



BLOG | STATE BUDGET

New York State Budget Process Reform – Little Progress

2023 Update

June 21, 2023

The Citizens Budget Commission’s (CBC’s) December 2022 report, [Accounting and More for a Better Budget](#), made 12 recommendations to improve New York State’s budgeting and fiscal management. With the budget now enacted and the scheduled legislative session concluded, CBC finds the State made little progress implementing the structural reforms needed to improve fiscal stability, transparency, oversight, and accountability.

The State’s leaders adopted just 1 of CBC’s 12 recommendations and made substantial progress on 2 more. (See Table 1.) No progress was made on the remaining 9 recommendations. The Governor and Legislature even failed to publish basic financial plan tables with the one-house and enacted budgets. Simple reforms such as these should be a priority.

We reiterate the call CBC and several watchdogs made in January 2023 to take [immediate action](#) on several of these items, including holding a hearing to receive input and advance the discussion toward a better budget process. This fall presents a window of opportunity for discussions and an exchange of ideas to make meaningful improvements so that next year’s budget process may be more transparent, rigorous, and accountable.

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Table 1: Progress on CBC’s Budget Process Reform Recommendations, 2023

	RECOMMENDATION	PROGRESS REPORT
BUILD FISCAL INTEGRITY AND STABILITY	Manage, report, and balance the budget in accordance with Generally Accepted Accounting Principles (GAAP) on a modified accrual basis: This would avoid the pitfalls of current cash basis budgeting, which allows fiscal gimmickry to mask growth trends and structural imbalance.	NO PROGRESS
	Strengthen the debt cap. The debt cap should be applied more comprehensively and codified in the Constitution. The State’s existing debt cap is too easily subverted.	NO PROGRESS

	RECOMMENDATION	PROGRESS REPORT
BUILD FISCAL INTEGRITY AND STABILITY <small>cont.</small>	<p>Strengthen the Rainy Day Fund: Raise deposit and balance caps, tie fund size to State Operating Funds instead of the General Fund, combine all reserve funds in the Rainy Day Reserve, and mandate deposits when revenues are strong. The existing reserves remain insufficient to accommodate a recession, and much of the balance is unprotected.</p>	<p>SUBSTANTIAL PROGRESS</p> <p>The balance cap was raised from 15% to 25% of General Fund spending. The annual deposit cap was raised from 3% to 15% of General Fund spending. Reserve balances increased to more than \$19 billion.</p> <p>This is still short of CBC's recommendation of 23 percent of State Operating Funds, or \$27 billion in savings. Over half of the balance is also in unprotected non-statutory funds</p>
	<p>Tightly tie appropriations to planned spending by reducing unfunded and undefined spending authority. Total appropriations (i.e., spending authority) far exceed planned spending, opening the State to unnecessary fiscal risk. Appropriations should be tightly aligned with planned spending. Financial plans should also provide a crosswalk of appropriations and planned disbursements at the program level.</p>	<p>NO PROGRESS</p>
IMPROVE DECISIONS AND TRANSPARENCY	<p>Require basic financial plan tables with enacted and one-house budgets. Summary financial plan tables showing the budgets' size, balance, and out-year impacts are necessary for the public to compare proposals and evaluate the enacted budget. Under the status quo, these basic fiscal details are not included with one-house and enacted budgets.</p>	<p>NO PROGRESS</p>
	<p>Require fiscal estimates with other legislation. Legislation passed outside of the budget process often has fiscal impacts, but estimates of those impacts are frequently absent. Bills with fiscal impacts should always be accompanied by fiscal impact statements.</p>	<p>NO PROGRESS</p>
	<p>Prevent the use of messages of necessity for budget bills. Like all legislation, budget bills are subject to Constitutional requirements to 'age' for three days before voting. The State commonly uses messages of necessity to allow one or more budget bills to skip this aging process, eliminating opportunities for review and evaluation before voting.</p>	<p>NO PROGRESS</p>
	<p>Implement comprehensive, transparent long-term capital planning processes. The State's capital budget process is inadequate to ensure cost-effective, integrated plans. Simple improvements to planning processes and reporting would improve decision-making on the State's infrastructure investments.</p>	<p>NO PROGRESS</p>
BOLSTER OVERSIGHT	<p>Fully fund the Authorities Budget Office (ABO). The ABO provides oversight of hundreds of authorities with billions of dollars in debt and spending, but its funding has not kept pace with its responsibilities. Increase the budget to \$5 million or more annually to allow the ABO to provide appropriate oversight.</p>	<p>SUBSTANTIAL PROGRESS</p> <p>ABO funding was increased from \$2.9 million to \$3.4 million. This is still short of the recommendation of at least \$5 million.</p>
	<p>Establish an independent fiscal analyst's office. The State lacks an independent budget oversight office, which could provide analysis of fiscal conditions at the local, state, and federal levels. The State should establish an independent office with direct access to government data to provide timely and accurate analyses of the State's fiscal condition, including greater insight into all bills which are likely to have a fiscal impact.</p>	<p>NO PROGRESS</p>
	<p>Restore Comptroller's oversight of procurement and contracting. The Office of the State Comptroller (OSC) provides important, timely reviews of State contracts and procurements to reduce waste and fiscal impropriety. Prior legislation reduced the oversight powers of the State Comptroller on certain contracts.</p>	<p>COMPLETE</p> <p>Governor Hochul signed legislation in December 2022—in line with the recommendation by CBC and other watchdogs—to restore prior OSC oversight powers.</p>
IMPROVE ACCOUNTABILITY FOR BUDGETED SPENDING	<p>Implement a performance measurement and management system. To ensure New Yorkers' \$220+ billion annual spending delivers value, a system is needed to measure, monitor, and manage State programs and operations. Budget negotiations and discussions should be informed by data-driven analysis. The State does a poor job of providing data on its performance and should improve open data and establish a performance measurement and management system to provide greater information to the public and lawmakers.</p>	<p>NO PROGRESS</p>