



MARK LEVINE
NEW YORK CITY COMPTROLLER

FY 2027 Budget Preview

The State of NYC's Budget Shortfall

JANUARY 16, 2026

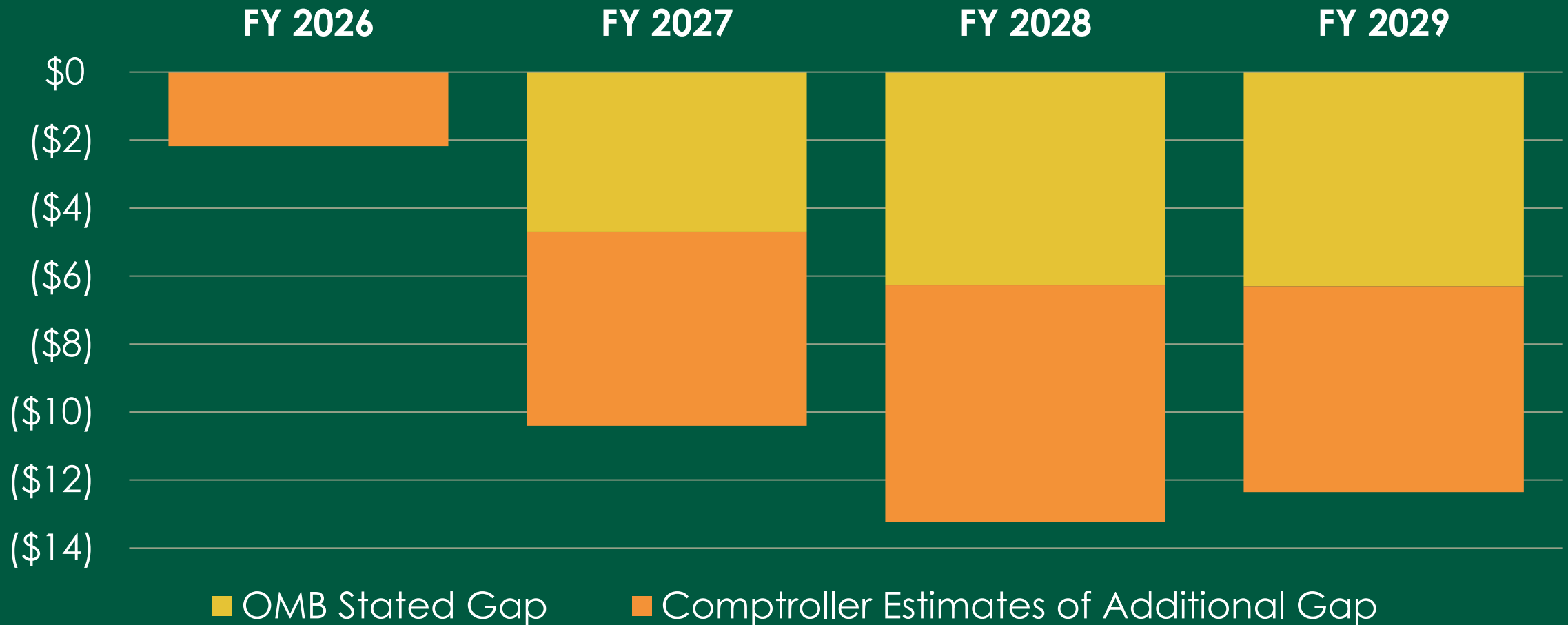


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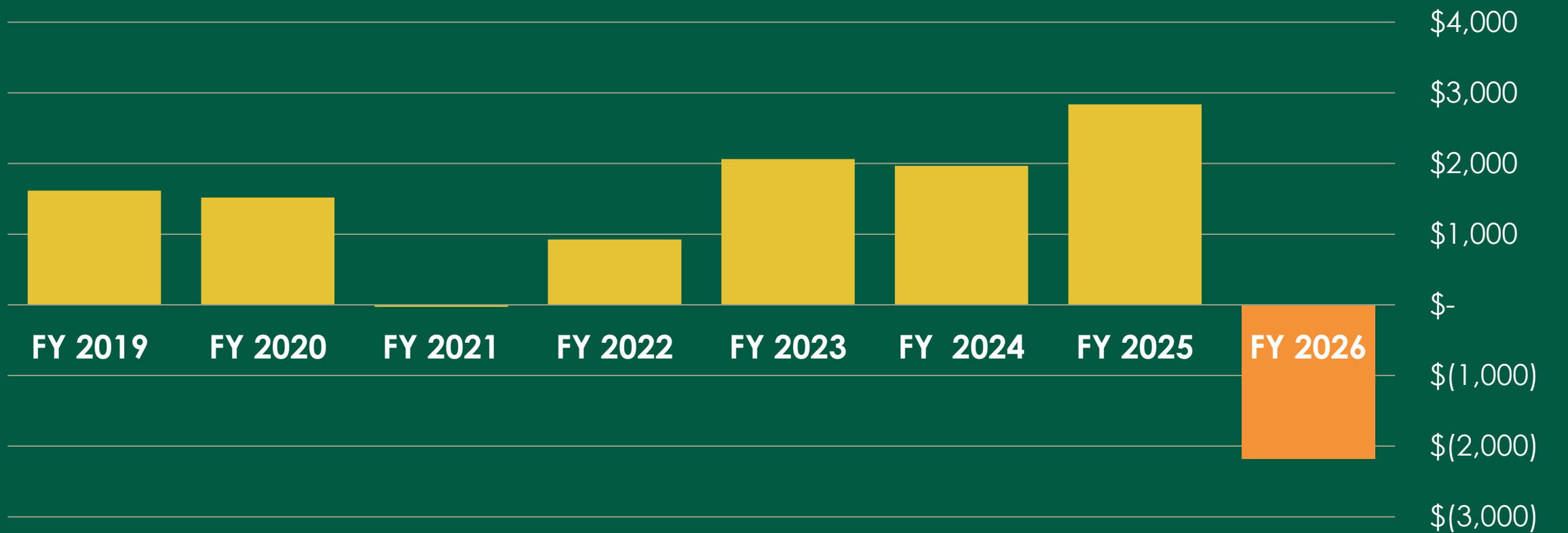
Budget Gaps



Comptroller's Restated Gaps (\$B)

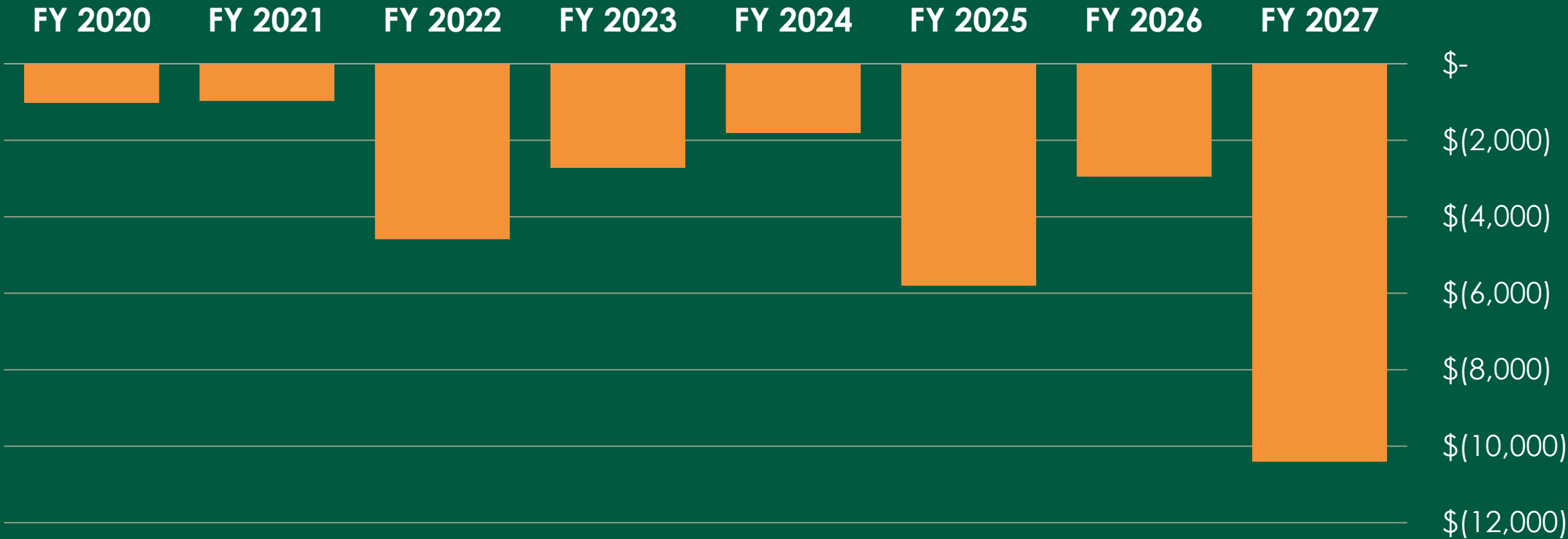


History of Comptroller's Projected Gaps/Surpluses for **Current Fiscal Year** as of November Plans (\$M)



Note: Includes allocation of budgeted reserves (General Reserve and Capital Stabilization Reserve).
In FY 2019 through FY 2023 this allocation was not included in published gap estimates but is included here for consistency.

History of Comptroller's Projected Gaps for Upcoming Fiscal Year as of November Plans (\$M)



Note: Gap estimates include previous year surplus roll, if applicable.



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The Economy & Tax Revenues

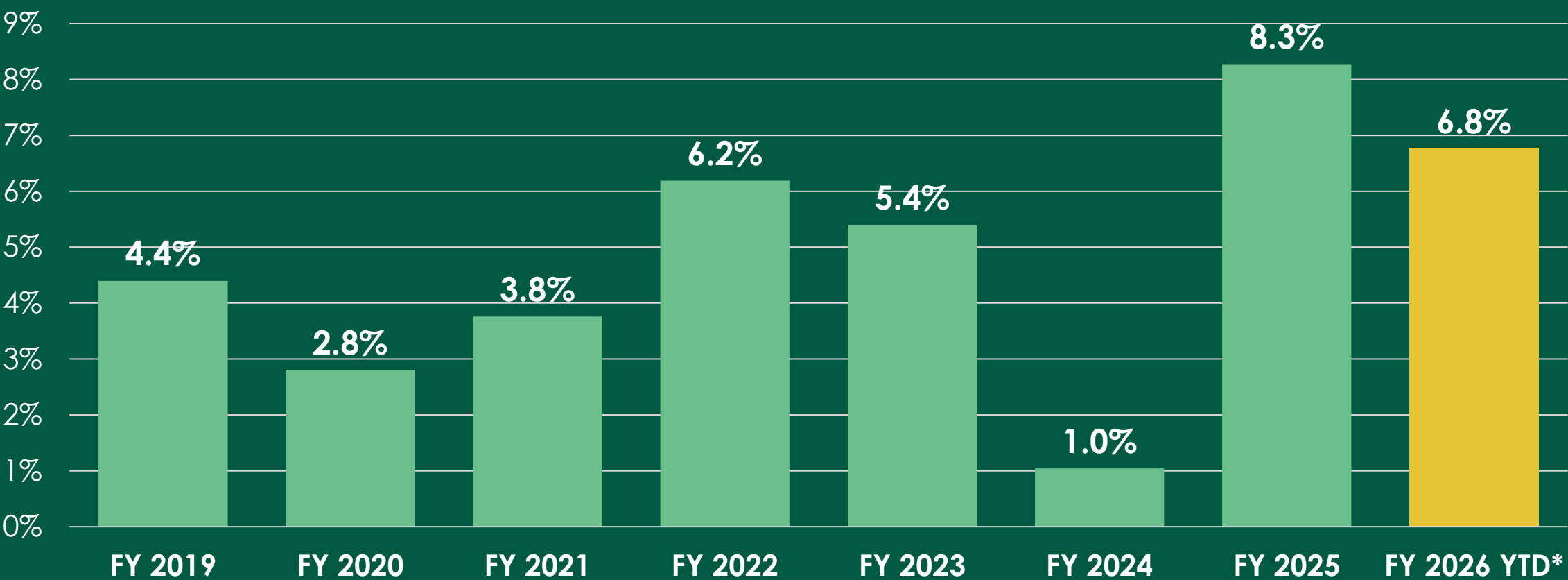


The Economic Situation and Outlook

- The U.S. economy continued to grow in the second half of 2025, significantly lowering the likelihood that trade policy and other federal action will trigger a recession in 2026.
- The NYC economy is experiencing a persistent lack of growth in most industries, with health care still the notable exception.
- However, overall wage growth has been strong and tax revenues have been holding up.
- The outlook is for moderate-to-slow economic growth in NYC in 2026 and 2027, with higher-wage, office-using sectors resuming gradual expansion after a decline in 2025.

NYC Tax Revenues Continue to Grow

Year over year growth rate



Note: FY 2026 data point represents year over year growth through December.



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Expenditures



How Did This Happen?

- The last administration relied on one-time accounting measures to balance last year's budget that will not be available this year.
- The prepayment coming into this year shrank for the third year in a row – a pattern of expenditures growing faster than revenues.
- Known expenses have been understated year after year.
- No standardized efficiency reviews as part of the annual budgeting process.



Comptroller's Restated Gaps (\$M)

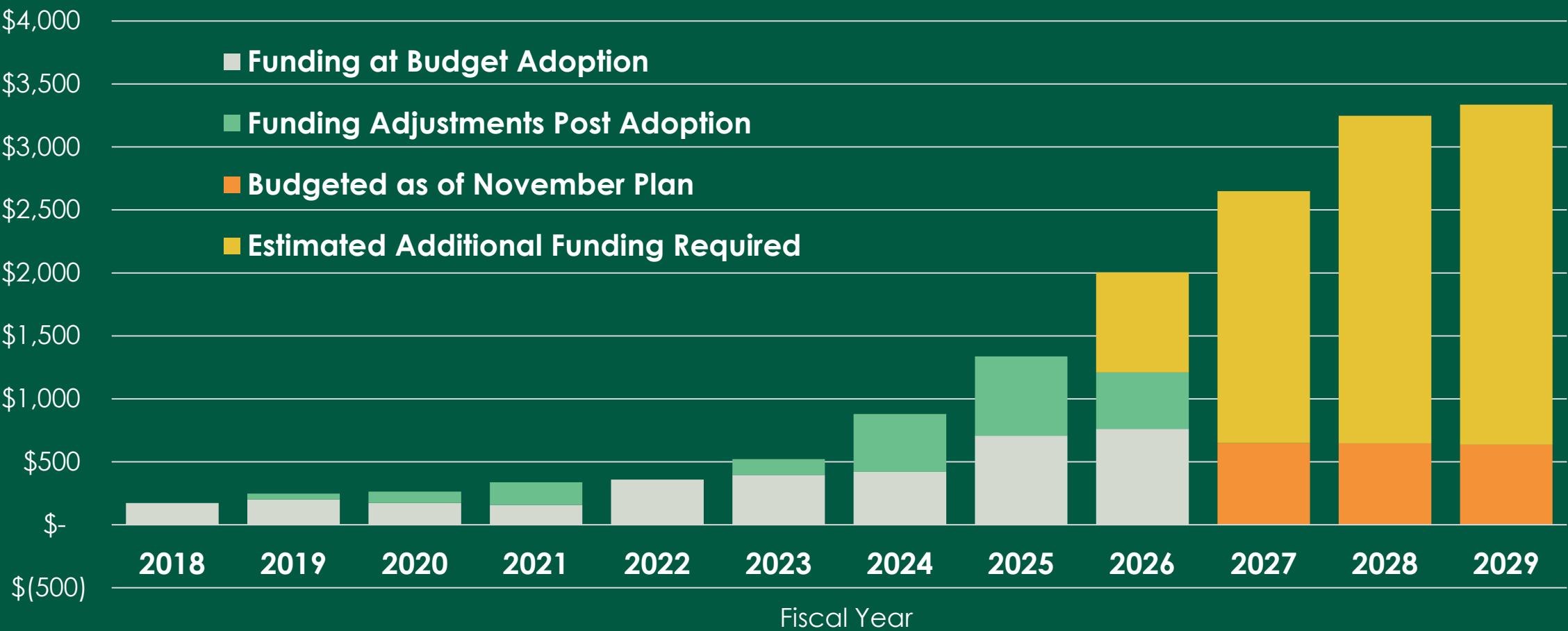
	FY 2026	FY 2027	FY 2028	FY 2029
City Stated Gaps	\$0	(\$4,691)	(\$6,273)	(\$6,296)
Comptroller Revenue Estimate Differences	\$984	\$1,325	\$1,541	\$2,519
Comptroller Expenditure Estimate Differences	(\$3,162)	(\$7,039)	(\$8,505)	(\$8,580)
Rental Assistance	(795)	(2,000)	(2,600)	(2,700)
Other Chronic Underbudgeting	(2,969)	(3,348)	(3,103)	(3,123)
Class Size Legislation	0	(501)	(1,038)	(1,078)
Asylum Seeker Costs	(186)	159	(352)	(237)
Other Expenditure Differences	(662)	(1,349)	(1,412)	(1,442)
Reserve Allocation	1,450			
Total Comptroller Differences	(\$2,178)	(\$5,714)	(\$6,964)	(\$6,061)
Restated (Gap)/Surplus	(\$2,178)	(\$10,405)	(\$13,237)	(\$12,357)

Note: Positive numbers decrease the gap and negative numbers increase it. Revenue differences include tax revenue and miscellaneous revenue differences.

Chronic Underbudgeting of Expenses Distorts Budget (\$M)

Chronic Underbudgeting	FY 2026	FY 2027	FY 2028	FY 2029
Rental Assistance	(\$795)	(\$2,000)	(\$2,600)	(\$2,700)
Overtime	(\$727)	(\$559)	(\$560)	(\$562)
Shelter Capacity, Non-Asylum Seeker	(\$630)	(\$945)	(\$945)	(\$945)
Public Assistance	(\$641)	(\$276)	(\$10)	\$0
Contributions to MTA	(\$392)	(\$621)	(\$673)	(\$683)
DOE Due Process (Carter) Cases	(\$558)	(\$488)	(\$488)	(\$488)
DOE Custodial Costs	\$0	(\$154)	(\$154)	(\$154)
Other	(\$21)	(\$305)	(\$273)	(\$291)
Total Chronic Underbudgeting	(\$3,764)	(\$5,348)	(\$5,703)	(\$5,823)

Rental Assistance Underbudgeting (\$M)



Notes: Includes Department of Social Services rental assistance spending on CityFHEPS, as well as other programs such as, Special One-Time Assistance, the Family Homelessness & Eviction Prevention Supplement, the Living in Communities programs, Special Housing Resource, the Rental Supplement Program, Pathway Home, among others. Actual spending in FY 2022 was \$3 million less than the amount budgeted at adoption for that year. FY 2018 through FY 2025 are actual spending amounts, FY 2026 through FY 2029 are budgeted as of the November 2025 Financial Plan. Totals include all City, State and Federal funding sources.