

# YOUR FAMILY IS MY FIGHT

FY2026 NYS EXECUTIVE BUDGET

GOVERNOR **KATHY HOCHUL**

BUDGET DIRECTOR **BLAKE G. WASHINGTON**





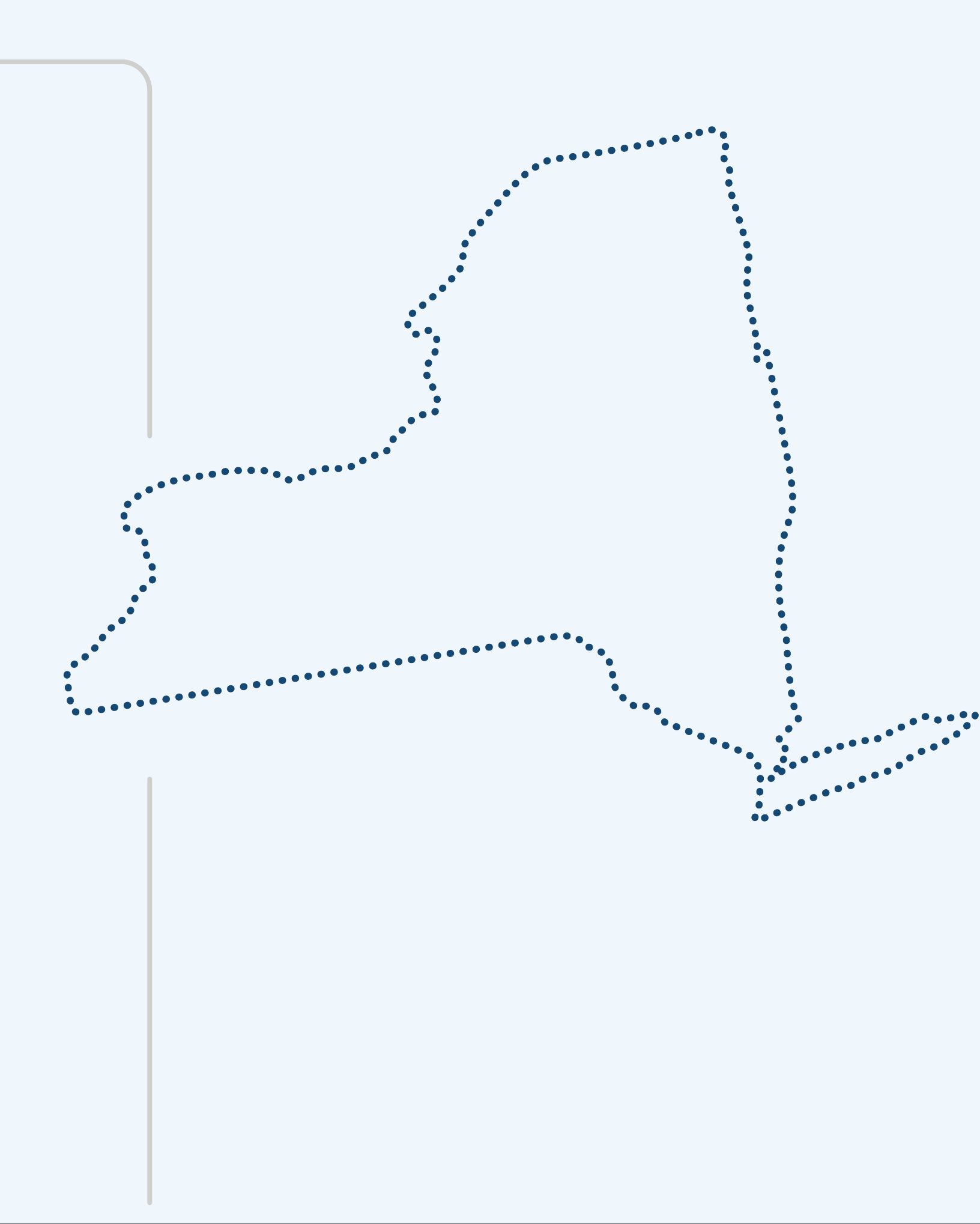


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SECTION ONE

# INTRODUCTION

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# GOVERNOR'S MESSAGE

In my State of the State address last week, I made a commitment. Together, we will build a state where housing is more affordable, where our streets and subways are safer, and where rising costs are brought under control. As I told hardworking New Yorkers: “Your family is my fight.”

I encourage you to read my Budget proposal in depth. You will see that my administration is focused on common sense solutions that create opportunity for millions of families—while maintaining a balanced budget without cuts to essential services or added burdens on taxpayers.

Bolstered by increased revenues, New York is in a strong financial position. This enables us to sustain vital services while delivering billions in middle class tax cuts, inflation relief, and a tripled child tax credit. The impact of these policies will be simple—New Yorkers will have more money in their pockets and less worry in their lives. We’re also helping growing families get ahead as we provide free breakfast and lunch for students and take the first steps towards universal childcare.

Public safety remains the cornerstone of our agenda. We will continue to embrace proven strategies to tackle crime, from expanding police presence in our subways to attacking the root causes of gun violence to strengthening drug interdiction efforts on our Northern Border. We will build a brighter tomorrow for our youngest New Yorkers by freeing them from the oppressive influence of cell phones in schools and by investing in playgrounds, youth programs, and community organizations.

We’re making it easier for New Yorkers to explore every corner of our beautiful State with historic investments in transportation infrastructure and grand public works. Our housing initiatives will expand supply and limit private equity from buying up single family homes, making home ownership attainable for hundreds of thousands of families.

Together, my State of the State and Budget offer a vision for New York where every family has a chance to get ahead—and where building a life in our great State feels doable, not daunting.

When New Yorkers review this budget, I want them to feel that their leaders understand their struggles and are fighting hard to deliver the support they need. I hope they’ll see their own priorities reflected in our efforts to build a greener economy, modernize our mental healthcare system, and make everyday life more affordable.

My pledge to New Yorkers is this: your family is my fight. With this budget, we’ll put more money in your pocket and make every community even safer.



A handwritten signature in black ink that reads "Kathy Hochul".

**KATHY HOCHUL**  
GOVERNOR





# DIRECTOR'S MESSAGE

Building on three years of historic investments in schools, health care, and public safety, the FY 2026 Executive Budget Proposal supports Governor Hochul's vision to fight for New York's families, putting forward proposals that make both immediate and long-lasting impacts in the lives of New Yorkers. From economic development projects to affordability measures, prioritizing mental health to expanding job opportunities, the Executive Budget is the Governor's response to the current challenges facing New Yorkers.

Fueled by strong economic growth and record levels of reserves, the Executive Budget is able to offer groundbreaking initiatives and continuing critical investments while managing the fiscal pressures of unforeseen circumstances.

The Governor believes good public policy is achieved through listening and action and the proposals included in her Executive Budget reflect the priorities of New Yorkers. These historic proposals come alongside no proposed increases to income taxes, while also delivering an enhanced child tax credit, a middle-class tax cut, and an inflation refund all in an effort to put money back in peoples' pockets.

Wherever we find ourselves at the end of the day, we are all New Yorkers. From the youngest and most vulnerable, to community and business leaders, the investments and policy decisions included within Governor's budget reflects many voices and should resonate for all.

The Executive Budget proposal strikes the right balance, between being responsible and investing in the programs and services that New Yorkers care so deeply about. I want to commend the Governor on her dedication to always putting New York families first.



**BLAKE G. WASHINGTON**  
BUDGET DIRECTOR



# SUMMARY OF BUDGET DOCUMENTS



## OVERVIEW

The Executive Budget process and key Budget documents are governed by the State Constitution, with additional details and actions prescribed by state laws and practices that have been established over time. The State's budget process is governed primarily by Article VII of the New York State Constitution. Article VII requires the Governor to submit a budget detailing: a plan of expenditures and an estimate of revenues for the upcoming fiscal year; bills containing all proposed appropriations and reappropriations; and other legislation needed to implement the Executive Budget.

Two types of budget bills are necessary for the Executive Budget:

- **Appropriation Bills:** Executive Budget Appropriation bills provide the legal authorization for all proposed spending from the funds managed by the State. These bills encompass the recommended funding for State operations, aid to localities, capital projects, and debt service, as well as legislative and judiciary bills.
- **Article VII Bills:** Article VII bills propose amendments to, or create new, state laws governing programs, savings, and revenues, as the Governor deems necessary. These bills encompass the recommended changes to law in the areas of: Education, Labor, Family Assistance, Health and Mental Hygiene, Public Protection, General Government, Transportation, Environment, Economic Development, and Revenue.

In addition to the bills mentioned above, the Executive Budget includes the following Budget documents.

## THE BIG FIVE

### EXECUTIVE BUDGET BRIEFING BOOK

The Executive Budget Briefing Book presents the Governor's overall goals for the upcoming fiscal year. It explains the State's Financial Plan, includes

highlights of major initiatives, and a list of the legislative proposals needed to implement the proposed Budget.

### FIVE-YEAR FINANCIAL PLAN

The Five-Year Financial Plan summarizes the Governor's Executive Budget and describes the "complete plan" of spending and revenues as required by the NYS Constitution.

### FIVE-YEAR CAPITAL PROGRAM AND FINANCING PLAN

The Five-Year Capital Program and Financing Plan highlights major capital initiatives and objectives and describes the approach to financing the capital program.

### ECONOMIC AND REVENUE OUTLOOK

The Economic and Revenue Outlook explains the specific sources of State revenues and presents an economic outlook for the nation and the State over the upcoming fiscal year.

### STATE AGENCY PRESENTATIONS

The State Agency Presentations include links to the mission and functions of each State agency, descriptions of major Budget actions, and tables that summarize the agency's spending by program and category. This module also includes the budget requests of the Legislative and Judiciary branches, which are submitted without revision as required by the Constitution.

## OPEN BUDGET

All Executive Budget bills and documents are accessible to the public through the Budget Division's official website, [budget.ny.gov](https://budget.ny.gov), or in print from the Senate and Assembly document rooms in Albany, NY. In addition, the public is encouraged to visit the Open Budget website, [openbudget.ny.gov](https://openbudget.ny.gov).





SECTION TWO

# **EXECUTIVE BUDGET FY 2026**









# **FINANCIAL PLAN OVERVIEW**



The State's financial position remains strong, with favorable operating results recorded through the first nine months of FY 2025 and a positive economic outlook. Forecast revisions since the FY 2025 Mid-Year Update have created new projected surpluses, resulting in a favorable baseline forecast. The FY 2026 Executive Budget leverages these resources to include a package of tax reforms and initiatives aimed at addressing affordability issues that continue to impact many New Yorkers while preserving reserves at the highest levels in history. In addition, debt levels remain nearly flat at less than 1 percent growth over the past decade, historic liquidity levels continue to deliver high investment returns, and other reserves are available to manage risks to the Financial Plan. The State continues to manage projected budget gaps in future years with the use of prior year cash management actions and resources, including the prepayment of future obligations (e.g., debt service and pension costs), as well as reserves for transaction risks.

At the same time, uncertainty looms. Risk as varied as policies and plans of the new Federal administration, the potential for a slowdown in economic growth, geopolitical risks, the ongoing implications of climate change, and sustained trends of rising enrollment and costs in public health insurance programs all present the potential for fiscal challenges in the future. While DOB expects economic growth to remain strong in the near term, inflation remains stubbornly high, increasing to 2.7 percent from the previous 2.2 percent forecast for 2025; housing prices and borrowing costs remain elevated; and labor market growth appears to be easing. Potential Federal changes to trade, immigration and tax policies could drive further inflation increases. Likewise, possible reductions in Federal assistance that support vital New York programs, including health care delivery, social services, and public safety, could negatively impact the State and New Yorkers who depend on these programs.

In light of these uncertainties and risks, the Executive Budget maintains the existing level of Principal Reserves to protect essential services in the event of an economic downturn or other future fiscal challenges. To further protect these important reserves, the Governor has directed the transfer of funds held in the reserve for economic uncertainties to the statutory Rainy Day Reserve to increase the balance by \$1 billion annually over the next four years, as fiscal conditions permit.

## Updated Financial Plan Estimates

Through December 2024, General Fund tax receipts, including transfers from other funds, were \$1.1 billion higher than estimated in the Mid-Year Update, driven mainly by strength in personal income tax and PTET collections. Consumption and use tax receipts remain on track with projections, however, business tax collections to date continue to fall below expectations. Non-tax receipts exceeded estimates by \$3.6 billion, almost entirely due to the earlier than planned transfer of Federal State and Local Fiscal Recovery Fund (SLFRF) moneys to the General Fund. General Fund disbursements, including transfers to other funds, were nearly \$3 billion below the most recent cash flow estimate, due to lower spending across many local aid programs and capital projects.

On the strength of collections experienced to date, the baseline forecast for General Fund tax receipts has been increased by an average of over \$1.7 billion annually, resulting in an \$8.3 billion cumulative increase through FY 2029 compared to the Mid-Year Update. In addition, downward revisions to STAR and debt service spending, which are supported by tax receipts, increased General Fund receipts by a cumulative \$2.8 billion through FY 2029 compared to the prior forecast. Other non-tax receipts have also been increased, including upward revisions to investment income projections in FY 2027 based on the revised interest rates, and additional mental hygiene Federal revenue related to retroactive rate increases under the Home and Community-Based Services (HCBS) waiver that support continued investments and service expansion.

At the same time, the baseline forecast for spending has been increased by a cumulative \$6.1 billion through FY 2029 compared to the Mid-Year Update. Medicaid and School Aid spending estimates across the plan have been increased by \$6.1 billion and \$3.1 billion, respectively. The higher spending reflects costs related to updated Medicaid enrollment and utilization data, particularly for Medicaid long-term care services, and inflationary growth in the Foundation Aid formula. In addition, higher pension costs are expected across all years of the Financial Plan due to workforce and salary increases, benefit expansion, and fund losses that drive higher rates for State and local governments. These increases are partly offset by downward



revisions to spending estimates across nearly all other assistance and grant programs based on results to date, various updated assumptions, and timing-related adjustments. In addition, spending is reduced to reflect lower employee health insurance costs pursuant to a reduction in negotiated health insurance premium rates, and upward revisions to lottery and gaming revenue that support education spending.

The aggregate baseline forecast revisions leave General Fund surpluses of \$3.5 billion in FY 2025 and \$1.8 billion in FY 2026 prior to the new proposals included in the Governor's FY 2026 Executive Budget. Projected baseline gaps for FY 2027 and FY 2028 are lowered compared to the Mid-Year Update to \$4 billion and \$7.4 billion, respectively. The FY 2029 baseline gap is estimated at \$11.8 billion. The annual gaps through FY 2029 include the use of prior year cash management actions and resources, including the prepayment of future obligations (e.g., debt service and pension costs), as well as cautious estimates and reserves for transaction risks.

The table below summarizes the impact of the updated forecast revisions on General Fund operations compared to the Mid-Year Update.

Other revisions that do not impact General Fund balance include PTET related revisions to receipts estimates and adjustments to reserves, including the planned shift of funds into the statutory Rainy Day Reserve over the next four years, as fiscal conditions permit.

Since the implementation of the PTET program in FY 2022, increases to tax receipts related to PTET have been set aside in the PTET reserve to cover credits claimed in subsequent years. Previously the PTET program was expected to cease to be utilized after tax year 2025, aligning with the expected expiration of the State and Local Tax (SALT) deduction cap under current Federal law. The Executive Budget Financial Plan revises this assumption to reflect the continuation of the PTET program in perpetuity, absent amendments to current State law or Federal actions to end the program. The change reflects the likelihood that the Federal government will extend

FY 2026 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS SAVINGS/(COSTS) (millions of dollars)					
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
<b>MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE</b>	<b>0</b>	<b>(1,019)</b>	<b>(6,191)</b>	<b>(7,077)</b>	<b>(9,912)</b>
<b>Receipts</b>	<b>2,989</b>	<b>5,475</b>	<b>12,952</b>	<b>2,783</b>	<b>2,192</b>
Tax Receipts	2,196	5,556	12,270	2,699	2,192
Tax Receipts, excluding PTET/STAR/Debt Service	1,193	1,636	2,294	1,716	1,413
PTET/PIT Related PTET (Financial Plan Neutral)	441	3,060	12,750	526	320
PIT/SALT Cap Adjustment (Financial Plan Neutral)	0	0	(3,200)	0	0
STAR	271	370	474	504	504
Debt Service	291	490	(48)	(47)	(45)
Miscellaneous/Federal Receipts	(50)	0	500	0	0
Transfers from Other Funds	843	(81)	182	84	0
<b>Disbursements</b>	<b>955</b>	<b>443</b>	<b>(1,203)</b>	<b>(2,558)</b>	<b>(3,782)</b>
Assistance and Grants	415	(166)	(1,453)	(2,380)	(3,542)
Agency Operations	361	88	(1)	(91)	(199)
Transfers to Other Funds	179	521	251	(87)	(41)
<b>Use of/(Deposit to) Reserves</b>	<b>(441)</b>	<b>(3,060)</b>	<b>(9,551)</b>	<b>(526)</b>	<b>(319)</b>
Rainy Day Reserve	(1,000)	(1,000)	(1,000)	(862)	0
Tax Stabilization Reserve	0	0	0	0	0
Contingency Reserve	0	0	0	0	0
Community Projects Reserve	0	0	0	0	0
Other Reserves	559	(2,060)	(8,551)	336	(319)
<b>BASELINE SURPLUS/(GAP) ESTIMATE</b>	<b>3,503</b>	<b>1,839</b>	<b>(3,993)</b>	<b>(7,378)</b>	<b>(11,821)</b>

SALT deduction cap and the widespread use of the similar taxes on pass-through income, which are utilized in 36 states and the City of New York (NYC). In addition, PIT estimated tax projections have been lowered by \$3.2 billion in FY 2027 to reflect the assumed continuation of the SALT cap under the new Federal administration. This downward revision to tax estimates is entirely offset by the reserve previously set aside for this purpose, resulting in no net Financial Plan impact.

### **FY 2026 Executive Budget Proposal**

The current year and budget year surplus, which totals roughly \$5.3 billion, is expected to support new investments and proposals included in the FY 2026 Executive Budget and announced by the Governor in her State of the State presentation on January 14, 2025. DOB estimates that the General Fund is balanced on a cash basis in FY 2026, should the Legislature adopt the Governor's proposal without modification.

The Executive Budget also continues support for investments and increases to nearly all program areas made over the past three years, including fully funding Foundation Aid to schools; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals and other health care providers and workers; supporting health care delivery improvements; increasing support for public universities; addressing gun crime and violence; expanding access to school meals; protecting the environment and natural resources; and increasing wages.

The Executive Budget proposes a tax affordability package that would deliver \$3 billion back to New Yorkers through Inflation Refund payments to qualified tax filers from surplus resources available in FY 2025, lower the rates for five of the nine income tax brackets to reduce the tax burden, and significantly enhance the child tax credit for children under 4 years old in FY 2026 and for children ages 4 through 16 in FY 2027 and FY 2028. The Budget also proposes increases or extensions to several other tax credits and expands flexibility for businesses to opt into the PTET program by extending the opt-in deadline, which is cost neutral. To support the long-

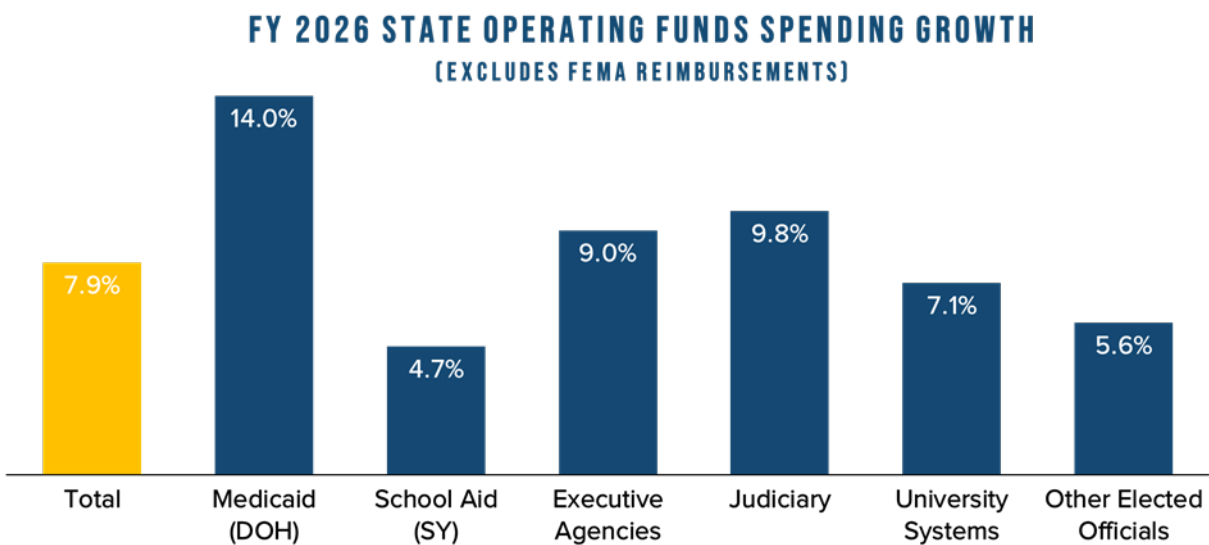
term cost of these tax cuts, the Executive Budget proposes extending the top tax rates for tax filers with taxable incomes above \$2.1 million.

The Executive Budget also includes increased funding to address public safety, mental health care, housing affordability and access, transportation, health care delivery, abortion access, and child care. In addition, it proposes updates to the Foundation Aid formula, increasing aid by 5.9 percent in School Year (SY) 2026. Additional spending is included to support a 2.1 percent targeted inflationary increase for certain eligible programs; free school meals for all students regardless of income; a first-time homebuyers down payment assistance program; free community college for students ages 25 to 55 pursuing certain first-time associate degrees in high-demand occupations, including nursing, teaching, technology, and engineering; hunger prevention and nutrition assistance; operating aid for SUNY and CUNY campuses and the SUNY Downstate Hospital, medication assisted treatment (MAT) for substance use disorders, mental health services for justice-involved individuals, law enforcement activities, City of New York (NYC) subway safety initiatives; and payment of interest due on the outstanding Federal unemployment insurance loan that would otherwise be borne by businesses.

New capital funding commitments totaling \$8.6 billion are proposed to support transportation, affordable and supportive housing, economic and community development, environmental and clean energy initiatives, increased access to care and housing opportunities for individuals with mental health issues, health care transformation, public safety, and investments in higher education. The new capital commitments proposed in the budget are funded not only with bonds but also with cash resources, to ensure the State's debt burden remains affordable. In addition, the Executive Budget includes a multi-year spending plan supported by the Federal government's approval of the Managed Care Organization (MCO) tax that is expected to provide up to \$3.7 billion in resources over two years. The Healthcare Stability Fund (HSF) will receive and distribute the new MCO tax resources previously included in the FY 2025 Enacted Budget. The resources will be used to offset existing Global Cap

Medicaid spending and support continued funding for the Healthcare Safety Net Transformation Program, as well as new increases for hospitals, nursing homes and other health care providers, outpatient clinics and maternal health. These investments and funding are dependent on successful execution of the MCO tax transaction, which is dependent on continued Federal support. Absent assurance of continued Federal approval to continue the MCO tax, the Financial Plan does not include support for these investments in the later years.

The Executive Budget proposal is projected to drive nearly \$144 billion of State Operating Funds spending in FY 2026, an increase of \$10.5 billion or 7.9 percent compared to revised FY 2025 estimates. Roughly \$6 billion or almost 60 percent of the spending increase supports the State's two largest assistance and grants programs – Medicaid and School Aid. Projected operational cost increases for all branches of State government also drives spending growth in FY 2026.



## FY 2026 Executive Budget Financial Plan Summary

Consistent with statutory requirements, the Governor's FY 2026 Executive Budget proposal provides for balanced operations in the General Fund in FY 2026 due to surplus resources available in FY 2025 and FY 2026. However, the recurring cost of the FY 2026 Executive Budget proposals and upward revisions to baseline forecasts increase budget gaps in FY 2027 and beyond. Outyear budget gaps are projected to total \$6.5 billion in FY 2027, \$9.8 billion in FY 2028, and \$11 billion in FY 2029 – cumulatively the outyear budget gaps are roughly \$4 billion higher than the Mid-Year Update projections.

The following table summarizes the impact of the Executive proposals on General Fund operations, by financial plan category, starting with the revised baseline estimates.

Receipts. The FY 2026 Executive Budget includes a package of tax reforms and initiatives aimed at addressing affordability issues that continue to impact many New Yorkers. In December 2024, the Governor announced her plan to deliver inflation refund payments to New York tax filers. The rebates are subject to legislative approval and are expected to be issued in FY 2026 at a cost of roughly \$3 billion.

In addition, the Executive Budget proposes lowering the tax rates for all joint tax filers making under \$323,200 and providing an enhanced Empire State child tax credit for children under 4 years old in FY 2026 and children ages 4 through 16 in both FY 2027 and FY 2028. The Executive Budget also includes proposals to extend, increase, and add various tax credits, and proposes expanding flexibility for businesses to opt into the PTET program by extending the deadline. Proposed extensions include tax credits to support independent film productions,

FY 2026 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS SAVINGS/(COSTS) (millions of dollars)				
	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
<b>BASELINE SURPLUS/(GAP) ESTIMATE</b>	<b>1,839</b>	<b>(3,993)</b>	<b>(7,378)</b>	<b>(11,821)</b>
<b>Receipts</b>	<b>(6,678)</b>	<b>(1,783)</b>	<b>(1,092)</b>	<b>2,139</b>
Tax Receipts	(4,071)	(2,183)	(1,082)	2,306
PTET Flexibility (Financial Plan Neutral)	(3,045)	0	0	0
Debt Service	(7)	7	(60)	(167)
Miscellaneous/Federal Receipts	0	0	0	0
Transfers from Other Funds	445	393	50	0
<b>Disbursements</b>	<b>(1,709)</b>	<b>(703)</b>	<b>(1,305)</b>	<b>(1,344)</b>
Assistance and Grants	(372)	210	(455)	(473)
Agency Operations	(792)	(727)	(729)	(730)
Transfers to Other Funds	(545)	(186)	(121)	(141)
<b>Use of/(Deposit to) Reserves</b>	<b>6,548</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rainy Day Reserve	0	0	0	0
Tax Stabilization Reserve	0	0	0	0
Contingency Reserve	0	0	0	0
Community Projects Reserve	0	0	0	0
Other Reserves	3,045	0	0	0
Carry-Forward FY 2025 Surplus	3,503	0	0	0
<b>EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>0</b>	<b>(6,479)</b>	<b>(9,775)</b>	<b>(11,026)</b>

low-income housing, musical and theater productions, clean heating fuel, and alternative fuel and electric vehicle recharging property. In addition, a new credit is established for living organ donors. To offset these changes, the top tax rates for tax filers making over \$2,155,350 annually which otherwise expires at the end of tax year 2027 are instead extended for five-years through tax year 2032.

The Executive Budget proposal reduces General Fund receipts by a cumulative \$1.3 billion through FY 2029 compared to the baseline forecast, excluding the cost neutral proposal to extend the opt-in deadline for businesses to opt into the PTET program and the proposed one-time inflation refund payments supported by projected surplus resources carried forward from FY 2025. Excluding the inflation refund payments, All Funds tax receipts are projected to total \$117.8 billion in FY 2026, which results in an annual increase of 4.1 percent compared to revised FY 2025 estimates.

**Disbursements.** The Executive Budget proposes \$5 billion in cumulative General Fund spending increases through FY 2029 to support agency operations increases and addresses the State's many continuing challenges, including access to mental health care, public safety, and the health care delivery system.

Operational spending is increased to support staffing increases, investments in cybersecurity and information technology, expanded access to mental health services, public safety enhancements,

and Judiciary spending increases to support staffing levels to address case backlogs and provide operational support to various courts.

## State Spending

All Funds spending is projected to total \$252 billion in FY 2026, an increase of \$8.6 billion or 3.6 percent from revised FY 2025 estimates.

Spending growth is largely driven by continued high levels of enrollment in the Medicaid program, as well as prior year expansion of benefits, increases in reimbursement rates, and expanded utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population. The State expects to develop proposals to provide recurring savings in future budgets to ensure long-term Medicaid spending levels are sustainable. The MCO tax transaction also increases Medicaid spending by nearly \$1.2 billion through State share tax offsets.

Over the past three years, the State has made historic investments in nearly all program areas, including: fully funding Foundation Aid to schools; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals, other health care providers and workers; supporting health care delivery improvements; increasing support for higher education; addressing gun crime and violence; expanding access to school meals; protecting the environment, and energy affordability.

FY 2026 EXECUTIVE BUDGET SPENDING ESTIMATES (millions of dollars)				
	FY 2025 Updated	FY 2026 Projected	\$ Change	% Change
<b>State Operating Funds</b>	<b>133,336</b>	<b>143,804</b>	<b>10,468</b>	<b>7.9%</b>
School Aid (School Year Basis)	35,671	37,365	1,694	4.7%
Medicaid	31,021	35,369	4,348	14.0%
All Other Assistance and Grants	30,082	32,238	2,156	7.2%
Agency Operations	33,399	36,514	3,115	9.3%
Debt Service	3,163	2,318	(845)	-26.7%
<b>Federal Operating</b>	<b>93,013</b>	<b>87,037</b>	<b>(5,976)</b>	<b>-6.4%</b>
<b>Capital Projects</b>	<b>17,032</b>	<b>21,184</b>	<b>4,152</b>	<b>24.4%</b>
<b>All Funds</b>	<b>243,381</b>	<b>252,025</b>	<b>8,644</b>	<b>3.6%</b>

These investments have increased projected spending for assistance and grants to nearly \$105 billion projected in FY 2026, an increase of nearly \$30 billion (40 percent) compared to the \$75 billion level recorded in FY 2022. Nearly three-quarters of the estimated \$30 billion of growth in assistance and grants programs since FY 2022 is concentrated in School Aid and Medicaid, reflecting historic, recurring funding increases for schools and the health care system. New York continues to spend significantly more on these two programs than any other state in the nation.

**School Aid.** The State provides a substantial amount of financial support for public schools through State formula aids and grants. Currently, approximately 2.5 million kindergarten through 12th grade students are enrolled in the State’s public schools, including 186,000 students enrolled in charter schools. For over a decade, New York has ranked the highest in the nation for per pupil spending. In SY 2022, New York spent \$29,873 per pupil, almost double the national average of \$15,633 per pupil and approximately 19 percent higher than second ranked New Jersey.

Over the past decade, New York’s per-pupil spending has increased from roughly \$20,000 to \$30,000. This increase was driven by the three-year phase-in of full funding of the Foundation Aid formula completed in SY 2024, which aided in adding over \$6.6 billion (23 percent) to State-funded School Aid between SY 2022 and SY 2025. In addition to State aid, school

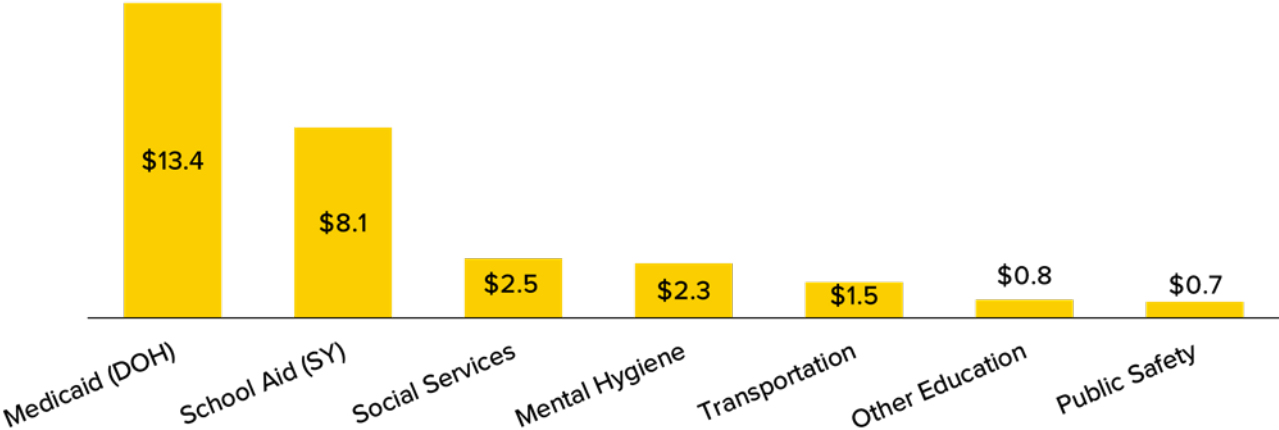
districts have continued to raise revenue through local property tax increases, which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

Adding to the historic increases in funding over the past several years, the Executive Budget proposes \$37.4 billion for School Aid in SY 2026, an increase of \$1.7 billion (4.7 percent), inclusive of a \$1.5 billion (5.9 percent) Foundation Aid increase.

**Medicaid.** The New York State Medicaid Program provides health and long-term care coverage to lower-income children, pregnant women, adults, seniors, and people with disabilities. The Medicaid program also funds a portion of wages for home care workers and caregivers self-directed by consumers under the Consumer Directed Personal Assistance Program (CDPAP) and is a large contributor of funding to public and private hospitals and nursing homes through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily MLTC, which includes the CDPAP, rises with an aging population.

Nearly 7 million New Yorkers (36 percent) are currently covered by Medicaid. When combined with other public insurance coverage, such as Child Health Plus (CHP) and Essential Plan (EP), New York has the highest percent of people covered by

**ASSISTANCE AND GRANTS SPENDING +40 PERCENT OVER 4 YEARS**  
(IN BILLIONS)





publicly funded medical insurance in the nation with a total of 9 million enrolled. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services, spending \$4,724 per capita based on the latest Centers for Medicare & Medicaid Services (CMS) data (Federal Fiscal Year 2023) . New York’s per capita spending was more than 46 percent above the national average of \$2,554 per capita and over 19 percent higher than the next highest spending state -- New Mexico which spent \$3,824 per capita.

Medicaid costs are financed jointly by the Federal, State, and Local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts’ costs have been capped at calendar year 2015 levels, shifting the increased costs of the program to the State and saving the City of New York and counties billions of dollars annually. In FY 2026, local governments will save an estimated \$8.3 billion and have saved nearly \$54 billion since 2015.

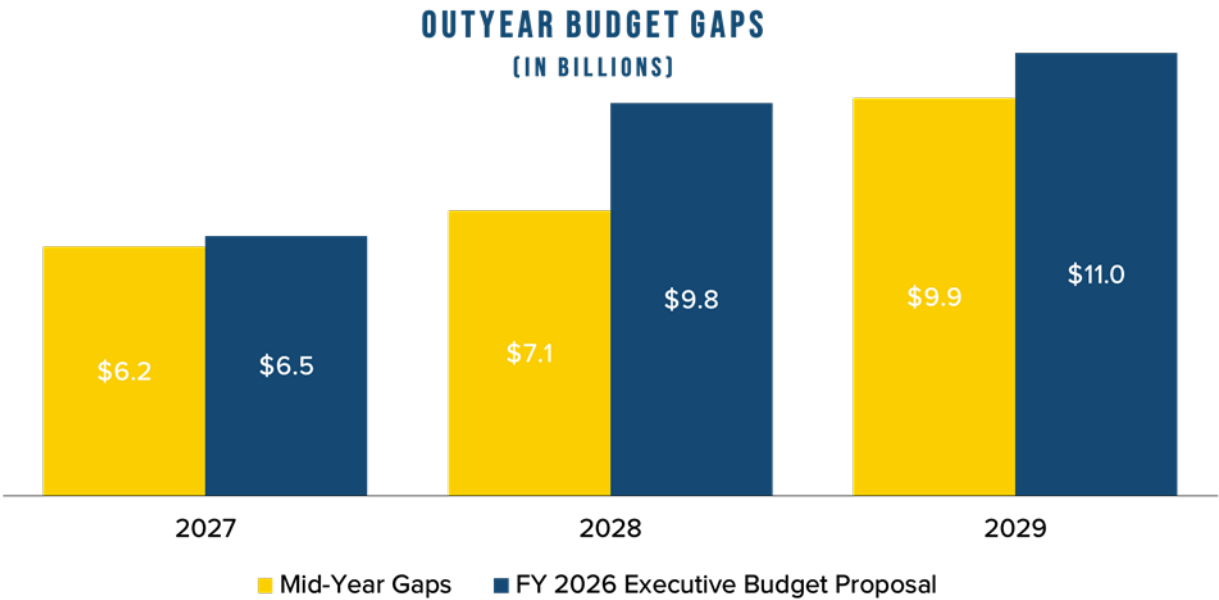
In FY 2026, Medicaid spending (excluding operational costs) is projected to total \$35.4 billion, an increase of \$4.3 billion (14 percent) from the revised FY 2025 levels. State spending for Medicaid has tripled over the past 15 years. The growth is due to medical cost increases, enrollment remaining at elevated levels, expansion of benefits, increases to

reimbursement rates, and continued growth in aging and high utilization populations. Other factors that continue to place upward pressure on State-share Medicaid costs include, but are not limited to, provider reimbursements to cover home health wage increases, the phase-out of enhanced Federal funding, increased costs and enrollment growth in MLTC, and the needs of financially distressed hospitals.

**Outyear Budget Gaps**

The FY 2026 Executive Budget Financial Plan General Fund outyear budget gaps are slightly higher than the gaps projected in the Mid-Year Update . If the FY 2027 Budget is balanced with recurring savings, the budget gaps for FY 2028 and FY 2029 would be in the range of \$4 billion annually.

The outyear budget gaps are the result of a structural imbalance between forecasted levels of spending growth and available resources. The estimated gaps include a \$2 billion transaction risk reserve in each year. The projected budget gaps do not reflect the use of any Principal Reserves to balance operations but do include the use of prior year surpluses carried forward into future years and cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs that may materialize within a fiscal year.





Reserves and Risks

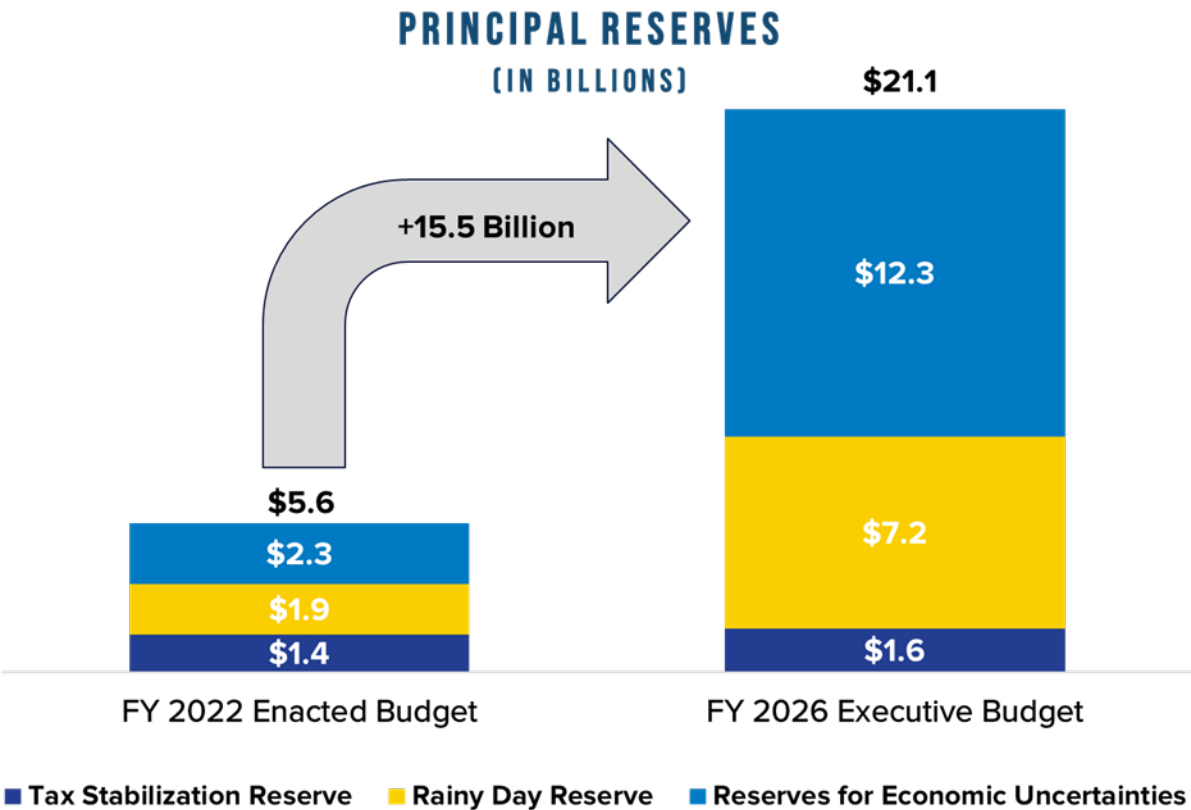
The Financial Plan faces ongoing economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; immigration policy; climate change and natural disasters; programmatic cost pressures; uncertainty about the fiscal conditions of outside entities relying on State assistance; risks due to the State’s dependence on Federal funding and approvals; and possible policy changes under the new Federal administration.

While the DOB forecast of receipts and spending is primarily based on current law and reasonable assumptions as of the time it was prepared, economic uncertainties and the dependence of the State’s tax base on the financial sector are embedded risks.

Reserves are the most practical and effective defense against such unpredictable risks. Outside experts view robust reserves as an essential tool for mitigating service reductions and public employee layoffs during periods of slow or declining growth.

During a “typical” recession, declines in receipts could be significant. DOB estimates that tax receipts can be expected to fall between \$35 billion and \$50 billion over three years in a recession that resembles those experienced after 9/11 and during the Great Recession of 2008.

Over the past several years, the State has significantly increased reserves to ensure that it can honor its commitments through good and bad times. The FY 2026 Executive Budget preserves these critical investments and, financial conditions permitting, plans to shift funds from the Reserve for Economic Uncertainties into the statutory Rainy Day Reserve.









# **CAPITAL PLAN OVERVIEW**



Governor Hochul continues to make significant infrastructure investments across the State that will play a critical role in building New York’s future: creating jobs, growing the economy, improving transportation, and keeping New York residents healthy and safe. The Executive Budget builds on major investments made over the last three years in transportation infrastructure; affordable and supportive housing; economic and community development; environmental protection initiatives; increased access to care and housing for individuals with mental health issues; health care transformation; public safety; and higher education.

MAJOR INFRASTRUCTURE INVESTMENTS UNDERWAY

Governor Hochul is committed to delivering transformative infrastructure projects that are supported by the State, local governments, public authorities, private entities, and the Federal government. The State budget includes investments in projects that will improve the State's transit systems, modernize airports, and rebuild infrastructure to upgrade the State's transportation network in a timely manner, and be resilient for future generations. Major infrastructure investments currently underway include:

**Gateway Hudson Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy and are in dire need of repair and expansion. Upon completion, this project will revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. Project costs are estimated at \$15.8 billion.

**MTA 2025-2029 Capital Plan.** The Governor and Legislature are expected to work closely during budget negotiations to support and approve an MTA 2025-29 Capital Plan. Accordingly, the FY 2026 Executive Budget assumes \$32.7 billion of base funding that would be directly contributed by funding partners. These assumed contributions consist of: \$3 billion from the State, \$3 billion from the City of New York, \$12.3 billion from the MTA (\$3 billion of which would be self-funded by Bridges and Tunnels) and \$14.4 billion requested from the Federal government. This funding proposal acknowledges the need for partner commitments to support the MTA’s 2025-29 Capital Plan, while allowing additional time to work closely with the Legislature to advance additional funding as part of the budget negotiation process.

TRANSFORMATIVE INFRASTRUCTURE PROJECTS (billions of dollars)			
	Total Project Costs	State Share	Other Funding Partners Share <sup>1</sup>
Transformative Projects Total	87.4	4.7	82.7
Gateway Tunnel Project <sup>2</sup>	15.8	1.3	14.5
MTA Capital Plan 2020-2024 <sup>3</sup>	52.1	3.1	49.0
John F. Kennedy Airport	19.5	0.3	19.2
<sup>1</sup> Includes funding from Federal & local govts, public authorities, and other funding outside of the State budget.			
<sup>2</sup> Project costs are as of the July 2024 RRIF loan closing for the Gateway Hudson Tunnel Project. Total includes financing costs.			
<sup>3</sup> MTA 2020-2024 Capital Plan State share excludes new revenue sources enacted by the State to fund \$25 billion of the capital plan. MTA 2025-2029 Capital Plan is being developed. Size and funding sources to be determined.			

**MTA 2020-2024 Capital Plan.** The MTA remains committed to its \$52.1 billion 2020-2024 Capital Program, which continues to revitalize the subway system through signal modernization and accessibility upgrades, while also providing important investments in railroads and bus service to advance the quality of life for those served. A substantial amount of new funding was authorized to fund the 2020-2024 Capital Plan, including \$15 billion from congestion pricing revenues. Congestion pricing was implemented in Manhattan on January 5, 2025.

**Transforming John F. Kennedy Airport.** The State continues to invest in the \$19.5 billion plan to transform John F. Kennedy International Airport (JFK) into a modern, 21st century airport through an overhaul of the airport's eight disparate terminal sites into one unified JFK Airport. Work will include demolishing old terminals, utilizing vacant space, and modernizing infrastructure, while incorporating the latest in passenger amenities and technological innovations. This record investment includes \$15.6 billion in private sector funding and will increase the airport's capacity by at least 15 million passengers annually. The first new facilities from this ongoing transformation opened in 2023.

## FIVE-YEAR CAPITAL PLAN & BUDGET

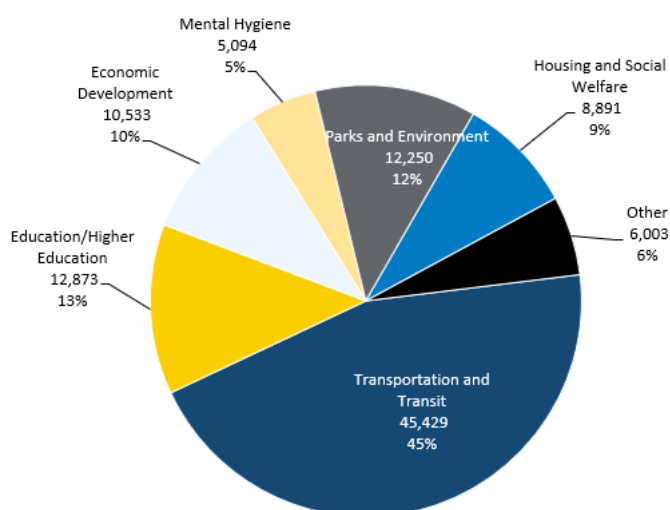
The State's Five-Year Capital Plan includes \$101 billion of projected capital spending over a five-year period. Capital spending will be funded from multiple sources, including State bonds, State PAYGO (Pay-As-You-Go, e.g., taxes and fees), and Federal funds. The charts below outline projected capital spending by function and funding source.

### FY 2026 EXECUTIVE BUDGET CAPITAL PLAN HIGHLIGHTS

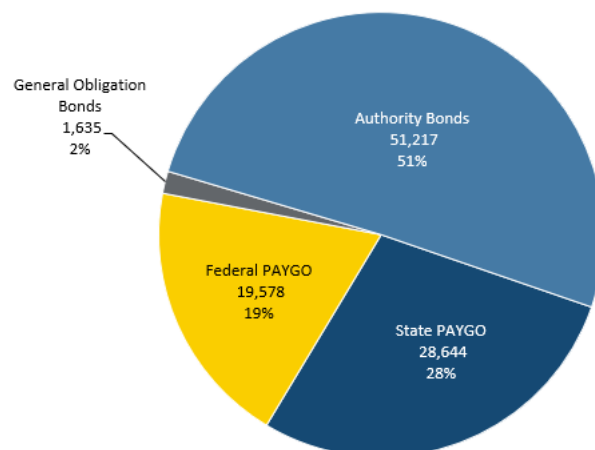
Major initiatives added or continued in FY 2026 include:

**Five-Year Department of Transportation Capital Plan.** The Executive Budget includes approximately \$6.9 billion for the fourth year of the five-year Department of Transportation (DOT) Capital Plan. It also increases the overall DOT Capital Plan by \$1 billion, bringing the total size of the plan to \$34.1 billion, to support State and local road and bridge construction and transit system improvements. The DOT Capital Plan continues funding commitments to support the final phases of major infrastructure

Five-Year Capital Spending by Function  
(millions of dollars)



Five-Year Capital Spending by Financing Source  
(millions of dollars)



projects, including the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also supports new large-scale projects, including: modernizing the Livingston Avenue Bridge in Albany; converting Route 17 to I-86 in Orange and Sullivan Counties; and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County. The Capital Plan also includes \$1 billion for the “Bridge NY” program and \$1 billion for the Pave Our Potholes (POP) program, and continues funding commitments to local highway and bridge programs.

**Housing.** The Executive Budget continues Governor Hochul’s historic \$25 billion five-year housing plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies. Additionally, the FY 2026 Executive Budget includes a \$1 billion State contribution to the “City of Yes for Housing Opportunity” program, \$230 million for additional housing initiatives aimed at creating more affordable and supportive housing, and a new \$50 million round of “Resilient and Ready” capital grants to assist homeowners impacted by extreme weather events.

**Mental Hygiene Capital Investments.** The Executive Budget continues to build on the Governor’s investments to expand care capacity for people with mental illness by funding an additional 100 new psychiatric inpatient beds at Wards Island. The Budget also proposes \$75 million to modernize the Office for People With Developmental Disabilities’ (OPWDD) Institute for Basic Research (IBR).

**Healthcare.** The Executive Budget invests up to \$1 billion in capital funds to supplement the existing Safety Net Transformation Program, which provides resources and regulatory flexibilities to encourage the formation of partnerships with established hospital networks and seed private investment in the State’s safety net hospital system. The Budget also invests an additional \$5 million to support abortion access providers for infrastructure investments and bolstering security measures, and \$25 million to facilitate capital

improvements at DOH administered veterans’ homes and Helen Hayes Hospital.

**Community Development.** The Executive Budget includes new capital grants to support and encourage community development across the State, including:

- \$100 million for construction and renovation of community centers through the Build Recreational Infrastructure for Communities, Kids and Seniors (NY BRICKS);
- \$100 million for construction and renovation of child care centers;
- \$67.5 million for construction and renovation of playgrounds through Invest in Places for Learning, Activity, and Youth Socialization (NY PLAYS); and
- \$50 million in additional funding for New York’s Statewide Investment in More Swimming (NY SWIMS), which, including funding from FY 2025 will bring the total grant program to \$200 million.

**Economic Development.** The Executive Budget supports continued capital investments that spur job creation. Specifically, the FY 2026 Executive Budget proposes:

- \$300 million for the Promote Opportunity with Electric Readiness for Underdeveloped Properties Fund (POWER UP) to create power-ready sites for advanced manufacturing and other development;
- \$100 million to continue investing in shovel-ready sites to attract high-tech manufacturing to New York through Focused Attraction of Shovel-Ready Tracts (FAST-NY);
- \$400 million for economic and community development projects in the City of Albany; and
- \$90 million to supplement the Empire AI Consortium.
- \$750 to continue economic development programs and support for rural communities, including \$400 million for the NY Works Economic Development Fund, \$200 million for



the Downtown Revitalization Initiative and NY Forward funding, and \$150 million for the Regional Economic Development Council (REDC) program.

**Climate Change Adaptation and Mitigation.** The Executive Budget includes funding to protect our environment and make our future more sustainable; supporting New York’s ability to adapt to everchanging climate effects and mitigate damage from extreme weather events, including:

- \$1 billion to reduce the State’s carbon emissions by building out thermal energy networks at SUNY campuses, making clean energy investments in State-owned buildings, retrofitting homes and incentivizing the installation of heat pumps, expanding green transportation options across the State, and supporting businesses of all sizes in their decarbonization journey;
- \$78 million for coastal resiliency projects;
- \$30 million increase in Green Resiliency Grants to support flood control infrastructure projects;
- \$50 million to support sustainability in New York’s dairy industry, and
- \$50 million to bolster the Resilient and Ready program, which will support low and moderate income homeowners with resiliency improvements and assist with repairs in the event of a catastrophic event.

**Clean Water Infrastructure.** The Executive Budget adds \$500 million to support clean water infrastructure, raising the State’s total investment to \$6 billion. This funding will support local construction projects to improve municipal drinking water distribution, filtration systems, and wastewater treatment.

**Hazardous Waste Remediation.** The FY 2026 Executive Budget includes a ten-year reauthorization of the State Superfund program to clean up hazardous waste sites. Remediation is funded with a combination of funds collected from responsible parties and State resources. The Budget includes a reauthorization through FY 2035 with \$125 million available for FY26.

**Public Safety Investments.** The Executive Budget proposes an additional \$35 million for the Securing Communities Against Hate Crimes program; \$15 million for Securing Reproductive Health Centers capital grants; \$50 million for law enforcement technology; and \$25 million for volunteer fire department infrastructure and response equipment. Additionally, the Executive Budget includes funding to expedite the installation of fixed cameras in State prisons.

**Higher Education.** The Executive Budget proposes \$2.2 billion in new capital funding for the State University of New York (SUNY) and City University of New York (CUNY) systems, including \$834 million to maintain and preserve campus facilities, \$800 million for SUNY hospitals, \$333 million for SUNY and CUNY research facilities, and \$166 million for community colleges in both systems. SUNY and CUNY will also receive \$150 million from the Clean Water, Clean Air, and Green Jobs Bond Act to support decarbonization efforts across campuses.

**Arts and Education.** The Executive Budget supports investments in cultural arts and education, including \$70 million for nonpublic school infrastructure grants, \$40 million for capital grants administered by the New York State Council on the Arts (NYSCA), and \$34 million for library construction grants.

## COMMITTED TO DEBT AFFORDABILITY

Governor Hochul has taken a disciplined approach to maintain affordable debt levels, while making substantive capital investments across the State. Accordingly, the Executive Capital Plan includes \$13.6 billion of cash resources to pay for capital spending that would have otherwise been funded with higher-cost taxable debt issuances. This proactive management of the State’s debt costs will enable a more affordable delivery of infrastructure investments.

State debt will continue to remain affordable as evidenced by the following debt metrics:

- Outstanding debt has remained nearly flat over the past decade, increasing from \$52.1 billion (FY 2016) to \$56.6 billion (FY 2025, projected), or an average of 0.9 percent annually.

- State-supported debt is projected to remain within statutory debt limits throughout the Capital Plan period, primarily due to \$13.6 billion in cash resources that have added since 2023 and will be used to reduce debt issuances.
- State-related debt outstanding as a percentage of personal income is expected to remain below historical levels throughout the Capital Plan and is projected at 4.6 percent in FY 2030.
- Debt service costs are estimated at \$6.7 billion in FY 2026, after adjusting for debt service prepayments, which is an increase of 5 percent from FY 2025.







# REVENUE ACTIONS



The FY 2026 Executive Budget continues to build on the accomplishments of the FY 2025 Budget by:

- Providing New York's first-ever Inflation Refund.
- Making New York more affordable for low- and middle-income families by enhancing the Empire State Child Credit.
- Cutting taxes for the middle-class to the lowest rates in 67 years.
- Continuing to build support for advanced manufacturing in the State through the extension of the Excelsior Jobs program, lowering the cost of hiring for high-tech and advanced manufacturing startup companies.

## ECONOMIC BACKGROUND AND OUTLOOK

The U.S. economy marked another year of unexpected resilience in 2024. High inflation continued falling without a significant increase in labor market weakness. As a result, economic outlooks have been revised up throughout the year. National employment slowed as expected but continued to grow at a healthy pace. Price inflation moderated markedly towards the 2.0 percent target. Together these readings are consistent with an economy settling into a balanced growth path without significant forces to generate inflation or unemployment. Meanwhile, the Federal Reserve has shifted toward a less restrictive monetary policy with the objective of preventing a major labor market weakness.

The calendar year 2025 economic growth outlook is shaping up to be slower than 2024. Significant policy changes proposed by the new administration will have a meaningful impact on various aspects of the economy - including labor markets, international trade, and business investment. The Division of the Budget's (DOB) baseline forecast partially reflects these policy changes. However, size and timing, and implementation details remain highly uncertain. DOB expects elevated business investment, particularly productivity-enhancing technology investment, will be bolstered by the extension of corporate tax cuts and business-friendly deregulation policies.

On balance, U.S. real Gross domestic product (GDP) growth is forecast to slow from an estimated average pace of 2.7 percent in 2024 to 2.1 percent in 2025

and 2.0 percent in 2026. Attaining the Federal Reserve's target inflation rate is expected to take longer in light of expected tariff hikes and tax cuts. Monetary policy is likely to continue easing in the next two years, but future rate cuts are anticipated to be more gradual. Due to an uptick in inflation expectations and prospects for bigger budget deficits, long-term interest rates are likely to remain elevated. This would curb consumer spending, residential and business investment, as well as employment and income gains.

In line with a cooling national labor market, New York State's employment growth has slowed this year and is projected to grow by 1.5 percent in 2024. Job growth is projected to decelerate further to 0.8 percent in 2025.

New York personal income is projected to grow by 4.1 percent in FY 2026, a deceleration from an estimated growth of 5.2 percent in FY 2025, primarily due to slowing wage growth. Despite the slowdown in employment growth, wages are expected to experience a solid growth of 5.4 percent in FY 2025 due to estimated robust growth in the finance and insurance sector bonuses. Strong performance in equity markets, a better-than-expected economic outlook, and ongoing Federal Reserve rate cuts will likely drive finance and insurance sector bonuses to a 16.4 percent increase in FY 2025. However, the continued slowing of employment growth and a moderating outlook for finance and insurance sector bonuses suggest wage growth could slow to 3.7 percent in FY 2026.

## PROVIDING TAX RELIEF TO NEW YORK: REFORM, SIMPLIFICATION AND OTHER ACTIONS

**Enact a One-Time Inflation Refund.** In recent years, New York State has experienced growth in sales tax revenues that exceed historical averages. As inflation has increased prices, the State has collected more in sales tax revenue. With that in mind, the Executive Budget uses that surplus growth to provide a one-time payment to New Yorkers, delivering \$3 billion in direct payments to around 8.6 million New York taxpayers statewide in 2025.

### **Provide a Middle-Class Tax Cut and Extend the Temporary PIT High Income Surcharge for Five Years.**

The Executive Budget expands upon previous measures to make the State more affordable by cutting rates for the State's first five tax brackets by 20 basis points each over two years, providing nearly \$1 billion in annual relief when fully phased-in. The Executive Budget also extends of the State's temporary top rates, ensuring that New York's highest earners continue to pay their fair share, generating over \$5 billion annually on a tax year basis.

### **Enhance the Empire State Child Credit for Three Years.**

The Executive Budget enhances the State's child tax credit by increasing the maximum credit from \$330 to \$1,000 for children under the age of four and \$500 for children ages four through sixteen. Furthermore, the Governor's proposal eliminates the restrictive earned income requirement, allowing low-income New Yorkers to fully benefit from the credit.

### **Extend and Amend the Excelsior Jobs Program.**

The Executive Budget proposes to make numerous changes to the Excelsior Jobs program, including the following:

- Create a new tier for semiconductor supply chain companies;
- Create a large-scale semiconductor R&D tax credit;
- Update the Jobs Retention Tax Credit for small businesses and remove industry specific limitations;
- Replace the Employee Training Incentive Program (ETIP) with a new Semiconductor Workforce Training Credit; and
- Extend the program an additional ten years.

Establish the CATALIST NY Program. The Executive Budget establishes the Companies Attracting Talent to Advance Leading Innovations and Scale Technologies in New York (CATALIST NY) program. This initiative will allow small businesses that have completed a NYS incubator program to provide a personal income tax benefit for up to eight of its newly hired full time employees. The wages of these new employees will not be subject to State personal income tax.

### **Extend and Amend the Film Tax Credit.**

The Executive Budget proposes to make the following changes to the film tax credit program, seeking to strengthen the filming industry in the State while remaining competitive with other states:

- Remove the tiered payout structure for new applicants when paying tax credits;
- Extend the program an additional two years through 2036;
- \$100 million incentive for independent studios;
- Make several enhancements to the post-production credit;
- Provide a 10 percent credit rate benefit for long-term studio partners; and
- Remove certain restrictions on above-the-line qualified costs.

### **Expand the Credit for Employment of Persons with Disabilities (WETC).**

This credit supports businesses who hire people with disabilities who receive vocational rehabilitation services. The Executive Budget proposes to make the credit equal to the first \$5,000 in wages of each qualified worker in the first year of employment, more than doubling the maximum credit amount. This credit can be combined with the Federal Work Opportunity Tax Credit, that offers a full credit of \$2,400 in the first year, in which case the WETC applies to the second year of employment.

### **Amend the State Historic Property Tax Credits.**

Current law requires that the recipient of a State historic tax credit be the same taxpayer as the recipient of the equivalent Federal credit. Additionally, the tax credit eligibility is further limited to census tracts at or below the State median family income unless located within State-owned land under the jurisdiction of NYS Parks. The FY 2026 Executive Budget proposes to remove these restrictions by allowing for the State credit to be transferred and exempt projects from the census tract limitations for affordable housing purposes.

### **Extend and Double the Low-Income Housing**

**Credits.** The Low-Income Housing Tax Credit Program has been critical to supporting the development of housing for low- and middle-income households. The Executive Budget proposes to double the current \$15 million annual allocation to \$30 million and extend the program an additional 4 years.



**Impose Waiting Period Restriction and Limit Deductions on Institutional Real Estate Investors.**

To address affordability in the housing market for individuals and families, the Executive Budget proposes to prohibit institutional investors from seeking to buy a single-or two-family home unless it has been on the market for at least 75 days and prohibit these investors from claiming interest and depreciation deductions with regard to one- and two-family homes.

**Enact PTET Flexibility.** To allow for pass-through entities to better assess the appropriateness and suitability of electing into the optional pass-through entity tax (PTET), the Executive Budget proposes to move the annual election date from March 15th to September 15th. This change would also allow for businesses formed after March 15th the opportunity to opt into the tax.

**Establish a Tax Credit for Organ Donation.** To eliminate barriers to organ donation and encourage New Yorkers to give the gift of life, the Executive Budget repeals the existing tax deduction for living organ donors and replaces it with a far more generous tax credit, fully mitigating up to \$10,000 in unreimbursed expenses associated with these critical donations.

**Increase the Article 9-A Estimated Payment Threshold.** Currently, Article 9-A taxpayers are required to make payments of estimated tax when their tax liability for a prior year exceeded \$1,000. The Executive Budget proposes to increase the threshold to \$5,000, reducing the filing burden for many small businesses as well as achieving administrative cost and time savings for the Tax Department.

**Simplify the STAR Income Definition.** The Executive Budget simplifies the STAR income and age eligibility rules in order to make it easier for taxpayers to qualify and receive benefits, as well as make it easier for the Tax Department to administer. Age eligibility would be updated so that only one resident owner needs to be 65 or older for Enhanced STAR; income requirements would be updated so only the income of primary owner is considered; consolidate and standardize the eligibility determination process; clarify the residency cutoff date for income eligibility; and make it easier for taxpayers who do not file tax returns to retain eligibility by using prior year income.

**Improve the Tax Warrant Process.** Currently, the Tax Department files tax warrants in two places: tax liens for real property are filed with the county clerk and tax liens on personal property are filed with the Department of State (DOS). To streamline the process and to assist in obtaining lien priority, the Executive Budget would require the Department to file both liens with DOS and file copies of all warrants with the clerks of counties where the tax debtor owns real property.

**Reporting of Federal Partnership Adjustments.** Partnerships no longer file amended Federal partnership tax returns to report adjustments made due to a Federal audit, or changes that are self-reported. As such, there is no trigger to file amended New York State returns for the partnership or partners resulting from Federal partnership tax adjustments. The Executive Budget addresses this issue by requiring partnerships to report and pay New York tax on Federal adjustments that result in underpayments of tax, preserving critical State revenues.

**Clarify Taxpayer Notification and Protest Rights.** The Executive Budget clarifies that a taxpayer voluntarily viewing their outstanding balance on the Tax Department's online services system does not renew the protest period to challenge the outstanding assessment and override statutorily set limitation periods.

**Eliminate Duplicative IDA Sales and Use Tax Exemption Reporting.** The Executive Budget eliminates the requirement that IDA agents and project operators have to file a sales tax information form to the Tax Department. IDAs already report this information to the Authorities Budget Office and Comptroller's Office through the Public Authorities Reporting Information System (PARIS). Since the Department can access such data through PARIS, this bill would reduce redundancy and the administrative burden on IDA agents.

**Amend the Digital Gaming Media Production Credit Program.** The Executive Budget proposes a change to this program to allow for unused credits in any year to be available for future years, providing similar treatment as the film tax credit program.

**Make a Technical Change to the Newspaper and Broadcast Media Jobs Program.** Currently, the \$300,000 credit cap is erroneously applied to the parent and subsidiaries as a whole. The Executive Budget fixes this error by allowing each subsidiary to be eligible for its own \$300,000 credit cap.

**Make Permanent the Estate Tax Three-Year Gift Addback Rule.** To prevent the granting of deathbed gifts to take advantage of the difference between the Federal and State exemption threshold level, while at the same time reducing one's otherwise taxable New York estate, the three-year gift addback rule was previously extended until January 1, 2026, which is the date the two thresholds are set to coincide, eliminating the incentive for deathbed gifts. The Executive Budget makes permanent the three-year gift add-back rule to ensure there is no future concern over potential revenue losses in the event that the higher Federal estate tax threshold level is extended or increased at a later time.

**Extend the New York City Musical and Theatrical Production Tax Credit for Two Years.** To maintain support of the musical and theatrical industry in NYC, the Executive Budget proposes to extend the credit an additional two years and increase the total program credit allocation from \$300 million to \$400 million.

**Credit and Exemption Extenders.** The following Executive Budget proposals are being extended with no other changes:

- Extend the Clean Heating Fuel Credit (Three Year Extension);
- Extend the Alternative Fuels and Electric Vehicle Recharging Property Credit (Three Year Extension);
- Extended the Sales Tax Vending Machine Exemption (One Year Extension);
- Extend the Workers with Disabilities Tax Credit (Three Year Extension);
- Extend the Hire a Veteran Credit (Three Year Extension);
- Extend the Musical and Theatrical Production Credit (Four Year Extension); and
- Extend the Financial Institution Data Match System (Five Year Extension).

## GAMING INITIATIVES

### **Conduct a Study of Thoroughbred Fetlock Joint Injury Detection Through Advanced Imaging.**

The Executive Budget authorizes the funding of a longitudinal study of the thoroughbred fetlock joint through advanced imaging. The study and research will be conducted by the Cornell Ruffian Equine Specialists facility. This would be funded in part by a \$2 million grant from the New York Racing Association, as well as an additional 1 percent market origin fee in effect for three years.

**Temporarily Extend the Lower Casino Slot Tax Rates.** The Executive Budget extends the existing slot machine tax rates for commercial casinos as were imposed in the prior State Fiscal Year through June 30, 2028. The proposal requires each casino to be current on all State obligations or in compliance with a repayment agreement with the State. Each facility is additionally subject to certain annual reporting requirements related to the use of funds from the lowered slot tax rate.

**Amend and Simplify the Pari-Mutuel Tax Rate Structure.** To create a simplified pari-mutuel tax rate structure, the Executive Budget provides a flat tax on handle at a rate of 1.1 percent for thoroughbred tracks, 1 percent for harness tracks and 0.6 percent for off-track betting facilities (OTBs), with a cap on the tax payment for harness tracks of equivalent to what the facility paid in live racing handle tax in FY 2024. In setting the tax rates, the intent is to ensure none of the tracks, nor OTBs, pay more in taxes, while simplifying the tax rate structure. The Executive Budget also eliminates breakage which is an outdated concept that unfavorably rounds bettors' winnings. Additionally, racing entities will be able to mutually agree to amend any statutory revenue distribution schemes by providing an amended distribution agreement, including the new terms and conditions, to the Gaming Commission.

### **Extend Authorized Use of Capital Funds by a Certain Off-Track Betting Corporation for One Year.**

To provide financial flexibility, the Executive Budget extends Capital Off-Track Betting Corporation's ability to use up to \$1 million of its capital acquisition fund for operational expenses for an additional year, provided certain conditions are met, as was proposed in the FY 2025 Executive Budget.





# **FEDERAL AID & RECEIPTS**



Governor Hochul’s FY 2026 Executive Budget continues the State’s commitment to responsibly administer Federal funds and is integral to managing the complex fiscal relationship between the State and the Federal government. The Executive Budget leverages Federal funds to invest in a wide range of policy areas, including healthcare, energy, infrastructure, and childcare to support an affordable, resilient economy for all New Yorkers.

Federal funds accounted for nearly 40 percent of the New York State budget in FY 2025 and are expected to decline to about 36 percent in FY 2026. This decrease in both the overall amount and share of Federal funds expended relative to all funds illustrates the expiration of one-time Federal COVID relief funds.

The Department of Health is the largest recipient of Federal funds, primarily due to Medicaid. In addition to health care, Federal resources are utilized to fund transportation, education, public protection, human services, and a number of other services.

with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection.

The Federal resources expected to be utilized in FY 2026 include:

**Medicaid (\$58 billion).** Federal Medicaid dollars help support health care for nearly 7 million New Yorkers. Medicaid is the single largest category of Federal funding, representing 63 percent of Federal resources anticipated in the FY 2026 Executive Budget.

**Other Health and Human Services Programs (\$22 billion).** Support from the Federal government provides for a variety of other health programs administered by the Department of Health (DOH), as well as programs administered by the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), Homes and Community Renewal (HCR), and the Department of Labor (DOL), among others.

FEDERAL DISBURSEMENTS BY PROGRAM AREA AND FISCAL YEAR					
(millions of dollars)					
Category	2022 Actual	2023 Actual	2024 Actual	2025 Projected	2026 Projected
Medicaid	48,103	53,166	57,009	56,823	57,618
Health & Social Welfare	17,203	16,328	19,817	22,214	22,273
Education	7,518	9,307	9,092	9,184	4,746
Transportation	2,027	1,851	2,098	2,522	2,919
Public Protection	3,575	3,337	4,635	4,296	2,437
All Other	1,058	919	1,866	1,292	835
Total	79,483	84,908	94,517	96,331	90,829

FEDERAL FUNDING

Federal funds are predominantly targeted at programs that support the most vulnerable New Yorkers and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals

Specific programs include the Essential Health Plan, TANF-funded public assistance benefits, Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, Child Support Enforcement, Child Care, Foster Care, and the Unemployment Insurance Program.

**Education (\$4.7 billion).** K-12 education, special education, and higher education receive Federal support. Similar to Medicaid and other human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools, those with disabilities, and college students with exceptional need. The decrease in Federal funds disbursements for Education in FY 2026 is an example of the wind down in one-time COVID relief funds.

**Transportation (\$2.9 billion).** Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.

**Public Protection (\$2.4 billion).** Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision, the Office of Victim Services, the Division of Homeland Security and Emergency Services, and the Division of Military and Naval Affairs. Federal funds are also passed on to municipalities to support a variety of local and regional public safety programs.

**All Other Funding (\$800 million).** Several other programs in economic development, mental hygiene, parks and environmental conservation, and general government program areas are also supported by Federal resources.

**CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

In 2021, New York State and its localities were allocated \$23.5 billion through the State and Local Fiscal Recovery Funds (SLFRF) implemented by the U.S. Department of Treasury (U.S. Treasury) under the American Rescue Plan Act (ARP). Of the total funding, New York State received \$12.7 billion in aid, and nearly \$800 million in additional aid to distribute to localities in the State that did not receive aid directly from the U.S. Treasury.

As of December 2024, the State has utilized the entirety of its award and completed the distribution of additional aid to qualifying localities. The State utilized the final \$3.65 billion included in its award in FY 2025, in accordance with the table below.

State and Local Fiscal Recovery Funds New York State Utilization (millions of dollars)			
FY 2022	FY 2023	FY 2024	FY 2025
4,500	2,350	2,250	3,645

This Federal funding played a critical role in maintaining the State’s fiscal position as New York rebounded from the COVID-19 pandemic.

SLFRF resources provided essential government services and support to individuals, businesses, and communities that suffered during the COVID-19 pandemic. Pandemic-recovery programs that utilized SLFRF included the Restaurant Resiliency program, Small Business Recovery Grants, Pandemic Rental Assistance Grants, and the Substantially Dedicated Public Health and Safety Workforce response. Through these efforts, SLFRF assisted 9,944 small and micro businesses, 14,671 low-income or minority households, 22,390 full-time public health and safety workers, and helped to distribute 1 million meals to those in need across the State.

Across FYs 2024 and 2025, New York State utilized an additional \$5.9 billion to continue critical government services central to supporting an affordable and resilient State economy in the wake of the COVID-19 pandemic.

In addition to the SLFRF, New York continues to centrally manage FEMA reimbursement for COVID-19 related expenses for State agencies, departments, and public authorities and maintains strong internal controls and processes to mitigate the risk of inappropriately claimed expenses and audit disallowances.



## FEDERAL INFRASTRUCTURE, ENERGY AND MANUFACTURING INVESTMENTS

New York State continues to leverage Federal laws passed in 2021 and 2022 to build an affordable and resilient economy for the future. As a result of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL) New York expects to receive more than \$13.5 billion for Federal-aid highway apportioned programs and \$9.8 billion in public transportation formula funds over the five years of the program. The IIJA has also been critical in securing funds for the Gateway Hudson Tunnel Project.

Federal investments included in the Inflation Reduction Act (IRA) are providing funding to address the climate crisis, lower utility costs, and lower emissions. For example, IRA funding is helping NYPA resume building renewable energy resources in the State, and DOT build resilient communities in Syracuse with the I-81 Connecting Syracuse project. The elective payment program included in the IRA also permits the State and localities to access the value of Federal tax credits for clean energy – bolstering clean energy investments across the State.

Finally, the State continues to utilize The Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act to promote semiconductor development. The law has driven significant investment in Central New York and the Capital Region, and spurred over \$112 billion in capital investments since 2021.

## NEW YORK'S BALANCE OF PAYMENTS WITH THE FEDERAL GOVERNMENT

Each year, the Rockefeller Institute of Government (RIG) completes a Balance of Payments report that measures the difference in total value between each state's contributions to and expenditures from the Federal budget. In the most recent report for FFY 2022 New York State had a \$19.4 billion balance of payments deficit, meaning New Yorkers paid \$19.4 billion more to the Federal government in taxes than they received in grants, payments and other Federal aid. This is in contrast to the prior two-years'

net-positive balance of payments, during which the COVID-19 pandemic and resulting Federal spending was the key driver of the State's positive balance of payments. However, Federal spending in response to the COVID-19 pandemic dropped in FFY 2022 and the State appears likely to resume its pre-COVID role as a perennial net-donor state.

## FEDERAL FUNDS MANAGEMENT AND RISKS

New York State maintains robust controls on spending, and these extend to the receipt and expenditure of Federal funds. End-to-end Federal funds management allows the State to monitor the Federal landscape, advocate for necessary aid, and centrally manage risk.

New York State regularly monitors key Federal activities to identify and mitigate risks to the State and its Financial Plan. Federal action in a wide array of policy areas can have significant implications for the State, its economy, and the Financial Plan. Notable near-term risks to the Financial Plan include:

**Final FFY 2025 appropriations.** Despite being more than three months into FFY 2025, Congress has yet to finalize appropriations for the Fiscal Year. Cuts to significant programs on which the State relies could force the State to make corresponding cuts to such programs.

**Expiration of the temporary suspension of the Federal debt limit.** The Federal debt limit and the potential for a Federal Government default are a recurring risk to the Financial Plan due to the potential implications for the national economy and the municipal bond market.

**Impending cuts to the Medicaid Disproportionate Share Hospital (DSH) program.** Cuts to Medicaid DSH would have a significant impact on New York's safety net hospitals. These cuts are already in law and require legislative action to be repealed or delayed.









# **ECONOMIC DEVELOPMENT**



The FY 2026 Executive Budget will continue to invest in New York’s economic recovery, the promotion of job creation, job retention, workforce development, and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally-balanced economic development strategies.

Governor Hochul’s economic development vision will focus on industries where innovation is the key to success leading to the advancement of regional economic priorities through strategic investments in communities across the State.

Together, **Empire State Development (ESD)** and the **Department of Economic Development (DED)** finance key economic development projects and provide policy direction to strengthen New York businesses and industries, and overall economic growth throughout the state. This also includes the **Office of Workforce Development** which leads Governor Hochul’s comprehensive effort to strengthen the skills and talents of New York’s workforce. Other State agencies and public authorities also oversee programs and investments that support economic development throughout the State.

## CREATING JOBS AND GROWING THE ECONOMY

A key component of the State’s strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

The State also utilizes performance-based programs, such as the Excelsior Jobs program, to attract businesses to New York State that require them to achieve specific employment and investment goals before they benefit from tax credits and other incentives.

## PROPOSED FY 2026 ECONOMIC DEVELOPMENT BUDGET ACTIONS

**Regional Economic Development Councils.** The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth. The Executive Budget includes a wide spectrum of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core REDC funding through \$150 million in new capital grants and \$75 million in new Excelsior tax credits through ESDC to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes downtown and community revitalization initiatives that will be coordinated with REDC-driven economic development strategies where appropriate. The Regional Economic Development Councils (REDCs) have driven significant progress across New York, but their current funding limits make it difficult to support large-scale, game-changing projects. To address this, Governor Hochul will establish a new funding tier for the REDC initiative that will prioritize and support transformative projects that serve as high-impact economic anchors, driving growth and revitalization in communities statewide.

**Downtown Revitalization Initiative.** Governor Hochul is committed to supporting New York State’s downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative (DRI), which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work, and raise families. Participating communities are nominated

by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key projects that advance the community's vision for revitalization.

**New York Forward.** To support New York's rural communities, the State will continue its investment in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes another round of \$100 million in funding for rural and smaller communities. Like the DRI program, NY Forward communities are selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness and improve the future trajectory of New York State's small communities and larger urban centers.

**Continued Investment in Tourism.** Tourism is New York's third largest employment sector. To support this important industry, the Budget continues to make significant investments by providing \$58.5 million for the State's robust tourism and advertising campaigns, which attract visitors from around the world. These investments include an additional round of \$15 million in competitive funding through the Market NY Program to support tourism marketing plans and other projects that best demonstrate regional collaboration among counties to promote regional attractions, as well as matching grants to assist counties and municipalities in local tourism efforts, the I Love NY marketing campaign, and other targeted investments.

**Renew Commitment to our State's Capital - Championing Albany's Potential Initiative.** The FY 2026 Executive Budget includes \$400M to revitalize the downtown of Albany in partnership with local stakeholders and backed by significant State resources to catalyze change. As a part of this investment, Governor Hochul will devote significant

resources toward the New York State Museum, with a goal of updating and modernizing its core facilities.

**Promote Opportunity with Electric Readiness for Underdeveloped Properties (POWER UP) Fund.**

The FY 2026 budget includes funding to launch the POWER UP program, to fund the proactive development of electric capacity to create power-ready sites and attract new businesses to the State. Governor Hochul is seeding the fund with \$300M, spread over three years, which will facilitate the proactive development of dozens of sites.

**Empire Artificial Intelligence (AI) Partnership.** The State will invest an additional \$90 million in capital grants for the Empire AI initiative. This investment will accelerate pioneering developments in AI, positioning New York at the forefront of national efforts of research, innovation and economic development in AI. The \$90 million is in addition to the \$275M State investment provided in the FY25 Enacted Budget.

**Grow the Semiconductor Industry and Build the Semiconductor Supply Chain.** New York State continues to bring semiconductor manufacturing home to our state. As multiple states compete to attract related supply-chain companies, Governor Hochul is proposing a 10-year extension of the Excelsior Jobs Tax Credit Program, to allow our foremost job creation tool to continue its track record of success. To bolster the State's competitive advantage, this year's Executive Budget creates a new tier for semiconductor supply chain companies within the proven Excelsior Jobs Tax Credit Program. The new Semiconductor Supply Chain Tax Credit will offer up to a 7% jobs tax credit, and a 3% investment tax credit.

**FAST NY Shovel-Ready Grant Program.** Empire State Development will provide up to \$100 million for another round of grants to prepare and develop sites statewide to increase its attractiveness to large employers, including high-tech manufacturing, particularly semiconductor manufacturing, interstate distribution, and logistics. The program will help diversify New York State's economy while propelling new investments in communities and job creation.

**Support Small Businesses with Low Interest Capital (LINC).** High interest rates can incapacitate small businesses – which often pay higher borrowing rates due to their reduced collateral and higher risk profiles as compared to larger firms – preventing them from investing in expansion and creating new jobs. The successful Linked Deposit Program, which helps small businesses borrow at more affordable rates, has lowered the interest rate for nearly 6,000 businesses, resulting in \$2 billion in bank lending, and leveraging over \$4 billion in new capital investments by State businesses. In response to demand that far exceeds supply, Governor Hochul will launch the Low Interest Capital program or LINC, an expansion of the Linked Deposit program, to support hundreds of additional small businesses across the state.

**Companies Attracting Talent to Advance Leading Innovations and Scale Technologies in New York (CATALIST NY).** ESD will launch the CATALIST NY tax incentive program to provide early-stage innovation businesses that have completed a NYS incubator program with Personal Income Tax (PIT) benefits to reduce the cost of hiring. By lowering the tax burden to hire new employees, startups can hire more seamlessly during a critical phase of their expansion.

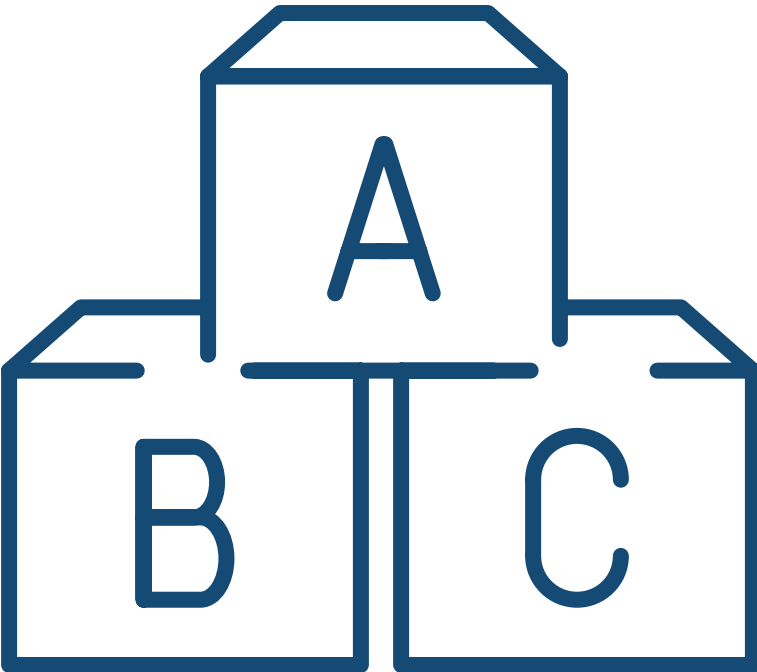
**Redevelopment of Underutilized Sites for Housing.** The FY 2026 Executive Budget includes \$250 million in capital funding for the Redevelopment of Underutilized Sites for Housing Initiative (NY RUSH). In its second year of implementation, the NY RUSH program will continue to assist State agencies in the repurposing of existing State sites and properties for use as housing.

**Long Island Infrastructure.** The Executive Budget provides \$50 million to support intermodal infrastructure investments in Suffolk County, Long Island.

**Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$110 million in new capital funding for ORDA to support continued maintenance and enhancements to Olympic and other ORDA-owned facilities. Additional investments in these assets located in the North Country, Mid-Hudson, and Capital Region will continue to make New York State

a competitive destination for winter recreation and travel, attracting large sporting events and International Championships, ultimately driving year-round business and economic sustainability to the surrounding areas.







# EDUCATION





The Executive Budget reflects Governor Hochul's commitment to education by supporting students, teachers, and schools with essential resources for a bright future. Following historic increases in School Aid over the last three years, the Executive Budget maintains key investments and increases annual School Aid by \$1.7 billion (4.7 percent), for a record total of \$37.4 billion, while beginning the process of updating the Foundation Aid formula. The Budget also includes the Governor's plans to foster better learning opportunities for all students through the adoption of a Universal Free School Meals program, the creation of the College in High School Opportunity Fund, and the Distraction-Free Schools initiative.

New York State's 673 major school districts currently educate approximately 2.3 million children in kindergarten through 12th grade.

Public education in New York State represents a significant commitment of state and local resources. With state, local, and Federal spending levels totaling \$85 billion in the 2022-23 school year (SY 2023), lower education is both the largest area of State spending and the largest component of local property taxes.

New York State has ranked first nationally in school district spending per pupil for 18 consecutive years; a reflection of the State's longstanding commitment to provide all students with the opportunity to excel as learners, workers, and citizens.

With this Executive Budget, Governor Hochul will have increased School Aid by approximately \$8.1 billion (28 percent) over four years, including fully funding Foundation Aid for the first time ever. Foundation Aid alone will have increased by \$6.6 billion, or 33 percent – an average increase of 7.4 percent per year.

## FOSTERING BETTER EDUCATIONAL OPPORTUNITIES

**Universal Free School Meals.** The Executive Budget provides \$340 million for school meals, a \$160 million (89 percent) year-to-year increase, and requires all school districts, charter schools, and nonpublic

schools that participate in the national school lunch and breakfast program to provide free breakfast and lunch meals to all students regardless of their families' income, thereby reducing costs for families and ensuring that no student goes hungry at school. Under the Universal Free School Meals program, the State will pay the student's share of costs for all meals served to students not already receiving free meals.

This proposal builds upon the Community Eligibility Provision (CEP) subsidy program adopted in the FY 2024 Enacted Budget. The CEP subsidy program provides State funds to incentivize qualifying low-income schools to participate in the federal CEP program, which enables all students in such schools to eat breakfast and lunch at no charge regardless of their family's income, by subsidizing any remaining local share of costs for all schools participating in such program. Through the CEP subsidy program, 90 percent of New York State's 2.75 million students currently receive free meals.

The Universal Free School Meals program will continue to subsidize the local share of costs for all schools participating in the CEP program and also pay any student share of costs for meals served in schools that are not eligible to participate in the CEP program based on current federal rules. This will enable the remaining 10 percent of students in New York State who are not already receiving free meals to eat for free.

**Launch the College in High School Opportunity Fund.** Offering college-level courses to high school students can expose them to a world of new academic and professional opportunities. The FY 2026 Executive Budget provides \$64.6 million for the College in High School Opportunity Fund, including \$52.4 million for Smart Scholars, Smart Transfer, and Pathways in Technology Early College High School programs, and \$12.2 million to provide new ongoing, per-credit funding for College in High School programs. This program will focus on providing support for economically disadvantaged students to achieve college credits and will be free for participating students in qualified programs.

**Create Distraction-Free Schools.** In response to listening sessions across the state, Governor Hochul

proposes to restrict the use of smartphones and other internet-enabled devices on school grounds during school hours in order to ensure a distraction-free learning environment. This policy aims to improve student outcomes by addressing the negative impacts of smartphone use on children’s mental health and academic performance. The Executive Budget provides \$13.5 million to aid in the implementation of distraction-free school policies.

SUMMARY OF SCHOOL AID SPENDING

EXECUTIVE BUDGET SCHOOL AID				
School Year Basis (\$ in Millions)	2024-25	2025-26	\$ Change	% Change
Foundation Aid	\$24,927	\$26,391	\$1,464	5.9%
Expense-Based Aids	\$10,281	\$10,511	\$230	2.2%
Formula-Based Aids (Aid on the Run)	\$35,208	\$36,902	\$1,694	4.8%
Categorical Aids	\$319	\$313	(\$6)	(1.9%)
College in High School Opportunity Fund	\$58	\$65	\$6	10.9%
Other Competitive Grants	\$86	\$86	\$0	0.0%
Total School Aid	\$35,671	\$37,365	\$1,694	4.7%

PROPOSED FY 2026 EXECUTIVE BUDGET ACTIONS

**Overall School Aid Increase.** The Executive Budget provides \$37.4 billion in total School Aid for SY 2026, the highest level of State aid in history. This investment represents a \$1.7 billion (4.7 percent) year-to-year increase, including a \$1.5 billion (5.9 percent) Foundation Aid increase and a \$230 million (2.1 percent) increase in all other School Aid programs, including expense-based aids, categorical aids, and competitive grants.

**Foundation Aid.** Created in 2007, Foundation Aid is the State’s main education operating aid formula. It is focused on allocating State funds equitably to all school districts, especially high-need districts, based on student need, community wealth, and regional cost differences. The FY 2026 Executive Budget begins the process of reforming the Foundation Aid formula by updating the formula’s two measures of the percentage of low-income students in a school district, consistent with the recommendations of the Rockefeller Institute of Government and the Board of Regents. The outdated 2000 Census poverty rate is replaced with the most recent Census Small Area Income and Poverty Estimates data, while unreliable free- and reduced-price lunch data is replaced with

economically disadvantaged data to better reflect the current population of low-income students.

The Executive Budget also modifies the formula to provide additional aid to low-wealth school districts and to ensure that each district receives at least a 2 percent annual increase in aid, providing a total increase of \$1.5 billion (5.9 percent) in Foundation Aid for SY 2026.

**Expense-Based Aids.** The Executive Budget fully funds the current statutory formulas that reimburse a portion of certain school district expenses, such as school construction, pupil transportation, shared services through boards of cooperative educational services (BOCES), prekindergarten programs, and the educational costs of certain students with disabilities. In total, these aid categories are projected to increase by \$230 million (2.2 percent).

OTHER P-12 EDUCATION

The Executive Budget provides funding for new and recurring initiatives outside of traditional School Aid to bolster the school system in New York State.

**Nonpublic School Programs.** Approximately 370,000 students attend roughly 1,600 nonpublic schools statewide. The Executive Budget provides \$228.4 million in aid to reimburse nonpublic schools’ costs for State-mandated activities, a \$10.3 million (4.7 percent) year-to-year increase, to fund aid payable in SY 2026. The Budget also provides \$85.5 million for science, technology, engineering, and math instruction, a \$10 million (13.2 percent) year-to-year increase. Further, the Budget continues \$70 million for health and safety capital projects, including critical repair and

maintenance of nonpublic schools' facilities, and \$5 million for art and music instruction.

**Charter Schools.** Approximately 186,000 students attend 351 charter schools in New York State. Charter schools receive tuition payments made by school districts, funded through State and local sources; these tuition rates are established for each district based on the average annual growth in the district's spending. Charter school students are included in the pupil counts used to calculate each district's School Aid. The State also provides additional aid to districts with charter school students through the supplemental tuition and facilities aid reimbursement programs. The Executive Budget continues this additional State support, providing a total of \$190 million for charter school supplemental tuition and \$145 million for charter school facilities aid.

**Preschool and Summer School Special Education Programs.** Approximately 80,000 preschool-age children with disabilities receive special education services year-round and 50,000 school-age students with disabilities receive summer services. Services are delivered by private providers and special act school districts, as well as BOCES and school districts (primarily for summer programs). Counties and school districts pay for the cost of services in the first instance and are partially reimbursed by the State. The Executive Budget fully funds the State share of costs for both programs, providing \$1.1 billion to reimburse counties for the cost of preschool special education services, a \$57 million (5.5 percent) year-to-year increase, and \$413 million to reimburse school districts for the cost of summer school services, a \$9 million (2.2 percent) year-to-year increase.

## OTHER BUDGET ACTIONS

**Support for Libraries.** The Executive Budget supports public libraries by providing \$104.6 million of Library Aid, equal to the SY 2026 statutory funding amount. This is a \$0.7 million increase over FY 2025 Enacted Budget levels. The Executive Budget also provides \$34 million for Library Construction to fund various capital projects. In addition, the Executive Budget continues a \$3 million appropriation to ensure continued access to the New York Online Virtual Electronic Library, a free online library of magazines,

newspapers, maps, charts, research, and reference books available to all New Yorkers.

**Capital Investments in State-Owned Schools.** The Executive Budget provides \$27.6 million for capital improvements to the five State-owned schools. This includes \$20.1 million for the three State-owned schools on Native American reservations (the Onondaga School, the St. Regis Mohawk School, and the Tuscarora School), as well as \$4.5 million for the State School for the Blind at Batavia and \$3 million for the State School for the Deaf at Rome. This capital funding will modernize HVAC systems and support school facility upgrades and necessary maintenance costs. With this funding, Governor Hochul will have invested a total of \$123.4 million in these five schools' facilities over four years.

## SCHOOL AID DEFINITIONS

The terms commonly used to discuss School Aid are presented below. Their estimated values in SY 2026 under the Executive Budget are provided in parentheses.

**Formula-Based Aids (\$36.9 billion):** The categories of General Support for Public Schools (GSPS) that appear on the School Aid run published by SED along with the Executive Budget and Enacted Budget, including the following:

- **Foundation Aid (\$26.4 billion):** The State's main formula for unrestricted operating aid to school districts, intended mainly to support districts' instructional costs. It is the largest aid category within School Aid.
- **Expense-Based Aids (\$10.5 billion):** All categories of GSPS that appear on the School Aid run other than Foundation Aid. These aids largely reimburse a certain percentage of districts' costs in the prior school year. The main expense-based aids are Building Aid (\$3.3 billion), Transportation Aid (\$2.7 billion), BOCES Aid (\$1.3 billion), and Universal Prekindergarten/Statewide Universal Full-Day Prekindergarten (\$1.2 billion).

**Categorical Aids (\$313 million):** All categories of GSPS that do not appear on the School Aid run. The main categorical aids are Employment Preparation

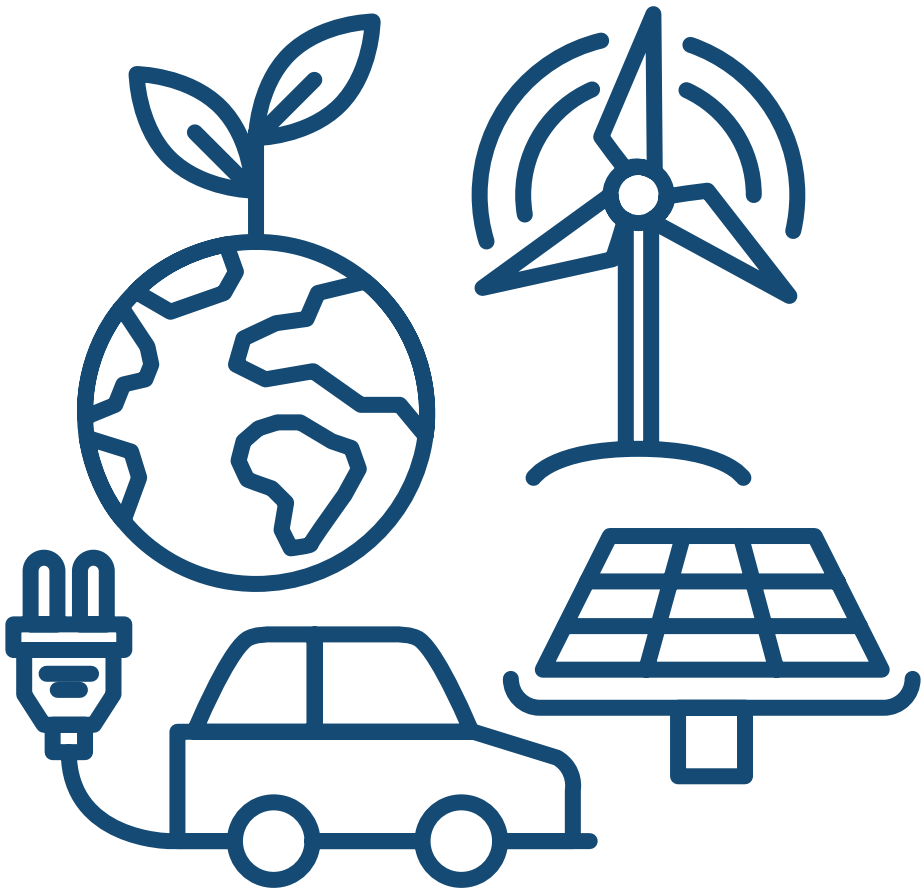
Education (\$96 million), Native American Education (\$62 million), and Education of Students in OMH/OPWDD Facilities (\$49 million).

**College in High School Opportunity Fund (\$65M):**

Additional support for college in high school programs, including Pathways in Technology Early College High Schools and Smart Scholars Early College High Schools.

**Other Competitive Grants (\$86 million):** Additional support for schools, generally awarded through competitive RFPs. Examples include School-Wide Extended Learning and Master Teachers.

**School Aid (\$37.4 billion):** The sum of formula-based aids, categorical aids, college in high school funds, and other competitive grants.





# **ENVIRONMENT, ENERGY, & AGRICULTURE**



New York State's environmental, energy and agriculture agencies are on the front lines of the ongoing fight against climate change; are tasked with conserving and protecting precious natural resources; promoting New York State as a natural destination for tourism and recreation; ensuring the integrity of freshwater resources; and supporting the kind of agricultural development that is critical to New York State's robust farming industry.

The **Department of Environmental Conservation's (DEC)** mission is to conserve, improve, and protect New York's natural resources and environment while enhancing the health, safety, and well-being of New York State's citizens.

The **Office of Parks, Recreation and Historic Preservation (OPRHP)** provides safe, enjoyable recreational and educational opportunities for New York State residents and visitors, and functions as a steward of New York State's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of over 250 parks, historic sites, recreational trails, golf courses, boat launches, and more - welcoming more than 84 million visitors annually.

Together, DEC and OPRHP oversee 5.35 million acres of open space statewide, including 2.6 million acres in the Adirondack Park and nearly 300,000 acres in the Catskill Forest Preserve.

The **Department of Agriculture and Markets (AGM)** has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and operation of the Great New York State Fair.

The **Department of Public Service (DPS)** functions as the staff arm of the Public Service Commission (PSC), which regulates the rates and services of public utilities – an industry with an estimated \$43 billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service.

The **New York State Energy Research and Development Authority's (NYSERDA)** advances innovative energy solutions in ways that improve New York's economy and environment. NYSERDA is the primary state entity tasked with energy market research and development and oversees a variety of energy programs including the electric vehicle rebate program and NY-Sun, designed to make solar energy more accessible.

The **New York Power Authority (NYPA)** supplies power statewide through three large hydroelectric facilities and more than 1,400 miles of transmission lines. NYPA is also helping to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.

## LEADING THE NATION

From the beginning of her administration, Governor Hochul has made it clear that responding to climate change remains a top priority for New York State. Acknowledging that the cost of inaction greatly outweighs the cost of any actions we can take together, New York will continue to pursue an aggressive agenda in transitioning to a sustainable green energy economy, in a way that is both environmentally effective and economically affordable for all New Yorkers.

Energy demand is expected to grow substantially in coming years, driven in part by Artificial Intelligence and semiconductor manufacturing industry growth. To assist in meeting this demand for clean energy generation, Governor Hochul is committed to developing a Master Plan for Responsible Advanced Nuclear Development with New York leading a multi-state consortium on nuclear energy focused on driving down energy costs and strategic risk-sharing.

The Governor will direct state agencies and NYPA to enter into contracts in pursuit of achieving 100 percent renewable energy for State agencies by 2030, in line with Executive Order 22. These contracts will result in at least 500 megawatts of renewable energy while bolstering clean energy development, creating 9,000 union jobs, and reducing emissions.



## PROPOSED FY 2026 BUDGET ACTIONS

In addition to announcing critical new programs and advancing new investments related to climate change, Governor Hochul's proposed budget will provide the funding New York needs to preserve, protect, and enhance our natural resources, expand our outdoor recreation opportunities, and drive economic growth through sustainable agriculture and eco-tourism. Highlights of the FY 2026 Executive Budget include:

**Historic Climate Investment.** Governor Hochul is directing New York to embark on the single-largest climate investment in the history of the state budget, directing over \$1 billion in new funding towards achieving a more sustainable future. This landmark investment will generate new jobs, help reduce household energy bills, and cut down on harmful pollution and its impacts on our families.

**Decarbonizing State Government.** An additional \$50 million is included to support New York's on-going efforts to reduce its own carbon footprint. This continued investment will accelerate State facilities' decarbonization efforts and provide resources to initiate procurement practices that prioritize sustainable and climate-resilient design initiatives.

**Clean Water Infrastructure Funding.** An additional \$500 million in clean water infrastructure funding is advanced to bring New York's total clean water investment to \$6 billion since 2017. This continued investment in our communities' infrastructure will ensure New Yorkers have access to clean drinking water and will allow municipalities to invest in efficient and effective wastewater treatment strategies. Recognizing the urgency of addressing lead service lines, the Executive Budget will continue leveraging State and Federal funds to assist municipalities in their efforts to replace these service lines.

**Environmental Protection Fund.** \$400 million for the Environmental Protection Fund (EPF) is again provided to support critical projects that work to mitigate the effects of climate change, improve agricultural resources, protect our water sources, advance conservation efforts, and provide recreational opportunities.

**Hazardous Waste Superfund.** \$125 million is included in the FY26 Executive Budget for a newly reauthorized 10-year Hazardous Waste Superfund. This additional funding over the coming decade will continue the effort to remediate and restore industrial sites containing significant levels of hazardous waste.

**Sustaining our Environmental Resources.** \$90 million is available for DEC to address a variety of capital needs to facilitate access to state lands, ensure the safety and durability of our state's dams, rehabilitate campgrounds, and upgrade a variety of widely used recreational facilities. This funding will also provide critical repairs to other public property, including wetlands, trails, waterfronts, and fish hatcheries.

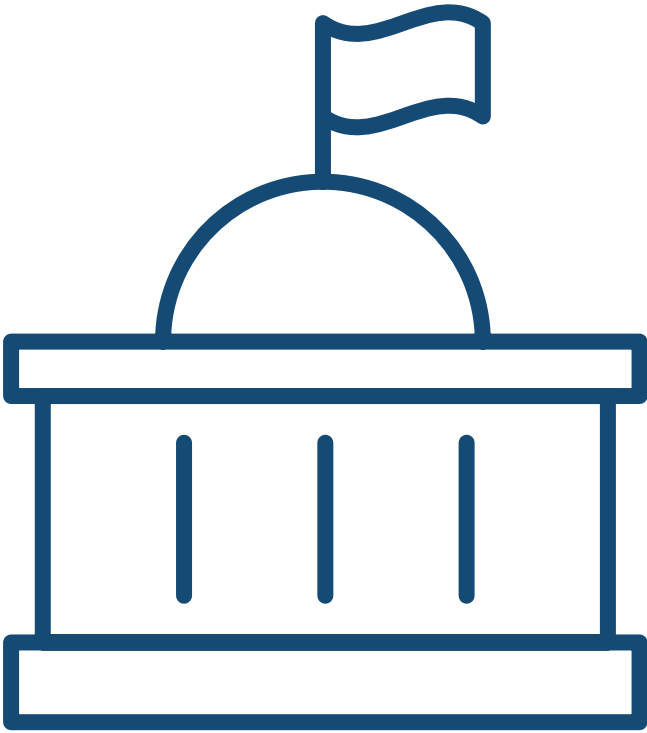
**Investing in Our State Park System.** \$200 million for OPRHP to invest in enhancing and improving state parks. This substantial level of funding will aid the ongoing transformation of New York's flagship parks and support critical infrastructure projects throughout the park system.

**Unplug & Play.** Over \$200 million for OPRHP and partner agencies to invest in various grant programs that will continue the New York Statewide Investment in More Swimming (NYSWIMS) program supporting municipalities in the renovation and construction of inground pools; support municipalities and non-profits in undertaking high-impact community center projects through the New York Building Recreational Infrastructure for Communities, Kids, and Seniors (NYBRICKS) program; and launch New York Places for Learning, Activity, and Youth Socialization (NYPLAYS) which will help New York communities construct new playgrounds and renovate existing playgrounds.

**Investing in the State Fairgrounds.** The Executive Budget will provide an additional \$35 million in capital projects investments at the State Fairgrounds, including upgrading stages and the Expo Center for year-round festivals and music events.

**Canal Infrastructure Investments.** The Executive commits another \$50 million for the improvement of the Canal System. These funds will be used for dam and lock repair, flood mitigation, infrastructure improvements, canal system resiliency, and other projects that will improve the overall canal system.







# **GENERAL GOVERNMENT**



The **Office of General Services (OGS)** is responsible for a wide array of State support services including managing and leasing properties, designing, building, and maintaining State facilities, and establishing contracts for goods, services, and technology. \$1.7 billion in funding is included in the Executive Budget.

The **Department of Civil Service (DCS)** is responsible for providing human resource management services to the State and local governments, assisting State agencies with workforce recruitment, administering exams, overseeing job classifications, and administering employee benefits. \$132.3 million in funding is included in the Executive Budget.

The **Division of Alcoholic Beverage Control (ABC)** operates under the direction of the State Liquor Authority (SLA). ABC/SLA is responsible for regulating and issuing licenses for the manufacture, sale, and distribution of alcoholic beverages within the State. \$21.4 million in funding is included in the Executive Budget.

The **Office of Cannabis Management (OCM)** is responsible for developing a comprehensive regulatory structure to monitor and control the cultivation, processing, manufacturing, distribution, transportation, and sale of cannabis in New York State. \$73.1 million in funding is included in the Executive Budget.

The **State Board of Elections (SBOE)** is responsible for executing and enforcing all laws related to elections, administering a public matching funds program for candidates seeking election to NYS public office, and overseeing the conduct of elections and the disclosure of campaign finance activities. SBOE is also responsible for reviewing the practices of all local boards of elections, facilitating ballots for State offices, approving the voting systems, maintaining the Statewide voter registration database, and implementing various Federal programs. \$142.4 million in funding is included in the Executive Budget.

The **Office of Information Technology Services (ITS)** provides statewide strategic direction, policy, and centralized products and services related to information technology (IT). ITS operates the statewide data center to support mission-critical

applications for 53 agencies – including 130,000 employee accounts, 100,000 telecommunications devices, 100,000 workstations/laptops, over 20 million resident accounts, and 33 petabytes of data storage. The Executive Budget includes a \$130.7 million ITS Capital Innovation Fund appropriation to fund enterprise technology projects and infrastructure upgrades, designed to increase efficiencies, improve automation, and expand the number of online services and transactions available to residents.

## PROPOSED EXECUTIVE BUDGET ACTIONS

### Community Commission on Reparations Remedies Funding

Established in 2023, the New York State Community Commission on Reparations Remedies has been tasked with examining the legacy and lingering effects of slavery in New York State. The goal of the Commission is to provide a report comprised of recommended actions to address the longstanding inequalities that still affect many New Yorkers today. The State is providing \$5 million in funding to the Commission to continue its work in Fiscal Year 2026.

### Justice Infrastructure Project and Civil Legal Services Grants Increase

The Executive Budget includes \$200,000 to continue the development of the Justice Infrastructure Project and \$77.5 million to support grants to non-profits from the Interest on Lawyer Account (IOLA) Fund. The Justice Infrastructure Project aims to create more coordination, efficiency, and consistency among disparate providers of civil legal services in New York, ensuring that when New Yorkers have legal needs, they know whom to contact and the steps to take. The \$77.5 million for civil legal service grants, which provide civil legal services to lower income New Yorkers, is a \$15.5 million increase in IOLA's grantmaking and the first year of a five year grant cycle from FY 2026 through FY 2030.

### **Combat Unlicensed Sale of Cannabis**

The Executive Budget includes \$5 million for the Office of Cannabis Management (OCM) to support 29 new staff in the agency's Enforcement, Compliance, Legal, and Administrative Hearings offices. New staff will be dedicated to OCM's enforcement efforts against illicit cannabis businesses, expanding upon the work of the Governor's multi-agency Illicit Cannabis Enforcement Task Force. This increased investment in enforcement funding will support OCM in building a well-regulated and safe cannabis market in New York State.

### **SLA Staffing and Licensing**

The Executive Budget includes \$4.9 million in additional funding for the State Liquor Authority (SLA) to support increased staffing levels, as well as increased funding to expand and improve the functionality of SLA's online licensing system, resulting in operational efficiencies and improvements that will benefit businesses across the State.

Increased funding will support 28 new FTEs in the agency's Licensing, Wholesale/Manufacturing and Legal Bureaus. Additional licensing staff will assist SLA in reviewing an increasing number of license and permit applications and improve licensing operations and customer service to businesses applying for licenses. New funding will also support SLA's legal and compliance activities related to agency litigation and disciplinary cases, as well oversight of wholesalers/manufacturers.

### **Public Campaign Finance**

The Public Campaign Finance (PCF) program provides public financing to participating candidates seeking election to public office. The program is intended to focus campaign efforts toward soliciting small donations from individual constituents rather than corporate interest groups. As such, the State provides matching funds on the first \$250 of any qualifying donation.

The PCF program was in place for the Primary and General elections held in calendar year 2024 and issued \$35.1 million in matching funds to qualified

candidates. This included the issuance of \$9.3 million in matching funds to 71 Primary Election candidates and \$25.8 million in matching funds to 148 General Election candidates. The Executive Budget includes \$100 million to support public matching fund payments.

### **Cybersecurity**

Several State agencies have a specific role in cybersecurity oversight, including ITS, Division of Homeland Security and Emergency Services (DHSES), New York State Police (NYSP) and several others. Nationwide, the volume and severity of cyber threats and attacks on State and Local governments has continued to increase despite expanding awareness and mitigation efforts. The Executive Budget includes new investments to address the growth of the Cyber Risk Remediation Program (CRRP), New York Security Office (NYSOC) and Shared Services program. In the past calendar year, NYSOC has investigated over 47,000 cases of cyber threats. Additionally, CRRP implemented multi-factor authentication on Public Safety portals for both State and local users to increase cybersecurity.





# HEALTHCARE



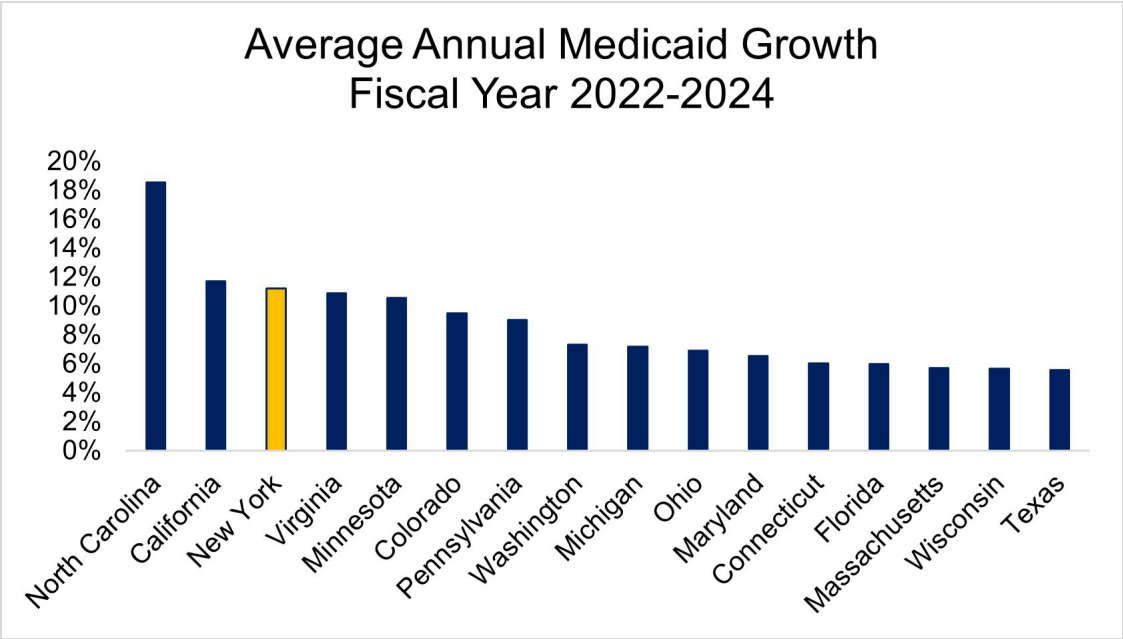
The FY 2026 Executive Budget reflects Governor Hochul’s continued commitment to improving the health and well-being of every New Yorker and increasing affordability and access to quality health care. By maintaining historic investments made over the last three years and continuing to address the challenges facing our health system, the Budget ensures the provision of care for those in need and continues the modernization of the state’s healthcare system.

The **Department of Health’s (DOH)** mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH protects public health; funds and supervises community public health activities and critical social supports; regulates healthcare facilities statewide; and operates healthcare facilities, including Helen Hayes Hospital, four nursing homes specifically for veterans and their families, and the Wadsworth Center for Laboratories and Research. DOH also manages comprehensive healthcare and long-term care coverage for low- and middle-income individuals and families through Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined, these programs provide affordable health insurance coverage for nearly 9 million New Yorkers.

The **Office of the Medicaid Inspector General (OMIG)** promotes the integrity of the Medicaid program by conducting and coordinating fraud, waste, and abuse control activities for all State agencies responsible for Medicaid-funded services.

The **State Office for the Aging (SOFA)** promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of regional Area Agencies on Aging (AAA) and local providers.

**New York State’s Medicaid program** is the State’s largest payer of healthcare and long-term care services and supports. Approximately 7 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 35 fully and partially capitated managed care plans. Total Medicaid and Essential Plan spending is expected to be \$123.8 billion in FY 2026. This includes \$70.9 billion in Federal spending and \$44.1 billion in State spending. In 2012, the State first implemented the Medicaid Global Cap on DOH Medicaid spending, setting the annual growth rate to an industry-based metric in statute. The FY 2026 Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012, and recommends funding consistent with last year’s update to the allowable growth calculation. The



Global Cap spending limit is set by the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services. Consistent with the index, the FY 2026 Executive Budget reflects \$18.6 billion in additional Medicaid spending growth between FY 2026 and 2029 as compared to the prior Global Cap growth metric.

**The Essential Plan** offers comprehensive health coverage with no monthly premiums to more than 1.4 million New Yorkers with incomes below 250 percent of the Federal poverty level (FPL) (\$39,125 for a single individual).

**The Child Health Plus program** provides free or low-cost health insurance to over 578,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

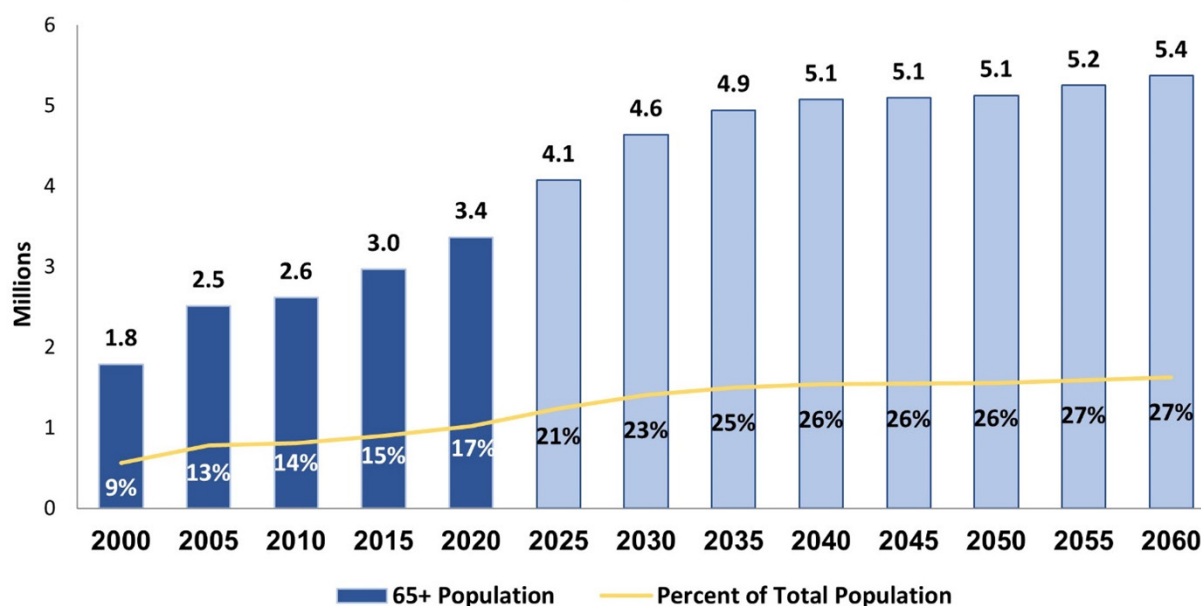
## MEDICAID GLOBAL CAP

In FY 2026, the DOH State-funded portion of the Medicaid program is projected to total \$35.7 billion; more than triple the FY 2011 value – as will the average cost per capita per year of over \$4,724. Current projections indicate nearly 7 million enrollees by March 2025. While this growth reflects the State's commitment to support its neediest residents, it continues to put pressure on the State's finances.

Despite the Medicaid Global Cap, which is intended to limit Medicaid spending growth, the program has continued to grow at unsustainable levels, largely as a result of costs associated with long-term care services, which currently make up over 60 percent of all Medicaid spending, while only serving nearly 400,000 individuals, 6 percent of total Medicaid recipients. Programs servicing elderly and disabled populations, such as Managed Long-Term Care (MLTC), frequently cost nearly 10 times that of other Medicaid programs. Additionally, overall Medicaid enrollment has increased since pre-pandemic levels and are not expected to decline further, resulting in nearly 7 million current enrollees, 900,000 more than pre-pandemic levels.

Over the past three budgets, the Governor has made significant, overdue investments to support healthcare providers and Medicaid members by implementing the largest rate increases in 20 years for hospitals, nursing homes, and assisted living programs; supporting safety net hospitals; increasing home care worker wages; and made significant investments in primary and preventive care, while also advancing savings actions to help reduce costs and preserving critical services for New York's neediest residents. These actions sought to constrain costs while making the Medicaid program more efficient in the areas of drug coverage and reimbursement with the NYRx transition, and streamlined administrative costs to ensure critical

**New York 65+ Population Forecast**





home care programs are sustainable with the transition to the Statewide Fiscal intermediary.

Despite this balanced approach, health care costs have continued to rise nationwide following the COVID-19 pandemic. This is a trend that has also impacted many similarly situated states.

**Long Term Care Sector.** Managed Long Term Care enrollment is projected to increase by 12 percent in FY 2026, resulting in expected spending increases of 13 percent. Both trends are unsustainable, and spending growth would singularly exceed the allowable Global Cap Metric.

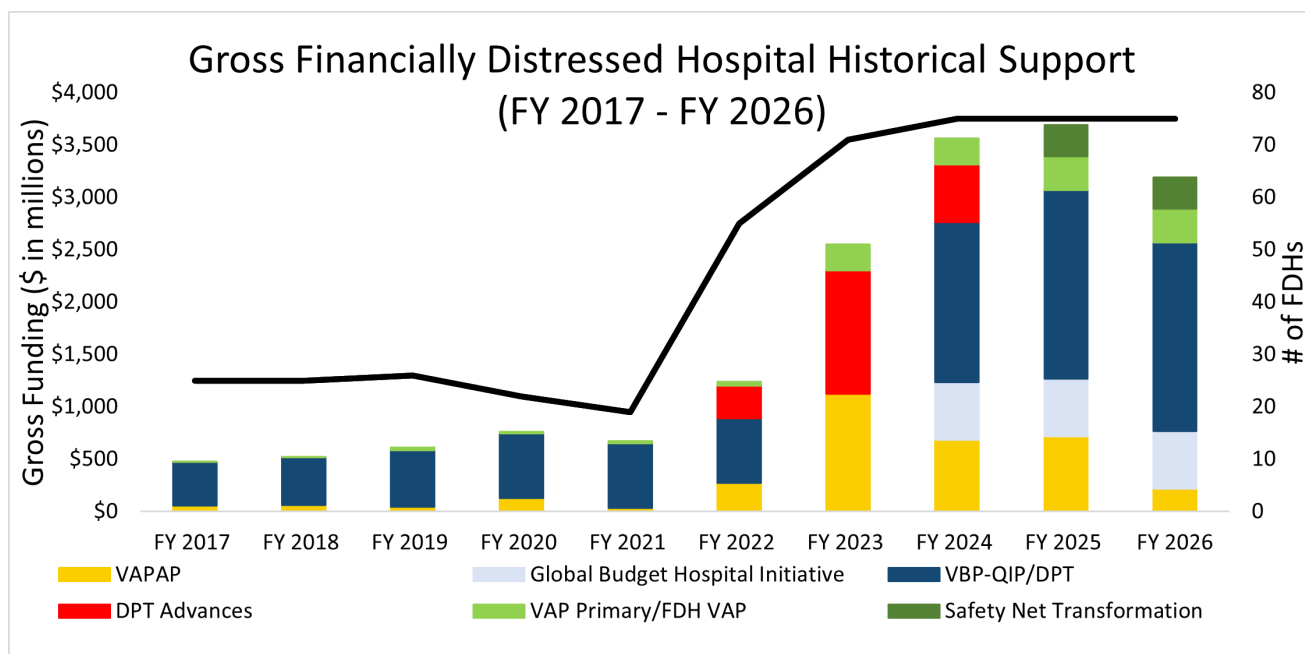
**Hospital Sector.** Currently, 75 of 261, or 29 percent, of New York's hospitals are financially distressed, and overall distressed hospital spending has increased over 600 percent since FY 2017. While reforms supported by the 1115 Waiver and Safety Net Transformation program mergers may help support some of these facilities, need has continued to grow at unsustainable levels.

Despite Governor Hochul's recent investments in the State's health care system, many providers are struggling to remain solvent, impacted by many of the same cost pressures that are impacting businesses in other sectors.

In FY 2023, the Governor revised the Global Cap metric from the ten-year rolling average of the

medical component of the consumer price index, to the five-year average Medicaid projections as determined by the Federal Centers for Medicaid and Medicare Services (CMS) actuary. This new metric allowed for the Medicaid Global Cap to grow at an average rate of 6 percent per year, as opposed to 3 percent under the original metric, providing \$23 billion in additional growth between FY 2023 and FY 2029; more accurately reflecting the growth in health care costs. Unfortunately, prior to this adjustment Medicaid had already grown by an average of 8.7 percent between FY 2019 and FY 2023, which has made it impossible for the State to remain below the new Global Cap without significant cost containment or cash management actions.

To avoid draconian impacts on the health care industry, and to more accurately reflect DOH Medicaid spending, the Medicaid Global Cap calculation has been updated to exclude the local share of Medicaid spending associated with other state agencies (OSA), which had previously been included under the Cap. Beginning in FY 2026, costs that were previously reported in the DOH budget will now be reported in their respective agency budget. As county contributions have been capped since 2015, the State is liable for all growth in non-Federal Medicaid expenses. An estimated \$2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns



program activities and costs to agencies responsible for managing such spending.

With all of the above challenges in mind, the Executive Budget proposes several targeted and transformational changes to ensure the long-term solvency and sustainability of the Medicaid program, while also stabilizing our healthcare system.

## PROPOSED FY 2026 HEALTHCARE BUDGET ACTIONS

**Medicaid.** The Budget makes critical investments to address the needs of vulnerable New Yorkers, including stabilization of the health care delivery system and driving improved health outcomes. Even with the adjustment in the Global Cap metric, the Medicaid program continues to grow beyond what is indexed, further challenged by exponential year to year enrollment and cost growth in high-cost programs, such as Nursing Home Transition Diversion (NHTD) and Consumer Directed Personal Assistance Program (CDPAP). In FY 2026, the Medicaid program is not balanced under the CMS Actuary Metric. Due to these cost pressures, and in order to prevent widespread disruption to the healthcare system, the FY 2026 Executive Budget proposes maintaining Medicaid spending at current natural levels of growth while looking to fully realize the benefits of FY 2025 reforms, which are intended as the foundation of future reform measures. In the long term, actions will be required to bring Medicaid spending in line with sustainable growth levels, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2026 Budget includes actions in the following areas:

**Safety Net Hospital Transformation Program.** The FY 2025 Enacted Budget established the Safety Net Transformation Program (SNTTP) and made available up to \$800 million in operating and capital resources to encourage partnerships between Safety Net hospitals and established health care facilities. In its initial year, the SNTTP generated widespread interest from health care facilities with DOH receiving several letters of interest intended to form potential partnerships. The FY 2026 Budget invests an additional \$1 billion in capital support and \$300 million in operating resources to expand the existing Safety Net Transformation Program, which will

accommodate the demand beyond current resources, support additional partnerships, and enable longer-term commitments to awarded applicants.

**Managed Care Organization (MCO) Tax.** In December 2024, the State secured CMS approval to implement a new Managed Care Organization (MCO) tax to leverage additional Federal resources. The Budget will include language to codify the structure of the proposed tax and establish a plan for spending tax receipts over the next three years. The Financial Plan conservatively assumes only two years of MCO tax revenue, totaling \$3.7 billion in net State Share benefit. The FY 2026 Budget includes \$1.4 billion State-share, which represents the first-year installment of targeted investments, including:

- \$500 million to support the remaining Global Cap deficits, to ensure that the State does not need to make significant provider reimbursement or service reductions;
- \$305 million to support investment in hospitals, including increases to hospital outpatient rates, support for new investments in hospital quality, continued support for the hospital maternal quality programs, and additional assistance to critical access and sole community hospitals;
- \$300 million to expand operating support under the Safety Net Transformation Program to ensure that resources are available to support additional transformative projects;
- \$200 million for investment in nursing homes, assisted living programs, and hospice programs;
- \$50 million to support an increase in the Medicaid physician fee schedule to bring Medicaid reimbursement closer to the Medicare level;
- \$50 million to continue funding for the Mainstream Medicaid Managed Care Quality Program; and
- \$10 million to support enhanced rates for clinics and Federally Qualified Health Centers.

**Advance Health Equity for Justice-Involved Youth.**

Incarcerated youth experience disproportionately high rates of physical and behavioral health conditions, trauma, and lack of access to basic needs that exacerbate difficulties faced during reentry to community settings. To ensure a smooth transition back into the community for incarcerated juveniles, the Budget will expand Medicaid coverage to provide pre- and post-release services for juveniles in carceral settings under 21 years of age and up to 26 for those formerly in foster care. Eligible young people will receive targeted case management services, including physical and behavioral health screenings and diagnostic services to help bridge the coverage gaps related to re-entry.

**Allow Paramedics to Administer Buprenorphine.** In order to more effectively combat opioid use disorders, the Budget includes legislation allowing paramedics to administer buprenorphine. This critical change will allow EMS providers to more effectively treat and save lives upon contact, especially in rural areas.

**Allow Practitioners to Dispense a Three-Day Supply of Opioid Use Disorder Medication.** Governor Hochul signed legislation this year to allow practitioners in the Emergency Rooms of hospitals without full-time pharmacies to dispense a 3-day supply of medications for opioid use disorder to decrease likelihood of subsequent overdose. This year, Governor Hochul will introduce legislation to more fully align with Federal regulations by allowing all hospitals, including those with a full-time pharmacy, to dispense a 3-day supply of medications that a patient can take home with them while awaiting referral to treatment.

**Continue the State Takeover of Local Medicaid Costs.** In FY 2026, the State will assume nearly \$8.3 billion in costs that would have otherwise been incurred by localities. This is an annual multibillion-dollar relief package to the localities that continues to grow by billions of dollars. Since 2015, counties have saved \$53.6 billion due to the local takeover.

The Budget makes several changes intended to maximize efficient use of State resources, including:

**Strengthen Managed Care Contracting and Performance.** The Medicaid Model Contract between Managed Care Organizations (MCOs) and New York State spell out the services and benefits which MCOs must provide Medicaid beneficiaries. The Budget creates a more robust process for holding managed care plans accountable for their performance by imposing additional fines on plans who fail to meet Medicaid Model contract requirements.

**Independent Dispute Resolution (IDR) MMC Carveout.** The IDR process determines if fees billed by providers in emergency settings and through surprise billing are reasonable. While claims that are paid on a fee schedule are excluded, surprise billing to MMC plans is authorized. The Budget proposes to align State law with Federal law that excludes Medicaid from the Federal IDR process.

**Standardize Applied Behavioral Analysis (ABA).** In January 2023, New York's Medicaid program began covering ABA services for eligible members under the age of 21. The Budget ensures the viability and integrity of the ABA benefit by aligning with the national Behavior Analyst Certification Board's direct supervision rules and adjusting reimbursement methodologies so that ABA providers are compensated equitably with their experience.

**Nursing Home Transition and Diversion (NHTD) Program Reforms.** The Budget advances reforms associated with the NHTD waiver program, which provides comprehensive services to Medicaid-eligible seniors and people with physical disabilities residing in a community-based setting. Specifically, the Budget will take steps to curb enrollment in order to preserve the financial sustainability of this program and ensure that New York's aging and disabled population can continue to access these services. Individuals who would otherwise be enrolled in the NHTD program would remain eligible for other Medicaid long-term care services.

**Discontinue Public Indigent Care Pool (ICP).** The Budget proposes discontinuing the State share of the Public ICP payments to public hospitals in New

York City as a technical adjustment since New York City Health & Hospitals is pursuing a State Directed Payment (DPT) that will result in the hospitals far exceeding their facility-specific Disproportionate Share Hospital (DSH) caps. The DPT is pending Federal approval.

**Restructure the Managed Care Quality Pools.** The Quality Incentive Pools are designed to incentivize quality care but are based on the availability of quality metric information. The Budget achieves necessary state savings by shifting the costs of the Mainstream Managed Care organizations (MMC) quality pools from the Global Cap to the Healthcare Stability Fund.

**Medicaid Managed Care to Fee-for-Service for Long-Term Nursing Home Stays.** The Budget aligns policy in Managed Care with current practice in Managed Long-Term Care by requiring long-term stay nursing home residents to be transitioned from Mainstream Managed Care to Fee-for-Service.

**Discontinue Prescriber Prevails.** The Budget removes the prescriber prevails provision, which mandates that Medicaid approve prior authorization for a prescription drug, regardless of whether the clinical criteria are met. Eliminating this provision will reduce inappropriate prescribing, reduce the influence of pharmaceutical companies in influencing prescribers, and improve the State's ability to provide the highest level of pharmaceutical care to Medicaid members.

## Support Maternal and Child Health

**Expand Access to Nutrition Programs for Mothers and Children.** The Budget will invest \$9.5 million to support new enrollees in the State's Women, Infants, and Children (WIC) program to meet the growing need for food and essential services.

**Expand Access to Infertility Treatments.** Unlike New Yorkers with private insurance, Medicaid members in New York undergoing treatment for cancer or other medical conditions lack coverage for fertility preservation services, and so must pay out of pocket or go without care. The Budget includes nearly \$5 million to extend coverage for fertility preservation services to Medicaid members undergoing medical

treatments that may lead to infertility, and expand eligibility for the Infertility Reimbursement Program. Expand Lactation Support Services. Evidence indicates that breastfeeding can improve child health, lowering rates of chronic diseases, infections, and autoimmune disorders. Medicaid members have lower breastfeeding rates than other New Yorkers, in part due to lack of breastfeeding support. To help promote breastfeeding in the Medicaid program, the Budget includes policies allowing certified lactation consultants to enroll as Medicaid providers directly and coverage for breast pump supplies.

## Ensuring Access to Abortion

**Sustain the Reproductive Freedom and Equity Grant Fund.** The Reproductive Freedom and Equity Grant Fund was created by Governor Hochul in May 2022 to enhance abortion access and was codified in the State Fiscal Year 2025 budget. This initiative addresses the need for expanded reproductive healthcare services in New York. The budget continues \$25 million in funding to support reproductive health providers and critical support programs, to ensure equitable access to abortion care across the state.

**Reproductive Health Care Improvement Funding.** The Budget includes a capital investment of \$5 million to provide grants to eligible abortion care providers in support of capital projects that promote expanded reproductive health infrastructure, modernization of facilities and enhanced safety and security. This funding will contribute to Governor Hochul's ongoing mission to affirm abortion rights in New York State and ensure that all New Yorkers are able to access these critical services.

**Increase Reimbursement for Providers of Abortion Services.** For many years, reproductive health providers have struggled with the cost of medication abortion care and other abortion service. The Budget provides a new \$20 million flexible funding stream to support these critical services and to protect the network of reproductive health care providers.

**Safeguard Abortion as Emergency Medical Care.** The Federal Emergency Medical Treatment and Labor Act (EMTALA) mandates that hospitals provide

stabilizing care for patients with emergency medical conditions, regardless of their ability to pay. However, abortion is not explicitly defined as emergency medical care under New York law. To address this gap, the Budget includes language to codify abortion as protected emergency medical care, and to require hospitals to provide stabilizing emergency abortion services when they are medically necessary.

#### **Protect the Identity of Medication Abortion**

**Prescribers.** Medical providers in New York who prescribe medication abortion to patients in anti-abortion states face risks if their identities are disclosed. To address this, Budget includes language to allow prescription labels to avoid displaying the provider's name, protecting the identities of these providers.

#### **Require Access to Trained Forensic Medical**

**Examiners at All Hospitals.** The budget includes legislation requiring all hospitals to provide access to trained medical forensic examiners for sexual assault survivors, including pediatric cases. The Budget includes \$2 million to strengthen DOH's capability to enforce this requirement and potentially expand telehealth capacity in hospitals that have legitimate challenges securing their own trained examiners.

#### **Continuing Implementation of the Groundbreaking Medicaid 1115 Waiver Amendment.**

On January 9, 2024, the Centers for Medicare and Medicaid Services approved a groundbreaking amendment to New York's Medicaid Section 1115 Demonstration vital to New York's continuing efforts to build a health care system that benefits all New Yorkers. The Executive Budget continues implementation of this waiver to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state, including the following major highlights.

#### **Addressing Social Needs to Improve Health Equity**

**and Outcomes.** The Executive Budget provides \$500 million for screening and navigation for Medicaid members through the new Social Care Networks to a range of social care services, including enhanced benefits for certain populations. These services include housing support, food and nutrition assistance, transportation support, and navigation to other resources for education, employment, interpersonal safety, and more.

#### **Build New Health Planning and Data Transparency**

**Capacity.** The Executive Budget includes \$125 million to support new health planning and data infrastructure through a new Health Equity Regional Organization (HERO). Investments in the HERO will lay the groundwork for a new statewide data infrastructure that can be used to support the design and development of new policies, interventions, and targeted investments to improve outcomes, reduce health disparities, and help the State develop and evaluate metrics of success for existing and future programs, including extraordinary new investments in health-related social needs services.

#### **Leverage Federal Support to Grow New York's Health, Behavioral Health, and Social Care**

**Workforce.** The Executive Budget includes \$694 million for implementation of two workforce programs to support training and education for new workers as well as support career advancement for existing workers through tuition payments and student loan repayment.

### **Strengthening Public Health and Aging Programs, Improving Health Outcomes**

The Budget makes a series of investments to support a healthier New York, with better care outcomes and improved health equity.

**Ensure Access to Emergency Medical Services.** The Budget will invest \$5.6 million directly to counties to develop their individual EMS plans with oversight under the Statewide EMS task force.

#### **Deploy State Funding to Support Healthcare**

**Training Programs.** The Budget will expand support for healthcare training programs under the Increasing Training Capacity in Statewide Healthcare Facilities grant program, with a distinct focus on nursing training programs.

#### **Encourage Swimming and the Prevention of**

**Drowning.** The Budget provides \$5 million to create a new program to provide tens of thousands of free learn-to-swim lessons to children aged four and under. Working with community-based organizations, the Department of Health (DOH) will work with program participants to issue vouchers for swim lessons.



**Invest in Home and Community-Based Services for Older New Yorkers.** The Budget provides additional funding of \$45 million in non-medical in-home services provided through the Office for the Aging to reduce the number of older adults waiting for services.

**Maintain Nutrition Program Funding.** The Budget continues record-level investments for the Hunger Prevention and Nutrition Assistance Program (HPNAP) (\$23.3 million) and Nourish NY Program (\$5 million), maintaining their funding at the same levels as the previous fiscal year.

**Enhance and Modernize New York State's Health Facilities.** The Budget invests \$25 million in capital projects funding over the next 5 years to support the modernization and enhancement of four Veterans' Homes, skilled nursing facilities owned and operated by DOH, as well as the Helen Hayes Hospital, a rehabilitation hospital owned and operated by DOH. This funding will be utilized in support of projects that enhance the safety & security, quality of care, staff recruitment and retention, and overall financial stability of these institutions, which serve veterans and other individuals across the State.

**Excess Medical Malpractice Reform.** The Budget includes a change to reconfigure the timing of payments under the program, splitting payments over two years, as well as reducing State funding for excess medical malpractice insurance coverage by requiring a 50 percent copay from covered physicians.

**Allow Healthcare Providers to Do More.** The Budget includes legislation to allow New York to join the Nurse Licensure Compact, which will make it easier for nurses licensed in other states to practice in New York, either physically or virtually, and make it easier for New York providers to offer virtual care to their patients who travel to other states. The budget expands the scope of practice for CNAs to administer routine medications in nursing homes and allow physician assistants to practice more independently.

**Eliminate Electronic Death Registration System (EDRS) Fee.** This Budget removes the \$20 fee that has been levied on New York's funeral homes for burial and removal permits. These funds received

have been used for their intended purpose of developing the EDRS system, which allows users to electronically file death records with local and State registrars. The removal of this fee has been made possible due to the successful development and implementation of the system which has streamlined the process of death registration, reducing the administrative burdens that funeral directors previously faced.

## Supporting the NY State of Health

NY State of Health, [nystateofhealth.ny.gov](https://nystateofhealth.ny.gov), serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan through public programs and subsidized and unsubsidized commercial coverage.

NY State of Health is a fully integrated marketplace across public and private programs including Medicaid, Child Health Plus, Essential Plan – NY's Basic Health look-alike program, and Qualified Health Plans. The Qualified Health Plans offered through NYSOH are significantly less expensive than those available prior to the creation of the marketplace, and is the only place where consumers can qualify to get help paying for coverage through premium tax credits. NYSOH operates a Basic Health Program look-alike program, branded the Essential Plan, that offers lower-income New Yorkers comprehensive benefits with no premium or annual deductible and very low cost sharing.

Currently, over 6.7 million, or more than one in three New Yorkers, are enrolled in coverage through the marketplace. Commensurate with increased enrollment in NY State of Health, the number of uninsured New Yorkers has declined by over 1.3 million since 2010 and as of the end of 2023, the share of uninsured in New York remains below 5 percent.

New York has been among the top five states in keeping families and children enrolled in Medicaid during the Public Health Emergency unwind, according to a report released by the Centers for Medicare & Medicaid Services.

The Executive Budget includes \$608 million in funding for the operation of the NY State of Health.

#### **Update and Improve Network Adequacy**

**Requirements.** The Budget provides funding for the Department of Health to undertake a comprehensive review of New York’s network adequacy standards, including considering regional variations, and increase enforcement of plan compliance through monitoring and penalties. This will ensure that consumers enrolling through the Marketplace have meaningful and timely access to the healthcare providers they need.

#### **Revamp and Improve Customer Experience on NY**

**State of Health.** The Budget provides funding for the NY State of Health marketplace to conduct a comprehensive review of the application experience, including using consumer research and feedback to inform updates designed to streamline and improve how New Yorkers apply for health insurance.

**Essential Plan Actions.** To make healthcare coverage more affordable, accessible, and equitable, the Executive Budget includes several changes to improve the Essential Plan and Qualified Health Insurance Plans, including:

**Expand Access to Air Conditioning Units.** The escalating threat of climate change poses significant risks to public health. Climate-induced health risks, such as extreme heat, can both exacerbate existing health conditions and contribute to new health issues. The Budget adds to a FY 2025 Enacted Budget action which provided air conditioning units for Essential Plan enrollees with persistent asthma by expanding eligibility for additional conditions exacerbated by heat such as diabetes, cardiovascular disease, heart disease and hypertension.

**Expand Access to Dental Care.** The correlation between dental care and overall health is well-established, yet many New Yorkers face substantial barriers to accessing essential oral health services. The Budget will create minimum standards for dental plans available on the Marketplace, while also exploring the use of Federal 1332 Waiver funding to subsidize the costs of purchasing dental plans. The Budget will also introduce legislation to allow dental

hygienists to practice in more settings and direct health plans to reinvest funding into initiatives that improve the availability of dental care.









# HIGHER EDUCATION



The Executive Budget continues to implement Governor Hochul's vision to transform the State's public higher education system to become the best and most equitable statewide system of higher education in the country, with actions to expand enrollment and access to colleges across the State and strengthen the **State University of New York (SUNY)** and **City University of New York (CUNY)** systems.

New York's public higher education system educates nearly 614,000 students, according to reported Fall 2024 enrollment. This includes 47 four-year colleges and graduate schools administered by SUNY and CUNY that provide 372,000 full- and part-time students with an array of undergraduate, graduate, and professional degrees and 37 local and regional community colleges supported by SUNY and CUNY serving nearly 242,000 students across the State. In addition to SUNY and CUNY, New York is home to nearly 200 private colleges and universities that served over 526,000 students in Fall 2023.

The **State University Construction Fund (SUCF)**, the **City University Construction Fund (CUCF)**, and the **Dormitory Authority of the State of New York (DASNY)** administer a capital program for over 3,000 academic, research, hospital, dormitory, and multi-use facilities, which make up the physical infrastructure of the public university systems across New York State.

The **Higher Education Services Corporation (HESC)**, New York State's student financial aid agency, is a national leader in helping make college affordable for students. HESC oversees numerous State-funded financial aid programs, including the **Excelsior Scholarship**, the **Tuition Assistance Program (TAP)**, and other scholarship and loan forgiveness programs. Together, these programs provided financial aid to approximately 300,000 students during the 2023-24 academic year (AY 2024). HESC also partners with the Office of the State Comptroller to administer the **College Choice Tuition Savings** program.

The **State Education Department (SED)** also contributes funding for higher education, including opportunity programs that help support the success of disadvantaged students.

## EXTENDING OPPORTUNITY TO OUR STUDENTS

In 2022, in her first State of the State Address, Governor Hochul outlined a vision to transform SUNY and secure its status as the best and most equitable statewide system of higher education in the country. Specifically, the Governor outlined goals related to increasing enrollment and completion rates, preparing students for in-demand jobs, ensuring a world-class student experience, recruiting top faculty, providing a wide range of degrees and credentials, and doubling sponsored research, startups, and patents. In the FY 2023 Budget, the Governor provided SUNY and CUNY with significant increases in operating aid and capital funding, expanded TAP for part-time students, increased support for opportunity programs, and announced that Stony Brook University and the University at Buffalo would become SUNY's flagship institutions.

Governor Hochul took additional steps to transform the State's higher education system in the FY 2024 Budget, investing \$2.4 billion in new funding for capital projects and \$381 million in operating support for SUNY and CUNY, creating a \$500 million State matching fund for contributions to the endowments of SUNY's four university centers, and allowing flexibility for both systems to increase graduate and non-resident tuition rates to generate additional campus operating revenue.

Last year, the Governor produced another budget that strengthens New York's public higher education institutions and provides needed support to students and families. Governor Hochul increased operating assistance to SUNY and CUNY by \$409 million; supplied \$1.3 billion in new State funding for capital projects, including new capital grants for private colleges; and expanded the TAP program by increasing the minimum award, raising income eligibility thresholds, and extending eligibility to part-time students at proprietary colleges.

## ABOUT NEW YORK'S INVESTMENT IN HIGHER EDUCATION

In the three budgets enacted under Governor Hochul, State operating funding for higher education has

increased by a total of \$1.41 billion (23 percent), growing from \$6.15 billion to \$7.56 billion.

State and local funding per student for public colleges in New York was \$14,816 in FY 2023 – \$3,759 (34 percent) more than the national average and higher than 42 other states.

More than two-thirds (70 percent) of New York public colleges' total revenue comes from State and local support – 10 percentage points higher than the national average and more than 39 other states.

The average tuition and fees at the State's four-year public institutions was \$8,579 in AY 2024 – \$2,681 (24 percent) less than the national average and lower than 43 other states.

New York's generous investment in student financial aid, including TAP and Excelsior Scholarships, helped over 182,000 New York State residents – 58 percent of full-time resident undergraduate students – attend SUNY and CUNY tuition-free in AY 2024, including 53 percent at SUNY State-operated campuses and 66 percent at CUNY senior colleges.

## PROPOSED FY 2026 BUDGET ACTIONS

As implementation of Governor Hochul's vision continues in 2025, the FY 2026 Executive Budget takes additional steps to strengthen and transform our State's higher education system:

**Providing \$269 Million in New State Support for SUNY and CUNY Campuses.** The Executive Budget provides \$269 million in new State support for SUNY State-operated campuses (\$138 million) and CUNY senior colleges (\$131 million). This funding includes:

- \$210 million in general operating support (\$114 million SUNY, \$96 million CUNY);
- \$22 million in increased funding for university employee fringe benefits at CUNY;
- \$20 million for ACE and ASAP, which support academic and career advisement, tuition grants, textbooks, and transportation costs (\$12 million SUNY, \$8 million CUNY);
- \$15 million in artificial intelligence investments (\$10 million SUNY, \$5 million CUNY);

- \$1 million for the Regional Gun Violence Research Consortium at SUNY; and
- \$0.75 million for the First Responder Counseling Scholarship Program at SUNY.

### **Providing State Support for SUNY Downstate Hospital.**

The Executive Budget includes \$100 million in operating support to SUNY Downstate Hospital. This brings the total two-year operating support investment in SUNY Downstate Hospital to \$200 million.

### **Advancing Additional State Support to Help Cover CUNY Collective Bargaining Costs.**

The Executive Budget provides CUNY with \$192 million in June 2025 to cover the lump-sum payments from the general salary increases of 3 percent effective in 2023 and 2024 and one-time bonuses under the recently ratified Professional Staff Congress contract, representing an advance on funding that CUNY would otherwise receive in the following academic year.

### **Funding Free Community College in High-Demand Occupations.**

The Executive Budget provides \$47 million (\$28.2 million SUNY, \$18.8 million CUNY) to cover the remaining cost of tuition, fees, and books for community college students ages 25-55 pursuing select associate's degrees in high-demand occupations, including nursing, teaching, technology, and engineering.

### **Maintaining the Community College Funding Floor.**

The Executive Budget maintains a funding floor for community colleges at 100 percent of prior year funding. Without a funding floor, community colleges would face a \$124 million (19 percent) loss in formula aid due to enrollment declines.

### **Providing \$2.0 Billion for New Capital Projects at SUNY and CUNY Campuses.**

The Executive Budget provides \$2.0 billion in new funding for capital projects to help maintain SUNY and CUNY campus facilities in a state of good repair, support innovative research, and make strategic investments in new facilities. This includes: \$750 million for SUNY State-operated campuses (\$550 million for critical maintenance, \$200 million for research facilities), \$417 million for CUNY senior colleges (\$284 million for critical maintenance, \$133 million for research

facilities), \$650 million for the modernization and revitalization of SUNY hospitals (\$450 million Downstate, \$200 million Upstate), and \$166 million for community colleges (\$131 million SUNY, \$35 million CUNY). In addition, the Executive Budget provides \$76 million for capital program administration (\$31 million SUCF, \$18 million CUCF, \$27 million DASNY) and \$25 million to establish the SUNY Green Energy Loan Fund to finance energy conservation projects on campuses.

#### **Streamlining Part-Time Financial Aid Programs.**

The Executive Budget consolidates the three existing State financial aid programs for part-time students, expanding part-time TAP to students taking a minimum of three credits per semester, down from six.

Higher Education General Fund Spending				
CATEGORY	FY 2025 (MILLIONS OF DOLLARS)	FY 2026 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
SUNY State-Operated Campuses	3,795	3,920	125	3.3
CUNY Senior Colleges	1,899	2,016	117	6.1
HESC Financial Aid Programs	1,026	1,029	3	0.3
Community Colleges	697	745	48	6.9
SED Programs	148	138	(9)	(6.2)
<b>GENERAL FUND TOTAL</b>	<b>7,564</b>	<b>7,848</b>	<b>284</b>	<b>3.7</b>

#### Data Notes:

- The \$125 million net increase for SUNY State-operated campuses includes new funding for operating aid, artificial intelligence, and increasing student success through the ACE and ASAP programs, partially offset by \$12 million of one-time funding in the FY 2025 Budget
- The \$117 million net increase for CUNY senior colleges includes new funding for operating aid, fringe benefits, artificial intelligence, and increasing student success through the ACE and ASAP programs, partially offset by \$14 million of one-time funding in the FY 2025 Budget.
- The \$48 million net increase for community colleges includes funding for free community college in high-demand occupations.
- The decrease in funding for SED programs is attributable to one-time funding provided in the FY 2025 Budget.
- In addition to the \$7.8 billion in State support included in the table, the State is estimated to pay \$998 million in FY 2026 for debt service on bond-financed capital projects at SUNY and CUNY.







# HUMAN SERVICES





Too many families across the State are struggling to make ends meet. The FY 2026 Executive Budget builds on Governor Hochul's work to address higher living costs and help families get ahead. By further encouraging housing growth, the State aims to lower the cost of housing and make a permanent home more obtainable for people across the income spectrum. Investments to stabilize the child care industry and expand access ensures more families have high-quality options for child care and more money in their pockets at a time when it's most needed. The Budget also enhances programs that provide lifeline support for vulnerable New Yorkers, bolster social and economic justice, and open doors to opportunity.

New York's human services agencies provide holistic support across a variety of program areas designed to ensure the safety and well-being of the State's most vulnerable residents, advance housing stability, connect families to child care, provide Unemployment Insurance benefits, safeguard workers' rights, and support New York's veterans and their families.

The **Office of Temporary and Disability Assistance (OTDA)** and the **Office of Children and Family Services (OCFS)** oversee programs that support and provide financial assistance to elderly and disabled persons who are unable to work; services for public assistance recipients to prepare for and secure employment; child support enforcement; child care assistance to assist low- and middle-income working families; protective services for children and adults; and services for at-risk youth in communities, local detention centers, and State-operated facilities.

**Homes and Community Renewal (HCR)** preserves and creates affordable housing while promoting community development. The **Office of National and Community Service (NCS)** supports community service grants that provide public health services, youth education, assistance to individuals with disabilities, and disaster preparedness.

The **Department of Labor (DOL)** protects workers, operates the State's Unemployment Insurance system, and promotes workforce development. The Division of Human Rights (DHR) protects civil rights in the areas of employment, housing, public accommodations, education, and credit.

The **Department of Veterans' Services (DVS)** connects veterans, members of the armed forces, and their families to the economic, medical, and social benefits and services they have earned through active-duty military service.

## EXPANDING AFFORDABILITY AND OPPORTUNITY

### Housing Creation and Access

Governor Hochul has remained focused on the impact the housing crisis is having on New York. In communities across the State, families and individuals at all income levels, all ages and phases of life, are struggling to find or remain in a stable, affordable home.

The fundamental cause of the housing crisis is lack of supply – there are more people that wish to live in New York than there are homes. The single most important thing New York can do to alleviate this crisis is to create more housing.

Governor Hochul has taken bold steps to encourage housing growth and support local governments who take tangible steps to address the crisis. Starting with her Executive Orders, she created the Pro-Housing Community Program to provide priority consideration for up to \$650 million in State discretionary funds to localities committed to housing growth.

Building on this momentum, the FY 2025 Budget achieved a landmark housing deal that ended decades of inaction. It enacted several initiatives to address New York's housing crisis by encouraging increases to the housing supply, expanding affordability, protecting tenants and homeowners, and improving housing equity. Such actions included incentives to turn hotels, commercial buildings, and unused State-owned facilities into housing; tax incentives to create new housing in New York City and in the rest of the State at local option; authority to lift outdated restrictions on residential density in New York City; a pilot program to legalize existing basement and cellar apartments; and new protections for tenants and homeowners to combat price gouging and discrimination. Reflecting the State's geographic and demographic diversity, the State is

also investing in varied forms of housing, including mobile and manufactured homes, small rental buildings, accessory dwelling units, homeownership opportunities, and public housing.

These historic actions complement and build upon the Governor's \$25 billion, five-year Housing Plan, which is also on track to create and preserve 100,000 affordable homes by the end of FY 2027, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes. Funding includes \$5.7 billion in capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units, and to provide rental subsidies. This investment represents the largest, broadest, and most ambitious housing plan in New York State history.

Together, these creative solutions and historic investments are already making an impact to spur development around the State. To date, more than 420 local governments have submitted letters of intent to become Pro-Housing Communities, of which more than 250 have been certified. Additionally, with the pledge of support from the State, New York City passed zoning changes and other permissive actions to develop housing under the City of Yes for Housing Opportunity program. The reforms and investments under this program are expected to create more than 80,000 new homes.

### **Child Care Affordability**

Governor Hochul understands that the high cost of child care comes at a time when many families can least afford it, if child care is available at all. Since the Governor took office, New York State has taken sweeping measures to expand access to child care, improve affordability for young families, and stabilize the child care industry, investing more than \$7 billion over four years.

Eligibility for the Child Care Assistance Program has increased from 200 percent of the Federal Poverty Level – \$62,400 for a family of four – to the Federal maximum, 85 percent of the state median income – \$108,631 for a family of four. More than half of young children in New York are now eligible for child care

assistance, based on income. Co-pays for families receiving child care assistance have been capped at one percent of family income above the poverty level. Previously, co-pays could be as high as 30 percent.

Families also have improved access to child care – the maximum subsidy amount increased to cover the cost of child care at 80 percent of providers, up from 69 percent of providers prior to recent actions. Families also have greater stability, as a new requirement ensures subsidies are available for a minimum of twelve months.

To support the child care industry, expedite its recovery from the pandemic, and position it for growth, child care providers were provided more than \$1.4 billion for stabilization and workforce retention since 2021. Support for providers was continued through increases in the maximum subsidy rate, which increased an average of 48 percent since 2019.

To improve the quality of services and access to care, the FY 2025 Budget included funding to increase payment rates to providers that are accredited by a nationally recognized child care organization, who participate in New York's Quality Rating & Improvement system, or have completed training and are an active participant in the OCFS Non-Patient Epinephrine Auto-Injector Initiative.

The FY 2025 Budget also included funding to increase access to early childhood mental health consultants for child care providers and for Family Child Care Networks (FCCNs), which support small family and group family child care providers. The FCCNs provide operational and business assistance to these providers in order to expand capacity.

The Governor has also partnered with the business community to incentivize responsible employers to offer child care to their employees through the New York State Employer-Supported Child Care (ESCC) pilot program. In the ESCC pilot, employers will contribute a third of the cost of care for families between 85 percent and 100 percent of the median income, and the State will match it, reducing out-of-pocket costs for these families and generating millions of dollars in new financial support for child care.

This builds on the Business Navigator program, established in FY 2024, which operates in each of the 10 Regional Economic Development Council regions to help interested businesses identify options to support employees' child care needs.

Together, these record investments are reducing out-of-pocket child care expenses for families, increasing access to quality care statewide, and supporting the sector's vital workforce. The FY 2026 Executive Budget reflects that the Governor's commitment to child care access is unwavering, with new efforts to support families and bolster child care providers.

## PROPOSED FY 2026 BUDGET ACTIONS

### Increase the Housing Supply and Access to Housing

The FY 2026 Executive Budget furthers the work of adding housing, removing barriers to development, and encouraging local governments to pursue smart, sustainable growth strategies. The steps outlined below build on the historic package of reforms enacted in FY 2025, and complement the five-year, \$25 billion comprehensive Housing Plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes.

- **Support Growth in Pro-Housing Certified Communities.** Governor Hochul's Executive Order No. 30 created the Pro-Housing Community Program to recognize and reward communities that have taken steps to address the housing crisis. The FY 2025 Budget made the Pro-Housing designation a requirement for localities to access \$650 million in discretionary funding. The Executive Budget continues to encourage participation by providing \$100 million in capital funding to assist Pro-Housing communities with critical infrastructure projects, and \$10.5 million for technical assistance grants.
- **Provide New York City with Tools to Increase Housing.** The City of New York shares the goal of adding new housing supply and has announced investments and passed legislation to enable zoning changes and other permissive actions to further housing development through the City of Yes for Housing Opportunity program. The investments and reforms under this program are expected to create more than 80,000 new homes. Governor Hochul has committed \$1.025 billion in State funding to support the City's efforts.
- **Build More Starter Homes.** The housing market often neglects construction of starter homes, which prevents young families from becoming homeowners and keeps older New Yorkers from downsizing. To address this undersupply, which limits mobility within the market, the Executive Budget provides \$50 million in new capital funding to incentivize the building of more starter and modular homes.
- **Support First-Time Homeowners with Down Payment Assistance.** Saving enough money to make a down payment to purchase a home is a significant barrier to homeownership, especially for low- and moderate-income buyers. The Executive Budget provides \$50 million to support New Yorkers struggling to save for down payments and help more individuals and families achieve the dream of homeownership.
- **Launch New York's First Mixed-Income Revolving Loan Fund.** The Executive Budget dedicates \$50 million for a Mixed-Income Revolving Loan Fund to provide low-cost second mortgages to spur development of mixed-income rental housing outside of New York City. The fund will fill construction financing gaps by providing a lower-cost and more flexible form of capital than is generally available in market financing.
- **Double Low-Income Housing Credits and Increase Flexibility of Historic Tax Credits.** The New York State Low Income Housing Tax Credit Program (SLIHC) has been critical to supporting the development of housing for low- and middle-income households. The Budget doubles the credits available each year. The Budget also decouples the use of Federal and State Historic Tax Credits and removes geographic restrictions on their use for projects that include affordable housing to better support investment in affordable housing projects.

- **Create an Affordable Homebuyer Tax Incentive.** Even when homes are developed for the express purpose of being sold to low- and moderate-income homebuyers, local property tax assessments value the homes based on market value, presenting barriers to creating homes low- and moderate-income homebuyers can afford to purchase. The Executive Budget creates an affordable homebuyer property tax incentive at local opt-in for homes built with assistance from governmental entities, nonprofits, land banks, or community land trusts, and sold to low- and moderate-income homebuyers. This will help make the dream of homeownership more attainable by bringing costs down and increasing the supply of affordable homes.
- **Support Families Over Investors.** Hedge funds, private equity firms, and other institutional investors have played an increasingly significant role in the single-family and two-family housing market in recent years, often at the expense of New York families. Legislation submitted with the Budget will disincentivize bulk purchases of single-family and two-family homes by removing the tax benefits of institutional investors and establishing a 75-day period in which corporate landlords cannot bid on single-family homes. This will give individuals and families a fair chance to access homeownership opportunities.
- **Protect Housing Affordability.** The Budget advances legislation to ban collusion through the use of rent price-fixing software to protect renters from unnecessary rent increases, strengthen laws to combat home appraisal discrimination, and grant rent-regulated tenants the same protections for security deposits as all other tenants. It also provides legislation to reduce the Mitchell-Lama shelter rent taxes by half in New York City and allow for the same by local opt-in, statewide, to provide developments much needed relief from escalating cost increases. Finally, it provides \$40 million in funding for the Homeowner Protection Program for legal services to prevent foreclosures.
- **Equip Communities to Reclaim Vacant Properties for Housing.** Many municipalities struggle to acquire and redevelop vacant and abandoned buildings. Legislation submitted with the Budget will strengthen municipalities' authority to acquire vacant and abandoned buildings and authorize them to adopt tax exemptions to further the redevelopment of these properties into critically needed homes.
- **Increase Capital to Create and Preserve More Supportive Housing.** The Homeless Housing and Assistance Program (HHAP) provides capital resources to create housing, including permanent affordable and supportive housing, specifically for homeless individuals. The FY 2026 Executive Budget includes an additional \$25 million to meet the ongoing demand for supportive housing and to maintain existing units that provide a safe place to live for many of the most housing insecure and vulnerable New Yorkers.
- **Ensure Stable Housing for Vulnerable Populations.** The Budget supports an increase to the Empire State Supportive Housing Initiative (ESSHI) and New York State Supportive Housing Program (NYSSHP) rates. ESSHI has financed the supportive and operating costs of over 9,600 newly developed units as part of the Governor's Housing Plan. NYSSHP provides support for over 20,000 people to live safely and stably in affordable housing. To ensure that New York State's supportive housing stock remains viable and accessible to those who need it most, the ESSHI rates will be increased from \$25,000/unit to \$31,000/unit, with an additional \$3,000 for units in the New York City metro area, and NYSSHP funding will be increased by more than 40 percent.
- **Strengthen Storm Resiliency.** The FY 2026 Executive Budget dedicates \$50 million to expand and strengthen the Rapid Response Home Repair Program and the Resilient Retrofits Program, which makes permanent retrofits and rapid home repairs to respond to future natural disasters. This will allow the State to respond more quickly in the wake of disasters and to help a wider spectrum of homeowners and victims. The Budget also continues funding for the Blue Buffers Buyout Program to encourage voluntary home buyouts in areas most prone to flooding.



## Bolster Child Care Affordability and Access

Continuing the State's more than \$7 billion four-year plan to expand access to child care and improve affordability for young families, the FY 2026 Budget provides nearly \$1.8 billion in resources towards child care assistance – more than double the \$832 million provided in the FY 2022 budget. This funding supports the recent expansion of family eligibility, which is now at the Federal maximum, 85 percent of the state median income, or \$108,631 for a family of four. It also supports the cap on co-pays for families receiving subsidy at one percent of family income above the poverty level. These transformations are reaffirmed in the Executive Budget and strengthened by additional improvements to the child care sector as outlined below.

- **Provide Child Care Construction and Renovation Grants.** To facilitate child care providers' ability to expand enrollment capacity and serve additional children, the FY 2026 Executive Budget provides \$100 million in capital grants for child care centers, counties, and municipalities. This funding will expand the availability of child care, including in child care deserts where the need is most pronounced, and will support necessary repairs and renovations at existing programs. In addition, \$10 million in Federal funds will be used to help family child care programs cover renovations and repairs that are necessary to provide safe, high quality child care. Existing capital programs have been reserved for child care centers only, and this will ensure that smaller, primarily home-based entities also have access to assistance.
- **Launch a Child Care Worker Substitute Pool.** The reliability of child care is fundamental to parents' ability to go to work, school, or job training programs. The Executive Budget supports a child care worker substitute pool pilot program, initially for providers serving children who receive child care assistance.
- **Create the New York Coalition for Child Care.** To formalize the partnership between businesses, unions, and providers, the New York Coalition for Child Care is created. The Executive Budget includes \$1 million to support the work of the Coalition.

## Invest in Social Services and Equity

**Enhance the Empire State Child Credit.** The Executive Budget enhances the State's child tax credit for three years by increasing the maximum credit from \$330 to \$1,000 for children under the age of four and \$500 for children ages four through sixteen. Furthermore, the Governor's proposal eliminates the restrictive earned income requirement, allowing low-income New Yorkers to fully benefit from the credit.

**Support New Mothers.** To combat maternal mortality challenges and support new mothers, the State will work with Baby2Baby to provide maternal health and newborn supplies boxes that will include screening tools for postpartum depression and anxiety, mental health information, self-care products, diapers, blankets, and swaddles. Additionally, New York State and Baby2Baby will provide 10 million diapers to low-income families. The FY 2026 Executive Budget includes \$8 million to provide postpartum boxes and \$1.5 million for diapers.

**Establish the Birth Allowance for Beginning Year (BABY) Benefit.** In an effort to improve maternal and infant health for the State's most under-served households, the Executive Budget invests \$8.5 million, annually, to support an enhanced benefit of \$100 per month throughout pregnancy and an additional \$1,200 payment at birth for New Yorkers who receive Public Assistance.

**Increase Dual Enrollment in SNAP and WIC.** To help more families afford their grocery bills and support better health and life outcomes for young children, OTDA, in consultation with DOH, will undertake a data-matching process to identify and contact participants who may be missing out on Federally-funded benefits. Supplemental Nutrition Assistance Program (SNAP) or Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) recipients will be matched for dual eligibility in both programs, connecting more families to available benefits.

**Increase Access to Government Services.** The FY 2026 Budget provides \$600,000 to install self-service kiosks in high-need communities to provide access to public benefits like SNAP, WIC, and

child care services at high traffic locations such as community centers, libraries, religious institutions, and bus shelters.

**Protect Child Victims.** The Executive Budget doubles the investment in Child Advocacy Centers to strengthen protections for child victims of crimes. This funding will support dedicated advocates to accompany the victim through every phase of an investigation and legal proceedings and keep the child's identity private.

**Combat Youth Homelessness.** The FY 2026 Executive Budget adds \$3.5 million to expand services to youth who are unstably housed or homeless, and to ensure that youth who need stable shelter and transitional housing can find it.

**Expand Mentoring Initiatives.** The Executive Budget provides \$455,000 to enhance mentorship and support for populations of Black and Latina girls through the creation of the Black Girls Mentoring Initiative and expansion of the existing Latina Mentoring Initiative.

**Launch Get Offline, Get Outside 2.0.** Youth programming yields significant benefits for children and their overall well-being. The FY 2026 Executive Budget increases funding by \$15 million to provide additional resources for the development of youth programming that will create thousands of opportunities on sports teams, drama programs, music lessons, community garden programs, debate clubs, volunteer resources, martial arts, and more.

**Launch a Demonstration Program to Mitigate the "Benefits Cliff".** Lower-wage workers may decline promotions or opportunities to transition from part-time to full-time work because of concerns that an increase in income will be offset by a reduction in public benefits. This can be a barrier to career advancement for lower-income New Yorkers and also presents challenges for employers. To evaluate the prevalence and impact of this while simultaneously supporting workforce participation, Governor Hochul will launch the Monroe Ladder Demonstration Program. The program will bring together resources from employers and Monroe County and will help address any real or perceived loss of means-tested

public benefits by providing work incentive payments and financial counseling.

#### **Extend Temporary Operator Provisions for Shelters.**

The Executive Budget advances legislation to extend the authority for OTDA and OCFS to appoint a temporary operator for emergency shelters when a shelter has failed to comply with the legal or regulatory requirements necessary to operate.

#### **Extend and Make Permanent the Current Structure of Financing Committee on Special Education Placements.**

The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts and school districts. There is no State share for New York City placements, and the former 18.42 percent State share for placements outside of New York City has been eliminated since the FY 2021 Enacted Budget. To continue this statewide consistency, the Executive Budget makes the current funding structures permanent, thereby aligning the fiscal responsibility with the school district responsible for the placement.

**Maintain Support for the Migrant Crisis.** The FY 2024 and FY 2025 Enacted Budgets committed a total of \$4.3 billion in extraordinary State funding for the humanitarian crisis that brought thousands of asylum seekers to the City of New York and across in the State. The FY 2026 Executive Budget continues to make these funds available for reimbursement of expenditures, and to support ongoing needs. The State response to the crisis includes covering the cost of three Humanitarian Emergency Response and Relief Centers (HERRCs), deployment of Division of Military and Naval Affairs (DMNA) National Guard members, municipal reimbursement for short term shelter services for migrant individuals and families, and other services such as relocation, legal, and case management.

#### **Continue Investments in Youth Employment Programs.**

Continuing the efforts included in the FY 2025 Enacted Budget, the FY 2026 Executive Budget invests an additional \$3.3 million to provide year-round employment opportunities for at-risk youth through the Summer Youth Employment Program (totaling \$51.5 million) and the Youth Opportunities Program (totaling

\$40.6 million). This additional funding will ensure that State-supported youth employment opportunities are maintained at existing levels.

**Digitize Youth Working Papers.** As part of Governor's effort to improve efficiency of government processes, the Executive Budget includes \$10 million to support legislation to digitize working papers for minors and create a one-stop online portal for young people, caregivers, employers, and school administrators.

**Create New Registered Apprenticeships and Pre-Apprenticeships in High-Demand Occupations.** The Executive Budget includes \$10 million for providers of registered apprenticeships and pre-apprenticeships in high-demand occupations to cover partial apprentice wages, training costs, and for underrepresented groups, wraparound services.

**Facilitate New Training Pathways into High-Demand Occupations.** The Budget includes \$8 million to launch a new initiative to support employer-led training. Additionally, DOL will collaborate with school districts and businesses to recruit high school students for a summer work experience program in high-demand fields.

**Address the Shortage of American Sign Language Interpreters in the State.** The Budget includes funding to support the creation of an ASL fellowship program, pairing recent graduates with experienced interpreters.

**Expand DOL Wage Theft Enforcement Power.** The Executive Budget includes legislation to expand DOL's enforcement power to include the authority to levy liens, seize financial assets, and issue a stop work order following an unpaid wage theft judgement.

**Align Child Labor Law Penalties with Severity of Violation.** The Executive Budget advances legislation to raise the maximum civil penalties and include felony level charges for violations that result in serious injury to children.

**Alleviate Unemployment Insurance Interest Payment for Employers.** The Executive Budget includes funding to eliminate the estimated \$165 million in interest payments that employers would otherwise be charged in 2025 for the loan balance

owed to the US Treasury for the Unemployment Insurance Trust Fund.

**Bolster the State's Ability to Eliminate Discrimination.** The Executive Budget helps ensure complaints of unlawful discrimination are investigated, including through an historic \$11 million increase for the Division of Human Rights (DHR) staff and operations, and legislation to increase the efficiency of DHR's discrimination intake process. This represents a 52 percent increase in funding from FY 2025, supporting 108 new FTEs. Since FY 2021, funding for DHR will have increased by 243 percent.

**Expand Support to Gold Star Families.** The Executive Budget proposes legislation to expand eligibility of the Gold Star Annuity from parents of service members who died in combat to immediate family members of any service member who dies while on active duty.

**Expand Suicide Prevention Initiatives for Veterans.** The Executive Budget includes a \$1 million investment to expand suicide prevention initiatives for veterans, including enhanced risk assessment training, outreach tools, gun safety programs, and improved access to mental health services.

**Expand Military Family Relief Initiatives.** The Executive Budget includes \$350,000 for the Military Family Relief Fund to support various initiatives that will enhance the lives of military families in New York State.









# **LOCAL GOVERNMENT**



The Executive Budget continues to deliver vital grants and awards to local governments across the State.

The State provides broad support for local governments, including through general purpose aid and a variety of local government restructuring and efficiency grants designed to help municipalities work together, capture efficiencies, save money, and protect programs and services.

The **Aid and Incentives to Municipalities (AIM)** program provides general-purpose aid to New York State's cities, towns, and villages. Other programs providing aid to local governments include small government assistance, miscellaneous financial assistance, and support for municipalities with video lottery gaming facilities.

The **Temporary Municipal Assistance program** provides additional general-purpose aid to AIM-eligible municipalities, proportionate to their AIM award, up to \$5 million. FY 2026 is the second year of this two-year program.

**Competitive Local Government Efficiency Grants** help cover costs associated with consolidation, shared services, or other efficiency initiatives.

**Citizens Reorganization Empowerment Grants** are available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.

For cities, towns, or villages that consolidate or dissolve, **Citizen Empowerment Tax Credits** provide an annual aid bonus to bolster the newly combined local government and provide direct relief to property taxpayers.

In addition, the **Financial Restructuring Board for Local Governments** assists distressed municipalities by conducting comprehensive reviews to develop recommendations for restructuring and improving fiscal stability. The Board may offer grants or loans to help implement its recommendations.

## SUPPORTING LOCAL SERVICES AND PROTECTING TAXPAYERS

The preponderance of local governments in New York State stand on strong financial footing. This reflects the efforts of dedicated local officials, a strong tax base, significant recent investments and reforms enacted by Governor Hochul, and historic Federal investments through the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act.

This partnership between local, State, and Federal governments has bolstered local budgets and positioned municipalities to deliver on the services that New Yorkers depend on.

For the State's part, the last three enacted budgets saw increases to vital transportation programs –\$400 million above and beyond FY 2022 levels has been added via the Consolidated Highway Improvement Program (CHIPS), Pave Our Potholes (POP), and State Touring Routes (STR) aid for Rest of State municipalities. A recurring restoration of the AIM program for towns and villages was followed by \$50 million in additional Temporary Municipal Assistance (TMA) in FY 2025 and FY 2026. Together through these actions, the State has provided more than \$600 million in additional funding to counties, cities, towns, and villages under Governor Hochul, beginning in SFY 2023.

Governor Hochul Select Enacted Budget Investments 3-Year Total Estimated by County, \$ Thousands						
	AIM	TMA	CHIPS	POP	STR	TOTAL
<b>STATEWIDE TOTAL (Excl NYC)</b>	<b>177,300</b>	<b>50,000</b>	<b>103,200</b>	<b>241,129</b>	<b>67,535</b>	<b>639,164</b>
Albany	3,020	1,995	1,884	4,706	5,033	16,639
Allegany	1,522	51	1,785	3,979	0	7,336
Broome	4,188	1,181	1,915	4,462	1,234	12,981
Cattaraugus	1,035	406	2,047	4,616	1,076	9,180
Cayuga	1,071	605	1,786	3,920	1,232	8,615
Chautauqua	2,100	772	2,674	5,867	450	11,862
Chemung	769	574	1,237	2,795	686	6,061
Chenango	973	152	1,566	3,535	303	6,529
Clinton	1,287	345	1,422	3,161	1,630	7,844
Columbia	994	192	1,250	2,926	548	5,910
Cortland	541	251	1,027	2,241	684	4,744
Delaware	1,063	36	1,814	4,133	0	7,046
Dutchess	3,881	762	2,041	4,897	749	12,330
Erie	13,336	6,403	5,088	12,651	8,260	45,738
Essex	966	47	1,193	2,586	0	4,792
Franklin	1,364	48	1,282	2,745	0	5,440
Fulton	540	444	864	1,914	1,274	5,036
Genesee	911	228	1,001	2,232	309	4,681
Greene	741	17	1,072	2,362	0	4,192
Hamilton	130	10	332	711	0	1,183
Herkimer	1,951	168	1,724	3,787	749	8,379
Jefferson	1,472	581	2,166	4,782	1,740	10,741
Lewis	556	18	1,236	2,750	0	4,560
Livingston	1,339	35	1,195	2,664	90	5,323
Madison	1,068	238	1,573	3,431	291	6,600
Monroe	10,016	5,242	3,235	8,487	5,228	32,208
Montgomery	651	355	1,186	2,652	686	5,530
Nassau	34,326	1,549	5,013	12,938	0	53,825
Niagara	1,819	2,920	1,808	4,363	5,525	16,435
Oneida	2,876	3,056	2,989	6,767	1,262	16,951
Onondaga	7,601	5,178	3,268	7,960	6,328	30,333
Ontario	1,071	386	1,418	3,133	656	6,664
Orange	3,423	1,090	2,068	5,206	2,739	14,527
Orleans	871	27	799	1,716	267	3,680
Oswego	1,501	524	2,071	4,571	1,142	9,809
Otsego	994	283	2,051	4,450	931	8,710
Putnam	1,147	27	628	1,507	0	3,308
Rensselaer	1,780	1,605	1,685	3,959	3,265	12,294
Rockland	6,305	164	918	2,539	74	10,000
Saratoga	2,342	330	1,833	4,253	1,483	10,241
Schenectady	1,688	1,341	996	2,466	1,300	7,792
Schoharie	530	18	1,158	2,526	0	4,232
Schuyler	399	11	656	1,466	0	2,532
Seneca	923	29	710	1,508	0	3,169
St Lawrence	3,157	301	2,855	6,363	263	12,939
Steuben	1,863	402	3,152	6,966	749	13,132
Suffolk	22,608	565	5,827	14,607	213	43,820
Sullivan	1,384	52	1,895	4,225	209	7,764
Tioga	978	34	990	2,253	0	4,256
Tompkins	1,162	330	1,303	2,920	1,778	7,493
Ulster	2,325	417	2,080	4,737	1,112	10,670
Warren	673	202	1,110	2,483	775	5,243
Washington	880	41	1,437	3,190	0	5,548
Wayne	1,994	46	1,688	3,645	694	8,068
Westchester	11,733	7,881	3,318	9,386	4,297	36,614
Wyoming	922	24	1,091	2,337	0	4,374
Yates	502	12	791	1,697	221	3,222

In addition, Governor Hochul has advanced and enacted new, targeted initiatives to further bolster the State's partnership with local governments and improve their capacity to serve residents, including by:

- **Expanding and Improving the Local Government Efficiency Grant Program.** The Local Government Efficiency Program provides technical assistance and grants for intermunicipal projects targeting shared opportunities, cost savings, and delivery of efficient, quality services. To expand the reach of this successful program, the FY 2025 Budget doubled available funding by increasing the number of awards possible each year and the maximum award amounts, levels maintained in the FY 2026 Executive Budget.
- **Incentivizing Site Development.** The Budget continues \$50 million for site development preparation grants to counties for collaboration with the State to support county infrastructure projects that have public benefit, such as for housing, healthcare, or treatment facilities.
- **Supporting Local Public Safety Efforts.** The FY 2025 Budget included \$85 million in new funding for Public Safety Grants to counties to purchase equipment, and continued the following increases from the FY 2024 Budget:
  - \$80 million in DCJS resources for prosecutorial and defense expenses
  - \$18 million in new funding for the GIVE anti-gun violence initiative
  - \$12.5 million for Next Gen 911 upgrades
  - \$10 million for pre-trial services
  - \$9.8 million for threat assessment management teams
  - \$7 million new funding for re-entry programs
  - \$7 million in new funding for anti-fentanyl innovation grants to district attorneys
- **Enhancing County Social Services.** The Budget also continues Governor Hochul's efforts to increase assistance for local social services, including by providing \$56 million to offset higher assigned counsel rates, added support for the Code Blue program, and \$37 million to create a year-round Youth Employment Program.

- **Championed New Anti-Poverty Initiatives.** The Budget continues \$50 million in new funding to support targeted anti-poverty initiatives in Buffalo, Rochester, and Syracuse.
- **Continuing the State Cap and Takeover of Local Medicaid Costs.** The FY 2026 Executive Budget shoulders \$8.3 billion in Medicaid cost increases on behalf of local governments as part of the State cap and takeover of local Medicaid growth. In FY 2026 alone, New York City will save \$4.6 billion and counties across the State will save an additional \$3.7 billion by the State's assumption of costs. From FY 2007 when the State cap of Medicaid growth began, through FY 2026, the State will have assumed nearly \$61 billion in Medicaid costs that counties and New York City would have otherwise had to bear, freeing resources to be used as local communities see fit.

As a result of these and other efforts, the number of local governments now experiencing fiscal stress, as identified by the Office of the State Comptroller's (OSC's) Fiscal Stress Monitoring System, remains at a record low. Out of nearly 1,600 counties, cities, towns, and villages, only 14 municipalities were given a fiscal stress designation. Moreover, for the third year in a row, the system did not identify any of the State's 57 counties as experiencing any level of fiscal stress.

Only two municipalities were designated as experiencing "significant" fiscal stress, five municipalities were designated as experiencing "moderate" stress, and seven were "susceptible" to stress. For comparison, the 2020 data identified more than twice as many municipalities under some degree of fiscal stress.

The relative fiscal health of local governments has numerous benefits. Municipalities have the resources to deliver on their primary responsibility – keeping New Yorkers safe – while also paving roads, improving water and sewer infrastructure, and providing vital local services. Further, local taxpayers are better protected from large or unsustainable property tax hikes.

Through the thirteenth year of the Property Tax Cap, taxpayers have saved over \$134 billion, comparing growth rates under the cap to the ten-year period preceding it. For the typical taxpayer, this equates to cumulative savings of \$18,000. Taxpayers have also enjoyed a general benefit of property tax predictability, with average increases of just 1.88 percent per year – which is roughly one-third of the average annual growth from 2000 to 2010. Moreover, many counties, cities, towns, and villages are maintaining flat property tax rates and levies in their adopted budgets for 2025.

### **Impact of the FY 2026 Executive Budget on Local Fiscal Year 2026**

This section presents the estimated fiscal impact of changes in the Budget on New York's municipalities. To supplement this narrative, charts detailing the local government impact are provided in the "Financial Plan Tables" section of the Financial Plan.

The overall impact of the Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2026 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total \$60.5 billion in FY 2026 under the Executive Budget. This represents an increase of \$2 billion over the prior year, predominantly due to increases in School Aid, Medicaid, and public protection.

The second way of measuring the impact of the FY 2026 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of over \$1.2 billion for municipalities and school districts for their fiscal years ending in 2026.

**Support for County Governments.** Total State spending on behalf of counties (outside of New York City) through major local aid programs is expected to total over \$8.2 billion in FY 2026 under the Executive Budget. This includes nearly \$3.7 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net positive impact of \$91 million in County Fiscal Year 2026, including:

- \$56 million continued 18-b reimbursement rate for assigned counsel,
- \$15.0 million in recurring parental representation aid,
- \$11.3 million in various youth services investments,
- \$9.6 million to streamline assisted outpatient treatment oversight and enhance funding,
- \$6.4 million increase in CHIPS, and
- \$6.3 million in capital grants for child care centers (\$25 million split across 2025 and 2026).

These positive impacts are partially offset by various changes within the Early Intervention program area (\$12.4 million).

**Support for Cities, Towns and Villages.** The Executive Budget provides over \$1.4 billion in support from major programs for towns, villages, and cities other than the City of New York.

Traditional local impacts result in a local Fiscal Year 2026 net positive impact of \$36.4 million due to a \$17.1 million increase in aid for State Touring Routes and a \$14.3 million increase in CHIPS. The Executive Budget also proposes to increase Miscellaneous Financial Assistance to the City of Albany by \$5 million.

**Support for New York City.** Total State spending on behalf of New York City through major local aid programs is expected to total over \$25.8 billion in FY 2026, an \$800 million increase from FY 2025, under the Executive Budget. This includes \$4.6 billion attributable to the State takeover of local Medicaid growth and \$14.3 billion in School Aid.

Traditional local impacts result in a net positive local impact of over \$195.3 million for the 2026 New York City Fiscal Year. This is primarily due to a year-to-year Foundation Aid increase of \$593.6 million in the 2026 School Year, as well as a \$109.1 million increase in school expense-based aid and categorical aid programs. In addition, New York City will receive:

- \$57.8 million (\$77 million total over two years) for NYPD subway deployments,
- \$36.0 due to continued County 18-b reimbursement rates,
- \$13.9 million to enhance subway outreach,
- \$11.8 million for youth services investments,
- \$6.9 million to streamline assisted outpatient treatment oversight and enhance funding,
- \$5.4 million in increased CHIPs funding, and
- \$4.1 million in aid for State Touring Routes.

Partially offsetting these investments are proposals to increase NYC contributions to the MTA 2025-29 Capital Plan (\$400 million), increasing the City's share of MTA Paratransit costs (\$165 million), the discontinuation of public hospital indigent care pool payments (\$56.7 million), increased Public Assistance costs associated with the BABY Allowance (\$1.7 million), and various changes within the Early Intervention program area (\$19.9 million).

**Support for School Districts.** For SY 2026, the Executive Budget increases Foundation Aid for school districts outside New York City by \$870.7 million and expense-based and categorical aids by \$114.6 million. Partially offsetting this impact, the Budget continues the current State share of Committee on Special Education placements leading to a negative impact of \$28.6 million.

## PROPOSED FY 2026 BUDGET ACTIONS

**Create an Affordable Homebuyer Tax Incentive.** The FY 2026 Budget proposes an affordable homebuyer property tax incentive that localities can opt into to bring down costs and attract new homeowners.

**Increase New York City's Transitional Finance Authority (TFA) Bond Limit.** Recognizing the sharp rise in the cost of construction in the City since the pandemic and the required capital investments needed to upgrade the City's subway system, legislation submitted with the Budget increases this limit by an additional \$3 billion to \$30.5 billion beginning July 1, 2025.

**Provide Capital for Child Care.** To facilitate child care providers' ability to expand enrollment capacity and serve additional children, the FY 2026 Executive Budget provides \$100 million in capital grants. Of this, \$25 million is set aside to support the child care efforts of counties and other local governments.

**Support for the City of Albany.** The FY 2026 Budget provides \$5 million in additional recurring Miscellaneous Financial Assistance (MFA) for the City of Albany, bringing the MFA total to \$20 million, annually.

**Support for the County of Monroe.** The FY 2026 Budget provides \$15 million in one-time Miscellaneous Financial Assistance (MFA) for the County of Monroe. The Budget also launches a demonstration project in Monroe to help address any real or perceived loss of means-tested public benefits, known as the "benefits cliff", through the provision of work incentive payments and financial counseling.

**Ensure Access to Emergency Medical Services (EMS).** The FY 2026 Budget modernizes EMS provision by defining EMS as an essential service and requiring counties to develop EMS mapping to be used by the Statewide EMS Task Force, allowing the Task Force to identify gaps in EMS service coverage.

**Protect Local Governments from Cyber Threats.** The FY 2026 Budget requires local governments to report cybersecurity incidents and ransom payments through a centralized mechanism, and requires all State and local government employees who use computers in their daily work to complete annual cybersecurity training.



**Accelerate Local Construction Projects.** The FY 2026 Budget authorizes municipalities to utilize DASNY's renowned planning, design, procurement, and construction management services to streamline project completion.

#### **Support Local Government Reorganization**

**Programs.** The FY 2026 Budget continues support for local government restructuring and efficiency grants. Citizens Reorganization Empowerment Grants provide funding of up to \$100,000 to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions. Citizen Empowerment Tax Credits support cities, towns, or villages that consolidate or dissolve through tax credits that provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used as direct relief to property taxpayers.

#### **Sunset State Matching Funds for the County-Wide**

**Shared Services Initiative.** The FY 2018 Budget enacted the County-Wide Shared Services Initiative (CWSSI) to provide a process whereby each county could develop, approve, and submit to the State a plan for new shared services that, once implemented, achieves demonstrable taxpayer savings. The Executive Budget continues to ensure that matching fund applications for projects included in a plan submitted to the State prior to January 31, 2024, and already implemented, will be supported. However, it is expected that the appropriation included in the FY 2026 Executive Budget will be the last and final appropriation to be enacted, providing all counties until March 31, 2026, to submit any remaining or outstanding application for State matching funds for any prior plan.







# **MENTAL HYGIENE**



Mental Hygiene agencies and associated community-based programs provide services to individuals living with intellectual and developmental disabilities, mental illness, and addiction. These agencies include the **Office for People With Developmental Disabilities (OPWDD)**, the **Office of Mental Health (OMH)**, and the **Office of Addiction Services and Supports (OASAS)**. The **State Council on Developmental Disabilities (CDD)** advocates for people with developmental disabilities and their families, and funds grants to support the goals of the State Plan, while the **Justice Center for the Protection of People with Special Needs (Justice Center)** supports and protects the health and safety of people with special needs and disabilities. These agencies support services for more than one million individuals, including approximately 900,000 people with mental illness, 731,000 individuals in substance use disorder or problem gambling programs, and over 138,000 people with developmental disabilities.

## CARING FOR NEW YORK'S VULNERABLE CITIZENS

The State's Mental Hygiene system provides or oversees care and services for individuals in State-operated and voluntary-operated programs that help individuals live in the most integrated setting possible and lead full and productive lives. These services include prevention, harm reduction, residential, outpatient, clinic, habilitative, treatment, and recovery programs, and institutional and research facilities.

The Executive Budget reflects the Governor's priority to expand available services, improve access to care, and protect vulnerable individuals. Proposed actions for the Mental Hygiene agencies build on prior investments in mental health, targeted efforts to address the opioid crisis, and continued support for community-based services including residential programs. The Executive Budget proposals result in Mental Hygiene system spending of \$10.7 billion in FY 2026, reflecting annual spending growth of \$3.6 billion (33.2 percent). This includes \$2.3 billion shifted from the DOH budget to the OPWDD and OMH budgets for the Medicaid local share.

Summary of All Funds Mental Hygiene Spending				
CATEGORY	FY 2025 (\$ in millions)	FY 2026 (\$ in millions)	DOLLAR CHANGE (\$ in millions)	PERCENT CHANGE (%)
OPWDD*	5,054.61	7,631.06	2,576.46	51.0
OMH*	4,716.85	5,574.51	857.66	18.2
OASAS	901.20	1,027.70	126.50	14.0
Justice Center	54.66	57.22	2.56	4.7
CDD	4.20	5.70	1.50	35.7
<b>SUBTOTAL</b>	<b>10,731.51</b>	<b>14,296.20</b>	<b>3,564.69</b>	<b>33.2</b>
Adjustments - OPWDD**	(426.99)	(1,258.31)	(831.32)	194.7
<b>TOTAL</b>	<b>10,304.52</b>	<b>13,037.89</b>	<b>2,733.37</b>	<b>26.5</b>

\*OPWDD and OMH FY 2026 spending includes \$2.2 billion and \$138.4 million, respectively, in funding shifted from DOH for Medicaid local share.

\*\*OPWDD Adjustments reflect Mental Hygiene Stabilization Fund expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources. This shift has no impact on OPWDD service delivery or operations.

## PROPOSED FY 2026 BUDGET ACTIONS

The Executive Budget makes necessary investments in infrastructure across the Mental Hygiene portfolio; continues to expand mental health services; combats the overdose epidemic through investments in prevention, treatment, harm reduction, and recovery programs; and fund initiatives to promote access to care and supportive services. The Budget expands community-based care and continues investments in the direct care and clinical workforce to ensure that individuals receiving Mental Hygiene services are in the most integrated, appropriate, and cost-effective setting possible.

### Supporting People with Developmental Disabilities and Their Families

Governor Hochul's commitment to improving the overall quality, availability, and cost-effectiveness of community-based, person-centered services for individuals with intellectual and developmental disabilities (I/DD) is demonstrated by targeted investments in OPWDD to address critical needs; support for important policy reforms; and the modernization of aging infrastructure.

Specifically, the Executive Budget will:

**Continue Funding Rate Enhancements for Not-for-Profit Providers.** The Executive Budget will continue investments to support updated reimbursement rates for OPWDD providers that began during FY 2025. The budget includes almost \$850 million in gross annualized funding to help OPWDD not-for-profit providers increase wages for their frontline workforce.

**Invest in New Service Opportunities.** The Executive Budget invests new State resources (\$30 million in FY 2026, \$60 million annualized) to fund OPWDD priority program reforms and new service opportunities that enable individuals to receive the support they need. This includes individuals who are entering the OPWDD service system for the first time and individuals already receiving services, but whose needs have changed. These State funds leverage Federal resources for a gross increase of \$120 million annually.

### Modernize Research in Developmental Disabilities.

The Executive Budget includes a five-year capital investment of \$75 million to renovate the Institute for Basic Research in Developmental Disabilities (IBR) campus, including the development of a Genomics Core facility to allow for the customized identification of genetic imperfections underlying an individual's developmental disability and creation of space for a Willowbrook learning center. This investment will renovate existing buildings and consolidate space to a more focused footprint, while also modernizing equipment needed to help advance IBR's research goals.

**Create Regional Disability Clinics.** The Executive Budget includes \$25 million in capital funding to support the development of Regional Disability Clinics. These resources will support one-time costs for building modifications and/or equipment designed to increase accessibility and improve quality of healthcare for people with developmental disabilities who access services in clinics licensed by Article 28 of the Public Health Law and Article 16 of the Mental Hygiene Law.

**Renovate Sunmount Campus.** The Budget invests \$18 million across four years to renovate the Sunmount campus in Tupper Lake through a variety of health and safety projects benefitting residents and staff. This capital investment will support roof replacements, exterior repairs, kitchen and bathroom renovations, and paving of roadways and parking lots.

**Commit an Additional \$15 Million to Develop Housing.** The FY 2026 Executive Budget continues to expand independent living opportunities for individuals with I/DD. These funds are distinct from, and in addition to, resources that are available from the five-year, \$25 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with I/DD.

### Promoting Mental Health

OMH has continued to strengthen its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services such

as mobile crisis teams. Since FY 2015, the expansion in community-based services has resulted in more than 222,000 previously unserved individuals receiving services. The Budget advances efforts that improve quality and expand services in the community. Specifically, the Budget will:

**Pilot an Aging in Place Program.** The FY 2026 Executive Budget provides \$1.6 million to introduce a pilot program to help older adults who need assistance with activities of daily living (ADLs). This initiative focuses on providing support to individuals in existing Community Residence Single Room Occupancy (CR-SRO) units. This investment will help promote independence, safety, and quality of life for aging New Yorkers.

**Expand Teen Mental Health First Aid for High School Students.** OMH will utilize a new \$1.5M investment to expand its teen Mental Health First Aid (tMHFA) training. Specifically, these funds will be used to train both teens and adults who work with teens to identify, understand, and respond to signs of mental health and substance use challenges, including the impacts of bullying and school violence.

**Improve Maternal Mental Health.** The FY 2026 Executive Budget provides \$1.5 million to expand maternal mental health services. OMH will integrate behavioral health services into OB-GYN practices in underserved communities, ensuring accessible and comprehensive care for mothers.

**Create Comprehensive Clinical Assessment Hubs.** The FY 2026 Executive Budget supports the creation of clinical assessment hubs staffed by multidisciplinary clinicians with an investment of approximately \$1 million. These hubs will provide specialized evaluations for children with complex behavioral and clinical needs, ensuring accurate diagnoses and connecting them to individualized services without requiring hospitalization.

**Expand Clubhouses and Youth Safe Spaces.** The FY 2026 Executive Budget commits \$10 million to establish up to seven new clubhouses and four Youth Safe Spaces across New York State. Clubhouses are member-driven programs that provide individuals with serious mental health conditions access to social

support, life skills training, employment resources, and a sense of community. Youth Safe Spaces provide a place for young people to access behavioral health wellness resources, foster positive relationships with their peers, and receive support in a comfortable setting, alongside friends and community members.

**Establish Hospital-Based Peer Bridger Services and Expand INSET.** New York will commit \$4 million to create a hospital-based peer bridger program and fund expansion of Intensive and Sustained Engagement Teams (INSET). Research has shown that peers with lived experience are effective in engaging individuals with mental illness and can help service recipients manage crucial transitions of care. The hospital-based peer bridger program will operate in Article 28 hospitals and help facilitate the transition of individuals leaving inpatient care and transitioning back into the community. INSET provides voluntary, peer-led support to individuals on their recovery journey via 24/7 multidisciplinary teams, led by peer specialists, which offer trauma-informed, culturally responsive care tailored to individuals' unique needs.

**Add Street Medicine and Street Psychiatry to SOS Teams.** The Budget invests \$2.8 million for OMH to add street medicine and street psychiatry to Safe Options Support (SOS) teams across the State. This enhancement will allow SOS teams to provide immediate medical and psychiatric care to unsheltered individuals, improving the effectiveness and timeliness of outreach services.

**Bolster Involuntary Commitment and Assisted Outpatient Treatment (AOT).** The FY 2026 Executive Budget designates \$16.5 million to counties to enhance county-level implementation of Assisted Outpatient Treatment (AOT) programs across the State and \$2 million for additional OMH staff to increase reporting and monitoring, enhance statewide training, and provide additional support for counties and providers. This will improve statewide consistency and effectiveness of AOT services while also offering enhanced voluntary service packages for individuals who wish to access enhanced intensive services. The Budget also includes amendments to Mental Hygiene Law to expand standards for involuntary commitment and to strengthen the AOT statute.

**Create 24/7 Welcome Center Model.** The FY 2026 Executive Budget commits \$6.5 million to support the creation of spaces within five New York City subway stations for mobile outreach teams to better connect and coordinate services for unhoused individuals. This funding will support one-time start-up and ongoing operating costs.

**Support Community-Determined Wellness in Historically Marginalized Neighborhoods.** The Executive Budget funds a \$2 million grant program to support wellness initiatives in marginalized communities that have faced decades of underinvestment, violence, and systemic inequities. Drawing from the grassroots healing efforts in East Buffalo that were developed in the aftermath of the 2022 Tops Supermarket shooting, which included barbershop talks, father-son outings, and cultural healing circles, this program will fund community-driven, culturally relevant wellness activities.

**Expand Forensic Inpatient Capacity.** The FY 2026 Executive Budget includes \$160 million for the creation of a new 100-bed forensic inpatient unit on Wards Island. The additional inpatient capacity will help OMH meet the increasing demand for restoration services for incarcerated individuals deemed incompetent to stand trial. Additionally, the Budget provides \$21.2 million (\$28.3 million fully annualized) for the agency to increase clinical and direct care staffing at its four forensic facilities to reduce staff to patient ratios, improving safety and quality of care.

**Enhance the Capital District Psychiatric Center Crisis Unit.** The Budget provides \$2.4 million (\$7 million fully annualized) to update the Crisis Unit at the Capital District Psychiatric Center to include an 8-bed acute care unit and expand the Mobile Integration Team to improve safety and quality of patient care.

**Establish Commercial Compliance Monitoring.** The FY 2025 Enacted Budget established a new requirement that commercial insurers reimburse behavioral health services at or above the Medicaid rate effective January 1, 2025. The FY 2026 Executive Budget provides \$1 million for additional staff to monitor compliance with the new law. OMH will provide network monitoring and surveillance, and will

work with DFS and DOH on compliance enforcement through citations and/or fines.

**Continue Support for Existing Residential Programs.** Consistent with legislation enacted in the FY 2024 Budget that extended property pass through provisions to include OMH's non-licensed residential programs, the Executive Budget includes \$11.9 million to increase stipends for nearly 18,000 OMH Supported Housing units to keep pace with rising property costs.

### Addressing the Overdose Epidemic

Under Governor Hochul's leadership, OASAS is taking significant steps to address the overdose epidemic by improving access to addiction services, removing barriers to treatment, developing new and innovative treatment models, and incorporating life-saving harm reduction principles across the care continuum, including New York State's network of community-based providers.

The most recent overdose data are indicating a reduction in deaths in New York State. While cautiously optimistic, this year's Executive Budget will continue to support OASAS' efforts to ensure access to critical services and supports across the State.

The Executive Budget continues the historic investments made since FY 2023, which included significant increases in operating and capital support for addiction prevention, treatment, harm reduction, and recovery programs which serve people with addiction throughout the State, their families, and their communities.

The Executive Budget sustains New York State's commitment to critical initiatives, including:

**Addressing the Overdose Epidemic Using a Patient Centered Approach.** OASAS oversees one of the nation's largest substance use disorder care systems with approximately 1,700 prevention, treatment, harm reduction, and recovery programs serving over 731,000 individuals per year. As the State's opioid treatment authority, OASAS will continue to coordinate State-federal relations in addiction services and increase evidence-based practices



proven to support individuals contemplating or new to recovery and prevent overdoses. At Governor Hochul's direction, OASAS has made access to life-saving medication and supplies simple and affordable, including the first-in-the-nation public access portal to allow free ordering of naloxone and test strips. Since August 2022, OASAS has distributed over 255,000 naloxone kits and nearly 22 million fentanyl and xylazine test strips to individuals and organizations across the State.

**Opioid Settlement Fund Investments.** Since 2021, the State of New York has reached settlement agreements with and received payments from opioid manufacturers and distributors. Through these agreements, the State and local municipalities are expected to receive more than \$2 billion through 2040. Over \$570 million in payments related to those settlement agreements will have been deposited in the State's Opioid Settlement Fund through FY 2026. These funds are being used to support addiction programming and services throughout the State. OASAS, as the lead agency and administrator of the fund, is collaborating with other State agencies including DOH and OMH to develop strategies and initiatives to provide individuals the care and support they need. The State is being guided by the Opioid Settlement Fund Advisory Board, which is charged with making recommendations on the allocation of these funds. The Board issued its third annual report on November 1, 2024. New York State is continuing to lead the nation at making these funds available to the community to support outreach and engagement harm reduction services; workforce initiatives like scholarships, fellowships, and internships; non-medical transportation; transitional safety units; naloxone; fentanyl and xylazine test strips; expanding comprehensive integrated treatment; and medication assisted treatment.

**Opioid Stewardship Investments.** The FY 2023 Enacted Budget appropriated \$200 million to invest monies owed to the State retroactive to 2017 and 2018, after the Opioid Stewardship Act was upheld by the U.S. Supreme Court. The Executive Budget reappropriates these funds to allow OASAS to continue using these resources, in collaboration with DOH, to pursue harm reduction initiatives, including a grant program supporting street outreach and

other community-based harm reduction programs throughout the State, medication and treatment affordability programs, and the development of a harm reduction training program for personnel from law enforcement agencies, correctional facilities, and the court system.

**Information Technology Investments.** The FY 2026 Executive Budget provides \$10 million as part of a five-year \$50 million investment to upgrade OASAS's data collection, reporting, and information technology systems. This upgrade will enable OASAS to utilize additional performance metrics, decrease administrative burden on providers, and meet the needs of the growing system of substance use disorder services. This Executive Budget also provides \$5 million in annual funding to support increased IT costs and other incremental improvements to OASAS' systems.

**Reimagined Vocational Services.** The FY 2026 Executive Budget includes \$11.4 million to reprocure vocational, job placement, and day services for those with substance use disorders. Vocational services that are targeted to the specific needs of people with substance use disorder are essential to supporting the individuals served throughout the OASAS continuum of services. This will ensure that the funds are being used as effectively and efficiently as possible, and that there is access to these important services throughout the State.

**Expand Access to Opioid Medications.** The FY 2026 Executive Budget provides \$2.5 million to expand the number of Mobile Medication Units (MMUs) that provide medication and other clinical services to those with opioid use disorders. The MMUs will serve regions of the State that currently do not have access to opioid treatment medications. These funds will cover one-time startup capital costs for vehicles and ongoing operating costs.

**Addiction Treatment Centers Evaluation.** The FY 2026 Executive Budget provides \$500,000 in one-time funds to conduct an analysis of the twelve State-operated Addiction Treatment Centers (ATCs). This assessment will help to enhance critical services provided through the ATCs, and ensure that OASAS is best serving unmet needs in communities across the State.

**Technical Assistance Center for Opioid Treatment.**

The FY 2026 Executive Budget includes \$300,000 in annual funding to provide technical assistance to Opioid Treatment Programs (OTPs) throughout the State. This technical assistance will aid OTPs in understanding both State and federal laws and regulations that impact their programs. Changes to federal rules provide a unique opportunity to change how people access medication in OTPs. This funding will provide the assistance needed for providers to adapt programming to safely implement the flexibility allowed by the new rules.

**Expand Support for Street Outreach Teams.**

The FY 2026 Executive Budget adds \$3M to the OASAS budget for expansion of street outreach teams, including integration with OMH's Safe Options Support (SOS) teams in high need areas. This collaboration will help individuals with more comprehensive needs who currently are not connected to care and supports.

**Agency Staffing and Operating Investments.** The FY 2026 Executive Budget includes approximately \$3 million for additional staff and operating costs at OASAS. These staff will support various critical functions in the agency, including data analyses on opioid settlement funding, implementing cannabis use disorder programs, enhancing patient care at the ATCs, and support of critical OASAS operational functions.

**Protecting Vulnerable People**

To protect the health and safety of vulnerable people under the State's care or oversight, the Justice Center has primary responsibility for receiving, investigating and/or reviewing abuse and neglect allegations at certain facilities and programs that are operated, certified, or licensed by the following six agencies: OMH, OPWDD, OASAS, DOH, OCFS, and SED. The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the approximately 3,500 facilities or service providers overseen by the six State agencies. The Budget honors the State's pledge to protect vulnerable populations.

**Multi-Agency Budget Actions**

**Targeted Inflationary Increase.** The Executive Budget includes a Targeted Inflationary Increase of 2.1 percent to voluntary operated providers of services for OPWDD, OMH, OASAS, Office of Children and Family Services (OCFS), Office of Temporary and Disability Assistance (OTDA), and the State Office for the Aging (SOFA). For Mental Hygiene agencies, the Targeted Inflationary Increase provides an additional \$195.4 million (\$328.3 million including Federal matching funds) for OPWDD, OMH, and OASAS programs in FY 2026, and will provide fiscal relief to providers to address rising operating costs and enable them to offer more competitive wages to their staff.

**Minimum Wage.** The Executive Budget invests an additional \$53 million in State funds to support minimum wage increases for staff at programs licensed, certified, or otherwise authorized by OPWDD, OMH, and OASAS.

**Council on Developmental Disabilities State Budget.**

The FY 2026 Executive Budget includes \$1.5 million to provide General Fund support for the Council on Developmental Disabilities' (CDD) staffing costs. This will allow the agency to focus Federal funds exclusively on programming for individuals with developmental disabilities and their families across the State.

**Interpreter for the Interagency Coordinating Council for Services to Persons who are Deaf, Deafblind, or Hard of Hearing.** The Budget includes additional funding to support an interpreter for the Interagency Coordinating Council for Services to Persons who are Deaf, Deafblind, or Hard of Hearing, within the Office of the Chief Disability Officer (CDO).

**Medicaid Local Share Costs.** To align agencies' budgets with program area spending, the Executive Budget includes a Financial Plan neutral shift of funding for Medicaid local share costs from DOH to other State agencies. For OPWDD and OMH, this results in increased funding and appropriations of \$2.2 billion and \$138.4 million in their respective budgets, offset by an equal decrease in the DOH budget.







# **PUBLIC SAFETY**



## INVESTING IN PUBLIC SAFETY

The Executive Budget includes targeted public safety investments to keep New Yorkers safe and improve quality of life. These investments are focused on specific categories of crime, including sexual assault, domestic violence, and gender-based violence. This public safety funding plan builds on historic investments in proven gun violence prevention programs and the criminal justice system.

### Public Safety Agencies

New York State's Public Safety agencies assist local communities with crime prevention, supervise criminal offenders both in prison and in the community, patrol highways, protect critical State assets, and respond to natural disasters and terrorist threats.

The **Department of Corrections and Community Supervision (DOCCS)** is responsible for providing services to incarcerated individuals in safe and secure facilities, preparing incarcerated individuals for release, and ensuring those individuals receive appropriate monitoring and support while under community supervision.

The **Division of Criminal Justice Services (DCJS)** collects and analyzes statewide crime data, administers local criminal justice programs, administers the State's Sex Offender Registry and DNA Databank, and tracks the effectiveness of system-wide criminal justice strategies designed to enhance public safety.

The **Division of State Police (DSP)** protects the citizens of the State, prevents and detects crime and other violations of law, and promotes highway safety.

The **Division of Homeland Security and Emergency Services (DHSES)** is dedicated to the preparation and protection of the State's citizens, communities, resources, economy, and infrastructure from threats and acts of terrorism, natural disasters, and other emergencies.

The **Office of Indigent Legal Services (ILS)** and the associated Indigent Legal Services Board are responsible for examining, overseeing, and ensuring

the quality of legal representation for residents who are unable to afford an attorney.

The **Division of Military and Naval Affairs (DMNA)** encompasses all of New York's reserve forces including the Army National Guard, Air National Guard, Naval Militia and New York Guard; providing land, air, and naval military forces and facilities capable of executing global missions across unified operations in support of our communities, State, and Nation.

The **Office of Victim Services (OVS)** provides compensation to victims of crime, funds direct services to crime victims via a network of community-based programs, and advocates for the rights and benefits of all innocent victims of crime.

## PUBLIC SAFETY SPENDING

The Executive Budget makes targeted investments in initiatives that will strengthen efforts to keep New Yorkers safe. Spending for New York State's public safety agencies is projected at \$8.6 billion for FY 2026.

### Proposed FY 2026 Budget Actions

#### Keeping New Yorkers Safe

**Expand Support for Intelligence Sharing and Agency Coordination.** The Executive Budget includes \$13 million for the creation of the New York State Crime Analysis and Joint Special Operations Command Headquarters (CA-JSOC). This first-in-the-nation headquarters will track crime trends, create real time dashboards and maps, share intelligence, and coordinate responses in real time, further enhancing public safety across New York State.

**Protecting the Northern Border.** The Executive Budget includes \$8 million to strengthen State Police's enforcement efforts at the northern border, which has experienced elevated levels of drug, weapon, and currency seizures from transnational criminal networks.

**Support Safe and Vibrant Communities.** The Executive Budget includes \$10 million to promote

public safety and well-being through community-based programs, resources, and infrastructure investments that strengthen neighborhoods and reduce violence.

**Combat the Rise in Hate Crime.** The Executive Budget includes \$35 million for the next round of the Securing Communities Against Hate Crimes (SCAHC) program. These grants provide funding to boost safety and security for certain organizations at risk of hate crimes or attacks because of their ideology, beliefs, or mission.

**Reduce and Prevent Gun Violence.** The Executive Budget increases the historic investment to \$370 million for programs to prevent and reduce gun violence in our communities. This investment will continue to allow communities, law enforcement, and nonprofit groups to stem gun violence in New York State. Additional gun violence funding includes new proposals to create the CA-JSOC and support safe and vibrant communities.

**Improve the Effectiveness of the Criminal Justice System.** The Executive Budget continues critical investments totaling \$290 million to improve the effectiveness of the criminal justice system, including community investment, crime prevention, law enforcement, prosecution, and reentry services. The Executive Budget includes legislation to improve the discovery process to promote fairness, increase case processing efficiency, and reduce case dismissals.

**Correctional Facility Security.** The Executive Budget includes a significant investment to ensure the safety and security of the State's correctional system. This includes \$400 million for the acceleration and continued installation of fixed cameras in all facilities, \$18.4 million for the expansion of the body worn camera program, and \$7.2 million to expand and restructure the Office of Special Investigations (OSI).

**Enhance Subway Safety.** The Executive Budget includes \$77 million to partner with New York City to increase police presence on platforms and trains by temporarily surging patrol levels. Police patrols will also be added on every overnight train for the next six months.

**Reduce Reoffending Through Justice Initiatives.** The Executive Budget includes \$2 million in investments designed to improve reentry into the workforce by expanding training in green energy and sustainable industries. The Executive Budget also includes legislation to reduce reoffending through enhancing positive incentive programs, including merit time.

**Combat Misinformation Through Media Literacy Efforts.** The Executive Budget includes \$1 million for the development of a set of resources to help educate the public, particularly parents and children, about how to critically evaluate information and navigate today's complex media landscape.

## Supporting First Responders

**Volunteer Fire Infrastructure and Response Equipment.** The Executive Budget includes \$25 million in funding for the Volunteer Fire Infrastructure and Response Equipment (V-FIRE) grant program, which allows departments to renovate or construct compliant fire stations equipped to meet the needs of modern firefighting.

**Law Enforcement Technology Funding.** The Executive Budget includes \$50 million in funding for the Law Enforcement Technology (LETECH) grants, supporting agencies statewide in acquiring critical technologies and equipment to enhance crime prevention and community engagement. This investment will strengthen public safety and improve trust between law enforcement and the communities they serve.

**Mass Violence Crisis Response Team.** The Executive Budget includes \$2.3 million for a Mass Violence Crisis Response Team to ensure rapid, coordinated support for survivors and their communities, addressing immediate needs in the aftermath of such events.

**Expand Joint Task Force Empire Shield (JTFES).** The Executive Budget includes \$45 million in additional funding for the Empire Shield mission to continue to deter and prevent terrorist activity in the New York City area, including transit and commuter hubs.

The Executive Budget includes legislation to

assist with law enforcement recruiting efforts, including modifying residency requirements for State Correction Officers and maximum hiring and mandatory retirement ages for law enforcement.

### **Expand Support for Survivors of Crime**

**Victim Support Services.** The Executive Budget includes \$3.8 million and legislation to increase compensation for scam victims, raise funeral reimbursement caps, expand crime scene cleanup coverage, and remove barriers like the consideration of contributory conduct.

**Rape Crisis Centers.** The Executive Budget includes \$6.5 million to double funding to \$12.8 million and improve access to rape crisis centers by enhancing hospital and community services, expand geographical coverage, ensure support for culturally responsive programs, and improve access to advocates for survivors of sexual assault.

**Statewide Targeted Reductions in Intimate Partner Violence.** The Executive Budget includes \$5 million to expand the Statewide Targeted Reductions in Intimate Partner Violence (STRIVE) initiative to include non-domestic sexual assaults and rapes. Funding will support district attorneys, law enforcement, probation departments, and community-based providers statewide and provide broader support for survivors while implementing effective measures to combat sexual assault.

**Expand Protections and Services to Victims of Sexual Assault.** The Executive Budget includes \$3.3 million and legislation to increase reimbursement for the cost of a forensic rape examination and expand HIV Treatment.

**Safe Workplaces for Survivors of Gender-Based Violence.** The Executive Budget includes \$200,000 and legislation to codify State agency requirements related to Gender-Based Violence in the workplace and require all State vendors to attest that they have a Gender-Based Violence policy in place.

**Improve Access to Public Assistance for Survivors of Gender-Based Violence.** The Executive Budget includes \$350,000 and legislation to eliminate the

credibility test for survivors of domestic violence applying for public assistance and modernize the domestic violence screening process used by local departments of social services.

The Executive Budget includes legislation to dispossess domestic violence abusers of firearms, adds intellectual disability as element of trafficking, and ends the statute of limitations on sex trafficking.

SUMMARY OF ALL FUNDS SPENDING				
CATEGORY	FY 2025 (\$ Millions)	FY 2026 (\$ Millions)	\$ Change	% Change
DOCCS	3,384	3,446	62	2
DSP	1,020	1,087	68	6
DCJS	606	689	83	12
DHSES*	4,269	2,418	(1,851)	(77)
All Other	937	1,007	69	7
<b>Total</b>	<b>10,216</b>	<b>8,647</b>	<b>(1,569)</b>	<b>(18)</b>

\* The year over year change in DHSES spending is attributable to the projected decrease in Federal pass-through reimbursement to localities following the end of the COVID-19 disaster period.





# **STATE WORKFORCE**





The State Workforce continues to experience growth toward optimum levels due to continued strategic efforts including successful collective bargaining, streamlining opportunities through the Hiring for Emergency Limited Placement Statewide (HELPS) program, and the elimination of the Salary Withholding Program. These strategic efforts have improved the State workforce, which has grown by nearly 5,000 Full Time Equivalent (FTE) employees since the end of the last Fiscal Year.

The Executive Budget builds on this progress by extending the HELPS program, continuing the waiver of Civil Service Examination fees, establishing an optional payment for new State employees during the traditional new employment payroll lag period, transforming the Civil Service merit system, and building on other investments to recruit new talent to public service.

talented workforce, and continuing to staff Centers for Careers in Government across the State.

Additionally, the Executive Budget provides resources to reimagine the Merit System by establishing the Merit Systems Help Desk, which will serve as a resource to State and local government officials to navigate the Civil Service system. It further provides resources to develop a new Jobs Portal and Application Tracking system to transform the Merit System.

**ESTABLISH AN OPTIONAL PAYMENT FOR NEWLY HIRED STATE EMPLOYEES**

In today’s ultra-competitive labor market, requiring employees to wait 28 days for their first paycheck is not feasible. This solution offers an optional payment for employees, equivalent to a first paycheck, providing a way to alleviate some of the financial stresses faced by New Yorkers.

STATE WORKFORCE CATEGORY	YEAR-END ACTUAL 3/31/22	YEAR-END ACTUAL 3/31/23	YEAR-END ACTUAL 3/31/24	CURRENT ACTUALS 12/31/2024	YEAR-END ESTIMATE 3/31/25	YEAR-END ESTIMATE 3/31/26	YEAR-TO-YEAR CHANGE
Subject to Direct Executive Control	106,690	108,080	111,267	114,317	122,159	124,618	2,459
University Systems	58,256	59,023	61,019	62,503	62,656	62,656	0
Independently Elected Agencies	4,394	4,319	4,299	4,648	4,885	5,087	202
GRAND TOTAL	169,340	171,422	176,585	181,468	189,700	192,361	2,661

**RECRUIT NEW TALENT TO PUBLIC SERVICE CAREERS AND TRANSFORM THE CIVIL SERVICE MERIT SYSTEM FOR THE FUTURE**

Since 2023, the HELPS program has improved efficiency in State government staffing, grown the State workforce, and allowed for 20,000 appointments. The Executive Budget works to build on this success by providing the necessary resources to extend the HELPS program through June of 2026.

The Executive Budget will build on these successes by continuing to waive Civil Service exam fees through June of 2026, continuing the Public Service Matters Marketing Campaign, expanding the continuous recruitment of a diverse, inclusive, and

The Executive Budget advances legislation to alleviate delays associated with current payroll processes. Employees hired on or after July 1, 2026, will have the option to receive an estimated first paycheck, rather waiting 28 days for their first payment. Such payment will be pursuant to agreements with the labor unions representing Executive Branch State employees, and the election of the Judiciary and Legislature for employees under their purview. This payment would then be recouped over the next fourteen pay periods.

## STATE WORKFORCE INVESTMENTS & EFFICIENCIES

The Executive Budget will provide staffing investments to reinforce careers and public services in several agencies.

Below is a list of selected agencies where the Executive Budget proposes additional workforce investments.

**Office of Mental Health.** To support the recruitment and retention of the mental health workforce and support new programs.

**Department of Corrections and Community Supervision.** To support increased security measures and to reflect facility staffing levels statewide.

**Office of Information Technology Services.** To support cyber security initiatives and Tax Modernization.

**Office of General Services.** To support the conversion of temporary positions to permanent as well as staffing for essential programs.

**Office of Temporary and Disability Assistance.** To support the continuation of Fair Hearings.

**Division of Human Rights.** To support agency operations, including managers and investigators.

**Department of Agriculture and Markets.** To support food safety, the RAPID Act, and other initiatives.

**Department of Civil Service.** To support recruitment and retention, the extension of the HELPS program, and other initiatives.

Several agencies will also benefit from workforce investments in the budget, including, but not limited to the Department of Environmental Conservation, the Office of Parks, Recreation and Historic Preservation, the Department of Financial Services, the Division of Criminal Justice Services, the Department of Public Service, and Alcoholic Beverage Control.

## COLLECTIVE BARGAINING

In FY 2025, the State reached collective bargaining agreements with several State employee unions including the New York State Police Benevolent Association, Council 82 Security Supervisors, and the State Trooper Police Benevolent Association, and is actively negotiating successor agreements with other unions representing State employees whose contracts are now expired.

The settled agreements provide annual 3% salary increases, a \$3,000 bonus payment, and changes to the health insurance program that will encourage in-network employee utilization to help control health insurance costs.

Coupled with the prior-year agreements with the Public Employees Federation and United University Professionals, and the extension of provisions to unrepresented employees, the State has reached agreement with over 99% of the unionized workforce through FY 2026.

## EMPLOYEE FRINGE BENEFITS AND FIXED COSTS

The State provides a variety of fringe benefits to its current and former employees, including health insurance, pensions, and payment of the Social Security payroll tax and workers' compensation coverage for injured workers. Fixed costs include a payment in lieu of taxes to the City of Albany for the Empire State Plaza and taxes on other state-owned land, as well as payments for judgments and settlements against the State under the Public Officers Law and in the Court of Claims.

All Governmental Funds spending is projected to increase in FY 2026 by \$554 million as illustrated in the following table.

SUMMARY OF ALL FUNDS FRINGE BENEFIT AND FIXED COST SPENDING				
CATEGORY	FY 2025 (MILLIONS OF DOLLARS)	FY 2026 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT (%)
NYSHIP	5,163	5,386	223	4.3%
Pensions	2,359	2,540	181	7.7%
Social Security	1,132	1,183	51	4.5%
Workers' Compensation	554	627	73	13.2%
Other Fringe Benefits / Fixed Costs	730	756	26	3.6%
<b>Total</b>	<b>9,938</b>	<b>10,492</b>	<b>554</b>	<b>5.6%</b>

### New York State Health Insurance Program (NYSHIP).

The increase in spending reflects medical inflation including the rising cost of prescription drugs. These increases are partially offset by certain benefit design changes achieved through the Collective Bargaining process. These changes sought to address the high cost of certain services with a shared goal of making health insurance more affordable for all participants.

**Pensions.** Changes in the pension estimate reflect the recurring prepayment of the State's annual pension obligation in the year prior to it being due. This action results in a recurring \$121 million in interest savings throughout the Financial Plan.

**Social Security Payroll Tax.** The increase reflects general salary increases pursuant to the recent collective bargaining agreements, as well as the continued growth in the State workforce.

**All Other.** Workers' Compensation, other fringe benefits, and fixed costs reflect wage and property tax increases and current spending trends.

### PROPOSED EXECUTIVE BUDGET ACTIONS

#### Provide a Market Rate of Interest on Court Judgments

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide relief for

local governments and lower state taxpayer costs. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated. This change would result in an estimated savings of \$2.5 million in FY 2026 and FY 2027.

#### Eliminate Subsidy for the Medicare Part B Income-Related Monthly Adjustment Amount and Create an Annual Premium Refund for Certain State Retirees

To limit costs to the Medicare program, the Federal government requires higher-income retirees to pay a greater share of Medicare Part B premium expenses. These additional expenses are known as the Income-Related Monthly Adjustment Amount (IRMAA). In 2025, these IRMAA expenses are imposed on retirees with an annual income of \$106,000 or higher (\$212,000 or higher for joint filers) and range from \$74 to \$444 per month. Currently, the State fully reimburses retirees for the value of Part B IRMAA expenses.

The Executive Budget proposes eliminating the IRMAA reimbursement for high income State retirees. The savings achieved through this proposal would be equally shared by the State and certain State retirees in the form of an annual premium refund. The savings to the State is estimated to be \$12.3 million in FY 2026 and \$12.9 million in FY 2027.





# TRANSPORTATION



The Executive Budget will continue to make historic investments in the State's transportation system, to improve our transit systems, increase mobility, and grow our economy. These investments are improving roads, bridges, airports, rail facilities, transit systems, and ports, as well as enhancing and expanding the **Metropolitan Transportation Authority (MTA)** network.

The State's transportation system is operated, maintained, and administered by a network of State and local agencies and public authorities. The **Department of Transportation (DOT)** is responsible for construction, reconstruction, maintenance, and removal of snow and ice for approximately 44,475 State highway miles and 7,700 State highway bridges. DOT provides funding for rail, airport, bicycle, and pedestrian transportation modes as well as local government highway and bridge construction.

DOT also provides coordination and funding for over 100 public transportation operators including the MTA and four major upstate regional transportation authorities, among other local transit systems. These systems provide bus, subway, and commuter/light rail services, as well as paratransit services to meet the needs of people with disabilities.

In 2023, the MTA provided transit and commuter services in the New York City region to over 1.7 billion passengers who rode subways, buses, Metro North Railroad (MNR) and Long Island Rail Road (LIRR). They also facilitated over 335 million bridge and tunnel crossings.

The **New York State Thruway Authority** operates the 570-mile highway system that extends across the State, from Buffalo to New York City, and includes 817 bridges, 134 interchanges, and 27 service areas. In 2024, motorists took 400 million trips on the Thruway.

The State's transportation programs also include the **Department of Motor Vehicles (DMV)**, which operates 28 district and branch offices, and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, nondriver identification cards, and vehicle registrations, conducts road tests, monitors driver training, and performs various enforcement activities.

In a typical year, DMV conducts more than 35 million customer transactions and collects over \$2 billion in revenue for the State and localities. New Yorkers rely on credentialing and identification documents issued by DMV to conduct financial transactions, obtain employment, board aircrafts, and more.

## INVESTING IN SAFE, RELIABLE TRANSPORTATION SYSTEMS

### The MTA 2025-2029 Capital Program

The Governor and Legislature are expected to work closely during budget negotiations to support and approve a 2025-2029 MTA Capital Program. Accordingly, the FY 2026 Executive Budget assumes \$32.7 billion of base funding that would be directly contributed by funding partners towards the 2025-2029 Capital Program. These assumed contributions consist of: \$3 billion from the State, \$3 billion from the City of New York, \$12.3 billion from the MTA (\$3 billion of which would be self-funded by Bridges and Tunnels) and \$14.4 billion requested from the Federal government. This base funding proposal acknowledges the need for partner commitments to support the MTA's 2025-2029 Capital Plan, while allowing additional time to work closely with the Legislature to advance additional funding.

The MTA's proposed 2025-2029 Capital Program will advance several major initiatives including:

**Accessibility.** Building on recent progress, this Capital Program will make a least 60 more subway stations accessible, which will bring the system to more than 50% accessible and serve almost 70% of riders.

**Interborough Express.** The Interborough Express will provide new rapid transit service between Brooklyn and Queens, transforming a lightly used freight railway into a new light rail line.

**Rebuild Grand Central Artery.** This project will rehabilitate critical elements of the Grand Central Artery, a four-mile stretch that carries 98% of MNR service and includes Grand Central Terminal, the Train Shed, and Park Avenue Tunnel and Viaduct.

**Hudson Line Resilience.** To protect against the effects of sea-level rise and severe rainstorms, the Capital Program invests in resilience upgrades to protect one of New York's most critical passenger and freight rail lines.

**New Rolling Stock.** The Capital Program aims to replace over 1,500 railcars that have reached the end of their useful life and includes a plan to purchase 500 zero-emission buses to bring the fleet to 18% electric.

**Modern Fare Gates.** This project will scale up the installation of new faregates throughout the subway system to improve fare collection and system accessibility.

**Regional Investments.** The Capital Program includes funding to evaluate and design potential regional projects, such as adding a third track to the MNR Harlem Line or connecting the Hudson Line service to Penn Station.

### The MTA 2020-2024 Capital Program

The MTA remains committed to its \$52.1 billion 2020-2024 Capital Program, which continues to revitalize the subway system through signal modernization and accessibility upgrades, while also providing important investments in railroads and bus service to advance the quality of life for those served. The 2020-2024 Capital Program includes several major initiatives:

**Congestion Pricing.** On January 5, New York's first in the nation congestion pricing program took effect. Congestion Pricing will combat gridlock, improve air quality, and deliver \$15 billion in financing to support the 2020-2024 Capital Plan.

**Accessibility.** This initiative will make an additional 67 subway stations ADA-accessible and modernize an additional 78 subway elevators. By 2055, the MTA aims to make 95% of the system accessible.

**Second Avenue Subway Phase 2.** The project will provide three new fully accessible stations, extending service from 96th Street to 125th Street, and providing a connection with MNR.

**Penn Station Access.** The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible MNR commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.

**East Side Access.** The project, which was completed in 2023, provides LIRR riders with 40 miles of new tracks and a new terminal, called Grand Central Madison. This new service from Long Island to Grand Central Madison saves commuters up to 40 minutes of travel time per day.

**LIRR Third Track.** The project, which was completed in 2022, added 10 miles of mainline between Floral Park and Hicksville, improved capacity, and shortened service disruptions for 41 percent of LIRR ridership.

### NEW YORK STATE ROADS AND BRIDGES

Statewide, New York's economy relies on a resilient and efficient transportation infrastructure network of roads and bridges to continue attracting investment and creating jobs. The renewal and modernization of transportation infrastructure is fundamental to rejuvenating and enhancing the economic competitiveness of the State's communities. During 2024, DOT replaced, rehabilitated, or improved 3,173 bridges statewide and improved 2,381 lane miles along state and local highways.

Building on unprecedented DOT investments, the Executive Budget reflects enhanced funding for the fourth year of a record \$34.1 billion, five-year DOT Capital Plan that ensures stronger State and local roads and bridges for years to come. This record level of investment provides DOT with resources necessary to continue to renew, modernize, and drive economic development in local communities.

The five-year Capital Plan is aligned with Federal funding commitments made in the Infrastructure Investment and Jobs Act (IIJA). New York will receive an estimated \$13.5 billion in highway and bridge formula aid over five years from the IIJA (an increase of \$4.6 billion compared to the five-year Fixing America's Surface Transportation (FAST) Act). The total includes a projected \$1.9 billion of formula funding for bridges.



Major projects funded in this plan include phases of the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also advances priorities across the State including modernizing the Livingston Avenue Bridge in Albany, reconnecting neighborhoods across the Kensington Expressway in Buffalo, converting Route 17 to I-86 in Orange and Sullivan Counties, and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County.

The DOT Capital Plan includes a \$1 billion program, Pave Our Potholes (POP), designed to improve state and local road conditions and prevent deterioration. The statewide “Bridge NY” program has also been increased by \$1 billion over five years, which will serve to rehabilitate or replace structures that are susceptible to recurring flooding or foundation scour.

The Thruway system is now a fully cashless system, which provides customers with a seamless travel experience. The Thruway Authority operates and maintains the system and in 2024 invested \$444 million in capital projects including pavement repairs, and bridge improvements and replacements. The Thruway is also continuing its multi-year initiative to redevelop all 27 service areas through a public private partnership. There are currently 24 newly reconstructed service areas open across the system, with work continuing at the remaining locations.

## **PROPOSED FY 2026 TRANSPORTATION BUDGET ACTIONS**

### **Continuing Road, Bridge, and Safety Improvement**

**DOT Capital Plan.** The Executive Budget provides almost \$6.9 billion for the fourth year of a record \$34.1 billion, five-year DOT Capital Plan that will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the last five-year DOT Capital Plan, this is an increase of \$10.7 billion, or 46 percent. Funding includes \$800 million to restore the purchasing power lost to rising construction costs and ensure that planned projects remain on track.

**Local Highways and Bridges.** The Executive Budget continues the State’s record funding for local highway

and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at the FY 2025 level of \$637.8 million. The budget provides the fourth year of an annual \$100 million for the local Pave Our Potholes program, \$150 million in highway aid through the PAVE NY program, and \$200 million to fund local projects from the BRIDGE NY program. The \$100 million Extreme Winter Recovery and \$140 million State Touring Route programs are further improving conditions on State and local roads and bridges.

### **Reconnect Communities in Albany and the Bronx.**

The Executive Budget provides \$75 million to advance plans to reconnect communities divided by Interstate 787 in Albany and the Cross Bronx Expressway.

**Funding Sources.** DOT’s Capital Program is supported by Federal aid, State capital projects funds, financial settlement funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and the State’s General Fund.

**Automated Work Zone Speed Enforcement.** The Executive Budget includes legislation to make permanent the current NYS Thruway Authority and NYS DOT programs for speed violation photo monitoring systems in work zones and expand them to the Triborough Bridge and Tunnel Authority and NYS Bridge Authority.

**Transportation Worker Protections.** The Executive Budget includes legislation to expand the categories of transportation workers that qualify for enhanced assault protections.

### **Investing in Transit**

New York State provides transit operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Transit systems provide more than 3 billion rides annually. State transit aid typically accounts for almost half of transit systems’ operating resources.

The Executive Budget provides \$9 billion in mass transit operating support:

**MTA.** The MTA will receive \$8 billion in State operating aid in FY 2026, including resources collected by the State and sent directly to the MTA without appropriation. Traditional on-budget MTA assistance will increase 3.4 percent, from \$4.1 billion to \$4.2 billion.

**Upstate.** The Upstate region is slated to receive \$344 million. This represents a 3.4 percent increase for area transit systems.

**Downstate.** In the Downstate region, transit service other than the MTA will receive \$588 million. Transit systems in the area will see a 7 percent increase.

The Executive Budget also funds a transit analysis to explore options such as shuttle bus service connecting Port Jervis Line trains to key destinations in the region.

The Executive Budget also invests in transit capital needs:

**MTA Capital.** The FY 2026 Executive Budget includes a \$3 billion appropriation to fund a direct State contribution to the MTA's 2025-2029 Capital Program.

**Non-MTA Capital.** Non-MTA transit systems will receive \$220 million in capital assistance appropriations: \$120 million that was previously scheduled for FY 2026 in the DOT Capital Plan, and an additional \$100 million, which includes \$20 million to continue aiding local transit agencies with the transition to electric buses.

**Hudson Valley Rail.** The Executive Budget includes \$25 million for planning and design of improvements to Hudson Valley rail service between New York City and Poughkeepsie, including projects such as a second track at Spuyten Duyvil; interlocking, signaling, and trackwork at Croton Harmon; and capacity improvements at Poughkeepsie Yard.

The FY 2026 Executive Budget also advances new proposals to support the MTA Capital Plan, enhance subway safety, and help reduce traffic and air pollution, including:

#### **Automated Camera Enforcement (ACE) Expansion.**

In order to improve bus operations and efficiency, the Executive Budget proposes expanding the authorization of ACE to include violations of regulations against obstructing traffic at intersections.

**Abandoned Vehicles.** The Executive Budget includes legislation that allows for more effective removal of abandoned vehicles from roadways.

**Overweight Vehicle Enforcement.** The Executive Budget proposes to expand the statutory authorization for the use of weigh-in-motion (WIM) technology to help keep overweight vehicles off streets and improve traffic flow.

**Subway Safety.** The Executive Budget includes legislation to promote safety in the subway system, including protecting riders and MTA employees from repeat offenders. In addition, the Governor has announced new safety initiatives including increasing the presence of law enforcement and overnight patrols in the system, installing modern fare gates, LED lights, and platform edge barriers, expanding mental health resources, and partnering with New York City government to strengthen supports for unhoused New Yorkers.

#### **Transforming DMV Customer Service**

Accounting for the steady increase in the volume and complexity, DMV has utilized electronic and internet-based services to increase the efficiency of transaction processing. These services also provide customers with a faster and more convenient alternative to visiting DMV offices. Currently, over 8 million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of additional online transactions.

Building on the success of previous customer service initiatives, DMV continues to use an enhanced call center, expansion of online transaction capabilities,

and the implementation of a reservation system to reduce customer foot traffic in district and virtual offices. DMV’s website is continuously improving to provide a more responsive design for its customers. Additionally, DMV is seeking to upgrade internal systems to improve transactions and customer experience.

Additional DMV-related Budget actions include:

**Strengthen Drugged Driving Laws.** The Executive Budget includes legislation which would strengthen drugged driving laws by expanding the circumstances in which a driver can be compelled to take a chemical test and authorizing penalties for refusals to participate. The Budget also includes \$5 million to assist in the training of Drug Recognition Experts.

**Improve Safety at NYC Elementary School Intersections.** The Executive Budget includes legislation which would prohibit parking within twenty feet of a crosswalk that is within one thousand feet of an elementary school in New York City.

**Reclassify Ultra-Heavy Class 3 E-Bikes as Mopeds.** The Executive Budget includes legislation that would classify class 3 e-bikes weighing over 100 pounds as limited use motorcycles, which would require a registration and driver’s license to operate.

**Speed Limits for New York City Bicycle Lanes.** The Executive Budget includes legislation that would allow New York City to set maximum speeds limits for its bicycle lanes.

STATE OPERATING FUNDS SPENDING (\$ in Millions)				
CATEGORY	FY 2025	FY 2026	\$ CHANGE	% CHANGE
Department of Transportation	\$1,276	\$1,326	\$50	3.9%
Metropolitan Transportation Authority	\$7,889	\$8,172	\$283	3.6%
Department of Motor Vehicles	\$90	\$101	\$11	12.4%
<b>TRANSPORTATION SPENDING TOTAL</b>	<b>\$9,255</b>	<b>\$9,598</b>	<b>\$344</b>	<b>3.7%</b>

MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For Hire Vehicle surcharges, former MTA Aid Trust.







SECTION THREE

# **SUPPLEMENTAL REFERENCE INFORMATION**







# **THE EXECUTIVE BUDGET CITIZEN'S GUIDE**





## SUBMISSION OF THE EXECUTIVE BUDGET

New York State's budget process uses an Executive Budget model, in which the Governor is responsible for developing and preparing a comprehensive and balanced budget proposal. The Governor is required by the State Constitution to seek and coordinate requests from agencies of State government, develop a "complete" plan of proposed expenditures and the revenues available to support them (a "balanced budget"), and submit a budget to the Legislature along with the appropriation bills and other legislation required to carry out budgetary recommendations.

*What is a state agency?* Any department, agency, or other instrumentality of the government of any State or of any political subdivision of any State.

*What is a Budget bill?* Defined by Section 3 of Article VII (7) of the NYS Constitution: At the time of submitting the budget to the legislature the governor shall submit a bill or bills containing all the proposed **appropriations** and reappropriations included in the budget and the proposed legislation, if any, recommended therein.

*What is an appropriation?* The authorization, through law, to allocate funds.

From Section 7 of Article VII of the NYS Constitution: No money shall ever be paid out of the state treasury or any of its funds, or any of the funds under its management, except in pursuance of an appropriation by law...

*When is the Executive Budget due?* The Executive Budget must be submitted on or before the second Tuesday following the first day of the annual meeting of the legislature or by February 1 in an election year.

## EXECUTIVE AMENDMENTS

Following the submission of the Executive Budget, the Constitution authorizes the Governor to submit technical corrections and revisions based on the latest information within 30 days. However, to help achieve timely budgets, the 2007 Budget Reform Act requires the Executive, to the extent practicable,

submit any necessary amendments within 21 days. Any amendments are made available on the Budget Division's website when submitted to the Legislature.

## LEGISLATIVE REVIEW AND RECOMMENDATIONS

The legislative review process includes **public hearings** on the Governor's Budget. These hearings are scheduled by the **Senate Finance and Assembly Ways and Means Committees**, which are responsible for coordinating each house's action on the budget.

The Budget Reform Act mandates the use of conference committees as part of the legislative budget process. These committees, which have been used in various forms in the past, must now be called early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills. These final bills are available directly from the legislative document rooms and online.

## BUDGET ENACTMENT

Except for appropriations for the Legislature and the Judiciary, appropriations proposed by the Governor become law immediately when passed by the Legislature. However, all items that have been added by the Legislature, and all appropriations for the Legislature and the Judiciary, must be sent to the Governor for approval or veto. The Constitution grants the Governor "line item veto" power, permitting the Governor to veto such items selectively, while approving the remainder of the bill.

Chapter numbers are assigned to bills that become law. For any bill or item of appropriation that is vetoed, the Governor provides a "veto message" to the Legislature stating the reasons for the veto. Vetoes may be overridden by a two-thirds vote of each house of the Legislature, in which case the vetoed item or bill becomes law despite the Governor's objections.

*When is the budget due?* The budget must be enacted by the start of the April 1, the start of the fiscal year.

## POST ENACTMENT

After enactment of the budget, the Legislature is required to summarize its changes to the Executive Budget. This summary is presented in the “Green Book,” which is available from the Senate and Assembly document rooms. The Governor is required to revise the Financial Plan to reflect the Enacted Budget. Like the original Executive Budget and any amendments, this revised plan and subsequent updates are also made available on the Budget Division’s website.

## LEARN MORE

Readers are encouraged to visit the New York State Budget Division online, [budget.ny.gov](https://budget.ny.gov), and the Open Budget website, [openbudget.ny.gov](https://openbudget.ny.gov), to access the latest information and documents related to the Executive Budget proposal and the Enacted Budget. All materials are made available on the website within 24 hours.





# **GLOSSARY OF ACRONYMS**



## A

- AAA - Area Agencies on Aging or Affirmative Action Administrator
- ACA - Affordable Care Act
- AFP - American Families Plan
- AG - Attorney General
- AGM - Department of Agriculture and Markets
- AIG - American International Group, Inc.
- AIM - Aid and Incentives for Municipalities
- AJP - American Jobs Plan
- ALICO - American Life Insurance Company
- AMI - Area Median Income
- AML - Anti-Money Laundering
- AMTAP - Additional Mass Transportation Assistance Program
- APCD - All-Payer Claims Database
- APTC - Advance Premium Tax Credit
- ARP - American Rescue Plan Act of 2021
- ATB – Across the Board
- ATI - alternatives to incarceration
- AXA - AXA Equitable Life Insurance Company
- AY - Academic Year (July 1 through June 30) – SUNY/CUNY

## B

- BAFO – Best and Final Offers
- BANs - Bond Anticipation Notes
- BBA 19 - Bipartisan Budget Act of 2019
- BEA - Bureau of Economic Analysis
- BIL - Bipartisan Infrastructure Law (see also - Infrastructure Investment and Jobs Act (IIJA))
- BLS - Bureau of Labor Statistics
- BNPP - BNP Paribas, S.A., New York Branch
- BOCES - Boards of Cooperative Educational Services
- BofA - Bank of America
- BofAML - Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated
- BSA - Bank Security Act
- BTMU - Bank of Tokyo-Mitsubishi UFJ, Ltd.

## C

- CAC - Crime Analysis Center
- CANS - Child and Adolescent Needs & Strengths
- CARES Act - Coronavirus Aid, Relief, and Economic Security Act

- CBD - Central Business District (CBD) Tolling Program
- CBPP - Center for Budget and Policy Priorities
- CCB - Cannabis Control Board
- CDD - Council on Developmental Disabilities
- CES - Current Employment Statistics
- CDPAP – Consumer Directed Personal Assistance Program
- CFT - Corporate Franchise Tax
- CFY - City Fiscal Year
- CGT - Cell and Gene Therapy
- CHIPS - Creating Helpful Incentives to Produce Semiconductors
- CHP - Child Health Plus
- CHUBB - Chubb Group Holdings Inc. and Illinois Union Insurance Company
- CIGNA - Cigna Health and Life Insurance Company
- CISO - Chief Information Security Office
- CLCPA - Climate Leadership and Community Protection Act of 2019
- CMS - Centers for Medicare & Medicaid Services
- COLA - Cost-of-Living Adjustment
- CON - Certificate of Need
- CoP - Community of Practice
- COVID-19 - Coronavirus Disease 2019
- CPI - Consumer Price Index
- CPRSA - Coronavirus Preparedness and Response Supplemental Appropriations Act
- CRF - Coronavirus Relief Fund
- CRRSA - Coronavirus Response and Relief Supplemental Appropriations Act
- CSEA - Civil Service Employees Association
- CSU - Community Stabilization Units
- CSX - CSX Transportation, Inc.
- CUNY - City University of New York
- CUT - Corporation and Utilities Tax
- CW/CA - Clean Water/Clean Air
- CY - County Year

## D

- DANY - New York County District Attorney
- DASNY - Dormitory Authority of the State of New York
- DCS – Department of Civil Service
- DEC - Department of Environmental Conservation
- DelAm - Delaware American Life Insurance Company

- DFS - Department of Financial Services
- DHBTF - Dedicated Highway and Bridge Trust Fund
- DHCR - Division of Housing and Community Renewal
- DHSES - Division of Homeland Security & Emergency Services
- DMNA - Division of Military and Naval Affairs
- DMV - Department of Motor Vehicles
- DOB - Division of the Budget
- DOCCS - Department of Corrections and Community Supervision
- DOH - Department of Health
- DOS - Department of State
- DOT - Department of Transportation
- DPS - Department of Public Service
- DRI - Downtown Revitalization Initiative
- DS - Debt Service
- DSH - Disproportionate Share Hospital
- DSP - Division of State Police
- DTF - Department of Taxation and Finance

## E

- EANS - Emergency Assistance for Nonpublic Schools
- ECEP - Employer Compensation Expense Program
- ECHS – Early College High School
- EDF - Economic Development Fund
- eFMAP - Enhanced Federal Medical Assistance Percentage
- EI - Early Intervention
- EMS - Emergency Medical Services
- EP - Essential Plan
- EPIC - Elderly Pharmaceutical Insurance Coverage/Extended Prosperity and Innovation Campuses
- ERS - Employees' Retirement System
- ESEA - Elementary and Secondary Education Act
- ESD/ESDC - Empire State Development Corporation
- ESG - Environmental, Social and Governance
- ESInet - Emergency Services IP Network
- ESPRI - Empire State Poverty Reduction Initiative
- ESSER - Elementary and Secondary School Emergency Relief Fund
- ESSHI - Empire State Supportive Housing Initiative

## F

- FAST - Fixing America's Surface Transportation
- FEMA - Federal Emergency Management Agency
- FFCRA - Families First Coronavirus Response Act
- FFY - Federal Fiscal Year (October 1 Through September 30)
- FHWA - Federal Highway Administration
- FMAP - Federal Medical Assistance Percentage
- FMR - Fair Market Rent
- FOMC - Federal Open Market Committee's
- FPG - Fortis Property Group
- FPL - Federal Poverty Level
- FRB - Financial Restructuring Board
- FTE - Full-Time Equivalent
- FY - Fiscal Year

## G

- GAAP - Generally Accepted Accounting Principles
- GASB – Governmental Accounting Standards Board
- GASBS – Governmental Accounting Standards Board Statement
- GDP - Gross Domestic Product
- GEER - Governor's Emergency Education Relief
- GFOA - Government Finance Officers Association
- GIVE - Gun Involved Violence Elimination
- GLIP - Group Life Insurance Plan
- GO-SEMI - Governor's Office of Semiconductor Expansion, Management, and Integration
- GPHW - General Public Health Work
- GSA - US General Services Administration
- GSCs - General State Charges
- GSEU - Graduate Student Employees Union

## H

- HALT - Humane Alternatives to Long Term Solitary Confinement Act
- HBITS - Hourly Based Information Technology Services
- HCBS - Home and Community-Based Services
- HCR - Homes and Community Renewal
- HCRA - Health Care Reform Act
- HCTF - Health Care Transformation Fund
- HEAP - Home Energy Assistance Program

- HERDS - Hospital Electronic Response Data System
- HESC - Higher Education Services Corporation
- HFNY - Healthy Families New York
- HIDTA - High Intensity Drug Trafficking Area
- HMO - Health Maintenance Organization
- HRI - Health Research, Inc.
- HUT - Highway Use Tax

## I

- ICP - Indigent Care Payments/Indigent Care Pool
- ICR - Institutional Cost Reports
- IDEA - Individuals with Disabilities Education Act
- IIJA - Infrastructure Investment and Jobs Act
- IMF - International Monetary Fund
- IPCC - Intergovernmental Panel on Climate Change of the United Nations
- IRS - Internal Revenue Service
- IT - Information Technology
- ITS - Information Technology Services

## J

- J&J - Johnson & Johnson
- JFK - John F. Kennedy International Airport

## L

- LFY - Local Fiscal Year
- LGAC - Local Government Assistance Corporation
- LICH - Long Island College Hospital
- LIRR – Long Island Railroad
- LLC - Limited Liability Company
- LTCOP - Long-Term Care Ombudsman Program
- LWA - Lost Wages Assistance

## M

- MAGI - Modified Adjusted Gross Income
- MAT - Medication-Assisted Treatment
- MC - Management Confidential
- MLF - Municipal Liquidity Facility
- MLR - Medical Loss Ratio
- MLTC - Managed Care/Managed Long Term Care
- MOE - Maintenance of Effort
- MRT - Medicaid Redesign Team
- MRT II - Medicaid Redesign Team II
- MSA - Master Settlement Agreement
- MTA - Metropolitan Transportation Authority

## N

- NMS - New Medical Site
- NPS - Non-Personal Service
- NYC - New York City
- NYPA - New York Power Authority
- NYS - New York State
- NYSCA - New York State Council on the Arts
- NYSCOPBA - New York State Correctional Officers and Police Benevolent Association
- NYSERDA - New York State Energy Research and Development Authority
- NYSHIP - New York State Health Insurance Program
- NYSLRS - New York State and Local Retirement System
- NYSOH - New York State of Health
- NYSPIA - New York State Police Investigators Association
- NYSTA - New York State Thruway Authority
- NYSTPBA - Police Benevolent Association of the New York State Troopers
- NYU - New York University

## O

- OAG - Office of the Attorney General
- OASAS - Office of Addiction Services and Supports
- OCFS - Office of Children and Family Services
- OCM – Office of Cannabis Management
- OFAC - Office of Foreign Assets Control
- OHEHR - Office of Health Equity and Human Rights
- OMB - United States Office of Management and Budget
- OMH - Office of Mental Health
- OMIG – Office of the Medicaid Inspector General
- OPEB - Other Post-Employment Benefits
- OPRHP - Office of Parks, Recreation and Historic Preservation
- OPWDD - Office for People With Developmental Disabilities
- ORDA - Olympic Regional Development Authority
- ORP - Optional Retirement Program
- OSC - Office of the State Comptroller
- OTDA - Office of Temporary and Disability Assistance

**P**

- PAYGO - Pay-As-You-Go
- PBA - Police Benevolent Association
- PBANYS - Police Benevolent Association of New York State
- PBT - Petroleum Business Tax
- PCCP - Procurement and Contracting Community of Practice
- PCF – Public Campaign Finance
- PEF - Public Employees Federation
- PFRS - Police and Fire Retirement System
- PHE - Public Health Emergency
- PIA - Police Investigators Association
- PIGI - Personal Income Growth Index
- PILOT - Payments in Lieu of Taxes
- PIT - Personal Income Tax
- PMT - Payroll Mobility Tax
- PPE - Personal Protective Equipment
- PPO - Preferred Provider Organization
- PPP - Paycheck Protection Program
- PS - Personal Service
- PSC - Public Service Commission
- P-TECH - Pathways in Technology Early College High School
- PTET - Pass-Through Entity Tax
- PwC - PricewaterhouseCoopers LLP

**Q**

- QCEW - Quarterly Census of Employment and Wages

**R**

- RBS - RBS Financial Products Inc. (formally Greenwich Capital Financial Products, Inc.)
- RBTF - Revenue Bond Tax Fund
- REDC - Regional Economic Development Council
- RFP - Request for Proposals
- RGGI - Regional Greenhouse Gas Initiative
- RHY - Runaway Homeless Youth
- RSSL - Retirement and Social Security Law

**S**

- SALT - State and Local Tax
- SAVE - Supervision Against Violent Engagement
- SBIR - Small Business Innovation Research
- SBTT - Small Business Technology Transfer
- SCB - Standard Chartered Bank
- SCB NY - Standard Chartered Bank, New York Branch
- SED - State Education Department
- SFY - State Fiscal Year (April 1 Through March 31)
- SHIN-NY - Statewide Health Information Network for New York
- SLRF - State and Local Fiscal Recovery Fund
- SNAP - Supplemental Nutrition Assistance Program
- SOFA - State Office for the Aging
- SSI - Supplemental Security Income
- STAR - School Tax Relief
- STEM - Science, Technology, Engineering, and Math
- STIP - Short-Term Investment Pool
- SUNY - State University of New York
- SY - School Year (July 1 through June 30)

**T**

- TANF - Temporary Assistance for Needy Families
- TAP - Tuition Assistance Program
- TCJA - Tax Cuts and Jobs Act of 2017
- TRS - Teachers' Retirement System
- TY - Tax Year (January 1 Through December 31)

**U**

- UBS - UBS Securities LLC and UBS Real Estate Securities Inc.
- UCS - Unified Court System
- UI - Unemployment Insurance
- URI - Upstate Revitalization Initiative
- U.S. - United States
- UUP - United University Professions

**V**

- VDC - Voluntary Defined Contribution
- VLT - Video Lottery Terminal



