



## FEDERAL FUNDS TO NEW YORK CITY: A REVIEW OF CATEGORICAL GRANTS

### Overview

The federal administration has ordered freezes, pauses, and reviews of federal assistance funding to identify grant programs which are implicated by the President's recent executive actions and could be subject to reduction or elimination. While federal receipts do not reach the level of City- or State-provided receipts, New York City's FY 2026 operating budget is still relying on \$7.4 billion from the federal government, 6.4 percent of total fund spending. Federal funds also cover a higher share of essential services that the City provides to its most vulnerable residents, such as education, social services and housing. Outside of the City's budget, federal funds also provide direct support to the City's semi-autonomous organizations such as the Metropolitan Transportation Authority (MTA), the New York City Housing Authority (NYCHA), the City University of New York (CUNY), and New York City Health + Hospitals (H+H) and to other health care providers and non-profit organizations that serve New Yorkers.

The Office of the State Comptroller (OSC) examined the City's planned use of all federal funds by program area in its operating budgets across FY 2025 and FY 2026. OSC also analyzed the size and potential impact of the City's recurring federal funds, focusing on the 10 largest federal funding streams in FY 2025 and FY 2026 that flow through the City's operating budget, excluding pandemic relief.

### Federal Funds by Funding Stream

Figure 1 shows the City's largest federal grants in FY 2025 and FY 2026, excluding pandemic funds, which comprise approximately three-quarters of the City's non-pandemic funding in these years. While the City receives some of these grants as direct awards from the federal government, the majority of the grants are first received by New York State and then passed through to the City.

The City's largest award is Temporary Assistance for Needy Families (TANF), which funds public assistance grants and other social services. TANF comprises nearly a quarter of the City's non-pandemic federal funding in both years. TANF's significant reach supports an average of 146,189 family assistance recipients in FY 2024 and nearly 44 percent of the planned costs for family shelter operations at the Department of Homeless Services (DHS) in FY 2025. The next largest grants are the Child Care and Development Block Grant (CCDBG), which supports child care and Title I Grants to Local Educational Agencies (LEAs).

### Federal Funds by Agency

The City's FY 2025 operating budget incorporates nearly \$9.7 billion of federal funds, comprising 8.3 percent of total spending (see Figure 2). This includes \$1.1 billion of pandemic funds, which the City uses in part to fund recurring programs (see OSC's [latest Financial Plan review](#) for details). In FY 2026 federal funding drops to \$7.4 billion, due largely to the drop in pandemic funds, which total just \$65.2 million in FY 2026, and conservative assumptions by the City for federal grants and whether they are recurring.

However, the impact of the provision of funding differs by program area. Excluding fringe benefits, federal grants fund about 18 percent of the City's spending on social services agencies in both years and support nearly 43 percent of total spending for the Administration for Children's Services (ACS) in FY 2025, primarily for child care and foster care services. Notably, federal funds support more than half of the planned costs for the Department of Housing Preservation and Development (HPD) in FY 2025 and FY 2026. In contrast, while the Department of Education (DOE) receives more federal funding than any single City agency, the grants comprise 8 percent of its total planned spending in FY 2025 when excluding fringe benefits, and nearly 7 percent when including benefits.

## Funding Freezes

The federal government has issued recent announcements and executive orders which indicate that federal funding levels for some programs are uncertain. In late January 2025, the administration announced a temporary pause on obligations and disbursements of federal assistance until at least the administration had completed a review of each grant program to identify any potential inconsistencies with the President's executive orders. [Based on OSC's analysis](#), nearly all federal operating receipts anticipated by the City would be subject to the review. In February 2025, the administration reversed \$80 million in reimbursements to the City for services to asylum seekers that had been reviewed, approved, and disbursed by the Federal Emergency Management Agency (FEMA). The City later received notice that FEMA may claw back additional funds that were received and spent in prior years for this purpose. The City has noted it intends to challenge these efforts in court.

In March 2025, a continuing resolution was approved which extends government funding through September 30, thereby avoiding a government shutdown. However, while the funding bill largely extends FY 2024 funding levels, it removes earmarked projects and does not contain funding directives that would restrict money for specific purposes, thus increasing the executive branch's discretion over funds. Also in March, the President signed executive orders to dismantle the United States Department of Education and to significantly restructure the United States Department of Health and Human Services (HHS). No additional funding would be provided for emergency housing vouchers. The elimination of federal departments requires Congressional approval.

Through April 8, the City received notifications of paused, partially or fully terminated federal awards which OSC estimates could have a negative operating budget impact up to nearly \$400 million in FY 2025 and \$135 million in FY 2026 (see Figure 3). However, this only considers budgeted amounts as of the FY 2026 Preliminary budget; the full impact of the recent federal actions to New York City is not yet known. There have also been impacts to capital funds to the City, which OSC did not examine for this report. OSC quantifies the use of the City's largest federal grants and the potential risks to the City's operating budget and its residents in a set of accompanying briefs.

### FIGURE 1

#### Top Federal Funding Streams to New York City, Excluding Pandemic Aid FY 2026 Preliminary Budget

(in millions)

Federal Grantor	Grant Name	Direct/ Pass Through NYS	FY 2025	FY 2026
Health & Human Services	Temporary Assistance for Needy Families	Pass Through	\$2,013.1	\$1,756.4
Health & Human Services	Child Care and Development Block Grant	Pass Through	847.7	529.6
Department of Education	Title I Grants to Local Education Agencies	Pass Through	679.1	679.1
Housing & Urban Develop.	Section 8 Housing Choice Vouchers*	Direct	589.9	585.4
Department of Agriculture	National School Lunch, Breakfast (combined)	Pass Through	538.3	538.3
Housing & Urban Develop.	Community Development Block Grant**	Direct	422.8	295.3
Health & Human Services	Grants to States for Medicaid	Pass Through	381.2	375.4
Health & Human Services	Foster Care Title IV-E	Pass Through	298.8	295.4
Department of Education	Special Education Grants to States (IDEA)	Pass Through	290.8	290.8
Dept. of Homeland Security	Homeland Security Grant Program	Pass Through	260.7	38.3
Health & Human Services	Social Services Block Grant	Pass Through	246.2	233.1
<b>Total Top 10 Awards</b>			<b>\$6,322.4</b>	<b>\$5,578.9</b>
<b>Total Non-COVID Awards</b>			<b>\$8,599.4</b>	<b>\$7,305.5</b>
<b>Share of Non-COVID</b>			<b>73.5%</b>	<b>76.4%</b>

Note: Columns may not add due to rounding. Columns in each fiscal year include only the top 10 grants for that fiscal year.

Sources: NYC Office of Management and Budget; OSC analysis

\*The City also allocated supplemental pandemic funding of \$59.7 million in FY 2025 and \$20.2 million in FY 2026 for the Housing Choice Vouchers program.

\*\*Includes Community Development Block Grant Disaster Recovery funds.

**FIGURE 2**

**NYC Federal Funds Uses as Share of Total Spending by Program Area**  
**FY 2026 Preliminary Budget**

(in millions)

Agency Expense	FY 2025 Total Spending	FY 2025 Federal Spending	FY 2025 Federal Share	FY 2026 Total Spending	FY 2026 Federal Spending	FY 2026 Federal Share
<b>Social Services Agencies</b>						
Social Services	\$ 13,280.0	\$ 1,907.6	14.4%	\$11,468.6	\$1,527.6	13.3%
Children's Services	3,354.0	1,430.4	42.6%	2,826.5	1,106.0	39.1%
Homeless Services	4,041.8	628.1	15.5%	3,578.1	679.6	19.0%
Youth & Community Dev.	1,410.1	110.4	7.8%	1,225.9	105.0	8.6%
Aging	550.7	90.1	16.4%	426.2	75.9	17.8%
<b>Subtotal</b>	<b>\$22,636.5</b>	<b>\$4,166.6</b>	<b>18.4%</b>	<b>\$19,525.3</b>	<b>\$3,494.2</b>	<b>17.9%</b>
<b>Education*</b>						
Department of Education	33,651.9	2,305.3	6.9%	33,498.7	2,093.0	6.2%
<b>Subtotal</b>	<b>\$33,651.9</b>	<b>\$2,305.3</b>	<b>6.9%</b>	<b>\$33,498.7</b>	<b>\$2,093.0</b>	<b>6.2%</b>
<b>Housing</b>						
Housing Pres. and Dev.	2,040.2	1,184.5	58.1%	1,689.2	868.2	51.4%
Buildings	206.3	0.6	0.3%	220.4	0.7	0.3%
<b>Subtotal</b>	<b>\$2,246.6</b>	<b>\$1,185.1</b>	<b>52.8%</b>	<b>\$1,909.6</b>	<b>\$868.9</b>	<b>45.5%</b>
<b>Health</b>						
Health & Mental Hygiene	2,779.4	646.9	23.3%	2,133.4	283.4	13.3%
Health & Hospitals Corp.	2,709.8	60.7	2.2%	2,281.7	1.4	0.1%
<b>Subtotal</b>	<b>\$5,489.2</b>	<b>\$707.5</b>	<b>12.9%</b>	<b>\$4,415.0</b>	<b>\$284.8</b>	<b>6.4%</b>
<b>Uniformed Agencies</b>						
Police	6,419.9	236.2	3.7%	6,149.9	21.4	0.3%
Sanitation	1,955.7	200.5	10.0%	1,932.1	- - -	0.0%
Fire	2,728.0	103.3	3.8%	2,640.7	58.0	2.2%
Correction	1,158.4	1.6	0.1%	1,213.3	1.0	0.1%
<b>Subtotal</b>	<b>\$12,301.9</b>	<b>\$541.6</b>	<b>4.4%</b>	<b>\$11,936.0</b>	<b>\$80.3</b>	<b>0.7%</b>
<b>All Other</b>						
Miscellaneous	13,663.5	280.7	2.1%	14,544.6	260.4	1.8%
Debt Service	5,806.8	159.8	2.8%	6,472.1	117.8	1.8%
Transportation	1,478.9	127.6	8.6%	1,465.6	84.4	5.8%
Small Business Services	297.7	52.8	17.7%	182.1	43.6	24.0%
Emergency Management	135.4	46.6	34.5%	88.9	10.0	11.2%
Environmental Protection	1,725.7	32.2	1.9%	1,640.6	0.7	0.0%
City Planning	57.9	17.0	29.4%	46.7	15.6	33.4%
All Other	19,057.7	65.5	0.3%	20,606.1	17.2	0.1%
<b>Citywide Subtotal</b>	<b>\$ 118,549.7</b>	<b>\$ 9,688.4</b>	<b>8.2%</b>	<b>\$116,331.5</b>	<b>\$7,370.7</b>	<b>6.3%</b>
Less: Intra-City	(2,057.5)			(1,807.7)		
<b>Citywide Total**</b>	<b>\$ 116,492.2</b>	<b>\$9,688.4</b>	<b>8.3%</b>	<b>\$114,523.8</b>	<b>\$7,370.7</b>	<b>6.4%</b>

Note: Columns may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

\*The Department of Education and City University plan numbers include fringe benefits.

\*\*Individual departments and program areas are not adjusted to exclude intra-city transfers.

**FIGURE 3****Potential Budget Impact of Paused or Terminated Federal Funding to New York City through April 8, 2025  
FY 2026 Preliminary Budget, Operating Budget Only**

(in millions)

Federal Grantor	Grant Name	FY 2025	FY 2026
Health & Human Services	CDC Epidemiology & Laboratory Capacity for Infectious Diseases	\$153.0	- - -
Health & Human Services	CDC – Immunization Cooperative Agreements	66.2	- - -
Housing & Urban Develop.	Emergency Housing Voucher	59.7	20.2
Federal Emergency Management Agency	Shelter and Services Program	59.3	58.5
Housing & Urban Develop.	Continuum of Care Program	57.5	55.5
Federal Emergency Management Agency	Building Resilient Infrastructure and Communities	0.8	- - -
Environmental Protection Agency	Environmental Justice Government to Government	0.3	0.3
<b>Total Potential Budget Impact</b>		<b>\$396.8</b>	<b>\$134.5</b>

Note: Columns may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

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