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By Fiscal Policy Institute
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FPI Testifies to City Council on NYC Impacts of the OBBBA

On September 15, 2025, two members of FPI's senior staff presented testimony to the New York City Council on the impacts of the federal legislation known as the One Big Beautiful Bill Act.

OBBBA and SNAP

By Andrew Perry, Director of Fiscal Research

Thank you for the opportunity to testify on the OBBBA's changes to SNAP. My name is Andrew Perry, Director of Fiscal Research with the Fiscal Policy Institute.

The OBBBA makes several changes to the Supplemental Nutrition Assistance Program (SNAP) that will impose fiscal costs and, most worryingly, result in the loss of benefits by New Yorkers currently receiving support.

The bill makes two changes to cut federal funding for SNAP. First, it requires states to share the costs of benefits for the first time—the State will be liable for up to 15% of the cost of benefits. Second, the bill increases states' share of administrative costs from 50% to 75%. These changes will shift up to $1.4 billion in new costs to New York State.

Currently, New York City is only affected by administration cost shifting, which will cut federal funding to the city by about $100 million annually by fiscal year 2028. This is manageable, but the city's lawmakers must be vigilant against the state shifting costs to localities. Lawmakers must also resist any state-level efforts to curb SNAP enrollment

The impending disenrollment of hundreds of thousands of New Yorkers is far more concerning. Older adults (aged 55 to 64) with no children and all adults under 65 with children 14-years old and older are now subject to SNAP work requirements. Unlike the funding cuts, these changes are effective immediately.

FPI estimates that 174,000 individuals in New York City are at immediate risk of losing their benefit. An additional 264,000 individuals are now subject to work requirements and at risk of benefits loss. In

total, the benefits of 438,000 out of the 1.8 million New Yorkers currently receiving SNAP are at risk. Of these, 277,000 are children.
These cuts will lead to greater food insecurity and have a severe economic impact on neighborhoods with high concentrations of low-income households. The average monthly benefit is $232 per individual. Therefore, the loss of benefits to those at the most immediate risk will remove nearly $500 million from these neighborhoods each year.

This makes the city's existing social services programs all the more important. Worryingly, spending for these programs has been significantly underbudgeted in recent years—the Office of Management and Budget has underestimated program costs by as much as $2 billion in the current fiscal year. This particularly affects public assistance and rental assistance. This underbudgeting raises the risk that these programs will be the first targets for budget cuts in the event that the city faces fiscal headwinds. As such, lawmakers must guard against any efforts by the administration to cut social service programs in the current year and ensure that future commitments are fully funded.

Medicaid Cuts in New York City
By Michael Kinnucan, Director of Health Policy

The Medicaid cuts signed into law by President Trump this summer will harm patients and squeeze public budgets across the country, but New York City's healthcare system is uniquely vulnerable. Approximately 3.5 million city residents receive health insurance through Medicaid and the Essential Plan. Hundreds of thousands of these people may face loss of coverage due to the reconciliation bill; the city's uninsured rate may more than double as the full effects of the bill are phased in.

Meanwhile, half a million undocumented city residents, the majority of whom are already ineligible for Medicaid and the Essential Plan, will face further obstacles to obtaining healthcare, as the providers that treat them are threatened with defunding and fear of deportation makes them hesitant to seek treatment.

To meet these challenges and ensure access to care, the city will need to rely on its safety net healthcare providers, and especially on NYC Health + Hospitals. But H+H faces several looming threats to its funding. More uninsured New Yorkers means that the system will be forced to provide more charity care. The potential transfer of 500,000 Essential Plan enrollees to Medicaid would mean lower revenue for both H+H and MetroPlus, although changes proposed to the Essential Plan floated by the Hochul Administration last week would avoid the worst of these impacts. Congress has yet to extend the Medicaid Disproportionate Share Hospital (DSH) program on which H+H relies, and the reconciliation bill included cuts to Directed Payment Template (DPT) program, a major avenue of state funding to H+H.

Meeting these threats will be challenging—but failure is not an option. Our city can and must guarantee high-quality healthcare to all residents. In responding to these multiple threats, city policymakers should keep several principles in mind:

1. **Invest in primary care.** As New Yorkers become uninsured, many will lose access to primary and preventive care and be forced to seek treatment through hospital emergency rooms. That is bad for patients, providers and taxpayers. The city should instead invest in primary care provided

through H+H, community clinics, schools, and other sites. We should also explore telehealth and anonymous clinics to ensure that immigrants have access to care.

2. **Invest in our public provider system.** New York is better placed than most cities to respond flexibly and creatively to healthcare cuts, because we are blessed with the largest and best public hospital system in the nation. As we ask more of H+H in the next few years, the city and state may need to invest more in subsidizing the system. That investment is worth it.
3. **Private hospitals must contribute.** New York's hospital system is separate and unequal, with some nonprofit hospital systems receiving hundreds of millions of dollars a year in operating income while others struggle. The city should explore ways to redistribute funding from wealthy hospitals to public and safety net institutions.

About FPI

The Fiscal Policy Institute (FPI) is an independent, nonpartisan, nonprofit think tank that advances sound and equitable fiscal policy to strengthen New York's economy through research, analysis and strategic communications. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.