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BUREAU OF BUDGET

Strengthening the City's Rainy Day Fund

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Introduction

New York City's rainy day fund, the Revenue Stabilization Fund (RSF), established through a City Charter amendment in 2019 and enabling State legislation in 2020, was a milestone in the City's fiscal management. For the first time, the City had an explicit, dedicated mechanism to set aside resources for future economic downturns. Its promise, however, remains unfulfilled. The RSF's statutory framework still leaves critical design elements unaddressed. The fund has no target balance, no rules governing the timing or size of deposits, no replenishment mechanism after use, and only loose guidelines for withdrawals. As a result, one of the City's most important fiscal safeguards remains incomplete.

The urgency of completing the RSF's design is underscored by the FY 2027 Preliminary Budget and February 2026 Financial Plan, which proposed drawing \$980 million from RSF, roughly 50 percent of its balance, to close the FY 2026 budget gap. That proposal, though later reversed, would have used the City's rainy day fund to help plug a structural budget gap during an economic expansion. This use of RSF violated the basic purpose of a rainy day fund and demonstrated how vulnerable the City's reserves remain when there are no durable rules governing when funds should be built up, when they may be used, and how they must be restored. The Administration subsequently canceled the RSF drawdown and resorted to a different fund that had itself been used as a rainy day reserve in the past.

This report makes four key recommendations that, if adopted by the Mayor and City Council, will reinforce the strength and effectiveness of the rainy day fund.

These recommendations are:

1. Establishing a target balance sufficient to help stabilize the budget during an economic downturn.
2. Adopting a formula and rules for deposits into the rainy day fund.
3. Establishing rules and triggers for withdrawals from the fund.
4. Adopting an institutional framework that promotes compliance, transparency and accountability.

The Fiscal Context: The Evolution and Recent Erosion of the City's Fiscal Cushion

The City's fiscal cushion consists of several components: Revenue Stabilization Fund (RSF), the Retiree Health Benefit Trust (RHBT), the General Reserve, the Capital Stabilization Reserve, and the annual budget surplus carried forward through the Budget Stabilization Account (BSA, or the "roll"). Together, these tools help the City absorb shocks, distribute resources across fiscal years, and reduce the need for abrupt spending cuts or tax increases during downturns.

But that cushion has been eroding. The combined level of the City's reserves and budget stabilization tools peaked at \$14.5 billion at the beginning of FY 2023 and is projected to fall to \$6.6 billion in the FY 2027 Preliminary Budget. That would mark the lowest level since FY 2015, despite a much larger City budget today.

Table 1 in the Appendix provides more than two decades of data on the City's fiscal cushion.

Revenue Stabilization Fund (RSF)

Subsection 2 of Section 25 of the General Municipal Law provides that "surpluses" of the City of New York are to be deposited as soon as practicable in RSF. Effectively, any General Fund surplus accumulated up to FY 2020 and any surplus thereafter is a deposit into RSF, whether agreed upon in the budget or otherwise accrued at the end of the fiscal year. The Mayor's [Executive Order 62 dated February 11, 2021](#) formally established RSF and "deposited" the cumulative surplus of \$493 million accumulated through FY 2020. Because there is no separate fund, RSF is identified in the City's financial reports as the "committed" General Fund balance starting with the FY 2020 Annual Comprehensive Financial Report.

At the end of FY 2025, RSF held \$1.97 billion. The balance is commingled with the rest of the City's available cash and invested in overnight and short-term assets, while the income it earns is redirected to the General Fund and is not retained within RSF. The FY 2027 Preliminary Budget assumed a \$980 million drawdown from RSF in FY 2026, but that action was later excluded from the revenue budget modification approved by the City Council.

Retiree Health Benefit Trust (RHBT)

Established by [Local Law 19 of 2006](#), RHBT is a vehicle for funding the City's Other Post-Employment Benefits (OPEB), or retiree health benefits. Each year, the City transfers PAYGO OPEB costs to RHBT and, at times, it makes discretionary deposits that accumulate in a long-term balance. At the end of FY 2025, the unfunded OPEB liability amounted to \$101.6 billion against a RHBT balance of \$5.2 billion.¹

The City has also prepaid PAYGO OPEB costs through RHBT as part of the Budget Stabilization Account, but those prepayment flow out in the following year and are not counted as part of RHBT's long-term balance. The Mayor's Office of Management and Budget sets investment guidelines for RHBT and restricted investments to short-term assets. Unlike RSF, RHBT generally retains its earnings.

Although Local Law 19 contemplated using surplus and non-recurring funds to support retiree health obligations, the City is not required to make minimum deposits and may reduce its PAYGO transfer when needed to balance the budget. RHBT is routinely identified by the Mayor as a "reserve" and has been used as a de facto rainy day fund. For these reasons, Table 1 in the appendix reports the combined amount of RSF and RHBT's long-term balance. Under the [FY 2026 expense budget modification](#) submitted on March 25th, the Mayor plans to reduce RHBT's balance by \$816 million in FY 2026 to cover the gap created by reversing the RSF drawdown, with a further \$229 million reduction planned in FY 2027.

The General Reserve

This reserve is a contingency resource intended to cover additional expenses or revenue shortfalls. The [Financial Emergency Act](#) requires a minimum amount of \$100 million at the start of the fiscal year. The City budgeted \$300 million annually from FY 2004 through FY 2013, raised the amount to \$1.2 billion by FY 2018, reduced it to its minimum of \$100 million in FY 2021, and raised it again to \$300 million in FY 2022. At the start of FY 2023 the General Reserve reached a peak of \$1.56 billion and remained at \$1.2 billion from FY 2024 to FY 2026.

In the FY 2027 preliminary budget, the General Reserve was again lowered to \$100 million. The financial plan assumes it will revert to \$1.2 billion in each of FY 2028 to

¹ For an analysis of the cost of funding the OPEB liability, see [Fiscal Note 4-2025: Health Care Costs: Funding Post-Employment Benefits](#).

FY 2030. The General Reserve is budgeted as an expense and, as such, a higher amount increases the outyear gaps.

The Capital Stabilization Reserve

This reserve was created to pay for capital-related costs that could not be financed with bonds and to protect against potential increases in debt service. In practice, this reserve has been used much like the General Reserve. The City set aside \$500 million in FY 2016 and FY 2017, then reduced the amount to \$250 million annually afterwards. It was eliminated in FY 2021 and FY 2022 during the COVID-19 emergency, reinstated in FY 2023 to FY 2026, and again eliminated in the FY 2027 Preliminary Budget. The financial plan assumes it will revert to \$250 million in each of FY 2028 to FY 2030.

The Budget Stabilization Account (BSA, also known as the “roll”)

BSA is the current-year budget surplus used to pay expenses in the upcoming fiscal year. Most of it is dedicated to prepaying debt service but has included subsidies to libraries, H+H, and the MTA, and the prepayment of PAYGO OPEB costs, among others. The amount rolled into the upcoming fiscal year contributes to balancing the operating budget.

BSA peaked at \$6.1 billion in FY 2023 and has been declining since then. In the FY 2027 preliminary budget, as altered by the March 25th expense budget modification, BSA was reduced to \$74 million, a 98% decline from the previous year.

The City has also occasionally paid or reduced debt service more than one year in advance or delayed revenues under its control. These measures are included in Table 1 in the appendix as “other budget stabilization.”

The deterioration in the City's fiscal cushion in the FY 2027 preliminary budget and accompanying financial plan have drawn sharp scrutiny from the agencies that rate the City's debt. As explained in [Fiscal Note 1-2026: The Risks to the City's Credit Ratings](#), the common concern across all four agencies is whether the City is permitting its fiscal shock absorbers to erode too far. In March 2026, three of the City's four credit rating agencies—Moody's, Fitch, and KBRA—shifted their outlook

on the City's ratings from stable to negative. A fourth rating agency, S&P, maintained a stable outlook but flagged similar risks.²

The message across agencies is clear: the City's fiscal cushion is weakening and it no longer provides the same confidence it once did. A well-designed rainy day fund cannot solve every budget problem, but it can reduce the severity of fiscal stress during downturns, support continuity of public services, and strengthen confidence in the City's fiscal management.

Recommendation 1: Target Balance

A well-designed rainy-day fund needs a clear target balance—a level of reserves sufficient to supplant revenues during an economic downturn without requiring drastic spending cuts or tax increases. The target should be grounded in the City's historical experience with revenue volatility.

In [Preparing for the Next Fiscal Storm](#), this Office analyzed the City's tax revenue patterns across the two recessions of the 2000s (the post-9/11 recession and the Great Recession). The analysis found that non-property taxes—whose main components are the personal income tax, business income taxes, and the sales tax—are the primary source of revenue volatility, while the property tax is comparatively stable. The results showed that cumulative below-trend revenues averaged roughly 10% of tax revenues by the end of the second year of a downturn, and approximately 16% by the time revenues fully recovered. This establishes sound basis for an RSF reserve target: **a minimum of 10% of tax revenues (sufficient for approximately two years of stabilization) and a full target of 16% (sufficient to cover the entire below-trend period).**

Other analysts using a different methodology arrived at similar numbers. The Citizens Budget Commission estimated a target of 17.2% of pre-recession tax revenues, and the New York State Comptroller's Office similarly emphasized the importance of setting explicit targets and noted that among the ten largest U.S. cities, those with formal reserve policies generally set targets as a percentage of revenues or expenditures.

²Since the publication of the ratings reports, as mentioned above, the Mayor opted not to drawdown RSF in FY 2026 and instead planned on lowering the RHBT balance and BSA. As explained in the Fiscal Note, the change does not meaningfully affect the rating agencies' assessment of fund balance metrics and, in Moody's view, using RHBT to cover budget gaps is an action that could lead to a downgrade.

The City should adopt a target RSF balance of 16% of tax revenues and a lower bound of 10%. In FY 2026 total tax revenues are projected by this Office at approximately \$84 billion, translating to an RSF target of \$13.4 billion at the full 16% level, or \$8.4 billion at the 10% lower bound. The current combined balance of RSF and RHBT is nearly \$7.2 billion and is planned to fall to \$6.4 billion by the start of FY 2027.

Reaching either target requires sustained discipline and regular deposits into RSF. The deposit rule described in the next section is designed to build toward this goal in a predictable, formula-driven manner. In addition, the City should discontinue the use of RHBT as a rainy day fund and either effectively “transfer” its balance to RSF or use it to fund the OPEB accrued liability.

Recommendation 2: Rules for Deposits

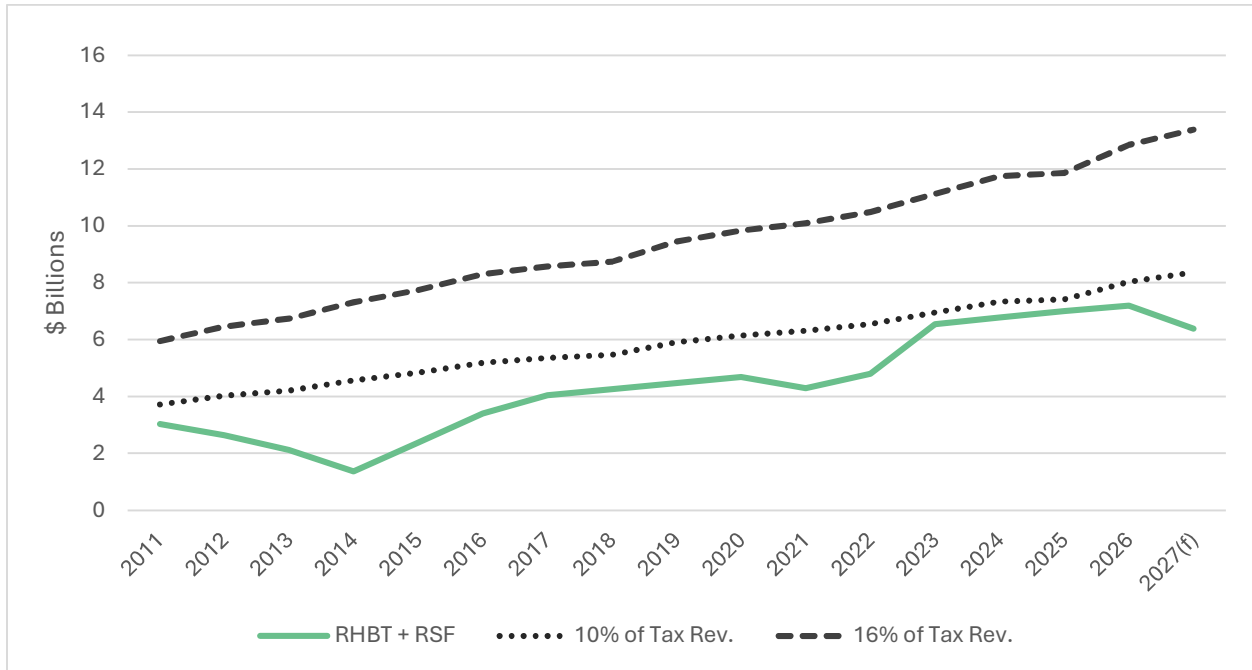
The RSF's enabling legislation includes no requirements for deposits. Whether to deposit into the fund, and how much, has been left entirely to the discretion of the Mayor and the City Council as part of the budget process. As a result, other than year-end General Fund surpluses and one deposit of \$1.45 billion in FY 2022, the fund has not grown in a regular, rules-based way.

A rainy day fund that depends on discretionary deposits will inevitably be subject to pressure to spend on current needs during good times. A formula-driven deposit mechanism is essential if the fund is to grow predictably and be available when conditions worsen.

Alternative Formulas

Chart 1 looks at the total balance of RSF and RHBT and compares it with the lower and higher targets discussed in the previous section. Including RHBT in the analysis recognizes that it has been used as a rainy day fund in the past and is consistent with the City's practice of including it in the tally of budget reserves. The chart shows that the City has come close to reaching the lower bound of 10% of tax revenues, particularly at the beginning of FY 2023 after the large deposits in the first year of the Adams administration.

Chart 1: Balance of RSF and RHBT vs. Proposed Lower and Upper Targets FY 2011-2027



Source: Office of the NYC Comptroller. Amounts as of the beginning of each fiscal year. FY 2027 values are based on the tax forecast in this Office's [report on the February 2026 financial plan](#).

The formula proposed by this Office in 2022 is modeled after the Commonwealth of Virginia's constitutional provisions. The formula is tied to non-property taxes, which are the primary source of cyclical volatility in the City's revenue stream. In the formula, deposits equal 50% of the growth in non-property taxes exceeding their 6-year trailing average. The six-year average benchmark is intended to smooth yearly fluctuations and take advantage of periods of unusually high revenue growth. The 50% split between deposits and current spending acknowledges the political reality that some portion of above-average revenues will be needed for program spending.

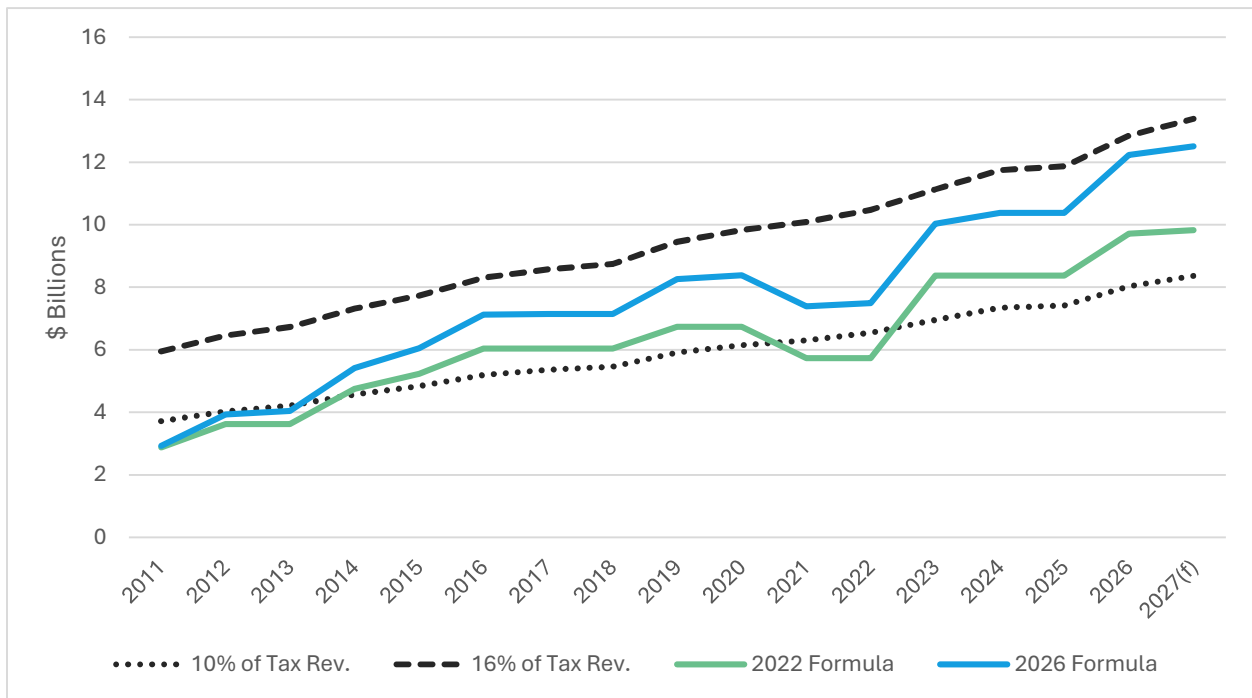
The Citizens Budget Commission (CBC) proposed an alternative formula: 75% of total tax revenue growth above 3%. Total tax revenues have grown below 3% in only three years since FY 2010. Therefore, the CBC formula would mandate deposits nearly every year and would act as a stricter constraint on spending, at least until the RSF target size is achieved. Over FY 2010-2025 period, the Comptroller's 2022 formula is equivalent to the CBC formula set at around 40% of the total tax revenue growth above 3%.

A modification to the 2022 formula that would allow for more regular deposits has two components:

1. 20% of total tax revenue growth above 3%; plus
2. 40% of non-property tax revenues growth above the 6-year trailing average.

The theoretical balance of RSF under the 2022 formula and the new 2026 formula described above is shown in Chart 2. Deposits start with the RHBT balance available at the beginning of FY 2010 and add the deposits dictated by the two formulas. The balance at the beginning of FY 2021 drops by \$1.0 billion to mimic the reduction in RHBT balance that took place during the COVID recession (neither formula signals a deposit). Chart 2 shows that the updated formula allows for regular deposits without being overly restrictive while also taking advantage of the volatility of non-property taxes.

Chart 2: Theoretical Balance of RSF Under Alternative Formulas FY 2011-2027



Source: Office of the NYC Comptroller. Amounts as of the beginning of each fiscal year. FY 2027 values are based on the tax forecast in this Office's [report on the February 2026 financial plan](#). At the beginning of the time period, the 6-year trailing average include the impact of tax programs enacted in the aftermath of the Great Recession. Specifically: 1) the increase of the City sales tax from 4.0% to 4.5% in 2009 and 2) the increase of the hotel tax from 5.0% to 5.875% of the room rate and its extension to the markup on rooms rented through resellers.

The Recommended Deposit Formula

The deposit formula should apply whenever the RSF balance is below its target of 16% of tax revenues. The City should retain interest earnings within RSF to more quickly achieve the target. Once 16% of tax revenues target is achieved, required deposits would cease until the RSF balance falls again below the threshold. Mandated deposits equal:

1. 20% of total tax revenue growth above 3%; plus
2. 40% of non-property tax revenues growth above the 6-year trailing average.

In addition, the City should make additional deposits necessary to achieve 10% of tax revenues as quickly as feasible.

Replenishment After Withdrawals and Treatment of Tax Increases

The City should use the deposit formula as a replenishment mechanism. After a withdrawal, the deposit rule will automatically direct above-average revenues into the fund. As analyzed in the [November 2022 Spotlight](#), this approach is more transparent and predictable than a separate replenishment schedule, because it ties rebuilding the fund to the same revenue conditions that govern regular deposits.

The purpose of accumulating 16% of tax revenues in RSF is to avoid spending cuts and tax increases during an economic downturn or shock. However, should the City be able to increase its non-property taxes (both via higher rates and base-broadeners), the increase could be excluded from the second component of the proposed formula for up to three years to allow collections to stabilize and avoid deposits while a downturn may still be underway. An estimate of revenue growth rates with and without the tax increases would be published by the Mayor's Office of Management and Budget and finally determined by the City Comptroller at the close of the fiscal year.

Recommendation 3: Rules for Withdrawals

The RSF's statutory framework provides that no more than 50% of the fund may be withdrawn in any year unless the Mayor certifies a "compelling fiscal need," which may be based on a national or regional recession, a reduction in total revenues, a natural disaster, or a declared state of emergency. While this provision offers some protection against indiscriminate drawdowns, it lacks the specificity needed to ensure that withdrawals occur only when genuinely warranted and are paced appropriately over the course of a downturn. The City should adopt clearer triggers for withdrawals.

Recommended Withdrawals Triggers

RSF may be drawn down upon certification by the Mayor of the following conditions affecting the New York City economy:

1. **Two consecutive quarterly declines in total nonfarm employment in New York City; or,**
2. **"Catastrophic events" such as those listed in the [NY State rainy day fund legislation](#).**

As discussed in this Office's [November 2022 Spotlight](#), the timing of economic data relative to the City's budget process creates practical challenges. Economic data for a given quarter typically becomes available with a lag and can be revised retroactively, in some cases – such as the recently released benchmark for calendar year 2025 – rather significantly. The trigger mechanism should be understood as a guideline that authorizes drawdowns once the economic conditions are met, with the actual timing of withdrawals aligned to the budget adoption cycle.

Withdrawal Limits

Annual withdrawals should be limited to no more than 5% of tax revenues in the year before the conditions for withdrawal are met. This limit serves to preserve the fund over the typical duration of a downturn. Based on the City's historical experience analyzed in the [2022 report](#), recessions have lasted three to four years, and a 5% annual cap ensures that the fund is not exhausted immediately, when political pressure to draw heavily is greatest.

Withdrawals should be automatically suspended once the economic trigger conditions are no longer met—that is, once employment figures resume growth or catastrophic events have ended.

Recommendation 4: Institutional Framework

The best-designed deposit and withdrawal rules are only effective if they are embedded in an institutional framework that promotes compliance, transparency, and accountability. Previous reports from this Office proposed that the requirement to adopt an RSF policy be included in the City Charter. While a Charter amendment remains an option, the more immediate and practical path is to establish a formal RSF policy in agreement with the City Council through executive action, and to pair it with robust reporting requirements.

Adopting a Formal Policy

The City should adopt a formal, published Revenue Stabilization Fund Policy that incorporates the target balance, deposit rules, and withdrawal rules such as those described in this report. The policy should be adopted in agreement with the City Council and adopted through an executive order or mayoral directive that should be also transmitted to the City Council and the Comptroller's Office.

In its comparison of reserve policies among the ten largest U.S. cities, the State Comptroller's Office found that most cities with effective rainy-day funds have published reserve policies that describe the purpose of the fund, set targets, define deposit and withdrawal rules, and require regular reporting. Adopting a formal policy would bring the City into alignment with best practices among its peers. While not the primary motivation, a formal policy would also be viewed positively by the rating agencies.

A formal policy, while not carrying the force of law, offers several practical advantages. It can be adopted without the process required for a Charter amendment; it can be updated as circumstances change; and it provides a clear, public benchmark against which the City's fiscal management can be evaluated by the rating agencies, the City Council, the Comptroller, and the public.

Reporting Requirements

Transparency is essential. The Mayor's Office of Management and Budget should be required to include in each financial plan a dedicated section reporting on the RSF. This section should include:

- The current balance of the RSF and the RHBT, separately and in combination, until the time that RHBT ceases to be considered a budgetary reserve.
- The target balance and the gap between the current balance and the target.
- The calculation of the deposit formula and the resulting required deposit amount, if any.
- The value of non-property tax increases, their impact on growth rates, and their exclusion from the 6-year trailing average.
- Whether the withdrawal trigger conditions have been met, with supporting economic data.
- Any withdrawals made or planned, and the authority under which they were made.
- A projection of the fund balance over the financial plan period.

This reporting would provide the kind of credible, forward-looking reserve management plan that the City needs. It would also enable the City Council, the Comptroller, and the other fiscal monitors to exercise meaningful oversight of the reserve policy without requiring control over the fund itself.

Conclusions

The establishment of the Revenue Stabilization Fund in 2020 was a significant step forward for New York City's fiscal management. But a rainy day fund without target balances, deposit rules, withdrawal guidelines, and institutional safeguards cannot fulfill its purpose. The current moment—with reserves being drawn down, rating agency outlooks turning negative, and economic uncertainty on the horizon—makes it imperative to complete the RSF design.

The recommendations in this report are not new. They build on years of analysis by this Office, informed by the parallel work of the New York State Comptroller, the Citizens Budget Commission, the City Council Finance Division, and others. What is new is the urgency. The FY 2027 preliminary budget demonstrates how

quickly reserves can be depleted when no rules constrain their use. The rating agencies' negative outlooks highlight the real-world consequences of inadequate fiscal shock absorbers.

We call on the Mayor and City Council to take the following steps:

1. Adopt a formal RSF policy with a target balance of 16% of tax revenues and a lower bound of 10%.
2. Implement a deposit rule requiring that 20% of total tax revenue growth above 3% and 40% of non-property tax growth above the 6-year trailing average be deposited into RSF whenever the fund is below target.
3. Establish withdrawal triggers tied to job market indicators and catastrophic events, with an annual withdrawal cap of 5% of tax revenues in the year before the triggers are met.
4. Adopt a formal policy and include a dedicated RSF section in each financial plan, reporting on fund balances, target gaps, deposit calculations, and withdrawal conditions.

These steps would place New York City's rainy-day fund on a footing consistent with best practices in municipal finance, provide the credible reserve-management plan the City needs, and—most importantly—protect the City's residents from the fiscal instability that accompanies economic downturns.

Acknowledgements

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Appendix

Table 1 tells the story of more than two decades of fiscal management. Before the establishment of RHBT, the City relied primarily on the roll and the General Reserve to distribute resources across fiscal years. The RHBT balance grew from \$1 billion at the start of FY 2007 to a peak of \$5.2 billion at the end of FY 2025. The roll fluctuates with the economic cycle, dropping sharply during the Great Recession (from \$4.6 billion in FY 2009 to \$2.9 billion in FY 2010) before recovering and reaching a peak of over \$6.1 billion in FY 2022. This level was in part fueled by the federal stimulus received during the COVID-19 pandemic, which included direct advances paid directly to the City through the State and Local Fiscal Recovery Funds (SLFRF). A tracker for COVID-19 federal stimulus is available [here](#). As noted above, the planned BSA for FY 2027 has been effectively eliminated in the Mayor's preliminary budget.

The RSF received its initial “deposit” of \$493 million at the end of FY 2020 from the reclassification of accumulated, but previously unusable, year-end General Fund surpluses. A deposit of \$500 million was planned in June 2021 to take place at the end of FY 2022. Subsequently, the FY 2022 deposit was increased to \$1.45 billion. No further formal deposits have been made since FY 2022, although RSF mechanically accrues the end-of-year General Fund surpluses of (typically) \$5 million.

The fiscal cushion peaked at \$14.5 billion at the beginning of FY 2023 and has been steadily declining since, due to the absence of deposits into either RSF or RHBT, and to progressive erosion of BSA. The fiscal cushion drops dramatically in the FY 2027 preliminary budget to \$6.6 billion (a 47.3% decline from FY 2026). This is the lowest level since FY 2015 (\$5.2 billion), a year when the adopted budget expenses totaled \$77.0 billion. The FY 2027 preliminary budget projects total expenses of \$127.2 billion (expense amounts add back BSA).

**Table 1: Reserves and Budget Stabilization Transfers,
FY 2003–FY 2027 (\$ million)**

Fiscal Year	Revenue Stabilization (RHBT + RSF)	General and Capital Stabilization Reserves	Roll/BSA	Other budget stabilization	Total
2003	\$0	\$200	\$681	\$0	\$881
2004	\$0	\$300	\$1,417	\$0	\$1,717
2005	\$0	\$300	\$1,923	\$0	\$2,223
2006	\$0	\$300	\$3,529	\$0	\$3,829
2007	\$1,001	\$300	\$3,751	\$200	\$5,252
2008	\$2,594	\$300	\$4,600	\$414	\$7,908
2009	\$2,726	\$300	\$4,635	\$675	\$8,336
2010	\$2,878	\$300	\$2,914	\$2,726	\$8,818
2011	\$3,023	\$300	\$3,646	\$0	\$6,969
2012	\$2,632	\$300	\$3,742	\$0	\$6,674
2013	\$2,116	\$300	\$2,431	\$0	\$4,847
2014	\$1,363	\$450	\$2,807	\$38	\$4,658
2015	\$2,378	\$750	\$2,006	\$99	\$5,233
2016	\$3,397	\$1,500	\$3,524	\$103	\$8,524
2017	\$4,036	\$1,500	\$4,038	\$0	\$9,574
2018	\$4,254	\$1,450	\$4,180	\$0	\$9,884
2019	\$4,466	\$1,375	\$4,576	\$0	\$10,417
2020	\$4,680	\$1,400	\$4,221	\$0	\$10,301
2021	\$4,294	\$100	\$3,819	\$0	\$8,213
2022	\$4,794	\$300	\$6,107	\$0	\$11,201
2023	\$6,538	\$1,805	\$6,114	\$0	\$14,457
2024	\$6,777	\$1,450	\$5,479	\$0	\$13,706

Fiscal Year	Revenue Stabilization (RHBT + RSF)	General and Capital Stabilization Reserves	Roll/BSA	Other budget stabilization	Total
2025	\$7,002	\$1,450	\$4,397	\$0	\$12,849
2026	\$7,194	\$1,450	\$3,787	\$0	\$12,431
2027(p)	\$6,383	\$100	\$74	\$0	\$6,557

Source: NYC Comptroller Annual Comprehensive Financial Reports. An earlier version of this table was published in [Preparing for the Next Fiscal Storm](#) (May 2022)

Notes: Reserves and roll/BSA as of the Adopted Budget for each FY except FY 2023 which is from the Executive Financial Plan. Adjusted budget amount nets out the impact of prepayments and other prior-year actions. RHBT balance as of June 30 of the previous FY and net of prepayments earmarked for PAYGO OPEB costs. RSF first available at the start of FY 2021. RSF received at creation a \$493m "deposit" from pre-existing the fund balance that became usable when the RSF legislation was enacted. The adopted FY 2022 budget included the appropriation of \$500 million for deposit into RSF and that amount is counted as available at the beginning of FY 2022. The June 2022 Adopted Financial Plan added a \$950 million deposit into RSF, which is counted as available at the beginning of FY 2023 in the table. Because RSF is the General Fund balance (excluding fiduciary funds), any additional year-end surplus (typically around \$5 million) is also mechanically added to RSF. RHBT received its last discretionary deposit of \$750 million at the end of FY 2022 (reported in the table as available in FY 2023). The balance of RHBT is affected by prepayments of OPEB PAYGO amounts, which are counted as part of BSA. The RHBT balance typically grows due to interest earned on it. Other budget stabilization includes: a) FY 2005 \$200m pay-as-you-go capital spending used to prepay FY 2007 TFA debt service; b) delayed recognition of \$354m of TSASC revenues until FY 2008; c) FY 2007 prepayment of debt service of \$34m in FY 2009 and \$31m in FY 2010; d) FY 2007 retirement of \$1.254b in debt, with debt service savings of \$60m in FY 2008, \$641m in FY 2009, and \$659m in FY 2010; e) FY 2008 retirement of \$1,986b in debt, with debt service savings of \$2.036b in FY 2010; f) FY 2012 prepayment of \$31m of FY 2014 debt service; g) FY 2013 defeasance of \$196m of TFA bonds, with debt service savings of \$7m in FY 2014, \$99m in FY 2015, and \$103m in FY 2016. FY 2015 BSA included \$77m for BARB-supported TFA debt service, which is not part of the General Fund and not included in the table. (p) denotes FY 2027 preliminary budget assumptions, as altered by the March 25th, 2026 budget modifications.

This report draws on the following main sources published by this Office: [Preparing for the Next Fiscal Storm](#) (May 2022) and [A Stronger Fiscal Framework for New York City](#) (June 2024). Other sources are: the New York State Comptroller Office ([Report 13-2022](#), November 2021), the Citizens Budget Commission ([To Weather a Storm](#), April 2019), the City Council ([Budget Reserves: How Much Does New York City Need?](#), March 2018), this Office's previous research ([Measuring New York City's Budgetary Cushion](#), August 2015; [Spotlight: When Should the City Tap Its Rainy-Day Funds?](#) November 2022), and the NYC Independent Budget Office ([Background on the City's Budget Reserves](#), May 2020).





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