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# “The Phantom of the Opera”-ting Budget: The Search for PS Accrual Savings in the City’s Budget

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# Introduction

The Office of the New York City Comptroller has updated its [Agency Staffing Dashboard](#) with new data. As of April 2026, the City employed 291,717 active full-time workers, largely unchanged from March and down from 292,483 at the start of the Mamdani Administration in January. Against the February Financial Plan's authorized headcount of 307,247 full-time positions for FY 2026, the City has 15,530 vacant positions, equating to a 5.1 percent vacancy rate. Civilian positions, or non-uniform, non-educator positions such as caseworkers, community associates, school safety agents, and administrative positions, make up the largest share of current full-time vacancies (9,590 positions, or 61.7 percent).

With more than 15,000 authorized full-time positions currently vacant across City agencies, one would expect this would result in significant budget savings this fiscal year. However, it is not that simple. First, not all vacant positions are fully funded in the City's budget. Second, much of the savings that do accrue are already spoken for by known cost pressures elsewhere in the personnel services budget (PS budget). Third, to the extent these savings are not offset elsewhere, they are already assumed in unspecified savings targets earmarked in the Preliminary Budget's Citywide Savings Plan, which includes a vacancy reduction program.

This fiscal note analyzes the imbalance between City staffing levels and the PS budget which creates the perception of savings. It also re-estimates vacancy accrual savings in FY 2026 (excluding pensions, health insurance, overtime costs, the City's labor reserve, and any adjustments for prior year payables) and identifies related areas where underbudgeting offsets those savings.

## Vacant positions are not fully funded by the City's budget

In each financial plan, the City projects personnel service costs (or the PS Budget), which is the dollar value of salaries, wages and fringe benefits paid to City employees. Most of this budget is funded through City funds (e.g., City tax levy and miscellaneous revenues), but some is also paid through Federal, State, and other sources. Each financial plan also establishes an authorized full-time headcount, or the number of full-time positions that an agency is permitted to fill at the end of a given fiscal year. However, the budget for full-time wages is insufficient to pay for all the authorized positions.

The Comptroller’s Office estimates that as of the February 2026 Financial Plan, approximately 97.5 percent of the City’s total authorized full-time headcount was funded for the current fiscal year. This calculation, further explained in the methodology appendix below, uses an estimate of each agency’s average actual full-time salary to derive a fully funded headcount. Based on this calculation, the vacancy rate for the City drops from 5.1 percent against the authorized headcount to 2.6 percent based on our estimated funded headcount. The lower vacancy rate implies fewer savings can be achieved through vacancy accruals than initially expected.

**Table 1: Full-Time Staff Vacancy Indicators for FY 2026**

FY 2026 Feb Plan Authorized Headcount (A)	FY 2026 Estimated Funded Headcount (B)	Actual Headcount April 2026 (C)	FY 2026 Authorized Vacancies (D)=(A-C)	FY 2026 Estimated Funded Vacancies (E)=(B-C)	FY 2026 Estimated % of Vacancies Funded (F)=(E)/(D)	FY 2026 Authorized Vacancy Rate (G)=(D)/(A)	FY 2026 Estimated Funded Vacancy Rate (H)=(E)/(B)
307,247	299,556	291,717	15,530	7,839	50%	5.1%	2.6%

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

The difference between the authorized and estimated funded vacancies reflects that changes to agencies’ headcount plans and budgets have not always been aligned. For example, in the Adams administration’s November 2023 Program to Eliminate the Gap (PEG), funds were cut from some agencies’ PS budget without reducing the associated authorized headcount, as identified in this Office’s 2023 report on the [State of the City’s Economy and Finances](#). As a result, agencies were left with approved positions that they no longer had the resources to fill. Three budgetary considerations follow from this finding.

- When calculating accrual savings, one cannot simply claim full savings on all vacant full-time positions, as some can be either partially or fully unfunded.
- When implementing their vacancy reduction program, the Mayor’s Office of Management and Budget (OMB) must not exacerbate the issue by removing a share of vacancies that are unsupported by an agency’s budget, while deducting the full cost of those positions.
- In realigning the headcount plan, either supplementary resources should be added to ensure that the budget can fully support authorized staffing levels, or authorized headcount should be adjusted to match the funded headcount.

# Vacancy Savings Revision and Offsetting Cost Pressures

In its [Comments on New York City's Preliminary Budget](#), the Comptroller's Office had projected no net savings, as it had assumed elevated full-time staffing levels and some hiring over the remainder of the fiscal year, with remaining savings offset by underbudgeting for unsalaried staff. Since January, actual full-time headcount has declined by almost 800 positions, contrary to the Office's assumption, resulting in some additional full-time savings. The Office has also amended its methodology to include additional personnel services categories, although these additions largely offset each other.

Assuming the full-time staffing level remains at its current level of 291,717 employees for the remaining two months of the fiscal years, and based on the February 2026 Financial Plan, we estimate approximately \$600 million in City-funded, *full-time salary* savings for FY 2026, by annualizing year to date expenditures as further described below. Similarly, we also estimate an additional \$450 million in City-funded fringe benefit savings (excluding health insurance costs and pension contributions), reflecting a combination of the related impact of current vacancies as well as some additional overbudgeting for these costs. This results in \$1.05 billion in projected personnel-related City-funded savings in these two categories.

However, our Office projects that most of these savings will be used to fund other areas of agencies' PS budgets that are underbudgeted for the current fiscal year. Based on year-to-date expenditures and prior year spending patterns, an estimated \$300 million in additional City funds is needed for unsalaried positions and \$500 million for a variety of other wage costs (detailed in the methodology appendix), such as per-session payments at the Department of Education, bonus payments, and wage differential payments. This results in net savings of just \$250 million.

## Citywide Savings Plan

The Mamdani administration included in the February Financial Plan \$710 million in new unspecified citywide savings in FY 2026 growing to \$1.1 billion in FY 2030. This is in addition to \$212 million of unallocated savings for this year carried over from the November Plan, for a total of \$922 million in yet-to-be allocated savings for FY 2026. Under the Plan, "Chief Savings Officers" at each agency have been charged with finding efficiencies, and identifying opportunities for insourcing, program consolidation, and eliminating or sunseting programs.

As previously mentioned, the Citywide Savings Plan also includes a vacancy reduction program. Under the program, agencies would agree to 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. In turn, the 2-for-1 hiring restriction currently in place for agencies would be lifted, and they could then hire vacant positions up to their remaining full-time salary budgets. Any accrual savings have already been factored into the proposed savings totals included in the FY 2026 budget in the February Financial Plan.

## Conclusions

Despite having over 15,000 full-time vacancies in FY 2026, due to a structural misalignment between authorized positions and the PS Budget, less than the expected full-time accrued savings can be recognized given the full-time vacancy rate. Furthermore, additional savings will most likely be used to cover higher than budgeted wage costs in other areas; including paying for unsalaried employees and per session payments. And any remaining savings have already been counted in the Mayor's savings target.

The City must correctly fund the personnel service budget. OMB must recognize the imbalance between agencies' full-time authorized staffing levels and their budgets, and correctly forecast salary, wage, and fringe expenses. This should be done in concurrence with implementing any potential savings related to a vacancy reduction program. At OMB's testimony to the City Council on the FY 2027 Preliminary Budget, the Comptroller's Office was encouraged by Budget Director Sherif Soliman's commitment to "resetting and aligning the PS Budget" and then allowing agencies to hire up without restriction.

The Comptroller's Office views the transparency shown in the February 2026 Financial Plan as an important first step toward a more accurate reflection of City spending. Building on that progress, the Mayor and the City Council must work together to maintain that level of transparency. At present, the misalignment of authorized headcount and the personnel services budget creates phantom savings, invites differing interpretations of the same data, and fosters unrealistic expectations of easily achievable savings. As they work to adopt the FY 2027 budget, the Mayor and the Council must engage in a deep and honest examination of where sustainable efficiencies can be identified.

# Acknowledgements

This fiscal note was prepared by Kieran Persaud, Assistant Director, Budget Oversight and Elizabeth Brown, Executive Director, Budget Oversight. Archer Hutchinson, Creative Director, led the report design and layout.

## Appendix: Methodology

This report uses budgeted and actual expenditure data from the City's Financial Management System (FMS), as well as planned headcount and actual staffing levels data from the Mayor's Office of Management and Budget.

### Funded Headcount

To estimate the funded headcount, this Office takes the budgeted amount for full-time salaries for each agency, (specifically in Object Codes 001 and 053 for civilians, 004 for uniformed employees, and 005 for pedagogical employees) and divides the total by an estimate of the agency's average actual salary to derive a fully funded headcount. The average actual salary for each agency is calculated by first annualizing year-to-date (through April) full-time expenses based on the prior year's spending pattern at the same point in time. It is then divided by the average actual full-time headcount. This calculation is sensitive to increases or declines in the actual headcount. Estimated funded headcount varies by agency.

### Full-Time Salary Savings

This is calculated by first annualizing each agency's year-to-date (through April) full-time expenses (specifically in Object Codes 001 and 053 for civilians, 004 for uniformed employees, and 005 for pedagogical employees) based on the prior year's spending pattern at the same point in time. This assumption holds actual staffing levels constant for the last two months of the fiscal year. It is then compared to the FY 2026 budgeted amount included in the February Plan. A City-funded share of the savings is calculated based on the ratio of an agency's City-funded positions to its total positions from OMB's Full Time Staffing Levels report.

## Fringe Benefits Savings

Costs included in the fringe benefit estimate include social security contributions, supplementary employee welfare benefits, supplementary faculty benefits, disability insurance, unemployment insurance, annuity contributions, among others.

Savings are estimated by projecting annual spending for these costs for the current fiscal year. As described above, this is based on the total spent on these costs through April compared to the share spent through the same month of the prior fiscal year. The projected cost is then compared to the February Plan's budgeted FY 2026 amount. A City-funded share of the costs is estimated to calculate the City funds total savings.

This calculation does not include employee health insurance or pension contribution costs. These costs are typically re-estimated by this Office separately. Pension costs are excluded as City contributions are made on a lag. (FY 2026 pension costs are projected based on the demographics and experience at fiscal year-end 6/30/24). Health insurance costs are excluded as there have been significant changes compared to last year. First the City introduced a new premium-free, fully self-funded health insurance plan for employees, the New York City Employees PPO (NYCE PPO) plan, which replaced the Group Health Incorporated Comprehensive Benefit Plan (GHI-CBP). The February Plan also added significant funding for health insurance costs in FY 2026 (and forward) so that the City can continue meeting the obligations of the depleted Health Insurance Stabilization Fund (HISF). Pending negotiations with the Municipal Labor Committee (MLC), the February Plan includes \$911 million in FY 2026 in the health insurance budget for these costs. See the [Comptroller's Comments on New York City's Preliminary Budget](#) for details.

## Additional Wage Costs

In addition to full-time salaries and fringe benefits, the PS budget also pays for unsalaried and part-time positions. The PS budget also includes other wage costs outside full-time salaries, such as bonus payments, wage differentials, per-session wages for DOE employees, holiday pay, among others. Overtime costs are not included as they are estimated by this Office separately. Labor reserve costs for collectively bargained wage increases are also excluded.

Using the same methodology described above, FY 2026 costs were projected for each cost group and compared to the FY 2026 budgeted amounts included in the February Plan. A City-funded share was then estimated to calculate the City-funded impact.