

## General State Charges

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### Mission

The General State Charges budget (GSC) supports the costs of State employee and retiree fringe benefits such as health insurance, pensions, employer social security contributions, and workers' compensation, and pays a variety of other State responsibilities including costs for Court of Claims litigation, taxes on State-owned land, and payments in lieu of taxes (PILOTs).

### Budget Highlights

The FY 2019 Executive Budget recommends appropriations totaling \$6.0 billion (All Funds) for GSC, including General Fund appropriations of \$5.6 billion and Fiduciary Fund appropriations of \$0.4 billion. Programmatic appropriations in the General Fund are increasing by \$126 million. This primarily reflects the increased cost of workers' compensation for injured workers (\$51 million), employee and retiree health insurance (\$27 million), and payment of the Social Security payroll tax (\$25 million).

The Executive Budget includes the following four proposals to help restrain the growth in State costs:

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed this supplemental IRMAA premium in 2007 to require high income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high income retirees. This subsidy is worth \$649 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a taxpayer subsidy of \$3,900 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2019. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$2.9 million in FY 2020 (due to the lag in reimbursement), increasing to \$12.4 million in FY 2021.
- **Establish a Floor for State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2019, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$135.50 per month. The cost of this reimbursement is \$249 million. This proposal maintains State reimbursement at \$135.50 per month, consistent with CY 2019 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal would reduce the State's unfunded OPEB liability by roughly \$9.5 billion, and provide savings of \$2.3 million in FY 2020 and \$12.2 million fully annualized in FY 2021. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.
- **Implement Differential Premiums for Future State Retirees Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years of more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post-April 1, 2019 civilian hires in approximately 30 years, once the current retiree group is largely replaced, and will result in an overall reduction of about 5% or \$4B, in OPEB liability.
- **Provide a Market-Rate of Interest on Court Judgments.** The Executive Budget proposes to provide a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgements is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at time when interest rates were at 15% as a way to protect taxpayer costs. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

For more information on this agency's budget recommendations located in the Executive Budget Briefing Book, click on the following link:

**ALL FUNDS  
APPROPRIATIONS  
(dollars)**

Category	Available FY 2019	Appropriations Recommended FY 2020	Change From FY 2019	Reappropriations Recommended FY 2020
State Operations	5,853,420,000	6,027,072,000	173,652,000	0
<b>Total</b>	<b>5,853,420,000</b>	<b>6,027,072,000</b>	<b>173,652,000</b>	<b>0</b>

**STATE OPERATIONS  
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE  
APPROPRIATIONS  
(dollars)**

Fund Type	Available FY 2019	Recommended FY 2020	Change
Fiduciary	300,500,000	400,500,000	100,000,000
General Fund	5,552,920,000	5,626,572,000	73,652,000
<b>Total</b>	<b>5,853,420,000</b>	<b>6,027,072,000</b>	<b>173,652,000</b>

**STATE OPERATIONS  
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM  
APPROPRIATIONS  
(dollars)**

Program	Available FY 2019	Recommended FY 2020	Change
<b>GENERAL STATE CHARGES</b>			
Fiduciary	0	400,500,000	400,500,000
General Fund	0	5,626,572,000	5,626,572,000
<b>General State Charges</b>			
Fiduciary	300,500,000	0	(300,500,000)
General Fund	5,552,920,000	0	(5,552,920,000)
<b>Total</b>	<b>5,853,420,000</b>	<b>6,027,072,000</b>	<b>173,652,000</b>

**STATE OPERATIONS - GENERAL FUND  
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED  
APPROPRIATIONS AND CHANGES  
FY 2020 RECOMMENDED  
(dollars)**

Program	Amount	Total	Change
GENERAL STATE CHARGES	5,626,572,000		5,626,572,000
General State Charges	0		(5,552,920,000)
<b>Total</b>	<b>5,626,572,000</b>		<b>73,652,000</b>

Program	Amount	General State Charges	Change
General State Charges	0		(5,552,920,000)
<b>Total</b>	<b>0</b>		<b>(5,552,920,000)</b>

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Program	Maintenance Undistributed	
	Amount	Change
GENERAL STATE CHARGES	5,626,572,000	5,626,572,000
<b>Total</b>	<b>5,626,572,000</b>	<b>5,626,572,000</b>

**STATE OPERATIONS - OTHER THAN GENERAL FUND  
SUMMARY OF APPROPRIATIONS AND CHANGES  
FY 2020 RECOMMENDED  
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
GENERAL STATE CHARGES	400,500,000	400,500,000	400,500,000	400,500,000
General State Charges	0	(300,500,000)	0	0
<b>Total</b>	<b>400,500,000</b>	<b>100,000,000</b>	<b>400,500,000</b>	<b>400,500,000</b>

Note: Most recent estimates as of 1/15/2019