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NEW YORK CITY COMPTROLLER

# **FY 2027 Preliminary Budget & February 2026 Financial Plan Update**

# Agenda

- Budget Process
- FY 2027 Preliminary Budget & February Financial Plan
  - The numbers
  - Fiscal concerns
- Federal Funding
- What's Next?
- Questions?

An aerial view of a city skyline, likely New York City, with a teal overlay. The buildings are rendered in a dark teal color, and the overall scene is a dense urban landscape. The text "Budget Process" is centered in white, bold, sans-serif font.

# Budget Process



# Where were we in December?

- This Office projected a combined \$12.6 billion budget gap for FY 2026 and FY 2027
  - Largely due to underbudgeted but known costs (\$9.1 billion combined over the two years)
- Difficult budget choices had been deferred
  - One time cost adjustments
  - Reliance on understated expenses
  - No routine savings or efficiency planning
  - Failure to invest in long-term reserves

The background of the slide is a dark teal color with a faint, semi-transparent aerial view of a city skyline, likely New York City, featuring numerous skyscrapers and buildings. The text is centered horizontally and vertically on the slide.

# February 2026 Financial Plan

# Overview

- Mamdani's inaugural budget is far more transparent and accurate than budgets produced under the prior administration.
- The February Financial Plan acknowledges billions in costs that were routinely understated.
- But it also lays bare the enormity of the challenge: we are spending far more than we take in.

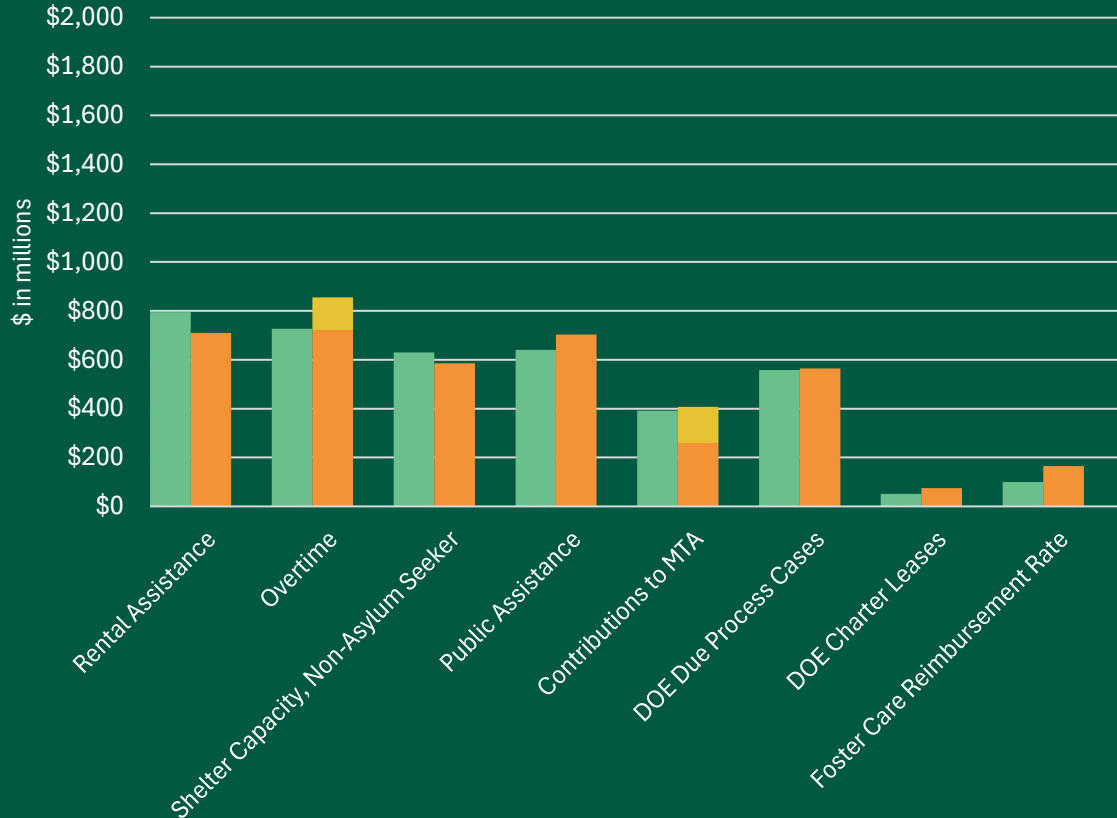


# FY 2027 Preliminary Budget and February Plan

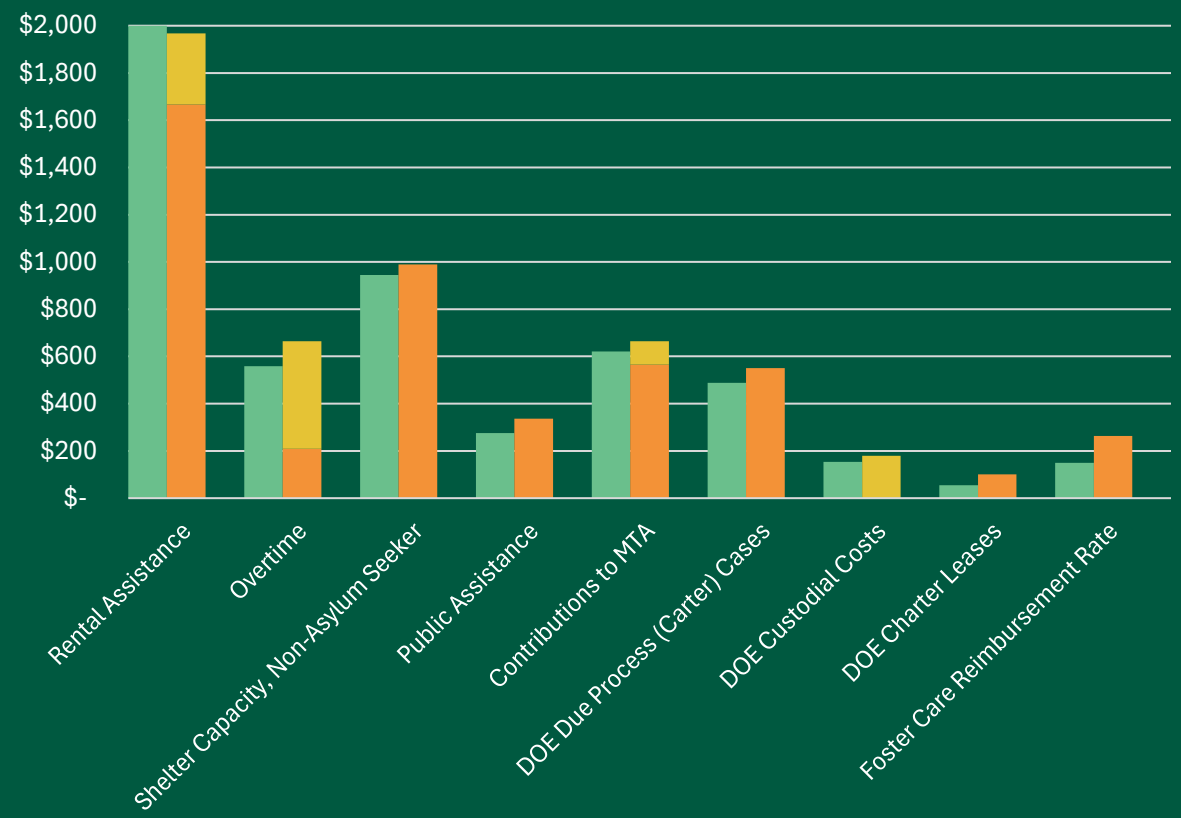
- **FY 2026 Current Modified Budget: \$122.4 Billion**
  - **vs FY 2026 Adopted Budget of \$115.9 Billion**
- **FY 2027 Proposed Budget: \$127.0 Billion**
- **Added \$12 billion over 2 years** in spending to address previously underbudgeted items and other needs.
- **FY 2028 – FY 2030 gaps: \$6.7B, \$6.8B, \$7.1B**

# Chronic Underbudgeting: Most Needs Addressed

## FY 2026



## FY 2027

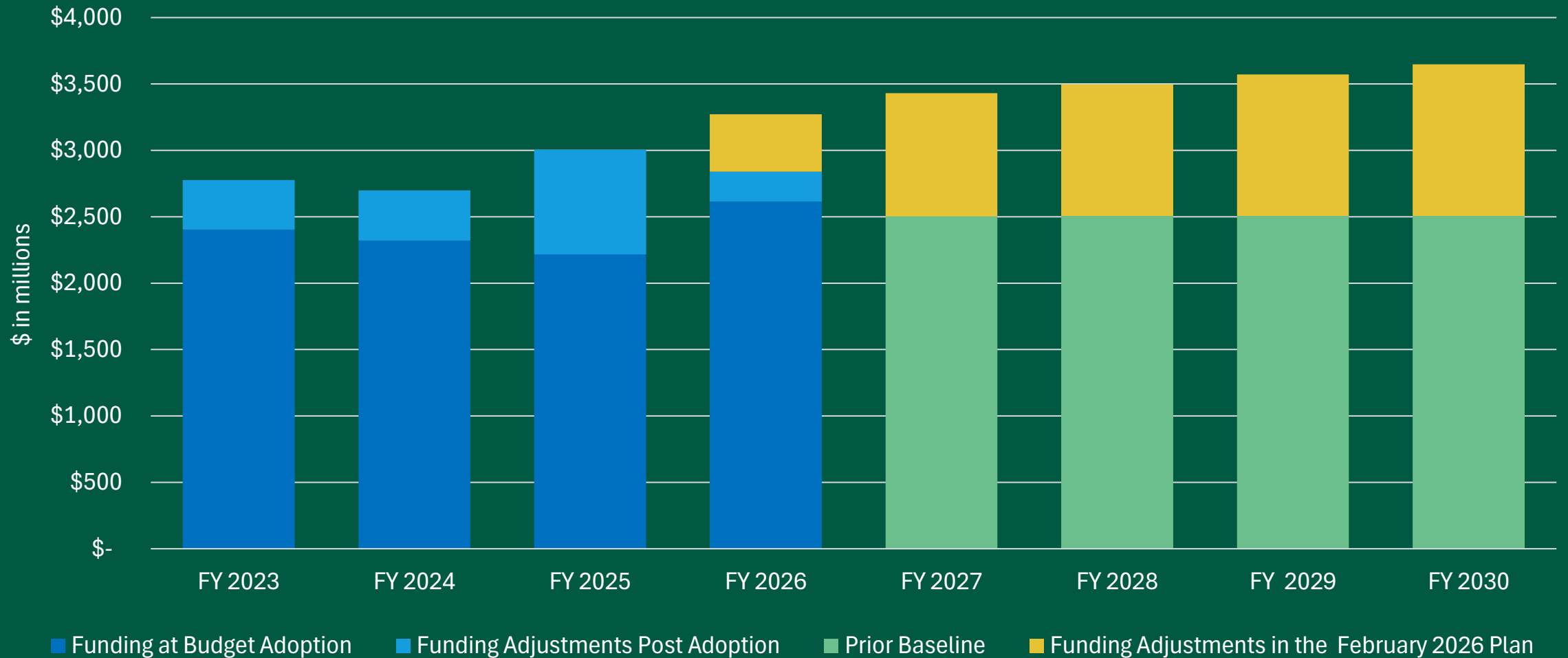


■ FY 2026 Comptroller December Report  
■ FY 2026 February Plan Changes  
■ FY 2026 Need as of Prelim

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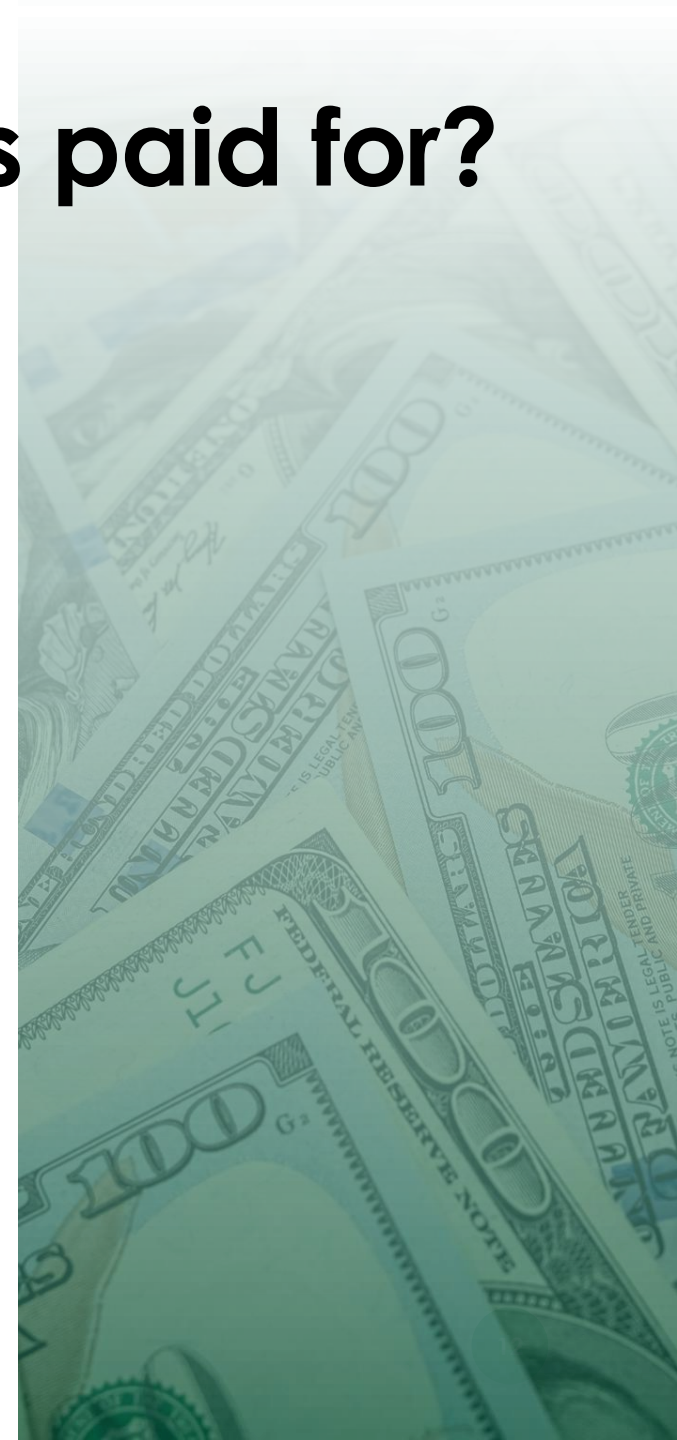
# Shelter Budget, Excluding Asylum Seekers

(Actuals and Budgeted)



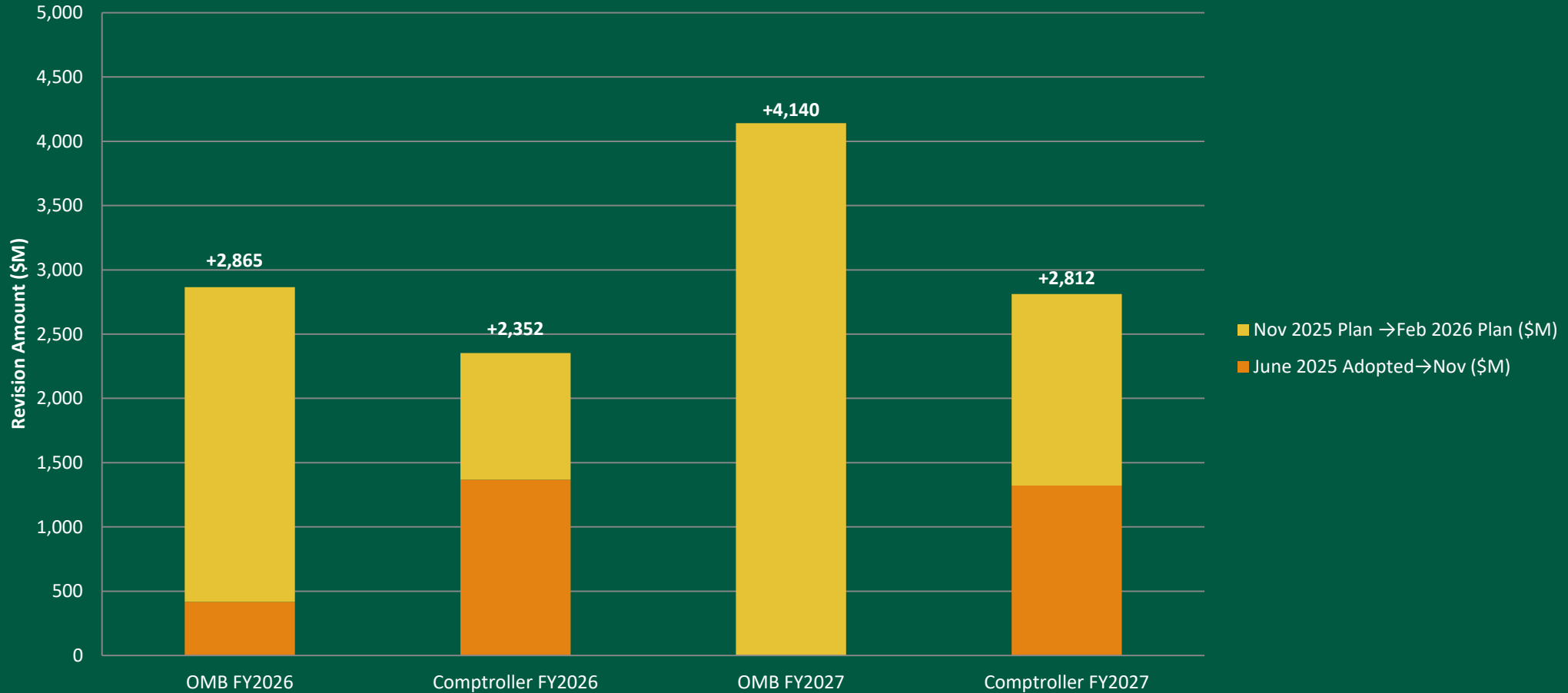
# How is this increase in expenditures paid for?

- To balance the budget, the administration relies on a variety of measures:
  - Optimistic revenue projections
  - Drawing down reserves
  - Projected decline in prepaid expenses
  - Raising the property tax levy close to the constitutional limit
  - Unspecified savings
  - Significant commitments that have been proposed in the Governor's budget, which are only partially recurring



# Baseline Revenue Forecasts Against June Financial Plan

## Plan-to-Plan Tax Forecast Revisions: OMB vs. Comptroller

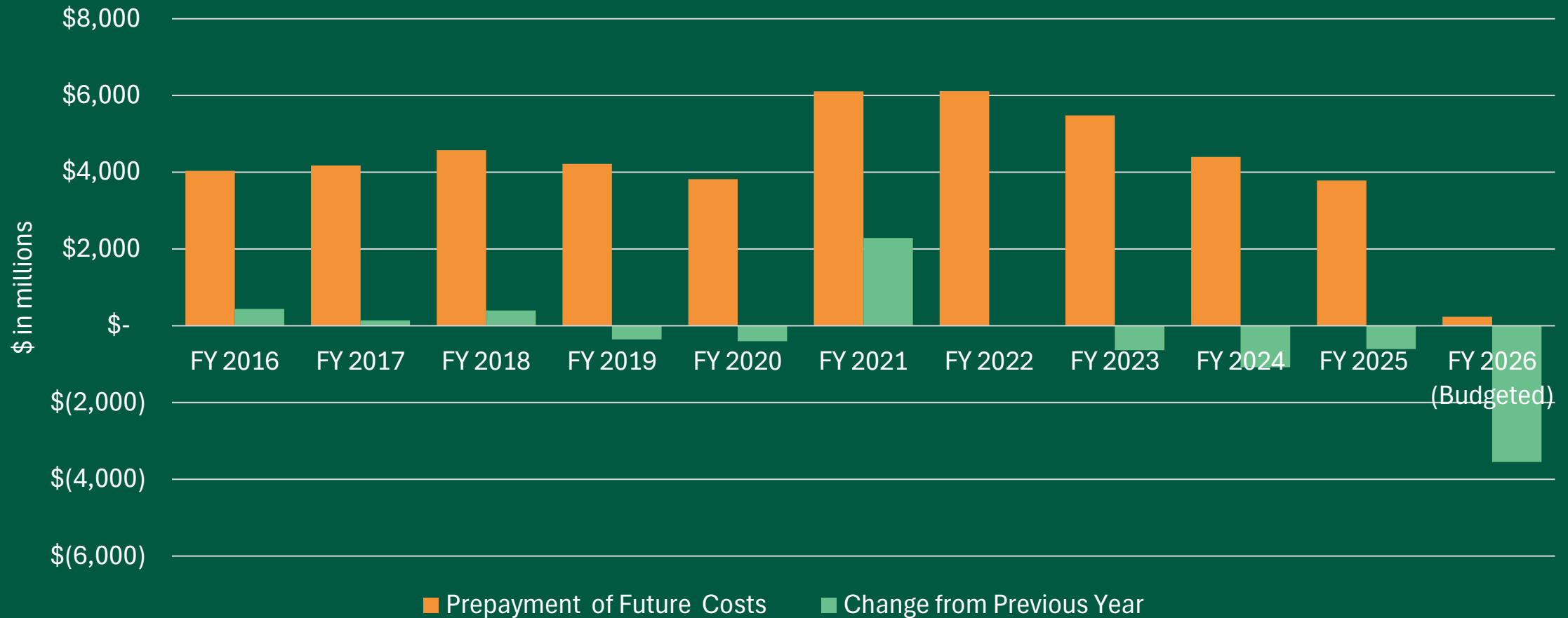


# Drawing Down Reserves

- In-Year Reserves
  - Typically drawn down at this point in the fiscal year for current year.
  - The Preliminary Budget also draws down FY 2027's reserves, leaving just \$100 million for any unexpected needs next year.
- Long-term Reserves (\$7.2 billion before Feb Plan)
  - Revenue Stabilization Fund
  - Retiree Health Benefits Trust
  - February Plan draws down from both long-term funds.



# Prepayment Declines Dramatically



**Note: FY 2026 budgeted prepayment as of the February 2026 Financial Plan**

# The Proposed Property Tax Increase

- Our current property tax system is profoundly unequal. Raising property tax rates would compound the harm done, while exacerbating our housing affordability crisis.
- The increase, as proposed by the Mayor, of raising rates 9.5 percent, brings the City just short of the constitutional limit for our property taxes.
  - We would have little room to maneuver should we face an economic crisis in the future.



# Plan Contains Unspecified Savings Program

- Mamdani Administration announced savings of \$710 million in FY 2026 growing to \$1.11 billion by FY 2030.
  - (In addition to \$212 million in still unallocated savings for FY 2026 from Adams Administration's November Plan).
- Chief Savings Officers submitted proposals on March 20.
- Plan will likely include savings from vacancy reductions at City agencies.

## Unspecified Agency Savings Targets, as of February 2026 Financial Plan

in millions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Citywide Savings	(\$922)	(\$1,060)	(\$1,080)	(\$1,090)	(\$1,110)

# State Budget Deal Remains Uncertain

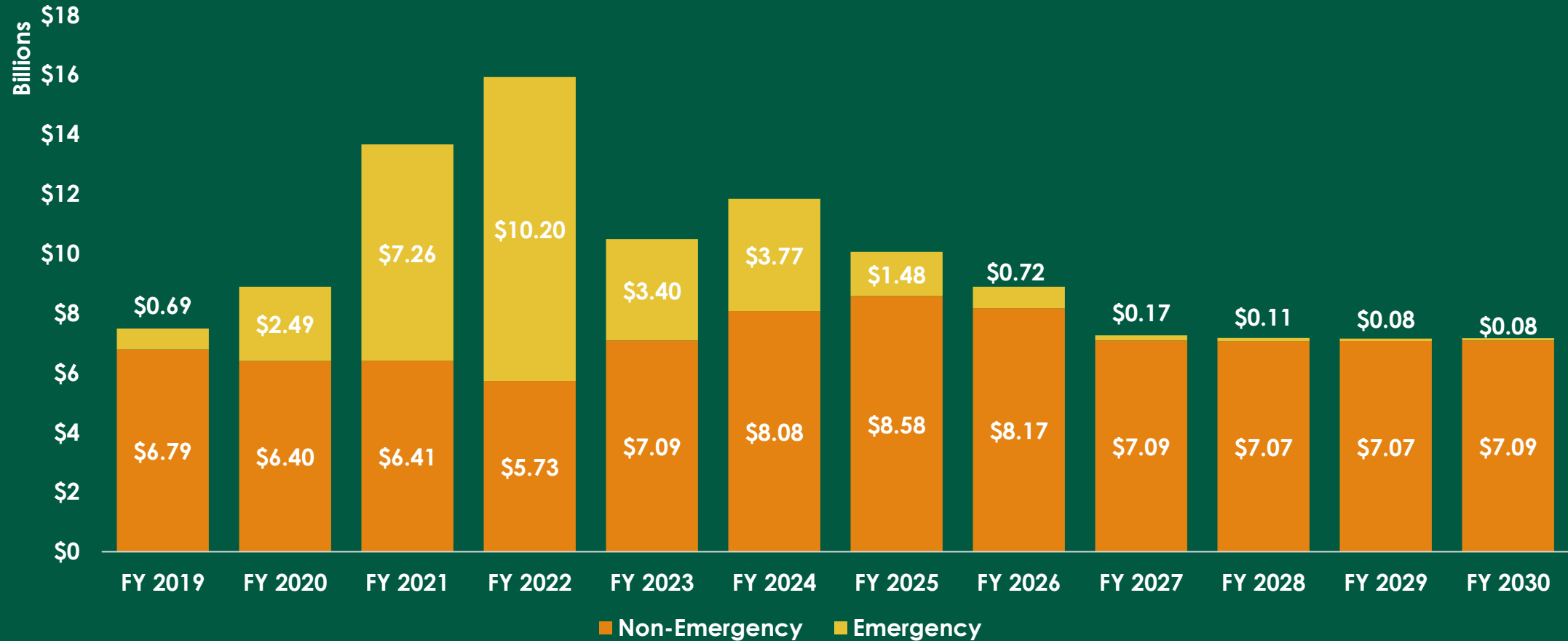
- February Plan assumes approximately \$3 billion over two years in commitments and favorable tax legislation proposed in the Governor's budget, but not yet enacted
- Mamdani Administration also pushing for a combination of revenue raisers
  - Pied-à-terre tax has support of Governor
- Push to rectify fiscal imbalance between City and State
- Other City Impacts
  - Class size mandate
  - Pension reform

An aerial view of a city skyline, likely New York City, with a teal overlay. The buildings are rendered in a dark teal color, and the overall scene is dimly lit, creating a moody atmosphere. The text "Federal Funding" is centered in the middle of the image in a white, bold, sans-serif font.

# Federal Funding

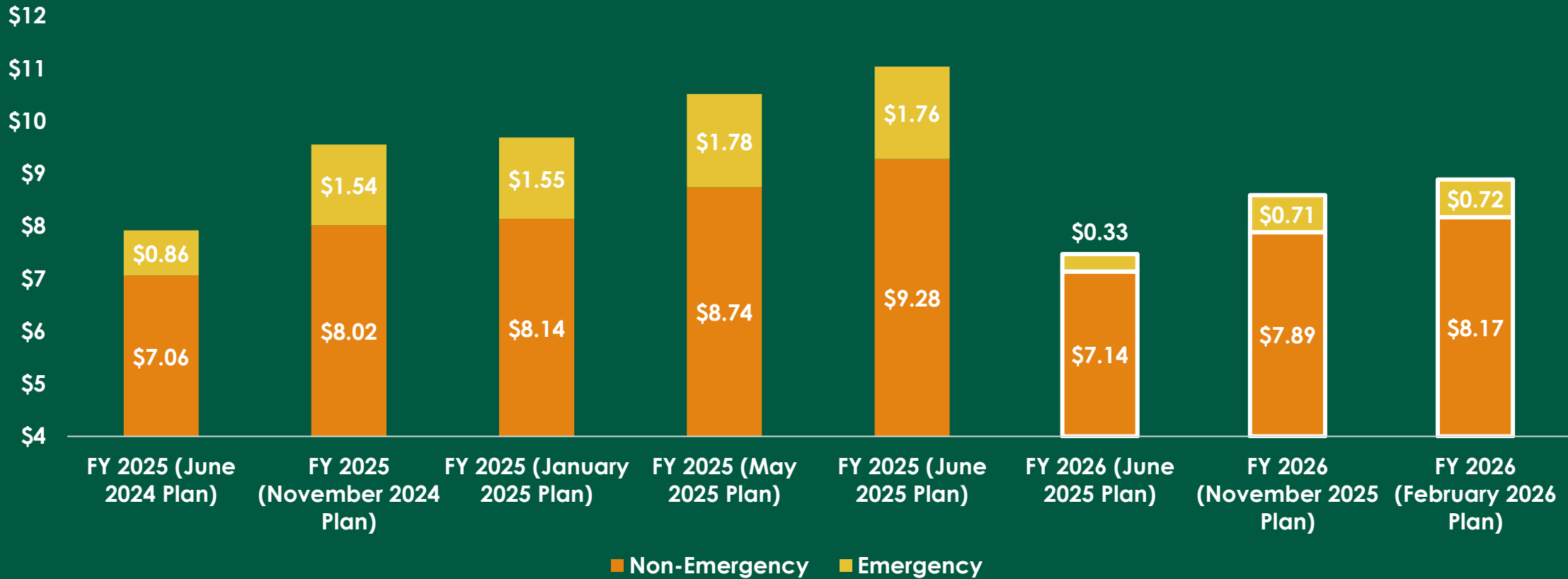
# Federal Funding Over Time

Federal Funding in the City Operating Budget Has Typically Increased in Response to Disasters



# NYC's Annual Federal Revenue Pattern

Additional Federal Aid is Recognized as the Fiscal Year Goes On  
(\$, Billions)



# Federal Funding Tracker

- Available [here](#) under Services/Resources on the Comptroller's website
- Provides a directional sense of which programs in the City's budget are supported by federal dollars and by how much
- Provides an indication that federal funding is an underlying share of a particular program's budget and whether that program includes contracted services
- Includes data for the following agencies: ACS, Aging, DHS, DSS, DYCD, DoHMH, and HPD
- Updated with each plan.

# Federal Risks

- SNAP

- Expanded work requirements went into effect in November.
- State cost-sharing provisions tied to payment error rate. City impact not yet known.
- Administrative funding cut –cost City\$75 million in FY 2027, \$100 million in FY 2028.

- Emergency Housing Vouchers

- Expected to continue through CY 2030, Trump Administration announced no new funding after the CY 2026
- Around 7,000 NYC households receive assistance through the program (more than 5,000 through NYCHA and just under 2,000 through HPD)
- HPD developing a plan to use alternative funds, NYCHA unable to do the same; asking households to apply for alternate subsidized housing options without guarantees.

# Other Federal Risks

- Medicaid and Essential Plan
  - The OBBBA contained eligibility changes which eliminate an estimated \$7.5 billion in Federal funding for certain immigrant populations who receive coverage under NY's Essential Plan
  - In response, the State is rolling back its previous expansion for individuals with incomes between 200%-250 % of the Federal Poverty Level.
    - eliminates no-cost coverage for approximately 230,000 NYC residents beginning July 2026.
  - The State Senate and Assembly have introduced a proposal to provide coverage for this population, and it remains under negotiation as part of the State budget.
  - Additional federal changes contained in the OBBBA introduce Medicaid work requirements and more frequent recertifications, which could result in significant coverage losses beginning January 2027.

An aerial view of a city skyline, likely New York City, with a prominent green overlay. The buildings are rendered in shades of green, and the overall scene is hazy. The text "Looking Forward" is centered in white.

**Looking Forward**

# Where does this leave us?

- February Financial Plan - Balanced?
- State budget was due (in theory) on April 1.
  - Largest federal impacts sit at the State level
  - Many unresolved questions remain that impact the City's budget
- The Mayor's Executive Budget is due (in theory) by May 1.
- The Council conducts a second round of agency hearings in May.
- The Mayor and City Council will negotiate over the following weeks.
- Though technically due earlier in June, an agreement will likely be reached in late June.

# The Path Forward

- It will take the efforts of every player in local government to achieve a truly balanced budget.
- We need more help from Albany, in the form of more equal funding formulas and, potentially, new revenue streams.
- We need to find a way to slow the growth of rapidly rising City expenses.
- We need to find greater efficiencies and savings in every City agency.
- We must strengthen our reserves with clear rules for deposits and withdrawals.

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**Questions?**