



New York City Independent Budget Office



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FY 2027

Analysis of the 2027 Preliminary Budget and
2026-2030 Financial Plan

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Introduction

In accordance with the New York City Charter, Chapter 10 sec. 237, the Independent Budget Office (IBO) publishes this report on the Mayor's FY 2027 Preliminary Budget.

The Mayor's Fiscal Year 2027 Preliminary Budget was published on February 17, 2026, six weeks after Mayor Zohran Kwame Mamdani assumed office. To provide context for its analysis, IBO describes the unusual circumstances surrounding this year's budget process. These include:

- Significant federal changes.
- New York State budget and cost sharing.
- Mayor Mamdani's expense budget accuracy.
- Mayor Mamdani's call for tax increases.
- Areas of escalating expenses.
- Rating agencies modify their outlook for the City of New York.

In its analysis, IBO independently examines expense budget projections of the Preliminary Budget for accuracy. IBO's report both addresses how the Preliminary Budget has corrected past **underbudgeting** practices (systemic understating of anticipated expenses where data clearly indicated actual expenses would be higher) and notes some areas of **underfunding** (where IBO's cost estimates simply differ from the Administration's). IBO also forecasts City revenues and identifies potential budget **deficits** (areas where gaps remain between the expenses that IBO considers to be likely and the revenues that are reasonably certain to be received.)

IBO [presented this analysis](#) to the City Council on March 11, 2026.

Waves of public policy upheaval since January 2025

Federal changes to staffing, funding, payment, laws, and regulations put New Yorkers at risk.

- Drastic and dramatic changes emerged over the past year.
- Changes to food supports, healthcare, immigration, education, environmental regulations, vaccine standards, and tax policy now profoundly affect millions of New Yorkers.
- Additional information concerning New York City-specific impacts is included in IBO's ongoing report series [Federal Changes Local Impacts](#).

Uncertainties escalate since the Preliminary Budget release

Trump administration's tariffs struck down as unlawful.

- Legal actions following the February 2026 Supreme Court decision striking down many tariffs imposed by President Trump suggest that the federal government will have to refund revenue collected while the tariffs were in place, resulting in major challenges.
- Uncertainties resulting from the fluctuation of tariff rates last year, compounded by confusion over refunds and the recent imposition of new tariffs, create layers of chaos for trade and the global economy.

New geopolitical anxieties emerge.

- The Trump Administration's military actions in Venezuela and Iran add pressure on global markets with national and local impacts, particularly relating to oil.
- Meanwhile, ongoing rhetoric regarding other sovereign territories and nations, such as Greenland and Cuba, compounds global concerns.

Context: New York State Budget for 2027 is Due April 1st

Until the State budget is negotiated and enacted, many fiscal and policy impacts on the City will remain unclear

Children and Youth

- Governor Kathy Hochul announced [\\$1.2 billion](#) in new funds to support childcare and early childhood education in the City. One-house bills from both Senate and Assembly [supported and enhanced](#) that proposal.
- Governor Hochul also proposed [adding](#) \$300 million for the City for youth at risk (to support the Raise the Age and Close to Home initiatives).

Taxes

- While the [Governor has opposed tax increases](#), the Senate and Assembly one-house bills do include limited tax increases for the City.

Housing

- The State Senate and Governor (but not the Assembly) proposed expansion of the [Senior Citizen Resident Income Exclusion \(SCRIE\)](#) and [Disabled Resident Income Exclusion \(DRIE\)](#) by increasing the income eligibility limits from \$50,000 to \$75,000.
- Governor Hochul proposed adding [\\$50 million](#) for the statewide housing voucher program, and the one-house bills each proposed another \$200 million. Although statewide, most of the program funding will benefit the City.

Education

- The State appears likely to increase support within the Foundation Aid formula (support for public education).
 - The Governor's Executive Budget added \$383 million more for the City.
 - IBO [estimates](#) that the Senate and Assembly proposals added \$93 million and \$486 million more than the Governor's proposal, respectively, for students experiencing homelessness and those in foster care.
 - IBO estimates that both the Senate and Assembly proposals would also add \$69 million for English language learners.
- The Assembly [proposed](#) increasing State revenue to the City by \$600 million to support the cost of complying with the [State-imposed mandate to lower class sizes](#). This law requires the City to significantly increase teacher hiring but did not include additional funding.

State policymakers often require the City to carry increased proportions of funding formulas, or fully self-fund costly policies. Some examples include:

Education Due Process Cases

- Students with disabilities that cannot be accommodated in public schools are required to file legal proceedings for educational services they need. A [2007 amendment to State law](#) imposed a new requirement for the City to cover all costs of services for nonpublic school students with disabilities. Between 2021 and 2025, this spending grew by 91%. These cases account for 29% of total payments made.

Public School Class Size Mandate

- Chapter 556 of the Laws of 2022 required the City to meet new class size limits by 2028 but provided no funding to support compliance with this new mandate. In December 2025 [IBO estimated](#) the City must budget for an additional 6,900 teachers by 2028, at \$700 million over and above those already budgeted for. IBO estimates that roughly 135,000 teachers and teaching staff in total are required to meet the mandate.

Metropolitan Transportation Authority (MTA) Paratransit

- The State requires the City to reimburse the MTA for [Access-a-Ride](#). Before 2024, the City share was 50% of operating costs (net of fares and taxes). As of 2024, the State raised the City's share to 80%, through at least 2027 (\$165 million more each year). This year's [MTA budget](#) assumes the 80% reimbursement rate is permanent.

Context: Budget Accuracy

The Mayor’s decision to reverse the practice of chronic underbudgeting of some of the City’s largest obligations has acknowledged structural shortfalls that are not new

In advance of the February 17, 2026 release of the Preliminary Budget, Mayor Mamdani repeatedly [identified](#) the need for additional revenues to correct the prior practice of underbudgeting.

New York City is legally required to have a [balanced budget](#). Tools available to accomplish this are:

- Increased revenues.
- Lower expenditures flowing from:
 - Cost cutting.
 - Actions to corral costs through efficiencies, such as those Mayor Mamdani has ordered newly-named agency [Chief Savings Officers](#) to report on by March 20, 2026.
- Use of the City’s reserves.

	Adams Administration 2026 Preliminary Budget: FY2026	Mamdani Administration 2027 Preliminary Budget: FY2027
Shelter Costs	\$1.9 billion	\$2.8 billion
Cash Assistance	\$1.7 billion	\$2.8 billion
Due Process Cases	\$938 million	\$1.6 billion
Uniformed Services Personnel Costs	\$10.2 billion	\$10.9 billion
Judgments & Claims	\$823 million	\$1.1 billion
Rental Assistance – City Housing Vouchers	\$617 million	\$2.3 billion

SOURCE: IBO analysis of Mayor's Office of Management and Budget (OMB) Fiscal Year 2026 and 2027 Preliminary Budgets

Context: Escalating Expenditures Loom

Several key programs and functions have large and growing costs

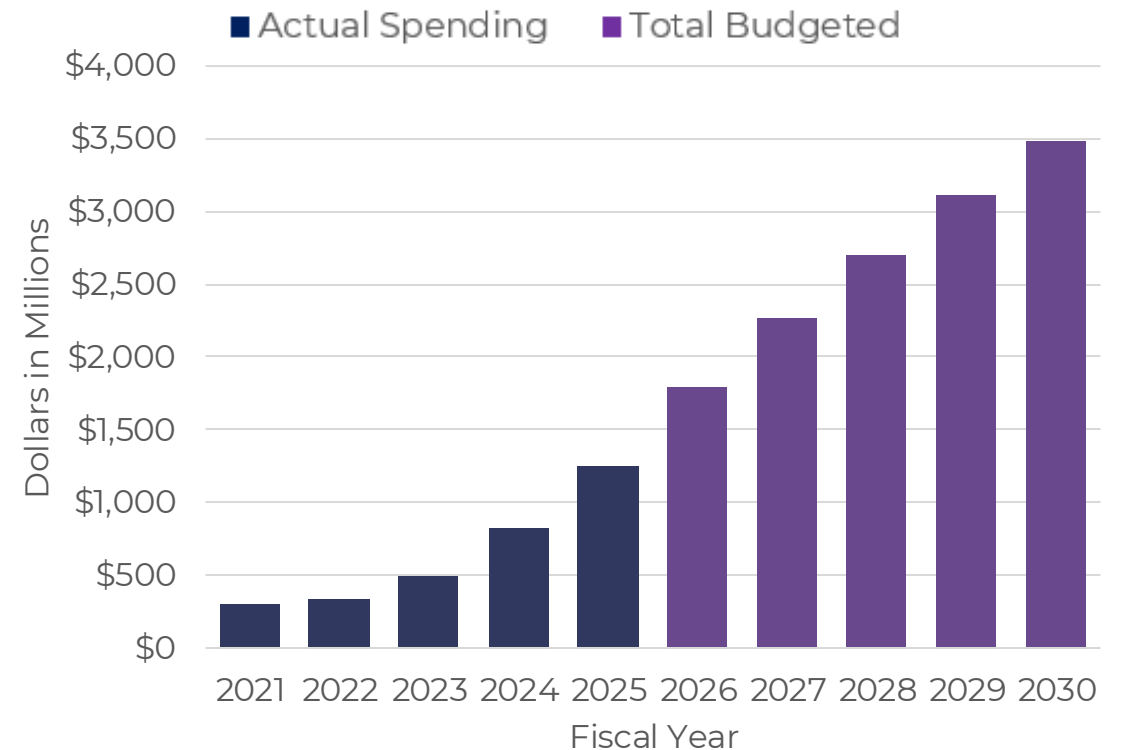
City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS)

- [CityFHEPS](#) provides eligible New Yorkers help to find and keep housing by paying part of monthly rent anywhere in NY State for up to five years. It is the second largest rental assistance program in the U.S. (after the federal Section 8 program).
- CityFHEPS costs have risen by about 4% *each month for the last two fiscal years*, though growth is slowing in recent months. The Administration estimates that by 2030 costs will total \$3.5 billion. Three factors drive the cost increases: rising numbers of cases, rent increases over time, and a constrained supply of available apartments.
- There are 65,092 households with CityFHEPS vouchers (as of November 2025), 138,700 households with Section 8 vouchers in New York City (as of March 2025), and over 86,000 people have been living in City shelters each night in recent months.

Labor Negotiations

- While it is not unusual to use lower projections for the cost of City wage increases when labor negotiations have not yet begun, the Preliminary Budget includes about half the amount typically needed for new labor contracts. Additional funds will likely be needed.

CityFHEPS Spending Rapidly Rising



SOURCE: IBO analysis of OMB Fiscal Year 2027 Preliminary Budget

Personal income tax rate increase requested

- The Mayor is seeking to increase the Personal Income Tax (PIT) rate for individuals with incomes over \$1 million, which would raise the top marginal rate from 3.876% to 5.876%. If passed, this change could raise an additional \$3 billion annually.
- The federal One Big Beautiful Bill Act/H.R. 1 (OBBBA) made [time-limited tax breaks](#) for the highest earners granted in 2017 permanent. In 2019, New York State raised the State's PIT rates, so that these high earners would be required to pay New York State taxes rather than federal taxes.
- New York State sets the City's Personal Income Tax rates. The City has four tax rates, with the highest starting at Adjusted Gross Incomes (AGI) of roughly \$60,000 for single filers (\$90,000 for joint filers). Thus, City residents with AGIs ranging from \$60,000 to *\$5 billion* (the highest income in the last [reported tax year](#)) pay at the rate of 3.876%. In contrast, the State has nine tax rates, taxing AGI of \$60,000 at approximately 5.5%, but climbing to approximately 10.9% for incomes of \$25 million and higher.
- Any changes to PIT require State legislation.

Property tax rate increase proposed as a less-preferred alternative

- The Mayor has proposed a Property Tax rate increase from 12.283% to 13.450%, a 9.5% increase overall, as a less-preferred option should the State not permit a PIT increase. The Mamdani administration's Preliminary Budget includes the revenue that would flow from this property tax hike.
- As IBO [reported](#), the property tax is the only local tax where the City has authority to set the tax rates without State approval. The City Council, however, would have to agree to the Mayor's proposal for any change to occur.

Context: Rating Agencies Shift City's Outlook to "Negative"

On March 11th, Moody's Ratings shifted its NYC's outlook from "stable" to "negative" although it acknowledged a strong economy and budgeting practices

Moody's Ratings tied its March 11th [outlook change](#) to the emergence of "larger multi-year budget gaps than previously forecast."

- Moody's specifically recognized the shared responsibility of the City and the State to address structural budget challenges, noting that "State-level proposals to enhance revenue or other spending policy changes that benefit the city could have a stabilizing effect."
- Moody's also noted that the City's economic base "continues to support solid revenue growth," with employment "near historic highs" and a strong competitive environment.
- Moody's credited the City as having a "disciplined budget practices, a well-developed financial planning process, and a track record of adjusting expenditures and financial plans to maintain balance."

On March 20th two other ratings agencies (Fitch Ratings and the Kroll Bond Rating Agency) also shifted to a negative outlook. The rating agencies did not explain why past administrations' practice of understating budget expenditures (underbudgeting) did not raise the same concern.



IBO forecasts budget gaps of \$535 million in 2026 and \$5.939 billion in 2027



IBO's revenue projections are less optimistic than the Administration's

- IBO's estimates \$5 billion less in property tax revenue, as no changes to the tax rate have been adopted.
- IBO's economic forecasting projects slower growth in personal and business income tax collections.



Budget expenses are more accurately shown, correcting prior underbudgeting

- IBO estimates funding shortfalls amounting to less than \$1 billion annually starting in 2027 (less than 1% of the total budget). Additional funds are still needed in a few areas.

Analysis: Revenue, Expense, and Budget Gap Estimates

Dollars in Millions	Fiscal Year									
	2026		2027		2028		2029		2030	
	OMB	IBO	OMB	IBO	OMB	IBO	OMB	IBO	OMB	IBO
Revenues	\$122,370	\$121,415	\$127,001	\$122,676	\$128,933	\$125,573	\$130,203	\$127,539	\$133,024	\$130,528
Expenditures	\$122,370	\$121,950	\$127,001	\$128,615	\$135,595	\$137,078	\$136,957	\$138,501	\$140,133	\$141,578
Budget Gaps	\$0	(\$535)	\$0	(\$5,939)	(\$6,662)	(\$11,505)	(\$6,754)	(\$10,962)	(\$7,109)	(\$11,049)

SOURCES: IBO and OMB Preliminary Budget Tax Forecasts

NOTES: Revenue and expenditure estimates do not include intra-city transfers.

IBO estimates that total revenues will grow by an annual average of 2% a year from 2025 through 2030, but expenditures will increase by an average of 4.5% a year.

Analysis: The Administration Proposes to Use Reserves

The Preliminary Budget proposes to close 2026 and 2027 budget gaps in part by using reserve funds

Retiree Health Benefit Trust (RHBT)

The Administration proposes to draw down \$229 Million in 2027, which it would restore in 2028.

- The RHBT, funded by the City, supports medical coverage for City retirees. As of the close of 2025, the RHBT balance was \$5.2 billion and \$4.1 billion in benefits were paid during the year. The Mamdani administration has taken laudable steps to clearly disclose when these reserves will be used, rather than follow the practice of prior Mayors to administer the RHBT without full public scrutiny.

Rainy Day Fund (RDF)

The Administration proposes to draw down \$980 Million in 2026, which it would restore in 2028.

- The Preliminary Budget proposes using nearly a billion dollars of the \$1.97 Billion currently in the Revenue Stabilization Fund (“Rainy Day Fund”) to balance the current year budget, with the financial plan reflecting a replenishment in 2028.
- This would be the first withdrawal of funds since the Rainy Day Fund was established in 2020.
- State law limits the withdrawal of more than 50% of the fund in any fiscal year, absent a compelling fiscal need certified by the Mayor and empowers the City to set procedures for deposits to and withdrawals from the fund.

Best practice in this area would call for the Administration and the City Council to establish rules governing this process.

Revenue: Forecasting Optimism, With Concerns

IBO's [report](#) details its updated economic forecast.

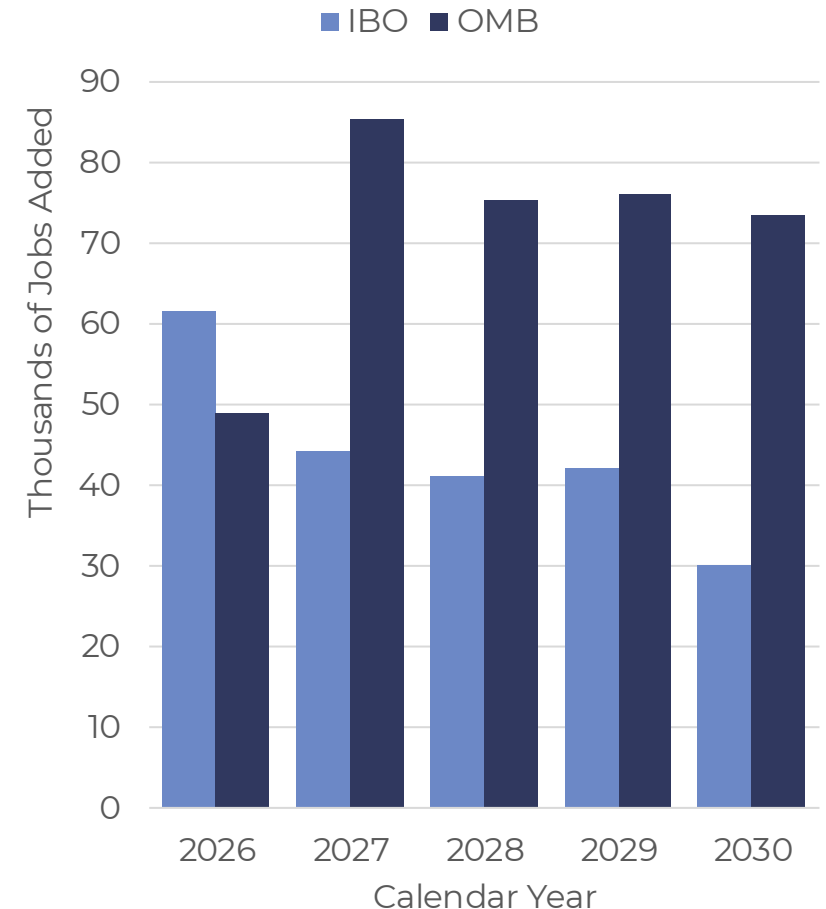
The national economy has weathered major headwinds and has generally held up, though sustainability of past trends is uncertain

- Conflicting signals for future performance, such as the strength of Wall Street and consumer behavior, come amidst extremely weak job growth and continued threats to the global economic order.
- IBO's economic forecast, while similar to the Administration's, projects slowing national real GDP growth and weaker job growth, which yields lower tax revenue projections.

Wall Street continues to boom, despite uncertainty

- The Preliminary Budget assumes continued high earnings, capital gains, and financial sector bonuses.
- The Administration's PIT projections depend on Wall Street continuing to post profits in 2027 comparable to 2025's record-breaking year.
- IBO also offers an optimistic forecast, but projects more modest Wall Street profits in light of current volatility in the global economic arena.

IBO Projects Lower City Job Growth Than the Administration Starting in 2027



SOURCE: IBO and OMB Preliminary Budget Economic Forecasts

The Administration's forecasts exceed IBO's in almost every major tax category

- Based on current Wall Street trends, IBO's forecast boosts projected personal and business income tax revenue, particularly in 2026 and 2027. The Administration's projections for the same years have increased more.
- From 2027 onward, increased property tax revenue accounts for most of the difference between the two forecasts.
- Starting in 2028, IBO projects somewhat faster tax revenue growth, particularly in property and business income taxes.
- For more details of estimated differences by type of revenue, see [City Tax Revenue Projections: IBO Compared with OMB](#).

IBO and Mamdani Administration Estimates of Total City Tax Revenue

Dollars in Billions	2026	2027	2028	2029	2030
IBO	\$83.2	\$86.4	\$89.0	\$91.3	\$94.2
OMB	\$84.3	\$91.5	\$93.1	\$94.7	\$97.4
Difference: IBO - OMB	(\$1.2)	(\$5.0)	(\$4.1)	(\$3.4)	(\$3.2)

SOURCE: IBO and OMB Preliminary Budget Tax Forecasts

Revenues & Efficiencies: Tax Increases and Savings

IBO estimates budget gaps of \$5.9 billion for 2027 to \$11.0 billion in 2030

Taxes

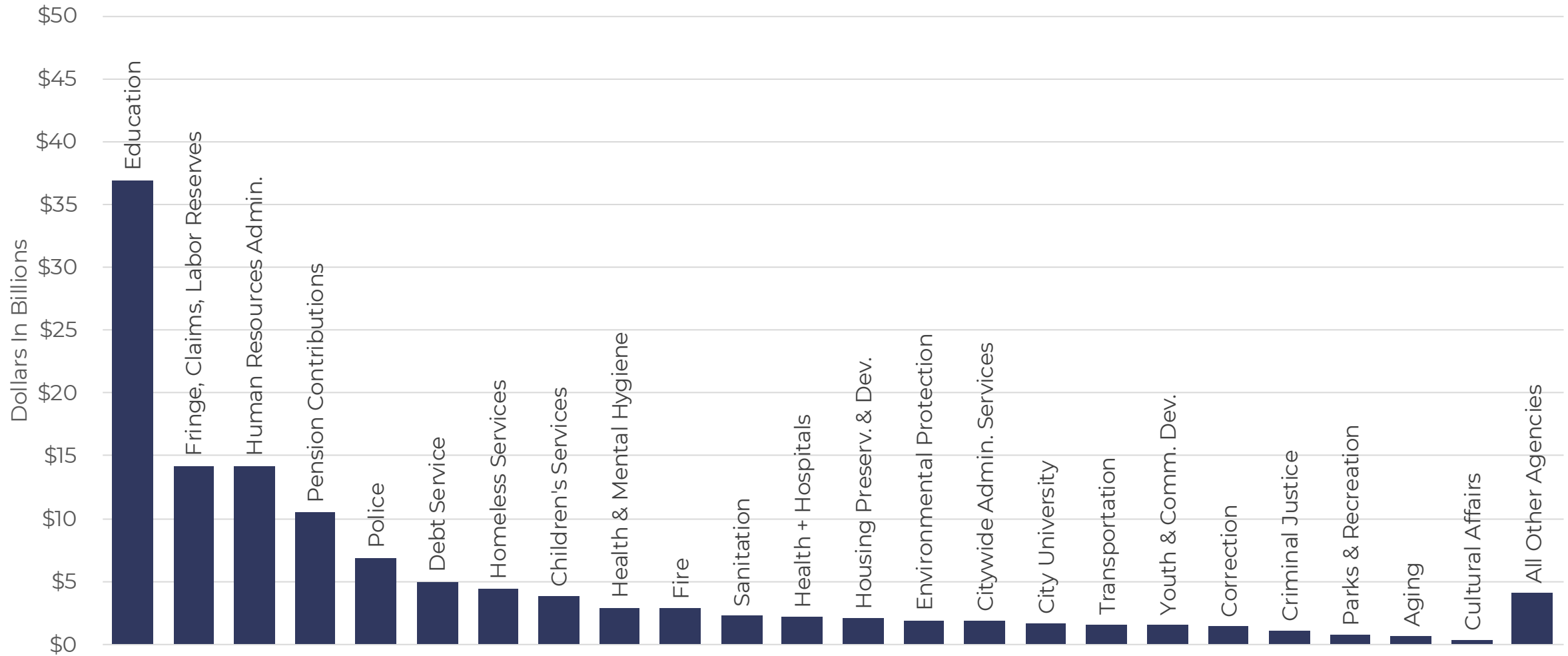
- If enacted, the Administration's proposed real property tax rate increase would generate annual revenue of approximately \$3.8 billion.
- If enacted, the Administration's proposed personal income tax rate increase for high income individuals would generate annual revenue of approximately \$3 billion.

Cost Savings

- Chief Savings Officers (CSO) reports identifying proposed efficiencies were due on March 20th.
- The Preliminary Budget assumes that CSOs citywide will generate proposals to yield \$710 million in savings in 2026 and \$1.1 billion in 2027.

None of these proposals, taken alone, would close budget gaps projected by IBO.

Expense: Agency Budgets for Fiscal Year 2027



SOURCE: OMB

NOTE: The graph includes City agencies with 2027 expense budgets over \$1 billion and all human services agencies regardless of budget. These agencies represent 97% of the total 2027 budget.

Expense: New Needs

Beyond correcting underbudgeted areas, funds were added in:

Early Childhood

3-K and Pre-K: [1,000 new 3-K seats](#) in districts where there is unmet need, on top of 38,282 existing seats.

- The City added \$303 million in 2026 and \$387 million in 2027 (excluding new state revenue) and beyond to expand 3-K and pre-K programs and add central staff positions to support service providers.

2-K: A new program with [2,000 seats](#) for two-year-olds by fall 2026 and 12,000 seats by fall 2027.

- The City recognized new state revenue for the 2-K pilot program (\$73 million in 2027 and \$425 million 2028). No City or State funds are allocated for 2-K after 2028.

Hunger and Nutrition

The Administration has added \$54 million to the Community Food Connection program each year starting in 2027, to begin to address demand as people lose federal Supplemental Nutrition Assistance Program (SNAP) benefits.

- In September 2025, the City estimated 221,000 households could lose SNAP benefits due to changes in OBBBA. In 2025, about 1.1 million NYC households received monthly support through SNAP and spent \$5 billion throughout fiscal year 2025 in retail establishments. Bridging this gap will be challenging: [in 2023](#), SNAP provided nine meals for every one meal provided by a food pantry.

Expense: Areas Remain Underfunded

IBO finds that funds will be required to achieve target service levels

Administration for Children’s Services

For childcare vouchers, the City will need to add \$182 million annually in 2027 through 2030 to maintain current spending levels.

- The Preliminary Budget maintained childcare voucher funding at the November Plan levels.
- Spending on vouchers is on pace to exceed \$1.6 billion in 2026, but the Preliminary Budget allocates only \$1.2 billion.
- The Preliminary Budget does not include the voucher funds promised by the Governor, nor does it include the City funding required (\$328 million) to unlock the State’s beneficial matching funds (\$475 million). The City is not accepting new clients for this program.

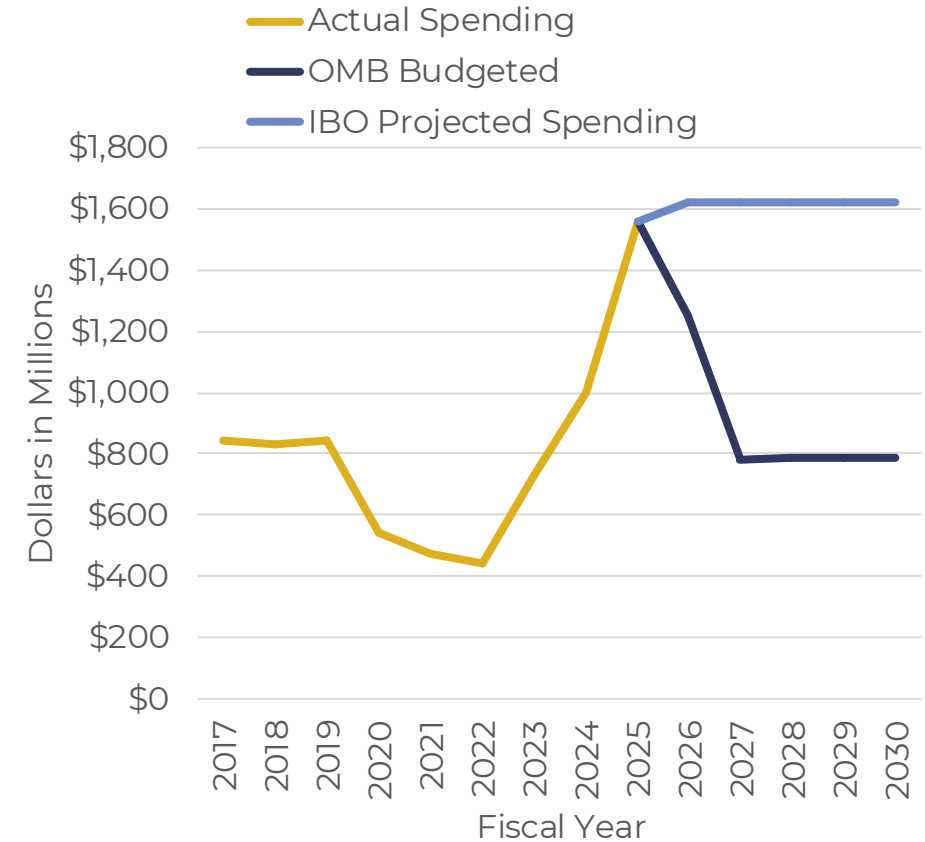
Office of Technology & Innovation

- Within the total Agency budget of \$703 million for 2027, IBO estimates that an additional \$181 million annually is required from 2027 through 2030.

Department of Correction

- Within the total Agency budget of \$1.3 billion for 2027, IBO estimates that at least \$114 million of additional funding is needed for overtime in 2027. While the January 27th recent [appointment](#) of a Federal Remediation Manager may lead to changes, this new oversight office has yet to announce reforms likely to materially alter overtime spending.

Childcare Actual Spending and Budgeted Amounts in Preliminary Budget



SOURCE: IBO analysis of OMB Fiscal Year 2027 Preliminary Budget

Expense: Headcount (Including New Needs)

The City has 292,000 active full-time employees, up from 280,000 in 2023

- In 2020, the City reached its all-time high active full-time (FT) employees at 302,000. By April 2023, the City had roughly 22,000 fewer employees on payroll.
- In 2023, the City actively increased hiring, but 5% of the City's 307,000 budgeted FT positions are vacant as of February 2026.

The Preliminary Budget:

- Reversed the decision of the Adams administration to add 5,000 new police officers and added 1,990 new staff citywide in 2027.
- Announced plans to cut vacancies by nearly half and to allow agencies to prioritize hiring.

IBO Findings:

- IBO forecasts \$681 million in personnel cost savings in 2026 alone, based on year-to-date payroll trends.
- Recently, vacancies have been used to achieve savings. The combination of eliminating vacancies and speeding hiring approval could diminish such savings.

Optimal agency operations require that staffing is appropriately assigned.

Agency	2026 Budgeted	Active – Feb. 2026	Vacancies	Vacancy Rate
Dept. of Education	140,514	137,523	3,261	2.32%
Police	49,064	46,347	2,717	5.54%
Human Resources Administration	12,517	10,861	1,656	13.23%
Correction	8,811	7,210	1,601	18.17%
Housing Preservation & Development	2,867	2,475	392	13.67%
Dept. of Finance	2,015	1,719	296	14.69%
Dept. of Homeless Services	2,204	1,623	572	25.95%
Dept. of Buildings	1,853	1,604	249	13.44%
Probation	1,074	828	246	22.91%
All Other Agencies	77,517	74,844	2,673	3.45%
Total	307,247	291,983	15,264	5.0%

SOURCE: NYC Financial Management System and Payroll Management System

Conclusion

IBO estimates City must close a gap of \$535 million this year and \$5.9 billion gap by June 30, 2026 (Fiscal Year 2027)

The Mamdani administration has used available tools to present a balanced budget. IBO:

- Lauds the decision to correct the chronic underbudgeting of known City expenditures, as well as the new transparency in how reserve funds will be used.
- Questions the Administration's notable optimism in its revenue projections.
- Suggests that the time is ripe for the adoption of rules on the usage of reserve funds.
- Cautions that operational needs should be considered as headcount levels are shifted.
- Identifies the risk in not restructuring certain programs that now have large and rapidly accelerating costs.

Decisions on the proposed tax changes will clarify the Administration's options

- Once the State budget is finalized, the Mamdani administration's Executive Budget likely will reflect additional funding for childcare, youth, education, and housing.
- Other decisions by the State and City Council on the City's tax policies will determine the magnitude of remaining City gaps.

Federal risks still loom

- Risks to the economy remain high, driven by federal actions in areas such as global trade, tariffs, and immigration. These are now compounded by geopolitical instability due to military conflicts.



**New York City
Independent
Budget Office**



Supplemental Tables

IBO Total Revenue and Expenditure Projections

Dollars in Millions		Prior Year Actuals	Financial Plan Projections					Annual Average Change
		2025	2026	2027	2028	2029	2030	2025-2030
Total Revenue, Less Intra-City		\$117,984	\$121,415	\$122,676	\$125,573	\$127,539	\$130,528	2.0%
	Taxes	80,208	83,166	86,433	89,001	91,343	94,247	3.3%
	Other City & Interfund Revenues (Less Intra-City)	7,874	7,766	7,034	7,053	7,105	7,132	(2.0%)
	State, Federal, and Other Categorical Grants	29,901	30,483	29,209	29,519	29,092	29,148	(0.5%)
Total Expenditures, Less Intra-City		\$116,207	\$121,950	\$128,615	\$137,078	\$138,501	\$141,578	4.0%
IBO Surplus / (Deficit)			(\$535)	(\$5,939)	(\$11,505)	(\$10,962)	(\$11,049)	
Adjustments for Prepayments and Non-Recurring Expenses								
	Net Prepayments	\$610	3,549	238	0	0	0	
	General Fund Reserves		(50)	(100)	(1,450)	(1,450)	(1,450)	
	Rainy Day Fund		980	0	(980)	0	0	
	Retiree Health Benefits Trust		0	229	(229)	0	0	
	Other Adjustments		500	(166)	(268)	(353)	(483)	
Total Expenditures Incurred in Fiscal Year		\$116,817	\$126,928	\$128,816	\$134,151	\$136,697	\$139,645	3.6%
City-Funded Expenditures Incurred in Fiscal Year		\$90,176	\$95,469	\$95,117	\$98,909	\$101,378	\$104,437	3.0%

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Net prepayments include payments of debt service. Total Expenditures Incurred in Fiscal Year is the sum of Total Expenditures and Net Prepayments, less General Fund Reserves and Other Adjustments. Total Expenditures Incurred presents the total expenditures incurred in a given fiscal year, rather than the cash paid for expenditures.

Economic Forecasts: IBO Compared with OMB

National Economy		Calendar Year				
		2026	2027	2028	2029	2030
Real GDP Growth						
	IBO	2.7	1.8	2.0	2.4	2.6
	OMB	2.2	1.8	1.7	1.8	1.8
Inflation Rate						
	IBO	3.1	2.7	2.2	1.9	1.9
	OMB	2.8	2.5	2.2	2.2	2.3
Personal Income Growth						
	IBO	4.7	4.3	4.1	4.5	4.7
	OMB	5.6	5.5	4.7	4.5	4.5
Unemployment Rate						
	IBO	4.5	4.4	4.4	4.4	4.5
	OMB	4.6	4.6	4.6	4.4	4.3
10-Year Treasury Bond Rate						
	IBO	4.3	4.3	4.3	4.3	4.3
	OMB	3.9	3.9	3.9	3.9	3.9
Federal Funds Rate						
	IBO	3.2	3.0	3.1	3.1	3.0
	OMB	3.4	3.1	3.1	3.1	3.1

New York City Economy		Calendar Year				
		2026	2027	2028	2029	2030
Nonfarm New Jobs Q4-Q4 (In Thousands)						
	IBO	61.5	44.2	41.1	42.1	30.0
	OMB	48.8	85.3	75.5	76.1	73.4
Nonfarm Employment Growth Q4-Q4						
	IBO	1.3	0.9	0.8	0.8	0.6
	OMB	1.0	1.7	1.5	1.5	1.4
Inflation Rate (CPI-U-NY)						
	IBO	3.6	3.0	2.4	2.2	2.2
	OMB	3.1	2.5	2.2	2.1	2.2
Personal Income (Dollars in Billions)						
	IBO	879.7	920.3	958.0	995.6	1,029.6
	OMB	881.9	931.6	974.8	1,019.8	1,068.4
Personal Income Growth						
	IBO	4.7	4.6	4.1	3.9	3.8
	OMB	5.9	5.6	4.6	4.6	4.8

SOURCES: IBO; OMB

NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, and Federal Funds Rate. The local price index for urban consumers (CPI-U-NY) covers the New York/Northern New Jersey region. Personal income is nominal. IBO and OMB measure New York City personal income differently, making data and forecasts not directly comparable.

City Tax Revenue Projections: IBO Compared with OMB

Dollars in Millions

		Forecast By Fiscal Year				
		2026	2027	2028	2029	2030
Property	IBO	\$35,317	\$36,911	\$38,201	\$39,658	\$41,184
	OMB	35,361	40,349	41,354	42,575	43,983
Personal Income	IBO	19,773	20,699	20,825	21,117	21,658
	OMB	20,283	21,297	21,349	21,706	22,298
General Sales	IBO	10,870	11,390	11,935	12,529	13,025
	OMB	10,868	11,432	11,976	12,527	12,972
Corporate	IBO	6,658	6,849	7,326	7,108	7,217
	OMB	6,801	7,286	7,097	6,513	6,584
Unincorporated Business	IBO	3,433	3,559	3,652	3,762	3,904
	OMB	3,669	3,788	3,878	3,991	4,121
Real Property Transfer	IBO	1,494	1,491	1,468	1,485	1,509
	OMB	1,473	1,529	1,581	1,629	1,645
Mortgage Recording	IBO	991	971	954	953	957
	OMB	1,015	1,072	1,090	1,057	1,066

		Forecast By Fiscal Year				
		2026	2027	2028	2029	2030
Commercial Rent	IBO	\$956	\$977	\$999	\$1,024	\$1,048
	OMB	950	974	989	1,000	1,015
Utility	IBO	512	550	552	563	553
	OMB	512	550	552	563	553
Hotel Occupancy	IBO	825	859	894	929	965
	OMB	815	856	899	919	947
Cannabis	IBO	25	33	36	41	45
	OMB	24	33	39	41	43
Other Taxes and Audit	IBO	2,313	2,144	2,158	2,174	2,182
	OMB	2,459	2,209	2,179	2,075	2,079
Total Tax Revenue	IBO	\$83,166	\$86,433	\$89,001	\$91,343	\$94,247
Total Tax Revenue	OMB	\$84,230	\$91,375	\$92,983	\$94,596	\$97,306

SOURCES: IBO; OMB

NOTES: Figures may not add due to rounding. Taxes exclude NYS School Tax Relief (STaR) reimbursement. Corporate taxes comprise three separate taxes: the Business Corporation Tax for C Corporations, the General Corporation Tax, and the Banking Corporation Tax for S Corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax. Other Taxes includes small tax revenue sources including cigarette, liquor, off-track betting, taxi medallion, and motor vehicle taxes, as well as payments made in lieu of taxes. IBO does not individually forecast these revenue items or the Utility Tax and uses OMB's estimates in IBO's total tax revenue projections.

Differences in Expense Estimates: IBO Compared with OMB

Dollars in Millions	2026	2027	2028	2029	2030
Expenditures – City Funded					
Fringe Benefits	(\$16)	\$0	\$0	\$0	\$0
Asylum Seekers	0	15	(4)	9	9
Citywide Personal Services	223	0	0	0	0
Debt Service	21	35	0	0	0
Youth and Aging	55	0	0	0	0
Public Safety and Judicial	(1)	(168)	(24)	(38)	5
General Government	35	(330)	(322)	(396)	(341)
Education	349	(76)	(31)	(31)	(31)
City University	19	0	0	0	0
Social Services, Homeless Services	(183)	(183)	(183)	(183)	(183)
Environmental Protection and Sanitation	(71)	(228)	(222)	(230)	(241)
Transportation Services	(12)	(42)	(54)	(65)	(78)
Parks, Recreation, and Cultural Activities	5	(5)	(5)	(5)	(5)
Housing and Buildings	0	(15)	(16)	(16)	(16)
Health	104	0	0	0	0
Total Expenditures – City	\$528	(\$997)	(\$861)	(\$955)	(\$881)

IBO estimates agency expenditures based on a variety of factors including historical spending trends and projections of population changes.

Negative pricing differences (in parentheses) widen the budget gap, while positive pricing differences narrow the gap.

SOURCES: IBO; OMB

NOTES: The categorization of City agencies in IBO's chart generally mirrors the presentation of agencies in the Comptroller's Annual Comprehensive Financial Report. Figures may not add due to rounding.

Please direct any inquiries on this report to press@ibo.nyc.gov

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