

Addenda #33 – March 2024

Re: Ch. 9 Modern Monetary Theory – Fueling Unlimited Debt and Dependency, and Control

Governor Hochul unveiled a balanced budget for FY 2026 that contains record investments that support New Yorkers without raising income taxes.

The Executive Budget will deliver more than \$5 billion in tax cuts, credits and refunds to New York families, while making record investments in education and health care and keeping \$21 billion in reserves.

Office of the Governor Press Release, January, 2025

In her FY (fiscal year) 2026 Budget, titled *Your Family is My Fight*, the Governor promises.

- ✓ a balanced budget
- ✓ “record investments” = record spending increases
- ✓ more than \$5 billion in tax cuts, credits and refunds = revenue reductions
- ✓ no income tax increases
- ✓ no spending of reserves

My “accounting brain” says there’s something disingenuous about these promises...

The FY2025 budget was only “balanced” because the governor approved the issuance of \$7.9 billion in state supported debt. Let’s see how she funds her promises to voters this year.

Bear in mind that New Yorks 2026 fiscal year ends in June, just as Kathy Hochul will be ramping up her reelection campaign. *This*, is why there will be record investments, tax cuts and refunds given to working New Yorkers: spending “bribes” for votes...

Whoever makes or offers to make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate; and

Whoever solicits, accepts, or receives any such expenditure in consideration of his vote or the withholding of his vote—

Shall be fined under this title or imprisoned not more than one year, or both; and if the violation was willful, shall be fined under this title or imprisoned not more than two years, or both.

Reference: 18 U.S. Code § 597 – U.S. Code - Unannotated Title 18. Crimes and Criminal Procedure § 597. Expenditures to influence voting

Ok, so this provision of the law applies to bribes by politicians targeting individuals, not the general electorate, so governor Hochul is not in direct violation of U.S. Criminal Code. But anyone with critical thinking skills and capable of reading between the lines knows this is exactly what she is doing.

Governor Hochul currently has a negative 39-47% favorability rating, and she has a 44-48% job approval rating. 57% of voters – including 41% of Democrats – would prefer ‘someone else’ as their next governor. Her running mate, Lt. Governor Antonio Delgado, announced

in February he won't be on the ticket in 2026 and instead will run against Hochul in a Democrat primary. In response, Hochul banished him from his office on the same floor as hers in the state Capitol in Albany. She also took away his offices in New York City and the Hudson Valley, confiscated his state-issued electronic devices and is reassigning much of his staff. For the next twenty-two months, Hochul will be governing the state all by herself. Autocratic leadership, exactly what she wants.

No wonder she is so unpopular.

Hochul's additional budget spending only serves to reinforce the growing culture of government dependency in the state. New York has the fourth highest number of welfare recipients in the nation. In 2023, 2.89 million residents of the state relied on welfare programs to meet their basic needs, that's almost 15% of the population of the state. California was the next closest state, with 13.3% of their population receiving welfare benefits. Contrast that from 2020 when 2.04 million New York residents were receiving benefits, or 10.5% of the state's population. Not a growth record to be proud of!

The COVID-19 pandemic provided the largest boost to stimulus spending since the Great Depression. Individuals gladly accepted federal money, whether they needed it or not. I can tell you from personal experience as a certified tax preparer, about the level of complaints I heard after the three rounds of stimulus payments ended in March of 2021. Government got people hooked on "free money" and there is no going back from that.

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.

So, let's see how "balanced" the governor's budget really is...

The following financial plan table comes from the FY2026 NY state Executive Budget Financial Plan. It can be found on the states Division of Budget website under *FY 2026 Executive Budget Financial Plan*.

<https://www.budget.ny.gov/pubs/archive/fy26/ex/fp/index.html>

Financial Plan Tables > All Government Funds – Total Budget > Annual Change from FY 2025 to FY 2026 > T-26 (page 208)

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Annual \$ Change	Annual % Change
Opening Fund Balance	65,912	69,232	3,320	5.0%
Receipts:				
Taxes	115,419	112,098	(3,321)	-2.9%
Miscellaneous Receipts	32,755	38,740	5,985	18.3%
Federal Receipts	98,502	93,091	(5,411)	-5.5%
Total Receipts	246,676	243,929	(2,747)	-1.1%
Disbursements:				
Assistance and Grants	192,239	197,311	5,072	2.6%
State Operations:				
Personal Service	17,448	18,788	1,340	7.7%
Non-Personal Service	9,279	9,250	(29)	-0.3%
General State Charges	10,759	11,402	643	6.0%
Debt Service	3,163	2,318	(845)	-26.7%
Capital Projects	10,493	12,956	2,463	23.5%
Total Disbursements	243,381	252,025	8,644	3.6%
Other Financing Sources (Uses):				
Transfers from Other Funds	60,771	58,149	(2,622)	-4.3%
Transfers to Other Funds	(61,015)	(58,554)	2,461	4.0%
Bond and Note Proceeds	269	367	98	36.4%
Net Other Financing Sources (Uses)	25	(38)	(63)	-252.0%
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	3,320	(8,134)	(11,454)	-345.0%
Closing Fund Balance	69,232	61,098	(8,134)	-11.7%

First observation. FY2026 spending is proposed to increase by \$8.644 billion. A 3.5% increase in spending doesn't sound outrageous since "core inflation" was 3.2% at the time this budget was being put together.

Second observation, the governor's budget model projects that FY2026 tax receipts will be \$3.321 billion lower, a decrease of 2.8%. Why? The third paragraph of the governor's Budget Message stated, "Bolstered by *increased revenues*, New York is in a strong financial position." Is this not really the case, are things not as optimistic as the governor portrays? Budget models are notoriously unreliable. Assumptions for future tax revenue and spending can be "adjusted" to favor policy agendas, and future budget outcomes depend on a mix of economic, demographic, and legislative factors. Any significant changes to any or all outcomes can completely blow up financial assumptions.

In October 2024, the state Budget Director published a mid-year update for the FY2025 Budget, which showed that *General Fund* receipts were \$1.2 billion higher than previously forecast. The update attributed this to an improving economy, which led to higher employment, which led to increased personal income tax, sales tax and business tax receipts.

As a result, the governor increased total receipts across all future year budgets, projecting (assuming) the increase would continue in future years.

Receipts have been increased by more than \$2 billion annually across all years of the Financial Plan in recognition of continued positive variances in PIT withholding and estimated payments, as well as updated economic indicators.

This appears to be good news. The economy is improving, and receipts are projected to increase. Theoretically, this will lead to lower budget deficits in the future and perhaps even a truly balanced budget, without having to borrow money. But no, this will never be allowed to happen. Once additional money becomes available, politicians always find a way to spend that money, instead of attempting to be fiscally responsible with it.

Spending estimates across all years of the financial plan have been revised to reflect upward revisions to estimated Medicaid spending... and higher operational costs as agencies continue to restore workforce levels.

After the mid-year update to the FY2025 Financial Plan was published, There were two ways to handle the “good news” about increased revenues.

1. Be fiscally responsible. Pay down high levels of existing state debt and make an effort to reduce future year deficits by keeping spending in check.
2. Be fiscally *irresponsible*. Don’t worry about the existing debt, spend even more money and borrow to cover it.

Governor Hochul chose the second option.

The Executive Budget will deliver more than \$5 billion in tax cuts, credits and refunds to New York families, while making record investments in education and health care

At a time when the FY2026 Budget Financial Plan showed total receipts were projected to decrease by \$2.7 billion, Governor Hochul proposed a \$5 billion increase in “giveaways” to residents; “record investments” in programs an increasing number of New Yorkers have become dependent on. Remember, if you rely on the government to provide healthcare, housing, heating and cooling assistance, nutrition assistance, childcare financial assistance, *if you own nothing*, you will be *totally controlled* by the government.

The Department of Health had the largest spending allocation in the FY2025 state budget, with total disbursements of \$101.490 billion.

In the FY2025 budget, spending for FY2026 was projected to be \$106.587 billion.

That’s an increase of \$5.097 billion or 5.02% year-over-year.

But after the ‘good news’ from the mid-year update, the allocation for spending by the DoH was “revised...upward” to \$114.015 billion. That’s an increase of \$7.428 billion (6.9%) from the original budget allocation and an increase of \$12.525 billion (12.3%) from projected spending in the FY2025 budget.

Note: Going forward, all budget years will be referred to by the end year only, ie. 2025.

Spending figures come from 2026 spending projections in the FY2025 state budget, revised spending shown in the FY2025 mid-year budget update, and finally from spending projections shown for 2026 in the FY2026 budget.

New York states *Essential Plan* is a comprehensive health insurance plan that covers not only medical expenses, preventative care, maternity coverage, physical, occupational and speech therapy, and transportation costs as well as dental, vision and prescription drugs. The Essential Plan has low or no co-pays, no deductible and there is no monthly premium. *Children's Medicaid* and *Child Health Plus* are the equivalent health insurance plans for children under the age of 19. Eligibility for free coverage is based on household income levels. These health insurance plans combined, are known as *Medicaid* health coverage.

New York state's allocation for Medicaid spending in the 2025 budget was \$14.1 billion. In the 2025 budget, spending for 2026 was projected to be \$14.651 billion, an increase of \$551 million or 3.91% year-over-year.

But after the 'good news' from the 2025 mid-year update, the allocation for Medicaid spending for 2026 was "revised...upward" to \$16.406 billion, an increase of \$1.755 billion (11.98%) from the original budget allocation and an increase of \$2.306 billion (16.35%) from projected spending shown in the 2025 budget.

Note: Spending on all Medicaid programs in 2019 totaled \$5.61 billion. In just eight years, New York's Medicaid spending has almost tripled, while the population of the state has only increased by 2%. Does this sound like New Yorkers are becoming *less* or *more dependent* on the government?

The Executive Budget will deliver more than \$5 billion in tax cuts, credits and refunds to New York families, while making record investments in education...

The Department of Education (Pre-K thru Grade 12) has the second largest spending allocation behind the Department of Health. In the 2025 budget, spending for 2026 was projected to be \$45.482 billion, a decrease of \$2.833 million or 5.86%.

After the 'good news' from the mid-year update, the allocation for spending for the DoE was "revised...upward" to \$46.292 billion, an increase of \$810 million (1.78%) from the original budget allocation, but still a decrease of \$2.023 billion (4.19%) from projected spending shown in the 2025 budget.

Questions I ask.... How can a *decrease* in spending be called a *record investment*?

You will see that my administration is focused on common sense solutions that create opportunity for millions of families

The Department of Social Welfare had the third largest spending allocation in the state budget, with an allocation of \$14.794 billion for 2025. The 2025 budget projected spending of \$13.602 billion for 2026, a decrease of \$1.174 billion or 7.94%.

After the 'good news' from the mid-year update, the allocation for spending by the DoSW was "revised...upward" to \$14.776 billion, an increase of \$1.156 billion (8.49%) from the original budget allocation but still a decrease of \$18 million (0.12%) from projected spending shown in the 2025 budget.

Each year the Office of the New York State Comptroller publishes a Financial Condition Report for the state, which includes a section on Public Welfare. The 2019 Financial report contained the following statements:

- *The average monthly number of public assistance recipients in the State decreased to its lowest level in recent history, largely due to fewer FA recipients in New York City and fewer SNA recipients in areas outside of New York City.*
- *Compared to the prior year, the average monthly number of recipients of public assistance in New York State decreased by 33,024 (6.1 percent) to 508,946.*

The year 2019, the tenth year of economic expansion after the Housing and Financial crisis, saw historic low numbers of poverty in the United States for all minority populations. Blacks, Hispanics, American Indians and Alaskan Natives all achieved the lowest rates of poverty since the Census Bureau began keeping track of them. Then the COVID-19 pandemic and resulting business closures and job losses occurred. On March 20, 2020, Governor Andrew Cuomo signed the "New York State on PAUSE" executive order, closing all "non-essential businesses" and prohibiting all non-essential gatherings of individuals. In April 2020, 1.827 million workers lost their jobs in new York state, the largest monthly employment drop on record, and the unemployment rate soared from 4.1% to 14.5%. These job losses hit lower wage workers the hardest.

The report issued by the Comptroller in 2023 had a totally different message from 2019...

- *For SFY 2022-23, the average monthly number of public assistance recipients in the State increased by 68,614 (14.5 percent) to 540,656, following near-record-low caseloads in SFY 2021-22. The number of public assistance recipients increased every month since September 2021, reaching 574,154 in March 2023 – its highest level since October 2015.*
- *Public assistance spending increased in SFY 2022-23 by \$392 million (19.9 percent) from the previous year, mainly because of an increase in SNA expenditures in New York City.*

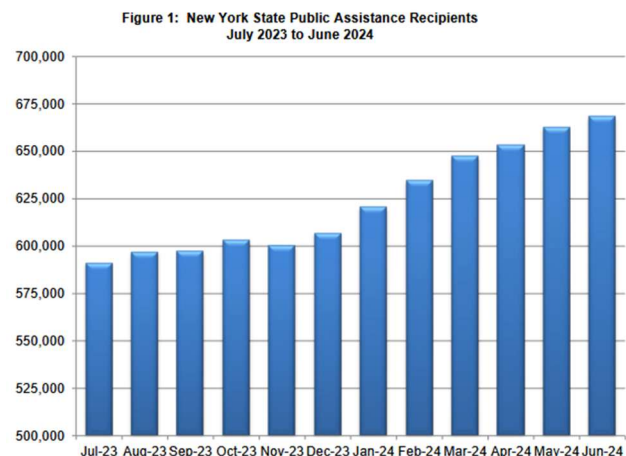
The Comptrollers report for 2024 is not yet available to update these numbers. However, the 2024 Statistical Report On the Operations of New York State Public Assistance Programs published by the NY State Office of Temporary and Disability Assistance in June of 2024 shows the increase in NY state public assistance recipients and spending on welfare programs continuing to increase.

Recent Public Assistance Recipient Trends

Figure 1 illustrates the trend in total PA recipients for the July 2023 to June 2024 period. During this time, the total recipient count increased by 77,584, from 591,119 to 668,703 or 13.1%.

This increase follows the 11.4% increase observed in the previous report year.

Caseloads statewide have continued to increase over the course of the reporting period. There was a 33,387 or 9.4% increase in the number of recipients in the family case category, which increased from 356,440 recipients to 389,827.



If, the number of public assistance recipients in the state continues to *increase* at record numbers, why does Governor Hochul's 2025 budget show a *decrease* in spending on this?

If you rely on the government to provide healthcare, housing, heating assistance, nutrition assistance, childcare financial assistance, if you own nothing, you will be totally controlled by the government.

Together, we will build a state where housing is more affordable, where our streets and subways are safer...

In the 2025 budget, the Department of Public Protection and Criminal Justice had a spending allocation of \$8.438 billion. The 2025 budget projected spending of \$7.904 billion for 2026, reflecting a decrease of \$534 million or 6.33% year-over-year.

After the 'good news' from the mid-year update, the allocation for spending by the DoPP and CJ was "revised...upward" to \$8.555 billion, an increase of \$651 million (8.24%) from the original budget allocation and an increase of \$117 million (1.39%) from projected spending shown in the 2025 budget.

Questions all New Yorkers should ask:

* If public safety remains the "cornerstone" of Kathy Hochul's agenda, why did her original 2025 budget cut spending by 6.3%?

* If Governor Hochul's budget is "making record investments in education", why was the original 2026 budget allocation 5.8% lower than in 2025?

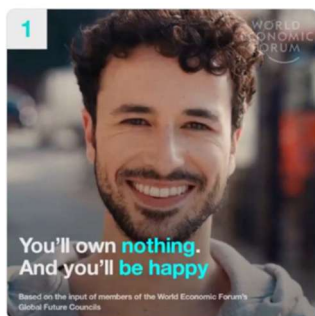
* If Governor Hochul's administration is "focused on common sense solutions that create opportunity for millions of families" and having "less worry in their lives", why was the original 2026 budget allocation for the department of Social Welfare 7.9% lower than 2025?

* If the economy is improving, if employment is higher, if people are doing so well, why does spending on Medicaid have to be increased by 16.35%?

* If the economy is doing so well, if employment is higher, if people are doing so well, why does spending for Local Government Assistance have to be increased by 10.15%?

* If the economy is doing so well, if employment is higher, if people are doing so well, why does spending for Social Welfare have to be increased by 8.5%?

* If education is so important to our governor, why are "record investments" in Education only being decreased by 4.19%?



Welcome to 2030. You'll own nothing. And you'll be happy... Whatever you want you'll rent...

Welcome to 2030. I own nothing, have no privacy, and life has never been better... Everything you considered a product, has now become a service. We have access to transportation, accommodation, food and all the things we need in our daily lives. One by one all these things became free, so it ended up not making sense for us to own much.

It's All About Control...



Addenda #33 References:

FY2025 NYS Executive Budget Financial Plan, NY State Division of the Budget, FY2025 Budget Publications, January 2024

Cash Disbursements by Function – All Government Funds: Tables T-142 through T-149

<https://www.budget.ny.gov/pubs/archive/fy25/ex/cp/fy25cp-ex.pdf>

FY2025 NYS Enacted Budget Financial Plan – Mid-Year Update, NY State Division of the Budget, FY2025 Budget Publications, October 2024

<https://publications.budget.ny.gov/pubs/archive/fy25/en/fy25en-fp-my.u.pdf>

FY2026 NYS Executive Budget Financial Plan, NY State Division of the Budget, FY2026 Budget Publications, January 2025

Cash Disbursements by Function – All Government Funds: Tables T-142 through T-149

<https://www.budget.ny.gov/pubs/archive/fy26/ex/fp/fy26fp-ex.pdf>

New York Population 1900-2024, macro trends (Data Source: U.S. Census Bureau – Population Estimates)

<https://www.macro trends.net/global-metrics/states/new-york/population>

State of New York Financial Condition Report for Fiscal Year Ended March 31, 2019
Chapter 11, Public Welfare (page 13)

<https://www.osc.ny.gov/files/reports/finance/pdf/2019-financial-condition-report.pdf>

State of New York Financial Condition Report for Fiscal Year Ended March 31, 2023
Chapter 11, Public Welfare (page 13)

<https://www.osc.ny.gov/files/reports/finance/pdf/2023-financial-condition-report.pdf>

2024 Statistical Report On the Operations of New York State Public Assistance Programs
Recent Public Assistance Recipient Trends (page 2)

<https://otda.ny.gov/resources/legislative-report/2024-Legislative-Report.pdf>