Key Budgetary Changes Affecting Small Businesses FY2026-2027

Empire State Development (ESD) is New York's chief economic development agency. The mission of ESD is to promote a vigorous and growing economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

The New York State Economic Development Law requires ESD to prepare an annual summary for the small business community of the key budgetary changes impacting small businesses – deemed to be one which is a resident of New York State, independently owned and operated, not dominant in its field, and employs 100 or less employees.

Agency:	Department of Health
Program:	**Healthcare Stability Fund Investments**
2025-26 Budget:	The FY 2026 Budget included an assessment on Medicaid and Non-Medicaid insurers, which will be invested across multiple programs.
2026-27 Budget:	The FY 2027 Budget authorizes the State to convert the assessment on Medicaid and Non-Medicaid insurers to comply with new CMS standards.
Summary:	On December 20, 2024, Centers for Medicare and Medicaid (CMS) granted approval for a Per Member Per Month (PMPM) assessment on Medicaid and Non-Medicaid insurers based on the number of member months the plan carries. The approved assessment includes a component for the Essential Plan's 1.7 million enrollees, contributing to increased costs on the Federal fund. Initially, the assessment was expected to provide up to $3.7 billion of new resources over two years, which would be deposited to the Healthcare Stability Fund (HSF). However, H.R. 1 added new conditions for determining what assessments are eligible for certain waivers from CMS, thereby disqualifying New York's current MCO assessment. In January 2026, CMS issued a Final Rule for impacted states that allows New York to continue to collect MCO assessments through the end of

calendar year 2026 for a total of eight quarters of collections (four quarters in FY 2026 and 2027, respectively).

The FY 2027 Enacted Budget authorizes the State to pursue a uniform managed care assessment that is compliant with the new CMS standards, which would convert the assessment effective January 1, 2027. The converted assessment is anticipated to provide $165 million in resources, which are expected to be used as an offset to State General Fund costs.

Through the HSF, resources are expected to be used to offset prior Global Cap commitments funded by the General Fund, and support the Safety Net Transformation Program as well as healthcare delivery provided by, among others:

- Hospitals
- Nursing Homes
- Federally Qualified Health Centers
- Assisted Living Programs

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Agency: Department of Labor

Program: Empire State Apprenticeship Tax Credit Program

2025-26 Budget: As of January 1, 2018, the Empire State Apprenticeship Tax Credit Program is providing up to $10 Million annually to offer tax incentives to certified businesses for employing qualified apprentices in demand occupations or industries or regional growth sectors. These include, but are not limited to, those trades identified by the Regional Economic Development Councils such as healthcare, advanced manufacturing, and Information Technology. Qualified apprentices must be employed full-time for at least six months of a calendar year and must have been enrolled as an apprentice on or after January 1, 2018. The tax credit is available through 2026.

The Empire State Apprenticeship Tax Credit program continues to offer incentives to aid businesses looking to rebuild their workforce.

2026-27 Budget: As of January 1, 2018, the Empire State Apprenticeship Tax Credit Program is providing up to $10 Million annually to offer tax incentives to certified businesses for employing qualified apprentices in demand occupations or industries or regional growth sectors. These include, but are not limited to, those trades identified by the Regional Economic Development Councils such as healthcare, advanced manufacturing, and Information Technology. Qualified apprentices must be employed full-time for at least six months of a calendar year and must have been enrolled as an apprentice on or after January 1, 2018. The tax credit is available through 2026.

The Empire State Apprenticeship Tax Credit program continues to offer incentives to aid businesses looking to rebuild their workforce.

Summary: Saves New York businesses money: This program will make the tax credit available to businesses across the state as they train New York's future skilled workforce.

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Agency: Department of Labor

Program: New York Youth Jobs Program

2025-2026 Budget: As of January 1, 2024, the available credit remains at $750 per month up to six months for eligible youth hired full-time with an additional $1,500 for retaining the youth an additional six months and another $1,500 for retaining the youth a second full year. For youth hired part-time the available credit remains at $375 per month up to six months with an additional $750 for retaining the youth an additional six months and another $750 for retaining the youth a second full year.

2026-2027 Budget: As of January 1, 2026, the available credit remains at $750 per month up to six months for eligible youth hired full-time with an additional $1,500 for retaining the youth an additional six months and another $1,500 for retaining the youth a second full year. For youth hired part-time the available credit remains at $375 per month up to six months with an additional $750 for retaining the youth an additional six months and another $750 for retaining the youth a second full year.

Summary: The program is authorized through 2027.

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Agency:	Department of Labor
Program:	Existing Employee Training (EET) Program (2018-2023) Employee Retention and Advancement Training (ERAT) Program (2024)
2025-2026 Budget:	NYSDOL is currently reviewing WIOA funding availability and budget to determine future funding for this program prior to releasing a 2025-2026 grant opportunity.
2026-2027 Budget:	NYSDOL continues to review WIOA funding availability and budget to determine future funding for this program prior to releasing a 2026-2027 grant opportunity.
Summary:	The EET/ERAT Program saves New York businesses money by supporting training programs that meet the specific needs of business and helping current workers obtain the skills needed to meet the ever-evolving demands of business to retain employment or advance to higher positions within the company.
Website Link:	https://dol.ny.gov/funding-opportunities-0
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Agency:	Department of Labor
Program:	Unemployed/Underemployed Worker Training (UWT) Program (2018-2023) Reemployment Training Grant (RTG) Program (2024)
2025-2026 Budget:	NYSDOL is currently reviewing WIOA funding availability and budget to determine future funding for this program prior to releasing a 2025-2026 grant opportunity.
2026-2027 Budget:	NYSDOL continues to review WIOA funding availability and budget to determine future funding for this program prior to releasing a 2026-2027 grant opportunity.
Summary:	The UWT/RTG Program saves New York businesses money and develops a local talent pool with relevant occupational skills that provide a competitive advantage to businesses. It also supports training programs that will address the insufficient supply of workers by providing the specific occupational skills and credentials needed by local businesses.
Priority Populations:	With an emphasis on serving priority populations, UWT/RTG will provide additional points in scoring to proposals that seek to train at least 50% of their intended participants from one or more of the following categories: displaced homemakers, low income individuals, Native Americans, individuals with disabilities (including youth with disabilities and recovering drug addicts), older individuals, individuals currently and formerly involved in the justice system, homeless individuals or homeless youth, youth who are in or have aged out of the foster care system, individuals who are English language learners, individuals who have low levels of literacy, individuals facing substantial cultural barriers, migrant and seasonal farm workers, single parents (including single pregnant women), long term unemployed workers, Temporary Assistance and Needy Families (TANF) recipients, Supplemental Nutrition Assistance Program (SNAP) recipients, and veterans.
Website Link:	https://dol.ny.gov/funding-opportunities-0

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Agency: Department of Labor

Program: Business Jumpstart

2025-2026 Budget: The Business Jumpstart initiative was launched in July 2024 to assist new and expanding businesses across New York State. Since its inception, NYSDOL has assisted over 500 businesses build and grow their workforce and get access to valuable no-cost services through this specialized approach.

2026-2027 Budget: The Business Jumpstart initiative, established in July 2024, to assist new and expanding businesses across New York State. To date, NYSDOL has assisted over 800 businesses build and grow their workforce and get access to valuable no-cost services through this specialized approach.

Summary: The Department of Labor provides specialized intensive services and resources at no-cost to assist new and expanding businesses in New York State, saving them time and money. This initiative will provide businesses who are new and expanding with a comprehensive suite of services.

- Outreach that engages members of the business community, identifies new and expanding businesses, develops job openings and provides services that fill those openings.
- An Interest Portal was created to source business leads and assist with business needs.
- Daily outreach directly engaging businesses who are new and expanding.
- Maintains communication with business customer and provides intensive case management.
- Resume review w/direct referral to the business.
- Development of customized recruitments and job fairs: Coordinates and schedules events, posts all openings, works to ensure all openings are matched and qualified customers are referred.
- Provide in-depth Human Resources Consultation services
- Offer job posting services to assist businesses with their hiring needs - the Virtual Career Center (VCC) – New York State's premier online job search site, designed with artificial intelligence to match job seekers to their next career and match businesses to qualified candidates.
- Promote tax credits to businesses and provides technical assistance.

Website Link: https://dol.ny.gov/business-jumpstart

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Agency: Department of Labor

Program: Apprenticeship Expansion Grant (combined with the Middle Skills Jobs Gap Training Fund)

2025-2026 Budget: The Apprenticeship Expansion Grant-4 RFP expired on August 05, 2024, and has not yet been funded for FY 2025-2026. However, NYSDOL is exploring the possibility of issuing a new funding opportunity, Apprenticeship Expansion Grant-5 to continue apprenticeship expansion opportunities. If issued, this new funding opportunity can also be braided with the Empire State Apprenticeship Tax Credit Program, which will offer a significant incentive to businesses.

2026-2027 Budget: The Apprenticeship Expansion Grant-4 RFP expired on August 05, 2024, and has not yet been funded for FY 2026-2027. However, NYSDOL is exploring the possibility of issuing a new funding opportunity, Apprenticeship Expansion Grant-5 to continue Registered Apprenticeship expansion opportunities in high-demand occupations, with a focus on the emerging fields of Advanced Manufacturing and Information Technology. This funding would cover costs associated with training apprentices through RA, including but not limited to OJT, books, and tools. If issued, this new funding opportunity can also be braided with the Empire State Apprenticeship Tax Credit Program, which will offer a significant incentive to businesses.

Summary: This funding opportunity has saved New York businesses money while providing a competitive advantage and ensuring that New York has a pool of middle-skill workers available to meet the business needs specific to each region. It is anticipated that this new funding opportunity will enable innovation-based businesses to continue to bring their employment opportunities to New York, thereby expanding access to available talent, reducing recruitment costs for businesses, providing a competitive advantage, and helping to retain businesses in the State.

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Agency:	Department of Labor
Program:	Direct Entry Pre-Apprenticeship Programs (DEPA)
2025-2026 Budget:	This Direct Entry Pre-Apprenticeship (DEPA) RFA expired on June 28, 2024, and has not yet been funded for FY 2025-2026. However, NYSDOL is exploring the possibility of funding DEPA-2 RFA to continue support for Direct Entry Pre-Apprenticeship programs in NYS.
2026-2027 Budget:	This Direct Entry Pre-Apprenticeship (DEPA) RFA expired on June 28, 2024, and has not yet been funded for FY 2026-2027. However, NYSDOL is exploring the possibility of funding DEPA-2 RFA to continue support for Direct Entry Pre-Apprenticeship programs in NYS.
Summary:	This funding opportunity has saved New York businesses money as part of the Governor's comprehensive plan to strengthen New York State's (NYS) workforce and help grow the economy by focusing on regional needs, creating and expanding access to career services and the jobs of tomorrow, and identifying innovative ways to build the workforce of the future. NYSDOL is exploring the issuance of another round of DEPA funding in the future.
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