



Statement on New York State's First Quarterly Update to the Fiscal Year 2023 Financial Plan

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New York, NY – August 2, 2022 - Citizens Budget Commission (CBC) President Andrew S. Rein released [this statement](#) on behalf of the CBC:

“Last evening, New York State released the [First Quarterly Update](#) to the Fiscal Year 2023 Enacted Budget Financial Plan (the “July Update”) that significantly reduced estimates of future tax receipts, prudently reflecting a less optimistic economic outlook. This considerable change—from five years of balanced budgets to widening and ultimately multi-billion-dollar budget gaps—reinforces the need to build reserves, vigilantly restrain spending growth, and identify and implement long-run cost savings.

This update provides State leaders with a sobering view of the road ahead. While fiscal year 2023 receipts are strong, downward revisions to future tax receipt forecasts opened budget gaps that grow from \$310 million in fiscal year 2024 to \$6.2 billion by fiscal year 2027.

Even before these revisions, future budget balance relied significantly on non-recurring resources and fairly optimistic tax revenue projections. The outlook now is much more fragile.

Prudently, the State plans to deposit \$15.4 billion into reserves over four years, bringing their balances to \$19.4 billion. It is imperative that the State continue on this path, at least until there is a recession, whether it comes soon or in future years.

Key details from the July Update are:

- The July Update increases tax receipts in fiscal year 2023 by \$2.1 billion, based on collections to date. However, tax receipts are re-estimated downward by \$1.9 billion in fiscal year 2024, \$3.4 billion in both fiscal years 2025 and 2026, and \$6.1 billion in fiscal year 2027;
- These tax receipts re-estimates end the unprecedented five years of budget balance prior to the July Update. The \$2.1 billion in additional receipts plus \$200 million in additional resources in fiscal year 2023 are carried forward into fiscal year 2024, closing most of what would be a \$2.6 billion gap that year;

- Budget gaps grow from \$3.6 billion in fiscal year 2025 to \$6.2 billion in fiscal year 2027. This coincides with the depletion of non-recurring resources, which will result in even larger gaps beginning in fiscal year 2028;
- Due to performance in the financial services industry and associated bonuses, the economic outlook for fiscal year 2023 is dampened. Estimated annual growth rates in personal income, wages, and nonfarm employment were each revised downward;
- Continuation of the federal public health emergency provides the State with \$801 million in enhanced federal Medicaid funding for the next quarter, offsetting an equal amount of State costs. However, the continued emergency also allows up to 1 million New Yorkers to remain enrolled in Medicaid at an estimated State cost of \$893 million, fully eliminating the State share savings from enhanced federal funding. Future projected Medicaid spending estimates are unchanged, but now may well present an even greater risk in the financial plan; and
- The July Update does not make any changes to the State's plans to add \$15.4 billion to reserve funds over four years.

Going forward, the State should seek to reduce recurring spending, especially in high-growth areas such as Medicaid and school aid, while continuing to build reserves."