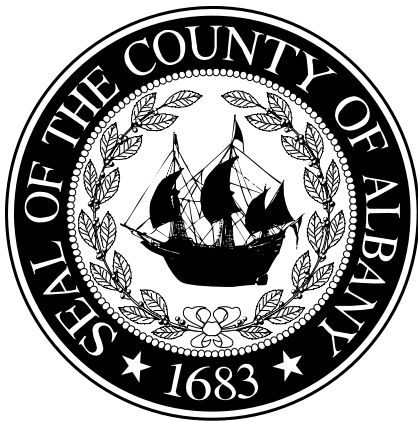

2026 ALBANY COUNTY EXECUTIVE BUDGET

INTRODUCTION AND HIGHLIGHTS ECONOMIC AND REVENUE EXPECTATIONS



Daniel P. McCoy
County Executive

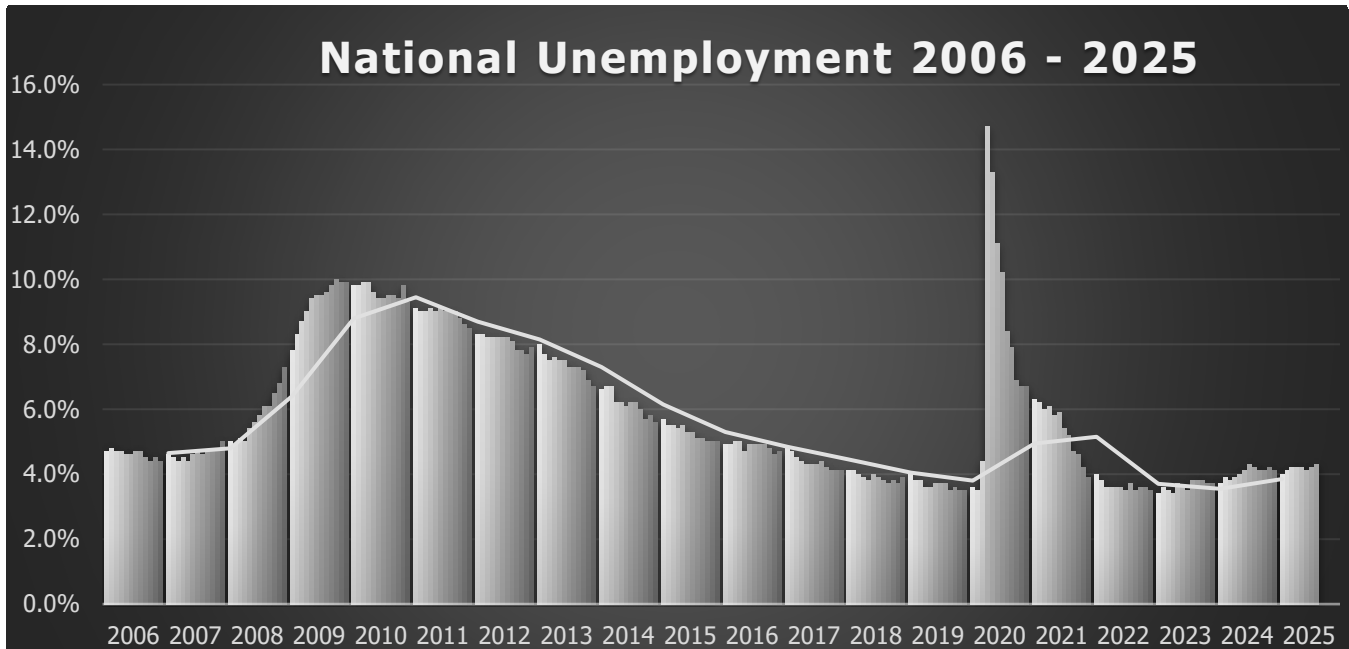
M. David Reilly
Commissioner of Management & Budget

INTRODUCTIONS

This section of the budget provides a survey of several macroeconomic indicators that represent the driving forces in our national and local economies.

NATIONAL OVERVIEW

Prior to the pandemic national unemployment was at 3.5%, while at the peak of the shutdowns it was over 14%. By August of 2022, it stood at 5.2% and as of August 2025, the rate is at 4.3% nationally as per the US Bureau of Labor Statistics. That number is up from 4.2% at the same time one year earlier. The next 12 months show a projected rise to 4.5% or higher at this time next year.



The Leading Economic Index is published by the Conference Board and provides early indications of where the economy is headed in the near term. This is calculated for many economies globally, but we will first focus on the US numbers. In August of 2022 this numbers was at 116.6, and one year later it was 105.4. At this point last year, it was at 100.2 and we currently stand at 98.4. These are the lowest numbers seen in a decade and this continued downward trend suggests that economic activity will continue to slow.

“Besides persistently weak manufacturing new orders and consumer expectation indicators, labor market developments also weighed on the Index with an increase in unemployment claims and a decline in average weekly hours in manufacturing. Overall, the LEI suggests that economic activity will continue to slow. A major driver of this slowdown has been higher tariffs, which already trimmed growth in H1 2025 and will continue to be a drag on GDP growth in the second half of this year and in H1 2026. The Conference Board, while not forecasting recession currently, expects GDP to grow by only 1.6% in 2025, a substantial slowdown from 2.8% in 2024.” – **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.**

Widespread weaknesses among the components that make up the LEI, along with six months of negative growth rate triggered their recession signal in August of 2025 – signaling that a recession is likely imminent.

Real Gross Domestic Product (GDP) increased to 3.3% annualized for Q2 2025 from a contraction of -0.5% the previous quarter.

Forecasts for US job growth in 2025 and 2026 indicate a slowdown with 2026 projections, coming in at 97,000 - 130,000 monthly job gains versus 130,000 – 188,000 for 2025.

The Federal Reserve cut their benchmark lending rate a quarter percentage point to 4.00%-4.25% at their September 2025 meeting, the first cut of the year in what they called a "risk management" move. This comes after President Trump has repeatedly exerted public pressure on the Federal Reserve to cut rates, going so far as to threaten the removal of Board members who disagree with him, claiming that lower rates would boost economic growth and stimulate the housing market. These actions threaten the independence of the Fed from political pressures that has been respected by all previous US presidents. When announcing the 25 basis point rate cut, the FOMC left the door open to up to two more cuts this year at 25 basis points each as well as one additional in 2026. These member's estimates were not in lockstep though, with one member's dot plot showing no additional cuts this year, while another member forecasted an additional 125 basis points **(1.25%)** in cuts during 2025 alone.

These reduced rates will drive increased consumer spending and add to the ability of households to add new debt, therefore also driving an increase in home sales. Further driving this trend will be increased numbers of home sellers who have been holding off on selling their existing home over fears of being priced out of their next house in the face of the highest mortgage rates in two decades along with record setting home prices.

REGIONAL AND LOCAL ECONOMY

According to New York State Department of Labor unemployment statistics have stabilized near pre-pandemic levels. For the Albany/Schenectady/Troy statistical area, the rate was 3.6% in August 2025 versus 3.7% in August 2024 and 3.4% in August 2023. Albany County was at 3.8% for August of 2025, the same as one year previous; individual counties in NY State ranged from 3.1% (Essex and Saratoga) to 7.8% (Bronx), with the five counties making up New York City and St. Lawrence County having the six highest rates.

From August 2024 to August 2025, the Northeast All Items Consumer Product Index (CPI-U) rose 3.3%. The increase was closely correlated with the 3.4% increase in the All Items Less Food and Energy Index, which itself was led by a 4.9% increase in the Housing index specifically. The food index rose 3.1% alongside an increase in used vehicles of 5.2%. Household energy rates are up a whopping 11.3% with gas service up 23% and electricity up 9.3%.

Existing home sales have not yet recovered from the pandemic. Year over year data from July 2024 to 2025 for Albany County specifically shows an increase of 5.1% in new listings but that is tempered by a decrease of 20.6% in closed sales (with the year prior to that down approximately 20% as well). During this time period the median sales price increased slightly to \$363,325 with the year to date median at \$333,000. Houses are averaging 17 days on the market before being sold compared to 21 at this point last year and are selling for an average of 102.7% of the original list price. There are currently 320 houses on the market, compared to 316 at this time last year. To compare this to pre-pandemic numbers: In July 2019 there were 980 homes for sale with a median sales price of \$234,000.

Caution needs to be displayed when forecasting movements in the commercial real estate sector, as many employers have been forced to reimagine their workforces and office space needs since the COVID-19 pandemic. While many workers have returned to their offices already, many others have not and a certain percentage will likely never go back to full time in the office as part of our "new normal."

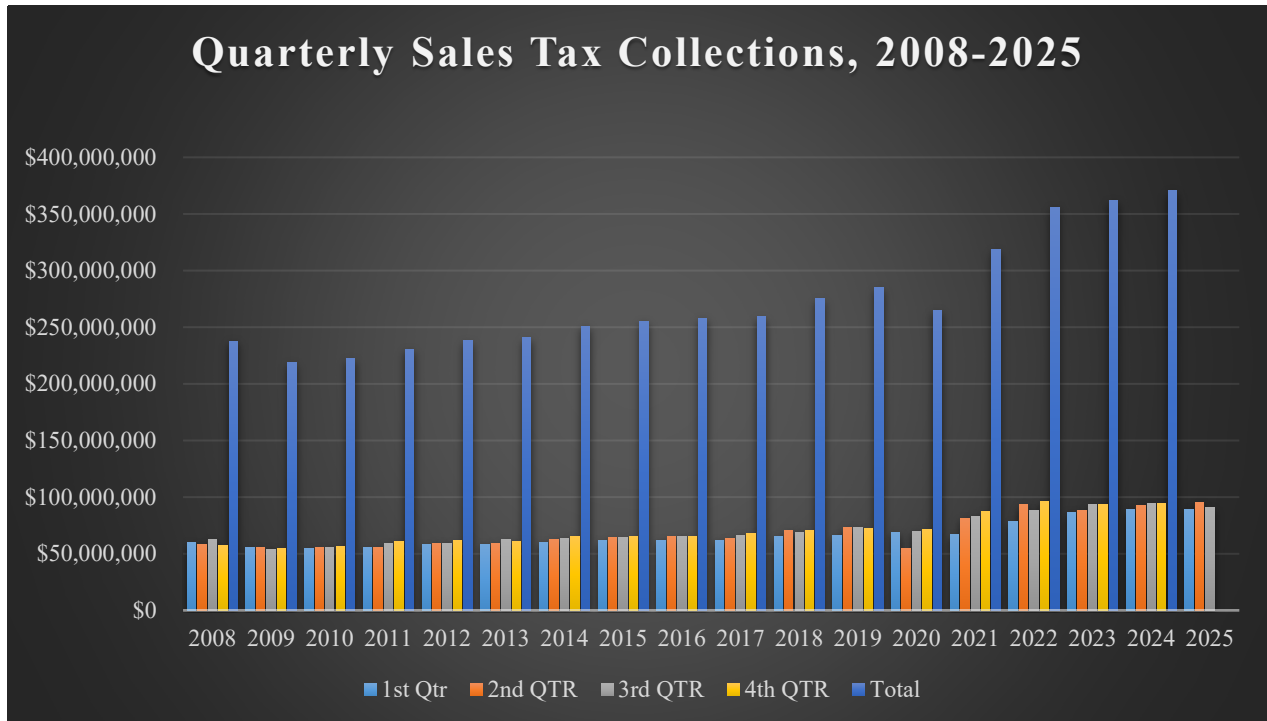
The Capital Region, and Albany County specifically, has traditionally been dependent on government, healthcare and education for employment. These sectors are traditionally less volatile than other employment segments, at least partially insulating Albany County from many larger economic swings.

While this region will maintain its reliance on government job and economic pressures for the foreseeable future, there may be a shift afoot. Since the pandemic began, many new residents have made their way to the County and the Capital District as a whole, spurred in part by some of our successes in economic development. Many of our new residents came here to get away from more populated areas during the peak of the pandemic, oftentimes taking advantage of work from home policies that allowed them to be much more flexible in where they signed in from. These newcomers bring with them a multitude of skills which may help diversify our economy.

SALES TAX RECEIPTS

For Albany County government, the largest source of revenue is sales tax receipts. The downturn in sales tax receipts in 2020, mainly in the late first quarter through the beginning of the third quarter was directly tied to the COVID pandemic. This downturn led to a reduction in revenue of approximately \$20 million and forced us to issue a Tax Anticipation Note to cover operating expenses later in the year. Thankfully, as the economy reopened sales tax receipts have come back with record setting collections. Year to date 2025 collections are up slightly over the same period in 2024, directly in line with our budgeted amount. The County Charter dictates a submission deadline each year which precludes us from making a fully informed prediction on the third quarter receipts as the state is only required to finalize the distribution with us on a full quarter at a time and this is finalized in the second or third week of the following quarter.

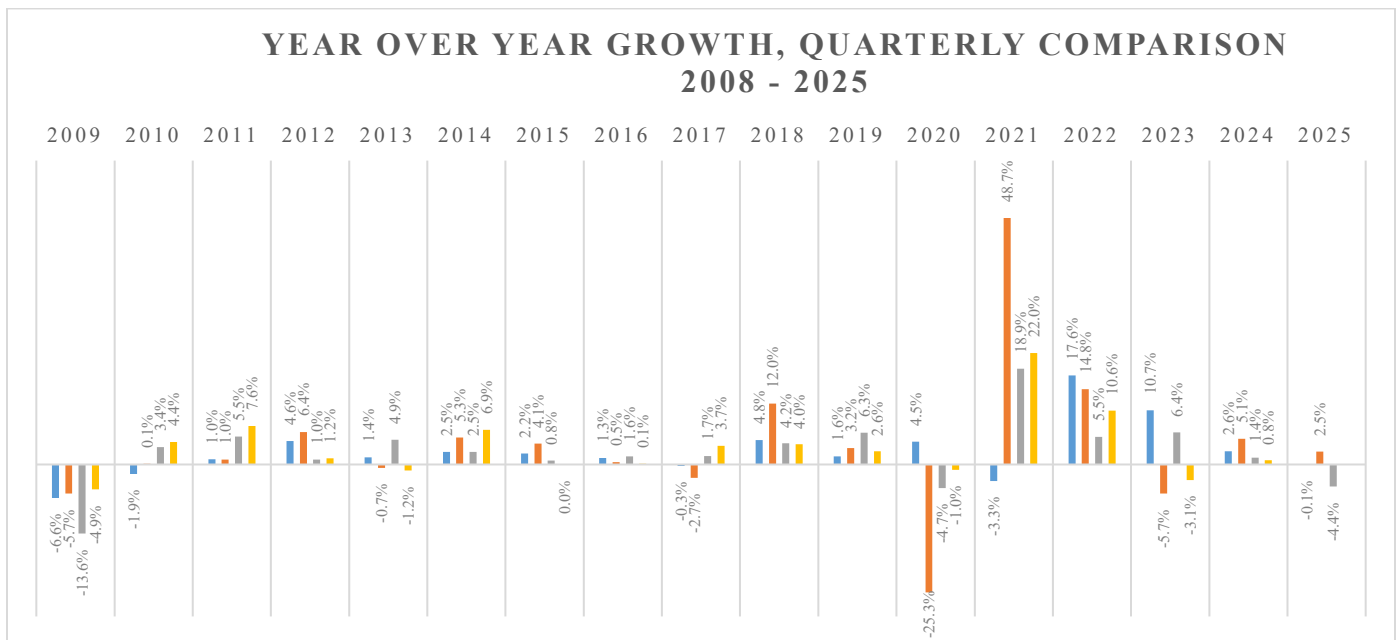
This budget has a forecast based on historic growth rates as well as current market research and is a conservative estimate that should be very close to what we will actually receive.



Sales Tax Collections 2008-2025

Year	1st Qtr	2nd QTR	3rd QTR	4th QTR	Total
2008	\$59,624,793	\$58,586,964	\$62,271,323	\$57,016,611	\$237,499,690
2009	\$55,670,226	\$55,223,024	\$53,801,151	\$54,207,432	\$218,901,833
2010	\$54,626,399	\$55,288,814	\$55,655,060	\$56,612,582	\$222,182,855
2011	\$55,182,334	\$55,828,740	\$58,712,963	\$60,932,707	\$230,656,743
2012	\$57,747,242	\$59,419,162	\$59,292,147	\$61,665,980	\$238,124,531
2013	\$58,544,623	\$59,030,577	\$62,203,179	\$60,932,741	\$240,711,119
2014	\$59,999,991	\$62,180,433	\$63,755,567	\$65,117,828	\$251,053,819
2015	\$61,318,521	\$64,741,962	\$64,246,749	\$65,104,694	\$255,411,926
2016	\$62,109,327	\$65,045,988	\$65,290,110	\$65,187,608	\$257,633,033
2017	\$61,906,134	\$63,311,979	\$66,368,487	\$67,598,698	\$259,185,298
2018	\$64,900,949	\$70,922,765	\$69,138,278	\$70,292,799	\$275,254,791
2019	\$65,949,599	\$73,204,054	\$73,460,906	\$72,116,433	\$284,730,993
2020	\$68,910,753	\$54,704,989	\$70,021,191	\$71,368,481	\$265,005,414
2021	\$66,653,452	\$81,339,358	\$83,239,497	\$87,091,921	\$318,324,228
2022	\$78,362,310	\$93,417,179	\$87,777,399	\$96,326,287	\$355,883,175
2023	\$86,758,393	\$88,060,108	\$93,357,090	\$93,357,090	\$361,532,681
2024	\$89,048,044	\$92,537,690	\$94,630,120	\$94,131,418	\$370,347,272
2025	\$88,992,182	\$94,892,368	\$90,494,135		

Last week of Third Quarter Not Fully Collected
Figure Reflects Actual Receipts as of 10/3/25



CONCLUSION

The 2026 economic outlook projects continues GDP growth below 2% due particularly to factors from the Federal level on down. This will be a period of economically choppy waters, with some locations and economic sectors faring better than others. Inflation will most likely remain elevated into 2026 due to the passing through of tariff costs to end-consumers. Rate cuts by the Federal Reserve will continue through 2026 as inflation moderates and the labor market softens. Continued centralization of executive authority under President Trump will also be a factor in this.

Conflicts overseas are expected to continue into 2026, with both having a serious risk of escalation, alongside growing strategic competition between the US and China, are some of the main drivers of geopolitical risk over the next year. This budget takes into account these risks, providing the County with a plan to follow that will lead to continued success.