



## CBC Statement on the NYS Executive Budget for Fiscal Year 2023

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New York, NY – January 18, 2022 - Citizens Budget Commission (CBC) President Andrew S. Rein released this statement on behalf of the CBC:

“Governor Hochul today proposed her Fiscal Year 2023 Executive Budget amidst continued strong receipts, New Yorkers’ significant needs, and ongoing economic uncertainty. It is unprecedented excellent news that the financial plan is balanced through the whole financial plan period, and prudent choices were made to fund some non-recurring relief, recovery, and capital programs. But New York’s competitiveness, stability, and recovery would be better served by taking steps to restrain recurring spending, to ensure State programs are targeted and managed for results, and to start to roll back last year’s tax increases that made New York’s combined business and top personal income tax rates the highest in the nation.

The budget recognizes an eye-popping additional \$5 billion in receipts in each of the next four years, dependent on the continued economic recovery. As strong as the receipts and federal aid are, this year’s budget negotiations risk a feeding frenzy that could destabilize the State’s future finances. The Governor proposes many specific relief and recovery programs and an additional \$2 billion fund to be negotiated with the Legislature. The budget also increases State operating spending at least \$3.6 billion next year (there still is a question about when the fiscal year 2022 surplus will be spent), and \$25.9 billion over the next five years.<sup>1</sup> The unallocated relief fund and overall spending in the plan should be considered the ceiling for negotiation and not the floor as precedent would indicate.

The Executive Budget includes deposits into reserve funds, eventually totaling 15 percent of state operating funds. This is very prudent since these funds critically help prepare for the inevitable next recession or emergency. However, the total should be at least 17 percent of state operating funds, a commonly accepted national benchmark, which would require another \$2.5 billion be added over time.

While resources are currently available, the State still should take steps to restrain recurring spending. The State needs to ensure Medicaid spending growth is affordable. Medicaid is projected to grow significantly and run up against the Medicaid Global Cap. The budget includes an unprogrammed \$1 billion for health care transformation. We support a concerted effort to identify actions to improve access, coordination, quality, equity, and to control costs for the State, residents and businesses. These funds should be used to catalyze changes in Medicaid and the health system overall but should not increase recurring spending without offsetting savings elsewhere.

The State also can restrain spending by curtailing school aid to wealthy districts, which provide enough local resources to fund a sound basic education. At minimum, aid to these districts should not increase.

The multitude of relief, recovery, and new programs highlights the need to define and manage programs well to ensure they are targeted to needs and deliver results. The budget outlines a strategy to provide better data for accountability and management, which is encouraging. To deliver results, this strategy should be joined with a performance management and accountability process, cascading from the Governor's Office down throughout State government. Active management will help ensure results from many State programs, including the unprecedented increase in State school and federal education aid and the State's economic development programs, which often fail to deliver results.

Over the coming weeks, CBC will continue to analyze the Budget's proposals and their impacts and offer further recommendations for Legislative action on the budget. This year's budget provides an excellent opportunity to build a sound fiscal future and deliver results for New Yorkers. Missing the opportunity would be a disservice to New Yorkers now and in the future."

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<sup>1</sup> A previous draft of this statement cited growth of \$13.7 billion, reflecting State Operating Funds growth from fiscal year 2022 to fiscal year 2025, which were the years for which data were available at the time of issuance. The revised figure above reflects spending growth from fiscal year 2022 to fiscal year 2027, using data available from the subsequently released State Financial Plan.