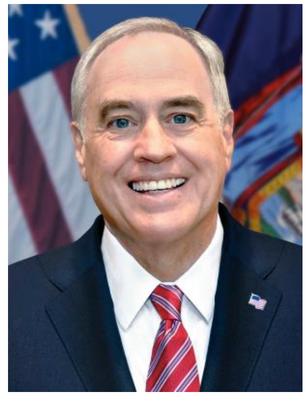
New York State Comptroller
THOMAS P. DiNAPOLI

Report on the State Fiscal Year 2025-26 Executive Budget

February 2025

Message from the Comptroller

February 2025



The Executive Budget for Fiscal Year 2026 has been released at a time of great uncertainty. Federal funding is the State's largest source of revenue, and is estimated by the Division of Budget to total $93.1 billion in State Fiscal Year 2025-26. After several years of benefitting from extraordinary pandemic relief funding, the federal-state relationship may be changing in ways that could result in cuts to key State programs, especially in health and social services. The need to strengthen the State's fiscal position has never been greater.

The Financial Plan indicates the State's structural budgetary imbalance has grown, as spending from State sources has strongly increased in recent years and is projected to rise at a rate that outpaces revenues. Temporary personal income tax increases on high earners – initially imposed during the height of the COVID-19 pandemic when the State faced the prospect of billions of dollars of lost tax revenue – are proposed to be extended; however, rather than facilitate improvements to services or programs, these resources will still be insufficient to bring the State's budget into balance in the outyears of the Financial Plan. More action should be taken to reconsider the State's spending trajectory on major programs in a way that does not shortsightedly harm services but ensures their long-term fiscal viability.

The Executive Budget does propose some measures to improve the State's fiscal position. While the national and State economies have continued to grow, we have seen the impact that economic recessions and other emergencies can have on State finances. Having rainy day reserves available to maintain service stability during these times is critically important. The State's reserves are at a historic high, with $21.1 billion set aside in statutory rainy day reserves ($8.8 billion) or for "economic uncertainties" ($12.3 billion). The Financial Plan indicates a shift toward greater reliance on the statutory rainy day reserves, something which I have long championed. The statutory restrictions on these funds provide greater assurance that the funds will be there when they are needed.

Thomas P. DiNapoli
State Comptroller

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Financial Plan Overview

This report details provisions of the New York State Fiscal Year (SFY) 2025-26 Executive Budget proposal submitted on January 21, 2025. As of the time of publication, the Division of the Budget (DOB) has not released 30-Day Amendments to the Executive Budget.

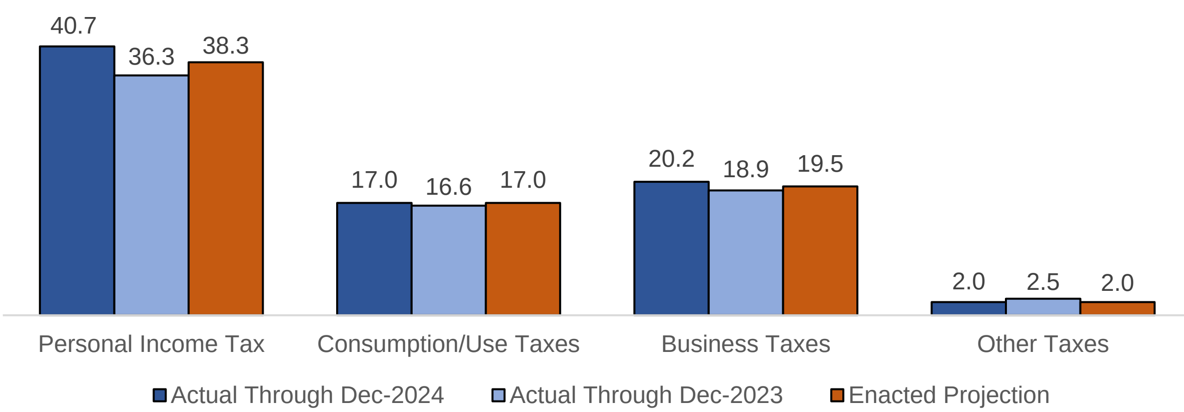
State Fiscal Year 2024-25

Results Through December

Tax collections in All Governmental Funds (All Funds) totaled $79.9 billion through the first three quarters of SFY 2024-25, an increase of $5.5 billion or 7.3 percent from the same period of the previous year. This reflects a year-over-year increase of $4.4 billion in Personal Income Tax (PIT) collections due, in part, to stronger withholding and quarterly estimated tax payments related to the 2024 tax year as well as lower refunds from the settlement of the 2023 tax year. Year-over-year collections from business taxes increased by $1.3 billion, due largely to strong growth in receipts from the Pass-Through Entity Tax (PTET) resulting from economic growth and a larger number of businesses electing to pay the tax compared to last year.[1]

Collections through December 2024 were also over $3.0 billion greater than DOB's projections included with the FY 2025 NYS Enacted Budget Financial Plan.

Figure 1
SFY 2024-25 All Funds Tax Collections Through December 31, 2024
as Compared to Prior Year Results and SFY 2024-25 Enacted Budget Projections
(in billions of dollars)



Sources: Office of the New York State Comptroller, NYS Division of Budget

All Funds spending through December 31, 2024 totaled $172.3 billion, 0.3 percent or $527.4 million below DOB's projections included with the FY 2025 NYS Enacted Budget Financial Plan. Higher spending of $1.6 billion in local assistance grants and higher spending of $421.8 million for departmental operations were offset primarily by $2.3 billion in capital projects spending below projections as well as $210 million less in debt service disbursements. Spending from the General Fund (including transfers to other funds) totaling $74.5 billion was $2.5 billion, or 3.3

percent, below initial projections, primarily related to lower-than-expected expenditures for local assistance and General Fund transfers to capital projects.

All Funds Projections for the Year

Updated DOB projections show All Funds spending, including spending from federal funds, will total $243.4 billion in SFY 2024-25, an increase of $8.5 billion or 3.6 percent from SFY 2023-24 actuals. This increase is largely due to the State’s two biggest spending categories, Medicaid and School Aid. Department of Health (DOH) Medicaid spending is projected to increase by $2.8 billion, or 3.4 percent, and School Aid is projected to increase by $2.1 billion, or 5.2 percent, in SFY 2024-25 as compared to SFY 2023-24.

All other local assistance spending, some of which falls under Medicaid but is spent by other State agencies aside from DOH, is projected to increase by $4.1 billion, or 6.9 percent. These increases are offset by a $3.8 billion decline in projected debt service spending, or 54.8 percent, which is largely the result of prior years’ prepayment actions, including $4.7 billion in additional debt service paid in SFY 2023-24 to prepay future years’ expenses.

DOB estimates All Funds receipts for SFY 2024-25 will total $246.7 billion, an increase of $12.2 billion or 5.2 percent from SFY 2023-24 results. Tax collections are projected to total $115.4 billion, an increase of nearly $9.0 billion or 8.4 percent. This includes the growth in PIT and business taxes achieved through December as well as stronger projected collections resulting from an estimated increase in financial sector bonuses that are paid in the final quarter of the State fiscal year.

Federal receipts are anticipated to increase $4.2 billion (4.5 percent) to $98.5 billion, primarily reflecting the final year of Medicaid and Federal Emergency Management Agency (FEMA) reimbursements related to federal pandemic-related aid. Extraordinary federal aid relating to the public health emergency has effectively ended, with only $1.3 billion in funding – $1.1 billion of which is FEMA local pass-through funding – remaining for SFY 2025-26. Accordingly, on-going programs supported by extraordinary pandemic assistance would require other sources of revenue to supplant the loss of federal pandemic aid in order to continue providing services at current levels.

Miscellaneous receipts are expected to decline by $1 billion (3.1 percent), reflecting lower fee and reimbursement revenues deposited to the State’s various special revenue funds.

State Fiscal Year 2025-26

All Funds spending is expected to total $252.0 billion, an increase of $8.6 billion or 3.6 percent, as compared to DOB’s updated SFY 2024-25 projections. State Operating Funds (SOF) spending is expected to grow by $10.5 billion, or 7.9 percent. General Fund (including transfers to other funds) spending is expected to grow by $7.9 billion, or 7.3 percent. General Fund spending growth is driven primarily by increased local assistance payments ($5.8 billion, or 7.6 percent year-over-year growth) and State Operations ($2.0 billion, or 15.1 percent year-over-year growth). A $596 million, or 6.5 percent increase, in general state charges is almost entirely offset by a $512 million, or 5.6 percent, decrease in transfers to other funds, most of which is a reduction in transfers for capital projects.

DOB's FY 2026 Executive Budget Financial Plan projects All Funds receipts to total $243.9 billion in SFY 2025-26, a decline of $2.7 billion or 1.1 percent, largely due to a decline in federal receipts. DOB projects All Funds tax receipts to total $112.1 billion, a decrease of $3.3 billion or 2.9 percent from SFY 2024-25. While economic growth is forecasted to continue, the decrease is largely due to proposals in the Executive Budget that would decrease collections, particularly the Inflation Refund tax credits (more information below).

Miscellaneous receipts are expected to total $38.7 billion, an increase of nearly $6.0 billion or 18.3 percent, primarily reflecting growth in bond proceeds. Federal receipts, comprising over 38 percent of revenues in SFY 2025-26, are projected to total $93.1 billion, a decline of $5.4 billion or 5.5 percent resulting from the expiration of pandemic assistance.

Budget Surplus

Relative to their Mid-Year Update, DOB's Executive Budget Financial Plan forecasts a current-year General Fund surplus of $3.5 billion, largely due to increases in tax receipts (projected by DOB to be almost $1.8 billion higher), fewer expected disbursements (projected by DOB to be $955 million lower), as well as fewer transfers from other funds (projected by DOB to be $843 million lower). Slightly offsetting these gains is a decrease of $50 million in miscellaneous and/or federal receipts.

DOB is also projecting a surplus of $1.8 billion for SFY 2025-26 from a previously projected deficit of a little over $1.0 billion in the Mid-Year Update. DOB projections of tax receipts were raised by $2.5 billion and projected disbursements were lowered by $443 million, both of which were slightly offset by increased projected transfers from other funds ($81 million higher).

Across these two years, these resources total $5.3 billion, which the Executive uses to offset the one-time reduction in revenues from providing qualified residents with the "inflation refund" credits, which are projected to total more than $3 billion, as well as increased spending.

Structural Budget Gaps

Over the life of the Financial Plan, DOB projects disbursements will outpace receipts across all three budget measures, as shown in Figure 2. While General Fund surpluses are anticipated currently for SFY 2024-25 and SFY 2025-26, these surpluses will give way to budget gaps, as shown in Figure 3. The State's outyear budget gaps have increased by approximately $4.1 billion to a total of $27.3 billion from SFY 2026-27 through SFY 2028-29.[2]

Over the Financial Plan period, General Fund receipts are projected to grow 5.3 percent compared to disbursements that are projected to grow over four times as fast, 24.9 percent. This five-year growth rate is higher than it was in the FY 2025 NYS Executive Budget Financial Plan, largely because of the sharp increase in disbursements in SFY 2027-28 and SFY 2028-29. SOF disbursements are projected to grow 23.4 percent, which averages to a yearly increase of 4.7 percent for SFY 2024-25 through SFY 2028-29, in comparison to DOB's projection of average annual inflation for the period of 2.6 percent.

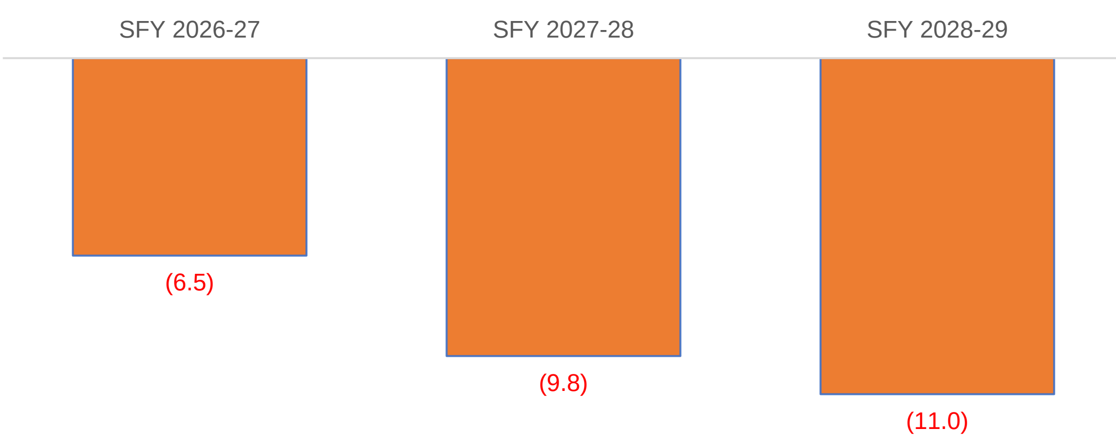
Figure 2
Projected Changes in Receipts and Disbursements by Fund, SFY 2024-25 – SFY 2028-29
(in millions of dollars)

	SFY 2024-25 Estimate	SFY 2025-26 Projection	SFY 2026-27 Projection	SFY 2027-28 Projection	SFY 2028-29 Projection	$ Change SFY 2024-25 to SFY 2028-29	% Change SFY 2024-25 to SFY 2028-29
General Fund Receipts	115,514	108,558	114,794	116,607	121,606	6,092	5.3%
General Fund Disbursements	108,389	116,329	121,904	129,239	135,388	26,999	24.9%
SOF Receipts	142,308	137,661	145,824	146,554	152,147	9,839	6.9%
SOF Disbursements	133,336	143,804	152,363	158,809	164,600	31,264	23.4%
All Funds Receipts	246,676	243,929	253,927	252,145	258,210	11,534	4.7%
All Funds Disbursements	243,381	252,025	261,365	265,859	272,323	28,942	11.9%

Source: Division of the Budget

While projections are inherently subject to change, the Financial Plan may be subject to an increased level of risk. The State's largest source of All Funds revenue, federal aid, may be more volatile or change in unforeseeable ways resulting from policies that may be implemented by the federal government. Tax revenues, especially from the personal income tax, can exhibit volatility from year-to-year. Disbursements, particularly for Medicaid and School Aid, may also differ substantially from DOB's current projections. Moreover, this Financial Plan forecast does not reflect changes made after budget negotiations with the Legislature. For these reasons, having a structurally balanced budget is important to provide stability in the face of uncertainty.

Figure 3
Projected Budget Gaps, SFY 2026-27 – SFY 2028-29
(in billions of dollars)



Source: Division of the Budget

Rainy Day Reserves

There are two types of reserves in DOB's Financial Plan: some are established by statute and, accordingly, have conditions on use and require repayment upon use. Others are informal reserves that DOB sets aside in the General Fund and states that they are "reserved" for a specific purpose. There is no statutory basis for such designated funds; such funds can be used at the Executive's discretion at any time for any appropriated purpose. The largest such unrestricted reserve is for "economic uncertainties."

DOB refers to the reserve for "economic uncertainties" and the statutory rainy day reserve funds (the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund) as "principal reserves." The statutory reserves have requirements regarding deposits, balance levels, and how or when the funding can be used or replenished; such restrictions are intended to ensure the funds are available for a true economic or fiscal emergency, and are preferable to unrestricted reserves.

DOB's Financial Plan indicates that the State will deposit or transfer a total of $2.5 billion into the statutory rainy day reserve funds to bring the combined total to $8.8 billion in SFY 2024-25. This will consist of a $1.5 billion deposit and a shift of $1.0 billion from the "economic uncertainties" reserve into the Rainy Day Reserve Fund (RDRF). At the current level, statutory rainy day reserves, both in dollar amounts and as a share of spending, are the highest the State has ever amassed, a welcome reversal of decades of their underfunding.[3]

In addition, DOB plans to continue moving funds from the undesignated "economic uncertainties" reserve into the RDRF over the subsequent three State fiscal years: $1.0 billion in SFY 2025-26, $1.0 billion in SFY 2026-27, and $862 million in SFY 2027-28, as fiscal conditions permit. Presuming all these deposits are made, statutory rainy day reserves will be a little over $11.6 billion by SFY 2027-28.[4] This would shift the State's reliance from informal to statutory reserves over the course of the Financial Plan; Comptroller DiNapoli has strongly recommended this shift to guard the funds against premature or inappropriate use.

Figure 4
Statutory Reserves and Reserves Designated for Economic Uncertainties, Projected Year End, SFY 2024-25 – SFY 2028-29
(in millions of dollars)

	SFY 24-25	SFY 25-26	SFY 26-27	SFY 27-28	SFY 28-29
SOF Spending	**133,336**	**143,804**	**152,363**	**158,809**	**164,600**
Statutory Reserves	**8,756**	**9,756**	**10,756**	**11,618**	**11,618**
As a Share of SOF Spending	*6.6%*	*6.8%*	*7.1%*	*7.3%*	*7.1%*
Unrestricted Reserve - Economic Uncertainties	**12,847**	**11,347**	**10,347**	**9,485**	**9,485**
As a Share of SOF Spending	*9.6%*	*7.9%*	*6.8%*	*6.0%*	*5.8%*
Total Principal Reserves as Defined by DOB	**21,603**	**21,103**	**21,103**	**21,103**	**21,103**
As a Share of SOF Spending	***16.2%***	***14.7%***	***13.9%***	***13.3%***	***12.8%***
Additional Reserves Needed to Achieve 15%	**n/a**	**468**	**1,751**	**2,718**	**3,587**

Sources: Division of the Budget; Office of the NYS Comptroller

At the close of SFY 2024-25, DOB's projections in the FY 2026 Executive Budget Financial Plan would result in principal reserves being an estimated 16.2 percent of SOF spending levels for SFY 2024-25, which is higher than the proclaimed 15 percent savings goal by the Executive.[5] However, given the increase in SOF spending over the life of the Financial Plan, the percentage of reserves to SOF spending decreases over time, as shown in Figure 4.

Accordingly, the amount of additional principal reserves needed to maintain the 15 percent reserve level increases, from an additional $468 million in SFY 2025-26 to an additional $3.6 billion in SFY 2028-29, based on DOB's current projections.

In addition to those funds designated for economic uncertainties, the Financial Plan includes several other set-asides within the General Fund, including designations for debt management, labor agreements and agency operations, transaction risks and funds from extraordinary monetary payments.

Economic Outlook

Following the recovery from the pandemic-induced recession, real Gross Domestic Product (GDP) increased by 2.5 percent and 2.9 percent in 2022 and 2023, respectively. According to the first estimate by the U.S. Bureau of Economic Analysis (BEA), economic growth for the full year is estimated to be 2.8 percent, slightly slower than in 2023.[6]

DOB estimates the economic expansion will slow in 2025, with real GDP increasing by 2.1 percent in 2025. For 2026, the national economy is forecasted to show similar results, growing 2 percent.

Inflation, as measured by the change in the Consumer Price Index (CPI), decreased from 3.1 percent in January 2024 to 2.4 percent in September. Since then, it gradually increased to 2.9 percent in December. On an annual basis, inflation averaged 2.9 percent. DOB projects inflation to be 2.7 percent for both 2025 and 2026.

As inflation eased during the year, the Federal Open Market Committee (the Fed) reduced rates by 50 basis points at its meeting in September. Rates were reduced again at the November and December meetings, by 25 basis points at each meeting, to target range of 4.25 percent to 4.50 percent.

With the rise in inflation at the end of 2024, the Fed maintained rates at their current level at its January meeting. DOB forecasts three rate cuts of 25 basis points each in 2025. In comparison, Blue Chip Consensus projects a median reduction in the interest rate of 50 basis points.[7]

According to the U.S. Bureau of Labor Statistics, national employment increased by 184,000 jobs per month, on average, in 2024, a total increase of 2.5 million jobs.[8] DOB projects national employment to slow from growth of 1.6 percent to 1.0 percent in 2025 and to 0.5 percent in 2026.

In April 2024, New York attained full job recovery from the pandemic decline and added 55,600 jobs since then. However, state employment growth in 2024 was slower than that nationally, 1.5 percent compared to 1.7 percent, respectively.

DOB projects state employment growth to also slow in 2025 and 2026, increasing by 0.8 percent and 0.6 percent, respectively. With the slowdown in employment, DOB projects the unemployment rate nationally to increase to 4.3 percent in 2025, from 4 percent in 2024. However, state unemployment is projected to remain the same, 4.3 percent.

Like its impact on the unemployment rate, the projected slowdown in employment growth would result in slower wage increases. DOB estimates wage growth to decelerate from 5.9 percent in 2024 to 4.3 percent in 2025 and to 3.8 percent in 2026.

According to the Quarterly Census of Employment and Wages (QCEW), total wages in New York increased by 5.5 percent in the first half of 2024.[9] DOB estimates total wage growth of 5.2 percent for all of 2024. Total wages are projected to increase at a slower rate in 2025 (4.4 percent) due to lower job growth. A portion of this slowdown is mitigated by the estimated 10 percent increase in bonuses related to the 2024 calendar year. Similar results are forecast for

2026, when DOB projects non-bonus wages to increase by 3.4 percent and financial sector bonuses by 5.4 percent, resulting in overall wage growth of 3.6 percent.

DOB estimates personal income nationally to increase by 5.5 percent, down from 5.9 percent in 2023 due, in part, to slowing growth in non-wage income, particularly, interest and rental income. DOB projects slower growth in 2025 and 2026, by 4.3 percent and 4.1 percent, respectively, reflecting the slowdown in wages.

For New York, personal income growth is estimated to be slightly lower than that nationally in 2024, 5.3 percent. In 2025, DOB also projects slower personal income growth, 4.4 percent, due not only to a lower projected increase in wages but also a deceleration in non-wage income growth. This slowdown is forecasted to continue into 2026, with personal income increasing by 4 percent.

DOB's economic forecast for the nation is similar to the Blue Chip Consensus but more optimistic than S&P Global Market Intelligence (S&P Global) as well as other individual economic forecasters that comprise the Consensus (See Figure 5.) For New York, DOB's projections are more conservative for personal income and wage growth; however, while DOB projects continued, but slowing, employment growth, S&P Global forecasts jobs losses in 2026.[10]

Figure 5
Comparison of Select Economic Indicators, U.S. and New York, Calendar Years 2024 - 2026

U.S. ECONOMIC INDICATORS

	REAL GDP			CONSUMER PRICE INDEX			UNEMPLOYMENT RATE		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
DOB	2.7	2.1	2.0	3.0	2.7	2.7	4.0	4.3	4.3
Blue Chip	2.7	2.1	2.0	2.9	2.5	2.6	4.1	4.3	4.2
S&P Global	2.8	2.0	1.7	3.0	2.9	3.3	4.0	4.4	4.7

NEW YORK ECONOMIC INDICATORS

	PERSONAL INCOME			WAGES			EMPLOYMENT		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
DOB	5.3	4.4	4.0	5.2	4.4	3.6	1.5	0.8	0.6
S&P Global	5.8	5.1	5.1	6.3	6.0	5.5	1.5	0.7	(0.3)

Note: Amounts are annual percentage changes for the calendar year. 2024 figures are preliminary actuals; 2025 and 2026 are projections. Discussion in text for the New York indicators describes changes on a fiscal year basis.

Source: Division of the Budget, January 2025 Blue Chip Economic Indicators, S&P Global Market Intelligence January 2025 National and Regional Forecasts.

Revenue

Figure 6 details DOB's Executive Budget forecast over the Financial Plan period by source. All Funds revenues are projected to grow from $246.7 billion in SFY 2024-25 to $258.2 billion in SFY 2028-29. All Funds tax collections are projected to increase by over 15.7 billion, 13.7 percent, over the Financial Plan period, an average annual growth rate of 3.4 percent.

In comparison to the Mid-Year Update, DOB revised its forecast for All Fund tax receipts upwards by $11.1 billion over the Financial Plan period. Besides the revisions to the economic forecast, the additional receipts reflect DOB's expectation that participation in the PTET will continue after tax year 2025, eliminating the timing differential as collections would have reverted to being realized under the PIT.[11]

Figure 6
Projected All Funds Revenues by Source, SFY 2024-25 – SFY 2028-29
(in millions of dollars)

	SFY 2024-25		SFY 2025-26		SFY 2026-27		SFY 2027-28		SFY 2028-29	
	Amount	**Percent Change**	**Amount**	**Percent Change**	**Amount**	**Percent Change**	**Amount**	**Percent Change**	**Amount**	**Percent Change**
Personal Income Tax	$60,963	13.2%	$59,060	-3.1%	$65,389	10.7%	$69,047	5.6%	$73,322	6.2%
Consumption/ Use Taxes	$22,489	2.9%	$23,211	3.2%	$23,878	2.9%	$24,484	2.5%	$25,051	2.3%
Business Taxes	$29,369	6.0%	$27,080	-7.8%	$29,737	9.8%	$29,173	-1.9%	$29,544	1.3%
Other Taxes	$2,598	-14.8%	$2,747	5.7%	$2,922	6.4%	$3,111	6.5%	$3,251	4.5%
Taxes	**$115,149**	**8.4%**	**$112,098**	**-2.9%**	**$121,926**	**8.8%**	**$125,815**	**3.2%**	**$131,178**	**4.3%**
Misc. Receipts	$32,755	-3.0%	$38,740	18.3%	$38,742	0.0%	$34,253	-11.6%	$33,244	-2.9%
State Revenues	**$148,174**	**5.5%**	**$150,838**	**1.8%**	**$160,668**	**6.5%**	**$168,068**	**-0.4%**	**$164,422**	**2.7%**
Federal Receipts	$98,502	4.5%	$93,091	-5.5%	$93,259	0.2%	$92,077	-1.3%	$93,788	1.9%
Total Revenues	**$246,676**	**5.2%**	**$243,929**	**-1.1%**	**$253,927**	**4.1%**	**$252,145**	**-0.7%**	**$258,210**	**2.4%**

Source: Division of the Budget

DOB estimates All Funds State revenues in the current fiscal year to total $148.2 billion, an increase of 5.5 percent or $7.8 billion from SFY 2023-24. This increase is attributable, in part, to continued employment and wage growth as well as higher finance and insurance bonuses which impact PIT collections as well as overall economic growth influencing business tax receipts.

For SFY 2025-26, All Funds State revenues are projected by DOB to total $150.8 billion, an increase of 1.8 percent or $2.7 billion. Tax collections are forecasted to decrease by 2.9 percent, to $3.3 billion, primarily reflecting the impact of proposals in the Executive Budget that would reduce receipts. However, the decline in tax collections is more than offset by the projected growth in miscellaneous receipts. Some of the increase is attributable to a $4.3 billion increase in bond proceeds supporting capital spending. Gaming receipts are projected to increase by $34.1 million, 0.7 percent, as increased collections from mobile sports wagering are mostly offset by declines from other gaming types.[12]

Federal Aid

DOB projections for federal receipts reflect the significant decrease of pandemic-related spending (and corresponding federal aid). Since SFY 2020-21, a total of $60.7 billion in pandemic assistance – plus $12.8 billion in State aid from the State and Local Fiscal Recovery Fund – flowed through the Financial Plan, which averages to approximately $14.7 billion each year for the past five years. DOB is projecting only $1.3 billion for SFY 2025-26, $1.1 billion of which is FEMA reimbursements to localities.

In total, DOB is projecting $93.1 billion in federal receipts for SFY 2025-26, representing a decline of $5.4 billion or 5.5 percent from updated estimates for SFY 2024-25. DOB's projections of federal receipts are roughly consistent throughout the Financial Plan period, with the latest out-year projection of federal receipts being $93.8 billion, or just $697 million higher than SFY 2025-26.

Disbursements backed by federal funds are predominantly for health and social services, but touch many facets of daily life for New Yorkers. Medicaid is projected to account for $57.6 billion of the $93.1 billion, or 61.9 percent of the SFY 2025-26 projected federal receipts. An additional $13.2 billion is projected for costs related to the Essential Plan (EP), which is a federally subsidized health insurance program authorized under the Affordable Care Act. In total, approximately $70.9 billion, or 76.1 percent of the projected federal receipts are for the provision of healthcare to approximately 8.5 million New Yorkers. Aside from healthcare, federal aid provides funding for school meals, K-12 education, clean water and drinking water state revolving funds, public assistance (e.g., Temporary Assistance for Needy Families and Home Energy Assistance Program), child and foster care, and grants for transportation and roadways.

Figure 7
Federal Funds Disbursements, SFY 2024-25 – SFY 2028-29
(in millions of dollars)

	2024-25	2025-26	2026-27	2027-28	2028-29
Disbursements	**87,213**	**89,482**	**91,243**	**90,177**	**91,928**
Medicaid	56,059	57,618	58,427	56,924	58,133
Health	15,859	16,341	17,109	17,736	18,260
Social Welfare	5,436	5,277	5,400	5,148	5,148
Education	4,458	4,387	4,387	4,387	4,387
Transportation	2,372	2,839	2,912	2,924	2,961
Public Protection	1,326	1,337	1,303	1,301	1,302
All Other	1,703	1,683	1,705	1,757	1,737

Note: All Other includes housing and homeless services, economic development, mental hygiene, parks, environment, higher education, and general government areas, as designated by DOB. Does not include amounts for federal pandemic assistance.

Source: Division of the Budget

Tax Proposals

The Executive Budget includes proposed revenue actions that are projected to reduce All Funds revenues by $7.1 billion in SFY 2025-26, $2.3 billion in SFY 2026-27, and $1.1 billion in SFY 2027-28; however, in SFY 2028-29, proposals would result in a net increase of $2.3 billion, as seen in Figure 8.

Figure 8
Projected Revenue Impacts from Proposed Revenue Actions, SFY 2025-26 – SFY 2028-29 (in millions of dollars)

	SFY 2025-26	SFY 2026-27	SFY 2027-28	SFY 2028-29
Personal Income Tax	**($4,009)**	**($1,940)**	**($860)**	**$2,560**
Inflation Refund Credit	($3,080)	-	-	-
Reduce Lower- and Middle- Income Tax Rates /Extend Top Rates	($458)	($1,115)	($35)	$2,560
Increase the Empire State Child Tax Credit for Three Years	($471)	($825)	($825)	-
Business Taxes	**($3,045)**	**($126)**	**($210)**	**($240)**
Move PTET Election Deadline	($3,045)	-	-	-
Expand and Extend Film Tax Credit	-	($111)	($115)	($115)
Increase Low-Income Housing Tax Credit	-	($15)	($45)	($75)
Extend NYC Musical and Theatrical Production Tax Credit	-	-	($50)	($50)
All Other Revenue Actions	**($89)**	**($195)**	**($67)**	**($33)**
TOTAL ALL FUNDS IMPACT OF REVENUE ACTIONS	**($7,143)**	**($2,261)**	**($1,137)**	**$2,287**

Source: Division of the Budget

Inflation Refund Credit: This credit would reduce revenue collections by $3 billion in SFY 2025-26. Taxpayers would be allowed a refundable personal income tax credit for tax year 2025 equal to $500 for married, joint filers with incomes of $300,000 or less or $300 for all other filers with incomes of $150,000 or less.[13] In order to qualify, the taxpayer must have been a full-time resident of New York and filed a personal income tax return in tax year 2023. Over 8.6 million taxpayers would be eligible for the credit.[14]

Personal Income Tax Rates: Personal income tax rates between 4 and 6 percent would be reduced by 20 basis points (0.2) over two years beginning in tax year 2025, impacting approximately 8.9 million resident taxpayers, as shown in Figure 9. In addition, the top tax rates on high incomes that are currently due to expire on December 31, 2027 would be extended until December 31, 2032.

Empire State Child Tax Credit: The Executive Budget proposes to increase the amount of the child tax credit from a minimum of $100 per child to a maximum of $1,000 per child, dependent on the age of the child, over a course of two years. The increased credit would be temporary, lasting three years. For a comprehensive analysis of this proposal, see the section on Child Poverty Reduction Initiatives.

Figure 9
Personal Income Tax Rates by Income and Filing Status, Selected Prior Tax Years and Executive Budget Proposal for Tax Years 2025 and 2026

Filing Status	2017 Taxable Income	Tax Rate	2021 Taxable Income	Tax Rate	2023 Taxable Income	Tax Rate	2025 Taxable Income	Tax Rate	2026 Taxable Income	Tax Rate
Single	Less than $8,500	4%	Less than $8,500	4%	Less than $8,500	4%	Less than $8,500	3.90%	Less than $8,500	3.80%
	$8,500 - $11,700	4.50%	$8,500 - $11,700	4.50%	$8,500 - $11,700	4.50%	$8,500 - $11,700	4.40%	$8,500 - $11,700	4.30%
	$11,700 - $13,900	5.25%	$11,700 - $13,900	5.25%	$11,700 - $13,900	5.25%	$11,700 - $13,900	5.15%	$11,700 - $13,900	5.05%
	$13,900 - $21,400	5.90%	$13,900 - $21,400	5.90%	$13,900 - $80,650	5.50%	$13,900 - $80,650	5.40%	$13,900 - $80,650	5.30%
	$21,400 - $80,650	6.45%	$21,400 - $80,650	5.97%	$80,650 - $215,400	6.00%	$80,650 - $215,400	5.90%	$80,650 - $215,400	5.80%
	$80,650 - $215,400	6.65%	$80,650 - $215,400	6.33%	$215,400 - $1,077,550	6.85%	$215,400 - $1,077,550	6.85%	$215,400 - $1,077,550	6.85%
	$215,400 - $1,077,550	6.85%	$215,400 - $1,077,550	6.85%	$1,077,550 - $5 million	9.65%	$1,077,550 - $5 million	9.65%	$1,077,550 - $5 million	9.65%
	Over $1,077,550	8.82%	$1,077,550 - $5 million	9.65%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%
			$5 million - $25 million	10.30%	Over $25 million	10.90%	Over $25 million	10.90%	Over $25 million	10.90%
			Over $25 million	10.90%						
Head of Household	Less than $12,800	4%	Less than $12,800	4%	Less than $12,800	4%	Less than $12,800	3.90%	Less than $12,800	3.80%
	$12,800 - $17,650	4.50%	$12,800 - $17,650	4.50%	$12,800 - $17,650	4.50%	$12,800 - $17,650	4.40%	$12,800 - $17,650	4.30%
	$17,650 - $20,900	5.25%	$17,650 - $20,900	5.25%	$17,650 - $20,900	5.25%	$17,650 - $20,900	5.15%	$17,650 - $20,900	5.05%
	20,900 - $32,200	5.90%	20,900 - $32,200	5.90%	20,900 - $107,650	5.50%	20,900 - $107,650	5.40%	20,900 - $107,650	5.30%
	$32,200 - $107,650	6.45%	$32,200 - $107,650	5.97%	$107,650 - $269,300	6%	$107,650 - $269,300	5.90%	$107,650 - $269,300	5.80%
	$107,650 - $269,300	6.65%	$107,650 - $269,300	6.33%	$269,300 - $1,616,450	6.85%	$269,300 - $1,616,450	6.85%	$269,300 - $1,616,450	6.85%
	$269,300 - $1,616,450	6.85%	$269,300 - $1,616,450	6.85%	$1,616,450 - $5 million	9.65%	$1,616,450 - $5 million	9.65%	$1,616,450 - $5 million	9.65%
	Over $1,616,450	8.82%	$1,616,450 - $5 million	9.65%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%
			$5 million - $25 million	10.30%	Over $25 million	10.90%	Over $25 million	10.90%	Over $25 million	10.90%
			Over $25 million	10.90%						
Married, Joint	Less than $17,150	4%	Less than $17,150	4%	Less than $17,150	4%	Less than $17,150	3.90%	Less than $17,150	3.80%
	$17,150 - $23,600	4.50%	$17,150 - $23,600	4.50%	$17,150 - $23,600	4.50%	$17,150 - $23,600	4.40%	$17,150 - $23,600	4.30%
	$23,600 - $27,900	5.25%	$23,600 - $27,900	5.25%	$23,600 - $27,900	5.25%	$23,600 - $27,900	5.15%	$23,600 - $27,900	5.05%
	$27,900 - $43,000	5.90%	$27,900 - $43,000	5.90%	$27,900 - $161,550	5.50%	$27,900 - $161,550	5.40%	$27,900 - $161,550	5.30%
	$43,000 - $161,550	6.45%	$43,000 - $161,550	5.97%	$161,550 - 323,200	6%	$161,550 - 323,200	5.90%	$161,550 - 323,200	5.80%
	$161,550 - 323,200	6.65%	$161,550 - 323,200	6.33%	$323,200 - $2,155,350	6.85%	$323,200 - $2,155,350	6.85%	$323,200 - $2,155,350	6.85%
	$323,200 - $2,155,350	6.85%	$323,200 - $2,155,350	6.85%	$2,155,350 - $5 million	9.65%	$2,155,350 - $5 million	9.65%	$2,155,350 - $5 million	9.65%
	Over $2,155,350	8.82%	$2,155,350 - $5 million	9.65%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%	$5 million - $25 million	10.30%
			$5 million - $25 million	10.30%	Over $25 million	10.90%	Over $25 million	10.90%	Over $25 million	10.90%
			Over $25 million	10.90%						

PTET Election Deadline: Currently, businesses that elect to pay the PTET must notify the Tax Department by March 15 of the tax year and pay an estimated tax in four equal payments (25 percent of their tax liability) on March 15, June 15, September 15, and December 15. This proposal would move the deadline to September 15 beginning in tax year 2026 and the amount and number of estimated tax payments would be dependent on when the election is made. For example, a business that elects to pay the PTET between June and September would have three estimated payments - the first of which would be equal to 50 percent of their tax liability and be due when the election is made, followed by amounts due on September 15 and December 15 equal to 25 percent each.

DOB estimates businesses that choose to pay the PTET will make their election by the later deadline. As a result, the first estimated payment for tax year 2026 would be shifted across fiscal years; $3 billion in collections that, under current law, would be realized in March 2026 (SFY 2025-26) would be received by September 2026 (SFY 2026-27). This would be a reduction in revenues for SFY 2025-26 only as estimated payments made in subsequent tax years would be governed by the new election deadline date.

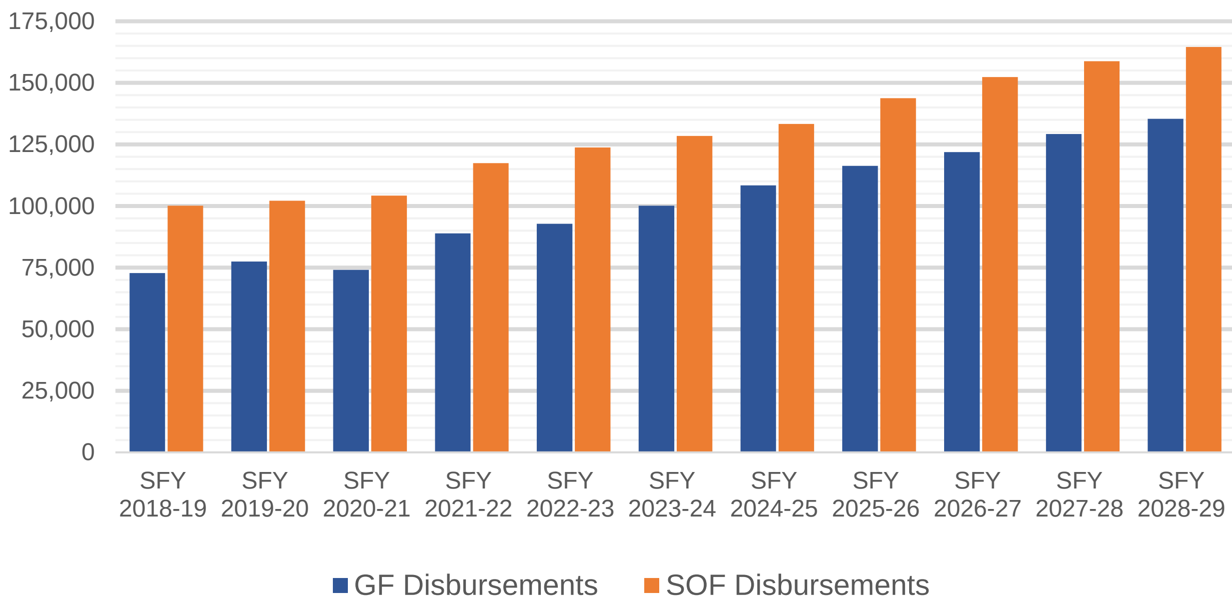
Film Tax Credit: Currently, the film tax credit can be claimed over a span of 2 to 3 years, depending on the size of the production. For tax year 2025 and thereafter, the full amount of the credit would be able to be claimed within the year the credit is allocated. In addition, if a film company has multiple productions in the State, they would be allowed a credit equal to five percent of production costs in addition to the current credit of 30 percent of production costs. The Executive Budget also proposes a new tax credit for independent films which would be equal to the current credit and capped at $100 million annually.

Major Spending and Policy Areas

While DOB projects a balanced budget in SFY 2025-26, significant gaps – totaling $27.3 billion – are forecast for the remainder of the Financial Plan period. These gaps are a product of multiple factors, including $27 billion, or 24.9 percent, growth in forecast General Fund spending through SFY 2028-29.

This projected growth follows an increase of $35.6 billion, or 48.9 percent, for the SFY 2018-19 through SFY 2024-25 period. Based on the Financial Plan, spending would grow by $62.6 billion, or 86 percent, between SFY 2018-19 and SFY 2028-29. Similarly, over the 10-year period, SOF spending is projected to increase by $64.5 billion, or 64.4 percent. Medicaid is $21.6 billion (33.5 percent) of this projected increase whereas School Aid is almost $14 billion (21.6 percent).

Figure 10
Growth in State Spending, General Fund and State Operating Funds,
SFYs 2018-19 – SFY 2028-29
(in millions of dollars)



Note: SFYs through 2023-24 are actuals, SFY 2024-25 is an estimate, and SFY 2025-26 and later are projections.

Source: Division of the Budget; Office of the State Comptroller analysis

School Aid and Medicaid are the two largest General Fund spending categories, comprising 49.3 percent of General Fund spending in the current fiscal year, which is forecast by DOB to grow to 51.5 percent by the end of the Financial Plan period. Medicaid is the biggest cost driver, comprising $11.4 billion, or 42.2 percent, of the $27 billion in projected disbursement growth. School Aid is projected to comprise $4.9 billion, or 18.3 percent, of the total projected growth, and all other categories combine for 39.5 percent of projected General Fund growth.

Figure 11
Projected General Fund School Aid, DOH Medicaid, and All Other Spending, SFY 2024-25 – SFY 2028-29
(in millions of dollars)

Category	SFY 2024-25	YOY Growth %	SFY 2025-26	YOY Growth %	SFY 2026-27	YOY Growth %	SFY 2027-28	YOY Growth %	SFY 2028-29	YOY Growth %
School Aid (SFY)	30,221	4.8%	31,483	4.2%	33,091	5.1%	34,110	3.1%	35,158	3.1%
DOH Medicaid	23,239	17.8%	25,140	8.2%	28,137	11.9%	31,139	10.7%	34,630	11.2%
All Other	54,929	6.5%	59,705	8.7%	60,676	1.6%	63,990	5.5%	65,600	2.5%
Total	**108,389**		**116,329**		**121,904**		**129,239**		**135,388**	

Source: Division of the Budget; Office of the State Comptroller analysis

Education

School Aid

The Executive Budget proposes $37.4 billion in total School Aid for School Year (SY) 2025-26, an increase of $1.7 billion (4.7 percent) from SY 2024-25. Foundation Aid is proposed to increase by $1.5 billion from SY 2024-25 to $26.4 billion in SY 2025-26, a 5.9 percent increase, higher than would otherwise be allowed under the cap set by the Personal Income Growth Index (i.e., a 4.5 percent increase). This is not the first year a school aid proposal has exceeded the growth index. As DOB notes, "authorized School Aid increases have exceeded the indexed levels in most years" since the establishment of the growth cap,[15] raising questions about the efficacy of the approach.

The Executive Budget proposes $26.4 billion for Foundation Aid, which is an increase of $1.5 billion or 5.9 percent from SY 2024-25. This funding results from several proposed changes to the Foundation Aid formula used to derive school district funding amounts:

- **Updates related to need.** First, a formula element relating to the percentage of low-income students is changed by replacing the 2000 Census poverty rate – a metric that is 25 years old – with the most recent three years of Census Small Area Income and Poverty Estimates.

  Second, a formula element that currently relies on free- and reduced-price lunch data – which has become less reliable as a measure of need as schools have moved toward universal free meals – is replaced with a count of certain economically disadvantaged data (e.g., Supplemental Nutrition Assistance Program, Home Energy Assistance Program, Temporary Assistance for Needy Families, etc.). The Office of the State Comptroller estimates these changes would benefit approximately 498 districts and cause a decrease in aid from present law levels for 111 districts, creating net savings of approximately $144.2 million, mostly due to a $347.4 million negative impact on New York City.[16]

- **Updates related to wealth.** The formula element to provide additional aid to low-wealth school districts is changed to modify one of the four Foundation Aid State Sharing Ratio tiers and increase the maximum ratio from 0.91 to 0.93. The Office of the State Comptroller estimates that approximately 117 districts are affected by this at an added State cost of approximately $117.3 million.

- **Updates related to minimum benefit.** The Executive Budget proposes that each school district receives at least a 2 percent increase each year. The Office of the State Comptroller estimates that approximately 380 districts are affected by this proposal at an added State cost of $74.6 million.

The Executive Budget also provides an increase of $229.8 million, or 2.2 percent, to $10.5 billion for other statutory formulas that reimburse a portion of certain school district expenses, such as school construction, transportation, prekindergarten programs, and others. The largest dollar increases in this other aid is for Universal Prekindergarten (UPK), which is projected to grow by $143 million, or 13.4 percent, and for transportation (including summer transportation), which is projected to grow $135.2 million, or 5.3 percent. These increases and others were offset by a $111.8 million, or 3.2 percent decrease in building and reorganization building aid. It should be noted that the increase in funding for UPK is a result of districts being eligible for the same maximum award amount that they were eligible for in the previous year, not because of any proposed expansion of the program.

In total, 558 school districts, or 82.9 percent, would see an increase in school aid while 115 districts, 17.1 percent, would have a decrease in school aid. Any decrease is due to a decline in reimbursable aids, as every district will be receiving a minimum 2.0 percent increase in Foundation Aid.

Universal Free School Meals

The Executive Budget proposal would require all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program to provide free breakfast and lunch to all students. While almost 2.5 million students already receive free meals,[17] this proposal would expand this benefit to cover the remaining schools (with almost 280,000 more students) not already participating. The current program only includes schools, groups of schools, or school districts participating in the federal Community Eligibility Provision (CEP). Eligibility for CEP requires that at least 25 percent of students are identified using a federal student need metric, which is based on the proportion of students enrolled in certain public benefit or health care programs or are homeless, migrant, runaway, in foster care, or enrolled in Head Start.[18] The Executive Budget includes an additional $160 million, for a total of $340 million, to reimburse the cost of school meals in SY 2025-26.

Limiting Smartphones and Other Internet-Enabled Devices

Noting that smartphones are addicting, have detrimental impacts on youth mental health, and affect the learning environment, the Executive Budget is proposing that all school districts, charter schools, and boards of cooperative educational services (BOCES) adopt policies to prohibit the use of smartphones and other Internet-enabled devices by August 1, 2025. School districts and BOCES could establish certain exemptions for educational, medical, translation, emergency and special education uses. In addition, adopted policies must provide parents with a method to contact students when necessary as well as provide on-site storage for any devices. The Executive Budget includes $13.5 million in funding to help school districts implement this provision.

Medicaid

DOB projects the combined cost of all Medicaid spending in SFY 2025-26, including the local share, will total $123.8 billion, which is $8.2 billion, or 7.1 percent higher than the estimate for SFY 2024-25.[19] The federal share is projected to increase by $1.6 billion, or 2.3 percent, to $70.9 billion. The local share is projected to increase by $200 million, or 2.3 percent, to $8.8 billion in SFY 2025-26.[20]

The State-funded portion of DOH Medicaid is projected to increase by $4.3 billion, or 13.7 percent, to $35.7 billion, and Other State Agency (OSA) Medicaid spending is projected to increase by $2.1 billion, or 33.6 percent, to $8.4 billion. Combined, DOB's projected State-share Medicaid disbursements for SFY 2025-26 are $6.4 billion higher (17.1 percent) than the current estimate for SFY 2024-25.

Medicaid Global Cap

About 80 percent of State-share DOH Medicaid spending is subject to a Global Cap calculated using the five-year rolling average of health care spending, as calculated by the Centers for Medicare and Medicaid Services. In recent years, several tactics have been used to remain within the cap:

- **Reclassifying spending.** Each year, spending has been reclassified so that it falls within or outside of the Global Cap. The large OSA Medicaid increase in SFY 2025-26 is a result of DOB shifting OSA local Medicaid expenses from DOH Medicaid to OSA Medicaid spending. As a result, DOB estimates that $2.1 billion in costs will shift from DOH Medicaid to other agency Medicaid spending so it is no longer used in the calculation of the Medicaid Global Cap.
- **Cost transfers.** For SFY 2024-25, DOB is transferring $1.1 billion of DOH Medicaid costs to the Mental Hygiene Stabilization Fund (MHSF), a budgetary relief valve that shifts costs from the Global Cap to the MHSF (later repaid with General Fund resources) to offset a breach of the Medicaid Global Cap, as reported in the FY 2025 NYS Enacted Budget Financial Plan Mid-Year Update.[21]
- **Shift of payment timing.** A year-end shift of payments from one State fiscal year to the next has been utilized since SFY 2014-15. In the most recent fiscal year, $1.4 billion of State-share payments were delayed from SFY 2023-24 to SFY 2024-25.
- **Additional offsetting resources.** For SFY 2025-26, the Financial Plan notes the use of $500 million of projected revenues from the Managed Care Organization (MCO) tax to offset an otherwise $500 million breach of the Global Cap. This tactic is also projected to be necessary for SFY 2026-27.

These budgetary maneuvers and added resources seem to undermine the intention of the DOH Medicaid Global Cap. Were these maneuvers not taken, Medicaid spending would be projected to be $2.6 billion over the cap for SFY 2025-26.

For the outyears, the Medicaid Global Cap is out of balance for a combined deficit of $5.7 billion, including an additional $500 million in General Fund resources (from the MCO tax) to help offset the imbalance in SFY 2026-27. Even with these additional funds, the Medicaid Global Cap has a deficit of $904 million in SFY 2026-27. The Medicaid Global Cap deficit increases to $1.7 billion in SFY 2027-28 and further increases to $3.2 billion in SFY 2028-29.

Managed Care Organization Tax

The SFY 2024-25 Enacted Budget included a provision that would, upon federal approval, allow the State to impose a tax on MCOs providing health insurance under Medicaid. Despite the federal Centers for Medicare & Medicaid Services (CMS) writing in a letter to the State of California, which has a similar tax, that CMS intends on eliminating the tax,[22] on December 20, 2024 CMS approved the State's request for a waiver.

DOB's FY 2026 Executive Budget Financial Plan projects the receipt of approximately $5.9 billion in receipts from this tax, $3.3 billion in SFY 2025-26 and $2.6 billion in SFY 2026-27. However, DOB only projects receipts for those two years, which may be acknowledgement that the MCO tax could be prohibited if CMS follows through with amending regulations to prohibit these taxes. Figure 12 details DOB's projected use of these resources throughout the Financial Plan period.

Figure 12
Managed Care Tax Receipts and Proposed Utilization – Healthcare Stability Fund, SFY 2024-25 through SFY 2028-29
(in millions of dollars)

	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Balance	**0**	**0**	**646**	**883**	**0**
Receipts	**350**	**3,278**	**2,625**	**0**	**0**
Managed Care Tax	0	3,278	2,625	0	0
General Fund Transfer	350	0	0	0	0
Disbursements	**350**	**2,632**	**2,388**	**883**	**0**
Global Cap Deficit Offset	0	500	500	0	0
Hospitals	200	305	305	305	0
Nursing Homes	150	200	200	200	0
Physician Fee Schedule	0	50	50	50	0
Quality Pools	0	50	50	50	0
Clinics	0	10	10	10	0
Safety Net Transformation	0	300	300	268	0
State Share Tax Offsets	0	1,217	973	0	0

Source: Division of the Budget

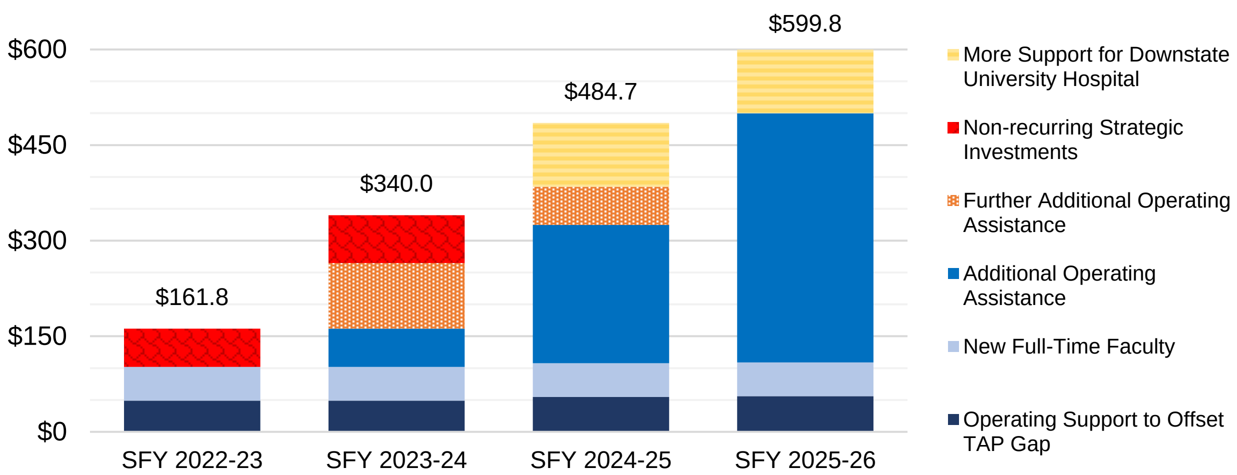
Except for the State share tax offsets, which are expenditures intended to offset the imposition of the MCO tax,[23] the rest of the proposed uses of the MCO tax revenues appear to be recurring expenses. Whether the State intends to continue these expenditures beyond SFY 2027-28 is to be determined; however, given the tenuous nature of CMS's approval of this tax, if the State were to continue to fund these expenditures, it would need to find an additional revenue source. As noted above, the Medicaid Global Cap is already facing a $3.2 billion deficit in SFY 2028-29.

Higher Education

The Executive Budget proposal includes several higher education initiatives to provide funding for schools as well as scholarships and programmatic support for students. In 2024, the Office of the State Comptroller produced reports on higher education identifying challenges to the sector as well as the economic impact of higher education on the state. A number of proposals in the Executive Budget have the potential to increase access and lower costs for a subset of students.

The State has provided increased support to the State University of New York (SUNY) and the City University of New York (CUNY) for various operational purposes over the last few years, including one-time funds for "non-recurring strategic investments"[24] and recurring funding for additional full-time faculty and tuition support.[25] Funding has also been provided since SFY 2023-24 for "additional operating assistance" at public sector four-year colleges: the Executive Budget proposes increases in these amounts of $114 million for SUNY and $96 million for CUNY. Funds would be distributed to individual colleges and universities pursuant to a plan developed by the university systems. If the Executive proposal is enacted, SUNY will receive $599.8 million, and CUNY will receive $373.5 million in operating support above what they received in SFY 2021-22.

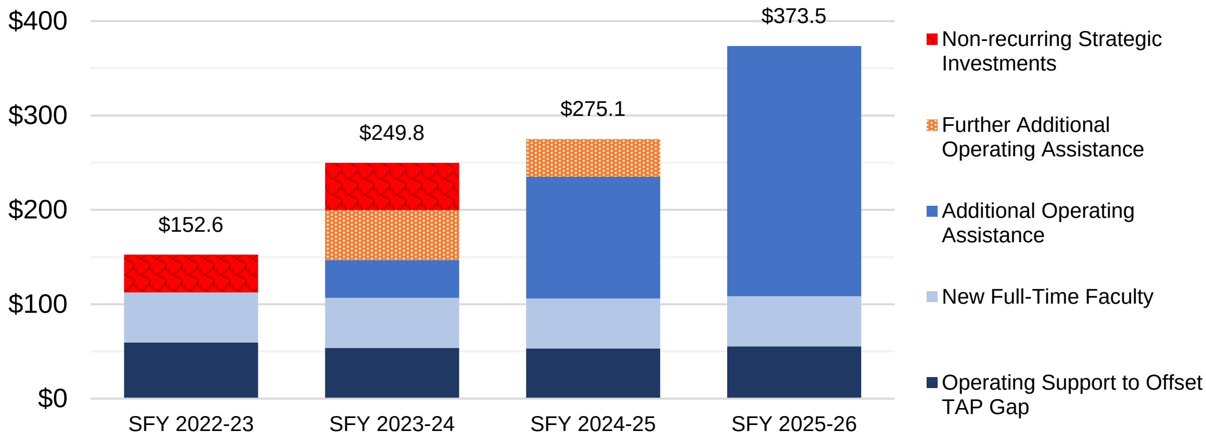
Figure 13
Additional Operating Support for SUNY, SFY 2022-23 – SFY 2025-26, as compared to SFY 2021-22
(in millions of dollars)



Note: SFY2022-23 -- SFY2024-25 Enacted Budget appropriations; SFY 2025-26 Executive Budget appropriations.

Source: Division of the Budget; Office of the NYS Comptroller analysis

Figure 14
Additional Operating Support for CUNY, SFY 2022-23 – SFY 2025-26, as compared to SFY 2021-22
(in millions of dollars)



Note: SFY2022-23 -- SFY2024-25 Enacted Budget appropriations; SFY 2025-26 Executive Budget appropriations.

Source: Division of the Budget; Office of the NYS Comptroller analysis.

Access

Through New York Opportunity Promise, the Executive Budget proposes to fund remaining costs of tuition, fees, books and supplies for students enrolled in associate degree programs in select fields that the Department of Labor is classifying as high demand, including nursing, teaching, technology and engineering, at SUNY ($28.2 million) and CUNY ($18.8 million). Eligible students would include those who: 1) are 25 to 55 years of age and do not have a postsecondary degree; and 2) apply for a Tuition Assistance Program (TAP) award and complete at least six credits per semester; among other requirements for awards. Unlike many other higher education scholarships, this award would be limited by the size of the appropriation and would not be an entitlement for qualified students. This program would begin in academic year 2025-26 and require annual submission of a report to the Executive and the Legislature on utilization; the first such report would be due by September 1, 2026.

As community college enrollment numbers have stagnated,[26] this proposal could help to increase the number of students attending community colleges and help improve the financial condition of community colleges.

The Executive Budget proposes to discontinue two current State financial aid programs for part-time students by repealing Tuition Awards for Part-Time Undergraduate Students (Aid for Part-Time Study – APTS) and New York State Part-Time Scholarship Award (PTS), and would expand the Part-Time Tuition Assistance Program (PT-TAP). Recipients' minimum required enrollment would be reduced from six to three hours or credits per semester for PT-TAP. DOB estimates that the savings achieved by ending the first two programs ($4.7 million) and costs from lowering required credit hours ($5.9 million) would result in net costs to the State of $1.2 million.

Completion

The Executive Budget proposes new funding to help students complete their degrees through Advancing Completion though Engagement and Advancing Success in Associate Pathways at SUNY ($12 million); and Accelerate, Complete, Engage and Accelerated Study in Associate Programs (ASAP) at CUNY ($8 million).[27] Funding for these programs is in addition to the existing annual $2.5 million provided for ASAP at CUNY community colleges and other funding through educational opportunity programs at SUNY, CUNY and the State Education Department that provide resources and support for disadvantaged students. The appropriations for these programs allow the systems to distribute funding between State Operated and Community Colleges at SUNY and Senior and Community Colleges at CUNY.

SUNY Hospitals

The appropriation for the three SUNY hospitals for self-generated revenue, including increased Medicaid funding for distressed hospitals, is proposed to be increased from $4.3 billion in SFY 2023-24 to $5.1 billion in SFY 2025-26, representing a $785 million increase over the current year.[28] The Executive Budget extends support for Downstate University Hospital (SUNY Downstate), continuing the current year $100 million authorization to help with the operating deficit at SUNY Downstate, providing another $100 million for SFY 2025-26, bringing the two-year total to $200 million. This is in addition to appropriations for capital purposes at SUNY Downstate in the current and upcoming year. In November, the Executive announced appointees to the community advisory board providing recommendations to advance the fiscal stability of SUNY Downstate, as required by the SFY 2024-25 Enacted Budget. Recommendations are due to the Governor and the Legislature by April 1, 2025.

Child Poverty Reduction Initiatives

In December 2021, New York State passed the Child Poverty Reduction Act, which established the State Child Poverty Reduction Advisory Council (CPRAC) and set a statewide goal to reduce child poverty by 50 percent over 10 years. CPRAC presented recommendations to the State to achieve that goal in its December 2024 Recommendations and Progress Report.[29] According to the American Community Survey, 18.6 percent of children in New York were in poverty in 2023. The Office of the State Comptroller has reported that New York's child poverty rate is among the highest in the nation. The Executive Budget includes several proposals that would facilitate reductions in child poverty.

Empire State Child Tax Credit

The Executive Budget proposes to increase the Empire State Child Tax Credit (ESCC) for tax years 2025 to 2027. The proposal would increase the credit from a minimum of $100 per child to: $1,000 per child under the age of four, $330 per child aged 4 to 16 in tax year 2025, and $500 per child aged 4 to 16 in tax years 2026 and 2027.[30] The proposal would eliminate the earned income requirement, allowing lower-income filers to receive the maximum amount. The phase-out income threshold for the full credit would remain at $110,000.[31] This proposal is estimated by DOB to decrease personal income tax revenues by $471 million in SFY 2025-26 and by $825 million in both SFY 2026-27 and SFY 2027-28.

This proposal builds upon the expansion of the ESCC enacted as part of the SFY 2023-24 Enacted Budget to include children under the age of 4, as well as the provision of one-time supplemental child tax credits included in the SFY 2024-25 Enacted Budget.[32] The inclusion of children under the age of 4, along with other policies that increased investments in childcare subsidies, increased the State's minimum wage and reformed eligibility criteria for temporary assistance, were estimated in analysis performed for CPRAC to reduce the State's child poverty rate by 7.6 percent.

The Executive Budget proposal is similar to CPRAC's secondary ESCC recommendation (a credit up to $1,000 per child ages five and under and $500 per child ages six through 17) and is projected to reduce child poverty by an additional 10 percent; however, the Executive Proposal is only temporary over three years.[33]

Child Care Subsidies

Child care assistance is another policy area that CPRAC is considering in its strategies to reduce child poverty. Analysis performed for CPRAC estimated a 7.6 percent reduction from prior policy initiatives that included expanding eligibility for child care subsidies and streamlining the application process. Using mostly one-time federal pandemic relief funds, the State has expanded eligibility for subsidies, reduced family share co-pays, stabilized existing providers and encouraged greater child care capacity. (These initiatives are detailed in the Office of the State Comptroller's recent report.) As the temporary pandemic funding has been used up, the Financial Plan indicates the State will support these initiatives with its own resources, increasing spending to more than $1.2 billion annually by the end of the Financial Plan.

The Executive Budget proposes $1 million to create a New York Coalition for Child Care that will research and propose ideas for funding child care costs moving forward; $3 million to establish a qualified pool of substitute child care workers that could alleviate the impact of staffing shortages in the industry; and $100 million in State capital funds for child care facility expansion and renovation projects, as well as allocating $10 million in federal funds to help family childcare programs pay for small renovations and repairs.

Public Assistance and Food Benefits

CPRAC also made recommendations with respect to increasing the State's "basic allowance" for individuals on temporary public assistance and establishing a new food benefit. While these were not included, the Executive Budget contains proposals that include providing additional support to postpartum parents,[34] a new birth allowance for expecting families who receive public assistance,[35] and additional measures intended to facilitate greater take-up of benefits.[36]

Targeted Local Government Assistance

The Office of the State Comptroller's report noted child poverty rates in Syracuse, Rochester and Buffalo were more than double the state average and other comparable U.S. cities.[37] The Executive Budget fully reappropriates $50 million in aid to these three cities using federal Temporary Assistance for Needy Families (TANF) funds for an anti-poverty pilot program targeted at families with children under the age of 18 living in concentrated areas of poverty. As programs are implemented under this funding, the outcomes should be closely monitored to determine whether such initiatives could be more broadly successful.

State Workforce/General State Charges

The Executive Budget estimates a net increase for the All Funds State workforce of 2,661 Full-Time Equivalents (FTEs) to 192,361 from March 31, 2025 to March 31, 2026 (excluding the Legislature and Judiciary). Targeted increases in the State workforce to improve services, increase efficiency, and enhance safety may also reduce overtime costs that have grown substantially over the last decade. Major projected FTE increases include:

- Office of Mental Health, 604, to expand certain programs in adult services and forensic services including Safe Options Support that provides psychiatric, medical and addiction services to the homeless and individuals in shelters, and Teen Mental Health First Aid that helps teens respond to mental health challenges.
- Department of Corrections and Community Supervision, 481, to provide additional staff for supervision of incarcerated individuals.
- Office of Information Technology Services, 295, to support critical systems and enhance cybersecurity efforts.
- Department of Law, 202, to increase staff across its major programs including economic justice, social justice, cannabis management and in regional offices.
- Office of General Services, 135, to create new permanent positions from temporary ones and support contract and project management.
- Office of Temporary and Disability Assistance, 116, to provide staff for the Office of Administrative Hearings and other purposes.
- Division of Human Rights, 108, to improve operations.
- Department of Agriculture and Markets, 99, to increase staff for Consumer Food Services and the State Fair (with the use of Enterprise Funds for the latter).
- Department of Civil Service, 83, to add staff within the Employee Benefits Division to address insurance fraud, program compliance and the provision of NYSHIP benefits.

The Executive Budget establishes an optional payment to replicate new State employees' first paychecks otherwise not received for 28 days due to the two-week lag in the State payroll process. The payment would be recovered within the first 14 pay periods following this payment. This option would be available to new employees in the Executive branch subject to agreement with collective negotiating units as relevant and as elected by the Legislature and Judiciary for their employees.

Capital Plan and Debt

The Executive Budget proposes a $101.1 billion five-year Capital Plan, an increase of $7 billion or 7.5 percent from the prior Enacted Capital Plan. Transportation and Transit spending, at $45.4 billion, makes up the largest component at nearly 45 percent of the total. Parks and the Environment (including spending from the Clean Water, Clean Air and Green Jobs Bond Act), Higher Education and Economic Development combined represent one-third of the plan, or $34.2 billion.

Transportation and Transit also represents the area of greatest spending growth relative to the prior Enacted Capital Plan, nearly $3.9 billion higher (a 9.3 percent increase). This reflects $1 billion of increased spending proposed for the current $34.1 billion five-year Department of Transportation (DOT) capital plan, as well as the proposed $3 billion State contribution to the Metropolitan Transit Authority's $32.7 billion 2025-2029 Capital Plan.

Figure 15
Functional Areas – Comparison of Five-Year Capital Plans
(in millions of dollars)

Functional Area	SFY 2024-25 Enacted Budget	SFY 2025-26 Executive Budget	Change $	Change %
Transportation & Transit	$41,578	$45,428	$3,850	9.3%
Parks & Environment	10,783	12,251	1,468	13.6%
Higher Education	10,706	11,384	678	6.3%
Economic Development	10,485	10,534	49	0.5%
Housing & Social Welfare	8,835	8,891	56	0.6%
Health	5,506	5,775	269	4.9%
Mental Hygiene	4,580	5,095	515	11.2%
Public Protection	3,100	3,362	262	8.5%
General Government	2,721	3,089	368	13.5%
Education	1,751	1,489	(262)	-15.0%
Other	(6,004)	(6,225)	(221)	3.7%
Total	**$94,041**	**$101,075**	**$7,034**	**7.5%**

Note: Negative figures in "Other" reflect DOB's anticipated underspending during the course of the plan.

Source: Division of the Budget

Nearly $21.2 billion in capital spending is proposed in SFY 2025-26 alone, the largest share of which is $8.9 billion for transportation and transit spending. This includes spending for the fourth year of the current five-year DOT capital plan. Economic development capital funding will grow 21 percent to $2.5 billion, reflecting new or increased authorizations of funding, including the NY Works Economic Development Fund ($400 million), revitalizing the city of Albany ($400 million, including funding for the State Museum), and the Promote Opportunity with Electric Readiness for Underdeveloped Properties Fund (POWER UP, $300 million).

Financing Sources

Spending financed by public authority bonds ("backdoor borrowing") comprises the largest share of five-year capital spending by far, at $51.2 billion or nearly 51 percent of the total. It also represents the largest increase in spending relative to the prior five-year Enacted Plan, growing by $5.4 billion or 11.8 percent. DOB expects to use State Pay-As-You-Go (PAYGO) to finance approximately $28.6 billion, or 28.3 percent of the Plan. This is an increase of $1.2 billion or 4.5 percent, relative to the prior Enacted Budget Capital Plan. Federal PAYGO of $19.6 billion is expected to comprise 19.4 percent of the Executive Budget Capital Plan, growing by $624 million or 3.3 percent. Spending financed from State General Obligation bonds is $1.6 billion, or 1.6 percent, of total spending and is expected to decline by $242 million or 12.9 percent.

Figure 16
Financing Sources – Comparison of Five-Year Capital Plans
(in millions of dollars)

Financing Source	SFY 2024-25 Enacted Budget	SFY 2025-26 Executive Budget	Change $	Change %
Authority Bonds	$45,800	$51,217	$5,417	11.8%
Federal Pay-As-You-Go (PAYGO)	18,955	19,579	624	3.3%
State PAYGO	27,408	28,643	1,235	4.5%
General Obligation Bonds	1,877	1,635	(242)	-12.9%
Total Capital Funding	**$94,041**	**$101,075**	**$7,034**	**7.5%**
Less Federal Funding	(18,955)	(19,579)	(624)	3.3%
State Capital Funding	**$75,086**	**$81,496**	**$6,410**	**8.5%**

Source: Division of the Budget

Debt Outstanding

Over the five years of the Executive Budget Capital Plan, DOB projects total State-supported debt to grow from $56.5 billion in SFY 2024-25 to $95.6 billion in SFY 2029-30, a considerable increase of $39.1 billion or 69.2 percent. The vast majority of State-supported debt outstanding has been – and is projected to continue to be – "backdoor borrowing" issued by public authorities, which circumvents the Constitutional requirement for voter approval of State debt. As of SFY 2024-25, nearly 96 percent of State-supported debt outstanding will have been issued by public authorities, primarily PIT and Sales Tax Revenue Bonds.

Debt Service

State-supported debt service costs reflect prepayments made in prior fiscal years that will lower payments annually through SFY 2028-29. These prepayment actions average over $3 billion annually, including $5.2 billion attributable to prior prepayment actions impacting the current fiscal year alone. When adjusted for these prepayment actions, debt service costs are projected to rise from $6.4 billion in SFY 2024-25 to $8.7 billion in SFY 2029-30, an increase of nearly $2.4 billion or 37.4 percent. DOB's Executive Budget Financial Plan assumes an additional $2.0 billion of prepayments to be made by the end of the current fiscal year.

Figure 17
Debt Service Spending – Adjusted for Prepayments, SFY 2024-25 – SFY 2029-30
(in millions of dollars)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Change $	Change %
Executive Budget Debt Service	$3,163	$2,318	$4,621	$5,598	$6,206	$8,735	$5,572	176.2%
Prior Prepayments	(5,195)	(2,880)	(3,060)	(2,500)	(2,000)	-		
FY 2025 Prepayment	2,000	(1,500)	-	-	(500)	-		
Total Prepayments	($3,195)	($4,380)	($3,060)	($2,500)	($2,500)	-		
Debt Service Adjusted for Prepayments	$6,358	$6,698	$7,681	$8,098	$8,706	$8,735	$2,377	37.4%

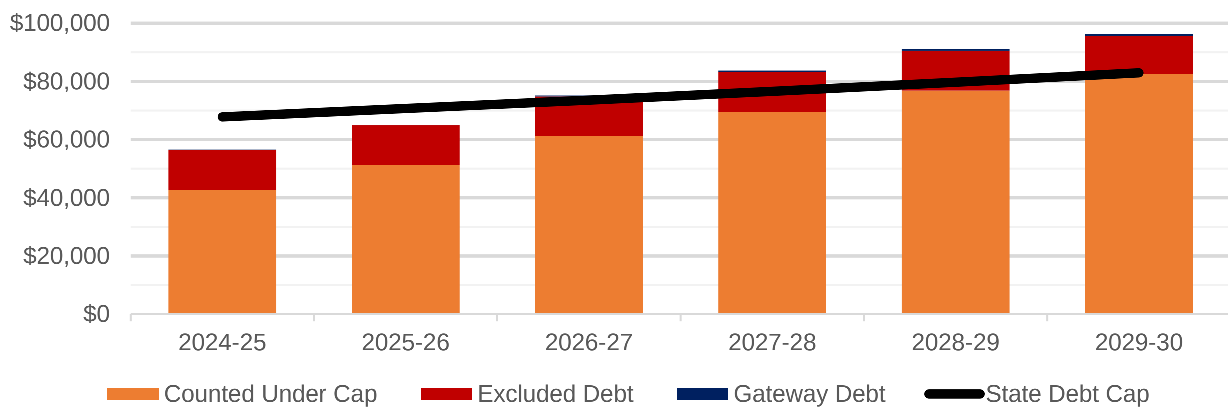
Source: Division of the Budget

State Debt Limits and Capacity

Under DOB's Executive Budget FY 2026 Financial Plan projections, remaining capacity available under the State's debt limit is projected to decline from $25.1 billion in SFY 2024-25 to only $441 million by SFY 2029-30. The statutory guardrails originally embodied in the State's Debt Reform Act cap were considerably eroded by actions in the SFY 2020-21 and 2021-22 Enacted Budgets, which excluded any debt issued during those two years (totaling about $18 billion) from the State's debt limit. Combined with debt that had been initially excluded from the Act, nearly one-quarter (24.5 percent) of total State-supported debt outstanding is excluded from the State's debt limits in SFY 2024-25 – a total of $13.8 billion. Without these debt exclusions, the State's debt limit would be breached in nearly every one of the Capital Plan's five years.

In addition, State-supported debt would be $715 million greater in SFY 2029-30 if the federal loan for the Gateway Project were included; instead, DOB continues to classify such debt as State-related.[38] When combined with other debt issued outside the cap, total State-supported debt will exceed the State's debt limit by $13.4 billion in SFY 2029-30.

Figure 18
Projected State Debt Outstanding and Debt Cap, SFY 2024-25 – SFY 2029-30
(in millions of dollars)



Source: Division of the Budget; Office of the NYS Comptroller

Additional Debt Proposals

Short-Term Cash Flow Borrowing

Despite healthy General Fund cash balances, strong reserves and no anticipated need, the Executive Budget proposes to reauthorize short-term cash flow borrowings with up to $3 billion of PIT Notes and to make this authorization permanent.

Roswell Park Flow of Funds / Defeasing Dormitory Authority of the State of New York (DASNY) DOH Debt

The Executive Budget expects to defease existing DOH revenue bonds from funds on hand at DASNY. In anticipation of this action, the Executive Budget proposes to amend statutes governing the Health Income Fund, where revenues from such DOH facilities are dedicated to the repayment of such bonds. Excess revenues after debt service requirements then flow to special revenue funds to meet the operating and other needs of the facilities. Upon such defeasance, the amendments propose to remove revenues attributable to the Roswell Park Cancer Institute from the Health Income Fund's flow of funds. Legislation enacted in 1997 created a public corporation to govern Roswell.[39] Revenues attributable to other DOH facilities will continue to flow pursuant to existing statute.

Converting Certain Bond Authorizations

The Executive Budget proposes to amend certain bond authorizations from a "gross" bond cap to a "net" cap. Effectively, this would exclude any bonds issued to finance costs of issuance or reserve funds from being counted within such capital program-specific debt authorizations. This would make such debt authorizations more consistent with the vast majority of other State-supported bond caps, which are similarly done on a net basis. Authorizations being converted from gross to net bond caps include housing capital, SUNY and CUNY educational facilities, mental health facilities, prison and youth facilities, and the Consolidated Highway Improvement Program (CHIPs).

PIT Revenue Bonds – Authorized Issuers

The Executive Budget proposes to make permanent the ability for certain authorized issuers of State PIT Revenue Bonds to issue debt for any State capital purposes that would otherwise be restricted to a single issuer. It also proposes to expand the list of such consolidated PIT bond issuers to include the Environmental Facilities Corporation (EFC) and the Housing Finance Agency. Under current law, this is limited to DASNY, Empire State Development and the Thruway Authority.

General Obligation (GO) Debt Management

The Executive Budget includes two proposals that would enable more effective management of the State's General Obligation (GO) debt portfolio. First, legislation proposes to authorize the transfer of up to $25 million from various State GO bond funds to the General Debt Service Fund for the purposes of retiring outstanding GO debt. Bond proceeds remain from several bond issuances ten or more years ago, and efforts to find approved capital projects have not produced results. Paying down existing GO debt is the best alternative use. Second, legislation also proposes to remove the 3 percent limit on the call premium that may be reserved to the State for the purposes of redeeming or refunding GO bonds prior to the date when such bonds shall be due and payable. This would permit such bonds to be redeemed or refunded pursuant to current municipal bond market conventions, providing debt service savings to State taxpayers.

Assessment and Risks

As with any projections, the Financial Plan is subject to various risks and uncertainties, which are extensive. Many of these risks are defined in the FY 2026 NYS Executive Budget Financial Plan. Our office identifies the following notable risks associated with the Executive Budget and also provides an assessment of key fiscal areas and the economic environment.

Economic and Revenue Risks

DOB's economic forecast for the nation does not differ significantly from the Blue Chip Consensus or many of the individual forecasters involved with the Consensus. Nevertheless, the predominant risks for this forecast are policies that may be implemented by the new federal administration, including those related to tariffs and the extension of the expiring provisions of the Tax Cuts and Jobs Act as well as risks from the geopolitical landscape, particularly the Russia-Ukraine war and conflicts in the Middle East.

On February 1, the Trump Administration announced tariffs on the U.S.' largest trading partners, Canada, Mexico and China.[40] While the tariffs on Canada and Mexico have been temporarily suspended, those imposed on Canada would be particularly impactful on New York, since it is the State's top trading partner. In 2023, New York exported $21.7 billion in goods to Canada and imported $22.5 billion.[41]

Inflation also continues to be a concern. After decreasing throughout most of 2024, it reversed course at the end of the year. Continued inflation, potentially exacerbated by the impact of these tariffs on the price of goods, could reduce spending power, resulting in lower consumption, the largest component of GDP.

Inflation also impacts the direction of monetary policy. While the Fed reduced the Fed Funds interest rate by 100 basis points in the second half of 2024, the recent acceleration induced the Fed to forego a rate cut at its January meeting; recent expectations for rate cuts in 2025 fell from 100 basis points to 50 basis points.[42] If inflation accelerates, the Fed could forego any additional rate cuts, instead retaining the current rates or returning to rate hikes. Not only would higher rates restrain business and residential investment but may contribute to continued volatility in the financial markets.

The changes in the labor market as well as the overall population are also a risk to the New York economy and, in turn, its revenues. According to the most recent U.S. Census estimates, while New York's population increased by nearly 130,000 people from 2023 to 2024, there were over 336,500 fewer people than in 2020. As the Office of the State Comptroller has reported, New York has suffered from net out-migration of personal income taxpayers since at least 2015, a fact with important implications for the tax base.

New York has long relied on international in-migration, with the foreign-born comprising 22.6 percent of the State's population in 2023.[43] Between 2020 and 2024, New York benefitted from the international in-migration of more than 519,000 people, offsetting much steeper losses of domestic out-migration of more than 966,000 people.[44]

Immigration has also been important for sustaining the labor force across the state. While the labor force grew steadily post-pandemic through the end of 2023, totaling 9.76 million workers, it was still well below the pre-pandemic high of 9.9 million. Throughout most of 2024, the labor force steadily declined, and the labor force participation rate remains over a percentage point lower than the nation. Foreign-born New Yorkers are enrolled in higher education at twice the rate of native-born, and are in the labor force and employed at higher rates, as well.[45] Restrictions to immigration may pose challenges for employers looking for talent, universities seeking students and communities relying on new residents to remain vibrant.

Competitive Tax Policy

The Office of the State Comptroller has underscored the need for the State to maintain a competitive tax policy. During the pandemic period, the State enacted "temporary" surcharges under both corporate franchise and personal income taxes. While the Executive Budget does not propose extending the higher corporate franchise tax rates, which are to expire at the end of 2026, it indicates plans to extend the PIT surcharges on high income taxpayers, currently set to expire at the end of 2027, until the end of 2032. Even with substantially increased revenue from the surcharge projected in SFY 2027-28, the State is reporting increased budget gaps in the outyears of the plan. In other words, the PIT rate extension will not allow the State to provide expanded or better services to New Yorkers; instead, this rate extension is channeled into maintaining existing State spending.

The PIT is the State's largest tax source, and, while taxpayers subject to the temporary top personal income tax rates comprise less than 1 percent of New York's total personal income tax filers, they accounted for 27 percent of PIT liability in 2022.[46] As a result, the behavior and type of income reported by these taxpayers can have an outsized impact on the State's finances.

These taxpayers also have more volatile incomes, particularly due to higher shares of capital gains. In 2021, the financial markets were at record levels, the S&P 500 increased on an average annual basis by 32.6 percent. Capital gains reported by these high-income taxpayers increased by 74.8 percent. Buoyed by this large income growth, the increases to the top rates resulted in additional revenues of over $5.3 billion. In this year, the taxpayers subject to the State's top tax rate accounted for 38.5 percent of PIT liability.

However, in 2022, the financial markets declined, the S&P 500 was down 3.9 percent. As capital gains reported decreased by 52.5 percent, the value of the rate increase also fell to $3.7 billion.[47] While the markets rebounded since 2022, the growth has not been without volatility; such volatility is consistently a risk for revenues in the Financial Plan.

In addition, these taxpayers are subject to some of the highest PIT rates in the nation. The State's top marginal tax rate of 10.9 percent ranks is only lower than California and Hawaii; in New York City, those with the highest incomes face the nation's highest combined tax rate at 14.87 percent.

Over time, a larger share of tax filers at income thresholds subject to the top tax rates are non-resident filers, increasing from 55.2 percent to 58.4 percent from 2020 to 2022.[48] Because the PIT is only imposed on the share of income received from New York sources, their tax liability is much less than it would be if they were residents. While the migration of taxpayers in response to tax changes remains controversial, behavior is less likely to be affected by temporary changes than permanent ones. An early extension of what was supposed to be a temporary surcharge, solidifying high tax rates for another seven years, may alter some decision making. While there were a greater number of resident millionaires between 2016 and 2022, this number fluctuates from year to year. These fluctuations, as well as any erosion of high-income resident taxpayers, could lead to the actual value of the PIT rate extension being much different than what is currently being forecasted. The impact of State policy decisions on taxpayers may also be affected by imminent federal tax changes.

Federal Budgetary and Policy Actions

The federal government influences State funding through grants, federal tax policy and spending on programs such as Medicaid, Temporary Assistance for Needy Families (TANF), Low-Income Home Energy Assistance Program (HEAP), the Supplemental Nutrition Assistance Program (SNAP) and many others. Millions of New Yorkers benefit directly from these programs.

The President has issued several executive orders with implications for federal funding, including an executive order to freeze disbursements under the Infrastructure Investment and Jobs Act and the Inflation Reduction Act.[49] As Congress works on the federal budget, there may be additional and significant changes to law and rules affecting the economy and the eligibility and the level of State funding, directly or indirectly, for any number of programs that provide support and assistance to New Yorkers. Any such changes could negatively affect the State's finances or the finances of New York households.

For example, the Tax Cuts and Jobs Act (TCJA), enacted in 2017, made changes to federal tax policy, some of which were helpful to New Yorkers, such as the increased federal child tax credit from $1,000 per child to $2,000 per child, while others, such as capping in the State and Local Tax (SALT) deduction, negatively affected many New Yorkers. Many of the provisions of the TCJA are due to expire at the end of 2025. In addition to tax policy, Congress has indicated a desire to focus on immigration and energy.

DOB's Financial Plan notes that "possible reductions in Federal assistance that support vital New York programs, including health care delivery, social services, and public safety, could negatively impact the State and New Yorkers who depend on these programs."[50] However, the Executive Budget does not include any contingency measures for any potentially adverse federal action. Instead, the Financial Plan notes that DOB will maintain the existing levels of principal reserves. In the event of federal cuts, the State may choose to cut programs or services or to increase State-sourced funding to maintain services; however, it does not have the taxing capacity to replace federal spending writ large, especially in health and social services. Furthermore, short-term use of reserves cannot solve for a restructuring of the federal-State relationship regarding key programs.

This heightened uncertainty makes it particularly important to take steps to improve the structural imbalance of the State's finances and keep spending on key services on a sustainable trajectory. Ensuring that the State's fiscal foundation is sound would go a long way in ensuring the continuity of services and assistance – without the need to use reserve funds.

Bolstering of Statutory Rainy Day Reserve Funds

The Executive Budget is prudently proposing to shift a total of $3.862 billion in funds from the "economic uncertainties" reserve to the Rainy Day Reserve Fund between SFY 2024-25 and 2027-28, which would bring the combined balance of the State's statutory rainy day reserves to $11.6 billion in SFY 2027-28. This shift was recommended by the Office of the State Comptroller, and, if implemented as planned, will mean most of the State's rainy day reserves will have the statutory protections that can ensure they are available in case of emergency. Implementing this shift from informal to formal reserves will be particularly important as spending pressures and risks to the State grow. DOB's planned use of $500 million from the "economic uncertainties" reserve for costs relating to assisting asylum seekers underscores the flexibility and ease of using these funds for other purposes, and why the statutory reserves are preferable.

The State could make further improvements to reserves. First, it could employ a more consistent approach by making monthly deposits to the statutory rainy day reserves, instead of waiting for fiscal year end.[51] Second, it could further increase the resources beyond what the Financial Plan currently reflects. While the State's principal reserves are at an all-time high and currently greater than 15 percent of State Operating Fund spending, this percentage decreases over the life of the Financial Plan as spending grows.

Growing Structural Imbalance

While the Executive Budget is balanced for SFY 2025-26, the growing out-year budget gaps and the lack of planning to address the structural imbalance are concerning. These risks are magnified in the event of a significant change in economic conditions, which would likely negatively affect tax revenues and could also result in increased utilization of social safety net services, thus increasing disbursements relative to DOB's projections.

Use of Surplus Resources

The combined surplus between the remaining months of SFY 2024-25 and the upcoming SFY 2025-26 was $5.3 billion. As noted in last year's Office of the New York State Comptroller's Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan, the use of one-time resources should be for the greatest long-term benefit, such as retiring debt outstanding or bolstering the rainy day reserves.[52] Some of these actions may also improve the State's structural balance. For example, if the $5.3 billion had been deployed towards reducing the State's long-term debt burden, it could have achieved recurring debt service savings estimated at least $300 million annually.

The State has also dedicated resources to making debt prepayments; in the past five years, these prepayments have amounted to nearly $22 billion, and they have been used largely to provide near-term savings to reduce budget gaps. These funds are equivalent to nearly 40 percent of the total State-supported debt load in SFY 2024-25, reflecting a lost opportunity for recurring debt burden relief and long-term savings that could have contributed to efforts for structural budget balance needs.

School Aid

The Foundation Aid formula, first implemented in 2007, is how most School Aid is allocated. SY 2023-24 was the first year that the formula was fully funded following years of litigation. The Enacted Budget provided funding to the Rockefeller Institute of Government (RIG) to study the Foundation Aid formula and issue a report with recommendations by December 1, 2024. The enabling legislation specified updating key metrics using recent data and fiscal sustainability for the state, local taxpayers, and school districts as a key goal. According to data from the U.S. Census Bureau, New York leads the states in per-pupil spending on education; in 2022, it spent more than $29,870.

RIG's Foundation Aid study provided an extensive review of the Foundation Aid formula and offered many recommendations to improve or update it. The Executive Budget included updates to metrics assessing student and district need that were widely acknowledged as shortcomings of the current formula; however, the overall changes proposed in the Executive Budget, including a new provision for minimum increases, do not appear to set the Foundation Aid formula on a new, more fiscally sustainable trajectory. The RIG report noted that "significant change is warranted" to the Foundation Aid formula and that improvements be made as part of a "multi-year plan," [53] although the Budget documents do not indicate whether further changes will be contemplated in future years.

As the RIG study noted, "public schools today are expected to provide significantly more student services and supports than they were 17 years ago when the state's Foundation Aid formula was developed."[54] The study provides examples, such as increased mental health and other student support services, and English as a new language classes.

Given the increased role that schools have in the community, and population shifts that have produced enrollment declines in many districts, continued efforts to amend the Foundation Aid formula to allocate the State's resources to districts with the greatest needs while providing stability for school districts planning and ensuring the State's long-term financial viability are needed.

Medicaid

Medicaid is the largest share of the State's $252.0 billion proposed SFY 2025-26 All Funds budget, comprising 41.8 percent of total disbursements, or $105.4 billion. It is increasingly becoming a larger part of the State Operating Funds budget as well as the General Fund budget. Projected spending growth in Medicaid is not due to significant increases in future enrollment, although enrollment is higher than it was before the COVID-19 pandemic. DOB is projecting a little over 7 million Medicaid enrollees at the close of SFY 2024-25, and then approximately 85,000 or 1.2 percent more enrollees through the Financial Plan period. Over this same period, total Medicaid spending is estimated to grow by $18.2 billion, or 15.7 percent, while State-share Medicaid spending is growing by $10.6 billion, or 33.9 percent.

The SFY 2026 Executive Budget Financial Plan notes: “State spending for Medicaid has tripled over the past 15 years. The growth is due to medical cost increases, enrollment remaining at elevated levels, expansion of benefits, increases to reimbursement rates, and continued growth in aging and high utilization populations.”[55]

The State has struggled to contain Medicaid costs. Between SFY 2014-15 and SFY 2024-25, State-share DOH Medicaid assistance and grants costs have grown by $13.9 billion, or 85.3 percent. While the Medicaid Global Cap was intended to be a means to control DOH Medicaid spending by giving the Commissioner of Health authority to limit Medicaid disbursements (e.g., imposing across-the-board cuts to Medicaid payments) should a breach of the cap occur, the State has avoided such cuts in recent years to “avoid adverse impacts on the health care industry.”[56] Instead, DOB has employed financial gimmicks such as moving applicable spending out of the Global Cap calculation, used General Fund resources as a one-time plug, used the Mental Hygiene Stabilization Fund as a spending relief valve, shifted the timing of Medicaid payments between fiscal years, and most recently, authorized a new tax on MCOs to support mostly recurring spending in the next three years.

All of this implies that Medicaid costs are growing at a rate that is unsustainable – certainly as it relates to the Medicaid Global Cap, but also overall. As the State’s population gets older, the medical needs of an aging population require higher-cost medical care, including long-term care; however, the Executive Budget materials do not provide additional detail on the increases in Medicaid spending beyond generalities. The lack of data and transparency preclude a nuanced understanding of changes within the Medicaid program and where there may be opportunities for efficiencies or cost-saving.

The Executive Budget does not propose new reforms to the program, but the Financial Plan notes, “The State expects to develop proposals to provide recurring savings in future budgets to ensure long-term Medicaid spending levels are sustainable.”[57]

Considering these changes is essential, because Medicaid may also be particularly vulnerable to changes coming out of Washington. It is a jointly financed federal-state partnership, with New York projected to receive $56.1 billion in federal Medicaid dollars in SFY 2024-25. New York has defined eligibility for Medicaid more broadly than many other states, and enrollment in Medicaid is second only to California. Robust public health insurance programs are one reason why New York has driven the number of uninsured down to one of the lowest rates in the nation; collectively, a little over 7 million New Yorkers are projected to be enrolled in Medicaid in SFY 2024-25. An additional 589,012 New Yorkers are covered by Child Health Plus. Also, New York is one of three states that has established a Basic Health Plan, known in New York as the Essential Plan, that in New York provides coverage to those with income up to 250 percent of the federal poverty line. Almost 1.5 million individuals are covered by the Essential Plan. In total, then, a little over 9 million New Yorkers are covered by either Medicaid, Child Health Plus, or the Essential Plan – representing approximately 46.3 percent of the State’s population (as of July 1, 2023).

In addition, New York has received federal approvals for waivers to receive additional federal funding to implement other programs, including the imposition of an MCO tax. In recognition of the potential risks, the Financial Plan includes only two years of revenues and three years of disbursements from this tax; however, most of these disbursements appear to be for recurring purposes, which may be adding to the 'fiscal cliff' in the program in later years.

A significant change in federal policy or an economic shock might result in having to make decisions quickly relating to healthcare funding; absent sufficient data or transparency, policymakers may be making these decisions without a full understanding of their immediate and long-term impact. Making prudent financial decisions and putting Medicaid spending growth on a more sustainable path is in the best interests of everyone in the state.

Sweep Authority

The Executive Budget is proposing to give DOB transfer authority, which would authorize DOB, upon request, to make transfers of up to $1 billion from certain funds into the General Fund during SFY 2025-26. This is an increase of $300 million from a similar provision included in the SFY 2024-25 Enacted Budget, which authorized DOB to make such transfers of up to $700 million; to date, DOB has not made such a transfer request. The finances for these funds generally come from specific revenue sources that are intended to be spent on specific purposes. Giving discretion for up to $1 billion in funding may provide short-term General Fund relief, but ignores structural problems with the Financial Plan. Additionally, such sweeps could potentially harm programs that rely on these specialized revenues that pay for items ranging from operations of the Department of Motor Vehicles to medical research. In SFY 2023-24, DOB requested and transferred $18 million, out of a total authorized amount of $700 million.

Debt Practices

Short-Term Borrowing

The Executive's proposal to reauthorize and make permanent short-term cash flow borrowings with up to $3 billion of PIT Notes does not serve a compelling public purpose. Given the State's strong cash position, high level of reserves, and no reasonable expectation for its use in the foreseeable future, there is no demonstrated need for this authorization.

Even if such a need were to arise, the Constitution already permits borrowing with full faith and credit-backed Tax and Revenue Anticipation Notes (TRANs) for short-term cash flow purposes. PIT Notes are a more costly form of "backdoor" public authority borrowing, which only serves to circumvent the reforms embodied in the Local Government Assistance Corporation (LGAC) Act.[58] These reforms require the Governor and Legislative leaders to certify the emergency or extraordinary factors needed before issuing lower-cost TRANs for cash flow needs.

Debt Transparency and Accountability

The Executive Budget reduces transparency and accountability by inappropriately classifying the Gateway loan as State-related debt, inconsistent with past practice for this category of debt classification.[59] The Gateway debt requires an appropriation in the State's debt service bill, and spending is assumed in the State's Financial Plan. Despite this, the Budget misleadingly portrays the Gateway debt as if it is not a part of the State's direct debt burden. By structuring the federal loan for the Gateway debt to be repaid by the State through a service contract, this utilizes a loophole in the Debt Reform Act – which only counts “bonds or notes” – to circumvent applicability of the debt limit.

These and other prior actions demonstrate how the State’s current statutory debt limits are too easily bypassed. The Office of the State Comptroller’s Roadmap for State Debt Reform showed how caps and other debt restrictions set in statute have not worked to rein in State debt or stop inappropriate borrowing practices, and offers a roadmap for comprehensive and binding constitutional State debt reform to restore accountability to State taxpayers.[60]

Metropolitan Transportation Authority

The Executive Budget is providing $8 billion in operating aid to the Metropolitan Transportation Authority (MTA), including $3.8 billion that does not flow through the State Financial Plan but is directly provided to the MTA, an increase of $138 million from SFY 2024-25.

Questions remain about the MTA’s 2025-2029 Capital Program. The Executive Budget assumes a base budget for the MTA’s 2025-2029 Capital Program of $32.7 billion ($2.3 billion less than the MTA proposal), including $14.4 billion from the federal government ($400 million more than the MTA proposal), $3 billion each from the State and from New York City ($2 billion less than the MTA proposal) and $12.3 billion from the MTA ($700 million less than the MTA proposal).

The MTA proposed a $68.4 billion capital plan; the non-Bridge and Tunnel portion was rejected by the MTA Capital Plan Review Board. Were the Executive’s plan to be taken up, $35.7 billion of capital projects would not have a defined funding source. For New York City’s share of the $3 billion, the Executive Budget authorizes the State Comptroller to divert other funds paid to New York City to the MTA if the City fails to provide its share of funding.

Procurement, Transparency and Independent Oversight

The Executive Budget yet again includes several problematic provisions that, in the aggregate, exempt a minimum of $500 million from OSC’s oversight and a competitive procurement process. There is also an additional $2.8 billion that would be distributed based on a plan that DOB approves but does not require a competitive process or objective criteria. These proposed changes reduce transparency, competition, and Office of the State Comptroller oversight over a significant amount of taxpayer supported State spending.

In addition, DOB’s FY 2026 Executive Budget Financial Plan no longer includes helpful metrics that were published with the Financial Plans relating to SFY 2024-25[61] that show SOF spending in an adjusted and unadjusted form. Previously, DOB noted that “[s]pending growth is routinely impacted by planned prepayments, timing-related transactions and reimbursements, as well as extraordinary assistance and grants. Adjusted State Operating Funds spending excludes these large transactions and prepayments, as well as the extraordinary spending and Federal offsets related to the COVID-19 pandemic.”[62] These metrics provided more transparency and a greater understanding of the State’s actual spending patterns, which have been obscured or distorted by prepayments and other financial management maneuvers.

In addition, DOB used to provide more detailed information on Medicaid spending that provided a better understanding of where and how spending occurred. For example, DOB's FY 2019 Enacted Budget Financial Plan included a breakdown of SOF DOH Medicaid spending, including the funding source, the area of spending, and a breakdown of Medicaid versus Essential Plan spending. In more recent Financial Plans, DOB has combined Essential Plan and Medicaid spending, which obscures the year-over-year analyses of spending. As it is, Medicaid spending outside of DOH can be more transparent, but the reporting trend has been moving away from more information as opposed to providing additional details that could be helpful in understanding this critical and significantly growing program.

Endnotes

[1] According to the Division of the Budget, 96,376 businesses elected to participate in the Pass-Through Entity Tax (PTET) for tax year 2024, an increase of 4,112 from tax year 2023.

[2] Note that the Division of the Budget (DOB) did not publish the gap for SFY 2028-29 in the Mid-Year Update, so this is the first time the SFY 2028-29 gap numbers are being included in a Financial Plan.

[3] Office of the New York State Comptroller, "The Case for Building New York State's Rainy Day Reserves," December 2019 (accessed January 30, 2025).

[4] $10 billion in the Rainy Day Reserve Fund and $1.6 billion in the Tax Stabilization Reserve Fund.

[5] Governor Kathy Hochul, "Governor Hochul Announces Agreement on FY 2025 State Budget" press release, April 15, 2024 (accessed January 29, 2025). Specifically, that the FY 2025 State Budget "maintains state reserves at the gold standard of 15 percent for a 'rainy day'."

[6] Percentages are on an annualized basis, U.S. Bureau of Economic Analysis, "Third Quarter and Year 2024 Estimate," (accessed January 30, 2025).

[7] Blue Chip Economic Indicators, Vol.50, No.1, January 10, 2025.

[8] Numbers are preliminary.

[9] Latest data available. Year-over-year increase from the first half of 2023.

[10] Blue Chip Consensus does not provide projections at the state level. S&P Global and DOB use different data sets in their New York forecasts resulting in some of the variation in the projections. S&P Global uses BEA's definitions of personal income and the U.S. Bureau of Labor Statistics, Current Employment Statistics for employment. DOB uses the Quarterly Census of Employment and Wages to construct its employment and wage projections.

[11] Pass-through businesses who elect to pay the PTET are required to remit their first estimated payment for the tax year on March 15. In addition, final returns relating to the previous tax year are also due by March 15. For those businesses paying under the PIT, the first estimated payment and final returns are due by April 15, shifting collections from one fiscal year into the next.

[12] DOB does not assume any collections from the creation of downstate casinos whose licenses are currently due to be awarded by December 31, 2025. Pursuant to the SFY 2023-24 Enacted Budget, all license fees for the downstate casinos will be directed to the Metropolitan Transportation Authority.

[13] Married, joint filers include widow(er)s. Income thresholds apply to NYS adjusted gross income reported by the taxpayer in tax year 2023.

[14] New York State Department of Taxation and Finance, 2022 Article 22 Personal Income Tax Population Study File.

[15] New York State Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan," page 52 (accessed January 27, 2025).

[16] Parsing the impact of changes in the Foundation Aid Formula can be dependent on order of operations. Additionally, the multiple changes made in the Executive Proposal interact, which could lead to slightly different results when trying to calculate the impact of a single change. Data comparing the Executive proposal to current law excludes seven school district that did not submit data to the State Education Department in time to be included in the November 15th school aid database.

[17] The SFY 2023-24 Enacted Budget amended the Education Law to provide, beginning in SFY 2023-24, State reimbursement to schools participating in the federal Community Eligibility Provision (CEP) Program that effectively covered the school districts' costs of school breakfasts and lunches – making all school meals free for attending students. The CEP is a program under the federal United States Department of Agriculture that provides federal reimbursement of school meals based on a formula intended to assess need, primarily based on income levels of the community. Accordingly, if a threshold need level is not met (due to the community income level), then a school district could not participate in the federal CEP program and the amendments made in the SFY 2023-24 Enacted Budget would not apply to school meal costs.

[18] New York State Education Department Community Eligibility Provision (CEP) | Child Nutrition | NYSED (accessed January 29, 2025).

[19] Local governments pay a portion of the local share of Medicaid costs with the State paying the remaining amount. The local share of Medicaid and the State takeover share of local Medicaid spending is presented by DOB as the "Local" share of Medicaid spending, even though the State is paying most of this share. Moreover, the local share is not included as part of State All Funds spending.

[20] The local share has been capped since 2015 but fluctuates due to supplemental payments made by local districts.

[21] Division of the Budget, "FY 2025 NYS Enacted Budget Financial Plan Mid-Year Update," page 28 (accessed January 24, 2025).

[22] Office of the New York State Comptroller, "Enacted Budget Report State Fiscal Year 2024-25," page 10 (accessed January 27, 2025).

[23] The Managed Care Organization (MCO) tax is a State tax imposed on MCOs (both Medicaid and non-Medicaid plans) that can be billed to Medicaid. Medicaid costs are subject to federal reimbursement, which is how the MCO tax can generate federal resources. The State is using revenues from the MCO tax to help offset the costs/taxes imposed on MCOs, which DOB is referring to as the "State share tax offsets;" this also helps to capture additional federal resources since these offsets are additional Medicaid spending.

[24] During SFYs 2022-23 and 2023-24, $193 million in funding for SUNY and $93 million for CUNY facilities. In 2023-24, hospitals were not included and transformational initiatives that supported innovation and workforce needs were emphasized.

[25] Recurring funding has also been provided since SFY 2022-23 for: 1) additional full-time faculty of $53 million each for both systems, and, 2) full reimbursement for the cost of tuition credits provided to certain Tuition Assistance Program (TAP) recipients and the increase in State support for Excelsior Scholarship recipients. The latter has varied from $49 to $60 million depending on system and year.[25]

[26] Office of the New York State Comptroller, "Higher Education in New York – Evaluating Competitiveness and Identifying Challenges," March 2024 (accessed February 3, 2025).

[27] ASAP has been studied and found to increase three-year graduation rates for participating students. See City University of New York, "ASAP Evaluation" (accessed February 3, 2025).

[28] The State University of New York (SUNY) indicates that the "requested increase in spending authority for [SFY 2025-26] is necessary given significant increase in labor costs and associated fringe benefits payments due to the workforce shortage and growing hospital volumes, and medical supplies expenses." See SUNY memorandum, dated December 17, 2024 (accessed February 3, 2025).

[29] In December 2024, Child Poverty Reduction Advisory Council recommended a package of policy proposals to meet the child poverty reduction goal in three policy areas: State tax policy, housing assistance and public benefits reform. See Child Poverty Reduction Advisory Council, "2024 Recommendations and Progress Report," (accessed January 30, 2025).

[30] Currently, the Empire State Child Credit is tied to the federal child tax credit in effect prior to the enactment of the Tax Cuts and Jobs Act (TCJA) for those less than 17 years of age and is determined as the greater of a) $100 x the number of children or b) 33% of the federal tax credit.

[31] $110,000 is the phase-out threshold for married taxpayers. The income thresholds for other filing statuses are: $75,000 – head of household or $55,000 – single. Incomes at which the credit would be fully eliminated would vary dependent upon the number of qualified children.

[32] Taxpayers were allowed additional child tax credits as follows: 100 percent of the credit claimed for tax year 2023 for those with incomes less than $10,000; 75 percent of the credit for incomes between $10,000 and $25,000; 50 percent of the credit for incomes between $25,000 and $50,000; and 25 percent of the credit for incomes over $50,000. These supplemental child tax credits were provided to eligible taxpayers starting in August 2024.

[33] Comparatively, according to figures put together by the Urban Institute, CPRAC's top ESCC recommendation – which was to increase the maximum ESCC to $1,500 per child ages 0 through 17 – was estimated to reduce child poverty by 23 percent and cost $3.2 billion annually.

[34] The Executive Budget proposes $9.5 million annually to provide postpartum boxes to new parents that contain maternal health and newborn supplies including screening tools for postpartum depression and anxiety, self-care products, diapers, blankets, and swaddles.

[35] $8.5 million annually for a new "Birth Allowance for Beginning Year" (BABY) benefit to expecting families who receive public assistance, subject to regulations to be issued, but which the Executive has indicated would provide $100 per month during pregnancy and a one-time allowance of $1,200 at birth.

[36] These proposals include (1) a data-matching process performed by the Office of Temporary and Disability Assistance (OTDA) and DOH to identify and contact families who are eligible for both Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits, but currently are not enrolled in both; and $600,000 to install self-service kiosks in high-need communities to increase access to government services.

[37] In 2023, the child poverty rates were 37 percent in Buffalo (down from 40 percent in 2022), 40 percent in Rochester (42 percent in 2022), and 48 percent in Syracuse (up from 46 percent in 2022).

[38] Traditionally, State-related debt previously reflected debt repaid from non-State sources in the first instance, where State appropriations are contingently available – but typically not expected to be needed – to make payments. This did not reflect debt where the State is contractually obligated to repay in the first instance, which is classified as State-supported debt.

[39] Chapter 5 of the Laws of 1997, which added Title 4 to Article 10-C of the Public Authorities Law.

[40] White House, "Fact Sheet: President Donald J. Trump Imposes Tariffs on Imports from Canada, Mexico and China – The White House," (accessed February 1, 2025).

[41] International Trade Administration, New York Trade and Economy Fact Sheet, 2023.

[42] Blue Chip Economic Indicators, Vol.50, No.1, January 10, 2025.

[43] U.S. Census Bureau, American Community Survey, Selected Characteristics of the Native and Foreign-Born Populations, (accessed February 4, 2025).

[44] In addition to domestic and international migration, there was a natural population increase of 124,970 between April 1, 2020 and July 1, 2024.

[45] U.S. Census Bureau, American Community Survey, One-Year Estimates for 2023, S0501: Selected Characteristics of the Native and Foreign-Born Population, (accessed February 7, 2025).

[46] NYS Department of Taxation and Finance, Personal Income Tax Population Study Files, 2020-2022, latest data available.

[47] Ibid.

[48] Includes part-year resident filers.

[49] White House, "Unleashing American Energy Executive Order," January 20, 2025, see specifically Section 7 (accessed February 4, 2025).

[50] Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan," page 8 (accessed February 4, 2025).

[51] Office of the New York State Comptroller, "The Case for Building New York State's Rainy Day Reserves," December 2019 (accessed January 30, 2025).

[52] Office of the New York State Comptroller, "Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan," page 23 (accessed January 23, 2025).

[53] Rockefeller School of Government, "A Review of New York State's Foundation Aid Education Funding Formula With Recommendations for Improvement," page 10 (accessed January 27, 2025).

[54] Ibid.

[55] Office of the New York State Comptroller, "Enacted Budget Report State Fiscal Year 2024-25," page 17 (accessed January 27, 2025).

[56] Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan," page 22 (accessed January 28, 2025).

[57] Ibid, page 15 (accessed January 27, 2025).

[58] Public Authorities Law §3241-a.

[59] The Gateway loan otherwise meets all of the criteria of being State-supported debt by a) incurring debt (albeit in the form of a loan, rather than "bonds or notes"), b) contractually obligating the State to repay such debt through a

service contract, subject to legislative appropriation, and c) being issued for a State capital purpose, New York's capital commitment share of the total project costs.

[60] Office of the New York State Comptroller, "A Roadmap for State Debt Reform," January 2023 (accessed January 30, 2025).

[61] Note that the FY 2025 NYS Enacted Budget Financial Plan First Quarterly Update, released roughly five weeks after the FY 2025 NYS Enacted Budget Financial Plan, did not contain unadjusted vs. adjusted State Operating Funds spending information.

[62] See the Division of the Budget's "FY 2025 NYS Executive Budget Financial Plan," page 7 (accessed January 30, 2025).

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