

Enacted Budget Financial Plan Shows Healthy Fiscal Outlook

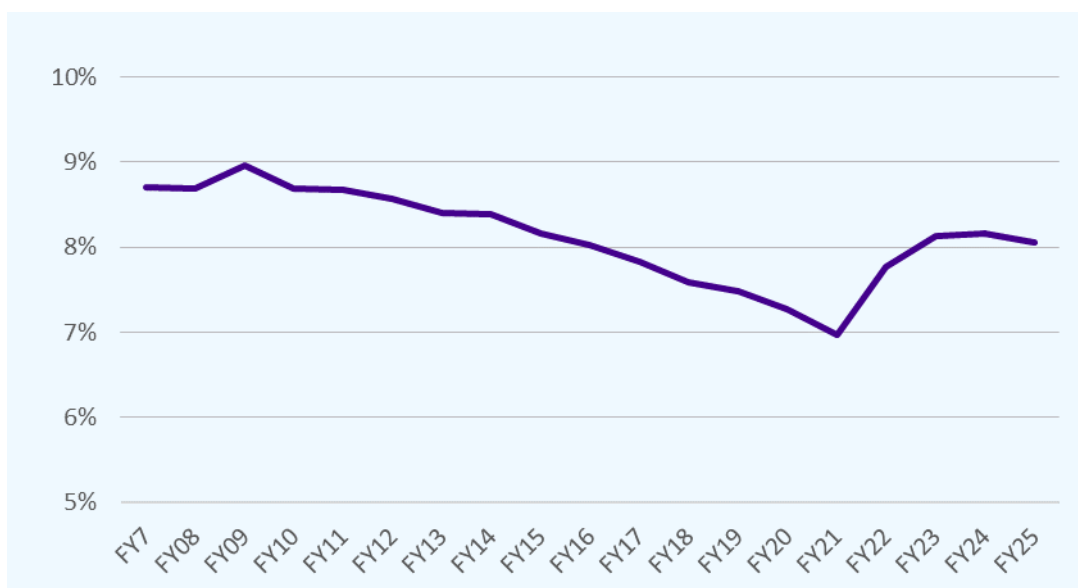
Rising revenues support stable spending growth; show soundness of rejecting governor’s proposed cuts to education and healthcare

New York State’s fiscal year 2025 enacted budget financial plan shows that the State remains on strong fiscal footing, with expected revenues for the current fiscal year rising \$6.6 billion over the most recent projections. State revenue for this past fiscal year exceeded the projections of the January financial plan by \$6.4 billion, allowing significant debt prepayments and additional reserve deposits.

With over \$30 billion in reserves, a balanced budget for fiscal year 2025, and the projected budget gap for fiscal year 2026 shrinking to a negligible \$2.3 billion, the State is in a strong position to further invest in its social spending programs as well as its public sector workforce. Moreover, these new forecasts show that the legislature wisely rejected the cuts to education and healthcare spending proposed in the governor’s executive budget.

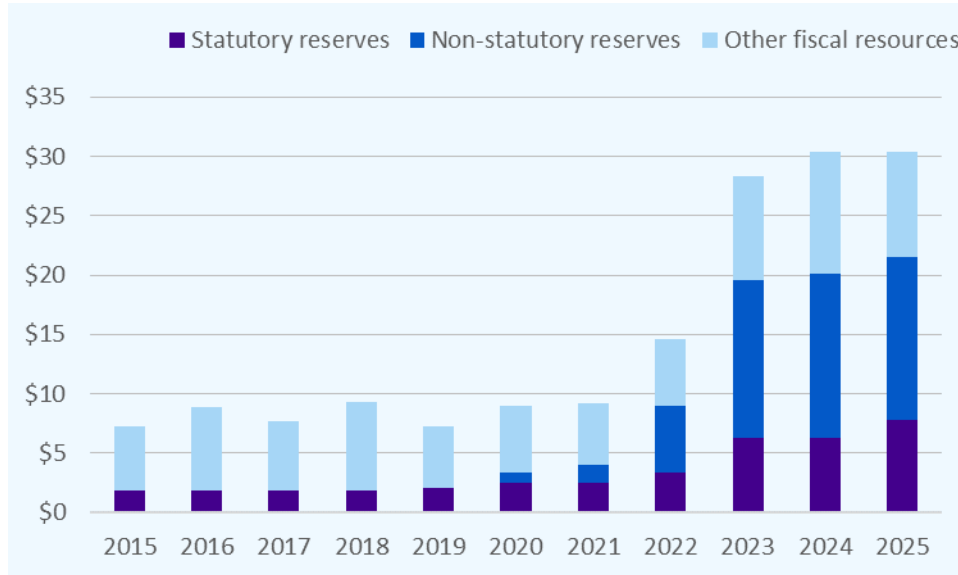
The financial plan projects spending of \$132.0 billion in State funds for fiscal year 2025. This spending is 2.8 percent higher than fiscal year 2024, but flat after adjusting for inflation. Measured as a share of total state personal income, State spending has been flat since fiscal year 2023 and is on par with its fiscal year 2016 level.

Figure 1. State spending as a share of total state personal income, fiscal year 2007-2025



The State’s fiscal reserves remain at a record high of \$30.4 billion in fiscal year 2024 and 2025. After completing a \$1.5 billion deposit at the end of fiscal year 2024, the state’s formal fiscal reserves stand at \$21.6 billion. Further, the State holds an additional \$8.8 billion in other fiscal resources.

Figure 2. State fiscal reserves, fiscal year 2015–2025



The State revised anticipated tax revenue in the financial plan outyears (fiscal years 2026 to 2028) up by an average of \$2.2 billion per year, narrowing projected budget gaps to historically low levels. These gaps are largely driven by very conservative revenue projections for future years. If revenue simply keeps pace with inflation in future years, as is typical outside of severe recessions, the gaps will disappear without further policy action.

Figure 3. Budget gaps projected by fiscal year 2025 executive budget and enacted budget financial plans

