 2025 CCP, Environmental Protection-related projects account for the largest share, at 39.0 percent of the total, or a net increase of $2.91 billion in planned commitments (a sum of smaller increases and decreases). This is driven largely by the multi-billion Newtown Creek Combined Sewer Overflow (CSO) Storage Tunnel that will capture significant amounts of untreated sewage that currently flows into Newtown Creek.

Housing and Economic Development increased by a net $1.63 billion (21.8 percent of the total increase). This includes $1.0 billion in housing projects announced as part of the agreement to pass the *City of Yes for Housing Opportunity Plan*. Planned capital commitments for NYCHA increased by $186 million to provide additional capital subsidy for needed repairs and renovations, including $175 million related to the *City of Yes*, according to OMB. Planned commitments at the Department of Housing Preservation and Development increased by a net $825 million, all part of the *City of Yes* agreement, according to OMB. These funds support an expansion of low interest loans for the rehabilitation of rent stabilized apartments, additional resources for affordable housing preservation and new construction, and greater resources for permanent supportive housing.

The *City of Yes* agreement also called for $2 billion in infrastructure projects. According to OMB, the *City of Yes* infrastructure investment totals $2 billion spread over 28 projects at the City's Department of Environmental Protection ($1.59 billion), the Department of Transportation ($243 million), the Parks Department ($151 million), and the Department of Sanitation ($0.1 million). However, OMB was unable to provide detailed data on the timing of the projects or their unique project identifiers as listed in the capital commitment plan. Based on the more general project descriptions provided, the Comptroller's Office was able to identify roughly 70 percent of the funding for these infrastructure projects. Of this, about 40 percent is included in the FY 2025 through FY 2029 Capital Plan, with the remaining commitments planned outside the five-year window. Examples of some of the larger projects identified include combined sewer upgrades on Knickerbocker Avenue Ave, Central Avenue, and Wilson St in Brooklyn ($390 million), sewer work as part of the Jamaica rezoning ($315 million), and sewer improvements to alleviate flooding by 86th Street and Bay Parkway in Brooklyn ($176 million).

Unrelated to *City of Yes*, the Administration of Justice-related projects increased by a net $1.47 billion, representing 19.6 percent of the total net increase. This increase is driven by the addition of $1.58 billion in funding for the Manhattan Borough-Based Jail facility.

The January FY 2025 CCP does not include City proposed capital commitments for the MTA 2025 – 2029 capital plan. The State's SFY 2026 Executive Budget, released after the January Plan, proposed a City contribution of $3 billion to the MTA's 2025 – 2029 capital plan. The State identified a total of $32.7 billion in funding to support the $68.4 billion MTA 2025-2029 capital plan, in addition to the $3 billion proposed to come from the City, $3.0 billion is proposed to come from the State, $14.4 billion from the Federal government, and $12.3 billion from the MTA. These identified funds leave a $35.7 billion gap in the MTA 2025 – 2029 capital plan. The capital plan is under further pressure from a potential cancellation of congestion pricing and great uncertainty in the amount of Federal funding the MTA will receive from the Trump Administration. This could result in additional subsidies being sought for the MTA from the City above the $3.0 billion already proposed.

The State Executive Budget also included a proposal to raise the amount of debt excluded from the debt limit by a commensurate $3.0 billion, which is discussed further in the Debt Affordability Section of this report.

Table 37. FY 2025 – FY 2029 Planned Capital Commitments, All-Funds

($ in millions) Project Category	FY 2025 – FY 2029 January CCP	Percent of CCP Total	Percent of Net Increase	Net Change from Adopted
Education/CUNY	$21,153.4	18.7%	0.0%	$0.8
Environmental Protection	20,039.2	17.7%	39.0%	2,910.0
Housing & Economic Development	19,512.1	17.2%	21.8%	1,630.3
Admin. Of Justice	15,464.4	13.7%	19.6%	1,465.2
DOT & Mass Transit	13,857.0	12.2%	10.5%	783.6
Other City Operations	9,009.3	8.0%	0.5%	35.0
Resiliency & Energy Efficiency, Technology, and Equipment	6,575.0	5.8%	0.3%	25.5
Parks	4,970.2	4.4%	7.7%	578.0
Hospitals	2,605.8	2.3%	0.6%	42.6
Total Authorized Commitments	**$113,186**	**100.0%**		**$7,471**
Reserve for Unattained Commitments	**($11,288)**			**($1,246)**
Total, Net of Reserve for Unattained Commitments	**$101,898**			**$6,225**

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

Note: Numbers may not add due to rounding

The Trump administration has proposed various "pauses" of federal disbursement of funding that could impact the City's capital budget. Federal funding accounts for 2.4 percent ($2.76 billion) of the total January FY 2025 CCP. The Ferries and Aviation project type has the greatest portion of its capital budget coming from Federal sources, at 50.7 percent ($138 million). The next four project types receiving the largest share of their capital budgets from Federal sources are

(Federal amount listed in parentheses): Highway Bridges ($506 million), Health and Hospitals ($503 million), Parks ($422), and Human Resources ($77 million).

Ten-Year Capital Strategy

The City is required by Sections 215 and 234 of the City Charter to issue a Preliminary Ten-Year Capital Strategy (Preliminary Strategy or PTYCS) every odd calendar year. The Preliminary Strategy for FY 2026 – FY 2035 totals $169.95 billion. $166.23 billion comes from City funds and $3.73 billion from non-City funds. This is an increase of $5.18 billion, 3.1 percent, from the last Ten-Year Capital Strategy (TYCS) published in April 2023, as shown in Table 38. The Preliminary Strategy increased by $5.59 billion in City funds but decreased by $416 million in non-City funds. The Preliminary Strategy is supported almost exclusively by City General Obligation (GO), Transitional Finance Authority (TFA), and New York City Municipal Water Finance Authority financing, accounting for 97.8 percent of the total, as shown in Table 38.

Changes to the TYCS

The January 2025 Preliminary Strategy is front-loaded with 52.1 percent of estimated commitments over the first four years. The largest categories, which align with the categories used in the CCP analysis above, are Environmental Protection, DOT & Mass Transit, Housing & Economic Development, and Education/CUNY.

The categories that increased the most in All-Funds since the April 2023 Ten Year Capital Strategy (April 2023 TYCS) are Education/CUNY at $5.53 billion and Environmental Protection at $4.27 billion. The Education/CUNY increase is driven by a $4.58 billion increase to construct new schools and add space to existing schools, some of which is to comply with the State's class size mandate. The additional commitments are largely to reconstruct or replace components at wastewater facilities and sewers, and to meet water quality mandates.

Other categories decreased substantially between the two plans, with Resiliency & Energy Efficiency, Technology, and Equipment (REETE) decreasing by $2.56 billion, Other City Operations by $2.34 billion and DOT & Mass Transit by $1.54 billion. The decrease in REETE is driven by reductions in funding for OneNYC, a program to retrofit buildings to reduce their emissions; a decrease in funding for the heating electrification in schools; and other smaller changes. The decrease in Other City Operations stems from numerous relatively small project-level decreases. And, lastly, DOT & Mass Transit decreases arise primarily from the MTA 2020-2024 capital program ending without the approval of the new MTA 2025 – 2029 capital program. As described above, it is anticipated that this category would increase by around $1.5 billion, compared with the April 2023 TYCS, if the MTA's 2025 – 2029 capital program and the City's $3 billion contribution are approved.

Table 38. Ten-Year Capital Strategy, Published in April 2023 vs. January 2025 Preliminary Ten-Year Capital Strategy

$ in millions	April 2023 Capital Strategy City-Funds	April 2023 Capital Strategy All-Funds	January 2025 Capital Strategy City-Funds	January 2025 Capital Strategy All-Funds	Change in City-Funds	Change in All-Funds
Education/CUNY	$19,234	$19,369	$24,901	$24,901	$5,667	$5,532
Environmental Protection	28,367	29,006	32,804	33,275	4,437	4,269
Parks	8,441	8,865	9,410	10,013	969	1,148
Admin. Of Justice	15,034	15,114	15,896	15,921	862	807
Housing & Economic Development	29,438	30,103	29,868	30,413	430	310
Hospitals	3,434	4,096	2,998	3,647	(436)	(449)
DOT & Mass Transit	32,511	33,613	30,821	32,075	(1,690)	(1,538)
Other City Operations	14,133	14,454	11,948	12,114	(2,185)	(2,341)
Resiliency & Energy Efficiency, Technology, and Equipment	10,043	10,158	7,581	7,596	(2,462)	(2,562)
Total	**$160,636**	**$164,778**	**$166,228**	**$169,954**	**$5,592**	**$5,175**

Source: January 2025 Preliminary FY 2026 Ten-Year Capital Strategy

Details of the TYCS

Projects included in the Ten-Year Capital Strategy are classified into one of 11 service categories that group similar programmatic projects together, and one of three "lifecycle cycle" categories, as shown in Table 39. The lifecycle categories are state of good repair, which involves maintaining and repairing facilities and infrastructure; program expansion, which involves adding new or expanding current facilities and infrastructure; and programmatic replacement, which involves replacing facilities or equipment.

The largest five of 11 service categories are Road and Bridge Works ($29.67 billion), Educational Facilities ($24.84 billion), Housing ($24.51 billion), Public Buildings and Facilities ($23.83), and Stormwater and Wastewater Management ($22.92 billion), which account for 74 percent of total planned commitments.

The Road and Bridge Work category provides $17.04 billion towards bridge rehabilitation and reconstruction; $12.39 billion towards road resurfacing, sidewalk and bike lane construction and reconstruction, and other facility renovations and upgrades; and $241 million towards various traffic programs like lane markings. All these projects fall into the state of good repair category.

The Educational Facilities category contains $8.86 billion for new K-12 schools and other school expansion projects; $7.24 billion to rehabilitate existing schools; $1.27 billion for improvements to CUNY facilities[53]; and $7.47 billion for a variety of other K-12 capital investments, like emergency investments and safety and security enhancements.

The Housing category includes $3.78 billion for repairs to NYCHA; $8.07 billion for new housing construction, ranging from extremely low income to moderate income homes; $5.94 billion for the preservation of existing affordable housing; $4.61 billion to support the construction and preservation of housing for seniors, persons with disabilities, and formerly homeless households; $875 million to support NYCHA's Permanent Affordability Commitment Together (PACT) program; and $1.23 billion for other capital initiatives.

The Public Buildings and Facilities category includes $11.67 billion for new jail facilities, $11.37 billion of which is to support the continued build-out of borough-based jails; $4.0 billion for miscellaneous energy efficiency and sustainability initiatives involving public buildings and facilities; $2.28 billion to renovate city-owned and leased offices; $2.75 billion for the renovation and construction of court facilities; and $3.13 billion for other capital projects.

Lastly, the Stormwater and Wastewater Management category includes $4.66 billion to increase the capacity of the sewer system; $2.46 billion to extend sewers to new areas to support more development; $8.29 billion for the reconstruction or replacement of components at City wastewater facilities; $4.64 billion for sewer overflow controls to prevent the release of combined sewer overflow into harbor waters; and $ 2.87 billion for other projects.

As for lifecycle categories, overall 50.0 percent fall of projects funded in the TYCS are state of good repair projects, 25.8 percent are program expansion, and 24.2 percent are programmatic replacement.

[53] $60 million for Data Processing and Other Equipment planned capital commitments for CUNY are categorized as Equipment and Technology and are therefore excluded from this amount.

Table 39. FY 2024 – FY 2033 Ten-Year Capital Strategy Major Capital Commitments by Service Category and Life-Cycle Classifications

($ in millions) Service Category	State of Good Repair	Program Expansion	Programmatic Replacement	Total	Percent of Total
Road and Bridge Works	$29,673	$-	$-	$29,673	17.5%
Educational Facilities	15,513	9,328	-	24,834	14.6%
Housing	11,820	12,687	-	24,506	14.4%
Public Buildings and Facilities	9,232	453	14,149	23,834	14.0%
Stormwater and Wastewater Management	1,204	8,628	13,093	22,925	13.5%
Equipment & Technology	1,697	-	9,602	11,299	6.7%
Parks and Open Spaces	8,937	764	-	9,701	5.7%
Water Supply and Treatment	108	5,893	3,189	9,190	5.4%
Community Facilities	6,788	119	117	7,024	4.1%
Economic Development	-	5,906	-	5,906	3.5%
Mass Transit	-	-	1,053	1,053	0.6%
Total	**$84,972**	**$43,779**	**$41,203**	**$169,954**	**100.00%**
Percent of Total	**50.00%**	**25.76%**	**24.24%**	**100.00%**	

Source: Office of Management and Budget, FY 2026 – FY 2035 Preliminary Ten-Year Capital Strategy
Note: $60 million in planned capital commitments for Data Processing and Other Equipment in CUNY are categorized as Equipment and Technology and are therefore not in the Educational Facilities category.

TYCS by Funding Source

The vast majority, or 97.8 percent, of total funding is planned to come from the City—the remaining 2.2 percent is planned to be funded by State (0.4 percent), Federal (1.6 percent), and private (0.1 percent) sources.

Environmental Protection projects are funded almost entirely by the Water Authority, which issues its own bonds supported by the fees it collects from customers. Outside of that category, all are funded almost exclusively with General Obligation (GO) and Transitional Finance Authority (TFA), with debt service paid by City tax revenue. Hospital projects in the City's Capital Plan receive the greatest share of funding from non-City sources, with 17.8 percent coming from the

Federal sources, primarily for FEMA-funded flood restoration projects in response to Hurricane Sandy.

Table 40. Funding of the FY 2026 – FY 2035 Preliminary Ten-Year Capital Strategy, January 2025

($ in millions) Agency/Project Type	Tax-Supported	Water Authority Funded	Non-City Funded	Total Funded
Environmental Protection	$ -	$32,804	$471	$33,275
DOT & Mass Transit	30,821	-	1,254	32,075
Housing & Economic Development	29,868	-	545	30,413
Education/CUNY	24,901	-	-	24,901
Admin. Of Justice	15,896	-	25	15,921
Other City Operations	11,948	-	166	12,114
Parks	9,410	-	603	10,013
Resiliency & Energy Efficiency, Technology, and Equipment	7,581	-	14	7,596
Hospitals	2,998	-	649	3,647
Total	**$133,423**	**$32,804**	**$3,726**	**$169,954**
Percent of Total Funding	**78.5%**	**19.3%**	**2.2%**	**100.0%**

Note: Numbers may not tie due to rounding.

Source: Mayor's Office of Management and Budget

Financing Program

Total projected borrowing in the January Plan for FY 2025 – FY 2029 (January FY 2025 Plan) is $83.29 billion. For the period of FY 2025 to FY 2028, the January FY 2025 Plan is $1.27 billion more than the November FY 2025 Financial Plan's estimate. This is the result of a $460 million increase in both General Obligation (GO) bond borrowing and Transitional Finance Authority Future Tax Secured (TFA-FTS) bond borrowing, and a $346 million increase in New York City Municipal Water Finance Authority borrowing (NYW) between FY 2025 and FY 2028. 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 January FY 2025 CCP than the November FY 2025 CCP, over the same four-year period. Table 41 shows that estimated new borrowing ranges from a low of $15.03 billion in FY 2026 to a high of $18.54 billion in FY 2029. GO and TFA FTS each account for 42.5 percent of total borrowing over the five-year period, with NYW accounting for the remaining 15.0 percent. Consistent with past plans, TFA is not issuing new Building Aid Revenue Bonds (BARBs).

Table 41. Estimated Borrowing and Funding Sources, January 2025 Financial Plan Financing Program

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total	Change from November 2024 (FY 2025-FY2028)	Source as Share of Total
General Obligation Bonds	$6,900	$6,260	$7,030	$7,430	$7,790	$35,410	$460	42.5%
TFA FTS Bonds	6,900	6,260	7,030	7,430	7,790	35,410	460	42.5
NYC Water Finance Authority	1,727	2,513	2,573	2,690	2,964	12,467	346	15.0
Total	**$15,527**	**$15,033**	**$16,633**	**$17,550**	**$18,544**	**$83,287**	**$1,266**	**100.0%**
Total Change from the FY 2025 November Plan	**1**	**99**	**341**	**825**	**N/A**	**N/A**		

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

Debt Service

Debt service, net of prepayments, in the January Plan totals $7.86 billion in FY 2025, $8.82 billion in FY 2026, $9.57 billion in FY 2027, $10.51 billion in FY 2028, and $11.40 billion in FY 2029.[54] Although these amounts sum to $20 million less than the November 2025 Financial Plan (all funds).

[54] 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 Federal tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

The change in total debt service (all funds) consists of a $33 million increase in net GO debt service costs, $19 million net decrease in net TFA FTS debt service, and a $34 million decrease in lease debt costs over the plan period. All funds changes in the GO debt service budget reflect savings from lower realized floating rate support costs and additional earnings on bond proceeds. This is offset by greater GO bond issuance to support increases in capital spending. All funds changes to TFA FTS debt service costs reflect savings from lower-than-forecasted costs on new money bonds offered this year offset by increased borrowing reflecting the increase in capital spending.

January 2025 Plan debt service will increase by $3.54 billion, or 45.0 percent, from FY 2025 to FY 2029. This is an average annual increase of 9.7 percent.

Table 42. January 2025 Financial Plan Debt Service Estimates

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	January Plan Total	Change from November 2025	Annual Growth Rate
GO	$4,409	$4,685	$4,913	$5,346	$5,788	$25,141	$33	7.0%
TFA FTS	3,339	4,020	4,547	5,060	5,496	22,463	(19)	13.3%
Lease-Purchase	112	111	109	104	113	549	(34)	0.4%
Total	**$7,860**	**$8,816**	**$9,569**	**$10,510**	**$11,397**	**$48,152**	**($20)**	**9.7%**
Change from November FY 2025	**(67)**	**(27)**	**(11)**	**13**	**73**	**(20)**	**N/A**	**N/A**

Source: Mayor's Office of Management and Budget, FY 2025 November Plan and FY 2025 January 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, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

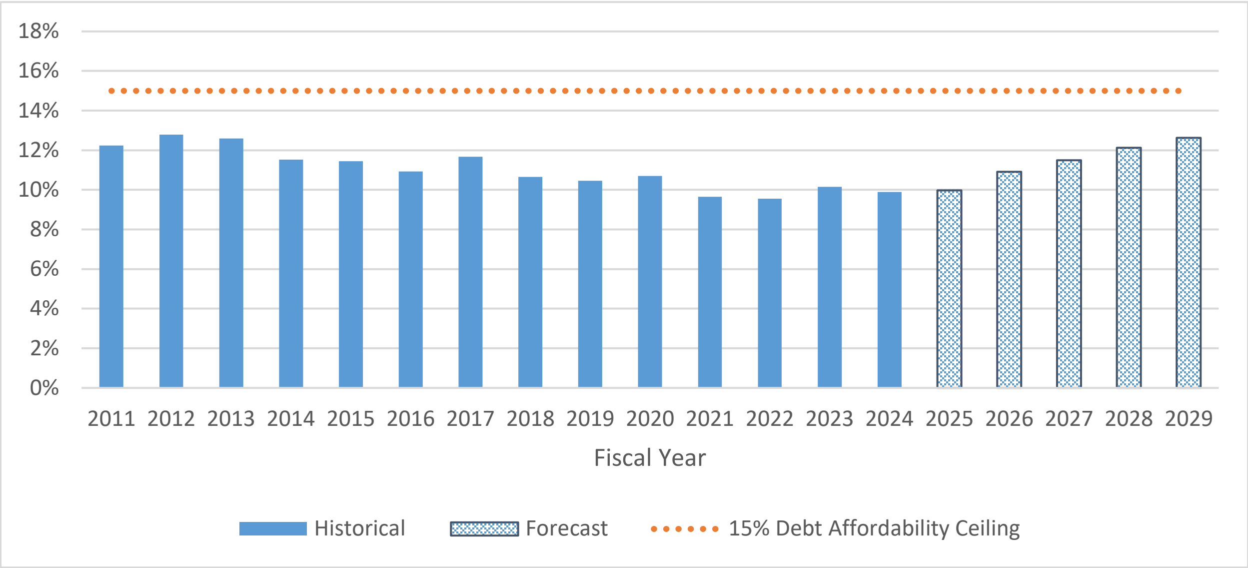
Debt Affordability

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

In FY 2024, debt service was 9.9 percent of tax revenues. Tax revenues are forecast to increase by 6.3 percent between FY 2024 and FY 2025, slower than the forecasted 7.0 percent increase in debt service. As a result, debt service as a percent of tax revenue is expected to increase to 10.0 percent in FY 2025. This trend is anticipated to continue from FY 2026 through FY 2029. From FY 2025 through FY 2029, the Comptroller's Office forecasts that tax revenues are expected to increase by 3.4 percent and debt service is expected to increase by 9.7 percent, with debt service costs forecast to total 12.6 percent of the Comptroller's Office forecast of tax revenues in FY 2029, under the 15 percent debt affordability threshold.[55]

As previously discussed, the Governor's SFY 2026 Executive Budget calls for the City to contribute $3.0 billion towards the MTA 2025 – 2029 capital plan. If enacted, the Comptroller's Office estimates that the City's share of tax revenues going towards debt service would increase slightly, for example by .06 percentage points in FY 2029 (from 12.63 to 12.69 percent in FY 2029, all else held equal).[56] Due to the lag between capital commitments and debt service payments, the Comptroller's Office estimates that the impact of MTA commitments on debt service as a share of tax revenue will be higher in the 2030s. Specifically, it is estimated that the measure would rise by 0.18 percentage points from 13.62 percent to 13.80 percent in FY 2035, again all else held equal.

Chart 17. NYC Debt Service as a Percent of Tax Revenues



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

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

[55] The recently released Capital and Debt Obligation report and this report have different amounts for debt service as a percentage 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 January 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.

[56] This calculation assumes $100 million would be committed in FY 2025, $400 million in FY 2026 (projections that were included in State budget documents). The Comptroller's Office then spread the remaining $2.5 billion in commitments evenly over FY 2027 through FY 2029.

Remaining Debt-Incurring Power

The City ended FY 2024 with a debt-incurring power under the Constitutional limit of $25.4 billion. The debt-incurring power rose to $41.0 billion at the beginning of FY 2025. This was in part due to the first tranche of the $14 billion increase in TFA's outstanding debt not subject to the City's debt limit included in the New York State 2024-2025 Enacted Budget. The Office of the Comptroller published an analysis earlier this year that found the increase in the City's debt-incurring power appropriately sized and affordable.

In an update to the recently published Annual Report on Capital Debt and Obligations for Fiscal Year 2025 the Comptroller's Office, in Table 43 below, incorporates the debt issuance, amortization, and debt service assumptions from the January FY 2025 Financial Plan, which reflects planned capital spending from the FY 2025 January Capital Commitment Plan. The updated projections show that the remaining debt-incurring power is expected to hit a low of $4.7 billion at the end of FY 2031.

The State's FY 2026 Executive Budget proposes increasing the amount of TFA outstanding debt not subject to the City's debt limit by $3 billion to accommodate the proposed $3 billion City contribution to the MTA 2025 – 2029 capital plan. If the TFA exemption is not increased, and the MTA $3 billion contribution is included, the Comptroller's Office projects the City's remaining debt incurring power will drop to a low of $1.8 billion at the end of FY 2031.[57]

Table 43. Estimate of Remaining Debt-Incurring Power

($ in billions) Fiscal Year	General Debt Limit (a)	Debt Applicable to the Limit (b)	Contractual liability, land, and other liabilities (c)	Total Indebtedness (d) = (b) + (c)	Remaining Debt- Incurring Power (a) - (d)
2025	$136.8	$79.4	$29.9	$109.3	$27.5
2026	$140.6	$81.7	$34.0	$115.7	$25.0
2027	$147.0	$91.2	$36.4	$127.6	$19.4
2028	$153.0	$101.2	$39.1	$140.3	$12.7
2029	$160.2	$111.6	$40.6	$152.1	$8.1
2030	$167.3	$121.8	$39.6	$161.4	$5.9
2031	$172.8	$130.6	$37.5	$168.1	$4.7

[57] This calculation again assumes $100 million would be committed in FY 2025, $400 million in FY 2026 (projections that were included in State budget documents). The Comptroller's Office then spread the remaining $2.5 billion in commitments evenly over FY 2027 through FY 2029.

($ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt- Incurring Power
2032	$178.5	$136.9	$35.8	$172.7	$5.8
2033	$184.2	$141.4	$35.9	$177.2	$7.0
2034	$190.1	$143.5	$38.1	$181.6	$8.5
2035	$196.2	$144.8	$41.0	$185.8	$10.4

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

V. Appendix

Table A1. January 2025 Financial Plan Revenue Detail

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029 Dollars	Change FYs 2025 - 2029 Percent	Annual Percent Change
Taxes:								
Real Property	$34,339	$34,953	$35,943	$36,769	$37,599	$3,260	9.5%	2.3%
Personal Income Tax and Pass-Through Entity Tax	17,408	17,621	18,336	19,069	19,923	$2,515	14.4%	3.4%
General Corporation Tax	7,239	7,267	6,779	6,904	7,395	156	2.2%	0.5%
Unincorporated Business Tax	3,024	3,140	3,197	3,252	3,387	363	12.0%	2.9%
Sales and Use Tax	10,288	10,751	11,198	11,684	12,075	1,787	17.4%	4.1%
Real Property Transfer Tax	1,230	1,289	1,357	1,425	1,490	260	21.1%	4.9%
Mortgage Recording Tax	712	781	863	903	942	230	32.3%	7.2%
Commercial Rent	931	951	966	979	992	61	6.6%	1.6%
Utility	449	469	531	507	535	86	19.2%	4.5%
Hotel	761	790	821	846	878	117	15.4%	3.6%
Cigarette	13	12	12	12	12	(1)	(7.7%)	(2.0%)
All Other	1,179	1,204	1,229	1,254	1,280	101	8.6%	2.1%
Cannabis Tax	14	20	28	30	30	16	114.3%	21.0%
Tax Audit Revenue	773	773	773	773	773	0	0.0%	0.0%
Total Taxes	**$78,360**	**$80,021**	**$82,033**	**$84,407**	**$87,311**	**$8,951**	**11.4%**	**2.7%**
Miscellaneous Revenue:								
Licenses, Franchises, etc.	$723	$727	$707	$710	$712	($11)	(1.5%)	(0.4%)
Interest Income	510	329	288	270	272	(238)	(46.7%)	(14.5%)
Charges for Services	1,008	1,031	1,032	1,032	1,032	24	2.4%	0.6%
Water and Sewer Charges	2,207	2,224	2,235	2,285	2,315	108	4.9%	1.2%
Rental Income	259	260	260	260	260	1	0.4%	0.1%
Fines and Forfeitures	1,244	1,230	1,230	1,220	1,220	(24)	(1.9%)	(0.5%)
Miscellaneous	319	292	289	298	297	(22)	(6.9%)	(1.8%)
Intra-City Revenue	2,058	1,808	1,796	1,791	1,791	(267)	(13.0%)	(3.4%)
Total Miscellaneous Revenue	**$8,328**	**$7,901**	**$7,837**	**$7,866**	**$7,899**	**($429)**	**(5.2%)**	**(1.3%)**
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	**$16**	**$0**	**$0**	**$0**	**$0**	**($16)**	**(100.0%)**	**(100.0%)**
Total Unrestricted Intergovernmental Aid	**$16**	**$0**	**$0**	**$0**	**$0**	**($16)**	**(100.0%)**	**(100.0%)**

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 - 2029 Dollars	Change FYs 2025 - 2029 Percent	Annual Percent Change
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,058)**	**($1,808)**	**($1,796)**	**($1,791)**	**($1,791)**	**(267)**	**(13.0%)**	**(3.4%)**
TOTAL CITY-FUNDS	**$84,631**	**$86,099**	**$88,059**	**$90,467**	**$93,404**	**$8,773**	**10.4%**	**2.5%**
Other Categorical Grants	**$1,186**	**$1,116**	**$1,111**	**$1,109**	**$1,108**	**($78)**	**(6.6%)**	**(1.7%)**
Inter-Fund Agreements	**$766**	**$777**	**$778**	**$778**	**$778**	**$12**	**1.6%**	**0.4%**
Federal Categorical Grants:								
Community Development	$423	$295	$246	$242	$242	($181)	(42.8%)	(13.0%)
Social Services	4,112	3,498	3,497	3,607	3,703	(409)	(9.9%)	(2.6%)
Education	1,965	1,965	1,965	1,965	1,965	0	0.0%	0.0%
Other	3,189	1,613	1,482	1,430	1,395	(1,794)	(56.3%)	(18.7%)
Total Federal Grants	**$9,689**	**$7,371**	**$7,190**	**$7,244**	**$7,305**	**($2,384)**	**(24.6%)**	**(6.8%)**
State Categorical Grants:								
Social Services	$2,947	$2,923	$2,926	$2,362	$2,457	($490)	(16.6%)	(4.4%)
Education	13,668	13,527	13,527	13,527	13,527	(140)	(1.0%)	(0.3%)
Higher Education	280	280	280	280	280	0	0.0%	0.0%
Department of Health and Mental Hygiene	703	687	687	687	687	(16)	(2.3%)	(0.6%)
Other	2,623	1,744	1,764	1,824	1,892	(731)	(27.9%)	(7.8%)
Total State Grants	**$20,220**	**$19,161**	**$19,185**	**$18,680**	**$18,843**	**($1,377)**	**(6.8%)**	**(1.7%)**
TOTAL REVENUES	**$116,492**	**$114,524**	**$116,323**	**$118,278**	**$121,438**	**$4,946**	**4.2%**	**1.0%**

Note: Numbers may not add due to rounding.

Table A2. January 2025 Financial Plan Expenditure Detail

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 – 2029		Annual Percent Change
						Dollars	Percent	
Mayoralty	$173	$175	$173	$173	$171	($3)	(1.5%)	(0.4%)
Board of Elections	183	147	147	147	147	(36)	(19.7%)	(5.3%)
Campaign Finance Board	154	13	13	13	13	(141)	(91.3%)	(45.7%)
Office of the Actuary	7	8	8	8	8	0	1.9%	0.5%
President, Borough of Manhattan	6	6	6	6	6	(1)	(9.4%)	(2.4%)
President, Borough of Bronx	7	6	6	6	6	(1)	(10.0%)	(2.6%)
President, Borough of Brooklyn	8	7	7	7	7	(1)	(14.6%)	(3.9%)
President, Borough of Queens	7	6	6	6	6	(1)	(15.7%)	(4.2%)
President, Borough of Staten Island	5	5	5	5	5	(0)	(8.4%)	(2.2%)
Office of the Comptroller	125	127	128	128	128	3	2.8%	0.7%
Dept. of Emergency Management	135	89	38	34	34	(101)	(74.6%)	(29.0%)
Office of Administrative Tax Appeals	6	6	6	6	6	0	2.6%	0.7%
Law Dept.	303	255	254	254	254	(48)	(16.0%)	(4.3%)
Dept. of City Planning	58	47	47	47	45	(13)	(21.7%)	(5.9%)
Dept. of Investigation	56	49	48	45	44	(12)	(21.0%)	(5.7%)
NY Public Library — Research	35	34	34	34	34	(1)	(1.4%)	(0.4%)
New York Public Library	179	175	175	175	175	(3)	(1.9%)	(0.5%)
Brooklyn Public Library	136	134	134	134	134	(1)	(1.1%)	(0.3%)
Queens Borough Public Library	140	138	138	138	138	(2)	(1.8%)	(0.4%)
Dept. of Education	33,573	33,491	34,374	35,112	35,512	1,939	5.8%	1.4%
City University	1,278	1,255	1,272	1,289	1,298	19	1.5%	0.4%
Civilian Complaint Review Board	28	28	28	28	28	0	0.3%	0.1%
Police Dept.	6,168	5,870	6,010	6,005	6,005	(163)	(2.6%)	(0.7%)
Fire Dept.	2,728	2,641	2,584	2,570	2,562	(165)	(6.1%)	(1.6%)

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 – 2029 Dollars	Change FYs 2025 – 2029 Percent	Annual Percent Change
Dept. of Veterans' Services	6	5	5	5	5	(0)	(7.6%)	(1.9%)
Admin. for Children Services	3,347	2,820	2,845	2,845	2,845	(502)	(15.0%)	(4.0%)
Dept. of Social Services	13,275	11,464	11,943	12,555	13,126	(149)	(1.1%)	(0.3%)
Dept. of Homeless Services	4,035	3,571	4,982	3,236	3,235	(800)	(19.8%)	(5.4%)
Dept. of Correction	1,158	1,213	1,262	1,384	1,384	226	19.5%	4.6%
Board of Correction	4	4	4	4	4	(0)	(6.7%)	(1.7%)
Citywide Pension Contributions	9,958	10,462	10,815	11,657	11,200	1,241	12.5%	3.0%
Miscellaneous	13,578	14,458	15,305	16,674	17,996	4,418	32.5%	7.3%
Debt Service	4,520	4,796	5,022	5,450	5,901	1,381	30.5%	6.9%
TFA Debt Service	3,339	4,020	4,547	5,060	5,496	2,157	64.6%	13.3%
FY 2024 BSA	(4,397)	0	0	0	0	4,397	(100.0%)	(100.0%)
FY 2025 BSA	2,344	(2,344)	0	0	0	(2,344)	(100.0%)	(100.0%)
Public Advocate	6	6	6	6	6	(0)	(3.4%)	(0.9%)
City Council	108	96	96	96	96	(13)	(11.8%)	(3.1%)
City Clerk	8	6	6	6	6	(2)	(26.8%)	(7.5%)
Dept. for the Aging	549	426	420	419	419	(129)	(23.6%)	(6.5%)
Dept. of Cultural Affairs	254	164	164	164	164	(90)	(35.3%)	(10.3%)
Financial Info. Serv. Agency	122	122	122	121	121	(0)	(0.2%)	(0.1%)
Office of Criminal Justice	964	784	792	790	790	(174)	(18.1%)	(4.9%)
Office of Payroll Admin.	17	18	18	18	18	0	0.7%	0.2%
Independent Budget Office	8	8	8	8	8	(0)	(4.8%)	(1.2%)
Equal Employment Practices	2	2	2	2	2	0	2.4%	0.6%
Civil Service Commission	1	1	1	1	1	0	2.5%	0.6%
Landmarks Preservation Commission	9	8	8	8	8	(1)	(7.6%)	(2.0%)
Taxi & Limousine Commission	60	58	58	58	58	(2)	(4.1%)	(1.1%)
Office of Racial Equity	7	6	6	6	6	(1)	(17.5%)	(4.7%)

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 – 2029 Dollars	Percent	Annual Percent Change
Commission on Racial Equity	2	5	5	3	3	0	17.2%	4.1%
Commission on Human Rights	15	15	14	14	14	(0)	(2.3%)	(0.6%)
Youth & Community Development	1,406	1,224	1,238	1,246	1,246	(160)	(11.4%)	(3.0%)
Conflicts of Interest Board	3	3	3	3	3	0	3.0%	0.7%
Office of Collective Bargaining	3	3	3	3	3	0	2.6%	0.6%
Community Boards (All)	22	22	22	22	22	(1)	(3.5%)	(0.9%)
Dept. of Probation	111	108	109	109	109	(2)	(2.1%)	(0.5%)
Dept. Small Business Services	288	180	157	158	158	(130)	(45.1%)	(13.9%)
Housing Preservation & Development	2,038	1,687	1,417	1,427	1,437	(600)	(29.5%)	(8.4%)
Dept. of Buildings	206	220	204	205	205	(2)	(0.9%)	(0.2%)
Dept. of Health & Mental Hygiene	2,762	2,126	2,122	2,111	2,111	(651)	(23.6%)	(6.5%)
NYC Health + Hospitals	2,599	2,199	1,588	1,637	1,637	(962)	(37.0%)	(10.9%)
Office of Administrative Trials & Hearings	75	77	77	77	77	3	3.5%	0.9%
Dept. of Environmental Protection	1,723	1,640	1,633	1,633	1,632	(91)	(5.3%)	(1.3%)
Dept. of Sanitation	1,985	1,923	1,980	1,998	1,998	13	0.7%	0.2%
Business Integrity Commission	9	9	9	9	9	(0)	(1.3%)	(0.3%)
Dept. of Finance	356	353	354	354	355	(1)	(0.4%)	(0.1%)
Dept. of Transportation	1,475	1,463	1,449	1,436	1,436	(39)	(2.6%)	(0.7%)
Dept. of Parks and Recreation	645	640	637	637	637	(8)	(1.2%)	(0.3%)
Dept. of Design & Construction	175	159	159	159	159	(17)	(9.5%)	(2.5%)
Dept. of Citywide Admin. Services	1,080	934	595	593	593	(487)	(45.1%)	(13.9%)
D.O.I.T.T.	773	612	531	531	531	(242)	(31.4%)	(9.0%)
Dept. of Record & Info. Services	15	15	15	15	15	(0)	(2.4%)	(0.6%)
Dept. of Consumer & Worker Protection	64	71	70	74	74	10	15.3%	3.6%

(in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Change FYs 2025 – 2029 Dollars	Percent	Annual Percent Change
District Attorney - N.Y.	202	176	177	177	177	(26)	(12.7%)	(3.3%)
District Attorney – Bronx	143	124	124	124	124	(19)	(13.1%)	(3.4%)
District Attorney – Kings	165	151	152	152	152	(13)	(7.9%)	(2.0%)
District Attorney – Queens	123	106	106	106	106	(17)	(13.8%)	(3.6%)
District Attorney - Richmond	29	26	26	26	26	(3)	(11.5%)	(3.0%)
Office of Prosec. & Special Narc.	31	32	32	32	32	1	2.2%	0.5%
Public Administrator - N.Y.	1	1	1	1	1	0	2.0%	0.5%
Public Administrator - Bronx	1	1	1	1	1	0	2.1%	0.5%
Public Administrator - Brooklyn	1	1	1	1	1	0	2.1%	0.5%
Public Administrator - Queens	1	1	1	1	1	0	2.3%	0.6%
Public Administrator - Richmond	1	1	1	1	1	(0)	(2.2%)	(0.6%)
Prior Payable Adjustment	(550)	0	0	0	0	550	(100.0%)	(100.0%)
General Reserve	50	1,200	1,200	1,200	1,200	1,150	2300.0%	121.3%
Citywide Savings Initiatives	(316)	0	0	0	0	316	(100.0%)	(100.0%)
Energy Adjustment	0	83	120	172	192	192	N/A	N/A
Lease Adjustment	0	52	106	161	219	219	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURES	**$116,492**	**$114,524**	**$120,569**	**$123,659**	**$126,519**	**$10,026**	**8.6%**	**2.1%**

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

Acknowledgements

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