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FPI on Housing, Healthcare, Education & Climate in FY 2025 Enacted Budget

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$237 billion budget represents inflation-adjusted spending decrease of 0.4 percent

ALBANY, NY | April 20, 2024 — In response to the release of the NYS Fiscal Year 2025 budget bills, Fiscal Policy Institute Director Nathan Gusdorf today released the following statement:

"This modest budget makes certain improvements over the governor's original proposals to reduce funding for school aid and Medicaid, but ultimately falls short of making the essential investments needed to tackle New York's escalating affordability crisis and reverse its population loss. Given the State's projections of inflation in the coming year, this $237 billion budget represents an inflation-adjusted spending decrease of 0.4 percent. As more New Yorkers leave the State in search of a lower cost of living, this restrained budget underinvests in the programs and services needed to tackle the State's affordability crisis.

"Additionally, despite an improving economy, reduced budget gaps and a growing millionaire population, the budget fails to raise revenue by increasing taxes on the highest earners. This constrained budget represents a continuation of the State's intentional choice to limit investments in affordable housing, SUNY and CUNY, financially distressed hospitals, and the public sector workforce. Ultimately, this budget will fail to bolster New York's economic competitiveness in the long run or stem the exodus of its residents."

Housing

"The housing agreement claims to increase the supply of affordable housing while expanding tenant protections; in reality, this deal weakens existing tenant protections while creating a likely unenforceable version of Good Cause Eviction that is full of exceptionally broad carve-outs — effectively returning New York to its 2019 housing market. The budget leans heavily on tax incentives for developers (formerly 421-a, now 485-x) to stimulate the creation of affordable housing, but misses the opportunity to adopt the Senate's policy of direct state investment in affordable housing construction. Tax incentives for developers inefficiently rely on excessive payments to private developers in place of more cost-effective, direct public investment in affordable housing construction for all low- and middle-income New Yorkers.

Healthcare

"The enacted healthcare budget rejects some of the most concerning provisions of the executive budget, but fails to ensure that New York's Medicaid system can continue to care for our aging population. The enacted budget rejects the governor's proposal to cut wages for hundreds of thousands of home care workers and instead saves money by moving to a single statewide fiscal intermediary, but it fails to reform the wasteful managed long-term care program — even though doing so could save billions of dollars. On hospitals, the budget appears to continue the pattern of offering short-term funding to financially distressed hospitals without addressing the structural issues which have brought so many New York hospitals to the brink of insolvency in the first place. Nor is there much in this budget that would expand coverage to the hundreds of thousands of New Yorkers who are currently uninsured, or address the problem of rising costs in the private insurance market. The governor and legislature have delivered a budget that maintains the status quo in New York's healthcare system but fails to make progress towards better and more affordable healthcare for all New Yorkers."

Education

"The enacted budget wisely omits the governor's proposed reductions in the school funding formula, but commits to reviewing the formula next year — at which point it will be essential to see that funding cuts remain off the table. State spending on the SUNY and CUNY systems is held relatively flat, missing the opportunity to address decades of underinvestment in faculty and student services. While the budget increases funding for the Tuition Assistance Program, which supports students from low- and middle-income families attending college, it allows these funds to subsidize the costs of private university tuition rather than exclusively committing them to the state's public institutions of higher education."

Climate

"The State continues to underinvest in the climate transition, putting New York at risk of failing to meet the mandates of the CLCPA that include electrification targets, reduced carbon emissions, and ensuring a just transition. Most notably, after both the governor and Senate supported ending a mandate for new gas hook-ups in the state — called the "100-ft rule" — the final legislation leaves this mandate in place, setting the state even further back in the renewable energy transition. On the other hand, this budget includes $500 million to support clean water infrastructure, an important step towards adaptation to climate change. Without further state action, the state will fail to meet these crucial sustainability targets and the cost of the climate transition will fall on those already most vulnerable."