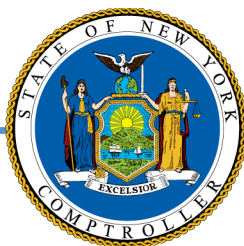


---

# **Review of the Financial Plan of the City of New York**

## **Report 18-2026**



**OFFICE OF THE NEW YORK STATE COMPTROLLER**

**Thomas P. DiNapoli, State Comptroller**

**Rahul Jain, Deputy Comptroller**

**December 2025**

# Message from the Comptroller

---

December 2025

In recent years, New York City's finances have benefited from better-than-projected revenues and savings generated through initiatives launched in response to its financial challenges and federal policy changes. In fiscal year 2025, the cost of managing the asylum seeker influx stabilized, reducing related spending uncertainty and creating additional financial plan savings.

These fiscal improvements provided the City with an opportunity to prepare for a period where elevated demand for the City's programs and services is likely to be sustained and potentially grow, particularly as economic growth slows down and the federal government makes changes to its provision of the social safety net. However, the City has not yet made efforts to codify plans to bolster reserves or set aside additional monies in its rainy-day fund. It remains to be seen whether the City has accumulated enough budgetary flexibility for what is likely to be a period of continued fiscal pressure. The federal funding relationship with states is undergoing systemic restructuring that will have lasting consequences, which New York State will have to factor into future budgets and will ultimately also impact local government finances.

Mindful of the current economic trajectory and what is transpiring in Washington, the City must make balanced and sustainable fiscal choices this year to manage its substantial operational needs and encourage employment and business growth. Monitoring City staffing and performance indicators and responding to shifting demands for City resources remain critical for ensuring basic services are provided in an efficient and targeted manner, while making room for new policy priorities. Budget actions and fluctuation in the provision of certain City services in recent years has highlighted the importance of the City's role in helping vulnerable residents meet basic needs while maintaining the overall quality of life for all residents.

Greater communication to the public about the challenges faced and the City's efforts to balance fiscal preparation through operational performance management will be critical, particularly if the economic outlook weakens further or if new spending challenges emerge. Ultimately, future economic growth in the City, and thereby the State, relies on providing services that enhance affordability and opportunity for all residents.

Thomas P. DiNapoli  
State Comptroller







# Contents

---

<b>I. Executive Summary .....</b>	<b>3</b>
<b>II. Economic Trends .....</b>	<b>8</b>
<b>III. Changes Since the June 2025 Plan.....</b>	<b>11</b>
<b>IV. State and Federal Actions .....</b>	<b>13</b>
<b>V. Revenue Trends.....</b>	<b>16</b>
<b>VI. Expenditure Trends.....</b>	<b>23</b>
<b>VII. Debt Service and Capital Spending .....</b>	<b>35</b>
<b>VIII. Semi-Autonomous Entities .....</b>	<b>37</b>
<b>IX. Other Issues .....</b>	<b>42</b>
<b>Appendix A: Full-Time Staffing Levels .....</b>	<b>44</b>

---

# Executive Summary

---

New York City modified upward its fiscal year (FY) 2026 budget, inclusive of surplus transfers for prepayments, to \$122 billion and released its updated financial plan (the “November Plan”) on November 17, 2025 (see Figure 1). While FY 2026 remains balanced, several concerns have arisen throughout 2025, including the continued growth in city-funded safety net programs, slowing economic growth and the ongoing restructuring of the funding relationship between the federal government and states and localities like New York City.

Despite these known issues, the City did not take significant steps toward preparing for, or providing clarity on, the fiscal challenges it faces as it nears the middle of the fiscal year. The City elected not to set aside additional reserves to prepare itself for the potential risks that lie ahead, despite better-than-projected non-property tax revenue, fueled by personal income tax (PIT) collections.

Rather, the City has mostly used better-than-projected city-fund revenues to fund a portion of social services that were underbudgeted in June, a concern raised by this office at that time. Moreover, the period of revenues significantly exceeding expectations, a feature of the City’s financial plans in recent years, may be ending even as PIT revenues remain robust. Business tax collections, which had well exceeded expectations in recent years and saw projections taken up last year, are now expected to be \$378 million lower than initial projections at budget adoption, a worrying sign. Preliminary employment figures also suggest the City may have been losing jobs entering this fiscal year, an issue that would impact the collection of tax revenues as well as demand for social services provision. Narrower upward revenue modifications relative to projections suggest the City may be experiencing the effects of slower economic growth on its tax base. If the City were to experience even a mild recession, tax

revenues alone would be unlikely to provide significant upside to close budget gaps, as they have in the recent past. Total projected revenues in FY 2026 also include more than \$28 billion in State and federal categorical grants. While these sources of funding may not be significantly impacted in the current fiscal year, they are likely to be altered in the coming years in response to changes in federal fiscal policy.

Concerns over revenues beating projections are made more acute by choices over the funding of certain spending on a short-term basis, ignoring the strong likelihood of this spending recurring. This practice leaves discretionary programs vulnerable to future changes in staffing and spending but could also threaten the City’s ability to provide mandated social services. If the City is unable to generate stronger revenues than projected, as it has in recent years, or find additional savings, it will face difficult budgetary choices in the future which could hurt services and stall economic growth.

While the Plan largely adjusted spending in the current year only, adding some funding for underbudgeted items and State- and federally-supported social services programs, it did add funding in the out-years for additional police officers. In tandem with slightly better short-term revenue projections, out-year gaps were left little changed.

Net of all changes, the City’s stated out-year gaps now total a combined \$17.3 billion from FY 2027 to FY 2029. Measured as a share of City fund revenues, the out-year gaps average 6.3 percent. Existing contingencies totaling \$1.45 billion in each fiscal year could be used to narrow the gaps to an average of 4.7 percent of revenues, if they are not necessary to fund other unanticipated spending.

However, the Office of the State Comptroller (OSC) anticipates the published out-year gaps

---

are understated as the City assumes a decline in costs that are not substantiated, including for social services, education, Metropolitan Transportation Authority (MTA) subsidies, and overtime costs. Trends in the provision of social services, such as public and rental assistance, as well as overtime, suggest these costs are very unlikely to decline in coming years. The City itself has noted that it is not fully funding a class size mandate. In addition, its expense projections for MTA subsidies do not align with the Authority's. The City should explain how it will get costs under control or align its budget with historical trends in recurring program areas to better estimate actual costs going forward. Given the spending risks OSC has identified, the City's budget gaps may be as high as \$10 billion in FY 2027, rising to \$13.6 billion by FY 2029 (see Figure 2). These gaps are made all the more concerning given the lack of discretionary deposits to the City's reserve funds in recent years and their relative size compared to unanticipated spending increases (see Figure 3).

The size of the potential budget gaps is a reason to begin the process of identifying new efficiencies that could be used to generate additional savings if the need arises, which could reduce the need to make cuts to services in the case of a potential recession. Such actions may also help in making resources available for new priorities. In recent years, where more substantial savings programs were necessary to balance the City's budget, staffing reductions from slow hiring and continued attrition have impacted some City services. These outcomes can be alleviated with earlier adoption of proactive spending management.

Such planning may also help prepare the City for a restructuring of the federal funding relationship with states and localities. While many of the implications of the legislation will directly affect New York State's fiscal position more than localities, and several actions will be phased in

over time, New York City receives substantial funding from both the State and federal government for education, housing and social services which are likely to be affected by the retrenchment of federal support, ultimately weighing on the City's budget.

In addition, direct payments to individuals, households and other entities reliant on federal grants and contracts, including the City's semi-autonomous agencies (e.g., New York City Health + Hospitals, H+H; New York City Housing Authority, NYCHA; and the City University of New York, CUNY) may impact demand for City services by residents, ultimately requiring the City to consider how it will respond to these actions. Federal policy on tariffs and immigration may also have an economic impact on the City that is difficult to quantify at this time, but could be targeted to local economic activities, given the City's role as a center for global commerce and a magnet for international talent.

Given the recent unpredictability of federal fiscal and economic policy choices, the City should be preparing for scenarios where all of its resources — federal, State and locally-derived — may be impacted. Such an approach would include identifying funding sources prior to adding new discretionary spending. New cost saving actions would also help make resources available for changes to the City's spending priorities. Proactive adoption of these approaches before additional pressures arise may help avoid staffing or service cuts. Economic growth relies on the City's ability to provide core public services of high quality, while adapting its response to manage the fiscal challenges that may emerge.



**FIGURE 1**  
**New York City Financial Plan**  
(in millions)

	FY 2026	FY 2027	FY 2028	FY 2029
<b>Revenues</b>				
Taxes				
General Property Tax	\$ 35,221	\$ 36,524	\$ 37,603	\$ 38,717
Other Taxes	45,711	45,526	47,098	48,805
Tax Audit Revenue	809	779	779	779
Subtotal: Taxes	\$ 81,741	\$ 82,829	\$ 85,480	\$ 88,301
Miscellaneous Revenues	8,384	8,014	8,045	8,094
Unrestricted Intergovernmental Aid	2	---	---	---
Less: Intra-City Revenue	(2,073)	(1,893)	(1,884)	(1,882)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$ 88,039	\$ 88,935	\$ 91,626	\$ 94,498
Other Categorical Grants	1,210	1,122	1,117	1,115
Inter-Fund Revenues	805	795	796	799
Federal Categorical Grants	8,593	7,207	7,228	7,285
State Categorical Grants	19,586	18,865	19,000	19,149
<b>Total Revenues</b>	<b>\$ 118,233</b>	<b>\$ 116,924</b>	<b>\$ 119,767</b>	<b>\$ 122,846</b>
<b>Expenditures</b>				
Personal Service				
Salaries and Wages	\$ 34,391	\$ 35,503	\$ 36,700	\$ 37,649
Pensions	10,479	10,632	11,510	10,973
Fringe Benefits	15,046	15,600	16,301	17,044
Subtotal: Personal Service	\$ 59,916	\$ 61,735	\$ 64,511	\$ 65,666
Other Than Personal Service				
Medical Assistance	6,258	6,733	6,883	7,033
Public Assistance	1,650	2,000	2,463	2,905
All Other	46,203	42,177	42,143	42,551
Subtotal: Other Than Personal Service	\$ 54,111	\$ 50,910	\$ 51,489	\$ 52,489
Debt Service	8,542	9,487	10,474	11,419
FY 2025 Budget Stabilization	(3,787)	---	---	---
FY 2026 Budget Stabilization	74	(74)	---	---
Capital Stabilization Reserve	250	250	250	250
General Reserve	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,073)	(1,893)	(1,884)	(1,882)
<b>Total Expenditures</b>	<b>\$ 118,233</b>	<b>\$ 121,615</b>	<b>\$ 126,040</b>	<b>\$ 129,142</b>
<b>Gap to be Closed</b>	<b>\$ ---</b>	<b>\$ (4,691)</b>	<b>\$ (6,273)</b>	<b>\$ (6,296)</b>

Source: NYC Office of Management and Budget

**FIGURE 2**  
**OSC Risk Assessment of the New York City Financial Plan (in millions)**

	Better/(Worse)			
	FY 2026	FY 2027	FY 2028	FY 2029
<b>Gaps Per NYC Financial Plan</b>	\$ ---	\$ (4,691)	\$ (6,273)	\$ (6,296)
<b>Revenues</b>				
Tax Revenue	\$ 782	\$ 1,711	\$ 1,762	\$ 1,913
Miscellaneous Revenue	100	---	---	---
<b>Subtotal Revenue</b>	<b>\$ 882</b>	<b>\$ 1,711</b>	<b>\$ 1,762</b>	<b>\$ 1,913</b>
<b>Expenditures</b>				
Variable Rate Debt Service Savings	50	---	---	---
Payroll Savings	50	---	---	---
Operating Subsidies to the MTA	(392)	(620)	(838)	(848)
Health Insurance	(387)	(385)	(409)	(433)
Social Services (Summarized)	(1,835)	(3,540)	(3,859)	(4,260)
Overtime	(962)	(967)	(971)	(973)
Department of Education (Summarized)	(570)	(1,396)	(2,088)	(2,274)
SNAP Administration Funding Cut	---	(74)	(99)	(99)
Early Intervention	(65)	(76)	(76)	(76)
Supportive Housing	(64)	(64)	(64)	(64)
Residual Services for Asylum Seekers	(207)	139	(308)	(178)
<b>Subtotal Expenditures<sup>1</sup></b>	<b>\$ (4,383)</b>	<b>\$ (6,983)</b>	<b>\$ (8,712)</b>	<b>\$ (9,206)</b>
<b>OSC Risk Assessment</b>	<b>\$ (3,501)</b>	<b>\$ (5,272)</b>	<b>\$ (6,950)</b>	<b>\$ (7,293)</b>
<b>Potential Gaps Per OSC<sup>2,3,4,5</sup></b>	<b>\$ (3,501)</b>	<b>\$ (9,963)</b>	<b>\$ (13,223)</b>	<b>\$ (13,589)</b>

<sup>1</sup> See the Expenditure Trends: Social Services section and the Semi-Autonomous Entities: Department of Education section for details on the financial plan risks at those agencies.

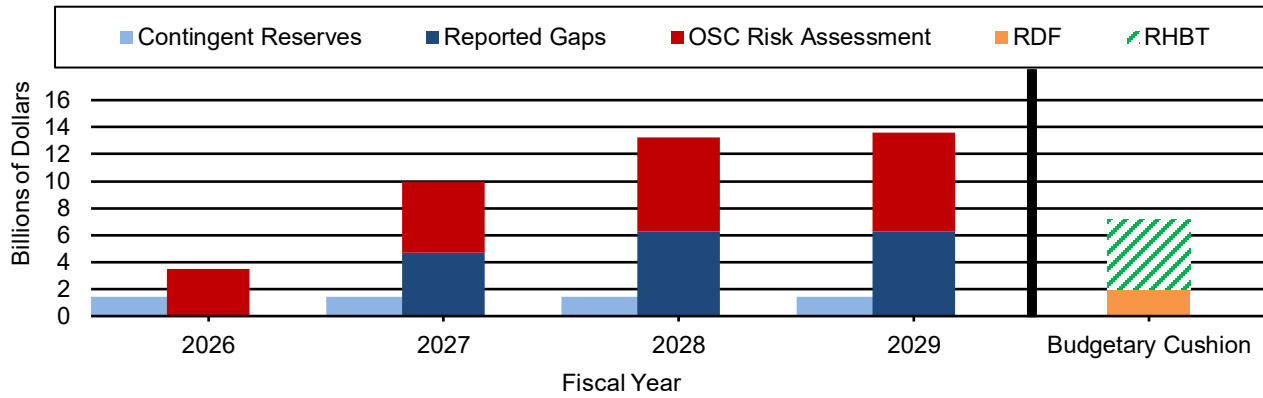
<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> November Plan gaps are inclusive of a general reserve of \$1.2 billion in each of fiscal years 2026 through 2029. In addition, the Capital Stabilization Reserve has a balance of \$250 million in each of fiscal years 2026 through 2029. The November Plan also includes reserves of about \$279 million beginning in FY 2028 to fund potential changes to planned pension contributions from actuarial audit recommendations.

<sup>4</sup> State law requires surplus resources accumulated by the City to be deposited into its Revenue Stabilization Fund. As of FY 2025, the balance held in the Rainy-Day Fund is nearly \$2 billion. These resources would be available to help balance the budget if there were a compelling fiscal need.

<sup>5</sup> See the Social Services: Asylum Services section for details on OSC's assessment of potential costs and anticipated offsets from federal and State assistance.

**FIGURE 3**  
**OSC Adjusted Budget Gaps**



Note: The RDF is the Rainy-Day Fund and the RHBT is the Retiree Health Benefits Trust. In addition to the contingency reserves funded in each year of the plan period, the City maintains an additional budgetary cushion through balance sheet reserves recorded as of June 30, 2025, which may be used to help close future budget gaps.

Sources: NYC Office of Management and Budget; OSC analysis

## II. Economic Trends

---

### National Economy

Since the release of the Adopted Plan, the national economy has added fewer jobs and experienced a higher rate of unemployment than in the beginning of the year. In November, the nation added 64,000 jobs, putting the average job gain over July to November at 23,000, almost 71 percent below the average over the prior five months. The unemployment rate increased to 4.6 percent that month, higher than the 4.2 percent one year prior. At the same time, inflation has continued to exceed the targeted long-term rate of growth, with the consumer price index reaching annualized growth of 3 percent in September, after averaging 2.7 percent this year through August.

The higher unemployment rate, in particular, may influence the Federal Reserve's monetary policy path. The Federal Reserve began cutting the federal funds rate in September 2024, and as of December 2025, the range stands at 3.5 percent to 3.75 percent. Analysts largely assume a pause before another rate cut no earlier than March 2026.<sup>6</sup>

Despite these concerns over a softening labor market, consumer spending has continued to grow, especially among higher-income households.<sup>7</sup> Indeed, spending categories nationally have shifted over the latter part of the year — from necessities like health care and utilities in June to more discretionary items like transportation, food services and recreation by August.<sup>8</sup> Additionally, retail and food service sales for October grew by 3.5 percent over the

year, though the monthly increase moderated following more robust growth earlier. Relatively strong spending is expected to continue through December, albeit growth is expected to be slightly slower than last year over concerns of low- and middle-income consumers easing spending amid inflation and economic uncertainty.<sup>9</sup>

The still strong consumer spending is reflected in gross domestic product (GDP), which grew by 3.8 percent in the second quarter of 2025, following a relatively weak first quarter (advance estimates of third quarter GDP are delayed). The recent growth came amid a decrease in imports and an increase in consumer spending. As of December 2025, S&P Global, an economic forecasting company, expects GDP to grow by 2 percent, higher than the 1.4 percent it expected in June. However, the company also forecasts growth in the fourth quarter of 2025 to slow considerably to 1.2 percent.

The stronger GDP growth forecast partly reflects an easing of trade restrictions. The U.S.'s trade relationship with China has progressed since the spring, namely through a reduction in tariffs imposed to curb fentanyl flows and a reversal on the threat of tariffs in response to China's restrictions on rare earth exports. Still, federal trade policy generally remains uncertain and poses a risk to businesses, consumers and equity markets. While the financial markets have recovered and gained since the losses that emerged after the initial proposal of reciprocal tariffs in April, there remains the possibility of

---

<sup>6</sup> CME Group, FedWatch Tool, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.

<sup>7</sup> Federal Reserve, Beige Book, October 2025, [https://www.federalreserve.gov/monetarypolicy/files/BeigeBook\\_20251015.pdf](https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20251015.pdf).

<sup>8</sup> U.S. Bureau of Economic Analysis, Personal Income and Outlays, June and August 2025, <https://www.bea.gov/news/2025/personal-income-and-outlays-june-and-august-2025>.

[outlays-june-2025](https://www.bea.gov/news/2025/personal-income-and-outlays-june-2025) and <https://www.bea.gov/news/2025/personal-income-and-outlays-august-2025>.

<sup>9</sup> Anne D'Innocenzio, "National Retail Federal Predicts First \$1 Trillion Holiday Shopping Season," AP, November 6, 2025, <https://apnews.com/article/national-retail-federation-holiday-forecast-tariffs-inflation-de5b851a009fed78b446676c1d944853>.

adverse effects from unresolved tariff negotiations and eventual tariff rates. Namely, the course of monetary policy, where the target rate is expected to continue its decline through 2026, may change if tariffs end up increasing price inflation more meaningfully and further reducing consumer spending among less wealthy households as a result.

City Economy

In September 2025, City nonfarm employment was over 4.8 million, up 55,800 jobs from September 2024. Compared to September 2019, the social assistance sector has experienced the largest growth in jobs at 58.1 percent, followed by health care at 25.2 percent and utilities at 9.3 percent. Some sectors lag behind pre-pandemic levels, however, with retail trade jobs almost 15 percent below their 2019 level and construction jobs 16 percent below.<sup>10</sup>

More accurate data based on the State’s unemployment insurance filings suggests that total employment in the City declined by 9,400 jobs (0.2 percent) in the second quarter of 2025 compared to the prior year. This is the first reported decline in jobs since the first quarter of 2021. Total employment remains higher than the pre-pandemic level, however (up 2.9 percent compared to the second quarter of 2019).

While jobs data is lagged, unemployment claims are more current. Total unemployment claims in the City reached 341,160 for the year through December 6, 2025. This represents a 3.4 percent increase over the same period last year, the same increase as in the rest of the State. Compared to 2019, however, claims in the City are up 9.2 percent, far greater than the 0.74 percent outside the City.

The increase in claims over the past year is driven by the trade, transportation and utilities super sector (see Figure 4; local unemployment claims by industry only available through October). The retail trade sector, in particular, fueled the increase, seeing more than triple the number of claims this year compared to last. Information, public administration and education and health services also experienced significant increases in claims.

The securities industry has been a bright spot,

**FIGURE 4**  
Unemployment Claims in New York City by Industry, Year to Date Through October

Industry	2024	2025	Percent Change, 2024 to 2025
Professional and Business Services	66,200	67,640	2.2%
Trade, Transportation and Utilities	48,560	61,230	26.1%
Education and Health Services	41,790	46,340	10.9%
Leisure and Hospitality	37,560	38,660	2.9%
Construction	23,880	23,370	-2.1%
Information	17,630	20,700	17.4%
Financial Activities	13,870	13,500	-2.7%
Public Administration	6,220	7,090	14.0%
Other Services	6,340	6,350	0.2%
Manufacturing	4,530	3,780	-16.6%

Sources: New York State Department of Labor; OSC analysis

however, with pre-tax profits growing by 34 percent to reach almost \$47.7 billion in the first three quarters of 2025, far ahead of the City’s full year projection of \$33.8 billion. While market volatility has risen this year amid fiscal

<sup>10</sup> OSC, New York City Industry Sector Dashboards, March 2022, <https://www.osc.state.ny.us/osdc/reports/nyc-sectors/arts-entertainment-and-recreation> and

<https://www.osc.ny.gov/osdc/reports/nyc-sectors/construction>.

---

and monetary policy uncertainty (as well as more volatile investments such as artificial intelligence and cryptocurrency), financial firms have seen significant growth in revenues from securities trading and account supervision.<sup>11</sup> If the strength in growth continues, profits have the potential to set a new record this year.

The tourism industry has also fared well, despite a downward revision to international visitor numbers in 2025 by NYC Tourism + Conventions. In October 2025, New York City hotel occupancy remained relatively strong at 89.4 percent. While domestic visitors have continued to travel to the City, further changes to federal immigration and trade policy pose risks to tourism and population growth in the City.

Additionally, while office vacancy rates overall remain elevated after peaking in 2024, higher-quality buildings have seen their vacancy rates drop and continue to see strong leasing activity, a positive sign for the commercial real estate market. As net absorption of office space has also improved, demand for commercial real estate is expected to remain strong, as the residential real estate market continues to strengthen.

---

<sup>11</sup> OSC, *The Securities Industry in New York City*, Report 15-2026, October 2025,

<https://www.osc.ny.gov/files/reports/pdf/report-15-2026.pdf>.

### III. Changes Since the June 2025 Plan

In June 2025, the City projected a balanced budget for FY 2026 and budget gaps of \$5 billion in FY 2027, \$6.1 billion in FY 2028 and \$6 billion in FY 2029. The November Plan included changes primarily concentrated in the current fiscal year, maintaining a balanced budget in FY 2026. The November Plan also shows a reduced budget gap in FY 2027 (\$4.7 billion) but increased gaps in each of fiscal years 2028 and 2029 of \$6.3 billion (see Figure 5; next page).

The City revised its tax forecast for FY 2026 upward by a net of \$419 million, with no changes to future fiscal years. The upward adjustment was fueled by increased personal income tax projections of \$727 million, offset by lower business tax collections of \$378 million, with smaller changes to other tax revenues. Non-tax revenue was adjusted up by \$93 million in FY 2026 and an average of \$47 million in each year thereafter, mostly due to higher interest income and fines and fees, with the out-years mostly reflecting an expansion of traffic cameras.

The City also initiated a small savings program (see Figure 6) and anticipates one-time agency savings totaling \$212 million in FY 2026. The agencies have not yet identified how these savings will be achieved and they do not recur. While a source of financial plan savings through FY 2028, debt service is expected to exceed the City's June 2025 projections by \$27.7 million in FY 2029, driven largely by increasing the amount of bond issuances in FY 2027 and FY 2028.

Other gap-closing adjustments included a decrease to the City's planned pension contributions, reflecting asset valuation gains and an actuarial reestimate in FY 2027. The City also identified savings of \$200 million in FY 2026 and \$100 million in FY 2027 from a reestimate of the labor reserve, and a \$50 million reduction in projected spending at the City University of New York (CUNY) to reflect updated tuition estimates.

**FIGURE 6**  
FY 2026 Savings Program  
(in millions) – Decrease/(Increase) to Planned Spending

	FY 2026	FY 2027	FY 2028	FY 2029
<b>Agency Actions</b>	212.0	---	---	---
<b>Debt Service</b>	115.6	53.3	40.2	(27.7)
<b>Total</b>	<b>\$ 327.6</b>	<b>\$ 53.3</b>	<b>\$ 40.2</b>	<b>\$ (27.7)</b>
<b>Restorations</b>	(0.1)	(0.6)	---	---
<b>Net Savings</b>	<b>\$ 327.5</b>	<b>\$ 52.7</b>	<b>\$ 40.2</b>	<b>\$ (27.7)</b>

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

These adjustments partially offset added costs in the November Plan over the plan period, including new needs and partial funding for the anticipated impact of premium rate increases for the municipal health insurance program (HIP).

More than half of the new needs in FY 2026 are one-time additions for social services, including \$400 million for rental assistance, \$150 million for shelter costs, and \$50 million for foster care. Much of the out-year funding reflects costs for 5,000 additional police officers, increasing the budgeted uniform headcount to 40,074 by June 2029. Out-year funding also includes employee fringe benefit adjustments, mostly for new police, and an expanded automated transportation enforcement program for revenue-generation.

The November Plan sets aside \$74 million to prepay FY 2027 expenses and reduce the gap by 1.6 percent, the lowest amount set aside at this point in the budget cycle since FY 2018, when the City did not report a surplus, and which follows a declining trend since the November 2021 Plan (\$965 million surplus).

The City's stated out-year gaps now total a combined \$17.3 billion from FY 2027 to FY 2029. Measured as a share of City fund revenues, the out-year gaps average 6.3 percent. Existing contingencies totaling \$1.45 billion in each fiscal year could be used to narrow the gaps to an average of 4.7 percent of revenues.

## FIGURE 5

### Financial Plan Reconciliation — City Funds November 2025 Plan vs. June 2025 Plan

(in millions)

	<i>Better/(Worse)</i>			
	FY 2026	FY 2027	FY 2028	FY 2029
<b>Projected Gaps Per June 2025 Plan</b>	<b>\$ - - -</b>	<b>\$ (5,044)</b>	<b>\$ (6,103)</b>	<b>\$ (5,964)</b>
<b>Updated Tax Estimates</b>				
Personal Income	727	- - -	- - -	- - -
General Property Taxes	60	- - -	- - -	- - -
Sales Taxes	15	- - -	- - -	- - -
Hotel Taxes	7	- - -	- - -	- - -
Real Estate Transaction Taxes	(1)	- - -	- - -	- - -
Business Taxes	(378)	- - -	- - -	- - -
Other Taxes	(12)	- - -	- - -	- - -
<b>Subtotal</b>	<b>419</b>	<b>- - -</b>	<b>- - -</b>	<b>- - -</b>
<b>Other Revenue Reestimates</b>	<b>93</b>	<b>42</b>	<b>51</b>	<b>48</b>
<b>Total Revenue Reestimates</b>	<b>512</b>	<b>42</b>	<b>51</b>	<b>48</b>
<b>Savings Program</b>				
Agency Reestimates	212	- - -	- - -	- - -
Debt Service	116	53	40	(28)
<b>Subtotal</b>	<b>328</b>	<b>53</b>	<b>40</b>	<b>(28)</b>
<b>Pension Contributions</b>	<b>- - -</b>	<b>449</b>	<b>363</b>	<b>541</b>
<b>Labor Savings</b>	<b>200</b>	<b>100</b>	<b>- - -</b>	<b>- - -</b>
<b>Health Insurance Plan (HIP) Rate Increase</b>	<b>(118)</b>	<b>(121)</b>	<b>(129)</b>	<b>(137)</b>
<b>New Agency Needs</b>	<b>(897)</b>	<b>(243)</b>	<b>(497)</b>	<b>(757)</b>
<b>All Other</b>	<b>50</b>	<b>(1)</b>	<b>1</b>	<b>1</b>
<b>Total Expense Reestimates</b>	<b>(438)</b>	<b>237</b>	<b>(222)</b>	<b>(380)</b>
<b>Net Change</b>	<b>74</b>	<b>279</b>	<b>(170)</b>	<b>(332)</b>
<b>Gaps to Be Closed Before Prepayment</b>	<b>\$ - - -</b>	<b>\$ (4,765)</b>	<b>\$ (6,273)</b>	<b>\$ (6,296)</b>
FY 2026 Prepayment of FY 2027 Expenses	(74)	74	- - -	- - -
<b>Gaps to Be Closed Per November 2025 Plan</b>	<b>\$ - - -</b>	<b>\$ (4,691)</b>	<b>\$ (6,273)</b>	<b>\$ (6,296)</b>

Note: Columns may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis



## IV. State and Federal Actions

---

### State Actions

The November Plan assumes the City will receive \$19.6 billion in total State categorical aid in FY 2026, 17 percent of its operating budget revenue. On May 8, 2025, the State Legislature adopted the budget for State fiscal year (SFY) 2026, which began on April 1, 2025. For a detailed list of components for the Enacted Budget that affected and were incorporated into the City's Financial Plan, see prior OSC analysis [here](#).

In October 2025, the State released its midyear update to the State budget. It reported the economic outlook had improved significantly from the previous forecast, reflecting strong wage growth, continued stock market strength fueled by expected growth in the technology sector, and slower-than-expected impacts from federal tariffs. The improved outlook may reduce or delay negative budgetary impacts to local governments, including New York City, to balance the State budget.

Despite the present positive outlook, the update noted the State continues to face economic risks and fiscal challenges not yet incorporated into the State budget stemming from recent federal legislation and policies and the failure of Congress to pass a short-term concurrent resolution; a softening labor market; unpredictable tariff policies and the inherent risk of stock market concentration in large technology companies. Other budget concerns were the ongoing implications of sustained trends of elevated enrollment and rising costs in public health insurance programs, and federal spending reductions that are expected to negatively impact health care delivery and coverage, social services, public safety, climate change, and clean energy programs.

The Governor's Executive Budget, planned to be released in January 2026, is expected to contain

proposals to help close a \$4.2 billion budget gap in SFY 2027 and gaps as high as \$12.6 billion in SFY 2029. Any actions taken could have a substantial impact on the City's operating budget.

### Federal Actions

The State and the City rely on [substantial federal funding](#) to support State and local initiatives. While federal receipts account for a relatively small portion of the City's FY 2026 operating budget (7.3 percent, or \$8.6 billion), significantly more federal funding is awarded to the State or directly to New York City residents (including more than \$30 billion in Medicaid expenditures). There are also several public authorities and benefit corporations that have close financial relationships with the City that rely heavily on federal funding to fulfill their missions (see the Semi-Autonomous Entities section for details). Many nonprofit organizations are also dependent on federal aid.

The City faces substantial economic and fiscal uncertainty pending the outcome of extraordinary actions already taken by the current federal administration (including trade and immigration policy). However, the City and State, along with other local and state governments across the country, have experienced some success with legal challenges requiring the federal government to release funding under review. The City and State will also have to contend with the ongoing negotiations over discretionary federal spending as part of the FFY 2027 budget.

### Executive Actions

The federal administration has ordered freezes, pauses, and reviews of financial assistance funding to identify grant programs which are implicated by the President's executive orders and could be subject to reduction or elimination. To assess the potential impact of these actions, OSC examined the City's planned use and impact of federal funds by program area in its

---

operating budget across fiscal years 2025 and 2026. (See OSC's April 2025 [analysis](#) for details and a set of accompanying briefs on the 10 largest federal funding streams to the City.) Since that time, while the purpose of these major programs has not changed, the amounts provided by these programs have been updated as part of the Adopted Budget and the most recent November Plan.

Through September 10, the City received multiple notifications that would pause, and/or partially or fully terminate legally appropriated federal awards. Based on the list of grants implicated by these notifications, the City has identified a possible risk of up to \$297 million in operating expenses through FY 2027.

Several executive actions have been or are being challenged in court (by the City or by other governmental entities in litigation that the City has joined). Examples include the elimination of certain pandemic health grants, reimbursements from the Federal Emergency Management Agency (FEMA) for humanitarian services, and funding for magnet schools. The elimination of such grants could have an adverse impact on the City's financial plan. The November Plan did not include a reduction in federal receipts stemming from these executive actions. However, the City has a history of budgeting federal receipts conservatively, which may help mitigate adverse impacts of deferred or rescinded grants.

The November Plan also assumes funding to the City for the early childhood program, Head Start, will be fully phased out over a two-year period through FY 2027, following notification from the federal government that the City's renewal application has been denied.

## **Federal Budget**

As detailed in our [August 2025 report on the City's financial plan](#), Congress approved a budget reconciliation bill in July 2025 that includes extensions of tax cuts enacted in 2017

and other tax changes, the fiscal impact of which would be partially offset by significant reductions in mandatory spending (including Medicaid and Supplemental Nutrition Assistance Program or SNAP). According to a revised estimate issued by the New York State Division of Budget (DOB) in the midyear update to the SFY 2026 financial plan, the reconciliation package includes a number of changes that could cost the State \$952 million in SFY 2026, rising to \$4.3 billion by SFY 2029. While the State's short-term financial position has improved since the beginning of SFY 2026, absent alternatives, the State could shift a portion of the cost of the reconciliation package to local governments including the City. The Governor will release her Executive Budget proposal in early 2026, which could provide more clarity on how the State intends to absorb the impact of the reconciliation package in the long run while mitigating harm to its localities.

The City also faces certain risks stemming from the reconciliation package directly, including the impact of a reduction in federal reimbursement of administrative costs of the SNAP program as well as a new non-federal share requirement of up to 15 percent of SNAP program costs, effective October 1, 2027. (See additional detail in OSC's August 2025 report.)

Funding for other federal programs will be addressed by future negotiation over the discretionary budget for FFY 2026, which includes several programs on which the City relies. OSC's August 2025 report also includes examples of some of these programs that the President is requesting to cut or eliminate in the FFY 2026 budget. The sharpest cuts would be concentrated in safety net (health and welfare), education, and housing assistance programs. So far, Congressional appropriators have advanced appropriation bills which restore many of the cuts proposed by the President, but Congress is still contemplating a sizable reduction in non-defense spending.

---

After budget negotiations for FFY 2026 stalled in the fall of 2025, the federal government experienced the longest shutdown in U.S. history (43 days). On November 12, 2025, Congress approved a stop-gap measure to reopen the government and provide funding for federal operations through January 30, 2026. But until (or unless) Congress acts to extend funding longer or approves an omnibus spending package to fund operations over the remainder of the federal fiscal year, the State and the City will continue to face significant short-term economic and fiscal uncertainty.

## V. Revenue Trends

The November Plan increased the City's FY 2026 total revenue forecast, which includes locally generated revenues (i.e., City funds) and federal and State categorical aid, from the June Plan by \$2.3 billion. The City now expects total revenues to decrease by 0.2 percent from the prior year to \$118.2 billion in FY 2026, the first decline since FY 2009. However, this decrease would be better than the 4 percent decline the City anticipated in June. While a portion of the upward adjustment reflects higher-than-expected collections from City funds, most of the increase is due to federal and State grants.

The November Plan expects \$1.7 billion more in FY 2026 from federal and State grants than anticipated at the beginning of the fiscal year. The additional funding is concentrated in social services and public safety and judicial programs, much of which is fueled by cost sharing agreements and enrollment patterns.

Even with the increase in forecast, the City expects these grants to total \$926 million less than the prior year. Because of this decline and relatively slow growth in City funds (despite the increase to projections), the City expects a decline in total revenues in FY 2026.

The November Plan increased the FY 2026 forecast for City fund revenues by \$512 million from the June Plan. This increase reflects better-than-expected year-to-date collections. City fund revenues are now expected to reach a record high of \$88 billion in FY 2026, accounting for 74 percent of total revenues, a record high share (data going back to FY 1980; see Figure 7). Tax collections account for 93 percent of City fund revenues; miscellaneous revenues account for 7 percent.

The November Plan increased the FY 2026 forecast for total tax collections by \$418 million, which would have been even higher if not for a \$378 million downward adjustment for business taxes. The increase in total collections is due to stronger-than-expected collections from other non-property taxes through October, primarily from personal income tax (PIT). Through the first four months of FY 2026, non-property tax collections (including audits) were \$182 million higher than the June Plan's forecast.

The City now expects total tax collections to increase by 1.8 percent from the prior year to a record high of \$81.7 billion in FY 2026 (see

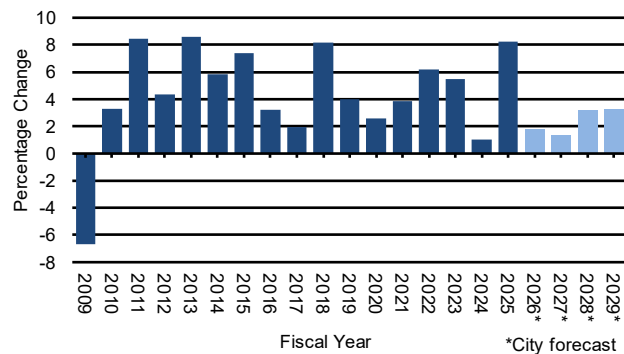
**FIGURE 7**  
**Trends in City Fund Revenues**  
(in millions)

	FY 2026	Annual Growth	FY 2027	FY 2028	FY 2029	Average Three-Year Growth Rate
General Property Tax	\$ 35,221	1.6%	\$ 36,524	\$ 37,603	\$ 38,717	3.2%
Personal Income Tax	18,726	1.7%	18,280	19,179	19,983	2.2%
Sales Tax	10,705	3.4%	11,041	11,484	11,911	3.6%
Business Taxes	10,507	2.3%	10,274	10,351	10,617	0.3%
Real Estate Transaction Taxes	2,145	6.1%	2,253	2,367	2,477	4.9%
Other Taxes	3,628	-0.9%	3,678	3,717	3,817	1.7%
Tax Audits	809	-14.1%	779	779	779	-1.3%
<b>Subtotal: Taxes</b>	<b>81,741</b>	<b>1.8%</b>	<b>82,829</b>	<b>85,480</b>	<b>88,301</b>	<b>2.6%</b>
Miscellaneous Revenues	6,311	-5.2%	6,121	6,161	6,212	-0.5%
Unrestricted Intergov. Aid	2	N/A	0	0	0	N/A
Grant Disallowances	(15)	N/A	(15)	(15)	(15)	0.0%
<b>Total</b>	<b>88,039</b>	<b>1.2%</b>	<b>88,935</b>	<b>91,626</b>	<b>94,498</b>	<b>2.4%</b>

Note: Personal Income Tax includes the Pass-Through Entity Tax and assumes the passage of "Axe the Tax."

Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 8**  
Annual Percent Change in Tax Revenues



Note: Includes revenue from tax audits.  
Sources: NYC Office of Management and Budget; OSC analysis

Figure 8). However, this growth would be much slower than the 8.3 percent growth in FY 2025.

The November Plan made very minor changes to the total revenue forecasts for fiscal years 2027 through 2029. However, because of the higher base in FY 2026, the City now expects total revenue to decrease by 1.1 percent in FY 2027, led by a \$2.1 billion decline in federal and State grants. As a result, the average annual change in total revenues from 2027 through 2029 is an increase of just 1.3 percent, which OSC anticipates is conservative, but reasonable, given uncertainty in federal fiscal policy and the potential response to such changes.

The City also made minimal adjustments to its out-years forecast for City funds, which are now expected to have an annual average growth of 2.4 percent over the period. The November Plan did not change the forecast for tax collections for this period and expects collections to increase at an annual average of 2.6 percent, slower than the 4.9 percent average from fiscal years 2021 through 2025, reflecting steady but slower economic growth.

While the economic outlook remains uncertain, OSC estimates tax collections (\$682 million) and audits (\$100 million) will likely be higher than the City's forecast in FY 2026. In the out-years of the

plan, OSC estimates tax collections will exceed the forecast by an annual average of approximately \$1.8 billion resulting in average annual growth of 3 percent. In total, OSC believes revenues will be \$6.2 billion higher throughout the financial plan period.

## General Property Tax

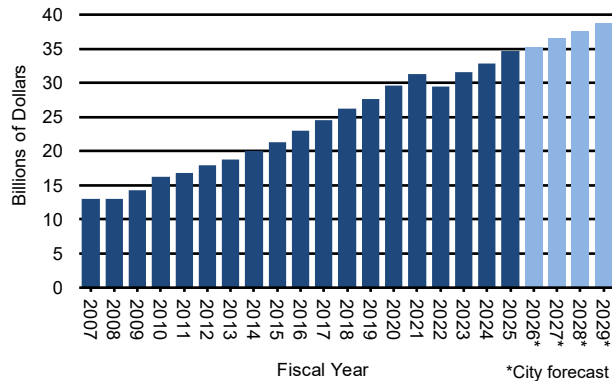
In the November Plan, the City revised its forecast for property tax collections upward by \$60 million in FY 2026. This increase reflects additional revenue from the lien sale that took place in June of 2025 but was not realized until the current fiscal year. The City now expects total collections for FY 2026 to reach a record high of \$35.2 billion, an increase of 1.6 percent over the prior fiscal year. Growth is driven by increases in billable property values on the FY 2026 Final Property Tax Assessment Roll released in May (see [OSC's May Plan](#) report for details).

The City made no changes to expected collections in the out-years. Property tax collections are expected to grow 3.7 percent in FY 2027 and 3 percent annually in the two subsequent fiscal years, bringing expected collections to \$38.7 billion in FY 2029 (see Figure 9). This represents a compound annual growth rate of 3.2 percent for fiscal years 2027 to 2029, lower than the rate of 3.8 percent in fiscal years 2024 to 2026, and well below the pre-pandemic growth rate of 6.6 percent for fiscal years 2015 to 2020.

The City expects the property tax reserve (the amount of the levy set aside for delinquencies, cancellations, abatements, refunds and other offsets) to increase in FY 2026 to 7.3 percent of the total levy, higher than the 6 percent seen in FY 2025 (which were reduced by revenues from the revived lien sale process) and the average



**FIGURE 9**  
Property Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

rate of 6.8 percent in fiscal years 2021 to 2024. The City has been overestimating the reserve in recent years, which suggests revenues may outpace the forecast if the trend continues (see OSC’s [June Plan report](#) for details).

Residential property values showed continued strength this year, up 3.4 percent for the fiscal-year-to-date (July through October) compared to the prior fiscal year.<sup>12</sup> Commercial property leasing continued to improve from pandemic lows, with 35 million sq. ft. of office space leased in the first 10 months of the year, up 14.1 percent from the same period in 2024.<sup>13</sup> Office vacancy rates have declined over the past year, and net absorption has turned positive.<sup>14</sup> Demand is expected to remain strong, though the potential for economic headwinds is a risk to the forecast.

Given the strength in property values, OSC expects that property tax collections may exceed the forecast by more than \$600 million for fiscal years 2027 to 2029, based on historical trends, the City’s forecast for growth in the property tax levy, and the potential

<sup>12</sup> Zillow, “Zillow Home Value Index, All Homes, Smoothed & Seasonally Adjusted,” for New York MSA, accessed on November 19, 2025, <https://www.zillow.com/research/data/>.

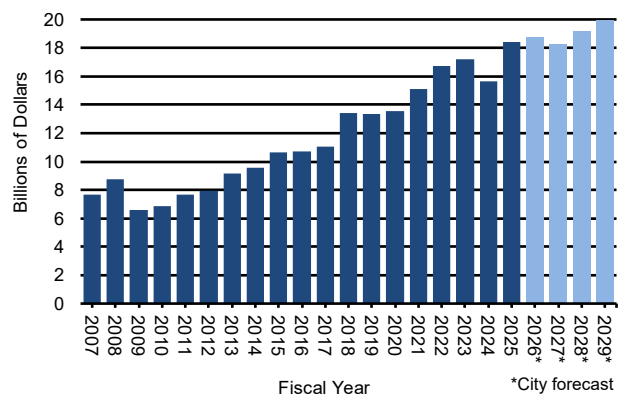
<sup>13</sup> Newmark, “New York City Office Market Update November 2025,” November 19, 2025,

overestimation of the reserve level in the out-years. However, the forecast still faces risks from broader uncertainty around the economy, federal housing and monetary policy.

## Personal Income Tax

The November Plan increased the FY 2026 forecast from the June Plan for total personal income tax (PIT), including the Pass-Through Entity Tax (PTET), by \$727 million, reflecting better-than-expected collections. As a result, total PIT collections are now expected to increase by 1.6 percent in FY 2026 to reach a record high of \$18.7 billion, better than the June Plan’s forecast of a 2.2 percent decline (see Figure 10).

**FIGURE 10**  
Total Personal Income Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

Year-to-date collections through October were 14.7 percent higher than in the same period last year and \$521 million ahead of what the June Plan expected for that period. The growth has been driven by both withholding (i.e., the amount of tax taken from employee paychecks) and non-withholding components of PIT.

Since the June Plan, the cap on State and local tax deductions was extended. As a result, the

<https://www.nmrk.com/insights?type=Market%20Reports&region=New%20York>.

<sup>14</sup> “MarketBeat Manhattan Office Q3 2025,” Cushman & Wakefield, <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/new-york-city-area-marketbeats>.

November Plan extended PTET into the out-years and made adjustments to the forecast of almost all components of PIT compared to the June Plan.

The City decreased the forecast for withholding by \$1 million in FY 2026. The City now expects withholding to increase by 0.2 percent in FY 2026 to reach \$13.4 billion, reflecting the City's assumption of job and wage growth slowing. Collections from withholding through October were 7.2 percent higher than the same period last year as wages increased.

The November Plan increased the FY 2026 forecast for non-withholding components by a combined \$728 million to reach \$5.3 billion. These components are now expected to increase by 5.4 percent in FY 2026, much better than the 9.2 percent decline the June Plan had anticipated. Through October, collections were 36.9 percent higher than during the same period last year, as equity markets have experienced strong growth.

The November Plan did not make adjustments to the total PIT forecast for fiscal years 2027 through 2029. Because of the higher base in FY 2026, the City now projects total PIT collections to increase by an annual average of 2.2 percent in the out-years, reflecting the City's assumption of moderating economic growth. However, this rate of growth is much slower than the average annual growth (6.9 percent) in the five fiscal years before the pandemic. The growth in the out-years is led entirely by withholding as its average annual growth is projected at 4.8 percent during this period, while that of non-withholding components is expected to decline by 4.9 percent.

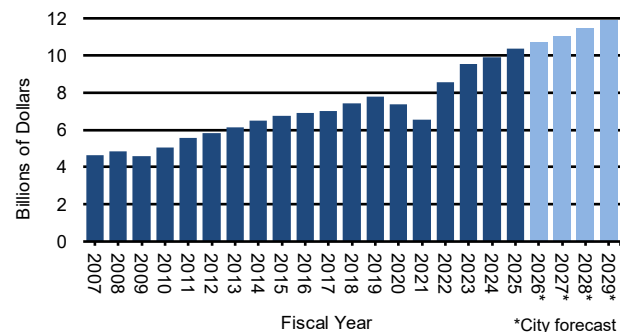
The many uncertainties regarding the economy as well as the lack of recent economic data has made it more difficult to forecast collections. However, with double-digit gains in the equity

markets and an expected increase in bonuses this year, OSC expects collections will be \$600 million more than the City's FY 2026 forecast.<sup>15</sup> With a higher base in FY 2026 and as non-withholding components rise amid a projected decline in interest rates in FY 2026 and beyond, OSC projects PIT collections will be higher by an annual average of \$1.2 billion in the out-years.

## Sales Tax

The November Plan increased the FY 2026 forecast for sales tax collections by \$15 million but made no adjustment to the out-years when compared to the June Plan. The City expects collections to grow 3.4 percent in FY 2026, reaching \$10.7 billion (see Figure 11). In the first four months of FY 2026, collections grew 6.1 percent from the same period in FY 2025.

**FIGURE 11**  
Sales Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

According to the Federal Reserve's November Beige Book, consumer spending in the New York district (which includes parts of New Jersey and Connecticut and all of New York State) was mixed from October 2025, as high-end retail sales remained resilient despite sales declines at smaller retailers.<sup>16</sup> Consumer spending remains resilient for now as New York City taxable sales for the first six months (March-August 2025) in

<sup>15</sup> "Financial Services Compensation Third Quarter Trends and Year-End Projections," Johnson Associates, November 5, 2025.

<sup>16</sup> New York Federal Reserve, Beige Book, November 2025.

State Tax Year 2026 grew 5.1 percent compared to the same period last year, which was driven by hospitality and professional and business services sector growth. However, uncertainty remains in FY 2026 as concerns about consumer spending amid continued inflation could affect sales in the upcoming months.

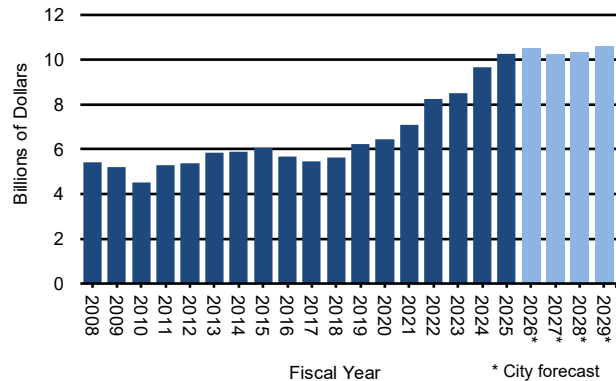
OSC estimates that collections in FY 2026 could be \$50 million higher than what's reflected in the City's November Plan due to a continuation of recent resilience in consumer spending and strong year-to-date collections. Starting in FY 2027, collections could be \$150 million higher annually than the City's projections, based on the adjustment to the baseline made since the June Plan.

## Business Taxes

The November Plan's FY 2026 business tax forecast is \$378 million lower than the June Plan compared to the same period last year. The adjustment is due to collections declining 5.5 percent through October. Despite the downward adjustment, the City estimates the year-over-year increase in business tax collections will still be 2.3 percent in FY 2026, to reach a record high of \$10.5 billion, fueled by business corporation taxes (BCT) (see Figure 12).

BCT constitute more than two-thirds of total business tax collections and are primarily driven by profits from member firms of the New York Stock Exchange. The City made a downward adjustment of \$330 million in its FY 2026 forecast and now expects collections to grow 3.7 percent to reach \$7.1 billion, a reflection of collections slowing down. FY 2026 collections declined 13.9 percent through October, compared to the same period last year. This decline can be attributed to the drop in business tax payments in the finance sector, specifically the commercial banking subsector, which have

**FIGURE 12**  
Business Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

declined 8.6 percent from January to September compared to the same period last year. The sectoral decline so far this calendar year suggests collections may continue to decline in fiscal year 2026 before returning to a growth trajectory.

Unincorporated business taxes (UBT), which make up the remainder of total business tax collections, saw a year-over-year increase of 14.3 percent through October 2025. The growth can be attributed to finance sector firms (i.e., hedge funds), which constitute 65 percent of UBT net payments. Tax payments have seen strength growing 38 percent calendar year-to-date through September 2025, compared to the same period last year. The service sector, which makes up 46 percent of UBT net payments, has grown 14 percent through September compared to the same period last year. However, the City lowered the FY 2026 forecast by \$48 million to \$3.4 billion, a less than 1 percent decline from FY 2025, to match the trend of current collections.

In FY 2026, OSC estimates total business tax collections will reach \$10.4 billion, a 1.7 percent increase from FY 2025, but \$68 million less than the City's November plan forecast. The City made no adjustments to the out-years forecast from the

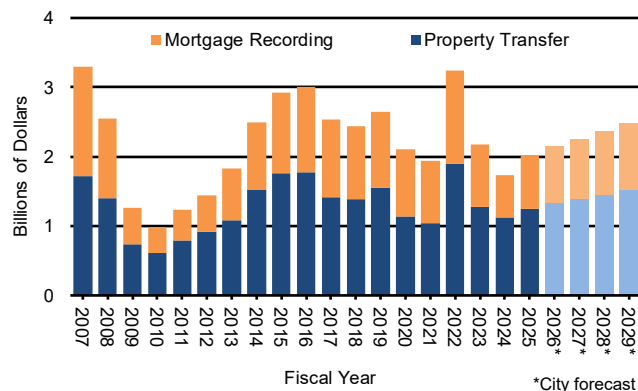


previous plan, which is expected to have an annual average growth of 1.7 percent over the period.

## Real Estate Transaction Taxes

The November Plan makes a very minor adjustment to expected real estate transaction tax collections in FY 2026, reducing the total by \$1 million. Total collections are expected to reach \$2.1 billion, an increase of 6.1 percent over the prior fiscal year (see Figure 13).

**FIGURE 13**  
Real Estate Transaction Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

The City makes no changes to the forecast in the out-years. Transaction taxes are expected to grow at a compound average annual growth rate of 4.9 percent in fiscal years 2027 to 2029, slower than the growth rate seen in FY 2025 (17.1 percent). Sales volumes have been volatile in recent years as the pandemic recovery and interest rate policy have caused large swings in the market.

Total sales dollars are up 10.7 percent in the first four months of the fiscal year compared to FY 2025.<sup>17</sup> Residential sales show a small uptick of 2.2 percent during this period, while total

commercial sales dollars have increased 27.8 percent. The increase was driven by real estate company RXR's purchase of the former IBM building for \$1.08 billion in August, the largest office building sale in three years.<sup>18</sup> Though they are smaller components of the overall commercial market, both hotel and retail sales dollars also increased during this period, by 20 percent and 16.8 percent, respectively.

Given the strength of property sales in the fiscal year-to-date, OSC expects FY 2026 collections to exceed the November Plan forecast by \$100 million. However, uncertainty related to monetary policy and its impact on the economy continues to pose a risk.

## Hotel Tax

The November Plan increased the FY 2026 forecast for hotel tax collections by \$7 million from the June Plan. The City expects collections to grow 6.2 percent and reach \$818 million in FY 2026 (see Figure 14). The adjustment reflects year-to-date growth through October of 6.6 percent. There are no changes to the out-year projections in the financial plan.

According to NYC Tourism + Conventions' (the City's official tourism agency) latest forecast, the City's visitor numbers are not expected to reach pre-pandemic levels in 2025 as international visitors, who tend to spend more than domestic visitors on an average visit, from some countries are anticipated to reduce travel to the U.S., including New York City.<sup>19</sup> In October 2025, New York City hotel occupancy remained relatively strong (89.4 percent). The City's

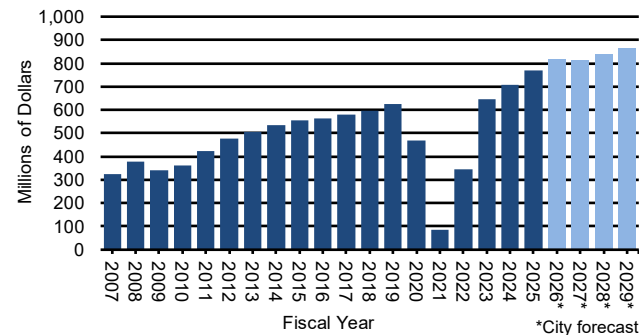
<sup>17</sup> NYC Department of Finance Automated City Register Information System (ACRIS) preliminary data. These figures may moderate with subsequent data revisions.

<sup>18</sup> Andria Cheng, "RXR Buys Former IBM Building in New York for \$1.08 Billion," CoStar, August 14, 2025,

<https://www.costar.com/article/1330143275/rxr-buys-former-ibm-building-in-new-york-for-1-08-billion>.

<sup>19</sup> Matthew Haag, "New York City Predicted Record Tourism. Then Came Trump.," *The New York Times*, May 8, 2025, <https://www.nytimes.com/2025/05/08/nyregion/nyc-tourism.html>.

**FIGURE 14**  
**Hotel Tax Revenues**



Sources: NYC Office of Management and Budget; OSC analysis

occupancy rate was the highest among the top 25 U.S. hotel markets.<sup>20</sup>

Domestic tourism remains strong and is partially offsetting the international tourism slowdown. There are hopeful signs of continuing resiliency as events such as the United States 250th anniversary celebration is expected to bring six million visitors to the City for six days in July 2026.<sup>21</sup> Also, the World Cup is expected to bring in over one million visitors into the New York City metropolitan area.<sup>22</sup>

OSC projects collections could be \$50 million higher annually than the City's projections beginning in FY 2027, based on continued consumer resilience and the City's adjustment to the baseline made since the June Plan.

## Miscellaneous Revenues

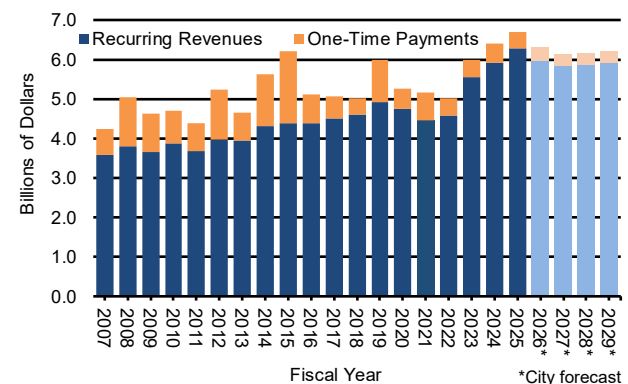
Miscellaneous revenues, consist of recurring revenues and one-time payments. The November Plan expects miscellaneous revenues in FY 2026 to decline 5.7 percent to \$6.3 billion (see Figure 15). The projected decline was led by lower interest income due to lower rates and

adjusting fines and forfeitures down as weather is expected to be less mild than the prior year. However, in the first four months of FY 2026, total miscellaneous revenues fueled by water and sewer payments and fines and forfeitures grew 9.3 percent compared to the same period in FY 2025, much stronger than the City's 5.7 percent expected decline.

For a majority of miscellaneous revenues there were no substantial changes in the out-years. However, fines and forfeitures were increased by an average of \$55 million starting in FY 2026 because of redlight and bus lane camera program expansions. Water and sewer payments were reduced by an average of \$12 million starting in FY 2026 because of smaller rental payments anticipated since the June Plan.

OSC anticipates recurring miscellaneous revenues could be \$100 million or higher than the November Plan in FY 2026 based on stronger year-to-date collections.

**FIGURE 15**  
**Total Miscellaneous Revenues**



Sources: NYC Office of Management and Budget; OSC analysis

<sup>20</sup> "U.S. Hotel Performance for October 2025," CoStar, press release, November 19, 2025, <https://str.com/press-release/us-hotel-performance-october-2025>.

<sup>21</sup> Catalina Gonella, "New York City Expects 6 Million Visitors for 250th Anniversary Celebration in 2026," *Gothamist*, July 3, 2025,

<https://gothamist.com/news/nyc-expects-6-million-visitors-for-250th-anniversary-celebration-in-2026>.

<sup>22</sup> New York City Mayor's Office, "Goal!!!! New York New Jersey Awarded FIFA World Cup 26™ Final," <https://www.nyc.gov/content/getstufdone/pages/world-cup-26>.

# VI. Expenditure Trends

Citywide expenditures are projected to total \$121.9 billion in FY 2026, after adjusting for surplus transfers, which obscure total expenditures (see Figure 16). The portion of citywide spending funded with locally generated revenue (i.e., City funds) is estimated at nearly \$91.8 billion. The portion funded with other sources, mostly federal and State grants, is \$30.2 billion (24.8 percent).

The November Plan anticipates city-funded spending will rise by 1.1 percent to \$90.3 billion in FY 2026, excluding \$1.45 billion in contingent reserves and \$1.6 million in savings in FY 2025 for the overestimation of prior years' expenses net of receivable write downs. However, OSC estimates that city-funded spending will rise in FY 2026 based on recent trends and that spending will exceed the City's current forecast in each year of the financial plan period.

The City anticipates growth in labor costs and debt service in FY 2026 will be offset in part by spending on payouts for judgements and claims, public assistance, and asylum seeker services declining sharply.

The November Plan assumes the growth in spending would accelerate to an average of 3.2 percent over the next three years. The City expects the impact of projected wage increases on labor costs, debt service, and health

insurance costs will be the largest cost drivers through the balance of the financial plan period. It is notable that this growth rate assumes a number of expenses will not be funded at FY 2026 levels, even as these costs are likely to exceed current projections without substantial changes to demand or operations.

The November Plan expenditure trends are shown in Figure 17 and discussed below.

## Expenditure Risks and Offsets

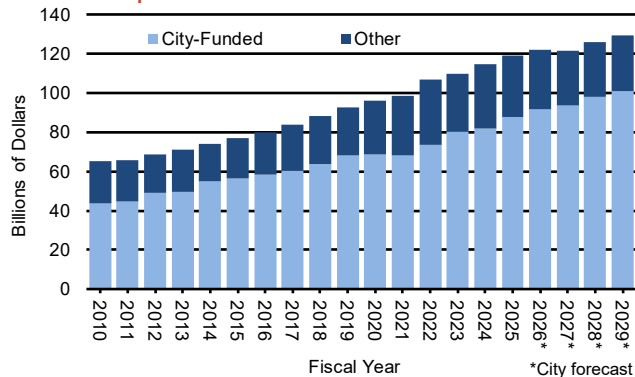
OSC anticipates several budget items are not fully aligned with historical cost trends or service demand. In the November Plan, the City added funding to address a portion of these budgetary risks identified by OSC in previous reports on the City's financial plan (mostly social services such as rental assistance and non-asylum shelter costs). However, sizable risks and fiscal uncertainties remain, beginning in the current fiscal year.

Education and social service budget risks make up the bulk of budgetary risks. The City could incur additional operating costs at the Department of Education (DOE), rising from \$570 million in FY 2026 to nearly \$2.3 billion by FY 2029, including funding to meet the state-imposed mandate to reduce class sizes. Funding in the November Plan for several of the City's social service expenses is also likely underbudgeted. OSC projects that these costs still could be higher than planned by \$1.6 billion in FY 2026, and would be substantially higher by \$3.2 billion in FY 2027, \$3.2 billion in FY 2028 and \$3.6 billion in FY 2029.

OSC has also identified other relatively large risks fueled by underbudgeting for mandated operating subsidies for public transit and overtime costs. These risks are detailed throughout the expenditures section of this report.

In contrast, the City is also projecting a number of costs which may be overestimated. For one,

**FIGURE 16**  
**Annual Expenditures**



Note: Adjusted for surplus transfers and debt defeasances. City forecast includes budgeted reserves beginning in FY 2026.  
Sources: NYC Office of Management and Budget; OSC analysis

the City's annual debt service is based on conservative assumptions. As in prior years, OSC anticipates that actual spending will be lower than planned. However, the amount of savings will depend upon the City's borrowing needs and the prevailing interest rates in the municipal debt market, which can be difficult to predict. The City is also unlikely to achieve its target headcount in the current year, which should allow for some payroll savings. In total, the expenditure risks identified by OSC, net of offsets, are estimated to total \$4.4 billion in FY 2026, rising to \$9.2 billion by FY 2029.

In addition, the federal administration has taken a number of actions and proposed budgetary changes that could increase costs or reduce revenue to New York State or New York City. These federal actions may also create economic or fiscal risks for the City, as noted earlier in the State and Federal Actions section of this report.

The November Plan does not include any adjustments to reflect the potential loss of funding for federal aid awarded to the City that is implicated by the federal executive actions. The

City has set aside \$1.45 billion annually in contingent reserves during the financial plan period, which could be used to help offset budgetary risks if not needed for any other purpose. The City also has some lead time to address its larger out-year risks and has implemented substantial gap-closing programs in the past; however, these choices may have an impact on the City's ability to provide municipal services.

### Full-Time Staffing Levels

Since the beginning of FY 2026, the City's full-time workforce has increased (by 1.4 percent) to 291,394 employees as of September 2025 (see Figure 18). Recently, a number of City agencies have suggested that services provided have been impacted by [staffing challenges](#).

The November Plan assumes staffing will total 305,777 employees as of June 30, 2026, an increase of 4.9 percent over current levels, which appears ambitious based on recent hiring and attrition trends. The increase in planned staffing is concentrated at the DOE (2,568 positions),

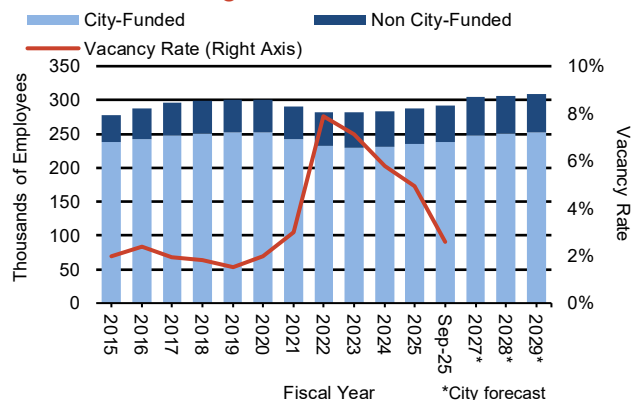
**FIGURE 17**  
Trends in City-Funded Spending in November 2025 Financial Plan  
(in millions)

	FY 2025	FY 2026	Annual Growth	FY 2027	FY 2028	FY 2029	Average Three-Year Growth Rate
Salaries and Wages	\$23,240	\$23,660	1.8%	\$24,920	\$26,126	\$27,086	4.6%
Pension Contributions	9,884	10,334	4.6%	10,487	11,366	10,829	1.6%
Debt Service	7,446	8,437	13.3%	9,391	10,396	11,345	10.4%
Medicaid	6,353	6,156	-3.1%	6,631	6,781	6,931	4.0%
Health Insurance	7,789	8,046	3.3%	8,435	8,923	9,449	5.5%
Other Fringe Benefits	3,598	4,225	17.4%	4,400	4,614	4,830	4.6%
Energy	1,005	1,086	8.0%	1,186	1,178	1,155	2.1%
Judgments and Claims	1,363	683	-49.9%	700	722	751	3.2%
Public Assistance	1,286	875	-31.9%	1,225	1,485	1,735	25.6%
Services for Asylum Seekers	1,510	1,164	-22.9%	1,200	500	500	-24.5%
Residual OTPS	25,828	25,635	-0.7%	23,674	24,359	24,735	-1.2%
<b>Subtotal</b>	<b>\$89,302</b>	<b>\$90,302</b>	<b>1.1%</b>	<b>\$92,250</b>	<b>\$96,449</b>	<b>\$99,344</b>	<b>3.2%</b>
General Reserve	---	1,200	NA	1,200	1,200	1,200	0.0%
Capital Stabilization Reserve	---	250	NA	250	250	250	0.0%
Prior-Year's Expenses	(1,640)	---	NA	---	---	---	0.0%
<b>Total</b>	<b>\$87,662</b>	<b>\$91,752</b>	<b>4.7%</b>	<b>\$93,700</b>	<b>\$97,899</b>	<b>\$100,794</b>	<b>3.2%</b>

Note: Totals may not add due to rounding. Spending is adjusted for surplus transfers.

Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 18**  
**Full-Time Staffing Levels**



Note: FY 2026 is shown as year-to-date actuals for September 2025.  
Sources: NYC Office of Management and Budget; OSC analysis

Police Department (2,562 positions), Department of Corrections (1,619 positions), and the Department of Social Services (1,536 positions). (See Appendix A for details.)

The November Plan also assumes the number of uniformed members at the Police Department would be increased by an additional 5,000 police officers over a three-year period beginning in FY 2027. The Plan assumes that by FY 2029, the number of police officers and superior officers at the Police Department would total 40,074 employees, nearly tied with the highest year-end level on record since FY 1977.

In past years, the City has realized significant savings from overestimating full-time payroll spending. These financial plan savings have helped to offset other costs not assumed in the financial plan, including overtime. In FY 2026, the City lowered its forecast of personal service spending by \$29 million as part of the FY 2026 Savings Program. Based on payroll data through November 2025, OSC estimates the City could

realize an additional \$50 million in personal service savings in that year.

In recognition of the intersection of fiscal and operational challenges associated with staffing levels, OSC has expanded on the Mayor's Management Report presentation with the launch of an [Agency Services Monitoring Tool](#), starting in December 2024. OSC also maintains a tracker providing information on [311 service requests](#).

## Collective Bargaining

As of November 2025, virtually the entire unionized workforce (over 98 percent) had reached new labor agreements with the City for the 2021-2026 round of bargaining. The City, which has a long history of pattern bargaining, assumes that the terms of the collective bargaining agreement ratified by the members of District Council 37 (DC 37) in March 2023 and the Police Benevolent Association (PBA) in April 2023 will apply to all other relevant civilian and uniformed unions.

The November Plan includes reserves in each year of the financial plan period to fund anticipated labor costs for all the settled contracts based on the DC 37 and PBA framework and assumes pattern-conforming agreements will be reached with the remainder of the City's workforce.<sup>23</sup> The labor contracts with the unions representing rank-and-file police officers and firefighters have recently expired, but contracts with the largest collective bargaining units (DC 37 and the United Federation of Teachers) will not expire until fiscal years 2027 and 2028, respectively).

<sup>23</sup> The civilian pattern established under the DC 37 agreement provides for base wage increases totaling 16.21 percent compounded over five years beginning the day after the expiration of the previous civilian contract. The uniformed pattern established under the PBA agreement provides for base wage increases totaling

18.98 percent compounded over five years (including 0.21 percent in funding for entry and early tenure pay). The November Plan includes reserves to fund annual 1.25 percent wage increases for the entire workforce beyond the current round of bargaining.



## Health Insurance

The City has approved a new self-insured health plan, the New York City Employees Preferred Provider Organization (NYCE PPO) health plan, to cover an estimated 750,000 active City employees, pre-Medicare retirees, and their dependents (roughly three-quarters of the City's workforce and their families).

The NYCE PPO health plan will replace the current GHI CBP/Anthem BlueCross and BlueShield plan, effective January 1, 2026, but would maintain premium-free coverage through at least five years and expand the network of doctors and mental health specialists. Employees will continue to have the choice of enrolling in other plans offered by the City, including the HIP-HMO and MetroPlus plans, which also have no employee premiums.

The City indicates the new health plan will generate recurring savings of about \$900 million annually, attributed mainly to provider discounts and plan management. The savings estimate was prepared by an independent health actuarial consultant. The City plans to use the savings for programs intended to be funded by the Health Insurance Stabilization Fund (or HISF, which is outside the City's operating budget but was effectively unable to meet all of its contractual obligations through FY 2025). These programs include a prescription drug benefit program (called the "PICA" program), which covers self-injectable and chemotherapy medications. The HISF also makes other contractually-required payments such as a supplemental contribution to the union-administered welfare funds, which also provide prescription drug coverage as well as dental and vision care among other benefits.

The New York City Office of Management and Budget (OMB) did not reflect the potential impact of the NYCE PPO in the November Plan. In the interim, OMB has incorporated the partial impact (representing about one-quarter of the workforce) of a higher-than-expected HIP-HMO premium hike of 12.2 percent for FY 2026,

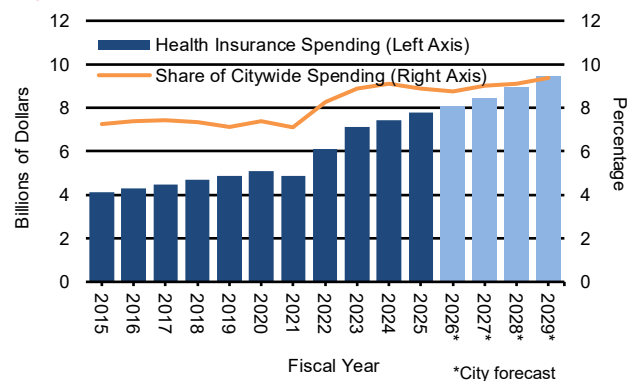
compared to the previous financial plan assumption of 5.5 percent (a risk OSC cited in its [August 2025 report](#) on the City's June 2025 Financial Plan). In addition, OMB also reflected the partial impact of savings from an anticipated HIP-HMO rate hike of 4.9 percent effective in FY 2027, slightly lower than was assumed in the June Plan (5.25 percent). Accordingly, city-funded health insurance costs are projected to rise from \$8 billion in FY 2026 to \$9.4 billion in FY 2029 (see Figure 19).

Despite the City realizing significant savings to accrue to the HISF, health insurance costs may still be higher than assumed in the Plan.

Under local law, the HIP-HMO plan is the benchmark plan used to determine the amount the City pays to cover the employer share of health insurance premiums for all active and pre-Medicare plans. In our August 2025 report, OSC previously noted that the higher-than-assumed growth in premiums could increase City spending by at least half a billion in FY 2026, and by increasingly larger amounts in each year thereafter.

Since June 2025, the City has added funding (\$118 million in FY 2026, rising slightly each year to \$137 million in FY 2029) to cover the revised estimate of the cost of the HIP-HMO rate hikes in fiscal years 2026 and 2027 for only about one-

**FIGURE 19**  
Health Insurance Costs  
City-Funded



Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

quarter of the workforce. This estimate represents the share projected to remain in their current plan and not enroll in the NYCE PPO. The premiums assumed for three-quarters of the workforce expected to enroll in the new plan are unadjusted in the interim, and therefore are lower than the revised forecast.

The premium cost of the new NYCE PPO, while somewhat lower than the HIP-HMO plan, would not provide any fiscal benefit to the City because any saving from the lower-cost plan would accrue to the HISF under the current contractual agreement between the City and the municipal unions. Accordingly, OSC estimates spending on health insurance could exceed the levels assumed in the November Plan by \$387 million in FY 2026, rising to \$433 million in FY 2029.

The City intends to revise its forecast in a future financial plan update to reflect the net impact of the NYCE PPO to the financial plan. Should there be excess savings available after all HISF obligations have been met, the City and the unions could agree to transfer a portion of the savings to the City's general fund as they have done in past rounds of collective bargaining.

The City has written down its nongovernmental revenue from the HISF in each of the past three years through FY 2025 (by \$178 million in FY 2023 and by \$191 million in each subsequent year). The fiscal impact of these write downs were partially offset by a corresponding reduction in spending on per-capita payments to the union-administered supplemental welfare funds. Going forward, however, the cost of such obligations is expected to be offset by the infusion of new savings generated by the NYCE PPO plan.

## Pension Contributions

The City's pension contributions reflect actuarial estimates of the City's five major retirement systems prepared by the Office of the Actuary. They also include adjustments prepared by the NYC Office of Management and Budget to reflect new or anticipated changes (e.g., revisions to

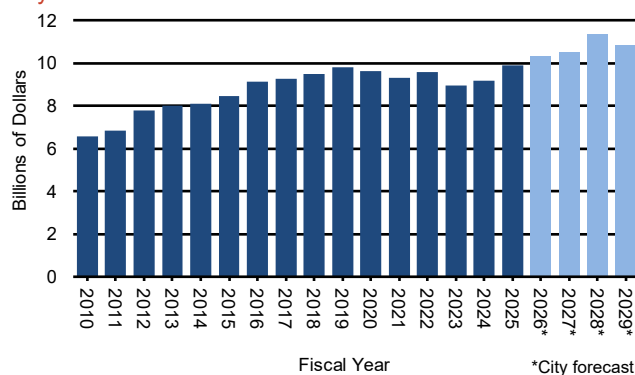
planned headcount), including an annual reserve beginning in FY 2028 to fund potential changes from actuarial audit recommendations, as well as the projected impact of benefit changes enacted as part of the State budget for SFY 2026.

The November Plan assumes pension contributions will total \$10.3 billion in FY 2026 and will rise each year to reach nearly \$11.4 billion by FY 2028, before declining to nearly \$10.8 billion in FY 2029 (see Figure 20). The pension systems earned, on average, 8 percent on their investments during fiscal years 2012 through 2025, compared to the expected annual gain of 7 percent. In FY 2025, the City's pension systems gained, on average, 10.3 percent on their investments. As a result, the City has reduced its planned pension contributions by \$170 million in FY 2027, \$365 million in FY 2028, and by \$547 million in FY 2029.

The City Comptroller reports that the City's pension systems gained, on average, 5.5 percent on their investments as of the first four months of FY 2026.

In the aggregate, the pension systems had enough assets on hand to fund (on a market value basis) 89.3 percent of their accrued

**FIGURE 20**  
Pension Contributions  
City-Funded



Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

pension liabilities at the end of FY 2025 (see Figure 21). The unfunded net liability for all five pension systems declined by \$8.6 billion to \$27 billion, the lowest level since FY 2021.

**FIGURE 21**  
Funded Status of the NYC Retirement Systems  
(As of June 30, 2025)

Pension System	Funded Status
Board of Education Retirement System	102.7%
Police Pension Fund	92.2%
Teachers' Retirement System	90.4%
New York City Employees' Ret. System	87.7%
Fire Pension Fund	79.5%
<b>All Systems</b>	<b>89.3%</b>

Sources: NYC Retirement Systems; NYC Comptroller; OSC analysis

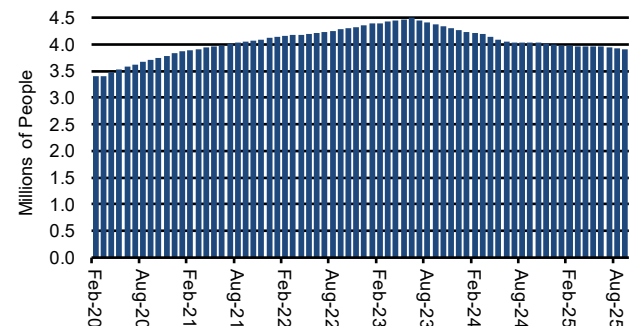
## Medicaid

In September 2025, over 3.9 million New York City residents were enrolled in Medicaid, which provides health insurance to low-income children and adults, down from a recent peak in 2023 (see Figure 22). See [OSC's 2025 May Plan](#) report for details.

The November Plan assumes that the city-funded cost of Medicaid will total \$6.2 billion in FY 2026, \$6.6 billion in FY 2027, \$6.8 billion in FY 2028 and \$6.9 billion in FY 2029. The Plan transferred \$325 million in the Medicaid budget in FY 2026 for the City's share of supplemental Medicaid payments back to H+H. The City and H+H are assessing the funding need for these payments in FY 2026 and the City transferred the funds to H+H to support its cash position.

Spending reductions included in the federal budget reconciliation bill approved by Congress would be concentrated in public health programs, including Medicaid and the State's Essential Plan, and have wide-ranging impacts on the cost of Medicaid to New York State and its localities. Escalating Medicaid costs were already an area

**FIGURE 22**  
NYC Medicaid Enrollments



Note: Enrollment totals for a month may be updated in subsequent months to reflect retroactive enrollments and/or disenrollments.  
Sources: NYS Department of Health; OSC analysis

of focus for the State, which may take further measures to reduce the increasing financial burden from federal changes to the programs by passing costs along to local governments. (See [OSC's 2025 June Plan report](#) for details.)

## Social Services

In its [June Plan](#) report, OSC identified combined budgetary risks of \$2 billion in FY 2026 growing to nearly \$3 billion in FY 2029 for the Department of Social Services (DSS), the Department of Homeless Services (DHS), and the Administration for Children's Services (ACS). These risks highlighted the City's continued practice of underbudgeting known expenses for rental assistance, non-asylum shelter services, public assistance, and foster care ([see OSC's Review of the Financial Plan of the City of New York August 2025](#) report for details).

The November Plan partly addressed a portion of these risks for FY 2026 only, adding new needs of \$400 million for rental assistance, \$208 million for non-asylum shelter (of which \$150 million was city-funded), and \$50 million for state-mandated foster care rates. However, the Plan did not adjust spending for public



**FIGURE 23**  
**Social Services Non-Asylum Risk Assessment**  
(in millions)

	Better/(Worse)			
	FY 2026	FY 2027	FY 2028	FY 2029
<b>DSS Risks</b>				
Public Assistance	(680)	(628)	(381)	(158)
CityFHEPS	(358)	(1,230)	(1,627)	(2,068)
<b>DHS Risks</b>				
Non-Asylum Shelter Services	(344)	(802)	(970)	(1,154)
<b>ACS Risks</b>				
Child Care Vouchers	(261)	(639)	(639)	(639)
Foster Care – State Rate Increase	(89)	(139)	(139)	(139)
Expiration of Foster Care (Title IV-E)	(103)	(103)	(103)	(103)
<b>Total Social Services Risks</b>	<b>(\$1,835)</b>	<b>(\$3,540)</b>	<b>(\$3,859)</b>	<b>(\$4,260)</b>

Sources: NYC Office of Management and Budget; OSC analysis

assistance in the current fiscal year, and funds were not added for these expenses on a recurring basis. As such, significant risks remain (see Figure 23).

Additionally, while federal receipts are expected to account for a relatively small portion of the City's FY 2026 operating budget, the social services agencies are more vulnerable to potential changes to federal funding levels (see [OSC's Federal Funds to New York City report](#) for details). Excluding spending on asylum seekers, federal funds are expected to comprise more than 40 percent of ACS's total spending in FY 2026, and a quarter of DHS's spending. Combined, federal spending at DSS, DHS, ACS, the Department of Youth and Community Development (DYCD) and the Department for the Aging (DFTA) is expected to total \$4 billion in FY 2026, almost 20 percent of the total planned spending for these agencies and nearly half of the total citywide projected federal spending.

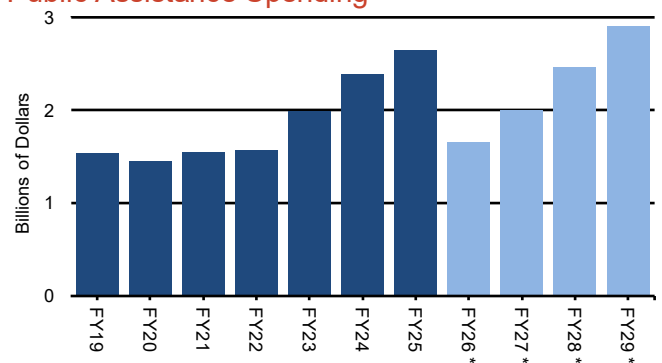
### Public Assistance

The November Plan makes no changes to the public assistance budget, leaving FY 2026's anticipated year-end total at \$1.7 billion — \$996 million less than what was spent in

FY 2025 (\$2.6 billion; see Figure 24). However, caseloads have grown nearly every month since September 2021, including the beginning of this fiscal year, which makes the City's year-end spending target unlikely (see Figure 25). The assumed spending decline in FY 2026 is inconsistent with recent trends, with caseloads reaching 604,016 in October 2025, 23,128 individuals higher than in October last year (4 percent). (See OSC's [May Plan report](#) for details.)

Furthermore, the City's expectation that total spending for Family Assistance (FA) and Safety

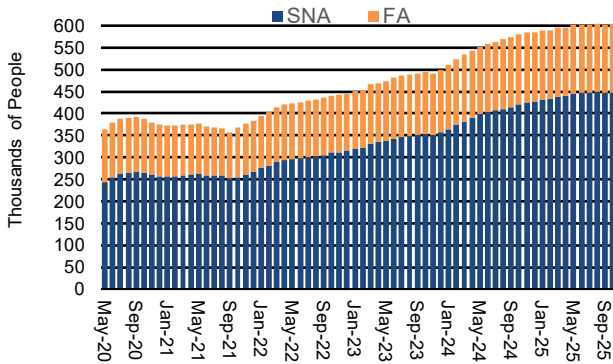
**FIGURE 24**  
**Public Assistance Spending**



Sources: NYC Office of Management and Budget; OSC analysis

\*City forecast

**FIGURE 25**  
**Public Assistance Recipients**



Sources: NYC Human Resources Administration; OSC analysis

Net Assistance (SNA) will not exceed FY 2025 levels until FY 2029, when it is slated to reach \$2.9 billion, is unlikely. About 85 percent of costs for the FA program are federally funded, with the balance coming from City funds, while 71 percent of costs for SNA are city-funded, with the balance coming from State funds.

The City suspended work requirements for public assistance recipients during the pandemic but resumed them at the end of April 2025 to comply with federal and State mandates. Since then, the number of recipients who are working has increased by 31 percent, up from an increase of 19 percent as of June 15, 2025. While this policy change may ultimately reduce caseloads, the impact has yet to significantly alter the growth trajectory of aid recipients. OSC will continue to monitor these trends moving forward.

Based on recent trends, OSC estimates that total expenditures will near \$3 billion in FY 2026. Going forward, the City assumes spending will reach \$2.9 billion by FY 2029, growing at a compounded annual growth rate of 2.4 percent from FY 2025. Applying this growth rate to OSC's FY 2026 estimate, OSC projects that spending will reach \$3.2 billion in FY 2029. As such, OSC projects a budget risk to the City of nearly \$680 million in FY 2026, \$628 million in FY 2027, \$381 million in FY 2028, and

\$158 million in FY 2029. The risk assessment assumes federal categorical grants will be maintained at the share that is currently assumed in the November Plan for public assistance benefits, however the federal government may change aspects of the program's eligibility requirements, benefits and its cost sharing.

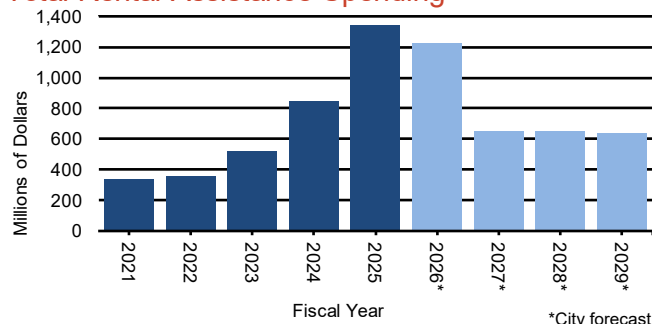
## Rental Assistance

The City's rental assistance budget provides funding for a number of different programs, including CityFHEPS, Special One-Time Assistance, FHEPS B, Special Housing Assistance Resource and HOME Tenant-Based Rental Assistance. The November Plan increases spending on rental assistance programs by \$447.9 million solely in FY 2026, including \$400 million in new needs for CityFHEPS. All told, the City now projects \$1.2 billion in rental assistance spending in FY 2026, which would still be roughly 10 percent (\$128 million) less than what was spent in FY 2025, which OSC anticipates is unlikely.

Despite substantial recent growth, the City also assumes rental assistance spending will decline to an average of \$644 million annually in fiscal years 2027 through 2029, which will likely require additional funding be added to cover costs, creating a budget risk in all years of the financial plan (see Figure 26). The Plan also does not address the fiscal impact of three of four pieces of legislation to significantly expand eligibility for the CityFHEPS voucher program, which were passed in July 2023 but not implemented. The legal status of the expanded program remains unclear, however the expansion would create substantial additional demand, and therefore costs to the program (see OSC's [August 2024](#) financial plan report for details).

Even with the current eligibility, enrollment trends indicate CityFHEPS utilization has grown.

**FIGURE 26**  
Total Rental Assistance Spending



Note: FY 2021 through 2025 is based on actual spending. The City passed legislation in May 2021 to raise the value of CityFHEPS rental vouchers to Section 8 levels.

Sources: NYC Office of Management and Budget; OSC analysis

Through October, the City has spent roughly 61 percent of what was budgeted (at adoption) for CityFHEPS in FY 2026 — \$377 million, or 40 percent more than the prior year. Using the City’s reported number of CityFHEPS vouchers through August 2025 and average voucher payments, OSC estimates that spending for CityFHEPS will total \$1.4 billion in FY 2026, \$1.7 billion in FY 2027, \$2.1 billion in FY 2028, and \$2.6 billion in FY 2029, assuming growth in demand remains stable, even as federal housing programs may be at risk, which would increase demand. Compared to the current financial plan, the difference results in a risk of \$358 million in FY 2026, growing to \$2.1 billion by FY 2029. While the budgetary risk is initially fueled by underfunding in the near-term, per voucher costs and enrollment drive growth in the out-years.

OSC’s projection uses the current rate of voucher enrollment, which is constrained by a shortage of affordable housing. In July 2025, the City reported that an estimated 13,000 households in shelter with CityFHEPS Shopping Letters had not yet found permanent housing. Expansion efforts would increase the pool of households that could apply for assistance, including those already in rental housing, which would have significant implications for assumptions used to generate this projection.

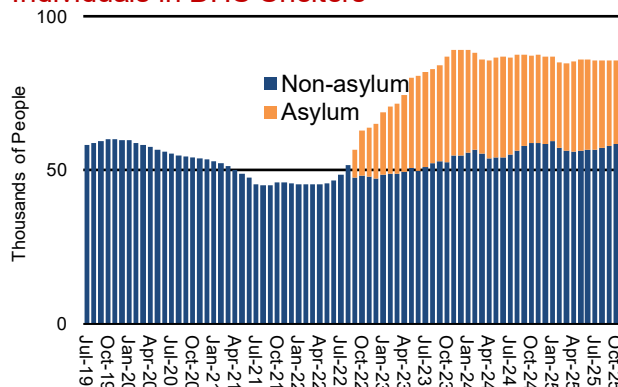
## Non-Asylum Shelter Services

The number of individuals in DHS shelters has generally grown since the pandemic moratorium on residential evictions expired in January 2022 (see Figure 27). In October 2025, the non-asylum population in DHS shelters averaged 58,563, or 29 percent greater than in January 2022 (45,343). The non-asylum shelter population is now nearing pre-pandemic levels, lagging October 2019 by an estimated 1,419 individuals.

On a household basis, recent growth in the non-asylum census over the past twelve months has been led by an increase in the single adult population, which already exceeds pre-pandemic levels and averaged around 21,500 in October 2025 — a historical high and nearly 11 percent higher than in October 2024. The family population is about 4 percent lower than in October 2024, but has grown in recent months.

To address the higher census, the November Plan added \$208 million for non-asylum shelter costs in FY 2026 only (\$150 million in City funds). This brings total planned spending for non-asylum adult and family shelter operations to \$2.3 billion in FY 2026, still \$227 million less than spending in FY 2025. Planned spending drops

**FIGURE 27**  
Individuals in DHS Shelters



Sources: NYC Human Resources Administration; NYC Comptroller Office of Asylum Seeker Services; OSC analysis

further to \$1.9 billion in FY 2027, even though actual spending has exceeded \$2 billion each year since FY 2023.

Given recent population and spending trends, it is unlikely that spending on shelter will decrease at all without substantial changes to shelter demand. OSC expects demand to continue to rise, along with related costs, even under the conservative assumption that daily shelter cost rates would remain flat from FY 2025 levels. As such, OSC assumes the City is underfunding FY 2026 expenditures by at least \$344 million and that figure will grow to \$1.15 billion in FY 2029.

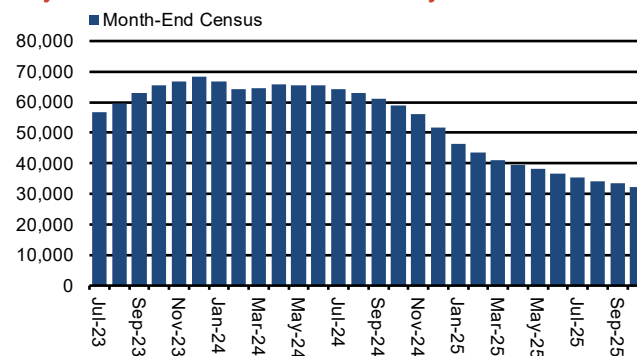
The cost to the City could be higher if the per diem costs rise or the shelter population grows faster than expected, including due to changes in federal housing voucher programs, or if the federal government enacts cuts to the City's Temporary Assistance for Needy Families (TANF) program revenue, which is expected to fund roughly half of family shelter costs in FY 2026 (see [OSC's TANF report](#)). In addition, if federal cuts to the social safety net make housing more difficult to afford, housing evictions could rise, pressuring the non-asylum shelter census.

## Asylum Services

Through October 26, 2025, the City reported that over 239,800 asylum seekers had come through its intake system since spring 2022, and that more than 32,550 of these individuals remained in the City's care. While a significant decline from the peak census of 69,000 in January 2024, the number of individuals exiting shelter has slowed in recent months (see Figure 28).

The census noticeably declined after the June 2024 announcement of a federal executive order limiting border crossings. Shelter exits accelerated in December 2024 and January 2025 following the presidential election

**FIGURE 28**  
Asylum Seeker Individuals in City's Care



Sources: NYC City Council; OSC analysis

results — averaging 66 households per day for the eight-week period — but averaged around 14 households per day during September and October in 2025.

In response to the declining census, the City has closed multiple asylum shelters and Humanitarian Emergency Response and Relief Centers (HERRCs; see OSC's [January Plan](#) report for details), which had a higher per diem cost than the shelters operated by DHS. The City assumed this would result in a lower citywide per diem rate in FY 2025, and targeted a per diem rate of \$354 per household, plus a 10 percent contingency. However, actual per diem costs averaged \$371 per household, similar to the FY 2024 rate of \$372.

The November Plan assumes that shelter exits will continue and that the City will achieve a further reduction of the per diem rate to \$326 per household, with no contingency. The Plan added \$104.5 million in State funding for FY 2026 only, but otherwise made minimal adjustments from June. OSC also assumes a gradual decline in census that is similar to the City's, but holds the FY 2025 actual per diem rate of \$371, as it has not changed significantly over the last year.

In total, the Plan anticipates spending \$1.4 billion in FY 2026, \$1.2 billion in FY 2027, and

\$500 million in both FY 2028 and FY 2029. City funds are expected to comprise about 83 percent of spending in FY 2026, with State and federal funding nearly 15 percent and 3 percent, respectively. The City is anticipated to fund 100 percent of the cost for asylum seeker services after FY 2026.

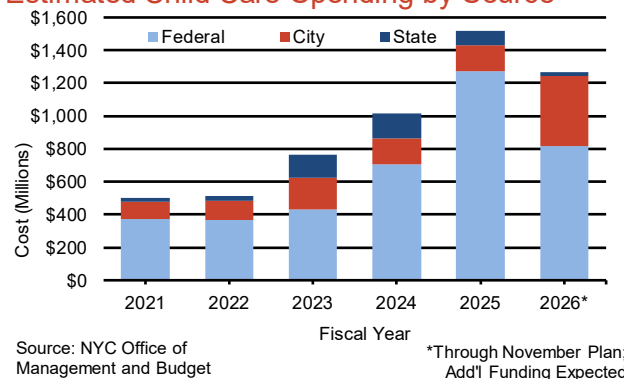
Recognizing that there are still considerable unknowns, OSC assumes higher city-funded costs of about \$550 million cumulatively in fiscal years 2026 through 2029. This budget risk also assumes that the federal funds anticipated in FY 2026 will not manifest.

### Child Care Vouchers

In recent years, the ACS child care voucher program has experienced a surge in demand facilitated by an influx of additional, nonrecurring federal funding. Costs for child care services, compounded by mandated rate-of-pay increases for providers, more than tripled between FY 2021 and FY 2025 as a result, from \$501 million to \$1.56 billion. Over the first four months of FY 2026, ACS has averaged 111,023 vouchers in use, compared to 79,441 over the same period last year. Despite significantly higher participation than in FY 2025, ACS anticipates similar total expenditures in FY 2026. OSC projects ACS is unlikely to stay within planned FY 2025 spending levels given current enrollment.

While total funding is expected to increase as scheduled federal and State grant allocations are received throughout the year, the City's November budget includes \$1.27 billion in FY 2026 funding for child care services, a net total of \$437 million more than was allocated in the June budget (see Figure 29). Nearly all additional funding added since June comes in the form of the State Child Care Block Grant (CCBG), which is a combination of State funds and federal Child Care Development Funds (CCDF). In total, ACS may collect as much as \$1.9 billion for child care between the start of the

**FIGURE 29**  
Estimated Child Care Spending by Source



fiscal year and October of 2026, with a portion of the funds likely allocated to FY 2027 (see OSC's [June Plan report](#) for details).

With the expanded, Covid-era federal subsidies now ended, the City and State have been working to maintain the expanded levels of service. The State's FY 2026 budget included \$350 million in additional, nonrecurring CCBG funding available to the City through the end of FFY 2026. This should help sustain service levels in the short term, but questions about the program's long-term viability will likely persist unless recurring funding is identified. Service demand remains robust based on the child care voucher waitlist, as of November 2025, at more than 10,000 qualifying applicants. Further, in the first four months of FY 2026, ACS continued to issue and reauthorize non-mandated vouchers at a level unsupported by planned funding (see OSC's [Executive Plan report](#) for details).

If current voucher enrollment holds through the end of FY 2026, and per-voucher costs increase in line with five-year averages, child care service costs could total more than \$2.1 billion. In addition to the \$1.27 billion received to date, OSC estimates outstanding program receipts of about \$636.6 million, for a total of about \$1.9 billion. This includes the \$350 million one-time State allocation and \$286.6 million in CCBG funds. The \$261 million difference between expected receipts and expenditures constitutes



OSC's estimated FY 2026 risk for this program, and a portion of the risk in the out-years.

Bringing expenditures to within expected year-end receipts would require reducing the number of vouchers in use by about 3,000 each month between November and June. Reducing expenditures to FY 2025 levels, approximately \$1.56 billion, would require a freeze on all non-mandated voucher renewals and the net removal of about 7,000 children from the program each month over the same span.

Though much of the program spending is discretionary, child care services are a stated priority for the incoming mayoral administration, which may elect for the City to take on some budgetary risk to maintain current service levels. In FY 2027, program receipts are set to drop \$377 million, including \$350 million in State funding and an additional \$27 million in City funding, which will be reduced from \$423.2 million to \$396 million. Taken together, OSC places total risk at about \$639 million for FY 2027 and the out-years.

## Overtime

Citywide overtime through the first five months of FY 2026 totaled \$1.1 billion, \$46 million less than last fiscal year through November, but \$399 million more than budgeted for the period. The overtime budget continues to be severely underfunded compared to spending trends, requiring hundreds of millions of dollars to cover costs each fiscal year (see Figure 30).

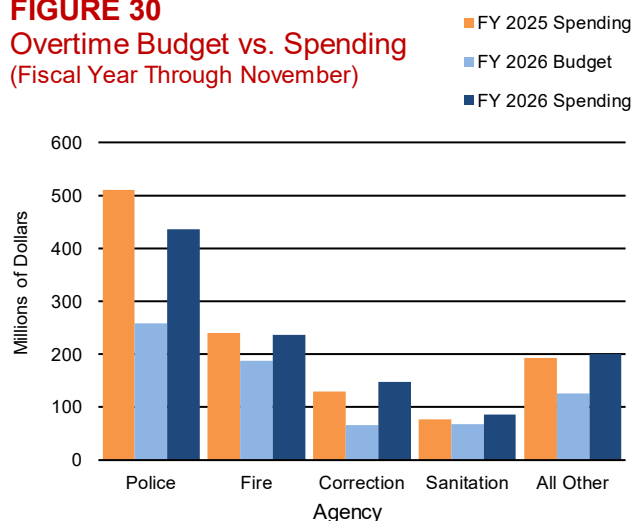
The slight reduction in year-over-year spending is driven by a \$75 million decrease in uniformed overtime at the Police Department, more than offsetting increases at other agencies, such as the Department of Correction (\$17 million), the Department of Sanitation (\$9 million), and the Department of Transportation (\$5 million). The decrease is attributable to reduced deployments for unplanned events such as protests and less asylum seeker security this year.

Despite this improvement, the Department has exceeded its overtime budget by \$178 million through November (69 percent), nearly half of the citywide overage. The City has budgeted \$621 million for police overtime in FY 2026, but OSC projects that costs will be slightly less than last year (\$1.1 billion). Furthermore, the out-year budgets average \$613 million annually, an amount that will very likely require the City to generate nearly \$500 million of unanticipated resources annually to pay for police overtime.

Collectively, the uniformed agencies spent \$905 million through November, exceeding their five-month budget by \$325 million (56 percent). Civilian agencies followed a similar trend, spending \$200 million altogether, exceeding planned amounts by \$74 million (58 percent).

The total annual overtime budget in FY 2026 for all agencies is \$1.7 billion, but OSC projects costs are on pace to total nearly \$2.7 billion (see Figure 31). The City will need nearly \$1 billion in additional funds to cover these unplanned costs in FY 2026 and in each of the out-years, unless operational changes can be made to reduce the use of overtime.

**FIGURE 30**  
**Overtime Budget vs. Spending**  
(Fiscal Year Through November)



Sources: NYC Financial Management System; OSC analysis

## VII. Debt Service and Capital Spending

The November Plan assumes that city-funded debt service will grow by an average annual rate of 10.3 percent from \$8.4 billion in FY 2026 to \$11.3 billion in FY 2029. However, given the City's conservative interest rate assumptions, OSC projects the City could achieve \$50 million in variable rate savings in FY 2026.

The City expects city-funded debt service to grow faster over the period FY 2026 through FY 2029 than both city-funded expenditures (3.2 percent) and tax revenues (2.6 percent), leading its debt burden (total debt service as a percentage of tax revenue) to rise from 10.5 percent in FY 2026 to 12.9 percent in FY 2029, below its self-imposed cap of 15 percent (see Figure 31). Compared to the June Plan, debt service expenditures are expected to decrease by \$181 million for the period FY 2026 through FY 2029. This reduction is mainly due to bond refundings and changes to the bond issuance forecast.

The City's update to its 10-year capital strategy, released in September 2025, increased the expected level of authorized commitments from FY 2026 to FY 2035 by \$9.4 billion when compared to the May 2025 release. OSC estimates \$4.6 billion in commitments from FY 2025 were deferred to partly fund the rise in commitments through FY 2035 (see Figure 32). Excluding the deferrals, the September 10-year

**FIGURE 32**  
Capital Commitment Plan Change Since May 2025  
(in millions)

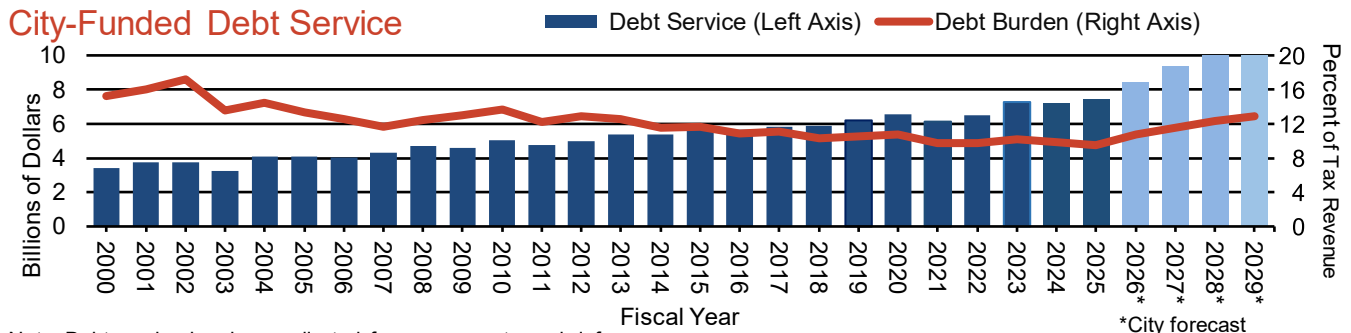
City Agency	Deferred From 2025	New Commitments	Total Change
Transit Authority	\$17.2	\$1,800.0	\$1,817.2
Parks	37.5	1,423.0	1,460.5
Education	806.6	324.4	1,131.0
Housing & Develop.	808.1	69.7	877.8
Resil., Tech. & Equip.	235.1	313.8	549.0
Cultural Affairs	231.4	298.4	529.8
Highways	154.4	242.8	397.2
Economic Develop.	470.9	(102.6)	368.4
Health & Hospitals	248.0	106.2	354.2
Housing Authority	219.2	20.9	240.1
Public Buildings	116.6	45.6	162.2
Health	130.4	24.9	155.3
Correction	151.5	- - -	151.5
Bridges	151.6	(23.5)	128.1
All Other	836.9	283.8	1,120.7
<b>Total</b>	<b>\$4,615.4</b>	<b>\$4,827.6</b>	<b>\$9,443.0</b>

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

capital strategy had a net increase of \$4.8 billion. For the period 2030 to 2035, capital commitments are higher by \$4.1 billion compared to the May projection. Total funded commitments for FY 2025 were \$18.7 billion which were an all-time high and 6 percent higher than in FY 2024. In fiscal years 2026 through 2029, the City has authorized \$93 billion in total capital commitments (\$31.4 billion in FY 2026) to

**FIGURE 31**  
City-Funded Debt Service



Note: Debt service has been adjusted for prepayments and defeasances.

Sources: NYC Comptroller; NYC Office of Management and Budget; OSC analysis

---

achieve a commitment goal of \$82.8 billion during this period.

The largest increase in capital commitments is to the Transit Authority, with an increase of \$1.8 billion, the first part of the \$3 billion commitment to the MTA's 2025-2029 capital program. The Department of Parks and Recreation is increasing planned commitments by \$1.4 billion over the next 10 years. The DOE is adding \$324 million to its capital budget for various projects, including playground renovations.

The City has funded more than \$6 billion for new capacity at schools which is expected to help the DOE achieve its class size mandate but presently the DOE is uncertain of the exact number of seats needed through capital funding to meet the mandate by the 2027-28 school year. The full cost of repairing the Brooklyn-Queens Expressway cantilever bridge also has not been determined and costs to replace Rikers Island may continue to rise. Any new required funding would lead to higher capital commitments and thus debt service spending.



# VIII. Semi-Autonomous Entities

## Department of Education

The City's November Plan allocates nearly \$42.8 billion to the DOE in FY 2026, including centrally administered costs such as pensions, debt service, and fringe benefits (\$7.8 billion). This amounts to 36.2 percent of the City's total budget and is nearly \$1.2 billion dollars higher than actual spending in FY 2025. The City expects to fund \$25.2 billion (58.9 percent) of DOE's FY 2026 budget, a two-year increase of more than \$4.5 billion (21.9 percent) since FY 2024 as one-time federal aid has expired. The remainder of the FY 2026 budget would be funded by the State (35.9 percent), the federal government (4.8 percent, down from 14.6 percent at its peak in FY 2022), and other sources.

The November Plan adds just \$42 million in city-funded new needs for FY 2026, rising to \$49 million in FY 2029, to support changes to health insurance rates for department employees. However, a number of longstanding risks to the department's budget remain unaddressed — the largest of which is the class size reduction mandate (see Figure 33). The City achieved its target of 60 percent of classrooms meeting size caps in FY 2026, but needed 10,535 exemptions

to do so (there are more than 150,000 classes in the City that would be subject to the mandate without exemptions). Significant spending or operational changes may be necessary to meet larger targets over the next two years.

The City has also altered its accounting practices for due process cases (federally-mandated services for students with special needs) to align them more uniformly with other litigation items: expenses will now be recognized in the year the claim is finalized, rather than the year in which the service was rendered. The cost of such cases — which reached over \$1.1 billion in both FY 2024 and FY 2025, and which the November Plan unreasonably expects will decline by \$204 million in FY 2026 — continues to be a significant risk throughout the plan period. OSC expects these costs will continue to rise, amounting to increases between 7 percent and 12 percent annually over the plan period based on recent trends. Additional [significant spending on school cleaning services](#), the Summer Rising program, and [expediting special education claims](#) will likely also be necessary. Overall, OSC expects existing costs to be more than \$2.2 billion higher than the Plan anticipates by FY 2029.

**FIGURE 33**  
**Risks to the Department of Education Budget in the November Plan**  
(in millions)

	FY 2026	FY 2027	FY 2028	FY 2029
Class Size Reduction Compliance	- - -	\$ (420)	\$ (995)	\$ (995)
Due Process Cases	(522)	(580)	(711)	(842)
School Cleaning	- - -	(154)	(154)	(154)
3K & Pre-K Costs	(13)	(63)	(79)	(97)
Summer Rising	- - -	(80)	(80)	(80)
L.V. Federal Court Order	- - -	(52)	(52)	(52)
Charter School Lease Costs	(35)	(47)	(17)	(54)
<b>Total</b>	<b>\$ (570)</b>	<b>\$ (1,396)</b>	<b>\$ (2,088)</b>	<b>\$ (2,274)</b>

Sources: NYC Office of Management and Budget; NYC Department of Education; OSC analysis

Additionally, the DOE assumes that recurring federal aid will remain stable throughout the plan period, at about \$2.1 billion annually. The majority of this support is provided through [Title I funding for low-income students](#) (\$679 million), [various school food programs](#) (\$594 million), and the [Individuals with Disabilities Education Act](#) (\$291 million). This recurring federal education aid accounts for approximately 4.5 percent of the Department's total budget in FY 2026 and beyond; however, the current federal administration has indicated that it may seek to reduce financial support for school districts across the country.

By the end of the plan period in FY 2029, DOE's total allocation is expected to reach \$45.5 billion (not including the identified budget risks). This \$2.7 billion increase would be almost entirely supported by City funds, which are expected to account for 61.2 percent of DOE's budget by FY 2029. This is partly because the Plan does not incorporate future potential increases to State or federal aid. Under State law, the City is subject to a maintenance of effort requirement that severely constrains the City's ability to reduce city-funded education spending.

## Metropolitan Transportation Authority

The MTA released its latest financial plan in November, which forecasted balanced budgets through 2026 but budget gaps of \$160 million in 2027, \$243 million in 2028 and \$306 million in 2029 together are \$418 million less than forecast in [the MTA's July Plan](#). The gaps were reduced mostly through targeted additional savings from new operating efficiencies, including \$75 million in 2026, which will help the Authority balance its budget next year. There are also currently unidentified savings which are expected to rise to \$250 million by 2029.

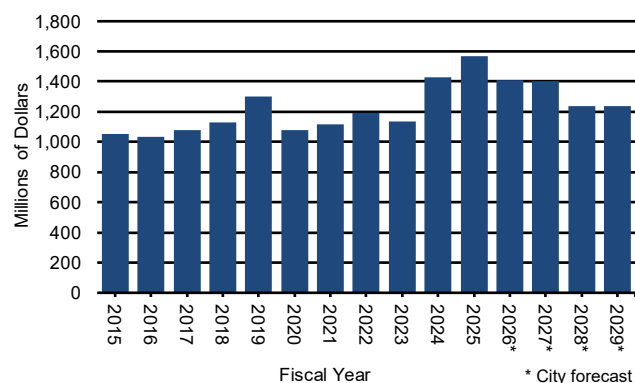
The MTA's budget gaps assume a 4 percent increase in fare yields and a 6 percent increase

in toll yields in January 2026 and proposed 4 percent increases in fare and toll yields in March 2027 and March 2029. Farebox, bridge and tunnel and tax revenue are all on, or slightly above, the MTA's expectations this year.

In its November Financial Plan, the MTA again revised anticipated receipt of \$600 million in federal funds for COVID-19 expenses split between 2025 and 2026 to 2026, 2027 and 2028. While OSC views these funds as a budget risk, given a lack of clarity from Washington, the MTA is no longer relying on this money to keep its 2025 budget balanced. The MTA should continue to work with its partners at the State and in the New York Congressional delegation to receive these funds for services rendered. OSC issued its [financial outlook for the MTA](#), including other MTA budget risks, in October.

The City's November Plan continues a practice of not accounting for all potential costs related to City funding for MTA services such as paratransit, MTA buses and the Staten Island Railway. As shown in Figure 34, City aid to the MTA is expected to drop from \$1.6 billion in FY 2025 to \$1.2 billion in FY 2028, even as the MTA assumes these costs will continue to

**FIGURE 34**  
New York City Direct Aid to the MTA



Sources: NYC Office of Management and Budget; OSC analysis

---

grow.<sup>24</sup> As a result, OSC projects potential spending risks to the City of \$392 million in FY 2026 rising to \$848 million in FY 2029.

The largest contributor to this risk is for paratransit services. The SFY 2025-26 Enacted Budget also extended the City's responsibility for funding 50 percent of the net operating cost of the MTA's paratransit service and an additional 30 percent (capped at \$165 million) for two years through June 30, 2027. The City has not budgeted for the 50 percent share in its financial plan but funded the additional \$165 million. As a result, the paratransit budget risk to the City is projected to be \$237 million in FY 2026 rising to \$507 million in FY 2029, assuming the State continues to extend the current requirement.

The November Plan funds the Fair Fares program at \$117 million only in FY 2026 to riders up to 150 percent of the federal poverty level. The enhanced funding for the program does not continue after FY 2026 as only \$92 million is budgeted thereafter. In the past, the City has not spent the whole allocation for Fair Fares as enrollment has not kept pace with the program expansion (\$81 million was spent in FY 2025).

## NYC Health + Hospitals

In total, the November Plan budgeted \$2.1 billion in FY 2026, \$1.7 billion in FY 2027 and then about \$1.8 billion annually through FY 2030, to reimburse H+H for services for the City. Expenditures increased by \$435 million in FY 2026 and \$29 million annually starting in FY 2027 compared to the June Plan, of which \$14 million in FY 2026 and \$25 million annually starting in FY 2027 is funding for new needs.

The November Plan transferred \$325 million in the City's Medicaid FY 2026 budget to fund the City's share of supplemental Medicaid payments back to H+H's City subsidy to support its cash position. (See [OSC's December 2025](#) report on

H+H's strategic initiatives.) In FY 2026, the City also transferred \$70 million in COVID-19 FEMA funding to H+H.

On June 6, 2021, New York City launched the Behavioral Health Emergency Assistance Response Division (B-HEARD), see [OSC's May 2022](#) report for details. From July 1, 2021, through June 30, 2025, 34,455 calls to 911 received a B-HEARD response and 5,926 people in crisis were transported to a hospital.

On November 14, 2025, Mayor Adams announced a restructuring of the program that will shift all operational and management responsibilities to H+H. FDNY B-HEARD emergency medical technicians will focus on other emergency response units as part of the City's efforts to reduce response times. H+H will implement a three-person model consisting of a registered nurse, social worker and driver. The November Plan provides H+H an additional \$12 million in FY 2026 and \$23 million annually through FY 2029 of which \$2 million in FY 2026 and \$4 million annually through FY 2029 is transferred from FDNY's budget.

On August 14, 2025, the mayor announced new investments for the NYC Department of Health and Mental Hygiene (DOHMH), H+H and DHS that would improve access to substance use disorder treatment through outreach and new programs to keep people engaged in treatment. The November Plan reflects the addition of \$23 million in FY 2026 and \$29 million annually through FY 2029 for this effort, with \$3.8 million in FY 2026 and \$6.4 million annually through FY 2029 budgeted for H+H. H+H will use the additional resources for an incentive-based treatment program. DOHMH, H+H and DSS staff will coordinate care among outreach teams citywide.

H+H relies on significant revenue from the Medicaid program and the majority of H+H

---

<sup>24</sup> Besides the expected increase in costs, the MTA's November Plan assumes that the City will pay 80 percent of paratransit

costs with no cap on the contribution beginning on July 1, 2027, but State legislation is needed to do so.

inpatient discharges (70 percent) are patients covered by Medicaid or the Essential Plan. Congress approved a budget reconciliation bill which includes provisions that would severely impact Medicaid and the Essential Plan and therefore H+H's patient and revenue base (see [OSC's August 2025](#) report for details). Other programmatic and reimbursement changes imposed by the State or federal government could also impact H+H's financial condition and put pressure on the City to provide additional financial support or require H+H to reduce or restructure services.

## New York City Housing Authority

The City's November Plan includes \$555 million in operating funding for NYCHA, a \$163 million increase over the Adopted Budget. Updated allocations include a total of about \$337 million in City funding, primarily allocated for collective bargaining-related outlays, \$217 million in federal grants, primarily for disaster recovery initiatives, and less than \$1 million in other categorical grants. Nearly all funding added since June is unspent federal monies rolled over from 2025.

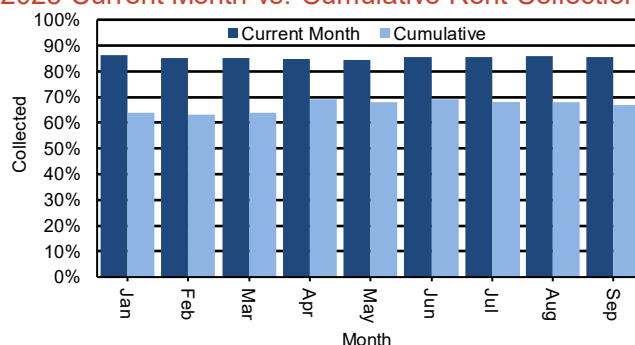
NYCHA's 2026 Five-Year Financial Plan anticipates operating expenditures of about \$5.6 billion in 2026, up from \$5.4 billion in 2025, and \$3.6 billion in capital spending, about \$200 million less than the \$3.8 billion NYCHA has obligated for capital expenditures in 2025 through November. This \$3.8 billion accounts for only about 75 percent of NYCHA's 2025 capital budget, and the remainder, about \$1.7 billion, will be rolled into 2026. Total capital funding for 2026 includes \$1.7 billion in federal grants, \$1.3 billion in City funds, \$555 million in State funds, and about \$50 million in funding from other sources. Funding for operations includes \$4.1 billion in federal grants, \$858 million in tenant rental revenue, \$337 million in City funds, and about \$267 million in funding from additional sources.

Despite fiscal uncertainty over proposed changes to federal spending, NYCHA has not reported interruptions in federal receipts, and includes \$237 million more in funding in 2026 than estimated in 2025. NYCHA expects \$312 million in Section 8 revenue growth, offsetting a \$75 million decline in other revenues.

NYCHA's rental arrears balance, a tally of all tenants' unpaid rent, currently stands at \$443 million. This is a decline of \$25 million from the \$468 million outstanding at the close of 2024 but more than three and a half times the \$125 million balance at the onset of the pandemic, when NYCHA was collecting about 88 percent of the total rent owed each month. Discounting rent in arrears, NYCHA is currently collecting 86 percent of all new rent charged each month. Including arrears, NYCHA's collection rate drops to 67 percent of total monthly rent owed (see Figure 35). In 2026, NYCHA is targeting a return to the 88 percent pre-pandemic collection threshold for new rent.

NYCHA's Permanent Affordability Commitment Together (PACT) program, an extension of the federal Rental Assistance Demonstration (RAD) initiative, partners NYCHA with private developers and property managers in an effort to renovate as many as 62,000 units by 2028. As of September, repairs to 28,580 units, totaling \$8.6 billion, were either completed or underway.

**FIGURE 35**  
2025 Current Month vs. Cumulative Rent Collection



Sources: New York City Housing Authority; OSC analysis

---

Another 10,793 units, totaling \$5.1 billion, were in the planning and engagement phase.

Serving as a PACT alternative, NYCHA's Housing Preservation Trust is a public benefit corporation through which NYCHA may access federal Section 8 funding without the need for a third-party property management partner. In November, the Trust was granted board authorization to submit its first Section 8 conversion applications to the U.S. Department of Housing and Urban Development for properties in Brooklyn and the Bronx totaling 1,374 units.

Finally, in August NYCHA began accepting submissions from private parties interested in building NYCHA housing on privately held land. Suggested proposals include the transfer of unused NYCHA development rights to construct additional, low-income units within private development projects, as well as the conversion of private properties in need of repair to Section 9 housing, and immediately converting to Section 8 through the RAD program.



## IX. Other Issues

### Budgetary Flexibility

As of the November Plan, the City's budgetary cushion totals nearly \$8.6 billion (10 percent of city-funded spending, or 7.4 percent of total funds spending, in FY 2026, excluding contingent reserves). In the event of a recession and/or significant reduction in anticipated assistance from the City's governmental funding partners, the City may elect to draw down its budgetary cushion for short-term fiscal relief.

The City maintains its general reserve at \$1.2 billion and Capital Stabilization Reserve at \$250 million in each year beginning in FY 2026. Combined, these contingent reserves represent 1.7 percent of planned city-funded spending in FY 2026, relatively high historically at this point in the year. If not needed, these reserves can be used to help create future budgetary flexibility.

As of June 30, 2025, the RDF balance stood at \$1.97 billion, virtually unchanged since 2022 as the City made no discretionary transfers into the fund in fiscal years 2023 through 2025. The balance held in the RHBT, used to fund the cost of Other Post-Employment Benefits (OPEB), stood at \$5.2 billion at the end of FY 2025, the highest level on record. The increase was fueled by investment earnings, which have risen sharply in recent years, not the City making additional discretionary deposits into the fund.

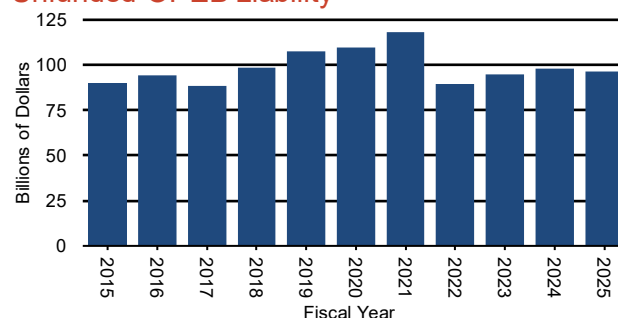
Historically, the City has also made use of prepayments of future expenses, such as debt service, before June 30 to help balance future budgets. The prepayment amount has declined from \$6.1 billion in FY 2022 to \$5.5 billion in FY 2023, \$4.4 billion in FY 2024, and \$3.8 billion in FY 2025. So far, the City estimates it will generate a small surplus of \$74 million in FY 2026, which the City intends to use to help balance the FY 2027 budget.

### Post-Employment Benefits

The City's unfunded liability for OPEBs, such as retiree health care, declined by \$1.8 billion to \$96.4 billion in FY 2025 (see Figure 36). The decrease is driven mostly by revisions to actuarial assumptions (such as an increase to the discount rate used to measure the value of the OPEB liability in today's dollars) and employer contributions to the RHBT. The revisions and the contributions more than offset the annual cost attributed to past employee service and interest expense on the unfunded liability.

The RHBT would fund 5.1 percent of its total OPEB liability. The City, like many employers, does not fund its OPEB liability on an actuarial basis but rather pays the annual cost of benefits to current retirees on a pay-as-you-go basis.

**FIGURE 36**  
Unfunded OPEB Liability



Sources: NYC Actuary; OSC analysis

### Prior Years' Expenses

At the end of each fiscal year, the City estimates the amount of expenses that have been incurred but not yet paid (payables), and the amount of revenues earned but not yet received (receivables). The City generally makes conservative estimates because an unfunded liability has a budgetary impact in the current fiscal year.

Between fiscal years 2016 through 2025, the City realized an average benefit of \$377 million annually from overestimating prior years'

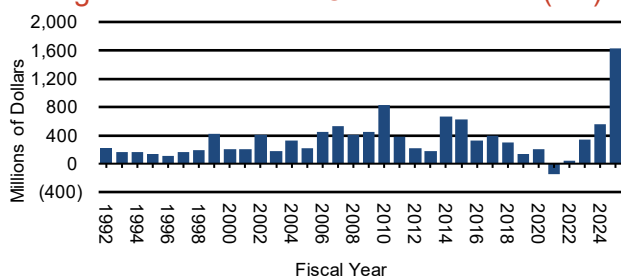
payables and from underestimating prior years' receivables. The City realized a net benefit of \$1.6 billion in FY 2025, the largest amount (after reflecting adjustments for receivables) on record since at least FY 1992 (see Figure 37). Given the extraordinary amount of adjustments made for FY 2025 and the amount of open receivable and payable balances remaining, it appears unlikely the City will record prior-year savings of this magnitude in future fiscal years in the short term.

In FY 2025, the City reflected write downs of prior-year spending totaling \$2.8 billion. Of that amount, nearly three quarters (72 percent, or \$2 billion) came from an overestimation of prior-year expenses for contractual services, with the largest amounts recorded by the Department of Homeless Services and the Administration for Children's Services.

The \$2.8 billion in savings from overestimating prior-year spending was offset in part by a write-down of federal and State aid totaling nearly \$1.2 billion including a small amount of unrestricted aid (resulting in the net benefit of \$1.6 billion). The receivable write downs are mostly reimbursements from FEMA for pandemic-related activities (\$298 million); State financial support for asylum services (\$196 million); Community Development Block Grant funding for Disaster Recovery projects following Superstorm Sandy (\$125 million) and Medicaid (\$117 million).

Year-end write downs of grant receivables do not typically indicate an inability to claim and collect money owed from the City's funding partners (e.g., a funding pause or termination). But rather, such adjustments usually indicate that the spending associated with these grants was estimated conservatively.

**FIGURE 37**  
Savings from Prior-Year Overestimations (net)



Note: Savings are net of receivable write downs. The City recorded a net cost in FY 2021, which was fully offset by unanticipated resources generated in that year. Sources: NYC Comptroller; OSC analysis



# Appendix A: Full-Time Staffing Levels

(Number of full-time employees)

	Actual	Actual	Forecast	Nov. Plan	Variance – Better/(Worse) Sep. 2025 Actual to June 2026 Forecast		
	June 2020	Sep. 2025	June 2026	June 2027	City Funds	Non-City Funds	Total Funds
<b>Public Safety</b>	<b>85,806</b>	<b>77,516</b>	<b>81,760</b>	<b>81,961</b>	<b>4,236</b>	<b>8</b>	<b>4,244</b>
Police Uniformed	35,910	33,692	35,025	35,275	1,287	46	1,333
Civilian	15,519	12,713	13,942	13,899	1,305	(76)	1,229
Fire Uniformed	11,047	10,963	11,294	11,294	326	5	331
Civilian	6,366	6,359	6,273	6,272	(73)	(13)	(86)
Correction Uniformed	9,237	5,655	7,060	7,060	1,406	(1)	1,405
Civilian	1,741	1,537	1,751	1,746	207	7	214
District Attys. & Prosec.	4,843	5,722	5,307	5,307	(371)	(44)	(415)
Probation	1,116	848	1,075	1,075	143	84	227
Board of Correction	27	27	33	33	6	0	6
<b>Health &amp; Welfare</b>	<b>27,878</b>	<b>25,294</b>	<b>28,463</b>	<b>27,979</b>	<b>1,930</b>	<b>1,239</b>	<b>3,169</b>
Social Services	12,330	10,786	12,322	12,154	631	905	1,536
Children's Services	7,039	6,461	7,027	7,026	474	92	566
Health & Mental Hygiene	5,530	5,425	6,049	5,829	476	148	624
Homeless Services	2,119	1,733	1,992	1,903	245	14	259
Other	860	889	1,073	1,067	104	80	184
<b>Environment &amp; Infra.</b>	<b>26,365</b>	<b>26,793</b>	<b>28,298</b>	<b>28,161</b>	<b>212</b>	<b>1,293</b>	<b>1,505</b>
Sanitation Uniformed	7,755	8,314	7,957	7,963	(357)	0	(357)
Civilian	2,107	1,625	1,668	1,661	33	10	43
Transportation	5,120	5,250	5,947	5,967	302	395	697
Parks & Recreation	4,236	4,851	5,142	5,024	185	106	291
Environmental Protection	5,891	5,625	6,377	6,339	27	725	752
Other	1,256	1,128	1,207	1,207	22	57	79
<b>General Government</b>	<b>12,634</b>	<b>11,643</b>	<b>12,991</b>	<b>12,540</b>	<b>1,135</b>	<b>213</b>	<b>1,348</b>
Finance	1,996	1,727	2,010	2,016	280	3	283
Law	1,713	1,409	1,510	1,510	94	7	101
Citywide Admin. Svcs.	2,403	2,037	2,455	2,437	307	111	418
Taxi & Limo. Comm'n.	584	443	546	546	103	0	103
Investigations	361	263	309	293	46	0	46
Board of Elections	682	699	517	517	(182)	0	(182)
Info. Tech. & Telecomm.	1,673	1,481	1,564	1,538	74	9	83
Other	3,222	3,584	4,080	3,683	413	83	496
<b>Housing</b>	<b>4,088</b>	<b>4,033</b>	<b>4,671</b>	<b>4,679</b>	<b>378</b>	<b>260</b>	<b>638</b>
Buildings	1,676	1,590	1,832	1,828	241	1	242
Housing Preservation	2,412	2,443	2,839	2,851	137	259	396
<b>Dept. of Education</b>	<b>134,684</b>	<b>137,531</b>	<b>140,099</b>	<b>139,567</b>	<b>2,493</b>	<b>75</b>	<b>2,568</b>
Pedagogues	121,077	124,112	127,446	127,219	2,619	715	3,334
Non-Pedagogues	13,607	13,419	12,653	12,348	(126)	(640)	(766)
<b>City University of NY</b>	<b>6,288</b>	<b>5,682</b>	<b>6,028</b>	<b>6,024</b>	<b>346</b>	<b>0</b>	<b>346</b>
Pedagogues	4,545	4,205	4,289	4,289	84	0	84
Non-Pedagogues	1,743	1,477	1,739	1,735	262	0	262
<b>Elected Officials</b>	<b>2,703</b>	<b>2,902</b>	<b>3,467</b>	<b>3,386</b>	<b>519</b>	<b>46</b>	<b>565</b>
<b>Total</b>	<b>300,446</b>	<b>291,394</b>	<b>305,777</b>	<b>304,297</b>	<b>11,249</b>	<b>3,134</b>	<b>14,383</b>

Sources: NYC Office of Management and Budget; OSC analysis



## Contact

Office of the New York State Comptroller  
110 State Street  
Albany, New York 12236

(518) 474-4044

[www.osc.ny.gov](http://www.osc.ny.gov)

Prepared by the Office of the State Deputy  
Comptroller for the City of New York