

THE NEW YORK CITY BUDGET

FEBRUARY 2026

New York City
Independent
Budget Office



TEAM IBO



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WHAT IS IBO?

The Independent Budget Office is a **nonpartisan City agency** that provides data-driven analysis of how New York City raises and spends money. IBO examines the City budget, taxes, and major policy issues to give all New Yorkers clear, reliable information for decision-making. Our work includes....



Three Charter-mandated reports



Year-round reports on relevant budgetary and policy issues



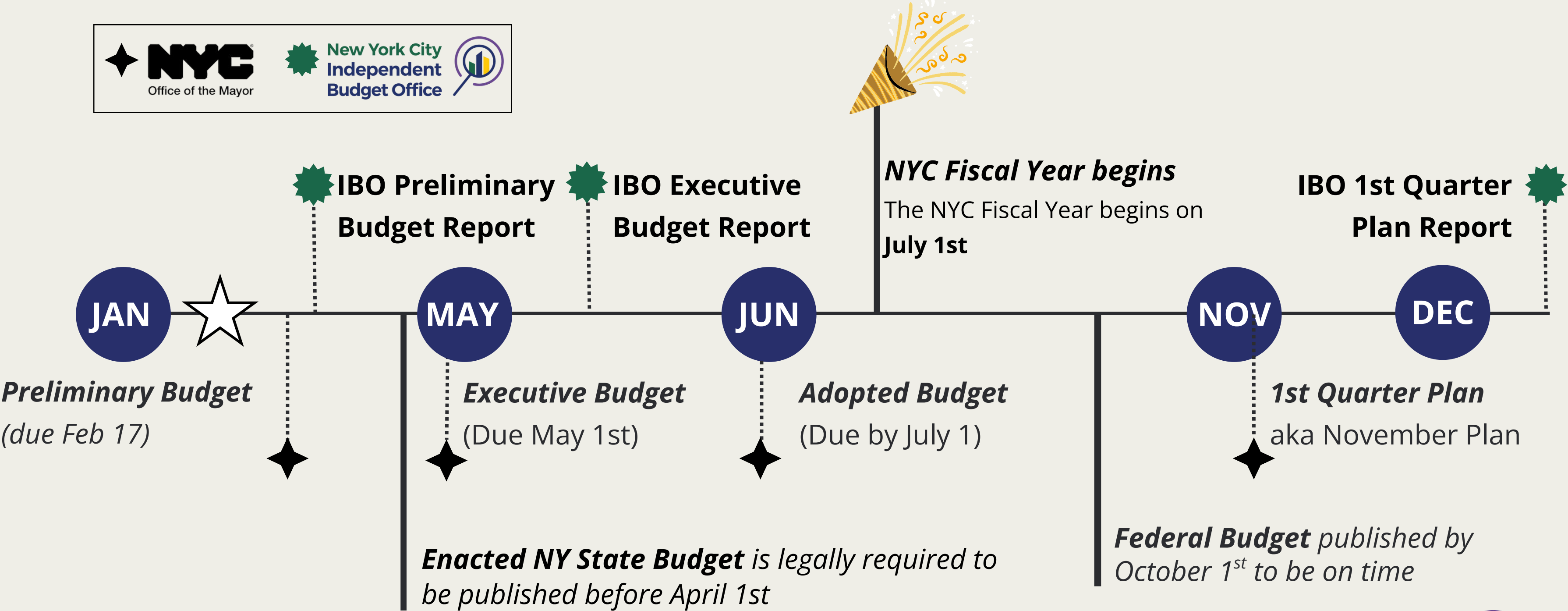
Testimonies at City Council hearings



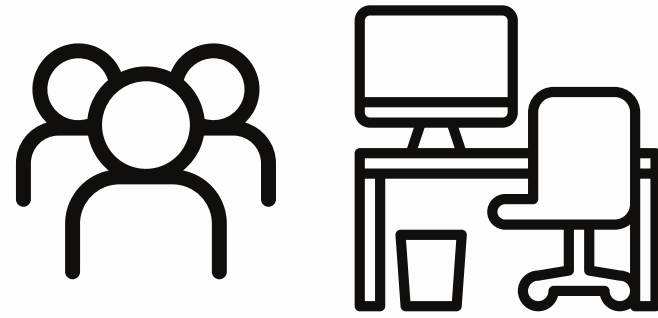
Presentations & general resources



THE NYC BUDGET TIMELINE

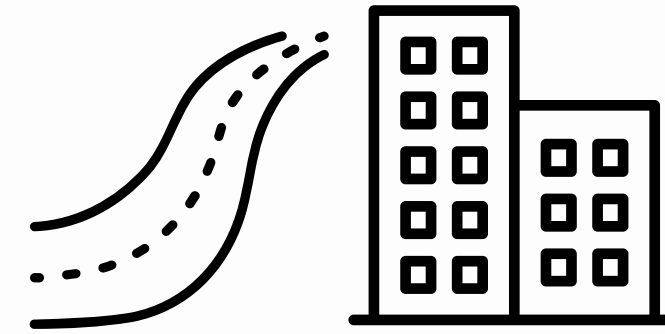


NYC'S 2 BUDGETS



The Expense Budget

("Operating Budget", "Program Budget" or "Expense & Revenue Budget") is for 1 year at a time and **covers day-to-day expenses** like salaries, supplies, and services.



The Capital Budget

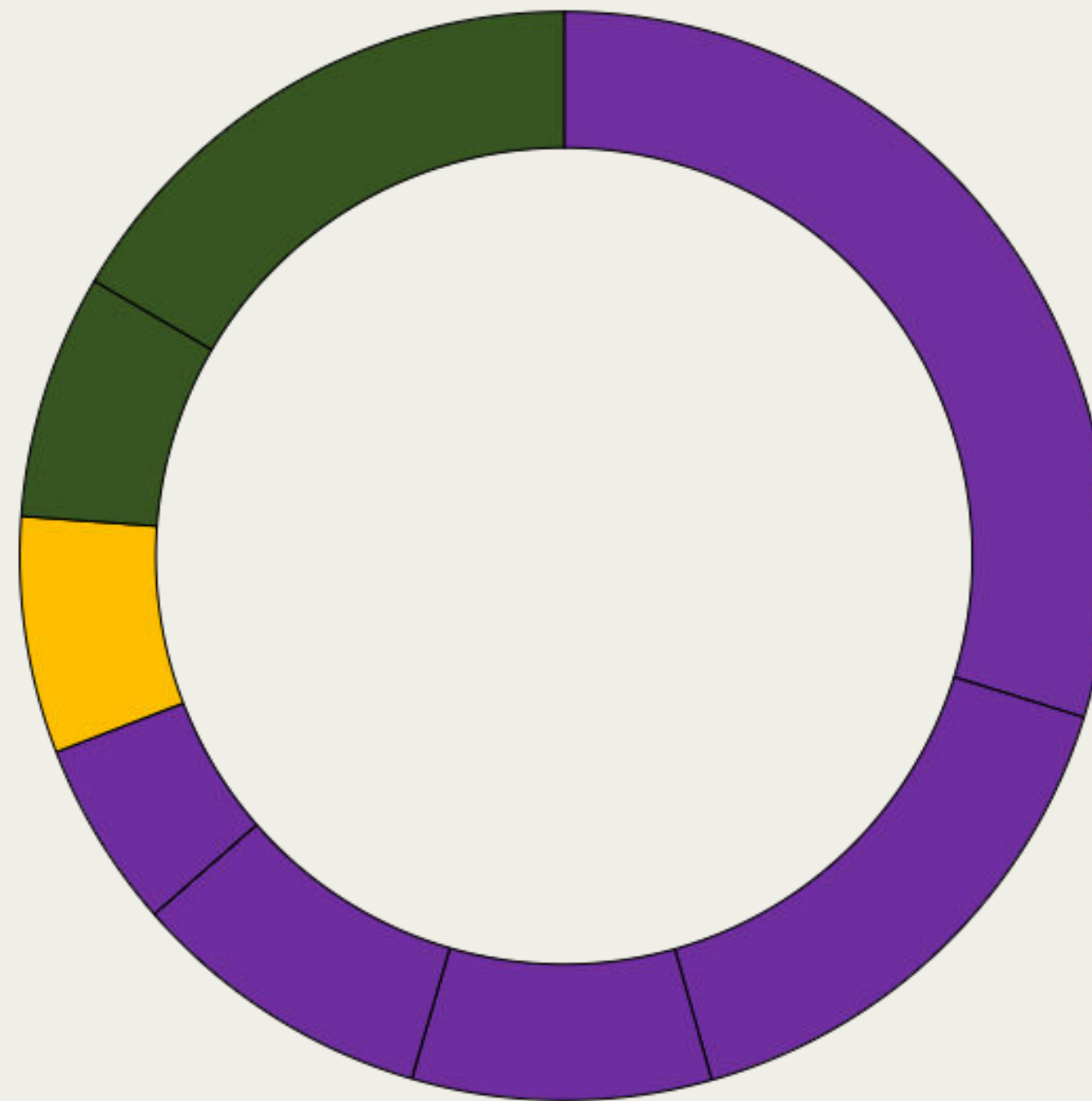
This budget funds projects "which provides for the construction, reconstruction, acquisition or installation of a physical public betterment or improvement"

- **Costs at least \$50,000**
- **Minimum useful life of 5 years (3 for IT projects)**



Where does NYC get its money from?

FY2026
Revenue Budget
\$118 Billion



■ Taxes

30% - Property Taxes

16% - Personal Income Taxes

9% - Business Income Taxes

9% - General Sales Taxes

■ Federal & State Aid

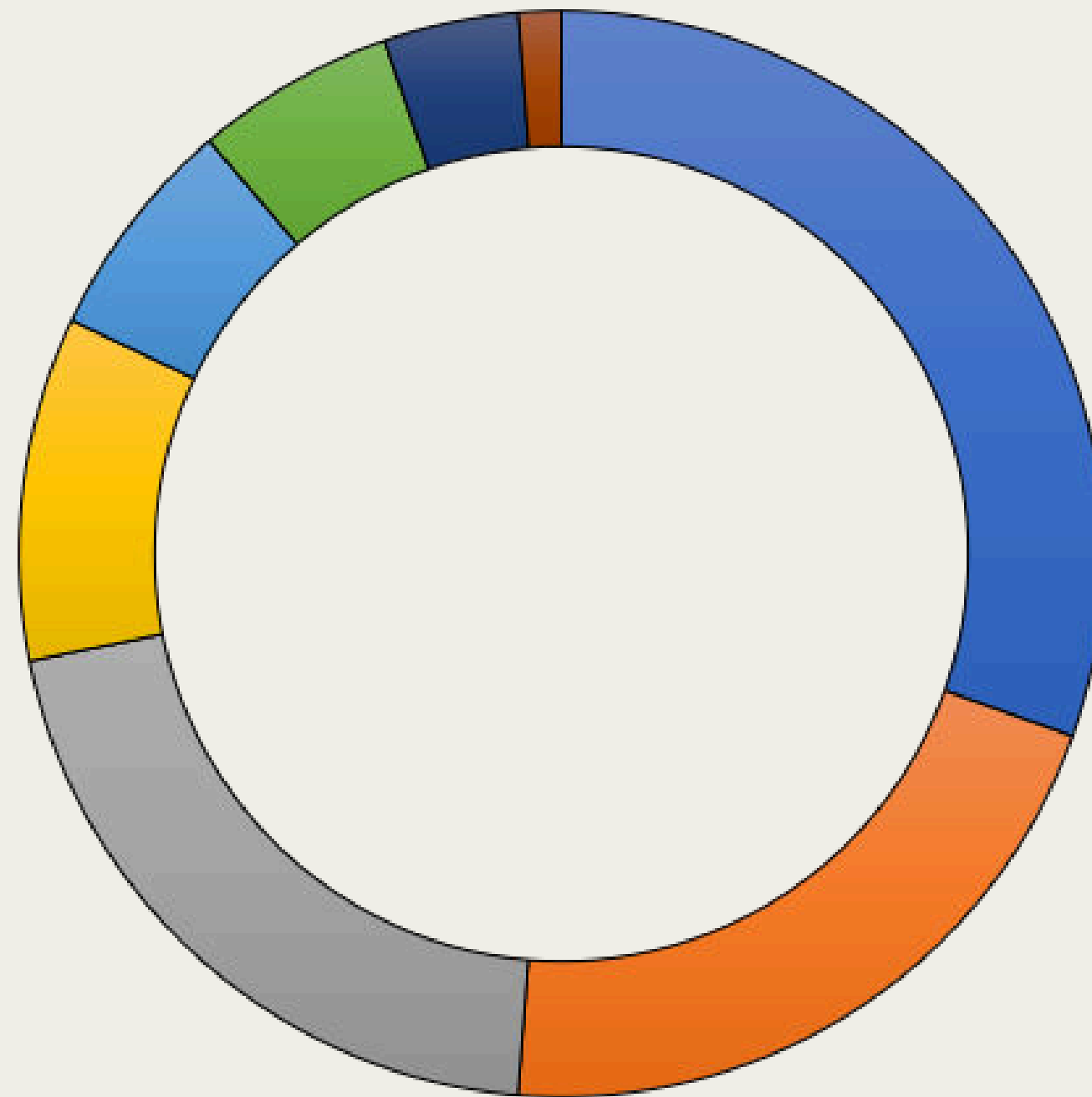
16% - State Grants & Contracts
e.g. Foundation Aid Formula

7% - Federal Grants & Contracts
e.g. SNAP, Medicaid contributions

Where is the money going?

**FY2026
Expense Budget
\$118 Billion**

**NYC's
Budget in
\$100**



- Education - 31%
- Health and Social Services - 20%
- Pensions, Fringe, and Claims - 21%
- Public Safety and Judicial - 10%
- Housing and Infrastructure - 7%
- General Government Operations - 6%
- Debt Service - 4%
- Parks, Rec and Cultural - 1%



OUR WORK: ADULT PROTECTIVE SERVICES

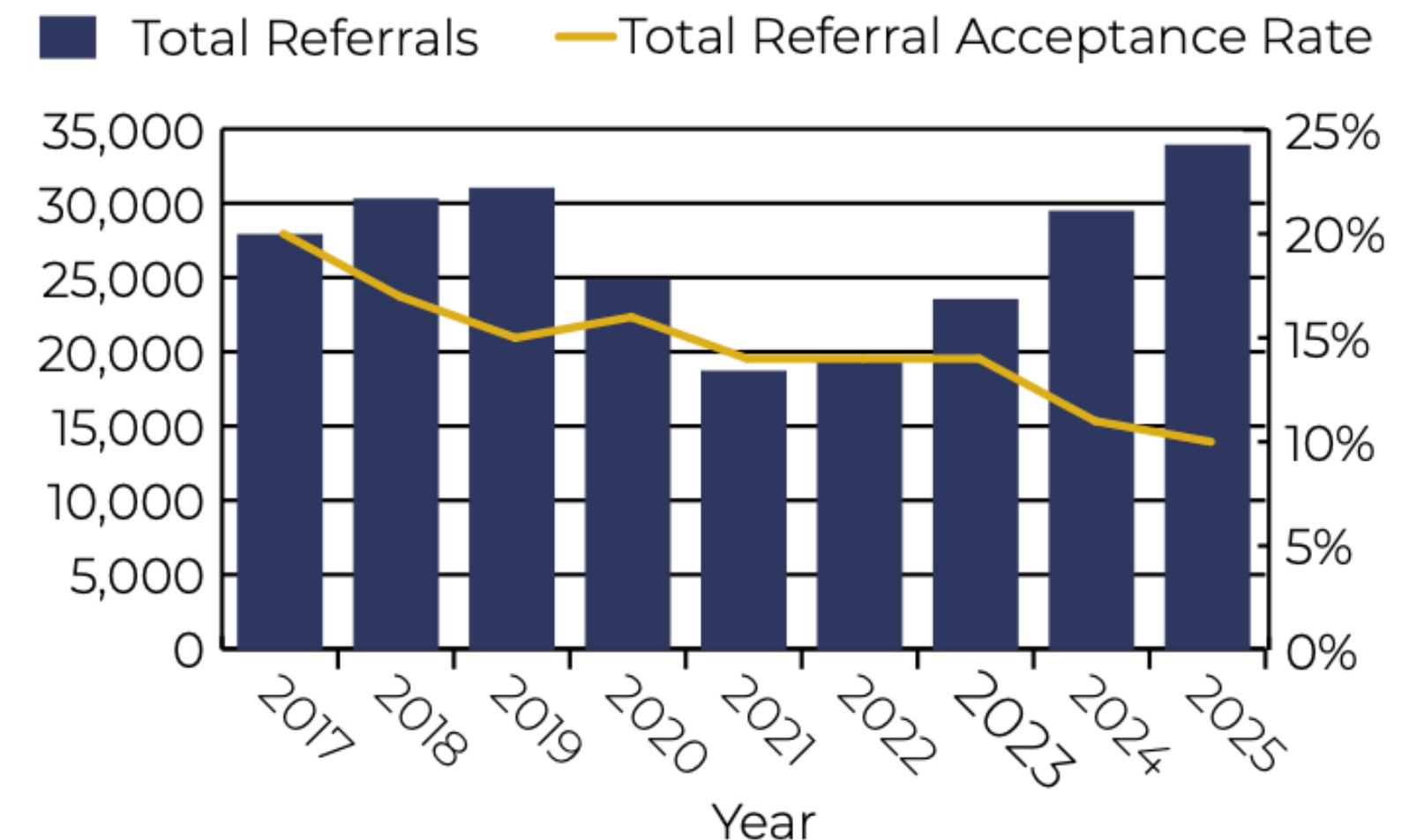
What is APS?

- State-mandated program serving adults 18+ who cannot safely care for themselves
- Run by **NYC HRA**
- Services provided after referral and eligibility screening determined by caseworkers

Goal of this report:

- Explain why APS is rejecting more referrals despite rising demand
- Trace how staffing shortages developed
- Build on previous work using HRA/ payroll data

Total Referrals and Acceptance Rates, 2017-2025



APS: Higher Demand and Fewer Staff

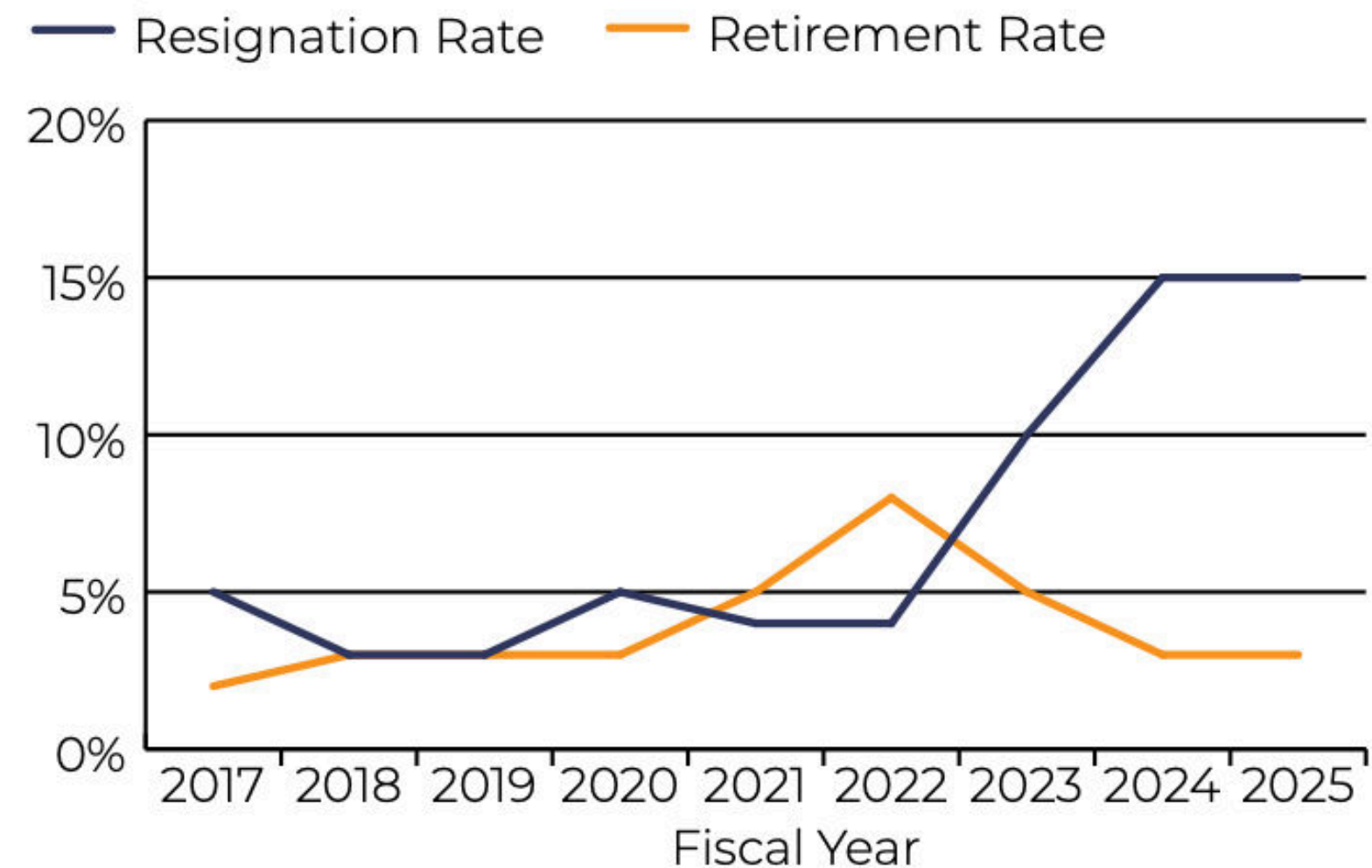


OUR WORK: ADULT PROTECTIVE SERVICES

Key Findings

- Referrals rebounded after the pandemic, but **eligibility rates fell** from 20% in 2017 to 10% in 2025
- A wave of retirements in 2022 **reduced staffing** as demand increased
- Workforce experience has declined sharply - caseworkers with 10+ years of experience fell from 50% in 2022 to 29% in 2025
- New hires have not offset losses due to **high turnover**; many leave within one year

Caseworker Annual Rates of Retirement and Resignation, 2017-2025



APS: Higher Demand and Fewer Staff



OUR WORK: EARLY CHILDCARE

Goal of this report:

- Break down district-level **usage rates** to offer insight into where the Administration should focus further outreach and seat reallocations.

District Level Breakdown of:

- capacity - seat and program availability
- enrollment - system usage
- utilization - enrollment divided by capacity

Key Findings:

- capacity - seat and program availability
- enrollment - system usage
- utilization - enrollment divided by capacity

3-K Capacity and Enrollment by Community School District (v

District	School		
	2022-2023		
	Capacity	Enrollment	Percent Filled
1	564	433	76.8%
2	1,444	1,181	81.8%
3	732	604	82.5%
4	795	564	70.9%
5	727	468	64.4%
6	1,236	963	77.9%
7	921	738	80.1%
8	1,106	933	84.4%
9	1857	1258	67.7%
10	2,000	1,654	82.7%

Utilization Up, Capacity Down: A Look at 3-K and Pre-K Trends in New York City

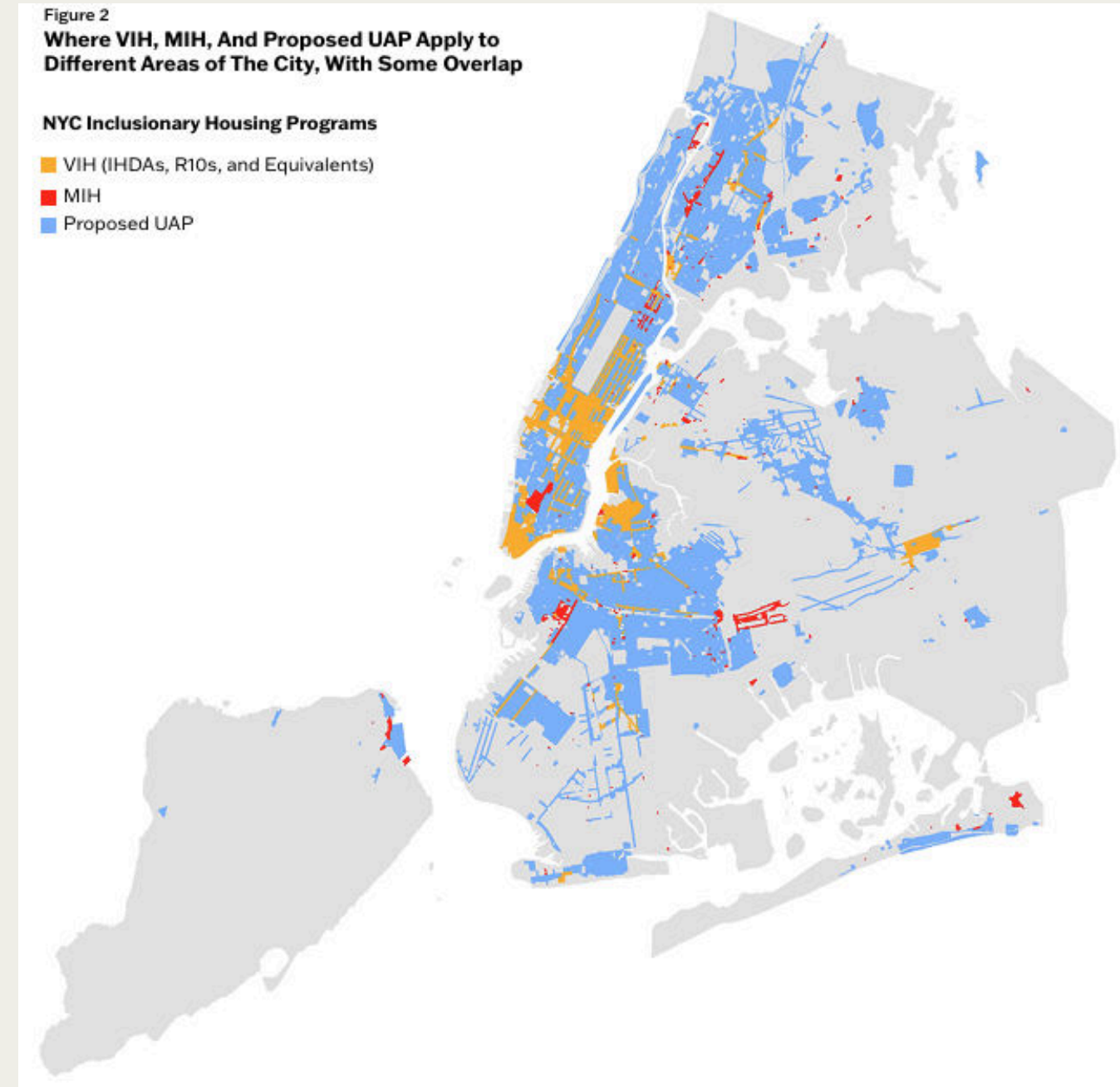
OUR WORK: AFFORDABLE HOUSING

Inclusionary Housing and City Subsidies

- Breaks down outcomes of:
 - Direct City Subsidies (low-interest loans or grants on a competitive basis)
 - Inclusionary Housing (administered through zoning code and are a type of density bonus)

Types of Housing Tax Incentives

- 485-x
- J-51
- 420-c
- Division of Alt. Management programs (DAMP)



IBO 2024: Inclusionary Housing And City Subsidies





IBO'S NOVEMBER PLAN ANALYSIS

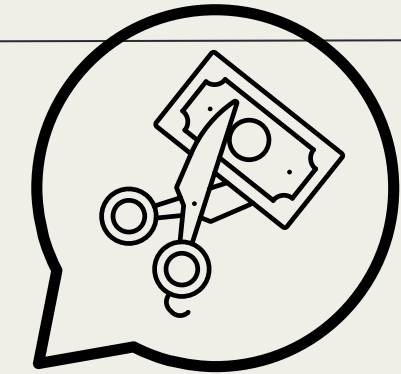
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RISKS TO THE NYC BUDGET

Unpredictable Federal funding changes

- 6% of the **Department of Education's** budget (\$2.1 billion) is federally funded
- 13% of the **Department of Social Services'** budget (\$1.6 billion) is federally funded
- 59% of the **Department of Housing Preservation and Development** (\$1.1 billion) is federally funded



Unpredictable State funding changes resulting from Federal cuts

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.

FY2026 Revenue Budget (\$118 Billion)

- 16% - **State Grants & Contracts:** Foundation Aid Formula and Medicaid contributions
- 7% - **Federal Grants & Contracts:** e.g. SNAP, Medicaid contributions

KEY TAKEAWAYS

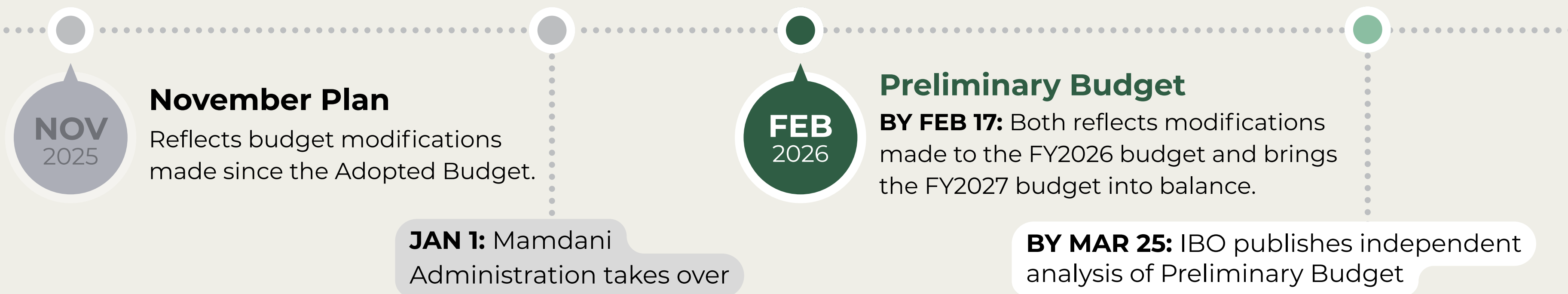
IBO Estimates a Deficit for 2026

- **Shrinking surpluses:** Year-end operating surpluses have declined every year since FY2022.
- **Current deficit:** IBO estimates a \$380 million operating deficit (about 0.5% of revenue).
- **Outyear gaps:** Projected gaps of \$6.5B (FY2027), \$8.4B (FY2028), and \$8.2B (FY2029).

Cost drivers include

- **Uniformed personnel costs:** Excess of \$678 million in FY2026, largely driven by overtime spending in the Police, Fire, Corrections, and Sanitation Departments.
- **Social services underbudgeting:** Chronic underfunding of Cash Assistance programs, CityFHEPS (City Fighting Homelessness and Eviction Prevention Supplement), and homeless shelters, even as caseloads and shelter demand continue to rise.
- **Department of Education underbudgeting:** Insufficient funding to support new teacher hiring required to meet State class size mandates, growing due process (Carter) case costs, and the full scale of Summer Rising and Learn to Work programming.

COMING UP IN THE NYC BUDGET PROCESS



What IBO reports/presentations/resources would you like to see?

Past examples include...

NYC's Budget in \$100

Federal Changes, Local Impact

Progress in First Years Towards Class Size Compliance

Citi Bike:
Lessons for the Future of New York City's Bike Share

Adult Protective Services:
Higher Demand and Fewer Staff

Cooling Centers: How NYC Beats the Heat!

The Expansion of New York City's Right to Counsel Program

Thank you!



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