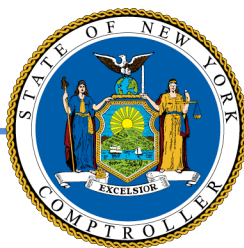


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# **Review of the Financial Plan of the City of New York**

## **Report 9-2026**



**OFFICE OF THE NEW YORK STATE COMPTROLLER**

**Thomas P. DiNapoli, State Comptroller**

**Rahul Jain, Deputy Comptroller**

**August 2025**

# Message from the Comptroller

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August 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. However, the City did not make efforts to codify its plans to bolster reserves or set aside additional monies in its rainy-day fund. It remains to be seen whether this approach provides the City with enough budgetary flexibility for what is likely to be a period of continued fiscal pressure. The federal funding relationship with states is undergoing a 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 what is transpiring in Washington, the City must make balanced and prudent fiscal choices in the coming year while managing its substantial operational needs and encouraging employment and business growth to enhance its economic and tax revenue base. 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. Recent budget actions and fluctuation in the provision of certain City services have 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 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



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# I. Executive Summary

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New York City adopted its \$119.7 billion fiscal year (FY) 2026 budget, inclusive of surplus transfers for prepayments, and released its financial plan (the “June Plan”) on June 30, 2025. While FY 2026 remains balanced, there are significant concerns over ongoing restructuring of the funding relationship between the federal government and states and localities like New York City, and slowing economic growth. Despite these known issues, the City elected not to set aside additional reserves or formalize policies to prepare itself for the potential risks that lie ahead. Rather, the City added new discretionary spending in FY 2026 and funded large mandatory expenses for only one or two years, ignoring the strong likelihood of this spending recurring. This practice leaves discretionary programs vulnerable to future changes in staffing and spending. If the City is unable to generate stronger revenues than projected, as it has in recent years, it will face difficult budgetary choices in the future which could hurt services and stall economic growth.

In each of the last three fiscal years, the City has steadily recorded more expenditures than it has collected in revenue, a concerning trend. This is visible when looking at the surplus amount used each year for prepayments, which declined from \$6.1 billion in FY 2022 to \$3.8 billion in FY 2025. While some of the pressures on City finances that led to unanticipated spending have been alleviated, including the asylum seeker influx, many underbudgeted spending items remain, meaning additional revenues or cost savings will need to be identified to reverse the trend.

For the fifth year in a row, the City collected over \$3.5 billion more in city-fund revenue during the fiscal year than anticipated at budget adoption. Since June 2024, city-fund revenue estimates, including miscellaneous revenues, increased by \$3.9 billion in FY 2025, \$3.5 billion in FY 2026, \$2.1 billion in FY 2027, and \$2.4 billion in FY 2028 (see Figure 1). However, while the

City’s revenue estimates align more closely with collection trends in FY 2025, they are less conservative than in recent years, leaving the City more vulnerable to slowing economic growth. 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 \$26 billion in State and federal categorical grants. These sources of funding are likely to be altered in the coming years in response to changes in federal fiscal policy.

This vulnerability is made more acute due to the City’s choices to increase planned spending. Over the course of FY 2025, the City added nearly \$3.9 billion in new needs and Council initiatives for FY 2026, outpacing revenues added over the same period. The City was able to close its budget gap largely by using the surplus for prepayments and revising asylum seeker spending down by \$1.8 billion in FY 2026. While the Office of the New York State Comptroller (OSC) does not anticipate a substantial rise in asylum seeker costs from current projections during the plan period, it is also unlikely that the City will be able to generate significant further savings compared to its updated projections to help close budget gaps.

Net of all changes, the City’s stated out-year gaps with contingencies now total \$17.1 billion over the three years including FY 2029, averaging 6.2 percent of City fund revenues, an improvement from last year’s budget adoption when the gaps averaged 6.8 percent. The City’s contingency line items remain at \$1.45 billion for each year of the Plan and can be used to reduce the gap to an average of 4.6 percent of revenues if they are not needed to fund other expenditures during the fiscal year.

However, the City’s continued practice of addressing recurring costs one year at a time

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indicates that the published out-year gaps are understated. Major agencies, including the Department of Social Services (DSS), the Police Department and the Fire Department, are all projected to see spending decline in FY 2026, an unlikely scenario. These declines assume spending on overtime, cash assistance and voucher programs, among other expenses, will decline in FY 2026, without an explanation for the initiatives that will allow these savings to be achieved. 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 \$10.3 billion in FY 2027 (see Figure 2).

The size of the potential budget gaps is a reason to begin the process of identifying efficiencies that could be used to generate savings if the need arises, which could reduce the need to make cuts to services in the case of a potential recession. 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, which was illustrated in the recently signed federal reconciliation bill. While many of the implications of the legislation will directly affect New York State's fiscal position more than localities, 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 outsized impact on the City, given its role as a center for global commerce and a magnet for international talent.

While the City cannot backfill the costs of these actions if they are significant, it is unfortunate that the City elected not to add funding to its annual contingencies and the City's Rainy-Day Fund (RDF) in FY 2025. This would have helped mitigate potential weaker economic outcomes and the continuation of efforts to reduce federal support for states and localities, including for weather emergencies (see Figure 3). The City made no discretionary transfers into the fund in fiscal years 2023, 2024 or 2025, leaving the RDF balance at nearly \$2 billion, virtually unchanged since 2022.

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 curtailing new discretionary spending unless a funding source is identified and the development of a new savings program that would achieve savings through efficiencies. Proactive adoption of these approaches before additional pressures arise may help avoid staffing or service cuts or the introduction of new tax and fee revenue, which could be counterproductive to economic growth. This 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 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Revenues</b>					
Taxes					
General Property Tax	\$ 34,607	\$ 35,161	\$ 36,524	\$ 37,603	\$ 38,717
Other Taxes	44,873	45,353	45,526	47,098	48,805
Tax Audit Revenue	870	809	779	779	779
Subtotal: Taxes	\$ 80,350	\$ 81,323	\$ 82,829	\$ 85,480	\$ 88,301
Miscellaneous Revenues	8,917	8,103	7,935	7,957	8,011
Unrestricted Intergovernmental Aid	52	---	---	---	---
Less: Intra-City Revenue	(2,246)	(1,884)	(1,856)	(1,847)	(1,847)
Disallowances Against Categorical Grants	4	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$ 87,077	\$ 87,527	\$ 88,893	\$ 91,575	\$ 94,450
Other Categorical Grants	946	1,125	1,120	1,116	1,114
Inter-Fund Revenues	792	805	795	796	799
Federal Categorical Grants	11,040	7,470	7,237	7,284	7,344
State Categorical Grants	20,927	18,980	18,859	18,993	19,145
<b>Total Revenues</b>	<b>\$ 120,782</b>	<b>\$ 115,907</b>	<b>\$ 116,904</b>	<b>\$ 119,764</b>	<b>\$ 122,852</b>
<b>Expenditures</b>					
Personal Service					
Salaries and Wages	\$ 33,130	\$ 34,632	\$ 35,530	\$ 36,471	\$ 37,266
Pensions	10,030	10,479	11,081	11,873	11,513
Fringe Benefits	13,696	14,899	15,446	16,058	16,699
Subtotal: Personal Service	\$ 56,856	\$ 60,010	\$ 62,057	\$ 64,402	\$ 65,478
Other Than Personal Service					
Medical Assistance	6,380	6,583	6,733	6,883	7,033
Public Assistance	2,648	1,650	2,000	2,463	2,905
All Other	50,110	43,224	42,018	41,998	42,403
Subtotal: Other Than Personal Service	\$ 59,138	\$ 51,457	\$ 50,751	\$ 51,344	\$ 52,341
Debt Service	7,624	8,661	9,546	10,518	11,394
FY 2023 Budget Stabilization & Discretionary	(4,397)	---	---	---	---
FY 2024 Budget Stabilization	3,787	(3,787)	---	---	---
Capital Stabilization Reserve	---	250	250	250	250
General Reserve	20	1,200	1,200	1,200	1,200
Less: Intra-City Expenses	(2,246)	(1,884)	(1,856)	(1,847)	(1,847)
<b>Total Expenditures</b>	<b>\$ 120,782</b>	<b>\$ 115,907</b>	<b>\$ 121,948</b>	<b>\$ 125,867</b>	<b>\$ 128,816</b>
<b>Gap to be Closed</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ (5,044)</b>	<b>\$ (6,103)</b>	<b>\$ (5,964)</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 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Gaps Per NYC Financial Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ (5,044)</b>	<b>\$ (6,103)</b>	<b>\$ (5,964)</b>
<b>Revenues</b>					
Tax Revenue	\$ 100	\$ 250	\$ 550	\$ 650	\$ 750
Miscellaneous Revenue	---	---	---	---	---
<b>Subtotal Revenue</b>	<b>\$ 100</b>	<b>\$ 250</b>	<b>\$ 550</b>	<b>\$ 650</b>	<b>\$ 750</b>
<b>Expenditures</b>					
Variable Rate Debt Service Savings	---	50	---	---	---
Payroll Savings	50	---	---	---	---
Pension Contributions	---	---	191	436	668
Operating Subsidies to the MTA	---	(398)	(621)	(834)	(850)
Health Insurance	(475)	(773)	(568)	(607)	(646)
Social Services (Summarized)	---	(2,044)	(2,479)	(2,700)	(2,974)
Uniformed Agency Overtime	---	(756)	(745)	(749)	(751)
Department of Education (Summarized)	---	(588)	(1,426)	(2,126)	(2,266)
SNAP Administration Funding Cut	---	---	(74)	(99)	(99)
Early Intervention	---	(65)	(76)	(76)	(76)
Supportive Housing	---	(64)	(64)	(64)	(64)
NYC H+H Indigent Care Pool Payments	---	(57)	(57)	(57)	(57)
Residual Services for Asylum Seekers	94	(351)	120	(314)	(177)
<b>Subtotal Expenditures<sup>1</sup></b>	<b>\$ (331)</b>	<b>\$ (5,046)</b>	<b>\$ (5,799)</b>	<b>\$ (7,190)</b>	<b>\$ (7,293)</b>
<b>OSC Risk Assessment</b>	<b>\$ (231)</b>	<b>\$ (4,796)</b>	<b>\$ (5,249)</b>	<b>\$ (6,540)</b>	<b>\$ (6,543)</b>
<b>Potential Gaps Per OSC<sup>2,3,4,5</sup></b>	<b>\$ (231)</b>	<b>\$ (4,796)</b>	<b>\$ (10,293)</b>	<b>\$ (12,643)</b>	<b>\$ (12,507)</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.

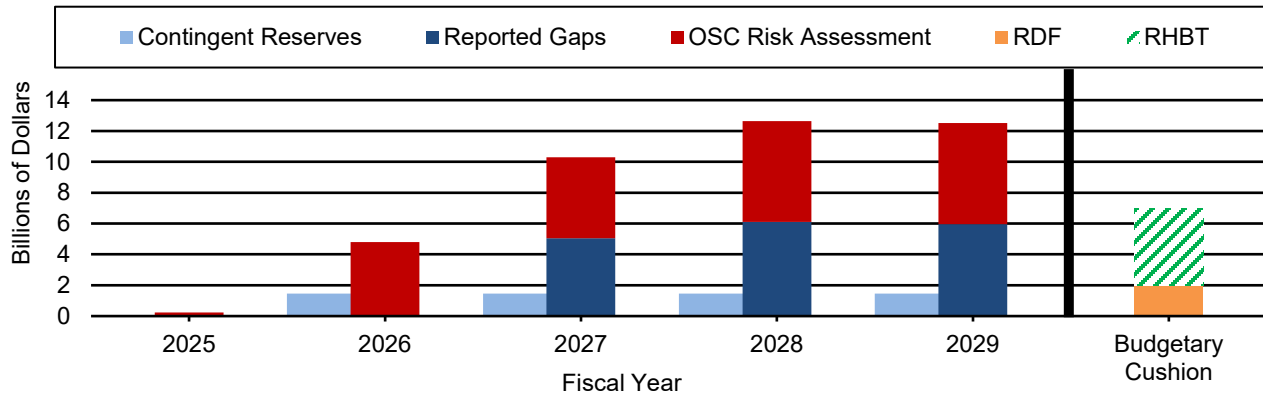
<sup>3</sup> June Plan gaps are inclusive of a general reserve of \$20 million in FY 2025 and \$1.2 billion in each of fiscal years 2026 through 2029. In addition, the Capital Stabilization Reserve has a balance of \$250 million in each of fiscal years 2026 through 2029. The June Plan also includes reserves of about \$279 million beginning in FY 2027 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 2024, 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, 2024, which may be used to help close future budget gaps.

Sources: NYC Office of Management and Budget; OSC analysis

## II. Economic Trends

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### National Economy

In the first half of 2025, the national economy generally continued to add employment and contained inflation despite growing risks to both. However, while it has exhibited resilience, concerns over sustained growth remain as federal policy continues to shift. Federal fiscal, trade, regulatory and immigration policies are contributing to a business and consumption landscape faced with several uncertainties.

Productivity showed signs of weakness in the first quarter of 2025 (declining by 0.5 percent on an annualized basis) compared to a robust fourth quarter of 2024, reflecting a shift in the composition of gross domestic product (GDP). Business investment outweighed personal consumption. In the second quarter of 2025, GDP grew by 3.0 percent, greater than S&P Global's (an economic forecasting company), July estimate of 2 percent, reflecting some improvement. Personal consumption rebounded from its slowdown in the first quarter, though growth was not as strong as last year, while business investment declined considerably. While the second quarter overall showed strength, the quarterly shifts in the components of GDP reflect changes to federal tariff policy that suggest risks to economic growth remain.

While the federal government has announced trade agreements with some trading partners in recent weeks, there remains the possibility of adverse effects to national economic growth from unresolved tariff negotiations and sustained higher tariff rates.

Sustained higher tariffs could impede consumer spending and business investment, thereby also leading to weaker growth. While several

companies warned of raising prices on everyday goods earlier in the year if tariffs were applied at proposed rates, this could occur if certain federal policy changes are sustained. See [OSC's report](#) for a look at trade characteristics in the New York City metropolitan area.<sup>6</sup>

In July 2025, the nation added 73,000 jobs, representing a slowdown in growth, as the unemployment rate rose slightly to 4.2 percent. As of June 2025, year-over-year inflation as measured by the consumer price index grew by 2.7 percent, higher than the 2.4 percent growth in May.

Continued employment growth and concerns over the inflationary impact of tariffs have so far led the Federal Reserve to exercise caution in cutting rates. In July 2025, the Federal Reserve held the federal funds rate range steady at 4.25 percent to 4.5 percent, following pauses since December 2024. Analysts largely expect a 25 basis point rate cut beginning in September.<sup>7</sup> A further slowdown in job growth and a continuation of elevated inflation readings could influence the Federal Reserve to change its monetary policy trajectory.

### City Economy

In June 2025, City nonfarm employment grew to over 4.87 million, an annual increase of 1.7 percent. This growth represents a further slowdown from above-average growth during the pandemic recovery period. Compared to June 2019, the social assistance sector has experienced the largest growth in jobs at 57.3 percent, followed by health care at 23.9 percent and securities at 9.2 percent. Some sectors lag behind pre-pandemic levels, however, with retail trade jobs 16 percent below

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<sup>6</sup> OSC, *Imports and Exports in the New York City Metropolitan Area*, March 2025, <https://www.osc.ny.gov/files/reports/osdc/pdf/imports-and-exports-in-nyc.pdf>.

<sup>7</sup> CME Group, FedWatch, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.

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their 2019 level and construction jobs 13 percent below.<sup>8</sup>

The securities industry has been an especially bright spot, with pre-tax profits growing by 25.4 percent year over year to reach \$15.4 billion in the first quarter of 2025.<sup>9</sup> However, volatility in the financial markets, as well as business decisions to pause investment plans, may portend weaker growth for the remainder of 2025. During the second quarter of 2025, the six largest banks saw pre-tax profits fall by 4.2 percent year-over-year as total expenses for non-compensation, including provisions for credit losses, increased. The negative growth in the second quarter follows an almost 10 percent year-over-year growth in the first quarter, raising a potential concern for the trajectory of securities industry profits.

Tourism is another industry that has shown mixed signals, prompting NYC Tourism + Conventions to revise its forecast upward for domestic visitors and downward for international visitors, particularly from Canada. In addition, the foreign-born population has contributed significantly to the City's population change. Between 2019 and 2023, the citywide population aged 16 and over declined by 2,516 residents. The decline was driven by the native-born population, which fell by 50,300 residents, while the foreign-born population increased in size by 47,784 residents (see [OSC's report on the foreign-born labor force](#) in New York City).<sup>10</sup>

Further changes to federal immigration and trade policy pose risks to tourism and population growth in the City.

Additionally, office vacancy rates remain elevated, but peaked in 2024, whereas other markets such as San Francisco and Austin saw their vacancy rates rise more significantly over the last five years.<sup>11</sup> In New York City, some areas have even seen their vacancy rates drop, with higher-quality buildings continuing to see strong leasing activity (see OSC's report on commercial real estate).<sup>12</sup> These positive signals suggest commercial real estate market valuations may be more stable in the coming years. Construction spending in the commercial real estate market has also declined in recent years, meaning supply growth has been constrained, which may support property valuation growth. Overall, the commercial real estate market has seen a reduction in construction spending due to the prevalence of work-from-home options and will take time to rebound.<sup>13</sup> The 467-m tax exemption program created to incentivize the conversion of nonresidential buildings into residential should help boost the construction sector.

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<sup>8</sup> OSC, New York City Industry Sector Dashboards, March 2022, <https://www.osc.ny.gov/osdc/reports/nyc-sectors/retail> and <https://www.osc.ny.gov/osdc/reports/nyc-sectors/construction>.

<sup>9</sup> OSC, New York City Industry Sector Dashboards, March 2022, <https://www.osc.ny.gov/osdc/reports/nyc-sectors/securities-sector>.

<sup>10</sup> OSC, *New York City's Uneven Recovery: Foreign-Born in the Workforce*, Report 20-2024, March 2024, <https://www.osc.ny.gov/files/reports/osdc/pdf/report-20-2024.pdf>.

<sup>11</sup> Moody's, "A New Working Order: Reimagining Offices in a Hybrid World," September 10, 2024, <https://www.moody's.com/web/en/us/insights/data-stories/us-commercial-real-estate-vacancies-downtown-vs-suburbs.html>.

<sup>12</sup> OSC, *Office Real Estate in New York City: A Review of Market Valuation Shifts*, Report 11-2025, August 2024, <https://www.osc.ny.gov/files/reports/osdc/pdf/report-11-2025.pdf>.

<sup>13</sup> OSC, *The Construction Sector in New York City: Post-Pandemic Trends*, Report 8-2026, July 2025, <https://www.osc.ny.gov/files/reports/pdf/report-8-2026.pdf>.

### III. Changes Since the June 2024 Plan

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In June 2024, the City projected a balanced budget for FY 2025 and budget gaps of \$5.5 billion in FY 2026, \$5.6 billion in FY 2027 and \$6.5 billion in FY 2028. One year later, the City was able to generate \$3.8 billion of unanticipated resources in FY 2025 that was used to prepay expenses and help balance the budget in FY 2026 in tandem with increased revenue projections and cost savings. Changes to revenue estimates more than offset new agency needs in the out-years, reducing budget gaps by an average of about \$450 million annually (see Figure 4).

Upward adjustments of revenues helped the City close the FY 2026 budget gap and shrink out-year gaps. Since June 2024, the City revised its tax forecasts up by \$3.3 billion in each of fiscal years 2025 and 2026, and by an average of \$2.2 billion in the out-years. More than 80 percent of the total increase after FY 2025 would be generated from additional business and property taxes. Total revenue estimates, including miscellaneous revenues, increased by \$3.9 billion in FY 2025, \$3.5 billion in FY 2026, \$2.1 billion in FY 2027, and \$2.4 billion in FY 2028 (see the Revenue Trends section for details).

The City was also able to generate substantial savings to support prepayments in FY 2025 and further reduce budget gaps beginning in FY 2026 and FY 2027, fueled by changing projections in the asylum-seeker population (\$4.6 billion through FY 2027; 79 percent of total savings). The remainder of the savings program primarily reflected short-term expense reestimates and debt service savings (\$946 million in FY 2025, \$246 million in FY 2026, \$77 million in FY 2027, and a net cost of \$68 million in FY 2028). These savings were partially offset by restorations to prior-year savings programs (see OSC's [May Plan report](#) for details).

The City used these resources to fund new agency needs in FY 2025 (\$6.2 billion) and FY 2026 (\$3.3 billion). Several of these costs are likely to recur, however, leading to an underestimation of potential budget gaps. Non-recurring additions were made for uniformed overtime and mandated costs, including funding for recurring programs such as various forms of public assistance, homeless shelters, and special needs education which make up more than half of all additions (see Figure 5). Baselined funding was added for school nurses, child care, and wages for shelter security.

The Enacted State Budget for State fiscal year (SFY) 2026 required the City to include an average of about \$400 million annually in funding, mostly for child care vouchers and MTA Paratransit services. The City's FY 2026 June Plan also included more than \$600 million in City Council initiatives in FY 2026 only.

Other notable expense changes include a drawdown of \$1.4 billion in contingent reserves and an \$816 million reestimate of prior-year expenses in FY 2025. The budget also reflects a cumulative \$1.6 billion over four years from better-than-expected returns on pension investments in FY 2024, lowering the City's expected contributions.

Net of all changes, the City's stated out-year gaps with contingencies now total \$17.1 billion over the three years including FY 2029, averaging 6.2 percent of City fund revenues, an improvement from last year's budget adoption when the gaps averaged 6.8 percent. The City's contingencies, which remain at \$1.45 billion for each year of the Plan, could be used to reduce the gap to an average of 4.6 percent of revenues. However, the City's continued practice of addressing recurring costs one year at a time indicates that the published out-year gaps are understated.

## FIGURE 4

### Financial Plan Reconciliation — City Funds June 2025 Plan vs. June 2024 Plan

(in millions)

	Better/(Worse)			
	FY 2025	FY 2026	FY 2027	FY 2028
<b>Projected Gaps Per June 2024 Plan</b>	\$ ---	\$ (5,503)	\$ (5,592)	\$ (6,469)
<b>Updated Tax Estimates</b>				
Business Taxes	1,295	2,053	1,310	1,212
General Property Taxes	443	531	856	1,243
Personal Income	1,126	588	(56)	110
Hotel Taxes	42	47	28	2
Sales Taxes	(68)	(132)	(197)	(242)
Real Estate Transaction Taxes	61	59	(20)	(19)
Other Taxes	307	161	131	104
Audits	97	36	6	6
Planned Tax Expenditures, Personal Income	---	(63)	(65)	(68)
<b>Subtotal</b>	<b>3,303</b>	<b>3,280</b>	<b>1,992</b>	<b>2,348</b>
<b>All Other Revenue Reestimates</b>	<b>571</b>	<b>171</b>	<b>78</b>	<b>73</b>
<b>Total Revenue Reestimates</b>	<b>3,874</b>	<b>3,451</b>	<b>2,071</b>	<b>2,421</b>
<b>Contingent Reserves</b>	<b>1,430</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Asylum Seeker Savings – City Funds</b>	<b>1,937</b>	<b>1,838</b>	<b>800</b>	<b>---</b>
<b>Other Savings Program</b>				
Agency Savings	491	61	59	59
Debt Service	455	185	18	(128)
<b>Subtotal</b>	<b>946</b>	<b>246</b>	<b>77</b>	<b>(68)</b>
<b>Agency Needs New</b>	<b>(6,232)</b>	<b>(3,275)</b>	<b>(1,940)</b>	<b>(1,995)</b>
<b>Updated Estimates</b>				
City Council Initiatives	---	(609)	---	---
Collective Bargaining	565	210	---	---
Pension Contributions	318	631	218	466
Prior-Year Restorations	(139)	(182)	(207)	(204)
Prior-Years' Expenses	816	---	---	---
State Budget Impact	---	(437)	(454)	(294)
All Other	273	(155)	(16)	41
<b>Subtotal</b>	<b>1,832</b>	<b>(543)</b>	<b>(459)</b>	<b>8</b>
<b>Total Expense Reestimates</b>	<b>(87)</b>	<b>(1,735)</b>	<b>(1,522)</b>	<b>(2,055)</b>
<b>Net Change</b>	<b>3,787</b>	<b>1,716</b>	<b>548</b>	<b>366</b>
<b>Gaps to Be Closed Before Prepayment</b>	<b>\$ 3,787</b>	<b>\$ (3,787)</b>	<b>\$ (5,044)</b>	<b>\$ (6,103)</b>
FY 2025 Prepayment of FY 2026 Expenses	(3,787)	3,787	---	---
<b>Gaps to Be Closed Per June 2025 Plan</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ (5,044)</b>	<b>\$ (6,103)</b>

Note: Columns may not add due to rounding. Other revenue reestimates exclude savings initiatives, which are reflected in the "Agency Savings" category.

Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 5**  
**City-Funded New Needs Identified Since June 2024**  
(in thousands)

Agency	Description	FY 2025	FY 2026	FY 2027	FY 2028
<b>Social Services</b>	Rental Assistance*	616,569	100,000	---	---
	Cash Assistance*	596,975	---	---	---
	Medical Assistance*	251,000	---	---	---
	All Other	79,357	---	---	---
	<b>Subtotal</b>	<b>1,543,901</b>	<b>100,000</b>	<b>---</b>	<b>---</b>
<b>Homeless Services</b>	Shelter Costs*	654,071	150,000	---	---
	All Other	17,342	---	---	---
	<b>Subtotal</b>	<b>671,413</b>	<b>150,000</b>	<b>---</b>	<b>---</b>
<b>Education</b>	Carter Cases*	481,000			
	Charter Schools*	87,000			
	Maintain Tech Funding	80,000	---	---	---
	All Other	22,517	---	---	---
	<b>Subtotal</b>	<b>670,517</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Police Department</b>	Personal Services*	419,264	---	---	---
	Domain Awareness System*	55,300	---	---	---
	All Other	30,100	---	---	---
	<b>Subtotal</b>	<b>504,664</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Miscellaneous</b>	MTA Subsidy*	241,006	---	---	---
	Judgment & Claims*	150,000	---	---	---
	<b>Subtotal</b>	<b>391,006</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Fire Department</b>	Personal Services*	185,000	---	---	---
	EMS Revenue*	145,000	---	---	---
	Other Than Personal Services	60,000	---	---	---
	<b>Subtotal</b>	<b>390,000</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Children's Services</b>	State Mandate*	138,800	---	---	---
	Foster Care Funding*	102,800	---	---	---
	All Other	7,000	---	---	---
	<b>Subtotal</b>	<b>248,600</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Department of Correction</b>	Personal Services*	197,000	---	---	---
	<b>Subtotal</b>	<b>197,000</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Board of Elections</b>	Election Funding*	78,758	---	---	---
	All Other	51,000	---	---	---
	<b>Subtotal</b>	<b>129,758</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Health &amp; Mental Hygiene</b>	Supportive Housing	64,200	---	---	---
	Early Intervention*	55,100	---	---	---
	<b>Subtotal</b>	<b>119,300</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Department of Sanitation</b>	Personal Services*	68,500	---	---	---
	Other Than Personal Services	42,700	---	---	---
	<b>Subtotal</b>	<b>111,200</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>All Other Agencies</b>	<b>Subtotal</b>	<b>255,809</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Other New Needs</b>		<b>998,681</b>	<b>3,025,268</b>	<b>1,940,419</b>	<b>1,994,878</b>
<b>Total New Needs</b>		<b>6,231,849</b>	<b>3,275,268</b>	<b>1,940,419</b>	<b>1,994,878</b>

\*Mandated or quasi-discretionary spending

Sources: NYC Office of Management and Budget; OSC analysis

## IV. State and Federal Actions

### State Budget

The June Plan assumes the City will receive \$19 billion in State categorical aid in FY 2026. On May 8, 2025, after the City released its May Plan, the Enacted State Budget for SFY 2026, which began on April 1, 2025, was passed. In total, the City assumes that actions in the Enacted State Budget will benefit the City's financial plan by \$142 million in FY 2026, \$65 million in FY 2027, \$214 million in FY 2028 and \$209 million in FY 2029 (see Figure 6).

The May Plan added \$287 million annually from expected education aid increases and higher paratransit costs of \$165 million annually that were proposed in the State Executive Budget. The June Plan was updated to fully incorporate the impact of the Enacted State Budget as more than \$1 billion of costs added over the financial plan period was offset by additional school aid.

The City was allocated \$539 million more in school Foundation Aid in FY 2026 when compared to the last State fiscal year and another \$138 million in expense-based and categorical school aid. The June Plan assumes \$660 million of the school aid increase in FY 2026 and similar amounts thereafter, although the State appropriates education aid

one year at a time and may provide less than what the City has assumed. The State Budget also provides \$19 million in City FY 2025 and \$58 million in FY 2026 (half of the total projected \$154 million cost) to expand police patrols on the subways during overnight hours. The June Plan applies \$41 million of these funds to FY 2025 with the remainder of \$36 million currently unbudgeted.

There were also several actions that will have a negative fiscal impact on the City. The Enacted Budget provides the City with priority access to up to \$350 million for child care assistance (expected to be 50 percent of the cost) but also requires the City to pay at least \$328 million annually for child care assistance for the City's share of the cost. The June Plan added \$228 million in FY 2026 and \$265 million annually thereafter to meet this requirement (see the Social Services: Child Care Vouchers section for details).

The State Budget extended for two years through June 2027 the requirement that the City pay the lesser of 80 percent of the net operating costs of the MTA's paratransit system or 50 percent of the net cost plus \$165 million. The June Plan adjusted the May Plan's assumption

**FIGURE 6**

OSC Estimate of Enacted State Budget Impact on NYC Finances

(in millions)

Better/(Worse)

	FY 2026	FY 2027	FY 2028	FY 2029
School Aid	\$ 660	\$636	\$625	\$625
Transit OT Reimbursement	36	---	---	---
Child Care Vouchers	(228)	(265)	(265)	(265)
Paratransit	(165)	(165)	---	---
Mitchell-Lama Shelter Rent Tax	(61)	(61)	(61)	(61)
NYC H+H Indigent Care Pool	(57)	(57)	(57)	(57)
School Cell Phone Ban	(25)	---	---	---
Pension Enhancements	(17)	(22)	(27)	(32)
After 4 p.m. School Buses	(1)	(1)	(1)	(1)
<b>Net Budgetary Impact</b>	<b>\$ 142</b>	<b>\$ 65</b>	<b>\$ 214</b>	<b>\$ 209</b>

Note: Totals might not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis



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of an additional \$165 million for paratransit costs in every year of the financial plan period to only in FY 2026 and FY 2027 to reflect the State Budget (see the Semi-Autonomous Entities: Metropolitan Transportation Authority section for details).

The State Budget increases the exemption for Mitchell-Lama and other limited-dividend housing developments in the City, which is expected to cost the City \$61 million annually. Effective January 1, 2025, the State Budget discontinued the indigent care pool Medicaid funding which benefits H+H which the City will backfill in order for H+H to receive federal cost-sharing funds, costing \$57 million annually starting in FY 2026. The City also estimates it will cost \$25 million in FY 2026 to implement the State's ban on the use of cell phones in schools.

The State Budget approved pension benefit enhancements for New York City police officers and firefighters as detailed in [OSC's May Plan report](#). The City Actuary estimates that these changes, when combined, would increase the City's planned pension contributions by \$17 million in FY 2026, \$22 million in FY 2027, \$27 million in FY 2028, and by \$32 million in FY 2029. Providing school buses for certain students after 4 p.m. is expected to cost the City \$1 million annually. There are other Enacted Budget initiatives that the State did not quantify, or which may not have a material City operating budget impact, which were discussed in detail in [OSC's May Plan report](#).

The State Budget currently forecasts a \$7.5 billion budget gap in SFY 2026-27 which would have to be addressed next year. This gap does not include the impact of the recently passed federal reconciliation bill, which the State expects will cost it and local governments at least \$3.1 billion that year, or any other changes to federal funding which may occur in the next federal budget for federal fiscal year (FFY) 2026. The City may incur additional costs, which may

be substantial, as a result of any State actions taken to close its budget gap.

## 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 (6.4 percent, or \$7.5 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 and 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 to fulfill their missions.

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) as well as the ongoing negotiations over discretionary federal spending.

## 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.)

Through June 5, the City received multiple notifications that would pause, and/or partially or fully terminate legally appropriated federal awards. While the City and State have challenged some of these actions in court, OSC



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estimates that the City's operating budget includes revenue of about \$440 million over FY 2025 and FY 2026 associated with these awards. Of this amount, the City has identified a possible risk of up to \$340 million over two years. As an example, noted in OSC's [the May Plan report](#), the federal administration reversed \$80 million in reimbursements to the City for services to asylum seekers.

This and several other executive actions are being challenged in court, including the elimination of certain pandemic health grants and reimbursements from the Federal Emergency Management Agency (FEMA) for humanitarian services which could have an adverse impact on the City's financial plan. The June 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.

In August 2025, FEMA published a notice that the City would be awarded \$92.2 million for the FFY 2025 Homeland Security Grant Program (HSGP), \$64 million less than in FFY 2024 HSGP. However, due to the conservative budgeting for federal grants, this reduction in funding will not have an adverse impact on the City's financial plan. Nevertheless, the reduction in funding could limit future planned spending on disaster preparedness activities unless alternative resources are identified.

## Federal Budget

In July 2025, Congress approved a budget reconciliation bill 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. The Congressional Budget Office estimates preliminarily that, relative to its January 2025

baseline budget projections, the tax proposals in the reconciliation bill would increase the federal budget deficit by \$4.5 trillion over the next decade. After reflecting reductions to mandatory spending and other changes, the net increase to the deficit would be \$3.4 billion over 10 years.

While the proposed tax-cut extensions would benefit some New York taxpayers, the cuts to mandatory spending would adversely impact the State and the City's fiscal position. The impact of the proposed cuts would be concentrated in public health programs — including Medicaid and the State's Essential Plan (EP) — and the Supplemental Nutrition Assistance Program (SNAP). A significant number of New York City residents are served by these programs. Based on the most recent data available, the number of New York residents enrolled in these public health programs totals 6.9 million in Medicaid, almost 3 million in SNAP, and nearly 1.7 million are enrolled in the State's EP, the majority of which for each program live in the City.<sup>14</sup> A number of these residents are at risk of losing benefits, either because they will become ineligible to receive them, or from lapses in benefits due to new paperwork requirements which make it more time-consuming to demonstrate eligibility.

According to a preliminary estimate issued by the New York State Division of Budget (DOB) in the first-quarter update to the SFY 2026 financial plan, the reconciliation package includes changes in mandated spending for Medicaid that could cost the State \$750 million in SFY 2026, rising to at least \$3.4 billion by SFY 2029. The State is still evaluating some of the changes to the Medicaid program and has not yet finalized its estimate of the fiscal impact.

DOB also estimates the cost to the State (including the share to be borne by local governments) for changes to the SNAP program

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<sup>14</sup> The City's enrollment and share of the statewide total for the select three programs is noted as follows: four million

(58 percent) in Medicaid; 1.8 million (61 percent) in SNAP; and one million (61 percent) in the State's EP.

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would rise from \$103 million in SFY 2027 to more than \$1.3 billion by SFY 2029. (Combined, the cost to State and local governments for the changes to Medicaid and SNAP will total \$750 million in SFY 2026, rising to at least \$4.7 billion by SFY 2029.)

The State Department of Health estimates that nearly 1.5 million New Yorkers will lose health care coverage (based on an analysis of the House version of the bill), and the State will incur an adverse fiscal impact totaling \$13.5 billion in lost EP and Medicaid funding as well as new State Medicaid costs.

Since the release of the State's financial plan update, some of the provisions relevant to the State's assessment have been amended. For example, implementation of a new cost-sharing requirement for the SNAP program would be delayed for states with the highest payment error rates reported by the U.S. Department of Agriculture (including New York), which would provide more time for the states to respond.

Absent alternatives, the State could shift a portion of the cost of the reconciliation package on the State's financial plan to local governments including the City. DOB estimates that a provision to cut the federal share of SNAP administrative costs from 50 percent to 25 percent will increase costs for the State by about \$18 million in SFY 2028 and by \$36 million annually thereafter. The balance of the increased costs (\$85 million in SFY 2026 and \$169 million annually thereafter) would be borne by the counties and New York City.

The federal government will also impose a new non-federal share of benefits in the SNAP program, ranging from 0 percent to 15 percent of program costs effective October 1, 2027. The implementation of the new non-federal share may be delayed by up to two years depending on the State's payment error rate in FFY 2025 or 2026. The DOB states that, currently, federal resources flow to the local service districts to

fund the benefits of the SNAP program. The State does not currently make payments and does not have any existing appropriations to make payments for this purpose. Accordingly, DOB indicates that all payments are the responsibility of local social services districts.

The cuts in mandatory spending on health programs will also adversely impact the City's public hospitals, NYC Health + Hospitals (H+H), which relies on significant revenue from the Medicaid program and serves a large population of patients on Medicaid or uninsured (see the Semi-Autonomous Entities: NYC Health + Hospitals section for details). The reduced eligibility for and spending on SNAP benefits could also adversely affect disposable income and consumer spending trends locally.

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. In May 2025, the President released his budget proposal for discretionary spending in FFY 2026. The proposal suggests reductions to non-defense spending that would likely have a significant adverse impact on New York State and New York City's financial plan. The sharpest cuts would be concentrated in safety net (health and welfare), education, and housing assistance programs.

Examples of major deficit-reduction proposals in the proposed budget that could affect funds to the City include: eliminating heating assistance for low-income households; eliminating the Community Services Block Grant; consolidating 18 competitive and formula grant programs for education (excluding [Title I grants](#) and [special education funding](#)) into a single funding streamline with less overall funding; reducing [Section 8](#) funding for low-income rental assistance; and eliminating the [Community Development Block Grant](#). Congress is currently reviewing the proposals but has not yet completed action on the FFY 2026 budget.

## V. Savings Program

In November 2024, the City introduced a new FY 2025 Savings Program with reductions in planned spending to come largely from a reestimation of asylum seeker spending, debt service savings initiatives and agency efficiencies. The savings program expanded in subsequent plans, fueled mostly by the same factors — particularly asylum seeker costs — through FY 2027.

The savings program is expected to generate gross City funds of nearly \$5 billion in fiscal years 2025 and 2026, and \$877 million in FY 2027. A portion of the savings program is offset by restorations of prior savings initiatives, resulting in a net savings of nearly \$4.6 billion in fiscal years 2025 and 2026, and \$670 million in FY 2027. There are no net savings to the City in fiscal years 2028 and 2029, as higher debt service from higher-than-expected bonding and restorations more than offset savings in those years (see Figure 7).

Nearly 82 percent of savings will come from reducing planned spending on asylum services, at \$4.6 billion over three years through FY 2027, driven primarily by a significant decline in the number of asylum seekers entering and remaining in the City's care since its peak in January 2024. The June Plan reduced City funding and replaced this amount with an allocation of \$100 million in State funds in FY 2026. The decline is strongly correlated with

a reduction in border crossings due to revised federal policy restrictions. The City also attributes the reduction in part to revisions of the City's policies on shelter stays and the provision of legal services.

While a source of financial plan savings through FY 2027, debt service is expected to exceed the City's June 2024 projections by \$128 million in FY 2028 and by \$288 million in FY 2029, driven largely by changes in the timing of debt issuances through FY 2026.

The City anticipates agency savings totaling \$491 million in FY 2025, although much of these savings do not recur. The savings are largely achieved through lower-than-anticipated non-personnel sources and personnel service costs. The City has also eliminated its inflation adjustment for procurements in FY 2026. All of the specified initiatives appear to be within the City's control to implement, although savings from asylum seeker costs remain susceptible to federal policy choices.

Program to Eliminate the Gap (PEG) restorations average about \$201 million annually starting in FY 2026 with nearly \$96 million annually starting in FY 2026 to the City University of New York. The City restored funding for older adult centers by \$23 million in FY 2026, rising to \$38 million annually in FY 2027. The City also restored funding for criminal justice programs and cleaning of public spaces.

**FIGURE 7**  
**FY 2025 Savings Program, City Funds**  
 (in millions) – Decrease/(Increase) to Planned Spending

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
<b>Asylum Services</b>	1,937	1,838	800	---	---	<b>4,575</b>
<b>Efficiencies and Reestimates</b>	491	5	4	4	4	<b>508</b>
<b>Inflation Adjustment</b>	---	56	56	56	56	<b>222</b>
<b>Debt Service</b>	455	185	18	(128)	(288)	<b>242</b>
<b>Total for Current Program</b>	<b>\$ 2,883</b>	<b>\$ 2,084</b>	<b>\$ 877</b>	<b>\$ (68)</b>	<b>\$ (228)</b>	<b>\$ 5,548</b>
<b>Restorations</b>	(139)	(182)	(208)	(204)	(209)	<b>(943)</b>
<b>Net Savings</b>	<b>\$ 2,743</b>	<b>\$ 1,901</b>	<b>\$ 670</b>	<b>\$ (273)</b>	<b>\$ (437)</b>	<b>\$ 4,605</b>

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

## VI. Revenue Trends

The June Plan increased the forecast from the May Plan for total revenues — which include locally generated revenues (i.e., City funds) and federal and State categorical aid — by \$991 million in FY 2025 and by \$842 million in FY 2026. As a result, after increasing by 6.4 percent to a record high of \$120.8 billion in FY 2025, total revenues are now expected to decline by 4 percent to \$115.9 billion in FY 2026, which would be the first decline since FY 2009.

The projected decline is due to a \$5.5 billion drop in FY 2026 in federal and State aid. The decline mostly reflects the exhaustion of pandemic aid. It also reflects the City's expectation that it will receive less in federal and state sharing funds as it spends less overall on social services (such as cash assistance and child care) in FY 2026, despite enrollment rising in FY 2025. This drop more than offsets an anticipated increase in City fund revenues of \$450 million.

The June Plan expects City funds — which account for 76 percent of total revenues — to increase by just 0.5 percent in FY 2026, which would be the slowest growth in 17 years. As a result, after an 8.2 percent increase in FY 2025,

City funds are expected to rise slightly to \$87.5 billion in FY 2026 (see Figure 8). Tax collections are expected to account for 93 percent of City fund revenues; miscellaneous revenues are expected to account for 7 percent in FY 2026.

The FY 2025 City funds forecast is now \$3.9 billion higher than the forecast from the beginning of the fiscal year, the fifth year in a row in which City funds will end the fiscal year at least \$3.5 billion higher than at budget adoption. With better-than-expected tax collections, the June Plan increased the FY 2025 forecast for tax collections from the May Plan by \$308 million to \$80.4 billion. However, this adjustment was smaller than was made from the proposed executive budget to budget adoption last year.

Year-to-date tax collections (including audits) through the first 11 months were \$162 million higher than expected in the May Plan, led by property tax. Through May, tax collections are 8.3 percent higher (\$5.6 billion) than collections over the same period last year, as collections from all major taxes increased, led by personal income tax (PIT), property tax and business

**FIGURE 8**  
**Trends in City Fund Revenues**  
(in millions)

	FY 2025	FY 2026	Annual Growth	FY 2027	FY 2028	FY 2029	Average Three-Year Growth Rate
General Property Tax	\$ 34,607	\$ 35,161	1.6%	\$ 36,524	\$ 37,603	\$ 38,717	3.3%
Personal Income Tax	18,410	17,999	-2.2%	18,280	19,179	19,983	3.5%
Sales Tax	10,303	10,690	3.8%	11,041	11,484	11,911	3.7%
Business Taxes	10,471	10,885	4.0%	10,274	10,351	10,617	-0.8%
Real Estate Transaction Taxes	2,027	2,146	5.9%	2,253	2,367	2,477	4.9%
Other Taxes	3,662	3,633	-0.8%	3,678	3,717	3,817	1.7%
Tax Audits	870	809	-7.0%	779	779	779	-1.3%
<b>Subtotal: Taxes</b>	<b>80,350</b>	<b>81,323</b>	<b>1.2%</b>	<b>82,829</b>	<b>85,480</b>	<b>88,301</b>	<b>2.8%</b>
Miscellaneous Revenues	6,671	6,219	-6.8%	6,079	6,110	6,164	-0.3%
Unrestricted Intergov. Aid	52	0	N/A	0	0	0	N/A
Grant Disallowances	4	(15)	N/A	(15)	(15)	(15)	0.0%
<b>Total</b>	<b>87,077</b>	<b>87,527</b>	<b>0.5%</b>	<b>88,893</b>	<b>91,575</b>	<b>94,450</b>	<b>2.6%</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

taxes. The June Plan expects total collections in FY 2025 to finish 8.3 percent higher than the prior year (see Figure 9).

The June Plan increased the FY 2026 forecast for tax collections by \$309 million from the May Plan. Since this increase was close to the increase to the FY 2025 forecast, the City still expects tax collections to increase by 1.2 percent in FY 2026, the same as the May Plan (see OSC's [May Plan report](#)).

For FY 2026, the June Plan increased the forecast for non-property tax collections by \$508 million, led by PIT and business taxes. Part of the increase is expected to be offset by property tax collections as the City decreased its forecast in the June Plan by \$199 million, reflecting a weaker-than-expected final property tax assessment roll. However, growth in property tax collections (1.6 percent) is still expected to outpace that of non-property tax collections (0.9 percent) in FY 2026, reflecting the City's expectation of slower economic growth.

In fiscal years 2027 through 2029, with minimal changes to the forecast in the June Plan, total revenues are forecast to increase by an annual average of 2 percent, although there may be risks to federal and State funding in the coming

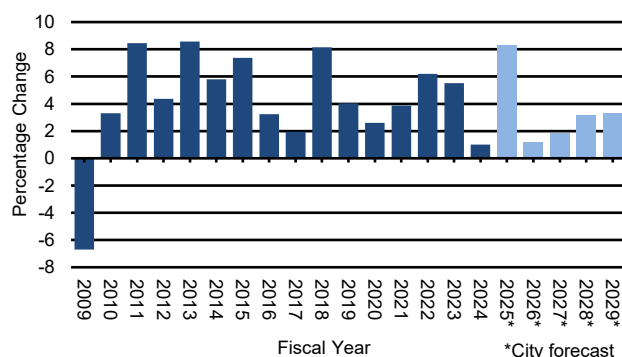
years (see the State and Federal Actions section for details).

During this period, City funds annual average growth is expected to be 2.6 percent, much slower than the annual average growth of 4.7 percent in the five years before the pandemic.

For the forecast for fiscal years 2027 through 2029, property tax was the only tax revenue updated in the June Plan, taken down by \$61 million annually from the May Plan due to a reduction in shelter rent tax mandated by the Enacted Budget for SFY 2025-2026. During this period, the City expects the average annual growth in property tax collections (3.3 percent) to outpace that of non-property tax (2.4 percent). As a result, total tax collections are expected to increase at an annual average of 2.8 percent, reflecting more moderate economic growth.

While the economic outlook remains uncertain, OSC estimates tax and audit collections will likely exceed the City's forecast for FY 2025 by \$100 million, as year-to-date audit revenues through June are tracking to exceed the City's June Plan projection. In FY 2026, OSC expects tax and audit collections to be \$250 million higher. In the out-years of the plan, OSC estimates tax and audit collections will exceed the forecast by an annual average of approximately \$650 million, resulting in average annual growth of 3 percent. In total, OSC believes revenues will be \$2.3 billion higher throughout the financial plan period.

**FIGURE 9**  
Annual Percent Change in Tax Revenues



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

## General Property Tax

In the June Plan, the City's forecast for property tax collections for FY 2026 was revised downward by \$199 million compared to the May Plan. As a result, the City now expects total property tax collections in FY 2026 to reach

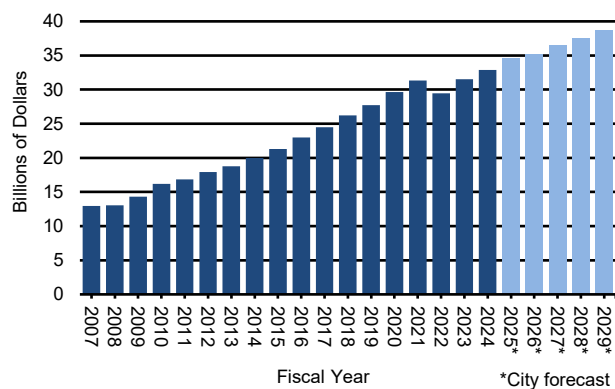


\$35.2 billion, an increase of 1.6 percent over the current fiscal year (see Figure 10).

The FY 2026 growth rate was also impacted because the City increased expected collections for FY 2025 by \$173 million based on the strength of year-to-date collections through June. Collections in May and June far outpaced historical trends; the return of the lien sale (which was suspended during the pandemic and had not occurred since 2019) caused a rush of property owners with overdue tax bills to make payments so they could be removed from the lien list before the sale. FY 2025 collections are now expected to be \$34.6 billion, a 5.3 percent increase over FY 2024.

The City's adjustment for FY 2026 reflects the final assessment roll released in late May. Though the total taxable values grew for all property classes compared to the prior fiscal year, growth was lower than the City had expected in the May Plan (see Figure 11), particularly for Tax Class 2 (large rental buildings and condominiums) and Class 4 (commercial properties including office and retail buildings; see [OSC's May Plan report](#) for additional discussion of the final assessment roll). The final roll has not come in lower than the City expected

**FIGURE 10**  
Property Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 11**

Final Roll Total Taxable Value Growth  
(Compared to prior fiscal year; City's May Plan forecast vs. actual)

Property Tax Class	City's May Plan Forecast	Final Roll Actual
Tax Class 1	4.50%	4.31%
Tax Class 2	4.20%	3.57%
Tax Class 3	7.00%	7.24%
Tax Class 4	1.70%	1.47%
<b>Total Taxable Value Growth</b>	<b>3.40%</b>	<b>3.03%</b>
<b>Total Taxable Value (in billions)</b>	<b>\$309.6</b>	<b>\$308.5</b>

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

since the FY 2022 final roll, when the delayed impact of COVID resulted in the first decline in billable values in over 20 years.

In addition to the changes on the final assessment roll, the City also increased the property tax reserve (the amount of the levy set aside for delinquencies, cancellations, abatements, refunds and other offsets) in FY 2026 compared to the May Plan. The June Plan increased the reserve level for FY 2026 from 7.2 percent to 7.4 percent. This adjustment reflects a change made in the State budget that reduces the shelter rent for Mitchell-Lama co-ops and rental properties (shelter rent revenue is used to partially offset the total reserve amount). The FY 2026 level is still well above the average level in recent years (6.8 percent for fiscal years 2021 to 2024), as well as the FY 2025 level, which the City now forecasts to be 6.1 percent (see OSC's [February Plan report](#) for details).

The City made a small revision to its expectations for property tax collections in the out-years, decreasing collections by \$61 million per year for fiscal years 2027 through 2029, reaching \$38.7 billion in FY 2029. Out-year changes were again driven by a reduction in expected shelter rent income from Mitchell-Lama

properties. The City now expects a compound average annual growth rate in collections of 3.3 percent for fiscal years 2027 to 2029, well below the compound average rate of 5.5 percent for fiscal years 2023 to 2025. OSC expects that property tax collections may exceed the forecast by more than \$700 million for fiscal years 2026 to 2029, based on historical trends, the City's forecast for growth in the property tax levy, and the continued 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 June Plan increased the FY 2025 forecast for total PIT, including the Pass-Through Entity Tax (PTET), by \$181 million from the May Plan and by \$315 million in FY 2026.<sup>15</sup> However, after increasing by 17.5 percent in FY 2025, total PIT is expected to decline by 2.2 percent to \$18 billion in FY 2026 due to the City's assumption of an economic slowdown (see Figure 12). This decline is slightly better than the 3 percent decline from the May Plan.

The June Plan's adjustment reflects stronger-than-expected year-to-date collections. Through June, collections were 17.8 percent higher than the same period last year and were \$153 million higher than the May Plan forecast. As a result, the June Plan now expects total PIT collections in FY 2025 to rise to a record high of \$18.4 billion, \$1.1 billion more than the forecast in June 2024.

The June Plan made adjustments to the forecasts of almost all components of PIT since May. Most of the adjustment was to the non-withholding components of PIT, as the June Plan increased the combined FY 2025 forecast for

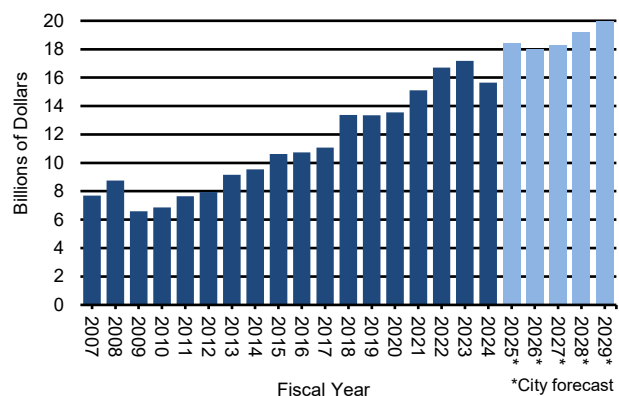
these components by \$162 million, reflecting strong year-to-date collections.

Year-to-date non-withholding collections through June were 43.2 percent higher than in the same period last year. These components are now expected to increase by 41.5 percent in FY 2025. The increase reflects the City's estimate of growth in capital gains (the largest non-wage component) due to strong financial markets.

Total FY 2025 collections from withholding (i.e., the amount of tax taken from employee paychecks) increased by 10.5 percent and reached a record high of \$13.4 billion, \$19 million higher than the June Plan forecast. The growth reflects job and wage growth along with [record-high bonuses](#) in the past year. The June Plan did not change the FY 2026 withholding forecast from the May Plan. The City expects withholding to be just 0.4 percent higher than the prior year as wage and job growth slows.

All of the \$315 million increase in the June Plan's FY 2026 forecast for total PIT were made to the non-withholding components. However, the City expects collections from these components to decline by 9.2 percent in FY 2026, reflecting the City's assumption of lower capital gains, the

**FIGURE 12**  
Total Personal Income Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

<sup>15</sup> The SFY 2022-23 Enacted Budget created the PTET for the City which went into effect in FY 2023. When combined with

PIT, the PTET is expected to be revenue neutral for the City. See OSC's June 2023 Plan report.

adoption of the Axe the Tax program and possible timing issues with PTET.<sup>16</sup>

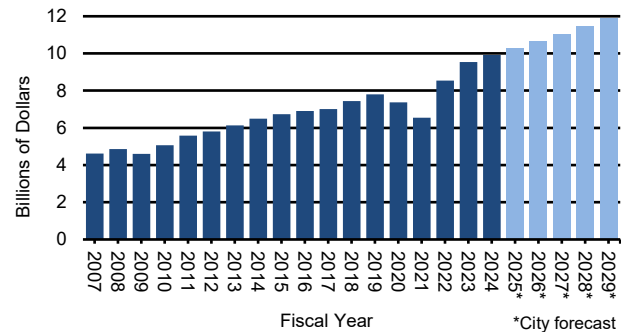
For fiscal years 2027 through 2029, the June Plan did not adjust the forecast. However, since the baseline in FY 2026 was increased, the City now projects collections to increase by an annual average of 3.5 percent, reflecting the City's assumption of moderate economic growth in the out-years. This rate of growth would be about half the pre-pandemic average annual growth (6.9 percent) in fiscal years 2015 through 2019. The growth in the out-years is due entirely to withholding, as its average annual growth is projected at 4.8 percent during this period (lower than the pre-pandemic 10-year annual average of 5.4 percent), while that of non-withholding components is expected to average a decline of 0.1 percent. As the changes in federal policies have made it more difficult to forecast collections, OSC believes the City's PIT forecast is reasonable.

## Sales Tax

The June Plan adjusted the sales tax collections forecast for FY 2025 upward by \$15 million from the May Plan, but made no adjustments to projections for FY 2026 or the out-years. FY 2025 year-to-date sales tax collections grew 3.9 percent compared to the same period in FY 2024. The City expects collections to grow 3.8 percent in FY 2026, reaching \$10.7 billion (see Figure 13). The expected growth is due to continued wage growth driving consumption and the potential for higher inflation from recent choices over tariff policy. These growth drivers are expected to be offset by a slowdown in international visitors.

Consumer spending remains resilient for now but uncertainty remains. According to the latest Beige Book, consumer spending in the New York

**FIGURE 13**  
Sales Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

district (which includes parts of New Jersey and Connecticut and all of New York State) declined slightly from May 2025 but restaurant activity continues to pick up in New York City, especially in Brooklyn, as tourism held steady.<sup>17</sup>

OSC estimates that collections in FY 2026 could be \$100 million less than the City's June Plan forecast due to lower wealth effects aligned with capital gains projections and mixed consumer sentiment and spending. The City's forecast for the out-years is reasonable given historical growth rates and the City's assumptions for continued economic growth.

## Business Taxes

The City estimates the year-over-year increase in business tax collections will be 8.2 percent in FY 2025, fueled by unincorporated business taxes (UBT), which have seen robust growth this fiscal year. In FY 2025, UBT is expected to reach \$3.4 billion, a \$59 million increase from the May Plan. However, the June Plan lowered the FY 2025 forecast for business corporation taxes (BCT) by \$232 million to \$7.1 billion, which would still be 2.8 percent higher than the prior year.

<sup>16</sup> Axe the Tax program eliminates PIT liability for low-income residents. See OSC's [May 2025 Plan report](#).

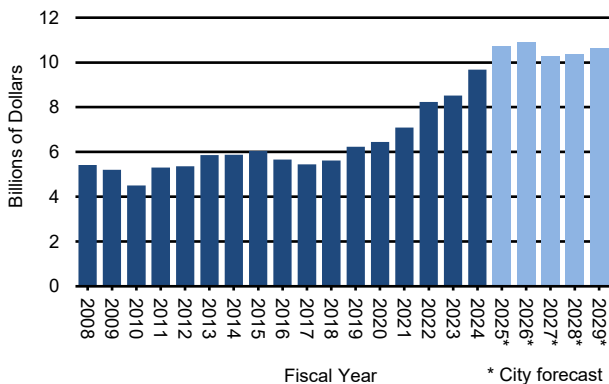
<sup>17</sup> New York Federal Reserve *Beige Book*, July 2025.



The June Plan's FY 2026 business tax forecast is \$149 million higher than the May Plan. As a result, business taxes are now projected to grow by 4 percent to a record high of \$10.9 billion in FY 2026, which would surpass FY 2025 by \$414 million (see Figure 14).

The June Plan's upward adjustment for FY 2026 since May is attributable to UBT, which represents one-third of total business tax collections, which has exceeded expectations. UBT collections in FY 2025 grew more than expected, up 20.6 percent through June. The City initially anticipated UBT would decline in FY 2026, but now expects collections to grow 0.8 percent, a \$149 million increase from the May Plan. The finance sector firms (i.e., hedge funds) that pay UBT taxes, which constitute 45 percent of UBT net payments, have seen strong tax payments from January through May 2025, 52 percent higher than the same period last year. The service sector, which makes up 44 percent of UBT net payments, has also grown 17 percent through May compared to the same period last year. OSC anticipates this strength to be reflected in FY 2026 collections, which are likely to be higher than anticipated barring further economic slowdown.

**FIGURE 14**  
Business Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

The City did not make any adjustments to the BCT component in FY 2026. BCT constitutes more than two-thirds of total business tax collections and are driven primarily by the profits of New York Stock Exchange member firms. The City expects collections in both the finance and non-finance sectors to weaken in FY 2025, which it anticipates will continue through FY 2026. Through June, fiscal year-to-date business corporation tax collections have grown by 1.9 percent, compared to the same period last year. Year-to-date growth has slowed each month since January. After a strong year in 2024, the City anticipates Wall Street and pre-tax corporate profits will return to pre-pandemic levels in calendar year 2025. Given available figures on the profitability of large banks and the securities sector in the City so far in 2025, this assumption is cautious but reasonable given economic uncertainty.

The City made no adjustments to the out-years forecast from the previous plan. Collections are not expected to reach the projected peak in FY 2026 during the rest of the plan period and the City projects collections to reach \$10.6 billion in FY 2029.

OSC estimates tax collections will reach \$10.4 billion in FY 2025. In FY 2026, OSC estimates collections will increase by 5 percent, exceeding the City's forecast by \$125 million. Due to the higher baseline effect, OSC projects business taxes will be 3.3 percent higher, on average, than the June Plan projections for each of the out-years.

### Real Estate Transaction Taxes

The City's June Plan made no changes to expected transaction tax collections in FY 2026 compared to the May Plan. Total collections are forecast to be \$2.1 billion, up 5.9 percent from FY 2025 (see Figure 15). However, the June Plan makes a small downward revision to

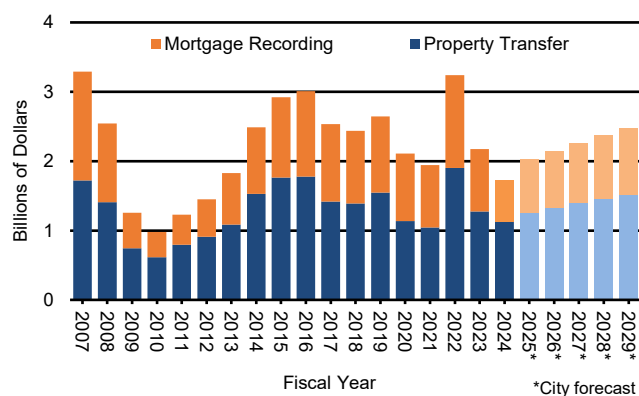
expected FY 2025 collections by \$43 million based on lower-than-expected collections in June. Total collections for the current fiscal year are now forecast to be \$2 billion, an increase of 17.4 percent from FY 2024.

Sales activity has increased significantly in the current fiscal year. Preliminary figures for total sales dollars for FY 2025 show an increase of 7 percent over the prior fiscal year.<sup>18</sup> Commercial property sales, however, increased just 0.2 percent during the same period, and activity has been uneven across different types of properties. Office sales are up 8.4 percent by dollar volume, while total sales for hotels and retail properties are down by over 50 percent each. Real estate sales activity slowed significantly in June, with both transfer tax and mortgage tax revenue coming in lower than expected. This is likely due to the volatility seen in mortgage rates in April; because of the time needed to complete transactions, the impact did not appear in the data until June.<sup>19</sup> ACRIS data, the register of all property transactions in the

City, reflects this decline as well, with total residential sales dollars in June down 31.1 percent from the May level; total commercial sales dollars also fell by more than half compared to the prior month. These figures are preliminary and may moderate with future data revisions.

The City made no changes to its projections in the out-years, expecting collections to reach \$2.5 billion in FY 2029, for a compound average annual growth of 4.9 percent in fiscal years 2027 to 2029. The office rental market appears to be recovering at last, with leasing up 42 percent in the first half of 2025, and an overall office vacancy rate of 22.6 percent in the second quarter of 2025, down a full percentage point from one year prior.<sup>20,21</sup> However, market headwinds persist, with federal monetary, trade and immigration policy presenting ongoing challenges to the industry (see OSC's [Construction Sector report](#) for details). While OSC finds the City's forecast for real estate transaction taxes to be reasonable and therefore makes no adjustments, the continuing uncertainty around federal policy choices means there is increased volatility for local real estate market conditions.

**FIGURE 15**  
Real Estate Transaction Tax Collections



Sources: NYC Office of Management and Budget; OSC analysis

<sup>18</sup> NYC Department of Finance Automated City Register Information System (ACRIS) preliminary data. These figures may moderate with subsequent data revisions.

<sup>19</sup> Marco Santarelli, "Mortgage Demand Plunges 13% as Rates Hit 2-Month High in April 2025," Norada Real Estate Investments, April 23, 2025, <https://www.noradarealestate.com/blog/mortgage-demand-plunges-13-as-rates-hit-2-month-high-in-april-2025/>.

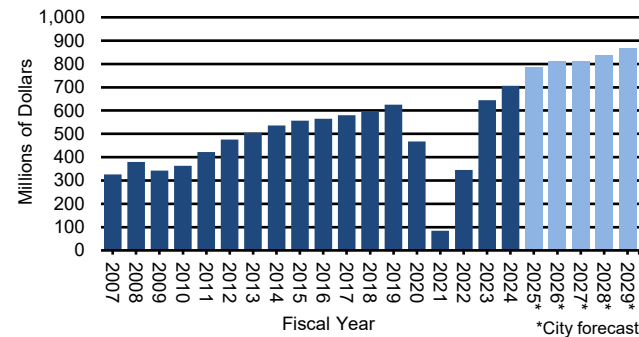
<sup>20</sup> Eddie Small, "Manhattan office market has strongest first half since 2014," *Crain's New York Business*, July 1, 2025, <https://www.craigslist.com/real-estate/manhattan-office-market-has-strongest-first-half-year-2014>.

<sup>21</sup> "MarketBeat Manhattan Office Q2 2025," Cushman & Wakefield, <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/new-york-city-area-marketbeats>.

## Hotel Tax

The June Plan increased the FY 2025 hotel tax forecast by \$30 million and increased the FY 2026 forecast for hotel tax collections to adjust the baseline by \$28 million from the May Plan. The City expects hotel tax collections to grow 3.3 percent and reach \$811 million in FY 2026, as hotel rates and occupancy remain strong amid resilient domestic visitor numbers

**FIGURE 16**  
Hotel Tax Revenues



Sources: NYC Office of Management and Budget; OSC analysis

and the onset of major events, including the United States 250th anniversary celebration and the 2026 FIFA World Cup, which are expected to draw additional visitors to the New York City metropolitan area (see Figure 16).

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 until after 2025. International visitors, who, on average, spend more than domestic visitors, from some countries are anticipated to reduce travel to the U.S., including to New York City. Despite the international visitor reduction, July 2025 forecasts from the analytic firm Tourism Economics show domestic visitors (in paid accommodation only) and spending are expected to grow but at a slower pace in 2025.

As of 2024, the active hotel supply (121,700 average monthly rooms) was still down 3 percent from 2019 levels, which may continue as new hotel construction and rooms taken offline to be used as shelters will extend into the plan period.<sup>22</sup> OSC believes that hotel taxes in FY 2026 will be \$25 million higher than the June Plan forecast as the number of domestic visitors continues to grow and supply constraints keep

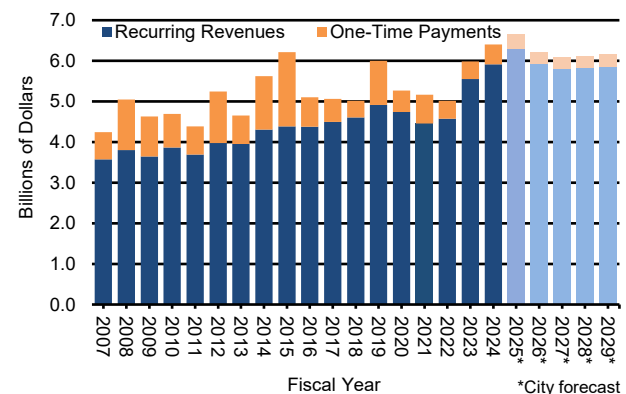
rates at or above current levels. In FY 2027 through FY 2029, hotel taxes may be \$50 million higher than the June Plan annually given the baseline adjustment and tourism events, especially in FY 2027, will keep tourism resilient.

## Miscellaneous Revenues

Miscellaneous revenues, consisting of recurring revenues and one-time payments have been strong in FY 2025, growing 5.2 percent year-to-date from FY 2024 as water and sewer and charges for services have fueled growth. The City adjusted miscellaneous revenues in FY 2025 up \$98 million from the May Plan. Interest income (\$62 million) drove the adjustment.

The June Plan expects miscellaneous revenues in FY 2026 to decline 6.8 percent to \$6.2 billion, due to declines in interest income, fines and fees and one-time payments (see Figure 17). For a majority of miscellaneous revenues, there were no significant changes for the out-years except for one-time payments, which were taken down \$18 million in FY 2028 from the [May Plan](#). The City's projections are reasonable given the potential for economic uncertainty to slow activity and anticipated changes to interest rates.

**FIGURE 17**  
Total Miscellaneous Revenues



Sources: NYC Office of Management and Budget; OSC analysis

<sup>22</sup> New York City Tourism + Conventions Annual Report 2024.

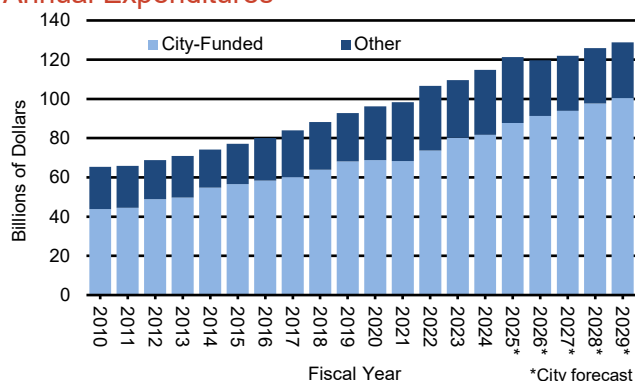
## VII. Expenditure Trends

Citywide expenditures are projected to total \$119.7 billion in FY 2026, after adjusting for surplus transfers, which obscure total expenditures (see Figure 18). The portion of citywide spending funded with locally generated revenue (i.e., City funds) is estimated at \$91.3 billion. The portion funded with other sources, mostly federal and State grants, is \$28.4 billion (23.7 percent).

The June Plan anticipates city-funded spending will rise by 1.6 percent to \$89.9 billion in FY 2026, excluding \$1.45 billion in contingent reserves and \$816 million in estimated savings in FY 2025 for the overestimation of prior years' expenses net of receivable write downs. As discussed later in this section, OSC estimates that spending will exceed the City's current forecast in each year of the financial plan period and that city-funded spending will rise in FY 2026 based on recent trends.

The City's anticipated growth in labor costs and debt service in that year are offset in part by the City's expectation that certain non-personal, non-asylum costs (primarily contractual services) will decline (by 5.9 percent, to \$24.5 billion). The expected decline in spending is concentrated at the social services agencies, which include rental assistance and non-asylum shelter services (see the Social Services section for details).

**FIGURE 18**  
Annual Expenditures



Note: Adjusted for surplus transfers and debt defeasances. City forecast includes budgeted reserves beginning in FY 2025.  
Sources: NYC Office of Management and Budget; OSC analysis

The June Plan assumes the growth in spending would accelerate to an average of 3.3 percent over the next three years. The impact of projected wage increases on labor costs, debt service, and health insurance costs are expected to be the largest cost drivers through the balance of the financial plan period; however, this growth rate assumes a number of expenses that are not funded at FY 2025 levels and are likely to exceed current projections without substantial changes to demand or operations.

As many of these fixed costs rise, the City's financial plan anticipates a decline, or flat, discretionary spending at several large agencies, including Police, Fire and Social Services. The City's [ability to fund increases](#) for discretionary programs will be impacted by the trajectory of spending on fixed costs (see Appendix A for details). June Plan expenditure trends are shown in Figure 19 and discussed below.

### Expenditure Risks and Offsets

Throughout FY 2025, the City added funding to address a substantial portion of budgetary risks identified by OSC in previous reports on the City's financial plan (including social services, operating subsidies to the MTA, and special education costs). However, sizable risks and fiscal uncertainties remain beginning in FY 2026.

The City could incur additional operating costs at the Department of Education (DOE), rising from \$575 million in FY 2026 to nearly \$2.2 billion by FY 2029, including funding to meet the state-imposed mandate to reduce class sizes. Funding in the June Plan for the City's rental assistance programs is also likely underestimated. Based on current trends for the CityFHEPS program, OSC projects that these costs could be higher than planned by \$650 million in FY 2026, \$1 billion in FY 2027, \$1.3 billion in FY 2028 and nearly \$1.7 billion in FY 2029.

OSC has identified other relatively large risks fueled by underbudgeting for mandated operating subsidies for public transit, public assistance and overtime costs, which are detailed further in this section or the Semi-Autonomous Entities sections of this report.

The City projects its annual debt service 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. In total, the expenditure risks identified by OSC, net of offsets, are estimated to total more than \$5 billion in FY 2026, rising to \$7.3 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. (See the State and Federal Actions section for details.)

The City has set aside \$1.45 billion annually in contingent reserves during the financial plan period, which could be used to help offset the loss in categorical aid 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.

### Discretionary Spending Trends and Changes

Since the beginning of FY 2025, the City has also funded several discretionary costs for local initiatives, but some of this spending is assumed to not recur, which may increase future costs or result in service disruption (see Appendix B for details). The City also funded discretionary City Council initiatives in FY 2026 (\$609 million) but the June Plan does not yet include funding for

**FIGURE 19**  
Trends in City-Funded Spending in June 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	\$22,937	\$24,012	4.7%	\$24,958	\$25,909	\$26,715	3.6%
Pension Contributions	9,885	10,334	4.5%	10,937	11,729	11,369	3.2%
Debt Service	7,458	8,553	14.7%	9,444	10,437	11,318	9.8%
Medicaid	6,278	6,481	3.2%	6,631	6,781	6,931	2.3%
Health Insurance	7,260	7,959	9.6%	8,332	8,749	9,192	4.9%
Other Fringe Benefits	3,818	4,173	9.3%	4,352	4,548	4,745	4.4%
Energy	1,031	1,086	5.4%	1,186	1,178	1,155	2.1%
Judgments and Claims	941	683	-27.4%	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	1,162	-23.0%	1,200	500	500	-24.5%
Residual OTPS	26,080	24,545	-5.9%	23,523	24,190	24,554	0.0%
<b>Subtotal</b>	<b>\$88,483</b>	<b>\$89,864</b>	<b>1.6%</b>	<b>\$92,487</b>	<b>\$96,228</b>	<b>\$98,964</b>	<b>3.3%</b>
General Reserve	20	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	(816)	- - -	NA	- - -	- - -	- - -	0.0%
<b>Total</b>	<b>\$87,687</b>	<b>\$91,314</b>	<b>4.1%</b>	<b>\$93,937</b>	<b>\$97,678</b>	<b>\$100,414</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



these in subsequent years, as such costs are subject to annual negotiation between the Mayor and the City Council.

## Full-Time Staffing Levels

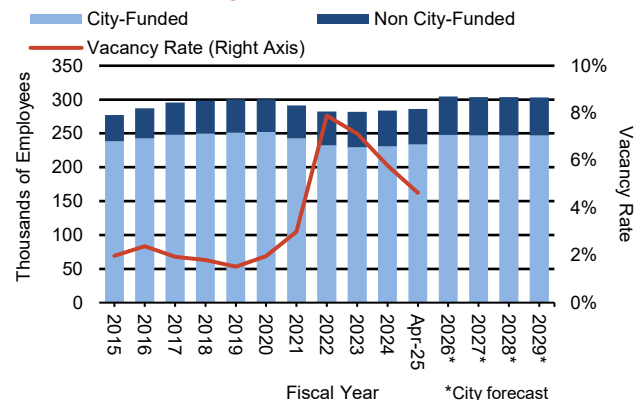
Since the beginning of FY 2025, the City's full-time workforce has increased slightly (by 0.7 percent) to 286,229 employees as of April 2025 (see Figure 20). Recently, a number of City agencies have suggested that services provided have been impacted by [staffing challenges](#).

The June Plan assumes staffing will total 304,752 employees as of June 30, 2026, an increase of 6.5 percent over current levels, which appears ambitious based on recent hiring and attrition trends. The increase in planned staffing is concentrated at the DOE; 6,345 positions), Police Department (2,676 positions), Department of Corrections (1,573 positions), and the Department of Social Services (1,475 positions). See Appendix C for details.

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 2025, the City lowered its forecast of personal service spending by \$84 million as part of the FY 2025 Savings Program. Based on preliminary data through June 2025, OSC estimates the City realized 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

**FIGURE 20**  
Full-Time Staffing Levels



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

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 July 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 June 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

<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 June Plan includes reserves to fund annual 1.25 percent wage increases for the entire workforce beyond the current round of bargaining.

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).

## Health Insurance

On June 2, 2025, the City announced its selection of a joint proposal from EmblemHealth and United Healthcare to enter into negotiations to develop a new self-funded health insurance 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 tentative plan, which is subject to review and approval by the City and the Municipal Labor Committee, would maintain premium-free coverage and expand the network of doctors and mental health specialists.

Employees will also 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. While the details of the new plan have not yet been negotiated, the City anticipates it will generate \$1 billion annually in savings, potentially offsetting several budgetary risks identified by OSC. Neither the potential savings nor the potential risks (discussed further below) have been reflected in the June Plan.

Only a few weeks later, the State Court of Appeals overturned a lower-court decision which had halted the City's implementation of a Medicare Advantage (MA) Plan for its 250,000 retirees and dependents. At the time of implementation, the City estimated the MA Plan would have generated \$600 million in annual savings in retiree health benefits costs. Recently, the Mayor has stated that the City has found other ways to address health care costs and is not moving forward with the Medicare Advantage plan at this time.

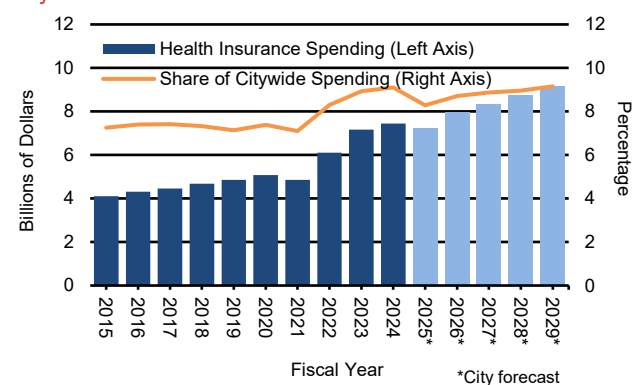
The June Plan assumes that city-funded health insurance costs declined slightly to \$7.3 billion in

FY 2025 but will then rise each year to \$9.2 billion by FY 2029 (see Figure 21), 23.5 percent more than in FY 2024, slightly faster than the projected growth in spending citywide during the same period. The June Plan also assumes that health insurance costs, as a share of city-funded spending, would rise to an estimated 9.2 percent by FY 2029, slightly higher than the share in FY 2024.

Spending could be much higher than assumed in the June Plan, however. Earlier this year, the State Department of Financial Services approved an application from the City's primary insurer to increase health insurance premiums for active employees by 12.2 percent in FY 2026. The increase is more than twice the rate assumed in the June Plan (5.5 percent), which could result in substantially higher-than-expected costs beginning in FY 2026, absent alternatives. 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.

In addition, the City also faces potential excess premium costs from the GHI Comprehensive Benefits Plan, estimated to total \$475 million in FY 2025. However, the risk is potentially mitigated in FY 2026 and fully offset in subsequent years, assuming that the City

**FIGURE 21**  
Health Insurance Costs  
City-Funded



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

approves and implements the new lower-cost plan, to be negotiated by EmblemHealth and United Healthcare, sometime in FY 2026.

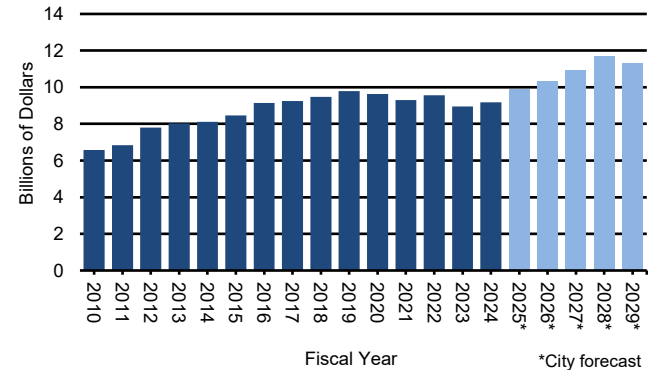
Furthermore, the City has written down its nongovernmental revenue from the Health Insurance Stabilization Fund (HISF) in each of the past three years through FY 2024. As detailed in OSC's [February 2025 report](#) on the City's financial plan, OSC anticipates city-funded health insurance costs could exceed the June Plan forecast by \$112 million in FY 2026 from a continued write-down of nongovernmental revenue due from the HISF.

## 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 2027 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 June Plan assumes pension contributions totaled \$9.9 billion in FY 2025 and will rise each year to reach \$11.7 billion by FY 2028, before declining to nearly \$11.4 billion in FY 2029 (see Figure 22). The pension systems earned, on average, 8 percent on their investments during fiscal years 2012 through 2024, compared to the expected annual gain of 7 percent. Based on a preliminary review, the City Comptroller estimates that the City's pension systems gained, on average, 10.3 percent on their investments in FY 2025. As a result, the City could reduce its planned pension contributions by \$191 million in FY 2027, \$436 million in FY 2028, and by \$668 million in FY 2029.

**FIGURE 22**  
Pension Contributions  
City-Funded



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

## Medicaid

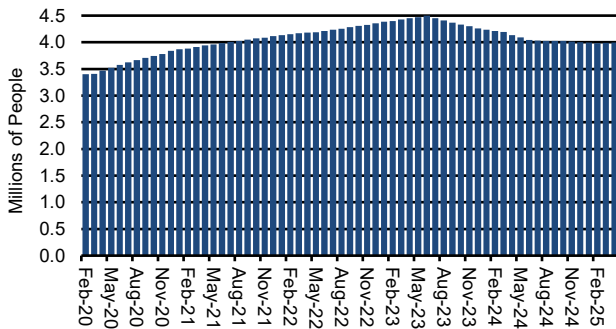
In April 2025, nearly four million New York City residents were enrolled in Medicaid, which provides health insurance to low-income children and adults, down from a recent peak in 2023 (see Figure 23). (See [OSC's June Plan](#) Report for details.)

The June Plan assumes that the city-funded cost of Medicaid will total \$6.3 billion in FY 2025, \$6.5 billion in FY 2026, \$6.6 billion in FY 2027, \$6.8 billion in FY 2028 and \$6.9 billion in FY 2029, unchanged since the May Plan.

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. The State has also noted that these changes will increase the number of uninsured residents across the State and the City. Certain Medicaid enrollees could lose eligibility with the implementation of mandatory work requirements



**FIGURE 23**  
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

and the burden of additional paperwork. Cuts to federal funding for the Essential Plan would shift some enrollees to a state-funded Medicaid program and others could become uninsured.

Escalating Medicaid costs were already an area of focus for the State, which may take further measures to reduce the increasing financial burden by passing costs along to local governments; see [OSC's report on citywide federal Medicaid grants](#) for details.

## Social Services

Excluding asylum expenses, fringe benefits and other centralized costs, the City plans to spend nearly \$20 billion in total funds for the social services agencies in FY 2026, compared to \$22.4 billion in FY 2025. This decline is fueled by underbudgeting of planned expenses rather than shifts in anticipated demand for services. (see Figure 24).

While federal receipts are expected to account for a relatively small portion of the City's FY 2026 operating budget (see the Federal Actions section for details), about half of these receipts are for the following social services agencies: DSS; the Department of Homeless Services (DHS); the Administration for Children's Services (ACS); the Department of Youth and Community

**FIGURE 24**  
Social Services Spending, Excluding Asylum Seekers  
(in millions)

	FY 2025	FY 2026	Variance
Social Svcs.	\$13,380	\$11,959	(\$1,421)
Homeless Svcs.	3,086	2,614	(472)
Children Svcs.	3,985	3,139	(847)
Youth and Comm.	1,388	1,514	126
Aging	570	605	36
<b>Total Social</b>	<b>\$22,409</b>	<b>\$19,831</b>	<b>(\$2,578)</b>

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

Development (DYCD); and the Department for the Aging (DFTA). In total, the City anticipates spending \$3.5 billion in federal funding at these agencies in FY 2026, making up nearly 18 percent of spending at the social services agencies, leaving them more vulnerable to changes to federal funding policy (see [OSC's Federal Funds to New York City report](#) for details).

In addition to the uncertainty in federal funding, OSC anticipates the drop in planned spending from FY 2025 to FY 2026 is unlikely, as some of the expected reductions are for mandated costs and are not commensurate with service demand. Over the course of FY 2025, the City added \$3.2 billion in total funds to DSS, DHS, ACS, DYCD and DFTA for new needs and PEG restorations including \$1 billion for public assistance, \$654 million for shelter services and \$617 million for rental assistance. However, the majority of these funds were added on a one-time basis despite continued higher caseloads, leaving significant budgetary risks in the out-years (see [OSC's Review of the Financial Plan of the City of New York June 2025](#) for details).

The June Plan partly addressed these risks for FY 2026 only, adding \$150 million for shelter services and \$100 million in rental assistance. However, OSC continues to identify risks totaling

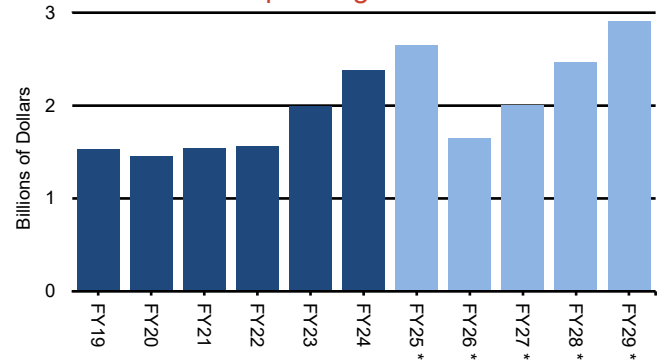
just over \$2.2 billion starting FY 2026 for public assistance, rental assistance, non-asylum shelter services, and foster care (see Figure 25).

Additionally, the June Plan added \$229 million in FY 2026 and \$266 million in the out-years for ACS child care vouchers to meet an increase in demand and a New York State maintenance of effort requirement. The City also baselined \$4.8 million for non-mandated services at DFTA for a home delivered meals rate increase, \$9.7 million for shelter intake services at DHS, and \$3 million in FY 2026 and \$10 million in the out-years at DSS for civil legal services.

## Public Assistance

The June Plan anticipates \$1.7 billion in spending on public assistance in FY 2026, \$998 million less than in FY 2025, despite rising caseloads (see Figure 26). The City expects an unlikely scenario where total spending for Family Assistance (FA) and Safety Net Assistance (SNA) will not exceed FY 2025 levels until FY 2029, when it would reach \$2.9 billion. 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

**FIGURE 26**  
Public Assistance Spending



Sources: NYC Office of Management and Budget; OSC analysis

\*City forecast

funds. The assumed decline is unlikely given caseload trends (see Figure 27). Caseloads reached 601,136 in June 2025, 43,566 individuals higher than in June last year (8 percent). (See OSC's [May Plan report](#) for details.)

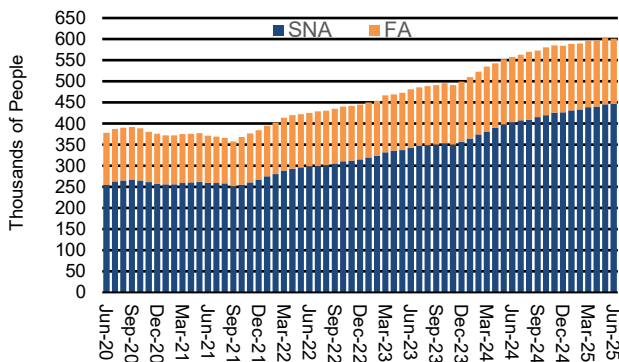
The City suspended work requirements for public assistance recipients during the pandemic, but resumed them at the end of April 2025 to comply with federal and State mandates. Since then, the number of recipients who are working has increased by 19 percent. While this policy change may ultimately reduce caseloads, the

**FIGURE 25**  
Social Services Non-Asylum Risk Assessment  
(in millions)

	Better/(Worse)				
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>DSS Risks</b>					
Public Assistance	---	(562)	(473)	(226)	---
Rental Assistance	---	(650)	(1,026)	(1,327)	(1,656)
<b>DHS Risks</b>					
Non-Asylum Shelter Services	---	(590)	(738)	(906)	(1,077)
<b>ACS Risks</b>					
Foster Care – State Budget Rate	---	(139)	(139)	(139)	(139)
Expiration of Foster Care (Title IV-E)	---	(103)	(103)	(103)	(103)
<b>Total Social Services Risks</b>	---	<b>(\$2,044)</b>	<b>(\$2,479)</b>	<b>(\$2,700)</b>	<b>(\$2,974)</b>

Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 27**  
Public Assistance Recipients



Sources: NYC Human Resources Administration; OSC analysis

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 be roughly \$2.65 billion in FY 2025. OSC assumes that spending in the out-years will grow at a compounded rate of 2.3 percent annually from FY 2025 levels and that enrollment will not materially decline during those years. The budgetary risk is partially mitigated by the fact that the City pays for a portion of family assistance spending, with the remainder paid by State and federal categorical grants (see [OSC's Federal Funds to New York City: Temporary Assistance for Needy Families report](#) for details). As such, OSC projects a budget risk to the City of nearly \$562 million in FY 2026, \$473 million in FY 2027 and \$226 million in FY 2028. The risk assessment assumes federal categorical grants will be maintained at the current rate for public assistance benefits, however the federal government may change aspects of the program's eligibility requirements, benefits and its cost sharing.

## Rental Assistance

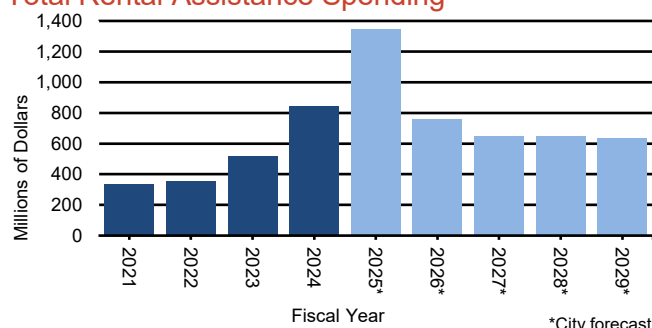
The City's rental assistance budget provides funding for a number of different programs, including CityFHEPS, Special One-Time Assistance, FHEPS B, Special Housing Assistance Resource and HOME Tenant-Based Rental Assistance. The June Plan estimates spending of \$1.35 billion for all rental assistance programs in FY 2025, a 60 percent increase from the prior year, and 91 percent higher than it anticipated entering the fiscal year.

Despite substantial recent growth, the City assumes rental assistance spending will decline to \$761 million in FY 2026 and to an average of \$647 million annually in fiscal years 2027 through 2029, which OSC anticipates is unlikely (see Figure 28). 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 (see OSC's [August 2024](#) report). While the State Supreme Court had previously ruled the City Council alone did not have authority to enact the measures, this was successfully appealed recently when the Appellate Division reversed the ruling, stating that the Council had "many times exercised its legislative power in the social services realm."

Separately, the City recently announced a proposed rule change which would modify the payment standard for voucher holders in their sixth year of the program — instead of paying 30 percent of their household income toward their rent, they would pay 40 percent (with the voucher making up the difference). This change, which has not yet been enacted, would reduce the City's share of costs for this subset of program participants.

Even with the current eligibility, enrollment trends indicate CityFHEPS utilization may continue to grow. Using the monthly exits from City shelters

**FIGURE 28**  
Total Rental Assistance Spending



Note: FY 2019 through 2024 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

into the CityFHEPS program and average voucher payments, OSC estimates that spending for CityFHEPS will total \$1.3 billion in FY 2026, \$1.5 billion in FY 2027, \$1.8 billion in FY 2028, and \$2.2 billion in FY 2029 (note: this does not include potential changes to federal funding for housing aid, which could increase demand for CityFHEPS; see the State and Federal Actions section for details). When compared to the estimated CityFHEPS portion of the rental assistance budget, this results in a risk of \$650 million in FY 2026, growing to \$1.7 billion by FY 2029. In FY 2026, almost all of the City's risk is due to funding drops laid out in the Plan. By FY 2029, however, more than half of OSC's risk can be attributed to projected growth in enrollment and voucher costs.

OSC's projection uses the current rate of voucher enrollment, which is constrained by a severe shortage of affordable housing in the City. In July 2025, the City reported that an estimated 13,000 households in shelter with CityFHEPS Shopping Letters had not yet found permanent housing. However, one of the local laws that was passed by the Council broadened CityFHEPS eligibility to include tenants who have received a written demand for rent from their landlord or have active cases in housing court (see OSC's [August 2023](#) report). As this law was designed to assist tenants in retaining their current

residences, the number of enrollees could increase significantly. OSC previously estimated that the cost of implementing all four CityFHEPS bills could amount to \$13.4 billion over a five-year period.

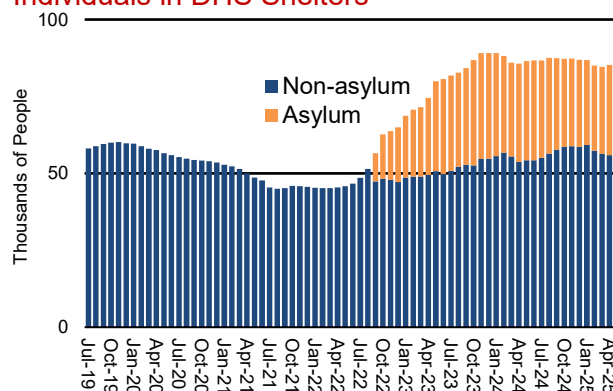
## Non-Asylum Shelter Services

The number of individuals in DHS shelters has generally grown since the pandemic moratorium on residential evictions expired in January 2022 (see Figure 29). In May 2025, the non-asylum population in DHS shelters averaged 56,312, or 24 percent greater than in January 2022 (45,343). The non-asylum shelter population is now nearing pre-pandemic levels, lagging December 2019 by about 3,500 individuals.

On a household basis, recent growth over the past twelve months has been led by an increase in the single adult population, which has grown 10.1 percent, compared to the family population at 1.7 percent. Single adults now exceed their previous peak of 18,501 individuals in January 2021.

To address the higher census, the City added \$150 million for single adults in FY 2026, which still leaves the non-asylum shelter budget smaller in FY 2025 by \$504 million (20 percent). The City has underbudgeted these non-asylum

**FIGURE 29**  
Individuals in DHS Shelters



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

shelter costs at adoption in each of the last ten years and then added them back during the fiscal year as spending exceeds projections.

Given recent population and spending trends, it is unlikely that spending on shelter will decrease by this amount. On the contrary, 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 2026 levels. As such, OSC's budgetary risk in FY 2026 is an estimated \$590 million, growing to \$1.1 billion in FY 2029 (see OSC's [January Plan](#) report for previous risk estimate).

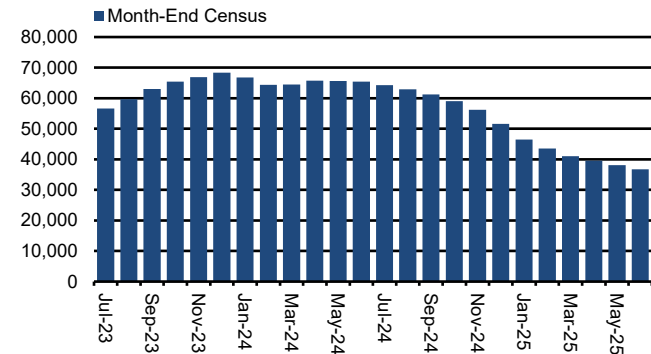
This number could be higher if the per diem costs rise or the shelter population grows faster than expected, including due to changes in federal housing voucher programs, or if the federal government enacts cuts to the City's TANF revenue, which is expected to fund roughly half of family shelter costs 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 June 29, 2025, the City reports that over 237,300 asylum seekers have come through its intake system since Spring 2022, and that more than 36,760 of these individuals remain in the City's care, marking a decline of over 32,000 from a peak of 69,000 in January 2024 (see Figure 30).

The census has declined steadily since the June 2024 announcement of a federal executive order limiting border crossings. The City also implemented local policies which limited the time that asylum seekers could remain in the City's care (see OSC's [November Plan](#) report for details). Shelter exits accelerated in December and January following the 2024 presidential election results, averaging 66 households per

**FIGURE 30**  
Asylum Seeker Individuals in City's Care



Sources: NYC City Council; NYC Office of Asylum Seekers Operations; OSC analysis

day for the eight-week period. They have since slowed, and averaged 19 households per day during May and June. However, the federal administration recently announced its intention to increase Immigration and Customs Enforcement arrests in sanctuary cities, including New York City, which could impact the census.

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). On July 2, the City announced the closure of the Asylum Seeker Arrival Center and HERRC located at the Roosevelt Hotel, which provided intake, medical screening, vaccinations, and other services to more than 155,000 individuals since May 2023.

The June Plan reflects the lower census and expected savings from the shelter and HERRC closures and allocates \$100 million of State funding included in the SFY 2024-2025 Enacted Budget in FY 2026. These changes result in net City funds savings of \$96 million in FY 2025 and \$250 million in FY 2026 since the May Plan.

In total, the June Plan anticipates spending \$3.1 billion in FY 2025, about half of which is City funds, and \$1.3 billion in FY 2026, which is nearly 90 percent city-funded. Funding in the



financial plan declines in the out-years, and assumes no State or federal funding after FY 2026.

Recognizing that there are still considerable unknowns, OSC assumes higher costs than the City projects cumulatively over the plan period. Using the FY 2024 actual per diem rate of \$372 and, assuming that the census will decline gradually through the end of FY 2029, OSC assumes total spending of \$2.9 billion in FY 2025, \$1.6 billion in FY 2026, \$1.1 billion in FY 2027, \$814 million in FY 2028, and \$677 million in FY 2029. OSC also assumes that federal funding to pay for these costs included in the June Plan will not manifest. In total, this would result in higher city-funded costs of nearly \$630 million over the five-year plan window (see Figure 31).

### Child Care Vouchers

Due to changes in demand and funding for childcare vouchers in recent years, the City has been providing an increasing number of non-

mandatory recipients with vouchers, which is likely to create pressure on the City's child care voucher budget for several reasons (see May Plan report for details). Average non-mandated voucher use has risen dramatically in recent years as mandatory enrollment has dropped, a trend set to reverse (see Figure 32).

ACS, which budgets this cost on an FFY basis, projects \$1.52 billion in total spending in FFY 2026, similar to the prior year. However, more than 109,000 vouchers will be in use to begin FY 2026, above the monthly average of about 91,200 vouchers in FY 2025. ACS also expects 33,000 additional mandated vouchers in FY 2026 due to reinstated work requirements, bringing total mandated vouchers to 60,000.

Vouchers are applicable for a year and assuming non-renewals, the City has committed an estimated \$558 million to cover the cost of non-mandated vouchers issued in FY 2025. Coupled with an estimated \$890 million in mandated and

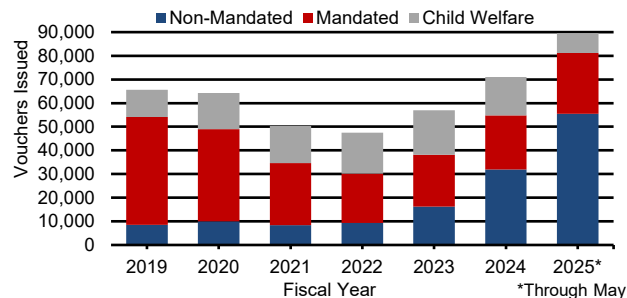
**FIGURE 31**  
**Asylum Seeker Planned Expenditure Changes**  
(in millions)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
June 2024 Plan – City Funds	\$3,431	\$3,000	\$2,000	\$500	\$500
June 2024 Plan – State Funds	1,317	1,000	1,000	350	350
June 2024 Plan – Fed Funds	---	---	---	---	---
<b>June 2024 – Total</b>	<b>\$4,748</b>	<b>\$4,000</b>	<b>\$3,000</b>	<b>\$850</b>	<b>\$850</b>
June 2025 Plan – City Funds	1,510	1,162	1,200	500	500
June 2025 Plan – State Funds	1,497	103	---	---	---
June 2025 Plan – Fed Funds	81	37	---	---	---
<b>June 2025 – Total</b>	<b>\$3,089</b>	<b>\$1,303</b>	<b>\$1,200</b>	<b>\$500</b>	<b>\$500</b>
OSC Projection – City Funds	1,417	1,513	1,080	814	677
OSC Projection – State Funds	1,497	103	---	---	---
OSC Projection – Fed Funds	---	---	---	---	---
<b>OSC Projection – Total</b>	<b>\$2,914</b>	<b>\$1,616</b>	<b>\$1,080</b>	<b>\$814</b>	<b>\$677</b>
OSC Difference – City Funds	94	(351)	120	(314)	(177)
OSC Difference – State Funds	---	---	---	---	---
OSC Difference – Fed Funds	81	37	---	---	---
<b>OSC (Risk)/Offset – Total</b>	<b>\$175</b>	<b>(\$314)</b>	<b>\$120</b>	<b>(\$314)</b>	<b>(\$177)</b>

Note: Columns may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

**FIGURE 32**  
Average Child Care Voucher Use By Year



Source: NYC Office of Operations

welfare voucher expenditures, OSC expects FY 2026 obligations to total at least \$1.45 billion.

The June Plan includes \$830 million for Child Care Services in FY 2026, with \$423 million provided by the City and another \$406 million from federal and State grants. The June Plan added \$266 million in recurring City funds from the May Plan, increasing annual city spending to about \$330 million through FY 2028.

The recently added City funds fulfill a spending requirement needed to unlock \$350 million in non-recurring State funding through FFY 2026 (see OSC's May Plan report for details). In early August, the State announced an additional \$1.1 billion in FFY 2026 Child Care Block Grant funding for the City, an estimated three-quarters of which will be allocated to FY 2026.

The City did not reflect either of these additional State allocations in the June Plan, but they would provide the City with about \$2 billion in capacity for the FY 2026 child care voucher budget. This would fund about an average of 129,000 vouchers, assuming FY 2025 average costs. OSC anticipates available funding will allow the City to meet voucher spending in FY 2026, assuming no non-mandated voucher growth. However, OSC anticipates the City will draw on additional, currently unbudgeted capacity

provided by the City and State to fund these costs.

Alternatively, maintaining current total voucher levels throughout FY 2026 would cost ACS approximately \$1.82 billion and the addition of about 33,000 mandated vouchers throughout FY 2026, with no reduction in non-mandated vouchers, would cost about \$2.12 billion. While ACS may not face funding challenges in FY 2026, future program stability will partly be fueled by the City's choices in the provision of vouchers. Continuing to issue additional non-mandated vouchers each month risks uncertainty for program participants and may obligate the City to additional outyear spending with no current source of funding.

## Overtime

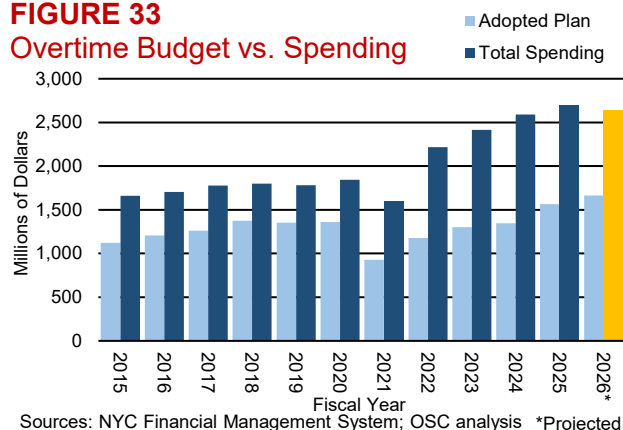
Citywide overtime totaled \$2.69 billion in FY 2025, \$120 million more than budgeted and \$100 million more than last year. The year-over-year growth was driven by the uniformed agencies (up by \$129 million), which account for 82 percent of total overtime. This was partially offset by a \$29 million reduction in year-over-year overtime at the civilian agencies (to \$492 million), mostly from reduced spending on social services overtime (down 23 percent).

The City's practice of underbudgeting overtime at the adoption of the budget has become more pronounced in recent years, requiring hundreds of millions in unplanned funding to be added each year (see Figure 33). Since budget adoption in June 2024, the City added \$1 billion for overtime, fueling total costs to reach nearly \$2.7 billion.

Police overtime (which accounts for 40 percent of overtime citywide) totaled \$1.09 billion, virtually the same level as last year.

**FIGURE 33**

**Overtime Budget vs. Spending**



Overtime costs at the Department had increased at an average annual rate of 33 percent in the three years prior. The Department benefited from reduced unplanned deployments, primarily protest-related coverage, as well as fewer asylum seeker and presidential security details. However, the Department's overtime budget anticipates a substantial, though unlikely, reduction in these costs, which are expected to average about \$600 million annually beginning in FY 2026.

Each of the other uniformed agencies exceeded their initial targets set at budget adoption. In total, the four uniformed agencies saw \$922 million in unplanned costs. Civilian agencies also exceeded their June targets by a combined \$203 million, driven by social services and the Department of Transportation.

Altogether, the citywide overtime budget for FY 2026 totals \$1.66 billion, \$1.03 billion less than what was spent this year. OSC projects the City may need to add roughly \$1 billion annually for overtime beginning in FY 2026.



# VIII. Debt Service and Capital Spending

The June Plan assumes that city-funded debt service will grow by a compound annual growth rate (CAGR) of 9.8 percent from \$8.6 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 the CAGR of city-funded debt service to grow faster over the period FY 2026 through FY 2029 than both city-funded expenditures (4.7 percent) and revenues (2.7 percent), leading its debt burden (total debt service as a percentage of tax revenue) to rise from 10.7 percent in FY 2026 to 12.9 percent in FY 2029, below its self-imposed cap of 15 percent. Compared to the May Plan, debt service expenditures are expected to decrease by \$244.8 million for the period FY 2026 through FY 2029. This reduction is due to a variety of factors including a bond refunding and lower-than-anticipated costs for issued debt.

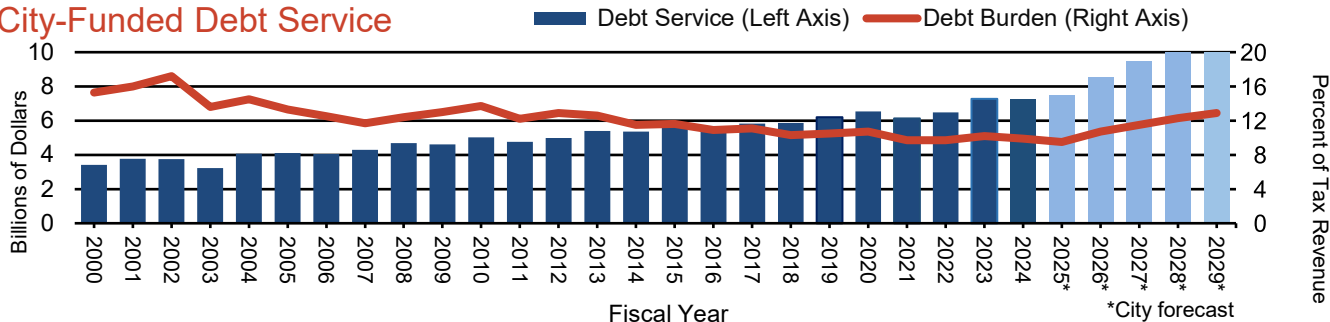
While the City has not yet updated the capital commitment plan since May, it did make changes to include City Council, Mayoral and Borough President initiatives. From FY 2026 through FY 2029, the net increase in capital commitments is \$2.3 billion (see Figure 34). None of the additional debt service related to this capital spending is included in the June Plan;

however, OSC has not revised debt service projections as the City has historically seen actual capital commitments trail yearly targets.

The largest increase in capital commitments is to the Transit Authority, with an increase of \$1 billion, the first part of the \$3 billion commitment to the MTA’s 2025-2029 capital program. The Department of Education is adding \$328.6 million to its capital budget for various projects, including playground renovations. Cultural Affairs is adding \$ 277.3 million, primarily as investments in various non-profits. The Department of Parks and Recreation is increasing planned commitments by \$ 228.9 million, with many playgrounds slated to be updated. The Department of Housing Preservation and Development is adding \$76.6 million for various housing improvement projects (see the [May Plan report](#) for details).

The preliminary actual total funded commitments for FY 2025 were nearly \$18 billion, \$1.9 billion less than was projected in the May Plan for FY 2025. For the period FY 2026 through FY 2029, the City is projecting \$80.6 billion in total capital commitments.

**FIGURE 34**  
**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

# IX. Semi-Autonomous Entities

## Department of Education

The City's June 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 36.9 percent of the City's total budget and is \$1.7 billion dollars higher than projected spending in FY 2025. The City expects to fund \$25.2 billion (58.8 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 a peak of 14.6 percent in FY 2022), and other sources.

The Department's FY 2026 budget has grown by nearly \$1.6 billion since last year's adoption, [with funding for school nurses, school cleaning, and some funding for the class size mandate added in May](#) and [some funding for due process cases added in November](#). The June Plan adds \$258 million in city-funded new needs and other adjustments in FY 2026, only \$3 million of which is recurring. This includes \$128 million to hold school funding harmless against enrollment declines and \$70 million for Pre-K special education. A further \$25 million supports the

state-mandated "bell-to-bell" ban on cellular devices in schools, which may become a recurring cost, as may the \$10 million infant and toddler care pilot program.

The FY 2026 budget also incorporates the remaining \$338 million increase in State education aid that was not accounted for in the May Plan. The majority of this amount, \$241 million, has been baselined into the Plan's out-years to pay for a portion of the State's class size reduction mandate, including the hiring of 3,800 new teachers and assistant principals. This will likely help the City to meet the requirements of the mandate in the upcoming school year, assuming enough teachers can be hired, but significant out-year costs of the mandate remain unfunded.

Other additional risks to the Department's budget remain (see Figure 35), including spending on due process cases (federally-mandated services for students with special needs) — which reached over \$1.3 billion in FY 2025, and which the June Plan unreasonably expects will decline by more than \$400 million in FY 2026. OSC anticipates these costs will continue to rise between 7 percent and 10 percent annually throughout the plan period. Additional [significant](#)

**FIGURE 35**  
**Risks to the Department of Education Budget in the June Plan**  
(in millions)

	FY 2026	FY 2027	FY 2028	FY 2029
Class Size Reduction Compliance	---	\$ (420)	\$ (995)	\$ (995)
Due Process Cases	(540)	(610)	(749)	(888)
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)	---
<b>Total</b>	<b>\$ (588)</b>	<b>\$ (1,426)</b>	<b>\$ (2,126)</b>	<b>\$ (2,266)</b>

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

[spending on school cleaning services](#), educational services for three- and four-year-olds, the Summer Rising program, and [expediting special education claims](#) will likely also be necessary. Overall, OSC expects existing costs to be nearly \$2.2 billion higher than the Plan anticipates by FY 2029.

Finally, 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](#) (\$588 million), and the [Individuals with Disabilities Education Act](#) (\$291 million). This recurring federal education aid accounts for approximately 4.5 percent to 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 \$45.7 billion (not including the identified budget risks). This \$2.9 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. However, 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 July, which forecasted balanced budgets through 2026 but a \$345 million budget gap in 2027 and a \$354 million gap in 2029 which together are \$98 million less than forecast in the MTA's February Plan. The MTA also forecasts a

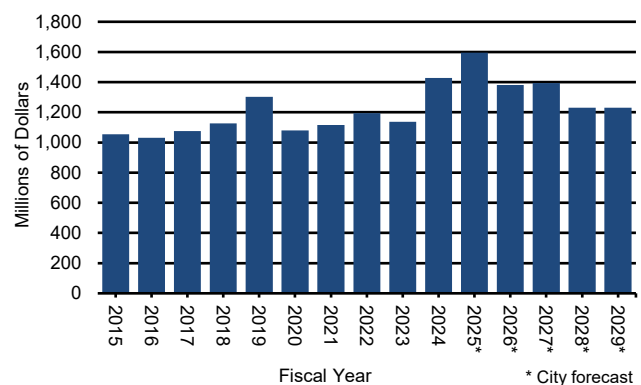
\$428 million gap in 2029. These gaps assume a proposed 4 percent increase in fare yields and a 6 percent increase in toll yields in January 2026, proposed 4 percent increases in fare and toll yields in March 2027 and March 2029 and the receipt of a total of \$600 million from FEMA for Covid reimbursements in 2025 and 2026.

Farebox revenue is expected to be \$87 million higher through 2028 primarily due to favorable results this year compared with the MTA's February Plan. The MTA also expects its payroll mobility tax revenue to be \$734 million higher than forecast in February through 2028. Paratransit costs, net of fares and subsidies, however, are expected to be \$415 million higher than in February through 2028 due to increased ridership.

The City's June 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 a result, OSC projects potential spending risks to the City of \$398 million in FY 2026, \$621 million in FY 2027, \$834 million in FY 2028 and \$850 million in FY 2029 because of these unbudgeted items.

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

**FIGURE 36**  
New York City Direct Aid to the MTA



Sources: NYC Office of Management and Budget; OSC analysis

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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 spending risk is projected to be \$252 million in FY 2026, \$300 million in FY 2027, \$487 million in FY 2028 and \$506 million in FY 2029 assuming the State continues to extend the current requirement. As shown in Figure 36, 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 grow, highlighting the risk to the financial plan from underbudgeting.<sup>24</sup>

The June Plan also added \$5 million in FY 2026 only for the Fair Fares program to expand eligibility to 150 percent of the federal poverty level, after adding \$20 million in May. The enhanced funding for the program does not continue after FY 2026. In the past, the City has not spent the whole allocation for Fair Fares as enrollment has not kept pace with the expansion of the program.

The Capital Program Review Board also approved the non-Bridges and Tunnels components of the 2025-2029 capital program, inclusive of \$3 billion in capital funds from the City. OSC recently released [a report](#) on the MTA's debt profile that examined the 2025-2029 program's funding sources and impact on the MTA's operating budget.

Economic activity in New York City is also impacted by the central business district tolling program. The program began on January 5, 2025 and is relied on to provide \$15 billion in funding for the MTA's 2020-2024 capital plan. The federal government recently attempted to revoke approval for the program that had already been provided. The MTA has filed a complaint in

court, challenging the move and other related choices over local transportation funding by the federal government.

## NYC Health + Hospitals

In total, the June Plan budgeted \$3.4 billion in FY 2025, and then about \$1.7 billion annually through FY 2029, to reimburse H+H for services for the City, similar to what was budgeted in the May Plan. The decline between FY 2025 and FY 2026 is due to resources that were recognized in FY 2025 and not recurring in FY 2026. More than half of the decline is due to a reduction in asylum seeker spending (\$884 million), a Medicaid adjustment that increased the FY 2025 H+H City subsidy by \$614 million and the receipt of \$212 million in FEMA COVID-19 funding (see [OSC's June 2025 report](#) for details).

The June Plan reduces funding H+H receives for services it provides to asylum seekers by a net of \$26 million in FY 2025, and \$32 million in FY 2026 to align with projected spending by H+H. The June Plan increases City funds of about \$1.8 million for several health initiatives supported by the City Council in FY 2026 and also added \$429,000 in FY 2025 rising to \$555,000 in FY 2029 to cover the costs of recent collective bargaining arrangements.

H+H relies on significant revenue from the Medicaid program (nearly 70 percent of patient care revenue) and about 65 percent of its adult patient base are on Medicaid or uninsured. The majority of H+H inpatient discharges (70 percent) are patients covered by Medicaid or the Essential Plan. Congress approved a budget reconciliation bill (see Federal Budget section) which includes provisions that would severely impact Medicaid and the Essential Plan and therefore H+H's patient base, such as eligibility changes that could result in an increase in the

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<sup>24</sup> Besides the expected increase in costs, the MTA's July 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.

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number of uninsured patients resulting in a significant reduction in revenue.

The reconciliation bill includes a provision that will allow the U.S. Centers for Medicare and Medicaid Services to consider H+H's previously submitted application for additional supplemental Medicaid payments, but it has yet to be approved. It also excludes language that would have further delayed the cuts to disproportionate share hospital Medicaid payments, scheduled to begin on October 1, 2025. Cuts to these supplemental payments are already assumed in the H+H financial plan. If these cuts are further delayed in the federal appropriation bill it would provide H+H with additional funding in the near term.

Governor Hochul announced more than 1.5 million people across the State could become uninsured, increasing uncompensated costs to hospitals and health care providers. Further, the State Budget Director announced that federal Medicaid changes in the reconciliation would create a \$750 million deficit in SFY 2026 and \$3 billion in SFY 2027 that could result in the State implementing cost-savings measures that would impact health care providers.

Programmatic and reimbursement changes imposed by the State or federal government could 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 June Plan includes FY 2026 operating subsidies for the New York City Housing Authority (NYCHA) totaling about \$392 million from all sources, with about 86 percent coming from the City and 14 percent from federal grants (less than 1 percent will come from other categorical grants). This is an increase of about \$14 million from the May Plan, the bulk of which will fund collective bargaining and vacant unit readiness expenses. The City anticipates operating receipts of about \$358 million in FY 2027, \$368 million in FY 2028, and \$370 million in FY 2029. The FY 2026 capital commitment plan includes \$2.1 billion for projects, with \$839 million provided by the Department of Housing Preservation and Development for NYCHA preservation programs.

NYCHA faces fiscal uncertainty over proposed changes to federal spending. NYCHA's 2024 year-end financial report (NYCHA operates on a calendar year) stated that the Authority had received about \$3.4 billion in federal operating and Section 8 subsidies, and \$732 million in federal capital funds from the Department of Housing and Urban Development (HUD). NYCHA has stated that reductions in public housing and Section 8 funding are likely given the President's budget proposes a \$33 billion cut to HUD.



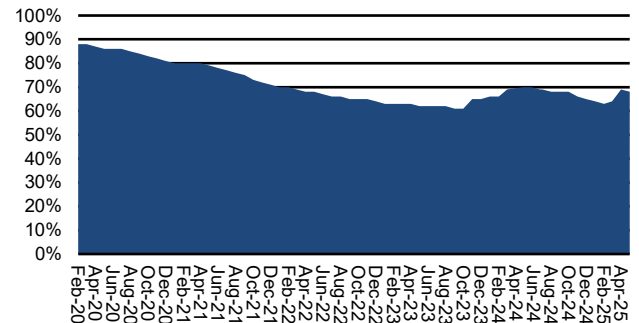
Two sources of federal funding passed through the City to NYCHA are the [Community Development Block Grant \(CDBG\)](#) and [CDBG – Disaster Relief \(CDBG-DR\)](#). The President's budget named these HUD programs as potential targets for elimination. CDBG programs provided \$165 million in funding in FY 2025, primarily for rehabilitation projects, and the City expects another \$55 million in CDBG receipts in FY 2026, nearly \$50 million less than was projected in last year's June Plan for FY 2025.

Though intended to be supplemental, some City of Yes funding provided in the State's Enacted Budget may help offset CDBG cuts in the short term. However, with federal funding reductions expected across multiple State agencies, NYCHA and the City may be forced to offset any future funding losses with less State support.

In addition to uncertainty over federal grants, rental arrears continue to be a concern for NYCHA. As announced in 2024 to supplement the [Emergency Rental Assistance Program](#), this year NYCHA has been provided with an additional \$185 million in State and federal rent relief to distribute to tenants. Through June, NYCHA had applied \$128 million of these funds to outstanding tenant balances. As a result, collections from April through June 2025 have risen to about 69 percent, up from 64 percent at the start of the year (see Figure 37). It should be noted that, excluding tenant arrears and assistance programs, which are included in the monthly collection rate, NYCHA collected 82 percent of the new rent charged in June.

The additional government funding for rental relief has also affected the total rental arrears balance. Outstanding rent at the end of June amounted to \$453 million, down from \$524 million at the start of the year. However, adjusting for relief payments, tenants have added about \$57 million to the total arrears balance in 2025.

**FIGURE 37**  
NYCHA's Rent Collection Rate



Sources: New York City Housing Authority; OSC analysis



## X. Other Issues

### Credit Rating

The city-funded portion of the City’s capital program is financed through general obligation (GO) bonds secured by the City’s full faith and credit, and Future Tax Secured bonds issued by the Transitional Finance Authority (TFA) secured by personal income tax and (if needed) sales tax revenues.

In FY 2025, none of the major credit rating agencies made changes to ratings or outlooks on the City’s GO or TFA debt. These agencies also maintained their rating and outlook on debt issued by the New York City Municipal Water Finance Authority and the Hudson Yards Infrastructure Authority.

The rating level in the AA and AAA categories suggests the City’s creditworthiness remains strong, enabling continued access to the credit markets to meet its financing needs at relatively low interest rates.

While all the rating agencies maintained stable outlooks on the City’s credits, S&P noted that it could revise its rating should the City “fail to address its projected budget gaps. . .” Moody’s noted that factors leading to a potential downgrade included a “. . . divergence from well-established fiscal practices and strong budgetary management” and “additional spending that pushes forecast budget gaps closer to 10 percent of City funds revenue.”

While the City’s overall financial position remains strong, a reduction in the size of the City’s financial reserves would represent a potential weakness. In S&P’s April 4, 2025 report on the City’s credit rating, it was noted that “A sustained erosion in the City’s reserve cushion to below 7.5 percent of spending, . . . would lead to a change in the financial resiliency assessment to below [an] ‘aa’ [rating].” Likewise, Moody’s, in its assessment on February 22, 2024, noted that

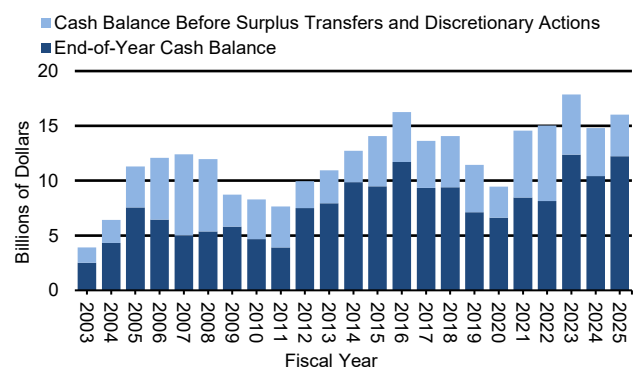
“Additional spending pressure that pushes forecast budget gaps closer to 10 percent of City funds revenue” could lead to a downgrade.

### Cash Flow

The City has not needed to borrow to meet its short-term cash needs since FY 2004. The City’s year-end cash balance rose to \$16 billion as of the end of FY 2025 (\$12.2 billion excluding discretionary actions) among the highest year-end balances on record (see Figure 38).

Given the amount of cash on hand, the City does not anticipate borrowing to meet its cash flow needs during the financial plan period.

**FIGURE 38**  
Year-End Cash Balance



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

### Budgetary Flexibility

As of the June Plan, the City’s budgetary cushion totals nearly \$8.5 billion (9.8 percent of city-funded spending, or 7.4 percent of total funds spending, in FY 2026, excluding contingent reserves), which may be utilized to help close future budget gaps.

The City maintains its general reserve at \$1.2 billion and Capital Stabilization Reserve at \$250 million in each year beginning in FY 2026

(a total of \$1.45 billion).<sup>25</sup> These contingent reserves represent 1.7 percent of planned city-funded spending in FY 2026, still relatively high historically at this point in the year. If not needed, these reserves can be used to help create future budgetary flexibility or to help narrow the projected gaps.

As of June 30, 2024, the RDF balance stood at \$1.96 billion, virtually unchanged since 2022 as the City made no discretionary transfers into the fund in fiscal years 2023 and 2024. The balance held in the RHBT, used to fund the cost of Other Post-Employment Benefits (OPEB), stood at \$5 billion at the end of FY 2024, the highest level on record. The growth in FY 2024 (after adjusting for prepayments in FY 2023) was driven by investment earnings, which have risen sharply over the past two years, and not by additional discretionary deposits.

As noted earlier in this report, the City faces significant economic and fiscal uncertainty stemming from federal actions (see the Economic Trends section and the State and Federal Actions section for details). In the event of a recession and/or significant reduction in anticipated assistance from the City's governmental funding partners, the City could draw down its budgetary cushion for short-term fiscal relief. The administration maintains that the current budgetary cushion of \$8.5 billion is adequate and that City officials continue to closely monitor the potential impact of the federal administration's actions on the national, State, and local economy, and on the City's fiscal condition.

Historically, the City has also made use of prepayments of future expenses before June 30 to help balance future budgets. While New York State law requires surplus resources

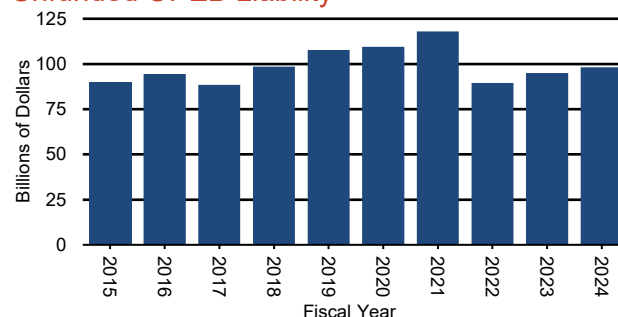
accumulated by the City to be deposited into the RDF as soon as is practicable after the end of a fiscal year (i.e., retrospectively), the City is not required to deposit the surplus resources that it uses to help balance the budget prior to the fiscal close (i.e., prospectively, as part of the annual budget adoption process).

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.

## Post-Employment Benefits

The City's unfunded liability for OPEBs, such as retiree health care, rose by nearly \$3.3 billion to \$98.2 billion in FY 2024 (see Figure 39). The increase is driven mainly by the cost attributed to employee services provided in that year and interest expense on the unfunded liability. The RHBT would fund 4.9 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 39**  
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

<sup>25</sup> The City also maintains a general reserve of \$20 million in FY 2025.

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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 2015 through 2024, the City realized an average benefit of \$277 million annually from overestimating prior years' payables and from underestimating prior years' receivables. The City realized a net benefit of \$557 million in FY 2024, mostly from an overestimation of prior-year expenses for contractual services, offset in part by a write-down of federal and State aid concentrated in social services and education.

# Appendix A: City-Funded Agency Spending Trends

(Agency totals exclude asylum seeker funds)

(dollars in millions)

	Final June Plan		FY 2026 June Plan				
	FY 2019	FY 2024 (adj.)	FY 2025 (adj.)	FY 2026 (adj.)	FY 2029 (adj.)	FYs 19 - 24 CAGR	FYs 25 - 29 CAGR
<b>Agency Expense</b>							
<b>Uniformed Forces</b>							
Police	5,321	6,088	6,297	5,972	6,114	2.7%	-0.7%
Fire	1,855	2,388	2,517	2,160	2,152	5.2%	-3.8%
Correction	1,368	1,241	1,337	1,210	1,380	-1.9%	0.8%
Sanitation	1,746	1,552	1,841	1,972	2,046	-2.3%	2.7%
<b>Subtotal</b>	<b>10,290</b>	<b>11,269</b>	<b>11,992</b>	<b>11,314</b>	<b>11,693</b>	<b>1.8%</b>	<b>-0.6%</b>
<b>Health and Welfare</b>							
Social Services	7,729	9,017	10,244	9,605	10,480	3.1%	0.6%
Homeless Services	1,339	2,020	2,221	1,769	1,652	8.6%	-7.1%
Health and Mental Hygiene	860	1,111	1,351	1,438	1,258	5.3%	-1.8%
Children's Services	1,069	990	1,161	1,234	1,223	-1.5%	1.3%
All Other	1,810	2,805	3,694	3,362	3,529	9.2%	-1.1%
<b>Subtotal</b>	<b>12,806</b>	<b>15,942</b>	<b>18,672</b>	<b>17,409</b>	<b>18,141</b>	<b>4.5%</b>	<b>-0.7%</b>
<b>Education<sup>26</sup></b>							
Education	13,590	14,929	17,595	18,575	20,166	1.9%	3.5%
City University	858	850	997	1,195	1,199	-0.2%	4.7%
<b>Subtotal</b>	<b>14,448</b>	<b>15,779</b>	<b>18,592</b>	<b>19,770</b>	<b>21,366</b>	<b>1.8%</b>	<b>3.5%</b>
<b>Other Agencies</b>							
Environmental Protection	1,222	1,567	1,619	1,681	1,609	5.1%	-0.2%
Transportation	616	857	882	942	915	6.8%	0.9%
Parks and Recreation	432	517	573	615	585	3.7%	0.5%
Citywide Admin Services	331	460	461	453	439	6.8%	-1.2%
Housing Pres. and Dev.	242	458	498	570	624	13.6%	5.8%
All Other	3,179	4,005	4,295	4,332	3,853	4.7%	-2.7%
<b>Subtotal</b>	<b>6,022</b>	<b>7,865</b>	<b>8,328</b>	<b>8,592</b>	<b>8,024</b>	<b>5.5%</b>	<b>-0.9%</b>
<b>Elected Officials</b>	<b>709</b>	<b>948</b>	<b>968</b>	<b>1,025</b>	<b>997</b>	<b>6.0%</b>	<b>0.7%</b>
<b>General Reserve</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>1,200</b>	<b>1,200</b>	<b>0.0%</b>	<b>178.3%</b>
<b>Agency Total</b>	<b>44,295</b>	<b>51,823</b>	<b>58,573</b>	<b>59,310</b>	<b>61,421</b>	<b>3.2%</b>	<b>1.2%</b>
<b>Other Expense</b>							
Pension Contributions	9,801	9,191	9,885	10,334	11,369	-1.3%	3.6%
Miscellaneous <sup>27</sup>	7,661	10,804	11,076	11,954	15,396	7.1%	8.6%
Debt Service	6,155	6,627	6,848	4,766	11,318	1.5%	13.4%
Citywide Savings Initiatives	---	---	---	---	---	---	---
All Other	-400	-400	-816	---	409	---	---
<b>Subtotal</b>	<b>23,217</b>	<b>26,222</b>	<b>26,994</b>	<b>27,055</b>	<b>38,492</b>	<b>2.5%</b>	<b>9.3%</b>
<b>Total Expenditures</b>	<b>67,512</b>	<b>78,045</b>	<b>85,567</b>	<b>86,365</b>	<b>99,914</b>	<b>2.9%</b>	<b>4.0%</b>
<b>Asylum Seekers City Funds</b>	<b>---</b>	<b>2,327</b>	<b>1,510</b>	<b>1,162</b>	<b>500</b>	<b>---</b>	<b>---</b>
<b>Total City Funds</b>	<b>67,512</b>	<b>80,373</b>	<b>87,077</b>	<b>87,527</b>	<b>100,414</b>	<b>3.5%</b>	<b>3.6%</b>

Note: Columns may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

<sup>26</sup> The Department of Education and City University plan numbers include fringe benefits.

<sup>27</sup> Adjusted to exclude Criminal Justice and Indigent Defense contracts that were previously budgeted in Miscellaneous (FY 2019 – FY 2024). Criminal Justice and Indigent Defense contracts are included under "All Other" agency expense.

## Appendix B: FY 2026 Fiscal Cliffs

(in thousands)

Agency	Description	FY 2026 Cliffs <sup>28</sup>	Funded Amount <sup>29</sup>	Percent Funded <sup>30</sup>
<b>City Funded Fiscal Cliffs</b>				
<b>Education</b>	Maintain Arts Funding	\$45,000	\$45,000	100.0%
	Special Education Pre-K Expansion	\$30,000	\$45,000	150.0%
	Additional Special Education Pre-K	\$25,000	\$25,000	100.0%
	Extended Day Expansion	\$25,000	\$25,000	100.0%
	Supporting Families Without Offers	\$20,000	\$20,000	100.0%
	Maintain Project Pivot Funding	\$15,000	\$15,000	100.0%
	Community Schools	\$14,000	\$17,750	126.8%
	Maintain Affinity Organization Contracts	\$10,000	\$10,000	100.0%
	Maintain Teacher Recruitment Funding	\$10,000	\$10,000	100.0%
	<b>Subtotal</b>	<b>\$194,000</b>	<b>\$212,750</b>	<b>109.7%</b>
<b>Police</b>	<b>Domain Awareness System and</b>	<b>\$55,300</b>	<b>---</b>	<b>---</b>
<b>Social Services</b>	Maintain Community Food Connection	\$31,900	\$36,100	113.2%
	Fair Fares	\$10,750	\$25,000	232.6%
	<b>Subtotal</b>	<b>\$42,650</b>	<b>\$61,100</b>	<b>143.3%</b>
<b>Children's Services</b>	<b>Promise NYC</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>100.0%</b>
<b>Sanitation</b>	<b>Litter Basket Service</b>	<b>\$25,000</b>	<b>\$29,729</b>	<b>118.9%</b>
<b>Aging</b>	<b>Maintain Senior Support</b>	<b>\$11,100</b>	<b>\$33,907</b>	<b>305.5%</b>
<b>Youth &amp; Community Development</b>	<b>SYEP MetroCards</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>100.0%</b>
<b>City Funded Fiscal Cliffs</b>	<b>Subtotal</b>	<b>\$364,050</b>	<b>\$373,486</b>	
<b>Federally Funded Fiscal Cliffs</b>				
<b>Education</b>	Maintain Technology Funding	\$80,000	---	---
	Digital Learning	\$13,444	\$5,000	37.2%
	Expand Restorative Justice	\$12,000	\$12,000	100.0%
	<b>Subtotal</b>	<b>\$105,444</b>	<b>\$17,000</b>	<b>11.0%</b>
<b>Aging</b>	<b>Community Care Investments</b>	<b>\$47,593</b>	<b>\$47,593</b>	<b>100.0%</b>
<b>Health and Mental Hygiene</b>	<b>Mobile Treatment</b>	<b>\$47,363</b>	<b>\$58,297</b>	<b>123.1%</b>
<b>Social Services</b>	<b>Universal Access to Counsel in</b>	<b>\$15,605</b>	<b>\$15,605</b>	<b>100.0%</b>
<b>Youth &amp; Community Development</b>	<b>Indirect Cost Rate</b>	<b>\$12,769</b>	<b>---</b>	<b>---</b>
<b>Federally Funded Fiscal Cliffs</b>	<b>Subtotal</b>	<b>\$228,774</b>	<b>\$138,495</b>	
<b>Total Fiscal Cliffs</b>	<b>Total</b>	<b>\$592,824</b>	<b>\$511,981</b>	

Sources: NYC Office of Management and Budget; OSC analysis

<sup>28</sup> FY 2026 fiscal cliffs as of the January 2025 Financial Plan.

<sup>29</sup> Amounts funded through the June 2025 Financial Plan.

<sup>30</sup> Funded amounts that exceed the fiscal cliff amount are representative of program expansions or increased costs.

# Appendix C: Full-Time Staffing Levels

(Number of full-time employees)

	Actual	Actual	Forecast	June Plan	Variance – Better/(Worse) April 2025 Actual to June 2026 Plan		
	June 2020	April 2025	June 2025	June 2026	City Funds	Non-City Funds	Total Funds
<b>Public Safety</b>	<b>85,806</b>	<b>77,048</b>	<b>81,539</b>	<b>81,490</b>	<b>4,646</b>	<b>(204)</b>	<b>4,442</b>
Police Uniformed	35,910	33,413	35,025	34,975	1,566	(4)	1,562
Civilian	15,519	12,761	14,319	13,875	1,292	(178)	1,114
Fire Uniformed	11,047	10,862	10,952	11,294	427	5	432
Civilian	6,366	6,413	6,291	6,316	(78)	(19)	(97)
Correction Uniformed	9,237	5,724	7,060	7,060	1,337	(1)	1,336
Civilian	1,741	1,508	1,750	1,745	234	3	237
District Attys. & Prosec.	4,843	5,469	5,002	5,117	(284)	(68)	(352)
Probation	1,116	871	1,107	1,075	146	58	204
Board of Correction	27	27	33	33	6	0	6
<b>Health &amp; Welfare</b>	<b>27,878</b>	<b>25,287</b>	<b>28,165</b>	<b>28,200</b>	<b>1,705</b>	<b>1,208</b>	<b>2,913</b>
Social Services	12,330	10,854	12,175	12,329	526	949	1,475
Children's Services	7,039	6,425	7,027	7,026	511	90	601
Health & Mental Hygiene	5,530	5,407	6,032	5,931	388	136	524
Homeless Services	2,119	1,750	1,997	1,933	223	(40)	183
Other	860	851	934	981	57	73	130
<b>Environment &amp; Infra.</b>	<b>26,365</b>	<b>26,244</b>	<b>27,955</b>	<b>28,042</b>	<b>423</b>	<b>1,375</b>	<b>1,798</b>
Sanitation Uniformed	7,755	8,140	7,955	7,957	(183)	0	(183)
Civilian	2,107	1,650	1,632	1,661	1	10	11
Transportation	5,120	5,222	5,860	5,875	238	415	653
Parks & Recreation	4,236	4,604	4,972	5,034	350	80	430
Environmental Protection	5,891	5,501	6,346	6,308	2	805	807
Other	1,256	1,127	1,190	1,207	15	65	80
<b>General Government</b>	<b>12,634</b>	<b>11,458</b>	<b>12,774</b>	<b>12,826</b>	<b>1,263</b>	<b>105</b>	<b>1,368</b>
Finance	1,996	1,705	1,990	1,998	292	1	293
Law	1,713	1,359	1,454	1,510	148	3	151
Citywide Admin. Svcs.	2,403	2,038	2,418	2,417	277	102	379
Taxi & Limo. Comm'n.	584	390	555	546	156	0	156
Investigations	361	261	315	293	32	0	32
Board of Elections	682	705	517	517	(188)	0	(188)
Info. Tech. & Telecomm.	1,673	1,490	1,562	1,573	73	10	83
Other	3,222	3,510	3,963	3,972	473	(11)	462
<b>Housing</b>	<b>4,088</b>	<b>3,936</b>	<b>4,508</b>	<b>4,660</b>	<b>439</b>	<b>285</b>	<b>724</b>
Buildings	1,676	1,556	1,747	1,822	265	1	266
Housing Preservation	2,412	2,380	2,761	2,838	174	284	458
<b>Dept. of Education</b>	<b>134,684</b>	<b>133,725</b>	<b>138,098</b>	<b>140,070</b>	<b>5,206</b>	<b>1,139</b>	<b>6,345</b>
Pedagogues	121,077	120,307	125,188	127,314	5,247	1,760	7,007
Non-Pedagogues	13,607	13,418	12,910	12,756	(41)	(621)	(662)
<b>City University of NY</b>	<b>6,288</b>	<b>5,650</b>	<b>6,028</b>	<b>6,024</b>	<b>374</b>	<b>0</b>	<b>374</b>
Pedagogues	4,545	4,192	4,289	4,289	97	0	97
Non-Pedagogues	1,743	1,458	1,739	1,735	277	0	277
<b>Elected Officials</b>	<b>2,703</b>	<b>2,881</b>	<b>3,363</b>	<b>3,440</b>	<b>499</b>	<b>60</b>	<b>559</b>
<b>Total</b>	<b>300,446</b>	<b>286,229</b>	<b>302,430</b>	<b>304,752</b>	<b>14,555</b>	<b>3,968</b>	<b>18,523</b>

Sources: NYC Office of Management and Budget; OSC analysis





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