New York State Comptroller
THOMAS P. DiNAPOLI

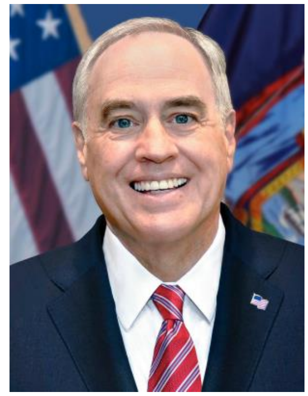
Enacted Budget Report

State Fiscal Year 2025-26

June 2025

Message from the Comptroller

June 2025



This year, budget negotiations in New York State extended through May, as policymakers debated fiscal and policy issues, including school funding and policies, the repayment of the unemployment insurance loan and measures to improve affordability. The negotiations unfolded amid a rapidly shifting federal landscape, which heightened uncertainty regarding the economy, financial markets and federal funding. The effects to date have been evident, but limited; however, there is immense concern about economic disruptions stemming from tariffs and future prospects of federal funding.

The Enacted Budget for State Fiscal Year (SFY) 2026 totals $254 billion, an increase of 5.2 percent. State Operating Funds spending would grow 9.3 percent, which makes the State's fiscal health and operations even more dependent on meeting revenue projections. Spending growth has been increasing, which has led to a growing structural imbalance as this growth is projected to outpace that of revenues. How the risks the State faces are reflected in the Enacted Budget Financial Plan for the next four years remains to be seen.

Federal funding represents more than 1 in 3 dollars in the State's budget. To date, the Executive has reported nearly $1.3 billion in cuts have already been made to State programs—not including separate actions affecting New York's local governments, universities, and nonprofits. The reconciliation bill approved by the U.S. House of Representatives indicates the State may be facing billions more in lost funding and added costs, as well as the loss of support for millions of New Yorkers who rely on federally backed safety net programs.

The Budget includes two measures that can help manage the uncertainty. Extraordinary powers have been authorized for the Budget Director to withhold or cut spending in the event of a General Fund imbalance of $2 billion or more. The Budget also includes nearly $8.8 billion in its statutory rainy day reserves, a record high, and a critical safeguard during economic downturns, emergencies, or periods of unexpected revenue shortfalls.

Over the next few months, budget management must focus on the potential for drastic changes to the fiscal picture and a potential restructuring of the federal-state relationship. To the extent possible, continuing to build reserves will be necessary. There should be a renewed emphasis on efficiency in state services, including implementing recommendations made in audits issued by my Office. Finally, the broad potential impacts of federal changes make it necessary to begin developing a strategy or articulating criteria for how the State will respond fiscally. My Office will continue to monitor the impacts of federal changes on the State's financial health.

Thomas P. DiNapoli
State Comptroller

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Budget Process

The SFY 2025-26 Enacted Budget was finalized on May 8, 2025. Late budgets can complicate planning for entities that rely on State funding for their operations, including municipalities, nonprofit service providers, and others. For example, according to the New York State Education Department, approximately 36 percent of estimated 2021-22 public education funding came from State formula aids and grants.[1] State law requires that school budget votes occur on the third Tuesday in May;[2] this year, that date was May 20th. Districts are required to hold a school budget hearing one to two weeks prior to the vote and must prepare and present to voters a proposed school district budget.[3] While some information relating to the amount of State aid schools could receive prior to the enacted budget was available, there was uncertainty relating to the exact amount, clouding the school budget picture in advance of the vote.

Article 3, Section 14 of the Constitution of the State of New York requires that no bill shall be passed without having been printed and upon the desks of the members, in final form, at least three calendar legislative days prior to final passage, unless the Governor has issued a "message of necessity" for an immediate vote. For the SFY 2025-26 Enacted Budget, nine budget bills were passed with messages of necessity; only the debt service bill was approved without one. Given the volume of information contained in the budget bills, having less than 24 hours' notice between the availability of the bills and passage by the Legislature undermines the spirit of openness and transparency codified in statute and the New York State Constitution.

Increasing information available to the public throughout budget negotiations can also increase public confidence. Section 54 of the Legislative Law requires certain information to be made available to Legislative members upon the passage of appropriation bills, including information relating to changes in disbursements and receipts including any Legislative changes relative to the Executive Budget proposal. These less formal financial plans made by Legislative staff are not immediately made available to the public, but they are instructive nonetheless and provide a preliminary framework for the State financial plan and the fiscal impact of the Enacted Budget. Making these financial plans available to the public in a more timely manner would benefit public discourse and understanding.

State Finance Law section 23 requires the Division of the Budget (DOB) to publish the Enacted Budget Financial Plan within 30 days after final action has been taken on the budget bills. DOB's financial plans provide a more detailed perspective on the State's fiscal health and show how the State intends to use available resources in the current State Fiscal Year and in subsequent outyears. However, DOB is not required to make any other information available to the public until this statutory deadline, which limits a fuller understanding of the State's fiscal health upon enactment of the budget bills. Even having a top-level analysis of spending, with a caveat that certain details may be revised, would benefit the public's understanding of the State's finances and support transparency. The Office of the State Comptroller will publish a full financial analysis of the SFY 2025-26 Enacted Budget Financial Plan and Capital Program and Financing Plan after the publication of these documents.

Growing Economic Uncertainty

Economic Uncertainty Grows as the State Budget is Negotiated

The Executive Budget was presented in January, at a time when the economic outlook was stable. At the end of 2024, the financial markets were at record highs; the S&P 500 increased by 26.7 percent in 2024.[4] The economy also continued to expand at a steady rate of 2.8 percent in 2024, just slightly lower than the 2.9 percent growth the year prior.[5]

Since January, policy changes at the federal level have been in a constant state of flux, with uncertainty growing due to the intent of, the timing of, and the response to these policies—for example, budget reconciliation and extension of the Tax Cuts and Jobs Act provisions and tariffs—and the economic responses to those changes. While the effects to date on both the national and State economies have been limited, the impacts have been difficult to predict, with growing concern about the future.

Tariffs Have Multiple Economic Impacts

One source of economic disruption has been the imposition or the threat of higher tariffs. Since the beginning of February, 28 Executive Orders and Proclamations have been issued to impose, rescind, or delay the imposition of tariffs or address international trade.[6] In response, all three equity markets had double-digit declines in April from their highs in February; however, they have since experienced growth.

Tariffs are paid by the importers of the goods or services; their economic impact can be felt in two different ways:

- Their costs being absorbed by the business, which would lower the business's ability to make investments in their workforces or capital assets; or
- Passing on their costs to the consumer in the form of higher prices.

Currently, tariffs have not yet had a broad impact on consumer prices. In April, the year-over-year increase in the Consumer Price Index was 2.3 percent, down from the 3 percent growth in January.[7] The slower growth was largely attributable to continued declines in prices for gasoline and fuel oil while those for food and other goods and services increased by 2.8 percent. Several large retailers, including Walmart, Best Buy, and Ford, have announced their intent to pass down tariffs to consumers.[8]

In addition, there was likely pre-buying and/or shipments already in progress ahead of the tariffs. According to the Bureau of Economic Analysis (BEA), imports into the U.S. increased by $17.8 billion (4.4 percent) in March due to the increase in the import of goods.[9] On the other hand, exports in March were relatively flat, increasing by just 0.2 percent. There was also a large increase in inventories in the first quarter.

However, New York has seen some impact from its largest trading partner, Canada. Average monthly truck traffic across the state's northern border was 3.4 percent higher in the first quarter of 2025 compared to the same period in 2024. In March alone, 16,540 more trucks crossed the border from February to March. However, in April, that number dropped by 15,476, a 9.4 percent drop from April 2024.[10]

Tourism Impacted by Tariffs and Immigration Policy

In the aggregate, tourism has demonstrated a marginal decline in the U.S. and in New York; however, there has been a steep decline in visitors from Canada. Through April 2025, international visitors (excluding Canada and Mexico) to the U.S. declined by 0.2 percent from the same period in 2024, a total of 10.2 million. There were 1.1 percent fewer visitors with tourism visas which comprise the largest share of international visitors (80 percent).[11] Those coming to New York totaled 1.6 million, a decline of 15,000.[12]

In January 2025, over 894,000 individuals crossed the border from Canada into New York, an increase of 6.3 percent from January 2024.[13] Since then, the number of crossings has dropped significantly. From February to April, there were just over 784,000 fewer individuals (23.5 percent) coming from Canada compared to the same period last year. These visitors provide a critical economic boost to many communities, particularly in upstate regions. In 2023, the BEA data indicate the economic impact of tourism in New York was $34 billion.[14] In addition, those industries directly associated with tourism provided over 1.1 million jobs and $51.7 billion in wages in New York in 2023.[15]

Economy Slows; Economic Forecasts Lowered

In the first quarter of 2025, the national economy contracted, with real gross domestic product (GDP) decreasing by 0.2 percent, the first such decline since the first quarter of 2022.[16] While this decline is partly due to significant growth in the imports of goods, which increased by 53.3 percent, it also reflected a slowdown in personal consumption, which was partly driven by a decline in the consumption of durable goods.[17]

While the national economy was still adding jobs through the first four months of the year, the rate of employment growth has slowed. Through April 2025, average monthly job gains were 144,000 compared to 176,000 last year.[18] For New York, the slowdown was more pronounced. There were nearly one-third fewer jobs added through April 2025 compared to the same period last year.[19]

At the beginning of the year, economic forecasters expected the national economy to grow at a slower pace, with the Blue Chip consensus projecting real GDP to increase by 2.2 percent in January and February. Since then, the economic outlook has been lowered for both this year and next (See Figure 2). In May, the projected growth for the national economy was one percentage point lower than that at the beginning of the year. In addition, inflation is projected to remain elevated and unemployment to increase.

Some forecasters believe the probability of a recession for the U.S. economy also increased over the last four months. In February, Blue Chip consensus had a 25 percent probability for a recession over the next 12 months; by May, that probability increased to 47 percent.

Figure 2
U.S. Economic Projections, Blue Chip Consensus, 2025 and 2026

U.S. ECONOMIC INDICATORS Annual Percentages					
2025					
	January	February	March	April	May
Real GDP	2.2	2.2	2.0	1.4	1.2
Consumer Price Index	2.5	2.7	2.9	3.3	3.2
Unemployment Rate	4.3	4.3	4.2	4.4	4.4
2026					
	January	February	March	April	May
Real GDP	2.0	2.0	1.9	1.4	1.3
Consumer Price Index	2.6	2.6	2.7	2.9	3.0
Unemployment Rate	4.2	4.2	4.3	4.7	4.7

Sources: Blue Chip Economic Indicators, January – May 2025

In addition, after decreasing the Federal Funds rate by 100 basis points in the fourth quarter of 2024, expectations were for an additional rate cut of 25 basis points in March; rates to be decreased in 2025 by a total of 63 basis points.[20] However, at its meetings in March and May, the Federal Open Market Committee (the Fed) maintained interest rates at their current levels. While the most recent projections are still for the Fed to reduce rates, consensus is for such cuts to occur later in the year at a slightly lower amount of 60 basis points.[21]

Revenue Actions

The SFY 2025-26 Enacted Budget Financial Plan has not yet been released, but some revenue information is available based on DOB projections from the Executive Budget Financial Plan, as well as DOB's estimates for revenue actions included in the Enacted Budget. Based on this information, All Funds revenues for SFY 2026 are projected to total $248.9 billion, a decline of $120.7 million or less than half of a percentage point from the prior year. The change is primarily attributable to a projected increase in bond proceeds to support capital spending offset by reductions to projected federal receipts, stemming from the expiration of pandemic assistance.

Figure 3
All Funds Revenue, SFY 2024 – SFY 2026
(dollars in millions)

	SFY 2023-24	SFY 2024-25		SFY 2025-26	
	Actual	Actual	Percent Change	Projected	Percent Change
Personal Income Tax	$ 53,840.1	$ 61,201.8	13.7%	$ 60,931.0	-0.4%
Consumption/Use Taxes	$ 21,865.6	$ 22,350.0	2.2%	$ 23,226.0	3.9%
Business Taxes	$ 27,694.2	$ 31,372.3	13.3%	$ 30,131.0	-4.0%
Other Taxes	$ 3,047.6	$ 2,587.6	-15.1%	$ 2,750.0	6.3%
Total All Funds Taxes	**$ 106,447.5**	**$ 117,511.7**	**10.4%**	**$ 117,038.0**	**-0.4%**
Miscellaneous Receipts	$ 33,755.1	$ 34,761.6	3.0%	$ 38,736.0	11.4%
Federal Receipts	$ 94,275.7	$ 96,712.4	2.6%	$ 93,091.0	-3.7%
Total All Funds Revenue	**$ 234,478.3**	**$ 248,985.7**	**6.2%**	**$ 248,865.0**	**0.0%**

Note: SFY 2025-26 amounts are Division of the Budget projections included in the FY 2026 Executive Budget Financial Plan, adjusted for provisions included in the Enacted Budget.

SFY 2025-26 All Funds tax collections are projected to decrease by $474 million, or less than 1 percent, to $117.0 billion. Personal Income Tax (PIT) collections are projected to decline year over year, as projected growth is offset by two significant tax policy changes.

1. The Enacted Budget provides an inflation refund credit for resident PIT filers with incomes less than $300,000 for married, joint filers or $150,000 for all other filers.[22] This credit, which is only available for tax year 2025, is as shown in Figure 4, and is projected to reduce revenues by $2.2 billion in the current year.

Figure 4
Inflation Refund Credit by Filing Status

Filing Status	Income Level	Credit Amount
Married, Joint	Less than $150,000	$400
	$150,000 - $300,000	$300
All Others	Less than $75,000	$200
	$75,000 - $150,000	$150

2. For tax years 2025 to 2027, the Empire State Child Tax Credit will be increased to $1,000 per child for children under the age of 4. For children aged 4 to 16, the credit will be $330 per child in tax year 2025, increasing to $500 per child in tax years 2026 and 2027. Taxpayers with incomes of $110,000 or less will be allowed to claim the full amount; the credit will phase out for incomes over the threshold.[23]

For tax year 2026, the PIT rates for taxpayers with incomes less than $323,000 will be reduced by one-tenth of a percentage point.[24] Rates will be permanently reduced by another one-tenth of a percentage point in tax year 2027. See Appendix A for PIT rates by filing status.

As a result of these changes, revenue collections are estimated to decrease by a net of $1.2 billion in SFY 2026-27 and $997 million in SFY 2028. For subsequent fiscal years, enacted changes are estimated to result in a net increase in collections, by $1.4 billion and $3.7 billion in SFYs 2028-29 and 2029-30, respectively. This increase is due mainly to the extension of the higher PIT rates on high-income taxpayers from December 31, 2027 to December 31, 2032.

The Enacted Budget also includes provisions amending the Metropolitan Commuter Transportation Mobility Tax. Since receipts from the tax are deposited directly with the MTA, these provisions have no impact on State revenues.

Uncertainty May Affect Revenue Collections

One month into the new fiscal year, State tax collections have exceeded expectations; however, the upside in collections is largely based on last year's economic strength. Tax collections in April totaled $13.1 billion, $2.2 billion (20.2 percent) higher than those in April 2024; nearly three-quarters of these collections were from the PIT. Of these PIT receipts, a net of $4.3 billion (44.6 percent) was related to annual filings for the 2024 tax year which were 57.8 percent higher than net collections from tax year 2023 tax filings.[25]

The projected acceleration in inflation, due in part to the impact of tariffs on prices, may affect State sales tax collections. While higher prices would result in increased collections, the reduction in the buying power of the consumer due to the increase would have an offsetting impact. As noted, personal consumption experienced a slowdown in the first quarter.

The decline in tourism would also negatively impact New York's revenues, not only through lower sales taxes received from hotel stays, restaurant meals, and souvenir purchases but also from income tax received by workers in the leisure and hospitality industry. Since the beginning of the year, there were 11,200 fewer jobs in the industry.[26]

Changes in the financial markets affect asset income, such as capital gains and dividends, which are largely concentrated at higher income levels. Because higher incomes are subject to higher tax rates, State revenues are highly susceptible to the volatility on Wall Street.[27] In addition, New York relies on the compensation paid to Wall Street employees. With an increase of 34 percent in bonuses paid in this industry, the State collected $600 million in additional revenues.[28] However, with the volatility in the financial market since February, such bonuses are projected to fall by up to 10 percent.[29]

Initial Changes to Federal Revenues

Federal funding is a significant part of New York State's Budget: In SFY 2024-25, federal receipts totaled $96.7 billion, 38.8 percent of receipts in the State's budget. A range of State services and programs rely on federal funding, although the greatest share of federal receipts – an estimated 87 percent in SFY 2025-26 – supports health and human services programs. The Office of the State Comptroller launched an [online resource]() that details federal funding in the budget and for the safety net in New York State.

After the Executive Budget was published, the Trump Administration swiftly released numerous Executive Orders; implemented changes to federal government operations and workforce; and took other administrative actions with the intent to pause or eliminate staffing or funding for various programs. However, these actions have not produced consistent outcomes. Some 'pauses' or 'freezes' ended with funding restored; in other cases, funding was ultimately terminated. Other actions are being litigated, with the outcome still to be determined.

The President released his initial discretionary funding request on May 2nd, which proposes codifying or deepening funding cuts in areas such as clean energy and the environment. Additionally, after New York's Enacted Budget was completed, the House of Representatives voted narrowly on May 22nd to approve a [reconciliation bill]() with significant changes to federal taxes and mandatory spending; if adopted by the Senate, this bill will have significant fiscal and service impacts on New York, which are discussed in greater detail in later sections of this report.

In short, many important questions remain unresolved; however, New York State has already experienced some economic and fiscal impacts, and future actions may have broader and deeper consequences. On April 29th, prior to the adoption of the Budget, the Governor reported that $1.3 billion in cuts had already been made to State programs—not including separate actions affecting New York's local governments, universities, and nonprofits. Some of the announced reductions included $325 million in resiliency funding, $79 million in SUNY research grants, and $24 million for assistance to food banks and farmers.[30]

Other federal actions that have already been taken with important effects include terminations of more than 1,200 federal workers who live in New York;[31] elimination of federal staff for the Low Income Home Energy Assistance Program, which provides assistance for heating and cooling costs; and attempted termination of federal approval of congestion pricing in New York City's business district. The latter continues to be litigated as of this writing in early June 2025.

Major Spending and Policy Actions

The Budget was negotiated under the steady drumbeat of announcements by the Trump Administration and clamor of Congressional negotiations, as well as the rising tide of economic uncertainty. Though these threats to State revenues were acknowledged throughout negotiations, the Enacted Budget nevertheless sharply increased spending.

While detailed spending projections are not yet available, DOB has reported that projected All Funds spending will total $254 billion in SFY 2025-26,[32] which would be an increase of $12.5 billion (5.2 percent) from $241.5 billion in SFY 2024-2025.[33] Based on materials published by the Assembly Ways and Means Committee on May 14th, State Operating Funds (SOF) will reportedly total $146.1 billion, an increase of 9.3 percent from SFY 2024-25.

The SFY 2025-26 Enacted Budget continues a recent trend of significant growth in spending. Between SFY 2019-20, before the COVID-19 pandemic affected State spending, and SFY 2024-2025, SOF spending grew 4.6 percent annually on average – more than double the pre-pandemic period, and slightly greater than inflation in this period.[34] The Big 2 in State spending – School Aid and Medicaid – are the most significant drivers of these increases.

Figure 5
Average Annual Growth Rate Comparison
(dollars in millions)

	SFY 14-15 Actuals	SFY 19-20 Actuals	SFY 14-15 to SFY 19-20 $ Change	SFY 14-15 to SFY 19-20 % Change	Average Annual Growth Rate
General Fund (incl. Transfers)	$ 62,856	$ 77,469	$ 14,613	23.2%	3.5%
State Operating Funds	$ 92,426	$ 102,159	$ 9,733	10.5%	1.7%
All Funds	$ 143,891	$ 172,980	$ 29,089	20.2%	3.1%

	SFY 19-20 Actuals	SFY 24-25 Actuals	SFY 19-20 to SFY 24-25 $ Change	SFY 19-20 to SFY 24-25 % Change	Average Annual Growth Rate
General Fund (incl. Transfers)	$ 77,469	$ 108,676	$ 31,207	40.3%	5.8%
State Operating Funds	$ 102,159	$ 133,653	$ 31,494	30.8%	4.6%
All Funds	$ 172,980	$ 241,471	$ 68,492	39.6%	5.7%

Source: Office of the State Comptroller

School Aid

The SFY 2025-26 Enacted Budget provides $37.4 billion in School Aid on a School Year (SY) basis, an increase of $209 million (0.6 percent) over the Executive Budget and $1.7 billion (4.9 percent) over SY 2025. The increase over the Executive Budget proposal is due to changes made to Foundation Aid ($119.2 million), Special Services Aid ($45.9 million), Charter School Transitional Aid ($25.8 million), as well as updated data submissions from school districts between the Executive and Enacted Budgets.[35]

Foundation Aid

The SFY 2025-26 Executive Budget provided a one-year, 2 percent Foundation Aid (FA) increase for all school districts and made permanent changes to the FA Formula including:

- Replacing the 2000 Census poverty rate with the most recent three years of Census Small Area Income and Poverty Estimates;
- Replacing the free- and reduced-price lunch count with a count of certain economically disadvantaged data (e.g., enrollment in Supplemental Nutrition Assistance Program, Home Energy Assistance Program, Temporary Assistance for Needy Families, etc.);
- Modifying one of the four tiers of the State Sharing Ratio to enhance the level of aid given to certain school districts; and
- Increasing the maximum state sharing ratio from 0.91 to 0.93.

The Enacted Budget made several additional changes which increase FA funding by $119.2 million, impact 200 school districts, and include:

- Further modifying the State Sharing Ratio, costing approximately $47.9 million[36] and impacting 93 districts;
- Increasing the weighting for English Language Learners (ELL) within the Pupil Need Index from 0.50 to 0.53, costing approximately $51.5 million and impacting 158 districts; and
- Removing Westchester County from the Hudson Valley Region for purposes of the Regional Cost Index (RCI) and increasing the RCI for Westchester County, costing approximately $19.5 million and impacting 20 school districts.

As shown in Figure 6, $64.1 million (53.7 percent) of the benefits of these changes went to high-need districts, mostly due to the change made to the ELL weighting. Changes to the State Sharing Ratio predominantly aided average need districts, with $37.7 million (78.8 percent) out of $47.9 million accruing to these districts.

Figure 6
Enacted Budget Changes Impact by Need Resource Category
(dollars in millions)

	Regional Cost Index	English Language Learner	State Sharing Ratio	Total Changes from Executive*
New York City	$0.0	$30.2	$0.0	$30.2
Big 4	$8.4	$5.1	$5.6	$19.3
Urban-Suburban HN	$4.8	$8.2	$0.8	$13.8
Rural HN	$0.0	$0.4	$0.3	$0.7
Total High Need	*$13.2*	*$43.9*	*$6.7*	*$64.1*
Average Need	$3.8	$6.5	$37.7	$48.0
Low Need	$2.5	$1.1	$3.4	$7.1
Total	**$19.5**	**$51.5**	**$47.9**	**$119.2**

Notes: Costs of each individual component will not add to the total because these changes interact with each other, resulting in a small additional cost. The Big 4 are comprised of the Buffalo, Rochester, Syracuse, and Yonkers City School Districts.

Source: New York State Education Department, Office of the State Comptroller analysis

Funding for Career and Technical Education and Shared Services

Boards of Cooperative Educational Services, or BOCES, provide shared services for school districts,[37] most prominently career and technical education programs. Beginning in SY 2027 and continuing through SY 2029, the amount of a BOCES teacher's salary that would be eligible for State reimbursement would increase from the current level of $30,000 to $60,000. This will increase State costs while lowering the cost for school districts to access BOCES services and is the first increase in this amount since 1990. The New York State Assembly Ways and Means Committee estimated that the increase in the reimbursable salary cap from $30,000 to $40,000, which would occur in SY 2027, would cost $57.9 million on a School Year basis.[38]

Special Services Aid funds career education programs, computer services, and enhanced academic services for the districts which are not a part of a BOCES.[39] The Enacted Budget increases the subsidy and expands the subsidy to include ninth graders (in addition to 10th to 12th graders) in the calculation for State funding, beginning in SY 2026. This change increases Special Services funding by $45.9 million, with $32.3 million of this increase going to New York City, $7.5 million going to the Big 4 City School Districts, and $4.1 million going to other school districts.

Charter School Transitional Aid

Charter School Transitional Aid provides funding to school districts outside of New York City with a growing number of students attending charter schools.[40] The Enacted Budget includes language creating an alternate methodology to determine funding for districts outside of the Big 4 City School Districts. Districts with greater than 20 percent of total enrolled students attending charter schools would be eligible for this funding. In SY 2026 only three school districts receive additional funding as a result of this change, for a total of $25.8 million.

Other Notable Education Changes

The Enacted Budget allows school districts to apply for an additional extension to temporarily waive the requirement to purchase zero emissions school buses.

Other notable Executive proposals that were part of the Enacted Budget include:

- Appropriating $340 million, $160 million more than last year to provide funding for schools to provide breakfast and lunch to all students.
- Requiring school districts, charter schools, and BOCES to adopt policies to prohibit the use of smartphones and other internet-enabled devices during the school day by August 1, 2025. The Enacted Budget includes $13.5 million in funding to help school districts implement this provision.

Medicaid

The Enacted Budget appropriates $109.6 billion for Medicaid in the Department of Health's (DOH) budget for SFY 2025-26, which is an increase of $7.7 billion (7.6 percent) from the prior year and $1.7 billion (1.6 percent) over the Executive Budget proposal. In the FY 2026 NYS Executive Budget Financial Plan, DOB indicated that spending from all sources for Medicaid would total $123.8 billion in SFY 2025-26, which would be an increase of $8.2 billion (7.1 percent) from the estimates for SFY 2024-25. Both are inclusive of DOB's projected Medicaid enrollment increase of only 29,668 individuals (0.4 percent), which is consistent with prior years in which Medicaid costs are significantly outpacing the changes in enrollment.

The Enacted Budget also effectuates the Managed Care Organization (MCO) tax first authorized in the SFY 2024-25 Enacted Budget by establishing tax rates for certain health care plans on a per member, per month basis, with revenues being deposited into the Healthcare Stability Fund. The Executive Budget Financial Plan noted that these "investments and funding are dependent on successful execution of the MCO tax transaction, *which is dependent on continued Federal support"* (emphasis added).[41] Recognizing the risk inherent in this new tax, the Executive Budget Financial Plan included receipts only in two years, and disbursements over three. DOB projects $5.9 billion in receipts in SFYs 2026 and 2027, with disbursements through SFYs 2026 through 2028. The funding would be used mostly for recurring expenses, with $1.5 billion for hospitals and nursing homes.

Shortly after the budget was enacted, both regulatory changes and statutory changes (see Section 44132 in particular) were introduced that put the reliability of these resources in question, even for the short time period for which they are included in the Financial Plan.

Unemployment Insurance

The SFY 2025-26 Enacted Budget allows for the transfer of up to $8 billion from the General Fund to the Enterprise Fund, Unemployment Insurance Benefit Fund for the purpose of repaying the State's outstanding advance with the federal Unemployment Trust Fund from increased claims during the COVID-19 pandemic. As of May 22, 2025, this balance was $4.5 billion.[42]

If New York State eliminates its entire advance by November 10, 2025 and there are no new advances outstanding as of this date, as intended with this transfer of funds, then New York employers' federal Unemployment Insurance taxes will decrease for wages paid in 2025. The effective federal unemployment insurance tax rate for New York employers will decrease from 1.5 percent for 2024 to an effective federal tax rate of 0.6 percent for 2025. As of 2021, total state tax rates also have been at their highest levels, ranging from 2.1 to 9.9 percent, depending on employers' experience in the unemployment insurance system.[43] As the condition of the state's unemployment insurance fund improves, these rates will also go down. Such increases over the last several years have been a burden for small businesses, as noted in several reports released by the Comptroller's office.

Also, as proposed in the Executive Budget, $250 million is transferred from the General Fund to the Enterprise Fund, Unemployment Insurance Benefit Fund, Interest Assessment Account for the payment of annual interest accrued on the State's outstanding advance with the federal Unemployment Trust Fund by September 30, 2025. This cost is normally paid by New York employers. In 2022, 2023 and 2024 combined, employers paid about $450 million total for this purpose. The State will pay these interest costs in 2025 and had paid these costs in 2021.[44]

Upon the transfer of funds for the repayment of New York's outstanding advance,[45] the maximum weekly benefit amount for unemployment insurance will increase as of the first Monday of October 2025 to $869 from $504 where it has been frozen since 2019 due to insolvency in the State's trust fund. After that, per existing law, on the first Monday of October annually, the maximum benefit rate will adjust to 50 percent of the State's average weekly wage but will not be reduced from the previous year.

In addition, as of January 1, 2026, and for following years on this date, the wage base used for employers' state unemployment insurance taxation will be set at an amount not to exceed 18 percent of the state's average annual wage. In former law, this level was 16 percent. The calculation of average annual wage for this purpose was modified by the SFY 2025-26 Enacted Budget to use the four most recent quarters of published New York State Quarterly Census of Employment and Wages data.

Other Items of Note

In addition to these major programs and initiatives, other major budgetary actions included:

- A $3 billion State contribution to the Metropolitan Transit Authority's (MTA) 2025-29 capital program, in addition to adjustments made to the Payroll Mobility Tax.
- $2.2 billion in funding for child care subsidies, including $350 million in additional funding for New York City, and $50 million for the rest of the state. New York City would be required to increase its maintenance of effort from $52.9 million to $328 million. In addition, $100 million in capital funding was provided to either expand or build new child care centers.
- $1.5 billion in new capital funds to increase the State's housing supply and $50 million for the Housing Access Voucher Program (HAVP), a new pilot program to aid unhoused individuals or individuals who are at risk of losing their homes.
- $1 billion in capital funding for environmental projects, which includes: $450 million for greenhouse gas reduction retrofits in buildings, $200 million for renewable projects, $100 million for the purchase or conversion of zero-emission school buses, and $100 million for electric vehicle charging projects.
- A human services cost-of-living increase of 2.6 percent, which is estimated to cost approximately $262.6 million.
- $159 million in additional support to the Medical Indemnity Fund, to allow the fund to continue to enroll new participants.
- Expanding access to community college by providing $28.2 million to SUNY and $18.8 million to CUNY to fund the remaining costs of tuition, fees, books and supplies for students who are 25 to 55 years of age, do not have a post-secondary degree and are enrolled in high-demand associate degree programs.

Navigating the Uncertainty

Growing Fiscal Pressures

Recent reports by the Office of the State Comptroller have highlighted the State's structural imbalance, caused by projections of spending growth being higher than projected increases in revenues. As noted, spending growth has been increasing relative to prior periods, and is projected to grow sharply this year, which makes the State's fiscal health even more dependent on meeting revenue projections.

Both the growing economic uncertainty and scale of changes being contemplated in Washington are factors that can undermine the revenue forecast. While the Enacted Budget did not include any significant cost containment measures or present a strategy for addressing federal cuts, how these risks are reflected in the Enacted Budget Financial Plan for the next four years remains to be seen. Both the Executive and Legislative leaders have acknowledged the course of action in Washington may require them to convene a special session; based on the bill approved by the U.S. House of Representatives, the stakes are very high for New York. The Budget includes two measures that can help manage the uncertainty – reserve funds and the authorization of extraordinary powers – but more should be done to stabilize the State's finances.

Extraordinary Budget Powers

One contingency measure included in the Enacted Budget was language that authorizes the Director of the Division of the Budget ("Budget Director") to withhold appropriated funding if any quarterly financial plan update shows an imbalance of $2 billion or more without considering the depletion of the transaction risk reserve.[46] The last time similar powers were authorized was during the COVID-19 pandemic. Like then, the Budget Director would have to provide notice to the Legislature of which payments would be withheld, at which point the Legislature would have 10 days to come up with an alternative plan. In the absence of an alternative Legislative plan, the Budget Director's plan would go into effect. The following programs would be excluded from any withholding:

- Public assistance payments;
- Reductions that would violate State law;
- Payments of debt service and related expenses; and
- Payments the State is obligated to make pursuant to court orders or judgements.

The authorization allows for up to $2 billion of shortfall to be accommodated by the transaction risk reserve (an informal reserve within the General Fund) before the proposed withholding can occur. The trigger for such an action is based on quarterly financial plan updates, or at any point in the last quarter of the fiscal year. Should there be a need for the Budget Director to propose withholding, any likely cuts or withholding would need to be announced and implemented quickly, presenting difficulties for recipients expecting to receive State funding and potentially challenges for transparent budgeting. Particularly for programs that rely heavily on State funding, the prospect of facing mid-year cuts or withholding may lead some entities to preemptively tighten their belts, pending more certainty of the availability of State funding. This also has the potential to affect State services.

Rainy Day Reserve Funds

The importance of reserve funds has long been highlighted by the Office of the State Comptroller, and, in recent years, the State has increased its reserves to record highs. Reserve funds, especially statutory reserves, are crucial because they provide a financial safety net during economic downturns, emergencies, or periods of unexpected revenue shortfalls. In absence of robust reserves, difficult decisions relating to cutting essential services or raising taxes may be required with the onset of fiscal difficulties.

At the end of SFY 2024-25, the State had nearly $8.8 billion in its statutory rainy day reserves (the Tax Stabilization and Rainy Day Reserve Funds). In the FY 2026 NYS Executive Budget Financial Plan, DOB projected that the State would also have $12.8 billion of non-statutory funds set aside for “economic uncertainties” at the close of SFY 2024-25. The combined amount represented more than 16 percent of projected State Operating Funds spending, above the 15 percent metric the Executive has presented as a target.

The transfer of funds to pay the balance on the State’s outstanding advance with the federal Unemployment Trust Fund appears to draw on General Fund balance; it is unclear whether some portion of funds set aside for “economic uncertainties” were used. If so, the combined amount of these reserves would fall below the Executive’s 15 percent goal. It is unclear how such a transfer would alter the plans presented in the Executive Budget to continue to shift reliance from the fund for economic uncertainties to the statutory rainy day reserves by transferring $1.0 billion in SFY 2025-26, $1.0 billion in SFY 2026-27, and $862 million in SFY 2027-28 to the Rainy Day Reserve Fund. While economic conditions allow, increases to the State’s statutory reserve funds should continue, which will put State finances in a stronger position to face economic headwinds.

Potential Restructuring of Federal-State Relationship

Subsequent to the enactment of the State Budget, the magnitude of potential federal funding and statutory changes came into stark relief, as the House of Representatives passed a reconciliation bill. The bill is now being considered in the Senate. Any Senate amendments would need to be approved by the House.

The House reconciliation bill enacts substantial changes to taxes; federal spending and investments; eligibility for, and financing of, critical safety net programs; and raises the federal debt ceiling by $4 trillion dollars. The range of proposals covered by the bill includes healthcare, agriculture and nutritional assistance, energy and the environment, infrastructure, student loans and defense and homeland security. The proposals all take effect at different times – some of the proposals do not take effect until as late as 2029, while others are effective immediately.

The tax changes included in the House bill largely target the personal income tax provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) that are due to sunset at the end of the year and make them permanent law. These include the lower tax rates, increased standard deduction, elimination of the personal exemption, and changes to certain itemized deductions and the Alternative Minimum Tax (AMT). The bill does expand certain provisions, such as increasing the cap on the itemized deduction for state and local taxes paid (SALT) and increasing the child tax credit to $2,500 per child, while adding new ones: deductions for overtime pay, tip income, seniors, and interest on car loans as well as allowing non-itemizers to deduct charitable contributions. Most of the new provisions would be temporary, expiring on December 31, 2028.

Making the tax provisions enacted as part of the TCJA permanent would not impact New York tax revenues, as these provisions were previously de-coupled in New York State Tax Law. However, other new provisions could potentially reduce revenues should no action be taken by the State.[47] In addition, while the State had de-coupled from the SALT cap, the House bill eliminates the SALT deduction for pass-through businesses, rendering the State's Pass-Through Entity Tax (PTET) or Employer Compensation Expense Tax (ECET) useless as a tool to reduce New York's taxpayers' federal tax burden.

A central concern is the potential reduction in funding for and eligibility changes to Medicaid, which would result in a loss of federal funding and an increase in the number of uninsured. Currently, New York receives substantial federal support for its Medicaid program, which covers approximately 50 percent of traditional Medicaid costs as well as 90 percent for the Medicaid expansion population. Significant provisions in the House reconciliation bill include:

- The imposition of requirements for able-bodied adults 19 to 64 years of age without dependents to work at least 80 hours per month or perform alternative activities such as community service, effective December 31, 2026. States would be required to verify compliance with this provision semi-annually.
- The reduction of federal support to states that expanded Medicaid under the Affordable Care Act (ACA) by 10 percentage points for states that allow undocumented immigrants access to Medicaid or another state-based health program. Currently, Medicaid is available to undocumented immigrants in New York (1) over age 65; and (2) to all others on an emergency basis only. New York funds the Medicaid benefit for undocumented senior citizens with State dollars, as it is impermissible to use federal dollars; this proposed change would penalize the State for this policy choice. The Executive estimates this change would cost the State $924 million.
- Prohibiting federal financial participation under Medicaid and the Children's Health Insurance Program (CHIP) for individuals without verified citizenship, nationality, or satisfactory immigration status.

- Freezing states' taxes on providers at current rates and prohibiting the creation of new taxes. In addition, states would not be able to levy more than 6 percent of a provider's income.
- Modifying the provisions that allowed New York to establish the MCO tax.
- Enhancing administrative responsibilities, including 6-month eligibility redeterminations for expansion populations and for meeting work requirements; and other measures intended to prevent deceased, nonresidents and otherwise ineligible individuals from enrollment.

In addition, the House reconciliation bill would limit access to health insurance premium credits to only those who are U.S. citizens, legal immigrants or immigrants from Cuba, excluding those granted asylum, parole, under temporary protected status, or granted deferred action from accessing federally subsidized health benefits through the ACA. This would have a particular impact on the Essential Plan, which relies on these credits, as well as some qualified health plans on NY State of Health.

According to the Executive, the impacts of these changes on New York would be far-reaching. An analysis from DOH indicates that as of May 18, 2025, the proposed federal changes could result in estimated lost federal funding of $10.1 billion and new State-funded Medicaid costs of $3.3 billion, for a combined fiscal effect totaling almost $13.5 billion. These costs are a combination of reduced federal reimbursements, shifting costs from the federal government to the State, or lost federal support due to changes in eligibility. The analysis also identified an impact on the hospital sector of $1.4 billion, mostly from additional uncompensated care (because of lost insurance coverage) and reduced payment rates, which could affect the provision of care and employment in local communities.

The Executive estimates the proposal would result in a shift in enrollment of 506,000 from the EP to State-supported Medicaid, and would increase the total amount of uninsured in the state by 1.5 million. New York has one of the lowest uninsured rates in the nation (4.8 percent in 2023, according to the U.S. Census Bureau); if these projections are accurate, the number of uninsured would grow by more than 150 percent, rising from approximately 938,000 to 2.4 million.

In the aggregate, these changes would result in increased State expenditures or a change in the level of services and/or reimbursements, potentially impacting the more than 7 million New Yorkers who rely on Medicaid, 1.6 million people on the EP, and the healthcare industry in New York.

Another significant safety net program where the federal government is poised to make changes that would both limit eligibility and benefits, as well as push costs down to the State, is nutritional assistance. In January 2025, nearly 3 million New Yorkers depended on the Supplemental Nutrition Assistance Program (SNAP). Under the House reconciliation bill, states would be required to contribute between 5 and 25 percent of SNAP program costs depending on the State's payment error rate beginning in FFY 2028. New York's 2023 error rate was higher than the national average, and would translate to a 25 percent share, which the Office of the State Comptroller estimates could cost the State an estimated $1.8 billion. In addition, the state share of administrative costs would increase from 50 to 75 percent, resulting in the loss of approximately $233 million, for a total of more than $2 billion in potential additional costs.

The bill would also limit SNAP to citizens or lawful permanent residents and expand work requirements for able-bodied adults without dependents to ages 18 to 64. The Urban Institute estimates that these requirements would lead to the 298,000 people in New York losing some or all SNAP benefits. State requests for waivers to work requirements would be more strictly limited to counties with unemployment rates greater than 10% and could only be valid for 12 months. Currently, all counties in New York except Saratoga benefit from a waiver of work requirements through February 28, 2026. Changes to eligibility determinations based on SNAP and restrictions on recalculations to food benefits would also have implications. In the aggregate, these changes may increase food insecurity and place additional strain on local food banks and community resources.

Finally, the House reconciliation bill portends major impacts for support for the clean energy transition, and for climate and resiliency programs. The bill would eliminate unobligated funding from many Inflation Reduction Act (IRA) grant programs effective upon the date the final bill would be signed by the President. As detailed by the Office of the State Comptroller, New York State agencies and authorities have been awarded approximately $2 billion in IRA grants. Funding to New York that is considered obligated, or under contract, would not be subject to this change. The bill also would repeal energy investment tax credits which, according to the Executive, would have a $25 billion impact on the State, increasing the cost of transitioning to clean energy.[48]

Other credits geared toward clean energy production and investment would be terminated for facilities that have not begun construction within 60 days of legislative enactment, or for facilities not placed in service on or before December 31, 2028. The amendments also terminate credits for advanced nuclear facilities that are not under construction on or before December 31, 2028. Transfer of clean energy tax credits by eligible parties to third parties, an arrangement commonly used to secure financing, is disallowed.

The bill also terminates tax credits for clean energy vehicles, alternative fuel vehicle refueling property, energy efficiency home improvements, clean energy property, such as solar, wind, and geothermal equipment, and clean energy production. More than 189,000 New Yorker filers have claimed $374 million worth of benefits from the IRA Residential Clean Energy (RCEC) and Energy Efficient Home Improvement (EEHI) tax credits, which would be repealed after Tax Year 2025. Repealing these credits may slow the nation's clean energy transition or make it more costly for consumers and businesses to adopt these technologies.

Looking Ahead

Actions that have already occurred at the federal level paired with potential Congressional action may mean New York will see challenges to the newly enacted State budget in the coming months. Lost revenues caused by economic disruptions, the potential devolution of federal costs to the states, the outsized targeting of Medicaid for federal savings, the threatened withholding of federal education funding, and policies that would reduce future or cut previously promised infrastructure funding could all have negative impacts on the State's budget, as well as cause a loss of benefits to New Yorkers.

While State leaders have prudently acted to increase rainy day reserves over a number of years, these reserves can only provide a temporary buffer in difficult times. Long-term structural reform will be necessary if the fundamental relationship between the federal government and the State changes for safety net programs that have traditionally – and appropriately – been funded by the federal government. In addition to these added costs, cutbacks to other categorical aid may also force difficult decisions about State revenue and spending priorities and levels of service and benefits offered across all areas of the State budget.

Over the next few months, budget management must focus both on the current year and on the potential for drastic changes to the fiscal picture in the outyears. First, to the extent possible, continuing to build reserves, both formal and informal, will be needed; the Comptroller has long advocated for monthly deposits to the statutory rainy day reserve funds, instead of year-end deposits. Considering the strong, positive variance in tax collections for the first month of the fiscal year, and the strong General Fund balance, allocating at least some funding to reserves on a monthly basis would be prudent.

Second, there should be a renewed emphasis on efficient service delivery. Recommendations issued by the Office of the State Comptroller through its audits identify actions that can help improve internal controls, save money and enhance effectiveness. Focusing on such improvements now is essential; in some cases, it may also reduce the impact on the State from projected federal cuts. For example, State action to reduce the SNAP payment error rate prior to the implementation of the new federal requirement for cost sharing in federal fiscal year 2028 could potentially save hundreds of millions of dollars. Improving controls for the Medicaid program will also be essential.

Third, while the Executive has stated accurately that the State does not have the capacity to backfill all federal cuts, the broad potential impact to the State's economy and residents makes it necessary to begin developing a strategy or articulating criteria for how the State will respond fiscally.

The House reconciliation bill is likely to be amended by the Senate; however, the areas of greatest potential impact have been made clear. In particular, new and extensive limitations placed on Medicaid funding sources would require action to contain costs in the program, which have grown rapidly, and ensure its fiscal sustainability. Given the importance of Medicaid to providing health care coverage across the state – Medicaid covered at least 25 percent of residents in 36 counties – and significant local share of funding that supports the program, it is essential to begin planning and engaging with stakeholders to determine what the path forward looks like.

Federal reductions will have real impacts on the people in the State, whether it is the food or medical care they can afford or even the level of care that hospitals provide. The indirect impacts on the State may include fewer jobs in the healthcare, agricultural, and retail sectors. In addition, the traditional role of New York as net donor state may be exacerbated, as billions of dollars of federal funding may no longer flow to the state. It is imperative that the State begins the work to restructure State spending now, in a thoughtful, transparent manner; delaying this process will limit the options available and intensify pressures.

Appendix A

Personal Income Tax Rates by Filing Status and Income Level

Filing Status	2025		2026		2027		2033	
	Taxable Income	Tax Rate	Taxable Income	Tax Rate	Taxable Income	Tax Rate	Taxable Income	Tax Rate
Single	Less than $8,500	4%	Less than $8,500	3.90%	Less than $8,500	3.80%	Less than $8,500	3.90%
	$8,500 - $11,700	4.50%	$8,500 - $11,700	4.40%	$8,500 - $11,700	4.30%	$8,500 - $11,700	4.40%
	$11,700 - $13,900	5.25%	$11,700 - $13,900	5.15%	$11,700 - $13,900	5.05%	$11,700 - $13,900	5.15%
	$13,900 - $80,650	5.50%	$13,900 - $80,650	5.40%	$13,900 - $80,650	5.30%	$13,900 - $80,650	5.40%
	$80,650 - $215,400	6.00%	$80,650 - $215,400	5.90%	$80,650 - $215,400	5.80%	$80,650 - $215,400	5.90%
	$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%
	$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%		
Head of Household	Less than $12,800	4%	Less than $12,800	3.90%	Less than $12,800	3.80%	Less than $12,800	3.90%
	$12,800 - $17,650	4.50%	$12,800 - $17,650	4.40%	$12,800 - $17,650	4.30%	$12,800 - $17,650	4.40%
	$17,650 - $20,900	5.25%	$17,650 - $20,900	5.15%	$17,650 - $20,900	5.05%	$17,650 - $20,900	5.15%
	20,900 - $107,650	5.50%	20,900 - $107,650	5.40%	20,900 - $107,650	5.30%	20,900 - $107,650	5.40%
	$107,650 - $269,300	6%	$107,650 - $269,300	5.90%	$107,650 - $269,300	5.80%	$107,650 - $269,300	5.90%
	$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%
	$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%		
Married, Joint	Less than $17,150	4%	Less than $17,150	3.90%	Less than $17,150	3.80%	Less than $17,150	3.90%
	$17,150 - $23,600	4.50%	$17,150 - $23,600	4.40%	$17,150 - $23,600	4.30%	$17,150 - $23,600	4.40%
	$23,600 - $27,900	5.25%	$23,600 - $27,900	5.15%	$23,600 - $27,900	5.05%	$23,600 - $27,900	5.15%
	$27,900 - $161,550	5.50%	$27,900 - $161,550	5.40%	$27,900 - $161,550	5.30%	$27,900 - $161,550	5.40%
	$161,550 - 323,200	6%	$161,550 - 323,200	5.90%	$161,550 - 323,200	5.80%	$161,550 - 323,200	5.90%
	$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%
	$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%		

Sources: New York State Tax Law, S.3009-C/A.3009-C

Endnotes

[1] New York State Education Department, "State Aid to Schools – A Primer," March 2024, page 2 (accessed May 12, 2025).

[2] New York State Education Law §2202(1). Note that a school district can apply for and, upon certification by the Commissioner of Education, move its budget vote to the second Tuesday in May if there is a conflict with a religion observance, as per that same statute.

[3] Ibid.

[4] S&P Global, U.S. Economic Outlook Tables, May 2025.

[5] As measured by the change in the Real Gross Domestic Product, U.S. Bureau of Economic Analysis, Gross Domestic Product.

[6] National Archives, Federal Register, accessed on May 27, 2025

[7] U.S. Bureau of Labor Statistics, Consumer Price Index (accessed May 20, 2025).

[8] Auzinea Bacon, "These companies will raise prices because of Trump's tariffs," CNN, May 24, 2025, https://www.cnn.com/2025/05/24/business/companies-raise-prices-trump-tariffs.

[9] U.S. Bureau of Economic Analysis, U.S. International Trade in Goods and Services, March 2025 (accessed Mary 21, 2025).

[10] U.S. Customs and Border Protection, Traveler and Conveyance Statistics (accessed May 21, 2025).

[11] YTD April 2025 compared to YTD April 2024. International Trade Administration, International Visitor Arrivals Program - ADIS I-94 (accessed May 21, 2025).

[12] Ibid.

[13] U.S. Customs and Border Protection, Traveler and Conveyance Statistics (accessed on May 21, 2025). Travelers that request entry into the U.S. on foot (pedestrians) or via passenger vehicles.

[14] Office of the New York State Comptroller, Welcome Back to New York, An Analysis of Post-Pandemic Travel, July 2024.

[15] Ibid.

[16] U.S. Bureau of Economic Analysis, Gross Domestic Product, 1st Quarter 2025 (accessed May 29, 2025).

[17] Personal consumption comprises the largest share of GDP. It grew by 1.8 percent in the first quarter, a deceleration from the 4 percent increase in the final quarter of 2024. In addition, the consumption of durable goods, such as motor vehicles, furniture, and large appliances, decreased by 3.4 percent.

[18] U.S. Bureau of Labor Statistics, Current Employment Statistics (accessed May 20, 2025).

[19] New York State Department of Labor, Current Employment Statistics (accessed May 19, 2025).

[20] Blue Chip Economic Indicators, January 2025.

[21] Blue Chip Economic Indicators, May 2025.

[22] Surviving spouses (widows or widowers) are included with married, joint filers. Income thresholds are those related to tax year 2023.

[23] For married, joint filers only. Income threshold for single, head of household, or surviving spouse filers is $75,000; for married, separate filers, $55,000.

[24] Income threshold for married, joint filers and surviving spouses. Income levels for single, head of household, or married, separate filers are lower.

[25] Withholding tax collections under the PIT were 15.6 percent higher than in April 2024 due, in part, to the shift of a collection day from May into April. April 2025 benefitted from an additional Wednesday, typically the largest day for withholding collections, compared to last year.

[26] New York State Department of Labor, Current Employment Statistics (accessed May 19, 2025).

[27] See Office of the NYS Comptroller, Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan, for changes in net capital gains.

[28] Office of the State Comptroller, *DiNapoli: Wall Street Bonus Pool Reaches Record High of $47.5 Billion in 2024*, March 26, 2025. In 2022, Wall Street profits declined 56 percent; bonuses declined by 21 percent that year

[29] Johnson Associates, *Financial Services Compensation, First Quarter Trends and Year-End Projections*, May 8, 2025 (accessed May 20, 2025).

[30] Governor Kathy Hochul, press release, 100 Days of Turmoil: Governor Hochul Marks Trump's Impacts on New York State, April 29, 2025, (accessed 5/27/2025).

[31] Office of Governor Kathy Hochul, "100 Days of Turmoil: Governor Hochul Marks Trump's Impacts on New York State," April 29, 2025 (accessed June 5, 2025).

[32] Office of Governor Kathy Hochul, "Governor Hochul Announces Agreement on FY 2026 State Budget" April 29, 2025 (accessed May 16, 2025).

[33] Actuals for SFY 2024-25 (i.e., $241.5 billion) are based on the Comptroller's Monthly Report on State Funds Cash Basis of Accounting – March 2025 issued by the Office of the State Comptroller on April 15, 2025.

[34] Inflation averaged 4.4 percent annually, based on CPI-U from March 2020 through March 2025.

[35] Notably, due to updated data submissions from school districts between the Executive and Enacted Budgets, Foundation Aid decreased by almost $35 million, even after accounting for these modifications to the formula.

[36] Costs of each, individual component will not add to the total because these changes interact with each other, resulting in a small additional cost.

[37] Division of the Budget, "Description of 2025-26 New York State Executive Budget Recommendations for Elementary and Secondary Education," page 5 (accessed May 12, 2025).

[38] New York State Assembly Ways and Means Committee, "Summary of the Assembly Recommended Changes to the Executive Budget," page 34-2 (accessed May 12, 2025).

[39] Division of the Budget, "Description of 2025-26 New York State Executive Budget Recommendations for Elementary and Secondary Education," page 5 (accessed May 12, 2025).

[40] Districts must also have greater than 2 percent of their students attending charter schools or greater than 2 percent of their General Fund expenditures must be going to pay charter school tuition costs in order to qualify for aid.

[41] New York State Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan," page 12 (accessed May 20, 2025).

[42] U.S. Department of the Treasury, FiscalData.Treasury.gov, "Advances to State Unemployment Funds (Social Security Act Title XII)", May 22, 2025 (accessed May 27, 2025).

[43] New York State Department of Labor, "Unemployment Insurance Rate Information/Current 2025 Employer Contribution Rate" (accessed May 27, 2025).

[44] Interest paid in 2022, 2023 and 2024 included approximately one-quarter of the interest accrued during federal fiscal year 2021, when the State paid one-quarter of interest due for that year, or about $3.4 million of $13.5 million due, because it met requirements for high insured unemployment rate interest deferral. See the U.S. Treasury's Advances to State Unemployment Funds (Social Security Act Title XII) (accessed May 15, 2025) and the U.S. Department of Labor's State Unemployment Insurance Trust Fund Solvency Report 2024 (accessed May 15, 2025).

[45] See Section 4 of Part KK of Chapter 56 of the Laws of 2025.

[46] The transaction risk reserve is an informal reserve balance that DOB sets aside each year of the Financial Plan. As of the FY 2026 NYS Executive Budget Financial Plan, the amount of the reserve level for each year was $2 billion.

[47] See Office of the New York State Comptroller, Federal Income Tax Provisions Under the Tax Cuts and Jobs Acts, April 2025.

[48] Office of Governor Kathy Hochul, "Governor Hochul's Letter to Senate GOP Leader: The 'Big Ugly' Reconciliation Bill Will Devastate New York Families," June 6, 2025 (accessed June 6, 2025).

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