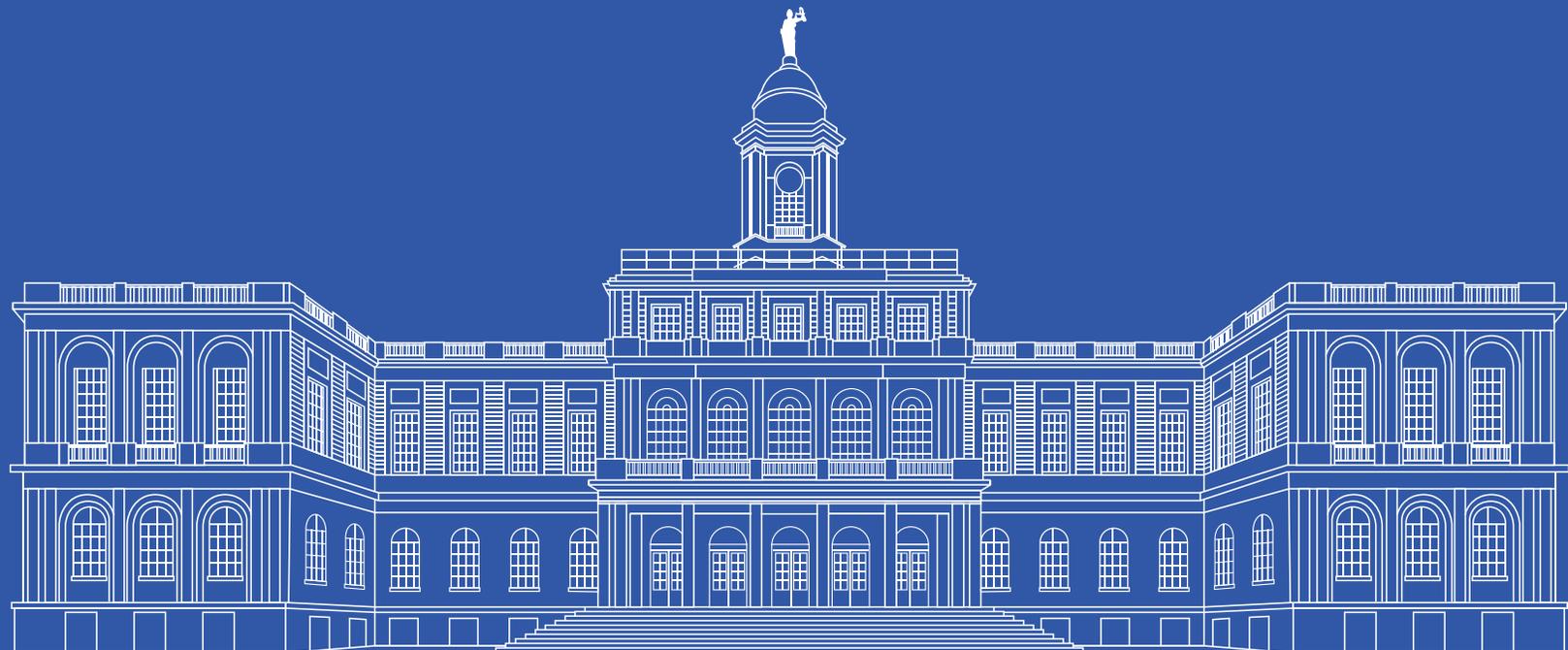




New York City Council's Response to the Fiscal 2027 Preliminary Budget and Fiscal 2026 Preliminary Mayor's Management Report

AS REQUIRED UNDER SECTIONS 247(B) AND 12(E)
OF THE NEW YORK CITY CHARTER



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Executive Summary

The New York City Council presents its response to the Mayor's Fiscal 2027 Preliminary Financial Plan (Preliminary Plan) and the Fiscal Year 2026 Preliminary Mayor's Management Report as required under sections 247(b) and 12(e) of the New York City Charter (Budget Response). The Preliminary Plan, released by the Mamdani Administration and submitted to the City Council on February 17, 2026, presents a balanced financial plan for the current and following fiscal year as required by the City Charter (see Appendix A).

The Preliminary Plan includes projected expenditures and revenues of approximately \$122.4 billion in Fiscal 2026 and \$127.0 billion in Fiscal 2027, closing a \$4.7 billion gap in Fiscal 2027 as presented in the November 2025 Financial Plan (November Plan). Total expenditures in Fiscals 2026 and 2027 have increased by a net of \$9.5 billion from the November Plan. This net increase is primarily due to billions of dollars in additional agency expenses, including the rightsizing of budgets to more appropriately account for actual costs that had been habitually underbudgeted in previous plans under the previous Administration. This net expense includes expenditure reductions resulting primarily from a \$1.7 billion savings plan and a drawdown of \$1.6 billion in in-year budgeted reserves. The remainder of the additional costs in Fiscals 2026 and 2027 are covered by \$11.2 billion in additional revenue, including \$3.7 billion from the implementation of a 9.5 percent increase in the City's property tax, \$2.3 billion of additional State revenues, and nearly \$1 billion from tapping into multi-year reserves.

On March 11, 2026, the City Council's Finance Committee held the first of 32 Council hearings on the budgets of 51 agencies as presented in the Preliminary Plan. It became apparent from these hearings that the Council's response to the Administration's Preliminary Plan this year would differ from prior budget responses, which emphasized alternative spending priorities.

The Council's first priority in responding to the Mayor's Preliminary Plan this year is to present a budget that is not balanced by relying on revenues from increased taxes on property owners and renters, tapping into budgetary reserves, or cutting funding to libraries, cultural institutions, and other critical services for the City's most vulnerable populations.

The Council cannot support the Mayor's proposal to increase property taxes or divert funds from the City's reserve funds. Increasing property taxes, without accounting for the system's built-in inequalities, would place an undue burden on homeowners, small businesses, renters, and utility bill payers, exacerbating both the displacement of New Yorkers of color and the City's overall affordability crisis. Furthermore, tapping into the reserve funds would undermine the City's financial stability and compromise its ability to respond to future economic downturns, which is particularly relevant given the uncertainty of the current geopolitical climate. Drawing down on reserve funds could also have the unintended consequence of affecting the City's bond rating which would raise the City's debt service costs, crowding out other critical needs.

It is why, in lieu of these strategies, the Council believes the City should explore alternative revenue streams and cost-saving measures without impacting essential services for the most vulnerable New Yorkers, children, older adults, and immigrants.

This Budget Response outlines the Council's comprehensive plan to address the City's financial challenges through a combination of savings, cost re-estimates, additional revenue sources, and reforecasting current revenues. Utilizing this approach, the Council lays out an alternative path the City can follow, providing the necessary resources to fund all the spending priorities without having to resort to increasing taxes, reducing funding for critical services, or drawing down on reserves, practices that could negatively impact our City's credit rating and worsen the affordability crisis.

The Council's Budget Response also examines potential funding opportunities from New York State, including proposals to reform some of the unfunded mandates the State imposes on the City and the allocation of additional resources to support the City's most critical needs.

New York City is the economic engine of the region, driving business, culture, and innovation while generating significant resources that support the entire State and accounting for the majority of the State's gross domestic product (GDP). The Council believes New York State could and should do more to support New York City, such as providing increased funding for need-based childcare vouchers or restoring Aid and Incentives for Municipalities (AIM) funding to the City. All options should remain on the table for the State to ensure the City can truly thrive.

The Council reaffirms its longstanding commitment to budget equity for all communities—through a fairer property tax system and supporting opportunities for homeownership, an equitable allocation of existing agency spending, and redoubling our efforts to achieve pay parity and economic justice for marginalized workers.

While much of the Administration's focus in the current budget process has been placed on addressing the structural imbalance in the City's budget, that imbalance is not the only issue the Preliminary Plan has exposed. The City's fiscal management, and particularly its reporting structure, is clearly not sufficiently robust to avoid the underbudgeting strains that the City now faces. While budget monitors and the Council have all repeatedly pointed out that prior administrations were underbudgeting key service areas, the overall impact of this was obscured by overbudgeting in other areas. Savings from the overbudgeted areas would offset the underbudgeting, but the complexities in how it gets reported made it difficult to consistently understand the true state of budgetary needs at any given moment.

To regain trust and strengthen the City's fiscal basis, the Mamdani Administration should commit to providing greater transparency in the drivers of spending in the budget by providing additional units of appropriation and reporting of data related to those areas. Some of these ideas are outlined in sections on the Mayor's Management Report and Units of Appropriation. This will go a long way towards rebuilding trust in the City's budgeting process.

By working together, the City Council and the Administration can reverse the unfair property tax increase and ensure that New York City's finances are managed in a responsible and sustainable manner that supports essential services and programs and uplifts every community.

The Budget Response does not represent a comprehensive list of the Council's expense priorities. Throughout the hearings on the Preliminary Plan, the Council has identified areas of the budget where increased resources are necessary to support critical City programs.

As we negotiate with the Administration for new spending, it is important to consider the broader budgetary framework. Most critically, that the City's budget partially depends on the State budget outcome, with their negotiations extending beyond April 1st. As we closely monitor State budget negotiations, the Council will continue to identify our key expense and capital priorities to ensure the City delivers services effectively for all New Yorkers. Once the State budget is complete, the Council will address these priorities in more detail with the Administration.

The City Council's Financial Plan

The Preliminary Plan presented by the Mayor to the Council in February is balanced on paper, but upon a closer review, it is evident that this financial plan is built on an unsteady foundation. The Administration was able to achieve this balance with \$4.9 billion in ill-advised budget actions that the Council believes should not be implemented. This includes a destabilizing 9.5 percent property tax increase baselined starting in Fiscal 2027 to raise \$3.7 billion, and drawdowns of the City's multiyear reserves of roughly \$1.2 billion.

The Preliminary Plan omits \$1.1 billion in funding for a number of programs and services that received funding in Fiscal 2026, leaving gaps in support for items such as operational support for cultural organizations, necessary maintenance and security of City parks, and the provision of emergency shelter for people in need.

Additionally, the Preliminary Plan needs to provide significantly more support to reduce income inequality. In order to combat this inequality in the City, we need to provide opportunities for people to raise their wages. One of best ways to improve a person's earning potential is to maximize their access to higher education, whether that be vocational school, community college, or a four-year college. Studies show that over the course of their lifetime, those who attain higher education degrees earn double the wages of those who do not.¹ As such, the Council is calling for an expansion of NYC Kids RISE to significantly grow NYC Future Funds, providing an initial investment for every kindergarten student in public-school with additional funding provided for children with the greatest need—ensuring every child has a stronger financial foundation from day one. In tandem, the Council urges the Administration to increase the scope of the Fair Fares program, making buses and subways free for New Yorkers earning up to 150 percent of the federal poverty level, building on a proven, City-administered model that reimburses the Metropolitan Transportation Authority (MTA) based on usage. Together, these investments would reduce economic barriers, expand opportunities, and deliver meaningful, long-term relief for working families across the five boroughs.

Informed by its own analysis of the Preliminary Plan and countless hours of hearings, the Council's Budget Response presents a realistic and balanced financial plan that demonstrates the City can avoid these urgent, problematic issues without needing to make cuts in the current level of service delivery. The Council's plan utilizes the Administration's Preliminary Plan as its foundation but identifies an additional \$6.0 billion in potential resources in Fiscals 2026 and 2027.

¹ <https://www.bls.gov/careeroutlook/2020/data-on-display/education-pays.htm>

The resources start with a series of re-estimates, including updating the plan to recognize the net impact of \$386 million from the Council’s March 2026 Economic and Tax Revenue Forecast, a placeholder of \$400 million for the annual exercise of writing off prior-year payables that the City invariably introduces mid-year rather than at the start of a fiscal year, and a recognition that the remaining \$50 million in the Fiscal 2026 General Reserve will not be needed.

The Council has further identified \$2.65 billion in additional resources in Fiscals 2026 and 2027 that should be incorporated by re-estimating certain city funded revenues and spending to more accurately align with the current and historical revenue levels and spending patterns. All together, these re-estimates free up \$3.48 billion in additional resources.

The Council has also identified There are also several areas where the City could make proactive policy decisions to improve efficiency in spending without reducing the level of City services currently provided, resulting in \$2.0 billion in additional resources. Similarly, there are several actions the City could take to raise additional revenues through policy levers under local control that would generate an additional \$529 million over the current and upcoming fiscal years.

Table 1: The Council’s Restated Gap and Gap Closing Plan: Fiscals 2026 and 2027

<i>Dollars in Millions</i>	FY26 + FY27
Needs	
Property Tax Increase	(\$3,700)
Rainy Day Fund	(980)
Retiree Health Benefit Trust	(229)
Council Priorities	(1,124)
Total Needs	(\$6,033)
Resources	
Re-estimates	\$3,482
Efficiencies and Savings	2,022
Revenue Enhancements	529
New Gap	\$0

Of these resources identified, \$2.1 billion of them are available in Fiscal 2026, more than sufficient to reverse the drawdown of reserves in that year and create a surplus of over \$1.1 billion that could be rolled into Fiscal 2027. That surplus, plus the additional \$3.9 billion in resources identified in Fiscal 2027, are sufficient to meet the remaining needs identified by the Council.

It is important to recognize that the Budget Response does not include a full accounting of all additional resources that are likely to be available but presents this information to demonstrate that the key problematic actions presented in the Preliminary Plan are not necessary in order to present a balanced budget. In addition, the Council recognizes that outyear gaps are an issue that deserves attention, and for the moment remain unsolved. However, for the purposes of this document, the discussion will be focused on amending the Preliminary Plan for Fiscals 2026 and 2027 as those are the ones subject to Charter

requirements of a budget balance, though many of the ideas included here will help address those outyear gaps.

Utilization of Reserve Funds Should Only be a Last Resort

The Preliminary Plan includes a proposed drawdown of \$1.2 billion, or 41 percent, of the City's reserves in one year, including the first withdrawal of the Rainy-Day Fund since its creation, actions that put at risk the City's ability to reliably provide services. The Administration has claimed that they had few other options available to manage budget gaps exposed by correcting chronic underbudgeting. While the addressing of underbudgeting is welcomed and good budgetary practice, this Response demonstrates that the proposed drawdown of the City's multi-year reserve funds is unnecessary. Drawing down these reserves can leave the City ill-equipped to deal with future financial emergencies and greatly increase the danger of a downgrade in the City's bond ratings which would raise annual debt service costs, tying up resources that could be used for other critical needs.

Fundamentally, reserves exist to provide the City time and flexibility to adjust to a new reality when the inevitable fiscal shock strikes. History demonstrates that it is rarely clear when the next shock will arrive, but invariably one will: COVID-19, the asylum seeker surge, the Great Recession, and the aftermath of 9/11 all arrived with little warning and enormous price tags. With the possible exception of the Great Recession, none could have been meaningfully anticipated in advance. It is precisely for these "unknown unknowns" that reserves were created.

Even during previous economic shocks, the City did not need to draw down its explicit reserve funds to manage each of those situations, such as in the case of the asylum seeker influx. Drawing down reserves would constrain the City's ability to provide key services during any future shock, a worrisome development in a period of heightened uncertainty driven by global conflicts and unpredictable actions emanating from Washington DC.

Even without a shock, the proposed use of reserves will materially harm the City. In its downgrade warning, Fitch Ratings explicitly cited that a sustained erosion of the City's reserve cushion below 7.5 percent of general fund spending is among the three factors that could lead to a rating cut. Fitch measures the cushion at the close of a fiscal year by taking into account the multi-year reserves of the Rainy-Day Fund and the Retiree Health Benefits Trust, plus the year-end budget roll. At the end of Fiscal 2025, these stood at just under \$11.0 billion.

Under the Preliminary Plan, that figure would fall to \$6.5 billion by the end of Fiscal 2026: a 41 percent drop in a single year. Worse, it would bring the reserve cushion to just 5.3 percent of City spending, well below the threshold Fitch has identified as a downgrade trigger. A downgrade could raise the City's borrowing costs for the current capital plan by over \$3 billion, compounding the very fiscal pressures reserves are meant to buffer.

The proposed actions around reserves highlight the City's lack of an agreed framework on how and when to use reserves, or when to refill them. During the height of the asylum seeker crisis, the City was managing the large shock of unexpected costs. At a budget hearing on May 23, 2023, then Budget Director Jacques Jiha testified that multi-year reserves should only be used for revenue shortfalls and not to address expenditure shocks, such as those caused by the asylum

seeker influx. Now, only a few years later, a new administration is proposing to use these same funds to address a budget gap not caused by revenue declines, but due to increased costs. This illustrates that the lack of clear guidelines on how and when to use reserves leaves the decision to utilize them at the whim of politics. This runs counter to best practices.

A 2021 report from the Tax Foundation² reviewed the rainy-day fund accounts of all fifty states and the District of Columbia. They found that each state, except Alabama, had established rules for when the State is required to make deposits. The City has no such rules or even suggested guidelines. Similarly, most of the states had rules that outline when the rainy-day funds can be used; New York City's Rainy-Day Fund only has requirements if more than half of the funds are to be used in any one year. Treating these funds like any other revenue belies the intent of their use to span beyond the political timeframes. Without clear guidelines and rules, these long-term funds can fall prey to short-term political demands.

In order to create an appropriate guidepost for the utilization of reserve funds, the Administration should partner with the Council to develop clear guidelines for the use and replenishment of the City's various reserves: the Revenue Stabilization Fund (commonly referred to as the "Rainy Day Fund"), the Retiree Health Benefit Trust, the general reserve, the capital stabilization reserve, and the surplus budget roll.

Property Tax Increase's Damaging Effects

Another of the factors identified by Fitch that could trigger a downgrade would be increasing the property tax to the maximum level allowed under the State Constitution, an action proposed in the Preliminary Plan.

In order to balance the Fiscal 2027 budget and provide additional resources in the outyears, the Administration included a proposed 9.5 percent increase in property taxes in the Preliminary Plan. This proposed increase has damaging effects during a time when the heightened cost of living is already disproportionately impacting low and middle-income households. The Council projects that this proposal would raise the average New York City homeowner's tax bill by over \$770 annually, undermining affordability and putting homeowners at risk, an issue that the Council sought to resolve as part of its lien sale reforms initiated last year.

The proposed property tax increase would have further ripple effects on rents, utility bills, and retail service costs, creating additional strain on households' budgets.

An increase of such a magnitude would also push the property tax levy right up to the constitutional operating limit which restricts the revenues the City can raise from the property tax to 2.5 percent of the market value of all taxable property in the City.³ This is a critical point as the property tax is one of the few major tools the City has within its control to respond to fiscal shocks. The others include drawing down reserves (which as noted are also being done at

² Tax Policy Center, "What are state rainy day funds and how do they work?", January 2024, see: <https://taxpolicycenter.org/briefing-book/what-are-state-rainy-day-funds-and-how-do-they-work>

³ The major exception is that funds raised to pay for General Obligation bond debt service is exempted from counting against the l`

dangerous levels) or cutting City services. Beyond that, the City would have to request that the State provide either additional direct support or authorize increases in other taxes. An across-the-board rate hike will only exacerbate the underlying issues inherent in the City's property tax system. These issues require reform, that address the inefficient and inequitable outcomes of the property tax system, alleviating the disparate burden on long-term homeowners and large rental buildings. The Administration should focus on releasing a draft of the State legislation to reform the City's property tax.

Shared Priorities for Items Not Baselined: Finish the Job of Appropriately Budgeting

Mayor Mamdani has stressed that his Administration will make transparency a goal in all facets of managing, particularly as it comes to the City's budget. One of the Administration's focuses in the Preliminary Plan was to present a budget that accounted for all assumed expenses. The Mayor stated on numerous occasions that his predecessor had often presented financial plans that did not accurately budget for known expenses thus understating the actual budgetary gaps.

The Mayor has highlighted that underbudgeting was endemic in numerous areas of the financial plan, including for the costs of the Cash Assistance program and the provision of rental assistance under the CityFHEPS program in the Human Resources Administration (HRA), due process cases (commonly referred to as Carter Cases) at the Department of Education (DOE), shelter costs at the Department of Homeless Services (DHS), judgements and claims against the City, and the City's provision of funding to the Metropolitan Transit Authority (MTA). To appropriately present these historically underbudgeted costs, the Preliminary Plan includes an additional \$7.54 billion in Fiscals 2026 and 2027 in these six areas of the budget.

But there are other areas of the budget, although not funded at such a magnitude as the six highlighted by the Mayor that provide critical services for New Yorkers that are also underbudgeted in Fiscal 2027. This includes funding for hundreds of non-profit providers as well as City agencies. In Fiscal 2026, through negotiations with the Adams Administration, the City Council was able to secure over \$1.1 billion for a variety of shared priorities. These funds supported a significant range of services to maintain agency operations and sustain vital programming.

Funding supported priorities of both the Council and the Administration such as services for older adults and youths, increased services and opportunities for low-income individuals, library and cultural programming, legal representation for those in need, expansion of educational opportunities, and improvement of parks and recreational services. Examples of this funding include:

- \$16.9 million for housing and domestic violence related legal services
- \$25 million for the expansion of Fair Fares to provide discounted transit fares for people at or below 150 percent of Federal Poverty Level
- \$39.6 million to provide emergency shelter units for eligible low-income individuals with HIV or AIDS

- \$10.1 million for City University of New York (CUNY) Accelerate, Complete, and Engage (ACE): a comprehensive academic support program designed to help students complete their bachelor's degrees on time through financial, academic, and personal support
- \$7.8 million for CUNY Reconnect: a program providing services and resources to adults aged 24 and older who are pursuing their advanced degrees at CUNY including those students who had previously been enrolled at CUNY, returning to complete their degrees providing both financial guidance and support
- \$30 million for cultural institutions to provide necessary organizational support to the cultural community
- \$30.7 million to support the library systems' operations
- \$5.0 million for the Mental Health Continuum to provide for students' mental health needs offering them access to a range of mental health services
- \$31 million for the Learning to Work program which provides students aged 15-21 with paid internships, career counseling, and academic support
- \$6.0 million for DOE's restorative justice program which provides alternatives to exclusionary and punitive discipline, with the aim of keeping students in the classroom while helping to repair relationships within the school community.
- \$27.7 million for the Parks Department to provide additional critical services including, forestry management, Park Rangers, stump removal, the Green Thumb Program, City Parks Workers, and Parks Enforcement Patrol
- \$5.0 million for critical unmet capital needs at Older Adult Centers

For many years the City Council has been calling into question the practice of underbudgeting made by previous administrations in their financial plans. The Council has always been focused on efforts to provide better budgetary transparency and has been critical of this practice. Budget transparency not only provides a clearer picture of the City's spending priorities but also allows every New Yorker to see how the money the City collects is allocated.

The Council commends the Mamdani Administration in its efforts to improve budget transparency by appropriately presenting the costs of certain City services. But for this effort to truly be effective, it needs to be comprehensive in scope. While the Administration has signaled a crisis in funding in these areas, the Council is cognizant that these are also areas of large growth and notes that the Administration has not provided a solution to address the unsustainable long-term growth.

These other under budgeted initiatives should be treated in the same vein as the six areas of underbudgeting that Mayor Mamdani has chosen to highlight, as they are just as important to the residents of New York City. If the Mayor is to truly present a transparent budget that appropriately accounts for all necessary services for New Yorkers, it must also include funding for these initiatives and programs. This should include the restoration and baselining of the approximately \$1.1 billion budgeted for these items in Fiscal 2026.

Continue to Locate Savings

Fundamentally, the outlook warnings delivered by all four of the major ratings agencies stem from a concern that the City's budget has a long-term structural imbalance where City revenues are not sufficient to cover currently budgeted costs. While the Council's budget response outlines that the imbalance is not as severe as the financial plan might lead one to believe, the imbalance does exist and is a fundamental issue that must be solved. Many of the items outlined in this response, including re-estimates and efficiencies, are available to the City to implement without State authorization and will have recurring impacts on the budget beyond the fiscal years (Fiscals 2026 and 2027) that this response is focused on. Accounting for these will allow the public and policy makers to have an accurate sense of the work required to address the imbalance.

The Administration's creation of Chief Savings Officers (CSO) at each agency is a welcome step to help address that remaining imbalance, as it codifies the belief that savings exercises are not a one-time event, but rather a continual process. When the Mayor announced his preliminary budget, he said that "each CSO will issue a public report by March 20, detailing the savings they have found" While that deadline to make the CSO reports public has only partially been met, the Council still believes this action is a positive step and hopes that the City will integrate this process year-round. The Council urges the Administration to make public all of these savings plans as soon as possible so that they can be appropriately analyzed and considered.

But the agency level focus of the CSOs misses the opportunity to find savings through the consolidation of overlapping functions at different agencies and other synergies that are not evident from the agency level. To achieve this, the Administration should appoint a citywide CSO to determine targeted long-term savings that can be achieved by identifying where agency operations are overlapping and can be consolidated, freeing up those staff and resources to focus on other citywide needs. The Administration should also identify a Tax Expenditure CSO that will undertake a holistic review of the City's large and extensive suite of tax expenditures, some of which have remained unchanged for decades, to identify inefficient or outdated tax breaks that could be reformed to improve outcomes.

Supplementing the work of finding efficiencies, the Council's Budget Response also outlines several options that the City could work with the State to implement to address any shortfalls that remain after implementing the ideas identified by the Council and the CSOs.

Council's Tax Forecast

The City Council's tax forecast, as presented in the Council's Revenue and Economic Forecast issued on March 9, 2026, differs modestly from the Administration's projections in both Fiscal 2026 and 2027 but shows some divergence in the outyears. The Council forecasts \$176 million less tax revenues than the Administration in Fiscal 2026, reflecting slightly more conservative assumptions regarding near-term moderation in economic activity. In contrast, the Council projects \$562 million more tax revenue than the Administration in Fiscal 2027, driven by stronger collection expectations for the real property tax.¹ However, the Council expects slower growth

than OMB from the economy-driven personal income tax, total business taxes and the sales tax in Fiscal 2027.

Both OMB and the Council reflect the impact of State's proposed decoupling from the federal business tax provisions of the H.R.1 in the City's tax forecast. Though the Council's forecast projects corporate business taxes to be weaker than OMB's Preliminary Plan forecast for Fiscal 2026 while anticipating slightly higher collections in Fiscal 2027. In Fiscal 2026 through 2030, the Council estimates 3.9 percent annual average tax revenue growth, higher than the 3.1 percent expected in the Administration's projections but relatively weaker than the 5.5 percent annual average growth rate observed between Fiscals 2010 and 2019.

The Council's tax forecast is driven by robust economic growth experienced in 2025, with durable financial sector performance and elevated capital gains realizations, large structural investments in artificial intelligence, steady consumption and wage growth, and sustained property tax revenue growth. However, the Council's forecast shows that growth remains concentrated among higher-income households, indicating an uneven expansion.

U.S. Economy

The U.S. economy expanded at a solid pace through the third quarter of 2025, with real GDP growing by 4.4 percent. Economic activity has largely been driven by resilience in both consumption and business fixed investment. However, this was followed by only 0.7 percent growth in the fourth quarter, far below potential long-run growth of approximately 2.1 percent. Economic activity moderated towards the end of 2025, including consumer activity and business investment. Consumer spending has been strong through most of 2025, supported by steady wage growth despite a relatively flat labor market, and strong capital gains realizations. However, demand continues to be concentrated among higher-income households, while lower-income households face ongoing pressure from elevated prices on many consumer goods and reduced job opportunities

Labor market conditions have noticeably weakened with payroll employment decreasing by 92,000 in February 2026 (seasonally adjusted) with a gain of only 129,000 jobs year-over-year. By comparison, the average month in 2025 experienced year-over-year job growth of 764,000 and in 2024 it was 1,461,000. The national unemployment rate rose to 4.4 percent as of February, slightly higher from 4.2 percent one year ago.

Inflation remains above the Federal Reserve's target rate, with the headline consumer price index (CPI) increasing by 2.4 percent year-over-year as of February, while core CPI – which excludes food and energy prices – rose by 2.5 percent. Following three consecutive rate cuts, the Federal Reserve held rates steady in January and March 2026. The federal funds rate is expected to gradually decline as economic activity moderates further; unemployment picks up and inflation shows further signs of taming.

New York City Economy

The New York City economy demonstrates continued resilience, though growth is slowing in line with national trends amidst elevated economic uncertainty. While payroll employment growth

remains positive, it is decelerating due primarily to tighter financial conditions and sustained elevated interest rates. Total net payroll employment grew by 0.6 percent in December 2025 year-over-year, with only 30,100 positions added. In contrast, during the last expansion from 2010 through 2019, average annual employment growth was 2.2 percent. Much of the current growth is attributable to sectors that on average pay low wages, including home healthcare and social assistance, which added 53,000 positions and constitutes the fastest growing subsector. However, this growth is offset by sustained declines in finance, business services, information, construction, retail employment and leisure and hospitality.

Average salary and wage growth remain strong despite a cooling labor market, growing by a robust 5.9 percent annually in the last reported four quarters as of the third quarter of 2025 to \$123,900. Securities employment saw marked increases in average wages, growing by 12.9 percent to \$554,700. Furthermore, the Wall Street securities industry bonus pool grew significantly in 2025, rising 9 percent to \$49.2 billion, while average payouts rose 6 percent to \$246,900. There has also been some stabilization in the city’s real estate market, with elevated leasing activity for commercial office space and declining Manhattan office vacancy rates. Furthermore, housing real estate prices continue to climb while sales volume has risen modestly.

Comparing the Council and OMB’s Forecast

The main differences between the Administration’s and the Council’s tax forecast appear in the real property tax, personal income tax/PTET, business corporation tax, and the sales tax as presented in Table 2.

	FY26	FY27	FY28	FY29	FY30
Real Property	(\$42)	\$724	\$1,045	\$1,559	\$2,028
Personal Income and PTET	89	(71)	258	321	531
Business Income Taxes	(365)	(132)	422	754	861
Sales	17	(112)	(138)	(289)	(362)
Property Transaction	19	4	5	67	93
All Other Taxes and Audits	106	149	164	198	246
Total Taxes	(\$176)	\$562	\$1,757	\$2,609	\$3,433

Source: New York City Council Finance Division, NYC Office of Management and Budget (OMB), Fiscal 2027 Preliminary Financial Plan

The Council’s forecast incorporates collections and economic data through February 2026, while OMB’s forecast reflects information mostly through December and January. Both OMB and the Council undertook full reforecasts of the economy and the City’s taxes, with both incorporating recent strength in the financial sector, broad investments in Artificial Intelligence, sustained consumption and wage growth, persistent inflationary pressures, and tax collections growth. However, the Council incorporated recent tax collections in February 2026.

Going Forward

Despite volatility in income-related taxes, steady wage growth and an expanded Wall Street bonus pool continue to raise the Council’s projections for PIT collections through Fiscal 2027.

However, the volatility and weakening in the city's labor market will result in outyear moderation in the PIT forecast. Following six years of steep growth, business corporation tax collections flattened by the close of 2025, with weakness largely attributable to increased uncertainty and costs from erratic tariff policy, and H.R. 1 expedited business deductions for research and expenditures. The Council projects an improved outlook for Fiscal 2027 forward resulting from the decoupling by New York State from the H.R. 1 business income definitions.

In terms of real property taxes, the Council's forecast reflects recent total collections and updates in the uncollectible reserves, with revised Fiscal 2027 levy forecast based on improvement in the tentative assessment roll published in January 2026 by the Department of Finance. Lien sale revenue also shifted from Fiscal 2026 to Fiscal 2027 due to the Administration's decision to forego the lien sale in the short term. There has been recent improvement in transfer taxes driven by strong leasing activity in the commercial real estate market, in tandem with improvement in the mortgage recording tax stemming from modest gains in residential property sales and elevated mortgage prices.

As a result of the anticipated economic and revenue benefits from the June 2026 FIFA World Cup, both the sales tax and hotel room occupancy tax are expected to see transitory increases in Fiscal 2027 collections. Furthermore, the Council anticipates slightly elevated sales tax collections throughout the forecast period due to sustained retail sales and steady wage growth, while uncertainty regarding world trade and foreign tourism to the U.S. partially lowers the Council's forecast expectations for the hotel room occupancy tax.

Re-estimations of City Revenues and Expenditures

The first tranche of ideas the Council presents to help offset the problematic budgetary proposals outlined in the Preliminary Plan includes a number of suggestions that align the budget with actual expenditures and revenues. The Council has identified several areas where agencies either overbudget expenditures or underbudget revenues. In some of these examples, the actual expenditures or revenues in the current year-to-date diverge widely from the budgeted amounts. The Council has highlighted rightsizing in ten agencies as well as a number of centralized expenses to improve budgetary transparency. The following list is presented in order by agency with the value of the rightsizing proposal for Fiscals 2026 and 2027 listed prior to a description of each proposal.

Administration for Children's Services (ACS) and Human Resources Administration (HRA)

ACS and HRA Miscellaneous Revenues

Sundries and other miscellaneous revenues collected by ACS and HRA in Fiscal 2026 exceed what is budgeted in the Preliminary Plan by over \$2 million for each agency. This revenue source for ACS relates to refunds the agency receives from contracted children's services providers. The Preliminary Plan includes a \$3.4 million budget for these revenues in ACS, but year-to-date the City has already collected over \$6 million.

At HRA, these revenues relate to the agency's collection initiatives. The Preliminary Plan includes a \$42.3 million budget for these revenues in HRA. So far this year, HRA has collected \$44.7 million. The City should rightsize ACS and HRA budgets for Fiscal 2026 to reflect the additional \$4 million in revenues in the current year.

Department of Citywide Administrative Services (DCAS)

DCAS Land Management PILOTs Revenue

The City utilizes land management PILOT (Payment In Lieu Of Taxes) agreements for City-owned properties in which space is rented by private entities for purposes such as retail or office use. DCAS collects payments received from these rental and lease agreements on behalf of the City. In Fiscals 2023 through 2025, DCAS received over \$11 million in annual revenues from these PILOT agreements. In the current year the agency is on track to collect a similar level of revenue from these agreements, with year-to-date collections totaling over \$8.8 million. The Preliminary Plan does not include a budget for the revenues collected from these PILOTs in either Fiscals 2026 or 2027. Based on historical collections and year-to-date actuals, the Administration should increase the revenue budget by \$11 million in both Fiscals 2026 and 2027 to account for this PILOT revenue.

Department of Buildings (DOB)

Construction Permits and Late Fee Re-Estimate

Construction permit revenue collected by DOB follows a very predictable seasonal pattern with the share of revenue collected each month staying relatively unchanged from year to year. This

predictability is also seen in relation to the collection of late fees. Based on the collection pattern thus far in Fiscal 2026 (which closely mirrors the collection patterns in the past four years), it is estimated that DOB will collect at least \$258 million in construction fees and \$131 million in late fees this year. The Administration has already recognized \$218 million and \$91 million, respectively, meaning based on a conservative estimate, the City should recognize another \$80 million in Fiscal 2026. DOB should increase its revenue budget for construction permits and late fees to account for the collection trend in Fiscal 2026.

Department of Correction (DOC)

Longevity Differential Budget

As part of its collective bargaining agreement, DOC offers longevity pay to staff with more than 5.5 years of service. For uniform staff longevity pay is \$4,799 annually. From Fiscal 2016 through Fiscal 2024, DOC budgeted an average of \$44.2 million annually but spent an average of \$33.3 million, approximately \$10.3 million less. This is the result of high attrition among longer-tenured DOC staff.

In Fiscal 2025, the budget for longevity pay totaled \$37.5 million, but DOC spent approximately \$5.8 million less. In the Preliminary Plan for Fiscal 2026, the DOC's budget includes \$42.5 million for the cost of the longevity differential; meanwhile, in Fiscal 2027 the budget rises to \$43.4 million. The DOC has spent \$20.6 million to date in the current fiscal year. Considering that historical longevity differential payments and current year trends are below budgeted amount in both Fiscals 2026 and 2027, the financial plan should better align with actual spending, this would result in a savings of \$5.8 million in both Fiscal 2026 and 2027.

Uniform Allowance Budget

The DOC has maintained a baseline budget of \$10.3 million for uniform allowances each year from Fiscal 2016 through Fiscal 2025. During this period, the Department spent an average of \$9.1 million per year. Starting in Fiscal 2021, actual spending on uniform allowances decreased from \$9.6 million to \$6.4 million in Fiscal 2025, corresponding with the reduction in uniform staff, from 8,190 to 5,724. The Department has not adjusted its uniform allowance budget as the uniform staff has declined. The DOC's budget should reflect actual spending for uniform allowance generating approximately \$3.9 million of savings for the City in each Fiscals 2026 and 2027.

Department of Transportation (DOT)

Bureau of Bridges Budget to Reflect Underspending

Over the last four fiscal years, actual OTPS expenses for the DOT Bureau of Bridges have averaged \$6.7 million lower than the modified budget. The Bureau of Bridges OTPS expenses include supplies, materials, and other services required for support of bridge operations. DOT should modify its budget to account for the annual underspending of \$5 million in each Fiscals 2026 and 2027.

Fire Department of New York (FDNY)

Foreign Fire Insurance Tax Revenue

The Council calls on the Administration to re-estimate the FDNY Foreign Fire Insurance Tax revenue upward by \$26 million to \$62 million in Fiscal 2027. Under New York State Insurance Law Sections 9104 and 9105, non-U.S. based insurers are required to pay a two percent tax on premiums written in the State, a portion of which is distributed to fire departments statewide. The Fiscal 2027 Preliminary Plan includes \$36 million of revenue for the FDNY from this source. This budgeted amount is significantly lower than revenue received in previous years: \$46 million in Fiscal 2024, \$58.1 million in Fiscal 2025.

In the current year, the City has received \$62 million from the State. The budget for Fiscal 2027 significantly understates receipts based on historical remittances. Adjusting the Foreign Fire Insurance Tax revenue upward by \$26 million puts the budget more in line with realized collections and recent trends in each Fiscals 2025 and 2026.

Fire Prevention Liens

Fire prevention liens represent the claims against the fire insurance proceeds and liens against the property for any unpaid fees or fines related to fire inspections. The Preliminary Plan includes \$3.6 million of revenue collections resulting from these liens. Actual year-to-date collections for this revenue source are currently over \$6.3 million, exceeding what is recognized in the Preliminary Plan by over \$2.0 million. The Administration should reflect the \$2.0 million in unrecognized year-to-date revenues that are already collected within the revenue budget for Fiscal 2026.

Housing Preservation and Development (HPD)

HPD Fees and Fines Collections

HPD charges fees associated with processing tax incentive submissions for programs like 485-x and the Low-Income Housing Tax Credit (LIHTC), in addition to charges for construction signage and fines for various administrative violations. The Preliminary Plan includes \$79.4 million budgeted for the collection of these fees and fines, while year-to-date collections exceed \$113.3 million in Fiscal 2026, leaving \$33.8 million in unrecognized revenues. In addition, the Plan does not include any budgeted revenues for Fiscal 2027 or the outyears. Over the past three fiscal years, there were average annual unrecognized collections of \$23 million.

The Administration should rightsize the budget to account for year-to-date collections for these HPD fees and fines in Fiscal 2026 by adding the \$33.8 million in additional revenue. In addition, they should increase the baselined budgeted amounts by \$23 million to account for these revenues starting in Fiscal 2027 to improve budgetary transparency.

Law Department

Law Department Miscellaneous Revenues

Law Department sundries and other miscellaneous revenues collected so far in Fiscal 2026 exceed what is budgeted in the Preliminary Plan by \$21 million. This includes \$7 million budgeted for revenues from affirmative litigation with \$21.8 million collected so far in Fiscal 2026. Additionally, the Preliminary Plan includes \$10.4 million for revenues from the workers compensation division (related to copy and subpoena fees, as well as collection agency claims), with \$12.4 million collected so far for Fiscal 2026. Lastly, \$10.1 million has been collected thus far in Fiscal 2026 for the condemnation division, but nothing was budgeted in the Preliminary Plan. The Law Department's budget should be rightsized in Fiscal 2026 to reflect these additional \$21 million of revenues.

Mayoralty

Airport Revenue

The Fiscal 2027 Preliminary Plan includes \$162.4 million in rental revenue from the Port Authority in Fiscal 2026 for the City's airports. However, actual rental payments in Fiscal 2025 totaled \$204.4 million. In January 2026, the Port Authority announced that this holiday season was the busiest on record for the City's airports, with over 5.8 million passengers travelling through New York's airports. This suggests that total gross receipts could be higher in Fiscal 2026 than they were in the previous year. Yet, through January, rental payments from the Port Authority for the airports have not increased from the same point in the prior year. Assuming that Fiscal 2026 rental revenue will at least be on par with revenue from the prior year, the City should recognize an additional \$42 million in each Fiscals 2026 and 2027 from this funding source.

Citywide

Citywide Supplies and Materials Budget

The City routinely overbudgets for the costs of supplies and materials across various City agencies. These costs include cleaning supplies, fuel, postage, printing, food and forage supplies, as well as other general supplies and materials. Over the past three fiscal years, spending on these supplies and materials has been consistent. Typically, spending on supplies and materials is front-loaded; over one-third of total spending occurs in the first two months of the fiscal year. On average, through the first two-thirds of the fiscal year, agencies spend 80 percent of the amount budgeted for supplies and materials.

Spending in Fiscal 2026 follows a similar pattern, with much front-loaded expenditure in the first two months of the year, reaching approximately 80 percent of budgeted spending by the end of February. Assuming that spending patterns for the current year will continue to mirror those of previous years, the Council estimates that Fiscal 2026 actual expenditures will be approximately \$87 million less than the budget in the Preliminary Plan. The Administration should recognize an additional \$87 million in revenues in each Fiscals 2026 and 2027.

Citywide General Equipment Budget

The City's Fiscal 2026 budget for citywide general equipment is significantly more than anticipated spending. Over the past three fiscal years, spending on general equipment has been between \$236 million and \$251 million. In the Preliminary Plan the projected budget for Fiscal 2026 is \$399.6 million. At the current pace of spending this fiscal year, the City is projected to spend approximately \$133.5 million less than budgeted. This spending pattern is similar to prior fiscal years and reflects the City's consistent underspending in this category. The Administration should realign the General Equipment budget to better reflect historical actual expenditures, lowering the budget by \$133.5 million in each Fiscals 2026 and 2027.

Personal Services Accruals

During the Council's hearings on the Mayor's Preliminary Plan, the Independent Budget Office (IBO) noted that through the first eight months of Fiscal 2026, spending on salaries and wages for the City's civilian and pedagogical workforce was \$681 million below what had been budgeted, indicating that the City would be able to find substantial savings from accruals in this area.

Underspending on Personal Services (PS) is not unusual as most City agencies will always have some vacancies as a result of the normal staffing churn, as employees transition to new positions and hiring for positions can take time. However, the prior administration also implemented barriers to hirings, such as initiating a 2-for-1 hiring restriction limiting agencies to hiring for only half of their vacant positions and slowing the approvals for job offers, which also served to bolster these accruals.

While the Mamdani Administration has reversed or modified some of these policies, the Director of the Office of Management and Budget (OMB) noted at their budget hearing on March 25 that OMB was working with the agencies to rightsize their personal service needs, indicating that agencies were still not fully free to hire for all vacant positions. Moreover, even with a policy change, it still takes some time to identify, vet, and onboard new staff, meaning that vacancy levels will not normalize overnight.

Assuming an uptick in hiring through the last third of the year, the City Council believes that spending on wages and salaries in Fiscal 2026 will likely end up increasing as compared to the prior year, but certainly not to a level that is 4.5 percent higher, as assumed in the Preliminary Plan. Rightsizing the wages and salaries budget across agencies for what is likely to be spent in Fiscal 2026 should result in savings of \$860 million in the current year, not accounting for fringe costs.

To be clear, the Council is **NOT** calling for the elimination of any positions at any City agencies. In fact, the Council fully supports the elimination of both formal and informal hiring restrictions that have been in place for years, and that have greatly hampered agencies' abilities to appropriately provide services for New Yorkers. These are savings that have been accrued throughout the year as certain positions budgeted for in the financial plan have not been filled, and thus these expenditures have not been made.

Debt Service

Debt Service Re-estimate

While much of the City's debt service is issued as fixed interest rate bonds, about \$8.7 billion out of the outstanding \$121 billion capital debt is issued using an instrument called variable rate demand bonds (VRDB). As noted by OMB in their financial plan detail, this form of debt can provide cost savings when compared to the more traditional fixed rate bonds as the rates are adjusted periodically based on certain conditions. These conditions are generally rising short-term interest rates, reductions to tax rates in the tax code, or deterioration of the City's credit rating. Except for the last item, which is only currently a risk due to proposed actions in the Preliminary Plan that this document outlines as unnecessary, none of these actions are forecast to happen. Therefore, it is unlikely that costs for the City's VRDB will increase in the near term.

The Preliminary Plan includes interest rate assumptions for the GO bond VRBD increase from 2.94 percent in Fiscal 2025 to 3.45 percent in Fiscal 2026 and 4.25 percent in Fiscal 2027, despite the interest rate environment loosening during this period. A similar situation exists with the VRBD held by the Transitional Finance Authority (TFA). Assuming VRBD costs similar to those experienced in Fiscal 2025 would result in savings of approximately \$184 million over Fiscals 2026 and 2027.

Similarly, the City could recognize additional savings on TFA bonds by more realistically projecting the interest earnings it will accrue from the cash balances it holds. TFA can use these earnings to help service its outstanding debt, reducing the need to use other City funds. In Fiscal 2025, TFA earned slightly over \$110 million, which helped cover debt service costs. However, in the Preliminary Plan it is assumed that these earnings will plummet to \$41 million in Fiscal 2026 and \$10 million in Fiscal 2027. It is unrealistic that the interest earnings will fall so precipitously, and indeed this runs counter to other interest rate assumptions embedded in OMB's debt service plan. A more realistic estimate is that TFA will generate at least \$56 million more in interest earnings over these two fiscal years. Altogether, these re-estimates will reduce debt service costs by \$240 million in Fiscals 2026 and 2027.

Miscellaneous Budget

Miscellaneous Department Sundries

The Administration should recognize additional revenue from sundries, non-tax incidental collections within the Miscellaneous budget. Since this revenue source represents irregular collections that may be one-time resources, it is understandable to not have a projected revenue for outyears. However, when there are collections in this revenue stream within the current fiscal year, rightsizing to recognize the added revenues for Fiscal 2026 is important to correctly account for all available resources. In Fiscal 2026, the year-to-date unrecognized collections in this revenue source are over \$26 million. The budgeted revenues should be adjusted to include the unrecognized collections to improve budgetary transparency.

Metropolitan Commuter Transportation Mobility Tax Payroll Tax

The City, like most other large employers in the New York City area, is required to pay the Metropolitan Commuter Transportation Mobility Tax (MCTMT), a payroll tax that provides dedicated funding for the MTA. Last year, this payroll tax contribution cost the City \$110.1 million. The Preliminary Plan includes \$141.5 million in Fiscal 2026 and \$142.7 million in Fiscal 2027 for the costs of the MCTMT, which represents unrealistic cost increases over the actual Fiscal 2025 costs. Year-to-date costs at the end of March are running only about 2.5 percent greater than they were in the previous year. Rightsizing these costs to reflect the current spending pattern plus a small increase to account for the City filling existing vacancies should result in savings of \$26 million in Fiscal 2026, and \$18 million in Fiscal 2027.

Notably, despite being an expense directly tied to personal services costs, this charge is categorized by OMB as an OTPS cost. Therefore, it is not accounted for in any of the fringe cost estimates used elsewhere in this document.

Interest Income Re-estimate

While the City's budget is not cash-based, the City does collect and spend billions of dollars each year. Some of these collected funds are deposited into one of the City's various bank accounts where they accrue interest. The City receives interest income from short-term investments in its cash balances. The Council projects that the Fiscal 2026 income from interest will be \$72.8 million more than what is budgeted. This interest forecast is based on the City's cash flow estimates published by the Comptroller for the remainder of Fiscal 2026 and anticipated Federal Funds Rates through the end of fiscal year. The City had collected \$245 million through the end of January and is on track to collect \$442.8 million of interest income by the end of Fiscal 2026, \$72.8 million above the \$370.0 million currently budgeted in the Preliminary Plan. The Plan for Fiscal 2027 is also under-forecasted based on OMB's assumptions of interest rates, and the Council expects the City to collect a similar amount for that year. Over the two years the additional interest income would accrue the City over \$145.6 million in additional resources.

FICA Payroll Tax Costs

As a large employer, the City is required to pay the federal payroll tax commonly known as FICA (Federal Insurance Contributions Act), which provides funding for Social Security and Medicare. The employer share of FICA is 7.65 percent of employee salaries, which is applied to almost all of the City's payroll. As a result, the calculation of this cost is straightforward to estimate. In prior fiscal years, the City's FICA cost has generally been at or slightly below this percentage relative to the total spending on salaries and wages.

The Preliminary Plan includes \$2.88 billion in Fiscal 2026 and \$3.03 billion in Fiscals 2027 budgeted for FICA expenses. These figures represent well over eight percent of the currently budgeted amounts for wages and salaries in each of those years. Based on the historical actual spending it is assumed that the amount budgeted for FICA is substantially more than would be necessary in both Fiscal 2026 and 2027, before accounting for the fact that each year there will be a number of vacant positions that do not require an allocation for FICA.

Rightsizing the City's budget for the true cost of FICA would provide \$197 million of additional resources in Fiscal 2026 and \$257 million in Fiscal 2027. Further, adjusting FICA for the Council's estimate on personal service accruals in Fiscal 2026 is estimated to reduce Fiscal 2026 FICA costs by an additional \$84 million. Altogether rightsizing this budget will free up \$538 million in resources over Fiscals 2026 and 2027.

Finding Efficiencies and Savings in City Budget

Through its many hours of hearings on the Preliminary Plan, the Council has been able to elucidate many areas in agency budgets where additional savings can be realized primarily from focusing on efficiencies and reforms. The Council's Response focuses on a number of areas where savings could be realized, particularly within agency contract budgets. The Administration should take a more careful examination of all City contracts, particularly those at the Department of Education. Additional savings could be realized in a variety of areas providing resources for the City in both Fiscals 2026 and 2027.

Department of Education (DOE)

Contract Audit and Underspending

The DOE not only has the largest expense budget of all city agencies; it also spends the most on contracts. The DOE's Fiscal 2027 budget in the Preliminary Plan includes \$12.87 billion for over 6,300 contracts. While many of these contracts are provided for mandated or support services, the DOE also has many non-competitive contracts, consulting contracts, and contracts that are duplicative. These examples point to inefficiencies in DOE's contracting budget for non-essential contracts.

Non-essential contracts include contracts for technology, computer services, and office equipment that are not providing direct services to students or contracts that are duplicative in nature. During the Education Committee's hearing on the Preliminary Plan, DOE, upon questioning, admitted that they have not conducted necessary audits on billions of dollars of contracted spending. The DOE should conduct an audit of all non-essential contracts – including consulting contracts – which have an estimated value of \$1.5 billion in Fiscal 2027, in order to determine if they are providing services efficiently and effectively.

There are a number of areas where DOE consistently spends much less on contracts than what is budgeted. DOE routinely spends well below what is budgeted for contracts that are considered General contracts. For example, DOE has ten contracts under the contract type Contractual Services – General. These types of contracts are currently budgeted at \$30.3 million in Fiscal 2026 and \$27.4 million in Fiscal 2027. The average actual spending in this contract type between Fiscal 2023-2025 was only approximately \$165,000. The current year-to-date spending in Fiscal 2026 through February is only \$108,489. By rightsizing the budget for this contract type for Fiscal 2026 and Fiscal 2027, the DOE could reduce its budget by \$56.7 million over Fiscals 2026 and 2027.

At the Education Committee's Preliminary Budget hearing, DOE testified that six percent of DOE's contracts are non-competitive. Though the Council does not have full details on all of these contracts, if they accounted for six percent of the DOE's Fiscal 2027 contract budget, it would mean that almost \$800 million of DOE contracts were non-competitively bid. Three of the currently no-bid contracts – contracts for technology equipment and supplies – alone account for \$115 million in annual contract value. A 2024 study by the Brookings Institute suggests that

competitive contract bidding can have a significant effect on costs for governments.⁴ In their analysis, increased outreach to potential bidders correlated with a 17.6 percent decrease in costs on average, and adding an additional bidder for a contract decreased costs by 8.3 percent on average. Though their study focused specifically on infrastructure projects, the same pattern of reducing costs by increasing competition should hold true across other project types.

The Administration has made contract reform at DOE a priority. The Council estimates that between competitively bidding all DOE contracts, auditing their non-essential contracts and rightsizing portions of the contract budget that are typically underspent, the DOE would easily accrue \$175 million in savings in Fiscals 2026 and 2027.

Increase State Funding for Class Size Mandate

The Class Size law, passed by the State in 2022, mandates that all eligible DOE classes must comply with class size caps associated with their grade band – 20 students per class for kindergarten through 3rd grade, 23 students per class for 4th through 8th grade, and 25 students per class for high school. The Council supports the law and its aims, which would improve academic experiences and outcomes for students by increasing individual attention and support and improving teaching quality. However, while the law is well intentioned, it is an unfunded mandate from the State. While the DOE was able to achieve the Fiscal 2026 mandate, where 60 percent of all eligible classes are class size compliant, the City had to increase annual spending by over \$400 million to achieve this.

The Class Size law requires that 80 percent of DOE classes comply with the class size caps for the 2026-2027 school year, which coincides with Fiscal 2027. The DOE estimates that it will cost an additional \$600 million annually to achieve this goal. These funds were added to the DOE budget in the Preliminary Plan, with \$542.9 million of City funds and \$57.1 million of State funding. By Fiscal 2028 the DOE is mandated to be at 100 percent compliance, for a total additional cost of \$1.0 billion annually with only \$57.1 million funded by the State. In all, from Fiscal 2025 to Fiscal 2028 the DOE is required to increase compliance from 40 to 100 percent, at an estimated annual cost of \$1.4 billion, not even accounting for any capital expenses.

The State Assembly's One House bill proposes providing \$600 million of State funds in Fiscal 2027, to cover the increased cost for achieving 80 percent compliance and allowing the City to redistribute the City resources.

Citywide

Assume a Vacancy Estimate for Fiscal 2027

As noted in the previous section, because of the persistent rate of vacancies in City jobs there will always be some level of personal service accrual savings each year. Even when hiring is efficient and expeditious, there will invariably be some level of vacancy.

⁴ Brookings Institute. "Procurement and Infrastructure Costs", July 11, 2024, see: https://www.brookings.edu/wp-content/uploads/2024/05/Procurement_and_Infrastructure_Costs.pdf

With a workforce of roughly 300,000, the fiscal impact of even a small vacancy rate can be substantial. As part of their overview of best practices when budgeting, the Government Finance Officers Association (GFOA) outlined how vacancy assumptions can be included in estimating personal service costs.⁵ The City should explore these best practices identified by the GFOA to provide a more realistic estimate of future personal services costs. The Council believes that the City could assume very conservative vacancy savings of \$400 million from wages and fringe costs in Fiscal 2027 based on a vacancy rate of 1.25 percent. By comparison, the City's vacancy rate in the years before the COVID-19 pandemic hovered around 2 percent.

To be clear, the Council is **not** suggesting that these positions remain unfilled, nor that they should be eliminated. Rather, this presents a rational understanding of the personal services budget, and the potential underspending that occurs each year as a result of vacancies. The Council fully supports agencies' efforts to fill vacant positions, as high vacancy rates often hamper their ability to provide services and programming appropriately.

Account for Administration's Vacancy Adjustments

As part of its efforts to address the budget gaps, the Administration announced that it would work with agencies to replace the prior administration's 2-for-1 hiring freeze with a program that allowed agencies to hire up to 50 percent of their vacancies, with the elimination of the remainder of the vacancies. This shift would create more stability and predictability for agency operations, while still supporting cost savings, essentially moving the savings in the outyears of the plan from annual accruals to baselined personal service savings.

The Council estimates that, after accounting for fringe benefit costs, this policy change will result in \$700 million of reduced costs annually starting in Fiscal 2027. While the Administration has begun the process of implementing this plan, the savings attributable to it are not included in the Preliminary Plan.

Debt Service

Debt Service Savings from Refundings and Other Actions

In the November and Preliminary Plans the City has only recognized \$156 million of reduced debt service costs in Fiscal 2026. However, over the previous ten fiscal years, the savings related to debt service have always been greater than that, with average annual savings of \$300 million. Some of these savings are the result of re-estimates of interest costs and earnings on variable rate debt and capital cash balances which are discussed in another section. The other form of savings is achieved by actively reviewing the City's outstanding bond issuances and identifying debt that could be refunded and replaced with newer bonds to create savings. This is a typical process done every year. In fact, the day after the Council's final hearing on the Preliminary Plan, the City finalized \$1.3 billion in General Obligation debt refundings which should result in savings.

⁵ <https://www.gfoa.org/bp-personnel-budgeting>

The City should take active steps to outline estimated savings from these actions for the current and upcoming fiscal years. Based on historical savings, and accounting for the re-estimates identified elsewhere in this document, the Council believes that the City should be able to find an additional \$204 million in Fiscal 2026 through 2027 debt service savings beyond the re-estimates already identified in this document.

Revenue Enhancements from City Funding Sources

While most city-funds revenues come from City taxes that are largely controlled by State, the City does have the ability to make policy adjustments that could generate additional revenues. Some of these include updates to fees and fines, maximizing the use of city owned property, and leveraging resources parked at city-controlled entities and funds. The following items reflect resources the City could unlock at its discretion.

Department of Finance (DOF)

Increase Rates on Stipulated Fines Program

The Stipulated Fine Program was implemented to create a more efficient, cost effective, and orderly process for managing the high volume of tickets issued to commercial vehicles. The program, which was initiated by the Bloomberg Administration, allows companies with a commercial fleet to not contest their fines, and instead pay a discounted rate on each fine.

In 2022, the City increased rates for the Stipulated Fine Program, which were projected to generate \$3.6 million in additional fine revenues. Since the rates were increased the City has seen an increase in collections per violation issued. The Administration should increase the rates charged under the Stipulated Fine Program. This would generate an estimated additional \$3.6 million in revenue annually starting in Fiscal 2027. Any increase should maintain the incentive for commercial fleet owners to participate in the program as well as incentives for the City to offset administrative burdens in processing violations.

Department of Transportation (DOT)

Rent Space Within the Brooklyn Bridge

The Brooklyn Bridge has internal rooms, particularly within the anchorages, which could be rented by the DOT. The spaces have been closed to the public since 2001 and were previously used for arts exhibitions and other events. The average retail rent in Manhattan is \$109.61 per square foot, and the bridge anchorage vaults are 13,000 square feet. If space was maximized without infrastructure renovations, this would provide an additional \$17 million a year in rent. The City could assume a half-year of revenue in Fiscal 2027, offset by the cost of infrastructure renovations, resulting in a total of approximately \$8 million in additional revenues. DOT vehicles are currently stored in the vaults and would need to be moved to another facility or location for storage.

Department of Transportation and New York Police Department (NYPD)

Enhance Enforcement of Truck Violations

The Administration should enhance enforcement and fines for illegally parked trucks and trucks that deviate from legal routes. Illegally parking in marked zones not only causes congestion but also creates confusion for drivers. This increases the likelihood of dangerous interactions between vehicles, cyclists, and pedestrians. Doubling the fines for trucks deviating from designated truck routes and for illegally parked trucks for the first offense and increasing the

finest for the second offense by 50 percent, in addition to stepping up enforcement could generate an additional \$4 million in annual revenue for the City starting in Fiscal 2027. Commercial vehicles play a vital role in ensuring goods are available to New Yorkers expeditiously, but this should not come at the cost of safety on the City's roadways.

Department of Parks and Recreation (DPR)

Increase Dockage Rates

The City operates 15 marinas across the boroughs at which boats can be docked and moored. Rates for docking at City marinas have not increased since 2012 and are lower than private marinas in the City and the region. The City should increase the docking rates to better align with market rates. The Independent Budget Office estimates that such an increase would generate roughly \$1.0 million in additional revenue annually, starting in Fiscal 2026.

Park Concessions Expansion

The DPR manages and cares for New York City's 2,000 parks, many of which have valuable but underutilized commercial or concession spaces. The Center for an Urban Future (the Center) has reported that there is significant room to expand concessions in Park's properties⁶. They have recommended that the City should launch 20 new destination concessions in City parks. The City has begun to move in this direction with such concessions as the mini-food hall at McCarren Parkhouse and Queensboro Oval. The Center has estimated that such an expansion could generate an additional \$15 to \$25 million annually. Actual revenue would depend on the scale and location of concessions selected. In Fiscal 2025 DPR generated \$59.5 million in revenue from concessions, up from \$53.2 million in Fiscal 2024. The Council estimates there would be \$10 million in new revenues annually, starting in Fiscal 2027.

New York Police Department and Department of Investigation (DOI)

Utilize Asset Forfeiture Funds

Each year, the City's law enforcement agencies accrue assets as a result of investigations that yield financial recoveries. The revenues from asset forfeitures are held in off-budget accounts that do not show up in the financial plan: Federal Forfeiture Programs, State Forfeiture Programs, and Department of Treasury - Federal Forfeiture. At the close of Fiscal 2025, these funds had a balance of over \$281 million resulting from asset forfeitures, for assisting in investigations that yielded financial recoveries. City agencies and departments can utilize asset forfeiture funds to supplement their current and out-year budgets. According to State statute, asset forfeiture dollars are restricted for use "to enhance law enforcement efforts" (CPLR § 1349 (3)) and can only supplement rather than supplant funding for regular budgetary needs like employee salaries.

In past years the asset forfeiture funds have been used to purchase a variety of equipment for the NYPD and other law enforcement agencies. The City should make every effort to utilize asset

⁶ Center for an Urban Future. "5 Revenue-Raising Ideas for NYC", February 2026, see: https://nycfuture.org/pdf/5IdeasRaisingRevenue_v4.pdf

forfeiture funds to support allowable expenditures included in the Preliminary Plan that are currently supported by City funds. The \$281.2 million of current assets in Fiscal 2026, plus the \$30.1 million of assets estimated to be collected in Fiscal 2027 could supplement many expenses in the NYPD, the Department of Investigations, the Department of Finance, and the District Attorneys' budgets.

Taxes

Reduce the UBT/PIT Credit for Income Above \$1 Million

Businesses such as sole proprietors or partnerships that are taxed as pass-through entities are subject to the Unincorporated Business Tax (UBT) if they operate within New York City. The partnerships and sole proprietors who file the UBT are also responsible for paying personal income tax (PIT). A portion of this taxation is reduced by the UBT/PIT tax credit, which is structured to alleviate some of the tax burden for these individuals. Based on the current tax law, the partners in these businesses can claim this credit against their city PIT liability if they meet specific conditions outlined by the City tax law. The current credit for UBT paid is designed to be progressive. Under this proposal, people with taxable incomes under \$1 million would maintain their existing UBT personal income tax credit of 23 percent or higher. For incomes between \$1 million and \$1.25 million, the percentage of UBT liability phases down, reaching 15 percent for those with incomes of \$1.25 million and above. This proposal would provide 15 percent credit for incomes above \$1.25 million while still preserving the progressive structure of the credit. It is estimated that this proposal could generate an additional \$67 million annually starting Fiscal 2027.

Non-City Entities

Sweep Graveyard Tax Lien Trust

As part of the tax lien sale process, the City uses the New York City Tax Lien Trust 1998-2 (Graveyard Trust or Trust) to manage the collection and enforcement of older or harder-to-collect tax liens. Unlike the typical tax lien trust utilized by the City, the Graveyard Trust has no outstanding bondholders, meaning all revenues, after expenses, are available to flow directly back to the City. However, the City must specifically ask the Graveyard Trust, an off-book entity, to remit those funds.

The Graveyard Trust has collected roughly \$20 million in the first half of Fiscal 2026 and is on pace to collect a similar amount in the second half, for a projected total of \$40 million. After subtracting approximately \$7 million in annual operating costs, the Graveyard Trust is expected to generate \$33 million in net profit available to the City.

In addition, the Graveyard Trust ended Fiscal 2025 holding \$56 million in investments and cash. Based on levels in prior years, it appears that only about \$10 million of these funds are needed by the Trust to cover payments for operational needs. This means that the remaining \$46 million is surplus and can be returned to the City.

Since the City has already recognized \$24.9 million in Graveyard Trust revenues in Fiscal 2026, there is still \$54.1 million remaining that the City should draw from the Trust to cover its current expenses. Similarly, the financial plan could be updated to reflect the ability to sweep additional collections that the graveyard trust should generate in Fiscal 2027, which the Council believes could add another \$20 million that year.

Sweep the Hudson Yards Infrastructure Corporation

In 2005, the City created the Hudson Yards Infrastructure Corporation (HYIC) to finance the infrastructure improvements to allow for the creation of the new Hudson Yards neighborhood on Manhattan's west side. Much of the property tax and several other revenues that would be generated by the development in Hudson Yards were effectively assigned to HYIC to cover the cost of the repayment of the bonds that HYIC would issue to pay for the infrastructure improvements. Initially, the City had to support HYIC, as revenues from new developments were not enough to cover the financing costs. In recent years, as Hudson Yards has increasingly been developed, HYIC has been able to generate fiscal surpluses that have started to flow back to the City's general fund as PILOTs.

The adopted Fiscal 2026 budget included \$375 million of PILOTs from HYIC. In the Preliminary Plan, the City further increased this revenue to reflect an unbudgeted, and therefore surplus, \$62 million in mortgage recording PILOT and other payments connected with the development of 70 Hudson Yards. However, the HYIC adopted budget did not assume any interest earnings from HYIC's cash balance, which has exceeded \$30 million in each of the past two years. This revenue should be considered surplus, similar to the payments related to 70 Hudson Yards, and returned to the City. The Council estimates that this could add \$29 million to the City's general fund in Fiscal 2026 and \$20 million in Fiscal 2027.

Other Actions that Would Provide Additional Resources for the City

While the previously highlighted opportunities for the City to increase its resources in Fiscals 2026 and 2027 can all be realized by actions taken at the local level, there are a number of resources the Council has identified that could be secured through actions taken by other entities, such as the State.

The actions presented in this section – which are not included in this Response's total for eliminating the Fiscals 2026 and 2027 budget gaps -- are the ones the Council believes should be the initial areas of focus to address budgetary needs after exhausting all other efforts to identify efficiencies within the existing budget. Careful consideration will be needed before ultimately pursuing any of these actions, but they demonstrate additional avenues that could help manage the budget.

Some of the items presented in this section have been presented by the State Senate and Assembly as part of their One House Bills for negotiation on the State's Fiscal 2027 budget. While this is not a comprehensive summary of all ideas in the One House Bills, it presents the ones that seem to have the best opportunity for passage at the State level. Additionally, for some of the proposals in this section, no amount of resources is listed. It is understood that these proposals would need to be further developed and negotiated, and in some instances have a number of variables that make it impracticable to provide an estimate.

State Support

New York City has long served as the economic engine of New York State, driving growth, dynamism, and prosperity that benefit communities in the five boroughs and across the region. This shared prosperity has in turn allowed the City and State to provide substantial investments to improve the well-being and success of their residents. These include programs to boost educational outcomes, combat housing insecurity, expand access to childcare, and strengthen due process. These shared priorities often require a large financial investment, but the benefits of establishing these programs far outweigh their costs.

However, over the years, as these joint goals have been implemented, they have often been implemented in a way that places too much of the fiscal burden on New York City. These cost shifts have often happened incrementally over time, as the State has passed more of the financial responsibility of these costs to the City. Over the years, the burden of multiple cost shifts has begun to limit the City's ability to provide other critical services.

Many of these cost shifts reflect decisions made during a period where the relationship between the City and State was sometimes colored by the egos of the leadership, rather than the best interests of their residents. Thankfully, this is no longer the case. The Council supports the more fruitful relationship that now exists between the City and State. In this spirit, the Council believes it is time to revisit many of the shared fiscal responsibilities for funding these programs.

With equitable State support, the City and State can together help serve City residents and stabilize costs for working families. The State should work with the City to identify ways to increase its support in the following areas:

- Rental Assistance
- Shelter Funding Caps
- School Aid for Students in Temporary Housing
- Foundation Aid Regional Cost Index
- SNAP Administration Costs
- Child Care Funding
- Raise the Age Reimbursement

Pensions

Pension Unfunded Liability Amortization

The City, working with the New York City Pension System, and pursuant to State authorization could find substantial savings that could exceed \$1 billion annually by making adjustments to the City's pension financing without impacting current or future retiree pensions.

Over half of the City's current pension costs stem from reforms made through State legislation in 2013 as to how the City's Actuary calculates the amount needed to fully fund the pensions. These changes included a reduction in the average rate of return the City could expect on its pension fund investments (from 8 percent to 7 percent), a shift to a more stable method of calculating the cost for each member of the pension plan, and updated rules on how to incorporate future changes to pension calculations. While these shifts resulted in a more fiscally stable and responsible outlook for the pension plans, it also meant that the pensions were no longer fully funded on an actuarial basis. The shortfall exceeded \$60 billion⁷, which was a sum too large for the City to make up in any single year. As a result, the State legislation also provided that the City could make up the shortfall by amortizing it over a 22-year schedule that would run through Fiscal 2032 by the end of which the pensions would be fully funded. This schedule included a 3 percent annual cost increase, meaning that costs would be lower earlier in the schedule, but would slowly ramp up as the term progressed. As of Fiscal 2026, the costs associated with the changes adopted in 2013 account for \$6 billion of the City's \$10.5 billion pension expense. By Fiscal 2032, the last year of the schedule, these costs are expected to be approximately \$7.2 billion, before the City will start accruing savings in Fiscal 2033. In other words, the City's costs for funding pensions will drop by over \$8 billion between Fiscals 2032 and 2033, a phenomenally large decrease.

There are a couple options that could enable the City to bring some of these savings forward, to utilize them in the current years, providing assistance in addressing the structural imbalance issues in the budget. The first option available is the re-amortization of the remaining six years of

⁷ New York City Comptroller, Fiscal 2012 Comprehensive Annual Financial Report, *Schedule of Pension Funding Progress*, pg. 119.

the current payment schedule. Indeed, at the request of Mayor Adams, the Governor included a proposal like this in her 30-day amendments to the Executive Budget in 2025. That proposal was limited to only three of the five pension funds but would have generated savings of \$500 million in the first year, growing to \$1 billion by Fiscal 2027, and further in the outyears. The Council believes that by including all five pension funds and adjusting the proposed re-amortization schedule, the City could find substantial savings in the financial plan that exceed \$1.2 billion per year, starting in Fiscal 2027, without impacting a single pension payment to any current or future retiree.

The second option the City could explore in reducing the cost of providing the current pensions would be to explore the use of pension obligation bonds (POBs). POBs are an alternative way of addressing pension liabilities. Rather than making up a shortfall in pension funding by amortizing the shortfall, the City would issue bonds. The proceeds would then be immediately deposited into the pension funds making them fully funded overnight.

Currently the amortization schedule requires the City to not only make up the base cost of the shortfall, but also the 7 percent annual return the pension funds would have earned had the shortfall not existed. This means that a portion of the annual cost of the pension amortization is effectively a loan from the pension funds to the City at a seven percent interest rate. Meanwhile, the City is able to finance its capital projects by issuing bonds at rates that range from roughly 4 percent to 5 percent. The two to three percent difference in the interest rates between the cost of financing bonds and the cost of the amortization would be accrued by the City as savings.

While there are risks involved in using POBs, those largely stem from concerns that some pension plans set unrealistic targets for investment returns. However, as evident in the most recent Comptroller's report on pension fund returns, the City has consistently been achieving the average seven percent target for returns over the past 10 years. Therefore, the City should work with the State to explore the potential for utilizing POBs to reduce the cost of its liabilities, which the Council estimates could reduce annual liabilities by \$350 million.

Administration for Children's Services (ACS)

Raise the Age Past Expenditures Recoupment

The State passed Raise the Age (RTA) in 2017, changing the age of criminal responsibility from 16 to 18 and requiring that children charged with serious crimes be held and detained separately from adults. Since the inception of RTA, the State has appropriated \$1.7 billion to reimburse localities for costs related to implementation and \$658 million has been disbursed, leaving just over \$1 billion appropriated but unspent.

ACS has made significant expansions and renovations to its detention facilities to accommodate the increase in population resulting from RTA. Yet, despite this, the City has not been reimbursed for any of its costs related to Raise the Age. This is due to section 54-m of State Finance Law, a provision that requires counties to adhere to the two percent tax cap — a requirement designed to exclude the City from reimbursement eligibility — or submit a waiver to the State showing financial hardship.

The Administration should apply for a financial hardship waiver so that the City can apply to recoup past City-funded expenditures related to RTA implementation, namely detaining 16 and 17-year-olds charged with crimes in age-appropriate facilities. Through Fiscal 2025, ACS had expended approximately \$152 million in City funds since Fiscal 2019 on secure detention costs for adolescent offenders who would otherwise have been held at Rikers Island prior to RTA. This is only a portion of the funding spent by ACS, in addition to funding spent by other agencies such as the Law Department, the Police Department, and the Department of Probation.

While \$300 million of State funding replacing City funds was baselined in the Preliminary Plan for Fiscals 2026 and beyond, the City should still apply for the hardship waiver so it could apply for reimbursement of costs already incurred by ACS and other City agencies that meet the following criteria: “juvenile delinquency prevention services, law enforcement services, transportation services including transportation provided by sheriffs, court operational expenses and services, adolescent offender facilities, detention and specialized secure detention services, specialized housing services, aftercare services, program oversight and monitoring services, [and] local presentment agency costs.” The Council believes that at least \$200 million, and probably even more, City-funded expenditures could be submitted for reimbursement through this process and recouped in Fiscal 2026.

Department of Correction (DOC)

Incarcerating State-Ready Persons in City Jails Expenditure Recoupment

Current New York State law authorizes reimbursement for individuals who should be in State custody but are instead housed in City correctional facilities. The current reimbursement rate does not cover the City’s full cost of housing these individuals. The State and the City should enter into an agreement to make more equitable reimbursements, as the City is providing a service that should be borne by the State.

It has been estimated that the annual cost to house one person on Rikers is approximately \$400,000 per year, and that restoring and increasing state reimbursement could yield additional resources for New York City. Securing full reimbursement could significantly reduce the City’s correctional costs and align financial responsibility with the State’s legal obligations.

Currently there are 130 state-ready people in City custody, 55 of whom have been in City custody for over one year and 33 of whom are in City custody for over two years. If the City sought reimbursement for all of these expenses, the Council estimates that the City could recoup up to \$40 million in Fiscal 2026 including reimbursements for retroactive costs and an estimated \$26 million in Fiscal 2027.

Department of Education (DOE)

Foundation Aid/School Aid

The Governor’s Executive budget proposal included \$10.8 billion in Foundation Aid for New York City in Fiscal 2027, \$370.9 million greater than the amount in the State’s enacted Fiscal 2026

budget. Even with the proposed increase, the Governor's proposed funding for Foundation Aid continues a long-term trend of Foundation Aid growth not keeping pace with the growth of the DOE's budget. Much of the recent expansion of DOE's budget has been driven by the cost of State-mandated programs and services, such as class size and charter school rental assistance. Meanwhile, since Fiscal 2015, the percentage of DOE's adopted budget that is funded with Foundation Aid has dropped by roughly three percent. Since 2015, Foundation Aid has grown by an annual average of 4.4 percent. During that same period the DOE's budget has grown at an annual average rate of 5.3 percent. If State Foundation Aid growth had kept pace with the growth rate of DOE's budget over the last decade, the City would have received \$1.1 billion more State funding in Fiscal 2027 than is currently proposed. This is a significant loss of potential funding and a driver of the City's current fiscal difficulties.

The State Senate and Assembly One House bills each propose additional Foundation Aid formula changes. Both the Senate and the Assembly propose increasing the English Language Learner (ELL) weight from 0.53 to 0.6. Both the Independent Budget Office and DOE estimate that this change would increase the City's Foundation Aid allocation by \$69 million in City Fiscal 2027. The Assembly also proposed adding a weight for homeless students and students in foster care that both IBO and DOE estimate would provide the City with \$486 million of additional Foundation Aid in Fiscal 2027. The Assembly has also proposed raising the per student allocation for 3K to \$10,000, which would provide an additional \$20 million for the City's 3K program in Fiscal 2027. Finally, the Senate's proposal includes changes to funding for pupil transportation that the Fiscal Policy Institute estimates will increase City funding by at least \$200 million in Fiscal 2027⁸. If all proposals were to be included in the enacted State budget, it would total \$775 million in Fiscal 2027.

These additions to the State's enacted budget are not only fiscally necessary but would provide funding for vulnerable and underserved groups. Over 150,000 DOE students experienced homelessness during the 2024-2025 school year and currently the State provides no dedicated funding for these students. Similarly, ELL students are becoming a larger portion of the DOE's enrollment. In the 2024-2025 school year there were 168,000 students enrolled as English Language Learners, an 18 percent increase (26,000 students) from the number of ELL students enrolled just five years previously. Foundation Aid formula modifications for both of these populations were among the recommendations made by the Governor's much touted Roosevelt Institute Foundation Aid study released in December 2024⁹. Including these changes in the State's Enacted budget not only would partially make up for years of under investment by the State in Foundation Aid for the City but would also provide funding for the growth in underserved populations.

⁸ Fiscal Policy Institute. "The Legislature's Plans to Out New York City on Sound Fiscal Footing." March 19, 2026. https://fiscalpolicy.org/wp-content/uploads/2026/03/2026.03.19_1-OH-NYC.pdf

⁹ SUNY Rockefeller Institute of Government. "A Review of New York State's Foundation Aid Funding Formula with Recommendations for Improvement". December 2024. <https://rockinst.org/wp-content/uploads/2024/12/2024-12-Foundation-Aid-Report.pdf>

Department of Investigation (DOI)

Make City Marshals City Employees

City marshals are appointed to implement civil court orders including collecting on judgements, towing vehicles, seizing utility meters, and carrying out evictions. The marshals remit a portion of the funds they collect to the City and recapture a set amount as a fee for service. In many other U.S. cities, such tasks are performed within the Sheriff's Office. The City's Sheriff's Office, staffed by City employees, similarly enforces court mandates and processes for state courts.

Currently, there are 31 marshals in New York City, and some marshals may employ additional support staff. If each marshal were to be replaced by 1.25 City employees earning the average annual salary of a deputy sheriff (about \$67,727), it is estimated that the City could collect approximately \$10 million in additional revenue annually, starting in Fiscal 2026, assuming a continued level of fee collection equal to the current level, but as revenue to the City and not recouped by non-city employees. This change would require state legislation to amend Article 16 of the New York City Civil Court Act.

Department of Transportation (DOT) and Department of Finance (DOF)

Red Light Camera Expansion

In Fiscal 2025, there were 211 red-light cameras mounted around the City which accounted for \$31.8 million in revenue, or approximately \$150,710 per camera. If the red light cameras program were to expand to 1,325 intersections, which was what the original expansion bill called for, it would generate an estimated \$199.7 million annually based on Fiscal 2025 revenue numbers. Accounting for approximate revenue from existing cameras, the Council estimates that this expansion would net an increase of \$167.9 million in Fiscal 2027. The red light camera expansion would require approval by the State. Any approval should include requirements that the new cameras are distributed equitably across the City.

Department of Sanitation

Street Sweeper Camera Legislation

State legislation would authorize the Department of Sanitation to install cameras on street sweeping vehicles to automatically issue tickets to vehicles parked in violation of Alternate Side Parking rules during scheduled cleaning hours. The City Council passed a home rule resolution (Res. 0707-2025) in May 2025 supporting the passage of these bills. The Senate version passed in June 2025; the Assembly companion bill has still not been voted on.

In Fiscal 2025, \$125.6 million in fines were issued for street cleaning violations. It is assumed that the authorization to install cameras on street sweepers would significantly increase this total.

Taxes

Property Tax Compliance and Assessment Data Improvement

DOF administers annual property tax valuation and assessments of all 1.1 million taxable properties in the City. Property values can change due to factors such as construction-related changes, market conditions and apportionment or merger of tax lots. These changes in a property's value are reflected in the property tax assessments.

Improvements in cross-agency data sharing and quality of data collected by the City on properties can increase fairness and efficiency in tax assessments. State Law requires DOF to recognize construction-related value additions or deductions when the work is completed. These changes are made for properties that go through any type of construction including alterations, new construction, and demolitions. DOF relies on the construction permits' filings and related data that is maintained by DOB to determine the properties that are in the construction pipeline.

Further improvements in the methods of data collection and maintenance by DOB and other agencies related to properties' characteristics and conditions would help capture the status of construction and any relevant value changes for property tax assessment. The Administration can strengthen property tax assessment compliance by collecting cost of construction information as part of all permit filings and by sharing this data that gets captured by DOB with DOF on property characteristics and occupancy.

Reduce New York City Pass-Through Entity Tax Credit to 75 Percent

The Assembly and Senate One-House bills include a proposal to reduce the credit for the New York City Pass-Through Entity Tax (PTET) to 75 percent. This proposal is estimated to increase the City's revenue by approximately \$1.02 billion over Fiscals 2026 and 2027.

The 2017 Federal Tax Cut and Jobs Act limited the ability of individual taxpayers to deduct state and local taxes from their federal income tax, which raised the cost of taxes in high tax states and localities like New York State and New York City. The New York City PTET was created to restore the lost deductibility instituted by this change in federal taxation policy. Unlike the income tax, PTET is a business tax and therefore still fully deductible. The PTET allows New York taxpayers to voluntarily pay tax on their business income, receiving a Personal Income Tax (PIT) credit equal to the amount paid to PTET, and then fully deducting the PTET payment on their federal returns. Currently, taxpayers can deduct 100 percent of their PTET contributions. By reducing the credit from 100 percent of PTET contributions to 75 percent, the PTET workaround would remain profitable for 97 percent of filers.

Around 95 percent of the PTET credit goes to tax filers with adjusted gross income of over \$1 million. Other states, such as Connecticut and Massachusetts, have reduced their PTET-PIT credits to 87.5 percent and 90 percent respectively.

Units of Appropriation

The budget requirements in the New York City Charter (Charter) promote transparent budgeting and preserve the City Council's policy-making authority in the balance of powers. The Charter imposes the budget framework, requiring the Mayor to submit a budget to the City Council broken down into funding for agencies and units of appropriation (U/A). The Charter provides that U/As may not authorize spending for more than one program, purpose, activity, or institution unless the Council adopts a resolution to authorize a deviation from this requirement, which the Mayor must provide with the Preliminary Budget if invoked. For the Preliminary Plan the Mayor did not seek, nor did the Council adopt such a resolution.

Nevertheless, the Mayor's budget proposes many U/As that represent anticipated funding for multiple programs, purposes, activities, and institutions. In this regard, the Mayor's Preliminary Plan follows the practice of predecessors who, in submitting their proposed budgets, unlawfully lumped multiple spending categories into single U/As. This practice not only impedes the Council's Charter-mandated obligation to conduct oversight of spending, but it also runs afoul of the separation of powers intrinsic to the City government.

The Charter's formal budgeting requirements are not merely formalities. As the building blocks of the budget, U/As authorize, and therefore reflect, expected expenditures across an array of City spending categories—from housing vouchers to police overtime. A budget comprised of descriptively clear and distinct U/As promotes Council and public oversight of spending within and among categorized expenditures. It also ensures Council input when in the course of the fiscal year the Mayor seeks approval for transfers of funds from one U/A to another, preserving the Council's important policy-making function when it considers and authorizes transfers that may shift spending priorities reflected in the adopted budget.

Despite clear Charter mandates, fundamental transparency issues persist under the current budget structure. Mayor Mamdani publicly acknowledged these issues just days after entering office. Many of the City's largest U/As reflect spending on diverse programming and purposes, rather than through discrete and clear U/As. Understanding the particular needs of programs and ensuring the Administration's lawful use of funds is a crucial task made difficult through a deliberately muddled budget structure.

The current Administration has taken some steps to improve transparency. In the Preliminary Plan, funding was added to more accurately budget in the following areas, where prior Administrations had chronically underbudgeted:

- Cash Assistance (HRA)
- Rental Assistance (HRA)
- Shelter Contracts (DHS)
- Due Process Cases (DOE)
- Judgements and Claims (Miscellaneous)
- City Contributions for MTA Operations (Miscellaneous)

The Council applauds the Mayor for recognizing and addressing this budget issue, but the City should go further and increase budget transparency. Each of the above programmatic areas should be organized in separate U/A pairs (PS and OTPS, where applicable), if they are not already, so that chronic underbudgeting does not occur again. Additionally, detailed data should be regularly and publicly reported on these programs, including metrics in the Mayor's Management Report, so that the Council and the public may better understand and assess the levers impacting the budget. Reporting should be designed to ensure access to the same information that the Administration has, to conduct budget analysis and to prevent the same underbudgeting issue from happening again.

In addition to the aforementioned U/As in the areas of underbudgeting, at minimum the Council insists on proper budget organization through the creation of separate U/A pairs for each program, purpose, activity, or institution. New U/A pairs should be comprised of a U/A for PS costs and a corresponding U/A for OTPS costs for the respective program. The Council's prioritized list of new U/As to be added is presented in Appendix B of this report.

The Mayor's Management Report

The Mayor's Management Report (MMR) and the Preliminary Mayor's Management Report (PMMR) are critical tools for tracking and evaluating the City government's performance and operations. As previously noted in the section on U/As, detailed data should be regularly, publicly reported on key agency programs, to ensure a multi-faceted understanding of the levers impacting spending. After conducting a thorough review of the structure and content of the Fiscal 2025 MMR and the Fiscal 2026 PMMR, the Council has identified several areas for improvement. Several broad recommendations are enumerated here and the Council's priority recommendations on new indicators, by agency, are included in Appendix C.

General MMR/PMMR Recommendations

- **Establish Clear Targets for all Relevant Performance Indicators.** Many performance indicators within the MMR/PMMR do not include targets, include targets that are simply up and down arrows, and/or include targets that are below actual historical performance. Performance indicators should include a specific numeric target, where relevant. Additionally, all targets should be evaluated and updated on an annual basis to better reflect the specific agency's ability to achieve those targets over the past few fiscal years.
- **Explain Significant Indicator Variances.** There are multiple instances in the MMR/PMMR where significant variances in performance metrics were noted but not thoroughly explained. The Council recommends that all performance indicators that deviate from the normal levels have a full explanation that highlights any issues that occurred in that period and fully explains the data aberration.
- **Improve the Link between Performance Indicators and the City's Budget.** The MMR/PMMR should make stronger connections between operational performance and the resources allocated to carry out those operations. More specifically, the Council recommends including capital funding data for all projects or initiatives related to indicators in the MMR/PMMR.
- **Include a Section on the Implementation of the Citywide Savings Initiatives.** The Council recommends including a section in the MMR/PMMR that tracks realized savings from all Citywide Savings Initiatives. These initiatives are designed to create lasting, programmatic savings across multiple agencies. However, since they are not specifically tied to agency budgets, they are difficult to monitor.

Appendix A – Financial Plan

Financial Plan Revenues and Expenditures (Dollars in Millions)					
Category	FY26	FY27	FY28	FY29	FY30
REVENUES					
Taxes					
General Property Tax	\$35,361	\$36,649	\$37,753	\$38,868	\$40,169
Other Taxes	47,868	50,164	50,809	51,319	52,625
Tax Audit Revenue	959	879	879	879	879
Tax Programs	147	86	42	(78)	(82)
Property Tax Increase	0	3,700	3,601	3,707	3,814
Subtotal: Taxes	\$84,335	\$91,478	\$93,084	\$94,695	\$97,405
Miscellaneous Revenues	\$8,642	\$8,092	\$8,104	\$8,148	\$8,173
Unrestricted Intergovernmental Aid	502	0	0	0	0
Less: Intra-City Revenue	(2,275)	(1,946)	(1,938)	(1,931)	(1,929)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	\$91,189	\$97,609	\$99,235	\$100,897	\$103,634
Other Categorical Grants	\$981	\$1,022	\$1,009	\$1,006	\$1,006
Inter-Fund Revenues	808	800	801	804	804
Federal Categorical Grants	8,889	7,260	7,179	7,155	7,165
State Categorical Grants	20,503	20,310	20,709	20,341	20,415
Total Revenues	\$122,370	\$127,001	\$128,933	\$130,203	\$133,024
EXPENDITURES					
Personal Service					
Salaries and Wages	\$35,027	\$36,184	\$37,976	\$38,774	\$39,614
Pensions	10,495	10,533	11,519	10,983	10,524
Fringe Benefits	15,881	16,483	17,267	17,989	18,823
Retiree Health Benefits Trust	0	(229)	229	0	0
Subtotal: Personal Service	\$61,403	\$62,971	\$66,991	\$67,746	\$68,961
Other than Personal Service					
Medical Assistance	\$6,437	\$6,790	\$6,940	\$7,090	\$7,240
Public Assistance	2,764	2,746	2,746	2,746	2,746
All Other	50,017	47,050	47,863	48,323	49,385
Subtotal: Other than Personal Service	\$59,218	\$56,586	\$57,549	\$58,159	\$59,371
Debt Service	\$8,503	\$9,528	\$10,563	\$11,533	\$12,280
FY 2025 Budget Stabilization	(3,787)	0	0	0	0
FY 2026 Budget Stabilization	238	(238)	0	0	0
Capital Stabilization Reserve	0	0	250	250	250
General Reserve	50	100	1,200	1,200	1,200
Rainy Day Fund	(980)	0	980	0	0
Less: Intra-City Expenses	(2,275)	(1,946)	(1,938)	(1,931)	(1,929)
Total Expenditures	\$122,370	\$127,001	\$135,595	\$136,957	\$140,133
Gap To Be Closed	\$0	\$0	(\$6,662)	(\$6,754)	(\$7,109)

Appendix B – Recommended New Units of Appropriations

- **Mayoral Offices** – Unique U/A pairs for offices that exist within the Mayorality, including, but not limited to the, Mayor's Office of Community Safety, Mayor's Office to End Gender-Based Violence, Mayor's Office of Community Mental Health, Mayor's Office for People with Disabilities, and Mayor's Office of Immigrant Affairs.
- **Overtime** – Unique PS U/As for uniform overtime at each uniform agency
- **Reserves** – Unique OTPS U/As for each type of reserve fund, including, but not limited to, Retiree Health Benefit Trust and the City's Rainy-Day Fund
- **Administration for Children's Services** – Unique U/A pairs for each Secure Detention, Non-Secure Detention, Alternatives to Detention, and Juvenile Justice Support
- **Department of Homeless Services** – Unique U/A pairs for each Single Adult Shelters, Adult Family Shelters, and Families with Children Shelters
- **Department of Correction** – Unique U/A pairs for each Rikers Security and Operations, Infrastructure and Environmental Health, Management and Administration, and Academy and Training
- **Department of Education** – Unique U/A pairs for each Community Schools, Arts Education, Early Childhood Education (with a U/A pair for each level, by age of child), Education (with U/A pair for each by school type/level/grade band)
- **Human Resources Administration** – Unique U/A pairs for each Supplemental Nutrition Assistance, Adult Protective Services, Rental Assistance (with a U/A pair for each distinct program), Cash Assistance (with separate U/A pairs for each population type and a U/A pair for StateFHEPS, which is currently budgeted together with direct benefit payments), and HIV and AIDS Services
- **Department of Housing Preservation and Development** – Unique U/A pair for each Housing Connect and Enforcement and Neighborhood Services (ENS) (which would include the Alternative Enforcement Program, Emergency Repair Program, Code Enforcement, Emergency Housing Services, and 7A Program)
- **Law Department** – Unique U/A pair for the Tort Division
- **New York Police Department** – Unique U/A pair for each Transportation and Trainings
- **Department of Small Business Services** – Unique U/A pair for the New York City Office of Talent and Workforce Development (NYC Talent), which would include any supplemental resources allocated to coordinating the NYC Workforce Development Board

Appendix C – New MMR Indicator Recommendations, by Agency

Administration for Children's Services (ACS)

- **Child Care Vouchers.** The total number of childcare vouchers utilized should be included for each voucher type. Currently, the MMR indicators for vouchers only include the average number of enrollments for each voucher type. This added indicator would permit a clearer year-to-year comparison of voucher enrollment and show which types are being utilized more than others.
- **Secure Detention.** The MMR should indicate the total number of youth in secure detention who are currently enrolled in educational programs, including the number of youth who are enrolled in high school equivalency courses, college courses, and other educational programs.

City Commission on Human Rights (CCHR)

- **Percentage of Completed Customer Requests for Interpretation.** The MMR includes data on the completed number of requests for interpretation. The completed number of requests is not complete without knowing this data because it does not present how accessible these services are. This metric should be revised, or a new indicator should be added that presents the percentage of completed customer requests for interpretation.
- **Appointments Scheduled and Completed.** The MMR includes data related to walk-ins assisted at CCHR offices. The Commission should include information regarding the number of appointments scheduled and completed to fully present the different ways that people connect with CCHR.
- **Number of Mediation Attempted.** The MMR currently includes the number of complaints successfully mediated. CCHR should add an indicator regarding the number of mediations attempted, so that their success rate can be more accurately determined.

City University of New York (CUNY)

- **CUNY Associated Study in Associate Programs (ASAP) Retention Rate.** Currently, the MMR includes indicators for the retention rate of full-time first-year freshmen, as well as the total number of students served by ASAP and the three-year graduation rate for ASAP students. It would be informative to include an indicator regarding the retention rate for students who enroll in ASAP to better understand the impact of the programming on encouraging students to continue their education. As the three-year graduation rate for CUNY ASAP students continues to decrease, adding this indicator would also allow for an alternative method of analyzing the program's efficacy.
- **Student Dropout Rate.** The MMR should include a metric to accurately track the number of students leaving college without pursuing a degree at another institution. Current transfer metrics do not capture the percentage of students who leave a CUNY college and do not continue their education elsewhere. An effective indicator would provide a clearer picture of student attrition, helping educators, policymakers, and institutions identify the

underlying issues such as financial difficulties, lack of academic support, or personal challenges that cause students to abandon higher education.

- **Disability Services.** CUNY offers a variety of resources for students with disabilities such as the Office of Deaf/Hard of Hearing Services, the Learning Disabilities Project, Resources and Education on Autism, and CUNY LEADS. To effectively analyze these programs, the MMR should include metrics on the number of students that utilize each individual service. Additionally, the MMR should include an indicator on the number of disability accommodations requested to understand if there is a need for additional staffing or other resources to fulfill these needs.
- **CUNY Reconnect Number of Students Enrolled.** The MMR should include a metric for CUNY Reconnect that provides information on the effectiveness of the program to show how it has assisted students who previously left college to return and complete their degrees. Tracking data on the number of students enrolled and the number of students who graduate within four years would allow policymakers to assess the impact that the program has on reenrolling and graduating students from higher education, identify areas that need improvement, and allocate resources more efficiently.
- **CUNY Accelerate, Complete and Engage (ACE) Enrollment and Graduation Rate.** Including indicators regarding CUNY ACE is crucial for evaluating the program's impact on student retention and graduation rates. The MMR currently includes data on enrollment and graduation rates for CUNY Accelerated Study in Associate Programs (ASAP), which is the version of CUNY ACE for associate degree seeking students. CUNY should provide the same for CUNY ACE. This data would assist in determining funding needs, expanding the services, and addressing the barriers to success, particularly for underrepresented and low-income students.

Department for the Aging (NYC Aging)

- **Older Adult Center Meals.** Additional metrics should be added presenting the number of meals served by the meal categories: congregate meals, grab-and-go meals, and any others. These metrics would provide better insight into the level of demand for the types of meals NYC Aging is distributing.
- **Home-Delivered Meals (HDM).** HDM metrics currently provided in the MMR are the number of meals served and number of clients. New MMR metrics should be added regarding the average number of meals provided to each client. This would provide better information on how often older adults receive meals and if they receive them routinely or just occasionally. Additionally, a breakdown of the types of meals distributed by type (such as hot, frozen, kosher, and halal) should also be included to provide insight into the number of culturally competent and other specialized meals served.
- **Case Management.** Case management metrics should be added to report the average number of hours-of-service case management clients typically received during the fiscal year. This would provide clarity on the level of assistance provided to individual older adults. The current metric only indicates the total for all clients.

Department of Buildings (DOB)

- **Full and Partial Stop-Work Orders.** The MMR only presents the total number of stop-work orders. An additional metric should include a breakdown of these for the number of full and partial stop-work orders DOB issued.
- **Local Law 97 of 2019.** The DOB did not address previous Council recommendations in Fiscal 2024 to introduce metrics regarding its signature sustainability effort, Local Law 97 of 2019 (LL97), which seeks to reduce emissions from the City's largest building. Additional indicators that present the percentage of buildings that are compliant with LL97 should be added.
- **Outstanding Fines and Fees/Collections.** DOB's outstanding judgment debt totals \$310.8 million between Fiscal 2018 and Fiscal 2025. This balance is comprised of default penalties which make up 46.8 percent, base fines, 37.2 percent of the total, and 15.9 percent of interest. To better track the high volume of uncollected charges, the MMR should include the following metrics: the number of outstanding fines and fees billed by DOB by fiscal year; the dollar amount of unpaid charges attributable to DOB by fiscal year; and the cumulative percent collection rate of fines attributable to DOB over the preceding five fiscal years. Measurement is needed to improve transparency on collections and improve revenue capture.
- **Resident Illegal Conversion Complaints.** As housing production ramps up following the City of Yes zoning reforms, including Ancillary Dwelling Units (ADUs), the total number of resident illegal conversion complaints should be included to enhance transparency.

Department of City Planning (DCP)

- **Zoning Action Queue.** The MMR should include the number of projects currently in the backlog and awaiting entry into public review. DCP has indicated that while the median number of days for projects requiring simple zoning action, EAS, and EIS all increased in the first four months of Fiscal 2026 compared to the same period in Fiscal 2025, this was in part due to projects entering public review that had been in the queue for a lengthy period of time. Tracking the number of projects within that queue could provide clarity on progress the Department is making in clearing its outstanding list of projects.

Department of Citywide Administrative Services (DCAS)

- **Fleet and Fuel Management.** DCAS manages the City's fleet and fuel procurement, but only aggregate numbers related to greener vehicles are included in the MMR. Metrics should be added reporting the number of vehicles that are not electric or hybrid, by vehicle type, as well as the number of procurements made. A new metric on the number of electric fleet vehicles procured, should also be included. The only metric related to vehicle fuel included in the MMR currently is the percentage of biofuel used in diesel. Additional metrics on the volume and cost of fuel purchased should be added to the MMR. Lastly, a count of City-operated electric vehicle charging stations managed by DCAS should be added.

Department of Correction (DOC)

- ***Grievance Response Times and Resolution.*** The MMR should include an indicator on response times and resolutions to grievances. This can include indicators of grievances against officers, against other incarcerated persons, and completion-percentages for resolutions.

Department of Cultural Affairs (DCLA)

- ***Cultural Development Fund (CDF).*** In Fiscal 2025, approximately \$60 million was distributed to 1,078 cultural groups across the City, however, the MMR does not include information on the recipients of these CDF grants. The following MMR indicators would be useful to be included:
 - Breakdown of CDF funding by new and existing providers.
 - Number of CDF grants received per borough.
 - CDF grant amounts per borough.
- ***CDF Payments.*** The MMR includes an indicator on the average number of days it takes to issue initial CDF payments after complying with all City requirements. However, the MMR does not indicate how long after budget adoption it takes the agency to complete all City requirements and release payments, and how that compares to the previous year. The MMR should include an indicator that provides details on the average number of days from budget adoption until the date that the award letters are sent out and the average number of days from adoption to the initial CDF award.
- ***Capital Projects.*** The MMR should include borough breakdown of the amount of capital projects, by total value, and number, initiated in each borough.
- ***Arts Education in Public Schools.*** With more emphasis on arts education in the NYC Public Schools there should be a series of indicators that show the number of schools which received grants for arts education from DCLA broken down by borough.

Department of Design and Construction (DDC)

- ***Accurate Project Delays Metric.*** DDC should report the actual number of days a project is delayed from its initial timeline. While DDC provides various performance indicators related to completion times (including designs completed, construction projects completed, and roadway lane miles constructed), and generally considers a project completed within 30 days of the scheduled completion date “on time”, the Department excludes all delays it considers “outside of its control”. According to DDC, any change in the scope of a project and the effects that occur due to that scope of change are delays that are unavoidable and therefore unreportable. As a result, the MMR does not provide an accurate assessment of the total delays that occur from the beginning to final completion of a project. A metric showing the delays from all factors including those outside the Department’s control should be added.

Department of Education (DOE)

- **Average Class Size.** DOE should return to providing a metric on the average class sizes for each grade individually, in addition to the new band groupings. Adding the grade band groupings makes sense, given that this is how the State Class Size law groups them. Without providing grade-level data there is no way to track progress of this metric in comparison to historical numbers.
- **Due Process Cases.** The MMR would be strengthened by adding indicators on Connor/Carter cases, such as number of cases and costs year-over-year and other special education service indicators like the average length of time for students to receive their IEP services.
- **Early Childhood Education Provider Payments.** The MMR should include a metric on the average time it takes DOE to process ECE provider payments. The timely payment of ECE providers has continued to be an issue that has impacted the effectiveness of the system.
- **Transportation Delays.** The MMR should include additional transportation metrics reporting on the average number of delays reported per month, disaggregated by stop-to-school routes and curb-to-school routes. This would add context to the currently reported metrics of number of students utilizing school bus routes and the number of routes.

Department of Environmental Protection (DEP)

- **Water Main Breaks by Pipe Age and Material.** DEP should begin reporting on water main breaks by pipe age and material. Disaggregating the data would show whether failures are concentrated in the oldest or weakest sections of the system, helping to prioritize replacements.
- **Estimated Billing Accuracy and Meter Health.** DEP should track estimated billing accuracy through both the percent of bills based on estimates and the health of AMR (Automatic Meter Reading)/AMI (Advance Metering Infrastructure) meters through the percent of AMR that are non-operational. AMR and AMI meters are devices that transmit water usage data remotely. When these meters malfunction or lose connectivity, the Department must issue estimated bills instead of using actual consumption data. Linking estimated billing trends to meter performance would clarify whether ongoing technology investments are improving billing transparency.
- **Net Collections Rate.** DEP should add a net collections rate indicator, showing the percentage of billed charges collected within 90 and 180 days excluding one-time enforcement actions, as delinquent accounts over 180 days have grown to \$1.1 billion and current reporting does not fully capture the effectiveness of day-to-day collection efforts.

Department of Health and Mental Hygiene (DOHMH) – Mental Hygiene

- **Total Individuals Served by a Licensed Clubhouse.** DOHMH and the Council currently provide funding for the operations of several clubhouses that provide services and activities for people with serious mental health conditions. The MMR should include the aggregated number of individuals enrolled in a clubhouse. Including this indicator would highlight the reach and impact of clubhouses, which play a vital role in supporting New Yorkers with serious mental illness (SMI) through social, vocational, and wellness services that foster recovery and community connection.
- **Timeliness of Assisted Outpatient Treatment Referrals.** The MMR should report on the average number of days between a referral to the Assisted Outpatient Treatment Program and the start of court-ordered services. Tracking this measure would show whether individuals with serious mental illness are receiving treatment quickly enough to prevent crises.
- **Retention in Assisted Outpatient Treatment.** The MMR should include the percentage of participants who remain engaged in Assisted Outpatient Treatment for the full duration of their court order. Measuring retention would help evaluate the program's effectiveness in supporting long-term community stability.
- **Mobile Crisis Team Response Time.** The MMR should report the average time from referral to first contact by a Mobile Crisis Team. This indicator would help assess whether teams can respond rapidly to mental health crises and de-escalate situations before hospitalization or arrest occurs.
- **Follow-up Services for Mobile Crisis Team.** The MMR should include the percentage of individuals contacted by a Mobile Crisis Team who are successfully connected to ongoing outpatient care within 30 days. This would highlight how effective crisis responses lead to sustained treatment.
- **Access to Long-Term Mobile Treatment.** The MMR should include the average time from referral to enrollment for Assertive Community Treatment (ACT), Forensic Community Treatment (FACT), and Intensive Mobile Treatment (IMT) programs. Monitoring wait times would identify service gaps for people with serious mental illness and high service needs.
- **Community-Based De-Escalation Success Rate.** The MMR should report the percentage of community-based de-escalations by Mobile Crisis Teams that resolve without the need for hospitalization or police involvement. This would demonstrate the effectiveness of community-led crisis responses.

Department of Health and Mental Hygiene (DOHMH) – Public Health

- **Congenital Syphilis Incidence Rate.** The MMR should include the rate of congenital syphilis per 100,000 live births to better track the rising trend and evaluate the impact of prenatal screening and treatment efforts. This would help monitor progress toward reducing preventable cases and guide targeted interventions.

- **Early Initiation of HPV Vaccination.** The MMR should report the percentage of children who begin the HPV vaccine series by age nine. Early initiation is linked to higher completion rates by age 13 and would support the Health Department's strategy to improve overall coverage.
- **Adults who Smoke Electronic Cigarettes or Vapes.** The MMR should indicate the percentage of adults who smoke electronic cigarettes (e-cigarettes) or vapes either instead of or with tobacco products. E-cigarettes and vapes are typically used as an alternative to tobacco products, but studies have shown that prolonged usage can be detrimental to one's health.
- **Adults who Consume One or More Servings of Sugar-Sweetened Beverages Per Day.** This indicator should be expanded to include processed beverages, such as energy drinks, which often have high levels of sugar. The means of gathering information should also be expanded, as the percentages provided in the MMR do not appear to be accurate.
- **Diabetes Incidence by Type.** The MMR should include the annual number of new cases of Type 1 and Type 2 diabetes among New Yorkers. This would provide a clearer understanding of emerging trends and support targeted prevention and education programs.
- **Diabetes Management and Insulin Accessibility.** The MMR should indicate the number of New Yorkers who struggle to obtain insulin, whether it is related to accessibility, cost, or lack of insurance. DOHMH does not track the percentage of diabetes patients who struggle to afford insulin.

Department of Homeless Services (DHS)

- **Shelter Cost by Type of Shelter.** Indicators should be added to the MMR reporting the cost of shelter broken down by facility and client type. Currently, the MMR only reports the average cost of shelter per day by client type (single adults, adult families, and families with children). Given the wide variation in types of shelter facilities, varying from hotels to congregate settings to apartments, additional indicators should be added in the MMR providing a more granular analysis of the costs by type of shelter facility and population.
- **Street Homeless Shelter and Services.** Indicators should be added to the MMR listing the number of operational Drop-In Centers, broken down by borough of location, with the total number of unduplicated clients served and the average number of clients served per center. Additionally, indicators should be added for the total capacity of safe haven beds, the total capacity of stabilization beds, the total capacity of any other types of low-barrier beds, and the vacancy rates and average lengths of stay for each.
- **Encampment Sweeps.** Indicators should be added to the MMR with the number of homeless encampment sweeps, broken down by borough, and how many individuals were connected to shelter as a result. Currently, there is little information and oversight on sweeps. As a result of recent policy changes, DHS will now be managing these responses.

- **Shelter Capacity and Vacancy Rates.** Indicators should be provided that show the total shelter facility count by borough, further disaggregated broken down by facility type (including hotel shelter, congregate style shelter, apartment style shelter), and including the total number of units available and the average vacancy rate.
- **Translation and Interpretation Services.** Indicators should be added to the MMR reporting the number of times translation and interpretation services were requested at shelters and shelter intake centers, each broken down by population type. Currently, only completed requests for interpretation are reported in the MMR, which does not fully illustrate how much need there is for this service or if DHS is adequately meeting it.
- **Adults Receiving Public Assistance Benefits.** Indicators should be added regarding the percentage of single adults and adult families that receive public assistance benefits. Currently, information is only reported for families with children. The number of adults receiving public assistance benefits is an important indicator, as it demonstrates the level of services provided that assist individuals in gaining stability. The enrollment levels speak to DHS's efficacy at providing support to help individuals experiencing homelessness exit shelter as quickly as possible.
- **Age.** Indicators should be added to the MMR providing a breakdown of the ages of DHS shelter residents. Currently, information about age can only be found regarding asylum seekers in the shelter system through a budgetary Term and Condition report (which the Council negotiates annually with the Administration). The MMR only reports on the census for each population type. Given that children, young adults, and the elderly all have different needs, an additional indicator should be added to the MMR.
- **Disability Accommodation.** Indicators should be added to the MMR providing a breakdown of the number of disability accommodations requested, the number of requests fulfilled, and the average wait time between request submission and a decision.
- **Overtime.** Indicators should be added including hours of mandatory and voluntary overtime DHS or contracted staff worked, broken down by agency program area. Currently, the MMR reports only on the total dollar amount paid for overtime without differentiating between mandatory and voluntary overtime, and it does not provide information about how much overtime use there was by program area.

Department of Housing Preservation and Development (HPD)

- **Enforcement Programs/Tenant Safety.** The MMR does not incorporate indicators around enhanced enforcement programs critical to tenant safety, such as the Underlying Conditions (UC) program, the Alternative Enforcement Program (AEP), and in the 7A program where administrators are appointed by the Court. The number of buildings coming in and out of these programs, as well as their average duration in these programs, are important metrics that would allow for greater understanding of HPD's programmatic achievements.

- **Construction Costs.** Further information on average construction costs per square foot should be included for long-term fiscal planning purposes and to assess the pressures on equitable housing production in limited affordability areas.
- **Net Changes to Rent Regulated Housing Stock.** The MMR should include data on the number of rent regulated units added and lost in a fiscal year to monitor HPD's progress in preserving affordable housing.

Department of Investigation (DOI)

- **Fingerprint Checks Requested.** The MMR should include indicators on the number of fingerprint checks that have been requested, the average time it takes to complete the requests, and the number of checks completed.
- **Reports Issued Required by Local Law and Reports Issued Not Required by Local Law.** The MMR mentions that DOI issued 16 public reports in Fiscal 2025. The MMR should include an indicator of the number of reports that are required by local law and an indicator of the number of reports not required by local law.
- **Average Time to Respond to Written Policy and Procedure Recommendations Issued to City Agencies.** The MMR includes indicators showing the amount of Written Policy and Procedure Recommendations that have been issued and the percentage that have been accepted, implemented, pending, and rejected. The MMR should include the average time it takes for city agencies to respond to the recommendations.

Department of Sanitation (DSNY)

- **Street Vendor Violations Issued.** The Department has made the claim that they are taking a compliance first approach when it comes to street vendors. The MMR should include data on the number of summonses and value of fines issued to street vendors.
- **Education and Presentations.** The MMR should include an indicator that demonstrates how many educational presentations the Department provides to the public.

Department of Parks and Recreation (DPR)

- **Vessel and Debris Disposal.** In the Fiscal 2026 Executive Budget, DPR received baselined funding of \$500,000 starting in Fiscal 2026 for the Office of Marine Debris and Vessel Surrendering. This funding will support the Department's efforts to remove unwanted and abandoned boats. The MMR should include the total number of vessels and other debris that were disposed of by DPR as well as information on total tonnage and cost of disposal. Additionally, the MMR should include the total number of vessels that were turned in to the Department to avoid the vessels becoming derelict.

Department of Small Business Services (SBS)

- **Street Vendor Licenses and Inspections.** SBS should include new indicators to track the success of the newly established Office of Street Vendor Services. Indicators are needed to track metrics such as the number of outreach events, percentage of compliant vendors,

and average turnover time for the issuance of licenses. Indicators related to street vendor inspections should be added to the MMR as well. These should include indicators on the number of street vendor inspections and whether language interpretation was provided in person, over the phone, or via written materials.

- **Commercial Vacancies.** SBS should include metrics that track the number of commercial vacancies by borough and the value of commercial lease assistance provided to eligible businesses. Additional metrics can include the average duration of commercial real estate vacancies.

Department of Transportation (DOT)

- **Bridge Flags.** Currently, the MMR reports the number of bridge flags eliminated in total and by severity type (safety, yellow, and red). An additional indicator should be added to the MMR that provides the average number of days it takes to eliminate bridge flags by severity type.
- **Double Parking Complaints.** Often school buses, emergency vehicles, delivery trucks, and other vehicles cannot pass on residential streets due to a double-parked car. This imperils public health, leads to increased noise pollution and environmental pollution from idling cars, and contributes to cascading gridlock. Metrics such as the number of 311 complaints regarding cars blocked due to double parking, broken down by borough, should be collected and added to the MMR to help demonstrate which parts of the City are most impacted and to help develop strategies to address this issue.
- **Sidewalk Motorized Vehicle Safety.** The MMR does not currently present data on injuries sustained by pedestrians on the sidewalk from motorized vehicles or micro-mobility devices. With the increase in food delivery vehicles, as well as other two-wheeled recreational vehicles, data on pedestrian injuries or collisions on sidewalks should be added to the MMR to illustrate the scope of this issue.
- **Sidewalk Bicycle Safety.** Bicyclists who ride on sidewalks pose danger to pedestrians. The number of pedestrian injuries and deaths caused by bicycles on sidewalks should be added to the MMR, which will help to assess the extent of the problem over time.
- **Dooring Incidents.** Dooring is the act of opening a door in a designated bike lane or oncoming vehicle traffic lane and causing a collision with a bicyclist. While this may not be done on purpose, and it is largely due to passengers being unaware of oncoming bicyclists as they open their car door, injuries to bicyclists can be quite serious. Injury or collision data should be added to the MMR to bring awareness of this danger.
- **Jaywalking Collisions.** Since the Council decriminalized jaywalking, MMR indicators that track the impact of the new law should be added to assess the impact of the law over time. Indicators including the number of collisions between jaywalking pedestrians and bicyclists, motor vehicles, and two-wheeled motorized vehicles should be added.

Department of Youth and Community Development (DYCD)

- **Case Management and Drop-In Centers.** Youth and young adults served through case management – Drop-In Centers should be separated into two indicators so that data and targets for each age group are identified and tracked for youth ages (16-20) and young adults ages (21-24).
- **Summer Rising.** The MMR should include data on the number of participants enrolled in the Summer Rising program by grade level (elementary, and middle school), to better track the actual vs. enrollee for elementary and middle school students.
- **Paraprofessionals.** Additional metrics presenting data on the percentage of youth that require paraprofessionals in the Summer Rising program.

Fire Department of New York (FDNY)

- **Average Time to Extinguish Serious Fires (“All Hands” to a “5th Alarm” and above).** Although indicators on response times to serious fires are very important, the time it takes for actual fires to be extinguished is just as crucial. Adding this metric will show if the FDNY is improving the efficiency at which they extinguish fires.
- **Number of Lithium-Ion Battery Fires that Occurred Within the City.** Adding this metric will provide data on how the recent trend of lithium-ion battery fires.

Health and Hospitals Corporation (H+H)

- **Cash Reserves - Days on Hand.** During the Fiscal 2027 Preliminary Budget hearing, H+H’s CEO, Dr. Mitchell Katz, testified that H+H only had 16 days of cash reserves on hand. This is a concerning reserve level considering the revenue challenges that H+H will presumably face due to federal health insurance policy changes. It is worth noting that private hospital systems such as New York Presbyterian often operate with over 100 days of reserves on hand. Going forward, the MMR should track H+H’s average days of cash reserve days on hand to ensure that relevant stakeholders and the public are informed of H+H’s financial challenges.
- **Number of Medicaid Patients.** In 2025, Medicaid reimbursements accounted for 22 percent of H+H’s total revenue and are projected to account for 24 percent by 2029. Given the uncertainties of H+H’s revenue outlook related to Medicaid reimbursements in the coming years, the MMR should include metrics on the number of Medicaid patients who are seen each fiscal year. This will allow relevant stakeholders and the public to better track fluctuations in Medicaid patients.
- **Average Wait Time in Emergency Departments.** While the MMR tracks the percentage of patients who left an emergency room without being seen by a doctor, a metric tracking the average wait time in emergency departments before being seen by a doctor would be more useful to help hospitals identify where problems exist. The MMR should publish a metric tracking the average wait time in emergency departments alongside its existing metric tracking the percentage of patients who left an emergency room without being seen by a doctor.

Human Resources Administration (HRA)

- **Supplemental Nutrition Assistance Program (SNAP).** SNAP indicators should be expanded to include information on how quickly, on average, SNAP users exhaust their monthly benefits, as well as a breakdown of the number of recipients receiving the minimum, maximum, or some other benefit level. Additional indicators should include the total number of SNAP applications submitted, broken down by new applications and renewals, with an acceptance rate for each type and the denial percentage for exceeding the income or asset limits, failure to complete an interview, and missing requested documentation.
- **Cash Assistance (CA).** The average monthly CA benefit amount should be reported, similar to how the MMR includes metrics on the benefit amount of SNAP. This is particularly useful as CA benefit payments are included in HRA's budget (SNAP benefits are disbursed by the State).
- **Medicaid Recipients.** Indicators should be added to provide a count of HRA-administered Medicaid recipients who are non-Modified Gross Adjusted Income qualified (MAGI), the number of MAGI renewals, and the number of other types of clients, if any.
- **Medicaid Homecare Services.** Indicators should be included that provide a count of the Medicaid-eligible clients who apply for homecare services, the count of approvals and denials, and the number of clients who receive homecare.
- **Home Emergency Assistance Program.** HRA does not regularly report publicly on the Home Emergency Assistance Program (HEAP) and no metrics are currently included for HEAP in the MMR. Indicators should be added for the number of HEAP participants, the number of applications received, the application approval rate, and the average benefits paid per client.
- **Emergency Food Assistance.** An indicator should be added regarding the number of applications HRA received for its emergency food assistance program, the Community Food Connection (CFC). Additional indicators should include the number of CFC providers that have closed, the number of deliveries made to community-based providers in the CFC network each month, and the number of clients served by providers.
- **Domestic Violence (DV) Shelter.** Indicators should be added to show the average vacancy rates and the average length of stay for both the DV emergency and DV Tier II shelter systems. Indicators should also be added for the number of people that have applied for DV shelter and the percentage of those who are deemed eligible but do not enter DV shelter due to lack of an available placement in the DV shelter system.
- **Homeless Prevention.** The MMR includes data on the percentage of clients diverted at intake from entering shelter and the percentage of clients receiving preventative services who do not enter shelter. While it is useful to know the efficacy of these efforts, more illustrative metrics would include a count of the number of people served at intake including how many did and did not enter shelter, as well as the actual numbers of clients who receive preventative services and do and do not enter shelter. The current indicators

do not show the fluctuation in numbers of people applying for shelter or seeking services, and the trends in efficacy do not necessarily correlate with the fluctuation in the number of people served.

- **CityFHEPS Vouchers.** MMR indicators on the CityFHEPS rental assistance voucher program should be added including the following metrics on the program: (i) the average client contribution amount for active CityFHEPS vouchers, broken out by apartment size; (ii) the average length of time current voucher clients have been enrolled in the program; (iii) the percentage of current active voucher holders who were able to exit shelter and the number who were able to remain in their homes with their voucher; (iv) the number of new applications received, broken down by apartment size; (v) the average processing time of new applications; (vi) the rate of approval of new applications; (vii) the average time between application approval and a move-in to permanent housing with the voucher; (viii) the number of new applications from a HomeBase referral, broken down by apartment size; (ix) the number of people dis-enrolled; and (x) the number of voucher holders who have returned to shelter, broken down by population type (single adults, adult families, or families with children).
- Getting detailed data on the CityFHEPS program is critical for the Council to be able to fully understand and analyze the program's performance, but regular public reporting has been very limited and lacking in detail since the inception of the program. Additional data would allow the Council to make educated assessments of the program's success. The Council has sought to enhance and improve CityFHEPS through legislation that the Administration has refused to initiate, requiring the commencement of legal action. The Council has offered a settlement on the CityFHEPS legal matter that protects vulnerable New Yorkers and ensures a fiscally responsible path for this program. The Administration's decision to continue litigation only serves to delay the implementation of such a settlement.
- **HIV and AIDS Services Administration (HASA) Shelter.** Capacity metrics should be added to the MMR for HASA shelters, broken out by type, similar to how data is presented for DV shelters. The MMR should also include the number of people that have applied for HASA shelter, the acceptance rate, and the average lengths of stay, each broken out by types of HASA shelter.
- **Immigration Legal Services.** Indicators should be added to the MMR to provide information on immigration-related legal services, broken down by legal program, including the number of clients served, the average time spent per immigration case, the number of asylum seeker cases, the number of non-asylum seeker cases, and the number of other types of immigration cases.

Landmarks Preservation Commission (LPC)

- **Landmark Demolitions.** The MMR should include an indicator tracking the number of landmarks designated sites that are both partially or completely demolished, and the number of landmark demolitions that were considered demolition by neglect. The preservation of existing landmarks is equally as critical as designation of new sites, and

this indicator would provide clarity on LPC's success in enforcing landmark preservation rules.

Libraries

- **Capital Projects.** Currently, there are no indicators on capital projects. An indicator showing the number of branches per system undergoing major renovation and indicators related to the timeliness of completion should be included in the MMR.
- **City Funding.** The MMR should include an indicator that provides the percentage of the library systems' budget that is funded by City funds.
- **Emergency Closings.** The MMR should include an indicator that provides the total hours of emergency closings per library system.

Mayor's Office of Immigrant Affairs (MOIA)

- **Interpretation Requested and Completed by Each City Agency, by Language.** Each city agency that provides services to New York City immigrants should provide data on the number of interpretation requests received, disaggregated by requests completed and those unfulfilled.
- **Small Business Inspections (SBS).** Indicators on the number of small business storefront inspections should be included in the MMR with clarity on whether they were provided in person, over the phone, or via written materials along with detailing of the specific languages provided.

New York City Economic Development Corporation (EDC)

- **Equitable Allocation of Resources.** The MMR should include indicators that focus on EDC's efforts at equitably allocating resources. For example, indicators tracking job creation in communities with high unemployment rates, the percentage of EDC investments going to low-income neighborhoods, or the number of M/WBEs benefiting from EDC programs.
- **Impact of Sustainable Development Project.** The MMR should include indicators tracking environmental impacts and sustainable development, like the number of green jobs created, the square footage of LED-certified space developed, and greenhouse gas emissions reduced through EDC projects.
- **Investment Projects and Employment Metrics.** In Fiscal 2025, EDC provided financial assistance in the form of tax-breaks or low interest bonds to 28 new investment projects. A total of \$44.9 million of aid was committed over the lifetime of these new projects, and these projects produced 2,777 jobs. The MMR should report the number of new investment projects, total aid committed to these projects, the number of jobs created, the percentage of jobs that provide a living wage, the percentage of jobs that provide health insurance, and the percentage of employees living in NYC.

New York City Housing Authority (NYCHA)

- **Mold Cases Completed Within Five Business Days.** The existing indicator “Mold removed within 5 business days (%)” should be changed to “Percentage of mold cases completed within five business days (%)” to clarify case workload, not actual mold percentages in buildings.
- **Vacant Unit Readiness.** The MMR should include the following metrics to track progress in vacant unit turnover: the number of units abated for mold, lead, and asbestos and the median number of days to complete each type of work. NYHCA has indicated that these environmental hazards are the most substantial portion of the work, often taking four to six months to address. Including these metrics could provide insight into where future investment might be most impactful in expediting vacant unit turnaround time.
- **PACT and Trust Conversions.** The MMR should include a new set of indicators, tracking the number of developments that voted to undergo Preservation Trust conversion, the number of buildings across those developments, and the total number of units across those developments. The MMR should also track the cumulative number of developments, buildings, and units under the Trust as it does currently for PACT conversions. The MMR should also include the assessed capital need for the developments that undergo each type of conversion. This would allow for more accurate estimates of total capital needs across the portfolio.

New York City Police Department (NYPD)

- **Individuals Approached by Co-Response Teams.** The MMR includes an indicator on New Individuals served by a DOHMH Co-Response Team. The MMR should include data on the total number of people approached by the teams.

Office of the Chief Medical Examiner (OCME)

- **Median Time for Scene Arrivals by Medicolegal Investigators to Morgues (hours: minutes).** The MMR should indicate the median time for scene arrivals by medicolegal investigators to morgues versus private locations to improve transparency and identify potential disparities in response times. Without this distinction, it is unclear whether families in private settings experience longer delays, which can add to an already difficult situation.
- **Median Time for Scene Arrivals by Medicolegal Investigators to Private Locations (hours: minutes).** The MMR should indicate the median time for scene arrivals by medicolegal investigators to morgues versus private locations to improve transparency and identify potential disparities in response times. Without this distinction, it is unclear whether families in private settings experience longer delays, which can add to an already difficult situation.

Office of Technology and Innovation (OTI)

- **Percentage of 311 Callers Who End Call Before Receiving Service.** The MMR includes metrics measuring the percentage of 311 calls answered within 30 seconds, and the average wait time for Tier 1 calls. It would be helpful to track the percentage of 311 callers who end their call before receiving service to provide a more complete understanding of 311's customer service satisfaction.
- **Average Response Time.** While the MMR includes the number of completed service requests, there is no data on response time for these requests. Since timely follow up is critical to many 311 requests, this indicator should be included in the MMR so the public can have a better understanding of how agencies and 311 are proactively coordinating to resolve requests as quickly as possible.