

# New York State Senate Democratic Majority Finance Committee



## 2025 MIDYEAR REPORT ON RECEIPTS AND DISBURSEMENTS



**SENATOR ANDREA STEWART-COUSINS**  
President Pro Tempore  
NYS Senate Majority Leader

**Senator Liz Krueger**  
Chair, Senate Finance Committee

**David Friedfel**  
Secretary to the Finance Committee

**New York State Senate  
Democratic Majority Conference  
Finance Committee**

**2025 Midyear Report  
on Receipts and Disbursements**



**Senator Andrea Stewart-Cousins**

President Pro Tempore  
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Chair, Senate Finance Committee

**David Friedfel**

Secretary to the Finance Committee

**Jonathan Lang**

Secretary of Majority Counsel and Program

**Dorothy Powell**

Counsel to the Majority

**November 5, 2025**

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# **2025 Midyear Report**

## **on Receipts and Disbursements**

### **Senate Majority Conference Finance Committee**

**Senator Liz Krueger**  
**Chair**

*Prepared by Senate Majority Finance Committee Staff*

David Friedfel  
Secretary to the Finance Committee

Lahmar Louis, Deputy Secretary

Zeki Tansel, Director of Tax and Fiscal Studies

Priya Singh, Senior Fiscal Analyst

Francis Amoasah, Fiscal Analyst

Victor Diaz, Fiscal Analyst

Nicholas Shamlan, Budget Analyst

Amzie Clawson, Biggane Fellow



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## **EXECUTIVE SUMMARY**

The Senate Majority Conference Finance Committee has produced this mid-year report (known as “Quickstart”) pursuant to Chapter 1 of the Laws of 2007, which provides for representatives of the Executive, Senate, Assembly, and Comptroller to meet on or before November 15 to review financial and economic information and projections for the current and next State Fiscal Year (SFY). The goal of this process is to facilitate the timely adoption of the upcoming State budget. As part of the Quickstart process, each participating entity prepares a forecast of receipts and disbursements for the current and ensuing fiscal years.

### **REVENUE FORECAST HIGHLIGHTS**

#### **General Fund Receipts SFY 2025-26 and SFY 2026-27**

The Senate Majority Conference Finance Committee staff conclude that the:

- SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and net of dedicated transfers to other funds, will total \$65.7 billion. This estimate represents an increase of \$929 million from SFY 2024-25 actuals. This estimate is \$926 million over the Executive estimate of \$64.8 billion.
- SFY 2026-27 projection for General Fund receipts, inclusive of miscellaneous receipts and net of dedicated transfers to other funds, is \$66.5 billion. This estimate represents an increase of \$775 million from the committee staff’s SFY 2025-26 estimate. This estimate is \$1.2 billion over the Executive estimate of \$65.3 billion.

#### **All Funds Receipts SFY 2025-26 and SFY 2026-27**

The committee staff conclude that the:

- SFY 2025-26 estimate for All Funds receipts is \$159.9 billion. This estimate represents an increase of \$7.6 billion from SFY 2024-25 actuals. This estimate is \$1.1 billion over the Executive estimate of \$158.8 billion.
- SFY 2026-27 projection for All Funds receipts is \$164.8 billion. This estimate represents an increase of \$4.9 billion from the committee staff’s SFY 2025-26 estimate. This projection is \$1.4 billion over the Executive estimate of \$163.4 billion.
- SFY 2025-26 estimate for All Funds receipts from Gaming is \$5.4 billion, reflecting an increase of \$406.8 million from SFY 2024-25. This estimate is \$53.8 million over the Executive estimate for SFY 2025-26.



- SFY 2026-27 projection for All Funds receipts for Gaming is \$5.2 billion, a decrease of \$180.1 million from the SFY 2025-26 estimate. This projection is \$75.6 million higher than the Executive projection for SFY 2026-27.

## **REVENUE OUTLOOK**

Revenues are primarily affected by economic changes and changes in federal and state tax policies. The tax base is a measure of the State's ability to generate revenue. Among taxes through the Mid-Year Update for SFY 2025-26, exclusive of federal receipts, personal income tax receipts make up the largest share of all funds receipts (45.7%), consumer/use taxes (16.4 %) followed by, business taxes (8.6%) and other taxes (2%). Miscellaneous receipts, including licensing and motor vehicle fees, make up 27.3%.

The figures above, as well as the General Fund and All Fund estimates, include the Pass-Through Entity Tax (PTET). PTET is projected to be revenue neutral for the State over the duration of the tax but will not appear neutral within each fiscal year.

SFY 2025-26 General Fund Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Estimate	Executive Estimate	Difference with Executive
<b>Taxes</b>			
<b>Personal Income Tax</b>	<b>31,589</b>	<b>30,924</b>	<b>665</b>
Withholdings	63,586	62,921	665
Estimated Payments	14,599	14,599	0
Final and Other Payments	6,770	6,770	0
<b>Gross Collections</b>	<b>84,955</b>	<b>84,290</b>	<b>665</b>
State/City Offset	(1,551)	(1,551)	0
Refunds	(18,149)	(18,149)	0
STAR (Dedicated Deposits)	(1,372)	(1,372)	0
RBTF (Dedicated Transfers)	(32,294)	(32,294)	0
<b>Consumption/Use Taxes</b>	<b>10,686</b>	<b>10,315</b>	<b>371</b>
Sales and Use Tax	19,953	19,582	371
Cigarette and Tobacco Taxes	235	235	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage Taxes	268	268	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	1	1	0
<b>Gross Consumption/Use Taxes</b>	<b>20,477</b>	<b>20,106</b>	<b>371</b>
LGAC/STBF (Dedicated Transfers)	(9,791)	(9,791)	0
<b>Business Taxes</b>	<b>17,738</b>	<b>17,848</b>	<b>(110)</b>
Corporation Franchise Tax	6,048	6,158	(110)
Corporation and Utilities Tax	402	402	0
Insurance Taxes	2,581	2,581	0
Bank Tax	80	80	0
Pass Through Entity Tax	17,254	17,254	0
Petroleum Business Tax	0	0	0
<b>Gross Business Taxes</b>	<b>26,365</b>	<b>26,475</b>	<b>(110)</b>
RBTF (Dedicated Transfers)	(8,627)	(8,627)	0
<b>Other Taxes</b>	<b>1,460</b>	<b>1,460</b>	<b>0</b>
Estate Tax	1,439	1,439	0
Real Estate Transfer Tax	1,353	1,278	75
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	13	13	0
Other Taxes	1	1	0
<b>Gross Other Taxes</b>	<b>2,821</b>	<b>2,746</b>	<b>75</b>
Real Estate Transfer Tax (Dedicated)	(1,353)	(1,278)	(75)
RBTF (Dedicated Transfers)	(8)	(8)	0
<b>Total Taxes</b>	<b>61,473</b>	<b>60,547</b>	<b>926</b>
<b>Miscellaneous Receipts</b>	<b>4,214</b>	<b>4,214</b>	<b>0</b>
<b>Total Taxes and Miscellaneous Receipts</b>	<b>65,687</b>	<b>64,761</b>	<b>926</b>

SFY 2026-27 General Fund Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Estimate	Executive Estimate	Difference with Executive
<b>Taxes</b>			
<b>Personal Income Tax</b>	<b>33,209</b>	<b>32,500</b>	<b>709</b>
Withholdings	65,806	65,097	709
Estimated Payments	15,296	15,296	0
Final and Other Payments	7,029	7,029	0
<b>Gross Collections</b>	<b>88,131</b>	<b>87,422</b>	<b>709</b>
State/City Offset	(1,739)	(1,739)	0
Refunds	(18,094)	(18,094)	0
STAR (Dedicated Deposits)	(1,295)	(1,295)	0
RBTF (Dedicated Transfers)	(33,794)	(33,794)	0
<b>Consumption/Use Taxes</b>	<b>10,974</b>	<b>10,592</b>	<b>382</b>
Sales and Use Tax	20,538	20,156	382
Cigarette and Tobacco Taxes	226	226	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage Taxes	267	267	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	1	1	0
<b>Gross Consumption/Use Taxes</b>	<b>21,052</b>	<b>20,670</b>	<b>382</b>
LGAC/STBF (Dedicated Transfers)	(10,078)	(10,078)	0
<b>Business Taxes</b>	<b>17,641</b>	<b>17,552</b>	<b>89</b>
Corporation Franchise Tax	5,790	5,701	89
Corporation and Utilities Tax	421	421	0
Insurance Taxes	2,724	2,724	0
Bank Tax	0	0	0
Pass Through Entity Tax	17,412	17,412	0
Petroleum Business Tax	0	0	0
<b>Gross Business Taxes</b>	<b>26,347</b>	<b>26,258</b>	<b>89</b>
RBTF (Dedicated Transfers)	(8,706)	(8,706)	0
<b>Other Taxes</b>	<b>1,525</b>	<b>1,525</b>	<b>0</b>
Estate Tax	1,504	1,504	0
Real Estate Transfer Tax	1,464	1,383	81
Employer Compensation Expense Program	17	17	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	1	1	0
<b>Gross Other Taxes</b>	<b>2,998</b>	<b>2,917</b>	<b>81</b>
Real Estate Transfer Tax (Dedicated)	(1,464)	(1,383)	(81)
RBTF (Dedicated Transfers)	(9)	(9)	0
<b>Total Taxes</b>	<b>63,350</b>	<b>62,169</b>	<b>1,181</b>
<b>Miscellaneous Receipts</b>	<b>3,112</b>	<b>3,112</b>	<b>0</b>
<b>Total Taxes and Miscellaneous Receipts</b>	<b>66,462</b>	<b>65,281</b>	<b>1,181</b>

SFY 2025-26			
All Funds Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Forecast	Executive Estimate	Difference with Executive
<b>Taxes</b>			
<b>Personal Income Tax</b>	<b>65,255</b>	<b>64,590</b>	<b>665</b>
Withholdings	63,586	62,921	665
Estimated Payments	14,599	14,599	0
Final and Other Payments	6,770	6,770	0
<b>Gross Collections</b>	<b>84,955</b>	<b>84,290</b>	<b>665</b>
State/City Offset	(1,551)	(1,551)	0
Refunds	(18,149)	(18,149)	0
<b>Consumption/Use Taxes</b>	<b>23,374</b>	<b>22,957</b>	<b>417</b>
Sales and Use Tax	21,320	20,923	397
Cigarette and Tobacco Taxes	754	754	0
Vapor Excise Tax	21	21	0
Motor Fuel Tax	487	487	0
Alcoholic Beverage Taxes	268	268	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	3	3	0
Adult-Use Cannabis Tax	214	194	20
Highway Use Tax	138	138	0
Auto Rental Tax	148	148	0
Peer to Peer Car Sharing Tax	1	1	0
<b>Business Taxes</b>	<b>29,521</b>	<b>29,663</b>	<b>(142)</b>
Corporation Franchise Tax	7,775	7,917	(142)
Corporation and Utilities Tax	513	513	0
Insurance Taxes	2,869	2,869	0
Bank Tax	94	94	0
Pass Through Entity Tax	17,254	17,254	0
Petroleum Business Tax	1,016	1,016	0
<b>Other Taxes</b>	<b>2,821</b>	<b>2,746</b>	<b>75</b>
Estate Tax	1,439	1,439	0
Real Estate Transfer Tax	1,353	1,278	75
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	13	13	0
Other Taxes	1	1	0
<b>Total Taxes</b>	<b>120,971</b>	<b>119,956</b>	<b>1,015</b>
<b>Miscellaneous Receipts</b>	<b>38,882</b>	<b>38,828</b>	<b>54</b>
<b>Total Taxes and Miscellaneous Receipts</b>	<b>159,853</b>	<b>158,784</b>	<b>1,069</b>
<b>Total Receipts</b>	<b>159,853</b>	<b>158,784</b>	<b>1,069</b>

SFY 2026-27			
All Funds Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Forecast	Executive Estimate	Difference with Executive
<b>Taxes</b>			
<b>Personal Income Tax</b>	<b>68,298</b>	<b>67,589</b>	<b>709</b>
Withholdings	65,806	65,097	709
Estimated Payments	15,296	15,296	0
Final and Other Payments	7,029	7,029	0
<b>Gross Collections</b>	<b>88,131</b>	<b>87,422</b>	<b>709</b>
State/City Offset	(1,739)	(1,739)	0
Refunds	(18,094)	(18,094)	0
<b>Consumption/Use Taxes</b>	<b>24,060</b>	<b>23,622</b>	<b>438</b>
Sales and Use Tax	21,942	21,534	408
Cigarette and Tobacco Taxes	716	716	0
Vapor Excise Tax	21	21	0
Motor Fuel Tax	484	484	0
Alcoholic Beverage Taxes	267	267	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	3	3	0
Adult-Use Cannabis Tax	313	284	29
Highway Use Tax	139	139	0
Auto Rental Tax	153	153	0
Peer to Peer Car Sharing Tax	1	1	0
<b>Business Taxes</b>	<b>29,550</b>	<b>29,433</b>	<b>117</b>
Corporation Franchise Tax	7,578	7,461	117
Corporation and Utilities Tax	534	534	0
Insurance Taxes	3,056	3,056	0
Bank Tax	0	0	0
Pass Through Entity Tax	17,412	17,412	0
Petroleum Business Tax	970	970	0
<b>Other Taxes</b>	<b>2,998</b>	<b>2,917</b>	<b>81</b>
Estate Tax	1,504	1,504	0
Real Estate Transfer Tax	1,464	1,383	81
Employer Compensation Expense Program	17	17	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	1	1	0
<b>Total Taxes</b>	<b>124,906</b>	<b>123,561</b>	<b>1,345</b>
<b>Miscellaneous Receipts</b>	<b>39,904</b>	<b>39,828</b>	<b>76</b>
<b>Total Taxes and Miscellaneous Receipts</b>	<b>164,810</b>	<b>163,389</b>	<b>1,421</b>
<b>Total Receipts</b>	<b>164,810</b>	<b>163,389</b>	<b>1,421</b>

# **NEW YORK STATE ECONOMIC OUTLOOK**

## **OVERVIEW AND SECTOR ANALYSIS**

According to the Federal Reserve's October 2025 Beige Book, economic activity in the Second District (New York, Northern NJ, Fairfield County CT, Puerto Rico, U.S. Virgin Islands) has seen a slight decline. Inflation remains higher than the Fed's target. Selling prices have seen moderate price increases, while input prices have seen larger increases. Per the Fed, employment has held steady and wage growth has remained modest. The housing market remains strong, although loan demand is down, and businesses do not foresee a significant increase in activity for the near future.

### **Employment and Wages**

Employment has held steady. Modest employment gains have been seen in wholesale, finance, business services, and personal services while significant declines were reported by education, health care, retail, construction, and transportation firms. Labor supply continues to exceed labor demand, with employers reporting it has been easy to find workers, and that attrition has remained exceptionally low, resulting in less need to hire replacement workers. There remains good demand for workers in finance and accounting, however, demand for tech workers remains subdued. Several businesses in construction and leisure & hospitality reported difficulty in finding workers due to shifting immigration policy. One large retailer reported repositioning longer-tenured workers to increase productivity rather than adjusting their workforce via hiring and firing. Some firms are strategically downsizing, but there remains no sign of major layoffs. Overall, wage growth remains modest, with the construction, leisure & hospitality, wholesale, and education industries seeing strong wage growth while the finance industry saw only slight wage growth. Firms anticipate increased wage growth in the near future.

### **Prices**

Selling prices have continued to see moderate increases while input prices have again seen strong increases. Businesses are strategizing how to structure their prices considering new tariffs. The Fed reports many vendors looking for alternative inputs to lessen the impact of tariffs, while others are considering demand elasticity in their price revisions. Firms expect upward pressure on prices to persist for the foreseeable future.

### **Consumer Spending**

Consumer spending has seen a modest increase. Some stores report sales continuing to strengthen, outperforming their prior year sales due to resilience in the consumption habits of mid- to upper-income consumers. Apparel is selling well, and cosmetics and fragrances continue to report strong sales. Auto dealers in Upstate New York reported sales continuing to slightly improve as conditions continue to normalize following tariff-related volatility in the market

earlier this year. Used car sales slightly softened, and affordability concerns remain, but dealers remain optimistic given solid demand and healthy inventory levels.

### **Manufacturing and Distribution**

Manufacturing activity changed little following a summer uptick. Shipments were unchanged, and new orders were down. Some manufacturers noted improving sales. Tariff uncertainty continued to weigh, with elevated input prices and procurement difficulties present. Overseas demand for US-manufactured goods has softened. Inventories shrank, as supply availability worsened despite delivery times holding steady. Capital spending plans were soft. Activity declined among wholesalers and distributors. Looking forward, conditions are expected to improve.

### **Services**

The services sector saw continued, moderate decline. Retail, leisure and hospitality, and business services firms saw declining activity. Sharper declines were seen in IT services firms. In security, activity was steady, however, fewer government contract opportunities were noted.

Declines in international tourism to New York City weighed on attractions and restaurants, even as domestic tourism grew. Broadway attendance remained steady. Hotel occupancy rose, approaching pre-pandemic levels, even as room rates remained exceptionally high.

### **Real Estate and Construction**

Housing markets remained solid. Inventory remained at low levels. New listings have slowed. New signed contracts edged up. Prices continued to rise. Units in high-demand areas continued to sell above market with fast turnaround. Certain housing developments faced impediments due to capacity-constrained electricity infrastructure. Rents continued to rise, with those in New York City at historic highs. This was expected to taper in the coming months given a softening in mortgage rates.

Commercial real estate markets continued to improve. New York City outperformed many other large cities across the country and saw increasing demand for office space from AI firms. Interest rate and tariff uncertainty capped activity in the industrial sector. In retail, high-end luxury remained strong while other parts weakened. Construction activity continued to decline.

### **Banking and Finance**

Finance sector activity weakened slightly. Small-to-medium banks reported steady demand for consumer loans and commercial mortgages but also noted softer demand for business loans. There was moderate growth in residential mortgage demand. Credit standards tightened as delinquency rates worsened slightly, particularly for business loans.



<b>U.S. and New York State Economies Calendar Year (CY)</b>		
<b>U.S. Economy</b>	<b>2025 Estimate</b>	<b>2026 Forecast</b>
Real GDP	1.9	1.7
Personal Income	5.0	4.5
Consumer Price Index (CPI)	2.8	3.5
Wages	5.0	4.3
10-Year Treasury Yield	4.3	4.2
Corporate Profits	2.3	0.8
<b>New York State Economy</b>		
Wages (Total)	5.8	3.5
Personal Income	4.5	3.5
Source: Moody's Analytics, Senate Majority Finance Committee staff calculations		

## **ECONOMIC INDICATORS FORECAST – U.S. AND NEW YORK STATE**

Wage growth in New York State was ahead of the U.S. with estimates at 5.8 percent in the State compared to 5 percent for the U.S. on a national level in CY 2025. The Consumer Price Index (CPI) is projected at 2.8 percent for CY 2025 and is anticipated to increase to 3.5 percent in CY 2026. There are additional concerns that may have negative economic impacts going forward in CY 2026, including persistent high inflation, elevated interest rates, and trade and tariff challenges.

The economy is currently growing at a slower pace than projected in the SFY 2025-26 Economic and Revenue Consensus. The committee staff estimate U.S. Real Gross Domestic Product (GDP) to grow at 1.9 percent. This estimate is 0.3 percent lower than the SFY 2025-26 Economic and Revenue Consensus forecast. At a national level, current estimates show higher growth rate for wages and personal income, and lower growth rate for corporate profits and nonfarm employment in CY 2025 compared to the consensus projections, as shown in the accompanying chart. Inflation is tracking slightly above previous estimates and is anticipated to increase in CY 2026. For New York State, current projections indicate increased growth rate for wages, personal income and nonfarm employment for SFY 2024-25 compared to the consensus projections. However, these State level economic indicators are expected to have a reduced growth rate in SFY 2025-26 than previously forecasted in the consensus.

The committee staff and Executive both estimate a strengthening economy for the U.S. and New York State, however, the committee staff economic estimates vary slightly from the Executive estimates. Committee staff estimate wage growth in New York State to be 3.6 percent for SFY 2025-26, 0.4 percent above the Executive estimate of 3.2 percent. Both estimates are slightly lower than the SFY 2025-26 Economic and Revenue Consensus estimate of 4.1 percent.

The ongoing U.S. government shutdown is creating uncertainty for policymakers and businesses, which could contribute to slower economic growth. The suspension of crucial federal data collection, such as reports on employment and consumer spending, makes it harder for decision-makers to assess the health of the economy. In addition, the shutdown can lead to disruption in the flow of federal funding and services at both the State and National level.

U.S. and New York State Economics		
U.S Economy Calendar Year (CY)	2025 Estimate	2026 Forecast
<b>Real GDP</b>		
SFC Quick Start	1.9	1.7
DOB Mid-year	2.0	1.9
Economic and Revenue Consensus	2.2	2.0
<b>Personal Income</b>		
SFC Quick Start	5.0	4.5
DOB Mid-Year	4.9	3.5
Economic and Revenue Consensus	4.5	4.5
<b>Consumer Price Index (CPI)</b>		
SFC Quick Start	2.8	3.5
DOB Mid-Year	2.8	3.3
Economic and Revenue Consensus	2.7	2.7
<b>Wages</b>		
SFC Quick Start	5.0	4.3
DOB Mid-Year	4.9	3.4
Economic and Revenue Consensus	4.6	4.3
<b>3-Month T-Bill Rate</b>		
SFC Quick Start	4.2	3.2
DOB Mid-Year	4.1	3.3
Economic and Revenue Consensus	3.9	3.3
<b>Corporate Profits</b>		
SFC Quick Start	2.3	0.8
DOB Mid-Year	1.6	0.0
Economic and Revenue Consensus	2.6	4.1
<b>Nonfarm Employment</b>		
SFC Quick Start	1.0	0.3
DOB Mid-Year	0.9	0.3
Economic and Revenue Consensus	1.1	0.6
<b>New York State Economy Fiscal Year (FY)</b>		
<b>Wages (Total)</b>		
SFC Quick Start	8.3	3.6
DOB Mid-Year	8.0	3.2
Economic and Revenue Consensus	5.8	4.1
<b>Personal Income</b>		
SFC Quick Start	5.8	3.7
DOB Mid-Year	5.7	3.3
Economic and Revenue Consensus	5.3	4.2
<b>Nonfarm Employment</b>		
SFC Quick Start	2.4	0.0
DOB Mid-Year	2.4	0.0
Economic and Revenue Consensus	1.4	0.8
Source: DOB Mid-Year Report, Moody's Analytics, Senate Majority Finance Committee staff calculations		

## NEW YORK STATE UNEMPLOYMENT RATES

Unemployed Rates: Year over Year Change		
	Aug-2024	Aug-2025
United States	4.2%	4.3%
New York State	4.4%	4.0%
New York City	5.5%	4.9%
Rest of State	3.5%	3.4%
Source: US Bureau of Labor Statistics		
Seasonally adjusted data. Preliminary and subject to change.		

The State's unemployment rate is calculated by the U.S. Bureau of Labor Statistics (BLS). In August 2025, the statewide seasonally adjusted unemployment rate stood at 4 percent. New York City's unemployment rate was 4.9 percent. Outside of New York City, the unemployment rate was 3.4 percent. The total number of unemployed New Yorkers in August 2025 was 397,912.

## U.S. CONSUMER PRICE INDEX (CPI)

According to the BLS, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in September 2025 over the previous month on a seasonally adjusted basis. The all-items index increased 3.0 percent before seasonal adjustment over the last 12 months.

The index for gasoline increased 4.1 in September and contributed most of the monthly all-items increase, while the energy index increased 1.5 percent. The index for food rose 0.2 percent, with the index for food at home also increasing 0.3 percent and the food away from home index increasing 0.1 percent.

The index for all-items, excluding food and energy, rose 0.2 percent in September after increasing 0.3 percent in July and August. Along with the index for shelter, the indexes for airline fare, recreation, household furnishings and operations, and apparel also rose in September. The indexes for motor vehicle insurance, used cars and trucks and communication were among those that declined over the month.

The all-items index rose 3.0 percent for the 12 months ending in September, after increasing 2.9 percent over the 12 months ending August. The index for all-items, less food and energy increased 3.0 percent over the last 12 months. The energy index increased 2.8 percent over the last 12 months, while the food index increased 3.1 percent over that same period.

## **DISBURSEMENT OUTLOOK**

### **EDUCATION**

#### **Lottery Receipts and VLTs**

The State finances School Aid from General Fund revenues and from Lottery Fund receipts, including Video Lottery Terminals (VLTs), which are accounted for and disbursed from dedicated revenue accounts. Because the State's fiscal year begins on April 1, the State disburses approximately 70 percent of the annual school year commitment during the State fiscal year in which it is enacted and pays the remaining 30 percent in the first three months of the following State fiscal year.

State Operating Funds spending for School Aid is projected to total approximately \$37 billion in SFY 2025-26, an increase of \$1.7 billion or 4.7 percent from SFY 2024-25. Increases in Foundation Aid are driven by a reformed formula established in the SFY 2025-26 Budget that, among other factors, replaced outdated formula metrics and ensured each district receives at least a 2 percent annual increase in aid. In SFY 2025-26, School Aid spending supported by Lottery and VLT Aid is expected to decrease from an elevated SFY 2024-25 level that was supported by higher than anticipated collections in SFY 2023-24. School Aid spending supported by mobile sports wagering receipts is projected to increase in SFY 2025-26 due to an increase in anticipated revenue collections.

#### **Traditional (Core) Lottery Education Aid**

For SFY 2025-26, traditional lottery sales are projected to contribute \$2.6 billion for Aid to Education for New York State, which is a decrease of \$216 million or 7.7 percent from SFY 2024-25. Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26.

#### **Video Gaming (VLT) Lottery Education Aid**

VLTs for SFY 2025-26 are estimated to contribute \$1.1 billion in Aid to Education for New York State, reflecting an increase of \$35 million or 3.2 percent, over SFY 2024-25 collections. Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26.

## **Mobile Sports Wagering Education Aid**

Mobile Sports Betting (MSB) launched in New York on January 8, 2022. In SFY 2025-26, MSB is projected to fund \$1.5 billion in Aid to Education. This reflects an increase of \$417 million or 40.1 percent over SFY 2024-25 collections. Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26.

## **Education Assistance**

The State Education Department (SED) updates State Aid projections for school districts several times per year. These numbers are based on school district spending, as reported to SED, along with changes in funding and formulas approved by the Legislature and Governor. By releasing updated State Aid projections, districts are better equipped to forecast future increases or decreases in funding and plan their school budgets accordingly.

The State Education Department provides statutorily mandated updates to State Aid projection in February, May, and November. These updates allow the legislative bodies to forecast future costs to the State based on changes in the Foundation Aid formula and changes in school district spending that could result in fluctuations in expense-based aid categories.

On a School Year (SY) basis, the Enacted Budget increased State Aid to school districts by \$1.7 billion or 4.9 percent in SY 2026. This increase is comprised of \$1.4 billion in Foundation Aid, as well as enhancements to expense-based aid.

The Financial Plan projections assume that School Aid growth will be 4.9 percent in SY 2026, slightly above the School Aid Growth Cap of 4.5 percent. The School Aid Growth Cap limits growth based on the 10-year average increase in personal income. The next two years assume increases of \$1.2 billion (3.2 percent) and \$1.4 billion (3.6 percent) respectively. The Financial Plan assumes adherence to the growth cap in SY 2027 and onward. Committee staff accepts the Executive estimates and forecasts for current law spending in SFY 2025-26 and SFY 2026-27.

## **MEDICAID**

### **Medicaid Mid-Year Update & Forecasts**

The Mid-Year Update projects that the Department of Health (DOH) Medicaid State-Share spending will grow to \$35.4 billion in SFY 2025-26, an increase of \$4.2 billion or 13.5 percent compared to SFY 2024-25. Eligibility and qualification changes enacted in H.R. 1, effective January 1, 2026, may impact enrollment in both the Essential Plan (EP) and Medicaid. The Executive estimates an annualized cost to the State of \$3 billion if individuals who currently

qualify and are enrolled in the EP are moved to Medicaid. The DOH Medicaid State-Share spending is projected to grow to \$44.7 billion in SFY 2028-29.

Public Health Insurance enrollment is projected to decrease from 9.25 million people in SFY 2024-25 to 9.14 million people in SFY 2025-26. This includes Medicaid enrollment of 6.84 million people in SFY 2025-26, a decrease of 88,000 compared to SFY 2024-25. Following statewide eligibility redeterminations ending in August 2024, the State continues to retain a greater proportion of Covid-19 era enrollees. As a result, the Executive estimates higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment. While the Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26, it will be challenging to maintain projected spending levels if the public health insurance enrollment trends do not align with financial plan estimates.

### **Medicaid Global Cap Spending**

The SFY 2022-23 Enacted Budget implemented a new Global Cap index based on the five-year rolling average of the Centers of Medicare and Medicaid Services (CMS) annual projections of health care spending. This index accounts for factors not previously captured under the Global Cap. The new Global Cap index authorizes an additional \$21.2 billion in State-Share Medicaid spending growth covering six years through SFY 2028-29. The \$21.2 billion increase includes \$3.5 billion in SFY 2025-26, \$4.2 billion in SFY 2026-27, \$5 billion in SFY 2027-28, and \$5.9 billion in SFY 2028-29.

The updated forecast for Medicaid spending subject to the Global Cap is estimated to total \$26.5 billion in SFY 2025-26. This is an increase of \$1.5 billion or 6.1 percent from the prior year. Medicaid spending under the Global Cap is projected to remain within the indexed allowance through SFY 2025-26. Beginning in SFY 2025-26, the Financial Plan adjusted costs reported under the Medicaid Global Cap to exclude OSA (other state agency) local Medicaid expenses. An estimated \$2 billion of local share spending related to OSA services and programs that are not managed by DOH. Due to utilization costs and trends, Medicaid spending is expected to exceed the Global Cap beginning in SFY 2026-27. Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26.

### **PUBLIC ASSISTANCE**

The Office of Temporary and Disability Assistance (OTDA) posts public assistance caseload data each month. The pattern of enrollee movement between case types and closed status is complex, with enrollees' statuses constantly changing.

Although the welfare caseload is volatile and difficult to predict, there is a strong relationship between the number of welfare enrollees and certain economic factors, such as employment and

low wage work, unemployment rate and entry-level employment. The New York State Division of the Budget (DOB) anticipates public assistance caseloads to total 713,509 recipients in SFY 2025-26. Disbursements are projected to reach \$3.2 billion in SFY 2025-26, which reflects an increase of \$665 million or 26.3 percent from the prior year. Disbursements are expected to decrease in SFY 2026-27 to an estimated \$2.1 billion. Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2025-26 and SFY 2026-27.