

The City of New York
Preliminary Budget
Fiscal Year 2027

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Financial Plan Summary

The Fiscal Year 2027 Preliminary Budget

The Inherited Budget Crisis

Adams' November 2025 Financial Plan Update

FY26 remained balanced at **\$118.2B**

Outyear gaps' projection:

FY27: **\$4.7B**

FY28 and FY29: **\$6.3B**

Adams Left the Highest Budget Gaps in 12 Years

	Budget Gaps			as a % of Revenue		
	YEAR 2	YEAR 3	YEAR 4	YEAR 2	YEAR 3	YEAR 4
Last Bloomberg Plan NOV 2013	-	-1,472	-951	0.00%	-2.70%	-1.70%
Last de Blasio Plan NOV 2021	-2,882	-2,731	-2,140	-4.10%	-3.80%	-2.90%
Last Adams Plan NOV 2025	-4,691	-6,273	-6,296	-5.30%	-6.80%	-6.70%

Staggering Underbudgeting Made it Worse

State and City Comptrollers Identified \$12 Billion+ Gap Due to Mismanagement and Unfunded Needs

DECEMBER 16, 2025

Former City Comptroller Lander: Over \$12 billion

DECEMBER 22, 2025

State Comptroller DiNapoli: \$13.5 billion

JANUARY 16, 2026

Current City Comptroller Levine: Over \$12 billion

State and City Comptrollers Identified \$12 Billion Gap Due to Mismanagement and Unfunded Needs

After assessing agency unbudgeted expenses and assuming increased revenue and standard budget actions, the administration determined the gap was in line with Comptrollers' estimates.

THE TRUTH

Largest Gaps Since the Great Recession

	OUTYEAR 1	OUTYEAR 2	OUTYEAR 3
Adams' Published gaps NOV 2025 FINANCIAL PLAN UPDATE	5.3%	6.8%	6.7%

	OUTYEAR 1	OUTYEAR 2	OUTYEAR 3
Pre-Covid 10 Year Average NOV 2010 - NOV 2019	3.5%	4.8%	5.0%
Great Recession 2009 PLAN	9.7%	11.0%	12.0%

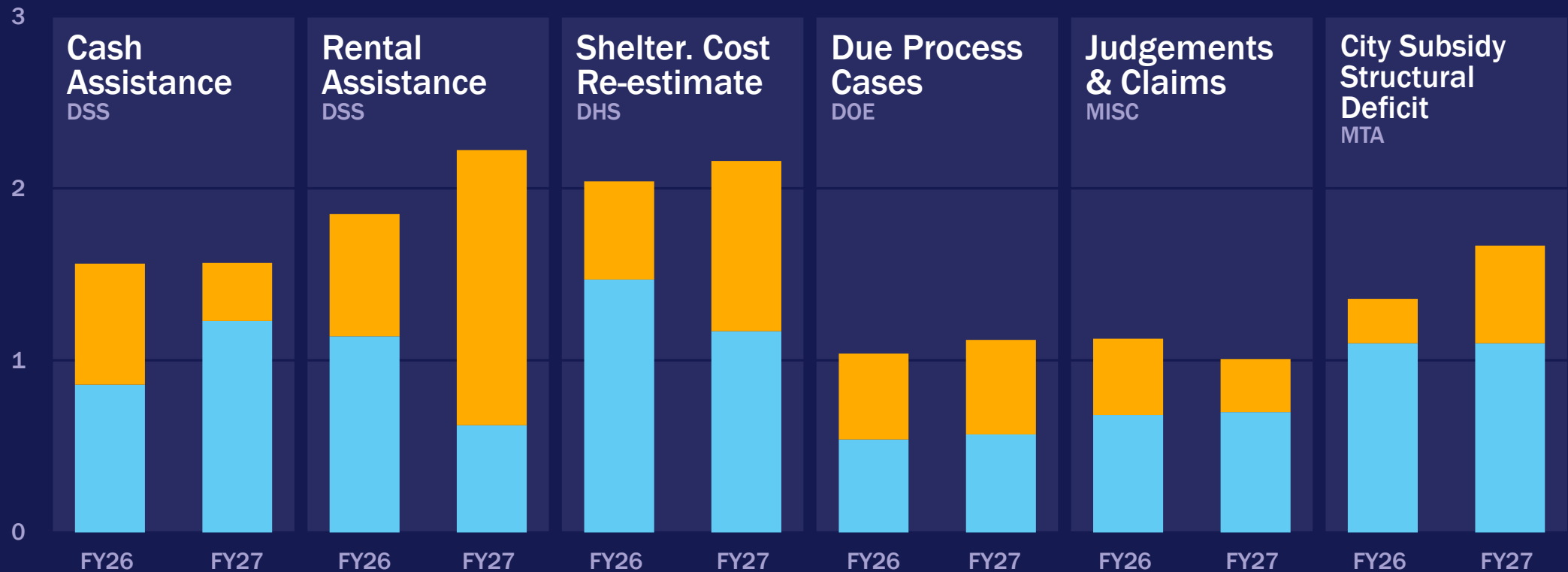
NYC Comptroller Updated Gaps	11.5%	14.2%	12.7%
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\$7.54 Billion to Fill Cliffs Across Six Major Unbudgeted Needs

City Tax Levy

\$ IN BILLIONS

■ Nov-25 ■ Preliminary Budget Add



\$6.67 Billion In Additional Unfunded Needs and Mandates Over FY6 and FY27 Alone

INCLUDES

**Health Insurance Stabilization
Fund insolvency**

\$911M in FY26, \$1.1B in FY27

State class size law mandate
\$600M in FY27

**Unbudgeted portion of the
mandated 12% Health
Insurance Plan**
**\$408M of Greater New York HIP rate increase
in FY26, \$418M in FY27**

**Early childhood education funding
shortfall**
\$300M in FY26, baselined at \$380M in FY27

Supportive Housing Units
\$82 million in FY26 and baselined

**State mandated Medicaid
funding**
\$57 million in FY26 and baselined

**Unbudgeted Not for Profit
vendor indirect costs**
**\$26 million in FY26, baselined at \$71 million
as of FY27 to support their growing
administration costs**

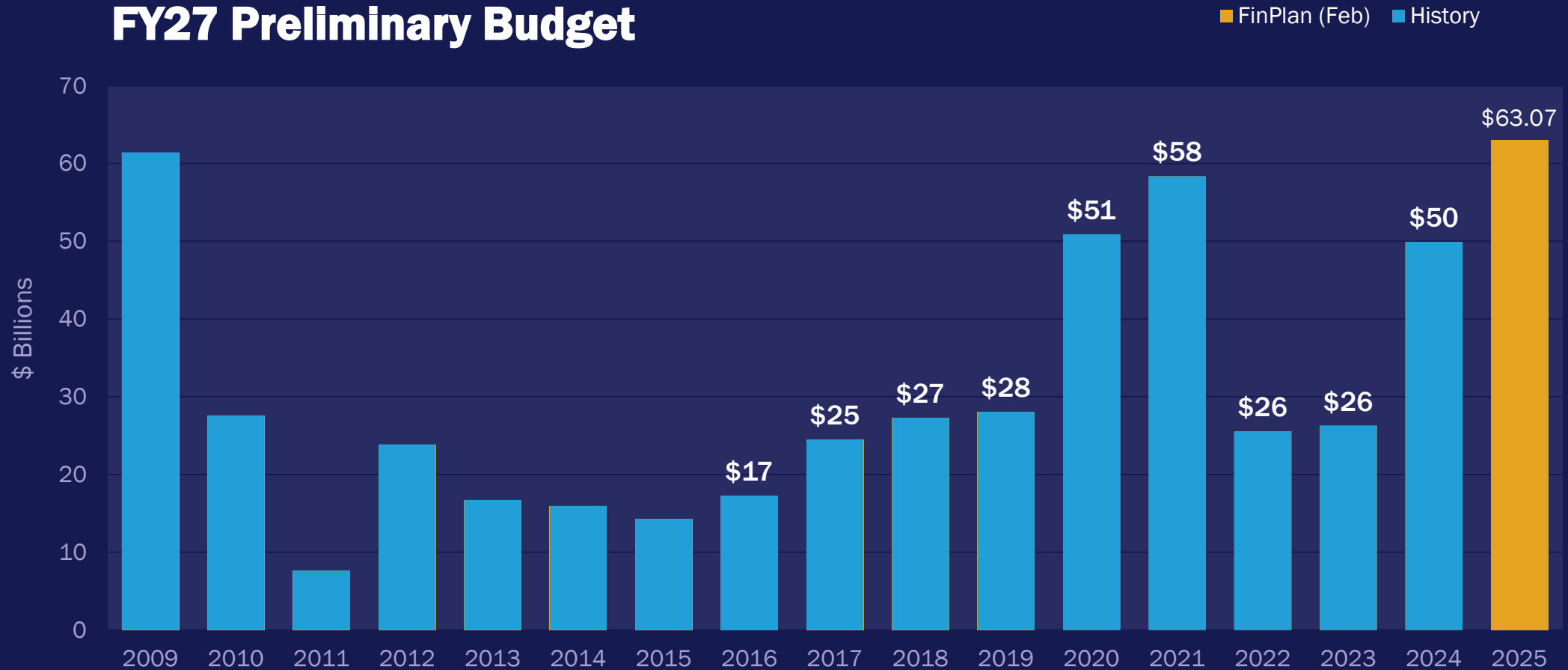
**Federal and state mandated
"Early Intervention"**
\$74 million in FY26, \$93 million in FY27

THE WORK SINCE

Steps We've Taken & Updated Revenue Projections to Tackle the Gap

Wall Street Profits Are at a Record High

FY27 Preliminary Budget



Growth in Personal Income Tax Has Driven a \$7.3B Upward Revision in the City's Tax Revenue Forecast Since November



New York City Preliminary Financial Plan Forecast vs NYS Executive Budget Forecast

(in millions)

	New York State Fiscal Year NYS			New York City Fiscal Year NYC Preliminary Financial Plan		
	FY 2026	FY 2027	FY2025- FY2027	FY 2026	FY 2027	FY2025- FY2027
Personal Income	9.4%	5.0%	14.9%	10.1%	5.0%	15.6%
Corporate Tax	-9.7%	16.6%	5.3%	-1.2%	7.1%	5.8%
Sales Tax	5.9%	2.8%	8.9%	5.0%	5.2%	10.5%

EXECUTIVE ORDER 12

The Chief Savings Officer

For the first time in city history each agency will have a Chief Savings Officer (CSO)

BY MARCH 20

CSO's will identify and report recurring savings achieved through efficiencies, program consolidation and insourcing, and by eliminating/sunseting programs

EVERY SIX MONTHS

CSOs will update assessments, evaluate progress and identify new opportunities for savings and efficiency

Managing the Expense Budget to Address the Remaining Gap

The work to achieve savings has already begun

We will also achieve recurring savings on a larger scale

CSOs will achieve savings of 1.5% in FY26 and 2.5% in FY27

Significantly reducing current vacancies and removing hiring constraints to promote effective agency operations

In this plan:

Hiring 50 new auditors at the NYC Department of Finance who will generate \$100 million annually

Adding 200 lawyers and 100 support staff to the NYC Law Department to reduce the city's tort liability - \$125 million in FY27 alone

SUMMARY

The Steps We Took to Tackle the Gap

Calling for an aggressive agency savings plan

Maximal use of in-year reserves

Recognizing higher-than-expected revenues

Left us with a \$7 billion gap

**Thanks to Governor Hochul's
\$1.5 billion two-year
commitment, we have brought
the gap down**

Shrinking the Gap – State Action

**Reversal of Distressed
Hospitals Sales Tax
Intercept**

\$150M/yr

**Investments in
Youth
Programming**

\$300M/yr

**Reverse Article 6
Public Health
Cost Shift**

\$60M/yr

**One-time
unrestricted aid**

\$500M

**And an additional \$97 million
in school aid leaves the city
with \$5.4 billion budget gap**

WHERE WE STAND

The Two Paths Ahead of Us

The Two Paths Ahead of Us

Path 1 - Our Goal

Increase personal income taxes on New Yorkers earning more than \$1M and corporate taxes on the most profitable corporations

End the drain by fixing the imbalance between what the City provides New York State & what we receive in return

Path 2 - Our Last Resort

Raise property taxes

Draw down reserves including the Rainy Day fund and the Retiree Health Benefits Trust Fund

PATH ONE

Tax the Rich & End the Drain

Recalibrate the relationship between the city and the state

NYC contributes 54.5% of state revenue, but only receives 40.5% back

NYC's portion of NYS's GDP has grown by nearly 10% since 2010

By Law We Must Balance the Budget

Without higher taxes on the wealthy and corporations:
these are the actions we would be forced to take in
order to close the \$5.4 billion gap

PATH TWO: ACTIONS OF LAST RESORT

Raise Property Taxes & Draw Down Reserves

9.5% property tax increase

Impact: Over 3 million residential units and
over 100,000 commercial buildings

Income: median \$122,000

PATH TWO: ACTIONS OF LAST RESORT

Raise Property Taxes & Draw Down Reserves

FY26: Draw down \$980 million from the Rainy Day Fund

FY27: Draw down \$229 million from the Retiree Health Benefits Trust

The city will maintain \$6.3B in FY26 and \$6.1 billion in FY27 reserves as cushion against an economic downturn or harmful federal policy changes

These are not the options we want to pursue – they are the options of last resort

Preliminary Budget By The Numbers and Investment Highlights

The Fiscal Year 2027 Preliminary Budget is Balanced at \$127B

All Funds

FY2027

\$127.0
billion

\$94
billion

Agency
Budgets

\$33
billion

Pensions,
debt service

DOE
40%

**Social
Services**
26%

**Uniformed
agencies**
12%

**All
Other**
9%

NYPD: 7%
FDNY: 3%
DSNY: 2%

DSS: 16%
DHS: 5%
ACS: 4%
DYCD: 2%

Health
5%
DOHMH: 3%
H+H: 2%

DCAS
2%
DEP
2%

DOT
2%

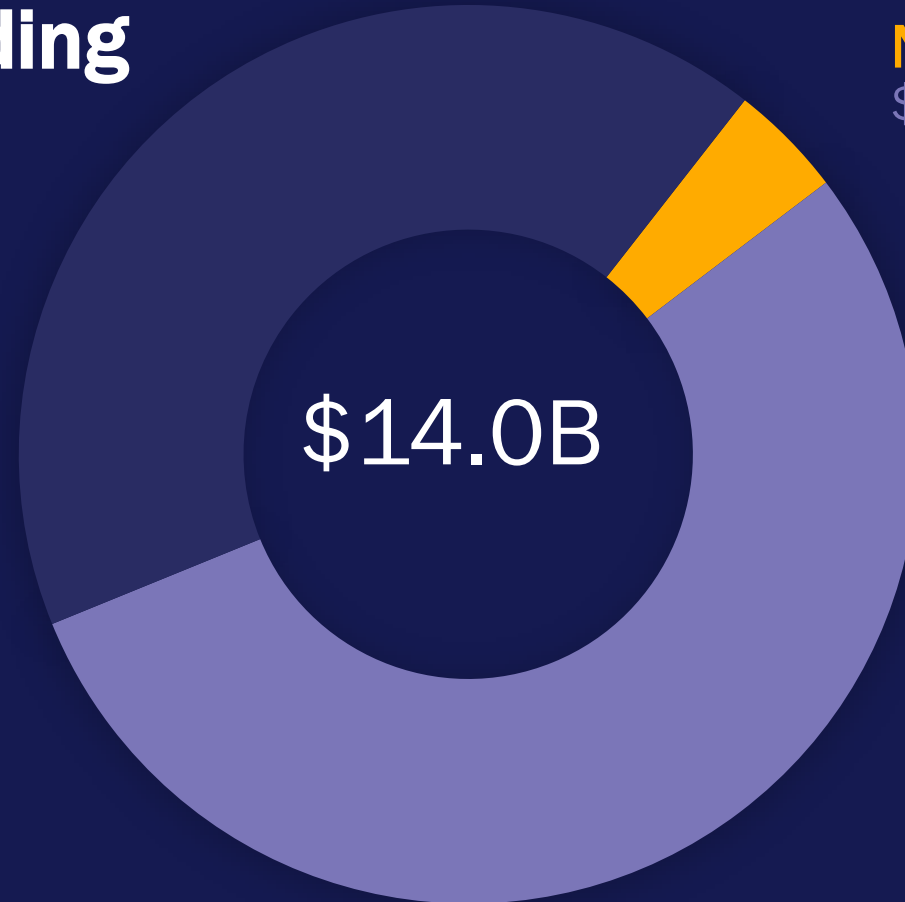
CUNY
2%

HOUSING
2%

96% of the New Spending in this Plan Covered Unfunded Needs

Preliminary Budget New Spending

**Mandates and
Additional
Adams Cliffs**
\$5.85B (42%)



New Programmatic Spending
\$576M (4%)

Adams Big Six
\$7.5B (54%)

Snow Storm Actions



Safe Places to Stay Warm

Addressing the impact of recent severe weather by opening overnight warming centers and conducting street outreach to help shelter homeless New Yorkers

\$5.0 million in FY26



Clearing City Streets

Adding funding to the city's snow removal budget

\$100 million in FY26

Shelter and Care for Homeless New Yorkers



Stability and Care

Adding new SHOW mobile units and one new site to the “Bridge to Home” program which provides a stable, home-like environment with onsite clinical and behavioral health services for New Yorkers living with severe mental illness

\$11.9 million in FY27, baselined at \$11.8 million as of FY28



Compassionate Outreach

Increasing efforts to connect New Yorkers experiencing street homelessness with shelter and healthcare services

\$9.7 million in FY26, \$31.1 million in FY27, \$29.9 million in FY28, \$30.8 million in FY29, and \$31.7 million in FY30

Protecting New Yorkers



Lawyers to Protect our Rights

200 new attorneys and 100 new support staff within the New York City Law Department to advance the administration's agenda

\$5.3 million in FY26, \$38 million in FY27 and baselined at \$42 million in FY28



Access to Nutritious Food

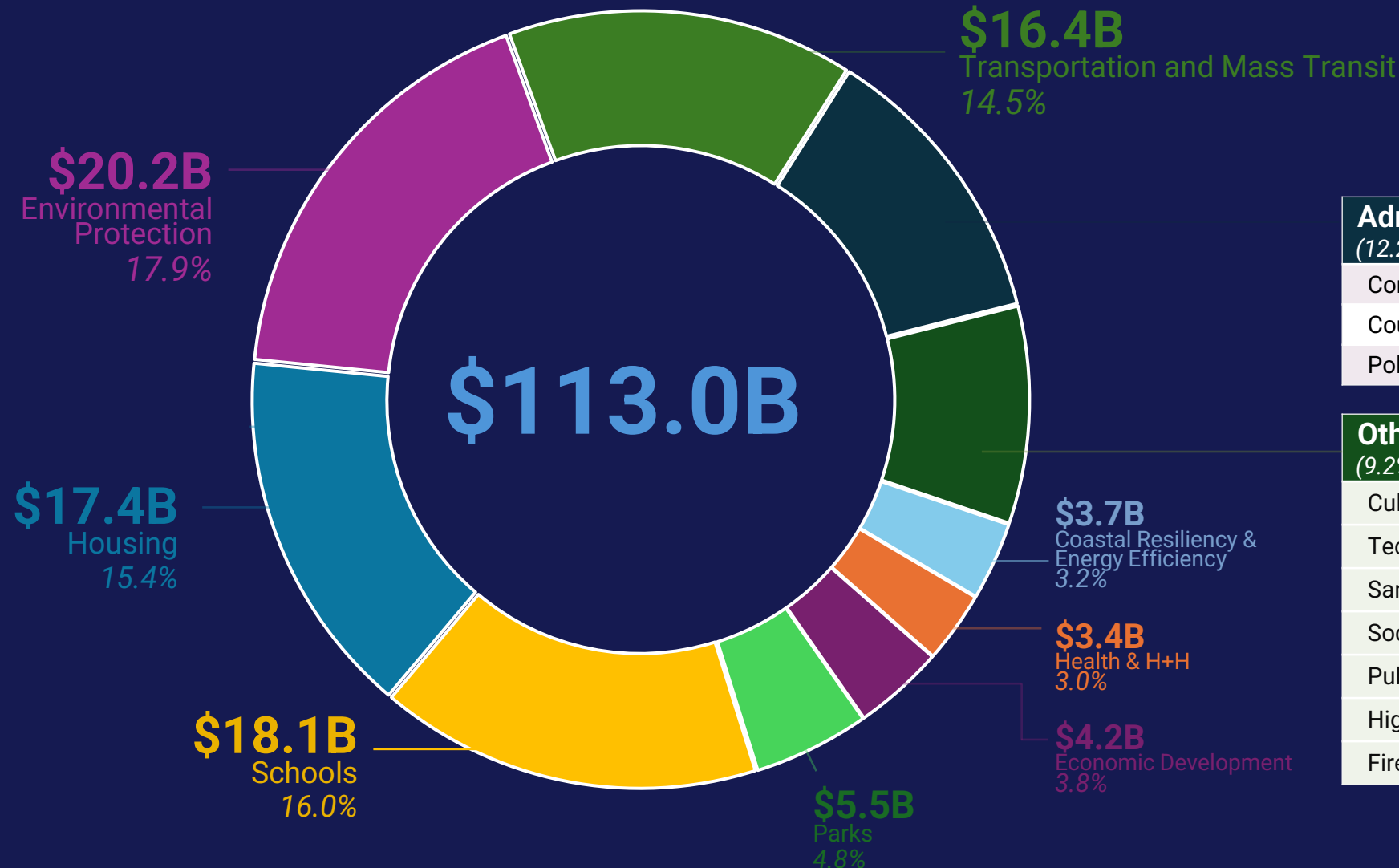
More than tripling the baseline funding for HRA's Community Food Connection (CFC) emergency food program with adds of \$54M in FY27 and out, helping to reduce the food gap in neighborhoods with the greatest need.

\$54 million, baselined as of FY27

FY27 Preliminary Capital Plan and Investment Highlights

FY 2027 Preliminary Five-Year Capital Plan

Totals \$113.0B in All Funds



Administration of Justice (12.2%)	\$13.8B
Correction	\$11.8B
Courts	\$1.2B
Police	\$0.8B

Other City Services (9.2%)	\$10.3B
Culturals & Libraries	\$2.0
Technology	\$2.0
Sanitation	\$1.5
Social Services	\$1.4
Public Buildings	\$1.3
Higher Education	\$1.1
Fire	\$1.0

Investing in Livable Housing for NYCHA Residents

Investing **\$662 million** in FY27 in Section 8 conversions to boost renovations from 7,900 to more than 11,000

Delivering modern heating and cooling to 712 homes as part of the city's "Clean Heat for All" initiative by investing **\$38.4 million** to install clean, reliable heat pumps at NYCHA's Beach 41st Street Houses in the Rockaways

Fully Funding the Renovation and Expansion of Bellevue Hospital's Adult Comprehensive Psychiatric Emergency Program (CPEP)

This **\$48.2 million** investment will allow H + H to serve approximately 2,500 additional New Yorkers who are experiencing acute mental or emotional distress per year, bringing total annual capacity to 13,500

The renovation and expansion is expected to add more than 2,300 square feet of clinical space to improve psychiatric emergency services as well as create a more functional environment

Projected completion of the renovation and expansion in FY30

This project is part of Bellevue Hospital's current Emergency Department expansion and renovation

Revenue & Expense Changes

February 2026 Financial Plan

City Funds - (\$ in Millions)

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Gap to be Closed - November 2025 Financial Plan	\$--	(\$4,691)	(\$6,273)	(\$6,296)	(\$9,169)
Revenue Changes:	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Tax Revenues	\$2,447	\$4,140	\$2,951	\$2,245	\$5,055
State Action: Fiscal Impact of de-coupling from OBBBA	---	723	1,010	520	317
State Action: Sales Tax Distressed Hospital Intercept	150	150	113	---	---
State Tax Programs	(3)	(64)	(71)	(78)	(82)
Unrestricted State Aid	500	---	---	---	---
Non-Tax Revenues	56	25	5	5	5
Property Tax Increase	---	3,700	3,601	3,707	3,814
Total Revenue Changes	\$3,150	\$8,674	\$7,609	\$6,399	\$9,109
Expense Changes:					
Agency Expense Changes	\$6,610	\$7,405	\$7,895	\$7,907	\$8,043
Health Stabilization Fund Cost	911	1,144	1,227	1,319	1,424
NYCE PPO Health Savings	(411)	(791)	(840)	(891)	(953)
State Actions: Article 6, Youth Programming and School Aid	(360)	(457)	(457)	(457)	(457)
Pension	16	(99)	10	11	(19)
Debt Service	(40)	40	90	114	177
General Reserve	(1,150)	(1,100)	---	---	---
Retiree Health Benefits Trust Reserve	---	(229)	229	---	---
Rainy Day Fund	(980)	---	980	---	---
Capital Stabilization Fund	(250)	(250)	---	---	---
Labor Reserve Savings	(150)	(400)	---	---	---
Projected Agency Savings	(710)	(1,060)	(1,080)	(1,090)	(1,110)
OTPS Inflation Adjustment	---	(56)	(56)	(56)	(56)
Re-estimate of Prior Years' Expenses and Receivables	(500)	---	---	---	---
Total Expense Changes	\$2,986	\$4,147	\$7,998	\$6,857	\$7,049
Gap to be Closed	\$164	(\$164)	(\$6,662)	(\$6,754)	(\$7,109)
FY 2026 Prepayment	(\$164)	\$164	\$--	\$--	\$--
Gap to be Closed - February 2026 Financial Plan	\$--	\$--	(\$6,662)	(\$6,754)	(\$7,109)

Five Year Financial Plan Revenue And Expenditures City Funds - (\$ in Millions)

REVENUES	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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	---	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	---	---	---	---
Less: Intra-City Revenue	(2,275)	(1,946)	(1,938)	(1,931)	(1,929)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Total City Funds	\$91,189	\$97,609	\$99,235	\$100,897	\$103,634
EXPENDITURES					
Personal Service	\$47,731	\$49,130	\$53,159	\$53,925	\$55,142
Other Than Personal Service	39,540	39,186	39,822	40,816	41,944
Debt Service ^{1,2}	8,397	9,431	10,486	11,460	12,207
FY 2025 Budget Stabilization ¹	(3,787)	---	---	---	---
FY 2026 Budget Stabilization ²	238	(238)	---	---	---
Capital Stabilization Reserve	---	---	250	250	250
General Reserve	50	100	1,200	1,200	1,200
Rainy Day Fund	(980)	---	980	---	---
Total Expenditures	\$91,189	\$97,609	\$105,897	\$107,651	\$110,743
Gap To Be Closed	\$---	\$---	(\$6,662)	(\$6,754)	(\$7,109)

¹ Fiscal Year 2025 Budget Stabilization total \$3.787 billion, including GO of \$1.443 billion and TFA-FTS of \$2.344 billion.

² Fiscal Year 2026 Budget Stabilization totals \$238 million.

Five Year Financial Plan Revenue And Expenditures All Funds - (\$ in Millions)

REVENUES	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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)
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Unrestricted Intergovernmental Aid	502	---	---	---	---
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	---	(229)	229	---	---
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 ^{1,2}	8,503	9,528	10,563	11,533	12,280
FY 2025 Budget Stabilization ¹	(3,787)	---	---	---	---
FY 2026 Budget Stabilization ²	238	(238)	---	---	---
Capital Stabilization Reserve	---	---	250	250	250
General Reserve	50	100	1,200	1,200	1,200
Rainy Day Fund	(980)	---	980	---	---
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	\$--	\$--	(\$6,662)	(\$6,754)	(\$7,109)

¹ Fiscal Year 2025 Budget Stabilization total \$3.787 billion, including GO of \$1.443 billion and TFA-FTS of \$2.344 billion.

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