



New York City Independent Budget Office



FY 2026

Analysis of the November 2025 Financial Plan
Fiscal Years 2026 - 2029

December 17, 2025

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In accordance with its New York City Charter mandate to enhance official and public understanding of the budgetary process and budget documents, the Independent Budget Office (IBO) presents highlights of its economic and revenue forecasts and re-estimates of expenses across the November 2025 Financial Plan spanning Fiscal Years 2026 through 2029. IBO analyzes historical spending trends and forecasts future changes to re-estimate spending compared with expenses presented in the Adams Administration's Financial Plan.

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One year into the second Trump administration, rapid changes in federal priorities continue to increase volatility in economic and budget planning.

Continuing Resolution Funding Through January Ending the Federal Government Shutdown

During the 43-day shutdown, the federal government halted many major services. While most have resumed, the continuing resolution passed by Congress in November of 2025, funds the federal government through January 30, 2026, leaving open the risk for another imminent shutdown. Partial-year funding disrupts multi-year planning and federal agency flexibility, which has cascading effects for state and local governments.

Major Changes From the One Big Beautiful Bill Act

The Trump administration's signature legislation, the One Big Beautiful Bill Act (OBBBA), passed in July 2025, has major implications for nearly every aspect of public policy and budgeting. IBO discussed some of these impacts for New York City through its [Federal Changes, Local Impacts](#) series.

Chaotic Tariff Rollouts and Pending U.S. Supreme Court Ruling

The Trump administration's tariff rollout—marked by announcements, delays, arbitrary rates, and “new trade deals”—has prompted businesses to be more cautious. Litigation challenging the scope of the President's legal authority of to impose tariffs has reached the U.S. Supreme Court, which heard arguments in the case in November. If the U.S. Supreme Court ultimately upholds the tariffs, it would signal a broader interpretation of presidential power over economic and budgetary matters than previously recognized. If tariffs are struck down, importers would no longer have to pay these extra duties, potentially lowering consumer prices. Companies that paid the tariffs could seek refunds, driving a multitude of claims against the U.S. Treasury.

Immigration Raids and Visa Changes

The Trump administration's immigration raids have deeply disrupted New Yorkers' lives at a human level as immigrant households are avoiding seeking services and conducting daily activities out of fear of immigration enforcement. This is happening alongside changes to immigration policies, including raising H-1B visa fees. These have economic implications for communities and businesses, particularly in New York City's many neighborhoods with large immigrant populations.

Four Ways Federal Dollars Flow to New York City

Through New York State

The State often serves as a passthrough of federal funds, while exercising some discretion on how to distribute those funds within federal rules. This includes Medicaid funding, child welfare funding, public assistance, childcare vouchers, and education funding.

Through New York City

Some funds are allocated directly to New York City either through a competitive process or by formula. This includes funding for HPD Section 8 housing vouchers, Title I, III, and IV education grants, school meals, and City-contracted Head Start early childcare.

Through Individuals

The federal government directly issues benefits to individuals across a wide range of programs. This includes payments through food benefits such as direct Supplemental Nutrition Assistance Program (SNAP), Social Security, Supplemental Security Income, Medicare, tax refunds, and student loans.

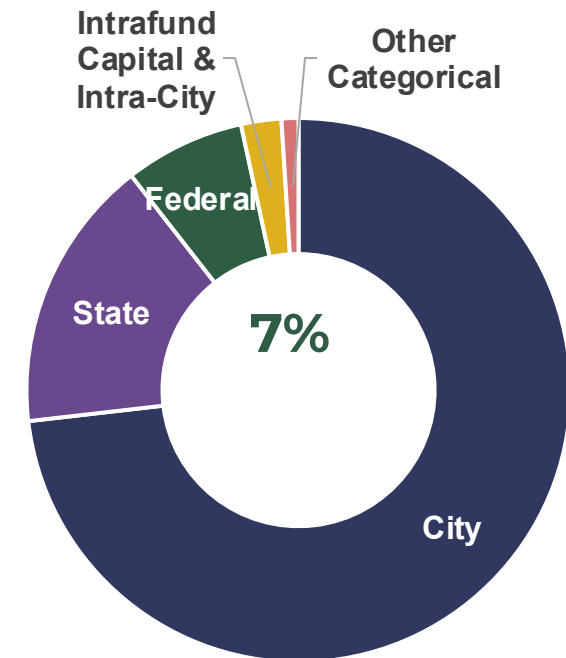
Through Institutions, Public Entities and Nonprofits

Federal dollars flow to:

- Higher education institutions and their students. This includes the City University of New York and close to 100 two and four-year colleges and universities.
- Other public entities such as the Metropolitan Transportation Authority, New York City Housing Authority, and New York City Health + Hospitals.
- Nonprofits ranging from cultural organizations to human service providers also have traditionally received federal funds directly.

Fiscal Year 2026 City Budget Includes \$8.6 Billion in Direct Federal Revenue

City Budget Revenue Sources



SOURCE: OMB

NOTE: OMB reflects federal funding on a rolling basis over the course of the fiscal year as grants or programs are announced. In 2025, the City received \$9.1 billion in federal revenues (8% of the total revenue).

Risks to the New York City Budget

Losses in either federal or State aid would add pressure for New York City to backfill the funding or plan for a lower level of services and programs.

Federal Aid

The Adams administration budgets \$8.6 billion in direct federal dollars for fiscal year 2026. In this budget, City agencies that receive the most federal funding include:

- Department of Education (DOE)—\$2.1 billion (6% of the agency's budget) to fund several programs, including Title 1, which supports programs for lower-income students.
- Department of Social Services (DSS)—\$1.6 billion (13% of the agency's budget) to fund safety net programs including food and home energy assistance, income support, and Medicaid.
- Department of Housing Preservation and Development (HPD)—\$1.1 billion (59% of the agency's budget) to fund rental housing vouchers, housing inspections, and financing of affordable housing development. HPD is the City agency with the largest share of federal dollars in its budget.

Other federal funding at risk based on priorities put forth by the Trump administration includes operating support for the New York City Housing Authority (NYCHA), research grants for medical and higher education institutions, and climate resiliency.

State Aid

The Adams administration budgets \$19.6 billion in State dollars for fiscal year 2026. Reductions in federal aid to New York State may put pressure on the State's budget.

Whether the State decides to backfill lost federal dollars or to shift new costs to the City will have major implications for the City's budget.

Leadership Transitions in City and State Government

Starting in January 2026, New York City will see leadership changes across City government.

Mayoral Transition

For the incoming Mamdani administration, the appointment of leadership positions will be critical. Further, State leadership will have major impact on Mayoral priorities, such as increasing taxes or making Metropolitan Transportation Authority buses free for riders.

New City Comptroller, Manhattan Borough President, nine new City Council Members, and new City Council Speaker

Major elected counterparts to the Office of the Mayor are new: In January City Comptroller Levine and Manhattan Borough President Hoylman-Sigal will take office. And nine new City Council members will join their peers in electing a new City Council Speaker.

Major Elections for New York State in 2026

Governor Hochul faces reelection in 2026, and thus it is likely that during the coming year, the Hochul administration's actions and policy focus will be increasingly viewed through the lens of an anticipated statewide reelection campaign. All 63 State Senate seats and all 150 State Assembly seats are up for election as well, a factor that will also shape the State Legislature's policy priorities in the coming year.

Current Challenges in Economic and Revenue Forecasting



Missing and Delayed Jobs Reporting Numbers

After July 2025 jobs numbers showed slowed national hiring, the Trump administration fired the federal Bureau of Labor Statistics (BLS) Commissioner, undercutting confidence in future BLS reporting.

The federal government shutdown delayed jobs reporting. This year, September numbers were not released until early December, and October numbers were released in conjunction with November numbers yesterday. (See IBO's [Changes in Federal Data Access](#).) A similar pattern is occurring for consumer price index (CPI) data.



Weak Job Growth Across Many Sectors Contrasts with Strong GDP Growth and Consumer Resilience

Beyond concerns over missing data, available data paints a complex and somewhat contradictory picture regarding cross currents in the economy:

- Year-to-date growth in national and local employment continues to be markedly weak, traditionally a sign of broader economic weakening.
- Growth of real gross domestic product (GDP) has remained strong though the first three quarters of the year, bolstered largely by robust consumer activity.



Artificial Intelligence: Economic Impacts

The use of generative artificial intelligence (AI) is in a period of early adoption across many industries and is expected to continue to rise. This brings economic efficiencies, as well as potential disruptions to numerous employment sectors. AI technology companies have recently surged in their stock market valuation. There is wide expectation of a market correction, with implications for Wall Street.



Potential Major Changes to Local Tax Policy

Tax Equity Now NY LLC v. City of New York may result in changes to the City's property tax system. IBO's forecast is premised on a continuation of the current Real Property Tax system. The ongoing litigation and related potential legislation lends uncertainty for the City's largest tax revenue source.

Further State and City tax policy decisions in response to federal tax policy changes made in the One Big Beautiful Bill Act—such as whether to also exempt tips and overtime income—have yet to be decided.

Recognizing these challenges, IBO presents a new economic and revenue forecast as part of its November 2025 Economic and Revenue Outlook.

Details can be found in IBO's November 2025 Outlook [report](#).

IBO's Forecasting Process

IBO incorporates consensus-based national macroeconomic indicators from November 2025 and models expectations for the local economy. IBO's local economic forecast is tailored to reflect New York City's:

- Unique industrial mix (in which the finance industry plays a key role)
- Size and activity of citywide residential and commercial real estate markets
- Present concerns about a constrained local labor force

IBO generates forecasts for each of the City's major sources of tax revenue, drawing from its local economic forecast, tax revenue trends in recent fiscal years, and year-to-date collections.

Highlights from IBO's Local Economic and Tax Revenue Outlook

The outlook for GDP growth looks more positive than in IBO's last forecast of May 2025. Real GDP is a reflection of all economic activity within a country and is a go-to metric for how economists measure the size of the economy.

Buoyed by this growth, IBO has increased its expectations for local job growth but still expects slow and uneven results across employment sectors.

IBO's tax revenue forecast is higher than OMB's forecast by \$600 million in 2026, growing to a difference of about \$1.1 billion in 2027 through 2029. In 2026 and 2027, the majority of the difference is due to a higher forecast of personal income tax revenue. In 2028 and 2029, business income taxes account for the largest share of the difference, along with the general sales tax and property tax.

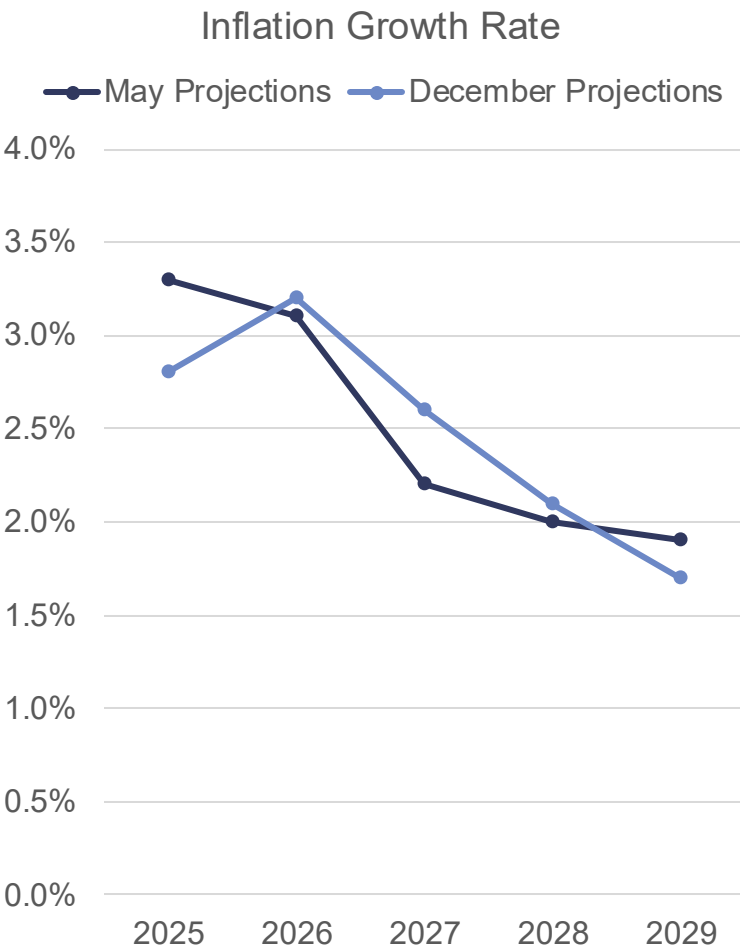
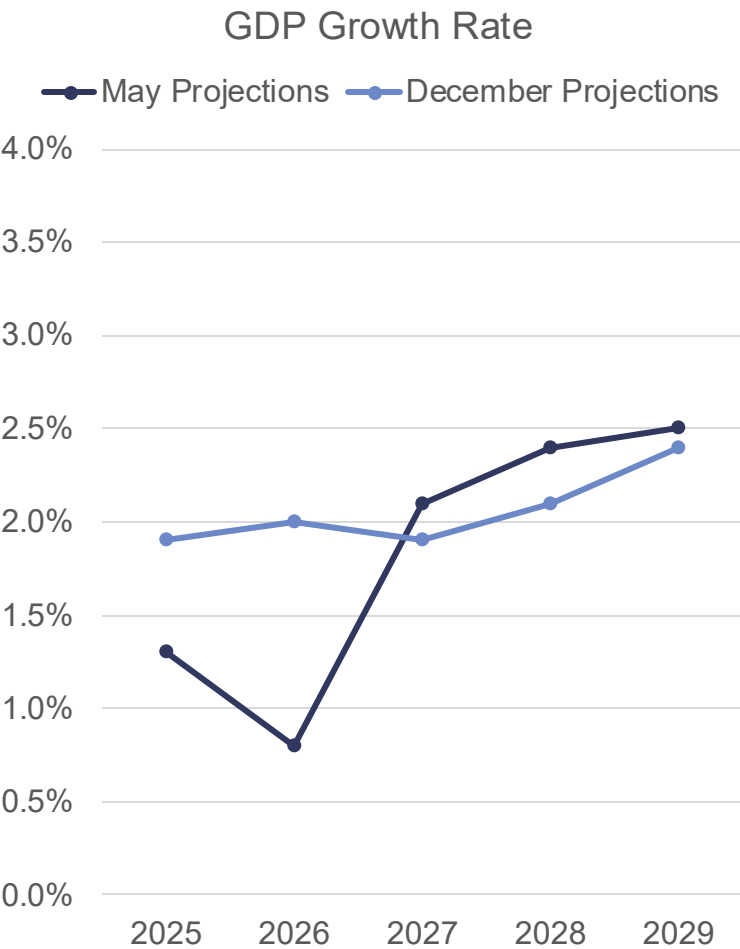
National Economy Shows Resilience Throughout 2025

National Gross Domestic Product and Inflation Expectations

Following the intense uncertainty of the spring, the resilience of the national economy through the summer has led to a revision in the national economic outlook, which forms the basis for IBO’s local economic forecast.

Federal indicators now suggest a substantial upward revision in near-term GDP growth, leading IBO to revise its November projections relative to its May forecast.

National indicators also point to moderately increased long-term inflation expectations due to ongoing tariff concerns and signals from the Federal Reserve on potential future interest rate cuts. IBO also adjusted its inflation expectations in its November.



SOURCE: IBO May and November 2025 Forecasts

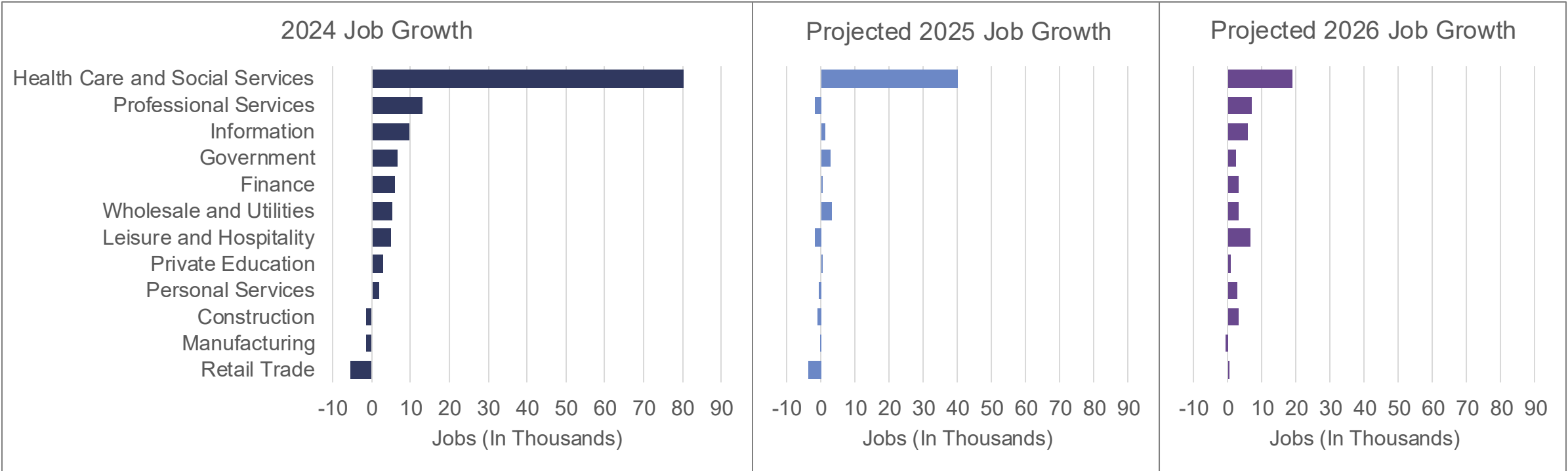
Slow Growth in Local Employment Continues

New York City job growth is dominated by home health aide positions.

Based on projections of a more positive national economic picture, IBO’s current aggregate employment outlook is stronger than IBO’s previous estimates across the Financial Plan years. IBO now estimates a net gain of 41,000 jobs in 2025, increasing to 54,000 jobs in 2026 (measured on a Q4-to-Q4 basis).

While positive, net job growth projections are weak compared with recent years. IBO expects that growth will be concentrated in home health aide positions within the health care and social services sector, while anticipating minor losses or slower growth across all other sectors. Retail trade continues to struggle to regain jobs relative to pre-pandemic employment levels, given a seemingly permanent shift in shopping patterns.

Employment forecasting for 2025 at present is particularly uncertain—the federal government shutdown delayed the release of official employment statistics since August. The slow growth IBO estimates for 2025 reflects the nearly flat job growth seen in the first two quarters of the year.



SOURCE: IBO November 2025 Forecast

Key Findings on City Budget Outlook



IBO Estimates a Deficit for 2026

- IBO's 2026 revenue forecast is higher than what the Adams administration presented, as IBO updated its forecast to recognize a more stable economy than the City faced—both nationally and locally—in May. The Adams administration maintained a more conservative forecast.
- For expenditures, IBO anticipates net savings from staffing vacancies, primarily for Department of Education pedagogical positions, and other programs, and continued overspending on uniformed overtime. IBO also projects additional expenditures for housing vouchers and homeless services.
- IBO's analysis yields a total operating deficit of nearly \$380 million (0.5% of City tax revenue) for 2026, while the Adams administration projects a current year surplus of \$74 million that will be used to prepay 2027 expenditures.



Adams Administration Underestimates Budget Gaps for 2027-2029

- IBO projects a budget gap of \$6.5 billion for 2027 followed by larger gaps: \$8.4 billion for 2028 and \$8.2 billion for 2029. These amounts represent around 8%-10% of projected City revenues for each of those three years.
- The Adams administration is forecasting smaller gaps of \$4.7 billion in 2027 and \$6.3 billion annually from 2028 through 2029.
- The City has closed gaps in the past, but at smaller levels (about 5-6% of projected City tax revenue). This year, the City also faces an unquantifiable set of challenges prompted by federal changes.



In Recent Years, City Spending Has Outpaced Revenues

- The City's year-end operating surplus has decreased every year since 2022, and IBO forecasts that this trend will continue in 2026.
- Budget surpluses in past years allowed the City to continue to balance its budget even as it added substantial funds over the course of the fiscal year, but this cushion is shrinking.

IBO Forecasts Larger Gaps Compared with the Adams Administration

IBO and Adams Administration Estimates of Revenues, Expenditures, and Budget Gaps

Dollars in Millions

	Fiscal Year							
	2026		2027		2028		2029	
	OMB	IBO	OMB	IBO	OMB	IBO	OMB	IBO
Revenues	\$118,233	\$119,282	\$116,924	\$119,616	\$119,767	\$122,238	\$122,846	\$125,105
Expenditures	\$118,233	\$119,660	\$121,615	\$126,105	\$126,040	\$130,610	\$129,142	\$133,290
Budget Gaps	\$0	(\$377)	(\$4,691)	(\$6,489)	(\$6,273)	(\$8,372)	(\$6,296)	(\$8,185)

SOURCES: Mayor's Office of Management and Budget (OMB) and Independent Budget Office (IBO) November 2025 Budget Forecasts

NOTES Revenue and expenditure estimates do not include intra-city transfers.

In its expense estimates, IBO includes the same level of direct federal funding (\$8.6 billion) the Adams administration.

- Neither the Adams administration nor IBO have made assumptions concerning potential changes to funding formulas, block grants, competitive grants, or discretionary awards that have yet to happen.
- If budgeted federal dollars do not arrive, the State has the option to backfill some portion.
- As needed, the City could also backfill budgeted federal dollars with local tax revenue, but this would likely require reducing planned spending in other areas.
- Some areas of the City's budget must be fully funded, such as debt service, pensions, retiree health benefits, homeless shelters, and certain educational services. Policy and program areas that are not mandated are open to budget reorganization in the event of a shortfall in planned federal or State funding.

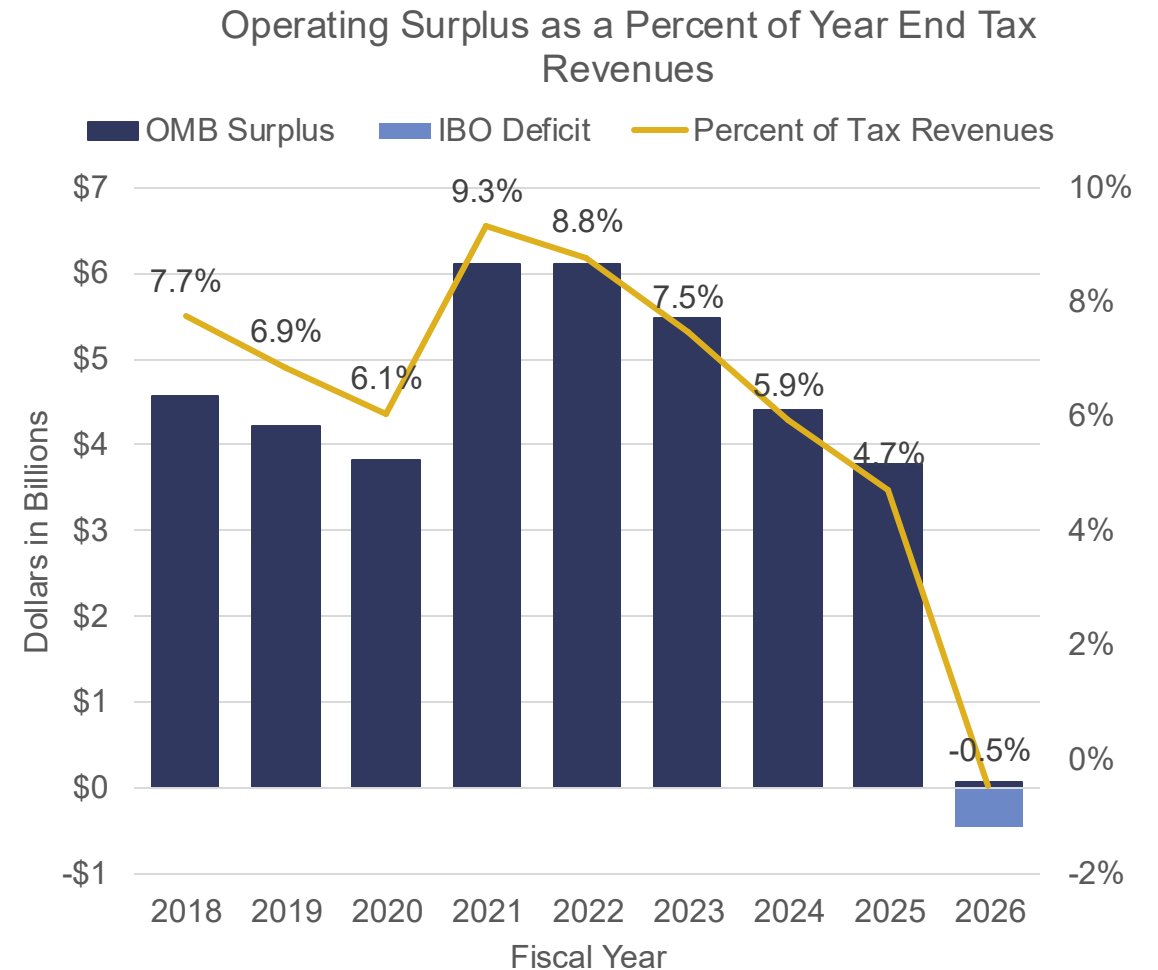
City Spending Continues to Outpace Revenues

The City's Year-End Operating Surplus Has Decreased Every Year Since 2022.

- IBO forecasts that there will be a deficit in 2026.
- Past budget surpluses have allowed the City to continue to balance its budget despite spending outpacing revenues.
- The City is required to have a balanced budget in the current year and by the Preliminary Budget planning for the next fiscal year.
- Over time, operating surplus as a percent of tax revenues has decreased. Pre-pandemic, the City's surplus hovered around 7-8% of City tax revenue. This share went up during years with large influxes of federal COVID-19 stimulus funding.

Over several recent financial plans, the Adams administration has added expense funding to address structural budgeting shortfalls and to pay for new initiatives. Tax revenues have not kept pace.

This has left no fiscal cushion to address gaps in the 2027 budget.

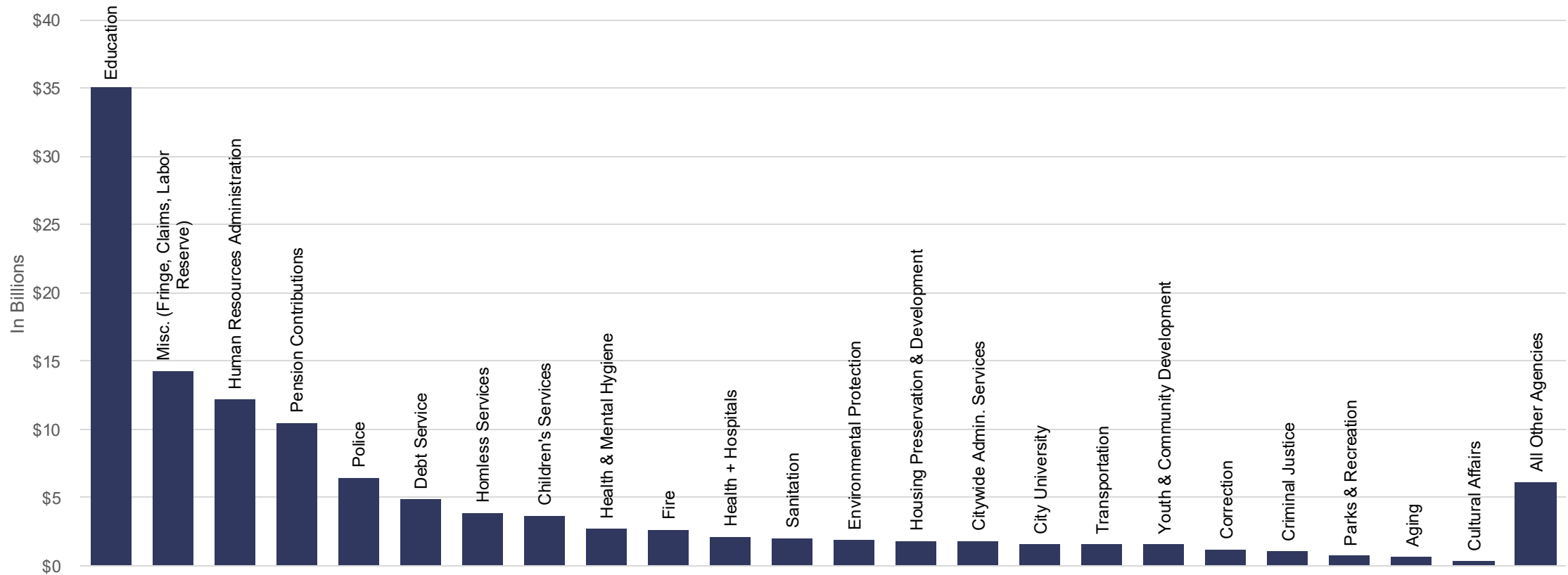


SOURCES: IBO; OMB

NOTE: 2026 surplus/deficit are estimates while 2018 through 2025 represent actual amounts.

The Adams Administration's November Plan Expense Budget for Fiscal Year 2026

The Departments of Education, Human Resources Administration, and Police, along with central costs account for 66% of the 2026 Expense Budget, which is similar to past budgets.



SOURCE: OMB

NOTE: The graph includes City agencies with 2026 expense budgets over \$1 billion and all human services agencies regardless of budget. These agencies represent 97% of the total 2026 budget.

Additions to City Workforce

November Plan added Over 1,000 new positions in 2026, rising to over 5,600 in 2029.

Agency	Net Headcount Added in November 2025 Financial Plan			
	Fiscal Year			
	2026	2027	2028	2029
Department for the Aging	12	12	12	12
Department of Citywide Administrative Services	38	30	36	36
Department of Education	29	10	10	10
Department of Emergency Management	28	4	0	0
Department of Environmental Protection	69	31	31	31
Department of Finance	12	12	12	12
Department of Health and Mental Hygiene	118	90	89	89
Department of Homeless Services	59	5	5	5
Department of Investigation	16	0	0	0
Department of Parks and Recreation	108	4	4	3

Agency	Net Headcount Added in November 2025 Financial Plan			
	Fiscal Year			
	2026	2027	2028	2029
Department of Transportation	72	80	80	80
Department of Youth & Community Development	80	80	80	77
District Attorney Bronx County	108	108	108	108
District Attorney Kings County	82	82	82	82
Fire Department	(43)	(44)	(44)	(44)
Mayoralty	27	27	27	27
Office of Criminal Justice	72	3	3	3
Police Department	117	324	2,623	5,123
14 Agencies With Less Than Net 10 Position Change	21	4	5	2
TOTAL	1,025	862	3,163	5,656

SOURCE: OMB

City Headcount Increasing After 2023 Low But Still Under 2020 Levels

Historical Headcount Levels

- The number of City employees has fluctuated in recent years. Lower staffing levels translates to less personnel spending, which may affect government operations and service delivery.
- Currently the City authorizes a full-time headcount of more than 305,800.
- About 291,000 of those positions were filled as of December 1, 2025, yielding a vacancy rate of 4.8%.
- Recent staffing increases follow a decline in active full-time headcount resulting from hiring freezes and citywide separations between 2020 and 2023, when active headcount fell to its lowest levels since 2016.
- IBO has noted in its reports on [Adult Protective Services](#) and [Benefits Processing for Lower-Income New Yorkers](#) that City service delivery in specific areas have shown signs of strain tied to lower staffing levels.

Details on City Employee Headcount

	Fiscal Year					
	2020	2021	2022	2023	2024	2025
Expenditures (In Millions)	\$49,847	\$50,215	\$53,932	\$54,518	\$54,747	\$57,582
Expenditure Growth Rate	-	0.7%	7.4%	1.1%	0.4%	5.2%
Active Full Time Headcount	300,466	299,101	282,498	281,917	283,971	287,422
Active Full Time Headcount Growth Rate	-	(0.5%)	(5.6%)	(0.2%)	0.7%	1.2%

SOURCE: OMB

New Spending Planned for 2026

The Adams administration adds over \$1 billion in new expenses to the current fiscal year budget in its final financial plan.

New needs in the November 2025 Financial Plan for fiscal year 2026 include:

- Additional funding for 2026 only for both **CityFHEPS** (City Fighting Homelessness and Eviction Prevention Supplement), the largest City-funded housing voucher program (\$400 million), and for the provision of **shelters for the unhoused** (\$150 million).
- Baseline funding for an increase in the insurance cost above what was anticipated for the City employee health insurance **HIP-HMO rate adjustment** (\$118 million).
- **Substance abuse disorder** funding (\$23 million) added in the budgets for Department for Homeless Services, NYC Health, and Health + Hospitals (H+H).
- Administration of **B-HEARD** (Behavioral Health Emergency Assistance Response Division), the City's program for non-police response to mental health emergency calls, was formerly split between the Fire Department and H+H, and was moved to now be entirely managed by H+H with added funding for an operational shortfall (\$10 million).
- **\$300 million** in adds to other agencies for smaller programs.

The November plan also contains \$500 million in spending reductions.

- \$200 million **reduction for Labor Reserve**, based on lower than anticipated headcount. This reduction would have been greater if there were not also increases in headcount.
- Over \$300 million in **savings**, between debt service refinancing and re-estimates, and unspecified citywide savings initiatives.

Comparing November Plan Positions Across Past Plans

Dollars in Millions

	De Blasio Administration				Adams Administration			
	Nov. 2018 (FY 2019)	Nov. 2019 (FY 2020)	Nov. 2020 (FY 2021)	Nov. 2021 (FY 2022)	Nov. 2022 (FY 2023)	Nov. 2023 (FY 2024)	Nov. 2024 (FY 2025)	Nov. 2025 (FY 2026)
Tax Revenue	\$60,453	\$63,903	\$59,390	\$62,427	\$67,749	\$71,731	\$77,249	\$81,741
Total Revenue	\$90,557	\$94,394	\$92,022	\$102,847	\$104,003	\$110,515	\$115,029	\$118,233
% of Revenue from City Taxes	67%	68%	65%	61%	65%	65%	67%	69%
Expenditures	\$90,557	\$93,844	\$91,390	\$101,882	103,298	\$109,872	\$114,933	\$118,159
Surplus Used to Pre-Pay Next Year's Expenses	\$520	\$550	\$632	\$965	\$705	\$643	\$96	\$74
Next Fiscal Year's Budget Gap After Pre-Payment	(\$3,179)	(\$3,015)	(\$3,752)	(\$2,882)	(\$2,890)	(\$7,110)	(\$5,457)	(\$4,691)

SOURCE: OMB

NOTE: Years in this chart refer to the calendar year in which the financial plan was released. The fiscal year impacted would be the year plus one.

- After the influx of federal Covid-19 support, the share of budgeted revenue from City taxes has returned to 2018-2019 levels.
- The surplus used to pre-pay next year's expenses is traditionally estimated to be small at the November Plan, as it is early in the fiscal year. But even across November Plans, it has been shrinking since 2021.
- The November 2023 Financial Plan showed the largest budget gap to be closed at \$7.1 billion for the following fiscal year 2025, but much of that gap was premised on the Adams administration budgeting costs associated with asylum seekers at \$6.1 billion for fiscal year 2025 and assuming a conservative forecast from the spring. Ultimately expenses to provide these services were lower. IBO does not see any spending areas drastically overestimated in the same way for the November 2025 Financial Plan but rather projects that additional funding will be needed.

IBO Anticipates Higher Levels of Expenditures Compared With Adams Administration

See [IBO's Spending Estimates](#) report for more details



Uniformed Personnel Costs

IBO estimates that the City will need \$679 million in 2026 and \$445 million in 2027 for personnel costs, in addition to the existing \$10.4 billion in 2026 and \$10.6 billion in 2027. This is largely driven by overtime costs in the Police, Fire, Corrections, and Sanitation Departments.

- Based on the first four months of 2026, the Police Department has slightly reduced the pace of overtime spending, although average annual overtime spending is still less than the amount included in the budget.



Human Resources Administration and Homeless Services

IBO anticipates \$568 million in 2026, \$1.0 billion in 2027, \$788 million in 2028, and \$505 million in 2029 in addition to existing funding levels for these select programs—CityFHEPS, Cash Assistance, and homeless shelters—of 3.8\$ billion for 2026, \$3.5 billion for 2027, \$4.0 billion for 2028 and \$4.4 billion for 2029.

- The administration has chronically under-funded CityFHEPS and homeless shelter costs.
- Another area of growing need is for Cash Assistance. Although the City has added funds in financial plans since 2023, there is a material gap in 2026 and beyond, and this is a program for which the State has consistently shifted costs onto the City, much as it has done for [homeless shelters](#).



Education

In a departure from past IBO projections, the largest needs for the City's budget in the next year are not driven by additional costs for education, although costs to hire teachers for the state class size mandate are the primary factor of IBO's anticipated \$1.3 billion needed for education each year for 2028 and 2029 (see next slide for more details).

Teachers Needed for Class Size Law

See [IBO's Class Size Law Estimate](#) report for more details

IBO projects New York City Public Schools will need almost 7,000 more teachers by 2028 over what is currently budgeted.

New York State education law requires the City to achieve more stringent class size limits by grade level than those previously regulated by union contracts. State law also requires the City to meet annual compliance thresholds, which increase over time. In school year 2025-2026, 60% of classes citywide must meet these class size limits, which differ by grade band. The law also allows for annual exemptions, which must receive annual approval from New York City Public Schools and union leadership. In a recent [report](#), IBO provided new estimates for the number of teachers needed and their staffing costs to meet full compliance by 2027-2028. IBO draws upon those analyses to estimate the additional budgetary need.

IBO estimates savings in the current year for less-than-anticipated staffing—despite the addition of more than 3,000 teacher positions to meet the class size mandate—and additional need for 2027 through 2029 for “pedagogues,” instructional positions including teachers, support staff, and leadership positions.

	Fiscal Year			
	2026	2027	2028	2029
Share of Citywide Classes Required in Compliance	60%	80%	100%	100%
IBO: Estimate for Pedagogues Needed (Filled + Budgeted Positions)	126,800	131,000	135,000	135,000
OMB: Pedagogues Budgeted (Filled + Budgeted Positions)	128,300	128,100	128,100	128,100
Difference in Filled + Budgeted Pedagogues	(1,500)	2,800	6,900	6,900
Annual Salary for New Teacher		\$101,300	\$101,300	\$101,300
Additional Funding Required to Comply with Class Size Law		\$289 million	\$702 million	\$702 million

SOURCES: Mayor's Office of Management and Budget (OMB) and Independent Budget Office (IBO) estimates for class size compliance.

NOTES: IBO's estimate for the salary of a new teacher (\$101,300) uses the minimum teacher salary listed in the current union contract, multiplied by a 42% fringe rate.

Conclusion

Adams Administration's Last Budget

In the November Plan, released only a few weeks before the end of the Mayor's term, the Adams administration projects a \$118 billion budget for 2026, choosing to both address some previous shortfalls and to include many new needs that reflect policies that have not been signaled as priorities by the incoming administration.

In this last budget put forth by the Adams administration, the City's full-time workforce headcount was increased by over 1,000 for 2026, and adds 5,000 additional police officers by 2029. This increase, if implemented, would tie the hands of the incoming Mamdani administration, which will face a tighter budget than in recent years.

IBO's Projected Deficits for 2026 through 2029

In contrast to past analyses, IBO projects a deficit of \$377 million for this year, using the City's reserves to come to a balanced budget.

Deficits for future years ranging from \$6.5 billion in 2027 to more than \$8.0 billion in 2028 and 2029 will present a challenge for the Mamdani administration, which will need to present a balanced budget for 2027 shortly after taking office.

State and Federal Government Landscape

On the horizon in January will be the Hochul administration's 2027 Executive Budget. With potential federal aid shortfalls in areas, such as Medicaid, it is unclear to what extent the State may step in to fill gaps or push costs onto the City—particularly in an election year.

The dramatic changes made by the federal government will add to the difficulty of navigating budget gaps for both state and local governments.



**New York City
Independent
Budget Office**



Supplemental Tables

IBO Total Revenue and Expenditure Projections

Dollars in Millions		Prior Year Actuals	Financial Plan Projections					Annual Average Change
		2025	2026	2027	2028	2029	2025-2029	
Total Revenue, Less Intra-City		\$117,984	\$119,282	\$119,616	\$122,238	\$125,105		1.5%
	Taxes	80,208	82,256	83,841	86,483	89,331		2.7%
	Other City & Interfund Revenues (Less Intra-City)	7,874	7,203	7,005	7,043	7,094		(2.6%)
	State, Federal, and Other Categorical Grants	29,901	29,824	28,770	28,712	28,679		(1.0%)
Total Expenditures, Less Intra-City		\$116,207	\$119,660	\$126,105	\$130,610	\$133,290		3.5%
IBO Additional Operating Surplus / (Deficit)			(\$377)	(\$6,489)	(\$8,372)	(\$8,185)		
IBO General Fund Reserves To Close 2026 Gap			377	0	0	0		
IBO Surplus / (Gap) Projections			\$0	(\$6,489)	(\$8,372)	(\$8,185)		
Adjustments for Prepayments and Non-Recurring Expenses								
	Net Prepayments	\$610	\$3,713	\$74	\$0	\$0		
General Fund Reserves			1,073	1,450	1,450	1,450		
Other Adjustments			0	221	323	409		
Total Expenditures Incurred in Fiscal Year		\$116,817	\$122,300	\$124,507	\$128,837	\$131,431		3.0%
City-Funded Expenditures Incurred in Fiscal Year		\$90,176	\$95,501	\$93,689	\$96,387	\$99,368		2.5%

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Net prepayments include payments of debt service. Total Expenditures Incurred in Fiscal Year is the sum of Total Expenditures and Net Prepayments, less General Fund Reserves and Other Adjustments. Total Expenditures Incurred presents the total expenditures incurred in a given fiscal year, rather than the cash paid for expenditures. IBO presents fiscal year 2026 with a \$377 million deficit that is covered by general fund reserves to bring the current year into balance.

Economic Forecasts: IBO Compared with OMB

National Economy		Calendar Year				
		2025	2026	2027	2028	2029
Real GDP Growth						
	IBO	1.9	2.0	1.9	2.1	2.4
	OMB	1.9	2.3	1.8	1.6	1.7
Inflation Rate						
	IBO	2.8	3.2	2.6	2.1	1.7
	OMB	2.8	2.6	2.3	2.3	2.1
Personal Income Growth						
	IBO	5.0	4.3	4.2	3.9	4.1
	OMB	4.9	5.4	5.2	4.7	4.4
Unemployment Rate						
	IBO	4.2	4.6	4.7	4.4	4.1
	OMB	4.2	4.5	4.5	4.5	4.4
10-Year Treasury Bond Rate						
	IBO	4.3	4.2	4.3	4.3	4.3
	OMB	4.3	4.0	3.9	3.9	4.0
Federal Funds Rate						
	IBO	4.2	3.3	2.8	3.0	2.9
	OMB	4.3	3.5	3.1	3.1	3.1

SOURCES: IBO; OMB

NOTES:

New York City Economy		Calendar Year				
		2025	2026	2027	2028	2029
Nonfarm New Jobs Q4-Q4 (In Thousands)						
	IBO	40.9	54.6	46.8	44.4	39.9
	OMB	37.7	68.2	77.9	87.7	94.4
Nonfarm Employment Growth Q4-Q4						
	IBO	0.8	1.1	1.0	0.9	0.8
	OMB	0.8	1.4	1.6	1.8	1.9
Inflation Rate (CPI-U-NY)						
	IBO	3.4	3.6	3.0	2.4	2.2
	OMB	3.5	3.0	2.3	2.2	2.1
Personal Income (Dollars in Billions)						
	IBO	844.6	892.5	932.2	970.5	1007.7
	OMB	831.7	876.5	922.4	964.1	1007.2
Personal Income Growth						
	IBO	4.6	5.7	4.4	4.1	3.8
	OMB	5.2	5.4	5.2	4.5	4.5

SOURCES: IBO; OMB

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, and Federal Funds Rate. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal. IBO and OMB measure New York City personal income differently, making data and forecasts not directly comparable.

IBO Revenue Projections: City Tax Revenue

Dollars in Millions		Prior Year Actuals	Financial Plan Projections by Fiscal Year					Annual Average Change
		2025	2026	2027	2028	2029	2025-2029	
		City Tax Revenue						
	Property	\$34,650	\$35,235	\$36,443	37,708	38,994	3.0%	
	Personal Income (Including PTET)	18,422	19,184	18,720	19,316	19,946	2.0%	
	General Sales	10,349	10,782	11,225	11,681	12,143	4.1%	
	Corporate	6,884	7,064	7,120	7,277	7,516	2.2%	
	Unincorporated Business	3,384	3,408	3,482	3,573	3,680	2.1%	
	Real Property Transfer	1,249	1,276	1,422	1,434	1,437	3.6%	
	Mortgage Recording	773	869	908	915	918	4.4%	
	Commercial Rent	943	949	969	992	1,014	1.8%	
	Utility	464	483	526	499	531	3.5%	
	Hotel Occupancy	770	822	855	889	924	4.7%	
	Cannabis	18	25	30	32	36	18.5%	
	Other Taxes and Audits	\$2,303	2,158	2,141	2,166	2,192	-1.2%	
Total City Tax Revenue		\$80,208	\$82,256	\$83,841	\$86,483	\$89,331	2.7%	

SOURCES: IBO; OMB

NOTES: Taxes exclude NYS School Tax Relief (STaR) reimbursement. Corporate taxes comprise three separate taxes: the business corporation tax for C corporations, the general corporation tax, and the banking corporation tax for S corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax (PTET). Other Taxes includes small tax revenue sources including cigarette, liquor, off-track betting, taxi medallion, motor vehicle taxes as well as payments made in lieu of taxes; IBO does not individually forecast these revenues and uses OMB's estimates in IBO's total tax revenue projection. Figures may not add due to rounding.

City Tax Revenue Projections: IBO Compared with OMB

Dollars in Millions

		Forecast By Fiscal Year			
		2026	2027	2028	2029
Property	IBO	\$35,235	\$36,443	\$37,708	\$38,994
	OMB	35,221	36,524	37,603	38,717
Personal Income	IBO	19,184	18,720	19,316	19,946
	OMB	18,726	18,280	19,179	19,983
General Sales	IBO	10,782	11,225	11,681	12,143
	OMB	10,705	11,041	11,484	11,911
Corporate	IBO	7,064	7,120	7,277	7,516
	OMB	7,136	6,946	6,963	7,155
Unincorporated Business	IBO	3,408	3,482	3,573	3,680
	OMB	3,371	3,328	3,388	3,462
Real Property Transfer	IBO	1,276	1,422	1,434	1,437
	OMB	1,332	1,392	1,453	1,516
Mortgage Recording	IBO	869	908	915	918
	OMB	813	861	914	961

		Forecast By Fiscal Year			
		2026	2027	2028	2029
Commercial Rent	IBO	\$949	\$969	\$992	\$1,014
	OMB	942	966	979	992
Utility	IBO	483	526	499	531
	OMB	483	526	499	531
Hotel Occupancy	IBO	822	855	889	924
	OMB	818	811	838	866
Cannabis	IBO	25	30	32	36
	OMB	23	31	34	37
Other Taxes and Audit	IBO	2,158	2,141	2,166	2,192
	OMB	2,160	2,111	2,144	2,158
Total Tax Revenue	IBO	\$82,256	\$83,841	\$86,483	\$89,331
Total Tax Revenue	OMB	\$81,637	\$82,726	\$85,379	\$88,202

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Taxes exclude NYS School Tax Relief (STaR) reimbursement. Corporate taxes comprise three separate taxes: the Business Corporation Tax for C Corporations, the General Corporation Tax, and the Banking Corporation Tax for S Corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax. Other Taxes includes small tax revenue sources including cigarette, liquor, off-track betting, taxi medallion, and motor vehicle taxes, as well as payments made in lieu of taxes. IBO does not individually forecast these revenue items or the Utility Tax and uses OMB's estimates in IBO's total tax revenue projections.

Differences in Expense Estimates: IBO Compared with OMB

Dollars in Millions		2026	2027	2028	2029
Expenditures – City Funded					
Fringe Benefits		(\$29)	\$0	\$0	\$0
Asylum Seekers		0	338	0	0
Citywide Personal Services		384	0	0	0
Debt Service		39	35	0	0
Youth and Aging		76	0	0	0
General Government		(25)	(281)	(279)	(355)
Public Safety and Judicial		(641)	(467)	(206)	(185)
Education		(130)	(845)	(1,258)	(1,258)
City University		85	-	-	-
Social Services, Homeless Services		(576)	(1,279)	(1,017)	(733)
Environmental Protection and Sanitation		(101)	(95)	(93)	(105)
Transportation Services		(176)	(230)	(256)	(286)
Parks, Recreation, and Cultural Activities		9	(7)	(9)	(11)
Housing and Buildings		(1)	(21)	(22)	(22)
Health		89	(62)	(64)	(64)
Total Expenditures – City		(997)	(2,913)	(3,202)	(3,018)

IBO's [report](#) provides further discussion of IBO's spending estimates compared with the Adams administration's November 2025 Financial Plan.

SOURCES: IBO; OMB

NOTES: Negative pricing differences (in parentheses) widen the budget gap, while positive pricing differences narrow the gap. The categorization of City agencies in IBO's chart generally mirrors the presentation of agencies in the Comptroller's Annual Comprehensive Financial Report. Figures may not add due to rounding.

Please direct any inquiries on this report to press@ibo.nyc.gov

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