



Statement on State One-House Budget Proposals

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New York, NY – March 12, 2024 – Citizens Budget Commission (CBC) President Andrew S. Rein released this [statement](#) on behalf of the CBC:

“The Legislature’s one-house proposals shift the budget discussion in the wrong direction. Both houses propose tax increases that would weaken New York’s already precarious competitive position. They also propose spending increases that would significantly widen the State’s already massive structural budget gap and destabilize its fiscal foundation. Governor Hochul’s Fiscal Year 2025 Executive Budget had taken steps toward fiscal stability by reining in spending growth—particularly in school aid—while avoiding tax increases.

It’s encouraging to see the Senate’s basic one-year financial plan, adding some much-needed sunlight. Still, without a four-year plan, the full future picture is cloudy. Adding more than \$8 billion to State Operating Funds spending on top of the Governor’s proposal—bringing year-over-year growth to a whopping 8.9 percent, after successive years of 7.9 percent growth—increases the likelihood of a major storm.

We assume the Assembly will also soon release its financial plan, with the welcome sunshine. Still, the contours will likely be the same, exacerbating the State’s fiscal problems.

Even with improving tax receipts projections, the State faces out-year gaps approaching \$10 billion and a structural gap topping \$16 billion. Spending growth should be limited to no more than 2 percent annually to close those gaps and get to structural balance by fiscal year 2028. Extra scrutiny should be given to the State’s two biggest expenses—school aid and Medicaid. Eliminating the school aid hold harmless provision, as the Governor proposed, is a particularly common-sense measure.

It’s also encouraging to see proposals to add new housing; the State must ensure that the incentives and any housing-related actions are well designed to ensure development is fiscally feasible and that the policies promote the production of all types of housing for all income levels in all places.

The Legislature would be wise to identify their top priorities and identify spending reductions to offset the added spending. Many such options exist to provide savings, such as poorly targeted school aid, ineffective economic development programs, and runaway Medicaid spending, to name a few.

Tempering spending growth, holding the line on taxes, and boosting housing production are critical to New York's fiscal stability and our value proposition as a great place to live, run a business, and raise a family. These should be the priorities as New York State's leaders negotiate the final budget."

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About Citizens Budget Commission

The Citizens Budget Commission (CBC) is a nonpartisan, nonprofit think tank and watchdog whose mission is to achieve constructive change in the finances, services, and policies of New York City and New York State government. CBC's mission is rooted in serving New Yorkers at large, rather than narrow special interests; preserving public resources, whether financial or human; and focusing on the well-being of future New Yorkers, the most underrepresented group in city and state government.