

New York Got \$80 Million for Migrants. The White House Took It Back.

The New York City comptroller's office, which first noticed the missing money, said that the Federal Emergency Management Agency had unilaterally taken the funds from the city's accounts.

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By Luis Ferré-Sadurní

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The Trump administration quickly made good on its vow to claw back federal funding meant to cover some of the costs of housing migrants borne by New York City, unilaterally reversing the transfer of \$80 million that the Federal Emergency Management Agency made to the city last week.

City leaders said on Wednesday that they noticed \$80 million had suddenly gone missing from city bank accounts. Shortly after, the Department of Homeland Security, which houses FEMA, confirmed that the money had been taken back on Tuesday, a significant escalation of President Trump's attempts to freeze or reverse funding that had previously been appropriated by Congress.

The clawback occurred one day after Elon Musk targeted the FEMA funds in a post on X, inciting a Republican uproar over the use of federal dollars to shelter migrants and prompting the Trump administration to fire four FEMA officials involved in the transfer.

City officials questioned the legality of the move, which appeared to be among the first known instances of the Trump administration seizing back congressionally appropriated funds from a locality.

Liz Garcia, a spokeswoman for Mayor Eric Adams, said that City Hall had communicated with the White House and had requested an emergency meeting with FEMA to “try and resolve the matter as quickly as possible.”

She added that City Hall was conducting an “internal investigation into how this occurred,” and that the city’s Law Department was “already exploring various litigation options.”

The federal government is typically allowed to recoup funds already dispersed through grants if the payments are deemed improper or in violation of the grant agreement, though the process can be lengthy and administratively burdensome for agencies, according to the Congressional Research Service.

“I have clawed back the full payment that FEMA deep state activists unilaterally gave to N.Y.C. migrant hotels,” Kristi Noem, the homeland security secretary, said on X. “Mark my words: there will not be a single penny spent that goes against the interest and safety of the American people.”

Ms. Noem seemed to justify the clawback by saying that the city was using FEMA funding to finance the use of the Roosevelt Hotel in Midtown Manhattan as a migrant shelter, claiming that the hotel served as a “base of operations” for Tren de Aragua, a Venezuelan gang that Mr. Trump recently moved to designate a foreign terrorist organization. (Police officials have said that the gang has recruited members from inside migrant shelters, and that the Roosevelt, which houses hundreds of migrant families, has housed members of an offshoot of the gang.)

Mr. Trump appeared to refer to the Roosevelt Hotel during a news conference on Wednesday, referring to a “hotel that was not luxury that’s getting luxury rates for migrants where they’re making a fortune.” (City officials have said they do not pay

luxury rates to the hotels they have contracted to house migrants; the city paid an average nightly rate of about \$156 per room in 2024, according to the city comptroller.)

Some legal experts said that the federal government was bound to honor binding contracts, and suggested that the reclamation of the \$80 million could be illegal if the city's reimbursement agreement with FEMA did not authorize a clawback.

"In addition, this appears to be an attempt to impound appropriated funds without following the procedures set out in the Impoundment Control Act," said David A. Super, a professor of administrative law at Georgetown University. "That would make it illegal substantively."

The funds in question were appropriated by Congress last year under former President Joseph R. Biden Jr. The payment was issued through a grant from the Shelter and Services Program, administered by FEMA and initiated by Congress in 2023 to issue grants to cities and organizations providing services to migrants who had been released from federal custody after crossing the border.

The program, created amid record-high border crossings that overwhelmed cities across the country, became a frequent target of Mr. Trump and his Republican allies, who expressed outrage over the use of taxpayer dollars to house migrants in hotels and other shelters. Mr. Trump falsely claimed last year that FEMA had depleted its budget and diverted disaster relief funds to pay for migrant housing, even though the shelter program amounted to a fraction of the federal agency's overall budget and was part of a separate funding stream.

Similar misleading criticism of the program resurfaced on Monday when Mr. Musk, in a post on X, said that his government cost-cutting team had identified a \$59 million payment that FEMA made to New York City to support the housing of migrants at hotels. Mr. Musk, without elaborating, said that the payment had violated the law and a Trump executive order.

The \$59 million, city officials said, was part of the \$80 million payment that FEMA had previously allocated to the city and paid in full last week. That money is part of an overarching \$237 million that the Biden administration committed to the city for migrant expenses.

The fallout from Mr. Musk's post was swift. It led to the firing on Tuesday of four FEMA employees, including its chief financial officer, who was accused of undermining the agency's leadership by disbursing the money — even though the funds had been previously appropriated by Congress.

And it led FEMA's acting director, Cameron Hamilton, to announce that the payment would be suspended, even though most of the money had already been disbursed to the city.

On Wednesday, Brad Lander, the New York City comptroller, described the clawback as illegal and called on Mayor Adams to pursue legal action to recoup the “tens of millions of dollars stolen by Trump and DOGE,” as Mr. Musk's cost-cutting team is known.

Mr. Lander, who is challenging the mayor in this year's Democratic primary, said that staff members in his office who monitor the city's accounting systems noticed on Wednesday morning that about \$80.5 million meant to provide shelter and services for asylum seekers had gone missing from an account overnight.

They were baffled, Mr. Lander said, because the money was supposed to reimburse the city for costs it had already incurred and had invoiced to the federal government. Though he could not say for certain whether a similar clawback had happened before, Mr. Lander described it as “highway robbery.”

“I find it terrifying that the federal government had the ability to seize money from us in a way that we did not know before,” he said during a news conference on Wednesday. “I asked, ‘Has this ever happened before?’ No one is aware of it happening.”

The clawback comes just a day after the Justice Department moved to drop federal corruption charges against Mr. Adams, a Democrat. The move has prompted intense backlash from his critics, who fear that the mayor will now be personally beholden to Mr. Trump at the expense of the city's best interests.

When asked by reporters about the clawback on Wednesday, Mr. Adams did not mention Mr. Trump. He instead resurfaced his past grievances with the Biden administration, which he has repeatedly said did little to support the city's \$7 billion effort to house more than 230,000 migrants since 2022.

“We’re going to do everything possible to get every dime for New York City,” the mayor said as he arrived at a town hall gathering in Queens. “It’s unfair the previous administration left us with a huge price tag and we want to sit down and explain how we believe that the cost of a national issue should not be on the backs of cities.”

A spokesman for Letitia James, the state attorney general, who has routinely challenged Mr. Trump in court, said her office was reviewing the clawback of funds.

Reporting was contributed by Benjamin Oreskes, Mattathias Schwartz, Jeffery C. Mays and Chelsia Rose Marcus.

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