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Comments on New York City's Executive Budget

For Fiscal Year 2027 and
Financial Plan for Fiscal Years
2026-2030

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I. Executive Summary

The FY 2027 budget cycle has few parallels in recent memory. The routine November financial plan update, the last under Mayor Adams, laid a fiscally strained foundation for Mayor Mamdani. The combined FY 2026 and FY 2027 budget gap drew comparisons to the financial crisis of 2008, but it was not caused by an economic shock. Rather, it was the product of unsustainable growth in spending despite record tax revenues. The end of Federal pandemic assistance and the cost associated with the surge in asylum seeker arrivals both played a role in affecting the City's fiscal health, but so did the lack of reasonable and appropriate expenditure projections.

The extent of the fiscal imbalance had been documented in detail by this Office and other fiscal monitors and became salient when the new Mayoral administration recognized it at the start of its term. The Preliminary Budget presented in mid-February¹ closed the previously disclosed \$12 billion FY 2026 and FY 2027 gap and addressed additional spending needs with a combination of higher tax revenue projections (\$6.58 billion), State commitments and tax legislation to be included in the (at the time) yet-to-be enacted State budget (\$2.96 billion), a new savings program (\$1.77 billion), and two controversial proposals that were ultimately modified or altogether scrapped in the Executive Budget.

The first proposal was a 9.5 percent increase in the property tax (worth \$3.70 billion in FY 2027), a deeply inequitable measure that would also have all but exhausted the City's discretionary taxing authority under the Constitutional tax limitation. This proposal was removed in the Executive Budget.

The second proposal was to drawdown \$1.21 billion from the City's rainy-day fund (the Revenue Stabilization Fund or RSF) and the Retiree Health Benefits Trust (RHBT) balances.² The Executive Budget reversed the \$1.21 billion drawdowns by resorting to a reduction by the same amount for costs accrued in prior years but not yet paid out.

The reversal of the proposed property tax increase and of the drawdowns of long-term reserves are, in this Office's view, two positive outcomes included in the May Financial Plan.

However, the May Plan introduces \$5.07 billion in additional short-term and one-time measures to balance the FY 2026 and FY 2027 budgets. The single largest component is the reduction in pension contributions from a planned re-amortization of the unfunded accrued liability of four of the City's five pension funds. This reduces the City's operating costs by \$2.30 billion in FY 2026

¹ This Office's analysis on the FY 2027 Preliminary Budget and February Financial Plan can be found [here](#).

² RHBT is a fund that is meant to offset the nearly \$100 billion liability ([as of the end of FY 2025](#)) deriving from health benefits offered to retired City employees. However, Mayors have treated RHBT as a budgetary reserve and, effectively, as a rainy-day fund.

and FY 2027 and by additional amounts through FY 2032, at the cost of increased contributions in FY 2033 to FY 2037.

The remaining one-time measures, totaling \$2.77 billion, include:

- \$1.61 billion in write-downs of expenses accrued to previous fiscal years. The majority of this is a \$1.21 billion write-down in FY 2026 of collective bargaining costs accrued in FY 2023 and deemed by the Mayor as no longer owed. As mentioned above, this accounting adjustment fully offsets the drawdowns from the rainy-day fund and the RHBT balances proposed in February. The remaining \$400 million is an expectation of write-downs of prior-year expenses that are currently believed to be owed but may not be so in FY 2027. This may well be the first time that future write-downs are used to balance the upcoming year's budget.
- \$508 million in deferred costs due to a more gradual path to achieve class size standards mandated in State law.
- \$455 million from the re-instatement in FY 2026 and FY 2027 of debt service reimbursements from NYC Health + Hospitals (H+H) to the City. The amount equals H+H's cumulative savings from FY 2026 to FY 2030 from the re-amortization of its pension unfunded accrued liability.
- \$200 million from a one-year reduction of the City's bus subsidies to the Metropolitan Transportation Authority (MTA).

Summed to the February plan's \$1.00 billion in State aid and write-downs of expenses accrued in prior years, the total of one-time and short-term resources used to balance FY 2026 and FY 2027 reaches \$6.07 billion. These resources will not be available to cover new needs in FY 2027 and the FY 2028 gap.

The profound impact of the Preliminary Budget proposals on the City's reserve and fund balance metrics (see [The Risks to the City's Credit Ratings](#)³) motivated three of the four agencies rating the City's General Obligation bonds to lower their outlooks from stable to negative. As discussed in this report, the rating metrics have improved in the Executive Budget, but the fiscal situation remains challenging: spending continues to outpace recurring revenues, even as the latter continue to grow robustly.

³ As explained in this publication, in the budget modifications submitted in March 2025 to the City Council the Mayor swapped the FY 2026 rainy-day fund drawdown for a reduction in the RHBT balance in FY 2026 and an even lower prepayment of FY 2027 expenses. The Executive Financial plan makes clear that the reversal of the FY 2026 rainy-day fund drawdown was equivalent to the combined reduction of the RHBT balance in FY 2026 and FY 2027 (see the [Executive Financial Plan summary](#) p.44.)

The imbalance is evidenced by the drop of the prepayment of the upcoming year's expenditures from \$3.79 billion in FY 2025 to \$1.06 billion currently budgeted for FY 2026. This is substantially higher than the \$74 million as of the March 2025 budget modifications, but it remains a 72 percent decline year-over-year, the largest among four consecutive years of operating deficits, and the largest percentage decline since 9/11. Further evidence is the widening of the Mayor's stated budget gaps in FY 2028 to FY 2030.

Finally, it should be noted that the Preliminary Budget also reduced the FY 2027 General Reserve from \$1.2 billion to \$100 million (the statutory minimum) and that the FY 2027 Capital Stabilization Reserve of \$250 million was eliminated. These drawdowns, totaling \$1.35 billion, were not reversed in the Executive Budget. As a consequence, the City's fiscal cushion (rainy-day fund, RHBT, General Reserve, Capital Stabilization Reserve and the amount of prepaid expenses) falls from \$12.43 billion at the beginning of FY 2026 to \$8.36 billion at the start of FY 2027.

The erosion of fiscal buffers takes place during a period of elevated economic uncertainty. Though the New York City economy and the City's tax revenues are the beneficiaries of the AI-driven investment boom, stock market gains, and Wall Street profits, there is significant uncertainty ahead. As highlighted in this Office's recent report, alongside a 50 percent chance of continued or faster growth lie equally likely negative outlooks from the fizzling of the current boom and labor market dislocation due to widespread adoption of AI. The ongoing war in Iran and the inflationary impact from the closure of the Strait of Hormuz are also significant economic risks.

For FY 2026, this Office estimates higher City-funded revenues than the Mayor's Office of Management and Budget (OMB), which are slightly offset by higher expenditure projections. This results in a small projected surplus of \$222 million. In FY 2027, this Office projects a gap totaling \$1.65 billion. In FY 2028 and FY 2029, this Office projects higher gaps than the administration, of \$8.76 billion and \$9.49 billion, respectively. In FY 2030, this Office's higher revenue estimates offset its higher expenditure estimates, resulting in a lower gap estimate than OMB's, totaling \$9.13 billion.

These estimates, however, assume the success of several budgeted revenue and savings actions that still require approval or lack sufficient detail to be deemed fully achievable. If any of these actions are not realized as planned, gaps could increase substantially.

In the first group—measures that require approval—are the savings from the re-amortization of the pension unfunded accrued liability. At time of writing, only the Board of Education Retirement System, the smallest of the funds, approved it. If not approved by the other three funds assumed in the May Plan, the gap estimates would increase by \$836 million in FY 2026, \$1.82 billion in FY 2027, \$1.63 billion in FY 2028, \$1.49 billion in FY 2029, and \$1.61 billion in FY 2030. The FY 2026 and FY 2027 numbers include both the City's direct savings from the re-amortization and those it seeks to capture from H+H.

On a smaller scale and with smaller risk, the proposed reduction of the Personal Income Tax (PIT) credit for Unincorporated Business Tax (UBT) has not yet been approved by the City Council. The May

Plan also included a one-time \$200 million reduction in the City subsidies to the MTA for FY 2027 that was not part of the Enacted State Budget and will need to be included in the MTA's financial plan.

In the second group—where sufficient details for full evaluation are lacking—are several largely unsubstantiated savings initiatives. The May Plan still contains unallocated savings, and scant information was provided on plans to achieve three cost-containment initiatives for CityFHEPS, shelter costs, and due process cases. Until detailed plans are released and/or there is evidence of savings, these initiatives pose risks of \$239 million in FY 2026, \$668 million in FY 2027, \$586 million in FY 2028, \$559 million in FY 2029, and \$547 million in FY 2030.

Additionally, the May Plan does not include the impact of the City Council's expansion of CityFHEPS—currently in litigation—which this Office has estimated could result in additional net costs of about \$6 billion to \$22 billion over the first five years of implementation. The potential cost of the next round of collective bargaining is also excluded. The City's labor reserve covers annual wage increases of only 1.25 percent. Each 1 percentage point increase would cost between \$550 million to \$600 million when fully phased in for all employees, a cost that compounds annually.

The Executive Budget also included an update to the City's Capital Commitment Plan for FY 2026 – FY 2030 (CCP), which totals \$117.14 billion, a \$4.18 billion, or a 3.7 percent increase, compared to the Preliminary CCP. Housing and Economic Development-related projects account for 93.0 percent of the net increase, driven by a substantial increase in planned commitments for new affordable housing. The increase in capital commitments was accommodated by an estimated \$5.86 billion increase in the Constitutional debt limit in FY 2027. The increase is attributable to a methodological change in the calculation from the State Office of Real Property Tax Services.

The continued erosion of the City's fiscal cushion and the substantial economic risks ahead require adequately funded reserves. These are essential to preserve critical City services during economic downturns, particularly for those most vulnerable. The Comptroller's Office continues to call for establishing a formal rainy day fund policy, including rules governing deposits and withdrawals, a target balance of 16 percent of tax revenues and a lower bound of 10 percent. The newly formed Charter Revision Commission is an immediate opportunity to enshrine the requirement to adopt such a policy. According to the Comptroller's Office proposed formula, the City would deposit \$854 million in FY 2026 based on this Office's revenue forecast, or \$642 million using OMB's forecast.

The Comptroller's Office projects a \$1.65 billion gap in FY 2027 and an \$8.76 billion gap in FY 2028, even assuming all planned savings and revenue initiatives are achieved. While the City was able to close its budget gap this year through a variety of one-time measures, increased support from the State, and short-term pension savings, these will not help fill next year's gap. Addressing the City's underlying structural imbalance while strengthening reserves will be imperative to maintaining fiscal stability in the years ahead.

Table 1. FY 2026 – FY 2030 May Financial Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026–2030	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	\$35,641	\$37,299	\$37,974	\$39,143	\$40,521	\$4,880	13.7%
Other Taxes	47,721	50,146	51,225	51,563	52,791	5,070	10.6%
Tax Audit Revenues	1,059	929	879	879	879	(180)	(17.0%)
Subtotal: Taxes	\$84,421	\$88,374	\$90,078	\$91,585	\$94,191	\$9,770	11.6%
Miscellaneous	9,053	8,565	8,454	8,493	8,517	(536)	(5.9%)
Unrestricted Intergovernmental Aid	619	161	161	161	161	(458)	(74.0%)
Less: Intra-City Revenues	(2,385)	(2,195)	(2,137)	(2,129)	(2,127)	258	(10.8%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	\$91,693	\$94,890	\$96,541	\$98,095	\$100,727	\$9,034	9.9%
Other Categorical	1,192	1,131	867	864	864	(328)	(27.5%)
Inter-Fund Revenues	805	814	810	813	814	9	1.1%
Federal Categorical Grants	9,900	7,281	7,121	7,096	7,083	(2,817)	(28.5%)
State Categorical Grants	20,804	20,584	20,983	20,612	20,682	(122)	(0.6%)
Total Revenues	\$124,394	\$124,700	\$126,322	\$127,480	\$130,170	\$5,776	4.6%
Expenditures							
Personal Service (PS):							
Salaries and Wages	\$35,085	\$35,946	\$37,581	\$38,755	\$39,833	\$4,748	13.5%
Pensions	9,848	8,759	9,841	9,403	8,822	(1,026)	(10.4%)
Fringe Benefits	15,465	16,006	16,793	17,526	18,371	2,906	18.8%
Subtotal: PS	\$60,398	\$60,711	\$64,215	\$65,684	\$67,026	\$6,628	11.0%
Other Than Personal Service (OTPS):							
Medical Assistance	\$6,762	\$6,790	\$6,940	\$7,090	\$7,240	\$478	7.1%
Public Assistance	2,762	2,708	2,707	2,707	2,707	(55)	(2.0%)
All Other	51,299	48,114	49,588	50,035	51,084	(215)	(0.4%)
Subtotal: OTPS	\$60,823	\$57,612	\$59,235	\$59,832	\$61,031	\$208	0.3%
Debt Service	\$8,282	\$9,535	\$10,632	\$11,720	\$12,542	\$4,260	51.4%
FY 2025 BSA	(\$3,787)	\$0	\$0	\$0	\$0	\$3,787	(100.0%)
FY 2026 BSA	\$1,063	(\$1,063)	\$0	\$0	\$0	(\$1,063)	(100.0%)
Capital Stabilization Reserve	\$0	\$0	\$250	\$250	\$250	\$250	N/A
General Reserve	\$0	\$100	\$1,200	\$1,200	\$1,200	\$1,200	N/A
Less: Intra-City	(\$2,385)	(\$2,195)	(\$2,137)	(\$2,129)	(\$2,127)	\$258	(10.8%)
Total Expenditures	\$124,394	\$124,700	\$133,395	\$136,557	\$139,922	\$15,528	12.5%
Gap to be Closed	\$0	\$0	(\$7,073)	(\$9,077)	(\$9,752)	(\$9,752)	N/A

Source: Mayor’s Office of Management and Budget

Note: Numbers may not add to totals due to rounding. The proposed property tax increase and the property tax portion of the tax programs are included in the General Property Tax line. The Debt Service line excludes TSASC Inc. debt service, which is paid with tobacco settlement revenues, as well as TFA Building Aid Revenue Bonds (BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City’s Miscellaneous budget spending (098).

Table 2. Plan -to- Plan Changes, May 2026 Plan vs. February 2026 Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues					
Taxes:					
General Property Tax	\$175	(\$3,149)	(\$3,472)	(\$3,518)	(\$3,543)
Other Taxes	(189)	(5)	466	408	329
Tax Audit Revenues	100	50	0	0	0
Subtotal: Taxes	\$86	(\$3,104)	(\$3,006)	(\$3,110)	(\$3,214)
Miscellaneous Revenues	411	473	350	345	344
Unrestricted Intergovernmental Aid	117	161	161	161	161
Less: Intra-City Revenues	(110)	(249)	(199)	(198)	(198)
Disallowances Against Categorical Grants	0	0	0	0	0
Subtotal: City-Funds	\$504	(\$2,719)	(\$2,694)	(\$2,802)	(\$2,907)
Other Categorical Grants	211	109	(142)	(142)	(142)
Inter-Fund Revenues	(3)	14	9	9	10
Federal Categorical Grants	1,011	21	(58)	(59)	(82)
State Categorical Grants	301	274	274	271	267
Total Revenues	\$2,024	(\$2,301)	(\$2,611)	(\$2,723)	(\$2,854)
Expenditures					
Personal Service (PS):					
Salaries and Wages	\$58	(\$238)	(\$395)	(\$19)	\$219
Pensions	(647)	(1,774)	(1,678)	(1,580)	(1,702)
Fringe Benefits	(416)	(477)	(474)	(463)	(452)
Retiree Health Benefits Trust	0	229	(229)	0	0
Subtotal: PS	(\$1,005)	(\$2,260)	(\$2,776)	(\$2,062)	(\$1,935)
Other Than Personal Service (OTPS):					
Medical Assistance	\$325	\$0	\$0	\$0	\$0
Public Assistance	(2)	(38)	(39)	(39)	(39)
All Other	1,282	1,064	1,725	1,712	1,699
Subtotal: OTPS	\$1,605	\$1,026	\$1,686	\$1,673	\$1,660
Debt Service	(\$221)	\$7	\$69	\$187	\$262
FY 2025 BSA	\$0	\$0	\$0	\$0	\$0
FY 2026 BSA	\$825	(\$825)	\$0	\$0	\$0
Capital Stabilization Reserve	\$0	\$0	\$0	\$0	\$0
General Reserve	(\$50)	\$0	\$0	\$0	\$0
Rainy Day Fund	\$980	\$0	(\$980)	\$0	\$0
Less: Intra-City Expenses	(\$110)	(\$249)	(\$199)	(\$198)	(\$198)
Total Expenditures	\$2,024	(\$2,301)	(\$2,200)	(\$400)	(\$211)
Gap to be Closed	\$0	\$0	(\$411)	(\$2,323)	(\$2,643)

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding. The additional prepayment amount in the Mayor's Budget Summary reflects a post-February Plan budget modification approved by the Administration and City Council, which temporarily reduced the \$164 million planned prepayment. This will not match the Plan vs Plan change in the FY 2026 BSA.

Table 3. Plan -to- Plan Changes, May 2026 Plan vs. Adopted 2025 Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Revenues				
Taxes:				
General Property Tax	\$375	\$672	\$270	\$327
Other Taxes	2,473	4,723	4,228	2,857
Tax Audit Revenues	250	150	100	100
Subtotal: Taxes	\$3,098	\$5,545	\$4,598	\$3,284
Miscellaneous Revenues	950	630	497	482
Unrestricted Intergovernmental Aid	619	161	161	161
Less: Intra-City Revenues	(501)	(339)	(290)	(282)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	\$4,166	\$5,997	\$4,966	\$3,645
Other Categorical Grants	67	11	(249)	(250)
Inter-Fund Revenues	0	19	14	14
Federal Categorical Grants	2,430	44	(163)	(248)
State Categorical Grants	1,824	1,725	1,990	1,467
Total Revenues	\$8,487	\$7,796	\$6,558	\$4,628
Expenditures				
Personal Service (PS):				
Salaries and Wages	\$453	\$416	\$1,110	\$1,489
Pensions	(631)	(2,322)	(2,032)	(2,110)
Fringe Benefits	566	560	735	827
Retiree Health Benefits Trust	0	0	0	0
Subtotal: PS	\$388	(\$1,346)	(\$187)	\$206
Other Than Personal Service (OTPS):				
Medical Assistance	\$179	\$57	\$57	\$57
Public Assistance	1,112	708	244	(198)
All Other	8,075	6,096	7,590	7,632
Subtotal: OTPS	\$9,366	\$6,861	\$7,891	\$7,491
Debt Service	(\$379)	(\$11)	\$114	\$326
FY 2025 BSA	\$0	\$0	\$0	\$0
FY 2026 BSA	\$1,063	(\$1,063)	\$0	\$0
Capital Stabilization Reserve	(\$250)	(\$250)	\$0	\$0
General Reserve	(\$1,200)	(\$1,100)	\$0	\$0
Rainy Day Fund	\$0	\$0	\$0	\$0
Less: Intra-City Expenses	(\$501)	(\$339)	(\$290)	(\$282)
Total Expenditures	\$8,487	\$2,752	\$7,528	\$7,741
Gap to be Closed	\$0	\$5,044	(\$970)	(\$3,113)

Source: Mayor's Office of Management and Budget

Note: Numbers may not add to totals due to rounding.

Table 4. Comptroller's Office Restated Gaps and Surpluses

\$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
City Stated Gap	\$0	\$0	(\$7,073)	(\$9,077)	(\$9,752)
Revenues Differences					
Tax Revenues:	327	(555)	(291)	1,161	2,293
Property Tax	(40)	(207)	224	455	705
Personal Income Tax/PTET	43	27	(339)	156	696
Business Income Taxes	164	(416)	(152)	461	515
Sales Tax	48	(13)	(53)	(7)	139
Real Estate-Transaction Taxes	49	39	(53)	(7)	122
All Other Taxes and Audits	63	15	81	104	116
Non-Tax Revenue Differences	36	14	19	29	20
Unrestricted State Revenue	0	(161)	(161)	(161)	(161)
Subtotal Revenues	\$363	(\$702)	(\$433)	\$1,029	\$2,152
Expenditures:					
Remaining Underbudgeting:	(279)	(748)	(646)	(602)	(612)
Overtime	(135)	(562)	(450)	(430)	(430)
Contributions to MTA	(144)	(86)	(96)	(72)	(82)
DOE Custodial Costs	0	(100)	(100)	(100)	(100)
Temporary and Professional Services	185	(55)	(90)	(90)	(95)
Early Childhood Education - 2K	0	0	0	(425)	(425)
Child Care Vouchers	0	(128)	(476)	(506)	(506)
Asylum Seekers Expenses	(88)	139	(238)	(31)	117
Federal SNAP Administration Funding Cut	0	(75)	(100)	(100)	(100)
Pension Reforms and Benefit Enhancements	0	(60)	(73)	(84)	(98)
Full-Time Salary Accrual and Fringe Savings	675	0	0	0	0
Unsalaries and Other Additional Wage Costs	(635)	0	0	0	0
Prior Year Payable Adjustment	0	0	400	400	400
Class Size	0	(25)	(27)	0	(208)
Subtotal Expenditures	(\$142)	(\$952)	(\$1,250)	(\$1,438)	(\$1,527)
Total Comptroller Re-estimates	\$222	(1,654)	(1,683)	(409)	625
Restated (Gap)/Surplus	\$222	(\$1,654)	(\$8,756)	(\$9,486)	(\$9,127)
Risk if Pension Re-Amortization is Not Approved*	(836)	(1,816)	(1,630)	(1,489)	(1,609)
Risk for MTA Bus Subsidy	0	(200)	0	0	0
Risk if UBT Credit Not Approved by City Council	0	(68)	(69)	(71)	(74)
Risk for Unsubstantiated Savings	(239)	(668)	(586)	(559)	(547)
Restated Gap with Pension Re-Amortization, UBT, and Unsubstantiated Savings Risks	(\$853)	(\$4,407)	(\$11,041)	(\$11,605)	(\$11,357)

Source: Office of the New York City Comptroller

Note: *Excludes impact of re-amortization for the Board of Education Retirement System, which its Board of Trustees has approved.

II. The City’s Economic Outlook

The New York City economy enters FY 2027 in a state of surface resilience masking deepening structural tensions. Headline measures of output and aggregate earnings growth remain positive, but the breadth of that growth has narrowed materially. Hiring has slowed to its most subdued pace in years, real wages for typical workers have barely kept pace with a stubbornly elevated rate of inflation, and consumer confidence has deteriorated in response to persistent inflation and renewed policy uncertainty. At the same time, a small set of high-paying sectors—Finance, Information, Professional & Business Services foremost among them—continues to capture an outsized share of the income gains that do exist.

Nationally, real GDP growth has proven more durable than many had anticipated in the face of elevated interest rates and geopolitical disruptions, but the character of that growth is uneven. Corporate profits and financial asset prices remain at or near historic highs, supporting consumption among higher-income households. For the broader workforce, however, the picture is less healthy: real wage growth has been negligible, hiring outside a handful of sectors has stalled, and inflation in essential categories—food, energy, and shelter—has continued to erode purchasing power.

In New York City, these dynamics are amplified. Local consumer price inflation has outpaced the national average, compressing household budgets across income levels. Private-sector job creation has been exceptionally weak, with Health and Social Assistance accounting for virtually all net employment gains in recent months. The labor market is best characterized as a “low-hire, low-fire” equilibrium: layoffs remain contained, but meaningful new opportunity is scarce. Wage growth, while positive in the aggregate, is almost entirely a function of outsized gains concentrated among the highest-earning workers.

Against this backdrop, the Office of the New York City Comptroller and the Mayor’s Office of Management and Budget (OMB) both project a gradual moderation in inflation and measured growth in payroll employment and wage earnings over the financial five-year plan horizon. The two forecasts share a broadly similar economic outlook at both the national and local levels. Table 5 summarizes the Comptroller’s and the Mayor’s economic assumptions for calendar years 2026 through 2030.

Table 5. Forecast of Selected Economic Indicators, 2026 to 2030

U.S. Economy		2026	2027	2028	2029	2030
Real GDP, % Change	Comptroller	2.2%	1.7%	2.1%	2.6%	2.8%
	Mayor	2.1%	2.0%	2.1%	2.0%	1.9%
Corporate Profits Before Tax, % Change	Comptroller	9.0%	5.6%	5.1%	4.1%	3.9%
	Mayor	8.5%	1.0%	0.4%	5.3%	0.6%
Payroll Jobs, % Change	Comptroller	0.1%	0.4%	0.6%	0.7%	0.7%
	Mayor	0.0%	0.1%	0.5%	0.6%	0.5%
Fed Funds Rate, Percent	Comptroller	3.6%	3.2%	3.1%	3.1%	3.0%
	Mayor	3.6%	3.4%	3.1%	3.1%	3.1%
10-Year Treasury Notes, Percent	Comptroller	4.3%	4.3%	4.4%	4.3%	4.3%
	Mayor	4.1%	3.9%	3.9%	3.9%	3.9%
Consumer Price Index, % Change	Comptroller	3.2%	2.9%	2.2%	1.7%	1.7%
	Mayor	3.4%	2.4%	2.1%	2.3%	2.4%
NYC Economy		2026	2027	2028	2029	2030
Payroll Jobs, Change In Thousands, Q4-Q4	Comptroller	63.8	53.7	59.2	65.8	65.3
	Mayor	50.1	66.1	79.7	72.7	66.6
Total Wage Earnings, % Change	Comptroller	4.3%	3.9%	4.0%	4.6%	4.8%
	Mayor	4.4%	3.9%	4.6%	4.5%	4.9%
Wage Rate, % Change	Comptroller	3.6%	2.8%	2.8%	3.3%	3.5%
	Mayor	3.5%	2.5%	2.7%	2.6%	3.2%
Consumer Price Index, NY area, % Change	Comptroller	3.7%	3.0%	2.5%	2.1%	2.1%
	Mayor	3.6%	2.4%	2.1%	2.1%	2.2%
Wall Street Profits, \$ Billions	Comptroller	54.0	49.5	53.6	57.3	57.9
	Mayor	45.3	32.0	27.8	26.8	25.3
Securities Bonus Pool, \$ Billions	Comptroller	50.4	49.8	52.7	56.6	60.2
	Mayor	39.6	40.3	41.1	42.2	43.0
Asking Rental Rate, Manhattan Offices*, % Change	Comptroller	2.5%	4.2%	3.2%	3.0%	2.8%
	Mayor	2.0%	1.4%	1.3%	1.9%	2.4%
Total Vacancy Rate, Manhattan Offices*	Comptroller	19.1%	18.2%	17.7%	17.4%	17.0%
	Mayor	17.8%	17.2%	16.5%	15.9%	15.3%

Source: Office of the New York City Comptroller and Mayor's Office of Management and Budget

Notes: Reported data are calendar year averages, except as otherwise indicated. * The Mayor's forecasts for Manhattan office rental and vacancy rates are for Class A only, while the Comptroller's forecasts are for all Manhattan offices.

The U.S. Economic Backdrop

Headline Resilience, Underlying Weakness

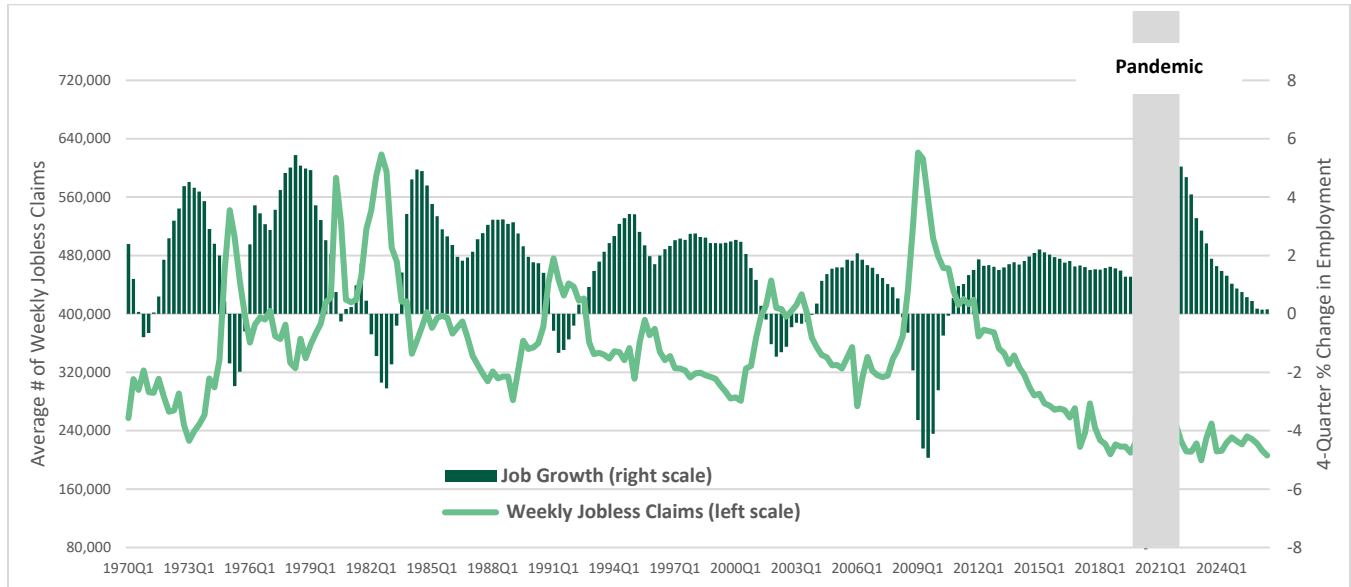
The U.S. economy has continued to expand, with an emphasis toward capital deepening and labor productivity gains but without significant job growth. The Comptroller projects real GDP growth of 2.2 percent in 2026, similar to the Mayor’s 2.1 percent assumption, before a more pronounced deceleration to 1.7 percent in 2027 as the cumulative effects of elevated interest rates, weakening consumer confidence, and policy-driven uncertainty take hold. Growth is then expected to re-accelerate throughout the remainder of the plan period, reaching 2.8 percent by 2030 under the Comptroller’s outlook.

Corporate profitability has remained a notable source of resilience. Both the Comptroller and the Mayor project strong profits growth in 2026—the Comptroller at 9.0 percent, the Mayor at 8.5 percent, an upward revision from 3.8 percent and 1.9 percent, respectively. This forecast is underpinned by still-solid first-quarter corporate revenue growth, ongoing productivity gains linked to technology adoption, and declining unit labor cost pressures. Equity markets reflect this profitability, sustaining high valuations and compounding household wealth for those with significant financial assets. Business investment has grown markedly, driven in large part by the continued expansion of data center and AI-related technology and infrastructure.

The picture is considerably more complex for ordinary workers and consumers. Consumer confidence has declined substantially in recent months, with households citing rising costs of essential goods and services, concerns about job security, and uncertainty about the economic policy environment. Spending by lower- and middle-income households has been increasingly supported by credit rather than income gains, a pattern that raises questions about the durability of near-term consumption.

National [nonfarm payroll growth](#) has barely grown over the 12 months ending April 2026. The Comptroller projects payroll employment to grow by only 0.1 percent in 2026 with OMB similarly expecting a flat 0.0 percent growth rate. However, initial claims for unemployment insurance remain subdued by historical standards. Firms have not been shedding workers at elevated rates, but hiring has contracted meaningfully from its post-pandemic peak. As can be seen in Chart 1, this combination is quite unusual, with employment growth and jobless claims usually moving in opposite directions.

Chart 1. Average Weekly Jobless Claims vs 4-Quarter Job Growth, U.S.A.



Source: Bureau of Labor Statistics, NY Department of Labor

The result is a market in which existing employment relationships are largely stable, but workers seeking new positions or their first entry into the labor force face substantially tighter conditions than they did in 2022 or 2023. This dynamic suppresses wage growth for job-switchers and new entrants, even as wages continue to rise modestly for those remaining in their jobs. Average real wages at the national level have [declined](#) slightly over the past year for all U.S. workers. While nominal wages rose 3.6 percent year-over-year through April, inflation of 3.8 percent absorbed all those gains.

Persistent Inflation and a Higher-for-Longer Rate Environment

Inflation has proven more persistent than either the Federal Reserve or private forecasters had anticipated a year ago, driven in part by energy price volatility related to geopolitical developments. The Comptroller projects the U.S. Consumer Price Index (CPI) to rise 3.2 percent in 2026 (slightly below the Mayor’s 3.4 percent estimate) before declining gradually to 2.9 percent in 2027, 2.2 percent in 2028, and down to a low of 1.7 percent in 2029 and 2030. The Mayor expects slightly higher inflation of 2.3 to 2.4 percent in those last two forecast years.

The persistence of inflation has reinforced the Federal Reserve’s inclination toward caution. Both the Comptroller and the Mayor project the federal funds rate to remain at its current target of 3.5 to 3.75 for the remainder of 2026, with gradual cuts thereafter, ultimately reaching 3.0 percent by 2030. The Comptroller expects the yield on 10-year Treasuries to hover around 4.3 percent across the entire 2026–2030 forecast window while the Mayor’s forecast assumes a more pronounced decline to 3.9 percent by 2027, where it remains through 2030.

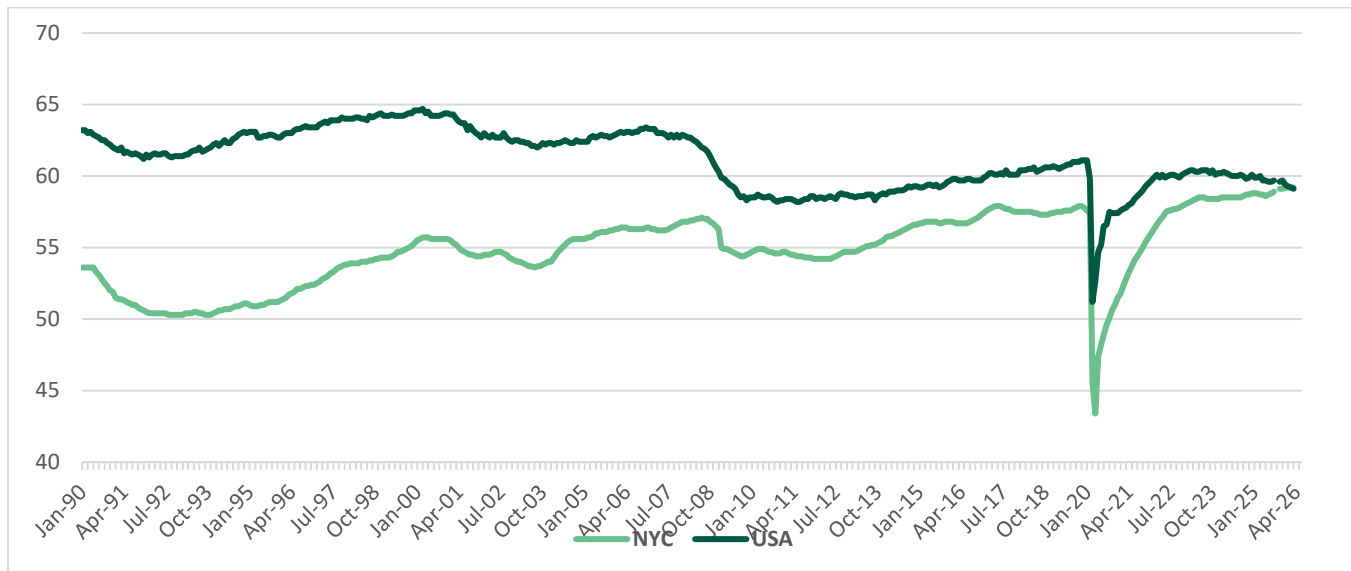
The New York City Economy

The condition of the NYC economy is somewhat similar to that of the U.S. economy—slow job growth yet no uptick in job losses. Wage growth for most workers is falling below their increases in costs of living. Meanwhile, wage growth in the city’s higher-income jobs has been much more solid. And a continuation of rapid growth in financial asset prices, Wall Street profits, and the strong recent bonus season also contribute to growing income and wealth among a segment of NYC’s population and industry sectors.

NYC Employment & Wages

NYC’s employment situation has been mixed but fairly stable over the first 10 months of FY 2026. Based on the household survey, the city’s unemployment rate has remained within a narrow range (5.2 percent-5.8 percent) thus far in FY 2026 and stood at 5.6 percent in April. This represents a moderate increase from FY 2025, when the jobless rate remained at or near 5.0 percent throughout; but this increase in the unemployment rate was not driven by fewer New Yorkers working but rather by increased labor force participation—more residents looking for jobs. In fact, the number of New York City residents with jobs currently stands near an all-time high, and the employment-population ratio for New York City is also at a record high of 59.2 percent and now exceeds the nationwide rate for the first time on record, as shown in Chart 2 below.

Chart 2. Employment-Population Ratio, NYC vs. U.S., Seasonally Adjusted



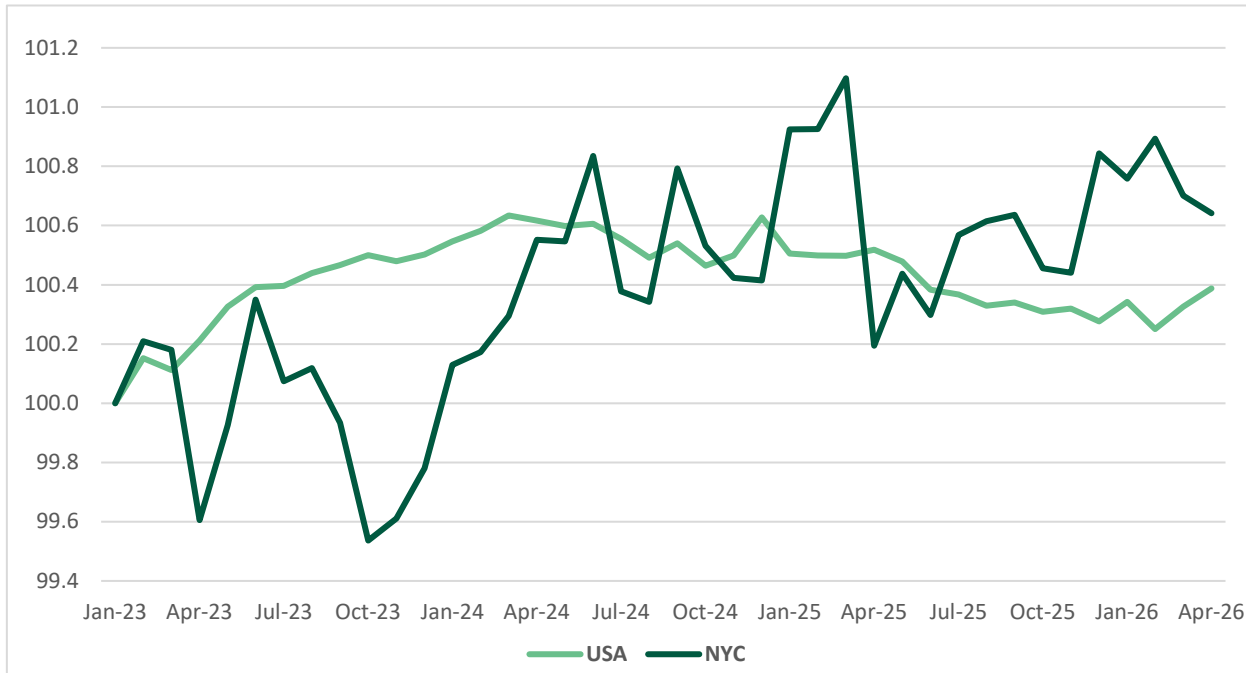
Sources: NY Department of Labor; U.S. Bureau of Labor Statistics; Moody's Economy.com

Note: Due to the Federal Government shutdown, no household survey data was performed in October 2025, and thus there is no datapoint.

The payroll survey points to a stable job market. Annual benchmark revisions, released in March, included a geographic [re-classification of Healthcare & Social Assistance jobs](#) that kicked in last spring. This created an illusory drop of roughly 43,000 jobs in that sector in New York City in April 2025, and a complementary illusory increase of the same magnitude across the rest of NY State. However, because employment in that sector has largely reflected public funding, rather than underlying economic trends, this Office has long been focusing on Private Sector employment excluding Healthcare & Social Assistance as the optimal barometer of economic and labor market strength.

Recent trends in this preferred measure of payroll employment are shown in Chart 3, alongside the corresponding measure for the U.S. as a whole—seasonally adjusted and indexed to the initial value (January 2023) for comparability. Over the course of both FY 2025 and FY 2026, employment has been essentially flat, fluctuating in a fairly narrow range, both locally and nationally. It remains to be seen if the slight dip over the past two months, in contrast with a slight increase nationwide, reflects underlying weakening or just statistical noise.

Chart 3. Private Sector Employment Excluding Healthcare & Social Assistance, NYC vs U.S., Index (Jan. 2023=100), Seasonally Adjusted



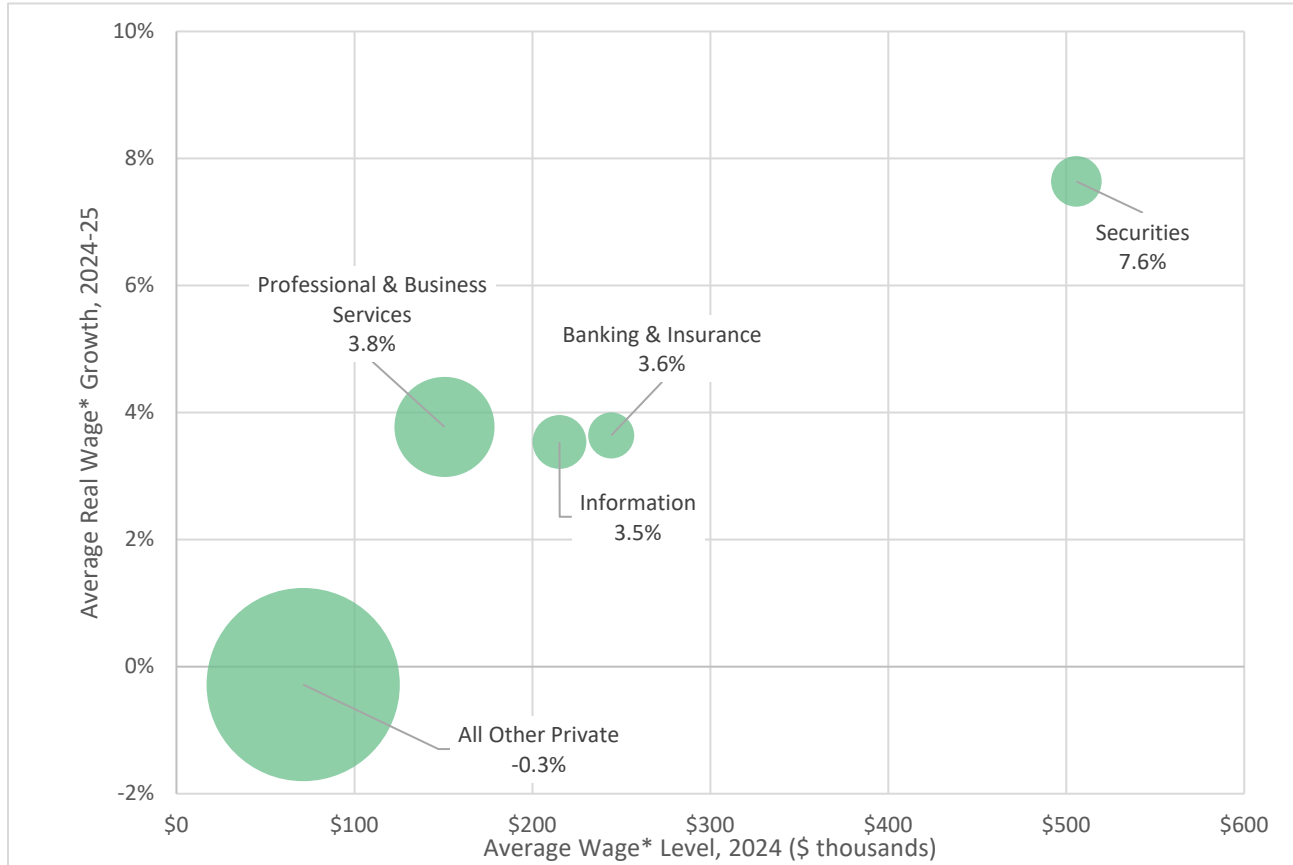
Sources: NY Department of Labor; NYC Office of Management & Budget; US Bureau of Labor Statistics; Moody's economy.com

Between April 2025 and April 2026 (the latest available date), this measure of employment edged up by 14,000 (0.3 percent). Beneath the surface, there have been more pronounced sectoral cross-currents. Employment in the city's key office-using sectors was up by 19,000 over this period: Finance sector employment rose 8,200 (+1.6 percent), Professional & Business Services added 9,900 jobs (+1.2 percent), and the Information sector added just 900 jobs (+0.4 percent).

In contrast, employment was down in the city's goods-producing & distribution industries: Transportation & Warehousing lost 2,800 jobs (-2.1 percent), Manufacturing employment continued its gradual downward trend, shedding 2,000 jobs (-3.8 percent), and there were small declines in Construction and Wholesale Trade. Employment was little changed in Retail Trade and Leisure & Hospitality (largely restaurants & bars). Despite the anemic pace of net job creation, initial claims for unemployment insurance have remained exceptionally low, as has been the case nationwide.

The concentration of wage gains among the highest-earning workers is illustrated starkly by Chart 4. The city's higher-wage industries, which together had an average wage of \$225,000 in 2024, posted average real wage growth of 5.7 percent in 2025. The Securities industry alone registered real gains of 7.6 percent at an average wage level above \$500,000. Meanwhile, on average, wage growth did not keep pace with inflation for the two-thirds of NYC private sector employees who work in other industries.

Chart 4. Inflation Adjusted Average Annual Wage Growth, by NYC Industry, Calendar Year 2025



Source: NY Department of Labor; Bureau of Labor Statistics; Office of the New York City Comptroller

*Average wage & salary earnings from QCEW (Quarterly Census of Wages & Employment)

Note: Bubble size indicates relative share of NYC employment.

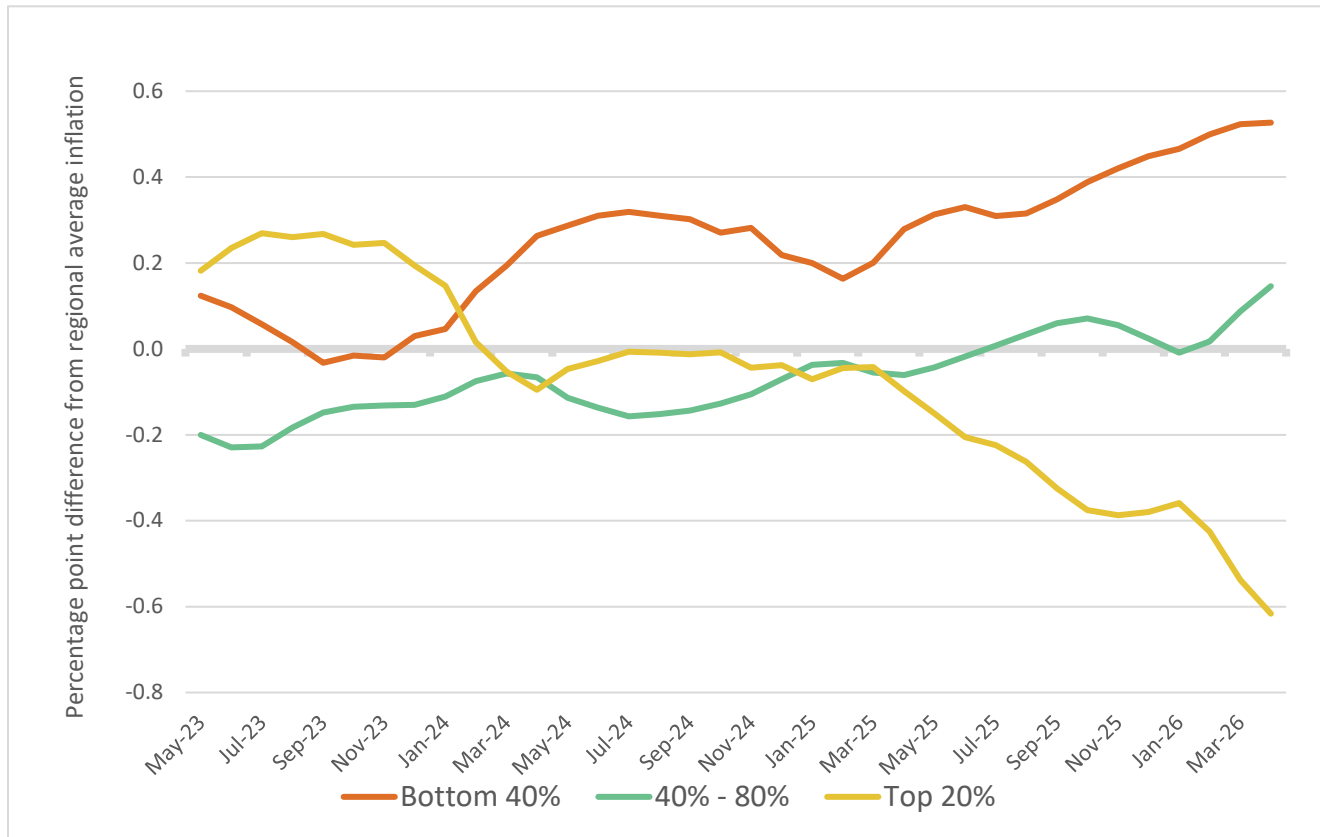
Local Inflation Hitting Lower-Income Households Hardest

In New York City, inflation has accelerated in recent months, even more so than nationwide. The overall CPI for the NYC metro area was up 4.6 percent from a year earlier in April, the steepest 12-month rise in three years. In addition to the surge in gas prices, which were up 34 percent from a year earlier in April, electricity prices are also estimated to have risen sharply. While the Bureau of Labor Statistics no longer reports the electricity component of the CPI for the NYC area, this index for the Northeast overall was up 12 percent over the 12 months ending in April, roughly double the nationwide increase. Local food prices have risen 5 percent over the past 12 months. Core inflation, which excludes food and energy prices, has run at a more moderate 3.3 percent over the past year, led by rents (up 4.3 percent) and tuition & child-care costs (4.0 percent).

Taken together, increases in rent, energy, and food prices represent unavoidable costs for most NYC households and fall disproportionately on lower- and middle-income families as a share of

their spending. As seen in Chart 5, an [analysis](#) by the New York Federal Reserve shows the region’s lowest-income households have been facing widening inflation gaps, with prices for this group escalating 0.53 percentage points faster than the regional average. The currently greater impact of inflation on lower-income households exacerbates the nominal wage growth rate gaps, as previously discussed.

Chart 5. Inflation Gaps by Income Bracket, NY State & Northern NJ



Source: NY Federal Reserve Economic Heterogeneity Indicators

Note: Based on microdata from BLS Consumer Expenditure Survey and 3-month moving averages from the BLS Consumer Price Indexes.

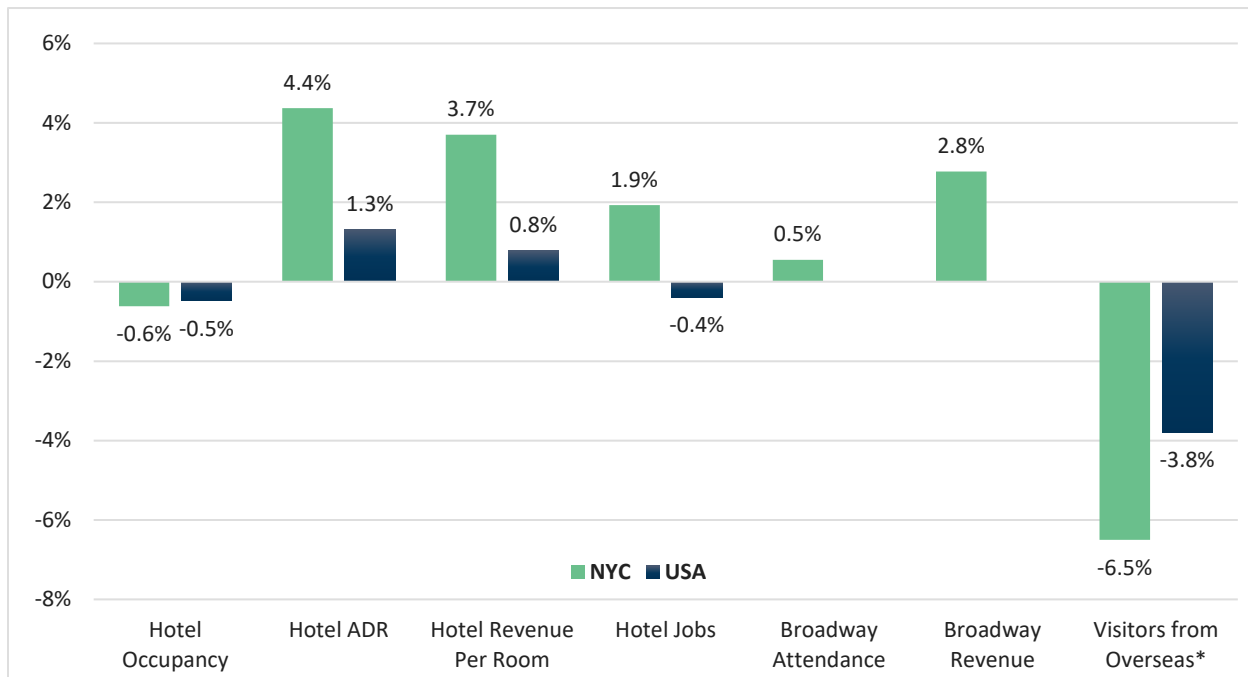
Tourism

Calendar year 2025 was a resilient year for NYC tourism, fueled largely by domestic demand. According to the NYC Tourism + Conventions 2025 Annual Report, domestic visitors more than offset a decline in international arrivals, keeping the tourism economy afloat.

Chart 6 profiles a number of tourism indicators for New York City and parallel measures (where applicable) for the nation, comparing the first 10 months of FY 2026 with the first 10 months of FY 2025. International arrivals through New York City and Newark were down by 6.5 percent over this period, steeper than the national decline of 3.8 percent. Despite this, Broadway continued its post-pandemic recovery, outpacing both its prior fiscal year benchmarks and pre-pandemic

levels in revenue and attendance. Hotel occupancy in New York City averaged 83.1 percent between July 2025 and April 2026, less than a point below last year’s level and consistent with the national trend. Average daily rates and revenue per available room (RevPAR) have been running about 4 percent above the previous year’s level, outperforming the nationwide rise of less than 1 percent. Preliminary data for May suggest that occupancy and revenues at NYC hotels have tapered off only slightly.

Chart 6. Tourism Indicators, FY 2026 to Date (Jul-25 to Apr-26) from One Year Earlier (Jul-24 to Apr-25)



Sources: Costar (hotels); NY Department of Labor (jobs); League of Broadway Theatres (Broadway); Intl. Trade Admin. (visitors)
 Note: *Tallies overseas (excluding Canada & Mexico) arrivals of non U.S. Citizens; NYC includes Newark & JFK Airports.
 March & April 2026 data are preliminary

Looking ahead, calendar year 2026 is expected to be a fairly strong year for tourism, though potential risks remain. [NYC Tourism + Conventions](#) projects that New York City will have received 66.3 million visitors — 53.4 million domestic and 12.9 million international — up 2 percent from 2025, with domestic visitors projected to surpass the 2019 level.

The city is gearing up for eight FIFA World Cup matches at MetLife Stadium; however, the decline in international travel into the U.S. and weaker than expected advance hotel bookings are raising concern. In New York City specifically, two-thirds of hotel respondents [surveyed](#) by the American Hotel & Lodging Association reported that World Cup bookings are underperforming, with June and July tracking normal summer demand. A majority of the hotel operators mentioned the diminished international component of World Cup tourism as a principal factor.

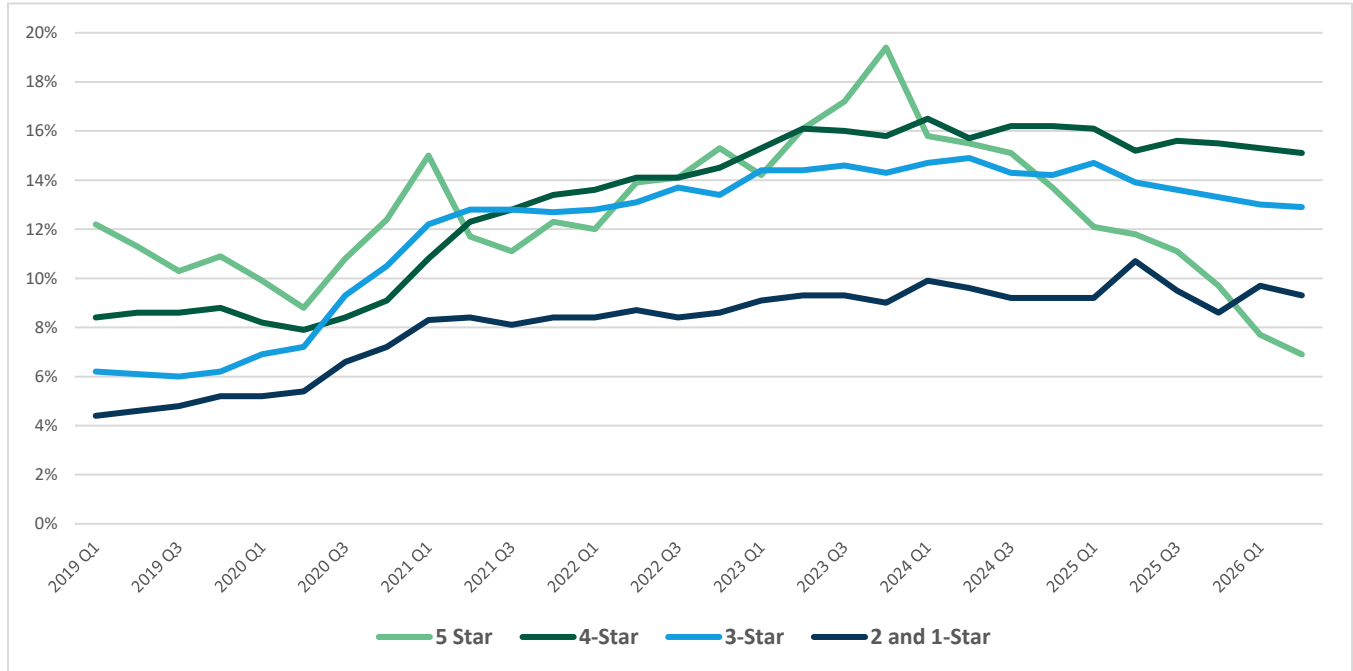
For the 250th anniversary of U.S. independence, international tourism would not be expected to play a major role. Nevertheless, while not specifically addressed in the survey, the reported normal levels of summer demand through June and July also suggest a limited impact from the 250th anniversary events. Incidentally, the second-to-last World Cup game scheduled locally, in the knockout round of 16, is on the same weekend as July 4th.

NYC Real Estate

A recent analysis of CoStar data for Manhattan south of 59th Street highlights a stark divergence in the office market, affirming "flight to quality" theories. Overall, office vacancy rates have been trending down, but the strongest performance has been concentrated among 5-Star buildings, the highest-quality properties, which account for about 10 percent of office inventory. As of early May, vacancy rates for this cohort have fallen to a new low of 6.9 percent, 3 percentage points below its pre-pandemic level.

In sharp contrast, the vacancy rates for non-5-Star assets remain quite elevated. As of early May 2026, CoStar figures show 4-Star vacancies at 15 percent, 3-Star at 13 percent, and the 1- and 2-Star cohort at just under 10 percent. Since 2020Q1, vacancy rates in the 3- and 4-Star segments are up by more than 6 percentage points, representing an additional 30 million square feet of vacant office space added to the mix. These mid-tier properties have endured persistently high vacancies since 2023Q2, likely cannibalized by new 5-Star inventory and disproportionately impacted by new and enduring remote work norms among smaller tenants. This is despite office-to-residential conversions, which have removed some of the excess supply from the market. Ultimately, while New York City's trophy segment is moving in the right direction, the broader data indicate that much of Manhattan's central business district (CBD), continues to face significant structural challenges.

Chart 7. Office Vacancy Rates in Manhattan CBD, by CoStar Star Rating, Includes Office Buildings in Manhattan South of 59th Street



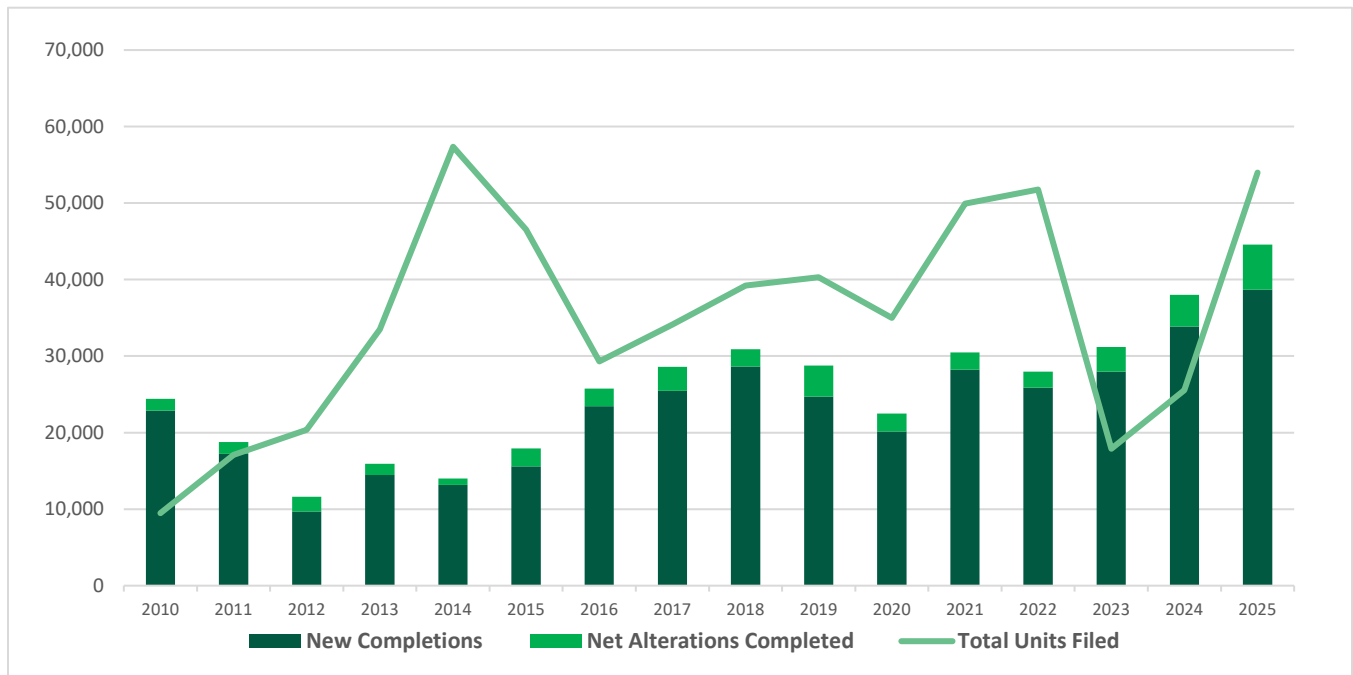
Source: CoStar

The widespread underutilization of less-desirable office properties in the Manhattan CBD creates potential opportunity for more widespread commercial-to-residential conversions. A lack of housing supply relative to demand is the most critical housing issue that New York City faces. As remote work trends have caused office vacancy rates to rise sharply, commercial-to-residential conversions have reached all-time highs with approximately 10,000 units added in Manhattan through building alterations in 2025 alone. In contrast to the weak set of incentives currently available for new housing construction, the City has enacted a temporary but robust property tax incentive via the 467-m program to spur commercial to residential conversions. The result has been a badly needed injection of new housing units in Manhattan via conversions in the post-pandemic era supplementing new construction.

Over and beyond the conversions, last year also saw the strongest level of new housing completions in many years, as shown in Chart 8. New permit filings have also been strong, though they may have been constrained by a feature of the current tax incentive program, which was followed by a curious proliferation of buildings comprised of exactly 99 units.⁴

⁴ According to the Real Estate Board of New York, permits were filed for some 28 such buildings in the past year alone, a total of 2,772 units, surpassing the total number of 99-unit buildings from the prior 16 years combined. More onerous labor requirements kick in when a building crosses the 100-unit threshold, producing a perverse outcome in which the incentive designed to encourage housing production is instead seemingly limiting its scale and slowing its pace.

Chart 8. NYC Housing Units Filed and Units Completed



Source: NYC Department of Buildings

Note: Includes both New Units & Net Alterations

Later this month, the New York City Rent Guidelines Board will vote to impose an annual rent increase of 0 to 2 percent on rent stabilized apartments citywide. At just under one million housing units, rent stabilized apartments comprise more than a quarter of New York City’s overall housing stock. Proponents of a rent freeze will note that more than 50 percent of the city’s renter households are rent burdened while some 29 percent of these households are severely rent burdened, according to a measurement by the NYC Rent Guidelines Board using American Community Survey data. On the other hand, the total cost of operating and maintaining rent stabilized buildings grew by more than 5 percent last year and 31 percent over the last five years combined, also according to the Rent Guidelines Board, while net operating incomes for fully rent stabilized buildings grew by just 2.4 percent in the last year vs. a 4.7 percent increase in the local consumer price index for rent during the same period. Most recently, the Mayor [announced](#) his intention to expand the number of exemptions granted by the City to allow distressed landlords to raise rents on vacant apartments. The final Rent Guidelines Board vote will take place on June 25th.

Risks to the Economic Forecast

Current global, national, and local economic and political conditions suggest elevated levels of significant downside risk to the economic outlook for New York City. The point-estimate projections in this report represent a judgment of the midpoint among likely outcomes. There are

risks and unknowns that could lead to substantially different outcomes to either side of these forecasts—as always, but perhaps right now more than usually.

As highlighted in a [recent report](#) from this Office, there are risks of adverse near-term outcomes that may result from the current AI boom (more information below) . On one end of the spectrum is the risk that AI investment and adoption proceed so fast as to replace many jobs and cause widespread dislocation in the labor market. At the other end is the risk that the AI boom fizzles out, causing a downturn in the financial markets and reductions in wealth and profits, along with layoffs in its key industries—similar to the dotcom boom-and-bust around the turn of the 21st century.

The still ongoing war in Iran and the closure of the Strait of Hormuz present another significant risk to the economic forecast. Embedded in these estimates is an expectation that the current oil-price shock will be very short-lived, and that a delayed deceleration in inflation and decline in short-term interest rates will commence in 2027. But the daily stream of news on this conflict thus far suggests significant uncertainty around such a prediction. Oil prices could remain elevated for a longer time, with a strong possibility that this inflationary shock spreads to faster price growth in many other goods that depend on energy. Food may be particularly vulnerable to cost growth in this case, both because of its sensitivity to transportation costs and because the Persian Gulf has been a crucial supply source of fertilizer.

A combination of elevated inflation—driven by this year’s surge in energy prices and indirect effects on transportation costs for other goods—with high and rising government debt levels could generate strong upward pressure on long-term interest rates. Rising long-term rates are not always a sign of trouble, they also tend to go up when the economy is growing strongly. But in this scenario, higher long-term rates would likely weigh on the stock market, slow the local and national economies, and raise financing costs for the City.

Today, with U.S. inflation just under 4 percent and the debt-GDP ratio around 120 percent, the interest rate on the 10-year bond has been hovering around 4.5 percent. While this Office’s forecast has that rate drifting down gradually, there is historical precedent for it to be considerably higher. Around the turn of the century, under a far more favorable climate for low interest rates—inflation was 2.7 percent and the debt-GDP ratio was 58 percent and falling—the interest rate on the 10-year bond was just over 6 percent. And, more broadly, over the three decades leading up to the COVID-19 pandemic (1990-2019), the real long-term interest rate (10 year bond rate minus 12-month inflation) has averaged just over 2 percentage points. Even with inflation slowing to 3.0 percent next year (this Office’s baseline forecast), that would imply a 10-year note rate of 5.0 percent.

AI and New York City's Fiscal Future

Last month, the Comptroller's Office released [AI and New York City's Fiscal Future](#), a report on the potential impact of AI across five plausible "planning" forecast scenarios. The report is the opening installment in this Office's long-term effort to help New York City understand, prepare for, and shape the economic and fiscal effects of artificial intelligence.

The central recommendation in the report is fiscal: the City should adopt the rainy day fund target of 16 percent (with a 10 percent lower bound) of tax revenues, as well as a policy to regulate deposits into and withdrawals from the fund. This would give the City enough cushion to navigate the more disruptive AI scenarios without service cuts or layoffs. The full set of specific recommendations can be found in [Strengthening the City's Rainy Day Fund](#). The AI report adds potential AI-related economic disruptions to the conditions that may justify withdrawals.

The U.S. Scenarios

Four of the five U.S. scenarios were published by Moody's Analytics in February.⁵ The report adds a fifth scenario that is meant to capture more adverse negative impacts on white-collar jobs. The assumptions on the national economy are then translated into New York City's economic and fiscal impacts. The scenarios and their assigned probabilities are as follows:

1. **AI-Empowered Economy** (baseline, 35 percent probability). Assumes that AI both replaces some jobs and enhances others at a gradual rate, boosting productivity growth modestly with little disruptive effect on the economy or employment.
2. **AI Falls Flat** (25 percent probability). Assumes that AI investment is soon deemed excessive—that AI adoption rates, productivity gains, and profitability fall short of expectations, and a market selloff follows.
3. **Job Replacement** (20 percent probability). Assumes faster-than-expected AI adoption, leading to rapid productivity growth, widespread replacement of jobs, and an increase in unemployment.
4. **Productivity Boon** (15 percent probability). The most optimistic of the five, assumes productivity growth doesn't displace job growth but rather complements it.

⁵ Zandi M., deRitis C., DiNatale M., DeAntonio D., Colyar M., Whitcher S., Begley J., Hysa I., Semmens G. (2026) [The Macroeconomic Consequences of AI](#), Moody's Analytics, February. In the original Moody's Analytics publication, the "Job Replacement" scenario in this Office's report is called "Job Upheaval."

5. **AI Shockwave** (5 percent probability). Combines a rapid AI capability path with labor markets that fail to absorb the resulting displacement smoothly. Capabilities advance fast but routine cognitive work in finance, law, customer service, and administrative support is replaced faster than displaced workers can be reabsorbed.

Three of the five scenarios — AI Falls Flat, Job Replacement, and AI Shockwave — involve negative outcomes for employment, growth, or revenue. They collectively account for 50 percent of projected outcomes.

The NYC Outcomes

Table F-1 summarizes outcomes for the New York City’s economy and tax revenues. Job gains are averages of the 2025Q4–2030Q4 change; wage and tax revenue growth are reported as compound annual growth rates over 2025–2030 and FY26–FY30, respectively; the Wall Street profits are averaged from 2026 to 2030. Office-using jobs are jobs in Finance and Insurance, Real Estate, Professional and Business Services, and Information sectors.

There are a few takeaways from the comparison of the scenarios shown in Table F-1 (a more detailed discussion can be found in AI and New York City’s Fiscal Future):

1. There is limited job growth upside. Even in the productivity boon scenario, the most optimistic of the five, average private sector job gains are 5,600 higher than in the baseline. On the other hand, the Job Replacement and AI Shockwave scenarios signal a substantial weakening or a near-complete stalling of job creation, respectively. In the Shockwave scenario, office-using jobs suffer disproportionately from the diffusion of AI. The AI Falls Flat scenario resembles a recession where temporary job losses are offset during the recovery period and annual average annual gains end up close to the baseline.
2. In all scenarios except AI Shockwave, wage income growth rates are within historical standards. The picture for Wall Street profits is more nuanced: the sharp stock market drop in the AI Falls Flat scenario has the strongest negative effect. In Job Replacement and Productivity Boon, AI boosts productivity and profits as long as negative job market impacts remain relatively contained. In AI Shockwave, the dislocation in labor markets determines a drop in demand that leads to lower aggregate asset prices and Wall Street profits.
3. The major economically sensitive City tax revenues (personal and business income, sales, and real property transaction taxes) are projected to grow at a moderate annual rate of 3.1 percent in the baseline scenario. The Productivity Boon and Job Replacement scenarios are mirror images of each other, with annual average growth rates above and below baseline by 1.2 percentage points, respectively. The Falls Flat scenario indicates a

near-complete return to baseline by FY 2030. The AI Shockwave indicates a more structural impact on tax revenue growth.

Table F-1. NYC Forecasts Across Scenarios

NYC outcome	AI-Empowered Economy (Baseline) (35% Prob.)	AI Falls Flat (25% Prob.)	Job Replacement (20% Prob.)	Productivity Boon (15% Prob.)	AI Shockwave (5% Prob.)
Avg annual private-sector job gains (Q4/Q4, Thousands)	52.1	51.1	33.4	57.7	2.7
Avg annual office-using job gains (Q4/Q4, Thousands)	21.1	18.6	15.0	21.1	(7.9)
Wage income — CAGR ⁺ 2025–2030 (%)	4.1%	3.7%	3.6%	4.8%	2.6%
Avg annual Wall Street profits (\$ billions)	\$51.8	\$41.4	\$54.6	\$66.1	\$46.6
City tax revenues* — CAGR ⁺ FY26–FY30 (%)	3.1%	2.9%	1.9%	4.2%	0.6%

Source: Office of the New York City Comptroller

Note: +Compound Annual Growth Rate. *Includes taxes on personal income, business income, sales, and real estate transactions.

Table F-2 reports how each scenario differs from the AI-Empowered baseline with respect to payroll jobs and tax revenues. Job gaps from the baseline are the widest in 2027Q3 in the Falls Flat scenario (-135,000), 2029Q1 in the Shockwave scenario (- 259,000), and 2029Q4 in the Job Replacement scenario (-101,000). The difference in timing and depth is driven by the structural nature of the job market impacts in the two latter scenarios. The Productivity Boon scenario shows a small increase relative to baseline of 28,000 at the end of the forecast horizon. Office-using jobs follow similar patterns, except in the Productivity Boon where they show a relatively small gap toward the end of 2028 before recovering.

Between FY 2027 and FY 2030, the AI Falls Flat scenario signals an \$8.8 billion gap in tax revenues relative to the AI-Empowered Baseline. Revenue gaps in Job Replacement and AI Shockwave are \$5.5 billion and \$14.4 billion, respectively. The tax upside in the Productivity Boon scenario is \$8.0 billion.

Table F-2. NYC Differences from AI-Empowered Baseline

Difference from Baseline	AI Falls Flat	Job Replacement	Productivity Boon	AI Shockwave
Peak private-sector job difference (timing)	-135K (2027Q3)	-101K (2029Q4)	+28K (2030Q4)	-259K (2029Q1)
Peak office-using jobs difference (timing)	-42K (2027Q4)	-31K (2030Q4)	-14K (2028Q4)	-146K (2029Q4)
Cumulative tax revenues*, FY27-FY30	-\$8.8B	-\$5.5B	+\$8.0B	-\$14.4B

Source: Office of the New York City Comptroller

Note: *Includes taxes on personal income, business income, sales, and real estate transactions.

The May 2026 baseline used in this budget report uses updated economic data and new projections, but it doesn't differ appreciably from the AI-Empowered Economy scenario. As shown in Table F-3, the main difference is higher average private sector job growth. About 80 percent of the difference from the AI-Empowered Economy scenario is due to job creation in the Education and Health Care industry, which has recently been affected by unusual levels of volatility (see this Center for NYC Affairs analysis). The strength in the stock market and bank profits is carried forward and reflected in somewhat higher average Wall Street profits.

Table F-3. AI-Empowered Baseline vs. the May 2026 Baseline

NYC outcome	AI-Empowered Economy Scenario	AI Scenarios Weighted Average	AI Scenarios Range	May 2026 Baseline
Avg annual private-sector job gains (Q4/Q4, Thousands)	52.1	46.5	2.7 - 57.7	61.4
Avg annual office-using job gains (Q4/Q4, Thousands)	21.1	17.8	-7.9 - 21.1	22.7
Wage income — CAGR* 2025-2030 (%)	4.1%	4.0%	2.6% - 4.8%	4.3%
Avg annual Wall Street profits (\$ billions)	\$51.8	51.7	\$41.4 - \$66.1	\$54.5
City tax revenues* — CAGR* FY26-FY30 (%)	3.1%	2.8%	0.6% - 4.3%	3.0%

Source: Office of the New York City Comptroller. +Compound Annual Growth Rate

Note: *Includes taxes on personal income, business income, sales, and real estate transactions.

III. The FY 2027 Executive Budget & May Financial Plan, 2026 – 2030

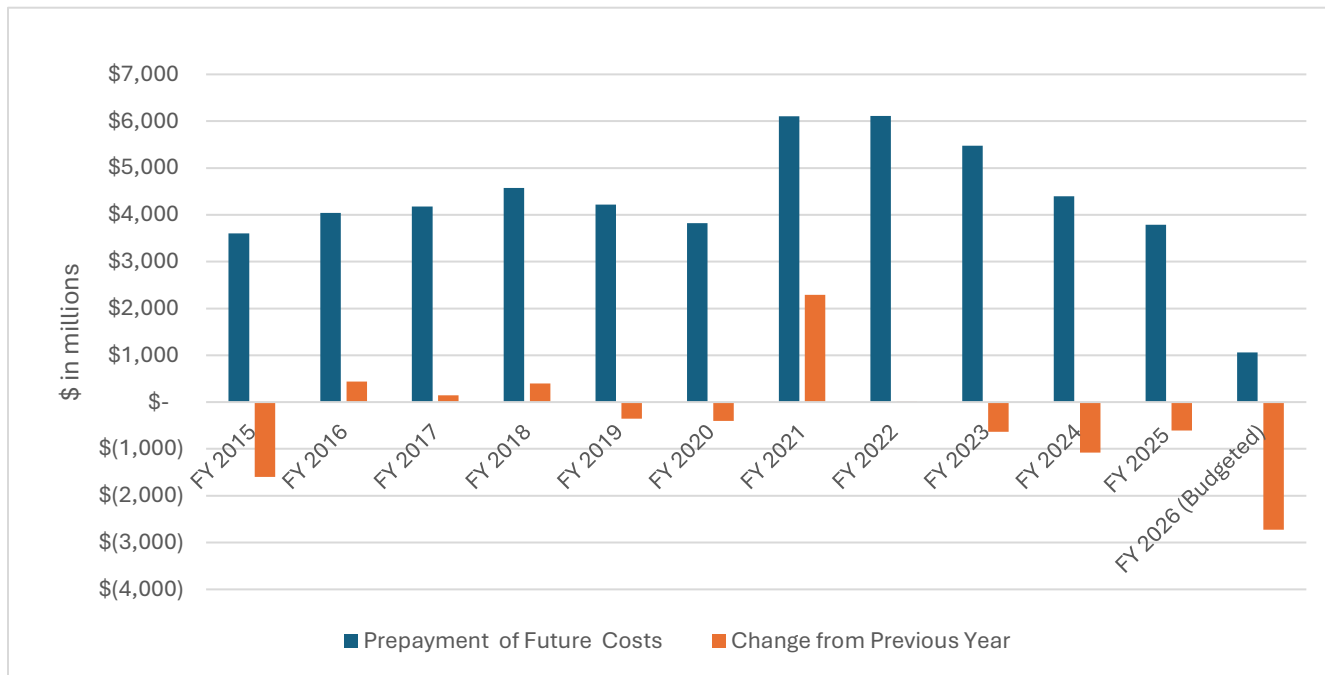
The FY 2027 Executive Budget and May Financial Plan for FY 2026-FY 2030 reverses several problematic assumptions included in the Mamdani administration’s February Financial Plan. These include eliminating the proposed and highly inequitable property tax increase (previously projected by the administration to raise \$3.70 billion in FY 2027 with similar amounts in the outyears) and avoiding \$1.21 billion in previously budgeted withdrawals from the City’s long-term reserves over this fiscal year and next.

Instead of these actions, OMB relies on \$2.77 billion in one-time measures and \$2.30 billion in short-term pension savings over the next two years to fill FY 2026 and FY 2027 budget gaps. These actions fail to address the deeper structural imbalance that City expenditures outpace revenues. Included in the \$2.77 billion in one-time measures used over the two years are:

- \$1.61 billion in prior payable write-downs, which lowers expenses based on revisions made to past years’ spending estimates. The majority of this is a \$1.21 billion adjustment in FY 2026 to funds set-aside in FY 2023 to pay for collective bargaining increases.
- \$508 million in deferred costs due to a delay of the class size reduction mandate.
- \$455 million from the re-instatement in FY 2026 and FY 2027 of debt service reimbursements from NYC Health + Hospitals (H+H) to the City. The amount equals H+H’s expected savings from pension re-amortization through FY 2030.
- \$200 million from a one-year reduction of the City’s bus subsidies to the Metropolitan Transportation Authority (MTA).

These are in addition to \$500 million in one-time, unrestricted State aid included for FY 2026 only in the February Plan and \$500 million additional prior payable write-downs already carried over from the February Plan. Even with these one-time measures and short-term pension savings, the operating surplus, which is used to prepay next year’s expenses, drops from \$3.79 billion in FY 2025 to \$1.06 billion in FY 2026 — a \$2.72 billion or 72 percent decline year-over-year and the largest of what will be four consecutive years of decline in the operating surplus as shown in Chart 9.

Chart 9. Prepayment of Future Costs, FY 2015 through FY 2026



Source: Mayor's Office of Management and Budget, Office of the New York City Comptroller

In addition to the short-term actions, the May Plan includes \$500 million in increased revenue beginning in FY 2027 from the high value property surcharge (also known as the pied-à-terre tax) included in the Enacted State Budget and an average of \$71 million in increased revenue annually beginning in FY 2027 from reducing a credit in the Unincorporated Business Tax (UBT) that high-income taxpayers can claim against their Personal Income Taxes, which requires action by the City Council. The Plan also includes increased recurring State restricted and unrestricted aid of \$323 million beginning in FY 2027. The unrestricted State aid (totaling \$161 million annually) was expected to come from a proposed tax on all cash purchases of over \$1 million. This proposal, however, was not included in the Enacted State Budget.

The May Plan also contains details for most but not all the unspecified savings targets included in the February Plan—a total of \$239 million in savings remain unspecified in FY 2026 with an average of \$131 million still unspecified annually in FY 2028 through FY 2030. In addition, new savings targets were included in the May Plan to contain spending on some of the City's rapidly growing cost areas: CityFHEPS rental assistance, homeless shelter costs, and special education due process cases. If achieved as planned, savings in these three areas are budgeted to total \$668 million in FY 2027, \$407 million in FY 2028, \$435 million in FY 2029, and \$458 million in FY 2030. Little detail has been provided, however, on how these cost containment initiatives will be implemented. These—and all savings proposals—will require close monitoring and transparency from the administration to evaluate their success.

Summary of Changes Since the February Plan

Compared to the February Plan, the Mamdani administration increased its all-funds revenue projections by \$2.02 billion (1.7 percent) for FY 2026. Half of the increase (\$1.0 billion) comes from the recognition of additional expected Federal aid (the majority for child care vouchers, see the Child Care section for details), followed by a \$504 million increase in projected City funds (largely miscellaneous revenues), \$301 million in greater State aid, and \$211 more in other categorical grants.

In all other years, projected revenues declined compared to the February Plan: by \$2.30 billion in FY 2027 (1.8 percent), \$2.61 billion in FY 2028 (2.0 percent), \$2.72 billion in FY 2029 (2.0 percent), and \$2.85 billion in FY 2030 (2.1 percent). This is primarily due to the reversal of the planned property tax increase, offset somewhat by \$500 million annually in new tax revenues from the pied-a-terre tax and about \$71 million annually from the reduced UBT credit, as well as increased estimates of miscellaneous revenues and State aid. See the Revenue Analysis section for more details.

On the spending side, OMB decreased City-funded expenditures by a total of \$541 million in FY 2026 and by \$1.82 billion in FY 2027, as shown in Table 6. These net changes are the result of increases in agency spending and the reversal of previously planned reserve withdrawals that are fully offset by prior payable adjustments, lower pension costs due to re-amortization, cost-containment initiatives, and other savings.⁶

Table 6. Changes to FY 2026 and FY 2027 City Fund Estimates from February Plan

(\$ in millions)	FY 2026	FY 2027
Gap to be Closed – February Plan	\$0	\$0
Revenues		
Tax Revenues	\$75	(\$3,132)
Updated Tax Forecast	(25)	(50)
Property Tax Increase Reversal	0	(3,700)
Property Surcharge	0	500
Unincorporated Business Tax	0	68
Tax Audit	100	50
Non-Tax Revenues	256	166
Unrestricted Aid	117	161

⁶ The \$1.21 billion in long-term reserve withdrawals included in the February Plan were previously planned to be repaid in FY 2028. This repayment is also reversed in the May Plan.

(\$ in millions)	FY 2026	FY 2027
Total Revenue Changes	\$448	(\$2,805)
Expenditures		
Agency Expenditures	\$1,268	\$2,052
Pension Re-Amortization	(652)	(1,644)
Other Pension Changes	5	(240)
Citywide Fringe Savings	(200)	(315)
Cost Containment - Shelter	0	(284)
Cost Containment - CityFHEPS	0	(235)
Cost Containment -Due Process Cases	0	(149)
H+H Reimbursement for City Debt Service	(205)	(250)
State Budget – Class Size Mandate Delay	0	(508)
State Budget - Pension Enhancement Costs	0	110
State Budget Impact - Other	(101)	(162)
MTA Bus Subsidy	0	(200)
Debt Service	(213)	16
General Reserve	(50)	0
Retiree Health Benefits Trust Reversal*	816	393
Prior Year Payable and Receivable Adjustment	(1,209)	(400)
Total Expenditure Changes	(\$541)	(\$1,816)
Surplus / (Gap) To Be Closed Before Prepayments	\$989	(\$989)
FY 2026 Prepayment of FY 2027 Debt Service	(\$989)	\$989
Gap to be Closed – May Plan	\$0	\$0

Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

Note: *The Rainy Day Fund withdrawal was reversed in addition with the Retiree Health Benefit Trust withdrawal in a budget modification after the Preliminary Budget. The long-term reserve withdrawals were previously planned to be repaid in FY 2028, as such that repayment is also reversed in the May Plan.

Agency expenditures increased by \$1.27 billion in FY 2026 and \$2.05 billion in FY 2027. Included in these totals are several initiatives at the Department of Education (DOE) including the addition of \$349 million in FY 2026 in hold harmless adjustments to keep funding steady in schools with declining enrollment, as well as \$269 million in FY 2027 and out to eliminate education-related fiscal cliffs. These include funding for DOE information technology needs, the Learning to Work program, and Individualized Education Services Plan (IESP) support. (See the Education and Child Care section for additional details on these and other changes.)

The May Plan also made changes to the Right to Counsel (RTC) budget, which provides tenants facing eviction in housing court access to legal representation and advice. The May Plan reduces the City funds budgeted in FY 2026 by \$10 million (Federal funds for the program are reduced by \$3.8 million, but City funds are increased in FY 2027 by \$29.6 million (+\$4.3 million in Federal funds). This brings the RTC budget to \$162 million in FY 2026, \$194 million in FY 2027, and \$219 million in FY 2028 and out. Other spending increases include \$25 million in FY 2027 and out

for the Fair Fares program that provides reduced public transit rides, bringing next year and the outyears in line with FY 2026 projected costs. Another \$23 million was added annually for additional library subsidies, bringing the budgeted amounts to \$527 million, much closer to the \$531 million currently budgeted for FY 2026.

In addition, there were several additions of City funding for costs that had been budgeted to be paid with Federal revenues. This includes \$97.5 million annually for foster care contract costs and \$92 million annually for Emergency Medical Services at the New York City Fire Department (FDNY).

To pay for these and other increases, the Mamdani administration included a restructuring of City pension costs resulting in one-time savings, other one-time adjustments, as well as several new savings initiatives in the May Plan.

As explained in the Pensions section of this report, re-amortizing the City's pension obligations results in lower pension costs over the next five years, with City savings totaling \$652 million in FY 2026 and \$1.64 billion in FY 2027. The re-amortization also results in Pension savings for other entities that operate outside the City budget, including H+H. The City is capturing some of these savings by reinstating H+H debt services payments to the City in the exact amount of the public hospital system's five-year pension re-amortization cost benefit, but over the next two years (\$455 million over FY 2026 and FY 2027). This means that H+H will be required to pay the City before it recognizes all its pension savings.

As previously mentioned, the one-time adjustments also include a write down of \$1.21 billion in prior year's expenses and receivables in FY 2026 (in addition to \$500 million in savings budgeted in February) and a \$400 million write down in FY 2027. These accounting adjustments allow for the City to realize savings (or additional costs) in the current year for over-estimates (or under-estimates) of prior year costs offset by over (or under)-estimates of revenues. Typically, these adjustments are made after the fiscal year closes in July. The City typically reflects a \$400 million net savings during the current fiscal year. Thus, these adjustments are unusual in several ways. First, the amount included for FY 2026 is now estimated at \$1.71 billion, including the \$500 million reflected for FY 2026 in the February Plan. This is a record high amount compared to prior years, dwarfing even last year when the net write-down of receivables and payables totaled \$1.62 billion. (In the 10 years prior to FY 2025, the net write-down averaged \$277 million.) The main reason for the savings budgeted for FY 2026 is \$1.21 billion in a prior payable adjustment to reduce funds previously reserved for collective bargaining costs in FY 2023. (See The Adjustments of Prior-Year Accrued Revenues and Expenses section for details). It is also unusual that the City reflects adjustments in prior year expenses and receivables in a future year (i.e. FY 2027).

Additional one-time savings come from items that had been anticipated by OMB to be included in the State budget – such as a more gradual path to full-implementation of the State's mandate to reduce City class sizes, which results in \$508 million savings in FY 2027, and a \$200 million

City/State funding swap in FY 2027 for MTA related costs. The legislation to slow the implementation of the class size mandate was introduced separately from the State budget. The reduction in the City’s bus subsidy to the MTA does not appear to have been included in the State budget.

The May Plan also provides details on most of the previously unspecified savings targets included in the February Plan, as well as introduces three new “cost containment” measures. These include reductions in planned spending on CityFHEPS rental assistance, homeless shelter costs, and special education due process cases. If achieved as planned, savings in these three areas together are budgeted to total \$668 million in FY 2027, \$407 million in FY 2028, \$435 million in FY 2029, and \$458 million in FY 2030.

The City increased its prepayment of FY 2027 debt service costs in FY 2026 in the May Plan, for a total of \$1.06 billion currently planned to prepay FY 2027 expenses.

In the outyears, OMB’s projections of budget gaps have increased since the February Plan, largely due to the planned roll back of the proposed property tax increase, to \$7.07 billion in FY 2028 (+\$411 million), \$9.08 billion in FY 2029 (+\$2.3 billion), and \$9.75 billion in FY 2030 (+\$2.60 billion).

Comptroller’s Office’s Restated Gaps and Surpluses

The Comptroller’s Office restates the City’s gaps based on its own estimates of City-funded revenues and expenditures. As detailed in the following section, for FY 2026, this Office estimates higher City-funded revenues than OMB, which are slightly offset by higher expenditure projections. This results in a small projected surplus of \$222 million.

In FY 2027 and FY 2028, however, this Office projects lower revenues than OMB and higher expenditures. Taken together, the Comptroller’s Office estimates gaps of \$1.65 billion in FY 2027 and \$8.76 billion in FY 2028 (+\$1.68 billion compared to OMB in FY 2028). In FY 2029 this Office projects higher revenue than OMB that is more than offset by higher expenditure estimates, resulting in a \$9.49 billion gap (+\$409 million compared to OMB). Conversely, in FY 2030, this Office’s higher revenue estimates fully offset its higher expenditures estimates, resulting in lower gap estimates than OMB of \$9.13 billion in FY 2030 (-\$625 million compared to OMB).

These estimates, however, assume the success of several revenue and savings actions that are either outside the administration’s control or lack sufficient detail to be fully evaluated as achievable. If any of these actions are not realized as planned, gaps could increase substantially.

In the first group—actions outside the Mayor’s control—are the proposed pension re-amortization savings, a proposed reduction in MTA bus subsidies, and the proposed reduction of UBT credit that were included in the May Plan. While the State FY 2027 Enacted Budget included the pension amortization changes, the boards of each of the City’s pension systems must vote to approve

them; this is likely but not guaranteed. As of writing, only the New York City Board of Education Retirement System (BERS) Board of Trustees has approved. If not approved by the three remaining systems assumed in the financial plan, this Office’s gap estimates would increase by \$836 million in FY 2026, \$1.82 billion in FY 2027, \$1.63 billion in FY 2028, \$1.49 billion in FY 2029, and \$1.61 billion in FY 2030. This includes both the City’s direct pension savings and the pension savings it seeks to capture from H+H by reinstating debt service payments in the exact amount of the hospital systems pensions savings.

The May Plan also included a one-time \$200 million reduction in the City bus subsidies to the MTA for FY 2027. This change was not included in the Enacted State Budget and must be made in the MTA financial plan and approved by the MTA Board. Similarly—although with a smaller impact—the City Council must approve the UBT tax credit changes. If this does not occur, gaps would increase by an average of about \$71 million annually from FY 2027 forward.

In the second group—where sufficient details for full evaluation are lacking—are several largely unsubstantiated savings initiatives. The Mamdani administration has still not provided any details on \$239 million in citywide savings planned for FY 2026, \$179 million in FY 2028, \$124 million in FY 2029, and \$89 million in FY 2030. The administration has also provided very few details on plans to achieve its cost-containment initiatives for CityFHEPS, shelter costs, and due process cases. Until detailed plans are released and/or there is evidence of savings, these initiatives pose risks to the financial plan. In total, risks from cost-containment initiatives and unallocated savings could increase gaps by \$239 million in FY 2026, \$668 million in FY 2027, \$586 million in FY 2028, \$559 million in FY 2029, and \$547 million in FY 2030.

Table 7. Comptroller’s Office Restated Gaps and Surpluses

\$ in millions, positive numbers decrease the gap and negative numbers increase the gap

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
City Stated Gap	\$0	\$0	(\$7,073)	(\$9,077)	(\$9,752)
Revenues Differences					
Tax Revenues:	327	(555)	(291)	1,161	2,293
Property Tax	(40)	(207)	224	455	705
Personal Income Tax/PTET	43	27	(339)	156	696
Business Income Taxes	164	(416)	(152)	461	515
Sales Tax	48	(13)	(53)	(7)	139
Real Estate-Transaction Taxes	49	39	(53)	(7)	122
All Other Taxes and Audits	63	15	81	104	116
Non-Tax Revenue Differences	36	14	19	29	20
Unrestricted State Revenue	0	(161)	(161)	(161)	(161)
Subtotal Revenues	\$363	(\$702)	(\$433)	\$1,029	\$2,152
Expenditures:					

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Remaining Underbudgeting:	(279)	(748)	(646)	(602)	(612)
Overtime	(135)	(562)	(450)	(430)	(430)
Contributions to MTA	(144)	(86)	(96)	(72)	(82)
DOE Custodial Costs	0	(100)	(100)	(100)	(100)
Temporary and Professional Services	185	(55)	(90)	(90)	(95)
Early Childhood Education - 2K	0	0	0	(425)	(425)
Child Care Vouchers	0	(128)	(476)	(506)	(506)
Asylum Seekers Expenses	(88)	139	(238)	(31)	117
Federal SNAP Administration Funding Cut	0	(75)	(100)	(100)	(100)
Pension Reforms and Benefit Enhancements	0	(60)	(73)	(84)	(98)
Full-Time Salary Accrual and Fringe Savings	675	0	0	0	0
Unsalaries and Other Additional Wage Costs	(635)	0	0	0	0
Prior Year Payable Adjustment	0	0	400	400	400
Class Size	0	(25)	(27)	0	(208)
Subtotal Expenditures	(\$142)	(\$952)	(\$1,250)	(\$1,438)	(\$1,527)
Total Comptroller Re-estimates	\$222	(1,654)	(1,683)	(409)	625
Restated (Gap)/Surplus	\$222	(\$1,654)	(\$8,756)	(\$9,486)	(\$9,127)
Risk if Pension Re-Amortization is Not Approved*	(836)	(1,816)	(1,630)	(1,489)	(1,609)
Risk for MTA Bus Subsidy	0	(200)	0	0	0
Risk if UBT Credit Not Approved by City Council	0	(68)	(69)	(71)	(74)
Risk for Unsubstantiated Savings	(239)	(668)	(586)	(559)	(547)
Restated Gap with Pension Re-Amortization, UBT, and Unsubstantiated Savings Risks	(\$853)	(\$4,407)	(\$11,041)	(\$11,605)	(\$11,357)

Source: Office of the New York City Comptroller

Note: *Excludes impact of re-amortization for the Board of Education Retirement System, which its Board of Trustees has approved.

Revenue Differences

The Comptroller’s Office’s estimates of City-funded revenues—which include tax revenues, miscellaneous revenues, and unrestricted aid—exceed OMB’s by \$363 million in FY 2026, but are lower in FY 2027 and FY 2028, by \$702 million and \$433 million respectively. In FY 2029 and FY 2030, this Office’s City-funded revenue projections exceed OMB’s again by \$1.03 billion and \$2.15 billion, respectively.

The primary driver of the differences in each year are estimates of tax revenues. In FY 2026 this Office’s total tax revenue projection is \$327 million above OMB’s, with the variance largely due to this Office’s slightly higher forecasted business income tax revenue. In FY 2027 and FY 2028 this Office’s total tax revenue projections are lower than OMB’s, before exceeding them again in FY 2029 and FY 2030. Much of the difference in each year from FY 2027 through FY 2029 is due to variations in projections of business income taxes. In FY 2030, this Office’s estimates of all major taxes exceed OMB’s. (See the Revenue Analysis section for more details.)

The Comptroller’s Office estimates slightly higher miscellaneous revenues in each year of the plan period, averaging about \$24 million more in revenue annually over the financial plan period. The Comptroller’s Office estimates lower unrestricted revenues than OMB, however, beginning in FY 2027 through FY 2029, by \$161 million annually. This is the result of the exclusion of a proposed tax on all cash transactions above \$1 million that was not included in the State’s Enacted Budget.

Expenditure Differences

This Office estimates net City-funded expenditure needs of \$142 million in FY 2026, \$952 million in FY 2027, \$1.25 billion in FY 2028, \$1.44 billion in FY 2029, and \$1.53 billion in FY 2030.

In each year of the financial plan this Office identified funding needs due to chronically underbudgeted costs. While the Mayor funded most of the City’s historically underbudgeted costs in the February Plan, the Comptroller’s Office estimates that additional funding is still required for overtime, contributions to the MTA, and school custodial costs in FY 2027 through FY 2030 (for FY 2026, overtime and contributions to the MTA only). The funding required for these remaining underbudgeted costs total \$279 million in FY 2026, \$748 million in FY 2027, \$646 million in FY 2028, \$602 million in FY 2029, and \$612 million in FY 2030.

Apart from chronically underbudgeted costs, this Office estimates that funding provided by the State (and first included in the February Plan) establishing a new universal 2-K program creates a fiscal cliff beginning in FY 2029 as funding has only been budgeted through FY 2028. This results in a \$425 million need to (minimally) maintain the program in FY 2029 and FY 2030, and larger if an expansion is to be implemented. City funding will also be necessary to sustain child care vouchers administered by the Administration for Children Services (ACS) (\$128 million in FY 2027, \$476 million in FY 2028, growing to \$506 million in FY 2029 and FY 2030).

The Office also estimates that \$208 million will be required in FY 2030 to implement the class size mandate, now that the State’s deadline for full implementation has been pushed to September 2029. Additionally, the United Federation of Teachers (UFT) has announced an agreement with the Mamdani administration to provide teachers whose classes remain above the new class size limits because of approved hard-to-staff and space exemptions with a differential of up to \$8,500 in 2026-2027 school year and \$9,500 in the 2027-2028 school year. This differential, if applied to the same classrooms which received exemptions in the 2025-2026 school year, could cost the DOE at least \$25 million in additional City funding in FY 2027 and \$27 million in FY 2028. (See the Education and Child Care section of this report for more details on these costs.)

As described in the Services to People Seeking Asylum section of this report, the Comptroller’s Office estimates additional City funding will be required for asylum seeker expenses in FY 2026, FY 2028, and FY 2029, while FY 2027 and FY 2030 are somewhat overbudgeted. In FY 2026, this

Office assumes the City will not receive \$88 million of Federal Emergency Management Agency (FEMA) Shelter and Services Aid owed to the City for current and prior year activities given the Trump administration's previous claw back of funds and initiation of further review of all grant expenditures. Based on this Office's current population projections, FY 2027 is overbudgeted by \$139 million but there are additional needs of \$238 million in FY 2028 and \$31 million in FY 2029. FY 2030 is overbudgeted by \$117 million.

Federal budget cuts by the Trump administration will also likely result in additional City fund spending not yet budgeted. The Federal budget reconciliation legislation passed last July made many changes to the administration and funding of the Supplemental Nutrition Assistance Program (SNAP). While the full City budget impact is not yet known because many of the changes flow through New York State, the State has already announced that a cut to Federal matching for SNAP administrative costs from 50 percent to 25 percent beginning in Federal FY 2027 will directly impact localities. Under the current match, the City receives about \$200 million in Federal funding for SNAP administration. The change goes into effect in Federal FY 2027, which begins three months into the City's FY 2027. The Comptroller's Office estimates the City will need to fund its own spending on program administration by approximately \$75 million in FY 2027, increasing to \$100 million in FY 2028, the first full City fiscal year with the cut.

Legislation included in the Enacted State Budget makes reforms to the City's pension systems, enhances pension benefits for certain uniformed employees and reforms the Tier 6 and Tier 3 retirement plans. While OMB included \$110 million as a placeholder for these costs, the legislation included in the Enacted State Budget is projected to cost more than these amounts annually, resulting in City fund needs of \$60 million in FY 2027 and growing to \$98 million in FY 2030.

As described in the Headcount section of this report, the Comptroller's Office estimates that lower than budgeted spending on full-time salaries and fringe costs for City employees will result in savings of \$675 million in City funds in FY 2026. However, nearly all of those savings (\$635 million) will be required to pay for underbudgeted wage costs including spending for unsalaried employees and for a variety of other wage costs such as per-session payments at the Department of Education, bonus payments, and wage differential payments, effectively eliminating most of the savings on full-time salaries and fringe.

Citywide Savings and Cost Containment

In late January, Mayor Mamdani announced Executive Order 12 mandating that City agencies assign Chief Savings Officers to identify potential savings initiatives across the City. This was in response to the City's projected budgetary gaps when he entered office. Soon after, the City reflected unallocated savings of \$710 million in FY 2026, \$1.06 billion in FY 2027, \$901 million in FY 2028, \$966 million in FY 2029, and \$1.02 billion in FY 2030 in its February Plan to reflect annual savings goals for agencies.

In the May Plan, much of this amount was allocated to specific agency savings initiatives: \$683 million in FY 2026, \$1.09 billion in FY 2027 (effectively matching the \$1.77 billion two-year target of the initial savings allocations), \$901 million in FY 2028, \$966 million in FY 2029, and \$1.02 billion in FY 2030. But, combined with the previous administration’s November 2025 Plan unallocated PS and OTPS savings of \$212 million for FY 2026, the City has still not provided details for a total of over \$600 million in savings initiatives included in the May Plan through FY 2030.⁷

The May Plan also reflects several new savings initiatives outside the savings targets included in the February Plan. These include new fringe savings of \$200 million in FY 2026 and \$315 million in FY 2027 and out. It also includes debt service savings in FY 2026, the result of less Transitional Finance Authority (TFA) bond issuance than anticipated, lower than projected interest rates on variable rate and fixed rate bonds, less lease debt, and more than projected earnings on bond proceeds. See the [Debt Service](#) section for more details.

In addition, the May Plan included several new savings targets to contain spending on CityFHEPS rental assistance, homeless shelter costs, and special education due process cases. If achieved as planned, savings in these three areas are budgeted to total \$668 million in FY 2027, \$407 million in FY 2028, \$435 million in FY 2029, and \$458 million in FY 2030.⁸

Table 8. All Savings Initiatives Reflected in the May Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total FY2026 - FY2030
Allocated Citywide Savings Program	(\$683)	(\$1,087)	(\$901)	(\$966)	(\$1,021)	(\$4,658)
Unallocated Citywide Savings Program	(239)	27	(179)	(124)	(89)	(604)
Citywide Fringe Savings	(200)	(315)	(315)	(315)	(315)	(1,460)
Debt Service	(213)	0	0	0	0	(213)
Cost Containment	0	(668)	(407)	(435)	(458)	(1,968)
DSS CityFHEPS	0	(235)	(235)	(235)	(235)	(940)
DHS Shelter	0	(284)	(23)	(51)	(74)	(432)
DOE Due Process Cases	0	(149)	(149)	(149)	(149)	(596)
Total	(\$1,335)	(\$2,043)	(\$1,802)	(\$1,840)	(\$1,883)	(\$8,903)

⁷ In FY 2026, the unallocated savings include \$212 million of the previous administration’s savings included in the November Plan and \$27 million unallocated from the Mamdani administration’s \$710 million savings target for that year.

⁸ The May Plan categorized several initiatives as “savings” not included here: the extension of the Class Size Mandate which pushes out budgeted expenditures in the Financial Plan, and the payment by H+H for “debt service” which rather reflects H+H’s share of the pension amortization savings. The Comptroller’s Office does not consider either of these initiatives savings or efficiency measures.

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: The May Plan categorized several initiatives as "savings" not included here: the extension of the Class Size Mandate which pushes out budgeted expenditures in the Financial Plan, and the payment by H+H for "debt service" which rather reflects H+H's share of the pension amortization savings. The Comptroller's Office does not consider either of these initiatives savings or efficiency measures. In FY 2026, the unallocated savings include \$212 million of the previous administration's savings included in the November Plan and \$27 million unallocated from the Mamdani administration's \$710 million savings target for that year.

As the [Comptroller's Office's Restated Gap and Surpluses](#) section notes, few implementation details have been released for the plan's cost containment initiatives and without significant policy changes, those targets may be difficult to achieve. They, therefore, pose potential risks to the expense budget, as do the unallocated savings. If these two groups of savings are not achieved, additional City funds of \$239 million in FY 2026, \$668 million in FY 2027, \$586 million in FY 2028, \$559 million in FY 2029, and \$547 million in FY 2030 will be necessary.

The administration must provide detailed plans on how it will achieve these savings. In addition, it must be transparent about progress on all savings initiatives. This includes re-establishing regular reporting to fiscal monitors, as was provided under previous administrations.

Citywide Savings Initiatives Assigned to Agencies in the May Plan

The administration allocated a total of \$4.66 billion of the previously unspecified Citywide Savings Plan over the financial period in the May Plan. It placed each initiative into one of three categories: efficiencies (72 percent of Plan savings), which the administration defines as active changes to agency practices to improve City finances without service impacts; revenue re-estimates (17 percent), initiatives where revenue expectations exceed prior projections; and expense re-estimates (12 percent), initiatives for situations where the City projects less than expected spending due to delays or lower than anticipated costs.

Table F-4. Allocated Citywide Savings Program (By Type)

Type of Saving	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Efficiency	(345)	(703)	(696)	(763)	(830)	(3,337)
Expense Re-estimate	(166)	(211)	(61)	(59)	(47)	(544)
Revenue Re-estimate	(172)	(173)	(144)	(144)	(144)	(777)
Total	(683)	(1,087)	(901)	(966)	(1,021)	(4,658)

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Just 13 out of over 270 approved Citywide Savings Plan initiatives make up roughly 50 percent of all projected savings (\$2.35 billion out of \$4.66 billion) over the life of the financial plan. Nearly half of these top initiatives are from the DOE. (Notably, the DOE makes up 27.9 percent of the Chief Savings Officer submitted initiatives for an agency that represents an average of 21 percent of the CTL budget). Another 31 percent are citywide fringe savings projections - \$400 million from auditing dependent care eligibility (the DEVA audit, see the Health Insurance section for more details) and \$327 million for fringe savings associated with vacancy reductions (all totals are over the financial plan period, see the Headcount section of this report). Other items include a reduction to the City's H+H subsidy (NYC H+H section), a correction in the Department of Youth and Community Development's estimate to cost of living projections, capitalizing police vehicles, and uniformed spending at the Department of Correction and the New York Police Department. Table F-5 includes a selection of the largest savings initiatives assigned to agencies in the May Plan.

Table F-5. Largest May Plan Allocated Savings Initiatives Over Financial Plan Period

(\$ in millions)	Initiatives	OMB Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Plan Total
Department of Education*	Procurement Reform, Improved Financial Controls, Central OTPS Reduction	Efficiency	(\$121)	(\$155)	(\$96)	(\$157)	(\$218)	(\$747)
Citywide Fringe	DEVA Savings	Efficiency		(100)	(100)	(100)	(100)	(400)
Citywide Fringe	Fringe Vacancy Reductions	Efficiency	(84)	(56)	(59)	(62)	(66)	(327)
Department of Education	Transportation Routes Efficiency	Efficiency		(28)	(56)	(56)	(56)	(196)
Department of Youth & Community Dev	Cost of Living Correction	Efficiency		(31)	(32)	(32)	(32)	(128)
All Other Initiatives			(479)	(716)	(558)	(559)	(549)	(2,860)
Citywide			(\$683)	(\$1,087)	(\$901)	(\$966)	(\$1,021)	(\$4,658)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: *This includes four efficiency initiatives that fall into the same broad category: Central OTPS Reduction, Improved Financial Controls (added as two separate items due to split in elementary/middle and high school), and Procurement Reform.

PS Savings, OTPS Savings, and Revenue Re-Estimates

The Comptroller’s Office further split efficiencies and expense estimates into PS and OTPS savings, shown in Table F-6. When split by spending category, \$2.17 billion reflects OTPS items (47 percent) and \$1.71 billion is composed of PS savings (37 percent).

Table F-6. May Citywide Savings Plan by Spending Category

(\$ in millions)	Type of Saving	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
PS	Efficiency	(\$155)	(\$331)	(\$343)	(\$346)	(\$350)	(\$1,526)
PS	Expense Re-estimate	(47)	(114)	(9)	(9)	(9)	(188)
PS Total		(\$202)	(\$445)	(\$352)	(\$355)	(\$359)	(\$1,714)
OTPS	Efficiency	(190)	(372)	(353)	(417)	(480)	(1,811)
OTPS	Expense Re-estimate	(119)	(97)	(52)	(50)	(38)	(356)
OTPS Total		(\$309)	(\$469)	(\$405)	(\$467)	(\$518)	(\$2,167)
Revenue Re-estimate	Revenue Re-estimate	(\$172)	(\$173)	(\$144)	(\$144)	(\$144)	(\$777)
Total		(\$684)	(\$1,087)	(\$901)	(\$966)	(\$1,021)	(\$4,658)

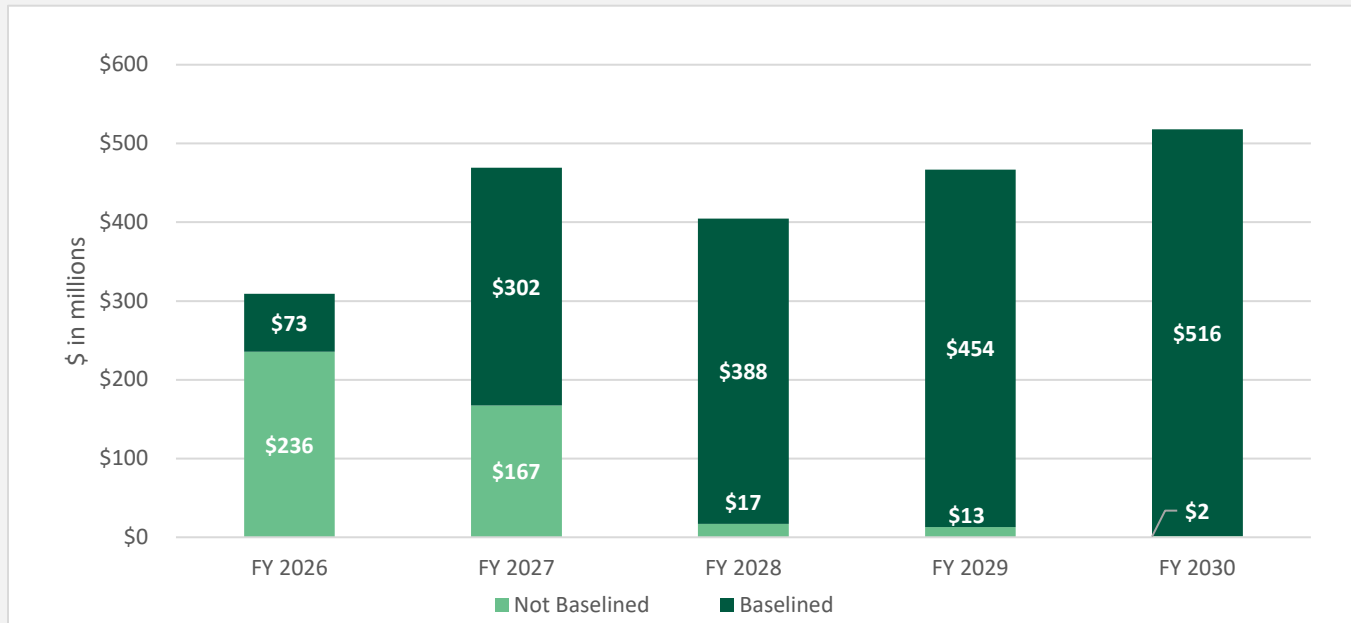
Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

PS savings include the previously mentioned DEVA audit and salary and fringe savings from vacancy reductions and accruals (see Headcount section).

The largest revenue re-estimates include increased EMS reimbursement rates for ambulance transport to cover actual costs (\$98 million cumulatively over the five years of the financial plan), a one-year recognition of prior year revenue at DOHMH (\$94 million), increased fees for the pickup and disposal of trees by the Parks Department (\$68 million over the five years), and additional expected fines revenue from an expansion of bus lane camera enforcement (\$60 million over four years beginning in FY 2027).

OTPS spending presents the most opportunity for savings because it reflects operational and contract changes that are often more flexible than headcount adjustments. The Comptroller’s Office analyzed planned OTPS savings to identify initiatives that are baselined in the Citywide Savings Plan. For this analysis, baselined items are those that appear in multiple fiscal years, continue through FY 2030, and maintain relatively stable annual savings targets. Overall, 80 percent (\$1.73 billion) of the \$2.17 billion in projected OTPS savings submitted by Chief Savings Officers and included in the May Plan are baselined, indicating that the City expects these savings to be structural and ongoing.

Chart F-1. OTPS Baseline Savings, by Fiscal Year



Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Revenue Analysis

The Comptroller's Office has updated its tax revenue forecast for FY 2026 through FY 2030 to incorporate year-to-date tax collection data through April 2026, as well as a revised May 2026 economic outlook as noted in the economic outlook section above. On net, the updated forecast points to a strengthening of the City's revenue position in the near term, with cumulative upward revisions of \$927 million in FY 2026 and \$1.1 billion in FY 2027, tapering to \$878 million in FY 2029 before narrowing further in FY 2030 compared to this Office's March forecast. The composition of these revisions is uneven across tax types, and the outyears of the plan are subject to meaningful risks from slowing wage and income growth, elevated inflation, and geopolitical uncertainty.

The most consequential economic revisions for City revenues are upward adjustments to forecasted business profitability, especially in the Wall Street securities industry, and the value of the stock market. Together these sustain higher capital gains realizations, securities industry salaries and bonus pool, and business earnings, all of which are critical inputs to the City's personal income and business income tax bases.

Actual tax collections through April 2026 have come in above the Comptroller's Office's March 2026 forecast across nearly all major tax categories, providing a strong observed foundation for the upward forecast revision. Total tax revenues excluding audit are running approximately \$1.08 billion ahead of the Comptroller's March 2026 forecast. Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) collections are running \$647 million ahead of the March 2026

forecast, consistent with stronger-than-anticipated securities industry compensation and elevated pass-through entity income. Real estate transaction taxes are \$45.5 million above the March 2026 forecast while business income taxes are \$448.1 million above the March 2026 forecast.

The Comptroller's Office has revised its baseline tax revenue projections upward across the financial plan period, as shown in Table 9. PIT and PTET represent the largest single driver of the upward revenue revision, contributing \$303 million in FY 2026 and \$567 million in FY 2027. Business income tax, sales tax, and real estate transaction tax (RPTT and MRT) projections have also been revised upward. The details behind each of these changes follows in the sections on each tax type.

Table 9. Tax Forecast Revision in May 2026 Vs. This Office's Previous Forecast in March 2026

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property	\$184	\$39	\$47	\$59	\$49
PIT/PTET	303	567	421	158	(115)
Business Income Taxes	234	225	411	316	274
Sales Taxes	73	123	222	216	(27)
Real Estate Transaction Taxes	21	171	172	113	75
Other	20	(26)	14	16	36
Audits	91	0	0	0	0
Total	\$927	\$1,099	\$1,287	\$878	\$292

Source: Office of the New York City Comptroller

Comparison with the Financial Plan Projections

The single largest change in the May Plan relative to February 2026 is the complete reversal of the proposed property tax rate increase. In the February Plan, the Mayor proposed raising the property tax rate from 12.28 percent to 13.45 percent starting in FY 2027, generating an estimated \$3.70 billion in FY 2027 and comparable amounts in subsequent years. The May Plan abandons this proposal entirely. As a result, Real Property Tax projections fall by \$3.15 billion in FY 2027, \$3.47 billion in FY 2028, \$3.52 billion in FY 2029, and \$3.54 billion in FY 2030, relative to the February Plan.

Offsetting a portion of this reduction is the introduction of a new high value property surcharge (a.k.a. the pied-à-terre tax) on non-resident-owned properties valued above \$5 million, which is expected by OMB to generate \$500 million annually beginning in FY 2027. In total, the net change in property-related revenues—combining the rate increase reversal and the pied-à-terre tax, is a reduction of roughly \$2.65 billion per year in FY 2027 and beyond.

The May Plan also revises PIT/PTET revenues up by \$150 million in FY 2026 to \$20.43 billion. In FY 2027, however, the forecast is revised down by \$553 million to \$20.74 billion. General

Corporation Tax (GCT) projections are revised down by \$352 million in FY 2026 to \$6.4 billion, but with no other revisions to their GCT projections through FY 2030.

The May Plan projects City-funded revenues of \$91.09 billion in FY 2026, rising to \$100.58 billion in FY 2030. ⁹ Relative to the February Plan, this represents substantial downward revisions amounting to \$2.88 billion in FY 2027, \$2.86 billion in FY 2028, \$2.96 billion in FY 2029 and \$3.07 billion in FY2030. The revisions mainly reflect unwinding of the proposed increase in the property tax rate discussed above.

The Mayor’s estimated revenue includes proposed tax changes that have since been passed as part of the State budget: the decoupling from the One Big Beautiful Budget Bill Act (OBBBA) business income tax provisions, the expansion of eligibility for property tax exemptions for senior and disabled homeowners (SCRIE and DRIE), the elimination of the State distressed hospital sales tax intercept, the conformity of the State and City personal income taxes to the OBBBA tax exemption on tipped wages, the extension of the tax exemption on sales made through vending machines and the new pied-à-terre tax on non-resident-owned properties valued above \$5 million. Also included is a decrease in the UBT credit high-income taxpayers can claim against their PIT, which is expected to be enacted by the City Council.

Table 10 shows the difference between the Comptroller’s Office’s current revenue projections and the May Plan including newly passed State tax proposals. The Comptroller’s re-estimates are shown as (lower) or higher relative to the Financial Plan forecast.

Table 10. Tax Revenue Projection Differences (Comptroller – Mayor)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax	(\$40)	(\$207)	\$224	\$455	\$705
PIT/PTET	43	27	(339)	156	696
Business Income Taxes	164	(416)	(152)	461	515
Sales Tax	48	(13)	(53)	(7)	139
Real Estate-Related	49	39	(53)	(7)	122
Other	22	15	31	54	66
Audits	41	0	50	50	50
Total	\$327	(\$555)	(\$291)	\$1,161	\$2,293

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Both projections include impacts of Enacted State Budget tax programs and the increase in the UBT credit, the latter which is not yet enacted.

⁹ The total excludes Intra-City Revenue.

Tables 11 and 12 compare—by growth rate and level, respectively—the Comptroller’s and Mayor’s forecasts, including Enacted State Budget and proposed City tax changes.

Table 11. Comparison of Tax Revenue Projections: Growth Rates

		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2026-2030 Annual Average Growth
Property Tax	Comptroller	2.4%	4.2%	3.0%	3.7%	4.1%	3.7%
	Mayor	2.5%	4.7%	1.8%	3.1%	3.5%	3.3%
PIT/PTET	Comptroller	11.0%	1.5%	0.6%	3.1%	4.7%	2.4%
	Mayor	10.8%	1.6%	2.3%	0.7%	2.2%	1.7%
Business Income Taxes	Comptroller	0.6%	3.9%	1.5%	1.4%	2.3%	2.3%
	Mayor	(1.0%)	9.6%	(0.9%)	(4.2%)	1.9%	1.5%
Sales Tax	Comptroller	6.9%	3.9%	4.0%	4.5%	4.5%	4.2%
	Mayor	6.4%	4.4%	4.3%	4.1%	3.3%	4.1%
Real Estate Transaction Taxes	Comptroller	21.6%	6.3%	0.8%	5.1%	7.3%	4.8%
	Mayor	19.2%	6.8%	4.3%	3.3%	2.6%	4.3%
All Other	Comptroller	4.7%	(1.0%)	2.8%	2.6%	2.1%	1.6%
	Mayor	4.0%	(0.8%)	2.4%	2.0%	1.8%	1.3%
Tax Audits	Comptroller	16.8%	(15.5%)	0.0%	0.0%	0.0%	(4.1%)
	Mayor	12.5%	(12.3%)	(5.4%)	0.0%	0.0%	(4.6%)
Total	Comptroller	5.5%	3.6%	2.2%	3.3%	4.0%	3.3%
	Mayor	5.1%	4.7%	1.9%	1.7%	2.8%	2.8%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Both projections include impacts of enacted State changes and proposed City policy changes.

Table 12. Comparison of Tax Revenue Projections: Levels

(\$ in millions)		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property	Comptroller	\$35,601	\$37,093	\$38,198	\$39,598	\$41,226
	Mayor	35,641	37,299	37,974	39,143	40,521
PIT/PTET	Comptroller	\$20,476	\$20,783	\$20,899	\$21,541	\$22,550
	Mayor	\$20,433	\$20,756	\$21,238	\$21,385	\$21,854
Business Income Taxes	Comptroller	\$10,327	\$10,725	\$10,887	\$11,035	\$11,291
	Mayor	10,163	11,141	11,039	10,574	10,776
Sales Taxes	Comptroller	\$11,063	\$11,491	\$11,950	\$12,488	\$13,050
	Mayor	11,015	11,504	12,003	12,495	12,911
Real Estate-Transaction Taxes	Comptroller	\$2,459	\$2,614	\$2,634	\$2,769	\$2,970
	Mayor	2,410	2,575	2,687	2,776	2,848
Other	Comptroller	\$3,722	\$3,685	\$3,789	\$3,887	\$3,968
	Mayor	3,700	3,670	3,758	3,833	3,902
Audits	Comptroller	\$1,100	\$929	\$929	\$929	\$929
	Mayor	1,059	929	879	879	879
High-Value Property Surcharge*	Comptroller	\$0	\$500	\$500	\$500	\$500
	Mayor	0	500	500	500	500
Total	Comptroller	\$84,748	\$87,819	\$89,787	\$92,746	\$96,484
	Mayor	\$84,421	\$88,374	\$90,078	\$91,585	\$94,191

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget. Note: Both projections include impacts of Enacted State Budget and City proposed policy changes. * The legislation differs significantly from that previously analyzed by this Office and is under review. See The Pied-à-Terre Tax section for details.

FY 2026 Year-to-Date Collections

Table 13 presents FY 2026 tax collections through April 2026 alongside the Mayor's full-year projections in the May Plan. Year-to-date collections through April totaled \$75.80 billion, an increase of 6.5 percent over the same period in FY 2025. The growth was broad-based, led by real estate transaction taxes (up 22.9 percent), PIT/PTET (up 12.7 percent), and other taxes (up 21.7 percent), with tax audit collections also surging 39.9 percent. Sales tax collections grew by a solid 5.4 percent, and property tax collections rose 2.7 percent, while business income taxes increased by only 1 percent. The sharp increase in other taxes warrants context: it reflects a timing shift in which a Hudson Yards Infrastructure Corporation (HYIC) Payment in Lieu of Taxes

(PILOT) payment was reallocated from the end of FY 2026 to the beginning of FY 2026, inflating the year-over-year comparison rather than reflecting a structural increase in revenue.

The May Plan projects total FY 2026 tax revenues of \$84.42 billion, a 5.1 percent increase over FY 2025. The implied growth rates for the remainder of FY 2026—May through July 2026—reveal a more varied picture across tax categories. Property tax collections, which grew 2.7 percent year-to-date, carry an implied growth rate of -27.8 percent. Similarly, tax audit revenues, despite surging 39.9 percent year-to-date, face a steep implied contraction of -70.8 percent through the end of FY 2026. Other taxes face an implied rate of -7.7 percent, largely reflecting the unwinding of the HYIC PILOT timing effect noted above. Real estate transaction taxes are projected to decelerate, with an implied growth rate of -0.2 percent. Business income taxes have an implied growth rate of -8.6 percent, while PIT/PTET growth is projected to fall -0.3 percent year-over-year through the end of FY 2026 after its strong 12.7 percent year-to-date performance, which was in part due to a large reallocation of PTET payments from the State to the City that took place in September. The sales tax is expected to remain stable at an implied 3.3 percent growth for the rest of the fiscal year. The Comptroller’s Office’s projects a similar overall growth of 5.3 percent in FY 2026 across tax categories. The difference between the Comptroller and OMB is well within the range of forecast errors.

Table 13. FY 2026 Up to April Collections and the Mayor’s May 2026 Plan

Year to Date Tax Collections				Full FY Tax Collections				Implied Y/Y Growth Rate Executive to Fiscal Year-End
	FY 2025	FY 2026	Y/Y Growth	FY 2025	FY 2026 in Executive Plan	Change	Y/Y Growth	
Property	\$34,263	\$35,179	2.7%	\$34,757	\$35,536	\$779	2.2%	(27.8%)
PIT & PTET	15,712	17,714	12.7%	18,449	20,433	2,010	10.8%	(0.7%)
Business Income Taxes	8,116	8,197	1.0%	10,268	10,163	(105)	(1.0%)	(8.6%)
Sales	8,400	8,855	5.4%	10,349	10,868	519	5.0%	3.3%
Real Estate Transaction Taxes	1,696	2,085	22.9%	2,022	2,410	388	19.2%	(0.2%)
All Other Taxes	2,282	2,777	21.7%	3,556	3,952	396	11.1%	(7.7%)
Total Non-Property	\$36,207	\$39,628	9.4%	\$44,617	\$47,826	\$3,209	7.2%	(2.5%)
Total Excluding Audits	\$70,470	\$74,807	6.2%	\$79,374	\$83,362	\$3,988	5.0%	(3.9%)
Audits	708	991	39.9%	942	1,059	117	12.4%	(70.8%)
Total Including Audits	\$71,178	\$75,798	6.5%	\$80,316	\$84,421	\$4,105	5.1%	(5.6%)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Updated Special Equalization Ratios

The State's [Office of Real Property Tax Services](#) (ORPTS) has updated its methodology for the calculation of the City's Special Equalization Ratios (SERs). The ratios live in an opaque corner of the Real Property Tax system but they are the key input for the calculation of the five-year average of the "full valuation of taxable real estate," which forms the basis for both the debt limit and the tax limitation. The result of the change in SERs is to increase the City's Constitutional debt limit and tax limitation.

This avoids resorting once again to State legislation to increase the City's debt-incurring capacity by excluding outstanding debt (specifically Transitional Finance Authority debt) from the debt limit. Readers of this Office's [Annual Report on Capital Debt and Obligations](#) are aware that in just the past two years an additional \$17 billion of debt-incurring capacity was added in this fashion by State budget legislation. The need for these frequent increases in debt-incurring capacity is explained in this Office's report [How Much Is Enough?](#) Its root cause is primarily the increase in capital commitments and spending against the milder growth of the full valuation of taxable real estate in the wake of the pandemic.

The new SERs increase the estimate of the debt limit by approximately \$5.9 billion, and the estimate of the tax limitation by approximately \$1.5 billion. The Mayor's Executive Capital Plan takes advantage of the additional debt-incurring capacity by increasing planned capital commitments for housing, as explained in the [Capital Budget and Financing Program](#) section of this report. The updated estimates of the operating margin and remaining debt-incurring capacity can be found in the [Operating Margin](#) and [Debt Capacity](#) sections of this report.

In 2024, this Office published a [detailed analysis of ORPTS' methodology](#), perhaps motivating the City's Law Department, Department of Finance (DOF), and OMB to engage ORPTS in a review of the ratios at the beginning of the new mayoral administration. Because of the outreach, ORPTS put on hold the preliminary FY 2027 ratios that were noticed in February. New ratios were noticed and finalized in May.

The new ratios were revised downward due to the exclusion from the computation of certain properties (so-called isolated properties) that were factored in for the City but not elsewhere. In other words, ORPTS' methodology is now consistent across local governments.

The exclusion affects the first step of ORPTS' methodology (the formulas are available in this Office's 2024 analysis): the Market Value Ratio (MVR), which is generally calculated as the ratio of DOF's Billable Assessed Value (BAV) to DOF's market value. BAV is generally equal to assessed values before the subtraction of exemptions. For this reason, MVR has a higher value than if it were calculated using Taxable BAV (TBAV), which subtracts exemptions from BAV. Table 2 in the

2024 analysis of SERs shows how the inclusion of isolated properties increases MVR even further. ORTPS will now exclude isolated properties for the FY 2027 SERs and going forward.

The change in MVRs for the last three completed assessment rolls (in calendar years 2023-2025) reverberates to affect the Adjusted MVR (equation 3 in the 2024 analysis), the Survey Period Trend (equation 4), the Cumulative Trend (equation 5), and ultimately the Time Trend. The components are then used to calculate the new, lower SERs. The start and end points are reported in Table F-7. The outcome is to reduce the SERs by 66 - 82 basis points (3.2 to 4.0 percent).

Table F-7. Changes in Market Value and Special Equalization Ratios

Assessment Roll Year	Market Value Ratios			Special Equalization Ratios			
	Old	New	Change	Fiscal Year	Old	New	Change
2021	21.86	21.86	0.00	2023	20.45	19.79	(0.66)
2022	21.69	21.69	0.00	2024	21.12	20.34	(0.78)
2023	21.18	20.50	(0.68)	2025	20.64	19.82	(0.82)
2024	21.87	21.06	(0.81)	2026	20.04	19.24	(0.80)
2025	21.42	20.58	(0.84)	2027	19.17	18.40	(0.77)

Source: NYS Department of Taxation and Finance, Office of Real Property Tax Services.

The Real Property Tax

The Comptroller’s Office projects FY 2026 property tax revenue at \$35.6 billion, an increase of \$183.9 million from the March forecast. This upward revision is primarily driven by a lower estimate of properties expected to be removed from the tax rolls, as well as adjustments related to the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE) programs, reduced allowances for the J-51 program, lower refund projections, and higher lien sale collections.

For FY 2027, the Comptroller’s Office forecasts property tax revenue of \$37.1 billion, representing a 4.2 percent increase over FY 2026. Property tax revenue is projected to grow at an average annual rate of 3.6 percent, reaching \$41.24 billion by FY 2030.

Compared with OMB’s forecast, the Comptroller’s Office projects property tax revenue to be \$40 million lower in FY 2026 and \$199 million lower in FY 2027. However, the forecast exceeds OMB’s projections by \$227 million in FY 2028, \$454 million in FY 2029, and \$702 million in FY 2030.

The variance in FY 2026 is primarily attributable to differing assumptions regarding reserve components of the property tax forecast, including cancellations, refunds, and delinquencies. Beginning in FY 2027, the differences reflect a combination of varying assumptions for reserve components, particularly net cancellations and refunds, as well as differing levy forecasts.

The City's Operating Limit

The NYS Constitution sets limits on the amount of property tax that can be levied to pay for operating expenses (the “operating limit”). In general, this amount equals 2.5 percent of the five-year average of the full value of taxable real estate, minus several adjustments (for any short-term borrowing and Business Improvement District levies). The calculation is based, in part, on projections formulated by OMB of the final property tax roll for the upcoming year and Special Equalization Ratios (SERs) set by the NYS Office of Real Property Tax Services (ORPTS).

As described in the Special Equalization Ratios section, ORPTS revised its methodology for the calculation of this ratio for New York City in May, resulting in a lower ratio. Other things being equal, this translates into a higher estimate of the full value of taxable real estate and a higher operating limit. The calculation of the operating limit takes place at the time of budget adoption. Most of the other inputs for the calculations are included in the City Council’s tax fixing resolution, which sets the property tax levy and tax rates for the upcoming fiscal year.

Tax levy subject to operating limit. This is the total real property tax levy minus the levy necessary to pay debt service on General Obligation (GO) bonds in the upcoming fiscal year. In general, the property tax levy to service GO bonds and notes is unlimited. However, the debt service on notes is effectively considered an operating expense, as seen below.

The debt service exclusion. The amount of debt service not subject to the tax limitation to be paid in the upcoming fiscal year is derived from budget documents. For this calculation, the “total funded debt outside of the constitutional debt limit” (for the FY 2026 Adopted Budget, see page 119E of this [report](#)) is adjusted downward to account for NYS building aid and other components. Importantly, the debt service amount is net of the prepayment of debt service from the previous year’s surplus. The debt service levy is derived using the OMB’s projected difference (the “reserve” amount) between property tax levy and collections due to tax abatements, delinquencies, and other factors.

Tax abatements. The final component in the calculation is the projected amount of tax abatements (for FY 2026, the amount is available [here](#)). The City has subtracted the amount of abatements from the levy subject to the 2.5 percent tax limitation since FY 2005, according to [DOF’s annual report on the property tax](#).

The projected operating margin for FY 2027. Table F-8 shows this Office’s operating margins projections for FY 2027 as of February, which were published in this Office’s report on the FY 2027 Preliminary Budget and the current projection, as of the FY 2027 Executive Budget, this Office’s first reflecting the new special equalization ratio calculation. As shown in the difference column, the tax limit increased compared to the February estimate by \$1.46 billion. This is primarily due to the changes in the special equalization ratio. The debt subject to the limit decreased by \$3.83 billion compared to this Office’s February estimate. This is primarily due to the reversal of

the proposed property tax increase that had been included in the Preliminary Budget but was eliminated in the Executive Budget. This results in projected operating margin of \$5.63 billion for FY 2027.

Table F-8. Updated Operating Limit Estimates for FY 2027

(\$ in millions)	FY 2027 (Projected) as of Preliminary Budget	FY 2027 (Projected) as of Executive Budget	Change Preliminary to Executive
2.5% Calculation	\$37,005	\$38,469	\$1,464
BID Levies	(170)	(170)	0
Tax Limit (A)	36,835	38,299	1,464
Levy Subject to the 2.5% Tax Limitation	43,678	39,850	(3,828)
Abatements	(1,955)	(1,925)	30
Levy Net of Abatements (B)	41,723	37,924	(3,799)
Debt Service Not Subject to Tax Limitation	4,888	4,865	(23)
Debt Service Prepayment	-	-	-
Uncollectable Levy for Debt Service	385	376	(9)
Debt Service Exclusion (C)	5,273	5,242	(31)
Operating Levy (D) = (B) - (C)	36,451	32,683	(3,768)
Operating Margin (E) = (A) - (D)	\$384	\$5,616	\$5,232

Source: FY 2027 Preliminary Budget, FY 2027 Executive Budget, Office of the New York City Comptroller

Personal Income Tax and Pass-Through Entity Tax

Recent Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) collections have come in above the Comptroller's Office's prior expectations, prompting meaningful upward revisions to the PIT and PTET outlook for FY 2026 and beyond.

This change in outlook can be explained through three developments since the time of the Preliminary Budget in February. First, winter bonus-related PIT withholding [reached \\$2.06 billion](#), representing growth of 8.1 percent above the prior year — surpassing the Comptroller's earlier projection of 6 percent growth and establishing a new high-water mark. Second, March PTET net collections of \$760 million came in 15.4 percent above March 2025 and exceeded OMB's own projection for the month by \$90 million, or 13.5 percent. Within that total, extension payments of \$325 million — which relate to the prior 2025 tax year — were up 6.8 percent, while estimated payments for tax year 2026 of \$448 million rose 21.0 percent. The latter is a particularly notable result because estimated payments are forward-looking—strength in the March installment

raises the likelihood that PTET collections will continue to grow year-over-year for the June and September payments as well. OMB subsequently revised its FY 2026 PTET forecast upward by \$116 million relative to the Preliminary Budget. Third, April 2026 PIT collections of \$3.11 billion exceeded April 2025 by \$304 million, or 10.8 percent.

The composition of April's PIT results warrants some discussion. April collections are dominated by settlement activity related to the prior tax year — encompassing return payments, extension payments, and refunds. Given the steep rise in PTET payments in tax year 2025, the Comptroller had anticipated that taxpayers would have accumulated greater estimated tax overpayments during the year, resulting in smaller net settlement payments in April. But this April, settlements were up \$98 million, or 6.2 percent, a stronger outcome than expected. April installments for the 2026 tax year also rose by \$80 million, or 70.4 percent — a potential signal of momentum in estimated tax payments, with possible implications for collections due in June and into FY 2027. However, changes in April installments are potentially misleading, as many taxpayers apply April refunds to offset installments they might otherwise have paid. OMB's prior PIT forecast through April proved closer to realized collections than the Comptroller's, and in the May Plan OMB revised its FY 2026 PIT forecast upward by \$34 million.

At the time of the February Plan, the Mayor's combined PIT and PTET forecast for FY 2026 exceeded the Comptroller's by approximately \$110 million. Since then, developments have moved both offices upward, but the Comptroller's revision has been larger: the Mayor revised the combined forecast upward by \$150 million in the May Plan, while the Comptroller's FY 2026 estimate increased by more than \$300 million. The Comptroller's current FY 2026 combined PIT and PTET estimate now stands approximately \$40 million above the Mayor's.

The Comptroller's Office has also revised its combined PIT and PTET forecasts upward for FY 2027 and the outyears, reflecting the higher collections base, stronger-than-expected realized stock market gains, and an improved outlook for investment income and pass-through business earnings. The upward revisions relative to the Preliminary Budget forecast are \$567 million for FY 2027, \$421 million for FY 2028, and \$158 million for FY 2029.

A notable convergence has occurred on the FY 2027 forecast. As discussed in the Comptroller's [Comments on the Preliminary Budget](#), the Mayor's February forecast of combined PIT and PTET revenue in FY 2027 exceeded the Comptroller's by \$1.06 billion. This was in large part attributable to an assumed total wage growth of 5.5 percent and financial sector wage growth of 10.0 percent for calendar year 2026 — assumptions that were well above the Comptroller's. In the Executive Budget, the Mayor revised both assumptions downward to 4.4 percent growth — consistent with the Comptroller's own wage outlook. This revision, which appears to account for the bulk of the adjustment, reduced the Mayor's FY 2027 PIT and PTET forecast by \$553 million. The result is a striking convergence: having revised toward each other from opposite directions, the Mayor's and Comptroller's FY 2027 combined PIT and PTET estimates now differ by less than \$30 million.

Table 14 presents a comparison of the Comptroller’s and Mayor’s forecasts. Table 15 decomposes each forecast into its withholding and non-withholding components.

Table 14. Personal Income Tax and Pass-Through Entity Tax Forecasts, FY 2026–2030

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Avg. Annual Growth FYs 2026–2030
Comptroller Total	\$20,476	\$20,783	\$20,899	\$21,541	\$22,550	4.1%
% Change	11.0%	1.5%	0.6%	3.1%	4.7%	
Mayor’s Total	\$20,433	\$20,756	\$21,238	\$21,385	\$21,854	3.4%
% Change	10.8%	1.6%	2.3%	0.7%	2.2%	
Offset (Risk): Comptroller minus Mayor	\$43	\$27	(\$339)	\$156	\$696	

Source: Office of the New York City Comptroller; Mayor’s Office of Management and Budget

Table 15. Withholding and Non-Withholding Breakdown, FY 2025–2030

(\$ millions)	FY 2025 (Actual)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Comptroller						
Withholding	\$13,363	\$14,357	\$15,078	\$15,826	\$16,534	\$17,263
Non-Withholding	5,086	6,120	5,705	5,073	5,007	5,287
Total	\$18,449	\$20,476	\$20,783	\$20,899	\$21,541	\$22,550
Mayor’s Office						
Withholding	\$13,363	\$14,358	\$14,777	\$15,612	\$16,294	\$17,059
Non-Withholding	5,086	6,075	5,967	5,615	5,081	4,785
Total	\$18,449	\$20,433	\$20,744	\$21,227	\$21,375	\$21,844
Offset (Risk): Comptroller minus Mayor						
Withholding		(\$1)	\$301	\$214	\$240	\$204
Non-Withholding		45	(262)	(542)	(74)	502
Total		\$43	\$39	(\$328)	\$166	\$706

Source: Office of the New York City Comptroller; Mayor’s Office of Management and Budget

Note: Non-withholding includes PTET.

Key Takeaways from the 2024 Personal Income Tax Returns

The preliminary 2024 tax year data from the NYC Personal Income Tax (PIT) Study File offer a first look at the City’s personal income tax base, and allows for an update of the post-pandemic trends this Office highlighted in a [Fiscal Note published last November](#). This summary examines trends in the number and composition of filers, the distribution of filers by income group and filing status, the drivers of income growth among the city’s highest earners, the volatility of taxable income, and the growth of the Pass-Through Entity Tax (PTET) credit. All statistics refer to full-time NYC residents.

The data confirm that the aggregate income recovery accelerated in 2024, driven primarily by surging capital gains, dividends and interest, and continued wage growth at the top of the income distribution.

The Filer Population: Recovering but Reshaping

Total PIT returns reached roughly 4.02 million in 2024, finally surpassing the pre-pandemic level of 3.99 million in 2019 (Table F-9). People represented on those returns totaled about 7.0 million, still 2.5 percent below 2019, while dependents stood at 2.05 million, down 5.9 percent. In short, the number of tax filings has recovered, but the population behind those filings has not fully returned.

Table F-9. Returns by Income Bracket, 2019–2024

AGI Bracket (in thousands)	2019	2020	2021	2022	2023	2024	% Change 2019-2024
Under \$0	50.5	69.6	46.8	55.2	52.2	50.2	(0.7)
\$0–\$50K	2,354	2,481	2,310	2,136	2,077	2,098	(10.9)
\$50K–\$100K	884	893	864	872	916	930	+5.3
\$100K–\$200K	449	436	449	490	533	564	+25.5
\$200K–\$500K	185	174	194	219	245	270	+46.2
\$500K–\$1M	42.6	39.0	47.5	50.3	54.4	63.7	+49.5
\$1M+	30.4	27.6	35.2	33.7	34.3	40.7	+33.7
Total	3,995	4,119	3,946	3,856	3,912	4,016	+0.5

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

Beneath the headline numbers, the composition of filers has shifted substantially. Low-income filers—those with adjusted gross income below \$50,000—declined by nearly 11 percent between 2019 and 2024, falling from 2.35 million to 2.10 million returns. By contrast, filers in every bracket above \$100,000 grew sharply. Returns in the \$200,000 to \$500,000 range rose 46 percent, those between \$500,000 and \$1 million climbed 50 percent, and filers reporting \$1 million or more in income grew by 34 percent, from about 30,400 to 40,700 returns. Much of this high-income growth is recent: the \$1 million-plus group expanded 19 percent between 2023 and 2024 alone.

Filing Status: The Rise of Single Filers

The shift in filing status summarized in Table F-10 mirrors broader demographic changes in the city. Single filers grew from 53.6 to 55.4 percent of all returns, while married-filing-jointly (MFJ) households declined from 24.8 to 22.9 percent. Heads of household (HOH)—a category that largely captures single parents—also edged down, from 18.9 to 18.4 percent.

Table F-10. Returns by Filing Status, 2019 vs. 2024 (thousands)

Filing Status	2019	2024	% change	Sh. 2019	Sh. 2024
Single	2,140	2,226	+4.0	53.6%	55.4%
MFJ	992	920	(7.2)	24.8%	22.9%
MFS	106	128	+20.6	2.6%	3.2%
HOH	756	741	(2.0)	18.9%	18.4%

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

These shifts are particularly pronounced in the middle and upper-middle income brackets. Among filers earning \$100,000 to \$200,000, single returns jumped 48 percent while MFJ returns fell 8 percent; single filers now account for 51 percent of this bracket, up from 44 percent. At \$200,000 to \$500,000, single filers nearly doubled (up 86 percent), growing from a third to over 40 percent of the bracket, while MFJ dropped from 61 to 50 percent. Even in the \$500,000 to \$1 million range, single filers almost doubled (up 91 percent), increasing their share from 22 to 28 percent.

At the very top—\$1 million and above—married-filing-jointly remains the dominant status at 75 percent of returns, though single filers grew somewhat faster (49 vs. 30 percent). The story across brackets is consistent: a city whose higher-income tax base is increasingly composed of individual rather than household filers.

What's Driving Income at the Top

Total adjusted gross income reported by NYC filers reached \$495 billion in 2024, up 30 percent from \$380 billion in 2019 and 15 percent above 2023. Filers earning \$1 million or more accounted for \$187 billion of this total—roughly 38 percent of all Adjusted Gross Income (AGI) reported in the city generated by about 1 percent of returns. Understanding what drives income for these filers is essential for understanding the city’s revenue outlook. Tables F-11 to F-13 break down the income composition within the 1 percent of filers with AGI of \$1 million or more.

\$1 million to \$5 million. This group—about 34,700 returns in 2024—is the largest segment of millionaire filers and the most wage-dependent. Wages constituted 52 percent of aggregate AGI in 2024, up from 49.5 percent in 2019, growing 39 percent over the period to \$34.6 billion. Business income remained the second-largest component at \$12.2 billion but its share declined from 23 to 19 percent. Capital gains (\$9.7 billion) and dividends and interest (\$7.8 billion) played supporting roles, with dividends and interest growing from 10 to 12 percent of income. For these filers, the income story is fundamentally about wage growth in high-paying sectors—likely finance, professional services, and technology.

Table F-11. Income Composition, \$1m–\$5m Filers

(\$ in billions)	2019	2020	2021	2022	2023	2024	'19-'24	'23-'24
Wages	25.0	22.5	26.8	29.1	29.8	34.6	+39%	+16%
Cap. Gains	8.0	8.0	13.1	7.2	6.0	9.7	+21%	+61%
Div. & Int.	4.8	3.2	3.6	4.4	7.0	7.8	+61%	+11%
Bus. Income	11.7	10.3	11.7	11.8	11.5	12.2	+4%	+6%
AGI	50.5	44.8	57.0	55.2	56.6	66.0	+31%	+17%

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

\$5 million to \$10 million. Among the roughly 3,500 filers in this bracket, the income mix is more volatile. Wages accounted for about a third of AGI in both 2019 and 2024 (\$8.1 billion), but capital gains (\$5.6 billion) and business income (\$5.4 billion) together made up nearly half. The notable shift here is the growth of dividends and interest, which climbed from 12 to 16 percent of AGI—from \$2.3 to \$3.9 billion, a 71 percent increase. Capital gains swung dramatically, peaking at \$7.5 billion in 2021 before falling to \$3.3 billion in 2023 and rebounding to \$5.6 billion in 2024.

Table F-12. Income Composition, \$5m–\$10m Filers (\$ in billions)

(\$ in billions)	2019	2020	2021	2022	2023	2024	'19-'24	'23-'24
Wages	6.4	6.0	7.3	7.5	6.9	8.1	+27%	+18%
Cap. Gains	4.5	4.8	7.5	4.1	3.3	5.6	+25%	+71%
Div. & Int.	2.3	1.6	1.7	2.0	3.0	3.9	+71%	+30%
Bus. Income	4.7	5.0	5.5	5.2	5.1	5.4	+16%	+6%
AGI	18.3	17.7	23.3	20.4	19.4	24.1	+31%	+24%

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

\$10 million and above. The roughly 2,500 filers at the very top of the distribution present the starkest picture of the concentration of capital income and its volatility. Their total AGI of \$96.4 billion in 2024 was up 69 percent from 2019—and 43 percent from 2023 alone. Capital gains remain the largest single component at \$36.0 billion (37 percent of AGI), but their share has actually fallen from 44 percent in 2019. The most dramatic change is the explosion of dividends and interest income, which surged from \$11.1 billion in 2019 to \$27.7 billion in 2024—a 150 percent increase that lifted its share of AGI from 19 to 29 percent. This reflects rising interest rates and the strong increase in profit margins. Against this backdrop, business income fell from \$13.9 billion in 2023 to \$11.4 billion in 2024 (down 18 percent), even as its longer-term trajectory shows growth from the 2019 level of \$9.6 billion. The drop in aggregate business income took place while Pass-Through Entity Tax (PTET) credits increased sharply. This apparent contradiction can be explained by large but concentrated drops in business income among a few taxpayers. Wage income, at \$14.7 billion, accounted for only 15 percent of AGI in this bracket.

Table F-13. Income Composition, \$10m+ Filers

(\$ in billions)	2019	2020	2021	2022	2023	2024	'19-'24	'23-'24
Wages	10.0	11.4	16.3	11.6	11.2	14.7	+46%	+31%
Cap. Gains	25.2	38.3	66.2	28.0	21.6	36.0	+43%	+66%
Div. & Int.	11.1	7.1	8.8	9.5	16.0	27.7	+150%	+74%
Bus. Income	9.6	18.9	17.4	16.2	13.9	11.4	+18%	(18%)
AGI	57.2	77.3	116.4	70.8	67.4	96.4	+69%	+43%

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

Taxable Income for \$1m+ Filers: Level and Volatility

For revenue forecasting purposes, what matters most is not gross income but taxable income—the amount that flows through the rate schedule. Among filers with income of \$1 million or more, taxable income tracks AGI almost exactly because deductions make up a negligible share of income at this level: the ratio of taxable income to AGI has held steady between 97.7 and 98.1 percent across all years in the sample. But the absolute level of taxable income is extraordinarily volatile, and that volatility increases as one moves up the income distribution.

As shown in Table F-14, total taxable income for the \$1 million-plus group reached \$182.8 billion in 2024, up 48 percent from 2019 but having swung through a remarkable range in the interim: rising 41 percent in a single year (2020 to 2021), then falling 26 percent the following year, before rebounding 30 percent in 2024. These swings dwarf anything seen in the rest of the tax base.

The volatility is concentrated among the very highest earners. Year-over-year changes in taxable income for filers in the \$1 million to \$5 million range have a standard deviation of about 15 percentage points. For filers between \$5 million and \$10 million, the standard deviation rises to roughly 20 percentage points. For the \$10 million-plus group, it reaches 38 percentage points, meaning that a swing of 40 percent or more in a single year is not unusual. This group’s taxable income ranged from a low of \$55.9 billion (2019) to a high of \$113.9 billion (2021)—a factor of more than two.

Table F-14. Taxable Income for \$1m+ Filers, 2019–2024 (\$ in billions)

AGI Bracket	2019	2020	2021	2022	2023	2024	'19-'24
\$1m–\$5m	49.5	44.0	55.9	54.3	55.5	64.8	+31%
\$5m–\$10m	18.0	17.4	22.9	20.0	19.1	23.7	+32%
\$10m+	55.9	75.2	113.9	69.3	65.9	94.4	+69%
All \$1m+	123.4	136.6	192.7	143.6	140.5	182.8	+48%

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

As shown in Table F-15, capital gains are the most volatile component across all high-income brackets, with a standard deviation of nearly 59 percentage points for \$10 million-plus filers. Business income is also highly volatile at the top (standard deviation of 48 percentage points for \$10 million-plus filers). Dividends and interest, while growing rapidly in level, have also been volatile in year-over-year terms (standard deviation of 45 percentage points). Wages are the most stable component, with a standard deviation of about 29 percentage points for \$10 million-plus filers—still high in absolute terms, but far less erratic than capital gains or business income.

Table F-15. Changes in Income Components, \$10m+ Filers (Year-over-Year, Percent)

	'20/'19	'21/'20	'22/'21	'23/'22	'24/'23	Std Dev
Taxable Inc.	+34.6	+51.4	(39.1)	(5.0)	+43.2	38.1
Wages	+14.1	+42.6	(29.0)	(3.7)	+31.3	28.5
Cap. Gains	+52.4	+72.7	(57.7)	(22.7)	+66.3	58.7
Div. & Int.	(35.7)	+23.5	+7.8	+68.3	+73.5	45.2
Bus. Inc.	+95.8	(7.8)	(6.8)	(14.3)	(18.2)	48.3

Source: PIT Study File 2019-2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

For the \$1 million to \$5 million group, where wages make up over half of income, taxable income volatility is lower. This group’s taxable income has grown from \$49.5 to \$64.8 billion on a relatively steadier trajectory, with year-over-year changes ranging from negative 11 to positive 27 percent. The \$5 million to \$10 million bracket falls in between: volatile but less extreme than at the very top.

The Pass-Through Entity Tax (PTET) Credit

Beginning in tax year 2022, New York State created an optional City PTET that allows S- corporations and partnerships to effectively pay the City’s PIT at the entity level. Owners of these businesses then claim a credit on their personal returns for taxes paid by the entity, effectively circumventing the \$10,000 federal cap on state and local tax (SALT) deductions enacted under the Tax Cuts and Jobs Act of 2017 (and left essentially unchanged by the One Big Beautiful Bill Act of 2025 for high-income filers).

The NYC PTET credit has grown rapidly since its inception. Total credits claimed rose from \$1.62 billion in 2022 to \$2.49 billion in 2024, an increase of 54 percent in just two years. The credit is overwhelmingly concentrated among the highest earners: in 2024, filers with AGI of \$10 million or more claimed \$1.80 billion, or 72 percent of all PTET credits. Filers in the \$5 million to \$10 million bracket accounted for another 11 percent (\$276 million), and those between \$1 million and \$5 million claimed 13 percent (\$318 million). In total, filers with AGI above \$1 million received 96 percent of all PTET credits in 2024.

Table F-16. NYC PTET Credit by Income Bracket, 2022–2024 (\$ in millions)

AGI Bracket	2022	2023	2024	'22-'24 %	Sh. 2022	Sh. 2024
Under \$200k	4.9	11.6	13.1	+170%	0.3%	0.5%
\$200k–\$500k	15.3	24.9	26.8	+75%	0.9%	0.9%
\$500k–\$1m	37.5	49.2	54.9	+47%	2.3%	2.2%
\$1m–\$5m	227.2	291.7	318.3	+40%	14.0%	12.8%
\$5m–\$10m	192.6	216.0	275.9	+43%	11.9%	11.1%
\$10m+	1,143.8	1,067.9	1,799.7	+57%	70.6%	72.3%
Total	1,621.5	1,661.5	2,488.7	+54%	100.0%	100.0%

Source: PIT Study File 2019–2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. Only full-year NYC residents included.

The fiscal significance of the PTET credit becomes clearer when measured against the PIT liability. For all filers, the credit offset 14.8 percent of NYC tax in 2024, up from 11.6 percent in 2022. But the aggregate figure understates the impact at the top. Among filers with AGI of \$10 million or more, the PTET credit offsets 50.6 percent of PIT liability in 2024—meaning that for every dollar of tax calculated under the rate schedule, these filers claimed roughly 51 cents in PTET deduction in their federal income tax returns. This share has grown from 43.6 percent in 2022, signaling that a larger fraction of income is produced by PTET-taxable entities. For filers in the \$5 million to \$10 million range, the offset reached 31 percent.

The rapid growth of the credit over just three years (57 percent for the \$10 million-plus group alone) suggests that adoption of the PTET election is still increasing as more entities take advantage of the provision and more income flows through from them.

Table F-17. PTET Credit as Share of NYC PIT (Percent)

AGI Bracket	2022	2023	2024
\$200k–\$500k	0.7%	1.0%	0.9%
\$500m–\$1m	3.0%	3.6%	3.5%
\$1m–\$5m	11.1%	13.9%	12.9%
\$5m–\$10m	25.7%	30.2%	31.1%
\$10m+	43.6%	42.9%	50.6%
All filers	11.6%	11.5%	14.8%

Source: PIT Study File 2019–2024, Office of the New York City Comptroller analysis.

Note: 2024 data are preliminary. PIT liability calculated before refundable credits. Only full-year NYC residents included.

Sales Tax

The Comptroller's Office projects sales tax collections of \$11.06 billion in FY 2026, an increase of 6.9 percent over FY 2025. As of April 2026, FY 2026 year-to-date collections were approximately 5.4 percent above collections over the same period in FY 2025. Collections are projected to grow at an average annual rate of 4.2 percent thereafter, reaching \$13.05 billion by FY 2030.

The forecast reflects several principal drivers. Expected gains in local wages and employment, which raise household disposable income, will likely increase consumer spending on taxable goods and services. Despite a sluggish start to the year, international tourism should be supported by a weaker U.S. dollar and a one-time boost from the FIFA World Cup, which is estimated to generate approximately \$34 million in additional tax collections during the May–August 2026 period. In addition, equity markets are expected to continue rising, supporting consumption through household wealth effects. The Comptroller's Office's sales tax forecast exceeds OMB's in FY 2026 and FY 2030 and falls slightly below OMB's in FY 2027 through FY 2029. The cumulative difference over the five-year financial plan period is \$114 million higher than OMB.

The sales tax forecast incorporates two provisions included in the State FY 2027 Enacted Budget that adjust the City's collections. The first is a reversal of the distressed provider assistance account intercept, under which NYS redirected \$37.5 million per quarter of NYC sales tax collections to a State trust fund supporting financially distressed hospitals and nursing homes. The Enacted State Budget includes a provision to refund \$150 million in sales tax revenue in FY 2026 and cancel the intercept for City FY 2027 through FY 2028, when it was already scheduled to expire. This leads to an increase in sales tax revenue of \$150 million in FY 2026 and FY 2027, and \$113 million in FY 2028. The second provision extends an existing sales tax exemption for small-dollar food and beverage purchases from vending machines. The extension will reduce NYC collections by an estimated \$3 million in FY 2026, \$4 million in FY 2027, \$4 million in FY 2028, and \$4 million in FY 2029.

Taxable Sales Trends

NYC taxable sales provide important context for the collections forecast. After the post-pandemic rebound through 2022, taxable sales growth moderated considerably in 2023 and softened further in 2024, before stabilizing in 2025. In nominal terms, taxable sales grew between 2 and 4 percent year-over-year through the first three quarters of calendar 2025, well below the double-digit rates observed in 2021–2022 during the recovery and the early inflation surge.

Real taxable sales have been relatively flat for the past two years, remaining within a narrow band of 100 to 110 percent of the pre-pandemic (2020Q1) baseline. This indicates that nearly all of the nominal growth observed in 2024 and 2025 has been attributable to price increases rather than to underlying real expansion of the City's consumption base. Real taxable sales declined on a year-

over-year basis in several quarters of 2024 and the second quarter of 2025, even as nominal collections continued to grow. This pattern is consistent with the broader inflation environment.

Table 16. NYC Taxable Sales

Quarter	Nominal (\$B)	Nominal YoY %	Real (\$B)	Real YoY %
2024 Q3	57.8	(0.3%)	55.8	(2.1%)
2024 Q4	61.3	+0.4%	59.4	+6.0%
2025 Q1	62.5	+3.6%	60.9	+1.9%
2025 Q2	60.3	+2.1%	59.2	(3.5%)
2025 Q3	60.2	+4.1%	59.6	(0.2%)

Source: NYC Comptroller's Office calculations based on NYS Department of Taxation and Finance data.

Note: Real taxable sales deflated to 2019Q4 dollars. Data for 2025Q4 and 2026Q1 not shown as they remain subject to revision.

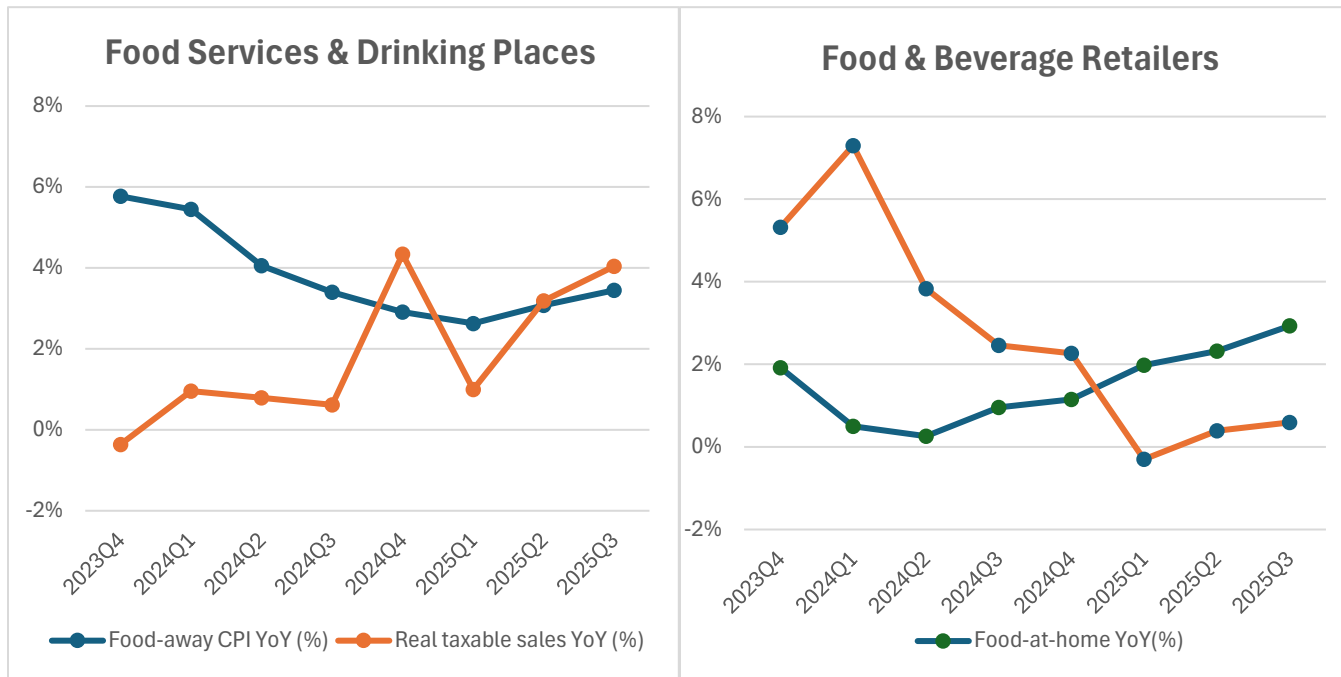
Within the City's taxable sales base, the food sector, comprising restaurants (NAICS 722) and groceries (NAICS 445), provides insights into how rising prices are affecting different segments of the consumer base. The two sectors share exposure to food price increases but serve distinct populations: restaurants depend disproportionately on higher-income households, tourists, and business spending, while grocery demand reflects the budget conditions of the broader NYC population. The recent divergence between the two sectors is consistent with affordability pressure concentrated among lower- and middle-income households.

Restaurant taxable sales have continued to grow in both nominal and real terms through 2025, even as food-away-from-home prices have remained elevated. Real restaurant sales grew 4.0 percent year-over-year in 2025Q3, while food-away-from-home prices rose 3.4 percent. Restaurant consumers, on the margin, are absorbing the higher menu prices without reducing the quantity of meals purchased. The continued strength reflects tourism flows, the return of office workers, and sustained discretionary spending by higher income households.

The grocery sector tells a different story. After running below 1 percent through most of 2024, food-at-home inflation has accelerated through 2025, reaching 2.9 percent year-over-year in 2025Q3 and continuing higher into early 2026. Real grocery sales have moved in the opposite direction over the same period, slowing from 2.5 percent year-over-year growth in 2024Q3 to essentially flat by 2025Q3. NYC households are now purchasing roughly the same or slightly less in grocery volume terms while paying more, an indicator of price-driven demand contraction in a necessity category. The behavior is consistent with households substituting toward lower-cost grocery alternatives or purchasing smaller quantities.

As the price gap between the two categories has narrowed, consumer demand for restaurant meals has held up while grocery volumes have softened, a pattern consistent with relative price substitution. At the same time, both food categories continue to see positive inflation in a context where wage growth has not been keeping pace at the lower end of the income distribution.

Chart 10. NYC Food Sector: Year-over-Year Percentage Change in Food Prices and Real Demand



Source: NYC Comptroller's Office calculations based on NYS Department of Taxation and Finance data and Bureau of Labor Statistics NY-Newark-Jersey City CPI subindices.

Note: Real sales deflated using food-away-from-home CPI (restaurants) and food-at-home CPI (groceries). Data through 2025Q3; later quarters subject to revision.

The weakness in real grocery sales is a caution flag. Grocery purchases are nondiscretionary, and reductions in grocery volumes typically reflect binding budget constraints rather than preference shifts. If affordability pressure intensifies or spreads to other essential categories, the broader taxable sales base could weaken with a lag, particularly in the more price-sensitive retail categories.

Business Income Taxes

Through April FY 2026, GCT year-to-date collections are running approximately 3.9 percent below the comparable period in FY 2025, while UBT collections are up by 11.1 percent compared to last year. In aggregate, business income tax (BIT) collections year-to-date are up about 1 percent, as corporate tax receipts continue to face headwinds while unincorporated business income shows continued growth. The continued UBT growth reflects elevated partnership profitability

concentrated in two subsectors, Securities/Commodities (approximately 58 percent of UBT growth between 2020 and 2025) and Legal Services (an additional 18 percent), with average payments per partnership filer rising approximately 72 percent over the same period while the number of partnership filers grew only 15 percent.

The most prominent driver of short-run downward pressure on corporate tax receipts has been the enactment of the OBBBA in calendar year 2025. The OBBBA accelerates several Federal business deductions—including 100 percent bonus depreciation under Section 168(k), full expensing of qualified production property under Section 168(n), and immediate deduction of domestic research and experimental expenditures under Section 174A—which under existing conformity rules flow through to the City’s business income tax base, narrowing taxable income and reducing receipts particularly in the period when new provisions first take effect. These provisions affect the corporate tax base (GCT) more directly than the unincorporated business income tax base, as partnership and pass-through filers are generally less exposed to depreciation timing and R&E expensing changes. The downside risk under full Federal conformity is therefore concentrated in GCT rather than evenly distributed across BIT components. A quick guide to the expensing provisions can be found here. For more information on how the Comptroller’s Office estimates the OBBBA net impact on NYC business income tax revenue, please visit here.

New York State’s Enacted Budget includes provisions to decouple state and certain New York City business income taxes from these OBBBA expensing provisions, applied retroactively to tax year 2025. The Comptroller’s baseline BIT forecast assumes this decoupling.

Table 17. Comptroller’s BIT Revenue Forecast- Decoupling Baseline vs. Conformity Risk Scenario

(\$ in millions)	Decouple BIT	Decoupling Growth	Conform BIT	Conformity Growth
FY 2026	\$10,327	0.6%	\$10,327	0.6%
FY 2027	\$10,725	3.9%	\$10,271	(0.5%)
FY 2028	\$10,887	1.5%	\$10,689	4.1%
FY 2029	\$11,035	1.4%	\$10,925	2.2%
FY 2030	\$11,291	2.3%	\$11,197	2.5%

Source: Office of the New York City Comptroller analysis; NYC Department of Finance estimates.

Under this decoupling baseline, BIT is projected at \$10.33 billion in FY 2026, rising to \$10.73 billion in FY 2027 before reaching \$11.29 billion by FY 2030. FY 2027 collections are elevated by a reconciliation effect of retroactive application of decoupling to tax year 2025. This

reconciliation effect produces FY 2027 growth of 3.9 percent. From FY 2028 onward, growth normalizes to its underlying trajectory as the reconciliation effect falls out of the base, with FY 2028 growth slowing to 1.5 percent and stabilizing in the 1.4–2.3 percent range through FY 2030.

Table 18. Comptroller’s BIT Revenue Comparison with Mayor (Decoupling Baseline)

(\$ in millions)	vs. Mayor
FY 2026	\$164
FY 2027	(\$416)
FY 2028	(\$152)
FY 2029	\$461
FY 2030	\$515

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Relative to the Mayor’s May Plan projections, the Comptroller’s estimates are higher in FY 2026, below the Mayor’s baseline in FY 2027 and FY 2028, and exceed the Mayor’s baseline by FY 2029 and FY 2030. OMB’s estimated OBBBA impacts are substantially larger than the Comptroller’s, stemming from different assumptions about industry exposure, incidence across taxpayer types, and the degree to which offsetting provisions net out. Differences between the Comptroller’s and OMB’s forecasts also reflect underlying baseline assumptions and the projected timing of settlements and reconciliation payments.

Table 19. Estimated OBBBA Net Impact on NYC Business Income Tax Revenue

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Comptroller Net Impact on BIT revenue	(\$201)	(\$253)	(\$198)	(\$109)	(\$94)
OMB Net Impact on BIT revenue	(\$489)	(\$629)	(\$619)	(\$521)	(\$317)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Real Estate Transaction Taxes, Hotel and Other Taxes

New York City collects taxes on two primary types of real estate transactions: the Real Property Transfer Tax (RPTT), which is applied to the sale or transfer of real property or a controlling interest

therein, and the Mortgage Recording Tax (MRT), which is charged on most real estate mortgages, including refinancings, but excluding cooperative apartments.

The Comptroller's Office projects total real estate transaction tax revenues of \$2.46 billion in FY 2026, comprising \$1.47 billion in RPTT and \$992 million in MRT. Year-to-date collections through April 2026 are running well ahead of the prior year, supporting the full-year projection. Through the first 10 months of FY 2026 (July 2025 through April 2026), combined transaction tax revenues totaled \$2.08 billion, up 22.9 percent over the same period of FY 2025, leaving roughly \$360 million needed in May and June to meet the full-year forecast, a pace consistent with collections in those months last year.

The strength in FY 2026 collections has been driven primarily by commercial activity. RPTT revenues from commercial transactions are up 34.3 percent through the first 10 months of FY 2026, powered by a surge in large office building sales and deals above \$20 million in early calendar year 2026, as improving leasing fundamentals and record first-quarter office demand attracted investor interest. Residential RPTT has also contributed positively, growing 7.9 percent over the same period, as rising home prices have more than offset a modest decline in transaction volume. On the MRT side, commercial borrowing activity has been similarly robust, up 38.8 percent through the first 10 months of the fiscal year, while residential MRT has grown a more moderate 14.3 percent, as elevated mortgage rates continue to constrain home purchase and refinancing volumes.

Over the plan period, the Comptroller projects transaction tax revenues to grow at an average annual rate of 4.8 percent, reaching \$2.97 billion by FY 2030. The Comptroller's forecast is above the Mayor's by \$49 million in FY 2026 and \$39 million in FY 2027, but below the Mayor's by \$53 million in FY 2028 and \$7 million in FY 2029, before exceeding the Mayor's estimate by \$122 million in FY 2030.

New York City's tourism sector continues to perform strongly, with hotel occupancy averaging approximately 84.1 percent over the twelve months ending March 2026 and the average daily room rate (ADR) reaching \$336, reflecting sustained demand across both leisure and business segments. Looking ahead, several factors support continued growth in hotel accommodation demand. A recovery in business and group travel, which drives higher-revenue stays, and the 2026 FIFA World Cup presents meaningful upside potential for the summer months, particularly June and July. The 250th anniversary of American independence similarly offers an additional, if difficult to quantify, boost to leisure visitation. Against this backdrop, hotel tax revenues are projected to reach \$813 million in FY 2026, a 5.6 percent increase over FY 2025.

Over the remainder of the financial plan period, hotel tax collections are projected to rise at an average annual rate of 3.1 percent, reaching \$917 million by FY 2030. This trajectory reflects continued, if moderating, growth in both room rates and demand volumes. Supply-side conditions in the New York market provide structural support to this outlook: the active

development pipeline has contracted meaningfully, with fewer than 6,600 rooms currently under construction citywide and only approximately 3,000 rooms in the final planning stage.

Sustaining this trajectory will nonetheless depend on the strength of international travel demand, the continued expansion of convention and business-related activity, and broader global economic conditions. Performance has diverged across the city's submarkets, with Manhattan hotels significantly outperforming those in the outer boroughs, where substantial supply additions have weighed on occupancy and room rates. Continued momentum in high-revenue Manhattan stays will be essential to maintaining elevated market-wide collections, and any softening in international visitation or corporate travel, particularly in the upper-upscale and luxury segments that drive a disproportionate share of room revenue, represents the principal downside risk to the forecast.

The Mayor estimates that the new property tax surcharge on high-value non-primary homes is expected to generate \$500 million in revenue starting in FY 2027. This Office [estimated](#) the impact of a prior legislative proposal and showed that the impact could be \$119 million less than what OMB has projected. However, significant changes were made to the legislation included in the State's Enacted Budget which is currently under review. See [The Pied-à-Terre Tax section](#) below for details.

For all remaining tax categories not addressed above, the Comptroller forecasts relatively stable collections throughout the plan period and without notable differences from the Mayor's forecasts.

The “Pied-à-Terre Tax”

The State budget’s Revenue bill ([A10009-C/S9009-C](#)) includes in Part HH a “surcharge on property that does not serve as a primary residence” often referred to as the pied-à-terre tax in New York City. This Office published a [Fiscal Note](#) on the pied-à-terre tax in April based on previous legislative proposals. The report highlighted several areas of uncertainty regarding property valuations, exclusions, enforcement, and behavioral adjustments. Part HH clarifies many of the points raised in the Fiscal Note and puts forth a significantly different structure.

An analysis of FY 2026 property tax data shows that **the notional amount raised by the surcharge before knowledge of the extent of primary residence exemptions and the outcome of appeals, is \$1.0 billion. This is twice the budgeted amount of \$500 million, and it provides a relatively wide margin before actual revenues fall below projections.**

Below is a summary of the legislation, followed by an estimate of notional revenues.

Legislation Summary

Surcharge Characterization. A surcharge separate and distinct from the property tax will be imposed on high-value, non-primary residences in New York City. The legislation clarifies that the property tax requirement of uniform assessment (RPTL §305) does not apply. Receipts are classified as “other than taxes on real property” in the Mayor’s revenue forecast for the upcoming fiscal year and for the determination of the property tax rates in the tax fixing resolution. The surcharge is not counted against the City’s constitutional tax limitation and, therefore, it does not reduce its operating margin.

DOF market value thresholds. For Class 1 properties (mainly 1-3 family homes) the surcharge applies to non-primary residences with a DOF market value of \$5 million or greater. For cooperative apartments and condominiums there are two “phases”:

1. In FY 2027 and FY 2028 (phase one), the surcharge applies to cooperative units and condo properties with Department of Finance (DOF) market value of \$1 million or above. In the case of cooperatives, the value of a unit is imputed by DOF in proportion to the share of stock attributable to the unit times the DOF market value for the entire corporation. *During*

*phase one, property owners can appeal DOF market value estimates but not on the grounds that the true market value of the property is below \$5 million.*¹⁰

2. Starting in FY 2029 (phase two), the DOF will estimate (exclusively for this surcharge), a market value based on comparable sales. Cooperative apartments and condo properties are subject to the surcharge if the sales-based estimate is \$5 million or greater.

Surcharge rates. The surcharge rates apply to the entire market value, as estimated by DOF. This creates notches at the market value bracket boundaries. For Class 1 properties and cooperative apartments and condominiums during phase two the schedule is:

- 0.8 percent on properties with market value of \$5 million to \$15 million.
- 1.05 percent on properties with market value over \$15 million and up to \$25 million.
- 1.3 percent on properties with market value above \$25 million.

For cooperative apartments and condominiums during phase one the schedule is:

- 4.0 percent on properties with DOF market value or imputed DOF market value of \$1 million to \$3 million.
- 5.25 percent on properties with DOF market value or imputed DOF market value over \$3 million and up to \$5 million.
- 6.5 percent on properties with DOF market value or imputed DOF market value above \$5 million.

Table F-18 below shows the rates, brackets, surcharge, and the surcharge increases. To show the effect of the surcharge structure, the table reports the surcharge amount for small differences of \$10,000 above and below the bracket thresholds. For instance: a 1-3 family home with DOF market value of \$4.99 million pays no surcharge but one valued just \$10,000 more pays \$40,000. Similarly, a property valued \$15.01 million would pay \$37,605 more than one valued exactly at \$15 million. These notches are likely going to trigger appeals of DOF market values that sit at the brackets' boundaries.

¹⁰ As a practical matter, the New York State Real Property Tax Law ([RPTL §581](#)) requires that cooperatives and condominiums are assessed by DOF as if they were (hypothetical) rental buildings. Therefore, the DOF market value does not correspond to sales-based or appraisal values. As shown in the 2024 Fiscal Note [Comparable Rentals](#) (see Table 2), the DOF market value only captures 15 percent to 20 percent of the sales-based market value for the market's top decile.

Table F-18. Rates and Brackets Schedule

1-3 Family and Phase Two Coops and Condos				Phase One Coops and Condos			
DOF Market Value (\$ in millions)	Surcharge Rate	Surcharge	Increase	DOF Market Value (\$ in millions)	Surcharge Rate	Surcharge	Increase
\$4.99	0.00%	\$0		\$0.99	0.00%	\$0	
\$5.00	0.80%	\$40,000	\$40,000	\$1.00	4.00%	\$40,000	\$40,000
\$15.00	0.80%	\$120,000	\$80,000	\$3.00	4.00%	\$120,000	\$80,000
\$15.01	1.05%	\$157,605	\$37,605	\$3.01	5.25%	\$158,025	\$38,025
\$25.00	1.05%	\$262,500	\$104,895	\$5.00	5.25%	\$262,500	\$104,475
\$25.01	1.30%	\$325,130	\$62,630	\$5.01	6.50%	\$325,650	\$63,150

Source: Office of the New York City Comptroller

Primary residence exemptions. The legislation exempts the primary residences of the owner (or owners) and their immediate family members (spouse, child, sibling, parent, grandparent, or grandchild). Also exempt are properties used as a primary residence by “covered owners” (and their immediate family members) that hold the property indirectly as sole beneficiaries of a trust or as majority-interest holders in a partnership, corporation, or LLC.

The legislation also exempts properties leased (or subleased, under the requirements of RPL §226-b(2)) to a natural person under an arms-length lease for at least one year.

Two- and three-family properties are exempt if at least one unit serves as a qualifying primary residence. Vacant land, buildings that have not received a certificate of occupancy, and unsold sponsor units are also excluded.

Administration. The primary residence and taxable status are to be determined by DOF as of January 5 of the calendar year preceding the fiscal year in which the surcharge is imposed (this is the same taxable status date of the property tax). Owners may be required to provide certification that the property is a primary residence. Certifications are subject to audit for six years. Penalties of up to 50 percent of the surcharge can be imposed for inaccurate or misleading certifications and for bad-faith subdivisions of a condominium unit into more than three units to evade the surcharge.

DOF will add the surcharge to the property tax statement and payments follow the same dates as the property tax (for FY 2027, on the date of the January installment). For cooperative apartments,

the surcharge is added to the corporation's statement of account and the corporation collects the surcharge from the tenant-stockholder.

The surcharge is a lien and can be enforced through the (suspended at the time of writing) tax lien sale program and additionally or alternatively through a sheriff's warrant. The Tax Commission has jurisdiction over the market value determinations and the primary residence determinations. For the first year, the filing period for applications to review of DOF's market values starts from the receipt of DOF's notice (no later than August 30, 2026) through the close of the FY 2028 application period (January-March 2028). This provision could add another layer of uncertainty to the FY 2027 tax collections.

Effective and sunset dates. The surcharge is in effect from FY 2027 to FY 2031.

Estimation of Notional Surcharge Revenues

As was done in the Fiscal Note, the revenue estimation relies on several administrative datasets maintained by NYC DOF:

1. The Property Tax System (PTS) Property Master files for fiscal year 2026, which contain parcel-level information on building class, tax class, full market value, assessed value (both actual and transitional), property status, and ownership.
2. The Exemption Detail files, which identify properties receiving specific tax exemptions, including School Tax Relief (STAR), veterans', senior citizens', and disabled homeowners' exemptions—each of which requires owner-occupancy and therefore signals primary residency.
3. Abatement records, including data on the Condo/Co-op Abatement. Receipt of the condo or co-op tax abatement indicates the unit is, in general, an owner-occupied primary residence.
4. Cooperative unit-level data, which provides share allocations at the apartment level, enabling the calculation of per-unit assessed values for cooperatives. These data were last updated in FY 2019.

The bill's tax structure is applied to the resulting sample to obtain the notional surcharge amount before knowing the full extent of primary residence exemptions and of appeals, which are both unobservable. To reiterate, during phase one it is possible to appeal the DOF market value but not based on an appraisal that a condominium or cooperative unit has a sale value of less than \$5 million. Table F-19 shows that the notional surcharge amount based on the FY 2026 assessment roll is \$1.0 billion from roughly 13,600 properties. Exemptions for primary residency are going to cut into the notional amount as they extend to a wider set of owners (including trusts and LLCs) and their relatives than previously expected. Two- and three-family homes are likely to

see their notional surcharge amount drop substantially because one primary residence established in a property exempts it entirely. But even removing two- and three-family homes, exemptions, appeals, and behavioral changes could reduce notional revenues by about 40 percent before constituting a risk to the \$500 million budgeted for the surcharge.

Table F-19. Notional Surcharge Amounts in Phase One

Property Type	Number of properties	Notional Amount (\$ million)
Single Family	2,546	\$244
2-Family	1,443	\$94
3-Family	692	\$47
Condominiums	7,721	\$551
Cooperative Units	1,184	\$73
Total	13,586	\$1,008

Source: Office of the New York City Comptroller. Based on the FY 2026 Final Assessment Roll.

Risks to the Tax Revenues Forecast

The Comptroller's Office projects total tax revenues of approximately \$84.75 billion in FY 2026, rising to \$96.48 billion by FY 2030. With only two months remaining in the current fiscal year, the FY 2026 forecast carries relatively limited uncertainty: year-to-date collections through April totaled \$75.80 billion, 6.5 percent above the same period in FY 2025. Absent a dramatic deterioration in the final months of the fiscal year, FY 2026 revenues are likely to come in at or above current projections. The balance of risks is therefore concentrated in FY 2027 through FY 2030, where the macroeconomic environment remains uncertain and the revenue base is highly sensitive to a small number of volatile income and financial market drivers.

The current economic backdrop is shaped by geopolitical developments that are difficult to model with precision. The onset of hostilities in the Persian Gulf has contributed to a renewed surge in energy prices, gasoline prices in the New York metro area were up 34 percent year-over-year in April, and electricity prices across the Northeast rose an estimated 12 percent, reinforcing an already-elevated inflation environment. The Comptroller now projects U.S. CPI growth of 3.2 percent in 2026, up from the 3.0 percent assumed in January, with the NY metro area tracking even higher at 3.7 percent. More persistent inflation would delay Federal Reserve rate cuts beyond the current assumption of gradual easing, sustaining pressure on mortgage rates and constraining the recovery in real estate transaction taxes and refinancing activity.

The 10-year Treasury yield is now expected to hover around 4.3 percent across the entire forecast horizon. At these rate levels, the residential transaction market remains severely constrained by the mortgage lock-in effect, and financing conditions for commercial real estate would be meaningfully curtailed. RPTT and MRT collections are sensitive to both the volume and price of real estate

transactions; a prolonged higher-rate environment would keep these revenues below their longer-term potential.

More broadly, geopolitical disruptions, whether an escalation in the Gulf conflict, further fragmentation of global trade, AI disruption, or new shocks elsewhere, could dampen business confidence, compress corporate profit margins, and reduce the investment banking and trading revenues that are central to Wall Street profitability. The S&P 500, which underpins both capital gains realizations and the wealth effect on high-income consumption, has recovered from its early-2026 weakness and is now projected to average roughly 4.6 percent above the March baseline for the full year. A reversal of that recovery, if equity valuations were to reprice on deteriorating earnings expectations or heightened geopolitical risk, would reduce capital gains-linked non-withholding PIT revenues and, with a lag, erode the discretionary spending that supports the sales tax base.

Against this backdrop, the largest risk to the out-year revenue forecast lies in PIT and PTET, which together account for roughly a quarter of total tax revenues and whose year-to-year volatility can easily run into hundreds of millions of dollars. The Comptroller's forecast projects Wall Street profits of \$54.0 billion in calendar year 2026 — a sharp upward revision from the \$47.3 billion assumed in January — driven by stronger-than-expected first-half financial sector earnings. The securities bonus pool is correspondingly projected at \$50.4 billion. Should financial market conditions deteriorate, whether from geopolitical escalation, a reassessment of equity valuations, credit market disruption, or a sharper-than-expected economic slowdown, the bonus pool and capital gains realizations that form the heart of the PIT base could decline significantly.

This vulnerability is compounded by the increasingly bifurcated income environment the forecast already reflects. Wage growth has been almost entirely a function of outsized gains in Finance, Information, and Professional Services, while wages in most private-sector industries have run below inflation. The PIT base is therefore increasingly dependent on a narrow stratum of very high earners. Non-withholding revenues, capital gains, partnership distributions, and S-corporation income, remain inherently volatile and could decline sharply in any period of sustained market stress. The outyears of the plan, where PIT growth decelerates meaningfully from its FY 2026 base, are particularly exposed if financial sector compensation softens beyond what the baseline assumes.

Sales tax projections average 4.6 percent annual growth through FY 2030, a rate that depends heavily on continued spending by higher-income households whose purchasing power is underpinned by financial asset wealth and securities-sector compensation. Consumer confidence, as measured by major surveys, has fallen sharply this year to levels not seen in decades. While upper-income households have been largely insulated from that deterioration, broad consumer sentiment is relevant to the discretionary categories — retail and hotel-related spending foremost among them, that drive a meaningful share of the City's sales tax base.

Tourism presents a specific variant of this risk. International visitor spending remains sensitive to the relative strength of the U.S. dollar, which has risen in recent months partly in response to global flight-

to-safety dynamics. A strong dollar raises the effective cost of travel to New York for foreign visitors and can reduce spending per visitor even when arrivals hold steady. Hotel and related sales tax revenues, which recovered strongly in FY 2025, could underperform if international and convention travel sentiment weakens.

Business income tax receipts face a different risk profile than income-sensitive taxes. The primary downside risk in this category is a sustained compression of corporate profit margins, whether from energy cost pass-through, higher borrowing costs, or a deterioration in revenue growth as the economy slows into 2027. The Comptroller's forecast assumes U.S. corporate profits before tax grow 9.0 percent in 2026 but decelerate to 5.6 percent in 2027 and further in subsequent years. If that deceleration proves sharper than projected, GCT and UBT revenues would disappoint relative to plan in precisely the years when the City's fiscal position is most constrained.

In summary, FY 2026 revenues are well supported by observed collections and present limited downside at this stage of the fiscal year. The meaningful uncertainty resides in FY 2027 through FY 2030, where the forecast is sensitive to the trajectory of Wall Street profitability and financial market conditions, the pace and magnitude of Federal Reserve rate relief, the durability of consumer spending in a high-inflation and geopolitically uncertain environment, and the continued concentration of the City's income base in a narrow set of high-earning sectors whose fortunes are inherently volatile. The balance of risks to the outer-year forecast tilts to the downside.

Miscellaneous Revenues

In the May Plan, the City's miscellaneous revenue projection increased by a net \$301 million, to \$6.67 billion, representing a slight 0.4 percent decrease over the previous year.¹¹ The May revision reflects higher projections across all classes of miscellaneous revenue, including licenses, permits and franchises, interest income, charges for services, rental income, fine revenues, water and sewer reimbursements, and other miscellaneous revenues compared to the February Plan. Overall, miscellaneous revenue collections totaled \$5.66 billion in the first three quarters of FY 2026, an increase of 3.7 percent from the same period in FY 2025. Table 20 details the changes in the FY 2026 miscellaneous revenue projections since the February Plan.¹²

¹¹ Miscellaneous revenue analysis excludes intra-City revenues.

¹² Most water and sewer revenues represent reimbursements from the Water Board for the operation and maintenance of the City's water and sewer infrastructure and are not available for general operating purposes.

Table 20. Changes in FY 2026 Miscellaneous Revenue Estimates, February 2026 Plan vs. May 2026 Plan

(\$ in millions)	Actual FY 2025	FY 2026 February Plan	FY 2026 May Plan	Change FY 2026
Licenses, Permits & Franchises	\$737	\$741	\$792	\$51
Interest Income	641	371	391	20
Charges for Services	1,049	1,055	1,074	19
Water and Sewer Charges	2,161	2,301	2,318	17
Rental Income	278	236	286	50
Fines and Forfeitures	1,425	1,308	1,414	106
Other Miscellaneous	404	355	393	38
Total	\$6,695	\$6,367	\$6,668	\$301

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Revenue projections for licenses, permits, and franchises increased by a net of \$51 million, driven primarily by higher than previously expected revenues from construction permits. This increase reflects growth in large construction projects, including [new buildings and conversion alterations](#) during the current fiscal year (\$31 million). Revenues from park concessions also increased by \$7.5 million in FY 2026 and by \$11 million annually over the financial plan period.

Projected interest income from the City’s investments in various funds increased by \$20 million, reaching a total of \$391 million in FY 2026. Despite this increase, the forecast still represents a 39.0 percent decline from FY 2025, primarily reflecting lower interest rates due to the cuts by the Federal Reserve and lower cash balances. Interest income is expected to continue to decline slightly throughout the Plan period, as additional rate cuts and continued lower cash balances are anticipated, eventually stabilizing between \$274 million and \$278 million annually in FY 2028 through FY 2030.

The forecast for charges for services, which consists primarily of CUNY tuition revenues and includes fees charged by the City to the public and other governmental agencies for services rendered, increased by a net \$19 million in FY 2026. Projected fee revenues from the Affordable NY Housing Program and the 485-X program combined increased by \$24.0 million. Revenues from the 2 percent fire insurance fee paid by out-of-state insurance companies also increased by \$24.3 million. These increases were partially offset by lower CUNY tuition revenues compared to the February Plan, reflecting revised revenue assumptions to better align with expected FY 2026 collections. (While this represents a plan-to-plan decline, CUNY enrollment and its tuition revenues increased compared to FY 2025.) The forecast for water and sewer charges, which

primarily consist of reimbursement from the Water Board for the operation and maintenance of the City’s water and sewer system, increased by \$17 million.

Projected rental income also increased by a net \$50 million in FY 2026. The revision mainly reflects a \$52 million increase in anticipated airport rent payments from the Port Authority based on airport earnings in calendar year 2025. The City also increased projected airport lease payments by an additional \$50 million in FY 2027. Under the lease agreement, the Port Authority is required to pay the greater of either the Minimum Annual Rent (MAR), or 8 percent of annual gross airport revenues. Actual airport revenues in calendar 2025 exceeded the City’s initial projection, resulting in higher payments. The plan also reduced rental income projections by \$23.5 million in FY 2027 following a \$23.5 million reduction in FY 2026 in the February Plan. These reductions reflect revenue shortfalls from extended school use that were identified by the Comptroller’s Office in its December 2025 report. The Comptroller noted that, based on collection trends, the City’s annual projections were unlikely to be achieved during the financial plan period.

Revenue projection for fines and forfeitures increased by a net \$106 million, reflecting higher than previously anticipated collections. This revision includes a \$37 million increase in projected parking violations fines, a \$39.3 million increase in Department of Buildings late filing and no-permit penalties, an additional \$22.1 million in Environmental Control Board (ECB) fines, an \$8.2 million increase in bus lane camera fines, and a \$7.3 million increase in Health Tribunal fines. These increases were partially offset by projected declines in speed camera fines, taxi fines, court fines and settlement fines. Projections for “other miscellaneous” revenues—which largely consist of non-recurring items—increased by \$38 million. The upward revision includes an additional \$10.1 million from street sales, \$11.4 million in affirmative litigation revenues, \$9.2 million in tree replacement fees, and \$3.4 million in audit recoveries. Table 21 shows the City’s May Plan projections for all categories of miscellaneous revenue. The plan projects a slight 0.4 percent year-over-year decline in FY 2026 miscellaneous revenue to \$6.67 billion, followed by an additional 4.5 percent decline in FY 2027 to \$6.37 billion. These declines reflect continued projected decreases across several miscellaneous revenue categories. Beginning in FY 2028, total miscellaneous revenue is expected to stabilize and average \$6.36 billion annually.

Table 21. Miscellaneous Revenue Forecast, May 2026 Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Licenses, Permits & Franchises	\$792	\$722	\$723	\$730	\$730
Interest Income	391	302	278	272	274
Charges for Services	1,074	1,045	1,046	1,045	1,045
Water and Sewer Charges	2,318	2,393	2,409	2,432	2,457
Rental Income	286	284	256	257	256

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fines and Forfeitures	1,414	1,324	1,310	1,316	1,316
Other Miscellaneous	393	300	295	312	312
Total	\$6,668	\$6,370	\$6,317	\$6,364	\$6,390

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

The Comptroller’s Office projects that total miscellaneous revenue will exceed the City’s forecast by \$36 million in FY 2026, driven primarily by higher revenues from ECB fines, parking violation fines, late filing and no-permit penalties at the Department of Buildings (DOB), and camera fines.

While the Comptroller’s Office projects that total fine revenues will exceed the City’s forecast by \$36 million in FY 2026, \$63 million in FY 2027, and \$58 million annually in FY 2028–FY2030, lower estimates of interest income and rental income from extended school use partially offset these gains in the outyears.

The Comptroller forecasts slightly lower short-term interest rates than the City. In addition, the Comptroller continues to project that the City will not receive \$22 million in income in FY 2028 through FY 2030 related to rental income from extended school use. Although the City reduced projected income from this source by \$23.5 million in FY 2026 and FY 2027, it did not adjust its projections for the remaining three years of the financial plan. Accordingly, the Comptroller’s forecast reflects a \$22 million annual shortfall in rental income in each of FY 2028 through FY 2030.

In addition, the Comptroller projects that outyear revenues from construction permits will likely exceed the levels currently reflected in the May Plan, reflecting continued strength in construction activity and office-to-residential conversion projects. Construction permit revenues increased by 19.5 percent in FY 2025 and are projected to increase by 32 percent in the current fiscal year. Recent reports indicate that office-to-residential conversions are expected to continue expanding in New York City over the next several years

State Aid and the Enacted Budget

The State budget plays a key part in the City’s financial outlook, with the May Financial Plan dependent on the outcome of the State budget. The City pushed back its May Plan release date from May 1 to May 12 due to delays in the State’s budgeting process (the State’s Enacted Budget was due by April 1, the start of the State’s fiscal year). On May 7, Governor Kathy Hochul unilaterally announced an Enacted State Budget agreement which was refuted by the State Legislature on the same day as negotiations continued. By the City’s May Plan release the State’s budget was still not finalized; hence the City included anticipated state support in the plan.

Two weeks after the Governor’s initial announcement of a budget agreement, the state legislature began passing the bills required for the Enacted Budget, with the last of the bills passed on May 27. Because the State’s *Enacted Budget Financial Plan* is due 30 days after the signing of the last budget bill it will not be available until the middle of the summer. All the items discussed below reflect the Comptroller’s Office’s estimates of the Enacted Budget’s effects on the City’s finances.

Enacted State Budget Aid Proposals

The State’s SFY 2027 Enacted Budget stands at an estimated \$268.10 billion, a \$5.38 billion increase (2.0 percent) over the Governor’s Amended Executive Budget proposal of \$262.72 billion and a \$9.15 billion (3.5 percent) increase over last year’s Enacted Budget actuals of \$258.95 billion.

The change from the Governor’s proposed budget to the Enacted Budget was largely due to increases in the State’s two largest areas, Medicaid and school aid; \$1 billion in utility rebates for qualifying residents across the state; and additional funding for localities.

Many of the initiatives included in the Enacted Budget reflect what the Governor initially proposed, and (in a historically unusual move) the City already assumed a substantial portion in the February Plan as State categorical grant increases: approximately \$360 million in FY 2026, \$1.15 billion in FY 2027, \$1.50 billion in 2028, and \$1.08 billion annually thereafter in anticipated support. Additionally, the City assumed \$500 million in one-time unrestricted State aid as proposed by the Governor.

Since the February Plan, the City reflected additional items, including State categorical grant increases of \$101 million associated with line of duty death benefits and \$150 million reflecting anticipated additional educational foundation aid; \$500 million in revenue associated with a new pied-à-terre tax; additional City costs of \$110 million per year for pension enhancements; a delay in class size implementation; substantial savings on pension costs over the plan period resulting from re-amortization of liabilities, and a \$200 million one-time reduction in City costs for MTA bus subsidies. The financial plan also reflected \$161 million of new State unrestricted aid annually beginning in FY 2027 due to a proposed tax on all cash real estate transactions over \$1 million.

Enacted Proposals Budget Reflected in the City’s February Plan

The Enacted Budget includes many of the initiatives proposed by the Governor in her Executive Budget already reflected in the City’s February Financial Plan:

- \$300 million in annual youth prevention, diversion, and services reimbursement related to the Raise the Age program that was previously inaccessible to the City;

- \$235 million funding for the City’s 3-K and Pre-K programs and \$73 million in funding to launch the City’s universal child care program for two-year olds (the Governor also committed to \$425 million in funding in the State’s next budget);
- An increase in the City’s public health reimbursement rate from 20 percent to 36 percent to match the rest of the State, an annual \$60 million boost to the City;
- One-time unrestricted aid of \$500 million in City Fiscal Year 2026.

Other Enacted Budget proposals were (mostly) assumed by OMB in the May Plan:

- Pension amortization restructuring that extended out the City’s payments an additional five years (from 2032 to 2037) for all five pension systems, saving the City \$884 million in FY 2026 and \$1.94 billion in FY 2027, and over \$2 billion in each of the outyears, which still must be approved by the pension fund boards of trustees. The City included only four systems in its financial plan for savings of \$652 million in FY 2026, \$1.64 billion in FY 2027, \$1.704 billion in FY 2028, \$1.53 billion in FY 2029, and \$1.64 billion in FY 2030;
- An additional \$150 million in Foundation Aid funding baselined in FY 2027 and out reflecting a new (0.12) formula weight for homeless and foster students and an increase in the State’s extraordinary needs formula weight (from 0.53 to 0.60), bringing the total year over year increase to \$521 million (OMB already reflected the other portion in February);
- \$170 million in FY 2027 costs to the City for Tier 6 and other pension adjustments (but OMB only included a \$110 million expense change to cover pension enhancements);
- \$141 million in FY 2027 state reimbursement for special accidental death benefits for families of first responders (OMB baselined \$133 million in FY 2026 and out);

Items passed by the State but not reflected in the City’s Plans

- An increase in baseline funding for child care vouchers that raises the City’s share of Federal/State funded child care assistance program funding by over \$300 million annually (from \$1.1 billion to over \$1.4 billion);
- \$475 million in additional one-time supplemental funding for child care vouchers, \$125 million more than last year’s one-time supplement of \$350 million;
- The continuation of the State’s support of a total of \$77 million for enhanced police presence on subways across City FY 2026 and FY 2027 – this funding requires a matching amount from the City.

Tax Policy and Incentive Changes

The Enacted Budget also includes tax policy changes that affect City revenues, all reflected in the May Plan. These include the City’s new pied-à-terre tax, decoupling New York City from certain

Federal corporate tax provisions, repealing (and reimbursing \$150 million in FY 2026 payments made to) the Distressed Provider Sales Tax Intercept, expanding SCRIE and DRIE eligibility per the Governor’s Executive proposal, and conforming to Federal tax treatment of tips. Both OMB’s and the Comptroller Office’s estimated impacts are discussed in detail in the [Revenue Analysis](#) section.

The State also updated and extended by 10 years the J-51 tax incentive to better support capital repairs for New York City’s rent-stabilized housing stock by expanding program eligibility, increasing the benefit level to 100 percent of certified costs, and extending J-51 rehabilitation abatements for eligible work through 2036. This change is not reflected in the May Plan.

Omitted Items

Other items were included in the City’s budget but were ultimately not included in the Enacted State Budget. These include a delay in class size implementation (passed as separate legislation, [SS10615/A11539](#)) and a tax on all cash real estate transactions over \$1 million which the City reflected as \$161 million in additional revenue it will need to remove.

Table 22 below provides a list of estimated impacts included in the Enacted Budget, subject to updates when the State’s Financial Plan is released later in the summer.

Table 22. Estimated Impact of FY 2027 Enacted State Budget

(\$ in millions)	FY 2026	FY 2027	Two-year Total
School Formula-based Aids	\$0	\$853	\$853
Increase Foundation Aid	\$0	\$521	\$521
Increase Expense-Based and Categorical Aid	\$0	\$332	\$332
Positive Spending Impacts	\$380	\$1,677	\$2,057
Article 6 Public Health - Reset NYC to levels matching other localities	\$60.0	\$60.0	\$120
Continue Funding for NYPD Subway Safety	\$19.3	\$57.8	\$77.1
Increase Child Care Block Grant	\$0.0	\$844	\$844
NYC Youth Prevention, Diversion, and Services Funding	\$300	\$300	\$600
Provide 2-Care in NYC	\$0.0	\$73.0	\$73.0
Support Local Detention Capital Costs	\$0.5	\$1.9	\$2.4
MTA One-Time Cost Offset*	\$0.0	\$200	\$200
Line of Duty Reimbursement	\$0.0	\$141	\$141

(\$ in millions)	FY 2026	FY 2027	Two-year Total
Negative Spending Impacts	(\$19)	(\$229)	(\$248)
Implement Local Costs of Chip-Enabled Cards for EBT	\$0.0	(\$0.7)	(\$0.7)
NYC Share of NYPD Subway Deployment	(\$19.3)	(\$57.8)	(\$77.1)
Tier 6 Pension Enhancements: TRS members full pension at 58 with 30 years of service and lower required contribution rates for certain NYCERS and BERS members	\$0.0	(\$123)	(\$123)
Police Prior Service Credit	\$0.0	(\$35.0)	(\$35.0)
DSNY and DOC 20 Year Full Service Retirement	\$0.0	(\$7.0)	(\$7.0)
Earlier Escalation Eligibility for FDNY members	\$0.0	(\$5.0)	(\$5.0)
Revenue Impacts	\$634	\$1,016	\$1,650
One-time Municipal Aid	\$500	\$0.0	\$500
Pied-à-terre		\$500	\$500
Repeal Distressed Provider Sales Tax Intercept	\$150	\$150	\$300
Modify the Vendor Registration Program	\$0.7	\$3	\$3
Impose Tax on Alternative Nicotine Products	\$0	(\$4.0)	(\$4)
Extend the SUT Vending Machine Exemption	(\$3)	(\$3.8)	(\$7)
Decouple NYC from Certain H.R. 1 Provisions	\$0	\$454	\$454
Extend Alternative Fuels Exemption	\$0	(\$0.1)	(\$0)
Eliminate Tax on Tips	(\$14.0)	(\$71.0)	(\$85)
SCRIE and DRIE Expansion	\$0	(\$11.5)	(\$12)
Other Impacts	\$884	\$1,940	\$2,824
Pension Amortization	\$884	\$1,940	\$2,824
Total Net Impact	\$1,878	\$5,258	\$7,136

Sources: NYS Division of Budget, Office of the New York City Comptroller, NYC Mayor's Office of Management and Budget

Note: *Not in Enacted State Budget. Must be included in MTA Financial Plan and approved by its Board.

Other State Actions

Other policy actions included in the Enacted State Budget that are New York City focused but do not have direct budget impacts on the City's Financial Plan include:

- Extending Mayoral control of New York City schools for two additional years (ELFA Bill Part A).
- No additional support for the estimated 450,000 New Yorkers statewide who will lose Essential Plan health insurance coverage starting July 1, when federally mandated reductions to program eligibility take effect, lowering the income cap from 250 to 200 percent of the Federal Poverty Level.
- Extending the State's electric school bus mandate deadline from 2035 to 2040, delaying the necessity of purchasing electric buses (ELFA Part A). City budget impact is unclear as of this writing.
- One-time utility offset rebate checks for NY households making under \$300,000 joint or \$150,000 single in 2024 adjusted gross income (Revenue Part FF).
- Reforming auto insurance laws statewide (PPGG Bill Part II) to prohibit the use of employment, education, homeownership status, and zip code for setting insurance rates; and to end "flex rates" which previously allowed insurers to raise rates up to 5 percent without State approval.
- Other auto insurance updates concern limitations on what qualifies as a "serious injury," and capping payouts for drivers found to be at fault or engaging in criminal behavior (TED, Part EE). Other sections of the same bill stipulate that (Part BB) insurers must provide written information for premium increases and (Part KK) the conditions under which insurers should return excess profits for policyholders.
- The *Local Cops, Local Crimes Act* (PPGG Part LL) bans formal agreements between local governments and Immigration Customs Enforcement (287(g) agreements) to deputize police in immigration action; prohibits law enforcement from wearing masks when interacting with the public; defines sensitive locations including hospitals, child care centers, schools, and churches as excluded from ICE activity without a judicial warrant; and stops local jails from holding individuals on civil immigration offenses.
- Municipal home rule law was amended to allow new mayors to nullify charter commissions appointed within 60 days of mayoral elections (PPGG, Part OO).
- A 2.7 percent targeted inflationary increase to contract rates for providers working with a number of State health, mental health, and child service agencies (HMH, Part P).
- Changing the climate goal deadline of the 2019 Climate Leadership and Community Protection Act by rolling deadlines back to the end of 2028. (TED, Part VV). Keeps 2050 target of an 85 percent reduction in emissions.
- \$25 million in funding for Subway Co-Response Outreach Teams (SCOUTs) to expand the program by 50 percent to 15 teams (Aid to Localities, page 1416).
- Granting New York City the right to start a pilot program installing speed limiting devices in the vehicles of chronic speeders (TED, Part D).

- Boosting by \$150 million the aggregate amount available under the New York City Musical and Theatrical Production Tax Credit (Revenue, Part J).
- Increasing programs available through CUNY Reconnect, the free college program for those aged 25-55 who choose to return to school; program will also offer a nursing degree (Aid to Localities, page 115).
- Establishing 50-foot protest buffer zones around houses of worship and creating a class B misdemeanor charge for those intentionally preventing individuals from accessing their place of worship (TED Part QQ).
- Reforming the 1976 State Environmental Quality Review Act (SEQRA) to streamline building by exempting housing up to 250 units, 500 units if built in medium and high density areas of the City (TED, Part R).
- Advancing the Second Avenue Subway project by expanding crosstown along 125th street and accelerating SEQRA review (TED, Part I). The MTA is currently expanding service from 96th street to 125th street.
- Instituting class D felony charges for the printing of 3D guns and component parts (PPGG, Part C).

Federal Aid

Federal categorical aid in the May Plan totals \$9.90 billion for FY 2026 or 8.0 percent of the City’s operating budget. A total of \$1.01 billion in Federal funding has been recognized since the February Plan for FY 2026. The largest increase is \$549 million in Child Care Block Grant funding for child care vouchers. As described in the [Child Care Voucher](#) section of this report, this is a mix of State and Federal funding but is coded as Federal funds in the City budget. Other increases include \$176 million in FEMA reimbursements for COVID-19 related spending, with the remainder spread among a variety of programs.

Federal categorical aid projections total \$7.28 billion in FY 2027 (just a \$20 million increase over the February estimate), \$7.12 billion in FY 2028, \$7.10 billion in FY 2029, and \$7.08 billion in FY 2030. Although these projections are substantially lower than FY 2026 levels, OMB typically reflects additional Federal funding during the fiscal year in which it is received.

Risks to Federal Funding

As this Office has reported, risks to Federal aid come from multiple fronts, including the mandatory spending cuts made through the budget reconciliation legislation passed last summer (aka OBBBA), as well as through the Trump administration’s numerous attempts to cut, terminate, pause, and rescind many Federal grants already awarded. The Trump administration has also added restrictive language to contract renewals and Federal audits due to new terms imposed by executive orders and policy changes that could also impact future Federal funding—although these attempts and those to freeze funds are being challenged in court.

On April 3, President Trump released his proposed [FY 2027 budget](#), which outlines a significant 28 percent increase in defense discretionary spending alongside a 10 percent reduction to non-defense discretionary spending. This initial proposal, often referred to as the President’s “skinny” budget, is the first step in the Federal budget process for the upcoming fiscal year. Additional details will be released in the coming months, but neither the House nor Senate is required to incorporate the President’s proposals into their budget resolutions. Last year’s final appropriation bills bore limited resemblance to the President’s initial proposal.

Programs impacted—or potentially impacted if lawsuits against them do not prevail—by other Federal actions to date include:

Emergency Housing Voucher Program (EHV): The Federal EHV program, which was started as part of COVID-19 relief efforts, is administered by the Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA). The program was expected to continue through calendar year 2030, but the Trump administration announced last year that no new funding would be allocated to the program after the calendar year 2026 allocation, resulting in early termination of the program. HPD and NYCHA expect current EHV funding to support vouchers through early FY 2027. As of the May Plan, \$53.8 million in Federal funds are budgeted in FY 2026 and \$13.4 million in FY 2027 for EHV vouchers for HPD recipients.

The HUD appropriations bill passed on January 30, 2026, and signed into law by the President on February 3, 2026, however, contained a \$263 million increase for Tenant Protection Vouchers—a different HUD voucher program—with language that permits some of the funds to support households that have been receiving assistance through EHV. It is currently unclear how much NYCHA and/or HPD will receive through the appropriations increase.

Both NYCHA and HPD had previously announced that they would continue to provide rental assistance to those set to lose it with the early termination of the program. NYCHA had announced it would issue new Section 8 vouchers for this population, vouchers that would have otherwise been used to assist households on its waiting list. However, current funding levels are insufficient to support the absorption of the remaining 5,200 EHV households into the general tenant-based Section 8 program. NYCHA is outreaching to EHV households in an effort to link them to other housing resources such as project-based Section 8 for continued rental assistance.¹³

The City is now developing a plan to use alternative Federal funds through the Federal HOME program to transition most households currently using EHV vouchers from HPD and NYCHA in 2026. There is, however, expected to be a small gap in households that cannot be supported by this program. The reallocation is also subject to HUD approval, which the agencies are working to

¹³ [NYC still struggling to replace emergency housing vouchers set to expire under Trump - Gothamist](#)

obtain. Because of this, these funds have not yet been added to the City budget. The administration has said HPD and NYCHA are also working to match EHV households with other assistance wherever possible.

Supplemental Nutrition Assistance Program (SNAP): The Federal budget reconciliation legislation contained considerable changes to the SNAP program, including expanded work requirements that are now in effect. The legislation also introduces state cost-sharing provisions for SNAP benefit expenditures beginning in Federal FY 2028, which are tied to a state’s payment error rate.

Because cost-sharing takes place at the state level, the City’s fiscal impact would be determined by how the New York State allocates the cost—either by absorbing it within the State budget, passing the cost on to localities, or by passing the reduction on to beneficiaries through programmatic changes. If the maximum penalty of a 15 percent cost share is passed entirely to the City’s budget, this Office estimates a roughly \$700 million impact.

OBBBA also reduced the Federal matching for SNAP administrative costs from 50 percent to 25 percent beginning in Federal Fiscal Year 2027. The City currently receives about \$200 million annually in Federal funding for SNAP administration. The State has already announced that localities will have to absorb the reduction. As a result, the City is expected to lose approximately \$75 million in FY 2027 and \$100 million in FY 2028, the first full City fiscal year with the cut.

For more details see the [Supplemental Nutrition Assistance Program](#) section of this report.

Medicaid and the Essential Plan: OBBBA contained considerable eligibility changes to Medicaid and the Affordable Care Act (ACA), effectively eliminating an estimated \$7.5 billion in Federal funding for certain immigrant populations who receive coverage under NY’s Essential Plan.¹⁴ The Essential Plan is New York’s Basic Health Program (BHP) and currently covers approximately 1.7 million individuals, of whom 725,000 are lawfully present immigrants.¹⁵ BHPs, created by the ACA, are a health insurance option for people who do not qualify for Medicaid or the Children’s Health Insurance Program (CHIP), including certain immigrants who are ineligible for Federally funded Medicaid and citizens earning more than 138 percent of the Federal Poverty Level (FPL). New York State is required to revert back to providing State-funded Medicaid coverage to the immigrant enrollees with incomes below 138 percent FPL who would lose Essential Plan coverage under the OBBBA, costing the State approximately \$2.7 billion a year.

¹⁴ [Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for As Many New Yorkers As Possible](#)

¹⁵ <https://fiscalpolicy.org/regional-impacts-of-the-july-2026-essential-plan-cliff#:~:text=February%2012%2C%202026%20%7C.insurance%20in%20the%20State's%20history.>

In response, the State submitted a proposal to the Centers for Medicare & Medicaid Services (CMS) to undo the recent Essential Plan expansion for individuals between 200 percent and 250 percent of the FPL, eliminating no-cost health insurance for 470,000 individuals statewide, including 230,000 in New York City. New York State received final Federal [approval](#) for the change in March.

This action allows the State to revert to its original BHP framework on July 1, 2026, and allows the State access to that program's [surplus](#) funds of around \$10 billion to cover non-citizen Essential Plan enrollees up to 200 percent of FPL (until the funds are exhausted). This change also enables the State, at least temporarily, to pay hospitals at the Essential Plan rates, which are significantly higher than the Medicaid rates. Individuals no longer covered by BHP will either lose coverage entirely or pay for coverage through the ACA Marketplace. Although the Senate and Assembly had introduced proposals that would have preserved coverage, the final Enacted Budget leaves the Governor's proposal intact.

This change will likely lead to increases in uncompensated care for New York State providers, including the City's public hospital system, which will be left to cover the costs of more uninsured New Yorkers starting as soon as this summer.

In addition, an estimated 750,000 NYC Medicaid enrollees are expected to lose Medicaid coverage through the OBBBA's work requirements and more frequent recertifications in 2027, putting further pressure on the city's public hospitals and community health providers. See the [NYC H+H](#) section for additional details.

On March 4, 2026, CMS announced that it identified concerning trends in the State's Medicaid program.¹⁶ CMS requested that State officials provide details on how they manage fraud, waste, and abuse within the next 30 days or risk deferred benefit payments. The Trump administration has used a similar tactic targeting other Democratic leaning states, such as Minnesota, where CMS announced it would withhold \$2 billion in annual funding. However, on April 10th, 2026, after a report from the Fiscal Policy Institute noted that one of the metrics (the number of New Yorkers who received in-home care) used to justify the fraud probe looked inaccurate, CMS released a statement confirming that inaccuracy¹⁷. Despite this, CMS stated that the probe was still ongoing, as they still had other ongoing concerns outside of the in-home care utilization numbers.

In addition, Vice President Vance announced in May a nationwide audit of Medicaid. He announced the withholding of \$1.3 billion in Federal funding from home health and hospice providers in California and a six-month moratorium on new Medicare enrollments from home health care and hospice providers. While the announcement called on all 50 states to show that

¹⁶ [Trump administration launches Medicaid fraud probe in New York | AP News](#)

¹⁷ [The Basic Math Error in Dr. Oz's Fraud Letter - Fiscal Policy Institute](#)

they are aggressively prosecuting Medicaid fraud in their states, New York State and several other states were specifically named as being uncooperative.

Social Service Block Grants: In January the Trump administration announced that it was freezing \$10 billion in social services and child care funding across three Federal block grants in five Democratic-led states, including New York. As of the February Plan, New York City is budgeted to receive approximately \$3.0 billion across the three programs in FY 2026, Temporary Aid for Needy Families or TANF (\$1.87 billion), Child Care Development Funds or CCDF (\$970 million)¹⁸, and the Social Services Block Grant or SSBG (\$233 million). New York State Attorney General Letitia James joined other state attorneys general [to sue the Trump administration](#) and [won a temporary restraining order](#) in January and then a [preliminary injunction](#) in early February that allows the states to access the funds for these programs.

For Federal impacts on the City’s capital budget and infrastructure projects see the [Capital Budget](#) section of this report.

Expenditure Analysis

Total FY 2026 general fund expenditures as presented in the May Plan are \$124.39 billion, a 5.0 percent increase over FY 2025 actual general fund expenditures of \$118.47 billion.¹⁹ Expenditures in both years, however, reflect the impact of prepayments, which shift spending between fiscal years, and they are also reduced by re-estimates of prior year payables, which lowers expenses based on revisions made to past year spending estimates. Adjusting for these costs (adding back the impact of prepayments and prior payables) provides a more accurate measure of the spending growth over time. Net these adjustments, FY 2026 spending totals \$128.83 billion, a 5.7 percent increase over adjusted actual expenditures of \$121.85 billion in FY 2025.

The increase in budgeted spending in FY 2026 compared with FY 2025 is driven by a 6.2 percent increase (\$3.55 billion) in other than personnel services (OTPS) spending, excluding debt service. This includes a \$2.66 billion increase (9.7 percent) in contractual services costs. Some of the largest growth includes budgeted contract costs for due process cases, DOE custodial costs, and child care vouchers. Personnel services are budgeted to increase by \$2.73 billion (4.8 percent). Spending categorized as Other OTPS is budgeted to increase by a net \$537 million with the largest due an increase in CityFHEPS spending (see the [Rental Assistance](#) section for details.)

Salaries and wages are budgeted to increase \$1.50 billion (4.5 percent) and health insurance by \$947 million (9.9 percent). See the [Health Insurance](#) section of this report on the changes in the cost of health insurance for City employees and retirees. As described in the [Pensions](#) section of this report,

¹⁸ Part of the funding reflected in the City’s budget is provided by the State, though specific breakouts are unavailable.

¹⁹ Totals include costs funded through Intra-Fund Agreements.

pension costs are projected to decline by \$180 million (1.8 percent) largely due to the re-amortization of pension costs included in the May Plan. Debt service costs are budgeted to increase by \$666 million (8.7 percent).

In FY 2027, adjusted expenditures total \$125.66 billion, a \$3.16 billion decrease compared with FY 2026, as shown in Table 23. In FY 2027, the adjusted total includes adding back the prepayments mentioned above, as well removing \$100 million included in the general reserve in FY 2027. The overall spending difference in FY 2027 compared with FY 2026 is driven by \$4.76 billion (7.8 percent) decrease in OTPS costs, with the largest single decline a \$900 million drop-off in child care voucher funding, although it is likely additional funding will be added during the fiscal year for these costs (see the [Education and Childcare](#) section for more details.) It also includes a nearly \$300 million decline in OTPS costs for budgeted services to asylum seekers and a \$267 million decline for non-asylum seeker shelter service contract costs, the latter decline reflects the City cost containment plan for the Department of Homeless Services (DHS) costs. (See the [Services to Asylum Seekers](#) and [Other Shelter Costs](#) sections for more details, respectively). Spending on due process cases is also projected to decline compared to FY 2026, by \$108 million as part of the administration’s cost containment (see the [Education](#) section for details.) As previously described, Federal funding is added in during the fiscal year and will likely increase funds budgeted for FY 2027 OTPS costs as the fiscal year progresses. PS costs are budgeted to increase by \$340 million (0.6 percent). This reflects growth in salaries and wages, health insurance and other fringe benefit costs, partially offset by a \$1.10 billion (11.2 percent) decline in pension costs. Debt service costs are projected to increase by \$1.25 billion (15.1 percent).

Overall, from FY 2026 through FY 2030, adjusted expenditures are budgeted to grow at an average annual rate of 3.0 percent. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 2.7 percent and debt service costs, which are projected to increase at an average annual rate of 10.9 percent. Spending on OTPS is projected to stay relatively flat throughout the outyears.

Table 23. FY 2026-FY 2030 Expenditure Growth, Adjusted for Prepayments and Reserves

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Growth FYs 2026-2030	Annual Growth
Personal Service (PS):							
Salaries and Wages	\$34,726	\$35,613	\$37,252	\$38,428	\$39,506	13.8%	3.3%
Pensions	9,736	8,647	9,729	9,291	8,710	(10.5%)	(2.7%)
Health Insurance	10,507	10,923	11,482	12,017	12,654	20.4%	4.8%
Other Fringe Benefits	4,870	4,996	5,224	5,423	5,631	15.6%	3.7%
Subtotal: PS	\$59,839	\$60,179	\$63,687	\$65,158	\$66,500	11.1%	2.7%

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Growth FYs 2026- 2030	Annual Growth
Other Than Personal Service (OTPS):							
Medicaid	\$6,762	\$6,790	\$6,940	\$7,090	\$7,240	7.1%	1.7%
Public Assistance	2,762	2,708	2,707	2,707	2,707	(2.0%)	(0.5%)
Judgments and Claims	1,266	1,148	1,068	981	998	(21.2%)	(5.8%)
Contractual Services	30,124	26,948	26,813	26,665	26,975	(10.5%)	(2.7%)
Other OTPS	19,791	18,356	20,098	20,786	21,511	8.7%	2.1%
Subtotal: OTPS	\$60,705	\$55,950	\$57,626	\$58,228	\$59,430	(2.1%)	(0.5%)
Debt Service	\$8,282	\$9,535	\$10,632	\$11,720	\$12,542	51.4%	10.9%
Expenditures Excluding Reserves and Prior Year Payable Adjustments	\$128,827	\$125,663	\$131,946	\$135,106	\$138,472	7.5%	1.8%
Prior Year Payable Adjustments	(\$1,709)						
BSA and Discretionary Transfers	(\$2,724)	(\$1,063)					
General Reserve		\$100	\$1,200	\$1,200	\$1,200		
Capital Stabilization Reserve			\$250	\$250	\$250		
Total Expenditures	\$124,394	\$124,700	\$133,395	\$136,557	\$139,922	12.5%	3.0%

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: Numbers may not add due to rounding. Intra-City adjustments are reflected in each of their respective expense categories. The debt Service line excludes TSASC Inc. debt service, as well as TFA Building Aid Revenue Bonds (BARBS) and a portion of TFA Future Tax Secured debt service, which are both paid using State Building Aid that is included in the City's Miscellaneous budget spending (098).

Adjustments to Prior-Year Accrued Revenues and Expenses

The matching principle is an accounting concept that requires expenses to be recognized in the same accounting period as the revenues they helped generate, regardless of when cash actually changes hands. In other words: if a cost was incurred to produce this year's revenue, it belongs on this year's income statement even if the cash outlay takes place in the future. The mismatch between when an obligation is incurred (a revenue is earned) and when it's paid (collected) is what creates accruals.

The City's General Fund carries accruals in the form of prior-year revenues ("receivables") and expenses ("payables"), collectively referred to as "accruals." Accruals are estimates that can, and in many cases are, adjusted over time as both costs and revenues come into better focus. The booking of accruals and their retrospective adjustments play an important role in both the budget process and the City's financial reports.

To put the role of adjustments to prior-year accruals into perspective, it should be noted that the City is required by the Financial Emergency Act to budget according to Generally Accepted Accounting Principles, which essentially means on a modified accrual rather than on a cash basis. Therefore, revenues are generally budgeted in the year they are earned regardless of the timing of collection. Similarly, expenses are budgeted in the year when costs are incurred, regardless of the timing of cash outlays. In practical terms, there is no difference between budget and accounting treatment of general fund revenues and expenses.

Adjustments of prior-year accruals come into play because over- or under-estimates of revenues and expenses are reflected in the year when the adjustment takes place. For instance: payable write-downs lower expenses (and therefore contribute to reduce budget gaps) in the year of the adjustment. Similarly, receivable write-downs decrease revenues (and therefore increase the budget gap) in the year of the adjustment.

In recent years the adjustments have become larger, as exemplified by two observations.

1. **Re-estimates of accruals play a more salient role in achieving budget balance in the Mayor's proposals.** The Mayor's budgets routinely include the write-down in the current fiscal year of prior-year payables, in recent practice for about \$400 million (this amount is better understood as an estimate of the net effect of both payables and receivables adjustments). Budgeted write-downs jumped to \$816 million in the FY 2026 budget cycle and ballooned to \$2.1 billion in the FY 2027 Executive Budget. Specifically:
 - a. The [January 2025 Financial Plan \(FY 2026 Preliminary Budget\)](#) included prior-year payable write-downs for \$550 million and the [May 2025 Financial Plan \(FY 2026](#)

[Executive Budget](#)) subsequently added \$266 million. The amounts were budgeted in FY 2025 (the current year in the financial plan). One of the reasons was the double-counting and over-estimation of asylum seekers expenditures in FY 2023, as first pointed out in this Office’s [2024 State of the City’s Economy and Finances](#).

- b. The [February 2026 Financial Plan](#) included prior-year payable write-downs for \$500 million and the subsequent [May Plan](#) added \$1.6 billion to that amount. The write-downs total \$1.7 billion in FY 2026 and \$400 million in FY 2027. The latter is an expectation of write-downs of prior-year expenses that are currently believed to be owed but may not be so in FY 2027. This may well be the first time that *future write-downs* are used to balance the upcoming year’s budget.

2. **The end-of-year General Fund balance involves large re-estimates of accruals.** In general, there is a significant difference between the budgeted and actual adjustments to prior-year accruals (see Table F-22). This is in part because the budgeted amounts are generic estimates that do not identify the specific adjustments. The actual adjustments are made after the budget is adopted and are transmitted to this Office in September to produce the City’s Annual Comprehensive Financial Report (ACFR). In FY 2025 accrual adjustments were particularly large (and perhaps obscured some of the underlying fiscal stress that became evident in recent months). As reported in this Office’s [2025 State of the City’s Economy and Finances](#):

- a. The net change in prior-year accruals was \$1.62 billion, double the \$816 million budgeted. In other words, achieving General Fund balance at the end of FY 2025 relied on \$1.62 billion in resources from adjusting prior year accruals.
- b. The net change masks larger gross movements: the decline in prior-year payables was \$2.77 billion and the decline in prior-year receivables was \$1.15 billion.
- c. The FY 2025 amounts are high compared to historical standards. For historical reference, see Chart 5 of this Office’s [November 2023 Spotlight](#) which focused on the determinants of the General Fund balance, and the Fiscal Note on prior-year receivables included in the [December 2023 Newsletter](#). The FY 2026 amounts will remain elevated in FY 2026 due to the write-down of labor costs accrued in FY 2023 for \$1.2 billion, as explained in the next subsection.

The Labor Reserve Payable Write-Down in the FY 2027 Executive Budget

The agreements for the last round of collective bargaining (the “2021-2026 round”) were first announced in February and April 2023. At the end of FY 2023, the Mayor’s Office of Management and Budget accrued expenses to the labor reserve for \$2.6 billion. A summary of the accrual by

main category is in Table F-20 below. Of the total accrued, \$2.1 billion were attributed to the new round of collective bargaining for pattern increases, the \$3,000 ratification bonus, and other components.

In addition, \$458 million was accrued for the 2017-2021 round of collective bargaining, most of which (\$386 million) was for raises to human services providers.²⁰ It would stand to reason that the \$1.2 billion adjustment would be for the 2021-2026 bargaining round, as there should have been less uncertainty in FY 2023 regarding rounds that had already concluded. However, it is possible that labor costs for human services providers that were accrued in FY 2023 are not in fact owed as subsequent cost-of-living adjustments and indirect cost rate increases were paid with different resources.

This Office has not yet received from OMB or the Office of Labor Relations documentation to support the adjustments, nor a request to approve them.

Table F-20. FY 2023 Accrual to the Labor Reserve (\$ in millions)

Liability Category	Amount
2021-2026 Bargaining Round	\$2,108
<i>Pattern</i>	\$1,235
\$3,000 Ratification Bonus	\$735
<i>1% Equity Fund</i>	\$15
<i>DC37 Additional Compensation Fund</i>	\$3
<i>Prevailing Wage</i>	\$122
2017-2021 Bargaining Round (Pattern)	\$458
<i>Human Services Providers</i>	\$386
2008-2010 & 2010-2017 Bargaining Rounds (Pattern)	\$1
Total Estimated Liability	\$2,568

Source: Mayor’s Office of Management and Budget

Table F-21 gives context to the FY 2013 – FY 2026 history of labor reserve accruals. The table provides the opening balance, payments, adjustments to prior years, and year-end accruals. The amounts reported are cumulative of all outstanding labor reserve accruals. Payments in FY 2026 are as of April, and the \$1.2 billion write-down (highlighted in red in the table) is as proposed in the FY 2027 Executive Budget. The table shows that previous adjustments of labor reserve accruals

²⁰ The City accrued \$211 million in FY 2022 and \$386 million in FY 2023 for human service providers out of a total compensation of \$2.7 billion, with effective date October 1, 2020. The documentation submitted to this Office does not identify which human services providers’ labor cost were accrued.

are not comparable in size to the current proposal, with one exception. In the aftermath of the financial crisis, at a time of perhaps comparable fiscal stress, OMB wrote down \$800 million in labor reserve accruals spanning FY 2006 to FY 2009.

Of the original FY 2023 accrual of \$2.6 billion, only \$91 million were paid out as of April 2026 (this office is unable to identify the specific department allocations for the collective bargaining payments processed). While it can take a few years for labor reserve accruals to clear due to the staggered nature of bargaining agreements, every accrual from FY 2010 to FY 2022 has essentially been paid out in full.

Table F-21. History of Labor Reserve Accruals (\$ in millions)

Fiscal Year	Opening Balance	Payments	Adjustments to Prior Years	Ending Balance	New Accrual Added at Year-End
2010	\$995	\$29	(\$800)	\$165	\$40
2011	\$206	\$27	-	\$179	\$26
2012	\$205	\$29	-	\$176	\$37
2013	\$212	-	-	\$212	\$84
2014	\$297	(\$3)	-	\$293	\$1,784
2015	\$2,078	(\$728)	-	\$1,350	\$507
2016	\$1,856	(\$566)	-	\$1,290	\$210
2017	\$1,500	(\$417)	-	\$1,083	\$38
2018	\$1,122	(\$67)	-	\$1,054	\$204
2019	\$1,259	(\$204)	-	\$1,055	\$328
2020	\$1,383	(\$258)	-	\$1,125	\$651
2021	\$1,776	(\$180)	(\$21)	\$1,574	\$623
2022	\$2,197	(\$582)	-	\$1,614	\$933
2023	\$2,547	(\$1,036)	-	\$1,511	\$2,568
2024	\$4,078	(\$1,293)	-	\$2,785	\$388
2025	\$3,173	(\$327)	-	\$2,846	\$68
2026*	\$2,914	(\$35)	(\$1,209)	\$1,670	N/A

Source: Office of the New York City Comptroller.

Note: * Payments as of April 2026; proposed adjustment to FY 2023 as of the FY 2027 Executive Budget; ending balance as of the time of writing.

Accrual Adjustments FY 2019 to FY 2025

Table F-22 shows the budgeted and actual adjustments to accruals from FY 2019 to FY 2025. The table uses the term “write-downs” because adjustments result in aggregate reductions of

accruals. The net fiscal impact is the difference between payable and receivable write-downs. A positive number means that adjustments added resources to the General Fund and vice versa. The last column shows the net write-downs budgeted as of the Executive Budget for the corresponding year (for instance: the amount budgeted in the May 2025 Executive Budget for FY 2025 was \$816 million).

The first takeaway from the table is that budgeted and actual net fiscal impacts bear little resemblance to each other. The second observation is that, except for FY 2021, the net fiscal impact is to provide resources to the General Fund.²¹ Finally, the table puts into perspective the size of the FY 2025 net fiscal impact, which was twice the budgeted amount and larger than the combined impacts from FY 2019 to FY 2024. As remarked above, the FY 2027 Executive Budget includes net write-downs for \$1.7 billion in FY 2026 (more than double the amount budgeted in FY 2025) and \$400 million in FY 2027.

Table F-22. Budgeted Versus Actual Accrual Adjustments (\$ in millions)

FY	Actual Total Payables Write-downs	Actual Total Receivables Write-downs	Actual Net Fiscal Impact	Budgeted Net Fiscal Impact as of the Executive Budget
2019	\$346	\$213	\$134	\$400
2020	\$590	\$383	\$207	\$400
2021	\$869	\$1,013	(\$143)	\$421
2022	\$675	\$637	\$38	\$400
2023	\$794	\$450	\$344	\$400
2024	\$1,221	\$664	\$557	\$400
2025	\$2,773	\$1,152	\$1,621	\$816

Source: Office of the New York City Comptroller. Source data available in schedules G3 and G5 of the ACFR.

To give further context, Table F-23 shows the major agencies contributing to accrual adjustments cumulatively between FY 2019 and FY 2025, ordered by net fiscal impact. In general terms, the largest positive fiscal impacts are from the Department of Education (somewhat unsurprising given the size of its budget). The second largest contributor is the “Miscellaneous” agency, which

²¹ Most of the revenue write-down in FY 2021 was due to OMB’s adjustment to FEMA receivables tied to the reimbursement of COVID-related spending (the amount was largely covered by tax revenues coming in above expectations). Once the collectability of the FEMA reimbursements was re-established, the receivables were added as unrestricted aid revenues in the [FY 2022 and FY 2023 budgets](#).

is controlled by OMB and includes the labor reserve, health benefits, judgement and claims, and other centrally budgeted expenses. The proposed \$1.2 billion write-down of the FY 2023 labor reserve accrual lives in this agency. As of April 2026, the “Miscellaneous” agency had \$5.5 billion in outstanding expense accruals, roughly \$4.3 billion of which dates from FY 2023 and earlier fiscal years going back to FY 2015. Human services agencies are the other large contributors to the adjustments.

“Mayoralty” appears as a large negative contributor because of revenue write-downs. This is mostly due to FEMA grants where the revenue is managed by OMB but the expenses reside in the agency budgets.

Table F-23. FY 2019 - FY 2025 Accrual Adjustments by Major Agency (\$ in millions)

Agency Name	Net Fiscal Impact	Payables Write-downs	Receivables Write-downs	Share of Total Payables Write-Downs	Share of Total Receivables Write-downs
Department of Education	\$1,101	\$1,896	\$794	26%	18%
Miscellaneous	\$750	\$754	\$4	10%	0%
Administration for Children's Services	\$504	\$911	\$407	13%	9%
Department of Homeless Services	\$398	\$1,308	\$910	18%	20%
Department of Social Services	(\$5)	\$551	\$556	8%	12%
Mayoralty	(\$1,347)	\$5	\$1,352	0%	30%
Total	\$2,756	\$7,267	\$4,511	100%	100%

Source: Office of the New York City Comptroller. Source data available in schedules G3 and G5 of the ACFR.

Headcount

Full-time authorized headcount in the May Plan totals 305,589 for FY 2026, with the number of authorized full-time employees increasing by 1,582 positions in FY 2027 to 307,171, settling at 307,784 by FY 2030, as shown in Table 24. The 0.7 percent increase over the plan period is primarily due to increased uniformed headcount at the Department of Sanitation (DSNY) and NYPD.

Table 24. Total Funded Full-Time Year-End Headcount, May 2026 Financial Plan

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Percent Change FY 2026 – FY 2030
Pedagogical:						
Dept. of Education	127,777	128,516	128,559	128,559	128,559	0.6%
City University	4,289	4,289	4,289	4,289	4,289	0.0%
Subtotal	132,066	132,805	132,848	132,848	132,848	0.6%
Uniformed:						
Police	35,025	35,370	35,555	35,555	35,555	1.5%
Fire	11,294	11,294	11,294	11,294	11,294	0.0%
Correction	6,674	6,474	6,474	6,474	6,474	(3.0%)
Sanitation	7,957	8,080	8,226	8,414	8,604	8.1%
Subtotal	60,950	61,218	61,549	61,737	61,927	1.6%
Civilian:						
Dept. of Education	12,734	12,898	12,920	12,920	12,920	1.5%
City University	1,739	1,735	1,735	1,735	1,735	(0.2%)
Police	13,579	13,386	13,386	13,386	13,386	(1.4%)
Fire	6,409	6,430	6,446	6,422	6,422	0.2%
Correction	1,752	1,747	1,740	1,740	1,740	(0.7%)
Sanitation	1,668	1,694	1,705	1,720	1,742	4.4%
Admin. for Children’s Services	7,018	7,025	7,025	7,025	7,025	0.1%
Social Services	12,445	12,443	12,373	12,373	12,373	(0.6%)
Homeless Services	2,021	1,932	1,931	1,931	1,931	(4.5%)
Health and Mental Hygiene	6,070	6,098	6,062	6,083	6,101	0.5%
Finance	2,003	2,009	2,012	2,012	2,012	0.4%
Transportation	5,907	6,046	6,094	6,123	6,125	3.7%
Parks and Recreation	5,102	5,141	5,121	5,120	5,120	0.4%
All Other Civilians	34,126	34,564	34,408	34,393	34,377	0.7%
Subtotal	112,573	113,148	112,958	112,983	113,009	0.4%
TOTAL	305,589	307,171	307,355	307,568	307,784	0.7%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Compared with the February Plan, total full-time authorized headcount decreased by a total of 1,658 positions in FY 2026. As shown in Table 25, agencies reduced their civilian vacancies as part of a vacancy reduction program announced as part of the Citywide Savings Plan included in the February Plan (more details below), although *uniformed* vacancy savings at the Department of Correction (DOC) were also included. The decreases were partially offset by increased authorized civilian headcount in FDNY for additional civilian staffing and the resumption of certain B-HEARD functions from H+H.

In FY 2027, authorized headcount increased by 884 net positions compared to the February Plan. The Citywide Savings Plan reduced authorized headcount by 2,267 positions via the vacancy reduction program, but this was more than offset by 3,055 newly funded positions. (The remaining increase is due to technical headcount adjustments made by OMB.) Agencies accounting for most of the net increase in authorized positions include the:

- DOE for Early Childhood Education Staffing, Individualized Education Services Plan (IESP) Support, Special Education Pre-K expansion, and IT support (884 pedagogical and civilian positions);
- NYPD for enhanced in-service training (395 uniformed positions);
- Campaign Finance Board to administer the campaign finance systems during the upcoming election cycle (171 in FY 2027 only);
- FDNY for fire safety prevention and civilian staffing, as well as additional EMT positions for B-HEARD (158);
- DSNY for Citywide containerization and Street vending enforcement (150 uniformed and civilian positions);
- City Council for its FY 2027 Budget (133 in FY 2027 only); and
- Department of Parks and Recreation for additional park workers, urban park rangers, and recreation staff (117).

There was no reduction to authorized pedagogical headcount despite the May Plan’s reflection of lower teacher costs under the newly announced delay to meet the State’s mandate to reduce class sizes in city schools. This is due to the fact that the February Plan added funds to hire new teachers, but it did not increase the DOE’s associated headcount. Thus, there was also no change when funding was removed. For more details on class size funding, see the [Education and Child Care](#) section of this report.

Table 25. Full-Time Headcount Changes, May 2026 Financial Plan vs. February 2026 Financial Plan

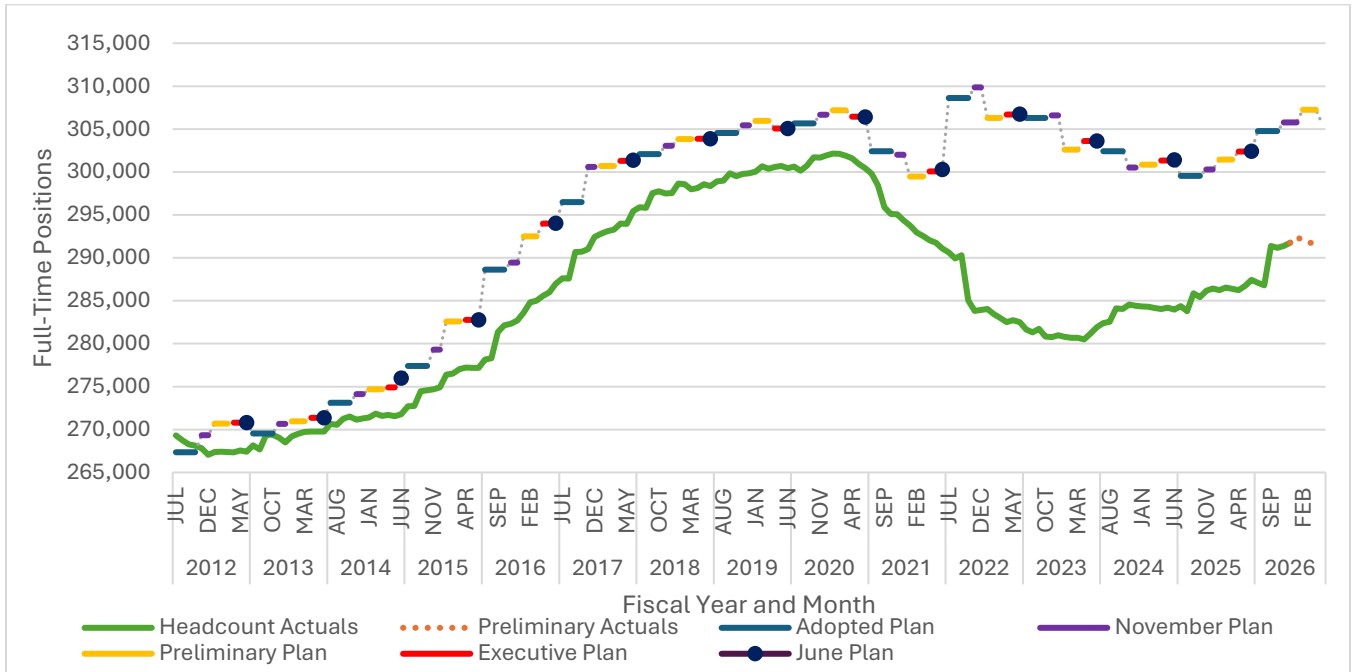
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Pedagogical:					
Dept. of Education	0	589	626	626	626
City University	0	0	0	0	0
Subtotal	0	589	626	626	626
Uniformed:					

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Police	0	395	395	395	395
Fire	0	0	0	0	0
Correction	(386)	(586)	(586)	(586)	(586)
Sanitation	0	117	263	451	641
Subtotal	(386)	(74)	72	260	450
Civilian:					
Dept. of Education	(3)	295	317	317	317
City University	0	0	0	0	0
Police	(460)	(513)	(513)	(513)	(513)
Fire	126	158	174	182	182
Correction	1	1	1	1	1
Sanitation	0	33	44	59	81
Admin. for Children's Services	(64)	(64)	(64)	(64)	(64)
Social Services	(72)	(59)	(129)	(129)	(129)
Homeless Services	(183)	(183)	(183)	(183)	(183)
Health and Mental Hygiene	(140)	144	137	155	174
Finance	(12)	(12)	(12)	(12)	(12)
Transportation	(49)	47	78	93	95
Parks and Recreation	(40)	117	97	97	97
All Other Civilians	(376)	405	246	269	279
Subtotal	(1,272)	369	193	272	325
TOTAL	(1,658)	884	891	1,158	1,401

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

As of April 2026, the City employed 291,717 active full-time workers, largely unchanged from March and down from 292,483 at the start of the Mamdani administration in January. Against the May Plan's authorized headcount of 305,589 full-time positions for FY 2026, the City has 13,872 vacant positions, equating to a 4.5 percent vacancy rate. This is only a slight reduction compared to the 5.1 percent vacancy rate of April headcount compared against the February authorized level, reflecting that relatively few vacant positions were eliminated under the February Plan's vacancy reduction program.

Chart 11. Full-Time Headcount, Actual vs Plan, FY 2012 — FY 2026



Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Plan values are assigned to specific months—July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment are preliminary for January through April of FY 2026; they are derived from initial payroll results and have not yet been published by OMB.

Assessment of PS Budget Misalignment & Vacancy Reduction

In its fiscal note [“The Phantom of the Opera”-ting Budget](#), released shortly before the May Plan, the Comptroller’s Office detailed the structural misalignment between the City’s authorized full-time headcount and its full-time salary budget for the current fiscal year. This misalignment creates the perception of greater savings from full-time vacancies than exist because not all authorized vacancies are funded. It also outlined how much of the savings that do exist are required to cover other areas underbudgeted in the PS budget.

In that analysis, this Office found, as of the February Plan, that only 97.5 percent of the City’s authorized headcount was fully funded. Based on this, the vacancy rate for the City dropped from 5.1 percent against the authorized headcount in the February Plan to 2.6 percent against this Office’s estimated funded headcount. This lower funded vacancy rate implied fewer savings could be achieved through vacancy accruals than initially expected.

As part of the February Plan, the Mamdani administration announced that it would be lifting the 2-for-1 hiring freeze, put into effect by the Adams administration in April 2024. However, agencies would first have to agree to a vacancy reduction plan to reduce their City-funded civilian vacancies by 50 percent, with any funding associated with those vacancies taken as savings. The vacancy reduction program was expected to help better align the full-time salary budget and authorized headcount, which would bring the authorized vacancy rate and the funded vacancy rate closer together.

The misalignment persists in the May Plan in FY 2026 and, to a lesser extent in FY 2027, as detailed below. It can continue to create phantom savings, invite differing interpretations of the same data, and foster unrealistic expectations of easily achievable savings.

FY 2026

As previously mentioned, total full-time authorized headcount decreased by a net 1,658 positions in FY 2026, primarily in civilian and uniformed positions. The full-time salary budget decreased by \$210 million (all funds) between plans. Due to the structure of the City budget, it is not possible to determine exactly how much of this reduction is City-funded.

According to OMB’s Citywide Savings Plan documentation, the vacancy reduction program accounts for an authorized headcount reduction of 1,894 positions of the total change in positions and \$87 million of the salary budget decrease (all funds). Of this, \$66 million is reflected as a City-funded reduction in the Savings Plan documentation.

As shown in Table F-24, the vacancy reduction program improved but failed to significantly change the estimated funded headcount and the share of funded vacancies. Under the May Plan, the authorized vacancy rate is 4.5 percent for the City overall, and the funded vacancy rate is 2.2 percent. (Estimated funded headcount varies by agency and employee type.) In an ideal scenario, authorized and funded vacancies (and vacancy rates) would be closer together at all agencies, if not the same.

Table F-24. FY 2026 Full-Time Staff Vacancy Indicators

	Authorized Headcount	Estimated Funded Headcount	Funded Headcount	Actual Headcount April 2026	Authorized Vacancies	Estimated Funded Vacancies	Estimated % of Vacancies Funded	Authorized Vacancy Rate	Estimated Funded Vacancy Rate
	(A)	(B)	(C)=(B/A)	(D)	(E)=(A-D)	(F)=(B-D)	(G)=(F)/(E)	(H)=(D)/(A)	(I)=(D)/(B)
Fiscal Note (February Plan)	307,247	299,556	97.5%	291,717	15,530	7,839	50%	5.1%	2.6%
May Plan Re-calculation	305,589	298,420	97.7%	291,717	13,872	6,703	48%	4.5%	2.2%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Assuming the full-time staffing remains at its current level for the remaining two months of the fiscal year, and based on the May Plan, this Office estimates approximately \$445 million in *City-funded*, full-time salary savings remain for FY 2026. This is down from \$600 million as estimated in the fiscal note, due to the reduction in full-time salary spending in the May Plan, as shown in Table F-25.

In addition to reducing the full-time salary budget, the May Plan also reduced budgeted funds for other fringe benefits by \$286 million (all funds and excluding health insurance costs and pension contributions). This includes a \$252 million decrease for budgeted FICA costs (all funds). The majority of this decline is due a newly introduced savings initiative in the May Plan that re-estimates City-funded FICA fringe costs down by \$200 million in FY 2026 (and \$315 million in the outyears). The City took another \$84 million in City fringe savings in FY 2026 due to its vacancy reductions. Despite these reductions, this Office estimates that approximately \$230 million in additional City-funded savings remain for other fringe costs, mainly for supplemental welfare benefits. Combined with the full-time accrual savings remaining, this leads to total savings in these two categories in the May Plan of \$675 million (down from \$1.05 billion compared to the February Plan).

Table F-25. Change in FY 2026 PS Accrual Calculations

FY 2026 (\$ in millions)	Salary Savings	Fringe Savings	Total Savings	Non-Salaried Additional Cost	Other Wage Additional Costs	Net Savings
Fiscal Note Calculation	(\$600)	(\$450)	(\$1,050)	\$300	\$500	(\$250)
May Plan Assumption	(\$445)	(\$230)	(\$675)	\$275	\$360	(\$40)

Source: Office of the New York City Comptroller

Note: Values are City Funds.

This Office projects, however, that most of these savings will still be used to fund other areas of agencies' PS budgets that are underbudgeted for the current fiscal year, which were not resolved in the May Plan. Based on year-to-date expenditures and prior year spending patterns, approximately \$275 million in additional City funds are needed for unsalaried positions and \$360 million for a variety of other wage costs such as per-session payments at the Department of Education, bonus payments, and wage differential payments. These costs effectively eliminate the full-time and fringe savings in the May Plan, leaving estimated net savings of only \$40 million.

FY 2027

As mentioned earlier, authorized headcount increased by 884 net positions in FY 2027 compared to the February Plan, reflecting the reduction of 2,267 positions offset by approximately 3,055 newly funded positions. Of the reduction, 2,088 are classified as part of the City's vacancy reductions, which is budgeted to save \$126 million in FY 2027 and out. Despite the net increase, the full-time salary budget decreased by \$315 million (all funds) between plans, primarily in pedagogical salaries related to the aforementioned delay in the class size mandate rollout.

However, the May Plan does better align authorized headcount to the full-time salary budget. First, it reduces pedagogical salaries for the class size mandate, which was added in the Preliminary Plan without associated headcount, as previously mentioned. This created a misalignment between the authorized headcount (artificially lower) and the estimated higher funded headcount. Secondly, it adds funds for civilian salaries, where the majority of authorized vacancies lie. As shown in Table F-26, the share of funded headcount is better aligned in these two employee groups. However, there is still work to be done at the employee category and agency levels. The gap between uniformed salaries and their authorized headcount worsened, which could result in unfunded vacancies. And some civilian agencies would not be able to hire up to their authorized headcount with their current salary budget.

With the hiring freeze now lifted, actual staffing levels are expected to rise, making projections uncertain for full-time salary savings. As previously mentioned, however, the May Plan did not adequately change funding levels for unsalaried and other wage costs. Any potential full-time and fringe savings in the next fiscal year must also be examined with the need for potential additional funds in these areas.

Table F-26. FY 2027 Full-Time Staff Vacancy Indicators

	Authorized Headcount	Estimated Funded Headcount	Funded vs Authorized
	(A)	(B)	(C)=(B/A)
February Plan	306,287	307,759	100.5%
<i>Civilian</i>	112,779	109,441	97.0%
<i>Pedagogical</i>	132,216	137,574	104.1%
<i>Uniform</i>	61,292	60,744	99.1%
May Plan	307,171	305,087	99.3%
<i>Civilian</i>	113,148	111,998	99.0%
<i>Pedagogical</i>	132,805	133,344	100.4%
<i>Uniform</i>	61,218	59,745	97.6%

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Overtime

Overtime expenditures in the May Plan are budgeted at \$2.53 billion for FY 2026 and \$1.94 billion for FY 2027. The Comptroller’s Office estimates that overtime spending for both fiscal years will be even higher at \$2.66 billion in FY 2026, adjusted for State reimbursement, and \$2.50 billion in FY 2027, resulting in additional City-funded needs of \$135 million and \$562 million, respectively.

OMB revised its overtime projections upwards since the February Plan by \$103 million in FY 2026, due mainly to an increase of \$64 million to DSNY to fund overtime cost associated with snow removal. Since budget adoption, OMB’s overtime estimate for FY 2026 reflects a total increase of \$863 million, reflecting higher budgeted spending for uniformed agencies of \$663 million. This includes a net increase of \$301 million for uniformed overtime at NYPD, \$60 million for uniformed overtime at FDNY, \$181 million for uniformed overtime at DOC, and \$121 million for uniformed overtime at DSNY, including \$111 million for snow removal. OMB has also increased budgeted civilian overtime by \$200 million since budget adoption.

Excluding overtime expenses associated with snow removal, the FY 2026 overtime costs are then expected to be about \$2.59 billion, which is lower than FY 2025’s actual overtime costs, adjusted for snow removal, of \$2.67 billion. This is a welcome change following an average annual growth of 7.3 percent in recent fiscal years, growing from \$2.16 billion in FY 2022 to \$2.67 billion in

FY 2025, again excluding snow removal costs.²² Both uniformed and civilian overtime increased steadily during that period, with uniformed overtime costs increasing to \$1.89 billion in FY 2025 from \$1.51 billion in FY 2022. Civilian overtime costs have increased from \$651 million in FY 2022 to \$781 million in FY 2025. Strategies implemented by the City to mitigate overtime usage at uniformed agencies and higher headcount levels should reverse the reliance on overtime by civilian employees. As a result, overtime spending could be even lower in FY 2027, but still above the current budgeted amounts.

Table 26. Projected Overtime Spending, FY 2026 and FY 2027

(\$ in millions)	FY 26 Adopted Budget	FY 2026 May Plan Overtime	FY 2026 Comptroller's Projection	FY 2026 Estimated Gap	FY 2027 Executive Budget Overtime	FY 2027 Comptroller's Projection	FY 2027 Additional Funding Required
Uniformed							
Police	\$512	\$813	\$890	(\$77)	\$634	\$850	(\$216)
Subway Safety Reimbursement*	N/A	0	(77)	77	0	0	0
Fire	393	452	452	0	409	450	(41)
Correction	154	334	334	0	148	300	(152)
Sanitation	153	275	275	0	183	183	0
Total Uniformed	\$1,212	\$1,874	\$1,874	\$0	\$1,374	\$1,783	(\$409)
Civilian							
Police-Civilian	\$90	\$143	\$143	\$0	\$144	\$144	\$0
Social Services	42	42	70	(28)	42	70	(28)
All Other Agencies	321	468	575	(107)	375	500	(125)
Total Civilians	\$453	\$653	\$788	(\$135)	\$561	\$714	(\$153)
Total City	\$1,665	\$2,527	\$2,662	(\$135)	\$1,935	\$2,497	(\$562)

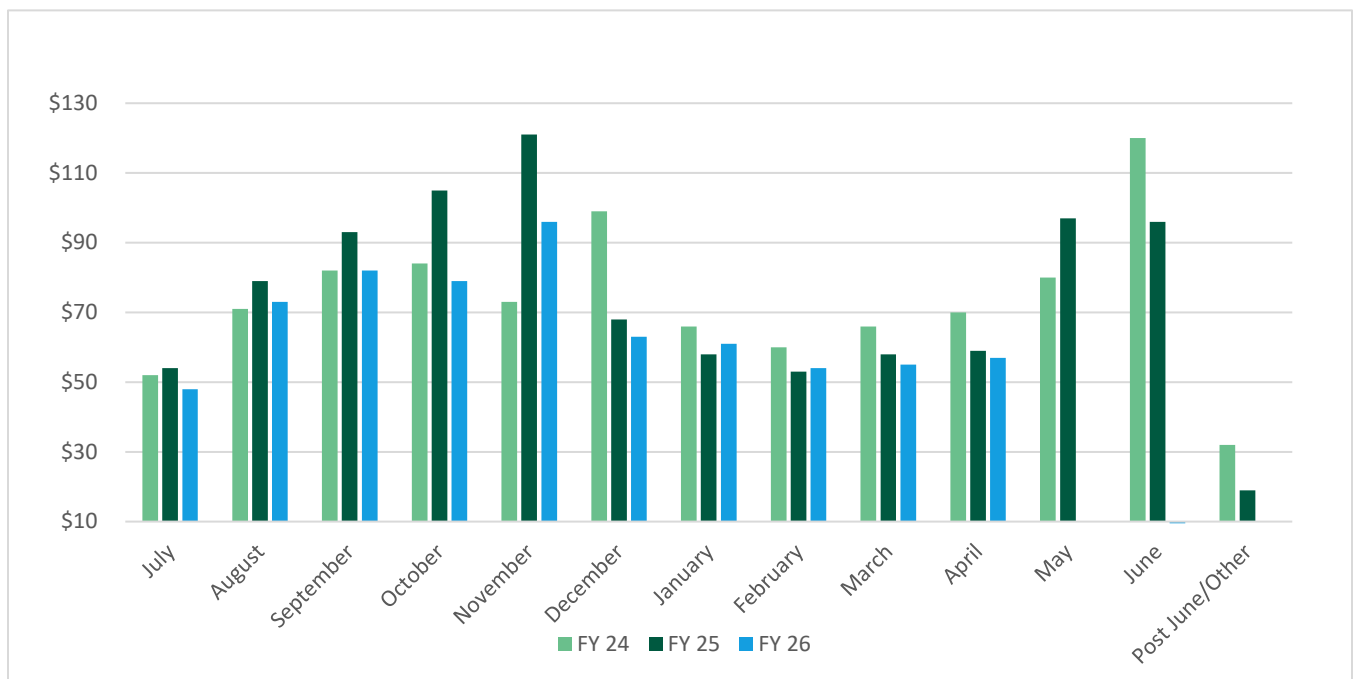
Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: *State FY 2026 reimbursement for overtime costs was applied to City FYs 2025 and 2026 in the amounts of \$40.75 million and \$36.25 million, respectively. The City has indicated that the State FY 2027 reimbursement which is anticipated to be \$77 million will be fully applied to FY 2026. As such, the City will adjust funding at fiscal yearend which may result in a reduction to City funds for FY 2026 NYPD uniformed overtime.

²² DSNY uniformed snow removal overtime costs were \$50 million in FY 2022, \$10 million in FY 2023, \$33 million in FY 2024, and \$36 million in FY 2025. Civilians snow removal overtime costs were \$9 million in FY 22, \$4 million in FY 2023, \$6 million in FY 2024, and \$7 million in FY 2025. FY 2026 costs are estimated to be \$127 million for uniformed and \$21 million for civilians.

Excluding DSNY, annual uniformed overtime costs for NYPD, FDNY and DOC averaged \$1.55 billion for fiscal years 2022 through 2025. Although year-to-date spending indicates FY 2026 uniformed overtime costs will rise to \$1.68 billion, that would still be below the FY 2025 actual spending of \$1.75 billion. Uniformed agencies were tasked in December 2024 through a Mayoral Directive to reduce excessive overtime spending by implementing procedures to monitor the use of overtime. This has been somewhat successful, primarily at NYPD, with this Office projecting uniformed NYPD overtime to be about \$890 million for FY 2026. (This does not include potential impacts of the Knicks participating in the NBA championship games. Go Knicks.) The projected \$890 million is approximately 7 percent lower than FY 2025 cost of \$960 million. This is approximately \$77 million more than currently budgeted by OMB. However, OMB has indicated that the State FY 2027 reimbursement for the Subway Safety Initiative, which totals \$77 million, will be fully applied to FY 2026. As such, the City will adjust funding at fiscal year-end, which may result in a reduction to City funds for FY 2026 NYPD uniformed overtime. For this reason, this Office does not include an additional City funds need for FY 2026 in its re-estimate of City gaps.

Chart 12. NYPD Uniformed Overtime Monthly Spending, FY 2024, FY 2025 and Year-to-Date FY 2026



Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

The Comptroller’s Office expects that initiatives implemented to monitor overtime usage at NYPD may continue to result in lower monthly costs. However, the City’s FY 2027 estimate of \$634 million is overly optimistic. On top of normal activities which occur in the City during the

year, NYPD will need to provide increased security for activities associated with the FIFA World Cup 2026 in June and July and the 250th celebration of the USA's Independence in July. This office expects NYPD uniformed overtime to be \$850 million for FY 2027, requiring the addition of \$216 million in City funds.

FDNY uniformed overtime spending is expected to be lower for FY 2026 at \$452 million compared to the FY 2025 cost of \$478 million, a decline of 5.4 percent. Preliminary numbers indicate that FDNY uniformed headcount has increased to 11,027 in April after declining to a low of 10,864 in March. That level is still below the authorized headcount level of 11,294. The Comptroller's Office estimates that FDNY uniformed overtime spending will remain about \$450 million for FY 2027, \$41 million higher than the City's estimate, as the department works on increasing headcount to the authorized level.

DOC's uniformed overtime spending, however, is projected (again by this Office and OMB) to be higher than FY 2025 at \$334 million for FY 2026 compared to \$307 million. The department is facing ongoing difficulty in hiring new officers and continues to rely on overtime usage to meet day-to-day operations. The May Plan reduced vacant uniformed headcount at DOC by 586 positions beginning in FY 2027. However, FY 2027 authorized uniformed positions remaining at the agency (5,977 positions) are still well-above April 2026 actuals (5,588 employees). For FY 2027, the Comptroller's Office projects uniformed overtime costs of \$300 million for DOC, requiring the addition of \$152 million in City funds.

The City has spent an average of \$751 million annually for civilian overtime between FY 2022 and FY 2025, largely due to lower headcount levels. Through April 2026, the City has spent \$660 million for civilian overtime and is on track to spend about \$788 million for this fiscal year. The Comptroller's Office projects this cost to be slightly lower for FY 2027 at \$714 million, requiring an addition of \$153 million to the budget. Similar to the growth in uniformed overtime, the costs for civilian overtime at NYPD, FDNY, and DOC have increased steadily in recent fiscal years to \$270 million in FY 2025 from \$204 million in FY 2022. The Department of Transportation (DOT) and ACS have also experienced increased costs to civilian overtime in recent fiscal years. DOT costs increased from \$64 million in FY 2022 to \$97 million in FY 2025 and ACS costs increased from \$40 million in FY 2022 to \$53 million in FY 2025.

Contracted Temporary Services and Contracted Professional Services

City agencies often contract with outside vendors to staff and perform essential functions, including legal services, accounting services, architectural and engineering services, and other consultant services. These contracts can be used to counter high vacancies in particular areas or titles. Since FY 2019, agencies have consistently spent well above \$1 billion on these services (excluding spending on asylum seeker and COVID-related costs). Historically, the City

conservatively budgets in the Adopted Budget and then adjusts spending during the fiscal year. The May Plan increased funding for these services in FY 2026 by \$130 million from \$1.52 billion to \$1.65 billion. This increase was mostly in other professional services at DOE and the Department of Social Services (DSS). Funding falls to \$1.20 billion in FY 2027, and then slowly ramps down to \$1.13 billion in FY 2030. Based on commitments since the February Plan, the Comptroller's Office estimates the City will commit approximately \$1.30 billion for FY 2026, a potential City-funds savings of \$185 million. Looking forward, the Comptroller's Office estimates it would require an additional \$55 million in City funds in FY 2027, growing to \$95 million by FY 2030. The City could reduce its reliance on these services, provided the Chief Savings Officers find recurring savings through program consolidation and insourcing, as promised by the administration.

Health Insurance

The City has budgeted \$10.92 billion in the FY 2027 Executive Budget for employees and retirees' pay-as-you-go health insurance cost, \$416 million or 4.0 percent higher than the budgeted amount of \$10.51 billion for FY 2026. As shown in Table 27, health insurance costs are then projected to increase at an average annual rate of 4.8 percent to \$11.48 billion in FY 2028, \$12.02 billion in FY 2029, and \$12.65 billion in FY 2030.

Compared to the adjusted February Plan (see the [Reserves](#) section for details), the budgeted amounts for health insurance increased by \$685 million in FY 2026 and by \$301 million in FY 2027. Projections declined in the outyears by \$1.30 billion in FY 2028 and by an average of \$79 million in FY 2029 and FY 2030. The increase in health insurance costs in FY 2026 and FY 2027 and reduction in FY 2028 largely reflects the reversal of the previously planned use of the Retiree Health Benefit Trust (RHBT) to fund health insurance expenses this year and next, with funds reimbursed in FY 2028. Because the May Plan reversed the use of long-term reserves, \$1.21 billion in previously planned RHBT funds to pay for health insurance in FY 2026 (\$816 million) and FY 2027 (\$393 million) is now reflected as a City cost and the FY 2028 projection was reduced down by the same amount.

The May Plan includes annual savings of \$100 million beginning in FY 2027 from a proposed Dependent Eligibility Verification Audit (DEVA) of employees' health insurance coverage, included in the Citywide Savings Plan. New York City periodically performs a DEVA to confirm the eligibility of health insurance members' dependents. In 2025 the City issued a request for Negotiated Acquisition DEVA services. The City is currently in the procurement process to hire an auditor to perform this service. According to OMB, it will be the first comprehensive DEVA process since the last comprehensive one in 2014, encompassing the entire active and retiree population, although it is unclear how the savings amounts were estimated.

Table 27. Projected Pay-As-You-Go Health Expenditures

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Department of Education	\$3,643	\$3,877	\$4,001	\$4,065	\$4,138
CUNY	168	183	187	194	202
All Other	6,696	6,863	7,295	7,758	8,314
Adjusted PAYGO Health Insurance Costs	\$10,507	\$10,923	\$11,482	\$12,017	\$12,654

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: All Other Employees include all active employees as well as retirees.

Underlying the baseline health insurance cost projections are assumed annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 4.9 percent in FY 2027, 6.25 percent in FY 2028, 6 percent in FY 2029, and 7 percent in FY 2030. Premium rates for senior care health insurance are projected to increase by 4.6 percent annually in FY 2027 and in FY 2028, by 4.8 percent in FY 2029, and 4.7 percent in FY 2030.²³ The health insurance projections also include funds to meet the annual obligations of the Health Insurance Stabilization Fund (HISF) of \$911 million in FY 2026, \$1.14 billion in FY 2027, \$1.23 billion in FY 2028, \$1.32 billion in FY 2029, and \$1.42 billion in FY 2030. These funds were added to the budget in the February Plan.

Also included in the February Plan were savings associated with the lower projected New York City Employees PPO (NYCE PPO) premium rates, the City’s relatively new premium-free health insurance offering. When compared to the projected HIP premium rates, the new rates are projected to result in lower health insurance costs of \$411 million in FY 2026, \$791 million in FY 2027, \$840 million in FY 2028, \$891 million in FY 2029, and \$953 million in FY 2030. (See this Office’s [Comments on New York City’s Preliminary Budget for Fiscal Year 2027 and Financial Plan for Fiscal Years 2026 - 2030](#) for more details and discussion on the HISF and the new NYCE PPO plan and related savings).

Pensions

The May Plan reflects significant changes to estimates of the City’s planned pension expenditures. When compared to the February Plan, the current projections were lowered by \$647 million in FY 2026, by \$1.77 billion in FY 2027 and by an average of \$1.65 billion for FY 2028 through FY 2030. This results in budgeted pension expenditures of \$9.74 billion in FY 2026, \$8.65 billion in FY 2027, \$9.73 billion in FY 2028, \$9.29 billion in FY 2029, and \$8.71 billion in

²³ The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

FY 2030. As shown in Table 28, these reductions since February are the net result of several actions described below.

Table 28. Changes to City Pension Contributions

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Pension Expense, February Plan	\$10,383	\$10,421	\$11,408	\$10,871	\$10,412
UAL – Re-amortization	(652)	(1,644)	(1,704)	(1,529)	(1,644)
Pension Reform/Benefit Enhancements	0	110	110	110	110
Valuation Update	0	(245)	(89)	(175)	(183)
Funding Swap WTC Cost (City Funds)	(101)	(101)	(101)	(101)	(101)
Funding Swap WTC Cost (State Funds)	101	101	101	101	101
Other	5	5	4	13	15
Total Pension Expense, May Plan	\$9,736	\$8,647	\$9,729	\$9,291	\$8,710

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Numbers may not add due to rounding. Totals are net Intra-City adjustments.

Proposed Unfunded Accrual Liabilities (UAL) Re-amortization. The largest reduction in pension costs included in the May Plan reflects a proposed modification to the existing amortization schedule for the Unfunded Accrued Liabilities (UAL) of the New York City Retirement Systems (NYCRS). The UAL is the difference between the actuarial accrued liability and the actuarial value of the plan’s assets as of the pension systems valuation date. (See the [Re-Amortization of the Pension Systems’ Unfunded Accrued Liability](#) section for more details on the changes to the UAL.) This proposal was included in the State’s Enacted FY 2027 Budget. However, it also requires the approval of each of the impacted retirement systems’ boards of trustees before it can be implemented. At time of writing, only the Board of Education Retirement System (BERS), the smallest of the funds, approved it.

If approved by the other three boards as well, the City’s contributions (and those of other related City-entities whose employees are part of the pension system but are not paid directly by the City, such as NYC H+H, NYCHA, etc.) would decrease in the short term (FY 2026 – FY 2032) and increase in the longer term (FY 2033 – FY 2037).

The May Plan reflects the proposed impact on four of the City’s five pension systems. These include the New York City Employee Retirement System (NYCERS), the Teachers Retirement

System of The City of New York (TRS), New York City Fire Pension Fund (FIRE), and BERS. This results in reductions in the May Plan to City pension expenditures of \$652 million in FY 2026 growing to reductions of \$1.64 billion in FY 2030 as shown in Table 28.

The New York City Police Pension Fund was not included in the impacts reflected in the May Plan but was included in the Enacted State Budget legislation authorizing the restructuring. Should the Police Pension Fund approve this initiative, pension costs would be lower by an additional \$233 million in FY 2026, \$296 million FY 2027, \$402 million in FY 2028, \$477 million in FY 2029, and \$552 in FY 2030.

In addition to the savings on its own pension costs, the City is capturing H+H's pension savings resulting from the re-amortization by reinstating H+H debt services payments to the City in the exact amount of the public hospital system's five-year benefit, but over the next two years (\$455 million over FY 2026 and FY 2027).

The Re-Amortization of the Pension Systems' Unfunded Accrued Liability

The State Budget (Transportation, Economic Development, and Environmental Conservation bill A10008-C/S9008-C, part YY) included the re-amortization of the City's five pension funds Unfunded Accrued Liability (UAL) as of FY 2026. The structure of the re-amortization is as follows:

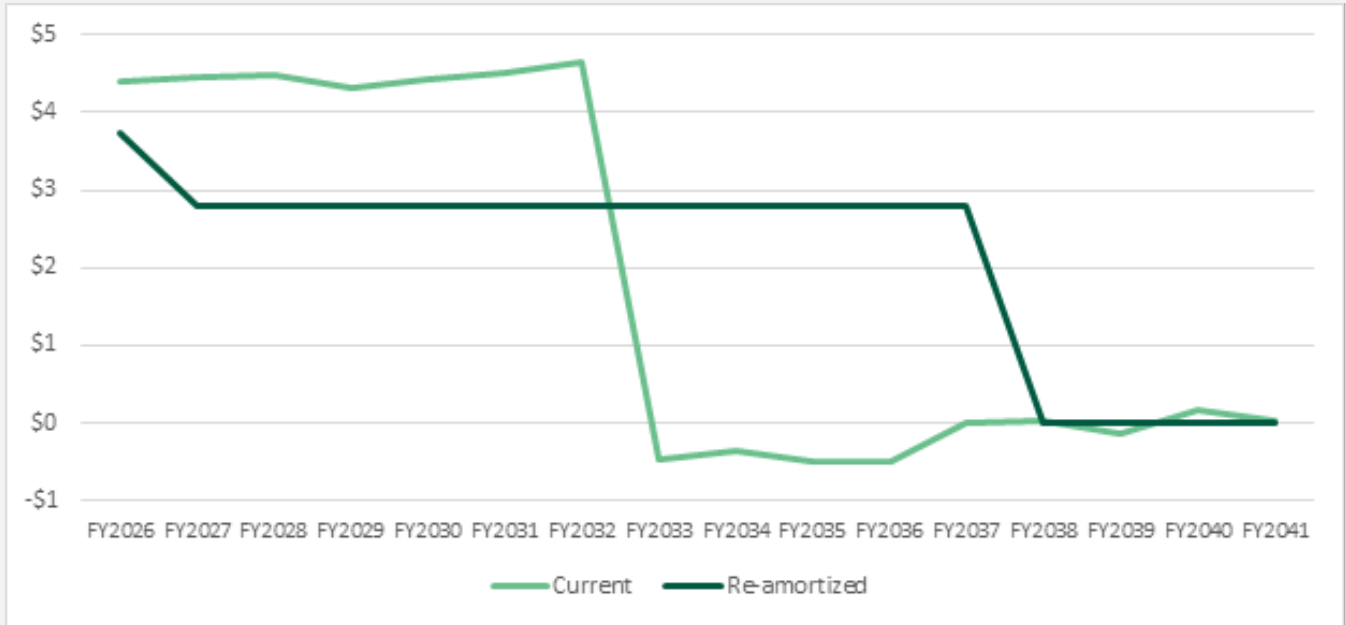
1. The pension funds are not required to contribute the June 2026 payment of the FY 2026 amortization schedule. The FY 2026 payment is further reduced by the other components of the June pension contributions being unpaid (normal cost, administrative expenses, and others).
2. The remaining UAL is amortized over 11 level annual payments from FY 2027 to FY 2037.

The structure is present-value neutral and extends the amortization period by five years, from FY 2032 to FY 2037. The structure applies to all pension funds and obligors (primarily the City but also H+H, NYCHA, the MTA, and other entities), conditional on trustees' approval within 30 days of the enactment of the legislation. The Mayor assumed in the financial plan that all but the Police fund will approve the re-amortization. Chart F-2 shows the impact of re-amortization on the City's UAL contributions to the four funds that are assumed to participate.

It should be noted that the current amortization formula requires that the initial UAL payment increases by 3 percent per year. This choice initially lowered the contributions but creates a large gap (or "cliff") at the end of the amortization period in FY 2032. In addition, the funds have over time accumulated credits (for instance, because they have outperformed the assumed 7 percent rate of return). These credits are evident in the negative contributions starting in FY 2033. The end of UAL amortization payments in FY 2032 and the credits starting in FY 2033, mean that the City's contributions to the four pension funds would drop by about \$5.1 billion from FY 2032 to FY 2033.

The re-amortization takes the outstanding UAL as of FY 2027 (using the FY 2026 amortization schedule plus the canceled June 2026 pension payment) and spreads it over eleven years on a level schedule. The level payment assumes that the funds will achieve the 7 percent return target.

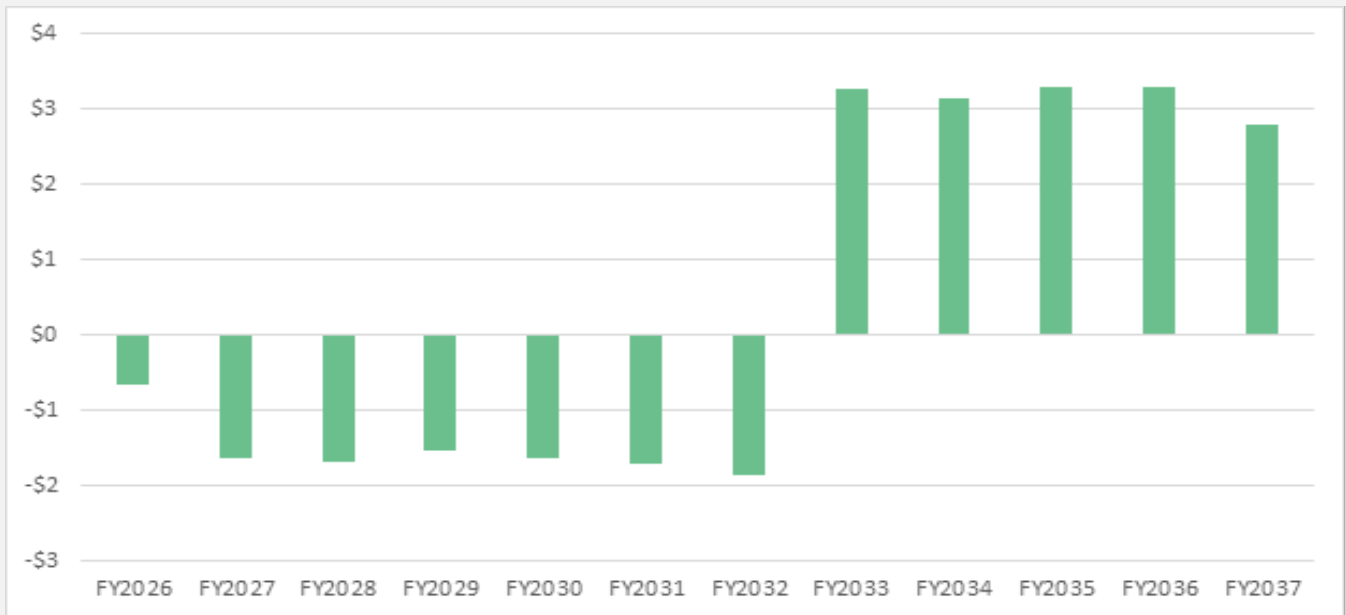
Chart F-2. City UAL Contributions to the Four Participating Funds Before and After Re-Amortization (\$ in billions)



Source: Office of the New York City Actuary, Office of the New York City Comptroller

Chart F-3 shows the difference in the City’s old and new UAL payment from FY 2026 to FY 2037. Negative values denote savings while positive values are higher payments relative to the current amortization schedule.

Chart F-3. Difference in the City’s UAL Contributions Assuming Four Funds Participate in the Re-Amortization (\$ in billions)



Source: Office of the New York City Actuary, Office of the New York City Comptroller

Finally, the City is also taking the FY 2026 – FY 2030 re-amortization savings that would accrue to H+H. This claw-back takes the form of reimbursement from H+H to the City for debt service that the City has incurred on H+H’s behalf. Table F-27 summarizes the total City and H+H impact over the financial plan period.

Table F-27. City and H+H Impact from UAL Re-Amortization

FY (\$ in millions)	City			H+H		
	Own Savings	Transfer from H+H	Total	Own Savings	Transfer to the City	Total
2026	\$652	\$205	\$857	\$50	(\$205)	(\$155)
2027	\$1,644	\$250	\$1,894	\$93	(\$250)	(\$157)
2028	\$1,704	\$0	\$1,704	\$95	\$0	\$95
2029	\$1,529	\$0	\$1,529	\$98	\$0	\$98
2030	\$1,644	\$0	\$1,644	\$119	\$0	\$119

Source: Office of the New York City Actuary, Mayor’s Office of Management and Budget, Office of the New York City Comptroller

Should all pension funds participate in the re-amortization, operating costs for the City would decrease further by \$233 million in FY 2026, \$296 million in FY 2027, \$402 million in FY 2028, \$477 million in FY 2029, and \$552 million in FY 2030.

Pension Reforms and Benefit Enhancements. The Enacted State Budget included pension benefit enhancements for public service employees that not only enhance pension benefits for certain uniformed employees but reform the Tier 6 and Tier 3 retirement plans. The unions representing employees have lobbied to reform the plans since the benefits are less generous than previous tiers and the employee contribution rates are higher. The unions have stated that these plans, primarily Tier 6, make it harder to attract and retain workers. In the May Plan, the City included a placeholder amount for the bills potential totaling \$110 million annually beginning in FY 2027.

The State legislature has reached agreement on the following enhancements to pension benefits as shown in Table 29 and described in detail below.

Table 29. Pension Benefit Enhancements

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Unreduced retirement at age 58 with 30 years of service for TRS members and lower required contribution rates for certain NYCERS and BERS members (See note*)	\$0	\$123	\$131	\$138	\$146
Didarul Islam Police Recruitment Act – provides eligible Tier 3 POLICE members with credit for prior	0	35	36	37	38

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
service as a correction officer, traffic enforcement agent, school safety agent, or police cadet that immediately precedes POLICE membership.					
Unreduced 20-year service retirement for certain NYCERS members of the Tier 3 22-year plans for uniformed sanitation employees and uniformed correction officers.	0	7	7	7	8
Grant full escalation eligibility earlier for Tier 3 FIRE members who retire for service at 23 years of service and commence partial escalation at more than 20 years of service	0	5	6	6	6
Increase the salary used to the highest grade of pay per collective bargaining agreement in determining pension benefits for FIRE members who retire with at least 25 years of uniformed FIRE service	0	0	3	6	10
Total	\$0	\$170	\$183	\$194	\$208

Source: Office of the New York City Comptroller, New York City Office of the Actuary, New York State FY 2027 Budget

Note: *The Office of the New York City Actuary estimates the City fund impact for FY 2027 only. The subsequent years are estimated by this Office based on the City fund share provided by the Actuary's Office for FY 2027.

- Lowering the current Tier 6 employee contributions rates, effective October 1, 2026, for NYCERS and BERS members, excluding Tier 6 Transit 25-Year/Age 55 Retirement Plan or Tier 6 Triborough Bridge and Tunnel Authority 20-Year Retirement Plan, as shown in Table 30.
- Reduction to the retirement age from 63 to 58 with 30 years of service for TRS members.
- The enactment of the Didarul Islam Police Recruitment Act which provides eligible Tier 3 POLICE members credit for prior service as a correction officer, traffic enforcement agent, school safety agent, or police cadet that immediately precedes membership.
- Tier 3 Uniformed Sanitation employees and Correction Officers will now receive an annual benefit that is equal to 50 percent of Final Average Salary (FAS) when retiring with at least 20 years of service. Currently, these employees who retire with at least 20 years of service receive an annual benefit of 42 percent of FAS, increasing to 50 percent of FAS after 22 years of service.
- Currently, Tier 3 FIRE members are eligible for full escalation if commencing their service retirement with at least 25 years of service and partial escalation if commencing retirement with more than 23 years of service. This will now be reduced to full escalation if commencing retirement with at least 23 years of service and partial escalation with more than 20 years of service. Escalation is based on 100 percent of the change in CPI and is applied to the entire retirement benefit with yearly increases or

decreases limited to 3 percent. Any excess is banked and applied cumulatively to the benefit in subsequent years. Members eligible for escalation are also eligible for the Cost Of Living Adjustment (COLA), if COLA is greater. COLA benefit is based on 50 percent of the change in the CPI, limited to between 1 percent to 3 percent and is applied to the first \$18,000 of the retirement benefit.

- FIRE members retiring with at least 25 years of service will have their final salary used to determine pension benefits be equal to the highest grade of pay in their rank per collective bargaining agreement.

These changes are estimated by the Office of the New York City Actuary to cost the City \$170 million in FY 2027. Estimates of City costs are \$183 million in FY 2028, \$194 million in FY 2029, and \$208 million in FY 2030.²⁴ These amounts are above the \$110 million placeholders included annually in the May Plan, requiring additional City funding in each year.

Table 30. New Tier 6 Contribution Rates for NYCERS and BERS

Salary Band	Current Rate	New Rate
\$45,000 or less	3.00%	3.00%
\$45,001 up to \$55,000	3.50%	3.00%
\$55,001 up to \$75,000	4.50%	3.00%
\$75,001 up to \$100,000	5.75%	4.00%
\$100,001 up to \$125,000	6.00%	5.25%
Greater than \$125,000	6.00%	5.75%

Source: Office of the New York City Comptroller, Office of the New York City Actuary

FY 2025 Valuation Update and Other Changes. Other changes included in the May Plan for FY 2027 through FY 2030 reflect: updated estimates provided by the Office of the Actuary to account for updated membership census data as of June 30, 2025; adjustments to reflect collective bargaining agreements; and the impact of other recent legislation passed before the Enacted State Budget, including allowing Tier 3 POLICE and FIRE members who retire with at least 20 years of service to receive an annual benefit that is equal to 50 percent of Final Average Salary (FAS) from an annual benefit of 42 percent of FAS, increasing to 50 percent of FAS after 22 years of service.

Funding Swap for WTC Costs. The City has also included in the May Plan a funding swap between City and State funding for the reimbursement of pension benefits for line-of-duty

²⁴ The Office of the New York City Actuary estimates the City fund impact for FY 2027 only. The subsequent years are estimated by this Office based on the City fund share provided by the Actuary's Office for FY 2027.

survivors. Post the 9/11 WTC attack, the line of duty pension benefit provided to survivors of uniformed and certain civilian employees was enhanced. The cost of funding this improvement in benefit has been historically shared by the City and the State. In recent years, the State has reimbursed the City approximately \$32 million annually towards the cost of this benefit. The May Plan includes an increase to the reimbursement amount of \$101 million beginning in FY 2026 through FY 2030, for a total of \$133 million annually, 50 percent of the cost to fund this benefit. This was also included in the Enacted State Budget.²⁵

FY 2026 Pension Investment Earnings. Pension investment earnings for FY 2026 will impact pension contributions beginning in FY 2028. Following the end of each fiscal year, the City’s Office of the Actuary measures the investment returns earned by the pension funds and compares them to the returns that would have been generated if investment earnings had equaled the Actuarial Interest Rate (AIR).²⁶ The pension projections included in the financial plan assume pension investments will earn the AIR of 7 percent each year. Through April 30, 2026, audited figures indicate that pension investments have earned 10.2 percent for the fiscal year. The Comptroller’s Office estimates that a 1 percent return above or below the AIR of 7 percent will decrease/increase pension cost to the City by approximately \$60 million in FY 2028, growing to \$210 million by FY 2030.

Labor Contracts

The City has negotiated and reached agreements with unions representing over 98 percent of employees under the 2021-2026 collective bargaining round. Unions representing Emergency Medical Services (EMS) L2507 and L3621, EMS Chiefs; Fire Protection Inspectors; Sanitation Enforcement Agents, Associate Sanitation Enforcement Agents; and Deputy Sheriffs have yet to reach agreements for the 2021-2026 round of collective bargaining. The City has reserved funding both in the labor reserve accruals and in the labor reserve maintained within the Financial Plan to cover costs of wage increases for the affected employees.

The labor reserve also contains funding to cover anticipated expenses for collective bargaining agreements to be negotiated, funding to be transferred to agencies’ budgets for contracts that are ratified, and to fund a 1.25 percent wage increase for all employees for the next round of collective bargaining. The current balance in the labor reserve is \$295 million in FY 2026, \$604 million in FY 2027, \$1.78 billion in FY 2028, \$2.4 billion in FY 2029, and \$3.18 billion in FY 2030.

²⁵ The FY 2027 Enacted State Budget appropriates \$141 million for funding line of duty benefits.

²⁶ Returns above or below the AIR for a given fiscal year are phased into the Actuarial Asset Value over a five-year period in accordance with the Actuary’s Actuarial Asset Valuation Methodology (AAVM).

The funding held in the labor reserve is usually estimated based on headcount levels at a certain date. For example, funding estimated for the 2021-2026 collective bargaining round was based on headcount data as of December 31, 2020. After an agreement is negotiated and ratified, the City then transfers funding to the agencies impacted based on the terms of the contract and current actual headcount. Funds previously reserved may be lower or higher than the actual cost of the contract. For example, the balances in the labor reserve since June 2024 were reduced by \$560 million for FY 2026 and \$500 million for FY 2027, in addition to the \$885 million reduced for FY 2024 and FY 2025 combined, mainly due to lower headcount and lower than anticipated prevailing wage settlements. In addition, the City is taking down \$1.21 billion in a prior payable adjustment to reduce funds previously reserved for collective bargaining costs in FY 2023. See the [Adjustments of Prior-Year Accrued Revenues and Expenses](#) section for details.

Contracts for several major unions representing the City workforce have already expired, as shown in Table 31, including the Police Benevolent Association (PBA) and the Uniformed Firefighters Association (UFA), which expired on July 31, 2025. The contract for District Council 37, the City’s largest municipal labor union, expires in November 2026 (FY 2027). Any raises negotiated above the 1.25 percent annual increases reserved would require an addition of funds into the City’s labor reserve. The Comptroller’s Office estimates that it would cost between \$550 million to \$600 million in City funds for a 1 percent increase when fully phased in for all employees.

Table 31. Major Unions Contract Expiration Dates

Union	Date
Uniformed Firefighters Association	7/31/2025
Police Benevolent Association	7/31/2025
Uniformed Fire Officers Association	7/30/2026
District Council 37	11/6/2026
Sergeants Benevolent Association	12/9/2026
Organization of Staff Analysts	3/5/2027
Lieutenants Benevolent Association	4/15/2027
Correction Officers’ Benevolent Association	4/30/2027
Detectives’ Endowment Association	5/31/2027
Captains Endowment Association	9/30/2027
United Federation of Teachers	11/28/2027
Correction Captains’ Association	1/29/2028
Uniformed Sanitationmen’s Association	2/27/2028

Union	Date
Uniformed Sanitation Chiefs Association	2/29/2028
Council of School Supervisors & Administrators	3/29/2028
Sanitation Officers Association	8/24/2028

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Education and Child Care

The May Plan budgets \$37.52 billion for the DOE in the current fiscal year (excluding intra-city funds), a net increase of \$738 million compared to the February Plan, as shown in Table 32. The DOE budget rises in FY 2027 to \$37.89 billion, reflecting a year-to-year increase of \$378 million. DOE's budget totals \$39.22 billion in FY 2028, \$39.59 in FY 2029, and \$40.16 billion in FY 2030.

Table 32. Department of Education Funding Detail- May Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total DOE Funding*	\$37,515	\$37,893	\$39,225	\$39,594	\$40,163
City Funds	\$20,698	\$20,705	\$21,685	\$22,479	\$23,048
State Funds	\$14,410	\$15,091	\$15,443	\$15,018	\$15,018
Federal Funds	\$2,328	\$2,029	\$2,029	\$2,029	\$2,029
Other Categorical	\$80	\$68	\$68	\$68	\$68
May Plan Changes	\$738	(\$128)	(\$304)	(\$0)	\$132
Year-to-Year Changes		\$378	\$1,332	\$370	\$569

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

Note: *Net of intra-city funds

City-funded increases for the DOE totaled \$531 million in FY 2026, addressing a variety of needs. The largest addition is \$349 million of City funding for the FY 2026 mid-year hold harmless adjustment, ensuring schools do not face any reduction in funding due to lower-than-projected student enrollment. Additionally, the City added \$126 million in a fringe adjustment, \$55 million for leases, and \$53 million in Head Start backfill in the current fiscal year.

For FY 2027, many outstanding shortfalls were fully addressed with additional City funding. These include technology funding (\$100 million added in FY 2027 and out), Individualized Education Services Program (IESP) support (\$86 million added in FY 2027 and out), L.V. Orders (\$52 million added in FY 2027 and out) and the Learning to Work program (\$31 million added in FY 2027 and out).

However, these additions to DOE’s budget were offset by other City-fund reductions. The largest contributors to this reduction are class size funding (\$542 million), due process case funding (\$149 million), and schools’ OTPS budgets (\$105 million). Class size funding will be discussed in greater detail in the following section. The due process case funding reduction is part of the City’s cost containment initiatives introduced in the May Plan. It reflects the DOE’s effort to open more special education services in-house to reduce settlements and claims to parents moving their children out of the NYC school system due to a lack of adequate services. The cost containment initiative reduces the FY 2027 budget for due process to \$1.41 billion, which is below projected FY 2026 spending of \$1.51 billion.

Table 33. Projected Education-Related City Fund Needs in the May 2026 Financial Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
School Custodial Costs	\$0	\$100	\$100	\$100	\$100
2-K	0	0	0	425	425
Class Size	0	25	27	0	208
Total	\$0	\$125	\$127	\$525	\$733

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

As shown in Table 33, Comptroller’s Office estimates several areas where additional City funds will need to be added to the DOE budget. A shortfall in custodial costs was reduced in the May Plan but not eliminated. As of the February Plan, school cleaning custodial costs were underbudgeted by \$180 million each year from FY 2027 out. The May Plan adds an additional \$80 million baselined funding from FY 2027 out, reducing the shortfall to \$100 million. The shortfall to the universal early childhood program for 2-year-olds (“2-K”) of \$425 million in FY 2029 and FY 2030 remains unchanged, with no new funding added to continue operation of the program, as further described below. In addition, the reduction to the due process budget may become a shortfall if plans to reduce settlement payments fail.

Class Size Mandate

The State’s class size reduction mandate originally required New York City schools to phase in smaller class sizes by the 2027-2028 school year, with a target of 80 percent compliance by September 2026 and 100 percent compliance by September 2027. The February Plan included significant funding to meet that target: \$543 million in City funding and \$57 million in State Contract for Excellence funding for a \$600 million total in FY 2027, with the City contribution rising to \$943 million in FY 2028 and the outyears, and total outyear funding hitting \$1.0 billion per year. Schools Chancellor Kamar Samuels stated in February that the \$602 million in FY 2027 funding

would support the hiring of 6,000 teachers, around two-thirds of the teachers the Comptroller’s Office estimated were needed to meet full compliance as of the February Plan.

The May Plan significantly decreases the FY 2027 funding for class size as well as the number of teachers to be hired for September 2026, aligned with an expectation that the State would extend the timeline for compliance. The May Plan reduces City funding for class size in FY 2027 by \$542 million, leaving just \$30 million in FY 2027 City funding that was budgeted in prior plans, and increases State funding by \$35 million baselined through the outyears, for a total of \$122 million in new FY 2027 funding. City funding increases to \$175 million in FY 2028, \$525 in FY 2028, \$617 million in FY 2029, and \$792 million in FY 2030, as shown in Table 34. Following the passage of the State Budget, the State legislature passed a separate bill ([S10615/A11539](#)) to extend the deadline for 100 percent class size compliance to September 2029 (with interim targets of 70 percent in September 2026, 80 percent in September 2027, and 90 percent in September 2028).

Table 34. Growth in Class Size Funding for FY 2027 – FY 2030 Compliance as of the May 2026 Financial Plan

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030
City Funding	\$30	\$175	\$525	\$700
State C4E Funding	\$92	\$92	\$92	\$92
May Plan Total	\$122	\$267	\$617	\$792
Full Compliance Total as of February Plan				\$1,000
Teacher Hiring Shortfall	-	-	-	(\$208)
Exemption Bonuses	(\$25)	(\$27)		
Total Shortfall	(\$25)	(\$27)		(\$208)

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Current May Plan total funding of \$792 million creates a shortfall of \$208 million compared to the February Plan at full compliance (which was in line with this Office’s estimates). Additionally, the UFT has announced an agreement with City Hall and the DOE to provide teachers whose classes remain above the new class size limits, due to approved hard-to-staff and space exemptions, with a differential of up to \$8,500 in 2026-27 school year and \$9,500 in the 2027-28 school year. This differential, if applied to the same classrooms which received exemptions in the 2025-2026 school year, is estimated to cost the DOE at least \$25 million dollars in FY 2027 and \$27 million in FY 2028. Additional information about the remaining number of teachers required and the anticipated costs associated with hiring them will be released in the DOE’s June 2026 [class size report](#).

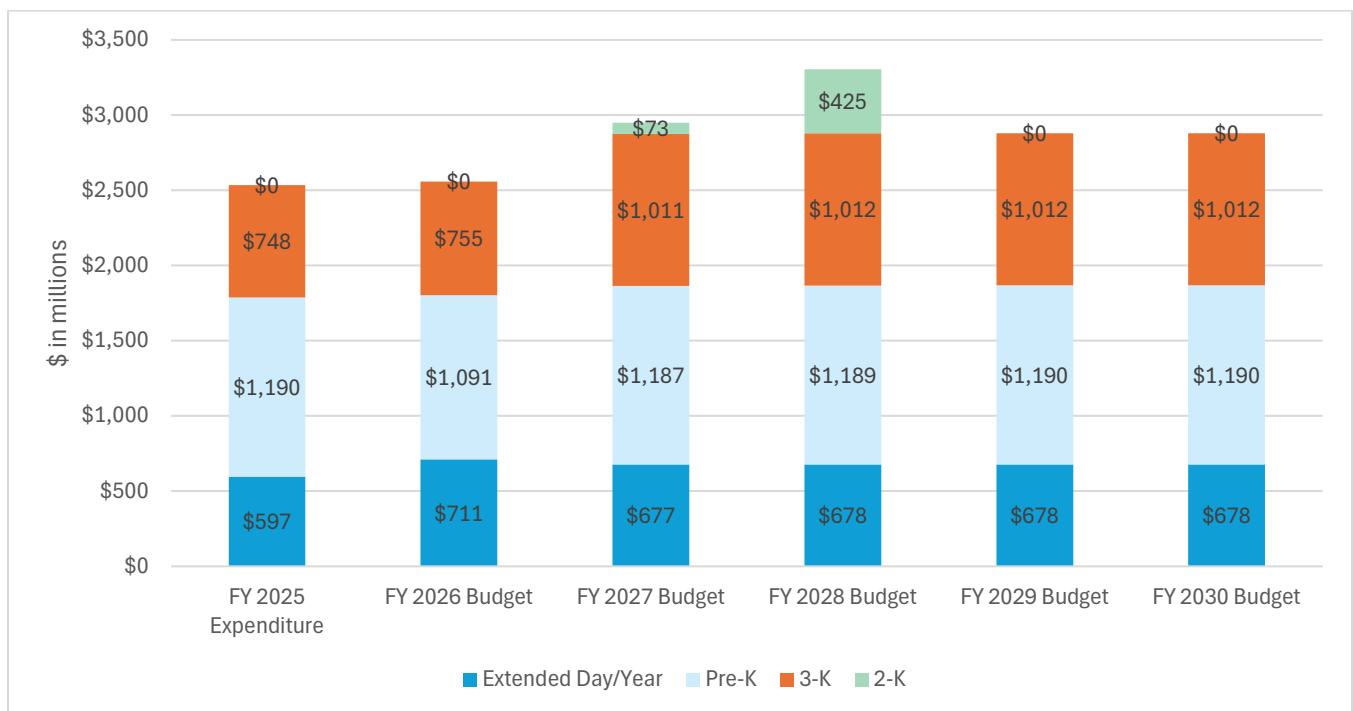
Separately, the May Capital Plan also includes an additional \$1.5 billion through FY 2029 to address the class size mandate. To read more about the SCA’s plan to reduce class sizes, refer to the [Capital Commitment Plan](#) section of this report.

Early Childhood Education

The May Plan includes \$2.56 billion for DOE early childhood education (ECE) in FY 2026, a net \$63 million increase from the February Plan. This increase is fully comprised of City funding, including \$53 million to support Head Start programming that remained operational following the loss of Federal Head Start funds and \$10 million for City-leased ECE centers.

Funding rises to \$2.95 billion in FY 2027 and \$3.30 billion in FY 2028, augmented by the May Plan’s inclusion of an additional \$81 million in FY 2027 and \$83 million in the outyears. This funding supports provider rate contract enhancements (\$40 million), staffing (\$24 million), leases (\$10 million), outreach (\$5 million) and expansion of special education Pre-K services (\$2 million in FY 2027, rising to \$4 million in FY 2030). The ECE budget drops to \$2.88 billion in FY 2029 and FY 2030 due to future 2-K services remaining unbudgeted in the current Plan, as shown in Chart 13 below. The State’s Enacted Budget included the \$73 million for FY 2027 proposed in the Governor’s Executive Budget and reflected in the City’s February Plan to support the City’s new 2- K program beginning in September.

Chart 13. Early Childhood Education Budget Detail, FY 2025 – FY 2030



Source: Mayor’s Office of Management and Budget

Additionally, while not in the DOE's budget, the Promise NYC early childhood education program for undocumented children (managed by ACS) was fully funded in the May Plan at \$25 million for FY 2027 and out.

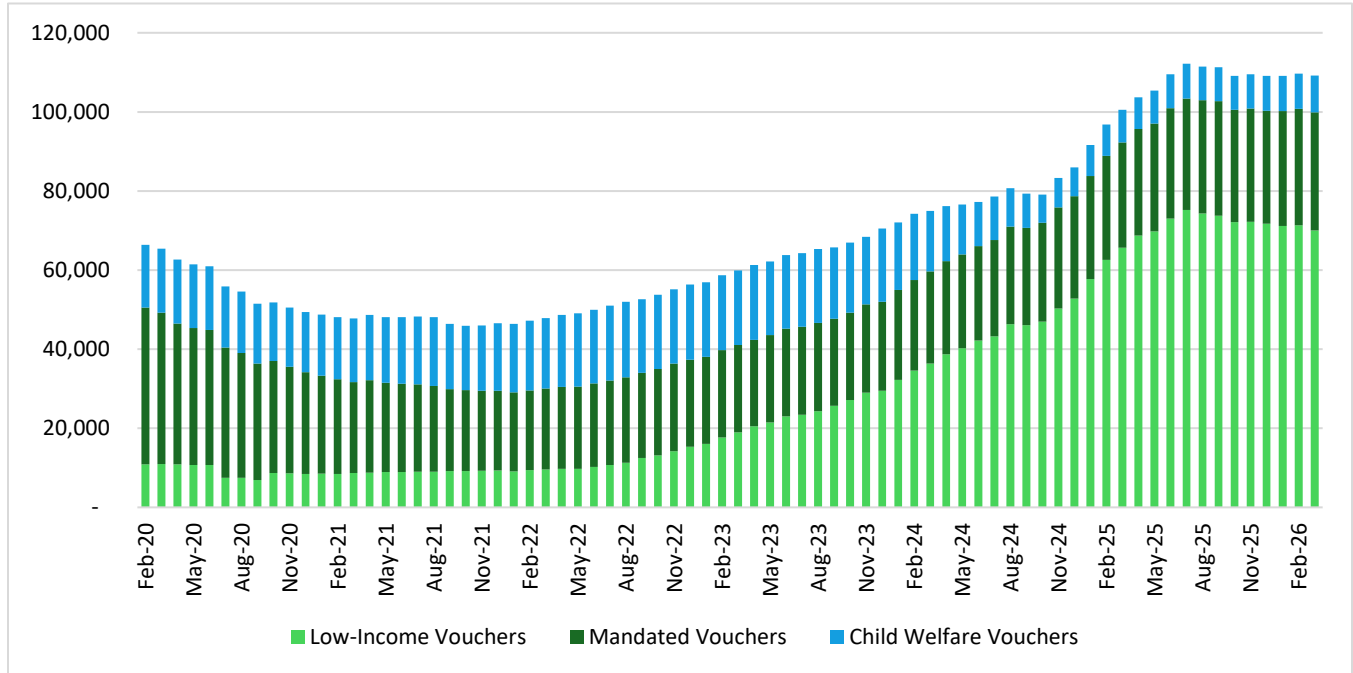
Child Care Vouchers

Despite the growing waitlist for low-income child care vouchers, now exceeding 25,000 children due to funding constraints, overall voucher utilization has remained steady since the end of October 2025 at roughly 109,000 vouchers. The City provides three types of child care vouchers: vouchers for families receiving cash assistance (which the City is mandated to provide), child welfare vouchers for families receiving preventive or protective services, and vouchers for families below certain income thresholds established by the State and who meet other eligibility requirements, particularly related to work activities and immigration status.

Since the start of 2026, mandated vouchers for those on public assistance and vouchers for child welfare recipients have been growing at a quicker pace, likely related to the re-implementation of work requirements that were suspended during the pandemic. Meanwhile, vouchers for low-income households have slowly declined (at an average pace of less than 1 percent per month), after changes to City policy in response to high growth in demand and limited funding levels. Currently, voucher re-certifications are available to low-income families already receiving vouchers who are either homeless, have a child with special needs, or are below the 300 percent State Income Standard (\$99,000 for a family of four). Families seeking new low-income vouchers are added to the waitlist.

The Comptroller's Office's latest projections anticipate that the City will average nearly 110,000 total vouchers in FY 2026, a 20.3 percent increase over FY 2025 (largely due to rapid growth throughout FY 2025 and voucher numbers peaking last summer), and nearly 1,000 more vouchers than the Office's February Plan projections due to the recent growth in mandated vouchers.

Chart 14. Average Monthly Child Care Vouchers by Type (February 2020 to End of March 2026)



Source: New York City Mayor’s Management Report, ACS Flash Indicators, Office of the New York City Comptroller

Child Care Voucher Funding and Need

FY 2026

The City reflected an additional \$549 million in FY 2026 State and Federal child care voucher funding in the May Plan, for a total of \$1.37 billion in State and Federal Child Care Block Grant (CCBG) funding that appears to fully reflect funding from last year’s State Enacted FY 2026 budget, the Governor’s one-time add of \$350 million in matching funds from last year’s State Budget, as well as \$45.1 million in additional funding that may reflect a portion of the State’s FY 2027 budget. The Plan also raised the City’s FY 2026 contribution by \$15 million from \$381 million to \$396 million. Combined, FY 2026 funding for child care vouchers reflected in the budget totals \$1.78 billion.

The Comptroller’s Office currently forecasts FY 2026 voucher expenditures of \$1.91 billion, relatively flat from the February Plan projection of \$1.89 billion, as low-income vouchers slowly drop off and are replaced by generally similar/slightly higher levels of mandated and child welfare vouchers. The Comptroller’s Office anticipates an additional \$62.8 million in recurring State child welfare funding yet to be reflected, bringing total expected FY 2026 funding to \$1.84 billion – a shortfall of roughly \$69 million.

The City should be able to draw the \$69 million amount (combined with the \$45.1 million it is already tapping from the State) down from the State’s SFY 2027 allocation, which overlaps with the City’s current fiscal year. This would allow the City to fund the \$1.91 billion it needs to fully cover projected expenditures for FY 2026 without additional City resources.

Table 35. May Plan Child Care Voucher Funding, FY 2026

(\$ in millions)	FY 2026 (as of the May 2026 Plan)	Anticipated Additions Not Yet Reflected in Budget	Additional Accelerated Funding from FY 2027 State Budget	Total Estimated FY 2026 Funding
CCBG*	\$1,018	\$0	\$69	\$1,087
City Tax Levy	396	0	0	396
State Child Welfare	13	63	0	76
One-time State Boost	350	0	0	350
Total	\$1,777	\$63	\$69	\$1,909
Comptroller’s Executive Budget Estimated FY 2026 Cost				\$1,909

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Notes: *Includes only the portion of CCBG funding allocated to child care vouchers; approximately \$7 million goes to administration and an additional \$126 million is budgeted for DOE. CCBG total for May includes \$45.1 million in funding accelerated from the State’s 2027 Enacted Budget already reflected in the Executive Plan and an additional \$69.1 million needed to reach projected estimated cost.

FY 2027

The State’s FY 2027 Enacted Budget passed in late May includes a higher recurring statewide baseline of \$2.4 billion in child care assistance funds, with New York City receiving approximately \$1.44 billion under the increased baseline (if the current share of statewide funding distribution holds), over \$300 million more than the FY 2026 amount. Of the City’s total allotment, the Comptroller’s Office estimates around \$1.31 billion is aid directed specifically toward voucher funding (with the remainder funding a portion of early childhood education programs run by the DOE). The State budget also includes \$475 million in one-time aid for the City available on a matching basis, up from the one-time allotment of \$350 million in State FY 2026.

The City’s May Plan reflects \$810 million for vouchers in FY 2027, an increase of \$100 million from the February Plan, but still a much lower amount than realistically necessary. The Comptroller’s Office estimates that the City will require \$2.27 billion in funding if current utilization trends continue and if an expected market rate increase occurs in FY 2027.

FY 2027 funding in the May Plan includes \$480 million in State and Federal CCBG funding. The Plan also reflects a net reduction of \$61.9 million in City funding, comprised of a \$79.3 million

decrease for low-income vouchers offset by a \$17.5 million increase for public assistance vouchers, leaving \$317 million for FY 2027. While these changes reflect the shift in voucher utilization, they reduce the match available to draw down State aid.

Based on the State’s increased recurring CCBG voucher allocation of approximately \$1.31 billion for New York City, and assuming the City maintains State child welfare funding and draws down a portion of the State’s one time matching funds to the City’s \$317 million maintenance of effort already included in the May Plan, total funding would reach \$2.02 billion – approximately \$257 million below projected costs.

However, because the State has newly appropriated up to \$475 million to the City on a matching basis, the City would need to provide only half of the remaining shortfall. As a result, the Comptroller’s Office estimates a FY 2027 City funding gap of approximately \$128 million, drawing down a total of \$445 million of the State’s allotment.

Table 36. May Plan Child Care Voucher Funding, FY 2027

(\$ in millions)	FY 2027 (as Budgeted in the May Plan)	Anticipated Additions	Total	Additional Funding Needed and State Match	Total Funding Expected
CCBG*	\$480	\$827	\$1,307		\$1,307
City Tax Levy	317	-	317	128	445
State Child Welfare	13	63	76	-	76
One-time State Boost	-	317	317	128	445
Total	\$810	\$1,206	\$2,017	\$257	\$2,274
Comptroller’s Executive Budget Estimated FY 2027 Cost					\$2,274
City-Funded Shortfall/Risk					\$128

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: *Includes only the portion of CCBG funding allocated to child care vouchers; approximately \$7 million goes to administration and an additional \$125 million is budgeted for DOE, as described below. Anticipated CCBG add from State includes \$114 million of accelerated funding from the following year’s allotment to cover amount forwarded to FY 2027.

FY 2028 and Out

The Comptroller’s Office estimates that costs will remain at approximately \$2.27 billion per year in FY 2028 and out, assuming stable utilization.

While incorporation of the higher State baseline significantly improves the funding outlook, not all State funding added in the Enacted Budget is recurring. After applying the remaining portion of the

one-time State aid in FY 2027 (\$475 million less the \$445 million used in FY 2027), a widening structural shortfall remains: FY 2028 would require approximately \$476 million in additional City funding; and FY 2029 and FY 2030 would require at least \$506 million in additional City funding.

Currently, any estimates assume stable utilization and do not include the waitlist of 25,600 children. The Comptroller's Office estimates that clearing this waitlist would require at least \$445 million in annual funding at current costs (not including the upcoming market rate update in FY 2027). The City has not announced a plan to address the waitlist directly, although the Mayor's new 2-K program and the previously announced expansion of after school programming could reduce the demand for vouchers over time.

Given the uncertainty surrounding future utilization trends, current voucher levels are held through the outyears of the forecast.

City Services for People Seeking Asylum

More than 243,990 asylum seekers have passed through the City's intake system since July 2022, with 28,205 individuals currently in shelter as of May 10, 2026. The in-shelter population peaked in January 2024 at approximately 69,000 individuals and has since declined by 59 percent. The rate of decline was steepest in early 2025, when the census fell by more than 1 percent per week during the first half of the year. By January 2026, weekly reductions slowed to approximately 0.2 percent, but have since picked up, with weekly decreases of nearly 0.6 percent since March 15.

At the height of arrivals, the City mounted a rapid emergency response across multiple agencies under temporary regulatory and procurement authorities. The sustained reduction in new arrivals combined with the stabilization of the shelter census now enables, and warrants, a transition away from crisis-driven operations. The City is moving to consolidate services within DHS and phase out emergency sites in favor of a more standardized, compliant response.

Budget Impacts and Funding Included in the 2026 May Plan

Budgeted amounts for asylum-seeker services in the Financial Plan have stabilized following sharp increases and decreases over the past three years that mirrored census trends at the time. The FY 2026 Adopted Budget and June 2025 Financial Plan allocated \$1.3 billion in FY 2026, \$1.2 billion in FY 2027, and \$500 million in each of FY 2028 and FY 2029 to support shelter, rent, supplies, services, administrative, food, and medical costs for asylum seekers. The November Plan added \$106 million to FY 2026 only, bringing that year's total to \$1.4 billion – with no changes to the outyears. The May Plan decreased the budgeted amount by \$7 million in FY 2026, through a \$29.8 million increase in City funds and a decrease of \$37.4 million in Federal funds and lowered the FY 2027 budget by \$40 million.

Table 37. Budgeted Amounts by Financial Plan (All Funds), Including FY 2023 — FY 2025 Actuals

Plan	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Adopted June 2023	\$1,454	\$2,905	\$1,003	\$0	N/A	N/A	N/A	N/A	\$5,362
November 2023	\$1,474	\$4,720	\$6,102	\$2,000	\$1,000	N/A	N/A	N/A	\$15,296
January 2024	\$1,474	\$4,219	\$4,873	\$2,500	\$1,500	N/A	N/A	N/A	\$14,566
April 2024	\$1,474	\$3,762	\$4,748	\$4,000	\$3,000	N/A	N/A	N/A	\$16,985
Adopted June 2024	\$1,474	\$3,791	\$4,748	\$4,000	\$3,000	\$850	\$850	N/A	\$17,863
November 2024	\$1,474	\$3,752	\$4,373	\$4,000	\$3,000	\$850	\$850	N/A	\$17,449
January 2025	\$1,474	\$3,752	\$3,283	\$2,661	\$2,601	\$851	\$851	N/A	\$15,471
April 2025	\$1,474	\$3,752	\$3,192	\$1,450	\$1,200	\$500	\$500	N/A	\$12,068
Adopted June 2025	\$1,474	\$3,752	\$3,089	\$1,303	\$1,200	\$500	\$500	N/A	\$11,817
November 2025	\$1,474	\$3,752	\$3,020	\$1,409	\$1,200	\$500	\$500	N/A	\$11,854
January 2026	\$1,474	\$3,752	\$3,020	\$1,469	\$1,200	\$500	\$500	\$500	\$12,415
May 2026	\$1,474	\$3,752	\$3,020	\$1,462	\$1,160	\$500	\$500	\$500	\$12,366

Source: Mayor’s Office of Management and Budget

Note: (1) italicized figures represent actual spending; all others are budgeted amounts, (2) N/A cells show that the budget for that Fiscal Year was not yet established.

FUNDING SOURCES

City Funds. City funds allocated for asylum seeker services total \$1.26 billion in FY 2026 and more than \$3.9 billion across the May Plan. Compared with the February Plan, the City-funded portion increased by \$30 million in FY 2026 to offset a loss of federal funds (described below) and decreased by \$40 million in FY 2027. Beginning in FY 2027, all support for asylum seeker services is assumed to be City-funded. FY 2028 and out are currently placeholder values of roughly \$500 million each.

State Aid. The New York State Fiscal Year (SFY) 2026 Enacted Budget continued funding allocations to support the City’s asylum seeker spending from the prior year. The State’s Mid-year Financial Plan Update in October 2025 did not include any changes. The SFY 2027 Enacted Budget continues to fulfill commitments made in earlier plans, with no new funding. In total, the City is expected to receive \$3.2 billion in state support from FY 2023 – FY 2026, including \$204 million in FY 2026. As of mid-May 2026, the City has received \$2.19 billion in State funds.

Federal Aid. The May Plan removes approximately \$37.4 million of Federal funding in FY 2026, eliminating the last remaining Federal support for asylum seeker services included in the February Plan.

OMB anticipates a total of \$207.4 million in Federal aid for services provided in prior fiscal years, including \$206.7 million from FEMA and \$700,000 from the Centers for Disease Control (CDC) for tuberculosis prevention and immunizations.

To date, the City has received \$120 million in FEMA funding, \$49.0 million for Emergency Food and Shelter Program (EFSP) and \$70.6 million for Shelter and Services Program (SSP). An additional \$80.5 million in SSP funds were paid to the City and subsequently removed from the City’s accounts in February 2025. Litigation around these funds is ongoing. The Comptroller’s Office considers the amount above the received FEMA funds to be a risk, for a total of \$88 million.

For additional information on prior allocations, please see the [2025 State of the City’s Economy and Finances](#).

Table 38. Funding for Asylum Seekers as of the May 2026 Financial Plan (including FY 2023, FY 2024, and FY 2025 Actuals)

(\$ in millions)	FY 2023 Actuals	FY 2024 Actuals	Actuals FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
City	\$1,232	\$2,323	\$1,477	\$1,258	\$1,160	\$500	\$500	\$500	\$8,948
State	242	1,310	1,455	204	-	-	-	-	3,211
Federal	-	120	88	-	-	-	-	-	207
Total	\$1,474	\$3,752	\$3,020	\$1,462	\$1,160	\$500	\$500	\$500	\$12,366

Source: Mayor’s Office of Management and Budget. Actuals represent amounts currently in the City’s Financial Management System, which is still preliminary as accrued costs are subject to change. Figures may not add due to rounding.

AGENCY BUDGETS

Nearly all asylum seekers in City shelters are currently housed in sites managed by the DHS, with only one remaining facility operated by HPD/ the Mayor’s Office of Housing Recovery Operations (HRO). As of FY 2026, 89 percent of asylum seeker funding is allocated to DHS and HPD.²⁷ NYC H+H closed its last emergency shelter site at the end of FY 2025, and its remaining funding of \$31 million in FY 2026 supports its operations prior to closure. By FY 2027, 95 percent of funding is

²⁷ The remaining 11 percent of funding is for legal, health, oversight, prior housing, and other support services.

allocated to DHS, reflecting the planned consolidation of asylum seeker services within that agency.

Table 39. Asylum Seeker Budget by Agency, May 2026 Financial Plan (\$ in Millions)

Agency	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
DHS	\$1,175	\$1,099	\$498	\$498	\$498
HPD	\$128	\$49	\$1	\$1	\$1
DCAS	\$68	\$0	\$0	0	0
H+H	\$31	\$0	\$0	\$0	\$0
All Other	\$60	\$12	\$1	\$1	\$1
Total	\$1,462	\$1,160	\$500	\$500	\$500

Source: Mayor’s Office of Management and Budget

Note: Numbers may not add due to rounding.

As discussed in the Comptroller’s [Preliminary Budget Report](#), the Mamdani administration issued [Emergency Executive Order 2](#) in January 2026 directing agencies to phase out shelter facilities operating under emergency regulatory suspensions and restore compliance with local shelter standards. In response, DSS released an [Action Plan](#) in February 2026 outlining its proposed efforts to close the final remaining non-DHS site; reduce reliance on hotel shelters, particularly for families; and bring facilities into compliance with standard capacity and operational requirements. The Plan also relies on accelerated subsidized exits to permanent housing and strengthened prevention and diversion programs to reduce overall shelter demand.

YEAR-TO-DATE ACTUAL EXPENDITURES

Through the first 10 months of FY 2026, the City has committed \$1.32 billion for services to asylum seekers, of which \$1.19 billion has been liquidated (cash outlays). Average monthly liquidations through April 2026 are \$119 million. Compared with the same period in FY 2025, the City has committed nearly \$1.5 billion less and liquidated \$944 million less in FY 2026.

In total, from July 1, 2022, through May 18, 2026, the City has liquidated \$9 billion for these services. An additional \$288 million in expenses from FY 2023 through FY 2025 have been accrued but not yet liquidated.

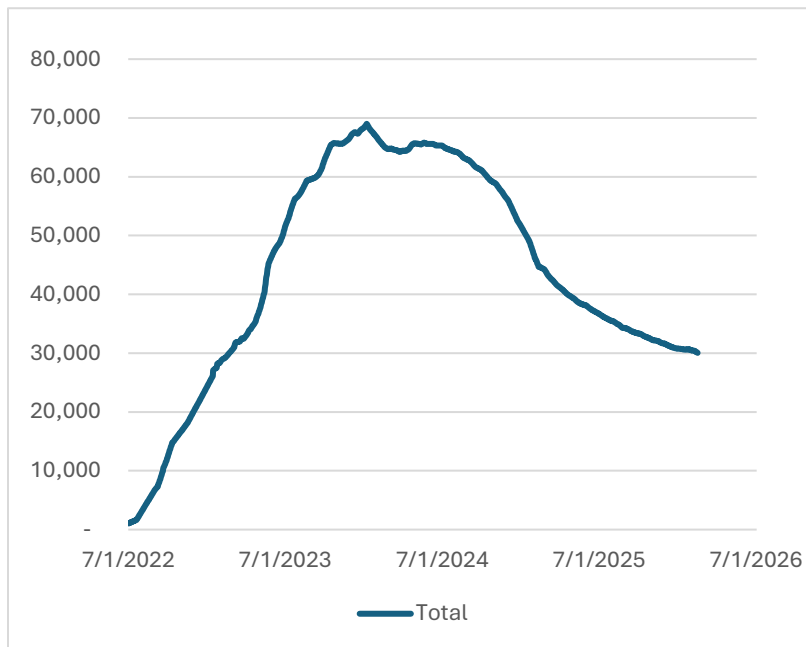
Population: Trends and Projections

The Comptroller’s Office uses historical data to develop projections of the asylum seeker shelter population. Chart 15 below shows the number of individuals in the City’s temporary shelters from July 1, 2022 (the start of FY 2023) through May 3, 2026. The census increased in FY 2023, peaked

in FY 2024, and declined through FY 2025. Year to date in FY 2026, the census has continued to fall, though at a slower rate than the prior year.

As the census has declined, the City has responded by closing shelter sites. The number of sites serving this population decreased from 213 in late July 2024 to 155 as of May 1, 2026. As mentioned above, DHS manages all but the one site operated by HPD/HRO which is slated to close by the end of 2026.

Chart 15. Individuals in Emergency Shelters



Source: New York City Mayor's Office, Office of the New York City Comptroller

Updated Projections. OMB updated its population projections and per diem costs in this Financial Plan. OMB projects an average of 12,012 households in shelter per day in FY 2026.

The Comptroller's Office updated its census projections and modified its methodology to reflect currently available data. Based on recent census trends, the Office now projects that FY 2026 will average 12,130 households in shelter per day. This represents a modest downward revision from the February projection

of 12,217 households, in line with the faster-than-anticipated decline in the shelter census since then.

Previously, the Comptroller's Office relied on weekly entry and exit information by household type (families with children, adult families, and single adults), initially reported in the NYC City Council Terms and Conditions in FY 2025 and later shared by the Office of Asylum Seeker Operations. As of the February Plan, this disaggregated information is no longer available. This change reduces visibility into asylum seeker shelter dynamics and constrains this Office's ability to develop more nuanced projections.

Per Diem Costs

The total amount spent on housing and related services – including start-up and tear-down services, supplies, IT costs, medical care, food security, and transportation – divided by the number of shelter nights provided over the same period yields the cumulative daily cost per

household (the “per diem”). According to the April 2026 *Asylum Seeker Terms and Conditions Report* submitted to the City Council, the cumulative per diem from July 1, 2022, through March 2026 is \$367.²⁸

The Comptroller’s Office calculates prior-year per diems using actual spending and in-shelter census data to project per diems of \$335 for FY 2026 (compared with OMB’s May 2026 estimate of \$331). The Office projects a lower per diem for FY 2027 and out of \$315 per day, reflecting the City’s transition to DHS-managed shelters and the closure of more expensive emergency sites.²⁹ Those sites were generally operated under short-term, for-profit vendor contracts, while DHS sites are primarily nonprofit-operated and historically lower cost.

Comptroller’s Estimate Against the City’s Financial Plan

Compared to OMB, the Comptroller’s Office projects a slightly higher average population and a slightly lower per diem cost. The Comptroller’s Office estimates a total cost of \$1.46 billion in FY 2026, declining to \$383 million by FY 2030. This estimate is largely in line with the administration’s FY 2026 figures. However, the Comptroller’s Office projects costs will be \$139 million lower in FY 2027, and relative to OMB’s outyear placeholder estimates, \$238 million higher in FY 2028, \$31 million higher in FY 2029, and \$117 million lower in FY 2030.

Table 40. Comparison of Comptroller’s Estimate Against the May 2026 Financial Plan

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OMB	\$1,462	\$1,160	\$500	\$500	\$500
Comptroller	\$1,462	\$1,020	\$738	\$531	\$383
Difference (OMB-Comptroller)	-	\$139	(\$238)	(\$31)	\$117

Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

Table 41 presents the difference between the Comptroller’s Office’s estimates and OMB’s by funding source. As noted previously, the Comptroller’s Office assumes that accrued FY 2025 FEMA aid of \$88 million is at risk. This Office assumes State funding in FY 2026 will be consistent with the State’s Enacted Budget commitments. Since no Federal or State funding remains in the City’s Plan for the outyears, the City will bear the full projected cost in those years.

²⁸ <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2026/05/Asylum-Seekers-Report-April-2026.pdf>

²⁹ <https://comptroller.nyc.gov/reports/comparing-per-diem-hotel-and-service-costs-for-shelter-for-asylum-seekers/>

Table 41. Comptroller’s Expenditure Difference by Funding Source

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total	\$0	(\$139)	\$238	\$31	(\$117)
State	\$0	\$0	\$0	\$0	\$0
Federal	(\$88)	\$0	\$0	\$0	\$0
City	\$88	(\$139)	\$238	\$31	(\$117)

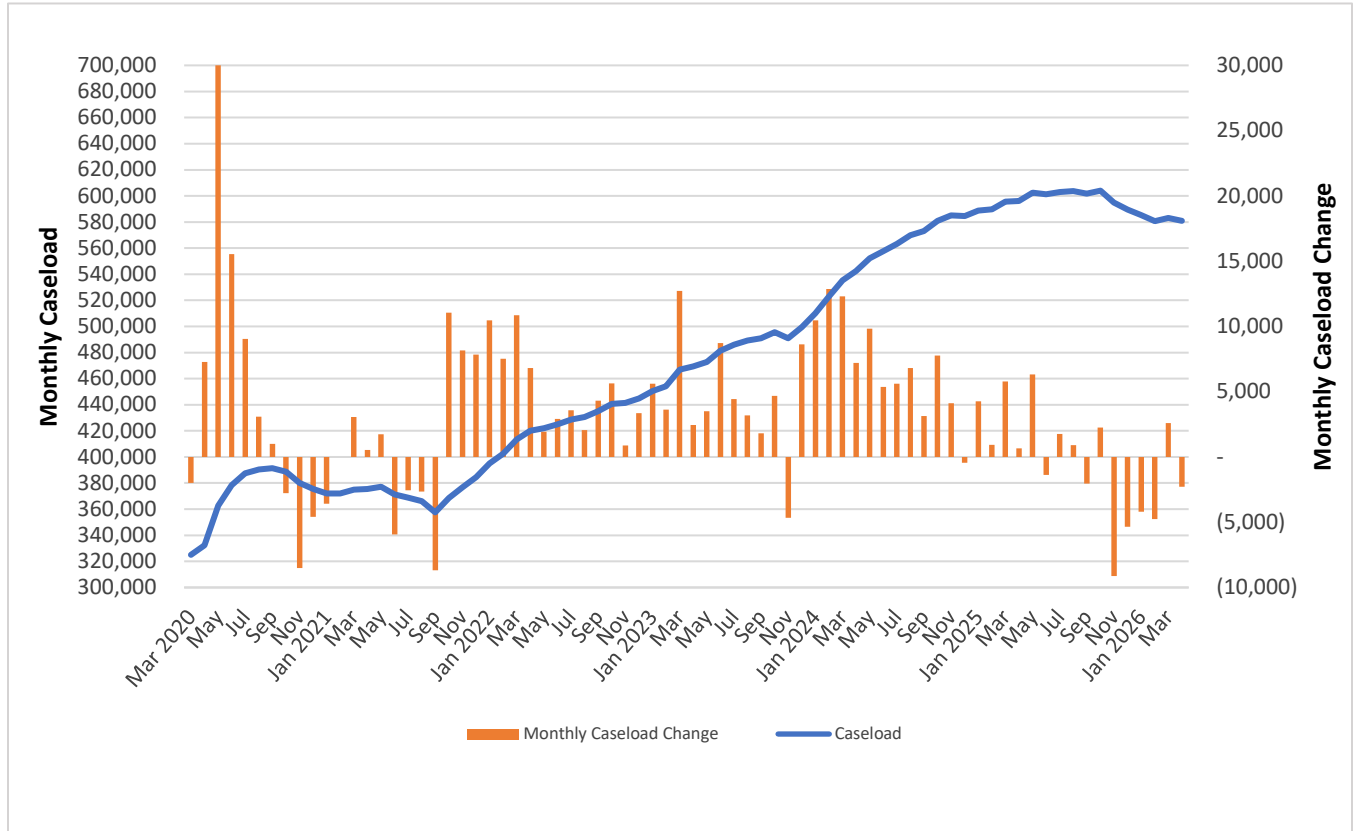
Source: Mayor’s Office of Management and Budget, Office of the New York City Comptroller

Public Assistance

The City’s public assistance caseload was 580,894 recipients as of April 2026, an increase of 68 percent from January 2019 when there were less than 345,000 recipients. The sharp increase began in September 2021 with the end of the Federal Pandemic Unemployment Compensation program. The caseload grew at a slower rate in FY 2025 than in prior years, adding 43,570 individuals in FY 2025 compared to 76,090 in FY 2024. Thus far in FY 2026, the caseload has declined by more than 20,242 or more than 3.5 percent. This is the first fiscal year with a decline through the first 10 months since FY 2021.

Monthly applications have steadily increased since FY 2022 before declining slightly this year. Monthly applications averaged 31,300 in FY 2022, 40,700 in FY 2023, 46,400 in FY 2024, 47,300 in FY 2025, and 47,200 through March FY 2026. While monthly applications have remained mostly consistent over the last three years, the monthly growth rate has slowed. The FY 2026 average monthly acceptance rate through February 2026 was 37.1 percent. The rate peaked at 44.6 percent in FY 2022 before declining to 40.9 percent in FY 2023, 36.5 percent in FY 2024, and rebounding to 37.6 percent in FY 2025.

Chart 16. Public Assistance Caseload and Monthly Change, March 2020 – April 2026



Source: NYC Department of Social Services

All major categories of public assistance – Family Assistance (FAP), Safety Net Assistance (SNA), and Converted to SNA (recipients who reached the 60-month FAP limit and were transitioned to SNA) – have seen increases over the past few years, though at varying rates.^{30 31} SNA experienced the largest growth since January 2019, rising by 152,617 recipients, or 106 percent. Converted to SNA increased by over 55,540 recipients (68 percent), and FA rose by 27,760 recipients (23 percent). According to the City’s Human Resources Administration (HRA), which administers these benefits, the caseload increase is driven by several factors: the City’s slow recovery from the COVID-19 pandemic, persistently high unemployment rates among Black and Latino workers, rising living costs, and the expiration of pandemic-era relief programs.³²

Since the beginning of FY 2026 (July 2025) the overall caseload has declined by 3.5 percent. As of April 28, 2025, public assistance recipients must meet work requirements, which were reinstated after a five-year hiatus due to the pandemic. HRA officials stated recipients risked losing benefits

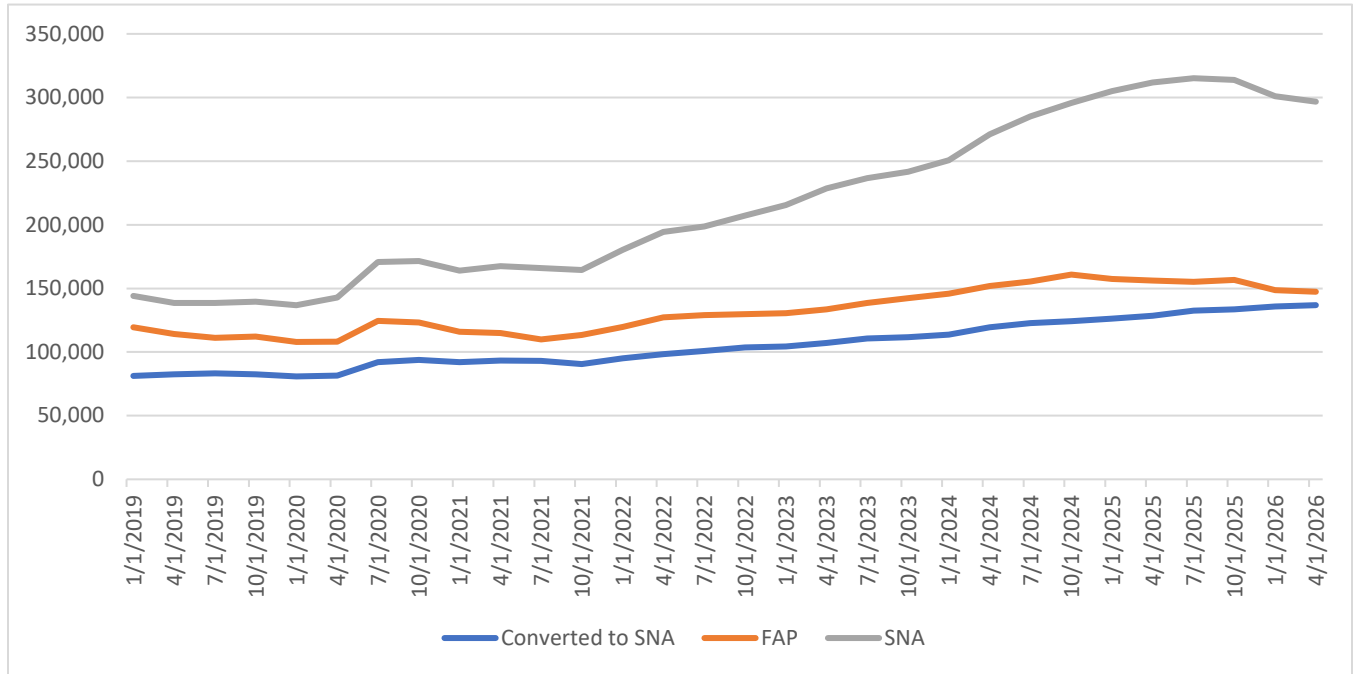
³⁰Information on programs are available <https://otda.ny.gov/programs/temporary-assistance/>

³¹ <https://www.nyc.gov/site/hra/about/facts.page>

³² <https://www.thecity.nyc/2024/04/02/safety-net-family-assistance-soars>

late in the summer of 2025, which coincides with the decline in Safety Net Assistance and Family Assistance cases from July 2025 through April 2026.³³

Chart 17. Public Assistance Recipients by Type



Source: NYC Department of Social Services

The City’s projections of baseline grant expenditures were significantly increased in the February Plan, resolving one of the City’s chronically underbudgeted costs. The May Plan slightly reduced the baseline cash assistance budget to reflect the recent decline in caseload. Budgeted amounts declined by \$2 million in FY 2026 and nearly \$40 million in FY 2027 and out. The FY 2026 budgeted amount is \$2.76 billion and outyear estimates are \$2.75 billion in FY 2027 and the outyears.

As the City is responsible for 71 percent of SNA costs and 15 percent of FAP costs, the rising share of SNA recipients has had a greater long-term impact on the City’s budget. While combined SNA and converted to SNA recipients have declined in FY 2026, family assistance cases have declined as a greater proportion, so the City’s share of total cash assistance expenses has increased in absolute and relative terms, with the City paying nearly 59 percent for all cash assistance cases. The Comptroller’s Office expects caseload and City-funded grant expenditures to remain at current levels for the foreseeable future. The Comptroller’s Office’s projections are in line with the May Plan.

³³ [Pre-pandemic work rules are back this month for NYers who get cash benefits - Gothamist](#)

Federal Supplemental Nutrition Assistance Program

SNAP provides financial assistance to low-income families to supplement their grocery expenses. SNAP is a Federally funded program, but states are responsible for day-to-day administration, including ensuring accurate and timely distribution of benefits and checking eligibility requirements for applicants. In City FY 2025, New York State distributed \$7.8 billion in benefits statewide to nearly 3 million monthly recipients, of which more than \$5 billion went to 1.8 million New York City recipients.

In April 2025, there were 1.7 million SNAP recipients, across 1.03 million cases in New York City. From February 2025 to February 2026 SNAP cases have declined in New York City, New York State, and nationally. Proportionally, New York City has had the smallest reduction, of 4.5 percent, while statewide cases declined by nearly 5 percent, and nationally they are down by just under 9 percent. OBBBA expanded work requirements for non-disabled recipients, likely contributing to some of the national trends for SNAP enrollment.

New York's waiver exempting all able-bodied SNAP recipients from work requirements expired on March 1, 2026. As a result, eligible SNAP enrollees in New York City must now meet an 80-hour per month work month requirement. Those who do not comply are limited to three months of benefits within any three-year period. The change took effect in March 2026, with non-compliant enrollees exhausting their three-month allotment in June, and losing benefits in July. This lagged implementation of the OBBBA work requirements may be the reason for the slower drop in SNAP enrollment in NYC.³⁴

OBBBA introduced other major updates to the program affecting cost-sharing and administrative funding. Specifically, the Act reduced the Federal match for SNAP administrative costs from 50 percent to 25 percent beginning in Federal FY 2027 (October 1, 2026). The City currently receives roughly \$200 million in Federal funding for SNAP program administration and is expected to lose approximately \$75 million in City FY 2027, increasing to about \$100 million in FY 2028. The Comptroller's Office assumes the City will have to cover these costs in its re-estimates of City gaps. OBBBA also terminated the SNAP-Ed program as of September 30, 2025, eliminating the \$2.2 million previously received by the City's Department of Health and Mental Hygiene to operate various education initiatives.

Furthermore, in Federal FY 2028 (October 1, 2027) states will be responsible for covering part of SNAP benefit costs for the first time. The level of cost sharing will depend on a state's error rate when calculating eligibility and payment amounts. States with error rates of 6 to 7.99 percent will pay 5 percent, growing to 15 percent if the error rate is above 10 percent. New York State's FFY [2024 error rate](#) was more than 14 percent, while its preliminary FFY 2025 rate (October 2024

³⁴ <https://otda.ny.gov/programs/snap/work-requirements.asp>

through February 2025) was 12.35 percent.³⁵ It remains unknown whether the State will pass any or all of these costs to New York City. However, if passed directly to the City’s budget, this Office estimates the maximum fiscal impact of a 15 percent share to be an estimated \$700 million, after accounting for the recent declines in caseload. Pending Farm Bill negotiations could modify or delay implementation of these provisions, however.³⁶

Please see the [2025 State of the City’s Economy and Finances](#) for detailed OBBBA analysis.

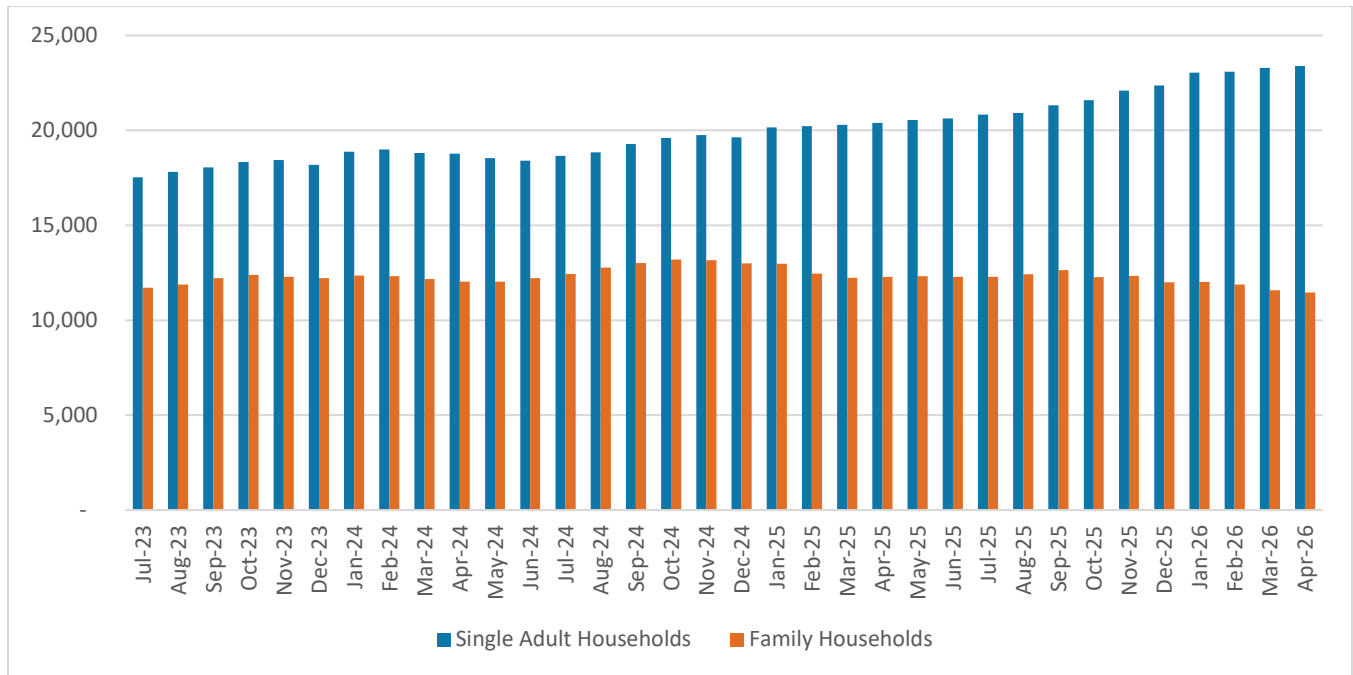
Homeless Services (Excluding Asylum Seeker Costs)

The number of households—not classified by the City as seeking asylum—in shelters operated by DHS, which administers most but not all City shelters, has been growing. On average 34,279 such households were in DHS shelters during the first 10 months of FY 2026 compared to 32,431 during the same period last fiscal year (a 5.7 percent increase). All the growth is in the single adult shelter population, which is 12.8 percent higher than the average at the same point last year, as shown in Chart 18. Conversely, the average number of families in DHS shelter, which includes both families with children and families of related adults, has fallen and is 5.2 percent lower when compared with the same period last year.

³⁵ [25DC055 - Summary of SNAP Changes in the One Big Beautiful Bill Act \(H.R 1\)](#)

³⁶ <https://subscriber.politicopro.com/article/2026/05/senate-republicans-weigh-snap-cost-share-delay-00932470>

Chart 18. DHS Census, Households Not Seeking Asylum, July 2023-April 2026



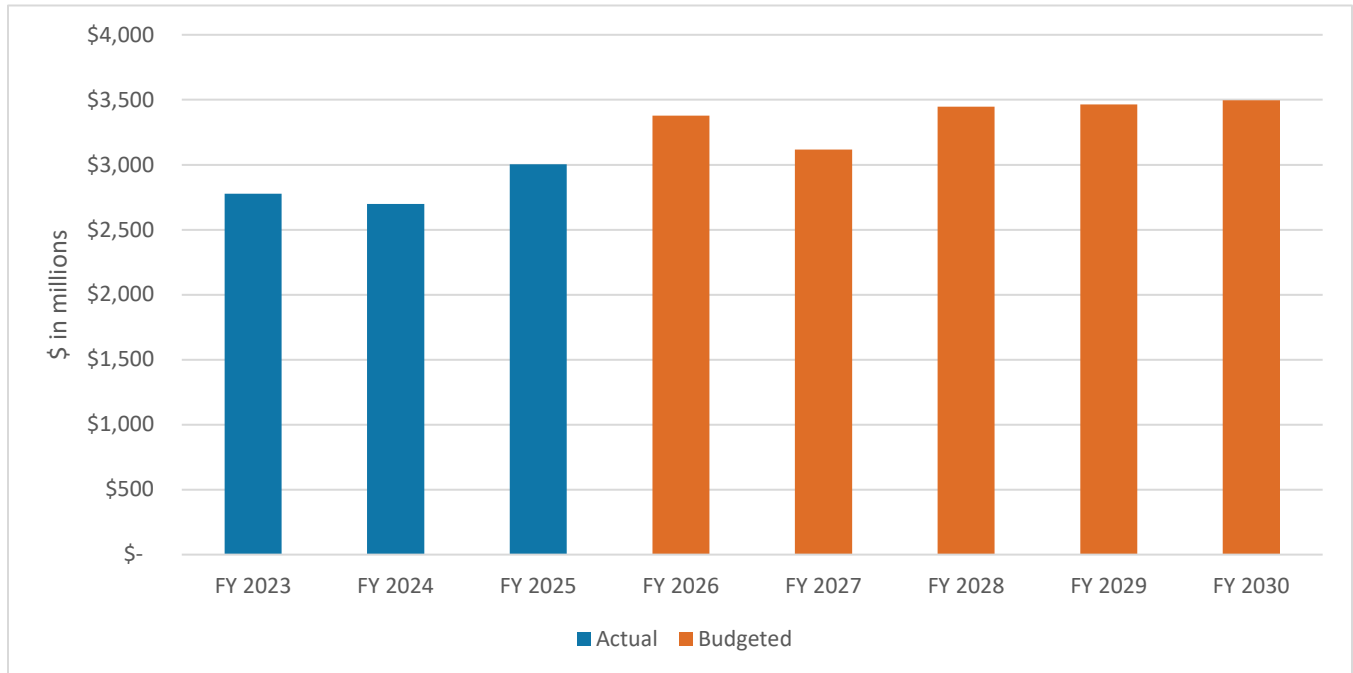
Source: NYC Department of Homeless Services

Note: Households classified as asylum seekers are excluded from this chart.

Shelter costs historically have been underbudgeted in the City’s financial plans. To address this, the Mamdani administration added significant funding for shelter costs in the February Plan. These additions totaled \$433 million in FY 2026, \$928 million in FY 2027 and grew to \$1.14 billion by FY 2030.

The May Plan increased DHS non-asylum seeker costs by a total of \$106 million in FY 2026 (largely Federal funds for family shelter) but *decreased* total funding by \$314 million in FY 2027, \$51 million in FY 2028, \$106 million in FY 2029, and \$152 million in FY 2030. The reductions are primarily due to a cost containment measure announced in the May Plan that is projected to save \$308 million in FY 2027 (\$284 million City funds), \$46 million in FY 2028 (\$23 million City funds) in FY 2028, \$101 million in FY 2029 (\$51 million City funds), and \$147 million in FY 2030 (\$74 million City funds). As shown in Chart 19, this results in lower projected DHS spending in FY 2027 than in FY 2026, with costs going back up to above FY 2026 levels in FY 2028.

Chart 19. DHS Budget, Excluding Asylum Seeker Costs, Actual FY 2023-FY 2025, Budgeted FY 2026-FY 2030



Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Total exclude budget codes associated with asylum seeker costs and include all City, State, Federal, and Intra-City funding.

Most of the FY 2027 savings—which make up most of the reduction from the cost containment plan over the four years—are currently budgeted in a holding code, thus it is unclear by how much family shelter costs and adult shelter costs will be reduced respectively by the initiative. Of the total \$284 million in City-fund savings from cost containment planned for FY 2027, \$194 million are in a holding code, \$59 million are for adult shelter, and \$25 million are for family shelter. All the savings in the outyears are budgeted for family shelter.

The administration has said it will reduce shelter costs targeting long-term stayers for subsidized exits, increasing front-door diversion efforts to prevent household from entering shelter, and increasing shelter exits that use subsidies and housing options other than CityFHEPS. These initiatives are anticipated by the administration to achieve savings by reducing the need for shelter capacity and allowing DHS to close more of the emergency commercial hotels that were opened due to the influx of asylum seekers, which are more expensive than traditional shelters. For the remaining shelter capacity that is still needed, the administration has said the City will simultaneously be working to replace additional commercial hotels at a lower cost by bringing more traditional shelter sites online.

Based on this Office’s estimates, if current trends continue, with the family shelter census declining and adult shelter increasing at similar rates as seen over this fiscal year thus far, the Comptroller’s Office estimates that the funds removed as part of the cost-containment exercise

would be required to cover shelter costs in FY 2027 and out. Until evidence of a decline in shelter costs due to these efforts is demonstrated, the reduction of these funds could pose a risk to the financial plan.

Table 42. May Plan DHS Budget, Excluding Asylum Seeker Costs

(\$ in millions)	Actual FY 2025	Budget FY 2026	Budget FY 2027	Budget FY 2028	Budget FY 2029	Budget FY 2030
Adult Shelter	\$1,315	\$1,413	\$1,399	\$1,495	\$1,533	\$1,571
Adult Shelter Administration & Support	11	12	8	8	8	8
Adult Shelter Intake and Placement	11	20	25	25	25	25
Adult Shelter Operations	1,293	1,380	1,366	1,462	1,500	1,538
Family Shelter	\$1,243	\$1,378	\$1,247	\$1,294	\$1,275	\$1,266
Family Shelter Administration & Support	7	10	14	14	14	14
Family Shelter Intake and Placement	39	31	31	31	31	31
Family Shelter Operations	1,197	1,337	1,202	1,249	1,230	1,221
General Administration	\$79	\$164	\$20	\$213	\$213	\$213
Outreach, Drop-in and Reception Services	\$368	\$416	\$450	\$444	\$444	\$445
Rental Assistance and Housing Placement	\$0	\$6	\$0	\$0	\$0	\$0
Total	\$3,005	\$3,378	\$3,117	\$3,446	\$3,465	\$3,495

Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Includes City, State, Federal and intra-City funding. Excludes all budget codes identified by OMB as funding services for people seeking asylum. Totals may not add due to rounding.

Rental Assistance

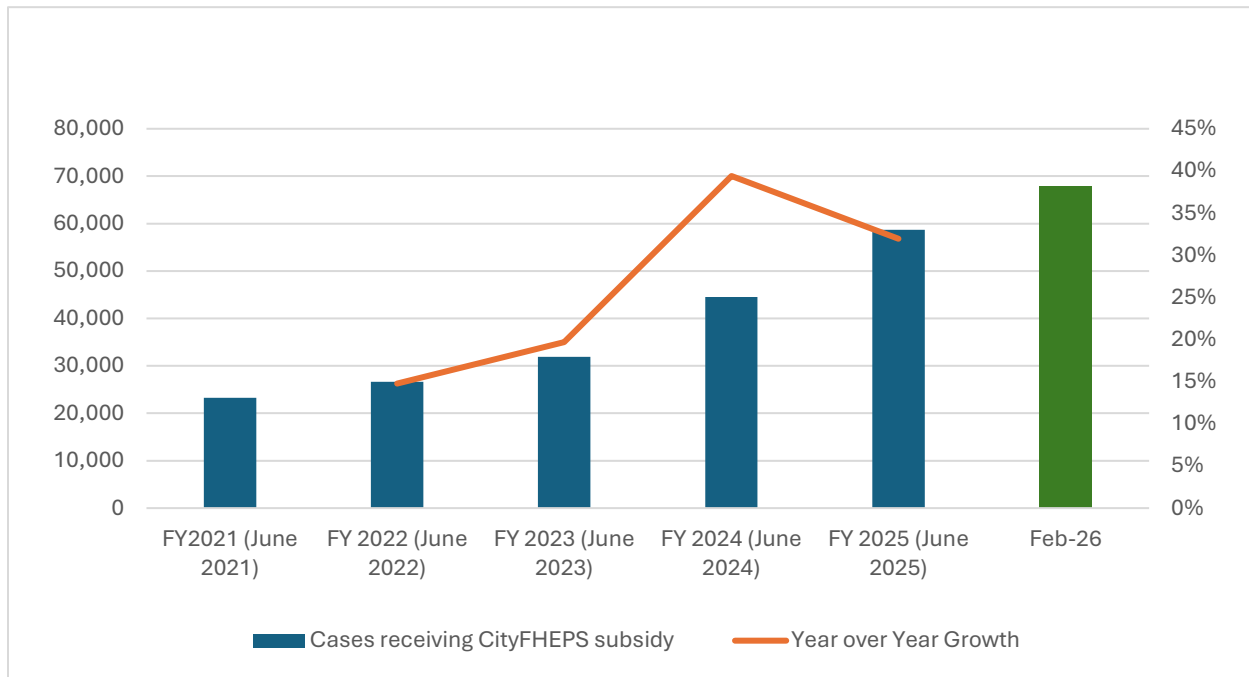
The Fighting Homelessness and Eviction Prevention Supplement, known as CityFHEPS, is the City’s predominant local rental assistance program. The program has been growing rapidly in recent years. As of the end of February 2026, there were a total of 67,952 households utilizing CityFHEPS vouchers.³⁷ This is 9,229 (15.7 percent) more than the 58,723 households with CityFHEPS vouchers at the end of FY 2025 (June 2025).³⁸ As shown in Chart 20, the year-over-year growth in the number of households totaled 32.0 percent from June 2024 to June 2025, and 39.4 percent over the year prior. The growth of the program has fueled increased rental assistance spending by DSS, which administers CityFHEPS and several other rental assistance programs.

³⁷ New York City Council FY 2026 Budget Terms and Conditions, [Human Resources Administration – CityFHEPS Report Q2](#).

³⁸ FY 2025 [Mayor’s Management Report \(MMR\) - Operations](#)).

Reforms to expand the CityFHEPS program—raising eligible income limits, eliminating work requirements and expanding the eligibility of households at risk of eviction—were passed by the City Council in 2023, but have not yet been implemented and are currently the subject of litigation.

Chart 20. Cases Receiving CityFHEPS Subsidy, End of FY 2021-FY 2025 and February 2026



Source: FY 2021- FY 2025 data, FY 2025 Mayor’s Management Report (MMR). February 2026 data, New York City Council FY 2026 Budget Terms and Conditions.

Note: For each complete fiscal year data is provided for the last month (June) in the MMR. FY 2026 will end in June 2026.

Background on DSS Rental Assistance. Upon its creation in October 2018, CityFHEPS replaced most but not all various City-funded voucher programs that preceded it. Under current rules, CityFHEPS predominantly provides rental assistance to households in City-operated homeless shelters to help them exit into permanent housing, as well as to some households who are at risk of eviction and homelessness living in the community.

Households enrolled in the program are generally required to pay 30 percent of their income in rent, with the housing voucher covering the rest.³⁹ Beginning in FY 2022, CityFHEPS maximum payment standards (maximum rents the City will pay) have been set in accordance with the Federal Section 8 program.⁴⁰ The CityFHEPS program is a five-year subsidy with annual recertifications, although certain households are eligible to continue in the program if DSS finds good cause. In testimony last year, the then-DSS Commissioner reported that the extension rate at year six is very similar to prior years, and that about 90 percent qualify for good cause extension.⁴¹ In 2024 the program expanded so that recipients can use their voucher anywhere within New York State.⁴²

In addition to CityFHEPS, DSS administers several other rental assistance programs including the Family Homelessness & Eviction Prevention Supplement (FHEPS B), the Special One-Time Assistance program (SOTA), the City and State-funded Special Housing Resource (SHARE), the State-funded FHEPS program, among others. CityFHEPS is funded exclusively by the City. The Comptroller's Office reports on the cost of the DSS-administered rental assistance programs collectively as City funding budgeted to the programs can be reallocated among them depending on the number of vouchers.

As shown in Chart 21, the number of households exiting DHS shelters with DSS-administered vouchers, and specifically CityFHEPS vouchers, has been increasing over time. In FY 2025, a total of 11,986 households exited shelter using a CityFHEPS voucher. This represents a 30 percent increase compared with FY 2024. Growth has continued into FY 2026. There is some evidence however that growth in the program may be slowing somewhat. In the first eight months of FY 2026, new monthly placements from DHS-shelters using CityFHEPS vouchers totaled 9,037 compared with 7,603 over the first eight months of FY 2025, an increase of 19 percent. This is somewhat lower than the 47 percent growth seen between the same period in FY 2024 and FY 2025.

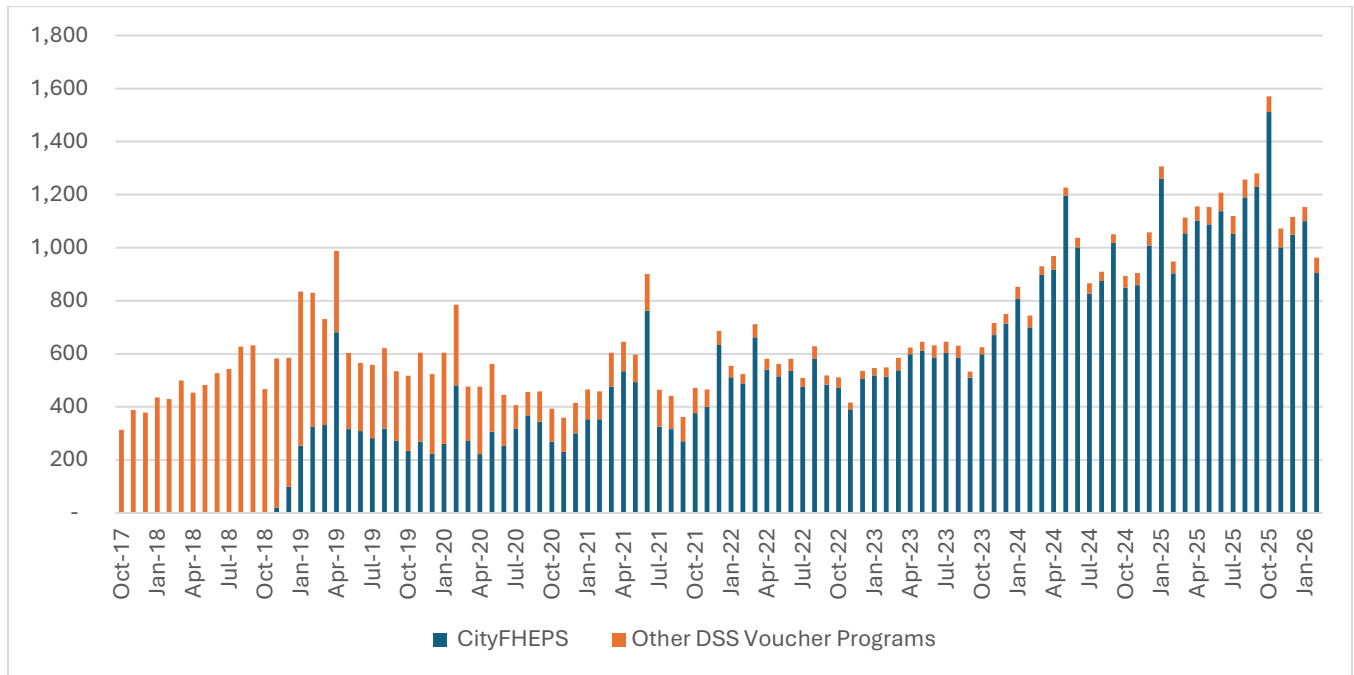
³⁹ According to CityFHEPS rules, where the household includes one or more members receiving public assistance the base program participant contribution is the sum of the following 30 percent of the public assistance household's total monthly gross income at the time of approval or renewal, or the maximum monthly public assistance shelter allowance, whichever is greater; and 30 percent of the monthly gross income of any non-public assistance members. Additionally, if monthly rent for the CityFHEPS unit is greater than the payment standard set for the household size and the household demonstrates the ability to pay the excess rent over the payment standard, the household may be permitted to pay no more than 40 percent of the monthly household income.

⁴⁰ These rents are determined by household and apartment size and are tied to the Federal Department of Housing and Urban Development's (HUD) fair-market rent estimates and therefore are automatically indexed. Rental Assistance Programs – NYC Rules

⁴¹ New York City Council General Welfare Committee Hearing, January 27, 2025. Oversight – Administration of CityFHEPS.

⁴² [Use of CityFHEPS Vouchers Outside of New York City – NYC Rules](#)

Chart 21. Monthly Housing Placements from DHS Shelter Through DSS-Administered Vouchers July 2017 – February 2026

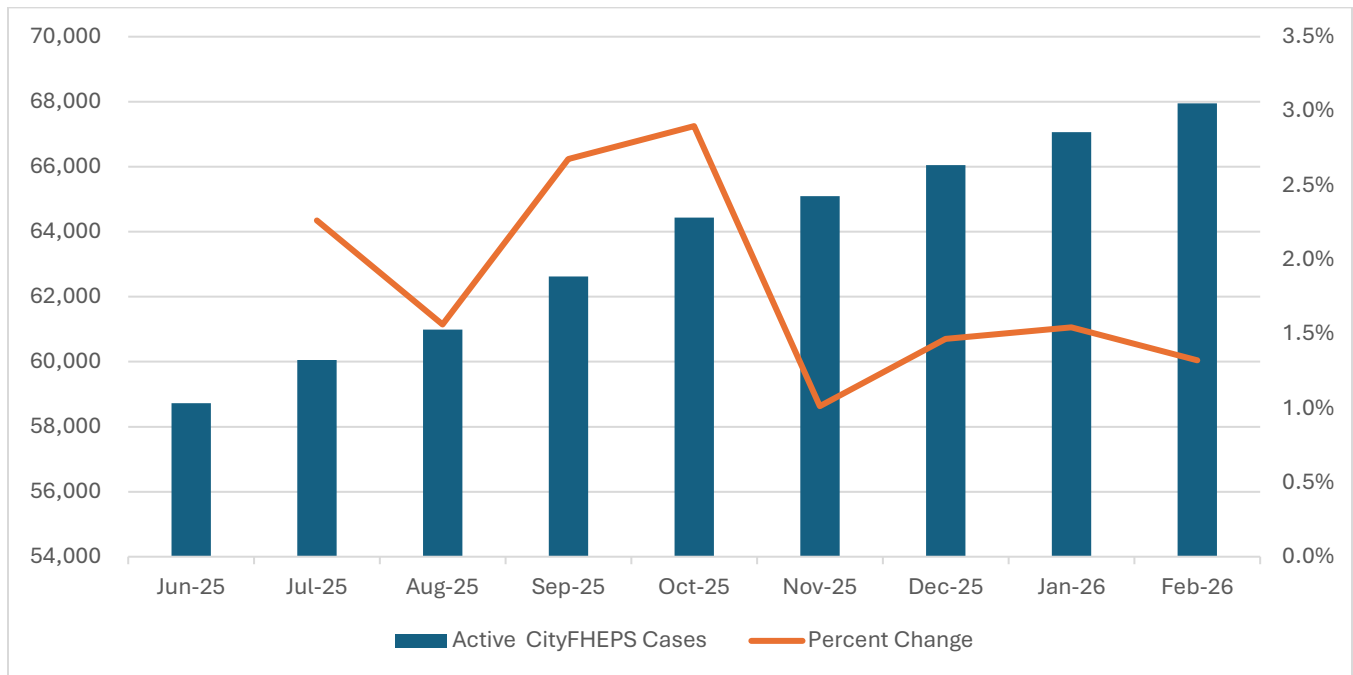


Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Other local voucher programs include Special One-Time Assistance, the Family Homelessness & Eviction Prevention Supplement (FHEPS), Living in Communities, CFEPs, and the Single Exit and Prevention Supplement programs.

Chart 22 shows the total number of households using CityFHEPS vouchers monthly from June 2025 through February 2026, months for which data are available. From July to October, the number of households increased by an average 2.4 percent, since November 2025 through February 2026, however, the average monthly growth is 1.3 percent.

Chart 22. Monthly Active CityFHEPS Households, June 2025-February 2026



Source: New York City Council FY 2026 Budget CityFHEPS Terms and Conditions.

Current Cost. Spending on the City’s rental assistance programs administered through DSS totaled \$1.34 billion in FY 2025 (\$1.24 billion CityFHEPS), up from \$356 million in FY 2022 (\$333 million CityFHEPS), as shown in Chart 23.

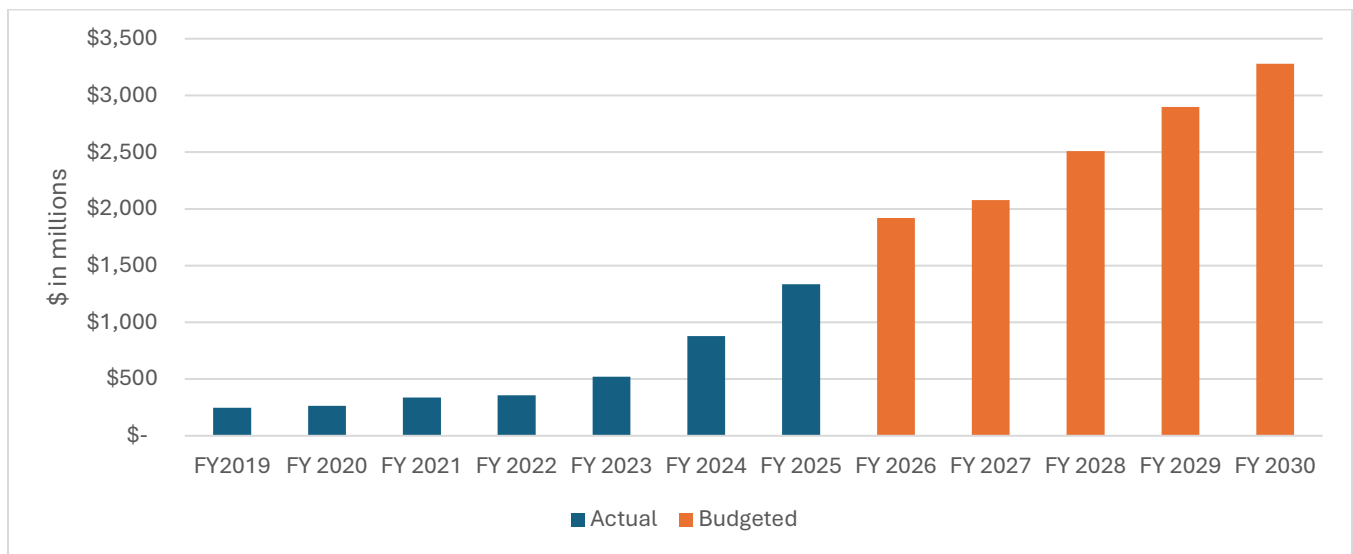
Since the beginning of FY 2022 through April 2026, the monthly growth in liquidations for all DSS’s rental assistance programs (majority CityFHEPS) has averaged around 3.6 percent. During the first quarter of FY 2026, monthly spending growth was close to this historic rate (3.6 percent), although growth slowed somewhat over the second quarter and third quarters. Over the first three quarters of FY 2026 together, the average monthly growth rate is now 2.6 percent. If the monthly growth rate remains around the historic level for the remainder of the fiscal year, the Comptroller’s Office estimates that the cost of DSS rental assistance programs, as currently administered, will be in line with the \$1.92 billion currently budgeted for FY 2026 by the Mamdani administration.

As part of cost containment initiatives announced as part of the May Plan, OMB reduced funding for CityFHEPS by \$235 million compared to February budgeted amounts in FY 2027 through FY 2030. This brings total rental assistance funding to \$2.08 billion in FY 2027, \$2.51 billion in FY 2028, \$2.90 billion in FY 2029, and \$3.28 billion in FY 2030. These reductions follow the February Plan’s significant increase in funding for DSS rental assistance programs to address chronic underbudgeting for these costs when the administration added \$1.67 billion in FY 2027, growing to \$2.63 billion in FY 2030. Thus, the reduction represents 14 percent (FY 2027) to 9 percent (FY 2030) of the funds recently added.

As shown in Chart 23, with this reduction, the FY 2027 rental assistance costs are only slightly above (8 percent) FY 2026 projected total costs. As a point of comparison, FY 2026 rental assistance costs are currently projected to be 43 percent more than FY 2025. Meeting the new budgeted amount will require a significant slowdown in cost growth.

The administration has said it will achieve these savings by strengthening administrative oversight and reforms. These include the addition of rent reasonableness reviews for market rate apartments and by comparing actual rent to legal rents allowed in rent-stabilized apartments. Both of which DSS has said have already begun. It also plans to reduce the use of broker fees. In addition, the administration said it would strengthen efforts to increase income for current voucher holders and reduce long-term usage of CityFHEPS vouchers. Few specifics have been released on how these plans will be achieved, and it is currently unclear how successful they will be. Until there is evidence of a clear plan, the savings are considered potential risks to the financial plan. Importantly, budgeted funds do not include the expansion items that were legislated by the City Council but not yet implemented, which are discussed in more detail below.

Chart 23. Rental Assistance Spending, Actual FY 2019-FY 2025 and Budgeted FY 2026 - FY 2030



Source: Office of the New York City Comptroller, Mayor’s Office of Management and Budget

Note: Includes DSS rental assistance spending on CityFHEPS, as well as other programs such as the Family Homelessness & Eviction Prevention Supplement, the Living in Communities programs, Special Housing Resource, the State FHEPS program, Pathway Home, among others. Budgeted and actual spending includes all funding sources (City, State, and Federal).

The Adams administration also proposed reforms to lower CityFHEPS costs, however these were not implemented. They included discontinuing “unit hold payments”. These payments provide landlords with an extra month of rent and are intended to enable the landlords to hold rental units

for CityFHEPS applicants while their applications are processed.⁴³ However, after the City announced it would discontinue the payments, it was sued by a group of voucher holders represented by the Legal Aid Society. The judge decided that the City could not rescind the incentive program until new rules were implemented. As a result, the Adams administration initiated the process to discontinue the incentive.⁴⁴ Comments on the rule change to end the payments closed in November.⁴⁵ The May Plan included the addition of \$37.5 million for unit hold payments in FY 2026, included outside the CityFHEPS budget. It is unclear whether the Mamdani administration will continue to pursue this change.

The Adams administration also proposed that households entering their sixth year of program eligibility who have employment income would have been required to pay 40 percent of their income in rent. However, the City Council passed legislation in October 2025 to cap contributions at 30 percent of household income, which was vetoed by the Mayor. On December 4, 2025, the City Council overrode Mayor's veto to implement the change.⁴⁶

Expansion Legislated But Not Yet Implemented. In 2023, the City Council passed a package of legislation ([Local Law 99](#), [Local Law 100](#), [Local Law 101](#), and [Local Law 102](#)) over the Mayor's veto to expand eligibility to the CityFHEPS rental assistance program. The legislation increases the income threshold for eligibility from 200 percent of the Federal Poverty Level to 50 percent of Area Median Income. It also expanded the definition of households at risk of eviction to tenants who have received a written demand for rent letter from their landlord or have active cases in housing court, as well as eliminated work requirements.⁴⁷

Under current rules, households in shelters or who are street homeless are eligible for CityFHEPS if they have a gross household income at or below 200 percent of the Federal Poverty Level,⁴⁸ apply for public assistance and accept it if offered, and apply for and accept other State or Federal assistance if offered. Households in shelter must also include a household member that either meets work requirements (10 hours per week), has a disability, is 60 or older, or has served in the U.S. Armed Forces.

Households not currently experiencing homelessness or living in a City shelter are eligible, under current rules, if they have a gross household income at or below 200 percent of the Federal Poverty Level, apply for public assistance and accept it if offered and apply for and accept other

⁴³ Landlords may also receive The first month's rent in full plus the next three months' rent supplement up front, as well as a security voucher. See: [Landlords - HRA](#)

⁴⁴ [Can Mamdani Afford to Expand the CityFHEPS Voucher Program? - City Limits](#)

⁴⁵ [HRA CityFHEPS Unit Hold Incentive Payment Discontinuance Rule – NYC Rules](#)

⁴⁶ [NYC Council Overrides Mayor's Veto of Bill Capping Rents for Voucher Holders - City Limits](#)

⁴⁷ Specifically defined as "a written demand for rent payment or a predicate holdover notice pursuant to sections 711 or 713 of the real property actions and proceedings law; or (ii) a notice of non-renewal of residential tenancy pursuant to section 226-c of the real property law." <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=5995863&GUID=4F0FC024-E228-4E8D-809B-12A8007C4DA4>

⁴⁸ For single adults making minimum wage and working at least 35 hours per week incomes can exceed 200 percent of the poverty level.

State or Federal assistance if offered. Households not in shelter must also meet one of the following criteria: be at risk of homelessness and include a veteran; been evicted in the last 12 months or been subject to an eviction proceeding (i.e. facing eviction) *and* include a recipient of Adult Protective Services; be facing eviction *and* use the voucher to preserve a rent-controlled apartment; be facing eviction *and* have previously resided in a DHS shelter; or be referred to a CityFHEPS qualifying program.⁴⁹

The package of legislation also eliminated the shelter 90-day rule, which the Adams administration implemented in June 2023. Citing cost concerns, the Adams administration did not implement most of the other legislative changes.⁵⁰ According to the Adams administration, expanding the eligibility rules would increase City costs by \$17.2 billion over five years. The City Council estimated the cost of the package of laws over five years at \$10.6 billion.⁵¹

The Adams administration was sued by the Legal Aid Society for not implementing the changes; the City Council intervened in the suit. In August 2024, a judge struck down the suit, ruling that the City Council lacked the authority to expand eligibility for the program.⁵² In July 2025, however, an appellate court reversed the lower court's ruling.⁵³ The Adams administration appealed. The Mamdani campaign indicated it would implement the expansion.⁵⁴ However, since taking office, the Mamdani administration has continued the appeal while at the same time noting it was pursuing a settlement with the parties.⁵⁵ In order to move forward, whether the City reaches a settlement or if the Court upholds the implementation of changes, the City must submit the changes to the program in a package to the State Office of Temporary and Disability Assistance (OTDA) for assessment.⁵⁶

Comptroller's Office's Estimates of Expanded CityFHEPS Program. Using data from the Census Bureau's 2023 Housing Vacancy Survey (HVS) on household income and rents, the Comptroller's Office estimated that the potential cost of the CityFHEPS expansion legislation not yet implemented could range from \$6.6 billion to \$23.3 billion over the first five years of implementation, largely due to the expansion of the program to households at risk of eviction. The range of estimates depends on the number of households that ultimately receive vouchers and the cost of those vouchers. There is also the potential for City savings from avoided shelter stays and subsequent subsidized housing placement costs from shelter (largely through CityFHEPS)

⁴⁹ [The Rules of the City of New York Section 10-02 Administration of the CityFHEPS Programs.](#)

⁵⁰ The package of legislation also made changes to utility allowance calculations. For the latter, the administration implemented an alternative to cover the cost of utilities if not included in rent.

⁵¹ [The New York City Council - File #: Int 0878-2023](#)

⁵² [NYC judge blocks measures to expand rental assistance eligibility, siding with Mayor Adams - Gothamist](#)

⁵³ [Mayor Adams must implement controversial and costly City Council housing voucher plan, NY court rules](#)

⁵⁴ [Tracking where 2025 NYC mayoral candidates stand on policing, transportation and more - Gothamist](#)

⁵⁵ [Mamdani appeals CityFHEPS lawsuit, breaking campaign promise to drop suit and expand rental assistance to thousands | amNewYork](#)

⁵⁶ [LAS Secures Ruling to Force Implementation of Housing Voucher Reform, Expansion - The Legal Aid Society](#)

due to fewer evictions, which could bring the net cost down to \$5.7 billion (low estimate) to \$22.3 billion (high estimate) over the first five years implementation. There are many variables that could impact how many households take part in the program and how much the vouchers cost, including how landlord and tenant behavior might change, and the constraints of the city’s rental market for units that meet the program’s rent standards, among others. For more details on these estimates, see this Office’s [Annual State of the City Economy and Finances](#) report.

Metropolitan Transportation Authority

The City provides annual operating subsidies to the MTA. This includes support for such services as Access-a-Ride paratransit, the MTA Bus Company, and the Staten Island Railway (SIRTOA). These subsidies are intended to cover either a portion or all the difference between the agency’s operating expenses and its revenue from fares. The February Plan added \$260 million in FY 2026 and \$585 million in FY 2027 to more accurately reflect contribution costs that had been chronically underbudgeted. In the May Plan, the City increased its budgeted contributions modestly by \$6 million in FY 2026 for the MTA Bus Subsidy and Paratransit expenses. It also reduced its City funds contribution to MTA Bus by \$200 million in FY 2027 only. This change was not included in the State’s Enacted Budget and must be made in the MTA financial plan and approved by the MTA Board.

Based on the MTA’s Adopted Budget released in February, the Comptroller’s Office estimates that the City will have to contribute \$144 million more in FY 2026 than currently budgeted, declining to \$86 million in FY 2027, with an average of \$84 million in FY 2028 and out.

Table 43. MTA Operating Contributions in February and May Financial Plans, FY 2026-FY 2030

	(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
February Plan	Paratransit	\$551	\$599	\$467	\$490	\$515
	MTA Bus Subsidy	522	738	747	763	773
	SIRTOA Subsidy	80	81	76	77	77
	Other Contributions	525	553	556	558	563
	Total	\$1,678	\$1,970	\$1,846	\$1,888	\$1,928
May Plan	Paratransit	553	599	467	490	515
	MTA Bus Subsidy	526	538	747	763	773
	SIRTOA Subsidy	80	81	76	77	77
	Other Contributions	525	552	556	558	563

	(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Total	\$1,684	\$1,770	\$1,846	\$1,887	\$1,928
Change	Paratransit	2	-	-	-	-
	MTA Bus Subsidy	4	(200)	-	-	-
	SIRTOA Subsidy	-	-	-	-	-
	Other Contributions	-	-	-	-	-
	Total	\$6	(\$200)	-	-	-
	Percent Increase	0.4%	(10.2%)	0.0%	0.0%	0.0%

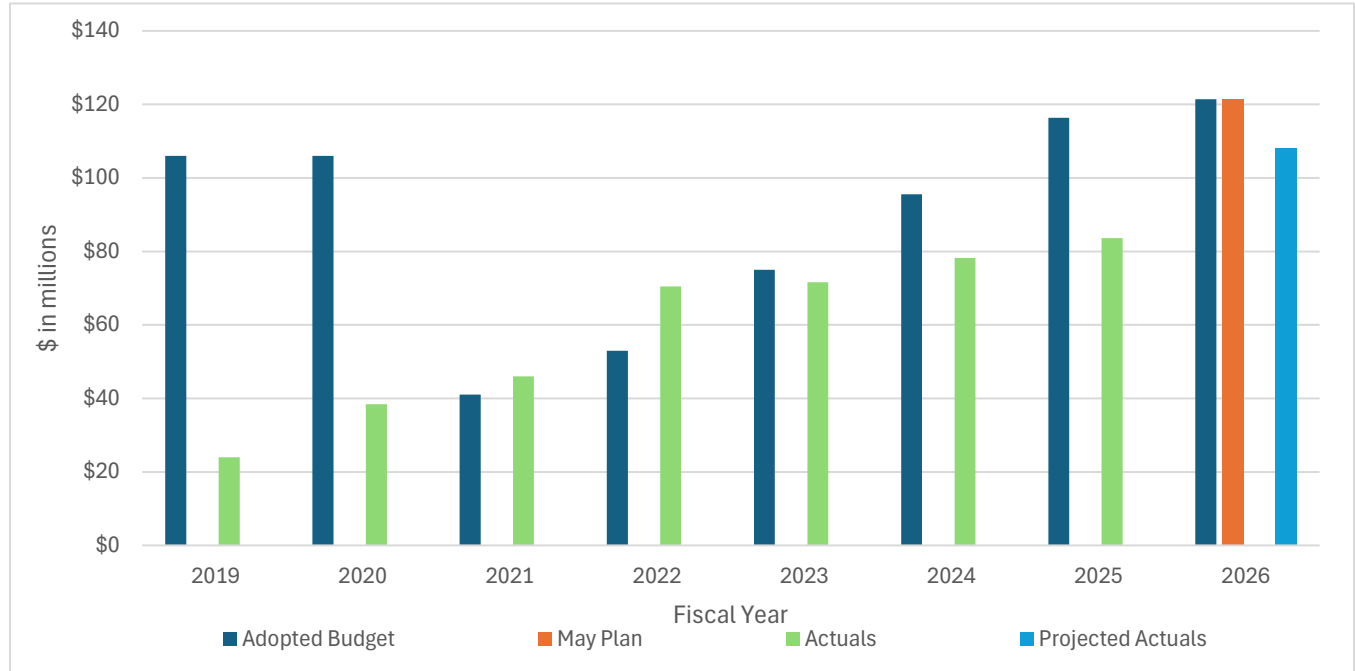
Source: Office of the New York City Comptroller

The City also funds the MTA through its Fair Fares program. Launched in 2019 and administered through DSS, Fair Fares provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers under the age of 65. The program is available to over 1 million eligible New Yorkers. The May Plan includes \$121 million in FY 2026 for the administration of the program. The City added baselined funds of \$25 million since the February Plan, bringing the budget up to \$121 million in FY 2027 and the outyears, in line with the current fiscal year. Current enrollment hovers around 30 percent of the eligible population, despite the upward trend in total enrollment since 2019.⁵⁷ Funds in the Fair Fares budget have been historically underspent, as shown in Chart 24. In FY 2026, the Comptroller’s Office forecasts commitments to be higher and closer to budget than previous years. The Preliminary Mayor’s Management Report shows that program enrollment in October 2025 was up by 8 percent compared to the prior year.⁵⁸ The MTA’s January 2026 fare increase has also likely impacted program spending.

⁵⁷ [2026 Preliminary Mayor's Management Report](#)

⁵⁸ [2026 Preliminary Mayor's Management Report](#)

Chart 24. Historical Actual Commitments vs Budget for Fair Fares, FY 2019 – FY 2026



Source: Office of the New York City Comptroller, NYC Financial Management System (FMS)

Note: FY 2026 includes the May Plan budget and projected commitments based on the pace of spending from FY 2025.

At the start of the year, various transportation advocates signed on to a letter from the Permanent Citizens Advisory Committee (PCAC) urging the Mamdani administration to broaden eligibility requirements and implement automatic enrollment into the program⁵⁹. Since then, the City Council has introduced legislation that would require DSS to create a system to automatically enroll individuals in City-created benefit programs, like Fair Fares, who are already enrolled in public benefit programs, such as food and cash assistance, to identify individuals who meet the eligibility criteria for these programs for automatic enrollment. The Mamdani administration has raised concerns about the legislation as currently written regarding the sharing of private information, which is gathered for the Federal and State public benefit programs.⁶⁰ In addition, the Council submitted a resolution for the expansion of the eligibility threshold from 150 percent of the FPL to 200 percent. This Office will continue to monitor the progress of this advocacy, the expenses against the budget, and the enrollment rate.

⁵⁹ [Budget Letter to Mayor Mamdani Regarding the Expansion of the Fair Fares Program - PCAC](#)

⁶⁰ [Mamdani admin officials say City Council's Fair Fares automatic enrollment bill raises privacy issues | amNewYork](#)

NYC Health + Hospitals

Transfers from the City budget to NYC H+H, the City's public hospital system and the nation's largest municipal healthcare system, total \$1.97 billion in FY 2026 in the May Plan, \$1.75 billion in FY 2027, and \$1.78 billion in the outyears. The City provides funding to H+H for a range of purposes, including collective bargaining costs, reimbursements for the provision of correctional health services, among others. These totals do not include the local share payments the City makes as part of DSS's Medicaid budget that ultimately flow to H+H as Supplemental Medicaid Payments.

Compared to the February Plan, H+H's FY 2026 budget is \$150 million lower. H+H received \$37 million in funding for new needs for FY 2026. This includes \$32 million for correctional health services, \$4.3 million for a medical malpractice contract adjustment, and \$260,000 for an expansion of the Maternal Morbidity and Mortality Reduction Program. However, this increase was fully offset, primarily by a Medicaid Initiative Adjustment that shifted \$325 million in transfers from the H+H budget back to DSS's budget, effectively reversing the adjustment made in the November Plan.⁶¹ There is also a reduction of \$14 million in the H+H subsidy program as part of the Citywide Savings Program. Increases to H+H transfers in FY 2027 and out are minimal, averaging around \$7 million per year.

The May Plan also made some changes to the Behavioral Health Emergency Assistance Response Division (B-HEARD), a mental health emergency pilot program. B-HEARD is jointly operated by H+H mental health professionals and FDNY Emergency Medical Technicians (EMTs) and paramedics. The Adams administration in its November 2025 Plan shifted funds away from FDNY to H+H, in anticipation of H+H assuming full operation of the program.

The May Plan reverses course, shifting some funding back from H+H to FDNY and adding positions to FDNY. Overall, this shift adds net EMT positions and funding to the combined (H+H and FDNY) program's baseline from before November. In the May Plan, the FDNY budget increases by \$2 million and 44 positions in FY 2026, \$4.8 million and 60 positions in FY 2027, \$6.1 million and 76 positions in FY 2028, and \$6.7 million and 84 positions in FY 2029 and out. While the H+H budget decreases by the same amount of funding (the City does not include H+H in its headcount plan), it retains some of the funding added to its budget in November 2025.

⁶¹ [Annual State of the City's Economy and Finances 2025 - Office of the New York City Comptroller Mark Levine](#)

H+H Cash Plans

H+H manages its day-to-day financial operations and presents its strategic financial plans on a cash basis. Since the publication of this Office’s report on the Preliminary Budget in March, H+H has released two cash plans: its January and Executive Cash Plans.

In its January Cash Plan, H+H projected total FY 2026 revenues of \$13.26 billion, a \$1.19 billion increase since its Executive Plan in CY 2025. This was largely composed of retroactive State Directed Payments (SDP) spanning the period of July 1, 2024, to March 31, 2025 (a net add of \$2.06 billion), following the approval of the State’s SDP plan by the Centers for Medicare & Medicaid Services (CMS). SDPs allow states, within Federal guidelines, to direct Medicaid managed care organizations to pay providers enhanced rates that are more in line with average commercial rates (ACRs) than with base Medicaid rates. These payments have helped buoy hospitals which service a large proportion of Medicaid recipients, given persistently low Medicaid reimbursement levels. This was partially offset by a decline in Disproportionate Share Hospital (DSH) payments, which provide hospitals that serve large numbers of Medicaid and uninsured individuals with additional funding, and other supplemental programs (a net decrease of \$1.52 billion). DSH payment revenues are very reactive to other revenue streams, so the recognition of higher ACR rates inversely affects them. H+H anticipated ending the fiscal year with a cash balance of \$991 million, bolstered by the additional SDP revenue.

In its recent Executive Cash Plan, H+H revised its total FY 2026 revenues to \$13.32 billion, an increase of \$65 million compared to January. The Plan readjusted expected SDP revenues upwards and also increased other managed care revenues as Tiers 3 and 4 of the Essential Plan would remain in place following CMS waivers. However, this was partially offset by a roll of Upper Payment Limit (UPL) supplemental payments out of FY 2026 to FY 2027 to align with the timing of receipts, and a decrease in City revenues, described above. The Plan incorporates H+H’s reimbursement of City debt service in FY 2026 (\$205 million) and FY 2027 (\$250 million), offsetting five years of savings due to the proposed pension re-amortization. While the payments are net neutral over five years, due to the reimbursements being accelerated, this results in an increase in expenses incurred in the near term. Thus, H+H anticipates ending the fiscal year with a cash balance of \$784 million, \$207 million less than January. By 2030, H+H’s ending cash balance falls to \$127 million, in part due to impacts from OBBBA, described in more detail below.

Federal Impacts on H+H

This Office has long identified the deleterious impact that cuts to Medicaid would have on the finances of H+H. As discussed in the [Federal Aid](#) section, OBBBA contained considerable cuts and eligibility changes to Medicaid and the ACA. Any increase in the number of uninsured in New York City—through the State’s plan to undo Essential Plan and/or due to work requirements and increased recertifications required by OBBBA—would impact H+H’s finances.

Another major area of concern has been the future of DSH payments. Federal cuts to the DSH program, enacted as part of the ACA, have been repeatedly deferred by Congress since they were originally scheduled to take effect in 2014. Most recently, the Consolidated Appropriations Act signed by President Trump on February 3, 2026, again delays cuts to the DSH program until October 1, 2027 and ending September 30, 2028.

The OBBBA imposes Federal caps on SDPs for the first time, requiring that enhanced rates be reduced annually by 10 percent until they reach 100 percent of Medicare rates in ACA expansion states such as New York. H+H's arrangement is grandfathered, delaying the start of these reductions until January 1, 2028, allowing the system to continue receiving higher reimbursement for several additional years.

Partnership with Maimonides Health

In January 2026, H+H authorized an affiliation and asset-transfer agreement with Maimonides under a wholly owned subsidiary public benefit corporation named H+H Maimonides. This would effectively make both Maimonides Medical Center and Midwood Hospital each a subsidiary of H+H. The partnership would also allow Maimonides to leverage H+H's SDP program which results in higher Medicaid rates. The State committed to covering Maimonides' deficit for five years but anticipates H+H to take full responsibility beyond that point.

While this process was initially expected to close March 31, 2026, the partnership has encountered delays in the courts. First, the State Attorney General's office declined to fast-track the approval without court approval on March 23, 2026. Secondly, an Albany County Supreme Court ruled that merger should have undergone a review by the New York State Public Health and Health Planning Council (PHHPC), which has decision-making authority over major health care construction projects, on May 12, 2026.⁶² At this time, there is no estimated time frame for the PHHPC's review to be completed.

Fire Department Emergency Medical Services Revenue

The FDNY EMS Bureau collects revenue from Medicare, Medicaid, private insurers, and individuals for medical ambulance transport. To increase Medicaid reimbursement, the NYS Department of Health submitted State Plan Amendment 21-0006 (SPA) to the Centers for Medicare & Medicaid Services (CMS) in December 2020. If approved, this amendment would authorize supplemental payments for publicly owned emergency ambulance providers, enabling them to claim Federal matching funds up to their actual cost of providing services based on "Certified Public Expenditures" (CPE). In anticipation of the State's request, the FDNY added

⁶² [Trump administration admits error in New York health care fraud probe | AP News](#)

\$96 million in the FY 2021 Adopted Budget and \$128 million in baselined Federal revenue. The request remains pending; it has not been approved, denied, or withdrawn.

The May Plan increased City funding and decreased Federal funding for EMS to reflect that this request has not yet been approved—decreasing Federal revenue by \$92 million and backfilling it with City funds from FY 2027 forward. The Plan, however, also increased Federal revenue amounts in FY 2027 and out by \$35.2 million. Of this, \$24.6 million is for ambulance transport rate increases, and \$10.6 million for treatment in place revenue. Treatment in place reimbursement reflects a newly approved Medicaid policy (SPA NY-24-0040): effective October 1, 2024, New York State may now bill Medicaid for ambulance level services provided on-scene and not requiring a transport.⁶³ These changes address the revenue uncertainty that this Office previously flagged as a risk, although EMS revenue will continue to be monitored.

Reserves

As previously discussed, the May Plan reverses planned withdrawals from the City’s long-term reserve funds that were included in the February Plan. As a result, funds in the City’s long-term reserve total \$7.20 billion. This includes \$1.97 billion held in the City’s Revenue Stabilization Fund (RSF), which is the City’s true rainy day fund, and \$5.22 billion in the Retiree Health Benefit Trust (RHBT). The RHBT is not a true rainy-day fund, although it historically has been used as such; it is intended to cover the long-term liability deriving from retiree health care benefits.

The February Plan included a \$980 million drawdown from the RSF in FY 2026. This action, which was widely opposed by the City Council, was later excluded from the [FY 2026 revenue budget modification](#) approved by the City Council in late March. The accompanying [FY 2026 expense budget modification](#) submitted to the City Council added \$816 million from the RHBT to cover the gap created by the exclusion of the RSF withdrawal in FY 2026. The February Plan also assumed a \$229 million withdrawal from the RHBT in FY 2027. The \$164 million balance of the planned FY 2026 \$980 million RSF withdrawal was added to the February Plan’s FY 2027 RHBT withdrawal for a total of \$393 million. The May Plan is based on these adjustments and then reverses both the \$816 million RHBT withdrawal planned for FY 2026 and the \$393 withdrawal in FY 2027. The February Plan assumed repayment of the \$1.21 billion in reserve drawdowns in FY 2028, which is also reversed in the May Plan.

The RSF was formally established by Mayor’s [Executive Order 62](#) dated February 11, 2021. There is no separate fund for the RSF. The balance is combined with the rest of the City’s available cash and invested in overnight and short-term assets. The income it earns is included in the General Fund and accounted for as additional miscellaneous revenue and is not retained within RSF. The

⁶³ [State Plan Amendment \(SPA\)NY-24-0040](#)

RSF lacks many critical regulations. The fund has no target balance, no rules governing the timing or size of deposits, no replenishment mechanism after use, and only loose guidelines for withdrawals.

The RSF's statutory framework provides that no more than 50 percent of the fund may be withdrawn in any year unless the Mayor certifies a "compelling fiscal need," which may be based on a national or regional recession, a reduction in total revenues, a natural disaster, or a declared state of emergency.

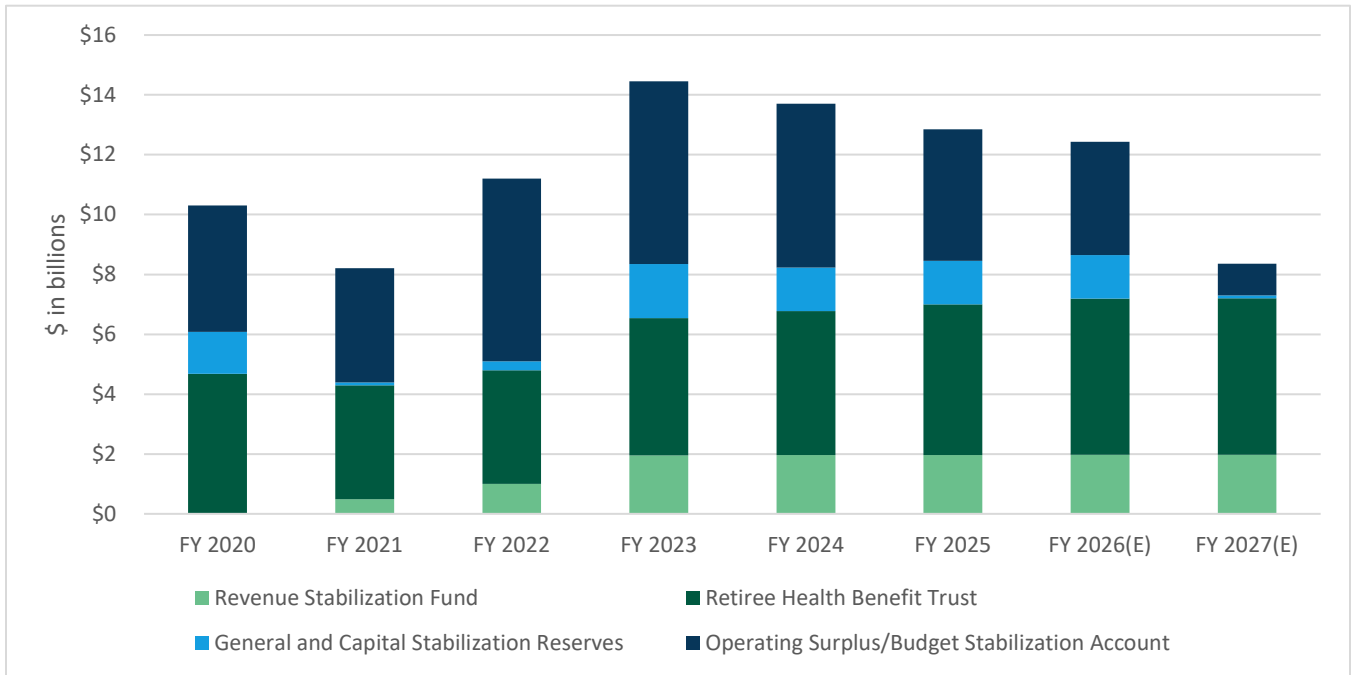
As outlined in its recent report, [Strengthening the City's Rainy Day Fund](#), the Comptroller's Office has advocated for the adoption of a formal rainy-day fund policy with regular reporting requirements. This includes proposals for deposits and withdrawals, as well as setting a target balance of 16 percent of tax revenues and a lower bound of 10 percent. In FY 2026 total tax revenues are projected by this Office at approximately \$84.75 billion, translating to an RSF target of \$13.56 billion at the full 16 percent level, or \$8.48 billion at the 10 percent lower bound. In addition, this Office recommends that the City discontinue the use of RHBT as a rainy day fund and either effectively "transfer" its balance to RSF or use it to fund the OPEB accrued liability.

This Office's proposed rules include allowing withdrawals if there are two consecutive quarters of decline in total nonfarm employment in New York City or in case of catastrophic events as, for instance, defined in the legislation for the NYS rainy-day fund. Annual withdrawals should be limited to no more than 5 percent of tax revenues in the year before the conditions for withdrawal are met. Withdrawals should be automatically suspended once the economic trigger conditions are no longer met—that is, once employment figures resume growth or catastrophic events have ended.

As for deposits, the proposal calls for depositing 20 percent of total tax revenue growth above 3 percent; plus, 40 percent of non-property tax revenues growth above the six-year trailing average (when positive). The deposit formula should apply whenever the RSF balance is below its target of 16 percent of tax revenues. The City should retain interest earnings within RSF to more quickly achieve the target. Once 16 percent of tax revenues target is achieved, required deposits would cease until the RSF balance falls again below the threshold. According to this formula, the City should make an \$854 million deposit in FY 2026 based on this Office's revenue forecast. Based on OMB's forecast, the deposit should be \$642 million.

In addition to long-term reserves, the City includes in-year reserves in its financial plan. These include the General Reserve and the Capital Stabilization Reserve. These reserves are typically allocated to expenses during the fiscal year. All of the FY 2026 \$1.45 billion in in-years reserves have been allocated. The February Plan, however, also made the unusual move of allocating nearly all of FY 2027's in-year reserves. As such only \$100 million remains in the General Reserve for unexpected expenses next year. From FY 2028 through FY 2030, \$1.20 billion is included annually in the General Reserve and \$250 million in the Capital Stabilization Reserve.

Chart 25. The City’s Fiscal Cushion as of the FY-Start



Source: Office of the New York City Comptroller

As shown in Chart 25, the \$1.35 billion reduction in the in-year reserves for FY 2027, taken together with the \$2.72 billion reduction in the operating surplus that is used to pre-pay FY 2027 costs compared to FY 2026, has resulted in a dramatic decline in the City’s fiscal cushion at the start the fiscal year. As currently budgeted, it declines from \$12.43 billion as of the beginning of FY 2026 to an estimated \$8.36 billion at the beginning of FY 2027.

Update to Credit Rating Agencies’ Fund Balance Metrics

The FY 2027 Preliminary Budget and Financial Plan painted a starkly different picture of the City’s finances compared to the last quarterly update under the Adams administration; one that was much closer to the analyses published by this Office over the course of 2024 and 2025.

The Preliminary Budget included three aspects of particular interest to the Rating Agencies:

1. **A large operating deficit** leading to a 94 percent reduction (from \$3.8 billion to \$238 million) of the prepayment of FY 2027 expenses with FY 2026 resources.
2. **The use of the rainy-day reserve during an economic expansion.** The Mayor proposed to spend nearly 50 percent of the Revenue Stabilization Fund in FY 2026.

3. **The virtual elimination of discretionary taxing authority** due to the proposed 9.5 percent increase in the property tax starting in FY 2027 which exhausts taxing power under the operating limit.

A combination of these factors and other considerations led three of the four agencies rating the City's General Obligation (GO) bonds to revise their rating outlook from stable to negative last March. The outlook for the City's Transitional Finance Authority Future Tax Secured bonds was also recently revised to negative by Moody's Ratings based on linkage to the City's rating outlook.

Last March, this office published [The Risks to the City's Credit Ratings](#), a Fiscal Note that explains how the Preliminary Budget affected the fund balance and reserves metrics (in short "fund balance metrics") used by rating agencies in evaluating the City's financial conditions. That analysis concluded that the metrics would deteriorate substantially under the Preliminary Budget's assumptions. An explanation of the various reserves and the so-called fiscal cushion in the City's budget can be found in the [Strengthening the City's Rainy Day Fund](#) report.

The Executive Budget improved the narrative by alleviating the first factor and eliminating the other two. Specifically:

1. **The operating deficit was narrowed, though it remains large.** The prepayment of FY 2027 expenses increased by \$989 million (from \$74 million to \$1.1 billion).⁶⁴ However, the prepayment remains 72 percent lower than in the prior year.
2. **The City reversed the draw-down of the rainy-day fund in FY 2026.** This was mainly achieved by reducing by \$1.2 billion the collective bargaining costs previously accrued in FY 2023.
3. **The City will not implement the property tax increase in FY 2027.** A sizable fraction of resources from the proposed tax increase in FY 2027 (\$1.9 billion of the \$3.7 billion projected as of the Preliminary Budget from the tax increase) will instead accrue from lower pension contributions due to the re-amortization of the Unfunded Accrued Liability (State budget bill [A10008-C/S9008-C](#)). State budget and legislative actions provide another \$1.5 billion in resources. These include a more gradual schedule to achieve the class size mandate (which remains to be legislated at the time of writing), a tax on high-value non-primary residences, a tax on cash-only real estate transactions (budgeted as "unrestricted aid"), and cost shifts from the City to the State. It should be

⁶⁴ As explained in [The Risks to the City's Credit Ratings](#), the Mayor had originally budgeted for a drawdown of \$980 million from the Revenue Stabilization Fund in FY 2026 and a \$238 million prepayment of FY 2027 expenses. The Mayor subsequently submitted to the City Council budget modifications that lowered the Retiree Health Benefit Trust balance by \$816 million and the prepayment to \$74 million.

noted that the State budget did not include the tax on cash-only real estate transactions, which accounts for \$161 million of the roughly \$1.5 billion.

Table F-28 shows FY 2025 actuals and projected FY 2026-end levels under the Preliminary and Executive budgets. The table shows the improvement made in the May budget proposal, but the metrics remain weaker than in FY 2025.

Table F-28. Preliminary and Executive Budget Assumptions and Fund Balance Metrics in FY 2026

Rating Agency	Metric	FY 2025	Estimated FY 2026		Estimated Impact on Benchmarks	
		Actual	Preliminary Budget	Executive Budget	Preliminary Budget	Executive Budget
Moody's	Available Fund Balance Ratio	0.01%	(3.31%)	(1.80%)	From positive to negative	Same but less negative
S&P	Fund Balance and Reserves (% of General Fund Revenues)	9.37%	5.50%	7.04%	From Category 2 to 3	Same but closer to threshold
Fitch	Fund Balance and Reserves (% of General Fund Expenditures)	10.02%	5.67%	7.11%	From above to below the 7.5% threshold	Same but closer to threshold
KBRA	Rainy Day Fund (% of General Fund Expenditures)	1.80%	0.87%	1.70%	N/A	N/A

Source: Acacia Financial Group. Estimates were derived by the Acacia Financial Group based on metrics provided in rating reports, and information provided by the Office of the New York City Comptroller. The estimates do not constitute a recommendation or expectation on behalf of the rating agencies and are provided by Acacia Financial Group for informational purposes only.

It should be emphasized that the risk of a rating downgrade persists, but it is not a foregone conclusion. First, the adopted budget could bring about another improvement in the metrics. Second, actual results will only be available when the City's financial report is released at the end of October. This is of particular relevance for Moody's Ratings because its metric depends on the totality of the governmental funds balance sheet, whereas the others are tied to the General Fund only. (A more detailed description of the metrics can be found in the [Fiscal Note](#).) Finally, even if the rating agencies' scorecards were to indicate a lower rating outcome, the agencies could decide to re-affirm the current ratings.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2026 – FY 2030

All-Funds Commitments

The FY 2026 – FY 2030 Executive Capital Commitment Plan (May CCP), released in May 2026, totals \$117.14 billion in all-funds authorized commitments, a \$4.18 billion, or a 3.7 percent increase, compared to the FY 2026 – FY 2030 Preliminary CCP (February CCP), released in February 2026. City-funds authorized commitments make up \$112.40 billion of the total authorized commitments. In each year of the plan, the City sets a “reserve for unattained commitments,” which assumes that some projects will move more slowly than reflected in the plan, and therefore be pushed outside its five-year window. The result is lower “target” commitments. After adjusting for the reserve for unattained commitments, all-funds target commitments drop to \$107.62 billion, as shown in Table 45, and City-funds commitments decline to \$102.88 billion.

The May CCP, like the previous, is front-loaded with \$28.58 billion or 24.4 percent of the all-funds authorized commitments planned for FY 2026. When adjusted for the reserve for unattained commitments, this percentage decreases to 20.9 percent. In FY 2027 authorized commitments grow to \$29.34 billion. Authorized commitments in the outyears are lower, with \$22.76 billion planned for FY 2028, \$19.62 billion for FY 2029, and \$16.84 billion for FY 2030.

Table 44. FY 2026-FY 2030 Authorized Capital Commitments, All Funds

Plans (\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2026 - FY 2030 TOTAL
May CCP	\$28,583	\$29,335	\$22,756	\$19,624	\$16,843	\$117,141
City	26,644	27,759	22,300	19,176	16,520	112,400
Non-City	1,939	1,575	456	447	323	4,741
February CCP	\$31,833	\$25,687	\$19,517	\$18,357	\$17,566	\$112,961
City	29,521	24,597	19,115	17,862	17,278	108,374
Non-City	2,312	1,089	402	495	288	4,587
Difference	(3,250)	3,648	3,239	1,267	(724)	4,180

Plans (\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2026 - FY 2030 TOTAL
City	(2,877)	3,162	3,185	1,314	(758)	4,026
Non-City	(373)	486	54	(48)	35	154

Source: Mayor’s Office of Management and Budget, February FY 2026 CCP and May FY 2026 CCP

Note: Numbers may not add due to rounding

As in prior plans, most planned commitments fall within a few project categories. In the May CCP, 70.6 percent of commitments are in four program areas: Housing & Economic Development, Education/CUNY, Environmental Protection, and DOT & Mass Transit. See Table 45 for more details.

Housing and Economic Development-related projects account for 93.0 percent of the net \$4.18 billion increase in total authorized commitments since the February CCP. The \$3.89 billion net increase in this category is entirely driven by a substantial increase in planned commitments for new affordable housing. Over the capital plan period, the City plans to commit an additional \$4.6 billion towards affordable housing preservation, rehabilitation, and new construction. This increase includes an additional \$83 million in direct-to-NYCHA capital and \$500 million towards NYCHA Section 8 conversions. This budget incorporates additional technical adjustments, including a \$15 million capital acceleration from FY 2031 into FY 2029 and a net-zero transfer of \$7.5 million from NYCHA’s PACT and Trust funding housed within HPD’s budget to NYCHA’s budget. The funds will still be used to support PACT and Trust transactions.

The Comptroller’s Office estimates that just over half of the increase is for new affordable housing construction, with most of the balance going towards affordable housing preservation and rehabilitation. This is offset somewhat by a \$716 million decrease in Economic Development Corporation (EDC) projects. These commitments are pushed outside the plan due to project schedule changes and reallocations from lump sum project codes to specific projects. There is no material change in planned EDC commitments over a 10-year period.

Planned all-funds authorized commitments for HPD total \$6.14 billion in FY 2026, \$5.77 billion in FY 2027, and \$4.76 billion in FY 2028. In FY 2025, HPD committed \$3.34 billion against the planned \$4.36 billion, for an achievement rate of 76.6 percent.⁶⁵ For HPD to reach these ambitious commitment goals, it must increase actual capital commitments compared to FY 2025 amounts by 84.0 percent in FY 2026 and 73.0 percent in FY 2027. HPD has committed

⁶⁵ The first year of each Executive Capital Commitment Plan (released in April or May before the fiscal year ends in June) is used to represent the planned amount for that year.

\$2.93 billion through April of FY 2026. If the pace of commitments is similar to FY 2025, the Comptroller’s Office estimates HPD will commit closer to \$4.5 billion in FY 2026.⁶⁶

Education/CUNY projects account for the second largest share of the increase, at 43.1 percent. This amounts to a net increase of \$1.80 billion, of which \$1.50 billion was added to help the City meet the mandate to reduce class sizes.

Despite this addition, the May CCP does not include adequate capital funding to satisfy the State mandate to reduce class sizes. According to the DOE’s Financial Impact Statement released in late November, the DOE forecasted class size mandate capital costs to be \$18 billion.⁶⁷ More recently, the Mayor noted in his FY 2027 Executive Budget presentation that a more efficient use of underutilized existing space could reduce the need for new construction, potentially lowering the overall capital cost needed to approximately \$14 billion to achieve compliance.⁶⁸ Because the CCP aggregates planned commitments to the School Construction Authority (SCA) into a few broad line-items, the Comptroller’s Office does not know the total amount of planned capital commitments that are attributable to the class size mandate.

The SCA manages a separate capital plan that is then funded through the City’s Capital Budget. While imperfect, as the CCP and the SCA capital plan do not typically align, the SCA capital plan provides a more detailed look into planned SCA capital spending. The SCA’s latest capital plan, released in February 2026 and therefore not yet revised with the \$1.50 billion May Plan increase, included at most \$6.13 billion for class size mandate construction from FY 2025 through FY 2029; even with the May Plan addition, this is well below the \$14 billion - \$18 billion DOE estimate. The Comptroller’s Office highlights the perennial challenges with SCA capital data and capital data more broadly in its report [Flying Blind on Billions: How Weak Capital Data Undermines New York City’s Infrastructure Investments](#). To read more about the expense-funded portion of City’s plan to reduce class sizes, refer to the [Class Size Mandate](#) section of this report.

Although DOT & Mass Transit projects overall decreased by \$523 million, or 12.5 percent, since the February CCP, the May CCP does include an additional \$307 million in funding for unspecified bus projects and \$75 million for bike projects. In total, \$264 million of the commitments for bus projects are planned for FY 2030.

As in the February CCP, the May CCP includes just \$2.0 billion of the \$3.0 billion the City is required to contribute to the MTA’s Fiscal Year 2025 – 2029 Capital Plan. Unlike the City’s capital plans, the MTA does not roll projects from one capital plan into the next if they are not completed within the plan’s timeframe. For instance, Phase 2 of the Second Avenue Subway project is in the

⁶⁶ This is calculated by annualizing the agency’s year-to-date actual commitments based on the prior year’s spending pattern at the same point in time. This is further adjusted for the \$1.6 billion spike in commitments in December.

⁶⁷ November 15, 2025 Financial Impact Statement Required by Education Law 211-d – School Construction Authority

⁶⁸ <https://www.youtube.com/live/askclj8pzz0?si=8LdEFS36cQ7Jik7j&t=2926>

MTA’s Fiscal Year 2020 – 2024 Capital Plan but is not anticipated to open for service until September 2032.⁶⁹ Therefore, the City’s full contribution may not be drawn down until after FY 2030.

Table 45. FY 2026 – FY 2030 Planned Capital Commitments, All-Funds

(\$ in millions) Project Category	FY 2026 – FY 2030 May CCP	Percent of CCP Total	Percent of Net Increase	Net Change from February CCP
Housing & Economic Development	\$25,543	21.8%	93.0%	\$3,887
Education/CUNY	20,999	17.9%	43.1%	1,801
Environmental Protection	20,319	17.3%	3.7%	153
Hospitals	2,896	2.5%	0.7%	29
Admin. of Justice	13,687	11.7%	(1.3%)	(56)
Parks	5,205	4.4%	(6.5%)	(270)
Other City Operations	7,463	6.4%	(7.8%)	(328)
Resiliency & Energy Efficiency, Technology, and Equipment	5,142	4.4%	(12.3%)	(514)
DOT & Mass Transit	15,887	13.6%	(12.5%)	(523)
Total Authorized Commitments	\$117,141	NA	NA	\$4,180
Reserve for Unattained Commitments	\$9,519	NA	NA	\$54
Total, Net of Reserve for Unattained Commitments	\$107,622	NA	NA	\$4,126

Source: Mayor’s Office of Management and Budget, May FY 2026 CCP

Note: Numbers may not add due to rounding.

Federal Funding Impact to Capital Program

Federal funding accounts for 2.8 percent of the May CCP, the same as its share of the February CCP.

The United States Department of Transportation (USDOT) has used its considerable financial and regulatory powers to throw numerous multi-billion-dollar generational public transportation

⁶⁹ Governor Hochul Announces Second Avenue Subway Phase 2 Moving Forward With Award of Tunneling Contract | Governor Kathy Hochul

investments in New York City into chaos and uncertainty. Since January 2024, the Trump administration has:

- **Sued MTA to end congestion pricing.** A U.S. District Court judge ruled on March 3, 2026 that the Federal government’s attempt to end congestion pricing was illegal.⁷⁰ The Federal government appealed the case on May 1, 2026.
- **Paused (and re-started) funding for the \$16 billion Gateway Project.** This long-term project will add a new rail crossing beneath the Hudson River. The project paused work on February 6, 2026, due to Federal reimbursements not being received since October 1, 2025. Federal rationale for halting funding was a need to audit the MTA’s compliance with Federal disabled and minority-owned business enterprise requirements. With little notice or rationale from the Federal government, funding began to flow again on February 18, 2026. Construction resumed shortly thereafter.⁷¹
- **Paused (and re-started) funding for phase two of the \$7.7 billion Second Avenue Subway (SAS) project.** Federal funding was halted on October 1, 2025, also for DBE and SBE requirement auditing. The MTA sued the Trump administration on March 17, 2026, for breach of contract. Before the first court hearing date, the Federal DOT released funds on April 16, 2026, noting that “DOT has completed its review and is resuming the processing of reimbursement requests.”⁷²
- **Paused (and re-started) the 34th Ave busway project.** The Federal Highway Administration (FHWA) halted work on the busway on October 16, 2025 due to the agency’s concerns over trucking. The City announced on June 2, 2026 that Federal concerns were addressed and the project would be installed.⁷³

Despite the chaos and delays from the Trump administration’s involvement, its focus on New York City transit affairs has injected renewed energy and focus into rebuilding Penn Station. Amtrak has stated that construction on a new station will begin by the end of 2027.⁷⁴ Much remains opaque about the process, so the likelihood of this milestone being met is unclear.

⁷⁰ [Congestion Pricing Wins in Court After Lengthy Battle With Trump - The New York Times](#)

⁷¹ [Gateway Work to Restart With Millions Restored by Feds After Trump Cutoff | THE CITY — NYC News](#)

⁷² [Second Avenue Subway: Trump admin agrees to release frozen funds moments before hearing in MTA lawsuit | amNewYork](#)

⁷³ [Mamdani proceeds with 34th Street busway, citing dialogue with Trump administration](#)

⁷⁴ [New York Penn Station - Amtrak New Era](#)

Financing Program

Total projected new borrowing in the May Plan for FY 2026 – FY 2030 is \$95.12 billion. For the period of FY 2026 to FY 2030, the May Plan is \$4.24 billion more than the February Plan’s estimate. This is the result of a \$1.86 billion increase in General Obligation (GO) borrowing, a \$2.69 billion increase in Transitional Finance Authority Future Tax Secured (TFA FTS) borrowing, offset by a \$310 million decrease in New York City Municipal Water Authority issuance (NYW) between FY 2026 and FY 2030. Debt service on NYW is paid for through water and sewer service charges set by the NYC Water Board.

The increase in total borrowing over the plan period, and well beyond, is to accommodate the growing capital plan. As discussed in greater detail in the [Capital Commitment Plan, FY 2026 – FY 2030](#) section, additional bonds must be issued primarily to pay for the planned increases in spending on affordable housing production and preservation, as well as to build physical capacity to achieve the class size mandate.

Table 46 shows that the projected borrowing ranges from a low of \$17.65 billion in FY 2026 to a high of \$20.30 billion in FY 2028. GO and TFA FTS account for 43.8 percent and 40.8 percent of total borrowing over the five-year period respectively, with NYW accounting for the remaining 15.5 percent.

Table 46. Estimated Borrowing and Funding Sources, May FY 2026 Financial Plan Financing Program

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total	Change from February 2026 Plan (FY 2026-FY 2030)	Source as Share of Total
General Obligation	\$8,530	\$8,750	\$8,560	\$8,030	\$7,770	\$41,640	\$1,860	43.8%
TFA FTS Bonds	6,800	7,600	8,560	8,030	7,770	38,760	2,685	40.8%
NYC Water Finance	2,320	3,025	3,175	3,129	3,066	14,715	(310)	15.5%
Total	\$17,650	\$19,375	\$20,295	\$19,189	\$18,606	\$95,115	\$4,235	100.0%
Change from the February 2026 Plan	\$60	\$1,603	\$1,463	\$591	\$518	\$4,235		

Source: Mayor’s Office of Management and Budget, February FY 2026 Plan, May FY 2026 Plan

Debt Service

Debt service, net of prepayments, in the May Plan totals \$8.28 billion in FY 2026, \$9.54 billion in FY 2027, \$10.63 billion in FY 2028, \$11.72 billion in FY 2029, and \$12.54 billion in FY 2030.⁷⁵ This is a \$304 million increase from the February Plan over the same five-year period and a \$2.97 billion increase over the same 11-year period. Debt service is projected to increase by an annual average rate of 10.9 percent annually from FY 2026 through FY 2030 and 4.9 percent annually from FY 2031 through FY 2036.

New York City GO and TFA FTS bonds are generally structured to amortize over the life of the bonds with and have a 30-year final maturity. The amortization schedule and resulting debt service of GO and TFA FTS bonds smooth out expenses associated with the construction of capital projects. Therefore, in the short term, the large increase in planned capital spending and the additional planned bond issuance to fund it does not have a significant impact on the City's budget. However, by FY 2035, the City's annual debt service expense is projected to increase at least an additional \$500 million per year relative to the February Plan. Unlike other expense budget line items, the City has a limited ability to restructure its debt service payments when the City's budget is tight. As debt service approaches the 15 percent of tax revenue policy threshold, the City will have limited options to fund future capital priorities. The [Debt Affordability](#) section that follows illuminates some of these risks.

The change in total debt service across the five-year plan period consists of a \$78 million decrease in net GO debt service costs, a \$25 million decrease in Lease Purchase debt service, offset by a \$407 million increase to TFA FTS debt service. As shown in Chart 26, this results in lower debt service costs in FY 2026, with increases in each subsequent year compared to the February Plan.

This net increase over the Plan period is more than paid for by non-City funds. While Federal funding decreases by \$43 million over the period, the City is to receive \$205 million in FY 2026 and \$250 million in FY 2027 from H+H. These amounts are the savings H+H incurs from FY 2026 through FY 2030 from the pension re-amortization. To help balance the budget, H+H will pay these savings more quickly (over FY 2026 and FY 2027) as a reimbursement for debt service costs. As a result, the City is set to contribute \$107 million less over the five-year period. Please see the [Pensions](#) section of this report for more information on changes to the City's planned pension expenditures.

⁷⁵ Includes GO, lease purchase debt, and TFA FTS bonds. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid with tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City's Miscellaneous budget (098).

Aside from the \$455 million contribution from the H+H revenue, the GO and TFA FTS debt service budgets achieve savings from lower than forecast interest rates on variable rate and fixed rate bonds, higher than forecast interest on bond proceeds, and a GO refunding. The GO refunding resulted in \$88 million in savings over the plan period. The City also achieved savings by issuing less TFA FTS than forecast.

The picture changes significantly between FY 2031 and FY 2036. Over this six-year period, GO debt service payments increase by \$894 million, Lease Purchase debt service increases by \$52 million, and TFA FTS debt service increases by \$1.72 billion. Due to a small projected decrease in Federal funding, City funds are set to cover slightly more than the six-year increase.

Table 47. May FY 2026 Financial Plan Debt Service Estimates

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	May Plan Total	Change from February 2026	Annual Growth Rate
GO	\$4,508	\$4,946	\$5,492	\$6,068	\$6,342	\$27,355	(\$78)	8.9%
TFA FTS	3,688	4,481	5,037	5,540	6,105	24,850	407	13.4%
Lease-Purchase	85	108	103	112	95	504	(25)	2.7%
Total	\$8,282	\$9,535	\$10,632	\$11,720	\$12,542	\$52,710	\$304	10.9%
Change from February 2026	(\$221)	\$7	\$69	\$187	\$262	\$304		

Source: Mayor’s Office of Management and Budget, February FY 2026 Plan and May FY 2026 Plan

Note: Debt service is adjusted for prepayments. Excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc. debt service paid with revenues received pursuant to a Master Settlement Agreement with tobacco companies, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City’s Miscellaneous budget (098).

Debt Affordability

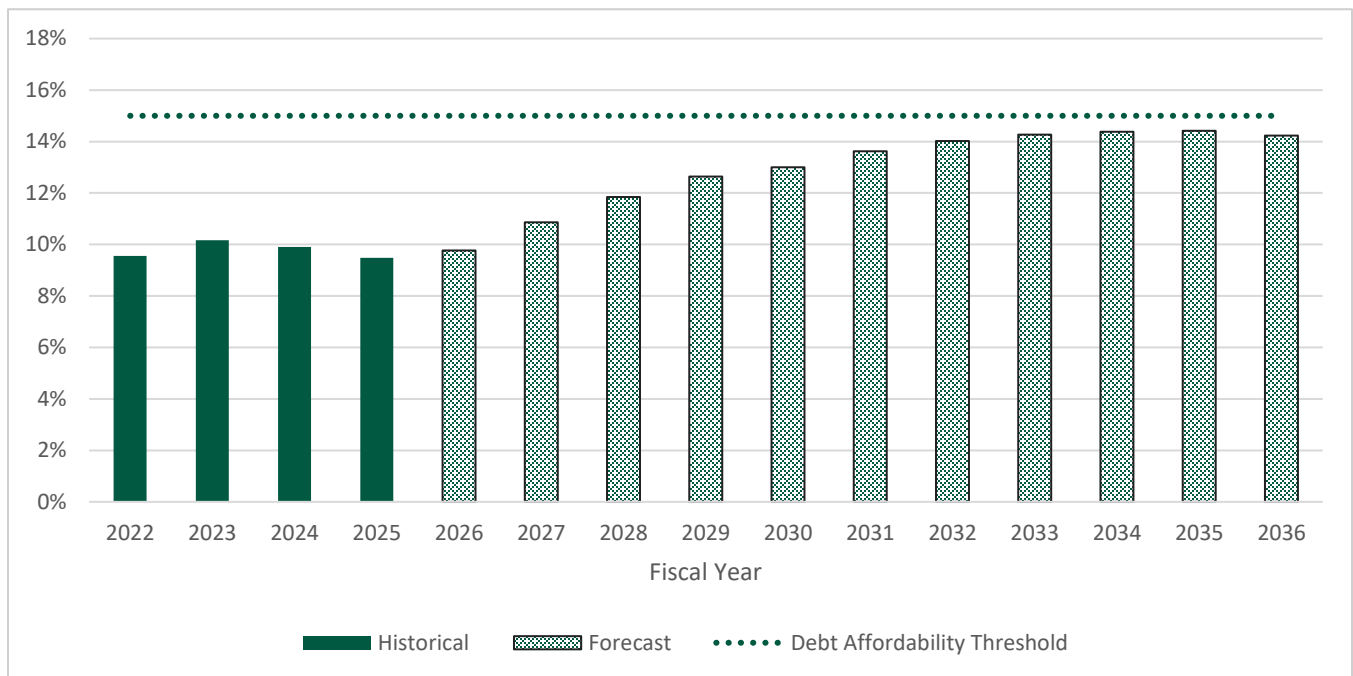
As the City’s debt service costs increase so does its burden on the City’s expense budget. One key measure to assess debt affordability is debt service as a share of tax revenues. According to the City’s [Debt Management Policy](#), as well as a widely accepted benchmark often cited by the rating agencies, the City’s debt service costs should not exceed 15 percent of tax revenues. The Office projects that the City will remain within the threshold through the five-year financial plan period. However, should the City spend as forecast, the Comptroller’s Office estimates that the City’s debt service will reach 14.4 percent in FY 2034.

The debt service numbers used in this report include adjustments for excess building aid retained for TFA FTS debt service and H+H pension adjustment savings. These adjustments are a matter of policy and are not explicitly tied to debt service payments through statute. Without these

adjustments, debt service as a share of tax revenue would breach the 15 percent affordability threshold in FY 2034.

In FY 2025, debt service as a share of tax revenues was 9.5 percent. Due to the addition of billions for affordable housing preservation, rehabilitation, and new construction as well as capital money towards satisfying the class size mandate, debt service is projected to increase by 10.9 percent annually between FY 2026 and FY 2030. Revenue is projected to increase by 3.3 percent over this period. Debt service is set to further increase by 4.9 percent annually between FY 2031 and FY 2036 against a 4 percent increase in tax revenue. In all, debt service as a share of tax revenue will be 0.3 percentage points higher in FY 2030 and 0.5 percentage points higher in FY 2036 relative to the February Plan.⁷⁶

Chart 26. Projected NYC Debt Service as a Share of Tax Revenues



Source: Mayor’s Office of Management and Budget May FY 2026 Plan, and Office of the New York City Comptroller.

Note: Fiscal Years 2026 - 2030 are based on the Comptroller’s Office’s forecasts of tax revenue as of the May FY 2026 Plan. Debt service is adjusted for prepayments. Debt service excludes TFA BARBs, which are paid for through State Building Aid, NYW which are backed by water and sewer user fees, TSASC Inc debt service paid through tobacco settlement revenues, as well as the portion of TFA FTS debt service paid for using State Building Aid included in the City’s Miscellaneous budget (098).

⁷⁶ To ensure consistency, May 2026 revenue and prepayment amounts are used in the February Plan measure of debt service as a percent of tax revenue

Remaining Debt-Incurring Power

The City ended FY 2025 with debt-incurring power under the Constitutional limit of \$29.1 billion. This rose to \$44.4 billion at the beginning of FY 2026 due to the confluence of several changes explained in this section of the Comptroller’s [Annual State of the Economy and Finances 2025 Report](#).

As an update to that report, the Comptroller’s Office in Table 48 incorporates the debt issuance, amortization, and debt service assumptions from the May Plan, which reflect planned capital spending in the May CCP. Table 48 uses the Comptroller’s debt limit forecast from May 2026. The column “Remaining Debt-Incurring Power” is calculated as of June 30 of the fiscal year corresponding to the table index.

As discussed in the section on the [Special Equalization Ratio](#) (SER), the State significantly revised the SER that is used to calculate the City’s constitutional debt limit. This resulted in a substantial decrease in the SER and a consequent increase in this Office’s estimates of the general debt limit; by \$5.86 billion in FY 2027, growing to \$13.00 billion in FY 2035. The enhanced debt capacity is expended somewhat by the City’s planned increase in capital spending in future years. Therefore, the city’s remaining debt-incurring power in FY 2035 rises by \$6.38 billion relative to the February Plan.

The updated projections show that remaining debt-incurring power is expected to increase relative to February Plan projections in most years. The Comptroller’s Office forecasts remaining debt-incurring power to reach a low point of \$10.13 billion in 2032, a \$1.65 billion increase from the February Plan low. The Comptroller’s Office projects an increase of remaining debt-incurring power of \$5.89 billion compared to the February Plan for FY 2027.

Table 48. Estimate of Remaining Debt-Incurring Power

	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt- Incurring Power	Change to Remaining Debt- Incurring Power from February Plan
Fiscal Year	(a)	(b)	(c)	(d) = (b) + (c)	(a) - (d)	
2026	\$140.7	\$82.5	\$28.9	\$111.4	\$29.3	\$1.3
2027	153.9	94.3	31.8	126.2	27.7	5.9
2028	159.8	106.6	34.2	140.7	19.1	2.9

(\$ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt- Incurring Power	Change to Remaining Debt- Incurring Power from February Plan
2029	167.7	117.5	34.9	152.4	15.3	1.3
2030	174.7	127.8	34.4	162.2	12.5	1.3
2031	183.9	137.4	35.4	172.8	11.1	0.8
2032	191.3	145.6	35.5	181.1	10.1	1.6
2033	198.9	151.9	35.3	187.2	11.7	2.9
2034	206.9	155.5	35.6	191.1	15.8	4.5
2035	215.1	157.2	38.4	195.6	19.5	6.4

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget.

V. Appendix

Table A1. May 2026 Financial Plan Revenue Detail

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026-2030		Annual Percent Change
						Dollars	Percent	
Taxes:								
Real Property	\$35,641	\$37,303	\$37,983	\$39,156	\$40,539	\$4,898	13.7%	3.3%
Personal Income Tax and Pass-Through Entity Tax	20,433	20,744	21,227	21,375	21,844	\$1,411	6.9%	1.7%
General Corporation Tax	6,449	7,286	7,097	6,513	6,584	\$135	2.1%	0.5%
Unincorporated Business Tax	3,714	3,855	3,942	4,061	4,192	\$478	12.9%	3.1%
Sales and Use Tax	10,868	11,358	11,894	12,499	12,911	\$2,043	18.8%	4.4%
Real Property Transfer Tax	1,448	1,514	1,583	1,640	1,686	\$238	16.4%	3.9%
Mortgage Recording Tax	962	1,061	1,104	1,136	1,162	\$200	20.8%	4.8%
Commercial Rent	950	974	989	1,000	1,015	\$65	6.8%	1.7%
Utility	517	562	580	599	618	\$101	19.5%	4.6%
Hotel	813	843	879	906	932	\$119	14.6%	3.5%
Cigarette	12	12	12	12	12	\$0	0.0%	0.0%
All Other	1,384	1,247	1,259	1,275	1,283	(\$101)	(7.3%)	(1.9%)
Cannabis Tax	25	32	39	41	42	\$17	68.0%	13.8%
Tax Audit Revenue	1,059	929	879	879	879	(\$180)	(17.0%)	(4.6%)
City Tax Programs	147	654	611	493	492	\$345	234.7%	35.3%
Total Taxes	\$84,422	\$88,374	\$90,078	\$91,585	\$94,191	\$9,769	11.6%	2.8%
Miscellaneous Revenue:								
Licenses, Franchises, etc.	\$792	\$722	\$723	\$730	\$730	(62)	(7.8%)	(2.0%)
Interest Income	391	302	278	272	274	(117)	274.0%	(8.5%)
Charges for Services	1,074	1,045	1,046	1,045	1,045	(29)	(2.7%)	(0.7%)
Water and Sewer Charges	2,318	2,393	2,409	2,432	2,457	139	6.0%	1.5%
Rental Income	286	284	256	257	256	(30)	(10.5%)	(2.7%)
Fines and Forfeitures	1,414	1,324	1,310	1,316	1,316	(98)	(6.9%)	(1.8%)
Miscellaneous	393	300	295	312	312	(81)	(20.6%)	(5.6%)
Intra-City Revenue	2,385	2,195	2,137	2,129	2,127	(258)	(10.8%)	(2.8%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026-2030		Annual Percent Change
						Dollars	Percent	
Total Miscellaneous Revenue	\$9,053	\$8,565	\$8,454	\$8,493	\$8,517	(\$536)	(5.9%)	(1.5%)
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	\$619	\$161	\$161	\$161	\$161	(\$458)	(74.0%)	(28.6%)
Total Unrestricted Intergovernmental Aid	\$619	\$161	\$161	\$161	\$161	(\$458)	(74.0%)	(28.6%)
Reserve for Disallowance of Categorical Grants	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	\$0	0.0%	0.0%
Less: Intra-City Revenue	(\$2,385)	(\$2,195)	(\$2,137)	(\$2,129)	(\$2,127)	\$258	(10.8%)	(2.8%)
TOTAL CITY-FUNDS	\$91,694	\$94,890	\$96,541	\$98,095	\$100,727	\$9,033	9.9%	2.4%
Other Categorical Grants	\$1,192	\$1,131	\$867	\$864	\$864	(\$328)	(27.5%)	(7.7%)
Inter-Fund Agreements	\$805	\$814	\$810	\$813	\$814	\$9	1.1%	0.3%
Federal Categorical Grants:								
Community Development	\$415	\$252	\$250	\$248	\$243	(\$172)	(41.4%)	(12.5%)
Social Services	4,705	3,671	3,593	3,583	3,577	(1,128)	(24.0%)	(6.6%)
Education	2,195	1,901	1,901	1,901	1,900	(295)	(13.4%)	(3.5%)
Other	2,585	1,457	1,377	1,364	1,363	(1,222)	(47.3%)	(14.8%)
Total Federal Grants	\$9,900	\$7,281	\$7,121	\$7,096	\$7,083	(\$2,817)	(28.5%)	(8.0%)
State Categorical Grants:								
Social Services	\$2,806	\$2,520	\$2,519	\$2,506	\$2,506	(\$300)	(10.7%)	(2.8%)
Education	14,401	15,083	15,435	15,011	15,010	609	4.2%	1.0%
Higher Education	304	304	304	304	304	0	0.0%	0.0%
Department of Health and Mental Hygiene	842	753	753	753	753	(89)	(10.6%)	(2.8%)
Other	2,451	1,924	1,972	2,038	2,109	(342)	(14.0%)	(3.7%)
Total State Grants	\$20,804	\$20,584	\$20,983	\$20,612	\$20,682	(\$122)	(0.6%)	(0.1%)
TOTAL REVENUE	\$124,395	\$124,700	\$126,322	\$127,480	\$130,170	\$5,775	4.6%	1.1%

Note: Numbers may not add due to rounding.

Table A2. May 2026 Financial Plan Expenditure Detail

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Mayoralty	\$181	\$192	\$190	\$188	\$188	\$7	3.9%	1.0%
Board of Elections	274	207	150	150	150	(124)	(45.3%)	(14.0%)
Campaign Finance Board	114	104	14	14	14	(100)	(87.9%)	(41.1%)
Office of the Actuary	8	8	8	8	8	1	11.1%	2.7%
President, Borough of Manhattan	6	6	6	6	6	(1)	(10.7%)	(2.8%)
President, Borough of Bronx	7	7	7	7	7	(1)	(11.4%)	(3.0%)
President, Borough of Brooklyn	8	8	7	7	7	(1)	(13.7%)	(3.6%)
President, Borough of Queens	8	7	6	6	6	(2)	(27.4%)	(7.7%)
President, Borough of Staten Island	5	5	5	5	5	(1)	(9.4%)	(2.4%)
Office of the Comptroller	126	128	129	128	128	3	2.2%	0.6%
Dept. of Emergency Management	87	46	44	42	40	(47)	(54.1%)	(17.7%)
Office of Administrative Tax Appeals	6	6	6	6	6	0	0.1%	0.0%
Law Dept.	324	342	347	347	347	23	7.2%	1.8%
Dept. of City Planning	53	59	56	54	54	1	1.9%	0.5%
Dept. of Investigation	58	48	45	44	44	(14)	(23.7%)	(6.5%)
NY Public Library - Research	38	38	38	38	38	0	1.1%	0.3%
New York Public Library	191	192	192	192	192	1	0.5%	0.1%
Brooklyn Public Library	145	146	146	146	146	1	0.5%	0.1%
Queens Borough Public Library	150	150	150	150	150	0	0.0%	0.0%
Dept. of Education	37,515	37,893	39,225	39,594	40,163	2,648	7.1%	1.7%
City University	1,458	1,496	1,539	1,561	1,578	120	8.2%	2.0%
Civilian Complaint Review Board	29	33	33	33	33	3	10.6%	2.6%
Police Dept.	6,607	6,303	6,482	6,472	6,472	(135)	(2.0%)	(0.5%)
Fire Dept.	2,834	2,670	2,649	2,644	2,647	(187)	(6.6%)	(1.7%)
Office of Community Safety	0	3	270	270	270	0	N/A	N/A
Dept. of Veterans' Services	7	6	6	6	6	(1)	(9.3%)	(2.4%)
Admin. for Children Services	4,415	3,511	3,539	3,539	3,541	(874)	(19.8%)	(5.4%)

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Dept. of Social Services	14,685	14,596	15,130	15,649	16,180	1,494	10.2%	2.5%
Dept. of Homeless Services	4,545	4,209	3,938	3,957	3,987	(558)	(12.3%)	(3.2%)
Dept. of Correction	1,380	1,259	1,347	1,346	1,345	(35)	(2.6%)	(0.6%)
Board of Correction	4	4	4	4	4	(0)	(8.7%)	(2.3%)
Citywide Pension Contributions	9,736	8,647	9,729	9,291	8,710	(1,026)	(10.5%)	(2.7%)
Miscellaneous	14,665	15,169	17,332	18,677	20,371	5,706	38.9%	8.6%
G.O. and Lease Debt-Debt Service	4,593	5,054	5,595	6,180	6,437	1,844	40.1%	8.8%
T.F.A. Debt Service	3,688	4,481	5,037	5,540	6,105	2,416	65.5%	13.4%
FY 2025 BSA	(3,787)	0	0	0	0	3,787	(100.0%)	(100.0%)
FY 2026 BSA	1,063	(1,063)	0	0	0	(1,063)	(100.0%)	(100.0%)
Public Advocate	6	6	6	6	6	(0)	(4.2%)	(1.1%)
City Council	115	127	96	96	96	(19)	(16.9%)	(4.5%)
City Clerk	9	6	6	6	6	(3)	(31.7%)	(9.1%)
Dept. for the Aging	616	577	575	575	575	(41)	(6.7%)	(1.7%)
Dept. of Cultural Affairs	299	240	240	240	240	(60)	(19.9%)	(5.4%)
Financial Info. Serv. Agency	127	125	123	123	123	(4)	(3.2%)	(0.8%)
Office of Criminal Justice	1,050	885	851	851	870	(180)	(17.2%)	(4.6%)
Office of Payroll Admin.	19	17	17	17	17	(2)	(9.8%)	(2.5%)
Independent Budget Office	8	8	9	8	8	(0)	(0.3%)	(0.1%)
Equal Employment Practices Comm.	1	2	2	2	2	0	12.8%	3.0%
Civil Service Commission	1	1	1	1	1	0	0.0%	0.0%
Landmarks Preservation Comm.	9	8	8	8	8	(1)	(9.6%)	(2.5%)
Taxi & Limousine Commission	62	70	69	57	57	(5)	(8.2%)	(2.1%)
Office of Racial Equity	5	10	10	10	10	4	79.9%	15.8%
Commission on Racial Equity	5	5	3	3	3	(2)	(43.9%)	(13.5%)
Commission on Human Rights	13	13	13	13	13	(0)	(0.5%)	(0.1%)
Youth & Community Development	1,531	1,614	1,501	1,497	1,497	(34)	(2.2%)	(0.6%)
Conflicts of Interest Board	3	3	3	3	3	0	5.3%	1.3%

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Office of Collective Bargaining	3	3	3	3	3	0	1.4%	0.3%
Community Boards (All)	23	22	22	22	22	(1)	(3.0%)	(0.8%)
Dept. of Probation	116	104	104	104	104	(12)	(10.1%)	(2.6%)
Dept. Small Business Services	345	226	230	226	186	(159)	(46.1%)	(14.3%)
Housing Preservation & Development	2,062	1,537	1,494	1,488	1,484	(578)	(28.0%)	(7.9%)
Dept. of Buildings	216	225	211	208	208	(8)	(3.6%)	(0.9%)
Dept. of Health & Mental Hygiene	2,876	2,632	2,621	2,638	2,660	(216)	(7.5%)	(1.9%)
Health + Hospitals	1,839	1,647	1,690	1,692	1,693	(146)	(8.0%)	(2.1%)
Office of Administrative Trials & Hearings	77	82	82	82	82	5	6.0%	1.5%
Dept. of Environmental Protection	1,916	1,816	1,785	1,780	1,777	(139)	(7.3%)	(1.9%)
Dept. of Sanitation	2,348	2,102	2,171	2,206	2,303	(45)	(1.9%)	(0.5%)
Business Integrity Commission	9	9	9	9	9	(0)	(3.8%)	(1.0%)
Dept. of Finance	373	369	370	371	371	(2)	(0.6%)	(0.2%)
Dept. of Transportation	1,596	1,632	1,646	1,660	1,663	68	4.2%	1.0%
Dept. of Parks and Recreation	722	684	680	680	680	(43)	(5.9%)	(1.5%)
Dept. of Design & Construction	174	164	164	164	164	(10)	(5.9%)	(1.5%)
Dept. of Citywide Admin. Services	812	695	691	692	691	(121)	(14.9%)	(3.9%)
D.O.I.T.T.	811	611	603	607	607	(204)	(25.1%)	(7.0%)
Dept. of Record & Info. Services	16	17	17	17	17	0	3.0%	0.7%
Dept. of Consumer & Worker Protection	81	75	84	91	93	12	15.0%	3.6%
District Attorney - N.Y.	229	180	180	180	180	(49)	(21.3%)	(5.8%)
District Attorney - Bronx	162	143	145	145	145	(16)	(10.1%)	(2.6%)
District Attorney - Kings	203	167	167	167	167	(36)	(17.6%)	(4.7%)
District Attorney - Queens	128	108	109	109	109	(19)	(15.0%)	(4.0%)
District Attorney - Richmond	33	27	27	27	27	(6)	(17.9%)	(4.8%)
Office of Prosek. & Spec. Narc.	32	32	32	32	32	0	0.1%	0.0%
Public Administrator - N.Y.	1	1	1	1	1	0	0.1%	0.0%

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Public Administrator - Bronx	1	1	1	1	1	(0)	(18.5%)	(5.0%)
Public Administrator - Brooklyn	1	1	1	1	1	0	0.8%	0.2%
Public Administrator - Queens	1	1	1	1	1	0	1.0%	0.3%
Public Administrator - Richmond	1	1	1	1	1	(0)	(8.5%)	(2.2%)
Prior Payable Adjustment	(1,709)	(400)	0	0	0	1,709	(100.0%)	(100.0%)
General Reserve	0	100	1,200	1,200	1,200	1,200	N/A	N/A
Citywide Savings Initiatives	(212)	0	(179)	(124)	(89)	123	(57.9%)	(19.4%)
Energy Adjustment	0	0	(5)	43	83	83	N/A	N/A
Lease Adjustment	0	0	53	108	165	165	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURE	\$124,394	\$124,700	\$133,396	\$136,556	\$139,922	\$15,528	12.5%	3.0%

Note: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-City expenditures.

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