

Fiscal Policy Institute
Annual Budget Briefing

Fiscal Year 2027





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Executive Summary

The Fiscal Year 2027 state budget is being negotiated in the wake of one of the most severe cuts to the social safety net seen in our country's history. In July 2025, the Trump administration and congressional Republicans signed the "One Big Beautiful Bill Act" (OBBBA), imposing draconian cuts on healthcare and food assistance for low-income people, while delivering major tax cuts for the wealthy and corporations. These funding cuts have major implications for New York residents and the New York State budget. However, rather than committing to preserve essential services, New York State policymakers have repeatedly claimed that they cannot possibly backfill federal cuts.

This claim is wrong. The State continues to benefit from robust tax revenue and strong reserves. Its wealthiest residents continue to enjoy strong income growth, bolstered by massive federal tax cuts. New York is in a position to maintain these essential services; declining to do so is a political choice. Thus, while this year's executive budget proposal makes significant and welcome investments in expanding childcare access, the proposal as a whole is defined primarily by what it does not accomplish: It fails to protect the one million New Yorkers at risk of losing health insurance due to Essential Plan and Medicaid cuts and does not support the two hundred thousand New Yorkers at risk of losing nutrition assistance.

Things do not have to be this way. New York—the most unequal state in the nation—has the resources to provide essential services to low- and middle-income New Yorkers in need. Despite pessimistic revenue projections at the start of fiscal year 2026, the State took in strong revenue, accruing surplus revenue of \$17 billion across FY 2026 and FY 2027. Accounting for in-year reserves and chronically pessimistic revenue projections, New York is not facing significant fiscal gaps in the outyears. And in the case of emergency, New York has \$30 billion in reserves—far more than the state has maintained in its history and enough to meet emergency funding needs in the near- and medium-term.

On the spending side, too, the State's outlook is positive. After years of rapid growth, New York's largest fiscal responsibility, Medicaid, has stabilized. Enrollment in the State's largest Medicaid program, Mainstream Managed Care, has returned to pre-pandemic levels, while the Managed Long-Term Care (MLTC) program, whose double-digit growth rates drove Medicaid spending growth between 2022 and 2024, in fact shrank in 2025. While the executive budget continues to report rapid headline Department of Health Medicaid growth, this is largely attributable to opaque accounting related to the Managed Care Organization tax and the State's contingency plan to absorb five hundred thousand Essential Plan enrollees into state-funded Medicaid if it fails to receive federal approval for a restructuring of the Essential Plan. Spending on current programs and populations grew just 3.6 percent, most of which was driven by provider rate increases.

Given the state's solid fiscal footing, it is well-positioned to fund ambitious expansions of public services that will make New York more affordable for families. First and foremost, the executive budget proposes a historic step towards achieving universal childcare. When fully implemented, the executive budget programs will support about 110,000 children under 5. New York already supports 40 percent of children under 5 who would be enrolled in a truly universal system, and the executive proposals will bring in an additional 18 percent. Nevertheless, a universal system must support an additional 250,000 children, the remaining 42 percent of children under 5 for whom

childcare assistance is not yet provided. This will cost \$6 billion per year beyond the executive budget proposals.

Further, the state must ensure that New York City is on solid footing to invest in its affordability agenda. New York City Mayor Mamdani's recent preliminary budget revealed a grim fiscal shortfall facing the city. Mismanagement by the prior administration has created significant underfunded spending needs. At the same time, the City's inability to control its own tax system has constrained its revenue. While the executive budget includes modest, mostly one-off aid, putting the city budget on solid ground for the long run requires the State to reverse recent cost shifting and allow the City to raise its own revenue.

In sum, New York State has a number of steep fiscal needs. Fortunately, because of the state's fiscal strength—both its historic fiscal reserves and ongoing revenue growth—it is well positioned to maintain essential services and expand programs core to its affordability agenda. Lawmakers must address these needs by leveraging new revenue and building a New York where our state's great wealth is widely shared.

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I. New York’s Economy: Weakening economic fundamentals alongside high-earner wage growth

Key Findings

- Real economic growth in New York since 2019 remains below average US growth. While the United States grew about 13 percent in inflation-adjusted terms between 2019 and 2024, New York’s economy has grown a mere 8 percent over that same period.
- Whereas US employment has grown by 4.2 percent relative to its February 2020 level, New York’s has only grown by 1.9 percent—less than 200,000 jobs.
- Recently, the Trump administration’s violent immigration enforcement has disincentivized international immigration into the United States, causing population stagnation in New York. While in 2024, New York saw an in-flow of immigrants of nearly three hundred thousand, 2025’s immigration inflow fell to less than one hundred thousand.
- Not only is inequality in New York more extreme than in the rest of the country, but the state has seen an *increase* in its economic inequality over the past 6 years.
- The official poverty rate in New York has remained elevated at over 14 percent since the Covid-19 pandemic, after having reached a multi-decade low in 2020.

Introduction

This year marked one of the strangest in US economic history—erratic tariff policy, violent immigration enforcement, and the longest federal government shut-down in history all suppressed economic activity, while a booming stock market created the veneer of strength. The year began with measures of economic uncertainty exceeding those seen during Covid-19.¹ While New York State Fiscal Year 2026 budget was being enacted, the newly announced tariff policy caused forecasters to sound the alarm of a recession on the horizon. But no recession has occurred, and instead, the job market has stayed relatively stable, inflation has not taken off, and we have seen high levels of investment in Artificial Intelligence technology, which has stirred wild enthusiasm and deep fear of what is to come.

This chapter documents the evolution of the New York State economy over recent years. As FPI has documented previously, New York’s economy and labor force are defined by profound inequality. New York is the most unequal state in the country and has seen rising inequality over the past five years, while other highly unequal states have seen compression in their income distributions.

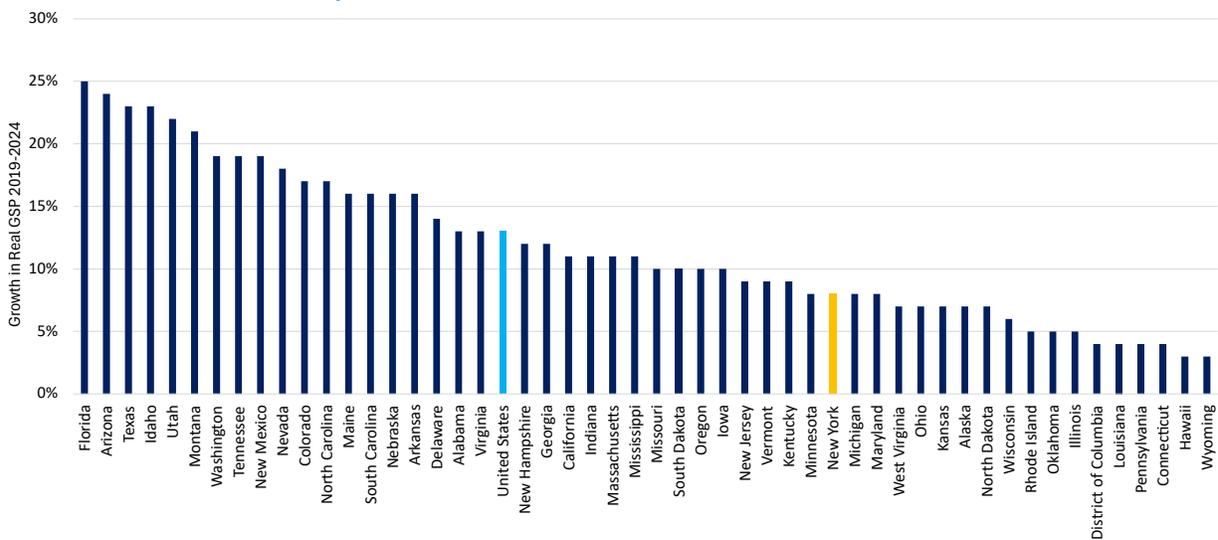
As New York’s high earner class continues to benefit from bullish capital markets, New York State revenue has remained strong. This is despite real signs of relative weakness in the economy, particularly for low- and middle-income New Yorkers.

Suppressed Economic Growth

Real economic growth in New York since 2019 remains below average US growth. While the United States grew about 13 percent in inflation-adjusted terms between 2019 and 2024, New York’s economy has grown a mere 8 percent over that same period. Suppressed growth derives, at least in part, from the large population loss that took place between 2020 and 2022, driven by the Covid-19 pandemic and the high cost of living in the state, which provoked many to search for more affordable housing when given the opportunity.

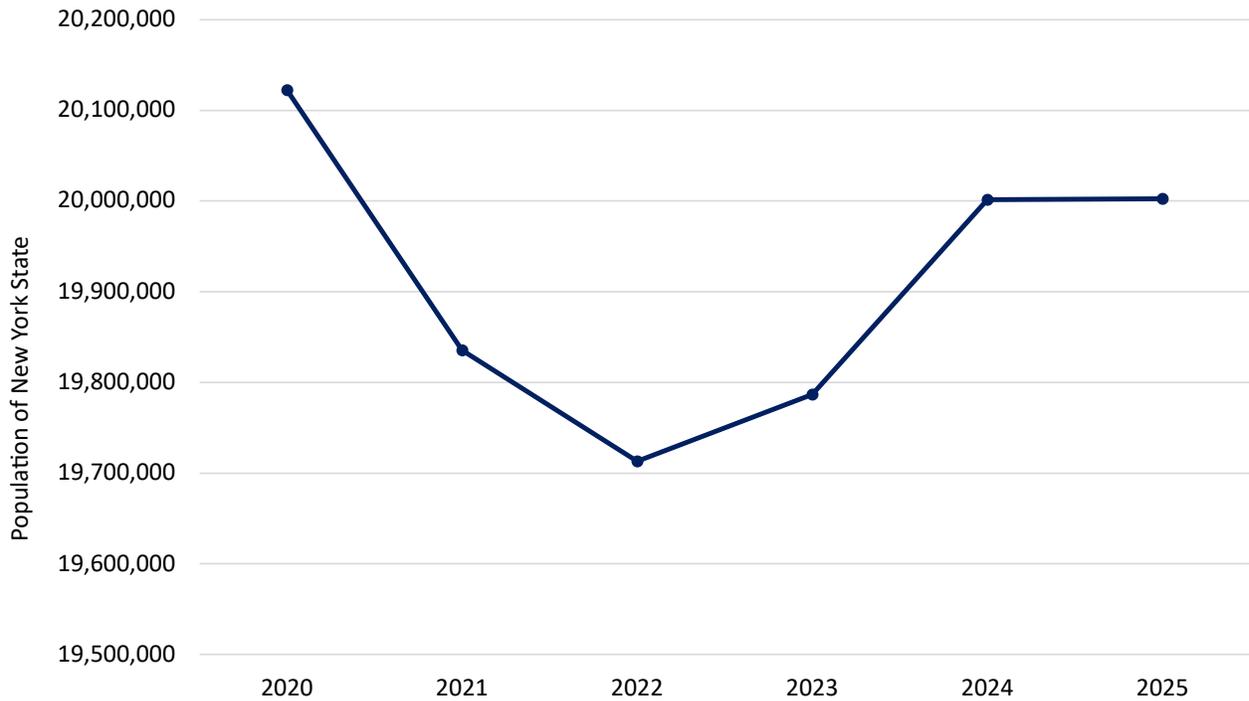
While much of the population loss has reversed between 2022 and 2024, 2025 was a year of no net population change, reflecting a major slowdown of international immigration to the state. Historically, growth in New York’s economy and population has relied heavily on international immigration to the State, which has supported a strong and growing labor market. Recently, the Trump administration’s violent immigration enforcement has disincentivized international immigration into the United States. While in 2024, New York saw an in-flow of immigrants of nearly three hundred thousand, 2025’s immigration inflow fell to less than one hundred thousand. Other components of New York’s net population change—births, deaths, and domestic migration—did not see such major shifts.

Figure 1. Real GDP for all fifty states and the US as a whole.



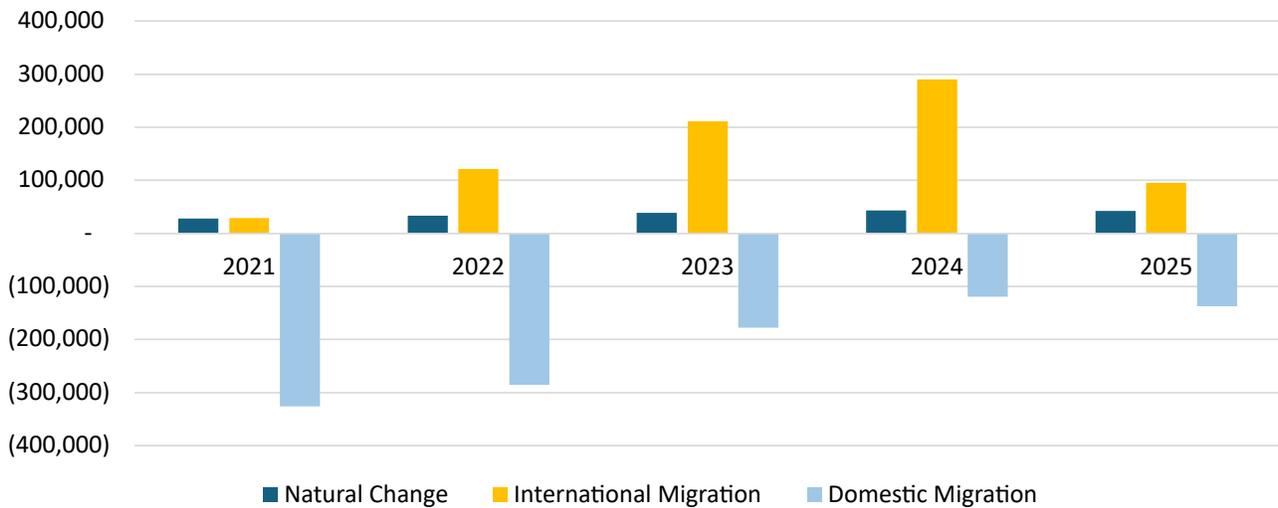
Source: State-level GDP data from the US Bureau of Economic Analysis.

Figure 2. New York population estimates



Source: State population data from the US Census Bureau

Figure 3. Components of population change in New York



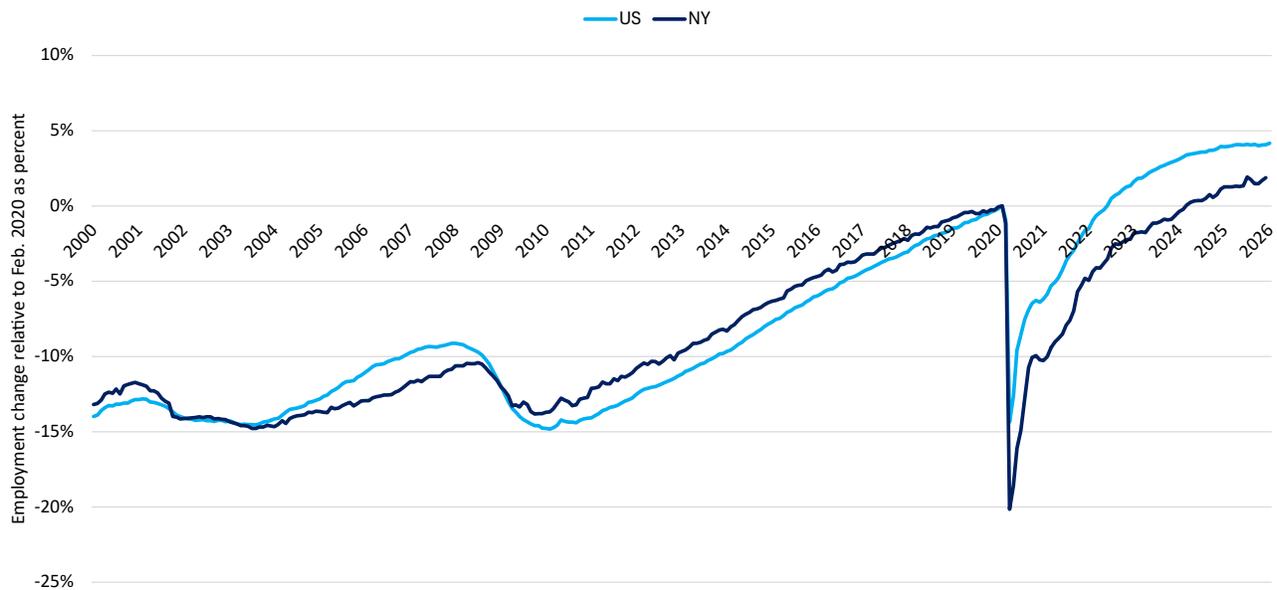
Source: State population data from the US Census Bureau.

Achieving sustained and shared economic growth in New York requires encouraging international immigration to the state and making sure that the cost of living remains sustainable for households across the income distribution.

New York’s Labor Market

The New York economy relies directly on the strength of the New York labor market, which has weakened significantly since the Covid-19 pandemic. While the US and NY job markets ran in parallel for most of the 2000s and 2010s, the Covid-19 pandemic resulted in a downward shift to overall employment in New York relative to the size of the US labor market. Whereas US employment has grown by 4.2 percent relative to its February 2020 level, New York’s has only grown by 1.9 percent, or less than 200,000 jobs.

Figure 4. Employment growth in New York and the US relative to February 2020



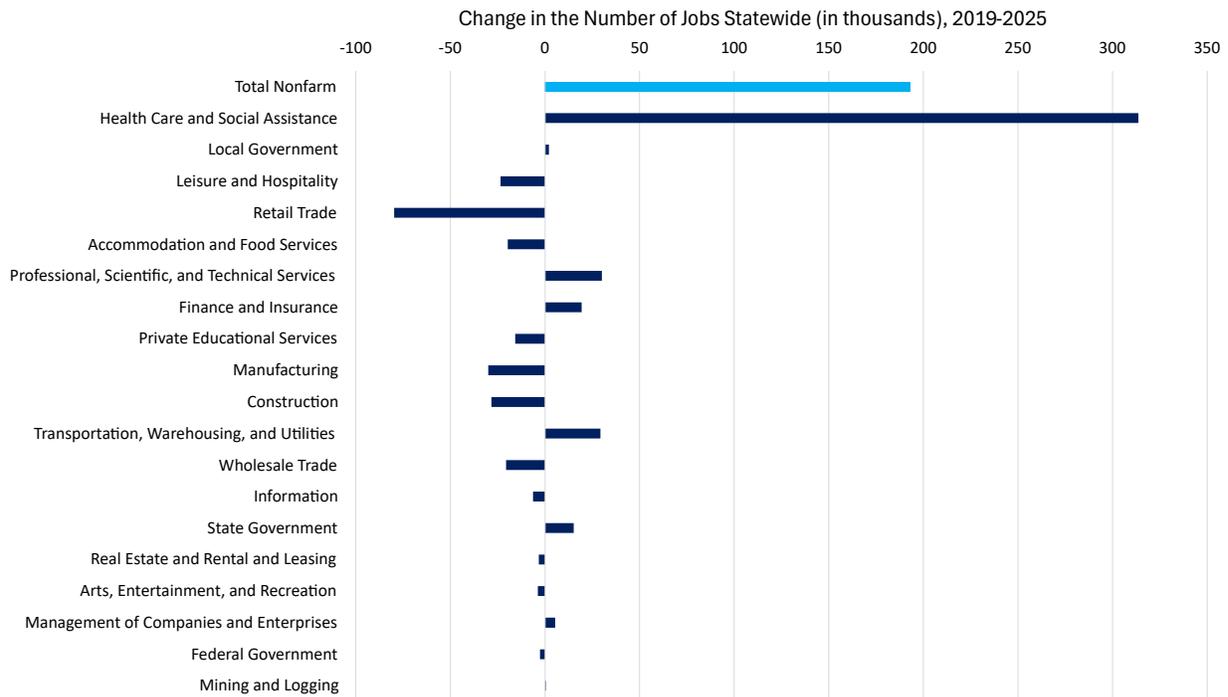
Source: US Bureau of Labor Statistics.

New York’s job market has seen declines in many historically working- and middle-class job sectors such as manufacturing, construction, leisure and hospitality, retail trade, and wholesale trade. Job loss in these areas is taking a large toll on the working class in New York, making it harder to sustain a decent income and afford to live in the state.

The healthcare and social assistance sector by far dominates job growth in New York, adding over three hundred thousand jobs in the state over 2019–2025. While there are many decently compensated jobs within the healthcare and social assistance sector, previous research has shown that the majority of the job growth in the health care sector is coming from the rise and proliferation of home care jobs that pay very little and do not provide consistent predictable hours, nor quality health insurance.²

High paying sectors such as finance, professional services, and technology also saw job growth of about fifty thousand total jobs. These industries compensate workers very well, increasing the tax base of New York while also putting price pressure on the housing market.

Figure 5. Employment growth in New York and the US relative to February 2020



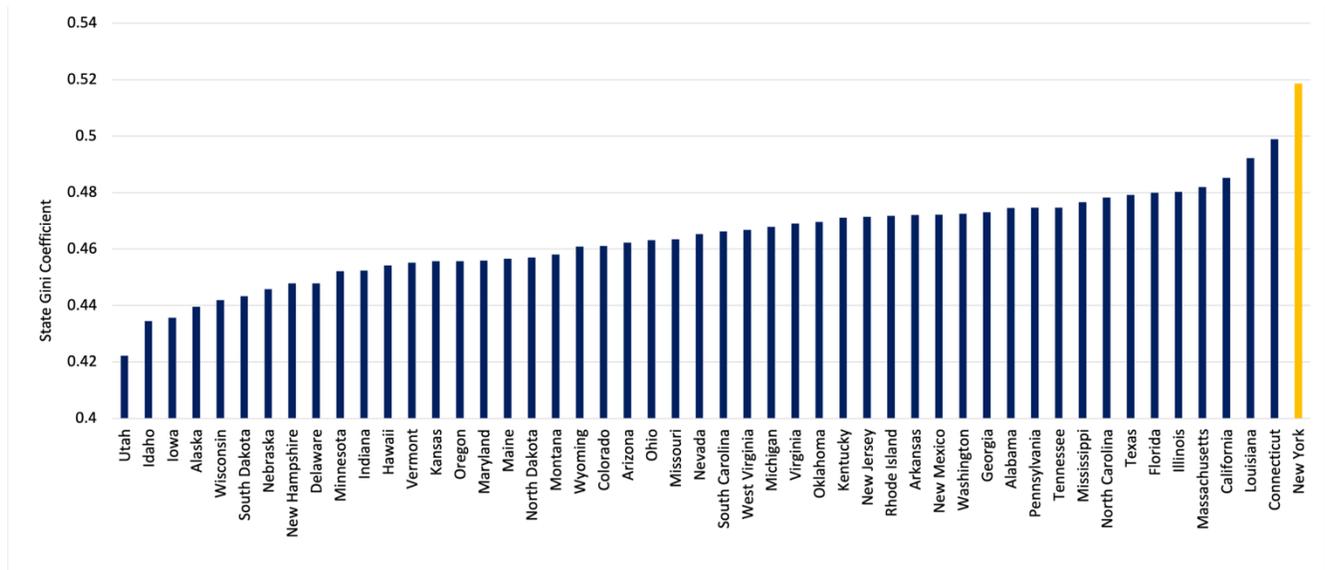
Source: Current Employment Statistics Survey downloaded from the NY Department of Labor

High and Rising Inequality

Due to the presence of an extremely high earning group of individuals, New York is the most unequal state in the entire US. Not only is inequality in New York more extreme than in the rest of the country, but the state has seen an *increase* in its economic inequality over the past 6 years.

New York’s inequality is fundamental to understanding the state’s fiscal situation. While high earners have been doing well—earning more and paying more in taxes—low- and middle-income New Yorkers are seeing income stagnation and fewer job opportunities. This is reflected in both the weak employment numbers, shifts in jobs by industry, and the elevated poverty rate in the state.

Figure 6. Gini coefficients for all fifty states, 2024



Source: Gini index by State, from the US Census Bureau

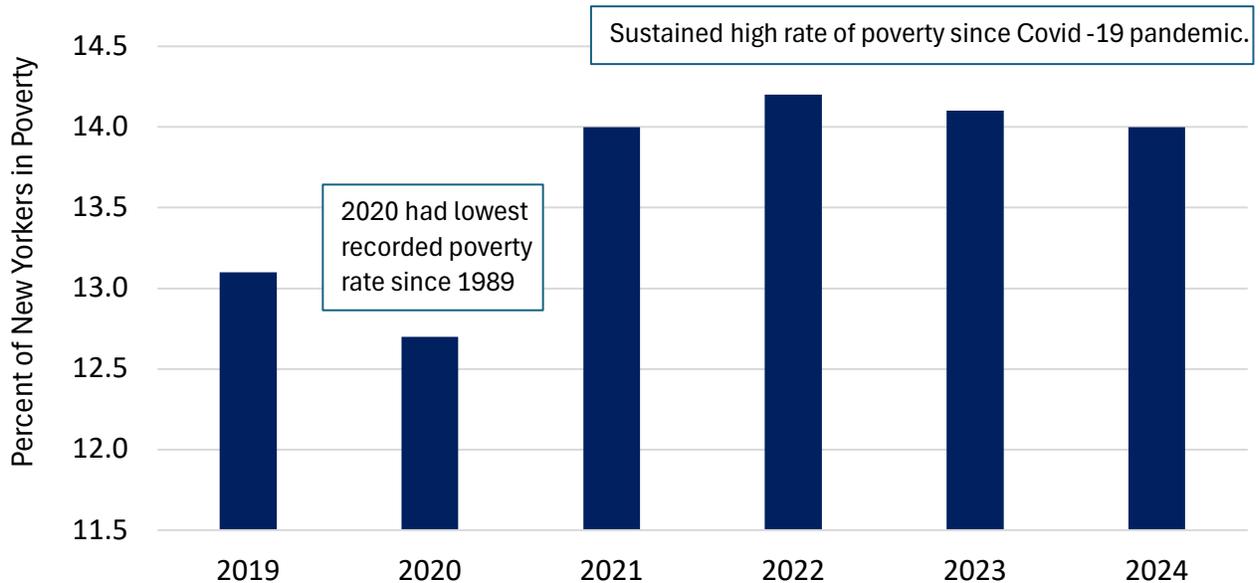
Figure 7. Percent change in the Gini coefficients for all fifty states, 2024



Source: Gini index by State, from the US Census Bureau

The economic projections made during the FY 2026 budget negotiations were much more pessimistic than was borne out. This was particularly true for bonuses in the finance and insurance sector. The steep inequality in the state not only drives volatility in economic and revenue projections, but also divorces the revenue outlook from some of the more fundamental components of the economy.

Figure 8. Gini coefficients for all fifty states, 2024



Source: US Census Bureau Small Area Income and Poverty Estimates

Table 1. Comparing the FY 2026 economic outlook between financial plans

	FY 2026 Enacted Budget Projection (May 2025)	FY 2027 Executive Budget Estimate (January 2026)
NY Personal Income Growth, FY 2026	3.5%	4.5%
NY Wage Growth, FY 2026	2.4%	5.2%
NY Non-farm Employment Growth, FY 2026	0.3%	0.1%
Finance and Insurance Sector Bonus Growth, FY 2026	-6.2%	25.9%

Source: FY 2026 Enacted Budget and FY 2027 Executive Budget

Conclusion

New York’s economy is defined by the haves and the have-nots. While the labor market has clearly weakened for low- and middle-wage jobs, high earners are continuing to reap the benefits of a heated stock market. Poverty rates remain elevated following the Covid-19 pandemic, emphasizing the need for a bolstered safety net in the face of draconian federal cuts to SNAP and Medicaid. Dampened population growth stemming from violent immigration enforcement will continue to weaken economic growth in the state.

¹ Economic Policy Uncertainty, US Monthly EPI Index, last updated January 2026,
https://www.policyuncertainty.com/us_monthly.html.

² See Emily Eisner, “Workforce Report: Labor Shortage Mitigation in New York’s Home Care Sector,” Fiscal Policy Institute, March 29, 2023, <https://fiscalpolicy.org/workforce-report-labor-shortage-mitigation-in-new-yorks-home-care-sector>

II. Fiscal Outlook: New York Faces Sharp Federal Cuts Balanced by Strong Tax Revenue

Key Findings

- The federal government imposed steep cuts on New York’s budget totaling nearly \$7 billion in FY 2027 and \$12 billion in subsequent years. These cuts are highly concentrated in the State’s Medicaid and Essential Plan programs, threatening insurance coverage losses for up to one million New Yorkers.
- Total spending, including state and federally support programs, is set for low growth between FY 2026 and FY 2027, with growth in state revenue only partly offsetting federal cuts in the aggregate.
- Nevertheless, state tax revenue is strong, exceeding projections by a collective \$17 billion in FY 2026 and 2027. This allows the State to balance the FY 2027 budget, fund new investments including expanded childcare, and add to fiscal reserves.
- New York State retains a pessimistic state revenue outlook, projecting zero real growth through FY 2029. These pessimistic projections produce modest budget gaps averaging \$9 billion per year over the three forecasted outyears (FY2028–FY2030). In the more likely scenario of subdued revenue growth—and accounting for in-year reserves—projected fiscal gaps would be eliminated.
- Fiscal reserves remain at a record high of approximately \$30 billion.

Introduction

The executive budget plans total spending of \$262.7 billion in FY 2027. The budget’s 1.7 percent rate of growth from FY 2026 is far lower than an anticipated 3.1 percent rate of inflation in the year ahead. Sub-inflationary budgets typically indicate profound fiscal challenges and cuts to public services. This partly characterizes the FY 2027 executive budget: deep federal cuts to Medicaid and the Essential Plan

threaten the healthcare coverage of more than one million New Yorkers. The executive budget does not propose backfilling these funding losses.

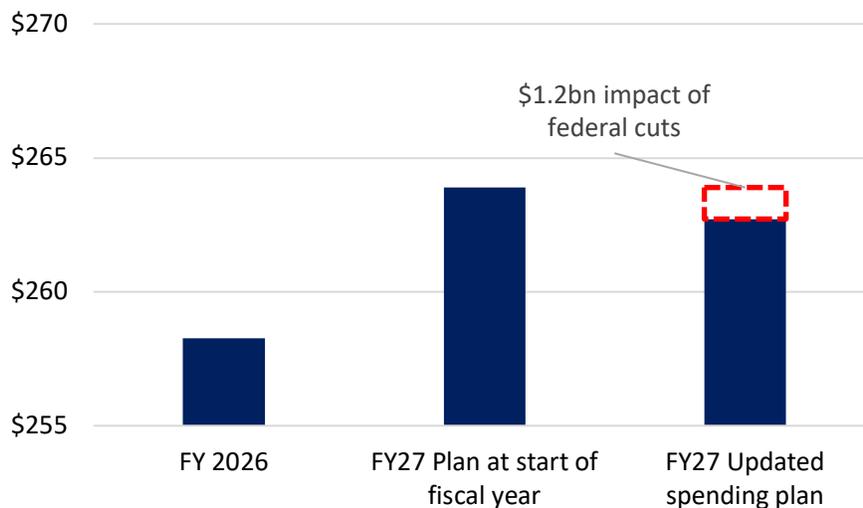
Beyond federal cuts, however, strong revenue bolsters the state funds budget, made up of revenue raised and controlled by the State. The surpluses created by unanticipated revenue will balance the FY 2027 budget, support moderate spending growth including new programmatic commitments in childcare, and contribute to the State’s fiscal reserves.

Despite the State’s strong fiscal outlook over the near-term, the revenue expectations made by the Division of the Budget (DOB) for subsequent fiscal years—FY 2028 through 2030—remain very pessimistic relative to historical revenue growth, consistent with a major recession. In the event of a recession, the State’s unprecedented level of reserves will be available to support the budget. In the more likely scenario that there is no recession, projected budget gaps will close without spending cuts, as revenue exceeds current forecasts and in-year reserves budgeted for each year are deployed.

A Sharp Cut to Federal Funding

Federal legislation enacted in July 2025—the One Big Beautiful Bill Act (OBBBA)—is inflicting a heavy toll on New York’s budget. OBBBA cuts will total nearly \$7 billion in FY 2027 and \$12 billion starting in FY 2028. This loss of federal funding is partly offset by higher-than-expected state funds spending, a category that excludes federal funding. Nevertheless, federal funding losses will depress total FY 2027 spending by \$1.2 billion relative to the FY 2027 expenditures planned at the start of the fiscal year by the enacted budget plan. This step down in anticipated spending drives the year’s 1.7 percent growth, which is far lower than anticipated inflation of 3.1 percent.

Figure 1. All Funds spending planned by FY 2026 Enacted and FY 2027 Executive financial plans



The FY 2027 federal funding cuts are driven by cuts to healthcare. The OBBBA reduced FY 2027 federal support for Medicaid and the Essential Plan by \$7.4 billion. This entirely accounts for the lost federal

funding in FY 2027, though in future years federal cuts to SNAP will also take effect and eventually total about \$1.4 billion.

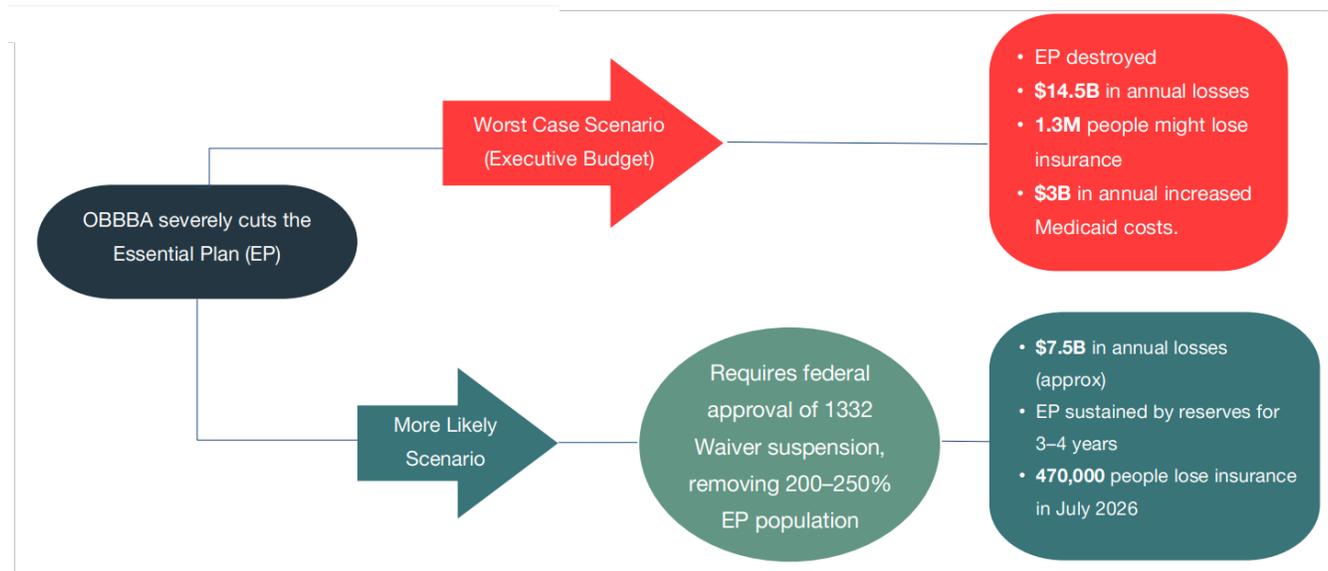
Table 1. Changes in fiscal plans between the FY 2026 Enacted and FY 2027 executive budgets

	FY 2026	FY 2027		
		Plan at start of fiscal year	Updated spending plan	Difference
Total	\$258.3	\$263.9	\$262.7	-\$1.2
Federal	\$93.8	\$92.6	\$85.6	-\$7.0
Medicaid & EP	\$72.9	\$73.7	\$66.3	-\$7.4
State Operating Funds	\$148.8	\$154.1	\$158.9	\$4.8

Source: NYS Division of the Budget, *FY 2027 Executive Budget Financial Plan* (January 2026), and prior edition.

It is important to note that the executive budget presents a worst case scenario for the effect of OBBBA on Medicaid and the Essential Plan—projecting the near-total loss of federal support and virtual elimination of the Essential Plan. This would be catastrophic for New York. Experts agree that a more likely scenario would unlock federal funding that partly offsets these cuts though still results in the loss of coverage for 470,000 New Yorkers. This will be discussed in greater detail in this briefing’s healthcare chapter.

Figure 2. Two potential paths for the impact of OBBBA healthcare cuts

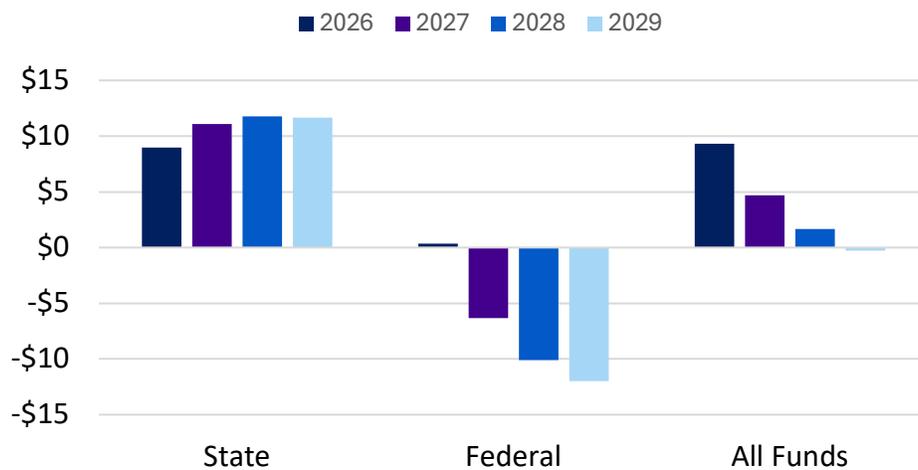


It is further worth noting that the cuts discussed in this section reflect only direct federal funding to New York State, it does not include the direct costs to households that lose SNAP and healthcare coverage as a result of work requirements instituted by the OBBBA.³ The executive budget *does not* plan to support

New Yorkers losing these federal benefits, will be discussed in this book’s chapters on healthcare and SNAP, respectively.

Reduced federal funding to healthcare is recurrent in future years. Upwardly revised state revenue projections are set to counterbalance these cuts in the aggregate. However, as will be discussed below, state revenue supports the breadth of state budget while cuts remain concentrated in healthcare.

Figure 3. Change in anticipated state and federal revenue between the FY 2026 enacted budget and FY 2027 executive budget financial plans (\$ in billions)



Source: NYS Division of the Budget, “FY 2027 Executive Budget Financial Plan” (January 2026) and prior edition.

A Resilient State Funds Budget

Beyond sharp cuts to federal funding and their effects on healthcare, the state operating funds budget—which excludes federal and capital spending—is poised for a moderate rate of growth. The executive budget revised anticipated state funds spending in FY 2027 up \$4.8 billion relative to the level planned at the start of the year by the FY 2026 enacted budget.

This additional spending is mostly *not* backfilling federal cuts. Instead, state funds spending is distributed across the entirety of the budget and includes new programmatic priorities. In particular, the executive budget (including its 30-day amendments) makes investments in two areas beyond healthcare: \$1.7 billion in childcare; and \$1 billion one-time assistance aid to municipalities, primarily New York City. Each of these will be discussed in their own chapters in this briefing.

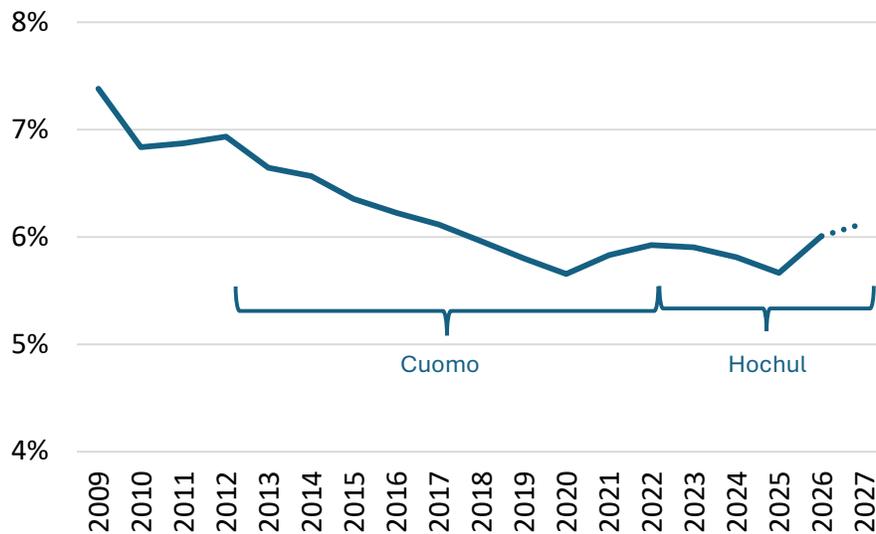
State spending growth is generally proportional to existing programmatic spending. Taken together, spending on healthcare and education comprise 63 percent of the state operating funds budget. In FY 2027 they account for 70 percent of annual spending growth.

Table 2. FY 2027 spending priorities added by amended executive budget (\$ in billions)

Program	FY27 added spending
Childcare	\$1,701
Aid to municipalities	\$988
State-share Medicaid	\$1,685
Other	\$426
Total	\$4,803

While some commentators suggest that the budget has grown too fast in recent years, it has simply kept pace with New York’s economic growth. State funds spending is set to rise from 6.0 percent of New York’s GDP in FY 2026 to 6.1 percent in FY 2027. This is on par with its share of the state economy in FY 2017, and well below its share in the early 2010s. A persistent campaign of fiscal retrenchment pushed by then Governor Cuomo eroded the State budget relative to the economy through the 2010s, restraining the provision of public services and outsourcing responsibility to local governments. Under Governor Hochul, the State budget has grown in step with the economy. The budget’s share of the economy is a better measure than nominal spending because it more accurately captures the extent of public service provision relative to revenue capacity.

Figure 4. State operating funds spending as a share of state GDP, FY 2009 to 2027



Source: NYS Division of the Budget, “New York State Budget and Actuals” accessed from data.ny.gov (January 2026); U.S. Bureau of Economic Analysis, “Gross Domestic Product by State” accessed from bea.gov/data/gdp/gdp-state (January 2026).

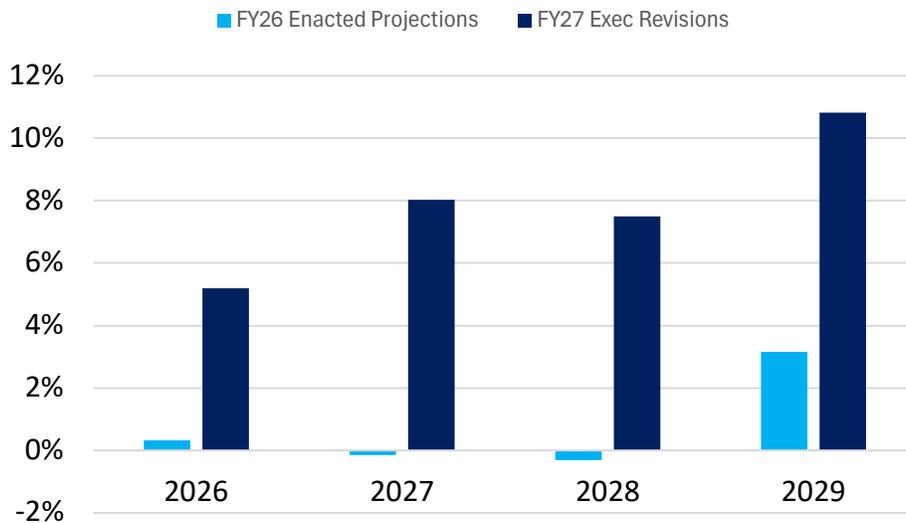
State Revenue Exceeds Pessimistic Expectations

The executive budget makes substantial upward revisions to current year and outyear state operating funds revenue (which refers to taxes and other revenue collected by the State). The State now expects \$151.7 billion in state revenue in FY 2026, \$7 billion (4.8 percent) higher than projections made at the beginning of this fiscal year.⁴ DOB also revised its projected revenue up by \$10.4 billion for FY 2027 (an 8.2 percent increase) and an average \$9.4 billion (7.6 percent) for FY 2028 and 2029.

These revisions are not unexpected: they are a corrective to the extremely pessimistic revenue projections made by the FY 2026 enacted budget financial plan, which was published in June 2025, a moment of economic uncertainty in the wake of the April 2025 liberation day tariffs. Reflecting this uncertainty, DOB sharply reduced its projections for future revenue. The plan projected flat *nominal* growth between FY 2025 and 2029 alongside high inflation. This would translate to an *inflation-adjusted decline* in real revenue of 9.7 percent. As FPI noted in its November 2025 outlook, such a decline in real revenue is consistent with a major economic recession.⁵

Despite the revisions to FY 2026 and FY 2027 revenue growth, DOB’s updated revenue projections remain extremely cautious, projecting no real revenue growth through FY 2029. While the revisions lift the overall level of anticipated revenue, they reflect a very low projected rate of growth. In nominal terms, DOB expects state revenue to grow a total of 5.4 percent between FY 2026 and 2029. Adjusting for anticipated inflation, these projections represent a revenue *decline* of 3.4 percent in real terms. Historically, state revenue has grown at an annual average real rate of about 0.7 percent.⁶ Negative real growth over a three-year period would be consistent with a major recession. It is these pessimistic forecasts of revenue that generate projected outyear budget gaps, discussed further below.

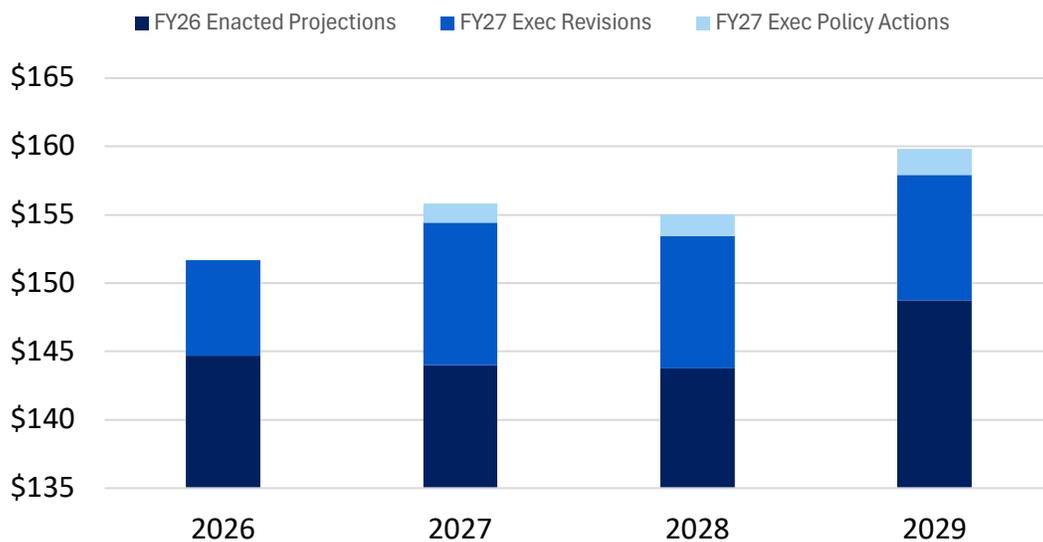
Figure 5. Cumulative nominal state revenue growth projected by FY26 Enacted Budget and FY27 Executive Budget financial plans, FY 2025 to 2029



Source: NYS Division of the Budget, “FY 2027 Executive Budget Financial Plan” (January 2026) and prior edition.

In addition to revenue forecast revisions, the executive budget includes the effect of proposed tax policy changes that will lift FY 2027 revenue by \$1.4 billion and outyear revenue by an average \$1.6 billion. These policy proposals include two major revenue actions. First, the executive budget includes a proposal to extend a corporate tax surcharge that is set to expire. Beginning in calendar year 2027, the corporate tax rate was set to be cut from 7.25 percent to 6.5 percent. The executive budget proposes keeping the rate at 7.25 for three more years, raising an annual average \$1.3 billion in FY 2028 through 2030. Second, the executive budget proposes decoupling the State corporate tax from some of the corporate tax cuts contained in the federal One Big Beautiful Bill Act (OBBBA). The federal changes would have affected corporations’ New York tax liability, which often conforms to federal law. Decoupling from these provisions is set to raise \$1.4 billion in FY 2027 and an average \$480 million in the subsequent three years.

Figure 6. State funds revenue projections in the FY26 Enacted Budget and FY27 Executive Budget financial plans (\$ in billions)



Source: NYS Division of the Budget, “FY 2027 Executive Budget Financial Plan” (January 2026) and prior edition.

State funds revenue growth was driven by personal income tax revenue (PIT), which, in FY 2026, is set to exceed projections by \$5.7 billion, representing 82 percent of the upward revision to revenue. This trend is even more pronounced in FY 2027, for which DOB revised expected PIT revenue up by \$10.5 billion—greater than the upward revision to overall revenue of \$9.7 billion. (Upward revisions in PIT are partly offset by downward revisions to miscellaneous revenue, which features a very large forecasting error).

Robust earnings among finance firms in 2025 appear to be driving high PIT revenue in FY 2026. DOB estimates that income from bonuses—which are driven by finance firms’ profits—are set to rise 19.5 percent in FY 2026 relative to FY 2025. This is dramatically higher than the 5.4 percent FY 2026 growth anticipated by DOB last year. By contrast, wages excluding bonuses are set to rise just 3.1 percent in FY 2026—a step down from the growth expected last year.

Table 3. DOB forecast of income and wage growth in successive economic forecasts

Indicator	Forecast	FY 2026	FY 2027
Personal income	January 2025 forecast	4.1%	4.0%
	January 2026 forecast	4.5%	3.4%
Wages	January 2025 forecast	3.7%	3.7%
	January 2026 forecast	5.2%	3.5%
Wages ex. bonuses	January 2025 forecast	3.5%	3.4%
	January 2026 forecast	3.1%	3.3%
Bonuses	January 2025 forecast	5.4%	3.4%
	January 2026 forecast	19.5%	4.6%

Source: NYS Division of the Budget, FY 2027 Economic and Revenue Outlook (January 2026), and prior editions.

Strong Revenue Balances the Budget, Creates Surplus Resources

Near-term state revenue is set to exceed projections by \$17 billion in FY 2026 and 2027. Yet State spending is only set to rise by about \$5 billion. This is because surplus State revenue supports the budget in two other ways: balancing the FY 2027 budget and contributing to surplus fiscal resources.

First, in its FY 2026 enacted budget financial plan, DOB projected a \$7.5 billion budget gap for FY 2027. As FPI has noted consistently, projected gaps are driven by pessimistic revenue projects and disappear when revenue exceeds expectations. The executive budget recognizes this and balances the FY 2027 budget on the back of solid revenue.

Second, the unanticipated revenue contributes to surplus fiscal resources. There are three primary uses for surplus fiscal resources:

- First, they can simply contribute to General Fund balances for use in future fiscal years. Uncommitted General Fund balances contribute to the State’s fiscal reserves, which are discussed below.
- Second, the State has long used end-of-year surpluses to pre-pay debt that would otherwise be paid for in future years. The executive budget includes a plan to prepay \$2.8 billion of outstanding State debt in the final quarter of FY 2026. DOB had already planned a \$750 debt service prepayment for FY 2026 and raises this by \$2 billion in the executive budget. Much like a deposit into the State’s fiscal reserves, debt prepayments deploy surplus funds to free up fiscal space in the future. As such, they should be considered part of the surplus.
- Third, the State uses a fiscal maneuver called the Transaction Risk Reserve (TRR) to depress its apparent fiscal resources. The TRR removes \$2 billion from the State’s General Fund in each fiscal year. DOB maintains that this provides a fiscal buffer in case of unanticipated revenue downturns or spending needs. In practice, the TRR is never used and is returned to the General Fund at the close of each year, supporting new spending or deposits to the State’s reserve funds. Importantly, the TRR depresses future revenue projections and adds to projected budget gaps in each year of the State’s financial plan. In both FY 2026 and 2027, the executive budget

allocates a TRR of \$2 billion. As such, the TRR holds a collective \$4 billion in funds that will contribute to the two-year surplus through FY 2027.

Table 4. Uses of funds added between FY 2026 Enacted and FY 2027 Executive Budgets

<i>State Funds Revenue</i>	\$17.4
<i>Uses</i>	\$17.4
Closing FY2027 Gap	\$7.5
New childcare spending	\$1.9
Aid to municipalities	\$1.0
State-share Medicaid	\$1.0
Other new spending	\$0.9
Total new spending	\$4.8
Debt prepayment	\$2.0
New reserves	\$4.0
Total added resources	\$6.0

Source: NYS Division of the Budget, *FY 2027 Executive Budget Financial Plan* (January 2026), and prior edition.

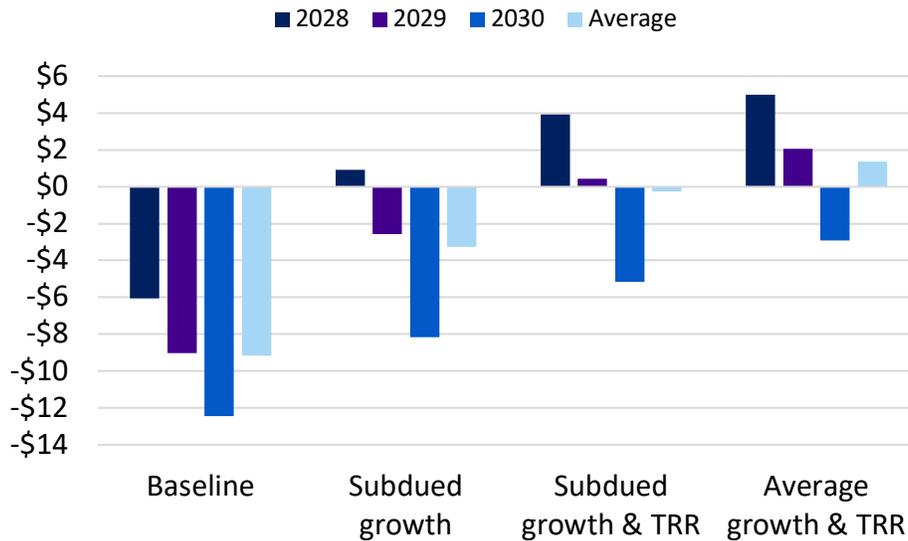
Projected Gaps are Manageable

The executive budget forecasts budget gaps that average \$9.2 billion in FY 2028 through 2030. While this may seem high, budget officials refer to these gaps as “manageable.” The financial plan indicates that this means that the gaps are likely to close as a result of revenue exceeding expectations and the use of the TRR, rather than by making spending cuts.

As discussed above, the executive budget’s state funds revenue projections are very pessimistic. If state revenue grows at even a subdued rate—half of its rate of real growth in 2010s—through FY 2030, the budget gaps will narrow to an average of \$2.8 billion per year.

Further, the executive budget plans to increase the TRR from \$2 billion in FY 2027 to \$3 billion each year starting FY 2028. As such, the TRR artificially increases the apparent budget gaps by \$3 billion each year. Therefore, adjusting for the TRR indicates that subdued growth would close the budget gaps projected in each outyear. If revenue grows at an average rate, the state would realize surpluses averaging \$1.9 billion each year.

Figure 7. Budget gaps forecast by DOB and with adjustments for growth and reserves



Source: NSY Division of the Budget, “FY 2027 Executive Budget Financial Plan” (January 2026).

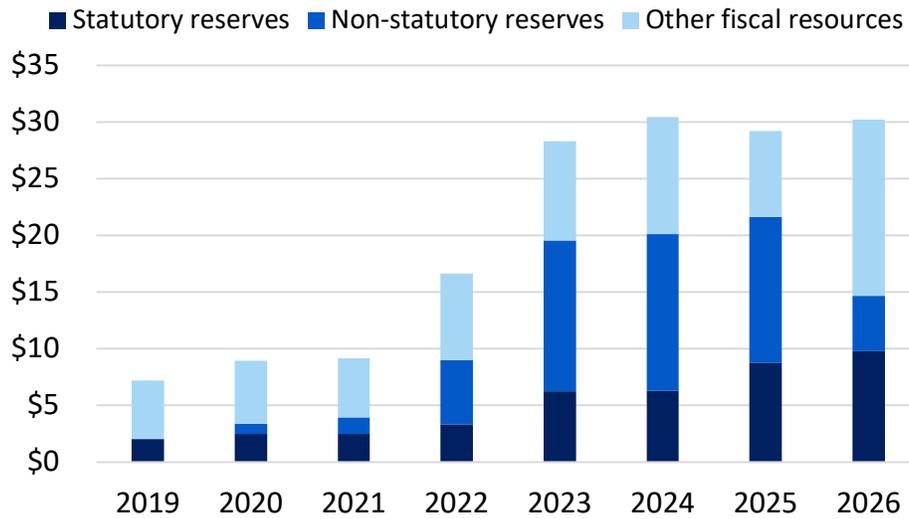
Reserves Remain at Record Level

FY 2026’s fiscal surpluses have kept New York’s fiscal reserves at their historically high levels. The State is set to close FY 2026 with reserve balances of \$30.2 billion. This level of reserves well positions the State to respond to unanticipated revenue downturns and meet temporary spending needs. The State has held reserves at this level since FY 2024. Prior to the surpluses of the Covid pandemic, the State’s fiscal reserves were meager, leaving it ill-prepared for an economic downturn.

The State’s fiscal reserves consist of statutory reserves, non-statutory reserves, and other fiscal resources. The use of statutory reserves is governed by state law, while non-statutory reserves and other fiscal resources are both designed funds with the State’s General Fund—their use is not restricted by the state law. Non-statutory reserves and other fiscal resources are identical in both law and practical use and are distinct only in how DOB labels them within the General Fund.

DOB, in its calculation of the State’s fiscal reserves, only counts statutory reserves and non-statutory reserves as the State’s “principle reserves.” This excludes other fiscal resources that, like non-statutory reserves, are not legally restricted and not informally earmarked for a specific use (for instance, supporting the costs of future collective bargaining agreements). Using this distinction of legally-identical resources, DOB argues that reserves were drawn down in FY 2026 for the State’s \$7 billion payment of unemployment trust fund debt. This is misleading. While the State did draw down its non-statutory reserves (a fund called “economic uncertainties”), it simultaneously increased other fiscal resources (a new fund called “timing of resource management”) by the same amount. This kept New York’s actual fiscal reserves level in FY 2026.

Figure 8. New York’s fiscal reserves, FY 2019 to 2026



Source: NYS Division of the Budget, “FY 2027 Executive Budget Financial Plan” (January 2026) and prior editions.

Conclusion

The FY 2027 executive budget presents bifurcated fiscal plan: deep federal cuts to Medicaid and the Essential Plan set the state up for a profound healthcare crisis. Beyond federal funding, however, the state funds budget is buoyed by strong revenue, which supports a surplus and new investments in public services while keeping the State on solid fiscal footing.

³ Andrew Perry, “The State Budget Outlook,” Fiscal Policy Institute, November 26, 2025, <https://fiscalpolicy.org/wp-content/uploads/2025/12/2025.12.1-State-Budget-Outlook.pdf>.

⁴ FPI adjusts revenue to remove the effect of the Pass Through Entity Tax (PTET). The PTET creates significant year-to-year volatility but is revenue neutral for the state across the duration of the program. Timing of PTET is related to pass-through entities’ tax planning, not changes in the tax base, distorting apparent state revenue.

⁵ Andrew Perry, “The State Budget Outlook,” November 26, 2025, <https://fiscalpolicy.org/wp-content/uploads/2025/12/2025.12.1-State-Budget-Outlook.pdf>.

⁶ FY 2008 through 2020.

III. Issue Focus: New York City’s Fiscal Challenge

Key Findings

- Mayor Mamdani’s charges of prior fiscal mismanagement are well-founded: the data show underbudgeting of spending rose dramatically through the Adams administration, with actual spending exceeding planned by an average of 10 percent.
- New York City’s fiscal capacity is constrained by its lack of control over its own tax system: City revenue has fallen relative to its economy in recent years. This contrasts with the State, which has seen its revenue keep pace with its economy as a result of adjustments to its tax rates.

Recommendations

- Authorize New York City to generate \$9 billion in revenue by raising its own personal income and corporate taxes.
- Restore state funding cut or eliminated in recent years that totals \$1.5 billion annually.

Introduction

On February 17, 2026, New York City Mayor Zohran Mamdani presented a preliminary budget that revealed deep imbalances in the City budget. These imbalances, created by persistent mismanagement during the prior administration, imperil the City’s fiscal footing. Without intervention from the State, these imbalances require the City to choose between inferior options.

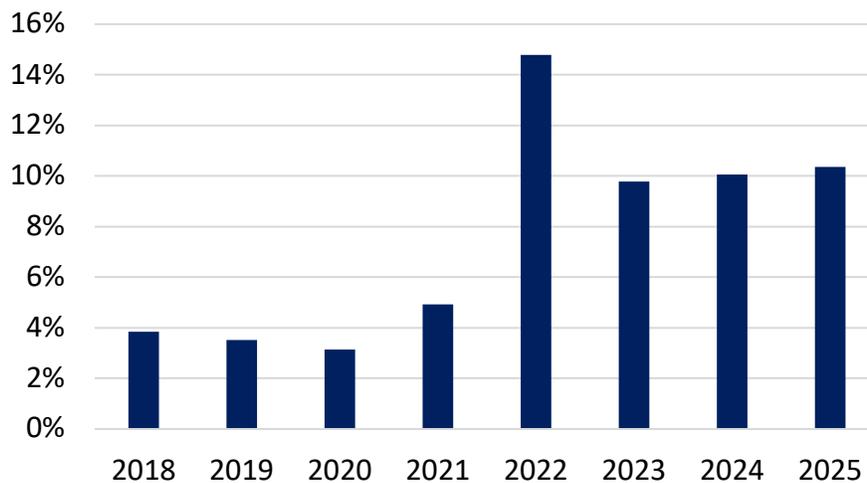
The State has played a central role in creating this problem. By forbidding New York City from controlling its own tax system, it has forced the City into a fiscal straitjacket in which revenue fails to keep pace with economic growth or spending needs. This is compounded by the elimination and reduction of state funding to the City. The solution to the City’s fiscal duress is to ease both conditions: allow the City to raise additional revenue and restore funding that had previously been eliminated.

New York City’s fiscal straitjacket

In the lead-up to the February 2026 preliminary budget, Mayor Mamdani argued that he inherited a budget that had been chronically mismanaged by the previous administration. Analysis of the City’s recent budgets provides strong support for this claim.

Through its entire duration (2022–2025), the Adams administration engaged in dramatic, consistent underbudgeting. Underbudgeting is the practice of excluding certain spending from planned future budgets. This depresses apparent future spending, even though that spending is required by law. As the City makes its legally required expenditures, actual spending greatly exceeds initial projections. Underbudgeting was readily apparent at the time and commented on by numerous fiscal observers including FPI.⁷ Prior to the Adams administration, actual spending tended to exceed projections made in the prior year’s preliminary budget by about 3 percent. Through the Adams administration, underbudgeting averaged 10 percent.

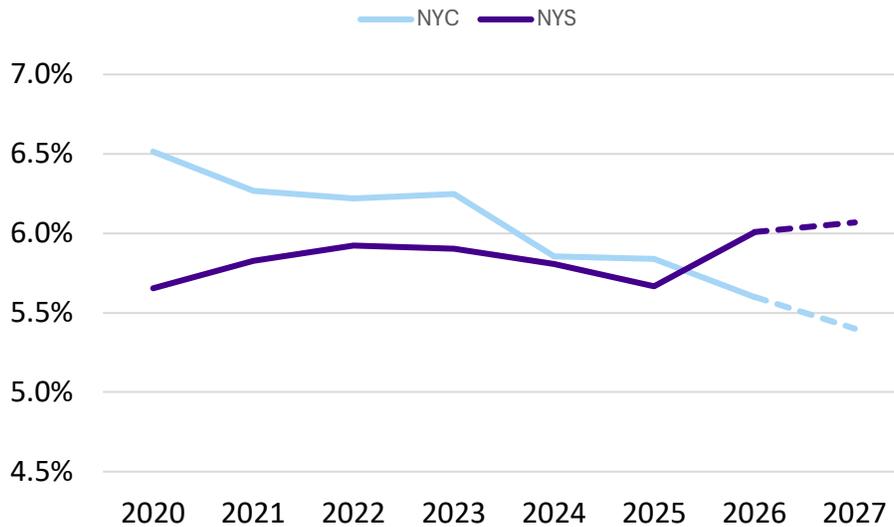
Figure 1. Actual spending relative to spending projected by the prior January Preliminary Budget



New York City spending commitments are outpacing its revenue. This is not because the City’s economy has stalled. Rather, its tax system has failed to keep pace with economic growth. Since FY 2020, the City’s own-source revenue fell from 6.5 percent of New York City’s GDP to a projected 5.4 percent in FY 2027.

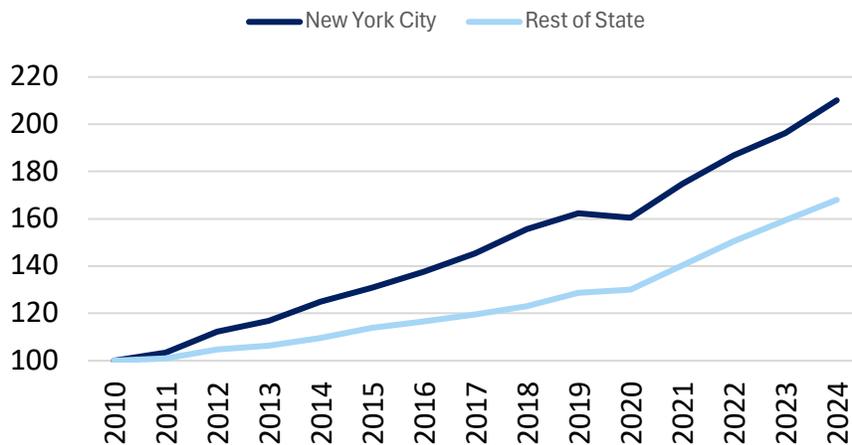
By contrast, New York State’s own-source revenue has kept pace with the state economy since FY 2020. The State’s adjusted its tax system over this period by raising tax rates on top earners and corporations, enabling taxes to keep pace with the economy. By contrast, State law prohibits the City from adjusting its tax system. Tax systems that fail to adjust to economic changes over time often erode relative to their economic base.

Figure 2. Own source revenue as a share of GDP for New York City and State, FY 2020 to 2027



At the same time, New York City’s economy has been the engine of the entire state’s economy. Between 2010 and 2024, the City’s economy more than doubled, rising 110 percent. By contrast, the rest of the state’s economy rose 68 percent over the same period. Despite this strong economic growth, the City’s tax system constrained its revenue.

Figure 3. New York City and Rest of State GDP growth, indexed to 2010



The Governor proposes modest support

In response to Mayor Mamdani’s call for State assistance, Governor Hochul proposed allocating the City \$510 million on a recurring basis and an additional \$500 million in one-off aid in FY 2027. This brings the two-year allocation available to address the City’s present shortfall to \$1.5 billion. This was sufficient to narrow the City’s shortfall to \$5.4 billion—a considerable gap, nevertheless.

Unless additional resources are freed up by the State, the Mayor plans to close this gap by raising property taxes and drawing on 1.2 billion in reserves. These options are inferior to putting the City on sound fiscal footing on a recurring basis. Only then can the City make real investments in its affordability agenda.

A fairer balance

The state can solve the City's fiscal challenges by letting New York City out of its fiscal straitjacket. The State has two sets of policy options to do this: allow the City to raise its own revenue and increase State support for the City.

First, the State can authorize New York City to adjust its own tax system and raise revenue itself. Mayor Mamdani campaigned on two such options: raise the personal income tax (PIT) rate on taxfilers with income above \$1 million by 2 percentage points and raise the corporate tax rate by 4.25 percentage points. These measures would raise \$4 billion and \$5 billion in annual revenue, respectively. The PIT increase would be authorized by the "fair share act."⁸

Second, the State can restore funding streams that have been eliminated or cut in recent years. These funding streams include:

- **Aid and Incentives to Municipalities (AIM):** New York State allocates unrestricted funding to localities through AIM grants. In FY 2011, amid the fiscal fallout of the 2008 recession, the State eliminated AIM only for New York City, leaving it in place for all other localities. If the City still received AIM and had funding kept pace with inflation, it would receive \$557 million per year.
- **Foundation Aid:** Last year, the State enacted revisions to Foundation Aid, the State's primary funding program for public schools, which reduced New York City's allocation by \$322 million. A more complete set of revisions would restore \$320 million to \$540 million to New York City. These are discussed further in this briefing's education chapter.
- **Public Assistance:** In 2012, then-Governor Cuomo enacted a cost-shifting measure that increased the local share of safety net assistance (SNA, the non-federal component of cash assistance) from 50 percent to 71 percent. In the intervening years, SNA caseloads have grown quickly, increasing the burden on localities. If the State's share of SNA costs remained at pre-Cuomo levels, the State would provide New York City an additional \$400 million in annual public assistance funding.

⁷ Fiscal Policy Institute, "Press release: FPI on NYC FY25 Executive Budget: Real Revenue Not Aligned with City's Pessimistic Forecasts," April 24, 2024, <https://fiscalpolicy.org/fpi-on-nyc-fy25-executive-budget-real-revenue-not-aligned-with-citys-pessimistic-forecasts>.

⁸ New York State Senate, "An act to amend the tax law, in relation to enacting the 'fair share act'" S8577, 2025–2026 Reg. Sess. (2025), <https://www.nysenate.gov/legislation/bills/2025/S8577/>.

IV. Healthcare

Key Findings

- Contrary to claims of unsustainable growth, New York’s Medicaid budget for current populations and programs is set to grow at a modest rate of 3.6 percent in FY27 under the executive proposal.
- Due to changes in the CDPAP program, growth in Managed Long-Term Care has halted and even reversed in 2025, generating significant budgetary savings relative to projections, although it is not clear whether these savings will be permanent.
- While the State has proposed changes in the Essential Plan to mitigate federal cuts, more than one million New Yorkers will become uninsured in the next two years even if these changes receive federal approval.

Recommendations

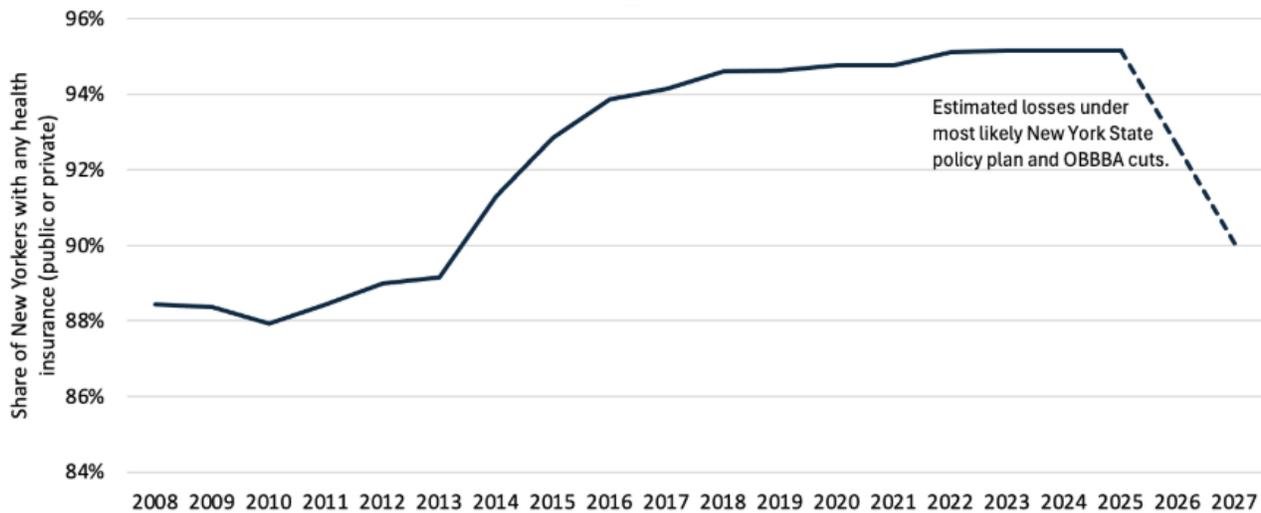
- The State should provide alternative coverage for the 470,000 Essential Plan enrollees set to lose health insurance this July.
- The State should mitigate the impact of Medicaid work requirements by providing temporary gap coverage to mitigate the impact of Medicaid work requirements and associated bureaucratic burdens on Medicaid enrollees.

Introduction

Governor Hochul’s Executive Budget proposal arrives at a critical moment for New York’s healthcare system. Private health insurance costs continue to skyrocket, with small business insurance premiums set to rise 13 percent in 2026,⁹ while, New York’s public insurance system faces severe cuts due to the “One Big Beautiful Bill Act,” threatening dramatic losses of coverage in public insurance programs. The executive budget proposals on healthcare—despite projecting a sharp increase in healthcare spending—do little to address either challenge.

The executive proposal offers no significant strategy to bring down private insurance costs, and the Governor’s proposals on Medicaid and the Essential Plan—though better than a worst case scenario—will still result in one million New Yorkers losing health insurance over the next two years, doubling New York State’s uninsurance rate and returning the uninsured rate to its pre-Affordable Care Act level.

Figure 1. The rate of health insurance coverage in New York



Source: American Community Survey and author's calculations.

The Federal Context

In July 2025, President Trump signed into law the “One Big Beautiful Bill Act” (OBBBA, or H.R. 1), which included dramatic cuts to federal healthcare programs. The law imposed work requirements in Medicaid, breaking with decades of precedent, and was especially aggressive in eliminating federal funding under the Affordable Care Act for lawfully present immigrant health insurance.¹⁰ New York’s high immigrant population means that it will experience especially severe and rapid federal cuts.

New York faces several distinct cuts under the OBBBA, each of which will be discussed in detail below. The most significant impacts are:

- The Essential Plan:** New York’s Essential Plan covers 1.72 million people, including approximately 730,000 lawfully present immigrants, earning less than 250 percent of the Federal Poverty Level (or approximately \$40,000 for a single individual).¹¹ The plan is entirely federally funded, with funding projected to be \$14.6 billion in SFY26. OBBBA eliminated federal funding for immigrants in the Essential Plan, cutting funding by an estimated \$7.5 billion—or more than half the total. The scale of these cuts makes the Essential Plan in its current form financially unsustainable for all participants, including US citizens, and New York will need to alter or eliminate the plan. (See below.)
- Medicaid eligibility changes:** Approximately 4.5 million New Yorkers rely on Medicaid as their primary form of health insurance.¹² OBBBA subjects approximately 2.1 million adult Medicaid enrollees to work reporting requirements and requires the state to redetermine their eligibility every six months, rather than annually. The requirements begin in the final quarter of SFY27 (January 2027). While the vast majority of these enrollees either meet work requirements or qualify for an exemption from them, the added paperwork burden involved in demonstrating eligibility is likely to cause many to lose coverage. The extent of coverage loss is unclear, but

FPI has estimated that approximately eight hundred thousand may lose coverage over the next two years. The executive budget does not incorporate an estimate of this disenrollment or its fiscal impacts.

- **Cuts to provider and safety net funding:** OBBBA eliminates several sources of Medicaid funding to providers in New York. The bill bans certain categories of provider taxes, including New York’s “MCO tax,” which was enacted in SFY25 and was expected to raise \$3.7 billion in federal funding over two years. It also reduces (but does not eliminate) state-directed payments (known as “Directed Payment Template” or DPT funding in New York), which provided \$4.5 billion in funding to safety net hospitals in SFY26.¹³

Overall, FPI estimates that under the executive budget proposals, one million New Yorkers will lose coverage, roughly doubling the state’s current uninsurance rate.

The Essential Plan

Background: New York has offered high-quality coverage to low-income but non-Medicaid-eligible residents since 2016 through a unique program known as the Essential Plan. The plan offers coverage to lawfully present immigrants and US citizens who earn between 138 percent and 250 percent of the Federal Poverty Line (FPL) and lawfully present immigrants who earn less than 138 percent of FPL but are excluded from federally funded Medicaid due to their immigration status. Outside New York, these populations would be eligible to purchase health insurance in the individual market and would qualify for extensive income-based federal subsidies (known as Premium Tax Credits or PTC) to help them afford insurance. In New York, the state has arranged with the federal government to collect these federal subsidies directly and use them to finance the Essential Plan.

Table 1. Populations Served by the Essential Plan

Population	Income	New York	Other States
US Citizens and long-term green card holders	<138% FPL	Medicaid	Medicaid
	138–250% FPL	Essential Plan	Individual Market (with federal PTC)
	250%> FPL	Individual Market (with federal PTC)	Individual Market (with federal PTC)
Lawfully present immigrants	<138% FPL	Essential Plan	Individual Market (with federal PTC)
	138–250% FPL	Essential Plan	Individual Market (with federal PTC)
	250%> FPL	Individual Market (with federal PTC)	Individual Market (with federal PTC)
Undocumented Immigrants		Ineligible for federal subsidy (some groups covered with state-only funds in CHP and Medicaid)	Ineligible for federal subsidy (some groups in some states covered with state-only funds in CHIP and Medicaid)

Table 2. Populations Set to Lose Federal EP Funding by Income Band

Income	Total Enrollment	Set to Lose Federal Funding
0–138% FPL	486,000	Virtually All
138–200% FPL	765,000	Approximately 200,000
200–250% FPL	470,000	Approximately 40,000

Source: New York State of Health.

EP success and expansion: The Essential Plan was initially implemented for non-Medicaid-eligible populations earning less than 200 percent of FPL under federal Basic Health Program (BHP) authority. When the program was implemented in 2016, the State expected that it would need to supplement federal funding with state money in order to provide coverage. However, the State quickly discovered that federal PTC-equivalent subsidies were *more* than sufficient to cover all program costs; even after lowering participant premiums and cost-sharing to zero, the State continued to receive more in federal subsidies than it needed to operate the program. This excess funding accumulated in a reserve account, the Basic Health Plan Trust Fund, eventually reaching nearly \$10 billion. Under federal law, the State

could use this excess funding only to improve coverage for the EP population—but with EP already offering free, high-quality coverage, the State had no way to use the accumulating surplus.¹⁴

To make use of this extra funding, the State in 2024 expanded the Essential Plan to include people earning up to 250 percent of FPL. This required a different federal authority: While EP had previously operated under federal Basic Health Program authority, the State now applied for and received federal Section 1332 waiver authority. Under its new authority, the State was not able to access *accumulated* reserves in the BHP trust fund, which remained frozen, but it could use the *ongoing* surplus associated with the existing EP population to expand coverage to the new, higher-income population. Federal subsidies associated with the new population were much lower on a per capita basis than those associated with the new population, due to their higher income and other factors, but the surplus generated by the existing population was sufficient to provide coverage for them. In effect, the state’s low-income existing EP population would “cross-subsidize” its higher-income EP200–250 population.

EP expansion in 2024 was very successful, with enrollment exceeding projections. Today, the EP enrolls nearly 470,000 New Yorkers earning between 200 percent and 250 percent of FPL.

Federal cuts due to OBBBA: While most EP enrollees are US citizens or long-term green card holders, the plan enrolls approximately 725,000 lawfully present immigrants. OBBBA eliminated federal funding for this population—meaning that nationally they will not be eligible for PTC, and in New York the State will not be able to claim federal EP funding on their behalf. The cuts are among the most rapid associated with OBBBA: Immigrants earning less than 138 percent of FPL were disqualified beginning January 1, 2026, while those with higher incomes will lose eligibility beginning January 1, 2027.

Since immigrants in EP are disproportionately low-income, they account for more than half of federal funding in the program. The State projects that EP will lose approximately \$7.5 billion in federal funding, out of a total of \$14.6 billion.

The financing structure of EP means that these cuts will destabilize the program for *all* enrollees—immigrants and citizens alike. The state must either restructure the plan in response to federal cuts or abandon one of the most innovative and successful health policy experiments in the country.

The Future of the Essential Plan

Plan A: Eliminating Coverage for the EP 200–250 Group. In September, Governor Hochul announced a plan to preserve the Essential Plan—by scaling it back. Under this proposal, the state will reverse its 2024 expansion, suspending its 1332 waiver and returning to BHP authority. This will lower EP eligibility from 250 percent to 200 percent of the Federal Poverty Line in July 2027. The 470,000 New Yorkers currently enrolled in EP who earn between 200 and 250 percent of FPL will lose their coverage. However, this move will (1) allow the State to access the surpluses EP accumulated between 2016 and 2023, which amount to nearly \$10 billion, and (2) remove higher-income enrollees who receive lower federal subsidy. As a result, the State will be able to sustain coverage for the remaining 1.3 million enrollees, including immigrants no longer eligible for federal subsidies, for at least several years—and perhaps indefinitely.

Suspending the 1332 waiver and switching back to BHP authority requires federal approval, however, and the State has not yet received such approval. It is not clear when approval might arrive or whether the question will be settled before the state budget is due on April 1.

What will happen if the federal government refuses to approve the plan? Most experts agree that the state has a strong legal case for approval.¹⁵ If the federal government refuses, the State will likely sue. Litigation could keep the issue in suspense well beyond April. It is not clear what would happen to Essential Plan enrollees during an extended period of uncertainty.

Plan B: What happens if the state *cannot* get federal approval? In this scenario, the State projects eliminating the Essential Plan entirely. Under New York law, the nearly five hundred thousand immigrant EP enrollees who earn less than 138 percent of FPL (the so-called *Aliessa* population) will be eligible for *state-funded* Medicaid, with no federal contribution, costing the state an estimated \$2.5 billion in FY27 and \$3.5 billion on an annualized basis going forward. The remaining 1.3 million EP enrollees will see their coverage disappear. Some may find much more expensive and lower-quality coverage through the individual market, but many are likely to become uninsured.

Table 3. Impact of EP Proposals by EP Enrollee Group

Population	Enrollment	Plan A	Plan B
<138% FPL	486,000	Retain EP Coverage	Move to Medicaid
138–200% FPL	765,000	Retain EP Coverage	Lose EP Coverage
200–250% FPL	470,000	Lose EP Coverage	Lose EP Coverage

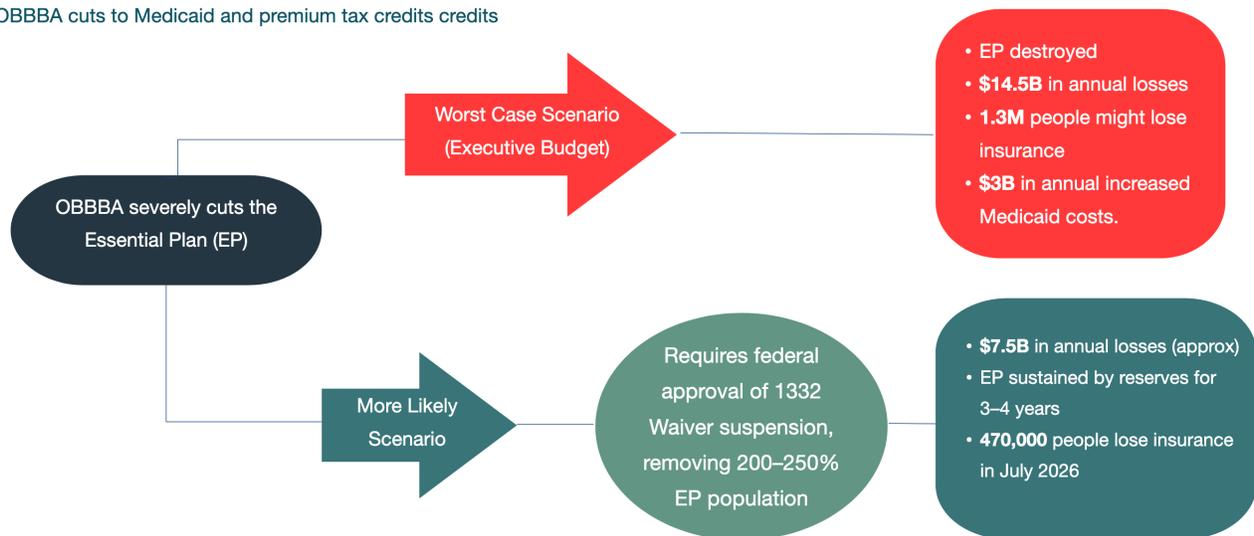
EP Scenarios in the Budget: Importantly, the executive budget assumes the worst-case scenario, Plan B: the State will *not* receive federal approval and *will* eliminate the Essential Plan. For that reason, the executive budget allocates \$2.5 billion in FY27 and \$3.5 billion in future years to cover the *Aliessa* population. If the state *does* receive federal approval in the coming weeks, this funding will not be needed, and the State will have \$2.5 billion in resources for other purposes.

It is important to note that while not receiving federal approval is a “worst-case” scenario, even if the state *does* receive federal New York is faced with a huge loss of coverage under the executive proposal: 470,000 New Yorkers will lose EP coverage in July, the most rapid loss of coverage in the State’s history. While some may find pricier, lower-quality coverage in the individual market, many are likely to become uninsured.

FPI analysis has shown that the State need not accept this outcome; New York can protect coverage at a relatively modest cost, and it should do so. Options for achieving this are discussed below.

Figure 2. Alternatives for the Essential Plan

Two distinct paths emerge for New York lawmakers to manage OBBBA cuts to Medicaid and premium tax credits credits



Medicaid Work Reporting Requirements

The OBBBA also imposes work requirements on the “ACA expansion” adult Medicaid population—a group that includes 2.1 million people in New York. Enrollees are required to demonstrate that they are working or qualify for an exemption, and the State is required to redetermine their eligibility every six months, rather than annually as is currently the case.

The reconciliation bill allows enrollees to meet work requirements by showing that they work at least eighty hours a month, have received earned income equivalent to eighty hours of work at the federal minimum wage (or \$580), are enrolled in an educational program, or have participated in community service. The law also provides exemptions for various populations, including those with a documented disability, caregivers for elderly relatives and young children, those with a “serious or complex” medical condition, and individuals enrolled in treatment for a substance use disorder. The law additionally encourages states to verify work or exemptions through electronic records (e.g. state payroll records and Medicaid claims data), allowing states to certify that enrollees meet requirements without separate documentation from the enrollees themselves.

Key details of how the requirements will work, however, remain to be determined. For example, what types of sources can states use to verify enrollees are eligible? What counts as a “serious or complex” medical condition? These questions will be answered by federal rulemaking, but the federal government is not expected to issue rules until June.

Most experts agree that the vast majority of adult Medicaid enrollees either meet the work requirements or qualify for an exemption. But the paperwork burden of verifying eligibility is nevertheless likely to lead to substantial disenrollment. How substantial? The unprecedented nature of the requirements and lack of clarity around how they will be implemented make it difficult to estimate precisely. The State

initially estimated that over one million enrollees—half the affected population—could lose coverage. Independent analysis by FPI suggests a number closer to 800,000.

The executive budget makes no provision for protecting those impacted by work requirements. Indeed, the executive budget does not incorporate an estimate of the scale of potential coverage losses or their fiscal impact; Medicaid enrollment is projected to remain flat for the next five years.

The fiscal impact will be substantial. The State currently spends around \$5,800 per enrollee per year to cover adults in Medicaid.¹⁶ Under the Affordable Care Act, 90 percent of the cost of coverage for this population is borne by the federal government, with the remaining 10 percent paid for by the State. The disenrollment of eight hundred thousand people will lower all-funds Medicaid spending by approximately \$4.6 billion, with approximately \$4.2 billion of that figure representing reduced federal funding loss to New York State’s healthcare system. The full weight of this impact will not be felt until FY28, since work requirement disenrollment will begin only in the final quarter of FY27.

As we will discuss below, the State can and should take action to mitigate coverage losses.

Cuts to Federal Funding for Providers

In addition to cutting Medicaid and Essential Plan funding, OBBBA also limits federal funding that the State has used to increase Medicaid rates for providers, including safety net hospitals.

The MCO Tax: The vast majority of states use financing mechanisms known as “provider taxes” to increase federal Medicaid funding. New York operates several provider taxes and in its SFY25 budget it implemented a new provider tax on managed care organizations (MCOs), which was projected to raise \$3.7 billion over two years.¹⁷ The tax went into effect in December 2025 and was projected to run through March 2027. OBBBA however, banned taxes such as New York’s. In January, the federal government announced that New York will need to end its tax in December 2026, one quarter earlier than expected. As a result, the State will lose about \$411 million in federal revenue in FY27, relative to initial expectations.

Directed Payment Template (DPT) Funding: Federal regulation allows states to direct Medicaid managed care organizations to pay higher rates to safety net hospitals and claim the federal Medicaid match for these payments, a structure known as “state-directed payment” (SDP) funding in federal law and referred to as Directed Payment Template (DPT) funding in New York. Under the Biden administration, states were permitted to direct MCOs to pay up to the average commercial rate to hospitals. OBBBA restricted DPT payments: No new payments will be approved, existing payments are grandfathered in at existing funding levels but cannot be increased, and beginning in 2028 payments will be phased down from commercial rates to the much lower Medicare rate.

In New York, DPT is the largest single source of hospital safety net funding; the State received approval for \$4.5 billion in (state and federal) DPT funding in FY26. While these payments are grandfathered at current levels for now, the state will not be able to increase them to meet growing need and they will be cut back beginning in SFY28. These cuts impact the long-term fiscal health of the State’s safety net hospital system.

Medicaid Enrollment Trends: Mainstream Enrollment is Down, MLTC Enrollment is Flat

Given the scale of the federal challenges facing New York’s healthcare system, it is important to take stock of trends in the Medicaid program.

The State’s Enrollment Figures Fail to Capture Program Dynamics

The State budget reports a headline Medicaid enrollment figure of nearly seven million, well above pre-pandemic levels. This figure obscures more than it clarifies. As FPI and others have pointed out, the state’s Medicaid enrollment data lumps together a highly diverse set of programs, including:¹⁸

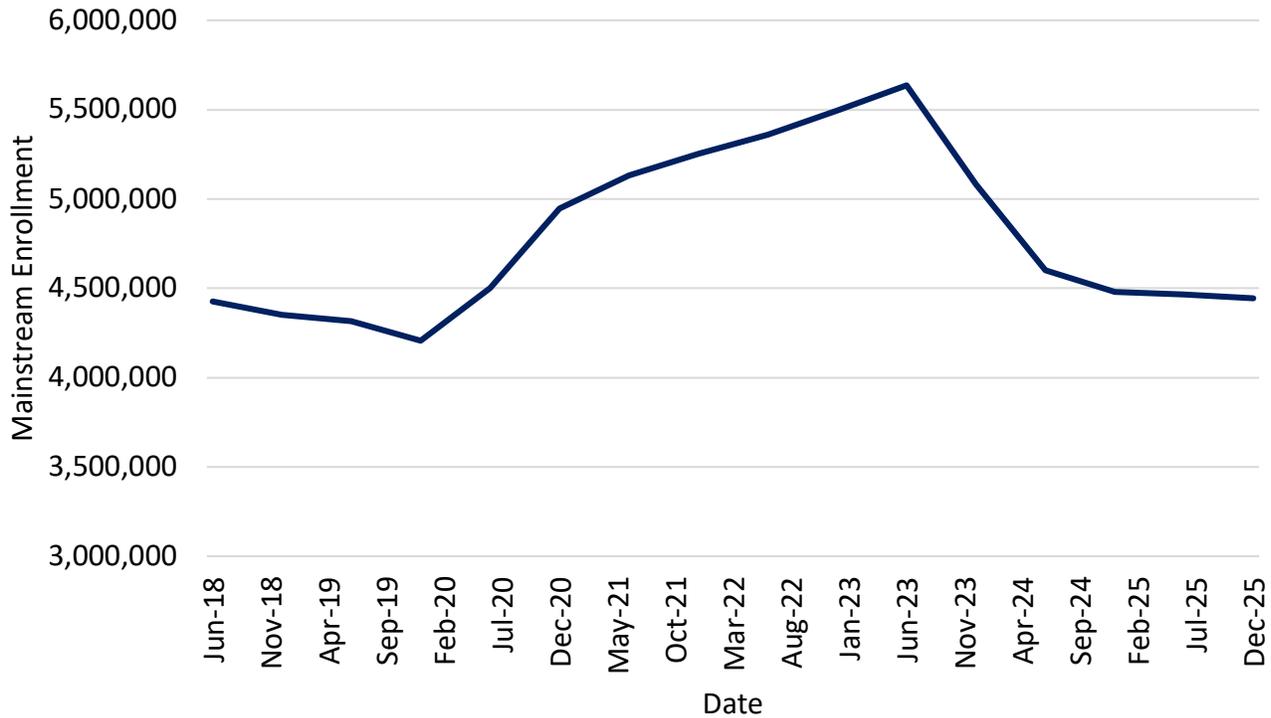
- **Mainstream Managed Care (4.5 million):** This is the State’s basic Medicaid program, which provides basic health insurance to low-income New Yorkers.¹⁹
- **Medicare Savings Program (over 1 million):** This program pays Medicare premiums and copays for low-income seniors in New York. MSP enrollees receive health insurance from Medicare, with Medicaid paying only their out-of-pocket costs.²⁰
- **Managed Long-Term Care (around 400,000):** A set of programs including the Program of All-Inclusive Care for the Elderly (PACE), Partial Capitation Managed Long-Term Care (Partial Cap MLTC) and Medicaid Advantage Plus (MAP) that provide long-term care (but not health insurance) to older and disabled New Yorkers, most of whom receive health insurance through Medicare.
- **Various Waiver Programs for Special Populations (148,000):** The State provides various specialized services through its Office for People With Developmental Disabilities (OPWDD) waiver (~130,000), Nursing Home Transition and Diversion and Traumatic Brain Injury waivers (~12,000), and Children’s Waiver (~6,000).²¹
- **Non-Medicaid Enrollees registered for Emergency Medicaid (480,000 as of 2024):** For unclear reasons, the State appears to include in its headline Medicaid enrollment figure individuals who register with the Emergency Medicaid program. Individuals in this population, including many immigrants, are not enrolled in Medicaid at all and are typically uninsured. The program compensates hospitals for providing limited care to Medicaid-ineligible people faced with life-threatening emergencies.²²

The diversity of these programs, and especially the misleading inclusion of several hundred thousand non-Medicaid enrollees in the State’s headline figures, makes it unhelpful to track overall Medicaid enrollment. Instead, we will focus on specific programs: Mainstream Managed Care, the State’s largest program, and Managed Long-Term Care, which has driven spending for the past decade.

Mainstream Managed Care Enrollment Has Declined to Pre-Pandemic Levels

Mainstream Managed Care—the state’s major insurance program for low-income residents—grew dramatically during 2020, as millions of New Yorkers lost their jobs, and remained elevated through 2023, as federal regulations prevented the State from disenrolling them. Enrollment peaked at over 5.5 million in 2023. Since that time, however, it has declined precipitously, returning to its 2018 level in 2024. It has continued to gradually decline, decreasing by 0.8 percent between December 2024 and December 2025.

Figure 3. Mainstream Managed Care Enrollment, 2018–2025

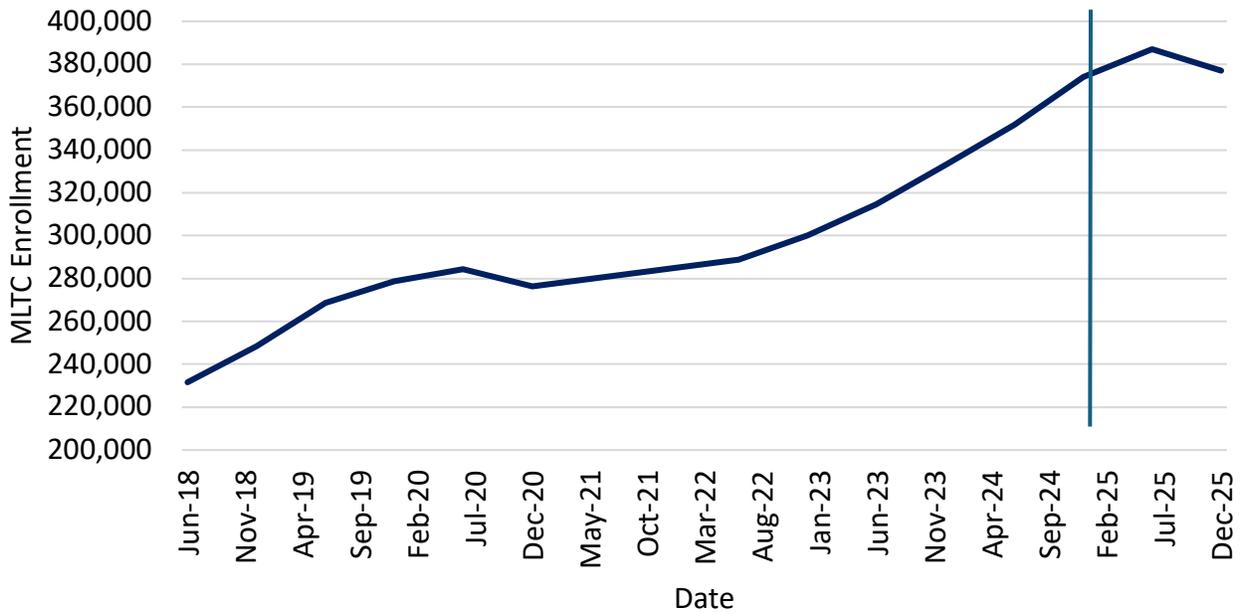


Managed Long-Term Care Enrollment Growth Has Cratered

The State’s three Managed Long-Term Care programs—PACE, Partial Capitation MLTC, and Medicaid Advantage Plus—offer long-term care, primarily home care, to elderly and disabled New Yorkers, most of whom receive healthcare coverage through Medicare. MLTC is much smaller than Mainstream Managed Care, enrolling fewer than four hundred thousand New Yorkers, but it is very expensive on a per-enrollee basis—around \$50,000 per year per enrollee, roughly ten times as expensive as Mainstream Managed Care. The program has grown rapidly in recent years—by 12.3 percent in Calendar Year 2024, for example. The Governor has repeatedly described this growth as unsustainable.

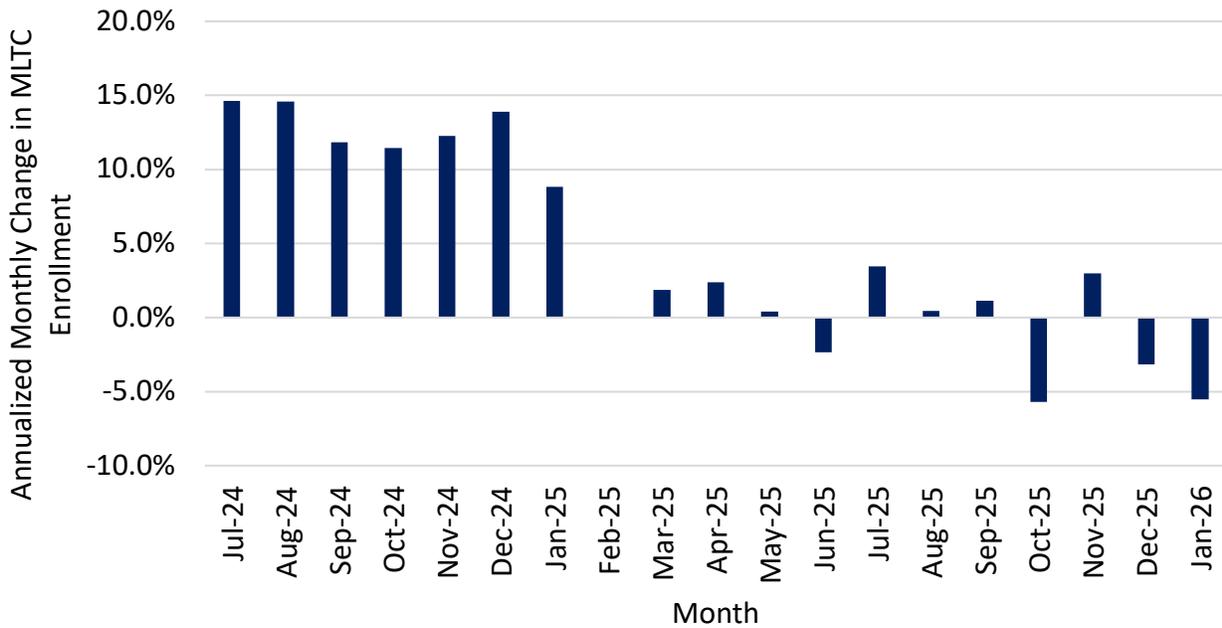
Last year saw a dramatic turnaround in MLTC growth trends. The program, which had been growing at an annualized rate of over 10 percent per year for several years, suddenly flatlined in 2025. Growth was *negative* in the second half of CY25, declining by 2.6 percent across all programs, from 387,000 to 377,000.²³

Figure 4. MLTC Enrollment, 2018–2025



Source: New York Department of Health Managed Care Enrollment Reports. MLTC combines Partial Capitation MLTC, PACE and MAP.

Figure 5. Annualized Monthly MLTC Enrollment Change, 2024–2025



Source: New York State Department of Health Medicaid managed care enrollment reports.

The timing of the sudden change to enrollment trends makes it clear that it was caused by a dramatic change in the State's Consumer-Directed Personal Assistance Program. This program, which allows elderly and disabled Medicaid enrollees to hire home care workers paid for by Medicaid, was administered by hundreds of fiscal intermediaries (FIs) before 2025. In January 2025, the State began transitioning to a new system, in which all workers statewide would be paid by a single FI, Public Partnerships, LLC (PPL). The transition was rushed and extremely disruptive, resulting in thousands of workers missing paychecks and causing, by the State's account, at least eighty thousand consumers to leave CDPAP and switch to Medicaid-funded agency home care.

A second factor may also have contributed to declining MLTC enrollment. Beginning in September 2025, the State raised eligibility standards for MLTC by requiring enrollees to demonstrate that they require assistance with at least three activities of daily living (ADLs), such as eating, bathing, and dressing, rather than just two ADLs as had previously been the case. This change may have contributed to the slight decline in MLTC enrollment in the final months of 2025, but the timing of the enrollment trend shift makes clear that the CDPAP transition is its primary cause.

Why did the CDPAP transition lead to such a pronounced shift in enrollment trends? The State has at times suggested that the FI transition has prevented home care fraud, but there is no evidence for this. Instead, it is likely that the new single-FI regime makes it more difficult for prospective enrollees to learn about and qualify for the program. Before 2025, the CDPAP FI marketplace was highly competitive, with for-profit FIs aggressively advertising their services to participants and helping participants enroll in the program. PPL, guaranteed a monopoly position, has been far less aggressive in this regard, so potential enrollees are less likely to learn about the program and less likely to enroll.

Whether this new barrier to entry is a good thing remains up for debate. Fiscal hawks and the executive budget would likely argue that the old FI regime drove excessive growth in the program by encouraging enrollment; home care advocates, on the other hand, say that FIs played a positive and necessary role in raising awareness of the program and supporting participants through the often complex process of demonstrating eligibility.

Good or bad, however, it is clear that the CDPAP transition has enormous fiscal implications for the State. The most expensive and most rapidly growing part of the Medicaid program has suddenly stopped growing.

The MLTC Savings Debate

The scale of savings attributable to the CDPAP transition has sparked some debate. The executive budget, which initially projected \$500 million in state-share savings from the transition, has asserted that savings have dramatically exceeded expectations, rising to \$1.2 billion for the state (or \$2.4 billion including federal funds). Many legislators have expressed skepticism about these figures.

As is frequently the case with executive budget's assertions about the Medicaid budget, it is not possible to directly verify the \$1.2 billion figure, since no details are provided about the amount of time during which the savings are being claimed, the relative baseline according to which they have been estimated, etc. What is clear is that the decline in MLTC enrollment growth alone is sufficient to account for more than all the asserted savings. In December 2024, immediately before the transition, MLTC enrollment was growing at an annualized rate of 13.1 percent per year; at that pace, enrollment would have risen by

104,000 over two years, adding roughly \$5 billion in annual all-funds (and \$2.5 billion in state-share) spending. Enrollment is now flat or declining, so this spending will not occur.

Whether MLTC spending is sustainable over the long term is another question. There are two reasons to doubt it. First, the CDPAP transition was associated with a major shift among MLTC enrollees away from consumer-directed and towards agency care. Agency care is substantially more expensive on a per-hour basis than CDPAP due to higher mandated benefits and administrative costs. This increased cost is borne, in the first instance, not by the State but by the MLTC MCOs, which pay for care. But in the medium term, MLTC premiums will need to rise to accommodate higher spending. This increase in per-enrollee costs will erode (but likely not eliminate) savings from lower enrollment.

Second, and more fundamentally, the State's MLTC system creates powerful financial incentives for growth among all participants, including MCOs and home care agencies. Both groups are largely for-profit and can increase their profits by increasing market share. While fiscal intermediary advertising, along with MCO connivance, may have been the main driver of program growth in recent years, there is little reason to believe that for-profit agencies could not play the same role. In that scenario, the current pause in MLTC growth may prove temporary.

Underlying Medicaid Growth is Modest and Driven by Provider Rate Increases

In the short term, however, declining Mainstream enrollment and flat MLTC enrollment might be expected to lead to modest MLTC spending. Instead, the executive budget projects astonishingly rapid growth in state-share Medicaid spending—11.4 percent growth in the original executive budget, rising to 13.4 percent growth in the 30-day amendments. Under the executive proposal, FY27 state-share spending is projected to be \$4.6 billion higher than in FY26.²⁴

We will show that this picture of runaway growth is misleading. State-share Medicaid spending growth is driven largely by two factors: Technical factors involving the MCO tax, and the State's projected cost to absorb low-income EP enrollees into state-funded Medicaid if it does not receive federal approval for its EP transition plan (see above). Cost growth for existing populations and programs is a modest 3.6 percent—and these increases are driven almost entirely by provider payment increases, not utilization or enrollment.

All-Funds Medicaid Spending

Table 4 presents all-funds, all-agency Medicaid spending between FY25 and FY27.²⁵

These figures take a broader view than the executive budget's headline number: While the executive budget focuses on *state-share* spending in *Department of Health* Medicaid, we present *all-funds, all-agency* Medicaid spending. The increase is indeed dramatic—and is not due to federal cuts; the federal contribution to New York's Medicaid program is projected to rise by nearly \$4 billion in FY27.

Table 4. All-funds all-agency Medicaid Spending, FYs 25–27.

	FY25 Actuals	FY26 Projected	FY27 Projected
Federal	\$52,976	\$58,355	\$62,558
State	\$38,437	\$44,052	\$49,116
Local	\$8,638	\$9,051	\$9,051
Total	\$100,051	\$111,458	\$120,725
Total Growth (\$)		\$11,407	\$9,267
Total Growth (%)		11.4%	8.3%
State Growth (\$)		\$5,615	\$5,064
State Growth (%)		14.6%	11.5%

Source: FY27 Executive Budget 30-day amendment, p.110 and 141.

Why do these projections fail to register federal cuts? First, the initial impact of the OBBBA in New York primarily affects the Essential Plan (as discussed above), not Medicaid. Second, the Executive Budget does not estimate the impact of Medicaid work requirements, which will lead to substantial enrollment declines and federal funding losses beginning in the final quarter of FY27; for unclear reasons, the executive budget takes no account of this and assumes that Medicaid enrollment will increase slightly over the next several years.²⁶

If increased state spending does not reflect the impact of federal cuts, what is driving it?

Factors Affecting State Medicaid Spending

Table 5 shows that state Medicaid spending growth is driven primarily by Department of Health Medicaid.

Table 5. State Medicaid Spending by Agency

	FY26	FY27	\$ Increase	% Increase
DOH Medicaid	34,678	39,315	4,637	13.4%
Other State Agency Medicaid Spending	9,374	9,801	427	4.6%
Total	44,052	49,116	5,064	11.5%

Source: FY27 Exec 30-Day page 112

Table 6. State Medicaid Spending with Adjustments

	FY26	FY27	\$ Increase	% Increase
Medicaid Global Cap	\$26,459	\$28,577	\$2,118	8.0%
Wages	\$4,236	\$4,616	\$380	9.0%
MCO Tax-Related Spending	\$1,558	\$3,497	\$1,939	124.5%
Other	\$2,425	\$2,625	\$200	8.2%
Total	\$34,678	\$39,315	\$4,637	13.4%
State-Share MCO Offsets	-582	-\$1,416		
Adjusted Total	\$34,096	\$37,899	\$3,803	11.2%
<i>Aliessa</i> Takeover		-\$2,570.20		
Underlying Medicaid Growth	\$34,096	\$35,329	\$1,233	3.6%

Source: FY27 Exec 30-day p. 114. *Aliessa* takeover cost drawn from Executive Budget Medicaid Global Cap scorecard, FY27. State-share MCO reimbursements drawn from FY27 Exec 30-day p. 117.

As shown in table 5, overall DOH Medicaid spending is projected to increase by a striking \$4.6 billion in FY27—but this increase is driven entirely by technical spending related to the MCO tax and the potential absorption of the *Aliessa* Essential Plan population into State-funded Medicaid. We will discuss each of these factors in turn.

MCO Tax State Share Assessment Offsets: The State enacted an MCO tax in FY25. The MCO tax is a financial maneuver designed to increase federal Medicaid funding without requiring any net contribution from the MCOs themselves. In effect, the State taxes the MCOs, reimburses them for the taxes via Medicaid payments, and claims federal matching funds for the payments it makes to reimburse the MCOs; federal matching funds can then be used for other purposes (primarily provider rate increases).

Properly speaking, these payments should not be counted as net Medicaid spending at all, since they are “wash” payments fully cancelled out by increased federal reimbursement. But the State has chosen to account for them as new Medicaid spending, and they are projected to rise from \$582 million FY26 to

\$1.4B in FY27 (before entirely disappearing with the sunset of the MCO tax in FY28). A more accurate picture of Medicaid spending is gained by eliminating these taxes in both FY26 and FY27, which cuts \$800M in state-share spending growth.

Aliessa Takeover costs: As discussed above, the executive budget projects a “worst-case” scenario for the Essential Plan, in which State plans to shrink EP are not approved by the federal government and the State is forced to shut down the Essential Plan entirely. If this happens, then the lowest-income immigrant EP enrollees will be entitled to state-funded Medicaid coverage under a 1998 court case, *Aliessa v. Novello*. This population is not eligible for federal Medicaid funding, so the cost of coverage will be entirely borne by the State. For this reason, the executive budget “assumes over \$2 billion of added costs under the Global Cap stemming from populations transferring from EP to Medicaid.”²⁷ The executive budget Medicaid Scorecard puts costs in FY27 at \$2.57B, rising to \$3.6B in FY28.²⁸

It is unsurprising that absorbing half a million new Medicaid enrollees drives substantial cost increases, but including this cost in overall Medicaid spending gives a misleading picture of Medicaid spending growth for two reasons. First, it is likely that the costs will not occur at all; if the federal government approves New York’s EP plan, then this population will remain in EP. Second, inclusion of the *Aliessa* takeover in overall Medicaid spending growth obscures very modest cost increases for *existing* populations and programs.

Controlling for these two factors, state-share DOH Medicaid spending is projected to grow just 3.6 percent in FY27—a remarkable slowdown from previous trends.

Proposed Payments to Providers Drive Rising Medicaid Costs

This modest increase appears to be driven not by utilization or enrollment growth but by proposed provider rate increases. The FY26 Enacted budget proposed substantial provider rate increases for hospitals, nursing homes, physicians, and clinics, among others, funded by MCO tax revenue; the executive budget proposes continuing these increases with State funds. The Executive proposes \$750 million state share (roughly \$1.5 billion in all-funds revenue) in provider payments without specifying how they are to be distributed, suggesting a willingness to negotiate with the legislature on the details of this spending.

MCO Tax Update

The initial executive budget proposal assumed that the MCO Tax would sunset in March 2026. Weeks after the executive budget was released, CMS announced that New York will be allowed to continue its MCO tax through the end of CY26. The executive budget estimates that this will generate \$1 billion in extra federal revenue. The executive budget proposes to save all of this new funding to continue provider rate increases in future years; under this proposal, none will be spent in FY27.²⁹

The Executive Proposal Contemplates a Doubling of the Uninsurance Rate

Strikingly, despite higher-than-expected revenues which allow the State to fund generous provider rate increases, the executive budget’s proposal contains no provision to maintain insurance coverage in the wake of OBBBA cuts.

1 million New Yorkers at Risk

Without State intervention, federal cuts due to OBBBA will result in roughly one million New Yorkers becoming uninsured over the next two years. This is a “best-case” scenario, since it assumes that the State will receive approval for its EP changes; a scenario in which the State was forced to end the Essential Plan would lead to much higher uninsurance rates.

The impacted groups fall into two broad categories:

- **Essential Plan 200–250 Population:** Approximately 470,000 New Yorkers fall into the EP200–250 population. As discussed above, the executive budget proposes to eliminate their health insurance coverage in July 2026. While many in this group will be eligible for PTC in the individual market, even with PTC their coverage will cost up to \$250 per month and will be far less robust than EP. We estimate that approximately half of this population (235,000 people) will become uninsured this year.
- **Medicaid Work Requirements Population:** Medicaid work requirements will begin in January 2027. As discussed above, we estimate that approximately eight hundred thousand New Yorkers will become uninsured over the next two years due to work requirements.

Alternatives for Covering the Essential Plan Population

FPI has released a proposal to cover the Essential Plan population at a cost in FY27 of less than \$1 billion and an annualized cost of around \$1.5 billion.³⁰ Under this proposal, the EP200–250 group would move to the individual market, and the State would provide additional premium subsidies for them, wrapping around federal PTC.

An alternative would be to enroll this population in a state-funded EP lookalike program. At current EP premium rates this would be significantly more expensive, since federal PTC subsidy would not be available. Providing EP with lower provider reimbursement rates could substantially reduce costs, providing enrollees with high-quality coverage for around \$2B per year.

Finally, the state could pursue an EP-lookalike option but charge a modest premium, of, for instance \$50 per month. Because the population EP currently serves is low-income, even a modest premium would likely result in significantly lower enrollment, bringing costs down to \$1B or less.

Alternatives for Mitigating Medicaid Work Requirements Disenrollment

The scale of disenrollment associated with Medicaid work requirements is highly uncertain and depends heavily on how successful the State is at performing effective outreach to ensure that enrollees are aware of the requirements and using *ex parte* verification to automatically certify enrollee compliance. Given the very short timeline for rollout of Medicaid work requirements, it is likely that effective outreach and *ex parte* systems will not be in place by the time requirements have come into effect.

FPI has proposed that New York provides state-funded Medicaid enrollment during a six-month “grace period” for those disenrolled due to work requirements.³¹ This would give enrollees time to document that they meet requirements without facing healthcare disruption. The cost would be just \$130M in FY27. Depending on the State’s fiscal situation and the scale of disenrollment due to work requirements, the State could consider making the policy permanent.

Fiscal Resources Exist to Expand Coverage

Resources exist in the Medicaid budget to extend coverage—particularly if the State’s Essential Plan shift receives federal approval. Federal approval would obviate the need to cover the *Aliessa* population through State-funded Medicaid, making an additional \$2.5 billion available to cover other populations. The State also received a windfall through MCO tax extension, which the executive budget currently plans to reserve for out-year provider rate increases but which could be used to extend coverage. These resources provide ample fiscal room to prevent the catastrophic loss of insurance contemplated in the executive budget proposal.

Conclusion

New York’s Medicaid program is robust and baseline Medicaid growth is well-controlled. Unfortunately, due to federal cuts, the State faces a catastrophic loss of coverage in its EP and Medicaid programs. One million New Yorkers are expected to lose coverage over the next two years, even in the best-case scenario where the State receives federal approval for its proposed changes to the Essential Plan. Coverage losses are expected to begin in July 2026. The legislature can and should step in to prevent these losses by providing alternative coverage.

⁹ New York State Department of Financial Services, “2026 Individual and Small Group Requested and Approved Rate Actions,” late updated August 29, 2026, <https://myportal.dfs.ny.gov/web/prior-approval/ind-and-sg-medical/summary-of-2026-requested-rate-actions>.

¹⁰ It is important to note that, despite Republican claims, OBBBA did *not* significantly cut federal funding for undocumented immigrants, since undocumented immigrants were already ineligible for most federal healthcare funding, including Medicaid and Affordable Care Act Premium Tax Credits, prior to OBBBA. The immigrants faced with loss of coverage under OBBBA, in New York and nationally, are lawfully present in the US. Indeed, the largest group of immigrants targeted are Green Card holders.

¹¹ Overall enrollment drawn from New York State of Health, “EP and QHP Enrollment as of January 4, 2026,” <https://info.nystateofhealth.ny.gov/sites/default/files/EP%20and%20QHP%20Total%20Enrollees%20by%20Issuer%20December%20Combined%202025.pdf>. Lawful permanent resident figures from Governor Hochul’s press release, “Governor Hochul Unveils Devastating Impacts of Republicans’ ‘Big Ugly Bill’ on New York State,” July 11, 2025.

¹² Medicaid Managed Care Enrollment Reports, “Mainstream Managed Care,” accessed February 2026, https://www.health.ny.gov/health_care/managed_care/reports/enrollment/monthly/. While the State conventionally reports Medicaid enrollment at a much higher level – around 6.8 million – this includes millions of people who do not receive comprehensive health insurance through Medicaid, including Medicare Savings Program enrollees, Medicare–Medicaid dual-eligible populations, and as many as several hundred thousand uninsured immigrants who are registered for Emergency Medicaid.

¹³ The State does not formally report DPT funding levels in its budget documents; the closest it comes is a graph of total safety net hospital funding by category which has been included in the executive budget briefing for the past several years. This graph appears to show DPT funding of approximately \$1.8 billion but does not clarify whether this represents state-share or total funding. However, a review of federal approvals of New York DPTs shows that New York was approved for \$4.5 billion in gross (state and federal) hospital DPT payments in SFY26 across four provider categories. This figure includes \$1.76B in state and \$2.74B in federal funding.

¹⁴ Why was the state able to operate EP at a surplus? To put it another way, if PTC are designed to cover only part of the cost of purchasing health insurance on the individual market, why has New York been able to use PTC-equivalent funding to cover more than the total cost of providing health insurance through EP, while offering far superior coverage? Commentators sometimes suggest that New York is somehow taking advantage of the federal funding formula for the Essential Plan, but there is no basis for this assertion. The Essential Plan is able to offer health insurance more efficiently than the individual market because (1) its low premiums encourage healthy people to enroll who might otherwise go without coverage, lowering costs for everyone; and (2) the state regulates EP reimbursement rates to providers, controlling the key driver of health insurance costs. EP delivers insurance at a lower cost than the individual market, and the ACA’s

Basic Health Program and Section 1332 funding formulas, which were designed to reward successful state experimentation, have rewarded New York accordingly.

¹⁵ Why would the Trump administration approve the Essential Plan transition, given its hostility to low-income health coverage? From a legal perspective, it is important to understand that the state is not requesting a waiver but asking to *suspend* its 1332 waiver and restore its Basic Health Program. While the federal government typically has significant discretion regarding whether to grant a waiver, the ACA gives states the right to operate a BHP if it meets legal requirements. From a political perspective, the federal government has proven somewhat more accommodating to New York's Medicaid program than expected—see discussion of the MCO tax below.

¹⁶ See the presentation “The 2025 Medicaid Conference,” July 30, 2025, https://media.uhfnyc.org/filer_public/e6/06/e6067fc7-e4ce-4223-9505-5c69412de9ca/2025_medicaid_conference_slides.pdf.

¹⁷ For a fuller discussion of the MCO tax, see Michael Kinnucan, “The Medicaid MCO Tax Strategy,” Fiscal Policy Institute, March 19, 2026, <https://fiscalspolicy.org/the-medicaid-mco-tax-strategy>.

¹⁸ Michael Kinnucan, “Medicaid Enrollment: Getting the Facts Straight,” February 15, 2025, <https://fiscalspolicy.org/medicaid-enrollment-getting-the-facts-straight>.

¹⁹ DOH, Managed Care Enrollment Reports.

²⁰ The State does not publicly report enrollment in MSP, but the Governor announced in late 2024 that the program had enrolled nearly one million people. It is likely that enrollment has increased since then. See New York State Governor's Office, “Governor Hochul Announces Nearly 1 Million New Yorkers Enrolled in Program to Help Older Adults Save More Than \$7,000 Per Year in Health Care Costs,” October 14, 2024 <https://www.governor.ny.gov/news/governor-hochul-announces-nearly-1-million-new-yorkers-enrolled-program-help-older-adults-save>.

²¹ Western New York Law Center, “Medicaid 1915(c) Home-and-Community-Based Services (HCBS) Waiver Programs in New York State,” last updated February 11, 2026, <http://health.wnylc.com/health/entry/129/>.

²² Bill Hammond, “Immigrant Enrollment in ‘Emergency Medicaid’ Surges to 480,000,” Empire Center, February 19, 2025, <https://www.empirecenter.org/publications/immigrant-enrollment-in-emergency-medicaid-surges-to-480000/>.

²³ DOH Medicaid Managed Care Enrollment Reports

²⁴ New York State Division of the Budget, “Governor's Amendments to the FY2027 NYS Executive Budget,” in *FY2027 Executive Budget*, February 2026, 114, <https://www.budget.ny.gov/pubs/archive/fy27/ex/fp/fy27fp-ex-amend.pdf> FY2027 NYS Executive Budget.

²⁵ The state Financial Plan table on page 110 of 30-Day amendments document is misleadingly labeled “Medicaid spending”; in fact, this chart always includes Essential Plan spending. To isolate Medicaid spending, we subtract federal Essential Plan funding, reported on page 141.

²⁶ “Governor's Amendments,” 104.

²⁷ New York State Division of the Budget, *FY 2027 Executive Budget Briefing Book*, January 2026, 28.

²⁸ New York State Department of Health, “FY 2027 Executive Budget Medicaid Scorecard,” revised January 2026, https://www.health.ny.gov/health_care/medicaid/redesign/2026/docs/2027_executive_budget_scorecard.pdf.

²⁹ The MCO tax extension appears to increase state-share Medicaid spending because the State will need to make larger MCO reimbursement payments in FY27 than expected, but as discussed above, these are “wash” payments and do not involve new spending.

³⁰ Michael Kinnucan, “A Plan to Maintain Insurance Coverage After OBBBA,” Fiscal Policy Institute, February 5, 2026, <https://fiscalspolicy.org/wp-content/uploads/2026/02/2026.02.05-A-Plan-to-Keep-People-Covered.pdf>

³¹ Kinnucan, “A Plan to Maintain Insurance Coverage.”

V. Issue Focus: A Major Step Toward Universal Childcare

Key Findings

- The executive budget plan is a historic step toward universal childcare, supporting about 80,000 new seats in FY 2027 and 110,000 new seats by FY 2030.
- Recurring commitments to statewide pre-kindergarten, New York City childcare for 2- and 3-year-olds, and childcare vouchers statewide will cost about \$1.7 billion in FY 2027 rising to \$2.7 billion by FY 2030.
- Nevertheless, the plan does *not* achieve universal childcare, which would require offering seats to an additional 240,000 children across the state. Cover all children ages 0–5, together with raising childcare worker compensation to a living-wage, will cost an added \$6 billion per year.

Recommendations

- The State should put in place an additional \$6 billion in annual funding for full universal childcare. (See chapter two for revenue options).
- Childcare funding must be tied to program costs. This funding stream should mirror school aid, in which annual funding follows costs each year.

Introduction

The executive budget proposes a major step toward universal childcare. The plan would make significant, recurring investments that, if implemented, will make childcare universal starting at age 2 in New York City and at age 4 in the rest of the state. This is an ambitious step toward true universality. Nevertheless, the plan is a starting point and, even once fully implemented, does not represent universal childcare, which would require supporting care for all children ages 0–5 in the state.

By FY 2030, the executive budget plan will spend \$2.7 billion annually and support about 110,000 children. Truly universal childcare will cost an additional \$6 billion (in current dollars) supporting an

added 240,000 seats. While the Executive Plan funds its programmatic increases out of ordinary revenue growth over a four-year period, a true universal system will require additional, permanent revenue. Finally, the Executive plan does not address the inadequate wages paid to childcare workers. FPI's estimate of the additional cost of universal care includes bringing workers' wages up to a living wage.

Why is Universal Childcare a Top Priority?

Childcare imposes a high cost on New York. Enrolling an infant in a daycare center in New York City costs \$26,000 per year. In the rest of the state, it averages \$21,000. Unlike other living expenses, such as housing, the costs of childcare fall in just a few years towards the beginning of many parents' careers. These costs are simply not affordable for many families, who are left with two options: leave New York for a cheaper part of the country or leave the labor force to care for your child yourself.

For decades, New York State has faced a relatively high rate of domestic outmigration—more New Yorkers leave the state than move in from elsewhere in the US, and population growth is sustained by births and immigration from abroad. FPI research has consistently found that this outmigration, which is primarily from the New York City Metropolitan Area, is driven by the high cost of living. New Yorkers leaving the state tend to move to counties with lower housing costs.³² Among the strongest predictors of outmigration, however, is whether a household has young children. FPI found that households with a child under 6 are 40 percent more likely to leave New York State than households with similar income and other characteristics but without young children. In New York City, households with young children are more than twice as likely to leave.

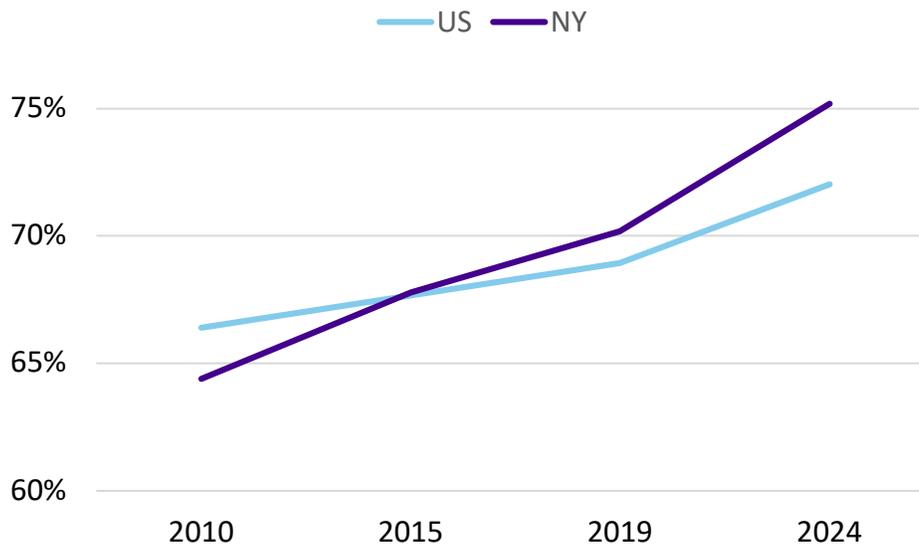
Many families with young children that do stay in New York are forced to leave the labor force or reduce working hours. A substantial body of economic evidence indicates that high childcare costs depress parents' employment—especially for mothers. A 2025 paper published by the US Census Bureau estimated that women with young children are 1 percentage point less likely to be employed for each \$400 increase in yearly childcare costs.³³ New York childcare costs are about \$6,000 higher than the national average, suggesting that they significantly depress women's employment in the state.³⁴ While already alarming, this understates the true effect of childcare costs. Recent analysis by the Federal Reserve Bank of Chicago suggests that 80 percent of all working hours lost because of childcare are the result of parents switching to part-time work, rather than leaving the labor force altogether. The research estimates that mothers with children would work 3.9 percent more hours if they were not constrained by childcare costs. In New York, this would translate into about 30,000 additional full-time jobs.³⁵

There is evidence that New York's substantial investments in childcare over the last decade, beginning with New York City's 2014 launch of universal pre-kindergarten (UPK), have already improved mothers' labor force participation. In 2010, the labor force participation rate of women with children under 6 was 64 percent—less than the national average of 66 percent. Since then, the rate in New York has increased substantially to 75 percent in 2024, overtaking the US rate of 72 percent. New York has made nearly continuous funding increases to childcare (including UPK, paid family leave, and, since Covid, childcare vouchers) over this period, which is not true of the US as a whole.

Securing universal childcare would continue these gains and help close the gender wage gap, which has narrowed only slightly in recent decades. Recent research indicates that two-thirds of wage gap is

attributable to the “motherhood penalty,” which is caused by women’s reduced participation in the labor force after having children.³⁶

Figure 1. Labor force participation of women with young children, 2010 to 2024



What Would Universal Childcare Look Like?

Universal childcare is the public provision of care and education to every child in New York State. Because universal education begins at age 5 with kindergarten, universal childcare refers to coverage of the one million children in New York who are younger than 5.

New York State already provides care for about one-quarter (251,000) of these children with a trio of programs: Paid Family Leave (PFL), subsidized childcare (pre-school for 3- or 4-year-olds) in the form of the Child Care Assistance Program (CCAP), and universal pre-kindergarten. A truly universal system would cover approximately 600,000 children, roughly 350,000 more than are supported by existing public programs.

While a universal system definitionally must offer care to all children in the state, not all families will make use of the system. Many families prefer arranging some form of family, private, or informal care. This is more pronounced for younger children. Even in countries with extensive public provision of childcare, uptake is generally low for the youngest children. In other high-income countries, enrollment in licensed childcare program is just 32 percent for children under 3. Uptake tends to rise briskly as children approach school age, averaging 83 percent for 3- to 5-year-olds. FPI benchmarks anticipated uptake to these international standards.

Implementing universal childcare requires extending the programs already in place to support New York. This section will briefly describe childcare under the current system and a universal system; the following section will provide a more detailed discussion of the executive budget plan.

- **PFL**

Universal System

Countries with universal childcare tend to rely heavily on paid leave for the first year of life. On average, developed countries provide about fifty-two weeks of paid leave after the birth of a child. Across countries, families tend to enroll newborns in formal care settings at low rates. Therefore, paying families while they care for their infants is a critical component of childcare systems.

NY Status Quo

New York provides eligible workers with twelve weeks of paid leave in the first year of an infant's life. This is on par with the most generous paid leave programs in the US. Nevertheless, New York lags behind international peers. If an infant has two parents eligible for PFL, she benefits from at most twenty-four weeks of PFL, about half the international standard. However, many newborns do not have two caretakers meeting employment eligibility (which requires six months of employment with the same employers and excludes many self-employed and public sector workers) and receive less support from the program.

Executive Budget Plan

The executive budget makes no proposal regarding Paid Family Leave.

- **Childcare under age 3**

Universal System

Universal childcare for children under 3-years-old is generally delivered by a mix of care types. Even in countries with extensive public provision of childcare, young children are served by a mix of public, quasi-private (depending primarily on public funding), and private care settings. In the US, care in a universal system would be supplied primarily by existing providers: daycare centers and family daycares (which are based in residences), though piloting public sites, especially in underserved areas, should be considered.

NY Status Quo

At present, childcare for children under 3 is supported only through the income-tested programs CCAP and Early Head Start. CCAP provides vouchers to low- and moderate-income families who earn less than 85 percent of the state median income (\$113,600 for a family of four). CCAP is available to children up to age 13 (funding afterschool for older children). As such, only about a quarter of CCAP vouchers support young children. Further, like any income-tested program, uptake is low: while about 57 percent of the state's children are eligible, uptake by eligible families is only about 6 percent for infants and 18 percent for 2- and 3-year-olds.

Executive Budget Plan

The executive budget provides New York City funding to launch 2-Care, which will provide free, universal childcare to 2-year-olds in the city. Under the program, care will be delivered by existing providers: the City will simply enter into contracts with providers, paying tuition for 2-year-olds itself, instead of parents.

- **Universal Pre-Kindergarten**

Universal System

Universal pre-kindergarten provides free pre-school to 3- and 4-year-olds. While UPK may still involve a mix of provider types—schools, daycare centers, and, for 3-year-olds, family providers—this care begins to introduce more educational components and school-like settings. This is consistent with international best practices. Based on international and New York State usage benchmarks, FPI expects uptake of 80 and 85 percent among 3- and 4-year-olds, respectively.

NY Status Quo

In New York City, 3- and 4-year-olds already have universal access to pre-kindergarten, though there are concerns about the quality and availability of seats for 3-year-olds. Outside the City, about 90 percent of districts have pre-kindergarten programs serving 4-year-olds, but many of these programs ration benefits. As such, about half of 4-year-olds outside of New York City are enrolled in pre-kindergarten. Very few 3-year-olds (about 4 percent) outside New York City are enrolled.

Executive Budget Plan

The executive budget proposes making pre-kindergarten for 4-year-olds universal across the state. To accomplish this, it proposes increasing school districts’ per-pupil grants for 4-year-olds. This will bolster the districts that currently need to ration seats and allow districts without UPK to begin new programs. The Executive also increases funding to New York City’s program for 3-year-olds, which faces concerns about the quality of seats.

Table 1. Current, proposed, and universal childcare programs by age

Age	Current Programs	Executive Proposal	Universal Childcare
Infants (0–1)	Paid Family Leave; means-tested vouchers	Status-quo PFL; expands means-tested vouchers	Expanded PFL; universal system modeled on 2-Care
1	Means-tested vouchers	Expands means-tested vouchers	Expanded PFL; universal system modeled on 2-Care
2	Means-tested vouchers	Launches NYC 2-Care; expands means-tested vouchers	2-Care statewide
3	3-k in most of NYC	Bolsters 3-k in NYC	3-k statewide
4	Pre-k in most of state	Expands Pre-k statewide	Pre-k statewide
5	Kindergarten	Kindergarten	Kindergarten

A Closer Look at the Executive Proposals

Table 2. Executive budget proposed universal childcare programs

Program	Description	Seats Supported	Costs	Type of commitment
2-Care	Childcare for 2-year-olds in NYC	2,000 in FY27; 30,000 by FY30	\$73M in FY27; ~\$650M by FY30	Annual appropriation
UPK	Statewide universal pre-k for 4-year-olds	40,000	\$561M in FY27 increase	Formula-based recurring funding
CCAP	Increased funding for existing vouchers	40,000	\$1.2B increase	Annual appropriation
Pilots	Pilots for universal childcare in 3 upstate counties	Unclear	\$66M in FY27	Annual appropriation
Total		80,000 in FY27; 110,000 by FY30	\$1.7B in FY27; \$2.8B in FY28	

2-Care in New York City

The executive budget provides New York City funding for a universal childcare program, generally referred to as “2-Care,” for two-year-olds. The budget appropriates \$73 million in FY 2027 to launch the program. It expects this to support about two thousand children in its first year.

The budget ultimately expects the program to serve about thirty thousand children. This assumes an uptake rate of about 50 percent—in line with uptake in peer countries for this age group. The executive budget does include ramped up funding for 2-Care in its spending forecasts, reportedly \$425 million in FY 2028.³⁷ The budget does *not* clarify expected funding for the program in subsequent years. FPI expects this funding level to be approximately \$650 million per year in FY 2029 and 2030, which should be sufficient provided that demand does not exceed a 50 percent uptake rate.

Importantly, the State funds 2-Care only by annual appropriation. While the financial plan includes projections for future funding, the State is not legally obligated to provide this funding and there is no guarantee that future funding will be tied to the program’s costs. This contrasts with school aid, which is determined by a formula codified in state law that obligates the state to fund public schools at a level tied to program need.

Statewide pre-kindergarten for 4-year-olds

The executive budget proposals finally making its “universal pre-kindergarten” program truly universal across the state. To accomplish this, the State needs to raise its funding per student to a level high enough to provide a kindergarten seat. Currently, school districts starting UPK programs may receive as little as \$5,400 per student per year—an amount too low to fund a pre-school seat, especially in the higher cost districts most likely to receive the minimum funding level under the State’s grant formula. To correct this and make UPK viable in the districts without programs (or with programs that are underfunded), the

executive budget proposes raising per pupil grants to \$10,000 or half of their school aid funding level, whichever is greater. Importantly, the law requires districts to launch UPK programs and provide seats to all 4-year-olds by the 2028–29 school year.

This proposal will increase the State’s existing UPK funding by \$561 million in FY 2027, bringing total UPK grants to \$1.5 billion. This funding level will be sufficient to support that remaining forty-thousand 4-year-olds across the state who are not enrolled in pre-kindergarten, a 65 percent increase in the number of 4-year-olds outside of New York City supported by UPK.

Further, the proposal allocates an additional \$100 million to New York City’s 3-k program, which provides universal pre-school for 3-year-olds. In recent years, the City has claimed it offers 3-k seats to all applicants, yet there are widespread concerns that seat offerings are infeasibly far from applicants’ homes. The State’s stepped-up support for 3-k will enable the City to bolster the program.

Beyond New York City, school districts in the rest of the state stand to receive \$326 million in increased UPK funding. A large majority of the state’s school districts (nearly 90 percent) will receive some portion of this funding increase, including the fifty-two districts that currently do not host programs.

The executive budget proposes making these changes in the state education law. This consequential decision will commit the State to funding this expansion on a recurring basis. It also means UPK funding will be tied to actual program costs.

Table 3. Increased UPK funding in the rest of New York State

Region	New funding (\$ in millions)	New seats supported	% change in seats	Districts currently without UPK
Capital District	\$25.7	3,800	88%	7
Central New York	\$20.6	2,100	48%	1
Finger Lakes	\$18.0	3,700	64%	2
Hudson Valley	\$77.0	10,300	82%	17
Long Island	\$94.4	8,900	58%	11
Mohawk Valley	\$12.3	1,600	77%	6
North Country	\$12.1	1,400	71%	6
Southern Tier	\$19.2	1,700	53%	1
Western New York	\$47.1	3,500	45%	1
Statewide	\$326.2	37,000	65%	52

Increased funding for vouchers

In recent years, New York lawmakers enacted expansions to the Child Care Assistance Program that greatly increased the number of families supported by the program. In federal fiscal year (FFY) 2025, an average 158,000 children in New York State receive support each month. This is more than double the 66,000 children supported each month in FFY 2021, the year before the state’s CCAP expansion began.³⁸

However, the State's funding for CCAP has failed to keep pace with demand from newly eligible families. In FFY 2025, counties (which are responsible for administering CCAP in New York State) disbursed vouchers totaling \$2.29 billion despite being allocated \$2.16 billion by the State. This temporary disconnect was possible because counties drew down surpluses accumulated during the pandemic. As eligible families have continued to apply for CCAP vouchers, counties have begun to put them on waitlists for benefits, indefinitely delaying their access to childcare. As of January 2026, twenty-one counties across the state have begun waitlists covering a total of approximately 15,500 children. Approximately 13,500 of these children are in New York City; the remaining 2,000 are in the rest of the state.

The need for further CCAP funding is compounded by continued growth in demand from eligible families. In November 2025, the most recent data available, the number of children receiving CCAP vouchers was 21.1 percent higher than it was the prior year. This growth was concentrated in New York City.³⁹ New York City officials expect this growth to continue through the end of FY 2027—with enrollment in April 2027 about 20 percent higher than it was in November 2025—at which point enrollment will plateau. This growth is driven by the reintroduction of work requirements for public assistance after a Covid era moratorium. Many families affected by work requirements are likely to apply for CCAP support.

The executive budget aims to adequately fund CCAP, increasing the annual appropriation by \$1.2 billion, bringing the total to \$3 billion. New York City is set to receive about \$940 million of this increase. Across the state, this increased allocation may support about 40,000 children under age 5. Because CCAP vouchers can support children as old as 12 (for services like afterschool), only about 50 percent of program participants are under 5.

Upstate universal care pilots

The executive budget appropriates \$66 million in FY 2027 for universal childcare pilots in three Upstate New York counties: Dutchess, Monroe, and Broome. Like New York City's 2-Care, the pilots will deliver free childcare by contracting with existing providers. Counties will contribute 10 percent of program expenses, bringing the total program, for all three counties, to \$73 million. Beyond this basic structure, which will be overseen by the State's Office of Child and Family Services (OCFS), the budget proposal provides no operational details or requirements.

The Costs of Full, Statewide Universal Childcare

The programs proposed by the executive budget represent a major step toward universal childcare. Nevertheless, they are not a plan to achieve full, statewide universal care. A fully universal childcare system would support about 600,000 children—about 240,000 more than the Executive proposals would support once fully implemented.

A truly universal expansion on this scale would cost \$6 billion per year beyond the \$2.7 billion planned by the executive budget in FY 2030. Such an expansion would include the costs of delivering living wages to childcare workers, an issue not addressed by the executive budget proposals. In New York City, a 2-Care-like system of contract care would need to be expanded to infants and one-year-olds. The

rest of the state will also need 2-Care and 3-k. Finally, a universal childcare system requires expanding PFL. FPI’s universal care model doubles the current PFL system by increasing the leave to twenty-six weeks per *child* (rather than twelve per eligible *worker*) and expanding parents’ ability to benefit from the program.

While the executive budget plans to fund its childcare expansions out of ordinary revenue growth over a four-year period, achieving true universality will require new, permanent revenue sources. Adequate program funding must be statutorily committed and guaranteed by state law. (Currently, funding for CCAP and 2-Care is negotiated and appropriated each year.) Further, FPI’s \$6 billion cost estimate is in current dollars, reflecting the costs this year. Funding for universal childcare must be indexed to actual program costs in the same way that State funding for public schools tracks operating costs. Options for revenue sources will be discussed in this book’s revenue chapter.

Table 4. The cost of universal childcare by age and region of the state (\$ in millions)

Age	NYC	Rest of State	NYS Total
PFL	\$480	\$640	\$1,120
0–2	\$1,240	\$1,570	\$2,810
3	\$0	\$860	\$860
Living wages	\$1,000	\$180	\$1,180
Total	\$2,720	\$3,250	\$5,970

³² Fiscal Policy Institute, “Housing Costs, Not Taxes, Drive Migration Out of New York,” January 31, 2023, <https://fiscalspolicy.org/housing-costs-not-taxes-drive-migration-out-of-new-york>.

³³ Valeska Araujo, Linden McBride, and Linden McBride, “The Impact of Childcare Costs on Mothers’ Labor Force Participation,” Center for Economic Studies Working Paper, April 2025, <https://www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf>.

³⁴ U.S. Department of Labor, Women’s Bureau, “National Database of Childcare Prices,” last published date March 18, 2025, <https://www.dol.gov/agencies/wb/topics/featured-childcare>.

³⁵ Mark O’Dell and Brianna Smith, “What Parents Say About How Childcare Problems Affect Employment and Hours Worked,” Chicago Fed Insights, November 2024, <https://www.chicagofed.org/publications/chicago-fed-insights/2024/what-parents-say-about-how-childcare-problems-affect-employment>.

³⁶ Tessa Conroy, Jie Wu, and Steven Deller “Childcare availability and Women’s earnings in the U.S,” Review of Economics of the Household, July 15, 2025, <https://link.springer.com/article/10.1007/s11150-025-09787-0>.

³⁷ Benjamin Oreskes, Eliza Shapiro, and Grace Ashford, “Hochul and Mamdani Announce Plan to Make N.Y. Child Care Universal,” New York Times, updated January 12, 2026, <https://www.nytimes.com/2026/01/08/nyregion/mamdani-hochul-child-care.html>.

³⁸ New York State Office of Children and Family Services, “Child Care Assistance Program (CCAP) Data,” accessed February 20, 2026, <https://ocfs.ny.gov/programs/childcare/data/#ccap-data>.

³⁹ New York State Office of Children and Family Services, “NYCCAP Monthly Case and Child Counts: November 2025,” last modified November 2025, <https://ocfs.ny.gov/programs/childcare/assets/docs/ccap/NYCCAP-Family-Child-Counts-2025Nov.pdf>.

VI. A Status Quo Education Budget

Key Findings

- Foundation Aid—the main source of State funding for public schools—is set to grow by 3 percent, a modest growth rate that simply keeps pace with inflation.
- This year’s modest Foundation Aid proposal fails to correct for changes to Foundation Aid enacted last year that cut funding for New York City by \$322 million.
- State support for public higher education will grow modestly, with SUNY and CUNY funding set to rise 3.8 percent and 3.6 percent, respectively, under the executive plan.

Recommendation

- Revise the Foundation Aid formula’s Regional Cost Index and add additional funding for districts with homeless students. These changes would offset the cuts to New York City enacted last year.

Introduction

A year after the State enacted sweeping changes to funding for public schools, the executive budget proposes status quo funding levels for both public schools and public higher education. In doing so, the executive budget fails to reverse last year’s changes that cut \$322 million from New York City. Instead, it leaves funding for public education on autopilot, with modest cost growth driven by inflation.

Note that “school aid” includes funding for universal pre-kindergarten (UPK). Because major new investments in childcare are central to this budget, UPK is discussed in the chapter on childcare. This chapter discusses funding for K-12 public schools and public higher education. This chapter discusses funding for K-12 public schools and public higher education.

Table 1. Executive budget education funding proposals (\$ in billions)

	2026	2027	\$ change	% change
Foundation Aid	\$26,360	\$27,140	\$780	3.0%
Other school aid (ex. UPK)	\$9,760	\$9,870	\$110	1.2%
SUNY	\$4,020	\$4,180	\$150	3.8%
CUNY	\$2,260	\$2,340	\$80	3.6%

Source: NYS Department of Education, *2026–27 State Aid Projections* (January 2026), and NYS Division of the Budget, *State Operations Appropriations Bill 2026–27* and *Aid to Localities Bill 2026–27* (January 2026).

Public Schools

Last year’s budget enacted sweeping changes to Foundation Aid, the formula that allocates state funding to school districts. State funding represents about 40 percent of all school district funding in New York, with the remainder made up of local funding. The revisions to the formula last year increased the total funding allocated to school districts by \$138 million. Nevertheless, the revisions reduced the aid allocated to New York City by \$322 million. Gains were broadly distributed across districts in the rest of the state.

Lawmakers and education advocates responded by calling for revisions to the formula to correct the bias against New York City. Their proposals focus on two elements of the formula: its adjustment for regional costs and its funding for disadvantaged students.

First, the Foundation Aid formula factors in regional costs, allocating greater funding to costlier areas. The changes enacted last year updated the Regional Cost Index (RCI) only for Westchester County, increasing the index (and therefore, allocations for Westchester school districts). For the rest of the state, the RCI remains fixed at levels set when the formula was adopted, determined using data from 2006. Because the state’s regional economic disparities have grown over the last two decades, the lack of an update is a disadvantage for districts that have experienced the greatest cost growth. This has been most pronounced in New York City. Updating the measure only for Westchester and excluding New York City introduces a troubling regional bias.

To rectify this imbalance, a bill proposed after last year’s budget would update New York City’s RCI.⁴⁰ For school year 2026–27, this update would raise New York City’s Foundation Aid by \$540 million. However, no change to the RCI was included in the executive budget proposal.

Second, the Foundation Aid formula allocates more funding to districts with greater concentrations of economically disadvantaged students. Last year’s changes updated three measures of student need: districts’ poverty rate, the number of students receiving public assistance, and the number of English language learners. Given New York City’s extraordinarily high costs and profound inequality, a combination unique in the state, advocates argue these measures inadequately capture student need and propose allocating additional funding based on the number of homeless public school students.⁴¹ This change would raise funding to New York City by \$324 million. These change are not zero sum—allocating further funding to certain districts does not depress other districts’ allocations. No changes to measures of student need are included in the executive budget.

Instead, the executive budget proposes a status quo Foundation Aid allocation. Foundation Aid for school year 2026–27 is set to total \$27.1 billion, a \$780 million (3.0 percent) increase from school year 2025–26. This increase is driven almost entirely by the formula’s inflation adjustment, which will be 2.8 percent this year. The executive budget does propose providing a 1 percent guaranteed minimum increase to districts that would otherwise have received a smaller increase under the formula. These provisions tend to benefit smaller districts and make up a small share of annual cost increases.

Higher Education

The executive budget’s proposed funding for public higher education similarly maintains the status quo. The annual spending growth included in the budget is mostly required by state law.

State support for State University of New York (SUNY) is set to rise \$152 million, or 3.8 percent. This growth is made up by two elements. First, the state funds SUNY workers’ fringe benefits, which will grow by \$86 million in FY 2027. This is required under state law. Second, the executive budget increases funding for SUNY central administration by \$63 million. This funding can be used at the discretion of the SUNY chancellor. The executive budget does not commit this funding to a specific use. State funding that is remitted directly to campuses—and controlled by each college president—is held flat in the executive budget.

State funding for the City University of New York (CUNY) will rise by \$81 million (3.6 percent) under the executive budget. As required under state law, the state funds the operating expenses of senior colleges in the CUNY system. By contrast, the State is only required to fund one-third of community college costs (the rest is funded by New York City and tuition payments). This required spending is set to rise just \$1.2 billion (0.5 percent) in FY 2027.

Funding for one program is set to grow substantially—the Opportunity Promise scholarship, which provides free tuition for adults who enroll in SUNY or CUNY community college courses in high-demand fields such as nursing and technology. Funding for the program, which was launched last year, is set to rise \$22 million to \$57 million in FY 2027.

Table 2. Proposed public higher education appropriations (dollars in millions)

	2026	2027	\$ change	% change
SUNY	\$4,024	\$4,176	\$152	3.8%
Fringe benefits	\$1,991	\$2,077	\$86	4.3%
State-operated campuses	\$694	\$694	\$0	0.0%
University-wide & central programs	\$755	\$818	\$63	8.4%
Statutory colleges	\$129	\$129	\$0	0.0%
Community colleges	\$456	\$458	\$2	0.5%
CUNY	\$2,255	\$2,336	\$81	3.6%
Senior colleges	\$2,007	\$2,087	\$80	4.0%
Community colleges	\$248	\$250	\$1	0.5%
Community college scholarships	\$35	\$57	\$22	61.0%

⁴⁰ New York State Senate, “An Act to Amend the Education Law, in Relation to the Regional Cost Index for Purposes of the Calculation of Total Foundation Aid,” S. 8125, 2025–2026 Reg. Sess. (2025), <https://www.nysenate.gov/legislation/bills/2025/S8125/>

⁴¹ New York State Senate, “An Act to Amend the Education Law, in Relation to the Extraordinary Needs Count for Purposes of the Apportionment of Public Moneys to School Districts Employing Eight or More Teachers,” S. 8139, 2025–2026 Reg. Sess. (2025), <https://www.nysenate.gov/legislation/bills/2025/S8139>.

VII. State Tax Policy

Introduction

New York State is home to some of the wealthiest individuals in the world and remains the global center of financial activity. For this reason, New York has an unparalleled tax base that could be leveraged to build a truly robust welfare state and provide adequate public investment in infrastructure, health, and education for all New Yorkers. This year, federal funding cuts to Medicaid, the Essential Plan, and SNAP make it necessary for the State to levy new taxes to remedy cuts to these essential services.

As is discussed throughout this briefing, the executive budget fails to fully address the magnitude of federal funding cuts that will cause one million New Yorkers to lose health insurance and two hundred thousand New Yorkers to face cuts to their nutrition assistance. To fully address the needs of New Yorkers, the State will need to raise new taxes on individuals, corporations, and potentially expand consumption taxes. This chapter discusses the federal tax changes at play, including the fact that New York's high earners will save an estimated \$12 billion on their federal taxes this year alone. The chapter then describes new evidence dismantling the myth of high earner tax migration, refuting the claim that raising taxes will result in out-migration from the state.

Parts III and IV of this chapter describe the (inadequate) executive budget proposals regarding state tax policy and lay out a suite of additional proposals for how New York can raise new revenue. The chapter also discusses how the State should raise new revenue to fund a truly universal childcare program.

Part I: Understanding the OBBBA Tax Cuts

** Note that this section draws from two previously published FPI reports: "Filling the Gaps: State Tax Policy After the OBBBA" by Nathan Gusdorf (July 2025) and "New York's Millionaires Will Get a \$12 Billion Federal Tax Cut Next Year" by Andrew Perry (November 2025).⁴²*

On July 4, 2025, President Donald Trump signed into law the federal reconciliation legislation known as the "One Big Beautiful Bill Act" (OBBBA), which enacted \$4.5 trillion of tax cuts and reduced federal outlays for Medicaid and SNAP by \$1.2 trillion. Democrats have decried the bill as tax cuts for billionaires while Republicans have defended it as middle-class tax relief.

The Fiscal Policy Institute has previously analyzed the national distribution of the OBBBA's benefits, finding that the act broadly advantages the well-off, with 70 percent of the benefits going to the top 20 percent of households (nationally, those earning over \$120,000), and that the advantages are even more skewed toward the richest households, with the top 1 percent of earners receiving, on average, an annual tax cut of \$100,000.

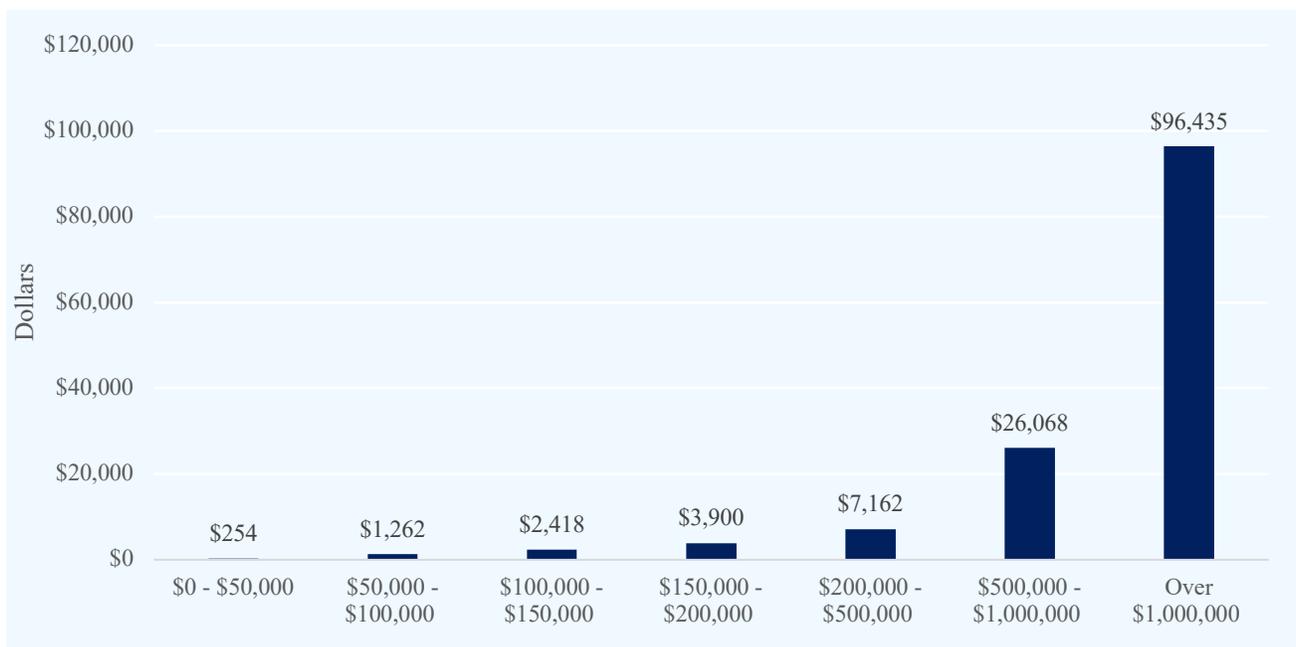
These multitrillion dollar cost estimates are issued by the Congressional Budget Office, and they reflect cumulative ten-year forecasts at the national level. But for state fiscal policy purposes, we need to know how much the richest New York taxpayers are saving on their taxes each year. After all, these tax cuts come at the cost of as many as one million New Yorkers losing their health insurance and hundreds of

thousands of state residents facing a hunger crisis. Because the State will be forced to manage these crises, it ought to understand how much tax revenue could simply be recaptured from the OBBBA tax cuts. FPI estimates that the OBBBA will save New York taxpayers who earn \$1 million in annual income a collective **\$12 billion in federal taxes each year**. This is equivalent to an annual average tax cut of **\$129,600 per millionaire taxpayer, 2.7 percent of their total income**.

While the OBBBA tax cuts are spread across all taxpayers, they disproportionately benefit the well-off. The Joint Committee on Taxation, a nonpartisan committee of tax lawyers and economists working for the US Congress, estimates that the one-year revenue loss from OBBBA tax cuts will be \$545 billion in 2027, of which \$378 billion, or 70 percent, is accounted for by tax cuts that benefit the top 20 percent of earners, approximately those households earning over \$120,000.

The unfair distribution of benefits also stands out when we look at the average benefit for a taxpayer within each income group. Those earning over \$1 million per year receive an average annual tax benefit of \$96,435, whereas those in the median income range of \$80,000–\$100,000 receive about a \$1,500 annual benefit.

Figure 1. OBBBA tax cut benefits by income, per taxpayer



It has become something of a taboo in New York State politics to even consider raising the tax rate on households making less than \$1 million in *annual income*. This ceiling has crept upwards in recent years as the legislature’s more recent proposals for taxes on “the rich” were limited to the few thousand taxpayers earning over *\$5 million* per year. But the distributive effects of the OBBBA show us that while the millionaire-earner population has benefited disproportionately, it is really all upper-middle income households that have received a substantial tax break. And, therefore, policymakers must consider whether it is appropriate to recapture those breaks through state tax increases.

Part II: Debunking the Myth of Tax Migration

** Note that this section was originally published as part of “New Data Confirm Tax Flight is a Myth” by Emily Eisner, October 2025.⁴³*

The 2025 New York mayoral race has reignited debates over whether increasing taxes on high earners will cause them to move away in search of lower tax rates. Critics of frontrunner Zohran Mamdani’s plan to fund social programs argue that raising taxes on millionaires will lead to significant out-migration among the wealthy. However, new 2023 tax data from the New York Department of Taxation and Finance (DTF), analyzed by the Fiscal Policy Institute, refute this claim, confirming that tax flight among top earners is a myth.

New York derives a majority of its revenue from the personal income tax, which is levied on both labor and capital income (i.e. income from financial assets such as stocks and bonds). In fiscal year 2021, facing the Covid-19 pandemic, New York State Personal Income Tax (PIT) rates were raised for single filers with incomes over \$1.08 million and joint filers with incomes over \$2.16 million dollars. Previously, all taxpayers in these income ranges paid the same top rate of 8.82 percent. The state raised PIT rates on taxpayers in these brackets in 2021, adding new brackets and rates for those earning over \$5 million and for those earning over \$25 million (regardless of filing status). These tax rates were originally enacted as temporary increases, set to expire in 2027. The fiscal year 2026 enacted budget maintained their temporary status but extended the top rates through 2032—although, as FPI has frequently noted, these taxes support overall state spending and should be made permanent in order to avoid drastic budget cuts in the future.⁴⁴

These top PIT rates are estimated to raise \$3.6 billion annually.⁴⁵ Figure 2 demonstrates that the discrete jump in personal income tax revenue to New York State started in tax year 2021, according to data from the State’s Department of Taxation and Finance (DTF). We see in figure 2 that while revenue received from those making less than \$1 million annually has grown over time, there was a jump in revenue received from those making more than \$1 million—and especially those making more than \$10 million—starting in 2021.

Figure 2. Total Personal Income Tax Revenue to New York State, by calendar year and income group

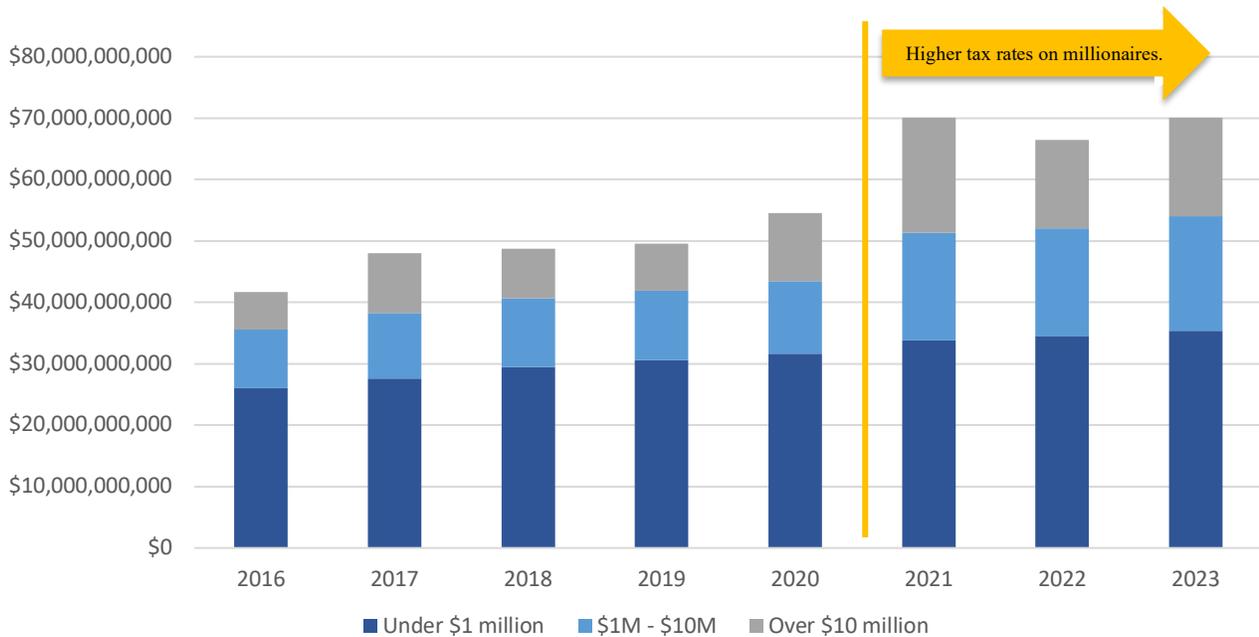


Table 1. Pre-2021 and current PIT rates for top earners

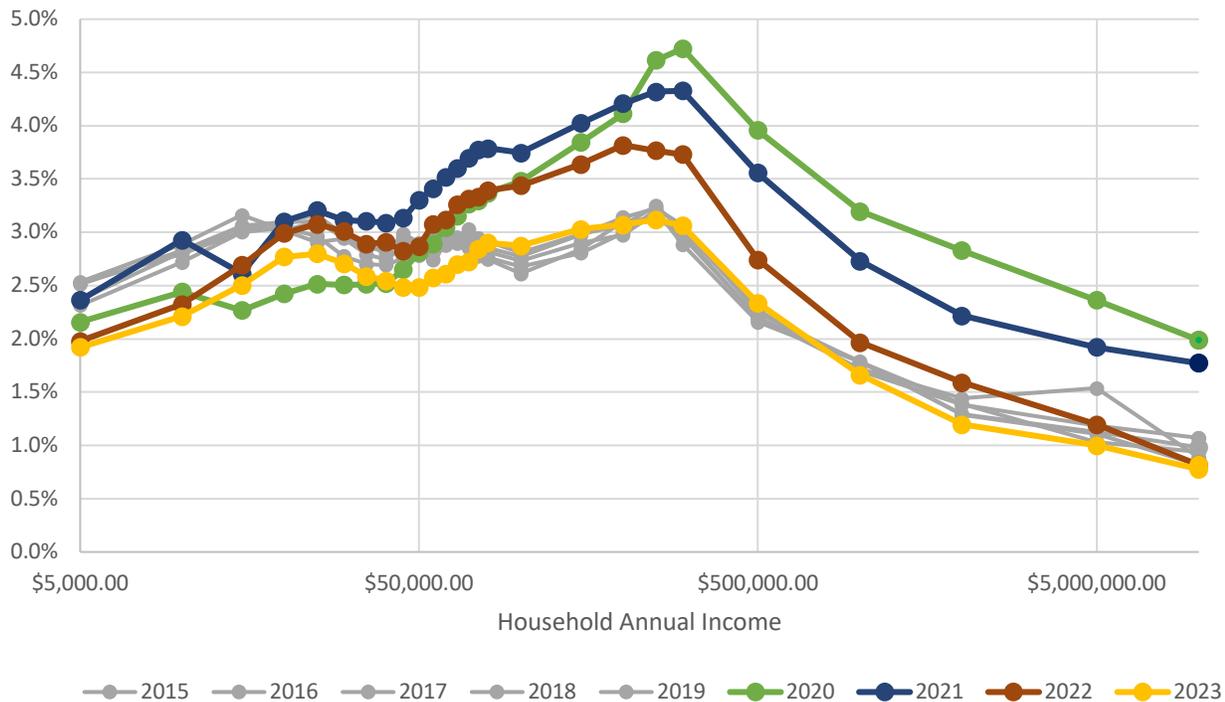
Pre-2021 Rates				Current Rates			
Single Filer		Joint Filer		Single Filer		Joint Filer	
Income	Tax Rate	Income	Tax Rate	Income	Tax Rate	Income	Tax Rate
\$215,400	6.85%	\$323,200	6.85%	\$215,400	6.85%	\$323,200	6.85%
\$1.08M	8.82%	\$2.16M	8.82%	\$1.08M	9.65%	\$2.16M	9.65%
				\$5M	10.3%	\$5M	10.3%
				\$25M	10.8%	\$25M	10.8%

Tax data on part-year residents in New York provides further information on migration patterns by income group, showing how many of the state’s tax filers were residents for only part of the year. We infer that part-year residents in the tax data are those moving either to or from New York, and thus that an increase in the number of part-year filers in a given year indicates an increase in gross migration to and from the state. Because New York experiences net out-migration across all income groups (except for those in the top 1%, which saw no in- or out-migration on net in the most recent census data), we can safely assume that a higher percentage of New York filers labeled as “part-year residents” means higher out-migration rates among those filers.⁴⁶

FPI has consistently found that the New York’s top 1 percent of earners move out of the state at the lowest rate of all income groups. Further, when high earners do relocate it is primarily to other high-tax states, indicating that they are not moving away in search of lower taxes.⁴⁷ The new 2023 tax data

confirm our earlier findings, which used American Community Survey data to demonstrate that there was no out-migration on net for millionaire earners in 2023.⁴⁸ Most notably, the new data show that there was no significant increase in high earner migration trends after the 2021 PIT hikes. Part-year resident rates in 2023 almost exactly match their pattern from before the pandemic. Figure 3 depicts the percent of tax filers in New York that were part-year residents (vertical axis) and their reported annual earnings (horizontal axis). The 2023 line (yellow) matches with the 2015–2019 lines (grey), indicating that, for households earning roughly \$80,000 or more in 2023, the percentage of tax filers who were part-year residents returned to the pre-pandemic rate (at lower incomes, the rate of part-year residency is even lower in 2023 than pre-pandemic).

Figure 3. Part-year residents of NY as a percent of all filers, by annual income and tax year



For the years 2020, 2021, and 2022 (green, blue, and red lines), the percent of tax filers in New York that were part-year residents is elevated relative to the years 2015–2019, particularly for households with annual income over \$50,000. In these three pandemic-era years the state lost over five hundred thousand residents, many of whom moved to other states. FPI has documented that those who could work from home were more likely to move, and many individuals and families moved back to the states in which they were born.⁴⁹ Nonetheless, it is important to note that this movement was a pandemic-induced phenomenon that started in tax year 2020, before the 2021 tax changes were imposed (and out of step with the 2017 Tax Cuts and Jobs Act that increased New Yorkers’ tax liabilities by eliminating the State and Local Taxes cap). In the wake of the 2021 tax increase, observed out-migration rates of high-income New Yorkers did not rise—they fell. The observed part-year resident rate returned to its pre-pandemic level faster for New Yorkers making more than \$5 million annually than for other high income New Yorkers, further indicating that out-migration was induced *not* by tax increases, but by the pandemic’s historic disruption of daily life.

Figure 4. Part-year residents as a percent of all filers, by annual income and tax year

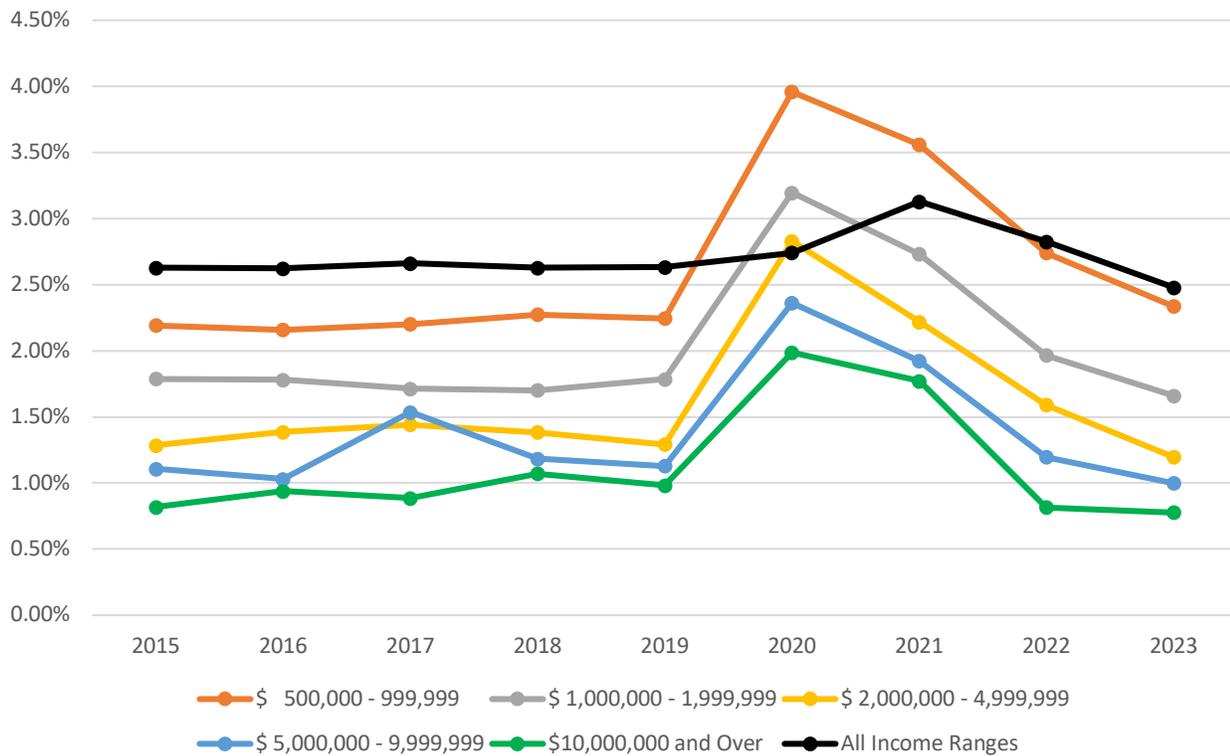


Figure 4 shows migration patterns among New York’s top earners by plotting the percent of part-year residents from 2015 through 2023. We see that out-migration was elevated for all top income groups at the height of the Covid pandemic in 2020 and has gradually returned to its previous level. Notably, the average migration rate for all *other* New York taxpayers did not peak until 2021, reflecting the fact that moving, a costly and slow process for most households, is comparatively easy and quick for high earners who have the resources. These new data confirm FPI’s previous findings that the 2021 tax increase on New York’s high earner class *did not* induce out-migration.⁵⁰

Part III: Executive Budget Proposals

The Governor’s Agenda: No serious attempt to fill major funding gaps

The executive budget proposes two modest revenue actions that, after being partly offset by newly proposed tax cuts, will raise state revenue by \$1.4 billion in FY 2027 and an average of \$1.6 billion in the outyears. These modest revenue actions are welcome. Nevertheless, they do not represent a plan to finance critical investments that would make childcare truly universal or backfill federal cuts to healthcare and SNAP.

Decoupling from OBBBA Corporate Tax Cuts

The OBBBA enacted significant corporate tax cuts. Part of these cuts took the form of beneficial provisions that lower corporations' tax liability (as distinct from reducing the tax rate on that liability). In particular, OBBBA provisions allow corporations to accelerate the depreciation of certain types of property used for production and to deduct research expenses, lowering their federal tax liability.

New York State's corporate tax generally conforms to the federal corporate tax. Therefore, beneficial federal provisions would lower corporations' New York liability. The executive budget prevents this by decoupling the state corporate tax from those provisions. This revenue loss was baselined into State revenue projections by the mid-year update to the financial plan. As such, decoupling has a positive effect on state revenue. In FY 2027, decoupling is expected to generate \$1.4 billion in state revenue and an average \$480 million in the outyears. Because OBBBA provisions are temporary, the revenue impact will diminish over time.

Extending Corporate Tax Rates

In addition to raising PIT rates in 2021, the State also created a new top tax rate for the Corporate Franchise Tax. Whereas previously all corporations had paid a tax rate of 6.5 percent on profits from doing business in New York State, the 2021 tax increases created a new top rate of 7.25 percent on corporations with over \$5 million in profits. This higher CFT rate was, like the PIT rates, enacted as a temporary rate due to expire in 2023, and then subsequently extended through 2026. In the Fiscal Year 2027 Executive Budget, the Governor proposes extending the CFT through 2029. This extension will raise an average \$1.3 billion per year.

No tax on tips

The OBBBA enacted a new deduction for tipped income. Under the OBBBA provision, taxfilers with income up to \$150,000 (\$300,000 for joint filers) may deduct up to \$25,000 in tipped income. This provision lowers tipped workers' federal tax liability. The New York executive budget adopts the same deduction as part of the State personal income tax. Following the federal deduction, the State tax break will expire at the end of 2028. For the three years in which it is in full effect, the provision will cost the State about \$60 million per year.

FPI opposes selective deductions of certain categories of income. There is no compelling reason to give preferential treatment to tipped income over wage income earned by working New Yorkers. Further, the provision will incentivize workers to switch from wage to tipped income, which produces no economic or social benefit. A true affordability agenda consists of tackling the dire lack of affordability of childcare, healthcare, and housing.

Table 2. Revenue effects of selected executive proposals (\$ in millions)

Policy	2027	2028	2029	2030
OBBBA decoupling	\$1,400	\$640	\$560	\$240
Extend corporate rate	\$—	\$1,100	\$1,580	\$1,210
No tax on tips	\$(52)	\$(69)	\$(60)	\$(19)
Other	\$16	\$(80)	\$(174)	\$(119)
Total	\$1,364	\$1,591	\$1,906	\$1,312

Part IV: Revenue Agenda for an Affordable New York

A Plan for Funding Truly Universal Childcare

In a [December 2025 report](#), FPI estimated that universal childcare in New York State would cost \$8 billion and proposed a mix of progressive and modest, broad-based taxes that could finance the program. After the childcare programs proposed in the executive budget (which are discussed in a separate chapter of this briefing), the additional cost of truly universal childcare, including living wages for childcare workers, will be \$6 billion per year. FPI estimates that executive proposals allocate \$2 billion toward universal childcare. This is less than the executive budget’s total childcare spending of \$2.8 billion by FY 2030 because part of the executive plan funds CCAP, which supports children older than 5.

While the executive budget funds its programmatic expansions out of existing revenue, the additional \$6 billion necessary to achieve true universal childcare will require new revenue sources. In assessing potential revenue sources, FPI focused on their stability as a source of recurring annual revenue. In doing so, FPI assembled a tax plan that includes progressive elements, while also levying low-rate, broad-based taxes capable of ensuring sufficient revenue each year. This plan is inspired by the MTA’s funding system, which draws on a mix of tax bases, including corporate profits, payrolls, sales, and real estate transactions. But avoiding overburdening any one of these bases and delivering an essential public service, the MTA enjoys stable revenue and broad political support.

FPI’s tax plan for universal childcare includes:

- **Payroll tax:** New York already uses a payroll tax to fund its Paid Family Leave (PFL) program. Expanding the PFL tax base and removing the regressive tax cap would significantly increase the revenue it raises.
- **Investment tax:** The PFL tax only applies to earned income. It should be complemented by a tax on investment income set at the same rate.
- **Corporate surcharge:** The MTA is funded by a surcharge applied to corporations’ state tax liability. A similar surcharge should be levied to fund childcare.
- **NYC income tax:** The City’s current income tax is effectively flat; there is ample room to raise revenue by making the tax moderately progressive.

Taken together, these measures would raise \$8 billion per year. This plan is discussed in further detail in FPI’s “Tax Plan for Statewide Universal Childcare.”⁵¹

Table 3. New York State Childcare Financing Model

Tax	Description	Revenue
Payroll Tax	Broad-based 0.432% payroll tax (eliminate cap on taxable wages)	\$3.6 billion
Investment Tax	Additional 0.432% tax on investment income	\$700 million
Corporate Tax	25% corporate surcharge	\$2.2 billion
Progressive Income Tax	1% NYC income tax on income over \$1 million	\$1.5 billion
Total		\$8.0 billion

Progressive Revenue Options: The Personal Income Tax

The Personal Income Tax (PIT) is the most important source of revenue for the State, accounting for nearly \$90 billion of tax collections. And in light of the earning power and wealth of New York’s millionaire taxpayer population, there is still significant room to increase the tax rates on the highest earners and raise new revenue.

The conventional objection to further increasing top tax rates is that this will motivate tax flight, or “tax migration,” by top earners searching for lower state income tax rates. Prior FPI research has refuted these arguments, as discussed in Part II of this chapter.

New York’s top rates are imposed on an unusual and peculiar bracket structure. Unlike peer states New Jersey and California, which impose their top tax rate on a general million-dollar bracket, New York State created a \$5 million and \$25 million tax bracket. There is no particular reason, by standards of fairness or fiscal stability, for distinguishing among taxpayers who make millions of dollars per year, and the State would be wise to consolidate these top brackets. One negative effect of the State’s bracket structure is that it invites policymakers to consider raising the income tax rate on just a few thousand taxpayers making *multi*-million-dollar incomes, when both revenue needs and tax fairness dictate that all high earners should pay high rates.

Table 4. Top state tax rates for married filers

State	Top Tax Bracket	Top Tax Rate
New York	\$25M	10.9%
California	\$1.4M	13.3%
New Jersey	\$1M	10.75%
Hawaii	\$200,000	11.0%

FPI has previously estimated the tax revenue projected to be raised by four proposals to increase progressivity of the PIT brackets. These are summarized in table 5. Simply combining all filers earning over \$1 million into the top bracket at a rate of 10.9% will raise an additional \$2.1 billion. Increasing the tax rate for all earners making over \$200,000 (or \$300,000 for joint filers) would raise an additional \$5.4 billion. Finally, the most progressive reform that has been advocated for by the Invest in Our New York coalition would raise over \$20 billion in new state revenue. These three proposals are meant to be illustrative and show that any program for more tax progressivity in New York will be instrumental in meeting the State's revenue needs.

Table 5. PIT proposals with revenue estimates

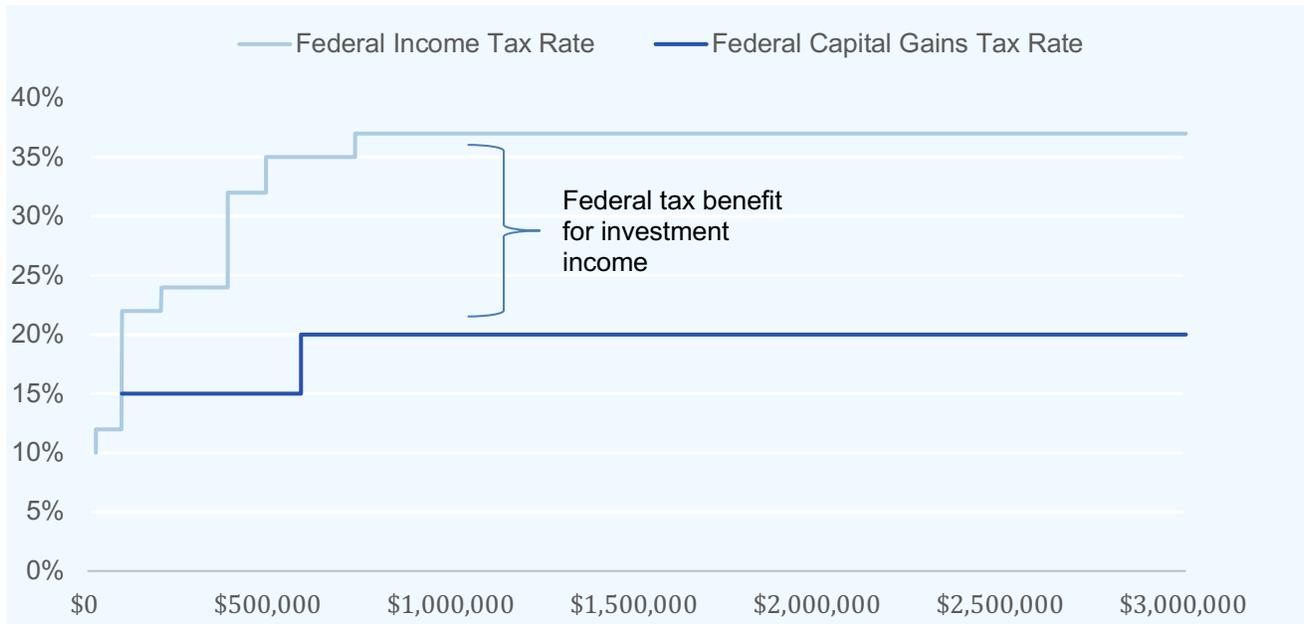
Proposal	Added State Revenue
Combine brackets of all taxpayers earning over \$1 million per year at 10.9%	\$2.1 billion
Increase rates by 1 percentage point, starting at upper-middle class brackets (\$200K - \$300K)	\$5.4 billion
Invest in Our New York Proposal (S.1622/A.1281)	\$21.1 billion

Note: These estimates use 2022 data from the NY Department of Taxation and Finance. They do not use the 2023 tax data because the 2023 tax year involved a decline in the stock market, making it an unusually low-revenue year and thus not suitable for this revenue estimation exercise.

Taxing Investment Income

The tax law treats individual income as falling into one of two categories: (i) ordinary income, which includes salaries, wages, and bonuses (among others) and (ii) capital gain, which generally includes income from investments. Individuals who earn capital gains benefit from lower federal income tax rates.⁵² While the top US federal income tax rate is 37 percent for a married couple filing jointly with earnings over \$730,000, the top long-term capital gains rate is 20 percent for a married couple earning over \$583,000.

Figure 5. Capital gains tax benefit (federal)



As shown above (figure 5), nearly all income from investing (capital gain) is earned by the top taxpayers—with 84 percent going to those making over \$500,000, just 3.5 percent of taxpayers. And over 50 percent of all capital gain is earned by the 0.1 percent of taxpayers making over \$10 million per year.

A tax of just a few percentage points on these top income groups would raise billions of dollars annually (as modeled below). Or, as has been proposed by some state legislators, the state could entirely offset the lower federal tax rate on capital gains with a high surtax of 15 percent, leading to a far higher revenue yield.

Table 6. Revenue estimates for capital gains surtaxes

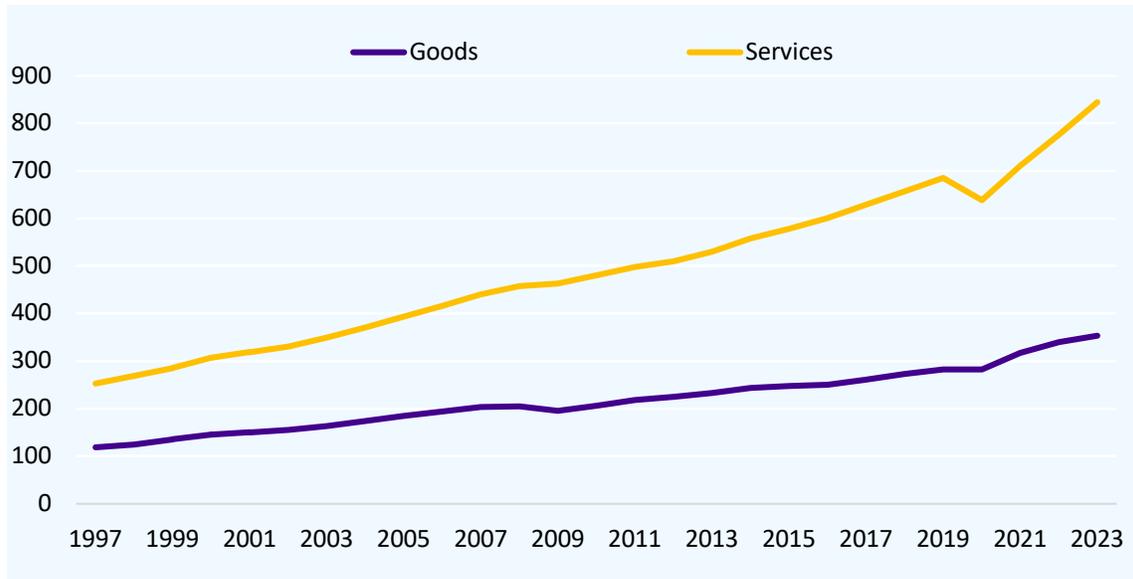
Proposal	Income			Total Revenue
	< \$500,000	\$500,000-\$1,000,000	> \$1,000,000	
Low Surtax	0%	1%	2%	\$1.9 billion
Moderate Surtax	0%	2%	4%	\$3.9 billion
Highest Surtax	0%	7.5%	15%	\$14.5 billion

Extending the Sales Tax to Services

The sales tax is almost exclusively imposed upon consumer purchases of goods. As shown below, services are a much larger component of total consumer expenditures in New York. Many countries impose a sales tax (in the form of a Value Added Tax) on both goods and services, as this broader tax

base can finance expansive social spending programs. A truly broad-based sales tax on services could raise \$7–8 billion for each percentage point of the tax.

Figure 6. Consumer expenditures in New York (Billions of dollars)



Source: US Bureau of Economic Analysis, Personal Consumption Expenditures.

Taxing Business Profits

Taxing business profits generally must take the form of either a tax on corporate income or a tax on the income of non-corporate businesses such as partnerships, LLCs, and S corporations (“pass-through businesses”). Most of the profits earned by owners of pass-through businesses goes to millionaire taxpayers rather than small businesses, as is often believed.⁵³ Extending the current corporate tax to all pass-through businesses could raise \$8–9 billion annually.

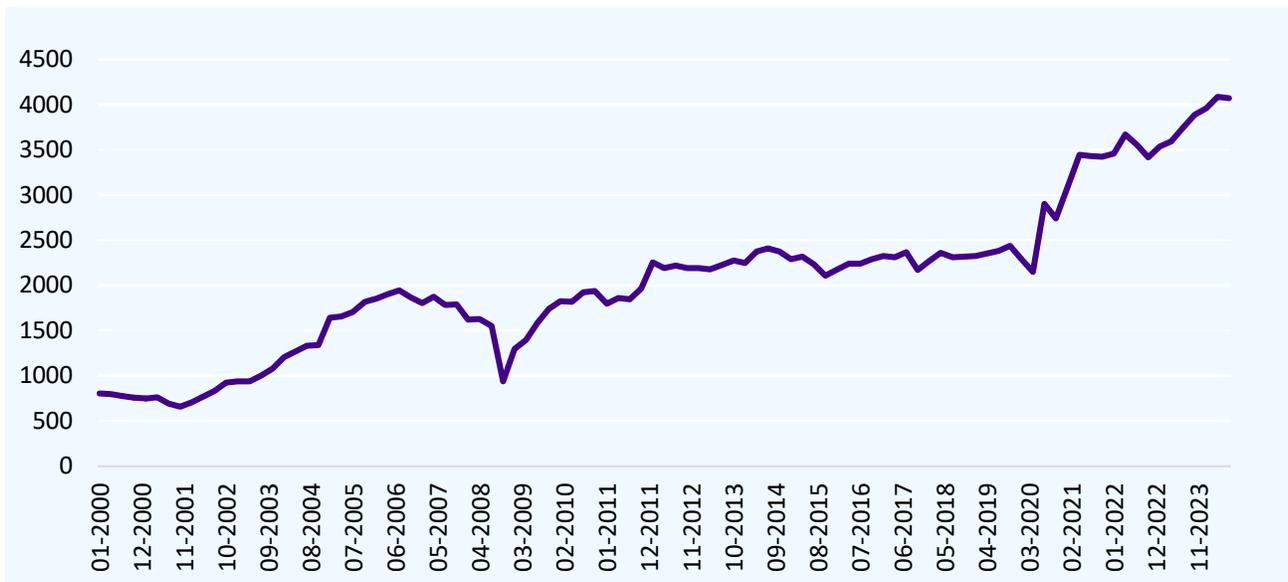
The State already imposes a tax on corporate profits—the Corporate Franchise Tax (CFT). As with all state corporate income taxes, the tax is “apportioned” based on the share of the corporation’s profits that are attributable to their business activities in the state. That is, a corporation doing business in both New York and New Jersey is not subject to tax by both states on *all* of its profits. Instead, each state is only entitled to tax its fair share of the corporation’s profits, determined under a scheme that approximates the profit attributable to business activities within that state. In New York, the formula is based exclusively on a corporation’s sales into the state. This is known as the single sales factor apportionment. Before 2015 the formula included other factors, but was changed to ensure that corporations would have no incentive to move their offices or operations for tax reasons. Moreover, this change to the corporate tax shifts more of the burden to out-of-state corporations.

In other words, contrary to the common belief that corporations are taxed based on the location of their headquarters, the location of a corporation’s offices or employees *does not matter* and the CFT rate creates *no incentive* for corporations to relocate. In order to reduce its CFT liability, a corporation would

have to decrease its sales in New York State and therefore reduce its profits by more than it would save on taxes.

Corporate profits have risen dramatically since prior to the pandemic, as shown below.

Figure 7. Corporate profits pre-tax in the U.S. (Billions of dollars)



Source: US Bureau of Economic Analysis, National income: Corporate profits before tax

The current top CFT rate is 7.25 percent, imposed only on corporations with over \$5 million in profits. This rate is set to expire in calendar year 2026, but, as discussed in Part III of this chapter, the executive budget proposes extending the tax through 2029.

Conclusion

New York State has more revenue capacity than just about any other state in the US. In order to achieve an affordable state and continue to offer essential services including Medicaid and SNAP to New Yorkers, New York policymakers must consider raising new revenue. A good revenue policy is one that has a broad base. This chapter offers possible proposals to levy new tax revenue and assesses the insufficient proposals included in the FY 2027 Executive Budget.

⁴² Nathan Gusdorf, “Filling the Gaps: State Tax Policy after the OBBBA,” Fiscal Policy Institute, July 23, 2025, <https://fiscalspolicy.org/filling-the-gaps-state-tax-policy-after-the-obbba>; Andrew Perry, “New York’s Millionaires Will Get a \$12 Billion Federal Tax Cut Next Year,” Fiscal Policy Institute, November 20, 2025, <https://fiscalspolicy.org/new-yorks-millionaires-will-get-a-12-billion-federal-tax-cut-next-year>.

⁴³ Emily Eisner, “New Data Confirm Tax Flight Is A Myth,” October 9, 2025, <https://fiscalspolicy.org/new-data-confirm-tax-flight-is-a-myth>.

⁴⁴ See for instance: Andrew Perry, “The State of New York’s Fiscal Outlook” Fiscal Policy Institute, October 28, 2024, <https://fiscalpolicy.org/the-state-of-new-yorks-fiscal-outlook>; Fiscal Policy Institute, “Debunking Common Misconceptions about the Size of the State Budget,” Fiscal Policy Institute, March 29, 2024, <https://fiscalpolicy.org/debunking-common-misconceptions-about-the-size-of-the-state-budget>.

⁴⁵ This estimate comes from Kathy Hochul and Blake G. Washington, “Your Family is My Fight: FY 2026 Enacted Budget Financial Plan,” New York State Division of the Budget, June 2025, <https://www.budget.ny.gov/pubs/archive/fy26/en/fy26fp-en.pdf>.

⁴⁶ Technically, part-year filer rates show gross-migration rates rather than net-migration rates.

⁴⁷ Emily Eisner and Andrew Perry, “Who is Leaving New York State? Part 1: Income Trends,” December 2023, <https://fiscalpolicy.org/migration>.

⁴⁸ Andrew Perry and Emily Eisner, “New Census Data Show Population Growth as well as Continuing Affordability Challenges,” January 2025, <https://fiscalpolicy.org/new-census-data-show-population-growth-as-well-as-continuing-affordability-challenges>.

⁴⁹ Emily Eisner and Andrew Perry, “Who is Leaving New York State? Part 1: Income Trends,” December 2023, <https://fiscalpolicy.org/migration>.

⁵⁰ Emily Eisner and Andrew Perry, “Who is Leaving New York State? Part 1: Income Trends,” December 2023, <https://fiscalpolicy.org/migration>.

⁵¹ Nathan Gusdorf and Andrew Perry, “A Tax Plan for Statewide Universal Childcare,” Fiscal Policy Institute, December 30, 2025, <https://fiscalpolicy.org/a-tax-plan-for-statewide-universal-childcare>.

⁵² The preferential federal income tax rates apply to long-term capital gains and qualified dividends. For the sake of simplicity, this chapter refers to these types of income simply as “capital gains.”

⁵³ Fiscal Policy Institute Annual Budget Briefing Book: Fiscal Year 202, “State Tax Policy,” February 2026, <https://fiscalpolicy.org/wp-content/uploads/2025/02/FY-2026-Budget-Briefing.pdf>.

VIII. Issue Focus: The Impact of SNAP Cuts on New York’s Families and Economy

Key Findings

- The executive budget fails to fully account for increased administrative and benefit cost sharing imposed by the One Big Beautiful Bill Act (OBBBA).
 - Fully covering these costs would require an allocation of \$120 million in FY 2027 and \$1.5 million in future years.
- 41,000 legally present immigrants in New York have lost SNAP eligibility under the OBBBA.
 - This results in a direct aggregate annual cost to New Yorkers’ budgets of \$108 million.
- For New York’s SNAP recipients, the work requirement changes will have devastating effects:
 - 129,000 households—144,000 adults—are at risk losing benefits,
 - 15,000 children ages 14–17 years living in these at-risk households potentially face loss of nutrition,
 - \$380 million in annual benefit loss and \$585 million in total annual economic impact (including multiplier effect), and
 - 14,000 jobs lost in the state corresponding to these economic impacts.

Recommendations

- The State needs to budget for at least \$120 million in administrative costs for FY 2027 to assist county social service departments and \$240 million in out-years.
- The out-year budgets need to reflect fiscal strategies for providing up to \$1.2 billion in benefits starting in October 2028 (state FY 2029) due to federal cost shifting.
- New York needs to create a state-sponsored nutritional assistance program with the explicit aim of helping:
 - 41,000 legally present immigrants who have now lost SNAP eligibility (\$108 million), and
 - 144,000 ABAWD New Yorkers who would lose benefits by failing to meet work requirements (\$380 million).

Introduction

The One Big Beautiful Bill Act (OBBBA), signed into law on May 22, 2025, includes sweeping changes to the Supplemental Nutrition Assistance Program (SNAP) that will significantly impact New York State. Nearly 2.8 million New Yorkers currently rely on SNAP benefits, including over one million children.⁵⁴ In 2024, New Yorkers received more than \$7.8 billion in SNAP benefits, with New York City residents receiving over \$5 billion of the same.⁵⁵ Thus, even a 20 percent reduction in the program benefit amounts, as envisioned in the OBBBA, represents a loss of over \$1.5 billion each year for the state.

OBBBA's changes to SNAP operate through four interconnected mechanisms:

- (1) enhanced work requirements;
- (2) cost-shifting that transfers administrative costs from the federal government to states;
- (3) cost-shifting that transfers benefits costs from the federal government to states, and;
- (4) restricted eligibility that eliminates SNAP access for refugees, asylees, and other vulnerable populations.

These cuts arrive at a particularly vulnerable moment for New York's economy. In the current moment, multiple sectors with high concentrations of SNAP recipients are experiencing significant slowdowns and layoffs: healthcare (23 percent of recipients), retail and transportation/warehousing (21 percent), accommodation and food services (9 percent). The adverse impact of the economic slowdown is likely to be compounded in New York by the loss of federal funding, including for benefit programs such as SNAP and Medicaid (see the Healthcare chapter of this briefing), and threatens to push vulnerable workers further into economic insecurity just as their nutritional safety net is being pulled away.

Background: SNAP in New York

SNAP is a highly effective anti-poverty program.⁵⁶ In pre-pandemic 2020, SNAP reached 82 percent of eligible individuals in New York. Between 2015 and 2019, it is estimated that SNAP lifted an average of 510,000 people above the poverty line in New York each year, including 203,000 children.⁵⁷ The program's importance extends beyond individual food security to regional economic stability as SNAP benefits are mostly spent locally, thus generating strong multiplier effects. SNAP is also considered one of the most cost-effective and important public spending programs because its benefits have been shown to result in better long-term health outcomes, reduced healthcare costs, improved educational attainment, and higher earnings for beneficiaries.^{58, 59}

Enhanced Work Requirement Mandates

While SNAP recipients have been required to provide information about their work status since 1977, it was only after the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 that stricter work requirement mandates were introduced for the "Able-Bodied

Adults Without Dependents” (ABAWD) population.⁶⁰ OBBBA further expands the scope of these work requirements and eliminates critical exemptions that previously protected vulnerable populations.

Table 1 lists the main changes to the work requirement mandates for ABAWDs in New York that are likely to go into effect after February 28, 2026. Failing to meet these work requirement mandates would restrict ABAWDs to three months of SNAP benefits in a thirty-six-month period.

Table 1: Changes to select work requirement rules for SNAP

Aspect	Current Policy (Pre-OBBBA)	OBBBA Changes
Age of recipients	ABAWDs aged 55 and above are exempt from work requirements	ABAWDs aged 55 to 64 are no longer exempt
Caregiver Exemption	All adults residing in households with children aged less than 18 years are exempt from work requirements	Only adults residing in households with children aged less than 14 years are exempt from work requirements.
Other Exempt Groups	Veterans, homeless, foster youth are exempt from work requirements	These groups are no longer exempt from work requirements

For New York’s SNAP recipients, work requirement changes will have devastating effects:

- 129,000 households—144,000 adults—will be affected if they do not find ways to meet the newly-imposed work requirements;
- 15,000 children ages 14–17 years live in these at-risk households, thus potentially facing loss of nutrition.

The economic consequences of the work requirement mandates are severe. If New York fails to connect all at-risk recipients to qualifying work or training opportunities, it will incur:

- Annual benefit loss of \$380 million,
- Total annual economic impact (including multiplier effect) of \$585 million,⁶¹
- Projected annual job losses of 14,000 in the state.⁶²

In addition to jeopardizing food security for these hundreds of thousands of households in New York, the enhanced work requirements would go into effect when the economy is slowing down and job growth has been tepid. Almost a quarter of SNAP recipients are employed in healthcare and social assistance, a sector that has experienced strong growth in recent years but is now on the brink of restructuring as Medicaid related cuts from OBBBA come into effect.⁶³ An estimated 21 percent of all SNAP recipients are employed in the industrial sector that includes trade (retail and wholesale), transportation, and

warehousing. This sector is dealing with the dual impact of increasing automation and a year of uncertainties following the imposition of tariffs by the Trump administration.⁶⁴

If national trends from late 2025 continue to hold in 2026, we are likely to see significant job losses in this sector. The projections for some of the other sectors—food services, construction, manufacturing etc.—are also flat as the economy absorbs the impact of tariffs, federal spending cuts, and the accelerated adoption of artificial intelligence. Previously, when states including New York identified weaknesses in local labor markets, they had significant leeway to request that work requirements be waived. Post-OBBBA, states can only request such waivers when local unemployment rates are above 10 percent for a sustained period—a scenario that is unlikely except during a major recession.⁶⁵

Cost Shifting to States and Counties

OBBBA fundamentally restructures the financing of SNAP, shifting billions of dollars in costs from the federal government to state and local governments. Currently, the federal government funds 100 percent of SNAP benefits and administrative costs are shared 50/50 between federal and state governments. OBBBA upends this arrangement through two major mechanisms.

Administrative Cost Shifting (Effective October 2026)

In October 2026 (the middle of State Fiscal Year 2027), the federal–state administrative cost-sharing formula will change from 50/50 to 25 percent federal and 75 percent state. For New York, this means spending **over \$120 million in additional annual administrative costs** in FY 2027 and budgeting an additional \$240 million in annual funding for future fiscal years.⁶⁶ The Executive budget only funds \$70 million in FY 2027, burdening localities with the remainder of the cost.

This is particularly problematic because SNAP administrative functions were already underfunded before OBBBA. State and county agencies responsible for determining eligibility, processing applications, conducting quality control, and providing employment and training services are now expected to do more with dramatically less federal support.

While these figures represent state-level obligations, New York’s counties—which administer SNAP at the local level—will face their own fiscal pressures. Counties must now stretch limited administrative budgets to handle increased work requirement verification, enhance quality control to minimize error rates, and expand employment and training programs. Without additional state aid, counties may be forced to cut other social services or raise property taxes to maintain SNAP administration.⁶⁷

Benefit Cost Shifting (Effective October 2027)

Perhaps even more consequential is the benefit cost-shifting provision, which takes effect October 2027 (federal and state FY 2028). States will be required to pay between 5 and 15 percent of total SNAP benefits based on their error rates—that is, the share of benefits that were issued incorrectly during a given federal fiscal year. These error rates are calculated as the share of all over- and under-payments out of all payments made.⁶⁸

New York’s current error rate of approximately 12.35 percent (based on preliminary data for 2025) places it in the higher tier.⁶⁹ This implies that starting in October 2027, **New York State would be required to cover \$1.2 billion in SNAP benefits, annually**, with possible increases if error rates rise.

The error rate mechanism creates perverse incentives. States face pressure to reduce purported errors by tightening eligibility determinations, potentially denying benefits to eligible families in the hopes of avoiding federal penalties. This transforms SNAP from a guaranteed entitlement to a program where state fiscal considerations may override individual need.

Restricted Eligibility

Beyond work requirements and cost-shifting, OBBBA eliminates SNAP eligibility for certain specific populations of legally present immigrants. These restrictions target some of the most vulnerable individuals and families, including those fleeing persecution, violence, and trafficking; many of them are refugees, asylees, and humanitarian parolees, who have fled displacement, persecution or violence in their home countries (see table 2). Approximately 41,000 legally present immigrants in New York will lose SNAP benefits under these restrictions.⁷⁰ Given an average monthly benefit of \$220 per recipient, this represents an **annual loss of \$108 million** in direct nutritional assistance.

The revised criteria also eliminates SNAP eligibility for survivors of human trafficking (T-visa holders)—often young people brought into the country against their will—and for immigrants who are survivors of domestic violence.⁷¹ Cutting off their access to SNAP places these groups at severe risk of food insecurity and malnutrition. A majority of victims of trafficking and domestic violence are women and young children; the new criteria will make it harder for them to escape abusive conditions.⁷²

Table 2: Changes in eligibility for SNAP benefits based on immigration status

No Longer Eligible	Remain Eligible
<ul style="list-style-type: none"> • Refugees • Asylees • Survivors of domestic violence and VAWA self-petitioners • Victims of trafficking (T-visa holders) • Individuals granted 'withholding of removal' and certain humanitarian parolees, even if granted for at least one year • Temporary Protected Status (TPS) holders 	<ul style="list-style-type: none"> • US citizens • Lawful permanent residents (LPRs / green card holders), subject to existing conditions like the five-year waiting period • Cuban and Haitian entrants • Citizens of Compact of Free Association (COFA) nations—Micronesia, the Marshall Islands, and Palau

Cumulative Impact on New York

When all four mechanisms are combined—work requirements, administrative cost-shifting, benefit cost-shifting, and eligibility restrictions—the total impact of the OBBBA on New York is staggering:

- Starting March 2026, New Yorkers will face enhanced work requirement mandates and stand to lose up to \$32 million on a monthly basis if the state fails to connect them to work or training opportunities. The total annual cost to New York residents of more restrictive work requirements

could be as high as \$380 million, as individuals lose access to benefits and fewer federal dollars flow into household budgets. The overall impact to the state's economy, including an economic multiplier effect, of this contraction is estimated to be around \$585 million. Funds to counteract these cuts have not been included on New York's state budget currently since SNAP benefits are not historically part of the State's budget.

- Starting in January 2026, state residents are losing an estimated \$108 million already, on an annual basis, as previously eligible legal immigrants have now been made ineligible. The total annual economic impact of this lost funding is estimated to be \$166 million.
- Increased administrative costs of \$120 million in FY 2027, which go into effect in October 2026. The state budget needs to reflect these additional costs; the executive budget only covers \$70 million in FY 2027.
- Loss of \$29 million in funding for SNAP education programs that teach recipients how to get the greatest fiscal and nutritional value from their SNAP benefits.⁷³
- The loss of \$1.2 billion annually in due to benefit cost-shifting, starting in October 2027; the state's out-year budgets need to adequately reflect preparations for picking up 15 percent of annual SNAP benefit costs.

Thus, starting in FY 2027, the state needs to allocate \$750 million in annual additional funding to prevent New Yorkers from the immediate impact of the federal SNAP changes (benefit cuts to specific groups and administrative cost shifting). This allocation needs to grow by \$1.4 billion in FY 2028 to account for the benefit cost sharing, meaning New York would need to allocate \$1.8–\$2.0 billion in annual funds towards SNAP starting in FY 2028.

Policy Recommendations

- The state needs to budget for at least \$120 million in administrative costs for FY 2027 to assist county social service departments and \$240 million in out-years.
- The out-year budgets need to reflect fiscal strategies for providing up to \$1.2 billion in benefits starting in October 2028 (state FY 2029) due to federal cost shifting.
- New York needs to create a state-sponsored nutritional assistance program with the explicit aim of helping:
 - 41,000 legally present immigrants who have now lost SNAP eligibility (\$108 million), and
 - 144,000 ABAWD New Yorkers who would lose benefits by failing to meet work requirements (\$380 million).

Beyond these immediate fiscal needs, the state also must improve the delivery of the nutritional assistance program. New York should:

- Continue to allocate emergency state funds to prevent loss of benefits through programs such as Nourish NY and Hunger Prevention and Nutritional Access Program.
- Launch multilingual outreach to inform affected households about work requirements, available exemptions, and support services as the work requirements go into effect.
- Establish more coordinated and targeted partnerships between workforce development agencies and local social service offices to create pathways for connecting 144,000 at-risk recipients

subject to work requirements to job training, work placement programs, and administrative support.

- Develop targeted retraining programs for SNAP recipients in key sectors (healthcare, transportation, food service) as these sectors begin to experience a slowdown.

⁵⁴ Data on total number of recipients is from NYS Office of Temporary and Disability Assistance website, accessed February 20, 2026: <https://otda.ny.gov/resources/caseload/> and data on the estimate of the number of children is from the 2024 1-year American Community Survey Public Use Microdata Sample.

⁵⁵ FPI analysis of SNAP caseloads and expenditure data from OTDA, as retrieved from New York State, Office of Information and Technology Services, “Supplemental Nutrition Assistance Program (SNAP) Caseloads and Expenditures” dataset, last updated February 3, 2026, <https://data.ny.gov/Human-Services/Supplemental-Nutrition-Assistance-Program-SNAP-Cas/dq6j-8u8z>.

⁵⁶ Emily Eisner, “This budget bill will Make America Hungry Again,” *New York Daily News*, June 29, 2025, <https://www.nydailynews.com/2025/06/29/this-budget-bill-will-make-america-hungry-again/>.

⁵⁷ Center on Budget and Policy Priorities, “New York: Supplemental Nutrition Assistance Program,” January 21, 2025, https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_new_york.pdf.

⁵⁸ Robert Wood Johnson Foundation, “Brief: SNAP Boosts the Economy, Reduces Hunger, and Improves Health,” April 8, 2025, <https://www.rwjf.org/en/insights/our-research/2025/04/snap-boosts-the-economy-reduces-hunger-and-improves-health.html>.

⁵⁹ Hilary Hoynes, “SNAP: Nutrition Aid Can Provide Long-Term Benefits”, UC Berkeley Opportunity Lab, November 29, 2017, <https://www.olab.berkeley.edu/snap-longterm-benefits#:~:text=Alternatively%2C%20children%20who%20are%20given,no%20long%2Drun%20food%20shortage>.

⁶⁰ The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 was when Congress created the ABAWD time limit: Able-Bodied Adults Without Dependents (ages 18–49) were limited to three months of SNAP in a thirty-six-month period unless they: (1) Worked or participated in qualifying activities twenty or more hours/week, or (2) Qualified for an exemption (caregivers, foster youth, homeless individuals, and veterans). This was a hard eligibility cutoff, not just a condition of participation—and it fundamentally changed SNAP access for single adults. In subsequent years, the work requirement mandates have been modified to include state flexibility for waivers in high-unemployment areas (2008 Farm Bill) and the age range expanded to 54 years (2023 Fiscal Responsibility Act). See Congressional Research Service, “Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits,” last updated September 29, 2025, <https://www.everycrsreport.com/reports/R42505.html>.

⁶¹ SNAP benefits have been shown to have strong multiplier effects locally where every \$1 of benefits generates \$1.54 in local economic activity. See Jordan W. Jones, “Supplemental Nutrition Assistance Program (SNAP) - Key Statistics and Research,” Economic Research Service of the US Department of Agriculture, updated July 24, 2025, <https://www.ers.usda.gov/topics/food-nutrition-assistance/supplemental-nutrition-assistance-program-snap/key-statistics-and-research>.

⁶² Estimated job losses are calculated using the employment multipliers provided by the Economic Policy Institute. See Josh Bivens, “Updated employment multipliers for the U.S. economy,” Economic Policy Institute, January 23, 2019, <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>.

⁶³ For instance, New York Presbyterian announced that they were laying off 2 percent of their workforce, around one thousand employees. Similarly, Erie County Medical Center laid off one hundred fifty employees (3 percent of staff), primarily in non-clinical roles, and North Star Health Alliance eliminated 120 positions across the board. See (1) Maya Kaufman, “New York-Presbyterian to lay off 2 percent of workforce,” May 6, 2025, PoliticoPro, <https://subscriber.politicopro.com/article/2025/05/new-york-presbyterian-to-lay-off-2-percent-of-workforce-00332199>; (2) Brian Campbell, “Erie County Medical Center announces hundreds of layoffs,” Spectrum News 1, January 29, 2026, <https://spectrumlocalnews.com/nys/buffalo/news/2026/01/29/erie-county-medical-center-announces-hundreds-of-layoffs>; (3) 7 News Staff, “North Star to lay off 100+ employees,” January 19, 2026, <https://www.wvnytv.com/2026/01/19/north-star-lay-off-100-employees/>.

⁶⁴ Tradlinx, “How Tariffs Are Driving Facility Closures and Layoffs Across U.S. Logistics in 2025,” July 24, 2025, <https://blogs.tradlinx.com/how-tariffs-are-driving-facility-closures-and-layoffs-across-u-s-logistics-in-2025/>.

⁶⁵ Lauren Bauer and Asha Patt, “Assessing SNAP work requirement waiver policies by applying OBBBA rules to the Great Recession,” October 8, 2025, <https://www.brookings.edu/articles/assessing-snap-work-requirement-waiver-policies-by-applying-obbba-rules-to-the-great-recession/>.

⁶⁶ Office of Governor Kathy Hochul, “By the Numbers: The Devastating Impact of the ‘Big Ugly Bill’ on Food Security Throughout New York State,” July 20, 2025, <https://www.governor.ny.gov/news/numbers-devastating-impact-big-ugly-bill-food-security-throughout-new-york-state#:~:text=In%20total%2C%20the%20SNAP%2Drelated,Changes%20to%20SNAP%20Work%20Requirements>.

⁶⁷ New York State Association of Counties, “Shifting the Burden How Federal Budget Reconciliation Proposals Threaten New York’s Counties,” June 26, 2025, <https://www.nysac.org/media/2p2nh015/primary-county-concerns-about-federal-budget-reconciliation-proposals.pdf>.

⁶⁸ Contrary to their name, error rates do not automatically indicate fraud. Most over- and under payments are results of administrative and technical mistakes: miscalculating household incomes net of deductions, clerical errors in data entry, delays in updating case information, and inadvertent misreporting by participants.

⁶⁹ Office of Temporary and Disability Assistance, “General Information System (GIS) Message: Transmittal — 25DC055 Upstate and New York City” August 7, 2025, <https://otda.ny.gov/policy/gis/2025/25DC055.pdf>.

⁷⁰ New York State Attorney General Letitia James, “Attorney General James Sues to Stop Trump Administration’s Attempt to Cut Off SNAP Benefits for Permanent Residents,” November 26, 2025, <https://ag.ny.gov/press-release/2025/attorney-general-james-sues-stop-trump-administrations-attempt-cut-snap-benefits>.

⁷¹ Survivors of domestic violence are considered a legally present group of immigrants. These individuals are often fleeing abuse or violence from a U.S. citizen or legally present resident (LPR or green-card holder).

⁷² UN Women, “Facts and figures: Ending violence against women,” November 19, 2025

<https://www.unwomen.org/en/articles/facts-and-figures/facts-and-figures-ending-violence-against-women>.

⁷³ Governor Hochul, “By the Numbers.”