Module 1 Case Study: City of Albany Budget

In this case study you will examine the budget of the City of Albany, New York and answer the questions below. Generative AI tools may be used to help you search for and locate information, but you are expected to verify every finding against the budget document itself and provide evidence to support your answers. You are also expected to connect what you find to the reading and lecture video.

Albany is New York's capital and a large share of the property inside city limits (state office buildings, hospitals, and universities) is exempt from property tax. This shapes many things in the city's budget. The city is currently in an active fiscal crisis.

Questions

1. **Find the budget.** Locate the **City of Albany FY 2026 Adopted Budget** and provide a link to it in your answer. Note the date it was adopted and which body adopted it. The city also publishes a *Proposed* budget for the same year. Be clear about which document you are citing, and explain the difference.
2. **Revenue structure.** What are the largest sources of revenue in the General Fund, and roughly what share of the total does each represent? Then go a step further: add up how much of the city's revenue comes from taxes it levies itself versus how much comes from **state aid and payments in lieu of taxes (PILOTs)**. What does that suggest about the city's fiscal independence? Are these sources rising, falling, or flat compared with the prior year?
3. **Spending structure.** What are the largest categories of spending? What share of the budget goes to wages, benefits, and retiree costs combined? Identify one category that changed noticeably from the prior year and explain why, using the Mayor's budget message as your source.
4. **The property tax.** How much revenue is the city raising through the property tax levy, and by what percentage did the levy change from the prior year? Then find the actual **tax rate per $1,000 of assessed value**. Note that Albany divides property into *homestead* (largely residential) and *non-homestead* (largely commercial) classes, each with its own rate, so report both. You will likely find that the rates are **not** printed in the budget document itself.
5. **Budget format.** Based on your understanding of line-item budgets, responsibility center budgets, and functional budgets, which format does the City of Albany use to present its budget? Support your answer with a specific example from the appropriations pages. If you think it combines more than one format, say so and explain how.
6. **Process and roles.** Briefly describe the City of Albany's budgeting process, including the deadlines set by the City Charter. What are the respective responsibilities of the **Mayor**,

the **Budget Office**, and the **Common Council**? Where do the **City Treasurer** and the **Office of Audit & Control** fit in.

7. **Communicating to a resident.** The city has been managing significant fiscal stress: it entered 2026 with no unrestricted fund balance, and the administration has been issuing public statements on fiscal stabilization. Imagine a neighbor asks you whether the city is "in trouble." Write a short response (no more than 150 words) that answers honestly using evidence from the budget.

What to submit

A **three-page** written response addressing the questions above. For every factual claim, **show how you verified it**: cite the page number, the exact dollar value or percentage, or the table name from the budget document. An answer that states a number without saying where it came from will not receive full credit, even if the number is correct.

Using AI on this case

You may use generative AI to help you navigate the budget documents. You may **not** use AI to generate your analysis or your answers.

Include a brief **AI-use disclosure** at the end of your submission stating: - which tool(s) you used and what you asked them to do; - one specific thing the AI told you that you checked against the source document, and whether it held up. - If you used no AI, say that instead.