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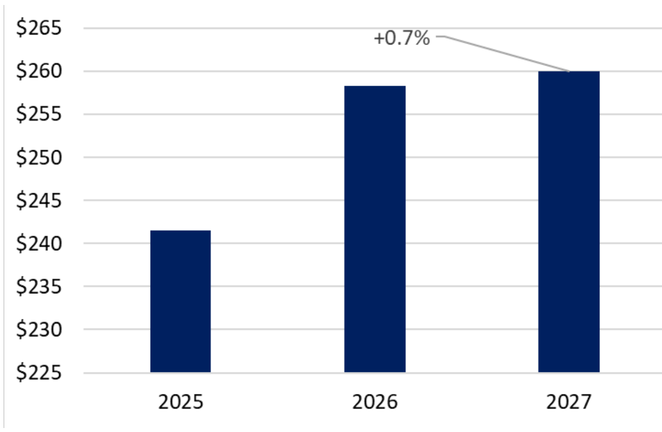
# FY 2027 Executive Budget Fiscal Outlook

### 1. Total spending growth is flat

The State's All Funds budget, which includes federal funding, is set to grow just 0.7 percent in FY 2027. This is far lower than the rate of inflation. Sub-inflationary growth indicates cuts to the provision of public services.

**All Funds spending planned in FY 2027 Executive Budget ($ in billions)**




### 2. Low growth is driven by falling federal funding

The All Funds budget freeze is the result of federal funding cuts enacted by the One Big Beautiful Bill (OBBBA). These cuts will cost the state $8 billion in FY 2027 and $12 billion in future years. For FY 2027, these cuts are concentrated in Medicaid and the Essential Plan. However, the Executive Budget plan to virtually eliminate the Essential Plan represents an unlikely worst-case scenario. A more likely outcome would keep the Essential Plan alive by accessing other federal funds, though this plan would still result in **470,000 New Yorkers losing health coverage this coming July.**

**State Financial Plan Spending by Source**

| | FY 2026 | FY 2027 | | |
|---|---|---|---|---|
| | | Plan at start of fiscal year | Updated spending plan | Difference |
| Total | $258.3 | $263.9 | $260.0 | -$3.9 |
| Federal | $93.8 | $92.6 | $84.4 | -$8.2 |
| *Medicaid & EP* | $65.8 | $73.7 | $65.1 | -$8.5 |
| State Funds | $164.5 | $171.3 | $175.6 | $4.3 |

### 3. State funds spending growth is in step with the economy

Beyond the federal cuts, the state funds budget—revenue and spending controlled by New York State—is poised to grow in step with the state economy in FY 2027. This means that the role of public services in New York's economic life will remain at a constant level. This contrasts with the budget under the Cuomo administration, during which policy choices consistently restrained the state budget. The Cuomo era reflected a retrenchment of public service provision.

## 4. State funds revenue is strong (compared to very low expectations)

In FY 2026 and 2027, collective state funds will be $17 billion higher than previously anticipated. Initial revenue forecasts were made in the immediate aftermath of the Trump tariff policy announcements and reflected expectations of a national recession. Compared to those low expectations, revenue is coming in much stronger than anticipated. This higher-than-expected revenue is driven by strong personal income tax revenue. In the outyears, revenue is also supported by two Executive Budget revenue actions: cancelling a planned corporate tax cut and decoupling from corporate tax breaks enacted by the OBBBA.

## 5. State funds budget set for surplus

Strong state funds revenue supports surpluses and new spending initiatives. Surplus funds will close previously projected budget gaps, build the state's fiscal reserves, and fund new public investments, in particular in childcare.

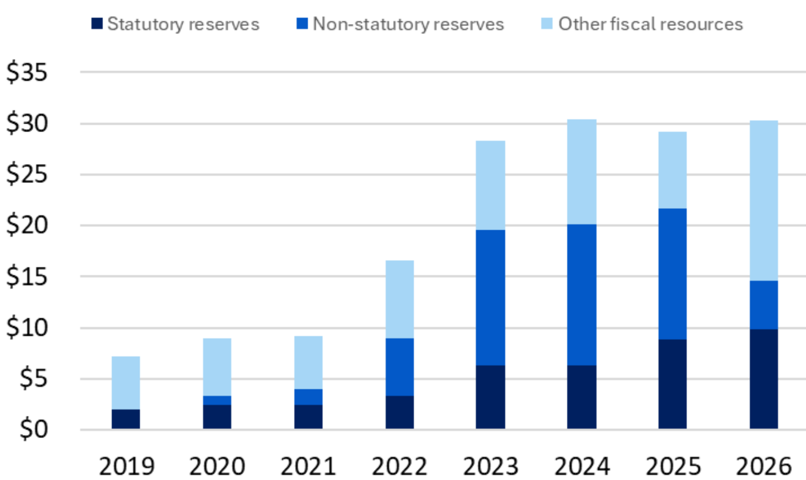
**Revisions to the fiscal plan between FY 2026 Enacted and FY 2027 Executive Budgets ($ in billions)**

| *State Funds Revenue* | $16.7 |
|---|---|
| *Uses* | $16.7 |
| **Closing FY2027 Gap** | **$7.5** |
| New childcare spending | $1.9 |
| Other new spending | $1.4 |
| **Total new spending** | **$3.3** |
| Debt prepayment | $2.0 |
| New reserves | $4.0 |
| **Total added resources** | **$6.0** |

## 6. Future revenue expectations remain cautious, driving modest projected gaps

Despite upward revisions to anticipated revenue, the State's outyear revenue projections remain cautious. The State anticipates no inflation-adjusted revenue growth through FY 2029. These cautious assumptions generate modest budget gaps in outyears. Revenue growth of just half its average real rate in the 2010s would be sufficient to close these projected gaps.

**Fiscal reserves by fund type ($ in billions)**




## 7. Fiscal reserves remain at record highs

The state's surpluses will, in part, contribute to its fiscal reserves. This will maintain the state's fiscal reserves at a record high of $30 billion. This level well positions the state to withstand unanticipated economic and fiscal shocks.