



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

**Testimony of New York City Comptroller Brad Lander:
Response to the Proposed 2025-2026 New York State Executive Budget**

February 4, 2025

Introduction

Good afternoon, Chair Krueger, Chair Pretlow, and Members of the Senate Finance and Assembly Ways and Means Committees. Thank you for the opportunity to discuss the New York State Executive Budget for Fiscal Year 2026 and its impact on New York City.

New York City is on a path of stable, if moderate, economic growth – although we lag behind U.S. growth, and outside of the healthcare and social assistance sectors, job growth is relatively flat. Tourism has rebounded to levels last seen more than five years ago, with hotel occupancy and Broadway attendance back up to pre-pandemic highs.

Unfortunately, we now face serious new challenges and uncertainty stemming largely from Washington, with threats from Trump’s tariffs, deportations, and funding freezes and cuts. My office has been doing what we can to prepare for and respond to these challenges. However, given that Mayor Adams is AWOL in responding to the budget threats posed by the Trump cuts and freezes, and the turning over of the federal payment system to Elon Musk, one thing I want to recommend is a Joint State/City Emergency Task Force to evaluate impacts and responses in real time.

Affordability

Affordability remains the most pressing and persistent issue for many New Yorkers. Child care costs are ballooning, rents remain at or near historic highs, far above their pre-pandemic level, and the wages of working and middle-class families have not kept pace at all.

Governor Hochul’s focus on these issues is positive: expanding the child tax credit, cutting taxes for the middle class, launching the paid prenatal leave initiative and the BABY benefit, and providing SUNY and CUNY community college free to older students enrolled in programs with high job growth. The legislature should build on them to make New York a more affordable and livable place.

Still, the crushing cost of child care remains a serious challenge for New York’s working families and is constraining economic growth. While I was thrilled to see the Governor’s support for putting New York on the path to universal child care and signing the presumptive eligibility law, more must be done. At a minimum, the Governor should sign the two bills that would help low-income families better access child care subsidies – eliminating minimum earnings requirements and separating subsidy amounts from the hours that parents work. To more ambitiously confront the scale of the child care crisis, the State needs to increase funding to expand universal child care, per the New Yorkers United for Child Care campaign.

Ending Street Homelessness for People with Serious Mental Illness

Another critical challenge facing New York City is mental health and homelessness, with recent incidents of violence calling attention to an underlying crisis. I support the Governor's efforts, as well as legislation by Senator Hoylman-Sigal and Assemblymember Lasher, to increase flexibility to connect New Yorkers in crisis to involuntary care when necessary. But involuntary commitment alone will not solve the crisis.

Last month, I released a comprehensive [plan](#) to end street homelessness for people with serious mental illness. For too long, New York City has operated on a "housing last" model – cycling people from subway to street to hospital to jail and back again – when what works is to put housing first. To achieve this, we need the State to finally pass the Housing Access Voucher Program to provide desperately needed rental subsidies, and to invest in more supportive housing through a new NY/NY IV agreement.

The State should also reverse Cuomo-era cuts that shifted the cost burden of single adult shelter onto NYC; by sharing the expense, adequate funding could be made available for mental health services, better wages, and smaller-scale shelters.

The incremental new revenue from the Managed Care tax should be used to increase Medicaid reimbursement rates, shore up the City's public hospital system, and incentivize private health care providers to provide adequate mental health care to the 4 million New Yorkers who are covered by Medicaid.

Education

We remain grateful for the increase in Foundation Aid in recent years; at the same time, the Governor's revised Foundation Aid approach must be tailored further to make sure that schools can cover the real cost of a sound basic education in 2025. This must include increased weights for students in temporary housing, special education and English language learners, updating the Regional Cost Index, and formula funding for early childhood 3-K and Pre-K classes.

As required by law, my office has submitted a [letter](#) to you stating that my office is *unable* to certify that the City's financial plan includes sufficient funding to achieve the class size reduction targets of the State law in the coming fiscal year. We estimate the operating expense gap to range between \$168 million and \$214 million next year, growing to over \$1.28 billion in FY 2028.

A statewide standard for distraction-free learning – getting cell phones out of classrooms – is a good idea. The Governor's proposal is an important step towards improving mental health of students – especially when coupled with a renewed focus on outdoor play, field trips, experiential learning, and enhanced mental health services.

The City University of New York (CUNY) plays a vital role in the City's economy, and I'd like to credit the Governor for her proposal for free CUNY education for adults who decide to study in fields with high growth jobs. I also urge the legislature to increase CUNY funding, and to approve the CUNY REPAIR Act introduced by Senator Liu and Assembly Member Mamdani to secure additional funding for CUNY through payments from the city's two largest private universities, Columbia and New York University.

Transportation and Street Safety

Transportation and safe streets are at the heart of making New York City a safer and more livable City. I again thank the Governor for starting Congestion Pricing last month, and data published by the MTA shows the program is already reducing traffic, speeding up buses, and boosting transit. But the work does

not end there.

The MTA must now show New Yorkers that it is achieving its promise of a more accessible, reliable transit system – with more transparent data and tangible progress on signal upgrades, elevators, platform barriers and station gates. The MTA’s proposed capital plan remains unfunded by \$35 billion and its cost must be shared broadly and not be solely shouldered by New York City’s budget and economy. Already the Governor proposed to make permanent the additional contribution of \$165 million to the MTA’s paratransit costs and to add \$3 billion in capital contributions from the City, requiring a further increase in the City’s debt capacity after last year’s addition of \$14 billion. Any additional payments from the City must come along with increased accountability.

The legislature should also address the rise of e-bikes and mopeds – one of the most profound changes to New York City’s transportation landscape. I support the Governor’s proposal to reclassify ultra-heavy Class 3 e-bikes as mopeds, triggering registration and insurance requirements for the heaviest and fastest vehicles. I call on the State to pass Senate Bill 7860 to double fines against retailers selling illegal mopeds. The expansion of automated enforcement programs is also critical to street safety, and we can do more to hold dangerous drivers accountable and end reckless driving by suspending the registration and installing speed limiters in vehicles with a high threshold of camera violations.

Protecting New Yorkers

Finally, at this grave moment, the City and State must come together to protect New Yorkers, in the wake of serious threats from the Trump White House.

Budget risks that seemed hypothetical just a few weeks ago now appear grave. While the proposed federal freeze was rolled back, thanks in large part to the rapid legal action by Attorney General Letitia James, leading a coalition of state attorneys general, the control of the federal payment system granted to Elon Musk’s DOGE poses an equally serious – or even greater – risk to the budgets of the State, the City, and nonprofit human service and health care providers. In [November](#) and [December](#), my office detailed the risks to New York City, and we are currently tallying risks to the nonprofit sector. However, we are not seeing sufficient attention from Mayor Adams to these grave risks. This is why I am calling for a Joint State/City Emergency Task Force on Federal Budget Risks to evaluate impacts and responses in real time.

Concerns in other areas are equally grave. Immigrants are central to our economic growth. We must protect immigrants from illegal raids and continue to promote and ensure their ability to participate in the workforce. I urge you to support the New York for All and Access to Representation Acts to better protect immigrant New Yorkers in the face of a Trump administration.

While I certainly understand your frustration with Mayor Adams, I nonetheless also ask that the State continue to fund New York City’s efforts to care for our newest migrants – the Governor has proposed no additional funding in the Executive budget for this crucial need, yet committed last year to sharing the costs with the City by at least one-third. And I would go further, that given the absence of further federal funding, the State should be sharing these costs evenly. Both the City and State should dedicate additional funding for legal services, case management, and workforce development, so they can secure work authorization, obtain jobs, and move out of shelter to stability.

I stand with the Governor in her steadfast support for reproductive health care and ensuring access to abortion. I also want to praise Attorney General James for making clear to hospitals that ending gender-affirming medical care for transgender youth could violate state law. To further address the roll-backs I urge the legislature to expand the Lorena Borjas Transgender Wellness and Equity Fund to provide grants

to trans-led community organizations.

Finally, we must continue to confront the long-term threat of climate change, particularly given the Trump administration's hostile actions to reverse recent progress. At this critical juncture, the Governor's decision to pause the cap-and-invest program is a mistake. The Governor's commitment of \$1 billion over five years towards climate initiatives is good, but is NOT a replacement for cap and invest – both programs are necessary. And I urge the Legislature to support the NY HEAT Act to reduce energy costs, the expansion of the NY residential solar tax credit, the TEMP Act to protect workers from extreme heat, and Rain Ready NY to better protect New Yorkers from extreme flooding.

Conclusion

We can succeed in addressing these challenges only if the City and State work together. We must unite in standing up against illegal actions, finding solutions, and doing more to get our own houses in order at this critical time.

Thank you.