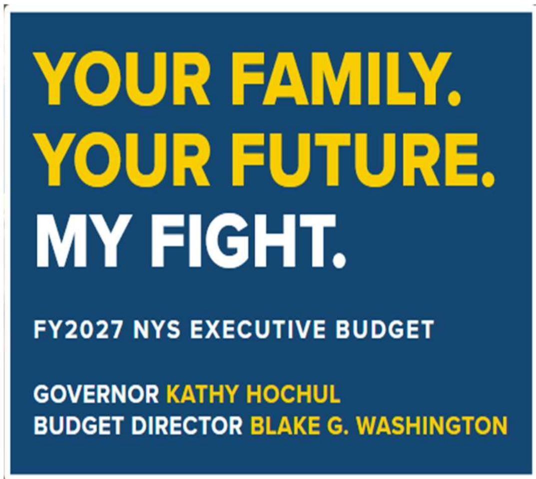
Addenda #46 – April 2026
Re: Ch. 9 Modern Monetary Theory – Fueling Unlimited Debt and Dependency, and Control: Income Inequality and Redistribution of Wealth / MMT Summary



In my State of the State address last week, I laid out our vision for a stronger, safer, more affordable New York. With careful planning, historic investments, and common-sense reforms, we can push through vital projects—from housing and clean water infrastructure, to public safety and education. We can make childcare more affordable, ensure every child has access to a quality public school, and expand opportunity so that a college degree is within reach for New Yorkers in every corner of the state. This year's Budget delivers the optimistic and thriving future our children deserve… Our task is to sustain our momentum while continuing to make responsible choices that keep our state economically secure.

The governor laid out *her* vision for a more affordable New York, not *our* vision. Governor Hochul's budget is *not* responsible in its spending and does *not* keep the state "economically secure." These are the numbers that are in Kathy Hochul's 2027 fiscal year budget plan…

NY State Budget, select budget details
Cash Financial Plan – All Government Funds

(Receipts in millions of dollars)	FY2027	FY2026	Change		% of Receipts
Taxes (personal income tax)	$ 71,927	$ 67,900	$4,027	5.93%	28.61%
Consumption/Use Taxes	$ 24,242	$ 23,561	$ 681	2.89%	9.64%
Business Taxes	$ 28,463	$ 30,738	($2,275)	-7.40%	11.32%
Other Taxes	$ 3,011	$ 3,007	$ 4	0.13%	1.19%
Miscellaneous Fees	$ 37,256	$ 39,982	($2,726)	-6.81%	14.82%
Total Taxes & Fees	$164,899	$165,188	($ 289)	-0.17%	65.59%
Federal Receipts	$ 86,485	$ 97,072	($10,587)	-10.90%	34.40%
Total Receipts	$251,384	$262,260	($10,876)	-4.14%	

Source: New York State / Division of the Budget / Financial Plans Archive / FY 2027 Executive Budget Financial Plan: Cash Receipts – All Government Funds, Tables T-26 thru T-27
https://www.budget.ny.gov/pubs/archive/fy27/ex/fp/fy27fp-ex.pdf

Half of all receipts collected will come from personal income taxes, business taxes, consumption and use and other taxes. New York State ranked #2 in the nation with a combined state and local tax burden of $12,685 per person in 2025. New York out paces #3 California's combined state and local tax burden of $10,319 per person.
Note: The District of Columbia, due to upkeep of federal government, ranks #1 at $14,974 per person.

New York State, as shown by budget receipts data, has a revenue problem for the 2027 fiscal year. Elevated levels of federal tax dollars flowed into the state during the Biden administration; $95.307 billion in FY2022, $99.960 billion in FY2023, $94.276 billion in FY2024 and $96.713 billion in FY2025. But the Trump administration, recognizing that pandemic overspending must end, has reduced federal aid in each of the last two years. New York Democrats blame the state's financial problems on the Trump administration, but in reality, their overspending and reliance on federal tax revenue that has caused this problem. The era of generous federal support for state governments has ended. The governor's 2027 Financial Plan estimates federal aid totaling $86.48 billion. That's a decrease of $10.58 billion from 2026 and a $13.47 billion less than the pandemic high federal support in 2022. New York State is still receiving $20.3 billion more in federal aid than in the last pre-pandemic state budget of FY2020, but this is still not enough to sustain state spending.

New York State is ranked #41 in Economy, #45 in Affordability and #49 in Opportunity in the U.S. News 2025 'Best States' poll. New York has the fifth highest cost of living and the second highest tax burden in the nation. Almost 14% of its residents are "living in poverty." 31% of New York households earn above the Federal Poverty Level but still struggle to afford basic necessities. One in every seven residents receive public assistance through programs like SNAP (Supplemental Nutrition Assistance), PA (Public Assistance) and HEAP (Home Energy Assistance Program). Almost 37% of state residents are enrolled in New York's Medicaid program, the highest percentage of any state in the nation. Another 8.5% of state residents are enrolled in the insurance exchange Essential Plan medical coverage for lower income individuals.
New York State does not have a revenue problem, it has a spending problem, and residents of the Empire State are being crushed by the burden of taxes and higher costs that support that spending.

NY State Budget, select budget details
Cash Financial Plan – All Government Funds

(Spending in millions of dollars)	FY2027	FY2026	Change		% of Budget
Department of Health (Medicaid)	112,311	115,909	-3,598	-3.10%	43.20%
Education (Pre-K - G12)	48,495	46,940	1,555	3.31%	18.65%
Higher Education (SUNY, CUNY)	16,349	15,452	897	5.80%	6.29%
Social Welfare	15,731	15,168	564	3.72%	6.05%
Mental Hygiene	15,071	14,100	972	6.89%	5.80%
Public Protection/Criminal Justice	8,156	10,952	-2,797	-25.54%	3.14%
Elected Officials (salaries, benefits, operati	5,421	5,058	363	7.18%	2.08%
General (NY State) Government	3,114	2,999	115	3.82%	1.20%
Local Government Assistance	843	867	-24	-2.78%	0.32%
Total Spending	260,004	258,270	1,734	0.67%	

Source: New York State / Division of the Budget / Financial Plans Archive / FY 2027 Executive Budget Financial Plan: Cash Disbursements by Function – All Government Funds, Tables T-141 thru T-148
https://www.budget.ny.gov/pubs/archive/fy27/ex/fp/fy27fp-ex.pdf

My observations on the governor's budget…

Just two weeks before the November 2022 election, as her poll numbers were falling and Kathy Hochuls' reelection campaign looked to be in jeopardy, she suddenly changed her campaign strategy to focus on public safety. "It's been my priority… it's not a new development. It's something we've focused on with great intensity…" Her 2023 fiscal year budget, passed during her election campaign, requested $9.583 billion for Public Protection / Criminal Justice, an increase of almost 27% from the previous year. The very next year, after winning reelection as governor, Hochul *cut* spending for that department by 19%. Obviously Hochul redirected budget funding to ensure her reelection against a candidate who made crime and public safety a priority during his campaign.

In her 2026 State-of-the-State address, Governor Hochul laid out her priorities for a second term. Statewide Universal Child Care, building more affordable housing, more youth mental health, more gun control and, of course, taking on President Trump! Hochul also wants to install more renewable energy generation while also cutting utility costs, two priorities that seem to be directly at odds with each other. Public Safety and Criminal Justice is no longer a campaign priority as the public's focus has now shifted to affordability. Even though the governor shared her vision for a "stronger and *safer*" New York, the budget for the Public Protection/Criminal Justice department has been cut by 25% ($2.8 billion) for FY2027.

* Governor Hochul's Child Care for All program will provide free child care for all children up to three years of age by 2028 and expanding New Yorks subsidized Universal Pre-K program to include children ages 4 and 5. To fund these programs, the governor increased the budget for the Office of Children and Family Services by 24.5% ($1.2 billion) in 2027 and another 4% ($220 million) in 2028.

* To fund the creation or preservation of more than 6,600 low-and-moderate income homes, the Division of Housing and Community Renewal budget increases by 19% ($355 million) and another 6% ($143 million) in 2028.

* To fund additional mental health programs for adolescents and teens, the Department of Mental Hygiene will receive a 7% increase in funding ($972 million) for the 2027 fiscal year, but after she is reelected, the governor cuts the department's funding by 4% ($665 million) in 2028 and another 2% ($351 million) in 2029.

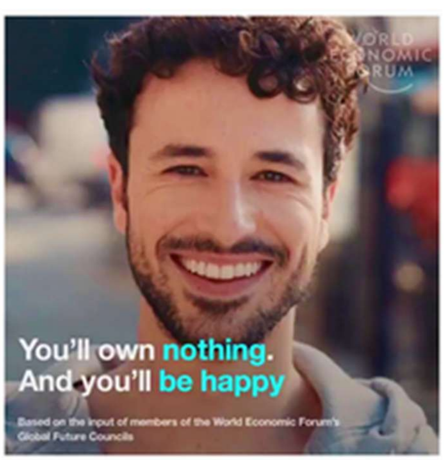
Between FY2020, the last state budget before the pandemic, government spending has increased by more than 50%. New Yorkers can no longer afford Kathy Hochul's generous social welfare spending and have resorted to moving to states where the cost of living is less expensive. New York State has ranked among the top ten states in "outbound migration" over the past several years, meaning more people have moved *out* of New York than have moved into the state. U.S. Census Bureau data shows a continual loss of taxpaying residents to other states, while data from nationwide moving company United Van Lines shows more than 50% of moves were "outbound" from New York for the past ten years, with New York being ranked the #2 state that people moved out of in 2025.

In 2022, Governor Hochul told New Yorkers who supported Donald Trump, Lee Zelden (her opponent in the governor's race) and other Republican candidates, to leave New York. "… just jump on a bus and head down to Florida where you belong… Get out of town, just get out of town, because you don't represent our values… you are not New Yorkers."

This year, New York is facing a projected $12.7 billion budget gap and progressive Democrats in the state legislature are calling for a variety of tax increases to fund more social welfare spending. At Politico's March 11 "New York Agenda: Albany Summit" Hochul admitted the state now lacks enough tax paying residents to support Democrat's generous social programs. "I need people who are high-net worth to support the generous social programs that we want to have in our state, right? Now, there are some patriotic millionaires who stepped up. Okay, cut me the checks if you want to be supportive. But maybe the first step should be to go down to Palm Beach and see who we can bring back home because our tax base has been eroded."

The N.Y. State Comptroller warned in February that state spending is estimated to increase at a rate faster than expected revenues, creating multiyear budget gaps estimated by the Division of Budget to total $27.5 billion through FY 2030. New York Democrats now must face the fact that the federal government will no longer subsidize their generous spending habits. As the Comptrollers report stated, this will "create increased fiscal strains that are likely to affect the State's economy, finances and safety net." New York State was not prepared for the significant decrease in federal aid ($10.587 billion in FY2027 alone) nor is it prepared for an economic downturn, which is a certainty at some point in the future.

The entire house of cards enabled by the progressive Modern Monetary Theory that claims you can continue to spend as long as you can print or borrow money to pay for it, is now starting to collapse. More New Yorkers are living in, or right on the edge of poverty than ever before. New York State has the highest level of income inequality than any state in the nation. Upper income earners can absorb the higher taxes and cost of living in the state. Lower income earners get a myriad of state and local social welfare plans that allow them to exist, but not to live. The middle class continues to get squeezed and forced into the ranks of the working poor. But that was always the plan anyway, right?



8 predictions for the world in 2030
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April 9, 2018

At the same time Social Welfare spending increases by $858 million over the next two years, funding for New York's Essential Plan, a health insurance program designed for low-income adults ages 19 to 64 who do not qualify for Medicaid, is cut by $14 billion or 96%. This is due to the expiration of the Enhanced Premium Tax Credits enacted in the American Rescue Plan of 2021 and extended through 2025 by the Inflation Reduction Act.

"… [Republicans that supported] Trump and (NY Governor candidate Lee) Zelden and (U.S. House of Representatives candidate Marc) Molinaro, just jump on a bus and head down to Florida where you belong… Get out of town, just get out of town, because you don't represent our values… you are not New Yorkers"
Governor Kathy Hochul, August 27, 2022

"I need people who are high-net worth to support the generous social programs that we want to have in our state, right? Now, there are some patriotic millionaires who stepped up. Okay, cut me the checks if you want to be supportive. But maybe the first step should be to go down to Palm Beach and see who we can bring back home because our tax base has been eroded."
Governor Kathy Hochul, March 11, 2026