MARK LEVINE
NEW YORK CITY COMPTROLLER

BUREAU OF BUDGET

Comments on New York City's Preliminary Budget

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

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CITY OF NEW YORK
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I. Executive Summary

The Mamdani administration's inaugural budget is a significantly more transparent and accurate accounting of City expenditures than presented during the Adams administration. By recognizing billions in chronically underbudgeted costs, funding fiscal cliffs for recurring programs, and reflecting other known yet previously unaccounted for obligations, the Mamdani administration has dramatically changed course from the prior administration's practice of deliberately understating City costs.

Overall, the Mamdani administration increased net spending estimates by $4.14 billion in FY 2026 (3.5 percent), $5.39 billion in FY 2027 (4.4 percent) and an average of $8.46 billion in FY 2028 through FY 2030 (averaging 6.6 percent). These increases largely reflect costs that this Office has long flagged as chronically underbudgeted, particularly shelter, public assistance, rental assistance programs, and special education due process cases.

What the Mayor's Preliminary Budget and February Financial Plan also lays bare is the stark reality that the City is spending far more than it takes in, a structural imbalance between operating expenditures and revenues that this Office has documented and projected. To close yawning budget gaps in FY 2026 and FY 2027, the Mayor relied on optimistic projections and serious actions. These are:

1. $6.58 billion over the two years in higher City tax revenues, which may prove to be a reversal of OMB's well-established cautious approach to forecasting.
2. $3.70 billion from a proposed increase in the property tax in FY 2027, which effectively maximizes the City's taxing power for operating expenses.
3. $2.96 billion over the two years in commitments and favorable tax legislation proposed in the State budget, but not yet enacted, which are only partially recurring.
4. $2.56 billion in reserve drawdowns over the two years beyond the typical current year reduction, including from the Revenue Stabilization Fund, the City's rainy-day fund, and the Retiree Health Benefits Trust.
5. $1.77 billion over the two years from recently announced but unspecified savings targets.

The budget for FY 2026 plainly shows by how much expenditures are outpacing revenues. The operating surplus, which is used to prepay next year's expenses, drops from $3.79 billion in FY 2025 to $238 million in FY 2026, a 94 percent decline. On its face,

this means that in FY 2026 expenses are $3.55 billion higher than revenues. However, the budget also assumes a $980 million drawdown of the rainy-day fund. Therefore, in FY 2026 the City's operating expenses are projected to be $4.53 billion higher than its revenues. Without the $710 million in recently announced but unspecified savings and the $1.01 billion in projected impacts of the yet-to-be-enacted State budget actions, the FY 2026 operating deficit increases to $6.25 billion.

As mentioned above, the property tax increase pushes the tax levy for operating purposes close to the City's tax limit, effectively eliminating the City's revenue-raising capacity. At the same time, the Preliminary Budget lowers in-year reserves for unforeseen contingencies in FY 2027 from $1.45 billion to the statutory minimum of $100 million, further eroding budget flexibility. Barring new State actions in the upcoming fiscal year, this means that budget gaps could only be filled by reduced spending or additional drawdowns of the Revenue Stabilization Fund and the Retiree Health Benefit Trust. And, on the flip side, regaining fiscal space in FY 2027 would rely on tax revenues accelerating from already relatively optimistic levels.

All these actions take place at a time of heightened economic uncertainty, leaving the City vulnerable to future turbulence. The biggest near-term risks to the local (and national) economy now appear to be geopolitical. The attack on Iran and subsequent conflict have roiled the financial markets, driving up oil and gas prices. Another risk is that rapidly advancing AI may prove to be more labor substituting, with the potential to rapidly reduce demand for core occupations in the city. Conversely, if AI's impact on business profitability proves less significant, slower, or differently distributed than anticipated, there is considerable room for downside market risk. To add to the uncertainty, fund redemptions in private credit appear to be accelerating, posing new financial risks. A pickup in inflation, ongoing tariff uncertainty, and the prospect of increasingly widespread deportations due to the Trump administration are also significant risks to the local economy.

While both the U.S. and New York City economies demonstrated some resilience in 2025, growth has been uneven. Outside of healthcare, New York City's private sector employment declined in 2025. Despite this weak employment growth, overall New York City wages and salaries grew rapidly in 2025. Real wages averaged higher than 2 percent growth during the year. However, large bonuses and wage increases in the Securities, Information, Banking & Insurance, and Professional & Business Services sectors are responsible for all the city's average real wage growth. In the last year, average wages in all other private industry sectors—accounting for more than two-thirds of the private workforce—barely kept pace with inflation.

OMB's economic forecast included in the February Plan expects strong wage growth this year, especially in the financial sector, with continued wage and even stronger job growth in 2027. This is a much rosier picture than OMB included in its November 2025 Plan and more optimistic than currently assumed by this Office. Overall, OMB raised its tax revenue forecast to $84.34 billion in FY 2026, $91.48 billion in FY 2027 and reaching $97.41 billion in FY 2030. Relative to the November Plan, this represents substantial upward revisions amounting to $2.59 billion in FY 2026, $8.65 billion in FY 2027, $7.60 billion in FY 2028, and $6.39 billion in FY 2029. As previously mentioned, these revisions result not only from OMB's forecast of improved economic conditions and updated collection trends, but also from a proposed increase in the property tax rate beginning in FY 2027, as well as the net positive tax proposals in the Governor's budget that have not yet been enacted. Typically, OMB only reflects the impact of State budget actions after they are legislated.

Assuming the property tax and State budget proposals are passed, the Comptroller's Office's tax revenue forecast is below the Mayor's in the near term but higher in FY 2029 and FY 2030. This Office projects tax collections to total $83.70 billion in FY 2026, $89.84 billion in FY 2027 and reaching $99.75 billion by FY 2030. Compared to the financial plan this represents lower tax revenues by $640 million in FY 2026 and $1.64 billion in FY 2027, but higher by $2.34 billion by FY 2030.

While this Office estimates some differences in the impact of the Governor's proposed tax programs and the Mayor's proposed property tax increase, most of the divergence with OMB derives from each office's baseline tax forecast. The largest differences in FY 2026 and FY 2027 are due to OMB's higher personal and business income tax projections. While not unachievable, the relative optimism of OMB's projections signals a reversal of the clear downward bias that characterized OMB's previous practice.

On the spending side, as previously discussed, the February Plan reflects significant net expenditure increases compared to the Adams administration's November Plan. The changes largely address costs identified by this Office as chronically underbudgeted. The February Plan also recognizes other costs, such as funding teachers required to meet the State's class size reduction mandate, reflecting expenditures previously expected to be paid by the long-depleted, and off-budget Health Insurance Stabilization Fund, and baselining funding for some education-related fiscal cliffs. The increases also support some new programming, including an initial roll out of the universal 2-K program announced by the Mayor and the Governor.

Because the February Plan reflects many of the City-funded expenditure needs previously identified, this Office's net additional needs total $186 million in FY 2026, $1.22 billion in FY 2027, and an average of $2.21 billion in FY 2028 through FY 2030. These

are down from re-estimates of $3.16 billion in FY 2026, $7.04 billion in FY 2027, and an average of $8.54 billion in FY 2028 and FY 2029 relative to the spending amounts in the November plan. While the Mayor resolved most of the chronically underbudgeted costs, the Comptroller's Office estimates that some additional funding will still be required for rental assistance, overtime, contributions to the MTA, and school custodial costs, particularly in FY 2027 through FY 2030. These estimates do not include the impact of the CityFHEPS expansion—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.

This Office's re-estimates do assume that additional City funding will be required for child care programs. This includes existing child care vouchers beginning in FY 2028 and the new, universal 2-K program beginning in FY 2029, as 2-K funding was only included in FY 2027 and FY 2028 in the February Plan. Other additional City fund needs result from actions of the Trump administration. These include cuts to the Supplemental Nutrition Assistance Program (SNAP), as well as the revocation of funds previously received by the City to reimburse it for services provided to asylum seekers. The impact of larger Federal cuts, including Medicaid and SNAP cost sharing, will first flow through to the State. It is currently unknown if and how they will be passed on to localities, so they are not yet included in these re-estimates.

Taken together, this Office's spending and revenue re-estimates result in gaps that are higher than currently projected by OMB in FY 2026 through FY 2029. In FY 2030, the Comptroller's Office gap estimate is slightly below the administration's. The Comptroller's Office gaps total $797 million in FY 2026 (0.7 percent of total revenues), $2.85 billion in FY 2027 (2.3 percent of total revenues), $10.06 billion in FY 2028 (7.9 percent of total revenues), $8.58 billion in FY 2029 (6.6 percent of total revenues), and $6.96 billion in FY 2030 (5.1 percent of total revenues).

Without the proposed property tax increase, however, gaps would increase to $6.53 billion in FY 2027, $13.87 billion in FY 2028, $12.53 billion in FY 2029, and $11.09 billion in FY 2030.

Without the assumed additional state aid and tax legislation, citywide savings, and the property tax increase, gaps would total $2.60 billion in FY 2026, $9.26 billion in FY 2027, $16.69 billion in FY 2028, $14.73 billion in FY 2029, and $13.30 billion in FY 2030.

The February Plan also included an update to the City's Capital Commitment Plan (CCP), which totals $112.96 billion in all-funds authorized commitments from FY 2026 through FY 2030, a $2.21 billion (2.0 percent) increase compared to the Adopted FY 2026 CCP, released in September. Housing and Economic Development-related projects

account for nearly half of the increase, driven by additional capital commitments for the New York City Housing Authority (NYCHA). The second largest increase over the financial plan period is for bridges. The February CCP also includes a new $70 million for the Mayor's City-run grocery store initiative.

Overall, the February Plan reflects a much more realistic picture of City spending than the budgets released by the Adams administration. This transparency must lend itself to a deep and honest examination of where more savings and efficiencies than those already proposed by the Mayor can be found. The State should and can also do more to rectify years of imbalance and unfunded mandates. Raising the City's already deeply inequitable property tax and drawing down long-terms reserves to close budget gaps, are troublesome actions that would bring harm to the city's most vulnerable residents and the overall fiscal health of the City, respectively.

With the continued threats posed by the Trump administration, all other levels of government—from the State to City Hall, and the City Council, must now work together to ensure a strong, equitable, and sustainable fiscal foundation for the future of this city.

Table 1. FY 2026 – FY 2030 February Financial Plan

						Change FYs 2026 –2030	
($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Dollar	Percent
Revenues							
Taxes:							
General Property Tax	$35,466	$40,448	$41,446	$42,661	$44,064	$8,598	24.2%
Other Taxes	47,910	50,151	50,759	51,155	52,462	4,552	9.5%
Tax Audit Revenues	959	879	879	879	879	(80)	(8.3%)
Subtotal: Taxes	**$84,335**	**$91,478**	**$93,084**	**$94,695**	**$97,405**	**$13,070**	**15.5%**
Miscellaneous	8,642	8,092	8,104	8,148	8,173	(469)	(5.4%)
Unrestricted Intergovernmental Aid	502	0	0	0	0	(502)	(100.0%)
Less: Intra-City Revenues	(2,275)	(1,946)	(1,938)	(1,931)	(1,929)	346	(15.2%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$91,189**	**$97,609**	**$99,235**	**$100,897**	**$103,634**	**$12,445**	**13.6%**
Other Categorical	981	1,022	1,009	1,006	1,006	25	2.5%
Inter-Fund Revenues	808	800	801	804	804	(4)	(0.5%)
Federal Categorical Grants	8,889	7,260	7,179	7,155	7,165	(1,724)	(19.4%)
State Categorical Grants	20,503	20,310	20,709	20,341	20,415	(88)	(0.4%)
Total Revenues	**$122,370**	**$127,001**	**$128,933**	**$130,203**	**$133,024**	**$10,654**	**8.7%**
Expenditures							
Personal Service (PS):							
Salaries and Wages	$35,027	$36,184	$37,976	$38,774	$39,614	$4,587	13.1%
Pensions	10,495	10,533	11,519	10,983	10,524	29	0.3%
Fringe Benefits	15,881	16,483	17,267	17,989	18,823	2,942	18.5%
Retiree Health Benefits Trust	0	(229)	229	0	0	0	N/A
Subtotal: PS	**$61,403**	**$62,971**	**$66,991**	**$67,746**	**$68,961**	**$7,558**	**12.3%**
Other Than Personal Service (OTPS):							
Medical Assistance	$6,437	$6,790	$6,940	$7,090	$7,240	$803	12.5%
Public Assistance	2,764	2,746	2,746	2,746	2,746	(18)	(0.7%)
All Other	50,017	47,050	47,863	48,323	49,385	(632)	(1.3%)
Subtotal: OTPS	**$59,218**	**$56,586**	**$57,549**	**$58,159**	**$59,371**	**$153**	**0.3%**
Debt Service	**$8,503**	**$9,528**	**$10,563**	**$11,533**	**$12,280**	**$3,777**	**44.4%**
FY 2025 BSA	($3,787)	$0	$0	$0	$0	3,787	(100.0%)
FY 2026 BSA	$238	($238)	$0	$0	$0	(238)	(100.0%)
Capital Stabilization Reserve	$0	$0	$250	$250	$250	250	N/A
General Reserve	$50	$100	$1,200	$1,200	$1,200	1,150	N/A
Rainy Day Fund	($980)	$0	$980	$0	$0	980	(100.0%)
Less: Intra-City	(2,275)	(1,946)	(1,938)	(1,931)	(1,929)	346	(15.2%)
Total Expenditures	**$122,370**	**$127,001**	**$135,595**	**$136,957**	**$140,133**	**$17,763**	**14.5%**
Gap to be Closed	**$0**	**$0**	**($6,662)**	**($6,754)**	**($7,109)**	**($7,109)**	**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, February 2026 Plan vs. November 2025 Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Revenues				
Taxes:				
General Property Tax	$140	$3,821	$3,742	$3,845
Other Taxes	2,304	4,728	3,762	2,449
Tax Audit Revenues	150	100	100	100
Subtotal: Taxes	**$2,594**	**$8,649**	**$7,604**	**$6,394**
Miscellaneous Revenues	258	78	59	54
Unrestricted Intergovernmental Aid	500	0	0	0
Less: Intra-City Revenues	(202)	(53)	(54)	(49)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$3,150**	**$8,674**	**$7,609**	**$6,399**
Other Categorical Grants	(229)	(100)	(108)	(109)
Inter-Fund Revenues	3	5	5	5
Federal Categorical Grants	296	53	(49)	(130)
State Categorical Grants	917	1,445	1,709	1,192
Total Revenues	**$4,137**	**$10,077**	**$9,166**	**$7,357**
Expenditures				
Personal Service (PS):				
Salaries and Wages	$636	$681	$1,276	$1,125
Pensions	16	(99)	9	10
Fringe Benefits	835	883	966	945
Retiree Health Benefits Trust	0	(229)	229	0
Subtotal: PS	**$1,487**	**$1,236**	**$2,480**	**$2,080**
Other Than Personal Service (OTPS):				
Medical Assistance	$179	$57	$57	$57
Public Assistance	1,114	746	283	(159)
All Other	3,814	4,873	5,720	5,772
Subtotal: OTPS	**$5,107**	**$5,676**	**$6,060**	**$5,670**
Debt Service	**($39)**	**$41**	**$89**	**$114**
FY 2025 BSA	0	0	0	0
FY 2026 BSA	164	(164)	0	0
Capital Stabilization Reserve	($250)	($250)	$0	$0
General Reserve	($1,150)	($1,100)	$0	$0
Rainy Day Fund	($980)	$0	$980	$0
Less: Intra-City Expenses	($202)	($53)	($54)	($49)
Total Expenditures	**$4,137**	**$5,386**	**$9,555**	**$7,815**
Gap to be Closed	**$0**	**$4,691**	**($389)**	**($458)**

Source: Mayor's Office of Management and Budget

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

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

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Revenues				
Taxes:				
General Property Tax	$200	$3,821	$3,742	$3,845
Other Taxes	2,662	4,728	3,762	2,449
Tax Audit Revenues	150	100	100	100
Subtotal: Taxes	**$3,012**	**$8,649**	**$7,604**	**$6,394**
Miscellaneous Revenues	539	157	147	137
Unrestricted Intergovernmental Aid	502	0	0	0
Less: Intra-City Revenues	(391)	(90)	(91)	(84)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$3,662**	**$8,716**	**$7,660**	**$6,447**
Other Categorical Grants	(144)	(98)	(107)	(108)
Inter-Fund Revenues	3	5	5	5
Federal Categorical Grants	1,419	23	(105)	(189)
State Categorical Grants	1,523	1,451	1,716	1,196
Total Revenues	**$6,463**	**$10,097**	**$9,169**	**$7,351**
Expenditures				
Personal Service (PS):				
Salaries and Wages	$395	$654	$1,505	$1,508
Pensions	16	(548)	(354)	(530)
Fringe Benefits	982	1,037	1,209	1,290
Retiree Health Benefits Trust	0	(229)	229	0
Subtotal: PS	**$1,393**	**$914**	**$2,589**	**$2,268**
Other Than Personal Service (OTPS):				
Medical Assistance	($146)	$57	$57	$57
Public Assistance	1,114	746	283	(159)
All Other	6,793	5,032	5,865	5,920
Subtotal: OTPS	**$7,761**	**$5,835**	**$6,205**	**$5,818**
Debt Service	**($158)**	**($18)**	**$45**	**$139**
FY 2025 BSA	$0	$0	$0	$0
FY 2026 BSA	$238	($238)	$0	$0
Capital Stabilization Reserve	($250)	($250)	$0	$0
General Reserve	($1,150)	($1,100)	$0	$0
Rainy Day Fund	($980)	$0	$980	$0
Less: Intra-City Expenses	($391)	($90)	($91)	($84)
Total Expenditures	**$6,463**	**$5,053**	**$9,728**	**$8,141**
Gap to be Closed	**$0**	**$5,044**	**($559)**	**($790)**

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**	**($6,662)**	**($6,754)**	**($7,109)**
Revenue Differences					
Baseline Tax Revenues:	**(513)**	**(1,328)**	**(744)**	**710**	**2,243**
Property Tax	(49)	313	309	584	922
Personal Income Tax/PTET	(110)	(1,064)	(881)	(334)	355
Business Income Taxes	(377)	(305)	313	625	535
Sales Tax	(25)	(218)	(365)	(259)	105
Real Estate Transaction Taxes	(50)	(158)	(209)	(30)	184
All Other Taxes and Tax Audits	98	104	88	124	142
Tax Proposal Differences:	**(127)**	**(310)**	**(604)**	**(165)**	**98**
City Property Tax Increase Proposal	0	(19)	211	244	314
State Executive Budget Tax Proposals	(127)	(291)	(815)	(409)	(216)
Non-Tax Revenue Differences	**29**	**0**	**0**	**0**	**0**
Subtotal Revenues	***($611)***	***($1,638)***	***($1,349)***	***$545***	***$2,341***
Expenditures					
Remaining Underbudgeting:	**(281)**	**(1,023)**	**(1,050)**	**(1,032)**	**(1,041)**
Rental Assistance	0	(300)	(300)	(300)	(300)
Overtime	(133)	(456)	(474)	(480)	(480)
Contributions to MTA	(148)	(86)	(96)	(71)	(81)
DOE Custodial Costs	0	(180)	(180)	(180)	(180)
Temporary and Professional Services	**170**	**(95)**	**(105)**	**(105)**	**(105)**
DOE Fiscal Cliffs	**0**	**(269)**	**(269)**	**(269)**	**(269)**
Early Childhood Education - 2K	**0**	**0**	**0**	**(425)**	**(425)**
Child Care Vouchers	**0**	**0**	**(284)**	**(380)**	**(380)**
Promise NYC	**0**	**(25)**	**(25)**	**(25)**	**(25)**
Asylum Seekers Expenses	**(125)**	**0**	**(490)**	**(305)**	**(123)**
Federal SNAP Administration Funding Cut	**0**	**(75)**	**(100)**	**(100)**	**(100)**
EMS Medicaid Revenue Shortfall	**0**	**(128)**	**(128)**	**(128)**	**(128)**
Prior Year Payable Adjustment	**0**	**400**	**400**	**400**	**400**
Budgeted Reserves	**50**	**0**	**0**	**0**	**0**
Subtotal Expenditures	***($186)***	***($1,215)***	***($2,051)***	***($2,368)***	***($2,196)***
Total Comptroller Re-estimates	**($797)**	**($2,853)**	**($3,400)**	**($1,823)**	**$145**
Restated Gap	**($797)**	**($2,853)**	**($10,062)**	**($8,577)**	**($6,964)**
Risk if Property Tax Proposal is Not Passed	0	(3,681)	(3,812)	(3,951)	(4,128)
Restated Gap with Property Tax Risk	**($797)**	**($6,534)**	**($13,874)**	**($12,528)**	**($11,092)**
Risk if State Proposals Are Not Passed	(880)	(1,666)	(1,737)	(1,108)	(1,094)
Risk if Citywide Savings Are Not Achieved	(922)	(1,060)	(1,080)	(1,090)	(1,110)
Restated Gap with Property Tax, State Proposals & Savings Risks	**($2,599)**	**($9,260)**	**($16,690)**	**($14,726)**	**($13,296)**

Source: Office of the New York City Comptroller

II. The City's Economic Outlook

The U.S. economy demonstrated resilience in 2025 as measured in the aggregate, growing at a reasonably solid rate of 2.2 percent. Initially hampered by concerns about the possible recessionary effects of trade and immigration policies, the economy continued to grow while exhibiting several seeming paradoxes—economic expansion with almost no job growth, increasing consumer spending amidst low consumer confidence, and solid growth in private fixed investment paired with significant policy uncertainty.

Much of these paradoxes can be explained by the fact that U.S. growth has not been experienced broadly and has been most heavily fueled by significant capital deepening via software and data center investments associated with an artificial intelligence (AI) boom. Owners of assets have fared well, the stock market having risen another 18 percent in 2025 following two even stronger years of growth in 2023 and 2024, and consumption patterns often respond to the wealth effect of financial gains. In addition, average wages in higher-paying industries such as Information and Finance have been growing strongly, well above inflation, while in lower-paying industries average wages have barely matched inflation. There may be evidence that growth in consumer demand has been driven by a small share of the population.

For New York City, this picture may be even more stark. Several of the city's key industries have seen a complete lack of employment growth, and a meaningful turnaround in these sectors will be essential to sustaining the city's broader economic trajectory. At the same time, average wage growth in New York City has been notably strong, particularly in the highest-paying sectors, providing some support to the overall economy and tax base.

Table 5 shows the Office of the New York City Comptroller's economic forecasts compared against the Mayor's projections. The Comptroller's Office's estimate for year-over-year growth in the U.S. economy was revised upward to 2.6 percent in 2026 and downward to 1.5 percent in 2027 since December. The 2026 calendar year forecasted growth rate obfuscates a projected slowdown, with quarterly growth rate projections beginning the year at a 3.1 percent annual rate but gradually slowing to a 1.4 percent rate by the fourth quarter. The Mayor's U.S. forecast overall appears similar to the Comptroller's.

In their New York City income forecasts, the Mayor and Comptroller differ more noticeably. The Mayor's Office revised its expected 2026 growth in average NYC

wage rate to 5.4 percent, up from 3.1 percent in their prior economic forecast. At the same time, the Comptroller's expected 2026 growth in the wage rate was revised downward slightly to 3.2 percent. The Mayor's Office also increased its expectation of 2026 Wall Street profits from $37.5 billion to $50.3 billion – going from well-below the Comptroller's forecast to somewhat above it. Accompanying this were the Mayor's higher expectations of 10.0 percent growth in Financial sector wages this year, revised up from a 4.1 percent forecast in November and compared to the Comptroller's forecast of 4.5 percent growth in 2026. A part of this comes from the Mayor's increased forecast of $51.9 billion for 2025 Wall Street bonuses—the majority of which is paid in calendar year 2026—which implies 15.1 percent growth over the prior year while a Comptroller's Office analysis of recent withholding data projects securities bonuses to rise by no more than 6 to 7 percent.

Overall, the Mayor's latest forecast is much more bullish on NYC income growth in 2026 than previously, buttressed by the expectation of continued financial market strength and compensation growth in NYC's higher-paying industries. The Mayor's prior NYC economic forecasts for 2026 and 2027 were somewhat more pessimistic than the Comptroller's, but in these latest forecasts they are more optimistic.

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

U.S. Economy		2026	2027	2028	2029	2030
Real GDP, % Change	Comptroller	2.6%	1.5%	1.9%	2.4%	2.7%
	Mayor	2.2%	1.8%	1.7%	1.8%	1.8%
Corporate Profits Before Tax, % Change	Comptroller	3.8%	2.6%	3.7%	3.6%	3.8%
	Mayor	1.9%	0.0%	(0.3%)	7.1%	2.3%
Payroll Jobs, % Change	Comptroller	0.2%	0.3%	0.5%	0.6%	0.9%
	Mayor	0.5%	0.5%	0.2%	0.4%	0.5%
Fed Funds Rate, Percent	Comptroller	3.20	2.96	3.14	3.11	3.00
	Mayor	3.41	3.13	3.13	3.13	3.13
10-Year Treasury Notes, Percent	Comptroller	4.23	4.31	4.33	4.31	4.29
	Mayor	3.93	3.85	3.87	3.92	3.93
Consumer Price Index, % Change	Comptroller	3.0%	2.7%	2.2%	1.8%	1.8%
	Mayor	2.8%	2.5%	2.2%	2.2%	2.3%

NYC Economy		2026	2027	2028	2029	2030
Payroll Jobs, Change In Thousands, Q4-Q4	Comptroller	54.8	48.1	58.6	68.5	77.2
	Mayor	48.8	85.3	75.5	76.1	73.4
Total Wage Earnings, % Change	Comptroller	4.2%	3.8%	4.3%	4.8%	5.1%
	Mayor	5.5%	3.9%	4.3%	4.3%	4.5%
Wage Rate, % Change	Comptroller	3.2%	2.8%	3.2%	3.4%	3.5%
	Mayor	5.4%	2.7%	2.7%	2.7%	2.9%
Consumer Price Index, NY area, % Change	Comptroller	3.2%	2.8%	2.4%	2.1%	2.1%
	Mayor	3.1%	2.5%	2.2%	2.1%	2.2%
Wall Street Profits, $ Billions	Comptroller	47.3	48.5	51.3	50.7	53.0
	Mayor	50.3	30.8	25.5	26.4	27.5
Securities Bonus Pool, $ Billions	Comptroller	46.1	46.8	49.6	52.8	56.4
	Mayor	42.7	44.0	44.2	45.4	46.0
Asking Rental Rate, Manhattan Offices*, % Change	Comptroller	3.6%	3.5%	3.0%	2.9%	2.9%
	Mayor	3.8%	1.5%	1.5%	2.4%	2.5%
Total Vacancy Rate, Manhattan Offices*	Comptroller	20.2%	19.6%	19.2%	18.8%	18.4%
	Mayor	19.3%	18.5%	17.7%	17.3%	16.4%

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 forecast for Manhattan office rent and vacancy rates are for Class A only, while the Comptroller's forecast is for all Manhattan offices.

The U.S. Economic Backdrop

Looking back on 2025, it was difficult to follow progress in the U.S. economy by examining the quarterly real GDP growth rates. In the first two quarters, swings in GDP growth were dominated by inventory adjustments of foreign intermediate and final goods stockpiled in anticipation of the promised tariffs. Third quarter GDP rose at a striking 4.4 percent annual rate which was followed by a lackluster 1.4 percent fourth quarter, hampered by a government shutdown. Putting it all together, the economy grew by a moderate 2.2 percent in 2025. Perhaps a more instructive measure this year is real final sales to private domestic purchasers, which conveniently avoids swings in

exports, inventories, and government; this measure grew rather steadily, finishing the year up 2.7 percent over 2024.

There is evidence that AI investment is contributing much to economic growth through increased spending on equipment, data centers, and software. There is hope among some that all this capital investment is leading to a productivity boom. If so, this would ordinarily be a good thing for the labor market outlook, as higher labor productivity usually generates increased demand for labor. However, the nature of AI technology may prove to be more of a substitute for many job categories, rather than a complement—at least in the short run.

Less than one year ago, this Office and many other forecasters believed that the disruption and uncertainty around tariffs and immigration levels increased the probability of an economic recession beginning in 2025 or 2026 and posed a threat to inflation rates. This recessionary probability has come down as economic growth has continued through the policy shock and because many proposed tariffs were adjusted downward. And while inflation has remained stubbornly above Fed targets and its downward trajectory may have been stalled by the effect of the tariffs, concern that they will ignite much higher inflation has receded.

But a portion of the economic resilience in the U.S. may reflect a temporary buffer rather than underlying strength. The stockpiling of inventories in anticipation of tariff implementation may have masked the true impact of trade policy shifts. As import inventories are drawn down and supply chain disruptions begin working their way through the economy, import price increases are likely to be felt more acutely in 2026. This contributes to the outlook for economic growth to slow in the second half of 2026.

Adding to the uncertainty is the status of the tariffs. The Supreme Court's verdict striking down the Trump administration's tariffs has been met by an effort to impose temporary or permanent tariffs through other means. This turn of events may bring us back to the sort of trade policy volatility seen nearly a year ago. And the possibility of the Federal government needing to refund tariffs already paid could result in an increase in Federal deficits and, in turn, longer-term interest rates.

The Comptroller's Office's outlook is for growth to continue in the first quarter of 2026, especially when factoring in the bounce-back from the fourth quarter's Federal government shutdown. But quarterly growth is projected to gradually slow to a 1.5 percent annual rate in the second half of the year. Predicting Fed action this year is difficult without knowing for sure what the posture of its incoming Chairman will be, and the degree to which the Trump Administration seeks to interfere with monetary policy. With a projected growth slowdown and increasing unemployment, the Comptroller's

Office expects that the Fed will respond with three rate cuts in 2026 totaling a 75-basis point reduction. Markets appear to expect one or two cuts by summer, but then for rates to stay put later in the year.

Population Change

Based on new Census Bureau population estimates, national population growth slowed to its most sluggish pace since the pandemic, driven primarily by a sharp deceleration in international migration. Net international migration to the United States fell from a peak of 2.7 million in 2024 to 1.3 million between July 2024 and June 2025, and the Congressional Budget Office now projects net immigration of roughly half a million per year in both 2025 and 2026 — less than one-fifth of the 2024 peak.

New York State followed the same pattern, with negligible population growth in 2025. The state's net international migration rate collapsed from 14.6 per 1,000 residents in 2024 to just 4.78 in 2025 while domestic out-migration remained relatively stable, ticking up only modestly from 6.0 to 6.9 per 1,000. For New York City specifically, the preliminary 2024 population estimate showed 1 percent annual growth, though analysis suggests the revised estimate due this spring may be closer to 2 percent. For 2025, population growth is expected to level off, given the steep slowdown in international arrivals and continued steady domestic out-migration.

The New York City Economy

NYC Employment

New York City's job market entered 2026 on shaky footing. Job creation in 2025 was exceptionally weak, both locally and nationally. U.S. private-sector employment grew by just 0.3 percent over the course of 2025 (roughly 31,000 jobs per month), while New York City fared only slightly better at 0.8 percent. As Chart 1 illustrates, outside of Healthcare & Social Assistance, the city's employment declined in 2025. And payroll gains in healthcare generally do not function as economic drivers for the city, given they tend to be lower-paying and locally focused as compared to other services that the city exports to other parts of the country and the world.

Chart 1. Private Sector Employment Ex-Healthcare & Social Assistance

Source: Bureau of Labor Statistics; NY State Department of Labor; Mayor's Office of Management and Budget
Note: Data are seasonally adjusted.

As noted in a recent February Spotlight on New York City jobs, upcoming benchmark revisions to payroll counts in March 2026, based on more recent and more complete data than are used for recent months, are projected to reduce measurement of 2025 job growth by even more than its current modest level.[1] And these predicted revisions reinforce a lack of job growth in the city's most important high-wage sectors — with the expected, combined two-year revisions to Information, Professional & Business Services, and Finance jobs lowering their count by 20,000, as seen in Chart 2.

[1] Re-benchmarked historical data and January 2026 data will be released by NYS Department of Labor on March 26.

Chart 2. Two-Year Change in CES Employment, Q4 2023 to Q4 2025, Preliminary vs Expected Revision (Thousands)

Source: NY State Department of Labor; Office of the New York City Comptroller; Mayor's Office of Management and Budget
Note: Data are seasonally adjusted.

But despite weak headline numbers, a few indicators suggest the labor market has not completely deteriorated. The employment-population ratio for working-age New Yorkers ended 2025 at a record high, narrowing the historical gap between New York City and the national rate to less than one percentage point — a remarkable shift from the 8-plus point gap that persisted through the 1980s and 1990s. After rising in mid-2025, layoffs in New York State returned to a moderate rate by December while initial claims for unemployment have remained subdued after adjusting for the effect of the recent nurses' strike. This points to a "low-hire, low-fire" economy with employers reluctant to add workers, but also not shedding them at alarming rates. While there are likely multiple reasons for this, including temporary uncertainty in economic policy, there is growing concern that AI and its potentially transformative effect on future personnel needs have led employers to avoid payroll expansion despite business growth.

In recent data also presented in the February Spotlight on the city's jobs, it appears that young college graduates are having an exceptionally difficult time entering the workforce. As seen in Chart 3, the unemployment rate for college graduates ages 22–27 in the city has risen since 2024 to now exceed that of older workers without a

bachelor's degree — a reversal of decades of historical norms and echoing national trends. Also notable in this chart is a decline in the unemployment rate for young workers without a college degree in the latter half of 2025. This may be a result of a decline in available workers caused by newly restrictive Federal immigration policies and a general tightening of this segment of the labor market that is also impacted by a drop in the city's population of asylum seekers.

Chart 3. New York City Unemployment Rate by Age and Education, 12-Month Rolling Average

Source: U.S. Census Bureau Current Population Survey (IPUMS)

The NYC Jobs Spotlight also examines how AI adoption varies by occupation. Claude usage data released by Anthropic in January 2026 — and now disaggregated by state — reveal that New York trails only Washington, D.C. in per-capita Claude usage. 43 percent of New Yorkers' work-related Claude conversations occur in Computer and Mathematical occupations, versus 27 percent nationally, suggesting that the AI's impact on those occupations is far more concentrated in New York City than seen in the prior estimates of an earlier Spotlight that examined AI usage.

NYC Wage Growth

Despite weak employment growth, overall New York City wages and salaries grew rapidly in 2025. In the first three quarters of 2025, total wages and salaries were 7.1 percent higher than the prior year, with average wages increasing by 6.2 percent for the same period. Real wages, which are adjusted for inflation, averaged higher than 2 percent growth during the year.

But this wage growth is distributed unevenly through the city's economy. Large bonuses and wage increases in the Securities, Information, Banking & Insurance, and Professional & Business Services sectors can account for all of the city's average real wage growth in the last year. As can be seen in Chart 4, average wages in all other private industry sectors, accounting for more than two-thirds of the private workforce, barely kept pace with inflation while already higher-paying industries grew much more rapidly.

Chart 4. Inflation Adjusted Average Annual Wage Growth Rate, by NYC Industry Sector, Trailing 4-Quarters Ending in Q3 2025

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

Note: Bubble size indicates relative share of NYC private employment.

Wall Street Profits

NYSE member firms completed a strong year 2025 with fourth quarter pre-tax profits of $17.40 billion, representing year-over-year growth of 21.4 percent. For the full year, profits reached $65.09 billion, a 30.4 percent increase over 2024. This was the second consecutive year for big profitability gains on Wall Street, with 2024 having grown 88.9 percent. The industry has been achieving such profitability through efficiency improvement, with the 2025 ratio of compensation to net revenue less interest expense down to 40.6 percent, its lowest level since 2009. Commission revenues grew 23.2 percent in 2025 to $26.25 billion, outpacing overall revenue growth and indicating strong trading activity.

Where NYC's Income Comes from and How It Differs from the Nation

New York City's personal income reached $785.7 billion in 2024, growing 5.3 percent over the prior year. National personal income grew at a slightly faster 5.6 percent. The composition of NYC's income is structurally different from the nation's: finance and insurance alone account for 22.8 percent of the city's total earnings — which include wages, salaries, bonuses, employer benefit contributions, and business owners' income — more than three times the national share. The gap between New York City and national income growth has narrowed since the pandemic. In 2020, New York City personal income grew 3.3 percentage points slower than the nation; by 2024, the gap was less than 0.3 points. The driver of the city's convergence shifted over the period: pandemic transfer payments sustained income in 2020 (see an analysis in the January 2023 Spotlight), the Wall Street rebound powered 2021, and health care and professional services have emerged as increasingly important contributors since 2023.

Table 6. Personal Income Growth Rates: NYC vs. U.S., 2020-2024

	2020	2021	2022	2023	2024
NYC Personal Income ($B)	$650.2	$699.6	$704.4	$746.0	$785.7
NYC Growth Rate	3.6%	7.6%	0.7%	5.9%	5.3%
U.S. Growth Rate	6.9%	9.5%	3.1%	6.5%	5.6%
NYC–U.S. Gap (pp)	(3.3)	(1.9)	(2.3)	(0.6)	(0.3)

Source: BEA CAINC5N

Note: All dollar values are in current (nominal) dollars.

How Fast Did Income Grow?

New York City's personal income growth lagged the nation by 3.3 percentage points in 2020, when the city's wage & salary base contracted sharply, while Federal transfers cushioned national income. By 2024, the gap narrowed to less than a third of a percentage point. This closing was not smooth, the city experienced a period of stagnation in 2022, when personal income grew just 0.7 percent as pandemic transfer payments wound down faster than wages & salaries recovered.

What Drove the Numbers?

Of the total percentage-point growth in personal income, how many points came from wage & salary earnings (net of contributions for government insurance), how many from dividends, interest, and rent (capital income) and how many from transfers?

Table 7. Contribution to Personal Income Growth by Major Component

Component (percentage points)	2020	2021	2022	2023	2024
NYC: Total PI Growth	3.63	7.59	0.74	5.86	5.32
Wage & Salary Net Earnings	(1.15)	4.53	2.78	2.11	3.56
Capital Income	(2.11)	1.48	2.18	2.74	1.06
Transfer Receipts	6.89	1.58	(4.22)	1.01	0.70
U.S.: Total PI Growth	6.89	9.54	3.08	6.47	5.60
Wage & Salary Net Earnings	0.90	5.47	3.71	3.35	3.30
Capital Income	0.06	1.90	1.79	2.59	1.03
Transfer Receipts	5.93	2.17	(2.42)	0.53	1.27

Source: BEA CAINC5N

Note: The contribution-to-growth decomposition divides the change in each component by the prior year's total personal income, following the methodology used in BEA's own state-level releases (Table SQINC12). Capital income is dividends, interest, and rent.

In 2020, New York City's wage & salary earnings subtracted 1.15 percentage points from personal income growth, while national earnings still added 0.90 points. The city's sharper earnings decline reflected the outsized impact of the initial COVID lockdown. Accommodation and food services earnings fell 43.1 percent in New York City, compared with 18.9 percent nationally.

Federal transfer payments more than offset this loss. Transfer receipts contributed 6.89 percentage points to the city's income growth, driven by stimulus payments, enhanced unemployment insurance, and expanded Medicaid. This transfer contribution was 0.96 points higher than the national figure.

Capital income, meanwhile, subtracted 2.11 points from New York City's income growth but was essentially flat nationally reflecting the concentration of dividend and interest income among NYC's wealthy residents.

The 2021 rebound was strong in both the city and the nation, but national income grew faster (9.54 percent versus 7.59 percent). 2022 was the most difficult for New York City. Personal income grew by just 0.74 percent, 2.3 points below the national rate. The transfer cliff was the primary driver: as pandemic programs expired, transfer receipts subtracted 4.22 percentage points from NYC income growth, nearly twice the 2.42-point subtraction nationally.

By 2023–2024, the transfer shock had dissipated, and the growth composition increasingly reflected underlying economic conditions rather than federal fiscal policy. In 2024, net earnings contributed 3.56 percentage points to NYC income growth exceeding the national figure of 3.30 points for the first time since 2019. This reversal was driven by strong Wall Street earnings: finance and insurance sector earnings grew 7.3 percent in New York City, compared with 5.6 percent nationally. Property income contributed 1.06 points (matching the national 1.03 points), while transfers contributed 0.70 points, below the national 1.27 points.

The Composition of Income: NYC vs. the U.S.

The component shares confirm that the pandemic temporarily altered the income mix. NYC's transfer share spiked from 17.1 percent in 2019 to 23.1 percent in 2020 meaning nearly one dollar in four of the NYC's personal income came from government payments. By 2024, this share had decreased to 18.2 percent, slightly below the national 18.3 percent and close to the pre-pandemic norm.

Table 8. Component Shares of Total Personal Income

Share of PI (%)	2019	2020	2021	2022	2023	2024
NYC: Wage & Salary Net Earnings	62.7	59.4	59.4	61.7	60.3	60.6
U.S.: Wage & Salary Net Earnings	63.1	59.8	59.6	61.4	60.9	60.8
NYC: Capital Income	20.3	17.5	17.7	19.7	21.2	21.1
U.S.: Capital Income	19.8	18.6	18.7	19.9	21.1	21.0
NYC: Transfer Receipts	17.1	23.1	23.0	18.6	18.5	18.2
U.S.: Transfer Receipts	17.2	21.6	21.7	18.7	18.1	18.3

Source: BEA CAINC5N

Note: Capital income is dividends, interest, and rent.

New York City's capital income share fell from 20.3 percent in 2019 to 17.5 percent in 2020 as the Federal Reserve cut rates to near zero. It then climbed steadily as rates rose through the 2022–2024 tightening cycle, reaching 21.1 percent by 2024.

The most distinctive feature of NYC's economy is the concentration of earnings in a small number of high-wage industries.

Table 9. Industry Shares of Total Earnings and 2024 Growth Rates

Industry (NAICS)	NYC Share	U.S. Share	NYC Growth	U.S. Growth
Finance & Insurance (52)	22.8%	7.0%	7.3%	5.6%
Professional & Technical Services (54)	15.0%	11.3%	6.3%	6.1%
Government	11.2%	14.9%	4.7%	6.8%
Health Care & Social Assistance (62)	10.3%	11.3%	9.3%	7.3%
Information (51)	8.9%	3.9%	1.0%	2.5%
Accommodation & Food Services (72)	3.0%	3.6%	5.3%	5.0%
Construction (23)	2.5%	6.2%	4.2%	7.2%

Source: BEA CAINC5N

Note: Industry earnings shares are computed as a percentage of total earnings by place of work, not total personal income, because the industry breakdown applies only to the earnings component.

The Finance and Insurance sector accounts for 22.8 percent of NYC's earnings by place of work, more than three times the national share of 7.0 percent. Within this sector, the securities and commodities subsector (NAICS 523) is the single largest component, with $124.3 billion in earnings in 2024. This subsector includes investment banks, broker-dealers, hedge funds, and private equity firms.

The securities subsector's growth trajectory illustrates the volatility embedded in NYC's income base. Earnings grew 16.7 percent in 2021 as trading revenues and deal activity surged, then stagnated in 2022–2023 as rising interest rates compressed valuations and slowed capital markets activity. In 2024, growth returned at 7.6 percent, reflecting the recovery in Wall Street profitability.

Health care and social assistance has emerged as one of NYC's fastest-growing earnings sectors, outpacing the national rate in three of the last four years. In 2024, the sector's earnings grew 9.3 percent in NYC versus 7.3 percent nationally. The above-trend performance reflects increased Medicaid enrollment[2] that remains above pre-

[2] Medicaid Enrollment: Getting the Facts Straight - Fiscal Policy Institute

pandemic levels, successive minimum wage increases for home care aides,[3] and immigration-driven growth in the direct care workforce.

At 10.3 percent of total earnings, health care is now the fourth-largest sector in the city, behind finance, professional services, and government.

Commuters' Bite Out of Income Earned in NYC

Total earnings by place of work in the five boroughs reached $766.3 billion in 2024, but net earnings by place of residence—the amount that accrues to NYC residents—was only $476.4 billion. The difference of $210.0 billion represents the net flow of commuter earnings out of the city.

This adjustment arises because personal income is measured where people live, not where they work. A significant share of the earnings generated in Manhattan accrues to commuters from neighboring counties. At the same time, some NYC residents commute to jobs in the suburbs. This wedge has been growing. In 2019, the residence adjustment was a negative $161.9 billion, or 26.3 percent of place-of-work earnings. By 2024, it had widened to $210.0 billion or 27.4 percent. This growth suggests either that the commuters' share of NYC employment has been increasing, or that commuter earnings have been growing faster than resident earnings, both of which have implications for the city's tax base. Earnings generated in the city but earned by non-residents are beyond the reach of the NYC personal income tax, though they do contribute to business income tax revenues through the firms that employ commuters.

NYC Inflation

Inflation in the New York metro area continued to run moderately ahead of nationwide inflation over the course of 2025 and into early 2026, averaging 2.9 percent for January 2025 to January 2026, as compared to a U.S. rate of 2.4 percent. Energy prices, which had been a major driver of local inflation, retreated in January and were up 2.7 percent locally over the 12 months ending December versus a 0.1 percent decline nationally. While not separately reported, local electricity prices apparently have been the main driver of energy inflation; in contrast, local gasoline prices were down 7.5 percent from a year earlier. It should be noted, of course, that this drop in gasoline prices preceded the recent surge in crude oil prices and gasoline futures. Local housing costs rose

[3] NY Amends Home Care Worker Minimum Wage - Rivkin Radler

4.3 percent over the 12 months ending January, and tuition & childcare costs were up 3.7 percent, both roughly a point above the respective nationwide rates.

Consumer Confidence

Consumer confidence has continued to deteriorate nationally and has retreated across New York State. On a 3-month moving average basis, confidence fell to a nearly 5-year low nationwide, and pulled back from a roughly one-year high in New York State, as shown in Chart 5.

Chart 5. Consumer Confidence Index, U.S. & NY State, 3-Month Moving Average, Index (1985 U.S. Average=100)

Source: The Conference Board; Moody's economy.com

NYC Real Estate

After a number of challenging years, brought on by the pandemic and surge in remote work, New York City's office market finally showed clear signs of strengthening in 2025. The overall office availability rate trended down steadily over the course of last year, falling from 15.6 percent at the end of 2024 to 13.7 percent at the end of 2025, and to 13.4 percent in late February. Meanwhile, market rents have risen slowly, up 1 percent from a year earlier, and are close to pre-pandemic levels. However, after adjusting for inflation, rents are still down about 20 percent from their early-2020 levels.

The first indication of a tightening office market showed up in 2024 in the market for top-tier (5-star) properties—such as Hudson Yards, One Vanderbilt, and One World Trade Center. There has been a steep increase in the supply of these buildings but an even steeper increase in demand, resulting in declining vacancy and availability rates. The market rent for office space in these properties has shown resilience: following a brief dip in the spring of 2020, market asking rents in these properties have risen steadily during and after the pandemic, ending 2025 about 6 percent above pre-pandemic levels. However, these buildings represent less than 10 percent of the city's total office space.

The rest of the market—especially for lower-tier (Class B & C) space—had largely been moribund until early-2025. Since then, however, these segments of the market have also begun to see declining vacancy and availability rates, fueled by a combination of gradually shrinking supply (due to renovations and residential conversions) and modestly rising demand. By the end of 2025, this segment's office availability rate had eased to 11.8 percent, down from 13.5 percent earlier that year, but still well above its pre-pandemic level of 8.6 percent, based on Costar Data. Market rents in Class B & C buildings have been rising slowly but were still down 6 percent from pre-COVID levels as of year-end 2025, and down 25 percent after adjusting for inflation.

Residential real estate markets have been mixed but generally fairly tight. Based on StreetEasy data, rents rose roughly 6 percent during calendar year 2025—from December 2024 to December 2025—led by a 7 percent rise in Manhattan. In contrast, the sales market has been flat, continuing a trend that began even before the pandemic. Home sales prices held steady in 2018 and 2019, fell about 5 percent during the first year of the pandemic, recovered to pre-pandemic levels in 2022, and have remained fairly steady for the past three years. In 2025, home selling prices rose nearly 5 percent in Queens, but edged down in Brooklyn and were little changed in Manhattan. In contrast, prices of single-family homes across the broader metro area have risen by more than 50 percent since the onset of the pandemic.

Overall, the housing stock expanded moderately in 2025, similar to recent years, helped by the 467-m tax incentive for commercial-to-residential conversions (see this Fiscal Note for an analysis). However, historically low rental vacancy rates throughout the five boroughs indicate that there is still a sizable supply shortage. The July 2025 Spotlight highlighted some interesting patterns of new housing development. First, within the city, much of the recent addition to the housing stock has accrued to neighborhoods closest to Manhattan. Second, across the broader metro area, the vast majority of new housing has accrued to New York City, with only Hudson County, NJ even coming close.

Looking ahead, the *City of Yes* initiative, along with a flow of commercial-to-residential conversions, has the potential to further alleviate the housing shortage. However, given

the extent to which growth in the housing stock has fallen short of job growth, the pace of new construction would need to pick up substantially to make a significant dent in the shortage.

Transportation

2025 was a year of continued recovery in transit, with subway ridership averaging 7 percent higher than the previous year. Ridership in December 2025 was particularly strong, up 6.3 percent from a year earlier and just 21 percent below its pre-pandemic level—the strongest post-pandemic ridership level yet. Total subway ridership for the year of 2025 was around 1.28 billion, reinforcing NYC's lead in post pandemic recovery in heavy rail, especially when compared to cities such as Boston, San Francisco and Philadelphia.

Ridership recovery in buses has been slower and has stalled for the last 4 months, especially in January 2026 because of weather conditions. On average, bus ridership is still nearly 35 percent below its pre-pandemic level.

While it is difficult to isolate the full impact of congestion pricing that was imposed in January 2025, it is worth noting that traffic speeds for Ubers and Taxis in the Manhattan Business District improved in 2025, the first time since 2020 (Regional Plan Association).

Tourism

Despite eroding sentiment toward travel to the United States, seen through low international arrival numbers in the country and in New York City (4 percent below last year's levels), tourism indicators were resilient in 2025. According to the NYC Travel and Tourism Outlook's visitation trends, international visits in the City were estimated to be down by about 5 percent from 2024 to 2025, but overall visitations were up slightly, due to continued growth in the domestic segment. Despite restrictive tariff and immigration policies, both international and domestic visitations are projected to rise moderately in 2026,[4] likely buoyed by the eight World Cup matches (including the finals) to be held at MetLife Stadium in nearby New Jersey and the America250 celebration.

Broadway performance in 2025 showed both a strong recovery since the pandemic and continued growth since last year. Revenues were up by 10 percent from pre-pandemic levels and 18 percent up since last year. Similarly, Broadway shows attendance was 9 percent up from before the pandemic average and 10 percent up

[4] New York City Tourism + Conventions - NYC Travel & Tourism Outlook November 2025

from last year. Looking ahead to 2026, so far year-to-date, Broadway performance was at par with levels from last year, suggesting that either weather conditions had minimal impact on attendance or the demand fundamentals were even stronger.

The city's hotel occupancy rate was on par with a year earlier in December and up 2 percentage points in January from a year earlier, despite unseasonably harsh weather. Moreover, occupancy rates, which were a couple points shy of comparable pre-pandemic levels for much of 2025, have caught back up in recent months.

The average daily room rate has been running about 5 percent higher than a year earlier in recent months and for 2025 overall. Similarly, revenue per room was up 5 percent in late 2025 compared with late 2024 and was up 7 percent from a year earlier in January.

Risks to the Economic Forecast

The biggest near-term risks to the local economy, as well as the national economy, now appear to be geopolitical. The attack on Iran and subsequent conflict have roiled the financial markets, driven up oil and gas prices; beyond that, and looking ahead to the rest of the year, they have the potential to cause great instability throughout the Middle East. Ongoing disruption to the world's oil supply could lead to significantly higher energy costs, which would threaten to both raise inflation and slow the economy. Moreover, the prospect of war and potential retaliation could further depress already weak consumer and business confidence.

Rapidly advancing AI may prove to be more labor-substituting than prior technological advances and has the potential to rapidly reduce demand for workers. This may cut deeply into core occupations in New York's economy including lawyers, accountants, financial analysts, computer programmers, engineers, consultants, and administrative professionals. A resulting spike in unemployment could ripple throughout NYC's economy through diminished consumer spending. Also at risk from AI are the companies themselves that provide knowledge-based and administrative business services and software development. These businesses could also experience rapid losses in market share and stock values, and significant short-term economic and market volatility could follow.

On the flip side, if AI's impact on business profitability proves less significant, slower, or differently distributed than anticipated, there is considerable room for downside market risk. Equity markets have risen more than 70 percent over the past three years, a substantial portion of which may be attributable to speculation on the future of AI. A

market correction potentially would undo some of the recent wage growth for higher-income earners and consumer spending by their households.

Both the overvaluation scenario and the rapid-disruption scenario represent material risks to the city's near-term economic outlook.

A pickup in inflation, likely accompanied by higher long-term interest rates, poses a significant risk to both the national economy and New York City specifically. Ongoing tariff uncertainty compounds this risk. The Trump administration's response to the Supreme Court ruling striking down many of the tariffs put in place in 2025 has been to shift toward new, less permanent and less predictable tariffs and trade barriers—creating an environment of sustained uncertainty that can itself suppress investment and hiring. Higher interest rates triggered by inflation could halt recent progress in New York's real estate market and hamper businesses' expansion.

Multiple geopolitical flashpoints present downside risks to the broader economic environment. Active hostilities with Iran raise the risk of disruptions in energy markets. Additional risks include the potential expansion of Russian attacks into NATO Europe, and heightened China-Taiwan tension. The latter carries an additional economic dimension particularly relevant to the AI-driven economy: advanced semiconductor fabrication—the critical hardware input for AI systems—is currently concentrated almost entirely in Taiwan. A disruption to chip supply chains could simultaneously constrain AI development and trigger a sharp repricing of technology stocks, with cascading effects on New York's Finance and Information sectors.

The prospect of increasingly widespread deportations could meaningfully affect the size of New York City's labor force and cause more acute labor shortages within specific industries. NYC sectors including Construction, Healthcare, Hospitality, and Food Services rely heavily on immigrant workers. A significant contraction in labor supply would not only reduce economic output in those industries but could also put upward pressure on prices.

The responses to New York City's budgetary challenges also pose economic risks. Both fiscal contraction and tax increases could reduce the competitiveness of the New York City economy, lowering, over time, the tax base below current projections.

III. The FY 2027 Preliminary Budget & February Financial Plan, 2026 – 2030

The FY 2027 Preliminary Budget and February Financial Plan for FY 2026-FY 2030 proposed by the Mamdani administration presents substantial changes compared with the Adams administration's final budget. Overall, expenditure and revenue estimates total $122.37 billion in FY 2026, growing to $127.00 billion in FY 2027. In the outyears, expenditures are budgeted to grow to $135.60 billion in FY 2028, $136.96 billion in FY 2029, and $140.13 billion in FY 2030, outpacing projected revenue growth over the period. This leads to budget gaps, as presented by the Mayor's Office of Management and Budget (OMB), of $6.66 billion in FY 2028, $6.75 billion in FY 2029, and $7.11 billion in FY 2030.

The February Plan recognizes net expenditure increases of $4.14 billion in FY 2026, $5.39 billion in FY 2027 and an average of $8.46 billion in FY 2028 through FY 2030.[5] These expenditure increases include unspecified agency savings totaling $710 million in FY 2026 and growing to $1.11 billion by FY 2030. (These are in addition to $212 million in still unallocated savings for FY 2026 included in the Adams administration's November Plan). Expenditure increases include funding costs long-identified by this Office as chronically underbudgeted ($3.79 billion added in FY 2026 and an average of $5.12 billion added each year thereafter), as well as addressing other well-known needs such as funding teachers required to meet the State's class size reduction mandate, recognizing costs previously expected to be paid by the long-depleted Health Insurance Stabilization Fund (HISF), and funding fiscal cliffs for the City's early education and Summer Rising programs.

Higher estimates of City-funded revenues—in part—fund the spending increases. This includes a proposed 9.5 percent property tax increase beginning in FY 2027 and more optimistic projections for the City's other taxes in the near term. Increased projections of State aid included by the Governor in her Executive Budget—but not yet passed by the State legislature—also help support the newly recognized costs. Typically, neither OMB nor the Comptroller's Office recognizes State budget actions until they have been passed by the legislature. However, in this financial plan, OMB has already included the fiscal impact of proposed but not yet enacted State legislation totaling $1.01 billion in FY 2026, $1.96 billion in FY 2027, $2.55 billion in FY 2028, $1.52 billion in FY 2029, and $1.31 billion in FY 2030.

[5] Net changes in intra-city expenditures.

Lastly, the Mamdani administration has proposed taking down nearly all this year's in-budget reserves, which is typical of this point in the fiscal year, but also most of next year's. What's more, the administration has proposed drawing down $980 million or nearly half of the $1.97 billion in the City's rainy day fund, the Revenue Stabilization Fund (RSF), and $229 million from the Retiree Health Benefit Trust Fund (RHBT) to close FY 2026 and FY 2027 budget gaps, respectively.

The RHBT is not a rainy day fund, although it has been used as such previously, most recently in FY 2020 in response to revenue losses during the COVID-19 pandemic. The FY 2021 adopted budget was also the last time that a future year's in-budget reserves were drawn down. The RHBT is intended to fund the current cost and long-term liability deriving from retiree health care benefits (or Other Post-Employment Benefits – OPEB). The RSF was created to help the City weather a recession or other disaster. There are currently no rules governing withdrawals (or deposits) into the RSF, although, as detailed in the Reserves section of this report, this Office has proposed rules for both.

For withdrawals, this Office has proposed allowing them only if there are two consecutive quarters of decline in payroll employment or in case of catastrophic events. Neither criterion have been met for the current withdrawal. The City can use the RHBT only to fund OPEB costs, but it is not obligated to make deposits in the trust. Therefore, the City can draw down the RHBT balance by simply not contributing as much as needed to cover its PAYGO OPEB costs. While the administration has budgeted payments back into both the funds RSF and the RHBT in FY 2028, drawing down on long-term reserves leaves the City vulnerable to future economic turbulence. Furthermore, the replenishment of both RSF and RHBT is budgeted in a year projected to have a multi-billion gap.

The Mayor has described the proposed drawdown of long-term reserve and property tax increase as options of "last resort" if the State does not enact a combination of tax revenue raisers and increased aid to the City. Regardless of the amount and nature of revenue increases in FY 2027, it appears that various measures of available reserves and available fund balances may be significantly impacted. In particular, the prepayment of next-year expenses drops from $3.79 billion in FY 2025 to $238 million in FY 2026, a 94 percent decline that all but erases the budget stabilization account. Furthermore, using OMB's accounting, as of the November Plan, reserves had reached $8.64 billion ($1.20 billion in General Reserve, $250 million in Capital Stabilization Reserve, $5.22 billion in RHBT, and $1.97 billion in RSF). The Preliminary Budget reduces OMB's aggregate measure of reserves by nearly 30 percent. The aggregate of budget stabilization account and OMB reserves drops from $12.24 billion as of adoption of the FY 2026 budget to $6.32 billion projected in the Preliminary FY 2027 Budget (a nearly 50 percent decline), while the size of the budget is increasing to $127.00 billion.

Summary of Changes Since the November Plan

Compared to the November 2025 Plan, the Mamdani administration increased its all-funds revenue projections by $4.14 billion (3.5 percent) for FY 2026, $10.08 billion for FY 2027 (8.6 percent), and an average of $8.86 billion (7.3 percent) in the outyears. Most of the higher revenue projections ($3.15 billion in FY 2026, $8.67 billion in FY 2027, and an average of $7.71 billion in the outyears) are due to increases in City-funded revenues, as shown in Table 10. For FY 2026, this includes $2.59 billion in additional tax revenues and $500 million in additional unrestricted State aid proposed by the Governor in the 30-Day Amendments to her Executive Budget. The higher tax revenue projected by OMB in FY 2026 is primarily due to higher projections of taxes on personal income and real estate transactions.

Beginning in FY 2027, however, the City-funded revenue increase is due not only to an updated tax forecast (which raises expected collections by $4.14 billion in FY 2027, again largely due to higher projections of taxes on personal income), but also due to the 9.5 percent proposed property tax increase and the assumed passage of State legislation increasing the corporation tax and the sales tax. According to OMB's estimates, the property tax increase would provide $3.70 billion in FY 2027 revenue, with similar amounts in the outyears. (See the Revenue Analysis section for additional details).

Tax actions that were included in the Governor's FY 2027 Executive Budget are projected by OMB to result in $147 million in additional net tax revenues for the City in FY 2026 and $809 million in FY 2027. These include two actions that increase City tax revenues—the decoupling of corporate tax provisions from the One Big Beautiful Budget Bill Act (OBBBA) and the elimination of the sales tax intercept dedicated to distressed hospitals —that are partially offset by other actions that decrease City tax revenues—conforming to OBBBA's tax exemption on tipped income starting in tax year 2026, the extension of the sales tax exemption on vending machine purchases, as well as the expansion of the Senior and Disabled Citizen Rent Increase Exemption programs (SCRIE and DRIE) to higher income categories. In addition to the impact of the State tax programs, the February Plan includes increased estimates of State categorical grants, recognizing an additional $917 million in FY 2026, $1.45 billion in FY 2027 and an average of $1.37 billion in the outyears. (See the State Aid section for more details).

Estimates of Federal categorical aid increased by $296 million in FY 2026, $53 million in FY 2027, and decreased by an average of $99 million in the outyears compared to the November Plan. (See the Federal Aid section for more details as well as continued risks to Federal funding due to actions of the Trump Administration.)

Table 10. Changes to FY 2026 and FY 2027 City Fund Estimates from November 2025 Plan

($ in millions)	FY 2026	FY 2027
Gap to be Closed – November Plan	**$0**	**($4,691)**
Revenues		
Tax Revenues	2,594	8,649
Updated Tax Forecast	2,447	4,140
Property Tax Increase	0	3,700
State Tax Impacts	147	809
Non-Tax Revenues	56	25
Unrestricted State Aid	500	0
Total Revenue Changes	**$3,150**	**$8,674**
Expenditures		
Agency Expenditures	5,399	6,622
Health Insurance Rate Increase (HIP)	408	418
Health Insurance Savings (NYCE PPO)	(411)	(791)
Health Insurance Stabilization Fund Cost	911	1,144
Other Health Insurance Changes	34	153
Judgments and Claims	443	308
Pension	16	(99)
Debt Service	(40)	40
Labor Reserve	(150)	(400)
OTPS Inflation Adjustment	0	(56)
Unallocated Agency Savings	(710)	(1,060)
General Reserve	(1,150)	(1,100)
Capital Stabilization Fund	(250)	(250)
Rainy Day Fund	(980)	0
Retiree Health Benefits Trust	0	(229)
Prior Year Payable and Receivable Adjustment	(500)	0
Total Expenditure Changes	**$2,986**	**$4,147**
Surplus / (Gap) To Be Closed Before Prepayments	**$164**	**($164)**
FY 2026 Prepayment of FY 2027 Debt Service	($164)	$164
Gap to be Closed – February Plan	**$0**	**$0**

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

Note: On the expenditure side, the impact of proposed State budget actions are reflected in agency expenditures.

On the spending side, OMB increased City-funded agency expenditures by $5.40 billion in FY 2026 and $6.62 billion in FY 2027, as shown in Table 10. More than half of the increase in each year ($3.79 billion in FY 2026, $4.58 billion in FY 2027) are additions for costs

previously identified by this office as chronically underbudgeted.[6] As shown in Table 11, these include costs associated with overtime, rental assistance, cash assistance, non-asylum seeker shelter costs, special education due process cases, foster care, operating subsidies for the Metropolitan Transportation Authority (MTA), and funding for charter schools. The Comptroller's Office estimated $3.89 billion were necessary for these costs in FY 2026, $5.25 billion in FY 2027 and an average of $5.65 billion in its December 2025 Annual State of the City Economy and Finances Report. (For more details on these differences see the Comptroller's Office Restated Gaps and Surpluses section of this report).

Table 11. Chronically Underbudgeted Costs Identified by the Comptroller's Office Funded in the February Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Overtime	$722	$209	$200	$190	$198
Rental Assistance	710	1,667	2,098	2,499	2,629
Cash Assistance	703	337	77	(173)	(173)
Shelter Capacity, Non-Asylum Seeker	586	989	1,036	1,094	1,152
Due Process Cases	565	550	600	600	600
MTA Operating Subsidy	260	565	604	646	686
Foster Care Reimbursement Rate	165	263	313	313	313
Charter Schools*	75	101	101	101	101
Total	**$3,786**	**$4,681**	**$5,029**	**$5,270**	**$5,506**

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

Note: *Funding for Charter School costs in FY 2027 through FY 2030 comes from increased estimates of State education aid.

The Mayor also addressed other education needs previously identified by this office as inadequately funded in the November Plan. This includes funding the State's mandate to reduce class size ($543 million in City funds added for FY 2027, increasing to $943 million in the outyears, with $57 million in additional annual State funding as well), ending fiscal cliffs faced by the City's Pre-K and 3-K early childhood education programs ($302 million in City funds added in FY 2026, and $380 million in FY 2027 and the outyears),

[6] Funding for Charter School costs in FY 2027 through FY 2030 comes from increased estimates of State education aid, which are excluded from the City fund total but include in the table.

and the Summer Rising summer school program ($16 million in FY 2026, growing to $106 million in FY 2027 and the outyears). The February Plan also reflects State funding for the new 2-K program announced by the Mayor and the Governor, totaling $73 million in FY 2027and $425 million in FY 2028, although no funds are added in the outyears. See the Education and Child Care section of this report for more details on these and other changes.

Other significant agency increases include an average of $233 million added annually for the Department of Health and Mental Hygiene (DOHMH) for re-estimates of early intervention and supportive housing costs and the opening of a new public health lab, as well as other costs. In addition to the chronically underbudgeted costs of rental and public assistance mentioned above, the Department of Social Services (DSS) received funding increases for its community food connection program ($54 million baselined in FY 2027 through FY 2030) and immigration legal services (an average of $20 million added annually FY 2027 through FY 2030).

While City funding for the New York Police Department (NYPD) increased overall in FY 2026 and FY 2027, to address the chronic underbudgeting of overtime costs and other adjustments, the February Plan reverses the Adams administration's plan to hire 5,000 additional officers by July 2028. This action results in savings of $18 million in FY 2027, with the impact growing to $463 million by FY 2030.

Outside of direct agency expenditures, the February Plan includes a substantial increase in City funding on health insurance for active and retired City employees, totaling $943 million in FY 2026 and growing to $1.06 billion in FY 2030. As detailed in the Health Insurance section of the report, the increase in health insurance costs is the net result of several actions, but is largely due to the City recognizing in its budget the liabilities of the Health Insurance Stabilization Fund (HISF). Other centralized City-funded increases include $443 million for judgement and claims costs in FY 2026 and $308 million in FY 2027 to bring the budget in line with currently projected settlement amounts. Increases, albeit somewhat smaller, are also included in the outyears.

OMB reduced funds held in its labor reserve by $150 million in FY 2026 and $400 million in FY 2027, mainly due to lower headcount and lower than anticipated prevailing wage settlements. Contracts for several major unions representing the City workforce have already expired, including the Police Benevolent Association (PBA) and the Uniformed Firefighters Association (UFA). Both contracts expired on July 31, 2025. The contract for District Council 37, the City's largest municipal labor union, expires in November 2026 (FY 2027). According to OMB, the labor reserve contains sufficient funding to pay for 1.25 percent annual wage increases. Any raises negotiated above that amount would require an addition of funds into the City's labor reserve.

To help fund the spending increases described above, the Mamdani administration has included in the budget $710 million in unallocated citywide savings in FY 2026 and $1.06 billion in FY 2027. This is in addition to $212 million in unallocated savings included in the November Plan. The administration has provided few details on how these savings will be achieved. "Chief Savings Officers" at each agency have been charged with finding efficiencies, and identifying opportunities for insourcing, program consolidation and eliminating or sunsetting programs, with savings targets, according to the administration, of 1.5 percent in FY 2026 and 2.5 percent in FY 2027 based on agencies' City-funded expense budget as of the November Plan. As discussed in the Headcount section of this report, the savings plan will also likely include savings from vacancy reductions at City agencies. The officers are charged with reporting back to the administration with savings and efficiency proposals by March 20 and then reporting on progress every six months.

As previously mentioned, the Mamdani administration has also tapped into significant in-budget and long-term reserves. This includes drawing down not only $1.40 billion in budgeted current year reserves, but also $1.35 billion in budgeted reserves for the next fiscal year, leaving almost no room for unanticipated spending increases in FY 2027 (just $50 million in reserves remain for this year and $100 million for next). The budget also draws down $980 million from the RSF in FY 2026 and $229 million from the RHBT in FY 2027, both to be repaid in FY 2028. With these resources, the City increased its prepayment of FY 2027 debt service costs in FY 2026 by $164 million, for a total of $238 million currently planned to prepay expenses.

The 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 expenses. In its most recent analyses of the City's financial plans, this Office has projected higher gaps than OMB due to greater expenditure estimates offset slightly by higher revenue estimates than the Mayor. In the February Plan, the administration addressed many, although not all, of this Office's higher spending estimates, bringing the City expenditure budget much closer in line with reality. However, the administration relies on three major assumptions to bring FY 2026 and FY 2027 into balance. These assumptions are:

- That increased State aid and net positive tax changes proposed by the Governor in the Executive Budget will be passed by the State Legislature, resulting in

resources of $1.01 billion in FY 2026, $1.96 billion in FY 2027, $2.55 billion in FY 2028, $1.52 billion in FY 2029, and $1.31 billion in FY 2030;

- That unspecified citywide savings totaling $922 million in FY 2026, increasing to $1.11 billion by FY 2030 will be achieved; and
- That the property tax will be increased by 9.5 percent to generate revenues of $3.70 billion in FY 2027, growing to $3.81 billion in FY 2030.

If all three of these assumptions are met and if reserves are used to cover costs as included in the financial plan, the Comptroller's Office projects that gaps will be higher than OMB in FY 2026 through FY 2029. In FY 2030, however, the Comptroller's Office gap estimate is slightly lower than OMB's. The Comptroller's Office gaps are $797 million in FY 2026 (0.7 percent of total revenues), $2.85 billion in FY 2027 (2.3 percent of total revenues), $10.06 billion in FY 2028 (7.9 percent of total revenues), $8.58 billion in FY 2029 (6.6 percent of total revenues), and $6.96 billion in FY 2030 (5.1 percent of total revenues).

In FY 2026 and FY 2027, the gaps are principally the result of lower revenue projections coupled with somewhat higher expenditure projections. This is a reversal from previous budgets and financial plans where expenditures were budgeted unrealistically, and budgeted revenues were biased downward to provide needed funding as the year progressed.

In FY 2028 and FY 2029 the larger gaps derive more from this Office's higher expenditures projections. In FY 2029, this Office's revenue projections exceed the Mayor's, and by FY 2030 they somewhat exceed this Office's higher expenditure estimates.

In all years, the restated gaps reflect some differences between this Office's projections of the impact of the Mayor's proposed property tax increase and the Governor's proposed tax actions than those included in the financial plan. For the proposed property tax, higher impacts are projected than the Mayor's in FY 2028 through FY 2030, but slightly lower in FY 2027. For the Governor's proposed tax programs this Office projects somewhat lower net positive revenue impacts.

Without the proposed property tax increase, however, gaps would increase to $6.53 billion in FY 2027, $13.87 billion in FY 2028, $12.53 billion in FY 2029, and $11.09 billion in FY 2030.

Without the proposed additional State aid and net-positive tax legislation, citywide savings, and the property tax increase, gaps would total $2.60 billion in FY 2026, $9.26 billion in FY 2027, $16.69 billion in FY 2028, $14.73 billion in FY 2029, and $13.30 billion in FY 2030.

Table 12. Comptroller's Offices 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**	**($6,662)**	**($6,754)**	**($7,109)**
Revenue Differences					
Baseline Tax Revenues:	**(513)**	**(1,328)**	**(744)**	**710**	**2,243**
Property Tax	(49)	313	309	584	922
Personal Income Tax/PTET	(110)	(1,064)	(881)	(334)	355
Business Income Taxes	(377)	(305)	313	625	535
Sales Tax	(25)	(218)	(365)	(259)	105
Real Estate Transaction Taxes	(50)	(158)	(209)	(30)	184
All Other Taxes and Tax Audits	98	104	88	124	142
Tax Proposal Differences:	**(127)**	**(310)**	**(604)**	**(165)**	**98**
City Property Tax Increase Proposal	0	(19)	211	244	314
State Executive Budget Tax Proposals	(127)	(291)	(815)	(409)	(216)
Non-Tax Revenue Differences	**29**	**0**	**0**	**0**	**0**
Subtotal Revenues	***($611)***	***($1,638)***	***($1,349)***	***$545***	***$2,341***
Expenditures					
Remaining Underbudgeting:	**(281)**	**(1,023)**	**(1,050)**	**(1,032)**	**(1,041)**
Rental Assistance	0	(300)	(300)	(300)	(300)
Overtime	(133)	(456)	(474)	(480)	(480)
Contributions to MTA	(148)	(86)	(96)	(71)	(81)
DOE Custodial Costs	0	(180)	(180)	(180)	(180)
Temporary and Professional Services	**170**	**(95)**	**(105)**	**(105)**	**(105)**
DOE Fiscal Cliffs	**0**	**(269)**	**(269)**	**(269)**	**(269)**
Early Childhood Education - 2K	**0**	**0**	**0**	**(425)**	**(425)**
Child Care Vouchers	**0**	**0**	**(284)**	**(380)**	**(380)**
Promise NYC	**0**	**(25)**	**(25)**	**(25)**	**(25)**
Asylum Seekers Expenses	**(125)**	**0**	**(490)**	**(305)**	**(123)**
Federal SNAP Administration Funding Cut	**0**	**(75)**	**(100)**	**(100)**	**(100)**
EMS Medicaid Revenue Shortfall	**0**	**(128)**	**(128)**	**(128)**	**(128)**
Prior Year Payable Adjustment	**0**	**400**	**400**	**400**	**400**
Budgeted Reserves	**50**	**0**	**0**	**0**	**0**
Subtotal Expenditures	***($186)***	***($1,215)***	***($2,051)***	***($2,368)***	***($2,196)***
Total Comptroller Re-estimates	**($797)**	**($2,853)**	**($3,400)**	**($1,823)**	**$145**
Restated Gap	**($797)**	**($2,853)**	**($10,062)**	**($8,577)**	**($6,964)**
Risk if Property Tax Proposal is Not Passed	0	(3,681)	(3,812)	(3,951)	(4,128)
Restated Gap with Property Tax Risk	**($797)**	**($6,534)**	**($13,874)**	**($12,528)**	**($11,092)**
Risk if State Proposals Are Not Passed	(880)	(1,666)	(1,737)	(1,108)	(1,094)
Risk if Citywide Savings Are Not Achieved	(922)	(1,060)	(1,080)	(1,090)	(1,110)
Restated Gap with Property Tax, State Proposals & Savings Risks	**($2,599)**	**($9,260)**	**($16,690)**	**($14,726)**	**($13,296)**

Source: Office of the New York City Comptroller

Revenue Differences

As detailed in the Revenue Analysis section of this report, the Comptroller's Office's baseline tax revenue forecast (excluding the impact of the proposed property tax increase and proposed State tax actions) is lower than OMB's in FY 2026 through FY 2028, by $513 million, $1.33 billion and $744 million, respectively. The largest differences in those years derive from OMB's higher personal and business income taxes, the latter for FY 2026 and FY 2027 only. In FY 2029 and FY 2030, this Office's baseline tax revenue forecast is higher than OMB's, by $710 million and $2.24 billion, respectively, largely due to higher projected property tax and business income tax revenues. The relative optimism of OMB's projections (at least in the short term) signals a reversal of the clear downward bias characterizing established previous practice, which was in part necessitated by the patently and intentionally erroneous budgeting of expenditures. OMB's revenue projections are not unachievable but appear to be shifting risk to the downside rather than upside.

For the tax programs included in the Governor's Executive Budget, this Office estimates somewhat lower positive net impacts ($127 million lower in FY 2026, $291 million in FY 2027, $815 million in FY 2028, $409 million in FY 2029, and $216 million in FY 2030). These differences are mainly due to a lower projection of how decoupling from OBBBA would impact City's business income tax revenue. The difference derives from different methodologies in sharing down the projected Federal revenue losses deriving from OBBBA (as estimated by the Joint Committee on Taxation) and allocating them to the City's tax base. This too is an area where OMB's projections could be achieved, although in this Office's view the risk is to the downside. This Office also estimates that the 9.5 percent property tax increase would bring in slightly less revenue in FY 2027 than projected by OMB ($19 million), but an average of $256 million more in the outyears. For more details on these estimates, see the Revenue Analysis of this report.

Expenditure Differences

In the February Plan the Mayor funded many of the expenditure needs identified by this Office in its December Report, and throughout the Adams administration. As such, this Office's estimates of net City-funded expenditures needs total $186 million in FY 2026, $1.22 billion in FY 2027, $2.05 billion in FY 2028, $2.37 billion in FY 2029, and $2.20 billion in FY 2030 (down from the December estimates of $3.16 billion in FY 2026 and an average of $8.04 billion in FY 2027 though FY 2029).

In FY 2026, $281 million in expenditure needs is due to what this Office identified as chronically underbudgeted costs. The underbudgeting need increases to $1.02 billion in FY 2027, with similar amounts in the outyears. While the Mayor resolved most of the

chronically underbudgeted costs in the February Plan, the Comptroller's Office estimates that additional funding will still be required for rental assistance, 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). Chronically underbudgeted needs resolved in the February Plan include non-asylum seeker shelter costs, public assistance, due process cases, charter school, and foster care costs. In FY 2026, the chronic underbudgeted need is mostly offset by overbudgeting for temporary and professional services.

Apart from chronically underbudgeted costs, this Office estimates that $269 million in City funding will be required in FY 2027 through FY 2030 to fund a variety of DOE fiscal cliffs, including the Learning to Work program, technology support, and special education instructional support. While the City added significant funding for the City's Pre-K and 3-K programs, the addition of State funding for the new 2-K program for FY 2027 and FY 2028 only creates a new $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 spending for two child care programs administered by the Administration for Children's Services (ACS). These include child care vouchers ($284 million in FY 2028, growing to $380 million in FY 2029 and FY 2030) and the Promise NYC program, a child care program for immigrant children under three who are not eligible for other publicly supported programs. This program is funded in FY 2026 only, resulting in needs of $25 million each year. (See the Education and Child Care section of this report for more details.)

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 and the outyears of the financial plan. In FY 2026, this Office assumes the City will not receive $125 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. FY 2027 is adequately budgeted, but, in the outyears additional needs total $490 million in FY 2028, $305 million in FY 2029, and $123 million in FY 2030 based on this Office's current population projections.

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.

Although not due to actions from the Trump Administration, the Comptroller's Office has identified other Federal aid currently budgeted that the City will likely not receive. The FDNY Emergency Medical Services (EMS) Bureau collects revenue from Medicare, Medicaid, private insurers, and individuals for medical ambulance transport. In 2020, New York State submitted a request to the Federal government for supplemental payments for publicly owned emergency ambulance providers. The City included the anticipated Federal funding in its financial plan beginning in FY 2021. However, the request has never been approved, increasing the need for City funds each year. The Comptroller's Office expects at least $128 million currently budgeted in Federal aid will again have to be made up with City funding in FY 2027 through FY 2030.

Revenue Analysis

When the Mayor released the February Plan, media coverage largely focused on the rate increase for property taxes in FY 2027 and beyond, but the financial plan also included significant changes to the projections of other major tax revenues, most notably for personal and business income. As previously discussed, the bottom-line tax revenues projected in Mayor's budget incorporate the projected fiscal impact of newly proposed tax changes that have yet to be enacted, including a decoupling from enhanced Federal business expensing provisions, the elimination of the distressed hospital sales tax intercept, and the aforementioned increase in the Real Property Tax (RPT) rates.

The Comptroller's Office has updated its own revenue forecast for FY 2026–FY 2030 to reflect year-to-date FY 2026 collection trends, the release of the FY 2027 real property tentative roll in January 2026, and an updated national and New York City economic outlook. The U.S. economy has continued to grow despite shifting Federal policies, supported by strong capital investment tied to the AI boom and robust productivity growth. Real GDP growth in 2025 was stronger than anticipated, and recession fears have largely faded. But employment growth has been elusive outside of the Healthcare industry — a relatively low-paying sector, on average. New York City has mirrored the nation's lack of payroll growth but has seen overall real income growth via wage gains concentrated in Finance, Professional Services, and Information. Risks remain,

particularly from the potential economic impact of Federal tariff policies, which could weigh on growth in the near term. These factors, together with year-to-date FY 2026 revenue performance, inform the Comptroller's current tax forecast. Most recently, the Iran crisis injected another layer of uncertainty that could reverberate *prima facie* through the global economy via higher risk premia and energy markets.

The Comptroller's Office's March 2026 revision reflects a significant upward adjustment to the tax revenue forecast across the financial plan period, particularly in FY 2026 and FY 2027, as can be seen in Table 13. The Comptroller's Office's total projected revenues are revised upward by $983 million in FY 2026 and $1.49 billion in FY 2027, with smaller changes to FY 2028 and FY 2029. Note that these figures do not include the fiscal impacts of proposed State and City tax legislation, which are evaluated separately in the sections below. With these revisions, the Comptroller's tax revenue projections for FY 2026 and FY 2027 added roughly $5.2 billion to the June 2025 Financial Plan.

In FY 2026, the upward revision is driven largely by a $671 million increase in personal income and pass-through entity taxes (PIT/PTET) and increases in real estate transaction taxes and other taxes. The estimate is partially offset by a weaker forecast for business income taxes (BITs), which accounts for the negative impact of OBBBA and the observed slowdown in Corporate tax receipts. In FY 2027, the primary drivers of the upward revision are increases in PIT/PTET, real estate transaction taxes and Real Property Tax (RPT), which are again partially offset by weaker projections for BITs. Revisions to FY 2028 and FY 2029 follow a similar but more muted pattern.

Table 13. Tax Forecast Revision in March 2026 Vs. This Office's Previous Forecast in December 2025

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	$16	$522	$255	$297
PIT/PTET	$671	$924	$639	$480
Business Income Taxes	($142)	($182)	($206)	($265)
Sales Tax	$18	$35	($83)	($151)
Real Estate Transaction Taxes	$195	$112	($4)	$44
All Other	$126	$30	$18	($18)
Audits	$100	$50	$50	$50
Total	**$983**	**$1,491**	**$669**	**$436**
N.B.: Difference from Mayor's FY 2026 Adopted Budget (June 2025)	**$2,352**	**$2,812**	**$2,207**	**$2,955**

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

Comparison with the Financial Plan Projections

The February Plan projects City-funded revenues of $90.70 billion in FY 2026, rising to $103.65 billion in FY 2030.[7] Relative to the November Plan, this represents substantial upward revisions amounting to $2.65 billion in FY 2026, $8.56 billion in FY 2027, $7.56 billion in FY 2028, and $6.47 billion in FY 2029. The revisions reflect a combination of improved economic conditions, updated collection trends, proposals in the Governor's budget that have not yet been enacted, and a proposed increase in the property tax rate.

The most consequential policy change in the forecast is a proposed increase in the overall property tax rate from 12.28 percent to 13.45 percent, effective starting in FY 2027. The Mayor's revenue estimate corresponding to the rate increase is $3.70 billion in FY 2027, and similar numbers in subsequent fiscal years. To properly compare the revenue forecasts in the Mayor's Financial Plan to the Comptroller's estimates, the Mayor's estimated revenue effects of proposed tax changes are subtracted from bottom-line revenue totals in the Financial Plan. These adjustments include the property tax increase, the decoupling from 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

[7] Totals exclude unrestricted intergovernmental revenue and disallowances against categorical grants. They also exclude Intra-City Revenue.

wages, and the extension of the tax exemption on sales made through vending machines.

After subtracting these proposals, the Mayor's tax revenue projections are $2.45 billion higher than the November Plan in FY 2026, $4.14 billion higher for FY 2027, $2.95 billion higher in FY 2028, and $2.25 billion higher in FY 2029. The Mayor's largest upward revision was in PIT/PTET, which increased by $1.56 billion in FY 2026, $3.02 billion in FY 2027, and an average of just under $2 billion per year in FY 2028- FY 2029. Sales tax projections were also revised upward by $163 million in FY 2026 and $391 million in FY 2027. Revisions to real estate transaction taxes — both Real Property Transfer Tax and Mortgage Recording Tax — reflect an improved outlook for the City's real estate market and contributed a combined $343 million in FY 2026 and $348 million in FY 2027. Finally, the Mayor's budget also incorporates an upward revision to Tax Audit Revenue, which increased by $150 million in FY 2026 (following large and already collected audits in the Unincorporated Business Tax) and $100 million annually from FY 2027 through FY 2029 (tied to the plan to hire additional tax auditors at the City's Department of Finance).

Table 14 shows the difference between the Comptroller's Office's current revenue projections and the Mayor's FY 2027 Preliminary Budget, adjusted to remove proposals not yet enacted. The Comptroller's re-estimates are shown as (lower) or higher relative to the Financial Plan forecast.

Table 14. Tax Revenue Projection Differences (Comptroller – Mayor)

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax	($49)	$313	$309	$584	$922
PIT/PTET	(110)	(1,064)	(881)	(334)	355
Business Income Taxes	(377)	(305)	313	625	535
Sales Tax	(25)	(218)	(365)	(259)	105
Real Estate-Transaction Taxes	(50)	(158)	(209)	(30)	184
Other Taxes	48	54	38	74	92
Tax Audits	50	50	50	50	50
Total	**($513)**	**($1,328)**	**($744)**	**$710**	**$2,243**

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

Note: Both projections exclude impacts of proposed State and City policy changes that are not yet enacted.

The Comptroller's Office expects lower total revenue in FY 2026 through FY 2028, by $513 million in FY 2026, $1.33 billion in FY 2027, and $744 million in FY 2028. If estimated revenue effects from all of the revenue proposals except the property tax increase were included, these differences increase by $127 million in FY 2026, by $291 million in FY 2027 and $815 million in FY 2028, mainly because the Comptroller has a lower estimate for additional BIT revenue gained from OBBBA decoupling.

Tables 15 and 16 compare—by growth rate and level, respectively—the Comptroller's and Mayor's common rate and base revenue forecasts (that is, excluding proposed tax changes).

Table 15. 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	1.9%	4.7%	3.0%	3.6%	4.1%	3.8%
	Mayor	2.0%	3.6%	3.0%	2.9%	3.3%	3.2%
PIT/PTET	Comptroller	9.5%	0.3%	1.2%	4.4%	6.0%	2.9%
	Mayor	10.1%	5.0%	0.2%	1.7%	2.7%	2.4%
Business Income Taxes	Comptroller	(1.7%)	(0.5%)	2.3%	3.2%	3.0%	2.0%
	Mayor	2.0%	(1.1%)	(3.7%)	0.2%	4.0%	(0.2%)
Sales Tax	Comptroller	4.8%	3.4%	3.5%	5.7%	6.6%	4.8%
	Mayor	5.0%	5.2%	4.8%	4.6%	3.6%	4.5%
Real Estate Transaction Taxes	Comptroller	20.6%	0.2%	0.8%	7.9%	9.0%	4.4%
	Mayor	23.0%	4.5%	2.7%	0.6%	0.9%	2.2%
All Other	Comptroller	4.1%	0.2%	1.7%	2.5%	1.6%	1.5%
	Mayor	2.7%	0.1%	2.2%	1.6%	1.1%	1.2%
Tax Audits	Comptroller	1.9%	(8.3%)	0.0%	0.0%	0.0%	(2.2%)
	Mayor	1.9%	(8.3%)	0.0%	0.0%	0.0%	(2.2%)
Total	**Comptroller**	**4.2%**	**2.4%**	**2.4%**	**4.1%**	**4.8%**	**3.4%**
	Mayor	**4.8%**	**3.3%**	**1.7%**	**2.4%**	**3.1%**	**2.6%**

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

Note: Both projections exclude impacts of proposed State and City policy changes that are not yet enacted.

Table 16. Comparison of Tax Revenue Projections: Levels

($ in millions)		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property	Comptroller	$35,417	$37,065	$38,163	$39,551	$41,190
	Mayor	35,466	36,752	37,854	38,967	40,268
PIT/PTET	Comptroller	20,173	20,233	20,468	21,372	22,653
	Mayor	20,283	21,297	21,349	21,706	22,298
Business Income Taxes	Comptroller	10,093	10,046	10,278	10,609	10,923
	Mayor	10,470	10,351	9,965	9,984	10,388
Sales Tax	Comptroller	10,843	11,214	11,611	12,268	13,077
	Mayor	10,868	11,432	11,976	12,527	12,972
Real Estate-Transaction Taxes	Comptroller	2,438	2,443	2,462	2,656	2,895
	Mayor	2,488	2,601	2,671	2,686	2,711
All Other	Comptroller	3,702	3,711	3,775	3,871	3,932
	Mayor	3,654	3,657	3,737	3,797	3,840
Tax Audits	Comptroller	1,009	929	929	929	929
	Mayor	959	879	879	879	879
Total	**Comptroller**	**$83,675**	**$85,641**	**$87,667**	**$91,256**	**$95,599**
	Mayor	**$84,188**	**$86,969**	**$88,431**	**$90,546**	**$93,356**

Note: Both projections exclude impacts of proposed State and City policy changes that are not yet enacted.

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

FY 2026 Year-to-Date Collections

Table 17 presents FY 2026 tax collections through January 2026 alongside the Mayor's full-year projections in the February Plan. Year-to-date collections through January totaled $58.46 billion, an increase of 5.9 percent over the same period in FY 2025. The growth was broad-based, led by real estate transaction taxes (up 27.3 percent), PIT/PTET (up 12.9 percent), and other taxes (up 26.6 percent), with tax audit collections also surging 66.9 percent. Sales tax collections grew by a solid 4.9 percent, and property tax collections rose 3.1 percent. Business income taxes were the notable exception, declining 5.8 percent year-to-date. 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 February Plan projects total FY 2026 tax revenues of $84.34 billion, a 5.0 percent increase over FY 2025. The implied growth rates for the remainder of FY 2026—January

through August 2026—reveal a more varied picture across tax categories. Property tax collections, which grew 3.7 percent year-to-date, carry an implied second-half growth rate of -8.2 percent, suggesting a deceleration from early collections. Similarly, tax audit revenues, despite surging 74.9 percent year-to-date, face a steep implied contraction of -38.2 percent in the second half, indicating that the strong early performance tied to the Unincorporated Business Tax is not expected to persist. Other taxes face an implied second-half rate of -9.8 percent, largely reflecting the unwinding of the HYIC PILOT timing effect noted above. By contrast, real estate transaction taxes are projected to maintain their strong momentum, with an implied second-half growth rate of 16.8 percent, consistent with their year-to-date pace. Business income taxes are expected to recover, carrying an implied second-half growth rate of 8.6 percent, while PIT/PTET is projected to moderate slightly to 7.0 percent in the second half after its strong 12.9 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 5.2 percent growth for the rest of the fiscal year.

The Comptroller Office's projects a slightly lower growth of 4.2 percent in FY 2026, mainly due to a less optimistic view on business income taxes. The overall difference between the Comptroller and OMB is well within the range of forecast errors. Actual revenues could surprise to the upside in April in correspondence of the filing of personal income tax returns and extensions.

Table 17. FY 2026 Up to December Collections and the Mayor's February Financial Plan

	Year to Date Tax Collections			Total Tax Collections				Implied Y/Y Growth Rate to Fiscal Year-End
	FY 2025	FY 2026	Y/Y Growth	FY 2025	FY 2027 Feb. Plan	Change	Y/Y Growth	
Property	$31,603	$32,569	3.1%	$34,757	$35,466	$709	2.0%	(8.2%)
PIT & PTET	$9,770	$11,029	12.9%	$18,423	$20,283	$1,860	10.1%	7.0%
Business Income Taxes	4,740	4,467	(5.8%)	10,268	10,470	202	2.0%	8.6%
Sales Tax	5,917	6,207	4.9%	10,349	10,868	519	5.0%	5.2%
Real Estate Transaction Taxes	1,195	1,522	27.3%	2,022	2,488	466	23.0%	16.8%
All Other Taxes	1,630	2,064	26.6%	3,556	3,801	245	6.9%	(9.8%)

	Year to Date Tax Collections			Total Tax Collections				Implied Y/Y Growth Rate to Fiscal Year-End
	FY 2025	FY 2026	Y/Y Growth	FY 2025	FY 2027 Feb. Plan	Change	Y/Y Growth	
Total Non-Property	**$23,253**	**$25,288**	**8.8%**	**$44,617**	**$47,910**	**$3,293**	**7.4%**	**5.9%**
Total Excluding Tax Audits	**$54,856**	**$57,857**	**5.5%**	**$79,374**	**$83,376**	**$4,002**	**5.0%**	**4.1%**
Tax Audits	359	599	66.9%	942	959	17	1.8%	(38.2%)
Total Including Audits	**$55,214**	**$58,456**	**5.9%**	**$80,316**	**$84,335**	**$4,019**	**5.0%**	**3.10%**

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

The Real Property Tax

The Comptroller's Office forecasts property tax revenue of $35.42 billion for FY 2026, an increase of 1.9 percent from FY 2025. As of December 2025, total year-to-date collections stood at $28.26 billion. The Department of Finance (DOF) released the FY 2027 tentative assessment roll in January 2026, and based on the updated assessed values, the Comptroller's Office forecasts $37.07 billion in property tax revenue for FY 2027, an increase of $1.65 billion, or 4.7 percent, from FY 2026. This represents a $523 million upward revision from the Comptroller's December 2025 forecast, reflecting stronger-than-anticipated growth in Class 2 properties (condominiums, cooperatives, and rental buildings) and Class 4 properties (offices, retail, hotels, and other commercial properties).

The FY 2027 Tentative Assessment Roll

The total market value on the FY 2027 tentative roll increased by 5.4 percent to $1.66 trillion, up from the FY 2026 final roll. Of the $84.5 billion increase in total value, Class 1 properties (one-to-three family homes) accounted for $40.89 billion, or 48.4 percent of the total increase. On a percentage basis, Class 2 properties recorded the largest gain, rising 6.9 percent from the FY 2026 final roll. Total billable assessed value on the tentative roll increased by 5.6 percent to $325.76 billion. Of that increase, $7.41 billion, or 43.0 percent, was attributable to Class 2 properties. Due to assessment growth caps established under State legislation, the taxable billable assessed value of Class 1 properties represented only 7.3 percent of the aggregate increase.

For the final FY 2027 property tax roll, the Comptroller's Office estimates total market value will be $1.65 trillion, a 4.9 percent increase from FY 2026. The final roll's figures are typically lower than the tentative ones, as they reflect reductions resulting from taxpayer appeals and the DOF review process. The final taxable billable assessed value is estimated at $324.11 billion, a 5.1 percent increase from FY 2026.

Property tax revenues are projected to grow at an average annual rate of 3.6 percent through FY 2030, when collections are expected to reach $41.19 billion.

Comparison with the Mayor's Forecast

As can be seen in Table 18, after removal of both the proposed 13.45 percent tax rate and the SCRIE/DRIE income eligibility expansion, the Comptroller's projections are below the Mayor's by $49 million in FY 2026, but exceed the Mayor's by $313 million in FY 2027, $309 million in FY 2028, $584 million in FY 2029, and $922 million in FY 2030. This suggests that, at common rate and base, the Comptroller's underlying growth projections of assessed values are higher than those embedded in the Mayor's forecast.

The minor difference in FY 2026 revenues derives from the components of the so-called reserve — specifically cancellations, refunds, prior year collections, and delinquencies. Due to the needed lead time, it would not be feasible to hold a lien sale in FY 2026 and OMB removed the corresponding revenues. At the same time, OMB retained lien sale revenues for the remainder of the Financial Plan. Following the passage of local laws that fundamentally restructure the enforcement of municipal charges after the end of the current authorization in 2028, and given the Mayor's campaign promise to discontinue the program, the basis for OMB revenue assumptions and projection of prior-year collections come into question. Given the current lack of clarity, the Office of the Comptroller did not differ from OMB's lien sale assumptions in this report.

When the Comptroller's forecast is adjusted to incorporate both the proposed 13.45 percent rate and the fiscal impact of the proposed SCRIE/DRIE expansion, the Comptroller's projections exceed the Mayor's by $287 million in FY 2027, $517 million in FY 2028, $829 million in FY 2029, and $1.24 billion in FY 2030.

Table 18. Comptroller Property Tax vs. Mayor's Forecast

($in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Comptroller – Common rate and base	$35,417	$37,065	$38,163	$39,551	$41,190
SCRIE/DRIE expansion	0	(12)	(12)	(12)	(13)
Net of SCRIE/DRIE expansion	$35,417	$37,054	$38,151	$39,539	$41,177

($in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate increase to 13.45%	0	3,681	3,812	3,951	4,128
Comptroller Total	$35,417	$40,735	$41,963	$43,490	$45,305
Mayor – Common rate and base	$35,466	$36,752	$37,854	$38,967	$40,268
SCRIE/DRIE expansion	0	(4)	(9)	(13)	(18)
Net of SCRIE/DRIE expansion	$35,466	$36,748	$37,845	$38,954	$40,250
Rate increase to 13.45%	0	3,700	3,601	3,707	3,814
Mayor Total	$35,466	$40,448	$41,446	$42,661	$44,064
Comptroller – Mayor Totals Difference	($49)	$287	$517	$829	$1,241

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

The City's Operating Limit

The NYS Constitution sets limits on both the amount of indebtedness the City can incur, and on the amount of property tax that can be levied to pay for operating expenses (the "operating limit"). Both limits are tied to the five-year average of the "full value of taxable real estate," on which this Office has written, and has been critical of, in a 2024 analysis (see *Special Equalization Ratios and the City's Debt Limit*).

In general, the debt limit is equal to 10 percent of the five-year average, while the operating limit is 2.5 percent of the same five-year average. This Office publishes an annual charter-mandated report on capital debt and obligations (see the FY 2026 edition here) that provides a comprehensive overview and forecast of the City's remaining debt capacity. The estimation of the operating limit and the taxation margin below the limit are explained in the remainder of this section.

The calculation takes place at the time of budget adoption, and it is based, in part, on projections formulated by OMB of the final property tax roll for the upcoming year, and on data provided by the NYS Office of Real Property Tax Services. Most of the inputs for the calculations are included in the so-called "tax fixing resolution," which sets the property tax levy and tax rates for the upcoming fiscal year. Using the FY 2026 resolution (approved on 6/30/2025), the following inputs can be derived: i) the tax levy "subject to the 2.5 percent tax limitation" (page 2) and ii) the operating limit (page 5).

Tax levy subject to the 2.5 percent tax limitation. In the tax fixing resolution, 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 operating limit. This amount equals 2.5 percent of the five-year average of the full value of taxable real estate (also available on page 5) minus "debt service subject to the tax limitation"[8] and Business Improvement District (BID) levies. The debt service on GO notes is considered subject to the tax limitation. The City has not issued GO notes in decades and, therefore, there is no subtraction currently taking place.

Other things equal, short-term borrowing and BID levies reduce the City's operating margin.

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.

Other things equal, higher debt service and a higher reserve amount increase the City's operating margin. On the contrary, a higher prepayment reduces the City's operating margin.

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.

Other things equal, a higher projection for tax abatements increases the City's operating margin.

The operating margins in FY 2026 and FY 2027. Table 19 shows the FY 2026 calculations for the operating margin and this Office's projections for FY 2027, inclusive of the proposed 9.5 percent increase in the property tax levy. Other than the increased levy, the main difference between FY 2026 and FY 2027 is that the prepayment of debt service went to zero. This provides sufficient margin for the tax increase. The second

[8] According to the NYS Comptroller instructions, these are debt service payments on (i) bonds or notes issued for purposes other than financing capital improvements and contracted to be redeemed in one of the two fiscal years following the year of issue, (ii) tax anticipation notes, (iii) revenue anticipation notes, (iv) certain pension bonds, (v) installment purchase contract debt, and (vi) bonds or notes issued for revenue-producing public improvements or services to the extent that revenues from the improvement, after payment of the costs of operation, maintenance and repair, are available to pay debt service.

takeaway from the table is that, after the proposed tax increase, the operating margin will be very narrow. This has a few implications:

1. The City would have little flexibility to further increase the property tax to close budget gaps (barring a large increase in GO debt service).
2. The City would not be able to prepay GO debt service in significant amounts. This may not be a significant reduction in budgetary flexibility, given the amount of TFA debt outstanding and the capability to prepay the PAYGO cost of retiree health benefits through the RHBT.
3. The City may decide to accelerate the issuance of GO debt to generate additional operating margin.
4. The issuance of short-term indebtedness (should it be needed) may be limited by the small residual operating margin following the proposed tax increase.

Table 19. Operating Limit Estimates for FY 2026 and FY 2027

($ in millions)	FY 2026	FY 2027 (Projected)
2.5% Calculation	$35,152	$37,005
BID Levies	(163)	(170)
Tax Limit (A)	**34,989**	**36,835**
Levy Subject to the 2.5% Tax Limitation	37,977	43,678
Abatements	(1,839)	(1,955)
Levy Net of Abatements (B)	**36,138**	**41,723**
Debt Service Not Subject to Tax Limitation	4,583	4,888
Debt Service Prepayment	(1,443)	0
Uncollectable Levy for Debt Service	251	385
Debt Service Exclusion (C)	**3,392**	**5,273**
Operating Levy (D) = (B) - (C)	**32,746**	**36,451**
Operating Margin (E) = (A) - (D)	**$2,243**	**$384**

Source: FY 2026 Tax Fixing Resolution and Adopted Budget documents, FY 2027 Preliminary Budget, Office of the New York City Comptroller

Personal Income Tax and Pass-Through Entity Tax

Recent Performance

Combined collections of the Personal Income Tax (PIT) and the closely related Pass-Through Entity Tax (PTET) totaled $18.42 billion in FY 2025, an increase of $2.77 billion, or 17.9 percent, over the prior fiscal year. This strong performance reflected withholding tax increases on the strength of solid wage growth and a large securities industry bonus pool, while non-withholding components — including PIT and PTET installments, extensions, and final returns — surged as Tax Year 2024 capital gains realizations and pass-through business profits reached elevated levels.

Collections have continued at a strong pace in FY 2026. Through January 2026, combined PIT and PTET revenue totaled $11.0 billion, running $538 million, or 12.9 percent, ahead of the same months in FY 2025. However, both the Comptroller and the Mayor expect that this rate of increase will not be sustained over the full fiscal year. A portion of the year-to-date strength likely reflects higher overpayments of estimated taxes and PTET by individuals and pass-through entities, some of which will be returned to taxpayers as refunds or offset against final return liabilities in the second half of the fiscal year. The Comptroller's full-year FY 2026 forecast therefore implies a materially slower 5.7 percent rate of year-over-year growth in the remaining months of the fiscal year. The Mayor's implied growth rate for the rest of the fiscal year after January is slightly higher at 7.0 percent, but still well below the year-to-date growth rate.

The Comptroller's Forecast: Changes Since December

The Comptroller's Office currently forecasts total PIT and PTET collections of $20.17 billion in FY 2026, rising modestly by 0.3 percent to $20.23 billion in FY 2027 and 1.2 percent to $20.47 billion in FY 2028, returning to a more rapid average annual growth rate of 5.2 percent in FY 2029 and FY 2030.

These forecasts represent a meaningful upward revision from the Comptroller's December 2025 forecast, which projected $19.50 billion in FY 2026 (an upward revision of $671 million) and $19.31 billion in FY 2027 (up $924 million). The revision reflects three factors. First, actual collections through January have come in well above prior projections, also raising the base from which future growth is applied. Second, wage growth in calendar year 2025 proved stronger than anticipated, particularly in higher-paying industries. Third, tax on bonus payments for winter 2025–2026, which flows into FY 2026 withholding, has been strong, with recent collections data suggesting growth of approximately 6.8 percent over the prior year.

These estimates do not include adjustment for the proposed PIT conformity beginning in Tax Year 2026 to the Federal "No Tax on Tips" tax law change. If enacted by NY State, the policy is estimated to reduce NYC PIT revenue by $14 million in FY 2026, $71 million in FY 2027, and an average of $60 million per year for FY 2028 through FY 2030. This modest impact relative to the overall tax base reflects the fact that qualifying tip earners currently pay only a small part of New York City's PIT.

The Mayor's Forecast: Changes Since November

OMB's February Plan projects total PIT and PTET collections of $20.28 billion in FY 2026, $21.30 billion in FY 2027 (5.0 percent growth), and $21.35 billion in FY 2028 (0.2 percent growth), with average annual growth of 2.2 percent in FY 2029 and FY 2030. These figures represent a substantial upward revision from OMB's November 2025 forecast, which had expected FY 2026 PIT and PTET revenue of $18.73 billion ($1.56 billion lower than their current forecast) and FY 2027 revenue of $18.28 billion ($3.02 billion lower). These revisions are driven primarily by a dramatically more optimistic view of NYC income growth in calendar year 2026.

The most striking change in the Mayor's economic assumptions is the revision to projected average NYC wage growth in 2026: from 3.1 percent in the November forecast to 5.5 percent in February. The Comptroller's corresponding assumption was revised slightly downward, to 3.2 percent. The Mayor also raised the Wall Street profits forecast for calendar year 2026 from $37.5 billion to $50.3 billion — moving from well below the Comptroller's estimate to somewhat above it — and revised the securities industry bonus assumption upward by approximately 15 percent. The Comptroller's bonus assumption of 6 percent growth appears better supported by recent collections data, which show winter bonuses from all industries up 6.8 percent through late February. The difference in FY 2026 in bonus assumptions translates to approximately $160 million in PIT revenue.

Table 20 presents a comparison of the Comptroller's and Mayor's forecasts. Table 21 decomposes each forecast into its withholding and non-withholding components.

Table 20. 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 2025–2030
Comptroller Total	**$20,173**	**$20,233**	**$20,468**	**$21,372**	**$22,653**	**4.2%**
% Change	9.5%	0.3%	1.2%	4.4%	6.0%	
Mayor's Total	$20,283	$21,297	$21,349	$21,706	$22,298	3.9%
% Change	10.1%	5.0%	0.2%	1.7%	2.7%	
Offset (Risk): Comptroller minus Mayor	**($110)**	**($1,064)**	**($881)**	**($334)**	**$355**	

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

Figures exclude adjustment for proposed conformity to Federal No Tax on Tips policy beginning in Tax Year 2026.

Table 21. 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	$14,195	$14,868	$15,660	$16,561	$17,561
Non-Withholding	5,059	5,978	5,365	4,808	4,811	5,092
Total	$18,422	$20,173	$20,233	$20,468	$21,372	$22,653
Mayor's Office						
Withholding	$13,363	$14,382	$14,902	$15,676	$16,210	$16,815
Non-Withholding	5,059	5,901	6,395	5,673	5,496	5,483
Total	$18,422	$20,283	$21,297	$21,349	$21,706	$22,298
Offset (Risk): Comptroller minus Mayor						
Withholding	—	(187)	(34)	(16)	351	746
Non-Withholding	—	77	(1,030)	(865)	(685)	(391)
Total	**—**	**($110)**	**($1,064)**	**($881)**	**($334)**	**$355**

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

Figures exclude adjustment for proposed conformity to Federal No Tax on Tips policy beginning in Tax Year 2026.

Non-withholding includes PTET.

This Office's $110 million lower forecast than the Mayor is largely explained by the difference in bonus assumptions noted above. The difference widens substantially in FY 2027, where the Mayor's forecast exceeds the Comptroller's by $1.06 billion, before narrowing in subsequent years. By FY 2030, the Comptroller's forecast is actually $355 million higher than the Mayor's.

As Table 21 makes clear, the difference in FY 2027 and FY 2028 are almost entirely non-withholding stories. The withholding projections are close in each of those same fiscal years — a risk of just $34 million and $16 million respectively. The Mayor's significantly higher non-withholding forecast of $6.40 billion in FY 2027 exceed the Comptroller's $5.37 billion by more than a billion dollars. Non-withholding is the component of PIT most sensitive to capital gains realizations, partnership distributions, and S-corporation profits — all of which are highly dependent on financial market conditions and taxpayer behavior.

The Mayor's implied path for non-withholding also warrants attention. Their forecast shows non-withholding rising sharply to $6.40 billion in FY 2027, then falling by more than $700 million in FY 2028 and continuing to decline through FY 2029. This degree of volatility and the subsequent retreat suggests that OMB itself does not view the FY 2027 non-withholding level as sustainable. While the Mayor's FY 2027 total is well within the range of possible outcomes, it requires an optimistic set of assumptions about capital gains and pass-through income that, in the Comptroller's assessment, carry more downside than upside risk.

Sales Tax

The Comptroller's Office projects FY 2026 sales tax revenue of $10.84 billion, an increase of 4.6 percent relative to FY 2025 and an $18 million upward revision from November 2025 projections. As of January 2026, FY 2026 year-to-date collections were approximately 4.9 percent above collections over the same period in FY 2025. Revenues are projected to reach $13.1 billion by FY 2030, implying an average annual growth rate of 4.7 percent over the forecast horizon.

This growth outlook is supported primarily by expected gains in local wages and employment, which raise household disposable income, likely increasing consumer spending on taxable goods and services. A continued projection of a weaker U.S. dollar increases the purchasing power of international visitors, supporting spending in hotels, retail, and entertainment.

Proposed State Budget Legislation

Currently there are two legislative actions that, if enacted, would affect City sales tax collections beginning in FY 2026. Under current law, the State intercepts $150 million per year in City sales tax revenue to fund distressed hospitals. Budget documents assume that the State will cancel the intercept for City FY 2026 through FY 2028, when it is already scheduled to expire. This adjustment has no effect on FY 2029 and FY 2030 collections. The extension of the exemption of certain sales through vending machines would reduce collections by an estimated $3 to $4 million per year through FY 2029, a small effect on the overall forecast.

The FY 2026 benefit from ending the Distressed Provider Sales Tax Intercept is less than the $150 million assumed in the Mayor's FY 2027 Preliminary Budget. This is because the State's Executive Budget 30-Day Amendments indicate it will take effect in State FY 2027, which would only affect the last quarter of City FY 2026 for a total of only $37.5 million in that year.

Table 22. Sales Tax Revenue Forecast, FY 2026 - FY 2030

($ millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Comptroller's Forecast					
Baseline (w/o NYS passage)	$10,843	$11,214	$11,611	$12,268	$13,077
End Distressed Provider Intercept	38	150	113	—	—
Exempt Vending Machines	(3)	(4)	(4)	(4)	—
With NYS passage	$10,878	$11,360	$11,720	$12,264	$13,077
Mayor's Forecast					
Baseline (w/o NYS passage)	$10,868	$11,432	$11,976	$12,527	$12,972
End Distressed Provider Intercept	150	150	113	—	—
Exempt Vending Machines	(3)	(4)	(4)	(4)	—
With NYS passage	$11,015	$11,578	$12,085	$12,523	$12,972

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

The Comptroller's baseline forecast is $25 million below the Mayor's in FY 2026, and the gap widens in the outyears, reaching $259 million by FY 2029. Estimates converge in FY 2030, where the Comptroller's projection of $13.08 billion exceeds the Mayor's by $105 million.2026 FIFA World Cup: Estimated Sales Tax Impact

The forecast period coincides with the 2026 FIFA World Cup, eight matches of which—including the tournament final—will be played at MetLife Stadium in the New York–New Jersey region between June and July 2026. The NYNJ Host Committee projects $1.7 billion in total regional visitor spending. This section summarizes the Comptroller's estimated impact on City sales tax revenue.

The estimate proceeds in four steps. First, this Office allocates the $1.7 billion in regional spending to New York City by assigning each category of visitor expenditure—lodging, food and beverage, retail, entertainment, and transportation—separately, based on the distribution of hotel room inventory and event programming across the region. New York City maintains approximately 135,000 hotel rooms compared with an estimated 12,000 to 15,000 in the accessible northern New Jersey corridor (New York City Comptroller, 2024; New York State Comptroller, Report 04-2025. The resulting weighted NYC share is approximately 77 percent).

Second, a displacement adjustment of 30 percent is applied to account for the substitution of event-related spending for ordinary tourism and business travel. This adjustment reflects the City's high baseline hotel occupancy of approximately 85 percent during the summer months and is informed by the empirical literature on mega-event economics. Third, this Office estimates that approximately 83 percent of visitor spending falls into categories subject to the City's sales tax, netting out exemptions for clothing under $110, groceries, and public transit. Fourth, the City's 4.5 percent local sales tax rate is applied.

The resulting midpoint estimate is approximately $34 million in incremental City sales tax revenue, within a range of $26 million to $44 million.

Table 23. Scenario Estimates of Incremental NYC Sales Tax Revenue

($ in millions)	Conservative	Mid-Range	Optimistic
NYC geographic share	73%	77%	82%
Displacement discount	40%	30%	20%
Taxable share of spending	78%	83%	88%
Net incremental taxable spending	$578	$760	$977
NYC sales tax revenue (4.5%)	$26	$34	$44

Source: Office of the New York City Comptroller, NYNJ Host Committee

An empirical cross-check is available from the 1994 FIFA World Cup, when seven matches including a semifinal were played at the same venue. A prior study estimates a panel regression comparing actual income growth in 13 host metropolitan areas against model-predicted counterfactuals. Bergen-Passaic, the MSA containing the stadium, recorded income gains of $153 million above predicted levels (approximately $320 million in 2026 dollars), a figure of comparable magnitude to the $390 million allocated to the New Jersey side of regional spending in the present estimate. The New York City MSA, by contrast, recorded actual growth 1.4 percentage points below its predicted level, corresponding to an income shortfall of approximately $3.5 billion. Although these residuals cannot be attributed solely to the World Cup, the pattern is consistent with the displacement dynamics described above.

Business Income Taxes

New York City's business income taxes (BIT) collections grew 6.1 percent in FY 2025, but business taxes were uneven across components of BIT: the General Corporation Tax (GCT) and the Unincorporated Business Tax (UBT). GCT receipts were essentially flat year-over-year, while UBT collections increased by 21.3 percent.

Through January of FY 2026, GCT year-to-date collections are running approximately 9.1 percent below the comparable period in FY 2025, while UBT collections are roughly on pace with last year. In aggregate, BIT collections year-to-date are down about 5.8 percent. While these results represent only a partial-year snapshot, they are consistent with a broader environment in which corporate tax receipts face headwinds while unincorporated business income shows relative resilience.

Proposed State Budget Legislation

An important driver of near-term downward pressure on corporate tax receipts is the enactment of the OBBBA in calendar year 2025, along with the introduction of broad-based tariffs on U.S. trading partners.

Under current law, the City's business income taxes are linked to Federal definitions of taxable income and allowable deductions. This conformity means that any federal policy change that accelerates deductions or otherwise narrows the Federal tax base will flow through to the City's business tax base—reducing receipts, particularly in the near term, when new provisions first take effect. A quick guide to the expensing provisions can be found here.

The State Executive Budget proposes decoupling from selected OBBBA business income tax provisions, with retroactive application to tax years beginning on or after January 1,

2025 (see Article VII Revenue Bill Part G and its amendments).[9] The legislation is retroactive because OBBBA provisions are retroactive to January 1, 2025. In economic terms, decoupling would protect the State and City business income tax bases from Federal base-narrowing provisions that would otherwise reduce receipts under full conformity. A discussion of the OBBBA provisions can be found in the 2025 State of the City's Economy and Finances.

Retroactive implementation introduces an additional fiscal dynamic. Because businesses would have already filed or estimated taxes under Federal conformity rules, decoupling retroactively would trigger transition-year reconciliation effects including amended returns and true-up payments that shift collections across fiscal years. In this analysis, these timing effects are represented as a one-time reconciliation payment in FY 2027.

The Comptroller's Office estimates the net fiscal-year revenue impacts from the OBBBA business provisions and projects BIT collections under two scenarios: full conformity with Federal law and decoupling as proposed in the State Executive Budget. In FY 2026, both scenarios yield identical projections, as decoupling has not yet taken effect. Differences emerge from FY 2027 onward.

Table 24. Comptroller's Estimated OBBBA Net Impact on NYC Business Income Tax revenue

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029–2030 (avg.)
Net Impact on BIT revenue	($201)	($253)	($198)	($102)

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

The OBBBA drag is most severe in the near term: the combined impact on BIT reaches roughly $253 million in FY 2027 before moderating to approximately $94 million by FY 2030. This pattern reflects the front-loaded nature of many of the OBBBA's business provisions, including accelerated depreciation schedules and changes to interest deductibility, which shift deductions into earlier years.

[9] The amendments preserve adopt a rolling conformity framework to preserve the treatment of controlled foreign corporations' income (previously Global Intangible Low-Tax Income).

Table 25. Projected BIT Collections by Scenario

($ in million)	Conform GCT	Conform UBT	Conform BIT	Decouple GCT	Decouple UBT	Decouple BIT
FY 2026	$6,611	$3,482	$10,093	$6,611	$3,482	$10,093
FY 2027	$6,466	$3,580	$10,046	$6,783	$3,717	$10,500
FY 2028	$6,666	$3,612	$10,279	$6,805	$3,672	$10,477
FY 2029	$6,883	$3,726	$10,609	$6,959	$3,760	$10,719
FY 2030	$7,095	$3,828	$10,923	$7,160	$3,857	$11,017

Source: Office of the New York City Comptroller

Note: FY 2026 figures are identical across scenarios; decoupling effects begin in FY 2027.

Under full conformity, BIT is projected at approximately $10.1 billion in FY 2026, remaining near that level in FY 2027 before rising to roughly $10.9 billion by FY 2030. In the decoupling scenario, FY 2027 collections are higher—approximately $10.5 billion—due to the one-time reconciliation effect from retroactive policy implementation. From FY 2028 onward, the decoupling path returns to its underlying growth trajectory, tracking modestly above the conformity baseline.

Table 26. BIT Year-over-Year Growth: Conformity vs. Decoupling

Period	Conformity Growth	Decoupling Growth	Difference (pp)
FY 2027	(0.46%)	4.04%	4.50
FY 2028	2.31%	(0.22%)	(2.54)
FY 2029	3.22%	2.31%	(0.91)
FY 2030	2.96%	2.78%	(0.18)

Source: Office of the New York City Comptroller

Policy timing shows up most clearly in the year-over-year growth rates, the OBBBA drag keeps BIT growth effectively flat in FY 2027 (−0.5 percent). Under decoupling, the reconciliation effect produces an increase of 4 percentage points in growth. The following year, FY 2028 growth under decoupling decelerates as the one-time reconciliation effect falls out of the base.

Relative to the Mayor's February Plan projections, the Comptroller's estimates are lower in the near term but converge and exceed the Mayor's baseline by the end of the forecast horizon.

Table 27. Comptroller's BIT revenue Comparison with Mayor: Conformity vs. Decoupling

($ in millions)	vs. Mayor (Conform)	vs. Mayor (Decouple)
FY 2026	($377)	($377)
FY 2027	($305)	($574)
FY 2028	$313	($499)
FY 2029	$625	$215
FY 2030	$535	$312

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

The divergence is largest in FY 2027 under decoupling, where the Comptroller projects receipts roughly $574 million below OMB's forecast. OMB's OBBBA impacts are substantially larger than the Comptroller's impacts used here, which stems 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. Relative to the historical monthly collections pattern, OMB's FY 2026 forecast implies a stronger finish to the year than is typical. Using historical mean seasonality (FY 2018 to FY 2024) as a benchmark, OMB's FY2026 profile implies that the share of annual collections arriving from March through year-end would be higher than usual by about 5.3 percentage points for GCT and 3.7 percentage points for UBT (roughly 4.8 percentage points for BIT overall). This comparison is intended to clarify the strength of collections implied by OMB rather than to judge its accuracy, and outcomes may differ given the volatility of business tax receipts and the role of large, settlement-driven payments.

The revenue impact estimates in this analysis are derived from NYC Department of Finance (DOF) estimates of the OBBBA's business provisions, with the following adjustments:

Industry-mix adjustment. The Comptroller's Office estimates the sectoral composition of New York City's business income tax base. Industries are grouped into seven broad categories (finance, real estate, services, information, trade, manufacturing, and other) and the distribution of business income tax liability across categories is taken from

published 2021 liability data. For each Federal provision, national data[10] on where that provision is most heavily used across industries are combined with this NYC industry mix (for example, research spending by industry for §174, bonus depreciation and §179 usage by industry, interest paid by industry for §163(j), and GILTI amounts by industry for §951A).

GCT/UBT allocation. The aggregate BIT impact is distributed between the corporate-side and the unincorporated side (UBT). 2021 liability data is used to compute each tax's share of total business income tax (BIT) liability (for example, the share attributable to corporate taxpayers versus UBT filers). The total BIT impact for each year is then allocated proportionally using these shares. This approach reflects the fact that OBBBA's income-shifting provisions affect corporate and pass-through entities differently.

Reconciliation timing. In the decoupling scenario, the retroactive decoupling for tax year 2025 is assumed to generate reconciliation payments in FY 2027 — the year in which taxpayers would first recalculate their liabilities under the new conformity rules. This payment is represented as an upward adjustment to FY 2027 receipts and does not represent a structural change in the long-run revenue trajectory. Because businesses have (and in the case of large C-corporations indeed take) three years to settle their liability, it is possible that the catch-up payment on the 2025 liability could be more drawn out.

The Mayor's Financial Plan assumes the following fiscal-year revenue effects from OBBBA under continued conformity: −$489 million in FY 2026, −$629 million in FY 2027, −$619 million in FY 2028, −$521 million in FY 2029, and −$317 million in FY 2030. The gap between the Comptroller's and Mayor's estimates reflects differences in assumptions about the magnitude of Federal provision exposure in New York City's tax base (including how corporate versus pass-through income is affected), the extent to which offsetting provisions net out in the aggregate, and the timing of payments and final settlements. Given these uncertainties, the short-term fiscal-year impacts should be interpreted as subject to revision as collections data provide additional evidence on taxpayer behavior.

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[10] National provision-by-industry patterns are drawn from: NSF's Business Enterprise Research and Development (BERD) survey (R&D expenditures by industry) for §174; Kitchen and Knittel (U.S. Treasury working paper, 2008) on C-corporation use of bonus depreciation and §179 by two-digit NAICS industry for §§168 and 179; IRS Statistics of Income (SOI) Corporate Tax Returns, Tax Year 2021, Table 5.2 ("Interest paid" by industry) for §163(j); and IRS SOI International Tax Statistics, Tax Year 2021, Form 8992 tables (GILTI amounts by industry of the U.S. parent) for §951A.

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 $2.43 billion in FY 2026, comprising $1.47 billion in RPTT and $955 million in MRT, reflecting continued improvement in overall market activity. Total taxable real estate sales are expected to reach $90.43 billion in FY 2026, a 5.1 percent increase from FY 2025, supported by solid gains in commercial sales that are expected to more than offset a modest decline in residential sales. Over the plan period, the Comptroller projects transaction tax revenues to grow at an average annual rate of 4.5 percent, reaching $2.90 billion by FY 2030.

The Comptroller's forecast is below the Mayor's in the near and middle years of the plan, by $50 million in FY 2026, $158 million in FY 2027, $209 million in FY 2028, and $30 million in FY 2029, before exceeding the Mayor's estimate by $184 million in FY 2030.

New York City's tourism sector continues to perform strongly, notwithstanding a slight estimated decrease in international travel in 2025. Hotel occupancy rates averaged approximately 84.2 percent for the year, and the average daily room rate (ADR) remained elevated at $333.70, reflecting sustained demand across both leisure and business segments. Looking ahead, the Comptroller projects continued growth in hotel accommodation demand, helped along by a possible small bump in visitation from the 2026 FIFA World Cup and the 250th anniversary of American independence. A continued recovery in business travel, a segment critical to higher revenue stays, provides additional support to the outlook. As a result, Hotel Tax revenues are expected to reach $841 million in FY 2026, a 9.2 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 3.3 percent, reaching $958.0 million by FY 2030.

Sustaining this trajectory will depend on the strength of international travel demand, the expansion of convention and business-related activity, and broader global economic conditions. Continued momentum across these areas will be essential to maintaining high occupancy levels and elevated room rates throughout the plan period.

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.

Risks to the Tax Revenues Forecast

The Comptroller's Office projects modest tax revenue growth over the Financial Plan period, with collections rising from $83.86 billion in FY 2026 (4.2 percent growth over FY 2025) to $95.60 billion by FY 2030. Year-to-date collections through January exceeded expectations, up 6.8 percent, but the balance of risks tilts to the downside, particularly in FY 2027 through FY 2030.

The forecast assumes U.S. GDP growth moderating alongside three Federal Reserve rate cuts. Should inflation remain elevated or re-accelerate beyond the projected 3.0 percent, delayed rate cuts would restrain the recovery in real estate transaction taxes and pressure sales tax revenues. Persistently high mortgage rates would dampen residential refinancing and home purchases, while higher inflation could erode real disposable income—further weighing on sales tax collections. Transaction taxes remain inherently volatile and highly sensitive to both mortgage rates and the timing of large deals.

PIT and PTET projections are especially exposed to financial market conditions. The outlook assumes continued strength in trading, investment banking, and asset management, as well as $47.3 billion in Wall Street profits for calendar year 2026. A significant equity market downturn, credit disruption, or geopolitical shock could reduce trading volumes, investment banking fees, bonus payments, and capital gains realizations. Non-withholding revenues, highly sensitive to capital gains, partnership distributions, and S-corporation profits, could decline sharply under market stress. The forecast also assumes New York City average wage growth of 3.2 percent in 2026, driven by compensation gains in high-wage sectors despite limited employment expansion. If uncertainty related to tariffs, artificial intelligence, or automation restrains hiring and compensation, withholding growth could underperform.

Sales tax growth, projected to average 4.8 percent annually through FY 2030, depends heavily on spending by high-income households. In 2025, real wage gains were concentrated in securities, information, banking, and professional services, while wages in most other private-sector industries barely kept pace with inflation. Should high-wage employment and compensation stagnate, discretionary spending—and with it, sales tax collections—would be at risk.

Business income tax receipts are also vulnerable to elevated interest rates or tariff-related cost pressures that could compress profit margins. If the State enacts decoupling retroactively to tax year 2025, transition-year reconciliation effects could shift collections across fiscal years, creating timing volatility. The Comptroller estimates that decoupling could add approximately $454 million to FY 2027 collections, though the outcome depends on legislative action, implementation details, and taxpayer compliance.

On the property tax side, the FY 2027 tentative roll of $325.76 billion typically declines on the final roll due to taxpayer appeals. If appeal volumes exceed expectations, particularly among stressed commercial properties, the final taxable assessed value could fall below the Comptroller's $324.11 billion estimate, directly reducing the FY 2027 levy and creating negative base effects through FY 2030.

Tourism-related revenues benefit from two near-term catalysts, the 2026 FIFA World Cup and the America250 celebration, but remain vulnerable. International visitation to New York City in 2025 is projected to have been below 2024 levels, and assumed improvement in the 2026 forecast depends on stronger sentiment toward U.S. travel. A stronger dollar would dampen foreign visitor spending, while a slower recovery in business and convention travel could reduce hotel occupancy and average daily room rates, weakening both hotel tax and related sales tax collections.

Artificial intelligence presents both cyclical and structural risks. If AI adoption proves more labor-substituting than anticipated, employment in the city's high-wage occupations could decline, directly reducing withholding and business income tax collections while triggering broader consumption weakness. Conversely, total U.S. equity markets have risen more than 70 percent over the past three years, partly on AI optimism; a sharp repricing if expected productivity gains fail to materialize would reduce capital gains realizations, high-income consumption, securities industry profitability, and bonus-related PIT. In summary, despite stronger-than-expected FY 2026 performance to date, the revenue outlook remains vulnerable to downside risks concentrated in PIT/PTET, business income taxes, transaction taxes, and sales tax. Any combination of delayed Federal Reserve rate cuts, stagnation in high-wage sectors, financial market volatility, or structural pressures on profitability could cause revenues to fall materially short of projection.

Miscellaneous Revenues

In the February Plan, the City raised its FY 2026 miscellaneous revenue projection by a net $56 million to $6.37 billion, a 4.9 percent decrease from the prior year.[11] However, collections year-to-date through January were 4.0 percent higher than in the same period of FY 2025; the projected full-year decline largely reflects anticipated weakness in interest income collections, along with softer expectations in several other categories of miscellaneous revenue for the remainder of the fiscal year. Revisions in the current plan reflect higher projections for licenses, franchises and permits, charges for services, fines, and other miscellaneous revenues. These increases were partially offset by a

[11] Miscellaneous revenue analysis excludes intra-City revenues.

downward adjustment in rental income and water and sewer revenues. Table 28 details the changes in the FY 2026 miscellaneous revenue projections since the November Plan.

Table 28. Changes in FY 2026 Miscellaneous Revenue Estimates, November Plan vs. February Plan

($ in millions)	Actual FY 2025	FY 2026 November Plan	FY 2026 February Plan	Change FY 2026
Licenses, Permits & Franchises	$737	$726	$741	$15
Interest Income	641	371	371	0
Charges for Services	1,049	1,041	1,055	14
Water and Sewer Charges	2,161	2,302	2,301	(1)
Rental Income	278	258	236	(22)
Fines and Forfeitures	1,425	1,278	1,308	30
Other Miscellaneous	404	335	355	20
Total	**$6,695**	**$6,311**	**$6,367**	**$56**

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 $15 million, driven primarily by higher than previously expected revenue from construction permits for new buildings alterations ($34 million). Revenue projections from mobile telecom franchises also increased by $16 million annually. These gains were partially offset by downward adjustments to cable television and bus stop franchise revenues, as well as building permits, which combined decreased by $39.8 million in FY 2026. Charges for services increased by a net $14 million, largely driven by higher projected revenues from affordable housing program fees.

The February Plan reduced rental income projections by $22 million in the current fiscal year, reflecting revenue shortfalls from extended school use that were flagged by the Comptroller's Office in its December 2025 report. The Comptroller's Office noted that, based on collection trends, the City's annual projection was unlikely to be realized during the financial plan period.

Revenue projection for fines and forfeitures increased by $30 million. This revision reflects additional revenues from bus lane camera fines ($15 million), Environmental Control Board (ECB) fines ($5 million), administrative violations ($5 million), and real property income and expense statement (RPIE) late penalties ($5 million). Projections for "other miscellaneous" revenues—which largely consist of non-recurring items—increased by $20 million. This includes a $7.5 million reimbursement from the MTA for ticket processing,

reflecting the expansion of automated camera enforcement to additional bus routes in late 2025. Other non-recurring revenue adjustments include an additional $5.7 million from affirmative litigation and $3.5 million in return of prior year expenses.

Table 29 shows the City's February Plan projections for all categories of miscellaneous revenue. The Plan projects a 4.9 percent year-over-year decline in FY 2026 miscellaneous revenue to $6.37 billion, followed by an additional 3.5 percent decline in FY 2027 to $6.15 billion. These declines reflect continued projected decreases across several miscellaneous revenue categories. Beginning in FY 2028, total miscellaneous revenue is expected to stabilize at approximately $6.2 billion annually.

Table 29. Miscellaneous Revenue Forecast, February 2026 Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Licenses, Permits & Franchises	$741	$712	$715	$716	$716
Interest Income	371	271	270	272	272
Charges for Services	1,055	1,039	1,039	1,039	1,039
Water and Sewer Charges	2,301	2,277	2,313	2,337	2,366
Rental Income	236	260	260	260	260
Fines and Forfeitures	1,308	1,304	1,290	1,296	1,295
Other Miscellaneous	355	283	279	297	296
Total	**$6,367**	**$6,146**	**$6,166**	**$6,217**	**$6,244**

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 $29 million in FY 2026, driven primarily by higher fine revenues from late filing and no-permit penalties at the Department of Buildings (DOB), Environmental Control Board (ECB) fines, and camera fines. While the Comptroller anticipates that total fine revenues will exceed the City's forecast by approximately $22 million annually over the plan period, identified risks are expected to offset these gains in the outyears. The Comptroller continues to project a $22 million annual risk in FY 2027 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, it did not adjust its outyear projections. Accordingly, the Comptroller's Office reflects a $22 million annual shortfall in rental income in each of the outyears of the plan.

State Aid and the Governor's Executive Budget

State actions play an unusually significant role in shaping the City's financial outlook this year. The Governor's Executive Budget proposes increases in school aid, child care assistance, youth services, and public health funding, alongside tax policy changes that directly affect City revenues. Although the State budget has not yet been enacted, the February Plan assumes adoption of several of these proposals, resulting in materially higher projected State support beginning in FY 2026.

State categorical aid in the Financial Plan totals $20.50 billion for FY 2026, or 16.8 percent of the City's operating budget. Aid declines slightly to $20.31 billion in FY 2027 and averages $20.49 billion annually in the outyears. The February Plan recognizes State categorical aid increases of $917 million in FY 2026, $1.45 billion in FY 2027, $1.71 billion in FY 2028, $1.19 billion in FY 2029, and $1.20 billion in FY 2030. These projections include both recurring State funding as well as additional amounts dependent on enactment of the Governor's proposed budget initiatives.

Overall, Governor Hochul's State Executive Budget Proposal for State Fiscal Year (SFY) 2027 totals $262.7 billion after amendments, a 1.7 percent increase over the latest SFY 2026 estimate. A substantial portion of the categorical aid growth reflected in the February Plan is tied to Executive Budget proposals. The City has assumed 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, but not yet legislated, categorical support.

In addition to categorical aid, the February Plan also assumes $500 million in one-time, unrestricted State aid in FY 2026 proposed by the Governor. Although not categorical, it remains subject to State budget enactment. Including the unrestricted aid brings State aid up to 17.2 percent of the City's FY 2026 operating budget.

The Governor's Executive Budget also includes several tax policy changes that affect City revenues. These include proposals to decouple New York City from certain Federal corporate tax provisions, repeal the Distressed Provider Sales Tax Intercept, expand SCRIE and DRIE eligibility, and conform to Federal tax treatment of tips. The February Plan assumes these items will pass; both OMB's and this Office's estimated impacts are discussed in detail in the Tax Revenue Analysis section of this report.

The Governor also proposed legislation to overhaul the J-51 tax incentive to better support capital repairs for New York City's rent-stabilized housing stock – this proposal would expand program eligibility, increase the benefit level, and extend J-51 rehabilitation abatements for eligible work through 2036. This change is not reflected in the February Plan.

State Executive Budget Aid Proposals

The Governor's Executive Budget proposes significant resources for the City's budget this year, including traditional funding for school aid, funding commitments for the Mayor's new 2-K program, and additional commitments to assist the City in closing its structural funding gap. The February Plan includes many, but not all of these items.

Proposals reflected in the City's February Financial Plan include:

- For FY 2027, an increase of $788 million in State-funded school aid, including $383 million in additional Foundation Aid, $235 million funding for the City's 3-K and Pre-K programs and $73 million in funding to help launch the City's universal child care program for two-year olds (for which the Governor also committed to $425 million in funding in the State's next budget);
- $300 million in annual youth prevention, diversion, and services reimbursement related to the Raise the Age program that was previously inaccessible to the City;
- 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;

Proposals included in the Governor's Executive Budget but not yet reflected in the City's Financial Plan include:

- 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 $77 million for enhanced police presence on subways across City fiscal years 2026 and 2027 – this funding requires a matching amount from the City.

Overall, the Governor's Executive Budget is estimated to have a net positive impact of $882 million in City FY 2026 and $2.509 billion in FY 2027, as summarized in Table 30. These estimates remain subject to change pending final State budget enactment in April 2026.

Table 30. Potential Impact of Proposed FY 2027 State Budget

($ in millions)	FY 2026	FY 2027	Two-year Total
School Aids	**$0**	**$788**	**$788**
Increase Foundation Aid	$0	$383	$383
Increase Expense-Based and Categorical Aid	$0	$332	$332
Provide 2-Care in NYC	$0.0	$73.0	$73.0
Positive Spending Impacts	**$380**	**$1,263**	**$1,643**
Article 6 Public Health - Reset NYC to Other County Levels	$60	$60	$120
Support Local Detention Capital Costs	$0.5	$1.9	$2.4
Continue Funding for NYPD Subway Safety	$19.3	$57.8	$77.1
Increase Child Care Block Grant	$0	$844	$844
NYC Youth Prevention, Diversion, and Services Funding	$300	$300	$600
Negative Spending Impacts	**($19)**	**($59)**	**($78)**
Implement Local Costs of Chip-Enabled Cards for EBT	$0	($0.7)	($0.7)
NYC Share of NYPD Subway Deployment	($19.3)	($57.8)	($77.1)
Revenue Impacts	**$521**	**$516**	**$1,038**
One-time Municipal Aid	$500	$0.0	$500
Repeal Distressed Provider Sales Tax Intercept	$37.5	$150	$188
Modify the Vendor Registration Program	$0.7	$3	$3
Impose Tax on Alternative Nicotine Products	$0	($4.0)	($4.0)
Extend the SUT Vending Machine Exemption	($3)	($3.8)	($7.8)

($ in millions)	FY 2026	FY 2027	Two-year Total
Decouple NYC from Certain H.R. 1 Provisions	$0	$454	$454
Extend Alternative Fuels Exemption	$0	($0.1)	($0.1)
Eliminate Tax on Tips	($14)	($71.)	($85.0)
SCRIE and DRIE Expansion	$0	($11.5)	($11.5)
Total Net Impact	**$882**	**$2,509**	**$3,391**

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

Notes: Numbers may not add due to rounding; table is an estimate reflecting the Comptroller's Office's best approximation of potential State impacts.

Other State Actions

Other proposed actions included in the State Executive 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 four additional years.
- $25 million in funding for Subway Co-Response Outreach Teams (SCOUTs) to expand the program by 50 percent to 15 teams.
- Granting New York City the right to install speed limiting devices in the vehicles of chronic speeders.
- Boosting by $150 million the aggregate amount available under the City's Musical and Theatrical Production Tax Credit.
- Increasing programs available through CUNY Reconnect, the free college program for those aged 25-55 who choose to return to school; the program will also offer a nursing degree.
- Establishing 25-foot protest buffer zones around houses of worship and healthcare facilities.
- Funding the design and preliminary engineering of the Second Avenue Subway project expansion crosstown along 125th street and advancing design to reconstruct the Jamaica Station transportation hub.
- Reforming the 1976 State Environmental Quality Review Act (SEQRA) to streamline building by setting a two-year deadline on project environmental review and reclassifying which projects require review.

Federal Aid

Federal aid in the February Plan totals $8.89 billion for FY 2026 or 7.3 percent of the City's operating budget. A total of $297 million in Federal funding has been recognized since the November Plan in FY 2026. The largest increase was $171 million for Section 8 costs at the Department of Housing Preservation and Development (HPD), with the remainder spread among a variety of programs. Federal revenue projections fall to $7.26 billion in FY 2027, with similar amounts in subsequent years.

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 (OBBBA), as well as through the Trump Administration's numerous unilateral attempts to cut, terminate, pause, and rescind many Federal grants already awarded. The Trump Administration has also been adding 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.

Programs impacted—or potentially impacted if lawsuits against them do not prevail—by Federal action 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 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.

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. The City is developing a plan to use alternative funds to cover these vouchers, which is not yet reflected in the City's financial plan. As of the February Plan, $54 million in Federal funds are budgeted for EHV vouchers in FY 2026 and $13 million in FY 2027.

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, early last month it reported that the Federal government had not approved these vouchers, eliminating that option.[12] If an alternate funding source is not identified it could put pressure on the City budget to help households remain in their apartments.

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.

States with a payment error rate of 13.34 percent or above in Federal FYs 2025 and/or 2026 have cost-sharing delayed by one or two years. New York State will have to maintain its 2024 error rate at roughly the same level or higher for FY 2025 and FY 2026 to receive the temporary exemption. 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 $750 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.[13] 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

[12] NYC still struggling to replace emergency housing vouchers set to expire under Trump - Gothamist

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

present immigrants.[14] 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.

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 Federal Poverty Level (FPL), eliminating no-cost health insurance for 470,000 individuals statewide, including 230,000 in New York City. If approved, the State would then revert to its original BHP framework on July 1, 2026. This would allow access to that program's surplus funds of around $10 billion that the State could use (until exhausted) to cover non-citizen Essential Plan enrollees up to 200 percent of FPL. This change would also enable 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 would either lose coverage entirely or pay for coverage through the ACA Marketplace.

Because CMS is still reviewing the State's request, Governor Hochul's Executive Budget assumed the proposal was not approved and effectively ends the full Essential Plan program. The Budget assumes the State would transfer approximately 500,000 lawfully present immigrants with incomes below 138 percent of the FPL to State-funded Medicaid and result in 1.2 million individuals statewide losing coverage.[15]

Both options—although far more under the second option—will 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 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 putting pressure on the city's public hospitals and community health providers See the New York City Health + Hospitals section for additional details.

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[14] 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.

[15] https://gothamist.com/news/hochul-scrambles-to-save-health-program-insuring-17m-people-in-ny

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)[16], 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.

Continuum of Care (CoC): The Trump Administration announced in November it would cut funding for permanent housing provided under the CoC Program for calendar year 2026. The CoC provides funding to end homelessness nationwide. Approximately 90 percent of funding provided through the CoC historically funds permanent housing. In the recently released Notice of Funding Opportunity (NOFO), however, the Federal Department of Housing and Urban Development (HUD) limited funding for this purpose to only 30 percent of the $3.9 billion FFY 2025 funding total. In late December, a Federal court issued a preliminary injunction stopping HUD from implementing the new NOFO. As a result, HUD reopened the prior year's version of the NOFO in January. The Trump Administration has made clear that if the court order is no longer in effect, it intends to implement the new NOFO. Congress added protective language to its recently approved appropriations bill that establishes a timeline by which HUD will need to renew existing CoC grants to prevent gaps in funding as the lawsuit continues. [17,18]

Last year, the New York City CoC was awarded $174 million, supporting over 8,000 units of permanent housing. In 2023, the CoC was awarded an additional $60 million through a special Supplemental NOFO to Address Unsheltered and Rural Homelessness. While most of the funding flows directly to non-profit housing providers, $48.9 million in CoC funding is currently included in the City's February Financial Plan for FY 2026, $47 million in FY 2027, and $42.5 million in FY 2028 through FY 2030. Most of the budgeted funding is for HPD's Project-Based Rental Assistance with Supportive Services program (also known as Shelter Plus Care), which provides project-based rental assistance and supportive services through long term contracts with owners of private apartments.

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[16] Part of the funding reflected in the City's budget is provided by the State, though specific breakouts are unavailable.

[17] Pursuant to Preliminary Court Order, HUD Announces FY24-25 CoC NOFO is Open to Process All Eligible Renewals | National Low Income Housing Coalition

[18] https://www.csh.org/2026/02/fy26-hud-appropriations-bill-clears-congress-essential-housing-investments-protected-as-fy26-bill-advances/

Expenditure Analysis

Total FY 2026 general fund expenditures as presented in the February Plan are $122.37 billion, a 3.3 percent increase over FY 2025 actual general fund expenditures of $118.47 billion. 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. FY 2026 expenditures are also artificially lowered because $980 million in costs are funded through the City's off-budget reserves in the City's Revenue Stabilization Fund, to be repaid in FY 2028. Adjusting for these costs (adding back the impact of prepayments, prior payables, and the spending in off-budget reserves, as well as taking out $50 million in unallocated budgeted reserves in FY 2026) provides a more accurate measure of the spending growth over time. Net these adjustments, FY 2026 spending totals $127.35 billion, a 4.5 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 6.5 percent increase ($3.72 billion) in personnel services (PS) spending. Salaries and wages are budgeted to increase by 4.3 percent ($1.42 billion), pension costs by 4.7 percent ($467 million), health insurance by 11.3 percent ($1.08 billion), and other fringe benefits by 17.1 percent ($754 million). See the Health Insurance section of this report on the changes in the cost of health insurance for City employees and retirees. Other than personal services (OTPS) costs, excluding debt service, are budgeted to increase by 1.5 percent ($868 million). However, $893 million of the $922 million in unallocated citywide savings are budgeted for OTPS spending. Debt service costs are projected to increase by 12.1 percent ($915 million).

In FY 2027, adjusted expenditures total $127.37 billion, just a $19 million increase compared with FY 2026, as shown in Table 31. In FY 2027, the adjusted total includes adding back the prepayments mentioned above, as well as adjusting for the use of funds from the RHBT to pay $229 million in health insurance costs, which are budgeted to be repaid in FY 2028. The overall spending difference in FY 2027 compared with FY 2026 is driven by a 3.0 percent increase in PS costs ($1.83 billion), largely due to a $1.19 billion increase in spending on salaries and wages. The PS increase is offset by a $2.83 billion decrease in budgeted OTPS costs. However, the total $1.06 billion in unallocated savings included for FY 2027 is budgeted in OTPS costs. Debt service costs are projected to increase by 12.0 percent ($1.03 billion).

Overall, from FY 2026 through FY 2030, adjusted expenditures are budgeted to grow at an average annual rate of 2.2 percent. This growth is driven by spending on PS costs, which are projected to grow at an annual rate of 3.0 percent and debt service costs, which are projected to increase at an average annual rate of 9.6 percent. Spending on OTPS is projected to stay relatively flat throughout the outyears.

Table 31. FY 2026-FY 2029 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	$34,647	$35,835	$37,628	$38,428	$39,268	13.3%	3.2%
Pensions	10,382	10,421	11,407	10,871	10,412	0.3%	0.1%
Health Insurance	10,638	11,016	11,572	12,100	12,729	19.7%	4.6%
Other Fringe Benefits	5,156	5,381	5,608	5,803	6,008	16.5%	3.9%
Subtotal: PS	**$60,824**	**$62,652**	**$66,215**	**$67,201**	**$68,416**	**12.5%**	**3.0%**
Other Than Personal Service (OTPS):							
Medicaid	$6,437	$6,790	$6,940	$7,090	$7,240	12.5%	3.0%
Public Assistance	2,764	2,746	2,746	2,746	2,746	(0.7%)	(0.2%)
Judgments and Claims	1,266	1,148	1,068	981	998	(21.2%)	(5.8%)
Contractual Services	28,458	26,143	25,972	25,893	26,255	(7.7%)	(2.0%)
Other OTPS	19,097	18,361	19,431	20,064	20,750	8.7%	2.1%
Subtotal: OTPS	**$58,023**	**$55,188**	**$56,157**	**$56,773**	**$57,988**	**(0.1%)**	**0.0%**
Debt Service	**$8,503**	**$9,527**	**$10,563**	**$11,533**	**$12,280**	**44.4%**	**9.6%**
Expenditures Excluding Reserves Only	**$127,349**	**$127,368**	**$132,936**	**$135,508**	**$138,684**	**8.9%**	**2.2%**
Retiree Health Benefits Trust		($229)	$229				
Prior Year Payable Adjustment	($500)						
BSA and Discretionary Transfers	($3,549)	($238)					
Rainy Day Fund	($980)		$980				
General Reserve	$50	$100	$1,200	$1,200	$1,200		
Capital Stabilization Reserve			$250	$250	$250		
Total Expenditures	**$122,370**	**$127,001**	**$135,595**	**$136,958**	**$140,134**	**14.5%**	**3.4%**

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

Note: 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).

Headcount

As shown in Table 32, full-time authorized headcount in the February Plan totals 307,247 for FY 2026, with the number of authorized full-time employees declining by 960 positions in FY 2027 to 306,287, settling at 306,383 by FY 2030. The 0.3 percent decrease over the plan period is primarily due to a decline in civilian headcount.

Table 32. Total Funded Full-Time Year-End Headcount, February 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	127,927	127,933	127,933	127,933	0.1%
City University	4,289	4,289	4,289	4,289	4,289	0.0%
Subtotal	**132,066**	**132,216**	**132,222**	**132,222**	**132,222**	**0.1%**
Uniformed:						
Police	35,025	34,975	35,160	35,160	35,160	0.4%
Fire	11,294	11,294	11,294	11,294	11,294	0.0%
Correction	7,060	7,060	7,060	7,060	7,060	0.0%
Sanitation	7,957	7,963	7,963	7,963	7,963	0.1%
Subtotal	**61,336**	**61,292**	**61,477**	**61,477**	**61,477**	**0.2%**
Civilian:						
Dept. of Education	12,737	12,603	12,603	12,603	12,603	(1.1%)
City University	1,739	1,735	1,735	1,735	1,735	(0.2%)
Police	14,039	13,899	13,899	13,899	13,899	(1.0%)
Fire	6,283	6,272	6,272	6,240	6,240	(0.7%)
Correction	1,751	1,746	1,739	1,739	1,739	(0.7%)
Sanitation	1,668	1,661	1,661	1,661	1,661	(0.4%)
Admin. for Children's Services	7,082	7,089	7,089	7,089	7,089	0.1%
Social Services	12,517	12,502	12,502	12,502	12,502	(0.1%)
Homeless Services	2,204	2,115	2,114	2,114	2,114	(4.1%)
Health and Mental Hygiene	6,210	5,954	5,925	5,928	5,927	(4.6%)
Finance	2,015	2,021	2,024	2,024	2,024	0.4%
Transportation	5,956	5,999	6,016	6,030	6,030	1.2%
Parks and Recreation	5,142	5,024	5,024	5,023	5,023	(2.3%)
All Other Civilians	34,502	34,159	34,162	34,124	34,098	(1.2%)
Subtotal	**113,845**	**112,779**	**112,765**	**112,711**	**112,684**	**(1.0%)**
TOTAL	**307,247**	**306,287**	**306,464**	**306,410**	**306,383**	**(0.3%)**

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

Compared with the November Plan, total full-time authorized headcount increased by a total of 1,470 positions in FY 2026 and 1,990 in FY 2027. Of those, 1,181 positions (80.3 percent) in FY 2026 and 1,228 positions (61.7 percent) in FY 2027 are new positions. The remaining increase is due to technical headcount adjustments made by OMB. Agencies accounting for most of the increase in authorized positions include the:

- DOE for Early Childhood and Special Education staffing (415 in FY 2026 and 963 in FY 2027);
- Law Department for attorneys and legal staff (102 in FY 2026 and 300 in FY 2027);
- DSS for the Mayor's Shelter to Housing Action Plan and SNAP eligibility staff (195 in FY 2026 and 348 in FY 207);
- DHS for outdoor structures and shelters (212 in FY 2026 and FY 2027);
- DOHMH for 2-K Inspections and Early Intervention Connection, Child Care Regulation and Monitoring, the Jamaica Neighborhood Plan including a new Queens Neighborhood Health Action Center and a new Trauma Recovery Center, staffing for the new, state-of-the-art Public Health Laboratory, and technical headcount adjustments (161 in FY 2026 and 125 in FY 2027); and
- ACS for Juvenile Justice, Child Care Program Integrity, and Children's Center staffing and support services (55 in FY 2026 and 63 in FY 2027).

Noticeably absent from the February Plan is additional authorized pedagogical headcount to meet the State's mandate to reduce class sizes in city schools, despite increased funding of $600 million in FY 2027 and $1.0 billion FY 2028 and out. This results in overall pedagogical authorized headcount remaining relatively flat. This Office will monitor if the City realigns its headcount forecast in the Executive Budget. For more details on class size funding, see the Education and Child Care section of this report.

Projected headcount decreases in the outyears by 122 in FY 2028 and 2,618 in FY 2029 comparatively. This is primarily due to the reversal of 5,000 additional NYPD officers added by the outgoing Adams administration.

Table 33. Full-Time Headcount Changes, February 2026 Financial Plan vs. November 2025 Financial Plan

	FY 2026	FY 2027	FY 2028	FY 2029
Pedagogical:				
Dept. of Education	331	708	708	708
City University	0	0	0	0
Subtotal	**331**	**708**	**708**	**708**

	FY 2026	FY 2027	FY 2028	FY 2029
Uniformed:				
Police	0	(300)	(2,414)	(4,914)
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	0	0	0	0
Subtotal	**0**	**(300)**	**(2,414)**	**(4,914)**
Civilian:				
Dept. of Education	84	255	255	255
City University	0	0	0	0
Police	97	0	0	0
Fire	10	0	0	0
Correction	0	0	0	0
Sanitation	0	0	0	0
Admin. for Children's Services	55	63	63	63
Social Services	195	348	348	348
Homeless Services	212	212	212	212
Health and Mental Hygiene	161	125	128	135
Finance	5	5	5	5
Transportation	9	32	31	31
Parks and Recreation	0	0	0	0
All Other Civilians	311	542	542	539
Subtotal	**1,139**	**1,582**	**1,584**	**1,588**
TOTAL	**1,470**	**1,990**	**(122)**	**(2,618)**

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

As of January 31, 2026, the City's actual full-time workforce totals at 292,483. As mentioned in the Office's February Economic and Fiscal Outlook Newsletter, the City's actual full-time headcount has increased by 1,324 staff since October 2025. The DOE recorded the largest portion of the increase, netting an additional 565 pedagogical staff and 153 civilian staff. This results in a total DOE pedagogical staff of 124,603 as of the end of January. Actual uniformed headcount also increased across all four uniformed agencies during this period. For detailed agency-level data, please visit the NYC Agency Staffing Dashboard.

Assuming some hiring for the remainder of the fiscal year, the Comptroller's Office projects that non-overtime salary and some fringe costs for full-time employees will total about $300 million less than currently budgeted by OMB for FY 2026. However, this savings is projected to be almost completely offset by about $300 million in additional costs for unsalaried staff based on the pace of spending in the first seven months of the fiscal year.

Chart 6. 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 November through January of FY 2026; they are derived from initial payroll results and have not yet been published by OMB.

Planned Hiring But with Vacancy Reduction. Against the February Plan's authorized headcount, the City has 14,764 vacancies, equating to a 4.8 percent vacancy rate. The Mamdani administration has said it will lift the 2-for-1 hiring freeze that was put into effect by the Adams administration in April 2024. However, as part of the Citywide Savings Plan, for the freeze to be lifted, agencies must first agree to a vacancy reduction plan that would reduce their City-funded civilian vacancies (based on their January actual compared to the November Plan authorized headcount) by 50 percent with the funding for those vacancies taken as savings. Agencies could then hire vacant positions up to the remaining amount in their full-time salary budget. This could be less than their remaining number of vacancies, however.

Although the financial plan establishes authorized headcount levels for each agency, those positions are not always fully funded. As a result, many agencies cannot hire up to their authorized staffing levels without additional funding. While the February Plan has a total City-funded civilian authorized headcount of 90,698, the Comptroller's Office estimates that only 87,066 are fully funded in terms of budgeted salaries. This calculation uses the average actual salaries paid by agencies to their employees to derive the fully

funded headcount. This leaves agencies with approved positions that they do not have the resources to fill. Part of this imbalance stems from the Adams administration's 2023 PEG, which recognized personnel service savings without reducing the associated headcount, as identified in this Office's 2023 report on the State of the City's Economy and Finances.

The new vacancy reduction program exacerbates the issue by removing a share of vacancies that are unsupported by an agency's budget, while deducting the full cost of those positions, leaving some "authorized" vacancies that may not be fully supported by the remaining budget. If implemented citywide, the Comptroller's Office estimates this could reduce about 3,500 vacancies and save approximately $300 million in FY 2026.

As shown in Table 34, while the new City-funded authorized civilian headcount after the vacancy reduction program would be approximately 87,000 positions, the Comptroller's Office estimates that the full-time salaries budget can only support 83,500 such positions. This could mean that some agencies would not be able to fill their vacancies with their remaining full-time salary budget.

Table 34. Vacancy Reduction Program Analysis if Implemented Citywide

	Total City Funded Civilian Headcount	Source
Nov Plan Authorized Headcount	90,567	OMB FT and FTE Staffing Levels Report-Nov 2025
Feb Plan Headcount Changes	131	OMB FT and FTE Staffing Levels Report-Nov 2025 & Feb 2026
Feb Plan Authorized Headcount	90,698	OMB FT and FTE Staffing Levels Report-Feb 2026
Funded Headcount as of the February Plan	87,066	Comptroller's Estimate
Estimated Vacancy Reduction	(3,512)	Comptroller's Estimate
New Authorized Headcount	87,186	Comptroller's Estimate
Funded Headcount after Vacancy Reduction	83,554	Comptroller's Estimate

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

Overtime

The FY 2027 Preliminary Budget includes $1.89 billion for overtime expenditures, about 22 percent or $533 million lower than the current FY 2026 estimate of $2.43 billion.

The FY 2026 overtime projection in the February Plan was revised upwards significantly, by $722 million when compared to the November Plan, for a total increase of

$760 million since the adopted budget to address the year-to-date spending on overtime by City agencies. Uniformed overtime accounts for the majority of the increase, rising by $585 million since budget adoption, including an increase of $277 million for NYPD, $183 million for DOC, $68 million for Department of Sanitation (DSNY) and $57 million for Fire Department (FDNY). Civilian agencies' overtime projections rose by $175 million, including $51 million for civilians within the NYPD.

While funding was also added for FY 2027 and the outyears in the February Plan, the increases were lower, averaging about $200 million annually. The FY 2027 and future year projections appears overly optimistic when compared to recent spending trends. Between FY 2023 through FY 2025, overtime spending averaged $2.58 billion annually, growing from $2.42 billion in FY 2023 to $2.71 billion in FY 2025.

To slow the growth in annual overtime costs, the City has directed agencies, primarily uniformed agencies, to closely monitor and implement procedures to reduce overtime usage. The Mayoral Directive issued in December 2024 aimed directly at curbing uniformed overtime spending, which accounts for about 70 percent of total overtime expenditures. As discussed below, the NYPD has shown particular improvement in overtime usage since the directive was put into place.

The Comptroller's Office, however, estimates that FY 2027 overtime costs—predominantly for uniformed personnel at NYPD and DOC—will likely remain nearer to FY 2026 levels than currently budgeted, requiring the addition of $189 million in City funds for NYPD and $141 million for DOC. The Comptroller's Office estimates an additional $51 million will be required for FDNY in FY 2027. Civilian overtime spending averaged $782 million annually between FY 2023 through FY 2025, largely due to lower headcount levels. With the Mayor's intended increase in headcount levels, this cost is expected to be lower in FY 2027 at approximately $612 million, requiring the addition of $75 million to the budget. This results in a total overtime need of $456 million in FY 2027. In FY 2026, given the additions to uniformed agency overtime in the February Plan, the Comptroller's Office estimates the additional overtime need is $133 million for civilian agencies only.

Table 35. Projected Overtime Spending, FY 2026 and FY 2027

($ in millions)	FY2026 Adopted Budget	FY 2026 February Plan Overtime	FY 2026 Comptroller's Projection	FY 2026 Additional Funding Required	FY 2027 Preliminary Budget Overtime	FY 2027 Comptroller's Projection	FY 2027 Additional Funding Required
Uniformed							
Police	$512	$789	$866	($77)	$634	$823	($189)
Subway Safety Reimbursement	n/a	0	(77)	77	0	0	0
Fire	393	450	450	0	399	450	(51)
Correction	154	337	337	0	159	300	(141)
Sanitation	153	221	221	0	163	163	0
Total Uniformed	$1,212	$1,797	$1,797	$0	$1,355	$1,736	($381)
Civilian							
Police-Civilian	$90	$141	$141	$0	$142	$142	$0
Social Services	42	42	70	(28)	42	70	(28)
All Other Agencies	321	445	550	(105)	353	400	(47)
Total Civilians	$453	$628	$761	($133)	$537	$612	($75)
Total City	**$1,665**	**$2,425**	**$2,558**	**($133)**	**$1,892**	**$2,348**	**($456)**

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

Police Uniformed Overtime. The February Plan reflects a marked improvement in budgeting for NYPD uniformed annual overtime costs. Between FY 2023 and FY 2025, the City budgeted an average of $429 million annually at budget adoption for NYPD uniformed overtime compared to an actual fiscal year-end average cost of $912 million annually, making it a chronically underbudgeted cost as shown in Chart 7. For FY 2026, NYPD uniformed overtime is currently budgeted at $789 million and averages $642 million annually for FY 2027 through FY 2030. This includes $259 million added for FY 2026 in the February Plan and an average of $121 million added in FY 2027 through FY 2030. Budgeting annually for NYPD uniformed overtime remains challenging due to unplanned activities that may arise in the City, such as protests and demonstrations. Unplanned activities can fluctuate significantly from year to year. For example, in FY 2023, the cost associated with unplanned activities accounted for 3 percent of the total uniformed overtime cost. In FY 2024 and FY 2025, that cost averaged about 13 percent of the annual uniformed overtime cost.

Chart 7. NYPD Uniformed Overtime Spending, Actual FY 2019-FY 2025, Projected FY 2026-FY 2030

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

Note: In FY 2026, $18 million shown as "Funding Adjustments Post Adoption" were added in the November 2025 Financial Plan. In FY 2026 the Governor's Executive Budget includes $77 million in reimbursement for NYPD overtime for subway safety initiatives.

Heightened concerns about safety in the New York City subway system have further increased NYPD overtime costs, resulting in additional overtime costs of $151 million in FY 2023, $144 million in FY 2024, and $161 million in FY 2025. The City and the State have jointly funded the programs initiated to combat concerns about subway safety. So far, the City received reimbursements from the State of $62 million in FY 2023, $41 million in FY 2025, and $36 million in FY 2026 (without State reimbursements in FY 2024). Crime on the subway declined by 4 percent in 2025 when compared to 2024. In addition, the State's FY 2027 Executive Budget includes another $77 million for continued NYPD subway deployment, which, if passed will offset FY 2026 NYPD overtime cost.

NYPD has improved its management of overtime usage during the last 13 months. The department's response to the City-issued directive has shown some level of success. Over that period, monthly uniformed overtime spending averaged $71 million, about $6 million lower than monthly average for Fiscal Year 2024, as shown in Chart 8. Based on the pace of spending through the first seven months of FY 2026, the Comptroller's Office projects that NYPD will spend about $866 million for FY 2026 uniformed overtime, notwithstanding any unplanned incidents and prolonged demonstrations related to immigration enforcements. This is 10 percent less than the $960 million spent on NYPD

uniformed overtime last year. For FY 2027, uniformed overtime is currently budgeted at $634 million. If overtime costs continue to decline somewhat, the Comptroller's Office projects that an additional $189 million in City funding would be required, as previously mentioned.

Chart 8. NYPD Uniformed Overtime Monthly Spending, FY 2024, FY 2025 and Year-to-Date FY 2026

Source: Office of the New York City Comptroller, NYC Financial Management System (FMS)

Note: Post June – overtime paid after June and reflect collective bargaining adjustments. FYs 2024, 2025 - Unplanned Events OT costs were $138 million and $102 million, respectively, due to events such as asylum seeker crisis and protests about the Israel/Palestine conflict.

Department of Correction (DOC). DOC spent $307 million on uniformed overtime in FY 2025 and is on target to spend $337 million in FY 2026. For several years, the department has increasingly relied on overtime usage to meet day-to-day operations. A major contributing factor is the department's ongoing difficulty in hiring new officers. The department has not been able to hire up to authorized headcount level.

In 2015, management of the jails at Rikers Island was placed under a Federal monitorship to address systematic issues and mismanagement plaguing the jails. A decade later, the guidelines and recommendations outlined by the monitor have not resulted in much improvement. As a result, the Federal judge has now appointed a Federal Receiver (remediation manager) to work with the City to implement corrective measures. The

receiver's main role will be to implement recommendations and guidelines relating to security, safety, staffing, management, and officers' use of force.

It is uncertain how the receivership will affect uniformed staffing levels at DOC. For now, the Comptroller's Office estimates that uniformed overtime spending in FY 2027 will remain at levels comparable to its projected annual cost for FY 2026.

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). The February Plan increased funding for these services in FY 2026 by $74 million from $1.44 billion to $1.52 billion. Funding falls to $1.02 billion in FY 2027, and then slowly ramps down to $1.00 billion in FY 2030.

The Comptroller's Office estimates the City will commit approximately $1.20 billion for FY 2026, based on historical trends. This would result in a potential City-funds savings of $170 million in the current fiscal year. Historically, the City conservatively budgets in the Adopted Budget and then adjusts spending during the fiscal year. It is likely that agencies will still require these services at a similar level in the outyears. Therefore, the Comptroller's Office estimates it would require an additional $95 million in City funds in FY 2027, growing to $105 million in FY 2028 through 2030. The City could reduce its reliance on these services, as the Citywide Savings Program looks to achieve recurring savings through program consolidation and insourcing.

Health Insurance

In the Preliminary Budget, the City estimates that employees' and retirees' pay-as-you-go health insurance costs will be $10.79 billion for FY 2027. When compared to the FY 2026 projection of $10.64 billion, there appears to be an increase of only $149 million in FY 2027 over FY 2026. The FY 2027 health insurance projection, however, is reduced by the use of $229 million from the Retiree Health Benefits Trust Fund (RHBT) to pay for retiree pay-as-you-go health insurance. After adjusting for this initiative, health insurance projection for FY 2027 is $11.02 billion.

The City is using the funds from the RHBT to meet expenditures for FY 2027 and has budgeted repayment of the funds to the RHBT in FY 2028. As shown in Table 36, after

adjusting for the RHBT payment, health insurance projections are expected to increase to $11.57 billion in FY 2028, then to $12.1 billion in FY 2029 and to $12.73 billion in FY 2030. The projections assume 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 FYs 2027 and 2028, by 4.8 percent in FY 2029, and by 4.7 percent in FY 2030.[19]

Table 36. Projected Pay-As-You-Go Health Expenditures

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Department of Education	$3,582	$3,776	$3,887	$3,937	$3,996
CUNY	168	183	187	194	202
All Other	6,888	6,827	7,728	7,968	8,531
PAYGO Health Insurance Costs	$10,638	$10,787	$11,801	$12,100	$12,729
Adjustment for RHBT Payment	$0	$229	($229)	$0	$0
Adjusted PAYGO Health Insurance Costs	**$10,638**	**$11,016**	**$11,572**	**$12,100**	**$12,729**

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.

When compared to the November Plan, annual health insurance projections were revised upwards by a net of $830 million in FY 2026, $583 million in FY 2027, $1.109 billion in FY 2028, $877 million in FY 2029, and $948 million in FY 2030. Table 37 outlines the actions that impact the health insurance projections.

[19] 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.

Table 37. Increases/(Decreases) to Health Insurance Expenditures in the February Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Stabilization Fund Costs (HISF)	$911	$1,144	$1,227	$1,319	$1,424
HIP Rate Increase					
All Other Employees	235	239	256	273	295
DOE	167	172	182	194	208
CUNY	6	7	7	8	8
NYCE PPO Health Savings	(411)	(791)	(840)	(891)	(953)
HISF Payment to City	(112)	(112)	(112)	(112)	(112)
RHBT Payment	0	(229)	229	0	0
Other - DOE	27	135	196	196	196
All Other Adjustments	7	18	(37)	(110)	(118)
Net Increase	**$830**	**$583**	**$1,109**	**$877**	**$948**

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.

At the FY 2026 budget adoption the projected amounts for health insurance reflected an expected Health Insurance Plan of Greater New York HMO Preferred (HIP-HMO) premium rate increase for active employees and pre-Medicare retirees of 5.5 percent for FY 2026.[20] However, the New York State Department of Financial Services (DFS) approved a final FY 2026 HIP-HMO premium rate increase of 12.2 percent in response to Emblem Health's request for a 12.7 percent increase to the rate due to continued increases in healthcare costs. The approved rate increase resulted in additional costs to the City of $527 million in FY 2026, $539 million in FY 2027, $574 million in FY 2028, $612 million in FY 2029, and $657 million in FY 2030. The City only partially adjusted funding for the additional costs in the November Plan for HIP-HMO and non-Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP) members for $118 million in FY 2026, $121 million in FY 2027, $129 million in FY 2028, and $137 million in FY 2029.[21] The FY 2030 cost for these members is $146 million.

[20]According to its administrative code, the City budgets for health insurance at the HIP-HMO rate for active employees and pre-Medicare retirees.

[21]The City previously offered premium-free health insurance plans to its employees and pre-Medicare retirees through two Emblem Health companies: the Health Insurance Plan of Greater New York HMO Preferred (HIP-HMO) and the Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP).

The City did not fund the additional costs for GHI-CBP contracts/members due to the planned change of health plan for these members. As of January 1, 2026, these members were transferred to the New York City Employees PPO or NYCE PPO plan (a fully self-funded plan) that replaced the GHI-CBP (a minimum-premium plan). The additional costs from the HIP-HMO premium increase for these members is $408 million in FY 2026, $418 million in FY 2027, $445 million in FY 2028, $475 million in FY 2029, and $511 million in FY 2030 and were added in the February Plan.

The NYCE PPO plan continues to be premium-free for City employees and is projected by the City to result in lower health insurance costs annually. Savings are anticipated due to the elimination of profit margin costs, lower administrative expenses, and improved network provider discounts. This enables the City to benefit from lower health premium rates when compared to the HIP premium rates. As such, the health insurance projections were then lowered annually in the February Plan by the projected savings of the new plan compared to the HIP-HMO rate, $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.

The annual savings from the new plan, however, are more than offset by funds added to the February Plan to fund obligations of the HISF. The HISF was created in the mid 1980's to equalize the GHI-CPB and HIP-HMO health insurance premiums. (See this Office's recent fiscal note and audit for more details on the Fund). Because the City is required to pay health insurance premiums at the HIP-HMO rate, when the GHI-CBP plan premiums were lower than HIP-HMO premiums, the City makes "equalization payments" equal to the difference into the HISF. Conversely when the GHI-CPB premiums are higher than the HIP-HMO, the HISF is required to pay the difference.

For several fiscal years, the annual GHI-CBP premium was lower than the annual HIP-HMO premium. This led to a higher than anticipated balance in the fund. Over time, the City and unions drew from the fund balance to offset wage increases and to provide other health benefits. In recent years, however, GHI-CBP premiums were about equal or higher than HIP-HMO premiums, leading to a structural deficit and a depletion of available resources in the fund.

The City and the Municipal Labor Committee (an umbrella group representing the City's municipal labor unions) through agreements committed funds in the HISF to pay for certain health benefits for City employees such as chemotherapy treatments, home care services, and subsidies for mental health services. Additionally, $112 million was to be transferred annually from the HISF to the City's general fund. The City will continue meeting the obligations of the HISF, pending negotiations with the MLC, and has included funds in the February Plan of $911 million in FY 2026, $1.144 billion in FY 2027, $1.227 billion in FY 2028, $1.319 billion in FY 2029, and $1.424 billion in FY 2030.

Additional funds were also added to the DOE's budget of $27 million in FY 2026, $135 million in FY 2027, $196 million in each of FY 2028 through FY 2030 mainly to fund health insurance costs for planned increases to pedagogical headcount and early childhood education support staff.

Pensions

The February Plan projects pension expenditures of $10.42 billion in FY 2027, $11.41 billion in FY 2028, $10.87 billion in FY 2029, and $10.41 billion in FY 2030. The FY 2027 estimate is slightly higher than the current FY 2026 projection of $10.38 billion. These projections reflect reductions of $170 million in FY 2027, $365 million in FY 2028, $547 million in FY 2029, and $717 million in FY 2030 to lower pension system costs associated with the FY 2025 combined investment gain of 10.3 percent.[22] The adjustments were reflected in the November 2025 Financial Plan and will be incorporated in the updated actuarial valuations.

Compared to the November Plan, pension spending estimates increased by $16 million in FY 2026, declined by $99 million in FY 2027, rose by approximately $11 million annually in FYs 2028 and 2029, and decreased by $19 million in FY 2030. Approximately, $6 million annually was added to the pension reserve to support recently enacted legislation, including funding of about $4 million each year for enhanced retirement benefits for Tier 3 FIRE members. Under the new provisions, members retiring with 20 years of service are eligible for an annual benefit equal to 50 percent of Final Average Salary (FAS). Previously, Tier 3 members retiring with 20 years of service received 42 percent of FAS, with benefits increasing to 50 percent only after 22 years of service.

The FY 2027 and FY 2030 projections were reduced by $69 million and $26 million, respectively, to recognize the impact of lower headcount levels. In addition, the City reduced planned funding for the pension systems' administrative expenses by $49 million in FY 2027.

Education and Child Care

The February Plan budgets $36.78 billion for the Department of Education (DOE) in the current fiscal year (excluding intra-city funds), a net increase of $1.77 billion compared to the November Plan, as shown in Table 38. The DOE budget is expected to rise in FY 2027 to $38.02 billion, reflecting a year-to-year increase of about $1.24 billion.

[22] Investment gains or losses above or below the actuarial interest rate assumption (AIRA) of 7 percent will decrease or increase pension expenditures by similar amounts beginning the second fiscal year following the given fiscal year returns.

Following significant additions in the February Plan, DOE's budget now reaches $39.53 billion in FY 2028, $39.59 in FY 2029, and $40.03 billion in FY 2030.

Table 38. Department of Education Funding Detail-February Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total DOE Funding*	**$36,777**	**$38,021**	**$39,529**	**$39,594**	**$40,031**
City Funds	20,167	20,891	22,048	22,538	22,975
State Funds	14,371	14,942	15,294	14,869	14,869
Federal Funds	2,070	2,029	2,029	2,029	2,029
Other Categorical	170	159	159	159	159
February Plan Changes	1,767	2,608	3,376	3,307	
Year-to-Year Changes		**$1,243**	**$1,508**	**$65**	**$437**

Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget
Note: *Net of intra-city funds

The funding added in the February Plan addresses the significant funding needs identified by this office in its report on the November Plan, which as of that plan totaled $988 million for FY 2026 and rose to $2.31 billion by FY 2029. The FY 2026 shortfall was primarily addressed with City funding, with a total of $1.55 billion added to the DOE in City funding in the February Plan. Among the major needs addressed for FY 2026 with City funding are $565 million added for due process cases, $302 million for early childhood education (ECE) services, $134 million for pupil transportation, $106 million for related services contracts, $100 million to support the core operations of the Division of Instructional and Information Technology (DIIT), $86 million for Individualized Education Support Plan (ISEP) funding, and $16 million to address the Summer Rising COVID-19 Fiscal Cliff. The funding for DIIT operations and IESP support were not continued into FY 2027 and the outyears.

In FY 2027, City funding for due process cases increased by $550 million, and $600 million in FY 2028 and the out years, compared to the November Plan. As shown in Chart 9, due process case funding is one of the City's chronically underbudgeted costs addressed by the Mamdani administration in this financial plan.

Chart 9. Due Process Cases Spending, FY 2019-FY 2025 Actual, FY 2026-FY 2030 Projected

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

In addition, the City increased funding by $380 million for ECE in FY 2027 and the out years. City funding for Summer Rising also increased to $106 million to support the program in 2027 and the out years. In FY 2027 and subsequent years, significant City funding was also added for the purpose of meeting the State's mandate to reduce class size: $543 million in City funding in FY 2027 and $943 million in FY 2028 and out. This City funding is supplemented by $57 million in proposed State Contracts for Excellence funding to raise the total class size funding to $600 million in FY 2027 and $1.00 billion annually in FY 2028 – FY 2030. Updates to the class size mandate progress are detailed later in this report.

For FY 2027, the City utilized proposed but not yet enacted increases in the State's Foundation Aid to fill funding gaps for charter school leases ($101 million in FY 2027 and out), contracted related services ($106 million in FY 2027 and out), and for additional Pre-K funding ($235 million in FY 2027 and out). Additionally, the proposed Foundation Aid funding supported several increases to special education funding, including $50 million for increased D75 classes and $70 million for special education preschool, both funded from FY 2027 – FY 2030. Outside of Foundation Aid, the February Plan also includes $73 million in State funding in FY 2027 and $425 million in FY 2028 to support the launch of universal child care for 2-year-olds, known as 2-K (more details below).

Despite this progress, some City funding needs remain in the outyears, as shown in Table 39, totaling $449 million in FY 2027 and each subsequent year.

Table 39. Projected Education-Related City Fund Needs in the February 2026 Financial Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
School Custodial Costs	$0	$180	$180	$180	$180
Technology	0	100	100	100	100
IESP Support	0	86	86	86	86
L.V. Order	0	52	52	52	52
Learning to Work	0	31	31	31	31
2-K	0	0	0	425	425
Total	**$0**	**$449**	**$449**	**$874**	**$874**
Promise NYC (ACS)*	**$0**	**$25**	**$25**	**$25**	**$25**

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

Note: Promise NYC is included in this table as it is an early childhood education (ECE) program, despite being funded by ACS.

The DOE's underbudgeting for school custodial costs continues in the February Plan, with an additional $26.3 million added for FY 2026 only, which is in addition to the $154 million added in the May 2025 Financial Plan also for FY 2026 only. Similarly, $100 million was added for FY 2026 only for core technology operations. This covers the $80 million risk from the one-time FY 2025 addition of technology funding but leaves an increased need of $100 million in the following years. Support for Individual Educational Support Plans (IESPs) increased by $86 million in FY 2026 but had no funding added for FY 2027 and out, leaving a funding gap in those years as well. No new funding was added to address the existing risks related to the L.V. litigation orders to pay legal costs for not resolving due process cases in a timely manner, and the Learning to Work program, which is a graduation support program with paid internships; funding needs remain in FY 2027 through FY 2030. Finally, the State sponsored new universal 2-K program is only budgeted for FY 2027 and FY 2028, as described previously; $425 million annually will need to be added to maintain that program in FY 2029 and FY 2030.

Class Size Mandate

The State's class size reduction mandate requires 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. The DOE reports on each class's compliance with the mandate three times a year, in November, February, and June.

The most recent February 2026 class size report shows the current share of classes in compliance remaining slightly under 60 percent, rising to 64 percent when factoring in temporary exemptions allowed under the mandate for schools either overenrolled or requiring capital expansions. It is worth noting that the number of classes systemwide dropped by 2,264 from the November to the February reports, due to decreased enrollment compared to the projections made for school year 2025 – 2026. Based on the November Class Size Report, this Office calculated that the DOE would need to hire 9,457 teachers to staff an adequate number of classrooms to make each school compliant with the mandate when fully implemented. As of the February report, the number of teachers required declined to 9,231. An additional 1,702 teachers have been hired since the beginning of November 2025, with an attrition of 1,524 teachers, resulting in a net gain of 178 teachers since this Office's last analysis and a total of 3,662 teachers for school year 2025 - 2026. This is 42 teachers less than the full 3,704 positions funded to meet the class size mandate targets for FY 2026 included in the financial plan.

To meet full compliance by September 2027, the City will also need to hire 9,231 teachers. The Chancellor included in his January 29, 2026 testimony to the New York State Joint Legislative Budget Hearing on Elementary and Secondary Education that the DOE plans to hire 6,000 teachers for the upcoming school year at a cost of $602 million. The February Plan includes $543 million in City funding and $57 million in State Contract for Excellence funding for a $600 million total in FY 2027. The City contribution rises to $943 million in FY 2028 and the outyears, for total outyear additional funding of $1.0 billion per year for class size. This amount is in line with the Comptroller's Office's estimates of the required cost of hiring necessary teachers.

Funding in the February Plan only includes the cost of hiring the teachers necessary to reach 100 percent compliance with the class size mandate. While the teacher hiring risk may have been financially addressed, significant operational challenges remain. First, hiring 6,000 teachers by this upcoming September as planned will be difficult. The DOE received funding for 3,704 teachers for FY 2026 and has been unable to hire and retain that number of net teachers more than halfway through the school year. The DOE has not offered details on hiring plans for the 6,000 additional teachers to meet compliance by September.

Furthermore, as discussed in this Office's Annual State of the City's Economy and Finances report, the capital construction costs of room conversions in existing classrooms, building additions and annexes, and building new schools to create sufficient classroom space still present many challenges. DOE has previously projected

class size-related capital needs at approximately $18 billion, significantly exceeding the $6.1 billion allocated for class size construction in the School Construction Authority's (SCA's) capital plan. More recently, the new Chancellor stated in his testimony that more efficient use of underutilized existing space could reduce the need for new construction, potentially lowering the overall capital cost needed to achieve compliance. To read more about the SCA's capital plan to reduce class sizes, please see the Capital Commitment Plan section of this report.

Early Childhood Education

The February Plan includes $2.49 billion for DOE early childhood education (ECE) in FY 2026, a net $302 million increase from the November Plan's $2.19 billion. This increase is comprised of City funding, which successfully addresses the ECE budget shortfall present in the November Plan. $173 million of that amount was added for universal services, including Pre-K and 3-K; the other $129 million was added for income-eligible Extended Day/Year (EDY) services.

In FY 2027 the ECE budget increases to $2.87 billion and in FY 2028 to $3.22 billion, a landmark high for the ECE budget. The $373 million rise in FY 2027 funding is driven by increases in both City and State funding for ECE. The February Plan adds $380 million in City funding for ECE in FY 2027 and the outyears. A proposed change to Pre-K and 3-K funding in the New York State Executive FY 2027 Budget would also add $235 million in State funding for Pre-K and 3-K annually beginning in FY 2027. Of that proposed State funding, $205 million is intended for expansion of 3-K services to support universal availability, and the other $30 million will support Pre-K services in public schools.

In addition, FY 2027 sees the introduction of State funding of the City's new 2-K program. The City's recently announced 2-K program is planned to begin September 2026, with 2,000 seats rolling out in targeted zip codes. The February Plan reflects $73 million for FY 2027 proposed in the State's Executive Budget, as well as $425 million for FY 2028, as the Governor committed to fully fund the program in its first two years of operation. The goal of the program is to scale up to 10,000 children in year two, and achieve universal access by year four in FY 2030. However, the notable absence of a City budget for 2-K in FY 2029 and FY 2030 creates a gap in those years that will need to be addressed in a future plan.

As shown in Chart 10, the City's budgets for 3-K and Pre-K are projected to increase in FY 2027 compared to FY 2026, by $252 million and $68 million, respectively. Budgeted funds for EDY programs are projected to decline slightly, by $20 million. Despite the addition in the February Plan of $166 million in City funding over the November Plan

budget for EDY services, the total budget for EDY services declines due to the final sunsetting of DOE-contracted Head Start services in FY 2026 and FY 2027.

Chart 10. Early Childhood Education Budget Detail, FY 2025 – FY 2030

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

Note: A former PEG in Pre-K/3-K services was changed to an addition of $25 million to the Pre-K/3-K budget in the February Plan. This amount is included in the Pre-K budget in the above graph.

The Comptroller's Office also continues to estimate that $25 million in funding is needed to extend Promise NYC beyond FY 2026. Promise NYC is the City's child care program for immigrant children under three who are not eligible for other publicly supported programs. It is City-funded and administered by the Administration for Children's Services (ACS). No additional funding has been added in the February Plan for services in FY 2026 or beyond.

Child Care Vouchers

Child care voucher utilization has expanded significantly since the pandemic, reflecting policy changes and increased demand. 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 (child welfare vouchers), 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.

Low-income voucher usage grew nearly 700 percent from the beginning of calendar 2022 through the end of 2025, and the program is now operating at historically high levels, despite recent declines due to funding limitations. More recently, mandated vouchers for public assistance recipients have also increased (at a much slower clip) in response to the re-implementation of work requirements that were suspended during the pandemic. Overall child care voucher issuance peaked in July 2025 at 112,158 vouchers and usage has declined modestly since then, but it remains elevated relative to pre-pandemic levels. The leveling off reflects a recent City policy to limit new enrollment and establish a waitlist, which currently includes approximately 16,000 children. The Comptroller's Office projects that the City will average nearly 109,000 vouchers in FY 2026, a 19.1 percent increase over FY 2025.

Chart 11. Average Monthly Child Care Vouchers by Type (February 2020 to End of Year 2025)

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

Note: Mandated and Child Welfare voucher data is only available through the end of September. October to end of December estimates were calculating using existing share split of these two types of vouchers.

This growth represents a structural expansion in the scale and cost of the program. The February Plan does not reflect the City's full allocation of State and Federal child care funding, as has been the case in previous financial plans as well. Even after incorporating baseline funding from the State's FY 2026 Enacted Budget, the City would face a small shortfall in FY 2026, and a much larger gap in the outyears.

To address this need, the Governor proposed in her Executive FY 2027 Budget a substantial increase in the statewide Child Care Assistance Program, establishing a new recurring baseline of approximately $2.4 billion. Based on prior year shares, the Comptroller's Office anticipates that New York City will receive approximately $1.43 billion under the new baseline, with roughly $1.30 billion directed toward voucher funding.

In addition to increasing the recurring baseline, the proposal includes up to $475 million in one-time aid for the City, available on a matching basis. Together, the increased baseline and one-time funding provide sufficient resources to support projected voucher costs in FY 2026 and FY 2027 *if* current population projections continue. However, because a portion of the proposed support is one-time, a structural funding risk remains in the outyears.

Child Care Voucher Funding and Need

FY 2026. The Comptroller's Office currently forecasts FY 2026 voucher expenditures of $1.89 billion, driven by a leveling off of mandated vouchers for families on public assistance and a nearly 1 percent per month decline in the number of low-income vouchers, which remain high relative to last year despite the waitlist.[23] The February Plan does not fully reflect funding from last year's State Enacted FY 2026 budget. The Comptroller's Office anticipates an additional $567 million in voucher funding, consisting of $154 million in Child Care Block Grant funding, a one-time $350 million allocation, and $62.8 million in recurring State child welfare funding, bringing total expected FY 2026 funding to $1.78 billion – a shortfall of roughly $110 million.

If the Governor's current Executive Budget allocations are enacted, however, the City is expected to be able to draw down approximately $110 million in State FY 2027 funding for April 2026 to June 2026 utilization, due to the April 1 start of the State fiscal year. This would allow total available City FY 2026 funding to reach $1.89 billion, fully covering projected expenditures and requiring no additional City funding.

[23] Because the City has not indicated that it will disenroll low-income families participating in the voucher program, the Comptroller's Office assumes an attrition rate of 0.94 percent per month, reflecting ongoing month-to-month declines. Growth in mandated and child welfare vouchers is calculated on a rolling average. This Office also calculates a 21 percent cost increase from FY 2026 to FY 2027, from an average weekly cost per voucher of $334 per week to $404 per voucher per week to account for a likely market rate increase.

Table 40. Child Care Voucher Funding, FY 2026

($ in millions)	FY 2026 (as of Nov 2025 Plan)	*Anticipated Additions Not Yet Reflected in Budget*	*Accelerated Funding from Governor's Proposed Increase*	Total Estimated FY 2026 Funding
CCBG*	$818	$154	*$110*	$1,083
City Tax Levy	381	0	*0*	381
State Child Welfare	13	63	*0*	76
One-time State Boost	0	350	*0*	350
Total	**$1,212**	**$567**	***$110***	**$1,890**
Comptroller's Preliminary Budget Estimated FY 2026 Cost				**$1,890**

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 $126 million is budgeted for DOE, as described below.

FY 2027. Beginning in FY 2027, the February Plan includes only $772 million annually for vouchers, far below projected need. Based on current utilization trends and an anticipated market rate increase, the Comptroller's Office estimates that approximately $2.13 billion will be required in FY 2027. If the City incorporates the Governor's proposed recurring CCBG allocation (approximately $1.30 billion for New York City), maintains State child welfare funding, and draws down a portion of next year's one time funding as a match to the City's $379 million maintenance of effort already included in the Financial Plan, total funding would again approximate projected costs.

Table 41. Child Care Voucher Funding, FY 2027

($ in millions)	FY 2027 (as Budgeted in the February Plan)	*Anticipated Additions*	Total Expected Funding
CCBG*	$380	$919	$1,299
City Tax Levy	379	0	379
State Child Welfare	13	63	76
One-time State Boost	0	379	379
Total	**$772**	**$1,360**	**$2,132**
Comptroller's Preliminary Budget Estimated FY 2027 Cost			**$2,134**

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 $110 million of accelerated funding from the following year's allotment to cover amount forwarded to FY 2026.

FY 2028 and Out. The Comptroller's Office estimates that costs will remain at approximately $2.13 billion per year in FY 2028 and out, assuming stable utilization. While incorporation of the higher recurring State baseline significantly improves the funding outlook, not all funding added in the Governor's Executive Budget is recurring. After applying the remaining portion of the proposed one-time State aid ($475 million less $379 million), a shortfall remains: FY 2028 would require approximately $284 million in additional City funding; and FY 2029 and FY 2030 would require at least $380 million in additional City funding.

These estimates assume stable utilization trends and do not account for the growing waitlist of approximately 16,000 children, which the Comptroller's Office estimates would require approximately an additional $280 million per year at current costs. To date, the City has not announced a policy change to accept families off the waitlist. The Mayor's new 2-K proposal and the previously announced expansion of the City's after school program could reduce the number of children on the waitlist. But, given programmatic uncertainties, current voucher utilization levels are assumed in the outyears of the estimate. For additional background, see the *Child Care Vouchers* inset of the December 2025 Annual State of the City's Economy and Finances.

City Services for People Seeking Asylum

More than 242,300 asylum seekers have passed through the City's intake system as of February 15, 2026, with 30,020 individuals currently in shelter. The in-shelter population peaked in January 2024 at approximately 69,000 individuals and has since declined by

56 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 had slowed to approximately 0.2 percent. The Comptroller's Office expects the census to continue decreasing at this slower rate.

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 the DHS and phase out emergency sites in favor of a more standardized, compliant response.

Budget Impacts and Funding Included in the February Plan

Budgeted amounts for asylum-seeker services in the February Plan have stabilized following sharp increases and decreases over the past two years that mirrored census trends at the time. The FY2026 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 February Plan added $60 million in FY 2026 only, $64 million increase in City funds and a decrease of $4 million in State funds.

Table 42. Budgeted Amounts by Financial Plan (All Funds), Including FY 2023 — FY 2025 Actual

Plan ($ in millions)	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

Plan ($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
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

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 $1.23 billion in FY 2026 and more than $3.9 billion across the February Plan. Compared with the November Plan, the City-funded portion increased by $64 million, entirely in FY 2026. Beginning in FY 2027, all funding for asylum seeker services is assumed to be City-funded, totaling $2.7 billion from FY 2027 through FY 2030, FY 2028 and out are currently placeholder values of $500 million each.

State Aid. The New York State Enacted Budget, signed by Governor Hochul on May 9, 2025, continued funding to support the City's asylum seeker spending. The State Mid-year Financial Plan Update released in October 2025 did not include any changes. The Governor's Proposed FY 2027 Executive Budget, released in January 2026, reduced the State's overall funding, but continued to fulfill commitments made in earlier plans. The City is expected to receive $3.2 billion from FY 2023 – FY 2026, including $204 million in FY 2026. As of the end of February 2026, the City has received $2.18 billion in State funds.

Federal Aid. The February Plan includes approximately $37.4 million of Federal funding in FY 2026, the only remaining Federal funding for asylum seekers in the Plan (unchanged from the FY 2026 Adopted Budget and November Plan). OMB anticipates a total of $238.2 million in Federal aid (lower than the budgeted amount of $245 million due to a technical issue) for services provided in prior fiscal years and through FY 2026. Of this, $237.3 million is from FEMA, discussed below, while the remaining $0.7 million is funded by the Centers for Disease Control (CDC) and used for tuberculosis prevention and immunizations.

The City has received $120 million in Federal FEMA funding to support asylum seeker services. An additional $80.5 million in FEMA Shelter and Services Program (SSP) was deposited, then removed from the City's accounts in February 2025. The Comptroller's Office considers all amounts above the received FEMA funds to be a risk. For additional information on prior allocations, please see the 2025 State of the City's Economy and Finances.

Table 43. Funding for Asylum Seekers as of the February 2026 Financial Plan (including FY 2023, FY 2024, and FY 2025 Actuals)

($ in millions)	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
City	$1,232	$2,323	$1,477	$1,228	$1,200	$500	$500	$500	$8,959
State	242	1,310	1,455	204	-	-	-	-	3,211
Federal	-	120	88	37	-	-	-	-	245
Total	**$1,474**	**$3,752**	**$3,020**	**$1,469**	**$1,200**	**$500**	**$500**	**$500**	**$12,415**

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 the HPD and the NYC Mayor's Office of Housing Recover Operations (HRO). In FY 2026, 87 percent of asylum seeker funding is allocated to these two agencies.[24] H+H closed its last site at the end of calendar year 2025, the $57 million in FY 2026 supports its operations prior to the closure. Beginning in FY 2027, more than 99 percent of funding is allocated to DHS, reflecting the planned consolidation of asylum seeker services within that agency.

Table 44. Asylum Seeker Budget by Agency, February 2026 Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
DHS	$1,149	$1,198	$498	$498	$498
HPD	128	1	1	1	1
DCAS	71	-	-	-	-
H+H	57	-	-	-	-
All Other	64	1	1	1	1
Total	**$1,469**	**$1,200**	**$500**	**$500**	**$500**

Note: Numbers may not add due to rounding.
Source: Mayor's Office of Management and Budget

On January 5, 2026, the Mamdani Administration issued Emergency Executive Order 2, requiring agencies to develop a plan to phase out facilities operating under emergency regulatory suspensions and restore compliance with local shelter standards, such as capacity limits and the provision of kitchens for families with children. These

[24] The remaining 13 percent of funding is for legal, health, oversight, prior housing, and other support services.

modifications of certain shelter rules largely enabled the creation of Humanitarian Emergency Response and Relief Centers (HERRCs) and the use of commercial hotels during the peak of arrivals in 2022 and 2023.

On February 19, 2026, the Department of Social Services released an Action Plan outlining three main goals: (1) close the final remaining non-DHS site, the Bruckner, by the end of calendar year 2026, which currently shelters more than 1,900 single adults; (2) bring all single adult shelters into compliance with the standard 200-bed capacity limit by the end of calendar year 2027; and (3) transition families with children from hotels into compliant facilities through the early opening of new shelters and the selective conversion of hotels into permanent facilities. 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 seven months of FY 2026, the City has committed $1.17 billion for services to asylum seekers, of which $936 million has been liquidated (cash outlays). Average monthly liquidations through January 2026 are $134 million. Compared with the same period in FY 2025, the City has committed nearly $1.4 billion less and liquidated $790 million less in FY 2026.

In total, from July 1, 2022, through January 31, 2026, the city has liquidated $8.7 billion for these services. An additional $384 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 received from City Hall to develop projections of the asylum seeker shelter population. Chart 12 below shows the number of individuals in the City's emergency shelters from July 1, 2022 (the start of FY 2023) through February 15, 2026. The census increased in FY 2023, peaked in FY 2024, and declined through FY 2025. 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 closed shelter sites. The number of sites serving this population decreased from 213 in late July 2024 to 157 as of January 31, 2026, of which DHS manages all but one. As previously described, the last remaining site is operated by HPD/HRO and is slated to close by the end of 2026.

Chart 12. Individuals in Emergency Shelters

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

Updated Projections. OMB did not update its population projections in the February Plan but did revise its per diem rate upward. OMB continues to project an average of 11,886 households in shelter per day in FY 2026.

For this report, 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 12,217 households in shelter per day. This represents a modest upward revision from the December projection of 12,016 households, in line with the slower-than-anticipated decline in the shelter census.

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 New York 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.

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 asylum seeker report submitted to the City Council, the cumulative per diem from July 1, 2022, through January 2026 is $369.[25]

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 estimate of $338). The Office projects a lower per diem for FY 2027 and out to $315 per day, reflecting the City's transition to DHS-managed shelters and the closure of the

[25] https://council.nyc.gov/budget/wp-content/uploads/sites/54/2026/02/Asylum-Seekers-Report-January-2026-1.pdf

more expensive emergency sites.[26] Those sites were generally operated under short-term, for-profit vendor contracts, while DHS sites are primarily nonprofit-operated and have cost less historically. However, if fixed costs persist or the transition yields fewer efficiencies than anticipated, the per diem may not decline as projected and require an upward revision.

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, resulting in a higher cost estimate in the current year. The Comptroller's Office estimates a total cost of $1.49 billion in FY 2026, declining to $623 million by FY 2030. The Comptroller's estimate is largely in line with the administration's in FY 2026 and FY 2027. However, in the outyears, this Office estimates that costs will be $490 million higher in FY 2028, $305 million in FY 2029, and $123 million in FY 2030.

Table 45. Comparison of Comptroller's Asylum Seeker Estimate Against the February Plan

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OMB	$1,469	$1,200	$500	$500	$500
Comptroller	$1,469	$1,200	$990	$805	$623
Difference (OMB- Comptroller)	**$0**	**$0**	**($490)**	**($305)**	**($123)**

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

Table 46 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 FY 2026 FEMA aid is at risk, including $37.4 million budgeted in FY 2026, and $87.8 million that was accrued in FY 2025, totaling $125.2 million. The Comptroller's Office assumes State funding in FY 2026 will be consistent with the State's enacted 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.

[26] https://comptroller.nyc.gov/reports/comparing-per-diem-hotel-and-service-costs-for-shelter-for-asylum-seekers/

Table 46. Comptroller's Asylum Seeker Expenditure Differences by Funding Source

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total	**$0**	**$0**	**($490)**	**($305)**	**($123)**
State	$0	$0	$0	$0	$0
Federal	($125)	$0	$0	$0	$40
City	$125	$0	$490	$305	$123

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

Public Assistance

The City's public assistance caseload was to 585,339 recipients as of January 2026, an increase of 75 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. So far in FY 2026, the caseload has declined by more than 17,550, or nearly three percent. This is the first fiscal year with a decline through the first seven months since FY 2021.

Monthly applications have steadily increased since FY 2022 before declining slightly this year. Monthly applications averaged 31,200 in FY 2022, 40,800 in FY 2023, 46,400 in FY 2024, 47,300 in FY 2025, and 46,900 through January of FY2026. While monthly applications have remained mostly consistent over the last two and a half years, the monthly growth rate has slowed down. The FY 2026 average monthly acceptance rate through December 2025 of FY 2026 was 37.0 percent. The rate peaked at 44.2 percent in FY 2022 before declining to 40.9 percent in FY 2023, 35.5 percent in FY 2024, and rebounding to 37.6 percent in FY 2025.

Chart 13. Public Assistance Caseload and Monthly Change, March 2020 – January 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. [27] [28] SNA experienced the largest growth since January 2019, rising by 156,950 recipients, or 109 percent. Converted to SNA increased by over 54,390 recipients (67 percent), and FA rose by 29,040 recipients (24 percent). According to the City's Human Resources Administration (HRA), which administers these benefits, the caseload increase was 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.[29]

Since the beginning of FY 2026 (July 2025) the overall caseload has declined by nearly three 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 late in the summer of 2025, as indicated

[27] Information on programs are available https://otda.ny.gov/programs/temporary-assistance/

[28] https://www.nyc.gov/site/hra/about/facts.page

[29] https://www.thecity.nyc/2024/04/02/safety-net-family-assistance-soars

in the decline in Safety Net Assistance and Family Assistance cases from July 2025 through January 2026.[30]

Chart 14. Public Assistance Recipients by Type

Source: NYC Department of Social Services

The City's projections of baseline grant expenditures was significantly increased in the February Plan, resolving another one of the City's chronically underbudgeted costs. FY 2026 estimates are now $2.76 billion, an increase of $1.1 billion. Outyear estimates were increased as well, and are now $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 historically 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 projections are in line with the Mamdani administration's budgeted amounts.

[30] Pre-pandemic work rules are back this month for NYers who get cash benefits - Gothamist

Federal Supplemental Nutrition Assistance Program

The 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 the February Plan, the City added 203 positions and $3.1 million in FY 2026, rising to $8.8 million by 2030, to support SNAP eligibility specialists and trainers. Of this total, DSS funding for eligibility specialists increased by 183 eligibility positions and $2.14 million in FY 2026, $6.4 million in FY 2027, growing to $6.9 million in FY 2030. The plan also funds 20 SNAP trainers, with $1 million in FY 2026 and $1.9 million in FY 2027 and out. These additional positions stem from SNAP changes in the OBBBA, outlined further below, and primarily assist in reducing the SNAP error rate by processing cases on time and accurately, reducing risks for potential cost sharing.

SNAP Caseload. In November 2025, there were 1.75 million SNAP recipients, across 1.05 million cases in New York City. From November 2024 to November 2025 SNAP cases have declined in New York City, New York State, and nationally. Proportionally, New York City has had the smallest reduction, of just over 2 percent, while statewide cases declined by nearly 3 percent, and nationally they are down by 6 percent. The OBBBA expanded work requirements for non-disabled recipients, likely contributing to some of the national trends for SNAP enrollment. New York currently has a waiver for work requirements for non-disabled SNAP recipients that will expire on March 1, 2026, which may support the slower drop in SNAP enrollment. [31]

OBBBA. The OBBBA introduced major updates to the program affecting eligibility, 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 and out. The Comptroller's Office is including these amounts as risks to the City's Financial Plan. The OBBBA also terminated the SNAP-Ed program as of September 30, 2025, eliminating the $2.2 million previously

[31] https://otda.ny.gov/programs/snap/work-requirements.asp

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 ever (referred to as cost sharing). Cost sharing will depend on a state's error rates 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 through February 2025) was 12.35 percent.[32]

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 33,843 such households were in DHS shelters during the first five months of FY 2026 compared to 32,218 during the same period last year (a 5.0 percent increase). All the growth is in the single adult shelter population, which is 11.6 percent higher than the average at the same point last year, as shown in Chart 15. Conversely, the average number of families in DHS shelter, which includes both families with children and families of related adults, has fallen and is 4.7 percent lower than when compared with the same period last year.

[32] 25DC055 - Summary of SNAP Changes in the One Big Beautiful Bill Act (H.R 1)

Chart 15. DHS Census, Households Not Seeking Asylum July 2023-December 2025

Source: NYC Department of Homeless Services

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

Shelter costs historically have been chronically underbudgeted in the City's financial plans, as shown in Chart 16. To address this, the Mamdani administration added significant funding for shelter costs in the February Plan. Excluding asylum seeker costs, total funding for DHS increased by $433 million in FY 2026 with the increase growing to $1.14 billion in FY 2030. Of that total $427 million were added as part of a shelter capacity re-estimate in FY 2026. This includes $586 million in City funds, while Federal funds were reduced by $134 million, and State fund by $25 million. (Funding for family shelter is shared by the City, State, and Federal governments based on a household's public assistance status. Adult shelter is mainly City funded, apart from a capped State grant). The funding added for the shelter re-estimate grows to $1.12 billion in FY 2030 ($1.15 billion in City funds, with $28 million and $6 million reductions in Federal and State funds, respectively). Another $9.7 million was added in FY 2026 and an average of about $31 million annually each year thereafter for outdoor structures, which funds additional services to support New Yorkers experiencing street homelessness. These increases were offset slightly by technical adjustments of $4 million in FY 2026 and $8 million in FY 2027 and the outyears.

Chart 16. 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: FY 2023 through FY 2025 are actual spending. FY 2026 through FY 2030 are budgeted. In FY 2026, $225 million shown as "Funding Adjustments Post Adoption" were added in the November 2025 Financial Plan. Total exclude budget codes associated with asylum seeker costs and include all City, State, Federal, and Intra-City funding.

Most of the funding increase over the November Plan went to adult shelter costs ($304 million in FY 2026 growing to $711 million in FY 2030) for a total of $1.39 billion budgeted for adult shelter in FY 2026 and totaling $1.57 billion in FY 2030 (all funds), as shown in Table 47. This was followed by increases to general administration costs ($85 million added in FY 2026, growing to $113 million in FY 2030), nearly all going into a holding budget code. The family shelter budget increased by a net $16 million in FY 2026, with the increase growing to $286 million in FY 2030. This results in a family shelter budget of $1.27 billion in FY 2026 growing to $1.41 billion in FY 2030. Funding for outreach, drop-in and reception services were increased by an average of $30 million annually, for a total budget of $456 million in FY 2026, falling slightly to $443 million by FY 2030.

Based on the funds added in the February Plan, and the historic breakdown of City/State/Federal funding for family and adult shelter, this Office estimates that the City funding for non-asylum seeker shelter costs is adequate based on current census levels.

Table 47. February Plan DHS Budget, Excluding Asylum Seeker Costs

($ in millions)	Actual 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030
Adult Shelter	**$1,315**	**$1,392**	**$1,461**	**$1,498**	**$1,536**	**$1,574**
Operations	1,293	1,355	1,429	1,465	1,504	1,542
Intake & Placement	11	24	24	24	24	24
Admin. & Support	11	13	9	9	9	9
Family Shelter	**$1,243**	**$1,273**	**$1,304**	**$1,340**	**$1,377**	**$1,414**
Operations	1,197	1,228	1,258	1,295	1,331	1,368
Intake & Placement	39	31	31	31	31	31
Admin. & Support	7	14	15	15	15	15
Outreach, Drop-in and Reception Services	**$368**	**$456**	**$448**	**$443**	**$442**	**$443**
General Administration	**$79**	**$144**	**$218**	**$216**	**$216**	**$216**
Rental Assistance & Housing Placement	**$0.2**	**$0**	**$0**	**$0**	**$0**	**$0**
Total	**$3,005**	**$3,266**	**$3,431**	**$3,497**	**$3,572**	**$3,647**

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 November 2025, there were a total of 65,092 households utilizing CityFHEPS vouchers.[33] This is 6,369 (10.8 percent) more than the 58,723 households with CityFHEPS vouchers at the end of FY 2025 (June 2025).[34]As shown in Chart 17, the number of households growing year over year totaled 32.0 percent from June 2024 to June 2025, and by 39.4 percent 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.

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

[34] 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 17. Cases Receiving CityFHEPS Subsidy, End of FY 2021-FY 2025 and November 2025

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

Note: For each completed 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 of 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. According to data from DSS, approximately 86 percent of new vouchers issued from June 2025 through November 2025 were used to help households exit shelter, while the remaining 14 percent were issued to help households remain in their 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.[35] 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, which 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.[36] 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 extension rate at year six is very similar to prior years, and that about 90 percent qualify for good cause extension.[37] In 2024 the program expanded so that recipients can use their voucher anywhere within New York State.[38]

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 18, 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. For example, in the first five months of FY 2026, new monthly placements from DHS-shelters using CityFHEPS vouchers totaled 5,982 compared with 4,429 over the first five months of FY 2025, an increase of 35 percent.

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[35] 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 assistant 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.

[36] Rental Assistance Programs – NYC Rules

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

[38] Use of CityFHEPS Vouchers Outside of New York City – NYC Rules

Chart 18. Monthly Housing Placements from DHS Shelter Through DSS-Administered Vouchers July 2017 – November 2025

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.

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). Historically, rental assistance costs have been underbudgeted by the City, particularly under the Adams administration, as shown in Chart 19. To address this, the Mamdani administration significantly increased funding for rental assistance costs. The February Plan adds $710 million for rental assistance costs in FY 2026 ($711 million for CityFHEPS, while other programs were reduced by $1 million). In FY 2027, $1.67 billion was added for rental assistance programs, $2.10 billion in FY 2028, $2.50 billion in FY 2029, and $2.63 billion in FY 2030. This brings total budgeted spending up to $1.92 billion in FY 2026, $2.31 billion in FY 2027, $2.74 billion in FY 2028, $3.13 million in FY 2029, and $3.51 billion in FY 2030. [39]

Since the beginning of FY 2022, the monthly growth in liquidations for all DSS's rental assistance programs has averaged around 3.7 percent. During the first quarter of

[39] These totals include all funding sources. For FY 2026, this includes $1.85 billion in City funding and $68 million in State funding. For FY 2027 this includes $2.29 billion in City funding, $25 million in State funding. For FY 2028 this includes $2.72 billion in City funding and $24 million in State funding, with similar breakdowns in the FY 2029 and FY 2030.

FY 2026, monthly spending growth was close to this historic rate (3.6 percent), although growth slowed somewhat over the second quarter. Over the first two quarters of FY 2026 together, the average monthly growth rate is around 3.0 percent. Assuming the monthly growth rate remains around the historic level of 3.7 percent for the remainder of the year, the Comptroller's Office estimates that the cost of DSS rental assistance programs, as currently administered, will reach $1.95 billion in FY 2026, close to the $1.92 billion currently budgeted by the Mamdani administration. It is possible, however, that additional funding may be necessary in FY 2027 and the outyears, despite the additions by the Mamdani administration.

The administration has indicated that it will continue to prioritize permanent housing placements from shelter, with a goal of increasing them, as part of its strategies to reduce the use of commercial hotels for family shelter, as noted in the DSS Action Plan.[40] Even if the growth slows to half its historic rate (1.9 percent) in FY 2027, rental assistance costs would reach $2.64 billion, requiring the addition of about $300 million in City funding. Assuming the growth rate continues to decline by half to just under 1 percent in FY 2028, and remains at that level through FY 2030, costs would reach $3.87 billion in FY 2030, requiring the addition of about $300 million in City funding in each FY 2028 through FY 2030. Importantly, none of these estimates include the expansion items that were legislated by the City Council but not yet implemented, which are discussed in more detail below.

40 https://www.nyc.gov/content/dam/nycgov/mayors-office/downloads/pdf/press-releases/2026/2-19-eeo2-public-plan.pdf?utm_medium=email&utm_name=&utm_source=govdelivery

Chart 19. Rental Assistance Spending, Actual FY 2019-FY 2025 and Projected FY 2026 - FY 2030

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

Note: Includes Department of Social Services 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), while the estimated additional funding required includes City funds only. Based on FY 2026 funding, additional State funding could total around $40 million in FY 2027 with similar amounts in the outyears. In FY 2026, $448 million shown as "Funding Adjustments Post Adoption" were added in the November 2025 Financial Plan.

The Adams administration proposed some reforms to lower CityFHEPS costs, which have not been implemented. These include discontinuing the 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 were processed.[41] However, after the City announced it would discontinue the payments, it was sued by a group of voucher holders and the Legal Aid Society. The judge issued a temporary restraining order to stop the change because it had not gone through the City rule change process. As a result, the Adams administration initiated the rule change process.[42] Comments on the rule change to end the payments closed in November.[43] It is unclear whether the Mamdani administration will continue to pursue the 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

[41] 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

[42] Can Mamdani Afford to Expand the CityFHEPS Voucher Program? - City Limits

[43] HRA CityFHEPS Unit Hold Incentive Payment Discontinuance Rule – NYC Rules

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.[44]

Audits of the CityFHEPS program released by New York State Comptroller have found administrative weaknesses with the program. An audit released in January 2026 found that weak oversight and administrative lapses in the program have contributed to rising costs and have allowed for the placement of households into unsafe housing. Findings included the placement of households in apartments with serious housing code violations, missing documentation of income or eligibility, and improper payments to landlords. A prior audit released by the State Comptroller in October 2024 also reported "systemic inefficiencies and irregularities" in the administration of CityFHEPS. For the cases reviewed, it took an average of 10 months for households to move into an apartment after they were issued their first "shopping letter" from the City, which enables them to initiate their apartment search. The audit also found that data reliability issues in the system the City uses to determine program eligibility and to record its outcomes, as well as ineligible disbursements of "unit hold payments." According to the audit, between January 2019 and March 2024, the City paid approximately $46.7 million in unit-hold payments, including $1.7 million to ineligible landlords.

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 (currently $53,300 for a three-person household) to 50 percent of Area Median Income ($72,900 for a three-person household). 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.[45]

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,[46] 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

[44] NYC Council Overrides Mayor's Veto of Bill Capping Rents for Voucher Holders - City Limits

[45] 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

[46] For single adults making minimum wage and working at least 35 hours per week incomes can exceed 200 percent of the poverty level.

include a household member that either meets works 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 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 CityFHEPS qualifying program.[47]

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.[48] 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.[49]

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.[50] In July 2025, however, an appellate court reversed the lower court's ruling.[51] The Adams administration appealed this ruling. The Mamdani campaign indicated it would implement the expansion.[52] However, since taking office, the Mamdani administration is attempting to pursue a settlement with the parties.[53] 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

[47] The Rules of the City of New York Section 10-02 Administration of the CityFHEPS Programs.

[48] 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.

[49] The New York City Council - File #: Int 0878-2023

[50] NYC judge blocks measures to expand rental assistance eligibility, siding with Mayor Adams - Gothamist

[51] Mayor Adams must implement controversial and costly City Council housing voucher plan, NY court rules

[52] Tracking where 2025 NYC mayoral candidates stand on policing, transportation and more - Gothamist

[53] Mayor Mamdani Details "Adams Budget Crisis" - NYC Mayor's Office

package to the State Office of Temporary and Disability Assistance (OTDA) for assessment.[54]

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) 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 Metropolitan Transportation Authority (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 adds significant funding to more accurately reflect costs that have been chronically underbudgeted, as shown in Chart 20.

[54] LAS Secures Ruling to Force Implementation of Housing Voucher Reform, Expansion - The Legal Aid Society

Chart 20. MTA Operating Contributions, Actual FY 2019-2025, Projected FY 2026-FY 2030

Source: Office of the New York City Comptroller

The City increased its budgeted contributions by a total of $260 million in FY 2026 (an 18.3 percent increase) and $565 million in FY 2027 (a 40 percent increase), the details of which are depicted in Table 48. Based on the MTA's Adopted Budget released in February, the Comptroller's Office re-estimates that the City will have to contribute $148 million more in FY 2026, with an average of $84 million in the outyears. Not included in this re-estimate is the potential of the State extending the increased Paratransit contribution that is currently in effect in FY 2026 and FY 2027 only, which could increase the City's cost by about $165 million per year in FY 2028 and out.

Table 48. MTA Operating Contributions in November and February Financial Plans, FY 2026-FY 2029

	$ in millions	FY 2026	FY 2027	FY 2028	FY 2029
Nov Plan	Paratransit	$355	$340	$175	$175
	MTA Bus Subsidy	488	498	498	498
	SIRTOA Subsidy	45	45	45	45
	Other Contributions	531	523	524	524
	Total	**$1,418**	**$1,406**	**$1,241**	**$1,241**
Feb Plan	Paratransit	551	599	467	490
	MTA Bus Subsidy	522	738	747	763
	SIRTOA Subsidy	80	81	76	77
	Other Contributions	525	553	556	558
	Total	**$1,678**	**$1,970**	**$1,846**	**$1,888**
Change	Paratransit	196	260	292	315
	MTA Bus Subsidy	34	240	249	264
	SIRTOA Subsidy	35	36	32	32
	Other Contributions	(6)	30	32	35
	Total	**$260**	**$565**	**$604**	**$646**
	Percent Increase	**18.3%**	**40.2%**	**48.7%**	**52.1%**

Source: Office of the New York City Comptroller

The City also funds the MTA through its Fair Fares program. Fair Fares, administered through the DSS, provides half-priced fares for New York City Transit subways, buses, and Access-A-Ride paratransit trips for low-income New Yorkers. The program is available to over 1 million eligible New Yorkers. The February Plan includes $121 million in FY 2026 for the administration of the program, and

a $96 million in FY 2027 and the outyears. Current enrollment still hovers around 30 percent of the eligible population. As of January 31, 2026, $44 million, or only 36 percent of its FY 2026 budget, had been committed. Various transportation advocates have 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 program[55]. This Office will continue to monitor the progress of this advocacy, the expenses against the budget and the enrollment rate.

NYC Health + Hospitals

Transfers from the City budget to NYC Health + Hospitals (H+H), the City's public hospital system and the nation's largest municipal healthcare system, total $2.12 billion in FY 2026 in the February Plan, $1.74 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 payments the City makes as part of its Medicaid budget, which are included in DSS's budget but that ultimately flow to H+H.) H+H, which operates as a separate entity from the City and budgets on a cash basis, will release its updated cash plan in March 2026.

Compared to the November Plan, budgeted transfers from the City to H+H increased by $12 million for FY 2026, $33 million in FY 2027 and $25 million in the outyears. In FY 2026, $13 million in new funds were added for comprehensive adolescent care and H+H warming centers, offset by a $19 million reduction in asylum seekers expenses. In FY 2027 and out, approximately $12 million is baselined for additional services to support New Yorkers experiencing street homelessness. Intra-city expenses of $16 million in FY 2026 and $13 million in FY 2027 and out were added to H+H's budget for the provision of services on behalf of ACS, DOHMH, DCAS and NYPD.

The City's Medicaid expenses are centrally budgeted within DSS, but can impact H+H. For example, an additional $57 million is baselined in the February Plan starting in FY 2026 at DSS to cover the expected growth of the non-Federal share of Disproportionate Share (DSH) payments for H+H due to the State's disallowance of H+H's eligibility for the Indigent Care Pool (ICP) Medicaid supplemental payment. In addition, although the City's contribution to Medicaid costs is capped, supplemental payments are not subject to a cap. Historically, the City has adjusted its Medicaid budget during the fiscal year close, however, the February Plan includes a $123 million allocation (for FY 2026 only) to address the city's remaining Medicaid obligations after factoring in projected supplemental payments.

[55] Budget Letter to Mayor Mamdani Regarding the Expansion of the Fair Fares Program - PCAC

Risks to H+H

This Office has long identified the deleterious impact that cuts to Medicaid would have on the finances of H+H. As described in this Office's Fiscal Note: Risks for Medicaid and Other NY State Healthcare Programs, Medicaid spending makes up more than half of H+H's third-party revenue. OBBBA contained considerable cuts and eligibility changes to Medicaid and the ACA. In total, New York State estimated that it will face a combined $13.5 billion in reduced Federal funding and increased costs each year due to these changes.[56] Since then, the State has proposed to undo the Essential Plan expansion for individuals between 200 percent and 250 percent of the Federal Poverty Level, which would eliminate no-cost health insurance for approximately 470,000 individuals. This proposal would allow the state to access an accumulated surplus of Federal funding to continue to service the remaining enrollees. As previously discussed, the proposal from the state is still awaiting approval from the Trump Administration. Should the State fail to get that approval, the Essential Plan would need to be fully retired. The State would transfer any of the lawfully present immigrants with low enough incomes to a State funded version of Medicaid, but 1.2 million people would lose their coverage.[57] See the Federal Aid section for additional details.

Another major area of concern has been the future of Disproportionate Share (DSH) payments, which provide supplemental funding to hospitals that serve large numbers of Medicaid and uninsured patients. Federal cuts to the DSH program, enacted as part of the Affordable Care Act, 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.

CMS also recently approved its State Directed Payment (SDP) plan. 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 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. Under its approved preprint, H+H may receive retroactive directed payments up to a total of $2.3 billion for the period of July 1, 2024, to March 31, 2025, of which $1.4 billion is the Federal share. OBBBA, however, 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

[56] Annual State of the City's Economy and Finances 2025 - Office of the New York City Comptroller Mark Levine

[57] Hochul scrambles to save health program insuring 1.7M people in NY - Gothamist

grandfathered, delaying the start of these reductions until January 1, 2028, allowing the system to continue receiving higher reimbursement for several additional years.

On March 4, 2026 CMS announced that it identified concerning trends in the State's Medicaid program.[58] 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. While no action beyond the request for information has been made, any potential withholdings or cancelations of payments to the State risk to exasperate the Medicaid funding shortfalls it already faces.

Partnership with Maimonides Health

H+H has newly authorized an affiliation and asset-transfer agreement with Maimonides under a wholly owned subsidiary public benefit corporation named H+H Maimonides with an anticipated close date for the deal of March 31, 2026. This will effectively make both Maimonides and Midwood Hospital subsidiaries of H+H. These subsidiaries will mirror the governance structure of the H+H Board; H+H will become an established Co-operator and will reserve power over the budget, policies, and procedures of the subsidiaries. Under New York State's Safety Net Transformation Program, which provides operational and capital support to financially distressed hospitals, the partnership could receive up to $2.25 billion in awards over five years (including $1.5 billion in operational funding and $500 million in capital for the adoption of EPIC, H+H's electronic health record system and other projects).[59] Maimonides' payer mix is similar to H+H's, and the hospital system has been operating with a growing deficit since the pandemic. The partnership would, in addition to other benefits, allow Maimonides to leverage H+H's State Directed Payment program which results in higher Medicaid rates. While H+H leadership emphasized that the proposal is not an acquisition, H+H would assume Maimonides' real estate leases and responsibility for capital needs. The State has committed to covering Maimonides' deficit for five years but anticipates H+H taking full responsibility by 2031.

[58] Trump administration launches Medicaid fraud probe in New York | AP News

[59] Governor Hochul Unveils Transformative Investments in Six Safety Net Hospitals and Health Care Partnerships Across New York | Governor Kathy Hochul

Fire Department Emergency Medical Services Revenue

The FDNY Emergency Medical Services (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 a State Plan Amendment (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 $96 million in the FY 2021 Adopted Budget and $128 million in baselined revenue. However, the CPE request has never been approved. In each subsequent fiscal year since FY 2021, end of year EMS revenue has come in significantly lower than planned by OMB at the time of budget adoption: by $169 million in FY 2021, $191 million in FY 2022, $168 million in FY 2023, $145 million in FY 2024, $144 million in FY 2025. The need for City funds above the CPE allocations suggests that other third-party reimbursements have also fallen below the City's target.

Chart 21. EMS Revenue, Budgeted versus Actual

Source: Office of the New York City Comptroller

In the February Plan, $146 million of expected Federal funding for EMS revenue was swapped for City funds in FY 2026 only, addressing the current year overbudgeting of Federal funds, but not FY 2027 and the outyears. Given that the State Plan Amendment

for CPE was not approved under the Biden Administration and remains pending after five years—now with a more antagonistic CMS—the Comptroller's Office expects at least $128 million will have to be made up with City-tax levy funding in FY 2027 and the outyears.

Reserves

As previously discussed, the Mamdani administration has tapped into several reserve funds to balance both the FY 2026 and FY 2027 budgets. The February Plan draws down nearly all of FY 2026 and FY 2027 expense budget reserve funds: $1.15 billion from the General Reserve for FY 2026 and $1.10 billion for FY 2027, and all of the $250 million in the Capital Stabilization Reserve in both years As a result, $50 million remains in the General Reserve for FY 2026 and just $100 million for FY 2027. A total $1.45 billion remains in these budgeted reserve funds in the outyears. While it is typical to allocate budgeted reserves for the current year at this point in the fiscal year, it is not typical to draw down future year reserves. The last time the City drew down future year reserves was in response to revenue losses brought on by the pandemic. This leaves almost no room for unanticipated spending next year.

In addition, the February Plan includes the draw down of significant long-term reserves, including nearly half ($980 million) of the $1.97 billion the City has access to in the Revenue Stabilization Fund (RSF) and $229 million from the $5.22 billion the City has access to in the Retiree Health Benefit Trust (RHBT). The City has not previously used funds from the RSF and the last time the City drew down funds from the RHBT was $1.0 billion in FY 2020, again in response to revenue impacts of the COVID-19 pandemic. The City has budgeted to pay back both of these drawdowns in FY 2028.

There are currently no rules governing withdrawals out of or deposits into the RSF. The Comptroller's Office has advocated for the adoption of a rainy-day fund policy, including proposals for withdrawing funds from the RSF. These include allowing withdrawals if there are two consecutive quarters of decline in payroll employment or in case of catastrophic events as, for instance, defined in the legislation for the NYS rainy-day fund. Except in case of catastrophic events, annual withdrawals should be limited to 5 percent of tax revenues in the year before the withdrawals. Neither criterion have been met for the current withdrawal. As for deposits, the proposal calls for depositing at least 50 percent of the difference between current year growth of City's non-property tax revenue and its average growth rate in the previous six-years (when positive).

As for the RHBT, while it historically has been used as such, the RHBT is not a true rainy-day fund as it was intended to cover the long-term liability deriving from retiree health care benefits.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2026 – FY 2030

All-Funds Commitments

The FY 2026 – FY 2030 Preliminary Capital Commitment Plan (February CCP), released in February 2026, totals $112.96 billion in all-funds authorized commitments, a $2.21 billion, or a 2.0 percent increase compared to the Adopted FY 2026 CCP (Adopted CCP), released in September 2025, over the same fiscal years. City-funds authorized commitments make up $108.37 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 $103.50 billion, as shown in Table 50, and City-funds commitments decline to $98.91 billion.

The February CCP, like the previous, is front-loaded with $31.83 billion or 28.2 percent of the all-funds authorized commitments planned for FY 2026. When adjusted for the reserve for unattained commitments, this percentage decreases to 23.5 percent. In FY 2027 the City plans for authorized commitments to fall from the prior fiscal year to $25.69 billion. Authorized commitments in the outyears are lower, with $19.52 billion planned for FY 2028, $18.36 billion for FY 2029, and $17.57 billion for FY 2030.

Table 49. 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
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
Adopted CCP	**$31,356**	**$21,469**	**$20,747**	**$19,435**	**$17,746**	**$110,752**
City	29,115	20,366	20,351	18,957	17,360	106,149
Non-City	2,241	1,103	396	477	386	4,603

Plans ($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2026 - FY 2030 TOTAL
Difference	**$478**	**$4,218**	**($1,229)**	**($1,077)**	**($180)**	**$2,209**
City	407	4,231	(1,235)	(1,095)	(82)	2,225
Non-City	71	(13)	6	18	(98)	(16)

Source: Mayor's Office of Management and Budget, February FY 2026 CCP and Adopted 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 February CCP, 68.5 percent of commitments are in four program areas: Housing & Economic Development, Environmental Protection, Education/CUNY, and DOT & Mass Transit. Housing & Economic Development and DOT & Mass Transit account for 89.0 percent of the total net increase in planned commitments. See Table 50 for more detail.

Of the net $2.21 billion increase since the Adopted CCP, Housing and Economic Development-related projects account for the largest share, at 47.4 percent of the total, or a net increase of $1.05 billion in planned commitments. This is driven by $662 million in additional capital commitments for NYCHA Section 8 conversions and approximately $200 million towards commitments made during the 2025 Long Island City rezoning. Although modest in sum, it is worth noting that the February CCP includes a new $70 million for the Mayor's City-run grocery store initiative.

DOT & Mass Transit projects account for the second largest share of the increase, at 41.6 percent of the total. This amounts to a net increase of $918 million, which is driven by the shift of funds forward from bridge project holding codes outside the plan years into specific bridge projects within the plan timeframe. This is to ensure funding is available earlier should it be needed.

As in the Adopted CCP, the February 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 MTA's Fiscal Year 2020 – 2024 Capital Plan but is not anticipated to open for revenue service until September 2032.[60]

The February CCP also does not include adequate capital funding to satisfy the State mandate to reduce class sizes. According to the DOE's Financial Impact Statement

[60] Governor Hochul Announces Second Avenue Subway Phase 2 Moving Forward With Award of Tunneling Contract | Governor Kathy Hochul

released in late November, the DOE forecasted class size mandate capital costs to be $18 billion.[61] Although, more recently, the new Chancellor stated in more efficient use of underutilized existing space could reduce the need for new construction, potentially lowering the overall capital cost needed to achieve compliance. Although the February CCP includes approximately $18.1 billion (a small $46 million increase since the Adopted CCP) for the entire SCA capital plan, the class size mandate is just one part. Because the CCP aggregates planned commitments to the SCA into one line item, the Comptroller's Office cannot ascertain which portion of these planned commitments 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, includes at most $6.13 billion for class size mandate construction from FY 2025 through FY 2029, well below the $18 billion DOE estimate.

Table 50. FY 2026 – FY 2030 Planned Capital Commitments, All-Funds

($ in millions) Project Category	FY 2026 – FY 2030 February CCP	Percent of CCP Total	Percent of Net Increase	Net Change from Adopted
Housing & Economic Development	$21,655	19.2%	47.4%	$1,047
Environmental Protection	20,166	17.9	4.0	87
Education/CUNY	19,198	17.0	2.6	58
DOT & Mass Transit	16,410	14.5	41.6	918
Admin. Of Justice	13,743	12.2	(6.3)	(139)
Other City Operations	7,791	6.9	1.2	26
Resiliency & Energy Efficiency, Technology, and Equipment	5,655	5.0	0.0	(1)
Parks	5,475	4.8	3.8	83
Hospitals	2,867	2.5	5.9	129
Total Authorized Commitments	**$112,961**	**100.0%**	**100.0%**	**$2,209**
Reserve for Unattained Commitments	**$9,462**	**NA**	**NA**	**($190)**

[61] November 15, 2025 Financial Impact Statement Required by Education Law 211-d – School Construction Authority

($ in millions) Project Category	FY 2026 – FY 2030 February CCP	Percent of CCP Total	Percent of Net Increase	Net Change from Adopted
Total, Net of Reserve for Unattained Commitments	**$103,499**	**NA**	**NA**	**$2,397**

Source: Mayor's Office of Management and Budget, February 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 February CCP, 0.1 percentage points less than its share of the Adopted CCP over the same period.

As noted in the Risks to Federal Funding section of this report, Congress passed a suite of annual appropriations bills on January 30, 2026, which were signed into law by the President on February 3, 2026. The bills had minimal material impact to the City's capital program despite the Trump Administration's proposals for draconian cuts to Federal housing vouchers and Public Housing Authority capital funds. According to the National Low Income Housing Coalition,[62] the legislation slightly increased funding for Tenant Based Rental Assistance and Project Based Rental Assistance, which in part are used to help fund the City's Permanent Affordability Commitment Together (PACT) program to inject capital investment into NYCHA's deteriorating housing stock. Congress, however, decreased funding for the Public Housing Authority operating fund by 14 percent while holding capital funds flat.

On October 1, 2025, the Trump Administration halted $18 billion in Federal funding for the Gateway Project and phase 2 of the Second Avenue Subway. Due to lack of Federal funding, construction on the Gateway Project paused on February 6, 2026. New York and New Jersey attorneys general successfully sued the Federal government, which released all owed funds on February 18, 2026. Construction on Gateway has since resumed.[63] As for phase two of the Second Avenue Subway, the MTA stated that while construction on tunnel boring will continue, they will be unable to award a contract for station excavation should Federal funding continue to be withheld.[64] The MTA sent a letter to the Federal Department of Transportation on February 25, 2026 stating that they will sue if they do not receive funds by March 6, 2026.[65] While these projects do not

[62] FY26 Budget Chart for Selected Federal Housing Programs - National Low Income Housing Coalition
[63] Work on Gateway tunnel project to resume next week - Gothamist
[64] 'Gateway' Drug: Trump Is Holding the Second Avenue Subway Hostage - Streetsblog New York City
[65] MTA threatens to sue Trump Administration over frozen 2nd Avenue Subway funds - Gothamist

directly impact the City's capital plan, they constitute two of the largest infrastructure projects in the City and project delays or cancelations would have a significant negative economic impact.

As noted in the Comptroller's FY 2026 Annual State of the City's Economy and Finances report, the Federal government rescinded approximately $112 million in planned Federal funding for the Queensway Project. In response, the Adopted CCP shifted these funds from FY 2026 to FY 2030. The February CCP completely removed the $112 million in Federal funding.

Financing Program

Total projected new borrowing in the February Plan for FY 2026 – FY 2030 is $90.88 billion. For the period of FY 2026 to FY 2030, the February Plan is $3.33 billion more than the November Plan's estimate. This is the result of a $520 million increase in General Obligation (GO) bond borrowing, a $2.18 billion increase in Transitional Finance Authority Future Tax Secured (TFA-FTS) borrowing, and a $632 million increase in New York City Municipal Water Authority borrowing (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 net increase reflects the City's continued acceleration of capital spending. Because there is considerable lag between when a planned commitment for a project appears in a CCP and when a bond is issued to pay for the project, changes to planned commitments and bond financing are not always synchronized. Most of the increase in financing costs comes from a $2.07 billion, or 13.3 percent, increase to forecasted new borrowing for FY 2026 relative to the same fiscal year in the November 2025 plan. This is in part to accommodate the City's approximately $800 million advance payment to the U.S. Army Corps of Engineers for its work on the Lower Manhattan Coastal Resiliency project. The City anticipated spreading the financing of the advance over a longer period but instead was able to finance the full amount with bond proceeds from transactions that closed in October 2025. In January 2026 the City also accelerated capital spending on affordable housing because of changes to the Federal tax code that made more projects eligible for the Low-Income Housing Tax Credit (LIHTC).

Table 51 shows that estimated new borrowing ranges from a low of $17.59 billion in FY 2026 to a high of $18.83 billion in FY 2028. GO and TFA FTS account for 43.8 percent and 39.7 percent of total borrowing over the five-year period respectively, with NYW accounting for the remaining 16.5 percent.

Table 51. Estimated Borrowing and Funding Sources, February FY 2026 Financial Plan Financing Program

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total	Change from November 2025 Plan (FY 2026-FY 2030)	Source as Share of Total
General Obligation	$7,830	$8,890	$7,720	$7,770	$7,570	$39,780	$520	43.8%
TFA FTS Bonds	7,165	5,850	7,720	7,770	7,570	36,075	2,180	39.7
NYC Water Finance	2,595	3,032	3,392	3,058	2,948	15,025	632	16.5
Total	**$17,590**	**$17,772**	**$18,832**	**$18,598**	**$18,088**	**$90,880**	**$3,332**	**100.0%**
Change from the November 2025 Plan	**$2,065**	**$335**	**$661**	**$267**	**$4**	**$3,332**		

Source: Mayor's Office of Management and Budget, February FY 2026 Plan, November 2025 Plan

Debt Service

Debt service, net of prepayments, in the February Plan totals $8.50 billion in FY 2026, $9.53 billion in FY 2027, $10.56 billion in FY 2028, $11.53 billion in FY 2029, and $12.28 billion in FY 2030.[66] This is a $381 million increase from the November 2025 Plan over the same five-year period. Debt service is projected to increase by an annual average rate of 9.6 percent annually over the FY 2026 – FY 2030 plan period.

The change in total debt service consists of a $97 million increase in net GO debt service costs and a $285 million increase to TFA FTS debt service. There is no change in Lease Purchase debt service. The increases in GO and TFA FTS debt service reflect greater planned debt issuance. Only City funds are used to pay for this increase.

The GO and TFA debt service budgets benefit from some savings. The City conservatively estimates interest rates on variable rate bonds. Due to lower than forecast interest rates on these bonds, the City achieved $18 million in GO variable rate savings and $8 million in TFA variable rate savings in FY 2026. Likewise, the TFA debt service budget achieves roughly $140 million in savings from a TFA FTS bond refunding sold in December 2025. GO and TFA debt service savings are substantially offset by the increase in capital spending.

[66] 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 Federal 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).

Table 52. February FY 2026 Financial Plan Debt Service Estimates

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	February Plan Total	Change from November 2025	Annual Growth Rate
GO	$4,575	$4,968	$5,535	$6,060	$6,295	$27,434	$97	8.3%
TFA FTS	3,817	4,451	4,925	5,360	5,890	24,443	285	11.5
Lease-Purchase	111	108	103	112	95	530	-	(3.7)
Total	**$8,503**	**$9,528**	**$10,563**	**$11,533**	**$12,280**	**$52,406**	**$381**	**9.6%**
Change from November FY 2025	**($40)**	**$40**	**$90**	**$114**	**$177**	**$381**		

Source: Mayor's Office of Management and Budget, November 2025 Plan and February 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 comfortably within the threshold through the five-year financial plan period.

In FY 2025, debt service as a share of tax revenues was 9.5 percent. As discussed in detail in the revenue section of this report, the Office of the Comptroller created three revenue projection scenarios. This Office therefore projects in Table 53 three debt affordability scenarios using the varied revenue projections: "Without passage of NYS tax reforms or new City proposed property tax rate (herein defined as Scenario A), "with passage of NYS tax reforms but without new property tax rate" (herein defined as Scenario B), and "with passage of NYS tax reforms and new property tax rate" (herein defined as Scenario C). Debt service is the same in each debt affordability scenario.

In each scenario, debt service as a share of tax revenue increases across the plan period due to debt service rising faster than tax revenue. Tax revenue projections in Scenarios A and B are increased by 3.4 percent annually over the plan period. As a result, debt service as a share of revenue for Scenarios A and B are the same in each fiscal year of the plan. The Scenario C revenue forecast (4.48 percent annual growth)

includes the Mayor's proposed property tax increase and therefore has an annual growth rate that is 1.1 percentage points higher than Scenario A and B. Consequently, debt service as a share of tax revenue rises to 12.3 percent by FY 2030. This is 0.5 percentage points lower than Scenarios A and B.[67]

Table 53. Projected NYC Debt Service as a Share of Tax Revenues

Revenue Scenarios	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Annual Debt Service Growth	Annual Tax Revenue Growth
Without passage of NYS tax reforms or new property tax rate (A)	10.2%	11.1%	12.0%	12.6%	12.8%	9.6%	3.4%
With passage of NYS tax reforms but without new property tax rate (B)	10.2	11.1	12.0	12.6	12.8	9.6%	3.4%
With passage of NYS tax reforms and new property tax rate (C)	10.2	10.6	11.5	12.1	12.3	9.6%	4.5%

Source: Mayor's Office of Management and Budget February 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 February FY 2026 Plan. 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 through Federal 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).

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 54 incorporates the debt issuance, amortization, and debt service assumptions from the February Plan, which reflects planned capital spending in the February CCP. Table 54 uses the Comptroller's debt limit forecast from February 2026. The column "Remaining Debt-Incurring Power" is calculated as of June 30 of the fiscal year corresponding to the table index. The

[67] The Capital and Debt Obligation report and this report have different amounts for debt service as a percentage of tax revenue for two reasons. First, the CDO report uses the Comptroller's projections of tax revenue as of the FY 2025 June Plan and this report uses revenue projections as of the FY 2026 February Plan. Second, the CDO report includes TFA FTS paid for using State Building Aid from the State for historical numbers while this report excludes those costs to be consistent with OMB's debt service budget.

updated projections show that remaining debt-incurring power is expected to hit a low point of $8.5 billion in Fiscal Year 2032, a $1.6 billion increase from the November 2025 plan low. This may be a somewhat conservative estimate, however. This is because the February CCP does not include the full $3.0 billion State-mandated contribution to the MTA and does not include sufficient commitments to satisfy what the SCA anticipates needing to comply with the class size mandate.

Table 54. Estimate of Remaining Debt-Incurring Power

($ in billions)	General Debt Limit	Debt Applicable to the Limit	Contractual liability, land, and other liabilities	Total Indebtedness	Remaining Debt-Incurring Power
Fiscal Year	(a)	(b)	(c)	(d) = (b) + (c)	(a) - (d)
2026	$140.6	$82.2	$30.4	$112.6	$28.0
2027	$148.0	$92.4	$33.8	$126.2	$21.8
2028	$154.6	$103.0	$35.4	$138.4	$16.2
2029	$162.5	$113.4	$35.1	$148.5	$14.0
2030	$169.6	$123.5	$35.0	$158.4	$11.2
2031	$178.6	$132.8	$35.5	$168.3	$10.3
2032	$184.2	$140.6	$35.1	$175.7	$8.5
2033	$190.0	$146.5	$34.7	$181.2	$8.8
2034	$196.0	$149.6	$35.0	$184.7	$11.3
2035	$202.1	$151.1	$37.9	$189.0	$13.2

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

V. Appendix

Table A1. February 2026 Financial Plan Revenue Detail

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026-2030 Dollars	Change FYs 2026-2030 Percent	Annual Percent Change
Taxes:								
Real Property	$35,466	$40,452	$41,455	$42,674	$44,082	$8,616	24.3%	5.6%
Personal Income Tax and Pass-Through Entity Tax	20,283	21,297	21,349	21,706	22,298	2,015	9.9%	2.4%
General Corporation Tax	6,801	7,286	7,097	6,513	6,584	(217)	(3.2%)	(0.8%)
Unincorporated Business Tax	3,669	3,788	3,878	3,991	4,121	452	12.3%	2.9%
Sales and Use Tax	10,868	11,432	11,976	12,527	12,972	2,104	19.4%	4.5%
Real Property Transfer Tax	1,473	1,529	1,581	1,629	1,645	172	11.7%	2.8%
Mortgage Recording Tax	1,015	1,072	1,090	1,057	1,066	51	5.0%	1.2%
Commercial Rent	950	974	989	1,000	1,015	65	6.8%	1.7%
Utility	512	550	552	563	553	41	8.0%	1.9%
Hotel	815	856	899	919	947	132	16.2%	3.8%
Cigarette	12	12	12	12	12	0	0.0%	0.0%
All Other	1,342	1,232	1,246	1,262	1,270	(72)	(5.4%)	(1.4%)
Cannabis Tax	24	33	39	41	43	19	79.2%	15.7%
Tax Audit Revenue	959	879	879	879	879	(80)	(8.3%)	(2.2%)
City Tax Programs	147	86	42	(78)	(82)	(229)	(155.8%)	(155.8%)
Total Taxes	**$84,336**	**$91,478**	**$93,084**	**$94,695**	**$97,405**	**$13,069**	**15.5%**	**3.7%**
Miscellaneous Revenue:								
Licenses, Franchises, etc.	$741	$712	$715	$716	$716	($25)	(3.4%)	(0.9%)
Interest Income	371	271	270	272	272	(99)	(26.7%)	(7.5%)
Charges for Services	1,055	1,039	1,039	1,039	1,039	(16)	(1.5%)	(0.4%)
Water and Sewer Charges	2,301	2,277	2,313	2,337	2,366	65	2.8%	0.7%
Rental Income	236	260	260	260	260	24	10.2%	2.5%
Fines and Forfeitures	1,308	1,304	1,290	1,296	1,295	(13)	(1.0%)	(0.2%)
Miscellaneous	355	283	279	297	296	(59)	(16.6%)	(4.4%)
Intra-City Revenue	2,275	1,946	1,938	1,931	1,929	(346)	(15.2%)	(4.0%)
Total Miscellaneous Revenue	**$8,642**	**$8,092**	**$8,104**	**$8,148**	**$8,173**	**($469)**	**(5.4%)**	**(1.4%)**
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	$502	$0	$0	$0	$0	($502)	(100%)	(100%)
Total Unrestricted Intergovernmental Aid	**$502**	**$0**	**$0**	**$0**	**$0**	**($502)**	**(100%)**	**(100%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026-2030 Dollars	Change FYs 2026-2030 Percent	Annual Percent Change
Less: Intra-City Revenue	**($2,275)**	**($1,946)**	**($1,938)**	**($1,931)**	**($1,929)**	**$346**	**(15.2%)**	**(4.0%)**
TOTAL CITY-FUNDS	**$91,190**	**$97,609**	**$99,235**	**$100,897**	**$103,634**	**$12,444**	**13.6%**	**3.2%**
Other Categorical Grants	**$981**	**$1,022**	**$1,009**	**$1,006**	**$1,006**	**$25**	**2.5%**	**0.6%**
Inter-Fund Agreements	$808	$800	$801	$804	$804	**($4)**	**(0.5%)**	**(0.1%)**
Federal Categorical Grants:								
Community Development	$428	$269	$249	$247	$243	($185)	(43.2%)	(13.2%)
Social Services	4,126	3,625	3,633	3,647	3,661	(465)	(11.3%)	(2.9%)
Education	1,937	1,901	1,901	1,901	1,901	($36)	(1.9%)	(0.5%)
Other	2,398	1,465	1,396	1,360	1,360	($1,038)	(43.3%)	(13.2%)
Total Federal Grants	**$8,889**	**$7,260**	**$7,179**	**$7,155**	**$7,165**	**($1,724)**	**(19.4%)**	**(5.2%)**
State Categorical Grants:								
Social Services	$2,802	$2,518	$2,517	$2,508	$2,510	($292)	(10.4%)	(2.7%)
Education	14,363	14,934	15,285	14,860	14,861	$498	3.5%	0.9%
Higher Education	304	304	304	304	304	$0	0.0%	0.0%
Department of Health and Mental Hygiene	811	738	738	738	738	($73)	(9.0%)	(2.3%)
Other	2,223	1,816	1,865	1,931	2,002	($221)	(9.9%)	(2.6%)
Total State Grants	**$20,503**	**$20,310**	**$20,709**	**$20,341**	**$20,415**	**($88)**	**(0.4%)**	**(0.1%)**
TOTAL REVENUE	**$122,371**	**$127,001**	**$128,933**	**$130,203**	**$133,024**	**$10,653**	**8.7%**	**2.1%**

Note: Numbers may not add due to rounding.

Table A2. February 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	$190	$181	$182	$180	$180	($10)	(5.4%)	(1.4%)
Board of Elections	214	147	147	147	147	(68)	(31.5%)	(9.0%)
Campaign Finance Board	124	13	13	13	13	(110)	(89.1%)	(42.6%)
Office of the Actuary	8	8	8	8	8	(0)	(0.8%)	(0.2%)
President, Borough of Manhattan	6	6	6	6	6	(1)	(9.8%)	(2.5%)
President, Borough of Bronx	7	6	6	6	6	(1)	(10.5%)	(2.7%)
President, Borough of Brooklyn	8	7	7	7	7	(1)	(13.7%)	(3.6%)
President, Borough of Queens	8	6	6	6	6	(2)	(27.1%)	(7.6%)
President, Borough of Staten Island	5	5	5	5	5	(0)	(8.4%)	(2.2%)
Office of the Comptroller	127	128	128	128	128	1	0.7%	0.2%
Dept. of Emergency Management	89	45	43	42	39	(50)	(56.0%)	(18.5%)
Office of Administrative Tax Appeals	7	7	7	7	7	0	0.2%	0.0%
Law Dept.	319	341	345	345	345	26	8.2%	2.0%
Dept. of City Planning	57	51	51	48	48	(9)	(16.1%)	(4.3%)
Dept. of Investigation	57	48	45	45	45	(12)	(21.6%)	(5.9%)
NY Public Library - Research	38	36	36	36	36	(2)	(5.8%)	(1.5%)
New York Public Library	191	179	179	179	179	(12)	(6.1%)	(1.6%)
Brooklyn Public Library	145	136	136	136	136	(9)	(5.9%)	(1.5%)
Queens Borough Public Library	150	141	141	141	141	(9)	(6.1%)	(1.6%)
Dept. of Education	36,777	38,021	39,529	39,594	40,031	3,254	8.8%	2.1%
City University	1,476	1,492	1,514	1,535	1,553	77	5.2%	1.3%
Civilian Complaint Review Board	29	29	29	29	29	(0)	(0.8%)	(0.2%)
Police Dept.	6,585	6,401	6,462	6,453	6,453	(132)	(2.0%)	(0.5%)
Fire Dept.	2,821	2,646	2,624	2,619	2,621	(199)	(7.1%)	(1.8%)
Dept. of Veterans' Services	7	6	6	6	6	(1)	(9.2%)	(2.4%)
Admin. for Children Services	3,825	3,422	3,470	3,471	3,472	(353)	(9.2%)	(2.4%)
Dept. of Social Services	14,198	14,624	15,201	15,719	16,250	2,051	14.4%	3.4%

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Dept. of Homeless Services	4,414	4,622	3,988	4,063	4,139	(275)	(6.2%)	(1.6%)
Dept. of Correction	1,400	1,264	1,386	1,385	1,384	(17)	(1.2%)	(0.3%)
Board of Correction	4	4	4	4	4	(0)	(3.3%)	(0.8%)
Citywide Pension Contributions	10,382	10,421	11,407	10,871	10,412	29	0.3%	0.1%
Miscellaneous	14,126	15,745	19,131	19,272	20,970	6,844	48.5%	10.4%
G.O. and Lease Debt-Debt Service	4,686	5,076	5,638	6,173	6,390	1,704	36.4%	8.1%
T.F.A. Debt Service	3,817	4,451	4,925	5,360	5,890	2,073	54.3%	11.5%
FY 2025 BSA	(3,787)	0	0	0	0	3,787	(100.0%)	(100.0%)
FY 2026 BSA	238	(238)	0	0	0	(238)	(100.0%)	(100.0%)
Public Advocate	6	6	6	6	6	(0)	(2.8%)	(0.7%)
City Council	115	96	96	96	96	(19)	(16.9%)	(4.5%)
City Clerk	9	6	6	6	6	(3)	(32.7%)	(9.4%)
Dept. for the Aging	619	573	573	572	563	(56)	(9.1%)	(2.4%)
Dept. of Cultural Affairs	301	216	216	216	216	(85)	(28.2%)	(7.9%)
Financial Info. Serv. Agency	127	124	123	123	123	(4)	(3.5%)	(0.9%)
Office of Criminal Justice	1,038	890	889	891	901	(137)	(13.2%)	(3.5%)
Office of Payroll Admin.	19	18	18	18	18	(1)	(5.5%)	(1.4%)
Independent Budget Office	8	8	9	8	8	(0)	(0.4%)	(0.1%)
Equal Employment Practices Comm.	2	2	2	2	2	0	0.1%	0.0%
Civil Service Commission	1	1	1	1	1	0	0.0%	0.0%
Landmarks Preservation Comm.	9	8	8	8	8	(1)	(9.1%)	(2.4%)
Taxi & Limousine Commission	62	58	58	58	58	(4)	(6.6%)	(1.7%)
Office of Racial Equity	6	6	6	6	6	(0)	(1.6%)	(0.4%)
Commission on Racial Equity	5	5	3	3	3	(2)	(41.4%)	(12.5%)
Commission on Human Rights	15	14	14	14	14	(1)	(7.6%)	(2.0%)
Youth & Community Development	1,542	1,628	1,673	1,669	1,669	127	8.2%	2.0%
Conflicts of Interest Board	3	3	3	3	3	0	0.0%	0.0%
Office of Collective Bargaining	3	3	3	3	3	0	0.0%	0.0%
Community Boards (All)	23	22	22	22	22	(1)	(3.7%)	(1.0%)

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Dept. of Probation	110	110	110	110	110	1	0.5%	0.1%
Dept. Small Business Services	357	185	180	179	179	(179)	(50.0%)	(15.9%)
Housing Preservation & Development	2,021	1,455	1,443	1,469	1,468	(553)	(27.4%)	(7.7%)
Dept. of Buildings	232	214	209	209	209	(23)	(9.8%)	(2.6%)
Dept. of Health & Mental Hygiene	2,885	2,501	2,510	2,527	2,546	(340)	(11.8%)	(3.1%)
Health + Hospitals	1,993	1,640	1,681	1,681	1,681	(312)	(15.6%)	(4.2%)
Office of Administrative Trials & Hearings	82	80	80	80	80	(2)	(2.1%)	(0.5%)
Dept. of Environmental Protection	1,885	1,686	1,679	1,677	1,680	(206)	(10.9%)	(2.8%)
Dept. of Sanitation	2,237	2,068	2,087	2,092	2,092	(145)	(6.5%)	(1.7%)
Business Integrity Commission	9	9	9	9	9	(0)	(4.7%)	(1.2%)
Dept. of Finance	382	373	375	376	376	(6)	(1.7%)	(0.4%)
Dept. of Transportation	1,566	1,554	1,550	1,558	1,558	(8)	(0.5%)	(0.1%)
Dept. of Parks and Recreation	707	653	653	653	653	($54)	(7.6%)	(2.0%)
Dept. of Design & Construction	176	163	163	163	163	(13)	(7.2%)	(1.9%)
Dept. of Citywide Admin. Services	773	644	641	642	642	(131)	(17.0%)	(4.5%)
D.O.I.T.T.	810	553	553	554	555	(255)	(31.5%)	(9.0%)
Dept. of Record & Info. Services	16	16	16	16	16	(1)	(3.6%)	(0.9%)
Dept. of Consumer & Worker Protection	82	71	75	75	75	(7)	(8.2%)	(2.1%)
District Attorney - N.Y.	209	180	180	180	180	(29)	(13.8%)	(3.7%)
District Attorney - Bronx	161	143	145	145	145	(16)	(10.2%)	(2.6%)
District Attorney - Kings	199	166	166	167	167	(32)	(16.3%)	(4.3%)
District Attorney - Queens	122	108	108	108	108	(14)	(11.4%)	(3.0%)
District Attorney - Richmond	31	27	27	27	27	(4)	(12.5%)	(3.3%)
Office of Prosec. & Spec. Narc.	32	32	32	32	32	0	0.1%	0.0%
Public Administrator - N.Y.	1	1	1	1	1	0	0.6%	0.2%
Public Administrator - Bronx	1	1	1	1	1	(0)	(22.9%)	(6.3%)
Public Administrator - Brooklyn	1	1	1	1	1	0	0.6%	0.2%

($ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Change FYs 2026 - 2030		Annual Percent Change
						Dollars	Percent	
Public Administrator - Queens	1	1	1	1	1	0	1.0%	0.3%
Public Administrator - Richmond	1	1	1	1	1	(0)	(2.7%)	(0.7%)
Prior Payable Adjustment	(500)	0	0	0	0	500	(100.0%)	(100.0%)
General Reserve	50	100	1,200	1,200	1,200	1,150	2300.0%	121.3%
Citywide Savings Initiatives	(922)	(1,060)	(1,080)	(1,090)	(1,110)	(188)	20.4%	4.7%
Energy Adjustment	0	113	104	78	94	94	N/A	N/A
Lease Adjustment	0	53	108	165	223	223	N/A	N/A
OTPS Inflation Adjustment	0	0	56	111	167	167	N/A	N/A
TOTAL EXPENDITURE	**$122,370**	**$127,001**	**$135,595**	**$136,958**	**$140,134**	**$17,763**	**14.5%**	**3.4%**

Note: Numbers may not add due to rounding. Agency expenditures shown above are net of intra-City expenditures.

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