



Statement on the New York State Fiscal Year 2023 Budget Agreement

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New York, NY – April 7, 2022 - Citizens Budget Commission (CBC) President Andrew S. Rein released this statement on behalf of the CBC:

“Today, New York State’s elected leaders announced a conceptual agreement on the fiscal year 2023 budget. To be clear, there still are items outstanding and basic fiscal information as well as data showing the budget’s short and long-term fiscal impacts are not yet available.

While many stakeholders will be pleased with the significant funds allocated to an array of programs, the State does not appear to have sufficiently balanced priorities between relief and recovery now and protecting future New Yorkers from the next emergency or recession. The reported set aside of reserves equal to 15 percent of State operating funds is important, substantial, and welcome; these funds all should be deposited in a locked Rainy Day Fund. New Yorkers also should bear in mind that recent recessions prior to 2020 on average reduce expected receipts by more than \$40 billion over three years; 15 percent is good but less than half that.

However, the budget reportedly adds billions of dollars of recurring spending with apparently no commensurate actions to restrain spending growth in other areas. This would cause significant future fiscal stress, which is especially concerning given the rocky recovery, global instability, and inflationary pressures.

While we await the budget’s details which will reveal the full magnitude of the future fiscal risks, the recurring spending reportedly added—on top of the Governor’s proposed \$10 billion increase—sets the stage for the State to possibly cut spending or increase taxes in the not distant future. Instead, the State should be bringing spending growth in line with long-run receipts—to protect New Yorkers from future emergencies and to ensure last year’s tax increases expire on time or early. This is essential to New York’s competitiveness to ensure businesses and residents want to stay, return, or come to the State.

Unfortunately, a clear picture of the agreement’s fiscal implications is not available since basic financial plan tables that would show the budget’s size, growth, and multi-year impacts have not been released. Perhaps they will be released later today or tomorrow; but if past is

prologue, it will be weeks. Additionally, key budget bills are being advanced immediately to voting with 'messages of necessity,' which sidesteps the aging process and prevents meaningful timely public review.

Furthermore, efforts were not made to improve the State's management of operations and aid to ensure New Yorkers get results they deserve from this massive spending increase and federal aid, or to increase public reporting to promote transparency and public accountability. A comprehensive, public performance management system to improve quality, efficiency, and accountability in New York is long overdue.

We look forward to examining the details of the reported improvements to the Database of Deals, audits of economic development programs, and MTA transparency. Hopefully important strides will be made, such as standardizing how a job is defined in economic development programs and enlarging the Database to cover all economic development programs, not just those of ESD.

Finally, the budget includes and continues a number of poorly targeted or ineffective programs. The gas tax holiday and property tax rebate are not well targeted relief programs—those most in need may not be the same group as homeowners or drivers. Extension of film tax credit continues an expensive program that does not provide commensurate value for New Yorkers and should be phased out and ultimately eliminated.

Details of the budget will be forthcoming and we will continue to analyze, report and comment on them as they become available.”