

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
<b>Last Bloomberg Plan</b> NOV 2013	-	-1,472	-951	0.00%	-2.70%	-1.70%
<b>Last de Blasio Plan</b> NOV 2021	-2,882	-2,731	-2,140	-4.10%	-3.80%	-2.90%
<b>Last Adams Plan</b> 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
<b>Adams' Published gaps</b> NOV 2025 FINANCIAL PLAN UPDATE	5.3%	6.8%	6.7%

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

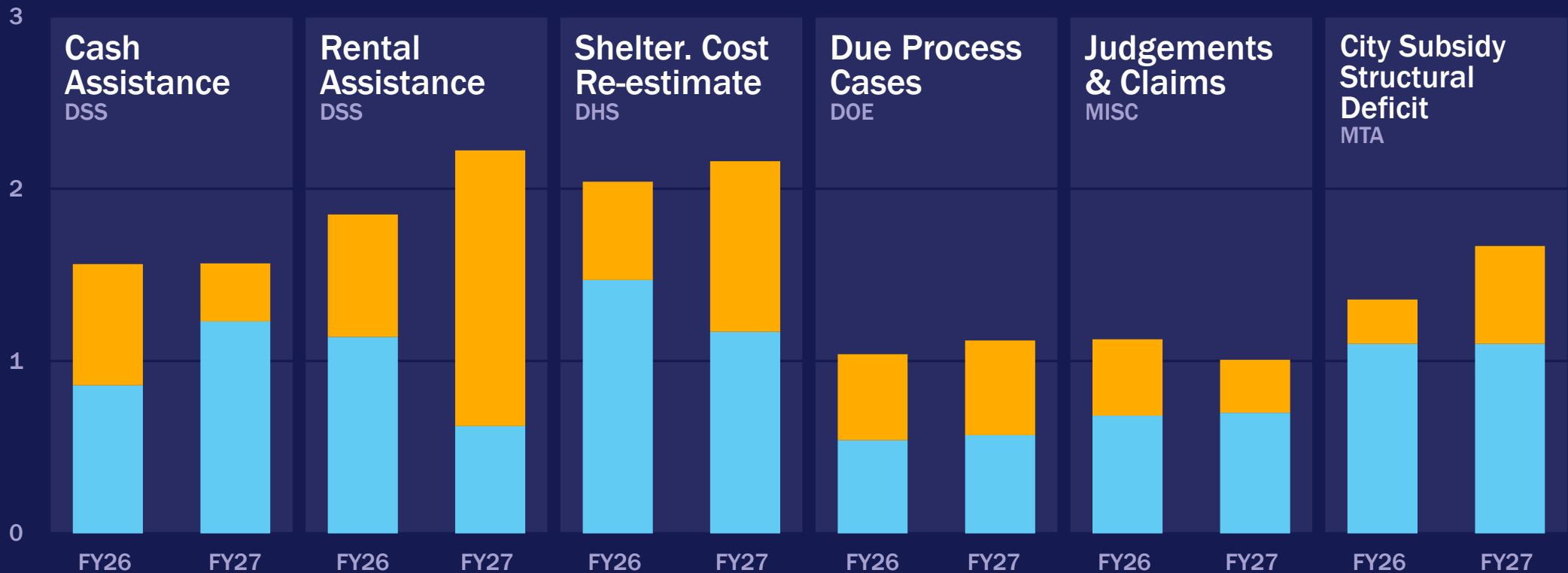
<b>NYC Comptroller Updated Gaps</b>	11.5%	14.2%	12.7%
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# \$7.54 Billion to Fill Cliffs Across Six Major Unbudgeted Needs

## City Tax Levy

\$ IN BILLIONS

■ Nov-25 ■ Preliminary Budget Add



# \$6.67 Billion In Additional Unfunded Needs and Mandates Over FY26 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

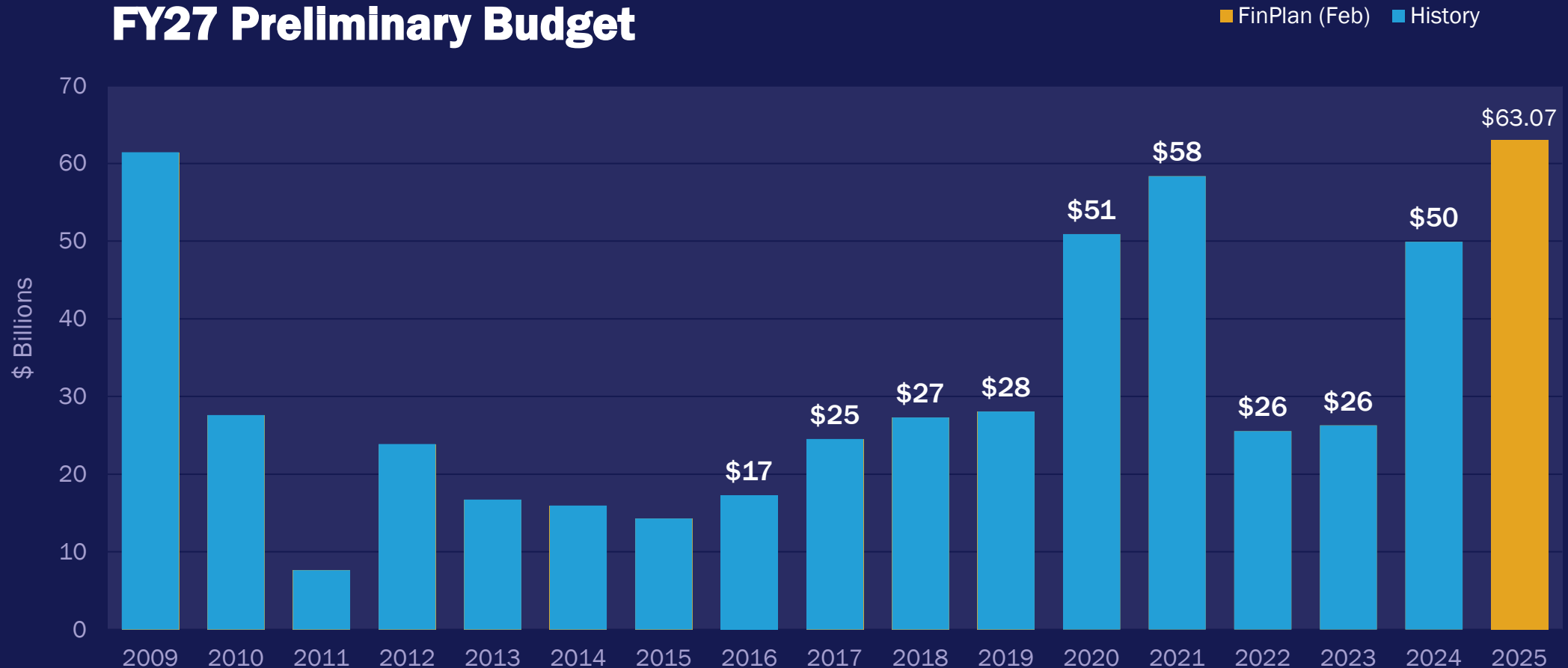
**Federal and state mandated "Early Intervention"**  
\$74 million in FY26, \$93 million in FY27

THE WORK SINCE

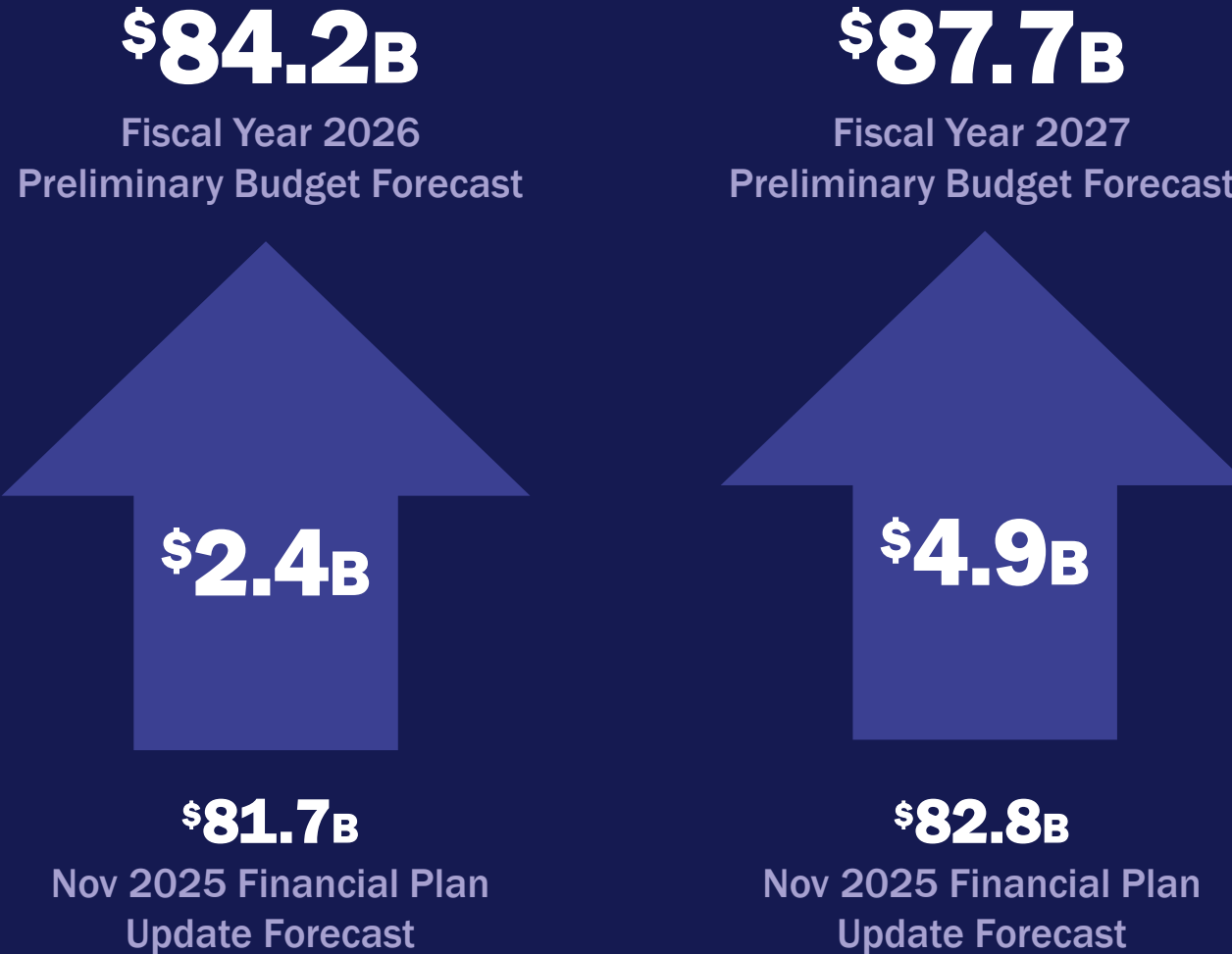
# **Steps We've Taken & Updated Revenue Projections to Tackle the Gap**

# 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
<b>Personal Income</b>	9.4%	5.0%	14.9%	10.1%	5.0%	15.6%
<b>Corporate Tax</b>	-9.7%	16.6%	5.3%	-1.2%	7.1%	5.8%
<b>Sales Tax</b>	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

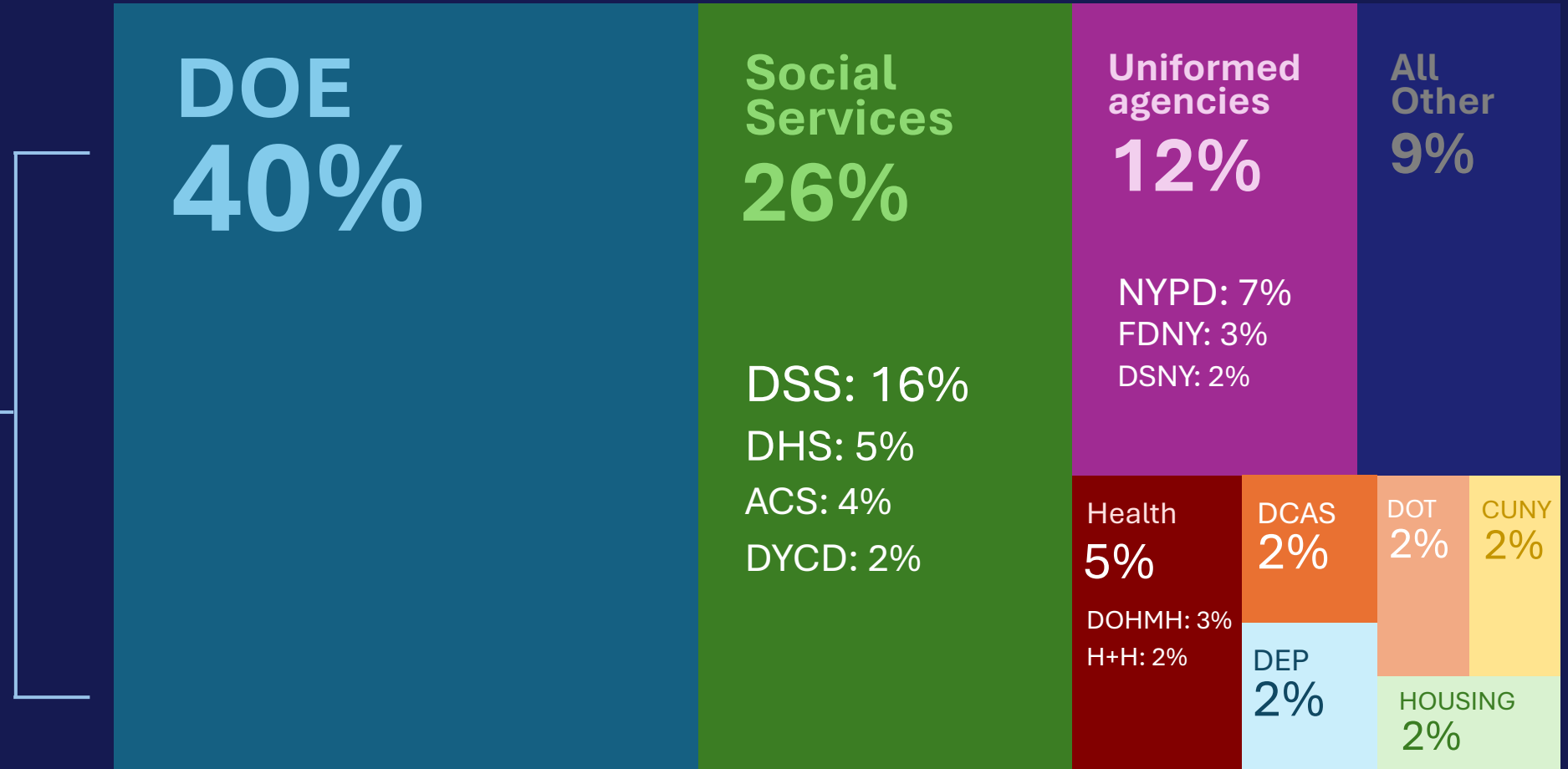
**\$127.0**  
billion

**\$94**  
billion

Agency  
Budgets

**\$33**  
billion

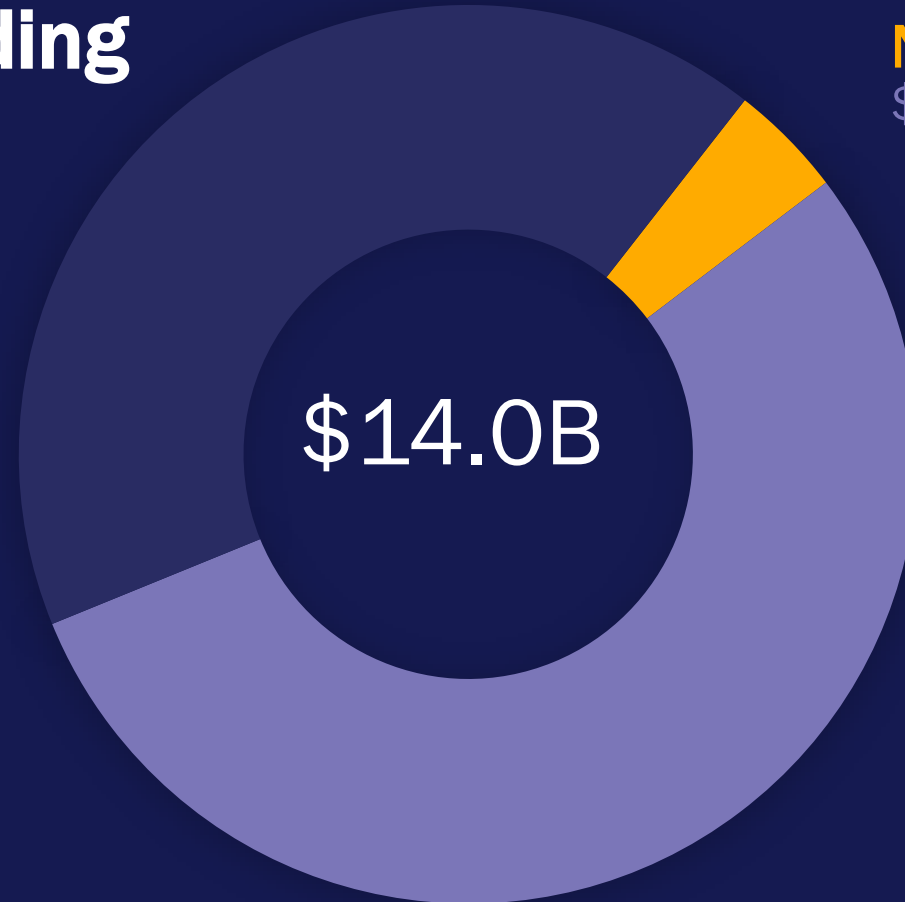
Pensions,  
debt service



# 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

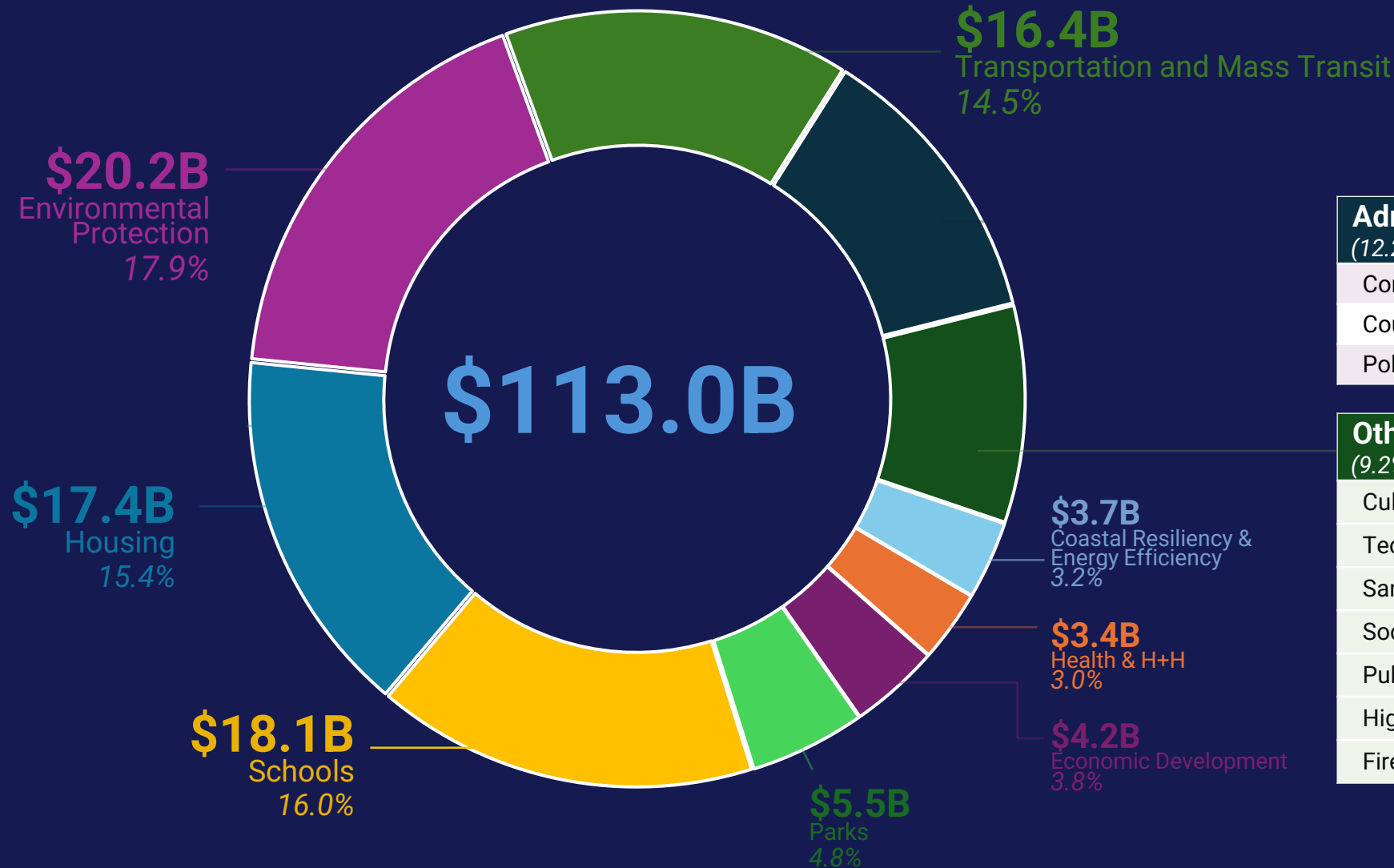
More than tripling the baseline funding for HRA's Community Food Connection (CFC) emergency food program with adds of \$54M in FY27 and out, helping to reduce the food gap in neighborhoods with the greatest need.

\$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>
<b>Gap to be Closed - November 2025 Financial Plan</b>	<b>\$---</b>	<b>(\$4,691)</b>	<b>(\$6,273)</b>	<b>(\$6,296)</b>	<b>(\$9,169)</b>
<b>Revenue Changes:</b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>	<b><u>FY 2029</u></b>	<b><u>FY 2030</u></b>
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
<b>Total Revenue Changes</b>	<b>\$3,150</b>	<b>\$8,674</b>	<b>\$7,609</b>	<b>\$6,399</b>	<b>\$9,109</b>
<b>Expense Changes:</b>					
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)	---	---	---	---
<b>Total Expense Changes</b>	<b>\$2,986</b>	<b>\$4,147</b>	<b>\$7,998</b>	<b>\$6,857</b>	<b>\$7,049</b>
<b>Gap to be Closed</b>	<b>\$164</b>	<b>(\$164)</b>	<b>(\$6,662)</b>	<b>(\$6,754)</b>	<b>(\$7,109)</b>
<b>FY 2026 Prepayment</b>	<b>(\$164)</b>	<b>\$164</b>	<b>\$---</b>	<b>\$---</b>	<b>\$---</b>
<b>Gap to be Closed - February 2026 Financial Plan</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$6,662)</b>	<b>(\$6,754)</b>	<b>(\$7,109)</b>

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

REVENUES	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Taxes</b>					
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)
<b>Total City Funds</b>	<b>\$91,189</b>	<b>\$97,609</b>	<b>\$99,235</b>	<b>\$100,897</b>	<b>\$103,634</b>
<b>EXPENDITURES</b>					
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 <sup>1,2</sup>	8,397	9,431	10,486	11,460	12,207
FY 2025 Budget Stabilization <sup>1</sup>	(3,787)	---	---	---	---
FY 2026 Budget Stabilization <sup>2</sup>	238	(238)	---	---	---
Capital Stabilization Reserve	---	---	250	250	250
General Reserve	50	100	1,200	1,200	1,200
Rainy Day Fund	(980)	---	980	---	---
<b>Total Expenditures</b>	<b>\$91,189</b>	<b>\$97,609</b>	<b>\$105,897</b>	<b>\$107,651</b>	<b>\$110,743</b>
<b>Gap To Be Closed</b>	<b>\$---</b>	<b>\$---</b>	<b>(\$6,662)</b>	<b>(\$6,754)</b>	<b>(\$7,109)</b>

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

<sup>2</sup> 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
<b>Taxes</b>					
General Property Tax	\$35,361	\$36,649	\$37,753	\$38,868	\$40,169
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Tax Audit Revenue	959	879	879	879	879
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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)
<b>Subtotal: City Funds</b>	<b>\$91,189</b>	<b>\$97,609</b>	<b>\$99,235</b>	<b>\$100,897</b>	<b>\$103,634</b>
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
<b>Total Revenues</b>	<b>\$122,370</b>	<b>\$127,001</b>	<b>\$128,933</b>	<b>\$130,203</b>	<b>\$133,024</b>
<b>EXPENDITURES</b>					
<b>Personal Service</b>					
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	---	---
<b>Subtotal: Personal Service</b>	<b>\$61,403</b>	<b>\$62,971</b>	<b>\$66,991</b>	<b>\$67,746</b>	<b>\$68,961</b>
<b>Other Than Personal Service</b>					
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
<b>Subtotal: Other Than Personal Service</b>	<b>\$59,218</b>	<b>\$56,586</b>	<b>\$57,549</b>	<b>\$58,159</b>	<b>\$59,371</b>
Debt Service <sup>1,2</sup>	8,503	9,528	10,563	11,533	12,280
FY 2025 Budget Stabilization <sup>1</sup>	(3,787)	---	---	---	---
FY 2026 Budget Stabilization <sup>2</sup>	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)
<b>Total Expenditures</b>	<b>\$122,370</b>	<b>\$127,001</b>	<b>\$135,595</b>	<b>\$136,957</b>	<b>\$140,133</b>
<b>Gap To Be Closed</b>	<b>\$--</b>	<b>\$--</b>	<b>(\$6,662)</b>	<b>(\$6,754)</b>	<b>(\$7,109)</b>

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