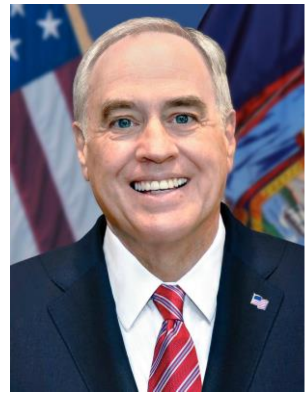
New York State Comptroller
THOMAS P. DiNAPOLI

Report on the State Fiscal Year 2027 Executive Budget

February 2026

Message from the Comptroller

February 2026



The Executive Budget for State Fiscal Year 2027 comes at a time of unusual fiscal uncertainty, primarily stemming from federal actions that are injecting uncertainty into the economy and disrupting the federal-state fiscal relationship.

The Financial Plan released by the Division of the Budget shows how the first year of the new federal administration has impacted the State's finances. The changes will not only result in lost funding and increased costs for the State, but also the loss of health coverage and nutritional assistance for hundreds of thousands of New Yorkers. While New York proudly had one of the lowest rates of uninsured in the nation thanks to robust public health insurance options, it now faces the potential winding down of the State's Essential Plan, which was expanded two years ago to provide affordable healthcare coverage to additional New Yorkers. The general message from Washington has been that its continued support for longstanding commitments, like health and social welfare benefits, can no longer be counted on.

Economic strength in the past year, particularly on Wall Street, has allowed the State to balance its budget and project a surplus that is being used to fund new priorities, like expanded investments in child care, but also accommodate spending on major budgetary items– like Medicaid and School Aid– that New Yorkers rely on. But the trajectory of State spending has been steep, and is projected to continue to increase faster than inflation and projected revenues. As a result, the Division of the Budget projects cumulative budget gaps of $27.5 billion between State Fiscal Years 2028 and 2030. Policymakers must recognize that the risks presenting challenges to the State's economy and finances may exacerbate these gaps further, and should exercise caution as they approach budget negotiations.

Certain provisions proposed in the Executive Budget would limit the Office of the State Comptroller's oversight of certain contracts, which my Office estimates would exempt a minimum of $4 billion from our oversight and from a competitive process. Eliminating these checks on the process would limit transparency and remove important protections for taxpayers. Our mission is to promote accountability, improve performance and build public trust in all levels of New York government.

As budget negotiations proceed, policymakers should be cognizant of the unique challenges facing our state. We are New Yorkers, and we will succeed together, regardless of what comes our way.

Thomas P. DiNapoli
State Comptroller

Table of Contents

Financial Plan Overview

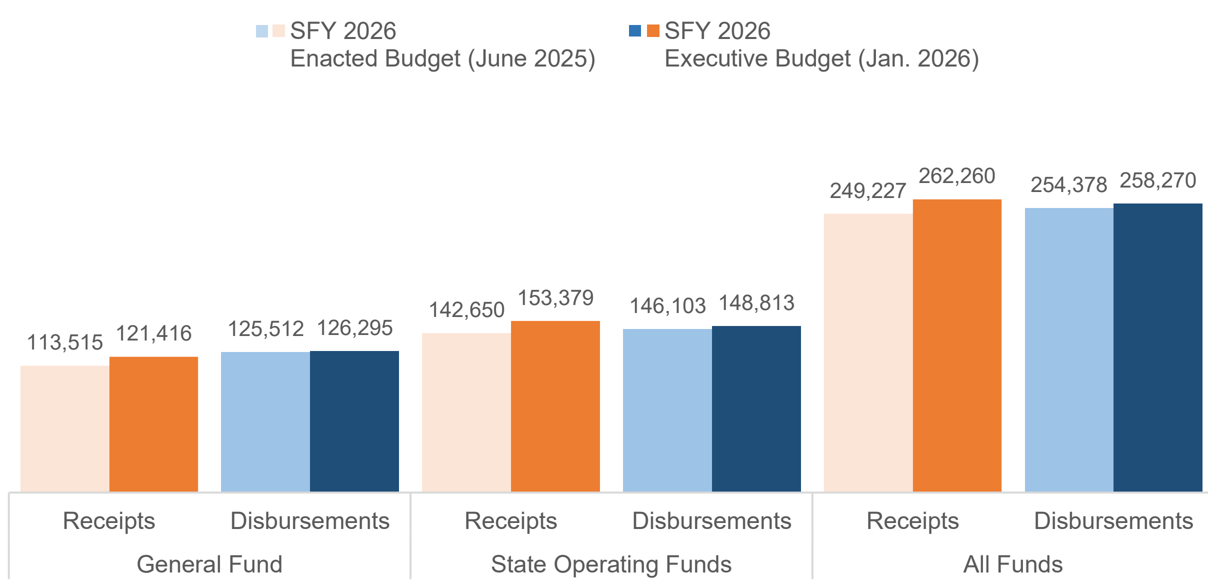
This report details provisions of the New York State Fiscal Year (SFY) 2027 Executive Budget proposal submitted on January 20, 2026. As of the time of publication, the Division of the Budget (DOB) has not released 30-Day Amendments to the Executive Budget.

State Fiscal Year 2026

When DOB released the FY 2026 NYS Enacted Budget Financial Plan on June 13, 2025, the U.S. Congress was negotiating legislation that was ultimately enacted a few weeks later. The enactment of Public Law 119-21 (P.L. 119-21) has deep fiscal implications for the states, particularly in the provision of healthcare and other social safety net supports. However, through three quarters of the fiscal year, SFY 2026 is projected by DOB to end with a budget surplus, as indicated in the FY 2027 NYS Executive Budget Financial Plan released on January 20, 2026.

Figure 1 shows how DOB's projections for receipts and disbursements have changed in the seven months between these two Financial Plans for the three most common fund type measures, the General Fund, State Operating Funds and All Funds. While disbursements are running slightly above initial projections, receipts – particularly tax receipts – have come in much higher than DOB originally projected.

Figure 1
State Fiscal Year 2026 Receipts and Disbursement, June 2025 vs. January 2026 Financial Plan Projections by the Division of the Budget
(in millions of dollars)



Source: Division of the Budget

DOB estimates All Funds receipts for SFY 2026 will total $262.3 billion, an increase of $13.3 billion (5.3 percent) from SFY 2025. Tax collections are estimated to total $125.2 billion, an increase of $7.7 billion (6.5 percent), reflecting continued economic expansion during 2025, as well as strong anticipated growth in financial sector bonuses paid in the final quarter of SFY 2026.

Miscellaneous receipts are expected to increase by $5.2 billion (15.0 percent), largely reflecting growth in bond receipts. While licenses have been awarded for the three downstate casinos, no revenue is included in the Financial Plan from these casinos, as DOB does not anticipate downstate casinos being operational until 2030.[1]

Updated DOB projections show All Funds spending, including spending from federal funds, will total $258.3 billion in SFY 2026, an increase of $16.8 billion (7.0 percent) from SFY 2025. The largest dollar growth is in Department of Health (DOH) Medicaid, which is projected to grow by $8.2 billion (9.8 percent) in SFY 2026; when adding in Other State Agency (OSA) Medicaid spending, which is projected to grow by $2.3 billion (62.0 percent),[2] the combined year-over-year growth in all agency Medicaid spending is $10.5 billion (12.0 percent) in SFY 2026.

The Essential Plan is also showing high year-over-year growth of $1.7 billion (13.7 percent). However, the changes resulting from P.L. 119-21 that affect eligibility for the Essential Plan will cause a shift in overall healthcare coverage and spending, as discussed later in this report.

Figure 2
All Funds Spending, SFY 2025 and SFY 2026
(in millions of dollars)

All Funds	**SFY 2025 Actual**	**SFY 2026 Estimate**	**Growth ($)**	**Growth (%)**
Assistance and Grants	190,093	201,531	11,438	*6.0%*
DOH Medicaid	*83,803*	*92,038*	*8,235*	*9.8%*
OSA Medicaid	*3,650*	*5,912*	*2,263*	*62.0%*
Essential Plan	*12,361*	*14,057*	*1,696*	*13.7%*
School Aid	*42,916*	*40,654*	*(2,262)*	*-5.3%*
All Other	*47,363*	*48,869*	*1,506*	*3.2%*
State Operations	27,182	29,597	2,415	8.9%
General State Charges	10,861	12,134	1,273	11.7%
Debt Service	3,776	4,246	470	12.4%
Capital Projects	9,559	10,762	1,203	12.6%
Total Disbursements	**241,471**	**258,270**	**16,798**	**7.0%**

Note: DOH Medicaid Assistance and Grants amounts include spending on DOH Medicaid Administration.

Source: Division of the Budget

All Funds School Aid spending is projected to decrease in SFY 2026, primarily due to the lapsing of pandemic relief funding that augmented SFY 2025 School Aid spending by almost $4.0 billion; absent such extraordinary funding, School Aid would have a SFY 2026 growth rate of approximately $1.7 billion (4.3 percent) year-over-year.

Budget Surplus

Relative to DOB's Mid-Year Update, which showed a balanced SFY 2026 and SFY 2027 projected with a General Fund deficit of $4.2 billion, DOB's FY 2027 Executive Budget Financial Plan forecasts a current-year General Fund surplus of $2.4 billion and a surplus of $3.5 billion for SFY 2027 – a swing of approximately $10 billion to the upside for the two SFYs – due primarily to increases in tax receipt projections.

DOB's Financial Plan proposes to utilize this projected surplus fully. While some of these excess resources are planned to support one-time costs, such as outyear debt prepayments and offsetting outyear deficits, about $2.5 billion is for Executive Budget spending proposals, some of which may include recurring spending.

State Fiscal Year 2027

DOB's FY 2027 Executive Budget Financial Plan projects All Funds receipts to total $251.4 billion in the upcoming fiscal year, a decline of $10.9 billion (4.1 percent), largely due to an expected decline in federal receipts. Federal receipts, which constitute over one-third of revenues in SFY 2027, are projected to decline by $10.6 billion (10.9 percent) to $86.5 billion, resulting primarily from expected decreases in federal support for the State's Essential Plan.

All Funds tax receipts are projected to total $127.6 billion, an increase of $2.4 billion (1.9 percent) from SFY 2026. Along with economic growth, the increase is also due to continued growth in personal income tax collections – specifically, from settlement payments associated with the filing of tax year 2025 personal income tax returns. The projected growth is partially offset by the proposals in the Executive Budget that would decrease collections, particularly the shift of the opt-in deadline for the Pass-Through Entity Tax, as discussed on page 13.

Miscellaneous receipts are expected to total $37.3 billion, a decrease of $2.7 billion (6.8 percent), reflecting continued declines in investment income from lower interest rates and available balances, lower abandoned property receipts, as well as the absence of Managed Care Organization (MCO) tax collections that were not projected to continue in SFY 2027.[3] Previous Financial Plans had assumed the State could collect and use MCO revenues over a three-year period;[4] however, federal statutory and regulatory changes to limit these types of taxes led the State to reduce its expectations for tax collections to five fiscal quarters. However, on January 29, 2026, the federal Centers for Medicare and Medicaid Services (CMS) issued a final rule relating to MCO taxes that extends New York's MCO tax collections through the end of calendar year 2026. This allows the State to collect an additional three quarters of the levy, well into SFY 2027.[5] The change underscores both the frequency and unpredictability with which federal policy and guidance have changed in recent periods.

All Funds spending is projected to total $260.0 billion, an increase of $1.7 billion (0.7 percent) over DOB's SFY 2026 estimates. This modest growth rate is a result of how changes made by P.L 119-21 affected the State's funding for the Essential Plan. In effect, the significant decrease in Essential Plan disbursements – projected to be $10.8 billion (77.1 percent) less in SFY 2027 – offset other projected increases in spending, as shown in Figure 3. Excluding the Essential Plan for both SFYs, projections of year-over-year spending would increase by $12.6 billion (5.2 percent) in SFY 2027.

Figure 3
All Funds Spending Projections, SFY 2026 to SFY 2027
(in millions of dollars)

All Funds	SFY 2026 Estimate	SFY 2027 Projection	Growth ($)	Growth (%)
Assistance and Grants	201,531	200,511	(1,020)	-0.5%
DOH Medicaid	*92,038*	*98,823*	*6,784*	*7.4%*
OSA Medicaid	*5,912*	*6,293*	*381*	*6.4%*
Essential Plan	*14,057*	*3,213*	*(10,844)*	*-77.1%*
School Aid	*40,654*	*41,999*	*1,345*	*3.3%*
All Other	*48,869*	*50,183*	*1,314*	*2.7%*
State Operations	29,597	31,061	1,464	4.9%
General State Charges	12,134	12,806	672	5.5%
Debt Service	4,246	3,675	(571)	-13.4%
Capital Projects	10,762	11,950	1,189	11.0%
Total Disbursements	**258,270**	**260,004**	**1,734**	**0.7%**

Note: DOH Medicaid Assistance and Grants amounts include spending on DOH Medicaid Administration.

Sources: Division of the Budget, Office of the State Comptroller analysis

General Fund Spending

In SFY 2027, State Operating Funds (SOF) spending is expected to grow by $8.6 billion (5.7 percent). General Fund (including transfers to other funds) spending is expected to grow by $537 million (0.4 percent); taking out the $7.1 billion repayment of the outstanding federal Unemployment Insurance (UI) balance made in SFY 2026, General Fund growth would be $7.6 billion (6.4 percent).

General Fund spending growth is driven primarily by increased Assistance and Grants payments of $6.2 billion (7.5 percent), particularly in Medicaid, which is projected to grow by $2.6 billion (8.2 percent) on an all-agency basis, and in School Aid, which will grow by $1.6 billion (5.2 percent) from SFY 2026.

Figure 4
General Fund (Including Transfers) Spending Projections, SFY 2026 to SFY 2027
(in millions of dollars)

General Fund	**SFY 2026 Estimate**	**SFY 2027 Projection**	**Growth (dollars)**	**Growth (percent)**
Assistance and Grants	83,382	89,631	6,249	7.5%
DOH Medicaid	*26,095*	*28,341*	*2,247*	*8.6%*
OSA Medicaid	*5,912*	*6,293*	*381*	*6.4%*
Essential Plan	*18*	*18*	*0*	*0.0%*
School Aid	*31,730*	*33,376*	*1,646*	*5.2%*
All Other	*19,627*	*21,603*	*1,976*	*10.1%*
State Operations	15,886	16,655	769	4.8%
General State Charges	10,204	10,978	775	7.6%
Transfers from Other Funds	16,823	9,567	(7,256)	-43.1%
Total Disbursements	**126,295**	**126,832**	**537**	**0.4%**
Total Receipts	**121,416**	**121,937**	**521**	**0.4%**

Notes: DOH Medicaid Assistance and Grants amounts include spending on DOH Medicaid Administration. Transfers from Other Funds include transfers for Debt Service, Capital Projects, SUNY Operations, and Other Purposes.

Sources: Division of the Budget, Office of the State Comptroller analysis

Structural Budget Gaps

DOB's projections for disbursements are higher than projections for receipts over the Financial Plan period, as shown in Figure 5. Over the Financial Plan period, General Fund receipts are projected to grow 9.8 percent compared to disbursements that are projected to grow almost twice as fast, 18.5 percent. Similarly, SOF disbursements are projected to grow 21.5 percent, which outpaces projected growth in receipts of 8.7 percent.

On an All Funds basis, receipts are projected to remain relatively flat over the five-year Financial Plan period – showing growth of only $317 million (0.1 percent), primarily due to expectations of a sharp decrease in Essential Plan receipts. On the other hand, DOB's projections for All Funds disbursements are projected to increase by $21.2 billion (8.2 percent) from SFY 2026 to SFY 2030.

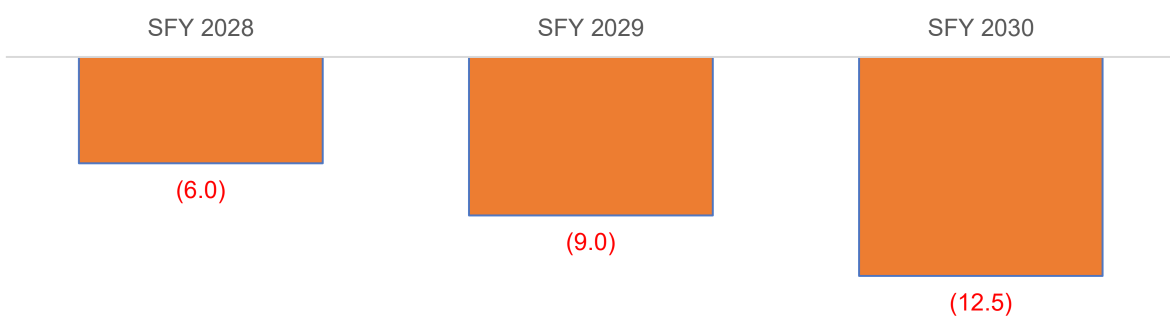
Figure 5
Receipts and Disbursements by Fund, SFY 2026 – SFY 2030
(in millions of dollars)

	SFY 2026 Estimate	SFY 2027 Projection	SFY 2028 Projection	SFY 2029 Projection	SFY 2030 Projection	$ Change SFY 2026 to SFY 2030	% Change SFY 2026 to SFY 2030
General Fund Receipts	121,416	121,937	123,739	127,387	133,282	11,866	9.8%
General Fund Disbursements	126,295	126,832	134,271	140,574	149,644	23,349	18.5%
SOF Receipts	153,379	150,545	155,291	160,118	166,661	13,282	8.7%
SOF Disbursements	148,813	157,366	165,160	172,319	180,801	31,988	21.5%
All Funds Receipts	262,260	251,384	250,498	255,507	262,577	317	0.1%
All Funds Disbursements	258,270	260,004	262,289	269,713	279,472	21,202	8.2%

Source: Division of the Budget

Spending and receipt projections are subject to change, but they help inform discussions relating to the State's fiscal health. Figure 5 shows that spending growth is multiple times higher than projected growth in receipts over the Financial Plan period in all fund types. As a result, the State faces a cumulative three-year budget gap of $27.5 billion in the General Fund — $6.0 billion in SFY 2028, $9 billion in SFY 2029, and $12.5 billion in SFY 2030.[6] The formidable size of these gaps is something policymakers should consider as they work toward enacting the final budget for SFY 2027.

Figure 6
Projected General Fund Budget Gaps, SFY 2028 – SFY 2030
(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 replenishment after use. Others are informal reserves that DOB sets aside in the General Fund and indicates in the Financial Plan that they are "reserved" for a specific purpose. Informal reserves generally have no statutory protections and can be used at any time for any appropriated purpose. For example, the SFY 2026 Enacted Budget authorized the repayment of the outstanding balance of the federal UI account, which resulted in the use of $7.1 billion of the State's informal reserve balance.

DOB refers to the reserve for “economic uncertainties” and the statutory reserve funds (the Tax Stabilization Reserve and the Rainy Day Reserve Fund) as “principal reserves,” resources available for use when the State faces economic and fiscal challenges. 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 informal reserves.

DOB indicates in the FY 2027 NYS Executive Budget Financial Plan that the State will continue to shift funds from the informal “economic uncertainties” reserve into the Rainy Day Reserve Fund (RDRF), such that by SFY 2028, the RDRF will total $10 billion. The Tax Stabilization Reserve will remain funded at $1.6 billion throughout the Financial Plan period, so that by SFY 2028 the combined statutory reserve funds will total $11.6 billion. This would be an all-time high balance in statutory reserves for the State, and a fiscal safeguard that has been strongly championed by Comptroller DiNapoli. The Comptroller has recommended the State become more reliant on statutory rainy day funds rather than informal fund balances to guard these funds against premature or inappropriate use, and make deposits to these statutory funds on a more frequent basis instead of waiting for the end of the fiscal year.

However, despite projected surpluses in both SFYs 2026 and 2027, no additional funds are being directed toward increasing the overall “principal reserves,” which are projected to total $14.6 billion in the current fiscal year and to remain at that level. As a result, given the State’s projected share of spending increases over the Financial Plan period, the percentage of reserves relative to SOF spending decreases, as shown in Figure 7.

Figure 7
Statutory Reserves and Reserves Designated for Economic Uncertainties, Projected Year End, SFY 2026 – SFY 2030
(in millions of dollars)

	SFY 2026 Estimate	SFY 2027 Projection	SFY 2028 Projection	SFY 2029 Projection	SFY 2030 Projection
State Operating Funds Projected Spending	**148,813**	**157,366**	**165,160**	**172,319**	**180,801**
Statutory Reserves	**9,756**	**10,756**	**11,618**	**11,618**	**11,618**
As a Share of SOF Spending	6.6%	6.8%	7.0%	6.7%	6.4%
"Economic Uncertainties" Informal Reserve	**4,847**	**3,847**	**2,985**	**2,985**	**2,985**
As a Share of SOF Spending	3.3%	2.4%	1.8%	1.7%	1.7%
Total "Principal Reserves" as Defined by DOB	**14,603**	**14,603**	**14,603**	**14,603**	**14,603**
As a Share of SOF Spending	**9.8%**	**9.3%**	**8.8%**	**8.5%**	**8.1%**
Additional "Principal Reserves" Needed to Achieve 15%	**7,719**	**9,002**	**10,171**	**11,245**	**12,517**

Sources: Division of the Budget, Office of the State Comptroller analysis

Prior to the federal UI repayment made in SFY 2026, DOB's projections of principal reserves were at 16.2 percent of SOF spending levels for SFY 2025, which was higher than the 15 percent savings goal expressed by the Executive in 2024.[7] DOB's current projections indicate that the State would need over $7.7 billion in additional deposits to principal reserves in order to achieve that 15 percent threshold in SFY 2026. Over the life of the Financial Plan, the percentage of reserves to SOF spending decreases, from 9.8 percent in SFY 2026 to 8.1 percent in SFY 2030 – at which point the State would need an additional $12.5 billion in principal reserves to again achieve the 15 percent savings goal.

It should be noted that there are other reserves in the Financial Plan, but these are not considered by DOB to be "principal reserves" and are instead held for other purposes. Some examples of these other reserves are for debt management, from extraordinary monetary settlements, and for transaction risks.

Economic Outlook

A new federal administration, tariff impositions and rescissions, easing and accelerating inflation, and the longest federal government shutdown in history all led to economic volatility nationally in 2025. The economy contracted in the first quarter of the year, with real Gross Domestic Product (GDP) decreasing by 0.6 percent, due, in part, to the acceleration of imports in the first quarter ahead of tariff imposition. Economic growth rebounded in the second and third quarters, with real GDP increasing by 3.8 percent and 4.4 percent, respectively, due largely to the decline in imports resulting from the inventory build-up that occurred.[8]

Outside of trade, changes in other areas of the economy were of concern. While personal consumption, the largest segment of the national economy, increased at a faster rate through the third quarter, such growth was largely due to spending on health care services while that for durable goods slowed. In addition, non-residential investment decelerated as well, while, in all three quarters, residential investment (i.e. housing) declined. One of the few areas where growth accelerated was in federal spending, specifically federal defense spending.[9]

Due to the federal government shutdown from October 1 through November 12, 2025, economic activity is estimated to have slowed; DOB expects growth of 1 percent in the fourth quarter, in line with other economic forecasts.

Consumer prices increased by 2.6 percent in 2025, down from 2.9 percent in 2024.[10] Despite inflation remaining above its 2 percent target rate, slowing job growth in the latter part of the year prompted the Federal Open Market Committee (“the Fed”) to decrease rates by a total of 75 basis points.[11]

National employment increased, on average, by 121,580 jobs per month in 2024, but slowed in 2025 to an average of 15,000 jobs per month.[12] Results were similar in New York: in 2024, employment increased, on average, by 14,400 jobs per month, but in 2025, monthly job growth averaged just 6,200 jobs.[13]

According to the Bureau of Economic Analysis, wage growth nationwide through the third quarter was 4.6 percent from the third quarter of 2024, a percentage pointer lower than the 5.6 percent increase for the same period a year earlier.[14] Results were similar in New York, with wage growth of 4.9 percent through the third quarter in 2025 compared to 5.7 percent in 2024.[15]

Economic Slowing Projected to Continue

On a full-year basis, DOB estimates economic growth nationally at 2.0 percent in 2025, down from 2.8 percent in 2024. While the current economic expansion is projected to continue in 2026 and for most of the outyears, it is anticipated to do so at a slightly slower rate, 1.9 percent. (See Figure 8.) Despite some easing in 2025, inflation is projected to accelerate in 2026 to 3.2 percent and is forecasted to remain above the Fed’s target rate throughout much of the Financial Plan period.

Figure 8
Division of Budget Forecast of Select Economic Indicators, U.S. and New York, Calendar Years 2025 – 2029

	2024	2025	2026	2027	2028	2029
Real GDP	2.8	2.0	1.9	1.9	2.1	1.9
Consumer Price Index	3.0	2.6	3.2	2.8	2.3	2.2
Employment						
United States	1.3	0.9	0.4	0.5	0.5	0.5
New York	2.6	0.4	0.2	0.5	0.5	0.5
Unemployment Rate						
United States	4.0	4.3	4.5	4.3	4.2	4.2
New York	4.3	4.2	4.4	4.4	4.3	4.3
Wages						
United States	5.6	4.9	3.6	3.5	3.6	3.5
New York	6.6	5.2	4.7	3.7	3.8	3.8
Personal Income						
United States	5.6	4.9	3.6	3.7	3.9	3.8
New York	5.5	4.2	4.1	3.6	3.9	3.9

Notes: Excluding the unemployment rate, amounts are annual percentage changes for the calendar year. 2024 data are actuals; 2025 through 2029 are projections.

Source: Division of the Budget, Economic and Revenue Outlook.

DOB estimates employment growth both nationally and in New York to have slowed in 2025; the slowdown in the State was more severe, down more than 2 percentage points.[16] DOB projects job growth to be slower in 2026 and the unemployment rate to be higher, with only slight improvements in the years to follow.

With tepid employment growth and higher unemployment, DOB also forecasts wages to increase at a slower rate nationally and in New York. Much of the stronger growth in New York compared to the nation in both 2025 and 2026 is due largely to strong finance and insurance sector bonuses, increases of 27.1 percent in 2025 and 19.4 percent in 2026 (26 percent within SFY 2026). Absent these bonuses, total wages in New York are projected to grow by 3.4 percent in 2025 and by 3.3 percent in 2026. With only moderate growth in bonuses expected in the outyears, wages in New York are forecasted to grow at similar rates to those nationally from 2027 to 2029.

Revenue

In comparison to the Mid-Year Update, DOB revised its forecast for All Fund revenues upwards by $22.9 billion over the Financial Plan period. This revision is largely a result of higher projected tax revenues, particularly Personal Income Tax (PIT) receipts, partially offset by lower anticipated miscellaneous and federal receipts.

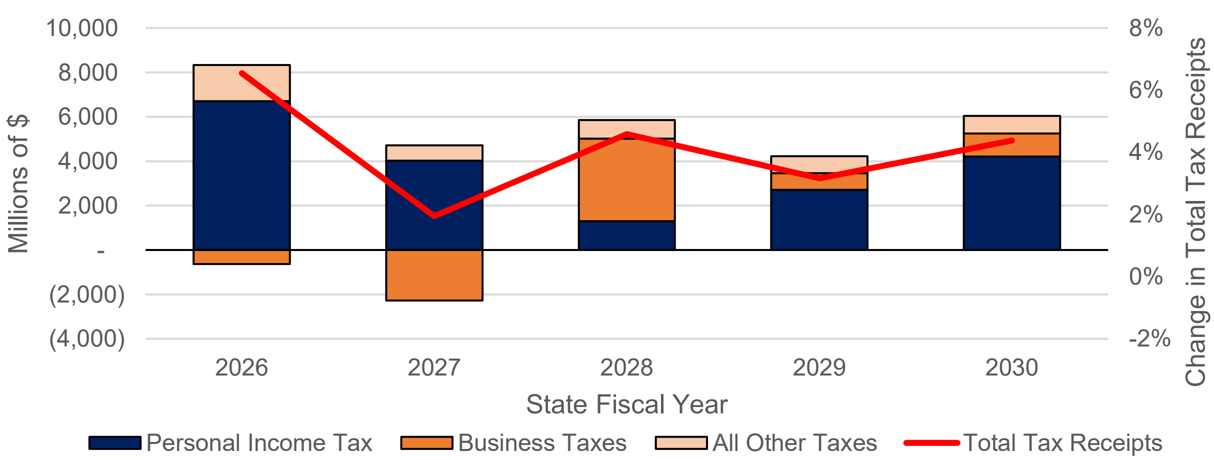
The growth in PIT collections reflects the estimate of stronger wage growth in the current fiscal year, driven primarily by a nearly 26 percent increase in bonuses projected to be paid in the finance and insurance sector; excluding the revision for higher wage growth, DOB's economic forecast was little changed.

Personal Income Tax Driving Growth in Tax Receipts

In SFY 2026, total All Funds tax collections are estimated by DOB to increase by nearly $7.7 billion (6.5 percent) from SFY 2025, primarily the result of an estimated 10.9 percent increase in PIT collections. In addition to the strong bonus growth, the increase reflects higher receipts in other components of personal income tax receipts, including settlement payments for the 2024 tax year as well as quarterly estimated payments for the 2025 tax year. Both were influenced by the financial market growth that occurred in those years.[17]

Growth in All Funds tax revenues is projected to slow in SFY 2027, increasing by 1.9 percent. This slowdown is partially due to the Executive Budget proposal to change the opt-in deadline for the Pass-Through Entity Tax (PTET) from March 15 to September 15, which shifts a portion of these collections into the following fiscal year. PIT receipts, on the other hand, are forecasted to increase by 5.9 percent. Despite a projection of both slower wage and financial market growth, settlement payments are expected to be higher for the 2025 tax year and refunds to be lower due to the absence of the one-time payment of inflation refund credits paid in SFY 2026.

Figure 9
Annual Change in All Funds Tax Collections, by Tax Category, SFY 2026 – SFY 2030



Note: All Other Taxes include all consumption/use taxes, estate and real estate transfer taxes, the parimutuel tax, and the employer compensation expense tax.

Source: Division of the Budget

As shown in Figure 9, projected growth in All Funds tax collections is largely in the PIT in the remaining fiscal years of the Financial Plan. The increase in business taxes in SFY 2028 primarily reflects the anticipated shift in timing of PTET receipts while PIT collections will be impacted by the full phase-in of the child tax credit expansion enacted in SFY 2026.

Tax Proposals

The Executive Budget includes proposed revenue actions that are projected to result in a net reduction in All Funds revenues of $2.4 billion in SFY 2027 but a net increase of $2.0 billion in SFY 2028, $2.4 billion in SFY 2029, and $1.7 billion in SFY 2030, as seen in Figure 10.

Figure 10
Projected Revenue Impacts from Proposed Revenue Actions, SFY 2027 – SFY 2030 (in millions of dollars)

	SFY 2027	SFY 2028	SFY 2029	SFY 2030
Personal Income Tax	**($52)**	**($134)**	**($125)**	**$(84)**
Temporary Deduction for Tipped Wages	($52)	($69)	($60)	($19)
Decouple Child and Dependent Care Credit	-	($65)	($65)	($65)
Business Taxes	**($2,320)**	**$2,090**	**$2,470**	**$1,690**
Move PTET Election Deadline	($4,000)	-	-	-
Decouple from Certain Federal Expensing Provisions	$1,680	770	670	290
Extend Higher Corporate Tax Rates for Three Years	-	1,320	$1,900	$1,450
Increase NYC Musical and Theatrical Production Tax Credit	-	-	($100)	($50)
All Other Revenue Actions	**$17**	**$34**	**$41**	**$46**
Total All Funds Impact	**($2,355)**	**$1,990**	**$2,386**	**$1,652**

Source: Division of the Budget

Deduction for Tipped Wages. This deduction would reduce revenue collections by $52 million in SFY 2027. Taxpayers would be allowed a personal income deduction for tipped income. The qualifications would be the same as the recently enacted deduction at the federal level: maximum deduction of $25,000 and income threshold of $150,000 ($300,000 married, joint). The deduction would sunset at the end of tax year 2028, similar to the federal deduction. It is unclear how many New York personal income taxpayers would be able to claim the deduction; however, approximately 6.2 percent of the jobs in New York were in occupations associated with tipped wages in 2024.[18]

Child and Dependent Care Credit. Under current law, all New York personal income taxpayers are allowed to claim a credit for expenses related to the care of a child or dependent. For resident taxpayers, the credit is refundable whereas for non-residents and part-year residents the credit is non-refundable. The calculation of the credit is partially coupled with the child and dependent care credit at the federal level.

Starting in tax year 2026, the Executive Budget proposes to fully decouple the credit and eliminate it for non-residents and part-year residents. In tax year 2023, nearly 310,000 resident filers claimed $99.7 million in credits; nearly 83,800 part-year and non-residents claimed $17.6 million. For taxpayers with incomes of $15,000 or less, the credit would be equal to 55 percent of care expenses phased down to 4 percent for incomes of $219,000 or more. Figure 11 compares the share of care expenses for the credit under current law and the Executive proposal.

Figure 11
New York Child and Dependent Care Credit, Current and Proposed Law (percentage of care expenses)

Adjusted Gross Income	Current Law	Proposed
$15,000 or less	55.0%	55.0%
$25,000	49.5%	52.5%
$35,000	41.3%	50.0%
$45,000	35.0%	47.5%
$55,000	32.4%	45.0%
$75,000	21.0%	40.0%
$100,000	15.0%	33.8%
$150,000	4.0%	21.3%
$200,000	4.0%	8.8%
$219,000 or more	4.0%	4.0%

Note: Care expenses eligible for the credit are capped at $3,000 for one child/dependent, $6,000 for two children/dependents, $7,500 for three, $8,500 for four, and $9,000 for five or more.

Sources: NYS Tax Law, NYS Department of Taxation and Finance, OSC calculations

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 2027 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 March 16 and June 15 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.

While the justification for extending the deadline is to allow businesses formed after March 15 the opportunity to elect to pay the PTET or to allow businesses additional time to assess whether to participate, the fiscal impact only assumes businesses choose to pay the PTET by the later deadline without any estimates for additional participation. Due to the later opt-in deadline, the first estimated payment for tax year 2027 could be shifted across fiscal years; approximately $4 billion in collections that, under current law, would be realized in March 2027 (SFY 2027) would be received by September 2027 at the latest (SFY 2028).

This would be a reduction in revenues for SFY 2027 only, as estimated payments made in subsequent tax years would be governed by the new election deadline date.

Decoupling from Certain Expensing Provisions. Under P.L. 119-21, businesses are allowed to fully deduct the cost of qualified production property as well as domestic research and experimentation (R&E) expenses starting in tax year 2025. Since these provisions flow through to the calculation of the New York corporate franchise tax, businesses are currently allowed to claim these deductions. The Executive Budget proposes to decouple from these provisions retroactive to tax year 2025, instead applying the depreciation deductions as they existed prior to the enactment of P.L. 119-21. DOB estimates that $1.7 billion in business tax revenue would be preserved from this decoupling in SFY 2027.

Extension of Higher Corporate Franchise Tax Rates. The corporate franchise tax is calculated on three bases: entire net income, capital, and fixed dollar minimum; the business pays the tax on whichever base yields the greatest liability. As part of the SFY 2022 Enacted Budget, the top tax rate on the entire net income base was increased from 6.5 percent to 7.25 percent for businesses with net income over $5 million and it also re-imposed the capital base tax. These increases were initially imposed for three years but were extended for an additional three years in the SFY 2024 Enacted Budget, currently due to sunset on December 31, 2026. The Executive Budget proposes to extend these rates for an additional three years, until December 31, 2029.

Federal Aid

DOB's most recent projections for federal receipts reflect the effects of P.L. 119-21 and show a $9.4 billion (10.0 percent) decrease in SFY 2027 from SFY 2026 levels. The largest dollar change in projected federal aid is with the Essential Plan, for which DOB projects a decrease of $10.8 billion as compared to SFY 2026. Aid for social welfare is also projected to decrease by $270 million. The decreases are only slightly offset by projected increases in the Transportation and All Other categories, as shown in Figure 12.

Figure 12
Federal Funds Disbursements, SFY 2026 – SFY 2030
(in millions of dollars)

State Fiscal Year	**2026**	**2027**	**2028**	**2029**	**2030**
Disbursements	**93,788**	**84,385**	**78,547**	**79,415**	**81,725**
Medicaid	58,355	61,381	58,959	59,943	62,238
Essential Plan	14,564	3,735	390	390	390
Health	3,561	3,638	3,465	3,520	3,581
Social Welfare	5,670	5,400	5,379	5,190	5,131
Education	4,387	4,387	4,387	4,387	4,387
Public Protection	1,337	1,303	1,301	1,302	1,302
Transportation	2,229	2,912	2,924	2,961	2,972
Pandemic Assistance	2,993	93	24	24	24
All Other	692	1,536	1,718	1,698	1,700

Notes: Projections reflect H.R. 1 policy changes affecting the Essential Plan, but do not assume the transition to the Basic Health Plan under Section 1331 of the Affordable Care Act that is pending federal approval. Pandemic assistance reflects mainly pass-through funding to reimburse local entities for their federal share of COVID-19 FEMA claims.

Source: Division of the Budget

According to DOB's projections, federal disbursements will decrease by another $3.3 billion for the Essential Plan and $2.4 billion for Medicaid in SFY 2028. It should be noted that potential outyear effects involving benefit cost-sharing for the Supplemental Nutrition Assistance Program due to changes from P.L. 119-21 are not included in DOB's projections. Estimates by the Office of the State Comptroller indicate these could add at least $1 billion in annual recurring costs statewide.

Major Spending and Policy Areas

Most State spending is categorized as Assistance and Grants (also referred to as "Local Assistance").[19] The two largest areas of such spending are Medicaid and School Aid, which previous reports from the Office of the State Comptroller have called the "Big 2" for their outsized share of overall State spending, as shown in Figures 13a and 13b.

Figure 13a
SFY 2027 Projected All Funds Spending
$260.0 billion
(in billions of dollars)

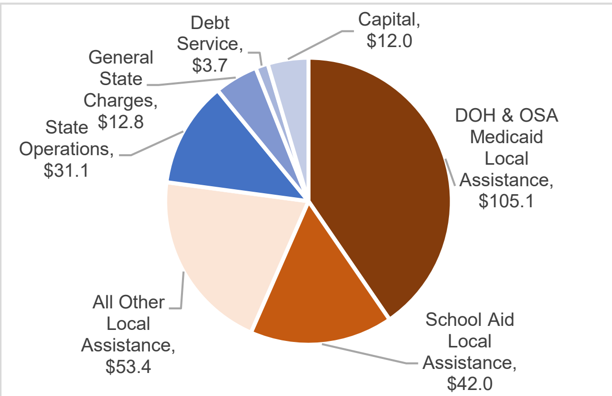
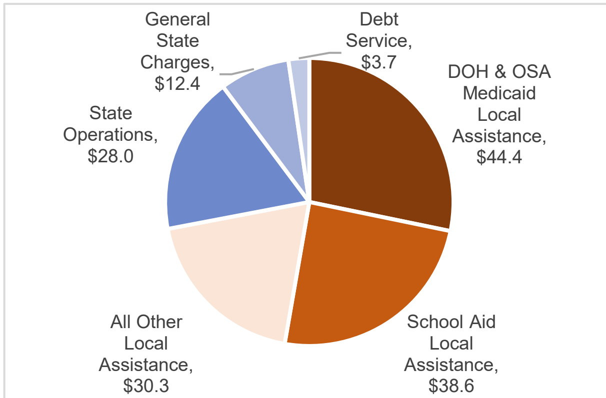


Figure 13b
SFY 2027 Projected SOF Spending
$157.4 billion
(in billions of dollars)



Notes: Department of Health (DOH) and Other State Agency (OSA) Medicaid Assistance and Grants total amounts include spending on DOH Medicaid Administration. Essential Plan spending not included with Medicaid.

Sources: Division of the Budget; Office of the State Comptroller Analysis

State Operating Funds spending for SFY 2027 is projected to be $157.4 billion. Of this amount, all agency (DOH and OSA) Medicaid Assistance and Grants totals $44.4 billion and School Aid Assistance and Grants totals $38.6 billion, or 52.7 percent of projected spending.

For the General Fund, $32.0 billion is for all agency Medicaid and $31.7 billion is for School Aid, with the remaining $19.6 billion for all other Assistance and Grants spending. Growth in Medicaid Assistance and Grants spending through the Financial Plan period is substantial, $12.9 billion (40.4 percent) from SFY 2026 through SFY 2030. The overall growth in General Fund disbursements over that same period is $23.3 billion, meaning that all agency Medicaid Local Assistance spending accounts for 55.3 percent of total projected growth in General Fund spending.

General Fund State Operations costs are projected to grow at 9.2 percent over the Financial Plan period. DOB indicates that agencies have found reductions in spending and/or improvement in operations that are projected to reduce operational spending by $300 million across all Executive-controlled agencies throughout the Financial Plan period. The Financial Plan also indicates that all public employee unions are covered by ratified contracts through the close of SFY 2026; therefore, State Operations spending projections may not accurately reflect future workforce costs. However, the Financial Plan indicates that there are "amounts informally reserved for future operational needs" intended for this purpose.[20]

Figure 14
General Fund Spending Growth by Select Category, SFY 2026 – SFY 2030
(in millions of dollars)

Category	SFY 2026	YOY Growth %	SFY 2027	YOY Growth %	SFY 2028	YOY Growth %	SFY 2029	YOY Growth %	SFY 2030	YOY Growth %
Total Local Assistance	**83,382**	**11.4%**	**89,631**	**7.5%**	**96,297**	**7.4%**	**101,347**	**5.2%**	**107,160**	**5.7%**
School Aid (SFY) Local Assistance	31,730	5.5%	33,376	5.2%	35,056	5.0%	36,630	4.5%	38,038	3.8%
Total Medicaid Local Assistance	32,007	13.9%	34,635	8.2%	39,180	13.1%	41,915	7.0%	44,924	7.2%
DOH Medicaid Local Assistance	*26,095*	*6.7%*	*28,341*	*8.6%*	*33,625*	*18.6%*	*36,229*	*7.7%*	*39,151*	*8.1%*
OSA Medicaid Local Assistance	*5,912*	*62.0%*	*6,293*	*6.4%*	*5,555*	*-11.7%*	*5,686*	*2.4%*	*5,773*	*1.5%*
All Other Local Assistance	19,645	18.0%	21,621	10.1%	22,061	2.0%	22,802	3.4%	24,198	6.1%
State Operations	**15,886**	15.8%	**16,655**	4.8%	**16,958**	1.8%	**16,752**	-1.2%	**17,341**	3.5%
General State Charges	**10,204**	9.8%	**10,978**	7.6%	**11,943**	8.8%	**12,982**	8.7%	**14,087**	8.5%
Transfers	**16,823**	55.3%	**9,567**	-43.1%	**9,073**	-5.2%	**9,494**	4.6%	**11,057**	16.5%
Total Disbursements	**126,295**	16.2%	**126,832**	0.4%	**134,271**	5.9%	**140,574**	4.7%	**149,644**	6.5%

Note: DOH Medicaid Assistance and Grants amounts include spending on DOH Medicaid Administration.

Sources: Division of the Budget, Office of the State Comptroller analysis.

Education

The Executive Budget proposes $39.3 billion in total School Aid for School Year (SY) 2026-27, an increase of $1.6 billion (4.3 percent) from updated SY 2025-26 projections. This amount includes $170 million in potential Building Aid claims that is not allocated on the School Aid Run, and that is not normally included when calculating the projected increase in School Aid for the Executive Budget.[21]

Foundation Aid is proposed to increase by $779.5 million (3.0 percent) as compared to SY 2025-26 to $27.1 billion in SY 2026-27, a 3.0 percent increase. Of that $779.5 million increase, $576.4 million (73.9 percent) goes to High Need School Districts, $137.8 million (17.7 percent) goes to Average Need School Districts, and the remaining $65.3 million (8.4 percent) goes to Low Need School Districts.

The Executive Budget proposal provides every school district with a minimum 1 percent increase, which impacts 461 (68.5 percent) of the 673 school districts, including 134 High Need School Districts, 242 Average Need School Districts, and 85 Low Need School Districts. In total, the minimum 1 percent increase for all school district accounts for $66.0 million of the Foundation Aid increase.

The Executive Budget also provides an increase of $112 million (1.2 percent) to almost $9.9 billion for other statutory formulas that reimburse a portion of certain school district expenses, such as school construction, transportation, and others.

Universal Prekindergarten (UPK) is projected to grow by $561 million (52.5 percent) as a result of increasing per-pupil UPK funding to the higher of $10,000 or a district's Foundation Aid per pupil amount as well as $205 million in support to New York City for 3-K. Also included is a proposed requirement for all school districts to offer prekindergarten for all families by the 2028-29 School Year. It should be noted that there is no requirement for districts to provide Kindergarten.

Currently, the UPK formula is complex, limits the number of four-year olds that can be served, and provides reimbursement rates that are pegged to a point in time. The Executive Budget proposal would simplify the formula and allow rates for districts with the lowest wealth and highest need students to increase over time.

Medicaid and Essential Plan

Medicaid is a health care services program for low-income individuals jointly financed in New York through federal, State, and local cost-sharing. Total All Funds Medicaid spending is projected to reach $118.8 billion in SFY 2027, an increase of $7.3 billion (6.6 percent) from SFY 2026. The federal government's share is projected to be 51.7 percent ($61.4 billion), with the State contributing 40.7 percent ($48.3 billion), and counties and New York City contributing 7.6 percent.

According to the Congressional Budget Office, P.L. 119-21 will cause 11.8 million Americans to lose health coverage.[22] In New York, DOH projects that between 1 and 1.5 million Medicaid enrollees will lose insurance and that Medicaid administrative costs are expected to increase by at least 20 percent.[23] In addition, DOH is projecting that 450,000 individuals would lose their Essential Plan coverage resulting from significant changes to eligibility for lawfully present immigrants. Furthermore, the Executive expects approximately 525,000 individuals will transition to State-only Medicaid, and the Essential Plan will ultimately wind down.

In June 2025 DOB projections of the potential impacts of the federal reconciliation bill (H.R.1) were $3 billion from disallowance of the premium tax credits and $550 million due to community engagement requirements (fully annualized costs to State and local governments).[24] No comparable breakdown of information is included in the FY 2027 Executive Budget Financial Plan, but Figure 15 helps demonstrate how much DOB's projections for Medicaid and Essential Plan spending have changed due to P.L 119-21 (as well as other cost drivers).

Figure 15
Changes in Medicaid and Essential Plan Spending Projections, FY 2026 Enacted Budget Financial Plan (June 2025) and FY 2027 Executive Budget Financial Plan (January 2026) (in thousands of dollars)

	SFY 2026 Estimate	SFY 2027 Projection	SFY 2028 Projection	SFY 2029 Projection
Total All Funds Medicaid	(920,730)	3,025,066	4,736,695	4,552,111
All Funds DOH Medicaid	*(1,445,542)*	*2,192,556*	*5,016,275*	*4,993,460*
All Funds OSA Medicaid	*524,812*	*832,510*	*(279,580)*	*(441,349)*
All Funds Essential Plan	904,412	(10,537,288)	(14,418,136)	(14,876,335)
Total SOF Medicaid	(645,389)	929,861	1,994,008	2,034,290
SOF DOH Medicaid	*(1,170,201)*	*97,351*	*2,273,588*	*2,475,639*
SOF OSA Medicaid	*524,812*	*832,510*	*(279,580)*	*(441,349)*
SOF Essential Plan	0	94,251	111,198	118,642

Notes: Projections for SFY 2030 were not included in the FY 2026 Enacted Budget Financial Plan. DOH Medicaid costs include DOH Medicaid Administration.

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

All Funds spending on the Essential Plan is expected to be dramatically reduced beginning in SFY 2027, reflecting both the reliance of the program on federal funding and scale of the P.L. 119-21 impacts. DOB's projections of All Funds spending on the Essential Plan indicate $3.8 billion for SFY 2027, a decrease of 73.6 percent from SFY 2026. A minor increase is expected in State-share spending on the Essential Plan due to the Financial Plan's assumption that the Essential Plan would effectively wind down due to funding changes.

DOB projects total State-share Medicaid spending across all agencies will increase by 9.8 percent ($4.3 billion) in SFY 2027, from $44.0 billion to $48.3 billion, and will reach $57.0 billion in SFY 2030, reflecting growth of $8.6 billion (17.9 percent) from DOB's SFY 2027 projections.[25] According to the DOB, Medicaid growth is driven by several factors including medical and drug cost increases, enrollment remaining at elevated levels, benefit expansions, higher reimbursement rates, continued growth in aging and high utilization populations, provider reimbursements to cover home health wage increases, increased Nursing Home Transition and Diversion Waiver costs and enrollment, and payments to financially distressed hospitals.

Medicaid Global Cap

The Medicaid Global Spending Cap (the Cap) has been the mechanism by which State policymakers have attempted to curb spending growth in the Medicaid program; however, not all Medicaid spending is counted under the Cap. About 75 percent of State-share DOH Medicaid spending is subject to the Medicaid Global Cap,[26] which is calculated using the five-year rolling average of health care spending, as calculated by the Centers for Medicare & Medicaid Services (CMS). Medicaid spending subject to the Global Cap is projected to be $28.6 billion in SFY 2027, representing an increase of $2.1 billion (8.0 percent) from SFY 2026.

Spending excluded from the Global Cap calculation is sizable – in SFY 2027, it is projected to total $7.2 billion, an increase of approximately $540 million from the prior year. Excluded costs include minimum wage impacts ($2.5 billion), home care wage costs ($2.2 billion), local takeover expenses ($2.4 billion), Master Settlement Agreement local growth offsets (-$0.3 billion), and other items ($0.5 billion).

The "tightness" of the Cap is subject to significant Executive discretion. In recent years, its applicability to certain types of Medicaid spending has changed (both coming under and leaving the Cap), and several other mechanisms have been used to remain within the Cap, including providing added General Fund resources. Were these maneuvers not taken, Medicaid spending would have exceeded or would be projected to exceed the Cap.

Most recently, DOB is proposing to utilize the Healthcare Stabilization Fund (HSF) to provide additional support for Medicaid spending that doesn't count against the Global Cap. The HSF was created in statute as a mechanism to collect and utilize resources made available by the MCO tax. The Financial Plan indicates HSF revenues will be "reinvested into the healthcare delivery system as well as provide Global Cap relief,"[27] indicating that the HSF will serve as a budgetary workaround to mask spending that would otherwise breach the Global Cap.

This mechanism is more transparent than how DOB uses the Mental Hygiene Stabilization Fund (MHSF) to get around the Global Cap. As has been noted in a previous Office of the State Comptroller report, the MHSF serves as a budgetary relief valve to shift Medicaid costs into it, which are then repaid using General Fund resources – a practice that prevents this Medicaid spending from being captured under the Global Cap.

A year-end shift of payments from one State Fiscal Year to the next has been utilized since SFY 2015 to manage cash flow and remain within Global Cap limits. While the FY 2027 NYS Executive Budget Financial Plan does not specify adjustments between SFY 2026 and SFY 2027, DOB may continue to employ this management tool, consistent with the Financial Plan's description that certain management actions can be taken, including "adjustments to the timing of Medicaid payments consistent with contractual terms."[28]

While DOB's projections of adherence to the Medicaid Global Cap show that it is in balance for the remainder of SFY 2026 and for SFY 2027, spending subject to the Global Cap is projected to be breached by $2.9 billion in SFY 2028, $2.9 billion in SFY 2029, and $3.0 billion in SFY 2030. The Financial Plan notes that gap-closing savings will be necessary to address these breaches, but it provides no specific proposals or actions to close these gaps. Even with the substantial increases in allowable growth from the revised CMS Actuary methodology, which adds roughly $33.1 billion in allowable spending from SFY 2026 through FY 2030, and the additional General Fund resources through the HSF, the Global Cap still faces projected deficits in the outyears.

DOB's Financial Plan indicates that allowable Medicaid Global Cap growth is $2.1 billion (8.0 percent) for SFY 2027.[29] However, when accounting for all Medicaid spending – including Medicaid spending excluded from the Global Cap (i.e., $7.2 billion in SFY 2027) and the HSF (i.e., $2.8 billion in SFY 2027), which is further excluded from the Global Cap – total Medicaid spending growth reaches 11.5 percent in SFY 2027. This demonstrates how these mechanisms allow actual Medicaid spending to grow well beyond the Cap's intended limits.

Managed Care Organization Tax

DOB's FY 2027 NYS Executive Budget Financial Plan projects that the HSF will receive $3.6 billion in MCO taxes, which net out to almost $2.3 billion after accounting for State-share assessment offsets. This is $1.5 billion (39.3 percent) less than originally projected in the FY 2026 NYS Enacted Budget Financial Plan and is due to the federal government taking both regulatory[30] and statutory[31] action against these taxes. The Financial Plan projects that MCO tax assessment collections would cease in SFY 2027, but the State would continue using the HSF by supplanting the lost MCO tax revenues with General Fund support, with $750 million in SFY 2027 and $500 million annually thereafter. However, on January 29, 2026, CMS issued a final rule that allows New York to utilize a transition period, as authorized by P.L. 119-21, that effectively extends the MCO tax collections through the entirety of calendar year 2027,[32] which is reportedly estimated to generate an additional $1 billion in receipts.[33] Figure 15 details DOB's projected use of these resources throughout the Financial Plan period.

Figure 16
Managed Care Tax Receipts and Proposed Utilization – Healthcare Stability Fund, SFY 2026 – SFY 2030
(in millions of dollars)

State Fiscal Year	2026	2027	2028	2029	2030
Opening Balance	**201**	**2,086**	**0**	**0**	**0**
Receipts	**3,603**	**750**	**500**	**500**	**500**
Managed Care Tax	3,603	0	0	0	0
General Fund Transfer	0	750	500	500	500
Disbursements	**1,718**	**2,836**	**500**	**500**	**500**
Targeted Healthcare Investments	0	750	500	500	500
Global Cap Offset	500	500	0	0	0
Hospitals	196	155	0	0	0
Nursing Homes	223	193	0	0	0
Physician Fee Schedule	0	50	0	0	0
Quality Pools	50	50	0	0	0
VBP Incentive Payments	0	15	0	0	0
Transfer to HCRA (MIF)	159	0	0	0	0
Clinics	0	20	0	0	0
Assisted Living Programs	8	8	0	0	0
Safety Net Transformation	0	330	0	0	0
State Share Tax Offsets	582	765	0	0	0
Closing Balance	**2,086**	**0**	**0**	**0**	**0**

Source: Division of the Budget

Child Care

The Child Care Assistance Program (CCAP) is a subsidy program administered by the Office of Children and Family Services (OCFS) to help eligible low- and moderate-income families afford child care. The Executive Budget supports the CCAP with $3.1 billion in total funding, an increase of $803.5 million (36.0 percent) over SFY 2026.

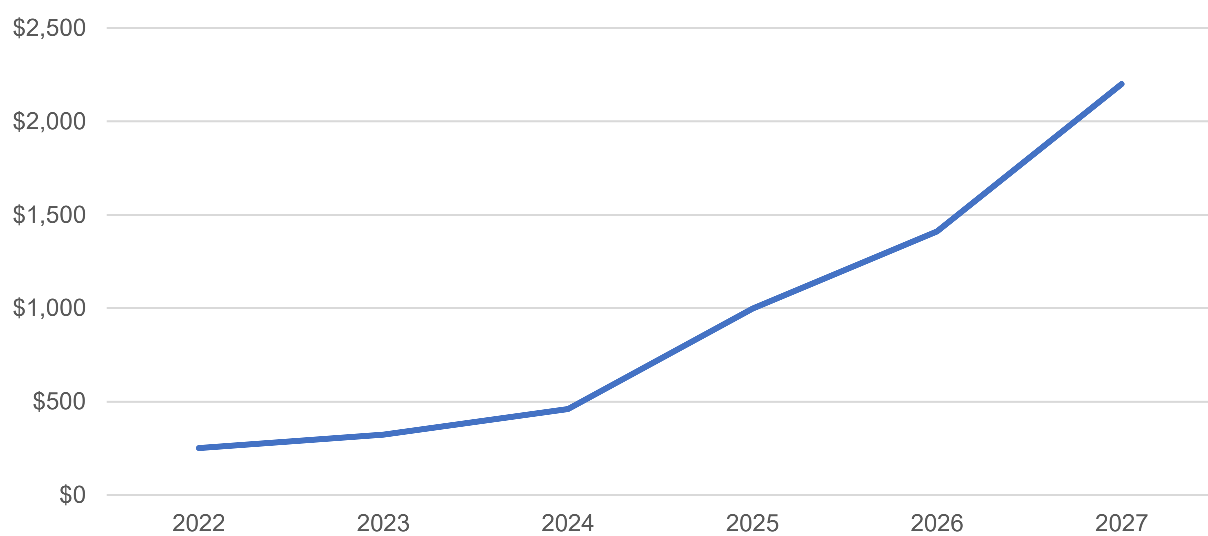
- This includes $2.2 billion in State funds, an increase of $789.3 million (55.9 percent), including carveouts of $475 million for New York City and $155 million for the rest of the state, an increase of $125 million (35.7 percent) and $105 million (210 percent), respectively. The New York City funding is intended to reimburse the City for up to 50 percent of eligible expenditures exceeding the initial block grant. The funding for the rest of the state is for 100 percent of expenditures exceeding a local district’s block grant and is capped at the greater of $250,000 or 22 percent of the district’s Federal Fiscal Year 2026 allocation.

- Federal funding of $836.1 million is also included in the CCAP program: $497.9 million from the Temporary Assistance for Needy Families (TANF) subsidy for child care, and $338.2 million from the Child Care Block Grant. This federal support constitutes 27.5 percent of CCAP.

Recently, the Trump Administration attempted to freeze federal funding to certain states, including New York, from the federal Child Care and Development Fund, Social Services Block Grant and TANF.[34] Such actions threaten previously reliable federal funding – something that policymakers should be wary of in upcoming budget negotiations, particularly as this issue continues to be litigated. On January 9, 2026, a court ruled the federal government could not proceed with this funding freeze.[35]

In recent years, the State has rapidly increased support for the CCAP. For example, the SFY 2023 Enacted Budget expanded eligibility for CCAP from 200 percent of the federal poverty level to 300 percent and provided State and federal pandemic funding to accommodate the expansion. The child-care sector suffered a major disruption during the pandemic, and received extraordinary federal aid starting in 2020.[36] As pandemic-era funding was expended, the State steadily increased its support for the program. The proposed $2.2 billion represents an almost $2.0 billion increase in State funds (776.5 percent) over the SFY 2022 appropriation.

Figure 17
General Fund Appropriations for the Child Care Access Program, SFY 2022 – SFY 2027 (in millions of dollars)



Source: Division of the Budget

In addition to the CCAP, the Executive Budget proposes $1 million to assist communities interested in reforming their zoning code to promote the creation of more child care capacity, $73 million to support 2-Care, a child-care program for two-year olds in New York City, and $66 million for child care expansion pilots in Broome, Dutchess and Monroe counties.

Along with these new programs, the Executive Budget proposes to discontinue $11.9 million in funding for Facilitated Enrollment programs. These programs were designed to provide grant funding to offset the costs of child care for families making less than 400 percent of the federal poverty level or 85 percent of the State median income and would otherwise be ineligible for other child-care assistance programs.

Figure 18
Child Care Funding in the SFY 2027 Executive Budget
(in millions of dollars)

	State Funding in SFY 2027	Change from SFY 2026 Enacted
Child Care Program	2,200.0	789.3
New York City Carve Out	*475.0*	*125.0*
Rest of the State Carve Out	*155.0*	*105.0*
Increase Participation Program	0.3	0.0
UFT Professional Development	1.4	0.0
UFT Quality Grants	1.3	0.0
AFSCME Professional Development	1.8	0.0
AFSCME Quality Grants	2.8	0.0
Business Navigator Program	1.0	0.0
Employer Pilot Program	4.8	0.0
Substitute Pools Administration	2.5	0.0
Early Care and Learning Council	0.5	0.0
Zoning Initiative	1.0	1.0
2-Care NYC	73.0	73.0
0-3 Pilot in 3 Counties	66.0	66.0
Total State	**2,356.2**	**929.3**
Federal Block Grant	753.6	0.0
Federal Misc (EPA) Lead Testing	5.0	0.0
Special Revenue (Quality and Protection)	0.3	0.0
Total Federal	**759.0**	**0.0**
Total Child Care	**3,115.2**	**929.3**

Sources: Division of the Budget, Office of the State Comptroller analysis

In addition, the Executive Budget increases the OCFS child-care program budget by $34 million (46.4 percent) and includes the addition of 54 Full-Time Equivalents (FTEs) to the OCFS workforce. It also provides $1.5 million for the creation of the Office of Child Care and Early Education within OCFS to coordinate the implementation of universal child-care initiatives, to be staffed with three FTEs.

The Executive Budget also proposes to increase the license period for child day care centers and group family day care programs from four years to six years and extend training requirement regulations to those who volunteer at child-care providers.

Housing

An Office of the State Comptroller report identified high cost burdens – for both homeowners and renters – as a key driver of housing insecurity in New York, and identified the need for increased housing supply and diversity across the state. A major goal of the State's five-year housing plan, first authorized in the SFY 2023 Enacted Budget, is creating and preserving 100,000 affordable units by the end of SFY 2027. The Executive estimates the State has created or preserved around 77,000 units through December 31, 2025.[37]

The SFY 2027 Executive Budget includes an additional $708.2 million in capital funding for housing programs, which would bring the total to $9.3 billion in capital appropriations since SFY 2023. Proposed capital funding includes $250 million for the creation and preservation of affordable housing, and $100 million for Modular and Starter Homes, which is double the $50 million appropriated in the SFY 2026 Enacted Budget. Unlike previous funds for affordable housing, the proposed $250 million appropriation does not appear to have specific purposes or requirements attached to it nor does it have any associated reporting requirements.

The Executive Budget also proposes legislative changes aimed at making more land available and making the regulatory process less burdensome for construction. These proposals include:

- Amending the State Environmental Quality Review Act (SEQRA) to:
  - Reduce the amount of time for the review process by requiring the lead agency, once established, to determine within one year if an Environmental Impact Statement (EIS) will be required, and for the lead agency to prepare and make available the EIS within two years after making the determination that an EIS is required.
  - Exclude actions that meet certain criteria from SEQRA requirements, including those at previously disturbed sites related to housing, parks, bike and pedestrian trails, and child care facilities, and certain actions involving water and wastewater infrastructure, and actions incorporating green infrastructure. Existing requirements regarding State, local and federal historic preservation would be maintained.
- Authorizing repurposing of real property owned by the State University of New York (SUNY) and the Department of Transportation (DOT) to create approximately 15,000 new units of housing.

Other legislative proposals included in the SFY 2027 Executive Budget offer or amend property tax abatements for multi-unit building rehabilitation and offset rent increases for seniors and those with disabilities. Proposals include:

- Reauthorizing and modifying the New York City J-51 program by providing a tax abatement for 100 percent of the certified reasonable costs of alterations and improvements to eligible affordable rental and owner-occupied buildings for up to 20 years. The current program, which expires at the end of June, authorized a tax exemption for up to 70 percent of the certified reasonable cost of eligible construction.

- Extending the Senior Citizen Rent Increase Exemption (SCRIE) and the Disability Rent Increase Exemption (DRIE) programs for two years, until June 30, 2028, and expanding the income eligibility thresholds for both programs from $50,000 to $75,000 in New York City, and allows for localities outside of New York City to opt in.

Other proposals aim to address homeowner insurance costs by authorizing the Department of Financial Services (DFS) to conduct a study to analyze and determine a benchmark loss ratio, requiring insurers to offer discounted premium rates for certain fire prevention, building security, roof integrity and water damage mitigation improvements, and requiring insurers of multi-family residential properties to file an annual report with DFS on collected premiums and claims paid.

Energy Affordability

Another area of affordability that the Executive Budget is looking to address relates to utility costs, such as from gas, electricity, water and steam energy. The Public Service Commission (PSC) issued a statement in October 2025 indicating that a residential electric consumer who uses 600 kWh per month, would see average bills for electricity supply this winter of $60 per month (around 1.4 percent higher than the previous year), with rates varying by utility. Heating costs from natural gas – in this case, customers using 719 therms of natural gas – could expect to pay $224 per month, up 8 percent from the prior year.[38] As of January 27, 2026, weather reports indicate that this has been the coldest winter since 2017-2018,[39] which likely makes those estimated cost projections low.

The Executive Budget requires the PSC to establish and publish an annual energy affordability index that demonstrates the "energy burden" or the percent of each residential customer's income that goes to pay utility bills. The index will be used in future rate cases to determine the utility's rate of return. The PSC will also publish an annual energy affordability report that compares New York to other states. Information like this is critical for policymakers and the public to understand how utility costs would change, particularly in what are otherwise esoteric proceedings that may not be focusing on consumers.

The Executive Budget also includes proposals relating to future utility rate cases, that include disclosure of the utility's Chief Executive Officer (CEO) and overall employee compensation; the use of newly established metrics that tie utility CEO compensation to a customer affordability index and to link the allowed utility "return on equity or ROE" to be based on the metrics; and the filing of a "base budget" to accompany all utility rate requests where the base is tied to the consumer price index.

The Executive Budget also proposes to establish an independent monitor for when the PSC approves a rate request where the energy burden for gas and/or electricity increases by more than 3 percent. The Independent Affordability Monitor will have access to utility information and report to the PSC primary cost drivers that caused the energy burden to rise more than 3 percent, which may give insight into the drivers behind increased utility costs.

Another proposal included in the Executive Budget would provide additional protection to prevent utility shutoffs for tenants in cases where the owner fails to pay the bill.

Capital Plan and State Debt

SFY 2027 Capital Plan

Over the five-year Executive Budget Capital Plan (SFYs 2027 through 2031), capital spending is projected to total $106.1 billion, a nearly $4.6 billion (4.5 percent) increase over the SFY 2026 Enacted Budget Capital Plan.

Figure 19
Capital Spending by Function, SFY 2027 – SFY 2031
(in millions of dollars)

Functional Area	SFY 2027 Executive Budget	Change $	Change %
Transportation & Transit	$45,892	$676	1.5%
Parks & Environment	$13,713	$950	7.4%
Higher Education	$12,122	$406	3.5%
Economic Development	$10,973	$678	6.6%
Housing & Social Welfare	$9,018	($282)	-3.0%
Health	$6,840	$2,056	43.0%
Mental Hygiene	$5,002	$170	3.5%
All Other	$2,554	($71)	-2.7%
Total	**$106,114**	**$4,579**	**4.5%**

Source: Division of the Budget

Spending reflects new or additional proposed capital initiatives, including the following:

- Over $6 billion for the final year of the current $34.4 billion five-year DOT Capital Plan;
- $3.75 billion for sewer and water infrastructure over five years ($750 million per year), with $425 million added for the Environmental Protection Fund and $340 million for State parks;
- Nearly $1.4 billion for economic development initiatives, including NY Works Economic Development Fund, Downtown Revitalization, NY Forward, and Regional Economic Development Councils; power-ready sites for manufacturing and other development; projects in the City of Rochester; semiconductor chip design and quantum tech hubs;
- $1.3 billion for higher education projects at SUNY and CUNY; and
- $1 billion for safety net hospitals and partner networks.

Financing Sources

Over the five-year Executive Budget Capital Plan, State pay-as-you-go is projected to total $32.1 billion, a $2.7 billion increase over the prior five-year plan, or 9 percent higher. Capital projects financed by public authority bonds are estimated at $53.3 billion, an increase of nearly $1.3 billion (2.5 percent). About 50 percent of all capital projects spending is projected to come from public authority "backdoor" borrowings.[40]

Figure 20
Capital Financing Sources, SFY 2027 – SFY 2031
(in millions of dollars)

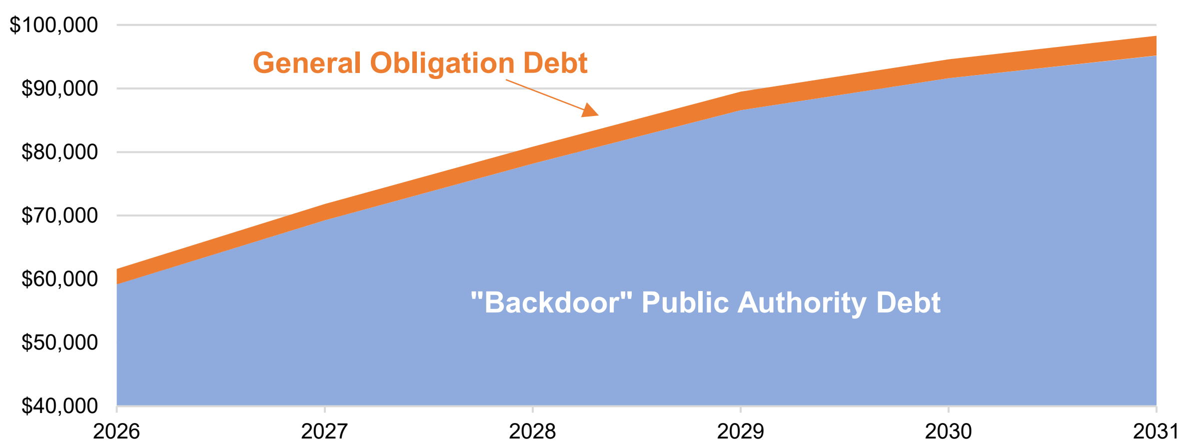
Financing Source	SFY 2027 Executive Budget	Change $	Change %
Authority Bonds	$53,297	$1,283	2.5%
Federal Pay-As-You-Go (PAYGO)	$19,023	$654	3.6%
State PAYGO	$32,080	$2,662	9.0%
General Obligation Bonds	$1,713	($22)	-1.3%
Total Capital Funding	$106,114	$4,579	4.5%

Source: Division of the Budget

State Debt Burden

Despite enhanced levels of pay-as-you-go in New York's capital planning, the State still relies too heavily on bond financings by public authorities. Total State-supported debt outstanding is projected to grow nearly 60 percent during the next five years, from $61.6 to $98.3 billion. Over 95 percent of the State's debt burden consists of public authority "backdoor" borrowings. Less than 5 percent will be general obligation ("GO") debt that is Constitutionally-authorized and approved by the voters. Benefitting from the State's full faith and credit backing, State GO debt is the least costly form of borrowing for infrastructure needs.

Figure 21
State-Supported Debt Outstanding, SFY 2026 – SFY 2031
(in millions of dollars)

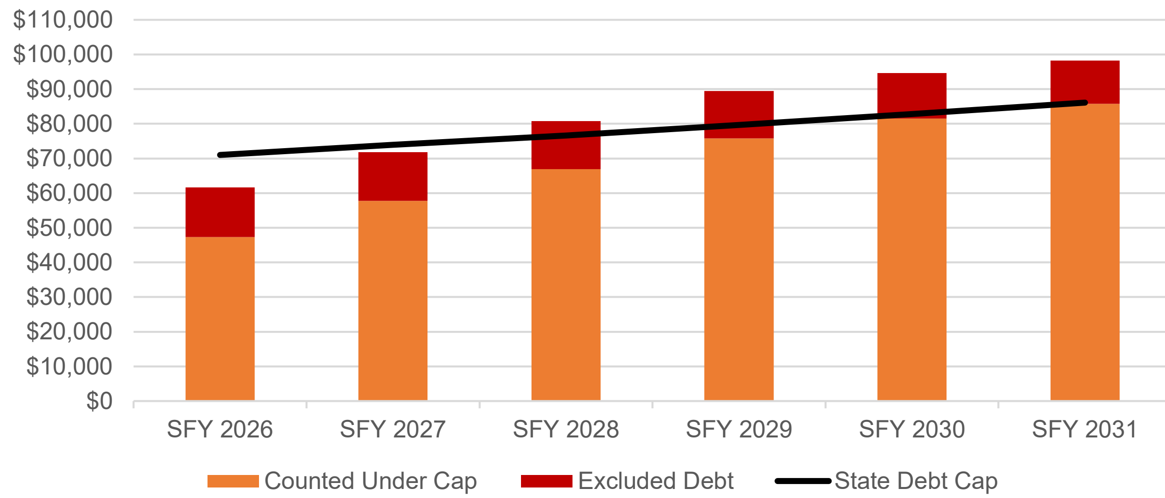


Source: Division of the Budget

State Debt Limits and Capacity

The projected rapid increase in State-supported debt levels during the next five years would materially impact capacity remaining under the State's debt limit, which is estimated to decline from $23.7 billion in SFY 2026 to approaching the cap limit with only $351 million by SFY 2031. This occurs despite over $14 billion of debt having already been excluded from the State's debt cap. These prior exclusions largely resulted from actions to erode the Debt Reform Act's[41] original statutory guardrails by excluding all debt issued during SFYs 2021 and 2022.

Figure 22
Projected State Debt Outstanding and Debt Cap, SFY 2026 – SFY 2031
(in millions of dollars)



Source: Division of the Budget

Article VII legislation proposed with the Executive Budget would make technical amendments to begin including refunding bonds within the cap limits (rather than the prior bonds that were refunded), more closely aligning the cap calculations with the State's actual debt portfolio.[42] This proposal could benefit by adding clarification to the treatment of refunding bonds issued for debt that was originally excluded from the cap during SFYs 2021 and 2022, as these statutes could otherwise conflict with each other.

Debt Service

State-supported debt service costs reflect prepayments made in prior years that will lower annual spending through SFY 2029, averaging over $3 billion per year. The Financial Plan also assumes an additional $2.75 billion to be prepaid in the current year, with savings to accrue in SFYs 2027 ($750 million) and 2030 ($2 billion). Adjusted for prepayment actions, debt service obligations are projected to increase by nearly 40 percent over the next five years.

Prepayments can be a useful tool to target savings actions into specific years for short-term budget gap relief. However, such amounts could otherwise be deployed to debt reduction and generate higher total savings levels with more long-term and recurring fiscal impacts, as well as producing more recurring relief under the State's debt cap. The State has made significant prepayments in recent years, including over $24 billion in the past five years alone, which is about 39 percent of total debt outstanding for SFY 2026.

Figure 23
Projected Debt Service Spending – Adjusted for Prepayments
(in millions of dollars)

	SFY 2026	SFY 2027	SFY 2028	SFY 2029	SFY 2030	SFY 2031	SFY 2026 to SFY 2031 Change $	SFY 2026 to SFY 2031 Change %
Executive Budget Debt Service	$4,246	$3,675	$5,453	$6,054	$6,587	$9,296	$5,050	118.9%
Prior Prepayments	($5,160)	($3,060)	($2,500)	($2,500)	$0	$0		
SFY 2026 Prepayment	$2,750	($750)	$0	$0	($2,000)	$0		
Total Prepayments	($2,410)	($3,810)	($2,500)	($2,500)	($2,000)	$0		
Debt Service Adjusted for Prepayments	$6,656	$7,485	$7,953	$8,554	$8,587	$9,296	$2,640	39.7%

Source: Division of the Budget

Assessment and Risks

Projections are inherently uncertain and reflect a range of assumptions about future conditions. The FY 2027 NYS Executive Budget Financial Plan has identified several risks that could affect their projections. This section expands on some of those factors, explains additional risks that warrant closer attention, particularly as they relate to the changing federal-state dynamic precipitated by actions in Washington, and provides an assessment of key fiscal policies.

Economic Risks

DOB's economic forecast for the nation for 2026 and 2027 does not differ significantly from the Blue Chip Consensus; however, projections for growth in the New York economy for the two years are more conservative than S&P Global Market Intelligence.[43]

A cautious outlook is warranted given the volatility the economy experienced throughout the last year due to ever-changing tariff actions, immigration restrictions, the geopolitical landscape, and federal tax and spending policies. All of these factors continue to be risks to economic growth in the upcoming fiscal year.

The federal government shutdown in October and early November not only impacted the economy as federal workers were furloughed and funding to businesses and individuals stopped, but it also resulted in an absence of timely economic data, restricting the ability to assess the health of the current economy and adding uncertainty to forecasts. In addition, as with previous shutdowns, economic activity likely got shifted to the end of the fourth quarter and into 2026, further clouding any analysis.

In 2025, 43 federal executive orders were issued modifying tariffs on specific countries or specific products with four more issued in January 2026.[44] The potential continuation of this unpredictable trade policy increases costs and causes a significant level of uncertainty for businesses, both those who import and those exporters subject to retaliatory tariffs or reduced demand.[45] For example, real exports of food, feeds, and beverages declined by $4.7 billion through November 2025 (the latest data available) from the same period in 2024.[46] For New York, exports to Canada, the State's largest trading partner, declined by $3.9 billion through November 2025.[47]

Inflation remains a concern, particularly if higher tariffs are passed through to the consumer, whether through the price of the imported good itself or through the businesses that raise the price of goods or services due to tariffs on items used in production (e.g. steel used in construction). If inflation increases at a faster pace than currently forecasted, consumer spending will likely slow, particularly if wages are not keeping pace, and businesses may cut back on investment as the costs of their inputs rise and/or consumer demand slows.

Tariffs, as well as immigration rhetoric and policy, adversely impacted tourism to the U.S. and New York in 2025. The number of overseas visitors to the U.S. decreased by just over 870,000 (2.5 percent) in 2025; those from Canada declined by 3.9 million (22.5 percent) through October

2025 (the latest data available).[48] Similar results were realized for New York, with 3.4 percent and 21.2 percent fewer overseas and Canadian visitors, respectively.[49]

Changes in tourism are particularly impactful on the leisure and hospitality industry, the fourth largest source of employment in New York and the rest of the nation in 2025. Employment growth in the industry at both levels slowed in 2025; however, the rate at which it slowed was more pronounced in New York, from 1.7 percent in 2024 to 0.9 percent in 2025, as compared to 1.6 percent to 1.4 percent in the rest of the nation.[50]

Slower-than-forecasted employment growth and higher unemployment would not only put pressure on the economy as a result of lower consumption; it could also put pressure on government spending as utilization of safety net programs would potentially increase. However, while the benefits provided by the safety net programs serve to mitigate some of the consumption loss, cuts made to these programs by P.L.119-21 could result in larger declines.

The divergence of inflation and employment in 2025 (one showing signs of acceleration, the other slowing growth) was a cause for concern for monetary policy. Although inflation remained elevated beyond the Fed's preferred benchmark, slower employment growth prompted the Fed to reduce interest rates in the second half of 2025. At its January 28-29, 2026 meeting, the Fed maintained rates at the range of 3.5 to 3.75 percent, citing the uncertainty of the economic outlook in achieving the Fed's goals of maximum employment and stable prices (i.e. 2 percent inflation over the long run).[51]

With these deviating pressures, should the Fed decrease rates further than currently forecasted, employment may be boosted as businesses and consumers take advantage of lower interest costs. However, higher demand may cause inflation to increase even further. The opposite may occur should the Fed decide higher rates are warranted.

Revenue Risks

Any deviations from the economic projections will impact State tax collections. For example, better-than-forecasted employment growth would likely result in higher personal income tax revenues as more people are earning wages, or a decline in consumption could lead to lower sales tax collections. Other risks relate to government policy actions or the influence of certain industries within the state.

"Temporary" Taxes

In SFY 2022, the top rates for the personal income tax and the corporate franchise tax were "temporarily" raised in response to the anticipated decline in revenues due to the COVID-19 pandemic; the PIT rate was to sunset after seven years and the corporate franchise tax after three.[52] The SFY 2024 Enacted Budget extended the corporate franchise tax rates for an additional three years until December 31, 2026 while the PIT rates were extended for an additional five years in the SFY 2026 Enacted Budget, expiring at the end of 2032. The Executive Budget proposes extending the corporate franchise tax rates again for an additional three years, which would then sunset in 2029.

Continued reauthorization of higher temporary tax rates may cause taxpayers to treat these changes as permanent, rather than temporary, particularly when top “temporary” rates are high relative to other states. For example, the current combined top PIT rate of 14.8 percent for New York City taxpayers is the highest in the nation. Had the temporary rates been allowed to sunset at the end of 2027, the combined rate would have been second highest.

The Office of the State Comptroller has issued a series of reports showing more personal income taxpayers move out of New York than move in.[53] While the most recent data, through tax year 2023, do not indicate any heightened exodus, the net out-migration rate has consistently been highest among higher income groups, even prior to the imposition of the temporary higher tax rates. Similarly, businesses may treat the extended corporate franchise tax rate as the new baseline for their operations and consider avoiding expansion and/or locating in the state.

New York Economy and Revenues Rely Heavily on the Financial Sector

The financial activities sector comprises the largest single share of the state’s economy. In 2024, it accounted for 31.9 percent of New York’s real gross domestic product (GDP).[54] Despite being a small share of private sector employment in the state, 8.8 percent in 2024, the financial activities sector paid 22.6 percent of the total wages.[55] In addition, average annual wages paid in the industry are over three times higher than those for all private sector jobs in the state subjecting many of the financial industry jobs to the top personal income tax rates.[56] As a result, the State’s finances depend heavily on this sector and the performance of the financial markets, particularly in relation to the bonuses paid.

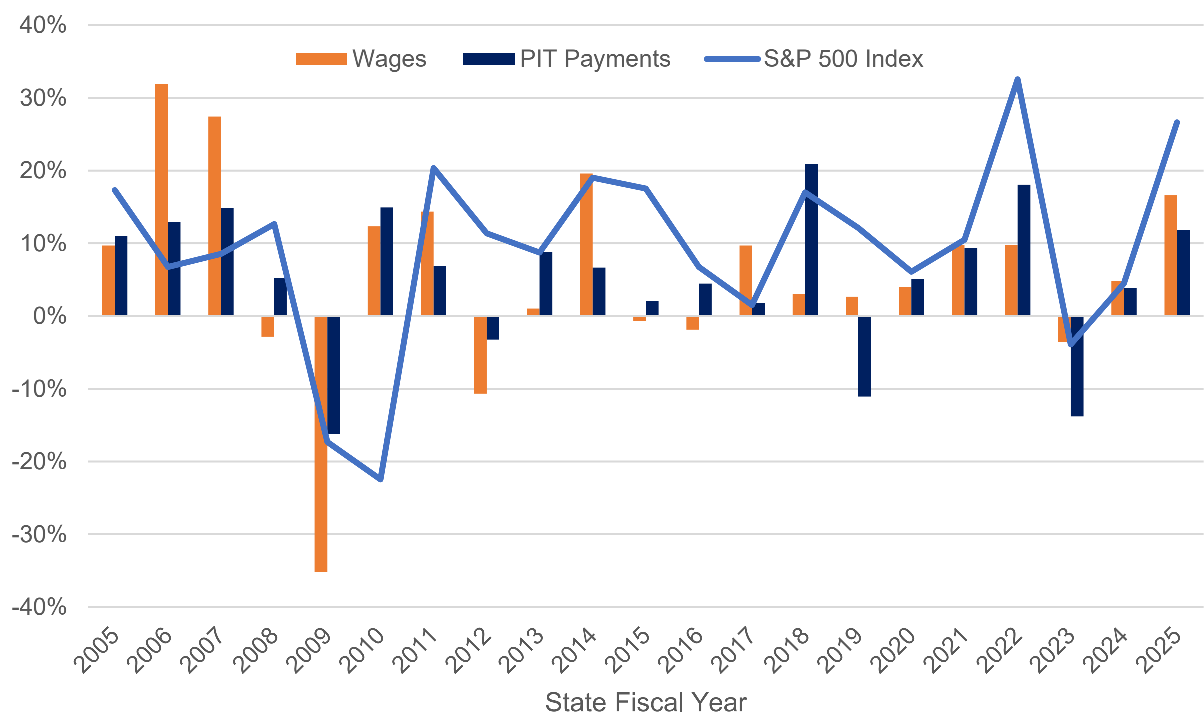
The bonuses paid in the financial activities industry are largely related to market performance with the level of bonuses varying by type of firm and/or type of investment. They are largely paid in the final quarter of the fiscal year also known as the “bonus season” (January – March), reflecting results achieved in the prior calendar year. Due to these bonus payments, a larger share of the State’s gross PIT revenues is received during this period, an average of 30 percent.

However, the financial markets are highly sensitive to economic and other shocks resulting in large short-term swings or long-term changes. As a result, bonuses paid along with the associated PIT payments, are highly variable from year to year. While, on average, 30 percent of the State’s gross PIT revenues are received in the final quarter of the fiscal year associated with the bonus season, that share varies from year to year; since SFY 2005, the share of PIT payments ranged from a high of 31.6 percent (SFY 2018) to a low of 24.6 percent (SFY 2009). Figure 24 shows the average annual change in the S&P 500 Index and its impact on the wages paid in the financial sector and PIT payments in the final quarter of the fiscal year.

In 2025, there was a large amount of volatility within the year. For example, upon initial announcement of higher tariffs, the S&P 500 fell over 620 points (10.1 percent) from February 19 to March 13. With the subsequent announcement of higher tariffs on all trading partners, the S&P dropped another 539 points by April 8, a total decline of 18.9 percent. The subsequent postponement of the tariffs resulted in a market rebound; the S&P 500 increased by over 474 points the next day.[57] Volatility continued throughout much of the year, with large declines occurring with the federal government shutdown from October into November. Despite these swings, the S&P 500 Index grew by 26.7 percent in the aggregate for the 2025 calendar year.

DOB estimates bonuses to increase by 25.9 percent in SFY 2026, only slightly slower than 27.5 percent growth in SFY 2025. As a result, the wage growth projection was increased by two percentage points from the Mid-Year Update, from 3.2 percent to 5.2 percent, contributing to the $2.7 billion increase in estimated collections from withholding and estimated payments.

Figure 24
Year-over-Year Changes in the Stock Market, Financial Sector Wages, and Personal Income Tax Collections, Fourth Quarter Only, SFY 2005 – SFY 2025



Notes: Stock market change is the annual change of the average S&P 500 Index for the calendar year. PIT payments are withholding and estimated tax collections.

Sources: NYS Department of Labor, Quarterly Census of Employment and Wages, S&P Global Market Intelligence, Office of the State Comptroller analysis

Federal Budgetary and Policy Actions

Federal fiscal and other legislative acts can have significant effects on the State. During the pandemic, the federal government acted quickly to provide critical fiscal support to the states, some of which is still – albeit at a much lower level – flowing through the FY 2027 NYS Executive Budget Financial Plan.[58] More recently, however, the enactment of P.L. 119-21 has limited and shifted federal support for the social safety net, and will affect how New York provides key services, including healthcare coverage for many New Yorkers. Moreover, administrative actions increasingly place at risk the level, timing, and reliability of support flowing to the State.

Freezing and Withholding of Funds

There have been numerous attempts by the current federal administration to freeze, withhold or cut funding to the states, funding that would otherwise support child care and food assistance,[59] clean energy projects,[60] and the Gateway Hudson Tunnel Project[61] – to name a few. Pauses, litigation, and freezes affecting social services, public health, and education funding – not to mention the federal shutdown that lasted a record 43 days – have disrupted the predictable flow of federal dollars that the State, local governments and school districts depend on. These federal actions are creating more financial risk for the State and leading to a more complex fiscal environment. Federal funding remains essential in helping provide New Yorkers with critical services, but this funding can no longer be treated as fully automatic or reliable.

A memo dated January 20, 2026 from the federal Office of Management and Budget is requiring all federal departments and agencies to "collect a detailed spending report on Federal funds provided to entities in a select list of States," with a stated purpose to "better understand the scope of funding in certain States and localities in order to facilitate efforts to reduce the improper and fraudulent use of those funds through administrative means or legislative proposals to Congress."[62] While the list of targeted states is not readily available from the sourced document, news reports have indicated that New York is one of the fourteen states subject to this directive.[63] Continued efforts from the federal government to disrupt the flow of funds to the State can be destabilizing to programs, providers, and State finances.

Health Program Impacts

The Medicaid program in New York will see many changes in the upcoming years. P.L. 119-21 imposes community engagement requirements, increases eligibility redeterminations from annually to semi-annually, removes certain legally present immigrants from federally-participating healthcare eligibility, and restricts the type and level of provider taxes. As a group, these policy changes will decrease federal and State revenue streams for Medicaid and increase State costs. Changes to eligibility for premium tax credits[64] similarly will result in the State losing access to approximately $10.8 billion in federal resources used to support the State's Essential Plan.

One of the most immediately financially impactful changes involves New York's MCO tax, which took effect January 1, 2025, and was estimated initially to generate a net $3.7 billion over two years.[65] However, due to these federal changes, the Financial Plan is only expecting to collect MCO tax revenues through March 31, 2026 for a projected net collection of $2.3 billion,[66] which represents net collections $1.5 billion less than originally projected.

However, as of January 29, 2026 – following the release of the Financial Plan – CMS issued a final rule that effectively allows New York's MCO tax collections to continue through calendar year 2026.[67] Nevertheless, provider tax restrictions may force states to cut Medicaid funding, which could mean reduced benefits, fewer covered services, longer waiting times, or difficulty finding a doctor who accepts Medicaid. For doctors and hospitals, this could mean lower Medicaid reimbursement rates and loss of supplemental payments that many providers rely on to offset the cost of serving Medicaid patients, potentially causing some to limit or stop accepting Medicaid altogether.

The combined effect of these changes may result in an evolving health landscape heading into SFY 2027. Fewer people covered by either Medicaid, the Essential Plan, or insurance purchased on the New York State of Health marketplace may mean that hospitals end up treating more patients without receiving reimbursement.

P.L. 119-21 established the Rural Health Transformation Program, a nationwide program authorized to help states improve healthcare systems in rural areas. New York was awarded $212 million from CMS for the first year of the program.[68] However, this funding may not come near to replacing the losses that New York's healthcare ecosystem stands to experience.

New York State's Response

Changes to the Essential Plan stemming from P.L. 119-21 began on January 1, 2026, when certain immigrants were restricted from accessing the premium tax credits that provide support for the Essential Plan.[69] In October 2025, the DOH submitted a request to CMS to terminate its Section 1332 State Innovation Waiver, which allowed the State to provide expanded coverage under the Essential Plan to those earning up to 250 percent of the FPL, and revert to the Basic Health Program (BHP) operating under Section 1331 of the ACA.[70] As of the publishing of this report, CMS has not responded to the State's request. The Executive estimates this reversion – if approved – would result in 450,000 fewer New Yorkers qualifying for Essential Plan health coverage, and would walk back expanded efforts to cover health-related social needs.[71]

DOB's Financial Plan assumes the pending request to CMS is not approved, since that is current law and – as of the publishing of this report – is still the case. However, DOB also includes information in the Financial Plan that helps explain what would happen if CMS approved the State's request to revert to the Section 1331 BHP.

- Current Law Scenario: The State's 1331 BHP Waiver application is not approved by CMS, which results in approximately 525,000 individuals shifting to Medicaid. Many of these individuals would not qualify for a federal share of Medicaid, so the State would bear 100 percent of their Medicaid costs. The State would wind down the Essential Plan, enrollment would drop to zero in SFY 2027, and formerly EP-covered individuals (aside from those approximately 525,000) would have to find alternative means of health insurance or forgo it altogether.
- BHP Reversion Scenario: Under this hypothetical, CMS approves the State's request to revert to the Section 1331 BHP. The Financial Plan indicates that the 525,000 individuals who would have shifted to Medicaid (under the Current Law Scenario) would be eligible for coverage under the Section 1331 BHP. In addition, approximately 60,000 individuals could move to the BHP from Medicaid. Lastly, approximately 825,000 individuals would be eligible for health insurance under the BHP (who may not have other healthcare options under the Current Law Scenario). The State would also regain access to the Basic Health Plan Trust, which was unavailable under the Section 1332 Waiver, which could help cover costs for the BHP but only for as long as these funds are available. Given DOB's previous estimate that covering certain affected individuals could cost $3 billion annually,[72] the approximate $10 billion in the Trust would only last for a little over three years.

These two scenarios paint two very different pictures in terms of how New Yorkers can access healthcare and what resources would be available to pay for that healthcare. Until CMS weighs in on New York's request, the Financial Plan hints at a significant loss of healthcare coverage for New Yorkers and the likely increased State costs for providing healthcare that was – before P.L. 119-21 – available to New Yorkers at little to no State cost.

Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP) is the largest federal nutrition assistance program, making it a cornerstone of the social safety net for low-income households. In December 2025, the most recent data available as of the publishing of this report, New York State had over 2.8 million recipients of SNAP, which is almost one out of every seven New Yorkers (14.3 percent).[73]

Recent federal policy changes made by P.L. 119-21 have significantly altered the eligibility and funding structure of SNAP. For SNAP recipients, changes include new restrictions limiting benefits to certain legally present immigrants and expanded work requirements.[74] Discretion for granting states waivers from the work requirements was also narrowed. New York State's previous waiver was initially terminated effective November 3, 2025, but as a result of litigation was extended to March 1, 2026. Enhanced work requirements could lead to an estimated 298,000 people in New York losing some or all SNAP benefits.[75]

Other changes made by P.L. 119-21 include increasing states' share of costs for SNAP administration from 50 percent to 75 percent, which will go into effect in October 2026, and is estimated to cost New York $103 million statewide for the last half of SFY 2027, ramping up to $205 million for the full year in SFY 2028. More importantly, beginning in federal fiscal year 2028, states with SNAP payment error rates of 6 percent or higher would be required to pay between 5 and 15 percent of the state's SNAP benefit costs; for New York, this could potentially mean up to $1.2 billion in new annual costs.[76] Previously, regardless of error rate, the federal government paid 100 percent of the SNAP benefit cost. Implementation of cost-sharing may be delayed to federal fiscal year 2030 for states with high error rates.

Additional Reserve Funds Needed

DOB's Executive Budget Financial Plan projects a two-year surplus totaling $5.9 billion. The Financial Plan indicates these projected surplus revenues will be utilized to support further spending ($2.5 billion to fund proposals in the Executive Budget that, if recurring, is only worsening the State's structural imbalance) and take other actions to lower outyear budget gaps, such as prepay debt service.[77] The Office of the State Comptroller has long advocated that the use of one-time resources be directed to the greatest long-term benefit, such as retiring debt outstanding or bolstering the rainy day reserves.[78]

In recent years, the State has also deployed significant resources for making debt prepayments. In the past five years alone, prepayments of over $24 billion have been used to provide near-term budget gap relief. That is equivalent to nearly 39 percent of the total State-supported debt load in SFY 2026, reflecting a considerable lost opportunity for recurring debt burden relief and long-term savings that could have more meaningfully contributed to efforts for structural budget balance.

The Financial Plan is continuing the shift of funds in the informal “economic uncertainties” reserve to the Rainy Day Reserve Fund (RDRF), as advocated by the Office of the State Comptroller. The total amount in the State’s statutory reserves would be $11.6 billion beginning in SFY 2028. However, the overall amount in the “principal reserves” would remain at $14.6 billion throughout the Financial Plan period, and will decrease as a share of SOF spending over the life of the Financial Plan, which is imprudent given the numerous risks facing the State, including:

- Recent actions taken by the federal government – statutory, regulatory, and even administratively – have either cut federal funding to the State, frozen anticipated funding for a period of time (of various lengths of time), or simply undermined the State’s confidence in the federal government following through with its appropriations.
- The State’s reliance on a highly progressive personal income tax and, by extension, Wall Street, means that a significant source of State revenue is subject to market volatility and other economic shocks beyond the State’s control.
- The State’s structural imbalance – where spending projections far outpace receipts projections – means that recurring spending is reliant on revenues coming in as expected (or higher). Otherwise, in the case of any economic slowdown or downturn, policymakers and the State will have to make difficult decisions about how to manage fewer resources than anticipated.

The State should employ a more consistent approach to building up reserves by making monthly or quarterly deposits to the statutory rainy-day reserves, instead of waiting for fiscal year end.[79] Each Financial Plan update gives updated projections for the current SFY, which can be an opportunity to make such deposits to reserves. Having these reserves can help the State better manage any unexpected shifts in the future.

Spending Growth – Particularly Medicaid

The trajectory of State spending, well in excess of projected receipts and inflation, poses risks to New York State’s long-term financial health. In particular, the rapid growth in Medicaid spending may risk crowding out other critical State priorities such as education, infrastructure, and public safety. From SFY 2019 (actual results) through SFY 2026 (estimated), State-share Medicaid has grown by $20.7 billion (89.0 percent). From SFY 2026 through SFY 2030, State-share Medicaid is projected to grow by $12.9 billion (29.4 percent). Post-pandemic enrollment remains high, and this higher base of enrollment – combined with increased costs associated with an aging population – have boosted State-share Medicaid spending which, while moderating over the life of the Financial Plan, also remains high.

Containing Medicaid costs has been an ongoing challenge for the State, despite efforts such as the Medicaid Global Cap, which has become an ineffective tool. The disproportionate growth in State-only costs means that New York is absorbing a larger share of Medicaid expenses at a time when the federal government seems to be stepping back from its historical role in assisting states with Medicaid and other social safety net support.

The Financial Plan reports that Medicaid growth is attributable to several complex factors; however, the budget documents provide no quantification of the magnitude of each cost driver's contribution to the overall increases in Medicaid spending and offer no actionable intelligence for policymakers seeking to prioritize cost containment efforts. For example, the materials do not provide detailed breakdowns that would enable policymakers to understand:

- How much growth is due to increased utilization versus higher per-unit costs.
- Whether spending increases reflect improved access to needed care or inefficient service delivery.
- What case-mix or acuity changes may be occurring within enrolled populations.
- The percentage of the overall increases attributable to each identified cost driver.
- Which cost drivers are potentially controllable through State policy versus those driven by external factors beyond State control.
- What specific interventions could address the highest-magnitude cost drivers.

In addition, as the State's population ages, it will place pressure on spending on long-term care and higher-cost medical care. A recent savings action – reforming the Consumer Directed Personal Assistance Program by establishing a single fiscal intermediary – has reportedly generated savings of $1 billion,[80] well above DOB's initial savings projections of $504 million.[81] However, greater scrutiny is needed across all areas of Medicaid; without understanding the key factors driving spending growth, policymakers cannot develop targeted interventions to address the drivers with the greatest fiscal impact.

Debt Practices

The Executive Budget once again proposes to reauthorize and make permanent short-term cash flow borrowings with up to $3 billion of PIT Notes. The State currently has a strong cash position and considerable reserve levels with no reasonable expectation for cash flow borrowings in the foreseeable future, so there is no compelling public purpose for this authorization. Even if such a need were to arise, the Constitution already permits short-term cash flow borrowings with full faith and credit-backed Tax and Revenue Anticipation Notes (TRANs). 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[82] that require the Governor and Legislative leaders to certify the emergency or extraordinary factors needed for issuing lower-cost TRANs for cash flow needs.

Procurement, Transparency and Independent Oversight

The Executive Budget includes an Article VII proposal in the Public Protection and General Government (PPGG) budget bill, Part Y, which, if enacted, will erode the Comptroller's independent oversight of State contracts that was successfully restored by the Legislature in 2022 (see Chapter 839 of the Laws of 2022). Specifically, the proposal would increase discretionary purchase thresholds to $300,000 for:

- Office of General Services (OGS) and the customer agencies of its Business Services Center, an increase from $85,000;
- OGS centralized contracts, an increase from $125,000; and
- For all other agencies, an increase from $50,000.

The proposal would also eliminate the requirement for the Comptroller's approval of any purchase order or other procurement transaction issued under centralized contracts. The impact would be significant: in 2025, there were nearly 6,000 contracts executed that were between $50,000 to $300,000, totaling nearly $1 billion.

If these provisions are enacted, the Office of the State Comptroller estimates that over $3 billion in taxpayer funds may be expended without Comptroller oversight, including $1 billion exempt from Office of the State Comptroller review by raising the spending threshold from $50,000 to $300,000 and another $2 billion by removing the Office of the State Comptroller's authority to review procurement transactions issued against OGS centralized contracts exceeding $200,000.

In addition, the Executive Budget also proposes to exempt $1 billion from Office of the State Comptroller contract oversight for contracts executed for specific programs and pursuant to various appropriations, and an additional $1.3 billion from competitive bidding requirements, both of which are cornerstones of New York's procurement process.

In total, the Office of the State Comptroller estimates that the Executive Budget, as proposed, would exempt a minimum of $4 billion from Comptroller oversight and a competitive process.

Endnotes

[1] The $1.5 billion in license fees, which have been paid according to the Division of the Budget (DOB), are directed to the Metropolitan Transportation Authority (MTA). The Resorts World New York City casino at Aqueduct involves the conversion of the current Video Lottery Terminal (VLT) facility to a full casino. While the conversion is anticipated to occur prior to 2030, any casino revenues received are statutorily required to hold the State harmless for any loss of VLT revenue that had been directed to School Aid.

[2] A large part of this year-over-year increase is due to the shift of certain Medicaid spending from the Department of Health to Other State Agencies, as proposed in the SFY 2026 Executive Budget and ultimately included in the SFY 2026 Enacted Budget. At the time, DOB projected this would shift approximately $2.1 billion in costs, and it was further explained that this maneuver would better capture where this Medicaid spending is occurring and, perhaps more importantly, would remove such spending from the Global Cap calculation.

[3] 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.

[4] New York State Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan Mid-Year Update," page 113 (accessed February 2, 2026).

[5] Centers for Medicare and Medicaid Services Fact Sheet, "Preserving Medicaid Funding for Vulnerable Populations – Closing a Health Care-Related Tax Loophole Final Rule," issued January 29, 2026 (accessed February 3, 2026).

[6] The outyear gaps are affected by changes in how DOB accounts for the Transaction Risk Reserve, the amounts of which are included in their gap numbers. DOB is now setting aside $3 billion (as opposed to $2 billion) in SFYs 2028, 2029, and 2030 in their Transaction Risk Reserve, which effectively increases these outyear budget gaps, all else being equal, by an additional $3 billion ($1 billion more for each of the three outyears). Note that DOB did not publish the gap for SFY 2030 in the Mid-Year Update, so this is the first time the SFY 2030 gap numbers are being included in a Financial Plan.

[7] Governor Kathy Hochul, "Governor Hochul Announces Agreement on FY 2025 State Budget" press release, April 15, 2024 (accessed January 26, 2026). Specifically, that state reserves were maintained at the gold standard of 15 percent.

[8] Real GDP increased by 3.8 percent and 4.4 percent in the second and third quarters of 2025 on a seasonally adjusted annualized basis. U.S. Bureau of Economic Analysis, Gross Domestic Product, 3rd Quarter 2025 (Updated Estimate) (accessed January 30, 2026).

[9] Ibid.

[10] Ibid.

[11] Reductions of 25 basis points at each of the September, October and December meetings. Federal Open Market Committee, Board of Governors of the Federal Reserve, Meeting Calendars, Statements, and Minutes, accessed on January 26, 2026.

[12] Average of monthly change in seasonally adjusted nonfarm employment. December employment figures are preliminary. U.S. Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment, seasonally adjusted, accessed on February 17, 2026.

[13] December employment is preliminary. New York State Department of Labor, Current Employment Statistics, Seasonally Adjusted Employment Data for New York State and Metro Areas, accessed on January 26, 2026

[14] Average of quarterly seasonally adjusted annual basis. U.S. Bureau of Economic Analysis, "Table 2.2B. Wages and Salaries by Industry" accessed Tuesday, January 27, 2026.

[15] Average of quarterly seasonally adjusted annual basis. U.S. Bureau of Economic Analysis, "Table SQINC7. Wages and Salaries by Industry, Quarterly Personal Income by State" accessed on January 27, 2026.

[16] In 2024, certain app-based employment was included in the Quarterly Census of Employment and Wages (QCEW) data resulting from the 2023 settlement requiring these companies to make unemployment insurance contributions.

As a result, job growth for 2024 includes the initial counting of the jobs within these companies. The change in employment for 2025 reflects only the new jobs created, inclusive of those by these app-based businesses. See New York State Department of Labor, "Governor Hochul Announces Unprecedented Settlement Agreement between the NYS Department of Labor and Uber", November 2, 2023, accessed on January 27, 2026.

[17] Settlement includes payments made with the filing of annual returns and estimated payments made with requests for filing extensions net of refunds.

[18] See Office of the New York State Comptroller, Tax Provisions under the Federal Reconciliation Bill, September 2025, accessed on January 27, 2026.

[19] This spending is described as "payments to counties, cities, towns, villages, school districts and other local entities, as well as certain financial assistance to, or on behalf of, individuals and non-profit organizations." See New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 159 (accessed January 28, 2026).

[20] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 58 (accessed January 26, 2026).

[21] For reference please compare page 21 of Description of 2026-27 New York State Executive Budget Recommendations for Elementary and Secondary Education | NYS FY 2027 Executive Budget to page 21 of Description of 2025-26 New York State Executive Budget Recommendations for Elementary and Secondary Education | NYS FY 2026 Executive Budget (accessed on January 28, 2026).

[22] Congressional Budget Office, "Estimated Effects on the Number of Uninsured People in 2034 Resulting From Policies Incorporated Within CBO's Baseline Projections and H.R. 1, the One Big Beautiful Bill Act**"** (accessed January 28, 2026)

[23] New York State of Health, "Understanding the Impact of H.R. 1 Legislation on New York," (accessed February 3, 2026).

[24] New York State Division of the Budget, "FY 2026 NYS Enacted Budget Financial Plan," page 141 (accessed February 3, 2026).

[25] The State-funded portion of DOH Medicaid (for Local Assistance and State Operations spending, including DOH Medicaid administration) is projected to grow 11.2 percent ($3.9 billion), from $34.7 billion to $38.5 billion, representing the highest growth rate among all major spending categories. Other State Agency (OSA) Medicaid spending is projected at $9.8 billion in SFY 2027, an increase of $426.0 million (4.5 percent). See New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 11 (accessed January 26, 2026).

[26] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 54 (accessed January 28, 2026).

[27] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 112 (accessed January 28, 2026).

[28] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 55 (accessed January 28, 2026).

[29] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 112 (accessed January 28, 2026).

[30] Proposed rule by the Centers for Medicaid & Medicaid Services in the Federal Register. "Medicaid Program; Preserving Medicaid Funding for Vulnerable Populations-Closing a Health Care-Related Tax Loophole Proposed Rule," issued on May 15, 2025 (accessed January 28, 2026).

[31] See Section 71117 of Public Law 119-21.

[32] Centers for Medicare and Medicaid Services Fact Sheet, "Preserving Medicaid Funding for Vulnerable Populations – Closing a Health Care-Related Tax Loophole Final Rule," issued January 29, 2026 (accessed February 3, 2026).

[33] Crain's New York Business, "Feds delay phase-out of New York's health plan tax, adding $1B in revenue," January 30, 2026 (accessed February 3, 2026).

[34] U.S. Department of Health and Human Services, "HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns," dated January 6, 2026 (accessed January 30, 2026).

[35] Office of the New York State Attorney General Letitia James, "Attorney General James Wins Court Order Stopping $10 Billion Cut to Childcare and Support for Vulnerable Families," dated January 9, 2026 (accessed January 30, 2026).

[36] Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020 (P.L. 116-136), (accessed February 4, 2026).

[37] New York State Division of Housing and Community Renewal, Housing Plan Data Dashboard Beta Version (accessed January 29, 2026). Specifically, that there were 76.9 thousand units created.

[38] New York State Department of Public Service, "Utilities Prepared to Meet Consumer Demand for Electricity and Natural Gas During Winter," released October 16, 2025 (accessed January 29, 2026).

[39] Accuweather, "Severe winter of 2025-26 to continue for weeks in Midwest, Northeast," dated January 27, 2026 (accessed January 30, 2026).

[40] "Backdoor" borrowing is debt issued by public authorities for a State purpose, for which the State is contractually obligated to repay the debt service, subject to annual appropriation. Backdoor borrowing circumvents the Constitutional requirement for voter approval of State debt.

[41] State Finance Law, Article 5-B.

[42] S.9005/A.10005, Part FF, §47.

[43] Some of the disparity between the forecasts by DOB and S&P Global Market Intelligence (S&P Global) is due to the use of different sources for employment and wages. DOB projects New York employment and wages using QCEW data which, while more comprehensive, has a longer lag time for updated data. S&P Global, on the other hand, forecasts using wage data from the Bureau of Economic Analysis, which, while timelier, is based on survey data and smoothed for seasonality.

[44] National Archives, Office of the Federal Register, Presidential Documents, accessed on January 29, 2026.

[45] See for example, recent surveys and reports from the Business Council of New York; the National Foreign Trade Council; and Harvard Business School, accessed on February 2, 2026.

[46] Real exports exclude the impact of inflation. U.S. Bureau of Economic Analysis, U.S. International Trade in Goods and Services, Table 10, accessed on January 29, 2026

[47] Nominal exports. U.S. Census Bureau, USA Trade Online, accessed on January 29, 2026.

[48] Data through December is preliminary. U.S. Department of Commerce, International Trade Administration, International Visitor Arrivals Program, accessed on January 29, 2026.

[49] U.S. Department of Commerce, International Trade Administration, International Visitor Arrivals Program and U.S. Customs and Border Protection, Traveler and Conveyance Statistics, accessed on January 29, 2026

[50] Preliminary data, U.S. Bureau of Labor Statistics, Current Employment Statistics, National, New York State Department of Labor, Current Employment Statistics, annual average of nonseasonally adjusted amounts, accessed on January 29, 2026.

[51] The Federal Reserve, "Federal Reserve Issues FOMC Statement", January 28, 2026, accessed on January 29, 2026.

[52] Chapter 59, Laws of 2021. This legislation also retained the top personal income tax rate of 8.82 percent that was initially increased in the SFY 2012 Enacted Budget for a period of three years then subsequently extended three more times (SFY 2014, SFY 2017, and SFY 2019).

[53] See Office of the New York State Comptroller, Moving In or Moving Out? New York State Personal Income Taxpayer Migration Trends, May 2022 and Taxpayer Movement During the Pandemic: Comparing 2020 and 2021 to Pre-Pandemic Baseline, December 2023 (accessed on February 2, 2026).

[54] The financial activities sector includes the finance and insurance and real estate and rental/leasing industries; real estate includes real estate investment trusts and real estate investment companies. See U.S. Bureau of Economic Analysis, "SAGDP9 Real GDP by state" (accessed Friday, January 30, 2026).

[55] New York State Department of Labor, Quarterly Census of Employment and Wages, 2024 annual (accessed February 2, 2026).

[56] Ibid.

[57] S&P Dow Jones Indices LLC, S&P 500 [SP500], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SP500, accessed on January 30, 2026.

[58] The Financial Plan expects $3.0 billion in pandemic aid in SFY 2026 and $93.0 million in SFY 2027.

[59] U.S. Department of Health and Human Services press release, "HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns," issued January 6, 2026 (accessed January 28, 2026).

[60] Governor Kathy Hochul release, "Governor Hochul Slams Nearly Half a Billion Dollars in Federal Funding Cuts Targeting Dozens of New York Businesses and Clean Energy Programs" dated October 8, 2025 (accessed January 28, 2026). According to the release, the U.S. Department of Energy was seeking to terminate nearly $500 million in clean energy grant funding that could, among other consequences, affect 1,000 jobs.

[61] Gateway Development Commission Slide Presentation at the January 27, 2026 Board Meeting. See specifically slide 5 noting that federal disbursements have been paused since October 1, 2025.

[62] Office of Management and Budget, Washington D.C., memo on "Federal Awards to Entities in Select States," dated January 20, 2026 (accessed January 29, 2026).

[63] Politico, "Trump administration targets 14 blue states, DC with federal funding review," January 22, 2026 (accessed February 4, 2026).

[64] Effective January 1, 2026, restricting Premium Tax Credits (PTCs) to lawfully present immigrants with incomes under 100 percent of the poverty level, and, effective January 1, 2027, eliminating PTCs for most lawfully present immigrants except green card holders, certain Cubans and Haitians, and Compact of Free Association (COFA) residents. These changes are estimated to impact 780,000 enrollees in the Essential Plan,per Division of the Budget, "Financial Plan (PDF) | NYS FY 2027 Executive Budget", page 51

[65] $3.7 billion figure is after deducting $2.2 billion intended for State Share assessment offsets. See Division of the Budget, "FY 2026 NYS Executive Budget Financial Plan," page 113 (accessed January 28, 2026).

[66] Projected net collection of $2.3 billion after deducting $765 million in State Share assessment offsets.

[67] Centers for Medicare and Medicaid Services Fact Sheet, "Preserving Medicaid Funding for Vulnerable Populations – Closing a Health Care-Related Tax Loophole Final Rule," issued January 29, 2026 (accessed February 3, 2026).

[68] New York State Department of Health, "New York State Department of Health Announces First-Year Federal Funding to Support New York's Rural Health Care Transformation," (accessed January 28, 2026).

[69] New York State Department of Health, "Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for As Many New Yorkers As Possible," issued September 10, 2025 (accessed February 3, 2026).

[70] New York State of Health, "Submission to the Centers for Medicare and Medicaid Services (CMS): New York State's Request to Terminate the Section 1332 State Innovation Waiver and Return to the Basic Health Program" (accessed January 26, 2026).

[71] New York State Department of Health press release, "Press Release: Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for As Many New Yorkers As Possible," (accessed January 28, 2026).

[72] New York State Division of the Budget, "FY 2026 Enacted Budget Financial Plan," pages 141-142 (accessed February 2, 2026). Specifically, the discussion that disallowing certain Medicaid populations from being able to obtain premium tax credits, if they are moved to the Medicaid program, would have an annual State cost of $3 billion.

[73] New York State Office of Temporary and Disability Assistance, Temporary and Disability Assistance Statistics December 2025 (accessed February 3, 2026).

[74] Prior to P.L. 119-21, certain able-bodied adults age 18 to 54 without dependents were required to work or attend training for at least 80 hours per month to receive SNAP for more than three months within a three-year period. P.L. 119-21 expands those work requirements to include able-bodied adults age 18 to 64 without dependents and to similarly aged adults with children age 14 or older. Previous exemptions from work requirements for veterans, people experiencing homelessness, and certain foster care youth were also removed.

[75] Urban Institute, "Expanded SNAP Work Requirements Would Reduce Benefits for Millions of Families," May 2025 (accessed February 3, 2025). Additionally, the Congressional Budget Office estimates that, nationwide, SNAP participation will drop by roughly 2.4 million people in an average month during the 2025-2034 period.

[76] Estimate is based on New York's FFY 2025 SNAP Benefits of $7,686,974,902, see USDA SNAP Data Tables. An error rate between 6 and 7.99 percent would increase the State's cost of SNAP to 5 percent of benefits, $384,348,745. An error rate between 8 and 9.99 percent incurs a penalty of 10 percent, $768,697,490. $1,153,046,235 is the maximum penalty of 15% of benefits.

[77] New York State Division of the Budget, "FY 2027 NYS Executive Budget Financial Plan," page 9 (accessed January 28, 2026) for the utilization of $2.5 billion in the SFY 2027 Executive Budget and page 14 for $2 billion in additional prepayment of debt service costs, with the remaining amounts being used to offset outyear budget gaps (as indicated on page 9).

[78] Office of the New York State Comptroller, "Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan," page 23 (accessed January 26, 2026).

[79] Office of the New York State Comptroller, "The Case for Building New York State's Rainy Day Reserves," December 2019 (accessed January 28, 2026).

[80] Division of the Budget, "Director's Technical Budget Presentation," specifically the slide on CDPAP Reforms, dated January 20, 2026 (accessed February 4, 2026).

[81] New York State Department of Health, "2025 Enacted Budget Medicaid Scorecard," (accessed February 4, 2026). See specifically the item "Transition to One Statewide Fiscal Intermediary & Recalibrate Administrative Reimbursement".

[82] Public Authorities Law §3241-a.

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