Update to
Annual Information Statement
State of New York

October 1, 2020

Annual Information Statemen Update

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Introduction

Introduction

This first quarterly update to the Annual Information Statement (the "AIS Update") is dated October 1, 2020, and contains information only through that date. This AIS Update constitutes the official disclosure regarding the financial position of the State of New York (the "State") and updates the AIS dated June 3, 2020 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's First Quarterly Update to the Financial Plan for FY 2021 (the "Updated Financial Plan") issued by the Division of the Budget (DOB) in August 2020. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of first quarter operating results for FY 2021 (quarter ended June 30, 2020) and updates to the State's official financial projections for FY 2021 through FY 2024[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Financial Plan are consistent with the projections set forth in the FY 2021 Enacted Budget Financial Plan (the "Enacted Budget Financial Plan") reflected in the AIS. DOB next expects to update the State's multi-year financial projections in October 2020 with the Mid-Year Update to the Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during FY 2021 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".
3. A summary of the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years.
4. Updated information on certain public authorities of the State.
5. Updated information regarding the State Retirement System.
6. The status of significant litigation that has the potential to adversely affect the State's finances.
7. Financial Plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2020 and projected receipts and disbursements for fiscal years 2021 through 2024 on a General Fund, State Operating Funds and All Governmental Funds basis.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC). In particular, information contained in the section entitled "State Retirement System" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of this AIS Update.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2021 ("FY 2021") is the fiscal year that began on April 1, 2020 and will end on March 31, 2021.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections, or other information relating to the State's financial position or condition, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years, that may vary materially from the information provided in this AIS Update. Investors and other market participants should, however, refer to this AIS Update, as updated or supplemented, for the most current official information regarding the financial position of the State.

The factors affecting the State’s financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words “expects”, “forecasts”, “projects”, “intends”, “anticipates”, “estimates”, "assumes" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State’s expectations as of the date of this AIS Update.

In addition to regularly scheduled quarterly updates to the AIS, the State may issue AIS supplements or other disclosure notices to the AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of the AIS, as updated or supplemented, in Official Statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS Update with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS Update can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

OSC issued the State's Basic Financial Statements for FY 2020 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 28, 2020 in accordance with the annual statutory deadline. Copies of this report may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2020 can also be accessed through EMMA at www.emma.msrb.org.

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This AIS Update is available in electronic form on the DOB website at www.budget.ny.gov. Such availability does not imply that there have been no changes in the financial position of the State subsequent to the posting of this information. Maintenance of this AIS Update on the DOB website, or on the EMMA website, is not intended as a republication of the information herein on any date subsequent to its release date. No incorporation by reference or republication of any information contained on any website is intended or shall be deemed to have occurred as a result of the inclusion of any website address in this AIS Update.

Neither this AIS Update nor any portion thereof may be: (i) included in a preliminary official statement, official statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the offered series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS Update or any portion thereof in a preliminary official statement, official statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS Update if so misused.

Budgetary and Accounting Practices

Significant Budgetary/Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.[2]

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Updated Financial Plan tables present State projections and results by fund and category.

Fund types of the State include: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues that are used for specified purposes; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

The State's General Fund receives most State taxes and all income not earmarked for a specified program or activity. State law requires the Governor to submit, and the Legislature to enact, a General Fund Budget that is balanced on a cash basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced if sufficient resources are, or are expected to be, available during the fiscal year for the State to: (a) make all planned payments, including Personal Income Tax (PIT) refunds, without the issuance of deficit notes or bonds, or extraordinary cash management actions; (b) restore the balances in the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund (collectively, the "Rainy Day Reserves") to levels at or above those on deposit when the fiscal year began; and (c) maintain other reserves, as required by law. For purposes of calculating budget balance, the General Fund includes transfers to and from other funds.

The General Fund is the sole financing source for the School Tax Relief (STAR) fund and is typically the financing source of last resort for the State's other major funds, including the Health Care Reform Act (HCRA) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery Fund. Therefore, General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is required by law to be balanced, the focus of the State's budgetary and gap-closing discussion in the Updated Financial Plan is generally weighted toward the General Fund.

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[2] State Finance Law also requires DOB to prepare a pro forma Financial Plan using, to the extent practicable, Generally Accepted Accounting Principles (GAAP). The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by the Office of the State Comptroller (OSC) in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., reserve for timing of payments). These amounts are typically, but not uniformly, identified with the phrase "reserved for." They are not held in distinct accounts within the General Fund and may be used for other purposes.

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current service levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal position of the State.

State Operating Funds is a broader measure of spending on operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded Special Revenue Funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As significant financial activity occurs in funds outside the General Fund, the State Operating Funds perspective is, in DOB's view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective.

The Updated Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: (a) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; and (b) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB's interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.

Budgetary and Accounting Practices

State Operating Funds disbursements for FY 2021 that appear in certain Financial Plan tables within the text are adjusted to exclude the impact of short-term borrowings that have been executed and are budgeted to be repaid within the current fiscal year. The Updated Financial Plan tables that appear at the end of this report are not adjusted, and thus include the repayment of $4.5 billion in short-term borrowing executed and expected to be repaid in FY 2021.

The State also reports disbursements and receipts activity for All Governmental Funds (All Funds), which includes spending from Capital Projects Funds and Federal Funds, in addition to State Operating Funds. The All Funds basis provides the most comprehensive view of the cash-basis financial operations of the State.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure amount while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2020 and FY 2021 as of the First Quarterly Update to the Financial Plan.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)			
		FY 2021	
	FY 2020 Results	Enacted	First Quarter
State Operating Funds Disbursements[1]			
Size of Budget	$102,160	$94,901	$93,652
Annual Growth	0.3%	-7.1%	-8.3%
Other Disbursement Measures			
General Fund (Including Transfers)[2]	$77,469	$73,169	$70,690
Annual Growth	6.4%	-5.6%	-8.8%
Capital Budget (Federal and State)	$11,999	$14,734	$14,676
Annual Growth	-2.2%	22.8%	22.3%
Federal Operating Aid[3]	$58,823	$63,383	$72,256
Annual Growth	0.6%	7.8%	22.8%
All Funds	$172,982	$177,518	$185,084
Annual Growth	1.2%	2.6%	7.0%
Capital Budget (Including "Off-Budget" Capital)[4]	$12,484	$15,093	$15,035
Annual Growth	-2.3%	20.9%	20.4%
All Funds (Including "Off-Budget" Capital)[4]	$173,467	$177,877	$185,443
Annual Growth	1.2%	2.5%	6.9%
Inflation (CPI)	1.9%	0.5%	0.3%
All Funds Receipts			
Taxes	$82,889	$75,543	$74,461
Annual Growth	9.7%	-8.9%	-10.2%
Miscellaneous Receipts	$29,466	$30,669	$31,066
Annual Growth	-5.5%	4.1%	5.4%
Federal Receipts (Operating and Capital)[3]	$65,080	$72,833	$77,097
Annual Growth	6.1%	11.9%	18.5%
Total All Funds Receipts[3]	$177,435	$179,045	$182,624
Annual Growth	5.5%	0.9%	2.9%
General Fund Cash Balance	$8,944	$6,717	$7,087
Rainy Day Reserves	$2,476	$2,476	2,476
Extraordinary Monetary Settlements	$2,610	$2,185	2,185
Economic Uncertainties	$890	$970	1,340
All Other Reserves/Fund Balances	$2,968	$1,086	1,086
Debt			
Debt Service as % All Funds Receipts[1]	2.8%	3.3%	3.3%
State-Related Debt Outstanding	$54,447	$59,450	$60,093
Debt Outstanding as % Personal Income	3.9%	4.2%	4.3%
State Workforce FTEs (Subject to Direct Executive Control)	118,193	118,850	118,850

1 Excludes the repayment of $4.5 billion in short-term borrowing executed and expected to be repaid in FY 2021.

2 Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes.

3 Includes the receipt and planned use of $5.1 billion from the Coronavirus Relief Fund, pursuant to the Federal CARES Act.

4 Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities.

Summary

Since the FY 2021 Enacted Budget (the "Enacted Budget") was adopted, the COVID-19 outbreak (the "COVID-19 pandemic" or "pandemic") has moved in two directions. In New York and the other northeastern states, the pandemic's spread has been slowed through extensive governmental restrictions and reasonably widespread citizen compliance. But elsewhere in the nation the virus is surging. As of the date of this AIS Update, travelers from thirty-three states, the Commonwealth of Puerto Rico, and Guam are subject to quarantine upon entering the State.

New York's progress on the public health front, however, is not expected to translate into an improved economic or fiscal outlook compared to the Enacted Budget Financial Plan. The State continues to face significant risks to budget balance in the current fiscal year and DOB projects large budget gaps in future years as a result of the impact that the COVID-19 pandemic is having and is expected to continue to have on the State.

In the Updated Financial Plan, DOB has reduced the FY 2021 estimate for General Fund receipts by $1.3 billion. General Fund tax receipts estimates have been lowered by $931 million, reflecting pronounced weakness in sales and use tax collections. The estimates for video lottery and commercial gaming revenues have also been lowered by $288 million, which in turn drives an increase in General Fund transfers to support School Aid. Further reductions have also been made to dedicated tax receipts to the DHBTF, for which the General Fund is the payor of last resort. PIT collections through July 2020 were in line with expectations, with weaker than expected extension payments offset by stronger withholding. Therefore, DOB is making no changes to PIT estimates in the Updated Financial Plan.

In comparison to the Executive Budget Financial Plan ("February Plan"), the last plan released before the pandemic, DOB has reduced the FY 2021 estimate for General Fund receipts by $14.5 billion. Projections for All Funds tax receipts alone are down by $13.5 billion -- a 15.3 percent reduction since the February Plan. The dramatic decline in General Fund receipts is not a one-year problem, and while receipts are expected to exhibit growth in upcoming fiscal years, are still not expected to return to FY 2020 levels until after FY 2024. DOB expects the reduced receipts to carry through each subsequent year of the Updated Financial Plan period, creating a total loss of over $62 billion through FY 2024 compared to February Plan, as summarized in the following table.

GENERAL FUND RECEIPTS REVISIONS TO THE FEBRUARY PLAN (millions of dollars)	FY 2021 Updated[1]	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	Total
ENACTED BUDGET REVISIONS	**(13,257)**	**(15,899)**	**(15,795)**	**(15,589)**	**(60,540)**
Receipts (includes Lottery Aid)	(13,089)	(15,858)	(15,756)	(15,547)	(60,250)
Dedicated Tax Receipts (DHBTF)	(168)	(41)	(39)	(42)	(290)
Q1 UPDATE REVISIONS	**(1,259)**	**(308)**	**(19)**	**33**	**(1,553)**
Receipts (includes Lottery/Gaming Aid)	(1,219)	(293)	(9)	42	(1,479)
Dedicated Tax Receipts (DHBTF)	(40)	(15)	(10)	(9)	(74)
TOTAL GENERAL FUND REVISIONS	**(14,516)**	**(16,207)**	**(15,814)**	**(15,556)**	**(62,093)**

[1] Excludes receipts of Extraordinary Monetary Settlements.

The additional downward revisions to receipts in FY 2021 are expected to be offset by lower General Fund disbursements from the extension, through September 30, 2020, of the enhanced Federal matching assistance percentage ("eFMAP") for eligible Medicaid expenditures, the allocation of certain eligible General Fund expenses to the Coronavirus Relief Fund (CRF), consistent with the State's interpretation of current U.S. Department of the Treasury ("U.S. Treasury") guidelines, and other savings identified.

The net result of these revisions is that the General Fund is expected to remain in balance in FY 2021. The outyear General Fund budget gaps are currently projected at $8.4 billion in FY 2022, $9.8 billion in FY 2023, and $9.4 billion in FY 2024. The budget gaps in FY 2022 through FY 2024 assume that the $8 billion in local aid reductions expected to be taken in FY 2021, pursuant to the budget reduction authority granted to the Budget Director in connection with the adoption of the Enacted Budget (the "Reduction Authority"), will be recurring. Substantially all such outyear savings are dependent on the Legislature approving the continuation of the Reduction Authority or specific gap-closing actions, or both, in future years. The three-year combined total amount of the outyear budget gaps has increased by almost $2 billion in comparison to the Enacted Budget Financial Plan projections. If the U.S. Congress approves substantial new recovery aid to the states and localities, the level of State-planned reductions may be reduced.

In the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June 2020, pursuant to the withholding authority granted by State legislation enacted in connection with the adoption of the Enacted Budget. Through the end of July 2020, DOB withheld approximately $1.9 billion of payments that were otherwise scheduled to be made during this 4-month period in the Enacted Budget Financial Plan. All or a portion of these withholdings may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

Consistent with the Enacted Budget Financial Plan, the State has implemented a hiring freeze and controls on non-personal service and capital commitments and expenditures. It has also deferred through December 31, 2020, the general salary increases that were scheduled to take effect on April 1, 2020. State agencies have been directed to reduce operating expenditures by 10 percent from the levels authorized in the Enacted Budget Financial Plan. Certain exceptions are expected to be granted for facility operations and public health and safety priorities. The Enacted Budget Financial Plan describes these controls on agency operations in more detail.

The State completed two PIT note sales for cash flow purposes in the first quarter of FY 2021. The note sales generated a total of $4.5 billion in net proceeds, as planned in the Enacted Budget Financial Plan. The sales were undertaken to meet anticipated liquidity needs arising from the Federal government's decision to extend the calendar year 2019 income tax filing deadline from April 15, 2020 to July 15, 2020.

The wide-ranging economic, health, and social disruptions caused by the pandemic continue to have an adverse impact on State authorities and localities. The Metropolitan Transportation Authority (MTA) and the Thruway Authority have disclosed that observed declines in mass transit, commuter rail, and vehicular traffic are having an adverse and material impact on their financial condition and operating results. The City of New York has made material reductions to estimated tax receipts for City Fiscal Year (CFY) 2020 and CFY 2021, and other localities have identified similar concerns. The State aid reductions expected to be taken in the Updated Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

Updated Budget Gap-Closing Plan

The following table summarizes the FY 2021 gap-closing plan, updated for revisions in the Updated Financial Plan. The gap-closing plan for FY 2021 must now cover an estimated General Fund receipts shortfall of $14.5 billion. The plan consists of specific savings in the Enacted Budget Financial Plan, budget control actions taken by the Executive to reduce authorized spending and surplus resources.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
EXECUTIVE BUDGET (FEB. 2020) SURPLUS/(GAP)	**0**	**(1,939)**	**(3,313)**	**(3,266)**
Receipts (includes Lottery Aid)	(14,308)	(16,151)	(15,765)	(15,505)
Dedicated Tax Receipts (DHBTF)	(208)	(56)	(49)	(51)
UPDATED BUDGET SURPLUS/(GAP)	**(14,516)**	**(18,146)**	**(19,127)**	**(18,822)**
Changes to Exec. Proposals Adopted in Enacted Budget:	**782**	**911**	**737**	**618**
School Aid - Offset by Federal Funds	1,169	1,791	1,986	2,278
Medicaid	(100)	(778)	(1,160)	(1,543)
Legislative Adds	(180)	(10)	(10)	(10)
Legislative Rejection of Executive Proposals	(107)	(92)	(79)	(107)
Budget Control Actions:	**10,120**	**8,904**	**9,100**	**9,407**
Budget Balance Reductions (Aid to Localities)	8,180	8,010	8,010	8,010
Cash Management Withholds (Apr-Jul)	1,714	0	0	0
Financial Plan Reconciliation	(1,714)	0	0	0
School Aid	*tbd*	*tbd*	*tbd*	*tbd*
Medicaid/Health	*tbd*	*tbd*	*tbd*	*tbd*
Higher Education	*tbd*	*tbd*	*tbd*	*tbd*
Social Services	*tbd*	*tbd*	*tbd*	*tbd*
Mental Hygiene	*tbd*	*tbd*	*tbd*	*tbd*
Transportation	*tbd*	*tbd*	*tbd*	*tbd*
Other	*tbd*	*tbd*	*tbd*	*tbd*
Agency Operations Budget Balance Reductions	1,647	716	967	1,300
Cash Management Withholds (Apr-Jul)	230	0	0	0
Financial Plan Reconciliation	(230)	0	0	0
Debt Service/Other Revisions	293	178	123	97
Resource Changes:	**4,285**	**517**	**(19)**	**2**
Federal Medicaid Share Increase (eFMAP)	2,238	0	0	0
Prior Year Balances	553	550	0	0
Fund Eligible Expenses from CRF	869	0	0	0
Refunded Prior-Year COVID-19 Expenses	132	0	0	0
Other Resources	493	(33)	(19)	2
New Costs:	**(671)**	**(544)**	**(540)**	**(557)**
Health Care: Enrollment Increases/Other	(671)	(532)	(527)	(544)
Other Costs	0	(12)	(13)	(13)
FIRST QUARTERLY UPDATE SURPLUS/(GAP)	**0**	**(8,358)**	**(9,849)**	**(9,352)**

The gap-closing plan for FY 2021 is described at length in the Enacted Budget Financial Plan. The incremental changes to that plan are described in the following section. The Enacted Budget Financial Plan, as reflected in the AIS, and the Updated Financial Plan as reflected in this AIS Update, should be read in their entirety.

First Quarterly Revisions

The following table summarizes the General Fund revisions to the Enacted Budget Financial Plan. The table is followed by a brief explanation of the revisions.

FY 2021 FIRST QUARTERLY UPDATE
GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
(millions of dollars)

	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
ENACTED BUDGET SURPLUS/(GAP)	**0**	**(7,473)**	**(9,271)**	**(8,830)**
Receipt Revisions[1]	**(578)**	**(164)**	**24**	**(30)**
Taxes	(931)	(131)	42	(32)
Extraordinary Monetary Settlements	370	0	0	0
Non-Tax Receipts/Transfers	(17)	(33)	(18)	2
Disbursement Revisions[1]	**948**	**(721)**	**(602)**	**(492)**
Local Assistance:	**115**	**(692)**	**(578)**	**(470)**
Medicaid: eFMAP Extension (7/1 to 9/30)	786	0	0	0
Health Care: Enrollment Increases/Other	(671)	(532)	(527)	(544)
Gaming/Lottery Receipts (General Fund Guarantee for School Aid)	0	(160)	(51)	74
Agency Operations	**1,001**	**(12)**	**(13)**	**(13)**
Transfers to Other Funds	**(168)**	**(17)**	**(11)**	**(9)**
Reclassifications	**0**	**0**	**0**	**0**
Liquidity Financing	0	0	0	0
Transfers From PIT Revenue Bond Tax Fund	(1,500)	0	0	0
Transfers To Debt Service Fund	1,500	0	0	0
MTA Bond Financing	0	0	0	0
Transfers From PIT Revenue Bond Tax Fund	(27)	(42)	(42)	(42)
Transfers To Payroll Mobility Tax (excludes savings shown above)	27	42	42	42
Transportation CHIPS Issuance	0	0	0	0
Transfers From PIT Revenue Bond Tax Fund	(4)	(13)	(13)	(13)
Transfers To Dedicated Highway and Bridge Trust Fund	4	13	13	13
Use/(Reserve) of Fund Balances	**(370)**	**0**	**0**	**0**
Economic Uncertainties	(370)	0	0	0
FIRST QUARTERLY UPDATE SURPLUS/(GAP)	**0**	**(8,358)**	**(9,849)**	**(9,352)**

[1] Accounting reclassifications that have no net impact on General Fund balance are shown separately.

Receipts Revisions

Tax Receipts. The General Fund estimate for consumption/use taxes is reduced by $931 million in the current fiscal year and smaller amounts in the outyears, as collections through the first quarter of FY 2021 fell below expectations. The reduction in the annual estimate also affects deposits to other funds, including the Mass Transportation Operating Assistance Fund ($111 million) and the DHBTF ($40 million). PIT receipts through July were in line with expectations, with weaker extension payments offset by stronger withholding. The income tax settlement for calendar year 2020, which normally occurs in April, was delayed until mid-July due to the extension of income tax filing deadlines from April 15 to July 15.

Extraordinary Monetary Settlements. Since publication of the Enacted Budget Financial Plan, the State has received two settlement payments from Deutsche Bank ($150 million) and Hapoalim Bank ($220 million). The payments have been reserved for economic uncertainties, consistent with the treatment of other recent settlements. The amount reserved for this purpose now totals $1.3 billion.

Non-Tax Receipts/Transfers. The annual estimates for transfers from other funds have been reduced marginally to reflect changes in available resources in other funds.

Disbursement Revisions

Local Assistance. Health Care revisions account for most of the updated local assistance estimates in this AIS Update.

- Enhanced FMAP Extension. The Enacted Budget Financial Plan included $1.45 billion in General Fund savings from the enhanced FMAP rate authorized in the Families First Coronavirus Response Act (FFCRA). The enhanced rate was expected to continue through June 30, 2020. In late June 2020, the Secretary of Health and Human Services extended the enhanced rate through the third quarter of calendar year 2020. This assured extension is estimated to provide $786 million in additional savings in FY 2021 compared to the Enacted Budget Financial Plan. Additionally, in late July 2020, the Secretary extended the enhanced rate through the end of calendar year 2020. However, the enhanced rate can be revoked at any time before the start of the final quarter of calendar year 2020 if the Secretary determines that there is no longer a public health emergency. Therefore, these savings, which would be comparable to the savings expected from the assured extension through September 30, 2020, are not included in the Updated Financial Plan.

- Health Care. The spike in unemployment caused by the COVID-19 pandemic is expected to drive increased enrollment in public health insurance programs. DOB and DOH project that approximately 500,000 people will become eligible for Medicaid, Child Health Plus (CHP), or Essential Plan (EP) coverage. DOB estimates the costs of the increase in enrollments at $665 million in FY 2021 and roughly $523 million in each subsequent fiscal year. Other revisions mainly include higher projected spending for the Health Workforce Retraining Initiative and Area Health Education Centers.

- Gaming/Lottery Receipts (General Fund Guarantee for School Aid). DOB has lowered its multi-year estimate for lottery and gaming receipts. The lower receipts in turn drive higher General Fund local assistance spending for School Aid starting in FY 2022.

Agency Operations. Certain costs incurred by the State in FY 2020 to build out hospital capacity, secure critical equipment, and fund other pandemic response activities are eligible for reimbursement from the CRF, pursuant to guidelines established by the U.S. Treasury. These costs, which total $369 million, have been charged to the CRF in FY 2021. In addition, approximately $500 million in payroll costs for public health and safety employees are eligible to be funded from the CRF through December 31, 2020. These costs were expected to be funded from the General Fund in the Enacted Budget Financial Plan. Lastly, approximately $132 million for health and safety purchase orders and payments incurred in FY 2020 have subsequently been cancelled and refunded in FY 2021.

It is expected that State agencies will continue to incur significant costs to respond to the COVID-19 pandemic. The Updated Financial Plan continues to assume that all direct COVID-19 costs incurred by agencies will be fully covered with Federal aid.

In addition to the revisions related to pandemic-related costs, the Governor signed a bill requiring the use of body cameras by State Police. The Division of State Police (DSP) estimates a cost of $10 million annually to implement the requirements of the bill, starting in FY 2022.

Transfers. Estimated transfers to other funds have been updated to reflect further reductions made to the estimates for lottery and gaming revenues that support School Aid ($288 million) and dedicated tax receipts to the DHBTF ($40 million), for which the General Fund is the payor of last resort. Transfers to support capital projects have been reduced to account for the expected use of proceeds for projects that were funded in the first instance in prior years ($153 million). Other revisions include lower transfers based on results to date and changes related to the MTA bond financing described below.

Reclassifications

As in prior updates, DOB is reclassifying certain financial transactions based on results to date. These changes have no net impact on General Fund operating results.

Liquidity Financing. The State issued $4.5 billion in PIT notes in the first quarter of FY 2021. The borrowings were undertaken in response to the Federal government's decision to extend the calendar year 2019 income tax filing from April 15, 2020 to July 15, 2020. The PIT notes provided a lower cost of funds than the combination of notes ($3.0 billion) and a newly authorized line of credit ($1.5 billion) contemplated in the Enacted Budget Financial Plan. In June 2020, the State also secured a $3.0 billion line of credit but, to date, has not drawn on it.

MTA Bond Financing. The adverse impact of the pandemic on the MTA's operating budget has affected credit ratings and interest rates on MTA Transportation Revenue Bonds (TRBs). Due to the increased cost of borrowing for the MTA, the State issued $1.1 billion in PIT Revenue Bonds in July 2020 to fund its FY 2021 contribution to the MTA's 2015-19 Capital Plan. Previously, the Enacted Budget Financial Plan had assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. Accordingly, this AIS Update reflects a decrease in local aid payments to MTA of $31 million in FY 2021 and $42 million in each of the outyears. A corresponding increase is reflected in PIT Bond debt service of $27 million in FY 2021 and $42 million in each of the outyears. Savings of $4 million are expected in FY 2021. It is expected that the State may undertake additional bond sales in FY 2021 or in later years to fund all or a portion of its contribution to the MTA 2015-19 Capital Plan.

Transportation CHIPS Issuance. PIT debt service for the CHIPs program was reduced by $4 million in FY 2021 and $13 million annually in FY 2022 and beyond. This change reflects the actual results of bond sales that occurred during the first quarter of FY 2021, as interest rates and CHIPS bond issuances were below budgeted levels. Debt service for the CHIPs transportation program, which funds local road and bridge projects, is reimbursed by a transfer of Dedicated Highway and Bridge revenues to the PIT RBTF. A commensurate transfer change was made in the transfer from the General Fund to the DHBTF, since the General Fund backstops this fund.

State Spending

State Operating Funds spending, excluding the impact of liquidity financing, is expected to total $93.7 billion, a decrease of $8.5 billion (8.3 percent) compared to FY 2020 results. The Updated Financial Plan reflects proceeds from $4.5 billion of PIT notes issued in the first quarter of FY 2021 to mitigate the cash flow impact of the PIT filing extension from April 15 to July 15, 2020. The $4.5 billion of PIT notes are expected to be repaid by March 31, 2021, which increases estimated State Operating Funds disbursements, bringing total spending to $98.2 billion in FY 2021, a decrease of $4 billion (3.9 percent) compared to FY 2020 results.

The decrease in spending includes nearly $10 billion in expected budget balance reductions comprised of reduced aid-to-localities disbursements that will be executed pursuant to the budget-balance and withholding authority granted in the Enacted Budget, as well as operational reductions for Executive agencies, Judiciary and elected officials, and deferral of the employer's share of Social Security taxes through December 2020 as permitted in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Annual Spending Growth

The following table summarizes the annual change in spending.

STATE OPERATING FUNDS DISBURSEMENTS FY 2020 TO FY 2021 (millions of dollars)	FY 2020 Results	FY 2021 Updated	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**68,653**	**61,379**	**(7,274)**	**-10.6%**
School Aid (School Year Basis)[1]	27,812	26,780	(1,032)	-3.7%
DOH Medicaid[2]	22,077	23,278	1,201	5.4%
Temporary eFMAP Increase	0	(2,238)	(2,238)	0.0%
Transportation	3,488	3,792	304	8.7%
STAR[3]	2,184	2,073	(111)	-5.1%
Social Services	2,355	3,250	895	38.0%
Higher Education	2,362	3,518	1,156	48.9%
Mental Hygiene[4]	3,427	2,849	(578)	-16.9%
All Other[5]	4,948	6,077	1,129	22.8%
Budget Balance Reduction	0	(8,000)	(8,000)	0.0%
STATE OPERATIONS/GENERAL STATE CHARGES	**28,591**	**26,409**	**(2,182)**	**-7.6%**
State Operations	**20,168**	**18,294**	**(1,874)**	**-9.3%**
Personal Service:	14,090	14,274	184	1.3%
Executive Agencies	7,814	7,536	(278)	-3.6%
27th Administrative Payroll	0	107	107	0.0%
University Systems	4,128	4,363	235	5.7%
Elected Officials	2,148	2,268	120	5.6%
Non-Personal Service:	6,078	5,000	(1,078)	-17.7%
Executive Agencies	3,226	2,285	(941)	-29.2%
University Systems	2,298	2,144	(154)	-6.7%
Elected Officials	554	571	17	3.1%
Budget Balance Reduction - Executive Agencies	0	(700)	(700)	0.0%
Budget Balance Reduction - Elected Officials	0	(280)	(280)	0.0%
General State Charges	**8,423**	**8,115**	**(308)**	**-3.7%**
Pension Contribution	2,456	2,592	136	5.5%
Health Insurance	4,303	4,513	210	4.9%
Other Fringe Benefits/Fixed Costs	1,664	1,010	(654)	-39.3%
DEBT SERVICE	**4,916**	**5,864**	**948**	**19.3%**
TOTAL STATE OPERATING FUNDS (Excluding Liquidity Financing)	**102,160**	**93,652**	**(8,508)**	**-8.3%**
Liquidity Financing	**0**	**4,500**	**4,500**	**0.0%**
TOTAL STATE OPERATING FUNDS (Including Liquidity Financing)	**102,160**	**98,152**	**(4,008)**	**-3.9%**

[1] FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

[2] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of this offset is reported in "All Other" local assistance disbursements.

[3] The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount. The shift from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

[4] Total Mental Hygiene spending is $4.3 billion in FY 2021, an increase of 7 percent from FY 2020, a portion of which is funded by the DOH Medicaid budget.

[5] "All Other" includes spending for various other functions, as well as reclassifications between financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, and MSA payments deposited directly to a Medicaid Escrow Fund ($321 million in FY 2020 and $362 million in FY 2021), which reduces reported disbursements.

Budget Balance Reduction Plan

State legislation enacted in connection with the adoption of the Enacted Budget granted the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. In addition, the Budget Director is authorized under section 1(f) of Chapter 53 of the Laws of 2020 to withhold all or some of specific local aid payments during FY 2021 if the budget is deemed unbalanced and if the Budget Director deems, in his sole discretion, that such withholding is necessary to respond to the direct and indirect economic, financial, and social effects of the COVID-19 pandemic. The Enacted Budget is deemed out of balance for FY 2021, and the Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during 2020 (April 1-30, May 1-June 30, and July 1-December 31).

As of the initial measurement period (April 1 - 30) the budget was deemed out of balance for the fiscal year and Budget Director's powers have been activated and are in force for the entire FY 2021.[3]

The results for the initial measurement period are summarized in the table below.

APRIL 2020 MEASUREMENT PERIOD
STATE OPERATING FUNDS
(millions of dollars)

		Actual Results		
	30-Day Estimate	Dollar	% of Estimate	Trigger
Tax Receipts	11,746	3,584	31%	<99%
Disbursements	7,479	4,373	58%	>101%

The Enacted Budget Financial Plan for FY 2021 reflected $8.0 billion in recurring reductions in aid-to-localities disbursements that were expected to be implemented pursuant to the budget balance and withholding authority described above.

The Enacted Budget Financial Plan noted that the ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. While the U.S. Congress has begun discussions on additional recovery legislation, no agreement has been reached as of the date of this AIS Update. Therefore, DOB now expects to transmit a detailed aid-to-localities reduction plan to the Legislature sometime in the third quarter of the State's FY 2021.
In the interim, without assurance of Federal aid, DOB has begun withholding a minimum of 20 percent of most local aid payments to achieve the cash flow savings anticipated in the Updated

[3] The second measurement period (May 1 - June 30) showed actual tax receipts at 94 percent of estimated receipts.

Financial Plan pursuant to the Reduction Authority. As of July 31, 2020, DOB has withheld roughly $361 million pursuant to the Reduction Authority. In addition, DOB is withholding a range of other payments, including local aid payments that do not have specific statutory payment dates and liabilities, transfers to other funds, and general salary increases that were scheduled to take effect on April 1, 2020. DOB estimates that such withholdings have totaled a minimum of $1.9 billion through the end of the first quarter.

TOTAL WITHHELD AS OF JULY 31, 2020 (millions of dollars)	
Total Withheld	**1,944**
Local Assistance[1]	1,714
Payments with Statutory Due Dates	361
All Other Payments	1,353
Transfers to SUNY	190
General Salary Increases	40

[1] Includes amounts withheld from payments above $500,000. Payments below this threshold are also subject to withholding.

It is expected that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments. Through August 31, 2020, DOB estimates roughly $300 million in additional local aid payments have been withheld.

Coronavirus Relief Fund

The CARES Act established the CRF to assist states and local governments in funding COVID-19 related expenses. The State received $5.1 billion from the CRF. DOB expects that the full allotment from the CRF will be committed by December 31, 2020. As of July 31, an estimated $1.1 billion of such costs have been allocated to the CRF, reducing the balance to $4.0 billion at month-end.

A more detailed discussion of Federal aid related to the pandemic can be found later in this AIS Update. The Updated Financial Plan assumes that the Federal government will fully fund the State's direct cost for pandemic response. Aid is expected through FEMA disaster assistance grants and aid, and the CRF. Accordingly, the Updated Financial Plan reflects no net State costs from COVID-19 related expenses. However, the Updated Financial Plan has been revised to reflect reclassifications of eligible expenses incurred in the prior year and payroll expenses for public health and safety employees to the CRF pursuant to U.S. Treasury eligibility guidelines.

General Fund Cash-Basis Financial Plan

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. Two significant factors affect reported General Fund tax receipts that are unrelated to actual collections. First, changes in debt service on State revenue bonds affect General Fund tax receipts. The State has bonding programs where tax receipts are deposited into dedicated debt service funds (outside the General Fund) and used to make debt service payments on bonds issued by the State. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund. Second, the STAR program is funded from PIT receipts, with changes in the cost of the program affecting reported PIT receipts.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year.

For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, disbursements, and transfers, presented on a State Funds and All Funds basis, see "State Financial Plan Multi-Year Projections" herein.

Disbursement estimates by Financial Plan category reflect the impact of the budget balance reductions that DOB expects to execute during FY 2021 as a distinct line below each Financial Plan category. The precise reductions in the aid-to-localities programs will be contained in the reduction plan that DOB expects to submit to the Legislature. The cash disbursement estimates to local aid programs and State agency operations are expected to be allocated by agency later in the fiscal year.

FY 2021 Financial Plan

The General Fund is estimated to be balanced on a cash-basis in FY 2021. The estimate is dependent on many factors, including the accuracy of the tax receipts forecast, which is subject to many uncertainties as a result of the COVID-19 pandemic and recession; the successful implementation of steep and wide-ranging reductions to aid-to-localities disbursements and controls on State agency operating expenses; the reimbursement of first-instance capital expenditures with bond proceeds; and the receipt of Federal funding, through FEMA, the CRF, and other aid, to cover the full cost of the State's pandemic response efforts in FY 2021.

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2020 to FY 2021.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	7,206	8,944	1,738	24.1%
Total Receipts	79,207	68,833	(10,374)	-13.1%
Taxes[1]	73,133	59,528	(13,605)	-18.6%
Miscellaneous Receipts	3,159	6,744	3,585	113.5%
Non-Tax Transfers from Other Funds	2,915	2,561	(354)	-12.1%
Total Disbursements	77,469	70,690	(6,779)	-8.8%
Local Assistance	51,863	46,285	(5,578)	-10.8%
State Operations	19,508	17,903	(1,605)	-8.2%
Transfers to Other Funds	6,098	6,502	404	6.6%
Net Change in Operations	1,738	(1,857)	(3,595)	-206.8%
Closing Fund Balance	8,944	7,087	(1,857)	-20.8%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	890	1,340	450	
Reserve for Timing of Payments	1,313	0	(1,313)	
All Other Reserves/Balances	1,655	1,086	(569)	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

[1] Includes the transfer of tax receipts from other funds after debt service.

General Fund tax receipts, miscellaneous receipts, and transfers to other funds in the table above are each affected by the use of liquidity financing (PIT notes) to manage the liquidity impact of the extension of income tax filing deadlines. The Updated Financial Plan reflects the issuance of $4.5 billion in PIT notes, which are currently budgeted to be repaid within FY 2021. In FY 2021, General Fund miscellaneous receipts reflect the deposit of $4.5 billion in note proceeds. PIT receipts are expected to be reserved and used for repayment of the notes. The Updated Financial Plan assumes that interest expense on the PIT notes will be reimbursed from Federal aid as an eligible COVID-19 expense, as the need for liquidity financings was a direct result of the extension by the Federal and State governments of tax filing deadlines as a result of the pandemic.

General Fund receipts and disbursements, as well as fund balances, are affected by the receipt and use of Extraordinary Monetary Settlements. The table below summarizes the General Fund sources and uses of Extraordinary Monetary Settlements and how they impact General Fund miscellaneous receipts and capital projects transfers.[4]

GENERAL FUND FINANCIAL PLAN
EXTRAORDINARY MONETARY SETTLEMENTS
(millions of dollars)

			Annual Change	
	FY 2020 Results	**FY 2021 Enacted**	**Dollar**	**Percent**
Opening Balance	4,194	2,610	(1,584)	-37.8%
Total Receipts	889	80	(809)	-91.0%
Settlements Received	895	80	(815)	-91.1%
Funds Retained by Dept. of Law	(6)	0	6	-100.0%
Total Uses	2,473	505	(1,968)	-79.6%
Capital Purposes	1,345	425	(920)	-68.4%
Rainy Day Reserves	238	0	(238)	-100.0%
Economic Uncertainties	890	80	(810)	--
Net Change in Operations	(1,584)	(425)	1,159	73.2%
Closing Balance	2,610	2,185	(425)	-16.3%

[4] More information on the receipt and use of Extraordinary Monetary Settlements can be found in "Other Matters Affecting the Financial Plan" herein.

Receipts

As noted above, the reporting of General Fund tax receipts and miscellaneous receipts is affected by the use of liquidity financings to manage the impact of the tax filing extensions on monthly cash flows.

General Fund receipts, including transfers from other funds, are estimated to total $68.8 billion in FY 2021, a decrease of $10.4 billion (13.1 percent) from FY 2020 results due to the shock to the economy brought on by the global pandemic.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to drop from $50.5 billion in FY 2020 to $40.1 billion in FY 2021, a decrease of $10.4 billion (20.7 percent). The decrease reflects extraordinary declines in both bonus and non-bonus wages impacting withholding and estimated payments. In addition, refunds are expected to decline due to a steep decline in advance credit payments related to Tax Year 2020, due to the expired Property Tax Relief Credit program, as well as a decrease in the administrative cap on the amount of refunds paid from January to March 2021. General Fund PIT receipts in FY 2021 also include the impact of the repayment of $4.5 billion of PIT notes issued earlier in FY 2020.

Consumption/use tax receipts, including transfers after payment of debt service on Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total nearly $11.1 billion in FY 2021, a drop of $3.2 billion (22.3 percent) from FY 2020. The drop reflects a significant decline in the sales tax base of roughly 23 percent. This is partly offset by the full-year impact of the new requirements that online marketplace providers collect Sales and Use Tax (SUT) on sales that they facilitate and making Energy Service Companies (ESCOs) subject to sales tax.

Business tax receipts are estimated at $6.5 billion in FY 2021, an increase of $136 million (2.1 percent) from FY 2020. The increase is primarily attributable to growth in corporation franchise tax receipts, driven by higher audit receipts and lower refunds.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $1.9 billion in FY 2021, a decrease of $142 million (7.0 percent) from FY 2020, primarily due to an estimated decrease in real estate transfer tax receipts resulting from a large estimated decline in housing starts, housing prices, and bonuses. This decline is partly offset by a slight increase in estate tax receipts, primarily due to a partial-year impact of the estimated growth in household net worth.

Non-tax receipts and transfers are estimated at $9.3 billion in FY 2021, an increase of $3.2 billion from FY 2020. This increase reflects an increase of $4.5 billion in miscellaneous receipts from liquidity financing for cash flow purposes. This increase is partly offset by a reduction in the level of Extraordinary Monetary Settlements from $889 million in FY 2020 to $450 million in FY 2021, and the use of certain resources available in FY 2020 that either do not recur or recur at a lower amount in FY 2021.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $70.7 billion in FY 2021, a decrease of $6.8 billion (8.8 percent) from FY 2020.

Local assistance spending is estimated at $46.3 billion in FY 2021, a decrease of $5.6 billion (10.8 percent) from FY 2020. This estimate includes a $2.4 billion projected growth in local assistance, prior to the expected allocation of the budget reduction plan, attributable to increased spending for school aid and Medicaid, which is more than offset by $8 billion in recurring reductions in aid-to-localities disbursements that are expected to be implemented pursuant to the Reduction Authority granted in the Enacted Budget. The allocation of the savings plan will depend on what programs are included or excluded from reductions, the level of targeted reductions in certain areas, and the availability of Federal aid. Accordingly, the specific agency and program spending levels described below do not reflect any reductions that may occur as a result of the savings plan.

General Fund School Aid spending, on a State fiscal year basis, is expected to grow by $529 million, reflecting in part the expected reduction in lottery and gaming receipts that must now be funded by the General Fund. Medicaid spending is expected to increase by $1 billion, even after the impact of a temporary increase in Federal FMAP funds that are expected to provide $2.2 billion in General Fund savings in FY 2021. Medicaid spending subject to the Global Cap Index is expected to grow by $573 million (3.0 percent) and the cost of minimum wage increases and local takeover, currently outside the Global Cap, are estimated to grow above FY 2020 levels by $314 million and $183 million, respectively.

General Fund personal and non-personal service costs are expected to total $10.8 billion in FY 2021, a decrease of $1.2 billion (10.1 percent) from FY 2020. The decrease reflects the allocation of certain eligible General Fund expenses to the CRF consistent with U.S. Treasury guidelines, as well as $700 million in recurring savings from the planned 10 percent reduction in Executive agency spending compared to the amounts authorized in the Enacted Budget. Limited exceptions are expected to be made for facility operations and public health and safety. The Updated Financial Plan also assumes that the Judiciary and elected officials will initiate comparable reductions in their budgets for FY 2021 ($280 million).

General State Charges (GSCs), which include fringe benefits and certain fixed costs, are projected to decline by $384 million (5.2 percent) from FY 2020. The decrease is mainly due to the interest-free deferral of the employer's share of Social Security taxes through December 2020 ($667 million) that will be repaid in equal installments in December 2021 and December 2022, as permitted in the CARES Act. Health insurance costs for State employees and retirees are projected to increase by $210 million (4.9 percent), due to medical inflation and current enrollment levels. The State's annual pension payment is projected to grow by $136 million (5.5 percent). The State's costs for Workers' Compensation are expected to increase by $41 million, due to underlying growth in average weekly wage, benefit and medical costs, as well as a reduction in other resources available to offset costs.

General Fund transfers to other funds are projected to total $6.5 billion in FY 2021, an increase of $404 million from FY 2020. The increase primarily reflects support for School Aid as a result of lower video lottery and commercial gaming revenues.

FY 2021 Closing Balance

The State's liquidity position is dependent on the performance of tax receipts, the management of cash disbursements, and the execution of reductions in aid-to-localities programs and State agency operations. All of these actions are subject to risks and uncertainties. Accordingly, reserves are not used to help close the FY 2021 budget gap, but instead are held to preserve liquidity and respond to further deterioration in tax receipts.

DOB projects the State will end FY 2021 with a General Fund cash balance of $7.1 billion, a decrease of $1.9 billion from FY 2020. The change in the balance reflects the use of available cash at the end of FY 2020 to reduce the budget gap in FY 2021 and the timing of payments not made at the close of FY 2020 that are expected to be made in FY 2021. The estimated closing balance is dependent on many factors, including the implementation of reductions in local aid and State agency operations, the performance of tax receipts, the level of Federal aid available to the State and other assumptions in the Updated Financial Plan.

In addition, the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets will reduce the balance in the General Fund. See "Other Matters Affecting the Financial Plan - Extraordinary Monetary Settlements" herein.

TOTAL BALANCES
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Annual Change
TOTAL GENERAL FUND BALANCE	**8,944**	**7,087**	**(1,857)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	31	15	(16)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	890	1,340	450
Debt Management	500	500	0
Timing of Payments	1,313	0	(1,313)
Undesignated Fund Balance	1,103	550	(553)
Subtotal Excluding Settlements	**6,334**	**4,902**	**(1,432)**
Extraordinary Monetary Settlements	**2,610**	**2,185**	**(425)**

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). The Enacted Budget amended the statute to permit the borrowings until the end of FY 2021. Previously, the borrowing period was limited to four months. The State last used this authorization in April 2011 when the General Fund needed to borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State’s governmental funds and a relatively small amount of other money belonging to the State, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

Pursuant to authorization included in the Enacted Budget, the State completed two PIT note sales for cash-flow purposes in the first quarter of FY 2021. The note sales generated a total of $4.5 billion in net proceeds, consistent with the assumptions in the Enacted Budget Financial Plan. The sales were done to meet anticipated liquidity needs arising from the Federal government’s decision to extend the income tax filing deadline from April 15, 2020 to July 15, 2020. The receipt and expected repayments are shown in the monthly cash balances. The Enacted Budget included authorization for the State to issue up to $8 billion in PIT notes for cash flow purposes in FY 2021. All cash flow notes must be issued by December 31, 2020. The notes may be renewed once for up to a year, and as a contingency option, refinanced on a long-term basis. A line of credit for $3.0 billion has also been secured. Draws on the line of credit may be done through March 31, 2021, subject to available appropriation. Any balance on the line of credit may be refinanced twice for up to a year at each refinancing, and, as a contingency option, refinanced on a long-term basis. No draws have been made pursuant to the authorization included in the Enacted Budget as of the date of this AIS Update, and none are planned at this time.

The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax Revenue bonds, continues to be set aside as required by law and bond covenants.

PROJECTED MONTH-END CASH BALANCES FY 2021 (millions of dollars)						
				Adjustments		Adjusted
	General Fund	Other Funds	All Funds	Liquidity Financing[1]	Budget Balance	All Funds
April 2020	10,082	10,461	20,543	0	0	20,543
May 2020	7,310	10,339	17,649	(1,000)	0	16,649
June 2020	6,864	13,760	20,624	(3,500)	0	16,124
July 2020	14,576	13,782	28,358	0	0	23,858
August 2020	12,550	13,384	25,934	0	(498)	20,936
September 2020	13,828	12,554	26,382	0	(1,098)	20,286
October 2020	13,087	13,320	26,407	0	(598)	19,713
November 2020	11,306	13,063	24,369	0	(398)	17,277
December 2020	10,499	13,658	24,157	1,000	(1,398)	16,667
January 2021	10,445	16,221	26,666	0	(398)	18,778
February 2021	11,118	14,848	25,966	0	(898)	17,180
March 2021	7,087	5,628	12,715	3,382	(3,694)	3,617

[1] The short-term notes were sold at a premium and the interest costs are expected to be reimbursed by Federal Funds for expenses related to COVID-19.

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The Updated Financial Plan is subject to complex economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Updated Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For example, in past years, tax receipts collections have varied substantially from the levels forecasted, and entitlement-based programmatic spending has also varied significantly from initial projections. More recently, DOB recognized the need to correct a structural imbalance under the Medicaid Global Cap as spending levels exceeded the indexed levels. Similarly, there are inherent risks with the financial condition of health care providers and enrollment in public health insurance programs driven directly or indirectly by the COVID-19 pandemic. Updated Financial Plan projections include recurring savings associated with reductions implemented in FY 2020 and the Medicaid Redesign Team II (MRT II) actions authorized in the Enacted Budget to limit Medicaid spending, which also included increased General Fund support.

DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended for a variety of purposes that include improving the State's cash flow, managing resources within and across State fiscal years, assisting in adherence to spending targets, and better positioning the State to address future risks and unanticipated costs, such as economic downturns, unexpected revenue deterioration, and unplanned expenditures. As such, the State has regularly made certain payments above those initially planned, subject to available resources, to maintain budget flexibility.

The Updated Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the concomitant collection of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include impacts of: national and international events; ongoing financial risks in the Eurozone; changes in consumer confidence, price and supply of oil and gas; major terrorist events and hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal statutory and regulatory changes concerning financial sector activities; Federal tax law; changes to Federal programs; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

Other Matters Affecting the Financial Plan

The Updated Financial Plan is subject to various uncertainties and contingencies relating to: wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund assets, and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; willingness and ability of the Federal government to provide the aid projected in the Updated Financial Plan; ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Updated Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

Potential Long-Term Risks to the Financial Plan from COVID-19 Pandemic

While the State has made considerable strides in containing the spread and severity of the COVID-19 pandemic in the State, there is no assurance that a second surge in infections could not and will not occur in the State, impacted by among other factors: (i) travelers to the State from regions of the United States or other countries experiencing high infection rates, (ii) failure of individuals or institutions in adhering to proven infection mitigation strategies, such as social distancing, wearing of masks and enhanced hygiene, (iii) beginning of the public and private school terms statewide, and (iv) adverse impacts from convergence of COVID-19 with the seasonal flu and cold risks driven in part by colder weather and more in-door gatherings. It is also impossible to assess or forecast with any degree of certainty or precision the long-term impacts of COVID-19 on commutation patterns, remote working, social gathering, tourism, use of public transportation, aviation and more. Adverse results in the foregoing could have long-term trend impacts on the sources of revenues in the State's Financial Plan, including personal income tax, consumption and corporate taxes, fees and more, and such impacts could be material.

Budget Risks and Uncertainties

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; use of nonrecurring resources; or other measures. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor.

The Enacted Budget granted the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to maintain a balanced budget, as estimated by DOB. The Budget Director's powers are activated, if actual State Operating Funds tax receipts are less than 99 percent of estimated tax receipts, or actual State Operating Funds disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). As of the initial measurement period (April 1 - 30) the Budget Director's powers have been activated and are in force for the entire FY 2021 to maintain a balanced budget.[5] The Budget Director is authorized to transmit a plan to the Legislature identifying the specific appropriations and cash disbursements that would be reduced to maintain a balanced budget. The Legislature would then have ten days to adopt, by concurrent resolution, its own balanced budget plan. If no plan is adopted, the plan submitted by the Budget Director would take effect automatically. The process exempts certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

Any reductions made pursuant to this authorization may be paid in full or in part if one or both of the following events occur: (i) Actual State Operating Funds Tax Receipts through February 28, 2021 are not less than 98 percent of Estimated State Operating Funds Tax Receipts through February 28, 2021; or (ii) the Federal government provides aid that the Budget Director deems sufficient to reduce or eliminate any imbalance in the General Fund for FY 2021 and does not adversely impact the projected budget gap in FY 2022.

In addition, to maintain a balanced budget in the General Fund, the Budget Director is authorized to withhold any payments, including amounts that are to be paid on specific dates prescribed in law or regulation if such action is necessary to respond to the direct and indirect economic, financial, and social effects of the COVID-19 pandemic.

The Updated Financial Plan forecast assumes various transactions will occur as planned including, but not limited to: receipt of certain payments from public authorities; receipt of revenue sharing payments under the Tribal-State Compacts; receipt of miscellaneous revenues at the levels set forth in the Updated Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the MRT II savings actions authorized in the Enacted Budget. Such risks and uncertainties, if they were to materialize, could adversely impact the Updated Financial Plan in current or future years, or both.

The Updated Financial Plan also includes actions that affect spending reported on a State Operating Funds basis, including accounting and reporting changes. If these and other transactions are not implemented or reported as planned, the annual spending change in State Operating Funds would increase above current estimates.

[5] The second measurement period (May 1 - June 30) showed actual tax receipts at 94 percent of estimated receipts.

Other Matters Affecting the Financial Plan

In developing the Updated Financial Plan, DOB attempts to mitigate financial risks from receipts volatility, litigation, and unexpected costs, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources that can be used to offset new costs. Such resources include, but are not limited to, fund balances not needed each year, reimbursement for capital advances, acceleration of tax refunds above the level budgeted each year, and prepayment of expenses. There can be no assurance that such resources will be enough to address risks that may materialize in a given fiscal year.

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid. These limitations on spending growth are described further in the following sections.

School Aid

The School Aid growth cap was previously calculated based on the annual growth in the State Personal Income Growth Index (PIGI). With the exception of the 2013 school year increase (based on a five-year average), the PIGI was based on a one-year growth index. However, in FYs 2014 through 2019, the authorized School Aid increases were above the indexed levels. Beginning in FY 2021, the statutory PIGI for School Aid has been amended to limit School Aid increases to no more than the average annual income growth over a ten-year period. This change will reduce volatility in allowable growth and align the School Aid cap with the statutory Medicaid cap. Due to the anticipated impact of the COVID-19 pandemic on State revenues, State support for School Aid for School Year (SY) 2021 in the Enacted Budget is 3.7 percent lower than in SY 2020, but is offset in part with increased Federal support noted below. This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, SY 2021 School Aid is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent.

Medicaid Global Cap

A portion of DOH State Funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the Consumer Price Index (CPI). Thus, the Global Cap allows for growth attributable to increasing costs, but not increasing utilization.

The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Major changes to the State share of Medicaid spending, outside of the Global Cap, include State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share costs in the Medicaid program. Limitations on elective procedures, changes in consumer behavior, and other factors attributable to the COVID-19 pandemic may have a material and adverse impact on HCRA revenues.

Since enactment of the Global Cap, subject to the management action described below, the portion of DOH State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, DOH has taken management actions, including adjustments to the timing of Medicaid payments, consistent with contractual terms, to ensure compliance with the Global Cap.

At the close of FY 2019, DOH deferred, for three business days into FY 2020, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of $1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations. Absent the deferral and any other actions, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate for FY 2019 and the State would have used available General Fund resources to fund the payments in FY 2019. According to DOH, the deferral had no impact on provider services and was attributable to growth in managed care and long-term managed care enrollment and utilization costs above initial projections, as well as timing of certain savings actions and offsets not processed by the end of FY 2019.

MRT II Solutions to Global Cap Imbalance

Following the need to defer FY 2019 Medicaid payments, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.[6] A structural imbalance in this case meant that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, was growing faster than allowed under the Global Cap spending growth index.[7]

DOB estimated that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount by upwards of $3 to $4 billion annually, inclusive of the FY 2019 deferral of $1.7 billion.

In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Executive Budget with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the core healthcare strategies pursued by the Governor since taking office in 2011. The Enacted Budget included $2.2 billion in recommendations put forward by the MRT II to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care, as well as eligibility and administrative reforms.

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[6] Factors that place upward pressure on State-share Medicaid spending include, but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and larger payments to financially distressed hospitals.

[7] Under State law, annual growth in Medicaid spending subject to the Global Cap is limited to the ten-year rolling average of the medical component of the CPI.

Additionally, policy initiatives such as the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker, will increase transparency and identify efficiencies within these areas. The MRT II also focuses on greater program integrity within the Medicaid program and includes reforms to modernize regulations to eliminate fraud, waste and abuse.

Through a combination of MRT II recommended actions, continued payment restructuring, and use of General Fund resources, the Medicaid program is expected to stay within statutorily allowable levels in FY 2021 and beyond. If these measures are insufficient or Federal approvals necessary to implement such savings do not materialize, the Updated Financial Plan in current or future years, or both, could be adversely impacted.

The following table summarizes the Medicaid savings actions reflected in the Enacted Budget Financial Plan.

SUMMARY OF MEDICAID SAVINGS ACTIONS
SAVINGS/(COSTS)
(millions of dollars)

	FY 2021	FY 2022	FY 2023	FY 2024
Total Medicaid Savings Actions[1]	**3,251**	**2,737**	**2,754**	**2,772**
Non-MRT II Savings	**1,050**	**0**	**0**	**0**
MRT II Savings	**2,201**	**2,737**	**2,754**	**2,772**
Continue FY 2020 Reductions	**739**	**682**	**682**	**682**
Across the Board (ATB) Rate Reduction (1.0% Annually; Effective 1/1/20)	248	248	248	248
Discontinue Delivery System Reform Incentive Program (DSRIP) Equity Pools	190	190	190	190
Medicaid Managed Care (MMC) Rate Range Reduction	96	96	96	96
Discontinue the Hospital Enhanced Safety Net Program	66	66	66	66
Reduce Mainstream Managed Care (MMC) Quality Pool Payments by 50%	60	60	60	60
Other	79	22	22	22
FY 2021 Budget Year Reductions	**1,462**	**2,056**	**2,073**	**2,091**
Managed Care	**145**	**134**	**134**	**134**
Encounter Data Accountability Penalty/Withhold (2.0% on MMC Plans)	143	115	115	115
Authorize Electronic Notifications	2	5	5	5
Other	0	14	14	14
Hospitals	**297**	**304**	**304**	**304**
H+H Financial Assistance	186	193	193	193
Reduce Indigent Care Pool for Voluntary Hospitals	88	88	88	88
Discontinue Hospital Quality and Sole Community Pools	35	35	35	35
Other	(12)	(12)	(12)	(12)
Long-Term Care	**669**	**1,055**	**1,055**	**1,055**
Cap Statewide Managed Long-Term Care (MLTC) Enrollment Growth at a Target Percentage and Implement a 3% Withhold	215	215	215	215
Modify Benefit Eligibility Criteria for Personal Care Services (PCS) & Consumer Directed Personal Assistance Program (CDPAS) Benefit	119	277	277	277
Encounter Data Accountability Penalty/Withhold (1.5% on MLTC Plans)	102	89	89	89
Administrative Reforms to the PCS and CDPAS Benefit	82	263	263	263
Delay Community First Choice Option (CFCO) Services	47	47	47	47
Other	104	164	164	164
Care Management	**43**	**70**	**70**	**70**
Comprehensive Prevention and Management of Chronic Disease	17	37	37	37
Discontinue Health Home Outreach	16	16	16	16
Achieve Health Home (HH) Rate Efficiencies (HH Admission/Step Down Criteria Revisions)	12	16	16	16
Reform Patient Center Medical Homes (PCMH)	6	18	18	18
Establish Plan of Care Incentive/Penalty Payments	5	5	5	5
Other	(13)	(22)	(22)	(22)
Pharmacy	**35**	**130**	**147**	**165**
Reduce Drug Cap Growth by Enhancing Purchasing Power	46	43	43	43
Transition Pharmacy Benefit to Fee-for-Service (FFS)	(11)	87	104	122
Transportation	**75**	**217**	**217**	**217**
Public Emergency Certified Public Expenditure (CPE)	38	90	90	90
Reduce Taxi/Livery Rates	35	51	51	51
Maximize Public Transit in NYC	2	26	26	26
Other	0	50	50	50
All Other	**198**	**146**	**146**	**146**
Additional ATB Rate Reduction (0.5% Annually; Effective 4/1/20)	125	50	50	50
Other	73	96	96	96

[1] Excludes temporary 6.2 percent enhanced FMAP authorized in the CARES Act.

Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns resulting from increased unemployment. DOB is evaluating public health insurance program enrollment and public assistance caseload trends connected to the economic downturn attributable to the COVID-19 pandemic. Many who were laid off or otherwise saw family income decrease in 2020 due to the COVID-19 pandemic are expected to qualify for Medicaid, EP, and CHP. As Medicaid enrollees remain eligible for coverage for 12 continuous months, these enrollment impacts will continue into the outyear projections. In FY 2021, the cost of the enrollment increase will be partially offset by eFMAP provided in the Families First Coronavirus Response Act (FFCRA).

Public Assistance caseload has remained stable in large part due to the Federal Pandemic Unemployment Compensation program (FPUC), which provided an additional $600 per week to individuals collecting regular unemployment benefits through July 31, 2020. In addition, retroactive to August 1, 2020, the Federal Lost Wages Assistance (LWA) Program provides an additional $300 in weekly benefits to unemployed New Yorkers through December 27, 2020, or until the dedicated funds are depleted, whichever occurs first. Similarly, a State-imposed eviction moratorium for residential tenants facing financial hardships due to the COVID-19 pandemic has mitigated the need for public assistance benefits. Absent Federal action to provide a continuation of these benefits, DOB anticipates a material uptick in caseload projections as early as the Mid-Year Update to the Financial Plan.

Federal Issues

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to respond to and recover from acute crises or emergencies such as severe weather events, disasters and disease outbreaks. Many policies that drive this Federal aid are subject to possible changes by the Trump Administration and Congress. Current Federal aid projections, and the assumptions on which they rely, are subject to ongoing revision because of Federal policy changes and the unpredictability of the COVID-19 pandemic.

Similarly, the Updated Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. For instance, the Updated Financial Plan includes reimbursement to the Federal government of $100 million annually through FY 2027 pursuant to a March 2015 agreement between the State and the Centers for Medicare & Medicaid Services (CMS). The agreement resolved a pending disallowance for FY 2011 and all related payment disputes for State-operated services prior to April 1, 2013, including home and community-based waiver services. Pursuant to the agreement, the State must adjust the Federal/State share of future Medicaid costs to reimburse the Federal government. The State used $850 million in Extraordinary Monetary Settlement payments, previously set aside for financial risks, to finance the initial repayment amount in FY 2016.

Current Federal Aid

President Trump proposed significant cuts to mandatory and discretionary domestic programs in Federal Fiscal Years (FFYs) 2018, 2019, and 2020 which were largely rejected in the final appropriations bills approved for each of those years.

The Bipartisan Budget Act of 2019 (BBA 19) increased the discretionary spending caps set by the Budget Control Act of 2011 for the final two years that the caps are in place under current law – FFYs 2020 and 2021. The FFY 2021 budget process began with the release of the President's budget proposal in February 2020. The proposal continued the President's prior calls for cuts to many programs, including discretionary spending levels below those authorized in BBA 19. Congressional officials are currently negotiating fiscal 2021 spending bills. The deadline for an agreement is September 30, 2020, the end of FFY 2020, absent adoption of continuing resolutions.

Federal Coronavirus Response Legislation

To date, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse governments for the direct costs of pandemic response. An approximate total of $16.2 billion of funding from four Federal bills for expenses related to COVID-19 have been awarded to the State, its local governments, and other organizations such as Health Research, Inc. (HRI) and MTA. For a majority of the enacted legislation, the economic benefits do not flow to or through the State's Financial Plan, but instead flow directly to individuals in the form of tax rebates, and to large and small businesses in the form of loans or grants. Specifically, the Federal government enacted four pieces of legislation in response to the ongoing COVID-19 pandemic:

(i) The Coronavirus Preparedness and Response Supplemental Appropriations Act which provides an initial $8 billion in emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses;

(ii) The Families First Coronavirus Response Act which provides $192 billion in aid, and includes paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding in response to the COVID-19 pandemic;

(iii) The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides approximately $1.8 trillion in aid for Federal agencies, individuals, businesses, states and localities to respond to the COVID-19 pandemic, and authorized the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments through the Municipal Liquidity Facility (MLF); and;

(iv) The Paycheck Protection Program and Health Care Enhancement Act which provides $484 billion in funding for small business programs, hospitals, and testing activities.

State Fiscal Relief

Together, the new laws are expected to drive approximately $2 trillion in aid to a wide range of recipients in the United States, with approximately 90 percent of the total aid included in the CARES Act. Assistance to states through the CARES Act is generally restricted to specific purposes and includes the $150 billion in the CRF ($5.1 billion State allocation) and the $30.75 billion Education Stabilization Fund ($2.2 billion State allocation). In addition, the Families First Coronavirus Response Act includes an emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency. This is estimated to provide the State with $2.2 billion in savings in FY 2021, however, projected Medicaid enrollment growth as a result of the recession erodes the value of the FMAP benefit.[8]

In response to the President's major disaster declaration for the State, FEMA is also expected to provide funding for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. The State will also receive additional Federal aid in the form of enhanced Unemployment Insurance funding.

The Updated Financial Plan assumes that the Federal aid will fully fund the direct costs of the State's pandemic response efforts. Aid is expected through FEMA disaster assistance grants and the CARES Act. Accordingly, the Updated Financial Plan reflects no net costs from COVID-19 related expenses. However, the Updated Financial Plan has been revised to reflect reclassifications of eligible expenses incurred in the prior year and payroll expenses for public health and safety employees to the Federal CRF pursuant to U.S. Treasury eligibility guidelines.

The Federal legislation to date, however, provides only limited unrestricted aid to replace the expected severe loss in State tax receipts -- $62 billion over four years. As of the date of this Updated Financial Plan, certain congressional leaders continue to express support for legislation to provide such aid to the states and local governments, but no consensus has been reached. In the absence of Federal funding to offset that loss, the State will need to achieve $8.2 billion through local assistance cuts in addition to operational reductions agencies are expected to achieve ($980 million). About 90 percent of State funding supports schools, healthcare, local grants and services for the most vulnerable populations. Therefore, the State cannot count on additional Federal aid and expects to move ahead with plans to impose deep, widespread reductions to local aid programs and agency operations to provide for a balanced budget in FY 2021. If unrestricted Federal aid becomes available, or State tax receipts rebound unexpectedly, the planned reductions may become less severe.

Liquidity Support

The MLF was established by the Federal Reserve based on funding provided in the CARES Act to support the financial stability of state and local governments impacted by the COVID-19 pandemic. Subject to change, the MLF is authorized to purchase up to $500 billion of short-term notes through December 31, 2020 from U.S. states and the District of Columbia, U.S. cities with populations of at least 250,000 residents, U.S. counties with at least 500,000 residents, multi-state entities, and

[8] Updated Financial Plan reflects nine months of aid retroactive to January 2020.

designated municipal issuers. The MLF is intended to facilitate the purchase of short-term notes from qualifying issuers which will in turn provide proceeds that will enable government entities to manage reductions in cash flow and increases in expenses related to the COVID-19 pandemic. DOB will continue to monitor any further Federal Reserve actions or changes to the MLF.

Additional Federal Support Needed

The Federal legislation provides almost no unrestricted aid to replace the severe loss in expected State tax receipts. As of the date of this AIS Update, the U.S. House of Representatives adopted legislation to provide such aid to the states and local governments, but no consensus has been reached. Therefore, the State cannot count on additional Federal aid and expects to move ahead with imposing deep, widespread reductions to local aid programs and agency operations to provide for a balanced budget in FY 2021. If unrestricted aid becomes available, or tax receipts rebound unexpectedly, the planned reductions may become less severe. The State is actively engaging with Federal representatives to secure the needed aid.

Medicaid Disproportionate Share Hospital (DSH) Payments

Provisions within the Federal Medicaid statute allow for a capped amount of payments to hospitals that treat a disproportionate number of Medicaid recipients. Changes made initially in the Affordable Care Act (ACA) to reduce the aggregate amount of Federal reimbursements for DSH payments are scheduled to take effect in FFY 2021, beginning December 1, 2020, reflecting recent provisions included in the CARES Act. The State estimates that if the changes take effect as scheduled, New York hospitals will lose $5.9 billion when fully phased in. This would be the largest reduction in Federal DSH payments among all states.

Essential Plan (EP)

Due to the economic downturn caused by the COVID-19 pandemic, the number of eligible recipients for EP coverage is anticipated to increase as unemployment increases, employer sponsored coverage ends and incomes fall below the eligibility threshold. New costs associated with increased EP coverage are expected to continue in the outyears as the economy recovers. Since the EP is fully Federally funded, additional enrollment costs will draw in additional Federal revenues and is not anticipated to increase State support in FY 2021 and beyond.

Although the EP is not a Medicaid program, EP resources are managed within the Medicaid Global Cap. Accordingly, State savings associated with the EP local assistance program are realized within the Global Cap.

MRT Medicaid Waiver

The CMS and the State have an existing agreement authorizing up to $8 billion in Federal funding through March 31, 2021 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding was provided through an amendment to the State's

Partnership Plan 1115 Medicaid waiver. Since January 1, 2014, in accordance with provisions of the ACA, the State has been eligible for enhanced FMAP funding associated with childless adults.

Due to the demonstrated success of the DSRIP waiver, the State submitted a waiver request to CMS on November 25, 2019, seeking an extension of the original waiver to authorize the remaining $625 million of spending in FY 2021 for an additional period of four years (through FY 2024) and up to $8 billion in additional Federal funding for continued health care beginning in FY 2022.

However, CMS denied the State's request on February 21, 2020. CMS' denial was on the basis that the original DSRIP award was time-limited and meant to be a one-time investment, and that it was not in a position to authorize a conceptual agreement beyond the current demonstration program. While the State's requested amendment was denied, the State submitted a subsequent 1115 Medicaid waiver request that aligns with the expiration of the MRT Waiver on March 31, 2021. The COVID-19 1115 Waiver was submitted to CMS on May 11, 2020 and, if approved, would provide the State with $1.9 billion and new flexibilities to respond to the public health emergency.

Federal Debt Limit

The Bipartisan Budget Act of 2019 (BBA 19) suspended the Federal debt limit through July 31, 2021 and brought to a close the extraordinary measures that the U.S. Treasury had been operating under since the prior suspension expired on March 1, 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and State economies, financial markets, and intergovernmental aid payments. Specific effects on the Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

A payment default by the Federal Government may also adversely affect the municipal bond market. Municipal issuers, including the State, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State, could be adversely affected.

Federal Tax Law Changes

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA) (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in Tax Year 2018. The TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

The State's income tax system interacts with the Federal system in numerous ways. Changes to the Federal tax code have significant flow-through effects on State tax burdens and State tax receipts. From the standpoint of certain individual New York State taxpayers, the $10,000 limit on the deductibility of State and Local Tax (SALT) payments, effective for Tax Year 2018, is substantial.

The SALT deduction originated with the first Federal income tax implemented to fund the Civil War effort and has been in place continuously since 1913. The TCJA's SALT deduction limit represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

Moreover, the TCJA contains numerous provisions that may adversely affect residential real estate prices in New York State and elsewhere, of which the SALT deduction limit is the most significant. A loss of wealth associated with a decline in home prices could have a significant impact on household spending in the State through the wealth effect, whereby consumers perceive the rise and fall of the value of an asset, such as a home, as a corresponding increase or decline in income, causing them to alter their spending practices. Reductions in household spending by New York residents, if they were to occur, would be expected to result in lower sales for the State's businesses which, in turn, would cause further reductions in economic activity and employment. Lastly, falling home prices could result in homeowners delaying the sale of their homes. The combined impact of lower home prices and fewer sales transactions could result in lower real estate transfer tax collections.

In sum, the Federal tax law changes may intensify migration pressures and the drag on the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

State Response to Federal Tax Law Changes

In response to the TCJA, the State enacted tax reforms in Tax Year 2018 intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program, and establishment of a new State charitable giving vehicle, as described below.

The State developed the Employer Compensation Expense Program (ECEP) and the Charitable Gifts Trust Fund, based on a review of existing laws, regulations, and precedents. However, there can be no assurance that the IRS will allow taxes paid under the ECEP by an electing employer, or donations made by taxpayers to the Charitable Gifts Trust Fund, to be deductible for Federal tax purposes under current law and the TCJA. As noted below, the IRS issued regulations that impair the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federally taxable income, while receiving State tax credits for such donations.

On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit claimed the new SALT limit was enacted to target New York and similarly situated states, interfered with states' rights to make their own fiscal decisions, and disproportionately harmed taxpayers in these states. On September 30, 2019, U.S. District Court in the Southern District of New York found that the states failed to make a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, along with Connecticut, Maryland, and New Jersey, filed a notice of appeal on November 26, 2019, and the briefing for the appeal was completed as of June 29, 2020. Oral argument is expected to occur sometime before June 2021.

On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that provided final rules and additional guidance on the availability of Federal income tax deductions for charitable contributions, when a taxpayer receives or expects to receive a State or local tax credit for such charitable contributions. In the case of State tax credits received by a taxpayer making a charitable contribution, the regulations require the taxpayer to reduce the Federal income tax deduction by the amount of the State tax credit received for such charitable contribution. This rule does not apply, however, if the value of the State tax credit does not exceed 15 percent of the charitable contribution. The regulations were made retroactive to August 27, 2018 (the date on which the U.S. Treasury and IRS first published proposed regulatory changes).

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with the precedent since 1917. The Federal defendants moved to dismiss the complaint or, in the alternative, for summary judgment, on December 23, 2019, and the states responded and by filing their own motion for summary judgment on February 28, 2020. Briefing on the motions has now completed and the parties are awaiting oral argument. If the lawsuit is successful it is expected that donations to the Charitable Gifts Trust Fund in future years could be higher than the $93 million level of donations made in 2018. See "Impact of State Tax Law Changes on PIT Revenue Bonds" below.

As part of the State tax reforms enacted in 2018, taxpayers may claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 Tax Years, if the underpayments arise from reliance on the 2018 amendments to State Tax Law. To receive reimbursement, taxpayers are required to submit their reimbursement claims to DTF within 60 days of making an interest payment to the IRS.

The State would incur costs if taxpayer participation in the ECEP and Charitable Gifts initiatives for the 2019, 2020 and 2021 Tax Years results in Federal determinations of underpayment of Federal income tax. Any cost to the Updated Financial Plan from State reimbursement of interest charges would occur in FY 2021 at the earliest, for determinations on 2019 tax payments due in July 2020 or thereafter.

The Updated Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State, which depends on several factors including the rates of participation in the ECEP; magnitude of donations to the Charitable Gifts Trust Fund; aggregate amount of underpayment attributable to reliance on the 2018 amendments to State Tax Law; amount of time between the due date of the return and the date any Federal determination is issued; interest rate applied; and frequency at which taxpayers submit timely reimbursement claims to the State. Interest on unpaid Federal tax generally accrues from the due date of the return until the date of payment in full. Under current Federal law, the interest rate is determined quarterly and is the Federal short-term rate plus 3 percent, compounded daily.

Employer Compensation Expense Program

Employers that elect to participate in the ECEP will be subject to a 5 percent State tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For Tax Year 2019, 262 employers elected to participate in the ECEP and remitted $1.5 million, with the number of participating employers increasing to 311 for Tax Year 2020.

The ECEP is intended to mitigate the tax burden for employees affected by the SALT deduction limit. While the TCJA limits deductibility for individuals, it does not cap deductibility for ordinary and necessary business expenses paid or incurred by employers in carrying on a trade or business. The ECEP is expected to be State revenue-neutral, with any decrease in New York State PIT receipts expected to be offset by a comparable increase in ECEP revenue. A State PIT credit is available to employees whose wages are subject to the tax. Any decrease in New York State PIT receipts is expected to be offset by a comparable increase in ECEP revenue because the formula used to calculate the State PIT credit corresponds in value to the ECEP. Remittance of ECEP revenue to the State began in the fourth quarter of FY 2019.

Charitable Gifts Trust Fund

Starting in Tax Year 2018, the Charitable Gifts Trust Fund was established to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[9]

Through FY 2020, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable gifts are appropriated for the authorized purposes.

Impact of State Tax Law Changes on PIT Revenue Bonds

To offset the potential reduction in the level of New York State PIT receipts resulting from activity of the ECEP and donations to the Charitable Gifts Trust Fund, State Finance Law provisions creating the Revenue Bond Tax Fund (RBTF) were amended to increase the percentage of New York State PIT receipts required to be deposited upon receipt in the RBTF, from 25 percent to 50 percent. In addition, the legislation that created the ECEP required that 50 percent of ECEP receipts received by the State be deposited to the RBTF. These changes became effective April 1, 2018.

[9] State University of New York (SUNY) Research Foundation, City University of New York (CUNY) Research Foundation, and Health Research, Inc. are allowed to accept up to $10 million each in charitable gifts on an annual basis. The State PIT receipts will also be reduced by the State tax deduction and an 85 percent credit for those donations that is available beginning in Tax Year 2019.

The amendments also increased the amount of all New York State PIT receipts collected from payroll withholding and ECEP receipts that must be deposited in the RBTF if (a) the State Legislature fails to appropriate amounts required to make all debt service payments on State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, debt service payments and other cash requirements under the applicable financing agreements have not been made when due on the State PIT Revenue Bonds. Under prior law, New York State PIT receipts from payroll withholding were to be deposited to the RBTF until amounts on deposit in the RBTF equaled the greater of 25 percent of annual New York State PIT receipts, or $6 billion. Under the new law, New York State PIT receipts and ECEP receipts are deposited to the RBTF until amounts on deposit in the RBTF equal the greater of 40 percent of the aggregate of annual New York State PIT receipts and ECEP receipts, or $12 billion.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018, when donations totaled $93 million. In such event, the amount of donations to the Charitable Gifts Trust Fund would pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years. To address this risk, the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent as part of the State tax reforms enacted in 2018.

DOB and DTF performed a calculation of the maximum amount of charitable donations to the Charitable Gifts Trust Fund that could occur annually under varying assumptions. This calculation of the maximum amount of potential contributions to the Charitable Gifts Trust Fund was intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or others relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states.

The calculation of the maximum amount of potential donations from Tax Year 2020 through 2023 is on average in the range of $25 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in Federal tax law occur, and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Updated Financial Plan are materially accurate.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on PIT receipts in each year. After factoring in all the foregoing adjustments and with inclusion of ECEP revenues, RBTF receipts are projected to remain above the level of receipts that would have been expected under statutes in effect prior to April 2018, even in a maximum participation scenario.

The DOB and DTF calculation of the projected maximum amount of potential contributions to the Charitable Gifts Trust Fund is necessarily based on many assumptions that may change materially over time. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the RBTF below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

Climate Change Adaptation

Climate change poses significant long-term threats to physical, biological and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. Storms in recent years, including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

The State continues to recover from the damage sustained during three powerful storms that crippled entire regions of the State. In August 2011, Hurricane Irene disrupted power and caused extensive flooding in various counties. In September 2011, Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. On October 29, 2012, Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding, and mitigation activity nationwide in response to Superstorm Sandy. To date, a total of $28.9 billion has been committed to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks to the State and its localities.

Other Matters Affecting the Financial Plan

Financial market participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate risk affects most market sectors and that climate-related risk should be publicly disclosed to investors in annual financial filings.[10] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties.

An October 2018 special report released by the Intergovernmental Panel on Climate Change of the United Nations (IPCC) found that human activity has already caused approximately 1.0°C of warming and is continuing to increase average global temperatures at 0.2°C per decade due to past and ongoing emissions. The IPCC states that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes ("reasons for concern"). For example, the IPCC rates global risks of extreme weather events and coastal flooding as increasing from moderate ("detectable") today, to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures. Using current trends, climate change risks increasingly fall within the term of current outstanding bonds of the State, its public authorities and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

The State is participating in efforts to reduce greenhouse gas emissions in order to mitigate the risk of severe impacts from climate change. The Climate Leadership and Community Protection Act of 2019 set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 85 percent below the 1990 level by 2050. As part of this target, the State plans to fully transition its electricity sector away from carbon emissions by 2040. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap and trade mechanism to regulate carbon dioxide emissions from electric power plants since 2008.

[10] For further context to the June 2017 disclosure recommendations, the Financial Stability Board was asked by an international coalition of G20 Finance Ministers and Central Bank Governors to address concerns that undisclosed climate risk could destabilize global financial markets.

Extraordinary Monetary Settlements

Beginning in FY 2015, the State began receiving Extraordinary Monetary Settlements for violations of State laws by major financial institutions and other entities. The table below lists the receipts by firm and amount. Effective April 1, 2019, DOB no longer classifies or distinctly identifies any settlement of less than $25 million as an Extraordinary Monetary Settlement.

SUMMARY OF RECEIPTS OF EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS
(millions of dollars)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**895**	**450**	**13,200**
Aetna Insurance Company	0	0	0	0	2	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	20
Bank Hapoalim	0	0	0	0	0	0	220	220
Bank Leumi	130	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	42
Bank of Korea	0	0	0	0	0	0	35	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	1
Cigna	0	0	0	2	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	1
Credit Agricole	0	459	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	150	1,599
FedEx	0	0	0	0	26	0	0	26
Goldman Sachs	0	50	190	0	55	0	0	295
Google/YouTube	0	0	0	0	0	34	0	34
Habib Bank	0	0	0	225	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	7
Mashreqbank	0	0	0	0	40	0	0	40
Mega Bank	0	0	180	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	5
New Day	0	1	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	100
Société Générale SA	0	0	0	0	498	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	662
Unicredit	0	0	0	0	0	506	0	506
UBS	0	0	0	0	41	0	0	41
Volkswagen	0	0	32	33	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	65
Western Union	0	0	0	60	0	0	0	60
William Penn	0	0	0	0	6	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	1

The table below summarizes the past and planned uses of Extraordinary Monetary Settlements received. The planned use of settlements will be evaluated in light of economic conditions and fiscal needs arising from the COVID-19 pandemic.

GENERAL FUND SUMMARY OF RECEIPTS AND USE/TRANSFER OF FUNDS FROM EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS
(millions of dollars)

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,610**	**2,185**	**1,226**	**479**	**134**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**895**	**450**	**0**	**0**	**0**	**0**	**13,200**
Use/Transfer of Funds	**7,661**	**2,479**	**875**	**959**	**747**	**345**	**134**	**13,200**
Capital Purposes:	**4,134**	**1,345**	**425**	**959**	**747**	**345**	**134**	**8,089**
Dedicated Infrastructure Investment Fund	3,374	939	1,130	877	525	330	134	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	120
Mass Transit	70	3	7	2	2	1	0	85
Healthcare	24	132	80	30	45	14	0	325
Clean Water Grants	0	0	25	50	175	0	0	250
Javits Center Expansion	546	271	183	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	(1,000)	0	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**0**	**0**	**0**	**3,128**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**450**	**0**	**0**	**0**	**0**	**1,983**
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	450	0	0	0	0	1,340
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,610**	**2,185**	**1,226**	**479**	**134**	**0**	**0**

Current Labor Negotiations and Agreements (Current Contract Period)

On December 18, 2019, the State and the Police Benevolent Association of New York State (PBANYS) conferred authority to a public arbitration panel to issue a final and binding arbitration award covering the four-year period April 1, 2015 to March 31, 2019 (FY 2016 to FY 2019). The award provides a 2 percent general salary increase in each fiscal year and additional compensation, which is partially offset by benefit design changes within New York State Health Insurance Program (NYSHIP) and reductions in overtime costs. The cost of this award has been reflected in the multi-year spending projections in the Updated Financial Plan for the affected agencies.

The State has multi-year labor agreements in place with most of the unionized workforce and continues to negotiate new agreements with the Public Employees Federation (PEF), the Council 82 Security Supervisors Unit and PBANYS.

The Civil Service Employees Association (CSEA) and DC-37 (Local 1359 Rent Regulation Service Employees) have five-year labor contracts that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs. Salary increases provided to CSEA and DC-37 (Local 1359) employees were also extended to Management/Confidential (M/C) employees.

The United University Professions (UUP) has a six-year labor contract (2017 through 2022). The contract provides for 2 percent general salary increases annually and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

The Graduate Student Employees Union (GSEU) has a four-year labor contract that provides for 2 percent general annual salary increases for 2020 through 2023.

The Professional Staff Congress at CUNY has a six-year labor contract (2018 through 2023). The contract provides for annual 2 percent general salary increases commencing October 1, 2018.

The Police Benevolent Association of the New York State Troopers (NYSTPBA) and the New York State Police Investigators Association (NYSPIA) have five-year collective bargaining agreements for FY 2019 through FY 2023. The agreements provide for 2 percent general salary increases in each year of the contracts and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

The New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) has a seven-year labor contract (FY 2017 through FY 2023). The contract provides for 2 percent general salary increases in each year of the agreement and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs.

Contract periods and related general salary increases for State employee union contracts are summarized below.

UNION LABOR CONTRACTS

	Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
CUNY	AY 2018 - AY 2023	2.5%	2%	2%	1.5%	2%	2%	2%	2%	2%	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
PBANYS	FY 2016 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
COUNCIL 82	FY 2010 - FY 2016	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

The Judiciary also has contracts in place with all 12 unions represented within its workforce, which include CSEA (FY 2018 to FY 2020); the New York State Supreme Court Officers Association, the New York State Court Officers Association and the Court Clerks Association (FY 2012 to FY 2021); and eight other unions (FY 2020 to FY 2021).

Due to the adverse financial impacts from the COVID-19 pandemic, the State is withholding the general salary increases that were scheduled to go into effect on April 1, 2020. The Updated Financial Plan reflects only the liquidity benefit of the withholding. If a decision is made to withhold the full amount for the fiscal year, it would provide savings of $215 million in FY 2021 and partially offset the need for reductions elsewhere in the Enacted Budget Financial Plan.

Pension Contributions

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[11] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution rates would decrease beginning in FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed – for ERS the scale was reduced from 4.9 percent to 3.8 percent, and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which was reflected in FY 2020 contribution rates.

In August 2019, the actuary for NYSLRS issued the Annual Report to the Comptroller on Actuarial Assumptions, which provided a reduction in the State pension fund's assumed long-term rate of return on investments from 7 percent to 6.8 percent. The estimated average employer contribution rate for the ERS will remain stable at 14.6 percent of payroll due to offsetting gains from a change in the mortality improvement scale and new Tier 6 entrants. However, the estimated average employer contribution rate for the PFRS will increase by 0.9 percent, from 23.5 percent to 24.4 percent of payroll (the assumed rate reduction had more leverage in PFRS due to the maturity of the system).[12]

The FY 2021 ERS/PFRS pension estimate of $2.3 billion relied upon the most recent estimate from the State Comptroller, which reflects a reduction in the assumed rate of return and other increases, partially offset by the use of a new mortality improvement scale and lower cost Tier 6 entrants. The State will continue to pay $432 million towards the balance outstanding on prior-year deferrals. OSC does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2022 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a stable rate of return. The current Financial Plan forecast does not reflect the potential losses in asset value as a result of the COVID-19 outbreak and recession.

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[11] The State's aggregate pension costs also include costs for State employees in the Teachers' Retirement System (TRS) for both the SUNY and the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

[12] Average contribution rates include the Group Life Insurance Plan (GLIP), and thus differ from the system average normal rates reported in the pension amortization section.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the Retirement and Social Security Law (RSSL) enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly incurred in a given fiscal year. The ERS cost to the State (including costs covered for local ERS) was $16 million in FY 2020 based on actual credit purchased through December 31, 2019. DOB currently estimates annual ERS costs of $7 million in FY 2021 and beyond, as additional veterans become eligible to purchase the credit.

Pension Amortization

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year but results in higher costs overall when repaid with interest.

The State and local governments are required to begin repayment on each new amortization in the fiscal year immediately following the year in which the amortization was initiated. The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. Legislation included in the FY 2017 Enacted Budget authorized the State to prepay a portion of remaining principal associated with an amortization, and then pay a lower recalculated interest installment in any subsequent year for which the principal has been prepaid. This option does not allow the State to delay the original ten-year repayment schedule, nor does it allow for the interest rate initially applied to the amortization amount to be modified.

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[13]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

[13] For the purpose of this discussion, the "normal rate" refers to all amortization-eligible costs (i.e., normal and administrative costs, as well as certain employer-provided options such as sick leave credit) divided by salary base.

Neither the State nor the Office of Court Administration (OCA) have amortized pension costs since FY 2016.

The amortization threshold is equal to the normal rate and is projected to remain so in the upcoming fiscal years. The following table reflects projected pension contributions and amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM
IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS
(millions of dollars)

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,908.4	0.0	432.2	2,340.6	TBD	14.1	24.4	14.1	24.4
Projected by DOB[5]									
2022	2,206.3	0.0	399.9	2,606.2	TBD	15.0	25.0	15.0	25.0
2023	2,403.5	0.0	331.3	2,734.8	TBD	15.5	25.5	15.5	25.5
2024	2,494.7	0.0	240.1	2,734.8	TBD	16.5	26.5	16.5	26.5

[1] Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

[2] Normal costs include payments from amortizations prior to FY 2011, which ended in FY 2016 as a result of early repayments.

[3] Interest rates are determined by the Comptroller based on the market rate of return on comparable taxed fixed income investments (e.g., Ten-Year Treasuries). The interest rate is fixed for the duration of the ten-year repayment period.

[4] The system average normal rate represents system-wide amortization-eligible costs (i.e. normal and administrative costs, as well as the cost of certain employer options) as a percentage of the system's total salary base. The normal rate does not include the following costs, which are not eligible for amortization: Group Life Insurance Program (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortized) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

[5] Outyear projections are prepared by DOB. The retirement system does not prepare, or make available, outyear projections of pension costs.

The “Normal Costs” column shows the State’s underlying pension cost in each fiscal year, before the effects of amortization. The “(Amortization Amount) / Excess Contributions” column shows amounts amortized. The “Repayment of Amortization” column provides the amount paid in principal and interest towards the outstanding balance on prior-year amortizations. The “Total Statewide Pension Payments” column provides the State’s actual or planned pension contribution, including amortization. The “Interest Rate on Amortization Amount (%)” column provides the interest rate at which the State will repay the amortized contribution, as determined by OSC. The remaining columns provide information on the normal rate and graded rate, which are used to determine the maximum allowed "(Amortized)" amount or the mandatory "Excess Contributions" amount for a given fiscal year.

Social Security

The CARES Act, in response to impacts caused by the COVID-19 pandemic, allows employers, including the State, to defer the deposit and payment of the employer’s share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments in December 2021 and December 2022. The Executive and the Judiciary have elected to defer the allowable Social Security payments for estimated savings of $599 million and $68 million, respectively.

Other Post-Employment Benefits (OPEB)

State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either NYSHIP or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a Pay-As-You-Go (PAYGO) basis as required by law.

The State Comptroller adopted Governmental Accounting Standards Board (GASB) Statement (GASBS) 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State’s Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized.

The State's total OPEB liability equals the employer's share of the actuarial determined present value of projected benefit payments attributed to past periods of employee service. The total OPEB obligation less any OPEB assets set aside in an OPEB trust or similar arrangement represent the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2020, the total ending OPEB liability for FY 2020 is $63.9 billion ($51.1 billion for the State and $12.8 billion for SUNY). The total OPEB liability as of March 31, 2020 was measured as of March 31, 2019 and was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total OPEB liability to March 31, 2019. The total beginning OPEB liability for FY 2020 was $63.4 billion ($50.9 billion for the State and $12.5 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.89 percent in FY 2019 and 3.79 percent in FY 2020). The total OPEB liability increased by $529 million (0.8 percent) during FY 2020.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees and has not funded a qualified trust or its equivalent as defined in GASBS 75. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Updated Financial Plan does not currently include any deposits to the Trust Fund.

GASBS 75 is not expected to alter the Updated Financial Plan cash PAYGO projections for health insurance costs. DOB's methodology for forecasting these costs over a multi-year period already incorporates factors and considerations consistent with the new actuarial methods and calculations required by the GASB Statement.

Litigation

Litigation against the State may include, among other things, potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still adversely affect the Updated Financial Plan. For more information, see the "Litigation" section later in this AIS Update.

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and geographic information systems,[14] and annually assesses the implementation of security policies and standards to ensure compliance through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and related procedures for cyber incident reporting and response, distributes real-time advisories and alerts, provides managed security services, and implements statewide information security training and exercises. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage could be substantial.

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by the Department of Financial Services (DFS) are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any material part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

[14] Statewide cybersecurity policies can be found at: https://its.ny.gov/ciso/policies/security.

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. Certain localities outside New York City, including cities and counties, have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

The wide-ranging economic, health, and social disruptions caused by the COVID-19 outbreak are having an adverse impact on State authorities and localities, including the MTA and the City of New York. The aid-to-localities reductions that are expected to be taken as set forth in the Updated Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

Bond Market and Credit Ratings

Successful implementation of the Updated Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its FY 2021 Enacted Capital Program and Financing Plan ("Capital Plan"). The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. The outbreak of COVID-19 in the United States significantly disrupted the municipal bond market. In response, the Federal CARES Act created the MLF, which authorizes the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain other municipal issuers. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt. The TCJA adversely impacted the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refunding for debt service savings when interest rates are favorable.

Other Matters Affecting the Financial Plan

The major rating agencies, Fitch, Kroll, Moody's, and Standard & Poor's assign the State general credit ratings of AA+, AA+, Aa2, and AA+, respectively. On October 1, 2020, Moody's downgraded the State's credit ratings from Aa1 to Aa2, noting the financial consequences to the State of the disproportionate impact of the coronavirus pandemic. On April 10, 2020, Fitch changed the State's credit outlook from "stable" to "negative," citing "the considerable economic and fiscal uncertainty faced by the state as it confronts the coronavirus pandemic."

On April 16, 2020, Standard & Poor's confirmed the State's stable outlook, noting the State's "strong track record of fiscal resilience during periods of crisis" but observing that "pressures on the state's finances will mount as a result of the COVID-19 induced recession and prudent actions taken to mitigate related health and safety risks."

The State, through its public authorities and general obligation issuances, is one of the largest issuers of municipal bonds in the United States. The State relies on regular bond sales to fund its capital program. In addition, in FY 2021, the State is authorized to sell short-term notes to meet temporary liquidity needs caused by the pandemic.

The State has no plans to use the MLF at this time, as it can borrow more cost effectively in the open market as of the date of this AIS Update. DOB will continue to monitor any further Federal Reserve actions or changes to the MLF program.

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to new State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State was in compliance with the statutory caps in the most recent calculation period.

State legislation enacted in connection with the adoption of the Enacted Budget suspended the Debt Reform Act for FY 2021 issuances as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. The suspension of the Debt Reform Act also includes up to $8 billion of PIT notes and up to $3.0 billion of line of credit facilities that were authorized by State legislation enacted in connection with the adoption of the Enacted Budget, as well as any short or long-term refinancing of such borrowings in future years.

Current projections anticipate that debt outstanding and debt service will continue to remain below limits imposed by the Debt Reform Act, due to the suspension of the debt cap during FY 2021. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to fluctuate from $6.1 billion in FY 2020 to a low point of $2.4 billion in FY 2024. This calculation excludes all State-supported debt issuances in FY 2021 but includes the estimated impact of funding increased capital commitment levels with State bonds after FY 2021. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at $5.1 billion in FY 2021, or roughly $4.0 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2020	$1,389,409	4.00%	55,576	49,433	6,143	3.56%	0.44%	4,774	54,207
FY 2021	$1,408,058	4.00%	56,322	46,651	9,671	3.31%	0.69%	11,237	57,888
FY 2022	$1,379,843	4.00%	55,194	51,068	4,126	3.70%	0.30%	10,475	61,543
FY 2023	$1,441,006	4.00%	57,640	54,540	3,100	3.78%	0.22%	9,597	64,137
FY 2024	$1,502,265	4.00%	60,091	57,666	2,425	3.84%	0.16%	8,831	66,497
FY 2025	$1,565,663	4.00%	62,627	59,880	2,747	3.82%	0.18%	8,021	67,901

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Included in Cap [1]	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap [2]	Total State-Supported Debt Service [3]
FY 2020	$177,435	5.00%	8,872	4,820	4,052	2.72%	2.28%	1,130	5,950
FY 2021	$182,624	5.00%	9,131	5,116	4,015	2.80%	2.20%	5,712	10,828
FY 2022	$170,959	5.00%	8,548	5,150	3,398	3.01%	1.99%	1,842	6,992
FY 2023	$175,115	5.00%	8,756	5,659	3,097	3.23%	1.77%	1,764	7,423
FY 2024	$180,634	5.00%	9,032	6,034	2,998	3.34%	1.66%	1,580	7,614
FY 2025	$182,897	5.00%	9,145	6,456	2,689	3.53%	1.47%	1,280	7,736

[1] Does not include debt issued prior to April 1, 2000. In addition, debt issued during FY 2021 is not subject to caps pursuant to Chapter 56 of the Laws of 2020.

[2] Includes liquidity financings expected to be repaid within FY 2021, consisting of $4.5 billion of short-term note issuances.

[3] Total State-supported debt service is adjusted for prepayments.

The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. The volatility in New York State personal income estimates has prompted DOB to reexamine the way BEA calculates personal income, in particular the apportionment of income among states. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the "residency adjustment"). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by nonresidents regularly exceeds income earned in other states by New York residents. The State taxes all personal income earned in New York, regardless of place of residency. Therefore, including the BEA personal income residency adjustment in the debt cap calculation reduces alignment with the State tax base and understates the PIT revenues available to support State-supported debt. To date, in administering the debt reform cap, DOB has used State personal income, as reduced by the BEA residency adjustment, in debt outstanding cap calculations and projections, which correspondingly reduces the State's debt capacity under the Debt Reform Act.

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The debt capacity continues to reflect the suspension of the Debt Reform Act for FY 2021 issuances in response to the COVID-19 pandemic, as discussed previously. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP [1, 2]
REMAINING CAPACITY SUMMARY
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Enacted Budget Financial Plan	**6,157**	**9,313**	**3,720**	**3,084**	**2,347**	**2,599**
Personal Income Forecast Adjustment	(14)	358	406	16	78	148
First Quarterly Update Financial Plan	**6,143**	**9,671**	**4,126**	**3,100**	**2,425**	**2,747**

[1] Does not include liquidity financings expected to be repaid within FY 2021, consisting of $4.5 billion of short-term note issuances.

[2] Debt issued during FY 2021 is not subject to cap pursuant to Chapter 56 of the Laws of 2020.

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2020, approximately $135 million of bonds were outstanding under this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $157 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately $32 million in FY 2021, $27 million in FY 2022, $21 million in both FY 2023 and FY 2024, and $13 million in FY 2025. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $6 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

SUNY Downstate Hospital and the Long Island College Hospital (LICH)

In May 2011, the New York State Supreme Court issued an order that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation ("Holdings"), the sole member of which is SUNY. Subsequent to such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, DASNY issued tax exempt State PIT Revenue Bonds ("PIT Bonds"), to refund approximately $120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a request for proposals (RFP) seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center (now "NYU Langone"), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all of the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

The second closing occurred on March 13, 2020 (the New Medical Site (NMS) Closing) and title to the NMS portion of the LICH property was conveyed to NYU Langone.

The final closing is anticipated to occur within 36 months after the NMS Closing. At the final closing, titles to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The third and final closing is conditioned upon completion of the New Medical Building by NYU Hospitals Center, and relocation of the emergency department to the New Medical Building.

There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

State Financial Plan
Multi-Year Projections

Introduction

This section presents FY 2020 results and the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of forecast revisions in FY 2021 through FY 2024, with an emphasis on FY 2021 projections, which reflect the impact of the Financial Plan.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicate the discussion of the State's receipts and disbursements projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

Receipts. The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The State Funds perspective reflects estimated tax receipts before distribution to various funds and accounts, including tax receipts dedicated to Capital Projects Funds (which fall outside the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends, and forecast assumptions, by factoring out the distorting effects of earmarking tax receipts for specific purposes.

Disbursements. Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the date of the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear", FY 2022, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

State Financial Plan Multi-Year Projections

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between State Operating Funds projections and General Fund budget gaps. The Updated Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus not included in the following tables. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes (After Debt Service)	73,133	59,528	63,663	67,389	71,215
Miscellaneous Receipts	3,159	6,744	1,750	1,773	1,811
Other Transfers	2,915	2,561	1,822	1,514	1,354
Total Receipts	**79,207**	**68,833**	**67,235**	**70,676**	**74,380**
DISBURSEMENTS					
Local Assistance	51,863	46,285	49,659	53,022	56,055
School Aid	23,522	24,054	24,336	25,262	26,094
Medicaid	16,071	14,876	18,177	19,146	20,052
All Other	12,270	15,355	15,146	16,614	17,909
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	12,054	10,833	11,551	11,566	11,831
Personal Service	8,940	9,264	9,539	9,702	9,842
Non-Personal Service	3,114	2,549	3,062	3,164	3,289
Budget Balance Reduction	0	(980)	(1,050)	(1,300)	(1,300)
General State Charges	7,454	7,070	9,013	9,559	9,689
Transfers to Other Funds	6,098	6,502	6,877	7,125	6,502
Debt Service	736	310	488	501	553
Capital Projects	3,128	3,396	3,749	3,913	3,133
SUNY Operations	1,179	1,273	1,273	1,267	1,267
All Other	1,055	1,523	1,367	1,444	1,549
Total Disbursements	**77,469**	**70,690**	**77,100**	**81,272**	**84,077**
Use (Reservation) of Fund Balance:	**(1,738)**	**1,857**	**1,507**	**747**	**345**
Community Projects	4	16	0	0	0
Labor Agreements	206	0	0	0	0
Business Tax Refund	202	0	0	0	0
Timing of Payments	(1,313)	1,313	0	0	0
Undesignated Fund Balance	(1,103)	553	548	0	0
Rainy Day Reserves	(428)	0	0	0	0
Economic Uncertainties	(890)	(450)	0	0	0
Extraordinary Monetary Settlements[1]	1,584	425	959	747	345
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(8,358)**	**(9,849)**	**(9,352)**

[1] Reflects transfers of Extraordinary Monetary Settlement funds from the General Fund to the Dedicated Infrastructure Investment Fund, the Environmental Protection Fund, and the Capital Projects Fund.

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes	81,472	73,240	73,997	78,039	81,873
Miscellaneous Receipts/Federal Grants	22,761	22,693	17,940	17,413	17,085
Total Receipts	**104,233**	**95,933**	**91,937**	**95,452**	**98,958**
DISBURSEMENTS					
Local Assistance	68,653	61,379	65,088	68,108	70,966
School Aid (School Year Basis)[1]	27,812	26,780	27,918	28,911	29,854
DOH Medicaid[2]	22,077	21,040	24,244	25,297	26,282
Transportation	3,488	3,792	3,806	4,008	4,198
STAR	2,184	2,073	1,979	1,858	1,750
Higher Education	2,362	3,518	2,924	2,961	2,991
Social Services	2,355	3,250	2,896	3,010	3,047
Mental Hygiene	3,427	2,849	3,641	4,267	4,921
All Other[3]	4,948	6,077	5,680	5,796	5,923
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	20,168	18,294	18,885	18,839	18,979
Personal Service	14,090	14,274	14,379	14,530	14,616
Non-Personal Service	6,078	5,000	5,556	5,609	5,663
Budget Balance Reduction	0	(980)	(1,050)	(1,300)	(1,300)
General State Charges	8,423	8,115	10,152	10,727	10,842
Pension Contribution	2,456	2,592	2,855	2,990	2,996
Health Insurance	4,303	4,513	4,860	5,219	5,608
All Other	1,664	1,010	2,437	2,518	2,238
Debt Service	4,916	5,864	6,980	7,399	7,591
Capital Projects	0	0	0	0	0
Total Disbursements (Excluding Liquidity Financing)	**102,160**	**93,652**	**101,105**	**105,073**	**108,378**
Liquidity Financing	**0**	**4,500**	**0**	**0**	**0**
Total Disbursements (Including Liquidity Financing)	**102,160**	**98,152**	**101,105**	**105,073**	**108,378**
Net Other Financing Sources/(Uses)	(28)	(179)	(785)	(1,096)	(310)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(2,045)	2,398	1,595	868	378
General Fund	(1,738)	1,857	1,507	747	345
Special Revenue Funds	(309)	535	93	125	54
Debt Service Funds	2	6	(5)	(4)	(21)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(8,358)**	**(9,849)**	**(9,352)**

1 FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

2 Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of enhanced FMAP for 6.2 percent for 9 months.

3 All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset, and a reconciliation between school year and State fiscal year spending on School Aid.

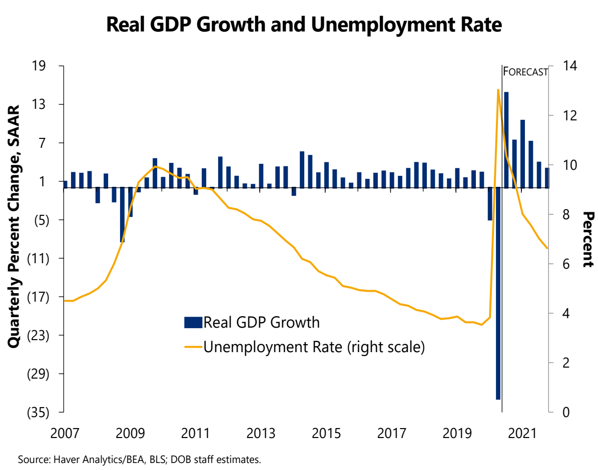
Economic Backdrop

The U.S. and Global Economy

Worldwide lockdowns to prevent the spread of COVID-19 sent most major economies into an economic downturn in the first half of calendar year 2020. With global infections continuing to rise, uncertainty remains over how fast international travel, global trade flows, supply chain disruptions, business and household demand will recover from their pandemic triggered recession. The International Monetary Fund (IMF), in its latest World Economic Outlook report (June 2020), revised down its projections of global economic growth for calendar years 2020 and 2021 compared to its April 2020 outlook.[15]

U.S. Economic Forecast[16]

The Bureau of Economic Analysis (BEA) reported that real GDP plunged at a 31.7 percent annual rate during the second quarter of calendar year 2020, after slipping 5.0 percent in the first quarter. The second quarter decline marked the strongest quarterly contraction in the 70 years since the government began reporting quarterly GDP figures. The previous record was a 10 percent decline during the first quarter of 1958. The economic contraction in the first half of 2020 is deeper than estimated in the Enacted Budget Financial Plan forecast and reflects the collapse in economic activity that occurred in late March and April 2020.



With social distancing programs put in place, an unprecedented scale of business closures, and skyrocketing employee furloughs and layoffs, it was clear the U.S. economy had fallen into recessionary territory. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee recently designated February 2020 as a business cycle peak. DOB expects that the

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15 https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020.

16 DOB's US Macro forecast incorporates the third estimate of 2020 first quarter GDP report released on June 25, 2020; May 2020 BEA personal income and outlays report released on June 26, 2020; June 2020 employment report released on July 2, 2020; and May 2020 CPI report released on June 10, 2020.

Committee will ultimately declare that a business cycle trough occurred during the second quarter of 2020. Although the 2020 recession may have been short in length (first and second quarters of 2020), the declines in economic activity will have been extraordinary in terms of the depth and the pace of the economic contraction. Monthly data show that the economy bounced starting in May 2020, especially in terms of employment, equity prices, and consumer spending. Therefore, DOB has made upward revisions to its outlook for the second half of calendar year 2020, projecting real GDP to rebound as soon as the third quarter of 2020.

DOB expects that U.S. real GDP will rebound 14.8 percent in the third quarter and grow 7.4 percent in the fourth quarter of 2020. The peak-to-trough decline (fourth quarter of 2019 to second quarter of 2020) in real GDP is 10.2 percent. Real GDP for 2020 is estimated to decline 5.5 percent. As the economy recovers, real GDP growth is expected to remain elevated in the first half of 2021 before slowing to 3.0 percent by the fourth quarter of 2021. The projection of 2021 real GDP growth is 5.1 percent, significantly stronger than the Enacted Budget Financial Plan forecast of 2.8 percent. In terms of levels, however, real GDP is not expected to surpass its recent peak in the fourth quarter of 2019 until the first quarter of 2022.

The labor market is recovering robustly, at least through mid-June 2020. The employment report released on September 4, 2020 indicated 10.6 million nonfarm job gains from May to August 2020, after 22.2 million jobs were lost in March and April of 2020. The unemployment rate fell to 8.4 percent in August 2020, 6.3 percentage points below its peak of 14.7 percent in April 2020. The May and June 2020 employment reports beat consensus forecasts by wide margins, however, July and August 2020 job gains slowed down significantly.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2019 Actual	CY 2020 Forecast	CY 2021 Forecast
Real U.S. Gross Domestic Product	2.2	-5.5	5.1
Consumer Price Index (CPI)	1.8	0.7	1.5
Personal Income	3.9	3.1	0.7
Nonfarm Employment	1.4	-5.1	3.6
Civilian Unemployment Rate	3.7	9.1	7.3

Source: Haver Analytics; DOB staff estimates.

DOB expects national employment to gradually improve over the second half of 2020. Nonfarm payroll employment is expected to decline 5.1 percent in 2020 before a 3.6 percent gain in 2021. The annual average unemployment rate is expected to peak at 9.1 percent for 2020 before dropping to 7.3 percent for 2021.

Equity prices have moved significantly ahead of the economy. The S&P 500 stock price index has rebounded sharply since the end of March and surpassed its all-time highs by the end of August.

The S&P 500 index is projected to grow 4.8 percent in 2020 compared to a decline of 14.7 percent projected in the Enacted Budget Financial Plan forecast.

Oil prices have gradually recovered from their April lows of less than $20 per barrel as global growth rebounded and OPEC+ countries succeeded in restricting production, but they remain well below the early-2020 level of around $60 per barrel.[17] Downward price pressure from the effects of low fuel prices, together with weak aggregate demand, have more than offset any upward pressure from supply interruptions so far. With an expectation that aggregate demand is not likely to return to its pre-COVID period until 2022, DOB's CPI inflation outlook is 0.7 percent for 2020 and remains weak in 2021 at 1.5 percent.

DOB continues to expect monetary and fiscal policies to be supportive. The Federal Reserve is expected to keep its Federal funds rate target around zero within the next three years and continue to use its full range of tools to support the U.S. economy and ensure the normal functioning of financial markets. President Trump has signed Executive Orders to extend emergency unemployment benefits of $300 per week as new fiscal stimulus in addition to the ones enacted so far in 2020. According to the BEA's personal income report released on August 28, 2020, one-time payments and expanded Unemployment Insurance based on the CARES Act boosted personal income by $568 billion in April to July. According to Congressional Budget Office's estimates, few are left for the rest of the third quarter of 2020 under these two provisions.[18] Moreover, the new Federal aid at a reduced amount of $300 per week may only last 6 weeks and many workers do not qualify for the subsidy. After the middle two quarters of 2020, this direct fiscal support on personal income, and thus consumer spending, is likely to fade rapidly.

[17] OPEC+ member countries are the Organization of Petroleum Exporting Countries (OPEC) plus other key oil producers like Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.

[18] https://www.cbo.gov/publication/56334.

As states have begun lifting restrictions on business and social gatherings, recent data on mobility, credit card spending, restaurants dining, and other consumer activities all suggest an earlier and stronger than anticipated rebound. DOB estimates consumer spending to recover at a stronger pace than investment in the third quarter of 2020. Real residential investment growth, which has been a bright spot in the economy since the third quarter of 2019, has also fallen into negative territory in the second quarter of 2020. But as construction activities resume, housing permits, pending home sales and mortgage applications are also climbing up. The housing sector is expected to bounce back steadily. Real nonresidential fixed investment growth has been declining since the second quarter of 2019 due to trade policy uncertainty, slowing global growth, production delays of the Boeing 737 Max aircraft, and a global manufacturing downturn. With factory closures and production slowdowns, real nonresidential fixed investment growth plunged in the second quarter of 2020 and is expected to have remained flat in the third quarter before turning up at the end of the calendar year 2020. Real exports and imports also shrank during the first half of 2020 but will likely recover as soon as domestic demand and foreign growth start to rise.

Risks

The current forecast represents an upward revision to the U.S. economic outlook compared to DOB's forecast as reflected in the AIS. This upward revision is mainly attributed to stronger-than-expected high frequency data as a result of faster business reopenings in some states. However, an alarming surge in new COVID-19 cases recently has forced some states to pause their reopening plans and others to reverse them. Therefore, downside risks to U.S. economic outlook have increased recently. On the upside, further business and income stabilization legislation from Congress and the timely containment of the COVID-19 virus could lift the economy faster and further.

The New York State Economy[19]

New York State and especially New York City have been hit particularly hard by the COVID-19 pandemic. Coronavirus fears, travel bans, and regulations that limit social gatherings caused businesses to cease operations in a wide range of sectors, especially retail trade and leisure and hospitality. Recent Current Employment Statistics (CES) employment data and initial unemployment insurance claims suggest that job losses were worse than expected compared to the Enacted Budget Financial Plan forecast. Private sector employment is expected to decline 8.5 percent in 2020, 1.0 percentage point lower than the Enacted Budget Financial Plan forecast. Although private sector employment growth is projected to enter positive territory in 2021, with 4.6 percent job growth, a full recovery to pre-COVID employment levels is expected to take several years.

NEW YORK STATE ECONOMIC INDICATORS
(State Fiscal Year Growth)

	FY 2019 Actual	FY 2020 Estimated	FY 2021 Forecast
Personal Income*	3.2	3.8	-1.3
Wages	3.6	4.3	-6.3
Nonfarm Employment	1.4	0.9	-8.8

Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.
* Personal income is constructed by using QCEW wages and BEA non-wage income.

As a result of the decline in economic activity, as well as global economic and financial uncertainties, finance and insurance sector bonuses are expected to decline 28.0 percent in FY 2021, revised up from the Enacted Budget Financial Plan forecast of a 50.4 percent decline. The upward revision is due to better-than-expected equity market performance and Wall Street earnings. The improved total bonuses forecast caused an upward revision of total wage growth in FY 2021 to a 6.3 percent decline from a 7.2 percent decline in the Enacted Budget Financial plan forecast. Total wages are projected to grow 7.4 percent in FY 2022 as economic and financial conditions improve.

State property income and proprietor's income are projected to decline 5.1 percent and 8.1 percent, respectively, in FY 2021. The CARES Act payments are reflected within State transfer income as early as the second quarter of calendar year 2020, driving up State transfer income growth to 25.6 percent in FY 2021. On balance, State personal income is revised up by 0.9 percentage point from the Enacted Budget Financial Plan forecast to a decline of 1.3 percent in FY 2021, followed by a projected growth of 1.0 percent in FY 2022.

[19] DOB's New York State economic forecast incorporates the 2020 first quarter BEA State personal income report released on June 23, 2020.

All the risks to the U.S. forecast apply to the State forecast as well. The coronavirus pandemic and weak global growth are contributing to increased market volatility and restraining equity prices growth over the near term. The recent resurgence of COVID-19 cases in some states is threatening the economic recovery and adding more uncertainties to the financial market conditions. As the nation's financial capital, both the volume of financial market activity and volatility in equity markets pose a significant degree of risk to the New York State economy. Since the New York City area became an early epicenter of the COVID-19 outbreak in the U.S., a prolonged impact of the virus would threaten the economic growth within the City and overall State. Higher-than-expected layoffs or a resurgence of the virus in the State could pose significant downside risks to our employment and wage outlook. Upside risks such as the faster-than-expected containment of the virus, stronger equity markets, and more robust national and global growth could result in higher employment and wage growth.

Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. Multiyear receipts estimates are prepared by DOB with the assistance of the Department of Taxation and Finance (DTF) and other agencies which collect State receipts and are premised on economic analysis and forecasts.

Overall base growth (i.e., growth not due to law changes) in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which often alters base tax receipts. State taxes account for approximately half of total All Funds receipts.

Projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs including Medicaid, public assistance, mental hygiene, education, public health, and other activities.

Where noted, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).

Overview of the Receipts Forecast

All Funds receipts in FY 2021 are projected to total $182.6 billion, a 2.9 percent ($5.2 billion) increase from FY 2020 results. FY 2021 State tax receipts are projected to decrease $8.4 billion (10.2 percent) from prior year results.

ALL FUNDS RECEIPTS (millions of dollars)									
	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
Personal Income Tax	53,660	49,046	-8.6%	47,975	-2.2%	50,732	5.7%	53,862	6.2%
Consumption/Use Taxes	18,021	14,404	-20.1%	16,439	14.1%	17,090	4.0%	17,496	2.4%
Business Taxes	8,996	8,945	-0.6%	8,874	-0.8%	9,403	6.0%	9,592	2.0%
Other Taxes	2,212	2,066	-6.6%	2,054	-0.6%	2,161	5.2%	2,266	4.9%
Total State Taxes	**82,889**	**74,461**	**-10.2%**	**75,342**	**1.2%**	**79,386**	**5.4%**	**83,216**	**4.8%**
Miscellaneous Receipts	29,466	31,066	5.4%	25,421	-18.2%	24,085	-5.3%	23,648	-1.8%
Federal Receipts	65,080	77,097	18.5%	70,194	-9.0%	71,644	2.1%	73,771	3.0%
Total All Funds Receipts	**177,435**	**182,624**	**2.9%**	**170,957**	**-6.4%**	**175,115**	**2.4%**	**180,635**	**3.2%**

The COVID-19 pandemic is projected to continue to have a significant negative impact on tax receipts. The Enacted Budget Financial Plan anticipated reductions to FY 2021 All Funds tax receipts of over $12 billion. These estimates have been adjusted further, consistent with the economic analysis outlined in the previous section. Total tax receipts reductions from the Executive Budget Financial Plan now reach over $13 billion for FY 2021 estimates.

- Personal income taxes are reduced significantly in FY 2021 with an estimated loss of nearly $8 billion and a projected $11 billion annual decline across the financial plan period over the Executive Budget forecasts.

- Consumption/Use taxes and fees are reduced by over $4 billion with most of the decline in sales and use taxes.

- Business taxes are reduced by nearly $1 billion in FY 2021 with the largest portion of the decline in corporate franchise taxes.

- Other taxes are reduced by $274 million in FY 2021 and over $370 million in the outyears.

Further analysis of each tax component by fiscal year is below.

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)									
	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	53,660	49,046	-8.6%	47,975	-2.2%	50,732	5.7%	53,862	6.2%
Gross Collections	64,985	59,640	-8.2%	60,084	0.7%	63,330	5.4%	66,921	5.7%
Refunds (Incl. State/City Offset)	(11,325)	(10,594)	6.5%	(12,109)	-14.3%	(12,598)	-4.0%	(13,059)	-3.7%
GENERAL FUND[1]	24,646	22,450	-9.8%	22,008	-2.0%	23,508	6.8%	25,181	7.1%
Gross Collections	64,985	59,640	-8.2%	60,084	0.7%	63,330	5.4%	66,921	5.7%
Refunds (Incl. State/City Offset)	(11,325)	(10,594)	6.5%	(12,109)	-14.3%	(12,598)	-4.0%	(13,059)	-3.7%
STAR	(2,184)	(2,073)	5.1%	(1,979)	4.5%	(1,858)	6.1%	(1,750)	5.8%
RBTF	(26,830)	(24,523)	8.6%	(23,988)	2.2%	(25,366)	-5.7%	(26,931)	-6.2%

[1] Excludes Transfers.

All Funds PIT receipts for FY 2021 are estimated to decrease significantly, primarily reflecting steep declines in withholding and total estimated payments, partially offset by a decrease in total refunds.

The following table summarizes, by component, actual receipts for FY 2020 and forecast amounts through FY 2024.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts					
Withholding	43,118	39,752	42,570	44,344	46,269
Estimated Payments	17,025	14,669	12,951	14,091	15,438
Current Year	10,996	9,129	9,683	10,576	11,254
Prior Year[1]	6,029	5,540	3,268	3,515	4,184
Final Returns	3,454	3,608	2,882	3,164	3,431
Current Year	340	316	331	346	367
Prior Year[1]	3,114	3,292	2,551	2,818	3,064
Delinquent	1,388	1,611	1,681	1,731	1,783
Gross Receipts	64,985	59,640	60,084	63,330	66,921
Refunds					
Prior Year[1]	5,928	6,267	7,475	7,645	7,793
Previous Years	531	638	669	700	732
Current Year[1]	2,244	1,751	1,750	1,750	1,750
Advanced Credit Payment	1,505	664	816	979	1,135
State/City Offset[1]	1,117	1,274	1,399	1,524	1,649
Total Refunds	11,325	10,594	12,109	12,598	13,059
Net Receipts	**53,660**	**49,046**	**47,975**	**50,732**	**53,862**

[1]These components, collectively, are known as the "settlement" on the prior year's tax liability.

FY 2021 withholding is estimated to be markedly lower than FY 2020 results, driven by extraordinary declines in both bonus and non-bonus wages. Extension payments related to Tax Year 2019 are projected to decrease due to improved extension payment accuracy. The three-month pandemic-related filing deadline delay is expected to result in less-than-usual extension overpayment since taxpayers had additional time to estimate their tax liabilities. Estimated payments attributable to Tax Year 2020 are expected to substantially decrease, driven by a steep decline in nonwage income. FY 2021 final return payments and delinquencies are both expected to increase.

The decrease in total refunds reflects a steep decrease in advanced credit payments attributable to Tax Year 2020, coupled with a decline in the administrative January-March refund cap. These decreases are partially offset by increases in prior-year refunds related to Tax Year 2019, refunds related to tax years prior to 2019, and the State-City offset. The large decline in advanced credit payments attributable to Tax Year 2020 reflects the expiration of the Property Tax Relief Credit. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2021 STAR transfer is expected to decline. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2021 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2021 General Fund PIT is expected to decrease due to these changes.

All Funds FY 2022 receipts are projected to decrease, reflecting sharp declines in Tax Year 2020 extension payments and final returns, coupled with growth in total refunds. These changes are primarily driven by exceptionally weak Tax Year 2020 nonwage income. Revenue declines are partially offset by increases in withholding, Tax Year 2020 current estimated payments, and delinquencies. The FY 2022 STAR transfer is expected to decline. The FY 2022 RBTF is projected to decrease based on the decrease in FY 2022 All Funds receipts. General Fund PIT receipts for FY 2022 are also expected to decrease, driven by the aforementioned changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2023 are projected to increase from FY 2022 projections as the State economy recovers. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

General Fund PIT receipts for FY 2023 are expected to increase, reflecting an increase in All Funds PIT receipts coupled with a decrease in the STAR transfer, partially offset by an increase in RBTF receipts.

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2024 reflecting normal baseline growth in income and associated tax liability.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**18,021**	**14,404**	**-20.1%**	**16,439**	**14.1%**	**17,090**	**4.0%**	**17,496**	**2.4%**
Sales Tax	15,932	12,482	-21.7%	14,456	15.8%	15,139	4.7%	15,581	2.9%
Cigarette and Tobacco Taxes	1,035	971	-6.2%	946	-2.6%	904	-4.4%	864	-4.4%
Vapor Excise Tax	10	14	40.0%	6	-57.1%	6	0.0%	6	0.0%
Motor Fuel Tax	512	447	-12.7%	509	13.9%	507	-0.4%	502	-1.0%
Highway Use Tax	142	131	-7.7%	139	6.1%	138	-0.7%	140	1.4%
Alcoholic Beverage Taxes	259	266	2.7%	264	-0.8%	266	0.8%	269	1.1%
Opioid Excise Tax	19	34	78.9%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	6	7	16.7%	7	0.0%	7	0.0%	7	0.0%
Auto Rental Tax[1]	106	52	-50.9%	78	50.0%	89	14.1%	93	4.5%
GENERAL FUND[2]	**8,038**	**6,446**	**-19.8%**	**7,380**	**14.5%**	**7,691**	**4.2%**	**7,890**	**2.6%**
Sales Tax	7,447	5,850	-21.4%	6,777	15.8%	7,096	4.7%	7,302	2.9%
Cigarette and Tobacco Taxes	313	296	-5.4%	305	3.0%	295	-3.3%	285	-3.4%
Alcoholic Beverage Taxes	259	266	2.7%	264	-0.8%	266	0.8%	269	1.1%
Opioid Excise Tax	19	34	78.9%	34	0.0%	34	0.0%	34	0.0%

[1] No longer includes receipts remitted directly to the MTA without an appropriation beginning in FY 2020.

[2] Excludes Transfers.

All Funds consumption/use tax receipts for FY 2021 are estimated to decrease significantly from FY 2020 results due to the impacts of the COVID-19 pandemic. Sales tax receipts are estimated to decrease due to a significant decline in taxable consumption (i.e., estimated sales tax base decline of 22.6 percent). The excise taxes on opioids and vapor products are both fully implemented in FY 2021. Vapor products tax receipts are projected to moderately increase from FY 2020 results despite legislation in the Enacted Budget to ban all flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are projected to decrease, reflecting a continued decline in taxable cigarette consumption. Highway use tax collections are estimated to decrease, reflecting a decline in demand from the trucking sector related to the economic slowdown and limited travel activities. Motor fuel tax receipts are estimated to decrease due to declines in both gasoline and diesel consumption. Auto rental tax receipts are estimated to decrease, mainly due to the significant and ongoing negative impact of the COVID-19 pandemic on the travel industry.

A portion of sales tax receipts is initially deposited to the Local Government Assistance Tax Fund (25 percent), and the Sales Tax Revenue Bond Fund (25 percent), which support debt service payments on bonds issued under the Local Government Assistance Corporation (LGAC) and State Sales Tax Revenue Bond programs, respectively. Receipts in excess of the debt service requirements of these funds and the local assistance payments to New York City, or its assignee, are subsequently transferred to the General Fund.

General Fund consumption/use tax receipts for FY 2021 are estimated to decrease, largely due to the sales and use tax trends noted above.

All Funds consumption/use tax receipts for FY 2022 are projected to increase by slightly more than $2 billion from FY 2021 estimates. The increase in sales tax receipts reflects a rebound in taxable consumption with projected base growth of 15.2 percent. The excise tax on opioids is projected to remain flat. Motor fuel tax, auto rental tax, and highway use tax receipts are all estimated to increase from FY 2021 estimates as the economy and travel activity are expected to improve compared to the prior year. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2022 General Fund consumption/use tax receipts are projected to increase, mainly due to the sales and use tax trend noted above.

FY 2023 and FY 2024 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting growth in the sales tax base, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in both FY 2023 and FY 2024 primarily due to the All Funds sales and use tax and cigarette tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**8,996**	**8,945**	**-0.6%**	**8,874**	**-0.8%**	**9,403**	**6.0%**	**9,592**	**2.0%**
Corporate Franchise Tax	4,824	4,868	0.9%	4,883	0.3%	5,345	9.5%	5,476	2.5%
Corporation and Utilities Tax	705	640	-9.2%	637	-0.5%	654	2.7%	659	0.8%
Insurance Tax	2,306	2,165	-6.1%	2,269	4.8%	2,327	2.6%	2,389	2.7%
Bank Tax	0	270	0.0%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,161	1,002	-13.7%	1,085	8.3%	1,077	-0.7%	1,068	-0.8%
GENERAL FUND	**6,370**	**6,506**	**2.1%**	**6,337**	**-2.6%**	**6,778**	**7.0%**	**6,918**	**2.1%**
Corporate Franchise Tax	3,791	3,882	2.4%	3,852	-0.8%	4,228	9.8%	4,309	1.9%
Corporation and Utilities Tax	518	470	-9.3%	463	-1.5%	477	3.0%	481	0.8%
Insurance Tax	2,053	1,929	-6.0%	2,022	4.8%	2,073	2.5%	2,128	2.7%
Bank Tax	8	225	2712.5%	0	-100.0%	0	0.0%	0	0.0%

FY 2021 All Funds business tax receipts are estimated to decline slightly, albeit $1 billion below Executive Budget Financial Plan estimates, driven primarily by a decrease in gross receipts from corporation and utilities taxes, insurance taxes, and petroleum business taxes. These declines are partially offset by increases in bank tax audit receipts and a decline in corporation franchise tax (CFT) refunds paid.

CFT receipts are estimated to increase slightly in FY 2021, reflecting a reduction in refunds paid and an increase in audit receipts. Refunds are estimated to return to recent historical levels after the previous year included a large refund that was originally anticipated to be paid in FY 2019. Audit receipts are estimated to increase based on anticipated large cases expected to close this fiscal year. Gross receipts are estimated to decline due to projected large declines in corporate profits and investment in equipment and software, in addition to the continued phase-out of the capital base that will be complete in 2021.

Corporation and utilities tax receipts for FY 2021 are estimated to decrease over the prior fiscal year, largely driven by decreases in gross receipts from both the telecommunication and utilities sectors and a decrease in audits. FY 2020 audit receipts more than doubled over the prior year and are expected to return to trend level in FY 2021 while refunds are estimated to increase slightly.

Insurance tax receipts for FY 2021 are estimated to decrease significantly due to a decline in gross receipts. FY 2020 gross receipts increased sharply due to payments covering two liability periods from the conversion of a not-for-profit insurer to a for-profit insurer. Projected declines in corporate profits also contribute to the drop in gross receipts. Audits are estimated to increase to trend levels while refunds paid are expected to decline compared to historically high refunds paid last fiscal year.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2021 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. Petroleum business tax (PBT) receipts are estimated to decrease from FY 2020 results, primarily due to a decline in both gasoline and diesel consumption coupled with the impact of a 2 percent decline in the PBT rate index on January 1, 2020, paired with a projected 5 percent decline in the PBT rate index on January 1, 2021.

General Fund business tax receipts for FY 2021 are estimated to increase due to the trends in bank and corporation franchise tax receipts described above.

General Fund and All Funds business tax receipts for FY 2022 are projected to decline, primarily reflecting a decline in audit receipts from bank taxes. A projected decline in bank taxes and corporation and utilities taxes is offset by projected increases in CFT, insurance tax, and PBT receipts.

General Fund and All Funds business tax receipts for FY 2023 are projected to increase, primarily reflecting increases in CFT, insurance taxes, and corporation and utilities taxes. This increase is partially offset by a modest decline in PBT receipts.

General Fund and All Funds business tax receipts for FY 2024 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices.

Other Taxes

OTHER TAXES (millions of dollars)	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**2,212**	**2,066**	**-6.6%**	**2,054**	**-0.6%**	**2,161**	**5.2%**	**2,266**	**4.9%**
Estate Tax	1,070	1,100	2.8%	1,028	-6.5%	1,077	4.8%	1,128	4.7%
Real Estate Transfer Tax	1,124	949	-15.6%	1,004	5.8%	1,061	5.7%	1,114	5.0%
Employer Compensation Expense Program	2	4	100.0%	6	50.0%	7	16.7%	7	0.0%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	3	50.0%
GENERAL FUND[1]	**1,087**	**1,115**	**2.6%**	**1,047**	**-6.1%**	**1,097**	**4.8%**	**1,148**	**4.6%**
Estate Tax	1,070	1,100	2.8%	1,028	-6.5%	1,077	4.8%	1,128	4.7%
Employer Compensation Expense Program	1	2	100.0%	3	50.0%	4	33.3%	3	-25.0%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	3	50.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2021 are estimated to decrease from FY 2020 results, primarily due to an estimated decrease in real estate transfer tax receipts resulting from large estimated declines in housing starts, housing prices, and bonuses. The real estate transfer tax receipts estimated decrease is partially offset by a slight increase in estate tax receipts, primarily due to the partial-year impact of minor growth in estimated household net worth.

General Fund other tax receipts are estimated to increase, mainly due to the estimated increase in estate tax receipts noted above.

All Funds other tax receipts for FY 2022 are projected to decrease slightly, primarily due to a decrease in estate tax receipts, reflecting an estimated year-over-year decline in super large payments and slower growth in key variables such as household net worth and Wilshire 5000. This is largely offset by an increase in real estate transfer tax receipts, primarily due to projected growth in housing starts, housing sales and housing prices as activity rebounds compared to the prior year.

General Fund other tax receipts for FY 2022 are projected to decrease, due to the decline in estate tax receipts noted above.

All Funds other tax receipts for FY 2023 and FY 2024 are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2023 and FY 2024 are projected to increase, resulting from the projected increases in estate tax receipts noted above.

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, Tribal-State Compact receipts, Extraordinary Monetary Settlements and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**29,466**	**31,066**	**5.4%**	**25,421**	**-18.2%**	**24,085**	**-5.3%**	**23,648**	**-1.8%**
General Fund	3,159	6,744	113.5%	1,750	-74.1%	1,773	1.3%	1,811	2.1%
Special Revenue Funds	19,279	15,750	-18.3%	15,980	1.5%	15,432	-3.4%	15,068	-2.4%
Capital Projects Funds	6,551	8,191	25.0%	7,306	-10.8%	6,496	-11.1%	6,385	-1.7%
Debt Service Funds	477	381	-20.1%	385	1.0%	384	-0.3%	384	0.0%

All Funds miscellaneous receipts are projected to total $31.1 billion in FY 2021, an increase of 5.4 percent from FY 2020 results, driven by the issuance of $4.5 billion in PIT notes in response to the COVID-19 pandemic and increasing bond proceeds.

All Funds miscellaneous receipts are projected to decline annually after FY 2021, reflecting the nonrecurring short-term financing, continued impact of the COVID-19 pandemic and a decrease in bond proceed reimbursements in later years, which corresponds to prior-year capital expenses.

Federal Grants

FEDERAL GRANTS (millions of dollars)	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**65,080**	**77,097**	**18.5%**	**70,194**	**-9.0%**	**71,644**	**2.1%**	**73,771**	**3.0%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	62,897	74,841	19.0%	67,909	-9.3%	69,361	2.1%	71,519	3.1%
Capital Projects Funds	2,109	2,182	3.5%	2,213	1.4%	2,214	0.0%	2,186	-1.3%
Debt Service Funds	74	74	0.0%	72	-2.7%	69	-4.2%	66	-4.3%

Aid from the Federal government helps to pay for a variety of programs including Medicaid, public assistance, mental hygiene, School Aid, public health, transportation, and other activities. Annual changes to Federal grants generally correspond to changes in Federally-reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal grant receipts, actual results often differ from projections.

All Funds Federal grants projections primarily reflect the continuation of growth in Federal Medicaid spending related to Federal health care transformation initiatives, a temporary increase in the FMAP, and funding from the CRF, partly offset by the projected phase-down of Federal disaster assistance. All Federal receipts are subject to Congressional authorization, appropriations and budget action.

Under the Trump Administration and the current Congress, many of the policies that drive Federal aid may be subject to change. At this time, it is not possible to assess the potential fiscal impact of future policies that may be proposed and adopted. If Federal funding to the State were reduced, this could have a materially adverse impact on the Updated Financial Plan.

Disbursements

In FY 2021, disbursements from the State's General Fund, including transfers, are expected to total $70.7 billion, and disbursements from State Operating Funds are expected to total $98.2 billion. School Aid, Medicaid, transportation, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

The multi-year disbursements projections consider various factors including statutorily-indexed rates, agency staffing levels, program caseloads, inflation, and funding formulas contained in State and Federal law. Factors that affect spending estimates vary by program. For example, public assistance spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections also account for the timing of payments, since not all of the amounts appropriated are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in State Special Revenue Funds have been adjusted downward in all fiscal years, based on typical spending patterns and the observed variance between estimated and actual results over time. A corresponding downward adjustment is also made to miscellaneous receipts.

The Updated Financial Plan estimates include $8 billion in recurring reductions in aid-to-localities disbursements that are expected to be implemented pursuant to the budget-balance and withholding authority granted in the Enacted Budget. The allocation of the savings plan will depend on what programs are included or excluded from reductions, the level of targeted reductions in certain areas, and the availability of Federal aid. Accordingly, the specific agency and program spending levels described below do not reflect any reductions that may occur as a result of the savings plan. However, such reductions may be significant.

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds, including budget balance reductions, is estimated at $61.4 billion in FY 2021, which is approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

Certain major factors considered in preparing spending projections for the State's major local assistance programs and activities are summarized below.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES
(millions of dollars)

	FY 2020 Results[1]	FY 2021 Updated	Forecast FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
HEALTH CARE					
Medicaid - Individuals Covered[2]	6,179,986	6,643,148	6,403,502	6,382,210	6,378,218
Essential Plan - Individuals Covered	800,438	810,724	831,139	834,539	834,539
Child Health Plus - Individuals Covered	433,405	477,809	466,382	465,701	465,701
State Takeover of County/NYC Costs[3]	$4,115	$4,468	$4,818	$5,179	$5,551
CY 2005 Local Medicaid Cap	$3,015	$3,185	$3,353	$3,531	$3,720
FY 2013 Local Takeover Costs	$1,100	$1,283	$1,465	$1,648	$1,831
EDUCATION					
School Aid (School Year-Basis Funding)[4]	$27,812	$26,780	$27,918	$28,911	$29,854
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	549,800	549,800	549,800	549,800	549,800
Tuition Assistance Program (Recipients)	265,936	265,936	265,936	265,936	265,936
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	178,038	171,392	166,404	165,110	165,243
Safety Net Program (Families)	105,016	101,741	99,351	98,373	97,930
Safety Net Program (Singles)	191,424	196,052	201,179	206,590	212,376
MENTAL HYGIENE					
OMH Community Beds	45,596	48,052	49,362	50,585	51,085
OPWDD Community Beds	43,099	43,331	43,564	43,798	44,034
OASAS Community Beds	13,494	13,574	13,804	14,035	14,115
Total	102,189	104,957	106,730	108,418	109,234

[1] Reflects updated information on results.
[2] Enrollment in public health insurance programs is subject to direct/indirect risks related to the COVID-19 pandemic.
[3] Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.
[4] FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the 673 major school districts. State aid is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses, such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally-defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30)

State Operating Funds support for School Aid is expected to total $26.8 billion in SY 2021, an annual decrease of $1 billion (3.7 percent). This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, SY 2021 School Aid is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent.

The Updated Financial Plan reflects prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The Updated Financial Plan also reflects the State providing over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid, is continued under existing aid formulas.

Outyear growth in School Aid reflects current projections of the ten-year average growth in State personal income.

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30)
(millions of dollars)

	SY 2020	SY 2021[1]	Change	SY 2022	Change	SY 2023	Change	SY 2024	Change
Total	27,812	26,780	-1,032	27,918	1,138	28,911	993	29,854	943
			-3.7%		4.2%		3.6%		3.3%

[1]Does not reflect $1.1 billion in Federal CARES Act funding.

State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts and Lottery Fund receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming and Lottery Fund receipts are accounted for and disbursed from dedicated accounts. Because the State fiscal year begins on April 1 and the school year begins on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS
(millions of dollars)

	FY 2020 Results	FY 2021[1] Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**27,368**	**26,906**	**-1.7%**	**27,453**	**2.0%**	**28,478**	**3.7%**	**29,435**	**3.4%**
General Fund Local Assistance	23,384	23,913	2.3%	24,195	1.2%	25,122	3.8%	25,954	3.3%
Medicaid	138	140	1.4%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,709	2,206	-18.6%	2,246	1.8%	2,246	0.0%	2,246	0.0%
VLT Lottery Aid	975	558	-42.8%	746	33.7%	834	11.8%	943	13.1%
Commercial Gaming	162	89	-45.1%	126	41.6%	136	7.9%	152	11.8%

[1] Does not reflect $1.1 billion in Federal CARES Act funding.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total $26.9 billion in FY 2021, a 1.7 percent decrease from FY 2020. In FY 2021, the share of School Aid spending financed by lottery, video lottery and commercial gaming revenues is projected to decrease due largely to the impact of the COVID-19 pandemic on economic activity. If gaming revenues drop further below currently projected levels, then the General Fund is expected to transfer the value of the shortfall to the appropriate State Special Revenue Fund. In addition to State aid, school districts currently receive more than $3 billion annually in existing Federal aid. School districts are also expected to receive approximately $1.1 billion in Federal CARES Act funds.

Other Education Funding

The State also provides funding and support for various other education-related programs. These include: special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,319**	**2,303**	**-0.7%**	**2,387**	**3.6%**	**2,473**	**3.6%**	**2,542**	**2.8%**
Special Education	1,331	1,357	2.0%	1,428	5.2%	1,495	4.7%	1,564	4.6%
All Other Education	988	946	-4.3%	959	1.4%	978	2.0%	978	0.0%

The State helps fund special education services for approximately 500,000 students with disabilities, from ages 3 to 21. Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school breakfast and lunch programs, after-school programs and other educational grant programs. Cultural education includes aid for operating expenses of the major cultural institutions, State Archives, State Library, and State Museum, as well as support for the Office of Educational Television and Public Broadcasting. Higher and professional education programs monitor the quality and availability of post-secondary education programs, and license and regulate over 50 professions. Adult career and continuing education services focus on the education and employment needs of the State's adult citizens, ensuring that such individuals have access to a one-stop source for all their employment needs, and are made aware of the full range of services available in other agencies.

The increase in projected Special Education spending in FY 2021 and thereafter is primarily attributable to increased State reimbursement to special education providers for minimum wage costs and projected enrollment and cost growth in preschool and summer school special education programs.

The projected spending increases for All Other Education programs in FYs 2022 – 2023 are largely due to continued growth in charter school supplemental tuition, facilities aid payments for charter schools in New York City, and payments to nonpublic schools.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income (below $88,050) senior citizens will receive a $69,800 exemption in FY 2021.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit in lieu of a property tax exemption. This change initially had no impact on the value of the STAR benefit received by homeowners. Since the FY 2020 Enacted Budget and moving forward, homeowners who receive a property tax exemption will not see an increase in their STAR benefit (details below).

The STAR program also includes a credit for income-eligible resident New York City taxpayers. The New York City PIT rate reduction was converted into a State PIT tax credit starting with Tax Year 2017. As of FY 2019, New York City STAR payments are no longer a component of State Operating Funds spending. This change has no impact on the value of the STAR benefit received by taxpayers.

SCHOOL TAX RELIEF (STAR) - REVENUE REDUCTION RESULTING FROM STAR ACTIONS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,184**	**2,073**	**-5.1%**	**1,979**	**-4.5%**	**1,858**	**-6.1%**	**1,750**	**-5.8%**
Gross Program Costs	3,353	3,434	2.4%	3,511	2.2%	3,571	1.7%	3,636	1.8%
Personal Income Tax Credit	(1,169)	(1,361)	-16.4%	(1,532)	-12.6%	(1,713)	-11.8%	(1,886)	-10.1%
Basic Exemption	1,321	1,230	-6.9%	1,171	-4.8%	1,095	-6.5%	1,027	-6.2%
Gross Program Costs	1,737	1,802	3.7%	1,860	3.2%	1,916	3.0%	1,967	2.7%
Personal Income Tax Credit	(416)	(572)	-37.5%	(689)	-20.5%	(821)	-19.2%	(940)	-14.5%
Enhanced (Senior) Exemption	863	843	-2.3%	808	-4.2%	763	-5.6%	723	-5.2%
Gross Program Costs	936	935	-0.1%	936	0.1%	922	-1.5%	918	-0.4%
Personal Income Tax Credit	(73)	(92)	-26.0%	(128)	-39.1%	(159)	-24.2%	(195)	-22.6%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	680	697	2.5%	715	2.6%	733	2.5%	751	2.5%
Personal Income Tax Credit	(680)	(697)	-2.5%	(715)	-2.6%	(733)	-2.5%	(751)	-2.5%

Starting in FY 2020, all homeowners with incomes above $250,000 were transitioned from the basic exemption benefit program to the advance credit program. Additionally, the zero percent growth cap on the STAR exemption benefit that was included in the FY 2020 Enacted Budget remains in effect. Most of the spending decline projected in FYs 2021 through 2024 can be attributed to these actions. By shifting taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The shift from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

Higher Education

Local assistance for higher education spending includes funding for CUNY, SUNY, and the Higher Education Services Corporation (HESC).

HIGHER EDUCATION
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	2,362	3,518	48.9%	2,924	-16.9%	2,961	1.3%	2,991	1.0%
City University	**933**	**2,245**	**140.6%**	**1,625**	**-27.6%**	**1,658**	**2.0%**	**1,688**	**1.8%**
Senior Colleges	873	1,812	107.6%	1,381	-23.8%	1,415	2.5%	1,445	2.1%
Community College	60	433	621.7%	244	-43.6%	243	-0.4%	243	0.0%
Higher Education Services	**950**	**814**	**-14.3%**	**838**	**2.9%**	**843**	**0.6%**	**843**	**0.0%**
Tuition Assistance Program	833	664	-20.3%	669	0.8%	665	-0.6%	665	0.0%
Scholarships/Awards	108	138	27.8%	157	13.8%	166	5.7%	166	0.0%
Aid for Part-Time Study	9	12	33.3%	12	0.0%	12	0.0%	12	0.0%
State University	**479**	**459**	**-4.2%**	**461**	**0.4%**	**460**	**-0.2%**	**460**	**0.0%**
Community College	475	455	-4.2%	457	0.4%	456	-0.2%	456	0.0%
Other/Cornell	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 400,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 309,000 students. State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides more than $1 billion annually for SUNY campus operations through a General Fund transfer and more than $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.3 billion in FY 2021 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2021, an estimated $250 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

HESC is New York State's student financial aid agency and a national leader in helping make college affordable. HESC oversees numerous State-funded financial aid programs, including the Excelsior Scholarship, Tuition Assistance Program (TAP), the Aid for Part-Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 380,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

Spending on higher education is projected to increase by $1.2 billion, or 48.9 percent, from FY 2020 to FY 2021, and decrease by $594 million, or 16.9 percent, from FY 2021 to FY 2022. The spending increase in FY 2021, and subsequent decrease in FY 2022, is primarily due to the timing of academic year 2021 payments for CUNY Senior and Community Colleges. Additionally, the implementation of accounting changes, which reflect the payment of certain student financial aid from HESC to SUNY as transfers instead of disbursements, will result in lower disbursements in FY 2021. The increase in outyear spending is primarily attributable to increased support for CUNY fringe benefits.

Health Care

DOH works with local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The majority of government-financed health care programs are included under DOH, but a number of programs are also supported through multi-agency efforts.

In addition to State funding, DOH also engages in Federal supported initiatives, such as the DSRIP program, with the goal of transforming New York's health care system. For more information on the MRT Medicaid Waiver and DSRIP program please see "Other Matters Affecting the Financial Plan" herein.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed by a combination of State, Federal, and local government resources. Eligible services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services).

Historically, the State has experienced growth in Medicaid enrollment during economic downswings resulting from increased unemployment. DOB is evaluating enrollment trends connected to the economic downturn attributable to the COVID-19 pandemic. As many families and individuals saw a decrease in income in early 2020, more are expected to qualify for Medicaid or other public insurance programs. As a result, the number of State Medicaid recipients is expected to increase over levels previously anticipated. As new enrollees remain eligible for continuous coverage for 12 months, costs associated with enrollment growth will continue to rise in the outyears. Enrollment in Medicaid is also increasing among populations associated with higher service utilization and costs, augmenting growth in the State share of Medicaid spending. The aforementioned spending pressures will be offset from eFMAP provided in the FFCRA.

Other factors that continue to place upward pressure on State-share Medicaid spending (which includes spending within and outside the Global Cap) include, but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; the phase-out of enhanced Federal funding; increased costs and enrollment growth in managed long-term care; and payments to financially distressed hospitals.

Financing of Medicaid Spending

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The following table provides information on financing sources for State Medicaid spending.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS	**26,300**	**24,616**	**-6.4%**	**28,609**	**16.2%**	**30,232**	**5.7%**	**31,793**	**5.2%**
Department of Health Medicaid	**22,037**	**21,006**	**-4.7%**	**24,237**	**15.4%**	**25,287**	**4.3%**	**26,279**	**3.9%**
General Fund - DOH Medicaid Local	16,071	14,876	-7.4%	18,177	22.2%	19,146	5.3%	20,052	4.7%
DOH Medicaid	13,228	12,957	-2.0%	14,118	9.0%	15,014	6.3%	15,951	6.2%
Non-DOH Medicaid[1]	611	1,469	140.4%	945	-35.7%	573	-39.4%	174	-69.6%
Minimum Wage	1,453	1,767	21.6%	2,011	13.8%	2,273	13.0%	2,458	8.1%
Local Takeover Cost[2]	1,100	1,283	16.6%	1,465	14.2%	1,648	12.5%	1,831	11.1%
MSA Payments (Share of Local Growth)[3]	(321)	(362)	-12.8%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP[4]	0	(2,238)	0.0%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	207	252	21.7%	279	10.7%	278	-0.4%	285	2.5%
General Fund - Essential Plan	74	76	2.7%	76	0.0%	74	-2.6%	74	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	76	2.7%	76	0.0%	74	-2.6%	74	0.0%
Other State Funds - DOH Medicaid Local	5,685	5,802	2.1%	5,705	-1.7%	5,789	1.5%	5,868	1.4%
HCRA Financing	3,836	4,149	8.2%	4,025	-3.0%	4,082	1.4%	4,133	1.2%
Indigent Care Support	917	717	-21.8%	717	0.0%	717	0.0%	717	0.0%
Provider Assessment Revenue	931	934	0.3%	961	2.9%	988	2.8%	1,016	2.8%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**4,263**	**3,610**	**-15.3%**	**4,372**	**21.1%**	**4,945**	**13.1%**	**5,514**	**11.5%**
Use of MSA Payments (Share of Local Growth)[3]	**321**	**362**	**12.8%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**
LOCAL SHARE OF MEDICAID[5]	**8,353**	**7,418**	**-11.2%**	**7,422**	**0.1%**	**7,292**	**-1.8%**	**7,327**	**0.5%**
FEDERAL SHARE OF MEDICAID	**44,756**	**52,702**	**17.8%**	**51,413**	**-2.4%**	**53,022**	**3.1%**	**54,868**	**3.5%**
DOH Medicaid	40,922	47,958	17.2%	46,573	-2.9%	48,121	3.3%	49,959	3.8%
Essential Plan	3,834	4,744	23.7%	4,840	2.0%	4,901	1.3%	4,909	0.2%
ALL FUNDING SOURCES	**79,730**	**85,098**	**6.7%**	**87,806**	**3.2%**	**90,908**	**3.5%**	**94,350**	**3.8%**

1 The DOH Medicaid budget funds a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.

2 Beginning in FY 2013, the State began phasing (3-2-1-0) in takeover of the local government share of growth. As of County Year (CY) 2015 the State pays the full share of Medicaid program growth on behalf of local governments.

3 MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.

4 Enhanced FMAP of 6.2 percent for 9 months retro to January 2020.

5 The Local Share of Medicaid is paid by the Local Social Service Districts (counties), and is not included in the State's All Governmental Funds disbursement totals. Fluctuation in the local share of Medicaid is related to certain supplemental payments made by local districts. Local Medicaid services payments are capped at CY 2015 levels.

State share Medicaid spending also appears in the Updated Financial Plan estimates for other State agencies and programs, including the mental hygiene agencies, child welfare programs, education aid and corrections.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS[1]
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Department of Health Medicaid	21,963	20,930	24,161	25,213	26,205
Local Assistance	22,077	23,278	24,244	25,297	26,282
State Operations	207	252	279	278	285
MSA Payments (Share of Local Growth)[2]	(321)	(362)	(362)	(362)	(362)
Enhanced FMAP[3]	0	(2,238)	0	0	0
Other State Agency Medicaid Spending	4,263	3,610	4,372	4,945	5,514
Mental Hygiene	4,088	3,397	4,157	4,730	5,299
Foster Care	37	71	75	75	75
Education	138	140	140	140	140
Corrections	0	2	0	0	0
Total State Share Medicaid (All Agencies)	**26,226**	**24,540**	**28,533**	**30,158**	**31,719**
Annual $ Change		(1,686)	3,993	1,625	1,561
Annual % Change		-6.4%	16.3%	5.7%	5.2%
Essential Plan[4]	**74**	**76**	**76**	**74**	**74**
Local Assistance	0	0	0	0	0
State Operations	74	76	76	74	74

[1] DOH spending in the Financial Plan includes certain items that are excluded from the indexed provisions of the Medicaid Global Cap. This includes administrative costs, such as the takeover of local administrative responsibilities; the decision of Monroe County to participate in the Medicaid local cap program rather than continuing the sales tax intercept option; increased Federal Financial Participation that became effective in January 2014; and a share of minimum wage increases.

[2] MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.

[3] Enhanced FMAP of 6.2 percent for 9 months retroactive to January 2020.

[4] The EP is not a Medicaid program; however, State-funded resources for the EP are managed under the Medicaid Global Cap.

Global Cap

The majority of DOH State Funds Medicaid spending is budgeted and expended principally through DOH. A portion of this spending is subject to the Global Cap -- the ten-year rolling average of the medical component of the CPI. The Global Cap excludes non-indexed items including the takeover of local Medicaid growth, the multi-year takeover assumption of local Medicaid administration costs, increased Federal Financial Participation (FFP) pursuant to the ACA (effective in January 2014), and the cost of minimum wage increases for health care providers. The Global Cap allows for growth related to increasing costs but does not account for utilization growth. The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then-current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation.

Medicaid Redesign Team (MRT) II

In FY 2020, DOB recognized that a structural imbalance existed in the Medicaid program. Absent actions to rein in spending growth, State Medicaid spending levels would have exceeded the allowable indexed growth as set by Global Cap statute. In response to the imbalance, the Governor formed the MRT II with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the Governor's core healthcare strategies.

The Updated Financial Plan includes $2.2 billion in recommendations, including the recurring value of savings that began in FY 2020, put forward by the MRT II to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care, as well as eligibility and administrative reforms. Additionally, policy initiatives, including the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker will lead to better transparency and greater efficiencies within these areas. MRT II also focused on greater program integrity within Medicaid and included reforms to modernize regulations to eliminate fraud, waste and abuse.

Through a combination of MRT II actions, the continued FY 2020 savings plan, payment delays and restructuring, spending under the Global Cap has been significantly reduced to ensure Medicaid spending stays within statutorily allowable levels in FY 2021 and beyond. In FY 2020, spending was roughly $650 million lower than anticipated, resulting in a temporary reduction to the continued payment deferral previously planned. These savings, along with a recurring $400 million spending reduction, result in a $100 million reduction to the required General Fund contribution in FY 2021.

Programmatic and payment reforms to the Medicaid program addressed by the MRT II include, but are not limited to; reductions in hospital supplemental pool payments; promoting quality Managed Care Encounter Data by withholding a portion of premiums; modifying criteria for Personal Care Services and the Consumer Directed Personal Assistance Program (CDPAP); delaying new discretionary Community First Choice Option (CFCO) services that are already furnished via Medicaid waivers; reducing drug cap growth by enhancing the purchasing power to lower cost drugs and an across the board rate reduction. For more information on the MRT II activities please see "Other Matters Affecting the Financial Plan" herein.

As a result of the MRT II and other combined savings actions, Global Cap spending growth is projected to adhere to the indexed rate of 3 percent in FY 2021. Similarly, the Updated Financial Plan reflects the continuation of the "Global Cap" through FY 2024, and the projections assume that statutory authority will be extended in subsequent years.

MEDICAID GLOBAL CAP FORECAST (millions of dollars)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Global Medicaid Cap[1]	**19,433**	**20,006**	**20,594**	**21,200**	**21,824**
Annual $ Change		573	588	606	624
Annual % Change		3.0%	2.9%	2.9%	2.9%

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI.

Temporary Enhanced FMAP

In response to the COVID-19 pandemic, the President signed into law the FFCRA in March 2020 which included supplemental Federal funding for various programs, including an enhanced FMAP for unexpected costs attributable to the pandemic retroactive to January 2020.

The FFCRA includes a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on certain expenditures, including expansion spending that already receives enhanced Federal support. The public health emergency has not been lifted and as such, the enhanced funding remains in place for quarter three of the calendar year. The Updated Financial Plan assumes a nine-month State benefit of approximately $2.2 billion that will be used to offset unanticipated General Fund expenses directly or indirectly related to the pandemic, including costs associated with increased Medicaid enrollment.[20]

[20] In late July 2020, the Secretary of Health and Human Services extended the public health emergency period through October 23, 2020, which would trigger a fourth quarter of the 6.2 base increase through December 31, 2020. However, the emergency period can be revoked at any time before the start of the final quarter if the Secretary determines there is no longer a public health emergency. Therefore, these savings, which would be comparable to the savings expected from the extension through September 30, are not reflected in this AIS Update.

Master Settlement Agreement (MSA)

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired, and with no remaining debt service requirements to be paid on these bonds, DOB expects to receive MSA payments of approximately $362 million in FY 2021 and in each subsequent year. Existing statutes direct these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is expected to cost the State $1.3 billion in FY 2021, growing to $1.5 billion in FY 2022. Consistent with State law, DOB expects MSA payments to be deposited directly to a Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds.

The table below shows total State spending adjusted for MSA payments.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
State Share Support	**26,621**	**24,978**	**28,971**	**30,594**	**32,155**
State Funds Medicaid Disbursements	26,300	24,616	28,609	30,232	31,793
MSA Payments (Local Growth)	321	362	362	362	362

Minimum Wage

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap indexed spending limit. The State costs of minimum wage increases in the health care sector are projected to grow roughly $300 million to $1.8 billion in FY 2021. Per State statute, home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education and fringe benefits. The supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for New York City and $3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the New York City budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out over a three-year period all growth in the local share of Medicaid costs. The takeover of local Medicaid costs by the State is projected to save local districts a total of $4.5 billion in FY 2021 including approximately $2.3 billion for counties outside New York City and $2.2 billion for New York City.

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2020 to FY 2024
(in dollars)

County	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Albany	42,689,168	45,924,447	49,145,707	52,460,384	55,871,186
Allegany	6,772,552	7,282,837	7,790,910	8,313,717	8,851,686
Broome	45,031,526	47,571,195	50,099,859	52,701,854	55,379,307
Cattaraugus	15,132,371	16,107,474	17,078,352	18,077,385	19,105,391
Cayuga	15,561,190	16,470,059	17,374,989	18,306,163	19,264,340
Chautauqua	30,536,154	32,422,534	34,300,740	36,233,414	38,222,136
Chemung	16,488,992	17,606,113	18,718,393	19,862,930	21,040,658
Chenango	8,645,524	9,211,451	9,774,926	10,354,742	10,951,372
Clinton	13,123,058	14,054,886	14,982,677	15,937,373	16,919,755
Columbia	12,839,564	13,567,329	14,291,940	15,037,564	15,804,811
Cortland	8,805,834	9,380,674	9,953,023	10,541,971	11,147,998
Delaware	8,898,054	9,433,363	9,966,352	10,514,798	11,079,148
Dutchess	56,414,674	59,419,628	62,411,561	65,490,261	68,658,242
Erie	177,505,131	189,303,042	201,049,829	213,137,272	225,575,252
Essex	5,624,785	6,001,647	6,376,876	6,762,988	7,160,296
Franklin	8,587,732	9,155,077	9,719,964	10,301,233	10,899,359
Fulton	10,673,940	11,419,990	12,162,806	12,927,165	13,713,689
Genesee	9,025,263	9,592,429	10,157,138	10,738,223	11,336,160
Greene	9,557,304	10,145,907	10,731,959	11,335,007	11,955,543
Hamilton	687,021	727,545	767,892	809,410	852,132
Herkimer	12,250,594	13,037,477	13,820,950	14,627,145	15,456,719
Jefferson	18,285,842	19,451,308	20,611,724	21,805,792	23,034,488
Lewis	4,243,589	4,527,009	4,809,201	5,099,576	5,398,373
Livingston	9,545,038	10,117,564	10,687,610	11,274,187	11,877,774
Madison	10,611,590	11,274,217	11,933,972	12,612,860	13,311,436
Monroe	162,292,163	172,706,043	183,074,797	193,744,244	204,723,105
Montgomery	13,283,037	14,050,740	14,815,117	15,601,660	16,411,013
Nassau	236,493,602	250,812,829	265,070,006	279,740,641	294,836,725
Niagara	39,497,776	42,088,881	44,668,758	47,323,452	50,055,132
Oneida	50,086,271	53,309,028	56,517,821	59,819,668	63,217,269
Onondaga	100,968,739	107,166,225	113,336,855	119,686,433	126,220,149
Ontario	16,280,759	17,271,271	18,257,491	19,272,311	20,316,561
Orange	90,379,187	95,303,291	100,206,057	105,251,004	110,442,254
Orleans	8,078,898	8,577,544	9,074,029	9,584,912	10,110,610
Oswego	25,520,345	27,054,376	28,581,761	30,153,439	31,770,697
Otsego	8,536,571	9,117,002	9,694,918	10,289,593	10,901,514
Putnam	11,406,609	12,045,986	12,682,592	13,337,660	14,011,725
Rensselaer	24,542,662	26,323,971	28,097,561	29,922,585	31,800,535
Rockland	83,821,671	88,391,821	92,942,167	97,624,473	102,442,566
St. Lawrence	18,202,037	19,484,562	20,761,529	22,075,528	23,427,634
Saratoga	26,933,877	28,503,780	30,066,880	31,675,310	33,330,384
Schenectady	37,450,843	39,623,716	41,787,173	44,013,370	46,304,127
Schoharie	5,166,051	5,498,147	5,828,803	6,169,049	6,519,161
Schuyler	3,033,781	3,240,753	3,446,828	3,658,879	3,877,080
Seneca	5,619,596	5,972,765	6,324,404	6,686,240	7,058,570
Steuben	17,261,543	18,381,710	19,497,022	20,644,679	21,825,618
Suffolk	284,306,151	300,519,369	316,662,330	333,273,436	350,366,264
Sullivan	22,057,621	23,346,278	24,629,350	25,949,631	27,308,200
Tioga	6,304,446	6,744,480	7,182,606	7,633,439	8,097,345
Tompkins	11,104,669	11,806,747	12,505,782	13,225,089	13,965,256
Ulster	41,646,568	44,016,950	46,377,060	48,805,613	51,304,594
Warren	9,939,189	10,615,110	11,288,103	11,980,612	12,693,204
Washington	11,939,872	12,646,329	13,349,724	14,073,518	14,818,302
Wayne	18,840,889	19,842,160	20,839,092	21,864,935	22,920,527
Westchester	175,865,126	187,832,130	199,747,277	212,007,964	224,624,210
Wyoming	5,528,109	5,861,491	6,193,427	6,534,990	6,886,458
Yates	3,731,585	3,975,272	4,217,903	4,467,571	4,724,478
Rest of State	**2,133,656,735**	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**
New York City	**1,981,151,384**	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**
Statewide	**4,114,808,119**	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**

Health Care Transformation Fund (HCTF)

Pursuant to Part FFF of Chapter 59 of the Laws of 2018, the Health Care Transformation Fund (HCTF) was created to account for receipts associated with health care asset sales and conversions. Moneys in the HCTF are to be made available for transfer to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. Future proceeds related to asset sales and conversions may be directed to flow through the HCTF, subject to regulatory approvals.

HEALTH CARE TRANSFORMATION FUND
PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Opening Balance	**525**	**315**	**0**	**0**	**0**
Receipts	**501**	**138**	**138**	**68**	**0**
Fidelis Payment	400	50	50	0	0
Centene Payment	68	68	68	68	0
CVS Payment	13	13	13	0	0
Cigna Payment	7	7	7	0	0
STIP Interest	13	0	0	0	0
Planned Uses	**(711)**	**(453)**	**(138)**	**(68)**	**0**
Housing Rental Subsidies	(272)	(272)	(118)	(68)	0
State-Only Medicaid Payments	(228)	(160)	0	0	0
Capital Projects	(211)	(21)	(20)	0	0
Closing Balance	**315**	**0**	**0**	**0**	**0**

Fidelis - Centene Asset Sale

In September 2017, Fidelis Care (a nonprofit insurer associated with the Catholic Diocese of New York) agreed to sell a substantial share of its assets (under Sections 510 and 511-a of the Not-for-Profit Corporation Law "N-PCL") to Centene Corporation, a for-profit health insurer based in St. Louis, Missouri, in order to enter New York's health insurance marketplace. Consistent with previous transactions of similar nature in New York, the transaction was subject to regulatory approval by DOH, DFS and the Office of the Attorney General (OAG). The transaction included an agreement that the companies would contribute an estimated $2 billion over five years beginning in FY 2019.

Direct payments are expected to offset State costs for health care transformation activities, including enhancing access to affordable quality health care and health care-related services for the poor, disabled, disadvantaged, elderly and/or underserved people of the State, and/or to assist populations with any unmet health care-related needs including, but not limited to, those associated with the social determinants of health.

Following completion of all regulatory approvals, the initial $1 billion direct payment from Fidelis Care was deposited into the HCTF in July 2018. The State recently received the second round of conversion proceeds totaling $468 million. Future deposits into the HCTF from these entities include a total of $118 million in FYs 2021 and 2022, as well as $68 million in FY 2023, at which time the conversion will be complete. The HCTF does not include increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund.

CVS – Aetna Acquisition

In November 2018, DFS approved an application by CVS Health Corp. and CVS Pharmacy Inc. to acquire Aetna Health Insurance Company, a New York domestic stock accident and health insurance company. The acquisition was subject to several conditions, including enhanced consumer and health insurance rate protections, privacy controls, cybersecurity compliance, and a $40 million obligation to New York State over three years. The State is expected to receive three installments of roughly $13 million annually through FY 2022.

Cigna Health and Life Insurance Company (Cigna) – Express Scripts

In December 2018, DFS approved the request by Cigna Corporation, a health services organization, to acquire Express Scripts, a subsidiary pharmacy benefit management organization of Medco Containment Insurance Company of New York. Pursuant to the DFS approved terms, the combined entity is expected to contribute a total of $20 million to New York through FY 2022 and will implement an enhanced care model that will reduce the cost of care and coverage gaps related to diabetes care, cardiology care and opioid abuse. Additional conditions include adherence to New York's cyber-security regulations and consumer protections related to insurance premiums and drug prices.

DOB expects to transfer HCTF funds from the above transactions to the General Fund to offset State costs for health care transformation activities.

Essential Plan (EP)

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. More than 810,000 New Yorkers are expected to be enrolled in the EP in FY 2021. An increase in EP enrollment is anticipated in FY 2021, resulting from increased unemployment attributable to the COVID-19 pandemic. As many New Yorkers saw income fall or lost employer sponsored insurance, more are expected to become eligible and opt-in to coverage.

ESSENTIAL PLAN (millions of dollars)	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL ALL FUNDS SPENDING	**3,908**	**4,820**	**23.3%**	**4,916**	**2.0%**	**4,975**	**1.2%**	**4,983**	**0.2%**
State Operating Funds	**74**	**76**	**2.7%**	**76**	**0.0%**	**74**	**-2.6%**	**74**	**0.0%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	76	2.7%	76	0.0%	74	-2.6%	74	0.0%
Federal Operating Funds	**3,834**	**4,744**	**23.7%**	**4,840**	**2.0%**	**4,901**	**1.3%**	**4,909**	**0.2%**

[1]The EP is not a Medicaid program; however, State savings associated with the EP local assistance program are realized within the Global Cap, where EP resources are managed.

Average spending growth of 6.7 percent over the multiyear Financial Plan reflects a mix of factors, including increased costs associated with higher enrollment and continued Federal support. The increase from FY 2020 to FY 2021 is partially attributable to the delayed transition of the Value Based Payment Quality Incentive Program to Federal funds and increased EP reimbursement rates to providers. Spending growth attributable to these rates tapers in the outyears.

As the State continues to collect a high Federal reimbursement rate for the EP under the current methodology, increased EP local assistance costs attributable to higher enrollment is not expected to increase State share support in FY 2021. The Updated Financial Plan assumes the local assistance share of the EP will continue to be fully Federally funded. However, efforts by the Trump Administration beginning in 2017 to change the reimbursement, continue to present uncertainties in future funding shares of the EP. Despite the uncertainty, the Updated Financial Plan reflects full support for the EP.

Public Health/Aging Programs

Public Health includes many programs. The largest is CHP, which provides health insurance coverage for children of low-income families, up to the age of 19: General Public Health Work (GPHW) reimburses local health departments for the cost of providing certain public health services; Elderly Pharmaceutical Insurance Coverage (EPIC) which provides prescription drug insurance to seniors; and the Early Intervention (EI) program pays for services provided to infants and toddlers under the age of three with disabilities or developmental delays. Many public health programs, such as the EI and GPHW programs, are run by county health departments that are reimbursed by the State for a share of program costs. State spending projections do not include the county share of public health costs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

The Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services (including in-home services and nutrition assistance) provided through a network of county Area Agencies on Aging (AAA) and local providers.

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,805**	**1,933**	**7.1%**	**1,925**	**-0.4%**	**1,952**	**1.4%**	**1,970**	**0.9%**
Public Health	**1,669**	**1,792**	**7.4%**	**1,779**	**-0.7%**	**1,800**	**1.2%**	**1,813**	**0.7%**
Child Health Plus[1]	735	659	-10.3%	789	19.7%	811	2.8%	823	1.5%
General Public Health Work[2]	75	266	254.7%	163	-38.7%	163	0.0%	163	0.0%
EPIC	101	104	3.0%	103	-1.0%	103	0.0%	103	0.0%
Early Intervention[2]	84	254	202.4%	163	-35.8%	163	0.0%	163	0.0%
HCRA Program	355	283	-20.3%	328	15.9%	328	0.0%	328	0.0%
All Other	319	226	-29.2%	233	3.1%	232	-0.4%	233	0.4%
Aging	**136**	**141**	**3.7%**	**146**	**3.5%**	**152**	**4.1%**	**157**	**3.3%**

[1] FY 2020 CHP spending includes the transfer of the Aliessa population previously funded under the Medicaid Global Cap. This change has no impact on service delivery.

[2] Fluctuating costs for General Public Health Works and Early Intervention is attributable to the timing of payment processing at the end of FY 2020.

The projected spending increase in FY 2021, and subsequent decrease in FY 2022, is primarily attributable to the timing of FY 2020 payments. The standard review process for State payments was disrupted by the COVID-19 pandemic, causing a lag in the release of several payments at the end of FY 2020, including GPHW and EI. Additionally, growth in Public Health spending can be attributable to the CHP program from increased enrollment. As many families saw incomes fall or employer sponsored insurance end due to the COVID-19 pandemic, the number of eligible CHP enrollees is anticipated to increase. The Public Health budget continues to support the CHP program and enrollment growth therein, as well as the full impact of phased down Federal support currently provided under the ACA, which will drive higher State costs across the multi-year Financial Plan.

In addition to ongoing program support, the Updated Financial Plan leverages $73 million in new Federal funding to support public health programs that improve the health of children. The Health Services Initiatives option, available under CHP, will be used to offset State costs in programs such as GPHW, Healthy Neighborhoods, Genetic Disease, Public Health Campaign sexually transmitted diseases, and the Supplemental Nutrition Assistance Program (SNAP).

The Updated Financial Plan also includes SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services.

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2023. HCRA resources include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 25 percent of State share Medicaid costs, and other programs and health care industry investments including CHP, EPIC, Physician Excess Medical Malpractice Insurance, Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York; and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Databases (APCD) infrastructure development initiative, which improves the informational and data capabilities associated with claiming records.

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
OPENING BALANCE	**0**	**16**	**0**	**0**	**0**
TOTAL RECEIPTS	**6,261**	**6,180**	**6,228**	**6,289**	**6,353**
Surcharges	3,875	3,823	3,896	3,972	4,049
Covered Lives Assessment	1,050	1,110	1,110	1,110	1,110
Cigarette Tax Revenue	722	675	641	609	579
Hospital Assessments	503	471	487	502	518
Excise Tax on Vapor Products	10	14	6	6	6
NYC Cigarette Tax Transfer	23	21	21	21	21
EPIC Receipts/ICR Audit Fees	78	66	67	69	70
TOTAL DISBURSEMENTS AND TRANSFERS	**6,245**	**6,196**	**6,228**	**6,289**	**6,353**
Medicaid Assistance Account	3,836	4,149	4,025	4,082	4,133
Medicaid Costs	*3,639*	*3,974*	*3,850*	*3,907*	*3,958*
Workforce Recruitment & Retention	*197*	*175*	*175*	*175*	*175*
Hospital Indigent Care	917	717	717	717	717
HCRA Program Account	363	291	336	336	336
Child Health Plus [1]	747	673	804	826	839
Elderly Pharmaceutical Insurance Coverage	112	116	114	114	114
Qualified Health Plan Administration	41	48	48	47	48
SHIN-NY/APCD	40	40	40	40	40
All Other	189	162	144	127	126
ANNUAL OPERATING SURPLUS/(DEFICIT)	**16**	**(16)**	**0**	**0**	**0**
CLOSING BALANCE	**16**	**0**	**0**	**0**	**0**

[1] The fluctuation in Child Health Plus expenditures from FY 2020 to FY 2021 reflects the impact of transitioning certain funding from the Medicaid Assistance account to Child Health Plus. This transition has no impact on service delivery.

HCRA receipts are anticipated to fluctuate over the multi-year projection period, reflecting the anticipated impacts of the COVID-19 pandemic on hospital patient volume and activities associated with MRT II. The FY 2021 increase in Covered Lives Assessments (CLA) reflects receipts reverting to the maximum allowable statutory levels. Offsetting the aforementioned increases is declining cigarette tax revenue, attributable to reduced consumption, augmented by the full year impact of FY 2020 Enacted legislation that raised the purchasing age for tobacco products to 21.

Tax receipts in the State's HCRA fund are influenced by the consumption of nicotine-based products. Continued declines in the consumption of cigarettes, paired with the full year impact of raising the purchasing age for tobacco products to 21 years, drives the projected decrease in HCRA tax receipts in FY 2021 and beyond.

Effective December 1, 2019, a 20 percent excise tax on the sale of vapor products went into effect in New York. The Enacted Budget includes legislation that bans the sale of most flavored vapor products, which represent a significant portion of the market. As such, the ban is expected to significantly reduce consumption and subsequently, HCRA tax receipts. Projected outyear declines in Vapor Tax receipts reflect the full annual impact of the vapor flavor ban.

HCRA spending is expected to fluctuate in line with the aforementioned COVID-19 pandemic impacts on receipts collections. The most substantial area of spending growth in the outyears is for the CHP program, largely due to the expiration of enhanced Federal resources provided through the ACA and expected utilization growth related to increased eligibility.

HCRA is expected to remain in balance over the multi-year Financial Plan period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to maintain a balanced fund. Any such spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to fund Medicaid costs that would have otherwise been paid from the General Fund.

Mental Hygiene

Mental Hygiene services are delivered by the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Health (OMH), the Office of Addiction Services and Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). Services are provided for adults with mental illness, children with emotional disturbance, individuals with developmental disabilities and their families, persons with chemical dependencies, and individuals with compulsive gambling problems.

These agencies provide services directly to their clients through State-operated facilities and indirectly through community-based providers. Costs of providing these services are reimbursed by Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, issued to finance infrastructure improvements at State mental hygiene facilities. Revenues in excess of debt service commitments are used to support State operating costs associated with Mental Hygiene service delivery.

MENTAL HYGIENE
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,427**	**2,849**	**-16.9%**	**3,641**	**27.8%**	**4,267**	**17.2%**	**4,921**	**15.3%**
People with Developmental Disabilities	**2,352**	**2,473**	**5.1%**	**2,669**	**7.9%**	**2,836**	**6.3%**	**2,997**	**5.7%**
Residential Services	1,363	1,455	6.7%	1,542	6.0%	1,640	6.4%	1,733	5.7%
Day Programs	693	740	6.8%	784	5.9%	834	6.4%	881	5.6%
Clinic	17	18	5.9%	19	5.6%	21	10.5%	22	4.8%
All Other Services (Net of Offsets)	279	260	-6.8%	324	24.6%	341	5.2%	361	5.9%
Mental Health	**1,322**	**1,477**	**11.7%**	**1,530**	**3.6%**	**1,597**	**4.4%**	**1,673**	**4.8%**
Adult Local Services	1,091	1,223	12.1%	1,268	3.7%	1,325	4.5%	1,391	5.0%
Children Local Services	231	254	10.0%	262	3.1%	272	3.8%	282	3.7%
Addiction Services and Supports	**363**	**367**	**1.1%**	**386**	**5.2%**	**406**	**5.2%**	**424**	**4.4%**
Residential	91	93	2.2%	96	3.2%	101	5.2%	105	4.0%
Other Treatment	190	188	-1.1%	197	4.8%	207	5.1%	216	4.3%
Prevention	50	51	2.0%	55	7.8%	57	3.6%	60	5.3%
Recovery	32	35	9.4%	38	8.6%	41	7.9%	43	4.9%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(611)**	**(1,469)**	**-140.4%**	**(945)**	**35.7%**	**(573)**	**39.4%**	**(174)**	**69.6%**
People with Developmental Disabilities	(611)	(1,469)	-140.4%	(945)	35.7%	(573)	39.4%	(174)	69.6%
TOTAL MENTAL HYGIENE SPENDING [1]	**4,038**	**4,318**	**6.9%**	**4,586**	**6.2%**	**4,840**	**5.5%**	**5,095**	**5.3%**

[1] Reflects a portion of mental hygiene spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

Local assistance funding for the mental hygiene agencies is expected to grow by an average 6.0 percent over the Financial Plan period. Increased funding reflects reimbursement to not-for-profit providers for increasing employee wages related to salary increases for direct care and clinical workers; compliance with incremental pay standards and related fringe benefit increases associated with the transition to a $15 per hour minimum wage; and community-based employment and residential opportunities for individuals with disabilities.

Investments to leverage up to $120 million (gross) in additional OPWDD funding will allow for the development of new certified housing supports in the community, support more independent living, provide more day program and employment options, and increase respite availability. Additional OMH funding will support existing residential programs and expansion of suicide prevention efforts for veterans, law enforcement, correction officers and first responders.

Spending also reflects a 4 percent total increase through FY 2021 for direct care workers and a 2 percent pay raise for clinical workers serving the mental hygiene community. Both increases are aimed at assisting not-for-profits in recruitment and retention of employees. When fully annualized, these investments will increase State share support for workers by $107 million ($188 million on an All Funds basis).

The Updated Financial Plan reflects continued funding for OASAS prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness activities.

A $1.5 billion portion of mental hygiene spending is reported under the DOH Medicaid Global Cap in FY 2021, an increase of roughly $900 million over FY 2020. This has no impact on mental hygiene service delivery or operations.

Social Services

Office of Temporary and Disability Assistance (OTDA)

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs are Family Assistance, Safety Net Assistance and SSI. The Family Assistance program, financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,161**	**1,416**	**22.0%**	**1,346**	**-4.9%**	**1,459**	**8.4%**	**1,496**	**2.5%**
SSI	635	666	4.9%	667	0.2%	667	0.0%	667	0.0%
Public Assistance Benefits	420	647	54.0%	541	-16.4%	541	0.0%	541	0.0%
Public Assistance Initiatives	10	9	-10.0%	9	0.0%	9	0.0%	9	0.0%
Homeless Housing and Services	92	90	-2.2%	126	40.0%	239	89.7%	277	15.9%
All Other	4	4	0.0%	3	-25.0%	3	0.0%	2	-33.3%

DOB's caseload models project a total of 469,185 public assistance recipients in FY 2021. Approximately 171,392 families are expected to receive benefits through the Family Assistance program in FY 2021, a decrease of 3.7 percent from FY 2020. The Safety Net caseload for families is projected at 101,741 in FY 2021, a decrease of 3.1 percent from FY 2020. The caseload for single adults and childless couples supported through the Safety Net program is projected at 196,052 in FY 2021, an increase of 2.4 percent from FY 2020.

SSI spending is projected to increase slightly over the course of the multi-year Financial Plan as caseload is expected to level off. The large increase in Public Assistance payments in FY 2021 is due to interruptions in the March 2020 payment review process stemming from the COVID-19 pandemic that resulted in payments being moved into FY 2021. Budget actions include shifting the cost of Consolidated Homeless Programs to off-budget resources and restructuring financing for the Family Assistance and Emergency Assistance for Needy Families programs, to move 5 percent of costs previously financed by Federal Temporary Assistance for Needy Families (TANF) resources to the City of New York. Spending increases in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI) supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

Office of Children and Family Services (OCFS)

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. It oversees the State's system of family support and child welfare services administered by local social services districts and community-based organizations. Specifically, child welfare services, financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services for reducing out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State and local sources, supports child care subsidies for public assistance and low-income families.

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,194**	**1,834**	**53.6%**	**1,550**	**-15.5%**	**1,551**	**0.1%**	**1,551**	**0.0%**
Child Welfare Service	305	685	124.6%	476	-30.5%	476	0.0%	476	0.0%
Foster Care Block Grant	287	480	67.2%	393	-18.1%	393	0.0%	393	0.0%
Child Care	191	192	0.5%	209	8.9%	209	0.0%	209	0.0%
Adoption	127	161	26.8%	148	-8.1%	148	0.0%	148	0.0%
Youth Programs	94	101	7.4%	92	-8.9%	92	0.0%	92	0.0%
Medicaid	37	71	91.9%	75	5.6%	75	0.0%	75	0.0%
Adult Protective/Domestic Violence	19	81	326.3%	54	-33.3%	54	0.0%	54	0.0%
Committees on Special Education	30	0	-100.0%	28	0.0%	29	3.6%	29	0.0%
All Other	104	63	-39.4%	75	19.0%	75	0.0%	75	0.0%

As the State responded to the COVID-19 pandemic, the normal review process for payments was interrupted. This caused a delay in the release of several payments from FY 2020 to FY 2021, including Child Welfare Services, Foster Care Block Grant, Adoption, Youth and Adult Protective/Domestic Violence programs.

The Enacted Budget included the use of TANF resources to offset State child care costs, restructuring the financing approach for residential school placements of children with special needs outside New York City, and requiring the increased use of Federal funds for Child Welfare Services. In addition, the Enacted Budget reduced funding for child care union contracts and eliminates funding for the Public/Private Partnership program.

Transportation

The Department of Transportation directly maintains and improves approximately 44,500 State highway lane miles and nearly 7,900 bridges. The Department also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2021, the State expects to provide $6.6 billion in operating aid to mass transit systems, including up to $2.8 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and $244 million annually from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, receives an estimated 90 percent of the State's mass transit aid -- $6.0 billion in FY 2021.

TRANSPORTATION (millions of dollars)									
	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,488**	**3,792**	**8.7%**	**3,806**	**0.4%**	**4,008**	**5.3%**	**4,198**	**4.7%**
Mass Transit Operating Aid:	2,448	2,709	10.7%	2,592	-4.3%	2,718	4.9%	2,805	3.2%
Metro Mass Transit Aid	2,292	2,571	12.2%	2,439	-5.1%	2,563	5.1%	2,649	3.4%
Public Transit Aid	112	94	-16.1%	109	16.0%	111	1.8%	112	0.9%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	245	244	-0.4%	327	34.0%	406	24.2%	510	25.6%
MTA Aid Trust	32	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
NY Central Business District Trust	0	150	0.0%	152	1.3%	153	0.7%	155	1.3%
Dedicated Mass Transit	697	623	-10.6%	669	7.4%	665	-0.6%	662	-0.5%
AMTAP	66	66	0.0%	66	0.0%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast, certain commitments to MTA capital plans, and a lag in the release of several payments in FY 2020 caused by interruption of the normal payment review process as the State responded to the evolving COVID-19 pandemic. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the Wayfair decision, which is projected to provide the MTA with $150 million in dedicated revenues in FY 2021.

The MTA, and its operating agencies, have suffered devastating reductions in ridership and traffic as a result of the COVID-19 pandemic. Compared to 2019 results, as of September 14, 2020, ridership has declined 71 percent on the subways, 79 percent on MTA Metro-North Railroad, 73 percent on the Long Island Rail Road, and 52 percent on buses. Crossings at the Triborough Bridge and Tunnel Authority facilities on September 14, 2020, were down by an estimated 14 percent from 2019 figures, a significant improvement from the most severe decline on April 5, 2020, of an estimated 79 percent.

At the request of the MTA, McKinsey & Company (McKinsey) provided a detailed economic analysis to assist MTA in assessing the financial impact of the COVID-19 pandemic on the MTA's operating budget. The McKinsey analysis projects the full calendar year 2020 financial impact of the pandemic on the MTA to be between $7 and $8.5 billion in calendar year 2020 and another $5.1 to $7.8 billion in 2021, including substantial reductions in revenues from State dedicated taxes and fees. The MTA has received approximately $4 billion under the Federal CARES Act. The MTA has requested $12 billion in additional Federal aid to get through the remainder of calendar year 2020 and 2021, which accounts for the estimated fare, toll and dedicated tax revenue loss described in MTA's July 2020 financial plan attributable to COVID-19 impacts, and the delay of the Central Business District Tolling Program.

The adverse impact of the pandemic on the operating budget has affected credit ratings on MTA Transportation Revenue Bonds. Due to the increased cost of borrowing for the MTA, the State issued PIT Revenue Bonds in July 2020 to fund its FY 2021 contribution to the MTA's 2015-19 Capital Plan. Previously the Financial Plan had assumed that the projects would be bonded by the MTA, but funded by the State through additional operating aid to the MTA. Accordingly, the Updated Financial Plan reflects a decrease in local aid disbursements of $31 million in FY 2021 and $42 million in each of the outyears, and a corresponding increase in PIT Bond debt service. It is expected that the State may undertake additional bond sales in FY 2021 or in later years to fund all or a portion of its remaining contribution to the MTA 2015-19 Capital Plan.

Local Government Assistance

Direct aid to local governments includes the Aid and Incentives for Municipalities (AIM) program, created in FY 2006 to consolidate various unrestricted local aid funding streams; miscellaneous financial assistance for certain counties, cities, towns, and villages; and efficiency-based incentive grants to local governments.

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**662**	**671**	**1.4%**	**704**	**4.9%**	**704**	**0.0%**	**704**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	9	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	6	15	150.0%	48	220.0%	48	0.0%	48	0.0%

The Enacted Budget continues to support towns and villages at the same funding level as FY 2020. State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase due to potential awards from the Financial Restructuring Board for Local Governments.

Agency Operations

Agency operating costs consist of Personal Service (PS), Non-Personal Service (NPS), and General State Charges (GSCs). PS includes salaries of State employees of the Executive, Legislative, and Judicial branches consistent with current negotiated collective bargaining agreements, as well as temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, Information Technology (IT), and professional business services), supplies and materials, equipment, and telephone service. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. Certain agency operating costs of the Department of Transportation (DOT) and the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); UUP, which represents faculty and nonteaching professional staff within the SUNY system; and NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

The following table presents certain factors used in preparing the spending projections for agency operations.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2020 Results[1]	FY 2021 Updated	Forecast FY 2022 Projected	Forecast FY 2023 Projected	Forecast FY 2024 Projected
Negotiated Base Salary Increases[2]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	2%	TBD
UUP	2%	2%	2%	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	2%	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[3]	118,193	118,850	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[4]	15.1%	15.1%	16.0%	16.8%	19.2%
After Amortization[5]	18.7%	18.7%	19.2%	19.4%	21.0%
PFRS Contribution Rate					
Before Amortization[4]	24.0%	24.8%	25.7%	26.2%	28.4%
After Amortization[5]	26.8%	27.7%	28.4%	28.5%	30.0%
Employee/Retiree Health Insurance Growth Rates	2.4%	4.9%	7.7%	7.4%	7.4%
PS/Fringe as % of Receipts (All Funds Basis)	13.0%	12.6%	14.4%	14.4%	14.4%

1 Reflects preliminary unaudited results.

2 Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.

3 Reflects workforce that is subject to direct Executive control.

4 Before amortization contribution rate reflects the State's normal and administrative costs, contributions for the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veterans' pension credit legislation.

5 After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

Consistent with the Enacted Budget Financial Plan, the State has implemented a hiring freeze and controls on non-personal service and capital commitments and expenditures. It has also deferred, through at least September 30, the general salary increases that were scheduled to take effect on April 1, 2020. State agencies have been directed to reduce operating expenditures by 10 percent from the levels authorized in the Enacted Budget Financial Plan. Certain exceptions are expected to be granted for facility operations and public health and safety priorities.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**11,040**	**9,228**	**10,066**	**9,924**	**9,985**
Mental Hygiene	2,882	2,867	2,916	2,961	3,008
Corrections and Community Supervision[2]	2,871	2,704	2,709	2,748	2,745
State Police	774	500	819	838	838
Department of Health[2]	710	770	802	800	807
Information Technology Services	540	546	552	564	564
Children and Family Services	146	380	379	379	384
Tax and Finance	316	357	345	344	345
Transportation	345	342	341	341	341
Environmental Conservation	216	240	234	229	228
COVID-19 Pandemic	503	(501)	0	0	0
Budget Balance Reduction	0	(700)	(750)	(1,000)	(1,000)
All Other	1,737	1,723	1,719	1,720	1,725
UNIVERSITY SYSTEMS	**6,426**	**6,507**	**6,338**	**6,434**	**6,513**
State University	6,324	6,375	6,335	6,431	6,510
City University	102	132	3	3	3
INDEPENDENT AGENCIES	**337**	**326**	**313**	**313**	**313**
Law	185	192	187	187	187
Audit & Control (OSC)	152	164	161	161	161
Budget Balance Reduction	0	(30)	(35)	(35)	(35)
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**17,803**	**16,061**	**16,717**	**16,671**	**16,811**
Judiciary	**2,137**	**2,234**	**2,177**	**2,177**	**2,177**
Legislature	**228**	**249**	**256**	**256**	**256**
Budget Balance Reduction	0	(250)	(265)	(265)	(265)
Statewide Total	**20,168**	**18,294**	**18,885**	**18,839**	**18,979**
Personal Service	14,090	13,749	13,839	13,890	13,976
Non-Personal Service	6,078	4,545	5,046	4,949	5,003

[1] FY 2020 results include $185 million in retroactive salary payments for NYSCOPBA, PBA and NYSPIA labor agreements, FY 2021 estimates include $8 million in retroactive salary payments for PBANYS.

[2] FY 2020 and FY 2021 exclude costs incurred in response to the COVID-19 pandemic.

Prior to operating expenditure reductions directed in the Enacted Budget Financial Plan, most agencies were expected to hold spending flat. However, the cost of an additional payroll in FY 2021 is expected to add one-time costs. Other notable spending changes include:

- State Police. Spending projections for the State Police have been updated to reflect the reclassification of personal service costs for first responders and public safety officers to the Federal CRF pursuant to Treasury eligibility guidelines. This results in lower estimated General Fund spending in FY 2021 and a concomitant increase in the Federal CRF.

- Corrections and Community Supervision. Lower spending reflects the planned reduction in excess prison capacity due to declines in prison population and retroactive salary payments made in FY 2020, partially offset by increasing costs associated with solitary confinement reforms.

- Children and Family Services. Increased spending is mainly driven by the annualized cost of raising the age of criminal responsibility from 16 to 18, and a modification to the youth facility billing process implemented in FY 2020.

- Tax and Finance. Higher spending in FY 2021 reflects the timing of certain cost increases, partly offset by savings from the attrition of agency employees.

- Mental Hygiene. Increased spending includes the cost of continued delivery of services in State-operated program settings.

- State University. SUNY campus enrollment is projected to decline as a result of the COVID-19 pandemic, as such previously reported operational costs at SUNY campuses have been reduced from the Enacted Budget Financial Plan, reflecting associated spending reductions.

- City University. The Enacted Budget authorized the reclassification of certain fees and associated spending, from a special revenue fund to an agency trust fund, to align with current classification of CUNY tuition revenues resulting in a reduction in CUNY spending. This AIS Update reflects the deferral of the implementation from FY 2021 to FY 2022.

- Judiciary. The Judiciary's request for increased operating support to fund salary and staff increases in court operations and security drive higher spending in FY 2021.

- COVID-19 Pandemic. FY 2020 actual spending results reflect non-personal service costs incurred in response to the COVID-19 pandemic. The Enacted Budget Financial Plan assumed that all direct COVID-19 costs in FY 2021 would be fully funded by the Federal government and DOB did not include any estimate of such costs. However, spending projections have been updated to reflect the reclassification and reversal of non-personal service expenses that were incurred prior to March 31, 2020. Costs to build out hospital facilities, secure critical equipment, and fund other pandemic response activities totaled roughly $500 million in FY 2020. A portion of these disbursements, roughly $369 million is expected to be reclassified to the Federal CRF pursuant to Treasury eligibility guidelines. Another $132 million has been refunded pursuant to cancelled contracts due to various violations of contractual terms and conditions.

- Budget Balance Reduction. Executive agency budgets, with limited exceptions for facility operations and public health and safety, will be reduced by 10 percent from budgeted levels. The Updated Financial Plan assumes that the Judiciary and elected officials will initiate comparable reductions in their budgets for FY 2021.

Workforce

In FY 2021, $13.7 billion, or 14 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY (46,834) and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS
FY 2021 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,343**	**96,347**
Mental Hygiene	2,379	32,326
Corrections and Community Supervision	2,208	25,611
State Police	440	5,666
Department of Health	284	4,090
Information Technology Services	302	3,418
Tax and Finance	283	4,085
Children and Family Services	266	2,297
Environmental Conservation	201	2,322
Transportation	169	2,591
Financial Services	158	1,391
Budget Balance Reduction	(300)	0
All Other	953	12,550
UNIVERSITY SYSTEMS	**4,363**	**47,215**
State University	4,279	46,834
City University[2]	84	381
INDEPENDENT AGENCIES	**2,043**	**18,434**
Law	138	1,533
Audit & Control (OSC)	131	1,524
Judiciary	1,806	15,374
Legislature[3]	193	3
Budget Balance Reduction	(225)	0
Statewide Total	**13,749**	**161,996**

[1] FTEs represent the number of annual-salaried full-time filled positions (e.g., one FTE may represent a single employee serving at 100 percent full-time, or a combination of employees serving at less than full-time that, when combined, equal a full-time position). The reported FTEs do not include nonannual salaried positions, such as those filled on an hourly, per-diem or seasonal basis.

[2] CUNY employees are funded through an agency trust fund that supports 13,349 FTEs, which are excluded from this table. The $3 million in costs represents personal service expenses reflected in the CUNY Tuition Reimbursement account.

[3] Legislative employees who are nonannual salaried are excluded from this table.

General State Charges

The State provides a variety of fringe benefits to current and former employees, including health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). The GSC budget also pays the Social Security payroll tax and certain statewide fixed costs, including taxes on State-owned lands, Payments in Lieu of Taxes (PILOT) and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements.

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance, then partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2021, fringe benefit assessments have been updated to reflect the reclassification of personal service and related fringe benefits costs for State Police first responders and public safety officers to the Federal CRF pursuant to Treasury guidelines. This results in higher Federal fringe benefit assessments and lower General Fund spending in FY 2021.

GSC spending is projected to increase by an average of 6.5 percent over the multi-year Financial Plan period mostly due to the deferment of payroll tax payments. In response to the COVID-19 pandemic, the Federal CARES Act authorized employers to defer payment of non-Medicare payroll taxes from April – December 2020, and for the deferral to be repaid without interest in two equal payments on December 31, 2021 and December 31, 2022. Payroll taxes are 7.65 percent of personal service costs (6.2 percent for Social Security and 1.45 percent for Medicare). The Executive and the Judiciary have elected to defer the allowable non-Medicare payment -- an estimated $599 million for the Executive and $68 million for the Judiciary.

Growth in health insurance reflects medical inflation and current enrollment levels. Workers' Compensation costs are increasing due to reserve funds that are no longer available to offset growth in the average weekly wage used for benefit calculations and medical costs. Increases in other programs such as employee benefits and dental insurance are attributable to collectively negotiated salary increases and benefit enhancements.

Overall pension costs are projected to increase based on the most recent estimate received from the State Comptroller's Office, which reflects a variety of actuarial assumptions including salary increases and investment returns. The preliminary FY 2021 pension bill includes a reduction by OSC to the expected rate of return on pension assets from 7 percent to 6.8 percent. This was estimated to increase the State's contribution by roughly $300 million, however, the higher cost is partially offset by the implementation of a new "mortality improvement" scale. The State Comptroller does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2022 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a stable rate of return.

GENERAL STATE CHARGES (millions of dollars)									
	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**8,423**	**8,115**	**-3.7%**	**10,152**	**25.1%**	**10,727**	**5.7%**	**10,842**	**1.1%**
Fringe Benefits	**8,063**	**7,683**	**-4.7%**	**9,678**	**26.0%**	**10,253**	**5.9%**	**10,368**	**1.1%**
Health Insurance	4,303	4,513	4.9%	4,860	7.7%	5,219	7.4%	5,608	7.5%
Pensions	2,456	2,592	5.5%	2,855	10.1%	2,990	4.7%	2,996	0.2%
Social Security	1,070	468	-56.3%	1,472	214.5%	1,489	1.2%	1,175	-21.1%
Workers' Compensation	452	493	9.1%	638	29.4%	697	9.2%	762	9.3%
Employee Benefits	103	108	4.9%	117	8.3%	121	3.4%	121	0.0%
Dental Insurance	55	63	14.5%	65	3.2%	66	1.5%	66	0.0%
Unemployment Insurance	11	12	9.1%	12	0.0%	12	0.0%	12	0.0%
All Other/Non-State Escrow	(387)	(566)	-46.3%	(341)	39.8%	(341)	0.0%	(372)	-9.1%
Fixed Costs	**360**	**432**	**20.0%**	**474**	**9.7%**	**474**	**0.0%**	**474**	**0.0%**
Public Land Taxes/PILOTS	262	296	13.0%	302	2.0%	302	0.0%	302	0.0%
Litigation	98	136	38.8%	172	26.5%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance debt service for bonds that do not have dedicated revenues, SUNY operating costs, certain capital initiatives, and a range of other activities.

GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,098**	**6,502**	**6,877**	**7,125**	**6,502**
Debt Service	736	310	488	501	553
SUNY University Operations	1,179	1,273	1,273	1,267	1,267
Capital Projects	3,128	3,396	3,749	3,913	3,133
Extraordinary Monetary Settlements:	**1,345**	**425**	**959**	**747**	**345**
Dedicated Infrastructure Investment Fund	939	1,130	877	525	330
Javits Center Expansion	271	183	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	0	(1,000)	0	0	0
Clean Water Grants	0	25	50	175	0
Mass Transit Capital	3	7	2	2	1
Health Care	132	80	30	45	14
Dedicated Highway and Bridge Trust Fund	397	627	332	444	459
Environmental Protection Fund	28	28	28	96	96
All Other Capital	1,358	2,316	2,430	2,626	2,233
ALL OTHER TRANSFERS	**1,055**	**1,523**	**1,367**	**1,444**	**1,549**
Department of Transportation (MTA Payroll Tax)	244	244	327	406	510
SUNY - Medicaid Reimbursement	306	243	243	243	243
NY Central Business District Trust	113	150	152	153	155
Judiciary Funds	114	115	115	115	115
Indigent Legal Services	22	28	75	75	75
Dedicated Mass Transportation Trust Fund	66	65	65	65	65
Banking Services	40	49	49	49	49
Business Services Center	8	27	30	30	30
Mass Transportation Operating Assistance	23	21	21	21	21
Correctional Industries	21	21	21	21	21
Public Transportation Systems	16	16	16	16	16
Health Income Fund	10	16	16	16	16
Health Insurance Internal Services Account	8	12	12	12	12
Centralized Technology Services	11	11	11	11	11
General Services	10	10	3	0	0
Spinal Cord Injury Fund	9	9	9	9	9
Commercial Gaming Revenue (School Aid Support)	0	44	0	0	0
Video Lottery Terminal (School Aid Support)	0	244	0	0	0
All Other	34	198	202	202	201

General Fund transfers to other funds are expected to total $6.5 billion in FY 2021, a $404 million increase from FY 2020. The increase primarily reflects support for School Aid in lieu of lower video lottery and commercial gaming revenues. Debt service transfers were higher in FY 2020 as the State prepaid FY 2021 debt at the end of FY 2020.

In addition, capital projects transfers are expected to increase by $268 million in FY 2021. The capital increase reflects use of new hard dollar resources, rather than debt to fund capital projects. All other transfers in FY 2021 and beyond reflect a conservative estimate of General Fund resources needed to support various programs outside the General Fund.

The DHBTF receives revenue from motor vehicle fees, Petroleum Business Tax (PBT), the motor fuel tax, Highway Use Tax (HUT), the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. Receipts deposited into the DHBTF are used to pay debt service on transportation bonds, finance capital projects on a PAYGO basis, and pay certain operating expenses of the Department of Transportation (DOT) and the Department of Motor Vehicles (DMV). The General Fund subsidizes DHBTF expenses, as expenses routinely exceed revenue deposits and bond proceeds.

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development Corporation (ESD), DASNY, and the New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
General Fund	736	310	-57.9%	488	57.4%	501	2.7%	553	10.4%
Other State Support	4,180	5,672	35.7%	6,492	14.5%	6,898	6.3%	7,038	2.0%
Liquidity Financing[1]	0	4,382	0.0%	0	-100.0%	0	0.0%	0	0.0%
State Operating/All Funds Total	**4,916**	**10,364**	**110.8%**	**6,980**	**-32.7%**	**7,399**	**6.0%**	**7,591**	**2.6%**

[1] FY 2021 short-term notes issued at a premium in order to generate $4.5 billion of proceeds.

Total State Operating/All Funds debt service is projected to be $10.4 billion in FY 2021, of which $310 million is paid from the General Fund via transfers, $5.7 billion is paid from other State funds supported by dedicated tax receipts, and $4.4 billion is for repayment of short-term liquidity financings, which represents the short-term PIT notes issued at a premium in order to generate $4.5 billion of proceeds for cashflow relief. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, DHBTF bonds, and mental health facilities bonds.

The Enacted Budget authorized liquidity financing in the form of up to $8 billion of PIT notes and $3.0 billion of line of credit facilities. Debt service growth from FY 2020 to FY 2021 reflects repayment in FY 2021 of $4.5 billion of PIT notes, which were issued to help manage the adverse impact on cash flow that resulted from the extension of the Federal tax filing deadline due to the COVID-19 pandemic. A $3.0 billion line of credit facility secured by a State service contract is currently in place, for which the Updated Financial Plan does not assume any draws. Although no further liquidity financings are currently assumed, DOB will regularly evaluate cash results and adjust the use and size of liquidity tools based on updated information. The interest costs for liquidity financings are expected to be reimbursed by Federal Funds for expenses related to COVID-19 and are not reflected in the debt service estimates.

The Updated Financial Plan estimates for debt service spending have been revised to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. First quarter bond sale results include the issuance of PIT Revenue Bonds for the MTA's 2015-19 Capital Plan. Previously the Financial Plan had assumed that the projects would be bonded by the MTA, but funded by the State through additional operating aid to the MTA. Accordingly, the AIS Update reflects a decrease in PMT disbursements of $31 million in FY 2021 and $42 million in each of the outyears, and a corresponding increase in PIT Bond debt service. It is expected that the State may execute additional bond sales in FY 2021 or in later years to fund all or a portion of its remaining contribution to the MTA 2015-19 Capital Plan.

Debt service spending estimates also reflect prepayment of $1.5 billion in FY 2019 for debt service costs due in FY 2020, as well as the prepayment of $465 million in FY 2020 for debt service costs due in FY 2021. See the section on "Other Matters Affecting the Financial Plan – Debt Reform Act Limit" herein for additional information on the status of State compliance with debt limits established in the State Debt Reform Act.

Certain information contained in the Capital Program and Financing Plan Overview section of the State's AIS published June 3, 2020 is updated below.

State-Supported Debt Outstanding

State-supported debt includes General Obligation Bonds, State PIT Revenue Bonds, Sales Tax Revenue Bonds, LGAC bonds and lease purchase and service contract obligations of public authorities and municipalities. Payment of all obligations, except for General Obligation Bonds, cannot be made without annual appropriation by the State Legislature, but the State's credits have different security features, as described in this section. The Debt Reform Act of 2000 limits the amount of new State supported debt issued since April 1, 2000. See "Financial Plan Overview — Other Matters Affecting the Financial Plan — Debt Reform Act Limit" herein for more information.

Legislation adopted in connection with the Enacted Budget, as part of the State response to the COVID-19 pandemic, included several measures to address the State's liquidity needs in FY 2021, including: (i) the authorization to issue up to $8 billion of subordinated PIT revenue or bond anticipation notes; (ii) the authorization to enter into up to $3 billion of line of credit facilities secured by a State service contract; and (iii) a one-year suspension of the Debt Reform Act provisions covering all State-supported debt issuances in FY 2021, including the PIT notes and the line of credit financing, and any renewals or long-term refinancing of the notes and line of credit facilities.

The State generated $4.5 billion of proceeds from PIT note sales in the first quarter of FY 2021. The State also closed on a $3 billion line of credit but has not drawn on it. The PIT notes are expected to be repaid by March 31, 2021. Although no further PIT note issuances or draws on the line of credit are currently assumed, DOB will regularly evaluate cash results and adjust the use and size of liquidity tools based on updated information. It is expected that the interest expense on both the PIT notes and the line of credit facilities is an eligible expense for Federal aid from the CRF. See "Financial Plan Overview — Other Financial Plan Developments — Liquidity" herein for more information.

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation required 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. The FY 2019 Enacted Budget included legislation to create the ECEP and Charitable Gifts Trust Fund and also included legislation that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent, and dedicated 50 percent of ECEP receipts to the payment of PIT bonds in order to preserve the coverage of the PIT Revenue Bond program.

In the event that (a) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on the State PIT Revenue Bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of the aggregate of annual State PIT receipts and ECEP receipts or $12 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

As described under the heading "Financial Plan Overview – Other Matters Affecting the Financial Plan – Federal Tax Law Changes", the FY 2019 Enacted Budget included State tax reforms intended to mitigate issues arising from the Federal law, including the impact of tax law changes on PIT Revenue Bonds.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State PIT receipts deposited to the Revenue Bond Tax Fund under the tax law changes enacted by the State as part of the FY 2019 Enacted Budget. To address this risk, the State increased the amount of PIT receipts deposited into the Revenue Bond Tax Fund from 25 percent to 50 percent.

The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the Revenue Bond Tax Fund.

As of March 31, 2020, approximately $37.1 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of PIT and ECEP receipts deposited into the RBTF and include projected debt issuances.

The projected PIT Revenue Bond coverage ratios assume that projects previously financed through the Mental Health Revenue Bond program and the DHBTF Revenue Bond program will be issued under the PIT Revenue Bond program. Revenues that would have been dedicated to bonds issued under the old programs are transferred to the RBTF to offset debt service costs for projects financed with PIT Revenue Bonds, but are not counted towards debt service coverage. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

The following table entitled, "Projected PIT Revenue Bond Coverage Ratios – FY 2020 through FY 2025," does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of PIT receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations. Debt service on short-term PIT notes were issued on a subordinated basis and therefore is not reflected in the chart below.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS [1]
FY 2020 THROUGH 2025
(thousands of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Projected RBTF Receipts	26,830,698	24,524,345	23,990,810	25,369,675	26,934,105	27,582,905
Projected New PIT Bonds Issuances	3,403,060	9,051,101	5,156,232	4,496,172	4,477,476	3,983,456
Projected Total PIT Bonds Outstanding	37,117,755	43,922,618	46,632,072	48,383,421	49,987,711	50,881,562
Projected Maximum Annual Debt Service	3,950,808	4,466,983	4,928,040	5,330,077	5,572,453	5,573,498
Projected PIT Coverage Ratio	6.8	5.5	4.9	4.8	4.8	4.9

[1] Does not reflect the issuance of short-term PIT Notes, which were issued on a subordinated basis.

Sales Tax Revenue Bond Program

Legislation enacted in 2013 created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT and LGAC revenue bonds and is expected to continue to provide the State with increased efficiencies and a lower cost of borrowing.

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund, that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of one cent of the State's four cent sales and use tax. With a limited exception, upon the satisfaction of all the obligations and liabilities of LGAC, expected to occur on April 1, 2021, dedicated revenues will increase to 2 cents of sales and use tax receipts. Such sales tax receipts in excess of debt service requirements are transferred to the State's General Fund.

The Sales Tax Revenue Bond Fund has appropriation-incentive and General Fund "reach back" features comparable to PIT and LGAC bonds. A "lock box" feature restricts transfers back to the General Fund in the event of non-appropriation or non-payment. In addition, in the event that sales tax revenues are insufficient to pay debt service, a "reach back" mechanism requires the State Comptroller to transfer moneys from the General Fund to meet debt service requirements.

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State's Mental Health Facilities Improvement Revenue Bond program and the DHBTF program. This allowed the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation bonds to finance the State's capital needs. Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2020, $11.5 billion of Sales Tax Revenue Bonds were outstanding.

Debt service coverage for the Sales Tax Revenue Bond program reflects the increased deposit to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to a two percent rate of taxation due to the anticipated full retirement of LGAC Bonds expected on April 1, 2021. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS FY 2020 THROUGH 2025 (thousands of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Projected Sales Tax Receipts [1]	3,718,258	2,924,750	6,776,500	7,096,000	7,301,500	7,532,500
Projected New Sales Tax Bonds Issuances	1,423,725	-	1,718,744	1,498,724	1,492,492	1,327,819
Projected Total Sales Tax Bonds Outstanding	11,542,330	10,716,360	11,730,102	12,524,503	13,361,059	14,020,073
Projected Maximum Annual Debt Service	1,356,149	1,356,149	1,324,977	1,369,315	1,367,958	1,442,163
Projected Sales Tax Coverage Ratio	2.7	2.2	5.1	5.2	5.3	5.2

[1] Reflects increased deposits to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to two percent rate of taxation due to the full retirement of LGAC Bonds expected on April 1, 2021.

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Personal Income Tax Revenue Bonds	3,403	9,052	5,156	4,496	4,477	3,983
Sales Tax Revenue Bonds	1,424	0	1,719	1,499	1,493	1,328
General Obligation Bonds	0	848	488	513	413	390
Personal Income Tax Notes [1]	0	4,382	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0
Total Issuances	4,827	14,282	7,363	6,508	6,383	5,701

[1] Personal Income Tax Notes were issued on a subordinated basis.

Debt issuances totaling $9.9 billion are planned to finance new capital spending in FY 2021, an increase of $5.1 billion (105 percent) from FY 2020. First quarter bond sale issuances include a $2 billion bond sale from March 2020 that was delayed due to market conditions and the issuance of PIT Revenue Bonds to fund the State's FY 2021 contribution to the MTA's 2015-19 Capital Plan. Previously, the Enacted Budget Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. In addition, The State issued $4.4 billion of PIT short-term notes that were issued at a premium to generate $4.5 billion of proceeds for cashflow relief. A $3.0 billion line of credit is in place, but there is no current expectation to draw on the facility.

The new money bond issuances are expected to finance capital commitments for education ($1.2 billion), transportation ($3.3 billion), economic development and housing ($3.1 billion), health and mental hygiene ($756 million), State facilities and equipment ($693 million), and the environment ($826 million).

Over the period of the Capital Plan, new debt issuances are projected to total $35.9 billion, excluding liquidity financings. New issuances are expected for education facilities ($5.8 billion), transportation infrastructure ($11.4 billion), economic development and housing ($9.6 billion), mental hygiene and health care facilities ($3.4 billion), State facilities and equipment ($2.2 billion), and the environment ($3.5 billion). Assuming an issuance plan consistent with the prior table, and excluding liquidity financings which are expected to be repaid by the end of FY 2021, the State projects debt outstanding levels through FY 2025 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Personal Income Tax Revenue Bonds	37,118	43,923	46,632	48,383	49,988	50,882
Sales Tax Revenue Bonds	11,542	10,716	11,730	12,525	13,361	14,020
General Obligation Bonds	2,131	2,815	3,111	3,425	3,631	3,767
Local Government Assistance Corp.	253	90	0	0	0	0
Other Revenue Bonds	1,687	1,195	1,071	946	825	700
Service Contract & Lease Purchase	1,475	1,182	1,032	891	725	565
TOTAL STATE-SUPPORTED [1]	54,207	59,921	63,576	66,170	68,530	69,934

[1] Does not include liquidity financings expected to be repaid within FY 2021.

State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at $10.4 billion in FY 2021, an increase of $5.4 billion (110 percent) from FY 2020. This is due, in large part, to the liquidity financings and prepayment of FY 2021 debt in FY 2020. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE [1]
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	Total
Personal Income Tax Revenue Bonds	2,368	4,241	5,076	5,452	5,596	5,618	28,351
Sales Tax Revenue Bonds	956	1,158	1,248	1,302	1,301	1,368	7,333
General Obligation Bonds	483	241	305	330	358	415	2,132
Local Government Assistance Corporation	301	82	0	0	0	0	383
Other State-Supported Bonds [2,3]	808	257	360	337	358	335	2,455
All Other State-Related Bonds [3,4]	46	46	46	31	0	0	169
Personal Income Tax Notes [4,5]	0	4,382	0	0	0	0	4,382
Service Contract Line of Credit [5]	0	0	0	0	0	0	0
Total Debt Service	4,962	10,407	7,035	7,452	7,613	7,736	45,205

[1] Reflects existing debt service on debt issued as of March 31, 2020 and projected debt service on assumed new debt issuances. Estimated debt service requirements are calculated based on swap rates in effect for all bonds that were synthetically fixed under an interest rate exchange agreement. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 2.80%.

[2] Debt service in the Secured Hospital Program that is assumed to be paid by the State is captured in Other State-Supported Bonds.

[3] Excludes Mortgage Loan Commitments and Capital Leases

[4] Personal Income Tax Notes were issued on a subordinated basis.

[5] Interest on liquidity financings is expected to be reimbursed by Federal aid from the Coronavirus Relief Fund.

Adjusting for prepayments and excluding the liquidity borrowings, State-related debt service is projected at $6.5 billion in FY 2021 an increase of $497 million (8 percent) from FY 2020. Adjusted State-related debt service is projected to increase from $6.0 billion in FY 2020 to $7.7 billion in FY 2025, an average rate of 5.2 percent annually.

April - June 2020 Operating Results

April - June 2020 Operating Results

This section provides a summary of preliminary operating results for the first quarter of FY 2021 compared to: (1) the projections set forth in the Enacted Budget Financial Plan ("initial estimates") and (2) prior year FY 2020 results.

Operating results through June 2020 reflect the delayed release of payments ($2.6 billion) and the withholding of a minimum of 20 percent of most local aid payments ($1.3 billion), as well as certain other payments to achieve the cash flow savings anticipated in the Updated Financial Plan.

Payments planned through June 30, 2020 in the initial estimates that were subsequently withheld resulted in lower spending primarily for local assistance. State Operations spending was also reduced by the delay in general salary increases that were scheduled to take effect on April 1, 2020. The table below summarizes the underlying State Operating Funds spending variances after adjusting for the withholdings and delays described above.

STATE OPERATING FUNDS COMPARED TO PLAN
FY 2021 APRIL TO JUNE
(millions of dollars)

						Variance Above/(Below) Enacted Estimate			
						Results		Adjusted Results	
	Enacted	Results	Payments Withheld	Paid After June 30	Adjusted Results	Dollar	Percent	Dollar	Percent
Disbursements	**27,303**	**23,053**	**1,330**	**2,570**	**26,953**	**(4,250)**	**-15.6%**	**(350)**	**-1.3%**
Local Assistance	18,741	14,712	1,290	2,570	18,572	(4,029)	-21.5%	(169)	-0.9%
State Operations	4,933	4,787	40	0	4,827	(146)	-3.0%	(106)	-2.1%
General State Charges	3,544	3,465	0	0	3,465	(79)	-2.2%	(79)	-2.2%
Debt Service	85	89	0	0	89	4	4.7%	4	4.7%

Summary of General Fund Operating Results

FY 2021 GENERAL FUND OPERATING RESULTS FY 2021 April to June (millions of dollars)				
			Variance Above/ (Below) Initial Estimate	
	Initial Estimate	Results	$	%
OPENING BALANCE	**8,944**	**8,944**	**0**	**0.0%**
Total Receipts	**16,943**	**18,008**	**1,065**	**6.3%**
Taxes:	11,834	12,612	778	6.6%
Personal Income Tax[1]	6,894	8,627	1,733	25.1%
Consumption / Use Taxes[1]	3,001	2,501	(500)	-16.7%
Business Taxes	1,534	1,080	(454)	-29.6%
Other Taxes[1]	405	404	(1)	-0.2%
Receipts and Grants	4,803	5,043	240	5.0%
Transfers From Other Funds	306	353	47	15.4%
Bond & Note Proceeds	-	-	-	0.0%
Total Spending	**24,169**	**20,088**	**(4,081)**	**-16.9%**
Local Assistance	16,007	13,045	(2,962)	-18.5%
Agency Operations (including GSCs)	6,289	6,126	(163)	-2.6%
Transfers to Other Funds	1,873	917	(956)	-51.0%
Debt Service Transfer	30	34	4	13.3%
Capital Projects Transfer	651	(254)	(905)	-139.0%
SUNY Operations Transfer	817	759	(58)	-7.1%
All Other Transfers	375	378	3	0.8%
Change in Operations	**(7,226)**	**(2,080)**	**5,146**	**71.2%**
CLOSING BALANCE	**1,718**	**6,864**	**5,146**	**299.5%**

[1] Includes transfers from other funds after debt service.

The State ended June 2020 with a General Fund balance of $6.9 billion, $5.1 billion above the initial estimate. The variance was comprised of $4.1 billion in lower spending and $1.1 billion in higher receipts. Lower spending is almost entirely due to timing-related delays and payment withholdings, as well as lower spending on agency operations and capital projects due to the imposition of a strict hiring freeze, spending controls, and limits on new capital commitments. Higher receipts reflect PIT collections above the initial estimates due mainly to slower than expected refund payments as taxpayers appear to have waited until the July 15 deadline to file, offset by lower than projected receipts for both sales and business taxes.

April - June 2020 Operating Results

Through June 2020, General Fund receipts, including transfers from other funds, totaled $18 billion, $1.1 billion (6.3 percent) above the initial estimate. PIT receipts were $1.7 billion higher mainly due to lower than expected FY 2021 refunds that are expected to be paid in later than usual, consistent with the filing deadline extension, as well as higher withholding collections, including withholding on unemployment compensation, and advanced credit payments attributable to taxpayer filing behavior. Lower consumption tax receipts are due to weaker than projected growth in sales tax receipts driven by the State's "Stay-at-Home" order and retail closures in response to the COVID-19 pandemic. Lower business taxes are attributable to a higher level of refund payments than estimated and lower receipts in corporate franchise and insurance taxes that are likely related to some taxpayers waiting until July 2020 to make their payments.

Miscellaneous receipts through June 2020 include the receipt of an unplanned $220 million extraordinary settlement from Bank Hapoalim for a penalty issued by the Department of Financial Services (DFS) in relation to assisting U.S. clients with the evasion of state and Federal taxes by conducting illegal cross-border banking business.

General Fund disbursements, including transfers to other funds, totaled $20.1 billion, $4.1 billion (16.9 percent) below the initial estimate of which most of the variance is due to timing related delays and withheld payments as previously noted. Agency operations spending, including fringe benefits, was below the initial estimates due to cost controls put in place to limit spending to health, safety and essential services, as well as reclassification of certain eligible expenses through June 30 to the CRF. The lower spending is partly offset by COVID-19 pandemic related expenses incurred by the State that are expected to be moved to the CRF over the next several months. Lower than projected transfers to support Capital Projects is attributable to slower commitments in response to the pandemic.

April - June 2020 Operating Results

The table below summarizes variances from the initial estimates, excluding Extraordinary Monetary Settlements.

FY 2021 GENERAL FUND OPERATING RESULTS COMPARED TO FY 2021 ENACTED BUDGET
(millions of dollars)

	Initial Estimate	Results	Variance Above/ (Below) Initial Estimate
Opening Fund Balance (Excl. Extr. Monetary Settlements)	**6,334**	**6,334**	**0**
Total Receipts	**16,863**	**17,708**	**845**
Taxes [1]	11,834	12,612	778
Non-Tax Receipts/Transfers [2]	5,029	5,096	67
Total Disbursements	**24,096**	**20,085**	**(4,011)**
Local Assistance	16,007	13,045	(2,962)
Agency Operations	6,289	6,126	(163)
Transfers to Other Funds [3]	1,800	914	(886)
Net Change in Operations	**(7,233)**	**(2,377)**	**4,856**
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**(899)**	**3,957**	**4,856**
Extraordinary Monetary Settlements			
Opening Balance	2,610	2,610	0
Settlements Received/Expected [4]	80	300	220
Transfers/Uses	(73)	(3)	70
Closing Balance	**2,617**	**2,907**	**290**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**1,718**	**6,864**	**5,146**

1 Includes transfers from other funds after debt service.

2 Non-tax receipts exclude the monetary settlements received by the General Fund less amounts retained by the Department of Law in other funds to support operational costs.

3 Transfers/Uses exclude the use of monetary settlements to support transfers from the General Fund to other funds (e.g., Dedicated Investment Infrastructure Fund).

4 Includes gross value of all settlements received/expected by the State, including amounts retained by the Department of Law in other funds to support operational costs.

All Governmental Funds Results Compared to Prior Year

The State ended the first quarter of FY 2021 (June 2020) with an All Funds balance of $20.6 billion, $6.9 billion higher than at the same point in time for FY 2020 (June 2019) due to a higher FY 2021 opening balance ($4.3 billion) and lower disbursements ($3.0 billion), partly offset by lower receipts ($48 million) during the first quarter of the prior year.

FY 2021 tax receipts during the first quarter were dramatically lower than for the first quarter of FY 2020 due to a combination of losses attributable to the economic impact of the pandemic and the delay in the PIT filing deadline from April 15, 2020 to July 15, 2020. Growth in miscellaneous receipts is mainly due to the sale of $4.5 billion in short-term notes to offset the impact of the delayed tax filing deadline. Higher Federal Grants is attributable to the advance receipt of $5.1 billion from the Federal government under the CARES Act that is intended to reimburse certain COVID-19 response costs.

In addition to the variances previously noted, lower spending is primarily the result of the timing of certain Medicaid payments and the impact of enhanced FMAP, which lowered State-share medical costs. Operational spending is impacted by the one-time NYSCOPBA collective bargaining retroactive payments made in FY 2020. Debt service spending was lower than the prior year mainly due to the prepayment of FY 2021 obligations at the end of FY 2020. Lower than projected support for Capital Projects is attributable to slowed spending driven by the COVID-19 pandemic.

April - June 2020 Operating Results

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2021 April to June (millions of dollars)	Results		Increase/(Decrease)	
	FY 2020	FY 2021	$	%
OPENING BALANCE	**9,975**	**14,284**	**4,309**	**43.2%**
ALL FUNDS RECEIPTS:	**47,599**	**47,151**	**(448)**	**-0.9%**
Total Taxes	**24,092**	**13,926**	**(10,166)**	**-42.2%**
Personal Income Tax	16,910	8,634	(8,276)	-48.9%
All Other Taxes	7,182	5,292	(1,890)	-26.3%
Miscellaneous Receipts	**6,502**	**10,635**	**4,133**	**63.6%**
Federal Grants	**17,005**	**22,590**	**5,585**	**32.8%**
ALL FUNDS DISBURSEMENTS:	**43,798**	**40,751**	**(3,047)**	**-7.0%**
STATE OPERATING FUNDS	**26,861**	**23,053**	**(3,808)**	**-14.2%**
Local Assistance	**17,650**	**14,712**	**(2,938)**	**-16.6%**
School Aid	6,742	6,854	112	1.7%
DOH Medicaid (incl. admin and EP)	7,694	5,022	(2,672)	-34.7%
All Other	3,214	2,836	(378)	-11.8%
State Operations	**8,787**	**8,252**	**(535)**	**-6.1%**
Agency Operations	**5,138**	**4,787**	**(351)**	**-6.8%**
Executive Agencies	2,732	2,489	(243)	-8.9%
University Systems	1,664	1,592	(72)	-4.3%
Elected Officials	742	706	(36)	-4.9%
Fringe Benefits/Fixed Costs	**3,649**	**3,465**	**(184)**	**-5.0%**
Pension Contribution	2,243	2,235	(8)	-0.4%
Health Insurance	1,068	1,068	0	0.0%
Other Fringe Benefits/Fixed Costs	338	162	(176)	-52.1%
Debt Service	**424**	**89**	**(335)**	**-79.0%**
CAPITAL PROJECTS (State and Federal Funds)	**2,805**	**2,145**	**(660)**	**-23.5%**
FEDERAL OPERATING AID	**14,132**	**15,553**	**1,421**	**10.1%**
NET OTHER FINANCING SOURCES	**(47)**	**(61)**	**(14)**	**-29.8%**
CHANGE IN OPERATIONS	**3,754**	**6,339**	**2,585**	**68.9%**
CLOSING BALANCE	**13,729**	**20,623**	**6,894**	**50.2%**

April - June 2020 Operating Results

Receipts

PIT collections were $8.3 billion (48.9 percent) lower than the prior year primarily due to the extension of the PIT filing deadline from April 15, 2020 to July 15, 2020. Additionally, strong declines in current year estimated payments, extension payments, and final returns as well as declines in withholding and delinquencies were partially offset by declines in current year refunds, prior year refunds, and the state/city offset.

Year-over-year consumption/use tax collections were $1.1 billion lower than the prior year primarily due to significant declines in sales tax and motor fuel tax receipts related to the effects of the COVID-19 pandemic on taxpayer behavior. Lower business tax collections ($707 million) are due to reduced CFT and insurance taxes due to the extension of the filing deadline from April to July, partially offset by lower CFT refunds.

Growth in miscellaneous receipts ($4.1 billion) was due to PIT note sales ($4.5 billion) and higher bond reimbursements ($1 billion) to capital projects for SUNY ($733 million) and ESD ($268 million) projects, partially offset by lower extraordinary settlements receipts ($427 million) and reduced lottery receipts ($439 million), motor vehicle fees ($200 million), other licenses/fees ($111 million), and HCRA receipts ($101 million), all of which were negatively impacted by the COVID-19 pandemic.

Federal grants were $5.6 billion higher in FY 2021 than in FY 2020 largely due to the receipt of Federal CARES Act funding.

Spending

State Operating Funds spending totaled $23.1 billion in FY 2021, a decrease of $3.8 billion (14.2 percent) from FY 2020.

Local assistance spending was $2.9 billion lower than the prior year, primarily attributable to Medicaid ($2.7 billion) due to the temporary Federal share (eFMAP) increase ($1.4 billion), earlier than planned use of the Tobacco Settlement Funds resource ($294 million), and the timing of SUNY Intergovernmental Transfer payments. Spending declines in other areas due to the ongoing review and withholding process include Transportation ($652 million), all other Education ($245 million), and public health ($107 million). Areas with higher spending include CUNY ($1.3 billion) primarily due to the payment of Academic Year 2020 aid in June and School Aid ($112 million) due to higher General Aid payments, partially offset by the timing of Tuition Assistance Program payments ($264 million).

Lower executive agency operational spending is driven by one-time personal service costs associated with the FY 2020 NYSCOPBA collective bargaining retro payments ($149 million), limiting spending to health, safety and essential services, and the reclassification of certain eligible expenses through June 30 to the CRF. Lower costs in University System and Elected Officials reflect decreased non-personal service in SUNY general operations and Judiciary due to court closures as the result of the COVID-19 pandemic. Fringe benefits spending declined mostly due to the deferment of Social Security Payments permitted under the CARES Act, offset by higher Workers Compensation payments received ($51 million) and Employee Benefits received ($30 million).

Debt service spending declined due to the prepayment in FY 2020 of debt service due in FY 2021. Lower Capital Projects spending (State and Federal) mostly occurred in ESD ($307 million), Special Infrastructure ($224 million), and MTA ($174 million).

Federal operating spending growth ($1.4 billion) mainly reflects the temporary enhanced Federal share of Medicaid and public health and safety costs charged to the CRF.

All Governmental Funds Results Compared to Estimates

ALL GOVERNMENTAL FUNDS COMPARED TO PLAN
FY 2021 April to June
(millions of dollars)

	Initial Estimate	Results	Variance Above/ (Below) Initial Estimate $	Variance Above/ (Below) Initial Estimate %
OPENING BALANCE	**14,284**	**14,284**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**43,700**	**47,151**	**3,451**	**7.9%**
Total Taxes	**13,183**	**13,926**	**743**	**5.6%**
Personal Income Tax	6,894	8,634	1,740	25.2%
Consumption / Use Tax	3,878	3,350	(528)	-13.6%
Business Taxes	1,982	1,513	(469)	-23.7%
Other Taxes	429	429	0	0.0%
Miscellaneous Receipts	**9,499**	**10,635**	**1,136**	**12.0%**
Federal Grants	**21,018**	**22,590**	**1,572**	**7.5%**
ALL FUNDS DISBURSEMENTS:	**47,100**	**40,751**	**(6,349)**	**-13.5%**
STATE OPERATING FUNDS	**27,303**	**23,053**	**(4,250)**	**-15.6%**
Local Assistance	**18,741**	**14,712**	**(4,029)**	**-21.5%**
School Aid	7,074	6,854	(220)	-3.1%
DOH Medicaid[1]	5,898	5,022	(876)	-14.9%
Transportation	920	122	(798)	-86.7%
Social Services	896	305	(591)	-66.0%
Mental Hygiene	500	238	(262)	-52.4%
Higher Education	1,840	1,338	(502)	-27.3%
All Other	1,613	833	(780)	-48.4%
State Operations	**8,477**	**8,252**	**(225)**	**-2.7%**
Agency Operations	**4,933**	**4,787**	**(146)**	**-3.0%**
Personal Service:	3,700	3,535	(165)	-4.5%
Executive Agencies	1,937	1,803	(134)	-6.9%
University Systems	1,175	1,128	(47)	-4.0%
Elected Officials	588	604	16	2.7%
Non-Personal Service:	1,233	1,252	19	1.5%
Executive Agencies	562	686	124	22.1%
University Systems	530	464	(66)	-12.5%
Elected Officials	141	102	(39)	-27.7%
Fringe Benefits/Fixed Costs	**3,544**	**3,465**	**(79)**	**-2.2%**
Pension Contribution	2,226	2,235	9	0.4%
Health Insurance	1,110	1,068	(42)	-3.8%
Other Fringe Benefits/Fixed Co	208	162	(46)	-22.1%
Debt Service	**85**	**89**	**4**	**4.7%**
CAPITAL PROJECTS (State and Federal Funds)	**3,381**	**2,145**	**(1,236)**	**-36.6%**
FEDERAL OPERATING AID	**16,416**	**15,553**	**(863)**	**-5.3%**
NET OTHER FINANCING SOURCES	**(69)**	**(61)**	**8**	**11.6%**
CHANGE IN OPERATIONS	**(3,469)**	**6,339**	**9,808**	**282.7%**
CLOSING BALANCE	**10,815**	**20,623**	**9,808**	**90.7%**

1. Includes the Essential Plan.

April - June 2020 Operating Results

Receipts

PIT collections were higher than expected ($1.7 billion), but consumption/use tax collections ($528 million) and business taxes ($469 million) were lower than projected, consistent with General Fund variances described above.

Higher miscellaneous receipts ($1.1 billion) were mostly due to reimbursements of capital projects ($438 million) mainly to ESDC and DOT that were not planned in the initial budget, a $220 million extraordinary monetary settlement from Bank Hapoalim, and higher receipts in SUNY hospitals ($487 million) and Lottery ($50 million); offset by lower than planned receipts in HCRA ($97 million) resulting from a decline in patient volume and fewer general elective surgeries during the COVID-19 pandemic and the refund by SUNY of student dormitory deposits ($142 million).

Higher Federal grants primarily reflect the additional receipt of $1.4 billion under the CARES Act, bringing the aggregate funding to $5.1 billion.

Spending

State Operating Funds spending was $4.3 billion under projections, of which lower local assistance spending contributed $4 billion and is mainly due to roughly $3.9 billion in timing related delays and the withholding of certain payments discussed above. Agency operations, including general state charges, was $225 million lower due to cost controls put in place to limit spending to health, safety and essential services, as well as reclassification of certain eligible expenses through June 30 to the CRF.

Capital Projects spending was $1.2 billion lower than initial projections, which is primarily attributable to spending for economic development ($515 million lower), health and social welfare ($212 million lower), transportation ($134 million lower), and parks and environment ($112 million lower). The lower spending is primarily due to disruptions in the construction industry due to the COVID-19 pandemic. The pandemic has caused many State capital projects, as well as projects funded with State capital grants, to be delayed or postponed. Additionally, a mandated pause, and additional review and prioritization, of new capital contracts has also led to lower than anticipated spending through June 2020.

Federal operating aid spending was $863 million (5.3 percent) lower than initial projections attributable to the following areas:

- Social Services ($533 million lower) driven by Flexible Fund for Family Services ($160 million), Child Care ($122 million), Child Welfare ($84 million), the Supplemental Nutrition Assistance Program (SNAP) ($33 million), Title XX and public assistance payments ($29 million each), and HEAP ($22 million).

- Medicaid Administration ($206 million lower) attributable to the timing of NPS contract payments to certain districts resulting from spending controls.

- School Aid ($121 million lower) due to timing of Elementary and Secondary Education Act Title grant payments ($85 million) and USDA School Lunch Act grants ($36 million).

- Public Health ($100 million lower) attributable to the timing of local assistance payments for various smaller Public Health programs underspending ($64 million) and CHP ($27 million).

- Medicaid ($91 million lower) related to the timing of SUNY Intergovernmental Transfer payments.

GAAP-Basis Results For Prior Fiscal Years

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State issued the Basic Financial Statements for FY 2020 on July 28, 2020. The Comptroller also prepares and issues a Comprehensive Annual Financial Report (CAFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The CAFR for the fiscal year ended March 31, 2020 is expected to be issued later in the current calendar year.

The following tables summarize recent governmental funds results on a GAAP basis.

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (millions of dollars)

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/(Deficit)
March 31, 2020	355	(296)	(900)	(79)	(920)	3,736
March 31, 2019	(1,291)	1,873	594	(1,079)	97	3,381
March 31, 2018	2,386	1,095	(877)	(86)	2,518	4,672

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2020	(5,240)	(8,375)	(13,615)
March 31, 2019	(4,127)	(8,334)	(12,461)
March 31, 2018	28,608	69	28,677

The CAFR for the fiscal year ended March 31, 2019 and CAFRs related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system website at www.emma.msrb.org

Authorities and Localities

Public Authorities

For the purposes of this section, "authorities" refer to public benefit corporations or public authorities, created pursuant to State law, which are reported in the State's CAFR. Authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and they may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. Certain of these authorities issue bonds under two of the three primary State credits - PIT Revenue Bonds and Sales Tax Revenue Bonds. The State's access to the public credit markets through bond issuances constituting State-supported or State-related debt issuances by certain of its authorities could be impaired and the market price of the outstanding debt issued on its behalf may be materially and adversely affected if any of these authorities were to default on their respective State-supported or State-related debt issuances.

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs on their notes, bonds or other legislatively authorized financing structures from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels; charges for public power, electric and gas utility services; tuition and fees; rentals charged for housing units; and charges for occupancy at medical care facilities. Since the State has no actual or contingent liability for the payment of this type of public authority indebtedness, it is not classified as either State-supported debt or State-related debt. Some public authorities, however, receive monies from State appropriations to pay for the operating costs of certain programs.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments that have been appropriated in a given year and are otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, in honoring such statutory arrangement for the redirection of local assistance payments, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year.

As of December 31, 2019, (with respect to Job Development Authority or "JDA" as of March 31, 2020) each of the 17 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $200 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 17 authorities in the following table at the time of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES(1)
AS OF DECEMBER 31, 2019(2)
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	34,371	21,698	56,069
Metropolitan Transportation Authority	0	34,860	34,860
Port Authority of NY & NJ	0	26,279	26,279
Housing Finance Agency	35	17,629	17,664
UDC/ESD	14,790	1,067	15,857
Job Development Authority(2)	0	10,590	10,590
Triborough Bridge and Tunnel Authority	0	8,684	8,684
Long Island Power Authority(3)	0	8,091	8,091
Thruway Authority	2,403	5,532	7,935
Environmental Facilities Corporation	16	5,891	5,907
State of New York Mortgage Agency	0	2,825	2,825
Energy Research and Development Authority	0	1,631	1,631
Power Authority	0	1,230	1,230
Battery Park City Authority	0	905	905
Local Government Assistance Corporation	822	0	822
Municipal Bond Bank Agency	104	142	246
Niagara Frontier Transportation Authority	0	152	152
TOTAL OUTSTANDING	52,541	147,206	199,747

Source: Compiled by the Office of the State Comptroller from data submitted by the Public Authorities. Debt classifications by DOB.

(1) Includes only authorities with $100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Comprehensive Annual Financial Report (CAFR). Includes short-term and long-term debt. Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2020. This includes $10.6 billion in conduit debt issued by JDA's blended component units consisting of $5.5 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $520 million issued by the Brooklyn Arena Local Development Corporation, and $4.6 billion issued by the New York Transportation Development Corporation.

(3) Includes $4.01 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

There have been severe financial and other adverse impacts on localities throughout the State, but particularly on New York City and the surrounding counties as the epicenter of the COVID-19 pandemic. No attempt is made in this AIS Update to assess, at this time, the financial and healthcare impacts on the State's localities.

While the fiscal condition of New York City and other local governments in the State is reliant, in part, on State aid to balance their annual budgets and meet their cash requirements, the State is not legally responsible for their financial condition and viability. Indeed, the provision of State aid to localities, while one of the largest disbursement categories in the State budget, is not constitutionally obligated to be maintained at current levels or to be continued in future fiscal years and the State Legislature may amend or repeal statutes relating to the formulas for and the apportionment of State aid to localities.

The City of New York

The fiscal demands on the State may be affected by the fiscal condition of New York City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of New York City, and its related issuers, to market securities successfully in the public credit markets. The official financial disclosure of the City of New York and its related issuers is available by contacting Jason Goh, Investor Relations, (212) 788-5864, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The official financial disclosures of the City of New York and its related issuers can also be accessed through the EMMA system website at www.emma.msrb.org. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

DEBT OF NEW YORK CITY AND RELATED ENTITIES (1)
AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA (1)	Obligations of STARC Corp. (2)	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations (3)	Total
2010	41,555	20,094	2,178	1,265	2,000	2,444	69,536
2011	41,785	23,820	2,117	1,260	2,000	2,590	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542

Source: Office of the State Comptroller; The City of New York Comprehensive Annual Financial Report.

(1) Includes amounts for Building Aid Revenue Bonds (BARBs), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the Transitional Finance Authority (TFA).

(2) A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds will be funded from annual revenues to be provided by the State, subject to annual appropriation. These revenues have been assigned to the STARC by the Mayor of the City of New York.

(3) Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the New York City Educational Construction Fund, the Industrial Development Agency and, beginning in 2010, the New York City Tax Lien Collateralized Bonds. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

The staffs of the Financial Control Board for the City of New York (FCB), the Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 80 Maiden Lane, Suite 402, New York, NY 10038, Attention: Executive Director, http://www.fcb.state.ny.us/; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller, http://www.osc.state.ny.us/osdc/; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget, https://comptroller.nyc.gov/; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director, http://www.ibo.nyc.ny.us/.

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted post-2004 includes 29 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within particular localities. The Cities of Buffalo and Troy, and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The City of Newburgh operates under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

Legislation enacted in 2013 created the Financial Restructuring Board for Local Governments (the "Restructuring Board"). The Restructuring Board consists of ten members, including the State Director of the Budget, who is the Chair, the Attorney General, the State Comptroller, the Secretary of State and six members appointed by the Governor. The Restructuring Board, upon the request of a "fiscally eligible municipality", is authorized to perform a number of functions including reviewing the municipality's operations and finances, making recommendations on reforming and restructuring the municipality's operations, proposing that the municipality agree to fiscal accountability measures, and making available certain grants and loans. To date, the Restructuring Board is currently reviewing or has completed reviews for twenty-six municipalities. The Restructuring Board is also authorized, upon the joint request of a fiscally eligible municipality and a public employee organization, to resolve labor impasses between municipal employers and employee organizations for police, fire and certain other employees in lieu of binding arbitration before a public arbitration panel.

OSC implemented its Fiscal Stress Monitoring System (the "Monitoring System") in 2013. The Monitoring System utilizes a number of fiscal and environmental indicators with the goal of providing an early warning to local communities about stress conditions in New York's local governments and school districts. Fiscal indicators consider measures of budgetary solvency while environmental indicators consider measures such as population, poverty, and tax base trends. Individual entities are then scored according to their performance on these indicators. An entity's score on the fiscal components will determine whether or not it is classified in one of three levels of stress: significant, moderate or susceptible. Entities that do not meet established scoring thresholds are classified as "No Designation".

A total of 31 local governments (7 counties, 6 cities, 11 towns and 7 villages) and 33 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2019. The vast majority of entities scored by OSC (97 percent) are classified in the "No Designation" category.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control, but which can adversely affect their financial condition. For example, the State or Federal government may reduce (or, in some cases, eliminate) funding of local programs, thus requiring local governments to pay these expenditures using their own resources. Similarly, past cash flow problems for the State have resulted in delays in State aid payments to localities. In some cases, these delays have necessitated short-term borrowing at the local level.

Other factors that have had, or could have, an impact on the fiscal condition of local governments and school districts include: the loss of temporary Federal stimulus funding; recent State aid trends; constitutional and statutory limitations on the imposition by local governments and school districts of property, sales and other taxes; the economic ramifications of a pandemic, and for some communities, the significant upfront costs for rebuilding and clean-up in the wake of a natural disaster. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, or the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State.

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2018.

DEBT OF NEW YORK LOCALITIES[1]
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt[2]		Other Localities Debt[3]		Total Locality Debt[3]	
	Bonds	Notes	Bonds[4]	Notes[4]	Bonds[3][4]	Notes[4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2014	81,240	0	36,290	7,236	117,530	7,236
2015	82,789	0	34,346	6,981	117,135	6,981
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737

Source: Office of the State Comptroller; The City of New York Comprehensive Annual Financial Report.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.

(2) Includes bonds issued by New York City and its related issuers, the Transitional Finance Authority, STAR Corporation, TSASC, Inc., the Hudson Yards Infrastructure Corporation, and Treasury obligations (as shown in the table "Debt of New York City and Related Entities" in the section of this document entitled "Authorities and Localities - The City of New York"). Also included are the bonds of the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency, the Municipal Assistance Corporation, the Samurai Funding Corporation, the New York City Educational Construction Fund, and the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues which would otherwise be available to the City if not needed for debt service and, beginning in 2010, the New York City Tax Lien Collateralized Bonds.

(3) Includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes installment purchase contracts.

(4) Amounts reflect those set forth on annual update documents provided to OSC by New York State localities. Does not include the indebtedness of certain localities that did not file Annual Update Documents (financial reports) with the State Comptroller.

State Retirement System

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN PREPARED SOLELY BY THE OFFICE OF THE STATE COMPTROLLER, AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets.

Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2019, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2019 and is available on the OSC website at the following address:https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2019. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2020 is available on the OSC website at the following address: https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information#financial.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2019 are available at the OSC website at https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Benefit plan booklets describing how each of the System's tiers works can be accessed at https://www.osc.state.ny.us/retire/publications/.

The State Comptroller is the administrative head of NYSLRS, which has the powers and privileges of a corporation and comprises the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). The State Comptroller promulgates rules and regulations for the administration and transaction of the business of the System. Pursuant to the State's Retirement and Social Security Law and Insurance Law, NYSLRS is subject to the supervision of the Superintendent of DFS.

The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the System's assets, and, as such, is responsible for investing the assets of the System. Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management of the Office of the State Comptroller ("Division"). Division employees, outside advisors, consultants and legal counsel provide the State Comptroller with advice and oversight of investment decisions. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before final action by the State Comptroller. The Investment Advisory Committee and the Real Estate Advisory Committee, both made up of outside advisors, assist the State Comptroller in his investment duties.

The Investment Advisory Committee advises the State Comptroller on investment policies relating to the CRF, reviews the portfolio of the CRF and makes such recommendations as the Committee deems necessary. The Real Estate Advisory Committee reviews and must approve mortgage and real estate investments for consideration by the State Comptroller.

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' CAFR, and to discuss a variety of financial and investment-related activities. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2018 was submitted on March 9, 2020.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 32 percent of the System's membership as of March 31, 2020. There were 3,020 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2020, 673,336 persons were members of the System and 487,407 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2020, approximately 49 percent of ERS members were in Tiers 3 and 4 and approximately 58 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012.

Benefits paid to members vary depending on tier. Tiers vary with respect to vesting, employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary (for Tier 6 members, final average salary is determined by taking the average of an employee's five consecutive highest years' salary). ERS members in Tiers 3 and 4 can begin receiving full retirement benefits at age 62, or at age 55 with at least 30 years of service. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at:

ERS Chart: http://www.osc.state.ny.us/retire/employers/tier-6/ers_comparison.php

PFRS Chart: http://www.osc.state.ny.us/retire/employers/tier-6/pfrs_comparison.php

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 86 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[21] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 6.8 percent.[22]

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[21] Less than 1 percent of the 12,883 PFRS Tier 6 members are non-contributory.

[22] During 2015, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In addition, the Chief Investment Officer conducted an asset allocation study. The resulting asset allocation and long-term asset allocation policy informed the Actuary's recommendation regarding the revision of the investment rate of return (discount rate). In September 2015, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 7.5 percent to 7 percent. The 7 percent rate of return has been used to determine employer contribution rates in FYs 2017 through 2020. In August 2019, the Comptroller announced the assumed rate of return for NYSLRS would again be lowered from 7.0 percent to 6.8 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021.

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over a 5-year period.

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2021 were released in August 2019. The average ERS rate in FY 2021 will remain at 14.6 percent of salary; the same as in FY 2020, while the average PFRS rate increased by 0.9 percent from 23.5 percent of salary in FY 2020 to 24.4 percent of salary in FY 2021. Information regarding average rates for FY 2021 may be found in the 2019 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent and 2.55 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions. As of March 31, 2020, the amortized amount receivable, including accrued interest, for the 2011 amortization is $0 from the State and $3.7 million from 20 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $121.7 million from the State and $36.6 million from 96 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $254.8 million from the State and $102.5 million from 119 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $416.9 million for the State and $77.3 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $385.2 million from the State and $71.3 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $227.6 million from the State and $41.1 million from 51 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $4.4 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is

$3.6 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is $3.9 million from 1 participating employer; the State did not amortize in 2019. No participating employer or the State amortized in 2020.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2020, the amortized amount receivable, including interest, from 24 participating employers for the 2014 amortization is $124.6 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $120.3 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is $95.1 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is $72.3 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $64.4 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $23.6 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is $33.6 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2020 amounts are 14.2 percent for ERS and 22.5 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, and 2.87 percent for FY 2020). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

Legislation enacted in June 2017 modified the calculation of an employer's graded rate to be the product of the System's graded rate with the ratio of the employer's average contribution rate to the System's average contribution rate, not to exceed the System's graded rate.

The total State payment (including Judiciary) due to NYSLRS for FY 2020 was approximately $2.305 billion. The State opted not to amortize under the Contribution Stabilization Program and paid the bill in full as of March 1, 2020.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2021 is approximately $2.349 billion. Several prepayments (including interest credit) have reduced this amount to $15 million.

The FY 2017 Enacted Budget authorized the State, as an amortizing employer, to prepay to NYSLRS the total amount of principal due for its annual amortization installment or installments for a given fiscal year prior to the expiration of a ten-year amortization period.

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF. The System reports that the net position restricted for pension benefits as of March 31, 2019 was $215.2 billion (including $5.0 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $3.1 billion or 1.5 percent from the FY 2018 level of $212.1 billion. The increase in net position restricted for pension benefits from FY 2018 to FY 2019 reflects, in large part, equity market performance.[23] The System's audited Financial Statement reports a time-weighted investment rate of return of 5.23 percent (gross rate of return before the deduction of certain fees) for FY 2019.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2015, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 50 percent public equities (36 percent domestic and 14 percent international); 18 percent bonds, cash and mortgages; 4 percent inflation indexed bonds and 28 percent alternative investments (10 percent private equity, 10 percent real estate, 2 percent absolute return or hedge funds, 3 percent opportunistic and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [24]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $260.3 billion (including $133.3 billion for retirees and beneficiaries) as of April 1, 2019, up from $251.4 billion as of April 1, 2018. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The

[23] On August 11, 2020, the State Comptroller announced that the System's estimated time-weighted return (gross of certain investment fees) for the first quarter of the 2020-2021 fiscal year was 10.35 percent for the three-month period ended June 30, 2020, with an estimated value of $216.3 billion. This reflects unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[24] More detail on the CRF's asset allocation as of March 31, 2019, long-term policy and transition target allocation can be found on page 96 of the NYSLRS' CAFR for the fiscal year ending March 31, 2019.

valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2019. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2019 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2019, 40 percent of the unexpected gain for FY 2018, 60 percent of the unexpected gain for FY 2017, and 80 percent of the unexpected loss for FY 2016. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $206.7 billion on April 1, 2018 to $213.0 billion on April 1, 2019.

In June 2012, GASB approved two related Statements that change the accounting and financial reporting of pensions by state and local governments and pension plans. These statements impact neither the System's actuarial funding method nor the calculation of rates.

Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans, and replaced the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans and Statement No. 50, Pension Disclosures. Statement No. 67 mandates more extensive note disclosure and required supplementary information. The implementation of Statement No. 67 will have no impact on the System's Statement of Fiduciary Net Position, which measures the System's net position, restricted for pension benefits or Statement of Changes in Fiduciary Net Position. The System adopted Statement No. 67 in the March 31, 2015 Financial Statements.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2019, calculated by the System's Actuary, was 96.3 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2019, calculated by the System's Actuary, was 95.1 percent.[25]

Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures. Statement No. 68 establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Statement No. 68 requires employers participating in the plans to report expanded information concerning pensions in their financial statements, as well as their proportionate share of the Net Pension Liability effective for fiscal years beginning after June 15, 2014. The Net Pension Liability is a measure of the amount by which the Total Pension Liability exceeds a pension system's Fiduciary Net Position. Employers now have to recognize their proportionate share of the collective Net Pension Liability in their financial statements, as well as pension expense and deferred inflows and outflows.

[25] The System previously disclosed a funded ratio in accordance with GASB Statements 25 and 27, which, as discussed herein, have been amended by GASB Statements 67 and 68. The GASB Statements 67 and 68 amendments had the effect, among other things, of no longer requiring the disclosure of a funded ratio. GASB now requires the disclosure of the ratio of the fiduciary net position to the total pension liability. This ratio is not called a funded ratio and is not directly comparable to the funded ratio disclosed in prior years.

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The System provided employers with the information required to comply with Statement No. 68 in August 2019, based on the System's measurement date of March 31, 2019. The Net Pension liability is allocated to participating employers and reported pursuant to both Statements 67 and 68.

Detailed "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" can be found on the OSC website at the following link:
https://www.osc.state.ny.us/retire/about us/financial statements index.php.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2019 have been posted to the OSC website.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "State Retirement System — Contributions and Funding" above.

CONTRIBUTIONS AND BENEFITS
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM[1]
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	Total Benefits Paid[3]
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311

Sources: State and Local Retirement System.

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The actuarily determined contribution (ADC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.

(3) Includes payments from Group Life Insurance Plan, which funds the first $50,000 of any death benefit paid.

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM [1]
(millions of dollars)

Fiscal Year Ended March 31	Net Assets	Percent Increase/ (Decrease) From Prior Year
2011	149,549	11.4%
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2020 includes approximately $5.0 billion of receivables.

Additional Information Regarding the System

The NYSLRS CAFR contains in-depth and audited information about the System. Among other things, the NYSLRS CAFR contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2019 NYSLRS CAFR is available on the OSC website at the following web address:

http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2009 can be found on page 27 of the NYSLRS CAFR at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS CAFR.

2) A combined basic statement of changes in fiduciary net position can be found on page 41 of the NYSLRS CAFR at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 70-71 at the link noted above.

4) Information on contributions can be found on pages 139-147 of the NYSLRS CAFR at the link noted above.

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2008 can be found on page 148 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 181-185 of the NYSLRS CAFR at the link noted above.

Litigation

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN FURNISHED BY THE STATE OFFICE OF THE ATTORNEY GENERAL AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

Real Property Claims

Over the years, there have been a number of cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or their predecessors-in-interest in the 18th and 19th centuries were illegal. Of these cases, only one remains active.

In Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al. (NDNY), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on prior decisions in other cases rejecting such land claims, was granted in great part through decisions on July 8, 2013 and July 23, 2013, holding that all claims are dismissed except for claims over the area known as the Hogansburg Triangle and a right of way claim against Niagara Mohawk Power Corporation.

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed by the Second Circuit through February 12, 2021 to allow for settlement negotiations, which are ongoing. The district court has extended the stay until October 30, 2020

On May 28, 2014, the State, the New York Power Authority and St. Lawrence County signed a memorandum of understanding with the St. Regis Mohawk Tribe endorsing a general framework for a settlement, subject to further negotiation. The memorandum of understanding does not address all claims by all parties and will require a formal written settlement agreement. Any formal settlement agreement will also require additional local, State and Congressional approval.

School Aid

In Maisto v. State of New York (formerly identified as Hussein v. State of New York), plaintiffs seek a judgment declaring that the State's system of financing public education violates § 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education (SBE). In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted defendants leave to appeal to the Court of Appeals. On June 26, 2012, the Court of Appeals affirmed the denial of the State's motion to dismiss.

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. On Appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. Plaintiffs are appealing and filed their appellate brief on August 31, 2020; the State's brief is due by September 30, 2020.

In Aristy-Farer, et al. v. The State of New York, et al. (Sup. Ct., N.Y. Co.), commenced February 6, 2013, plaintiffs seek a judgment declaring that the provisions of L. 2012, Chapter 53 and L. 2012, Chapter 57, Part A § 1, linking payment of State school aid increases for 2012-2013 school year to submission by local school districts of approvable teacher evaluation plans violates, among other provisions of the State Constitution, Article XI, § 1, because implementation of the statutes would prevent students from receiving a sound basic education. Plaintiffs moved for a preliminary injunction enjoining the defendants from taking any actions to carry out the statutes to the extent that they would reduce payment of State aid disbursements referred to as General Support for Public Schools (GSPS) to the City of New York pending a final determination. The State opposed this motion. By order dated February 19, 2013, the Court granted the motion for preliminary injunction. The State appealed. On May 21, 2013, the Appellate Division, First Department, denied plaintiffs motion for a stay pending appeal. As a result, plaintiffs have agreed to vacate their preliminary injunction and the State will withdraw its appeal. On April 7, 2014, Supreme Court denied the State's motion to dismiss. The Answer to the Second Amended Complaint was filed on February 2, 2015.

By decision dated August 12, 2014, Supreme Court, New York County, granted a motion to consolidate Aristy-Farer, discussed in the preceding paragraph, with New Yorkers for Student Educational Rights v. New York. On June 27, 2017, the Court of Appeals dismissed the Aristy-Farer action but held that the New Yorkers for Student Educational Rights v. New York action could proceed on a limited basis as to the New York City and Syracuse school districts, as discussed below.

In New Yorkers for Students Educational Rights v. New York, the organizational plaintiff and several individual plaintiffs commenced a new lawsuit on February 11, 2014, in Supreme Court, New York County, claiming that the State is not meeting its constitutional obligation to fund schools in New York City and throughout the State to provide students with an opportunity for a sound basic education. Plaintiffs specifically allege that the State is not meeting its funding obligations for New York City schools under the Court of Appeals decision in *Campaign for Fiscal Equity ("CFE") v. New* York, 8 N.Y.3d 14 (2006), and -- repeating the allegations of Aristy-Farer -- challenge legislation conditioning increased funding for New York City schools on the timely adoption of a teacher evaluation plan. With regard to other school districts throughout the State, plaintiffs allege that the State is not providing adequate Statewide funding, has not fully implemented certain 2007 reforms to the State aid system, has imposed gap elimination adjustments decreasing State aid to school districts, and has imposed caps on State aid increases, and on local property tax increases unless approved by a supermajority. Finally, they allege that the State has failed to provide assistance, services, accountability mechanisms, and a rational cost formula to ensure that students throughout the State have an opportunity for a sound basic education.

Plaintiffs seek a judgment declaring that the State has failed to comply with CFE, that the State has failed to comply with the command of State Constitution Article XI to provide funding for public schools across the State, and that the gap elimination adjustment and caps on State aid and local property tax increases are unconstitutional. They seek an injunction requiring the State to eliminate the gap elimination adjustments and caps on State aid and local property tax increases, to reimburse New York City for the funding that was withheld for failure to timely adopt a teacher evaluation plan, to provide greater assistance, services and accountability, to appoint an independent commission to determine the cost of providing students the opportunity for a sound basic education, and to revise State aid formulas.

On May 30, 2014, the State filed a motion to dismiss all claims. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. Defendants filed a Notice of Appeal on December 15, 2014. Defendants filed Answers to the Amended Complaint on February 2, 2015. The appeals of both November 17, 2014 decisions, along with the appeal in Aristy-Farer, were heard by the First Department on February 24, 2016.

On April 5, 2016, following the submission of a stipulation by the parties, the trial court stayed the case pending the outcome of the appeal before the First Department.

On September 8, 2016, the First Department ruled largely in favor of plaintiffs and held that the bulk of their school-financing claims in Aristy-Farer and New Yorkers for Students' Educational Rights (NYSER) could proceed. Defendants moved for leave to appeal to the Court of Appeals, and that motion was granted by the First Department on December 15, 2016. The matter was fully briefed in the Court of Appeals, which heard argument on May 30, 2017.

On June 27, 2017, the Court of Appeals held that plaintiffs could proceed on their claims that the State was failing in its constitutional obligation to ensure the provision of minimally adequate educational services in the New York City and Syracuse school districts and remanded for further proceedings as to those two districts only.

Plaintiffs filed their Second Amended Complaint on December 11, 2017. The first cause of action alleges that the State has failed to provide a sound basic education in five school districts: New York City, Syracuse, Schenectady, Central Islip, and Gouverneur. The second cause of action alleges that the State has failed to maintain a system of accountability to ensure that a sound basic education is being provided in those five districts. The third cause of action asserts a statewide cause of action, alleging that since 2009 the State has failed to "adopt appropriate policies, systems and mechanisms to properly implement the requirements of N.Y. Const. art. XI. § 1 and of the CFE decisions." This cause of action is not limited to the five districts.

Defendants filed a partial motion to dismiss the third cause of action in the Second Amended Complaint on April 9, 2018. On May 4, 2018, plaintiffs filed a Third Amended Complaint, which is identical to the Second Amended Complaint, but removed the third cause of action. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018. The current schedule is as follows: 1) fact discovery completed by December 4, 2020; 2) expert discovery to be completed by May 28, 2021; 3) note of issue due by May 31, 2021; and 4) summary of judgment motions due 90 days after note of issue.

On May 4, 2018, the case was reassigned from Hon. Manuel J. Mendez to Hon. Lucy Billings. On August 12, 2019, the individual plaintiffs from Central Islip voluntarily discontinued their claims. On October 17, 2019, the individual plaintiff from Gouverneur voluntarily discontinued his claim. Central Islip and Gouverneur are no longer subjects of the litigation.

In New York State United Teachers, et al. v. The State of New York, et al. (Sup. Ct., Albany Co.), commenced September 15, 2020, plaintiffs seek a judgment declaring that the inclusion of authority to withhold State aid to public schools that was appropriated under the FY 2021 Enacted Budget, and the exercise of that authority by the Director of the Budget, are unconstitutional as violations of the separation of powers doctrine, Article VII of the State Constitution, and Chapter 53 of the Laws of 2020 (i.e., the 2020-2021 budget bill). Plaintiffs also seek an order requiring the Director of the Budget to release withheld funds and injunctive relief barring any future withholding or delayed payment of monies appropriated to public schools in the FY 2021 Enacted Budget. Defendants are reviewing the complaint. The response deadline is within 20 days of service, which has not yet been effected.

Health Insurance Premiums

In NYSCOBPA v. Cuomo, 11-CV-1523 (NDNY) and ten other cases, state retirees, and certain current court employees, allege various claims, including violation of the Contracts Clause of the United States Constitution, via 42 U.S. Code § 1983, against the Governor and other State officials, challenging the 2011 increase in their health insurance contribution.

In 2011, CSEA negotiated a two percent increase in the employee contribution to health insurance premiums. Over time, the other unions incorporated this term into their collective bargaining agreements. In October 2011, the premium shift was administratively extended to unrepresented employees, retirees, and certain court employees pursuant to their contract terms (which provide that their health insurance terms are those of the majority of Executive Branch employees). The administrative extension is at issue in all eleven cases.

Certain claims were dismissed, including the claims against all State agencies and the personal capacity claims against all individual State defendants except Patricia Hite and Robert Megna.

Following discovery, the State defendants filed motions for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rates for retirees vested and could not be changed. With respect to the court employees, State defendants argued that their contract terms required extension of the premium shift to them. Briefing was completed on January 26, 2018.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. (Three separate notices of appeal were filed in Brown v. Cuomo, No. 13-CV-645, and those appeals were consolidated. Two of the three sets of appellants in Brown v. Cuomo are represented by the same counsel and have filed a single set of briefs.) On December 21, 2018, the U.S. Court of Appeals for the Second Circuit issued an order coordinating briefing in the twelve appeals. Under that order, plaintiffs' opening brief in the lead case (Donahue v. State, No. 18-3193 [2d Cir.]) was filed February 4, 2019, and plaintiffs in the other cases filed supplemental briefs by March 6, 2019. Defendants' brief responding to all twelve briefs of appellants was filed on July 8, 2019. Plaintiffs' reply briefs were filed on or about August 7, 2019. Both sides requested oral argument in each of the twelve appeals. Oral argument in the Second Circuit was held on June 22, 2020 before Circuit Judge Peter W. Hall and Senior Circuit Judges Jon O. Newman and Gerard E. Lynch. The panel has not yet issued a decision.

Financial Plan Tables

Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2020 and projected receipts and disbursements for fiscal years 2021 through 2024 on a General Fund, State Operating Funds and All Governmental Funds basis.[26]

General Fund - Total Budget

Financial Plan, Annual Change from FY 2020 to FY 2021
Financial Plan Projections FY 2021 through FY 2024
Update to FY 2021
Update to FY 2022
Update to FY 2023
Update to FY 2024

General Fund - Receipts Detail (Excluding Transfers)

Financial Plan Projections FY 2021 through FY 2024

State Operating Funds Budget

Financial Plan, Annual Change from FY 2020 to FY 2021
FY 2021
FY 2021
FY 2023
FY 2024

All Governmental Funds - Total Budget

FY 2021
FY 2022
FY 2023
FY 2024

Cashflow - FY 2021 Monthly Projections

General Fund

[26] Differences may occur from time to time between the State's Financial Plan and OSC's financial reports in the presentation and reporting of receipts and disbursements. For example, the Financial Plan may reflect a net expenditure amount while OSC may report the gross amount of the expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds, All Governmental funds).

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2020 Results	FY 2021 First Quarter	Annual $ Change	Annual % Change
Opening Fund Balance	**7,206**	**8,944**	**1,738**	**24.1%**
Receipts:				
Taxes:				
Personal Income Tax	24,646	22,450	(2,196)	-8.9%
Consumption/Use Taxes	8,038	6,446	(1,592)	-19.8%
Business Taxes	6,370	6,506	136	2.1%
Other Taxes	1,087	1,115	28	2.6%
Miscellaneous Receipts	3,159	6,744	3,585	113.5%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	25,862	17,621	(8,241)	-31.9%
ECEP in Excess of Revenue Bond Debt Service	0	2	2	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,417	2,841	(576)	-16.9%
Sales Tax in Excess of Revenue Bond Debt Service	2,762	1,766	(996)	-36.1%
Real Estate Taxes in Excess of CW/CA Debt Service	951	781	(170)	-17.9%
All Other	2,915	2,561	(354)	-12.1%
Total Receipts	**79,207**	**68,833**	**(10,374)**	**-13.1%**
Disbursements:				
Local Assistance	51,863	46,285	(5,578)	-10.8%
State Operations:				
Personal Service	8,940	8,739	(201)	-2.2%
Non-Personal Service	3,114	2,094	(1,020)	-32.8%
General State Charges	7,454	7,070	(384)	-5.2%
Transfers to Other Funds:				
Debt Service	736	310	(426)	-57.9%
Capital Projects	3,128	3,396	268	8.6%
SUNY Operations	1,179	1,273	94	8.0%
Other Purposes	1,055	1,523	468	44.4%
Total Disbursements	**77,469**	**70,690**	**(6,779)**	**-8.8%**
Excess (Deficiency) of Receipts Over Disbursements	**1,738**	**(1,857)**	**(3,595)**	**-206.8%**
Closing Fund Balance	**8,944**	**7,087**	**(1,857)**	**-20.8%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,258	0	
Rainy Day Reserves	1,218	1,218	0	
Contingency Reserve	21	21	0	
Community Projects	31	15	(16)	
Reserved For				
Timing of Payments	1,313	0	(1,313)	
Undesignated Fund Balance	1,103	550	(553)	
Debt Management	500	500	0	
Economic Uncertainties	890	1,340	450	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 First Quarter	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts:				
Taxes:				
Personal Income Tax	22,450	22,008	23,508	25,181
Consumption/Use Taxes	6,446	7,380	7,691	7,890
Business Taxes	6,506	6,337	6,778	6,918
Other Taxes	1,115	1,047	1,097	1,148
Miscellaneous Receipts	6,744	1,750	1,773	1,811
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	17,621	20,506	21,589	23,090
ECEP in Excess of Revenue Bond Debt Service	2	3	3	4
Sales Tax in Excess of LGAC Bond Debt Service	2,841	3,389	3,549	3,651
Sales Tax in Excess of Revenue Bond Debt Service	1,766	2,152	2,269	2,372
Real Estate Taxes in Excess of CW/CA Debt Service	781	841	905	961
All Other	2,561	1,822	1,514	1,354
Total Receipts	**68,833**	**67,235**	**70,676**	**74,380**
Disbursements:				
Local Assistance	46,285	49,659	53,022	56,055
State Operations:				
Personal Service	8,739	8,999	9,062	9,202
Non-Personal Service	2,094	2,552	2,504	2,629
General State Charges	7,070	9,013	9,559	9,689
Transfers to Other Funds:				
Debt Service	310	488	501	553
Capital Projects	3,396	3,749	3,913	3,133
SUNY Operations	1,273	1,273	1,267	1,267
Other Purposes	1,523	1,367	1,444	1,549
Total Disbursements	**70,690**	**77,100**	**81,272**	**84,077**
Use (Reservation) of Fund Balance:				
Community Projects	16	0	0	0
Timing of Payments	1,313	0	0	0
Undesignated Fund Balance	553	548	0	0
Economic Uncertainties	(450)	0	0	0
Extraordinary Monetary Settlements	425	959	747	345
Total Use (Reservation) of Fund Balance	**1,857**	**1,507**	**747**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(8,358)**	**(9,849)**	**(9,352)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Enacted	Change	FY 2021 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	22,450	0	22,450
Consumption/Use Taxes	6,934	(488)	6,446
Business Taxes	6,506	0	6,506
Other Taxes	1,115	0	1,115
Miscellaneous Receipts	6,373	371	6,744
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	19,152	(1,531)	17,621
ECEP in Excess of Revenue Bond Debt Service	2	0	2
Sales Tax in Excess of LGAC Bond Debt Service	3,063	(222)	2,841
Sales Tax in Excess of Revenue Bond Debt Service	1,987	(221)	1,766
Real Estate Taxes in Excess of CW/CA Debt Service	781	0	781
All Other	2,579	(18)	2,561
Total Receipts	**70,942**	**(2,109)**	**68,833**
Disbursements:			
Local Assistance	46,400	(115)	46,285
State Operations:			
Personal Service	9,058	(319)	8,739
Non-Personal Service	2,597	(503)	2,094
General State Charges	7,249	(179)	7,070
Transfers to Other Funds:			
Debt Service	1,810	(1,500)	310
Capital Projects	3,512	(116)	3,396
SUNY Operations	1,273	0	1,273
Other Purposes	1,270	253	1,523
Total Disbursements	**73,169**	**(2,479)**	**70,690**
Use (Reservation) of Fund Balance:			
Community Projects	16	0	16
Timing of Payments	1,313	0	1,313
Undesignated Fund Balance	553	0	553
Reserve for Economic Uncertainties	(80)	(370)	(450)
Extraordinary Monetary Settlements	425	0	425
Total Use (Reservation) of Fund Balance	**2,227**	**(370)**	**1,857**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	22,008	0	22,008
Consumption/Use Taxes	7,462	(82)	7,380
Business Taxes	6,337	0	6,337
Other Taxes	1,047	0	1,047
Miscellaneous Receipts	1,750	0	1,750
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	20,560	(54)	20,506
ECEP in Excess of Revenue Bond Debt Service	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,414	(25)	3,389
Sales Tax in Excess of Revenue Bond Debt Service	2,177	(25)	2,152
Real Estate Taxes in Excess of CW/CA Debt Service	841	0	841
All Other	1,855	(33)	1,822
Total Receipts	**67,454**	**(219)**	**67,235**
Disbursements:			
Local Assistance	48,967	692	49,659
State Operations:			
Personal Service	8,996	3	8,999
Non-Personal Service	2,543	9	2,552
General State Charges	9,013	0	9,013
Transfers to Other Funds:			
Debt Service	488	0	488
Capital Projects	3,747	2	3,749
SUNY Operations	1,273	0	1,273
Other Purposes	1,407	(40)	1,367
Total Disbursements	**76,434**	**666**	**77,100**
Use (Reservation) of Fund Balance:			
Undesignated Fund Balance	548	0	548
Extraordinary Monetary Settlements	959	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,473)**	**(885)**	**(8,358)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	23,508	0	23,508
Consumption/Use Taxes	7,686	5	7,691
Business Taxes	6,778	0	6,778
Other Taxes	1,097	0	1,097
Miscellaneous Receipts	1,773	0	1,773
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	21,644	(55)	21,589
ECEP in Excess of Revenue Bond Debt Service	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,530	19	3,549
Sales Tax in Excess of Revenue Bond Debt Service	2,251	18	2,269
Real Estate Taxes in Excess of CW/CA Debt Service	905	0	905
All Other	1,532	(18)	1,514
Total Receipts	**70,707**	**(31)**	**70,676**
Disbursements:			
Local Assistance	52,444	578	53,022
State Operations:			
Personal Service	9,059	3	9,062
Non-Personal Service	2,494	10	2,504
General State Charges	9,559	0	9,559
Transfers to Other Funds:			
Debt Service	501	0	501
Capital Projects	3,917	(4)	3,913
SUNY Operations	1,267	0	1,267
Other Purposes	1,484	(40)	1,444
Total Disbursements	**80,725**	**547**	**81,272**
Use (Reservation) of Fund Balance:			
Extraordinary Monetary Settlements	747	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,271)**	**(578)**	**(9,849)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)			
	FY 2024 Enacted	**Change**	**FY 2024 First Quarter**
Receipts:			
Taxes:			
Personal Income Tax	25,181	0	25,181
Consumption/Use Taxes	7,922	(32)	7,890
Business Taxes	6,918	0	6,918
Other Taxes	1,148	0	1,148
Miscellaneous Receipts	1,811	0	1,811
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	23,145	(55)	23,090
ECEP in Excess of Revenue Bond Debt Service	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	3,651	0	3,651
Sales Tax in Excess of Revenue Bond Debt Service	2,372	0	2,372
Real Estate Taxes in Excess of CW/CA Debt Service	961	0	961
All Other	1,352	2	1,354
Total Receipts	**74,465**	**(85)**	**74,380**
Disbursements:			
Local Assistance	55,585	470	56,055
State Operations:			
Personal Service	9,199	3	9,202
Non-Personal Service	2,619	10	2,629
General State Charges	9,689	0	9,689
Transfers to Other Funds:			
Debt Service	553	0	553
Capital Projects	3,138	(5)	3,133
State Share of Mental Hygiene Medicaid	0	0	0
SUNY Operations	1,267	0	1,267
Other Purposes	1,590	(41)	1,549
Total Disbursements	**83,640**	**437**	**84,077**
Use (Reservation) of Fund Balance:			
Extraordinary Monetary Settlements	345	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,830)**	**(522)**	**(9,352)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2021 First Quarter	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Taxes:				
Withholdings	39,752	42,570	44,344	46,269
Estimated Payments	14,669	12,951	14,091	15,438
Final Payments	3,608	2,882	3,164	3,431
Other Payments	1,611	1,681	1,731	1,783
Gross Collections	**59,640**	**60,084**	**63,330**	**66,921**
State/City Offset	(1,274)	(1,399)	(1,524)	(1,649)
Refunds	(9,320)	(10,710)	(11,074)	(11,410)
Reported Tax Collections	**49,046**	**47,975**	**50,732**	**53,862**
STAR (Dedicated Deposits)	(2,073)	(1,979)	(1,858)	(1,750)
RBTF (Dedicated Transfers)	(24,523)	(23,988)	(25,366)	(26,931)
Personal Income Tax	**22,450**	**22,008**	**23,508**	**25,181**
Sales and Use Tax	11,700	13,554	14,192	14,604
Cigarette and Tobacco Taxes	296	305	295	285
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	266	264	266	269
Opioid Excise Tax	34	34	34	34
Medical Cannabis Excise Tax	0	0	0	0
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Consumption/Use Taxes	**12,296**	**14,157**	**14,787**	**15,192**
LGAC/STBF (Dedicated Transfers)	(5,850)	(6,777)	(7,096)	(7,302)
Consumption/Use Taxes	**6,446**	**7,380**	**7,691**	**7,890**
Corporation Franchise Tax	3,882	3,852	4,228	4,309
Corporation and Utilities Tax	470	463	477	481
Insurance Taxes	1,929	2,022	2,073	2,128
Bank Tax	225	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**6,506**	**6,337**	**6,778**	**6,918**
Estate Tax	1,100	1,028	1,077	1,128
Real Estate Transfer Tax	949	1,004	1,061	1,114
Employer Compensation Expense Program	4	6	7	7
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	11	14	14	14
Other Taxes	2	2	2	3
Gross Other Taxes	**2,066**	**2,054**	**2,161**	**2,266**
Real Estate Transfer Tax (Dedicated)	(949)	(1,004)	(1,061)	(1,114)
RBTF (Dedicated Transfers)	(2)	(3)	(3)	(4)
Other Taxes	**1,115**	**1,047**	**1,097**	**1,148**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**36,517**	**36,772**	**39,074**	**41,137**
Licenses, Fees, Etc.	378	478	528	578
Abandoned Property	450	450	450	450
Motor Vehicle Fees	331	246	238	238
ABC License Fee	60	68	65	64
Reimbursements	124	70	70	66
Investment Income	79	43	27	20
Extraordinary Settlements	450	0	0	0
Other Transactions	4,872	395	395	395
Miscellaneous Receipts	**6,744**	**1,750**	**1,773**	**1,811**
Federal Receipts	**0**	**0**	**0**	**0**
Total	**43,261**	**38,522**	**40,847**	**42,948**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET (millions of dollars)	FY 2020 Results	FY 2021 First Quarter	Annual $ Change	Annual % Change
Opening Fund Balance	**12,362**	**14,407**	**2,045**	**16.5%**
Receipts:				
Taxes	81,472	73,240	(8,232)	-10.1%
Miscellaneous Receipts	22,700	22,642	(58)	-0.3%
Federal Receipts	61	51	(10)	-16.4%
Total Receipts	**104,233**	**95,933**	**(8,300)**	**-8.0%**
Disbursements:				
Local Assistance	68,653	61,379	(7,274)	-10.6%
State Operations:				
Personal Service	14,090	13,749	(341)	-2.4%
Non-Personal Service	6,078	4,545	(1,533)	-25.2%
General State Charges	8,423	8,115	(308)	-3.7%
Debt Service	4,916	10,364	5,448	110.8%
Capital Projects	0	0	0	0.0%
Total Disbursements	**102,160**	**98,152**	**(4,008)**	**-3.9%**
Other Financing Sources (Uses):				
Transfers from Other Funds	41,918	31,547	(10,371)	-24.7%
Transfers to Other Funds	(41,946)	(31,726)	10,220	24.4%
Bond and Note Proceeds	0	0	0	0.0%
Net Other Financing Sources (Uses)	**(28)**	**(179)**	**(151)**	**-539.3%**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**2,045**	**(2,398)**	**(4,443)**	**-217.3%**
Closing Fund Balance	**14,407**	**12,009**	**(2,398)**	**-16.6%**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2021
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opending Fund Balance	**8,944**	**5,400**	**63**	**14,407**
Receipts:				
Taxes	36,517	5,518	31,205	73,240
Miscellaneous Receipts	6,744	15,517	381	22,642
Federal Receipts	0	(23)	74	51
Total Receipts	**43,261**	**21,012**	**31,660**	**95,933**
Disbursements:				
Local Assistance	46,285	15,094	0	61,379
State Operations:				
Personal Service	8,739	5,010	0	13,749
Non-Personal Service	2,094	2,407	44	4,545
General State Charges	7,070	1,045	0	8,115
Debt Service	0	0	10,364	10,364
Capital Projects	0	0	0	0
Total Disbursements	**64,188**	**23,556**	**10,408**	**98,152**
Other Financing Sources (Uses):				
Transfers from Other Funds	25,572	2,793	3,182	31,547
Transfers to Other Funds	(6,502)	(784)	(24,440)	(31,726)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**19,070**	**2,009**	**(21,258)**	**(179)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,857)**	**(535)**	**(6)**	**(2,398)**
Closing Fund Balance	**7,087**	**4,865**	**57**	**12,009**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2022
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	36,772	5,572	31,653	73,997
Miscellaneous Receipts	1,750	15,753	385	17,888
Federal Receipts	0	(20)	72	52
Total Receipts	**38,522**	**21,305**	**32,110**	**91,937**
Disbursements:				
Local Assistance	49,659	15,429	0	65,088
State Operations:				
Personal Service	8,999	4,840	0	13,839
Non-Personal Service	2,552	2,451	43	5,046
General State Charges	9,013	1,139	0	10,152
Debt Service	0	0	6,980	6,980
Capital Projects	0	0	0	0
Total Disbursements	**70,223**	**23,859**	**7,023**	**101,105**
Other Financing Sources (Uses):				
Transfers from Other Funds	28,713	2,626	3,135	34,474
Transfers to Other Funds	(6,877)	(165)	(28,217)	(35,259)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**21,836**	**2,461**	**(25,082)**	**(785)**
Use (Reservation) of Fund Balance:				
Undesignated Fund Balance	548	0	0	548
Extraordinary Monetary Settlements	959	0	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,358)**	**(93)**	**5**	**(8,446)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2023
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	39,074	5,558	33,407	78,039
Miscellaneous Receipts	1,773	15,205	384	17,362
Federal Receipts	0	(18)	69	51
Total Receipts	**40,847**	**20,745**	**33,860**	**95,452**
Disbursements:				
Local Assistance	53,022	15,086	0	68,108
State Operations:				
Personal Service	9,062	4,828	0	13,890
Non-Personal Service	2,504	2,402	43	4,949
General State Charges	9,559	1,168	0	10,727
Debt Service	0	0	7,399	7,399
Capital Projects	0	0	0	0
Total Disbursements	**74,147**	**23,484**	**7,442**	**105,073**
Other Financing Sources (Uses):				
Transfers from Other Funds	29,829	2,701	3,130	35,660
Transfers to Other Funds	(7,125)	(87)	(29,544)	(36,756)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**22,704**	**2,614**	**(26,414)**	**(1,096)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	747	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,849)**	**(125)**	**4**	**(9,970)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2024
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	41,137	5,504	35,232	81,873
Miscellaneous Receipts	1,811	14,841	384	17,036
Federal Receipts	0	(17)	66	49
Total Receipts	**42,948**	**20,328**	**35,682**	**98,958**
Disbursements:				
Local Assistance	56,055	14,911	0	70,966
State Operations:				
Personal Service	9,202	4,774	0	13,976
Non-Personal Service	2,629	2,331	43	5,003
General State Charges	9,689	1,153	0	10,842
Debt Service	0	0	7,591	7,591
Capital Projects	0	0	0	0
Total Disbursements	**77,575**	**23,169**	**7,634**	**108,378**
Other Financing Sources (Uses):				
Transfers from Other Funds	31,432	2,813	3,175	37,420
Transfers to Other Funds	(6,502)	(26)	(31,202)	(37,730)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**24,930**	**2,787**	**(28,027)**	**(310)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	345	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,352)**	**(54)**	**21**	**(9,385)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2021
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**8,944**	**6,311**	**(1,035)**	**63**	**14,283**
Receipts:					
Taxes	36,517	5,518	1,221	31,205	74,461
Miscellaneous Receipts	6,744	15,750	8,191	381	31,066
Federal Receipts	0	74,841	2,182	74	77,097
Total Receipts	**43,261**	**96,109**	**11,594**	**31,660**	**182,624**
Disbursements:					
Local Assistance	46,285	79,753	5,168	0	131,206
State Operations:					
Personal Service	8,739	6,030	0	0	14,769
Non-Personal Service	2,094	8,300	0	44	10,438
General State Charges	7,070	1,585	0	0	8,655
Debt Service	0	144	0	10,364	10,508
Capital Projects	0	0	9,508	0	9,508
Total Disbursements	**64,188**	**95,812**	**14,676**	**10,408**	**185,084**
Other Financing Sources (Uses):					
Transfers from Other Funds	25,572	2,793	3,787	3,182	35,334
Transfers to Other Funds	(6,502)	(2,840)	(1,510)	(24,440)	(35,292)
Bond and Note Proceeds	0	0	850	0	850
Net Other Financing Sources (Uses)	**19,070**	**(47)**	**3,127**	**(21,258)**	**892**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,857)**	**250**	**45**	**(6)**	**(1,568)**
Closing Fund Balance	**7,087**	**6,561**	**(990)**	**57**	**12,715**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2022
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	36,772	5,572	1,345	31,653	75,342
Miscellaneous Receipts	1,750	15,980	7,306	385	25,421
Federal Receipts	0	67,909	2,213	72	70,194
Total Receipts	**38,522**	**89,461**	**10,864**	**32,110**	**170,957**
Disbursements:					
Local Assistance	49,659	78,030	4,775	0	132,464
State Operations:					
Personal Service	8,999	5,515	0	0	14,514
Non-Personal Service	2,552	3,920	0	43	6,515
General State Charges	9,013	1,513	0	0	10,526
Debt Service	0	0	0	6,980	6,980
Capital Projects	0	0	9,429	0	9,429
Total Disbursements	**70,223**	**88,978**	**14,204**	**7,023**	**180,428**
Other Financing Sources (Uses):					
Transfers from Other Funds	28,713	2,626	4,123	3,135	38,597
Transfers to Other Funds	(6,877)	(2,150)	(1,402)	(28,217)	(38,646)
Bond and Note Proceeds	0	0	488	0	488
Net Other Financing Sources (Uses)	**21,836**	**476**	**3,209**	**(25,082)**	**439**
Use (Reservation) of Fund Balance:					
Undesignated Fund Balance	548	0	0	0	548
Extraordinary Monetary Settlements	959	0	0	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**0**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,358)**	**959**	**(131)**	**5**	**(7,525)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2023
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	39,074	5,558	1,347	33,407	79,386
Miscellaneous Receipts	1,773	15,432	6,496	384	24,085
Federal Receipts	0	69,361	2,214	69	71,644
Total Receipts	**40,847**	**90,351**	**10,057**	**33,860**	**175,115**
Disbursements:					
Local Assistance	53,022	78,954	4,481	0	136,457
State Operations:					
Personal Service	9,062	5,506	0	0	14,568
Non-Personal Service	2,504	3,871	0	43	6,418
General State Charges	9,559	1,544	0	0	11,103
Debt Service	0	0	0	7,399	7,399
Capital Projects	0	0	8,949	0	8,949
Total Disbursements	**74,147**	**89,875**	**13,430**	**7,442**	**184,894**
Other Financing Sources (Uses):					
Transfers from Other Funds	29,829	2,701	4,304	3,130	39,964
Transfers to Other Funds	(7,125)	(1,961)	(1,528)	(29,544)	(40,158)
Bond and Note Proceeds	0	0	513	0	513
Net Other Financing Sources (Uses)	**22,704**	**740**	**3,289**	**(26,414)**	**319**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	747	0	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,849)**	**1,216**	**(84)**	**4**	**(8,713)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2024
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	41,137	5,504	1,343	35,232	83,216
Miscellaneous Receipts	1,811	15,068	6,385	384	23,648
Federal Receipts	0	71,519	2,186	66	73,771
Total Receipts	**42,948**	**92,091**	**9,914**	**35,682**	**180,635**
Disbursements:					
Local Assistance	56,055	80,636	3,817	0	140,508
State Operations:					
Personal Service	9,202	5,454	0	0	14,656
Non-Personal Service	2,629	3,809	0	43	6,481
General State Charges	9,689	1,529	0	0	11,218
Debt Service	0	0	0	7,591	7,591
Capital Projects	0	0	8,450	0	8,450
Total Disbursements	**77,575**	**91,428**	**12,267**	**7,634**	**188,904**
Other Financing Sources (Uses):					
Transfers from Other Funds	31,432	2,813	3,509	3,175	40,929
Transfers to Other Funds	(6,502)	(1,881)	(1,538)	(31,202)	(41,123)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**24,930**	**932**	**2,384**	**(28,027)**	**219**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,352)**	**1,595**	**31**	**21**	**(7,705)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2021
(dollars in millions)

	2020 April Results	May Results	June Results	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2021 January Projected	February Projected	March Projected	Total
OPENING BALANCE	0	1,138	(1,634)	(2,080)	5,632	3,606	4,884	4,143	2,362	1,555	1,501	2,174	0
RECEIPTS:													
Personal Income Tax	1,033	1,100	2,184	5,122	1,283	2,460	1,173	1,097	2,060	1,657	1,504	1,777	22,450
Consumption/Use Taxes	459	414	621	594	479	598	493	500	593	614	491	590	6,446
Business Taxes	280	(125)	925	586	105	1,140	168	53	1,372	68	7	1,927	6,506
Other Taxes	74	52	148	152	94	94	96	96	95	71	72	71	1,115
Total Taxes	1,846	1,441	3,878	6,454	1,961	4,292	1,930	1,746	4,120	2,410	2,074	4,365	36,517
Abandoned Property	0	0	0	0	0	10	35	225	0	0	30	150	450
ABC License Fee	2	3	3	5	7	5	5	4	5	8	7	6	60
Investment Income	16	6	2	1	5	5	10	5	5	7	8	9	79
Licenses, Fees, etc.	24	5	21	54	45	15	35	55	40	20	35	29	378
Motor Vehicle Fees	(100)	(49)	127	109	27	25	36	9	45	30	19	53	331
Reimbursements	7	66	30	0	9	5	2	1	1	1	1	1	124
Extraordinary Settlements	80	220	0	150	0	0	0	0	0	0	0	0	450
Other Transactions	8	1,003	3,570	22	7	89	16	8	66	9	20	54	4,872
Total Miscellaneous Receipts	37	1,254	3,753	341	100	154	139	307	162	75	120	302	6,744
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,033	1,099	2,178	4,336	384	1,747	574	337	495	757	1,875	2,806	17,621
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	2	2
Tax in Excess of LGAC	197	87	384	266	216	274	219	226	272	275	149	276	2,841
Sales Tax Bond Fund	87	75	176	157	108	212	109	117	163	165	119	278	1,766
Real Estate Taxes in Excess of CW/CA Debt Service	44	48	38	49	64	64	77	83	83	83	82	66	781
All Other	75	194	84	128	140	221	145	170	146	182	326	750	2,561
Total Transfers from Other Funds	1,436	1,503	2,860	4,936	912	2,518	1,124	933	1,159	1,462	2,551	4,178	25,572
TOTAL RECEIPTS	3,319	4,198	10,491	11,731	2,973	6,964	3,193	2,986	5,441	3,947	4,745	8,845	68,833
DISBURSEMENTS:													
School Aid	724	4,024	1,774	53	911	1,686	1,022	1,567	2,104	489	744	8,956	24,054
Higher Education	5	1	1,333	39	271	162	181	33	172	25	286	1,011	3,519
All Other Education	18	5	18	484	293	150	105	66	391	37	163	561	2,291
Medicaid - DOH	288	1,292	2,408	1,137	1,406	1,561	1,153	1,655	1,240	1,422	969	344	14,875
Public Health	6	9	100	222	17	46	46	87	46	46	46	41	712
Mental Hygiene	57	37	143	242	78	557	124	50	639	134	313	468	2,842
Children and Families	16	2	11	328	103	296	138	103	296	103	132	302	1,830
Temporary & Disability Assistance	63	156	57	251	130	101	101	101	102	102	102	150	1,416
Transportation	0	0	0	26	24	0	0	24	5	0	19	12	110
Unrestricted Aid	0	0	323	1	4	44	13	6	192	5	5	146	739
Budget Balance Reduction	0	0	0	0	(400)	(1,000)	(500)	(300)	(1,300)	(300)	(800)	(3,400)	(8,000)
All Other	(38)	2	211	(6)	34	54	29	26	357	27	65	1,136	1,897
Total Local Assistance	1,139	5,528	6,378	2,777	2,871	3,657	2,412	3,418	4,244	2,090	2,044	9,727	46,285
Personal Service	894	691	565	743	650	791	642	623	885	622	631	1,002	8,739
Non-Personal Service	313	195	165	(506)	126	243	206	181	258	206	207	500	2,094
Budget Balance Reduction	0	0	0	0	0	0	0	0	0	0	0	0	0
Total State Operations	1,207	886	730	237	776	1,034	848	804	1,143	828	838	1,502	10,833
General State Charges	460	331	2,512	336	331	413	474	330	361	464	535	523	7,070
Debt Service	32	(2)	4	51	(3)	(3)	76	0	(2)	185	(23)	(5)	310
Capital Projects	(800)	204	343	510	823	432	(50)	36	376	346	590	586	3,396
SUNY Operations	0	0	759	62	105	13	7	76	17	17	22	195	1,273
Other Purposes	143	23	211	46	96	140	167	103	109	71	66	348	1,523
Total Transfers to Other Funds	(625)	225	1,317	669	1,021	582	200	215	500	619	655	1,124	6,502
TOTAL DISBURSEMENTS	2,181	6,970	10,937	4,019	4,999	5,686	3,934	4,767	6,248	4,001	4,072	12,876	70,690
Excess/(Deficiency) of Receipts over Disbursements	1,138	(2,772)	(446)	7,712	(2,026)	1,278	(741)	(1,781)	(807)	(54)	673	(4,031)	(1,857)
CLOSING BALANCE	1,138	(1,634)	(2,080)	5,632	3,606	4,884	4,143	2,362	1,555	1,501	2,174	(1,857)	(1,857)
Exclude Budget Balance Reduction	0	0	(398)	0	(400)	(1,000)	(500)	(300)	(1,300)	(300)	(800)	(3,400)	(8,398)
Exclude Liquidity Financing	0	(1,000)	(3,500)	475	425	950	600	600	600	876	0	(144)	(118)
CLOSING BALANCE BEFORE REDUCTIONS/BORROWING	1,138	(2,634)	(6,978)	1,209	(792)	436	(205)	(1,686)	(3,193)	(2,671)	(2,798)	(10,373)	(10,373)

Source: NYS DOB.