

IBO Review of Formula To Allocate Discretionary Capital Funding for Borough Presidents

At the request of Manhattan Borough President Brad Hoylman-Sigal, the Independent Budget Office (IBO) reviewed the formula for allocating annual discretionary capital funding for Borough Presidents. This report discusses the formula for determining the overall allocation of capital funds to Borough Presidents under the current terms of the City Charter. This report also looks at how funding would shift using alternative measures, as requested by Borough President Hoylman-Sigal. IBO also notes illustrative examples of how capital allocations outside of New York City are dispersed via formula to local government jurisdictions.

Current Formula

New York City's Borough Presidents are elected City positions that represent county-level districts. Under Section 82 of the New York City Charter, the responsibilities of the Borough Presidents include:

- Making budget and policy recommendations to the mayor and to other city officials.
- Consulting with the mayor in the preparation of the budget and submitting expense and capital budget recommendations to the mayor and the City Council.
- Maintaining a planning office, making recommendations regarding land use applications and proposals, and providing technical assistance to the community boards.
- Monitoring the performance of contracts for delivery of services in the borough.
- Introducing legislation in the City Council.
- Overseeing a borough-wide public service complaint program.
- Holding public hearings on matters of public interest.

Each Borough President receives a budget allocation to support and fund discretionary capital projects in their borough, as set forth in [Section 211](#) of the City Charter:

Five percent of the appropriations, funded by debt supported by city tax levy funds and state and federal funds over which the city has substantial discretion, proposed in the executive capital budget for the ensuing fiscal year, except any lump sum appropriation for school construction or rapid transit proposed to be made to public authorities established pursuant to the provisions of state law, shall be allocated among the boroughs by a formula based on an equal weighting of factors relating to population and geographic area, and shall be known as the capital budget borough allocation.

Section 249 of the City Charter allows for adjustments to this allocation to reflect changes to capital plan funding made with the submission of the Executive Budget.

The Section 211 formula was put in place as part of the 1989 City Charter revision process. The City Charter provides only a general description of the categories of capital funding that are to be included in the prescribed calculation or the process by which such calculation and allocation is to be done. In practice, this calculation is done by the Mayor's Office of Management and Budget (OMB).¹

The City Charter prescribes different distribution formulas for capital and expense funding directed to the Borough Presidents. Capital funding is distributed among the five borough presidents by a formula affording equal weight to residential population and land area, while expense funding is distributed via a formula affording equal weight to each borough's share of residents, population under 125% of the federal poverty level, and land area.²

Timeline in Budget Process

OMB notifies Borough Presidents of their initial capital allocations after release of the Preliminary Budget. Borough Presidents then submit project proposals, including cost estimates, timelines, and any anticipated operating and maintenance costs to OMB for review. OMB assesses the proposals and generally incorporates projects deemed fully funded into the Executive Budget, as well as some partially funded projects. OMB notifies Borough Presidents of any changes to their allocations in the Executive Budget, and the Borough Presidents have seven days to submit proposed additions or rescissions.

Borough President Capital Allocations Since 2022

OMB does not report final capital budget borough allocations in one place in its budget publications. OMB publishes some information on capital budget borough allocations in the Message of the Mayor released during the Executive Budget. This does not capture the full amount ultimately allocated to the Borough Presidents. Capital documents published during the Adopted Budget include additional appropriations by the Borough Presidents for individual projects. Because the Adopted Budget includes all capital projects funded citywide, the public cannot track and total up the final borough allocations.

In addition to reporting components of the borough allocations across multiple publications, OMB does not publicly release how it calculates the funding amounts per Section 211. OMB has provided IBO with details of funding allocations which OMB used to arrive at a baseline

FIGURE 1

Capital Funding Allocation, Exclusions, and Total Discretionary Allocation to be Divided Among Borough Presidents

Dollars in Millions

	Fiscal Year					
	2022	2023	2024	2025	2026	2027
City Funds Total as of Executive Budget	\$14,643.8	\$12,510.4	\$14,454.4	\$11,433.2	\$20,507.0	\$27,090.5
Excluded Amount	10,265.8	9,406.9	8,969.3	8,143.6	12,493.5	19,807.4
Allocation for Formula Calculation	4,378.0	3,103.5	5,485.2	3,289.6	8,013.5	7,283.2
Total One-Year Allocation	\$218.9	\$155.2	\$274.3	\$164.6	\$400.7	\$364.2

SOURCES: IBO review of capital budget borough allocation letters sent to the Borough Presidents and formula calculations provided by OMB for fiscal years 2022-2027

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amount for capital budget borough allocations in the Executive Budgets from fiscal year 2022 through 2027. Additionally, IBO received allocation letters from the Manhattan Borough President's office which detail actual allocations for fiscal years 2022 through 2027.

Figure 1 details the total one-year capital budget borough allocations as stated in notification letters provided to the Borough Presidents by the Mayor's Office.³ Figure 1 also shows the total City funds available as of the Executive Budget for each fiscal year and the amount that was excluded from the allocation for the formula calculation as provided by OMB. Based on conversations with OMB, total City funds reflect appropriations financed through debt supported by City taxes for capital projects less funding for contingency and inter fund agreements (IFA funding).⁴ The City Charter language calls for the inclusion of "state and federal funds over which the city has substantial discretion" and OMB confirmed to IBO that it interprets this by excluding all non-City funding from the baseline.⁵ Other funding sources that have been excluded from the calculation are:

- Funding for school construction and rapid transit and funding for other public authorities.
- Existing capital funding allocated to the City Council and Borough Presidents.
- Funding for the Department of Environmental Protection (DEP), including work for sewers and water mains which are funded separately by bonds issued by the Municipal Water Finance Authority.
- Funding for State courts.
- Funding for highways, and waterway and highway bridges, which require considerable coordination with New York State and federal transportation departments.

- Funding for the Police Department (NYPD).
- Funding for the Department of Correction (DOC).
- Funding for the New York City Housing Authority (NYCHA).

The funding letters provided by the Mayor to the Borough Presidents also detail the underlying population and land area statistics that go into determining the percentage of total funding allocated to each borough. OMB utilizes decennial population data from the U.S. Census Bureau and land acreage as measured by the Department of City Planning. The U.S. Census Bureau 2010 decennial population estimates were used through fiscal year 2022, and 2020 decennial estimates were used from fiscal year 2023 and beyond. As shown in Figure 2, Manhattan received 13.4% to 13.5% of the total allocation, ranging from \$20.8 million to \$53.5 million annually.

Comparison of Actual Capital Funding Allocation to IBO Estimate

The specific exclusion criteria utilized in calculating capital budget borough allocations are not publicly published in any City document. In discussions with OMB, IBO was able to confirm the exact capital funding sources, project types, and budget lines that were excluded in calculating the fiscal year 2022 through 2027 capital borough allocations. Applying the exclusion criteria provided by OMB to capital budget documents, IBO was able track how OMB calculated the total capital budget Borough President allocations for each of these six fiscal years.

Because the exclusion criteria are not publicly reported, the Borough Presidents and the general public have no insight as to whether additional or fewer funding sources are excluded in any given fiscal year. For example, based on documentation provided by OMB, funding for NYCHA was excluded in the fiscal year 2027 capital budget borough allocation, but it

FIGURE 2

Borough President Discretionary Capital Funding Share and Allocation, By Borough

Dollars in Millions

	Population and Land Area Share		Fiscal Year					
	2010	2020	2022	2023	2024	2025	2026	2027
Bronx	15.4%	15.3%	\$33.7	\$23.8	\$42.0	\$25.2	\$61.3	\$55.7
Brooklyn	27.0%	27.2%	59.1	42.2	74.7	44.8	109.2	99.3
Manhattan	13.5%	13.4%	29.5	20.8	36.6	22.0	53.5	48.6
Queens	31.6%	31.6%	69.2	49.0	86.7	52.0	126.6	115.1
Staten Island	12.5%	12.5%	27.4	19.4	34.3	20.6	50.1	45.5
Total	100.0%	100.0%	\$218.9	\$155.2	\$274.3	\$164.6	\$400.7	\$364.2

SOURCE: IBO review of capital budget borough allocation letters for fiscal years 2022-2027

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FIGURE 3

Exclusion Amounts by Category and Fiscal Year

Dollars in Millions

Exclusion Category	Fiscal Year					
	2022	2023	2024	2025	2026	2027
Environmental Protection	\$1,067.2	\$1,979.1	\$2,721.0	\$2,626.5	\$3,884.2	\$5,906.4
Education	4,421.9	\$4,182.5	2,905.4	3,018.4	3,677.9	4,343.2
Transit	2,965.0	-	21.1	-	-	70.0
NYCHA	-	-	-	-	-	627.8
NYCHA Pact / Trust	-	-	-	-	-	1,305.1
Financing Costs	-	-	-	-	50.0	100.0
Judgement and Claims	40.0	100.0	34.0	55.0	20.0	76.0
Courts	11.4	\$30.0	\$58.2	53.0	163.5	76.4
Correction	397.0	1,284.1	1,903.8	953.5	1,937.0	5,661.3
Highways	425.2	575.3	217.8	952.2	862.2	742.2
Police	97.3	159.8	394.8	50.5	163.6	189.4
Hospitals	197.9	485.5	418.4	337.7	434.9	300.7
Bridges	570.3	565.4	184.5	57.7	1,177.5	201.1
Inter-fund Agreement	-	-	-	-	20.0	100.0
City Council and Borough President Funding	72.6	45.0	110.2	39.2	102.7	107.8
Total	\$10,265.8	\$9,406.9	\$8,969.3	\$8,143.6	\$12,493.5	\$19,807.4

SOURCE: IBO analysis of formula calculations provided by OMB for fiscal years 2022-2027

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was not excluded in fiscal years 2022 through 2026. Furthermore, per OMB, capital funding for the Department of Correction was excluded beginning in fiscal year 2020 to account for the [mandated construction of borough-based jails](#). Without confirmation from OMB, IBO would not have been able to quantify the funding excluded from the formula calculation and ultimately the allocation itself. Figure 3 details the dollar value of the exclusion criteria for fiscal years 2022 through 2027.

Scenario to Base Formula on Residential Populations

Pursuant to the request from Borough President Hoylman-Sigal, IBO examined how the distribution of allocations across boroughs would change if the funding formula was based solely on residential population rather than a combination of population and land area.

FIGURE 4

Restated Residential Population Funding Share and Allocation by Borough

Dollars in Millions

	Decennial Census Estimate		Fiscal Year					
	2010	2020	2022	2023	2024	2025	2026	2027
Bronx	17.0%	16.7%	\$37.2	\$25.9	\$45.8	\$27.5	\$66.9	\$60.8
Brooklyn	30.6%	31.1%	67.0	48.3	85.3	51.2	124.6	113.3
Manhattan	19.4%	19.2%	42.5	29.8	52.7	31.6	76.9	69.9
Queens	27.3%	27.3%	59.8	42.4	74.9	44.9	109.4	99.4
Staten Island	5.7%	5.7%	12.5	8.8	15.6	9.4	22.8	20.8
Total	100.0%	100.0%	\$218.9	\$155.2	\$274.3	\$164.6	\$400.7	\$364.2

SOURCE: IBO review of capital budget borough allocation letters for fiscal years 2022-2027

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Revising the allocation formula language would require changing the City Charter. As shown in Figure 4, Manhattan accounts for between 19.2% to 19.4% of the City's total residential population over this period based on decennial census data. IBO applied the borough shares of residential population to the estimated total capital allocation for fiscal years 2022 through 2027. Figure 4 details the restated borough-level allocations if the funding formula was solely based on residential populations. Under this scenario, the annual allocation for Manhattan would range from \$29.8 million to \$76.9 million.

Scenario to Base Formula on Commuter-Adjusted Populations

In addition to requesting a recalculation of the funding formula based on residential population, Manhattan Borough President Hoylman-Sigal also asked IBO to calculate how allocations would change if the formula was based on a commuter-adjusted population. Residential population reflects the number of people who have permanent addresses in the borough and are assumed to be present in evening or nighttime hours. In contrast, commuter-adjusted population includes both the residential population and workers who commute to the borough for employment but live elsewhere.⁶ To calculate commuter-adjusted population, IBO utilized U.S. Census Bureau American Community Survey (ACS) one-year estimates. Decennial census data does include sufficient detail to calculate commuter-adjusted population. U.S. Census Bureau ACS data is published on a lag and, as of publication of this report, data is only available through 2024.

While commuter-adjusted population reflects daytime shifts due to employment, it does not include individuals visiting for tourism, education, or non-work appointments. Therefore, commuter-adjusted population likely undercounts the total increase to Manhattan's share

FIGURE 5

Restated Commuter-Adjusted Population Funding Share and Allocation by Borough
Dollars in Millions

	Fiscal Years					
	2022	2023	2024	2022	2023	2024
Bronx	13.9%	13.4%	13.5%	\$30.5	\$20.8	\$36.9
Brooklyn	26.6%	25.7%	25.5%	58.3	39.9	70.1
Manhattan	32.7%	34.6%	34.8%	71.5	53.8	95.5
Queens	22.2%	21.6%	21.6%	48.5	33.5	59.4
Staten Island	4.6%	4.7%	4.5%	10.1	7.3	12.4
Total	100.0%	100.0%	100.0%	\$218.9	\$155.2	\$274.3

SOURCES: IBO analysis of capital budget borough allocation letters for fiscal years 2022-2027 and U.S. Census Bureau American Community Survey one-year estimates

NOTE: American Community Survey one-year estimates for 2025 are not yet available.

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of daytime population. Neither the U.S. Census Bureau nor the Department of City Planning collects information on visitors; daytime estimates used for commercial purposes often rely on estimates derived from purchased third-party credit card transaction or cell phone tracking data.

As shown in Figure 5, Manhattan represents between 32.7% and 34.8% of the City's commuter adjusted population from 2022 through 2024. This outweighs Manhattan's share of residential population as noted in Figure 4 (19.2% to 19.4%). IBO applied the borough shares of commuter-adjusted population to the estimated total capital allocation for fiscal years 2022 through 2024. Figure 5 represents the restated borough-level allocations if the funding formula was solely based on commuter-adjusted populations. Under this scenario, the allocation for Manhattan would range from \$53.8 million to \$95.5 million.

Visitors to Manhattan-Based Arts and Cultural Organizations

Manhattan Borough President Hoylman-Sigal also asked IBO to model out where visitors to Manhattan arts and cultural institutions visited from as a basis for dividing up borough allocations. Arts and cultural institutions, particularly in Manhattan, serve visitors from both within the borough they are in and visitors from outside the borough—New York City residents visiting from other boroughs and non-resident visitors. While Mayoral capital funding through the Department of Cultural Affairs (DCLA) makes up the majority of City capital funding for these institutions, discretionary capital grants from Borough Presidents and City Council can also be used to support their capital needs. Manhattan Borough President Hoylman-Sigal [announced](#) in June 2026 that he would put Manhattan Borough President discretionary funding fully towards Manhattan arts and cultural institutions. Data on where visitors came

from are inconsistently collected by arts and cultural institutions and incompletely reported to DCLA, precluding IBO from completing a borough allocation analysis based on these metrics. Past IBO reporting presents [where recipients of DCLA's Cultural Development Fund are based](#) (which may be a different borough from where programming and services are offered) and how much member organizations in the DCLA [Cultural Institutions Group rely on City Subsidies](#).

Comparison of Manhattan Allocations Under Different Formula Models

Based on the capital borough allocation letters reviewed by IBO, the Manhattan Borough President's office received \$211.0 million in annual discretionary capital allocations between the 2022 and 2027 Executive Budgets. If the formula were instead based on residential population, IBO estimates that the annual Manhattan allocation would have been \$92.4 million higher over this period. While IBO is unable to calculate commuter-adjusted population beyond 2024, IBO estimates that the annual Manhattan allocation would have

FIGURE 6

Funding Differences Under Allocation Scenarios for Manhattan Borough President Discretionary Capital Funding

Dollars in Millions

Allocation Change: Population and Land Area to Population	Fiscal Years						Total
	2022	2023	2024	2025	2026	2027	
Bronx	\$3.5	\$2.1	\$3.8	\$2.3	\$5.6	\$5.1	\$22.5
Brooklyn	7.9	6.1	10.6	6.4	15.4	14.0	\$60.3
Manhattan	13.0	9.0	16.1	9.6	23.4	21.3	\$92.4
Queens	(9.4)	(6.6)	(11.8)	(7.1)	(17.2)	(15.7)	(\$67.8)
Staten Island	(14.9)	(10.6)	(18.7)	(11.2)	(27.3)	(24.7)	(\$107.4)
Allocation Change: Population and Land Area to Commuter Adjusted Population	Fiscal Years						Total
	2022	2023	2024	2025	2026	2027	
Bronx	(\$3.2)	(\$3.0)	(\$5.1)	-	-	-	(\$11.4)
Brooklyn	(0.8)	(2.3)	(4.6)	-	-	-	(\$7.7)
Manhattan	42.0	33.0	58.9	-	-	-	\$133.9
Queens	(20.7)	(15.5)	(27.3)	-	-	-	(\$63.5)
Staten Island	(17.3)	\$(12.1)	(21.9)	-	-	-	(\$51.3)

SOURCES: IBO analysis of capital budget borough allocation letters for fiscal years 2022-2027 and U.S. Census Bureau American Community Survey one-year estimates

NOTE: American Community Survey one-year estimates for 2025 are not yet available.

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been \$133.9 million higher over 2022-2024 if the formula was based on commuter-adjusted population. Figure 6 presents IBO's estimates of the difference in annual funding amounts for the boroughs under the formula scenarios requested by Borough President Hoylman-Sigal, relative to the current formula that equally weighs population and land area. The scenarios would not change the total funding amount appropriated to the Borough Presidents, only how the share of funding is distributed across the boroughs.

Examples of Capital Allocation Formulas from Other Cities

IBO also looked at examples for how other jurisdictions allocate capital funding. Because Borough Presidents represent county-level areas within a city, IBO looked at how other major cities or counties within states allocate capital funding to elected officials or the geographic sub-areas that they represent.

First, some areas provide an equal allocation to each entity. The [Chicago Aldermanic Menu](#), run through the City of Chicago Office of Management and Budget, provides a flat allocation to each ward. The allocation is currently \$1.5 million in capital bond funds. The representing Alderman then has discretion to choose which projects to fund.

Other jurisdictions build off the equal allocation model, starting with an equal allocation as a baseline and then adjusting upwards to reflect special programs and infrastructure needs. An example of this is the Los Angeles Council District capital allocations, managed by the City of Los Angeles Office of the City Administrative Officer. The total capital allocations for a district consist of several funds. The Street Furniture Revenue Fund divides money equally among the 15 Council Districts and is restricted to transit-related infrastructure. But then the Council District Real Property Fund is divided based on the location of City-owned real property and franchise fees for oil pipelines. Use of this funding is limited to uses such as the acquisition of real property, improvements to City-owned real property, and approved economic development projects.

More broadly, at state and national levels, capital funding formulas, if they do not allocate equal amounts, tend to be adjusted by a variety of measurements:

- Demand—population, employment, enrollment.
- Infrastructure needs—road miles, land area.
- Community needs—poverty levels, unemployment rates, disadvantaged populations.

In general, most capital dollars are distributed by measures for their particular purpose, such as roadwork capital grants based on number of road miles in a county or school construction funding based on student-age populations or public school enrollment numbers by district.

Considerations for Establishing Formula Funding

The National Academies of Science, Engineering, and Medicine report [*The Use of Formulas to Allocate Funds*](#) discusses challenges in formula setting for government funding allocations. It points out that formulas provide transparency to an allocation process, providing credibility to a program. But it also warns that how underlying statistics used to calculate formula inputs are computed may “interact in complex ways with formula features to produce consequences that may not have been anticipated or intended.”

The central crux of any formula change is that reallocation creates new “winners” and “losers.” Hold-harmless provisions without extra funding may cause distortion in formula allocations and dilute the intent behind making formula changes. Moreover, statistical measures need to be reliable and consistent year-to-year if they are to be used to calculate the formula allocation.

OMB does not explicitly publish information that is excluded from its calculation of the capital budget borough allocations, nor does it highlight final amounts allocated to each borough. This creates a challenge for the public to understand the amount of capital funding ultimately allocated to each Borough President. Although OMB confirmed that all non-City funding is excluded from the calculation, in its interpretation of “*funded by debt supported by city tax levy funds and state and federal funds over which the city has substantial discretion*”, Section 211 of the Charter could be interpreted to call for the inclusion of some non-City funding. Letters sent from the Mayor’s Office to the Borough Presidents along with the release of the Preliminary and Executive budgets provide additional detail on the land area and population assumptions used but provide no further clarity on the capital funding sources that are being excluded. Furthermore, there is no accountability measure in place to detail why certain categories of City funding are excluded or if any changes to the exclusion criteria are made from year to year.

The City Charter only provides broad language around the exclusion criteria, which is subject to interpretation. OMB interprets the City Charter exclusion language when it presents Borough Presidents with their discretionary capital allocations but is not public in showing what aspects of the capital budget it excludes and how those exclusions fit the charter language. Publishing additional information on how the capital budget borough allocations are calculated would promote greater transparency and accountability.

Endnotes

- 1 Charter language refers to Borough President discretionary capital allocations as the “capital budget borough allocation.” These allocations constitute only a portion of the funding for capital projects within a given borough. The Mayor and City Council also allocate capital funding across the boroughs.
- 2 For allocating expense budget dollars to the Borough Presidents, the City Charter includes highly limiting language, specifically that the Borough Presidents' allocations are calculated only off the amount of funding designated as “new needs” as opposed to general budget adjustment. In the fiscal year 2027 Executive Budget, 1.5% of the fiscal year 2027 budget was designated as new needs.
- 3 Funding notification letters provided to the Borough Presidents detail allocations for the ensuing fiscal year and the following three out-years. For the purposes of this analysis, IBO focuses on the allocation for the upcoming fiscal year and not the out-years.
- 4 Contingency funding provides the budget with a cushion in case of cost overruns but is not considered part of the estimated cost of the project for budgeting purposes. IFA funding allows the City to use revenues from bond proceeds to fund staff work on capially-eligible projects, which would otherwise need to be paid for through expense dollars.
- 5 City Charter language does not specifically spell out what State and federal capital funding over which the city has substantial discretion should be considered in the formula. However, the City Charter framers appeared to have intended some State and Federal capital funding to be included, see: Frederick A.O. Schwarz Jr. and Eric Lane, [The policy and politics of Charter making: the story of New York City's 1989 Charter](#), 42 N.Y.L. Sch. L. Rev. 723 (1998).
- 6 The Census Bureau calculates commuter-adjusted population by adding the total resident population of an area to the total number of employees working in the area, and then subtracting the total number of workers both employed and living in the area. See: [Calculating Commuter-Adjusted Population Estimates](#).

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